

PROPOSALS OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING RELATING TO AGENDA ITEMS

CAPS COAF: HU20240307014138

- 1-4. Report of the Board of Directors on the Company's operations in the business year of 2023
5. Corporate Governance Report
6. Resolution on the evaluation of the work carried out by the members of the Board of Directors in the business year of 2023 and on granting the discharge they are entitled
7. Consultative vote on the Remuneration Report of the business year of 2023
8. Advisory vote on the amendment of the Company's Remuneration Policy
9. Resolution on the remuneration of the members of the Management Board
10. Authorisation of the Management Board to acquire own shares
11. Election of the Company's auditor, the establishment of its remuneration
12. Reduction of the Company's share capital by cancelling some of its treasury shares
13. Amendment of the of the Company's Articles of Association in relation to agenda items no. 10-12

With the resolution 2024.03.26/2 of the Management Board of PannErgy Plc. adopted the proposals related to the agenda items of the Annual General Meeting to be held on 18.04.2024/2024.04.30¹.

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

¹ According to the date of the General Meeting

**Proposal for the annual General Meeting regarding Agenda Item 1
“Report of the Management Board on the activities of the Company in the business
year of 2023
— adoption of the report on the management, the Company’s financial position and
business policies” as well as Items 2, 3 and 4**

Report by the Management Board concerning Agenda Items nos. 1 to 4 of the General Meeting:

In the business year 2023, the PannErgy Group continued the implementation of its mission to utilise geothermal energy resources. Accordingly, the subsidiaries operated geothermal projects at a high technical level, utilising the available geothermal resources at all production sites, including, in particular, in Győr, Miskolc and Szentlőrinc. With 1,705 TJ of heat sold in 2023, green heat sales underperformed both the 1,785 TJ peak reached in the base period and the 1,790 TJ target for 2023. Underperformance is mainly attributable to unfavourable weather conditions for geothermics and, with regard to the target, the postponement of the capacity expansion investment project in Miskolc.

The Company’s consolidated sales revenue increased significantly, by 35%, year-on-year, primarily due to the recognition of significantly increased electricity costs related to the base period and certain parts of the reporting period, as justified costs related to district heat production, through regulated pricing applicable to the producer.

The Company’s consolidated EBITDA hit a peak with HUF 3,930 million, which is consistent with the 2023 EBITDA target range published in the Quarterly Production Report for Q4 2023 on 15 January 2024 that projected an economic result around the lower end of the HUF 3,950–4,150 million EBITDA target range. The consolidated EBITDA in the reporting year shows a 9% improvement year-on-year, outperforming the HUF 3,612 million EBITDA in the base year by HUF 318 million. The outstanding performance was achieved partly through efficient management and partly through the return on projects continuously aimed at increasing capacity, as well as improving efficiency and operational security.

The Company closed the business year 2023 with an IFRS consolidated net profit of HUF 1,716 million.

In 2024, the Company intends to continue its investment projects aimed at increasing capacity and improving efficiency, as well as operational security, with the goal of expanding and making more economically efficient the utilisation of energy in the geothermal resources explored, preserving the lifetime of existing systems, and making it possible that maintenance, emergency management and repair interventions are carried out as efficiently and safely as possible. Digging a new production well in Miskolc originally scheduled for 2023 and implementing comprehensive transformations intended for the mechanical adaptation of the new technologies and capacities created partly by the connection of the new production well are of key importance in this investment activity.



Through its completed investment projects, efficient and professional operation and, last but not least, the green and economical energy it offers, the Company expects to enhance the services provided for its existing customers and even provide new customers with geothermal energy in the future.

The armed conflict between Russia and the Ukraine that erupted in 2022 brought to light critical global, and also local, energy issues, at times in the form of extremely high and volatile raw material and energy prices, that are clear evidence of the special importance of green energy sources independent of fossil fuels, including geothermal energy. This is particularly true for Hungary. Besides the related potential benefits for PannErgy inherent to the current geopolitical situation, the economic risks could pose many direct and indirect challenges to all economic operators, including our Company.

The Company plans to sell an annual quantity of heat of 1,773 TJ in 2024. The EBITDA target for 2024 is in the range of HUF 3,900 million to 4,100 million, with its mean representing a slight increase compared to the baseline EBITDA. This target range corresponds to the targets presented in the production report for Q4 2023 published by the Company.

The quarterly breakdown of heat sales pertaining to the EBITDA target has been presented in the Business and Management Report of the “PannErgy Nyrt. and its subsidiaries — Consolidated Financial Statements and Annual Report for 2023 in conformity with the IFRS” and in the Company's public quarterly production reports.

In 2023, the closing share price of PannErgy Nyrt. at the end of the year increased by 4.9% from HUF 1,315 per share to HUF 1,250.

With its resolution No 8/2023 (IV. 28.), the General Meeting closing the 2022 business year authorised the Management Board to purchase own shares in a value of up to HUF 900 million, at a share price of at least HUF 1 and at most HUF 1,670, for the period ending on 13 April 2024. During the authorisation period, the Management Board – taking into account the applicable legal framework – is authorised to purchase ordinary shares with a nominal value of HUF 20 up to a quantity with which the portfolio of treasury shares does not, at any time, exceed 25% of the total number of shares issued. The Company started purchasing at the Budapest Stock Exchange up to 2,000 PannErgy Nyrt. ordinary shares per day from the trading day 2 May 2023, 3,800 per trading day from 14 June 2023 and 5,000 per trading day from 19 December 2023.

Continuing to observe with particular attention the transparency requirements on the capital market, the Company published quarterly production reports and a half-year report in 2023 on its geothermal projects and overall operation. The reports have sought to disclose public information that goes beyond the statutory requirements.

For 2023, the Company prepared and published separate and consolidated statements, both in accordance with the EU IFRS, containing a business and management report on the results of the work by the Management Board as well as the operation of PannErgy Nyrt. and the PannErgy Group,



and also published several public announcements, knowledge of which is also essential for assessing the performance of the Group and the work of the Management Board.

The consolidated net earnings for the reporting year in accordance with the EU IFRS is HUF 1,716 million (profit), and the balance sheet total is HUF 26,252 million.

The standalone net earnings for the reporting year in accordance with the EU IFRS is HUF 344,723 thousand (profit), whereas the balance sheet total is HUF 10,107,706 thousand.

The Company publishes extraordinary and other announcements on shareholder information in accordance with laws in force, available, inter alia, on the websites of the Company and of the Budapest Stock Exchange.

The Audit Committee at the Company has examined the Company's statements and the auditors' reports as well as the financial reporting processes in place at the Company, and deemed them acceptable.

As the public oversight authority responsible for the public oversight duties of auditors, the Accounting and Public Oversight Department of the Ministry of Finance carried out a quality control procedure to verify the audit activities conducted for the consolidated and individual annual reports of PannErgy Nyrt. for the business years 2021 and 2022. For 2021, the quality control procedure resulted in a "pass"; accordingly, the authority found the audit underlying the relevant audit reports and the robustness of the reports to be compliant.

In view of the financing needs of investment activities planned for 2024, the necessity of holding a certain level of free cash and cash equivalents required for safe and prudent operation and thus for maintaining a high level of financial and operational stability with adequate flexibility, the Management Board does not recommend the payment of dividends, and proposes that after-tax profit be transferred to retained earnings in full.

The Management Board submits the following draft resolutions of the General Meeting in connection with the agenda items 1-4 published.

DRAFT RESOLUTION:

Considering the report of the Management Board, the opinion of the Audit Committee and the auditor, the General Meeting accepts the report of the Management Board for 2023.

Considering the report of the Management Board, the opinion of the Audit Committee and the auditor, the General Meeting has accepted the Company's individual (parent company), non-consolidated balance sheet, profit & loss account for 2023 as prepared in conformance to the EU IFRSs, in line with the associated proposal and the auditor's report, with an identical total of HUF



10,107,706 thousand for assets and liabilities, and earnings after taxes, i.e. profit of HUF 344,723 thousand.

The General Meeting – considering the report of the Management Board, the opinion of the Audit Committee and the auditor – acknowledges and accepts the EU IFRS consolidated financial statements of the PannErgy Nyrt. Group on its operations in 2023, showing an identical total of HUF 26,252 million for assets and liabilities (balance sheet total), and net earnings, i.e. profit of HUF 1,716 million.

The General Meeting accepts the proposal of the Management Board, according to which the Company's earnings after tax are placed entirely in the accumulated profit reserve, and thus the Company does not pay any dividends.

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**PROPOSAL AND PROPOSED RESOLUTION
ON AGENDA ITEM 5 OF THE GENERAL MEETING
"DECISION ON ADOPTING THE CORPORATE GOVERNANCE REPORT
TO BE SUBMITTED TO BUDAPEST STOCK EXCHANGE"**

The Management Board proposes to the General Meeting the following decision for Agenda Item no. 5 of the General Meeting.

DRAFT RESOLUTION:

The General Meeting adopts the Corporate Governance Report to be submitted to Budapest Stock Exchange.

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PannErgy
Public Limited Company

Responsible Corporate Governance Report
in accordance with the Responsible Corporate Governance Recommendations
of the Budapest Stock Exchange
for the Annual General Meeting of the Company closing the 2023 financial
year

Management Board of PannErgy Plc.

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

PannErgy Nyrt. (hereinafter: “the Company”) is committed to operate while observing the relevant laws, the MNB’s provisions and the stipulations of the BSE Regulations. The structure and operating conditions of the Company are set out in the Articles of Association adopted by the General Meeting. As far as responsible governance is concerned, PannErgy Plc. provides the following information.

Management Board

In lieu of a Board of Directors and a Supervisory Board, the Company has a Management Board in order to enable a consistent system of governance. The Management Board carries out the statutory functions of both the Board of Directors and the Supervisory Board. As part of its duties as the Board of Directors, the Management Board defines the Company’s strategic policies and supervises its operation.

The Management Board currently has five natural person members, elected by the General Meeting for an indefinite term of office. The Chair of the Management Board is elected by the Board members from among their number. The member of the Management Board serving as the Chief Executive Officer or Acting Chief Executive Officer is appointed by the Board members from among their number.

The Management Board takes decisions with a simple majority. It has a quorum if the majority of its current members are present. In the event of a tie, the Chairman of the Management Board shall have the casting vote.

The Management Board shall establish its own rules of procedure, containing a detailed description of its duties and procedures falling within its competence.

The Management Board shall prepare a report to the General Meeting on the Company’s management, financial position and business policy at least once a year.

The Management Board directly governs the Company and is responsible for carrying out financial duties and implementing its resolutions and decisions. The employer’s rights over the Company’s direct employees are exercised by the Acting Chief Executive Officer or the Chief Executive Officer.

The Management Board shall comprise the following members:

Dénes Gyimóthy, Chair – independent

Gábor Briglovics, member – independent

Katalin Gyimóthy, member – independent

Attila Juhász member – independent

Kálmán Rencsár member – independent

As of 12 December 2022, the CEO duties are performed by István Jaksa.

In 2023, the Management Board met on 9 occasions, with an average participation rate of 75%, and adopted written once resolutions without a meeting.

Audit Committee

In order to ensure that the functions of the Management Board are carried out and sound decisions are made, the Company’s General Meeting has elected a three-member Audit Committee out of the

independent members of the Management Board.

The Audit Committee's duties include commenting on the report prepared in accordance with the IFRS, assessing the functioning of the financial reporting system, making proposals on the appointment and remuneration of the auditor, preparing the auditor's contract and carrying out the tasks related to the cooperation with the auditor. Moreover, the Audit Committee regularly monitors whether the classification of transactions between the Company and related parties was appropriate in terms of the identification, public disclosure and regular handling of significant related transactions.

The Audit Committee lays down the rules governing its operation and decision-making. In the 2023 financial year, the members of the Audit Committee were as follows:

Attila Juhász, Chair

Gábor Briglovics, member

Kálmán Rencsár, member

In 2023, the Audit Committee met on 5 occasion, at a participation rate of 100%.

Other committees

The Company does not have a nominations committee or a remuneration committee. These functions are fulfilled by the members of the Management Board as appropriate. The Company operates with a small number of staff and with a narrow scope of activities, therefore establishing various committees and management bodies offers doubtful benefits.

Auditor

The Company's auditor is elected by the General Meeting for a term of 1 year.

The Company's auditor: BLUE RIDGE AUDIT HUNGARY Kft.

The auditor is proposed by the Audit Committee; the proposal is put forward by the presiding officer of the General Meeting that elects the auditor. In the event the candidate of the Audit Committee does not get elected by the General Meeting as the Company's auditor, the Audit Committee shall nominate another person.

The auditor is responsible for auditing the Company's books, submitting a report to the General Meeting on the audit of the reports of the Company under the Accounting Act and the proposal by the Management Board on the distribution of profit and the calculation of dividends, and exercising other rights and carrying out other duties under the law.

During the 2023 financial year, the auditor carried out no activities for the Company other than auditing and the related statutory obligations.

The Company's disclosure policy

With respect to its disclosure policy, the Company acts in accordance with the applicable legislation and stock exchange rules. The Company shall publish its notices on its own website, the website of the Budapest Stock Exchange and on a website specified by the MNB. The publication of notices on the Company's website (www.pannergy.com) shall replace all other disclosure obligations unless otherwise provided by the law and other applicable regulations.

The Company's insider trading policy

With respect to insider trading, the Company acts in accordance with the applicable legislation and stock exchange rules. It has an Insider Trading Policy regulating the relevant activities, and holds records on the permanent and ad hoc insiders.

Exercising shareholder rights, presence at the General Meeting

The Company's capital stock consists of 20,000,000 dematerialised registered ordinary shares of the nominal value of HUF20 (twenty) each, representing equal membership rights and constituting a single series of shares. At the General Meeting of the Company, each shareholder shall have one vote per ordinary share.

On behalf of the Company's Management Board, the entity authorised by the applicable law to keep the record of shareholders (currently the KELER Central Depository Ltd.) keeps a record of shareholders and shareholders' proxies.

Shareholder's rights may be exercised vis-à-vis the Company by any person whose name is registered in the record of shareholders. Shareholders' proxies may exercise shareholder's rights vis-à-vis the Company after they have been registered in the record of shareholders as a shareholder's proxy.

The rules of procedure related to shareholder verification requested in connection with the closing of the record of shareholders prior to the General Meeting are set out in the regulations of KELER Central Depository Ltd. as amended from time to time.

The Company's supreme body is the General Meeting, which consists of the entirety of shareholders.

An annual General Meeting must be held once a year, respecting the statutory time-limit. The agenda of the annual General Meeting shall by all means include the following:

- the report by the Management Board on the Company's business activities in the previous financial year;
- adopting the Company reports according to the EU-IFRS and a proposal by the Management Board on the distribution of profit and the calculation of dividends;
- determining the remuneration due to members of the Management Board and the auditor;
- adopting the responsible corporate governance report to be submitted to the Budapest Stock Exchange;
- adopting a decision on the evaluation of the work carried out by the members of the Management Board in the previous financial year and on granting the discharge they are entitled to.

An extraordinary General Meeting may be convened by the Management Board when it is considered appropriate for the operation of the Company.

An extraordinary General Meeting shall be convened by the Management Board if the previous General Meeting so decided and if it has been requested from the Management Board in writing by the auditor or shareholders representing at least 5% of all votes, the latter specifying the reasons for and the purposes of convening the General Meeting.

The invitation to the General Meeting shall be published by the Management Board in the manner specified for publishing the Company's notices in the Company's Articles of Association, at least 30 (thirty) days prior to the date of the proposed General Meeting.

Any invitations to and any notices regarding the General Meeting shall specify at least the Company's official name and registered office, the venue, date and time of the General Meeting, the agenda of the General Meeting, the conditions prescribed in the Company's Articles of Association of exercising voting rights and the rights to request information and to add items to the agenda of the General Meeting, and the venue and date of the General Meeting scheduled to be held repeatedly due to a lack of quorum.

Regarding issues not listed in the agenda published, the General Meeting shall not adopt a decision unless all shareholders are present and they unanimously consent to the decision.

Shareholders representing at least one percent (1%) of all votes may request the Management Board in writing to add an issue to the agenda of the General Meeting, specifying the reasons for such request, and may put forward a proposed resolution in connection with the items on the agenda.

Shareholders representing at least one percent of all votes may exercise such right within 8 days of the publication of the notice on convening the General Meeting. The Management Board shall add the proposal to the agenda of the General Meeting and publish such addition in the same manner as the publication of the notice on the General Meeting.

The Company shall publish important data of the report under the Accounting Act and the Management Board report, a summary of proposals related to the items on the General Meeting's agenda and the proposals for resolutions, summaries of the number of shares and voting rights as at the time the General Meeting is convened and the statement on remuneration at least 21 (twenty-one) days before the date of the General Meeting.

The General Meeting shall form a quorum if shareholders representing more than fifty percent of all voting shares are present, in person or through proxy. Such power of attorney shall be issued in the form of a public document or a private document of full probative power and submitted at the place and time specified in the invitation to the General Meeting but at any rate not later than the registration before the General Meeting. Where a shareholder so prefers, the Company shall send him a power of attorney form to the postal or e-mail address specified by the shareholder.

The power of attorney shall remain valid for a single General Meeting or for a fixed term of up to 12 (twelve) months. The power of attorney shall also be valid for the continuation of a suspended General Meeting and a General Meeting that has been repeatedly convened due to a lack of quorum.

Members of the Management Board, the manager, senior executives of the Company and the Company's auditor shall not act as proxies.

In the event the General Meeting still fails to form a quorum 30 (thirty) minutes after the starting time of the General Meeting, the repeated General Meeting shall be convened, with the same agenda, for a time within 15 (fifteen) days of the date of the original General Meeting, with the proviso that the repeated General Meeting shall be convened for a day at least 10 (ten) days later than the day on which it is convened. A General Meeting repeated due to a lack of quorum shall form a quorum with regard to the issues on the agenda of the original General Meeting regardless of the number of persons attending.

At the General Meeting, a person may exercise his or her rights of membership if such person has been registered in the Company's Record of Shareholders on the basis of the shareholder verification initiated in connection with the closing of the record of shareholders prior to the General Meeting.

The date of shareholder verification shall be the 5th (fifth) stock exchange business day prior to the General Meeting unless KELER has specified a different date in its regulations as amended from time to time. Any sale of shares that takes place following the date of shareholder verification prior to the General Meeting shall be without prejudice to membership rights that may be exercised at the General Meeting in question.

On the basis of the records in the record of shareholders, the Management Board shall enable shareholders or shareholder proxies to properly exercise their voting rights by each share at the venue of the General Meeting after they have identified themselves and signed the attendance list.

Shareholders shall not exercise their voting rights unless they have paid up to the Company their contributions that have become due and payable.

Voting at the General Meeting shall be held primarily by voting papers and the manual counting of votes. In that case, the General Meeting shall elect a returning board at the proposal of the Chair of the General Meeting. The returning board shall have 3 (three) members. The returning board shall submit a written report on the result of the vote; the Chair of the General Meeting shall set forth the result and attach the report to the minutes of the General Meeting.

The presiding chair of the General Meeting shall be the Chair of the Management Board. If the Chair of the Management Board is prevented, the presiding chair of the General Meeting shall be elected by the General Meeting by simple majority on the Management Board's proposal, out of the persons present.

The Chair of the General Meeting shall open the General Meeting, determine if it forms a quorum, appoint the recorder, guide the discussion, give leave to speak and cut off speakers, order a break, draft the proposals for resolutions, order the vote and set forth its result, announce the resolutions of the General Meeting, arrange for the drafting of the minutes of the General Meeting and the attendance list and adjourn the General Meeting.

Minutes of the General Meeting shall be kept as provided for by the Civil Code.

Internal control systems

The Company has drawn up an Internal Rules of Procedure on transactions with affiliated parties to ensure the transparency of the transactions with such parties, determine the rules regarding transactions with affiliated parties to prevent them from securing advantages due to their position and appropriately safeguard the interests of PannErgy Nyrt. and non-affiliated party shareholders, including minority shareholders.

Remuneration policy

A new law entered into force on 17 July 2019 transposing the European Union's Shareholder Rights Directive II (SRD II) and facilitating the encouragement of long-term shareholder engagement over short-term risk-taking and improving transparency between public companies limited by shares and investors. Based on the stipulations of the Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation, the Company has prepared a detailed Remuneration Policy. According to Section 3:268(2) of the Civil Code, acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree 102/2020 (IV.10.) on derogating provisions governing the operation of partnerships and joint-stock companies during the state of danger, the Management Board has adopted the proposed Remuneration Policy and has published it on the Company's website.

PannErgy Nyrt's Remuneration Policy is effective as of 30 April 2020.

The Management Board made the Company's Remuneration Reports for the years 2020-2022 available on the Company's website for a period of at least ten years, following a supportive vote of the general meeting expressing its opinion.

Statement on remuneration

The Company informs investors of the persons performing a function in its Management Board ('MB') in 2023 and the remuneration received by such persons in 2023 on the basis of such functions.

Name	Position	Duration of performing a function in 2023	Total remuneration received in 2023 (Gross amount)	Grounds for the remuneration
MANAGEMENT BOARD				
Dénes Gyimóthy	Chair of the MB	01.Jan.2023 – 31.Dec.2023.	HUF 2,340,000	Remuneration of the office
Gábor Briglovics	Member of the MB	01.Jan.20223- 31.Dec.2023.	HUF 1,860,000	Remuneration of the office
Katalin Gyimóthy	Member of the MB	01.Jan.2023 – 31.Dec.2023.	HUF 1,860,000	Remuneration of the office
Attila Juhász	Member of the MB	01.Jan.2023 – 31.Dec.2023.	HUF 1,860,000	Remuneration of the office
Kálmán Rencsár	Member of the MB	01.Jan.2023 – 31.Dec.2023	HUF 1,860,000	Remuneration of the office
Total:			HUF 9,780,000	

Corporate Governance Report on compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, the Company makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations issued by the Budapest Stock Exchange Ltd., by completing the following tables.

These tables provide an overview for the investors of the extent of the compliance - by the relevant company - with certain requirements set out in the Corporate Governance Recommendations at glance, and enable easy comparison of the practices of the specific companies.

Level of compliance with the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, briefly explains the reasons why it did not follow that specific recommendation.

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

No

Explanation:

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes

No

Explanation:

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

No

Explanation:

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

No

Explanation:

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

No

Explanation:

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

No

Explanation:

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

Yes

No

Explanation:

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes

No

Explanation: No supervisory board is operated

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

Yes

No

Explanation:

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

Yes

No

Explanation:

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

Yes

No

Explanation: It did not occur in the previous business year, but its proper handling is ensured

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

No

Explanation: It did not occur in the previous business year, but its proper handling is ensured

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

Yes

No

Explanation: No supervisory board is operated at the Issuer

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

No

Explanation: There were no nominations by shareholders

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

Yes

No

Explanation:

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

No

Explanation: With the exception of the minutes of the proceedings of the General Meeting, with the Company did not publish.

Section 1.5 (and related questions) repealed

1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

No

Explanation:

1.6.1.2. Does the Company design its by considering the aspects of disclosure and the information of investors ?

Yes

No

Explanation:

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section of the Recommendations document?

Yes

No

Explanation:

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

No

Explanation:

1.6.2.3. Did the Board of Directors/Governing Board assess the efficiency of the publication processes?

Yes

No

Explanation: The disclosure process is directly supervised and controlled by the acting Chief Executive Officer and the Chairman of the Company's Management Board

1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?

Yes

No

Explanation: The process is under permanent operative supervision – no audits are conducted

1.6.3. Did the Company publish its annual company event calendar?

Yes

No

Explanation:

1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes

No

Explanation: The strategy has been published

1.6.5. Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

Yes

No

Explanation:

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes

No

Explanation:

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

No

Explanation: As part of the Annual Report

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

Yes

No

Explanation: The Company and the persons deemed insiders shall act in accordance with the relevant laws and the Company's Insider Trading Policy.

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way?

Yes

No

Explanation:

1.6.10. Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

No

Explanation: It has not occurred

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

Yes

No

Explanation:

2.2.1. Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

Yes

No

Explanation:

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members?

Yes

No

Explanation:

2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes

No

Explanation: No supervisory board is operated at the Issuer

2.4.1.1. Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

No

Explanation: Beyond the determined minimum number of meetings, meetings are summoned regularly

2.4.1.2. Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

No

Explanation:

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

No

Explanation:

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes

No

Explanation:

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

No

Explanation: There are not requirements or limitations in relation to regular attendees. Based on the usual practice of the board, employees whose invitation is justified for the discussion of the given agenda items are invited tot he board meetings.

2.5.1. Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes

No

Explanation:

2.5.2. Does the composition and size of the boards comply with the principles set out in Section of the Recommendations?

Yes

No

Explanation:

2.5.3. Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes

No

Explanation:

2.6.1. Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes

No

Explanation: The Corporate Responsibility Report names all the members with the indication of their independent status, which is also confirmed by the members with the approval of the report.

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

Yes

No

Explanation: Only the activities of the acting CEO shall be evaluated directly, primarily in the basis of the Company's annual, audited economic indicators

2.6.3. Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

Yes

No

Explanation: The Company follows the relevant statutory criteria

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

Yes

No

Explanation: No supervisory board is operated at the Issuer

2.7.1. Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes

No

Explanation: It has not occurred

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes

No

Explanation:

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

No

Explanation: It has not occurred, and is required only for conflicts of interests

2.7.4. Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

No

Explanation:

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

No

Explanation: For case-by-case internal auditing activities, the Company relies on external, independent experts.

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

No

Explanation:

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes

No

Explanation: As part of the Auditor's Report

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

Yes

No

Explanation: They are part of the different relevant departments

2.8.5.1. Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

No

Explanation:

2.8.5.2. Did the relevant organisation of the Company and the General Meeting receive information about the efficiency of the risk management procedures?

Yes

No

Explanation:

2.8.6. With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

No

Explanation: The major risks associated with the Company have been identified, and the Company shall make its decisions by considering such risks. The major risks associated with the Company are also presented in the Company's Annual Report.

2.8.7. Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

No

Explanation: Principles are determined, and risks are managed on the level of the operative management, which the Board of Directors monitors during its activities, and intervenes as necessary

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

No

Explanation: Owing to its very small size as an organisation, the Company has constant oversight of the operation of all areas

2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports ?

Yes

No

Explanation:

Level of compliance with the Proposals

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

No

(Explanation:)

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

No

(Explanation:) It has not been initiated

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

No

(Explanation:)

1.3.1.1. Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

Yes

No

(Explanation:)

1.3.1.2. In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

No

(Explanation:)

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.(Answer Yes, if not)

Yes

No

(Explanation:)

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

Yes

No

(Explanation:)

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

No

(Explanation:)

1.4.1. In line with Section, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

No

(Explanation:)

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section

Yes

No

(Explanation:)

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes

No

(Explanation:) The Company prepares quarterly reports on its production results and half-year reports on its financial and asset position.

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes

No

(Explanation:) The Company has Internal Rules of Procedure on transactions with Affiliated Parties.

* * *

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**PROPOSAL AND PROPOSED RESOLUTION
ON AGENDA ITEM 6 OF THE GENERAL MEETING**

"DECISION ON THE EVALUATION OF THE WORK CARRIED OUT BY THE MEMBERS OF THE MANAGEMENT BOARD IN THE BUSINESS YEAR OF 2023 AND ON GRANTING THE DISCHARGE TO WHICH THEY ARE ENTITLED"

The Company, upon the request of the members of the Management Board proposes the General Meeting the following resolution for Agenda Item no. 6:

DRAFT RESOLUTION:

The General Meeting has resolved to grant the discharge defined in Section (1) of Article 3:117 of Act V of 2013 on the Civil Code and detailed in Paragraph 19.z) and 20.g) of the Company's Articles of Association to the members of the Management Board for the period starting on 28 April 2023 and ending on 18 April 2024/30 April 2024¹. By granting such discharge, the General Meeting confirms that the members of the Management Board have properly executed their management activities in the previous business year. The Company may have any claim against the members of the Management Board based on their violation of their managerial obligations in case the facts or data serving as the basis of the provision of this discharge are untrue or incomplete.

* * *

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¹ According to the date of the General Meeting



**PROPOSAL AND PROPOSED RESOLUTION
ON AGENDA ITEM 7 OF THE GENERAL MEETING
"CONSULTATIVE VOTE ON THE REMUNERATION REPORT OF THE BUSINESS YEAR OF 2023"**

The Management Board proposes to the General Meeting the following decision for Agenda Item no. 7 of the General Meeting.

DRAFT RESOLUTION:

The General Meeting supports the Remuneration Report for the business year 2023 prepared by the Management Board in accordance with Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation, submitted to the General Meeting for a consultative vote.

* * *

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**Remuneration Report
of PannErgy Public Limited Company
for the financial year 2023**

The Remuneration Policy of PannErgy Public Company Limited by Shares (registered office: 1112 Budapest, Boldizsár u. 2.; company registration number: 01-10-041618; hereinafter referred to as 'PannErgy Plc.' or 'the Company'), serving as the basis for this Remuneration Report ('Report'), entered into force on 30 April 2020.

The Company submits a Remuneration Report on an annual basis, for the first time for the financial year 2020. The purpose of the Report is to provide a comprehensive overview on the total amount of remuneration awarded in the latest financial year or due on the basis of its results, established for each manager in accordance with the Remuneration Policy, including those of the managers employed for the first time during the financial year under review.

In the financial year 2023, the following members of PannErgy Plc's Management Board and the Chief Executive Officer acted as the Company's managers:

Name	Position	Date of entry into office	End/termination of office
Dénes Gyimóthy	Member, Chairman	12.12.2022	indefinite term
Gábor Briglovics	Member	16.04.2021	indefinite term
Katalin Gyimóthy	Member	28.04.2016	indefinite term
Attila Juhász	Member	31.08.2007	indefinite term
Kálmán Rencsár	Member	30.04.2020	indefinite term
István Jaksa	Chief Executive Officer	13.12.2022	indefinite term

The Remuneration Policy provides that the characteristics of the remuneration of the Company's managers should reflect the Company's evolution and its risk profile. While in the previous energy transformation period certain members of the Management Board (former Board of Directors) joined an executive stock option scheme besides the fixed remuneration of the members, the shareholders decided that only a fixed remuneration shall apply for the current organic operation period.

According to the guidelines set out in the Remuneration Policy, the Company's strategic objectives are achieved mainly through the operational management, the Company's professional staff and permanent partners. Accordingly, the Company has developed a contractual relationship with its employees and strategic partners that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

In the financial year 2023, the Company's Managers received the following remuneration:



Name	Remuneration amount (thousand HUF)	Fixed part (%)	Variable part (%)
Dénes Gyimóthy	2,340	100.00 %	0.00 %
Gábor Briglovics	1,860	100.00 %	0,00 %
Katalin Gyimóthy	1,860	100.00 %	0.00 %
Attila Juhász	1,860	100.00 %	0.00 %
Kálmán Rencsár	1,860	100.00 %	0.00 %
István Jaksa	13,707	86.00 %	14.00 %

The actual remuneration fully complies with the requirements set out in the Remuneration Policy. While no performance criteria have been laid down in connection with the remuneration on the basis of the principles described above, it should be noted that the Company has achieved its EBITDA target for the financial year 2023, such value constituting the primary financial performance indicator for the Company.

While no performance criteria have been laid down for members of the Management Board in connection with the remuneration on the basis of the principles described above, it should be noted that the Company only slightly underperformed its target for the EBITDA range for the financial year 2023. EBITDA is the primary metric of the Company's financial performance.

During the past five years, the yearly changes in Group-level remuneration and the development of the Company's performance and the average Group-level remuneration of Company employees other than managers during such period are shown in the tables below, expressed in FTE in a manner enabling comparison:

Financial year	EBITDA consolidated according to the IFRS (million HUF)	Change in EBITDA consolidated according to the IFRS from the previous financial year (%)	Change in the average annual per capita income of managers from the previous financial year (%)	Change in the average annual per capita income of employees other than managers from the previous financial year (%)
2015	1,614			
2016	1,715	6.28 %	-19.49 %	2.19 %
2017	2,241	30.65 %	-8.54 %	1.95 %
2018	2,231	-0.45 %	0.20 %	-0.35 %
2019	2,666	19.48 %	0.00 %	-5.75 %
2020	2,735	2.60 %	0.49 %	28.29 %
2021	2,878	5.23 %	-0.36 %	18.93 %
2022	3,612	25.50 %	-0.11%	22.80 %
2023	3,930	8.80%	102.93%	23.12%



Financial year	Remuneration of managers			Remuneration of employees other than managers		
	Average headcount (number of persons)	Total annual income (thousand HUF)	Average annual per capita income (thousand HUF)	Average headcount (number of persons)	Total annual income (thousand HUF)	Average annual per capita income (thousand HUF)
2015 *	6.55	17,115	2,614	37.84	162,664	4,299
2016	7.36	15,478	2,104	23.72	104,200	4,393
2017	7.52	14,480	1,925	15.25	68,300	4,479
2018 *	7.00	13,500	1,929	13.61	60,742	4,463
2019	7.00	13,500	1,929	15.41	64,821	4,206
2020	6.61	12,820	1,938	15.85	85,535	5,396
2021	6.71	12,958	1,931	16.19	103,908	6,418
2022	6.90	13,310	1,959	16.15	127,281	7,881
2023	6.00	23,487	3,915	16.70	162,050	9,704

*includes the wages of permanent employees only; temporary, project-based wages have been eliminated

In the past 5 financial years, the Company's annual EBITDA has increased by 76.1%, the average per capita annual income of managers has increased by 103.0%, whereas the average per capita annual income of employees other than managers has increased by 117,4%.

For the financial year 2023, no shares or share options have been offered to the Company's managers.

For the financial year 2023, no variable remuneration has been determined for managers and, therefore, there is no possibility of reclaiming such remuneration.

The Remuneration Policy has been implemented in full accordance with the requirements laid down in the Policy; no exceptions have been made.

Since this is the first time the Company has drawn up a Remuneration Report, no resolution adopted by consultative vote by the General Meeting concerning the Remuneration Report for the previous financial year could be taken into consideration.

Budapest, 26 March 2024

Management Board of PannErgy Plc.

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**PROPOSAL AND DRAFT RESOLUTION
ON AGENDA ITEM NO. 8 OF THE ANNUAL GENERAL MEETING – “CONSULTATIVE VOTE ON THE AMENDMENT OF
THE REMUNERATION POLICY PREPARED IN ACCORDANCE WITH ACT LXVII OF 2019
ON THE ENCOURAGEMENT OF LONG-TERM SHAREHOLDER ENGAGEMENT AND THE AMENDMENT OF CERTAIN ACTS
WITH THE PURPOSE OF LEGAL HARMONISATION”**

PannErgy Nyrt’s Remuneration Policy originally took effect on 30 April 2020. Pursuant to Section 3:268(2) of the Hungarian Civil Code, the Remuneration Policy shall be put on the agenda of the General Meeting in the event of major changes or at least every four years. In particular view of the end of a four-year cycle and considering the changes in the top management of PannErgy Nyrt., the Management Board approved the amendments to the Remuneration Policy summarised below. There has not been any substantial change in the remuneration scheme; the personal scope of the Remuneration Policy has been extended to cover the position of CEO.

- 1.4 extension of personal scope
- 4.3 clarification of the range of directors of the Company
- 4.6 fixed pay – remuneration
- 4.8 presentation of fixed and performance-based remuneration rates
- 6.2 presentation of the terms of, remuneration, notice periods, etc., for employment relationships involved in holding the position of CEO

A full description of the amendments to the Remuneration Policy is included in the tracked-changes and clean versions of the documents attached to this proposal.

The Management Board proposes to the General Meeting the following decision for Agenda Item no. 8 of the General Meeting.

DRAFT RESOLUTION:

Pursuant to Section 3:268(2) of the Hungarian Civil Code, the General Meeting endorses the amended Remuneration Policy prepared in accordance with the Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation and submitted to the General Meeting for a consultative vote by the Management Board.

The General Meeting authorises the Management Board to immediately publish the amended Remuneration Policy on the website of the Company, together with the date and result of the consultative vote.

* * *

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PANNERGY NYRT.

REMUNERATION POLICY
consolidated version

Effective from 18 April 2024

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

BACKGROUND

A new law entered into force on 17 July 2019 that facilitates the encouragement of long-term shareholder engagement over short-term risk-taking and improves transparency between public companies limited by shares and investors. In accordance with the act transposing the European Union's Shareholder Rights Directive II (SRD II), the remuneration of senior management of listed companies becomes public in Hungary, too.

This remuneration policy (hereinafter: "the Remuneration Policy") of PannErgy Nyrt. (hereinafter: "the Company" or "PannErgy") was prepared pursuant to the Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation (hereinafter: "the Act").

1. Fundamental principles

- 1.1. While complying with the transparency-facilitating requirements of the Act pertaining to public companies limited by shares, the Company is not obligated to disclose information that would seriously compromise its business interests or its right to trade secrets, however, the application of this provision shall not result in non-compliance with the requirements of the Act.
- 1.2. In the case of public companies limited by shares, the consultative vote on the remuneration policy falls within the exclusive competence of the General Meeting, that is the shareholders. This ensures that shareholders have an actual say in the development of the remuneration policy, because payments to the management may only be made in accordance with the remuneration policy submitted to the General Meeting for a consultative vote.
- 1.3. The Remuneration Policy shall be placed on the agenda of the General Meeting in the case of any major changes to it, or at least every four years.
- 1.4. The Company determines the Remuneration Policy for the directors (hereinafter: "the Director(s)").
For the purposes of this Remuneration Policy, the Directors of the Company include any member of the Management Board of the Company and the CEO. No supervisory board operates at the Company and the position of deputy CEO is not occupied, either.

2. Scope of the Remuneration Policy

2.1. Substantive scope

The substantive scope of the Remuneration Policy covers PannErgy Nyrt.

2.2. Personal scope

The personal scope of the Remuneration Policy covers the Directors of the Company.

2.3. Temporal scope

The Remuneration Policy originally took effect on 30 April 2020 and was amended on 18 April 2024.

The Remuneration Policy shall apply for an indefinite term, with the proviso that its stipulations shall be reviewed annually, and in the case of major changes in the legislation.

3. The Company's history, business strategy, long-term interests and their sustainability

On 31 May 1991, the Company was transformed into a public company limited by shares, in line with the Act XIII of 1989 on the Transformation of Business Organizations and Companies. Until the first years following the turn of the millennium, the Company (then called Pannonplast Rt.) was a dominant corporate group of the Central and Eastern European region in the plastic processing industry, searching for a way forward in dire economic and financial straits prior to the transformation of the renewables industry.

To address this, in 2007, PannErgy set itself an ambitious goal of generating substantial volumes of thermal energy and electric power by exploiting the long-known geothermal resources of Hungary, thereby creating value for the population and institutional actors of the country as well as for PannErgy's shareholders. The increase in the demand for energy is unstoppable in the long term — in spite of temporary setbacks from time to time — however, both domestic and global resources are limited. Professional and efficient geothermal energy production is not only a form of utilisation of a hardly exploited immense source of energy, but also one of the most environmentally friendly and cleanest forms of energy generation. The European Union not only welcomes such forms of energy generation, but it is now guiding Member States, including Hungary, by way of a strictly regulated programme and a set of clear-cut objectives.

The Company has entered into a variety of cooperation agreements with a number of municipalities, primarily in order to access the heat market, of which only the ones meeting a complex set of selection criteria were chosen subsequently as project goals.

Based on its strategy, the Company accomplished its first success in 2010 with its geothermal developments by launching its commercial heat generation operation on 1 January 2011, in the framework of the Geothermal Project of Szentlőrinc.

In May 2013, production commenced at Central Europe's largest geothermal power plant, in the form of an investment project implemented by PannErgy. The Geothermal Project of Miskolc won the international GeoPower Market's "Best Heating Project 2013" award. The Company implemented the second phase of the Geothermal Project of Miskolc by September 2014, and started to supply thermal energy to the Downtown and the University heating districts as well, in addition to that of the Avas residential area.

PannErgy launched its second largest investment project — the Győr Geothermal Project — in the Kisalföld region in early 2014. 24 November 2015 marked the inauguration of the project, a development with a total cost of HUF 10.2 billion. Geothermal energy has been delivered to a total of 24,000 homes and the heating systems of around a thousand other consumers under a long-term heat supply contract concluded with the district heating company called Győr-Szol Zrt. Moreover, the energy supplied by the Heating Centre at Bőny covers a substantial portion of the heating energy requirement of the AUDI factory.

Upon putting into service the Győr project in the autumn of 2015, PannErgy revised its former investments and project-based operation at a group level. The revision was launched in the last quarter of 2015 — partly by portfolio cleansing and partly by transforming the system of operation — and is still under way. The Company assessed its funding and investment possibilities as well as the market's demand for heat supplies, identifying a substantial demand for highly competent and well-organised energy producers providing geothermal heat capacities.

PannErgy has not only become the enterprise implementing geothermal energy projects with the most substantial competence and experience, but also one of Hungary's largest corporate groups generating and utilising geothermal energy. **This process concluded the Company's energy transformation period, ushering in the period of organic operation.**

The key short-term strategic goals include increasing the productive and reserve capacities of the Geothermal Systems of both Győr and Miskolc, together with continued system optimisation, thereby maximising the amount of heat sold.

The Company intends to make the available free capacities of the geothermal systems, and the savings enabled by them, accessible to new partners as well. Industrial use requires special expertise and project management experience which the Company believes are available at the highest standards in Hungary at PannErgy.

Dependence on fossil fuels can be reduced — or in some cases partly eliminated — by using alternative energy sources, including geothermal energy. The system of underground geothermal resources, hardly utilised so far, is one of the most significant resources of the Carpathian Basin, including Hungary, the utilisation of which enables the generation of thermal energy and power in an environmentally friendly way. Demand for energy is growing unstoppably, however, both domestic and global conventional resources are limited.

Professional and efficient geothermal energy production is not only a form of utilisation of a hitherto hardly used immense source of energy, but also one of the cleanest environmentally friendly forms of energy generation. The European Union not only welcomes such forms of energy generation, but it is now guiding Member States, including Hungary, by way of a strictly regulated programme and a set of clear-cut objectives.

The central element of PannErgy's strategy is to remain the region's dominant company in the utilisation of geothermal energy, and provide highly reliable environmentally friendly services that are free of geopolitical risks.

PannErgy is committed to the utilisation of one of the most active thermal water sources of Europe for the production of energy. Geothermal heat can be utilised by households and industrial consumers in the long term, and the environmentally sound investment projects implemented by PannErgy may enable significant reductions in energy expenditures.

Adaptation to the negative consequences of climate change is in the national interest, given the fact that the phenomenon can now be proven by measurements in day-to-day life. In view of the existing atmospheric concentration of greenhouse gases, expected future emissions and authoritative scientific projections, climate change is a persistent process.

PannErgy's projects contribute to the efforts made to preserve a more liveable environment by reducing greenhouse gas (CO₂) emissions equivalent to around 100,000 tonnes per year.

PannErgy aims to utilise its substantial uncommitted available thermal capacities – in addition to the capacities being utilised now –, which is expected to further reduce sensitivity to ambient temperature changes. The most important areas for potentially utilising free thermal capacities include:

- implementation of energy efficiency and optimisation projects with existing customers;
- cold energy projects for the utilisation of the so-called 'summer' heat;
- connection of new customers indirectly through district heating systems or directly to the geothermal systems on the primary or the secondary (return) sides.

The Company's Director remuneration characteristics reflect the Company's evolution and risk profile. While in the energy transformation period certain members of the Management Board (former Board of Directors) joined an executive stock option scheme besides the fixed remuneration of the members, the shareholders decided that only a fixed remuneration shall apply for the organic operation period. Respecting this shareholder approach, the Management Board shall continue to make remuneration proposals to the General Meeting only with respect to fixed remuneration.

The Management Board is convinced that the Company's strategic objectives are achieved mainly through the operational management, the Company's professional staff and permanent partners. Accordingly, the Company has developed a contractual relationship with its employees and strategic partners that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

4. Fixed and variable components of the Directors' remuneration

4.1. Pursuant to the Articles of Association of the Company, the powers of the Management Board include:

- appointment of the CEO, determining his or her powers and remuneration while respecting the General Meeting's relevant powers;
- determining the management's remuneration policies while respecting the relevant powers of the General Meeting, supervising the management's activities and taking the appropriate steps when necessary as well as the implementation of the stock option scheme of the Company;
- making proposals for the remuneration of the members of the Management Board.

4.2. The following fall within the exclusive competence of the General Meeting of the Company:

- determining the remuneration of the members of the Management Board (Section 19(e) of the Articles of Association);
- taking binding decisions on:
 - (i) adopting, amending and terminating the executive stock option scheme (or other option or share allotment schemes for the members of the Company's Management Board or management);
 - (ii) the framework conditions of lending by the Company to the members of the Management Board and the management; and
 - (iii) the policies and framework of the long-term remuneration and incentive scheme of the members of the Management Board and the management (Section 19(s) of the Articles of Association).

4.3. At the time of the submission of the proposed Remuneration Policy to the General Meeting, the Company's Directors are as follows:

Name	Position	Mandated from	Mandated until
Dénes Gyimóthy	Member and Chairman of the Management Board	31/08/2007 12/12/2022	indefinite term
Katalin Gyimóthy	Member of the Management Board	28/04/2016	indefinite term
Attila Juhász	Member of the Management Board	31/08/2007	indefinite term
Kálmán Rencsár	Member of the Management Board	30/04/2020	indefinite term
Gábor Briglovics	Member of the Management Board	16/04/2021	indefinite term
István Jaksa	Chief Executive Officer	13/12/2022	indefinite term

4.4. The members of the Management Board receive remuneration. Remuneration amounts are set by the General Meeting.

4.5. The Directors are entitled to use the assets (e.g. vehicles, mobile phones, IT equipment, etc.) owned by the Company, necessary for discharging their roles and aligned with the type of the duties of the Directors, for both official and personal purposes.

- 4.6. The Management Board only proposes fixed pay (remuneration) for members of the Management Board for adoption by the annual General Meeting concluding the previous business year.
- 4.7. The Directors receive no other remuneration at the affiliated undertakings of the Company.
- 4.8. Percentages of fixed and variable components of the Directors' remuneration are as follows:

Position held	Fixed remuneration	Variable/performance-based remuneration
Member of the Management Board	100%	
Chief Executive Officer	80-85%	15-20%

5. Taking into account the Company's employee salaries and employment conditions while developing the Remuneration Policy

- 5.1. While determining the remuneration of the Directors, the Management Board has assessed the role of the Company's employees in the sustainable success of the Company and the implementation of the Company's strategy. As a result, while formulating its proposal on the remuneration of the Directors, the Management Board has determined remuneration conditions that are typically more modest than in the case of the Company's employees, but still commensurate with the necessary work, competences and responsibilities.
- 5.2. The Company has developed a contractual relationship with its employees that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

6. Term of legal relationships regarding the performance of work or the mandate of the Directors or the relevant remuneration, applicable notice periods, main features of the supplementary pension plan and early retirement schemes, conditions of terminating the legal relationship, payments due upon termination

- 6.1. Members of the Management Board
 - a. Executive officers of the Company only perform their mandates and duties in the form of an agency relationship with indefinite term and are not employees of the Company.
 - b. The remuneration of members of the Management Board is determined by the annual General Meeting, for a fixed period of one year, effective until the next annual General Meeting.
 - c. No supplementary pension plan or early retirement scheme applies to the Directors.
 - d. No additional compensation other than remuneration or payment due under the applicable laws shall be made upon the termination of legal relationship with Directors.

6.2. Chief Executive Officer

- a. If not a member of the Management Board, the CEO of the Company shall carry out its activities as an employee appointed as CEO by the Management Board under an open-ended employment contract.
- b. If the CEO holds this position in an employment relationship, the Management Board, exercising employer's powers, shall establish the CEO's basic salary and other benefits.
- c. No supplementary pension plan or early retirement scheme applies to the CEO.
- d. If CEO's employment is terminated, the provisions of the Labour Code shall apply for the notice period and payments due in case of termination of employment.

7. Presentation of the decision-making process behind determining, reviewing and implementing the Remuneration Policy, including the measures to avoid or address conflicts of interest and, where relevant, the role of the remuneration committee or other committees concerned

7.1. The Remuneration Policy is adopted by the Management Board, following a consultative vote by the General Meeting based on the proposal of the Management Board. The implementation of the Remuneration Policy is the responsibility of the Management Board.

7.2. The Management Board reviews the Remuneration Policy annually.

Any member of the Company's Management Board may make proposals for any amendment to the Remuneration Policy, and the decision is taken by the Management Board with a simple majority of votes.

If the amendment falls within the competence of the General Meeting, the Management Board proposes to convene a General Meeting, or, if possible, places the proposal on the agenda of the annual General Meeting. In the case of any conflict of interest, the Director concerned shall not take part in the decision-making, except for the formulation of proposals that are decided on by the General Meeting.

7.3. The Company does not operate a remuneration committee.

8. Publishing the Remuneration Policy

8.1. The Company shall disclose the Remuneration Policy on its website (<http://pannergy.com>) immediately after the consultative vote by the General Meeting (or the repeated vote if the remuneration policy is rejected), together with the date and result of the vote.

8.2. The Company shall ensure that the Remuneration Policy be available free of charge on the Company's website as long as it is in effect.

PANNERGY NYRT.

REMUNERATION POLICY
consolidated version

Effective from 18 April 2024

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

BACKGROUND

A new law entered into force on 17 July 2019 that facilitates the encouragement of long-term shareholder engagement over short-term risk-taking and improves transparency between public companies limited by shares and investors. In accordance with the act transposing the European Union's Shareholder Rights Directive II (SRD II), the remuneration of senior management of listed companies becomes public in Hungary, too.

This remuneration policy (hereinafter: "the Remuneration Policy") of PannErgy Nyrt. (hereinafter: "the Company" or "PannErgy") was prepared pursuant to the Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation (hereinafter: "the Act").

1. Fundamental principles

- 1.1 While complying with the transparency-facilitating requirements of the Act pertaining to public companies limited by shares, the Company is not obligated to disclose information that would seriously compromise its business interests or its right to trade secrets, however, the application of this provision shall not result in non-compliance with the requirements of the Act.
- 1.2 In the case of public companies limited by shares, the consultative vote on the remuneration policy falls within the exclusive competence of the General Meeting, that is the shareholders. This ensures that shareholders have an actual say in the development of the remuneration policy, because payments to the management may only be made in accordance with the remuneration policy submitted to the General Meeting for a consultative vote.
- 1.3 The Remuneration Policy shall be placed on the agenda of the General Meeting in the case of any major changes to it, or at least every four years.
- 1.4 The Company determines the Remuneration Policy for the directors (hereinafter: "the Director(s)").
For the purposes of this Remuneration Policy, the Directors of the Company include any member of the Management Board of the Company and the CEO (~~the Company's acting CEO is a member of the Management Board~~). No supervisory board operates at the Company, and the post of deputy director is not occupied, either.

2. Scope of the Remuneration Policy

2.1 Substantive scope

The substantive scope of the Remuneration Policy covers PannErgy Nyrt.

2.2 Personal scope

The personal scope of the Remuneration Policy covers the Directors of the Company.

2.3 Temporal scope

This Remuneration Policy ~~is effective as of~~ originally took effect on 30 April 2020, and was amended on 18 April 2024.

The Remuneration Policy shall apply for an indefinite term, with the proviso that its stipulations shall be reviewed annually, and in the case of major changes in the legislation.

3. The Company's history, business strategy, long-term interests and their sustainability

On 31 May 1991, the Company was transformed into a public company limited by shares, in line with the Act XIII of 1989 on the Transformation of Business Organizations and Companies. Until the first years following the turn of the millennium, the Company (then called Pannonplast Rt.) was a dominant corporate group of the Central and Eastern European region in the plastic processing industry, searching for a way forward in dire economic and financial straits prior to the transformation of the renewables industry.

To address this, in 2007, PannErgy set itself an ambitious goal of generating substantial volumes of thermal energy and electric power by exploiting the long-known geothermal resources of Hungary, thereby creating value for the population and institutional actors of the country as well as for PannErgy's shareholders. The increase in the demand for energy is unstoppable in the long term — in spite of temporary setbacks from time to time — however, both domestic and global resources are limited. Professional and efficient geothermal energy production is not only a form of utilisation of a hardly exploited immense source of energy, but also one of the most environmentally friendly and cleanest forms of energy generation. The European Union not only welcomes such forms of energy generation, but it is now guiding Member States, including Hungary, by way of a strictly regulated programme and a set of clear-cut objectives.

The Company has entered into a variety of cooperation agreements with a number of municipalities, primarily in order to access the heat market, of which only the ones meeting a complex set of selection criteria were chosen subsequently as project goals.

Based on its strategy, the Company accomplished its first success in 2010 with its geothermal developments by launching its commercial heat generation operation on 1 January 2011, in the framework of the Geothermal Project of Szentlőrinc.

In May 2013, production commenced at Central Europe's largest geothermal power plant, in the form of an investment project implemented by PannErgy. The Geothermal Project of Miskolc won the international GeoPower Market's "Best Heating Project 2013" award. The Company implemented the second phase of the Geothermal Project of Miskolc by September 2014, and started to supply thermal energy to the Downtown

and the University heating districts as well, in addition to that of the Avas residential area.

PannErgy launched its second largest investment project — the Győr Geothermal Project — in the Kisalföld region in early 2014. 24 November 2015 marked the inauguration of the project, a development with a total cost of HUF 10.2 billion. Geothermal energy has been delivered to a total of 24,000 homes and the heating systems of around a thousand other consumers under a long-term heat supply contract concluded with the district heating company called Győr-Szol Zrt. Moreover, the energy supplied by the Heating Centre at Bóny covers ~~at least 60%~~ a substantial portion of the heating energy requirement of the AUDI factory.

Upon putting into service the Győr project in the autumn of 2015, PannErgy revised its former investments and project-based operation at a group level. The revision was launched in the last quarter of 2015 — partly by portfolio cleansing and partly by transforming the system of operation — and is still under way. The Company assessed its funding and investment possibilities as well as the market's demand for heat supplies, identifying a substantial demand for highly competent and well-organised energy producers providing geothermal heat capacities.

~~The investment projects launched by PannErgy were consistent with the National Energy Strategy and with the renewable energy utilisation programme, each aimed at boosting Hungary's competitiveness. The relevant EU directive called for an annual 1.5% new energy saving in Member States' ultimate energy consumption during the period up to 2020, as its main goal to facilitate competitiveness and reliable supplies. This was more rigorous than the existing requirements, as the earlier 9% energy saving target had been raised to 20% for the entire European Union. In Hungary, the amount of energy generated from geothermal sources must be increased to 12,000 terajoules by 2020, of which the share of PannErgy is around 15%, thanks to its green energy-generating projects.~~

PannErgy has not only become the enterprise implementing geothermal energy projects with the most substantial competence and experience, but also one of Hungary's largest corporate groups generating and utilising geothermal energy. **This process concluded the Company's energy transformation period, ushering in the period of organic operation.**

The key short-term strategic goals include increasing the productive and reserve capacities of the Geothermal Systems of both Győr and Miskolc, together with continued system optimisation, thereby maximising the amount of heat sold.

The Company wishes to make the available free capacities of the geothermal systems — and thus the savings enabled by them — accessible for new partners as well. Industrial use requires special expertise and project management experience which the Company believes are available at the highest standards in Hungary only at PannErgy.

Dependence on fossil fuels can be reduced — or in some cases partly eliminated — by using alternative energy sources, including geothermal energy. The system of underground geothermal resources, hardly utilised so far, is one of the most significant

resources of the Carpathian Basin, including Hungary, the utilisation of which enables the generation of thermal energy and power in an environmentally friendly way. Demand for energy is growing unstoppably, however, both domestic and global conventional resources are limited.

Professional and efficient geothermal energy production is not only a form of utilisation of a hitherto hardly used immense source of energy, but also one of the cleanest environmentally friendly forms of energy generation. The European Union not only welcomes such forms of energy generation, but it is now guiding Member States, including Hungary, by way of a strictly regulated programme and a set of clear-cut objectives.

The central element of PannErgy's strategy is to remain the region's dominant company in the utilisation of geothermal energy, and provide highly reliable environmentally friendly services that are free of geopolitical risks. PannErgy is committed to the utilisation of one of the most active thermal water sources of Europe for the production of energy. Geothermal heat can be utilised by households and industrial consumers in the long term, and the environmentally sound investment projects implemented by PannErgy may enable significant reductions in energy expenditures.

Adaptation to the negative consequences of climate change is in the national interest, given the fact that the phenomenon can now be proven by measurements in day-to-day life. In view of the existing atmospheric concentration of greenhouse gases, expected future emissions and authoritative scientific projections, climate change is a persistent process.

PannErgy's projects contribute to the efforts made to preserve a more liveable environment by reducing greenhouse gas (CO₂) emission equivalent to around 100,000 tonnes per year.

~~One of the evident effects of climate change in Hungary appears in the form of frequent volatile and extreme changes in weather conditions, including ambient temperatures, and a rise of the average temperature of the winter months from the historically cold, steadily sub-zero range to markedly over freezing point.~~

PannErgy aims to utilise its substantial free thermal capacities that are currently not exploited, which is expected to further reduce sensitivity to ambient temperature changes. The most important possible areas for utilising free thermal capacities include:

- Implementation of energy efficiency and optimisation projects with existing customers;
- Cold energy projects — for the utilisation of the so-called “summer” heat;
- Connection of new customers indirectly through district heating systems or directly to the geothermal systems on the primary or the secondary (return) sides.

The Company's Director remuneration characteristics reflect the Company's evolution and risk profile. While in the energy transformation period certain members of the Management Board (former Board of Directors) joined an executive stock option scheme besides the fixed remuneration of the members, the shareholders decided

that only a fixed remuneration shall apply for the organic operation period. Respecting this shareholder approach, the Management Board shall continue to make remuneration proposals to the General Meeting only with respect to fixed remuneration.

The Management Board is convinced that the Company's strategic objectives are achieved mainly through the operational management, the Company's professional staff and permanent partners. Accordingly, the Company has developed a contractual relationship with its employees and strategic partners that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

4. Fixed and variable components of the Directors' remuneration

4.1 Pursuant to the Articles of Association of the Company, the powers of the Management Board include:

- appointment of the CEO, determining his or her powers and remuneration while respecting the General Meeting's relevant powers;
- determining the management's remuneration policies while respecting the relevant powers of the General Meeting, supervising the management's activities and taking the appropriate steps when necessary as well as the implementation of the stock option scheme of the Company;
- making proposals for the remuneration of the members of the Management Board.

4.2 The following fall within the exclusive competence of the General Meeting of the Company:

- determining the remuneration of the members of the Management Board (Section 19(e) of the Articles of Association);
- taking binding decisions on:
 - (i). adopting, amending and terminating the executive stock option scheme (or other option or share allotment schemes for the members of the Company's Management Board or management);
 - (ii). the framework conditions of lending by the Company to the members of the Management Board and the management; and
 - (iii). the policies and framework of the long-term remuneration and incentive scheme of the members of the Management Board and the management (Section 19(s) of the Articles of Association).

4.3 At the time of the submission of the proposed Remuneration Policy to the General Meeting, the Company's Directors are as follows:

Name	Position	Date of entry into office	End/termination of office
Dénes Gyimóthy	Member, Chairman of the Management Board	31/08/2007 12/12/2022	indefinite term
Katalin Gyimóthy	Member of the Management Board	28/04/2016	indefinite term

Attila Juhász	Member of the Management Board	31/08/2007	indefinite term
Kálmán Rencsár	Member of the Management Board	30/04/2020	indefinite term
Gábor Briglovics	Member of the Management Board	16/04/2021	indefinite term
István Jaksa	Chief Executive Officer	13/12/2022	indefinite term

4.4 The members of the Management Board receive remuneration, as set by the General Meeting.

4.5 ~~For carrying out the mandate of the acting CEO, no remuneration shall be paid other than that for the membership in the Management Board.~~ The Directors are entitled to use the assets (e.g. vehicles, mobile phones, IT equipment, etc.) owned by the Company, necessary for discharging their roles and aligned with the type of the duties of the Directors, for both official and personal purposes.

4.6 The Management Board only proposes fixed pay (remuneration) for ~~the Directors~~ members of the Management Board for adoption by the annual General Meeting concluding the previous business year ~~of 2019~~.

~~The amount of the Directors' current remuneration shall be identical with that adopted at the previous annual General Meeting, as shown below:~~

- ~~— Remuneration of the Chairman of the Management Board: HUF 195,000/month~~
- ~~— Remuneration of the members of the Management Board: HUF 155,000/month~~

4.7 The Directors receive no other remuneration at the affiliated undertakings of the Company.

4.8 Percentages of fixed and variable components of the Directors' remuneration are as follows:

<u>Position held</u>	<u>Fixed remuneration</u>	<u>Variable/performance-based remuneration</u>
<u>Member of the Management Board</u>	<u>100%</u>	
<u>Chief Executive Officer</u>	<u>80-85%</u>	<u>15-20%</u>

5. Taking into account the Company's employee salaries and employment conditions while developing the Remuneration Policy

5.1 While determining the remuneration of the Directors, the Management Board has assessed the role of the Company's employees in the sustainable success of the Company and the implementation of the Company's strategy. As a result, while formulating its proposal on the remuneration of the Directors, the Management Board has determined remuneration conditions that are typically more modest

than in the case of the Company's employees, but still commensurate with the necessary work, competences and responsibilities.

5.2. The Company has developed a contractual relationship with its employees that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

6. Term of legal relationships regarding the performance of work or the mandate of the Directors or the relevant remuneration, applicable notice periods, main features of the supplementary pension plan and early retirement schemes, conditions of terminating the legal relationship, payments due upon termination

6.1 Member of the Management Board

- a. ~~The Directors~~ Executive officers of the Company only perform their mandate and duties as ~~executive officers of the Company~~ in the form of an agency relationship with indefinite term and are not employees of the Company.
- b. The remuneration of the Directors is determined by the annual General Meeting, for a fixed period of one year, effective until the next annual General Meeting.
- c. No supplementary pension plan or early retirement scheme applies to the Directors.
- d. ~~No special remuneration or payment shall be made to the Directors upon the termination of their legal relationship.~~ No additional compensation other than remuneration or payment due under the applicable laws be made upon the termination of legal relationship with Directors

6.2. Chief Executive Officer

- a. If not a member of the Management Board, the CEO of the Company shall carry out its activities as an employee appointed as CEO by the Management Board under an open-ended employment contract.
- b. If the CEO holds this position in an employment relationship, the Management Board, exercising employer's powers, shall establish the CEO's basic salary and other benefits.
- c. No supplementary pension plan or early retirement scheme applies to the CEO.
- d. If CEO's employment is terminated, the provisions of the Labour Code shall apply for the notice period and payments due in case of termination of employment.

7. Presentation of the decision-making process behind determining, reviewing and implementing the Remuneration Policy, including the measures to avoid or address conflicts of interest and, where relevant, the role of the remuneration committee or other committees concerned

7.1 The Remuneration Policy is adopted by the Management Board, following a consultative vote by the General Meeting based on the proposal of the Management Board. The implementation of the Remuneration Policy is the responsibility of the Management Board.

7.2 The Management Board reviews the Remuneration Policy annually.

Any member of the Company's Management Board may make proposals for any amendment to the Remuneration Policy, and the decision is taken by the Management Board with a simple majority of votes.

If the amendment falls within the competence of the General Meeting, the Management Board proposes to convene a General Meeting, or, if possible, places the proposal on the agenda of the annual General Meeting. In the case of any conflict of interest, the Director concerned shall not take part in the decision-making, except for the formulation of proposals that are decided on by the General Meeting.

7.3 The Company does not operate a remuneration committee.

8. Publishing the Remuneration Policy

8.1 The Company shall disclose the Remuneration Policy on its website (<http://pannergy.com>) immediately after the consultative vote by the General Meeting (or the repeated vote if the remuneration policy is rejected), together with the date and result of the vote.

8.2 The Company shall ensure that the Remuneration Policy be available free of charge on the Company's website as long as it is in effect.

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**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 9 OF THE ANNUAL GENERAL MEETING
"RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD"**

In association with Agenda Item 9, the Management Board proposed that the General Meeting should, from 18 April 2024/30 April 2024¹, fix the remuneration of the Chair of the Management Board in the gross amount of HUF 195,000/month, the same as in the previous year, and the remuneration of members in the gross amount of HUF 155,000/month, again the same as in the previous year.

PROPOSED RESOLUTION:

The General Meeting has established that the remuneration of the Chairperson and other members of the Management Board shall be HUF 195,000/month, and HUF 155,000/month, respectively, as of from 18 April 2024/30 April 2024¹.

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¹ According to the date of the General Meeting



**PROPOSAL AND DRAFT RESOLUTION ON
AGENDA ITEM NO. 10 OF THE ANNUAL GENERAL MEETING,
“AUTHORISATION OF THE MANAGEMENT BOARD TO ACQUIRE TREASURY SHARES (UNDER SECTION 3:223 OF THE
CIVIL CODE)”**

The Management Board proposes that the General Meeting grant authorisation to the Management Board to purchase own shares up to a value of HUF 1,500,000,000 (one billion five hundred million forints) at a share price of at least HUF 1 and at most HUF 1,908.

The authorisation shall be valid for the period starting on 2 May 2024 and ending on 17 April 2025. The shares may be purchased solely in trading at the stock exchange.

The purchasing of treasury shares is supported, among others, by the stock exchange pricing of the Company's shares below the target price of OTP Bank Nyrt.'s analysts (HUF 1,908 per share on 17 January 2024). The Management Board intends to implement the intensity, schedule, and extent of share purchases taking into account prudential considerations and the prevailing business opportunities, as the Group should operate safely with adequate investment and financial reserves. Reserves should provide coverage for any scheduled and unexpected or emergency investment, operation and financial expenses. In line with the above, the Company intends to make a significant portion of treasury share purchases over 2025, following the completion of the drilling and engineering projects in Miskolc scheduled for 2024. Furthermore, if the Company's portfolio of treasury shares comes close to the statutory ceiling of 25% of the total issued capital during the term of the authorisation, the Company may reduce the intensity of purchasing.

DRAFT RESOLUTION:

The General Meeting authorises the Management Board to purchase treasury shares up to an amount of HUF 1,500,000,000 (in words one billion five hundred million forints) at a share price at least HUF 1 and at most HUF 1,908.

To the extent permitted by law and considering the provisions laid down in Section 3:222(1) of the Hungarian Civil Code, the Management Board is authorised to purchase ordinary shares with a nominal value of HUF 20 (twenty forints) up to a quantity with which the portfolio of treasury shares does not exceed, at any time during the term of the authorisation, 25% of the total portfolio of shares issued.

The authorisation shall be valid for the period starting on 2 May 2024 and ending on 17 April 2025. The shares may be purchased solely in trading at the stock exchange.

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**PROPOSAL AND A PROPOSED RESOLUTION
ON AGENDA ITEM 11 OF THE ANNUAL GENERAL MEETING**

“ELECTION OF THE AUDITOR OF THE COMPANY, DETERMINATION OF HIS/HER REMUNERATION AND THE MATERIAL ITEMS OF THE CONTRACT TO BE CONCLUDED WITH HIM/HER BASED ON THE PROPOSAL OF THE AUDIT COMMITTEE”

Regarding the item 11 on the agenda, in agreement with the opinion of the Audit Committee, the Management Board proposes that the General Meeting elect the audit firm BLUE RIDGE AUDIT HUNGARY Kft. as the Company’s continuing auditor for the financial year 2024 (for the period ending 30 April 2025). The Management Board proposes that Gábor Merkel be elected as the person responsible for carrying out the audit activities.

DRAFT RESOLUTION:

The General Meeting elects as the Company’s continuing auditor for the financial year 2024 (from 18 April 2024/30 April 2024¹ to 30 April 2025)

Company data:

BLUE RIDGE AUDIT HUNGARY Korlátolt Felelősségű Társaság

Company registration number: 01-09-717568

Tax number: 13076858-2-41

Chamber of Auditors registration number: 004410

Registered office: H–1026 Budapest, Sodrás utca 5. 2. em. 1.

Data of natural person:

Gábor Merkel – Auditor, Member of the Hungarian Chamber of Auditors

Chamber of Auditors membership number: 007363

Home address: H-1138 Budapest, Jakab József utca 21. 2. em. 7.

Mother’s name: Mária Erzsébet Nagy

Date of birth: 15.11.1978

Tax ID: 8408601032

The Management Board has established that the maximum annual amount of the continuing auditor’s remuneration shall be HUF 7,500,000 + VAT in relation to the auditing of the stand-alone and consolidated annual reports, equally prepared in conformance to the EU IFRS. The other essential conditions of contracting with the continuing auditor shall be identical to the terms and conditions agreed earlier. The Management Board requests the Audit Committee to prepare the contract of the continuing auditor, and the Management Board to sign it.

* * *

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¹ According to the date of the General Meeting



**SUBMISSION AND PROPOSAL FOR A RESOLUTION ON ITEM
“12. REDUCTION OF THE COMPANY’S SHARE CAPITAL BY CANCELLING SOME OF ITS TREASURY SHARES”
ON THE AGENDA OF THE GENERAL MEETING**

The Management Board proposes to the General Meeting the following decision for Agenda Item no. 12 of the General Meeting.

DRAFT RESOLUTIONS:

- 1. The General Meeting resolves to reduce the current share capital of the Company of HUF 400,000,000 (four hundred million forints) by HUF 40,000,000 (forty million hundred forints), to HUF 360,000,000 (three hundred and sixty million forints), in order to increase other elements of the Company’s equity.**

The holders of the ordinary shares present at the General Meeting consent to the planned reduction of the share capital in accordance with Section 3:309(5) of the Hungarian Civil Code.

- 2. The General Meeting reduces the share capital of the Company according to Section 3:309(3)-(4) and Section 3:310(1)-(2) of the Civil Code as follows:**

Current (pre-reduction) amount of share capital:	HUF 400,000,000
Amount of share capital reduction:	HUF 40,000,000
Shares affected by the reduction in share capital	2,000,000 pieces
Amount of share capital following reduction of the share capital:	HUF 360,000,000

The purpose (reason) of the reduction of share capital is to increase another element of the Company's equity.

Amount of share capital reduction:

Reducing the share capital by HUF 40,000,000 (forty million forints) to HUF 360,000,000 (three hundred and sixty million forints), by cancelling 2,000,000 (two million pieces) of registered dematerialized ordinary shares owned by the Company (treasury shares) having a nominal value of HUF 20 (twenty forints) each.

How to execute the share capital reduction:

Reduction of the number of the Company's 20,000,000 registered dematerialized ordinary shares with a nominal value of HUF 20 (twenty forints) each, representing a single series of shares with equal and identical membership rights attached, by 2,000,000 (two million pieces), by cancelling shares held by the Company (treasury shares).

The reduction of the share capital does not affect the shareholdings of the Company's shareholders.

* * *

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**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 13 OF THE ANNUAL GENERAL MEETING
“13. REDUCTION OF THE COMPANY’S ARTICLES OF ASSOCIATION IN RELATION TO AGENDA ITEM 11-12”**

The present proposal of the Management Board proposes the amendment of the Articles of Association due to the election of the auditor for the financial year 2024 under Agenda 11 and the reduction of the share capital of the Company through the issue of treasury shares under Agenda 12

DRAFT RESOLUTIONS:

- 1. Pursuant to the Resolution no. [*]/2024.(IV.18.) /[*]/2024 (IV.30)¹ of the General Meeting, The General Meeting has modified Section VIII.47.2 of the Company’s Articles of Corporation as follows (highlighted in *italics* and *underlined italics*):**

"The Company's Auditor shall be:

name of the company:	BLUE RIDGE AUDIT HUNGARY Korlátolt Felelősségű Társaság
registered office:	H-1026 Budapest, Sodrás utca 5. 2. em. 1.
registered number:	01-09-717568
registration number at the Chamber:	004410

Person in charge of auditing activities:

name:	Gábor Merkel
name at birth:	Gábor Merkel
mother’s maiden name:	Mária Erzsébet Nagy
home address:	H–1138 Budapest, Jakab József utca 21. 2. em. 7.
Registration no. at the Chamber:	007363
<u><i>title as from:</i></u>	<u><i>18 April 2024/30. April 2024.</i></u> ¹
<u><i>title until:</i></u>	<u><i>30 April 2025</i></u> "

¹ According to the date of the General Meeting



2. Under Section 3:309(4) of the Hungarian Civil Code, the General Meeting, simultaneously with the decision to reduce the share capital, also rules on the necessity to amend the Company's Articles of Association due to the capital reduction, according to which it amends Articles IV. 7 and 8 of the Articles of Association as follows (amendments underlined and in bold italics):

“IV.

SHARE CAPITAL AND SHARES

7. The share capital of the company ***is HUF 360,000,000, i.e. four hundred million forints.***
8. Shares of the company:

The share capital of the company consists of ***18,000,000*** dematerialized registered ordinary shares with a nominal value of HUF 20 each, i.e. twenty forints, representing equal and identical membership rights attached, forming a single series of shares.”

This point of the resolution of the General Meeting, the amendment to the Articles of Association related to the capital reduction, shall enter into force if the conditions for the reduction of the share capital are met.

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This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

