

**Miskolci Geotermia Zrt. has entered a long-term heat supply contract
with Miskolci Hőszolgáltató Kft.**

PannErgy Plc hereby informs the capital market actors that today the representatives of Miskolci Geotermia Zrt., a 90% subsidiary of PannErgy Polifin Zrt. and Miskolci Hőszolgáltató Kft. (MIHŐ Kft.) have executed a contract for a long term lasting until 31 December 2030.

Within the meaning of this contract, Miskolci Geotermia Zrt., a district heating generator will supply heat energy to MIHŐ Kft., whose network will receive the supplied heat. The subject-matter of the contract is the implementation of the first phase of the developments planned in the surroundings of Miskolc, and in this context Miskolci Geotermia Zrt. will construct two production wells in Kistokaj and Mályi, as well as a reinjection well. Under the contract, the scope of services can be further expanded in line with the progress of the developments. In the light of the available preliminary data, the planned volume of supplied heat energy will be cc. 113,000 GJ annually.

On the basis of the contract, upon the successful completion of the project MIHŐ Kft. will purchase heat energy at a 9–15% lower price.

Miskolci Geotermia Zrt. intends to fund the development partly from grants: the KEOP-4.7.0 grant application submitted for the first phase of the exploratory drilling in Miskolc has already been accepted. The grant to be awarded in this grant scheme serves the preparation and development of projects for the heat and electric power production from geothermal sources.

Sándor Káli, Mayor of Miskolc, City of County Rank has said: *“Miskolc is endeavouring to exploit alternative energies in heat supply, because energy prices are on a steady rise on the world market. I trust that this cooperation will be successful, and promote such environmentally conscious district heat supply in Miskolc that can remain competitive on the long run.”*

Dr. Gyula Halmai, Chairman–Director of Miskolc Holding Zrt. has said: *“MIHŐ Kft. is a public utility provider that operates Hungary’s second largest network of district heating, and supplies heat to approx. 32,000 households in Miskolc. In its services, the company is committed to the implementation of effective energy-saving solutions and environmental protection. These endeavours are underlined by the recently executed, large-volume developments and the cooperation agreement signed today. With these moves, MIHŐ Kft. has largely contributed to the improvement of the life circumstances of the local population and the comfort of the urban environment.”*

Balázs Bokorovics, Chairman of PannErgy Plc’s Board of Directors has explained: *“Miskolc is a very important stage of the implementation of our strategy, and with our correlated, intertwining projects we are aiming at covering about 20% of the city’s district heating demand with geothermal, green energy. Our long-term contract, cooperation forged with the city may be viewed as a model for all our partner municipalities wishing to exploit their geothermal assets. I trust that the well-drilling in Mályi will be shortly followed by the drilling of further wells, and then the actual supply of heat in Miskolc.”*

András Korózs, Managing Director of MIHŐ Kft. has pointed out: *“Due to the city’s endowments, district heating has a crucial role in supplying flats in Miskolc. Since 2009, a residential area of the city has been fully supplied with district heating from renewable energy,*

biogas, and the biomass project to be completed in the near future also aligns well with MIHŐ Kft's energy-efficiency and environmental efforts. Our cooperation with PannErgy will allow our consumers to purchase heating services at more favourable prices. Besides, the use of an alternative energy means a higher level of safety in the heat supply of the city.

MIHŐ Kft. is proud of having another renewable energy in its district heating system in line with the broad demands of the society and the interests of the local inhabitants.”