

OTHER INFORMATION

Budapest, 25 February 2016

Impacts and management of energy market prices in 2016

Following the launch of the Győr Geothermal Project, the Management of the PannErgy Group has investigated the actual market position and outlook of the portfolio of its geothermal power generating facility in line with the expected changes in different alternative energy prices. According to the results - primarily along the enforcement of the regulators' intentions - the Company has concluded a new partnership agreement with one of its local energy market partner. As a result of the agreement, the Company expects lower variable cost level and a more moderate direct and indirect cost exposure to natural gas and electricity price changes and volatility. Consequently, due to these factors, PannErgy Group is expecting immediate margin improvements in 2016, compared to 2015.

The above actions are in line with the common heat production strategical intentions of the heating systems supplied by the PannErgy Group, under which – taking into consideration the market related, technological and environmental possibilities - the maximum amount of eco-friendly heat with lowest cost of geothermal heating can be supplied.

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PannErgy Plc.

