



PannErgy Plc.

SEMI-ANNUAL REPORT

H1 2022 report

31 August 2022

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

THE PANENERGY GROUP'S H1 2022 SEMI-ANNUAL REPORT

Introduction and Table of Contents

Report on the PannErgy Group's H1 2022 profit/loss and management

PannErgy Public Limited Liability Company (registered office: 1117 Budapest, Budafoki út 56., company registration number: 01-10-041618, tax number: 10558377-2-43, web: www.pannergy.com) released its report on the first half of 2022 today. This report contains the consolidated financial statements, and other related non-financial statements, not audited by an auditor, prepared by the Company's management in accordance with the International Financial Reporting Standards (IFRSs) for the period ending on 30 June 2022.

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1 Executive Summary

Unchanged heat sales year-on-year

The energy market conditions changed considerably in the first half of 2022 both globally and in Hungary. Radically increased hydrocarbon prices, supply uncertainties as well as significant carbon dioxide emission quota costs have further increased the competitiveness of geothermal energy. The uncertainties in supplies and its indubitable contribution to easing the dependence on fossil fuels which was causing growing complications during the period under review as well its definite positive impacts on sustainability and environmental protection, made the PannErgy Group's core operation, that is, geothermal energy generation, imperative.

Through operating adapted to the prevailing weather conditions and capacities the **PannErgy Group sold, in H1 2022, a consolidated amount of heat of 952 TJ, practically the same as the figure recorded for the corresponding period of the preceding year.** The amount of heat sold in the first half of the year came close to the planned amount of 962 TJ, **which is a sufficient basis for the Company to deliver its heat sales target planned for the business year 2022.**

The weather during the period under review represented a Group-level heating potential comparable to the corresponding period in 2021 and to the average of recent years. The Company managed to utilise its capacities at its project sites depending on the weather conditions efficiently in the first half of the year of 2022. In the first half of the year of 2022 the PannErgy Group carried on with the implementation of the capacity increasing, operation reliability enhancing and efficiency improving activities in the Miskolc and Győr, whose contribution to the EBITDA appears already from the 2021/2022 heating season through the increased heat sales relative to the preceding periods.

In view of the H1 2022 actual heat sales figures detailed in Chapter 2 of the above semi-annual report and the planned figures for H2, the PannErgy Group **maintains its plan to sell an accumulated amount of heat of 1,752 TJ during 2022**, a figure published in its projections submitted to its regular Annual General Meeting closing the business year of 2021.

Strong consolidated EBITDA and net profit performance

In H1 2022 **the consolidated sales revenues of the Company grew by 7% to HUF 3,686 million year on year, representing an increment of HUF 242 million. HUF 3,093** of the total sales revenue of HUF 3,686 million **originates from the sale of heat, up 5% year-on-year.**

The direct costs of sales, that are closely connected to the sales revenue, grew by 12% on the one hand as a consequence of the considerably stronger inflationary effects during the reporting period, and on the other hand because of the depreciation booked for capacity increasing and operational safety improving projects commissioned during the period preceding the reporting period and in the reporting period. As a combined result of the above, the Company's gross margin amounted in the reporting period to HUF 983 million, 4% down in comparison to the amount posted for the base period while at the same time, owing to the effects of depreciation the **company recorded HUF 1,790 million in gross cash-flow during the reporting period, 1% more year-on-year.**

The Company's operating profit reflects an improving operating margin, 14% higher year-on-year. The outstanding improvement in the margin was a result of the HUF 90 million transaction profit from the sale of the subsidiary TT-Geotermia. In the unfavourable inflationary environment of the reporting period the indirect costs of sales increased by 6% in comparison to the figure posted for the base period.

As a combined effect of the above changes the Company's **EBITDA amounted to HUF 1,735 million during the reporting period, significantly – by HUF 175 million, or 11% – more than the HUF 1,560 million posted for the corresponding period of the previous year. The Company reached the improvement in EBITDA in the reporting period with an EBITDA ratio of 47%, also exceeding that of the base period.**

The PannErgy Group's financial result during the reporting period was a loss of HUF 194 million of which a loss of HUF 103 million was related to currency revaluation at the end of the period, that is, the significant weakening of the HUF against the EUR, generating a financially unrealised loss.

As a combined result of above items the Company made a consolidated net profit of HUF 732 million in H1 2022, 10% more than the net result of HUF 664 million generated in the first half of the previous year.

Main profit/loss data (HUF million)	H1 2022	H1 2021
Revenue from sales	3,686	3,444
Direct costs of sales	-2,703	-2,416
Gross margin	983	1,028
Gross cash-flow	1,790	1,775
Gross cash flow rate	49%	52%
Indirect costs of sales	-273	-258
Other revenues and expenditures	218	42
Operating profit (EBIT)	928	812
EBITDA	1,735	1,560
EBITDA rate	47%	45%
Profit/loss on financial transactions	-194	-85
<i>Of which: Effect of period-end FX revaluation</i>	<i>-103</i>	<i>-71</i>
Profit before taxes	734	727
Consolidated net profit for the reporting period	732	664
<i>Return on Equity (ROE)</i>	<i>7%</i>	<i>7%</i>
<i>Return on Sales (ROS)</i>	<i>20%</i>	<i>19%</i>
Earnings per ordinary share (in HUF)	45	40

Confirmation of the EBITDA plan for 2022

The HUF 1,735 million H1 EBITDA is an adequate basis for the yearly HUF 3,250 – 3,350 million EBITDA plan published by the Group for 2021. In line with this, in view of information presented in this H1 report, the Company confirms the expected possibility of accomplishing

the consolidated HUF 3,250–3,350 million EBITDA target range published previously (30 March 2022, 15 July 2022) for the 2022 business year.

Treasury share transactions, repurchase programmes

As at 30 June 2022, the Company held 4,825,417 treasury shares belonging to PannErgy Plc., 166,773 more than the 4,658,644 treasury shares held on 31 December 2021. The change resulted from purchases through trading on the exchange under the treasury share repurchasing programmes in effect in the reporting period, at the Budapest Stock Exchange. Under the treasury share repurchasing programme launched in 2021 and concluded in the period under review, a total of 76,573 treasury shares were purchased between 1 January and 14 April 2022, at a 909 HUF/share average price. A total of 535,434 treasury shares were purchased during the programme started in 2021 and closed in April 2022.

A total of 90,200 treasury shares were purchased in H1 2022 at the Budapest Stock Exchange for an average of HUF 1,002 per share in relation to the treasury share buyback program started during the reporting period under the scope of power of the General Meeting for the period between 2 May 2022 and 13 April 2023.

The stock exchange closing price of PannErgy ordinary shares at the end of the reporting period was HUF 990 per share, compared to HUF 1040 and HUF 820 on 31 December 2021 and 30 June 2021, respectively.

Share capital decrease

The Company's share capital was reduced after the cut-off date in accordance with the resolution adopted by the annual regular General Meeting closing business year 2021. As a result of the capital decrease registered by the Court of Registration of the Budapest Metropolitan Court of Justice on 25 July 2022 the Company's subscribed capital was reduced from HUF 421 million to HUF 400 million and the number of PannErgy ordinary shares dropped from 21,054,655 to 20,000,000. The number of the Company's treasury shares was reduced by 1,054,655; they were actually withdrawn on 9 August 2022.

Distribution of dividends

The Company's regular annual General Meeting closing the business year 2021 accepted the individual and the consolidated reports and adopted a resolution on the payment of dividend in an amount of HUF 294 million. Pursuant to the Company's Articles of Association, dividends on own shares held directly or indirectly by PannErgy Plc. may not be taken into account. Accordingly, the Company announced on 27 June 2022 the payment of a gross amount HUF 18.11 per share as dividend for the business year 2021.

Shareholders of dividends on 30 June 2022, that is, the date of shareholder identification, were entitled to dividend. Dividends were paid from 14 July 2022, the cut-off date of the H1 report.

Transactions and events involving the subsidiaries during the reporting period

PannErgy Plc's fully owned PannErgy Geotermikus Erőművek CPlc. sold its share in TT-Geotermia CPlc. during the reporting period. The title of ownership was transferred to the buyer on 8 June 2022; at the same time, TT-Geotermia CPlc. was removed from PannErgy Plc's scope of

consolidation. TT-Geotermia CPlc. owned some, mostly rather obsolete equipment and facilities that provide conventional utility distribution to PannErgy's properties held for utilisation and sale in Debrecen, as well as to several properties owned by third parties in their vicinity. The operation of the facilities and the related services were not part of PannErgy's strategy defined for renewable energy production, nor did they generate any significant economic results.

Szentlőrinci Geotermia Ltd's transformation involving the changing of its legal form, a procedure started in the preceding year, was registered by the competent court of registration during the reporting period. The company which used to be a private company limited by shares has, since 25 January 2022, been operating as a limited liability company. This change in organisational form results in no change in the share of ownership or the proportion of inclusion in consolidation.

2 Projects and areas of operation

2.1 Consolidated quantity of heat sold

The total consolidated amount (expressed in GJ) of heat sold in H1 2022 was as follows:

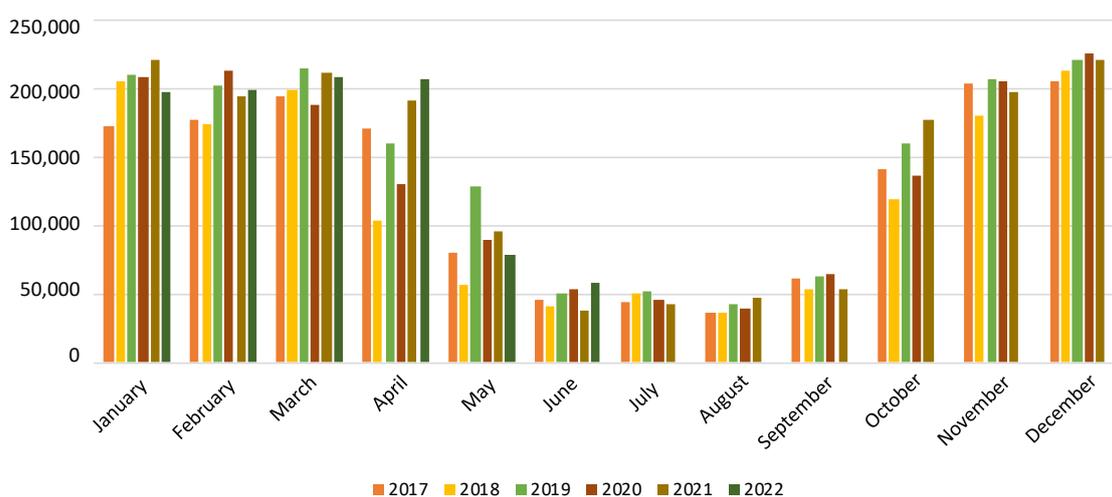


Figure 1: Consolidated quantities of heat sold, in GJ (The consolidated quantities of heat sold by the Miskolc, Győr, Szentlőrinc and Berekfürdő projects in a monthly breakdown)

	2017	2018	2019	2020	2021	2022	2022 TARGET
January	172,758	205,199	209,999	209,678	221,966	197,923	226,924
February	177,533	174,300	203,484	213,855	194,173	199,600	198,411
March	194,634	199,090	215,693	189,195	211,762	209,267	220,684
Q1	544,925	578,589	629,176	612,728	627,901	606,790	646,020
April	171,294	104,033	160,548	130,407	192,053	207,260	173,906
May	79,700	56,758	129,300	89,190	96,333	78,637	87,733
June	45,936	41,641	50,780	53,394	38,595	58,952	53,910
Q2	296,930	202,432	340,628	272,991	326,981	344,849	315,549
July	44,865	51,247	52,406	45,297	42,919		
August	36,709	36,794	42,415	39,205	48,023		
September	61,502	53,650	63,731	64,096	53,870		
Q3	143,076	141,691	158,552	148,598	144,812	0	163,654
October	141,270	119,652	159,888	136,460	180,427		
November	204,045	180,263	206,686	205,417	197,872		
December	205,251	213,267	221,248	225,688	221,198		
Q4	550,566	513,182	587,822	567,565	599,497	0	626,790
ANNUAL TOTAL	1,535,497	1,435,894	1,716,178	1,601,882	1,699,190	951,639	1,752,012

Figure 2: Table of consolidated volume of heat sold (GJ) and relevant target data

The 951,639 GJ consolidated amount of heat sold by the Group in H1 2022 was virtually the same as the 954,882 GJ sold in the first half of 2021.

The weather during the period under review represented a Group-level heating potential comparable to the corresponding period in 2021 and to the average of recent years.

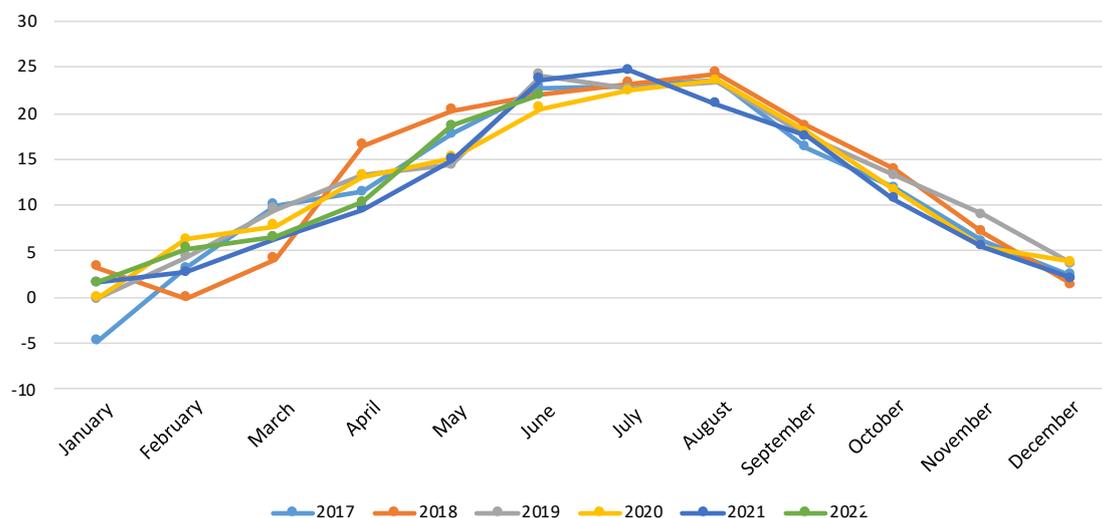


Figure 3
Average temperatures in 2017-2021

A comparison of the Q1 2022 heat sales figures with the average values of the same period in historical years indicates that the Company realised average heat sales in the period under review, but the heat sales for the quarter under review were 3% below the corresponding value of the base period. This fell short of the quarterly target by approximately 6%, mainly due to

temporary technical intervention needs and operational specificities arising in relation to the well pump in Miskolc in January. The shortfall was only partially offset by the historic record performance of heat sales in Győr in the first quarter of the reporting period. The Company intends to compensate for the economic impact of such shortfalls in the future from a technical, pricing and commercial perspective alike.

In Q2 2022 the month of April showed above-average heating demand, while May showed less favourable demand. A comparison of the Q2 heat sales figures with the average values of the same period in historical years indicates that the Company accomplished record heat sales in the period under review, exceeding the base period value by 6%. The Company also exceeded the quarterly target by approximately 9%. This outstanding performance was primarily due to the Company's ongoing investments into increasing efficiency, operational safety and capacity expansion.

2.2 The operation of the PannErgy Group's geothermal projects in the reporting period

2.2.1 Miskolc Geothermal Project (Miskolci Geotermia CPlc., Kuala Ltd.)

The Geothermal System of Miskolc sold a total of 242 889 GJ of thermal energy in Q1 2022, down 11% from the 273,892 GJ recorded in the corresponding period in 2021, mainly because of the weather conditions detailed above, along with certain necessary technical interventions and operational and maintenance conditions.

A total of 154,988 GJ thermal energy was sold in the second quarter, 5% less than the 162,958 GJ sold in Q2 2021, also as a result of the circumstances presented in subsection 2.1.

As a result, the Miskolc project sold heat in a total amount of 397,877 GJ during the first half of the year, 9% less than the 436,850 GJ sold during the base period.

The amounts of heat sold in Miskolc were as follows during the reporting period (GJ):

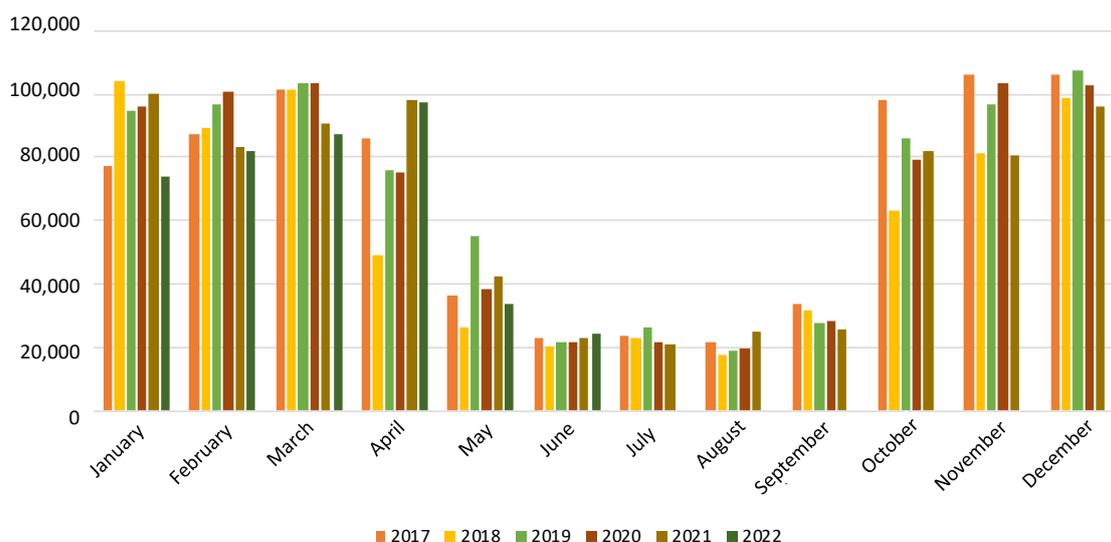


Figure 4: Quantity of heat sold in Miskolc (GJ)

2.2.2 Győri Geotermikus Projekt (DD Energy Ltd., Arrabona Koncessziós Ltd.)

The Geothermal System of Győr sold a historic record volume of 354,760 GJ of thermal energy in Q1 2022, 3% more than the 344,891 GJ sold in Q1 2021. The reasons for the increase was primarily the investment activity in recent periods. In the first quarter of the reporting period Arrabona Koncessziós Ltd concluded a contract with GYŐR-SZOL CPlc. operating the district heating system of the town of Győr, under which geothermal energy is given preference over the other types of energy sources supplying the district heating system. The agreement primarily concerns heat demand outside the heating season, with surplus heat sales potential of approximately 25 TJ in each of Q2 and Q3 and 15 TJ in Q4, exceeding the plan shown in Figure 2. in subsection 2.1.

The Győr Projekt managed to sell another historic record amount of heat energy, of 186,540 GJ, in the second quarter of the reporting period, 16% more than the 161,121 GJ sold in the corresponding period of the preceding year. The primary reasons for the increase were the investment activity in recent periods, as well as the Company's above agreement with GYŐR-SZOL CPlc. that ensures priority to geothermal energy supply for the town of Győr.

As a result, the Győr project sold heat in a total amount of 541,300 GJ during the first half of the reporting period, up 7% on the 506,012 GJ recorded one year before.

The amounts of heat sold in Győr were as follows during the reporting period (GJ):

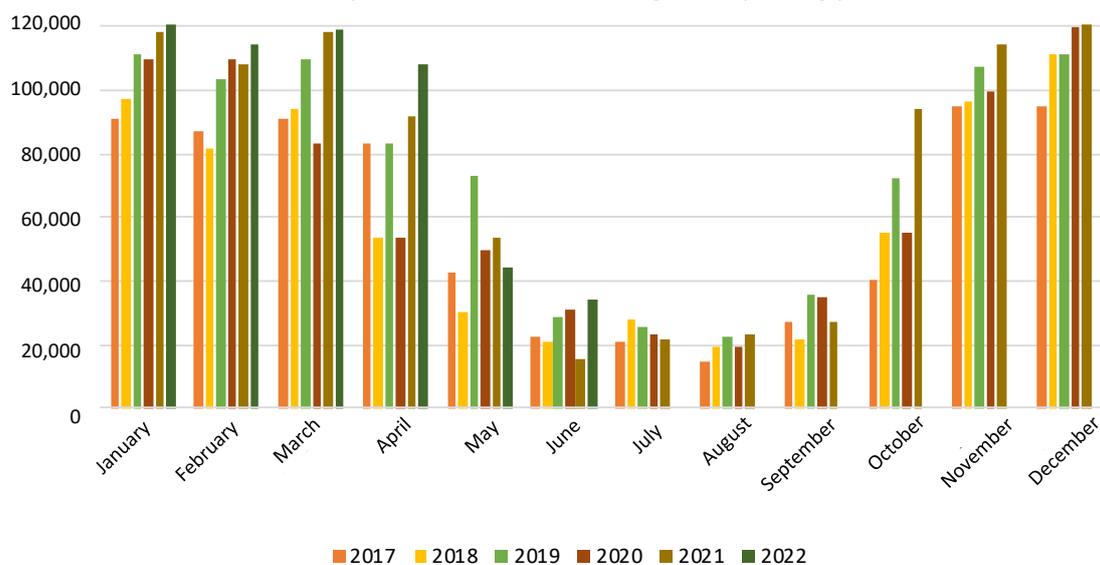


Figure 5: Quantity of heat sold in Győr (GJ)

2.2.3 The geothermal heating facility of Szentlőrinc (Szentlőrinci Geotermia CPlc.)

The amount of heat sold in Szentlőrinc during the first quarter of the reporting period was 8,434 GJ, essentially the same as in the base period. The Geothermal Facility of Szentlőrinc serves the entire heat demand of the local district heating system on its own. Therefore, the weather sensitivity of the geothermal heat input may be significantly higher than that of district heating systems based on complex heat sources.

The 2,969 GJ of heat sold in the second quarter of 2022 was 7% up year-on-year, thanks to the favourable weather conditions from the aspect of heat input, observed during the second

quarter. Overall, the Szentlőrinc facility sold a total of 11,403 GJ heat in the first half of the reporting period, 1% more than the 11,286 GJ in the basis period.

The amounts of heat transferred in Szentlőrinc were as follows during the reporting period (GJ):

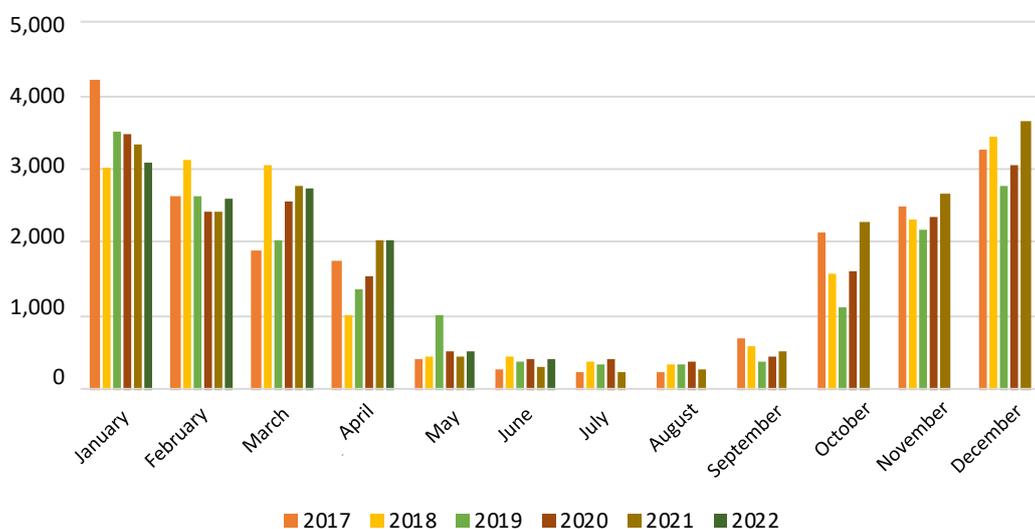


Figure 6: Quantity of heat sold in Szentlőrinc (GJ)

3 Analysis of the results of, and the financial situation in the reporting period

3.1 Results achieved in the reporting period, perspectives

In the first half of 2022, PannErgy Group realised HUF 3,686 million consolidated sales revenues, which exceeds the HUF 3,444 million realised in H1 2021 by 7%. HUF 3,093 million of the total sales revenue of the HUF 3,686 million came from the sale of heat, up 10% in comparison to the HUF 2,958 million booked in the corresponding period of 2021.

In terms of the structure of the sales revenue by project, the **Geothermal Project of Győr contributed HUF 1,997 million to the sales revenue** of the PannErgy Group in H1 2022, 12% more than the HUF 1,791 million recorded for the corresponding period of the previous year. Arrabona Koncessziós Ltd's sales to Győr-Szol CPlc. amounted to HUF 1,166 million of the above total figure, while DD Energy Ltd's sales to its automotive industry customer amounted to HUF 831 million (to be compared to the previous year's HUF 922 million and HUF 869 million figures, respectively). **Sales realised within the framework of the Geothermal Project of Miskolc towards heat-receiving partners added up to HUF 1,044 million in the reporting period**, of which HUF 1,005 million was sold to MIHŐ Heat Distribution Ltd. of Miskolc. These sales figures are below the H1 2021 revenue of HUF 1,124 million from the Miskolc project, and the HUF 1,096 million revenue from MIHŐ Heat Distribution Ltd. At the level of the Miskolc project, this represents a 7% drop in the year-on-year sales revenue.

Of the two smaller projects of the Company, **the Szentlőrinc project managed to increase its sales revenue year-on-year**. The Szentlőrinc project generated HUF 43 million in sales revenue in the first half of 2022, 5% more than the HUF 41 million sales revenue booked in H1 2021. **The**

Berekfürdő project's sales revenue from the sale of heat and electricity amounted to HUF 65 million, significantly over the HUF 22 million sales revenue recorded for the corresponding period of the previous year, as a result of a significant price increase in the electricity market and the successful investment activities during the period under review.

In addition to the sales of heat the Company earned HUF 510 million from selling electricity, more than the HUF 424 million recorded for H1 2021, of which HUF 451 million was accounted for by the amount invoiced for electricity – practically without any margin – to third parties in relation to the operation of PannErgy Plc's properties in Debrecen. The Company's Berekfürdő and Szentlőrinc projects sold electricity for HUF 59 million during the period concerned.

Other re-invoiced utility services relating to the utilisation of the industrial real estates in Debrecen generated HUF 70 million during the period under review. The profit earned on re-invoiced services amounted to HUF 4 million, while the profit realised on the rental amounted to HUF 12 million during the same period, similarly to the figures recorded for the corresponding period of the previous year.

Similarly to the previous period, three customers exceeded 10% of the total amount of the Group's consolidated revenue from sales, making up a combined 81% percent of the total sales of PannErgy Group in the reporting period, falling slightly short of the base period's 84% concentration exposure.

In the first half of 2022, direct costs of sales rose by 12% to HUF 2,703 million from HUF 2,416 million recorded in the same period of the previous year. The increase related primarily to the increase in maintenance and operating costs, as well as facility management costs as well as an increase in the direct depreciation costs relating to more intensive investment activities during earlier periods and in the period under review.

The Company's gross margin amounted to HUF 983 million during the reporting period, down 4% from the HUF 1,028 million recorded in the base period, while the gross margin ratio was 27% in the reporting period, 3% smaller than the 30% of the base period.

The Group stated a gross cash-flow figure of HUF 1,790 million in H1 2022 – 1% up from the HUF 1,775 million stated for the corresponding period of the previous year – while the gross cash-flow ratio equalled 49%.

The administrative and overhead – i.e. indirect – costs amounted to HUF 273 million in the period under review, 6% over the HUF 258 million stated for the first half of 2021. Depreciation on assets not directly linked with energy industry activities, indirect personnel expenditures, general office and administration costs, expert fees, banking and insurance expenses, as well as non-capitalizable costs related to business development and new projects are stated by the Group under the heading of indirect costs, among other items.

Personnel expenses, consultancy costs, as well as office and operating costs increased primarily during the period under review among the central cost items.

As to the costs of public and stock exchange presence recognised among indirect costs it should be noted that, for social responsibility considerations, PannErgy Group continues to attach high importance to supporting the cities and regions where existing projects are located, in the areas



of sports activities and other social initiatives, thereby offering support to the end users of geothermal energy.

The balance of other revenues and expenditures during the reporting period is a profit of HUF 218 million, in contrast to the HUF 42 million profit recorded in the base period.

The most substantial items (of HUF 72 million in all) of the HUF 117 million other expenses consist of local taxes, particularly, the local business tax paid to the local governments at the sites of geothermal projects. In addition, the mining royalties related to geothermal heat production constitute another significant expenditure item; the Company paid HUF 40 million in the review period in this regard, more or less at the same level as those of the basis period, similarly to the local business tax.

Other revenues recognised during the reporting period in relation to grants and subsidies received was the most significant item of the HUF 335 million other revenues without cash flows. Accordingly, the HUF 138 million revenue stated as a grant for development during the reporting period included the reversal – in proportion with depreciation during the reporting year – of grants received earlier and recognised as deferred income in the form of other income during the reporting period. The Company stated compensation type items based on defective performance, collected from supplier partners, in an amount of HUF 89 million. The Company shows HUF 90 million in other revenue in connection with the sale of tangible assets in H1 2022. These include other revenues from the sale, in connection with the sale of the participation in TT-Geotermia CPlc., of assets that are not related to the Company's geothermal operations and are associated with the industrial property to be found in Debrecen.

As a result of these factors an amount of HUF 928 million profit is stated by the Company as operating profit (EBIT) for the first half of 2022, exceeding the HUF 812 million profit of the first half of 2021 by 14%.

The business cash-flow (EBITDA) was an inflow of HUF 1,735 million, HUF 175 million more than the HUF 1,560 million EBITDA in H1 2021. HUF 807 million was recognised in H2 2022 in the way of depreciation, 8% more than the HUF 747 million recorded in H1 2021. In calculating the EBITDA, pursuant to its accounting policy, the Company takes account of the extraordinary depreciation recognised among intangible assets and tangible assets; however, no other expenditures were incurred on such grounds.

The Company's financial result was a loss of HUF 194 million during the period concerned, HUF 109 million more than the HUF 85 million loss recorded in the first half of 2021.

The deterioration of the financial result was driven primarily by an unfavourable change (caused by the significant weakening of the HUF against the EUR in comparison with earlier periods) in the **non-realised foreign exchange loss at the end of the period, recognised** in connection with a market-based revaluation of foreign currency receivables and liabilities in the consolidated financial statements. The unrealised exchange rate difference was calculated at the end of the period under review, on the basis of a 369.00 EUR/HUF (31 December 2021) and a 396.75 EUR/HUF (30 June 2022) pair exchange rates, in contrast to the 365.13 EUR/HUF and 351.90 EUR/HUF pair of exchange rates one year earlier, respectively.



This resulted in a HUF 103 million loss for the Company during the reporting period.

Interests paid amounted to HUF 150 million in H1 2022, 6 million – or 4% – more than in the first half of 2021.

Accordingly, the PannErgy Group's H1 2022 profit before taxation is HUF 734 million, exceeding the HUF 727 million profit posted for the corresponding period of the previous year by 1%.

The Company recognised HUF 2 million as tax payment obligation in the review period; **accordingly, HUF 732 million was stated as the Company's net profit for the period, HUF 68 million more than the HUF 664 million profit recognised in the same period of the previous year.**

3.2 Analysis of the statement of financial position during the reporting period

The portfolio of fixed assets increased by a modest ratio of less than 1% during H1 2022, in comparison to the amount stated as at 31 December 2021. Of this, the value of intangible assets and that of tangible assets fell by 8% and 2%, respectively, year-on-year. In the case of intangible assets these changes reflect the impact of depreciation write-offs during the reporting period, while in the case of tangible assets they show the impact of the amount by which the value of investments executed during and before the reporting period increased the book value by more than it was decreased by depreciation. The value of goodwill recognised by the Company did not change during the reporting period, as its amount continued to equal HUF 678 million.

The Company shows its industrial real estates located in Debrecen, which are not used in connection with its core operations, as investment property on 30 June 2022, in an amount of HUF 107 million.

Deferred tax receivables in the amount of HUF 217 million were recognised among assets, the value of which increased by 19%, relative to the base period according to PannErgy Group's deferred tax recovery calculations.

As at 30 June 2022, PannErgy Group recognised liquid assets related to the concession agreement in an amount of HUF 1,060 million in its consolidated financial statements, separated in its accounts from fixed assets as per the requirements of the IFRIC 12 interpretation. These assets are related to the production well BON-PE-03 in Bőny, put in place in the framework of the concession project implemented in the region of Győr.

Government securities of longer than one year maturity periods appear among fixed assets under the heading of other financial fixed assets.

The volume of current assets decreased by 23% period-on-period, primarily as a consequence of a decrease in trade receivables and securities during the reporting period, which was partly offset by a **significant HUF 510 million increase in cash and liquid assets at the same time.**

Among its inventories the Company stated maintenance supplies related to the geothermal projects in the amount of HUF 12 million as at 30 June 2022.



The 66% decrease in accounts receivables resulted from the higher base figure as of the end of the year in line with the seasonal pattern of heat sales; the Company's clientèle remained unchanged.

The portfolio of securities decreased from the HUF 526 million of the basis period to HUF 352 million, as term government securities matured.

Liquid assets (as a part of current assets) increased in parallel with the decrease in trade receivables; **at the end of the period the Company's liquid assets amounted to HUF 1,786 million** vs. HUF 1,276 million at the end of the year.

The share of freely disposable cash in hand within the growing stock of liquid assets also increased in comparison to the HUF 1,061 million recorded at the end of the previous year. **On 30 June 2022 the Company held disposable liquid assets in the amount of HUF 1,564 million**, – equalling 88% of the liquid assets.

The Company's shareholders' equity increased 3% year-on-year, primarily as a net profit increase during the period concerned, partly offsetting the decrease in equity caused by the dividend payment approved during the reporting period on the basis of the 2021 business year's profit.

The **equity per share** (counting with the number of shares minus the portfolio of treasury shares) **increased to HUF 632** from the HUF 609 recorded as at 31 December 2021.

The long term loan portfolio dropped by 3% from the amount reported at the end of the previous financial year to HUF 9,679 million, primarily as a combined result of debt servicing during the reporting period and the revaluation of loans denominated in EUR on the basis of the exchange rate in place on the cut-off date.

The over-year part of the amounts of the non-repayable grants won and disbursed earlier within the framework of application schemes for geothermal projects, that have not yet been recognised among revenues, is shown in the other long-term deferred revenues line. An amount of HUF 3,578 million is stated in this regard in the Company's balance sheet among its long term liabilities, showing a 4% drop year-on-year, as a result of the reversal of deferred revenues in an amount of HUF 138 million during the period under review in proportion with the depreciation of the related assets.

Within short-term liabilities, the balance of trade payables was HUF 374 million, which was 47% lower than in the base period. The stock of short-term loans dropped by 69% to HUF 111 million from HUF 363 million at the end of the previous financial year. The short term part of long-term credits amounted to HUF 1,243 million at the end of the reporting period, close to the figure stated at the end of the previous financial year.

Other short term liabilities amounted to HUF 633 million at the end of the reporting period, 3% more than the HUF 614 million at the end of the preceding period.



4 Consolidated financial statements (profit/loss, financial situation, shareholders' equity, cash-flow)

4.1 IFRS consolidated profit and loss statement

IFRS consolidated profit and loss statement (HUF million)	H1 2022	H1 2021	Change %
Revenue from sales	3,686	3,444	107.0
Direct cost of sales	-2,703	-2,416	111.9
Gross margin	983	1,028	95.6
Gross margin ratio %	26.7%	29.9%	
<i>of which direct depreciation write-off</i>	807	747	108.0
Gross cash-flow	1,790	1,775	100.8
Gross cash-flow rate %	48.5%	51.6%	
Indirect costs of sales	-273	-258	105.8
Other revenues	335	190	176.3
Other expenditures	-117	-148	79.1
Operating profit (EBIT)	928	812	114.3
Operating profit rate %	25.2%	23.6%	
EBITDA	1,735	1,560	111.2
EBITDA rate %	47.1%	45.3%	
Revenues from financial transactions	236	162	145.7
Expenditures on financial transactions	-430	-247	174.1
Profit/loss of financial transactions	-194	-85	228.2
Profit before taxes	734	727	101.0
Corporate income tax	-2	-63	3.2
Profit after taxes (Net profit/loss for the reporting period)	732	664	110.2
<i>of which: Net earnings attributed to the Company's shareholders during the reporting period</i>	732	664	
<i>of which: Share of (external) minority shareholders from the earnings of the reporting period</i>	-	-	
Earnings per ordinary share (HUF)			
Basic	45.10	39.82	
Diluted	45.10	39.82	

4.2 IFRS consolidated statement of the financial position

IFRS consolidated statement of the financial position (HUF million)	30.06.2022	31.12.2021	Change %	30.06.2021
Fixed assets				
Intangible assets	1,641	1,779	92.2	1,711
Goodwill	678	678	100.0	678
Tangible assets	19,284	18,992	101.5	18,787
Investment properties	107	113	94.7	153
Marketable properties	-	-	-	-
Other invested financial assets	102	103	99.0	249
Financial assets related to concession agreements	1,060	1,085	97.7	1,111
Receivables from deferred taxes	217	183	118.6	198
Long-term receivables	-	-	-	2
Total fixed assets	23,089	22,933	100.7	22,889
Current assets				
Inventories	12	7	171.4	30
Trade receivables	479	1,414	33.9	564
Other receivables	427	704	60.7	464
Prepaid income taxes	-	23	-	8
Securities	352	526	66.9	584
Liquid assets	1,786	1,276	140.0	1,498
Total current assets	3,056	3,950	77.4	3,148
TOTAL ASSETS	26,145	26,883	97.3	26,037
Shareholders' equity and liabilities				
Subscribed capital	421	421	100.0	421
Reserves net of profit/loss of reporting period	13,882	13,507	102.8	12,508
Net earnings of the reporting year (attributable to the shareholders of the Company)	732	897	81.6	664
Reserve for repurchased treasury shares	-4,781	-4,845	98.7	-3,590
Minority shareholdings	-	-	-	-
Total shareholders' equity	10,254	9,980	102.7	10,003
Long-term credits	9,679	10,000	96.8	9,803
Other long-term deferred revenues	3,578	3,704	96.6	3,808
Provisions	-	-	-	30
Total long-term liabilities	13,257	13,704	96.7	13,641
Trade payables	374	704	53.0	512
Short-term credits	111	363	30.6	106
Short-term part of long-term credits	1,243	1,233	100.8	1,137
Other long-term deferred revenues	273	285	95.8	281
Deferred tax liabilities	-	-	-	-
Other short-term liabilities	633	614	103.1	357
Total short-term liabilities	2,634	3,199	82.3	2,393
SHAREHOLDERS' EQUITY AND LIABILITIES	26,145	26,883	97.3	26,037

4.3 Consolidated IFRS statement in equity

Consolidated statement of changes in equity (HUF million)	Parent company's share of the equity						Total	Minority interests	Total shareholders' equity
	Subscribed capital	Treasury shares	Exchange premium (agio)	Capital reserve	Profit reserve	Other reserve			
Changes in shareholders' equity, H1 2021									
Balance as at 31 December 2020	421	-3,184	6,266	4,250	2,950	-956	9,747		9,747
Profit/loss before taxes, H1 2021					664		664		664
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase, subsidiaries									
Amount prescribed for dividend payment					-253		-253		-253
Expenditures of the share option programme									
Treasury share purchase, sale, options exercised, revaluation		-406			251		-155		-155
Balance as at 30 June 2021	421	-3,590	6,266	4,250	3,612	-956	10,003		10,003
Changes in shareholders' equity, H1 2022									
Balance as of 31 December 2021	421	-4,845	6,266	4,250	4,844	-956	9,980		9,980
Profit/loss before taxes, H1 2022					732		732		732
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase, subsidiaries									
Amount prescribed for dividend payment					-294		-294		-294
Expenditures of the share option programme									
Treasury share purchase, sale, options exercised, revaluation		64			-228		-164		-164
Balance as of 30 June 2022	421	-4,781	6,266	4,250	5,054	-956	10,254		10,254



4.4 IFRS consolidated overall profit and loss statement

Consolidated comprehensive income (HUF million)	H1 2022	H1 2021	Change %
Profit/loss after taxes (net profit/loss) during reporting period	732	664	110.2
<i>Other comprehensive income</i>			
Exchange difference from the HUF conversion of the reports of foreign subsidiaries			
Exchange difference from the HUF conversion of affiliated companies and companies under common management			
Marketable financial assets with deferred taxes			
Cash flow hedging transactions with deferred taxes			
Share from the comprehensive income of affiliated companies			
<i>Other comprehensive incomes in the period with tax implications</i>			
Total comprehensive income for the reporting period	732	664	110.2
of which: Total comprehensive income attributable to the shareholders of the Company	732	664	110.2
of which: Share of minority (external) shareholders in the total comprehensive income	-	-	-



4.5 IFRS consolidated cash flow statement

IFRS consolidated cash flow statement	H1 2022	H1 2021
Liquid assets from operations		
Profit before taxes	734	727
<i>Adjustments in relation to the profit before taxes and the cash-flow of business operations</i>		
Amortization and depreciation of tangible and intangible assets	807	748
Effect of deferred taxes	-34	42
Income tax expenditures	-2	-63
Exchange gain/loss on credits	176	-127
Allocation and release of provisions	-	30
Extra depreciation write-off on tangible assets	-	-
Impact of the share option programme valuation on changes in capital	-	-
Changes in minority participations	-	-
<i>Changes in working capital elements</i>		
Increase/decrease in prepaid income taxes	23	3
Increase/decrease of inventories	-5	-1
Increase/decrease in receivables	1,212	1,105
Increase/decrease in liabilities	-311	-197
Net liquid assets originating from/used in operations	2,600	2,267
Investment activities		
Acquisition of tangible and intangible assets	-930	-371
Sales of tangible and intangible assets	-	-
Increase/decrease in long-term receivables	-	-
Other long and short-term deferred revenues	-138	-138
Liquid assets from/used in investment operations	-1,068	-509
Financial operations		
Increase in/repayment of long-term loans	-497	-523
Increase/decrease in short-term loans	-242	3
Exchange rate difference from consolidation	-	-
Purchase, revaluation, of treasury shares	-164	-155
Sale of treasury shares, exercise of options under share option programme	-	-
Amount prescribed for dividend payment	-294	-253
Increase/decrease in securities	175	2
Liquid assets from/used in financial transactions	-1,022	-926
Net increase/decrease in cash and cash equivalents	510	832
Cash and cash equivalents as of 1 January	1,276	666
Cash and cash equivalents as of 30 June	1,786	1,498

5 Other financial statements, detailed information

5.1 Direct costs of sales

Direct cost of sales (HUF million)	H1 2022	H1 2021
Maintenance, operation and facility management costs	866	750
Direct depreciation	807	747
Costs of goods sold, mediated services	495	431
Electricity charges	477	459
Insurance fees (linked to heat generation)	30	21
Other direct costs	28	8
Total indirect costs of sales	2,703	2,416

5.2 Indirect costs of sales (indirect costs)

Indirect costs of sales (HUF million)	H1 2022	H1 2021
Indirect personnel-type costs	81	66
Expert fees, bookkeeping, audit fees	69	61
Office and operating costs	55	53
Costs related to public and stock exchange presence, and corporate	45	52
Banking costs	12	16
Insurance premiums	7	7
Other fees and duties payable to authorities	4	3
Total indirect costs of sales (indirect costs)	273	258

5.3 Other revenues and other expenditures

Other revenues and expenditures (HUF million)	H1 2022	H1 2021
Revenues related to funds granted for development	138	138
Profit on the sales of tangible assets	90	1
Fines, penalties, compensations received	89	34
Revenues related to previous years	18	11
Other items not detailed	-	6
Total other revenues	335	190
Local taxes	72	71
Mining fee	40	41
Fines, penalties, compensations paid	1	2
Provisioning during the reporting year	-	30
Other items not detailed	4	4
Total other expenditures	117	148
Profit/loss on other activities	218	42

5.4 Profit/loss of financial transactions

Profit/loss on financial transactions (HUF million)	H1 2022	H1 2021
Exchange gain on foreign currency accounts	116	-
Exchange gain on receivables denominated in foreign	72	13
Exchange gain on liabilities denominated in foreign currencies	31	16
Exchange gain on credits and loans denominated in foreign	15	128
Exchange gain on interest earning securities	2	3
Gains on derivative transactions	-	2
Total revenues from financial transactions	236	162
Exchange loss on credits and loans denominated in foreign	191	1
Interests paid	150	144
Exchange loss on liabilities denominated in foreign currencies	48	8
Exchange loss on receivables denominated in foreign	23	67
Loss on derivative transactions	18	-
FX loss related to FX accounts	-	27
Total expenditures on financial transactions	430	247
Profit/loss on financial transactions	-194	-85
Of which: from the revaluation of items denominated in foreign currencies at the end of the period (unrealised exchange gain/loss)	-103	71

5.5 The relevant exchange rate at the at the end of the period

MNB medium exchange rate	30.06.2022	31.12.2021	30.06.2021	31.12.2020
EUR/HUF rate	396.75	369.00	351.90	365.13

The PannErgy Group recognises a loss of HUF 194 million for the reporting period as profit/loss on financial transactions. This includes a HUF 103 million foreign exchange loss from the revaluation at the end of the period compared to a loss of HUF 71 million in the base period. In accordance with IFRS requirements, monetary items of the PannErgy Group carried in currencies other than the HUF – the functional currency – are converted into HUF at the exchange rate prevailing at the end of the period, and the (financially unrealised) exchange rate differences resulting from such conversions are recognised in the profit and loss account under financial transactions.

The result of end-of-period revaluation on 30 June 2022 was a loss resulting from the dramatic weakening of the HUF against the EUR in comparison with previous reporting periods.

5.6 Liquid assets

Liquid assets (HUF million)	30.06.2022	31.12.2021
Bank account and cash at hand	1,564	1,061
Separated, blocked liquid assets	222	215
Total liquid assets	1,786	1,276

Cash and liquid assets whose use for any purpose other than the account holder's own core operation business activities requires the financing financial institution's consent are also included in the bank account and cash at hand category. Those stated among the separated blocked cash items are amounts on accounts managed by financial institutions, blocked as collaterals for loan repayment, and not accessible by the borrowers before full repayment.

5.7 Long-term credits and loans

Long-term credits and loans	30.06.2022	31.12.2021
HUF based loan secured with collateral	8,141	8,609
EUR based loan secured with collateral	2,716	2,541
Financial lease liabilities	65	83
Short-term part reclassified to short-term credits	-1,243	-1,233
Total long-term credits, loans and leases	9,679	10,000

The main reason for the decreased in long-term loans during the period under review was loan repayments made during the period under review. The unrealised exchange rate difference on loans denominated in EUR was a loss (and consequently a liability increase) of HUF 176 million at the end of the period as a consequence of the significant weakening of the HUF against the EUR during the reporting period.

Weighted average interest rates on credits and loans (as at the cut-off date)

The 6M Euribor is the basis of the interest rates on the outstanding EUR loans of each of the relevant project companies. In view of this fact and the contractual interest margins the weighted average interest rates on the collateral covered EUR-based loans was 2.63% in view of the loan amounts as at 30 June 2022, slightly exceeding the 2.56% average interest rate stated for H1 2021, taking into account the interest fixing effect of the interest swap transactions as well.

The interest rates on the HUF loans covered with collaterals are typically fixed, 2.40% or 2.50%.

Their weighted average interest rate – in view of the loan amounts as at 30 June 2022 – was 2.4%, essentially the same as the 2.39% average interest rate calculated for the first half of the preceding year, taking into account the interest fixing effect of the interest swap transactions as well.

Maturity dates of the credits and loans

In the case of long-term and short-term credits and loans, liabilities of HUF 6,763 million mature within five years and liabilities of HUF 4,270 million mature over 5 years from 30 June 2022. According to the contractual debt servicing schedule a total of HUF 1,354 million is due within one year (that is, by 30 June 2023), HUF 5,409 million will be due after one year and before the end of the 5th year and HUF 4,270 million will be due beyond 5 years.

5.8 *Short-term credits, loans and leases*

Short-term credits/loans and leases (HUF million)	30.06.2022	31.12.2021
Short-term part of long-term credits	1,243	1,233
Other short-term credits and loans, leasing	111	363
Total short-term credits, loans and leases	1,354	1,596

5.9 *Deferred revenues related to grants*

Deferred revenues related to grants (HUF million)	30.06.2022	31.12.2021
Other long-term deferred revenues	3,578	3,704
Short term part of deferred long term revenues (short term)	273	285
Total deferred revenues related to grants	3,851	3,989

The Company states among other long-term incomes – in connection with its energy industry projects – the over-year part of the non-repayable grants won for its projects through application schemes, while the short-term part is stated among short-term liabilities. The latter is recognised in the profit & loss account among other incomes, as a result of the reversal (in proportion with depreciation) of assets associated with application schemes.

5.10 Grants

data in HUF million

Group entity	Project ID	Eligible CAPEX	Aid granted	Aid drawn down	Deferred revenues from grants
Szentlőrinci Geotermia Ltd.	KEOP-4.2.0/B-09-2009-0026	883	442	427	315
Berekfürdő Energia Ltd.	KEOP 4.4.0/A/09-2009-0009	250	125	125	33
DoverDrill Mélyfúró Ltd.	GINOP-2.1.2-8-1-4-16-2017-00166	1,250	500	500	367
Miskolci Geotermia Ltd.	KEOP 4.7.0-2010-0001	632	316	286	216
Miskolci Geotermia Ltd.	KEOP 4.2.0/B-11-2011-0007	2,856	1,000	1,000	670
Miskolci Geotermia Ltd.	GOP-1.2.1/B-12-2012-0005	323	162	148	20
Kuala Ltd.	KEOP 4.7.0/11-2011-0003	619	309	309	249
Kuala Ltd.	KEOP-4.10.0/B-12-2013-0012	2,836	1,000	1,000	670
DD Energy Ltd.	KEOP-4.10/B-12-2013-0010	3,997	1,000	1,000	646
Arrabona Koncessziós Ltd.	KEOP-4.10/B-12-2013-0011	3,509	1,000	992	665
Total amount of grants in the balance sheet as of 30 June 2022					3,851

Each of the above projects fall into the category of project implementation. The project objective is geothermal energy utilisation in the case of the KEOP (Environment and Energy Operational Programme, EEOP) application schemes, the procurement of assets in the case of GOP (Economic Development Operational Programme, EDOP) tenders, and research & development in the case of GINOP (Economic Development and Innovation Operational Programme, EDIOP).

At the end of the period PannErgy Group has no liabilities regarding advance grant funds received, related to applications.

5.11 Changes in intra-group, consolidated / eliminated results and turnovers

Changes in intra-group, consolidated / eliminated results and turnovers in the Profit and Loss Statement (HUF million)	H1 2022	H1 2021
Revenue from sales	1,018	1,359
Direct cost of sales	1,003	1,249
Indirect cost of sales	15	18
Other revenues	124	1
Other expenditures	1	1
Revenues from/expenditures on financial transactions	-	162

Changes in the intra-group consolidated / eliminated turnovers in the statement of financial position (HUF million)	30.06.2022	31.12.2021
Intangible assets	87	36
Tangible assets	1,884	2,027
Next period's items among other receivables	741	729
Long-term loans granted	5,816	6,102
Other receivables, short-term loans	7,609	7,052
Next period's items among other liabilities	741	729
Long term liabilities	5,816	6,102
Other short-term liabilities	7,609	7,052

5.12 Segment information

In these interim consolidated financial statements on H1 2022 the segments are described on the basis of the same accounting policy and presentation principle – in line with *IFRS 8 Operating segments* – as those followed in drafting the previous year 2021, and H1 2021, consolidated financial statements. It is therefore concluded that **a single operating segment, that is, Energy, is identified as the operating segment of the PannErgy Group** on the basis of the operating segment definition principle which was also observed regarding the comparable periods. The Company does not identify Asset Management (which used to be identified in earlier years) in this reporting period either as one of its operating segments based on the requirements of IFRS 8 Operating Segments, particularly, the management approaches to segments and the criteria for the presentation of operating segments. Owing to the identification of a single operating segment the Company needs to meet the disclosure criteria applicable to the entire entity. This means that the figures of the Energy segment in the reporting year and in the base year reconcile with the financial information pertaining to the Company as an entire entity, which was appropriately presented in these interim consolidated financial statements.

Notwithstanding the above, the Company publishes, as additional information, notices on the real estate utilisation of the industrial facilities and related offices held for sale and investment. These properties are not related to the generation and sale of geothermal heat, which is the main business activity of the PannErgy Group, because they are industrial facilities which used to be used in plastic manufacturing by the legal predecessor Pannonplast Plc. The Company is committed to selling these industrial properties but in the meantime it provides for their

effective and efficient operation and utilisation. Such utilisation involves primarily the re-invoicing of electricity charges and other public utility costs to the co-owners of the properties constituting an undivided jointly owned real estate, in proportion to their consumption and, to a lesser degree, the invoicing of the related service fees and rental fees.

PannErgy Plc. generated sales revenue in the amount of HUF 494 million in the first half of 2022 from the utilisation of the above real estates. The overwhelming majority of this invoiced sales revenue – HUF 478 million – comes from the re-invoicing of utility fees (primarily electricity, along with gas, water) to co-owners and tenants,. The management fee relating to the re-invoicing of utility fees and the rental type of revenues together amounted to HUF 16 million. Accordingly, the sales revenue without the re-invoicing type of items is negligible in comparison with the PannErgy Group's total sales revenue during the reporting period, while the net profit of real estate utilisation is HUF 12 million, a mere 2% of the operating profit generated during the same period. The Company shows these real estates, located in the town of Debrecen, among its investment properties.

The Company sold its participation in its subsidiary TT-Geotermia CPlc. in the last month of the reporting period, as a result of which TT-Geotermia CPlc. was removed from PannErgy Plc's scope of consolidation. The above re-invoiced utility fees relating to real properties were associated with this Company, therefore in the second half-year of the reporting period the Company will only realise rent-type sales revenue in relation to the utilisation of the properties concerned.

6 Other supplementary information

6.1 Accounting Policy

The accounting policies applied for the purposes of the current interim consolidated financial statements are consistent with those used for the latest – i.e. 2021 – consolidated financial statements, and in the last semi-annual financial statements, that is, the H1 2021 consolidated report. The standards and modifications in place since 1 January 2022 have no material impacts on the Company's consolidated profit/loss, financial position or disclosure obligations.

The figures appearing in the reports on PannErgy Group and its operations – including this semi-annual report – are presented in HUF, rounded to millions of forints.

6.2 Functional currency

The functional currency is the currency defined in the *IAS 21 The Effects of Changes in Foreign Exchange Rates*, i.e. the currency of the primary operational environment where the entity operates, which may be different from the currency of presentation.

The functional currency of the Company is the Hungarian forint, which is the currency of the primary operational environment. The Company does not engage in business operations in any other environment that would justify the use of a functional currency other than the Hungarian Forint. Accordingly, the effects of changes in exchange rates are not discussed in the consolidated financial statements.

6.3 *Quantitative and qualitative ratios and indicators used in measuring performance (alternative performance measures)*

Similarly to the previous periods, the Company uses the following main quantitative and qualitative indicators, as well as alternative performance measures in measuring its operating performance:

Consolidated quantity of heat sold (GJ), Gross cash-flow, EBITDA

Of these indicators the Company identifies the consolidated quantity of heat sold as both a quantitative and a key quantitative indicator, since the quality of geothermal heat generation and the subsequent operational processes preparing the sale of heat are effectively represented by the consolidated quantity of heat sold. No other performance quality indicator is presented by the Company.

The gross cash-flow and the EBITDA categories presented in the consolidated financial statements are defined by the Company as follows:

The gross cash-flow is the sum of the gross margin – equalling the difference between the sales revenue and direct costs of sales – and the amount of depreciation that entails no cash flows, stated among the direct costs of sale. The Company uses this alternative performance indicator because it adequately represents the cash flow generated directly in relation to the sales revenue generating activity and, as such, it is representative of the Company's operation, a useful piece of information for the public.

EBITDA (earnings before interests, taxes, depreciation and amortisation) is the sum of the operating, indirect depreciation (among Indirect costs of sales), the sum of direct depreciation (among Direct costs of sales), and the extraordinary write-off and impairment of tangible asset and intangible assets (among Other expenditures).

The Company uses this alternative performance indicator because by eliminating the differences stemming from different taxation, financing background (interest payment) and investments it provides an adequate view of the Company's cash generating capacity and goodwill, and it enables its operation to be comparable with other entities in the energy sector. Accordingly, the EBITDA is a highly representative metric for the public concerning the Company's operation.

No hypotheses or assumptions were used in the calculation of the gross cash-flow or the EBITDA as alternative performance measures; no element of the measures is related to actual or expected performance in any past or future period, or contain any estimate or extrapolation pertaining to the future.

In applying the above alternative performance measures (APM) the Company fully complies with the relevant recommendation (5/2017. (V. 24.)) of the Magyar Nemzeti Bank providing for conformity to the guideline of the ESMA (European Securities Market Authority) on APMs (ESMA/2015/1415).

6.4 Deferred tax

The PannErgy Group shows a HUF 217 million receivable-type deferred tax position in its consolidated financial statements as at 30 June 2022. The deferred tax receivable of the HUF 217 million stated among fixed assets comprises the 9% corporate income tax payable under the prevailing legal regulations, for the unused negative tax bases of the subsidiaries belonging to the PannErgy Group on the one hand, and on the other hand, for other deferred taxes modifying items under the IFRS rules. The calculation of deferred tax receivables – of HUF 245 million – is based on the verified deferred tax recoveries of the subsidiaries concerned. This amount is reduced by the HUF 28 million amount of the deferred tax liabilities in the reporting year in relation to development reserves. Since these items are to be settled with the same tax authority, their amounts are netted as prescribed by the relevant IFRS.

6.5 Calculation of the effective income tax

The difference between the expected income tax figures calculated by multiplying the individual pre-tax profit figures stated in the profit & loss accounts of the members of the PannErgy Group with the income tax rates applying to them, and the corporate income tax figures actually stated in the profit & loss accounts, is calculated as follows:

Calculation of the effective income tax (HUF million)	H1 2022	H1 2021
Profit before taxes (individual companies)	1,046	599
The tax payable on each company's profit/loss at the applicable tax rate (9%) according to the relevant tax bracket	94	54
Effects of different tax rates (minimum profit tax)	3	16
Effects of changes in the tax rate		
Tax implications of non-deductible expenditures, effects of differences in depreciation and other tax-decreasing items	-7	-4
Tax allowances	-46	-39
Deferred tax liabilities assessed in the reporting year for any negative tax base not stated earlier	-12	-6
Tax liabilities for the reporting year	32	21
Write-off of tax receivables assessed earlier for negative tax bases, deferred tax receivable accrued during the reporting year	- 30	42
Income tax (as per the profit & loss account)	2	63

6.6 Approval in the reporting period of the previous financial year's report, dividend payment

The Company's annual regular general meeting on 29 April 2022 approved – in view of the Management Board's report and the Audit Committee's and the auditor's comments, *inter alia*, – PannErgy Plc's individual (parent company) non-consolidated 2021I balance sheet, and profit and loss statement, prepared in accordance with the EU IFRSs, in line with the relevant proposal and the auditor's report, with HUF 10,983 million total assets and the same amount as total liabilities, and a HUF 37 million profit after taxes. General Meeting – taking into account the reports of the Management Board, the Audit Committee and the auditor – also acknowledged and adopted the Company's consolidated report relating to PannErgy Plc.'s business operations in 2021, prepared in accordance with the EU IFRS, with a total amount of HUF 26,883 million for both assets and liabilities (balance sheet total), HUF 897 million in the way of profit after taxes.

Having approved the separate and the consolidated reports the Company's annual regular general meeting adopted resolution No. 3./2022. (IV. 29.) on the payment of dividends in an amount of HUF 294 million for the 2021 business year. Pursuant to the Company's Articles of Association, dividends on own shares held directly or indirectly by PannErgy Plc. may not be taken into account, thus – **according to its announcement of 27 June 2022 – the Company pays a gross dividend amount of HUF 18.11 per share to its shareholders for business year 2021.** Shareholders of dividends on 30 June 2022, that is, the date of shareholder identification, were entitled to dividend.

Dividends were paid from 14 July 2022, the cut-off date of the H1 report.

6.7 Changes in the capital, management and organisation of the Company

On 30 June 2022 the Company's share capital (subscribed capital) amounted to HUF 421 million; it remained unchanged in the first half of 2022. The subscribed capital is stated in the financial reports in its total amount as issued, while the number of shares is presented net of the amount of treasury shares.

The following changes have taken place in the Company's share capital since the cut-off date:

The Company's Annual Ordinary General Meeting – held on 29 April 2022 – closing the 2021 business year decided on the reduction of the Company's share capital through General Meeting Resolution No. 10./2022. (IV.29.). At the end of the Company's relevant process the number of PannErgy Plc's ordinary shares (ISIN: HU0000089867) dropped from 21,054,655 to 20,000,000 as per the 25 July ruling of the Court of Registration of the Budapest Metropolitan Court of Justice.

At the same time, the subscribed capital decreased from HUF 421 million to 400 million. The number of the Company's treasury shares dropped as a result of the share capital decrease from 4,862,817, registered immediately before the capital decrease, to 3,808,162 after the capital decrease on 25 July 2022.

On 30 June 2022, the Company held 4,825,417 PannErgy Plc. treasury shares, 166,773 more than the 4,658,644 held on 31 December 2021. The increase during the reporting period resulted from the Company's treasury share buyback program in effect during the reporting period; the Company's treasury share portfolio did not diminish during the reporting period.

With respect to the treasury share transactions, more detailed information is available in the Company's public disclosures; moreover, the details of the treasury share repurchasing programmes concluded or launched in the reporting period are presented in Chapter 9.2. "*Changes in treasury shares (number of shares) in H1 2022 (RS2.)*" of this interim management report.

The Company's management remained unchanged during the reporting period. The data of the senior officers and the details of the PannErgy Plc. ordinary shares they hold are to be found in Chapter 10.2 *Persons in managerial positions, (strategic) employees affecting the functioning of the Issuer (TS22)*.

6.8 *Share-based payments*

The Company has no share option program in place; therefore, no change took place in the Company's portfolio of treasury shares, and no cost was incurred, in relation such programmes or any other share-based payments. The Company shows no liability in its financial statements on the first half of 2022 in relation to share-based payments.

6.9 *Publicity, key events that occurred by the time of the publication of the H1 report*

The Company posts regular and extraordinary notices on its website at (www.pannergy.com), among other things. The publications and public information released by PannErgy Plc. may make it considerably easier to understand and judge the Company's operations and economic position, therefore they are important supplements to the information disclosed herein.

Significant events marked with dates falling between 1 July 2022 and 31 August 2022, shown in the table in section 11.1 *Extraordinary and other notices published during the reporting period (ST1.)* of part 11. *Data sheets associated with extraordinary notices* occurred after the cut-off date of the semi-annual report. Based on the references the complete information is accessible at the Company's official places of disclosure.

7 **The PannErgy Group's strategy, environmental objectives**

The core element of the strategy of the PannErgy Group, the region's dominant company utilising geothermal heat, is to play a key role in countering climate change by its environmentally friendly services of high operational reliability and to make it possible substantially reduce the energy costs and the emissions of economic actors by its environment preserving investment project.

7.1 *The impact of the climate change and the European energy crisis on PannErgy's heat markets*

One of the tangible effects of climate change in Hungary manifests itself in the form of frequent volatile and extreme changes in weather conditions, including ambient temperatures, and a rise in the average temperature of winter months from the historically cold, steadily sub-zero range to markedly above the freezing point. These changes are not expected to have an adverse impact on the output of geothermal heat generation. In fact, taking the average over a horizon of several years, the perspectives of input into district heating systems seem favourable. The reason is that the daily geothermal heat sales can be maximised even when outside

temperatures are above freezing point during the heating season. At the same time, the potential decrease in demand for heat during the transitional seasons may be offset or even surpassed by the growth in the potential of the increasingly mild winter periods.

The demand for energy in the large district heating systems supplied by the PannErgy Group is far greater than the amount of geothermal energy that can be fed into those systems. Accordingly, any changes in demand for heat in those heating systems stemming from climate change have no perceivable effect on PannErgy Group, and the Company does not expect any trend-like negative effects in the future either.

The primary goal of PannErgy is to utilise its substantial uncommitted available thermal capacities in addition to the capacities being currently utilised, which is expected to further reduce sensitivity to ambient temperature changes.

The radically increased hydrocarbon prices, supply uncertainties as well as significant carbon dioxide emission quota costs – as characteristic factors during the reporting period – further increased the competitiveness of geothermal energy, making its relevance undisputable.

The most important areas for potentially utilising free thermal capacities include:

- implementation of energy efficiency and optimisation projects with existing customers;
- substituting the natural gas-based thermal energy consumption of 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; and
- technical, energy and R&D projects aimed at the improvement of heat production efficiency.

In addition to combating climate change, PannErgy also makes a significant contribution to reducing Hungary’s and Europe’s fossil fuel dependency, which is even more exacerbated by the ongoing armed conflicts.

7.2 PannErgy for the prevention of climate change

In line with global efforts, Hungary intends to take resolute action against climate change. The key energy sector action plan for these efforts is the new National Energy Strategy (NES) published in January 2020, which replaced a similar strategy published in 2011. The NES presents the future of the Hungarian energy sector for the period until 2030 and, at the same time, it provides an outlook for the following decade. The NES takes into account the requirement of the European Union stating that the economies of EU Member States must become climate-neutral by 2050.

The NES is committed to decarbonisation, providing ample leeway for the further proliferation of green and other, emission-free energy production solutions. NES goals to be highlighted from the perspective of the geothermal energy production represented by PannErgy:

- reducing Hungary’s gas consumption and thus, its reliance on energy imports;
- giving preference to district heating systems;
- reducing the share of natural gas sources from the original 70% to below 50% in district heating systems;

- increasing the utilisation of geothermal sources and urban waste in district heating systems, as well as the implementation of the Green District Heating Programme.

As a comprehensive, quantified target, by 2030 the share of renewable energy sources in gross final energy consumption should be raised to at least 21% (from 13% in 2017) (whereby greenhouse gas emissions will decline by around 40% compared to the level recorded in 1990).

7.3 Information on the sustainability report

The Company issued its first sustainability report during the reporting period, in which the Company's sustainability and environmental strategy was presented together with its 2021 sustainability management, environmental, social and corporate governance (ESG) performance based on the Global Reporting Initiative (GRI) standards as guidelines.

The ESG report explained in detail that since PannErgy's core business is renewable geothermal energy production with minimal emissions, therefore **the Company's operation is characterised by emission saving, rather than emission.**

Consequently, pollutant emission saving type activities were carried out during the reporting period as well. The 2022 business year's ESG performance data, including PannErgy GHG (greenhouse gases) emission savings balance and rate will be presented in the Company's sustainability report to be published after the end of the reporting year.

8 Main risks faced by the Company, associated changes and uncertainties

A particularly high geological risk is a specific feature of all geothermal projects, which the Group members mitigate by the gathering and integrated processing of the widest possible range of geological and other technical/professional and scientific information.

The main risks to which the PannErgy Group is exposed are summed up below:

Exchange rate risk

Some of the Company's operations involve foreign currencies and it issues its invoices in EUR as stipulated in the relevant agreements. Part of the Company's liabilities are denominated in EUR and USD, most of them stemming from EUR-based long term investment loans taken out for the implementation of geothermal projects, and many of its foreign and domestic suppliers also issue invoices in EUR, while some in USD. Such assets and liabilities involving settlements in foreign currencies entail risks resulting from fluctuations in currency rates – particularly, the EUR to HUF rates – which the PannErgy Group uses its best efforts to mitigate, primarily by maximizing the coverage of its EUR liabilities by the above mentioned EUR-based revenues.

The Company occasionally concluded FX forward transactions in the reporting period, mitigating the risk of exchange rate losses on the settlement of its future payables to be incurred in foreign currencies. These transactions were not direct cash-flow hedge transactions; the gains and losses on such transactions during the reporting year appear in the financial incomes and financial expenditures categories in its consolidated financial statements of the semi-annual report.

Price risk

Mention should also be made here (despite the fact that it may also be regarded as a regulatory risk), of the fact that the selling price of the bulk of the geothermal heat sold by the PannErgy Group's members engaged in generating and selling geothermal heat is a regulated price, which is reviewed and modified at least once a year by the competent authority, that is, the Hungarian Energy and Public Utility Regulation Authority (HEA). This may influence the PannErgy Group's profitability through the future selling prices. The Company mitigates this risk by continuously monitoring the factors having an impact on regulatory pricing. Electricity powering the equipment required for production can also be regarded as an input material to geothermal energy generation; its price has increased considerably and even become highly volatile during the recent period. The Company's exposure to this risk may be mitigated by the actual generating cost recognised in regulatory pricing, i.e. the pre-fixed procurement quantity range and price usually contacted by the Company for one year in advance.

Interest rate risk

The interest rate risk facing the PannErgy Group results primarily from its long term investment loans. Owing to the variable interest rates applying to its loans the Company is exposed to a cash-flow interest rate risk which the Company neutralised for the most part through interest rate swap (IRS) transactions. The remaining exposure is partly offset by the stock of monetary assets with variable interest rates. Through its effectively fixed interest rate loans the Company is exposed to a fair value risk.

At the end of the second half of 2022 the Company's long term currency loans amounted to HUF 2,716 million (EUR 6,845 thousand). The stock of long term HUF loans amounted to HUF 8,141 million, while that of the short-term loans amounted to HUF 37 million. The interest rates applying to the FX loans are typically based on the 6M EURIBOR, while those on the HUF loans are typically fixed 2.40% and 2.50% rates. The average weighted interest rates on short term HUF loans, and on long term EUR-based loans, were 2.40% and 2.63%, respectively.

The PannErgy Group applies a dynamic analysis to its exchange rate risk exposure, through simulating a series of different financial models, factoring in refinancing, the renewal of existing positions and the involvement of alternative funding sources. It is these scenarios on the basis of which the Company calculates the effect of the interest rate fluctuations on the profit and loss figures. The Company uses the same fluctuations in the interest rates applying to each of the relevant currencies in its various models. Models are only developed for the liabilities involving the main interest bearing positions.

To mitigate the interest rate risk entailed by its investment loans the Company has replaced the interest bases applying to its 6M EURIBOR-based variable-rate loans with fixed interest rates for the entire remaining term of each loan via interest rate swap (IRS) transactions, taking advantage of the current favourable interest rate environment. The interest rates fixed under the above transactions will remain unchanged even if market rates should increase in the future, therefore no such risk will be borne by the Company. The results of the interest rate swap transactions during the reporting period are shown in the financial incomes or the financial expenditures, as the case may be.

Lending risk

The lending risk is a financial risk of loss from potential non-performance of any contractual obligation by any of the Company's buyers, primarily in the form of failure to settle invoices. The Company sells its output to a concentrated clientele of low diversification; risk management is performed on an individual basis. It is a responsibility for the members of the PannErgy Group to analyse and manage lending risks relating to their new customers before working out and offering terms and conditions of payment and delivery as befits their normal of business operations.

The lending risks faced by the PannErgy Group stem from liquid assets and cash equivalents, the bank deposits and security deposits placed with financial institutions as well as the exposure to buyers through the sale of energy, including receivables and transactions under which the Company assumes commitments. The Company manages its lending risks by detailed continuous buyer rating and effective receivable monitoring. In customer rating the customer's creditworthiness and credit limit are determined on the basis of its financial position, financial data, historical experience and other factors.

The Company monitors its receivables on a continuous basis; its customers always pay for their purchases by way of bank transfer. No loss from customers' non-performance can be expected during the reporting period. Buyers' debts (trade receivables) are assessed and actions are taken, as necessary, regarding each buyer individually, at the end of the year.

Liquidity risk

Liquidity risk is the risk of the company's incapacity to settle its financial liabilities upon their respective due dates. The purpose of liquidity management is to ensure that sufficient funds are available to settle liabilities when they fall due. The Company's approach to liquidity management is aimed at providing sufficient liquidity, to the extent possible, for the settlement of liabilities on their respective due dates under both regular and tight conditions without incurring unacceptable losses or putting its reputation at risk. Adequate liquidity is maintained by adjusting the terms of the funding sources to the life cycles of its projects. The PannErgy Group has a separate finance and treasury function for working out cash-flow forecasts. The rolling forecasts relating to the satisfaction of the Group's liquidity requirements are also monitored (in regard to each member company) in order to ensure the availability of adequate cash and liquid assets required for operation. The Company maintains a sufficient manoeuvring room at all times to make sure that it is capable of performing its debt servicing obligations towards the financial institutions. The cash-flow forecasts that are based on the financial settlement of trade payables, loan repayments as well as contractual and other incomes are worked out in view of the PannErgy Group's financial plans, the need to maintain the ratios stipulated in the loan agreements as well as all relevant regulatory and statutory regulations, along with the need for ensuring that the liquidity of each member company is continuously maintained on a standalone basis as well.

Regulatory risk

In discussing the general regulatory risks it needs to be noted in particular that the selling price of the bulk of the heat sold by certain project companies engaged in heat generation and sale is subject to regulatory pricing, which is regularly reviewed and even adjusted by the pricing

authority, thereby limiting the Company's maximum possible profitability. This results in a considerable degree of uncertainty concerning future sales prices, which the Company is managing by efficient and effective operative and strategic controlling over its operational activities.

Technology risk

Geothermal energy production entails unforeseeable risks, stemming from the unpredictable availability of the geothermal energy resources as well as the tolerance of the equipment used, to the unconventional operational environment. To mitigate this risk the Company prepares every one of its geothermal projects in a prudent way, the collection and detailed assessment and evaluation of all accessible data and information that may affect its implementation.

Epidemic risk

The potential human and economic impacts of the COVID-19 epidemic that broke out in previous years and has been categorised as a pandemic, and other future similar pandemics have consequences affecting different areas and participants of society and economy alike. Their impacts cannot be fully estimated, therefore they can carry major risks. Given its very nature, the operation of the Company are not expected to be severely restricted by the pandemic's adverse consequences in the future either, as confirmed by the actual data on previous years and H1 2022.

War risk

A war is raging in one of Hungary's neighbouring countries; its complex impacts on the Company and its environment are difficult to assess at this point but should be contemplated in regard to the view to be taken of the Company.



9 Data sheets associated with financial reports, other detailed information

Name of the company: PannErgy Plc.
 Address of the company: H-1117 Budapest, Budafoki út 56.
 Sector: Energy
 Period: H1 2022
 Phone/Fax: +36 1 323 23 83 / +36 1 323 23 73
 E-mail address: info@pannergy.com
 Investor relations contact: Dénes Gyimóthy

9.1 General information on financial data (PK1.)

	Yes	No						
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>						
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>						
Accounting principles	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Hungarian</td> <td style="padding: 2px;"><input type="checkbox"/></td> <td style="padding: 2px;">IFRS</td> <td style="padding: 2px;"><input checked="" type="checkbox"/></td> <td style="padding: 2px;">Other</td> <td style="padding: 2px;"><input type="checkbox"/></td> </tr> </table>		Hungarian	<input type="checkbox"/>	IFRS	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>
Hungarian	<input type="checkbox"/>	IFRS	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>			

9.2 Companies included in the scope of consolidation (PK2.)

Name	Share capital (HUF Mn)	Shareholding (%) ²	Voting right ¹ (%)	Consolidation ratio ²	Type of consolidation
PannErgy Geothermal Power Plants cPlc.	2,072.70	100.00	100.00	100.00	Full
DoverDrill Mélyfúró Ltd.	86.00	100.00	100.00	100.00	Full
Berekfürdő Energia Ltd.	3.00	100.00	100.00	100.00	Full
Arrabona Koncessziós Ltd.	6.10	100.00	100.00	100.00	Full
Miskolci Geotermia Ltd.	5.00	100.00	100.00	100.00	Full
Szentlőrinci Geotermia Ltd.	5.00	100.00	100.00	100.00	Full
DD Energy Ltd.	3.10	100.00	100.00	100.00	Full
Kuala Ltd.	3.00	100.00	100.00	100.00	Full

¹ Voting right enabling participation in decision making at the general meeting of a company included in the scope of consolidation;

² The percentage rates relating to the share of ownership are to be construed indirectly. ⁴ The ratios presented above show the respective shares of ownership and voting rights of PannErgy Plc. and in its fully owned PannErgy Geotermikus Erőművek CPlc. in the various subsidiaries. The consolidated ratios are the same as the respective shares of ownership as at 30.06.2022.

Transactions involving the consolidated subsidiaries during the reporting period:

PannErgy Plc's fully owned PannErgy Geotermikus Erőművek CPlc. sold its share in TT-Geotermia CPlc. during the reporting period. The title of ownership was transferred to the buyer on 8 June 2022; at the same time, TT-Geotermia CPlc. was removed from PannErgy Plc's scope of consolidation.

Szentlőrinci Geotermia Ltd's transformation involving the changing of its organisational form, a procedure started in the preceding year, was registered by the competent court of registration during the reporting period. The company which used to be a private company limited by shares has, since 25 January 2022, been operating as a limited liability company. This change in

organisational form results in no change in the share of ownership or the proportion of inclusion in consolidation.

9.3 *Main off-balance sheet items, liabilities (PK6)*

Contractual and investment obligations

The PannErgy Group has no material contractual investment commitments – exceeding those existing as part of the ordinary course of business – as at the end of the reporting period.

Commitments relating to asset management transactions

In concluding asset management transactions (sale and purchase of shares and other assets) the Company provides reasonable guarantees to secure the economic contents of the transactions. To the best of its knowledge the Company's management expects no obligation to perform significant tasks under the guarantees provided.

Other contingent liabilities

PannErgy Plc. and its subsidiaries have the following contingent commitments towards external parties on the cut-off date:

Restrictions of titles in assets relating to funding by financial institutions

A wide range of collaterals of various types, as is customary in such transactions, were provided at the end of the reporting period for the funding financial institutions under long term external financing agreements concluded by members of the PannErgy Group in amounts of HUF 8,141 million and EUR 6,845 thousand (HUF 2,716 million, converted at the end of the period), along with HUF 37 million under short term external financing agreements. The collaterals concerned include, among other ones, pledges on receivables, movables, other assets and collaterals on bank accounts, as well as guarantees to funding financial institutions.

Contingent commitments relating to application schemes

The members of the PannErgy Group participating in application schemes, are relieved from the obligation to provide such guarantees in relation to applications regarding all of its applications now in the project maintenance phase, pursuant to Government Decree 358/2014 (XII. 29) and other related pieces of legislation.

Other contingent commitments (joint and several guarantee)

PannErgy Geothermal Power Plants Ltd. has a joint and several guarantee in place in connection with the Miskolc Geothermal Project towards one of the heat receiving customers for commitments stemming from potential future loss events, in the amount up to HUF 100 million in the case of Miskolci Geotermia CPlc. and without a value limit for Kuala Ltd. No future cash outflow is expected in relation to this contingent commitment, therefore no specific provision needs to be formed.



10 Data sheets relating to the share structure and the owners

10.1 Ownership structure, shareholdings and voting rights as at 30 June 2022 (RS1)

Shareholders	Total share capital = Introduced series					
	01.01.2022			30.06.2022		
	% ²	% ³	number of shares	% ²	% ³	number of shares
Domestic institutions	29.19	37.49	6,146,577	29.25	37.95	6,158,566
Foreign institutions	8.05	10.34	1,695,255	8.00	10.38	1,684,985
Domestic private individuals	30.38	39.01	6,395,910	29.61	38.41	6,234,495
Foreign private individuals	0.32	0.41	66,672	0.31	0.40	64,228
Employees, senior officers	1.94	2.49	409,505	1.94	2.52	409,505
Own holding ⁴	22.13	0.00	4,658,644	22.92	0.00	4,825,417
Owners that are part of the general government system ¹	7.96	10.22	1,675,745	7.96	10.33	1,675,745
International Development Institutions ³	-	-	-	-	-	-
Other ⁵	0.03	0.04	6,347	0.01	0.01	1,714
Total	100.00	100.00	21,054,655	100.00	100.00	21,054,655

¹ Public administration body

² Shareholding

³ Voting right enabling participation in decision making at the general meeting of the Issuer

⁴ Own holding: Owned by the Company or by its fully owned subsidiary

⁵ Not matched shareholders

10.2 Changes in the number of treasury shares held by PannErgy Plc. H2 2022 (RS2.)

	01.01.2021	30.06.2021	31.12.2021	30.06.2022
	No. of shares	No. of shares	No. of shares	No. of shares
At company level	3,254,767	3,443,080	3,723,441	3,890,214
Subsidiaries ¹	935,203	935,203	935,203	935,203
Grand total²	4,189,970	4,378,283	4,658,644	4,825,417

¹ Treasury shares held by PannErgy Geothermal Power Plants Ltd., the Company's 100% subsidiary

² The difference between the Company's portfolio of treasury shares of 4,827,617 as published on 30 June 2022 and the portfolio of 4,825,417 shown in the semi-annual report stems from the purchase and delivery of own shares that took place at the end of the period.

The treasury share buyback program concluded during the reporting period

Acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree 502/2020 (XI.16.) on the repeated implementation of derogating provisions governing the operation of partnerships and joint-stock companies during the state of emergency, the Management Board authorized the Management Board by its decision of 16 April 2021 to purchase treasury shares up to an amount of HUF 600 million at a share rate corresponding to at least HUF 1 and up to HUF 950 as the maximum. 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 authorized to purchase ordinary shares of a HUF 20 nominal value up to a quantity with which the portfolio of own shares does not exceed, at any time during the term of the authorization, 25% of the total portfolio of shares issued. The treasury share buyback program covered the period starting on 17 April 2021 and ending on 14 April 2022. The shares could only be purchased in stock exchange trading.

A total of 76,573 treasury shares were purchased at an average price of HUF 909 apiece in H1 2022, between 1 January 2022 and 14 April 2021, under this treasury share buyback program.

The Company purchased a total of 535,434 treasury shares under the programme closed on 14 April 2022.

The treasury share buyback program commenced during the reporting period

PannErgy Plc's regular annual General Meeting on 29 April 2022 closing the business year 2021 authorised the Board of Directors by its No. 8/2022. (IV. 29.) Resolution to purchase treasury shares up to an amount of HUF 600 million (that is, six hundred million forints) for HUF 1 not more than HUF 1400 per share. 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 authorized to purchase ordinary shares of a HUF 20 nominal value up to a quantity with which the portfolio of own shares does not exceed, at any time during the term of the authorization, 25% of the total portfolio of shares issued. The authorization shall be valid for the period starting on 2 May 2022 and ending on 13 April 2023. The shares may be purchased solely in trading at the stock exchange. In the context of this own share repurchase programme PannErgy Plc. aims at purchasing 2,200 PannErgy Plc. ordinary shares per trading day at the Budapest Stock Exchange until withdrawal or the last day of the term of the General Meeting's authorisation. The purchase price equals to the current market price corresponding to the prevailing bid and ask prices, and must not exceed HUF 1,400 per share according to the resolution of the General Meeting.

A total of 90,200 treasury shares were purchased at an average price of HUF 1,002 per share in H1 2022, between 2 May and 30 June, under the treasury share buyback program concerned.

10.3 The owners of shareholdings over 5%, as at 30 June 2022 (RS3)

Name	Nationality ¹	Operation ²	Number of shares	Shareholding (%) ³	Voting rights (%) ^{3,4}	Note ⁵
Benji Invest Ltd./ FCI Kompozit Ltd.	B	T	3,174,010	15.08	19.56	P
MVM Energetika CPlc.	B	Á	1,675,745	7.96	10.33	P
Soltút Ltd./Kálmán Rencsár	B	T	1,151,240	5.47	7.09	P

¹ Domestic (B), Foreign (K)

² Custodian (L), General government system (Á), International Development Institute (F), Institutional (I), Business Association (T), Private (M), Employee, senior officer (D)

³ To be rounded to two decimals

⁴ Voting right enabling participation in decision making at the General Meeting of the Issuer

⁵ Pl.: strategic investor, financial investor etc.

11 Data sheets relating to the Issuer's organisation and operation

11.1 Changes in the number of employees during the reporting period (TSZ1.)

The PannErgy Group's headcount at the end of the reporting period and the basis period:

	30.06.2022 (number of persons)	31.12.2021 (number of persons)	30.06.2021 (number of persons)
PannErgy Plc.	-	-	-
Affiliated undertakings	23	23	23
Total:	23	23	23

The above figures show the average statistical headcount of PannErgy Group employees, remaining unchanged relative to the end-of-year and the half-year data of the previous year. On 30 June 2022, the Group's permanent employee headcount was 17 persons, in contrast to the 18 recorded at end-2021. The difference between the average statistical headcount and the actual number of employees at the end of the period is attributable to part-time employment across group members.

11.2 Persons in managerial positions, (strategic) employees affecting the functioning of the Issuer (TSZ2.)

Nature ¹	Name	Position	Mandated from	Mandated until/termination of mandate	Number of shares held
IT	Balázs Bokorovics	Member, Chairman	31/08/2007	indefinite term	-
IT	Dénes Gyimóthy	Member, Acting Chief Executive Officer	31/08/2007 (05.05.2015)	indefinite term	-
IT	Katalin Gyimóthy	Member	28/04/2016	indefinite term	-
IT	Lilla Martonfalvay	Member	28/04/2016	indefinite term	100,000
IT	Attila Juhász	Member	31/08/2007	indefinite term	-
IT	Kálmán Rencsár	Member	30/04/2020	indefinite term	307,000
IT	Gábor Briglovics	Member	16.04.2021	indefinite term	-
TOTAL number of shares held:					407,000

¹ Member of Management Board (IT), Employee in strategic position (SP)

12 Data sheets related to extraordinary information

12.1 Extraordinary and Other notices released during the reporting period (ST1.)

Date	Type of news	Subject, brief content
26 August 2022	Extraordinary information	Treasury share transactions
19 August 2022	Extraordinary information	Treasury share transactions
12 August 2022	Extraordinary information	Treasury share transactions
8 August 2022	Other information	Decision No. 280/2022 of the Exchange on the modification of the Product List in connection with the decrease of PannErgy Plc's share capital
7 August 2022	Extraordinary information	Treasury share transactions
31 July 2022	Extraordinary information	Number of voting rights at PannErgy Plc.
31 July 2022	Extraordinary information	Treasury share transactions
26 July 2022	Extraordinary information	Articles of Association
26 July 2022	Extraordinary information	Registration of a share capital decrease
24 July 2022	Extraordinary information	Treasury share transactions
17 July 2022	Extraordinary information	Treasury share transactions
15 July 2022	Extraordinary information	Modification of PannErgy Plc's event calendar for 2022
15 July 2022	Extraordinary information	Quarterly production report
10 July 2022	Extraordinary information	Treasury share transactions
3 July 2022	Extraordinary information	Treasury share transactions
30 June 2022	Extraordinary information	Voting rights, share capital
28 June 2022	Extraordinary information	Articles of Association
27 June 2022	Extraordinary information	Amount of dividend per share
26 June 2022	Extraordinary information	Treasury share transactions
24 June 2022	Extraordinary information	Modification of announcement on the order of payment of dividends for FY2021
24 June 2022	Extraordinary information	Registration of new auditor with the court of registration completed
19 June 2022	Extraordinary information	Treasury share transactions
16 June 2022	Extraordinary information	Distribution of dividends
12 June 2022	Extraordinary information	Treasury share transactions
8 June 2022	Extraordinary information	TT-Geotermia CPlc. sold
6 June 2022	Extraordinary information	Treasury share transactions
31 May 2022	Extraordinary information	Number of voting rights at PannErgy Plc.
29 May 2022	Extraordinary information	Treasury share transactions
22 May 2022	Extraordinary information	Treasury share transactions
15 May 2022	Extraordinary information	Treasury share transactions
9 May 2022	Extraordinary information	Treasury share transactions
1 May 2022	Extraordinary information	Voting rights, share capital
1 May 2022	Extraordinary information	Detailed description of the share repurchasing programme
30 April 2022	Other information	ESG Report
29 April 2022	Extraordinary information	Annual Report
29 April 2022	Extraordinary information	Remuneration report
29 April 2022	Extraordinary information	Responsible Corporate Governance Report
29 April 2022	Extraordinary information	General Meeting Resolutions

14 April 2022	Extraordinary information	Quarterly production report
13 April 2022	Extraordinary information	Information on General Meeting
5 April 2022	Extraordinary information	PannErgy sells its utility distribution system in Debrecen
31 March 2022	Extraordinary information	Voting rights, share capital
30 March 2022	Extraordinary information	Greater priority to the Győr Geothermal System – Modification of the 2022 EBITDA plan
28 March 2022	Extraordinary information	Treasury share transactions
23 March 2022	Extraordinary information	Proposals to the General Meeting
22 March 2022	Extraordinary information	Proposals to the General Meeting
21 March 2022	Extraordinary information	Supplementation of the agenda of PannErgy's annual regular general meeting
20 March 2022	Extraordinary information	Treasury share transactions
11 March 2022	Extraordinary information	Treasury share transactions
11 March 2022	Extraordinary information	Invitation to the General Meeting
6 March 2022	Extraordinary information	Treasury share transactions
3 March 2022	Extraordinary information	Changes to the implementation of the share-buyback program
28 February 2022	Extraordinary information	Voting rights, share capital
25 February 2022	Extraordinary information	Treasury share transactions
23 February 2022	Other information	PannErgy wins prestigious ESG award
17 February 2022	Extraordinary information	Amendment to the 2022 EBITDA plan
31 January 2022	Extraordinary information	Voting rights, share capital
14 January 2022	Extraordinary information	Quarterly production report

13 Date of authorisation of disclosure

The Company' Management Board authorised the disclosure of the Company's semi-annual report on 31 August 2022.

Budapest, 31 August 2022

Dénes Gyimóthy

Representing the Management Board

14 Declaration on the legal conformity of the semi-annual report

DECLARATION

I, Dénes Gyimóthy, acting CEO, representative of the Board of Directors, issue the following declaration in relation to the 2022 IFRS consolidated report of the PannErgy Group, pursuant to the statutory requirement laid down in sections 3.3.2 and 3.4 of Appendix 2 on Semi-annual reports to Decree 24/2008 of the Minister of Finance:

The H1 2022 consolidated financial statements (consolidated semi-annual statement) of PannErgy Plc., prepared on the basis of the applicable accounting regulations to the best of our knowledge, in accordance with the IFRS rules, provides a true and reliable picture;

- of the assets, liabilities, financial position, profit and loss of PannErgy Plc. as a public securities issuer, and the consolidated entities,
- of the position, development and performance of PannErgy Plc. as a public securities issuer, and the consolidated entities,
- describing the major events and transactions that took place during the reporting period and their impacts on PannErgy Plc. and the consolidated entities,
- also indicating the main risks and uncertainties of relevance to the remaining six months of the current financial year.

PannErgy Plc., as issuer, is regulated by Article 4 of Regulation 1606/2002/EC of 19 July 2002 on the application of the International Accounting Standards, as a public shareholding company whose securities are authorised to be traded on the regulated market of a member state, therefore, it has compiled its consolidated semi-annual report in accordance with the international accounting standards published in the Official Journal of the European Union in the form of a regulation.

The consolidated report on H1 2022 has not been not audited by an independent auditor.

Budapest, 31 August 2022

Dénes Gyimóthy
Representing the Board of Directors

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