ALTEO Nyrt.
consolidated and separate

Annual Report

for the Fiscal Year
2025

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Consolidated Financial Statements

of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság and its consolidated subsidiaries

for the fiscal year ended on
December 31, 2025
in accordance with the
International Financial Reporting Standards
as adopted by the EU

These financial statements consist of 102 pages.

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Explanation of the abbreviations used in the financial statements:

Abbreviation	Explanation
ARO	Asset retirement obligation
BSE	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash-generating Unit
HUF thousand	HUF thousand
EEOS	Energy efficiency obligation schemes under Section 12/A of Act LVII of 2015 (Energy Efficiency Act)
EPS	Earnings per Share
EUA	European CO2 Emission Allowances
SB	Supervisory Board
FVTPL	Fair Value through Profit or Loss
Gas Supply Act	Act XL of 2008 on Natural Gas Supply
HAS	Hungarian Accounting Standards
HUDEX	Hungarian Derivative Energy Exchange. HUDEX was founded by HUPX Zrt. in order to comply with the new legal provision that the derivatives of gas and electricity traded on the HUPX and CEEGEX futures platforms are to be considered as financial assets.
HUPX	Electricity market organized by the power exchange – a trading system facilitating regional electricity trade operated by the organized electric power licensee (HUPX Zrt)
IFRS	International Financial Reporting Standards
IFRIC/SIC	Interpretations of the International Financial Reporting Standards
BoD	Board of Directors
KELER	Központi Értéktár Zártkörűen Működő Részvénytársaság (Central Treasury Private Limited Company)
KÁT	Electric power offtake system based on the provisions of the Electricity Act, the Government Decree implementing the Electricity Act and Government Decree no. 389/2007 (XII.23.) on the mandatory offtake and feed-in tariff of electricity produced from renewable energy sources or waste and cogenerated electricity

MAVIR	Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság
HEPURA	The Hungarian Energy and Public Utility Regulatory Authority (formerly known as: Hungarian Energy Office)
METÁR	Mandatory offtake system for heat and electricity produced from renewable and alternative energy sources
ESOP	Employee Share Ownership Program
BGS	Bond Funding for Growth Scheme – the bond program of the Central Bank of Hungary
O&M	Operation and Maintenance contract
PM	Ministry of Finances
Company	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság
Capital Market Act	Act CXX of 2001 on the Capital Market
Electricity Act	Act LXXXVI of 2007 on Electricity

ESEF INFORMATION

Abbreviation	Explanation
Registered office	H-1117 Budapest, Dombóvári út 25, Hungary
Legal form	Public limited company
Country	Hungary
Head office	H-1117 Budapest, Dombóvári út 25, Hungary
Location of activity	H-1117 Budapest, Dombóvári út 25, Hungary
Industry	Energy
Consolidating company	Alteo Nyrt.

I. NUMERIC REPORTS OF THE FINANCIAL STATEMENTS

Consolidated statement of income for the year 2025 regarding the comprehensive income in the full reporting period

I.1. Comprehensive income in the whole reporting period

Comprehensive income in the whole reporting period (Negative values are denoted by parentheses)	Note	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Revenues	**1.**	**123 463 197**	**105 388 839**
Material expenses	2.	(88 471 159)	(69 670 551)
Personnel expenses	3.	(16 892 623)	(10 821 703)
Depreciation and amortization	9.	(8 641 256)	(5 542 189)
Other revenues, expenses	4.	(4 150 013)	(6 562 159)
Capitalized own production	5.	2 480 623	713 758
Operating profit or loss		**7 788 769**	**13 505 995**
Finance income	6.	1 582 079	1 929 136
Financial expenses	6.	(4 051 458)	(2 463 564)
Finance income	6.	(2 469 379)	(534 428)
Profit or loss before taxes		**5 319 390**	**12 971 567**
Income tax expenses	7.	(2 789 050)	(3 347 512)
Net profit or loss		**2 530 340**	**9 624 055**
Of which the owners of the Parent Company are entitled to:	20.6	2 526 084	9 624 055
Of which the minority interest is entitled to:	20.6	4 256	-
Base value of earnings per share (HUF/share)	34.	**127,74**	**484,80**
Diluted value of earnings per share (HUF/share)	34.	**126,74**	**482,86**
EBITDA	33.	**16 430 025**	**19 048 184**

I.2. Other comprehensive income

Other comprehensive income in the whole reporting period (Negative values are denoted by parentheses)	Note	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Other comprehensive income (after income tax)		**(2 587 243)**	**3 865 117**
Effect of cash flow hedges on other comprehensive income	20.4	(1 111 150)	1 476 093
Reclassification into profit or loss due to the closing of cash flow hedge	20.4	(1 476 093)	2 389 024
Of which the owners of the Parent Company are entitled to:	20.4	(2 587 243)	3 865 117
Of which the non-controlling interest is entitled to:	20.4	-	-
Total Comprehensive income		**(56 903)**	**13 489 172**

The notes constitute an integral part of the financial statements.

The references in the Notes refer to Chapters IV-V of the financial statements.

I.3. Consolidated statement of financial position for 31 December 2025

Consolidated Statement of Financial Position - Assets (Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Non-current assets		**104 772 978**	**60 205 130**
Property, plant and equipment	9.	71 771 623	48 122 263
Intangible assets and developments	9.	6 789 284	5 539 127
Rights of use	9.	6 177 924	2 898 152
Goodwill	9.	16 012 638	2 278 557
Long-term deposits, securities	11.	4 021 509	1 367 031
Current assets and assets held for sale		**44 783 204**	**37 858 398**
Inventories	13.	2 208 696	1 299 529
Trade receivables	14.	13 123 028	13 084 541
Emission allowances	15.	1 553 037	1 586 718
Other financial assets	16.	1 435 222	3 381 967
Other receivables and accruals	17.	8 290 994	8 181 142
Income tax receivables	7.	1 538 936	122 603
Cash and cash equivalents	18.	16 633 291	10 201 898
TOTAL ASSETS		**149 556 182**	**98 063 528**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapters IV-V of the financial statements.

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Consolidated Statement Of Financial Position – Liabilities (Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Equity		**39 129 494**	**39 463 998**
Equity attributable to the shareholders of the Parent Company		**39 235 381**	**39 463 998**
Issued capital	20.1	246 103	249 140
Share premium reserves	20.2	4 264 333	4 458 414
Hedge reserve	20.4	(1 111 150)	1 476 093
Retained earnings	20.5	35 836 095	33 280 351
Non-controlling interest	20.6	(105 887)	-
Long-term liabilities		**63 127 399**	**27 885 512**
Debts on the issue of bonds	21.	13 450 123	12 701 604
Long-term loans and borrowings	22.	38 612 930	7 838 416
Lease liabilities	23.	4 888 671	2 438 052
Deferred tax liabilities	8.	1 168 585	933 556
Provisions	24.	2 535 882	2 359 302
Deferred income	25.	1 188 763	908 285
Other long-term liabilities	26.	1 282 445	706 297
Short-term liabilities		**47 299 289**	**30 714 018**
Short-term bond payables	21.	422 343	-
Short-term loans and borrowings	22.	10 015 284	1 448 762
Short-term lease liabilities	23.	1 610 893	766 008
Advances received	27.	989 613	2 145 859
Trade payables	28.	10 428 062	8 701 733
Other financial liabilities	29.	1 523 980	-
Short-term provisions	24.	243 798	133 971
Other short-term liabilities and accruals	30.	22 033 220	17 182 650
Income tax liabilities	7.	32 096	335 035
TOTAL EQUITY and LIABILITIES		**149 556 182**	**98 063 528**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapters IV-V of the financial statements.

I.4. Consolidated Statement of Cash Flows for the year 2025

Cash flow (Negative values are denoted by parentheses)	Note	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Profit or loss before taxes		**5 319 390**	**12 971 567**
(Interest income) and interest expenses, net	6.	2 385 658	422 613
Depreciation and amortization of fixed assets and intangible assets	9.	8 641 256	5 542 189
Recognition (reversal) of impairment of current assets in profit or loss	4.	(352 216)	151 228
Provisions recognized (released)	24.	259 595	602 839
Deferred income increase (decrease)	25.	(91 708)	60 438
Net cash-flow of business activity without change in current assets		***16 161 975***	***19 750 874***
Change in inventories	13.	(32 246)	(371 648)
Changes in emission allowances	15.	33 681	(535 520)
Change in trade receivables, other receivables, accrued income and deferred charges	14.	5 506 102	(3 203 371)
Change in other financial assets	16.	1 390 843	1 763 994
Change in trade payables, other liabilities, accrued expenses and deferred income	28.	3 767 436	3 745 611
Financial settlement of particular ESOP liabilities	35.	(2 917 508)	(854 499)
Advances received (final settlement)	27.	(1 158 964)	2 116 578
Taxes paid	7.	(4 587 024)	(5 629 686)
Cash flow from business activities (use of funds)		**18 164 296**	**16 782 333**
Interests received on deposits and investments	6.	266 143	801 878
Government grants	25.	(363 278)	1 226 745
Purchase of production and other machinery, and intangible assets	9.	(22 995 477)	(14 412 106)
Acquisition of subsidiary (not including cash and cash equivalents)	32.	(18 492 051)	(5 871 732)
Revenue from the sale of production and other machinery, and intangible assets	9.	8 470	8 314
Repayment (lending) of long-term loans or deposits given	11.	(2 654 478)	(194 341)
Cash flow of investment activities (cash outflow)		**(44 230 671)**	**(18 441 242)**
Interest paid on bonds and loans	21., 6.	(2 008 475)	(1 274 356)
Long-term loans and borrowings received, financial liabilities assumed (repaid)	22.	36 726 903	(3 235 064)
Lease liabilities capital repayment	23.	(1 389 824)	(208 297)
Bonds repaid	21.	(490 000)	-
Acquisition of minority interest	20.6	-	(144 894)
Dividend payment	20.5	(197 119)	(7 728 075)
Cash flow from financing activities (cash outflow)		**32 641 484**	**(12 590 686)**
Changes in cash and cash equivalents		**6 575 109**	**(14 249 595)**
Opening cash and cash equivalents	18.	**10 201 898**	**24 345 080**
Exchange difference of cash and cash equivalents	18.	(143 716)	106 413
Closing cash and cash equivalents	18.	**16 633 291**	**10 201 898**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapters IV-V of the financial statements.

I.5. Consolidated statement of changes in equity for the period ending on December 31, 2025

Data in HUF thousand	Issued capital	Share premium reserves		Hedge reserve	Retained earnings	Equity attributable to the shareholders of the Parent Company	Non-controlling interest	Total equity
			Of which: Share premium reserve attributable to repurchased own shares					
Reference for the various notes	20.1	20.2	20.2	20.3	20.4		20.5	
January 1, 2024	**247 534**	**6 174 087**	**(1 885 811)**	**(2 389 024)**	**31 663 743**	**33 810 529**	**43 585**	**33 854 114**
Dividend payment (approval)	-	-	-	-	(7 972 590)	(7 972 590)	-	(7 972 590)
Aggregate capital impact of ESOP Programs	1 606	547 349	(351 836)	-	41 078	238 197	-	238 197
Involvement of minority interest	-	(25 374)	-	-	(75 935)	(101 309)	(43 585)	(144 894)
Aggregate amount of rounding difference	-	-	(1)	-	-	(1)	-	(1)
Comprehensive income	-	-	-	3 865 117	9 624 055	13 489 172	-	13 489 172
December 31, 2024	**249 140**	**6 696 062**	**(2 237 648)**	**1 476 093**	**33 280 351**	**39 463 998**	**-**	**39 463 998**
Aggregate capital impact of ESOP Programs	(3 037)	919 822	(1 113 903)	-	30 488	(166 630)	-	(166 630)
Capital impact of acquisition	-	-	-	-	(828)	(828)	-	(828)
Impact of minority interest on profit/loss	-	-	-	-	(4 256)	(4 256)	(105 887)	(110 143)
Comprehensive income	-	-	-	(2 587 243)	2 530 340	(56 903)	-	(56 903)
December 31, 2025	**246 103**	**7 615 884**	**(3 351 551)**	**(1 111 150)**	**35 836 095**	**39 235 381**	**(105 887)**	**39 129 494**

The notes constitute an integral part of the financial statements. *Negative values are denoted by parentheses.*
The amount of issued capital is different from the value registered at the registry court. Differences are presented in Note 20.1 to the Separate Financial Statements.

II. GENERAL INFORMATION, SIGNIFICANT ACCOUNTING POLICIES AND THE BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

II.1 Statement of IFRS compliance

The management declares that the consolidated financial statements for 2025 were prepared according to the best of the management's knowledge in accordance with the International Financial Reporting Standards as adopted by the EU, giving a true and fair view of the assets, liabilities, financial position, profit and loss, and cash flows of the Group. Furthermore, the management declares that its consolidated financial statements for the year 2025 provide a true and fair view of the situation, development and performance of the Group, outlining main risks and uncertainties. The management made this declaration in full awareness of its responsibility.

II.2 The activity of ALTEO Group

By today, the ALTEO Group, founded in 2008, has become an acknowledged comprehensive energy service provider in Hungary. The shares of the Company, having entered the Budapest Stock Exchange in 2010, have been listed on the Equities Prime Market of the BSE since 2018, but ALTEO is a member of the Hungarian stock exchange through its corporate bonds as well.

The corporate group is an energetics service provider and trading concern that represents a modern approach and is in Hungarian ownership. Its business activity covers energy production based on renewable energy carriers and on natural gas, energy trading, as well as personalized energy services, development projects and maintenance for corporate entities.

The company group considers spreading renewable resource-based electricity production in Hungary a priority task. Accordingly, we are striving for the development of an energy portfolio which strikes a careful balance between relying on renewable energy and small power plants burning hydrocarbons, as well as combining them with cogeneration technologies to achieve even higher efficiency. We are building a client-oriented, reliable and flexible energy trading business line to provide assistance to small, medium and large corporations in our clientele in energy management, therefore minimizing environmental burdens and costs.

Our strategic goals are closely linked to our core values. When compiling our portfolio, our endeavor was to become a decisive energy service provider on several fronts through the optimal application of both wholesale and retail energy trading, decentralized energy production and efficient energy management. This way we provide our customers and partners with high quality and innovative services, and produce sufficient yields to our shareholders.

Global energy market trends have undergone significant changes in recent years: decarbonization has become a priority; decentralization in energy production continued; innovative technologies emerged in the energy industry as a result of digitalization. ALTEO not only intends to become a competitive market actor, but also wishes to take the lead in the transformation of the energy market.

Thanks to its diversified portfolio, well-established risk management measures, fast reaction time, profitable strategic investments, and outstanding professional staff, ALTEO continues to be profitable, remains on a sound financial footing despite a less favorable price environment, and is committed to long-term sustainable growth.

II.3 ALTEO Group

II.3.1 Group members, group structure

The Group consists of ALTEO Nyrt. (Parent Company) and the subsidiaries. The Group includes all entities which are directly or indirectly controlled by the Parent Company. In the Group, control is exercised based on ownership share. Tisza WTP Kft. was presented as a leased asset.

The Group's Parent Company is ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság, a company established (on April 28, 2008) under Hungarian law as governing law. As of September 6, 2010 the company was listed on the Budapest Stock Exchange.

The publicly issued shares of the Company are quoted on the Budapest Stock Exchange; the closing rate of the shares on the last trading day of 2025 (on December 30) was HUF 4,410, the annual trading volume in 2025 amounting to 1,807,641 shares in the value of HUF 9,420 million.

Registered office and center of operations of ALTEO Nyrt.: H-1117 Budapest, Dombóvári út 25

Registered core activity of the Parent Company: Engineering activities and related technical consultancy (Hungarian NACE 7112).

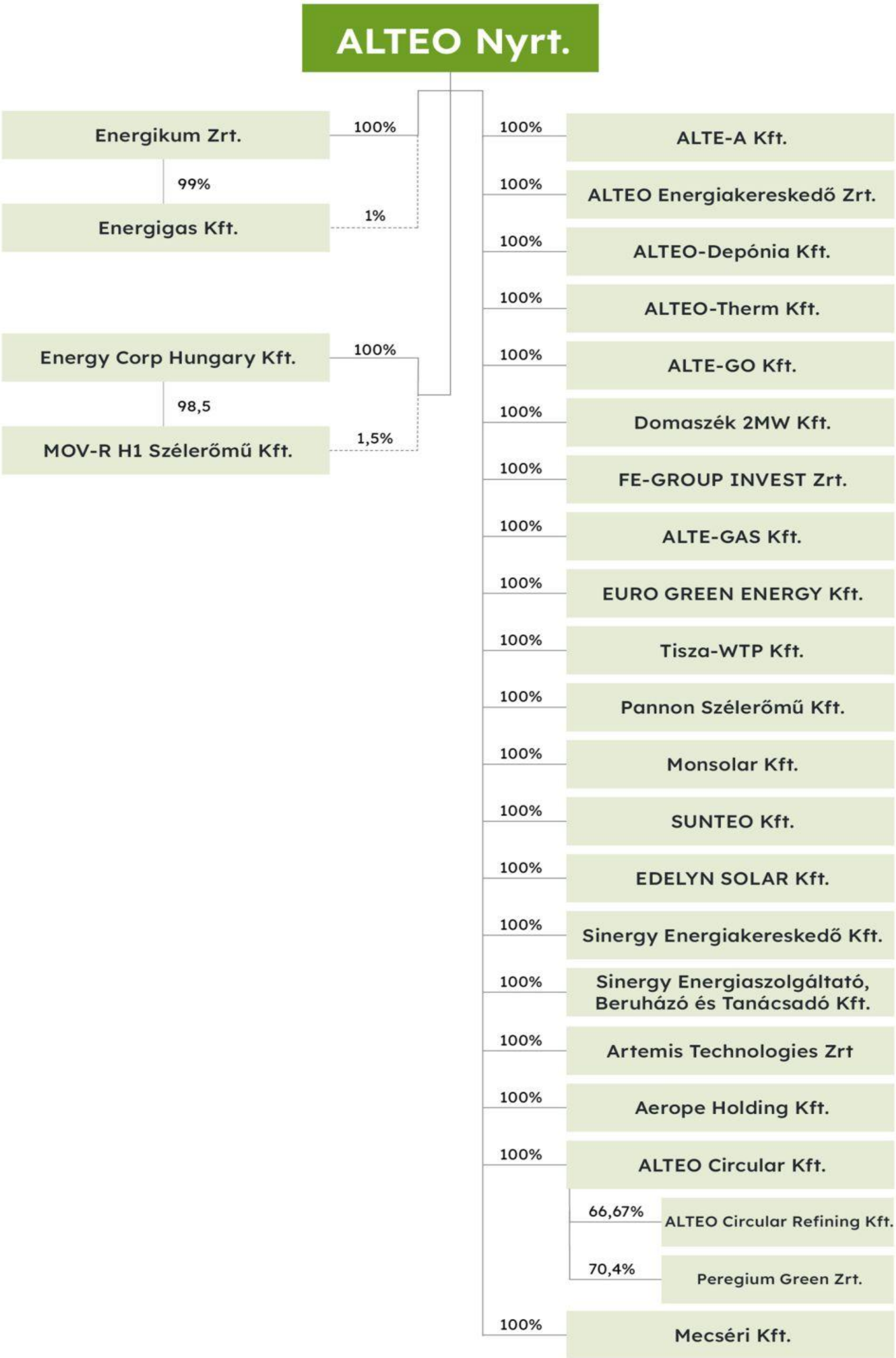
Majority shareholders of ALTEO Nyrt.:

- MOL RES Investments Zártkörűen Működő Részvénytársaság (registered office: H-1117 Budapest, Dombóvári út 28.; company registration number: Cg.01-10-046154)
- Riverland Private Equity Fund (registered office: H-1026 Budapest, Pasaréti út 122-124. 19314961-2-41)
- Főnix Private Equity Fund (registered office: H-1134 Budapest, Kassák Lajos utca 19-25.; tax number: 19315357-2-41).

Ownership structure of the Parent Company based on the share register as at December 31, 2025:

Present shareholders of the Company based on the share register on 12/30/2025	Quantity (of shares)		Face value (HUF thousand)		Ownership ratio (%)	
	2025	2024	2025	2024	2025	2024
MOL RES Investments Zrt.	4 902 536	4 902 536	61 282	61 282	24,60%	24,60%
Riverland Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Főnix Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Board of Directors, Supervisory Board, and Executive Board members	352 065	380 071	4 401	4 751	1,77%	1,91%
Repurchased own shares	243 248	245	3 041	3	1,22%	0,00%
ALTEO ESOP Organization	700 384	943 387	8 755	11 792	3,51%	4,73%
Free float	3 928 171	3 900 164	49 102	48 752	19,71%	19,57%
TOTAL	**19 931 474**	**19 931 474**	**249 143**	**249 143**	**100,00%**	**100,00%**

ALTEO Group organization and structure at reporting date:



Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

Disclosure on Subsidiaries

The laws of Hungary are to be applied to the subsidiaries of the Group.

Name of companies in Group	Note	Registered office	Scope of activities	Ownership acquisition date	Legal title of acquisition of participation	Control % 12/31/2025	Control % 12/31/2024	Amount of equity (HAS) 12/31/2025	Amount of revenue 12/31/2025
ALTEO Energiaszolgáltató Nyrt.		**H-1117 Budapest, Dombóvári út 25**	**Engineering service**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Aerope Holding Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources	2024.12.11	Purchase	100%	100%	(50 301)	-
ALTE-A Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources	2011.08.02	Founding	100%	100%	2 515	-
ALTEO Energiakereskedő Zrt.		H-1117 Budapest, Dombóvári út 25	Electricity and gas trade	2011.12.05	Founding	100%	100%	830 031	41 610 341
Alteo Circular Kft.	2	H-1117 Budapest, Dombóvári út 25	Wholesale of waste and scrap, recycling	2025.06.30	Purchase	100%	NA	2 972 192	22 904 797
Alteo Circular Refining Kft.	3	H-2143 Kistarcsa, Külső Raktár körút	Precious metals production	2025.06.30	Purchase	66,67%	NA	403 726	779 553
ALTEO-DEPÓNIA Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production	2008.10.01	Founding	100%	100%	132 266	309 266
Alteo-Go Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production, e-mobility services	2015.05.04	Purchase	100%	100%	(322 481)	176 201
ALTEO-THERM Kft.		H-1117 Budapest, Dombóvári út 25	Heat energy production, electricity production	2009.12.31	Purchase	100%	100%	3 708 627	24 814 808
ARTEMIS Technologies Zrt.		H-1117 Budapest, Dombóvári út 25	Information technology consultancy	2024.11.14	Founding	100%	100%	111 351	2 048 179
Domaszék 2MW Naperőmű Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2017.12.04	Purchase	100%	100%	80 130	130 037
ALTE-GAS Kft.		H-1117 Budapest, Dombóvári út 25	Treatment and disposal of non-hazardous waste	2019.06.25	Purchase	100%	100%	(33 537)	-
Edelyn Solar Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (solar power plant)	2022.07.21	Purchase	100%	100%	27 704	1 088 603
Energigas Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (biogas)	2023.05.25	Purchase	100%	100%	18 126	1 375 882
Energikum Zrt.		H-1117 Budapest, Dombóvári út 25	Business and other consultancy activities	2023.05.25	Purchase	100%	100%	335 929	-
Energy Corp Hungary Megújuló Energia Hasznosító Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2024.10.01	Purchase	100%	100%	1 042 094	-
Euro Green Energy Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2019.05.28	Purchase	100%	100%	1 326 957	1 946 893
FE-Group Zrt.		H-1117 Budapest, Dombóvári út 25	Wholesale of waste and scrap, recycling	2022.09.09	Purchase	100%	100%	1 249 440	8 066 097
Mecséri Szélpark Kft.	5	H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2025.10.21	Purchase	100%	NA	1 461	-
Monsolar Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (solar power plant)	2017.11.06	Purchase	100%	100%	124 899	281 507
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2024.10.01	Purchase	100%	100%	780 588	1 138 529
Pannon Szélerőmű Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2020.10.14	Purchase	100%	100%	1 392 999	1 342 033
Peregium Green Zrt.	4	H-2143 Kistarcsa, Külső Raktár körút	Manufacture of electronic components	2025.06.30	Purchase	70,4%	NA	(670 330)	105 405
Sinergy Energiakereskedő Kft.		H-1117 Budapest, Dombóvári út 25	Electricity trading	2015.05.04	Purchase	100%	100%	1 337 107	56 112 542
Sinergy Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (hydropower plant)	2015.05.04	Purchase	100%	100%	534 315	507 222
SUNTEO Kft.		H-1117 Budapest, Dombóvári út 25	Electricity production (solar power plant)	2013.01.30	Founding	100%	100%	500 524	971 956
Tisza-WTP Kft.	1	H-3580 Tiszaújváros, Ipartelep 2069/3.	Water treatment, production of desalinated water	2015.05.04	Purchase	100%	100%	101 735	2 420 165

Comments:
companies:

Tisza-WTP Kft.	1	100% of shares, entity disclosed as a lease asset, consolidated by Mol Petrochemicals Zrt. as a 100% shareholding in its consolidated report
ALTEO Circular Kft.	2	Acquisition of the 100% business quota in ALTEO-Circular Kft.
ALTEO Circular Refining Kft.	3	Purchase of the 66.67% business quota in ALTEO-Circular Refining Kft. through the acquisition of Alteo-Circular Kft.
Peregium Green Zrt.	4	Purchase of the 70.4% business quota in Peregium Green Zrt. through the acquisition of Alteo-Circular Kft.
Mecséri Szélpark Kft.	5	Acquisition of the 100% business quota in Mecséri Szélpark Kft.

The basis for the preparation of the financial statements

These financial statements present the financial position, performance and financial situation of the Parent Company ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság and its consolidated entities (collectively referred to as the Group). The Group first published consolidated financial statements prepared according to the Hungarian Accounting Act, including the IFRSs, in 2010.

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) developed by the International Accounting Standards Board (IASB). The IFRSs were adopted by the Group as endorsed by the European Union. Where an IFRS does not provide detailed guidelines for certain rules but the Accounting Act has such rules, the provisions of the Accounting Act shall be applied. In addition to the above, the Group prepares the financial statements in compliance with the provisions of Decree No. 24/2008 (VIII. 15.) of the Minister of Finance on the detailed regulations on information obligation in connection with securities traded on the stock exchange.

These financial statements contain information for a comparable period. The comparable data included in the report were prepared based on the same principles as the ones applied to the data of the reporting period.

II.3.2 Going concern requirement

The management of the Parent Company is not aware of any information or data which would imply that the Group intends to terminate or significantly reduce its operations in the foreseeable future (within one year from the reporting date).

II.3.3 Preparation and approval of the financial statements

The financial statements of the Group and the related business report are prepared and approved by the management of ALTEO Nyrt. acting on behalf of the Board of Directors. The Board of Directors publishes the finished financial statements and the business report and submits them to the General Meeting after having it reviewed by the Supervisory Board.

II.3.4 The Group’s places of disclosure

The Group publishes its financial statements at its places of disclosure.

- www.alteo.hu
- e-beszamolo.im.gov.hu
- www.kozzetetelek.mnb.hu
- www.bet.hu

The persons authorized to jointly sign the consolidated annual report:

- **Attila László Chikán** (H-1144 Budapest, Gvadányi utca 15. 8. ép. B. lház. fszt. 2.), member of the Board of Directors, CEO

- **Zoltán Bodnár** (H-2045 Törökbálint, Honfoglalás utca 12.) Deputy CFO

The person commissioned to control and lead the auditing tasks in accordance with Section 88 (9) of Act C of 2000:

- **Anita Magdolna Lénárt (registration number: 186427).**

II.4 Key elements of the accounting policies

II.4.1 Presentation of the financial statements

The Group prepares consolidated financial statements involving its controlled entities and the Parent Company (hereinafter: financial statements). The Group's financial statements are comprised of the following (parts):

- consolidated statement of comprehensive income
- consolidated statement of financial position

The Group has decided to present the statement of income and the statement of other profit or loss in separate statements.

- consolidated statement of other comprehensive income

Other comprehensive income includes items which increase or decrease net assets (i.e. the difference between assets and liabilities) and such decrease may not be recognized against any asset, any liability or profit or loss, but instead change an element of equity directly in respect of the broadly defined performance of the Group. Other comprehensive income does not include, among others, equity transactions which result in a change in the available equity and transactions conducted by the Group with the owner acting in its capacity as owner.

- consolidated statement of changes in equity;
- consolidated Statement of Cash Flows
- notes to the consolidated financial statements.
- **Management report**

In the context of the financial statements but as a separate document, the Group prepares its ***Business report***, **Sustainability Report as part of the Business Report**, ***Management Report*** and ***Non-Financial Statements*** in accordance with the disclosure requirements for publicly traded securities.

II.4.2 Currency, accuracy and period of the presentation of the financial statements

- The reporting period and the fiscal year of the Group is identical with the calendar year.
- The reporting date of the report is December 31.
- The functional currency of the reporting Group is the Hungarian forint.
- The presentation currency of the report is the Hungarian forint.
- Indicated as: HUF; the figures displayed are in thousand HUF unless otherwise indicated.
- The foreign currency relevant to the Group is the Euro. Foreign exchange rates:

Currency	12/31/2025	2025 average	12/31/2024	2024 average
euro (EUR)	385,40	397,91	410,09	395,17

II.4.3 Decisions regarding presentation

Changes in comparative data

The previous IFRS consolidated financial statement of the Group was drawn up for the fiscal year of 2024. The consolidated financial statements contain one set of comparative data, except when the figures for a period had to be restated or when the accounting policies had to be amended. In such cases, the opening figures of the statement of financial position for the comparative period are also presented by the Group.

In the event that an item needs to be reclassified for presentation purposes (e.g. due to a new line in the financial statements), the figures for the previous year are adjusted by the Group so as to ensure comparability.

When preparing the 2025 financial report, the Group performed a consolidation of its equity items. The reason for the consolidation is that the reserve for Share-based Payments, which had previously been reported separately under Equity, does not constitute a separate equity component; rather, it is part of the Share Premium Reserves. The consolidation resulted in a change in the composition of the Equity table.

Determining the structure of the Group

(i) Subsidiaries

Starting from 2014, consolidation has been performed by the Group in accordance with the provisions of IFRS 10. Before preparing financial statements for each period, the Group verifies whether

- it still has control over the entities which were previously in the Group;
- it acquired control over any new entities.

If the existence of control is established, then that unit is consolidated regardless of its legal form (full consolidation). Consolidation is to be performed using the acquisition method.

The ‘ability to control’ means (after the effective date of IFRS 10) that the Group can control the subsidiary (has power over it), it is exposed to variable returns, and can determine the ultimate use of variable returns generated. Rights existing as at December 31, 2025 that were exercisable at that time or convertible to voting rights and provided substantial rights (i.e. actually provided control and there were no limitations which could restrict the exercise of such rights) were considered by the Group for the purpose of determining the extent of such control.

Control (power) is assessed based on the following factors which are usually indicators of control. These factors shall be assessed in their entirety and conclusion shall be derived by examining the factors together, not separately:

- Any member of the Group or the Group collectively holds 50% of voting shares or initial contributions plus one vote and there are no express agreements that would restrict the Group when voting. Where a subsidiary entity which is not wholly owned possesses a share in another entity, such share is considered in its entirety when determining the full extent of the share (second-tier subsidiaries and below).

- If any member of the Group exercises the right to appoint senior executives (senior executives include managers, as well as members of the Board of Directors and the CEO).
- If there is an agreement which provides conclusive evidence that the Group is able to make significant decisions in respect of a given entity by itself.
- If there is an entity whose assets or capacities are fully and consciously allocated by the Group. Control is not deemed to exist if this situation arises but not as a result of the Group's conscious decisions.

Control is not deemed to exist by the Group if the Parent Company has a share of over 50% in an entity but operates the assets of that entity at the specific direction and on behalf of someone else, or if the capacities of that entity are fully allocated by someone else. The net assets of such entities are treated by the Group as if such assets were leased to someone else (IFRS 16), which means that these entities are presented as leases.

The ability to control is not deemed by the Group to exist if such control is only on someone else's behalf in such a way that the controlling entity (apparent parent company) does not bear any risks in connection with the controlled entity.

Entities which are insignificant and subsidiaries whose operations are different from the Group's scope of activities are not exempted from consolidation by the Group.

The reporting date of the subsidiaries' financial statements was the same as the Parent Company's reporting date, and the IFRS accounting policies adopted by the subsidiaries were identical to the Parent Company's accounting policies. The accounting policies of the entities which have recently joined the Group have been harmonized with the Group's accounting policies and accounting policies have been developed in connection with the newly introduced activities and accounting events.

(ii) Associates

Associates are presented by the Group using the so-called equity method. The compensation paid for the share is recognized by the Group at initial recognition as the initial value. If the amount paid for the share exceeds the fair value of the net assets, then this difference is treated by the acquirer as goodwill in such a way that this difference is not shown in a separate line in the statement of financial position; instead, the amount will be the same as the value of the share. Any negative difference is immediately credited by the Group to profit or loss as negative goodwill.

Subsequent to initial recognition, the proportional part of the comprehensive income for the current year is recognized by the Group as an increase or decrease of the value of the share. The effect of the change is recognized by the Group in a separate line in the statement of profit or loss and other comprehensive income (share of profit of associate) up to the part which is derived from net profit or loss. Any change in the net assets of the associate against other comprehensive income is presented by the Group in other comprehensive income, also in a separate line (share of other comprehensive income of the associate).

Should the value of the share turn negative as a result of the year-end valuation, then a liability arising from this position is recognized by the Group only if it is subject to a legal or constructive obligation to meet its liability. If no such obligation exists, then the Group merely discloses the value of unrecognized loss.

In the statement of financial position, balances with entities of the Group are not eliminated, but the part of the profit recognized by associates that has an effect on the comprehensive income and is attributable to the Group, need to be eliminated proportionally. Goodwill arising with the acquisition of these investments will not be recognized separately, but will be included in the value of the share.

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II.4.4 Principles for performing consolidation

Treatment of business combinations

Business combinations include cases where the Group acquires control over a new entity and the goal of the transaction is to acquire the business operations of the acquiree and not only its assets. The acquisition of control is recorded as of the day after which any of the circumstances that result in the entity being treated as a subsidiary apply.

The value of goodwill or negative goodwill is determined for the starting date of the business combination. This value is the (proportionate) difference between the fair value of the assets transferred in return for the share (the consideration) and the fair value of the Group's share in the net assets acquired. The former fair value is to be used to determine the consideration.

The consideration includes the following:

- money paid or due;
- the fair value of the stocks issued by the acquirer in relation to the combination (the fair value is derived from the stock price at the date of issue);
- the fair value of other assets transferred (reduced by any liabilities transferred);
- the fair value of any contingent consideration, i.e. the part of the consideration which is payable or refundable if certain future events occur (or do not occur).

If the actual amount transferred (returned) is different from the estimated value of the contingent consideration, then such difference is recognized by the Group in profit or loss in the period in which the value of the difference can be calculated.

Determining the acquired net assets

The assets and liabilities acquired as part of the business combination are measured at the fair value as at the starting date of the combination. The principles for determining fair value are described in the chapter on fair value. During valuation, assets and liabilities which are not included in the acquiree's separate financial statements but need to be recognized under the standards are recorded in the statement of financial position. In particular, this includes internally-generated intangible assets and owned by the acquiree; in addition, any contingent liabilities of the acquiree as at the date of the business combination are recognized (at fair value) as liabilities, regardless of the fact that these may not be recognized as liabilities in separate financial statements under IAS 37.

Treatment of non-controlling interests (NCI)

The net assets (assets and liabilities) of non-controlled interests are recognized by the Parent Company in their entirety. However, only the part of consolidated equity which is held after the acquisition and attributable to the Group is recognized by the Group as equity attributable to the Parent Company.

The value of the net assets of the subsidiaries attributable to non-controlling interests is recognized by the Group separately, in one line, as non-controlling interest. The non-controlling interest is part of the equity not attributable to the owners of the parent company.

Non-controlling interests are recognized by the Group in proportion to net assets (at carrying amount) at each reporting date and are not re-measured at fair value at the end of each reporting period. Disclosures relating to non-controlling interests are included in Note IV.20.5.

Changes in the structure of the Group (in respect of existing shares)

In the event that the Group sells a part of its share in a subsidiary, the following procedure must be used:

- if control is retained (the entity remains a subsidiary), then the difference between the change in non-controlling interest and the selling price (compensation) is accounted for in equity (no profit or loss is realized) and is recognized separately as a transaction with owners in the statement of changes in equity;
- if control is lost, then the difference between the value of the derecognized net assets and the selling price (compensation) is recognized in the consolidated financial statements as profit or loss. Any share that is retained is measured at fair value as at the date on which control is lost and shown as associate or financial instruments.

If the Group acquires an additional share in an entity in which it already has a share, and

- if control is not obtained even after the increase in its share, then the Group continues to account for its share in the relevant entity as a financial instrument or associate;
- if control is obtained as a result of the increase in share through the transaction in question, then the Group applies the rules if IFRS 3 to this step, consolidates the assets and liabilities of the relevant entity and recognizes goodwill or negative goodwill according to the provisions of the standard;
- if a share is increased in such a way that the entity associated with the share was already controlled by the Group before the increase, then the Group reduces the amount of non-controlling interests and the difference between this reduction and the compensation received is recognized directly in equity as a transaction of owners; no

profit or loss is recognized with respect to these transactions and the value of goodwill (negative goodwill) remains unchanged.

II.4.5 Transactions with owners

No profit or loss, or other comprehensive income may be realized with respect to transactions with shareholders of the Parent Company where the other party is a member of the Group. This rule is applicable to transactions where ***the parties involved in the transaction acted in their capacity as members or determined the terms of the transaction with a view to their capacity as members.*** Such items are accounted for directly in equity as dividend payment or additional capital contribution (designated as a transaction with owners).

Besides the above the Group recognizes the difference between the value of the share recognized among non-controlling interests and the value of the capital increase in the case of ownership share obtained through contribution among the Transactions with owners.

II.4.6 Dividends

At its annual General Meeting, the Parent Company may decide on the payment of dividends. Dividend is paid only on the Company's registered, dematerialized ordinary "A" series shares with a face value of HUF 12.5, recorded with the identifier HU0000155726ISIN – excluding the treasury shares held by the Group, as well as other shares that do not entitle their holders to dividends pursuant to Section 3:298(3) of the Civil Code. For the draft resolution on the Group's dividends, see Section V.2.

II.4.7 Definition of segments

The Group discloses operating segment information in the notes to the financial statements. Operating segments are determined in accordance with the strategic expectations.

(i) Activity based segments

The activity of the ALTEO Group can be classified in the following main groups (segments):

Name of segment	Segment activities
Retail Energy Trade	Retail trade in electricity and gas
Renewables-based energy production	Complex activity involving the commercial use and management of production capacities of renewable (solar, wind, hydro, biogas) power plants
Heat and electricity production and management	Heat and Non-renewable Electricity Production, Ancillary Services, Renewable Production Management
Circular economy	Total waste management services, collection, recovery and sale of organic and inorganic waste
Energy services	Operation, maintenance of energy generating assets and construction-installation activity.
Other	Other non-segment activities and central administration.

The principle of identifying segments is the formation of segment units by differences in risks and business models.

When presenting transactions between the various segments, the objective is to ensure that inter-segment settlements reflect the terms and conditions of transactions that would presumably occur between independent market parties.

These activities are monitored by the strategic and operational decision-makers. The content and name of the single segments is continuously tracked by the management of the Group and is also clarified by the management of the Group as necessary. Since the management does not review the assignment of assets and resources to specific segments, the segment level breakdown of assets and resources is not published.

(ii) Geographic segments

The activity of the Group is limited to Hungary only, the management *did not consider it necessary* to establish regional segments for the area of the country.

II.4.8 Accounting policies relating to the statement of profit or loss

Revenues

The Group accounted for its revenues in accordance with the rules of IFRS 15.

IFRS 15 established a uniform model for revenues originating from contracts with customers. With the help of the unified five step model the standard determines when and in what amount do revenues have to be recognized. This standard states explicit expectations for the situation when several elements are transferred to the customer at the same time. IFRS 15 describes two methods for timing the recognition of revenue: revenue accounted for at a given time and during a given period. The IFRS 15 standard also creates theoretical rules concerning what happens with the costs in connection with acquiring and providing – not recognized elsewhere – the contract. The standard does not contain revenue recognition rules for the financial instruments; those will be settled in IFRS 9.

According to the IFRS 15 standard, revenue elements shall be accounted for in accordance with the termination of performance obligations. Performance obligations shall be considered as terminated when an entity transfers the control over the goods or services to the buyer. Revenues must be accounted for when the Group realized them, that is if the Group delivered its contracts duly and properly to its customers and the financial settlement of the claim (the realization of the economic advantage in connection with the transaction by the company) is likely, and the amount of that and the related costs can be adequately (reliably) measured.

Items collected on behalf of other entities and to be recharged later, and excluded from revenues:

Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

The Group does not recognize items collected on behalf of other entities to be recharged later as part of revenue because the Group has no control over these items. The Group identified the following as such items:

Name	Content of item
Value added tax	Value added tax within the meaning of Act CXXVII of 2007.
Energy tax	The tax within the meaning of Act LXXXVIII of 2003 on Energy Tax.
Excise duty	The tax within the meaning of Act LXVIII of 2016 on Excise Duty.
Electric power system usage fees	Distribution fees within the meaning of Item c) of Section 142 (1) of Act LXXXVI of 2007 on electricity: the distributor's base fee, the distributor's performance fee, the distributor's traffic fee, the distributor's reactive energy fee, the distributor's loss fee and the distributor's schedule balancing fee.
Cash and cash equivalents	Cash and cash equivalents within the meaning of Section 147 of Act LXXXVI of 2007 on electricity: The fee payable for the structural transformation of the coal industry, the fee payable for supporting the discount price electric power and the related production structure transformation fee.
HHSA fee	Based on the Resolution No. 2/2016. (XII. 16.) of the General Meeting of the Hungarian Hydrocarbon Stockpiling Association a membership contribution payable after mineral oil products and natural gas, according to the provisions of Section 40(2) of Act XXIII of 2013 on the on Minimum Stocks of Imported Crude Oil and Petroleum Products and of Sections 8(1) and (2) of Act XXVI of 2006 on the Strategic Storage of Natural Gas.
Products, services acquired for third parties in agent status and forwarded in unchanged form	If forwarding a given procurement (service or product) is done in the same form in unchanged amount by the Company and no practical risk arises on the part of the Company in connection with this, then reselling is done in an “agency structure” and the item is no part of the revenue.

Customer contracts

In connection with the customer contracts, the Group applied the 5-step model specified in the standard. In most of the existing contracts, the date of performance is not different from the billing period, therefore, the realization of the revenues is not different from the actual billing.

Regarding contracts where several elements are transferred to the buyer at the same time or as recognized revenue for a period, the Group performs the realization of the revenue – the allocation to contractual elements or periods – by taking into consideration the underlying economic content. The following contracts or contractual elements are included in this category:

- **Energy industry service fees and projects:** Each general construction-installation contract is assessed individually in accordance with IFRS 15 considering the associated risks and the contractual terms, and the related revenue is determined in a manner to comply with the relevant standards. If the performance obligation under a construction-installation contract is met by the Group over time according to the standards (i.e. it is subject to over time recognition), the revenue to be recognized is determined based on the stage of completion. If the revenue determined based on the stage of completion exceeds the revenue actually invoiced, the Group recognizes contract assets in the statement of financial position, and if the invoiced amount is higher, the Group recognizes contractual liabilities. If, in the case of the project as a whole, a loss may be expected, that expected loss must be accounted for immediately. All the estimates concerning the revenues accounted for must be prepared considering all the information that is available at that moment. If the amount of the planned (expected) profit changes in the course of a given project, then it involves the adjustment of the revenues accounted for. If a given project is expected to generate loss, then accounting for the loss in full becomes necessary in the earliest period when the related information becomes available the first time. Estimates concerning the revenues accounted for must be prepared considering all the information available at the time of publishing the report in question. If the performance obligation under a construction-installation contract is performed at a particular point in time (i.e. it is subject to point-in-time recognition), then, if the contract milestone has not yet been completed, the costs incurred to date are recognized in project inventories and do not affect the total comprehensive income.

- The overhaul component of **flat-rate operation and maintenance contracts (O&M)** (at present, this is relevant only in the intra-Group contract cases): For the appropriate operation of certain pieces of power plant equipment (e.g. gas turbines, gas engines etc.), overhaul repairs are required at predetermined intervals. If an operation and maintenance contract concluded with an external party contains such a periodical element, the proportion of the related revenue must be stated separately, and shall be realized against the respective costs.
- **Underconsumption 'TAKE-OR-PAY' component in energy retail contracts:** Certain energy trade contracts may contain a provision requiring the consumer to pay for the contractual quantity of the allocated reserve even if it was not consumed. The Group only recognizes revenue if it can be safely assumed that the Group is entitled to such revenue and that revenue is realizable (enforceable) and can be reliably estimated.

According to the opinion of the Group's management, the revenues to be settled do not differ from the invoiced amounts in the case of the following contracts:

- Energy retail transactions: (Electricity and gas trade) Invoicing (settlement invoice) is based on actual consumption.
- Energy wholesale transactions: The settlement takes place according to the contractual terms.
- Electricity, heat production, and electricity ancillary services: Settlement is based on actual production and availability.

- Open-book accounting: The settlement takes place for a given period on the basis of cost elements accepted by the parties.
- Circular economy: based on the degree of completion in waste treatment and processing, where the degree of completion is determined based on operations completed and then charged by the Group to the Customer at the contractual price.

The Group performs individual assessments and investigations of its buyers' contracts, with the exception of the retail business line. Due to the individual character of the contracts, the portfolio method is not applicable, either to the contract portfolio or any part thereof.

Wherever a contract or a contractual element contains a significant financing element which is more favorable than the market practice, with the deferral of payment exceeding one year, then that financial component must be recognized separately. In such cases, only the present value of the invoiced consideration can be accounted for as revenue.

If, in connection with a long-term contract, costs directly related to that contract incur where the return is guaranteed by the contract for the full contractual period, these costs shall be recognized as assets related to that contract and amortized over the term of the contract. Such elements may include various legal, intermediation and contingency fees.

The Group **presents interest income from leases strictly related to its core activities as revenues**.

Expenses related to operation

In line with the presentation principles of the total cost method, non-finance expenses are to be classified as follows:

- material expenses;
- personnel expenses;
- depreciation and amortization;
- other revenues, expenses
- capitalized own production

If a specific transaction belongs to the scope of a specific IFRS, then its recognition takes place in accordance with that standard

Capitalized own production

Changes in the inventory of assets produced by the Company

The Group develops industrial equipment and facilities (power plants, energy storage facilities) as well as control technology equipment and software, which are presented as assets produced by the Group.

Changes in the inventory of stocks produced by the Company

Direct costs (material and personnel expenses) arising in connection with the production of plant equipment and facilities internally developed by the Group are disclosed by the Group as project inventories until the closing of the project, in compliance with the contract concluded with the customer, and the relevant standard. The Group does not keep stocks of Heat and Electricity due to their nature.

The Group recognizes the direct costs incurred in connection with waste management services and precious metal processing under ‘Work in progress and semi-finished goods (inventory)’.

Other revenues and expenses

Other revenues recognized by the Group include non-revenue sales and any income that cannot be considered finance income or an addition to other comprehensive income. Other expenses include those that are directly related to operations and are not classified as financial expenses or do not reduce other comprehensive income. Other revenues and other expenses are recognized by the Group in the statement of profit or loss as consolidated figures.

GHG emission allowance / CO2 quota sales revenue and expenses

The Group is allowed to sell its EUA quotas (emission allowances) under certain conditions. Related revenues and expenses are disclosed as other revenues and other expenses.

Finance income and expenses

Dividend income and interest income not eliminated upon consolidation are recognized as finance income. Interest income is recognized using the effective interest rate method, while dividend income is recognized once the decision-making body of the disbursing entity has duly resolved on the payment of dividend. Interest expenses are calculated using the effective interest rate method and are classified as financial expenses. Exchange differences on foreign currency items (if not a part of other comprehensive income under IAS 21 – The Effects of Changes in Foreign Exchange Rates) are recognized by the Group in finance income.

Income tax expenses

The following are recognized as income tax:

- corporate tax (Act LXXXI of 1996 on Corporate Tax and Dividend Tax)
- income tax on energy suppliers (Act LXVIII of 2008 on Enhancing the Competitiveness of District Heating Services)
- local business tax (Act C of 1990 on Local Taxes)
- innovation contribution (Act LXXVI of 2014 on Scientific Research, Development and Innovation)
- deferred tax (IAS 12)

Offsetting

In addition to the requirements under IFRS, the impact of a transaction is recognized in the Group’s financial statements on a net basis if the nature of the given transaction requires such recognition, the economic events are identical or similar in nature, and the item in question is not relevant to business operation (e.g. sale of a used asset outside business operations).

Profit or loss from discontinued activities

According to the provisions of the standard, the Group recognizes its discontinuing operations separately, if they are significant. It does not qualify as a discontinuing operation if the legal form of a given activity gets changed but the underlying economic content does not change significantly (e.g. the amount of heat sold earlier as “district heating supplier licensee activity” is sold later as “district heating producer licensee activity”).

Use of the EBITDA in the ALTEO Group

To facilitate the assessment of profit or loss, the Group management discloses the EBITDA figure with the content defined by the Group. The method of EBITDA calculation is presented below:

EBITDA = Net profit or loss +/- the following items: + Finance income + Income taxes + Depreciation and amortization + Impairment of fixed assets

where the Group modifies the net profit or loss with the following items:

Finance income: the Group adjusts the net income with all the items in the finance income (effective interest, exchange rate differences, etc.) so the Group fully neutralizes the effect of the finance income when calculating this indicator.

Income taxes: income taxes in the net profit or loss (current and deferred taxes alike) are neutralized by the Group when calculating the indicator.

Depreciation and amortization: the amortization of assets belonging under IAS 16, IAS 40 and IAS 38 is eliminated when calculating the indicator.

Impairment of assets: the non-systematic decrease of assets falling under IAS 16, IAS 40 and IAS 38 and assets recognized at the Group as assets subject to operating lease or concession (typically: impairment) is adjusted by the Group retroactively, similar to depreciation and amortization.

The Group presents current year EBITDA in Section IV.33.

EPS – earnings per share the shareholders are entitled to

When calculating earnings per share the “net profit or loss concerning the owners of the Parent Company” are divided for the shares in circulation. When calculating the diluted EPS indicator all the diluting factors (e.g. shares bought back, issued options, etc.) shall be considered.

II.4.9 Accounting policies relating to the statement of financial position and the recognition and measurement of assets and liabilities

Property, plant and equipment

Only assets which are used in production or for administrative purposes and are used for at least one year after commissioning are classified by the Group as property, plant and equipment (PPE). Furthermore, future economic benefits arising from their use will probably be realized, and the initial cost of assets can be measured reliably. In terms of their purpose, the Group makes a distinction between production and non-production (other) assets.

The initial carrying amount of an asset comprises all items related to the purchase or creation of the given asset, including borrowing costs (for details, see the accounting policy on borrowing costs).

If an asset needs to be removed or demolished at the end of its useful life (or if the given asset is no longer used, it is sold or abandoned), then the costs incurred to retire it (Asset Retirement Obligation or ARO) are added to the initial value of the asset and a provision is recognized in this respect, given that the Group has at least a constructive obligation for the retirement or restoration. No provisions are made for ARO is the estimated expense of deconstruction is not significant, that is, it remains under HUF thousand 50,000. Assets that belong together must be reviewed as a group and if the decommissioning costs of a group of assets that belong together is significant in total, then provisions must be made for ARO concerning the group of assets.

The discounted liability is increased each year, taking into account the passing of time (unwinding of the discount) and future changes in the estimation of unwinding costs. The increase in the liability arising from the unwinding of the discount is accounted for as interest expense.

The Group uses the component approach, which means that the parts of an asset that is physically a single unit, which have different useful lives are treated separately, mainly in the case of production assets.

Fixed assets are measured subsequent to initial recognition using the initial cost model (initial value reduced by accumulated depreciation and accumulated impairment losses).

The depreciable amount is the initial cost reduced by the residual value. Residual value is equal to the income that can be realized after the asset is decommissioned, reduced by the cost of disposal. If the residual value does not exceed HUF 50,000 thousand, it is not considered significant and is not recorded.

Depreciation is calculated on the basis of the depreciable value for each component.

If an asset capitalized in connection with an obligation to dismantle, remove, or restore relates to a leased asset or leased property, its depreciation period must be determined based on the term of the related lease or the expected duration of the right of use. Accordingly, as a general rule, the useful life of such an asset may not exceed the lease term, including any extension periods for which the exercise of the extension option is supported by reasonable certainty.

However, if the asset's expected useful economic life or other circumstances of its use warrant, depreciation is recognized over a shorter period. The Group uses the hours of service or the useful life (see table) for power plant equipment and the straight-line depreciation method for all other assets. The following depreciation rates are used for assets:

Asset group	Extent of depreciation
Land	non-depreciable
Buildings	1–6%
Power plant equipment	1–20% / or proportionate to production
Waste utilization equipment	1–20%
Non-production machinery	14–33%
Office equipment	14–50%

The useful life of each component must be reviewed, and it must be determined whether the asset can be utilized during its remaining useful life and whether the residual value is realistic. If not, the useful life and/or the residual value must be adjusted in the period relating to the time of the review.

The value of a fixed asset is increased by significant repair projects which involve substantial cost and occur regularly and can be scheduled, and are needed every several years. These projects are treated by the Group as a component of the given asset and its useful life must be adjusted to the next (expected) occurrence of major overhauls.

Income from the sale of a fixed asset is recognized among other items, less the carrying amount of the asset. Expenses arising from the scrapping and extraordinary depreciation of fixed assets must also be recognized under depreciation and amortization.

Expenses arising from the shortage of fixed assets must also be recognized under other expenses.

Only expenses are accounted for in this case and no income.

In case of production equipment, the date of commissioning is the first day of continued revenue generating capacity, and in case of other equipment the date on which they are first put to use. The Group reviews return on assets as at the reporting date.

Investment property

The Group owns no investment property.

Intangible assets and developments

The initial value of intangible assets purchased is determined using the method described for fixed assets.

No depreciation is recognized for intangible assets with an indefinite useful life (including goodwill). Instead, the Group conducts a review in each reporting period to find out whether the value of these assets is recoverable, and if not, the Group recognizes impairment under Depreciation and amortization.

The Group determines whether it has intangible assets with indefinite useful lives. Goodwill is classified as an asset with an indefinite useful life, and it is recognized in the consolidated financial statements.

The existence of any contractual periods which restrict the use of such rights must be considered for intangible assets. In such cases, the depreciation period may not be longer (though it may be shorter) than this period. By default, the term of the contract is accepted as the useful life.

Amortization rates of 20% to 33% are used for software and intangible assets. Subsequent to initial recognition, intangible assets are uniformly measured using the cost model. The residual value of intangible assets is considered zero, unless proven otherwise.

With respect to the assets presented, in the opinion of the management of the Group, know-how that can generate income may be realized as the result of the development activity. If the development project meets the definition of an asset under IAS 38, the costs incurred are recognized under intangible assets.

The Group has identified the KÁT eligibility of the acquired KÁT permit holders as intangible assets. The Group amortizes KÁT permits in proportion to production until the expiry of the KÁT permit. The KÁT permit gives the right to the Group to put the production of certain power plants to the state (the state is obligated to buy at a guaranteed price). KÁT permits connected to projects developed internally cannot be recognized with values.

Goodwill

The Group recognizes the difference between the consideration paid for the acquired subsidiary (acquisition cost) and the fair value of the net assets acquired as goodwill, as a non-amortizable intangible asset, if that difference is positive. If the value of the goodwill is negative, the procedure to be adopted is as follows:

- an organization that is different from the one that performed the original calculation (or, if none is available, a different person within the organization) recalculates the value of goodwill (does calculations and reviews the valuation, focusing on the undervaluation of liabilities and overvaluation of assets) and makes adjustments as required;
- if the result of the calculation is still a negative value, then such difference is credited to profit or loss in one lump sum as profit on a “bargain purchase” from the Group’s perspective; such profit is attributable to the shareholders of the acquirer.

Measurement period

Determining the fair value of the assets acquired may take a long time. In accordance with the provisions of IFRS 3, the value of net assets acquired as well as the resulting goodwill or negative goodwill are finalized by the Group within one year from the date of acquisition (measurement period). The value of net assets and goodwill (negative goodwill) is recognized by the Group in the financial statements issued in the measurement period at a value that is based on its best estimate at the time of issue; however, such estimate may change considerably during the measurement period. In accordance with the rules under IFRS 3, these changes are treated by the Group not as corrections, but as adjustments relating to the measurement period. Note IV.9.4 shows changes in goodwill in the current year while Note IV.32 contains further details on acquisitions.

Impairment of goodwill

The Group recognizes goodwill when it participates in a business combination as a buyer and the value of assets handed over in order to obtain control (including the value of liabilities accepted from former owners) exceeds the fair value of its net assets concerning the purchased group. The Group assigns it to the cash-generating unit (Cash Generating Unit – CGU) and tests it every year whether the goodwill became impaired. For the impairment test of the goodwill, the recoverable amount of the CGU including goodwill must be compared to the carrying amount of the CGU. If the recoverable amount is smaller than the carrying amount of the CGU then – if there are no clearly damaged assets – the goodwill must be written off first. The goodwill must not be reversed later. The recoverable value of CGU is the greater one of the value in use and the fair value less point-of-sale costs. The measurement of goodwill in the current year is explained in detail in Note IV.9.4.

Rights of use and related lease liability (IFRS 16)

Assets acquired under leases and related lease obligations

Leases are contractual arrangements where the owner of an asset transfers the right to use that asset in return for a series of payments.

The Group applies the recognition exemptions offered by IFRS 16 for short-term leases and low specific value assets (with an acquisition cost of less than HUF 2,000 thousand).

The leasing component must be separated in the case of complex sales or supply contracts where one of the contractual elements meets the standard's conditions.

Initial recognition of a lease:

For high-value contracts with a term of more than 12 months, the initial cost of the right-of-use asset is determined by the Group at the discounted present value of payments due for the lease term, adjusted for lease payments made prior to the commencement of the lease term.

The lease term is equal to the period during which the subject of the lease is used from acquisition to termination of the right of use.

If according to an executive decision the Group wishes to exercise a contractual option, the lease is reassessed when the statement of financial position is prepared, based on the terms and conditions of the option.

For the initial recognition of a lease, the value of the right of use and of the obligation are determined using the reference interest rate (BUBOR) effective at the start of the contract + interest rate premium. The base value of the reference interest rate may be a monthly, quarterly, biannual or annual value depending on the scheduling of rent payments. ALTEO Group uses comparable independent market data to determine the interest rate premium.

Future events requiring a review may include contract amendment and revaluations of cash outflows due to price monitoring. As part of the review process, rates are adjusted according to the requirements of IFRS 16.

The initial value of the right-of-use asset is equal to the initial value of the lease liability; if the contract is amended, the right of use is remeasured in accordance with the lease liability.

Lease assets and related lease receivables

The Group records assets and asset groups for which it transfers the right to use such assets and asset groups to other parties based on a contractual relationship and, at the same time, transfers control over such assets or asset groups. The latter means that, for the given asset or asset group

- the entire capacity is used by that other party;
- essentially all of the outputs are obtained by that other party;
- that other party has physical access;
- and the Group is essentially unable to change this situation or any change would be completely irrational from an economic perspective.

In such situations, in accordance with the provisions of IFRS 16 (formerly: IAS 17 and IFRIC 4), the Group does not recognize the underlying asset as an own fixed asset, but instead the contract is treated as a lease (despite the legal form) where the Group acts as a lessor in such cases.

In cases where the given asset group is organized in a separate legal entity, the subsidiary is not consolidated (i.e. individual assets and liabilities are not recognized); instead, the entire arrangement is treated as a lease contract.

Where the Group acts as a lessor, it

- transfers the asset through a sale at market yield, and the profit associated with the asset is recognized
- recognizes the related receivable (which will first be the present value of future cash flows);
- splits subsequent cash flows into principal repayment and return using the implicit interest rate applied in the lease (the former reduces the asset, while the latter is recognized in profit or loss);
- and, if required, performs the foreign currency translation of the remaining asset according to the rules of IAS 21.

The initial recognition and remeasurement of the lease asset take place in the same manner as in the case of the related lease liability.

The Group recognizes rent income under Sales revenue in the Statement of profit or loss.

Policy on borrowing costs

In accordance with the provisions of IAS 23, borrowing costs are capitalized by the entity if the borrowing is attributable to a qualifying asset. For dedicated borrowings (those that are assigned to a specific purpose), the amount to be capitalized is determined using the effective interest rate of the borrowing. For general purpose borrowings, the capitalization rate is calculated manually. The capitalization rate is the average of the effective interest rates of general purpose borrowings weighted by the time elapsed since the date of payment or, if later, the time elapsed since the start of capitalization and the amount of the payment.

An asset (project) is regarded as a qualifying asset (project) in the following cases:

- if a construction contract is involved that is longer than six months;
- if an asset is involved whose construction, preparation or transformation takes longer than six months (regardless of whether the asset in question is created by the Group or third parties).

The value of the given asset is irrelevant for the purpose of classification.

The capitalization of borrowing costs starts when an irrevocable commitment to acquire the asset or implement the project exists or is probable. For assets, this is usually when the cost necessary to build the asset is incurred; for projects, this occurs when the actual work begins or, if planning is also done by the Group, the start of the preparation of the plan subject to the licensing process.

The capitalization of borrowing costs is suspended if work is interrupted for a period of time that is longer than technologically reasonable.

The capitalization of borrowing costs is finished when the asset is ready or when the actual work on the project is completed or, if earlier, the asset created in the course of the project is in use or its use has been approved.

The Group discloses the capitalization rate used for determining the amount of the borrowing costs to be capitalized in the year of their capitalization, in Section IV.9.6.

Accounting for government grants

As a general rule, government grants are recognized by the Group as income. If the grant is related to an asset, the income is spread out over the periods in which the asset is used. The part that may be added to the profit, but cannot be counterbalanced by expenses is recognized as deferred income. Income must be presented in parallel with the related expenses.

If a grant is related to expenses, then such grant is principally accounted for by reducing expenses. If this is not possible, it is recognized as other revenues.

Grants may be accounted for if

- it is essentially certain that the Group will meet the requirements for the grant, and
- it is certain that the Grant will be awarded to the Group.

In the event that a grant must be repaid subsequently, a liability is recognized when this becomes known by increasing the value of the asset or the expense.

If any advance is paid against the government grant, it must be recognized among liabilities. In the case of such a grant construct deferred income may only be recognized if the grant settlement is done.

In accordance with the above principle, the Group recognizes assets received without consideration as assets by recording deferred income (liability) against the asset (as a result, emission quotas received from the government without consideration is recognized as assets at their fair value).

Assets held for sale

Non-current assets whose carrying amount will be recovered principally through an imminent sale transaction rather than through continuing use are classified as assets held for sale. Assets held for sale also include so-called disposal groups which comprise assets and closely related liabilities that are expected to be disposed of subsequently as part of a transaction (e.g. a subsidiary to be sold).

This classification may be used if it is highly probable that the sale in question will be completed within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition, the activities necessary for the sale to take place are underway and the asset or disposal group is being offered at a reasonable price.

Assets held for sale are separately presented by the Group in its statement of financial position and their value is not included in either non-current or current assets. These assets are not depreciated by the Group and are measured at the lower of their cost on the reporting date and fair value less costs to sell. The resulting difference is recognized by the Group against profit or loss.

If an asset needs to be subsequently reclassified as a non-current asset due to the fact that the conditions of classification are no longer met, then after the reclassification the asset is measured at the lower of the value adjusted by the unrecognized depreciation and the recoverable amount. The resulting difference is recognized in profit or loss.

Inventories

Inventories are stated in the financial statements at the lower of initial recognition cost and net realizable value.

Inventory types:

- Strategic inventories: spare parts and fuel ensuring business continuity in operation and maintenance without the continuous availability of which the Group cannot ensure the availability of the operated equipment to satisfy ongoing customer needs.

- Circular economy inventories: inventories of energy production, materials for the operation of the biogas power plant, and inventories of waste management, to be processed and already processed.

The Group determines the value of inventories based on their initial cost where the value of an inventory includes all costs required for the use of that inventory in the intended manner and at the intended location.

Impairment loss of inventories: the Group recognizes impairment loss at reporting date if there are indications to impairment (damage, obsolescence, technological change).

Contract assets/liabilities:

In accordance with the provisions of IFRS 15, the Group recognizes a contract asset in cases where performance has already been completed, but the right to receive consideration is still subject to some additional condition as at the reporting date. A contract liability is recognized if the consideration received from the customer or the amount invoiced precedes the delivery of the related goods or services. Following initial recognition, contract assets are assessed for impairment in accordance with IFRS 9 requirements, and the Group recognizes impairment losses on these assets based on the expected credit loss model.

Emission allowances

- *GHG emission allowance*

The emission units allocated based on the National Allocation Plan (EUA) are recognized by the Group as Emission allowances under Current assets and assets held for sale. When determining the initial cost of emission units, the price on the date on which the units are credited is taken into account. Emission units are derecognized against profit or loss on the basis of verified emission data at the time of use (when charging the cost of revenues).

Emission allowances are assets regulated by IAS 38.

The Group is entitled to sell its available intangible assets; however, as at the end of 2025, it does not hold any inventory in excess of its return obligation, that is it maximizes the economic benefits from the assets through internal use.

Emission allowances are utilized within 1 year.

The value of the obligation to return the used quota calculated on the basis of the Group's gas consumption data for the current year is recognized as an accrual in the statement of financial position, given that the value and amount of the obligation is known at the time of the preparation thereof. The obligation, which is a non-financial liability, is recognized under Accrued expenses and deferred income, and it is fulfilled through the return of the quota.

The Group recognizes emission quotas according to the government grant model in IAS 20. The value of quotas received for free is recognized as deferred income until the date of return.

The Group records values of units held to fulfil the return obligation under current assets. Free units that are to be returned within a year are recognized by the Group at initial cost.

Emission quotas held for trading or investment purposes undergo impairment testing at reporting date.

Emission allowances are traded on a regulated market. While the Group does not actively participate in market trading with its assets received for free, it satisfies any additional quota requirements from the market. The value of the quota allocated to the current year based on production data is recognized in the Group under expenses and accruals.

- *Rights related to the energy efficiency obligation scheme (EEOS)*

According to the provisions of Act LVII of 2015 on Energy Efficiency (Energy Efficiency Act), starting from 1 January 2021, electricity traders are required to introduce programs that result in energy savings for end-users. The party subject to the obligation may fulfil its energy saving obligation either through energy efficiency investments or energy efficiency improvement measures in its own sector of activity or in another sector outside its own sector of activity, as well as through certified energy savings by other obligated parties, energy efficiency service providers that are not obligated parties or other third parties.

The Group recognizes the value of energy savings (GJ) by another obligor at initial cost under current assets according to IAS 38.

The Group is entitled to sell its available EEOS quotas; however, as at the end of 2025, it does not hold any inventory in excess of its return obligation, that is it maximizes the economic benefits from the assets through internal use.

Current-year expenses of EEOS quotas are recognized under provisions in the statement of financial position according to IFRIC 21.

- *Guarantees of origin*

The Group's renewable energy power plants are entitled to guarantees of origin credit based on their production volume from renewable sources. The units credited by HEPURA to the registry account are intended to be sold on the free market.

The Group registers guarantees of origin at the market price prevailing on the date of credit. The rights represented by the guarantees are short-term; upon expiry, the registering authority automatically de-registers unused guarantees.

Recognition of impairment of non-financial instruments and identification of CGUs

The Group tests its assets and cash-generating units for impairment every year.

The Group specifies its cash-generating units as follows:

- **Ancillary services production asset group:** the most significant CGU comprising several of the Group's legal entities (Alteo-Therm Kft., Sinergy Energiakereskedő Kft., certain assets of Alteo Nyrt. serving ancillary services) is the entirety of power plant equipment generating heat and electricity from natural gas under ALTEO's Virtual Power Plant.
- **Renewable power production assets** Sunteo Kft., Domaszék 2MW Erőmű Kft., Pannon Szélerőmű Kft., Monsolar Kft., Euro-Green Energy Kft. Energigas Kft. Edelyn Solar Kft., MovR Szélerőmű Kft., Sinergy Energiaszolgáltató Kft.
- **Circular economy** business line production assets Fe-Group Zrt., Alteo Circular Kft., Alteo Circular Refining Kft., Peregium Zrt.
- **Electromobility** business line (Alte-Go Kft.)
- **Business lines with no substantial assets:**
    - Retail trade (ALTEO Energiakereskedő Zrt.)
    - Renewable production management (as part of Sinergy Energiakereskedő Kft.)
    - External operation (certain assets of Alteo Nyrt.)
    - External maintenance (certain assets of Alteo Nyrt.)
    - Project implementation (certain assets of Alteo Nyrt.)

The Group also holds corporate (central) assets. These assets are not capable of generating cash flow on their own and, therefore, do not qualify as a separate business line.
The activities of the various cash-generating units are detailed in Section II.4.7 Presentation of segments.

Testing consists of two stages. The first stage is to examine whether there are signs indicating that the return on the asset is not ensured: Signs of impairment may include:

- decline in income, market energy price changes
- unfavorable changes in market conditions and a decline in demand;
- regulatory changes
- increase of returns on risk-free securities
- increase in market interest rates.

If there are signs that the return on an asset is not ensured, i.e. its carrying amount is higher than its recoverable amount.

The recoverable amount is the higher of the fair value of the asset reduced by the cost of disposal and the present value of the cash flows derived from continuous use. Cash flow is determined based on the assumptions set forth in the business plan approved by the Board of Directors for the three financial years following the current year, and then on cash flows calculated using a growth rate (based on inflation expectations) starting from the fourth year, continuing until the expiry of the operating license or the end of the lease term. In the absence of more precise estimations, the cost of disposal is deemed to be 10%.

If the value in use of a group of assets cannot be determined as it does not generate any cash flows itself (it is not in use), the test is performed with respect to the cash-generating units (CGUs).

If the value in use can only be determined with respect to the CGUs and impairment needs to be accounted for, impairment losses are split as follows:

- first, reduce the value of the damaged asset; (in Profit or loss: Depreciation and amortization)
- second, goodwill is reduced; (in Profit or loss: Depreciation and amortization)
- third, the remaining amount of impairment losses are split among fixed assets (PPE) and intangible assets in proportion to their carrying amount prior to impairment (in Profit or loss: Depreciation and amortization)

The value of assets may not drop below their fair value reduced by their individual cost of disposal.

The Group reviews the return on CGUs with goodwill in every reporting period according to the provisions of IAS 36, irrespective of whether or not there is any indication to impairment.

Provisions

Only existing (contractual or statutory) liabilities which are based on past events and have an uncertain value and timing may be recognized as provisions. No provisions may be recognized for liabilities which are not linked to present legal or constructive obligations.

If the existence of a liability cannot be clearly identified, then a provision may only be recognized if its existence is more likely than not (probable obligation). If the probability is lower than this, a contingent liability is disclosed (possible obligation). Such items may not be shown in the statement of financial position; instead, they are presented in the notes to the financial statements.

Provisions are shown as liabilities and are classified as non-current and current liabilities. If the time value of money in respect of a provision is considered material (as it will be due in the distant future), the expected cash flows are discounted. The time value of money is considered material if cash flows are still generated after 5 years or even later.

The following items are typically included in provisions:

- compensation payable in relation to legal cases;
- onerous contracts
- indemnification or compensation based on an agreement;
- warranty liabilities;
- asset retirement obligations;
- severance pay and costs arising due to restructuring;

Employee benefits

The Group provides predominantly short-term employee benefits to its employees. These are recognized by the Group in profit or loss after they have vested.

Employee bonuses and other items of similar nature are shown in the statement of financial position if they result in liabilities, i.e.

- if they are subject to a contractual condition and such condition has been fulfilled (e.g. a given revenue level is reached); in such cases, the item is accounted for not in the period when the Group established that the contractual condition was fulfilled, but in the period when such condition was fulfilled (when the employees rendered the service entitling them to the benefit).
- if such an item is created as a result of a management decision instead of a contractual condition, then the item may be recognized when the decision is communicated to the group affected (constructive obligation).

The Group operates a contribution retirement benefit plan only as required by law or at its own discretion, where the contribution is calculated on the basis of the salary paid and, therefore, recognized simultaneously with the salary.

The Group operates in a legal environment in which employees are entitled to paid leave. If for any member of the Group there is a legal possibility or an agreement between the employer and employees which provides that any unused leave may be carried forward to subsequent years, then a liability is recognized against employee benefits with respect to such unused leave accrued by the end of the year.

Share-based payments

The Group motivates certain employees through cash-settled share-based benefits under the ESOP organization. The value of the share benefits in question are recognized as expense under Personnel expenses during the vesting period in accordance with the provisions of IFRS 2.

The Group exercises control over the ALTEO ESOP Organization (H-1033 Budapest, Kórház utca 6-12, registration number: 01-05-0000133, tax number: 18874527-1-41), and consolidates it in the separate financial statements of ALTEO Nyrt. as a special-purpose economic unit. Participants in the programs do not exercise voting rights.

Financial instruments

Financial instruments are contracts which create financial assets for one party and financial liability or equity instruments for the other party. Financial instruments include financial assets, financial liabilities and equity instruments.

Financial assets and liabilities

Financial assets are classified by the Group as follows:

- Cash and cash equivalents
- Debt
- Equity instrument
- Derivative

Cash and cash equivalents

Cash includes petty cash, cash in bank, as long as the Group has unlimited discretion to dispose of such, as well as any other highly liquid deposit and security the original term of which does not exceed three months; overdrafts are regarded as cash equivalents until proven otherwise.

Cash subject to restrictions (current account balances, deposits) are recognized among other financial assets.

In the case of debt instruments:

Loans and receivables:

Loans and receivables are contractual rights to receive cash or other financial assets.

The Group typically records the following items in this category:

- Loans given and deposits
- Trade receivables
- Advances provided classified as receivables
- Other receivables

Depending on the Group's business goals, these assets are measured at amortized cost based on contractual cash flows. Initially, the assets are recognized at fair value. Trade receivables and loans are initially assessed on an individual basis; if there are no indications of impairment, the Company applies a simplified expected credit loss model. The valuation of the remaining financial assets is performed on a case-by-case basis in every instance.

Equity instruments include shares in other companies

Non-associated, i.e. other non-current assets are not held by the Group for trading purposes or for achieving short-term profits based on these instruments. These assets are recognized at fair value, and the follow-up valuation is performed at fair value against profit.

Derivatives

Derivatives include all instruments whose value is a function of a change in an underlying variable; their initial investment need is negligible and their settlement takes place in the future.

If the hedge accounting rules are observed, derivatives are recognized in Other comprehensive income based on fair value. In all other cases, they are recognized at fair value through profit or loss (FVTPL).

The Group discloses information related to derivative financial instruments in accordance with the requirements of IFRS 7, showing their presentation in the balance sheet, their fair value, the associated risks, and their impact on the financial statements where hedging relationships exist.

Forward contracts which are concluded and performed for the purpose of purchasing or selling an active market commodity (natural gas, electricity, CO2 quota) that is the subject of the contract and which are expected to be completed upon delivery of the commodity that is the subject of the contract (own used exemption) are not considered by the Group as derivative transactions.

Exceptions to this rule are forward delivery contracts not concluded by the Group for its own use of the commodity being transacted, but for the purpose of obtaining a profit from short-term price fluctuations.

Financial liabilities must be classified into the following groups:

Financial liabilities measured at fair value through profit or loss: derivatives and forward contracts acquired for trading purposes are included by the Group in this category. The Group does not typically engage in such transactions. If hedge accounting rules are applied, the effective part of the value of interest rate swaps and forward foreign exchange contracts is recognized in Other comprehensive income.

Other financial liabilities: all other financial liabilities are classified into this category. Typical items include:

- trade payables;
- credit, loan and lease liabilities;
- bond payables;
- advances received from customers.

Issued instruments that represent an interest in the residual assets of the Group and no repayment obligation is attached thereto are classified by the Group as equity instruments.

Valuation and presentation procedures related to financial instruments:

With regard to the financial assets and liability instruments, the Group classifies instruments as part of the initial valuation. Financial asset and liability instruments not qualifying as FVTPL instruments are measured at amortized cost. The Group treats transaction costs as part of initial cost.

In the case of a follow-up valuation based on amortized cost, the rules applicable to follow-up valuation of financial instruments are:

Items not resulting in interest expense or interest income

The initial cost of these assets is their fair value. Fair value is the present value of the expected future cash flows. The discount rate used to estimate fair value was based on the risk-free yield rates published by the Government Debt Management Agency (ÁKK) for the relevant maturities, plus a 2 percentage point premium representing the credit risk of the given financial instruments. Where the time value of money is material, the item is discounted. For subsequent measurement purposes these items are measured at amortized cost.

The value of a receivable is reduced by write-offs if such receivable is not settled after 180 days from its due date or there is any other indication at the reporting date which requires impairment to be recognized. Receivables that have been overdue for more than one year may only be shown in the financial statements with a value assigned to them if there is an agreement on deferred payment or rescheduled payment and the debtor has provided collateral.

In the case of liabilities, rules concerning delay are, accordingly, not applicable. An item may not be reclassified as a long-term liability merely because the Group has failed to meet its payment obligation. Only an irrevocable contractual commitment may provide a basis for reclassification. Items which are repayable on demand (those that have no fixed maturity) are classified as short-term liabilities.

Items resulting in interest expense or interest income

These items are measured at amortized initial recognition cost. The principles for calculating amortized initial recognition cost are as follows: the Group determines the cash flows relating to the given borrowing or receivable. In addition to principal and interest rate payments, these cash flows also include all items directly associated with the given movement of cash (e.g. disbursement commission, contracting fee, fee for the certification of the contract by a public notary, etc.). Next, the effective interest rate must be determined; this is the discount rate at which the present value of the expected future cash flows equals initial cost. In addition to principal and interest payments, cash flows also include fees and commissions closely related to the instrument. The interest expense for the period is calculated using this effective interest rate. If impairment needs to be recognized with respect to such an asset (receivable), the last applicable interest rate is used by the Group as the effective interest rate.

The Group also issues bonds through public placement in order to fund its operations. Liabilities resulting from the bonds are recognized using the effective interest method, i.e. the effective interest rate is determined on the basis of all bond-related cash flows. For zero coupon bonds, the difference between the issue price and the redemption price is considered as interest.

The Group derecognizes financial assets when substantially all of the risks and rewards of ownership of the asset are permanently transferred to another entity or the asset is repaid or expired.

Financial liabilities are derecognized when they are discharged (e.g. settled) or when they no longer need to be met for any other reason (e.g. expired or ended).

<u>Definition of fair value</u>

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments is the quoted market price at the end of the reporting period minus transaction costs. If no quoted price is available, the fair value of the instrument is determined using pricing models or discounted cash flow techniques. When using discounted cash flow techniques, the estimated future cash flow is based on the economic estimates of the Group, and the discount rate is a market rate that is effective, on the reporting date, for a given instrument under similar terms and conditions. When using pricing models, data are based on market valuations performed at the end of the reporting period.

IFRS 13 sets up a fair value hierarchy which categorizes the inputs used in the valuation techniques used to determine fair value into three levels:

- Level 1: Level 1 inputs are quoted prices in active markets for identical assets or liabilities (publicly available) that the Group can access at the measurement date.
- Level 2: Level 2 inputs are inputs other than quoted market prices included that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability. The estimation of the fair value of derivatives not traded on a regulated market is based on the amount that the Group would obtain, under regular business conditions, upon the termination of the contract at the end of the reporting period, taking into consideration the effective market conditions and the current creditworthiness of the parties.

The Group measures the fair value of assets and liabilities based on the Level 2 inputs of the fair value hierarchy.

Expected impairment (ECL) model

The expected credit loss model (ECL) is applied in light of non-payment experienced. The extent of the impairments relating to electricity is low in the retail business line, due to the receivable management processes developed in the past years. When determining credit loss assumptions, the Group's management takes into account historical experience with non-payments and late payments, as well as publicly available relevant data from international, independent credit rating agencies that best characterize the Company's receivables portfolio. In the expected credit loss model, in addition to financial assets, amounts due from customers and lease receivables are also assessed. For trade receivables, loan receivables, and amounts due from customers, the management first assesses the risk of impairment on a case-by-case basis; if no such risk is identified, a simplified impairment model is applied. The valuation of the remaining financial assets is performed by the management on a case-by-case basis. The Group performed the segmentation of its revenues and studied the recovery of billings on this basis.

In the current year, the Group reviewed the rates to be used in the model, and determined the ECL based on the adjusted value of publicly available databases. These items are presented in detail in Section IV.18.

Hedge accounting

The Group has adopted the hedge accounting provisions of IFRS 9.

Hedge transactions

In the case of cash flow hedge transactions, in accordance with IFRS 9, the difference in fair value, as of the reporting date, arising on hedge instruments satisfying hedging objectives is recognized in other comprehensive income, in the Equity hedge reserve line. The concerned part of the cash-flow hedge reserve is recognized in the statement of profit or loss when the hedged cash flow (e.g. interest) occurs or when the hedge fails to meet the hedging objective of the Group.

To qualify for hedge accounting, the relevant transaction must be formally designated and it must be assessed whether the hedge is effective. Effectiveness exists only when and as long as the aggregate effect of the hedge instrument and changes in the hedged item is within the range set by the Group.

Hedge types are presented in Sections 1.18.13.35 and 36 of the Business Report.

Current and deferred income tax expense

The Group calculates current-year actual income tax in accordance with the tax regulations applicable to each legally separate entity (see Income Taxes), and income tax is recognized under short-term liabilities/receivables. In addition, the Group recognizes deferred taxes based on estimates, which are reported under long-term liabilities or non-current assets. Deferred taxes are calculated by the Group using the balance sheet method. Deferred tax assets are recognized by the Group only if it is certain that the item in question will be realized (reversed). Deferred taxes are determined using the tax rate effective at the expected date of reversal. The Group reviews the recoverability of deferred tax receivables and other tax and social security receivables on every reporting date, and in this context assesses the carrying amount of deferred tax receivables not recognized in the statement of financial position, as well as the carrying amount of recognized tax receivables. Deferred tax assets and liabilities may be offset if the Group has a legal right to offset its current tax receivables due from and liabilities due to the same tax authority against each other, and it intends to settle such assets and liabilities on a net basis.

The assessment of whether the deferred tax assets can be recovered requires an estimate on the expected payback period and the available taxable income. The recovery of deferred tax assets and the related accounting judgment are based on the business plans of the Group.

Description of the accounting policy regarding fair value measurement

Fair value measurement cases, as well as the scope of the relevant receivables and liabilities, are described in detail in the previous paragraphs of Section II.5.8.

Description of the accounting policy regarding the impairment of assets

Asset impairment cases are described in detail in the previous sections of II.5.8. The recognition of impairment may be called for in the case of the following assets and liabilities:

- goodwill
- property, plant and equipment
- other intangible assets
- inventories, emission allowances
- receivables and financial instruments
- CGUs

II.4.10 General accounting policies relating to the statement of cash flows

The Group's statement of cash flows is based on the indirect method up to cash flows from operating activities. Cash flows from investing activities and cash flows from financing activities are calculated using the direct method. The Group treats overdraft facilities as cash equivalents. The Group does not break down realized and unrealized exchange differences in the financing and investment cash flow row based on the cost-benefit principle.

Foreign currencies

Transactions denominated in foreign currencies are presented after conversion to the presentation currency.

The Group presents its consolidated financial statements in HUF. Each entity within the Group determines its functional currency. The functional currency is the currency which reflects the operation of the entity in question the most accurately.

The points to consider are as follows:

- which is the currency in which the majority of the entity's income is derived;
- which is the currency in which the entity's costs are incurred;
- which is the main financing currency.

The above considerations are listed in order of importance.

An entity may incur exchange differences on translation only with respect to a foreign currency.

Each of the Group's entities classifies its assets and liabilities as monetary and non-monetary items. Monetary items include those whose settlement or inflow involves the movement of cash, and also include cash itself. Items relating to receivables or liabilities which do not involve the movement of cash (e.g. advances given for services or inventories) do not qualify as monetary items.

At the reporting date, monetary items denominated in foreign currency are revalued to the spot rate effective at the reporting date. For the purpose of translation, all entities use the exchange rate for the reporting date published by the Central Bank of Hungary.

Significance, faults and fault effects

In accordance with IAS 1 'Presentation of Financial Statements', information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of the information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

Prior period errors

According to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, prior period errors are omissions from and misstatements in the entity’s financial statements for one or more prior periods arising from a failure to use or the misuse of reliable information that:

(a) was available when financial statements for those periods were authorized for issue; and

(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Material errors relating to prior periods must be corrected retrospectively by restating the comparative figures in the first financial statements approved for publication following their discovery, for the periods in which the errors occurred.

As a general rule, an error is considered material in all cases if the aggregate absolute amount (irrespective of sign) of errors and their effects impacting equity identified in respect of the same financial year in which the error in question is discovered exceeds 2 percent of the balance sheet total for that audited financial year, or HUF 900 million where 2 percent of the balance sheet total does not exceed HUF 900 million. (In determining the threshold of HUF 900 million, the management considered the changes in the key financial indicators most relevant to users of the financial statements, and reassesses the appropriateness of that threshold on an annual basis). However, regardless of this materiality threshold, the Group’s management assesses each error (including both disclosed and undisclosed information, as well as quantitative and non-quantitative information) relating to prior periods on a case-by-case basis and determines in each case whether, in its judgment, the error is material, i.e. whether it is capable of influencing the decisions of the users of financial statement.

If the management concludes that an error relating to a prior period is material, it shall retrospectively correct (restate) the information relating to the prior period in the financial statements prepared for the year in which the error is discovered.

III. CRITICAL ESTIMATES USED IN PREPARING THE FINANCIAL STATEMENTS AND OTHER SOURCES OF UNCERTAINTY

III.1 Critical accounting assumptions and estimates

Changes in accounting estimates is done by assessing the modification of the carrying amount of an asset or liability or the amount of the periodical use of the asset, performed based on the evaluation of the present situation of the assets and liabilities and the related expected future profits and commitments. Changes in accounting estimates are caused by new information or new developments, so, accordingly, these do not qualify as corrections. The changes in accounting estimates affect the report in the course of the preparation of which the future estimate was made (with no retroactive effect).

The Group generally measures its assets on a historical cost basis, except for cases where a given item should be measured at fair value under the IFRSs. In the financial statements the trading financial instruments, the derivatives and in certain situations the assets held for sale had to be evaluated at fair value.

In preparing its financial statements, the Group made critical estimates in connection with the following topics which, as a result, are sources of uncertainty.

- Estimates on the depreciation of fixed assets and intangible assets (e.g. useful life)

The useful lives and residual values of fixed assets and the related decommissioning liability can be determined using estimates. Due to the high value of fixed assets, even slight changes in such estimates can have a considerable effect. The fair value of assets acquired in the course of business combinations is determined on a discounted cash flow basis, which requires several complex assumptions. Subsequent changes in estimated amounts can have a direct impact on profit or loss.

Concessions disclosed in relation to earlier business combinations (KÁT) represent a significant asset value. This permit allows the Group to sell the electricity produced in power plants covered by the contract to MAVIR Zrt. Although reception is guaranteed; however, the related prices may change and also the extension of this permit and the requirements depend on factors outside the Group’s control. The permits were evaluated based on the presently available data, but the evaluation can change due to the above uncertainties.

The management of the Group uses estimates when preparing the financial statements. The estimates are always based on the best information available at that time.

The following significant items are determined using estimates.

- Allocating the purchase price to assets in the case of acquisitions. The estimate concerning the distribution of the purchase price may change during the year of the measurement period if any new information arises.

- The useful life of Power Plant equipment was determined considering the present market and regulatory environment. Possible negative changes in these factors may lead to impairment.
- The present market and regulatory environment, and also future expectations have also been taken in consideration when determining the provision for the asset retirement obligation.
- Income and expenses recognized in connection with the construction-installation projects are based on facts and information available at the time of the preparation of the report.
- The recovery of deferred tax assets recognized was accounted for based on the present market environment and tax legal regulations. Changes in any of these factors may modify actual recovery.
- Evaluation of unfavorable contracts; determination of their expected future costs and economic benefits
- Recovery of intangible assets with an indefinite useful life
- Estimates concerning the creation of provisions (e.g.: methodology of calculation, indicators for determining provisions)
- Estimates on the valuation of inventories and receivables The management's assessment is a critical decision which directly impacts profit or loss when the impairment of trade receivables is calculated.

Estimates concerning fair value

In the case of an obligation arising from a conditional purchase price, the management estimates applied influence the size of the obligation.

Tax assets and liabilities in the statement of financial position: Deferred tax assets were recorded due to considerable deferred losses and are expected to be recovered according to the Group's plans; however, changes in the legal environment may result in a significant change in the value of such assets.

Changes or observations giving rise to the review of accounting estimates:

- Changes in laws,
- Changes in the economic environment,
- Changes in the operation or procedures of the companies.

The interest rate used for discounting could not be determined using actual market data; consequently, alternative methods had to be employed.

Many of the Group's assets can be tested for impairment at CGU level. Identifying CGUs requires complex professional judgement. In addition, when determining the recoverable value of CGUs, the Group's management is forced to rely on forecasts for the future which are uncertain by nature. The estimation of the recoverable value involves significant amounts even at the level of the financial statements.

The Group's profit or loss is heavily dependent on the global market price of energy carriers and indirectly on the exchange rates of the USD and the Euro in which the price of such commodities is denominated. The natural gas purchases of power plants are denominated in a currency other than the functional currency. The Group enters into forward contracts in order to hedge foreign exchange exposures. Similarly, the Group enters into hedge transactions to protect itself from changes in the price of energy carriers themselves.

For the electricity trade division, purchases are also made predominantly in EUR, while sales contracts are denominated mostly in HUF. The Group enters into hedging transactions and, where possible, uses foreign-currency-indexed customer price formulas in order to manage foreign exchange exposure.

Power plant units of the ALTEO Group:

- heating power plants (ALTEO-Therm Kft.),
- wind turbines (Euro-Green Energy Kft., Pannon Szélerőmű Kft. Mov-R Szélerőmű Kft.),
- hydropower plants (Sinergy Kft.)
- solar power plants (Domaszék 2MW Naperőmű Kft., Monsolar Kft., Sunteo Kft. Edelyn Solar Kft.)
- biomass power plants (Energigas Kft.)
- landfill gas power plants (Alteo-Depónia Kft.)

The energy production of power plants relying on renewable energy sources depends on the weather, therefore, changes in certain elements of the weather (sunshine, wind force, temperature, water yield) can also have a significant impact on the efficiency of the units in question.

The profitability of the biomass-based power plants depends on the supply of the raw materials.

Certain entities in the Group are involved in the district heating production business.

Much of the capacities of certain power plants of the Group are devoted to one or two clients. Power plants where the Group has not signed long-term supply contracts with clients are exposed to the risk of clients being lost.

Circular Economy estimates:

The success of the Group's waste management activity depends greatly on the regulatory environment, particularly on the functioning of the concession model, fee structures, and licensing conditions. Changes in laws and regulatory requirements can have a direct impact on profitability and operating conditions.

The volume and composition of the waste streams handled are determined by developments in the economic environment, particularly the levels of industrial production and household consumption. Volume trends and the quality of sorting have a significant impact on recovery rates and, in the case of activities outside the concession, on opportunities for selling secondary raw materials.

The volatility of the market prices of secondary raw materials sold outside the concession (e.g. metal fractions) have a direct impact on sales revenue. Realizable unit prices are influenced by current market conditions and by compliance with customer (quality) specifications.

This activity is partly linked to long-term contracts and a concentrated group of partners. Facilities where a large portion of capacity is tied up by one or two clients carry a customer concentration risk; a potential contract termination or unfavorable repricing could pose revenue and utilization risks.

Operations are asset-intensive; the risks associated with operation and maintenance, such as breakdowns, unplanned downtime, and underutilization of capacity, can adversely affect the profitability of units. The Group is required to comply with environmental, occupational safety, and licensing regulations. Violations or tightening of regulations may result in additional costs, operational restrictions, and sanctions.

The Group's companies engaged in inorganic waste management:

- Alteo Circular Kft.
- Alteo Circular Refining Kft.
- FE Group Kft.
- Peregium Green Kft.

Uncertainties around the settlement of the ESOP include the price of Alteo Nyrt. shares and its volatility, the number of the participants and its fluctuation, as well as changes in performance indicators for vesting.

The Group's operation and profitability depends on the government regulation of the market, especially on the **taxation policy** adopted by the state.

The risks relating to the Group's operation are presented in Section 1.18 of the Business Report.

III.2 Changes in accounting policies, potential impact of IFRSs and IFRICs not yet effective as at the reporting date of the financial statements and earlier application

The prior accounting policies of the Group have not changed since the previous period.

New accounting standards as of January 1, 2025

The following standards and interpretations (and their respective amendments) became effective during the 2025 fiscal year

New and amended standards and interpretations published by IASB and accepted by the EU that become effective from this reporting period:

New and amended standards – to be applied for financial years starting from January 1, 2025:	Effective date	EU endorsement	ALTEO Group
IAS 21 – Lack of exchangeability	1/1/2025	approved	No impact

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements the following standards issued by IASB and adopted by the EU and amendments to the existing standards and interpretations were in issue but not yet effective.

The implementation of these amendments, new standards and interpretations would not influence the financial statements of the Group in a significant manner.

Application for subsequent financial years:	Effective date	EU endorsement	ALTEO Group
IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments	1/1/2026	approved	No impact is expected
IFRS 18 Presentation and disclosure in financial statements	1/1/2027	approved	Accounting policy and chart of accounts changes
IFRS 19 Subsidiaries without public accountability: disclosures	1/1/2027	approved	No impact is expected

Since IFRS 18 enters into force in 2027, the Group has begun modifying its accounting policies, chart of accounts, and corporate governance system and, to ensure comparability, is already applying the standard’s requirements in the 2026 financial year.

IV. NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

IV.1 Revenue

Revenues	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Electricity production	30 692 859	24 680 353
Electricity trading	30 590 257	30 485 702
Circular economy	17 682 769	4 897 187
Electricity ancillary services	14 435 245	17 522 532
Heat sales	12 179 691	15 094 627
Energy industry service fees and projects	7 286 331	1 652 409
Gas trade	6 493 792	6 223 366
Operation and maintenance (O&M)	3 654 506	4 105 293
Trade commission	233 627	305 091
E-mobility service	110 433	188 930
Operating lease income	69 932	28 518
Other revenues	33 755	204 831
Total	**123 463 197**	**105 388 839**

Revenue, with the exception of operating lease revenue, is governed by IFRS 15.

Revenue contains returns attributable to the Group's core activity.

Activities of the Group:

<u>Electricity production:</u> In the course of production, the Group produces the energy sold through its own power plants. The operations of the Virtual Power Plant are recognized among the revenues of production, including the full management of scheduling services, HEPURA and MAVIR data reporting and administration, and real-time production monitoring activities for our contracted partners' power generation units.

<u>Electricity and gas trade:</u> the retail activity of the purchase and resale of electricity and gas to final consumers. The commercial segment purchases energy from other segments of the Group and also from other trading partners.

<u>Circular economy:</u> revenue from the collection and processing of inorganic types of waste (electronic, paper, and foil waste) mainly under concession

<u>Electricity ancillary services</u>: in order to maintain balance in the system, the Hungarian system operator (MAVIR) procures various types of balancing reserve capacities (FCR, aFRR, mFRR) from market actors with the appropriate authorization; capacity charge is paid as the consideration. The consideration for the ability of the Group's generation facilities to alter such reserved, accredited load is recognized here. The revenue from renewable production management (RPM) is also included here.

Heat sales: In the course of production, the Group produces the heat energy in its power plants and sells it to district heating companies under long-term contracts. This is also where the Group recognizes revenue from steam energy sales to industrial partners.

Energy industry service fees and projects: For energy industry project activities, revenue is presented by stage of completion of the contract with the customer.

Operation and maintenance (O&M): The Group provides operation and maintenance services to its partners for power plants and energy-production facilities owned by third-party companies outside the Group.

Operating lease income: The Group gives certain parts of its properties at the sites of Alteo-Therm Kft. in Sopron and Győr to operating lease (based on lease agreements). Lease contracts are concluded for an indefinite term. The Group does not have any separate dedicated assets for leasing purposes; however, it leases some of its own assets. The Group does not sublease its leased assets. Revenue from operating leases for the termination period is HUF 34,966 thousand

Other revenue: small-scale multi-purpose services provided to third parties and revenues that are not classifiable as other activities are recognized as other revenue.

Additional information:

Other activities in the business period requiring special principles of presentation:

- In the current year the Group had no discontinuing operations.
- The Group did not have interest, royalty or dividend, which should be recognized as revenue.
- The Group had no customer contracts in the current year under which it acted as an agent.

Turnover items not recognized in the revenue:

- The Group leaves out taxes, fees recovered on behalf of the state or some other party from its revenues and recognizes them as items decreasing expenses (consolidates revenues and expenses). For an itemized list, see Section II.4.8

IV.2 Material expenses

Material expenses include items attributable to the Group's core activity only, as they are not considered expenses connected to discontinued activities.

Material expenses	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Energy carrier – electricity	(43 166 372)	(34 921 230)
Energy carrier – gas	(19 154 130)	(22 754 317)
Material and service needs of maintenance and projects	(13 062 462)	(5 847 496)
Circular Economy services	(5 815 177)	(1 471 108)
Expert services (counselling, auditing, IT)	(3 648 270)	(2 241 911)
Other overhead costs	(3 084 718)	(1 981 509)
Agent's commission	(540 030)	(452 980)
Total	**(88 471 159)**	**(69 670 551)**

Other overhead costs include rent, administration and office costs, bank and insurance costs, IMS costs, marketing and other expenses.

IV.3 Personnel expenses

The personnel expenses line contains the wages, other disbursements of the Group and the related benefit expenses.

Personnel expenses	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Wages	(11 648 970)	(6 944 366)
Other personnel expenses	(1 461 586)	(931 537)
Share-based benefits	(2 110 928)	(1 905 990)
Contributions	(1 671 139)	(1 039 810)
Total	**(16 892 623)**	**(10 821 703)**

Share-based benefits: effect on profit or loss of the employee share benefits recognized as personnel expenses For more details on related presentations see Section IV.35.

Information concerning employees:

Average statistical headcount	2025	2024
ALTEO Nyrt.	406	378
Alteo-Circular Kft.	670	N/A
Alteo-Circular Refining Kft.	16	N/A
Artemis Technologies Zrt.	13	-
FE-Group Invest Zrt.	117	97
Energy Corp Megújuló Energia Hasznosító Kft.	-	2
Peregium Zrt.	3	N/A

The closing headcount of the Group on December 31, 2024 was 513 people, and 1,263 people on December 31, 2025.

IV.4 Other revenues, expenses

Profit or loss from other revenues and expenses	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Other revenues:	*1 270 175*	*17 421*
(Impairment) and reversal of inventories and receivables	352 216	(151 227)
Gas contract-related penalties	356 044	(237 766)
Subsidies and grants received	318 779	148 630
Default interest, penalties received	131 540	244 644
Other settlements	103 415	13 102
Sale of fixed and intangible assets	8 181	38
Other expenses:	*(5 420 188)*	*(6 579 580)*
CO_2 expenses	(2 665 849)	(3 205 504)
Surcharges, legal consequences	(2 230 979)	(2 424 749)
Provisions released (recognized)	(142 619)	248 168
EEOS quota expense (and release)	(105 952)	(99 540)
Parafiscal contributions, fees, payment obligations	(91 647)	(1 112 989)
Income from (expenses of) loss events	(85 779)	125 249
Grants, released receivables	(60 027)	(51 006)
METÁR overcompensation given	(36 628)	(59 209)
Scrapping of fixed and intangible assets	(708)	-
Total	**(4 150 013)**	**(6 562 159)**

- Impairment of inventories and receivables includes the depreciation of inventories to their market value and the individual impairment, and impairment recognized based on the ECL model for receivables
- Penalties related to gas contracts arise when the consumption pattern of large consumers deviates significantly from the standard consumption curve; these penalties are due to be waived after three years following the gas year.
- It contains the pro rata temporis amount of grants received from the grants awarded for the establishment of the assets. (Industrial development grants used for the installation of energy storage facilities and electric boilers, and for the development of the Waste Management business line)
- The most significant item under Default interest, liquidated damages received is the default interest and liquidated damages on electricity trading received.
- Other items include income and expenses not categorized elsewhere, such as settlements on partner and tax current accounts, rounding differences, levies not classified as income tax and derecognition of time-barred liabilities.
- Sale and scrapping of fixed and intangible assets
- CO2 expenditure includes the current year's expenditure on CO2 emission allowances related to electricity production.
- Surcharges, legal consequences include the surcharge fees imposed by MAVIR relating to the regulation of renewable power plants.

- Detailed description of the information concerning the preparation and release of provisions is in Note II.4.8.
- The difference of the obligation of the Group and release of the same for 2025 under the Energy Efficiency Obligation Scheme has been recognized as an EEOS quota expense (and release).
- Certain local taxes and environmental charges are recognized as tax-type expenses.
- Insurance proceeds: compensation paid by insurer
- Grants, released receivables: grants provided without consideration pursuant to contracts or agreements, and time-barred VAT receivables
- METÁR overcompensation includes the amounts that MAVIR claimed from our Group under the rules of the support system.

IV.5 Capitalized own production

Capitalized own production	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Capitalized production from material expenses	108 514	9 665
Capitalized production from personnel expenses	2 372 109	704 093
Total	**2 480 623**	**713 758**

Personnel and other material expenses directly incurred in connection with capital expenditures, intangible assets, and work in progress within the Group were recognized under capitalized own production.
Of material expenses, HUF 97,660 thousand related to waste management activities are attributable to completed capital expenditures.

Change in work in progress related to biomass plant production in the current year resulted in a cost reduction of HUF 10,854 thousand.

IV.6 Finance income and expenses

Within finance income and expenses, the main element in exchange differences was the unrealized exchange loss at year-end. Exchange differences incurred on the foreign currency transactions of the Group.

Finance income	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Finance income	1 582 079	1 929 136
Received/receivable interest	266 143	801 878
Exchange rate gains	1 292 471	1 127 258
Other finance income	23 465	-
Financial expenses	(4 051 458)	(2 463 564)
Interests paid/payable	(2 312 043)	(1 159 370)
Exchange rate losses	(1 184 154)	(945 860)
ARO interest and capitalized interest	(534 904)	(357 675)
Other financial expenses	(20 262)	-
Indemnification for terminated contract	(95)	(659)
Finance income	(2 469 379)	(534 428)
Net interest expenses	(2 580 804)	(715 167)
Net exchange rate profit or loss	108 317	181 398
Other financial settlements	3 108	(659)
Total	**(2 469 379)**	**(534 428)**

IV.7 Income taxes

IV.7.1 Taxes in the profit or loss – types of tax expenses

The Group's members pay tax under Hungarian tax law.

Effect of taxes on profit or loss:

Taxes	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Local business tax expenses	(1 514 494)	(1 449 399)
Innovation contribution expenses	(235 805)	(223 793)
Corporate tax expenses	(379 718)	(1 350 221)
Special tax of energy producers	(494 335)	(519 490)
Deferred tax expenses	(164 698)	195 391
Total	**(2 789 050)**	**(3 347 512)**

IV.7.2 Income taxes in the statement of financial position

Income tax position in the statement of financial position:

Income tax receivables in the Statement of financial position	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Corporate tax overpayment	1 072 224	-
Energy suppliers' income tax overpayment	171 379	-
Local business tax overpayment	295 333	122 603
Income tax receivables	**1 538 936**	**122 603**

Income tax liabilities in the statement of financial position	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Corporate tax liability	-	473 867
Innovation contribution liability	32 096	83 761
Energy suppliers' income tax liability	-	(222 593)
Income tax liabilities	**32 096**	**335 035**

IV.7.3 Taxes in profit/loss – income tax calculations

Expected income tax:

Elaboration of the tax base	In financial year ending on 12/31/2025	In financial year ending on 12/31/2024
Profit or loss before taxes	**5 319 390**	12 971 567
Expected tax 9%	478 745	1 167 441
Local business tax	1 514 494	1 449 399
Innovation contribution	235 805	223 793
Income tax of energy suppliers	494 335	519 490
Total	**2 723 379**	3 360 123
Income tax paid	2 789 050	3 347 512
Other difference:	-65 671	12 611

IV.7.4 Information on taxes

With the exception of Artemis Technologies Zrt. and the entities acquired in 2025, the subsidiaries of the Group form a corporate income tax group where Sinergy Energiakereskedő Kft. is the head unit.

In 2025, the parent company formed another corporate income tax group with Artemis Zrt.

IV.8 Deferred taxes

Deferred tax assets and liabilities were calculated by the Group for each taxpayer. The change in deferred taxes was recognized by the Group in the statement of profit or loss or in other comprehensive income.

Deferred tax changes	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Deferred tax liability		
opening liability	933 556	825 573
acquired	326 212	256 647
increase	842 373	676 909
decrease	(933 556)	(825 573)
	1 168 585	**933 556**
Deferred taxes in other comprehensive income		
opening assets (liability)	(145 986)	236 278
increase	255 879	-
decrease	-	(382 264)
closing assets (liability)	109 893	(145 986)

Elaboration of deferred taxes	Year ending on 12/31/2025 HUF thousand				Year ending on 12/31/2024 HUF thousand			
	Tax value	Accounting value	Deferred tax asset base	Deferred tax liability base	Tax value	Accounting value	Deferred tax base	Deferred tax liability base
Different valuation of non-current assets	***79 066 016***	***100 751 469***	***95 550***	***(21 781 003)***	***44 157 245***	***58 838 099***		***(14 680 854)***
Measurement of financial instruments	***26 266 355***	***26 870 753***	***604 398***	***-***	***23 775 377***	***26 014 681***	***617 225***	***(1 622 080)***
Valuation of liabilities	***123 773 564***	***131 870 338***	***9 350 755***	***(1 253 981)***	***56 059 827***	***61 372 706***	***7 166 594***	***(1 853 715)***

Deferred tax position of balance sheet items			10 050 703	(23 034 984)			7 783 819	(18 156 649)
Differences not qualifying as returning			-	-			-	-
Net deferred tax position of consolidation units				(12 984 281)				(10 372 830)
Of which part of the comprehensive income:			-	1 221 043			-	1 622 080
Deferred tax liability (9%)	9%		-	(1 168 585)	9%		-	(933 557)
Of which part of the comprehensive income:	9%		-	(109 893)	9%		-	(145 986)
Of which acquired during the acquisition:	9%		-	(326 212)				
Deferred tax due to changes in the statement of financial position:								
Recognition of deferred tax assets (tax gain)				-				-
De-recognition of deferred tax assets (tax loss)				-				(335 537)
Recognition of deferred tax liability (tax loss)				(1 168 585)				(933 557)
De-recognition of deferred tax liability (tax gain)				933 557				825 573
Deferred taxes recognized in Other comprehensive income:								
Deferred taxes recognized in Other comprehensive income				109 893				145 986
Deferred taxes derecognized in Other comprehensive income				(145 986)				236 278
Acquired deferred tax liability								256 647
Effect of deferred taxes on profit or loss				(164 698)				195 391
of which recognized in Comprehensive income:								(443 521)
of which recognized in Other comprehensive income:								382 264

Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

IV.9 Fixed assets and intangible assets, rights of use, goodwill

IV.9.1 Table on the movement of assets

The assets of the Group are Property, plant and equipment, Intangible assets and developments, goodwill and rights of use (hereinafter: ‘assets’).

The Group applies the rules of IAS 16 to Properties, the provisions of IFRS 16 to Rights of use, and those of IAS 38 to Intangible assets and developments.

Initial cost of assets	Property, plant and equipment	Goodwill	Intangible assets and developments	Operation contract assets	Rights of use	Total
December 31, 2023	**51 724 134**	**1 076 016**	**4 177 724**	**1 820 462**	**3 569 386**	**62 367 722**
Acquisition put to use	12 253 406	-	1 245 354	-	1 276 612	14 775 372
Internal development	425 238	-	294 833	-	-	720 071
Acquisition	10 575 408	1 579 036	1 849 951	-	401 535	14 405 930
Reclassification	1 820 462	-	-	(1 820 462)	-	-
De-recognition, sale	(7 814)	-	-	-	-	(7 814)
Adjustment due to lease amendment	-	-	-	-	(638 266)	(638 266)
De-recognition, scrapping	(639 564)	-	-	-	-	(639 564)
December 31, 2024	**76 151 270**	**2 655 052**	**7 567 862**	**-**	**4 609 267**	**90 983 451**
Acquisition put to use	18 786 532	-	502 659	-	4 367 191	23 656 382
Internal development	318 648	-	1 832 769	-	-	2 151 417
Works in progress on leased property	1 177 187					
Acquisition	12 839 557	13 734 081	155 220	-	891 692	27 620 550
De-recognition, sale	(11 224)	-	-	-	-	(11 224)
Adjustment due to lease amendment	-	-	-	-	(1 035 108)	(1 035 108)
De-recognition, scrapping	(577 968)	-	(223 243)	-	-	(801 211)
December 31, 2025	**108 684 002**	**16 389 133**	**9 835 267**	**-**	**8 833 042**	**142 564 257**

Accumulated depreciation and amortization of assets	Property, plant and equipment	Goodwill	Intangible assets and developments	Operation contract assets	Rights of use	Total
December 31, 2023	**(16 615 259)**	**(56 835)**	**(1 472 354)**	**(1 020 958)**	**(1 137 617)**	**(20 303 023)**
Description of goodwill	-	(319 660)	-	-	-	(319 660)
Acquisition	(6 962 298)	-	(99)	-	-	(6 962 397)
Reclassification	(1 020 958)	-	-	1 020 958	-	-
De-recognition, sale	7 814	-	-	-	-	7 814
Adjustment due to lease amendment	-	-	-	-	32 460	32 460
De-recognition, scrapping	363 157	-	-	-	-	363 157
Depreciation and amortization	(3 801 463)	-	(556 282)	-	(605 958)	(4 963 703)
December 31, 2024	**(28 029 007)**	**(376 495)**	**(2 028 735)**	**-**	**(1 711 115)**	**(32 145 352)**
Acquisition	(3 304 506)	-	(80 184)	-	-	(3 384 690)
De-recognition, sale	(11 224)	-	-	-	-	(11 224)
Adjustment due to lease amendment	-	-	-	-	391 336	391 336
De-recognition, scrapping	442 585	-	211 819	-	-	654 404
Depreciation and amortization	(6 010 227)	-	(1 148 883)	-	(1 335 339)	(8 494 449)
December 31, 2025	**(36 912 379)**	**(376 495)**	**(3 045 983)**	**-**	**(2 655 118)**	**(42 989 975)**

Net value of assets	Property, plant and equipment	Goodwill	Intangible assets and developments	Operation contract assets	Rights of use	Total
12/31/2023	**35 108 875**	**1 019 181**	**2 705 370**	**799 504**	**2 431 769**	**42 064 699**
12/31/2024	**48 122 263**	**2 278 557**	**5 539 127**	**-**	**2 898 152**	**58 838 099**
12/31/2025	**71 771 623**	**16 012 638**	**6 789 284**	**-**	**6 177 924**	**99 574 282**

IV.9.2 Valuation of assets

- For the accounting policy on the valuation of assets, see II.4.9 Accounting policies relating to the statement of financial position and the recognition and measurement of assets and liabilities Property, plant and equipment.
- Intangible assets include no assets with indefinite lifecycles. The Group does not possess assets regarding which it would employ the revaluation model.
- The management of the Group performs the necessary tests for CGUs as at each reporting date to determine whether the recognized value can be considered recoverable. As a result of the impairment test conducted in the current year, an impairment loss of HUF 79,688 thousand had to be recognized in the Renewable Electricity Production segment.

IV.9.3 Depreciation and amortization in the current period

Depreciation and amortization	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Depreciation, amortization	(8 119 431)	(4 877 631)
Extraordinary depreciation	(521 825)	(344 898)
Impairment	-	(319 660)
Total:	**(8 641 256)**	**(5 197 291)**

IV.9.4 Asset types

a, property, plant and equipment

Property, plant and equipment	Year ending on 12/31/2025	Year ending on 12/31/2024
Power plant properties	4 588 161	4 977 069
Works in progress on leased property	1 117 400	-
Energy generation equipment:		
Energy storage block	16 458 760	5 635 215
Gas engine, heat cogeneration	11 955 561	12 526 794
Waste utilization equipment	11 684 302	681 627
Wind turbine	11 535 215	10 806 647
Solar panel farm	8 649 499	8 671 750
Auxiliary systems	2 315 341	2 515 518
Control technology assets	728 215	806 961
Hydropower Plant	438 580	514 150
Machines, transport equipment	306 245	296 503
E-charger	61 473	50 025
Other assets	1 932 871	640 004
Total	**71 771 623**	**48 122 263**

The Group created the above assets using its own capacity as main contractor, engineering, maintenance, business, legal and economic advisor.

In the Other assets item, the Group recognizes its office and IT equipment.

b, recoverable value test of goodwill

Goodwill	Year ending on 12/31/2025	Year ending on 12/31/2024
Energy Corp Hungary Kft.	1 579 036	1 579 036
Edelyn Solar Kft.	699 521	699 521
Alteo-Circular Kft.	13 734 081	-
Total:	**16 012 638**	**2 278 557**

Energy Corp Hungary Kft. and Edelyn Solar Kft. belong to the Renewable Electricity Production segment, while Alteo-Circular Kft. belongs to the Circular Economy segment.

The recoverable value of goodwill was determined based on a discounted cash flow model using the value-in-use approach. For projects with a finite useful life, projected cash flows were estimated taking into account the remaining useful life. For cash-generating units operating on a going concern basis, residual value was determined using the Gordon Growth Model, which applies a growth rate reflecting long-term inflation expectations. The weighted average cost of capital (WACC) used to discount future cash flows, which was determined by an independent (Big4) consulting firm, ranged between 8.6% and 10.5% for the cash-generating units under review.

Alteo Circular Kft.

Time horizon of the valuation model: covers the period from January 1, 2026 to December 31, 2032.

A 1% change in the key macroeconomic and business assumptions underlying the business plans used for the valuation have the following effect on the recovery value:

Sensitivity analysis HUF million	Parameter change -1% NPV change	1% NPV change	UoM
Growth of GDP/Manufacturing industry	-3,96%	3,80%	percentage point
Number of market partners	-2,28%	2,32%	percentage
Improvement in efficiency (baseline: 1.5% per year)	-1,42%	1,53%	percentage point
Inflation (HUF)	-1,22%	1,26%	percentage point
EUR/HUF rate	-1,25%	1,25%	percentage
Inflation (EUR)	-0,64%	0,65%	percentage point
Real wage growth	2,07%	-2,10%	percentage point

Energy Corp Hungary Kft.

Time horizon of the valuation model: January 1, 2026 to December 31, 2049.

Sensitivity analysis HUF million	Parameter change -1% NPV change	1% NPV change
Electricity prices	-1,71%	1,71%
Production volume	-1,71%	1,71%
EUR/HUF exchange rate change	-1,71%	1,71%

Edelyn-Solar Kft.

Time horizon of the valuation model: January 1, 2026 to December 31, 2050.

Sensitivity analysis HUF million	Parameter change -1% NPV change	1% NPV change
Electricity prices	-1,08%	1,08%
Production volume	-1,08%	1,08%
EUR/HUF exchange rate change	-1,08%	1,08%

Based on the results of the impairment tests performed, the carrying amount of goodwill is considered recoverable; therefore, the recognition of impairment loss was not justified.

c, intangible assets and developments

Intangible assets and developments	Year ending on 12/31/2025	Year ending on 12/31/2024
Internally developed control software	2 863 292	1 548 579
License, connection charge	1 766 813	1 829 821
Purchased software	884 922	711 034
Other legal instrument	478 112	550 540
KÁT (mandatory offtake price) license	462 759	523 653
R&D intellectual property	165 805	212 960
Contract asset	160 281	155 240
Trade license	7 300	7 300
Total	**6 789 284**	**5 539 127**

Internally developed control software: see Section 1.7.7 of the Annual Report.
Licenses includes rights related to energy production activities.
Other legal instrument: Long-term cooperation agreements

Contract assets: grid connection rights held by power plants

The gross value of Intangible assets and developments that are recognized at zero carrying amount in the Group's accounts totals HUF 692,202 thousand.

d, Rights of use (IFRS 16 presentation, the Group as Lessee)

Carrying amount of rights of use	Power plant and other land and buildings	Energy production equipment	Other assets	Total
December 31, 2023	**1 890 756**	**174 687**	**366 326**	**2 431 769**
Acquisition put to use	549 647	122 765	604 199	1 276 611
Acquisition	401 535	-	-	401 535
Adjustment due to lease amendment	(605 793)	-	(11)	(605 804)
Depreciation and amortization	(389 584)	(43 629)	(172 746)	(605 959)
December 31, 2024	**1 846 561**	**253 823**	**797 768**	**2 898 152**
Acquisition put to use	4 021 141	11 962	567 120	4 600 223
Acquisition	-	-	891 692	891 692
Adjustment due to lease amendment	(858 267)	-	(18 536)	(876 803)
Depreciation and amortization	(775 026)	(41 919)	(518 395)	(1 335 340)
December 31, 2025	**4 234 409**	**223 866**	**1 719 649**	**6 177 924**

- There is no right of use where the Group would sublease the underlying asset.
- Rights of use are written off in a straight-line manner over the term of the contract granting the right.
- Lease liability is presented in Section IV.23.

IV.9.5 Construction of assets in the current period

The Group performed the following priority power plant investments:

Investments	Value (in HUF thousand)
Energy storage facilities, RRF	13 105 273
Gas engines and related systems	4 425 410
Waste processing systems (DRS)	1 123 673

IV.9.6 Capitalization of borrowing costs

In 2025, the Group did not take out any loans for which additional costs were capitalized.

IV.9.7 Environmental effects statement

The Group does not possess assets which are expected to cause environmental damage that the Group would be required to neutralize.

IV.9.8 Assets as borrowing collaterals

For power plants financed using borrowings, a lien is attached to the assets and the capital contribution of the entity owning the asset under the loan contract. For a full asset hedging presentation, see Section IV.22.2.

IV.9.9 Assets, repurchase and reverse repurchase agreements

The Group does not possess assets subject to repurchase agreements.

IV.10 Lease assets

The Group presents the contract of Tisza-WTP Kft. concluded with customers as a finance lease.

Presentation of finance lease activities, considered terms and results of evaluations performed on specific contracts:

- no other, unidentified future conditions may be linked to guaranteed residual values
- there are no contingent fees
- the lessee has a call option on the assets
- the asset meets special customer needs and is not available to entities other than the buyer
- during the period of use, the contract is terminated with the transfer of title in the asset, which happens by exercising the option

Lease asset values

The Group's lease receivables were recovered through contractual cash flows realized in prior years. The Group is entitled to no lease income from Tisza WTP Kft., the value of the lease receivable is zero.

IV.11 Long-term deposits, securities

Long-term deposits, securities	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Clearing house deposit	2 303 816	1 268 013
Investment units	1 468 605	-
Deposits given for development	117 739	115 039
Investment insurance	112 461	-
Employer loan	55 171	-
Recognized ECL for long-term deposits	(36 283)	(16 021)
Total	**4 021 509**	**1 367 031**

- Clearing house deposits are KELER deposits related to the power exchange presence of Sinergy Energiakereskedő Kft. and Alteo Energiakereskedő Zrt.
- Investment units: the principal value of securities in the Andezit capital fund (see Section 1.16.7.2 of the Business Report). During the financial year, the Company subscribed to investment units in the Andezit Private Equity Fund in the amount of HUF 15,000 million and, as a first step, made an initial payment of HUF 1,500 million in the current year. The investment is recognized as a financial asset measured at fair value through profit or loss in accordance with IFRS 9. The purpose of the investment is to acquire an indirect participation in projects focused on green energy and decarbonization. Fair value was determined based on the information available as at the valuation date. The Company classified the investment as Level 2 in the fair value hierarchy. The year-end carrying amount of the investment is HUF 1,468 million, and the change in fair value recognized during the period is HUF 32 million.
- Deposits given for development include the deposit given for the gas network expansion relating to the gas engine project implemented by ALTEO-Therm Kft.
- Investment insurance: Alteo-Circular Kft. has taken out risk and investment insurance for a select group of its employees.
- Employer loan: repayment is subject to the terms and conditions agreed in a relevant contract
- The items relating to the ECL impairment are presented in detail in Section IV.19 Application of the expected loss model (ECL) to financial assets.

IV.12 Long-term participation in affiliated companies

The Group has no long-term participation in affiliated companies.

IV.13 Inventories

The parts and materials used for operation, maintenance and energy production relating to its economic activities are shown in the inventories of the Group.

Inventories	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Strategic inventories:		
Spare parts, operating materials	986 323	971 453
Projects	255 196	220 833
Fuels	41 280	38 037
Circular economy inventories:		
Inventories of waste management	1 206 175	41 867
Inventories of energy production	50 591	39 737
Impairment loss of inventories	(330 869)	(12 398)
Total	**2 208 696**	**1 299 529**

Strategic inventories:

- *Spare parts, operating materials:* These include the stock of spare parts relating to the maintenance of power plant equipment and, among others, work clothing, empties and auxiliary materials.
- *Project inventories:* Inventories related to projects are the value of materials and services not received by the buyer on the reporting date.

- *Fuels:* Inventories include the fuels (fuel oil) used by power plants.

Circular economy inventories:

- *Inventories of waste management*: goods not yet sold as the end product of waste processing
- *Inventories of energy production*: the inventory of raw materials and of work in progress necessary for the production process of the biogas plant

Impairment of inventories: difference of the inventory value and fair market value of waste management recognized by the Group in Other revenues and expenses

Impairment loss of inventories	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening balance	12 398	33 561
Acquisition	653 643	-
Impairment recognized	21 647	49 223
De-recognition of impaired inventories	(356 819)	(70 386)
Closing balance	**330 869**	**12 398**

Valuation of inventories: inventories are measured by the Group on a case by case basis, using the initial cost method. The turnover of Spare parts and operating materials is low, but their utilization is not limited due to the stability of their value.

IV.14 Trade receivables

The trade receivables of the Group are the reporting date balances of the items of energy production and energy services, trade, project development and waste management contracts confirmed by the buyers, but not yet financially settled.

Trade receivables	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Gross value of trade receivables	13 939 487	13 654 697
Impairment	(816 459)	(570 156)
Total	13 123 028	13 084 541

Trade impairment losses	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening balance	570 156	447 964
Acquisition	331 419	-
Reversal of impairment/de-recognition	(347 074)	(282 390)
Impairment recognized	261 958	404 582
Closing balance	(816 459)	570 156

- The impairment of receivables and write-offs are accounted for in other expenses.
- Buyers are qualified on a case by case basis.
- A significant part of trade receivables is unsecured because they are not covered by deposits, bank guarantees, etc.
- The trade receivables of the retail trade business line are secured
- In circular economy management, settlement due dates are typically long due to uncertainties regarding the material streams involved in the settlement process.

- The Group has guarantees from buyers of construction projects. No guarantees had to be enforced during the presentation periods.
- The maximum credit risk is equal to the carrying amount of trade receivables.
- The items relating to the ECL impairment applied to financial assets are presented in detail in Section IV.19.

The largest buyers of the Group based on the proportion of the sales revenue realized in the current year are:

In 2025	Revenue %	In 2024	Revenue %
European Commodity Clearing Luxembourg	11.59%	MAVIR Zrt.	15.09%
MAVIR Zrt.	9.14%	BKM Nonprofit Zrt.	6.90%
MOHU MOL Hulladékgazdálkodási Zrt.	5.08%	GYŐR-SOPRON-EBENFURT Vasút Zrt.	6.27%
MOL Nyrt.	4.98%	MET Austria Energy Trade GmbH	6.17%
GYŐR-SOPRON-EBENFURT Vasút Zrt.	4.15%	European Commodity Clearing Luxembourg	5.63%

Presentation of trade receivables at gross value as per due dates

Aging of gross trade receivables	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Not overdue:	*12 596 144*	*13 324 736*
1 to 30 days	9 969 273	9 120 001
31 to 60 days	2 477 779	4 096 058
61 to 90 days	134 147	97 334
91 to 180 days	11 892	10 628
181 to 365 days	3 054	604
over 365 days		110
Past due trade receivables:	*1 343 342*	*329 961*
1 to 30 days	789 457	263 490
31 to 60 days	147 812	25 689
61 to 90 days	48 365	23 653
91 to 180 days	145 950	11 972
180 to 365 days	179 480	(11 741)
over 365 days	32 277	16 898
Total	**13 939 487**	**13 654 697**

IV.15 Emission allowances, guarantees of origin

Emission allowances	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Emission allowances CO2 quota	995 454	1 057 211
EEOS quota	555 499	525 155
Guarantees of origin	2 084	4 352
Total	**1 553 037**	**1 586 718**

CO_2 quota	Quantity (of	Value HUF
12/31/2024	**36 077**	**1 057 211**
Quota taken over without charge	13 098	373 494
Purchased quota	92 000	2 931 885
Quota returned without charge	(108 613)	(3 367 136)
12/31/2025	**32 562**	**995 454**

EEOS quota	Quantity (of	Value HUF
12/31/2024	**34 728**	**525 155**
Purchased quota	25 536	136 296
Utilization	(5 928)	(105 952)
12/31/2025	**54 336**	**555 499**

IV.16 Other financial assets

Other financial assets	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Deposits and security deposits	593 887	1 477 049
Separate bank accounts	493 254	302 971
Derivative transactions	302 937	1 622 080
Deposits and security deposits impairment (ECL)	(8 206)	(20 133)
Total	**1 381 872**	**3 381 967**

Deposits and security deposits are cash and cash equivalents pledged as collateral for gas forward transactions and electricity trading transactions with the Group's trading partners.

Separate bank accounts contain cash, the use of which is limited in time or is conditional. These are cash and cash equivalents set aside for debt servicing, on the one hand, and cash and cash equivalents set aside in a bank account to cover future gas purchase transactions, on the other. These assets are not treated as cash or cash equivalents in the financial statements. The cash and cash equivalents in the separate bank accounts involve variable interest credits.

The receivable balance of derivative transactions includes the non-realized fair value of hedging transactions (EUR/HUF FX forward, interest rate swaps, gas price swap) at the end of the year.
The aggregate values for derivative transactions and the valuation procedure for the transactions are set out in subsection IV.20.3.

The items relating to the ECL impairment applied to financial assets are presented in detail in Section IV.19 Application of the expected loss model (ECL) to financial assets.

IV.17 Other receivables and accruals

Other receivables and accruals	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
IFRS 15 – Receivables due from the customer	6 298 363	6 774 123
Advances paid (related to projects)	499 434	630 285
Accrued expenses	681 332	451 113
Accrued revenues	286 300	245 770
Projects – Receivables due from customers	127 725	36 049
Other receivables	391 880	50 703
Receivables from employees	16 429	4 014
ECL impairment for other receivables	(10 469)	(10 915)
Total	**8 290 994**	**8 181 142**

- IFRS 15 – Revenue from contracts with customers: the Group revenue invoiced after the current period under customer contracts performed during the current year
- Advances given are related to the construction-installation projects in progress.
- Deferred expenses: costs and expenses relating to the period following the current year
- Accrued revenues: interest and other revenues attributable to the current period
- The amount due from the clients of the projects is presented in detail in Section IV.31 Accounting for project development contracts under IFRS 15.
- Other receivables include certain tax assets in various tax types, the claim of the VAT Group from Tisza-WTP and various settlements of minor individual value. Other receivables are not past due, or are not considered doubtful by the management.
- Receivables from employees: advance wages paid and settlement advances

The items relating to the ECL impairment applied to financial assets are presented in detail in Section IV.19 Application of the expected loss model (ECL) to financial assets.

IV.18 Cash and cash equivalents

Cash and cash equivalents	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Bank accounts – HUF	13 899 504	7 715 563
Bank accounts – foreign currency	2 784 862	2 326 221
Discount treasury bills	-	159 781
Cash in hand	2 275	333
Total	**16 686 641**	**10 201 898**

Cash only includes the balances of items which can be converted to cash and used three months from acquiring. The Group continued to tie up its free cash in short-term deposits in 2025, earning market-rate interest on these deposits.
Changes in Cash are influenced by the revaluation difference (HUF 143,716 thousand) attributable to exchange rate fluctuations.

IV.19 Application of the expected loss model (ECL) to financial assets

The management of the Group has performed the risk analysis of its financial assets (ECL modeling).

Risks related to financial assets are presented in Section 1.18.3 of the Business Report. Taking into account the risks presented, financial assets are classified into the following categories:

Category	Definition	Application of ECL
Performing	The partner is trustworthy and non-payments did not occur in the past.	Recognition of 12-month expected credit loss.
Doubtful	Delay exceeding 60 and 365 days by an external partner but no direct evidence of risk of non-payment.	Recognition of full lifetime expected credit loss.
Non-performing	Item past due for 365+ days in the case of an external partner.	Recognition of full lifetime expected credit loss.

Impairment recognized for the financial assets of the Group by classification category (and not by the statement of financial position) are presented in the ECL amount column:

Application of the expected loss model to financial assets	External credit rating	Internal credit rating	ECL %	Gross value (HUF thousand)	ECL amount (HUF thousand)	Net amount (HUF thousand)
Customers – with large corporate background	N/A	Performing	3,54%	4 131 378	(146 196)	3 985 182
Customers – public sector	N/A	Performing	3,54%	3 133 071	(110 911)	3 022 160
Customers – retail energy trade	N/A	Performing	3,54%	2 120 786	(77 870)	2 042 916
Customers – energy production	N/A	Performing	3,54%	707 016	(25 028)	681 988
Customer – scheduling service	N/A	Performing	3,54%	113 764	(17 727)	96 037
Customer – other	N/A	Performing	3,54%	334 483	(13 270)	321 213
Customer – waste management	N/A	Performing	3,54%	3 083 722	(110 190)	2 973 532
Customer – scheduling service	N/A	Non-performing	100,00%	4 195	(4 195)	-
Customer – waste management	N/A	Non-performing	100,00%	211 598	(211 598)	-
Customer – retail energy trade under legal proceeding	N/A	Non-performing	100,00%	34 902	(34 902)	-
Customer – Condominium	N/A	Non-performing	100,00%	2 347	(2 347)	-
Customer – critical	N/A	Non-performing	100,00%	62 225	(62 225)	-
Other receivables	N/A	Performing	1,50%	144 154	(2 162)	141 992
Other financial assets	N/A	Performing	1,50%	593 887	(8 206)	585 681
Advances given	N/A	Performing	1,50%	499 434	(7 492)	491 942
Deposits, security deposits given	N/A	Performing	1,50%	2 421 555	(36 283)	2 385 272

In current year's valuation, the management of the Group uses the data available in public databases to determine ECL rates.

IV.20 Equity

IV.20.1 Issued capital and own shares

Issued capital	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening	**249 140**	**247 534**
Aggregate capital impact of ESOP Programs (repurchased own shares)	(3 037)	1 606
closing	**246 103**	**249 140**

Issued capital includes the face value of the shares issued (in circulation). As of the reporting date, all issued shares are from one series (series A). The face value is HUF 12.5 per share.

Shares traded:

- On December 31, 2025, the Group held 243,248 own shares.
- The Company reports its issued capital less the value of the redeemed own shares in the Issued capital line.
- There are no other agreements between owners or with other parties which would require the Company to issue new ordinary shares or repurchase existing ones.

IV.20.2 Share premium reserves

Share premium reserves	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening	**4 458 414**	**4 288 276**
Aggregate capital impact of ESOP Programs	919 822	547 349
Of which: Share premium reserve attributable to repurchased own shares	(1 113 903)	(351 836)
Involvement of minority interest	-	(25 374)
Aggregate amount of rounding difference	-	(1)
closing	**4 264 333**	**4 458 414**

The ESOP programs are described in detail in Section IV.35 Presentation of share-based benefit schemes.

IV.20.3 Hedge reserve

Hedge reserve	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening	**1 476 093**	**(2 389 024)**
Hedge reserve	(2 587 243)	3 865 117
closing	**(1 111 150)**	**1 476 093**

The fair value of future transactions existing on the reporting date is presented by the Group based on hedging combinations and achieved hedging objectives in other comprehensive income and equity. Hedge transactions are shown in detail in Section IV.36.

IV.20.4 Retained earnings

Retained earnings	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening	**33 280 351**	**31 663 743**
Dividend payment (approval)	-	(7 972 590)
Aggregate capital impact of ESOP Programs	30 488	41 078
Involvement of minority interest	-	(75 935)
Capital impact of acquisition	(828)	-
Comprehensive income	2 526 084	9 624 055
closing	**35 836 095**	**33 280 351**

The retained earnings show the part of the profit from the profit of the Group after taxes attributable to the ownership share of ALTEO Nyrt.

IV.20.5 Non-controlling interest

Non-controlling interest	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening	**-**	**43 585**
Involvement of FE-Group Invest Zrt. minority interest		(43 585)
Alteo Circular Refining Kft. acquisition	142 614	-
Peregrium Zrt. acquisition	(252 757)	-
Alteo Circular Refining Kft.'s profit/loss	4 256	-
closing	**(105 887)**	**-**

IV.21 Debts on the issue of bonds

For the purpose of uniform presentation, the detailed terms of the bonds are listed in the notes entitled Terms of borrowings in Section IV.36.
Nominal liabilities also include interest accrued on bonds, as well as principal.

Debts on the issue of bonds	Interest terms	Issue value HUF thousand	Face value	Currency	Maturity date	Nominal liabilities 12/31/2025 (HUF thousand)
ALTEO Nyrt. NKP1 2029	Interest payment pe	8 818 285	8 600 000	HUF	10/28/2029	8 600 000
ALTEO Nyrt. NKP1 2031	Interest payment pe	3 912 499	3 800 000	HUF	10/8/2031	3 800 000
ÉLTEX NKP 2028/I.	Interest payment pe	2 599 749	2 450 000	HUF	12/21/2028	1 470 000

Bonds	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening principal and interest	12 701 604	12 658 274
ALTEO Nyrt. NKP1 2029	8 796 896	8 762 151
ALTEO Nyrt. NKP1 2031	3 904 708	3 896 123
Acquisition in the current period:	1 810 943	-
ÉLTEX NKP 2028/I.	1 810 943	-
Inter-year accounting of bond interest	(150 081)	-
ALTEO Nyrt. NKP1 2029	(111 216)	-
Alteo Nyrt. NKP1 2031	(49 695)	-
ÉLTEX NKP 2028/I.	10 830	-
Closing principal	14 362 466	12 658 274
Interest recognized in the current period	367 633	331 789
ALTEO Nyrt. NKP1 2029	250 692	251 941
Alteo Nyrt. NKP1 2031	82 641	79 848
ÉLTEX NKP 2028/I.	34 300	-
Principal and interest payments in the current period	(922 600)	(364 000)
Interest:		
ALTEO Nyrt. NKP1 2029	(270 900)	(270 900)
Alteo Nyrt. NKP1 2031	(93 100)	(93 100)
ÉLTEX NKP 2028/I.	(68 600)	-
Principal:		
ÉLTEX NKP 2028/I.	(490 000)	-
Closing principal and interest	**13 807 499**	**12 626 063**
Recognized interest rate change of short-term liabilities	**(64 967)**	**(75 541)**
Debts on the issue of bonds	13 450 123	12 701 604
Short-term bond payables	422 343	-
	13 872 466	**12 701 604**

ALTEO NKP/2029 On October 24, 2019, the parent company within the Group issued bonds designated as "ALTEO NKP/2029" with a total face value of HUF 8.6 billion. The average issue value of the bonds was 102.5382% of the face value. The bonds have a fixed rate coupon of

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3.15% and the maturity is 10 years. The bonds were admitted to listing on the regulated market on January 24, 2020.

ALTEO NKP1/2031 On October 8, 2020, the parent company within the Group issued bonds designated as "ALTEO NKP1/2031" with a total face value of HUF 3.8 billion. The average issue value of the bonds was 102.9605% of the face value. The bonds have a fixed rate coupon of 2.45% and the maturity is 11 years.

ÉLTEX BGS/2028 I: Alteo-Circular Kft. (formerly Éltex Kft.), having become part of the Group as of June 30, 2025, issued bonds with a total value of HUF 2.45 billion on December 21, 2020, under the name ÉLTEX BGS 2028 I. The bonds have a fixed rate coupon of 3.5% and the maturity is 8 years.

The fair value of the bonds is HUF 11,340,629 thousand.

IV.22 Borrowings

IV.22.1 Long-term loans and their collaterals

The terms of the borrowings and loans are presented in the table in Note IV.36.

Loans and borrowings used to finance the Group:

Credits (in HUF)	Financing party	Frequency of repayments	Amounts paid	Maturity date	Outstanding credit balance 12/31/2025	Capitalized lending costs December 31, 2025	Carrying amount 12/31/2025	Carrying amount 12/31/2024
Principal and interest liabilities								
ALTEO Energiaszolgáltató Nyrt.	MFB	monthly	249 265	2034.07.25	195 929	-	195 929	218 787
ALTEO Energiaszolgáltató Nyrt.	MBH	quarterly	40 000 000	2031.02.06	38 181 818	(256 526)	37 925 292	-
Monsolar Kft.	MKB	six-monthly	656 575	2034.03.31	440 204	(2 596)	437 608	479 567
Monsolar Kft. (legal predecessor: IT-Solar Kft.)	MKB	six-monthly	656 575	2034.03.31	440 204	(2 596)	437 608	479 562
Domaszék Kft.	OTP	quarterly	601 000	2034.06.30	388 300	(5 450)	382 850	421 108
Sunteo Kft (legal predecessor: Péberény Kft.)	K&H	quarterly	2 147 328	2035.06.30	1 482 998	(6 939)	1 476 059	1 575 339
Sunteo Kft. (legal predecessor: FSZ Energia Kft.)	K&H	quarterly	1 449 748	2035.09.30	1 016 954	-	1 016 954	1 084 254
Sunteo Kft. (legal predecessor: True Energy Kft.)	K&H	quarterly	1 459 872	2035.09.30	1 024 623	-	1 024 623	1 092 304
Sinergy Kft.	K&H	quarterly	744 000	2034.06.30	538 953	(7 253)	531 700	564 933
Pannon Szélerőmű Kft.*	K&H	quarterly	1 200 000	2027.12.31	540 000	-	540 000	720 000
Euro-Green Energy Kft.*	K&H	quarterly	2 800 000	2027.12.31	1 260 000	-	1 260 000	1 680 000
Energigas Kft.	MFB	monthly	1 581 772	2032.01.05	830 772	-	830 772	965 772
Energigas Kft.	MFB	quarterly	85 288	2026.09.15	1 851	-	1 851	5 552
Alteo-Circular Kft.*	Raiffeisen	quarterly	2 143 346	2032.10.19	1 540 611	(247 015)	1 293 596	N/A
Alteo-Circular Kft.*	Raiffeisen	end of maturity	693 720	2027.06.30	693 720	-	693 720	
Alteo-Circular Refining Kft.*	Raiffeisen	monthly	685 974	2030.05.31	613 111	(33 459)	579 652	N/A
Liabilities to banks in the statement of financial position					**49 190 048**	**(561 834)**	**48 628 214**	**9 287 178**

*the loans are not hedged

- Borrowings are measured at amortized cost. The fair value of variable interest loans does not materially differ from their amortized cost.
  Fair value of loans: HUF 49,168,161 thousand
- A borrowing is classified as non-current in the financial statements only if at the end of the year the Group had a unilateral right not to repay the amount before the next reporting date. The instalments for the next year are included in current liabilities.
- On February 6, 2025, ALTEO entered into a HUF 40,000,000 thousand credit facility agreement with MBH Bank Nyrt. as agent and first original creditor and Gránit Bank Nyrt. as second original creditor. The entire credit line was utilized in 2025. The loan matures on February 6, 2031, and principal repayments are due quarterly in equal installments of HUF 1,818,182 thousand per quarter. To manage the interest rate risk arising from variable interest rates, the Company enters into interest rate hedging transactions. In connection with the corporate financing loan, costs totaling HUF 285,207 thousand were incurred, which reduce the loan amount.

- Repayments due in 2026 were reclassified to short-term borrowings and loans in the amount of HUF 10,015,284 thousand.

The Group has provided the following collaterals to meet its credit obligations:

Company	Designation of the collateral
ALTEO Energiakereskedő Zrt.	a lien on claim, surety and lien on bank accounts
ALTEO Energiaszolgáltató Nyrt.	pledge on claims, surety, lien on movable property
Monsolar Kft.	mortgage on a business quota, mortgage on real property, as well as prohibition of alienation and encumbrance, mortgage on movable property, mortgage on receivables, surety and mortgage on bank accounts
Sunteo Kft.	purchase option and mortgage on a business quota, purchase option and mortgage on real property, as well as prohibition of alienation and encumbrance, purchase option and mortgage on movable property, lien on receivables, surety and lien on bank accounts
Domaszék 2MW Kft.	mortgage on a business quota, mortgage on real property, mortgage on movable property, lien on receivables, surety and lien on bank accounts
Sinergy Energiakereskedő Kft.	pledge on claims
Sinergy Kft.	mortgage on a business quota, mortgage on movable property, lien on receivables, surety and lien on bank accounts
Pannon Szélerőmű Kft.	purchase option and mortgage on a business quota, purchase option and mortgage on real property, as well as prohibition of alienation and encumbrance, purchase option and mortgage on movable property, lien on rights and receivables, surety and lien on payment accounts
Euro Green Energy Kft.	purchase option and mortgage on a business quota, purchase option and mortgage on real property, as well as prohibition of alienation and encumbrance, purchase option and mortgage on movable property, lien on rights and receivables, surety and lien on payment accounts
Energigas Kft.	mortgage on real property, mortgage on movable property, mortgage on receivables, surety and lien on bank accounts
Alteo Circular Kft.	mortgage on real property, mortgage on movable property, mortgage on receivables, surety and lien on bank accounts
Alteo Circular Refining Kft.	pledge on claims

IV.22.2 Borrowing cash flow

Non-discounted cash flows of the Group's borrowings:

Borrowing cash flow	2026	2027	2028	2029	2030	2031-2035
HUF (thousand HUF)						
ALTEO Energiaszolgáltató Nyrt.	(22 860)	(22 860)	(22 860)	(22 860)	(22 860)	(81 627)
ALTEO Energiaszolgáltató Nyrt.	(7 272 727)	(7 272 727)	(7 272 727)	(7 272 727)	(7 272 727)	(1 818 183)
Monsolar Kft.	(44 677)	(47 065)	(49 453)	(50 714)	(54 031)	(194 264)
Monsolar Kft. (legal predecessor: IT-Solar Kft.)	(44 677)	(47 065)	(49 453)	(50 714)	(54 031)	(194 264)
Domaszék Kft.	(41 500)	(44 000)	(46 000)	(48 500)	(51 000)	(157 300)
Sunteo Kft (legal predecessor: Péberény Kft.)	(174 604)	(146 232)	(152 289)	(158 562)	(165 268)	(741 146)
Sunteo Kft. (legal predecessor: FSZ Energia Kft.)	(116 543)	(97 568)	(101 482)	(105 542)	(110 181)	(485 943)
Sunteo Kft. (legal predecessor: True Energy Kft.)	(117 327)	(98 249)	(102 191)	(106 279)	(110 950)	(489 815)
Sinergy Kft.	(61 305)	(52 378)	(55 428)	(58 776)	(62 347)	(248 719)
Energigas Kft.	(139 000)	(146 000)	(154 000)	(162 000)	(154 172)	(75 600)
Energigas Kft.	(1 850)	-	-	-		-
Euro-Green Energy Kft.	(700 000)	(560 000)	-	-		-
Pannon Szélerőmű Kft.	(300 000)	(240 000)	-	-		-
Alteo Circular Kft.	(693 720)	-	-	-		-

Borrowing cash flow	2026	2027	2028	2029	2030	2030-2035
EUR (thousand EUR)						
Alteo Circular Kft.	(571)	(571)	(571)	(571)	(571)	(1 142)
Alteo-Circular Refining Kft.	(360)	(360)	(360)	(360)	(150)	-

With the exceptions listed below, ALTEO Group's loans have variable interest rates, with the interest rate based on the BUBOR for the repayment period, with premiums between 1.0% and 2.4%. The investment loans of Energigas Kft. bear fix interest rates of 2.5% and 4.4%. The credit facility taken by Alteo Nyrt. from MFB has a fixed interest rate of 2%.

In order to mitigate interest rate risks relating to its borrowings, the Group has entered into interest rate swaps. Pursuant to the IRS agreements, the interest rate received is in the range of 1.5% to 3.5%.

Assessment of the interest rate sensitivity of HUF loans not hedged by interest rate swaps in the event of a 5% change in the BUBOR rate:

Interest rate risk (data in HUF thousand)	Equity	BUBOR %	BUBOR change +/-5%
Loans not hedged by interest rate hedging transactions	2 493 720	6,5%	8 105

Assessment of the interest rate sensitivity of EUR loans not hedged by interest rate swaps in the event of a 5% change in the EURIBOR rate:

Interest rate risk (data in EUR thousand)	Equity	EURIBOR %	EURIBOR change +/-5%
Loans not hedged by interest rate hedging transactions	5 588	1,96%	5,48

IV.23 Lease liabilities

The Group recognizes its obligations arising from contracts on long-term leases of land, area and assets under leases.

Lease liabilities	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening:		
Obligations related to lease liabilities	3 204 060	2 690 647
Increase	4 719 951	1 947 853
Decrease	(280 539)	(926 124)
Recognized interest expense	461 553	274 310
Lease payments (decrease)	(1 605 461)	(782 626)
Closing:	6 499 564	3 204 060

In 2025, lease liabilities related to equipment acquired for a total of HUF 492.629 thousand were determined using the portfolio method. Based on the standard technical specifications of the machinery and equipment associated with the circular economy, the lease agreements, the Group's future plans, and the discount rates applied, the portfolio estimate provides a reliable and accurate picture of the leased assets.

Breakdown of lease liabilities by maturity date:

Breakdown of lease liabilities by maturity	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Long-term liabilities (due over 1 year)		
Long-term liabilities relating to lease liabilities (over 5 years)	1 871 199	1 858 139
Long-term liabilities relating to lease liabilities (1-5 years)	3 017 472	579 913
	4 888 671	**2 438 052**
Short-term instalment (due within 1 year)	1 610 893	766 008
Total	**6 499 564**	**3 204 060**

Lease expenditure in profit or loss:

Expenses related to lease agreements	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Recognized amortization	(944 003)	(605 958)
Recognized interest expense	(461 553)	(274 310)
Short-term and low-value leases	(896 261)	(541 265)
Total	**(2 301 817)**	**(1 421 533)**

In the case of low-value lease contracts subject to IFRS 16, the Group chooses the option offered by the standard and recognizes them as lease expenditure.

Expected cash flows associated with lease liabilities:

Lease cash flows	2026	2027	2028	2029	2030	2031-2054
Lease of power plant asset	(40 285)	(40 285)	(40 285)	(40 285)	(40 285)	(201 427)
Land lease	(548 609)	(435 113)	(313 092)	(292 142)	(240 751)	(2 377 244)
Vehicles	(420 599)	(324 868)	(224 237)	(30 185)	-	-
Office space rent	(528 043)	(461 113)	(461 113)	(461 113)	(442 148)	(235 793)
Assembly hall rental	(62 762)	(59 634)	(42 696)	(2 668)	-	-
Other properties	(94 444)	-	-	-	-	-
Machinery, equipment and tools	(576 061)	(64 039)	(4 341)	(2 953)	(2 356)	-
Total	**(2 270 804)**	**(1 385 053)**	**(1 085 765)**	**(829 346)**	**(725 540)**	**(2 814 464)**

None of the lease arrangements include contingent lease payments. The ownership of leased cars, land, property and power plants is not transferred to the Group upon maturity of the lease and there is no related call option in place either. The Group assesses on a case by case basis whether to exercise the renewal option at the maturity of the lease.

The Group uses the benefits of presentation options as per IFRS 16. Accordingly, it recognizes the following items as lease payments: car leases with a term of less than 12 months and the lease of certain IT equipment of small value. The lease of these assets is recognized directly in the statement of financial position of the period in question among the material expenses. Movements in rights of use in the current year are included in Note IV.9.

IV.24 Short-term and long-term provisions

Provisions primarily include provisions for contractual decommissioning and restoration obligations. Provisions recognized and released are shown in table below:

Provisions	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
opening balance	**2 493 273**	**1 221 555**
of which:		
Future expenses, onerous contracts	45 247	58 860
Regarding asset decommissioning	2 202 884	1 019 619
EEOS quota	88 724	-
Provisions for expected liabilities	156 418	143 076
Provisions released	**100 691**	**269 097**
Provisions recognized	**305 545**	**193 018**
Recognition of provisions as assets	**75 712**	**678 918**
Recognition of provisions during acquisition	**5 840**	**668 879**
closing balance	**2 779 679**	**2 493 273**
of which:	**2 779 680**	**2 493 273**
Future expenses, onerous contracts	79 046	45 247
Regarding asset decommissioning	2 351 947	2 202 884
Provisions for EEOS quota	164 752	88 724
Provisions for expected liabilities	183 935	156 418
Long-term provisions	**2 535 882**	**2 359 302**
Short-term provisions	**243 798**	**133 971**

Presentation of provisions for the current period by type and term:

Expected use of provisions	Within 1 year	2-5 years	more than 5 years
Future expenses, onerous contracts	79 046	-	-
Provisions for EEOS quota	164 752	-	-
Provisions for expected liabilities	-	183 935	-
Regarding asset decommissioning	-	-	2 351 947
Total:	243 798	183 935	2 351 947

Breakdown of provisions by effect on profit or loss:

Provisions in profit or loss	In 2025
Interest on decommissioning and recovery liability	73 351
Expected liabilities	32 792
EEOS quota	164 752
Future costs	34 650
Total provisioning:	305 545
EEOS quota	88 725
Release of provisions for liabilities	11 115
Provisions for costs released	851
Total provisions released:	100 691

The generation and use of provisions are affected by the factors listed in Subsection **1.18 The business environment of ALTEO and classification of risks according to their characteristics** of the Annual Report.

IV.25 Deferred income

Deferred income	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Deferred income related to subsidized assets	478 599	544 546
Deferred income from CO2 quota received free of charge	373 494	359 387
Deferred income related to guarantees of origin	1 532	4 352
Total	**853 625**	**908 285**

The part of grants received not yet recognized in income was stated as deferred income, the main terms and conditions of which are as follows:

	RDI 1 ALTEO Nyrt.
Purpose of the grant	**Systemic integration and innovative application model of an electricity storage architecture**
Criteria satisfied	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: Creation of 1 newly developed product, technology, service or prototype Preparation of 1 know-how Business exploitability: the revenues from the outcome of the RDI project reach 30% (HUF 300 million) of the grant amount in two consecutive years combined during the maintenance period Export revenues: the average of export revenues in two consecutive years during the maintenance period is HUF 109 million One appearance at a domestic and an international forum (RENEXPO and the international energy trade fair, ENERGOexpo, were indicated in the grant application, however, this may be modified) 2 publications
Realistic criteria	Export revenues: the average of export revenues in two consecutive years during the maintenance period is HUF 109 million
Implementation	July 2019
Maintenance period	July 2019 – 12/31/2024 closed

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	RDI 2 ALTEO Nyrt.
Purpose of the grant	**Integration into the electricity system of storage facilities with battery cells of various parameters**
Realistic criteria	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: 1 subsidized undertaking for the manufacture of the new product In the 2 financial years following implementation, the amount of R&D expenses amounts to 30% of grants as evidenced in the corporate tax returns
Implementation	12/6/2018 – 1/13/2022
Maintenance period	5 years, 7/7/2023-12/31/2028; submission of an annual maintenance report to the NRDIO; the deadline for submitting the final maintenance report is June 15, 2029.

	RDI 3 ALTEO Nyrt.
Purpose of the grant	**Development of real-time autonomous energy information and production management system**
Realistic criteria	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: 1 new product developed involvement of 3 enterprises in development publication of the project achievements on domestic forums on 3 occasions 3 publications 1 publication resulting from private-public cooperation 3 undertakings making use of the project achievements 9 researchers/developers and 2 other employed project participants 1 additional agreement with universities or research institutes
Implementation	9/30/2024
Maintenance period	3 years, ends on: December 31, 2027; the submitted technical and financial report was approved; the remaining grant amount was disbursed on September 26, 2025, in the amount of HUF 74.8 million

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	2019 Tender for industrial development FE-Group Zrt.
Purpose of the grant	**Encouraging the design, development and efficiency improvement of domestic complex waste management systems that promote circular economy and the use of secondary raw materials**
Realistic criteria	Complex development of waste treatment and recovery technologies taking the circular economy into account purchase of 1 shredder and mechanical separator purchase of 4 material handling equipment units purchase of 1 technological line for cable processing purchase of 1 line for processing flat image display equipment purchase of 1 line of wire processing machines purchase of 1 pipe extruder purchase of 1 silo feeder and 1 color separator Integration of separation technologies and conveyor track into electronic waste processing lines
Implementation	2024.12.31
Maintenance period	1/1/2025 – 12/31/2027

	2021 Tender for industrial development FE-Group Zrt.
Purpose of the grant	**Encouraging the design, development and efficiency improvement of domestic complex waste management systems that promote circular economy and the use of secondary raw materials**
Realistic criteria	Development of the technology for the pre-treatment of waste from products subject to product charges, realization of the production of products from the surplus secondary raw materials produced, taking into account the aspects of the circular economy purchase of 1 baler purchase of compactor container systems purchase of 1 production line for the manufacture of wire conduit products
Implementation	2024.07.31
Maintenance period	8/1/2024 – 7/31/2029

	2022 Tender for industrial development FE-Group Zrt.
Purpose of the grant	**On ad hoc industrial development grants for waste management related to waste from products subject to product charges**
Realistic criteria	Development of the technology for the pre-treatment of waste from products subject to product charges, realization of the production of products from the surplus secondary raw materials produced, taking into account the aspects of the circular economy purchase of 1 aluminum packaging waste baling line purchase of 1 dismantling line for electric motor from electronic waste
Implementation due date	2023.06.30
Maintenance period	6/30/2023 – 6/30/2028

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	2023 Tender for industrial development FE-Group Zrt.
Purpose of the grant	**Support, development, technology development of businesses engaged in the treatment/pre-treatment/recovery of waste arising from products subject to product charges**
Conditions of the grant	Development of treatment-related technologies, transitioning of waste from products subject to product charges collected in the deposit refund system to the circular economy. Procurement of technological line suitable for the mechanical pre-treatment of waste collected in the deposit refund system.
Implementation due date	2025.12.31
Maintenance period	1/1/2026 – 12/31/2030

	RRF storage – ALTEO-Therm Kft. (Győr 10MW BESS)
Purpose of the grant	**Installation of a lithium-ion power storage facility at the Győr site of ALTEO-Therm Kft.**
Conditions of the grant	The energy storage facility to be built must be capable of continuously storing at least 2 hours of electricity at the nominal capacity defined in the tender and undertaken in the bid. The storage will have an independent nominal capacity of at least 10 MW. The storage must have balancing energy control capabilities. The aFRR accreditation must be obtained for the energy storage facility through the procedure of MAVIR Zrt. for the physical completion of the project. Display of information on website and social media 2 news articles (opening, closing) Organizing a public press event Displaying of an information sign in A2 format at the project site
Grant period	Operation for 10 years following physical completion (starting not later than April 30, 2026)
Revenue compensation	Bilateral contract for differences between MAVIR and the Beneficiary. Minimum EUR 19/kW, maximum EUR 190/kW

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	RRF storage - ALTEO-Depónia Kft. (Győr 49.9MW BESS)
Purpose of the grant	**Installation of a lithium-ion power storage facility at the new Győr site of ALTEO-Depónia Kft.**
Conditions of the grant	The energy storage facility to be built must be capable of continuously storing at least 2 hours of electricity at the nominal capacity defined in the tender and undertaken in the bid. The storage will have an independent nominal capacity of at least 49.9 MW. The storage must have balancing energy control capabilities. The aFRR accreditation must be obtained for the energy storage facility through the procedure of MAVIR Zrt. for the physical completion of the project. Display of information on website and social media 2 news articles (opening, closing) Organizing a public press event Displaying of an information sign in A2 format at the project site
Grant period	Operation for 10 years following physical completion (starting not later than April 30, 2026)
Revenue compensation	Bilateral contract for differences between MAVIR and the Beneficiary. Minimum EUR 19/kW, maximum EUR 190/kW

	RRF storage – Pannon Szélerőmű Kft. (Bana 10MW BESS)
Purpose of the grant	**Installation of a lithium-ion power storage facility at the Bana site of Pannon Szélerőmű Kft.**
Conditions of the grant	The energy storage facility to be built must be capable of continuously storing at least 2 hours of electricity at the nominal capacity defined in the tender and undertaken in the bid. The storage will have an independent nominal capacity of at least 10 MW. The storage must have balancing energy control capabilities. The aFRR accreditation must be obtained for the energy storage facility through the procedure of MAVIR Zrt. for the physical completion of the project. Display of information on website and social media 2 news articles (opening, closing) Organizing a public press event Displaying of an information sign in A2 format at the project site
Grant period	Operation for 10 years following physical completion (starting not later than April 30, 2026)
Revenue compensation	Bilateral contract for differences between MAVIR and the Beneficiary. Minimum EUR 19/kW, maximum EUR 190/kW

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	2021 Tender for industrial development (GYFHF/2090/2021-ITM) – Alteo Circular Kft.
Purpose of the grant	**Through the provision of non-refundable budgetary grants by the Hungarian State, to alleviate the liquidity difficulties arising as a result of the COVID-19 (coronavirus) pandemic of micro, small, medium-sized and large enterprises engaged in the handling/pretreatment/recovery of waste generated from products subject to product charges, or enterprises that will carry out such activities through a development project funded by such grants, by establishing, developing, and improving the efficiency of complex domestic waste management systems that facilitate the implementation of a circular economy, as well as by encouraging the use of secondary raw materials.**
Realistic criteria	Waste management-related industrial development related to waste generated from products subject to product charges in 2021 1 x GENOX pallet and crate shredder 1 x GENOX shredder
Implementation	2023.02.11
Maintenance period	2/11/2023 – 2/11/2028

	2022 Tender for industrial development (TDIJ-EI/2022) Alteo Circular Kft.
Purpose of the grant	**Through the provision of non-refundable budgetary grants by the Hungarian State, to alleviate the liquidity difficulties arising as a result of the COVID-19 (coronavirus) pandemic of micro, small, medium-sized and large enterprises engaged in the handling/pretreatment/recovery of waste generated from products subject to product charges, or enterprises that will carry out such activities through a development project funded by such grants, by establishing, developing, and improving the efficiency of complex domestic waste management systems that facilitate the implementation of a circular economy, as well as by encouraging the use of secondary raw materials.**
Realistic criteria	Waste management-related industrial development related to waste generated from products subject to product charges in 2022 1 x GENOX X1500Y shredder 1 x Amis Zerma granulator 1 x Clark forklift
Implementation	2022.07.31
Maintenance period	9/30/2023 – 9/30/2028

	2023 Tender for industrial development (TDIJ-EI/2023) Alteo Circular Kft.
Purpose of the grant	**Through the provision of non-refundable budgetary grants by the Hungarian State, to alleviate the liquidity difficulties arising as a result of the economic consequences of the Russia-Ukraine war of micro, small, medium-sized and large enterprises engaged in the handling/pretreatment/recovery of waste generated from products subject to product charges, or enterprises that will carry out such activities through a development project funded by such grants, by establishing, developing, and improving the efficiency of complex domestic waste management systems that facilitate the implementation of a circular economy, as well as by encouraging the use of secondary raw materials.**
Realistic criteria	Waste management-related industrial development related to waste generated from products subject to product charges in 2023 1 x DOPPSTADT hammer mill 1 x REGULUS agglomerator 1 x AVOS automated baler
Implementation	2024.11.11
Maintenance period	5/28/2025 – 5/28/2030

IV.26 Other long-term liabilities

Other long-term liabilities	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
ESOP Programs	581 361	317 006
Liabilities related to future lease agreements	279 101	-
Conditional purchase price liabilities	173 152	207 176
Contractual support obligation	160 934	92 270
Interest payment obligation during the loan moratorium	87 897	89 845
Total	**1 282 445**	**706 297**

- For liabilities relating to the ESOP Program, see Section IV.35 Presentation of share-based benefit schemes.
- Liability related to future lease agreements: Pre-financing of DRS machinery
- Provisional purchase price means the liability recognized with regard to the acquisition of the Zugló-Therm Kft. shares.
- Contractual grants and subsidies include liabilities arising from long-term grant agreements with entities other than the Group's partners.
- Interest payment obligation due to a loan moratorium includes the interest accumulated during the moratorium at Monsolar Kft and Energigas Kft.

IV.27 Advances received

Advances received	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Advances received	989 613	2 145 859
Total	**989 613**	**2 145 859**

Advances received include cash and cash equivalents received from the Group's partners in connection with its activities before the reporting date.
In accordance with its contractual practice, the Group stipulates the payment of an advance in the general contracts, which is presented in the line of advances received.

IV.28 Trade payables

This line in the statement of financial position contains liabilities arising from the purchase of goods and services. Trade payables are unsecured, which means that the Group does not provide guarantees, with the exception of those routinely provided in the normal course of business.

Trade payables	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Past due trade payables	4 135 730	1 374 006
Trade payables not yet due	6 292 332	7 327 727
Total	**10 428 062**	**8 701 733**

Largest suppliers of the Group based on annual turnover:

Major suppliers	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
MOL Nyrt.	13 812 273	17 850 721
Extor Energy Zrt.	8 552 930	-
MVM Next Energiakereskedő Zrt.	5 915 993	12 432 209
MAVIR Magyar Villamosenergia Rendszerirányító Zrt.	7 703 070	9 221 511
MET Magyarország Kft.	7 581 905	8 731 963

IV.29 Other financial liabilities

Other financial liabilities	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Liabilities arising from derivative transactions	1 523 980	-
Total	**1 523 980**	**-**

Year-end market value of derivatives as a result of hedge transactions, explained in Section IV.40, and Notes 1.18.3.35 and 1.18.3.36. of the Annual Report.

IV.30 Other short-term liabilities and accruals

Other short-term liabilities and accruals	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Cost accruals	11 486 822	8 370 179
Other tax liabilities	3 332 287	1 938 005
CO2 quota related non-financial liabilities in current year	3 041 974	3 078 166
Other short-term liabilities	1 267 465	970 457
ESOP Programs expiring in 2026	1 034 131	2 105 068
Projects – amounts due to customer	904 955	189 490
Income settlement	807 293	377 148
Income accruals	158 293	154 137
Total	**22 033 220**	**17 182 650**

Other short-term liabilities include non-interest-bearing items. The following are disclosed here by the Group:

- energy, operating and administrative expenses incurred but uninvoiced before the reporting date
- tax payment liabilities owed to tax authorities
- costs of CO2 quota return obligations arising from its current-year gas consumption
- liabilities under the ESOP Program expected to be settled and vested in 2026,
- interest liabilities incurred before but not paid by the reporting date
- advances for industrial development and investment grants
- other short-term liabilities that are not significant individually.

IV.31 Accounting for project development contracts under IFRS 15

Name	12/31/2025	12/31/2024	Recognized current year revenue total	Revenue adjustment against statement of financial position	Invoiced revenue
Business and project development projects	(842 865)	(189 490)	(5 408 044)	2 282 025	(7 690 069)
Maintenance projects	123 828	36 049	(778 366)	102 162	(880 528)
Projects – Receivables due from customers	**123 828**				
Projects – amounts due to customer	**(842 865)**				

- The Group recognized contract assets and liabilities opened in the previous year against the revenues of the current year based on performance.
- The amounts due from the customer are included in line Other receivables and accruals (presented in Section IV.17).
- The amounts due to the customer are included in line Other short-term receivables and accruals (presented in Section IV.30).

IV.32 Presentations on acquisitions of companies

In 2025, the Group made the following acquisitions:

- Acquisition of the 100% stake in Alteo-Circular Kft.
- Acquisition of Alteo-Circular Refining Kft., a 66.67% subsidiary of Alteo-Circular Kft.
- Acquisition of Peregium Zrt. as a 70.4% subsidiary of Alteo-Circular Kft.
- Acquisition of the 100% stake in Mecséri Szélpark Kft.

Name	Alteo Circular Kft.	Alteo Circular Refining Kft.	Peregium Zrt.	Mecséri Szélpark Kft.
Consideration payment date:	6/30/2025	6/30/2025	6/30/2025	10/21/2025
Included in consolidation:	7/1/2025	7/1/2025	7/1/2025	11/1/2025
Share of the Group:	*100,00%*	*66,67%*	*70,40%*	*100,00%*
Share of non-controlling interest:	*0,00%*	*33,33%*	*29,60%*	*-*
	HUF thousand	*HUF thousand*	*HUF thousand*	*HUF thousand*
Consideration paid in cash for business quota:		18 868 969		3 000
Total:		18 868 969		3 000
Fair value of cash and cash equivalents and liabilities identified:				
Property, plant and equipment	8 081 599	1 441 600	11 852	-
Intangible assets and developments	67 412	-	7 625	
Rights of use	891 692	-	-	
Other financial assets	753 243	10 000	-	
Inventories	561 882	20 626	-	-
Trade receivables, other receivables, accrued income and deferred charges	5 555 421	16 641	24 578	
Cash and cash equivalents	337 280	22 339	18 098	2 202
Bond liabilities	(1 810 943)	-	-	
Loans and borrowings	(2 463 952)	(634 135)	-	
Lease liabilities	(891 692)	-	-	
Provisions	-	-	(26 812)	(30)
Deferred income	(372 186)	-	-	
Advances received	(2 718)	-	-	
Trade payables, other liabilities, accrued expenses and deferred income	(4 929 732)	(449 184)	(889 250)	
Total:	5 777 306	427 886	(853 909)	2 172
Contract assets identified in acquisition				-
Deferred tax liability (9%)	(326 212)			-
Total assets identified in acquisitions:		*5 025 071*		*2 172*
Asset value for the Group:		*5 135 214*		*2 172*
Asset value for non-controlling interests:		*(110 143)*		*-*
Identified goodwill		*13 734 081*		*-*
Cash flow effect of acquisition		*(18 491 252)*		*(798)*
Revenue in the period following the acquisition	10 316 663	542 629	134 899	-
Earnings in the period following the acquisition	(60 041)	12 769	244 533	-

For details of the acquisitions, see Section 1.15 of the Business Report.

IV.33 EBITDA

The Group discloses its EBITDA indicator. The process of the calculation is in the accounting policies summary. The detailed analysis of EBITDA is included in the Management Report for the period.

Elaboration of EBITDA:

Elaboration of EBITDA	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Operating profit	7 905 280	13 505 995
Depreciation, amortization, impairment recognized	8 636 924	5 542 189
EBITDA	**16 542 204**	**19 048 184**

IV.34 Calculation of earnings per share (EPS)

Calculation of earnings per share (EPS)	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Number of shares for EPS	19 775 047	19 851 780
Number of shares for diluted EPS	19 931 474	19 931 474
Profit or loss attributable to controlled participation	2 526 084	9 624 055
Base value of net earnings per share (HUF/share)	127,74	484,80
Diluted value of net earnings per share (HUF/share)	126,74	482,86

The Group used the average number of repurchased treasury shares for the calculation of the diluted EPS.

IV.35 Presentation of share-based benefit schemes

ALTEO Nyrt. developed a cash-settled share option-based incentive scheme for ALTEO employees (ESOP program) subject to the following conditions:

Description of the programs:

ESOP 2022-2025 Program

Chart of changes in share program	ESOP 2022-2025 Program		
	2025	2024	2023
DB			
Outstanding at the beginning of the period	294 995	158 026	88 317
Granted during the current period	-	-	-
Vested	-	161 089	69 709
Exercised during the current period	(290 780)	-	-
Expired during the current period	-	-	-
Forfeited during the current period	(4 215)	(24 120)	-
Outstanding at the end of the current period	-	294 995	158 026
of which:			
Available for exercise at the end of the current period		-	-
Value (HUF thousand)			
Outstanding at the beginning of the period	1 228 326	447 371	273 575
Granted during the current period			
Vested	-	918 480	173 796
Exercised during the current period	(1 210 776)	-	-
Expired during the current period	-	-	-
Forfeited during the current period	(17 550)	(137 525)	-
Outstanding at the end of the current period	-	1 228 326	447 371
of which:			
Available for exercise at the end of the current period	**-**	**1 228 326**	**-**

The ESOP 2022-2025 program was closed in 2025, benefits were paid and recognized in accordance with the relevant Remuneration Policy.

Description of the program

- Certain employees of the Company receive share-based benefits starting from April 20, 2022 (granting date). The detailed rules of the Employee Share Ownership Programs are set forth in the Company's Remuneration Policy for 2022-2025, published and effective from April 20, 2022.
- The ESOP applies to the employees specified in the Remuneration Policy. In the case of the 2022 to 2025 Remuneration Policy, the aforesaid condition must be satisfied on the day of publication of the Company's consolidated financial statement for 2024.
- The subject of the benefit is cash, the amount of which depends of the price of the Company's shares. The vested cash may be distributed, provided that the performance condition set out below is met, after the closing of the 2024 fiscal year of the Company (following the adoption of the consolidated financial statement).
- Employees are entitled to the maximum available benefit if the performance condition set out below is satisfied.
- Pursuant to the 2025 Remuneration Policy, the performance condition is met if the value of equity, excluding other comprehensive income (OCI), as at December 31, 2024 as determined based on the audited consolidated annual report adopted by the Company's General Meeting, adjusted for changes resulting from dividend payments and other equity transactions, exceeds the value of equity, excluding other

comprehensive income (OCI), as determined in the audited consolidated annual report for the financial year ending on December 31, 2022 as the comparative period.

- The Remuneration Policies allow the Company to reduce the benefit given to Employees based on performance assessment.
- Pursuant to the relevant remuneration policy, the vesting period is the period between January 1, 2022 and December 31, 2024 (2025 ESOP). The emphasis is on meeting the 2024 target figures. Given that the above conditions may be fulfilled by December 31, 2024, the vesting date will be those dates.
- Early exercise of the option is not possible.

ESOP Szikra, Watt, Senior Management Programs

Chart of changes in share program obligation	ESOP Watt			ESOP Szikra			ESOP Management		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
DB									
Outstanding at the beginning of the period	27 406	11 422	-	97 197	43 475	-	86 275	38 362	-
Granted during the current period		-	-	133	-	-	-	-	-
Vested	34	15 984	11 422	(97 330)	66 224	54 661	15	47 913	38 362
Exercised during the current period	(27 440)	-	-	-	-	-	(86 290)	-	
Expired during the current period		-	-	-	-	-	-	-	-
Forfeited during the current period		-	-	-	(12 502)	(11 186)	-	-	-
Outstanding at the end of the current period	-	27 406	11 422	-	97 197	43 475	-	86 275	38 362
of which:									
Available for exercise at the end of the current period		27 406	-		97 197	-		86 275	-
Value (HUF thousand)									
Outstanding at the beginning of the period	113 942	32 347	-	404 104	123 118	-	358 696	108 638	-
Granted during the current period		-	-		-	-	-	-	-
Vested	142	81 595	32 347	554	332 964	123 118	62	250 058	108 638
Exercised during the current period	(114 084)	-	-	(404 658)	-	-	(358 758)	-	-
Expired during the current period		-	-		-	-	-	-	-
Forfeited during the current period		-	-		(51 978)	-	-	-	-
Outstanding at the end of the current period	-	113 942	32 347	-	404 104	123 118	-	358 696	108 638
of which:									
Available for exercise at the end of the current period		113 942	-		404 104	-		358 696	-

The ESOP Szikra, Watt, Senior Management Program was closed in 2025, and benefits were paid and recognized in accordance with the relevant Remuneration Policy.

Cash flows, including taxes, for ESOP programs expiring in 2025:

ESOP Program	2025 cash handover
ESOP 2022-2025 Program	1 706 995
ESOP Szikra Program	157 379
ESOP Senior Management Program	558 226
ESOP Watt Program	494 908
Total:	2 917 508

Description of the programs

- Certain employees of the Company receive share-based benefits starting from April 21, 2023 (granting date). The detailed rules of the Employee Share Ownership Programs are set forth in the Company's Szikra 2025, Watt 2025 and Senior Management ESOP Remuneration Policy for 2025, published and effective from April 27, 2023.
- The ESOP applies to the employees specified in the Remuneration Policy. Pursuant to the ESOP Szikra, Watt and Senior Management 2025 Remuneration Policy, employees are eligible for the benefit if the legal relationship pursuant to which they are eligible to participate in the Remuneration Policies is in effect with the Company on the day of publication of the Company's consolidated financial statement for 2024.

- In the case of all three ESOPs, the benefit is given in the form of cash, the amount of which depends on the price of the Company's shares. The vested cash may be distributed, provided that the performance condition set out below is met, after the closing of the 2024 fiscal year of the Company (following the adoption of the consolidated financial statement).
- Employees are entitled to the maximum available benefit if the performance condition set out below is satisfied.
- Pursuant to the Remuneration Policy, the performance condition is met if the value of the equity, excluding other comprehensive income (OCI), as at December 31, 2024 as determined based on the audited consolidated annual report adopted by the Company's General Meeting, adjusted for changes resulting from dividend payments and other equity transactions, exceeds the value of the equity, excluding other comprehensive income (OCI), as determined in the audited consolidated annual report for the financial year ending on December 31, 2023 as the comparative period.
- Pursuant to the decision of the Management, the vesting period is the period between January 1, 2023 and December 31, 2024 for all three programs. The emphasis is on meeting the 2024 target figures. Given that the above conditions may be met by December 31, 2024, the date of vesting is that date.
- Early exercise of the option is not possible.

<u>ESOP 2026 Executive, General Employee program</u>

Chart of changes in share program obligation	ESOP Program 2026 Executive		ESOP Program 2026	
	2025	2024	2025	2024
Stocks (No)				
Outstanding at the beginning of the period	35 039	-	41 208	-
Granted during the current period	-	-	-	-
Vested	66 636	35 039	97 937	41 208
Exercised during the current period	-	-	-	-
Expired during the current period	-	-	-	-
Forfeited during the current period	-	-	(6 721)	
Outstanding at the end of the current period	101 675	35 039	132 424	41 208
of which:				
Available for exercise at the end of the current period		-		-
Value (HUF thousand)				
Outstanding at the beginning of the period	145 678	-	171 328	-
Granted during the current period	-	-	-	-
Vested	300 966	145 678	439 920	171 328
Exercised during the current period	-	-	-	-
Expired during the current period	-	-	-	-
Forfeited during the current period	-	-	(32 740)	-
Outstanding at the end of the current period	446 644	145 678	578 508	171 328
of which:				
Available for exercise at the end of the current period	-	-	-	

<u>Under the ESOP 2026 Senior Management and General Employee Programs</u>, time proportionate expenses were recognized against profit or loss among liabilities. The liability shown in the statement of financial position at the end of the period ending on December 31, 2025 does not contain any amount of vested rights to funds. The ESOP includes no share options, therefore disclosures applicable specifically to options are not relevant for such ESOPs. There were no expenses arising from share-based payment transactions where the goods and services received would have failed to satisfy the conditions of recognition as an asset.

Description of the share-based payment program of the Company

- Certain employees and executives of the Company receive share-based benefits starting from May 31, 2024 (granting date). The detailed rules of the Share Ownership Programs are set forth in the Company's ESOP General Remuneration Policy for 2026 and the Senior Management ESOP Remuneration Policy for 2026, published on and effective from May 31, 2024.
- The ESOP applies to the employees specified in the Remuneration Policy. Pursuant to the Remuneration Policies, employees are eligible to the benefit if their legal relationship making them eligible to participate in the Remuneration Policies is in effect with the Company on the day of publication of the Company's Consolidated Financial Statement for the first half of 2026.
- The subject of the benefit is cash, the amount of which depends of the price of the Company's shares. The vested cash may be distributed if the performance condition is satisfied, after publication of the report for the first half of 2026.
- Employees are entitled to the maximum available benefit if the performance condition set out below is satisfied.
- Pursuant to the Remuneration Policy, the performance condition is satisfied if, according to the report published for the first half of 2026, the equity adjusted for other comprehensive income (OCI) and changes resulting from dividend payments and other equity transactions not affecting the net profit/loss exceeds the equity adjusted for other comprehensive income (OCI) published in the report for the first half of 2024 as comparative period.
- According to the Executive Remuneration Policies, the benefit may be reduced depending on the level of achievement of the EBITDA target for the financial years 2024 and 2025. The number of shares for participants will be reduced proportionately for 100% to 80% achievement, while it will be reduced to zero i.e. no benefit will be payable below an achievement level of 80%.
- Pursuant to the relevant remuneration policy, the **vesting period is the period between July 1, 2024 and June 30, 2026** for both programs.
- Early exercise of the option is not possible.

ESOP 2027 Senior Management, Watt, Szikra and General Employee Program

Chart of changes in share program obligation	ESOP Watt 2027	ESOP Szikra 2027	ESOP Senior Management 2027	ESOP 2027
	2025	2025	2025	2025
Stocks (No)				
Outstanding at the beginning of the period				-
Granted during the current period	-	-	-	-
Vested	6 550	14 757	58 563	63 145
Exercised during the current period	-	-	-	-
Expired during the current period	-	-	-	-
Forfeited during the current period	(2 020)	(2 358)	-	(7 453)
Outstanding at the end of the current period	4 530	12 399	58 563	55 692
of which:				
Available for exercise at the end of the current period				-
Value (HUF thousand)				
Outstanding at the beginning of the period				-
Granted during the current period	-	-	-	-
Vested	28 775	64 828	257 258	277 389
Exercised during the current period	-	-	-	-
Expired during the current period	-	-	-	-
Forfeited during the current period	(8 874)	(10 358)	-	(32 740)
Outstanding at the end of the current period	19 902	54 469	257 258	244 649
of which:				
Available for exercise at the end of the current period	-	-	-	-

Under the ESOP 2027 Senior Management, Watt, Szikra and General Employee Programs, costs recognized pro rata temporis were recorded as liabilities against profit/loss. The liability shown in the statement of financial position at the end of the period ending on December 31, 2025 does not contain any amount of vested rights to funds. The ESOP includes no share options, therefore disclosures applicable specifically to options are not relevant for such ESOPs. There were no expenses arising from share-based payment transactions where the goods and services received would have failed to satisfy the conditions of recognition as an asset.

Description of the share-based payment program of the Company

- Certain employees and executives of the Company receive share-based benefits starting from May 22, 2025 (granting date). The detailed rules of the Share Ownership Programs are set forth in the Company's ESOP General Remuneration Policy for 2027 and the Senior Management ESOP Remuneration Policy for 2027, published on and effective from April 17, 2025.
- The ESOP applies to the employees specified in the Remuneration Policy. Pursuant to the Remuneration Policies, employees are eligible for the benefit provided that, on the publication date of the Company's 2026 Consolidated Financial Statements, they have an employment relationship with the Company that entitles them to participate in the Remuneration Policies.
- The subject of the benefit is cash, the amount of which depends of the price of the Company's shares. The distribution of vested cash may take place following the publication of the report for the 2026 financial year, provided that the performance condition specified below is satisfied.
- Employees are entitled to the maximum available benefit if the performance condition set out below is satisfied.

- Pursuant to the Remuneration Policy, the performance condition is satisfied if, according to the report published for the 2026 financial year, the equity adjusted for other comprehensive income (OCI) and changes resulting from dividend payments and other equity transactions not affecting the net profit/loss, exceeds the equity adjusted for other comprehensive income (OCI) published in the report for the 2024 financial year as comparative period.
- According to the Senior Management, Watt and Szikra Remuneration Policies, the rate of the benefit may be reduced based on the achievement of the EBITDA target for the 2025 and 2026 financial years; for participants, the number of shares allocated is reduced proportionally in the event of 100-80% achievement, and for participants with less than 80% achievement, the number of shares is reduced to zero and no benefit is payable.
- Pursuant to the relevant remuneration policy, the **vesting period** is the period between **January 1, 2025** and **December 31, 2026** for all programs.
- Early exercise of the option is not possible.

IV.36 Financial liabilities, terms and changes

In the notes on each instrument, we present the interest rate conditions associated with the instrument.
Highly probable forecasted gas purchases in 2026 worth HUF (751,993) thousand, foreign exchange forward transactions in 2026 worth HUF (761,630) thousand, interest rate swaps in 2026 and beyond worth HUF 293,328 thousand.

The hedge reserve has the following movement in its balance:

Name	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening	**1 476 093**	**(2 389 024)**
Remeasurement in other comprehensive income	(1 111 150)	1 476 093
Transactions turned ineffective	-	-
Reclassification to the statement on profit or loss	(1 476 093)	2 389 024
Total	**(1 111 150)**	**1 476 093**
of which, derivative position recognized against OCI	*(1 221 043)*	*1 622 080*
of which, deferred tax recognized against OCI	*109 894*	*(145 987)*
Reclassification to income tax	(145 987)	236 277
Reclassification to financial expenses	498 210	(988 261)
Reclassification to other expenses	3 797	(43 227)
Reclassification to material expenses	609 712	(1 593 813)
Reclassification to the statement on profit or loss	**965 732**	**(2 389 024)**

- The amounts recognized in Other comprehensive income reflect the fair value of open transactions on the reporting date.
- The profitability of the transactions closed during the current period has been maintained.

- Profitable transactions recorded at opening value and closed during the current period have been reclassified to comprehensive income.

The effect of Other comprehensive income on the equity in 2025:

Other comprehensive income (after income tax)	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Remeasurement in other comprehensive income	(1 111 150)	1 476 093
Transactions turned ineffective	-	-
Reclassification to the statement on profit or loss	(1 476 093)	2 389 024
Of which the owner of the Parent Company is entitled to:	(2 587 243)	3 865 117
Of which the non-controlling interest is entitled to:	-	-

The Group evaluated its existing hedging positions; the balances of the various types as of reporting date are shown in the table below:

main exposures	Interest rate- BUBOR	Exchange rate – EUR/HUF	Price – gas price	Price – CO_2 quota	Total	Effect of deferred taxes	Total with deferred tax effect
Nature of the risks being hedged	Increase in the BUBOR rate	EUR/HUF rate increase	Rate of gas increase	Increase in CO_2 quota prices			
Description of hedging activity	Transactions to fix the interest rates	Future purchases	Purchasing products in the future	Purchasing products in the future			
Description of hedging item	Interest rate swap derivative	Forward deals	Asian swap deals, options	Forward deals			
at 12/31/2024	**498 210**	**221 514**	**898 559**	**3 797**	**1 622 080**	**(145 987)**	
De-recognition against net profit or loss	**(196 042)**	**(334 303)**	**(275 409)**	**(3 797)**	**(809 551)**	**72 860**	**(736 691)**
De-recognition due to revaluation	**(302 168)**	**112 789**	**(623 150)**	**-**	**(812 529)**	**73 128**	**(739 401)**
Revaluation of CF hedge positions	**293 328**	**(751 993)**	**(762 378)**	**-**	**(1 221 043)**	**109 894**	**(1 111 149)**
at 12/31/2025	**293 328**	**(751 993)**	**(762 378)**	**-**	**(1 221 043)**	**109 894**	
Value recognized against profit/loss in 2025:							**(2 587 242)**

Hedge positions at the reporting date including deferred tax total HUF 1,119,894 thousand and are recognized under Hedge reserve. See Section IV.20.3.

IV.37 Segments

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES									
12/31/2025 *data in HUF thousand*	**Heat and Electricity Production and**	**Renewables-based energy production**	**Energy services**	**Circular economy**	**Retail energy trade**	**Other segments**	**Total**	**Adjustments and eliminations**	**Consolidated total**
Revenue	**65 146 991**	**8 459 866**	**11 422 000**	**17 333 487**	**38 261 271**	**1 128**	**140 624 743**	**(17 161 547)**	**123 463 197**
of this: from within the Group	*11 661 067*	*4 957 329*	*2 734*	*320*	*540 096*	*-*	*17 161 547*	*(17 161 547)*	*-*
of this: from outside the Group	*53 485 924*	*3 502 537*	*11 419 265*	*17 333 167*	*37 721 175*	*1 128*	*123 463 197*		*123 463 197*
Material expenses	(49 770 483)	(2 394 977)	(7 837 825)	(9 647 857)	(33 424 983)	(2 556 580)	(105 632 706)	17 161 547	(88 471 159)
Personnel expenses	(2 774 400)	(681 206)	(3 087 012)	(5 132 491)	(208 512)	(5 009 003)	(16 892 623)	-	(16 892 623)
Other revenues and Other expenses	(4 348 066)	(215 688)	32 659	501 243	(85 585)	(34 576)	(4 150 013)	-	(4 150 013)
Capitalized value of own production	1 956 371	16 101	287 207	185 799	-	35 145	2 480 623	-	2 480 623
EBITDA*	**10 210 413**	**5 184 097**	**817 028**	**3 240 182**	**4 542 191**	**-7 563 886**	**16 430 025**	**-**	**16 430 025**

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES									
12/31/2024 ***data in HUF thousand***	**Heat and Electricity Production and**	**Renewables-based energy production**	**Energy services**	**Circular economy**	**Retail energy trade**	**Other segments**	**Total**	**Adjustments and eliminations**	**Consolidated total**
Revenue	**62 411 717**	**7 283 382**	**5 901 931**	**4 909 063**	**37 608 757**	**91**	**118 114 940**	**(12 726 102)**	**105 388 839**
of this: from within the Group	*8 426 468*	*3 556 693*	*2 313*	*300*	*740 327*	*-*	*12 726 102*	*(12 726 102)*	*-*
of this: from outside the Group	*53 985 248*	*3 726 689*	*5 899 618*	*4 908 763*	*36 868 430*	*91*	*105 388 839*	*-*	*105 388 839*
Material expenses	(39 802 175)	(2 158 940)	(2 925 295)	(2 314 437)	(33 036 220)	(2 159 586)	(82 396 653)	12 726 102	(69 670 551)
Personnel expenses	(2 263 309)	(504 121)	(2 762 950)	(1 083 547)	(182 974)	(4 024 801)	(10 821 703)	-	(10 821 703)
Other revenues and Other expenses	(6 312 716)	36 251	(69 065)	47 447	(198 928)	(65 148)	(6 562 159)	-	(6 562 159)
Capitalized value of own production	273 013	(973)	408 274	-	316	33 127	713 758	-	713 758
EBITDA*	**14 306 530**	**4 655 598**	**552 895**	**1 558 526**	**4 190 951**	**-6 216 317**	**19 048 184**	**-**	**19 048 184**

*See details in Section II.4.8.

In the current year, the Group recognized extraordinary depreciation in the amount of HUF 19,956 thousand in the Heat and Electricity Production segment, HUF 144,016 thousand in the Renewables-Based Energy Production segment, and HUF 210,964 thousand in the Circular Economy segment.

The performance and contents of the individual segments are presented in detail in Section 1.3 of the Annual Report. The Other segment contains administrative costs.

IV.38 Related party disclosures

Disclosures concerning key management personnel

Key management personnel of the entity and their close relatives within the meaning defined in the Civil Code qualify as related parties. The Group's management identified the following related parties for the period covered by the financial statements and in the comparative period.

For the presentation of the Board of Directors and the Supervisory Board, see the Business Report.

Executive Board

The Executive Board (EB) is part of the internal control structure of the Group. The members of this board make operative, financial and other decisions that are not in the jurisdiction of the Board of Directors. As a consequence, members of this board also qualify as related parties. The aforementioned members of the EB were employed by the Company during the period referred to above.

Members in 2025: Attila László Chikán, Domonkos Kovács, Zoltán Bodnár, Péter Luczay, Viktor Varga, Anita Simon, Magdolna Tokai, László Hegedűs

Remuneration paid to related parties (executive officers):

2025	Wages, commissions, benefits	Reimbursement of costs	ESOP benefits
Board of Directors	50 640	-	-
Supervisory Board	35 578	1 247	-
Executive Board non-BoD members	372 846	58 548	975 265
Total	**459 064**	**59 795**	**975 265**

Pursuant to an agreement concluded with executive officer László Hegedűs, an employer loan of HUF 50 million at market interest rates was disbursed in October 2025 with a 60-month term.

The Group has no doubtful receivables due from related parties; the detailed presentation of the ECL model applied to related receivables is included in Section IV.19.

As at December 31, 2025, the Group has outstanding receivables from Tisza-WTP Kft., an affiliated company included in consolidation as an asset, comprising HUF 51,390 thousand of VAT receivables and HUF 44,713 thousand of trade receivables. In its 2025 profit/loss, the Group recognized a revenue of HUF 1,109,208 thousand and an interest income of HUF 1,312 thousand.

No other transactions with related parties were disclosed by the Group in 2025.

According to the judgement of the management of the Group, transactions with related parties are transactions concluded under market terms, with market based pricing. There are no other securities attached to the transactions, which are settled in cash.

IV.39 Contingent liabilities, guarantees, commitments

Other than contingent liabilities arising from litigation, there are no liabilities which are not included in the Group's financial statements with their amounts for the reason that their existence depends on future events.

For certain products (electricity, gas), the suppliers of the energy trading division require guarantees as part of the normal course of business. In 2025, guarantees were provided by OTP Bank Nyrt. and ERSTE Bank Hungary Zrt., the banks used for funding the retail and wholesale trading business.

ERSTE Bank provides advance payment refund guarantees and performance bonds to clients in connection with its construction and installation contracts and power plant operation and maintenance contracts.

The following bank guarantees existed as at the reporting date.

Guarantee limits 12/31/2025	Bank	Guarantee and overdraft facility (HUF	Utilization rate (HUF thousand)
Alteo Energiakereskedő Zrt.	OTP	12 500 000	3 994 263
ALTEO Energiaszolgáltató Nyrt.	ERSTE (Cash Pool)	30 000 000	10 515 593
ALTEO Energiaszolgáltató Nyrt.	K&H	500 000	135 000
Alteo Circular Kft.	Raiffeisen Bank Zrt.	500 000	413 500
Total:			**15 058 356**

Issued guarantees by purpose:

Issued guarantees by purpose	HUF thousand
Related to energy trading activities	3 994 263
Related to energy production activities	5 270 080
Related to general contractor activities	3 633 122
Related to investments	622 013
Related to grants and subsidies	943 650
Related to waste management activities	413 500
Other purposes	181 728
Total	**15 058 356**

Alteo Nyrt., as the parent company of the Group, issues guarantees to secure the obligations of its subsidiaries:

Beneficiary	Subsidiary	Subject of guarantee	Amount (EUR)	Maturity
GANZ Transzformátor- és Vill. Forgógépgyártó Kft.	ALTEO-Depónia Kft.	Payment guarantee under supply contract	744 000	until the payment of contractual liabilities

The Group holds four quota pledges and one letter of comfort from a credit institution, all of which are related to Group-level credit facilities.

The following overdraft facilities are available to Group members:

Overdraft facility 12/31/2025	Bank	Amount HUF thousand	Utilization rate, HUF thousand
Alteo Energiakereskedő Zrt.	OTP	2 000 000	-
ALTEO Energiaszolgáltató Nyrt.	ERSTE (Cash Pool)	1 000 000	-
Alteo Circular Kft.	Raiffeisen Bank Zrt.	693 720	693 720

Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

The details of relationships with other banks that have no value in the financial statements are presented in Note IV.22.2 attached to these financial statements.

The Group has no unfulfilled liabilities relating to government assistance.

Economic relations subject to legal proceedings

See in detail in Section 1.16.10 of the Business Report

- *Litigation arising from negative clearance procedures in the legal dispute* between Sinergy Energiakereskedő Kft and CHP Energia Zrt. The Group has not identified any situation affecting its statement of financial position with respect to this case.
- *Legal dispute* between Alteo Energiakereskedő Zrt and DAB Pumps Hungary Kft *concerning the automatic renewal of contracts*. The Group has not identified any situation affecting its statement of financial position with respect to this case.

IV.40 Disclosures on financial instruments and fair value measurement

Derivative transactions, ESOP liabilities and investment units are measured by the Group at fair value. As of the reporting date, the Group has no financial instruments to be measured at fair value.

12/31/2025	Valuated at fair value through profit or loss	Valuated at fair value through other comprehensive income	Valuated at amortized purchase value	Carrying amount	Fair value
Assets:					
Long-term deposits, securities	1 468 605	-	2 552 904	4 021 509	4 021 509
Trade receivables	-	-	13 123 028	13 123 028	13 123 028
Other financial assets	-	302 937	1 132 285	1 435 222	1 435 222
Other receivables and accruals	-	-	8 290 994	8 290 994	8 290 994
Cash and cash equivalents	-	-	16 633 291	16 633 291	16 633 291
Total:	1 468 605	302 937	41 732 502	43 504 044	43 504 044
Liabilities:					
Debts on the issue of bonds	-	-	13 872 466	13 872 466	11 340 629
Loans and borrowings	-	-	48 628 214	48 628 214	49 168 161
Lease liabilities	-	-	6 499 564	6 499 564	6 499 564
Advances received	-	-	989 613	989 613	989 613
Trade payables	-	-	10 428 062	10 428 062	10 428 062
Other financial liabilities	-	1 523 980	-	1 523 980	1 523 980
Other long-term liabilities	581 361	-	701 084	1 282 445	1 282 445
Other short-term liabilities and accruals	1 034 131	-	20 999 089	22 033 220	22 033 220
Total:	1 615 492	1 523 980	102 118 092	105 257 564	103 265 674

12/31/2024	Valuated at fair value through profit or loss	Valuated at fair value through other comprehensive income	Valuated at amortized purchase value	Carrying amount
Assets:				
Long-term deposits, securities	-	-	1 367 031	1 367 031
Trade receivables	-	-	13 084 541	13 084 541
Other financial assets	-	1 622 080	1 759 887	3 381 967
Other receivables and accruals	-	-	8 181 142	8 181 142
Cash and cash equivalents	-	-	10 201 898	10 201 898
Total:	-	1 622 080	34 594 499	36 216 579
Liabilities:				
Debts on the issue of bonds	-	-	12 701 604	12 701 604
Loans and borrowings	-	-	9 287 178	9 287 178
Lease liabilities	-	-	3 204 060	3 204 060
Advances received	-	-	2 145 859	2 145 859
Trade payables	-	-	8 701 733	8 701 733
Other financial liabilities	-	-	-	-
Other long-term liabilities	524 182	-	182 115	706 297
Other short-term liabilities and accruals	2 105 068	-	15 077 582	17 182 650
Total:	2 629 250	-	51 300 131	53 929 381

The fair value of derivative transactions is HUF 302,937 thousand (previous year: HUF 1,622,080 thousand), while the fair value of liabilities is HUF 1,523,980 thousand (previous year: HUF 0 thousand). These are estimates built-up by experts from observable inputs and therefore they are on Level 2 of the fair value hierarchy.

Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

Name	12/31/2025	12/31/2024
Derivative assets (in hedge relationship)	-	1 123 871
Obligations from loan IRS Derivatives (for hedge)	302 937	498 210
Assets evaluated at fair value through profit and loss (FVTPL)	**302 937**	**1 622 081**
Liabilities from loan IRS Derivatives (for hedge)	-	-
Liabilities from derivatives (for hedge)	(1 523 980)	-
Liabilities evaluated at fair value through profit and loss (FVTPL)	**(1 523 980)**	**-**

Due dates of the financial instruments presented by maturity date:

Financial instruments		Maturity	
	within 1 year	2-5 years	more than 5 years
Assets:			
Long-term deposits, securities	-	4 021 509	-
Trade receivables	13 123 028	-	-
Other financial assets	1 435 222	-	-
Other receivables and accruals	8 290 994	-	-
Liabilities:			
Debts on the issue of bonds	422 343	980 000	12 470 123
Loans and borrowings	10 015 284	25 893 416	12 719 514
Lease liabilities	1 610 893	4 792 285	96 386
Advances received	989 613	-	-
Trade payables	10 428 062	-	-
Other long-term liabilities	-	879 575	402 870
Other short-term liabilities and accruals	18 991 247	-	-

The Group measures the fair value of assets and liabilities based on the table below:

12/31/2025	Level 1	Level 2	Level 3
Assets:			
Long-term deposits, securities	-	1 468 605	-
Derivative transactions	-	302 937	-
Total:	-	1 771 542	-
12/31/2025	**Level 1**	**Level 2**	**Level 3**
Liabilities:			
Derivative transactions	-	1 523 980	-
Liabilities under ESOP Programs	-	1 615 492	-
Total:	-	3 139 472	-

The above items include the value of Investment units and Derivative transactions as per reporting date, bond payables, fixed-interest credit facilities, as well as short-term and long-term liabilities related to the ESOP Programs.

The discount rate used to estimate fair value was based on the risk-free yield rates published by the Government Debt Management Agency (ÁKK) for the relevant maturities, plus a 2 percentage point premium representing the credit risk of the given financial instruments.

Disclosures regarding the risks associated with financial instruments can be found in Sections 1.18.3.31-1.18.3.38 of the Business Report.

V. OTHER INFORMATION

V.1 Disclosure of interests in other entities

The Group was not faced with any uncertainty and was not forced to make a complex decision when making a judgment about how to present its investments in its financial statements. With the exception of one entity, it can be concluded that the parent company has control over its holdings, since it can be seen that all of the criteria of control, operative daily tasks and exposure to variable return are fully and clearly satisfied. Where the Group does not control the entity, it is not consolidated but treated another way.

The Group has no associates, it does not participate in joint organizations and has no share in joint ventures.

The Group has to face no limitations concerning any of its entities that would influence access to net assets, the profit or the cash flow. The Group has no consolidated or not consolidated interests in which control is not established through voting rights or where voting rights are not for controlling relevant activities leading to control (structured entities). None of the members of the Group qualify as or have shares in an investment entity.

The Companies did not reach the indicator targets set out in the credit facility agreements of Euro-Green Energy Kft, Pannon Szélerőmű Kft., Alteo Circular Kft. and Alteo Circular Refining Kft. The Group provided the lending banks with complete and timely information regarding the data in this 2025 report. After detailed consultation with the bank, and notwithstanding a breach of covenant measured on the basis of data projections, the decisions of the bank should not affect the financial statements and no payment obligation should arise.

The equity disclosed in the financial statements of Aerope Holding Kft., Alte-Gas Kft., Alte-Go Kft., Mecséri Szélpark Kft. and Peregium Green Zrt. is not in line with the applicable provisions of the Civil Code and, therefore, the Management of the Group will provide for capital replenishment within the due date stipulated in the Civil Code.

V.2 Significant events after the reporting date

The following significant events occurred between the reporting date and the date of approval of the disclosure of the financial statements:

<u>Extension of heat supply contracts:</u> ALTEO-Therm Kft. and Ózdi Távhőtermelő és Szolgáltató Korlátolt Felelősségű Társaság (hereinafter: "Ózdi Távhő" for the purposes of this subsection) renewed their long-term heat supply contract signed on December 10, 2020, in effect until December 31, 2031, as well as other contracts related thereto. Pursuant to the newly signed contracts, in accordance with the terms and conditions therein, ALTEO-Therm Kft. will supply Ózdi Távhő with heat until December 31, 2040.

January 22, 2026: a quota sale and purchase agreement was concluded for the acquisition of the 100% stake in DEPO Kft. (hereinafter: "Transaction" for the purposes of this subsection) with Plant Industrial Engineering Korlátolt Felelősségű Társaság, as seller. As a result of the Transaction, ALTEO became the owner of the entire (100%) quota of DEPO Kft.

ALTEO concluded a cooperation agreement with SMEGSolar Kft., a member of STS Group, under which SMEGSolar Kft. implements electricity storage investments in co-location using RRF grant funding, in addition to the solar power plants owned by ALTEO's subsidiaries. SMEGSolar Kft. will install a 3MW vanadium-redox flow energy storage facility with a capacity of 10.8MWh next to ALTEO's solar power plant in Balatonberény, and an 18MW lithium-ion energy storage facility with a capacity of 73.2MWh next to the solar power plant in Tereske.

Extension of heat supply contracts: ALTEO-Therm Kft. and Heineken Hungária Sörgyárak Zártkörűen Működő Részvénytársaság (hereinafter: "Heineken" for the purposes of this subsection) renewed their long-term heat supply contract signed on December 12, 2017, in effect until December 31, 2025. According to the newly concluded contract (and under the terms therein), ALTEO-Therm Kft. will satisfy Heineken Soproni Sörgyár's steam and hot water needs until December 31, 2029.

Successful PICASSO accreditation: ALTEO successfully completed MAVIR's aFRR accreditation tests, thereby meeting the prerequisite for connecting to the PICASSO platform. As a result, starting from the date on which ALTEO joins the PICASSO platform, i.e. from October 1, 2026, it will be able to provide control service not only domestically, but also across national borders, covering virtually the entire continent.

Commissioning of an electricity storage facility in Győr: In February 2026, ALTEO commissioned its new electricity storage facility in Győr, with a capacity of nearly 100MWh, the largest industrial energy storage facility to date in Hungary. The energy storage facility accounts for about one-fifth of the total installed domestic storage capacity.

Changes in ALTEO Nyrt.'s Executive Board: After more than 13 years of successful collaboration, Péter Luczay left ALTEO Nyrt. on February 28, 2026, and will continue his work at a company specializing in the development of short-term, automated, real-time algorithmic production management systems, a firm in a strategic partnership with ALTEO. Since 2020, Péter Luczay has served as the Company's Deputy CEO for Production Management and Business Development, overseeing and managing ALTEO's production management business line, its business, product, and software development activities, its OT and IT departments, as well as the Company's investment projects. This change enables ALTEO to apply a more adaptive operating model, allowing the Company to focus even more on developing digital production management solutions and strengthening its competitiveness, an area in which

Péter Luczay has already played a key role as Deputy CEO. The new company, established independently of the Company, will operate in close partnership with the Company's competence center, ALTEO ARTEMIS, which will continue to be responsible for the Company's platform development and operating tasks. The new company will provide expertise and knowledge development in the fields of energy and algorithm development, which play a key role in the development of complex, robotized production management systems capable of making real-time decisions. Under the indefinite-term agreement between the Company and the new firm, in line with ALTEO's established practice, ALTEO acquires quasi-ownership of all new intellectual property (IP) created in the course of the collaboration, including, in particular, copyrights and related economic rights. ALTEO will retain ownership of the IP, and will operate the processes and systems developed within the framework of the collaboration. The joint work will also support ALTEO's business and strategic objectives, with a particular focus on further developing the Company's innovative solutions and digital capabilities, as well as achieving an even higher degree of automation and optimization.

<u>Commissioning of an electricity storage facility in Bana:</u> In March 2026, ALTEO commissioned its fifth electricity storage facility, with a capacity of 20 MWh, in Bana. The facility connects to the power grid at a common point with the Company's existing wind farm, exploiting the synergies between the two technologies. The investment project also increases the utilization rate of the existing network connection capacity.

<u>Changes in ALTEO Nyrt.'s Executive Board:</u> Effective from March 25, 2026, CEO Attila Chikán Jr. appointed Csaba Fekete as ALTEO's Deputy CEO for Production Management and Business Development, and in this capacity, Csaba Fekete also became a member of the Company's Executive Board.

Csaba Fekete joined ALTEO in 2021, where he initially served as Head of Business Development and later as Director of Business Development and Implementation. A professional with a degree in engineering, he has gained more than 25 years of experience in the energy sector at companies such as KPMG, FŐTÁV, and MVM, where he held middle and senior management positions primarily in project management, business development, and strategic roles.

As Deputy CEO, Csaba Fekete will be responsible for overseeing ALTEO's energy investment projects, as well as its production management, business development, and IT units.

<u>Dividend payment:</u> The Board of Directors proposes to the General Meeting the payment of no (0) dividend of (in the value of HUF 0 per share) in 2026. The dividend per own share is to be distributed among the shareholders entitled to dividends in proportion to the number of shares they hold.

Consolidated Financial Statements of ALTEO Nyrt. for 2025 Data in HUF thousand

V.3 The auditor, the audit fee and non-audit services

The Accounting Act requires the Group to prepare consolidated financial statements, which, in accordance with Section 155 (2) of that Act, is to be mandatorily reviewed by the auditor. The chosen auditor of the Company is **Authentic Audit Kft**. (chamber registration number: 004322), the person responsible for auditing is **Andrea Zsoldos-Horváth**, chamber membership number: 005428.

The audit fee for ALTEO Nyrt.'s standalone IFRS financial statements, consolidated IFRS financial statements, and consolidated sustainability report is HUF 40,006,300 + VAT. In the 2025 financial year, the Group used non-audit services for a total of HUF 0 provided by **Authentic Audit Kft.**, as the auditor engaged to perform the audit of the annual financial statement of the Company, and other companies within the network of the auditor with prior written consent from the Company's Audit Committee in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council.

V.4 Approval of the disclosure of the financial statements

The Group complies with the requirements of the European Securities and Markets Authority (ESMA) and from 1 January 2021 will publish its Annual Report in XHTML format and will prepare its Consolidated Financial Statements in XBRL format in accordance with the IFRSs as adopted by the European Union (EU) to ensure that the data are machine readable.

On April 2, 2026, the Board of Directors of the Group's parent company approved the disclosure of the financial statements in its current form.

Budapest, April 2, 2026

On behalf of ALTEO Nyrt.:

Attila László Chikán	**Zoltán Bodnár**
Chairman & CEO	Chief Financial Officer

Consolidated Annual Report

of ALTEO Nyrt.

for the Financial Year 2025

Published on: April 2, 2026

Annual Report of the ALTEO Group for 2025

Introduction

Pursuant to Act CXX of 2001 on the Capital Market (hereinafter: “**Capital Market Act**”), the Regulation of the Budapest Stock Exchange Ltd. on the Rules of Listing and Continued Trading (hereinafter: “**Regulation**”) and Decree No. 24/2008 (VIII.15.) of the Minister of Finance (hereinafter: “**MF Decree**”), ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (hereinafter: “**Company**” or “**ALTEO**”) has prepared and ***hereby publishes “The Management Report and Analysis” for the Fiscal Year 2025 on the consolidated annual profit and the consolidated Annual Financial Statements for the Fiscal Year 2025*** (hereinafter collectively: “**Annual Report**”; the Company and the consolidated entities specified in Section 1.14 of the Annual Report hereinafter: “**Subsidiaries**”; the Subsidiaries and the Company hereinafter collectively: “**Group**” or “**ALTEO Group**”).

The consolidated Annual Report of the Company have been prepared based on Annex 2 to the MF Decree, according to the requirements set forth in Act C of 2000 on Accounting, in accordance with the International Financial Reporting Standards published in the Official Journal of the European Union.

In view of the above, the Annual Report constitutes also **a business report under Act** C of 2000 on Accounting.

The Management Report section of this Annual Report qualifies as the report of the Board of Directors under the Civil Code of Hungary.

The data presented in the Company’s consolidated Annual Report for 2025 were verified by an independent auditor.

The 2025 Annual Report of ALTEO Nyrt. and its subsidiaries includes the following reporting systems:

- Consolidated Financial Statements
- Business report, included in this document, which includes the Sustainability Report
- Management report, included in this document
- Non-financial statements, included in this document
- Statements of the issuer

Consolidated Business Report,

Management Report and

Non-Financial Statements

of ALTEO Nyrt.
for the 2025 financial year

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1 The Management's report and analysis of business activities for 2025

Executive summary on events yielding significant results over the period

In 2025, ALTEO achieved significant growth in line with its strategy. The portfolio of non-current assets increased to HUF 105 billion by the end of 2025 from HUF 60 billion at the end of 2024. The major investment program includes, among other things, both the transaction of ÉLTEX Kft. closed on June 30, 2025, and the largest greenfield investment in ALTEO's history, as part of which it is developing an energy storage facility with a total capacity of a 70 MW, and the implementation of other growth-supporting investments.

The increase in assets is reflected in ALTEO's 2025 earnings capacity only to a limited extent; the mid-year results of capital expenditures completed or delivered during the year are reflected, and assets currently in the investment phase begin contributing to profitability starting in 2026. Despite this, ALTEO's revenue exceeded HUF 123 billion, representing a 17% increase compared to last year.

ALTEO's EBITDA fell from HUF 19.0 billion to HUF 16.4 billion compared to the exceptional year in 2024. The change is primarily due to unfavorable market developments and trends affecting the Heat and Electricity Production and Management segment. The range of available hedging options in the ancillary services market has narrowed significantly, and the balancing energy market has seen periodic, drastic price spikes due to weather fluctuations. This decline is offset by the stronger-than-previous-year performance of the other segments, as well as the pro-rata annual results of capital projects delivered during the year. Overall, the management considers the results of the segments and business lines for the current year to be successful.

Performance in key segments:

- The Renewable Electricity Production segment achieved a significant increase in profit, primarily attributable to the full-year 2025 results of the investments and acquisitions made in 2024. The performance of the comparable portfolio falls short of that of 2024, primarily due to a significant decline in wind volume observed in previous years. ALTEO identifies this as a one-time weather anomaly.

- Despite a decline in available specific margins, the Energy Retail segment achieved a significant 9% increase in EBITDA II, primarily due to the successful expansion of the portfolio.

- The growth of the Circular Economy segment is driven not only by the acquisition of ÉLTEX Kft., but also by the performance of the new DRS waste processing plant, which was commissioned in June 2025, and by the results achieved in the organic waste market.

- The profit of the Heat and Electricity Production and Management segment decreased primarily due to market effects. Market conditions have become less favorable in the market for ancillary services, with new capacities entering the market, and increased competition reducing the revenues that can be realized, especially compared to the very favorable market conditions of the previous years. In addition, scheduling variations due to weather fluctuations also cause system-wide surges in balancing energy demand, which can lead to unconventional prices, not only on the revenue side but also on the cost side. ALTEO responds to changing market conditions with efficiency-enhancing measures and by building a portfolio that enables it to serve new types of market demands as effectively as possible.

Net profit dropped from HUF 9.6 billion in 2024 to HUF 2.5 billion, due to a decline in EBITDA, higher depreciation resulting from an increase in asset portfolio, and interests on the corporate financing credit facility used to (partially) fund that growth.

ALTEO Group is committed to its high quality management, environmental management, information security, occupational health and safety, and energy management systems. The review audits for the IISO 9001, ISO 14001, ISO 27001 and ISO 45001 standards were successfully completed in Q4 of 2025, while we carried out renewal audits for the ISO 50001 and VCA/SCC standards. The internal audits planned for 2025 have been successfully completed.

Key events in 2025:

On January 09, 2025, ALTEO published its business strategy for the 2025-2030 period.

On February 6, 2025, ALTEO signed a credit facility agreement with MBH Bank Nyrt. and Gránit Bank Nyrt. Under the agreement, the financing parties grant ALTEO with a facility of up to HUF 40 billion for general corporate financing purposes. ALTEO intends to use the available facility to implement its strategy, to support its further growth and to optimize its financing structure.

On March 10, 2025, ALTEO established a new, independent organizational unit to support its regional expansion, which started its operations under the direct supervision of Deputy CEO Magdolna Tokai.

On April 17, 2025, ALTEO's Green Committee adopted a comprehensive biodiversity strategy. The 15-year strategy goes beyond site-related environmental activities: the Company is not only seeking to conserve and restore biodiversity in its own power plant areas, but is also planning proactive habitat restoration and water retention projects in areas further away from the power plants.

On April 28, 2025, the General Meeting adopted ALTEO's 2024 Annual Report, Corporate Governance Report and Remuneration Report. The General Meeting resolved that the Company would not pay dividend against 2024, and that the profit be allocated to retained earnings for the implementation of its long-term strategic goals. The General Meeting elected Attila László Chikán as a member of the Company's Board of Directors from April 30, 2025 until April 30, 2030.

On May 16, 2025, ALTEO executed own share transactions related to the 2025 ESOP Remuneration Policy launched under the Employee Share Ownership Program. The contract between ALTEO, as buyer, and the ALTEO ESOP Organization, as seller, was signed on this day for 290,780 ALTEO ordinary shares at a price of HUF 5,870.4 per share.

On May 20, 2025, ALTEO executed own share transactions related to the 2025 ESOP Szikra, WATT and Executive Remuneration Policies launched under the Employee Share Ownership Program. The contract between ALTEO, as buyer, and the ALTEO ESOP Organization, as seller, was signed on this day for a total of 211,060 ALTEO ordinary shares at a price of HUF 5,735.4 per share.

On May 28, 2025, Scope Ratings GmbH carried out an annual review of the Company's credit rating on its bonds issued under the Bond Funding for Growth Scheme, as a result of which the rating remained unchanged, ALTEO as issuer remained in the BBB- category with a stable outlook, and its short-term debt rating also remained unchanged.

On June 18, 2025, ALTEO inaugurated its state-of-the-art facility in Kőbánya for processing returned bottles and cans.

On June 20, 2025, ALTEO made a decision to subscribe HUF 15 billion in investment units in a newly launched private equity fund with an issued capital of HUF 50 billion. Gránit Alapkezelő Zrt. acts as the manager of the 15-year term Fund. The Fund will primarily focus on the promotion of renewables-based energy production, with investments mainly related to renewable energy, energy efficiency and decarbonization. ALTEO made an initial contribution of HUF 1.5 billion to the Fund.

On June 30, 2025, ALTEO acquired the 100% stake of ÉLTEX Kereskedelmi és Fuvarozó Kft., one of the leading Hungarian waste management companies, after the closing preconditions were met as set out in the sale and purchase contract signed on December 20, 2024 by ALTEO Nyrt. and Global Refuse Holding Zrt.

On June 30, 2025, ALTEO utilised HUF 26 billion from the corporate financing facility.

On July 16, 2025, ALTEO announced that the proceedings for a declaration of non-infringement opened in 2018 by Sinergy Energiakereskedő Kft. against CHP Energia Zrt. (as the new patent holder) have been concluded with a final and binding judgment issued, in which it was determined that the solutions used by Sinergy Energiakereskedő Kft. do not infringe on CHP's patents.

On July 24, 2025, ALTEO-Therm Kft. successfully completed its investment project to replace its former 3.2 MW Wärtsilä 220 SG gas engine at its Tiszaújváros site with a modern refurbished Jenbacher J620 engine.

On July 29, 2025, ALTEO updated its Green Financing Framework, which was developed and set up in 2023 and which needed to be updated due to recent regulatory changes in order to issue green bonds or take out green credit facilities linked to green objectives. Through its certified green financing framework and other related commitments, the Company continues to emphasize its sustainability efforts, which form an integral part of its strategy.

In a decision dated August 8, 2025, ALTEO's Board of Directors passed a decision to relocate the Company's registered office to H-1117 Budapest, Dombóvári út 25, effective from September 1, 2025.

On August 13, 2025, ALTEO announced further capacity expansions: a 6 MW gas engine delivered as part of a greenfield investment commenced operation in the Győr Industrial Park.

On September 11, 2025, ALTEO issued a press release announcing that it would establish two new automated DRS waste processing lines.

On October 15, 2025, ALTEO was again awarded silver rating in the EcoVadis 2025 sustainability assessment, placing it among the top 15% of companies assessed.

On October 16, 2025, ALTEO renewed its district heating production and supply contract with Sopron Holding, as well as other related agreements, until September 30, 2031.

On October 21, 2025, ALTEO acquired the 100% stake of Mecséri Szélpark Kft., which is a project company that owns a wind farm project and is currently in the early permit phase. Through the acquisition, ALTEO intends to further expand its portfolio of power plants utilizing renewable energy after obtaining the additional permits and the construction of the wind farm.

From December 1, 2025, ALTEO has been responsible for acting as the balancing group manager of MOL Group’s total domestic electricity consumption. As per the agreement, ALTEO also provides additional electricity trading services to the MOL Group’s Hungarian electricity supply and trading operations through its ARTEMIS platform, in addition to its balancing group manangement activities. ALTEO’s innovative solution is available not only to MOL, but also to all electricity producers, storage facilities and aggregators, thus the platform’s tools and advanced features can help all operators to efficiently optimize their energy management.

Events after the reporting date

On January 7, 2026, ALTEO issued a press release stating that arbitration proceedings were opened between ALTEO Energiakereskedő Zrt., a subsidiary of ALTEO, and one of its former users, before the Permanent Arbitration Court attached to the Hungarian Chamber of Commerce and Industry (HCCI) concerning the extension of the fixed-term electricity sale and purchase agreement. Following the ruling of the Permanent Arbitration Court, the plaintiff’s claim was dismissed, while the court upheld the counterclaim filed by ALTEO Energiakereskedő Zrt., and ordered the defendant to pay all litigation costs.

On January 22, 2026, ALTEO issued a press release announcing that ALTEO-Therm Kft. and Ózdi Távhőtermelő és Szolgáltató Kft. had renewed their long-term heat supply contract along with the related contracts. Pursuant to the newly signed contracts, ALTEO-Therm will provide its partner with thermal energy until December 31, 2040.

On January 22, 2026, ALTEO signed a quota sale and purchase agreement to acquire 100% of the stakes in DEPO Erőmű Kft. DEPO Kft. owns a 2 MW natural gas-fired gas engine, which was commissioned in the fall of 2025 at the company’s site in Törökbálint. With the conclusion of the transaction, ALTEO’s own gas-fired capacity increased to 73 MW.

On January 30, 2026, ALTEO issued a statement that SMEGSolar Kft. will implement electricity storage investment projects in colocation with solar power plants owned by ALTEO’s subsidiaries, using funding from the RRF grant program. As part of that long-term partnership, ALTEO will provide SMEG with access to the public grid, and the land necessary for installing the technology by leasing its own property and by granting access to a portion of leased land. In addition, ALTEO also provides aggregator and operator services to SMEG.

On February 10, 2026, ALTEO issued a statement announcing that ALTEO-Therm Kft. and Heineken Hungária Sörgyárak Zrt. had extended their long-term heat supply contract. According to the newly concluded contract, ALTEO-Therm Kft. will satisfy Heineken Soproni Sörgyár’s steam and hot water needs until December 31, 2029.

On February 20, 2026, ALTEO issued a statement that it has successfully completed MAVIR’s aFRR accreditation tests, thereby meeting the prerequisite for connecting to the PICASSO platform. As a result, starting on October 1, 2026, it will be able to provide control service not only domestically, but also across national borders, covering virtually the entire continent.

On February 26, 2026, ALTEO commissioned its new electricity storage facility in Győr, with a storage capacity of nearly 100 MWh, the largest industrial energy storage facility to date in Hungary. The energy storage facility that has just been commissioned accounts for about one-fifth of the total installed domestic storage capacity.

There were changes in ALTEO Nyrt.'s Executive Board on February 26, 2026. After more than 13 years of successful collaboration, Péter Luczay left ALTEO Nyrt. on February 28, 2026, and will continue his work at a company specializing in the development of short-term, automated, real-time algorithmic production management systems, a firm in a strategic partnership with ALTEO.

On March 17, 2026, ALTEO's 20 MWh electricity storage facility was commissioned in Bana. The storage facility connects to the power grid at a common point with the Company's existing wind farm, exploiting the synergies between the two technologies. The investment project also increases the utilization rate of the existing network connection capacity.

On March 25, 2026, CEO Attila Chikán Jr. appointed Csaba Fekete as ALTEO's Deputy CEO for Production Management and Business Development, and in this capacity, Csaba Fekete also became a member of the Company's Executive Board.

1.1 Executive summary of the operating profit or loss

The following section presents the analysis of the comparative data of ALTEO Group for the same period in 2024 and 2025.

Comprehensive income in the whole reporting period				
data in HUF million	12/31/2025 audited	12/31/2024 audited comparison	Change HUF million over previous year	Change % over previous year
Revenues	**123 463**	**105 389**	**18 074**	***17%***
Material expenses	(88 471)	(69 671)	(18 801)	*27%*
Personnel expenses	(16 893)	(10 822)	(6 071)	*56%*
Depreciation and amortization	(8 641)	(5 542)	(3 099)	*56%*
Other revenues, expenses	(4 150)	(6 562)	2 412	*(37%)*
Capitalized own production	2 481	714	1 767	*248%*
Impairment loss	-	-	-	*n.a.*
Operating profit or loss	**7 789**	**13 506**	**(5 717)**	***(42%)***
Net financial profit/loss	(2 469)	(534)	(1 935)	*362%*
Profit or loss before taxes	**5 319**	**12 972**	**(7 652)**	***(59%)***
Income tax expenses	(2 789)	(3 348)	558	*(17%)*
Net profit or loss	**2 530**	**9 624**	**(7 094)**	***(74%)***
Of which the owners of the Parent Compa	*2 526*	*9 624*	*(7 098)*	*(74%)*
Of which the minority interest is entitled t	*4*	*-*	*4*	*n.a.*
Base EPS (HUF/share)	**127,74**	**484,80**	**(357,06)**	***(74%)***
Diluted EPS (HUF/share)	**126,74**	**482,86**	**(356,12)**	***(74%)***
EBITDA*	**16 430**	**19 048**	**(2 618)**	***(14%)***
Consolidated Comprehensive Statement of Profit or Loss				
Net profit or loss	**2 530**	**9 624**	**(7 094)**	***(74%)***
Other comprehensive income (after income tax)	**(2 587)**	**3 865**	**(6 452)**	***(167%)***
Comprehensive income	**(57)**	**13 489**	**(13 546)**	***(100%)***

**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 finance income, income tax, depreciation, amortization and impairment have been removed).*

The Group's Revenues increased by **17%, from HUF 105 billion to HUF 123 billion**, as compared to 2024. Revenue was driven by the acquisition of ALTEO Circular Kft. (formerly ÉLTEX Kft.), as well as growth in the scheduling and retail portfolios, changes in global electricity prices, an increase in the annual average production capacity based on renewable energy sources, and MOL's project development activities in Algyő. This growth was offset by lower production volumes due to less favorable weather conditions compared to last year, as well as lower regulated heat prices.

Material expenses increased more dynamically than revenue. Correlations between revenue and material expenses are mainly, but not exclusively, attributable to the following economic effects.

- The exceptionally high balancing costs of Renewable Production Management (RPM), which were caused by significant price fluctuations in the balancing market.
- In the case of the Business and Project Development Division (BPDD), this was driven by the development of the MOL Algyő PV EPC project.
- The acquisition of ALTEO Circular Kft. (formerly ÉLTEX Kft.) contributed significantly to the increase in expenses in the Waste Management business line.

The 56% (HUF 6.1 billion) increase in **personnel expenses** is primarily due to the consolidation of ALTEO Circular Kft., which resulted in the workforce nearly doubling; in addition, costs recognized in connection with the share-based employee share ownership program, which provides incentives to key employees and managers, increased. In addition to the above, growth is also driven by wage increases in line with the market and the increase in staff headcount needed to support growth.

The 56% increase in **depreciation and amortization**, amounting to HUF 3.1 billion, was driven by planned and the successful commissioning of assets, as well as the asset fleet of ALTEO Circular Kft. (formerly ÉLTEX Kft.).

The consolidated balance of **Other revenues, expenses** showed an improvement of HUF 2.4 billion. This is mainly due to the elimination of the energy sector regulatory extra profit tax on revenues in the Heat and Electricity Production and Management segment, mitigated by the increase in the KÁT surcharge related to the RPM KÁT portfolio.

The HUF 1.8 billion year-on-year increase in **capitalized own production** is due to increased Company-implemented investment activities, mainly related to the ARTEMIS system developing complex digital production management.

ALTEO Group generated an operating profit of HUF 7.8 billion and an EBITDA of HUF 16.4 billion in 2025.

Net finance income decreased by HUF 1.9 billion compared to the base period. The active investment activity resulted in lower average annual cash holdings. Interest payments were higher than in the base period.

In 2025, ALTEO Group realized a profit of HUF 5.3 billion before taxes, 59% less than the 2024 profit before taxes.

Income tax expenses were HUF 0.6 billion lower than in the comparative period.

In 2025, the after-tax profit, i.e. net profit, of the Group was HUF 2.5 billion, representing a decrease of 74% over the comparative period.

1.2 Executive summary on comprehensive income

Other comprehensive income in the whole reporting period	12/31/2025 audited	12/31/2024 audited comparison	Change HUF million over previous year	Change % over previous year
Net profit or loss	**2 530**	**9 624**	**(7 094)**	***(74%)***
Other comprehensive income (after income tax)	**(2 587)**	**3 865**	**(6 452)**	***(167%)***
Comprehensive income	**(57)**	**13 489**	**(13 546)**	***(100%)***

The Group recognized the **cumulative effects** (including deferred tax) **of the end-of-period revaluation of hedges** under other comprehensive income, which showed a **total decrease of HUF 2.6 billion**. Transactions are recognized, depending on comprehensive income or transaction profit nature, against the balance sheet items of other financial assets or other financial liabilities.

The consolidated other **comprehensive income** was most impacted by the exchange rate change of the Hungarian forint and movements in global natural gas prices. The majority of the Group's annual heat sales agreements are concluded at a fixed and regulated price level, the effect of which, however, cannot be included in other comprehensive income in accordance with the IFRS rules due to the impossibility of predicting the sales volume. The management estimates that fluctuations in the price of assets in kind required for regulated heat energy sales are eliminated through hedges by the Group under normal market conditions.

The business mechanism of hedges applied by the Group is as follows:

- The Group adapts its **gas purchases** to its regulated heat energy sales pricing regime and, in certain cases, concluded forward contracts to manage **foreign exchange rate volatilities**.
- The Group entered into interest rate swaps on its outstanding project loans in line with its risk management policy. **With interest rate swaps**, the Group aims to manage the interest rate risk on project loans.
- The Group presents the tax effect of the forward contracts shown in the comprehensive income offset by a deferred corporate tax effect of 9%.

For accounting principles, see Section III.1. Critical accounting assumptions and estimates and Section IV.40 Disclosures on fair value measurement in the Consolidated Financial Statement of ALTEO Group.

1.3 Executive summary on the performance of the segments

In relation to segment information, we present the detailed description, analysis and comparison of the segments in question, by means of the **quantitative and qualitative information** of performance measurements within the segments.

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES

12/31/2025 *data in HUF million*	Heat and electricity production and management	Renewables-based energy production	Energy services	Circular Economy Management	Retail energy trade	Other segments	Administration costs	Items eliminated due to consolidation	Total
Revenue	**65 147**	**8 460**	**11 422**	**17 333**	**38 261**	**1**	**-**	**(17 162)**	**123 463**
Capitalized value of own productior	1 956	16	287	186	-	-	35	-	2 481
Material expenses	(49 770)	(2 395)	(7 838)	(9 648)	(33 425)	(814)	(1 742)	17 162	(88 471)
Personnel expenses	(2 774)	(681)	(3 087)	(5 132)	(209)	(2 473)	(2 536)	-	(16 893)
Other revenues and Other expenses	(4 348)	(216)	33	501	(86)	(30)	(4)	0	(4 150)
EBITDA*	**10 210**	**5 184**	**817**	**3 240**	**4 542**	**(3 316)**	**(4 247)**	**0**	**16 430**
	-	-	-	-	-	-			

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES

12/31/2024 *data in HUF million*	Heat and electricity production and management	Renewables-based energy production	Energy services	Circular Economy Management	Retail energy trade	Other segments	Administration costs	Items eliminated due to consolidation	Total
Revenue	**62 412**	**7 283**	**5 902**	**4 909**	**37 609**	**0**	**(0)**	**(12 726)**	**105 389**
Capitalized value of own productior	273	(1)	408	-	0	0	33	-	714
Material expenses	(39 802)	(2 159)	(2 925)	(2 314)	(33 036)	(982)	(1 178)	12 726	(69 671)
Personnel expenses	(2 263)	(504)	(2 763)	(1 084)	(183)	(1 764)	(2 261)	-	(10 822)
Other revenues and Other expenses	(6 313)	36	(69)	47	(199)	(45)	(20)	-	(6 562)
EBITDA*	**14 307**	**4 656**	**553**	**1 559**	**4 191**	**(2 790)**	**(3 426)**	**(0)**	**19 048**

* *For a definition of EBITDA, see Section 1.1 Executive summary of key operating results.*
The profit or loss obtained by distributing administrative costs among the segments is the profit category called EBITDA II, described in the following sections.

1.3.1 Heat and Electricity Production and Management segment

This segment includes the heat and electricity production activity from non-renewable sources, the Virtual Power Plant (energy management), as well as the Renewable Production Management (RPM) business line. The Virtual Power Plant is responsible for planning and managing the production of electricity and/or heat generation and storage facilities owned by the Group and by external partners connected to the Virtual Power Plant.

ALTEO **launched** a smart, comprehensive **scheduling service** involving moderate risk for partners with the help of the **Renewable Production Management** (RPM) business line which offers a solution to the challenges faced by renewable energy producers. The market responded well to the business model underlying the business line. By the end of 2025, it became a **major player** (~1,900 MW of scheduled capacity) in Hungary in terms of managed renewable installed capacity.

In the period under review, the segment sold heat energy not only to district heating suppliers but also to industrial customers, including Heineken Hungária. With respect to these contracts, ALTEO continued to provide a stable and predictable performance. The heat supply contracts with Sopron Holding have been renewed until 2031, with Ózdi Távhő until 2040, and with Heineken until 2029.

Heat and electricity production and management

data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**65 147**	**62 412**	**2 735**	**4%**
Capitalized own production	1 956	273	1 683	617%
Material expenses	(49 770)	(39 802)	(9 968)	25%
Personnel expenses	(2 774)	(2 263)	(511)	23%
Other revenues and Other expenses	(4 348)	(6 313)	1 965	(31%)
EBITDA*	**10 210**	**14 307**	**(4 096)**	**(29%)**
Allocated administrative expenses	(1 375)	(1 164)	(211)	18%
EBITDA II*	**8 836**	**13 143**	**(4 307)**	**(33%)**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II. Segment EBITDA may include intra-Group performance against other segments.*

The segment's EBITDA II was **HUF 4.3 billion (-33%)** down compared to the base period.

The increase in **revenue** compared to the base period is primarily attributable to the significantly expanded Renewable Production Management (RPM) portfolio, which produces for the free market. The increase in revenue resulting from RPM is offset by the following effects:

- A decrease in the regulated unit price of district heating sold to district heating providers, which resulted in a significant loss of revenue from heating charges. The rate of heat tariffs has no material impact on ALTEO's profitability.
- **In line with the change in the electricity market price environment**, the revenue in the segment also declined significantly in the capacity markets for ancillary services.
- In the balancing reserve market, the **Virtual Power Plant** observed that extreme price levels, at which the segment would have been able to achieve a level of coverage comparable to previous years using its available portfolio, occurred significantly less frequently than in previous years.

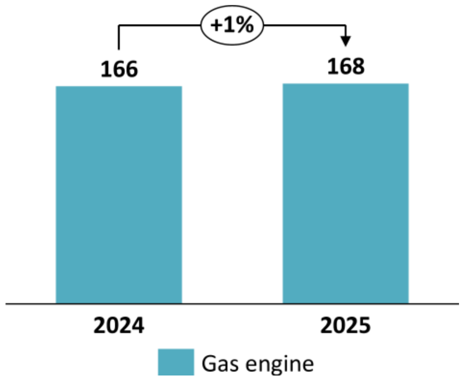
The increase in **material expenses** is primarily due to the impact of the expanded RPM free-market portfolio, which also contributed to the growth in revenue. Growth is moderated by lower gas costs due to the current market environment.

The decrease in **other revenues and other expenses** was due to improved scheduling accuracy in Renewable Production Management, the write-off of a liability that expired in December, and the elimination of the capacity tax as of January 2025.

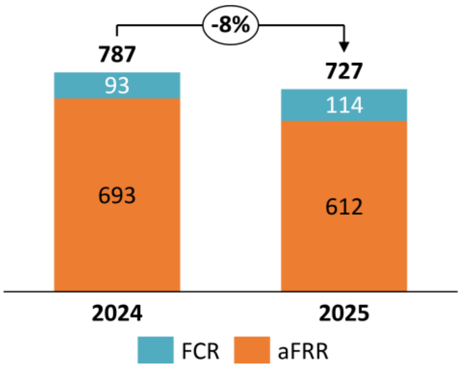
Presentation of the markets of the heat and electricity segment

The quantitative impact of structured electricity product sales on the segment's profit or loss

The volume of electricity production remained almost unchanged compared to the base period (+1%).



Self-produced electricity sold by the Virtual Power Plant in 2024 and 2025 (GWh)

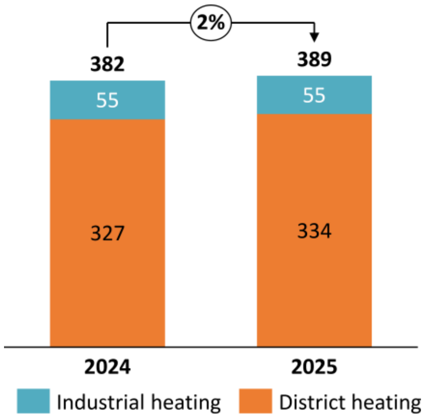


Electricity production capacities sold by the Virtual Power Plant in 2024 and 2025 (aFRR: GWh; FCR: GWh_{sym})

The volume of the balancing reserve capacity sold by the Virtual Power Plant decreased by 8%. The decline is primarily due to changes in the pricing environment of the capacity market and the smaller managed portfolio of external partners. The increase in FCR volumes is due mainly to the battery electricity storage facility in Győr, which was delivered in Q4 2024 and was thus available throughout 2025.

Impact of heat energy production (district and industrial heating) and sale on the segment's profit

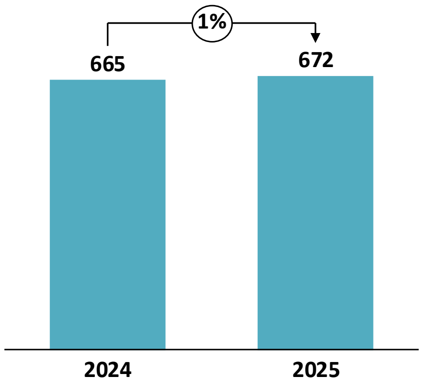
The **volume of heat energy** sold by the segment **increased by 2%** in the reporting period. The growth is the result of weather conditions. As a result of the hedging policy applied by the Group, the costs to cover the estimated energy for retail heat sales to final consumers are fixed, ensuring low volatility for hedging in this the subsegment.



Amount of heat sold by the segment in 2024 and 2025 (GWh)

Changes in the amount of natural gas used for electricity and heat energy production

The amount of natural gas used by the segment **increased by 1%**. The **growth** is consistent with the level of both heat and electricity production.

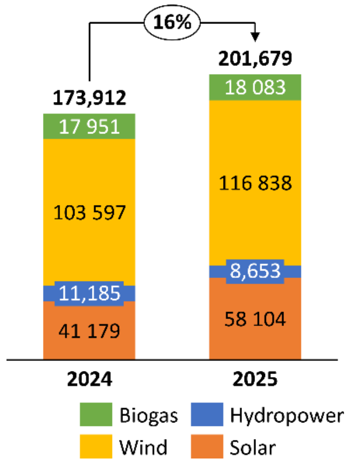


Amount of natural gas used by the segment in 2024 and 2025 (GWh_{GCV})

1.3.2 Renewables-Based Energy Production segment

Electricity production recognized in this segment comprises the profit/loss of all of ALTEO's power plants generating electricity from renewable sources (solar, wind, hydro, biogas). Some of the production units sell electricity under the KÁT subsidy system and under the KÁT premium and METÁR schemes, while others sell all of their electricity subject to market terms and conditions.

The **capacity** of ALTEO's power plant portfolio utilizing renewable sources of energy **exceeded 116 MW in 2025, and its production increased by 28,000 MWh (16%)** compared to the base period.



Quantities sold and their breakdown for 2024 and 2025 (MWh)

The changes in 2025 were caused in part by capacity expansions carried out during 2024 and in part by changes in sales contracts:

- The 20 MW solar power plant built near Tereske in 2024 and the 24 MW wind farm acquired in Q4 2024 contributed to ALTEO's EBITDA in 2025 with their full annual output.
- On July 31, 2025, the Pannon wind farm's contract under the KÁT subsidy system expired; and as of the second half of the year, it sells the electricity it produces under market conditions, just like other wind farms.

Renewables-based energy production				
data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**8 460**	**7 283**	**1 176**	**16%**
Capitalized own production	16	(1)	17	(1 755%)
Material expenses	(2 395)	(2 159)	(236)	11%
Personnel expenses	(681)	(504)	(177)	35%
Other revenues and Other expenses	(216)	36	(252)	(695%)
EBITDA*	**5 184**	**4 656**	**528**	**11%**
Allocated administrative expenses	(704)	(333)	(371)	111%
EBITDA II*	**4 480**	**4 323**	**157**	**4%**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II. Segment EBITDA may include intra-Group performance against other segments.*

The **EBITDA II** generated by the Group's electricity production plants selling electricity within the Renewables segment **increased by HUF 0.2 billion (4%)** compared to the base period.

There has been a change in the laws applicable to power plants operating in the Mandatory Offtake System (KÁT). Retroactively, from January 1, 2025 until the end of 2029, the inflation tracking of the feed-in tariffs applied has been suspended by decree, i.e. **the feed-in tariffs for electricity fed into the grid by industrial-scale solar power plants are fixed at the 2024 level** and will not change for the next four years, unless inflation exceeds 6%, in which case the price freeze will automatically be lifted. This currently only affects ALTEO's photovoltaic power plants.

Weather fluctuations in 2025 (calm weather and lower water yield due to drought) had a negative impact on the portfolio's energy production; however, production from the new power plants included in the consolidation offset that impact, resulting in a 16% increase in production volume.

The **increase in revenue** was primarily driven by higher volume compared to the base period.

The **increase in material and personnel expenses** was due to higher operating costs resulting from a larger portfolio, as well as higher repair costs compared to the previous year.

Other expenses include the reversal of a previously recognized penalty claim against the maintenance contractor of one of the wind farms in accordance with the principle of prudence. Negotiations regarding the penalty claim are ongoing.

1.3.3 Energy Services segment

The **Energy Services segment** includes **construction, power plant operation and maintenance services**, as well as **e-mobility activities**.

In this segment, ALTEO **provides complex engineering, project development and project management services** for energy investments and developments. In addition, **it also provides general contractor services** under individual orders and contracts.

The segment also plays an important role in supporting ALTEO's other business lines by **contributing its project management expertise to increase the company's production capacity**, helping to achieve its renewable and sustainable energy targets.

The **majority of the services provided by the business line** are used by **major Hungarian and international industry players** such as **MOL, BorsodChem, FŐTÁV, Heineken, Uniper, Slovnaft** and other major corporations. For these partners, **the stable and reliable operation of their energy infrastructure is of key importance**, and ALTEO's services play an essential role in their business.

The strategic cooperation with the MOL Group continued:

- A high inert content natural gas service will begin in the first half of 2026 for MOL Group in Csombárd.
- Project development for MOL's 37.5 MWp solar power plant in Algyő was launched in 2025 and is expected to be completed in Q2 2026.

ALTEO provides these clients with the necessary energy solutions within the framework of **construction projects** and **long-term, high added-value operation and maintenance contracts**. The services are based on excellent expertise and innovative technological solutions, that contribute to increasing the efficiency and sustainability of clients.

Energy services

data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**11 422**	**5 902**	**5 520**	**94%**
Capitalized own production	287	408	(121)	(30%)
Material expenses	(7 838)	(2 925)	(4 913)	168%
Personnel expenses	(3 087)	(2 763)	(324)	12%
Other revenues and Other expenses	33	(69)	102	(147%)
EBITDA*	**817**	**553**	**264**	**48%**
Allocated administrative expenses	(1 403)	(1 335)	(68)	5%
EBITDA II*	**(586)**	**(782)**	**196**	**(25%)**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II. Segment EBITDA may include intra-Group performance against other segments.*

The **Energy Services segment realized a negative EBITDA II of HUF 586 million** in 2025, which exceeds the 2024 figure. The largest increase in profit comes from the external projects (EPC) of the **Business and Project Development** business line.

The segment's negative EBITDA II result does not include the intra-Group added-value from construction projects. The majority of ALTEO's project development capacities in both 2024 and 2025 was used to the development of its own asset fleet. Outsourcing that expertise to a third party would result in an approximately 5% increase in the Group's investment costs.

The **Operation and Maintenance business line** generated **higher revenue** compared to the previous year, which was accompanied by a smaller increase in costs compared to 2024, resulting in a more profitable year for the business line. About one-third of the increase in revenue is attributable to a one-off settlement, while the majority stems from growth driven by O&M contracts, which ensure the business line's profitability throughout the entire term of the contracts.

The **Business and Project Development business line** continued the MOL Algyő external EPC project launched in 2024, in the course of which it more than quadrupled its revenue compared to last year, resulting in a profit of nearly HUF 400 million realized on the external (EPC) project in 2025. In addition, the business line also worked on more complex energy storage facility (RRF) construction projects requiring extensive planning and implementation, which boosted earnings through capitalized own production.

In 2025, the **Maintenance business line** performed fewer external maintenance jobs than in the previous year, resulting in lower earnings than in 2024.

As was expected, the **E-mobility** business line has no significant profit-generating capacity at present.

1.3.4 Circular Economy segment[1]

ALTEO's waste management business line is one of the Company's strategic business areas, carrying out waste management activities both under concession and non-concession arrangements.

Within the **organic waste stream**, the segment focuses on the trade of biogas feedstocks, primarily biodegradable agricultural and food industry products, while in the **inorganic waste stream**, it handles the collection and treatment of hazardous and non-hazardous industrial waste. In addition, as part of the segment, the Company also offers **complex waste management and treatment services** to third parties. The goal of these activities is to keep waste in circulation and to provide solutions that support sustainable, resource-efficient operations.

On June 30, ALTEO successfully completed the acquisition of ÉLTEX Kft. (ALTEO Circular Kft.) and its subsidiaries, thereby contributing to the return of even more valuable waste materials to the cycle. The integration, which started in July 2025, has identified significant potential in terms of trade in goods, complex services, new material flows, investments and cost optimization. An increase in integration and reorganization costs can be observed in the initial phase of the process.

Circular economy

data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**17 333**	**4 909**	**12 424**	**253%**
Capitalized own production	186	-	186	n.a.
Material expenses	(9 648)	(2 314)	(7 333)	317%
Personnel expenses	(5 132)	(1 084)	(4 049)	374%
Other revenues and Other expenses	501	47	454	956%
EBITDA*	**3 240**	**1 559**	**1 682**	**108%**
Allocated administrative expenses	(580)	(404)	(176)	44%
EBITDA II*	**2 660**	**1 155**	**1 505**	**130%**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II. Segment EBITDA may include intra-Group performance against other segments.*

In 2025, **MOHU MOL** Hulladékgazdálkodási Zrt. renewed its contract with ALTEO for the provision of concession services for an additional two years.

Within the framework of the concession, MOHU operates the **mandatory bottle deposit refund scheme (DRS)**, with ALTEO participating as a subcontractor in processing, thereby expanding its previous activities. In June 2025, the first **new DRS technology plant** was commissioned; instead of manual sorting, it operates using a highly automated production line.

The Company remains committed to its strategic goal of becoming a market leader in the field of circular economy by 2030.

[1] Previously Waste Management

The segment's EBITDA II increased by HUF 1.5 billion.

The financial statements show **a significant increase in size** compared to 2024, primarily due to the inclusion of ALTEO Circular Kft. in the scope of consolidation starting in the second half of the year. In addition to the acquisition, the results were positively influenced by the performance in the organic waste market and the contribution of new business activities. Despite these positive effects, performance growth was moderated by rising wages and costs in the industry.

Revenue rose significantly, by HUF 12.4 billion, or 253%, compared to the previous period. In addition to the acquisition, the new DRS bottle processing machine line, the new material streams, sales in the organic business line, and the utilization of the latter at ALTEO-owned power plants had a significant positive impact; however, this was somewhat offset by a decline in revenue from concession materials from outside MOHU DRS.

The increase in **material and personnel expenses** is primarily attributable to ALTEO Circular, the trading of organic waste streams and new inorganic waste streams, as well as costs associated with the new DRS bottle processing machine line. When those impacts are factored out, the figures show a rise in costs consistent with expectations and economic growth.

The increase in **capitalized own production** is attributable to the new DRS automated waste processing machines and ALTEO Circular's new smelter for extracting precious metals from electronic waste.

1.3.5 Energy retail segment

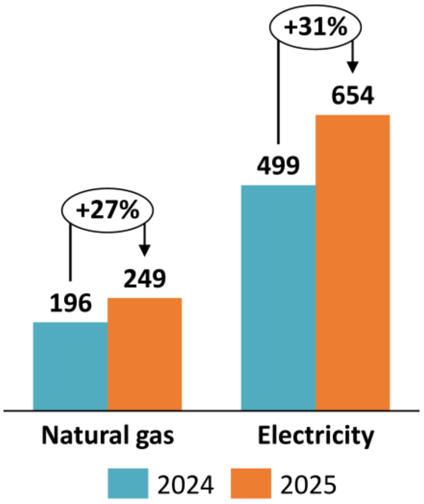
The Group's energy trading activity involves selling electricity and natural gas on the free market. The Group does not pursue any sales activities under universal service.

Retail energy trade				
data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**38 261**	**37 609**	**653**	**2%**
Capitalized own production	-	**0**	(0)	(100%)
Material expenses	(33 425)	(33 036)	(389)	1%
Personnel expenses	(209)	(183)	(26)	14%
Other revenues and Other expenses	(86)	(199)	113	(57%)
EBITDA*	**4 542**	**4 191**	**351**	**8%**
Allocated administrative expenses	(186)	(192)	5	(3%)
EBITDA II*	**4 356**	**3 999**	**357**	**9%**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II. Segment EBITDA may include intra-Group performance against other segments.*

In the energy retail segment, as the market normalized and competition intensified, available specific margins declined by more than 15% during 2025. To offset this, the business line achieved significant portfolio growth (a nearly 30% increase in volume) thanks to its outstanding sales performance. As a result, the business line managed to increase its profit by nearly 10% despite declining margins.

EBITDA II increased by **HUF 0.4 billion** compared to the previous year.



Changes in the amounts of natural gas and electricity sold in 2024 and 2025 (GWh)

The **volume of natural gas sold** increased from 196 GWh to 249 GWh (+27%), partly due to portfolio expansion, and partly to the colder winter weather than in the comparative period. While the average sales price has declined, the available specific margin has increased slightly due to higher margins from heating customers.

The **volume of electricity sold** increased from 499 GWh to 654 GWh (+31%), and the average sales price decreased in line with the drop in world market prices.

Revenue for the segment increased by HUF 0.7 billion; within this, revenue from natural gas trading rose by 4%, while revenue from the electricity trading business line decreased by 1%. The segment's **material expenses** mainly show the value of purchased and resold natural gas and electricity.

The profit from **other revenues and other expenses** improved significantly, as the accuracy of forecasts for the volume of contracted energy improved in 2025, thereby reducing the amount of penalties payable.

1.3.6 Other segments

The segment shows costs primarily related to strategic growth and stock exchange presence that are not linked to specific segments, but rather the future growth of the Group as a whole, and as such are not part of distributed administrative expenses.

Other segments				
data in HUF million	12/31/2025 audited	12/31/2024 audited	Change HUF million over previous year	Change % over previous year
Revenue	**1**	**0**	**1**	**417%**
Capitalized own production	-	0	(0)	(100%)
Material expenses	(814)	(982)	167	(17%)
Personnel expenses	(2 473)	(1 764)	(709)	40%
Other revenues and Other expenses	(30)	(45)	14	(32%)
EBITDA*	**(3 316)**	**(2 790)**	**(527)**	**19%**

**For a definition of EBITDA, see Section 1.1 Executive summary of key operating results. EBITDA II The segment-based distribution of the value presented in the tables as administrative cost is represented by EBITDA II.*

The profit or loss of the Group's "Other segment" is determined by the expenses related to the human resources necessary to perform the aforementioned functions and other material expenses.

The **decrease in material expenses** is mainly due to the drop in consultancy fees related to the appraisal of **investments and acquisitions**.

The **personnel expenses** of the segment were almost **HUF 0.7 billion higher** compared to the previous year, mainly attributable to the effect of the Employee Share Ownership Program (ESOP). ESOP programs include a share price contingent payment. Further cost increases are due to wage increases and staff headcount increases related to the growing size of the company.

The operational focus of an area primarily engaged in business development has shifted towards supporting long-term growth, with the result that **the area will be transferred to strategic functions from 2025,** ensuring closer alignment with long-term objectives. This accounts for nearly half of the difference between the two periods.

1.4 Executive summary on the Consolidated Statement of Financial Position

The Group's **closing balance sheet total was HUF 150 billion** as at December 31, 2025, an increase of HUF 51.4 billion, or 53%.

Key components in the statement of financial position and their changes

Consolidated Statement of Financial Position - Assets (Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	change %	diff. Value
Non-current assets		**104 772 978**	**60 205 130**	***74%***	44 567 848
Property, plant and equipment	9.	71 771 623	48 122 263	*49%*	23 649 360
Intangible assets and developments	9.	6 789 284	5 539 127	*23%*	1 250 157
Rights of use	9.	6 177 924	2 898 152	*113%*	3 279 772
Goodwill	9.	16 012 638	2 278 557	*0%*	13 734 081
Long-term deposits, securities	11.	4 021 509	1 367 031	*194%*	2 654 478
Current assets and assets held for sale		**44 783 204**	**37 858 398**	***18%***	**6 924 806**
Inventories	13.	2 208 696	1 299 529	*70%*	909 167
Trade receivables	14.	13 123 028	13 084 541	*0%*	38 487
Emission allowances	15.	1 553 037	1 586 718	*(2%)*	(33 681)
Other financial assets	16.	1 435 222	3 381 967	*(58%)*	(1 946 745)
Other receivables and accruals	17.	8 290 994	8 181 142	*1%*	109 852
Income tax receivables	7.	1 538 936	122 603	*1 155%*	1 416 333
Cash and cash equivalents	18.	16 633 291	10 201 898	*63%*	6 431 393
TOTAL ASSETS		**149 556 182**	**98 063 528**	***53%***	**51 492 654**

Note references *in the table refer to sections in Chapters IV and V of the ALTEO Group's 2025 IFRS statements.*

Non-current assets

The value of non-current assets increased by HUF 44.6 billion, driven by several significant investments and acquisitions.

In the period under review, capacity expansion and efficiency-enhancing projects with significant investment needs are underway, including energy storage projects, the DRS machinery line for the processing of waste subject to product charges, and a HUF 1.5 billion contribution made to the Andezit Private Equity Fund. The acquisition of ALTEO Circular Kft. (formerly ÉLTEX Kft.) also contributed significantly to the increase in non-current assets (in the form of acquired assets and goodwill).

See: Consolidated Financial Statements, Section IV.9

Current assets

The portfolio of current assets increased to HUF 44.8 billion, representing a HUF 6.9 billion (18%) rise compared to the 2024 closing value. The main factors behind the increase were the following:

Cash and cash equivalents

Cash and cash equivalents increased by HUF 6.4 billion compared to the closing balance of the previous period, primarily due to the positive impact of certain year-end working capital items on cash and cash equivalents.

For a detailed analysis of changes in the cash balance, see the Consolidated Statement of Cash Flows (see Section 1.5).

Other financial assets

Other financial assets decreased by HUF 1.9 billion compared to the base period, as the level of margin deposits and collaterals decreased due to falling energy prices. This contributed significantly to the decrease in other financial assets. The impact of hedges is presented in detail in the section on comprehensive statement of profit or loss (see Section 1.2).

Inventories

Inventories rose to HUF 2.2 billion as a result of the acquisition of ALTEO Circular Kft. (formerly ÉLTEX Kft.) and the purchase of parts for normal operations and maintenance projects.

Income tax receivables

The portfolio of income tax receivables increased by HUF 1.4 billion, due to higher corporate tax advances required as a result of the 2024 results.

Consolidated Statement Of Financial Position – Liabilities (Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	change %	diff. Value
Equity		**39 129 494**	**39 463 998**	***(1%)***	**(334 504)**
Equity attributable to the shareholders of the Parent Company		**39 235 381**	**39 463 998**	***(1%)***	**(228 617)**
Issued capital	20.1	246 103	249 140	*(1%)*	(3 037)
Share premium reserves	20.2	4 264 333	4 458 414	*(4%)*	(194 081)
Hedge reserve	20.4	(1 111 150)	1 476 093	*(175%)*	(2 587 243)
Retained earnings	20.5	35 836 095	33 280 351	*8%*	2 555 744
Non-controlling interest	20.6	(105 887)	-	*n/a*	(105 887)
Long-term liabilities		**63 127 399**	**27 885 512**	***126%***	**35 241 887**
Debts on the issue of bonds	21.	13 450 123	12 701 604	*6%*	748 519
Long-term loans and borrowings	22.	38 612 930	7 838 416	*393%*	30 774 514
Lease liabilities	23.	4 888 671	2 438 052	*101%*	2 450 619
Deferred tax liabilities	8.	1 168 585	933 556	*25%*	235 029
Provisions	24.	2 535 882	2 359 302	*7%*	176 580
Deferred income	25.	1 188 763	908 285	*31%*	280 478
Other long-term liabilities	26.	1 282 445	706 297	*82%*	576 148
Short-term liabilities		**47 299 289**	**30 714 018**	***54%***	**16 585 271**
Short-term bond payables	21.	422 343	-	*N/A*	422 343
Short-term loans and borrowings	22.	10 015 284	1 448 762	*591%*	8 566 522
Short-term lease liabilities	23.	1 610 893	766 008	*110%*	844 885
Advances received	27.	989 613	2 145 859	*(54%)*	(1 156 246)
Trade payables	28.	10 428 062	8 701 733	*20%*	1 726 329
Other financial liabilities	29.	1 523 980	-	*N/A*	1 523 980
Short-term provisions	24.	243 798	133 971	*N/A*	109 827
Other short-term liabilities and accruals	30.	22 033 220	17 182 650	*28%*	4 850 570
Income tax liabilities	7.	32 096	335 035	*(90%)*	(302 939)
TOTAL EQUITY and LIABILITIES		**149 556 182**	**98 063 528**	***53%***	**51 492 654**

Note references *in the table refer to sections in Chapters IV and V of the ALTEO Group's 2025 IFRS statements.*

Equity components

The Group's equity remained unchanged in 2025; its main components were the contribution from 2025 profits and the impact related to the ESOP Organization.

For detailed movements in equity, see Section 1.6.

The Group's **long-term liabilities** rose by HUF 35.2 billion, i.e. by 126%, compared to the base period. The increase is due to the following components:

Debts on the issue of bonds

The HUF 0.7 billion increase in the portfolio is attributable to the bonds issued by ALTEO Circular Kft. (formerly ÉLTEX Kft.).

Long-term loans and borrowings

The portfolio grew by HUF 30.8 billion, primarily due to the long-term portion of the corporate financing credit facility taken out, which helped finance the increase in non-current assets. This is offset by the credit facility repayments specified in contracts. See: 1.16.6.1 Credit facility agreement and utilization

Long-term finance lease liabilities

Liabilities related to rights of use increased by HUF 2.5 billion. The most significant components are the lease of the new office at Dombóvári út 25 and the lease revenue from the ARTEMIS Zrt. office.

Other long-term liabilities

As a result of the ESOP programs launched in 2025, it increased by HUF 0.6 billion.

Short-term liabilities increased by a total of **HUF 16.6 billion, i.e. by 54%,** compared to the 2024 closing value, driven by significant changes in the following items:

Short-term loans and borrowings

Short-term loans and borrowings increased by HUF 8.6 billion, mainly due to the short-term part of the utilized corporate financing credit facility.

Trade payables and Other short-term liabilities and accruals

The balance sheet lines show a HUF 6.6 billion increase compared to the base period, partly due to the subsequent invoicing of certain partners. Cash flows from trade receivables, other receivables, and accruals provide coverage for the increase in trade payables.

Advances received

The portfolio of advances received decreased by HUF 1.2 billion due to the settlement of advances related to the MOL Algyő project and the partial repayment of grant advances related to the financing of the RRF project.

Other financial liabilities

In the portfolio of other financial liabilities, the revaluation of hedging derivatives as of the reporting date resulted in a change of HUF 1.5 billion.

1.5 Consolidated Statement of Cash Flows for the 12-month-period ending on December 31, 2025

The Group closed 2025 with an **increase of HUF 6.6 billion in cash and cash equivalents**. The Group's business operations generated an increment of **HUF 18.1 billion**, while **HUF 44.2 billion** cash and cash equivalents were spent on investment **projects.** The Group's statement of cash flows is based on the indirect method up to cash flows from operating activities. Cash flows from investing activities and cash flows from financing activities are calculated using the direct method.

Cash flow (Negative values are denoted by parentheses)	Note	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Profit or loss before taxes		**5 319 390**	**12 971 567**
(Interest income) and interest expenses, net	6.	2 385 658	422 613
Depreciation and amortization of fixed assets and intangible assets	9.	8 641 256	5 542 189
Recognition (reversal) of impairment of current assets in profit or loss	4.	(352 216)	151 228
Provisions recognized (released)	24.	259 595	602 839
Deferred income increase (decrease)	25.	(91 708)	60 438
Net cash-flow of business activity without change in current assets		***16 161 975***	***19 750 874***
Change in inventories	13.	(32 246)	(371 648)
Changes in emission allowances	15.	33 681	(535 520)
Change in trade receivables, other receivables, accrued income and deferred charges	14.	5 506 102	(3 203 371)
Change in other financial assets	16.	1 390 843	1 763 994
Change in trade payables, other liabilities, accrued expenses and deferred income	28.	3 767 436	3 745 611
Financial settlement of particular ESOP liabilities	35.	(2 917 508)	(854 499)
Advances received (final settlement)	27.	(1 158 964)	2 116 578
Taxes paid	7.	(4 587 024)	(5 629 686)
Cash flow from business activities (use of funds)		**18 164 296**	**16 782 333**
Interests received on deposits and investments	6.	266 143	801 878
Government grants	25.	(363 278)	1 226 745
Purchase of production and other machinery, and intangible assets	9.	(22 995 477)	(14 412 106)
Acquisition of subsidiary (not including cash and cash equivalents)	32.	(18 492 051)	(5 871 732)
Revenue from the sale of production and other machinery, and intangible assets	9.	8 470	8 314
Repayment (lending) of long-term loans or deposits given	11.	(2 654 478)	(194 341)
Cash flow of investment activities (cash outflow)		**(44 230 671)**	**(18 441 242)**
Interest paid on bonds and loans	21., 6.	(2 008 475)	(1 274 356)
Long-term loans and borrowings received, financial liabilities assumed (repaid)	22.	36 726 903	(3 235 064)
Lease liabilities capital repayment	23.	(1 389 824)	(208 297)
Bonds repaid	21.	(490 000)	-
Acquisition of minority interest	20.6	-	(144 894)
Dividend payment	20.5	(197 119)	(7 728 075)
Cash flow from financing activities (cash outflow)		**32 641 484**	**(12 590 686)**
Changes in cash and cash equivalents		**6 575 109**	**(14 249 595)**
Opening cash and cash equivalents	18.	**10 201 898**	**24 345 080**
Exchange difference of cash and cash equivalents	18.	(143 716)	106 413
Closing cash and cash equivalents	18.	**16 633 291**	**10 201 898**

Note references *in the table refer to sections in* ***Chapters IV and V*** *of the ALTEO Group's 2025 IFRS statements.*

1.6 Consolidated statement of changes in equity for the 12-month-period ending on December 31, 2025

This table is **shown in HUF thousands**, in consideration of the presentability of the low-amount items in the capital structure.

Data in HUF thousand	Issued capital	Share premium reserves		Hedge reserve	Retained earnings	Equity attributable to the shareholders of the Parent Company	Non-controlling interest	Total equity
			Of which: Share premium reserve attributable to repurchased own shares					
Reference for the various notes	20.1	20.2	20.2	20.3	20.4		20.5	
January 1, 2024	**247 534**	**6 174 087**	**(1 885 811)**	**(2 389 024)**	**31 663 743**	**33 810 529**	**43 585**	**33 854 114**
Dividend payment (approval)	-	-	-	-	(7 972 590)	(7 972 590)	-	(7 972 590)
Aggregate capital impact of ESOP Programs	1 606	547 349	(351 836)	-	41 078	238 197	-	238 197
Involvement of minority interest	-	(25 374)	-	-	(75 935)	(101 309)	(43 585)	(144 894)
Aggregate amount of rounding difference	-	-	(1)	-	-	(1)	-	(1)
Comprehensive income	-	-	-	3 865 117	9 624 055	13 489 172	-	13 489 172
December 31, 2024	**249 140**	**6 696 062**	**(2 237 648)**	**1 476 093**	**33 280 351**	**39 463 998**	**-**	**39 463 998**
Aggregate capital impact of ESOP Programs	(3 037)	919 822	(1 113 903)	-	30 488	(166 630)	-	(166 630)
Capital impact of acquisition	-	-	-	-	(828)	(828)	-	(828)
Impact of minority interest on profit/loss	-	-	-	-	(4 256)	(4 256)	(105 887)	(110 143)
Comprehensive income	-	-	-	(2 587 243)	2 530 340	(56 903)	-	(56 903)
December 31, 2025	**246 103**	**7 615 884**	**(3 351 551)**	**(1 111 150)**	**35 836 095**	**39 235 381**	**(105 887)**	**39 129 494**

Note references *in the table refer to sections in* ***Chapters IV and V*** *of the ALTEO Group's 2025 IFRS statements.*

Statement of changes in equity in the period between 1/1/2025 – 12/31/2025

Consolidated capital impact of ESOP Programs: the inclusion of the ALTEO ESOP Organization in the consolidated financial statements and the economic events related to the Remuneration Policies of the ALTEO ESOP Organization as recognized in equity.

Other transactions related to other participations, acquisitions, and minority interests: The impact of the 2025 acquisitions on equity is recognized in equity.

Comprehensive income: Change resulting from comprehensive income for the 2025 period.

1.7 Other financial information

1.7.1 Standard disclosure obligations under IFRS 8 Operating segments

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES

12/31/2025 *data in HUF thousand*	Heat and Electricity Production and	Renewables-based energy production	Energy services	Circular economy	Retail energy trade	Other segments	Total	Adjustments and eliminations	Consolidated total
Revenue	**65 146 991**	**8 459 866**	**11 422 000**	**17 333 487**	**38 261 271**	**1 128**	**140 624 743**	**(17 161 547)**	**123 463 197**
of this: from within the Group	*11 661 067*	*4 957 329*	*2 734*	*320*	*540 096*	*-*	*17 161 547*	*(17 161 547)*	*-*
of this: from outside the Group	*53 485 924*	*3 502 537*	*11 419 265*	*17 333 167*	*37 721 175*	*1 128*	*123 463 197*		*123 463 197*
Material expenses	(49 770 483)	(2 394 977)	(7 837 825)	(9 647 857)	(33 424 983)	(2 556 580)	(105 632 706)	17 161 547	(88 471 159)
Personnel expenses	(2 774 400)	(681 206)	(3 087 012)	(5 132 491)	(208 512)	(5 009 003)	(16 892 623)	-	(16 892 623)
Other revenues and Other expenses	(4 348 066)	(215 688)	32 659	501 243	(85 585)	(34 576)	(4 150 013)	-	(4 150 013)
Capitalized value of own production	1 956 371	16 101	287 207	185 799	-	35 145	2 480 623	-	2 480 623
EBITDA*	**10 210 413**	**5 184 097**	**817 028**	**3 240 182**	**4 542 191**	**-7 563 886**	**16 430 025**	**-**	**16 430 025**

ALTEO GROUP MANAGEMENT STATEMENT – FINANCIAL STATEMENT BY ACTIVITIES

12/31/2024 ***data in HUF thousand***	Heat and Electricity Production and	Renewables-based energy production	Energy services	Circular economy	Retail energy trade	Other segments	Total	Adjustments and eliminations	Consolidated total
Revenue	**62 411 717**	**7 283 382**	**5 901 931**	**4 909 063**	**37 608 757**	**91**	**118 114 940**	**(12 726 102)**	**105 388 839**
of this: from within the Group	*8 426 468*	*3 556 693*	*2 313*	*300*	*740 327*	*-*	*12 726 102*	*(12 726 102)*	*-*
of this: from outside the Group	*53 985 248*	*3 726 689*	*5 899 618*	*4 908 763*	*36 868 430*	*91*	*105 388 839*	*-*	*105 388 839*
Material expenses	(39 802 175)	(2 158 940)	(2 925 295)	(2 314 437)	(33 036 220)	(2 159 586)	(82 396 653)	12 726 102	(69 670 551)
Personnel expenses	(2 263 309)	(504 121)	(2 762 950)	(1 083 547)	(182 974)	(4 024 801)	(10 821 703)	-	(10 821 703)
Other revenues and Other expenses	(6 312 716)	36 251	(69 065)	47 447	(198 928)	(65 148)	(6 562 159)	-	(6 562 159)
Capitalized value of own production	273 013	(973)	408 274	-	316	33 127	713 758	-	713 758
EBITDA*	**14 306 530**	**4 655 598**	**552 895**	**1 558 526**	**4 190 951**	**-6 216 317**	**19 048 184**	**-**	**19 048 184**

** For a definition of EBITDA, see Section 1.1 Executive summary of key operating profit or loss.headc*

The segment-related information provided to the Chief Decision Officer was made available and disclosed in Section **1.3** of this document – **Executive summary on the performance of the segments.** That section includes a description of the changes in the segmentation basis or the measurement basis of the segment result as compared to the data included in the latest annual financial statements.

The assets and liabilities of individual segments are not presented to the Chief Decision Officer; consequently, there is no content to be displayed as part of the statements.

The Group presents the key clients of each segment in accordance with the economic interests of the Group.

The aggregate “Totals” of segment data correspond to the descriptions and amounts stated in the consolidated interim statements of income presented in this document. “Items eliminated due to consolidation” represent the turnover between individual segments. Measures of the segment result: revenue, EBITDA (interoperable segment measures and financial indicators), kWh, MWh, GWh, natural measures (non-interoperable segment measures, non-financial indicators). Employee headcount describes the Group, rather than being a financial indicator.

1.7.2 The basis for the preparation of the financial statements

Disclosure by the Group is in compliance with the rules described in the “Introduction” part. Along with its financial reports, the Group ensures the appropriate availability of such disclosed data.

1.7.3 Accounting policies and changes to standards

The Group’s accounting policies are identical with those disclosed for the reporting date of 12/31/2024.

1.7.4 Uncertainty from estimates and disclosures on fair value measurement

The Company's management uses estimates in several areas when preparing its financial statements. Pursuant to the IFRSs, the Group is required to disclose its information on fair value measurement. These accounting estimates reflect the management's best and most up-to-date knowledge in all cases. The purpose of the accounting estimates is to generate the financial statements of the reporting period with the best possible information content available at the time of the reporting. Any changes in the values of estimates have an effect on the reporting period and the subsequent period, but they have no retroactive effect.

For details on Critical accounting assumptions and estimates, see Section III.1 of the Consolidated Financial Statements.

Material impacts of the above estimates affecting the report for the current period:

For the purposes of this report, the estimate for forward natural gas price transactions was prepared using the prevailing gas futures prices. Natural gas futures are TTF and VTP stock market prices quoted for the maturity date of the transaction. Public link: https://www.theice.com/products/27996665/Dutch-TTF-Gas-Futures/data?marketId=1660891&span=2

The revaluation of natural gas price hedging transactions had a material impact. Natural gas prices published on December 31, 2024 decreased significantly in 2025 (for example, at the reporting date of December 31, 2024, prices ranged from EUR 45.6-47.8/MW for the maturity in Q4 2025, but were actually between EUR 27.6-34.2/MW in Q4 2025. The price change exceeded 20%). Changes in the fair value measurement of hedging transactions are influenced by the changes in gas futures illustrated above.

The valuation of interest rate swaps resulted from the change in BUBOR. Public link: https://www.mnb.hu/monetaris-politika/penzpiaci-informaciok/referenciamutato-jegyzesi-bizottsag/bubor

The changes in both estimation procedures were recognized in other comprehensive income. In view of the dynamics of market prices and changes in the environment, additional future changes cannot be ruled out; consequently, changes in estimates may exert a material impact in the coming periods as well.

1.7.5 Seasonality, cyclicality, unusual activities

There are certain seasonal factors relating to its business to be aware of. Important factors relating to the interpretation of the periodical financial figures of ALTEO:

- the heating season (typically Q1 and Q4) is when a substantial portion of the revenue generated by the Group’s heating power plants is realized;
- the strong season for wind farms is Q1 and Q4;
- the strong production season for solar power plants is Q2 and Q3;
- the construction and installation activity of the Enterprise business line is adjusted to client needs based on individual orders and typically entails high-volume projects and accordingly, the comparability of individual periods is limited by the varying volume and type of orders in progress in the given period.

The production of the power plants listed above is described in detail in Section 1.3.

The Issuer did not identify any events in its activity that may have an impact on assets, liabilities, equity, net profit or loss or cash flows and can be deemed unusual due to their nature, amount or frequency.

1.7.6 Key intangible resources

As specified by ALTEO Nyrt. pursuant to the provisions of the Accounting Act, key intangible resources are **“power plant management logics and procedures”**, which are resources that do not take physical form, but are otherwise essential to the business model of ALTEO Nyrt.

- The continuous development of power plant management logics and procedures is the key to the success and value creation of the business process.
- In ALTEO Nyrt.'s business model, the ***ability*** of power plant management logics ***to continuously renew*** is a fundamental success criterion for future good decisions in the business model.
- The value creation process includes ***establishing the human and material environment for the continuous development*** of the logics, and integrating the increasingly broader operational and predicted operational data of the power plants into the enhanced management logic.
- The successful operation of the model is efficient if the existing logic is operated and developed simultaneously.
- ALTEO Nyrt. becomes capable and suitable to provide risk management services through power plant management logics.
- The capacity of key intangible assets is able to provide decision-making procedures for a client base with a large power plant portfolio. The customers of power plant management logic and process services are manufacturing and trading companies with low risk asset investment portfolios.

- The return on key resource development investments in power plant management logics and processes is based on enhancing the ever-increasing capacity for unified electricity cooperation. The legislator creates the need and urge to enforce the ability to cooperate while prescribing increasingly shorter decision-making times. Participants with different decision-making capacities, who are forced to cooperate in energy systems, must join together in an identical manner.
- The plant management logics and procedures model is intended to manage the diversity in plant values. The model provides a ready-made solution to the challenges market players are faced with.
- Solutions can be used by market players as services. Services are available at several levels. The full risk management process represents the highest level of service.

1.8 Headcount data for 2025

The Issuer's closing headcount as at December 31, 2025 was 1,263 employees. Its statistical headcount in 2025 was 1,225 employees on average.

1.9 EPS indicator

See: Consolidated Financial Statements, Section IV.34

1.10 Environmental factors

The environmental factors are presented in Section 1.18.

1.11 Non-financial report

Section 1.15 of this Annual Report presents major changes in the Group's structure, while Section 1.16 of the Annual Report addresses other major events.

1.12 The Company's details

The Company's name	**ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság**
The Company's abbreviated name	**ALTEO Nyrt.**
The Company's name in English	**ALTEO Energy Services Public Limited Company**
The Company's abbreviated name in English	**ALTEO Plc.**

The Company's registered office	**H-1117 Budapest, Dombóvári út 25**[2]
The Company's telephone number	**+36 1 236 8050**
The Company's central electronic mailing address	**info@alteo.hu**
The Company's web address	**www.alteo.hu**
The Company's place of registration,	**Budapest**
date of registration and	**April 28, 2008**
company registration number	**Cg.01-10-045985**
The Company's tax number	**14292615-4-44**
The Company's EU VAT number:	**HU17783893**
The Company's statistical code:	**14292615-7112-114-01**
Duration of the Company's operation	**indefinite**
The Company's legal form	**public limited company**
Governing law	**Hungarian**
The Company's share capital	**HUF 249,143,425**
Date of the effective Articles of Association	**August 12, 2025 (in effect from: August 6, 2025)**
The Company's core activity	**Engineering activities and related technical consultancy**
Financial year	**same as the calendar year**

[2] As of September 1, 2025

Place of publication of notices	**The Company discloses its notices regarding regulated information on its website https://investors.alteo.hu/, on the website of the BSE at www.bet.hu and on the www.kozzetetelek.mnb.hu website operated by the Central Bank of Hungary; furthermore, if specifically required by the applicable law, the notices of the Company are also published in the Company Gazette.**
ISIN code of the Shares	**HU0000155726**
Stock exchange listing	**19,931,474 shares of the Company have been listed on the BSE in Premium category.**
Other securities	**Bonds** **ALTEO NKP/2029: registered bonds with a fixed coupon rate, issued by private placement, having a face value of HUF 50,000,000 and 10 years maturity, total face value: HUF 8,600,000,000, listed on the BSE. ISIN code: HU0000359252** **ALTEO2031: registered bonds with a fixed coupon rate, issued by public offering, having a face value of HUF 50,000,000 and a maturity of 11 years, total face value: HUF 3,800,000,000, listed on the BSE. ISIN code: HU000036003**
The Company's Board of Directors	**Attila László Chikán, Chairman of the Board of Directors, CEO** **Dr. György Bacsa, Deputy Chairman of the Board of Directors** **Ágnes Bencsik, Member of the Board of Directors** **Álmos Mikesy, Member of the Board of Directors**

The Company's Supervisory Board	**Dr. Ákos Székely, Chairman of the Supervisory Board** **Péter Kaderják, Member of the Supervisory Board** **Márton Oláh, Member of the Supervisory Board**
The Company's Audit Committee	**Dr. Ákos Székely, Chairman of the Audit Committee** **Péter Kaderják, Member of the Audit Committee** **Márton Oláh, Member of the Audit Committee**
The Company's Executive Board	**Attila László Chikán, the Company's Chief Executive Officer** **Zoltán Bodnár, the Company's Chief Financial Officer** **Domonkos Kovács, the Company's Deputy CEO for M&A and Capital Markets** **Magdolna Tokai, the Company's Deputy CEO for International Relations and Corporate Support** **Anita Simon, the Company's Deputy CEO for Sustainability and Circular Economy** **Péter Luczay, the Company's Deputy CEO for Production Management and Business Development[3]** **Viktor Varga, the Company's Deputy CEO for Energy Production and Energy Supply** **László Hegedűs, the Company's Deputy CEO for Strategic HR and Communications**

[3] His employment terminated on February 28, 2026, and with it, his membership on the Executive Board.

The Company's Auditor	**The current auditor of the Company is Authentic Audit Korlátolt Felelősségű Társaság (registered office: H-1139 Budapest, Teve utca 24-28. B. lház. 8. em. 2., company registration number: 01-09-355573). The mandate of the auditor is for the period from April 19, 2024 until the date of adoption of the General Meeting's resolution on the report for the fiscal year ending on December 31, 2026 or until May 31, 2027, whichever occurs earlier. The auditor personally responsible for auditing the Company is Andrea Zsoldos-Horváth.**
Shareholders of the Company with a share exceeding 5%	**MOL RES Investments Zrt.** **Riverland Private Equity Fund** **Főnix Private Equity Fund**

1.13 Information on the ownership structure of the Company and voting rights

1.13.1 Rights and obligations related to shares

The Company is a company established under Hungarian law (governing law).

The Company was founded on April 28, 2008 as a private limited company for an indefinite period of time. The legal form was changed to public limited company as of September 6, 2010 and the Company was listed on the Budapest Stock Exchange. The ordinary shares issued belong to the same series and have the same rights. The rights related to the shares of the Company are set out in the Civil Code and in the Company's Articles of Association. The transferability of the shares is not restricted.

1.13.2 Limitation of voting rights related to the shares

Pursuant to Section 9.8 of the Company's Articles of Association, the shareholder or the holder of voting rights (hereinafter, for the purposes of this Section: "**shareholder**") is required, when notifying a change in their voting rights as defined in Section 61 of Act CXX of 2001 on the Capital Market ("**Capital Market Act**"), to submit a written statement to the Board of Directors concerning the composition of the shareholder group and the nature of the relationship between the members of such shareholder group, taking into account the relevant provisions of the Capital Market Act. Such notification obligation applies to shareholders only if there has been a change in the shareholder group since the publication of the previous notice. In the event of failure to provide notification or full notification regarding the composition of the shareholder group as required in the previous sentence, or where the acquisition of control is subject to a regulatory approval or acknowledgement, which the shareholder had failed to obtain, or if there is reason to assume that the shareholder has deceived the Board of Directors concerning the composition of the shareholder group, the voting right of the shareholder will be suspended by the decision of the Board of Directors at any time even after its entry into the share register, and may not be exercised until the above requirement has been fully satisfied. Furthermore, at the request of the Board of Directors, shareholders are required to promptly make a statement specifying who the ultimate beneficial owner with respect to the shares owned is. If the shareholder fails to act upon such request or if there is reason to assume that the shareholder has deceived the Board of Directors, the voting right of the shareholder is suspended and may not be exercised until the above requirements have been fully satisfied. For the purposes of this Section, "shareholder group" means, with respect to a particular shareholder, such shareholder and the persons specified in Section 61 of the Capital Market Act, whose voting rights related to their share must be regarded as the voting rights of the shareholder concerned. For the purposes of this Section, "beneficial owner" means the person specified in Section 3(38) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing.

Pursuant to Section 19(7) of the Act XVIII of 2005 on District Heating, Section 95(3) of the Act LXXXVI of 2007 on Electricity and Section 123(7) of the Act XL of 2008 on Natural Gas Supply, in the case of an event relevant in terms of company law or acquisition specified in these laws, in the absence of the prior decision on approval or the acknowledgement of the Hungarian Energy and Public Utility Regulatory Authority (the specific form of consent is governed by the given law, depending on the event relevant in terms of company law, the range of acquisition, and the nature of the license), the acquiring party shall not exercise any right against the Company in respect of its interest therein, except for the right to dividend, and shall not be entered in the share register.

1.13.3 Presentation of investors with a significant share

As at December 31, 2025, ALTEO is jointly owned by majority shareholders MOL RES Investments Zártkörűen Működő Részvénytársaság (registered office: H-1117 Budapest, Dombóvári út 28; company registration number: Cg.01-10-046154), Riverland Private Equity Fund (registered office: H-1026 Budapest, Pasaréti út 122-124; tax number: 19314961-2-41) and Főnix Private Equity Fund (registered office: H-1134 Budapest, Kassák Lajos utca 19-25; tax number: 19315357-2-41). (Neither Főnix Private Equity Fund, nor MOL RES Investments Zrt. or Riverland Private Equity Fund own, directly or indirectly, more than 25% of ALTEO on their own, however, their combined ownership share is 73.791%.)

Ownership structure of ALTEO based on the share register as at December 30, 2025:

Present shareholders of the Company based on the share register on 12/30/2025	Quantity (of shares)		Face value (HUF thousand)		Ownership ratio (%)	
	2025	2024	2025	2024	2025	2024
MOL RES Investments Zrt.	4 902 536	4 902 536	61 282	61 282	24,60%	24,60%
Riverland Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Főnix Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Board of Directors, Supervisory Board, and Executive Board members	352 065	380 071	4 401	4 751	1,77%	1,91%
Repurchased own shares	243 248	245	3 041	3	1,22%	0,00%
ALTEO ESOP Organization	700 384	943 387	8 755	11 792	3,51%	4,73%
Free float	3 928 171	3 900 164	49 102	48 752	19,71%	19,57%
TOTAL	**19 931 474**	**19 931 474**	**249 143**	**249 143**	**100,00%**	**100,00%**

The publicly issued shares of the Company are listed on the Budapest Stock Exchange; the closing exchange rate of the shares on the last trading day of 2025 (on December 30) was HUF 4,410, which is 9% higher than the same value in the last year (HUF 4,050). Annual turnover totaled at HUF 9.42 billion, up by 15% from 2024.

The number of shares held by the executive officers of ALTEO:

Number of shares held by the Board of Directors, the Executive Board and the Supervisory Board			
Board	Name	12/30/2025	12/30/2024
Board of Directors	Álmos Mikesy	-	-
	Dr. György Bacsa	-	-
	Ágnes Bencsik	-	-
	Attila László Chikán	208,443	208,443
Executive Board	Domonkos Kovács	108,296	108,296
	Péter Luczay	-	10,034
	Magdolna Tokai	-	-
	László Hegedűs	-	-
	Anita Simon	10,760	10,760
	Viktor Varga	1	7,018
	Zoltán Bodnár	9,373	20,328
Supervisory Board	Péter Kaderják	15,192	15,192
	Dr. Ákos Székely	-	-
	Márton Oláh	-	-

1.13.4 Powers of senior executives

The rules governing the appointment and removal of senior executives and the amendment of the Articles of Association are laid down in the Articles of Association of the Company and the Civil Code. The Articles of Association of the Company are available on the Company's website and other display points (www.investors.alteo.hu; www.bet.hu; www.kozzetetelek.hu).

The Board of Directors is the managing organ of the Company, and exercises its rights and duties as a body. The members of the Board of Directors are elected by the General Meeting for a definite term of up to five years. The members of the Supervisory Board and the Audit Committee are also elected by the General Meeting for a definite term of up to five years.

As a general rule, the amendment of the Articles of Association is within the competence of the General Meeting; however, in the context of decisions made pursuant to Section 13.5 of the Articles of Association, the Board of Directors has the powers to amend the Articles of Association in compliance with the relevant rules of the Civil Code.

Without specific authorization from the General Meeting, the Board of Directors may not make any decision on issuing shares.

In its Resolution No. 14/2025. (IV.28.), the General Meeting of the Company repealed its previous Resolution No. 17/2024. (IV.19.) on authorization, and authorized the Board of Directors to resolve on the increase of the share capital of the Company at its own discretion. Pursuant to such authorization, the Board of Directors may increase the share capital of the Company by up to HUF 250,000,000, calculated at the face value of the shares issued by the Company, in aggregate (authorized share capital) in the five-year period starting on April 28, 2025. The authorization applies to all cases and means of share capital increase set out in the Civil Code (the share capital may be increased from assets in excess of existing equity capital and/or by issuing new ordinary shares and/or any class of preference shares and/or convertible and/or mandatory convertible bonds, or any combination of these), as well as the restriction or exclusion of the exercise of preferential rights to the subscription or takeover of shares, the passing of resolutions on share capital increases otherwise within the competence of the General Meeting pursuant to the Civil Code and other laws and the Company's Articles of Association, and on any amendment to the Articles of Association necessitated by the share capital increase. This authorization to increase the share capital may be exercised several times during the above period up to the amount approved."

In connection with this resolution, the Company's General Meeting, by its Resolution No. 15/2025. (IV.28.), authorizes the Board of Directors to exclude the option to exercise preferential rights in connection with the issue of new shares at the same time as the increase of the Company's share capital by issuing new shares. In its Resolution No. 16/2025. (IV.28.), the General Meeting of the Company authorized the Board of Directors to appoint, at its own discretion, the persons entitled to receive the newly issued shares in connection with the increase (if any) of the Company's share capital.

In its Resolution No. 13/2025. (IV.28.), while repealing Resolution No. 16/2024. (IV.19.) of the General Meeting, the General Meeting of the Company authorized the Board of Directors for a period of 18 (eighteen) months starting on April 28, 2025, to adopt resolutions on the acquisition by the Company of shares of all types and classes and of any face value issued by the Company, and to enter into and perform such transactions for and on behalf of the Company or to engage a third party for the conclusion of such transactions. The number of shares that can be acquired based on this authorization shall not exceed the number of shares with a total face value of twenty-five percent of the share capital, and the total face value of own shares owned by the Company may not exceed this rate at any time. The own shares can be acquired for or without consideration, on the stock market and through public offering or – unless the possibility is excluded by the law – in over-the-counter trading. In case of the onerous acquisition of own shares, the minimum amount of the consideration payable for a share is HUF 1 (one Hungarian forint), and the maximum amount cannot exceed 150% of the turnover-weighted average price of ALTEO shares listed on the Budapest Stock Exchange of the 30 trading days preceding the transaction date. The authorization shall also cover share purchases by the Company's subsidiaries in such a way that the Company may authorize the management of any subsidiary of the Company by means of resolutions of the members or shareholders (resolutions adopted by the members' meeting or the general meeting) to acquire the shares issued by the Company according to a resolution adopted by the Board of Directors under the above authorization.

1.14 Presentation of companies involved in consolidation, actual activities

Subsidiaries mean the following companies (with influence and actual core activity indicated)

Name of Subsidiary 12/31/2025	Core activity[4]	Rate of influence		
		12/31/2025	6/30/2025	12/31/2024
Aerope Holding Kft.	electricity production using renewable sources	100%	100%	100%
ALTE-A Kft.	electricity production using renewable sources	100%	100%	100%
ALTE-GAS Kft.	supplementary service for land transport	100%	100%	100%
ALTE-GO Kft.	provision of e-mobility services	100%	100%	100%

[4] The core activity of the company in terms of sales revenue is shown as core activity.

Name of Subsidiary 12/31/2025	Core activity[4]	Rate of influence		
		12/31/2025	6/30/2025	12/31/2024
ALTEO Circular Kft.[5]	wholesale of waste and scrap, recycling	100%	100%	-
ALTEO Circular Refining Kft.[6]	precious metals production	66.67%	66.67%	.
ALTEO-Depónia Kft.	electricity production using renewable sources	100%	100%	100%
ALTEO Energiakereskedő Zrt.	electricity and gas trade	100%	100%	100%
ALTEO-Therm Kft.	electricity production using non-renewable sources	100%	100%	100%
ARTEMIS Technologies Zrt.	computer consultancy activities and operation of IT tools and systems	100%	100%	100%
Domaszék 2MW Kft.	electricity production using renewable sources	100%	100%	100%
EDELYN SOLAR Kft.	electricity production using renewable sources	100%	100%	100%
Energigas Kft.	electricity production using renewable sources	100%[6]	100%	100%
Energikum Zrt.	business and other management consultancy activities	100%	100%	100%
Energy Corp Hungary Kft.	other professional, scientific and technical activities n.e.c.	100%	100%	100%
EURO GREEN ENERGY Kft.	electricity production using renewable sources	100%	100%	100%
FE-GROUP INVEST Zrt.	wholesale of waste and scrap, recycling	100%	100%	100%
Mecséri Szélpark Kft.[7]	electricity production using renewable sources	100%	-	-
Monsolar Kft.	electricity production using renewable sources	100%	100%	100%
Mov-R H1 Szélerőmű Kft.[8]	electricity production using renewable sources	100%[9]	100%	100%
Pannon Szélerőmű Kft.	electricity production using renewable sources	100%	100%	100%
Peregium Green Zrt.[10]	manufacture of electronic components	70.4%	70.4%	-
Sinergy Energiakereskedő Kft.	electricity trading	100%	100%	100%
Sinergy Kft.	electricity production using renewable sources	100%	100%	100%
SUNTEO Kft.	electricity production using renewable sources	100%	100%	100%

[5] On June 30, 2025, ALTEO became the 100% owner of ALTEO Circular Kft. The company name of ÉLTEX Kft. has been changed to ALTEO Circular Kft. Date of change: 9/1/2025

[6]The influence is indirect, ALTEO's influence in ALTEO Circular Refining Kft. exists through ALTEO Circular Kft. The company name of ÉLTEX SR. HULLADÉKKEZELŐ ÉS FUVAROZÓ Kft. has been changed to ALTEO Circular Refining Kft. Date of change: 12/10/2025

[6]The influence is indirect, ALTEO's influence in Energigas Kft. exists through Energikum Zrt.

[8] On October 21, 2025, ALTEO became the 100% owner of Mecséri Kft.

[9] Indirect control, 1.5% of Mov-R H1 Szélerőmű Kft. is owned by ALTEO, and 98.5% by Energy Corp Hungary Kft., a wholly-owned subsidiary of ALTEO.

[10]The influence is indirect, ALTEO's influence in Peregium Green Zrt. exists through ALTEO Circular Kft.

1.15 Changes in the structure of the Group

1.15.1 Acquisition of sole ownership of ALTEO Circular Kft. (formerly ÉLTEX Kft.) and its subsidiaries

On December 20, 2024, ALTEO signed a quota sale and purchase agreement with Global Refuse Holding Zártkörűen Működő Részvénytársaság on the acquisition of 100% of the quota of ALTEO Circular Kft. (formerly ÉLTEX Kft.). On June 30, 2025, the conditions precedent to closing were met, and **ALTEO became the owner of entire quota (100%) of ALTEO Circular Kft.**

The core activities of ALTEO Circular Kft. include the treatment, transport and sorting of electronic waste and other hazardous and non-hazardous waste, and seeking out and exploring markets for recycled materials, which has made it one of the leading waste management companies in Hungary over the past decade. The acquisition will enable ALTEO's waste management business line to manage even more material streams and at the same time return even more valuable waste materials into the cycle. By concluding the acquisition, ALTEO has taken a significant step towards achieving its strategic goal of becoming the leading player in the domestic circular economy by 2030.

1.15.2 Acquisition of sole ownership of Mecséri Szélpark Kft.

On October 21, 2025, ALTEO exercised its option (right to purchase) under the share purchase agreement signed with Energia Csoport Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság, the sole owner of Mecséri Szélpark Korlátolt Felelősségű Társaság. As a result, as of October 21, 2025, **ALTEO** became the **100% owner of the business quota of Mecséri Szélpark Kft.**

Mecséri Szélpark Kft. is a project company that owns a wind farm project currently in the early permit phase. Through the acquisition, ALTEO intends to further expand its portfolio of power plants utilizing renewable energy after obtaining the additional permits and the construction of the wind farm.

1.16 Major events

This section is intended to describe other financial information and events with a financial impact that are either prescribed by the applicable accounting standards or deemed by the management to be material for shareholders.

Any material information that may have a significant impact on the activity of ALTEO Group – outside of ordinary day-to-day business operations – has been regularly disclosed by the Board of Directors continuously through the Company's official disclosure points.

1.16.1 The Company held its ordinary General Meeting on April 28, 2025, where the following resolutions were adopted:

a) The General Meeting **adopted** the Company's **Separate Annual Financial Statements** for 2024 prepared for the fiscal year ending on December 31, 2024 according to the International Financial Reporting Standards (IFRS) as proposed for approval by the Company's auditor (comprehensive income: HUF 8,680,722 thousand, total assets: HUF 64,849,764 thousand), its Business (Annual) Report, the Report of the Board of Directors, the relevant report of the auditor, as well as the Company's Sustainability Report for 2024.

b) The General Meeting **adopted** the Company's **Consolidated Annual Financial Statements** for 2024 prepared for the fiscal year ending on December 31, 2024 according to the International Financial Reporting Standards (IFRS) as proposed for approval by the Company's auditor (comprehensive income: HUF 13,489,172 thousand, total assets: HUF 98,063,528 thousand), its Business (Annual) Report, the Report of the Board of Directors, the relevant report of the auditor, as well as the Company's Consolidated Sustainability Report for 2024.

c) The General Meeting **adopted** the **Corporate Governance Report** relating to the Company's 2024 operations with the proposed content.

d) The General Meeting resolved that the Company **not pay dividend** against 2024, and that the profit not paid as dividend be reclassified to retained earnings.

e) The General Meeting **has given the discharge to the members of the Board of Directors** in accordance with Section 3:117 (1) of Act V of 2013 on the Civil Code, with the conditions described therein.

f) The General Meeting **elected Attila László Chikán as a member of the Company's Board of Directors** from April 30, 2025 until April 30, 2030. With regard to the remuneration, the General Meeting resolved that the mandate be carried out for the same remuneration, i.e. for HUF 1,220,000 gross per month, and in accordance with Resolution No. 11/2024 (IV. 19.) of the General Meeting. Such remuneration shall be adjusted annually in accordance with the rate of the minimum wage increase applicable for the fiscal year in question, by applying the rules of rounding to 5,000 to determine the specific value. The General Meeting authorized the Company to conclude a services agreement with Attila László Chikán.

g) The General Meeting **appointed Authentic Audit Korlátolt Felelősségű Társaság to audit the Company's Sustainability Reports** from April 28, 2025 until the date on which the resolution of the General Meeting on the report for the fiscal year ending on December 31, 2026 is adopted, but until no later than May 31, 2027. The General Meeting elected Andrea Zsoldos-Horváth as the person personally liable for the Company's audit. The General Meeting set the auditor's fee for the two years on the basis of the annual fee for the base period of 2025 (not including HCSO and company size indexation, which will be included in the contract with the auditor and, as such, the fee will be adjusted accordingly from 2025) in the total amount of HUF 18,000,000 + VAT for the audit of the Consolidated Sustainability Report and the total amount of HUF 15,000,000 + VAT for the audit of the Separate Sustainability Report. The General Meeting authorized the CEO to decide on the other conditions of the agreement, and to enter into a contract for professional services with the auditor.

h) The General Meeting **adopted** the **Remuneration Report** of the Company for 2024 by means of an advisory vote.

i) The General Meeting **approved** the extension of the scope of the 2026 ESOP General Remuneration Policy and the 2026 Senior Management Remuneration Policy to include Attila László Chikán, who is a member of the Board of Directors, and further approved, in an advisory vote, a **consolidated amendment of the Remuneration Policy**.

j) The General Meeting acknowledged and accepted the information provided on **transactions involving own shares** with the proposed content.

k) The General Meeting **decided** to extend the **authorization** given to the Board of Directors regarding **own share transactions** for eighteen months starting from April 28, 2025 with the proposed conditions.

l) The General Meeting **authorized** the Board of Directors to increase the **Company's share capital at its own discretion** by a maximum amount of HUF 250,000,000 (authorized share capital), calculated at the face value of the shares issued by the Company, during the five-year period starting on April 28, 2025.

m) The General Meeting **authorized** the Board of Directors to **exclude** – at same time as raising the Company's share capital by issuing new shares – **the possibility of exercising preferential rights in connection with the trading of shares**.

n) The General Meeting **authorized** the Board of Directors **to appoint the persons entitled to receive the newly issued shares in** connection with a possible increase of the share capital of the Company.

o) The General Meeting **adopted** the Company's **Articles of Association** in a consolidated structure with the amendments, with the proposed content.

1.16.2 Relocation of the registered office

Based on a resolution of the Board of Directors, the Company's registered office was relocated to 1117 Budapest, Dombóvári út 25. as of September 1, 2025. The Company's registered office is also the principal place of central administration and customer service office.

1.16.3 Events at the Company's subsidiaries relevant under company law in the period between January 1, 2025 and the date of publication of this Annual Report

Considering the number of its subsidiaries and the company law events affecting them, in this chapter the Company only addresses the major events of its subsidiaries relevant in terms of company law, thus in particular it will not cover decisions regarding changes in personnel, establishments and branches.

Moreover, this chapter does not include events that have already been presented in Section 1.15.

During the specified period, no events relevant under company law occurred at the Subsidiaries that required disclosure.

1.16.4 Securities issued by the Company and their credit rating, as well as stock tracking and company analyses

1.16.4.1 Own share transactions

In May 2025, ALTEO executed **own share transactions related to the implementation of the 2025 ESOP Remuneration Policy** launched under the ESOP. On the one hand, the transactions took place because the **remuneration condition** of the 2025 Remuneration Policy **was met**, meaning that the participating employees received remuneration, which was achieved by the ALTEO ESOP Organization converting the shares held by the participating employees in respect of their membership stakes into cash by selling the shares to ALTEO as founder, over the counter. As a result, on May 16, 2025, ALTEO as buyer signed over-the-counter share sale and purchase contracts with the ALTEO ESOP Organization as seller for **290,780 ALTEO ordinary shares** at a price of HUF 5,870.4 per share.

On the other hand, the own share transactions relate to the settlement – with regard to the 2025 ESOP Remuneration Policy – of the fate of the shares that were linked to the membership stakes of participating employees who – in particular due to the discontinuation/termination of their employment – were excluded from the 2025 Remuneration Policy or whose number of shares linked to their membership stake decreased due to the application of an adjustment. Pursuant to the 2025 Remuneration Policy, a total of **25,030 ALTEO ordinary shares** were attached to the previously not involved membership stakes thus transferred to ALTEO. These shares were sold in the same manner and at the same time as described in the previous paragraph.

Subsequently, also in May 2025, the Company **executed own share transactions** with the ALTEO ESOP Organization **in connection with the 2025 ESOP Szikra, WATT and Senior Management Remuneration Policies** (hereinafter: **Remuneration Policies**). In this context, on the one hand, own share transactions were carried out because the remuneration conditions in the Remuneration Policies were met, thus participating employees received remuneration in the form of cash conversion as described in the first paragraph of this Section. Thus, the ALTEO ESOP Organization sold the shares to ALTEO as founder in this case as well. As a result, on May 20, 2025, ALTEO as buyer signed over-the-counter share sale and purchase contracts with the ALTEO ESOP Organization as seller for **211,060 ALTEO ordinary shares** at a price of HUF 5,735.4 per share.

On the other hand, the own share transactions relate to the settlement – with regard to the Remuneration Policies – of the fate of the shares that were linked to the membership stakes of participating employees who – in particular due to the discontinuation/termination of their employment – were excluded from the Remuneration Policies or whose number of shares linked to their membership stake decreased due to the application of an adjustment. Pursuant to the Remuneration Policies, a total of **59,137 ALTEO ordinary shares** were attached to the previously not involved membership stakes thus transferred to ALTEO. These shares were sold in the same manner and at the same time as described in the previous paragraph.

In May 2025, the Company's Board of Directors adopted the **2027 ESOP General Remuneration Policy and the 2027 ESOP Szikra, Watt and Senior Management Remuneration Policies**, which are presented in more detail in Section 1.16.8.1. The number of shares required to launch these ESOPs (335,634 ALTEO common shares) were made available to the ALTEO ESOP Organization on May 22, 2025.

In its announcement published on July 2, 2025, the Company informed investors that it has carried out an own share transaction in connection with the **expansion of the 2026 ESOP General Remuneration Policy** adopted in 2024, with a view to the expansion of the scope of participants. As a result, **7,370 ALTEO ordinary shares** were transferred to the ALTEO ESOP Organization from the Company.

1.16.4.2 Annual review of the credit rating

Scope Ratings GmbH carried out an annual review of the Company's credit rating on its bonds issued under the Bond Funding for Growth Scheme announced by the MNB, as a result of which ALTEO's **rating remained unchanged,** ALTEO as issuer remained in the BBB- category with a stable outlook, and its short-term debt rating also remained S-2.

For the report of the credit rating agency, follow the links below:

https://scoperatings.com/ratings-and-research/rating/EN/178826#

1.16.4.3 Stock tracking

Kalliwoda Research GmbH updated its model on February 28, 2025 and December 5, 2025. It is available at:

https://kalliwoda.com/pdf/ALTEO_Nyrt_Dr_Kalliwoda_Research_Comprehensive_Update_2024_Q3.pdf

https://kalliwoda.com/pdf/ALTEO_Nyrt_Dr_Kalliwoda_Research_Comprehensive_Update_2025_Q3.pdf

1.16.4.4 Company analysis

Erste Befektetési Zrt. updated its model on January 7, 2025.

The analysis is available at the following link:

https://www.erstemarket.hu/files/ALTEO_CR_20250107.pdf

MBH Bank Nyrt. updated its model on September 3, 2025, and November 20, 2025; which analyses are available at the following link:

https://bet.hu/newkibdata/129330920/MBH%20Bank%20Nyrt.%20-%20ALTEO%20Nyrt.%20negyed%C3%A9ves%20elemz%C3%A9s%20-%202025.09.04..pdf

https://bet.hu/newkibdata/129353858/MBH%20Bank%20Nyrt.%20-%20ALTEO%20Nyrt.%20negyed%C3%A9ves%20elemz%C3%A9s%20-%202025.11.20.pdf

1.16.4.5 15 years on the BSE

ALTEO celebrated the 15th anniversary of its listing on the Budapest Stock Exchange. ALTEO listed its shares on the Budapest Stock Exchange in October 2010; it has been a member of the BSE's Prime Market since September 2018; and in 2021, it was included in the BUX index basket.

1.16.5 Strategy

1.16.5.1 Updated strategy

On January 9, 2025, ALTEO published its business strategy for 2025-2030, which is available at the following link:

https://bet.hu/newkibdata/129182148/ALTEO_Strategia_2030__20250109.pdf

1.16.5.2 Comprehensive biodiversity strategy

ALTEO’s Green Committee adopted a comprehensive biodiversity strategy. This 15-year strategy goes beyond site-related environmental activities: the Company is not only seeking to conserve and restore biodiversity within the grounds of its power plants, but is also planning proactive habitat restoration and water retention projects in areas away from the power plants.

1.16.6 Financing

1.16.6.1 Credit facility agreement and utilization

On February 6, 2025, ALTEO **signed a credit facility agreement with MBH Bank Nyrt.** as broker and first original creditor **and Gránit Bank Nyrt.** as second original creditor.

Under the agreement, the financing parties **grant ALTEO with a facility of up to HUF 40 billion** for general corporate financing purposes.

ALTEO uses the available facility to implement its strategy, to support its further growth and to optimize its financing structure.

Pursuant to the above credit facility agreement, a **HUF 26 billion loan was utilized** on June 30, 2025 to finance investments in line with ALTEO’s strategy. Subsequently, a loan of HUF 6 billion was utilized on October 28, 2025, and a further HUF 8 billion on December 29, 2025.

1.16.6.2 Update of the Green Financing Framework

In 2023, ALTEO has developed and set up its own Green Financing Framework, which needed to be updated due to recent regulatory changes in order to issue green bonds or take out green loans linked to green targets, if ALTEO considers it justified based on its financing needs.

Through its certified green financing framework and other related commitments, the Company continues to emphasize its sustainability efforts, which form an integral part of its strategy.

The Company has published the updated framework and the relevant rating on its website on July 29, 2025, which is available at the following link:

https://investors.alteo.hu/wp-content/uploads/2025/07/ALTEO_Zold-finanszirozasi-keretrendszer_20250722_signed.pdf

1.16.7 Major investment projects and contracts

1.16.7.1 DRS investment

On June 18, 2025, a new **waste processing machine line** with the most efficient sorting technology available in Hungary was delivered to the Kőbánya site of ALTEO subsidiary FE-GROUP INVEST Zrt., which will allow the Company to appropriately sort and treat more than 14 thousand tons of waste collected in the deposit refund system per year, multiplying the Company's existing waste processing capacity from the DRS.

1.16.7.2 Private equity fund investments

In June 2025, ALTEO informed investors that it intends to **subscribe HUF 15 billion in investment units** in the newly launched **Andezit Private Equity Fund** with an issued capital of HUF 50 billion, which aims to promote the dissemination of green energy and support carbon neutrality efforts. The Fund's objectives are closely aligned with ALTEO's long-term strategy, thus in the future ALTEO and the Fund can work together on joint acquisition and investment projects, including some of strategic importance.

The fund manager of the 15-year term fund is Gránit Fund Management Ltd. The Fund was established in June 2025, beginning with the subscription period, with ALTEO making an initial contribution of HUF 1.5 billion as a first step. The Central Bank of Hungary registered the fund in August 2025.

1.16.7.3 Gas engine replacement

ALTEO's subsidiary ALTEO-Therm Kft. successfully completed the investment project to **replace** its former 3.2 MW Wärtsilä 220 SG **gas engine** at its Tiszaújváros site with a modern, refurbished Jenbacher J620 engine.

The project not only involved the replacement of the gas engine, but also included mechanical, electrical and control technology updates to auxiliary plant systems. As part of the investment project, a new tray cooling unit was also installed, which ensures that the gas engine is available without output limitation even on extremely hot summer days. As a result of the investment, the efficiency of the Tiszaújváros heating power plant has been significantly improved, while the compact equipment installed ensures easier handling. The modernization is also expected to reduce maintenance costs, as the new Jenbacher gas engine has easier access to and better supply of spare parts. The new gas engine is not only more reliable, but also has better control characteristics. Due to its better load gradient, the control capabilities of the system have also improved, which is an advantage for ALTEO's Virtual Power Plant in providing system balancing services.

1.16.7.4 Capacity expansion in Győr

ALTEO implemented another capacity expansion, with a 6MW **gas engine** starting operation at the Győr Industrial Park. The project was delivered by ALTEO as general contractor as part of a greenfield investment. This joint project including the previously commissioned 8MW/16MWh battery energy storage system (BESS) holds further development potential, given the open space next to the power plant building, the proximity of the industrial park, and the usable thermal power of the gas engine.

1.16.7.5 Installation of two new automated waste processing lines

ALTEO Group will triple its DRS waste processing capacity with **two new automated production lines**, which are expected to be commissioned in the first quarter of 2026. Thanks to these two new investment projects, a significant portion of the metal beverage cans and PET bottle waste generated by the mandatory deposit refund scheme in Eastern Hungary and the Budapest region will be managed by FE-GROUP INVEST Zrt., a subsidiary of ALTEO. The investments will be implemented at the Kistarcsa and Hajdúhadház sites.

1.16.7.6 Renewal of the district heating production and supply contract

ALTEO-Therm Kft., operated by ALTEO as a sole quotaholder, and Sopron Holding Vagyonkezelő Zártkörűen Működő Részvénytársaság have **renewed** their **district heating production and supply contract**, concluded on August 30, 2016 and in effect until September 30, 2025, as well as other related agreements. Pursuant to the newly signed contracts, in accordance with the terms and conditions therein, **ALTEO-Therm Kft. will supply district heating to Sopron Holding Vagyonkezelő Zártkörűen Működő Részvénytársaság until September 30, 2031.**

1.16.7.7 Performing MOL balancing group manager tasks

ALTEO has been responsible for performing the balancing group manager tasks related to MOL Group’s total domestic electricity consumption since December 1, 2025. ALTEO provides this service through its proprietary balancing group management and trading platform. As per the agreement, in addition to its balancing group manager activities, ALTEO also provides additional electricity trading services to the MOL Group’s Hungarian electricity supply and trading operations through its ARTEMIS platform, which have an annual volume of approximately 2,000 GWh.

This collaboration opens up a new dimension: in the future, the platform will also support the management of solar power plants and energy storage facilities to be delivered by MOL. ALTEO’s innovative solution is available not only to MOL, but also to all electricity producers, storage facilities and aggregators, thus the tools and advanced features of the platform can help all operators to efficiently optimize their energy management.

1.16.8 Remuneration and creation of a new organizational unit

1.16.8.1 ALTEO ESOP Remuneration Policies

As specified in Section 1.16.3.1, the 2025 Remuneration Policy and the 2025 ESOP Szikra, Watt and Senior Management Remuneration Policies (hereinafter collectively: **Remuneration Policies**) expired in May 2025 and participating employees received remuneration.

As the Company has informed its investors in recent years, ALTEO’s fundamental goal is to promote the future improvement of the Company’s business performance based on innovation. In this context, it is in the Company’s interest to improve the performance and enhance the loyalty of its employees by giving them a share in the success of the Company. With respect to this, in May 2025 the Company’s Board of Directors adopted the **2027 ESOP General Remuneration Policy** and the **2027 ESOP Szikra, Watt and Senior Management Remuneration Policies**.

1.16.8.2 The establishment of a new organizational unit

In March 2025, ALTEO set up a standalone organizational unit under the name **International Relations**, to support the achievement of its regional growth objectives. The new organizational unit is responsible for strengthening and coordinating the Company's international relations and supporting the departments in the implementation of regional expansion plans. The new organizational unit started its operations under the direct supervision of Deputy CEO Magdolna Tokai.

1.16.9 Sustainability awards and certifications

ALTEO **was again awarded silver rating** in the EcoVadis 2025 sustainability assessment, placing it among the top 15% of companies assessed. Unlike traditional ESG certifiers, EcoVadis assesses companies' performance not only in terms of environmental activity, labor and human rights, and ethical performance, but also takes sustainable procurement practices into account. Compared to the 2024 assessment, ALTEO has made significant progress in this very area, thanks to the completion and publication of the company's sustainable procurement policy.

1.16.10 Litigation

1.16.10.1 Conclusion of litigation proceedings – automatic contract renewal

Arbitration proceedings were opened in March 2025 between ALTEO Energiakereskedő Zrt., a subsidiary of ALTEO, and its former user DAB Pumps Hungary Kft., before the Permanent Arbitration Court attached to the Hungarian Chamber of Commerce and Industry (HCCI) concerning the renewal of the fixed-term electricity sale and purchase agreement, for the payment of a principal claim of EUR 433,000 and the incidentals thereof.

In he course of the proceedings, ALTEO Energiakereskedő Zrt. submitted a counterclaim for the payment of an amount of approximately EUR 224,000 on the grounds of underconsumption under the existing contract.

Following the ruling of the Permanent Arbitration Court, the **claim of the plaintiff DAB Pumps Hungary Kft. was dismissed, while the court upheld the counterclaim** filed by ALTEO Energiakereskedő Zrt. and ordered DAB Pumps Hungary Kft. to pay all litigation costs.

1.16.10.2 Conclusion of litigation proceedings – patent

There has been an ongoing dispute between Sinergy Energiakereskedő Kft. and CHP Energia Zrt. (post-succession patent holder instead of VPP Magyarország Zrt.) since 2018. The proceedings are based on the fact that Sinergy Energiakereskedő Kft. claims that the six control procedures it uses in total in the course of operating the Virtual Power Plant are not in violation of the patent *"Decentralized energy production system, control tool and procedure, controlling the energy production of the system"* registered for VPP Magyarország Zrt. as holder under number E031332.

The Hungarian Intellectual Property Office approved the negative clearance claims submitted by Sinergy Energiakereskedő Kft., and found that the solution in question does not infringe the patent, but CHP Energia Zrt. filed a request for a change of the decisions.

The decisions of the Hungarian Intellectual Property Office were upheld by both the Budapest-Capital Regional Court in 2024 in the first instance and the Budapest-Capital Regional Court of Appeal in 2025 in the second instance.

The decisions of the Budapest-Capital Regional Court of Appeal represent a final ruling that the solutions applied by Sinergy Energiakereskedő Kft. do not infringe on CHP Energia Zrt.'s patent in question.

1.17 Events after the period not reflected in the end-of-the-year statements

1.17.1 Extension of heat supply contracts

ALTEO-Therm Kft. and Ózdi Távhőtermelő és Szolgáltató Korlátolt Felelősségű Társaság (hereinafter: **"Ózdi Távhő"** for the purposes of this subsection) **renewed their long-term heat supply contract** signed on December 10, 2020, in effect until December 31, 2031, as well as other contracts related thereto. Pursuant to the newly signed contracts, in accordance with the terms and conditions therein, **ALTEO-Therm Kft. will supply Ózdi Távhő with heat until December 31, 2040.**

1.17.2 Acquisition

On January 22, 2026, ALTEO concluded a quota sale and purchase agreement for the acquisition of the 100% stake in DEPO Kft. (hereinafter: "**Transaction**" for the purposes of this subsection) with Plant Industrial Engineering Korlátolt Felelősségű Társaság as seller. As a result of the transaction, **ALTEO became the owner of 100% of the quota of DEPO Erőmű Kft.**

DEPO Kft. owns a 2 MW natural gas-fired gas engine, which was commissioned in the fall of 2025 at the company's site in Törökbálint. As a result, with the conclusion of the transaction, ALTEO's own gas-fired capacity was increased to 73 MW.

1.17.3 Long-term cooperation agreements

ALTEO concluded a cooperation agreement with SMEGSolar Kft., a member of STS Group, under which SMEGSolar Kft. implements electricity storage investments in co-location using RRF grant funding, in addition to the solar power plants owned by ALTEO's subsidiaries. SMEGSolar Kft. will install a 3MW vanadium-redox flow energy storage facility with a capacity of 10.8MWh next to ALTEO's solar power plant in Balatonberény, and an 18MW lithium-ion energy storage facility with a capacity of 73.2MWh next to the solar power plant in Tereske.

As part of this long-term partnership, **ALTEO will provide SMEGSolar Kft. with access to the public grid,** and the land necessary for installing the technology by leasing its own property and by granting access to a portion of leased land. In addition, ALTEO also provides **aggregator and operator services** to SMEGSolar Kft. Construction works on site started in February 2026, and are expected to be completed in April 2026.

1.17.4 Extension of heat supply contracts

ALTEO-Therm Kft. and Heineken Hungária Sörgyárak Zártkörűen Működő Részvénytársaság (hereinafter: "**Heineken**" for the purposes of this subsection) **renewed** their **long-term heat**

supply contract signed on December 12, 2017, in effect until December 31, 2025. According to the newly concluded contract (and under the terms therein), **ALTEO-Therm Kft. will satisfy Heineken Soproni Sörgyár's steam and hot water needs until December 31, 2029**.

1.17.5 Successful PICASSO accreditation

ALTEO successfully completed MAVIR's aFRR accreditation tests, thereby **meeting the prerequisite for connecting to the PICASSO platform.** As a result, starting from the date on which **ALTEO** joins the PICASSO platform, i.e. from October 1, 2026, it will be able to **provide control service not only domestically, but also across national borders, covering virtually the entire continent**.

1.17.6 Commissioning of an electricity storage facility in Győr

In February 2026, ALTEO **commissioned its new electricity storage facility in Győr, with a capacity of nearly 100MWh,** the largest industrial energy storage facility to date in Hungary. The energy storage facility accounts for about one-fifth of the total installed domestic storage capacity.

1.17.7 Changes in ALTEO Nyrt.'s Executive Board

After more than 13 years of successful collaboration, **Péter Luczay left ALTEO Nyrt.** on February 28, 2026 and will **continue his work at a company specializing in the development of short-term, automated, real-time algorithmic production management systems, a firm in a strategic partnership with ALTEO**. Since 2020, Péter Luczay has served as the Company's Deputy CEO for Production Management and Business Development, overseeing and managing ALTEO's production management business line, its business, product, and software development activities, its OT and IT departments, as well as the Company's investment projects. This change enables ALTEO to apply a more adaptive operating model, allowing the Company to focus even more on developing digital production management solutions and strengthening its competitiveness, an area in which Péter Luczay has already played a key role as Deputy CEO. The new company, established independently of the Company, will operate in close partnership with the Company's competence center, ALTEO ARTEMIS, which will continue to be responsible for the Company's platform development and operating tasks. The new company will provide expertise and knowledge development in the fields of energy and algorithm development, which play a key role in the development of complex, robotized production management systems capable of making real-time decisions. Under the indefinite-term agreement between the Company and the new firm, in line with ALTEO's established practice, ALTEO acquires quasi-ownership of all new intellectual property (IP) created in the course of the collaboration, including, in particular, copyrights and related economic rights. ALTEO will retain ownership of the IP, and will operate the processes and systems developed within the framework of the collaboration. The joint work will also support ALTEO's business and strategic objectives, with a particular focus on further developing the Company's innovative solutions and digital capabilities, as well as achieving an even higher degree of automation and optimization.

1.17.8 Commissioning of an electricity storage facility in Bana

In March 2026, **ALTEO commissioned** its fifth **electricity storage facility**, with a capacity of 20 MWh, **in Bana**. The facility connects to the power grid at a common point with the Company's existing wind farm, exploiting the synergies between the two technologies. The investment project also increases the utilization rate of the existing network connection capacity.

1.17.9 Changes in ALTEO Nyrt.'s Executive Board

Effective from March 25, 2026, CEO Attila Chikán Jr. appointed Csaba Fekete as ALTEO's Deputy CEO for Production Management and Business Development, and in this capacity, Csaba Fekete also became a member of the Company's Executive Board.

Csaba Fekete joined ALTEO in 2021, where he initially served as Head of Business Development and later as Director of Business Development and Implementation. A professional with a degree in engineering, he has gained more than 25 years of experience in the energy sector at companies such as KPMG, FŐTÁV, and MVM, where he held middle and senior management positions primarily in project management, business development, and strategic roles.

As Deputy CEO, Csaba Fekete will be responsible for overseeing ALTEO's energy investment projects, as well as its production management, business development, and IT units.

1.18 The business environment of ALTEO and classification of risks according to their characteristics

ALTEO Group's risk assessment

The Group's management has reviewed and assessed the risk factors **associated with ALTEO Group** and **the securities it has issued,** based on their **probability of occurrence and expected impact**. The aim of the analysis is to identify the risks that are relevant for informed investment decisions.

The present **Financial Statements** include only **risks deemed to be material** which the Company considers, based on its own assessment, to be of priority importance. Risks are classified according to a **qualitative scale**, with a **"low", "medium" or "high"** risk level for the various factors. The assessed risks **are ranked by importance** within their category.

Risk categories:

1/ Macroeconomic and legal system related risks

Type	Number	Risk	2025	2024	Change
1	1	Risks stemming from the legal system	high	high	none
1	2	Macroeconomic factors	medium	medium	none
1	3	Taxation	high	high	none
1	4	State of danger in Hungary	high	high	none
1	5	Energy emergency	medium	high	yes

2/ Risks specific to the market and the industry

Type	Number	Risk	2025	2024	Change
2	6	Energy market regulation	medium	high	yes
2	7	Regulated prices	high	high	none
2	8	Electricity balancing reserve capacity system risks	high	high	none
2	9	Changes to network connection rules	high	high	none
2	10	Government grants	low	high	yes
2	11	CO_2 emission market, CO_2 quota allocation system and CO_2 quota prices	medium	medium	none
2	12	Changes in technology	medium	medium	none
2	13	Competitive situation	high	medium	none
2	14	Funding risk	medium	medium	none
2	15	Foreign exchange rate changes	medium	medium	none
2	16	Impact of international market developments on domestic trade	medium	medium	none
2	17	Risk of changing natural gas, electricity and heat energy price margins	medium	medium	none
2	18	Environmental, sustainability and ESG regulations	medium	medium	none
2	19	Illness of the workforce	low	low	none
2	20	War risks	medium	medium	none
2	21	Risks of the circular economy	high	N/A	N/A

3/ Risks specific to the ALTEO Group

Type	Number	Risk	2025	2024	Change
3	21	Risks arising from operating the Virtual Power Plant	high	high	none
3	22	Political risks	high	high	none
3	23	Dependence on weather	high	high	none
3	24	The impact of weather on heat use	high	high	none
3	25	Risks of growth	high	high	none
3	26	Risks stemming from acquisitions, buying out projects and companies	medium	medium	none
3	27	Risks related to power plant project development and green-field investment	medium	medium	none
3	28	Large-scale, customized projects	medium	medium	none
3	29	Energy trade risks	high	high	none
3	30	Operating risks	medium	medium	none
3	31	Fuel risk	medium	medium	none
3	32	Renewing and/or refinancing outstanding debts	low	low	none
3	33	Information technology systems	medium	medium	none
3	34	Wholesale partner risk	medium	medium	none
3	35	Dependence on third-party suppliers	medium	medium	none
3	36	Buyer risk	medium	medium	none

Type	Number	Risk	2025	2024	Change
3	37	The risk of key managers and/or employees leaving the Company	medium	medium	none
3	38	The risk of introducing and using new power plant technologies	medium	medium	none
3	39	Regulatory risk	medium	medium	none
3	40	Key licenses and qualifications	low	low	none
3	41	The risk of not fulfilling the obligations associated with operating its own balancing group	low	low	none
3	42	Risks related to the RPM business	high	medium	yes
3	43	Options to purchase certain means of production	low	low	none
3	44	Business relationships associated with the Owners	low	low	none
3	45	The risk of being categorized as a de facto group of companies	low	low	none
3	46	Taxation	low	low	none
3	47	Environmental risks	low	low	none
3	48	Risk of bankruptcy and liquidation proceedings	low	low	none
3	49	Any discrepancies between the data in the consolidated and IFRS reports, and the data in the reports prepared in line with the Hungarian Accounting Standards (HAS)	low	low	none
3	50	The risk of entering new geographical markets	low	low	none

1.18.1 Macroeconomic and legal system related risk factors

1.18.1.1 Risks stemming from the legal system

The legal system can be considered relatively underdeveloped in Hungary – where the ALTEO Group currently pursues its activities – and in the Company's various strategic target countries. According to conventional wisdom throughout these countries, laws change quite frequently, authority and court decisions are, on occasion, contradictory or inconsistent or difficult to construe. These circumstances can make it difficult for the Company to perform its tasks in a manner fully compliant with the laws, and this can expose the Company to arbitration, litigious, non-litigious and other risks of legal nature that affect its profitability.

1.18.1.2 Macroeconomic factors

The ALTEO Group's operations and profitability stands exposed to macroeconomic developments in Hungary and the countries of the European Union, particularly to how economic growth and industrial production, as well as the financial position of general government shapes up. Certain negative developments in the macroeconomic environment may have adverse effects on the profitability of specific the ALTEO Group activities.

1.18.1.3 Taxation

The current taxation, contributions and duties payment regulations applicable to the ALTEO Group are subject to change in the future, meaning that it is particularly impossible to rule out potential increases in the rate of the special tax imposed on energy generators and energy traders, moreover that new taxes with adverse effects on enterprises active in the electricity sector could be imposed, any of which would, in turn, increase the ALTEO Group’s tax liability. Applicable tax regulations are open to frequent and major changes, even with retroactive effect, and that could impact the ALTEO Group’s sales revenue and profitability alike.

1.18.1.4 State of danger in Hungary

In view of the armed conflict and humanitarian disaster in the Ukraine, and in order to avert their consequences in Hungary, the Government has declared a state of danger for the whole territory of Hungary with effect from May 25, 2022. It is not known when the armed conflict in the Ukraine will end and how long the resulting state of danger in Hungary will persist.

During the period of the special legal order, the Hungarian Government by taking over the legislative powers of the National Assembly may govern by adopting decrees, it may suspend or amend certain laws, and therefore the legislative environment may change frequently and in less predictable fashion. The energy sector, in which ALTEO Group is active, is considered to be of strategic importance and may, therefore, be particularly exposed to the uncertainties of state of danger-related legislation, and the Hungarian government may also place ALTEO Group under its supervision, thereby taking over the powers of ALTEO’s supreme decision-making body. Such state of danger-related changes, uncertainties and measures may affect ALTEO Group's operations, revenues and profitability.

1.18.1.5 Energy emergency

Several countries in the European Union have declared a first (early warning) or second (alert) level crisis situation in the first half of 2022 under their natural gas supply contingency plans, and the Hungarian Government declared an energy emergency on July 15, 2022, primarily due to the shortage of energy carriers in Europe as a result of the Russian-Ukrainian war and its consequences.

The energy emergency and its possible escalation may trigger processes other than normal market operation and may lead to restrictions and state intervention in the energy sector. Such processes and interventions may adversely affect the operations and profitability of ALTEO Group.

1.18.2 Risks Specific to the Market and the Industry

1.18.2.1 Energy market regulation

The operation and profitability of the ALTEO Group greatly depend on the energy market regulations in Hungary and in the European Union, as well as on the application of such regulations, including in particular laws, authority and court practice, Hungarian and international processes, trade and operational regulations, as well as other applicable regulations relating to electricity generation, electricity trade, the market of ancillary services in the electricity industry, the utilization of renewable energy sources, energy and heat produced in cogeneration power plants, district heat generation and district heating services, natural gas trade, as well as allowance allocation and trade.

1.18.2.2 Regulated prices

The various affiliates of the ALTEO Group engage in activity whose price is determined or capped through laws or authority regulations (including in particular those of the HEPURA, ministries and municipalities). These prices, which are prescribed by law or set by an authority, and any modifications in the material scope of official price regulation may have a significant impact on the profitability and competitiveness of the Company, as well as its various Subsidiaries.

1.18.2.3 Electricity balancing reserve capacity system risks

The financial position of gas-fired power plants is significantly influenced by the pricing and accessibility of the balancing reserve capacity and energy markets of the electricity system. If, for any reason, access to these markets becomes limited with respect to **production** units within the sphere of business interests of the ALTEO Group, including a drop in service volumes attributable to a substantial fall in market prices, this may have an adverse impact on the business activity and profitability of the ALTEO Group. Considering that ALTEO Group is present on the balancing energy markets as a service provider as well as a buyer of services, a change in pricing in such markets may have a significant effect on the capacity of the Company to generate finance income.

1.18.2.4 Changes to network connection rules

The financial position of gas-fired power plants is significantly influenced by the pricing and accessibility of the balancing reserve capacity and energy markets of the electricity system. If, for any reason, access to these markets becomes limited with respect to production units within the sphere of business interests of the ALTEO Group, including a drop in service volumes attributable to a substantial fall in market prices, this may have an adverse impact on the business activity and profitability of the ALTEO Group. Considering that ALTEO Group is present on the balancing energy markets as a service provider as well as a buyer of services, a change in pricing in such markets may have a significant effect on the capacity of the Company to generate finance income.

1.18.2.5 Government grants

ALTEO Group's operation and profitability could depend on the amount of state subsidies applicable to the utilization of renewable energy sources and cogenerated energy in Hungary and the countries of the European Union, as well as those for investment projects and operation, moreover on any future changes in government grants.

The European Commission has issued new guidelines for assessing the compatibility of all state aid subject to notification granted or planned to be granted from January 27, 2022 onwards in the fields of climate, environmental protection and energy (CEEAG). In the CEEAG, the Commission proposes that EU Member States amend their existing environmental and energy support schemes to comply with the CEEAG by December 31, 2023. Changes in state subsidy regimes, and especially in the KÁT and METÁR regulations, or a possible cancellation of applicable grants may have a significant impact on the operation, profitability, market position and competitiveness of the Company.

1.18.2.6 CO_2 emission market, CO_2 quota allocation system and CO_2 quota prices

The fourth EU ETS trading period (2021–2030) began on 1 January 2021. During this period, in addition to emission allowances received free of charge, emitters can acquire emission allowances solely at auctions or through secondary commercial channels. In the period between 2021 and 2030, specific power plants of ALTEO Group are going to be allocated, free of charge, an emission unit allowance that will decrease every year, based on the National Implementing Measure published by the Ministry for Technology and Industry and approved by the European Commission. A significant change compared to the third trading period is that in the fourth trading period, the free allocation available for a given year is largely determined by the level of activity of installations to be certified each year, as well as its changes. In the event of a 15% change in the activity level compared to the base period, the predetermined quota levels will need to be adjusted and approved by the European Commission in order for allocations to better reflect the actual activity of the installations.

Changes in the legal environmental and allocation system rules to achieve the climate policy targets, and the change in the price of emission allowances can have a considerable impact on the operating costs and economic results of ALTEO Group.

1.18.2.7 Changes in technology

Technological innovations can significantly improve the efficiency of the energy industry, especially in the area of renewable energy production. Technological development can not only reshape the technologies the ALTEO Group uses, but, in certain cases, might even completely eliminate their use. If ALTEO Group has no appropriate experience with or access (on account of patent protection or due to other grounds) to solutions and technologies that become prominent, this may lead to ALTEO Group losing market share, and a decrease in its revenues and profitability. There is no way to guarantee that the ALTEO Group will always be in a position to choose and procure, then operate – in a most profitable way – the most efficient technology.

1.18.2.8 Competitive situation

There are multiple companies both in Europe and Hungary that have significant positions and experience, as well as advanced technologies, major capacities and financial strength – among them state or municipal government owned and controlled ones – that compete on the ALTEO Group's various markets or may start competing with the ALTEO Group in the future. Should it become more intensive in the future, competition may necessitate unforeseen improvements and investments, furthermore, might also have a negative effect on the price of the ALTEO Group's services or increase the Group's costs, which may have an adverse effect on the ALTEO Group's bottom line, as measured on a consolidated basis.

1.18.2.9 Funding risk

Preparing for and implementing investments and developments in the energy segment are capital-intensive processes requiring substantial funding. Changes in certain factors (including the general economic environment, credit markets, bank interest rates and foreign exchange [FX] rates) may increase ALTEO Group's financing needs and/or the costs of funding, make the accessing and repayment of funding more difficult, and cause delays in the same or even render it outright impossible, and this is understood to also include financing schemes already established on the date of this Information Memorandum.

ALTEO Group's bank loans have variable interest rates and are linked to reference interest rates, such as BUBOR. An unfavorable change in the interest rates could have an adverse effect on the profitability of the ALTEO Group. The ALTEO Group enters into interest rate swap (IRS) transactions to mitigate its interest rate exposure. Such transactions are concluded after due consideration of the respective economic environment, and facility-related terms and conditions. These transactions allow for reducing risk, however, the ALTEO Group is not able to completely eliminate negative risks stemming from variable interest rates.

ALTEO's current indebtedness in bonds fully comprises HUF-denominated, fixed annual interest-bearing bonds.

The growing volatility of energy prices may increase the deposit and bank guarantee requirements associated with the conclusion and maintenance of forward products. Additionally, the potential repeated increase in energy prices could trigger shorter supplier payment dates and possible late payments due to larger trade receivable portfolio arising from higher specific prices, which could increase the working capital financing needs of ALTEO Group members.

1.18.2.10 Foreign exchange rate changes

The part of ALTEO Group's sales revenue generated in HUF and, on the expenditure side, to be settled in FX or subject to foreign exchange rates, the Group may incur a gain or loss, due to changes in HUF and FX prices. As a consequence, any change in foreign exchange rates that is unfavorable for the ALTEO Group might have a negative effect on the business activity and profitability of the ALTEO Group. ALTEO Group manages this exposure through hedging of the mentioned items, however, even so the resulting risks cannot be completely excluded.

The quantitative effect of exchange rate changes on the receivables and payables of the Group is shown in the table below:

Financial instrument	EUR	Effect of 5% change in exchange rate (HUF thousand)
Assets:		
Long-term deposits, securities	5 696 604	109 774
Trade receivables	10 931 409	210 648
Other financial assets	1 262 810	24 334
Other receivables and accruals	919 470	17 718
Cash and cash equivalents	8 827 818	170 112
Liabilities:		
Loans and borrowings	7 381 972	142 251
Lease liabilities	5 154 195	99 321
Trade payables	14 085 577	271 429
Other long-term liabilities	934 186	18 002
Other liabilities and accruals	4 676 508	90 116

1.18.2.11 Impact of international market developments on domestic trade

Market prices seen on foreign commodity exchanges have a major influence on energy prices in Hungary, even though those prices move, to a significant degree, on the basis of economic processes, as well as supply/demand conditions outside Hungary. The significant volatility of energy prices may force market players to reduce their risk exposure, which could lead to less favorable conditions for ALTEO Group, which in turn may have a negative impact on the ALTEO Group's profitability.

1.18.2.12 Risk of changing natural gas, electricity and heat energy price margins

Any changes in the difference between (margin on) the (procurement) price of natural gas and the price of electricity and/or heat that is sold influence the financial position of natural gas-fired power plants significantly. Were this margin to drop significantly, it could have a negative effect on the business and profitability of the ALTEO Group.

1.18.2.13 Environmental, sustainability and ESG regulations

Unfavorable changes in the environmental regulations applicable to the ALTEO Group, and compliance with the ever stricter sustainability and ESG requirements may give rise to surplus operating costs or additional investment requirements for the ALTEO Group and its business partners.

1.18.2.14 Illness of the workforce

Even after the COVID-19 pandemic has subsided, there remains a theoretical possibility and risk that the workforce of ALTEO Group's direct staff, as well as the workforce of its subcontractors and suppliers involved in ongoing projects, could be affected by a potential recurrence of an infectious virus, bacterium, fungus, parasite, or radiation, which could have a negative impact on ALTEO Group's work processes and the scheduling of ongoing projects, and could also result in adverse labor market consequences.

1.18.2.15 War risks

The ongoing war between Russia and Ukraine, and other wars and armed conflicts in general, can disrupt supply chains, affect procurement prices, cause delays or even the complete inability to implement investment projects and adversely affect labor market processes. Changes in these factors could result in additional costs, additional investment requirements or the failure of investment projects for ALTEO Group, and their scheduling is uncertain and cannot be predicted. As such, wars and armed conflicts may have a negative impact on the business and profitability of the ALTEO Group.

1.18.2.16 Risks of the circular economy

Changes in the volume of industrial production and fluctuations in the performance of certain sectors (e.g., the automotive, construction, and chemical industries) directly influence the amount of waste generated. Technological changes (e.g., cleaner manufacturing processes, circular economy solutions) can reduce the volume of certain types of waste, while the proportion of other fractions may increase. Changes in material composition affect manageability, disposal costs, and marketability. A narrowing of export opportunities (restrictions on cross-border transport) could pose an additional risk to market access. The suitability of treatment technologies is crucial when dealing with waste of varying composition. If the quality of the input material differs from what was planned, this may result in additional costs, reduced efficiency, or permit issues. Overcapacity or undercapacity poses a financial risk. Significant investment needs may arise to implement new treatment technologies or to comply with environmental regulations. Changes in the market landscape (acquisitions, mergers, and new market entrants) can alter bargaining positions and pricing.

Short-term or inadequately defined contracts can lead to uncertainty regarding prices and volumes. The financial stability of the partners and their ability to meet contractual obligations also constitute risk factors. Changes in the concession or regulatory environment necessitated renegotiation.
Changes to domestic and EU waste management regulations (permit requirements, record-keeping and reporting obligations, modifications to the EPR system) may result in additional administrative burdens and increased costs. Failure to comply with environmental regulations carries significant financial and reputational risks.

1.18.3 Risks specific to the ALTEO Group

1.18.3.1 Risks arising from operating the Virtual Power Plant

The income generating capacity of the ALTEO Virtual Power Plant and related production units within the sphere of business interests of the ALTEO Group is highly dependent on the availability and pricing of balancing reserve capacity and energy markets in the electricity system. If, for any reason, access to these markets becomes limited with respect to the ALTEO Virtual Power Plant, including a drop in service volume attributable to a substantial fall in market prices or to regulatory changes, this may have a highly adverse impact on the business activity and profitability of ALTEO Group.

1.18.3.2 Political risks

The ALTEO Group provides some of its services to institutions which are owned by municipalities or are under the influence of municipalities or certain statutory corporations. Furthermore, the agreements made with such institutions have a major effect on the operation of certain members and projects of the ALTEO Group. The considerations governing the motivation of bodies having influence over such institutions may differ from the considerations of a rational, profit-oriented market player, which is a risk in terms of contract performance. Such risks arise primarily relating to the district heating generation activities of ALTEO-Therm (which performs district heating generation activities as well) at its Sopron, Kazincbarcika, Tiszaújváros and Zugló sites.

The occurrence of events that may be classified as political risks may have an adverse impact on the exposed Subsidiaries of the ALTEO Group and, overall, the profitability of the ALTEO Group.

1.18.3.3 Weather-dependent energy production

Part of the ALTEO Group's energy production capacities (e.g. wind turbines, solar power plants, hydropower plants) and the energy demand of certain buyers (e.g. heat demands) depend on the weather, therefore, changes in weather may significantly affect the profitability of the ALTEO Group. In the case of weather-dependent energy production, no major change can be expected in the average annual output, but within a year and between years, differences may occur. In the case of a weather-dependent change in energy demand, even longer-term trends of changes may develop (such as milder winters).

In the case of weather-dependent energy production, the Company relies on meteorological forecasts to estimate (schedule) the quantity of electricity that can potentially be generated. If the weather is not as predicted, there will be changes in the amount of electricity produced as compared to the plans (Day-Ahead or Intra-Day schedules), which may cause a significant loss for the ALTEO Group. See also Electricity balancing reserve capacity system risks.

The Company's strategy is to keep on developing weather-dependent, renewable energy production projects, and that might increase the dependence on weather in the future.

1.18.3.4 The impact of weather on heat use

Various ALTEO Group Subsidiaries produce and sell heat and district heating. The needs of heat and district heating customers can be significantly affected by the weather and outside temperatures. Some of the heat supply and district heating sales agreements concluded by the Subsidiaries do not stipulate a mandatory minimum offtake quantity. In these cases, unplanned weather conditions may affect the revenues from the sale of heat and district heating and the adequacy of the hedging transactions entered into by ALTEO Group. Consequently, the impact of the weather on heat use may adversely affect the business activity and profitability of the ALTEO Group.

1.18.3.5 Risks of growth

The ALTEO Group is in the phase of business growth, coupled with the growth of employee staffing, the number and value of the facilities and tools. The ALTEO Group is planning to expand further both in terms of business activities and geographical areas. There is no guarantee that the Company strategy will be successful and the Company will be able to manage this growth efficiently and successfully.

With contributions from its Subsidiaries, as per the present Information Memorandum, the Company is preparing several project implementations. In addition to the Company's intention, these project implementations depend on a number of other external factors. It cannot be guaranteed that these projects will be actually implemented, or will be implemented in accordance with the present Information Memorandum, furthermore, the implementation of other future projects may precede or substitute projects known as at the date of the present Information Memorandum.

Any of the potential risk events associated with growth may result in stagnation of the Company's growth or even operation at a loss.

1.18.3.6 Risks stemming from acquisitions, buying out projects and companies

The ALTEO Group wishes to implement its business plans partially via acquisition of already existing projects and/or buying out companies. Although acquisition targets always undergo detailed screening before the transaction, we cannot exclude the possibility of such financial, legal or technical events occurring in relation to an acquired project or company that may have an adverse effect on the business and profitability of the ALTEO Group.

Any of the potential risk events associated with the acquisition strategy may result in stagnation of the Company's growth or even operation at a loss.

1.18.3.7 Risks related to power plant project development and green-field investment

In ALTEO Group's business plans, licensing and implementation of energy investments and the resulting expansion of its power plant portfolio play an important role.

Although the ALTEO Group draws up careful technical, legal and profitability plans when preparing for project implementation, there is always a possibility that the authorization of specific projects becomes unreasonably long or impossible. During implementation phases, the ALTEO Group strives to contract subcontractors that offer appropriate guarantees and references, but even so, the possibility of disputes arising between the parties cannot be excluded in these phases.

Any of the potential risk events associated with investments or development projects in power plants and storage facilities may result in the stagnation of the ALTEO Group's growth.

1.18.3.8 Large-scale, customized projects

A significant share of ALTEO Group's revenue growth comes from new investments, primarily large-scale, customized projects. Consequently, completing or not implementing just a few projects may already make a big difference in terms of the Company's future revenues and profitability.

These large-scale projects are frequently long-term (may take even several years), require a long-term allocation of significant resources and are, in several cases, implemented using subcontractors. An eventual failure of or loss on such large-scale investments may have a significant negative impact on ALTEO Group's profitability.

1.18.3.9 Energy trade risks

Changes in the demand on electricity and natural gas markets may have a profound influence on the revenues, profitability and strategic expansion plans of the ALTEO Group.

During ALTEO Group's energy trading activities, portfolio planning is done on the basis of data service from consumers and the Group's calculations. A planning mistake or incorrect data service may lead to inappropriate procurement strategy, where a subsequent correction can cause losses to the ALTEO Group.

The Company seeks to cover 100% of the annual consumer demand, in shorter periods, however, open positions may remain due to natural seasonality, which are mainly closed on the spot and balancing energy markets. Prices on the spot and balancing energy markets cannot be planned in advance, any change in these markets may impact the profitability of the ALTEO Group.

Natural gas and electricity volumes are mainly contracted through low-risk wholesale partners and, to a lesser extent, through exchanges. Trading is continuous, and therefore the prices of products change on a daily basis, given that the trading in exchange-traded products is continuous. Day-by-day price movements, sometimes with significant changes, may represent a risk in the case of longer-term consumer proposals, however such risk is mitigated by the Company by issuing indicative quotes (not binding for the trader). Even though the ALTEO Group performs its retail trade activities on the basis of a risk management procedure adopted by the Board of Directors; a potential erroneous transaction may have a significant negative effect on the profitability of the ALTEO Group.

The income generating capacity of the ALTEO Virtual Power Plant and related production units within the sphere of business interests of the ALTEO Group is highly exposed to trading on various futures and spot markets. The hedging of electricity positions for planned heat and electricity sales takes place on the wholesale markets, while the short-term adjustment of positions and certain contractual electricity sales obligations on the spot markets (HUPX DAM and IDM). If the electricity generation positions to be taken and hedged are incorrectly determined, their adjustment may affect the profitability of the ALTEO Group due to changes in the market price environment. Furthermore, the loss of access to spot markets due to mismanaged collateral needs could also have a significant impact on the finance income of the ALTEO Group.

ALTEO Group has a strategic fuel purchase contract, where the amount of the financial guarantee is greatly exposed to the changes in the market price of the given fuel. In the event of an adverse price movement, additional collateral may be required, which could have a negative impact on the financial position of the ALTEO Group.

1.18.3.10Operating risks

The economic performance of the ALTEO Group depends on the proper operation of its projects, which may be influenced by several factors, such as:

- costs of general and unexpected maintenance or renewals;
- unplanned outage or shutdown due to malfunction of the equipment;
- natural disasters (fire, flood, earthquake, storm and other natural disasters);
- change in operative parameters;
- change in operating costs;
- eventual errors during operations; and
- dependence on third-party operators.

The energy generating Subsidiaries of the ALTEO Group (with the exception of Pannon Szélerőmű Kft.) have in place “all risk” type property insurance policies for machinery breakdown and outage, as well certain natural disasters. These provide cover for damages traceable to such causes and also apply to liability insurance policies as well, where a cover is provided for third-party damage caused by energy generating activities. However, it is not excluded that a loss event is partially or entirely outside the scope of the risk assumed by the insurer, and so, the insurant – either as the injured party or the responsible party – may be obliged to bear the damage.

The occurrence of any operational risks may have a highly adverse impact on the perception and profitability of the ALTEO Group.

1.18.3.11 Fuel risk

The price of strategic fuels used by the ALTEO Group follows market processes. The possibility that the price of the fuel procured by the ALTEO Group will increase in the future, cannot be ruled out, which can have a negative effect on the Group’s profitability.

For ALTEO Group’s power plants burning hydrocarbons, the key types of fuel (primarily natural gas) are procured from third-party suppliers. The natural gas transport agreements made by the ALTEO Group are in line with the practices used by the entire industry. Despite that, there is no guarantee that the fuel required for fueling the power plants will always be available, and it is especially difficult to plan with fuel supply in the case of external events. The natural gas transport agreements made by the ALTEO Group are also in line with the practices used by the entire industry and these may include an offtake (a.k.a. “take-or-pay”) obligation, for the respective period, with a certain tolerance band. In the event of a significant drop in natural gas consumption, the incurrence of a penalty by the ALTEO Group due to gas not taken over cannot be completely ruled out, and such an occurrence would have an adverse impact on the profitability of the ALTEO Group.

1.18.3.12 Renewing and/or refinancing outstanding debts

In addition to loans granted by financial institutions, the ALTEO Group uses in part bonds – issued by ALTEO either in a private or public offering – to fund its financing needs. As at the date of this Information Memorandum, the ALTEO Group holds a bond portfolio with a face value of HUF 12,400 million.

In 2025, Alteo Nyrt. took out a general corporate financing credit facility of HUF 40 billion, which represents a new element in the Group’s financing strategy compared to previous arrangements which were typically project financing or working capital financing arrangements. The covenants to be met under the corporate financing credit facility can be derived from Alteo Group’s consolidated financial statements.

Negative changes and risks in the business prospects of the ALTEO Group, in the general financing environment, in the interest environment or in the general capital market atmosphere may have a negative effect on the renewal of bond debt and the refinancing of the ALTEO Group’s outstanding loans would be possible only with significantly worse conditions or it might even become impossible. These circumstances may have a negative effect on future financing and on the financial situation of the ALTEO Group.

1.18.3.13 Information technology systems

The activity of the ALTEO Group (in particular, the supervision of the power plants) depends on the information technology systems. The improper operation or security of ALTEO Group’s information technology (IT) systems may have adverse consequences for the business and profitability of ALTEO Group.

1.18.3.14 Wholesale partner risks

If the partner in a wholesale transaction does not deliver or accept the contracted amount of energy, or cannot pay for the energy delivered, such failed transactions may lead to short- or long-term losses for the Company. Although the ALTEO Group exercises utmost care in selecting its partners, any failure by them to meet their obligations would have a negative impact on the profitability of the ALTEO Group.

1.18.3.15 Dependence on third-party suppliers

During the implementation of energy investments, the ALTEO Group greatly depends on the suppliers, manufacturers of certain equipment, as well as on the implementers and subcontractors, and that may have an impact on the implementation of the investments. The ALTEO Group does not always have full control over the equipment, installations and materials. If, for any reason, manufacturers or suppliers fail to deliver the equipment ordered by the ALTEO Group at the right time, for the right price and in the right quality, delays may occur in the implementation of investments and additional costs may arise, which may have an adverse impact on the profitability of the ALTEO Group.

1.18.3.16 Buyer risk

A significant share of the ALTEO Group's revenues comes from a small number of buyers making large purchases. Consequently, winning or losing a client contract may already make a big difference in terms of the Company's future revenues and profitability.

As a consequence of having significant buyers, the ALTEO Group is exposed to non-payment risk. If an important buyer of the ALTEO Group fails to pay or pays lately, that might cause a significant loss to the ALTEO Group.

The ALTEO Group has fixed-term contracts with its significant buyers, suppliers and financing partners. There is no guarantee that after the expiry of these contracts, the parties can reach an agreement regarding the extension of these contracts. Even fixed-term contracts offer no guarantee against their termination before the end of their specified term due to some unexpected or exceptional event.

ALTEO Group sells electricity and provides district heating services for certain public institution users. Upon request from such users, the relevant Subsidiary is obliged to provide an exemption from termination due to late payment (a moratorium), for a specified period, subject to the conditions laid down by law. Costs occurred due to the moratorium must be borne by the relevant Subsidiary.

1.18.3.17 The risk of key managers and/or employees leaving the Company

The performance and success of the ALTEO Group greatly depends on the experience and availability of its managers and key employees. If managers or key employees left the Company, that may have a negative impact on ALTEO Group's operation and profitability.

1.18.3.18 The risk of introducing and using new power plant technologies

In accordance with its business plans, the ALTEO Group may introduce into the portfolio certain technologies that were not included in their power plant portfolio until now. Although the ALTEO Group implements only proven technologies holding a number of references, if the performance of a given technology is lower than previously projected, it may cause a loss to the ALTEO Group.

1.18.3.19 Official decisions

In addition to the tax authority, several other authorities (such as the Central Bank of Hungary and HEPURA) are entitled to check the proper functioning of the rules at the ALTEO Group. The ALTEO Group does everything that can reasonably be expected of it to ensure the compliance of its operation with the requirements stipulated by the law or the authorities. However, it cannot be ruled out that, in the course of an official inspection, the investigating authority may arrive at a conclusion that (i) results in significant expenses for the Company or one of its Subsidiaries, or (ii) subjects them to certain sanctions (such as fines, suspension of operations, or revocation of the license required for operations), which could have a negative impact on the Company's or the Subsidiary's reputation and business performance.

1.18.3.20 Key licenses and qualifications

For performing their activities, members of the ALTEO Group need numerous permits and licenses (e.g. electricity trading license, natural gas trading license, small power plant consolidated permit, district heating production license, KÁT permit, as well as environmental and water rights licenses), qualifications (such as conformity documentation) and certificates (such as ISO certifications). If these certificates, qualifications and licenses were revoked, if they were not renewed, or the requirements were substantially altered, the business of the ALTEO Group would be profoundly limited. Therefore, this could have a significant negative impact on the Group's profitability.

1.18.3.21 Risk associated with the operation of own balancing group

The risk of not fulfilling the obligations associated with operating its own balancing group

As part of electricity trading activity, the various ALTEO Group Subsidiaries operate a balancing group of their own, an accounting organization with the membership of electricity users and electricity producers in contractual relationship with the various ALTEO Group Subsidiaries, and perform their related tasks specified in the laws and electricity supply regulations. The various ALTEO Group Subsidiaries themselves have all licenses, financial securities, assets and resources required for operating the balancing group, but in the case of a malfunctioning or a shortage, they may not be able to perform their duties as the entities responsible for the balancing group, therefore, they would have to bear all relevant damages and fines.

The various ALTEO Group Subsidiaries are involved in a balancing group cooperation with several balancing group managers. Should these balancing group managers suspend or terminate their activities, the transfer of their tasks may imply significant costs for the ALTEO Group and, if the transfer of the tasks performed by the balancing group managers cannot be settled immediately, without problems, then, even a significant amount of surcharge payment obligation may result from it.

1.18.3.22 Risks related to the RPM business line

In relation to the RPM Business Line, short-term (~1 year) contracts are typically concluded. Within the framework of this business line, certain Subsidiaries of the ALTEO Group also perform scheduling group representative functions, which includes them being responsible for the submission of schedules on time and in compliance with the laws and other regulations. If the schedules deviate from the actual production profile, such deviation generates balancing energy costs for the ALTEO Group. Such costs may reduce the profitability of the RPM Business Line, which may even become loss-making.

1.18.3.23 Options to purchase certain means of production

Third parties have options to purchase certain means of production of the ALTEO Group. If the relevant contracts are not amended or new service contracts are not signed, these assets will not contribute to the Company's revenues and profits after the time when they are sold. Apart from that, the Company may suffer losses from such sale transactions. In its business plans, the Company anticipates the expiration of these contracts and the loss of ownership of the means of production; any contract renewals or the retention or more favorable sale of ownership will result in additional profits compared to the plans.

On the basis of the investment and long-term heat supply contracts concluded between the legal predecessors of ALTEO-Therm Kft. and the local municipalities of Kazincbarcika, Ózd and Tiszaújváros, the municipalities are entitled to buy these heating power plants upon the expiry of such contracts, at the value specified in the accounting records. The Tiszaújváros contract has been extended until 2035, while the Kazincbarcika and Ózd contract until 2032 and 2030, respectively. Under a purchase option contract between MOL Petrochemicals Co. Ltd. and Sinergy on the Tisza-WTP business quota, MOL Petrochemicals Co. Ltd. is entitled to purchase, until June 30, 2027 at the latest, the Tisza-WTP business quota at a price calculated according to the methodology specified in the contract.

Under a long-term contract concluded by Zugló-Therm, legal predecessor of ALTEO-Therm and FŐTÁV Zrt on purchasing and selling heat energy, as well as an agreement establishing a purchase option, concluded at the same time, upon expiry of that contract (expected by May 31, 2030) or in the case of termination by Zugló-Therm, FŐTÁV Zrt is entitled to buy the gas engine block heating power plant established by Zugló-Therm for an amount of EUR 1, further to its decision adopted at its discretion. If FŐTÁV Zrt. fails to exercise its purchase option, and the parties are unable to reach an agreement on the future of the heating power plant, ALTEO-Therm will be obliged to demolish it at its own expense and restore the property used by it for this purpose to its original condition.

1.18.3.24 Business relationships associated with the Owners

There are several business relationships between ALTEO Group owners whose participations exceed 20% and their other business interests. A portion of ALTEO Group’s revenues, services used and material expenses relates to such interests. There is no guarantee that in the case of an eventual future change in the ownership structure of the Company or of these businesses the relationship of the ALTEO Group with these businesses remains unchanged.

1.18.3.25 The risk of being categorized as a de facto group of companies

The ALTEO Group includes several Subsidiaries. In the case of ALTEO Group, in the absence of a uniform business policy or, in the case of certain Subsidiaries, the lack of other conditions, no control agreement was concluded and ALTEO Group does not qualify as a recognized company group. At the same time, it cannot be excluded that based on the request of a legal entity with an interest of legal nature, the court will oblige the member companies of ALTEO Group to enter into a subordination agreement and to initiate the registration of the company group with the Court of Registration, or categorize ALTEO Group as an actual company group even in the lack of a court registration. In a situation like that, if a subsidiary was liquidated, the Company would be obligated to honor its debt repayment obligations toward the creditors, except if it can prove that the insolvency was not the consequence of the company group’s integrated business policy.

1.18.3.26 Taxation

The ALTEO Group does everything that can reasonably be expected of it to ensure that its operation is in compliance with the regulations, but it cannot be excluded that a future tax audit will result in substantial expenses in the form of a tax liability payable by the Company or its subsidiaries.

In certain acquisition contracts, the parties to the contract acting as sellers to the ALTEO Group accepted a full guarantee for the period of tax law limitation for the reimbursement of the tax debts of the target companies for the periods prior to their joining the ALTEO Group. Nevertheless, there is no guarantee that any claims for reimbursement against the sellers may be fully enforceable, which may result in a loss for the ALTEO Group.

1.18.3.27 Environmental risks

During their activities the ALTEO Group's companies use materials and apply technologies that could be harmful to the environment if used inappropriately, not complying with the laws or the applicable licenses. Members of the ALTEO Group have the necessary environmental licenses and policies in place, and their expert staff do their job with special care as required by the nature of this business. But there could be extraordinary events which may entail invoking the environmental remediation obligation of the affected company or imposing a fine, or may lead to enforcing claims against the affected company. The ALTEO Group's insurance policies may not provide any cover or full cover for damages and costs resulting from such events, which may result in a loss for ALTEO Group.

1.18.3.28 Risk of bankruptcy and liquidation proceedings

The Company and its Subsidiaries operate in compliance with Hungarian law. Any bankruptcy or liquidation proceedings initiated against the Company would have a significantly adverse impact on the price of ALTEO securities or the probability of the full repayment of bonds.

1.18.3.29 Differences between reporting standards

Discrepancies (if any) between the data in the consolidated and IFRS reports and the data in the reports prepared in line with the Hungarian Accounting Standards (HAS)

The Company and its current Subsidiaries prepare individual reports in line with HAS for each financial year. However, beginning with the financial year of 2010, the Company prepares a consolidated financial statement according to the IFRS standards. Furthermore, since 2017, the Company prepares even its separate financial statement in line with the IFRS standards. Valuation and presentation principles applied in the reports of subsidiaries and of the Company prepared according to the HAS requirements are different from those applied in the consolidated financial statement. Due to the differences in the accounting systems, the information content of the simple aggregation of the separate HAS financial statements and that of the consolidated IFRS financial statement are independent and separate.

1.18.3.30 The risk of entering new geographical markets

The ALTEO Group might implement acquisitions and green-field investments overseas as well, therefore, any unfavorable changes in the macroeconomic, business, regulatory and/or legal environment of the target countries may have an adverse effect on the financial performance of the projects obtained through acquisition or implemented through green-field investments and consequently, on the profitability of the ALTEO Group.

1.18.3.31 Financial risks and their management

In addition to listing risks in Section **1.18**, in this Section the Group presents its risks related to financial assets and receivables, the way they are managed, and it analyzes its risk management objectives in the current period.

1.18.3.32 Recovery risk and its management

The policy and procedures in effect have the objective of laying down the framework and fundamental principles of the trade debtors and debt collection for the Group so as to minimize credit risk from late payment or non-payment of customers, as well as to continuously monitor risks and to provide financial assistance to sales processes, in line with the Group's sales strategy and risk-bearing capacity.

The Group has classified its products and services into the following risk categories: The Group employs various systems of collateral tailored to categories of products and services, see table.

Assessed risk categories managed collectively	Group Risk characteristics of the category, risk management procedures
Retail trade in natural gas and electricity	In establishing a customer portfolio, diversification by industry and company size reduces risk. Before establishing trade relations, our partners undergo a customer rating based on internal and external information, and the rating is reviewed annually. For hedging pure customer credit risk, the preferred types of collaterals include credit insurance, bank guarantees, cash and deposits. We monitor our receivables on a daily basis. In the event of default, the act regulating the electricity sector allows, as the last resort, partners to be excluded from consumption.
District heating	Customers are typically municipality-owned heat suppliers; they are monitored continuously. In addition to maintaining the level of trade receivables, we continuously consult with Customers to ensure recovery.
Business and project development	Customers are subjected to a pre-qualification assessment; non-payment related risk is managed by requiring financial performance guarantees (bank guarantee, security deposit).
Large corporate clients (energy services)	Customers possess the critical infrastructure of the Hungarian corporate sector; they are mostly listed companies operating in a transparent manner. Customers are monitored continuously.
Wholesale trade in electricity	The settlement of sales through the power exchange is assured by the regulations of the exchange. Trading partners (may) use performance guarantees vis-à-vis each other.
System Operator (MAVIR Zrt.) – KÁT	The risk rating of the system operator is the same as that of Hungary. All the generators in Hungary that sell in the KÁT system are required to be members solely of this balancing group; the consideration for their production is covered by the fee component allocated to non-retail users as specified in Section 13/A of the Electricity Act. The system has been operating for over one decade without any financial problems.

Assessed risk categories managed collectively	Group Risk characteristics of the category, risk management procedures
System Operator (MAVIR Zrt.) – ancillary services	With regard to the collection of the consideration payable for those services, see the comments on KÁT above.
Lease receivables	The value of the receivables is guaranteed by the title of the assets concerned.

During the current year, it was not necessary to utilize bank guarantees or any other collateral pledged by clients.
The details of the Group's receivables and the expected losses relating to such receivables are presented in Sections IV.14; IV.17 and IV.19 of the Consolidated Financial Statements.

1.18.3.33 Liquidity risk and its management

The Group makes liquidity plans, in which it examines liquidity positions and, having analyzed the plans, ensures in advance, in due time, that sufficient liquidity is maintained.

- The Group has a cash pool system settled through banks, available to its members, which is successful in managing cash use and demand within the Group at different times and in different amounts.
- Furthermore, the Group has shared bank liquidity facilities, the availability of which assures sufficient and flexible liquidity options for the Group.
- The 10-year bonds issued in 2019 and 2020 changed the composition of the sources of the liquid cash assets available to the Group; the shift of liabilities towards long term has considerably improved short- and medium-term liquidity.
- In February 2025, ALTEO Nyrt. signed a HUF 40 billion facility agreement pursuant to which the facility may be used for corporate financing. The size and flexibility of this new element provides a stable background for optimizing liquidity and for further growth.

The future cash flows of the borrowings and bonds, as well as the crediting terms and conditions are presented in detail in Sections IV.21 and IV.23 of the Consolidated Financial Statements.

Financial instruments	Maturity		
	within 1 year	2-5 years	more than 5 years
Assets:			
Long-term deposits, securities	-	4 021 509	-
Trade receivables	13 123 028	-	-
Other financial assets	1 435 222	-	-
Other receivables and accruals	8 290 994	-	-
Liabilities:			
Debts on the issue of bonds	422 343	980 000	12 470 123
Loans and borrowings	10 015 284	25 893 416	12 719 514
Lease liabilities	1 610 893	4 792 285	96 386
Advances received	989 613	-	-
Trade payables	10 428 062	-	-
Other long-term liabilities	-	879 575	402 870
Other short-term liabilities and accruals	18 991 247	-	-

1.18.3.34 Interest rate risk and its management

The Group is financed through fixed-interest bonds and variable-interest project loans.

- To fix the interest rates of project loans, the Group has entered into interest rate swaps, in which it agrees to exchange the variable cash flows, for a predefined period, to fixed cash flows with respect to the principal amount. The effects of these swaps are considered by the Group to be cash flow hedges.
- The Group regards hedging transactions to be efficient as they were concluded with the lending bank, adjusted to the terms of the loans in question.
  There is no interest rate risk in the case of loans hedged by interest rate hedging transactions.

The risk of the Group's variable rate credit facilities not hedged by interest rate hedges due to changes in BUBOR and EURIBOR:

Interest rate risk (data in HUF thousand)	Equity	BUBOR %	BUBOR change +/-5%
Loans not hedged by interest rate hedging transactions	2 493 720	6,5%	8 105

Interest rate risk (data in EUR thousand)	Equity	EURIBOR %	EURIBOR change +/-5%
Loans not hedged by interest rate hedging transactions	5 588	1,96%	5,48

1.18.3.35 Foreign exchange risk and its management

The Group's exposure to foreign exchange risk arises when the income from and expenses of transactions are denominated in different currencies. The Group has no significant hidden foreign exchange risks (embedded derivatives) regarding its activities.

Risk to be managed	Hedge transaction	Objective
Change in the exchange rate of electricity purchase and sale in the retail trade	Hedging of the net foreign exchange position (EUR) through forward contracts (mostly to buy)	The target is 95%.
Change of the components of district heat production (gas, CO_2) relative to the regulated (fixed) exchange rate	Foreign exchange forward transactions to hedge the EUR consideration for energy carriers required for heat production	Total hedging of the FX exposure of the regulated heat price

1.18.3.36 Risk arising from changes in energy product prices and its management

Due to its scope of activities, the Group is considerably exposed to the variations in the prices of energy carriers, but such risk is managed by appropriate pricing and by hedging transactions.

Risk to be managed (hedged transaction)	Hedge transaction	Objective
Volume and price components of the gas necessary for the production of district heating subject to regulated price	Entering into forward gas hedging transactions when the HEPURA district heating rate is established	Maximum hedging for the expected gas volume and price specified in the decree regulating the district heating price

Risk to be managed (hedged transaction)	Hedge transaction	Objective
Market-priced heat generation	Use of price formulas to reflect the inputs necessary for the heat generated (gas) as well as other features of production	Sustainable heat generation through optimizing the co-generation of electricity

1.18.3.37 Description of hedge relationships – objectives and procedures relevant for hedges and hedging policy

IFRS 9 provides for the terms of hedge accounting, and the Group complies with the requirements set out in IFRS 9: the Group keeps a register of the hedged items and hedging instruments, the hedging relationships have been identified, the hedging relationships exist and are effective.

- With respect to the volume and price risk of energy products, the Group has set up plans and risk management models regarding the various business segments. These models calculate the type and value of the necessary hedge transactions in accordance with the contracts and plans in effect. Hedge transactions are concluded on that basis.
- In the case of district heating, due to the non-obligatory volume purchase, the Group continuously assesses the relationship of hedged items and hedging instruments relating to the production of heat. The volume to be hedged is based on historic data of several years as well as on consumption forecasts. In the current period, the relationship was effective, with no relationships discontinued.
- In the case of FX risk, the Group covers the foreign exchange risk of its future purchases to be settled in a foreign currency in the next 12-24 months by concluding hedging transactions. The maturity date of the hedging transactions is as close to the date of expected payment as possible.
- The Group regards interest rate hedging (IRS) transactions to be efficient as they were concluded with the lending bank, adjusted to the terms of the loans in question.

1.18.3.38 Managing capital

By transforming its capital structure, the Group intends to retain its capacity to operate continuously in order to provide profit for its shareholders and maintain an optimal capital structure for the sake of reducing the cost of capital. In order to preserve or adjust capital structure, the Board of Directors proposes to the General Meeting the amount of dividends to be paid to shareholders, and acting within its authorization received from the General Meeting, it decides, in connection with the capital structure or at its discretion, on capital increase and issuing new shares, or submits a proposal to that effect to the General Meeting.

The Group complies with the statutory capital requirements applicable to it. In performing a review of that, the Group observes the requirements of Act V of 2013 on the Civil Code (of Hungary). The table below shows equity and its ratio relative to issued capital:

Equity to issued capital ratio	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Issued capital	246 103	249 140
Equity	39 129 494	39 463 998
Equity to issued capital ratio	159,00	158,40

The issued capital shown in the table is the issued capital recorded with the Court of Registration, less the face value of repurchased treasury shares.

1.19 Description of the policies applied in the ALTEO Group, detailing the results by policy

1.19.1.1 Environmental guidelines

In order to demonstrate its commitment to environmental protection and sustainability and to ensure full transparency, ALTEO Group has been producing annual reports presenting its sustainability performance since the financial year 2016. With these reports, we have voluntarily undertaken to present our non-financial, i.e. social and environmental policies and annual performance in detail, based on current international standards, ahead of the legal requirements.

Another objective was to have, from the outset, our Reports published after being audited by a third party and approved by the General Meeting. The latter was achieved for the first time for our 2021 Integrated Report. Our Sustainability, Integrated and EU Taxonomy Reports published so far are available to all stakeholders on the web page: https://alteo.hu/fenntarthatosag/fenntarthatosagi-jelentesek/.

Due to changes in the law that came into force in 2024, our report on non-financial performance for the financial year 2024 is now presented as part of the Consolidated Financial Statements of ALTEO Group, in a separate section of the Business Report, under the name Sustainability Report, in accordance with ESRS requirements. Our Sustainability Report for 2025, included in this business report, also contains the detailed information, policies, guidelines and objectives of the Company related to environmental protection and sustainable business operations, therefore, in this chapter we only refer to that comprehensive document that also includes the presentation of environmental policies and results.

The ALTEO Group set up the Green Committee, an advisory body to the CEO, in 2022. The purpose of the committee is to ensure the preparation and corporate implementation of ALTEO Group's sustainability objectives and ambitions. The committee, which meets at least quarterly, monitors and approves corporate policies and long-term objectives for sustainable development and the sustainability strategy, and ensures that the ESG approach and climate risks are kept on the agenda. For more information on the committee and its rules of procedure, please visit the ALTEO website at: https://alteo.hu/the-alteo/organisation/green-committee/?lang=en.

Furthermore, ALTEO Group has an Integrated Management System in place, which includes the ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, ISO 45001:2018 Health & Safety Management System and ISO 50001:2018 Energy Management System standards and, since 2023, the ISO 27001:2022 Information Security standard. The Integrated Management Policy (publicly available at https://alteo.hu/wp-content/uploads/2025/04/ALTEO_Integralt-Politika_Plakat_HU.pdf) is the fundamental document for this system, in which the company's management commits itself to providing quality services, safe work environment, energy efficiency, environmental protection and sustainability. In 2025, we ensured our compliance with the standards by conducting 75 internal audits covering the operation of the Integrated Management System in compliance with all four standards at all of our sites and organizational units.

In 2025, various authorities conducted five HSE-nature administrative audits. We addressed all observations made during the inspections by the prescribed due date, therefore no official warnings or fines were issued or levied as a result.

The 2025 Sustainability Report, presented as a separate chapter of the Business Report, details our environmental protection guidelines and the progress made in this regard.

1.19.1.2 Respect for human rights, ethics

Description of major risks related to human rights compliance that may result in adverse effects in the context of the Company's activities, and also a description of how the Company manages those risks.

The ALTEO Group has established a Compliance Management System (hereinafter: "CMS"). The CMS is designed to ensure compliance with laws, internal rules and the Group's Code of Ethics in respect of the entire Group.

The Compliance Management System fundamentally provides a supportive, preventive and control function to prevent damage and abuse and minimize risk across the entire operation of the Company.

The CMS covers four main areas at the Company: business ethics, security (data protection, information security, asset protection, human risk management), anti-corruption program (fraud and corruption free operation, business partner due diligence, conflict of interest), compliance risk management (legal and internal regulatory compliance, annual compliance risks).

When formulating ALTEO Group's Code of Ethics, we wanted to create a useful guide that would offer help and protection to our employees and provide information to our partners about the standards of behavior represented and required by our Group.

The standards established in the ALTEO Group's Code of Ethics impose higher requirements on Group employees compared to existing laws.

Based on the 2025 ESG assessment, business ethics is rated as a negligible risk, and risk management in the area of business ethics is rated as strong.

The Company is committed to respecting human rights. Respect for human rights includes, among others: non-discrimination, freedom of thought, conscience and religion, freedom of expression, respect for private and family life.

The mandatory two-year ethics training program was due this year, which we made available to employees via the e-learning platform at ALTEO Nyrt. After studying the practical training material, employees were required to take a 10-question test, which was considered passed if they scored at least 80%. 97.7% of employees completed the training.

This year, for the first time, we conducted the training online for employees of FE-Group Invest Zrt. As with the employees of ALTEO Nyrt., the training was considered completed after employees took a test, which 97% of them passed.

At ALTEO Circular Kft., we held our first ethics training sessions in several rounds, divided into groups, via Teams meetings. There have been no exams for them; they are only required to submit a statement and participate in an online class. 90% of the employees participated in the training.

At ALTEO Nyrt., new hires are continuously trained via the e-learning platform. After joining the Company, new employees have two weeks to complete their training and take the exam.

1.19.1.3 Fundamental rights in practice

We provide an online whistleblowing system for our employees and business partners under Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law. The whistleblowing hotline can be accessed through various interfaces on the website and intranet. Whistleblowers should not suffer any disadvantage as a result of the whistleblowing.

To encourage colleagues at ALTEO to speak up, in 2023 we launched the Speak Up! program. *Speaking up is a workplace culture that encourages employees to feel free to ask questions, give feedback, express concerns about issues without fear of any negative consequences – source: HBLF Recommendation* – In 2025, we held several Ethics Case Study Compliance Coffees for employees. During those events, we analyzed and discussed ethics cases as part of informal discussions.

We can apply a Compliance adjustment in the performance assessment system to ensure that ethical standards are met.

We provide our employees with a working environment based on mutual trust, respect for others and respect for their dignity.

We respect our employees' right to freedom of religion, freedom of assembly, right to rest, leisure and regular paid leave.

We take individual preferences into account when setting working hours and work procedures, and provide solutions to any issues that may arise.

The HQ offers flexible working hours and the opportunity to work from home.

We give priority to the personal and professional development of our employees, for that purpose, we develop an annual training schedule, and provide employees the opportunity to participate in courses, conferences and, under study contracts, in adult education and university courses. We set individual development goals and organize individual trainings or group workshops to achieve them.

We are committed to the principle of fair and compliant employment and remuneration. Salaries and fringe benefits are reviewed on a yearly basis.

We are humane in our layoffs, and we support our employees to the extent of our capabilities.

We base our relationship with and among our employees on the principles of human rights and tolerance. We are committed to prohibiting and preventing discrimination, and consider any form of discrimination or human rights violation to be a particularly serious ethical violation.

In our work and in our business relationships, we treat everyone with respect, and in our communications with each other, we respect and value the opinions and views of others.

We respect our employees' right to political conviction and engagement. However, the ALTEO Group is politically neutral and does not engage in any political activities or support. Therefore, our employees must respect the ethical principles of the ALTEO Group when conducting their political activities and, in all cases, they can only carry out their activities as individuals, independently of the Group.

1.19.1.4 Conflict of interest

The ALTEO Group is particularly dedicated to the detection and prevention of economic conflicts of interest, therefore all new entrants must make a conflict-of-interest statement.

In 2024, we reviewed ALTEO's conflict of interest rules and conflict of interest system. Our main objective was to issue a separate directive that included the conflict of interest rules stipulated in both the Code of Ethics and the Compliance Policy, thus making the Company's expectations on conflict of interest clearer for everyone. In addition, we wanted to introduce a conflict of interest regime which, like the legal regulations, distinguishes in some respects between managers and non-managers, thus we have set out different rules for managers and non-managers in terms of the authorization of conflict of interest situations. In accordance with the new rules, we have had all employees sign a new declaration.

1.19.1.5 Policies applied in connection with the fight against corruption

The CMS fundamentally provides a supportive, preventive and control function to prevent damage and abuse and minimize risk across the entire operation of the Company.

The Company is committed to anti-corruption, and has adopted and published its Anti-Corruption Statement on its website. We firmly reject all forms of corruption and bribery, which are regarded as particularly serious ethical violations in the context of government officials, suppliers and business partners. We apply zero tolerance to all cases involving bribery or corruption.

We conduct our procurement procedures transparently and in accordance with our internal rules.

We assess potential suppliers on the basis of a multi-level pre-qualification process (also taking ESG, financial and legal aspects into consideration). We do not enter into a business relationship with any supplier that does not meet the Company's requirements. We expect our business partners to know, accept and comply with our Code of Ethics. We put together a summary code of all the ethical requirements applicable to business partners.

We operate a whistleblowing hotline for reporting corruption and fraud, but reports can also be made via email or over the phone. We also provide whistleblowers with the possibility of anonymity.

In all cases of suspected corruption or fraud, we conduct an investigation in accordance with our internal rules of procedures. The ALTEO Group firmly stands up for the principle that all forms of retaliation or discrimination are unacceptable against whistleblowers who report suspected corruption or fraud, even if a bona fide report does not result in the identification of any illegal or inappropriate acts.

1.19.1.6 RISK MAP – Corruption index

To prepare ALTEO Group's compliance risk map, we used a questionnaire to assess and evaluate the Group's compliance risks in 2025 as well with the aim of eliminating the possibility of corruption, fraud, and misconduct across the following areas: finance, accounting, human resources, corporate governance, publicity, law, IT, and M&A.

The questionnaire was made available to 30 executives. Based on the survey results, we have determined that it is worthwhile to continue organizing Compliance Coffee events for managers regarding the topics and questions that received low ratings. This year, to assess the risks identified during our audits, we developed the Compliance Risk Assessment Matrix, which provides a unified framework summarizing the compliance risks associated with the areas audited, their assessment, the tasks identified and necessary actions, as well as the related controls, scopes of responsibility, and implementation deadlines. The purpose of the matrix is to support the management of compliance risks and the prioritization of necessary measures in a transparent, comparable, and traceable manner. A separate internal directive has been issued regarding the use of the matrix, which defines the methodology.

1.19.1.7 Employment policy

ALTEO Group's employment policy: stability, development and commitment

ALTEO Group's employment policy focuses on the **legality and up-to-date status** of employment-related documents, the transparency of work-related processes, and their compliance with market and professional requirements and expectations.
ALTEO fosters employee **loyalty and motivation** by providing a **stable work environment**, modern working conditions, challenging professional tasks, and a **competitive base salary, variable pay components, and other salary and fringe benefits**.

A key objective of ALTEO Group is to **retain** its employees and the professional expertise they have accumulated, recruit new colleagues, and **successfully integrate the fresh market knowledge** they bring to the Company. The Company is continuously developing **its innovation-driven corporate culture** and **setting standards of behavior** that support the achievement of its strategic goals.

The Company places a strong emphasis on **organizational development**, particularly on enhancing the professional and managerial **knowledge, skills, and abilities** of staff working in various fields, which are essential to the Company's international growth.
The **physical safety** of employees is a top priority at every site and at the Company's new headquarters, while the Company supports their **well-being and health** through a variety of Company-wide programs and benefits.

The Company's management maintains an ongoing dialogue with the **Works Council,** and regularly consults with its members on key issues affecting employees.

Workforce and diversity

At the end of 2025, ALTEO Group had a workforce of **1,263 people**, representing an **increase of 750 employees** compared to the previous financial year. This significant increase is the result of a waste management acquisition completed during the 2025 financial year, through which Éltex Kft. and its subsidiaries were integrated into the Group.

Of the total workforce at the end of 2025, **29 employees work part-time and 1,234 work full-time**, and **all employees in the entire Group have indefinite-term contracts**. **77% of the workforce is male and 23% female**, which is due to the specific characteristics of the energy and waste management sector. At the same time, the Company is committed to **diversity and equal opportunities**, and takes actual steps to ensure them every year.

ALTEO is an attractive place to work, as **evidenced by the high number of applicants for our job openings**, the high proportion of new hires, **and a turnover rate of 21%, which is slightly higher than the industry average overall, but when examined separately, it is lower than that of other players in the market among companies engaged in energy-related activities.** The Company is **consciously seeking to attract the younger generations** to ensure that they have long-term career development opportunities. One of the cornerstones of ALTEO's strategy is to **nurture top talent and succession planning**, as **18%** of the Company's **employees are over 50 years old**, many of whom have been **working in the energy and waste management sectors for 30 years**.

Development and training

- One of ALTEO's greatest assets is the **broad and up-to-date expertise** possessed by its employees in various fields of energy and waste management. The Company ensures that its employees can develop their knowledge **through internal and external training, professional conferences and further training programs**.
- The purpose of the courses and training sessions is:
  - **To improve efficiency** and to acquire **critical skills** for the job
  - **Updating and adding to current knowledge**
  - **Providing mandatory training** in line with legal and internal requirements
  - **Strengthening knowledge sharing** within the Company

For ALTEO, **training and development** play a key role in ensuring sustainable operations and **a high level of professional cooperation** between the Company and its partners.

2 Statements of the Issuer

2.1 Use of non-audit services

In 2025, ALTEO Group did not use audit services provided by Authentic Audit Kft.

2.2 Declaration on compliance with the obligation to disclose related party transactions

ALTEO published on its website the transactions with related parties to be disclosed or subject to approval in compliance with Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization, passed in 2025, except for the transactions specified in Section 24 thereof.

2.3 Corporate governance statement

The Group's parent ALTEO prepares its Corporate Governance Report in accordance with the Responsible Corporate Governance Recommendations of Budapest Stock Exchange Ltd. and publishes it in a separate document upon approval by the Company's General Meeting. The Company only provides a summary in this business report.

The Board of Directors is the main decision-making body of the Group's parent company that governs the Group and monitors its day-to-day operation on the basis of effective laws, the Articles of Association and the resolutions passed by the General Meeting, as well as the Supervisory Board and the Audit Committee.

The members of the Board of Directors are elected by the General Meeting for a term of up to five years. Members of the Board of Directors elect the Chair of the Board of Directors, the Deputy Chair, and the member entitled to hold the title of CEO ("**CEO**") from among themselves. The Group has a Remuneration and Nomination Committee, which, among others, makes proposals to the General Meeting concerning the election, removal and remuneration of the members of the Board of Directors. The remuneration of members of the Board of Directors is, however, determined by the General Meeting. The Board of Directors comprises at least three and at the most nine natural person members.

The Board of Directors is entitled and required to decide on all issues that, by virtue of the provisions of the law or the effective Articles of Association, do not fall within the competence of the General Meeting, the Supervisory Board or the Audit Committee.

The member of the Board of Directors entitled to hold the title of CEO is at the head of the Group's work organization and is responsible for managing and monitoring the Company's operations in accordance with the resolutions of the General Meeting and the Board of Directors. The Chief Executive Officer shall act within the limits of the applicable laws, the Articles of Association, and the rules of procedure of the Board of Directors in all matters which the Board of Directors, in its rules of procedure, has delegated to the Chief Executive Officer and, in this context, shall direct and control the day-to-day operational activities of the Company, unless the Board of Directors has expressly provided otherwise in a resolution. During the day-to-day operations of the Group, the CEO works with members of the management responsible for each function to make decisions.

The CEO is assisted in the day-to-day operational management of the Group by management, the members of which are responsible for functions within their scope of responsibility.

The Supervisory Board of the Group's parent company acts as a body under mandate from the General Meeting. Members of the Supervisory Board are required to act in person; agency is not allowed in the activities of this body. Members of the Supervisory Board may not be instructed in that capacity by their employer or shareholders of the Company. The Remuneration and Nomination Committee makes proposals to the General Meeting concerning the election, removal and remuneration of the members of the Supervisory Board. Members of the Supervisory Board are elected by the General Meeting for a definite term of up to five years. Members of the Supervisory Board can be removed at any time and may be reelected upon the expiry of their mandates. The General Meeting decides on the remuneration of members of the Supervisory Board. The Chair of the Supervisory Board is elected by the Supervisory Board from among its members. The Supervisory Board sets out its own rules of procedure, which are then approved by the General Meeting. The Supervisory Board currently consists of three members.

The Audit Committee verifies the Group’s accounting regime, comments on its annual report prepared pursuant to the Accounting Act, monitors compliance with professional requirements and conflict of interest rules applicable to auditors and performs the tasks specified in its rules of procedure.

Within the scope of the Company’s risk assessment activities, business, financial, technical, commercial, legal and compliance functions supervised by members of management work together and assess the types of risks involved based on reports prepared by each function and presented to the appropriate decision-making body or management member at specific intervals and identify the actions needed to manage risks.

The assessment of financial risks is a part of every planning and forecasting process as well as preparing new investment decisions. Decisions regarding risks identified during planning and forecasting and how they should be managed are made. For new investments, the management of expected risks is already covered by the proposal.

In developing its Compliance Management System, the Company assigned Compliance its place within the corporate structure, determined its scope of competence and its responsibilities, the Compliance Committee was set up, the risk map of the Group was drawn up on the basis of executive self-assessments, the regulation and the procedural rules of compliance audits (conflict of interest, business partner due diligence, ethics and compliance audits) were developed, and the Code of Ethics constituting a key component of the program was also created.

The implementation of the Compliance Management System is the responsibility of the Director of Ethics, Compliance and Control, pursuant to a mandate from the CEO. The compliance manager is responsible for ensuring compliance with the applicable laws, internal policies and the Company’s Code of Ethics, for identifying unethical, unlawful or excessive business non-compliance, for assigning responsibilities, initiating corrective measures and following up on actions taken by business areas. They are also responsible for delivering training on policies related to compliance (e.g. Code of Ethics, Privacy Policy), conducting conflict-of-interest assessments and initiating measures, supporting operation complying with data protection laws, promoting fraud-free and corruption-free operation, supporting the selection of appropriate business partners, supporting the establishment of the human security requirements and criteria required by the law, and supporting and monitoring the establishment of the necessary property protection and physical security requirements and criteria.

The Ethics, Compliance and Control organization fundamentally pursues a supportive, preventive and control activity, with these roles enforced collectively, aimed at preventing damages and abuse, and minimizing risks across the entire operation of the Company.

2.4 The issuer's statement pursuant to Section 3.4.1 of Annex 2 of Decree No. 24/2008 (VIII.15.) of the Minister of Finance

The Company declares that its consolidated Financial Statements and Business Report for the year 2025 were prepared in accordance with the International Financial Reporting Standards as adopted by the EU, based on the Company’s best knowledge, providing a true and fair view of the assets, liabilities, financial situation, profit and loss of the Company as an issuer and the companies involved in the consolidation.

The Company also declares that its consolidated Annual Report for the year 2025 provides a true and fair view of the situation, development and performance of the issuer and the companies involved in the consolidation, outlining the risks and uncertainties likely to arise in the remainder of the fiscal year.

2.5 Statement of the issuer on the independent audit of the report

The Company declares that the data of this Annual Report were audited by an independent auditor. The independent auditor's report was published as part of the Consolidated Financial Statements.

2.6 Sustainability Report

The Group's Sustainability Report, prepared in accordance with the sustainability reporting standards as per Section 95/D(1)(3) of Act C of 2000 on Accounting and the requirements adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council, is attached to this document.

2.7 Authorization for publication of the Annual Report

This Annual Report was approved and authorized for publication by the Company's Board of Directors.

Budapest, April 2, 2026

On behalf of ALTEO Nyrt.

Attila László Chikán	**Zoltán Bodnár**
Chairman of the Board of Directors, CEO	Chief Financial Officer

ALTEO Group

Sustainability Report 2025

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1. GENERAL INFORMATION

1.1 Basic principles for preparing the Sustainability Report

[BP-1] General basis for preparing sustainability statements

(BP-1_01-02) This document is the 2025 (January 1, 2025 – December 31, 2025) Annual Sustainability Report[1] of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (when referred to on its own, hereinafter: ALTEO Nyrt. or ALTEO) and its subsidiaries (hereinafter collectively referred to as ALTEO Group, Group, or Company, in terms of their business segment breakdowns, ALTEO Group's energy business line[2] and ALTEO Group's circular economy business line[3]) also consolidated in the financial report, which aims to present our sustainability and transparency efforts to all our stakeholders. The scope of consolidation of ALTEO Group has been expanded again in 2025, as ALTEO Circular Kft. (formerly known as ÉLTEX Kft.) and its subsidiaries have been integrated into ALTEO Group, strengthening the circular economy business line, thus sustainability information is presented in the various chapters along the two main business lines – energy and circular economy. The acquisition of ALTEO Circular Kft. was completed on June 30, 2025, that is in the reporting period of this Sustainability Report, in addition to the relevant narrative information, flow-type data points are presented according to values for the incomplete period, and stock-type data points are presented according to year-end values. If data points are disclosed differently, these are explained separately in the presentation of individual disclosure requirements.

The scope of consolidation, which is consistent with that in the financial statements, has been further adjusted in this report. During our review of the scope assessment, we have established that the financial consolidation methodology at Tisza-WTP Kft. reflects a lack of control, which we documented in the Sustainability Report.

This change in the principles of presentation had a partial impact on the following metrics:

- E1-5: Energy consumption – Consumption of electricity, heat, steam, or cooling purchased or procured from fossil sources
- E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions – Scope 2 emissions
- E3-4: Water withdrawal, water recycled and reused

Further reasons for the changes are detailed in sub-chapter *[BP-2] Disclosures in relation to specific circumstances* and in the relevant specific sub-chapters.

The Consolidated Sustainability Report has been prepared in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS), the sustainability statement set out therein and the sustainability reporting requirements set out in Act C of 2000 on Accounting.

(BP1-_04) The Sustainability Report covers not only ALTEO Group, but also its relevant upstream and downstream value chain. To appropriately assess the impacts, risks and opportunities of our activities, we have taken into account both the upstream and downstream value chains. As part of our Double Materiality Assessment (DMA) for this report, we also assessed our value chain, which is described in detail in the sub-chapter *[SBM-1] Strategy, business model and value chain* in respect of our energy and circular economy business lines. In the course of mapping, we established the need to report primarily on relevant impacts, risks and opportunities, particularly in relation to our greenhouse gas (GHG) emissions, impacts on biodiversity and ecosystems, and our direct supplier relationships. We have not established targets or metrics covering the various stages of the value chain regarding our impacts on biodiversity and ecosystems, nor do we have related policies in place. Through our biodiversity-related projects, we address both upstream and downstream impacts.

Under its current practices, the Company treats the definition of energy consumption data and GHG emission scopes differently. For energy management purposes, ALTEO monitors all energy flows related to its own operations, including fuel and electricity consumption at the power plants it operates. Therefore, these are also included in the E1-5 energy consumption report.

At the same time, when classifying emissions, the Company adopts a narrower approach based on control powers: under Scope 1, it reports only emission sources over which it exercises actual control. Since it does not have control over the combustion processes at the power plants it operates, their direct emissions are not included in Scope 1. Since energy consumption related to operations is part of ALTEO's operational activities, based on a management decision, electricity consumption is reported under Scope 2, while upstream emissions related to fuel consumption are reported under Scope 3, Category 3. However, emissions resulting from combustion processes are not included in Scope 3 emissions. This dual approach – a

[1] Consolidated Sustainability Report prepared in accordance with Article 48i of Directive 2013/34/EU.
[2] ALTEO Nyrt. and its subsidiaries, except for FE-GROUP Invest Zrt., ALTEO Circular Kft., Peregium Green Zrt., ALTEO Circular Refining Kft.
[3] FE-GROUP NVEST Zrt., ALTEO Circular Kft., Peregium Green Zrt., ALTEO Circular Refining Kft.

broader interpretation of energy flows and a narrower interpretation of emissions scopes – stems from the Company's current data processing and operational practices.

The Company applies a financial control-based consolidation approach in accordance with the GHG Protocol Corporate Standard, under which ALTEO reports the emissions from ALTEO-owned power plants that it actually controls under Scope 1. In the case of power plants that are operated, but not owned by ALTEO, there is no financial control. At the same time, the Company partially takes into account the power plants it operates when determining its GHG emissions in line with a value chain approach.

In preparing this report, ALTEO determined that the energy needs associated with the operation of its power plants and the resulting emissions constitute relevant information related to the Company's service provision and operations; therefore, these are presented under Scope 2 and Scope 3, Category 3 according to the following logic:

- Scope 2: electricity emissions associated with the operation of power plants, which reflect the energy footprint of service provision;
- Scope 3, Category 3 (fuel and energy-related activities): emissions from the upstream life cycle of natural gas used by ALTEO-operated power plants (extraction, processing, transportation).

This classification also applies to the calculations for 2024 and 2025. A management-level review of consolidation and operational delimitation, particularly regarding the handling of energy consumption and emissions associated with operated-power plants, will take place during the 2026-2027 period, in conjunction with the preparation of ALTEO Group's Transition Plan. The purpose of the review is to establish clearly defined consolidation control boundaries for the future and to determine which emissions fall within ALTEO's actual decision-making and operational authority. The findings of the review will be presented in next year's report.

(BP-1_05-06) The Group has not used the opportunity to omit specific information on intellectual property, know-how or innovation results, nor has there been any information on upcoming developments or ongoing negotiations that we do not disclose.

[BP-2] Disclosures in relation to specific circumstances

Our reporting practices have not changed significantly from the previous period, as 2024 was the first year of reporting under the ESRS. (BP-2_01) The time horizons used for the presentation of material information, in addition to the preceding double materiality assessment (in line with the requirements of the ESRS 1 reporting standard), have been defined this year as follows:

	Definitions of time horizons used to disclose information in the Sustainability Report	**Definitions of time horizons used in the double materiality assessment**
Short-term	Similarly to the financial report, the period used as the reporting period.	If the positive or negative impact of a sustainability topic is already present in the current financial year, all topics identified as factual fall into this category (0-1 year).
Medium-term	Up to 5 years from the end of the reporting period.	If the positive or negative impact of a sustainability topic is already present in the current financial year, but does not yet have a significant impact on the environment and/or society, but is expected to be felt within 5 years (1-5 years).
Long term	Period exceeding 5 years.	If the positive or negative impact of the given sustainability topic is expected to occur only after 5 years (>5 years).

(BP-2_03-09) In preparing this report, we used estimates for the presentation of GHG emissions, for two monthly values of the efficiency of Győr 2, as well as for the presentation of EU ETS, where such estimates are deemed to be of reasonable certainty in line with industry expectations. The value chain estimation related to Scope 3 emissions was carried out by a contracted expert, while the GHG inventory was verified by the sustainability experts of ALTEO Nyrt. The above data are based on estimates that involve measurement uncertainty. We plan to reduce those uncertainties in the future by incorporating primary data and by regularly reviewing and refining our calculation methodology. Details of the estimation are described in more detail in the relevant chapters.

In addition, our report includes future projections, or climate scenarios, in the description of climate change risks and opportunities, the considerations for which are described in detail in sub-chapter *[IRO-1] Presentation of processes to identify and assess material impacts, risks and opportunities.*

(BP-2_12-14) We present a comprehensive overview of the errors from the previous period, regardless of their materiality.

Among the S1-14 Health and safety metrics published for 2024, we have made a correction to the calculation of the rate of recordable work-related accidents in our report for this year in respect of 2024, i.e. compared to the previous year, in accordance with ESRS requirements, the rate now represents the number of cases per million hours worked. The rate was not projected per million hours worked in 2024. The data disclosed in the previous year and adjusted were published in sub-chapter *[S1-14] Health and safety metrics*.

In the E3 Water topic, water-related data points were presented as water consumption and aggregated in last year's report, but the definition, scope (the review of the classification of Tisza-WTP Kft.) and breakdown of information were clarified during the review. The data measured by ALTEO Group relate to water withdrawal, thus we have republished the relevant values for the previous year in sub-chapter *[E3-4] Water withdrawal* for the sake of comparison. Furthermore, compared to the 2024 data reporting, we have also made adjustments to the consumption of electricity, heat, steam, and cooling purchased or procured from renewable sources based on the E1-5 Application Requirements, meaning that we now apply a conservative approach when accounting for renewables. The data disclosed in the previous year and adjusted were published in sub-chapter *[E1-5] Energy consumption and mix*. The decrease in steam consumption in 2025 can be explained by the revision of the classification of Tisza-WTP Kft.

In sub-chapter *[E1-6] Gross Scope 1, 2, 3 and Total GHG emissions*, the verification of the CO2e emission allowances allocated during the auction was still in progress at the time of preparing the 2024 Sustainability Report, thus the value included in the previous report was provided as an estimate, which we have restated in this report following verification. The restatement applies to both Scope 1 and Scope 2 figures; in the case of the latter, market-based emissions in the energy business line were also calculated retroactively.

In addition, for the Scope 3 categories, we conducted methodological and data quality reviews in several areas compared to 2024. In the 2025 calculations, we eliminated duplicates – in particular intra-Group transactions and items that, despite being correctly classified according to the GHG Protocol, were not included in the appropriate category (e.g., waste transport, waste disposal, and electricity consumption in leased properties). Consequently, we have adjusted the 2024 data in several categories, typically along reclassifications, to ensure comparability.

The calculation methodology has been revised in several areas; we have refined the calculation methodology for commuting to work, and for waste management, we have replaced the previous general emission factors with waste-type-specific factors, and as a result, we have recalculated the 2024 figures.

We have flagged certain categories (e.g., . 4. Upstream transportation, 5. Waste, 7. Employee commuting, 8. Upstream leased assets; 10. Processing of sold products; 12. End-of-life treatment; 13. Downstream leased assets) for future review due to their low share within Scope 3.

Changes in the scope of consolidation, in particular the inclusion of ALTEO Circular and the review of classification of Tisza WTP Kft., affected the structure of several categories. Due to the integration of ALTEO Circular, additional activities and emissions have emerged in certain Scope 3 categories that were not present in previous years, resulting in a significant increase in emissions for these categories (e.g., upstream transport, leased assets, capital goods, and purchased goods and services). The review of classification of Tisza WTP Kft., meanwhile, reduced emissions associated with upstream energy consumption (in particular, the elimination of steam and district heating demand).

Due to changes in the scope of consolidation and the significant structural transformation resulting from the integration of ALTEO Circular, we have omitted the year-on-year percentage comparison of the circular economy business and the Group-level Scope 3 ratios from the 2025 report. Due to the different reporting scopes, the percentage change would not be comparable in accordance with the comparability principle of ESRS 1, such a presentation would give a distorted picture of the actual change in performance. Where relevant, additional explanations is given to help interpret the trends so that readers of the report can understand the changes in the appropriate context.

(BP-2_10-11) (BP-2_16-17) In the case of environmental metrics linked to material information, we publish new, entity-specific data in 2025 to provide a comprehensive overview of the activities associated with our energy business line, which under the voluntary *Global Reporting Initiative G4 - Electric Utilities Sector Disclosures* is based on the guidelines for *EU 11 – Average generation efficiency of thermal plants by energy source and by regulatory regime* in respect of the topic of System Efficiency, and on the guidelines for *EU 30 Average Plant Availability Factor by Energy Source and by regulatory regime* in respect of the topic of Access. In addition, the S1-13 Training and skills development metrics, which were deferred from last year's disclosure requirements, are already disclosed in this report. Comparative information is not available for metrics not previously reported, and data for ALTEO Circular Kft., integrated in the reporting year, are published only for this year.

(BP-2_20) In preparing this report, we do not reference other documents in completing the disclosures, and in the absence of the applicable Taxonomy, we have not been able to prepare a machine-readable markup of the sustainability content of the report.

Our aim is to prepare our Sustainability Report with the appropriate level of detail, including full disclosure of the necessary data, taking into account the applicable requirements. The average number of employees of ALTEO Group exceeded 750 in 2025, however, based on the amendments to the European Commission's "quick fix" regulation, it may still apply deferrals of certain relevant disclosures. These deferrals have been applied in this report.

For this report, we have applied a deferral in the following disclosures, which include our relevant governance documents, measures, targets, and metrics for material topics:

- Disclosure requirement E1-9, data point 68
- For data point 69 of disclosure requirement E1-9, our Group uses qualitative disclosure only
- Disclosure requirement E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities

- Disclosure requirement E5-6 Expected financial effects of resource use and circular economy-related impacts, risks and opportunities

1.2. Corporate governance

[GOV-1] The role of the administrative, management and supervisory bodies

(G1.GOV-1_01-02) The governance structure of the newly integrated ALTEO Circular Kft. and its subsidiaries is not yet fully aligned with the Group's corporate governance systems, which are in the process of being established, but the integration has been completed for the most important issues, thus the ALTEO Board of Directors, Executive Board and Supervisory Board discuss and, where appropriate, make decisions in accordance with the relevant ALTEO rules of procedure for ALTEO Circular Kft. and its subsidiaries. ALTEO Group's management and supervisory bodies work closely in cooperation to ensure that the Company's business conduct complies with the laws and good business practices. The members of the management, led by the CEO, participate in operational management and contribute to the implementation of the corporate strategy, taking into account the interests and values of the Company. As an independent body, the Supervisory Board monitors the management of the Company, thus promoting compliance with ethical standards. The Audit Committee monitors the process of financial reporting and assists the Supervisory Board in order to facilitate the appropriate control over the financial reporting system. The Chief Executive Officer and the members of the Executive Board receive regular further training to keep up to date with business ethics, legal requirements and company directives.

(GOV-1_04) The representatives elected to the Group's relevant Committees have a broad range of experience in the energy and circular economy business, as well as in corporate governance, management and economics.

General Meeting

The main body of ALTEO is the General Meeting, which consists of all shareholders. It has an exclusive responsibility to make decisions regarding the management and operations of ALTEO, and on all matters which fall within its exclusive competence under the provisions of the Civil Code or the Articles of Association. The Board of Directors shall convene the General Meeting at least once a year.

Board of Directors

The Board of Directors is the managing body of ALTEO. It exercises its rights and duties as a single body, its members are legal representatives (senior executives) of ALTEO. The Board of Directors coordinates and manages ALTEO Group, provides guidance and defines ALTEO's business and development concept. (GOV-1_07) The Board of Directors consists of at least three and maximum nine natural persons, and elects its chairperson from among its members. The majority of the members of the Board of Directors (3 out of 4, that is 75%) are not employees of the Company, which ensures the independence of the Board from the work organization. The members of the Board of Directors are elected by the General Meeting for a definite term of up to five years. The Board of Directors approves the annual Consolidated Sustainability Report, which includes the targets and the material impacts, risks and opportunities identified. (GOV-1_12) The sustainability information provided to the Board of Directors is detailed in sub-chapter *[GOV-2] Information provided to and the sustainability issues addressed by the administrative, executive and supervisory bodies of the company*.

(GOV-1_01-02) Members of the Board of Directors as at December 31, 2025:

- Attila László Chikán, Chairman of the Board of Directors, CEO
- Dr. György Bacsa, Deputy Chairman of the Board of Directors (member independent of the work organization);
- Ágnes Bencsik, Member of the Board of Directors (member independent of the work organization) and
- Álmos Mikesy, Member of the Board of Directors (member independent of the work organization).

(GOV-1_05-06) One of the four members of the Board of Directors is a woman. This puts the ratio of women in senior management at **25%,** compared to **75%** ratio of men. Although women are at present underrepresented, we are committed to increasing diversity and inclusion.

The term in office for Attila László Chikán terminates on April 30, 2030, whereas for other members of the Board on April 3, 2028. Pursuant to Article 13 of the Company's Articles of Association, of the members of the Board of Directors, the Chief Executive Officer and members of the Board of Directors who are in an employment relationship with the Company qualify as executive members. Attila Chikán is an executive member of ALTEO Group, while the other members of the Board of Directors are non-executive members.

The Board of Directors has been authorized by the General Meeting to make decisions on the basis of its own powers, subject to the limits of the authorization. Such authorizations are presented in detail in *Section 1.13 "Information on the ownership structure of the Company and voting rights"* of the *Consolidated Business Report*.

Supervisory Board

The work of ALTEO's management is supervised by the Supervisory Board. Its objective is to ensure the protection of the owners' interests as well as to supervise the management of ALTEO. Although the Supervisory Board mainly assesses the Company's activities from a legal and financial perspective, it also takes sustainability aspects into consideration in the course of its work. As required by law, the Supervisory Board is composed of a majority of non-employee members (3, that is 100%), which ensures the independence of the Board from the work organization.

(GOV-1_05) As at December 31, 2025, the Supervisory Board had three male members (100%), whose mandate expires on April 3, 2028:

- Dr. Ákos Székely, Chairman of the Supervisory Board (member independent of the work organization);
- Péter Kaderják, Member of the Supervisory Board (member independent of the work organization);
- Márton Oláh, Member of the Supervisory Board (member independent of the work organization).

Audit Committee

The Audit Committee assists in auditing the financial reporting system, selecting a permanent auditor, and cooperating with the permanent auditor. The Audit Committee has the right to request information from members of the Board of Directors or senior executives of ALTEO, who must provide written answers to such queries. Its primary focus is on the monitoring of financial processes, but its activities also cover sustainability aspects through the combined financial and sustainability reporting requirements, ensuring that the data reported in the Sustainability Report are consistent with those in the financial statements. The Audit Committee consists of three members, independent of the organization, elected by the General Meeting from among the members of the Supervisory Board.

(GOV-1_05) The three male members (100%) of the Audit Committee as at December 31, 2025 are:

- Dr. Ákos Székely, Chairman of the Audit Committee (member independent of the work organization);
- Péter Kaderják, Member of the Audit Committee (member independent of the work organization) and
- Márton Oláh, Member of the Audit Committee (member independent of the work organization).

The term of office of the members of the Audit Committee expires on April 3, 2028.

The Supervisory Board and the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is a committee established by the Board of Directors to act as a body. The Remuneration and Nomination Committee is composed of at least 4 members, 3 of whom are elected from among the members of the Board of Directors and 1 from among the members of the Supervisory Board.

Its members are elected by the Board of Directors for an indefinite term, but their term of office lasts until the term of office of the elected members of the Board of Directors and the Supervisory Board. Its members may be recalled at any time and their remuneration is proposed by the Board of Directors and decided by the General Meeting.

The Remuneration and Nomination Committee consisted of four members as at December 31, 2025:

- Dr. Ákos Székely, Chairman of the Remuneration and Nomination Committee;
- Dr. György Bacsa, Member of the Remuneration and Nomination Committee;
- Álmos Mikesy, Member of the Remuneration and Nomination Committee;
- Ágnes Bencsik, Member of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee makes proposals to the General Meeting concerning the election, recall and remuneration of the members of the Supervisory Board, the Audit Committee and the Board of Directors. It reviews and provides its opinion on the Remuneration Policy pursuant to Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization and provides its opinion on the Remuneration Report at least once a year prior to its submission to the General Meeting. It reviews the annual general salary increase and the compensation policy before the Board of Directors makes its decision thereon.

(GOV-1_08-14) Other key advisory and expert bodies on sustainability issues

Green Committee

The Green Committee is an advisory body to the CEO, and plays a key role in integrating ESG considerations into corporate decision-making. The Green Committee meets quarterly, and its primary purpose is the preparation, monitoring and corporate implementation of ALTEO Group's sustainability strategy and efforts. The board of senior officers and staff members from specialist areas monitor and approve corporate policies and long-term objectives for sustainable development and ensure that the ESG approach and climate risks are kept on the agenda. The Green Committee also ensures that sustainability is consistently represented in ALTEO Group's external relations. The Committee reviews the Sustainability Report and approves its content in terms of consistency with sustainability objectives and its presentation of ALTEO's environmental, social and corporate governance performance.

Members of the Green Committee are appointed and recalled by the CEO. Membership lasts until recall, but no later than the termination of the Green Committee member's employment relationship. The main criteria for nomination for membership are that the areas of Sustainability and HSE, Controlling, HR, Energy Production and Services, Production Management and Business Development, M&A and Capital Markets, Legal, Ethics, Compliance and Control, and the Supervisory Board be represented. Members of the Green Committee may be recalled at any time. (GOV-1_15) ALTEO Group's administrative, management and supervisory bodies ensure that the expertise necessary for overseeing sustainability issues is integrated into decision-making processes. In addition, they do this by operating a Sustainability Team, whose members were selected based on relevant skills, experience, and qualifications (including a degree in environmental engineering). For all matters with material sustainability relevance, the bodies receive detailed information from the ESG managers or the Green Committee, which includes the necessary technical background explanations on the topic. If a matter requires specialized or in-depth expertise, the bodies are authorized to engage external experts in accordance with the Company's regulatory framework.

This approach ensures that the bodies always have access to the appropriate expertise when making decisions regarding the impacts, risks, and opportunities identified through the materiality assessment, even without a formal annual competency review.

(GOV-1_09) The Green Committee's rules of procedure provide a framework for the sustainability responsibilities of Committee members, but the Group does not currently have a comprehensive document or process that only covers administrative, executive, and supervisory bodies, and also stipulates tasks related to impacts, risks, and opportunities.

The Green Committee consisted of thirteen members as at December 31, 2025:

- Attila László Chikán, Chairman of the Green Committee;
- Márton Oláh, Member of the Supervisory Board;
- Anita Simon, Deputy CEO for Sustainability and Circular Economy
- László Hegedűs, Deputy CEO for Strategic HR and Communications.
- Beatrix Szabó, Director of Sustainability and HSE
- Attila Gyökeres, Controlling Director
- Gábor Hohol, Director of Maintenance
- Attila Kiss, Director of Operations Director and Head of the North-East Hungary Region
- Csaba Fekete, Director of Business Development and Implementation;
- Balázs Szécsi, Senior Transaction Manager;
- Dr. Melinda Mészáros, Legal Director;
- Márta Osztroluczki, Director of Ethics, Compliance and Control
- Éva Klein-Stiller, Sustainability and IMS Manager, secretary of the Green Committee.

(GOV-1_16-17) ALTEO Group's Green Committee provides guidance, gives opinions and makes decisions on ESG and sustainability issues within its purview. In this context, it discusses and oversees the identification of impacts, risks and opportunities, which also form the basis for the sustainability report. Of the members of the Committee, Attila László Chikán represents the Board of Directors, while Márton Oláh represents the Supervisory Board.

Additionally, the leadership and expert skills of Attila László Chikán and Beatrix Szabó brought to the Green Committee, are closely related to the material impacts, risks and opportunities of ALTEO Group. Moreover, the accredited ESG consultancy training required by the ESG Act has been completed by some members of the Green Committee to further enhance the Group's sustainability competence.

- Attila László Chikán, Chair of the Green Committee and CEO of ALTEO Nyrt. He has extensive experience in the energy sector and in the field of sustainability. He is a member of the Presidential Committee on Sustainable Development of the Hungarian Academy of Sciences, serves as a member of the Supervisory Board of Blue Planet Climate Protection Investment Fund Management (Kék Bolygó Klímavédelmi Befektetési Alapkezelő Zrt.) and is also the Chairman of the Business Council for Sustainable Development in Hungary (BCSDH). As CEO of ALTEO Group, he is responsible for supervising the Company's strategic initiatives, including sustainable energy solutions and corporate sustainability practices.
- Beatrix Szabó, Director of Sustainability and HSE (Health, Safety and Environment Protection) of ALTEO Group, became an ESG consultant accredited by the Supervisory Authority for Regulatory Affairs of Hungary (SARA) in 2025. Her professional background includes extensive

experience in sustainability, environment, health and safety. In her role at ALTEO, she pays particular attention to integrating ESG (environmental, social and governance) aspects into corporate strategy, promoting sustainable development and long-term value creation.

Executive Board (Senior Management Advisory Board)

The CEO is responsible for operational management, the CEO is assisted by an advisory body, the Executive Board, consisting of the CEO of ALTEO and their Deputy CEOs. The Deputy CEOs are executives appointed by the CEO and are responsible for the management of the area they are put in charge of. (GOV-2_02) They are responsible, in accordance with the Company's corporate strategy, for ALTEO Group's operational leadership, cost-effective operation, quality service delivery, provision of healthy and safe working conditions, the protection of the environment, and for ensuring compliance with current legal requirements in line with the provisions of the Company's Integrated Management System (IMS) and the currently effective sustainability and ESG (Environmental, Social, Governance) standards.

At the management overview convened once annually by the CEO, the management reviews and assesses fulfillment of the above requirements and defines development opportunities for the future. During the overview, the management monitors, among others, fulfillment of the tasks outlined in the Quality, Energy and HSE objectives and programs and sets new tasks where necessary.

As at December 31, 2025, the Executive Board consisted of eight members (6 men and 2 women):

- Attila László Chikán, Chairman of the Board of Directors, CEO
- Zoltán Bodnár, Chief Financial Officer
- Domonkos Kovács, Deputy CEO for M&A and Capital Markets
- Péter Luczay, Deputy CEO for Production Management and Business Development
- Viktor Varga, Deputy CEO for Energy Production and Energy Supply
- Anita Simon, Deputy CEO for Sustainability and Circular Economy
- Magdolna Tokai, Deputy CEO for International Relations and Corporate Support;
- László Hegedűs, Deputy CEO for Strategic HR and Communications.

ALTEO Group's commitment to sustainability is also underlined by the fact that the Executive Board includes the Deputy CEO for Sustainability and Circular Economy as a representative of the ESG approach.

Compliance Committee

The Compliance Committee approves the annual risk analysis prepared by the Ethics, Compliance and Control Director and the annual compliance work plan prepared on the basis thereof, and takes a position in individual cases.

Works Council

(GOV-1_03) There was a Works Council in place at ALTEO Group's Energy business line to represent the interests of employees, and it allowed employees and the management to strengthen their cooperation. Employees submitted their requests and queries via email, anonymously through internal communication channels, or presented them at face-to-face meetings. However, the mandate of the Works Council expired in the 2025 financial year, and the successful re-election took place at the end of the year, meaning that it will only resume its activities in 2026.[4] The Chairman of the Works Council was therefore only in office for a certain period in 2025 (until April 30, 2025) to represent ALTEO employees on the Supervisory Board, after which there was no formal representation of employees on the boards.

[GOV-2] Information provided to and the sustainability issues addressed by the administrative, executive and supervisory bodies of the company

ALTEO's Green Committee provides a regular forum to discuss sustainability issues at management level. A number of important issues have been discussed and presented at meetings held four times a year. Such issues included a double materiality assessment in 2025 with the operational involvement of several members of the Green Committee [5], ensuring compliance with ESG legal requirements affecting the Group, the current status of the new ESG Strategy published in early 2025 and its extension to the circular economy business line, the publication of the biodiversity strategy and the first steps of its implementation, the Company's decarbonization targets, and details of the sustainability ambassador program. In addition, as our Group has relocated to new headquarters in 2025, ESG issues for the new HQ were also on the agenda. In addition, particular attention was

[4] Nevertheless, employees were able to provide feedback or represent themselves in a number of ways in the current financial year, details on which are available in sub-chapter *[S1-2] Processes for engaging with own employees and employee representatives about impacts.*

[5] Key topics and the related impacts, risks and opportunities are discussed in detail in sub-chapter *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s)*.

given to the development of the ESG Action Plan and the evaluation of the results of the 2025 ESG assessments, including the CDP and Ecovadis ratings and the decision on the future introduction of the LSEG rating. Finally, the meetings also discussed the current status of the CSR strategy and the planning of next year's programs was also on the agenda, including for example development of a donation plan.

(GOV-2_02) Due to the specific features of the business line, the Board of Directors is also informed of and decides on all growth, acquisition and major investment projects related to sustainability at a strategic level. [GOV-3] Integration of sustainability-related performance in incentive schemes

In addition to the above, ALTEO bodies adopted the following decisions in 2025:

- ALTEO Group has adopted a corporate strategy valid until 2030, and the aims of that strategy include regional expansion and a significant scale-up. The strategy focuses on the development of energy and circular economic activities, the expansion of the renewable portfolio and entry to Central European markets.
- ALTEO Group's Green Committee has adopted the Company's 15-year biodiversity strategy, which goes beyond environmental measures at the sites, and includes projects for habitat restoration and water retention. The strategy aims to conserve and restore biodiversity, in line with EU nature restoration objectives, through complex programs ranging from ecological maintenance of sites to programs implemented in the catchment area of River Hernád.
- Hungary's most modern waste processing plant was developed by FE-GROUP INVEST Zrt. The new automated line multiplies the processing capacity of PET bottles and aluminum cans from the DRS system several times over, contributing to the achievement of the circular economy goals.
- ALTEO Group has commissioned a 6 MW gas engine in the Győr Industrial Park, completing a fully self-financed investment project. The project is unique in that the gas engine, the battery energy storage system and ALTEO's Bőny Wind Farm are all connected to the national grid, increasing the utilization of existing capacities.
- ALTEO Group will install two additional automated waste processing lines, thus tripling the DRS waste processing capacity.
- The Group continued its corporate social responsibility program in the 2025 financial year, supporting several NGOs.

(GOV-2_01) The Green Committee provides the Board of Directors with information on the sustainability progress of ALTEO Group and on ESG trends as required. In addition, the Board of Directors and the Supervisory Board receive annual input on ALTEO Group ESG issues in the Sustainability Report, while the Supervisory Board also receives semi-annual reports.

(GOV-2_03) In 2025, the Board of Directors focused on the following issues related to material impacts, risks, and opportunities, and in this context, it considered proposals and, in several cases, made decisions:

- **E1 – Climate change adaptation:**
  ALTEO Group's gradual transition to environmentally-conscious operations, such as increasing the efficiency of fossil power plants and strict compliance with environmental regulations, contributes to the global green transition.
- **E1 – Climate change mitigation:**
  Risk of increased operating expenses and management burden due to expanded climate change reporting requirements (1.5 °C scenario only)
  The portfolio also includes electricity production based on fossil fuels, which is also associated with GHG emissions.
  Use of renewable energy. (54% of the power plant capacity in the portfolio is powered by renewable energy, which accounts for 24% of the Group's electricity production.)
  The activities of ALTEO Circular and FE-GROUP contribute to the recycling of materials, which reduces the need for new raw material extraction and processing, thus reducing GHG emission associated with that kind of operations.
- **E1 – Energy:**
  Increasing the share of renewable-dependent power plants in the portfolio can reduce dependence on fossil fuels.
- **E4 – Biodiversity and ecosystems:**
  The materials needed to build renewable power plants (such as the steel needed to build wind turbines) were used for the first time, and their mining and processing could have had a significant impact on biodiversity.

[GOV-3] Integration of sustainability-related performance in incentive schemes

(GOV-3_01) The members of the administrative, management and supervisory bodies, i.e. the Board of Directors, the Supervisory Board and the Audit Committee, who are independent of the work organization receive a service fee, and there are no incentive mechanisms applicable to them. The body with the strongest decision-making power in ALTEO Group's operations, and also involved in incentive mechanisms, is the Executive Board, of which one member, Attila László Chikán, is also a member of the Board of Directors, and therefore the following shall apply to him.

(GOV-3_03) In addition to meeting financial performance criteria, the objective of providing fringe compensation to the Executive Board and all our staff is to meet agreed non-financial and social responsibility criteria.

These criteria are determined with a view to the business strategy, long-term interests and sustainability of the Company.

- CSR objective (e.g.: participation in a volunteering day or ALTEO Fit),
- HSE target (0 serious or fatal accidents).

However, these criteria cannot be considered ESG KPIs as defined by the ESRS, as they only represent certain parts of the annual individual performance assessments. As such, ALTEO Group currently does not have incentive mechanisms related to sustainability issues for the administrative or supervisory bodies.

(GOV-3_02) (GOV-3_05) (GOV-3_06) Our Compensation Policy thus seeks to promote the Company's sustainability strategy alongside its business strategy. The Performance Assessment Bonus Scheme (PBS) and the Short-Term Incentive Scheme serve as the pillars of performance assessment, the details of how they work are summarized in a joint policy. Employees are only entitled to participate in one remuneration scheme at a time.

The annual performance management process starts with the target setting process at the beginning of the year. Among the annual objectives, it is mandatory to set ESG-related and HSE targets for all ALTEO employees participating in the Performance Assessment Bonus Scheme and the Short-Term Incentive Scheme. Their weight in the overall assessment, depending on whether the employee is a white-collar or blue-collar worker, is 5% or 5-10% each, respectively, meaning that there is a direct correlation between the achievement of ESG/HSE targets and the value of the bonus amount received on the basis of the performance assessment. For ALTEO Group companies FE-GROUP INVEST Zrt. and ALTEO Circular Kft., the development of the performance assessment process is currently underway and is expected to be completed by the first half of 2026 at the latest. The system is based on the previous experience of ALTEO Nyrt., but at the same time it takes into account the specificities of the circular economy business, meaning it is developed on the basis of a customized, different concept.

Under the Employee Share Ownership Program (ESOP) of ALTEO Nyrt., the Short-Term Incentive Scheme provides participating employees with remuneration that is largely dependent on the growth of the Company's performance and, through this, the projected share price increase. This allows our employees to benefit from the Company's performance, and the scheme aims to enhance shareholder culture within the organization. Performance assessments are also carried out for employees covered by the Short-Term Incentive Scheme, with the possibility of adjusting the benefit as set out in the related policy, i.e. it is necessary to set annual targets for participating employees as described above and to evaluate them accordingly.

In addition, Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization, which applies to the Company's Directors and operations, stipulates that the Company must have a Remuneration Policy in line with the Act. The draft Remuneration Policy is prepared by the Board of Directors, then the Remuneration and Nomination Committee provides its opinion, and is then submitted to the General Meeting for approval. At least every three years, the Board of Directors reviews the policy and, if it deems necessary, proposes amendments to the General Meeting after having obtained the prior opinion of the Remuneration and Nomination Committee. If the General Meeting rejects the proposed amendments, the Board of Directors must re-submit these at the next meeting. In addition, the Company discloses the remuneration of the Directors, including the implementation of the Remuneration Policy, in the annual Remuneration Report.

(GOV-3_04) Overall, performance at ALTEO Group is assessed against the overall sustainability performance. These indicators and benchmark calculation methods have not been specified in detail. (E1.GOV-3_01) Under the general sustainability approaches (social responsibility criteria set out in the Performance Assessment Bonus Scheme),there are currently no direct performance indicators linked to climate change, or more specifically GHG emission reduction, in the broad performance assessment system, or specific incentive mechanisms in the remuneration mechanism of the administrative, management and supervisory bodies.

[GOV-4] Statement on due diligence

A summary of ALTEO Group's due diligence process applied to this report with respect to sustainability topics is presented in the table below. Through these processes, we identify, manage, prevent and mitigate the actual and potential negative impacts on the environment and people associated with our business activities.

	Sections of the sustainability statement	**Applicable policies, processes**
a) incorporating due diligence into governance, strategy and the business model	GOV-1, GOV-2, G1	Code of Ethics Compliance Policy Business and ESG strategy Pre-qualification of Suppliers
b) cooperating with relevant stakeholders in all key steps of the due diligence	SBM-2, S1	Internal corporate communication Employee and supplier satisfaction surveys

c) identifying and evaluating adverse impacts	IRO-1, SBM-3	Double materiality assessment ESG and Biodiversity Strategy Compliance investigation
d) implementing measures to address those adverse impacts	GOV-2	Green Committee activities
e) monitoring the effectiveness of these efforts and communicating	GOV-2, sub-chapters on the measures of each thematic disclosure (S1, E1, entity-specific E topics, E2, E3, E4, E5, S1, G1)	ESG and Biodiversity Strategy Discussing progress at Green Committee meetings and providing information to the Supervisory Board

[GOV-5] Risk management and internal controls of sustainability reporting

(GOV-5_01-05) The preparation of the Sustainability Report is coordinated by the ALTEO Sustainability Team. Expert members responsible for sustainability reporting as auditors and the organization's data point officers have been involved in the preparation of our Sustainability Report. After expert revisions, the report is reviewed by the Green Committee, and the final document is approved by the General Meeting as part of the annual report, on the basis of the proposal by the Board of Directors. Controls built into the process can prevent the risks associated with sustainability reporting, significantly reducing the potential for human error and misuse. The following internal controls were applied in the 2025 Sustainability Report to mitigate such risks:

- The "four eyes principle", i.e. each of the sub-steps (double materiality assessment, data collection, report writing) related to sustainability reporting has been revised, reviewed and validated by at least two experts;
- The methodology and the steps taken were documented in the double materiality assessment;
- Meeting memos were prepared for the workshops supporting the preparation of the Sustainability Report, including sessions covering topics such as DMA, Scope 3, the EU Taxonomy, and the Transition Plan.
- For data collection, additional control points have been developed and applied, such as: appointing people responsible for data and approval;
- Approval of the Green Committee as the responsible professional organizational unit at key milestones, in respect of the final sustainability report;
- In addition, we also use external professional consultants to support our internal professional team and ESRS compliance in the preparation of our report.

Our external auditor provides limited assurance on our Sustainability Report, and their comments for 2024 have been taken into account by ALTEO Group and incorporated into the reporting process for the current financial year. The risks arising and the management thereof are discussed by the Green Committee.

1.3 Strategy

[SBM-1] Strategy, business model and value chain

(SBM-1_01) ALTEO Group was founded 17 years ago, in 2008, to exploit the new opportunities in the energy industry and to be part of the redefinition of this market in Hungary, of which the adoption of a sustainability approach is an essential part. Up until 2019, as an energy provider and trading company, the three pillars of our business activity were energy production based on renewable and natural gas energy carriers, energy trading and customized energy services and developments for companies. In 2019, we also added a waste management division to our scope of activities, which in 2025 was expanded to have an even broader portfolio and scale. Our waste management activities include the collection of various recyclable materials such as electronic, metal, plastic and paper waste, as well as the design and operation of complex waste management systems. With the launch of ALTEO Circular Kft., the scope is extended to include the treatment and recycling of hazardous waste, including batteries. Our circular economy business line covers the management of waste from residential, business partners and industrial production.

(SBM-1_03-04) (SBM-1_06-07) As a result of the expansion, our Group employed 1,263 people in Hungary as at December 31, 2025, and our total turnover (HUF xxx million) by major ESRS sectors was as follows:

Sector code	Sector name	Revenue
UPE	Energy production & utilities	HUF 66,996 million
UWW	Water & waste management services	HUF 19,149 million
SST	Wholesale & retail trade	HUF 37,318 million

ALTEO Group's business model and value chain has a number of potential impacts, risks and opportunities that we monitor closely in our day-to-day operations. (SBM-1_26) The inputs that are necessary to make our business successful are essential elements of our business model. ALTEO Group is a knowledge-based company and, accordingly, the most important element of its business model is attracting and retaining a workforce with the appropriate skills and qualities. We strive to continuously train and develop our human resources. In addition, the involvement of external funding is crucial to the business model, and in addition to outstanding financial results, transparency and ethical operation are key to ALTEO Group's financeability.

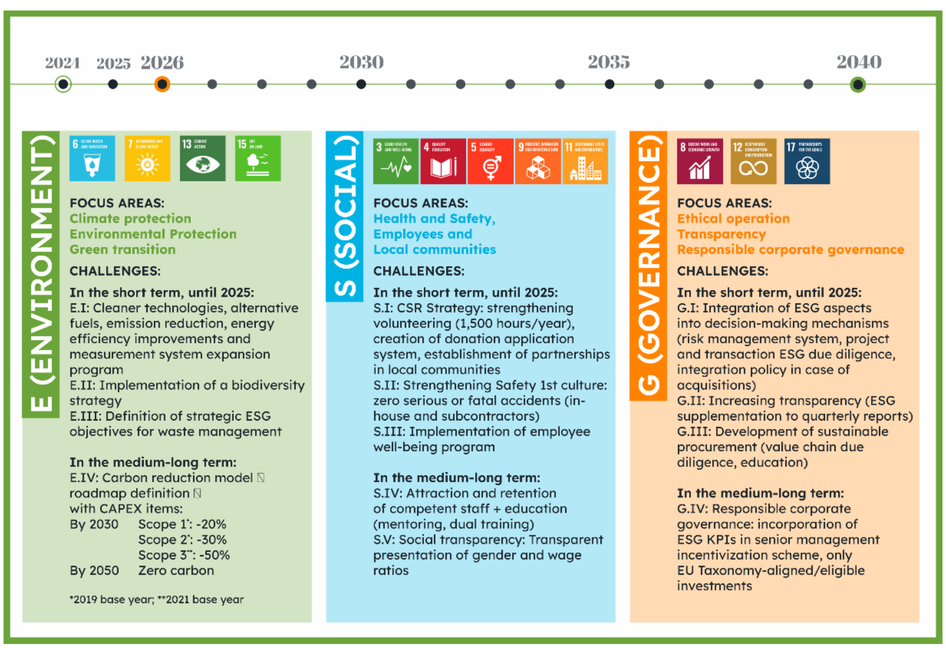
ALTEO Group's structure, its strategy based on sustainability, its diversified portfolio and its outstanding staff of professionals all contribute to actively seizing market opportunities. (SBM-1_27) Our ability to operate quickly and flexibly enables us to react in a timely manner to market fluctuations, short and long-term trends and to identify opportunities in challenges. As a result, we can continuously improve customer satisfaction, increase our investors' returns and maintain our strong competitive position in the market.

Our ESG approach and Sustainability Strategy

(SBM-1_21-23) Our long term goal is to become leaders in the domestic market through our commitment to ESG and to cooperate with our stakeholders to facilitate change for more sustainable future. Our vision is to create a sustainable business advantage for our partners by providing the best possible energy and waste management solutions today, and to become the companies of tomorrow. This commitment is proof of ALTEO Group's belief in sustainable development, as demonstrated by our annual ESG certifications (Ecovadis, CDP)[6].

We have been building our sustainability vision and strategy for a number of years now. In 2022, we published our first Sustainability Strategy for the 2022-2024 period, which is based on the UN Sustainable Development Goals (SDGs)[7]. In addition to updating our business strategy, we have added strategic objectives, specific measures and metrics to our revised ESG strategy for 2025-2030, with a consistent approach in our 2022-2024 strategy.

OUR ESG STRATEGY FOR 2025–2030:



[6] For more information on the results of our E ratings, visit our website: https://alteo.hu/fenntarthatosag/jelentesek-tenyek-adatok/esg/.
[7] The details of our sustainability strategy for 2022-2024 are available in our 2024 Integrated Report, and on our website: https://alteo.hu/fenntarthatosag/

(SBM-1_22) ALTEO's revised strategy[8] continues to focus on energy, laying the foundations for growth through the continuous development of market leader digitalization and knowledge-based complex production management solutions, the expansion of its renewable portfolio and, in maintenance, operations and energy trading activities, through the exploitation of synergy opportunities within the ownership group in addition to new business acquisitions. Furthermore, by introducing new solutions, we aim to achieve significant results in reducing our GHG (greenhouse gas) emissions in the medium and long term. In 2025, we started to develop the concept of our transition plan to achieve this, which is presented in sub-chapter *[E1-1] Transition plan for climate change mitigation.* Furthermore, we published our biodiversity strategy to mitigate our impact on biodiversity and preserve our natural assets in 2025. Our planned actions are presented in detail in sub-chapter *[E4-3] Actions and resources related to biodiversity and ecosystems.*

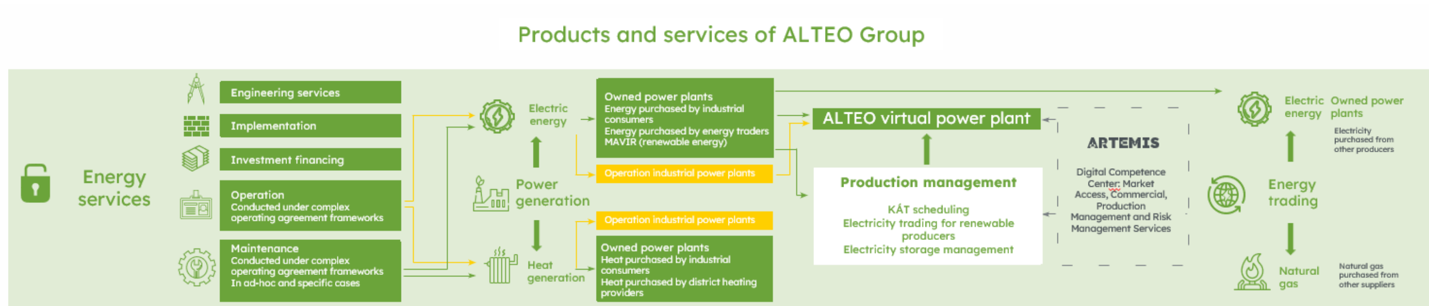
We aim to take circular economy to the next level, building competences and activities across the waste management value chain. To this end, we acquired ALTEO Circular Kft. in 2025, and this company contributes to the realization of the above goal with its specific expertise and technology. The new competences allow us to incorporate new technologies and material streams, such as spent batteries or solar panels, further increasing the share of materials returned to the cycle. To formulate well-defined measures and set targets, we have also started to expand our ESG strategy to our circular economy business line in 2025.

In 2025, no comprehensive, documented assessment was conducted of the performance of our key products and services, as well as our main markets and customer groups, against our sustainability targets. In the case of the energy sector, progress is being made toward achieving the 2025 goal of "cleaner technologies, alternative fuels, and emission reductions," though no specific project has been dedicated to this objective. We will conduct a comprehensive assessment once the transition plan and business line KPIs have been finalized.

In addition to the environmental focus areas, we also want to make progress in the social and corporate governance dimensions to lay the foundations for our long-term sustainable operations. For our short-term objectives, we are continuously implementing our CSR Strategy, we have come close to our target number of volunteer hours in 2025, we have launched an open call for energy poverty donations, and we have partnered with local communities to deliver our volunteering programs. We have provided a range of wellbeing programs for our employees, and the zero number of serious or fatal accidents in 2025 is testament to our commitment to a Safety First culture. We have developed and implemented our sustainable procurement process and are also on track with our other corporate governance objectives.

(SBM-1_02) (SBM-1_25) (SBM-1_28) Activities and value chain of the energy business line

ALTEO Group's energy activities and value chain include heat and power production and management, renewable energy production, energy services, energy retailing, as well as services for industrial companies, in particular the installation, operation and maintenance of energy systems.



1. Heat and electricity production and management

This segment includes heat and electricity generation from non-renewable sources, the Virtual Power Plant, as well as the Renewable Production Management (RPM) business. The Virtual Power Plant is responsible for planning and managing production in electricity and/or heat generating and storing facilities owned by the Group and by external partners connected to the Virtual Power Plant.

Electricity production:	In the course of production, the Group produces the energy sold through its own power plants. Revenue from production activities also includes the activities of the Virtual Power Plant, which includes the full management of scheduling services, HEPURA and MAVIR data services and administration, real-time production monitoring activities for our contracted partners' power production units and trading commissions.
Heat sales:	In the course of production, the Group produces the heat energy in its own power plants, and sells it to district heating companies under long-term contracts. In 2025, the segment sold heat energy not only to district heating suppliers but also

[8] Details of our Business Strategy, including our ESG strategy, can also be found in the summary below: https://investors.alteo.hu/wp-content/uploads/2025/01/ALTEO_Strategia_2030__20250109.pdf

	to Heineken Hungária. With respect to these contracts, ALTEO Group continued to perform in a reliable and predictable manner.
Electricity ancillary services:	In order to maintain balance in the system, the Hungarian system operator (MAVIR) procures various types of balancing reserve capacities (FCR, aFRR, mFRR) from market actors with the appropriate authorization; the capacity charge is the consideration. The consideration received for committed, accredited charge-shifting capacity of the Group's production facilities and the revenue from Renewable Production Management are recognized: in terms of business relationships, building on competences, by way of the Renewable Production Management (RPM) business, ALTEO Group launched a smart, comprehensive scheduling service involving moderate risk for partners, which offers a solution to the challenges faced by renewable energy producers.
Operating lease	The Group gives certain parts of its properties at the sites of ALTEO-Therm Kft. in Sopron and Győr to operating lease (based on lease agreements). Lease contracts are concluded for an indefinite term. The Group does not have any separate dedicated assets for leasing purposes; however, it leases some of its own assets. The Group does not sublease its leased assets.

In the case of energy production, on the upstream side, it is of paramount importance to maintain relations with natural gas suppliers and service providers related to the operation and maintenance work, which is carried out by ALTEO Group itself. ALTEO Group employs several suppliers for the same services or activities, thus reducing its dependence on suppliers. In the case of energy production, dependencies on ecosystem services can be identified not only for suppliers, but also for the necessary resources and raw materials, which also expose our Group to financial risks. (Material financial risks are discussed in detail in sub-chapter *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s)*.) The heat energy produced is primarily delivered to the people through the downstream value chain, through heat suppliers or to our direct consumers, industrial customers, and therefore security of supply is a priority for ALTEO Group.

2. Renewables-based energy production

The renewables-based energy production segment includes all of ALTEO Group's electricity production activities from renewable sources. This includes the solar, wind, hydro, landfill gas and biogas power plants of ALTEO Group. Some of the production units sell electricity under the KÁT (Mandatory Offtake System) subsidy system and under the KÁT premium and METÁR (Renewable Energy Sources Support Scheme) schemes, while others sell all of their electricity subject to market terms and conditions.

Under the KÁT selling system, MAVIR, as buyer, sets fixed electricity feed-in tariffs for producers. Power plants selling under the METÁR system sell the electricity they produce to any buyer on the free market at free-market prices. Under the METÁR system, after free-market sales, MAVIR makes price adjustments with a view to the difference between the contractual METÁR price and the market reference price as laid down by law in order to pay the corresponding amount to or collect such amount from producers (collectively: "price supplement").

The most important upstream and downstream partner of ALTEO Group in the field of energy management is the Hungarian electricity system operator (MAVIR). MAVIR is both a customer an a supplier, mainly in relation to ancillary services.

3. Retail energy trade

ALTEO Group is also engaged in natural gas and electricity trade, supplying business end-users with energy procured from wholesale partners. This activity involves the resale to final customers of electricity and natural gas purchased from within the Group and from other trading partners. In 2025, the key customers included GYŐR-SOPRON-EBENFURTI VASÚT Zrt., LEGO Manufacturing Kft., Transenergo Hungary Kft., NEO Property Services Zrt., Borgwarner Hungary Kft., Goodmills Magyarország Kft. and BPW-Hungária Kft.

4. Energy services

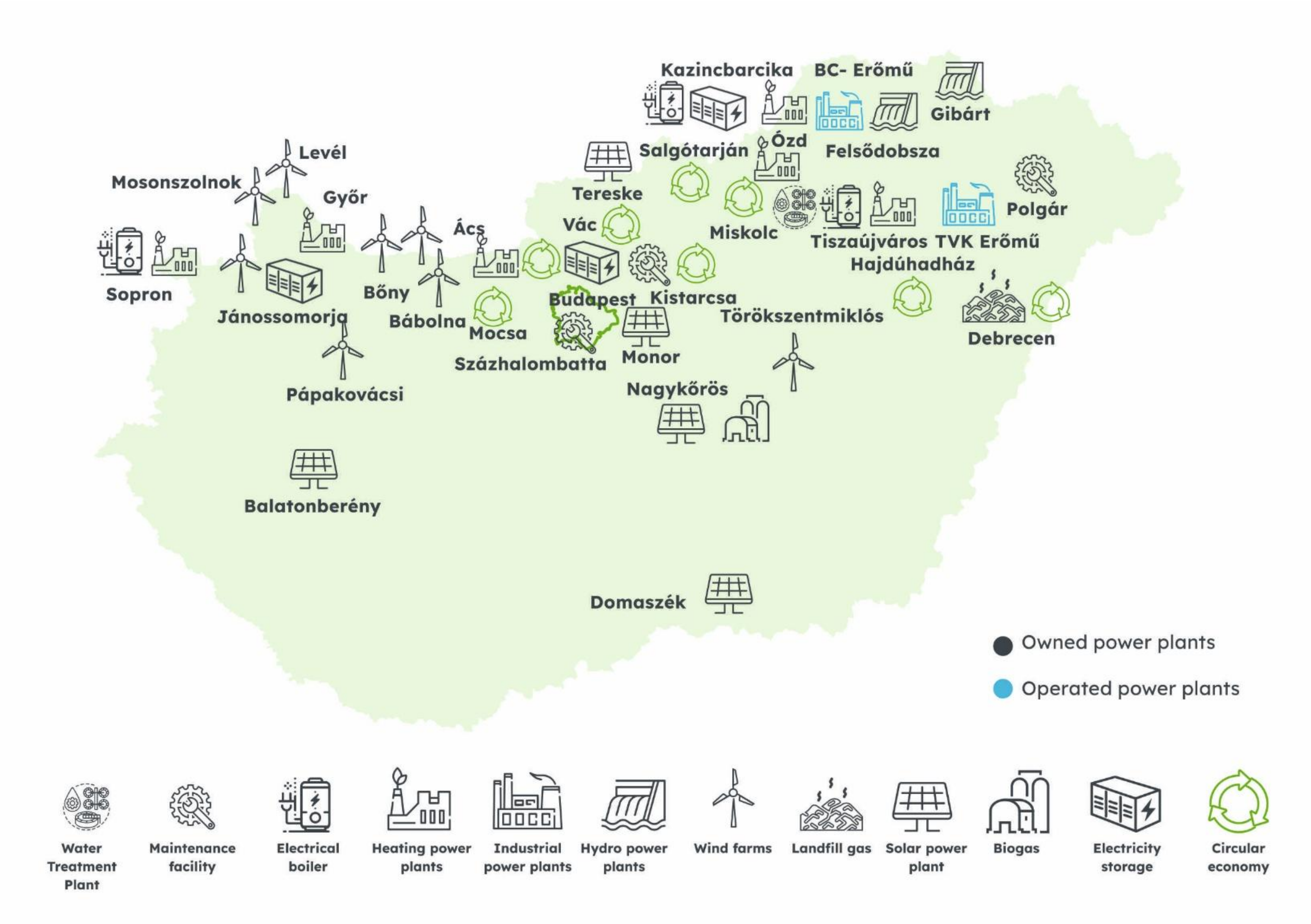
ALTEO strives to build long-term partnerships when providing energy construction, operation and maintenance services to third parties, with a strong focus on customer satisfaction. The Group also offers its customers engineering, project development and project management services, as well as main contractor construction services related to energy projects and developments, under individual orders and contracts. Furthermore, it contributes to expanding the production capacity of ALTEO Group's Energy Production division offering project management support.

In terms of business relationships, the highest volume of services provided by the business line is used by major players in the Hungarian industry (MOL Petrolkémia Zrt., MOL Nyrt., TVK Erőmű Kft., BorsodChem Zrt., FŐTÁV, Heineken, Siemens), for whom the reliable and stable operation of energy infrastructure is critical. The services provided to them are typically implemented in the framework of construction and/or long-term operation and maintenance contracts with high added value.

5. E-mobility services

In addition to the above, the Group also provides e-mobility services, through the operation of licensed charging equipment and e-mobility services to retail and corporate customers.

OPERATIONS MAP OF ALTEO'S ENERGY BUSINESS LINE ACCORDING TO THE DISTRIBUTION OF THE POWER PLANT PORTFOLIO



Key results for the 2025 financial year			
Energy production	**Energy trading, balancing group services, scheduling**	**Natural gas retail**	**E-mobility**
Our power plants produced a total of 1,088 GWh of electricity and 2,841 GWh of heat. **68% of the electricity produced came from industrial plants, 16% from heating plants and 16% from renewables-based power plants.**	Volume of electricity sold in our trading activities in 2025: 654.1 GWh of retail sales and 1,108.5 GWh of wholesale sales. The majority of electricity sold was again wholesale in 2025, but the share of retail and wholesale in 2025 was around 40/60.	ALTEO Energiakereskedő Zrt. launched retail sale of natural gas in the gas year beginning on October 1, 2016, and sales have been increasing dynamically. In the 2025 financial year, we sold 24.9 GWh of natural gas.	In 2020, ALTEO Group started an E-mobility division through its subsidiary ALTE-GO Kft., which sells, installs and operates electric charging equipment across Hungary, with a focus on office buildings, parking lots, business sites, and public charging stations.

(SBM-1_05) (SBM-1_09) (SBM-1_10) (SBM-1_13-14) As described above, ALTEO Group's energy business line is present in the natural gas sector, where we have achieved revenues of HUF 28,159 million in 2025, but no revenues were realized from fossil gas related economic activities aligned with the EU Taxonomy. Our products and services do not include any products or services that are banned in certain markets.

Methods of electricity production				
Site	**Natural gas/renewable**	**Type**	**Installed electrical capacity (MW)**	**Electricity sales: Within the subsidized system, on the open market or by trading on the open market through the Virtual Power Plant (VPP)**
Owned by ALTEO Group				
Győr 1	natural gas	heating power plant	17.9	VPP
Győr 2	natural gas	heating power plant	6.1	VPP
Sopron	natural gas	heating power plant	9.2	VPP
Kazincbarcika	natural gas	heating power plant	9.4	VPP
Ózd	natural gas	heating power plant	4.9	VPP
Tiszaújváros	natural gas	heating power plant	9.6	VPP
Füredi utca	natural gas	heating power plant	18.2	VPP
Felsődobsza	renewable	hydropower plant	0.9	On the open market
Gibárt	renewable	hydropower plant	1.0	Subsidized
Ács	renewable	wind turbine	2.0	On the open market
Jánossomorja	renewable	wind turbine	2.0	On the open market
Pápakovácsi	renewable	wind turbine	2.0	On the open market
Törökszentmiklós	renewable	wind turbine	1.5	On the open market
Bőny	renewable	wind turbine	25.0	On the open market
Bábolna	renewable	wind turbine	15.0	Subsidized
Mov-R	renewable	wind turbine	24.0	On the open market
Domaszék	renewable	solar power plant	2.0	Subsidized
Monor	renewable	solar power plant	4.0	Subsidized
Balatonberény	renewable	solar power plant	6.2	Subsidized
Nagykőrös (solar power plant)	renewable	solar power plant	6.9	Subsidized
Tereske	renewable	solar power plant	19.5	Subsidized
Debrecen	renewable	landfill gas	1.1	On the open market
Nagykőrös	renewable	biogas	2.0	On the open market
Power plants operated by ALTEO Group				
BC Power Plant	natural gas	industrial services	46.9	
BC Power	natural gas	industrial services	49.9	
TVK power plant	natural gas	industrial services	36.0	

(SBM-1_02) (SBM-1_25) (SBM-1_28) Activities and value chain of the circular economy business line

ALTEO Group's circular economy business line was set up in January 2019 to exploit cooperation opportunities in the waste management sector. The objectives envisioned included acquisitions, involvement in the development of innovative technologies in the sector, and demonstrating commitment to sustainability through activities in the waste management market.

- The first step was the acquisition of ECO-FIRST Kft., a biogas plant feedstock trading company founded in 2017. In July 2022, through another acquisition, ALTEO acquired a stake of more than 75% in FE-GROUP INVEST Zrt., a company founded in 1994 and engaged in complex waste management activities. Then, in 2024, exercising its call option stipulated in the Articles of Association of FE-GROUP INVEST Zrt., it acquired a 24.9% stake in Blue Planet Climate Protection Private Equity Fund (Kék Bolygó Klímavédelmi Magántőkealap), thereby gaining 100% ownership of FE-GROUP INVEST Zrt.
- Following the acquisition of FE-GROUP INVEST Zrt., in the summer of 2025, ALTEO Group became 100% owner of ÉLTEX Kereskedelmi és Fuvarozó Kft. (currently called ALTEO Circular Kft.), one of the leading waste management companies in Hungary, and its subsidiaries. By concluding the

acquisition, ALTEO has taken a significant step towards achieving its strategic goal of becoming the leading player in the domestic circular economy by 2030.

- The waste management segment's activity is determined by the profits from the processing and management of organic and inorganic waste.

As a result of the acquisitions, ALTEO Group can now provide a large part of services in the waste management industry through its subsidiaries, further strengthening its commitment to circular economy, including waste recycling. It does this by developing their existing capacities and by applying state-of-the-art technologies into practice to enable the recovery of additional waste types beyond the existing material streams, thereby contributing significantly to reducing the proportion of waste disposed of in landfills in Hungary in accordance with EU regulations[9].

ALTEO Group is present in a significant part of the waste management value chain, from collection and transport to processing, recycling and energy recovery solutions. Upstream activities related to waste management also include purchasing the necessary working equipment and collecting various waste streams. As a consequence, all partners that deliver waste to ALTEO Group are considered suppliers. MOHU MOL Hulladékgazdálkodási Zrt. is a key partner in the concession system[10], however, non-concession activities by ALTEO Group primarily include flexible and customized services for medium-sized and large companies (e.g. sorting, compaction, pre-treatment, recovery of dismantled metal structures, battery waste, mixed waste, electronic waste, hazardous and non-hazardous waste). One example of the segment's own activities is the company's "total waste management" service, which offers customers a complex, integrated solution, including waste management consulting, ensuring regulatory compliance and supporting the principles of the circular economy. ALTEO Circular Kft. also focuses on the recycling of waste. The end-of-life treatment of products or their transfer for further utilization may be linked to the segment's downstream activities.

[SBM-2] Interests and views of stakeholders

(SBM-2_01) Our stakeholders are given priority and are always treated as partners, as they provide important information on our performance and the environmental, economic and social factors that shape ALTEO Group's value-creation processes. Our stakeholders also play a key role in determining the content and focus of our annual sustainability report.

(SBM-2_03-06) (SBM-2_12) We receive feedback from our stakeholders through several channels (e.g. face-to-face meetings, emails, etc.). Customer satisfaction surveys are conducted with annual frequency, and the results are analyzed and assessed as part of the management reviews. Maintaining positive evaluation results is our primary objective, so as a result of the evaluation, corrective actions are formulated, the results of which are monitored and subsequently assessed, and presented and acknowledged at the next management review.

Our key stakeholder groups, identified through interviews with our senior management, that have the appropriate information to assess our activities, either locally or by industry, are listed in the table below.

(SBM-2_02) (SBM-2_07) Alignment of stakeholder interests and views with the Company's business strategy and model

Stakeholders	Employees, Management	Value chain workers	Society	Consumers and end-users
Alignment of interests and views with the Company's business strategy and model	We are also in close contact with our expanding team through performance reviews, career planning and periodic assessments.	ALTEO Group's activities have no significant impact on and the Company has identified no material risks or opportunities related to the workforce in its value chain, which has been reviewed in 2025 due to the acquisition of ALTEO Circular Kft.	We become active members of our communities, both at the operation sites and in our broader environment. Given the business in which we work, our aim is to build and maintain a long-term, open relationship.	Client-oriented operation, quality service and safe work are fundamental values for us. We are in constant contact with our customers, proactively seeking feedback and conducting satisfaction surveys.
	Owners, Investors	**Professional organizations**	**Authorities**	**Suppliers**
	Our corporate strategy aims to create value for owners and investors and to protect their interests.	ALTEO Group pays particular attention to acquiring and maintaining the appropriate expertise, also through communication with professional organizations.	Proactive and professional liaising with the Authorities is essential for a responsible company that looks to lead by example.	Our suppliers are important stakeholders in the sustainability of our activities, and we seek to engage them in dialogue and to build long-term strategic partnerships.

[9] DIRECTIVE (EU) 2018/851 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 30 May 2018 amending Directive 2008/98/EC on waste.

[10] MOHU has won the waste management concession tender announced by the Hungarian State, meaning that after July 01, 2023 it will collect and handle municipal solid waste in Hungarian settlements as a Concession Company for 35 years. FE-GROUP and ALTEO Circular participate in the process as subcontractors of MOHU. Since July 01, 2023, FE-GROUP's activities have consisted of the collection and processing of the types of electronic, paper and foil/film waste covered by the concession, as well as more complex waste management and treatment services provided to third parties. At the same time, our subsidiary is constantly looking for new potential customers and cooperation opportunities.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model(s)

(SBM-3_01-07) (SBM-3_11-12) ALTEO Group has reviewed the ESRS topics in the following tables[11] in the framework of a double materiality assessment, and identified the impacts, risks and opportunities they contain as material at group, energy or circular economy business line level.

Compared to the 2024 results, this report includes a number of changes, for example, additional impacts, risks and opportunities specific to the circular economy business line have been assessed as material.

New material impacts, risks and opportunities in 2025:

- E1 – Positive and negative impacts of Climate change adaptation and mitigation in the circular economy business line;
- E2 – Financial risks of Pollution – Pollution of water and Pollution of soil in the circular economy business line;
- E – Entity-specific topics – System efficiency – Ensuring contractual conditions, high availability, and Energy efficiency – Energy efficiency, financial potentials of high efficiency operation in the energy business line;
- E3 – Water – Water withdrawals in the energy business line;
- E4 – Factors directly causing biodiversity loss – Current negative effects related to climate change and pollution, and current positive impacts on local organizations in the topics Land-use change, fresh water-use change and sea-use change;
- E5 – Circular Economy – Positive effects of resource outflows related to products and services in the circular economy business line, and positive and negative impacts and opportunities related to Waste in the waste business line.
- S1 – Own workforce – Working conditions – Secure employment and Equal treatment and opportunities for all – Training and skills development – current positive impacts.

Non-material impacts, risks and opportunities from the previous year based on 2025 results:

- E1 – Climate change adaptation – Acute physical risk (extreme storms and winds);
- E3 – Water – Current negative impact of water consumption;
- G1 – Business Conduct – Corporate Culture – Potential opportunity for diversity and inclusive corporate culture.

Topic	Subtopic	Sub-sub-topic	Affected business line	Impact	Risk	Opportunity
E1 – Climate change	Adaptation to climate change	-	ALTEO Group	•	•	
	Climate change mitigation	-	ALTEO Group	•	•	•
	Energy	-	ALTEO Group	•		•
E – Entity-specific	System efficiency	Ensuring contractual conditions, high availability	Energy			•
	Energy efficiency	Energy efficiency, high efficiency operation				•
E2 – Pollution	Air pollution	-	ALTEO Group	•		
	Water pollution	-	Circular economy		•	
	Soil pollution	-	Circular economy		•	
E3 – Water and marine resources	Hydropower	Water abstraction	Energy	•		
E4 – Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	ALTEO Group	•		
		Change in land use, change in fresh water use and change in sea use	ALTEO Group	•		
		Pollution	Energy	•		
		Other	ALTEO Group	•		
	Impacts on the state of species	-	Energy	•		
	Impacts on ecosystem services and dependence thereon	-	Energy	•	•	
E5 – Circular economy	Resources inflows, including resource use	-	ALTEO Group	•	•	
	Resource outflows relating to products and services	-	Circular economy	•		
	Waste	-	ALTEO Group	•	•	•

[11] (IRO-2_09-11) The impacts, opportunities or risks identified in relation to Workers in the value chain (S2), Affected Communities (S3), and Consumers and end-users (S4) have not been assessed as material, as ALTEO Group has limited influence in these areas due to its business scope and activities.

S1 – Own workforce	Working conditions	Secure employment	ALTEO Group	•		
		Health and safety		•		
	Equal treatment and opportunities for all	Training and skills development		•		
G1 – Business conduct	Corporate culture	-	ALTEO Group		•	•
	Protection of whistleblowers	-			•	
	Management of relationships with suppliers, including payment practices	-				•
	Corruption and bribery	Prevention and detection including training			•	
		Incidents		•		

Material sub-topic/sub-sub-topic	**Affected business line**	**Classification** **Likelihood and time horizon of occurrence[12]**	**TCFD[13] category of risks and opportunities**	**Place of occurrence in the value chain**	**Description of impact, risk or opportunity**	**Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]**
E1 – Climate change						
Adaptation to climate change	ALTEO Group	Current, medium-term positive impact	-	Own operations	ALTEO Group's gradual transition to environmentally-conscious operations, such as increasing the efficiency of fossil power plants and strict compliance with environmental regulations, contributes to the global green transition.	Solutions for adapting to environmental change are also becoming increasingly important in the energy and waste management sectors, as physical risks become more frequent. ALTEO Group can increase its resilience by assessing and implementing green options.
	ALTEO Group	Potential, medium-term financial risk	Chronic physical risk	Own operations	Changes in resource availability can cause a reduction or disruption in production.	
Climate change mitigation	Circular economy	Current, short-term positive impact	-	Own operations	The activities of ALTEO Circular Kft. and FE-GROUP INVEST Zrt. contribute to the recycling of materials, which reduces the need for new raw material extraction and processing, thus reducing GHG emission associated with that kind of operations.	ALTEO is taking action on the impacts of its circular economy and energy businesses in line with its emission reduction targets.
	Circular economy	Current, short-term positive impact	-	Own operations	FE-GROUP INVEST Zrt. and ALTEO Circular Kft. sell a large amount of sorted raw material, thus avoiding significant amounts of CO_2 equivalent (tCO_2e) emissions.	
	ALTEO Group	Current, short-term positive impact	-	Own operations	Use of renewable energy. (54% of the power plant capacity in the portfolio is powered by renewable energy, which accounts for 24% of the Group's electricity production.)	

[12] The definitions of the time horizons used are published in sub-chapter *[BP-2] Disclosures in relation to specific circumstances*.
[13] The guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) have been used as a basis for identifying our risks and opportunities related to climate change.
[14] (SBM-3_08-09) (SBM-3_10) ALTEO Group has not identified any material financial impact that could give rise to a significant risk regarding the adjustment in the financial report of the next financial year and, in addition, apart from climate-related risks and opportunities, it has not yet quantified the financial impact of any risks or opportunities that may arise. The resilience of the Group strategy and business model has thus been explored only in relation to climate change, which is presented in sub-chapter*[E1-9] Expected financial impacts of material physical and transition risks, and potential climate-related opportunities.*

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
	ALTEO Group	Potential, medium-term positive impact	-	Own operations	ALTEO has set ambitious targets to reduce GHG emission, and has started to develop a Transition Plan in 2025.	
	Circular economy	Current, short-term negative impact	-	Full value chain	All phases of waste management activities, including collection, transport, storage and processing, and the commercial activities of Circular (domestic sales and exports) can contribute to the Company's overall carbon footprint with significant CO_2 and CH_4 emissions, which are relevant indicators for climate change.	
	Energy	Current, short-term negative impact	-	Own operations	The biogas power plant in our portfolio uses renewable fuels to generate electricity, but its operations continue to emit greenhouse gases.	
	Energy	Current, short-term negative impact	-	Own operations	The portfolio also includes electricity production based on fossil fuels, which is also associated with GHG emissions.	
	ALTEO Group	Potential, medium-term financial opportunity	Market-based	Own operations	Increased available capital and/or reduced capital costs due to superior climate performance due to a transition to lower emission/impact technologies and superior climate performance, such as the development of optimized logistics and transport systems to reduce unnecessary empty runs, road congestion and energy use.	Conducting, monitoring and updating the TCFD risk analysis provides ALTEO Group with a solid basis for the introduction and continuation of appropriate measures.
	ALTEO Group	Potential, long-term financial risk	Transitional – Technology	Own operations	With rising temperatures and increasingly frequent droughts, there is a risk of reduced hydropower plant production and efficiency.	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Technology	Own operations	Due to rising temperatures, there is a risk of reduced efficiency of solar farms as this may make the sun, as a resource, too unstable	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Technology	Own operations	There is a risk of reduced hydropower production due to changes in rainfall.	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Technology	Downstream	More frequent and intense peak loads on the distribution network due to heat waves	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Market-based	Own operations	Risk of impairment of fossil fuel assets due to rising fuel costs as a result of the introduction of a carbon price component.	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Market-based	Own operations	The risk of an increase in the financial burden related to potential development investments (CAPEX),	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
					in particular due to the need to take into account rising CO2 prices and EU Taxonomy requirements in investment decisions.	
	ALTEO Group	Potential, medium-term financial risk	Transition – Reputation	Own operations	Risk of worse perception by investors due to ESG rating deterioration if ESG risk is not properly managed	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Policies and laws	Own operations	Risk of increased operating expenses and management burden due to expanded climate change reporting requirements (1.5 °C scenario only)	
	ALTEO Group	Potential, medium-term financial risk	Transitional – Policies and laws	Own operations	More stringent financial requirements for projects with impacts and dependencies that also affect nature, that may reduce the possibility of obtaining financing and investment.	
Energy	Energy	Current, short-term positive impact	-	Own operations	The e-mobility segment of ALTEO installs charging stations for electric cars, contributing to the transition away from fossil fuels by building infrastructure.	ALTEO Group intends to address the energy issue by assessing and possibly introducing energy solutions that support the green transition, while maintaining existing business processes, and by focusing on a renewable production portfolio and energy services.
	Energy	Current, short-term negative impact	-	Own operations	The power plants in the ALTEO portfolio use energy to supply in-house consumption.	
	ALTEO Group	Current, medium-term negative impact	-	Upstream	The industrial extraction of natural gas for consumption associated with ALTEO Group's operations contributes to the depletion of natural resources and causes environmental damage, affecting ecosystems, water quality and biodiversity.	
	ALTEO Group	Potential, short-term financial opportunity	Products and services	Own operations	Increasing the share of renewable-dependent power plants in the portfolio can reduce dependence on fossil fuels.	
	ALTEO Group	Potential, medium-term financial opportunity	Products and services	Own operations	New business opportunities based on nature-based solutions.	
	ALTEO Group	Potential, long-term financial opportunity	Products and services	Own operations	Implementation of new renewable projects by retrofitting existing power plants.	
	ALTEO Group	Potential, short-term financial opportunity	Market-based	Own operations	Increase in revenue, brand value and employee motivation due to outstanding climate performance, and higher competitiveness in operations and expansion.	
	ALTEO Group	Potential, medium-term financial opportunity	Reputation	Own operations	Opportunity to improve investor perception through comprehensive climate risk management and external ESG rating.	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
E – Entity-specific topics						
System efficiency – Ensuring contractual conditions, high availability	Energy	Potential, short-term financial opportunity	-	Own operations	Ensuring contractual conditions and high availability are of great importance in the energy services business line because they ensure that ALTEO remains competitive. Availability affects society indirectly, mainly through end-users, for example through security of supply and energy price changes, as ALTEO only has contractual relations with industrial players.	Continuing efforts to ensure contractual conditions, high availability, monitoring solutions aimed at development.
Energy efficiency – Energy efficiency, high efficiency operation	Energy	Potential, short-term financial opportunity	-	Own operations	Monitoring energy efficiency and high efficiency operation is essential for ALTEO to appropriately track its targets and to be comparable with its competitors.	Continuing efforts to ensure energy efficiency and high efficiency operation, application of monitoring activities in its operations. Looking for other points for possible development.
Air pollution	ALTEO Group	Current, short-term negative impact	-	Own operations	Production with gas engines releases nitrogen oxides (NO_x), carbon monoxide (CO) and (TOC) components into the atmosphere.	ALTEO Group is committed to complying with laws, and having environmental management systems in place, paying particular attention to minimizing air pollution. Our Company is committed to reducing pollution and protecting air quality in line with the UN Sustainable Development Goals.
	ALTEO Group	Current, short-term negative impact	-	Own operations	During production, nitrogen oxide and carbon monoxide are emitted into the air from boilers.	
Water pollution	Circular economy	Potential, short-term financial risk	-	Own operations	If subsidiaries fail to comply with environmental standards, they may face heavy fines, legal action and sanctions, lose their operating licenses, which can lead to shutdowns and loss of revenue. In the event of pollution, they may face significant clean-up, compensation, restoration and insurance costs, even if their obligation for environmental remediation does not arise from their own activities, and they may also be liable to pay compensation. The costly maintenance works required for restoration may also lead to a shutdown.	FE-GROUP INVEST Zrt. and ALTEO Circular Kft. are committed to complying with legal requirements and following environmental management systems, with a particular focus on water and soil pollution to mitigate potential risks.
Soil pollution	Circular economy	Potential, medium-term financial risk	-	Own operations		

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
Water – Water abstraction	Energy	Current, medium-term negative impact	-	Own operations	Large-volume industrial water withdrawal and discharge can affect the local hydrological cycle, altering water flow patterns and ecological balance.	In the course of our operation, we strive to reduce water withdrawal and protect water resources in line with the UN Sustainable Development Goals.
Direct impact drivers of biodiversity loss – Climate change	ALTEO Group	Current, short-term negative impact	-	Full value chain	The activities of ALTEO Group require significant use of natural resources, both in terms of the location of its work and the raw materials used. As far as biodiversity is concerned, changes in the use of natural resources can be a major driver of changes that can negatively affect local biodiversity.	ALTEO Group published its comprehensive Biodiversity Strategy in 2025, which aims to ensure the long-term sustainability of biodiversity and ecosystems.
Factors directly resulting in reducing biodiversity - Change in land use, change in fresh water use and change in sea use	ALTEO Group	Current, medium-term positive impact	-	Own operations	Cooperation with local communities and environmental organizations to protect and restore affected habitats	As part of our efforts to protect biodiversity, we aim to increase public benefit, participate in the planning of municipal green infrastructure networks, urban greening, and carry out surveys.
	Energy	Current, short-term negative impact	-	Own operations	Solar parks use land, which modifies habitats. Parks often have fencing or other barriers to enclose their area, which can affect the movement of species, and lead to habitat fragmentation. During the installation of solar parks, soil compaction can occur, leading to increased erosion and run-off.	ALTEO Group plans to reduce the negative impacts caused by it mainly in its energy business line, on its sites and impact areas, in line with the principles set out in the Biodiversity Strategy.
	Energy	Current, short-term negative impact	-	Upstream	The materials needed to build renewable power plants (such as the steel needed to build wind turbines) were used for the first time, and their mining and processing could have had a significant impact on biodiversity.	
	Energy	Current, short-term negative impact	-	Upstream	The mining of copper for wind and solar power plant components takes place in biodiversity-rich locations such as Chile, Peru, China and the Democratic Republic of Congo, where it has a significant negative impact on the environment and wildlife. Furthermore, the mining of lithium, cobalt, graphite, nickel and aluminum for wind and solar power plant and battery components in the Democratic	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
					Republic of Congo (DRC) has a significant impact on the local environment and ecosystems.	
	Energy	Current, long-term negative impact	-	Full value chain	Pipelines used to transport natural gas have a significant spatial footprint, which can lead to habitat degradation and fragmentation throughout the life cycle of the pipelines.	
Direct impact drivers of biodiversity loss – Pollution	Energy	Current, long-term negative impact	-	Full value chain	By generating electricity from natural gas in its 6 company-owned and 2 company-operated power plants, ALTEO Group may damage biodiversity through its value chain by causing habitat destruction and fragmentation, pollutant emissions, hydrological cycle disruption, noise and light pollution, all of which can have significant negative impacts on local ecosystems.	
Direct impact drivers of biodiversity loss – Other	ALTEO Group	Current, short-term positive impact	-	Own operations	ALTEO Group's strategic goal is to invest HUF 100 million in pilot projects to support biodiversity conservation by 2025. One such project, for instance, involved grassing solar park lands in 2025.	
Impacts on the state of species	Energy	Current, short-term negative impact	-	Own operations	Habitat disturbance due to the construction and operation of renewable energy sources. This has an effect on habitats due to land preparation works and the presence of infrastructure, adversely affecting certain species. For example, the head-on collision of birds and bats with a wind turbine blade can also be fatal.	Assessment of project opportunities for species conservation, restoration and identification of impacts on the state of species related to the sites and the impact area in order to improve biodiversity.
	Energy	Current, short-term negative impact	-	Own operations	Solar parks can be a disruptive factor for polarotactic insects (strongly and horizontally polarized light reflected back resembles water, where this species lays its eggs).	
Impacts and dependencies on ecosystem services	Energy	Current, medium-term negative impact	-	Full value chain	Natural gas infrastructure, including well pads, pipelines and other roads, often causes habitat fragmentation. This can alter wildlife habitats and migration patterns, and can also disrupt local biodiversity and the health of the affected ecosystem.	ALTEO monitors opportunities to minimize its impacts and dependencies on ecosystem services incurred through the resources it uses.
	Energy	Potential, medium-term financial risk	-	Own operations	Power production by hydropower plants may be at serious risk due to the loss or depletion of water resources, resulting in lost revenue.	
	Energy	Potential, medium-term financial risk	-	Own operations	A disturbed hydrological cycle can cause reduced water flow patterns (reducing productivity and therefore profits), as well as incur	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
					substantial maintenance costs for the Company.	
	Energy	Potential, medium-term financial risk	-	Own operations	For solar power plants, temperature fluctuations and changing solar radiation caused by climate change can reduce production and increase the maintenance costs of equipment.	
E5 – Resource use and circular economy						
Resources inflows, including resource use	ALTEO Group	Current, short-term positive impact	-	Own operations	The Group strives for maximum efficiency in the use of primary energy, using as little of these resources as possible.	Still preparing for the green transition, reducing dependence on non-renewable resources.
	ALTEO Group	Current, long-term negative impact	-	Own operations	The use of natural gas by ALTEO Group contributes to the depletion of the resources.	
	ALTEO Group	Potential, medium-term financial risk	-	Own operations	ALTEO Group is exposed to macroeconomic risks, including the changes of natural gas prices and availability.	
Resource outflows relating to products and services	Circular economy	Current, long-term positive impact	-	Own operations	Through recycling and reuse, ALTEO Group's circular economy business line contributes to the conservation of natural resources, the reduction of environmental degradation and the development of the circular economy, where the recycling and reuse of materials is at the forefront.	Increasing the circular economy activities of ALTEO Group. In the short term, the aim is to define strategic waste management ESG objectives within the Group, and to maintain and improve existing good practices to enhance positive impacts and financial opportunities; as well as to avoid negative impacts and financial risks.
Waste	Circular economy	Current, short-term positive impact	-	Own operations	Efficient waste sorting significantly reduces the amount of waste going to landfills.	
	Circular economy	Current, short-term positive impact	-	Own operations	We use practices that support the circular economy, contributing to the more efficient use of resources and to minimizing waste.	
	Circular economy	Current, short-term negative impact	-	Own operations	The integration of ALTEO Circular involves a higher volume of batteries, accumulators and PCB-containing waste that is managed by the Company, but such waste management may also have negative environmental impacts, especially in the case of temporary accumulation of batteries and other hazardous waste and deficiencies in storage.	
	ALTEO Group	Current, short-term negative impact	-	Own operations	The Group generates and treats hazardous waste in the course of its activities.	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
	ALTEO Group	Current, short-term negative impact	-	Own operations	ALTEO Group generates a significant amount of non-hazardous waste in the course of its activities.	
	Circular economy	Potential, long-term financial opportunity	-	Own operations	Waste management and the circular economy represents a market opportunity for ALTEO Group. By producing secondary raw materials that can be used by industry players, we contribute to the conservation of resources, reducing the need to extract and process new raw materials.	
	Circular economy	Potential, medium-term financial risk	-	Own operations	As a result of the acquisition, Circular is required to remediate the industrial site in Salgótarján. The project involves soil replacement, and the resulting contaminated soil is disposed of as waste. The affected area will become usable again after recultivation, as it would be in the state as it was originally before the contamination.	
S1 – Own workforce						
Working conditions – Secure employment	ALTEO Group	Current, short-term positive impact	-	Own operations	ALTEO Group creates jobs operated under safe and fair conditions, in many settlements in Hungary. We ensure that our employees, including those not employed as part of our own workforce (contract workers) and potentially more vulnerable groups, work in a safe and fair working environment, with transparent and legal working conditions and benefits.	Maintaining current business practices, i.e. stable employment opportunities and appropriate working conditions. In the short term, the implementation of the employee well-being program has also been a focus for ALTEO Group.
Working conditions – Occupational health and safety	ALTEO Group	Current, short-term positive impact	-	Own operations	In addition to the legal requirements, compliance with occupational health and safety standards is supported by the Safety First culture, which focuses not only on preventing workplace accidents, but also on the general health of our employees. Preventive health services are offered to all employees, including those employed as non-employees (contract workers) within own workforce, and potentially more vulnerable groups.	Further preventive measures to support health and safety at work (risk assessment and control, internal policy and training, operation of the Occupational Health and Safety Management System (OHSMS), provision of protective equipment, health programs). In the short term, strengthening the Safety 1st culture is a priority, to maintain zero serious or fatal accidents (both on the part of our own workforce and subcontractors).
	ALTEO Group	Potential, medium-term negative impact	-	Own operations	People working in power plants and operational areas under unsafe working conditions, including those employed as non-employees (contract workers) and potentially more vulnerable	

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
					groups within our own workforce, can be at risk of serious work-related illnesses and accidents.	
Equal treatment and opportunities for all – Training and skills development	ALTEO Group	Current, short-term positive impact	-	Own operations	The Group provides career support through formal education and trainings. All employees, including those employed as non-employees and potentially vulnerable groups within the Company's own workforce, are subject to regular performance assessments and vocational training.	Offering continuous education and training opportunities for employees, and developing individual development pathways. In the medium to long term, the Group is committed to attracting and retaining a competent workforce, which it will achieve through education programs such as mentoring, career guidance sessions and dual training.
G1 – Business conduct						
Corporate culture	ALTEO Group	Potential, medium-term financial opportunity	-	Own operations	Strengthening corporate culture can improve employee engagement, morale and productivity, and fosters a more cohesive and motivated workforce.	When ALTEO Group performs its activities, developing a culture aligned with corporate values is of key importance, where the related principles and standards form an integral part of our operation. Our operating principles and standards contribute to the development and maintenance of ALTEO Group's corporate culture, through which we influence our employees and their families, and also all our business relationships. Our collegial and solution-focused approach helps foster an inclusive and value-creating culture.
	ALTEO Group	Potential, short-term financial risk	-	Own operations	Discrepancies between company values and employee behavior can lead to disengagement and conflict, which can prevent operational effectiveness. With the integration of ALTEO Circular, these differences may come to the fore, and reputational risks may temporarily arise from the different nature of the operations.	
Protection of whistleblowers	ALTEO Group	Potential, medium-term financial risk	-	Own operations	By not investigating the reported concerns thoroughly enough, the Company would risk potential legal or regulatory violations, as well as reputational damage.	We are committed to protecting whistleblowers, and creating a SpeakUp culture among our employees, ensuring that their concerns are handled confidentially, impartially and without retaliation to foster a culture of accountability, integrity and ethical behavior, thereby enhancing transparency and consistency within the organization. The Code of Ethics and Compliance Policy defines a process for investigating whistleblowing reports received in the

Material sub-topic/sub-sub-topic	Affected business line	Classification Likelihood and time horizon of occurrence[12]	TCFD[13] category of risks and opportunities	Place of occurrence in the value chain	Description of impact, risk or opportunity	Impact, risk, or opportunity interaction with ALTEO Group's strategy[14]
						whistleblowing system of the Group, and that process is always implemented in full compliance with the laws and regulations.
Management of relationships with suppliers, including payment practices	ALTEO Group	Potential, medium-term financial opportunity	-	Upstream and downstream	Fair payment practices, such as timely payments and transparent financial transactions, increase supplier satisfaction and promote better cooperation.	Continued availability and development of fair payment practices, identifying and realizing opportunities arising from a commitment to responsible procurement.
	ALTEO Group	Potential, medium-term financial opportunity	-	Own operations	By screening suppliers for compliance with standards, environmental regulations and ethical business practices, the Company can reduce the risk of working with unethical or unreliable partners and demonstrate its commitment to responsible procurement.	
Corruption and bribery – Prevention and detection including training	ALTEO Group	Potential, medium-term financial risk	-	Own operations	By focusing on fairness and on ethical behavior, the Company can enhance its reputation as a trustworthy and credible partner in the industry. Transparency, such as clear policies, procedures and control mechanisms help to detect and prevent corruption, safeguarding the Company's operations and reputation. Violating of that transparency this can pose a risk.	ALTEO Group's anti-corruption program aims to regulate and promote the principles against corruption and bribery that we have laid down in our Code of Ethics. Educating employees and suppliers is a key to prevention.
Corruption and bribery – Incidents	ALTEO Group	Potential, short-term negative impact	-	Own operations	Possible corruption and bribery cases can have a potentially negative impact, and to prevent such an impact we have a zero tolerance policy in place, which maintains the integrity, credibility and legal compliance of the Company, protecting it from financial loss, regulatory penalties and reputational damage.	Our material impact is our zero-tolerance policy to avoid corruption and bribery, which preserves the integrity, credibility and legal compliance of the Company, protecting it from financial loss, regulatory penalties and damage to reputation. This includes strict control of conflicts of interest by making conflict of interest declarations mandatory for all employees and business partners. By focusing on fairness, transparency and ethical behavior, the Company enhances its reputation as a reliable and credible partner in the industry. Clear policies, procedures and control mechanisms help to detect and prevent corruption, safeguarding the Company's operations and reputation.
	ALTEO Group	Potential, short-term negative impact	-	Own operations	Possible corruption and bribery cases can have a potentially negative impact, so rigorous conflict of interest checks and conflict of interest declarations are made essential and mandatory for all employees and business partners.	

1.4 Management of impacts, risks and opportunities

[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities

(IRO-1_01) The ALTEO Group has reviewed its materiality assessment in 2025 according to the principle of double materiality, with a particular focus on the identification and assessment of impacts, risks and opportunities related to ALTEO Circular Kft. Double materiality, as defined by the ESRS methodology, has two dimensions: impact materiality and financial materiality. Impact materiality includes the assessment of sustainability matters where the undertaking may have material actual or potential, positive or negative impacts on people or the environment over the short, medium and long-term[15]. A sustainability matter is financially material for an undertaking if it generates risks or opportunities that could have a material influence on the undertaking's financial position or financial performance over the short-, medium- or long-term.

(IRO-1_15) Compared to the practice of the previous year, the methodology for the double materiality assessment[16] has not changed, the background documentation for the analysis has been harmonized to improve the internal reporting processes. The next review of the DMA will prior to writing the Sustainability Report for the 2026 financial year.

(IRO-1_05) ALTEO Group's sustainability experts include professionals with knowledge of the Group's activities, sustainability targets and commitments, representing key functions. These experts joined from the departments of law, compliance, environmental protection and HSE, ESG, capital markets, production, waste management, accounting, controlling and HR. In addition, internal representatives were appointed to represent the interests of each major stakeholder group to ensure appropriate sustainability expertise. (E2.IRO-1_02) (E3.IRO-1_02) (E4.IRO-1_05) (E5.IRO-1_02) However, we did not consult with affected communities to assess some of our impacts, risks and opportunities.

Step 1 – Understanding the context:

(IRO-1_04) ALTEO Group's Double Materiality Assessment (DMA) and Sustainability Report were primarily based on the assessment of the impact scope of the Group, in other words on identifying which subsidiaries should be included in the DMA and, in addition, in the process of gathering and publishing information in the reporting process. At the same time, we also identified the core activities of the Group, and in addition to own activities, we mapped our upstream and downstream value chain activities, broken down by energy and circular economy business lines. The value chain mapping also included an assessment of our significant dependencies, operating locations and stakeholders.

Step 2 – Identifying potentially relevant and relevant sustainability topics:

(IRO-1_14) The sub-topics and sub-sub-topics listed in the ESRS standard have been reviewed and examined, in addition to which entity-specific sustainability topics specific to ALTEO Group, such as topics related to energy production, efficiency and availability, were also taken into account.

Prior to the start of the assessment, a comprehensive list of potentially material sub-topics and sub-sub-topics for ALTEO Group was identified based on the key and potentially relevant topics from previous years' reports, the results of the competitive analysis of ALTEO's energy and circular economy business lines, industry standards (SASB industry-specific topics) and the requirements of ESG ratings.

The experts in the sustainability area excluded sub-topics and sub-sub-topics that were clearly not considered key topics due to ALTEO Group's activities and value chain, and identified sub-topics and sub-sub-topics that were deemed relevant by ALTEO experts, thus compiling the short list.

Step 3 – Identifying and assessing impacts, risks and opportunities (along the sustainability topics identified as relevant):

(IRO-1_02-03) (IRO-1_14) The sustainability experts identified and assessed the impacts, risks and opportunities relevant to ALTEO Group following the double materiality methodology defined in the ESRS standard. The process drew on the expertise of ALTEO Group experts, the results of competitor analysis and an assessment of the Company's operational context, as well as historical data and information related to the specific impact, risk, or opportunity. The assessment took into account the impacts, risks and opportunities for employees, suppliers, consumers, customers, end-users, local communities, vulnerable people, public authorities, regulators and financial institutions. (IRO-1_06) In identifying actual and potential impacts, both positive and negative impacts of ALTEO Group were considered. Particular attention was paid to ecological data and the protection of species, since nature as "silent stakeholder" also plays a significant role in our sustainability efforts. After identifying the arising impacts, the next step was to assess their severity[17]. Three main factors were taken into account in this respect: the scale, scope and irremediable natura of the impacts.

- Scale shows how severe the negative impacts are for people and the environment, or how beneficial the positive impacts are.
- Scope measures the extent of the impacts, for example, how many people or how large a geographical area is affected.

[15] The definitions of the time horizons applied are published in sub-chapter *[BP-2] Disclosures in relation to specific circumstances*.
[16] The double materiality assessment is reviewed and updated annually.
[17] In particular, the severity of potential negative impacts on human rights were strictly assessed, as in this area severity takes precedence over likelihood.

- The irremediable nature indicates the extent to which the negative impacts can be reversed, for example, whether the environment can be restored to its previous state.
- For potential impacts, the probability of occurrence was also assessed.

(IRO-1_07-08) In assessing financial materiality, we identified the risks and opportunities that could affect our financial position, performance, cash flows and cost of capital in the short, medium and long term. In identifying these, our dependencies on social and natural resources that may also contribute to changes in our financial performance, either positively or negatively, have been considered. We also looked at the impacts of tightening government regulations and reputational risks. These factors can indirectly affect our business and financial performance.

(IRO-1_09) In the course of the assessment process, the likelihood of financial impacts and their magnitude (the magnitude of risks and opportunities that could affect, for example, the financial performance and cash flow of ALTEO Group) were considered, based on forecasts and different scenarios. We also assessed the potential financial impact of possible future events and the changes of non-financial capital, such as natural, intellectual, human, social and relational capital.

(IRO-1_10-12), (E1.IRO-1_01) To identify and assess the risks and opportunities related to climate change, we relied on the results of a qualitative climate risk assessment[18] prepared according to the Task Force on Climate-related Financial Disclosures (TCFD) methodology, which we have taken into account in our double materiality assessment for 2025. The time horizon and risk assessment approach of our assessment is consistent with that used in the double materiality assessment and with ALTEO Group's existing risk assessment methodology, which we also used as a basis for consistency. The Group's existing risk analysis system also includes and assesses ESG-related risks, so we created alignment and consistency between material risks at Group-level and the risks assessed as material in the double materiality assessment, which we ensured by involving relevant areas.

The results of the assessment of the materiality of impacts, risks and opportunities are ranked on a 25-point numerical scale, and materiality is determined on that scale.[19] All impacts, risks and opportunities that have a value of 17 or more are considered material. The threshold was defined on the basis of expert opinion and experience, taking into account that the items below it are not material overall. For impacts, risks and opportunities with an assessed value close to the threshold, the preliminary assessment was confirmed or revised in further consultation, from which the substantive topic list was drawn up.

Step 4 – Synthesis and validation of the findings:

(IRO_1-11) After the sustainability expert validation of the impact, risk and opportunity assessments, the results were summarized, and the final list of material topics and associated impacts, risks and opportunities was approved by the Green Committee and presented in detail in our Sustainability Report.

[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statements

The material information to be disclosed on the impacts, risks and opportunities that ALTEO Group considers material has been identified by the expert group responsible for the preparation of the report. The decision was based on a double materiality assessment prior to the drafting of the Sustainability Report. In the course of the double materiality assessment, a topic deemed material either from an impact or a financial perspective, or both, is considered a material topic.

(IRO-2_13) Based on the materiality of the sub-topics and sub-sub-topics, we have determined which information to present in our Sustainability Report based on the ESRS and EFRAG ID177 guide. (IRO-2_04) The impact and financial materiality of the different sub-topics for the pollution topic have been taken into account when defining the data points: the soil and water pollution sub-topic has only financial materiality in ALTEO's waste management business, so the data points related to this sub-topic are presented in the E2-6 disclosure requirement. However, in terms of impact, no actual operational water or soil pollution was identified, as the waste management business has taken over the financial liabilities of an existing pollution outside its scope and operation, which should not arise as an impact in the future. As such, policies, measures, targets and metrics related to remediation and restoration are addressed in the E5 disclosure. The impact metrics that may be associated with air pollution material at the group level are presented under disclosure requirement E2-4.

In cases where the Group did not have information of sufficient detail and quality, the deferral option was used as per Annex 1.C of the ESRS and the "quick fix".

[18] Material climate risks are described in more detail in the environmental sub-chapter *[IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities*.

[19] Materiality thresholds were defined by experts involved in the DMA process and presented to the Green Committee when the final DMA results were approved.

(IRO-2_02) ESRS disclosure requirements in the Company's sustainability statement

ESRS 2 – GENERAL DISCLOSURES

Topic		Page number
1. Basis for the preparation of the Sustainability Report		**3**
BP-1.	General basis for preparing sustainability statements	3
BP-2.	Disclosures in relation to specific circumstances	6
2. Governance		**6**
GOV-1.	The role of the administrative, management and supervisory bodies	6
GOV-2.	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	9
GOV-3.	Integration of sustainability-related performance in incentive schemes	53
GOV-4.	Statement on due diligence	11
GOV-5.	Risk management and internal controls of sustainability reporting	12
3. Strategy		**12**
SBM-1.	Strategy, business model and value chain	12
SBM-2	Interests and views of stakeholders	18
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	19
4. Impact, risk and opportunity management		**30**
IRO-1	Description of processes to identify and assess material impacts, risks and opportunities	30
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements	31

"E": Environmental topics

Topic	Page number
EU taxonomy report	**40**

ESRS E1 – Climate change

Topic		Page number
Strategy		**53**
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	53
E1-1	Transition plan for climate change mitigation	53
ESRS 2 SBM-3.-E1	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	53
Impact, risk and opportunity management		**53**
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	53
E1-2	Policies related to climate change mitigation and adaptation	54
E1-3	Actions and resources related to climate change policies	55
Metrics and targets		**56**
E1-4	Goals related to climate change mitigation and adaptation	56
E1-5	Energy consumption and mix	57
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	60
E1-9	Expected financial impacts of material physical and transition risks, and potential climate-related opportunities	66 However, for data point 68 of the requirement, deferral is used, and for data point 69, only qualitative disclosure is used.

E – ENTITY-SPECIFIC TOPICS

Topic		Page number
Strategy		**19**
ESRS 2 SBM-3.-E1	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	19
Impact, risk and opportunity management		**68**
ESRS 2 IRO-1	Description of process to identify and assess material impacts, risks and opportunities	53
MDR-P	Policies adopted to manage material sustainability matters	68
MDR-A	Actions and resources in relation to material sustainability matters	68
Metrics and targets		**68**
MDR-T	Monitoring the effectiveness of policies and actions through targets	68
E entity-specific (EU 11)	System efficiency	68
E entity-specific (EU 30)	Availability	69

ESRS E2 – Pollution

Topic		Page number
Impact, risk and opportunity management		**70**
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	70
E2-1	Policies related to pollution	71
E2-2	Actions and resources related to pollution	71
Metrics and targets		**72**
E2-3	Targets related to pollution	72
E2-4	Air pollution	72
E2-6	Anticipated financial effects of material pollution-related impacts, risks and opportunities	The undertaking may omit the information prescribed by the E2-6 disclosure requirement under the “quick fix” regulation.

ESRS E3 – WATER AND MARINE RESOURCES

Topic		Page number
Impact, risk and opportunity management		**72**
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	72
E3-1	Policies related to water and marine resources	72
E3-2	Actions and resources related to water	73
Metrics and targets		**73**
E3-3	Targets related to water and marine resources	73
E3-4	Water abstraction	73

ESRS E4 – BIODIVERSITY AND ECOSYSTEMS

Topic		Page number
Strategy		**74**
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	74
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	74
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks, dependencies and opportunities related to biodiversity and ecosystems	75

Impact, risk and opportunity management		75
E4-2	Policies related to biodiversity and ecosystems	75
E4-3	Actions and resources related to biodiversity and ecosystems	75
Metrics and targets		76
E4-4	Targets related to biodiversity and ecosystems	76
E4-5	Impact metrics related to biodiversity and ecosystems change	76

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

Topic		Page number
Impact, risk and opportunity management		**77**
ESRS 2 IRO-1.-E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	77
E5-1	Policies related to resource use and circular economy	77
E5-2	Actions and resources related to resource use and circular economy	77
Metrics and targets		**77**
E5-3	Targets related to resource use and circular economy	77
E5-4	Resource inflows	78
E5-5	Resource outflows	78
E5-6	Expected financial effects of resource use and circular economy-related impacts, risks and opportunities	The undertaking may omit the information prescribed by the E5-6 disclosure requirement under the “quick fix” regulation.

"S" – Social topics

ESRS S1 – Own workforce

Topic		Page number
Strategy		**18**
ESRS 2 SBM-2	Interests and views of stakeholders	18
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	80
Impact, risk and opportunity management		80
S1-1	Policies related to own workforce	80
S1-2	Processes for engaging with own employees and employee representatives about impacts	82
S1-3	Processes to remediate negative impacts and channels for own employees to raise concerns	83
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	84
Metrics and targets		**85**
S1-5	Targets related to managing material negative impacts, facilitating positive impacts, and managing material risks and opportunities	85
S1-6	Characteristics of the undertaking’s employees	86
S1-7	Characteristics of non-employee workers within the undertaking’s own workforce	87
S1-11	Social protection	88
S1-13	Training and skills development metrics	89
S1-14	Health and safety metrics	89
S1-17	Incidents, complaints and severe human rights impacts	91

“G” – Corporate governance topics

ESRS G1 – Business conduct

Topic		Page number
Governance		**93**
ESRS 2 GOV-1.	The role of the administrative, supervisory and management bodies	93
Impact, risk and opportunity management		**93**
G1-1	Corporate culture and business conduct policies, and corporate culture	93
G1-2	Management of relationships with suppliers	94
G1-3	Prevention and detection of corruption and bribery	95
Metrics and targets		**96**
G1-4	Confirmed incidents of corruption or bribery	96
G1-6	Payment practices	97

(IRO-2_01) List of datapoints in cross-cutting and topical standards that derive from other EU legislation[20]

Disclosure requirement and related datapoint	SFDR reference[21]	Pillar 3 reference[22]	Benchmark Regulation reference[23]	EU Climate Law reference[24]	Page number
ESRS 2 GOV-1 Board’s gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		6
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		6
ESRS 2 GOV-4 Due diligence statement paragraph 30	Indicator number 10 Table #3 of Annex I				11
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		12
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II”		Not material.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material.
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material.

[20] In accordance with the ESRS standard, this table shows where the data points from other EU legislation listed in Appendix B of ESRS 2 can be found in the sustainability statement. At the same time, the laws referred to do not apply to ALTEO Group, which means that the European Climate Law, the EU Climate Transition Benchmarks Regulation, the regulation on sustainability-related disclosure in the financial services sector (SFDR) or the disclosure requirements under Pillar 3 of the EBA do not apply to the Company.
[21] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation)
[22] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance) (Capital Requirements Regulation – “CRR”) (OJ L 176, 6/27/2013, p. 1).
[23] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 6/29/2016, p. 1).
[24] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (European Climate Law) (OJ L 243, 7/9/2021, p. 1).

ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2	53
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1) (d) to (g), and Article 12(2).		Not material.
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		56
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex I				57
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				57
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				58
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), Articles 6 and 8(1)		61
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		62
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material.
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk			66

ESRS E1-9. Breakdown of the carrying value of its real estate assets by energy efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate Change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Not material.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		68
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				72
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I				72
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex I				72
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				Not material.
ESRS E3-4 Total recycled and reused water paragraph 28(c)	Indicator number 6.2 Table #2 of Annex I				73
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				73
ESRS 2 – IRO 1 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				75
ESRS 2 – IRO 1 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				75
ESRS 2 – IRO 1 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				75
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				Not material.
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				Not material.
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				Not material.
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				79
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				79
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				27
ESRS 2 – SBM3 – S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				27

ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 in Table 3 and Indicator number 11 in Table 1 of Annex I				80
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Not material.
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				80
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				80
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				83
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		89
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				91
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material.
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Not material.
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				92
ESRS S1-17. Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		91
ESRS 2 – SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material.
ESRS S2-1 Human rights policy commitments Section 17	Indicator number 9 in Table 3 and Indicator number 11 in Table 1 of Annex I				Not material.
ESRS S2-1 Policies related to value chain workers Section 18	Indicator number 11 and n. 4 Table #3 of Annex I				Not material.
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material.
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material.

ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				Not material.
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 in Table 3 and Indicator number 11 in Table 1 of Annex I				Not material.
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines Section 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material.
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Not material.
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 in Table 3 and Indicator number 11 in Table 1 of Annex I				Not material.
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines Section 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material.
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				Not material.
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				93
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				96
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		96
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				96

2. ENVIRONMENT

2.1 EU Taxonomy

With the adoption of the **EU Taxonomy Regulation**[25] in 2020, large companies will be required to disclose the extent to which their activities are considered sustainable from 2023 onwards. Activities that are considered environmentally sustainable, i.e. “Taxonomy-aligned” and “eligible” within the meaning it is used by the law, must be defined according to the classification system of the EU Taxonomy Regulation (or its delegated regulations). Article 3 of Regulation (EU) 2020/852 defines the criteria by which an economic activity can be considered sustainable, by complying with the technical screening criteria (TSC) for the activities, i.e.:

- contributes substantially to one of the six environmental objectives, (1) climate change mitigation; (2) climate change adaptation; (3) sustainable use and protection of water and marine resource; (4) transition to a circular economy; (5) pollution prevention and control; and (6) protection and restoration of biodiversity and ecosystems,
- does not significantly harm (“Do No Significant Harm” − DNSH) any of the other five objectives,
- complies with social and corporate governance requirements (“Minimum Social Safeguards” – MSS).

If the activity meets the above criteria, it is considered “taxonomy-aligned".

We also examined the reporting elements of the Commission Delegated Regulation (EU) 2022/1214 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. Disclosures related to activities involving fossil gases are provided at the end of this chapter, with the exception of the tables showing alignment and non-eligibility, as the EU Taxonomy activity relevant to ALTEO Group is fully eligible, and therefore the tables showing alignment and non-eligibility would not contain any additional information.

Pursuant to the EU Taxonomy regulation and the relevant disclosure rules[26], undertakings are required to disclose their revenues from taxonomy-eligible and taxonomy-aligned activities as well as the CapEx and OpEx ratios. It is necessary to assess the criteria[27] in terms of alignment and eligibility, and to disclose the prescribed revenue, CapEx and OpEx indicators for each environmental target in accordance with the relevant regulations.

General methodology regarding the financial year 2025[28]

For 2025, ALTEO Group examined and identified its economic activities that may potentially be regarded as sustainable for each environmental objective and examined Taxonomy-alignment regarding the activities identified. In accordance with the disclosure requirements of the EU Taxonomy Regulation, we have calculated the proportion of our Company’s taxonomy-aligned activities in terms of the revenues and all of the Company’s activities as well as our CapEx and OpEx expenditures.

Identification of taxonomy-eligible activities

In the course of identifying the taxonomy-eligible activities of ALTEO Group, the company took into consideration the eligibility criteria set out in the delegated regulations of the Taxonomy regulation as well as the so-called NACE codes specified for the each activity deemed sustainable. The assessment covered the activities of all subsidiaries of ALTEO Group, including ALTEO Circular Kft. acquired in 2025.

Examination of taxonomy-aligned activities

Taxonomy-eligible activities were examined for their alignment in three steps. First, we looked at compliance with the material contribution criteria specified in the relevant delegated regulations for each activity, that is, the environmental objectives to which the economic activities of ALTEO Group contribute. Then, if the material contribution criteria were satisified, we examined whether the activities comply with the DNSH criteria, and finally, we also checked compliance with the Minimum Social Safeguards regarding each activity.

Assessment of the satisfaction of material contribution

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[25] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

[26] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 specifying the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities − https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:32021R2178

[27] The law specifying the criteria: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation − https://eur-lex.europa.eu/legal-content/HU/TXT/PDF/?uri=CELEX:32021R2139; Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to environmental objectives −

[28] The 2024 EU Taxonomy Report is available on the ALTEO website.

The material contribution criteria specify the conditions that need to be met for any given economic activity to substantially contribute to the achievement of one of the six environmental objectives specified in the Taxonomy Regulation. Satisfaction of the material contribution criteria was examined based on the technical documentation of projects relevant for each activity. Where more than one environmental objective was relevant for an economic activity, the materiality of the contribution determined the environmental objective for which the criteria would be assessed. In the 2025 financial year, we examined the material contribution criteria for climate change mitigation and the transition to a circular economy in our energy and circular business activities.

Assessment of DNSH (Do No Significant Harm) in the context of targets for climate change mitigation and for transition to a circular economy

Climate change mitigation

In the 2025 financial year, the assessment of compliance with the climate change mitigation criterion was not relevant for either the climate change mitigation activities or the circular economy-related activities under review, where activities aligned with the EU Taxonomy under review were concerned.

Climate change adaptation

The adaptation-related DNSH criteria are set out in Annex A for all delegated regulations. In order to demonstrate the compliance of the activities, a detailed assessment was carried out under Annex A (i.e. compliance with climate change adaptation requirements) for the sites of all eligible activities.

This year, the assessment of climate risks and the sensitivity of activities relied on the two climate change scenarios specified by the IPCC. The IPCC RCP 4 climate model envisages a global average temperature increase path of 2.5 °C until 2100, while the RCP 8.5 climate model yields a 4.3 °C increase; these differences may entail different risk levels and sensitivities with regard to the activities.

In the climate risk assessment, we used the long-term climate change forecasts of the IPCC (Intergovernmental Panel on Climate Change) and the EEA (European Environment Agency) as our sources. In addition, the European Climate Adaptation Platform (Climate-ADAPT) database was used to select the relevant climate risks. We have considered all relevant key future climate risks that are relevant in Hungary according to the Climate-ADAPT database. Wherever possible, we also examined risks, and the sensitivity of the identified economic activities from a regional aspect based on the sources of the National Adaptation Geo-information System (NAGiS).

Based on the climate risk assessments performed for the energy business line and FE-GROUP INVEST Zrt. in the 2024 financial year, and for ALTEO Circular Kft. in the 2025 financial year, we identified no long-term physical climate risks that would require adaptation solutions to be identified due to their significance.

Sustainable use and protection of water and marine resources

During the assessment of compliance under Annex B of the delegated regulations, technical documentation as well as water operating and environmental permits were used as a basis when assessing the criteria for the targets for climate change mitigation and for transition to a circular economy.

Transition to a circular economy

In analyzing activities related to the climate change mitigation objective, in the case of transition to a circular economy, the waste management services related to the activities are not yet available in Hungary (material recovery of solar power plant and wind turbine accessories), but progress is expected to be made in this regard by the expected date of replacement of the technical equipment used. In view of the present abandonment and technological replacement plans and operating procedures, the relevant activities comply with the DNSH requirements regarding transition to a circular economy. Until proper material recovery is ensured in our country, we will ensure storage of the disassembled components in the appropriate manner. For activities contributing to the transition to a circular economy, this DNSH criterion is not relevant.

Prevention and reduction of environmental pollution

During the assessment of compliance under Annex C of the delegated regulations or the criteria for the objective of ALTEO Circular Kft. – transition to a circular economy, we relied on operating and environmental permits to demonstrate the specific requirements of the activity.

Protection and restoration of biodiversity and ecosystems

During the assessment of compliance under Annex D of the delegated regulations, we reviewed operating and environmental permits.

Assessment of compliance with Minimum Social Safeguards (MSS)

ALTEO Group is committed to respecting human rights, and complies with the Minimum Social Safeguards, the World Benchmark Alliance UNGP key indicators required for the protection of human rights, the UN Business and Human Rights guidelines and the OECD guidelines for multinational enterprises.

ALTEO Group is a listed company with a strict corporate governance system that ensures compliance with the requirements related to human rights, corruption, taxation and competition law stipulated in the guidelines related to minimum social safeguards.

For the preparation of the EU taxonomy report we also looked at compliance with MSS criteria on the group level and assessed the MSS risks of each activity. The ALTEO Group meets all criteria at the enterprise level and no MSS risk was identified for any of its activities subject to the Taxonomy. Further relevant information related to MSS at the Company-level is available in ALTEO Group's Code of Ethics, the Compliance-related chapters of our Integrated Report and in Group disclosures.

Taxonomy-eligible and taxonomy-aligned activities

When ensuring compliance with EU Taxonomy, ALTEO Group identified the following eligible economic activities as relevant to its operations:

In connection with the environmental target of climate change mitigation[29]:

- **4.1. Electricity production using photovoltaic solar technology:** The sale of electricity produced (revenue) by ALTEO Group's power plants in Monor, Nagykőrös, Balatonberény, Domaszék and Tereske, related capital expenditures (CapEx), and operating expenditures (OpEx) are incurred in connection with this activity. The activity is aligned, as the technical assessment criteria are met, and the Group also meets the minimum safeguards.
- **4.3. Electricity production using wind power:** In the case of ALTEO Group's wind farms in Bábolna, Bőny, Ács, Törökszentmiklós, Jánossomorja, Pápakovácsi and Levél-Mosonszolnok, the sale of electricity produced (revenue), ongoing investment projects and the acquisition of additional wind farms (such as in Mecsér) (CapEx), and operating expenditures (OpEx) are incurred. The activity is aligned, as the technical assessment criteria are met, and the Group also meets the minimum safeguards.
- **4.5. Electricity production using hydropower:** The sale of electricity produced by the Felsődobsza and Gibárt hydropower plants operated by ALTEO Group (revenue), as well as relevant capital expenditures (CapEx) and expenditures incurred by the operation of the hydropower plants (OpEx). The activity is aligned, as the technical assessment criteria are met, and the Group also meets the minimum safeguards.
- **4.8. Electricity production using bioenergy:** The sale of electricity produced by the biogas plant in Nagykőrös owned by Energigas Kft. (revenue), capital expenditures (CapEx), and the operation of the plant (OpEx). The activity is non-aligned, as the technical assessment criteria are not met.
- **4.10. Electricity storage:** The sale of electricity produced at ALTEO Group's Győr, Kazincbarcika and Füredi utca heating power plants (revenue), developments related to the new heating power plants and energy storage activities using lithium-ion solutions implemented in Győr and Bana (CapEx), as well as the maintenance of operation (OpEx). The activity is aligned, as the technical assessment criteria are met, and the Group also meets the minimum safeguards.
- **4.29. Electricity production from gaseous fossil fuels:** The sale of electricity produced by the natural gas and cogeneration power plants operated by ALTEO Group (revenue), related developments (CapEx), and operational activities (OpEx). The activity is non-aligned, as the technical assessment criteria are not met.
- **5.10. Landfill gas capture and utilization:** The sale of electricity produced by the Debrecen I and Debrecen II small-scale power plants from landfill gas generated at the Debrecen landfill site (revenue), as well as capital expenditures (CapEx) and operation (OpEx). The activity is non-aligned, as the technical assessment criteria are not met.
- **7.4. Indoor installation, maintenance and repair of charging stations for electric vehicles:** Service by the electric vehicle charging stations owned by ALTE-Go Kft. (revenue), as well as capital expenditures (CapEx), and operating expenses (OpEx) incurred during commissioning, maintenance, and repair are relevant. The activity is non-aligned, as the technical assessment criteria are not met.

In connection with the environmental target of transitioning to a circular economy[30]:

[29] The legislation specifying the criteria: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation –

[30] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to environmental objectives –

- **2.3. Collection at source and transport of non-hazardous and hazardous waste in separate fractions:** Revenues of FE-GROUP INVEST Zrt. and ALTEO Circular Kft. relating to the collection and transportation of hazardous and non-hazardous waste (revenue), and operating costs (OpEx). The activity is aligned, as the technical assessment criteria are met, and the Group also meets the minimum safeguards. Given that only some of the vehicles transporting waste at FE-GROUP INVEST Zrt. comply with the EURO V criterion of the delegated regulation, Taxonomy-eligible and Taxonomy-aligned revenue and OpEx was determined based on the ratio of vehicles conforming to the EURO IV and EURO III (eligible) and EURO V (aligned) standards.
- **2.4. Management of hazardous waste:** ALTEO Circular Kft. operates hazardous waste management facilities as a means of material recovery operations, which involves the recycling, recovery of inorganic materials and the recovery of components used to reduce pollution, which in turn also generate revenue, in which case the Company generates revenue and incurs operating costs. The activity is non-aligned, as the technical assessment criteria are not met.
- **2.7. Sorting and material recovery of non-hazardous waste:** The activities are associated with the sorting of non-hazardous waste collected by FE-GROUP INVEST Zrt. and ALTEO Circular Kft., the revenue generated from this, FE-GROUP INVEST Zrt.'s capital expenditures (CapEx), and operating expenditures (OpEx). The activity is non-aligned, as the technical assessment criteria are not met.

KPI calculation methodology:

For non-financial companies, the eligibility performance indicator (KPI) related to **revenue** is defined as the ratio of revenue from products or services related to taxonomy-eligible activities (numerator) to the consolidated net revenue for the current year (denominator). For electricity production activities, sales revenue is determined based on the method of production. In the case of activities related to the installation of charging stations for electric vehicles and to the circular economy business line within ALTEO Group, revenue statements for the activities were reported separately for FE-GROUP INVEST Zrt. and ALTEO Circular Kft. Based on the available data for ALTEO Circular Kft., our Group made several assumptions and applied various adjustments when determining the revenue denominators for the various eligible activities. In the coming years, as a result of improvements in financial data collection in line with EU Taxonomy activities, we will be able to present more accurate figures for ALTEO Circular Kft. as well. The proportion of Taxonomy-aligned sales revenue was calculated based on the electricity sold to MAVIR and the guarantee of origin sold to third parties in the case of activities related to electricity production.

In the case of capital expenditures (CapEx), direct costs specified in the Taxonomy Regulation were taken into account, but they do not include the costs of central management activities and maintenance of central office buildings (denominator). The CapEx costs of EU Taxonomy-eligible as well as Taxonomy-aligned activities (numerator) include costs relating to the procurement and leasing of properties, machinery, equipment and intangible assets.

In the case of operating expenditures (OpEx), the following items may be included: costs related to assets or processes (including training and other human resources adaptation needs, and direct non-capitalized costs that represent research and development) (numerator); capital expenditures to expand taxonomy-aligned economic activities or allow taxonomy-eligible economic activities to become taxonomy-aligned; and expenditures relating to individual measures enabling aligned activities to become low-carbon or facilitating GHG reductions (denominator). In the case of activities related to the commissioning of electric vehicle charging stations and to the circular economy business line within ALTEO Group, for FE-GROUP INVEST Zrt. and ALTEO Circular Kft. information received from the business units was compiled separately, and revenue statements for the activities were prepared based on the prorated revenue data. In the case of electricity production as aligned activity, the direct costs of the relevant power plants were taken into account, including primarily, but not exclusively, costs related to operation and scheduling, potential insurer revenues and non-income tax type charges.

Disclosures regarding performance indicators are included in the tables below:

TABLE 1: PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN 2025[31]

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of revenue (3)	Ratio of revenue, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of turnover, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Electricity generation using solar photovoltaic technology	CCM 4.1. (Annex I) / D35.11.	2,348	1.9	100							Y		Y		Y	Y	1.5		
Electricity generation from wind power	CCM 4.3. (Annex I) / D35.11.	4,687	3.8	100							Y	Y	Y		Y	Y	3.8		
Electricity generation from hydropower	CCM 4.5. (Annex I) / D35.11.	395	0.3	100							Y	Y			Y	Y	0.5		
Storage of electricity	CCM 4.10. (Annex I) / NA	1,054	0.9	100							Y	Y	Y		Y	Y	1.4	E	
Landfill gas capture and utilization	CCM 5.10. (Annex I) / E38.21.	184	0.1	100							Y			Y	Y	Y	0.1		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	CCM 7.4. (Annex I) / F43.11.	66	0.1	100							Y					Y	0.1	E	
Collection and transportation of non-hazardous and hazardous waste	CE 2.3. (Annex II) / E38.11.	1,350	1.1				41,7				Y	Y		Y		Y	1		
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1.)		10,085	8.2														8.5		
Of which: enabling		1,120	0.9														1.6	E	
Of which: transitional		0	0														0[32]		T
A.2. Revenue from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities)																			

[31] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure

[32] Following a review, the 6.9% rate published in 2024 has been modified in this publication.

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of revenue (3)	Ratio of revenue, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of turnover, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N										
Electricity generation using bioenergy	CCM 4.8. (Annex I) / D35.11.	707	0.6	Y													0.6		
Electricity generation from fossil gaseous fuels	CCM 4.29. (Annex I) / NA	13,325	10.8	Y													12.3		
Collection and transportation of non-hazardous and hazardous waste	CE 2.3. (Annex II) / E38.11.	2,300	1.9				Y										1.4		
Treatment of hazardous waste	CE 2.4. Annex II) / NA	373	0.3				Y										n/a		
Sorting and material recovery of non-hazardous waste	CE 2.7. (Annex II) / E38.32.	13,285	10.8				Y										2.8		
Revenue from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		29,990	24.3														17.2		
A: Sales revenues from taxonomy-eligible activities (A.1+A.2.)		40,074	32.5														25.7		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Sales revenues from taxonomy-non-eligible activities		83,389	67.5																
Total (A+B)		123,463	100																

RATIO OF REVENUE / TOTAL REVENUE

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	7.1%	11.4%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	1.1%	12.9%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 2: PROPORTION OF CAPEX ATTRIBUTABLE TO PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES – IN 2025[33]

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of CapEx (3)	Ratio of CapEx, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of CAPEX, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Electricity generation using solar photovoltaic technology	CCM 4.1. (Annex I) / D35.11.	60	0.2	100							Y		Y		Y	Y	8.7		
Electricity generation from wind power	CCM 4.3. (Annex I) / D35.11.	312	1.2	100							Y	Y	Y		Y	Y	38.9		
Electricity generation from hydropower	CCM 4.5. (Annex I) / D35.11.	4	0	100							Y	Y			Y	Y	0.6		
Storage of electricity	CCM 4.10. (Annex I) / NA	14,137	53.2	100							Y	Y	Y		Y	Y	n/a	E	
Landfill gas capture and utilization	CCM 5.10. (Annex I) / E38.21.	90	0.3	100							Y			Y	Y	Y	0.6		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	CCM 7.4. (Annex I) / F43.11.	18	0.07	100							Y						0	E	
CAPEX from environmentally sustainable activities (taxonomy-aligned) (A.1.)		14,622	55.1														48.9		
Of which: enabling		14,156	53.3														0	E	
Of which: transitional		0	0														0[34]		T

[33] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure
[34] Following a review, the 48.9% rate published in 2024 has been revised in this publication.

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of CapEx (3)	Ratio of CapEx, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of CAPEX, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. CAPEX from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities)																			
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N										
Electricity generation using bioenergy	CCM 4.8. (Annex I) / D35.11.	172	0.6	Y													0.1		
Electricity generation from fossil gaseous fuels	CCM 4.29. (Annex I) / NA	1,178	4.4	Y													34.7		
Sorting and material recovery of non-hazardous waste	CE 2.7. (Annex II) / E38.32.	1,597	6				Y										2.4		
CAPEX from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		2,947	11.1														37.2		
A: CAPEX from taxonomy-eligible activities (A.1+A.2.)		17,569	66.1														86.1		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX from taxonomy-non-eligible activities		8,990	33.9																
Total (A+B)		26,559	100																

RATIO OF CAPEX/ TOTAL CAPEX

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	55.1%	5.1%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	0%	6.0%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 3: PROPORTION OF OPEX ATTRIBUTABLE TO PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN 2025[35]

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of OPEX (3)	Ratio of OPEX, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of OPEX, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Electricity generation using solar photovoltaic technology	CCM 4.1. (Annex I) / D35.11.	323	0.3	100							I		I		I	I	0.3		
Electricity generation from wind power	CCM 4.3. (Annex I) / D35.11.	2,053	1.9	100							I	I	I		I	I	1.6		
Electricity generation from hydropower	CCM 4.5. (Annex I) / D35.11.	113	0.1	100							I	I			I	I	0.2		
Storage of electricity	CCM 4.10. (Annex I) / NA	49	0	100							I	I	I		I	I	0.1	E	
Landfill gas capture and utilization	CCM 5.10. (Annex I) / E38.21.	274	0.3	100							I			I	I	I	0.2		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	CCM 7.4. (Annex I) / F43.11.	196	0.2	100							I					I	0.3	E	
Collection and transportation of non-hazardous and hazardous waste	CCM 2.3 (Annex II) / E38.1.1	1,110	1.1				41,7				I	I		I		I	0.7		
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1.)		4,118	3.9														3.4		
Of which: enabling		245	0.2														0.4	E	
Of which: transitional		0	0														0[36]		T

[35] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure
[36] Following a review, the 3% rate published in 2024 has been modified in this publication.

Financial year 2025				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)									
Economic activities (1)	Code(s) (2)	Absolute amount of OPEX (3)	Ratio of OPEX, 2025 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Taxonomy aligned (A1.) or eligible (A2.) proportion of OPEX, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. CAPEX from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities)																			
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N										
Electricity generation using bioenergy	CCM 4.8. (Annex I) / D35.11.	313	0.3	Y													1		
Electricity generation from fossil gaseous fuels	CCM 4.29. (Annex I) / NA	11,074	10.5	Y													12		
Collection and transportation of non-hazardous and hazardous waste	CE 2.3. (Annex II) / E38.11.	2,027	1.9				Y										1		
Treatment of hazardous waste	CE 2.4. Annex II) / NA	343	0.3				Y										n/a		
Sorting and material recovery of non-hazardous waste	CE 2.7. (Annex II) / E38.32.	11,200	10.6				Y										2.8		
Revenue from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		24,957	23.7														16.8		
A: Sales revenues from taxonomy-eligible activities (A.1+A.2.)		29,075	27.6														20.2		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX from taxonomy-non-eligible activities		76,289	72.4																
Total (A+B)		105,364	100																

OPEX RATIO/ TOTAL OPEX

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	2.9%	10.8%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	1.1%	12.9%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 4: ACTIVITIES RELATING TO NUCLEAR ENERGY AND FOSSIL GAS[37]

Line	Activities relating to nuclear energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of cogeneration heat/cooling energy and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cooling energy using fossil gaseous fuels.	YES

[37] Pursuant to Annex III to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178.

TABLE 5: TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Line	Economic activity	Revenue Climate change mitigation (CCM)		CapEx Climate change mitigation (CCM)		OpEx Climate change mitigation (CCM)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities as specified in Section 4.26 of Annexes I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a	n/a	n/a	n/a	n/a
2.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities as specified in Section 4.27 of Annexes I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a	n/a	n/a	n/a	n/a
3.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities as specified in Section 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a	n/a	n/a	n/a	n/a
4.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but taxonomy-non-aligned economic activities as specified in Section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139	13,325	10.8%	1,178	4.4%	11,074	10.5%
5.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities as specified in Section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a	n/a	n/a	n/a	n/a
6.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities as specified in Section 4.31 of Annexes I and II of Delegated Regulation (EU) 2021/2139	n/a	n/a	n/a	n/a	n/a	n/a
7.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities not mentioned in lines 1 to 6	**16,665**	**13.5%**	**1,769**	**6.7%**	**13,883**	**13.2%**
8.	Amount and proportion in the denominator of the applicable KPI of taxonomy-eligible but not taxonomy-aligned economic activities	**29,990**	**24.3%**	**2,947**	**11.1%**	**24,957**	**23.7%**

2.2 Climate change

[GOV-3] Integration of sustainability-related performance in incentive schemes

Currently, performance metrics aligned with climate change and the Company's GHG (greenhouse gas) emission reduction targets are not yet reflected in the remuneration of senior management and board members. However, ALTEO Group's general sustainability incentives are elaborated in detail in sub-chapter *[GOV-3] Integration of sustainability-related performance in incentive schemes.*

[E1-1] Transition plan for climate change mitigation

(E1-1_16) The development of a transition plan for ALTEO Group's energy business line was launched in 2025 with the outline drawn up for the basic concept. Experts were consulted to outline possible measures and decarbonization instruments in line with the emission priorities and existing targets. Prior to the conceptualization, a benchmark analysis was also carried out to assess good practices. The transition measures, decarbonization instruments and resource planning linked to our emission reduction targets will be finalized in the coming years. We will communicate our specific plan for the green transition in our 2028 Sustainability Report.

Our circular business line does not currently have a fully developed roadmap for developing a transition plan.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model(s)

(E1.SBM-3_01-07) In preparing the Report, ALTEO Group assessed its exposure and sensitivity to climate change risks (including physical and transition risks) for all its assets and business activities, taking into account their likelihood, magnitude and duration, as well as 1.5°C and high-emission climate scenarios that formed the basis of our TCFD scenario analysis and risk assessment. The exposure of assets and activities is detailed in the sub-chapter on disclosure requirement *[E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities*, which includes transition and physical risks and opportunities. The Group uses climate scenario analysis as a strategic tool to identify and assess risks and opportunities in the short, medium and long term, and to determine vulnerability. We published our material climate-related physical (chronic) and transition (market, technology, policy and legislation, reputation) risks in a table containing the results of the double materiality assessment in sub-chapter *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

The fact that the availability of resources necessary for ALTEO Group's operations may change in the medium term due to climate change, which could have an adverse impact on business, was identified as a chronic physical risk. In terms of transition opportunities, a shift to lower greenhouse gas emission technologies may result in capital gains or cost reductions for the Group, while in terms of risks, for example, technological failures or disruptions due to globally rising temperatures, drought periods or changes in rainfall patterns; from a market perspective, increased costs of unsustainable operations; tightening of the regulatory environment; and unfavorable investor perception due to inadequate management of the resulting risks could negatively affect ALTEO Group's cash flow, the continuity of use of resources or business relationships.

[IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

(E1.IRO-1_01-16) In identifying and assessing climate change impacts, risks and opportunities, based on the TCFD methodology, we relied on the results of the qualitative climate risk assessment reassessed in 2024. The time horizon and risk assessment approach of our assessment is consistent with that used in the double materiality assessment [38] and with ALTEO Group's existing risk assessment methodology.

Our quantified exposures linked to physical risks, as well as to transition risks and opportunities, are discussed in sub-chapter *[E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities*.

The findings were entered into the Group's risk records, and are continuously monitored and managed in accordance with the Group's risk management strategy and risk management process.

In 2025, ALTEO Group identified and assessed its climate-related material impacts, including negative impacts, risks and opportunities due to GHG emissions, through a double materiality assessment, the details of which are presented in sub-chapter *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*.

[38] Except for ALTEO Circular Kft., a subsidiary that is not yet covered by the scenario and risk analysis.

[E1-2] Policies related to climate change mitigation and adaptation

The energy and waste management industry, and thus ALTEO Group, plays a major role in managing the global problem of climate change. That is why we are prioritizing climate change mitigation, including, among other things, by reducing the use of fossil fuels, increasing the share of renewables and promoting decarbonization, as well as strengthening the waste recycling activities of our circular economy business.[39] Adapting to climate change is a priority for the Group, and we are taking great care to increase the efficiency of our fossil power plants and strictly comply with environmental regulations. ALTEO Group is committed to Hungary's renewable energy production and circular economy, and to achieving climate neutrality by 2050. Our strategy and business model also reflect this commitment, with innovation and sustainability at its core.

(E1-2_01) **Key policies and regulations related to the disclosure requirement:**

Material sustainability topics	Related policies, regulations	Scope (MDR-P_02)
Adaptation to climate change Climate change mitigation Energy	ESG Policy	ALTEO Group's energy business line
	Integrated Management policy	ALTEO Group's energy business line and ALTEO Circular Kft.
	Quality Management and Environmental Management Policy	FE-GROUP INVEST Zrt.

(MDR-P_01) (MDR-P_03-06) In the energy business line, our ESG Policy summarizes our sustainability commitments, which, like our ESG Strategy, is aligned with the United Nations Sustainable Development Goals. The policy also includes primary environmental positions, as well as planned measures to reduce the environmental footprint, which are available to all stakeholders on the Group's website. Management is responsible for the implementation of the policy.

The Integrated Management Policy serves as the fundamental document for the Integrated Management System of the energy business line of ALTEO Group. It is a document in which the Company's management commits itself to providing quality services, safe work environment, energy efficiency, environmental protection and sustainability. Our Integrated Management Policy applies to the whole range of activities and the value chain of the energy industry. By integrating quality management, environmental management, occupational health and safety and energy management systems, the Integrated Management System (IMS) can operate to international standards. This also ensures compliance with current laws and stakeholder expectations. The members of the Executive Board are responsible for the operation of the IMS, while the management of ALTEO Group is responsible for the implementation of the policy. Through its activities, ALTEO serves mitigation and adaptation, as well as energy efficiency and the use of renewable energy.

All of the above is implemented through our Integrated Management System (IMS), which is a system integrating five international standards[40]:

- ISO 9001:2015 Quality Management System (QMS)
- ISO 14001:2015 Environment Management System (EMS)
- ISO 45001:2018 Occupational health and safety management system (OHSMS)
- ISO 50001:2018 Energy Management System (EnMS)
- ISO 2007001:2022 Information Security Management System (ISMS)

The extract of the Integrated Management Policy can be downloaded from our website, and our employees also receive specific training on the processes and application details.

The Integrated Management System available at ALTEO Circular Kft. is based on the ISO standards QMS, EMS, OHSMS and EnMS, i.e. it is operated in a manner almost identical to the system operated in the energy business line, with the exception of the ISMS (Information Security Management System).[41] The operational framework for the system is defined in the Integrated Management Policy. The system is put in place and is continuously improved so that all activities that have quality, environmental, occupational health and safety, energy consumption impacts are controlled processes that comply with the applicable legislation, professional, standards, external and internal regulations and other requirements we undertake in relation to arising hazards. The manager appointed by senior management is responsible for operations and policy implementation. With the help of the QMS-EMS-OHSMS-EnMS, we ensure that the employees of ALTEO Circular Kft. understand and apply the Integrated Management Manual. All new employees receive training on the policy, and policy content is regularly reviewed for continued suitability during management reviews. Our policy is also made available to all identified stakeholders, and those stakeholders can inspect the policy at any time at our offices in Kistarcsa and Mocsa.

[39] Our related strategic targets and results for the current year are reported under disclosure *[SBM-1] Strategy, business model and value chain*.
[40] Our certifications are available on our website.
[41] The scope of our Integrated Management System and its components also cover the requirements of the R2v3 standard for electronic waste processing and recycling, which is certified by a separate international standard (preparation of electronic waste for reuse and material recovery). Further details on this are provided in sub-chapter *[E5-1] Policies related to resource use and circular economy*.

(MDR-P_07) Beyond its Quality Management and Environmental Management Systems and the associated policies, which primarily cover waste management, FE-GROUP INVEST Zrt. currently does not have a separate policy or regulation that addresses climate change mitigation or transition in a documented format.

[E1-3] Actions and resources related to climate change policies

(MDR-A_01-05) As a responsible company, ALTEO Group has a comprehensive sustainability strategy[42], which includes strategic targets, measures, and metrics to monitor them. Climate change mitigation and adaptation are central elements of our policies and our strategy.

The key measures related to the strategic objectives, on which ALTEO Group's energy business line is actively working, include the identification and introduction of new business and technological opportunities to reduce negative impacts and potential risks. The core activities of the circular economy business line (managing manufacturing, hazardous and non-hazardous and electronics waste, batteries, waste from machine dismantling, paper and plastic waste, wood waste) contribute to climate change mitigation on an ongoing basis.

The main ongoing measures of our Group are the following:

- **Use of renewable energy sources in energy production, including wind, solar, hydro, biogas and landfill gas technologies.**

  In 2025, we have managed to generate 176.5 GWh of electricity from renewable energy sources.

  Another key performance indicator for us is the increased share of renewable energy production capacity. The indicators used to measure this include the amount invested in renewables and the volume of energy produced from renewables. (MDR-A_09) In line with EU Taxonomy guidelines, the value of the CaPex spent to increase the share of renewable energy production capacity in the portfolio of ALTEO Group energy business line, is used to produce the indicator. We consider activities such as electricity generation from wind, hydro and solar energy, and landfill gas separation and utilization. This allows us to calculate the total amount invested in renewable energy.

INDICATORS FOR OUR STRATEGIC OBJECTIVE TO INCREASE THE SHARE OF RENEWABLES-BASED ENERGY PRODUCTION CAPACITY	2024	2025
Total amount invested in renewable energy – CapEx (HUF million)	10,907	638
Volume of energy produced from own renewables [GJ]	599,484	635,367

- **Operation of the scheduling service for renewable power plants**, which has enabled us since 2020 to operate the renewable energy production capacity we have built, with the highest possible efficiency.
- **Operation of continuous emission measurement systems with high availability and compliance with daily limits** to ensure regulatory compliance, reduce environmental load and improve operational efficiency. The measure applies to the industrial power plants operated by the Group.
- **Continuous improvement of energy efficiency**[43], in line with the objective defined in the Integrated Management Policy. In this context, **investment projects are implemented to achieve various energy efficiency targets, conduct diagnostic maintenance, support the education and training of the next generation of employees, and raise the awareness of the future generations in this regard**. **In 2025, when our headquarters was relocated, energy efficiency considerations were taken into account when selecting the new office building and determining the necessary equipment required there.**
- **We support the education and training of the next generation of employees and raise awareness concerning energy efficiency.**
- The **circular economy business line is involved in recycling industrial waste, that is, extracting and processing new raw materials resulting in secondary raw materials,** and by providing companies with complex waste management systems, or simply by duly and properly managing waste, and by ensuring environmental compliance and advice to **its partners, raising awareness of the principles of the circular economy.**

(MDR-A_01-06) (MDR-09-12) (E1-3_01) ALTEO Group's energy business line is currently developing its transition plan for climate change mitigation; therefore, decarbonization measures and the associated CapEx and OpEx costs have not yet been determined, nor are these figures currently available for the circular economy business line. However, current measures are primarily linked to the use of renewable energy sources, industrial energy efficiency and decarbonization of the supply chain.

(E1-3_05) The implementation of actions depends largely on the availability and appropriate distribution of resources. The availability of human resources to build new renewable power plants and to implement waste management processes is essential, as is the availability of

[42] Our ESG strategy is available on our website.

[43] The efficiency, adjustability and central monitoring of ALTEO Group's energy business line is ensured by the Virtual Power Plant.

technology. Where wind turbines are concerned, there may be a waiting time of several years due to the length of the manufacturing process, while solar panels require rare earth elements, which also limit the availability of the resources. In addition, adequate green loans need to be available to secure financing for renewable energy production projects.

Highly skilled professionals are needed to provide scheduling services of appropriate quality, and this may be hampered by the expansion of the market.

Together, these factors determine the success and effectiveness of actions and the achievement of long-term goals. In response to these challenges, our Company is constantly looking for ways to make the best use of resources.

(E1-3_03-04) Information on our current GHG emission reductions in the energy and circular economy business lines is provided in sub-chapter *[E1-6] Gross Scope 1, 2, 3 and Total GHG emissions*, to which the measures described have also contributed significantly. However, our Group does not currently track the reductions achieved through the various measures; instead, effectiveness of these measures is assessed and monitored internally or by analyzing the indicators published in our Sustainability Report.

[E1-4] Goals related to climate change mitigation and adaptation

(MDR-T_01-09) (MDR-T_11) (E1-4_01) In order to mitigate climate change, we have defined our targets for reducing our carbon footprint in our ESG strategy up until 2030, with the support of employees from the relevant departments and the approval of senior management. Based on this strategy, we aim to reduce our direct Scope 1 emissions by at least 20%, our indirect Scope 2 emissions by 30%, and other indirect Scope 3 emissions by 50% by 2030. We are also using our natural gas-fired power plants to compensate for the fluctuations of renewable energy sources, stabilizing the electricity system and supporting the more extensive integration of renewables. Our targets are defined for our energy business line, and we are currently developing a strategy for our circular economy business line.

(E1-4_02) (E1-4_04) (E1-4_07) (E1-4_10) (E1-4_16)

GHG emission reduction targets[44]	**Base year**	**Target year**	**Target for 2030**	**Target in absolute terms[45]** (for 2050)	**Target for 2050**
Scope 1	2019	2050	20%	50%	100% (net zero)
Scope 2	2019	2050	30%	75%	100% (net zero)
Scope 3	2021	2050	50%	100%	100% (net zero)

We have set further ambitious targets for 2050: to have ALTEO Group's energy business line transition to net-zero operation. Achieving these targets will contribute to meeting the European Union's net zero emissions targets. Apart from these targets, we did not consider it necessary to define any further intermediate objectives and milestones, and therefore these are not relevant for ALTEO Group's energy business line. Our Scope 2 greenhouse gas emission reduction target is set on a location basis.

(MDR-T_10) (E1-4_22) ALTEO has developed its 2030 and 2050 emission reduction targets in line with the 1.5 °C warming limit of the Paris Agreement ratified by the European Union. The details of the methodology and quantified benchmarks will be defined in the next reporting cycle.[46]

(E1-4_18) In order to ensure consistency between greenhouse gas (GHG) emission reduction targets and GHG inventory limits, we apply the GHG (Greenhouse Gas) Protocol standard. (E1-4_19) There is no information on the past progress towards the targets from before the current base year. (E1-4_20-21) The baseline remains representative as our energy activities have not changed significantly since 2023. (E1-4_24) Climate risks have been assessed in terms of the impact on the Company's financial position and the achievement of strategic goals, in line with the Company's existing ERM (risk analysis) methodology. We considered 2 climate scenarios[47] (1.5 °C and 4 °C warming paths), for which we assessed the relevant risks over 3 time horizons: short (2025), medium (2030) and long (2050, trend assessment only). Currently, no specific assessment has been carried out to identify decarbonization instruments.

Furthermore, the Group does not use technological (e.g., CCS/CCU), market-based (carbon credits), or nature-based (e.g., afforestation) carbon neutralization measures. We, therefore, have no information in this regard. However, we intend to explore further strategies and assets that can contribute to reducing emissions through decarbonization in the future.

[44] (MDR-T_12-13) There have been no changes to the targets compared to previous years; our progress can be viewed in sub-chapter *[E1-6] Gross Scope 1, 2, 3 and Total GHG emissions.*
[45] The reduction in absolute terms is expressed as a percentage of emissions in the base year, as required by the ESRS, and is not an intensity indicator linked to production or turnover.
[46] Based on the guidance in ESRS E1 AR 26, companies can refer to sectoral emission trajectories aligned with the achievement of the 1.5°C warming limit to set benchmarks. ALTEO has not prepared a separate reference trajectory calculation for this reporting year, as a detailed comparison with science-based trajectories will be carried out in parallel with the development of the transition plan, which is underway.
[47] Reference scenarios used to define the 1.5 °C scenario: IPCC RCP 2.6, IPCC SSP1, NDCs (EU). Reference scenarios used to define the 4 °C scenario: IPCC RCP 8.5, IPCC SSP5.

In our updated strategy, our primary focus is still on identifying profitable investments and significantly expanding our green portfolio. In the spirit of transparency, we prepare an annual report on the total amount invested in renewables and the volume of energy produced from renewables. This report provides an opportunity for stakeholders and partners to monitor our progress and commitment to achieving sustainability goals.

With these steps, we are determined to reduce GHG emissions, while continuing to develop sustainable energy solutions that help us achieve our environmental and economic targets. (E1-4_23) At present, we do not assess the reduction volumes achieved for each individual mitigation measure separately.

[E1-5] Energy consumption and mix

The energy mix of ALTEO Group is presented in the following sub-chapter, broken down by our energy and circular economy business lines.

Characteristics of the energy business line

(E1-5_01-15)

ENERGY CONSUMPTION AND MIX OF ALTEO GROUP'S ENERGY BUSINESS LINE[48]	Unit of measurement	2024	2025
Total energy consumption related to own operations	**MWh**	**4,034,670**	**3,798,823**
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	2,926	2,385
Fuel consumption from natural gas	MWh	3,640,565	3,583,717
Fuel consumption from other fossil sources	MWh	328,747	150,106
Consumption of purchased or procured electricity, heat, steam, and cooling from fossil sources	MWh	8,040	8,435
Total energy consumption from fossil sources	**MWh**	**3,980,278**	**3,744,643**
Total fossil energy consumption	**%**	**98.64%**	**98.57%**
Total energy consumption from nuclear sources	MWh	7,813	6,781
Share of energy consumption from nuclear sources in total energy consumption	**MWh**	**0.19%**	**0.18%**
Fuel consumption from renewable sources	MWh	42,669	42,856
Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources[49]	MWh	0	0
Consumption of self-generated non-fuel renewable energy	MWh	3,910	4,542
Share of renewable energy sources in total energy consumption	**%**	**1.16%**	**1.25%**
Total energy consumption from renewable sources	**MWh**	**46,579**	**47,398**

[48] As described in the sub-chapter *[BP-1] [BP-1] General basis for preparation of the sustainability statement*, ALTEO tracks all energy flows related to its own operations, including the fuel and electricity consumption of the power plants it operates, which are included in this energy consumption report.
[48] Based on the review of the classification of Tisza-WTP Kft., the company is no longer included in the metric. As a result, the category has been recalculated and restated for 2024.
[49] In the 2024 report, the original figure was 4,096 MWh, meaning that the total share of renewable energy was also higher, at 1.25%.

(E1-5_18-21)

ENERGY INTENSITY OF ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS (ENERGY BUSINESS LINE[50])	Unit of measurement	2024	2025	Change (%)
Energy intensity of activities in high climate impact sectors[51] (total energy consumption per net revenue)[52]	MWh/HUF million	38.28	36.42	-1.86
Total energy consumption of activities in high climate impact sectors	MWh	4,034,670	3,798,823	-5.84
Net revenue from activities in high climate impact sectors	HUF million	105,389	104,314	-1.02
Net revenues from activities outside high climate impact sectors	HUF million	0	0	0

(E1-5_16-17)

ENERGY PRODUCTION	Unit of measurement	2024	2025
Non-renewable energy production	MWh	3,374,873	3,752,018
Renewable energy production	MWh	166,523	176,491

Characteristics of the circular economy business line

(E1-5_01-15)

ENERGY CONSUMPTION AND MIX OF ALTEO GROUP'S CIRCULAR ECONOMY BUSINESS LINE	Unit of measurement	2024	2025
Total energy consumption related to own operations	**MWh**	**2,844**	**5,748**
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	1,914	3,261
Fuel consumption from natural gas	MWh	94	142
Fuel consumption from other fossil sources	MWh	420	750
Consumption of purchased or procured electricity, heat, steam, and cooling from fossil sources	MWh	125	877
Total energy consumption from fossil sources	**MWh**	**2,642**	**5,031**
Total fossil energy consumption	**%**	**98.77%**	**87.52%**
Total energy consumption from nuclear sources	**MWh**	**202**	**718**
Share of energy consumption from nuclear sources in total energy consumption	**%**	**7%**	**12%**
Fuel consumption from renewable sources	MWh	0	0
Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources[53]	MWh	0	0
Consumption of self-generated non-fuel renewable energy	MWh	0	0
Total energy consumption from renewable sources	**MWh**	**0**	**0**
Share of renewable energy sources in total energy consumption	**%**	**0%**	**0%**

[50] Energy production, energy trading, e-mobility, energy business and energy services, production management services, waste management.
[51] The net revenues from high climate impact sectors have been determined by classifying the core activities of subsidiaries and parent companies within ALTEO Group according to NACE code.
[52] ALTEO Group's net revenue linked to the energy business line in the current year amounted to HUF 104,314 million. The revenue figure shown is the same as that in the financial report.
[53] In the 2024 report, the original figure was 80 MWh, meaning that the total share of renewable energy was also higher, at 2.8%.

(E1-5_18-21)

ENERGY INTENSITY OF ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS (WASTE MANAGEMENT[54])	Unit of measurement	2024	2025	Change (%)
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue)[55]	MWh/HUF million	0.45	0,30	-0.10
Total energy consumption of activities in high climate impact sectors	MWh	2,844	5,748	The change is not being published due to the integration of ALTEO Circular Kft.
Net revenue from activities in high climate impact sectors	HUF million	6,292	19,149	
Net revenues from activities outside high climate impact sectors	HUF million	0	0	0

Energy consumption and energy structure characteristics of the ALTEO Group

(E1-5_01-15)

ENERGY CONSUMPTION AND MIX OF ALTEO GROUP'S CIRCULAR ECONOMY BUSINESS LINE	Unit of measurement	2024	2025
Total energy consumption related to own operations	**MWh**	**4,037,514**	**3,804,571**
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	4,840	5,646
Fuel consumption from natural gas	MWh	3,640,659	3,583,859
Fuel consumption from other fossil sources	MWh	329,167	150,856
Consumption of purchased or procured electricity, heat, steam, and cooling from fossil sources	MWh	8,165	9,312
Total energy consumption from fossil sources	**MWh**	**3,982,831**	**3,749,673**
Total fossil energy consumption	**%**	**98.65%**	**98.56%**
Total energy consumption from nuclear sources	**MWh**	**8,015**	**7,499**
Share of energy consumption from nuclear sources in total energy consumption	**%**	**0.20%**	**0.20%**
Fuel consumption from renewable sources	MWh	42,669	42,856
Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources	MWh	0	0
Consumption of self-generated non-fuel renewable energy	MWh	3,910	4,542
Total energy consumption from renewable sources	**MWh**	**46,579**	**47,398**
Share of renewable energy sources in total energy consumption	**%**	**1.15%**	**1.25%**

ENERGY INTENSITY OF ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS (ENERGY BUSINESS LINE)	Unit of measurement	2024	2025	Change (%)
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue)	MWh/HUF million	38	31	0
Total energy consumption of activities in high climate impact sectors	MWh	4,037,514	3,804,571	-0.06
Net revenue from activities in high climate impact sectors	HUF million	105,389	123,463	17
Net revenues from activities outside high climate impact sectors	HUF million	0	0	0

[54] The net revenues from high climate impact sectors have been determined by classifying the core activities of subsidiaries and parent companies within ALTEO Group according to NACE code.
[55] ALTEO Group's net revenue linked to the circular economy business line in the current year amounted to HUF 19,149 million. The revenue figure shown is the same as that in the financial report.

[E1-6] Gross Scope 1, 2, 3 and Total GHG emissions

ALTEO Group is committed to operating in a sustainable manner and, therefore, continuously strives to reduce its environmental load, and to disclose information as transparently as possible. We achieve the reduction of our environmental load partly by increasing the share of renewable energy sources and circular economy solutions, but it is equally important for us to minimize the environmental impacts of existing energy production processes. The strategic objectives of ALTEO Group include reducing our emissions of pollutants and greenhouse gases in order to actively contribute to the protection of the environment and a sustainable future. To this end, we continuously improve our technologies and processes while taking account of opportunities, and we regularly review our GHG emission calculations and adjust our methodology.

(E1-6_15) In our GHG calculations, we conducted market and location-based analyses, and our calculations were prepared in accordance with the methodologies specified in the relevant standards of the GHG Protocol. The Group's operations are limited to a single country; therefore, we have not broken down our GHG emissions by other criteria (such as country, operating segment, economic activity, subsidiary, GHG category, etc.), but only by business lines (energy and circular economy). (E1-6_14-16) (E1-6_29) We used a financial control approach to calculate our direct and indirect emissions. In the 2025 financial year, the increase in GHG emissions reported in the table for circular economy business line, due to the acquisition of ALTEO Circular Kft., resulted in a more significant change compared to the 2024 figures, which also affects GHG intensity. No other changes have been implemented with regard to the ALTEO Group's scope of operations or its value chain.

ALTEO Group has drawn up its sustainability strategic goals for the long term, and has set emission reduction targets for 2030 and 2050; the Company does not have annual emission reduction targets, on the formulation of which we provided details in sub-chapter *[E1-4] [E1-4] Targets related to climate change mitigation and adaptation.*

Gross Scope 1, 2, 3 and Total GHG emissions for the Energy business line

In the energy industry, we need to find the optimal balance between economic efficiency and environmental sustainability. Although energy production and use are essential for the economy and society, traditional methods can have harmful effects on the environment and even on human health.

(E1-6_15) In its direct ("Scope 1") and indirect ("Scope 2") carbon calculations, ALTEO Group's energy business line uses the DEFRA (Department for Environment, Food & Rural Affairs) conversion factors and the emission factors of HEPURA and domestic suppliers to convert its greenhouse gas emissions from petrol, diesel and purchased heat to carbon dioxide equivalents.

[BP-1] In line with sub-chapter *[BP-1] General basis for preparation of the sustainability statement*, ALTEO also classified the energy demand associated with the operation of the power plants it operates and the resulting emissions as relevant information related to its service provision and activities, during the reporting process, therefore, these are presented under Scope 2 and Scope 3, Category 3.

(E1-6_18-19) Taking into account the principles and requirements of the GHG Protocol's Scope 2 guidelines, the share of the Group's contract assets used in its Scope 2 greenhouse gas emissions and for the sale and purchase of energy is 0%. As there are no contract assets at our Company, their types are not relevant.

Our facilities that are part of the European Union's carbon emissions trading system (EU ETS) are the Győr Power Plant, the Sopron Power Plant, the Kazincbarcika Heating Power Plant, the Tiszaújváros Heating Power Plant, and the Füredi utca Heating Power Plant. The aforementioned power plants participate in the EU-ETS emissions trading system, and also receive emission unit allocations. (E1-6_08) In 2025, freely allocated allowances covered around 11% of the total emissions by the power plants of ALTEO Group; therefore, we had to purchase a large amount of CO_2 quotas at auctions.

TOTAL RECEIVED AND PURCHASED CO_2 QUOTA OF ALTEO GROUP (tCO_2e)	2024	2025
Free allowances of CO2e emissions	13,629	13,098[56]
Allowances of CO2e emissions allocated at auction	94,984[57]	92,418

(E1-6_29) The other indirect (Scope 3) emissions of ALTEO Group's energy business line were measured for the first time in the calendar year 2021. No new materiality assessment was carried out for the Scope 3 categories, as there were no material changes in the energy business line's operations in 2025 compared to the 2021 assessment. After 2022, calculation methodology and data reporting was again based on the GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard to ensure that the Group's value chain emissions are measured according to an internationally accepted methodology. Scope 3 emissions accounted for approximately 79% of the total emissions of ALTEO Group's energy business line in 2025, representing 513,957.9 tCO_2e out of a total (Scope 1 + market-based Scope 2 + Scope 3) of 650,070.7 tCO_2e of emissions.

[56] The verification of EU ETS emissions is in progress at the time of preparing the Sustainability Report, so the value included here is an estimated value according to the ESRS classification available at the time of preparing the report, which will be re-disclosed in the next year's report if it is clarified.
[57] The verification of EU ETS emissions was ongoing when the 2024 Sustainability Report was prepared; therefore, the figure included in the previous report (95,212 tCO2e) was considered an estimated value based on the ESRS classification, which we have restated in this report following verification.

(E1-6_27) In calculating its Scope 3 emissions, ALTEO Group's energy business line took the following categories into account in 2025, in accordance with the methodological scope: 1. purchased goods and services; 2. capital goods; 3. fuel and energy-related activities (not included in Scope 1 or Scope 2); 4. upstream transportation and distribution; 5. waste generated in operations; 6. business travel; 7. employee commuting; 8. upstream leased assets; 9. downstream transportation; 11. use of sold products; 12. end-of-life treatment of sold products.

In the energy business line, the reasons for the significant changes in 2025 compared to the 2024 emissions data, broken down by category, were as follows:

- 1. Purchased goods and services: In 2025, the volume of raw materials and services increased, which also led to a rise in related emissions (particularly in the case of project development items). In addition, the costs associated with the new office resulted in significant additional emissions.
- 2. Capital goods: Capital goods related to project development in the energy business line increased in 2025, which was a major contributor to the growth in Category 3.2.
- 3. Fuel and energy-related activities (not included in Scope 1 or Scope 2): The exclusion of the Tisza WTP associate from the scope of consolidation resulted in no steam settlement recorded this year, and a significant portion of district heating consumption was also excluded (approximately 98%). However, the significant increase in electricity sales led to growth in this category.
- 4. Upstream transportation and distribution: The decrease in the volume of transported products led to a reduction in emissions from related transportation.
- 9. Downstream transportation and distribution: The increase in the volume transported led to a rise in related emissions.
- 12. End-of-life treatment of sold products: The 2024 data for this category has been recalculated with respect to the number of charging stations and solar panels sold. No solar panels were sold in 2025, thus no emissions related to the end-of-life treatment of these products incurred that year, resulting in lower emissions compared to 2024.

(E1-6_01) (E1-6_07-13) **CARBON DIOXIDE EMISSIONS OF ALTEO GROUP'S ENERGY BUSINESS LINE**

	Actual data				Milestones and target years			
	Base year value	2024	2025	Change (%)	2025	2030	2050	Annual % target value / base year
Scope 1 GHG emissions[58]								
Gross Scope 1 GHG emissions (tCO_2e)	219,987	133,671.5	131,283.2	-2	-	20%	50%	-
Percentage of GHG emissions from Scope 1 regulated emissions trading systems (%)	201,235	108,612.8 (80%)	105,516.2 (80%)	-3	-	-	-	-
Scope 2 GHG emissions[59]								
Gross Scope 2 location-based GHG emissions tCO_2e	2,878	4,443.5	4,165.5	-6	-	30%	75%	-
Scope 2 market-based GHG emissions (tCO_2e)	-	5,215.7	4,829.6	-7	-	30%	75%	-
Scope 3 GHG emissions (tCO_2e)[60]								
Total gross indirect Scope 3 GHG emissions (tCO_2e)	**330,007.2**	**414,195.8**	**513,957.9**	+24	-	55%	100 %	-
1. Purchased goods and service	4,078.9	5,285.1	14,118.0	+167	-	-	-	-
2. Capital goods	1,416.7	8,977.9	10,796.3	+20	-	-	-	-

[58] We have recalculated the Scope 1 emissions data for 2024 based on the harmonization of emission factors and the final 2024 ETS emission values. For the sake of comparability, we have restated the figures in this report (figures published in the 2024 report: Gross Scope 1 GHG emissions: 131,061, GHG emissions from Scope 1 regulated emissions trading systems: 108,841 tCO2e)

[59] We have recalculated the Scope 2 emission data for 2024 due to the harmonization of emission factors and the re-classification of Tisza-WTP Kft. We have also retroactively included market-based emissions. For the sake of comparability, we have restated the figures in this report (figures published in the 2024 report: Gross location-based Scope 2 GHG emissions 3,637 tCO2e, market-based 3,313 tCO2e).

[60] For Scope 3 Categories 3, 4, 5, 7, and 12, we recalculated the 2024 emission figures following a review of the methodology and have restated them to ensure comparability. Category 3 was recalculated due to a review of Tisza-WTP Kft.'s classification. For Category 4, we corrected the units of measurement for two delivered items and applied the corresponding emission factors. For Category 5, we refined the calculation using emission factors tailored to the type of waste and the relevant treatment method. For Category 7, we adjusted the commuting emissions based on the workweek. For Category 12, to ensure comparability, we have included the end-of-life treatment of products sold under Category 11 in accordance with the 2025 approach (values published in the 2024 report: Gross Scope 3 GHG emissions, Category 3 347,803.5 tCO2e, Category 4 325.3 tCO2e, Category 5 293.3 tCO2e, Category 7 131.4 tCO2e, Category 12 0 tCO2e).

	Actual data				Milestones and target years			
	Base year value	2024	2025	Change (%)	2025	2030	2050	Annual % target value / base year
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	241,440	347,772.1	434,684.1	+25	-	-	-	-
4. Upstream distribution and transport	105.86	3,963.5	2,234.9	-44	-	-	-	-
5. Waste generated in operations	106.6	1,188.5	1,124.7	-5	-	-	-	-
6. Business trips	*	6.0	7.0	+15	-	-	-	-
7. Employee commuting	206.6	178.0	158.6	-11	-	-	-	-
8. Upstream leased assets	4	18.2	*	-	-	-	-	-
9. Downstream transport	17.45	159.1	250.2	+57	-	-	-	-
10. Processing of products sold	*	*	*	-	-	-	-	-
11. Processing of sold products	61,600.3	46,647.3	50,584.0	+8	-	-	-	-
12. End-of-life treatment of sold products	21,030	0.06	0.02	-74	-	-	-	-
13. Downstream leased assets	*	*	*	-	-	-	-	-
14. Franchise agreements	*	*	*	-	-	-	-	-
15. Investments	*	*	*	-	-	-	-	-
Total GHG emissions (location-based) (tCO_2e)	**552,872.2**	**552,310.8**	**649,406.6**	**+18**	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	**555,878.2**	**553,083**	**650,070.7**	**+18**	-	-	-	-

** The (E1-6_26) category was not considered significant for the activities of the Energy business line, and was not calculated.*

The specific CO_2 emissions of power plants owned by ALTEO Group continued to drop in the past year. As an energy producing company, we place a high priority on emission intensity, i.e. the volume of emissions per unit of energy produced. The specific carbon dioxide emissions of ALTEO Group's energy business line were calculated as the ratio of its Scope 1 emissions (131,283.2 tCO2e) to the total volume of energy produced (3,928,509 MWh).

SPECIFIC CO_2 EMISSIONS OF ALTEO GROUP'S ENERGY BUSINESS LINE ($kgCO_2E/MWh$)	2024	2025
Specific emission	37.75	33.42

Gross Scope 1, 2, 3 and Total GHG emissions for the Circular economy business line

At our waste management subsidiaries, all phases of waste management, including collection, transport, storage and processing, as well as ALTEO Circular Kft.'s commercial activities (domestic sales and exports) contribute to the Company's overall carbon footprint with significant CO_2 and CH_4 (methane) emissions.

(E1-6_15) In its direct (Scope 1) and indirect (Scope 2) carbon dioxide emissions calculations, ALTEO Group's circular economy business line uses the DEFRA (Department for Environment, Food & Rural Affairs) conversion factors and the emission factors of HEPURA and domestic suppliers to convert its greenhouse gas emissions from petrol, diesel, LPG, and natural gas consumption and from purchased electricity and heat energy to carbon dioxide equivalents.

(E1-6_18-19) Taking into account the principles and requirements of the GHG Protocol's Scope 2 guidelines, the share of the Group's contract assets used in its Scope 2 greenhouse gas emissions and for the sale and purchase of energy is 0%. As there are no contract assets at our Company, their types are not relevant.
(E1-6_27) Based on the scope of the calculation methodology for other indirect (Scope 3) emissions in the circular economy business line, categories that are not relevant to the calculation of emissions associated with the Company's operations have been excluded. In calculating its Scope 3 emissions, ALTEO Group's circular economy business line took the following categories into account in 2025, in accordance with the methodological scope: 1. purchased goods and services; 2. capital goods; 3. fuel and energy-related activities (not included in Scope 1 or Scope 2); 4. upstream transportation and distribution; 5. waste generated in operations; 7. employee commuting; 8. upstream leased assets; 9. downstream transportation; 10. processing of sold products; 13. downstream leased assets.

Calculation methodology and data reporting was based on the WBCSD/WRI GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard to ensure that the Group's value chain emissions are measured according to an internationally accepted methodology. Scope 3 emissions accounted for approximately 99% of the total emissions of the circular economy business line in 2025, amounting to 14,088 tons of CO_2e.

(E1-6_01) (E1-6_07-13) **CARBON DIOXIDE EMISSIONS OF THE CIRCULAR ECONOMY BUSINESS LINE**

	Actual data				Milestones and target years			
	Base year value	**2024**	**2025**	**Change[61] (%)**	**2025**	**2030**	**2050**	**Annual % target value / base year**
Scope 1 GHG emissions[62]								
Gross Scope 1 GHG emissions (tCO_2e)	598.0	549.5	1,347.4	-	-	-	-	-
Percentage of GHG emissions from Scope 1 regulated emissions trading systems (%)	-	-	-	-	-	-	-	-
Scope 2 GHG emissions[63]								
Gross Scope 2 location-based GHG emissions tCO_2e	65.0	114.1	438.4	-	-	-	-	-
Scope 2 market-based GHG emissions (tCO_2e)	65.0	133.9	508.2	-	-	-	-	-
Scope 3 GHG emissions (tCO_2e) [64]								
Total gross indirect Scope 3 GHG emissions (tCO_2e)	**3,001.1**	**3,921.5**	**14,087.8**	-	-	-	-	-
1. Purchased goods and service	125.6	209.9	4,369.5	-	-	-	-	-
2. Capital goods	176.9	167.8	1,740.1	-	-	-	-	-
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	100.0	119.0	316.8	-	-	-	-	-
4. Upstream distribution and transport	135.2	36.0	1,381.9	-	-	-	-	-
5. Waste generated in operations	1,201.5	1,528.7	3,491.0	-	-	-	-	-
6. Business trips	*	*	*	-	-	-	-	-
7. Employee commuting	55.8	99.0	279.4	-	-	-	-	-
8. Upstream leased assets	*	54.6	214.5	-	-	-	-	-
9. Downstream transport	246.1	248.4	481.2	-	-	-	-	-
10. Processing of products sold	945.9	1,388.7	1,750.9	-	-	-	-	-
11. Processing of sold products	*	*	*	-	-	-	-	-
12. End-of-life treatment of sold products	*	*	*	-	-	-	-	-
13. Downstream leased assets	14.2	69.4	62.5	-	-	-	-	-
14. Franchise agreements	*	*	*	-	-	-	-	-
15. Investments	*	*	*	-	-	-	-	-
Total GHG emissions (location-based) (tCO_2e)	**3,574.1**	**4,585.1**	**15,873.6**	-	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	**3,574.1**	**4,604.9**	**15,943.4**	-	-	-	-	-

** The (E1-6_26) category was not considered significant for the activities of the companies in the Circular economy business line, and was not calculated.*

[61] As described in sub-chapter *[BP-2] Disclosures in relation to specific circumstances* of the report, we do not disclose the figures of the change for the business line.
[62] We have recalculated the Scope 1 emissions data for 2024 due to the harmonization of emission factors. For the sake of comparability, we have restated the figures in this report (figures published in the 2024 report: Gross Scope 1 GHG emissions: 540.3 tCO2e)
[63] We have recalculated the Scope 2 emissions data for 2024 due to the harmonization of emission factors. For the sake of comparability, we have restated the figures in this report (figures published in the 2024 report: Gross location-based Scope 2 GHG emissions 133.9 tCO2e, market-based 136.6 tCO2e).
[64] For Scope 3 Categories 5, 8, and 13, we recalculated the 2024 emission figures of FE-GROUP INVEST Zrt. following a review of the methodology and have restated them to ensure comparability. For Category 5, we refined the calculation using emission factors tailored to the type of waste and the relevant treatment method. For Category 8, we compared the consumption figures with the Scope 2 calculations, and updated the list of leased assets accordingly. For Category 13, we compared the consumption figures with the Scope 2 calculations and updated the list of leased-out assets accordingly (figures published in the 2024 report: Gross Scope 3 GHG emissions, Category 5 2,856.4 tCO2e, Category 8 0 tCO2e, Category 13 0 tCO2e).

(E1-6_01) (E1-6_07-13) **CARBON DIOXIDE EMISSIONS OF ALTEO GROUP**

	Actual data				Milestones and target years			
	Base year value[65]	2024	2025	Change (%)	2025	2030	2050	Annual % target value / base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2e)	-	134,221.0	132,630.6	+1	-	-	-	-
Percentage of GHG emissions from Scope 1 regulated emissions trading systems (%)	-	108,612.8 (81%)	105,516.2 (80%)	-3	-	-	-	-
Scope 2 GHG emissions								
Gross Scope 2 location-based GHG emissions tCO_2e	-	4,557.6	4,603.9	+1	-	-	-	-
Scope 2 market-based GHG emissions (tCO_2e)	-	5,349.6	5,337.8	0	-	-	-	-
Scope 3 GHG emissions (tCO_2e)								
Total gross indirect Scope 3 GHG emissions (tCO_2e)	-	**418,117.3**	**528,045.6**	+2	-	-	-	-
1. Purchased goods and service	-	5,495.0	18,487.6	+236	-	-	-	-
2. Capital goods	-	9,145.7	12,536.4	+37	-	-	-	-
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	-	347,891,1	435,000.9	+25	-	-	-	-
4. Upstream distribution and transport	-	3,999.5	3,616.8	-10	-	-	-	-
5. Waste generated in operations	-	2,717.2	4,615.7	+70	-	-	-	-
6. Business trips	-	6.0	7.0	+14	-	-	-	-
7. Employee commuting	-	277.0	438.0	+58	-	-	-	-
8. Upstream leased assets	-	72.8	214.5	+195	-	-	-	-
9. Downstream transport	-	407.5	731.4	+79	-	-	-	-
10. Processing of products sold	-	1,388.7	1,750.9	+26	-	-	-	-
11. Processing of sold products	-	46,647.3	50,584.0	+8	-	-	-	-
12. End-of-life treatment of sold products	-	0.1	0.02	-80	-	-	-	-
13. Downstream leased assets	-	69.4	62.5	-10	-	-	-	-
14. Franchise agreements	-	-	-	-	-	-	-	-
15. Investments	-	-	-	-	-	-	-	-
Total GHG emissions (location-based) (tCO_2e)	-	**556,895.9**	**665,280.1**	**+19**	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	-	**557,687.9**	**666,014**	**+19**	-	-	-	-

(E1-6_33-35) **GHG INTENSITY BASED ON NET REVENUE AT ALTEO GROUP**	**Unit of measurement**	**2024**	**2025**	**Change (%)**
Net revenue used to calculate GHG intensity	HUF million	105,389	123,463	+17
Net revenue not used to calculate GHG intensity	HUF million	0	0	0
GHG emissions intensity[66]	CO_2e/HUF million	5.28	5.39	+2

[65] The base years and their corresponding values differ between the energy and circular economy business lines, and as such are not disclosed.
[66] (E1-6_30) Based on the reliability of the data, ALTEO Group calculated its GHG intensity exclusively on a location basis. Based on the recalculation of the 2024 data, the intensity value was also recalculated and then republished, which was 56.6 CO2e/million HUF in the 2024 report.

(E1-6_32) The operations of both business lines of ALTEO Group are carried out in GHG-intensive industries; therefore, the net revenue used to calculate emission intensity is equal to the Company's total revenue. The net revenue is reconciled to the consolidated sales revenue line in the financial statements. By carefully reviewing and harmonizing the revenue data in the financial statements, we ensure that the net revenue used to calculate the GHG emissions intensity accurately reflects the Company's actual economic activity. While doing so, we take into account the credibility of relevant financial data and reconcile them with the values disclosed in sustainability reports, ensuring transparency and reliability from both a financial and environmental perspective.

(E1-6_15) Additional characteristics of GHG emissions calculation methodologies

- In our calculations, we used CO_2e-based factors by default; however, for some items, the sources published only CO_2 values. We used a CO_2-based factor in the following cases: In the case of HEPURA's statistical specific emissions, the electricity data for MVM Next and the Hungarian residual mix, as well as the values related to Scope 3.3 upstream district heating emissions.
- In the Scope 1 calculation, emissions from the use of company vehicles are calculated from the fuel used and the conversion factor from the DEFRA (Department for Environment, Food & Rural Affairs) database.
- Emissions from power plants are calculated based the amount of fuel used and the available quality certificates.
- For Scope 2, based on purchased electricity and heat energy, we calculate market-based emissions using the AIB Residual mix, and location-based emissions using the conversion factors reported by Hungarian providers as market averages.
- The methodology used to calculate Scope 3 emissions involves several steps and approaches, depending on the type of data available. We primarily used three methods: the method based on averaged data, the distance-based method, and the expenditure-based method. When calculating the various Scope 3 categories, we took into account financial or consumption-related items pertaining to the same activity that appeared in multiple categories, intra-group sales where applicable, and filtered these out to address any duplication. We obtained the emission factors from the databases listed below; we did not use emission factors provided by our direct suppliers.
    - For transport-related emissions, the distance-based method calculates emissions by multiplying the weight of the shipment by the distance travelled and the corresponding emission factor. This factor includes emissions from the upstream and combustion stages, which represent emissions from fuel extraction, processing and combustion. In cases where specific data on vehicle type and fuel used were not available, an average emission factor was applied to a standard truck. The methodology also takes into account the load capacity of the vehicle to accurately calculate emissions per ton-kilometer. The sources of emission factors are the DEFRA (Department for Environment, Food & Rural Affairs), Bilan Carbone, Base-Empreinte, IEA and Nowtricity databases.
    - In cases where expenditure data were available instead of specific transport metrics, the expenditure-based method was used. This required the items denominated in HUF to be converted to GBP using the daily average exchange rates for 2025 available on the Exchanges Rates UK website, because the cost-based emission factors used were available in the DEFRA database in GBP. We then multiplied the costs converted to GBP by the emission factors. This method did not require adjustment for inflation due to the availability of up-to-date financial data.
    - In addition, the averaged data method was used for products defined by weight or number of items. We assigned the products listed by weight, typically raw materials, to the emission factors of similar products publicly available in the EPD Library, based on their categories. This method multiplied the specified weight or volume of the product by the average cradle-to-gate emissions of the product used, covering both the extraction and manufacturing phases up to the first retailer. For products specified by unit count, our estimate took into account the average package size and density of the product in question, and the quantity was converted to weight based on these factors.
    - For last year's Scope 3 categories, based on a management decision, methodological reviews and reclassifications were completed for the items listed below, based on which the 2024 emissions data were recalculated:
        - 3. Fuel and energy-related activities (not included in Scope 1 or Scope 2),
        - 4. Upstream distribution and transport,
        - 5. Waste generated in operations,
        - 7. Employee commuting,
        - 8. Upstream leased assets,
        - 12. End-of-life treatment of sold products
        - 13. Downstream leased assets.

Each calculation aims to take into account different aspects and phases of the life cycle of a product or activity to provide a comprehensive assessment of the Scope 3 emissions.

[E1-9] Expected financial impacts of material physical and transition risks, and potential climate-related opportunities

ALTEO Group has assessed the anticipated financial impacts arising from its material physical and adaptation risks, and from potential opportunities related to climate change.[67] These are primarily related to the energy business line.

Anticipated financial effects from material physical and transition risks

(E1-9_05-06)

ASSETS AT MATERIAL PHYSICAL RISK	Location – Hungary (NUTS code)
Solar power plant	HU333
Solar power plant	HU232
Solar power plant	HU120
Solar power plant	HU313
Wind turbine	HU221
Wind turbine	HU322
Wind turbine	HU212
Wind turbine	HU212
Wind turbine	HU213
Wind turbine	HU221
Hydropower plant	HU311
Water treatment plant	HU311
Maintenance site	HU120
Maintenance site	HU321
Maintenance site	HU110
Natural gas e-term	HU110
Natural gas e-term	HU221
Natural gas e-term	HU311

(E1-9_01-04)

RATIO OF SIGNIFICANT ASSETS AT MATERIAL PHYSICAL RISK	2024 (HUF million, %)	2025 (HUF million, %)
Assets at important physical risk before considering climate change adaptation actions	37,636	42,314
Assets at acute material physical risk before considering climate change adaptation actions	25,971	25,212
Assets at chronic material physical risk before considering climate change adaptation actions	11,665	17,102
Percentage of assets at material physical risk before considering climate change adaptation actions	72%	62%
Ratio of assets at material physical risk over the short-term	0	0
Ratio of assets at material physical risk over the medium-term	37,148	41,839
Ratio of assets at material physical risk over the long-term	37,636	42,314

(E1-9_07) The ratio of assets at material physical risk covered by actions aimed at adapting to climate change (for more information, see sub-chapter *[SBM-3] Actions and resources in relation to climate change policies*) is 62% of the total assets at material physical risk. (E1-9_08) Net revenue from business activities at material physical risk amounted to HUF 42,314 million. (E1-9_09) The percentage of net revenue from business activities is 34% of activities at physical risk.

[67] Further information on material risks and opportunities is available in sub-chapter *[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model(s)*.

(E1-9_10-11) The expected financial impacts and valuation of assets and businesses at material physical risk, the risk factors for the net revenue from these assets and businesses, and the impact of this on the margin erosion of the businesses have not been quantified; consequently, we did not consider any scenarios in determining this.

(E1-9_14-16)

RATE OF ASSETS AT MATERIAL TRANSITION RISK	2024 (HUF million, %)	2025 (HUF million, %)
Rate of assets at material transition risk before considering climate change mitigation actions	12,320	17,813
Percentage of assets at material transition risk before considering climate change mitigation actions	26.6%	26.8%
Percentage of assets at material transition risk managed with climate change mitigation actions	0.0%	0.0%
Rate of assets at short-term material transition risk	0	0
Rate of assets at medium-term material transition risk	10,222	15,807
Ratio of assets at material transition risk over the long-term	12,320	17,813

(E1-9_17) (E1-9_22) The total carrying amount of the real estate assets owned by ALTEO Group is 0, as the Group does not have any real estate assets defined by the standard to be valuated according to energy efficiency classes.

(E1-9_18-19) We do not have quantified information on the potential impact on the future financial performance and position of assets and businesses exposed to material transition risk, thus the assessment does not rely on any process identifying material transition risks and determining scenarios.

(E1-9_20) (E1-9_23) We have not identified any potentially discontinued assets or liabilities arising from material transition risks that may need to be recognized in the financial statements.

(E1-9_24-27)

RATE OF EU ETS-RELATED OBLIGATIONS	2024	2025	Unit of measurement
Number of Scope 1 GHG emission allowances held within regulated emissions trading systems at the beginning of the reporting period	111,368	105,516	EUA
Number of emission allowances to be purchased annually on the regulated emissions trading market in the period up to 2030	679,609*	679,609	EUA
Potential future obligations related to carbon emission allowances based on existing contractual arrangements that are planned to be used in the near future	No such obligation has been identified.	No such obligation has been identified.	-
Gross monetary value of Scope 1 and 2 greenhouse gas emissions	4,033	3,657	HUF million

** The information is provided by also taking 2023 into account.*

*** The verification of EU ETS emissions is currently underway as this Sustainability Report is being prepared; therefore, the figure presented here is an estimate based on the ESRS classification that was available at the time of preparation. Should this figure be revised, we will update it in next year's report.*

(E1-9_29-35)

NET REVENUE FROM BUSINESS ACTIVITIES AT MATERIAL TRANSITION RISK BY CUSTOMER TYPE	2024	2025	Unit of measurement
Net revenue from business activities at material transition risk	29,385	28,159	HUF million
Net revenue from customers engaged in coal-related activities	0	0	HUF million
Net revenue from customers engaged in oil-related activities	3,115	13,889	HUF million
Net revenue from customers engaged in gas-related activities	13,008	8,940	HUF million
Percentage of net revenue from customers engaged in coal-related activities	0%	0%	-
Percentage of net revenue from customers engaged in petroleum-related activities	4%	15%	-
Percentage of net revenue from customers engaged in gas-related activities	17%	10%	-

** Net revenue from natural gas-based energy production and trade*
*** Based on net revenue from the TOP20 largest partners (subject to partner's activity)*

The expected changes in net revenue cannot be clearly quantified since the market to which the Company has access is quite extensive compared to the size of ALTEO Group.

(E1-9_36) The percentage rate of the net revenue from business activities at material transition risk, from natural gas-based energy production and trading in the case of ALTEO Group, is 23%.

(E1-9_37-38) The price of strategic fuels used by the ALTEO Group follows market processes. The possibility that the price of the fuel procured by the ALTEO Group will increase in the future, cannot be ruled out, which can have a negative effect on the Group's profitability. Changes in the demand on electricity and natural gas markets may have a profound influence on the revenues, profitability and strategic expansion plans of the ALTEO Group.

During ALTEO Group's energy trading activities, portfolio planning is done on the basis of data service from consumers and the Group's calculations. A planning error or incorrect data report may lead to an inappropriate procurement strategy, where a subsequent correction can cause losses to the ALTEO Group.

The Group seeks to cover 100% of the annual consumer demand, in shorter periods, however, open positions may remain due to natural seasonality, which are mainly closed on the spot and balancing energy markets. Prices on the spot and balancing energy markets cannot be planned in advance, any change in these markets may impact the profitability of the ALTEO Group.

Natural gas and electricity volumes are mainly contracted through low-risk wholesale partners and, to a lesser extent, through exchanges. Trading is continuous, and therefore the prices of products change on a daily basis, given that the trading in exchange-traded products is continuous. Day-by-day price movements, sometimes with significant changes, may represent a risk in the case of longer-term consumer proposals, however, such risk is mitigated by the Company by issuing indicative quotes (not binding for the trader) and hedging transactions. Even though the ALTEO Group performs its retail trade activities on the basis of a risk management procedure adopted by the Board of Directors; a potential erroneous transaction may have a significant negative effect on the profitability of the ALTEO Group.

Any changes in the difference between (margin on) the (procurement) price of natural gas and the price of electricity and/or heat that is sold influence the financial position of natural gas-fired power plants significantly. Were this margin to drop significantly, it could have a negative effect on the business and profitability of the ALTEO Group.

There is currently no relevant or applicable financial statement related to the data on the significant amount of assets, liabilities and net revenues at material physical and transition risk.

Anticipated financial effects from potential climate-related opportunities

(E1-9_41-42) ALTEO Group's strategy is to develop, on an ongoing basis, renewable (solar, wind, hydro, biogas) energy production projects that contribute to climate change mitigation and adaptation. The market for this can offer numerous opportunities, meaning that expected cost savings cannot be clearly quantified.

(E1-9_43-44) The size of the potential market for low-carbon products and services or adaptation solutions to which the Company has access or could have access, offers numerous opportunities relative to the size of ALTEO Group. Taking this into account, the expected changes in net revenue cannot be clearly quantified.

[E Entity-specific EU 11] System efficiency

Apart from electricity from renewable sources still produced in the subsidized electricity system and the regulated prices of district heating, all our products are market-based and have to compete in a competitive market. As a key condition for this, the selected technologies should always be the most efficient ones available, and that is why we prefer cogeneration.

(MDR-P) (MDR-A) (MDR-T) In our Integrated Management Policy applicable to our energy business line, we have also set ourselves the goal of focusing on the continuous improvement of energy efficiency, the economical use of environmental resources, the protection of our environment and the conservation of the natural assets. Our policy regarding the Integrated Management System, which is also relevant to this topic, is described in sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*. We do not have any specific policy-related measures in place, but we do take preventive actions through preventive and diagnostic maintenance, as well as by investigating and addressing any malfunctions.

The basic operation, management, continuous development and efficiency of our systems are the responsibility of not only the operational management, but also that of the site managers. Developments that increase system efficiency are reflected in the annual quality, HSE (Health, Safety and Environmental Protection) and EnMS objectives. Apart from fulfilling our core objectives and contractual obligations, we currently have no further measurable goals in respect of this topic.

Efficiency is thus a key indicator for ALTEO Group's energy business line, as our priority objective is energy efficiency, both to manage primary energy sources carefully and to maintain the competitiveness of our products. The efficiency indicator allows us to compare the operating efficiency of our various power plants. However, it is important to note that the classical definition of efficiency cannot be uniformly applied to all our power plants. The efficiency of our power plants fueled by renewables (such as wind, solar, and hydro energy) was calculated based on self-consumption and electricity produced. This means that in these cases, the efficiency value is equal to the efficiency of the electrical transmission system. The efficiency metric is disclosed in line with the guidelines of the *Global Reporting Initiative G4 - Electric Utilities Sector Disclosures: EU 11 – Average generation efficiency of thermal plants by energy source and by regulatory regime*.

EFFICIENCY OF RENEWABLES-BASED POWER PLANTS OWNED BY ALTEO GROUP	Combined power-plant efficiency
Wind turbine	
Ács	98.8%
Jánossomorja	98.8%
Pápakovácsi	98.8%
Törökszentmiklós	99.4%
Bőny	98.2%
Bábolna	98.3%
Mov-R	97.5%
Hydropower	
Felsődobsza	98.5%
Gibárt	96.8%
Landfill gas	
Debrecen	35.5%
Biogas	
Nagykőrös	45.6%
Solar power plant	
Domaszék	99%
Monor	98.9%
Balatonberény	97.8%
Nagykőrös (solar power plant)	98.1%
Tereske	98.7%

The operation of energy production from non-renewable energy sources in ALTEO's power plant portfolio exclusively refers to cogeneration, which means that the related data also show the overall efficiency of the power plant in terms of efficiency.

EFFICIENCY OF NON-RENEWABLES-BASED POWER PLANTS OWNED BY ALTEO GROUP	Electricity cogeneration efficiency	Heat cogeneration efficiency	Total cogeneration efficiency	Efficiency of boiler heat generation
Győr 1	36.5%	23.3%	59.8%	77.1%
Győr 2	37.1%[68]	-	-	-
Sopron	41.5%	33.8%	75.3%	92.6%
Kazincbarcika	39%	44%	83%	92.6%
Ózd	42%	41%	83%	-
Tiszaújváros	37%	39%	76%	92%
Zugló (Füredi utca)	42.5%	40.5%	83%	-

[E Entity-specific EU 30] Availability

In addition to efficiency, availability is also an important topic for assessing the performance of ALTEO Group's energy business line. This expresses how much time the various power plants or electricity-generating equipment spend in operation without planned and unplanned downtime. These days, the issue of energy supply security is becoming increasingly important at both local and global level. We are committed to supplying energy to our customers from sustainable sources in an economical way, even in the face of globally rising energy prices. The quality of our services is shown by the high level of reliability and consistent high availability.

(MDR-P) ALTEO Group has formulated the Company's policies for energy production, operation and maintenance in the form of policies and procedures included in the Integrated Management System applicable to its energy business line. These procedures regulate in detail the operation, maintenance and troubleshooting policies that enable the Company to ensure maximum availability.[69]Our policy regarding the Integrated Management System is described in sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*.

[68] The gas meter did not function properly in January and February, meaning that the data was calculated based on readings taken in December and March.

[69] Our policy regarding the Integrated Management System is described in sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*.

(MDR-A) (MDR-T) We do not have any specific policy-related measures in place, but we do take preventive actions through preventive and diagnostic maintenance, as well as by investigating and addressing any malfunctions. The staff of ALTEO Group's energy business line are committed to continuously monitoring the sites, identifying factors affecting availability and keeping availability indicators at high levels on an ongoing basis. However, we have not set any measurable objectives beyond the fulfillment of the contractual terms.

We are proud that the power plants owned and operated by ALTEO Group continued to ensure high availability in 2025. The metric related to the topic is disclosed in line with the guidelines of the *Global Reporting Initiative G4 - Electric Utilities Sector Disclosures: EU 30 Average Plant Availability Factor by Energy Source and by regulatory regime*.

AVERAGE AVAILABILITY RATES OF POWER PLANTS IN ALTEO GROUP'S PORTFOLIO	2025
Average availability rate of all power plants	**92%**
Heating power plants (natural gas)	96%
Wind	94%
Hydropower	99%
Solar power plants	100%
Landfill gas	55%
Biogas	95%
Group-operated power plants	84%

AVERAGE AVAILABILITY RATES OF THE HEATING POWER PLANTS IN ALTEO'S PORTFOLIO	2025
Average availability rate of all power plants	**91%**
Heating power plants (natural gas)	96%
Group-operated power plants	85%

2.3 Pollution

[IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

(E2.IRO-1_01) (E2.IRO-1_03)With regard to the topic of pollution, ALTEO Group assessed air pollution as a material adverse impact at Group-level, while in the cases of water and soil pollution, it identified financial risks by focusing on its circular economy business line. The Group did not conduct a comprehensive site-by-site operational review for the double materiality assessment.

The strategic objectives of ALTEO Group include reducing our emissions of pollutants and greenhouse gases in order to actively contribute to the protection of the environment and a sustainable future. To achieve this, we are developing our technologies and processes on an ongoing basis taking account of opportunities.

In addition to greenhouse gases, other air pollutant emissions are also a key focus in the course of our energy activities, such as nitrogen oxides (NO_x), carbon monoxide (CO) and total organic compounds (TOC) components emitted by gas engines, as well as nitrogen oxide and carbon monoxide emissions from boilers. Moreover, solid materials, paraffin hydrocarbons, cobalt, nickel, etc., are identified as point sources at ALTEO Circular Kft., which are associated with specific waste treatment facilities or material handling operations.

FE-GROUP INVEST Zrt. and ALTEO Circular Kft. conduct their operations in compliance with strict environmental and waste management regulations and actively support innovations in waste management. However, due to unforeseen problems, they may encounter water or soil contamination in the course of their own operations or those of their partners. In addition to being a negative environmental impact, pollution also poses a significant financial risk to companies, as cleanup, remediation, and restoration costs may rise, while operations may be forced to shut down.[70]

[70] The policies, measures, and objectives related to the material risks of the waste management business line are described in chapter *[E5] Resource use and circular economy*, with a focus on remediation, site restoration, and resource efficiency. However, we will publish the costs of remediation, restoration, recultivation and monitoring in accordance with disclosure requirement [E2-6] *Anticipated financial effects from pollution-related impacts, risks and opportunities*. In connection with this, ALTEO Group is exercising a deferral in the 2025 financial year.

Information regarding the double materiality assessment is presented in detail in sub-chapters *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*, and *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

[E2-1] Policies related to pollution

(MDR-P_01-06) (E2-1_01) (E2-1_03) Our Group is committed to social responsibility and strives to introduce sustainable and environment-friendly practices to prevent any potential harm. To this end, we consider it important to maintain our Integrated Management Systems, which are supported by the Integrated Management Policy of the energy business line and of ALTEO Circular Kft., as well as by the Environmental Management Policy of FE-GROUP INVEST Zrt. We have provided details on these in sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*. (MDR-P_07) ALTEO Group adheres to the requirements prescribed by law, operating permits, and environmental management systems with regard to mitigating the negative effects of air pollution, and preventing, managing, and monitoring potential incidents[71]. For this reason, in addition to the Management Policies, the Company does not have its own separate corporate policies regarding pollution.

[E2-2] Actions and resources related to pollution

(MDR-A_01-04) ALTEO Group operates within the legal framework set out and in compliance with permitted pollution limits. Awareness and monitoring of environmental impacts is crucial for us. In addition, we are prepared for emergencies and take timely damage control measures to minimize any negative effects.

Ongoing actions aimed at preventing or mitigating the negative effects of air pollution (technological advancements, strict waste management procedures) are our key measures, and include the following:

- The use of state-of-the-art technologies in the design and operation of power plants;
- Replacing old gas engines that have reached the end of their service life with refurbished equipment that meet stricter technological emission limits[72]: In 2024, ALTEO Group adopted a decision to replace the old gas engine connected to the P1 point source at the Tiszaújváros Heating Power Plant. The project had been launched in 2024, but the new engine was already in operation in 2025.[73]

Continuous monitoring and management of emissions from point sources, diffuse sources, and mobile sources during waste processing and material handling at ALTEO Circular Kft. To reduce diffuse emissions, that is, emissions dispersed over a wide area, ALTEO Circular Kft. uses, for example, closed systems, storage tools, and special equipment designed to prevent the dispersion of particles. In the case of mobile sources, that is, emissions resulting from on-site vehicle traffic, we optimize vehicle fuel consumption and traffic flow and monitor their emissions. The expected and actual results of these measures include compliance with emission limits, a reduction in NOx, and the minimization of risks. (MDR-A_06) At the companies, these measures ensure basic operations in accordance with current external and internal compliance requirements; therefore, separate financial planning, that is, investment and operating costs, is not broken down at this level within the ALTEO Group.

Measures and emissions are monitored on a site-by-site basis. All our sites have the necessary environmental permits, which include detailed requirements for emissions, measurements and compliance with legal requirements. Accurate emission measurement, annual data reporting and communication with the authorities fall under the responsibility of the HSE (Health, Safety and Environmental Protection) function within ALTEO Group's energy business line. The operation of continuous emission measurement systems with high availability and compliance with the relevant emission limits, for which power plant managers are responsible, thus play a crucial role. We monitor and ensure appropriate operational practices through HSE inspections, internal and external audits and regulatory audits.

At ALTEO Circular Kft., the monitoring of emission limits for point sources is monitored in accordance with the components and frequency specified in the permit. Compliance with emission limits is verify through annual or five-yearly emission measurements conducted by an accredited testing organization, and the certification report is submitted to the competent environmental authority.

(E2-2_02) With regard to measures related to the downstream value chain, R2v3 certification is relevant (a standard developed for the responsible management and recycling of electronic waste, which is described in more detail in sub-chapter *[E5-1] Policies related to resource use and circular economy*), and ALTEO Circular Kft. imposes strict compliance requirements on suppliers involved in the processing of electronic waste. Accordingly, the company works exclusively with partners that can demonstrate their compliance with environmental and legal regulations, with authenticated documents and audited procedures. They must then demonstrate the transparency of their operations

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[71] Regulatory requirements and management policies address potential negative impacts on people and the environment comprehensively. This is ensured by regular risk identification, measurements, and audits, as well as pre-established processes and systems designed to address potential incidents.

[72] The technological emission limit for refurbished gas engines in the case of the NO_x component is 95 mg/m³, which is much stricter than the one for existing/old equipment, where the limit value is 190 mg/Nm³.

[73] (E2-2_02) In all cases, the compliance of emissions from new equipment must be verified during test run. In addition to the test run emission measurement, the emissions of gas engines and boilers are checked every year by an accredited calibration body in accordance with the legal requirements and the permits.

and their compliance with environmental regulations through a system based on an online interview. If a predefined requirement is not met, the possibility of concluding a contract is immediately excluded.

[E2-3] Targets related to pollution

(MDR-T_01) (E2-3_01) (E2-3_09) ALTEO Group is committed to complying with legal regulations and having environmental management systems in place, paying particular attention to the pollution. Our Group strives to reduce pollution and protect air quality in line with the UN Sustainable Development Goals. (MDR-T_16-18) Accordingly, the Group's objectives are to comply with the specified pollution limits, which we monitor at predetermined intervals. Limit values were successfully complied with again in 2025.

(MDR-T_01-04) (MDR-T_06-07) (MDR-T_09) (MDR-T_13) (MDR-T_16-19) (E2-3_09) The Company is not currently setting any new, additional quantified emission reduction targets, as the current structure of the portfolio, the available technological options, and the limitations of economically feasible implementation do not allow for the establishment of an additional verifiable target. However, the Company continues to operate its emissions management system, and regularly reviews opportunities for further reductions.

[E2-4] Air pollution

(E2-4_08) We monitor air pollution based on ALTEO Group's point sources. There are no point sources identified by the authorities at the sites of FE-GROUP INVEST Zrt. and ALTEO Circular Kft. in relation to the technology, and no air pollutants are emitted.

(E2-4_01-02)

VOLUME OF AIR POLLUTION FOR ALTEO GROUP'S ENERGY BUSINESS LINE (kg)	2024	2025
CO	231,280	224,031
NO_x	582,407	543,481
TOC	44,681	57,702
SO_x	1	0
PM	0	0

(E2-4_09-10) The annual amount of emitted air pollutants is determined through calculation based on concentrations measured in flue gas during sampling, the volume flow rate of the flue gas and equipment annual service hours. For the calculations, ALTEO Group prepared the analysis based on the regular measurement documents set out by Decrees No. 110/2013. (XII. 4.) and 53/2017. (X.18.) of the Minister of Agriculture and Decree No. 6/2011. (I. 14.) of the Minister of Rural Development.

2.4 Water and marine resources

[IRO-1] Description of the processes to identify and assess material water-related impacts, risks and opportunities

(E3.IRO-1_01) The energy business line of ALTEO Group has identified the negative impacts of water withdrawal in the case of water resources in the framework of a double materiality assessment. We conducted a comprehensive operational review of the sites within the energy business line in 2023 as part of our water-focused risk analysis.

ALTEO Group's power plants in the energy business line use a significant amount of water, so monitoring water consumption is a priority for the Company, taking into account the impact of climate change and production activities on water resources. Large-volume industrial water withdrawal and discharge can affect the local hydrological cycle.

Information regarding the double materiality assessment is presented in detail in sub-chapters *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*, and *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

[E3-1] Policies related to water and marine resources

(MDR-P_01-06) (E3-1_01-05) In the energy business line, the topic of water withdrawal, that is our interactions with water, our water use in our operations, sustainable water procurement and our expectations for the quality of water and wastewater used and discharged are regulated by our Integrated Management Systems and the relevant permits for the consumption points concerned. A more detailed description of these policies and systems can be found in sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*. (MDR-P_07) (E3-1_07) (E3-2_03) ALTEO Group does not have any sites located in areas subject to significant water stress; therefore, no specific policies or measures have been developed.

However, ALTEO Group's energy business line completed a water-focused risk assessment in 2023, which examined the risks associated with flooding, available water quantity, changes in water quality, the status of ecosystem services, changes in extreme rainfall days, expected changes in rainfall, changes in the length of dry periods, climatic water balance and groundwater levels for all energy sites of the Company.

Preparatory measures were identified for sites where this is necessary. We are committed to complying with legal regulations and having environmental management systems in place, paying particular attention to the protection of water resources and the minimization of environmental pollution.

[E3-2] Actions and resources related to water

(MDR-A_01-05) In accordance with the Integrated Management Policies of its energy business line and the UN Sustainable Development Goals, ALTEO Group strives to reduce water consumption and protect water resources; thus these policies provide the basis for implementing appropriate measures during operations. (MDR-A_06) These measures allow basic operations in accordance with current external and internal compliance requirements; therefore, separate financial planning, that is, investment and operating costs, is not broken down at this level within ALTEO Group.

Industrial water consumption in our energy business line is significant: replenishing the water circulating in the district heating systems at our heating power plants and supplying the water to meet the heating requirements of the Heineken plant in Sopron are the top priorities:

- The amount of supplementary water greatly depends on the state of repair an urban district heating system is in. ALTEO Group's energy business line has no direct insight, nor any opportunity for intervention in that regard. In order to comply with contractual terms, i.e. to deliver district heating services, we always have to adapt to actual demand.

In previous periods, we achieved a reduction in water consumption at Heineken as a result of a targeted investment; no further related developments have been implemented since. We also consider it particularly important to use recycled water to reduce fresh water consumption, and to monitor the volume and quality of wastewater.

- We use water recycling in Sopron, whereby we purify and desalinate condensate water from other industrial companies and recycle it;
- At those sites where we have a legal obligation to do so, the volume and quality of the discharged wastewater (pH, conductivity, temperature) are continuously monitored according to our self-monitoring plan, and the most important water chemistry properties (chemical and biological oxygen demand, pH, conductivity, total phosphorus, nitrogen and total dissolved solids) are measured quarterly through accredited laboratory testing. Wastewater generated is always discharged into the municipal sewer network at the sites.

[E3-3] Targets related to water and marine resources

(MDR-T_14) (MDR-T_16-19) The primary approach of the ALTEO Group is to reduce water withdrawal and protect water resources.

The water-related objective of ALTEO Group was to carry out a water-related risk analysis, which has been completed for the energy business line for 2024; however, no new objectives were set beyond this. Water was also considered an environmental element and a material topic in the development of the Group's Biodiversity Strategy for 2025.

[E3-4] Water withdrawal

(E3-4_01) In the course of its operations, the Group typically uses water for social and technological purposes; due to the nature of its processes, this water is not incorporated into products, and there is no significant evaporation or other losses that would result in material net water consumption. Although site-level measurement data are available for water withdrawal, but not for wastewater discharge, it can be assumed, based on the nature of the operating processes, that the two values are of the same order of magnitude, since:

- water is used primarily for hygiene and general operational purposes;
- there is no water retention or infiltration in the processes that would result in the loss of a significant portion of the water;
- there is no cooling or evaporation technology that would result in significant consumption.

Therefore, in accordance with the ESRS E3 definition, water consumption (the difference between water withdrawal and discharge) is expected to be minimal, and will not result in a significant net water loss in the Company's operations.

For the sake of clarity, we will explore the possibility of introducing meters or other data collection solutions in the future; however, in this Sustainability Report, we are only publishing the water withdrawal figures for ALTEO Group's energy business line.

(E3-4_06) The power plants in ALTEO Group's energy business line portfolio primarily use mains water for industrial purposes. Subsurface water consumption occurs only in Győr and Sopron. The activities include water-intensive production methods (hydropower plants). The associated water withdrawal is presented below. With regard to the material impacts related to water, the fact that the portfolio includes hydropower plants is non-negligible contextual information. Power production by hydropower plants may be at risk due to the loss or depletion of water resources. (E3-4_07) All of the data displayed is measured data. Water withdrawal by power plants owned by the Group totaled 881,448,119 m^3 in 2025.

(E3-4_11)

WATER WITHDRAWAL [74](MEASURED QUANTITIES) (m^3) – ENERGY BUSINESS LINE	2024	2025
Total water withdrawal (m^3)	**1,121,835,445**	**883,146,943**
Group-owned power plants	**1,119,756,810**	**881,448,119**
Mains (drinking) water	90,480	78,882
Industrial water	436	714
Subsurface water	20,644	32,090
Power plants (hydropower plants)	1,119,645,250	881,337,670
Group-operated power plants	**2,077,735**	**1,697,587**
Mains (drinking) water	321	766
Industrial water	1,235,992	908,284
Desalinated water	841,422	788,537
Sites	**1,800**	**1,237**
Registered office (office)	742	1,075
Maintenance workshops	158	162

(E3-4_04) (E3-4_02) The volume of water recycled and reused by ALTEO Group's energy business line was 18,634 m^3. Recycled water technology is only used at our Sopron power plant. The change in the amount of water stored is not a material water-related impact for ALTEO Group. In addition to these, we do not operate in areas exposed to water-related risks.

(E3-4_03)

WATER RECYCLED AND REUSED (MEASURED QUANTITIES) (m^3)[75]	2024	2025
Sopron	23,729	18,634

2.5 Biodiversity and ecosystems

[E4-1] Transition plan and consideration of biodiversity and ecosystems in strategy and business model

The protection of biodiversity and ecosystems is a key element of the strategy of ALTEO Group's energy business line, since our energy production services are essentially closely linked to climate change and the change in environmental factors. Our energy production activities are highly dependent on natural resources.

(E4-1_01-06) Our Group actively worked on a comprehensive strategy that focuses on the long-term sustainability of biodiversity and ecosystems. This strategy was finalized in the 2025 financial year. Although a detailed resilience analysis and transition plan have not yet been developed, we have already identified the risks and opportunities that could affect biodiversity and ecosystems as a result of our activities. Based on these analyses, we will be refining our strategy to be in line with local, national and global public policy objectives. Protecting biodiversity and ecosystems is of strategic importance for us, as it helps us to reduce our exposure to various environmental risks and to contribute to achieving the global sustainability goals.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model(s)

(E4.SMB-3_01-06) Of all the power plants owned or operated by ALTEO Group's energy business line, only the Gibárt Hydropower Plant is located in a Natura 2000 Special Area of Conservation and Special Protection Area classified under the Birds Directive, which is also considered an ecological corridor.[76] None of our other sites are located in or directly border protected areas or areas of high biodiversity value. We ensure that the operation of the Gibárt Hydropower Plant does not have a significant impact on the conservation status of species and habitats in the area by complying with the requirements and conservation measures set out in the power plant permit. In ALTEO's circular economy business line, we do not have any facilities or operating sites located in areas sensitive in terms of biodiversity. Furthermore,

[74] In the report for the previous year, the Group presented water-related data points as water consumption; however, during the review, the definition was clarified, and the data measured by ALTEO Group now refer to water withdrawal. In addition, based on the review of the classification of Tisza-WTP Kft., the company is no longer included in the metric. As a result, the figures for 2024 had to be recalculated and restated; the hydropower plant is not included in the figures for recycled and reused water. The water treatment plant does not appear in the 2025 table.
[75] Based on the review of the classification of Tisza-WTP Kft., the company is no longer included in the metric. The water treatment plant does not appear in the 2025 table.
[76] More information on the Gibárt Hydropower Plant is available on our website.

our double materiality assessment did not identify any material negative impacts related to land degradation, desertification, or soil cover; to the best of our knowledge, our activities do not affect endangered species.

[IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

(E4.IRO-1_01-04) (E4.IRO-1_06-08) We have identified environmental impacts, risks, and our dependencies on ecological services both across the entire value chain and within our own operations as part of our double materiality assessment. (E4.IRO-1_14-16) As described in the previous sub-chapter, the Gibárt Hydropower Plant, which is operated by ALTEO Group's energy business line, is located in an area sensitive in terms of biodiversity, with respect to which we have not identified any mitigation measures that need to be implemented.

We are aware that our activities can have a significant impact on the environment, so our aim is to minimize these impacts while promoting the transition to green energy. In terms of impacts, the following have been found to be significant: climate change, factors directly causing biodiversity loss, the impacts on the state of species, and certain factors affecting ecosystem services. Our energy business line also contributes to changes in land use and the disruption of the environment and wildlife through the construction and operation of renewable energy facilities. Similar problems arise in our natural gas infrastructure during transmission and operation with regard to pollutant emissions.

Due to our dependence on ecosystem services, any reduction or fluctuation in the availability of resources may pose a financial risk (in terms of revenue, profit, and maintenance costs) to our production units.

Information regarding the double materiality assessment is presented in detail in sub-chapters *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*, and *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

[E4-2] Policies related to biodiversity and ecosystems

(E4-2_17-20) Biodiversity is of paramount importance to us.

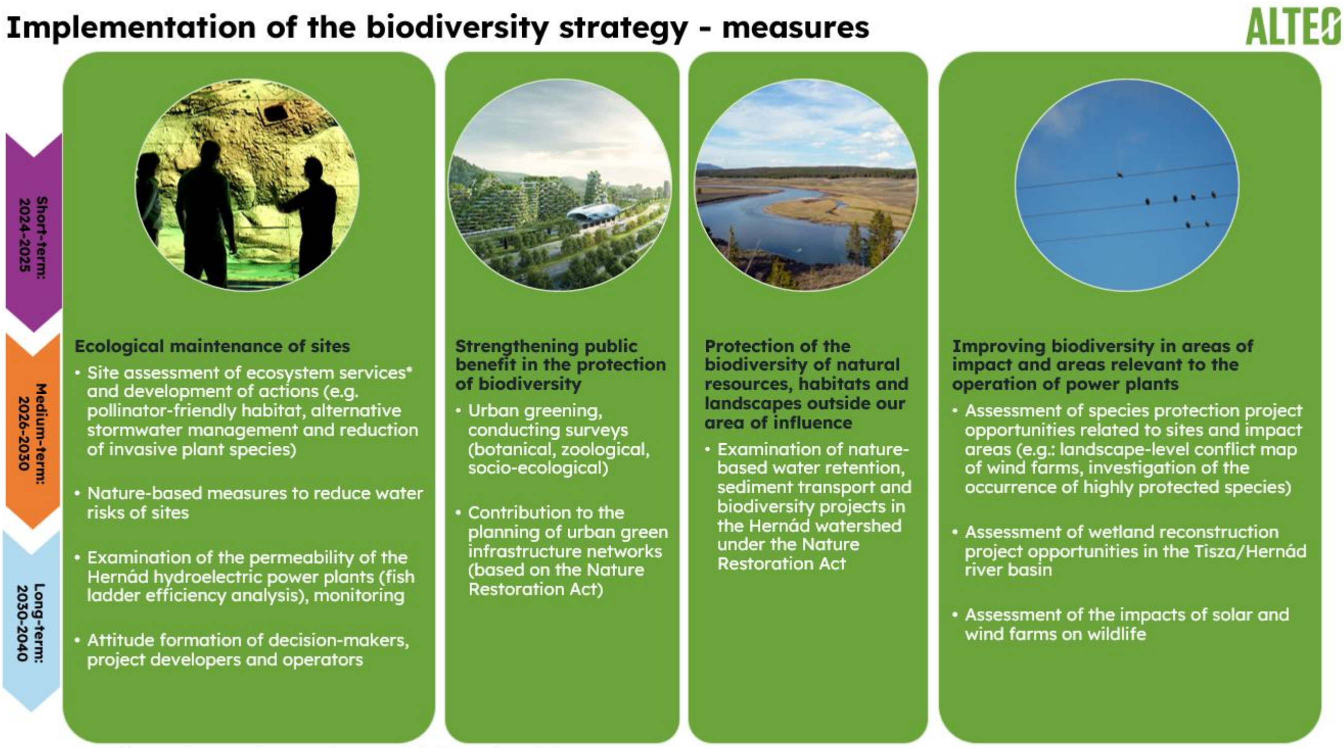
Our biodiversity conservation and restoration goals and related commitments are an integral part of our ESG policy and are implemented in line with the biodiversity strategy we published in 2025. The main objective of our strategy is to identify and address the impacts on biodiversity that arise from our activities and that threaten biodiversity. The strategy does not only cover the impact areas of the Company's sites and power plants, but also natural resources located outside the impact areas that are affected by ALTEO's operations.

(MDR-P_07) At the same time, we do not currently have a separate biodiversity conservation policy that specifically focuses on the impacts of our operational sites on biodiversity-sensitive areas. Furthermore, we have not established any policies or practices aimed at promoting sustainable land use and agriculture, the responsible use and protection of marine and ocean resources, or the prevention of deforestation, as our operations do not involve these areas.

[E4-3] Actions and resources related to biodiversity and ecosystems

(E4.MDR-A_01-05) ALTEO Group's priority is to further strengthen and expand its sustainability measures in the future. To this end, in 2025 we developed a biodiversity strategy for our energy business line, in which we set specific goals and commitments aimed at conserving and restoring biodiversity. We place great emphasis on ensuring that our production processes respect biodiversity and adhere to the principles of sustainability. We continue to look for new opportunities to further reduce environmental loads, whether it's the impact of power plants on habitat conditions, the impact of wind farms on birds and bats, or ethical ways of sourcing raw materials. We are also constantly developing and refining our technology to enable us and our partners to produce more efficiently and in more environmentally-friendly fashion. Our aim is to ensure that all our activities serve long-term sustainability, allowing us to contribute to the preservation of natural resources.

(E4-3_02) (E4-3_08-09) The European Union's Biodiversity Strategy states that all the world's ecosystems must be restored, made resilient and protected by 2050. With this in mind, ALTEO has translated the objectives of its Biodiversity Strategy until 2040 applicable to its energy business line, into concrete actions. We have not currently identified any biodiversity offsets in this regard:



*ecosystem services: services provided by nature to humans

(MDR-A_06) Our Group has not yet allocated any capital or operating expenses for the implementation of the action plan; however, we have set aside HUF 100 million for pilot projects aimed at supporting biodiversity conservation through 2025. Such projects included the following in 2025:

- grassing carried out at solar parks;
- survey and planning for refuge strip mowing in solar parks (implementation to follow in 2026);
- site survey in connection with greening of sites;
- Sediment thickness in the River Hernád (cross-sectional assessment and ground-penetrating radar), exploratory phytoplankton and phytobenthos studies, and fish fauna surveys.

[E4-4] Targets related to biodiversity and ecosystems

(MDR-T_17-19) (E4-4_01) (E4-4_05) (E4-4_06) In developing our biodiversity strategy, we also defined the objectives underpinning our biodiversity-related measures, based on the European Union's biodiversity strategy and our material impacts and risks. Our Sustainability and HSE teams, as well as external experts, were involved in the development process. When setting our targets, we did not use ecological thresholds; instead, we based our decisions on industry benchmarks and activity-specific information.

(E4-4_09) The strategy outlines its main directions along four pillars, in the short-term (2024–2025), medium-term (2026–2030), and long-term (2030–2040), which are detailed in sub-chapter *[E4-3] Actions and resources related to biodiversity and ecosystems*:

- The implementation of measures that are not directly related to the Company's operations, but promote public benefit, and improve the state of biodiversity and ecosystem services. (compensation)
- Improving the condition of natural resources, habitats, and ecosystem services affected by ALTEO's operations but located outside the Company's immediate impact area. (compensation)
- Improving biodiversity within the power plants' impact areas and in areas critical to their operations; mitigating risks and impacts; and reducing operational impacts through nature-based solutions. (minimization)
- The ecological maintenance of sites, the enhancement of biodiversity, and the management of environmental and climate challenges through nature-based solutions. (avoidance)

(MDR-T_16) No reference points have been established as yet to measure our progress.

[E4-5] Impact metrics related to biodiversity and ecosystems change

(E4-5_01-02) (E4-5_04) ALTEO Group does not directly contribute to the factors causing impacts related to changes in freshwater use and/or changes in marine use. Of the operating sites we own and operate, only the Gibárt Hydropower Plant is located in a Natura 2000 Special

Area of Conservation and Special Protection Area classified under the Birds Directive, covering an area of approximately 3.9 hectares. The Group has not yet collected other relevant metrics regarding the material impacts of the 2025 financial year. In accordance with our biodiversity strategy, we plan to conduct comprehensive assessments of the operations at our impact areas and sites, with the aim of identifying our impacts on land-use changes, as well as on ecosystem services, habitats, and species, so that we can report on these in our Sustainability Report in the future.

2.6 Resource use and circular economy

[E5 IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

(E5.IRO-1_01) As part of its double materiality assessment, ALTEO Group assessed and identified its impacts, risks, and opportunities related to resource use and the circular economy.

Through the use of natural gas, we are contributing to the depletion of this resource, which exposes our Group to macroeconomic risks. However, through our energy-efficient use of primary energy, we strive to minimize our energy consumption as much as possible.

By strengthening our circular economy business line in the area of resource outflow, we are also increasing our positive impact, as more products made from secondary raw materials are returned to the market as a result of our activities. With the acquisition of ALTEO Circular Kft., the Group's role in the transition to a circular economy has grown, bringing with it both positive impacts and business opportunities.

In the course of its operations, ALTEO Group generates both hazardous and non-hazardous waste, which our Group has identified as a negative impact. The efficient operation of the waste management business line can significantly reduce the amount of waste sent to landfills; however, the managing of batteries and waste containing PCBs can also have negative impacts.

As a result of the acquisition of ALTEO Circular Kft., the Group is obligated to carry out remediation work in the industrial area in Salgótarján. The affected area will become usable again after recultivation, having been restored to its original condition prior to contamination; however, this also entails a significant financial risk for ALTEO Group.

Information regarding the double materiality assessment is presented in detail in sub-chapters *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*, and *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

[E5-1] [E5-2] [E5-3] Policies, actions, resources and targets related to resource use and circular economy

(MDR-P_07) (MDR-A_13) (MDR-T_14) We have not yet finalized the waste management and circular economy strategy required by the ESRS reporting standards, nor the related policies, targets, actions and resources. Nevertheless, the development of these areas is a priority for the Company, and we are committed to developing the appropriate strategy and targets in the near future, as well as to incorporating our commitments in this regard into a policy. As we have outlined it in our sustainability goals, one of our key objectives is to maximize waste recycling and to avoid landfilling. We agree to develop a waste management and circular economy strategy and related policies in line with the development of the business.

Until specific policies and their related targets, actions, and resources are developed, ALTEO Group will continue to conduct its activities in compliance with the law, and its activities will continue to be governed by the Integrated Management Systems and their associated policies. In addition, our ESG Policy outlines our comprehensive approach to minimizing waste streams and strengthening our circular economy business.[77] ALTEO Circular Kft. is the only company in Hungary and the region to hold the international R2v3 (Responsible Recycling Standard) certification, which recognizes responsible and safe electronic waste management, and also governs its processes.

With regard to current general operational measures, ALTEO Circular Kft. and FE-GROUP INVEST Zrt. are committed to ensuring that their operations do not only comply with the law, but also set an example for their partners in taking responsibility for environmental issues and minimizing their impact on the environment. To this end, they employ technological solutions and business practices that allow them to recycle as much of the waste generated during production as possible, while also seeking alternatives to landfilling for non-recyclable materials.

In order to promote circular economy, FE-GROUP INVEST Zrt. obtained an end-of-waste status certificate in 2025 for aluminum scrap (bales and blocks of aluminum beverage cans, as well as aluminum granules) and copper scrap (copper granules). Through this certification, these material streams lose their waste status and are registered, sold, and used as certified secondary raw materials of consistent quality.

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[77] We have published detailed information about our Integrated Management Systems and policies in section *[E1-2] Policies related to climate change mitigation and adaptation*.

Other key measures in our core operations include energy efficiency, recycling, and the reduction and appropriate management of waste generated. In the case of ALTEO Circular Kft., there have been instances where, upon acquiring new sites, the company was required to carry out remediation work in the form of decontamination, for which it had accumulated provisions. One such example is the industrial site in Salgótarján, where soil replacement will continue until February 2026; our goal up until that date was to remove all contaminated soil generated during this process as waste and to complete the remediation. The final documentation regarding the restoration of the site was submitted in 2026, while the report was drafted. Regulatory approval is currently underway as of early 2026.

[E5-4] Resource inflows

(E5-4_01) For ALTEO Group, key resource inflows primarily consist of the raw materials needed for the production of electricity and heat, such as natural gas, which is essential for the operation of the gas-fired power plants. Renewable energy sources, such as solar and wind power, and biomass, also play an increasingly important role, contributing to sustainable and low-carbon energy production. In addition, the energy business line also uses other energy carriers and auxiliary materials in the course of its operations. In the circular economy business line, high energy consumption during waste management and processing is also essential. The inflow of real estate, facilities, and equipment is not considered significant.

(E5-4_02) (E5-4_06)

ALTEO GROUP'S PRIMARY ENERGY CONSUMPTION (t)	2025
Total	**275,917**
Energy business line	**275,575**
Natural gas	258,027
Inert gas	1,788
Methane	7,870
Hydrogen	877
Coolant	0
Landfill gas	1,667
Biogas	5,145
Petrol	127
Diesel	72
Circular economy business line (FE-GROUP INVEST Zrt. and ALTEO Circular Kft.)	**342**
Natural gas	10
LPG	59
Petrol	36
Diesel	237

[E5-5] Resource outflows

VOLUME OF WASTE GENERATED BY ALTEO GROUP ACTIVITIES (t) BY BUSINESS LINE	2024	2025
Total	**2,444**	**5,873**
Energy business line	2,437	2,464
Circular economy business line (FE-GROUP INVEST Zrt. and ALTEO Circular Kft.)	7	3,409

Across the entire Group, 2,592 tons (44%) of non-recycled waste and 389 tons of hazardous waste were generated in 2025. With regard to hazardous waste, the amount to be disposed of was 332 tons, while the total amount diverted from disposal was 57 tons. We disposed of 2,261 tons of non-hazardous waste and diverted 3,001 tons from disposal.

Waste management in ALTEO Group's energy business line

(E5-5_01) (E5-5_13) Our Company's key products are electricity and heat energy, which we produce by operating renewable and fossil fuel power plants. The energy activities of ALTEO Group typically generate various types of non-hazardous industrial and municipal solid waste, municipal wastewater, waste from construction and demolition works, and hazardous waste. The company is committed to minimizing its environmental impact, and as such reducing waste is a priority.

(E5-5_17) We strictly comply with legislation on the handling and storage of waste on our sites. All waste is stored in separate collection points according to type and characteristics. We keep track of the quantities of waste generated, collected and disposed of, and regularly monitor the data thereon. We keep detailed records of the waste we dispose of, including delivery notes for hazardous waste and invoices for non-hazardous waste. (E5-5_12-14) Oil and liquid fuel waste is the largest waste stream, but there are also significant amounts of absorbents, spill control agents and filters. Waste containing batteries, accumulators and PCBs is minimal or non-existent. The quantities of hazardous and non-hazardous waste are recorded in the official waste declarations on the basis of the delivery notes.

(E5-5_07-09) (E5-5_15)

HAZARDOUS WASTE GENERATED BY THE ENERGY OPERATIONS OF ALTEO NYRT. (t)	2024	2025
Reuse	11	9
Recycling	46	46
Incineration	24	24
Landfilling	11	11
Other	8	8
NON-HAZARDOUS WASTE GENERATED BY THE ENERGY OPERATIONS OF ALTEO NYRT. (t)	**2024**	**2025**
Reuse	-	-
Recycling	-	106
Incineration	1	2
Landfilling	2,336	2,257
Other	-	2

In 2025, most of the hazardous waste generated by the operations of ALTEO Group were re-used, while the next most used treatment method was incineration. We aim to increase the recycling rate of operational waste to over 50% by 2030. Most hazardous waste is disposed of through trade, collection and pre-treatment. (E5-5_10-11) In 2025, the quantity of non-recycled waste was 2,303 tons (93%) of the total waste generated by ALTEO Group's energy business line.

Waste management activities at FE-GROUP INVEST Zrt. and ALTEO Circular Kft.

(E5-5_01) The waste management activities of ALTEO Circular Kft. and FE-GROUP INVEST Zrt. have a number of impacts. Activities promoting circular economy include the collection and processing of electronic waste, as well as the appropriate pre-treatment of packaging waste (paper, plastic, wood, metal, glass). Furthermore, the collection and environmentally friendly pre-treatment of hazardous wastes also has a positive impact on the environment. FE-GROUP INVEST Zrt. and ALTEO Circular Kft. promote the collection and preparation for recycling of as much waste as possible, while taking into account and striving to minimize any negative impacts. Those effects are directly related to the waste managed or generated by the Company during its operations.

(E5-5_12-14) With regard to waste generated by the companies: waste generated primarily as a direct result of the company's own operations (e.g. office operations, administration, on-site activities). In addition, the volume of secondary waste generated from waste pretreatment activities (sorting, shredding, etc.) at FE-GROUP INVEST Zrt. remained nearly unchanged in 2025 compared to the previous year, indicating a stable level of processing capacity. The change in the volume of the various waste management categories is attributable to the waste generated by ALTEO Circular Kft.

(E5-5_07-09) (E5-5_15)

HAZARDOUS WASTE GENERATED IN THE ACTIVITIES OF FE-GROUP INVEST ZRT. AND ALTEO CIRCULAR KFT. (t)	2024	2025
Reuse	0	0
Recycling	0	3
Incineration	0	289
Landfilling	0	0
Other	0	0
NON-HAZARDOUS WASTE GENERATED IN THE ACTIVITIES OF FE-GROUP INVEST ZRT. AND ALTEO CIRCULAR KFT. (t)	**2024**	**2025**
Reuse	0	2,864
Recycling	7	31
Incineration	0	115
Landfilling	0	108
Other	0	0

(E5-5_10-11) In 2025, the non-recycled waste was 289 tons (9%) of the total waste generated by ALTEO Group's circular economy business line.

3. SOCIETY

3.1 Own workforce

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model(s)

(S1.SBM-3_01) In our disclosure under ESRS 2, we included all members of our own workforce on whom the company may have a material impact. (S1.SBM-3_02) In addition to its own employees, ALTEO Group's workforce also includes workers who are employed as non-employee workers. The Group's job roles include office staff, maintenance workers, mechanics, and waste management workers. Detailed information regarding the employees of ALTEO Group can be found in sub-chapters *[S1-6] Characteristics of ALTEO Group employees* and *[S1-7] Characteristics of non-employee workers within the undertaking's own workforce*.

(S1.SBM-3_11) During the double materiality assessment process, we took into account employees exposed to specific workplace risks, including groups within our own workforce employed as non-employee workers. This group includes, for example, workers who handle hazardous and non-hazardous waste, as well as workers working in power plants and industrial areas. (S1.SBM-3_03) With regard to our own workforce, we identified a potential negative impact in 2025 related to possible work-related illnesses and accidents; however, this is not widespread or systemic, but rather associated with potential incidents. The positive impacts identified to date include secure employment, health and safety, and training and skills development. Our Company supports its employees through a variety of initiatives and internal policies, and is committed to creating a safe and fair work environment.

(S1.SBM-3_03) ALTEO Group pays particular attention to providing a fair and safe workplace for all its employees throughout Hungary. ALTEO Group's energy business line actively promotes a "Safety First" culture while adhering to the strictest health and safety standards. Another positive aspect is that our Group offers various career development opportunities to employees, depending on their position.

(S1.SBM-3_07-10) In the course of our double materiality assessment, we did not identify any significant risk of forced labor, compulsory labor, or child labor within our own workforce, as we currently operate only in Hungary, where national and international labor laws prohibit these forms of employment.

(S1.SBM-3_05) Further information can be found in section *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).* For a detailed description of the materiality assessment, see sub-chapter *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*.

[S1-1] Policies related to own workforce

Material sustainability topics	Related policies, regulations	Scope (MDR-P_02)
Secure employment Health and safety Training and skills development	ESG Policy	ALTEO Group's energy business line
	Code of Ethics	ALTEO Group
	Ethical requirements	FE-GROUP INVEST Zrt. and ALTEO Circular Kft.
	Occupational health and safety management system (OHSMS):	ALTEO Group (except: FE-GROUP INVEST Zrt.
	HR Policy	ALTEO Group's energy business line
	Performance Assessment and Feedback System Policy	ALTEO Group
	Annual performance management process, and the related Performance Assessment Bonus Scheme and Short-Term Incentive Scheme policies	ALTEO Group's energy business line
	Wage and Benefits Policy	ALTEO Group (except: FE-GROUP INVEST Zrt.
	Corporate social responsibility strategy	ALTEO Group's energy business line

(S1-1_01) We are committed to comprehensively addressing the material impacts, risks and opportunities concerning employees. The Group has an ISO 45001 Occupational Health and Safety Management System (OHSMS) in place covering employees (excluding FE-GROUP INVEST Zrt.), and also a Code of Ethics. (S1-1_03-04) (S1-1_11) The prohibition of discrimination and the promotion of diversity are among the main values of ALTEO Group. ALTEO Group's internal policies prescribe respect for the human rights of its own workforce, cooperation with its workforce, and measures to ensure and enable the correction of human rights impacts. (S1-1_07) In addition to statutory requirements, these internal policies are also in line with external guidelines, such as the BSE Corporate Governance Recommendations, the International Human Rights Code, the European Convention on Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. (S1-1_08) Our policies, however, do not address issues related to human trafficking, forced labor, and child labor, nor do they mention the hiring of own employees who are at risk of vulnerability (S1-1_12). This is because these factors do not pose a significant risk in the Company's current area of operations.

ESG Policy

In the energy business line, our ESG Policy summarizes our sustainability commitments, which, like our ESG Strategy, is aligned with the United Nations Sustainable Development Goals. The policy encompasses our core social positions and key social values, including a commitment to continuous development and learning, as well as to ensuring a safe working environment, and is available to all stakeholders on the Group's website.

Code of Ethics

(MDR-P_01-06) We have a Code of Ethics in place, which defines the key ethical principles and guidelines applicable at ALTEO Group, compliance with laws, and ethical business operation. Our employees, suppliers, subcontractors, contracted, sponsored and supported partners and other stakeholders are also expected to act in accordance with the Code of Ethics in the course of their activities. The implementation of the guidelines is monitored by ALTEO Group's Ethics, Compliance and Control organization, which regularly reports its observations to the dedicated Supervisory Board. The Director of Ethics, Compliance and Control is responsible for ensuring compliance with the guidelines set out in the Code. It submits its proposals for amending the Code to the Compliance Committee and the CEO for approval. The expectations and interests of internal and external stakeholders are taken into account in the development of the Code of Ethics. The latest version of the Code of Ethics is available on the Intranet and the Company website.

(MDR-P_01-06) (S1-1_10) In their respective Codes of Ethics, FE-GROUP INVEST Zrt. and ALTEO Circular Kft. also define the rules of conduct and ethical standards to be followed by all employees, and also the principles necessary for ensuring equal opportunity. The Code of Ethics contributes to creating a healthy work environment and the respect for the human dignity of employees, and sets forth ethical standards regarding our customers. The heads of ALTEO Circular Kft. and FE-GROUP INVEST Zrt. are responsible for amending the Code; while approval of the changes falls within the competence of the person exercising the employer's rights and ALTEO's Director of Ethics, Compliance and Control. All employees can access the Codes of Ethics in the electronic repository; they are also available on company websites.

Occupational accident prevention and management system

(MDR-P_01-06) (S1-1_09) Our Group has made the health and safety of employees a priority area, and has its own initiatives and objectives in place in addition to legal compliance. The ISO 45001 Occupational Health and Safety Management System (OHSMS) applies to everyone working in ALTEO Group's energy business line, including external contractors working on the sites (423 people in total).

ALTEO Circular Kft. has its own Integrated Management Manual, which incorporates the requirements of the ISO 45001:2018 standard (occupational health and safety). The system also covers all employees working at ALTEO Circular Kft.'s own sites (224 people in total). To ensure the appropriate use of personal protective equipment, ALTEO Circular Kft. also has a document governing the rules for the provision of personal protective equipment.

Health, Safety and Environmental Protection (HSE)

(MDR-P_01-06) (S1-1_09) We manage health and safety activities in coordination with the Integrated Management System for the energy business line (for more information on the system, see sub-chapter *[E1-2] Policies related to climate change mitigation and adaptation*) and in alignment with sustainability. The energy business line considers HSE requirements to be its corporate policy, and the purpose of the requirements is to determine the material and personal HSE conditions of work, prepare a risk assessment, determine the necessary personal protective equipment, prepare and enforce a health and safety plan. We aim to handle HSE-related tasks in a single, systemic approach, to minimize risks, and to implement cost-effective measures, while complying with current laws. These regulations apply to all work carried out by ALTEO Group's energy business line, with the exception of greenfield work, where the contractor is responsible for authorizing the work once the work site is handed over to it. In order to comply with the regulations, a valid and effective contract, a Supervisor Certificate and the completion of the E-learning material prepared by ALTEO Nyrt. are required. We also have an Occupational Health and Safety Committee set up, which participates in occupational health and safety activities at ALTEO Group's energy business line, and is involved in the preparation of decisions that may affect the health and safety of employees. This also ensures that employees are involved in the development of the corporate HSE strategy.

The HSE organization is responsible for compliance with the regulations. The standards applied include the 14001:2015 Environment Management System, and the ISO 45001:2018 Occupational health and safety management system We organize several management walk-throughs and HSE inspections, and also two internal audits each year. Compliance with policies is also reviewed in external audits and regulatory inspections.

After all HSE trainings, participants are required to complete a knowledge assessment test; and prior to the annually recurring trainings, the curriculum is updated and supplemented in line with internal and legislative changes. HSE training is available for all employees; while non-ALTEO Group employees are provided with contractor supervisor HSE training.

HR Policy

(MDR-P_01-06) Topics related to the HR policy provide an idea of the state of the Group's internal communication, the appropriate way of sharing information, and the emphasis we place on raising awareness and operating in a transparent and regulated manner.

The HR Policy applies to ALTEO Group's energy business line, and is one of the management documents available to employees. The HR department is responsible for ensuring compliance with it. The Performance Assessment Bonus Scheme (PBS) and the Short-Term Incentive Scheme serve as the foundation for the performance assessment system. The objectives, principles, and processes related to remuneration are set out in the PBS and the Short-Term Incentive Scheme Policy.

A separate set of rules of procedure has been established to govern training and organizational development activities, with the aim of planning and implementing the Group-wide Annual Training Plan and defining the framework for organizational development processes.

Regulated operation supports employees in continuous growth and long-term competence development.

(MDR-P_01-04) The separate HR Policy at ALTEO Circular Kft. ensures lawful and fair employment conditions for all its employees, as well as transparent and ethical human resources practices. The purpose of the policy is to promote a safe work environment, to ensure the protection of employee rights, and to foster mutual respect and cooperation within the organization. The policy is issued by the person exercising employer's rights.

Annual performance management process, and the related Performance Assessment Bonus Scheme and Short-Term Incentive Scheme policies

(MDR-P_01-06) One of the aims of the adopted policy is to establish a system that is in line with ALTEO Group's business and HR strategy, to support the Company's performance and enhance shareholder value. This is offered to employees through the Performance Assessment Bonus Scheme, the Employee Share Ownership Program and the Short-Term Incentive Scheme, taking into account the Group's interests and corporate values. Further details on the incentive system are provided in sub-chapter *[GOV-3] Integration of sustainability-related performance in incentive schemes*.

(MDR-P_01-04) ALTEO Circular Kft. has its own Wage and Benefits Policy, which aims to ensure fair and competitive compensation for employees, and to define their benefits package. This policy applies to all employees of ALTEO Circular Kft. The person exercising the employer's rights is responsible for issuing the policy. The policy is drafted in accordance with the applicable laws and regulations, and is reviewed annually. In the event of changes, employees are always notified in due time.

Corporate social responsibility strategy

(MDR-P_01-06) ALTEO Group's energy business line also has a CSR (Corporate Social Responsibility) strategy, the key priorities of which were defined in collaboration with our stakeholders, employees, partners, and customers. More information on the strategy is available on our website.

To develop our CSR strategy, we identified six key aspects that are included among the EU and UN Sustainable Development Goals. These include Sustainability, ESG considerations, Environmental protection, Renewable energy, Employee health and safety, and Employee engagement and initiatives. Our CSR strategy aims to encourage community involvement, raise environmental awareness and promote social well-being.

Communication and method of implementation of the guidelines

(MDR-P_01-06) (S1-1_05) The staff of ALTEO Group's energy business line are regularly informed through internal communication channels. (S1-1_14) The various open door policies, staff meetings and forums, site visits, internal mailing system, Intranet and online ALTEO Academy ensure a free flow of information. We take particular care to ensure that information reaches employees in a timely and appropriate form, so that they are informed of all changes in the Company's operations.

(S1-1_14) Furthermore, our Intranet platform provides excellent opportunities for effective communication with our colleagues, and it facilitates our administrative processes: in addition to keeping our staff informed of major events at and outside the Company, it also allows for the management of HR documentation, and assists our colleagues in the field in monitoring statuses. In ALTEO's energy business line, all policies, including the HR Policy, are also available on the internal drive, ensuring that all stakeholders have access to the necessary documents.

ALTEO Circular Kft. operates its own distribution system, where the ISO coordinator ensures that the policies are uploaded to the correct location. This ensures that stakeholders have access to the current policies, including the Integrated Management Policy.

(S1-1_06) (S1-1_13) If there is a suspicion of non-compliant activity or abuse (incident), it can be reported through the whistleblowing channel which has been active since 2016. This service is also available to employees and business partners, through an online reporting system, via email or by telephone, if there is a suspicion of abuse that breaches the Code of Ethics. The implementation of and compliance with these guidelines is monitored by our Compliance Department, and incidents are reported to the Compliance Committee and the Supervisory Board. ALTEO Group's Director of Ethics, Compliance and Control is responsible for the whole process.

[S1-2] Processes for engaging with own employees and employee representatives about impacts

(S1-2_01)

ALTEO Group's energy business line places significant emphasis on close cooperation with its employees (including those employed as non-employees) and their representatives, particularly with regard to improving workplace health and safety. We receive feedback from out staff through the Sustainability and HSE Culture surveys conducted every two years, and that also plays a key role in the development processes. The results are collected on a standardized interface and are evaluated subsequently. These surveys are administered in a completely anonymous manner and, as ALTEO Group operates in Hungary, there are no language or geographical barriers. Other tools for creating a safe working environment include both near-miss accident reporting schemes and regular safety trainings. Our Intranet platform provides an efficient communication channel and helps employees receive regular, up-to-date information on changes and developments within the Company.

ALTEO Circular Kft.'s OHSMS system ensures cooperation with employees (including those employed as non-employees). The management involves employees in hazard identification, risk management, and the setting of targets; ensures their representation in occupational health and safety matters; and encourages the reporting of incidents to facilitate preventive measures.

At FE-GROUP Zrt., we hold staff meetings twice a year, attended by our white-collar and blue-collar employees, as well as those employed as non-employees.

(S1-2_02-06) The Works Council provided formal representation for employees in our energy business line; however, this form of representation could not be maintained in the 2025 financial year, because the Works Council's mandate had expired and, due to the failure to nominate candidates, a new Works Council could not be formed. In the fall of 2025, the Company once again provided an opportunity for candidate nominations and voting. The process was successfully concluded at the time, and the new Works Council members were elected in December 2025.

Twice a year, our Group organizes meetings between Executive Board members and local employees at central and non-Budapest locations, where topics are discussed in a Q&A format. The HR Department is responsible for managing and organizing the meetings, while ensuring stakeholder engagement, while the Deputy CEO is responsible for integrating feedback into the Company's overall strategy. Our employees also have the opportunity to complete a satisfaction survey every two years, which provides us with direct written feedback on a number of topics. The HR Department is responsible for conducting the survey and summarizing the results; actual action plans can be developed and changes can be implemented based on the feedback. (S1-2_06) If an employee's employment is terminated, the HR Department contacts the given employee to conduct an exit interview, during which the relevant employee can provide feedback and share their opinions. Participation is always voluntary. The details of the interview are then forwarded to the stakeholder's direct supervisor. (S1-2_05) Apart from these measures or collaborations, ALTEO Group has no formal agreement with any employee representation body.

(S1-2_03) Employees are involved at various stages of the decision-making process. The management meetings, held twice a year, and the satisfaction surveys, conducted every two years, are primarily linked to the strategic and annual planning phases, while exit interviews help to review the measures. These forms of involvement ensure that employee feedback is taken into account in a systematic and structured manner when developing action plans, improving processes, and managing risks.

ALTEO Group has not yet established processes for engaging with employees to manage the impacts of the transition to greener and climate-neutral operations. However, in the future it will seek to expand employee initiatives in this area as well. To support our employees' career development and enhance their professional knowledge, we work with them to set individual development goals every year, and organize individual trainings or group workshops to help them to develop their careers and improve their professional skills. The communications of our Group also emphasize the importance of reducing carbon emissions, encouraging employees to take the appropriate preventive actions.

(S1-2_07) With gender equality and the importance of social justice in mind, ALTEO Group also has a Female Managers' Club initiative in place that provides a platform for female managers to share their experience with others and support each other.

[S1-3] Processes to remediate negative impacts and channels for own employees to raise concerns

(S1-3_01) ALTEO Group aims to identify and analyze the causes of all arising problems as efficiently as possible, and then to find solutions to prevent their future occurrence. (S1-3_02) (S1-3_05-06) To this end, the Group employs various procedures to ensure corrective actions, including the operation of a whistleblowing system that allows for the reporting of suspected violations of the Code of Ethics or instances of misconduct, and guarantees the protection of whistleblowers. This system has been operational since 2016, and is accessible by all employees and business partners. Suspicions of ethical misconduct can be reported online, via email or by phone.

(S1-3_02) (S1-3_05-06) ALTEO Nyrt., FE-GROUP INVEST Zrt. and ALTEO Circular Kft. operate an ethics violation reporting and whistleblowing system designed to receive and investigate reports. By operating this system, ALTEO Group ensures compliance with the law, and the implementation of ethical corporate governance, and informs potential whistleblowers about the system and its capabilities. In 2025, we received 3 reports of suspected ethics misconduct and 2 reports of suspected abuse: investigations were opened in all cases and corrective actions were taken. (S1-3_07) Our Group investigates all reports in line with our internal rules of procedure. We keep records of the channels through which reports are received; however, we do not currently conduct detailed analyses or track performance metrics regarding the effectiveness of these channels.

We have also implemented a compliance-related adjustment to the performance assessment systems of ALTEO Nyrt. and ARTEMIS Technologies Zrt. to ensure compliance with ethical and compliance requirements. (S1-3_08) The objective of our Speak Up! program is to encourage our employees to ask questions, share feedback, or raise concerns without fear of any negative consequences. We also monitor awareness of the program and confidence in it through regular back-testing: in the annual compliance risk survey, an upward trend has been observed since its introduction, even among respondents who gave the lowest and highest ratings. Based on the survey results, we determine the focus areas for Compliance Coffee sessions, with particular attention to the topics that received the lowest ratings. (S1-3_09) We feel it to be of the utmost importance that whistleblowers are not retaliated or discriminated against, even if no unlawful conduct or infringement is identified after their whistleblowing.

[S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

(MDR-A_01-05) We provide specific answers to all formal or informal inquiries that concern our employees (also including non-employees), and these answers are tailored to the nature of the issue. After analyzing a detected anomaly, process-level or systemic changes are introduced and positive change can always be measured. (S1-4_02) In 2025, no material impacts were identified that would require action to ensure or enable appropriate adjustments.

(MDR-A_06) At our Group, measures relating to our own workforce ensure basic operations in accordance with current external and internal compliance requirements; therefore, separate financial planning, that is, investment and operating costs, is not broken down at this level within ALTEO Group.

Secure employment, occupational health and safety

We will continue to focus on continuously enhancing our environmental and safety performance to ensure the basic conditions for sustainable operation. Our fundamental goal is to prevent work accidents and provide preventive occupational health services. Special attention is paid to the health and safety of all those working at our sites, and everyone is expected to adhere to our common principles. (S1-4_04) We monitor all our processes and listen to employee feedback using the “Plan, Do, Check, Act” (PDCA) cycle. In addition, we strive to maintain a balanced workflow, so depending on the job type, we also offer the possibility to work from home. We pay particular attention to the quality standards of our office buildings, which was also an important factor when we selected our new office building.

(S1-4_05) In respect of the Occupational Accident Prevention and Management System, and the ISO 45001-compliant Occupational Health and Safety Management System (OHSMS), as part of our e-learning program launched on our Intranet in 2021, we train subcontractors working at our sites in key health and safety issues in Hungarian and English. (S1-4_03) In addition, for sites and projects, as a prerequisite of the work permit the HSE supervisor examination has to be passed.

Measures for managing material impacts, risks, and opportunities related to secure employment and occupational health and safety are primarily formalized within the energy business line. The general principles established at the Group-level apply to the Group’s circular economy business; beyond that, no specific measures have been defined at this time.

ALTEO Group primarily seeks to ensure secure employment by creating a safe working environment; our Company does not have any additional policies or measures specifically aimed at ensuring secure employment. At the same time, the Group fully complies with applicable labor and occupational safety laws and regulations and operates in accordance with mandatory standards, which provide the essential framework for maintaining secure employment.

Risk management and accident prevention in ALTEO Group’s energy business line

(MDR-A_01-05) ALTEO Group’s energy business line aims to identify risks accurately and minimize them so that the likelihood and severity of accidents can be reduced. (S1-4_01, S1-4_05) To this end, we have put in place a number of measures as per our Occupational Health and Safety Policy; training and information provided to managers ensures compliance with the instruction that they must immediately stop work if they detect a dangerous situation. In addition, hazardous situations or unsafe events and conditions are reported by employees of the energy business line as near-miss accidents and, if necessary, they also notify their direct superiors.

The safety and wellbeing of our employees is of paramount importance to us. (S1-4_04) We constantly monitor accident and fatality statistics, which remain close to zero at all our sites. We place strong emphasis on training our staff in both mandatory and skill-building topics. We also pay particular attention to the quality of the office environment, which is reflected in the design of our social spaces.

(S1-4_08) ALTEO Group’s management is committed to minimizing the number of work accidents, and thus, in addition to keeping the number of serious/fatal work accidents at zero, this is also one of the objectives of the management. The opinion of our employees is also important for the Group, and we conduct a Sustainability and HSE Culture Assessment every 2 years in our energy business line, involving our staff in the development process. This ensures the effectiveness of our measures and the improvement of our tools, processes and requirements. The introduction of this mechanism for FE-GROUP INVEST Zrt. and ALTEO Circular Kft. is currently being planned.

Training and skills development

ALTEO Group’s core corporate value is excellence and continuous improvement and learning based thereon. As well as sustaining economic success, harnessing intellectual potential, expertise, knowledge, determination and loyalty are key to our mindset. Thanks to our diversified portfolio, market size, swift responsiveness and excellent team of professionals, we have been successful despite the crises of recent years.

Building on this preparedness and knowledge base, we offer our staff continuous development opportunities. To keep up with the ever-changing market environment, we need an agile and well-trained team. Employee training and development is based on the annual training plan. This is developed in line with legal regulations and our internal policies (and we provide mandatory training for all jobs – e.g. fire safety, first aid, HSE training). Another important aspect in developing the training plan is the need for training to support the implementation of the annual and long-term strategy: staff performance is used to determine the areas where they need support to advance their careers. The preparation of the annual training plan starts each year with the involvement of managers. In addition, an important part of the planning cycle for the upcoming financial year is the annual consultation between managers regarding training and development plans for their staff. Taking these into account, a team training plan is drawn up, with a strong focus on the development needs of individuals, as well as annual mandatory training. Our employees can complete their internal, mandatory training on our Intranet platform and our onboarding-related training is also available on this platform.

In addition to the training plan, we also offer the following training opportunities to our employees:

- Our internal knowledge-sharing platforms, ALTEO Academy and ALTEO Momentum Leadership Program (launched in 2025), continue to be very popular with our employees, and this year we again offered the ALTEO Fit program, which is specifically aimed at promoting healthy lifestyles and mental wellbeing. In 2025, we not only organized presentations and lectures, but also various activities, such as individual and group step-counting and cycling mileage competitions.
- As part of our organizational development initiative launched in 2025, senior executives at ALTEO Nyrt. were able to participate in a multi-session leadership training program.
- Our Sustainability Ambassador program continued in 2025, with three new colleagues joining the initiative. The program aims to support our employees in achieving their sustainability goals and advancing their professional development, as well as to promote a stronger focus on sustainability throughout the entire Group.
- We also worked to raise awareness about healthy lifestyles and environmental protection through our workshops on fermenting, energy balls or bee-friendly seed paper.
- We are proud that our Company is creating opportunities for future generations. In 2025, through our dual training program, we supported the development of young talents and helped them launch their professional careers, and by supporting MAPA's "Adopt a School" program, we held career guidance sessions for primary school students in Tiszaújváros.

Measures for managing material impacts, risks, and opportunities related to training and skills development primarily have established processes in the energy business line. The general principles established at Group level apply to the circular economy business line, with the gradual implementation of full integration serving which is our future goal.

[S1-5] Targets related to managing material negative impacts, facilitating positive impacts, and managing material risks and opportunities

(S1.MDR-T_01-13) (S1-5_04) The majority of our employees perform physical work involving high safety risks, which is why protecting the employee health and safety is a priority for ALTEO Group. As part of the Safety First approach, our goal is to prevent work accidents and provide preventive health services. We set annual targets and programs, based on risk assessments, experience and analysis of work-related accidents, and monitor these through the IMS. Results are monitored during walkthroughs and inspections. We organize several walkthroughs per year at each site, which include multiple walkthroughs by senior management, one inspection involving the HSE area and two internal audits. As part of our Integrated Management Policy (IMS), minimizing work accidents and preventing fires and environmental pollution are key objectives in the energy business line and at ALTEO Circular Kft. Health and safety is managed as part of the IMS under the direction of the Director of Sustainability and HSE, and the Site Manager at each site is responsible for ensuring that working conditions are appropriate for health and safety. (S1-5_01) Risk assessment and exposure assessment are carried out with the involvement of occupational safety and health specialists. All employees undergo an annual medical examination, and employees in ALTEO Group's energy business line are also covered by UNION PrivateMed Next health insurance.

(S1.MDR-T_01-13) Our key related targets are to maintain the lost time injuries per one million hours worked (LTIF) at zero and to achieve 0 LTIF for non-employees by 2025. Occupational health and safety is also a central theme in the development of our ESG strategy from 2025, and the following objectives were defined therein. We use the requirements of the ISO 45001:2018 standard to set targets and we use the "Plan, Do, Check, Act" (PDCA) cycle to ensure continuous development; however, there is currently no formalized process in place for monitoring and evaluating performance.

(S1-5_02) (MDR-T_16-17) To track performance against targets, the quality of the health service is continuously monitored, taking feedback from our staff into account. We monitor our results through regular walk-throughs and inspections. Compliance with procedures and policies is also reviewed by external audits and regulatory inspections.

(S1-5_03) To identify lessons learned and improvements from performance against the targets, we prepare a report at the end of each year as part of the performance assessment process, identifying areas to improve, and then develop actions through an action planning process, which are put into practice during the year.

[MDR-T 14] In respect of employees, beyond the topics of health and safety, no other measurable targets have been set concerning material risks, opportunities or impacts; however, our ESG strategy addresses these topics through the implementation of an employee well-being program, and by attracting and retaining a skilled workforce, and providing ongoing training for our colleagues.

[S1-6] Characteristics of ALTEO Group employees

(S1-6_16) In order to comply with the ESRS reporting standard, the data tables present ALTEO Group with a view to social sustainability. Instead of using the term "site" under the ESRS standard, for the sake of clarity, we present the Group by "operating sites", which shows the Group broken down into ALTEO, FE-GROUP INVEST Zrt. and ALTEO Circular Kft. "ALTEO" is the part of ALTEO Group that includes all of ALTEO Group, excluding FE-GROUP INVEST Zrt. and ALTEO Circular Kft. The distinction was necessary because the activities and operations of the three operational units are separate. This breakdown ensures that the data points in the report meet the requirements of the standard and provide a realistic picture of the Company's actual operation and performance.

At the end of 2025, the Group had 285 female and 978 male staff members, i.e. a total of 1263 employees. 23% of our employees are women.

(S1-6_04) The number of employees is only shown for Hungary, as the Group's activities are currently limited to Hungary. All the operation sites are located in Hungary. (S1-6_17) The total number of employees at year-end is identical with the figure presented in the Annual Report.

(S1-6_01-02)

NUMBER OF EMPLOYEES [78]	2024	2025
Total [persons]	**513**	**1,263**
ALTEO	409	423
FE-GROUP INVEST Zrt.	104	133
ALTEO Circular Kft. [79]	n/a	707
Men	**393**	**978**
ALTEO	314	321
FE-GROUP INVEST Zrt.	79	95
ALTEO Circular Kft.	n/a	562
Women	**120**	**285**
ALTEO	95	102
FE-GROUP INVEST Zrt.	25	38
ALTEO Circular Kft.	n/a	145

(S1-6_07) In 2025, ALTEO Group did not employ any temporary staff (such as casual workers or secondment) or employees subject to an on-call obligation.

(S1-6_19)

NUMBER OF FULL-TIME EMPLOYEES BY OPERATING SITE	2024	2025
Total [persons]	**502**	**1,234**
ALTEO	399	407
FE-GROUP	103	132
ALTEO Circular Kft.	n/a	695
Men	**389**	**965**
ALTEO	311	317
FE-GROUP INVEST Zrt.	78	94
ALTEO Circular Kft.	n/a	554
Women	**113**	**269**
ALTEO	88	90
FE-GROUP INVEST Zrt.	25	38
ALTEO Circular Kft.	n/a	141

[78] The number of employees and the number of permanent employees by contract type (S1-6 50b) are the same, thus we have included only one table.
[79] The values shown for ALTEO Circular Kft. under the S metrics also include data for Peregium Green Zrt. and ÉLTEX SR. HULLADÉKKEZELŐ ÉS FUVAROZÓ Kft.

(S1-6_07) (S1-6_20)

NUMBER OF PART-TIME EMPLOYEES BY OPERATING SITE	2024	2025
Total [persons]	**11**	**29**
ALTEO	10	16
FE-GROUP INVEST Zrt.	1	1
ALTEO Circular Kft.	n/a	12
Men	**4**	**13**
ALTEO	3	4
FE-GROUP INVEST Zrt.	1	1
ALTEO Circular Kft.	n/a	8
Women	**7**	**16**
ALTEO	7	12
FE-GROUP INVEST Zrt.	0	0
ALTEO Circular Kft.	n/a	4

(S1-6_11-12)

STAFF TURNOVER	2024	2025
Total number of employees [person]	**513**	**1,263**
ALTEO	409	423
FE-GROUP INVEST Zrt.	104	133
ALTEO Circular Kft.	n/a	707
Total number of exiting employees	**96**	**261**
ALTEO	39	49
FE-GROUP INVEST Zrt.	57	95
ALTEO Circular Kft.	n/a	117
Total turnover (%)	**19%**	**21%**
ALTEO	10%	12%
FE-GROUP INVEST Zrt.	55%	71%[80]
ALTEO Circular Kft.	n/a	17%

(S1-6_13-16) For the calculation of staff turnover, we used the total number of employees leaving as a percentage of the total number of employees. The data has been compiled using our internal human resources database and is presented as at the end of the year. The figures presented are the headcount figures as at the end of the reporting period.

[S1-7] Characteristics of non-employee workers within the undertaking's own workforce

(S1-7_01-03) (S1-7_07-09) In 2025, ALTEO Group employed 100 people under a service agreement and through temporary staffing agencies. The two people at ALTEO Nyrt. were responsible for lifting equipment administration and technical support related to renewable energy production technologies and energy storage. The 60 non-employee workers at FE-GROUP INVEST Zrt. are the temporary blue-collar workforce hired to carry out the operational activity. 38 temporary workers were employed at ALTEO Circular Kft. (S1-7_01-03)

Number of non-employee workers	2024	2025
Total [persons]	**112**	**100**
ALTEO	2	2
FE-GROUP INVEST Zrt.	110	60
ALTEO Circular Kft.	n/a	38

[80] In the case of FE-GROUP INVEST Zrt., there has been an increase in the turnover rate: In 2025, there was not any single specific cause, but an increase in the workforce naturally goes hand in hand with a rise in the turnover rate.

(S1-7_06-09) The data has been compiled using our internal human resources database and is presented as at the end of the year. The figures presented are the headcount figures as at the end of the reporting period. There is no significant seasonality in the data.

[S1-11] Social protection

Employees of our Group can also benefit from a range of benefits affording them social protection, and all employees are entitled to these benefits, irrespective of their type of employment. The breakdown by countries is not relevant, as all our sites operate in Hungary.

BENEFITS RELATED TO SOCIAL PROTECTION AGAINST LOSS OF INCOME AND THE DETAILS THEREOF	
Loss of income due to illness	(S1-11_01) When an employee is on sick leave, the employer pays the sick benefit for the first 15 days of illness, and this sick benefit equals to 70% of the employee's salary. Employees who are incapable of working for a period longer than the 15 days, are entitled to sick pay provided by the State. This amount is a pre-defined percentage of the employee's wages, financed by the social security system.
Loss of income due to unemployment	(S1-11_02) Employees who become unemployed receive a job-seeker's benefit which is 60% of their previous earnings, up to a maximum of 100% of the minimum wage. The benefit is available for a maximum of 90 days.
In case of loss of income due to work-related injury and work-related disability	(S1-11_03) In the event of a workplace accident or occupational illness, the employee is entitled to accident pay of 100% of their wages. If the injury or disability is permanent, a rehabilitation allowance may be payable, the amount of which varies depending on the remaining capacity for work.
In case of loss of income due to parental leave	**(S1-11_04)** • Baby-care allowance (CSED): It is payable for 168 days after the birth of the child, and the amount is equal to 100% of the beneficiary's daily wages. Effective July 1, 2025, the baby-care allowance (CSED) is exempt from personal income tax, meaning that the benefit amount is paid in accordance with the recipient's previous gross earnings. • Child-care benefit (GYED): It is payable until the child is 2 years old, and the amount is equal to 70% of the mother's salary, capped at 70% of twice the minimum wage. • Child-care allowance (GYES): It is payable an entitlement by right, after the expiry of the right to receive GYED, until the child is 3 years old, and it is a fixed-amount benefit.
In case of loss of income due to retirement	(S1-11_05) Employees receive an old-age pension under the social security scheme, and in certain cases may also receive pension supplements, such as a widow's/widower's pension or early retirement benefit.

[S1-13] Training and skills development metrics

Excellence and continuous development are core values of ALTEO Group. Our success is ensured by our dedicated, highly trained team and our flexible approach. We provide our employees with opportunities for professional development, training, and wellness programs to keep pace with the changing market environment. More detailed information about the training programs available at our Company can be found in sub-chapter *[S1-3] Processes to remediate negative impacts and channels for own employees to raise concerns*.

In 2025, the average number of training hours per person was close to 49 hours.

(S1-13_01-04)

NUMBER OF EMPLOYEES PARTICIPATING IN REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	2025
Employees participating in regular performance and career development reviews (total)	**423**
ALTEO	423
FE-GROUP INVEST Zrt.	0
ALTEO Circular Kft.	0
Ratio of men (%)	**33%**
ALTEO	100%
FE-GROUP INVEST Zrt.	0%
ALTEO Circular Kft.	0%
Ratio of women (%)	**36%**
ALTEO	100%
FE-GROUP INVEST Zrt.	0%
ALTEO Circular Kft.	0%

AVERAGE HOURS OF TRAINING PER EMPLOYEE	2025
Total	**48.84**
ALTEO	41.62
FE-GROUP INVEST Zrt.	3.28
ALTEO Circular Kft.	61.73
Men	**49.64**
ALTEO	44.80
FE-GROUP INVEST Zrt.	3.64
ALTEO Circular Kft.	60.18
Women	**46.10**
ALTEO	31.63
FE-GROUP INVEST Zrt.	2.37
ALTEO Circular Kft.	67.74

[S1-14] Health and safety metrics

At ALTEO Group, we pay great attention to the importance of safe work and health protection. We also apply the “Safety First” principle in our energy business line. Our results reflect our long-standing commitment and development: We had no serious work-related accidents in 2025 either. This is particularly noteworthy as our staff are engaged in physical work that can pose a high safety risk.

(S1-14_02-03) (S1-14_08-09) The effectiveness of ALTEO Group’s occupational safety and health preventive measures, as well as the preparedness and attention of our staff, is demonstrated by the fact that in 2025 there were no fatal work accidents involving either ALTEO Group employees or staff working at our sites or on our behalf.

In the year of the report, 51% (647 people) of all ALTEO Group employees (1,263 people) were covered by a health and safety management system. The Occupational Health and Safety Management System (OHSMS) in place at ALTEO Group’s energy business line covers all ALTEO Nyrt. employees, including own employees (423 people in total) and external contractors working at sites.

There is currently no health and safety management system available for FE-GROUP INVEST Zrt. As a result, none of the Company’s 133 employees benefit from such a system.

ALTEO Circular Kft. operates its own occupational health and safety management system in accordance with the ISO 45001:2018 standard within its Integrated Management System (IMS) to ensure that its activities consistently meet the ever-changing requirements and expectations regarding occupational health and safety, quality, environmental pollution and environmental impact, and energy management. The company is committed to preventing injuries and health hazards, and within the IMS, it sets goals and targets, and it regularly reviews if and how those goals and targets are achieved.

(S1-14_01)

NUMBER OF OWN EMPLOYEES COVERED BY A HEALTH AND SAFETY MANAGEMENT SYSTEM	2024	2025
Total [persons]	**513**	**647**
ALTEO	409	423
FE-GROUP INVEST Zrt.	0	0
ALTEO Circular Kft.	n/a	224
Ratio (%)	**80%**	**51%**
ALTEO	100%	100%
FE-GROUP INVEST Zrt.	0%	0%
ALTEO Circular Kft.	n/a	32%

The number of ALTEO's non-employee workers was 2 in the year of the report, both of them were covered by the health and safety management system, thus their ratio is 100%. In the case of FE-GROUP INVEST Zrt., the number of workers employed as non-employees was 60, with none covered by such a system. In the case of ALTEO Circular Kft., none of the 38 workers employed as non-employees are covered by OHSMS.

In the year of the report, 2% (100 persons) of all of non-employee workers at ALTEO Group were covered by a health and safety management system.

NUMBER OF WORKERS EMPLOYED AS NON-EMPLOYEES COVERED BY A HEALTH AND SAFETY MANAGEMENT SYSTEM	2024	2025
Total [persons]	**2**	**2**
ALTEO	2	2
FE-GROUP INVEST Zrt.	0	0
ALTEO Circular Kft.	n/a	0
Ratio (%)	**2%**	**2%**
ALTEO	100%	100%
FE-GROUP INVEST Zrt.	0%	0%
ALTEO Circular Kft.	n/a	0%

In 2025, the number of recordable work-related accidents at ALTEO was two, eight at FE-GROUP INVEST Zrt., and seven at ALTEO Circular Kft. for workers employed as non-employees. For non-employees, there was only one recordable work-related accident, which occurred during work carried out at ALTEO Circular Kft. Based on the total number of hours worked by employees, this ratio was 10.64, while for workers employed as non-employees, the ratio was 6.4.

As before, ALTEO Group continues to be committed to the safety of its employees.

(S1-14_04-05)

NUMBER OF RECORDABLE WORK-RELATED ACCIDENTS	2024 (adjusted figures)	2025
Total number of accidents	**8**	**17**
ALTEO	0	2
FE-GROUP INVEST Zrt.	8	8
ALTEO Circular Kft.	n/a	7
Total hours worked [hours]	**850,249**	**1,597,680**
ALTEO	682,574	730,770
FE-GROUP INVEST Zrt.	167,676	204,718
ALTEO Circular Kft.	n/a	662,192
Ratio[81]	**9.41**	**10.64**
ALTEO	0	2.74
FE-GROUP INVEST Zrt.	47.71	39.08
ALTEO Circular Kft.	n/a	10.57

At ALTEO Group, we regularly review the risks of occupational diseases and take measures to mitigate these where necessary. All employees have an annual health check. The quality of service is constantly monitored and feedback from our staff is taken into account. The results are positive: no occupational illnesses have been reported in recent years, which shows the effectiveness and efficiency of the measures.

(S1-14_06)

The number of recordable work-related illnesses among ALTEO Group employees was 0.

At our Group, the total number of days our employees lost due to work-related illnesses or injuries resulting from work-related accidents and death resulting from illnesses was 909 days.

The number of fatalities due to work-related injuries and illnesses among own workforce was 0.

The number of fatalities due to work-related injuries and illnesses of other workers at Company sites was 0.

(S1-14_07)

TOTAL NUMBER OF DAYS LOST AMONG EMPLOYEES	2024	2025
Total number of days lost [days]	549	909
ALTEO	0	242
FE-GROUP INVEST Zrt.	549	531
ALTEO Circular Kft.	n/a	136

[S1-17] Incidents, complaints and severe human rights impacts

(S1-17_03) As in previous years, there were no reports of events at ALTEO Group that would qualify as discrimination. (S1-17_01-02) (S1-17_08-10) The number of complaints filed, cases of discrimination, and serious human rights incidents involving the Group's own workforce was 0, and thus, during the reporting period, there were no serious human rights incidents involving the Group's workforce that would have violated the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

(S1-17_05) (S1-17_11) In light of this, there were no fines, penalties or compensation obligations imposed.

[81] We have made a correction in the calculation of the rate of work-related accidents to be recorded, which was also published in 2024, in our report for 2024, i.e. compared to the previous year, the rate now represents the number of cases projected per million hours worked, in accordance with the ESRS expectations. In 2024, we did not project the rate per million hours worked. The total figures published in the 2024 report were: 0.0001%, 0% for ALTEO, and 0.00048% for FE-GROUP INVEST Zrt.

(S1-17_01-02)

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS	2024	2025
Number of complaints submitted	**0**	**0**
ALTEO	0	0
FE-GROUP INVEST Zrt.	0	0
ALTEO Circular Kft.	n/a	0

(S1-17_07) The number of incidents, complaints and severe human rights incidents are recorded and managed by the Ethics, Compliance and Control organization. The related data report has been produced on the basis of the internal database. The complaints reporting system of FE-GROUP INVEST Zrt. and ALTEO Circular Kft. is also operated by the Ethics, Compliance and Control organization of ALTEO Nyrt.

4. CORPORATE GOVERNANCE

4.1 Business conduct

[GOV-1] The role of the administrative, management and supervisory bodies

ALTEO Group's management and supervisory bodies ensure that business conduct complies with legal regulations and ethical standards. Management oversees operations and the implementation of the strategy, while the Supervisory and Audit Committees conduct independent audits. The Chief Executive Officer and the members of the Executive Board receive regular further training to keep up to date with business ethics, legal requirements and company directives. Given their qualifications and professional experience, the members of ALTEO Group's administrative, management and supervisory bodies possess additional expertise in business conduct, which is described in detail in *Appendix 1* of this report.

Detailed information on the disclosure requirement can be found in the subsection [GOV-1] The role of the administrative, management and supervisory bodies

[IRO-1] Presentation of processes to identify and assess material impacts, risks and opportunities

ALTEO Group identified and assessed the material impacts, risks, and opportunities related to corporate governance through a double materiality assessment. The impacts of the Group identified as material apply to the incidents, as potential negative impacts. Other opportunities related to corporate culture and supplier relationships were also identified, which may arise through ALTEO Group's fair operation. The arising risks are related to the potential inadequate enforcement of corporate values and the insufficient investigation of reports. Detailed information relating to the identification of material topics is presented in sub-chapters *[IRO-1] Description of processes to identify and assess material impacts, risks and opportunities*, and *[SBM-3] Material impacts, risks and opportunities, and their interaction with strategy and business model(s).*

[G1-1] Policies related to corporate culture and business conduct

Material sustainability topics	Related policies, regulations	Scope (MDR-P_02)
Corporate culture Protection of whistleblowers Management of relationships with suppliers, including payment practices Corruption and bribery – Prevention and detection, including training Corruption and bribery – Incidents	ESG Policy	ALTEO Group's energy business line
	Code of Ethics	ALTEO Group
	Ethical requirements	FE-GROUP INVEST Zrt. and ALTEO Circular Kft.
	Integrated Management policy	ALTEO Group's energy business line
	Integrated Management Manual	ALTEO Group (except: FE-GROUP INVEST Zrt.
	Sustainable procurement policy	ALTEO Group's energy business line

ESG Policy

In the energy business line, our ESG Policy summarizes our sustainability commitments, which, like our ESG Strategy, is aligned with the United Nations Sustainable Development Goals. The policy defines the fundamental principles of corporate governance, including a commitment to ensuring a high level of transparency and quality, a focus on building long-term partnerships, and the prevention and management of misconduct. The policy is available to all stakeholders on the Group's website.

Code of Ethics

(G1-1_01) The foundation of ALTEO Group's corporate culture is the Code of Ethics, which is described in detail in chapter *[S1-1] Policies related to own workforce*. The management conducts regular discussions on the aspects of corporate culture, with particular attention to ethical standards, the quality of the working environment, employee rights and sustainability. These issues are regularly communicated to internal and external partners to ensure that these issues become an integral part of the corporate culture. As far as ethics and compliance are concerned, the management monitors the Company's operations, in particular as it relates to the Code of Ethics, data protection, information security and workplace safety, and intervenes as necessary. (G1-1_08) In addition, the management organizes regular trainings and workshops for employees for personal and professional development. Specific incentive measures by the Company to encourage and promote a corporate culture include flexible working hours, the possibility of working from home, an annual training plan and various training opportunities, a humane approach to dismissals, support for former employees, investigation of Code of Ethics incidents and taking necessary action, and the introduction of a whistleblowing line to report misconduct and abuse. (G1-1_02) Through our Whistleblowing Hotline, established in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law, both internal and external stakeholders of our Group may submit reports regarding suspected non-compliance or misconduct. (G1-1_05) Whistleblowers acting in good faith may not be subject to any retaliation or disadvantage, even if their report is ultimately found to be unfounded. Further information on how the Whistleblowing Hotline works can be found in sub-chapter G1–3.

(G1-1_02) (G1-1_08) Our Group uses its Compliance Management System (CMS), already in place, to report unlawful conduct and to identify concerns about conduct that is contrary to the Code of Ethics or internal rules. We have also introduced a Compliance adjustment in the performance assessment system of ALTEO Group's energy business line to ensure that ethical standards are met. Our Group has anti-corruption policies in place in line with the United Nations Convention against Corruption.

(G1-1_11) Within ALTEO Group's energy business line, the area most vulnerable to corruption, and therefore receiving special attention, is the recruitment of new employees, as conflicts of interest can increase the risk of corruption within the Company. To remedy this, all new employees are required to sign a conflict of interest declaration as part of the onboarding process, in accordance with our internal rules. The declarations are reviewed and, if necessary, the employee is consulted on the elimination of the conflict of interest or the conditions for authorization. Within ALTEO's circular economy business line, white-collar employees are considered to be the group most vulnerable to corruption, and therefore this area receives special attention.

(G1-1_10) Materials on ethics and business conduct are included in our annual training program in order to ensure that employees are familiar with the Code of Ethics. All employees of ALTEO Group are required to pass a bi-annual mandatory online training and exam, and we have mandatory online ethics trainings and exams for all new hires. The curriculum of the latter covers the chapters of the Code of Ethics step by step in the form of a presentation, and employees take an exam on the Code of Ethics. However, it is each and every employee is personally responsible for knowing and applying the Code of Ethics that governs the business conduct of ALTEO Group.

Integrated Management Policy and System

The quality of our services is of utmost importance, and we strive to deliver beyond the expectations of our clients. In addition to our primary business interests, we pay great attention to ensuring a healthy and safe working environment while minimizing the environmental impact of our activities. We are committed to adhering to the principles of precaution, responsible thinking, and prevention, and firmly believe in the importance of social responsibility, thus contributing to sustainable development.

ALTEO Circular Kft. has its own Integrated Management Manual, which incorporates the requirements of the ISO 9001:2015 (quality management), ISO 14001:2015 (environmental management), ISO 45001:2018 (occupational health and safety), and ISO 50001:2019 (energy management) standards. The purpose of the manual is to provide a unified framework for the Company's operations, facilitating the coordination of processes, the efficient use of resources, and the mitigation of risks. An integrated approach makes it possible to exploit the synergies between quality, environmental protection, energy efficiency, and employee safety. The system also covers all employees working at sites used by ALTEO Circular Kft.

Sustainable procurement policy

The Sustainable Procurement Policy of ALTEO Group's energy business line defines the environmental, social and economic criteria that the Company applies in its procurements. The policy aims to promote sustainability, uphold fair labor practices and ensure ethical behavior and transparency in the supply chain. The document applies to the entire supplier network of ALTEO Group's energy business line, including subcontractors and related partners. In this context, the Sustainable Procurement Policy is supervised and implemented by ALTEO Group's Director of Procurement and Facilities Management. The management is responsible for the development and implementation of the policy, which includes the involvement of stakeholders, including suppliers, employees and customers, and taking their needs into account. Regular training and development ensure that everyone is aware of the importance of sustainability. We require our suppliers to comply with the guidelines of the Code of Ethics, ensure a safe and healthy working environment, promote diversity and inclusion, and minimize their environmental impact.

ALTEO Group is highly committed to sustainability, continuously striving for innovation and the use of best practices. To this end, the Company regularly reviews its policy to ensure that it always reflects the latest regulations and stakeholder expectations.

At the moment, ALTEO Circular Kft. imposes strict compliance requirements only on suppliers involved in the processing of electronic waste. Accordingly, the company works exclusively with partners that can demonstrate their compliance with environmental and legal regulations, with authenticated documents and audited procedures. They must then demonstrate the transparency of their operations and their compliance with environmental regulations through a system based on an online interview. If a predefined requirement is not met, the possibility of concluding a contract is immediately excluded.

[G1-2] Management of relationships with suppliers

(G1-2_01) ALTEO Group does not currently have a documented governance document or policy on the prevention of late payments, nor does it have a specific timeline for developing such documents, however, this process is a fundamental and important part of our daily practice.

(G1-2_02) ALTEO Group's energy business line only works with suppliers who comply with the applicable legal and ethical standards for business. Accordingly, our suppliers are informed of our expectations, including our Sustainable Procurement Policy and the occupational safety obligations of contractors. The suppliers above a certain value threshold are subject to further compliance checks. When entering into a relationship with suppliers, our Group seeks to involve a wide range of local entrepreneurs (those registered in the region) and businesses while keeping cost-effectiveness in mind, thereby helping to spread the economic benefits of its operations in its immediate environment.

With regard to its circular economy business line, ALTEO currently does not have established processes in place for managing relationships with suppliers.

(G1-2_03) When conducting due diligence for business partners, the Group seeks to act with the utmost care, and to verify the reliability of the given businesses, that they actually pursue their activities at their registered office or business sites, have a sufficient number of qualified employees and references, and are capable of performing the services and activities undertaken. In addition, we expect our suppliers, subcontractors, and other partners to be aware of and adhere to our Code of Ethics, and to conduct their operations in accordance with our principles of sustainability and responsible business conduct, as further ensured by our Sustainable Procurement Policy.

[G1-3] Prevention and detection of corruption and bribery

Risk management

(G1-3_01) To prepare the Compliance Risk Map, and to eliminate the possibility of corruption, fraud and abuse, ALTEO Group has completed a Compliance RISK questionnaire, and has analyzed the findings of the same in November of each year since 2015. The questionnaire shows the extent managers are aware of the risks in the areas under review compared with the identified and actual risks of the Group. This ensures regulatory compliance and reduces risks arising from the value chain. In 2025, we conducted a risk analysis of eight business areas (Corporate Governance, HR, Finance-Accounting, Publicity/Disclosure of information, Procurement, Legal, IT, and M&A).

The questionnaire covers topics concerning the following eight main business areas:

BUSINESS AREA	TOPICS
1 CORPORATE GOVERNANCE	The questions on corporate governance provide answers on how the Company's management manages risks, what tools, internal rules and organizational structures are used to fight corruption, fraud and insider trading. How it protects business information and how much emphasis it attaches to maintaining the Company's reputation in its marketing strategy and in its external and internal communications
2 HR POLICY	Topics related to HR policy provide an idea of the adequacy of the Company's internal communication, the sharing of internal information, and the emphasis the Company places on raising awareness and operating in a transparent and regulated manner.
3 FINANCE – ACCOUNTING	It determines how the Company regulates the payment and reviewing of invoices, and the emphasis it places on ensuring that payments are always made in a controlled, approved and properly documented manner.
4 PUBLICITY / DISCLOSURE OF INFORMATION	As regards publicity, risks related to the regularity of cooperation with business partners, the publicity of the conditions imposed by the Company (service related expectations), the appropriateness of the selection process used for contracts, the definition of professional competence criteria, can be assessed.
5 PROCUREMENT	The risk map of the procurement area determines the transparency of the procurement processes, the regularity and controlled nature of the tendering process, and the appropriateness of the pre-qualification criteria used.
6 LEGAL	Ensuring compliance with insider trading rules and competition law regulations, as well as the adequacy of corporate governance documents.
7 IT	Ensuring that IT services and systems comply with relevant standards and legal regulations.
8 M&A	Monitoring compliance with internal policies.

(G1-3_01) In addition, our Group has an anti-corruption program in place to ensure fair, compliant and transparent business operation. For this reason, based on the Code of Ethics:

- the Company established strict rules on conflict of interest,
- it is prohibited to grant or receive undue benefits,
- small gifts and business invitations can be accepted only on certain conditions,
- activities and positions that are particularly vulnerable to potential bribery are closely monitored to prevent bribery,
- we conduct due diligence checks on our business partners,
- we expect our business partners to know, accept and comply with our Code of Ethics.
- we operate a whistleblowing hotline for reporting corruption and fraud, but reports can also be made via email or over the phone. We also provide whistleblowers with the possibility of anonymity,
- in all cases of suspected corruption or fraud, we conduct an investigation in accordance with our internal rules of procedures.

(G1-3_01) In order to prevent corruption, in the event of new contractual relationships, transactions or other forms of value transfer, affected employees must specifically declare that there is no business or personal involvement with respect to the transaction. When vetting business partners, our Group strives to exercise the utmost care and ensure the reliability of these companies. We perform audit of business partners in accordance with the Compliance Policy and the Pre-qualification of Suppliers procedure.

Whistleblowing Hotline

The Group has been operating a whistleblowing hotline since 2016. Both employees and business partners can report suspected Code of Ethics violations in ALTEO Group's operations through an online reporting system, via email or by telephone. Reports are always investigated in accordance with our internal rules of procedure. Our Group places particular emphasis on ensuring that whistleblowers do not suffer any form of retaliation or discrimination, even if after a bona fide report no illegal or inappropriate practices are identified.

In accordance with ALTEO Group's Compliance Policy, the Ethics, Compliance and Control Department sends a confirmation to the whistleblower within seven days of receipt of a written report made in the internal whistleblowing system. In the confirmation, the Director of Ethics, Compliance and Control informs the whistleblower about the procedural and data processing rules under the Whistleblower Protection Act. The report must be investigated within thirty days, but this period may be extended in justified cases after informing the whistleblower. Even in such cases, the investigation cannot exceed three months. The Director of Ethics, Compliance and Control also informs the whistleblower, orally or in writing, of whether or not the report is being investigated, and the reasons for possible non-investigation, the outcome of the investigation and the action taken or planned to be taken. The person concerned by the report is informed in detail about the report and the processing of personal data at the start of the investigation.

(G1-3_05) To encourage employees at ALTEO Group to speak up, we launched the Speak Up! (the culture of speaking up and standing up) program in 2023. Speaking up is a workplace culture that encourages employees to feel free to ask questions, give feedback, express concerns about issues without fear of any negative consequences. We consulted with staff about what they would consider important to say and do on this issue. The program for the next 2-3 years has been set up accordingly.

We also ensure that actions violating our Code of Ethics are reported and appropriately investigated. The Compliance Management System (CMS – for more information visit the website) is designed to ensure compliance with laws, internal rules and the Group's Code of Ethics in respect of the entire Group. The CMS fundamentally provides a supportive, preventive and control function to prevent damage and abuse and minimize risk across the entire operation of the Company. The CMS covers four main areas at the Company: business ethics, security (data protection, information security, asset protection, human risk management), anti-corruption program (fraud and corruption free operation, business partner due diligence, conflict of interest), compliance risk management (legal and internal regulatory compliance, annual compliance risks).

(G1-3_02-03) We are committed to operating ethically and transparently, which is why the compliance system at ALTEO Group is of paramount importance in the life of the Company. The Ethics, Compliance and Control Organization reports directly to the CEO. It informs the Group's Compliance Committee and Supervisory Board about its activities and work plan, and any issues identified.(G1-3_02-03) ALTEO Group's Ethics, Compliance and Control organization investigates ethical issues brought to its attention, as well as reports received through the hotline, in an independent, unbiased, and impartial manner, with the aim of fully understanding and uncovering the facts, in full compliance with local and international laws and relevant regulations, while respecting the rights of all parties involved, investigates such matters, makes recommendations for necessary measures, and monitors their implementation. The appointed investigators and the members of the investigating committee are independent of the chain of command involved in the case. In 2025, a total of 5 reports were submitted at the ALTEO Group level.

Anti-corruption and anti-bribery training programs

(G1-3_06) (G1-3_08) Our Group is committed to preventing corruption and bribery. To this end, we ensure that all managers and employees are aware of and familiar with the Code of Ethics via e-learning and personal internal training, where they can also get answers to any questions they raise. The training takes place every 2 years or, for new entrants, with 2 weeks of the first day at work. At the end of the training, the participants complete a test on the knowledge they have acquired, and declare in writing that they have understood and will comply with the requirements of the Code of Ethics. In 2025, we held 2 Compliance Coffee sessions to address ethics issues, these could be attended both online and in person on a voluntary basis. Members of the Supervisory Board receive quarterly updates on matters related to the Ethics, Compliance and Control organization, ensuring that the board has up-to-date information on the prevention of corruption and bribery. However, members do not receive any specific training on corruption and bribery. (G1-3_07) All employees in the energy business line participate in the trainings; therefore, the proportion of areas within the business line most vulnerable to corruption that are covered by training programs is 100%. However, in respect of the circular economy business line, only white-collar employees receive training; at the same time, they are considered to be the most vulnerable to corruption, so coverage is also 100% in their case.

[G1-4] Incidents of corruption or bribery

(G1-4_01-02) In 2025, no reports of suspected corruption were submitted, and the number of convictions and fines for violations of anti-corruption and anti-bribery laws was 0.

[G1-6] Payment practices

(G1-6_01) In 2025, ALTEO Group's energy business line paid supplier invoices within an average of 3 days after the payment due date, while FE-GROUP INVEST Zrt. and ALTEO Circular Kft. settled such invoices within an average of 3 and 5 days, respectively.

(G1-6_01)

AVERAGE TIME (DAYS AFTER THE DUE DATE) NEEDED FOR INVOICE SETTLEMENT, PER OPERATION SITE	2024	2025
ALTEO	**4**	**3**
FE-GROUP INVEST Zrt.	1	3
ALTEO Circular Kft.	n/a	5

(G1-6_05) When defining the payment due dates for the various supplier categories, we have not broken down the data into foreign and domestic suppliers, given that the volume of foreign invoices is negligible compared to the total number of invoices. For this reason, we have made the categorization according to standard payment due dates. On the basis of the above, "Contracted suppliers II" had the highest percentage of payments made by the due date (in their case a 60-day payment date), at 77.21%.

(G1-6_02-03)

Payment due dates for the various supplier categories				
Supplier category	**2024**	**2025**	**Ratio of payments meeting the payment due date (2024)**	**Ratio of payments meeting the payment due date (2025)**
Ad hoc suppliers	8 days	8 days	53,41%	44.56%
Framework agreement suppliers	15 days	15 days	74,14%	69.65%
Contracted suppliers I	30 days	30 days	85,24%	76.63%
Contracted suppliers II	60 days	60 days	93,26%	77.21%

(G1-6_05) The principle used to define supplier categories was the length of the standard payment date. The principle of the breakdown is ~1week, ~2weeks, ~1 month, ~2 months. This way, we identified the 4 groups shown in the table, which were named according to the nature of their contracts.

(G1-6_04) As in previous years, there were no legal proceedings concerning late payments at any of our sites in 2025.

1. APPENDIX

(G1.GOV-1_02) ALTEO Group's administrative, management and supervisory bodies possess extensive professional experience, in-depth industry knowledge, expertise and qualifications in business conduct, as well as high-level business and leadership competencies. These experiences and professional strengths are detailed below.

Supervisory Board

Dr. Ákos Székely
Chairman of the Supervisory Board

Dr. Ákos Székely, economist, Chief Financial Officer of MOL Group. He has held various financial management positions at MOL Group and several of its subsidiaries since 2013. He worked as a financial manager in various service and petrochemical areas, and later oversaw the financial and IT functions of INA Group. As of 2025, he has been responsible for MOL Group's entire finance division. He received his degree in economics and his PhD from the Corvinus University of Budapest.

Péter Kaderják
Member of the Supervisory Board

Péter Kaderják is an economist, who began his career in academia and went on to hold leadership positions in economic governance and the energy sector. He served as a ministerial senior official, oversaw the regulation of the Hungarian energy market, and headed an energy research center for many years. He later served as Secretary of State for Energy and Climate Policy. He has extensive experience in the fields of the green economy and energy, and is the author of numerous professional publications.

Márton Oláh
Member of the Supervisory Board

Márton Oláh has 25 years of experience in capital and banking markets. Throughout his career, he has held executive and board positions at leading financial institutions. He has played a key role in numerous strategic, corporate management, and integration processes. Throughout his career, he has served on several investment committees and boards of directors, giving him extensive financial and managerial experience.

Board of Directors

Attila László Chikán
Chief Executive Officer, Chairman of the Board of Directors

Attila László Chikán has served as CEO of ALTEO Nyrt. since its foundation, and has been Chairman of the Board of Directors since the spring of 2023. Under his leadership, the Company has become one of Hungary's leading energy players. He previously gained professional experience in the fields of finance and investment. He has a degree in economics and foreign trade. As a professional committed to sustainability, he serves on the boards of directors or supervisory boards of several Hungarian professional and civil society organizations, and is also active as a professional opinion leader.

Dr. György Bacsa
Deputy Chairman of the Board of Directors

Dr. György Bacsa has been a member of the Board of Directors since April 2023. He holds degrees in law and economics, and he studied at universities in Hungary and abroad. He has extensive experience in capital markets, transactions, and corporate management. Throughout his corporate career, he has been responsible for strategic, business development, legal, and corporate governance functions, and he serves on the boards of directors and supervisory boards of several domestic and international organizations. He is also a member of several professional and civil society organizations.

Ágnes Bencsik
Member of the Board of Directors

Ágnes Bencsik earned a degree in corporate finance from the Corvinus University of Budapest. She has more than 15 years of professional experience, primarily in the fields of mergers and acquisitions and corporate transactions, which she gained in various roles, mainly at large corporations. She currently serves as a consultant, supporting the development and strategic processes of multiple companies.

Álmos Mikesy
Member of the Board of Directors

Álmos Mikesy holds a degree in economics, and he studied at universities in Hungary and abroad. He has more than fifteen years of professional experience in the fields of venture capital, private equity, and mergers and acquisitions, and he has held management and investment roles. Throughout his career, he has gained extensive business experience in roles at development banks, fund management firms, and corporate management, and has also served on the supervisory or board of directors of several financial institutions. He has been the Chairman-CEO of a Hungarian fund management firm since 2023.

Budapest, 2026
On behalf of ALTEO Nyrt.:

____________________________	____________________________
Attila László Chikán	*Zoltán Bodnár*
Chairman of the Board of Directors, CEO	*CFO*

Separate financial statements

of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság

for the fiscal year ended on December 31, 2025
in accordance with the
International Financial Reporting Standards
as adopted by the EU

Explanation of the abbreviations used in the financial statements:

Abbreviation	Explanation
ARO	Asset retirement obligation
BSE	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash-generating Unit
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization (typically: impairment)
EPS	Earnings per Share
EUA	European Emission Allowances
SB	Supervisory Board
FVTPL	Fair Value through Profit or Loss
Gas Supply Act	Act XL of 2008 on Natural Gas Supply
HTM	Financial instruments held to maturity
IFRS	International Financial Reporting Standards
IFRIC/SIC	Interpretations of the International Financial Reporting Standards
BoD	Board of Directors
KELER	Központi Értéktár Zártkörűen Működő Részvénytársaság (Central Treasury Private Limited Company)
R&D	Research and development – Innovation
MAVIR	Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság
HEPURA	Hungarian Energy and Public Utility Regulatory Authority (formerly: Hungarian Energy Office)
ESOP	Employee Share Ownership Program
BGS	Bond Funding for Growth Scheme – the bond program of the Central Bank of Hungary
O&M	Operation and Maintenance contract
PM	Ministry of Finances
Company	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság
Capital Market Act	Act CXX of 2001 on the Capital Market
Electricity Act	Act LXXXVI of 2007 – on Electricity

Table of Contents

I. Numeric reports of the financial statements

ALTEO Nyrt.
Statement of income
Statement of total comprehensive income
Period: 1/1/2025-12/31/2025

(Negative values are denoted by parentheses.)	Note	2025 12 months data in HUF thousand	2024 12 months data in HUF thousand	Change 12 months data in HUF thousand
Revenues	**1.**	**31 997 386**	**38 619 845**	**(6 622 459)**
Material expenses	2.	(14 842 894)	(17 007 258)	2 164 364
Personnel expenses	3.	(11 353 830)	(9 873 439)	(1 480 391)
Depreciation and amortization	4.	(2 523 771)	(1 274 424)	(1 249 347)
Other revenues, expenses	6.	226 472	(749 396)	975 868
Capitalized own production	5.	98 021	699 706	(601 685)
Operating profit or loss		**3 601 384**	**10 415 034**	**(6 813 650)**
Finance income	7.	2 685 579	2 107 779	577 800
Financial expenses	7.	(2 012 939)	(2 282 244)	269 305
Financial profit/loss	7.	672 640	(174 465)	847 105
Profit or loss before taxes		**4 274 024**	**10 240 569**	**(5 966 545)**
Income tax expenses	8.	(764 861)	(1 559 847)	794 986
Net profit or loss		**3 509 163**	**8 680 722**	**(5 171 559)**
EBITDA		**6 027 134**	**10 989 752**	**(4 962 618)**

(Negative values are denoted by parentheses.)	Note	2025 12 months data in HUF thousand	2024 12 months data in HUF thousand	Change 12 months data in HUF thousand
Other comprehensive income (after income tax)	**21.**	**-**	**-**	**-**
Derivative reserve	21.	-	-	-
Other comprehensive income from cash flow from cash flow hedges into profit or loss	21.	- -	- -	- -
Total comprehensive income		**3 509 163**	**8 680 722**	**(5 171 559)**
EBITDA		**6 027 134**	**10 989 752**	**(4 962 618)**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapter V of the financial statements.

Continued overleaf

ALTEO Nyrt.
Statement of financial position
for December 31, 2025

Assets

(Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	Change HUF thousand
Non-current assets		**75 964 381**	**33 606 161**	**42 358 220**
Property, plant and equipment	9.	6 137 366	5 835 653	301 713
Intangible assets and developments	9.	3 897 060	2 359 856	1 537 204
Rights of use	9.	2 808 445	1 187 055	1 621 390
Long-term deposits, loans, securities	10.	25 732 664	5 715 648	20 017 016
Long-term share in subsidiary	11.	37 388 846	18 507 949	18 880 897
Current assets and assets held for sale		**35 086 914**	**31 243 603**	**3 843 311**
Inventories	13.	1 591 769	1 967 694	(375 925)
Trade receivables	14.	11 755 856	14 870 008	(3 114 152)
Other financial assets	15.	36 836	199 845	(163 009)
Other receivables and accruals	16.	11 589 475	11 023 896	565 579
Short-term loans given	18.	-	887 682	(887 682)
Cash and cash equivalents	19.	9 025 240	2 294 478	6 730 762
Income tax receivables	16.	1 087 738	-	-
TOTAL ASSETS		**111 051 295**	**64 849 764**	**46 201 531**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapter V of the financial statements.

Continued overleaf

ALTEO Nyrt.
Statement of financial position
for December 31, 2025

Equity and liabilities

(Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	Change HUF thousand
Equity		**42 180 519**	**38 837 987**	**3 342 532**
Issued capital	20.	246 103	249 140	(3 037)
Share premium reserves	20.	4 152 043	4 346 124	(194 081)
Retained earnings	20.	37 782 373	34 242 723	3 539 650
Long-term liabilities		**47 160 056**	**14 840 259**	**32 319 797**
Debts on the issue of bonds	25.	12 540 693	12 701 604	(160 911)
Long-term loans and borrowings	26.	31 025 636	195 929	30 829 707
Lease liabilities	27.	2 112 470	684 018	1 428 452
Deferred tax liabilities	23.	45 932	39 967	5 965
Provisions	24.	220 585	170 553	50 032
Deferred income	28.	460 227	524 006	(63 779)
Other long-term liabilities	26.	754 513	524 182	230 331
Short-term liabilities		**21 710 720**	**11 171 518**	**10 539 202**
Short-term loans and borrowings	32.	7 295 586	22 858	7 272 728
Short-term lease liabilities	27.	627 938	566 848	61 090
Advances received	33.	136 907	919 114	(782 207)
Trade payables	31.	2 455 377	1 881 674	573 703
Short-term provisions	30.	60 038	28 038	32 000
Other short-term liabilities and accruals	32.	11 121 878	7 175 418	3 946 460
Income tax liabilities	34.	12 996	577 568	(564 572)
TOTAL EQUITY and LIABILITIES		**111 051 295**	**64 849 764**	**46 201 531**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapter V of the financial statements.

Continued overleaf

ALTEO Nyrt.
Statement of Changes in Equity
for the period ended on December 31, 2025

Data in HUF thousand	Issued capital Extract from company register	Issued capital repurchased	Issued capital	Share Premium – Reserves total	Share premium – Share premium reserve attributable to own shares repurchased from reserves	Retained earnings	Of retained earnings: development reserve	Derivative reserve	Total equity
Reference for the various notes (Notes)	*20.1*	*20.1*	*20.1*	*20.2*	*20.2*	*20.3*	*20.3*	*21.*	
January 1, 2024	**249 143**	**(1 609)**	**247 534**	**6 036 423**	**(1 885 811)**	**31 493 513**	**2 000 000**	**(64 831)**	**37 826 828**
Dividend approval	-	-	-	-	-	(7 972 590)	-	-	(7 972 590)
Aggregate capital impact of ESOP Programs	-	1 606	1 606	547 349	(351 836)	41 078	-	-	238 197
Rounding	-	-	-	-	(1)	-	-	-	(1)
Profit/loss on derivatives transactions, OCI (reinvestment)	-	-	-	-	-	-	-	64 831	64 831
Comprehensive income	-	-	-	-	-	8 680 722	-	-	8 680 722
Development reserve use	-	-	-	-	-	176 150	(176 150)	-	-
January 1, 2025	**249 143**	**(3)**	**249 140**	**6 583 772**	**(2 237 648)**	**32 418 873**	**1 823 850**	**-**	**38 837 987**
Dividend approval	-	-	-	-	-		-	-	-
Aggregate capital impact of ESOP Programs	-	**(3 038)**	**(3 038)**	**919 821**	**(1 113 902)**	**30 488**	-	-	(166 631)
ROUNDING	-	-	1	-	-	(1)	-	-	-
Comprehensive income	-	-	-	-	-	3 509 163	-	-	3 509 163
Development reserve use	-	-	-	-	0	1 823 850	(1 823 850)	-	-
December 31, 2025	**249 143**	**(3 041)**	**246 103**	**7 503 593**	**(3 351 550)**	**37 782 373**	**-**	**-**	**42 180 519**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapter V of the financial statements.

The Equity correlation table required as part of Section 114/B of the Accounting Act is presented in **Note 22.**

Continued overleaf

Statement of Cash Flows of ALTEO Nyrt.

Period: 1/1/2025-12/31/2025

	Note	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Profit or loss before taxes		**4 274 024**	**10 240 569**
Net profit/loss on financial expenses (+) and income (-)	7.	(69 116)	261 615
Depreciation and amortization of fixed assets and intangible assets	4.	2 523 771	1 274 422
Profit/loss on scrapping of production and other machinery	9.	289	-
Recognition (reversal) of impairment of current assets in profit or loss	6.	(157 342)	172 744
Provisions recognized (and released)	6.	82 032	6 032
Deferred income increase (decrease)	28.	(63 779)	(103 603)
Changes in deferred tax	8.	-	-
Profit or loss on derecognizing fixed assets	6.	-	94
Net cash-flow of business activity without change in current assets		***6 589 880***	***11 851 873***
Change in inventories	13.	375 925	3 623 592
Change in trade receivables, other receivables, accrued income and deferred	14.	3 133 605	(6 520 004)
Increase and decrease of short-term loans given	18.	887 682	-
Change in other financial assets	15.	(924 729)	(198 162)
Change in trade payables, other liabilities, accrued expenses and deferred income	31.	8 789 999	851 379
Advances received (final settlement)	33.	(782 207)	919 114
Financial settlement of particular ESOP liabilities	32.	(2 917 508)	(854 499)
Taxes paid	8.	(2 417 277)	(3 592 565)
Cash flow from business activities (use of funds)		**12 735 370**	**6 080 728**
Interests received on deposits and investments	7.	934 220	1 225 468
Purchase of investment units	10.	(1 500 000)	-
Government grants	28.	74 877	-
Purchase of production and other machinery, and intangible assets	9.	(4 308 269)	(4 117 349)
Acquisition of subsidiary (not including cash and cash equivalents)	11.	(18 780 897)	(6 447 298)
Revenue from the sale of production and other machinery, and intangible assets	6.	(1 479)	400
Long-term loans given – disbursement	10.	(19 348 308)	(22 938 447)
Long-term loans given – repayment	10.	753 178	19 983 323
Cash generated / (used) in investment activities		**(42 176 678)**	**(12 293 903)**
Interest paid on bonds and loans	7.	(1 876 804)	(527 119)
Loans, bonds, credits and liabilities borrowed	26.	40 200 000	-
Loans, bonds, credits and liabilities repaid	26.	(2 131 589)	(54 164)
Lease liabilities capital repayment	27.	(390 893)	(467 081)
Dividend received	7.	568 580	369 000
Dividend payment	7.	(197 119)	(7 728 076)
Cash generated / (used) in financing activities		**36 172 175**	**(8 407 440)**
Changes in cash and cash equivalents		**6 730 866**	**(14 620 615)**
Opening cash and cash equivalents	19.	2 294 478	16 897 366
Cash exchange gains/losses	7.	(105)	17 727
Closing cash and cash equivalents	19.	**9 025 239**	**2 294 478**

The notes constitute an integral part of the financial statements.
The references in the Notes refer to Chapter V of the financial statements.

II. General information and significant accounting policies and the basis for the preparation of the financial statements

1. Statement of IFRS compliance

ALTEO Energiaszolgáltató Nyrt. (the Company) declares that its separate Financial Statements for the year 2025 were prepared in accordance with the International Financial Reporting Standards as adopted by the EU, based on the Company's best knowledge, providing a true and fair view of the assets, liabilities, and financial situation of the Company, as well as of its profit and loss and cash flows. Furthermore, the Company declares that its separate Financial Statements for the year 2025 provide a true and fair view of the assets, liabilities, financial position, profitability, development and performance of the Company, outlining the main risks and uncertainties.

2. Statement of compliance with decrees of the Ministry of Finance

ALTEO Energiaszolgáltató Nyrt. (the Company) represents and warrants that with regard to its separate data reporting obligations as parent company for 2025, it has complied with the statutory requirement concerning its disclosure obligation regarding publicly traded securities as set out in Decree No. 24/2008 (VIII. 15.) of the Minister of Finance. The Company has fully complied with the requirements set out in Annex 1 to the aforementioned legislative provision.

3. Statement of compliance with Act CXX of 2001 on the Capital Market

ALTEO Energiaszolgáltató Nyrt. (the Company) states that with regard to its individual data reporting obligations as parent company for year 2025 it has complied with the legal obligations concerning its disclosure obligation set out in Section 54 of Act CXX of 2001 on the Capital Market.

4. Introduction to ALTEO Nyrt.

ALTEO Nyrt. is an energy and engineering service provider listed on the Equities Prime Market of the BSE; its business activities include the operation of energy generation and trading companies—including those based on renewable resources—as well as industrial energy management services. We provide our customers with a reliable and environmentally responsible energy supply management based on the sustainable use of renewable energy.

ALTEO is a dynamically developing company, and we are always on the lookout for new opportunities for investment and growth and we work continuously to ensure that we provide our customers and partners with the most innovative range of services of the highest quality in an effort to achieve a continuous increase in shareholder value.

The shares of the company, admitted to the Budapest Stock Exchange in 2010, have been listed on the Equities Prime Market of the BSE since 2018, but ALTEO is a member of the Hungarian stock exchange through its corporate bonds as well.

ALTEO strives to be not only a financially profitable, but also environmentally and socially sustainable and responsible energy company. Throughout its operations, it is constantly seeking solutions that can respond to the challenges of energy supply in a sustainable and also profitable manner.

Financial statements of ALTEO Nyrt. for 2025 Data in HUF thousand

The combination of these values created the concept of impact investment as an investment strategy. This is an extremely popular concept in western countries but still relatively new in Hungary, with ALTEO as a responsible company being one of the first representatives in the country. The essence of impact investment is for a given investment to be also socially and environmentally sustainable, in addition to generating financial returns. It is important to emphasize that the three factors together make up this investment strategy, so in terms of its positive impact on the environment and society, it is not a donation: return is clearly one of the most important measures of investment also in this case.

5. Basic information of ALTEO Nyrt.

The Company was founded on April 28, 2008 as a private limited company for an indefinite period of time. The legal form was changed to public limited company as of September 6, 2010 and the company was listed on the Budapest Stock Exchange.

Basic information of ALTEO Nyrt.	
The Company's name	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság
The Company's abbreviated name	ALTEO Nyrt.
Registered office and center of operations of the Company	H-1117 Budapest, Dombóvári út 25
The Company's telephone number	+36 1 236-8050
The Company's central electronic mailing address	info@alteo.hu
The Company's web address	www.alteo.hu
The Company's place of registration, date of registration	Budapest April 28, 2008
Company registration number	Cg.01-10-045985
The Company's tax number	14292615-4-44
The Company's VAT group ID:	17783893-5-44
The Company's EU VAT number	HU17783893
The Company's statistical code	14292615-7112-114-01
Duration of the Company's operation	indefinite
The Company's legal form	public limited company
Registered core activity of the Company	Engineering activities and related technical consultancy (Hungarian NACE 7112'25)
Governing law	Hungarian
The Company's share capital	HUF 249,143,425
Date of the effective Articles of Association	August 12, 2025 (in effect from: August 6, 2025)

Ownership structure of the Company

On December 17, 2022, the Company received the statutory public takeover bid of MOL RES Investments Zártkörűen Működő Részvénytársaság (registered office: H-1117 Budapest, Dombóvári út 28; company registration number: 01-10-046154; hereinafter: "Offeror") as designated offeror as well as Főnix Private Equity Fund managed by Diófa Alapkezelő Zrt., and Riverland Private Equity Fund managed by Indotek-Investments Zrt. as persons acting in concert for the purchase of series 'A' ordinary shares of ALTEO Energiaszolgáltató Nyrt. (HU0000155726) with a face value of HUF 12.5 each.

On September 10, 2024, a change occurred regarding one of ALTEO's majority shareholders. Lead Ventures Alapkezelő Zrt. took over control of Riverland Private Equity Fund (Riverland Magántőkealap, owner of 24.60% of ALTEO's shares) from Indotek-Investments Alapkezelő Zrt.

In 2025, ALTEO repurchased 243,003 shares as a result of share transactions related to the implementation of the ESOP Remuneration Policy, which was launched as part of the Employee Share Ownership Program.

Majority shareholders of ALTEO Nyrt.:

- MOL RES Investments Zártkörűen Működő Részvénytársaság (registered office: H-1117 Budapest, Dombóvári út 28, company registration number: Cg.01-10-046154)
- Riverland Private Equity Fund (Riverland Magántőkealap) (registered office: H-1133 Budapest, Váci út 110; tax number: 19314961-2-41)
- Főnix Private Equity Fund (Főnix Magántőkealap) (registered office: H-1134 Budapest, Kassák Lajos utca 19-25; tax number: 19315357-2-41).

Ownership structure of ALTEO Nyrt. based on the share register as at December 30, 2025:

Present shareholders of the Company based on the share register on 12/30/2025	Quantity (of shares)		Face value (HUF thousand)		Ownership ratio (%)	
	2025	2024	2025	2024	2025	2024
MOL RES Investments Zrt.	4 902 536	4 902 536	61 282	61 282	24,60%	24,60%
Riverland Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Főnix Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Board of Directors, Supervisory Board, and Executive Board members	352 065	380 071	4 401	4 751	1,77%	1,91%
Repurchased own shares	243 248	245	3 041	3	1,22%	0,00%
ALTEO ESOP Organization	700 384	943 387	8 755	11 792	3,51%	4,73%
Free float	3 928 171	3 900 164	49 102	48 752	19,71%	19,57%
TOTAL	**19 931 474**	**19 931 474**	**249 143**	**249 143**	**100,00%**	**100,00%**

The publicly issued shares of the Company are listed on the Budapest Stock Exchange; the closing exchange rate of the shares on the last trading day of 2025 (on December 30) was HUF 4,410, which is 8.9% higher than the same value in the last year (HUF 4,050). The share trading volume in 2025 was 1,807,641 shares in the value of HUF 9,420 million.

Scopes of consolidation

The Company has no parent company involving it in consolidation.

ALTEO Nyrt., as parent company, is obligated to prepare a consolidated annual report and a consolidated business report. In accordance with Section 10(2) of the Act C of 2000 on

Accounting in effect, the Company complies with its consolidation obligation by publishing its financial statements and annual report compiled in accordance with the IFRSs.

The Company publishes its consolidated annual financial statements at the following places of disclosure:

- www.alteo.hu
- e-beszamolo.im.gov.hu
- www.kozzetetelek.mnb.hu
- www.bet.hu

6. The basis for the preparation of the financial statements

Statement of IFRS compliance

The Financial Statements are prepared in accordance with Act C of 2000 on Accounting (Accounting Act) and the International Financial Reporting Standards adopted by the European Union. In accordance with the Accounting Act's rules for the preparation of IFRS financial statements, the International Financial Reporting Standard ("IFRS") established by the International Accounting Standards Board ("IASB"), as endorsed by the European Union, applies. Where an IFRS does not provide detailed guidelines for certain rules but the Accounting Act has such rules, the provisions of the Accounting Act shall be applied.

These financial statements present the financial position, performance and financial situation of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság. The Company first published separate financial statements prepared under IFRS for its 2017 financial year.

Beside the above, the Company prepared the financial statements considering the provisions of Decree No. 24/2008 (VIII. 15.) of the Minister of Finance on the detailed regulations on information obligation in connection with the securities trade on the stock exchange and Act CXX of 2001 on the Capital Market.

These financial statements contain information for a comparable period and were prepared based on the same principles.

Going concern requirement

The Company's Board of Directors determined that the Company will be able to continue as a going concern, which means that there are no signs that would imply that the Company intends to terminate or significantly reduce its operations in the foreseeable future (within one year from the reporting date).

Critical accounting assumptions and estimates

The Company generally measures its assets on a historical cost basis, except for cases where a given item should be measured at fair value under the IFRSs. In the financial statements, financial instruments held for trading, derivatives and in certain situations assets held for sale are to be assessed at fair value.

Preparation, approval and publication of the financial statements

The Company's CEO acting on behalf of the Board of Directors ensures that the Company's financial statements and the related Separate Business (Management) Report are prepared. The Board of Directors publishes the finished financial statements and the Separate Business

(Management) Report and submits them to the General Meeting after having them reviewed by the Supervisory Board.

The Company publishes its financial statements at its places of disclosure.

Places of disclosure

- On the electronic reporting portal operated by the Ministry of Justice (www.e-beszamolo.im.gov.hu),
- on the website operated by the Central Bank of Hungary www.kozzetetelek.mnb.hu,
- on the website of the Budapest Stock Exchange (www.bet.hu), and
- on its own website (www.alteo.hu).

The authorized signatories of the annual report are **Attila László Chikán** (H-1144 Budapest, Gvadányi utca 15, 8. ép. B. lház. fszt. 2), member of the Board of Directors, CEO, and **Zoltán Bodnár** (H-2045 Törökbálint, Honfoglalás utca 12) CFO.

The person commissioned to control and lead the auditing tasks in accordance with Section 88 (9) of Act C of 2000: **Dóra Éva Juhász Vadászné** (registration number: 123304).

7. Key elements of the accounting policies

Presentation of the separate financial statements

The separate financial statements of ALTEO Nyrt. comprise the following (parts):

- separate statement of total comprehensive income;
- separate statement of financial position;
- separate statement of other comprehensive income;
- separate statement of changes in equity;
- separate statement of cash flows;
- notes to the separate financial statements.

In the context of the financial statements but as a separate document, the Company prepares its **Business report**, **Management Report** and **Non-Financial Statements** in accordance with the disclosure requirements relating to publicly traded securities.

The Company is not required to prepare a report containing information on corporate tax because the Company and its consolidated affiliated companies publish a report in compliance with Article 89 of Directive 2013/36/EU of the European Parliament and of the Council, and that report contains the information covered by this chapter for all our activities and, in the case of the top-level parent companies, all the activities of all consolidated affiliated companies.

The Company presents the separate statement of income and the statement of other profit or loss in separate statements.

The Other comprehensive income line presents items that increase or decrease net assets (i.e. the difference between assets and liabilities) and where such decrease may not be recognized against any asset, any liability or profit or loss, but instead they change an element of equity directly in connection with the broadly defined performance of the Company. Other comprehensive income does not include, amongst others, equity transactions which result in a change in the available equity and transactions conducted by the Company with the owner acting in its capacity as owner.

Currency of presentation of the financial statements

The Company's functional currency is the Hungarian Forint. The financial statements were drawn up in HUF (presentation currency) and the figures displayed are in thousand HUF unless otherwise indicated.

The foreign currency relevant to the Company is the Euro. The exchange rate of the currency in the reporting period was as follows (currency unit per HUF according to the exchange rates of the Central Bank of Hungary):

Currency	12/31/2025	2025 average	12/31/2024	2024 average
euro (EUR)	385,40	397,91	410,09	395,20

Significant decisions regarding presentation

The financial statements cover a period of one calendar year. The reporting date of the financial statements for each year is the last day of the calendar year, i.e. December 31. The Company prepares and publishes separate financial statements annually. No interim separate financial statements are prepared.

The Company discloses operating segment information in the notes to the financial statements. Operating segments are determined in accordance with the strategic requirements of the management.

The Company's management established the following segments:

Name of segment	Description of segment
Operation Business	Operation and maintenance of power plants
Business development and implementation	Construction, installation, and project development activities
Administration and management	Other non-segment activities and central administration.

The Operation, Ventures and Power Plant Construction segment indicated in the table corresponds to the Energy Services segment in the consolidated annual financial statements. The activity of the Company is limited primarily to Hungary, the management did not consider it necessary to establish regional segments for the territory of the country.

Changes in comparative data

The previous IFRS financial statement of the Company was drawn up for the fiscal year of 2024. The financial statements contain one set of comparative data, except when the figures for a period had to be restated or when the accounting policies had to be amended. In such cases, the opening carrying values for the comparative period are also presented by the Company.

In the event that an item needs to be reclassified for presentation purposes (e.g. due to a new line in the financial statements), the figures for the previous year are adjusted by the Company so as to ensure comparability.

When preparing the 2025 financial report, the Company performed a consolidation of its equity items. The reason for the consolidation is that the reserve for Share-based Payments, which had previously been reported separately under Equity, does not constitute a separate equity component; rather, it is part of the Share Premium Reserves. The consolidation resulted in a change in the composition of the Equity table.

Accounting policies related to the separate statement of income

Revenues

The Company accounted for its revenues in accordance with the rules of IFRS 15.
IFRS 15 established a uniform model for revenues originating from contracts with customers. With the help of the unified five step model the standard determines when and in what amount do revenues have to be recognized. The standard states explicit expectations for the situation when several elements are transferred to the customer at the same time. IFRS 15 describes two methods for timing the recognition of revenue: revenue accounted for at a given time and during a given period. The IFRS 15 standard also creates theoretical rules concerning what happens with the costs in connection with acquiring and providing – not recognized elsewhere – the contract.

According to the IFRS 15 standard, revenue elements shall be accounted for in accordance with the termination of performance obligations. Performance obligations shall be considered as terminated when an entity transfers the control over the goods or services to the buyer. Revenues must be accounted for when the Company realized them – that is, if the Company contractually performed towards its customers and the financial settlement of the claim (the realization of the economic advantage in connection with the transaction by the company) is likely, and the amount of that and the related costs can be adequately (reliably) measured.

Items collected on behalf of other entities to be recharged later

The Company does not recognize items collected on behalf of other entities to be recharged later as part of revenue because the Company has no control over these items. The Company identified the following as such items:

Name	Content of item
Products, services acquired for third parties in agent status and forwarded in unchanged form	If forwarding a given procurement (service or product) is done in the same form in unchanged amount by the Company and no practical risk arises on the part of the Company in connection with this, then reselling is done in an “agency structure” and the item is no part of the revenue.
Value added tax	Value added tax within the meaning of Act CXXVII of 2007.

In connection with the customer contracts, the Company applies the 5-step model specified in the standard. In most of the existing contracts, the date of performance is not separate from the billing period, therefore, the realization of the revenues is not separate from the actual billing.

Regarding contracts where several elements are transferred (or are recognized as being transferred) to the buyer at the same time, the Company realizes of the revenue – allocates it to contractual elements or periods – according to the underlying economic content.

The following contracts or contractual elements are included in this category:

- general construction-installation contracts,
- operation and maintenance contracts,
- rent related contracts,
- contracts involving management and accounting fees,
- contracts involving performance based fees.

Energy industry service fees and projects: Each general construction-installation contract is assessed individually in accordance with IFRS 15 considering the associated risks and the contractual terms, and the related revenue is determined in a manner to comply with the relevant standards. If the performance obligation under a construction-installation contract is met by the Company over time according to the standards (i.e. it is subject to over time recognition), the revenue to be recognized is determined based on the stage of completion. If the revenue determined based on the stage of completion exceeds the revenue actually invoiced, the Company recognizes contractual assets in the statement of financial position, and if the invoiced amount is higher, the Company recognizes contractual liabilities. Stage of completion is determined at the rate of actually incurred costs to the total budgeted costs. If, in the case of the project as a whole, a loss may be expected, that expected loss must be accounted for immediately. All the estimates concerning the revenues accounted for must be prepared considering all the information that is available at that moment. If the amount of the planned (expected) profit changes in the course of a given project, then it involves the adjustment of the revenues accounted for. If a given project is expected to generate loss, then accounting for the loss in full becomes necessary in the earliest period when the related information becomes available the first time. Estimates concerning the revenues accounted for must be prepared considering all the information available at the time of publishing the report in question. If the performance obligation under a construction-installation contract is performed at a particular point in time (i.e. it is subject to point-in-time recognition), then, if the contract milestone has not yet been completed, the costs incurred to date are recognized in project inventories and do not affect the total comprehensive income.

The overhaul component of **flat-rate operation and maintenance contracts (O&M)** (at present, this is relevant only for contracts withing ALTEO Group): For the appropriate operation of certain pieces of power plant equipment (e.g. gas turbines, gas engines etc.), overhaul repairs are required at predetermined intervals. If an operation and maintenance contract concluded with an external party contains such a periodical element, the proportion of the related revenue must be stated separately, and shall be realized against the respective costs.

The Company performs individual assessments and investigations of its buyers' contracts. Due to the individual character of the contracts, the portfolio method is not applicable, either to the contract portfolio or any part thereof.

Wherever a contract or a contractual element contains a significant financing element which is more favorable than the market practice, with the deferral of payment exceeding one year, then that financial component must be recognized separately. In such cases, only the present value of the invoiced consideration can be accounted for as revenue.

If, in connection with a long-term contract, costs directly related to that contract incur where the return is guaranteed by the contract for the full contractual period, these costs shall be recognized as assets related to that contract and amortized over the term of the contract. Such elements may include various legal, intermediation and contingency fees.

Capitalized own production

Capitalized value of assets produced by the Company

The Company develops industrial equipment and facilities (e.g. energy storage facilities) as well as control technology equipment and software, which are presented as internally developed assets.

Changes in the inventory of stocks produced by the Company

Expenditure allocated to the production of industrial equipment and facilities developed by the Company are recognized as inventories in accordance with the relevant customer contracts, in view of the expected sale of the assets produced.

Contract assets

According to IFRS 15, performances where the Company performs its obligations before receiving consideration from the customer, are recognized as contract assets.
If, in connection with a long-term contract, costs directly related to that contract incur where the return is guaranteed by the contract for the full contractual period, these costs shall be recognized as assets related to that contract and amortized over the term of the contract. Such items may include various legal, brokerage and other fees.
The Company presents all proceeds from operating leases strictly related to its activities as revenues.

Expenses related to operation

Non-finance expenses are to be classified as follows:

- material expenses;
- personnel expenses;
- depreciation and amortization;
- other revenues, expenses;
- capitalized own production.

Other revenues and expenses

Other revenues recognized by the Company includes the consideration for sales that cannot be classified as revenue, as well as any income that cannot be considered finance income or an item increasing other comprehensive income. Other expenses include those that are directly related to operations and are not classified as financial expenses or do not reduce other comprehensive income. Other revenues and other expenses are recognized by the Company in the statement of profit or loss as consolidated figures.

Finance income and expenses

The Company recognizes its finance income and expenses according to IFRS 9 and other applicable standards.

Dividend income and interest income are recognized as finance income. Interest income is recognized using the effective interest rate method. Dividend income must be recognized if a final decision on dividend payment has been made by the entity disbursing such dividend. Interest expenses are calculated using the effective interest rate method and are classified as financial expenses. Exchange differences on foreign currency items (if not a part of other comprehensive income under IAS 21 – The Effects of Changes in Foreign Exchange Rates) are recognized by the Company in finance income.

Income tax expenses

- corporate tax (Act LXXXI of 1996 on Corporate Tax and Dividend Tax)
- local business tax (Act C of 1990 on Local Taxes)
- innovation contribution (Act LXXVI of 2014 on Scientific Research, Development and Innovation)
- deferred tax (IAS 12).

Offsetting

In addition to the requirements under IFRS, the impact of a transaction is recognized in the Company's financial statements on a net basis if the nature of the given transaction requires such recognition, the economic events are identical or similar in nature, and the item in question is not relevant to business operation (e.g. sale of a used asset outside business operations).

Discontinued activities

According to the provisions of the standard, the Company recognizes its discontinuing operations separately, if they are significant. It does not qualify as a discontinuing operation if the legal form of a given activity gets changed but the underlying economic content does not change significantly. There were no separate presentations in 2024 and 2025, the Company had no discontinued activities.

Application and concept of EBITDA

To facilitate the assessment of profit or loss, the Company management discloses the EBITDA figure with the content defined by the Company. The method of EBITDA calculation is presented below:

EBITDA = Net profit or loss +/- the following items:
+ Finance income
+ Income taxes
+ Depreciation, amortization
+ Impairment of fixed assets

the Company modifies the net profit or loss with the following items:

Finance income: the net income is adjusted with all items included in finance income (effective interest, exchange rate differences, dividends, etc.) so the Company fully neutralizes the effect of the finance income when calculating this indicator.

Income taxes: income taxes in the net profit or loss (current and deferred taxes alike) are neutralized by the Company when calculating the indicator.

Depreciation and amortization, impairment of fixed assets: the depreciation, amortization of assets belonging under IAS 16, IAS 40 and IAS 38 as well as impairment recognized regarding fixed assets are eliminated when calculating the indicator (they are "returned"). The non-systematic decrease of such assets (typically: impairment) is adjusted by the Company retroactively, similar to depreciation and amortization.

EPS – earnings per share the shareholders are entitled to

When calculating earnings per share, the Company presents them in Section IV.34 of its consolidated financial statements based on the net profit or loss of the ALTEO Group. The EPS indicators of the individual IFRS report are not presented in the numeric reports of the financial statements.

Accounting policies relating to the statement of financial position and the recognition and measurement of assets and liabilities

Property, plant and equipment

Only assets which are used in production or for administrative purposes and are used for at least one year after commissioning are classified by the Company as property, plant and equipment. Furthermore, future economic benefits arising from their use will probably be realized, and the initial cost of assets can be measured reliably.

The initial carrying amount of an asset comprises all items which are related to the purchase or creation of the given asset, as well as borrowing costs (for details, see the accounting policy on borrowing costs).

The retirement cost of any necessary removal or dismantling of an asset at the end of its useful life (or if its is no longer used, it is sold or abandoned) (Asset Retirement Obligation or ARO) is added to the initial value of the asset, for which provisions are made, provided that the Company has at least a constructive obligation to remove or restore the asset. No provisions are made for ARO is the estimated expense of deconstruction is not significant, that is, it remains under HUF thousand 50,000. Assets that belong together must be reviewed as a group and if the decommissioning costs of a group of assets that belong together is significant in total, then provisions must be made for ARO concerning the group of assets.

The discounted liability is increased each year, taking into account the passing of time (unwinding of the discount) and future changes in the estimation of unwinding costs. The increase in the liability arising from the unwinding of the discount is accounted for as interest expense.

The Company uses the component approach, which means that the parts of a physically uniform asset which have different useful lives are treated separately, mainly in the case of production assets.

The Company measures the fixed assets using the cost model subsequent to initial recognition (initial cost reduced by accumulated depreciation and accumulated impairment losses).

The depreciable amount is the initial cost reduced by the residual value. Residual value is equal to the income that can be realized after the asset is decommissioned, reduced by the cost of sale, which is not consider significant up to the value of HUF 50,000 thousand, and therefore it is not included.

Depreciation is calculated on the basis of the depreciable value for each component.

The existence of any contractual periods which restrict the use of such rights must be considered for assets. In such cases, the depreciation period may not be longer than this period. By default, the term of the contract is accepted as the useful life.

The following depreciation rates are used for assets:

Asset group	Extent of depreciation
Land	non-depreciable
Buildings	1–16.67%
Power plant equipment	1–20%
Non-production machinery	14–50%
Office equipment	14–50%

The useful life of each component must be reviewed, and it must be determined whether the asset can be utilized during its remaining useful life and whether the residual value is realistic. If not, the useful life and/or the residual value must be adjusted for the remaining period.

The value of a fixed asset is increased by significant repair projects which involve substantial cost and occur regularly but not every year. These projects are treated by the Company as a component of the given asset and the Company examines whether their useful life is aligned with the next (expected) occurrence of such projects and major overhauls.

Income from the sale of a fixed asset is recognized among other items, with the remaining carrying amount of the asset deducted. Expenses arising upon the scrapping and extraordinary depreciation of fixed assets are also recognized by the Company among other items. Only expenses are accounted for in this case and no income.

In case of production equipment, the date of commissioning is the first day of continued revenue generating capacity, and in case of other equipment the date on which they are first put to use. The Company reviews return on assets and investments at reporting date.

Investment property

The Company owns no investment property.

Intangible assets

The initial recognition cost of intangible assets is determined using the method described in the case of fixed assets.

Intangible assets with indefinite useful lives cannot be amortized; instead, they are subject to impairment testing in each period or immediately when there is an indication of impairment.

For all other intangible assets, the existence of any contractual periods which restrict the use of such rights must be considered. In such cases, the depreciation period may not be longer (though it may be shorter) than this period. By default, the term of the contract is accepted as the useful life.

For software and other similar intangible assets, straight-line amortization rates of 14 to 33% are used. Subsequent to initial recognition, intangible assets are uniformly measured using the cost model. The residual value of intangible assets is considered zero, unless proven otherwise.

Internally developed assets

The Company management considered the recognition of internally developed assets.

The Company capitalizes internally developed assets if, in the opinion of the Company's management, the development activity aimed at generating other intangible assets meets the IAS 38 recognition criteria and the know-how created as a result of the activity will be recovered through increased income or reduced costs. The initial cost of the development project is recognized among intangible assets. The initial cost of intangible assets shows the certified and accrued expenses directly related to the project.

Rights of use and related lease liability (IFRS 16)

Leases are contractual arrangements where the owner of an asset transfers the right to use that asset in return for a series of payments.

The Company applies the recognition exemptions offered by IFRS 16 for short-term leases and low specific value assets (where the asset's value when purchased is below the threshold of HUF 2,000 thousand).

The leasing component must be separated in the case of complex sales or supply contracts where one of the contractual elements meets the standard's conditions.

Initial recognition of a lease:

For high-value contracts with a term of more than 12 months, the initial cost of the right-of-use asset is determined by the Company at the discounted present value of payments due for the lease term, less any lease payments incurred prior to the commencement of the term.

The lease term is equal to the period during which the subject of the lease is used from acquisition to termination of the right of use.

If according to an executive decision the Company wishes to exercise a contractual option, the lease is reassessed when the statement of financial position is prepared, based on the terms and conditions of the option.

For the initial recognition of a lease, the value of the right of use and of the obligation are determined using the reference interest rate (BUBOR) effective at the start of the contract + interest rate premium. The base value of the reference interest rate may be a monthly, quarterly, biannual or annual value depending on the scheduling of rent payments. ALTEO Group uses comparable independent market data to determine the interest rate premium.

Future events requiring a review may include contract amendment and change of cash outflows due to indexation. As part of the review process, rates are adjusted according to the requirements of IFRS 16.

The initial value of the right-of-use asset is equal to the fair value of the lease liability; if the contract is amended, the right of use is remeasured in accordance with the lease liability.

Lease assets and related lease receivables

The Company records assets and asset groups for which it transfers the right to use such assets and asset groups to other parties based on a contractual relationship and, at the same time, transfers control over such assets or asset groups.

The latter means that, for the given asset or asset group

- the entire capacity is used by that other party;
- essentially all of the outputs are obtained by that other party;
- that other party has physical access;
- and the Company is essentially unable to change this situation or any change would be completely irrational from an economic perspective.

In such situations, in accordance with the provisions of IFRS 16 (formerly: IAS 17 and IFRIC 4), the Company does not recognize the underlying asset as an own fixed asset, but instead the contract is treated as a lease (despite the legal form) where the Group acts as a lessor in such cases.

In cases where the given asset group is organized in a separate legal entity, the subsidiary is not consolidated (i.e. individual assets and liabilities are not recognized); instead, the entire arrangement is treated as a lease contract.

Where the Company acts as a lessor, it

- recognizes the related receivable (which will first be the present value of future cash flows);
- splits subsequent cash flows into principal repayment and return using the implicit interest rate applied in the lease (the former reduces the asset, while the latter is recognized in profit or loss);
- and, if required, performs the foreign currency translation of the remaining asset according to the rules of IAS 21.

The initial recognition and remeasurement of the lease asset take place in the same manner as in the case of the related lease liability.

The Company recognizes lease income under Sales revenue in the Statement of profit or loss.

Borrowing costs

In accordance with the provisions of IAS 23, borrowing costs are capitalized by the Company if it uses the loan to finance a qualifying asset. For dedicated borrowings (those that are assigned to a specific purpose), the amount to be capitalized is determined using the effective interest rate of the borrowing. For general purpose borrowings, the capitalization rate is calculated manually. The capitalization rate is the average of the effective interest rates of general purpose borrowings weighted by the time elapsed since the date of payment or, if later, the time elapsed since the start of capitalization and the amount of the payment.

An asset (project) can be considered as a qualifying asset as follows:

- if a construction contract is involved that is longer than six months;
- if an asset is involved whose construction, preparation or transformation takes longer than six months (regardless of whether the asset in question is created by the Company or third parties).

The classification is independent of the value of the asset.
The capitalization of borrowing costs starts when an irrevocable commitment to acquire the asset or implement the project exists or is probable. For assets, this is usually when the cost necessary to build the asset is incurred; for projects, this occurs when the actual work begins or, if planning is also done by the Company, the start of the preparation of the plan subject to the licensing process.

The capitalization of borrowing costs is suspended if work is interrupted for a period of time that is longer than technologically reasonable.

The capitalization of borrowing costs is finished when the asset is ready or when the actual work on the project is completed or, if earlier, the asset created in the course of the project is in use or its use has been approved.

Government grants

As a general rule, government grants are recognized by the Company as income. If the grant is related to an asset, the income is spread out over the periods in which the asset is used. The part that may be added to the profit, but cannot be counterbalanced by expenses is recognized as deferred income. Income must be presented in parallel with the related expenses.

If a grant is related to expenses, then such grant is principally accounted for by reducing expenses. If this is not possible, it is recognized as other revenues.

Grants may be accounted for if

- it is essentially certain that the Company will meet the requirements for the grant, and
- it is certain that the Grant will be awarded to the Group.

In the event that a grant must be repaid subsequently, a liability is recognized when this becomes known by increasing the value of the asset or the expense.

If any advance is paid against the government grant, it must be recognized among liabilities. In the case of such a grant construct deferred income may only be recognized if the grant settlement is done.

In accordance with the above principle, the Company recognizes assets received without consideration as assets by recording deferred income (liability) against the asset.

In the reporting period, the Company had no unfulfilled and other contingent liabilities attached to government assistance, therefore it has no disclosure obligation (items specified in para. 39(c) of IAS 20).

Assets held for sale

Non-current assets whose carrying amount will be recovered principally through an imminent sale transaction rather than through continuing use are classified as assets held for sale. Assets held for sale also include so-called disposal groups which comprise assets and closely related liabilities that are expected to be disposed of subsequently as part of a transaction (e.g. a subsidiary to be sold).

This classification may be used if it is highly probable that the sale in question will be completed within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition, the activities necessary for the sale to take place are underway and the asset or disposal group is being offered at a reasonable price.
Assets held for sale are separately presented by the Company in its statement of financial position and their value is not included in either non-current or current assets. These assets are not depreciated by the Company and are measured at the lower of their cost on the reporting date and fair value less costs to sell. The resulting difference is recognized by the Company against profit or loss.

If an asset needs to be subsequently reclassified as a non-current asset due to the fact that the conditions of classification are no longer met, then after the reclassification the asset is measured at the lower of the value adjusted by the unrecognized depreciation and the recoverable amount. The resulting difference is recognized in profit or loss.

Inventories

Inventories are stated in the financial statements at the lower of initial recognition cost and net realizable value.
Inventory types:
- Spare parts (strategic) inventories: spare parts and fuel ensuring business continuity in operation and maintenance without the continuous availability of which the Group cannot ensure the availability of the operated equipment to satisfy ongoing customer needs.
- Project development inventories: items related to development projects implemented for the purposes of services, including materials and services not accepted by the customer, are recognized as inventories.

The Company determines the value of inventories based on their initial cost where the value of an inventory includes all costs required for the use of that inventory in the intended manner and at the intended location.
Impairment loss of inventories: the Company recognizes impairment loss at reporting date if there are indications to impairment (damage, obsolescence, technological change).

Recognizing cash-generating units (CGUs) and their impairment

The groups of assets that generate cash income independently from other designated asset groups are considered by the Company to be cash-generating units (CGU).

The Company's production assets are associated with the following CGUs:

- The entirety of the Company's power plant equipment generating heat and electricity under the control of the AVPP **(Ancillary Services asset group):** All major identified cash-generating units (CGUs) are under the control of the ALTEO virtual power plant (AVPP), responsible for controlling the capacities and the production of the Company. The virtual power plant allows the Company to exploit synergies between various producers, to be present in markets where individual producers would not be able to, and to achieve significantly higher profitability than individual producers would. Through immediate, complex (mostly automated) decision-making, the AVPP strives to optimize the utilization of the entire portfolio at any time. Much (50-75%) of the Company's asset value is associated with this cash-generating unit.
- Energy Services business line: Encompasses the operation and maintenance of energy production assets and construction-installation activity. The asset value related to the cash-generating unit accounts for less than 5% of the Company's production assets.
- Alteo Nyrt. classifies assets that cannot be directly allocated to cash-generating units as corporate assets. These assets (30-40%) of the Company are not capable of generating cash flow on their own.

The Company tests its assets for impairment each year.

Testing consists of two stages. The first stage is to examine whether there are signs indicating that the return on the asset is not ensured:

- decline in income, market energy price changes
- unfavorable changes in market conditions and a decline in demand;
- regulatory changes
- increase of returns on risk-free securities
- increase in market interest rates.

Signs that the return on an asset is not ensured, i.e. its carrying amount is higher than its recoverable amount.

The recoverable amount is the higher of the fair value of the asset reduced by the cost of disposal and the present value of the cash flows derived from continuous use. Cash flow is determined based on the assumptions set forth in the business plan approved by the Board of Directors for the three financial years following the current year, and then on cash flows calculated using a growth rate (based on inflation expectations) starting from the fourth year, continuing until the expiry of the operating license or the end of the lease term. In the absence of more precise estimations, the cost of disposal is deemed to be 10%.

The Company assesses the recoverability of corporate (central) assets at the Group-level in accordance with Section 102(iii) of IAS 36. If the value in use can only be determined with respect to the CGUs and impairment needs to be accounted for, impairment losses are split as follows:

- first, reduce the value of the damaged asset; (in Profit or loss: Depreciation and amortization)
- second, goodwill is reduced; (in Profit or loss: Depreciation and amortization)
- third, the remaining amount of impairment losses are split among fixed assets (PPE) and intangible assets in proportion to their carrying amount prior to impairment (in Profit or loss: Depreciation and amortization)

The value of assets may not drop below their fair value reduced by their individual cost of disposal.

Valuation of participations:

The Company assesses its participations as at the reporting date in accordance with the applicable standards. It also subjects its long-term participations in subsidiaries and associates to an impairment test. If the net present value of future cash flows generated by the relevant subsidiary is lower than the carrying amount of the participation (adjusted for net debt), the Company recognizes an impairment loss on the given participation.

Provisions

Only existing liabilities which are based on past events and have uncertain value and timing may be recognized as provisions. No provisions may be recognized for liabilities which are not linked to present legal or constructive obligations.

If the existence of a liability cannot be clearly identified, then a provision may only be recognized if its existence is more likely than not (probable obligation). If the probability is lower than this, a contingent liability is disclosed (possible obligation). Such items may not be shown in the statement of financial position; instead, they are presented in the notes to the financial statements.

Provisions are shown as liabilities and are classified as non-current and current liabilities. If the time value of money in respect of a provision is considered material (as it will be due in the distant future), the expected cash flows are discounted.

The following items are typically included in provisions:

- related to onerous contracts
- compensation payable in relation to legal cases;
- indemnification or compensation based on an agreement;
- warranty liabilities;
- asset retirement obligations;
- severance pay and costs arising due to restructuring.

The Company unilaterally agreed to cover the long-term decommissioning and recultivation liabilities of its subsidiaries “not otherwise hedged”. The Company recognizes such liability at fair value. When determining the fair value of the liability to third parties to recultivate land used by the subsidiaries for the construction of production power plants, the parent company discounts the residual liability not covered by other revenues in the future by the risk-free return less the long/medium-term inflation rate assigned to probable cash flows. Unilateral covenants are presented in the value of the Company’s shares.

Employee benefits

The Company provides predominantly short-term employee benefits to its employees. These are recognized by the Company in profit or loss after they have vested.

Employee bonuses and other items of similar nature are shown in the statement of financial position if they result in liabilities, i.e.

- if they are subject to a contractual condition and such condition has been fulfilled (e.g. a given revenue level is reached); in such cases, the item is accounted for not in the period when the Group established that the contractual condition was fulfilled, but in the period when such condition was fulfilled (when the employees rendered the service entitling them to the benefit).
- if such an item is created as a result of a management decision instead of a contractual condition, then the item may be recognized when the decision is communicated to the Company affected (constructive obligation).

The Company operates contribution retirement benefit plan only as required by law or at its own discretion, where the contribution is calculated on the basis of the salary paid and, therefore, recognized simultaneously with the salary.

The Company operates in a legal environment in which employees are entitled to paid leave. If there is a legal possibility or an agreement between the employer and employees which provides that any unused leave may be carried forward to subsequent years, then a liability is recognized against employee benefits with respect to such unused leave accrued by the end of the year.

Share-based payments

The Company motivates certain employees with share option benefits within the framework of an ESOP organization. The internal value of the share options in question must be accounted for as expense under the vesting period in accordance with the provisions of IFRS 2 against personnel expenses. The Group exercises control over the ALTEO ESOP Organization (H-1033 Budapest, Kórház utca 6-12, registration number: 01-05-0000133, tax number: 18874527-1-41) and consolidates it in the separate financial statements of ALTEO Nyrt. as a special-purpose economic unit. Participants in the programs do not exercise voting rights.

Financial instruments

Financial instruments are contracts which create financial assets for one party and financial liability or equity instruments for the other party. Financial instruments include financial assets, financial liabilities and equity instruments.

Financial assets and liabilities:

Financial assets are classified by the Company as follows:

- Cash and cash equivalents
- Financial assets
- Equity instrument
- Derivative

Cash and cash equivalents

Cash includes petty cash, cash in bank, as long as the Company has unlimited discretion to dispose of such, as well as any other highly liquid deposit and security the original term of which does not exceed three months; overdrafts are regarded as cash equivalents.

Cash and cash equivalents subject to restrictions (current account balances, deposits) are recognized among other financial assets.

Financial assets:

Loans and receivables: Loans and receivables are contractual rights to receive cash and cash equivalents or other financial assets. The Company provided loans to its subsidiaries as long-term loans in accordance with the relevant agreements. The Company charges market-rate interest on these loans.

The Company typically records the following items in this category:

- Loans given and deposits
- Trade receivables
- Advances paid (provided that a financial asset is received upon maturity)
- Other receivables

These assets are held by the Company not for trading purposes, and not for achieving short-term profits based on these instruments. These assets are priced at fair value and the follow-up valuation is performed based on amortized cost. Trade receivables and loans are initially assessed on an individual basis; if there are no indications of impairment, the Company applies a simplified expected credit loss model. The valuation of the remaining financial assets is performed on a case-by-case basis in every instance.

Equity instruments include shares in other companies

These assets are held by the Company not for trading purposes, and not for achieving short-term profits based on these instruments. These assets are recognized at cost. The Company assesses the recoverability of the participation at each reporting date as part of its follow-up valuation and recognizes its recoverability at amortized cost. The Company performs the necessary impairment tests, using the approved business plans and long-term assumptions as a basis. If the carrying amount of the share is not substantially different from its fair value, no impairment needs to be recognized.

Derivatives

Derivatives include all instruments whose value is a function of a change in an underlying variable; their initial investment need is negligible and their settlement takes place in the future.

If the hedge accounting rules are observed, derivatives are recognized in Other comprehensive income based on fair value. In all other cases, they are recognized at fair value through profit or loss (FVTPL).

Financial liabilities must be classified into the following groups:

Financial liabilities measured at fair value through profit or loss: If hedge accounting rules are applied, the valuation of interest rate swaps and forward foreign exchange contracts is recognized in Other comprehensive income.

Other financial liabilities: all other financial liabilities are classified into this category. Typical items include:

- trade payables;
- credit, loan and lease liabilities;
- bond payables;
- advances received from customers;
- derivatives.

Issued instruments that represent an interest in the residual assets of the Company and no repayment obligation is attached thereto are classified by the Company as equity instruments.

With regard to financial assets and liability instruments, the Company classifies instruments as part of the initial valuation. Apart from derivatives (FVTPL instruments), the Group measures its financial assets, and liability instruments at amortized cost. The Company treats transaction costs as part of initial cost.

In the case of a follow-up valuation based on amortized cost, the rules applicable to follow-up valuation of financial instruments are:

Items not resulting in interest expense or interest income

The initial cost of these assets is their fair value. Fair value is the present value of the expected future cash flows. Where the time value of money is material, the item is discounted. For subsequent measurement purposes these items are measured at amortized cost.

The value of a receivable is reduced by write-offs if such receivable is not settled after 180 days from its due date or there is any other indication at the reporting date which requires impairment to be recognized. Receivables that have been overdue for more than one year may only be shown in the financial statements with a value assigned to them if there is an agreement on deferred payment or rescheduled payment and the debtor has provided collateral. Receivables are initially assessed on an individual basis; if there are no indications of impairment, the Company applies a simplified expected credit loss model. The valuation of the remaining financial assets is performed on a case-by-case basis in every instance. This rule is not applicable to tax assets. Collective assessment is used for calculation of impairment in case of large portfolios of individually insignificant assets based on statistical data (simplified impairment model).

In the case of liabilities, rules concerning delay are, accordingly, not applicable. In the case of long-term liabilities (with maturities of several years), any financing component must be also taken into account; however, if this component is not significant, the Company does not recognize it. Only an irrevocable contractual commitment may provide a basis for reclassification. Items with no maturity are classified as short-term liabilities.

Items resulting in interest expense or interest income

The Company records these items in its books at fair value and subsequently carries them at amortized cost. The principles for calculating amortized initial recognition cost are as follows: the Company determines the cash flows relating to the given borrowing or receivable. In addition to principal and interest rate payments, these cash flows also include all transactions directly associated with the given movement of cash (e.g. disbursement commission, contracting fee, fee for the certification of the contract by a public notary, etc.). Next, the effective interest rate must be determined; this is the discount rate at which the present value of the expected future cash flows equals initial cost. In addition to principal and interest payments, cash flows also include fees and commissions closely related to the instrument. The interest expense for the period is calculated using this effective interest rate. If impairment needs to be recognized with respect to such an asset (receivable), the Company applies the effective interest rate calculated at the time of acquisition.

The Company also issues bonds through public placement in order to fund its operations. Liabilities resulting from the bonds are recognized using the effective interest method, i.e. the effective interest rate is determined on the basis of all bond-related cash flows. For zero coupon bonds, the difference between the issue price and the redemption price is considered as interest.

The Company derecognizes financial assets when contractual rights expire, in other words, when substantially all of the risks and rewards of ownership of the asset are permanently transferred to another entity or the asset is repaid or expired.

Financial liabilities are derecognized when they are discharged (e.g. settled) or when they no longer need to be met for any other reason (e.g. expired or ended).

Definition of fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's-length transaction between market participants at the measurement date.

The fair value of financial instruments is the quoted market price at the end of the reporting period minus transaction costs. If no quoted price is available, the fair value of the instrument is determined using pricing models or discounted cash flow techniques. When using discounted cash flow techniques, the estimated future cash flow is based on the economic estimates of the Group, and the discount rate is a market rate that is effective, on the reporting date, for a given instrument under similar terms and conditions. When using pricing models, data are based on market valuations performed at the end of the reporting period.

IFRS 13 sets up a fair value hierarchy which categorizes the inputs used in the valuation techniques used to determine fair value into three levels:

- Level 1: Level 1 inputs are prices quoted on active (public) markets for identical assets or liabilities the Company has access to at the time of valuation.
- Level 2: Level 2 inputs are inputs other than quoted market prices included that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability. The estimation of the fair value of derivatives not traded on a regulated market is based on the amount that the Company would receive at arm's length business terms upon the termination of the contract at the end of the reporting period with respect to the effective market conditions and the current creditworthiness of the parties.

The Company measures the fair value of assets and liabilities based on the Level 1 and Level 2 inputs of the fair value hierarchy.

Application of the expected credit loss (ECL) model

The Company's management updates the assumptions used in respect of the expected credit loss model on each reporting date, taking into account the information available. The applied rates were redefined by taking account of the risks associated with that business line. The extent of the Company's recognized impairments is low, due to the receivable management processes developed in the past years. When determining credit loss assumptions, the Company's management takes into account historical experience with non-payments and late payments, as well as publicly available relevant data from international, independent credit rating agencies that best characterize the Company's receivables portfolio. In the expected credit loss model, in addition to financial assets, amounts due from customers and lease receivables are also assessed. For trade receivable, loan receivables, and amounts due from customers, the management first assesses the risk of impairment on an individual basis; if no such risk is identified, a simplified impairment model is applied. The valuation of the remaining financial assets is performed by management on a case-by-case basis.

Hedge accounting

The hedge accounting provisions of IFRS 9 and the methodology of their application are described in detail in the accounting policy of the Company. In the case of cash flow hedge transactions, provided that the hedge accounting criteria under IFRS 9 are met, the difference arising on hedge instruments is recognized in other comprehensive income instead of net profit or loss to the extent of the effective portion, and the resulting difference is accumulated in a separate reserve in equity (the cash flow hedging reserve). The concerned part of this reserve is recognized in the relevant row of the statement of profit or loss when the hedged cash flow (interest) occurs or when the hedge becomes ineffective.

To qualify for hedge accounting, the relevant transaction must be formally designated (with sufficiently detailed hedge documentation) and there must be evidence for hedge effectiveness.

Interest in other entities

The Company holds several investments in other entities that are consolidated, but none that would need to be treated as associates. The Company had no joint ventures.

The cash flow generated by the companies involved in the consolidation is freely available to the Company (there are no restrictions on access). The rate of control within the Company is determined based on voting rights. The ownership-based rate of control in the subsidiaries of the Company was not affected by any management contracts.

The Company has no interests where voting rights do not serve the management of the relevant activities leading to control (structured entities).
None of the Company members qualify as an investment entity.
The Company recognizes its controlled subsidiaries at initial cost, which includes transaction costs.

Current and deferred income tax expenses

The actual income tax expense for the current year (see Income taxes) is calculated by the Company in accordance with the applicable tax laws and is recognized in long-term liabilities or long-term receivables. In addition, the Company also calculates deferred taxes and recognizes them in long-term liabilities or non-current assets. Deferred taxes are calculated by the Company using the balance sheet method. Deferred tax assets are recognized only if it is certain that the item in question will be realized (reversed). Deferred taxes are determined using the tax rate effective at the expected date of reversal. The Company reviews the recoverability of deferred tax receivables and other tax and social security receivables on every reporting date, and in this context assesses the carrying amount of deferred tax receivables not recognized in the statement of financial position, as well as the carrying amount of recognized tax receivables.

Tax receivables and liabilities may be offset if the Company has a legal right to offset its current tax receivables due from and liabilities due to the same tax authority against each other, and it intends to settle such assets and liabilities on a net basis.

The assessment of whether the deferred tax assets can be recovered requires an estimate on the expected payback period and the available taxable income. The recovery of deferred tax assets and the related accounting judgment are based on the business plans of the Company.

Description of the accounting policy regarding fair value measurement

Fair value measurement cases are described in detail in the previous sections. Fair value disclosure procedures may be called for in the case of the following assets and liabilities:

- assets held for sale, discontinued operations
- financial instruments held for trade /sale
- assets obtained through business combination
- assets other than financial instruments (CGU)
- derivative transactions

Description of the accounting policy regarding the impairment of assets

Asset impairment cases are described in detail in the previous sections. The recognition of impairment may be called for in the case of the following assets and liabilities:

- goodwill
- property, plant and equipment
- other intangible assets
- inventories, emission allowances
- receivables and financial instruments
- CGUs

The recognition of impairment losses is detailed in the section ***Recognizing cash-generating units (CGUs) and their impairment***

General accounting policies relating to the statement of cash flows

The Company uses the indirect method to prepare the statement of cash flows from operating activities in its statement of cash flows. Cash flows from investing activities and cash flows from financing activities are calculated using the direct method. Overdrafts are regarded as cash equivalents until proven otherwise. The Company does not break down realized and unrealized exchange differences in the financing and investment cash flow row referencing the cost-benefit principle.

Equity

The Company recognizes the following items in the statements as parts of the equity:

Name of capital element	Content of capital element
Issued capital – Certificate of Incorporation	Number of issued shares times the face value.
Issued capital – redeemed	Number of redeemed own shares times the face value.
Issued capital IFRS	Number of issued shares times the face value. The face value of own shares bought back is deducted from the capital element
Share premium – reserves	The entirety of payments for the issued shares above their face value, the value of transactions conducted with capital owners as such, reserves generated under IFRS 2.
Retained earnings	The amount of the cumulated profit or loss not paid as dividend (that is, the aggregate profit or loss).

Name of capital element	Content of capital element
Derivative reserve	Reserves established in accordance with the provisions of the IFRS 9 standard, based on the value of the non-realized cash flow positions at the end of the period. Only the efficient part according to the documentation of the cash flow hedge transactions can be recognized as part of the reserves.

In the notes the Company publishes information concerning the following shares with regards to all classes of the share capital:

- number of shares authorized for issuing;
- number of shares issued and fully paid, and the number of shares issued but not yet fully paid;
- face value of shares;
- checking the number of shares in circulation at the beginning and the end of the period;
- rights, preferential rights and limitations assigned to the share class in question, including
- limitations concerning dividend payment and capital repayment;
- ESOPs and their particulars
- shares owned by the Company or its subsidiaries or associates;
- shares reserved to be issued under options and contracts concerning sale of shares, including terms and amounts.

The Company prepares the equity correlation table prescribed in Section 114/B of the Accounting Act. The equity correlation table contains the opening and closing data of the individual elements of equity according to the IFRSs and, deduced from that, the opening and closing data of the following equity elements:

Name of element	Content
Equity	Amount of the equity according to the IFRSs, increased by the amount of the received additional monetary contribution recognized as liabilities according to the IFRSs, decreased by the amount of the paid additional monetary contributions recognized as assets according to the IFRSs, increased by the amount recognized as deferred income from the value of cash and cash equivalents, assets received to be transferred into capital reserve in accordance with the law, decreased by the amount of the receivable recognized against shareholders due to capital increase qualifying as capital instrument.
Issued capital registered at the court of registration	The issued capital as determined by the articles of association if it qualifies as capital instrument.
Issued capital according to the IFRSs	The issued capital as determined by the articles of association minus the nominal value of shares bought back, if the issued capital qualifies as capital instrument.
Issued but yet unpaid capital	The amount not yet at the disposal of the business entity from the issued capital according to the IFRSs.
Capital reserve	The amount of all the elements of equity not belonging to the concepts of issued capital, the issued but unpaid capital, the retained earnings, the evaluation reserve, the profit after taxes or allocated reserve according to the IFRSs.

Name of element	Content
Retained earnings	Accumulated profit after taxes recognized in the annual report according to the IFRSs not yet paid to the shareholders, including amount accounted for the benefit or against the accumulated profit or loss according to the IFRSs; it cannot contain other comprehensive income according to the standard IAS 1 Presentation of Financial Statements with the exception of reclassification modifications. Amounts generated this way must be decreased by the amount of the paid additional monetary contribution recognized as asset according to the IFRSs and the amount of the unused development reserve decreased by the related deferred tax calculated based on the standard IAS 12 Income Taxes.
Evaluation reserve	the cumulated amount of the other comprehensive income in the comprehensive income statements according to the standard IAS1 Presentation of Financial Statement also including the other comprehensive income in the current year.
Profit or loss after taxes	the concept defined in Section 114/A(9) of the Accounting Act.
Allocated reserves	the amount of the received additional monetary contribution recognized as liability according to the IFRSs, increased by the amount of the unused development reserve decreased by the related deferred tax calculated based on the standard IAS 12 Income Taxes.

Dividends

Dividend is paid on the Company's registered, dematerialized ordinary "A" series shares with a face value of HUF 12.5, recorded with the identifier HU0000155726ISIN – excluding the treasury shares held by the Group, as well as shares that do not entitle their holders to dividend pursuant to Section 3:298(3) of the Civil Code.

Other accounting policies

Transactions denominated in foreign currencies

The functional currency is the currency which reflects the operation of the entity in question the most accurately. The Company's functional currency is the Hungarian Forint (HUF).

An entity may incur exchange differences on translation only with respect to a foreign currency. Transactions in foreign currencies are translated into forint using the foreign exchange rate announced by the Central Bank of Hungary, effective on the day of performance. Incoming supplier and outgoing customer invoices where the exchange rate calculation according to the provisions concerning the determination of the tax base in Hungarian forint, within the meaning of Act CXXVII of 2007 on the Value Added Tax shall be applied, are exceptions.

During the year the realized exchange rate gain/loss amounts are from the difference between the exchange rates effective on the day of performance and the day of financial performance; these amounts are recognized by the Company among other revenues, expenses of financial transactions.

The Company classifies its assets and liabilities as monetary and non-monetary items. Monetary items are items that represent a right or obligation relating to a fixed or determinable amount of money. Items relating to receivables or liabilities which do not involve the movement of cash (e.g. advances given for services or inventories) do not qualify as monetary items.

At the reporting date, monetary items denominated in foreign currency are revalued to the spot rate effective at the reporting date. For the purpose of translation, the Company uses the exchange rate for the reporting date published by the Central Bank of Hungary.

Significance, faults and fault effects

In accordance with IAS 1 'Presentation of Financial Statements', information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of the information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

Prior period errors

According to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', prior period errors are omissions from and misstatements in the entity's financial statements for one or more prior periods arising from a failure to use or the misuse of reliable information that:

(a) was available when financial statements for those periods were authorized for issue; and

(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Applying a requirement is **impracticable** when the entity cannot apply it after making every reasonable effort to do so.

Material errors relating to prior periods must be corrected retrospectively by restating the comparative figures in the first financial statements approved for publication following their discovery, for the periods in which the errors occurred.

As a general rule, an error is considered material in all cases if the aggregate absolute amount (irrespective of sign) of errors and their effects impacting the profit/loss or equity identified in respect of the same financial year in which the error in question is discovered exceeds 2 percent of total assets (balance sheet total) for that audited financial year, or HUF 900 million where 2 percent of total assets does not exceed HUF 900 million. (In determining the threshold of HUF 900 million, the management considered the changes in the key financial indicators most relevant to users of the financial statements and reassesses the appropriateness of this threshold on an annual basis). However, regardless of this materiality threshold, the Company's management **assesses each error** (including both disclosed and undisclosed information, as well as quantitative and non-quantitative information) **relating to prior periods on a case-by-case basis** and determines in each case whether, in its judgment, the error is material, i.e. whether it is capable of influencing the decisions of the users of financial statement.

If the management concludes that an error relating to a prior period is material, it shall retrospectively correct (restate) the information relating to the prior period in the financial statements prepared for the year in which the error is discovered.

Financial statements of ALTEO Nyrt. for 2025 Data in HUF thousand

III. Changes in accounting policies, potential impact of IFRSs and IFRICs not yet effective as at the reporting date of the financial statements and earlier application

The Company's accounting policies have not changed since the previous period.

New accounting standards as of January 1, 2025

The following standards and interpretations (and their respective amendments) became effective during the 2025 fiscal year

New and amended standards and interpretations published by IASB and accepted by the EU that become effective from this reporting period:

New and amended standards – to be applied for financial years starting from January 1, 2025:	Effective date	EU endorsement	ALTEO Group
IAS 21 – Lack of exchangeability	1/1/2025	approved	No impact

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements the following standards issued by IASB and adopted by the EU and amendments to the existing standards and interpretations were in issue but not yet effective.
The implementation of these amendments, new standards and interpretations would not influence the financial statements of the Company in a significant manner.

Application for subsequent financial years:	Effective date	EU endorsement	ALTEO Group
IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments	1/1/2026	approved	No impact is expected
IFRS 18 Presentation and disclosure in financial statements	1/1/2027	approved	Accounting policy and chart of accounts changes
IFRS 19 Subsidiaries without public accountability: disclosures	1/1/2027	approved	No impact is expected

Since IFRS 18 enters into force in 2027, the Company has begun modifying its accounting policies, chart of accounts, and corporate governance system and, to ensure comparability, is already applying the standard's requirements in the 2026 financial year.

IV. Critical estimates used in preparing the financial statements and other sources of uncertainty

In preparing its financial statements, the Company made critical estimates in connection with the following topics which, as a result, are sources of uncertainty.

Changes in accounting estimates is done by assessing the modification of the carrying amount of an asset or liability or the amount of the periodical use of the asset, performed based on the evaluation of the present situation of the assets and liabilities and the related expected future profits and commitments.

Changes in accounting estimates are caused by new information or new developments, so, accordingly, these do not qualify as corrections. It is not necessary to change the modification of the data of the comparative period if the accounting estimates change. The estimates are always based on the best information available at that time.

The management of the Company must review the accounting estimates of the following areas at least annually: The management of the Company uses estimates when preparing the financial statements.

- Estimates on the depreciation of fixed assets and intangible assets (e.g. useful life). The useful lives and residual values of fixed assets and the related decommissioning liability can be determined using estimates. With regard to the R&D project, the amortization rate has been set in proportion to the expected recovery. Due to the high value of fixed assets, even slight changes in such estimates can have a considerable effect.
- With regard to the cost of right-of-use assets and lease liabilities, the interest rate used for discounting could not be determined using actual market data; instead, alternative methods had to be employed.
- Revenues and profit or loss recognized in connection with the construction-installation projects were determined based on the present circumstances.
- The recovery of deferred tax assets recognized was accounted for based on the present market environment and tax legal regulations. Changes in any of these factors may modify actual recovery.
- Estimates concerning the creation of provisions (e.g.: methodology of calculation, indicators for determining provisions) Prices offered by independent parties for similar services available on the market were used to estimate the prices of decommissioning power plant equipment. Solar power plant: HUF 31.91 million/ MW installed capacity, Wind turbine: HUF 79.23 million/ wind turbine. Probability variable used to determine the expected value: 6.67-31.11%.. We used a discount rate of 3.42% to 4.36% depending on the time of decommissioning.

Sensitivity analysis of unilateral covenant	Net asset retirement obligation present value (HUF thousand)	Expected value (HUF thousand)	Expected value change (HUF thousand)
10% increase	2 107 665	169 961	-13 417
5% increase	2 183 969	176 475	-6 903
Current period closing estimate	**2 264 107**	**183 378**	-
-5% decrease	2 348 354	190 702	7 324
- 0% decrease	2 437 014	198 483	15 105

- The management’s judgement in calculating the impairment of trade receivables is a critical decision which directly impacts profit or loss.
- In the case of an obligation arising from a conditional purchase price, the management estimates applied influence the size of the obligation.
- estimates related to employee share ownership programs:
  The amount of the liability as at the reporting date is impacted by the following factors:
  a) changes in stock prices
  b) estimates on participant turnover
  c) management’s assessment of the feasibility of meeting the specified vesting conditions
  d) estimates regarding other factors specified in the remuneration policies
- Evaluation of onerous contracts
- Recovery of participations
- Recovery of intangible assets with an indefinite useful life
- Review of assumptions regarding maintenance obligations (contract liability).

Estimates concerning fair value:
In the case of an obligation arising from a conditional purchase price, the management estimates applied influence the size of the obligation.
Tax assets and liabilities in the statement of financial position: Deferred tax assets were recorded due to considerable deferred losses and are expected to be recovered according to the Company's plans; however, changes in the legal environment may result in a significant change in the value of such assets.

Changes or observations giving rise to the review of accounting estimates:

- Changes in laws,
- Changes in the economic environment,
- Changes in the operation or procedures of the companies.

Many of the Company's assets can be tested for impairment at CGU level. Identifying CGUs requires complex professional judgement. In addition, when determining the recoverable value of CGUs, the Company's management is forced to rely on forecasts for the future which are uncertain by nature. The estimation of the recoverable value involves significant amounts even at the level of the financial statements.

The management's judgement in calculating the impairment of trade receivables is a critical decision which directly impacts profit or loss.
Whether the assets and know-how created under the Research and Development project can be utilized is highly dependent on the market and regulatory environment.

Of the power plant units of certain subsidiaries of the Company, the energy production of

- wind turbines,
- heating power plants,
- hydropower plants,
- solar power plants

depends on the weather, therefore, changes in certain elements of the weather (wind force, temperature, water yield) can also have a significant impact on the efficiency of the units in question.

In the case of certain subsidiaries of the Company, much of the capacities of power plants of are devoted to one or two clients. Power plants where the Group has not signed long-term supply contracts with clients are exposed to the risk of clients being lost.

The operation and profitability of the Company and its subsidiaries depends on the government regulation of the market, especially on the taxation policy adopted by the state.

V. Statements of profit or loss and of financial position

1. *Revenue*

The Company's revenue line only includes items attributable to the Company's core activity. The revenue of the Company is the sum of the following items:

- Revenue from services and sales performed (invoiced)
- Revenue from seasonal (continuously delivered) activities
- If the obligation under a construction-installation contract is performed by the Group over time (performance over time), the revenue to be recognized is determined based on the stage of completion.
- If the obligation under a construction-installation contract is performed at a particular point in time (performance at a point in time), the Company recognizes the revenue once a contractual milestone has been reached.
- The Company leaves out taxes, fees recovered on behalf of the state or some other party from its revenues and recognizes then as items decreasing expenses.
- Operating lease income from subsidiaries recognized under operating leases according to the rules of IFRS 16 are recognized as revenues. Apart from the energy storage units and the electric boilers installed in Sopron, Kazincbarcika and Tiszaújváros, the Company does not keep any separate assets for leasing purposes, nor does it lease its own assets. The Company does not sublease its leased assets.
- The Company did not have any royalty to be recognized as revenue.

Composition of revenues by geographic distribution:

Revenues	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Domestic revenue	31 997 386	38 488 944
Export revenue	-	130 901
	31 997 386	**38 619 845**

The breakdown of revenue by activities is as follows:

Revenues	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Operation, maintenance and management services	21 552 858	25 894 245
Project development	8 868 594	11 644 698
Operating lease	1 145 783	739 422
Accounting services	423 802	338 176
Other	6 349	3 304
	31 997 386	**38 619 845**

<u>Revenue from operation, maintenance and management services</u>: the operation, maintenance and management services provided by the Company.
<u>Project development:</u> Construction-installation and project work, power plant construction, engineering services.
<u>Operating lease</u>: revenue from the lease of energy storage units and means of production.
<u>Accounting services</u>: administration, tax consultancy and accountancy services provided by the Company to its subsidiaries.

Other: any revenue not disclosed above.

2. *Material expenses*

Material expenses include items attributable to the Company's core activity only, not being expenses connected to discontinued activities.

Material expenses	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Operation, maintenance and project development	(11 902 067)	(14 446 140)
Expert fees /accounting, auditing, consultancy/	(1 781 674)	(1 613 437)
Marketing, education, further training costs	(254 764)	(205 426)
Rent /office, car, other devices, IT/	(251 461)	(235 700)
Bank expenses, insurance	(217 473)	(120 850)
Fuel	(151 749)	(133 527)
Other costs	(150 619)	(124 986)
Office maintenance exp. /operation, telephone, materials/	(118 348)	(111 127)
Membership fees, duties	(14 739)	(16 065)
	(14 842 894)	**(17 007 258)**

The Company recognizes the following items as lease payments: lease agreements for passenger vehicles with terms of less than one year, leases of low-value IT equipment, and of other assets. The lease of these assets is recognized directly in the statement of financial position of the period in question among the material expenses.

Rental fees	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Vehicle rental	(94 774)	(98 400)
Site premises rent	(58 190)	(54 827)
Workwear rent	(48 821)	(32 852)
Other rental fees	(22 558)	(14 101)
Rental fee of machinery, equipment	(12 497)	(11 540)
IT equipment rent	(8 248)	(14 349)
Property rent	(6 373)	(9 631)
	(251 461)	**(235 700)**

3. *Personnel expenses*

Personnel expenses	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Wages	(7 144 004)	(6 184 802)
Costs of share-based benefits	(2 110 928)	(1 905 990)
of which: ESOP 2022-2024 program	-	*(195 391)*
of which: ESOP 2022-2025 program	*(478 668)*	*(780 956)*
of which: ESOP 2023-2025 Watt Program	*(43 438)*	*(81 594)*
of which: ESOP Szikra 2023-2025 program	*(154 123)*	*(280 985)*
of which: ESOP 2024-2026 program	*(410 396)*	*(171 328)*
of which: ESOP Management 2023-2025 program	*(136 212)*	*(250 058)*
of which: ESOP 2024-2026 Program 2026 Executive	*(306 729)*	*(145 678)*
of which: ESOP Program 2027	*(244 649)*	-
of which: ESOP Program Watt 2027	*(20 207)*	-
of which: ESOP Program Szikra 2027	*(55 304)*	-
of which: ESOP Program Executive 2027	*(261 202)*	-
Contributions	(1 085 966)	(930 831)
Other personnel expenses	(1 012 932)	(851 816)
	(11 353 830)	**(9 873 439)**

Wages: Salaries paid to employees. The increase is attributable to growing headcount and the rate of wage hikes following inflation.
Costs of share-based benefits: The obligations of the Company relating to ESOP benefits are explained in Sections **Hiba! A hivatkozási forrás nem található.**, 26 and 32, while privately i ssued ordinary shares are discussed in Section 20.1.
Contributions: Taxes relating to wages, personnel and other in-kind benefits.
Other personnel expenses: Benefits in kind, entertainment expenses and reimbursements to employees.

Average statistical headcount (persons)	2025	2024
Alteo Nyrt.	406	378

The closing headcount of the Company on 12/31/2025 was 423 people.

Wages and personnel benefits to employees and taxes related to such payments:

Headcount 2025	Average statistical headcount (no. of employees)	Total gross salaries and wages (HUF thousand)	Of total gross wages bonus, premium (HUF thousand)	Personnel-type payments (HUF thousand)	Costs of share-based benefits (HUF thousand)	Social contr. payable (HUF thousand)
Full-time						
blue-collar	123	2 135 218	163 385	306 874		309 732
white-collar	272	4 790 660	272 678	678 615	2 110 928	673 414
Part-time						
blue-collar	1	17 373	1 329	2 494		2 518
white-collar	10	177 890	13 284	24 949		25 182
other employees not on payroll	2	17 195				4 813
ad hoc	6	5 668				14 438
	406	**7 144 004**	**450 676**	**1 012 932**	**2 110 928**	**1 030 097**

Headcount 2024	Average statistical headcount (no. of employees)	Total gross salaries and wages (HUF thousand)	Of total gross wages bonus, premium (HUF thousand)	Personnel-type payments (HUF thousand)	Costs of share-based benefits (HUF thousand)	Social contr. payable (HUF thousand)
Full-time						
blue-collar	115	1 853 004	108 593	92 460	-	275 181
white-collar	255	4 108 833	240 792	752 924	1 905 990	610 185
Part-time						
blue-collar		-	-	-	-	-
white-collar	8	128 904	7 554	6 432	-	19 143
other employees not on payroll	2	92 869		-	-	4 786
ad hoc	9	1 191		-	-	21 536
	378	**6 184 802**	**356 939**	**851 816**	**1 905 990**	**930 831**

4. *Depreciation and amortization*

Depreciation and amortization	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Depreciation and amortization	**(2 523 771)**	**(1 274 424)**
Planned depreciation	(2 505 371)	(1 274 424)
Extraordinary depreciation	(18 400)	(6)

Depreciation is explained in detail in Section 9.

5. *Capitalized own production*

Capitalized own production	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Capitalized value of assets produced by the Company, wages	134 809	296 685
Other own performance – wages and material expenses	(36 788)	403 021
	98 021	**699 706**

Capitalized own production includes personnel and other material expenses incurred directly in connection with the assets produced within the Group. The capitalized value of own production is explained in Section 9.

6. *Other revenues and expenses*

Other revenues and expenses incurred in the current year and the comparative period were as follows:

Other revenues, expenses	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Other revenues:	***767 072***	***296 180***
Other revenues – Penalty settlement 2024–2025	378 289	-
Subsidies and grants received	138 655	103 603
Reversal of impairment loss	131 905	150 515
Fines, compensation, default interest received	102 417	8 649
Other account settlements (revenue)	14 327	33 013
Sale of fixed and intangible assets	1 479	400
Other expenses:	***(540 600)***	***(1 045 576)***
Impairment	(289 248)	(323 259)
Inventory scrapping	(133 277)	-
Fines, damages, default interests paid	*(19 501)*	*(650 363)*
Cash and cash equivalents transferred	(55 995)	(49 322)
Other account settlements (expenses)	(40 426)	(22 311)
Taxes and other payment obligations	(1 156)	(221)
Inventory difference	(708)	-
Scrapping of fixed and intangible assets	(289)	(100)
Total:	**226 472**	**(749 396)**

<u>Other revenue – Penalty settlement 2024-2025:</u> In 2024, the Company assumed liquidated damages in the amount of HUF (610,057) thousand incurred by one of its subsidiaries, ALTEO-Therm Kft. under a gas trade agreement. In 2025, HUF 378,289 thousand HUF of this amount became unenforceable due to statute of limitation and was recognized under other revenues and expenses.

Impairment: current-year reversals: HUF 131,905 thousand. Individual impairment and impairment recognized based on the ECL model for 2025 amounted to HUF (289,248) thousand.
Subsidies and grants received: The time-proportionate income from subsidies and grants recognized in deferred income. Subsidies and grants received are described in detail in Sections 9 and 28.
Fines, compensation, default interest received/paid: The effect of the legal consequences arising during the usual course of business of the Company. With respect to one of our projects, the Company enforced liquidated damages against the supplier for late delivery in the amount of HUF 8,036 thousand.
The Company assumed the legal costs of the litigation brought against its subsidiary, ALTEO Energiakereskedő Zrt.. The court dismissed the plaintiff's claim and upheld the counterclaim filed by ALTEO Energiakereskedő Zrt. ordering the plaintiff to reimburse the legal fees in the amount of HUF 41,679 thousand.

Cash and cash equivalents transferred: The Company provided grants to foundations, nonprofit organizations and the ESOP organization in the total amount of HUF 55,995 thousand.
The Company provided pecuniary benefits without consideration in excess of HUF 1,000,000 to the following organizations or entities:

Name of subsidized economic entity	Tax number	Registered office	Amount (HUF thousand)
ALTEO Employee Share Ownership Program Organization	18874527-1-41	H-1033 Budapest, KÓRHÁZ UTCA 6-12	17 997
MáSzínház Association (formerly AppArt Association)	18659685-1-43	H-1092 Budapest, BAKÁTS TÉR 3	2 000
Budapesti Fesztiválzenekar Alapítvány	18005488-2-41	H-1034 Budapest, SELMECI UTCA 14-16	4 000
Csányi Alapítvány a Gyermekekért Közhasznú Alapítvány	18186464-1-43	H-1125 Budapest, LÓRÁNT UTCA 5 A. épület	3 000
Csodaműhely Egyesület (Miracle Workshop Association)	18748060-1-13	H-2014 Csobánka, BARTÓK BÉLA UTCA 3	3 000
Egyenlő Esélyekért! Alapítvány (Equal Opportunities Foundation)	18688090-2-13	H-2141 Csömör, IBOLYA UTCA 19	5 000
Miénk a Pálya Alapítvány (It's Our Turn Foundation)	19278979-1-11	H-2508 Esztergom, HEGYALJA ÚT 17	3 400
Mosoly Alapítvány	18674190-1-43	H-1126 Budapest, KISS JÁNOS ALTÁBORNAGY UTCA 47/A, III. emelet 19. ajtó	3 000
Művészetek Völgye Nonprofit Kft.	24860248-2-19	H-8294 Kapolcs, Kossuth utca 62.	3 500
REKK Regionális Energia- és Infrastruktúra-politikai Együttműködésért Alapítvány	18744121-1-43	H-1118 Budapest, MÁNYOKI ÚT 14 I. emelet 4/A. ajtó	5 000
Tiszaújvárosi Brassai Sámuel Szakközépisk. Szakmunkásképző Diákjaiért Alapítvány (Foundation for the Students of the Brassai Sámuel Vocational Secondary School and Trade School in Tiszaújváros)	18432459-1-05	H-3580 Tiszaújváros, RÓZSA UTCA 10	2 800
Hungarian Committee of UNICEF Foundation	18212718-2-42	H-1077 Budapest, WESSELÉNYI UTCA 16	2 840

Inventory difference: Discrepancies identified during stocktaking of inventories.
Taxes and other payment obligations: The taxes disclosed are not income taxes. These contain deductions imposed by municipalities (vehicle tax), taxes to be credited to other expenses (environmental product tax) and other fees.
Sale/scrapping of fixed and intangible assets: The profit or loss on Fixed asset other than amortization, resulting from the derecognition of rights of use and the proceeds of sales of fixed assets.
Other settlements: This line contains gains relating to insurance policies as well as other expenses and incomes that cannot be categorized, such as partner and tax current account settlements, time-proportionate personnel repayments due to the departure of staff, rounding differences.
On September 03, 2025, residual fuel oil contamination seeped up from the soil at the Győr Power Plant. In 2025, the Company made provisions in the amount of HUF 30,000 thousand for remediation, considering the costs of technical assessments and cost estimates, the risks and uncertainties. A further amount of HUF 2,000 thousand was added in the current year to the provisions made for resin replacement of the mixed bed at Tisza WTP Kft.

7. *Incomes and expenditures of financial transactions*

Financial profit/loss consists of the following items:

Financial profit or loss	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Income from financial transactions	**2 685 579**	**2 107 779**
Received/receivable interest	1 361 910	1 343 727
Dividend received	1 103 000	369 000
Foreign currency translation gains	197 204	240 487
Other financial settlements	23 465	154 565
Expenses on financial transactions	**(2 012 939)**	**(2 282 244)**
Interests paid/payable	(1 883 155)	(496 800)
Foreign currency translation losses	(80 686)	(283 672)
Valuation of investment units	(31 395)	-
Impairments	(17 703)	(1 501 772)
Financial profit/loss	**672 640**	**(174 465)**

Dividend received: The Company is entitled to dividend after its shares in its subsidiaries. In 2025 dividends received included the following:

Energy Corp Hungary Kft.	HUF 200,000 thousand
Pannon Szélerőmű Kft.	HUF 660,000 thousand
Domaszék 2MW Kft.	HUF 40,000 thousand
Mov-R H1 Szélerőmű Kft.	HUF 3,000 thousand
Sunteo Kft.	HUF 200,000 thousand

Interest received/due, Interests paid/payable: Interest on loan receivables and payables to related parties, interest on bonds relating to the current year, interest on term deposits and cash-pool as well as interest on lease liabilities.

In 2025, the Company recognized a fair value difference of HUF 31,395 thousand on the Series B investment units issued by Andezit Private Equity Fund.

Foreign currency exchange difference: exchange difference realized on items denominated in a currency other than the functional currency.

Impairment: recognized impairment of shares was determined based on the discounted cash flow model considering the recoverable amount. The share traffic table in Note 11 contains the distribution of recognized impairment concerning certain subsidiaries.

8. *Income tax expense recognized in profit or loss*

The Company pays tax under Hungarian tax law. In the Hungarian tax system, such income tax expenses for the Company included corporate tax, the innovation contribution and the local business tax.

Income tax expenses	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Business tax	(442 537)	(516 293)
Corporate tax	(248 050)	(1 186 045)
Innovation contribution	(68 310)	(79 833)
Deferred tax expenses	(5 964)	222 324
	(764 861)	**(1 559 847)**

Tax matters often require estimates and decisions which will later contradict the opinion of the tax authority; therefore, a subsequent tax audit may reveal additional tax liabilities for periods for which a tax return has already been submitted. The Company operates in a tax environment which grants tax authorities a wide range of powers to reclassify items and taxpayers are usually helpless against these powers. The Company does everything that can reasonably be expected of it to ensure that its operation is in compliance with the regulations, but it cannot be excluded that a future tax audit will result in substantial expenses in the form of a tax liability payable by the Company.

Elaboration of corporate tax

Elaboration of the tax base	Note	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
IFRS profit or loss before taxes		4 274 024	10 240 569
Increasing items		5 108 623	4 972 755
Planned and extraordinary depreciation charge recognized in the tax year pursuant to the Accounting Act	9.	2 524 061	1 274 524
Expenditures of ESOP Programs recognized in current year	3.	2 110 928	1 051 491
Amount of impairment recognized regarding receivables	6.	306 950	1 192 784
Difference of the arm’s length price and the applied price in affiliate transactions		69 438	56 780
Other additions	6.	57 479	610 570
Total provisions recognized	6.	39 055	20 379
Total of costs and expenses not related to the gainful business activity	6.	712	1 325
Impairment related to reported business share recognized as expenditure in the FY	6.	-	576 803
Accrued leave	6.		124 429
Determined amount of grant, benefit	6.	-	49 322
Fines established in final decisions or obligations arising from legal consequences, recognized as expenses	6.	-	14 348
Decreasing items		6 626 535	2 035 001
Payouts of ESOP Programs in current year	3.	2 917 508	14 348
Depreciation recognized in accordance with the tax legislation	9.	1 935 973	882 457
Dividends, shares received and recognized as income	7.	1 103 000	369 000
Local business tax, innovation contribution	34.	510 847	596 077
Impairment recognized in previous years as addition to the taxable income upon depreciation of uncollectible receivables, and the amount recognizable upon the transfer, settlement, or offsetting of receivables, impairment reversed in the current year	6.	131 906	150 515
Determined amount of grant, benefit	6.	26 450	22 604
Provision recognized in the tax year due to the use of provisions	24.	851	-
Tax base		2 756 112	13 178 274
Tax (9%)		248 050	1 186 045
Benefit (reducing taxes)		-	-
Tax pursuant to the Corporate Tax Act		248 050	1 186 045

The amount of deferred taxes disclosed in the statement of financial position is included in Note 23.

The tax authority may review books and records at any time within the 6 years following the relevant tax year and may impose additional taxes or fines. The management of the Company is not aware of any circumstances from which a significant obligation might originate burdening the Company under such a legal title.

Elaboration of the tax base	In financial year ending on 12/31/2025	In financial year ending on 12/31/2024
Profit or loss before taxes	**4 274 024**	**10 240 569**
Expected tax 9%	384 662	921 651
Local business tax	442 537	516 244
Innovation contribution	68 310	79 833
Total	**895 509**	**1 517 729**
Income tax paid	764 861	1 559 847
Other difference:	130 648	(42 118)

The remaining difference is attributable to items adjusting the tax base required by the Corporate Tax Act.

The deferred tax data are presented in the following table:

Elaboration of deferred taxes	Year ending on 12/31/2025 (HUF thousand)				Year ending on 12/31/2024 (HUF thousand)			
	Tax value	Accounting value	Deferred tax asset base	Deferred tax liability base	Tax value	Accounting value	Deferred tax asset base	Deferred tax liability base
Property, plant and equipment	2 441 958	6 314 965	35 729	(3 908 736)	3 104 211	5 835 653	-	(2 731 442)
Intangible assets and developments	3 789 333	3 892 892	-	(103 559)	1 449 530	1 592 562	-	(143 032)
Rights of use	2 635 014	2 635 014	-	-	1 187 055	1 187 055	-	-
Different valuation of non-current assets	***8 866 305***	***12 842 872***	***35 729***	***(4 012 296)***	***5 740 796***	***8 615 270***	***-***	***(2 874 474)***
Long-term loans given (impairment)		(834 637)	834 637	-	-	(916 935)	916 935	-
Trade receivables (impairment)		(682 182)	682 182	-	-	(529 992)	529 992	-
Other receivables (impairment)		(53 282)	53 282	-	-	(62 224)	62 224	-
Measurement of financial instruments	***-***	***(1 570 101)***	***1 570 101***	***-***	***-***	***(1 509 151)***	***1 509 151***	***-***
Development reserve				-	(1 823 850)	-	-	(1 823 850)
Other long-term liabilities (ESOP Programs)		(581 362)	581 362	-	-	(1 545 333)	1 545 333	-
Other short-term liabilities (ESOP Programs)		(1 034 131)	1 034 131	-	-	(876 741)	876 741	-
Provisions		(280 622)	280 622	-	-	(198 591)	198 591	-
Short-term liabilities (unused leave)				-	-	(124 429)	124 429	-
Valuation of liabilities	***-***	***(1 896 115)***	***1 896 115***	***-***	***(1 823 850)***	***(2 745 094)***	***2 745 094***	***(1 823 850)***
Deferred tax position of balance sheet items			3 501 945	(4 012 296)			4 254 245	(4 698 324)
Differences not qualifying as returning			-	-			-	-
Net deferred tax position				(510 351)				(444 079)
Of which part of the comprehensive income:			-	-			-	-
Deferred tax assets (9%)	9%			-	9%			-
Of which part of the comprehensive income:	9%		-	-	9%		-	-
Deferred tax liability (9%)	9%		0	(45 932)	9%		-	(39 967)
Of which part of the comprehensive income:	9%		-	-	9%		-	-
Deferred tax due to changes in the statement of financial position:								
Recognition of deferred tax liability (tax loss)				(45 932)				(39 967)
Deferred taxes recognized in Other comprehensive income:								
Deferred taxes derecognized in Other comprehensive income				(39 967)				(6 412)
Effect of deferred taxes on profit or loss				5 965				(222 324)

9. *Fixed assets, intangible assets and developments, rights of use*

The changes in assets are detailed in the following table:

Gross value (HUF thousand)	Property, plant and equipment	Intangible assets and developments	Rights of use	Total
January 1, 2024	**5 341 726**	**1 711 703**	**1 864 157**	**8 917 586**
Acquisition put to use	2 277 051	1 213 097	906 786	4 396 934
Investment	175 929	-	-	175 929
Sale	(26 827)	-	-	(26 827)
Scrapping	(978)	-	-	(978)
Internal development	-	294 834	-	294 834
Decrease IFRS 16	-	-	(634 440)	(634 440)
January 1, 2025	**7 766 901**	**3 219 634**	**2 136 503**	**13 123 038**
Acquisition put to use	664 631	2 249 977	2 514 223	5 428 831
Own production/investment capitalization	45 184	-	-	45 184
Internal development	-	124 387	-	124 387
Decrease IFRS 16	-	-	(666 173)	(666 173)
Capitalized value of works in progress on leased property	623 694	-	-	623 694
Investment	18 708	-	-	18 708
Sale	(737)	-	-	(737)
Scrapping	(67 744)	-	-	(67 744)
Reclassification to inventories	-	-	-	-
December 31, 2025	**9 050 637**	**5 593 998**	**3 984 553**	**18 629 188**

Accumulated depreciation (HUF thousand)	Property, plant and equipment	Intangible assets and developments	Rights of use	Total
January 1, 2024	**1 338 409**	**574 762**	**613 058**	**2 526 229**
De-recognition, sale	(26 738)	-	(32 461)	(59 199)
De-recognition, scrapping	(978)	-	-	(978)
Increase through acquisition	-	-	-	-
De-recognition due to reclassification	-	-	-	-
Depreciation and amortization	620 555	285 016	368 851	1 274 422
January 1, 2025	**1 931 248**	**859 778**	**949 448**	**3 740 474**
De-recognition, sale	(616)	-	-	(616)
De-recognition, scrapping	(67 578)	-	(391 337)	(458 914)
Increase through acquisition	-	-	-	-
De-recognition due to reclassification	-	-	-	-
Depreciation and amortization	1 050 215	837 160	617 997	2 505 372
December 31, 2025	**2 913 270**	**1 696 938**	**1 176 108**	**5 786 316**

Net value (HUF thousand)	Property, plant and equipment	Intangible assets and developments	Rights of use	Total
12/31/2024	**5 835 653**	**2 359 856**	**1 187 055**	**9 382 564**
12/31/2025	**6 137 366**	**3 897 060**	**2 808 445**	**12 842 871**

The depreciation of fixed assets is determined as explained in the accounting policy, in a straight-line manner.

Property, plant and equipment: This class of assets includes constructions on leased real estate, IT assets, as well as machinery, equipment and tools required for operation and maintenance.

Current-year increase in property, plant and equipment includes the construction of the new office building in the amount of HUF 887.013 thousand. Current-year increase in the Sopron electric boiler amounted to HUF 77,764 thousand. Capital expenditure on the battery energy storage unit in Győr in 2025 with a nominal capacity of 8MW/16MWh in the amount of HUF 58,184 thousand.

Intangible assets and developments: This item includes the software and the corporate governance system used by the Company. The increase in intangible assets for the current year is primarily attributable to the development of the Artemis production management system, amounting to HUF 2,111,841 thousand. The value of other intangible assets increased significantly due to further developments of the SAP HANA enterprise management software (e.g. introduction of the PST module, expansion of the MM module, financial components, organizational development – HUF 150,747 thousand), which was implemented in the previous year, and the implementation of process and system support software (Success Factor – HUF 54,019 thousand, PM Tool – HUF 24,830 thousand, Extrim – HUF 7,995 thousand, Doxis – HUF 7,212 thousand).

Between July 1, 2017 and June 30, 2019, co-funded by the National Research Development and Innovation Fund, the Company successfully produced a know-how asset as a result of its activity in connection with the integration of small heat and electricity cogeneration plants and weather-dependent electricity generators, electricity-based heat energy production units and a battery electricity storage facility belonging to the existing virtual power plant. In the opinion of the Company's management, the research activity aimed at generating other intangible assets meets the IAS 38 recognition criteria and the know-how created as a result of the activity generates revenue. Costs incurred in the course of the development project are recognized among intangible assets.

The Company's management is of the view that the fixed assets acquired and intangible asset recorded under the project for "Developing an innovative model for battery energy storage applications" acquired through succession as part of the merger by absorption in 2018 can be recognized and will deliver a return on investment as indicated by existing business plans. The asset meets the IAS 38 criteria.

The Company's management is of the view that the fixed assets acquired and intangible asset recorded under the project for "Developing an innovative model for battery energy storage applications" launched in 2019 and implemented in 2021 can be recognized and will deliver a return on investment as indicated by existing business plans. The asset meets the IAS 38 criteria. The 5 MW battery energy storage facility implemented at the Kazincbarcika Heating Power Plant in addition to the primary (FCR) regulatory objective, provides gradient support to the secondary (aFRR) regulation required for the maintenance of balance in the system.

It participates in frequency regulation (FCR) and secondary regulation (aFRR) alike. The invested amount is around HUF 1,015 billion, to be amortized over 10 years.

The Company's ongoing project for 2021-2025: construction and development of real-time autonomous energy information and production management system, consisting of two parts:

- Installation of an electric boiler in Sopron: The construction was completed in December 2022; the Company utilizes the asset through leasing.
- Artemis (Autonomous Real-Time Energy Management Information System): production management system; the Rényi Institute is involved in its development. It uses self-learning algorithms and artificial intelligence to optimize and balance the production of connected devices in real time. It collects data in real time from the connected production devices. The developed production management system will be capable of data mining, processing, analysis that allow the system to make and implement decisions. Based on the available technical and market data the system can make real-time decisions to ensure that assets in multi-element portfolios can operate at a load level that allows technical and economic optimum to be achieved. The process is supported by AI and self-learning algorithms that are very fast and efficient despite their extremely high computing requirements.

Right-of-use assets:

The Company applies the provisions of IFRS 16 to right-of-use and exercises the presentation options available under the standard, recognizing leases with a term of less than one year as lease payments, directly in profit or loss for the current year as a material expense.

Rights-of-use assets include car and property lease contracts. The increase in right-of-use assets for the current year was primarily due to the long-term lease agreement signed in connection with the Company's move to its new headquarters. The increase in right-of-use assets related to vehicles was due to an increase in headcount and the recognition of new contracts entered into to replace expiring leases.

The following table shows the carrying amounts of right-of-use assets for the current year:

Finance lease	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Right-of-use assets	2 808 445	1 187 055
Lease liabilities	2 740 408	1 250 866
Recognized amortization	226 661	336 390
Recognized interest expense	201 226	139 718

Disclosures regarding fixed assets, intangible assets, and rights of use

- There are no assets that might need to be removed at the end of their useful life and such removal would involve significant expenses. There is no asset to which the component approach needs to be applied.
- As at December 31, 2025 the Company had no asset to be considered as a qualifying asset, so no borrowing costs had to be capitalized; and there is no asset that is subject to a lien under a loan agreement.

- The Company does not possess assets which are expected to cause environmental damage that the Company would be required to neutralize.
- The Company leases the following assets exclusively under operating lease arrangements:
    - Sopron electric boiler
    - Kazincbarcika electric boiler
    - Tiszaújváros electric boiler
    - Kazincbarcika energy storage unit
    - Füredi út energy storage unit
    - Győr energy storage unit
- The Company had no assets, either in the previous or in the current year, classified as assets held for sale.
- The Company does not possess assets regarding which it would employ the revaluation model. The Company does not possess intangible assets with indefinite lifecycles.
- The management of the Company performs the necessary tests for CGUs as at each reporting date to determine whether the recognized value can be considered recoverable. In the current year, the tests performed showed the Group's assets to be recoverable so it is not necessary to recognize impairment.

10. *Long-term deposits or loans given*

The changes in long-term loans given in 2024 are detailed in the following table:

Long-term loans given (HUF thousand)	1/1/2024 opening gross portfolio	1/1/2024 opening impairment	Change in the current period							12/31/2024 closing balance
			Loans granted	Loans repaid	Impairment loss of loans	Forgiveness	Capital increase from loan	Interest capitalization	Reclassification as short-term	
Alte Go Kft.	166 452	-	50 000	-	(216 452)	-	-	-	-	-
Aerope Holding Kft.	-	-	304 797	-	-	-	-	-	-	304 797
ALTEO-DEPÓNIA Kft.	-	-	15 748 650	(14 150 000)	-	-	-	-	-	1 598 650
Alteo-Therm Kft.	-	-	2 500 000	(2 500 000)	-	-	-	-	-	-
Domaszék Kft.	22 292	-	-	(13 323)	-	-	-	-	-	8 969
ALTE-GAS Kft. (Eco First Kft.)	-	-	540 000	(100 000)	-	-	-	-	-	440 000
Edelyn-Solar Kft.	318 012	-	30 000	-	-	-	(27 000)	-	-	321 012
Energigas Kft.	201 481	(201 481)	690 000	-	(486 408)	-	(211 463)	7 871	-	-
Energikum Zrt.	-	-	5 000	-	(5 000)	-	-	-	-	-
Euro-Green Energy Kft.	508 999	-	-	-	-	-	-	-	-	508 999
FE-Group Zrt.	1 051 200	-	70 000	(220 000)	-	-	-	-	(901 200)	-
Monsolar Kft.	431 288	-	-	-	-	-	-	-	-	431 288
Pannon Szélerőmű Kft.	1 017 000	-	3 000 000	(3 000 000)	-	-	-	-	-	1 017 000
SUNTEO Kft.	1 090 417	-	-	-	-	-	-	-	-	1 090 417
Loans given – principal	**4 807 141**	**(201 481)**	**22 938 447**	**(19 983 323)**	**(707 860)**	**-**	**(238 463)**	**7 871**	**(901 200)**	**6 622 332**
Loans to employees	-	-	-	-	-	-	-	-	-	-
ECL model interest	-	(6 434)	-	-	6 434	-	-	-	-	-
ECL model principal	-	(11 201)	-	-	5 717	-	-	-	-	(5 484)
Loans given – principal and interest	**4 807 141**	**(219 116)**	**22 938 447**	**(19 983 323)**	**(695 709)**	**-**	**(238 463)**	**7 871**	**(901 200)**	**5 715 648**

In the current year, long-term loans given were as follows:

Long-term deposits or loans given, securities (HUF thousand)	1/1/2025 opening gross portfolio	1/1/2025 opening impairment	Change in the current period						12/31/2025 closing balance
			Loans granted	Loans repaid	Loan impairment/reversa	Capital increase from loan	Interest	Investment units	
Aerope Holding Kft.	304 797	-	60 000	(204 797)	-	-	-		160 000
ALTE-A Kft.	-	-	260 000	(60 000)	-	-	-		200 000
ALTE-GAS Kft. (Eco First Kft.)	440 000	-	30 000	-	-	-	-		470 000
ALTE-GO Kft.	216 452	(216 452)	-	-	-	-	-		-
Alteo Circular Kft.	-	-	326 104	-	-	-	-		326 104
ALTEO-DEPÓNIA Kft.	1 598 650	-	7 915 000	-	-	-	-		9 513 650
ALTEO-Therm Kft.	-	-	5 000 000	-	-	-	-		5 000 000
Domaszék Kft.	8 969	-	-	(8 969)	-	-	-		-
Edelyn-Solar Kft.	321 012	-	5 108 400	(479 412)	-	-	-		4 950 000
Energigas Kft.	690 000	(690 000)	-		100 000	(100 000)			-
Energikum Zrt.	5 000	(5 000)	-	-	-	-	-		-
Euro-Green Energy Kft.	508 999	-	-	-	-	-	-		508 999
FE-Group Zrt.	-	-	-	-	-	-	-		-
Monsolar Kft.	431 288	-	-	-	-	-	-		431 288
Pannon Szélerőmű Kft.	1 017 000	-	570 000	-	-	-	-		1 587 000
SUNTEO Kft.	1 090 417	-	-	-	-	-	-		1 090 417
Investment units	-	-						1 468 605	1 468 605
Loans or deposits given, securities	**6 632 584**	**(911 452)**	**19 269 504**	**(753 178)**	**100 000**	**(100 000)**	**-**	**1 468 605**	**25 706 063**
Loans to employees	-	-	50 000	-	(848)	-	635		49 787
ECL model settlement	-	(5 484)	-	-	(17 702)	-	-		(23 186)
Deposits, loans, securities - principal and inter	**6 632 584**	**- 916 936**	**19 319 504**	**- 753 178**	**81 450**	**- 100 000**	**635**	**1 468 605**	**25 732 664**

The Company adjusted the interest rates of loans given to those of the sources of funding (for terms and conditions of financing, see Section 25. Debts on the issue of bonds). The Company shows the recoverable values of loans given in the statement of financial position.

<u>Loans granted:</u> Disbursement of the amount set out in the loan agreement.

Repayment of loans: Loans repaid in the current year.

Impairment: Based on its assessment, the Company's management decided to impair 100% of the loan granted to Energigas Kft. The items relating to the ECL impairment applied to financial assets are presented in detail in Section 17.

Capital Increase: The Company implemented a capital increase of HUF 100 million using its long-term loan to Energigas Kft.

Capitalization of loan and accrued interest: current-year capitalization of the loan previously granted to a subsidiary.

Investment unit: the principal value of securities in the Andezit capital fund (see Section 1.16.7.2 of the Business Report). During the financial year, the Company subscribed to investment units in the Andezit Private Equity Fund in the amount of HUF 15,000 million and, as a first step, made an initial payment of HUF 1,500 million in the current year. The investment is recognized as a financial asset measured at fair value through profit or loss in accordance with IFRS 9. The purpose of the investment is to acquire an indirect stake in projects focused on green energy and decarbonization. Fair value was determined based on the information available as at the valuation date. The Company classified the investment as Level 2 in the fair value hierarchy. The year-end carrying amount of the investment is HUF 1,468 million, and the change in fair value recognized during the period is HUF 32 million.

The following table shows the value of the investment units as reported in the books:

Investment units (HUF thousand)	12/31/2025 fair value HUF thousand	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Andezit Private Equity Fund	1 468 605	1 500 000	0

11. Shares in subsidiaries

11.1. Shares in subsidiaries:

The Company's long-term shares in 2024:

Long-term share in subsidiary (HUF thousand)	1/1/2024	Impairment/ Reversal	Acquisition of participation	12/31/2024	Unilateral covenants for asset retirement costs of subsidiaries	12/31/2024
Aerope Holding Kft.	-	-	912 901		-	**912 901**
ALTE-A Kft.	1 070	-	-	1 070	-	**1 070**
ALTE-GO Kft.	20 000	(20 000)	-	-	-	-
ALTEO Energiakereskedő Zrt.	48 094	-	-	48 094	-	**48 094**
ALTEO-DEPÓNIA Kft.	13 000	-	-	13 000	1 613	**14 613**
ARTEMIS Technologies Zrt.	-	-	5 000	5 000	-	**5 000**
Alteo-Therm Kft.	4 082 025	-	-	4 082 025	13 389	**4 095 414**
Domaszék Kft.	173 160	-	-	173 160	-	**173 160**
ALTE-GAS Kft. (Eco First Kft.)	3 000	(20 443)	20 443	3 000	-	**3 000**
Edelyn-Solar Kft.	700 420	-	27 000	727 420	9 273	**736 693**
Energigas Kft.	-	(210 376)	210 376	-	-	-
Energikum Zrt.	660 000	(346 426)	26 766	340 340	-	**340 340**
Energy Corp Hungary Megújuló Energia Hasznosító Kft.	-	-	5 308 000	5 308 000	-	**5 308 000**
Euro Green Energy Kft.	2 748 353	-	-	2 748 353	55 001	**2 803 354**
FE-Group Zrt.	360 480	-	144 895	505 375	-	**505 375**
Monsolar Kft.	38 000	-	-	38 000	-	**38 000**
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.	-	-	76 502	76 502	37 875	**114 377**
Pannon Szélerőmű Kft.	2 405 890	-	-	2 405 890	22 400	**2 428 290**
Sinergy Energiakereskedő Kft.	100 000	-	-	100 000	-	**100 000**
Sinergy Kft.	245 353	-	-	245 353	-	**245 353**
SUNTEO Kft.	634 915	-	-	634 915	-	**634 915**
Total participations	**12 233 760**	**(597 245)**	**6 731 883**	**18 368 389**	**139 551**	**18 507 949**

The Company's long-term shares in 2025:

Long-term share in subsidiary (HUF thousand)	Net value 1/1/2025	Additional monetary contribution repayment	Acquisition of participation	Impairment/ Reversal	Unilateral covenants for asset retirement costs of subsidiaries in the current year	Net value 12/31/2025	*of which: closing unilateral covenants for asset retirement costs of subsidiaries*
Aerope Holding Kft.	912 901	-	23 931	-	-	936 832	-
ALTE-A Kft.	1 070	-	-	-	-	1 070	-
ALTE-GAS Kft. (Eco First Kft.)	3 000	-	-	-	-	3 000	-
ALTE-GO Kft.	-	-	-	-	-	-	-
ALTEO Energiakereskedő Zrt.	48 094	-	-	-	-	48 094	-
ALTEO-DEPÓNIA Kft.	14 613	-	-	-	3	14 616	1 616
Alteo Circular Kft. (Éltex Kft.)	-	-	18 868 969	-	-	18 868 969	-
Alteo-Therm Kft.	4 095 414	-	-	-	8 765	4 104 179	22 154
ARTEMIS Technologies Zrt.	5 000	-	-	-	-	5 000	-
Domaszék Kft.	173 160	(1 990)	-	-	-	171 170	-
Edelyn-Solar Kft.	736 693	-	-	-	16 349	753 042	25 622
Energigas Kft.	-	100 000	-	(100 000)	-	-	-
Energikum Zrt.	340 340	-	-	-	-	340 340	-
Energy Corp Hungary Megújuló Energia Hasznosító Kft.	5 308 000	-	-	-	-	5 308 000	-
Euro Green Energy Kft.	2 803 354	-	-	-	6 825	2 810 179	61 826
ALTEO Circular Refining Kft. (Éltex SR)	-	-	-	-	-	-	-
FE-Group Zrt.	505 375	-	-	-	-	505 375	-
Mecséri Szélpark Kft.	-	-	3 000	-	-	3 000	-
Monsolar Kft.	38 000	-	-	-	-	38 000	-
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.	114 377	-	-	-	4 553	118 930	42 428
Pannon Szélerőmű Kft.	2 428 290	-	-	-	2 742	2 431 032	25 142
Peregium Green	-	-	-	-	-	-	-
Sinergy Energiakereskedő Kft.	100 000	-	-	-	-	100 000	-
Sinergy Kft.	245 353	-	-	-	-	245 353	-
SUNTEO Kft.	634 915	(52 251)	-	-	-	582 665	-
Total participation	**18 507 949**	**45 759**	**18 895 900**	**(100 000)**	**39 237**	**37 388 846**	**178 788**

Long-term share in subsidiary (HUF thousand)	1/1/2025			12/31/2025		
	Impairment	Liabilities accepted	Additional monetary contribution	Impairment	Liabilities accepted	Additional monetary contribution
Aerope Holding Kft.	-	-	-	-	-	-
ALTE-A Kft.	-	-	-	-	-	-
ALTE-GAS Kft. (Eco First Kft.)	(20 443)	-	-	(20 443)	-	-
ALTE-GO Kft.	(20 000)	-	20 000	(20 000)	-	20 000
ALTEO Energiakereskedő Zrt.	(1 906)	-	-	(1 906)	-	-
ALTEO-DEPÓNIA Kft.	(327 610)	1 613	61 863	(327 610)	1 616	61 863
Alteo Circular Kft. (Éltex Kft.)	-	-	-	-	-	7 296
Alteo-Therm Kft.	(72 119)	13 389	1 068 328	(72 119)	22 154	1 068 328
ARTEMIS Technologies Zrt.	-	-	-	-	-	-
Domaszék Kft.	-	-	1 990	-	-	-
Edelyn-Solar Kft.	-	9 273	26 507	-	25 622	26 507
Energigas Kft.	(210 476)	-	-	(310 476)	-	-
Energikum Zrt.	(346 426)	-	-	(346 426)	-	-
Energy Corp Hungary Megújuló Energia Hasznosító Kft.	-	-	66 435	-	-	66 435
Euro Green Energy Kft.	(817 044)	55 001	147 118	(817 044)	61 826	147 118
Éltex SR	-	-	-	-	-	-
FE-Group Zrt.	-	-	-	-	-	-
Mecséri Szélpark Kft.	-	-	-	-	-	-
Monsolar Kft.	-	-	-	-	-	-
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.	-	37 875	-	-	42 428	-
Pannon Szélerőmű Kft.	-	22 400	-	-	25 142	-
Peregium Green	-	-	-	-	-	-
Sinergy Energiakereskedő Kft.	-	-	-	(15 000)	-	-
Sinergy Kft.	(15 000)	-	-	(5 000)	-	-
SUNTEO Kft.	(5 000)	-	52 251	-	-	100 000
Total participation	**(1 836 024)**	**139 551**	**1 444 492**	**(1 936 024)**	**178 788**	**1 497 547**

ALTEO members as at the reporting date are presented in Annex 1.

<u>Additional contribution/repayment:</u>

The Company makes additional capital contributions in its capacity as an owner, either to cover losses or to improve the capital position of the investee. If the payment does not give rise to a contractual right of recourse and is related to the maintenance or reinforcement of an ownership interest, the amount paid increases the value of the participation. If the payment gives rise to a contractual right of repayment, it is recognized as a financial asset based on its economic substance in accordance with the provisions of IFRS 9. When assessing impairment of participations, the carrying amount increased by additional capital contributions is taken into account in accordance with the provisions of IAS 36.

Domaszék Kft. and SUNTEO Kft. returned additional contributions in the amount of HUF 1,990 thousand and HUF 52,251 thousand, respectively. Pursuant to a resolution, the additional contribution of HUF 100,000 thousand to the share capital of Energigas Kft was paid from a long-term loan.

<u>Impairment/reversal of shares:</u>

The Company recognized impairment loss in the amount of HUF 100,000 thousand on its share in Energigas Kft.

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Acquisition of participation:

On June 30, 2025, in a quota sale and purchase contract, the Company acquired 100% of the quota of Alteo Circular (Éltex) Kft. ALTEO Circular (Éltex) Kft. is an owner in ALTEO Circular Refining Kft. (66.67%) and Peregium Green Zrt. (70.4%). Alteo Circular Kft. operates in the circular economy segment, and is engaged in inorganic waste management.

- In December 2025, the Company acquired 100% of the quota and equity capital of Aerope Holding Kft.

11.2. Investments recognized as leases:

Tisza-WTP Vízelőkészítő és Szolgáltató Kft. With regard to Tisza WTP Kft., the Company is entitled to no lease income; the value of the lease receivable is zero.

The Company did not recognize its 100% participation under shares, but rather as lease receivables in accordance with the IFRS 16 (formerly IFRIC4) rules (see Note 12).

11.3. Valuation of participations in the current period:

The Company performs the valuation tests for shares by every reporting date to determine whether the recognized value is considered recoverable.

For subsidiaries where the tests performed showed that the value was below the carrying amount and the value of participation is recognized as an irrecoverable impairment loss. During the current year, the Company did not recognize any irrecoverable participations; therefore, no impairment loss was recognized.

For testing recoverable values, the Company applied the discounted cash flow (DCF) model with discount rates relevant to the activity of the subsidiary in question and the date of the generated cash flows. The input data used in the model were derived from observable markets. The assessment of the data includes the consideration of inputs such as liquidity risk, credit risk and volatility.

Breakdown of the discount rates used by CGU (cash-generating unit):

Classification	Rate	Previous period
Integrated energy	8,60%	9,29%
Subsidized renewable	9,03%	9,35%
Market-based renewable	10,52%	10,42%
Circular economy	10,10%	9,98%

Integrated energy segment: procurement of various types of balancing reserve capacities (FCR, aFRR, mFRR) by the Hungarian system operator (MAVIR) in order to maintain balance in the system as well as the retail activity of the purchase and resale of electricity and gas to end-consumers

Subsidized renewables segment: activities performed at subsidized prices relating to solar, wind and hydropower based energy production.

Market-based renewables segment: activities performed at market prices relating to solar, wind and hydropower based or CHP heat and electricity generation.

Circular economy segment: collection and recovery of waste by type, activities relating to the appropriate disposal of non-recoverable waste.

12. *Lease receivables*

The 100% participation held by the Company in Tisza-WTP Kft. is recognized as lease receivables according to the rules of IFRS 16 (formerly IFRIC 4). The Tisza WTP Kft. lease receivable has zero value since December 31, 2019. The Company did not identify any unguaranteed residual values regarding the contract. There are no contingent fees in the relevant contracts. Pursuant to the agreement dated on November 08, 2016, MOL Petrolkémia Zrt. has a purchase option on the business quota of Tisza WTP Kft. Due to the special conditions, the lease deal cannot be cancelled, only terminated by calling the buy option. Tisza WTP Kft. satisfies special customer needs, and is not available to entities other than the buyer.

The O&M services provided to the subsidiary have an impact on the profit or loss of the Company. The Company is in possession of some publicly available information that the business combination of Tisza WTP Kft. using the service is consolidated by MOL Nyrt.

13. *Inventories*

As at the reporting date, the Company holds only strategic inventories and services purchased for inventory (project inventory). These inventory categories are shown in the following table:

Strategic inventories:

- *Spare parts, operating materials:* These include the stock of spare parts relating to the maintenance of power plant equipment and, among others, work clothing, empties and auxiliary materials.
- *Project inventories:* Inventories related to projects are the value of materials and services not received by the buyer on the reporting date.
- *Fuels:* Inventories include the fuels (fuel oil) used by power plants.

Inventories include parts of the gas engine, wind turbine and solar power plant equipment purchased for the performance of O&M contracts, and materials and services not transferred related to the gas engine, solar power plant project development.

Strategic inventories	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Parts O&M	997 968	980 624
Project development inventories, of which:	593 801	987 070
- on gas engine power plant projects	481 900	525 578
- on wind power plant projects	104 514	-
- on other projects	4 956	284 212
- on solar power plant projects	2 431	2 431
- on landfill gas power plant projects	-	131 077
- on electricity storage unit construction projects	-	42 615
- on hydropower plant projects	-	600
- on on-site solar panels	-	557
	1 591 769	**1 967 694**

The scrap value of the gas engine for the current year is HUF 133,277 thousand.

Impairment loss of inventories:

Impairment loss of inventories	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening	**(5 820)**	**(20 761)**
Derecognized impairment loss	-	20 761
Impairment recognized	-	(5 820)
Impairment reversed	-	-
Closing	**(5 820)**	**(5 820)**

The Company recognized impairment among inventories, regarding the implementation designs and preparatory works. The Company keeps an allowance for inventory impairment recognized in 2024 for the conversion of the condensate drainage of heat exchangers project designed for the Sopron Power Plant.

14. *Trade receivables*

Relevant information on trade receivables and impairment losses of trade receivables:

Trade receivables	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Trade receivables at initial cost	12 438 038	15 400 000
Recognized impairment	(682 182)	(529 992)
	11 755 856	**14 870 008**

- The impairment of receivables and write-offs are accounted for in other expenses.
- Buyers are qualified on a case by case basis.
- The Company possesses guarantees as required in its contracts regarding project development works. No guarantees had to be enforced vis-á-vis customers during the presentation periods.
- The maximum credit risk is equal to the carrying amount of trade receivables.
- Recognized impairment: The items relating to the ECL impairment applied to financial assets are presented in detail in Sections 17 and 37.

Statement of changes in impairment of trade receivables:

Trade impairment losses	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening balance	**529 992**	**394 753**
Impairment reversed	(115 626)	(132 575)
Impairment recognized	267 816	267 814
Closing balance	**682 182**	**529 992**

The aging list of trade receivables (data in HUF thousand):

eivables ageing (HUF thousand) 12/31/2025	Not overdue	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	180 to 365 days	over 365 days	Total
Trade receivables at initial cost	3 440 227	540 899	6 494	1 745 028	3 698 367	2 954 051	52 972	12 438 038
of which third party	*1 901 656*	*6*	*10*	*-*	*130*	*-*	*924*	*1 902 726*
of which related parties	*1 538 570*	*540 893*	*6 484*	*1 745 028*	*3 698 237*	*2 954 051*	*52 048*	*10 535 312*
Impaired trade receivables (ECL)	(146 107)	(16 272)	(196)	(52 494)	(111 259)	(196 787)	(159 067)	(682 182)
of which third party	*(126 585)*	*(0)*	*(1)*	*-*	*(9)*	*-*	*(61)*	*(126 656)*
of which related parties	*(19 522)*	*(16 271)*	*(195)*	*(52 494)*	*(111 251)*	*(196 787)*	*(159 006)*	*(555 526)*
Total	**3 294 120**	**524 627**	**6 298**	**1 692 534**	**3 587 108**	**2 757 264**	**(106 095)**	**11 755 856**

Items involving related parties are presented in Section 36.

The Company's five largest customers in terms of turnover:

2025 Largest customer	2025 Total revenue percentage ratio	2024 Largest customer	2024 Total revenue percentage ratio
Sinergy Energiakereskedő Kft.	26,59%	Sinergy Energiakereskedő Kft.	27,71%
MOL Nyrt.	24,34%	Alteo-Therm Kft.	22,37%
Alteo-Therm Kft.	23,37%	Edelyn Solar Kft.	12,99%
ALTEO Energiakereskedő Zrt.	12,28%	ALTEO Energiakereskedő Zrt.	9,84%
TVK-Erőmű Kft.	5,32%	TVK-Erőmű Kft.	3,83%

15. *Other financial assets*

Other financial assets include cash and cash equivalents of the ESOP Organization (closing balance in 2025: HUF 0 thousand, closing balance in 2024: HUF 199,845 thousand). Cash and cash equivalents increased significantly as a result of dividend payment in 2024, which the Company paid to the members of the ESOP Organization in 2025, upon closing of the ESOP program.

16. *Other receivables and accruals*

Other receivables and accruals	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Receivables due from the customer	4 806 176	6 325 249
of which related parties	*4 326 046*	*6 255 170*
of which: leasing revenue from related party	*356 303*	*-*
of which third party	*123 827*	*70 078*
Receivables from affiliated companies	5 283 503	3 266 022
Accrued revenues	878 287	617 713
of which related parties	*826 055*	*5 781 964*
of which third party	*52 232*	*211 902*
Advances given	458 550	551 762
Accrued expenses	129 206	216 933
of which related parties	*-*	*-*
of which third party	*129 206*	*216 933*
Other receivables	28 636	9 358
Deposits and security deposits	5 117	5 195
	11 589 475	**11 023 896**

The Company's income tax receivables are presented in the table below:

Income tax receivables	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Receivables from tax authority	986 555	-
Receivables from local governments	101 183	-
	1 087 738	**-**

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Accrued revenues: interest accrual related to long-term loans granted by the Company. Items involving related parties are presented in Note 36.
Advances given: Advances paid in the course of the usual course of business. The 2025 closing balance of advances given is HUF 465,405 thousand, on which the Company recognized ECL impairment in the amount of HUF 6,855 thousand.
Receivables from affiliated companies: Items involving related parties are presented in Note 36.
Receivables due from the customer: The receivables recognized in relation to contracts for construction and installation services are presented in detail in Section 43. The amounts due from the customer include lease revenue related to the Győr energy storage facility in the amount of HUF 356,303 thousand, as well as items related to operating agreements and other subsidiary agreements in the amount of HUF 4,326,621 thousand. The Company recorded an impairment loss of HUF 55,024 thousand in its books in 2025.
Accrued expenses: Expenses regarding which the documentation was entered into the books in 2025, but the period of performance extends to 2026.
Deposits and security deposits: Deposits and security deposits made on tenders and rent less impairment.
Other receivables: Salary advances to employees, overpayments to suppliers, receivables from the state tax authority

17. *Application of the expected loss model (ECL – Expected Credit Loss) to financial assets*

Application of the expected loss model (ECL)
The management of the Company has performed the risk analysis of its financial assets. Risks of financial assets are presented in Section 37. Financial assets are classified into the following categories:

Category	Definition	Application of ECL
Performing	The partner is trustworthy and non-payments did not occur in the past. All related items are considered performing.	Recognition of 12-month expected credit loss
Delinquent	Significant delay by an external partner but no direct evidence of risk of non-payment	Recognition of full lifetime expected credit loss
Non-performing	Item past due for 365+ days in the case of an external partner, direct evidence for risk of non-payment	Recognition of full lifetime expected credit loss

The Company reviewed its previous year's practice on related party receivables and, in the current year, recognizes impairment on related party receivables and performing outstanding external party receivables in accordance with the logic of the above table.
Impairment recognized for the financial assets of the Company by classification category (and not by the statement of financial position) are presented in the ECL amount column:

Application of the expected loss model to financial assets	External credit rating	Internal credit rating	ECL %	Gross value (HUF thousand)	ECL amount (HUF thousand)	Net amount (HUF thousand)
Long-term loan – Intercompany	N/A	Performing	1,68%	24 237 458	(23 186)	24 214 272
Trade receivable – Intercompany	N/A	Performing	1,68%	10 296 710	(316 924)	9 979 786
Other receivables – Intercompany	N/A	Performing	1,50%	2 730 708	(45 501)	2 685 207
Customers – with large corporate background	N/A	Performing	3,54%	1 814 212	(62 593)	1 751 619
Long-term loan – Intercompany	N/A	non-performing	100,00%	811 452	(811 452)	-
Advances given	N/A	Performing	1,50%	465 405	(6 854)	458 551
Customer – Energigas	N/A	non-performing	100,00%	238 602	(238 602)	-
Customer – other	N/A	non-performing	100,00%	63 177	(63 177)	-
Receivables as per IFRS 15	N/A	Performing	1,50%	53 683	(576)	53 107
Other receivables – third parties	N/A	Performing	1,50%	56 520	(848)	55 672
Customer – other	N/A	Performing	3,54%	25 337	(885)	24 452
Deposits, security deposits given	N/A	Performing	1,50%	5 195	(78)	5 117
Total				**40 798 459**	**(1 570 676)**	**39 227 783**

In the current-year evaluation, the Company's management took into account data available in public databases, its past experience and future expectations regarding its receivables portfolio, as well as macroeconomic expectations when determining ECL rates.

Presentation of individual impairments:

An individual impairment on the long-term loan granted to Energigas Kft. was reversed in the current year in the amount of HUF 100,000 thousand.

18. *Short-term loans given*

The loan granted to FE-Group Invest Zrt. in 2024 was reclassified to short-term loans given. In May 2025, FE-Group Invest Zrt. repaid the loan.

Short-term loans given	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Short-term loans given	-	901 200
Short-term loans given ECL model impairment	-	(13 518)
	-	**887 682**

19. *Cash and cash equivalents*

Cash and cash equivalents	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Bank accounts – HUF	9 023 487	2 164 163
Bank accounts – foreign currency	1 753	130 315
of which: valuation difference	(79)	(2 506)
Cash desk	-	-
	9 025 240	**2 294 478**

Cash and cash equivalents only include the balances of items which can be converted to cash and used three months from acquiring. The revaluation difference arises from the year-end revaluation of FX current accounts. The Company ties up unrestricted cash and cash equivalents on a weekly basis on its current account at the overnight rate published by the central bank -1%.

The detailed reasons for changes in cash and cash equivalents are included in the statement of cash flows.

Financial statements of ALTEO Nyrt. for 2025 Data in HUF thousand

20. *Elements of equity*

By transforming its capital structure, the Company intends to retain its capacity to operate continuously in order to provide profit for its shareholders and maintain an optimal capital structure for the sake of reducing the cost of capital. In order to preserve or adjust capital structure, the Board of Directors proposes to the General Meeting the amount of dividends to be paid to shareholders, and acting within its authorization received from the General Meeting, it decides, in connection with the capital structure or at its discretion, on capital increase and issuing new shares, or submits a proposal to that effect to the General Meeting.
The Company complies with the statutory capital requirements applicable to it. In performing a review of that, the Company observes the requirements of Act V of 2013 on the Civil Code (of Hungary).

20.1. Shares traded

The Company reports its issued capital less the value of the redeemed own shares in the Issued capital line.

The movements in ordinary shares are listed in the following table:

Date	Event	Number of shares	Face value (HUF/share)	Issued capital change (HUF	Issued capital balance (HUF	Share premium change (HUF
1/1/2023	**Opening balance**	**19 925 254**	**12,5**		**249 066**	**1 880 510**
2/7/2023	Transfer of employee share award	1 911	12,5	24		5 518
5/16/2023	Share purchase other than OTC	(185 672)	12,5	(2 321)		(510 412)
5/17/2023	Transfer of own shares to ESOP due to the ESOP Program Watt	4 309	12,5	54		5 020
5/17/2023	Transfer of own shares to ESOP due to the ESOP Program Watt	27 933	12,5	349		76 439
5/17/2023	Transfer of own shares to ESOP due to the ESOP Program Szikra	122 717	12,5	1 534		335 815
5/17/2023	Transfer of own shares to ESOP due to the ESOP Program Management	30 713	12,5	384		84 046
5/17/2023	Share purchase other than OTC	(208 328)	12,5	(2 604)		(572 694)
5/18/2023	Transfer of own shares to ESOP due to the ESOP Program Management	88 287	12,5	1 104		241 597
7/4/2023	Shares purchased from ESOP	(22 073)	12,5	(276)		(59 189)
7/13/2023	ESOP Program 2022-2024 transfer of own shares to ESOP	17 640	12,5	220		48 272
1/1/2024	**Opening balance**	**19 802 691**	**12,5**		**247 534**	**1 534 923**
6/3/2024	ESOP Program 2024 repurchase of own share (vested)	(223 200)	12,5	(2 790)		(851 709)
6/3/2024	ESOP Program 2024 repurchase of own share (unvested)	(32 160)	12,5	(402)		(122 719)
6/26/2024	Repurchase of own share to ESOP due to the ESOP 2025 Program	(50 790)	12,5	(635)		(201 154)
6/26/2024	Repurchase of own shares to ESOP due to the ESOP Program Szikra	(19 082)	12,5	(240)		(75 574)
6/27/2024	Transfer of own shares to ESOP due to the ESOP Program Executive 2026	141 000	12,5	1 763		548 110
6/27/2024	ESOP Program 2026 transfer of own share to ESOP	216 380	12,5	2 705		789 505
6/27/2024	ESOP Program 2025 transfer of own share to ESOP	81 070	12,5	1 013		221 848
6/27/2024	ESOP Program Szikra transfer of own share to ESOP	15 320	12,5	192		41 923
1/1/2025	**Opening balance**	**19 931 229**	**12,5**		**249 140**	**1 885 153**
5/16/2025	ESOP Program 2025 repurchase of own share (vested)	(290 780)	12,5	(3 635)		(1 703 360)
5/16/2025	ESOP Program 2025 repurchase of own share (unvested)	(25 030)	12,5	(313)		(146 623)
5/20/2025	Repurchase of own shares to ESOP due to the ESOP Program Watt	(32 242)	12,5	(403)		(184 518)
5/20/2025	Repurchase of own shares to ESOP due to the ESOP Program Szikra	(118 955)	12,5	(1 486)		(680 768)
5/20/2025	Repurchase of own shares to ESOP due to the ESOP Program Executive	(119 000)	12,5	(1 488)		(681 025)
5/22/2025	ESOP Program 2027 transfer of own share to ESOP	144 965	12,5	1 812		848 726
5/22/2025	Transfer of own shares to ESOP due to the ESOP Program 2027 Watt	14 140	12,5	177		80 922
5/22/2025	Transfer of own shares to ESOP due to the ESOP Program 2027 Szikra	35 529	12,5	444		207 391
5/22/2025	Transfer of own shares to ESOP due to the ESOP Program 2027 Executive	141 000	12,5	1 763		825 964
7/2/2025	ESOP Program 2026 repurchase of own share (vested)	7 370	12,5	92		42 178
12/31/2025	**Closing balance**	**19 688 226**	**12,5**		**246 103**	**494 039**

The changes in capital elements is presented in the Equity table. Share transfers under ALTEO Nyrt.'s employee share ownership program are recognized using the FIFO method.

The 2025 opening number shows 19,931,229 shares with a face value of HUF 12.5 per share, which makes the opening balance of the issued capital related to ordinary shares shown under equity HUF 249,140 thousand.

As a result of the changes shown above, the 2025 closing number shows 19,688,226 shares with a face value of HUF 12.5 per share, making a closing balance of HUF 246,103 thousand.

Due to the expiration of its previously launched remuneration policy and the departure of employees who had participated in the Programs, ALTEO Nyrt. repurchased 586,007 shares from the ESOP Organization in 2025 for a total of HUF 7,325 thousand, which corresponds to the face value of the shares.

The Company transferred 343,004 shares to the ESOP Organization under the 2026, 2027 and 2027 Senior Management and Szikra ESOP Programs in a total of HUF 4,288 thousand, which corresponds to the face value of the shares.

20.2. Share premium – reserves

Share Premium – reserves include the reserves generated because of the ESOPs and employee share award programs as well as the reserve required due to the IFRS transition, the reserves generated in the course of share subscription throughout the life of the Company and receivables from the ESOP, as well as reserves related to share movements.

Share premium – reserves	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Opening	**4 346 124**	**6 036 423**
Total ESOP Organization	(194 081)	(1 690 299)
Shares transferred to ESOP Organization for the implementation of ESOP Prograr	2 005 180	-
Change in share premium reserve attributable to repurchased own shares	1 394 151	(2 237 648)
IFRS 2 vested benefit settlement through the ESOP Organization	(1 849 983)	-
Szikra, ESOP Program share repurchase	(680 768)	-
Executive, ESOP Program share repurchase	(681 025)	-
Watt, ESOP Program share repurchase	(184 518)	-
ESOP Founder's assets dividend	(197 118)	-
Shares transferred to ESOP Organization for the implementation of ESOP Prograr	-	1 601 386
IFRS 2 vested benefit settlement through the ESOP Organization	-	(974 428)
Szikra, ESOP 2025 Program share repurchase	-	(276 728)
ESOP Founder's assets dividend	-	197 119
Closing	**4 152 043**	**4 346 124**

<u>Changes:</u>

- HUF 2,005,180 thousand as the above-par part of the shares transferred to the ESOP Organization for the implementation of ESOP Programs
- The share premium reserve attributable to the repurchased own shares of the ESOP Programs amounts to HUF 1,394,151 thousand.
- HUF 3,396,294 thousand as the above-par part of the shares repurchased from the ESOP Organization,
- HUF 197,119 thousand as ESOP Founder’s assets dividend.

<u>The ESOP programs are described in Section IV.35. of the Consolidated Financial Statements.</u>

The amount of reserves shown in the statements and other reserves is not identical with the amount of reserves that can be distributed to shareholders as dividends. Pursuant to the Hungarian Accounting Act, the level of dividends is determined based on the equity correlation, which is explained in Note 22.

Transactions with owners resulting from the employee share ownership program and share premiums as well as reserve generation required by the transition to IFRS accounting are presented among reserves.

20.3. Retained earnings

Retained earnings	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Opening	**32 418 873**	**31 493 513**
Comprehensive income	3 509 163	8 680 722
Development reserve use	1 823 850	176 150
ESOP Founder's assets forfeited dividend	30 488	41 078
Dividend approval	-	(7 972 590)
Rounding	(1)	
Closing	**37 782 373**	**32 418 873**

In the current year, the Company released development reserves in the amount of HUF 1,823,850 thousand for the capitalization of the 8MW/16MWh battery electricity storage facility installed at the Győr Industrial Park.

Development reserve	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Opening balance	**1 823 850**	**2 000 000**
Development reserve use	(1 823 850)	(176 150)
Closing balance	**(0)**	**1 823 850**

The 2025 opening balance of the development reserve was HUF 1,823,850 thousand, which was used by the Company in full in the current year.

No development reserve was allocated in the current year.

21. Derivative reserve

The accounting policy of the Company established hedge connection between certain transactions and certain derivatives. These derivative transactions qualify as cash flow hedge transactions. The Company recognizes profit or loss on the cash flow hedge transactions under other comprehensive income and collects such profit or loss in this equity component up to the effective part. The Company reclassifies the balance of cash flow hedge transactions recorded in the derivative transactions reserve to the appropriate line item of the statement of profit or loss at the closing of such transactions (or if the hedge connection is interrupted for another reason). The Company had no open hedging transactions on December 31, 2025.

22. *Equity correlation table required as part of Section 114/B of the Accounting Act, computation of dividend constraint Section 114/A of the Accounting Act*

Equity correlation table	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Equity under the IFRSs (difference of IFRS assets and liabilities)		42 180 519	38 837 987
Supplementary payments received		-	-
Supplementary payments made, recognized as assets (-)		(1 497 548)	(1 327 886)
Section 114/B. Equity		***40 682 971***	***37 510 101***
Breakdown (chk):		**(40 713 460)**	**(29 906 883)**
Issued capital according to the IFRSs		246 103	249 140
Section 114/B(4)(b) Issued capital under the IFRSs	***20.1***	***246 103***	***249 140***
Face value of repurchased own shares	20.1	(3 041)	(3)
Issued capital according to Hungarian Accounting Standards		***249 143***	***249 143***
Issued, but unpaid capital		-	-
Issued, but unpaid capital		***-***	***-***
Section 114/B(4)(d) Capital reserve	20.2	4 152 043	4 346 124
Capital reserve total		***4 152 043***	***4 346 124***
After-tax profit accumulated and undistributed in previous years under the	20.3	33 821 109	25 274 045
Total of the closing retained earnings and the after-tax profit or loss before transition, adjusted for transition adjustments		452 102	452 102
Amounts directly credited or debited to retained earnings under the IFRSs	20.3	30 488	(7 931 512)
Supplementary payments made, recognized as assets (-)		(1 497 548)	(1 327 886)
Unused development reserve (-)	20.3	-	(1 823 850)
Deferred tax relating to unused development reserve calculated as per IAS 12	20.3	-	164 147
Total retained earnings (excluding current year profit/loss and deferred		***32 806 151***	***14 807 047***
Section 114/B(4)(f) Valuation reserve		-	-
Valuation reserve total		***-***	***-***
Section 114/B(4)(g) Current year profit/loss	20.3	3 509 163	8 680 722
Profit or loss after taxes Current year profit/loss (-) under IFRS5		***3 509 163***	***8 680 722***
Section 114/B(4)(h) Allocated reserve (without deferred tax effect)	20.3	-	1 823 850
Total allocated reserve		***-***	***1 823 850***
Section 114/B(5)(a) Reconciliation of the amount of capital registered with the Court of Registration and the amount of issued capital under the IFRSs:			
Issued capital registered at the Court of Registration	20.1	249 143	249 143
Issued capital according to the IFRSs	20.1	246 102	249 140
Deviation (face value of repurchased own shares)	***20.1***	***3 041***	***3***
Equity		***40 713 460***	***29 906 883***
Section 114/B(5)(b) Free retained earnings available for dividend payment:			
Retained earnings (including the profit/loss for the financial year closed by the latest annual report)		36 315 314	23 487 769
Cumulative unrealized profit recognized due to the fair value increase of		-	-
Effect of current year dividends approved by the BoD		-	-
Free retained earnings available for dividend payment		***36 315 314***	***23 487 769***

The dividend per share available under the Accounting Act is presented in the consolidated annual report pursuant to Section 70(a) and (b) of IAS 33.

23. *Deferred tax liabilities*

When calculating deferred taxes, the Company compares the amounts to be considered for taxation purposes with the accounting value of each asset and liability. If the difference is reversible (i.e. the difference is equalized in the foreseeable future), then a deferred tax liability or asset is recorded in a positive or negative amount as appropriate. Recoverability was separately examined by the Company when recording each asset. No deferred tax asset was recorded.

When computing corporate taxes, the Company used a 9% rate upon reversal.

The change in deferred taxes was recognized by the Company in the statement of profit or loss.

The following differences were identified in 2025:

Deferred tax liability (HUF thousand) 12/31/2025	Note	Tax value	Accounting value	Difference
Fixed and intangible assets	9.	8 866 305	12 842 872	3 976 566
Impairments	20.	-	(1 570 101)	(1 570 101)
ESOP program 2026 short-term liabilities	32.	-	(581 724)	(581 724)
ESOP Program Executive 2026 short-term liabilities	32.	-	(452 407)	(452 407)
ESOP Program Executive 2027 long-term liabilities	26.		(261 201)	(261 201)
ESOP Program 2027 long-term liabilities	26.		(244 649)	(244 649)
Provisions	24.	-	(280 622)	(280 622)
ESOP Program Szikra long-term liabilities	26.		(55 304)	(55 304)
ESOP Program Watt long-term liability	26.		(20 207)	(20 207)
Deductible temporary difference			**(3 466 215)**	
Total taxable difference			**3 976 566**	510 352
Deferred tax liability (9%)			**45 932**	

The correlation of the recognized tax expense and the theoretical tax is described in Note 8 Income taxes.

The Company presents the disclosures required under IAS 12 in Section 8 “Income taxes” of its Separate Financial Statement. The development reserves are recognized directly relating to equity. The Company has other comprehensive income items, the related tax is presented in the table below. The Company identified no temporary differences relating to its investments in subsidiaries, therefore no related disclosures are made in the report.

Deferred tax	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
tax opening	**39 967**	**255 879**
d in profit or loss	5 965	(222 324)
d in capital	-	6 412
in capital	-	-
tax closing	**45 932**	**39 967**

24. *Provisions – Non-current liabilities*

The Company’s provisions are shown in the following tables:

Provisions	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Opening	**198 591**	**53 009**
of which: long-term	*170 553*	*31 002*
of which: short-term	*28 038*	*22 007*
g provisions for the acceptance of liabilities	43 828	139 551
g provisions from profit/loss (for the expected costs)	7 055	7 037
s for expected costs	32 000	-
provisions from profit/loss	(851)	(1 006)
Closing	**280 623**	**198 591**
of which: long-term	*220 585*	*170 553*
of which: short-term	*60 038*	*28 038*

Provisions – long-term liabilities	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Provisions opening	**170 553**	**-**
Generating provisions for the acceptance of liabilities	43 828	
Provisioning against profit/loss	6 204	170 553
Reclassification	-	-
	220 585	**170 553**

The Company unilaterally undertook to cover the long-term decommissioning and recultivation liabilities of its subsidiaries. The Company recognizes such liability at expected value and when determining the fair value of the liability to third parties to recultivate land used by the subsidiaries for the construction of production power plants, the Company discounts the residual liability not covered by other revenues in the future by the risk-free return less the long/medium-term inflation rate assigned to probable cash flows.
Of the opening balance of provisions for long-term liabilities, HUF 139,551 thousand and HUF 31,002 thousand were provisioned for unilateral commitments and other future obligations, respectively. In 2025, the Company increased provisions for unilateral commitments by HUF 43,827 thousand, and made further provisions for future obligations in the amount of HUF 7,055 thousand.

25. *Debts on the issue of bonds*

Debts on the issue of bonds	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Opening principal and interest:	**12 701 604**	**12 658 274**
ALTEO Nyrt. NKP1 2029	8 796 896	8 762 151
Alteo Nyrt. NKP1 2031	3 904 708	3 896 123
Inter-year accounting of bond interest	**(160 911)**	**-**
ALTEO Nyrt. NKP1 2029	(111 216)	-
Alteo Nyrt. NKP1 2031	(49 695)	-
Closing principal	**12 540 693**	**12 701 604**
Interest recognized for the current period	**333 333**	**331 789**
ALTEO Nyrt. NKP1 2029	250 692	251 941
Alteo Nyrt. NKP1 2031	82 641	79 848
Repayments in the current period	**(364 000)**	**(364 000)**
ALTEO Nyrt. NKP1 2029	(270 900)	(270 900)
Alteo Nyrt. NKP1 2031	(93 100)	(93 100)
Closing principal and interest	**-**	**(75 541)**
ALTEO Nyrt. NKP1 2029	-	(53 704)
Alteo Nyrt. NKP1 2031	-	(21 837)
Closing principal and interest	**12 602 879**	**12 626 063**
Short-term liabilities	**(62 186)**	**(75 541)**
of which: ALTEO Nyrt. NKP1 2029	(43 361)	(53 704)
of which: ALTEO Nyrt. NKP1 2031	(18 825)	(21 837)
Debts on the issue of bonds	**12 540 693**	**12 701 604**
Short-term interest accrual	**62 186**	**-**
Short-term bond payables	**-**	**-**

Terms of borrowings and repayment schedule:

Name	Frequency of repayments	Amounts paid	Currency	Nominal liabilities 2025	Maturity date
ALTEO Nyrt. NKP 2029	Interest payment per annum	8 818 284 700	HUF	8 600 000 000	10/28/2029
ALTEO Nyrt. NKP1 2031	Interest payment per annum	3 912 499 250	HUF	3 800 000 000	10/8/2031

data in HUF thousand	2026	2027	2028	2029	2030	2031
ALTEO Nyrt. NKP 2029	270 900	270 900	270 900	8 870 900		-
ALTEO Nyrt. NKP1 2031	93 100	473 100	463 790	454 480	445 170	2 335 860

Bond programs open on 12/31/2025:

On October 24, 2019, the Company issued bonds designated as “ALTEO NKP/2029” with a total face value of HUF 8.6 billion. The average issue value of the bonds was 102.5382% of the face value. The bonds have a fixed rate of 3.15% and the maturity is 10 years. The bonds were admitted to listing on the regulated market on January 24, 2020.
On October 8, 2020, the Company issued bonds designated as “ALTEO NKP1/2031” with a total face value of HUF 3.8 billion. The average issue value of the bonds was 102.9605% of the face value. The bonds have a fixed rate coupon of 2.45% and the maturity is 11 years.

26. *Other long-term liabilities, long-term loans and borrowings*

Long-term loans and borrowings

In 2023, ALTEO Nyrt. took out a loan of HUF 249,265 thousand from MFB for a term of 11 years to finance its RDI activities under the GINOP-2.1.2-8.1.4-16 tender. The financing bears an interest rate of 2%. On the reporting date of December 31, 2025, the Company recognized liabilities in the amount of HUF 195,929 thousand in connection with the loan. At reporting date, the long-term amortized carrying amount of the loan was HUF 173,071 thousand while the short-term part amounted to HUF 22,858 thousand.

On February 06, 2025, the Company signed a credit facility agreement of HUF 40 billion with MBH Bank Nyrt. as agent and first original creditor and Gránit Bank Nyrt. as second original creditor for general corporate financing purposes. The entire credit line was drawn down in 2025. The loan matures on February 6, 2031, and principal repayments are due quarterly in equal installments of HUF 1,818,182 thousand per quarter. To manage the interest rate risk arising from variable interest rates, the Company enters into interest rate hedging transactions. In connection with the corporate financing loan, costs totaling HUF 285,207 thousand were incurred, which reduce the loan’s carrying amount.
The credit facility of HUF 40 billion was utilized in several tranches. Its carrying amount at reporting date on December 31, 2025 was HUF 38,181,818 thousand after the payment of the first instalment, of which HUF 30,909,091 are long-term liabilities.
In 2025, MOV-R H1 Szélerőmű Kft. granted the Company a long-term loan of HUF 200,000 thousand.

Long-term loans and borrowings	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Long-term loan	30 825 636	195 929
Long-term loans	200 000	-
	31 025 636	**195 929**

The non-discounted cash flows related to the Company's loans are as follows:

Credit cash flow (data in HUF thousand)					
2026	2027	2028	2029	2030	2031-2035
7 295 587	7 295 587	7 295 587	7 295 587	7 295 587	1 899 810

Other long-term liabilities

Other long-term liabilities	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
ESOP liability	**581 361**	**317 006**
ESOP Program Executive 2027 liabilities	*261 201*	-
ESOP 2027 program liabilities	*244 649*	-
ESOP Szikra 2027 program liabilities	*55 304*	-
ESOP Watt 2027 program liabilities	*20 207*	-
ESOP 2024-2026 program liabilities	-	*171 328*
ESOP 2024-2026 program Executive	-	*145 678*
Conditional purchase price liabilities	***173 152***	**207 176**
Total	**754 513**	**524 182**

<u>ESOP liability:</u>

The employee incentive programs are presented in detail in Section IV.35 "Presentation of Share-based and Equity Settled Benefit Programs" of the Consolidated Financial Statements.

<u>Conditional purchase price liabilities:</u>

HUF 173,152 thousand is recorded as provisional purchase price under other long-term liabilities in relation to the Zugló-Therm Kft. participation (further HUF 50,000 thousand under other short-term liabilities). In the current year, in addition to the impact of the amortization, an adjustment was also recognized in relation to the purchase price because the condition related to the payment of the obligation was met. The above stated items are measured by the Company at amortized cost.

The (aggregate short- and long-term) amortized carrying amount of the provisional purchase price of the Zugló-Therm Kft. participation was HUF 223,152 thousand at the reporting date. The fair value of the items above does not materially differ from their amortized cost.

27. *Lease liabilities*

Change in lease liabilities in the current year:

Change in lease liabilities	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Opening balance	**1 250 866**	**1 305 882**
Lease liability increase	2 340 793	906 786
Derecognition	(334 359)	(634 440)
Recognized interest expense	201 226	139 718
Lease payments	(718 118)	(467 080)
Closing balance	**2 740 408**	**1 250 866**
of which: short-term	627 938	566 848
of which: long-term	2 112 470	684 018

The Company's leases mature as follows:

Lease liabilities	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Long-term liabilities relating to rights of use (1-5 years)	2 112 470	684 018
Long-term liabilities relating to rights of use (over 5 years)	-	-
Total:	2 112 470	684 018
Instalments due within a year	**627 938**	**566 848**
Total:	**2 740 408**	**1 250 866**

Expected cash flows from leases	2026	2027	2028	2029	2030
vehicles	326 946	301 156	219 239	29 275	
office space rent	471 147	404 217	404 217	404 217	404 217
assembly hall rental	62 762	59 634	42 696	2 668	
Total	**860 855**	**765 006**	**666 152**	**436 160**	**404 217**

None of the lease arrangements include contingent lease payments. The ownership of leased cars is not transferred to the Company upon maturity of the lease and there is no related call option in place either. None of the lease contracts contain an automatic renewal option, while the Company does not exercise its contractual renewal option related to the leased property. If the mileage is exceeded, settlement takes place at the end of the lease term. The variable fee component is calculated based on the number of excess kilometers. The variable fee components are not recognized either as part of the right-of-use asset or the lease liability.
In addition to the vehicle leases, the Company recognizes its office leased in Budapest and its warehouses leased in Budapest, Polgár, and Százhalombatta as lease liabilities.
The Company uses the benefits provided under IFRS 16 in force during the current year and recognizes the following as lease payments: lease agreements with a term of less than 12 months relating to the lease of passenger vehicles and certain low-value IT equipment. The lease of these assets is recognized directly in the statement of financial position of the period in question among the material expenses.

Due to the volatile interest environment, the Company reviews the interest rate applied to newly incorporated assets on a quarterly basis.

Effect of leases on profit or loss	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Recognized amortization	(617 997)	(368 851)
Recognized interest expense	(201 226)	(139 718)
Lease of current and low-value assets	(202 640)	(202 848)
	(1 021 863)	**(711 417)**

28. *Deferred income*

Deferred income	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
"KFI" grant	140 970	192 224
"KFII" grant	132 685	155 431
"KFIII" grant	186 572	176 351
	460 227	**524 006**

The deferred income balance sheet line shows the amount of Research and Development (R&D) grants not yet recognized in profit or loss.

- The Company recognized an income of HUF 51,254 thousand in 2025 for the 'KFI I' grant received for the construction of power storage facilities.
- An amount of HUF 22,746 thousand was recognized as grant income in 2025 for the construction of the 'KFI II' Kazincbarcika energy storage unit.
- In 2022, the Company recorded HUF 224,626 thousand for the 'KFI III' grant (Sopron electric boiler and Artemis) and in 2024 it submitted its professional and financial report. The closing report was approved on September 19, 2025, and the remaining grant amount (HUF 74.8 million) was disbursed on September 26, 2025, with the project

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entering the maintenance phase. HUF 64,654 thousand of the grant was recognized as income.

The main requirements of funding are the following:

RDI 1	
Purpose of the grant	**Systemic integration and innovative application model of an electricity storage architecture**
Criteria satisfied	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: The creation of one newly developed product, technology, service or prototype The preparation of one know-how Business exploitability: the revenues from the outcome of the RDI project reach 30% (HUF 300 million) of the grant amount in two consecutive years combined during the maintenance period Export revenues (the average of export revenues in two consecutive years during the maintenance period) amount to HUF 109 million. One appearance at a domestic and an international forum (RENEXPO and the international energy trade fair, ENERGOexpo, were indicated in the grant application, however, this may be modified) 2 publications
Realistic criteria	Export revenues (the average of export revenues in two consecutive years during the maintenance period) amount to HUF 109 million.
Implementation	July 2019
Maintenance period	July 2019 – 12/31/2024 – closed

RDI 2	
Purpose of the grant	**Integration into the electricity system of storage facilities with battery cells of various parameters**
Realistic criteria	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: 1 subsidized undertaking for the manufacture of the new product In the 2 financial years following implementation, the amount of R&D expenses amounts to 30% of grants as evidenced in the corporate tax returns
Implementation	12/6/2018–1/13/2022
Maintenance period	5 years, 7/7/2023–12/31/2028; submission of an annual maintenance report to the NRDIO; the deadline for submitting the final maintenance report is June 15, 2029.

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RDI 3	
Purpose of the grant	**Development of real-time autonomous energy information and production management system**
Realistic criteria	The grant is tied to the performance and presentation of technical R&D work. In addition, a number of indicators need to be met also during the maintenance period: 1 new product developed involvement of 3 enterprises in development publication of the project achievements on domestic forums on 3 occasions 3 publications 1 publication resulting from private-public cooperation 3 undertakings making use of the project achievements 9 researchers/developers and 2 other employed project participants 1 additional agreement with universities or research institutes
Implementation	9/30/2024
Maintenance period	3 years, ends on: December 31, 2027; the submitted technical and financial report was approved; the remaining grant amount was disbursed on September 26, 2025, in the amount of HUF 74.8 million

29. *Financial liabilities – conditions*

The related interest terms were presented in previous notes for all instruments.
The terms and conditions of bonds are explained in Section 25 while long-term bank loans are presented in Section 26.

30. *Short-term provisions*

A part of the short-term provisions (HUF 30,038 thousand) relates to the resin replacement of the mixed bed at Tisza WTP Kft., facilitating the production of distilled water at the TVK power plant. These contractual obligations still existed unchanged in the current year. In the opinion of the Company's management, the provisions are expected to be released within one year. Tisza WTP provides ion exchange water to the entire area of the TVK power plant, where Alteo Nyrt. has a long-term contract for operation.
On September 03, 2025, residual fuel oil contamination seeped up from the soil at the Győr Power Plant. In 2025, the Company made provisions in the amount of HUF 30,000 thousand for remediation, considering the costs of technical assessments and cost estimates, the risks and uncertainties.

31. *Trade payables*

This line in the statement of financial position contains liabilities arising from the purchase of goods and services in the amount of HUF 2,455,377 thousand. Trade payables are unsecured, which means that the Company does not provide guarantees, with the exception of those routinely provided in the normal course of business.

The Company's five largest suppliers:

12/31/2025	12/31/2024
EXTOR Energy Zrt	KELER Zrt.
Risen Energy (Changzhou) CO. LTD.	Photomate s.r.o.
Artemis Technologies Zrt.	Ceolica Hispania S.L.
Vestas Hungary Kft.	Pannonia Bio Zrt.
BudaPart Silurus Kft.	Extor Energy Zrt.

32. *Short-term loans and borrowings, other short-term liabilities and accruals*

Short-term loans and borrowings	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
KFIII long-term loan short-term part	22 858	22 858
Short-term part of Gránit-MBH credit	7 272 728	-
	7 295 586	**22 858**

See Note 26 for presentations relating to short-term loans.
The composition of the "other short-term liabilities and accruals" balance sheet line is as follows:

Other short-term liabilities and accruals	12/31/2025 HUF thousand 12 months	12/31/2024 HUF thousand 12 months
Cost accruals	3 808 262	1 631 233
of which: accrual for cumulated unused annual leave (according to IAS 19 – Employee Benefits)	*116 423*	*124 429*
Amounts payable to customers (IFRS 15)	2 888 790	1 214 022
Other tax liabilities	2 609 631	1 763 187
Liabilities under ESOP Programs:	1 034 131	2 105 069
ESOP program 2026 short-term liabilities	*581 724*	-
ESOP Program Executive 2026 short-term liabilities	*452 407*	-
ESOP Program Executive 2025 short-term liabilities	-	*1 228 327*
ESOP program Watt short-term liabilities	-	*113 942*
ESOP program Szikra short-term liabilities	-	*404 104*
ESOP program Management short-term liabilities	-	*358 696*
Income settlement	374 441	333 817
Other short-term liabilities to ALTEO Group members	275 515	-
Accrued bond interest	62 186	-
Zugló contingent purchase price instalment	50 000	50 000
Income accruals	10 554	71 529
Other short-term liabilities	8 368	6 561
	11 121 878	**7 175 418**

<u>Cost accruals:</u> Periodically settled transactions and uninvoiced services related to the usual economic activities of the Company. The Company recognizes the accrual for the expected cost of employee leave days in accordance with IAS 19 on this balance sheet line.
<u>Amounts due to customers (IFRS 15):</u> for a detailed explanation, see Note 43.
<u>Other tax liabilities:</u> They include the aggregated amounts of VAT, other local taxes, and other payroll taxes and contributions.

Short-term liabilities under the 2026 ESOP Program and 2026 Senior Management Programs: the ESOP Programs are presented in detail in Section IV.35. 'Presentation of Share-based and Equity Settled Benefit Programs' of the Consolidated Financial Statements.
Income settlement: The payrolled salaries of employees for December 2025.
Other short-term liabilities to ALTEO group members: Negative bank account balances in the cash pool maintained at Erste Bank Hungary Zrt.
Accrued bond interest: the amount of interest accrued between interest payment date and interest reset date.
Zugló contingent purchase price: Contingent purchase price remaining from the purchase price of Zugló-Therm Kft. (absorbed by Alteo-Therm Kft. on January 1, 2020).
Income accruals: Periodically settled transactions and services invoiced in advance related to the usual economic activities of the Company.
Other short-term liabilities: Other uncategorized liabilities (child support, union fees, voluntary pension fund contributions, etc.)

33. *Advances received*

On December 31, 2025, advances received from customers were recognized in the amount of HUF 136,907 thousand related to the construction of the turnkey implementation of the solar power plant at the Algyő site of MOL Nyrt.

34. *Income tax liabilities*

Income tax liabilities	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Corporate tax liability	-	546 259
Innovation contribution liability	12 996	28 550
Local business tax liability	-	2 759
	12 996	**577 568**

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35. *Operating segments*

No geographic segments were determined as the Company has no significant foreign operations and its domestic business cannot be clearly classified into regional units either.

Decisions of strategic importance with respect to the operation of the Company are made by the members of the Board of Directors; thus the Company discloses classification by the following segments:

- operation,
- construction, installation, and project development,
- other (administrative services and management)

The Operation, Construction, Installation and Project Development segment indicated in the table corresponds to the Energy Services segment in the Consolidated Annual Financial Statements.

The breakdown of the statement of profit or loss by segments:

2025	Administration and management	Business development and	Operation	Total
Revenues	**11 334 175**	**8 868 594**	**11 794 617**	**31 997 386**
Material expenses	(2 951 522)	(7 349 202)	(4 542 170)	(14 842 894)
Personnel expenses	(6 569 761)	(907 338)	(3 876 731)	(11 353 830)
Depreciation, amortization	(1 555 916)	(23 304)	(944 551)	(2 523 771)
Capitalized own production	137 441	3 592	(43 012)	98 021
Other revenues, expenses	(183 506)	101 652	308 326	226 472
Operating profit or loss	**210 911**	**693 994**	**2 696 479**	**3 601 384**

2024	Administration and management	Business development and	Operation	Total
Revenues	**17 066 161**	**11 644 373**	**9 909 311**	**38 619 845**
Material expenses	(2 478 634)	(10 094 152)	(4 434 472)	(17 007 258)
Personnel expenses	(5 642 648)	(934 645)	(3 296 146)	(9 873 439)
Depreciation, amortization	(609 399)	(30 499)	(634 526)	(1 274 424)
Capitalized own production	294 886	346 658	58 162	699 706
Other revenues, expenses	38 740	(9 381)	(778 755)	(749 396)
Operating profit or loss	**8 669 106**	**922 354**	**823 574**	**10 415 034**

Transactions between segments are not significant.

36. *Related party disclosures*

According to the judgement of the management of the Company, transactions with related parties are transactions concluded under market terms, with market based pricing.
The Company does not enter into supply contracts where the customer has the right to subsequently return the goods delivered or to withdraw from the services provided.

The entity's key management personnel and their close relatives qualify as related parties. The Company's management identified the following related parties for the period covered by the financial statements and in the comparative period.
For the presentation of the Board of Directors and the Supervisory Board, see the Annual Report.

Executive Board

The Executive Board (EB) is part of the internal control structure of the Company. The members of this board make operative, financial and other decisions that are not in the jurisdiction of the Board of Directors. As a consequence, members of this board also qualify as related parties. The aforementioned members of the Executive Board were employed by the Company during the period referred to above.

Members in 2025: Attila Chikán Jr., László Hegedűs, Domonkos Kovács, Zoltán Bodnár, Péter Luczay, Viktor Varga, Anita Simon, Magdolna Tokai.

According to an agreement the Company signed with László Hegedűs, in October 2025, the senior executive officer was disbursed an employer loan of HUF 50 million at market interest rates with a 60-month term.

Remuneration paid to related parties (executive officers) in HUF thousand:

2025	Wages, commissions, benefits	Reimbursement of costs	Share-based benefits	Total
Executive Board non-BoD members	372 846	58 548	975 265	1 406 659
Board of Directors	50 640	-	-	50 640
Supervisory Board	35 578	1 247	-	36 825
Total	**459 064**	**59 795**	**975 265**	**1 494 124**

The Company has no doubtful receivables due from related parties; the detailed presentation of the ECL model applied to related party receivables is included in Section 17.

In the current year, the Company disclosed the following outstanding balances in the financial statements due from affiliated companies or other related parties (Tisza WTP Kft.) (data in HUF thousand):

12/31/2025	Loans given	Impairment of loans given	Accrued income and deferred charges revenue	Accrued income and deferred charges interest income	Trade receivables	Impairment of trade receivables	Other receivables	Trade payables	Other liabilities	Accrued expenses and deferred income costs	Accrued expenses and deferred income - income	Accrued interest	Loan received
Aerope Holding Kft.	160 000	-	634	8 087	-	-	-	-	(51)	-	-	-	-
ALTE-A Kft.	200 000	-	993	4 299	-	-	-	-	-	-	-	-	-
ALTE-GAS Kft. (Eco First Kft.)	470 000	-	-	50 405	540 500	-	-	-	(140)	-	-	-	-
ALTE-GO Kft.	216 452	(216 452)	93 461	-	147 451	-	-	(55 586)	(7 646)	-	-	-	-
ALTEO Circular Kft. (ÉLTEX Kft.)	326 104	-	415 195	7 316	-	-	700 000	-	-	-	-	-	-
ALTEO Energiakereskedő Zrt.	-	-	1 314 437	0	787 901	-	1 210 002	-	-	-	-	-	-
ALTEO-DEPÓNIA Kft.	9 513 650	-	206 501	385 010	518 822	-	-	-	(2 372)	-	-	-	-
ALTEO-Therm Kft.	5 000 000	-	962 537	1 160	831 875	-	775 743	-	-	-	-	-	-
ARTEMIS Technologies Zrt.	-	-	127 208	-	9 012	-	8 630	-	(34 228)	(644 353)	-	-	-
Domaszék Kft.	-	-	21 574	-	7 684	-	38 821	-	-	-	-	-	-
Edelyn Solar Kft.	4 950 000	-	105 847	176 369	280 300	-	-	-	(115)	-	-	-	-
Energias Kft.	590 000	(590 000)	255 217	-	238 602	(238 602)	8 351	-	-	-	-	-	-
Energikum Zrt.	5 000	(5 000)	444	1 234	-	-	-	-	-	-	-	-	-
Energy Corp Megújuló Energia Hasznosító Kft.	-	-	972	-	-	-	-	-	(28)	-	-	-	-
Euro-Green Energy Kft.	508 999	-	84 948	46 783	996 569	-	680 000	-	(553)	-	(5 270)	-	-
FE Group Zrt.	-	-	370 102	-	-	-	188 531	(120)	-	-	-	-	-
Monsolar Kft.	431 288	-	39 119	11 803	-	-	8 299	-	-	-	-	-	-
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.	-	-	110 221	-	60 651	-	16 413	-	-	-	-	(8 012)	(200 000)
Pannon Szélerőmű Kft.	1 587 000	-	48 293	99 242	56 400	-	1 000 000	-	(757)	-	(254)	-	-
Sinergy Energiakereskedő Kft.	-	-	277 158	-	5 994 518	-	335 483	-	-	-	-	-	-
Sinergy Energiaszolgáltató Kft.	-	-	117 284	-	51 145	-	50 000	-	(47)	-	(1 250 261)	-	-
SUNTEO Kft.	1 090 417	-	130 779	34 348	13 882	-	311 908	-	-	-	-	-	-
Tisza WTP Kft.	-	-	-	-	44 713	-	51 390	-	-	-	-	-	-
ECL impairment	-	-	-	-	-	(316 924)	-	-	-	-	-	-	-
Total	**25 048 910**	**(811 452)**	**4 682 924**	**826 056**	**10 580 025**	**(555 526)**	**5 383 571**	**(55 706)**	**(45 937)**	**(644 353)**	**(1 255 785)**	**(8 012)**	**(200 000)**

Expected credit loss for receivables from affiliated companies was determined based on the ECL model, except in the case of Energigas Kft., Energikum Zrt and Alte-GO Kft., where individual impairment was employed.

In the current year, the Company had the following transactions with the affiliated companies listed below (data in HUF thousand):

2025	Revenue	Material expenses	Interest income	Interest expenses	Dividend income	Investment
ALTE-A Kft.	3 213	-	6 902	-	-	-
ALTE-GAS Kft. (Eco First Kft.)	584 480	-	37 844	-	-	-
ALTE-GO Kft.	112 037	14 056	(4 278)			51 412
Aerope Holding Kft.	2 674	-	19 396	-	-	-
Alteo Circular Kft.	415 194	-	14 631	-	-	-
ALTEO-DEPÓNIA Kft.	605 738	-	379 419	-	-	-
ALTEO Energiakereskedő Zrt.	4 135 358	(639)	-	-	-	-
ALTEO-Therm Kft.	7 516 372	53 801	142 465	-	-	-
Artemis Technologies Zrt.	206 709	102 409	5 431	-	-	1 945 770
Domaszék Kft.	41 218	-	98	-	40 000	-
Edelyn Solar Kft.	426 111	-	441 969	-	-	-
Energigas Kft.	669 034	-	-	-	-	-
Energikum Zrt.	1 296	-	775	-	-	-
Energy Corp Megújuló Energia Hasznosító Kft.	3 636	-	-	-	200 000	-
Euro-Green Energy Kft.	897 958	-	16 033	-	-	-
FE Group Zrt.	515 696	55 320	59 330	-	-	-
Monsolar Kft.	64 599	-	13 586	-	-	-
Mov-R H1 Szélerőmű Megújuló Energia Hasznosító Kft.	260 436	-	-	8 012	3 000	-
Pannon Szélerőmű Kft.	420 246	-	37 804	-	660 000	-
Sinergy Energiakereskedő Kft.	5 250 337	-	11 928	-	-	-
Sinergy Energiaszolgáltató Kft.	318 256	-	-	-	-	-
SUNTEO Kft.	225 951	-	34 348	-	200 000	-
Tisza WTP Kft.	1 109 208	-	1 310	-		-
Grand total	**23 785 757**	**224 947**	**1 218 991**	**8 012**	**1 103 000**	**1 997 182**

Related party transactions are measured on an arm's length basis.

37. *Financial risks, their management and the sensitivity analysis*

Disclosures regarding the risks associated with financial instruments can be found in Sections 1.18.3.31-1.18.3.36 of the Consolidated Business Report.

The Company focuses specifically on the following financial risks.

Credit (trade receivables) risk and its management:
Each of the Company's segments provide services to a different client base and they have different default risks. The risks associated with the various types of clients are assessed and managed as follows:

Type of client	Risk management
Business and project development	Assessment of the individual client risk, requesting bank guarantees and, optionally, advance payment prior to launching projects.
Large corporate clients (energy services)	The Company provides services to the critical infrastructures of large Hungarian companies of which several are listed and thoroughly analyzed, transparent entities. Key clients are monitored continuously.
ALTEO members	Thanks to the Group's centralized processes, the Company has a comprehensive understanding of the risks of its subsidiaries.
Lease receivables	The receivable is secured by the ownership rights of the Company's own subsidiary and its free cash balances provide additional collateral.

In Management's opinion, client risks have not changed significantly compared to the previous periods. During the current year, it was not necessary to draw down bank guarantees or any other collateral pledged by clients.
Risk factors have been taken into account and have been quantified in the course of the review of the ECL model.
The details of the Company's receivables and the expected losses relating to such receivables are presented in Sections 16 and 17.

38. *Contingent liabilities, contingent receivables and other disclosures*

Other than contingent liabilities arising from litigation, there are no liabilities which are not included in the Company's financial statements with their amounts for the reason that their existence depends on future events.

Alteo Nyrt. holds four quota pledges and one letter of comfort from a credit institution, all of which are related to Group-level credit facilities.

In line with the course of business in the industry, the Company issued guarantees related to its activities in accordance with its contracts for construction & installation services and operation. The guarantees were provided by Erste Bank Zrt.

ERSTE Bank issued a good performance bank guarantee to the customer in connection with the power plant's operation and maintenance contract.

The Company did not draw down on its bank guarantees either in the current year or in the previous period.

ALTEO Nyrt.'s existing guarantee facilities and their utilization:

The utilization of the guarantee facility with Erste Bank is as follows:

- Alteo Nyrt. HUF 4,242,350 thousand
- Sinergy Energiakereskedő Kft. HUF 5,270,080 thousand
- ALTEO-Depónia Kft. HUF 673.650 thousand
- ALTEO-Therm Kft. HUF 135.000 thousand
- Aerope Holding Kft. HUF 194.513 thousand

Guarantee limits 12/31/2025	Bank	Guarantee and overdraft facility (HUF thousand)	Utilization rate (HUF thousand)
ALTEO Energiaszolgáltató Nyrt.	ERSTE (Cash Pool)	30 000 000	10 515 593
Alteo Energiaszolgáltató Nyrt. and Pannon Szélerőmű Kft., of which:	K&H	500 000	
Alteo Energiaszolgáltató Nyrt.			-
Pannon Szélerőmű Kft.			*135 000*

We detailed the contacts towards other banks that have no value in the financial statements in Item 29 of the notes to these financial statements.

Alteo Nyrt. as the parent company of the Group provided a parent company guarantee for the RRF-funded project to be implemented at ALTEO-Depónia Kft., its subsidiary.

Beneficiary	Subject of guarantee	Amount (EUR)	Maturity
GANZ Transzformátor- és Vill. Forgógépgyártó Ltd	Payment guarantee	744 000	until the payment of contractual liabilities

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Alteo Nyrt. is the Group's cash-pooling lead entity, with a maximum credit line of HUF 1 billion. The table below shows guarantees provided by Alteo Nyrt. broken down by purpose:

Guarantees by purpose	Amount
Related to general contractor's contract	3 633 123
Related to investments	427 500
Other	181 727
	4 242 350

The following waste movements occurred at the sites of Alteo Nyrt. in 2024.

Name	Movement	Quantity/kg
Hazardous waste	2025 Opening	2 419
	removed in 2025	98 381
	2025 Closing	4 289
Non-hazardous waste	2025 Opening	245
	removed in 2025	7 852
	2025 Closing	315

39. *Significant events after the reporting date*

The following significant events occurred between the reporting date and the date of approval of the disclosure of the financial statements:

January 22, 2026: ALTEO Group acquired 100% of the shares of DEPO Erőmű Kft., which operates a natural gas-fired gas engine in Törökbálint with a total capacity of 2MW. With the conclusion of the transaction, ALTEO's own gas-fired capacity was increased to 73 MW.

January 22, 2026: ALTEO-Therm and Ózdi Távhőtermelő és Szolgáltató Kft. extended their long-term heat supply contract along with related other contracts. Pursuant to the newly signed contracts, ALTEO-Therm will provide Ózdi Távhő with thermal energy until December 31, 2040.

January 30, 2026: ALTEO entered into a cooperation agreement with SMEGSolar Kft., a member of the STS Group, under which SMEG will implement energy storage projects alongside ALTEO's solar power plants with RRF funding. A 3 MW/10.8MWh vanadium-redox flow energy storage system will be built in Balatonberény, and an 18MW / 73.2MWh lithium-ion energy storage system will be built in Tereske. ALTEO will provide network access, the necessary space, and aggregator and operator services for the projects.

February 10, 2026: The long-term heat supply contract between ALTEO-Therm Kft. and Heineken Hungária Zrt. will remain in effect until December 31, 2029, as agreed by the parties, thereby ensuring the continued supply of steam and hot water to the Sopron brewery.

February 20, 2026: ALTEO successfully completed MAVIR's aFRR accreditation tests, thereby meeting the prerequisite for connecting to the PICASSO platform. As a result, starting on October 01, 2026, it will be able to provide control service not only domestically, but also across national borders, covering virtually the entire continent.

February 26, 2026: ALTEO commissioned its new electricity storage facility in Győr, with a capacity of nearly 100MWh, the largest industrial energy storage facility to date in Hungary. The energy storage facility that has just been commissioned accounts for about one-fifth of the total installed domestic storage capacity.

February 26, 2026: changes in ALTEO Nyrt.'s Executive Board. After more than 13 years of successful collaboration, Péter Luczay will be leaving ALTEO Nyrt. on February 28, 2026 and will continue his work at a company specializing in the development of short-term, automated, real-time algorithmic production management systems, a firm in a strategic partnership with ALTEO.

March 25, 2026: The Company has appointed Csaba Fekete as Deputy CEO for Production Management and Business Development. He oversees energy investment projects as well as the activities of production management, business development, and information technology.

Dividend payment: The Board of Directors proposes to the General Meeting the payment of no (0) dividend (in the value of HUF 0 per share) in 2026. The dividend per own share is to be distributed among the shareholders entitled to dividends in proportion to the number of shares they hold.

40. *Litigation and claims*

As at the reporting date, the Company has no significant litigation that would affect the content of the financial statements, including both on-balance-sheet and off-balance-sheet liabilities.

Arbitration proceedings were opened in March 2025 between ALTEO Energiakereskedő Zrt., a subsidiary of ALTEO, and its former user DAB Pumps Hungary Kft., before the Permanent Arbitration Court attached to the Hungarian Chamber of Commerce and Industry (HCCI) concerning the extension of the fixed-term electricity sale and purchase agreement, for the payment of a principal claim of EUR 433,000 and the incidentals thereof.

In the course of the proceedings, ALTEO Energiakereskedő Zrt. submitted a counterclaim for the payment of an amount of approximately EUR 224,000 on the grounds of underconsumption under the existing contract.

Following the ruling of the Permanent Arbitration Court, the claim of the plaintiff DAB Pumps Hungary Kft. was dismissed, while the court upheld the counterclaim filed by ALTEO Energiakereskedő Zrt. and ordered DAB Pumps Hungary Kft. to pay all litigation costs.

41. *Economic relations subject to legal proceedings*

There is a dispute between Sinergy Energiakereskedő Kft. and CHP Energia Zrt. (post-succession patent holder instead of VPP Magyarország Zrt.), based on the fact that Sinergy Energiakereskedő Kft. claims that the six control procedures it uses in total in the course of operating the Virtual Power Plant are not in violation of the patent “Decentralized energy production system, control tool and procedure, controlling the energy production of the system” registered for VPP Magyarország Zrt. as holder under number E031332.

The Hungarian Intellectual Property Office approved the negative clearance claims submitted by Sinergy Energiakereskedő Kft., and found that the solution in question does not infringe the patent, but CHP Energia Zrt. filed a request for a change of the decisions. The decisions of the Hungarian Intellectual Property Office were upheld by both the Budapest-Capital Regional Court in 2024 in the first instance and the Budapest-Capital Regional Court of Appeal in 2025 in the second instance.

The decisions of the Budapest-Capital Regional Court of Appeal represent a final ruling that the solutions applied by Sinergy Energiakereskedő Kft. do not infringe on CHP Energia Zrt.’s patent in question. The Company has not identified any situation affecting its statement of financial position with respect to this case.

42. *Fair value measurement disclosures*

The discount rate used to estimate fair value was based on the risk-free yield rates published by the Government Debt Management Agency (ÁKK) for the relevant maturities, plus a 2 percentage point premium representing the credit risk of the given financial instruments.

The Company presents its investments recognized in the Andezit Capital Fund and its ESOP liabilities at fair value. Other than these, the Company has no financial instruments that would be recognized at fair value as at the reporting date.

There is no significant difference between the fair value and the carrying amount of financial instruments and the Company measures them at amortized cost.

The Company did not have any derivatives as of the reporting date.

The fair value of the investment in the Andezit Capital Fund is HUF 1,468,605 thousand. The investment was made in 2025. The fair value of ESOP liabilities is HUF 1,615,493 thousand (previous year: HUF 2,422,074 thousand).

No differences were identified between the carrying amount and fair value of the remaining financial instruments; the carrying amount is a reasonable approximation of fair value.

The Company did not have any cash flow hedge transactions as of the reporting date.

The Company's financial instruments are presented in the following table:

Financial instruments December 31, 2025	Valuated at fair value through profit or loss	Valuated at fair value through other comprehensive income	Valuated at amortized purchase value	Carrying amount	Fair value
Assets:					
Long-term deposits, loans, securities	1 468 605	-	24 264 059	25 732 664	19 021 606
Trade receivables	-	-	11 755 856	11 755 856	11 755 856
Other financial assets	-	-	36 835	36 835	36 835
Other receivables and accruals	-	-	11 589 475	11 589 475	11 589 475
Cash and cash equivalents	-	-	9 025 239	9 025 239	9 025 239
Total	**1 468 605**	**-**	**56 671 464**	**58 140 069**	**51 429 011**
Liabilities:					
Debts on the issue of bonds	-	-	12 540 693	12 540 693	10 006 014
Loans and borrowings	-	-	38 321 222	38 321 222	38 829 080
Lease liabilities	-	-	2 740 408	2 740 408	2 740 408
Advances received	-	-	136 907	136 907	136 907
Trade payables	-	-	2 455 378	2 455 377	2 455 377
Other long-term liabilities	581 361	-	173 152	754 513	754 513
Other short-term liabilities and accruals	1 034 131	-	10 087 746	11 121 878	11 121 878
Total	**1 615 492**	**-**	**66 455 506**	**68 070 998**	**66 044 177**

Financial instruments December 31, 2024	Valuated at fair value through profit or loss	Valuated at fair value through other comprehensive income	Valuated at amortized purchase value	Carrying amount
Assets:				
Long-term deposits, loans, securities	-	-	5 715 648	5 715 648
Trade receivables	-	-	14 870 008	14 870 008
Other financial assets	-	-	199 845	199 845
Other receivables and accruals	-	-	11 023 896	11 023 896
Cash and cash equivalents	-	-	2 294 478	2 294 478
Total			**34 103 875**	**34 103 875**
Liabilities:				
Debts on the issue of bonds	-	-	12 701 604	12 701 604
Loans and borrowings	-	-	218 787	218 787
Lease liabilities	-	-	684 018	684 018
Advances received	-	-	919 114	919 114
Trade payables	-	-	1 881 674	1 881 674
Other long-term liabilities	317 006	-	207 176	524 182
Other short-term liabilities and accruals	2 105 068	-	7 175 418	7 175 418
Total	**2 422 074**	**-**	**23 787 791**	**11 184 406**

Due dates of the financial instruments presented by maturity date:

Financial instruments (HUF thousand)	within 1 year	maturity 2-5 years	more than 5 years
Assets:	**11 755 856**	**49 787**	**25 682 877**
Long-term deposits or loans given	-	49 787	25 682 877
Trade receivables	11 755 856	-	-
Liabilities:	**(21 687 686)**	**(40 149 744)**	**(6 233 568)**
Debts on the issue of bonds	-	(8 635 984)	(3 904 709)
Long-term loans and borrowings	-	(28 925 976)	(2 099 660)
Lease liabilities	-	(1 883 271)	(229 199)
Other long-term liabilities	(50 000)	(704 513)	-
Short-term loans and borrowings	(7 295 586)	-	-
Short-term lease liabilities	(627 938)	-	-
Advances received	(136 907)	-	-
Trade payables	(2 455 378)	-	-
Other short-term liabilities and accruals	(11 121 877)	-	-

The Company measures the fair value of assets and liabilities based on the table below:

2025.12.31	Level 1	Level 2	Level 3
Assets		**25 706 063**	
Long-term loans given		24 237 458	
Andezit investment unit		1 468 605	
Liabilities:		**52 733 833**	
Liabilities under ESOP Programs		1 615 493	

43. *Contract assets and liabilities*

The Company concluded several large value fixed price construction-installation contracts with its business partners during the current year. Revenue from the projects is recognized by the Company in accordance with the rules of the IFRS 15 standard. The Group registers its costs concerning the construction-installation contract separately, and recognizes revenue

against the amount due from the Customer, proportionate to the occurrence of such costs, considering the stage of completion and the planned (expected) profit. According to the management of the Company it is likely that the economic benefits of the contract will be realized. The estimate concerning the recognized revenue was prepared considering all the information available at the time of the disclosure of the statement.
The overhaul of gas engines constitutes a significant component of the O&M contracts of subsidiaries.
The Company treats this liability separately and discloses it as a contractual obligation.

Name	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	Recognized current year revenue total	Revenue adjustment against statement of financial position	Invoiced revenue current year	Expected completion
Settlements with related parties	(1 255 784)	2 207 633	(4 823 167)	3 463 418	(8 286 585)	Continuous
Project development against third parties	(842 865)	(189 490)	(7 036 695)	653 374	(7 690 069)	2026.07.31
Maintenance against related parties	(790 141)	(976 664)	-	-	-	Continuous
Settlements with related parties	4 682 926	3 134 491	(13 411 768)	(1 548 434)	(11 863 335)	Continuous
Maintenance against third parties	123 827	(13 838)	(1 719 720)	(137 665)	(1 582 055)	Continuous
Maintenance against related parties	-	526 481	(212 656)	526 481	(739 137)	Continuous
Project development – related parties	-	401 875	(418 925)	401 875	(820 800)	Closed
Project development – third parties	-	36 049	(6 020)	36 049	(42 069)	Closed
Impairment according to the ECL model against related parties	(577)	(15 309)	-	-	-	-
Projects – Receivables due from customers	4 806 176	6 325 249	(15 769 089)	(721 694)	(15 047 396)	-
Projects – Amounts due customers	**(2 888 790)**	**(1 214 022)**	**(11 859 862)**	**4 116 792**	**(15 976 654)**	

The Company has recognized the changes in outstanding contract assets and liabilities in the previous year against the revenues of the current year. No pre-contractual (initial) costs were capitalized in the current year whose recovery needs to be assessed. Amounts payable to the customer are disclosed in Note 16 while liabilities in Section 32.

44. *Disclosure of interests in other entities*

The Company was not faced with any uncertainty and was not forced to make a significantly complex decision when making a judgment about how to present its investments in its financial statements. With the exception of one entity, it can be concluded that the parent company has control over its holdings, since it can be seen that all of the criteria of control, operative daily tasks and exposure to variable return are fully and clearly satisfied. Where the Company does not control the entity, it is not consolidated but treated another way.

The Company has no associates, it does not participate in joint organizations and has no interests in joint ventures.

The Company has to face no limitations concerning any of its entities that would influence access to net assets, the profit or the cash flow. The Company has no consolidated or not consolidated interests in which control is not established through voting rights or where voting rights are not for controlling relevant activities leading to control (structured entities). None of the members of the Company qualify as or have interests in any investment companies.

The equity disclosed in the financial statements of Aerope Holding Kft, ALTE-GO Kft., ALTE-GAS Kft., Mecséri Szélpark Kft. and Peregium Green Zrt. is not in line with the applicable provisions of the Civil Code and, therefore, the Management of the Company will provide for capital replenishment within the due date stipulated in the Civil Code.

Financial statements of ALTEO Nyrt. for 2025 Data in HUF thousand

45. *The auditor, the audit fee and non-audit services*

The Accounting Act requires the Company to prepare financial statements, which, in accordance with Section 155(2) of the same, are to be mandatorily reviewed by the auditor. The chosen auditor of the Company is Authentic Audit Kft. (chamber registration number: 004322), the person personally responsible for auditing is Andrea Zsoldos-Horváth, chamber membership number: 005428.

The audit fee for ALTEO Nyrt.'s separate IFRS financial statements, consolidated IFRS financial statements, and consolidated sustainability report is HUF 40,006,300 + VAT.

In the fiscal year 2025, the Company and its subsidiaries used non-audit services for a total of HUF 0 provided by Authentic Audit Kft. as the auditor engaged to perform the audit of the annual financial statement of the Company, and other companies within the network of the auditor with prior written consent from the Company's Audit Committee in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council.

46. *Approval of the disclosure of the financial statements*

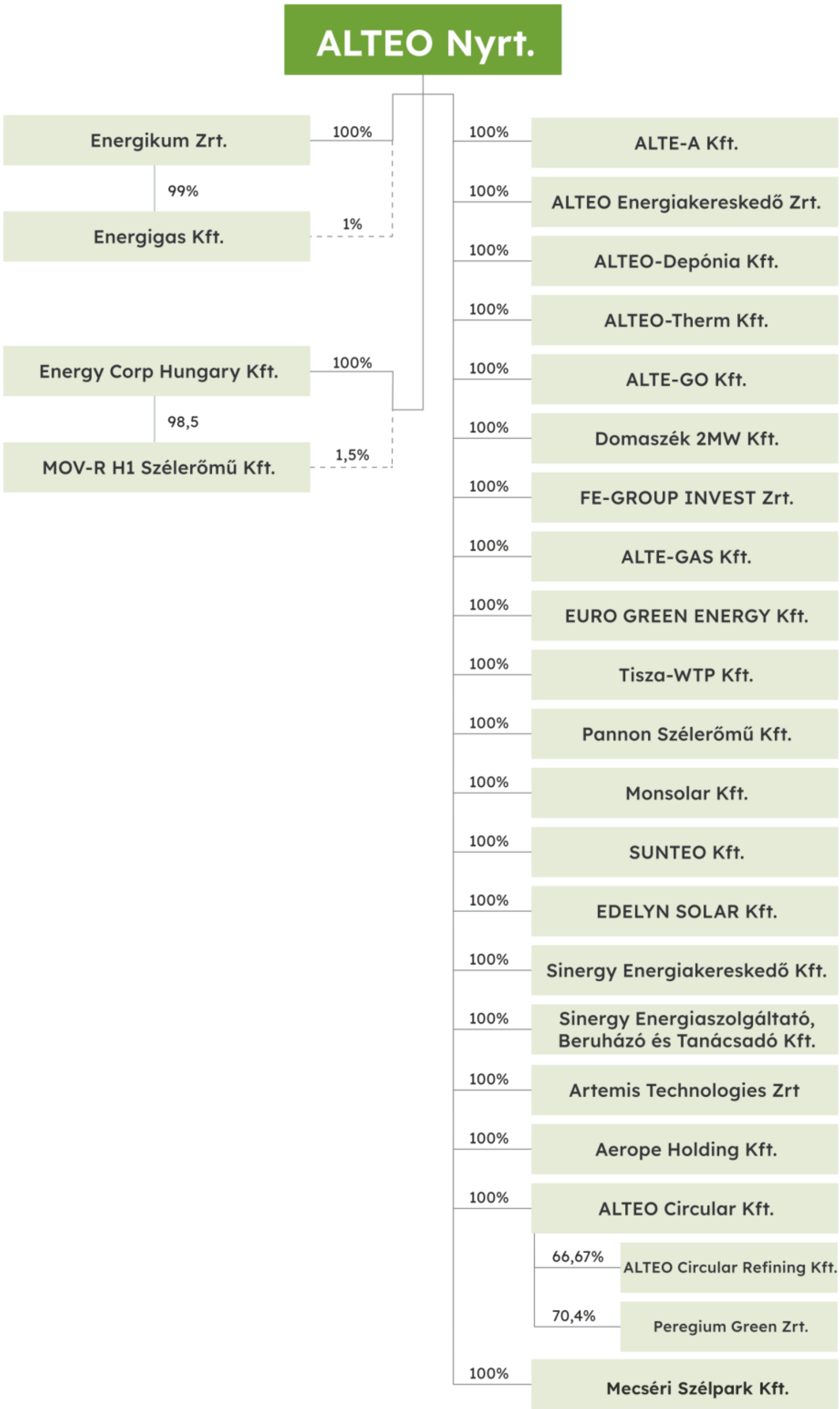
On April 2, 2026, the Board of Directors of the Group's parent company approved the disclosure of the financial statements in its current form.

Budapest, April 2, 2026

On behalf of ALTEO Nyrt.:

Attila László Chikán Member of the Board of Directors CEO	**Zoltán Bodnár** CFO

ALTEO members on the reporting date



Financial statements of ALTEO Nyrt. for 2025 Data in HUF thousand

Information on the Group

Name of companies in Group	Note	Registered office	Scope of activities	Ownership acquisition date	Legal title of acquisition of participation	Control % 12/31/2025	Control % 12/31/2024	Amount of equity (HAS) 12/31/2025	Amount of revenue (HAS) 12/31/2025
ALTEO Energiaszolgáltató Nyrt.	**0**	**H-1117 Budapest, Dombóvári út 25**	**Engineering service**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Aerope Holding Kft.	3	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources	2024.12.11	Purchase	100%	100%	(50 301)	-
ALTE-A Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources	2011.08.02	Founding	100%	100%	2 515	-
ALTEO Energiakereskedő Zrt.	0	H-1117 Budapest, Dombóvári út 25	Electricity trade	2011.12.05	Founding	100%	100%	830 031	41 610 341
ALTEO Circular Korlátolt Felelősségű Társaság	7	H-1117 Budapest, Dombóvári út 25	Wholesale of waste and scrap	2025.06.30	Purchase	100%	0%	2 972 192	22 904 797
ALTEO Circular Refining Kft.	8	H-2143 Kistarcsa, Külső Raktár körút 11.	Precious metals production	2025.06.30	Purchase	66,67%	0%	403 726	779 553
ALTEO-DEPÓNIA Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production	2008.10.01	Founding	100%	100%	132 266	309 266
Alteo-Go Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production, e-mobility services	2015.05.04	Purchase	100%	100%	(322 481)	176 201
ALTEO-THERM Kft.	0	H-1117 Budapest, Dombóvári út 25	Heat energy production, electricity production	2009.12.31	Purchase	100%	100%	3 708 627	24 814 808
ARTEMIS Technologies Zrt.	4	H-1117 Budapest, Dombóvári út 25	Information technology consultancy	2024.11.14	Founding	100%	100%	115 129	2 048 179
Domaszék 2MW Naperőmű Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (solar power plant)	2017.12.04	Purchase	100%	100%	80 130	130 037
ALTE-GAS Kft.	0	H-1117 Budapest, Dombóvári út 25	Service activities incidental to land transportation	2019.06.25	Purchase	100%	100%	(33 537)	-
Edelyn Solar Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production (solar power plant)	2022.07.21	Purchase	100%	100%	27 704	1 088 603
Energigas Kft.	2	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (biogas)	2023.05.25	Purchase	100%	100%	18 126	1 375 882
Energikum Zrt.	1	H-1117 Budapest, Dombóvári út 25	Business and other consultancy activities	2023.05.25	Purchase	100%	100%	335 929	-
Energy Corp Hungary Megújuló Energia Hasznosító Kft.	5	H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2024.11.29	Purchase	100%	100%	1 042 094	-
Euro Green Energy Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (wind farm)	2019.05.28	Purchase	100%	100%	1 326 957	1 946 893
FE-Group Zrt.	0	H-1108 Budapest, Sírkert utca 2-4	Wholesale of waste and scrap, recycling	2022.09.09	Purchase	100%	100%	1 249 440	8 066 097
Mecséri Szélpark Korlátolt Felelősségű Kft.	10	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources	2025.10.21	Purchase	100%	0%	1 461	-
Monsolar Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (solar power plant)	2017.11.06	Purchase	100%	100%	124 899	281 507
Mov-RH1 Szélerőmű Megújuló Energia Hasznosító Kft.	6	H-1117 Budapest, Dombóvári út 25	Electricity production (wind turbine)	2024.11.29	Purchase	100%	100%	780 588	1 138 529
Pannon Szélerőmű Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (wind farm)	2020.10.14	Purchase	100%	100%	1 392 999	1 342 033
Peregium Green Zrt.	9	H-2143 Kistarcsa, Külső Raktár körút 11.	Manufacture of electronic components	2025.06.30	Purchase	70,4%	0%	(670 330)	105 405
Sinergy Energiakereskedő Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity trading	2018.10.01	Purchase	100%	100%	1 337 107	56 112 542
Sinergy Kft.	0	H-1117 Budapest, Dombóvári út 25	Electricity production using renewable sources (hydropower plant)	2015.05.04	Purchase	100%	100%	534 315	507 222
SUNTEO Kft.	0	H-1033 Budapest, Kórház utca 6-12	Electricity production using renewable sources (solar power plant)	2013.01.30	Founding	100%	100%	500 524	971 956

Comments:
companies:

Energikum Zrt.	1	Energikum Zrt. acquisition of 100% of shares
Energigas Kft.	2	Energigas Kft. acquisition of 99% of the business quotas through the acquisition of Energikum Zrt.
Aerope Holding Kft.	3	Acquisition of 100% interest in Aerope Holding Kft.
ARTEMIS Technologies Zrt.	4	Establishing ARTEMIS Technologies Zrt.
Energy Corp Hungary Megújuló Energia Hasznosító	5	Acquisition of 100% interest in Energy Corp Hungary Kft.
Mov-RH1 Szélerőmű Megújuló Energia Hasznosító	6	Acquisition of 100% interest in Mor-R H1 Szélerőmű Kft. through the acquisition of ECH Kft.
ALTEO Circular Korlátolt Felelősségű Társaság	7	Acquisition of 100% interest in ALTEO Circular Korlátolt Felelősségű Társaság
ALTEO Circular Refining Kft.	8	Acquisition of 66.67% interest in ALTEO Circular Refining Kft. through the acquisition of ALTEO Circular Kft.
Peregium Green Zrt.	9	Acquisition of 70.4% interest in Peregium Green Zrt. through the acquisition of ALTEO Circular Kft.
Mecséri Szélpark Korlátolt Felelősségű Kft.	10	Acquisition of 100% interest in Mecséri Szélpark Kft.

ALTEO Nyrt.
Parent company

Annual Report
for the financial year 2025

Published on: April 2, 2026

Annual Report of ALTEO Nyrt. for 2025

Introduction

Pursuant to Act CXX of 2001 on the Capital Market (hereinafter: "**Capital Market Act**"), the Regulation of the Budapest Stock Exchange Ltd. on Regulations on Listing and Continued Trading (hereinafter: "**Regulation**"), and Decree No. 24/2008 (VIII. 15.) of the Minister of Finance (hereinafter: "**MF Decree**"), ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (hereinafter: "**Company**" or "**ALTEO**") has prepared and **hereby discloses "*The Management Report and Analysis" on the annual profit and loss for the fiscal year 2025, and the financial statements for the fiscal year 2025*** (hereinafter collectively: "**Annual Report**").

The Company prepares and publishes a Consolidated Annual Report for the companies listed in Section 1.14 of the Consolidated Annual Report. The companies included in the consolidation are collectively referred to as the "**Subsidiaries**"; the Subsidiaries and the Company are hereinafter collectively referred to as the "**Group**" or the "**ALTEO Group**".

The Annual Report of the Company have been prepared based on Annex 2 to the MF Decree, according to the requirements set forth in Act C of 2000 on Accounting, in accordance with the International Financial Reporting Standards published in the Official Journal of the European Union.

In view of the above, the Annual Report constitutes also **a business report under Act** C of 2000 on Accounting.

The data presented in the Company's Annual Report for 2025 were verified by an independent auditor.

The 2025 Annual Report of ALTEO Nyrt. and its subsidiaries includes the following reporting systems:

- Business report, included in this document;
- Management report, included in this document;
- Non-financial statements, included in this document.
- Statements of the issuer
- Separate financial statements

ALTEO Nyrt.
Business Report,
Management Report and

Non-Financial Statements

of the Parent Company
for the Financial Year 2025

Table of Contents

1. The Management's report and analysis of business activities for 2025

Executive summary on events yielding significant results over the period

In 2025, ALTEO achieved significant growth in line with its strategy. Its non-current assets increased to HUF 76 billion by the end of 2025 from HUF 34 billion at the end of 2024. This major investment program includes, among other things, the transaction closed by ALTEO Circular Kft. (ÉLTEX Kft.) on June 30, 2025. This is the largest greenfield investment in ALTEO's history, in which it develops an energy storage facility with a total capacity of a 70MW in its subsidiaries with financing provided by ALTEO Nyrt.

Key economic events at ALTEO in 2025:

On January 09, 2025, ALTEO published its business strategy for the 2025-2030 period.

On February 6, 2025, ALTEO signed the largest credit facility agreement in its history with MBH Bank Nyrt. and Gránit Bank Nyrt. Under the agreement, the financing parties grant ALTEO with a facility of up to HUF 40 billion for general corporate financing purposes. ALTEO intends to use the available facility to implement its strategy, to support its further growth and to optimize its financing structure.

On March 10, 2025, ALTEO established a new, independent organizational unit to support its regional expansion, which started its operations under the direct supervision of Deputy CEO Magdolna Tokai.

On May 16, 2025, ALTEO executed own share transactions related to the 2025 ESOP Remuneration Policy launched under the Employee Share Ownership Program. The contract between ALTEO, as buyer, and the ALTEO ESOP Organization, as seller, was signed on this day for 290,780 ALTEO ordinary shares at a price of HUF 5,870.4 per share.

On May 20, 2025, ALTEO executed own share transactions related to the 2025 ESOP Szikra, WATT and Executive Remuneration Policies launched under the Employee Share Ownership Program. The contract between ALTEO, as buyer, and the ALTEO ESOP Organization, as seller, was signed on this day for a total of 211,060 ALTEO ordinary shares at a price of HUF 5,735.4 per share.

On May 28, 2025, Scope Ratings GmbH carried out an annual review of the Company's credit rating on its bonds issued under the Bond Funding for Growth Scheme, as a result of which the rating remained unchanged, ALTEO as issuer remained in the BBB- category with a stable outlook, and its short-term debt rating also remained unchanged.

On June 20, 2025, ALTEO made a decision to subscribe HUF 15 billion in investment units in a newly launched private equity fund with an issued capital of HUF 50 billion. Gránit Alapkezelő Zrt. acts as the manager of the 15-year term Fund. The Fund primarily focuses on the promotion of renewables-based energy production, with investments mainly related to renewable energy, energy efficiency and decarbonization. To date, ALTEO has made an initial contribution of HUF 1.5 billion to the Fund.

On June 30, 2025, ALTEO acquired the 100% stake of ÉLTEX Kereskedelmi és Fuvarozó Kft., one of the leading Hungarian waste management companies, after the closing preconditions were met as set out in the sale and purchase contract signed on December 20, 2024 by ALTEO Nyrt. and Global Refuse Holding Zrt.

On June 30, 2025, ALTEO utilised HUF 26 billion from the corporate financing facility.

On July 29, 2025, ALTEO updated its Green Financing Framework, which was developed and set up in 2023 and which needed to be updated due to recent regulatory changes in order to issue green bonds or take out green loans linked to green objectives. Through its certified green financing framework and other related commitments, the Company continues to emphasize its sustainability efforts, which form an integral part of its strategy.

At the Company's Annual General Meeting held on April 28, 2025, the proposal for the Company's Articles of Association, consolidated with amendments, was approved and entered into force on August 6, 2025. The Articles of Association are available on the Company's website and other disclosure points (www.investors.alteo.hu; www.bet.hu; www.kozzetetelek.hu). In a decision dated August 8, 2025, ALTEO's Board of Directors passed a decision to relocate the Company's registered office to H-1117 Budapest, Dombóvári út 25, effective September 1, 2025.

On October 15, 2025, ALTEO was again awarded silver rating in the EcoVadis 2025 sustainability assessment, placing it among the top 15% of companies assessed.

On October 21, 2025, ALTEO acquired the 100% stake of Mecséri Szélpark Kft. The Company is a project company that owns a wind farm project and is currently in the early permit phase. Through the acquisition, ALTEO intends to further expand its portfolio of power plants utilizing renewable energy after obtaining the additional permits and the construction of the wind farm.

Events after the reporting date

On January 22, 2026, ALTEO signed a quota sale and purchase agreement to acquire 100% of the stakes in DEPO Erőmű Kft. DEPO Kft. is the owner of a 2MW natural gas-fired gas engine, which was commissioned in fall 2025 at its Törökbálint site. As a result of the transaction, ALTEO's own gas-fired capacity was increased to 73MW.

There were changes in ALTEO Nyrt.'s Executive Board on February 26, 2026. After more than 13 years of successful collaboration, Deputy CEO for Production Management and Business Development Péter Luczay will be leaving ALTEO Nyrt. on February 28, 2026. He will continue his work at a company specializing in the development of short-term, automated, real-time algorithmic production management systems, a firm in a strategic partnership with ALTEO.

1.1 Executive summary of the operating profit or loss

The following section presents the analysis of the comparative data of ALTEO Nyrt. for the same period in 2024 and 2025.

(Negative values are denoted by parentheses.)	Note	2025 12 months data in HUF thousand	2024 12 months data in HUF thousand	Change 12 months data in HUF thousand
Revenues	**1.**	**31 997 386**	**38 619 845**	**(6 622 459)**
Material expenses	2.	(14 842 894)	(17 007 258)	2 164 364
Personnel expenses	3.	(11 353 830)	(9 873 439)	(1 480 391)
Depreciation and amortization	4.	(2 523 771)	(1 274 424)	(1 249 347)
Other revenues, expenses	6.	226 472	(749 396)	975 868
Capitalized own production	5.	98 021	699 706	(601 685)
Operating profit or loss		**3 601 384**	**10 415 034**	**(6 813 650)**
Finance income	7.	2 685 579	2 107 779	577 800
Financial expenses	7.	(2 012 939)	(2 282 244)	269 305
Financial profit/loss	7.	672 640	(174 465)	847 105
Profit or loss before taxes		**4 274 024**	**10 240 569**	**(5 966 545)**
Income tax expenses	8.	(764 861)	(1 559 847)	794 986
Net profit or loss		**3 509 163**	**8 680 722**	**(5 171 559)**
EBITDA		**6 027 134**	**10 989 752**	**(4 962 618)**
	Note			
Other comprehensive income (after income tax)	**21.**	**-**	**-**	**-**
Derivative reserve	21.	-	-	-
Other comprehensive income from cash flow from cash flow hedges into profit or loss	21.	- -	- -	- -
Total comprehensive income		**3 509 163**	**8 680 722**	**(5 171 559)**

The references in the Notes refer to Chapter V of the financial statements.

The revenues of ALTEO Nyrt. increased by HUF 6 billion to HUF 32 billion from 2024. All three segments of the Company contributed to this revenue increase. The main drivers of the Company's profitability:

- This year, the project development unit focused primarily on work within the Group related to capital expenditures on maintenance equipment carried out as part of ALTEO's capacity-expansion and replacement projects, which were delivered in stages during 2025 and 2026.
- The capacity expansion projects realized at the Company and its subsidiaries in previous years created a strong basis for operational stability in the segments.
- The Company's projects continue to deliver sound profitability.
- Material expenses of maintenance and operation changed proportionally to the changes in operational projects.
- Personnel expenses increased by HUF 1.5 billion primarily due to the long-term incentive programs and pay raises in line with labor market wages, and to a lesser extent due to the growing number of employees. The number of experts increased in the context of the acquisitions concluded. Headcount levels are continuously adjusted during the preparation of strategic plans.
- The HUF 1.2 billion increase in depreciation and amortization was due to the newly commissioned assets.

ALTEO Nyrt. generated an operating profit of HUF 3.6 billion and a net profit after tax of HUF 3.5 billion in the financial year 2025.

1.2 Executive summary of the statement of financial position

The Company's **closing balance sheet total was HUF 111 billion** as at December 31, 2025. The balance sheet total was **HUF 65 billion** as at December 31, 2024. The balance sheet total **increased significantly.**

(Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	Change HUF thousand
Non-current assets		**75 964 381**	**33 606 161**	**42 358 220**
Property, plant and equipment	9.	6 137 366	5 835 653	301 713
Intangible assets and developments	9.	3 897 060	2 359 856	1 537 204
Rights of use	9.	2 808 445	1 187 055	1 621 390
Long-term deposits, loans, securities	10.	25 732 664	5 715 648	20 017 016
Long-term share in subsidiary	11.	37 388 846	18 507 949	18 880 897
Current assets and assets held for sale		**35 086 914**	**31 243 603**	**3 843 311**
Inventories	13.	1 591 769	1 967 694	(375 925)
Trade receivables	14.	11 755 856	14 870 008	(3 114 152)
Other financial assets	15.	36 836	199 845	(163 009)
Other receivables and accruals	16.	11 589 475	11 023 896	565 579
Short-term loans given	18.	-	887 682	(887 682)
Cash and cash equivalents	19.	9 025 240	2 294 478	6 730 762
Income tax receivables	16.	1 087 738	-	-
TOTAL ASSETS		**111 051 295**	**64 849 764**	**46 201 531**

(Negative values are denoted by parentheses.)	Note	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand	Change HUF thousand
Equity		**42 180 519**	**38 837 987**	**3 342 532**
Issued capital	20.	246 103	249 140	(3 037)
Share premium reserves	20.	4 152 043	4 346 124	(194 081)
Retained earnings	20.	37 782 373	34 242 723	3 539 650
Long-term liabilities		**47 160 056**	**14 840 259**	**32 319 797**
Debts on the issue of bonds	25.	12 540 693	12 701 604	(160 911)
Long-term loans and borrowings	26.	31 025 636	195 929	30 829 707
Lease liabilities	27.	2 112 470	684 018	1 428 452
Deferred tax liabilities	23.	45 932	39 967	5 965
Provisions	24.	220 585	170 553	50 032
Deferred income	28.	460 227	524 006	(63 779)
Other long-term liabilities	26.	754 513	524 182	230 331
Short-term liabilities		**21 710 720**	**11 171 518**	**10 539 202**
Short-term loans and borrowings	32.	7 295 586	22 858	7 272 728
Short-term lease liabilities	27.	627 938	566 848	61 090
Advances received	33.	136 907	919 114	(782 207)
Trade payables	31.	2 455 377	1 881 674	573 703
Short-term provisions	30.	60 038	28 038	32 000
Other short-term liabilities and accruals	32.	11 121 878	7 175 418	3 946 460
Income tax liabilities	34.	12 996	577 568	(564 572)
TOTAL EQUITY and LIABILITIES		**111 051 295**	**64 849 764**	**46 201 531**

The references in the Notes refer to Chapter V of the financial statements.

Significant components and changes

Non-current assets:

Non-current assets increased by HUF 42 billion in the reference period, due to the acquisition of Alteo Circular Kft. and the increase of member's loans for the construction of RRF-funded energy storage systems for the subsidiaries. The Company contributed HUF 1.5 billion to Andezit Private Equity Fund.

Current assets:

The decrease in inventory is a result of settling accounts with customers for projects.
The year-end balance of trade receivables includes trade receivables uninvoiced or unpaid in 2025.
Cash and cash equivalents increased by HUF 6.7 billion.

Equity components:

The **equity** of the Company **showed a HUF 3.3 billion increase in 2025**. This change was the result of profits earned in 2025. Described in detail in Section 1.4.

Liabilities:

The Company's **long-term liabilities increased by HUF 32 billion**, primarily due to loan utilization made under credit facility agreements with MBH Bank Nyrt. and Gránit Bank Nyrt. The Company's registered office was relocated as of September 01, 2025. The lease liability under IFRS 16 related to the new office had a significant impact on the increase in lease liabilities.

Short-term liabilities increased by a total of **HUF 10.5 billion.** The increase in other short-term liabilities and accruals was driven by an increase in accrued expenses (HUF 2.1 billion), amounts due to customers under IFRS 15 (HUF 1.7 billion), and other tax liabilities (HUF 0.8 billion).

1.3 Statement of cash flows for the 12-month-period ending on December 31, 2025

ALTEO Nyrt. **closed 2025 with an increase in cash and cash equivalents of HUF 6.7 billion**. The Group presents the cash flow changes arising from changes in the statement of financial position (indirect cash flow).

	Note	12/31/2025 HUF thousand	12/31/2024 HUF thousand
Profit or loss before taxes		**4 274 024**	**10 240 569**
Net profit/loss on financial expenses (+) and income (-)	7.	(69 116)	261 615
Depreciation and amortization of fixed assets and intangible assets	4.	2 523 771	1 274 422
Profit/loss on scrapping of production and other machinery	9.	289	-
Recognition (reversal) of impairment of current assets in profit or loss	6.	(157 342)	172 744
Provisions recognized (and released)	6.	82 032	6 032
Deferred income increase (decrease)	28.	(63 779)	(103 603)
Changes in deferred tax	8.	-	-
Profit or loss on derecognizing fixed assets	6.	-	94
Net cash-flow of business activity without change in current assets		***6 589 880***	***11 851 873***
Change in inventories	13.	375 925	3 623 592
Change in trade receivables, other receivables, accrued income and deferred	14.	3 133 605	(6 520 004)
Increase and decrease of short-term loans given	18.	887 682	-
Change in other financial assets	15.	(924 729)	(198 162)
Change in trade payables, other liabilities, accrued expenses and deferred income	31.	8 789 999	851 379
Advances received (final settlement)	33.	(782 207)	919 114
Financial settlement of particular ESOP liabilities	32.	(2 917 508)	(854 499)
Taxes paid	8.	(2 417 277)	(3 592 565)
Cash flow from business activities (use of funds)		**12 735 370**	**6 080 728**
Interests received on deposits and investments	7.	934 220	1 225 468
Purchase of investment units	10.	(1 500 000)	-
Government grants	28.	74 877	-
Purchase of production and other machinery, and intangible assets	9.	(4 308 269)	(4 117 349)
Acquisition of subsidiary (not including cash and cash equivalents)	11.	(18 780 897)	(6 447 298)
Revenue from the sale of production and other machinery, and intangible assets	6.	(1 479)	400
Long-term loans given – disbursement	10.	(19 348 308)	(22 938 447)
Long-term loans given – repayment	10.	753 178	19 983 323
Cash generated / (used) in investment activities		**(42 176 678)**	**(12 293 903)**
Interest paid on bonds and loans	7.	(1 876 804)	(527 119)
Loans, bonds, credits and liabilities borrowed	26.	40 200 000	-
Loans, bonds, credits and liabilities repaid	26.	(2 131 589)	(54 164)
Lease liabilities capital repayment	27.	(390 893)	(467 081)
Dividend received	7.	568 580	369 000
Dividend payment	7.	(197 119)	(7 728 076)
Cash generated / (used) in financing activities		**36 172 175**	**(8 407 440)**
Changes in cash and cash equivalents		**6 730 866**	**(14 620 615)**
Opening cash and cash equivalents	19.	2 294 478	16 897 366
Cash exchange gains/losses	7.	(105)	17 727
Closing cash and cash equivalents	19.	**9 025 239**	**2 294 478**

The references in the Notes refer to Chapter V of the financial statements.

1.4 Statement of changes in equity for the 12-month-period ending on December 31, 2025

Data in HUF thousand	Issued capital Extract from company register	Issued capital repurchased	Issued capital	Share Premium – Reserves total	Share premium – Share premium reserve attributable to own shares repurchased from reserves	Retained earnings	Of retained earnings: development reserve	Derivative reserve	Total equity
Reference for the various notes (Notes)	*20.1*	*20.1*	*20.1*	*20.2*	*20.2*	*20.3*	*20.3*	*21.*	
January 1, 2024	**249 143**	**(1 609)**	**247 534**	**6 036 423**	**(1 885 811)**	**31 493 513**	**2 000 000**	**(64 831)**	**37 826 828**
Dividend approval	-	-	-	-	-	(7 972 590)	-	-	(7 972 590)
Aggregate capital impact of ESOP Programs	-	1 606	1 606	547 349	(351 836)	41 078	-	-	238 197
Rounding	-	-	-	-	(1)	-	-	-	(1)
Profit/loss on derivatives transactions, OCI (reinvestment)	-	-	-	-	-	-	-	64 831	64 831
Comprehensive income	-	-	-	-	-	8 680 722	-	-	8 680 722
Development reserve use	-	-	-	-	-	176 150	(176 150)	-	-
January 1, 2025	**249 143**	**(3)**	**249 140**	**6 583 772**	**(2 237 648)**	**32 418 873**	**1 823 850**	**-**	**38 837 987**
Dividend approval	-	-	-	-	-		-	-	-
Aggregate capital impact of ESOP Programs	-	**(3 038)**	**(3 038)**	**919 821**	**(1 113 902)**	**30 488**	-	-	(166 631)
ROUNDING	-	-	1	-	-	(1)	-	-	-
Comprehensive income	-	-	-	-	-	3 509 163	-	-	3 509 163
Development reserve use	-	-	-	-	0	1 823 850	(1 823 850)	-	-
December 31, 2025	**249 143**	**(3 041)**	**246 103**	**7 503 593**	**(3 351 550)**	**37 782 373**	**-**	**-**	**42 180 519**

The references in the Notes refer to Chapter V of the financial statements.

<u>Statement of changes in equity in the period between 1/1/2025 – 12/31/2025</u>

<u>Aggregate capital impact of ESOP Programs:</u>

Consolidated capital impact of ESOP Programs: the economic events related to the Remuneration Policies of the ALTEO ESOP Organization as recognized in equity.

1.5 Disclosures and considerations for the preparation of the financial statements

Accounting policies and changes to standards

ALTEO Nyrt.'s accounting policies are identical with those disclosed for the reporting date of 12/31/2024.

The basis for the preparation of the financial statements

Disclosure by the ALTEO Nyrt. is in compliance with the rules described in the "Introduction" part. Along with its financial reports, the Group ensures the appropriate availability of such disclosed data.

Changes in the reporting system

The management of ALTEO Nyrt. is committed to the transparent presentation of ALTEO Nyrt.'s separate statement of financial position, consolidated statement of total comprehensive income for the current period, and the statement of comprehensive income of the segments. There were no changes in the reporting system during the current period.

Uncertainty from estimates and disclosures on fair value measurement

The Company's management uses estimates in several areas when preparing its financial statements. Pursuant to the IFRSs, the Company is required to disclose its information on fair value measurement. These accounting estimates reflect the management's best and most up-to-date knowledge in all cases. The purpose of the accounting estimates is to generate the financial statements of the reporting period with the best possible information content available at the time of the reporting. Changes in the value of estimates affect the reporting period and the subsequent period; they do not have a retroactive effect.

For details on Critical accounting assumptions and estimates, see Section IV of the Separate Financial Statements.

Seasonality, cyclicity, unusual activities

The Group publishes its financial statements in accordance with the IFRSs.

There are certain seasonal factors relating to its business to be aware of. Important factors relating to the interpretation of the periodical financial figures of ALTEO:

The construction and installation activity of the Enterprise business line is adjusted to client needs based on individual orders and typically entails high-volume projects and accordingly, the comparability of individual periods is limited by the varying volume and type of orders in progress in the given period.

The Issuer did not identify any events in its activity that may have an impact on assets, liabilities, equity, net profit or loss or cash flows and can be deemed unusual due to their nature, amount or frequency.

Non-financial indicators: Employee headcount is a non-financial indicator characterizing the Company.

Key intangible resources

As specified by ALTEO Nyrt. pursuant to the provisions of the Accounting Act, key intangible resources are **"power plant management logics and procedures"**, which are resources that do not take physical form, but are otherwise essential to the business model of ALTEO Nyrt.

- The continuous development of power plant management logics and procedures is the key to the success and value creation of the business process.
- In ALTEO Nyrt.'s business model, the ***ability*** of power plant management logics ***to continuously renew*** is a fundamental success criterion for future good decisions in the business model.
- The value creation process includes ***establishing the human and material environment for the continuous development*** of the logics, and integrating the increasingly broader operational and predicted operational data of the power plants into the enhanced management logic.
- The successful operation of the model is efficient if the existing logic is operated and developed simultaneously.
- ALTEO Nyrt. becomes capable and suitable to provide risk management services through power plant management logics.

- The capacity of key intangible assets is able to provide decision-making procedures for a client base with a large power plant portfolio. The customers of power plant management logic and process services are manufacturing and trading companies with low risk asset investment portfolios.
- The return on key resource development investments in power plant management logics and processes is based on enhancing the ever-increasing capacity for unified electricity cooperation. The legislator creates the need and urge to enforce the ability to cooperate while prescribing increasingly shorter decision-making times. Participants with different decision-making capacities, who are forced to cooperate in energy systems, must join together in an identical manner.
- The plant management logics and procedures model is intended to manage the diversity in plant values. The model provides a ready-made solution to the challenges market players are faced with.
- Solutions can be used by market players as services. Services are available at several levels. The full risk management process represents the highest level of service.

1.6 Headcount data for 2025

The average headcount of the Issuer in 2025 was 406.

1.7 EPS indicator

See Section IV.34 of the Consolidated Financial Statements.

1.8 Non-financial report

Section 1.11 of this Annual Report presents major changes in ALTEO's subsidiaries, while Section 1.12 of the Annual Report addresses other significant events.

1.9 The Company's details

The Company's name	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság
The Company's abbreviated name	ALTEO Nyrt.
The Company's name in English	ALTEO Energy Services Public Limited Company
The Company's abbreviated name in English	ALTEO Plc.
The Company's registered office	H-1117 Budapest, Dombóvári út 25
The Company's telephone number	+36 1 236-8050
The Company's central electronic mailing address	info@alteo.hu
The Company's web address	www.alteo.hu

The Company's place of registration,	Budapest
date of registration and	April 28, 2008
company registration number	Cg.01-10-045985
The Company's tax number	14292615-4-44
The Company's EU VAT number	**HU17783893**
The Company's statistical code	14292615-7112-114-01
Duration of the Company's operation	indefinite
The Company's legal form	public limited company
Governing law	Hungarian
The Company's share capital	HUF 249,143,425
Date of the effective Articles of Association	August 12, 2025 (in effect from: August 6, 2025)
The Company's core activity	Engineering activities and related technical consultancy
Fiscal year	same as the calendar year
Place of publication of notices	The Company discloses its notices regarding regulated information on its website https://investors.alteo.hu/, on the website of the BSE at www.bet.hu and on the www.kozzetetelek.mnb.hu website operated by the Central Bank of Hungary; furthermore, if specifically required by the applicable law, the notices of the Company are also published in the Company Gazette.
ISIN code of the Shares	HU0000155726
Stock exchange listing	19,931,474 shares of the Company have been listed on the BSE in Premium category.

Other securities	Bonds ALTEO NKP/2029: registered bonds with a fixed coupon rate, issued by private placement, having a face value of HUF 50,000,000 and 10 years maturity, total face value: HUF 8,600,000,000, listed on the BSE. ISIN code: HU0000359252 ALTEO2031: registered bonds with a fixed coupon rate, issued by public offering, having a face value of HUF 50,000,000 and a maturity of 11 years, total face value: HUF 3,800,000,000, listed on the BSE. ISIN code: HU000036003
The Company's Board of Directors	Attila László Chikán, Chairman of the Board of Directors, CEO Dr. György Bacsa, Deputy Chairman of the Board of Directors Ágnes Bencsik, Member of the Board of Directors Álmos Mikesy, Member of the Board of Directors
The Company's Supervisory Board	Dr. Ákos Székely, Chairman of the Supervisory Board Péter Kaderják, Member of the Supervisory Board Márton Oláh, Member of the Supervisory Board
The Company's Audit Committee	Dr. Ákos Székely, Chairman of the Audit Committee Péter Kaderják, Member of the Audit Committee Márton Oláh, Member of the Audit Committee
The Company's Auditor	The current auditor of the Company is Authentic Audit Korlátolt Felelősségű Társaság (registered office: H-1139 Budapest, Teve utca 24-28. B. lház. 8. em. 2., company registration number: 01-09-355573). The mandate of the auditor is for the period from April 19, 2024 until the date of adoption of the General Meeting's resolution on the report for the fiscal year ending on December 31, 2026 or until May 31, 2027, whichever occurs earlier. The auditor personally responsible for auditing the Company is Andrea Zsoldos-Horváth.
Shareholders of the Company with a share exceeding 5%	MOL RES Investments Zrt. Riverland Private Equity Fund Főnix Private Equity Fund

1.10 Information on the ownership structure of the Company and voting rights

Composition of the issued capital, rights and obligations related to the shares

The Company is a company established under Hungarian law (governing law). The Company was founded on April 28, 2008 as a private limited company for an indefinite period of time. The legal form was changed to public limited company as of September 6, 2010 and the Company was listed on the Budapest Stock Exchange. The ordinary shares issued belong to the same series and have the same rights. The rights related to the shares of the Company are set out in the Civil Code and in the Company's Articles of Association. The transferability of the shares is not restricted.

Limitation of voting rights related to the shares

Pursuant to Section 9.8 of the Company's Articles of Association, the shareholder or the holder of voting rights (hereinafter, for the purposes of this Section: "**shareholder**") is required, when notifying a change in their voting rights as defined in Section 61 of Act CXX of 2001 on the Capital Market ("**Capital Market Act**"), to submit a written statement to the Board of Directors concerning the composition of the shareholder group and the nature of the relationship between the members of such shareholder group, taking into account the relevant provisions of the Capital Market Act. Such notification obligation applies to shareholders only if there has been a change in the shareholder group since the publication of the previous notice. In the event of failure to provide notification or full notification regarding the composition of the shareholder group as required in the previous sentence, or where the acquisition of control is subject to a regulatory approval or acknowledgement, which the shareholder had failed to obtain, or if there is reason to assume that the shareholder has deceived the Board of Directors concerning the composition of the shareholder group, the voting right of the shareholder will be suspended by the decision of the Board of Directors at any time even after its entry into the share register, and may not be exercised until the above requirement has been fully satisfied. Furthermore, at the request of the Board of Directors, shareholders are required to promptly make a statement specifying who the ultimate beneficial owner with respect to the shares owned is. If the shareholder fails to act upon such request or if there is reason to assume that the shareholder has deceived the Board of Directors, the voting right of the shareholder is suspended and may not be exercised until the above requirements have been fully satisfied. For the purposes of this Section, "shareholder group" means, with respect to a particular shareholder, such shareholder and the persons specified in Section 61 of the Capital Market Act, whose voting rights related to their share must be regarded as the voting rights of the shareholder concerned. For the purposes of this Section, "beneficial owner" means the person specified in Section 3(38) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing.

Pursuant to Section 19(7) of the Act XVIII of 2005 on District Heating, Section 95(3) of the Act LXXXVI of 2007 on Electricity and Section 123(7) of the Act XL of 2008 on Natural Gas Supply, in the case of an event relevant in terms of company law or acquisition specified in these laws, in the absence of the prior decision on approval or the acknowledgement of the Hungarian Energy and Public Utility Regulatory Authority (the specific form of consent is governed by the given law, depending on the event relevant in terms of company law, the range of acquisition, and the nature of the license), the acquiring party shall not exercise any right against the Company in respect of its interest therein, except for the right to dividend, and shall not be entered in the share register.

Presentation of investors with a significant share

As at December 31, 2025, ALTEO is jointly owned by majority shareholders MOL RES Investments Zártkörűen Működő Részvénytársaság (registered office: H-1117 Budapest, Dombóvári út 28; company registration number: Cg.01-10-046154), Riverland Private Equity Fund (registered office: H-1026 Budapest, Pasaréti út 122-124; tax number: 19314961-2-41) and Főnix Private Equity Fund (registered office: H-1134 Budapest, Kassák Lajos utca 19-25; tax number: 19315357-2-41).

Ownership structure of ALTEO based on the share register as at December 30, 2025:

Present shareholders of the Company based on the share register on 12/30/2025	Quantity (of shares)		Face value (HUF thousand)		Ownership ratio (%)	
	2025	2024	2025	2024	2025	2024
MOL RES Investments Zrt.	4 902 536	4 902 536	61 282	61 282	24,60%	24,60%
Riverland Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Főnix Private Equity Fund	4 902 535	4 902 535	61 282	61 282	24,60%	24,60%
Board of Directors, Supervisory Board, and Executive Board members	352 065	380 071	4 401	4 751	1,77%	1,91%
Repurchased own shares	243 248	245	3 041	3	1,22%	0,00%
ALTEO ESOP Organization	700 384	943 387	8 755	11 792	3,51%	4,73%
Free float	3 928 171	3 900 164	49 102	48 752	19,71%	19,57%
TOTAL	**19 931 474**	**19 931 474**	**249 143**	**249 143**	**100,00%**	**100,00%**

The publicly issued shares of the Company are listed on the Budapest Stock Exchange; the closing exchange rate of the shares on the last trading day of 2025 (on December 30) was HUF 4,410, which is 9% higher than the same value in the last year (HUF 4,050). Annual turnover totaled at HUF 9.42 billion, up by 15% from 2024.

The number of shares held by the executive officers of ALTEO:

Number of shares held by the Board of Directors, the Executive Board and the Supervisory Board			
Board	Name	2025.12.30	2024.12.30
Board of Directors	Álmos Mikesy	-	-
	Dr. György Bacsa	-	-
	Ágnes Bencsik	-	-
	Attila László Chikán	208 443	208 443
Executive Board	Domonkos Kovács	108 296	108 296
	Péter Luczay	-	10 034
	Magdolna Tokai	-	-
	László Hegedűs	-	-
	Anita Simon	10 760	10 760
	Viktor Varga	1	7 018
	Zoltán Bodnár	9 373	20 328
Supervisory Board	Péter Kaderják	15 192	15 192
	Dr. Ákos Székely	-	-
	Márton Oláh	-	-
Total		**352 065**	**380 071**

1.10.1. Powers of executive officers

The rules governing the appointment and removal of executive officers and the amendment of the Articles of Association are laid down in the Articles of Association of the Company and the Civil Code. The Articles of Association of the Company are available on the Company's website and other display points (www.investors.alteo.hu; www.bet.hu; www.kozzetetelek.hu).

The Board of Directors is the managing organ of the Company, and exercises its rights and duties as a body. The members of the Board of Directors are elected by the General Meeting for a definite term of up to five years. The members of the Supervisory Board and the Audit Committee are elected by the General Meeting for a definite term of up to five years.

As a general rule, the amendment of the Articles of Association is within the competence of the General Meeting; however, in the context of decisions made pursuant to Section 13.5 of the Articles of Association, the Board of Directors has the powers to amend the Articles of Association in compliance with the relevant rules of the Civil Code.

Without specific authorization from the General Meeting, the Board of Directors may not make any decision on issuing shares.

In its Resolution No. 17/2024. (IV.19.), the General Meeting of the Company repealed its previous Resolution No. 13/2019. (XI.26.) on authorization, and authorized the Board of Directors to resolve on the increase of the share capital of the Company at its own discretion. Pursuant to such authorization, the Board of Directors may increase the share capital of the Company by up to HUF 150,000,000, calculated at the face value of the shares issued by the Company, in aggregate (authorized share capital) in the five-year period starting on April 19, 2024. The authorization applies to all cases and means of share capital increase set out in the Civil Code (the share capital may be increased by the issue of new ordinary shares and/or any class of preference shares and/or convertible and/or mandatory convertible bonds, or any combination of these), as well as the restriction or exclusion of the exercise of preferential rights to the subscription or takeover of shares, the passing of resolutions on share capital increases otherwise within the competence of the General Meeting pursuant to the Civil Code and other laws and the Company's Articles of Association, and on any amendment to the Articles of Association necessitated by the share capital increase. This authorization to increase the share capital may be exercised several times during the above period.

In its Resolution No. 16/2024 (IV.19.), the General Meeting of the Company authorized the Board of Directors for a period of 18 (eighteen) months starting on April 19, 2024, to adopt resolutions on the acquisition by the Company of shares of all types and classes and of any face value issued by the Company, and to enter into and perform such transactions for and on behalf of the Company or to engage a third party for the conclusion of such transactions. The number of shares that can be acquired based on this authorization shall not exceed the number of shares with a total face value of twenty-five percent of the share capital, and the total face value of own shares owned by the Company may not exceed this rate at any time. The own shares can be acquired for or without consideration, on the stock market and through public offering or – unless the possibility is excluded by the law – in over-the-counter trading. In the event of acquiring own shares for consideration, the minimum amount of consideration payable for one share may be HUF 1 (one Hungarian forint) and the highest amount may be HUF 5,000 (five thousand Hungarian forints). The authorization shall also cover share purchases by the Company's subsidiaries in such a way that the Company may authorize the management of any subsidiary of the Company by means of resolutions of the members or shareholders (resolutions adopted by the members' meeting or the general meeting) to acquire the shares issued by the Company according to a resolution adopted by the Board of Directors under the above authorization.

1.11 Changes in the Shareholding structure

1.11.1. Acquisition of participation in ALTEO Circular Kft. (former name: ÉLTEX Kft.) and its subsidiaries

On December 20, 2024, ALTEO signed a quota sale and purchase agreement with Global Refuse Holding Zártkörűen Működő Részvénytársaság on the acquisition of 100% of the quota of ALTEO Circular Kft. (formerly ÉLTEX Kft.). On June 30, 2025, the conditions precedent to closing were met, and ALTEO became the owner of entire quota (100%) of ALTEO Circular Kft. The core activities of ALTEO Circular Kft. include the treatment, transport and sorting of electronic waste and other hazardous and non-hazardous waste, and seeking out and exploring markets for recycled materials. By concluding the acquisition, ALTEO has taken a significant step towards achieving its strategic goal of becoming the leading player in the domestic circular economy by 2030.

1.11.2. Acquisition of a 100% participation in Mecséri Szélpark Kft.

On October 21, 2025, ALTEO exercised its option (right to purchase) under the quota sale and purchase agreement signed with Energia Csoport Szolgáltató és Kereskedelmi Kft., the sole owner of Mecséri Szélpark Kft.. As a result, as of October 21, 2025, ALTEO became the 100% owner of the business quota of Mecséri Szélpark Kft.
Mecséri Szélpark Kft. is a project company behind a wind farm currently in the early permitting phase. By obtaining additional permits and constructing the wind farm, ALTEO will further expand its portfolio of renewable energy power plants.

1.12 Major events

This section is intended to describe other financial information and events with a financial impact that are either prescribed by the applicable accounting standards or deemed by the management to be material for shareholders.

Any material information that may have a significant impact on the activity of ALTEO Group – outside of ordinary day-to-day business operations – has been regularly disclosed by the Board of Directors continuously through the Company's official disclosure points.

The Company held its ordinary General Meeting on April 28, 2025, where the following resolutions were adopted:

a) The General Meeting **adopted** the Company's **Separate Annual Financial Statements** for 2024 prepared for the fiscal year ending on December 31, 2024 according to the International Financial Reporting Standards (IFRS) as proposed for approval by the Company's auditor (comprehensive income: HUF 8,680,722 thousand, total assets: HUF 64,849,764 thousand), its Business (Annual) Report, the Report of the Board of Directors, the relevant report of the auditor, as well as the Company's Sustainability Report for 2024.

b) The General Meeting **adopted** the Company's **Consolidated Annual Financial Statements** for 2024 prepared for the fiscal year ending on December 31, 2024 according to the International Financial Reporting Standards (IFRS) as proposed for approval by the Company's auditor (comprehensive income: HUF 13,489,172 thousand, total assets: HUF 98,063,528 thousand), its Business (Annual) Report, the Report of the

Board of Directors, the relevant report of the auditor, as well as the Company's Consolidated Sustainability Report for 2024.

c) The General Meeting **adopted** the **Corporate Governance Report** relating to the Company's 2024 operations with the proposed content.

d) The General Meeting resolved that the Company **not pay dividend** against 2024, and that the profit not paid as dividend be reclassified to retained earnings.

e) The General Meeting **has given the discharge to the members of the Board of Directors** in accordance with Section 3:117 (1) of Act V of 2013 on the Civil Code, with the conditions described therein.

f) The General Meeting **elected Attila László Chikán as a member of the Company's Board of Directors** from April 30, 2025 until April 30, 2030. With regard to the remuneration, the General Meeting resolved that the mandate be carried out for the same remuneration, i.e. for HUF 1,220,000 gross per month, and in accordance with Resolution No. 11/2024 (IV. 19.) of the General Meeting. Such remuneration shall be adjusted annually in accordance with the rate of the minimum wage increase applicable for the fiscal year in question, by applying the rules of rounding to 5000 to determine the specific value. The General Meeting authorized the Company to conclude a services agreement with Attila László Chikán.

g) The General Meeting **appointed Authentic Audit Korlátolt Felelősségű Társaság to audit the Company's Sustainability Reports** from April 28, 2025 until the date on which the resolution of the General Meeting on the report for the fiscal year ending on December 31, 2026 is adopted, but until no later than May 31, 2027. The General Meeting elected Andrea Zsoldos-Horváth as the person personally liable for the Company's audit. The General Meeting set the auditor's fee for the two years on the basis of the annual fee for the base period of 2025 (not including HCSO and company size indexation, which will be included in the contract with the auditor and, as such, the fee will be adjusted accordingly from 2025) in the total amount of HUF 18,000,000 + VAT for the audit of the Consolidated Sustainability Report and the total amount of HUF 15,000,000 + VAT for the audit of the Separate Sustainability Report. The General Meeting authorized the CEO to decide on the other conditions of the agreement, and to enter into a contract for professional services with the auditor.

h) The General Meeting **adopted** the **Remuneration Report** of the Company for 2024 by means of an advisory vote.

i) The General Meeting **approved** the extension of the scope of the 2026 ESOP General Remuneration Policy and the 2026 Senior Management Remuneration Policy to include Attila László Chikán, who is a member of the Board of Directors, and further approved, in an advisory vote, a **consolidated amendment of the Remuneration Policy**.

j) The General Meeting acknowledged and accepted the information provided on **transactions involving own shares** with the proposed content.

k) The General Meeting **decided** to extend the **authorization** given to the Board of Directors regarding **own share transactions** for eighteen months starting from April 28, 2025 with the proposed conditions.

l) The General Meeting **authorized** the Board of Directors to increase the **Company's share capital at its own discretion** by a maximum amount of HUF 250,000,000 (authorized share capital), calculated at the face value of the shares issued by the Company, during the five-year period starting on April 28, 2025.

m) The General Meeting **authorized** the Board of Directors to **exclude** – at same time as raising the Company’s share capital by issuing new shares – **the possibility of exercising preferential rights in connection with the trading of shares**.

n) The General Meeting **authorized** the Board of Directors **to appoint the persons entitled to receive the newly issued shares in** connection with a possible increase of the share capital of the Company.

o) The General Meeting **adopted** the Company’s **Articles of Association** in a consolidated structure with the amendments, with the proposed content.

Relocation of the registered office

Based on a resolution of the Board of Directors, the Company’s registered office was relocated to 1117 Budapest, Dombóvári út 25. as of September 01, 2025. The Company’s registered office is also the principal place of central administration and customer service office.

Events at the Company’s subsidiaries relevant under company law in the period between January 1, 2025 and the date of publication of this Annual Report

Considering the number of its subsidiaries and the company law events affecting them, in this chapter the Company only addresses the major events of its subsidiaries relevant in terms of company law, thus in particular it will not cover decisions regarding changes in personnel, establishments and branches.

Moreover, this chapter does not include events that have already been presented in Section 1.10.

In 2025 ALTEO Nyrt. adopted the annual reports of the subsidiaries for 2024. The Company decided to pay dividends in the case of the following subsidiaries.

Name of subsidiary:	Amount of dividend:
Pannon Szélerőmű Kft.	HUF 660,000,000
Mov-R Szélerőmű Kft.	HUF 3,000,000
Domaszék 2MW Naperőmű Kft.	HUF 40,000,000
Energy Corp Hungary Kft.	HUF 200,000,000
Sunteo Kft.	HUF 200,000,000

In 2026 ALTEO Nyrt. adopted the annual reports of the subsidiaries for 2025. The Company decided to pay dividends in the case of the following subsidiaries.

Name of subsidiary:	Amount of dividend:
FE-Group Invest Zrt.	HUF 1,000,000,000

Own share transactions

In May 2025, ALTEO executed own share transactions related to the implementation of the 2025 ESOP Remuneration Policy launched under the ESOP. On the one hand, the transactions took place because the remuneration condition of the 2025 Remuneration Policy was met, meaning that the participating employees received remuneration, which was achieved by the ALTEO ESOP Organization converting the shares held by the participating employees in respect of their membership stakes into cash by selling the shares to ALTEO as founder, over the counter. As a result, on May 16, 2025, ALTEO as buyer signed over-the-counter share sale and purchase contracts with the ALTEO ESOP Organization as seller for 290,780 ALTEO ordinary shares at a price of HUF 5,870.4 per share.

On the other hand, the own share transactions relate to the settlement – with regard to the 2025 ESOP Remuneration Policy – of the fate of the shares that were linked to the membership stakes of participating employees who – in particular due to the discontinuation/termination of their employment – were excluded from the 2025 Remuneration Policy or whose number of shares linked to their membership stake decreased due to the application of an adjustment. Pursuant to the 2025 Remuneration Policy, a total of 25,030 ALTEO ordinary shares were attached to the previously not involved membership stakes thus transferred to ALTEO. The sale and purchase of these shares took place under the same conditions as described in the previous paragraph and concurrently with it.

Subsequently, also in May 2025, the Company executed own share transactions with the ALTEO ESOP Organization in connection with the 2025 ESOP Szikra, WATT and Senior Management Remuneration Policies (hereinafter: Remuneration Policies). In this context, on the one hand, own share transactions were carried out because the remuneration conditions in the Remuneration Policies were met, thus participating employees received remuneration in the form of cash conversion as described in the first paragraph of this Section. Thus, the ALTEO ESOP Organization sold the shares to ALTEO as founder in this case as well. As a result, on May 20, 2025, ALTEO as buyer signed over-the-counter share sale and purchase contracts with the ALTEO ESOP Organization as seller for 211,060 ALTEO ordinary shares at a price of HUF 5,735.4 per share.

On the other hand, the own share transactions relate to the settlement – with regard to the Remuneration Policies – of the fate of the shares that were linked to the membership stakes of participating employees who – in particular due to the discontinuation/termination of their employment – were excluded from the Remuneration Policies or whose number of shares linked to their membership stake decreased due to the application of an adjustment. Pursuant to the Remuneration Policies, a total of 59,137 ALTEO ordinary shares were attached to the previously not involved membership stakes thus transferred to ALTEO. The sale and purchase of these shares took place under the same conditions as described in the previous paragraph and concurrently with it.

In May 2025, the Company's Board of Directors adopted the 2027 ESOP General Remuneration Policy and the 2027 ESOP Szikra, Watt and Senior Management Remuneration Policies, which are presented in more detail in Section 1.16.8.1 of the Consolidated Annual Report. The number of shares required to launch these ESOPs (335,634 ALTEO common shares) were made available to the ALTEO ESOP Organization on May 22, 2025.

In its announcement published on July 2, 2025, the Company informed investors that it has carried out an own share transaction in connection with the expansion of the 2026 ESOP General Remuneration Policy adopted in 2024, with a view to the expansion of the scope of participants. As a result, 7,370 ALTEO ordinary shares were transferred to the ALTEO ESOP Organization from the Company.

Annual review of the credit rating

Scope Ratings GmbH carried out an annual review of the Company's credit rating on its bonds issued under the Bond Funding for Growth Scheme announced by the MNB, as a result of which ALTEO's **rating remained unchanged,** ALTEO as issuer remained in the BBB- category with a stable outlook, and its short-term debt rating also remained S-2.

For the report of the credit rating agency, follow the links below:

https://scoperatings.com/ratings-and-research/rating/EN/178826#

Stock tracking

Kalliwoda Research GmbH updated its model on February 28, 2025 and December 05, 2025. It is available at:

https://kalliwoda.com/pdf/ALTEO_Nyrt_Dr_Kalliwoda_Research_Comprehensive_Update_2024_Q3.pdf

https://kalliwoda.com/pdf/ALTEO_Nyrt_Dr_Kalliwoda_Research_Comprehensive_Update_2025_Q3.pdf

Major investment projects and contracts

Artemis Production Management System

Developments of the Artemis system – which supports comprehensive digital production management – in the current year resulted in an HUF 2.1 billion increase in the Company's portfolio of proprietary software.

Private equity fund investments

In June 2025, ALTEO informed investors that it intends to **subscribe HUF 15 billion in investment units** in the newly launched **Andezit Private Equity Fund** with an issued capital of HUF 50 billion, which aims to promote the dissemination of green energy and support carbon neutrality efforts. The Fund's objectives are closely aligned with ALTEO's long-term strategy, thus in the future ALTEO and the Fund can work together on joint acquisition and investment projects, including some of strategic importance.

The fund manager of the 15-year term fund is Gránit Fund Management Ltd. The Fund was established in June 2025, beginning with the subscription period, with ALTEO making an initial contribution of HUF 1.5 billion as a first step. The Central Bank of Hungary registered the fund in August 2025.

Gas engine replacement

ALTEO's subsidiary ALTEO-Therm Kft. successfully completed the investment project to replace its former 3.2 MW Wärtsilä 220 SG gas engine at its Tiszaújváros site with a modern, refurbished Jenbacher J620 engine.

The project not only involved the replacement of the gas engine, but also included mechanical, electrical and control technology updates to auxiliary plant systems. As part of the investment project, a new tray cooling unit was also installed, which ensures that the gas engine is available without output limitation even on extremely hot summer days. As a result of the investment, the efficiency of the Tiszaújváros heating power plant has been significantly improved, while the compact equipment installed ensures easier handling. The modernization is also expected to reduce maintenance costs, as the new Jenbacher gas engine has easier access to and better supply of spare parts. The new gas engine is not only more reliable, but also has better control characteristics. Due to its better load gradient (load switching speed), the control capabilities of the system have also improved, which is an advantage for ALTEO's Virtual Power Plant in providing system balancing services.

ALTEO Nyrt. implemented the gas engine replacement as the general contractor.

Capacity expansion in Győr

ALTEO implemented another capacity expansion, with a 6MW gas engine starting operation at the Győr Industrial Park. The project was delivered by ALTEO as general contractor as part of a greenfield investment. This joint project including the previously commissioned 8MW/16MWh battery energy storage system (BESS) holds further development potential, given the open space next to the power plant building, the proximity of the industrial park, and the usable thermal power of the gas engine.

ALTEO Nyrt. implemented the capacity expansion as the general contractor.

Remuneration and personal changes

ALTEO ESOP Remuneration Policies

The 2025 Remuneration Policy and the 2025 ESOP Szikra, Watt and Senior Management Remuneration Policies (hereinafter collectively: Remuneration Policies) expired in May 2025, and participating employees received remuneration.

As the Company has informed its investors in recent years, ALTEO's fundamental goal is to promote the future improvement of the Company's business performance based on innovation. In this context, it is in the Company's interest to improve the performance and enhance the loyalty of its employees by giving them a share in the success of the Company. With respect to this, in May 2025 the Company's Board of Directors adopted the 2027 ESOP General Remuneration Policy and the 2027 ESOP Szikra, Watt and Executive Remuneration Policies.

The establishment of a new organizational unit

In March 2025, ALTEO set up a standalone organizational unit under the name **International Relations**, to support the achievement of its regional growth objectives. The new organizational unit is responsible for strengthening and coordinating the Company's international relations and supporting the departments in the implementation of regional expansion plans. The new organizational unit started its operations under the direct supervision of Deputy CEO Magdolna Tokai.

Sustainability awards and certifications

ALTEO **was again awarded silver rating** in the EcoVadis 2025 sustainability assessment, placing it among the top 15% of companies assessed. Unlike traditional ESG certifiers, EcoVadis assesses companies' performance not only in terms of environmental activity, labor and human rights, and ethical performance, but also takes sustainable procurement practices into account.

Compared to the 2024 assessment, ALTEO has made significant progress in this very area, thanks to the completion and publication of the company's sustainable procurement policy.

1.13 Events after the period not reflected in the end-of-the-year statements

Acquisition

On January 22, 2026, ALTEO signed a quota sale and purchase agreement with Plant Industrial Engineering Kft., as seller, to acquire 100% of the quota of DEPO Erőmű Kft. As a result of the transaction, **ALTEO became the owner of 100% of the quota of DEPO Erőmű Kft.**

1.14 The business environment of ALTEO and classification of risks according to their characteristics

In the Basic Information Memorandum published on October 10, 2022, the Company described the relevant risks and their assessment that are applicable to this report as well.

See the update in section "Detailed and comprehensive risk analysis of ALTEO Nyrt." presented in ALTEO Nyrt.'s Consolidated Annual Report. See Section 1.18.

Risks associated with changes in foreign exchange rates based on currency exposure, quantified:

Financial instrument	EUR	Effect of 5% change in exchange rate
Assets:		
Trade receivables	457 833	8 822
Advances given	138 249	2 664
Other receivables and accruals	104 510	2 014
Liabilities:		
Other short-term liabilities and accruals	(2 780 856)	(53 587)
Trade payables	(2 354 942)	(45 380)
Advances received	-	-

Liquidity risks associated with the structure of assets and liabilities:

Financial instruments (HUF thousand)	within 1 year	maturity 2-5 years	more than 5 years
Assets:	**23 382 167**	**49 787**	**25 682 877**
Long-term deposits or loans given	-	49 787	25 682 877
Trade receivables	11 755 856	-	-
Other financial assets	36 836	-	-
Other receivables and accruals	11 589 475	-	-
Liabilities:	**(21 687 686)**	**(40 149 744)**	**(6 233 568)**
Debts on the issue of bonds	-	(8 635 984)	(3 904 709)
Long-term loans and borrowings	-	(28 925 976)	(2 099 660)
Lease liabilities	-	(1 883 271)	(229 199)
Other long-term liabilities	(50 000)	(704 513)	-
Short-term loans and borrowings	(7 295 586)	-	-
Short-term lease liabilities	(627 938)	-	-
Advances received	(136 907)	-	-
Trade payables	(2 455 378)	-	-
Other short-term liabilities and accruals	(11 121 877)	-	-

Managing capital, compliance with statutory capital requirements:

Equity to issued capital ratio	Year ending on 12/31/2025 HUF thousand	Year ending on 12/31/2024 HUF thousand
Issued capital	246 103	249 140
Equity	42 180 519	38 837 987
Equity to issued capital ratio %	**17139,38%**	**15588,82%**

1.15 Description of ALTEO Group policies

ALTEO Nyrt. adopts group-level policies. Group-level policies for 2025 are presented in Section 1.19 of ALTEO Nyrt.'s Consolidated Annual Report for 2025.

2. Statements of the Issuer

2.1 Use of non-audit services

In 2025, ALTEO Group did not use audit services provided by Authentic Audit Kft.

2.2 Declaration on compliance with the obligation to disclose related party transactions

ALTEO published on its website the transactions with related parties to be disclosed or subject to approval in compliance with Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization, passed in 2024, except for the transactions specified in Section 24 thereof.

2.3 Corporate governance statement

The Group's parent ALTEO prepares its Corporate Governance Report in accordance with the Responsible Corporate Governance Recommendations of Budapest Stock Exchange Ltd. and publishes it in a separate document upon approval by the Company's General Meeting. The Company only provides a summary in this business report.

The Board of Directors is the main decision-making body of the Group's parent company that governs the Group and monitors its day-to-day operation on the basis of effective laws, the Articles of Association and the resolutions passed by the General Meeting, as well as the Supervisory Board and the Audit Committee.

The members of the Board of Directors are elected by the General Meeting for a term of up to five years. Members of the Board of Directors elect the Chair of the Board of Directors, the Deputy Chair, and the member entitled to hold the title of CEO ("**CEO**") from among themselves. The Group has a Remuneration and Nomination Committee, which, among others, makes proposals to the General Meeting concerning the election, removal and remuneration of the members of the Board of Directors. The remuneration of members of the Board of Directors is, however, determined by the General Meeting. The Board of Directors comprises at least three and at the most nine natural person members.

The Board of Directors is entitled and required to decide on all issues that, by virtue of the provisions of the law or the effective Articles of Association, do not fall within the competence of the General Meeting, the Supervisory Board or the Audit Committee.

The member of the Board of Directors entitled to hold the title of CEO is at the head of the Group's work organization and is responsible for managing and monitoring the Company's operations in accordance with the resolutions of the General Meeting and the Board of Directors. The Chief Executive Officer shall act within the limits of the applicable laws, the Articles of Association, and the rules of procedure of the Board of Directors in all matters which the Board of Directors, in its rules of procedure, has delegated to the Chief Executive Officer and, in this context, shall direct and control the day-to-day operational activities of the Company, unless the Board of Directors has expressly provided otherwise in a resolution. During the day-to-day operations of the Group, the CEO works with members of the management responsible for each function to make decisions.

The CEO is assisted in the day-to-day operational management of the Group by management, the members of which are responsible for functions within their scope of responsibility.

The Supervisory Board of the Group's parent company acts as a body under mandate from the General Meeting. Members of the Supervisory Board are required to act in person; agency is not allowed in the activities of this body. Members of the Supervisory Board may not be instructed in that capacity by their employer or shareholders of the Company. The Remuneration and Nomination Committee makes proposals to the General Meeting concerning the election, removal and remuneration of the members of the Supervisory Board. Members of the Supervisory Board are elected by the General Meeting for a definite term of up to five years. Members of the Supervisory Board can be removed at any time and may be reelected upon the expiry of their mandates. The General Meeting decides on the remuneration of members of the Supervisory Board. The Chair of the Supervisory Board is elected by the Supervisory Board from among its members. The Supervisory Board sets out its own rules of procedure, which are then approved by the General Meeting. The Supervisory Board currently consists of four members.

The Audit Committee verifies the Group's accounting regime, comments on its annual report prepared pursuant to the Accounting Act, monitors compliance with professional requirements and conflict of interest rules applicable to auditors and performs the tasks specified in its rules of procedure.

Within the scope of the Company's risk assessment activities, business, financial, technical, commercial, legal and compliance functions supervised by members of management work together and assess the types of risks involved based on reports prepared by each function and presented to the appropriate decision-making body or management member at specific intervals and identify the actions needed to manage risks.

The assessment of financial risks is a part of every planning and forecasting process as well as preparing new investment decisions. Decisions regarding risks identified during planning and forecasting and how they should be managed are made. For new investments, the management of expected risks is already covered by the proposal.

In developing its Compliance Management System, the Company assigned Compliance its place within the corporate structure, determined its scope of competence and its responsibilities, the Compliance Committee was set up, the risk map of the Group was drawn up on the basis of executive self-assessments, the regulation and the procedural rules of compliance audits (conflict of interest, business partner due diligence, ethics and compliance audits) were developed, and the Code of Ethics constituting a key component of the program was also created.

The implementation of the Compliance Management System is the responsibility of the Director of Ethics, Compliance and Control, pursuant to a mandate from the CEO. The compliance manager is responsible for ensuring compliance with the applicable laws, internal policies and the Company's Code of Ethics, for identifying unethical, unlawful or excessive business non-compliance, for assigning responsibilities, initiating corrective measures and following up on actions taken by business areas. They are also responsible for delivering training on policies related to compliance (e.g. Code of Ethics, Privacy Policy), conducting conflict-of-interest assessments and initiating measures, supporting operation complying with data protection laws, promoting fraud-free and corruption-free operation, supporting the selection of appropriate business partners, supporting the establishment of the information security and human security requirements and criteria required by the law, and supporting and monitoring the establishment of the necessary property protection and physical security requirements and criteria.

The Ethics, Compliance and Control organization fundamentally pursues a supportive, preventive and control activity, with these roles enforced collectively, aimed at preventing damages and abuse, and minimizing risks across the entire operation of the Company.

2.4 The issuer's statement pursuant to Section 3.4.1 of the Decree No. 24/2008 (VIII.15.) of the Minister of Finance

The Company declares that its Financial Statements and Business Report for 2025 were prepared in accordance with the International Financial Reporting Standards as adopted by the EU, based on the Company's best knowledge, providing a true and fair view of the assets, liabilities, financial situation, profit and loss of the Company as an issuer.

The Company also declares that its Annual Report for 2025 provides a true and fair view of the situation, development and performance of the issuer, outlining the risks and uncertainties likely to arise in the remainder of the fiscal year.

2.5 Statement of the issuer on the independent audit of the report

The Company declares that the data of this Annual Report were audited by an independent auditor. The independent auditor's report was published as part of the Financial Statements.

2.6 Dividend payment

The Board of Directors proposes to the General Meeting the payment of no (0) dividend (in the value of HUF 0 per share) in 2026.

2.7 Sustainability Report

Alteo Nyrt., as a standalone entity, pursuant to Section 95/F of the Accounting Act, is exempt from the obligation to prepare a standalone sustainability report. Alteo Nyrt.'s consolidated sustainability report also includes sustainability-related disclosures specific to Alteo Nyrt. as a standalone entity. Disclosures related to environmental protection pursuant to Section 95(5) of the Accounting Act and disclosures related to resources pursuant to Section 95/C of the Accounting Act are presented in Alteo Nyrt.'s consolidated sustainability report.

2.8 Authorization for publication of the Annual Report

This Annual Report was approved and authorized for publication by the Group's Board of Directors.

Budapest, April 2, 2026

On behalf of ALTEO Nyrt.

Attila László Chikán	**Zoltán Bodnár**
Chairman & CEO	CFO