

EXTRAORDINARY INFORMATION

Budapest, 18 November 2022

Grants awarded for planned investment projects by PannErgy

PannErgy Nyrt. (hereinafter: Company or PannErgy) hereby informs capital market participants that the Ministry for Technology and Industry, as the Grant Awarder, has awarded a grant of HUF 994,364,400 to the application with ID number GEOTERM-2021.2-2021-00002 submitted by KUALA Kft. for the call for applications entitled “Grants for the activities of geothermal-based heat generation projects” as announced within the framework of the Climate and Nature Protection Action Plan. The grant is related to the boring of the third geothermal production well of the Miskolc Geothermal Project. The investment project will increase the utilisable capacity of the system by up to 15%-20%, and the continuity of operation will be significantly improved by increasing the number of production wells, which will also provide reserve capacity not typically available in geothermal power plants. After the Győr geothermal system, this could be PannErgy’s second system with reserve capacity, which would provide a restart of heat production through a switch of just a few hours in the event of a failure, instead of the 7-12 days required to replace the well pump, which was previously the case. The project is due to be completed before the start of the 2023/2024 district heating season.

Additionally, the Ministry for Technology and Industry, as the Grant Awarder, has also awarded a grant of HUF 1,623,052,750 to the application with ID number GEOTERM-2021.3-2022-00001 submitted by PannErgy Geotermikus Erőművek Zrt. (hereinafter: PEGE Zrt.) for the call for applications entitled “Grants for the activities of geothermal-based heat generation projects” as announced within the framework of the Climate and Nature Protection Action Plan. The grant relates to the boring of a geothermal production well near Budapest which, if successfully implemented, could form part of a complex geothermal heat supply system that could participate in the supply of water for heating and household use to potential heat-receiving partners in respect of Budapest (district heating providers, industrial facilities, etc.). The boring of the well is the first step in the establishment of a potential geothermal system, and a thorough analysis of the data will allow the design of the other elements of the investment project. Drilling could start in 2024, if the seismic measurements taken prior to drilling confirm the conclusions of several months of preparatory work.

PannErgy would like to emphatically draw the attention of capital market participants to the fact that the applicable grant agreements have not yet been concluded for the above-mentioned grants and the conditions for the drawdown of the grants have not yet been fulfilled, and that the bank financing of the project belonging to PEGE Zrt. is currently not secured. As a result, there is uncertainty about the ability to obtain the grants and the success of the projects.

In order to reduce these uncertainties, in line with capital market disclosure requirements, PannErgy will continue to make further public disclosures in the event of material new developments in relation to the above applications and projects.

PannErgy Nyrt.

