

## COMMUNICATION

The Board of Directors of **ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság** (registered office: H-1131 Budapest, Babér utca 1-5.; company registration number: Cg. 01-10-045985; hereinafter referred to as “**ALTEO**”) hereby informs Investors that it has taken the following measures to ensure the continuous and safe operation of ALTEO and its subsidiaries in the coming period amid the global health and economic crisis brought on by the COVID-19 outbreak.

The management of ALTEO has made it its first priority to create the necessary conditions for maximum operational safety during the crisis. For this purpose, ALTEO adopted a Pandemic Policy, effective from March 12, 2020, and set up a Pandemic Executive Board to address potential crisis situations as effectively and swiftly as possible. Our top priority is to protect the health of our employees and maintain the operational safety of our activities. In this context, the Executive Board instructed office staff whose jobs allow them to work from home to do so, and employees who work in shifts at our sites or branches or have jobs that cannot be performed from home to use their own cars to commute to work instead of using public transportation, with ALTEO covering any resulting additional costs.

We reduced the number of employees working in a continuous shift to a minimum and enabled employees aged 60 and over to do on-call shifts from home. They are summoned to work only if there is no other way to maintain the operation of our power plants. Additionally, to minimize any risk of infection, we excluded representatives of subcontractors, suppliers, and other partners and providers from entering control rooms at our sites. Furthermore, in view of the recommendations of the WHO and the Chief Medical Officer of Hungary, we introduced disinfection cleaning multiple times a day at our power plants.

In energy production, we identified and stocked up on equipment and parts that are essential to our continued operation. Our measures not only concern our own employees—we have also identified the subcontractors and suppliers that are critical to our continued, sustainable operation and we are in ongoing discussions with them about the creation of safe conditions for contract work.

To maintain safe operation, it is also essential to maintain financial security. The management of ALTEO believes that as a successful management over the past years ALTEO has the financial immunity to cope with the challenges posed by the pandemic. ALTEO closed the 2019 year with a cash balance exceeding HUF 4.8 billion. 88% of the total amount of our credit, loan, bond and lease liabilities consist of long-term debt. The vast majority of our long-term credit and bond liabilities typically have a residual maturity of over 10 years, owing in part to successful participation of the Company in the Funding for Growth Scheme of the Central Bank of Hungary. Under this scheme, ALTEO issued 10-year bonds in the amount of HUF 8.8 billion in total, using most of the funds received for the prepayment of our shorter-term credit. Another significant portion of our long-term credit, usually with a residual maturity of over 10 years, was used to finance the Company’s solar power plant investment projects that were completed last year. The debt service moratorium declared by the Hungarian Government on March 18, 2020 as well as anticipated further support to bolster the economy might be a source of additional financial reserve for the Company.

Amid the global economic recession caused by the pandemic, the management of ALTEO notes positively that the majority of the business activities underlying the Company's profitability are unaffected by or less exposed to the decline in global macroeconomic demand compared to other sectors. Over 50% of our ability to produce EBITDA comes from our renewables-based power plant portfolio (mainly our solar power plants and the 25MW wind farm acquired in 2019) selling electricity under the Mandatory Offtake System (KÁT). Additionally, a significant part of the profitability from our market activity is derived from long-term contracts with major Hungarian and international companies, which provides added security for maintaining successful operation compared to a client base more exposed to recession, even amid the crisis brought on by the pandemic. Thanks to diversifications efforts and the exceptionally advanced buyer risk procedures in the retail portfolio, there is no sector representing a major portion of the portfolio that is more severely affected by the economic downturn caused by the coronavirus than others. So far, the amount of our irrecoverable debts is negligible and receivables management will continue to sharpen its focus on overdue liabilities and their recovery.

However, this is a new type of crisis, essentially unprecedented, so undeniably there is a lot of uncertainty around its duration and its progression. ALTEO's Board of Directors therefore decided to advise the General Meeting against voting in favor of dividend payment, though it has been standard practice over the past years. This decision is also designed to help build up additional reserves in preparation for any unexpected events.

The above steps aimed at reinforcing work and operational safety and financial security are not only about the crisis. We are also preparing for the post-crisis period that will hopefully come sooner than later. The management of ALTEO believes it is key for our Company to be involved in the post-crisis economic recovery as a commercially and financially powerful actor, and we therefore do not intend to suspend implementation of our growth strategy, even for the duration of the crisis. In addition to the presented safety and security steps, we want to go ahead with our major development and investment projects that lay the groundwork for our future success.

We feel that we have a broad range of assets and reassuringly strong resilience to deal with any, hopefully short-term, negative consequences resulting from the pandemic and be one of the most powerful actors capable of strong and intense growth in the energy and waste management markets during the period of recovery.

Budapest, March 26, 2020

the Board of Directors of ALTEO Nyrt.