

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

- 1-4. Report of the Board of Directors on the Company's operations in the business year of 2020
5. Corporate Governance Report
6. Resolution on the evaluation of the work carried out by the members of the Board of Directors in the business year 2020 and on granting the discharge they are entitled to
7. Consultative vote on the Remuneration Report of the business year of 2020
8. Resolution on the remuneration of the members of the Management Board
9. Authorisation of the Board of Directors to purchase treasury shares
10. Election of the Company's auditor, the establishment of its remuneration
11. Election of a member of the Board of Directors
12. Election of a member of the Audit Committee
13. Reduction of the Company's share capital by partial cancellation of own shares owned by the Company
14. Amendment of the Articles of Association of the Company in relation to agenda items no. 10-13

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**Proposal for the annual General Meeting regarding Agenda Item 1
“Report of the Management Board on the activities of the Company
in the business year of 2020
— adoption of the report on the management, the Company’s financial position and
business policies” as well as Items 2, 3 and 4**

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

In the business year 2020, the PannErgy Group continued the implementation of its previously announced strategy on utilising geothermal energy resources. As a result, the subsidiaries operated the geothermal systems and utilised the available geothermal resources at the expected high technical level at all production sites, in particular in Miskolc, Győr and Szentlőrinc. The 1,602 TJ of green heat sold in 2020 exceeded the average green heat sales figures of the preceding years, yet it fell short of the base period’s 1,716 TJ when the weather conditions were a lot more favourable from this aspect. The Company fell short of the 2020 target amount of 1,647 TJ by as little as 2.7%. The Company’s consolidated sales revenue increased by 4.9% year-on-year, despite a minor decrease in the sales revenue of the geothermal division. The Company’s consolidated EBITDA amounted to HUF 2,735 million, 2.6% up year-on-year and 5.2% over the HUF 2,600 million high end of the planned EBITDA range for the financial year 2020. The outstanding EBITDA performance was achieved partly through good management and partly through the positive effects of the capacity enhancing and efficiency improving development projects described in the Q4 production report, appearing already in the reporting year.

Despite financial losses due to a significant change in the EUR/HUF exchange rate, the Company closed the 2020 financial year with a net income of HUF 237 million.

In terms of the weather, the year 2020 was similar to the average of the previous years. The 2–8 °C ambient temperature range is ideal for geothermal heat sales during the heating season; in particular, the smaller the difference between the daily minimum and maximum temperature, the better. These conditions were present in 2020 to the appropriate extent, although the 2019/2020 district heating season was shorter than the year before, generating a more moderate heat demand from geothermal systems in April and May.

During the period under review, significant capacity-increasing and efficiency-improving projects, as referred to above, were carried out at the Győr and Miskolc project sites. Among others, the projects affected heat exchanges and the related mechanical equipment, the enthalpy level of the system, electricity consumption and the improvement of safe and stable operation.

In 2021, the Company plans to continue implementing additional investment projects to increase capacities, improve efficiency and the safety of operation, with the ultimate aim of expanding and making more economically efficient the utilization of energy in the geothermal resources explored and to enable that maintenance and emergency management and repair interventions are carried out as efficiently and safely as possible. As part of the above plans, the Company intends to:

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- Drill a new producing well in Miskolc, which would increase the lower, 86 °C well-head temperature of one of the producing wells to 102-103 °C (higher-enthalpy heat source reallocation) – resulting in an added annual heat sale potential of about 70 TJ. If the proposal is supported by the management, the project will be completed in 2022,
- Increase the flow capacity of the secondary pipe system in Győr, by the extension of the pump park – resulting in an added annual heat sale potential of about 5 TJ (2021),
- increase some important back-up technical and electrical equipment (2021),
- increase heat transfer capacities at heat centres through expansion and conversion - resulting in an added annual heat sale potential of about 21-28 TJ (2021),
- achieve direct system access to certain direct local consumers - resulting in an added annual heat sale potential of about 7-10 TJ (2021),
- carry out technological improvements in order to enable the more efficient, more economical and safer installation, construction and movement of underground tools and equipment (2021).

The additional quantities of heat and additional income generated by the above projects will be gradually added to the Company's operation, probably from the 2021/2022 heating season. On the whole, the annualised EBITDA-generating capacity may increase by HUF 340 to 380 million, which would enable a consolidated annual EBITDA of approximately HUF 3,000 to HUF 3,100 million in 2022, and a consolidated annual EBITDA of approximately HUF 3,150 to HUF 3,250 million in 2023. In the event the plans for drilling a new well in Miskolc are scrapped, the EBITDA projected for 2023 would be identical with that of 2022.

The Company hopes to enhance the services provided for its existing customers and to provide new customers with geothermal energy. The Company is continuously seeking for and assessing such opportunities.

The annual quantity of heat planned to be sold in 2021 is 1,733 TJ. The proposed EBITDA range in 2021 is between HUF 2,800 and HUF 2,880 million, which represents an increase of approximately 11% compared to the average of the base range due to the ongoing investments and improvements.

The quarterly breakdown of heat sales related to the EBITDA plans has been presented in the Business and Management Report of the "PannErgy Nyrt. and its subsidiaries — Consolidated Financial Statements and Annual Report for 2020 in conformity with the IFRS" and in the quarterly production reports.

In 2020, the closing share price of PannErgy Nyrt. increased by 3%, from HUF 738 to HUF 760.

By its resolution No. 3/2020 (VIII.7.), pursuant to Sections 113 (4)-(6) of Act LVIII of 2020 on Transitional Rules and Epidemiological Preparedness related to the Cessation of the State of Emergency, the General Meeting held on 7 August approved Resolution No. 2020.04.30./5. adopted by the Management Board in its scope of competence as general meeting concerning the purchase of treasury shares based on the authorisation of the Management Board. The resolution so approved authorised the Management Board to purchase treasury shares in an amount up to HUF 1,000,000,000 (one billion Hungarian forints) at a share price between HUF 1 and HUF 750, during

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the period until 29 April 2021. On the stock exchange trading day 10 August 2020, the Company started purchasing up to 7,000 PannErgy Nyrt. ordinary shares a day at the Budapest Stock Exchange.

Continuing to observe the transparency requirements on the capital market, the Company published quarterly production reports and a half-year report in 2020 on its geothermal projects and overall operation. The reports have sought to disclose public information beyond the legislative requirements.

For 2020, the Company prepared and published separate and consolidated statements, both in accordance with the EU IFRS, containing a business and management report on the results of the work by the Management Board as well as the operation of PannErgy Nyrt. and the PannErgy Group, and also published several public announcements, knowledge of which is also essential for assessing the performance of the Group and the work of the Management Board.

The consolidated net profit for the reporting year in accordance with the EU IFRS is HUF 236,720,000, while the balance sheet total of the Company amounts to HUF 26,733,015,000. The separate net profit for the reporting year in accordance with the EU IFRS is HUF 3,315,000, whereas the balance sheet total amounts to HUF 11,458,381,000.

The Company publishes extraordinary and other announcements on shareholder information in accordance with the prevailing legislation, available, inter alia, at the website of the Company and the Budapest Stock Exchange.

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

In view of anticipated investment possibilities and needs for 2021, the necessity of holding free cash and cash equivalent assets required for safe and prudent operation, and thus of maintaining a high level of financial and operational stability while allowing for flexibility, the Management Board recommends a dividend payment of HUF 15 per ordinary shares to shareholders entitled to dividend payment under Sections 56.3 and 58 of the Company's Articles of Association, from the reporting year's profit after taxes and the positive retained earnings from previous periods' profitable operations.

PROPOSED RESOLUTIONS:

- In accordance with Sections 9(2) and 9(5) of Government Decree No 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 proposes the following decisions to be adopted in the capacity of the General Meeting in respect of Agenda Items no. 1 to 4:

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“The Management Board—acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree No 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 and in consideration of the report of the Management Board together with the opinion of the Audit Committee and the auditor—adopts the 2020 Report by the Company’s Management Board.

The Management Board—acting in the capacity of the General Meeting and considering the report of the Board of Directors, the Audit Committee and the auditor—adopts the Company’s individual (parent company), non-consolidated balance sheet, profit and loss account for 2020 as prepared in conformance to the EU IFRS, in line with the associated proposal and the auditor’s report, with an identical total value of HUF 11,458,381k for assets and liabilities, and a profit after taxes in an amount of HUF 3,315k.

The Management Board—acting under the authority of the General Meeting and considering the report of the Board of Directors, the opinion of the Audit Committee and the auditor—acknowledges and adopts the Company’s consolidated report relating to PannErgy Plc.’s business operations in 2020, as prepared in conformance to the EU IFRS, with an identical total value of HUF 26,733,015k for assets and liabilities (balance sheet total), and retained earnings (profit) in an amount of HUF 236,720k.

Acting under the authority of the General Meeting, the Management Board adopts the Management Board’s proposal for the payment of a dividend of HUF 15 per ordinary shares to shareholders entitled to dividend payment under Sections 56.3 and 58 of the Company’s Articles of Association, from the reporting year’s profit after taxes and the positive retained earnings from previous periods’ profitable operations. The total amount of profit after tax for the year under review will be utilised for the payment of dividends.

The first dividend amount will be paid on 14 July 2021. For the purposes of dividend payment, the accounting date for shareholder verification is 30 June 2021.”

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- In their submission received on 13 March 2021, on the basis of Section 3:259(2) of Act V of 2013 on the Civil Code (‘Civil Code’), shareholders collectively owning a minimum shareholding of one percent in the Company have proposed an amendment, which only concerns the utilisation of the after-tax profit of 2020, as follows:

„A dividend of HUF35 is proposed to be paid out to shareholders from the reserves for dividends.”

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**PROPOSAL AND PROPOSED RESOLUTION ON AGENDA ITEM 5 OF THE ANNUAL GENERAL MEETING
“DECISION ON ADOPTING THE CORPORATE SOCIAL RESPONSIBILITY REPORT TO BE SUBMITTED TO BUDAPEST
STOCK EXCHANGE”**

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

PROPOSED RESOLUTION:

The Management Board—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—adopts the Corporate Social Responsibility Report to be submitted to Budapest Stock Exchange.

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PannErgy
Public Limited Company

Responsible Corporate Governance Report
in accordance with the Responsible Corporate Governance Recommendations
of the Budapest Stock Exchange
for the Annual General Meeting of the Company closing the 2020 financial
year

Management Board of PannErgy Plc.

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

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

As far as responsible governance is concerned, PannErgy Plc. provides the following information.

Management Board

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

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

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

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

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

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

The Management Board shall comprise the following members:

- Balázs Bokorovics, Chair – independent
- Dénes Gyimóthy, member – non-independent
- Katalin Gyimóthy, member – non-independent
- Attila Juhász member – independent
- Lilla Marianna Martonfalvay – independent
- Kálmán Rencsár – independent

The Management Board member serving as the managing director:

Dénes Gyimóthy, Acting Chief Executive Officer

In 2020, the Management Board met on 7 occasions, with an average participation rate of 69.4%, and adopted written various resolutions without a meeting.

Audit Committee

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

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

The Audit Committee lays down the rules governing its operation and decision-making. In the 2020 financial year, the members of the Audit Committee were as follows:

Attila Juhász, Chair

Balázs Bokorovics

Csaba Major

In 2020, the Audit Committee met on 5 occasion, at a participation rate of 100%.

Other committees

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

Auditor

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

The Company's auditor: Venilia Vellum Könyvvizsgáló és Adótanácsadó Kft.

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

The auditor is responsible for auditing the Company's books, submitting a report to the General Meeting on the audit of the reports of the Company under the Accounting Act and

the proposal by the Management Board on the distribution of profit and the calculation of dividends, and exercising other rights and carrying out other duties under the law.

During the 2020 financial year, the auditor carried out no activities for the Company other than auditing and the related statutory obligations.

The Company's disclosure policy

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

The Company's insider trading policy

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

Exercising shareholder rights, presence at the General Meeting

The Company's capital stock consists of 21,054,655 dematerialised registered ordinary shares of the nominal value of HUF20 (twenty) each, representing equal membership rights and constituting a single series of shares. At the General Meeting of the Company, each shareholder shall have one vote per ordinary share.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Internal control systems

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

Remuneration policy

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

Statement on remuneration

The Company informs investors of the persons performing a function in its Management Board ('MB') in 2020 and the remuneration received by such persons in 2020 on the basis of such functions.

Name	Position	Duration of performing a function in 2020	Total remuneration received in 2020 (Gross amount)	Grounds for the remuneration
MANAGEMENT BOARD				
Balázs Bokorovics	Chair of the MB	01.01.2020 – 31.12.2020	HUF 2,340,000	Remuneration of the office
Dénes Gyimóthy	Member of the MB, Acting Chief Executive Officer	01.01.2020 – 31.12.2020	HUF 1,860,000	Remuneration of the office
Katalin Gyimóthy	Member of the MB	01.01.2020 – 31.12.2020	HUF 1,860,000	Remuneration of the office
Attila Juhász	Member of the MB	01.01.2020 – 31.12.2020	HUF 1,860,000	Remuneration of the office
Csaba Major	Member of the MB	01.01.2020 – 19.08.2020	HUF 1,180,000	Remuneration of the office
Lilla Marianna Martonfalvai	Member of the MB	01.01.2020 – 31.12.2020	HUF 1,860,000	Remuneration of the office
Kálmán Rencsár	Member of the MB	30.04.2020 – 31.12.2020	HUF 1,240,000	Remuneration of the office
István Töröcskei	Member of the MB	01.01.2020 – 22.04.2020	HUF 620,000	Remuneration of the office
Total:			HUF 12,820,000	

Corporate Governance Report on compliance with the Corporate Governance Recommendations

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

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

The Recommendations contain both recommendations that are binding for all issuers and non-binding proposals. Issuers may derogate both from binding recommendations and non-binding proposals. In the event of derogation from the recommendations, issuers are required to publish and justify the derogation in their corporate governance reports ('comply or explain'). This enables issuers to take industry and company-specific requirements into account. Accordingly, even issuers derogating from the recommendations can comply with corporate governance requirements under specific circumstances. Concerning the proposals, issuers should indicate whether they apply a given guideline or not, and they can also explain any derogation from the proposals.

The basic principle and purpose of the corporate governance report is to have companies give a report of their previous business year and to reveal the measure of their compliance with the Recommendations. The Recommendations may, however, include recommendations and proposals relating to events which did not occur at the issuer in the given period. In accordance with the current practice, these 'event type' questions can be answered with 'YES' also when the relevant event did not occur in the business year (for instance, no dividend was paid, or no shareholders' comments were received for the proposals to be submitted prior to the General Meeting) if the Company would have responded to the occurrences of such events as set forth in the Recommendations, in line with the provisions of its Articles of Association or its practices. In a situation like that, the solution that comes closest to the principle of transparent operation is for the issuer to select YES and also to add an explanation that though the event in question did not occur in the previous business year, there are appropriate mechanisms in place to handle it.

Level of compliance with the Recommendations

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

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation: No supervisory board is operated

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

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

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

Yes

No

Explanation: No supervisory board is operated at the Issuer

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

Yes

No

Explanation: There were no nominations by shareholders

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

Yes

No

Explanation:

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

Yes

No

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

Section 1.5 (and related questions) repealed¹

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

Yes

No

Explanation:

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

Yes

No

Explanation:

¹ Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section **Hiba! A hivatkozási forrás nem található.** of the Recommendations document?

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation: The process of public disclosure is supervised and controlled by the acting Chief Executive Officer

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

Yes

No

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

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

Yes

No

Explanation:

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

Yes

No

Explanation: The strategy has been published

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

Yes

No

Explanation:

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

Yes

No

Explanation:

Item 1.6.7 and related questions (1-2) repealed²

1.6.7.1. Did the Company publish its remuneration guidelines in line with the recommendations set out in Section **Hiba! A hivatkozási forrás nem található.?**

Yes

No

Explanation:

1.6.7.2. Did the Company publish its remuneration statement in line with the recommendations set out in Section **Hiba! A hivatkozási forrás nem található.?**

² Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

Yes

No

Explanation:

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

Yes

No

Explanation: As part of the Annual Report

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

Yes

No

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

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company³ in the annual report or in some other way?

Yes

No

Explanation:

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

Yes

No

Explanation: It has not occurred

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

Yes

No

Explanation:

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

Yes

No

Explanation:

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members⁴?

Yes

No

Explanation:

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

Yes

No

Explanation: No supervisory board is operated at the Issuer

³ Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

⁴ Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

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

Yes

No

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

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

Explanation:

2.5.2. Does the composition and size of the boards comply with the principles set out in Section **Hiba! A hivatkozási forrás nem található.** of the Recommendations?

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

Explanation: Only the activities of the acting Chief Executive Officer is evaluated directly, primarily in the light of the Company's annual, audited economic indicators

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

Yes

No

Explanation: The Company follows the relevant statutory criteria

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

Yes

No

Explanation: No supervisory board is operated at the Issuer

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

Yes

No

Explanation: It has not occurred

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

Explanation:

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

Yes

No

Explanation: As part of the auditor's report

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

Yes

No

Explanation: They are part of the different relevant departments

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

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

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

Yes

No

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

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

Yes

No

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

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

Yes

No

Explanation:

Level of compliance with the Proposals

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

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:) It has not been initiated

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

1.4.1. In line with Section **Hiba! A hivatkozási forrás nem található.**, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

No

(Explanation:) For the reffenced period the General Meeting has not supported any dividend payment

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section **Hiba! A hivatkozási forrás nem található.?**

Yes

No

(Explanation:)

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

Yes

No

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

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

Yes

No

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

* * *

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**PROPOSAL AND PROPOSED RESOLUTION
ON AGENDA ITEM 6 OF THE GENERAL MEETING
“RESOLUTION ON THE EVALUATION OF THE WORK CARRIED OUT BY THE MEMBERS OF THE MANAGEMENT BOARD
IN THE BUSINESS YEAR 2020 AND ON GRANTING THE DISCHARGE AVAILABLE TO THEM”**

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

PROPOSED RESOLUTION:

Acting in the capacity of the General Meeting under Section 9(2) of Act 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 has resolved to grant the discharge defined in Section 3:117(1) of Act V of 2013 on the Civil Code and detailed in Sections 19(z) and 20(g) of the Company's Articles of Association to the members of the Management Board for the period starting on 1 May 2020 and ending on 16 April 2021. By granting such discharge, the General Meeting confirms that the members of the Management Board have properly executed their management activities in the previous business year. The Company may have any claim against the members of the Management Board based on the violation of their managerial obligations in case the facts or data serving as the basis of the provision of this discharge are untrue or incomplete.

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KELER CAPS number: 10162



**PROPOSAL AND PROPOSED RESOLUTION ON AGENDA ITEM 7 OF THE ANNUAL GENERAL MEETING
“CONSULTATIVE VOTE ON THE REMUNERATION REPORT FOR THE FINANCIAL YEAR 2020”**

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

PROPOSED RESOLUTION:

Pursuant to Section 3:268(2) of the Civil Code, acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree 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 supports the Remuneration Report for the financial year 2020, drawn up by the Management Board in accordance with Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation, which is submitted to the General Meeting for a consultative vote.

The Management Board, acting in the capacity of the General Meeting, will arrange for the publication of the Remuneration Report on the Company’s website for a minimum period of ten years.

*** * ***

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KELER CAPS number: 10162



**Remuneration Report
of PannErgy Public Limited Company
for the financial year 2020**

The Remuneration Policy of PannErgy Public Company Limited by Shares (registered office: 1117 Budapest, Budafoki út 56.; company registration number: 01-10-041618; hereinafter referred to as 'PannErgy Plc.' or 'the Company'), serving as the basis for this Remuneration Report ('Report'), entered into force on 30 April 2020, following its consultative discussion by the General Meeting.

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

In the financial year 2020, the following members of PannErgy Plc's Management Board acted as the Company's managers:

Name	Position	Date of entry into office	End/termination of office
Balázs Bokorovics	Member, Chairman	31.08.2007	indefinite term
Dénes Gyimóthy	Member, Vice-Chairman Acting Chief Executive Officer	31.08.2007 (05.05.2015)	indefinite term
Katalin Gyimóthy	Member	28/04/2016	indefinite term
Lilla Martonfalvai	Member	28/04/2016	indefinite term
Csaba Major	Member	30/04/2013	19/08/2020
Attila Juhász	Member	31.08.2007	indefinite term
Kálmán Rencsár	Member	30/04/2020	indefinite term
István Töröcskei	Member	31.08.2007	22/04/2020

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

According to the guidelines set out in the Remuneration Policy, the Company's strategic objectives are achieved mainly through the operational management, the Company's professional staff and permanent partners. Accordingly, the Company has developed a contractual relationship with its



employees and strategic partners that uses fixed and performance-based incentives, thereby facilitating the Company's business strategy, long-term interests and sustainability.

In the financial year 2020, the Company's Managers received the following remuneration:

Name	Remuneration amount (thousand HUF)	Fixed part (%)	Variable part (%)
Balázs Bokorovics	2,340	100.00 %	0.00 %
Dénes Gyimóthy	1,860	100.00 %	0.00 %
Katalin Gyimóthy	1,860	100.00 %	0.00 %
Lilla Martonfalvai	1,860	100.00 %	0.00 %
Csaba Major	1,180	100.00 %	0.00 %
Attila Juhász	1,860	100.00 %	0.00 %
Kálmán Rencsár	1,240	100.00 %	0.00 %
István Töröcskei	620	100.00 %	0.00 %

The actual remuneration fully complies with the requirements set out in the Remuneration Policy. While no performance criteria have been laid down in connection with the remuneration on the basis of the principles described above, it should be noted that the Company has achieved its EBITDA target for the financial year 2020, such value constituting the primary financial performance indicator for the Company.

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

Financial year	EBITDA consolidated according to the IFRS (thousand HUF)	Change in EBITDA consolidated according to the IFRS from the previous financial year (thousand HUF)	Change in the average annual per capita income of managers from the previous financial year (%)	Change in the average annual per capita income of employees other than managers from the previous financial year (%)
2015	1,614			
2016	1,715	6.28 %	-19.49 %	2.19 %
2017	2,241	30.65 %	-8.54 %	1.95 %
2018	2,231	-0.45 %	0.20 %	-0.35 %
2019	2,666	19.48 %	0.00 %	-5.75 %
2020	2,735	2.60 %	0.49 %	28.29 %



Financial year	Remuneration of managers			Remuneration of employees other than managers		
	Average headcount (number of persons)	Total annual income (thousand HUF)	Average annual per capita income (thousand HUF)	Average headcount (number of persons)	Total annual income (thousand HUF)	Average annual per capita income (thousand HUF)
2015 *	6.55	17,1115	2,614	37.84	162,664	4,299
2016	7.36	15,478	2,104	23.72	104,200	4,393
2017	7.52	14,480	1,925	15.25	68,300	4,479
2018 *	7.00	13,500	1,929	13.61	60,742	4,463
2019	7.00	13,500	1,929	15.41	64,821	4,206
2020	6.61	12,820	1,938	15.85	85,535	5,396

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

In the past 5 financial years, the Company's annual EBITDA has increased by 69.5%, the average per capita annual income of managers has decreased by 25.9%, whereas the average per capita annual income of employees other than managers has increased by 25.5%.

For the financial year 2020, no shares or share options have been offered to the Company's managers.

For the financial year 2020, no variable remuneration has been determined for managers and, therefore, there is no possibility of reclaiming such remuneration.

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

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

Budapest, 24 March 2021

Management Board of PannErgy Plc.

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**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 8 OF THE ANNUAL GENERAL MEETING
“RESOLUTION ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD”**

In connection with agenda item 8, the Management Board proposes that the General Meeting should, from 17 April 2021, fix the remuneration of the Chair of the Management Board in the gross amount of HUF 195,000/month, the same as in the previous year, and the remuneration of members in the gross amount of HUF 155,000/month, again the same as in the previous year.

PROPOSED RESOLUTION:

The Management Board—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 danger—establishes that the remuneration of the Chairperson and other members of the Management Board shall be HUF 195,000/month and HUF 155,000/month, respectively, as of 17 April 2021.

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KELER CAPS number: 10162



**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 9 OF THE ANNUAL GENERAL MEETING
“AUTHORISATION OF THE MANAGEMENT BOARD TO ACQUIRE TREASURY SHARES (PURSUANT TO SECTION 3:223
OF THE CIVIL CODE)”**

The Management Board proposes that the General Meeting grant authorization to the Management Board to purchase own shares up to an amount of HUF 500,000,000 (Five Hundred Million Hungarian Forints) at a share rate corresponding to at least HUF 1 and up to HUF 900 as the maximum.

The authorization shall be valid for a period commencing on the day following the approval of the General Meeting, until 14 April 2022. The shares may be purchased solely in trading at the stock exchange.

The purchasing of treasury shares is supported, among others, by the stock exchange pricing of the Company's shares below the target price of OTP Bank Plc's analysts (HUF 1,204 per share as at 18 January 2021). The Management Board intends to implement the intensity and schedule of share purchases taking into account prudential considerations and the prevailing management opportunities, as the Group should operate safely with adequate investment and financial reserves. Reserves should grant coverage any scheduled and unexpected or emergency investment, operation and financial expenses.

PROPOSED RESOLUTIONS:

- The Management Board proposes the following resolution related to the published Agenda Item no. 9:

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 authorizes the Management Board to purchase own shares up to an amount of HUF 500,000,000 (Five Hundred Million Hungarian Forints) at a share rate corresponding to at least HUF 1 and up to HUF 900 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 authorization shall be valid in the period starting on 17 April 2021 and ending on 14 April 2022. The shares may be purchased solely in trading at the stock exchange.

KELER CAPS number: 10162



- In their submission received on 13 March 2021, on the basis of Section 3:259(2) of Act V of 2013 on the Civil Code ('Civil Code'), shareholders collectively owning a minimum shareholding of one percent in the Company have put forward the following proposal for a resolution regarding item 9 of the previously announced agenda:

"It is proposed to the shareholders that, in connection with the purchasing of treasury shares, the upper limit of the per share price be increased to HUF 900."

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KELER CAPS number: 10162



**PROPOSAL AND A PROPOSED RESOLUTION
TO AGENDA ITEM 10**

OF THE ANNUAL GENERAL MEETING

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

Regarding the 10th item on the agenda of the General Meeting, in agreement with the opinion of the Audit Committee, the Management Board recommends that the General Meeting should re-elect the current audit company Venilia Vellum Könyvvizsgáló és Adótanácsadó Kft. as the Company's auditor for the financial year 2021 (until 30 April 2022). The Management Board recommends that Rózsa Bukri be elected as the person responsible for carrying out the audit activities.

PROPOSED RESOLUTION:

The Management Board—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 — appoints as the permanent auditor of the Company for the business year of 2021 (i.e. for the period from 30 April 2021 to 30 April 2022):

Company data:

Venilia Vellum Könyvvizsgáló és Adótanácsadó Korlátolt Felelősségű Társaság
Registered number: 01-09-566797
VAT reg. number: 12229888-2-41
Chamber of Auditors registration number: 000340
Registered office: H–1026 Budapest, Szilágyi Erzsébet fasor 79. fszt. 3.

Data of natural person:

Rózsa Bukri - member of the Hungarian Association of Auditors
Chamber membership number: 001130 - Auditor's certificate number: 002395
Home address: H–1026 Budapest, Szilágyi Erzsébet fasor 79. fszt. 3.
Mother's name: Gizella Rozália Kamrás
Date and place of birth: Budapest, 06.07.1973
Tax ID: 8389020572

The Management Board has established that the maximum annual amount of the permanent auditor's remuneration shall be HUF 6,500,000 + VAT in relation to the auditing of the individual and consolidated annual reports, equally prepared in conformance to the EU IFRS. The other essential conditions of contracting with the permanent auditor shall be identical to the terms and conditions agreed earlier. The Management Board invites the Audit Committee to prepare the contract of the permanent auditor, and the Management Board to sign it.

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KELER CAPS number: 10162



**PROPOSAL AND PROPOSED RESOLUTION ON AGENDA ITEM 11
OF THE ANNUAL GENERAL MEETING
“APPOINTMENT OF A MANAGEMENT BOARD MEMBER”**

The Management Board—with respect to Agenda Item no. 11 and in accordance with the opinion of the Audit Committee—proposes that the General Meeting appoint Gábor Briglovics, place and date of birth: Baja, 01.10.1969; address: 2483 Gárdony, Barabás Miklós utca 10.; mother’s name: Gertrúd Juhász) as a member of the Management Board as of 16. April 2021, for an indefinite term.

PROPOSED RESOLUTION:

The Management Board—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—appoints Gábor Briglovics, (place and date of birth: Baja, 01.10.1969; address: 2483 Gárdony, Barabás Miklós utca 10; mother’s name: Gertrúd Juhász) as a member of the Management Board as of 16. April 2021, for an indefinite term.

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KELER CAPS number: 10162



**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 12 OF THE ANNUAL GENERAL MEETING “ELECTION OF A MEMBER OF THE AUDIT
COMMITTEE”**

Under Section 3:291(2) of the Civil Code, the Audit Committee is elected by the General Meeting, from the independent members of the Supervisory Board or of the Management Board.

In connection with item 12 on the agenda of the General Meeting, the Management Board proposes that the General Meeting should elect Gábor Briglovics, (address: 2483 Gárdony, Barabás M. u. 10.; mother's name: Gertrúd Juhász) as a member of the Audit Committee as of 16. April 2021, for an indefinite term.

PROPOSED RESOLUTION:

The Management Board—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—appoints Gábor Briglovics, (address: 2483 Gárdony, Barabás M. u. 10; mother's name: Gertrúd Juhász) as a member of the Audit Committee as of 16. April 2021, for an indefinite term.

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**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 13
OF THE ANNUAL GENERAL MEETING “REDUCING THE COMPANY’S SHARE CAPITAL BY CANCELLING
SOME OF THE TREASURY SHARES OWNED BY THE COMPANY**

In their submission received on 13 March 2021, on the basis of Section 3:259(2) of Act V of 2013 on the Civil Code (‘Civil Code’), shareholders collectively possessing a minimum shareholding of one percent in the Company have put forward the following proposal concerning the agenda item “Reducing the Company’s share capital by cancelling some of the treasury shares owned by the Company”, suggested by the shareholders as agenda item 14, to be added to the previously published agenda of the General Meeting:

PROPOSED RESOLUTION:

“It is proposed to the shareholders that 5% of the shares quoted on the Budapest Stock Exchange (ISIN: HU0000089867), in total, 1,052,733 shares should be cancelled.”

Grounds for the proposal:

“As the reason for our proposal, please consider that, assuming that the Company keeps purchasing its treasury shares, the ceiling (25%) stipulated under Section 3:222(1) of the Civil Code for the quantity of treasury shares owned by the Company is to be exceeded within 250 trading days if, on average, 4,254 shares are purchased each day. Considering that, in the previous financial year, on the basis of the authorisation granted by Resolution 3./2020 (VIII. 7.) of the General Meeting, the Company purchased, on average, 7,000 shares a day (on the days the purchasing of shares was allowed by the limit price); should the Company continue to acquire treasury shares in accordance with its existing practice, the 25% threshold value referred to above will be exceeded in 152 days, which is expected to result in the stoppage of purchasing treasury shares. Since, in the event the current emergency legislation continues, the Management Board, acting in its own competence in lieu of the General Meeting announced, will not be authorised to adopt a decision on reducing the capital stock, once the 25% threshold is exceeded, the purchasing of treasury shares could only resume by convening an extraordinary General Meeting held in the presence of shareholders. Therefore, with a view to ensuring the continuity of purchasing treasury shares, it seems practical to adopt a decision on the proposed reduction of the Company’s share capital as soon as possible and to prepare for convening the required extraordinary General Meeting.”

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Pursuant to Section 9(2) of Government Decree no. 502/2020. (XI. 16.) ("Decree") on the repeated implementation of provisions governing the operation of partnerships and joint-stock companies during the state of emergency, acting in the capacity of the General Meeting, the Management Board states that, in the meaning of Section 5(2)(d) of the Decree, the management of the Company is not entitled to decide on the proposal for resolution put forth by the shareholders collectively possessing at least one percent of votes in the Company in connection with such agenda item, in their submission received on 13 March 2021.

For the reason stated above, the Management Board refrains from adopting a decision in connection with item 13 added to the agenda of the General Meeting.

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**PROPOSAL AND PROPOSED RESOLUTION ON
AGENDA ITEM 14 OF THE ANNUAL GENERAL MEETING
“AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY IN CONNECTION WITH AGENDA ITEMS 10 TO 13”**

This proposal by the Management Board on the amendment of the Articles of Association is based on the appointment of the auditor under Agenda Item 10 for the business year 2021, the election of a member of the Management Board under Agenda Item 11 and the election of a member of the Audit Committee under Agenda Item 12.

PROPOSED RESOLUTION:

- 1. The Management Board—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 and in accordance with the Decision no. [•]/2021 (IV.16.) of the Management Board—modifies Section 47.2 of the Company’s Articles of Association as follows (highlighted in italics and underlined italics):**

"The Company's Auditor shall be:

name of the company:	Venilia Vellum Könyvvizsgáló és Adótanácsadó Korlátolt Felelősségű Társaság
registered office:	H–1026 Budapest, Szilágyi Erzsébet fasor 79. fszt. 3.
registered number:	01-09-566797
registration number at the Chamber:	000340

Person in charge of auditing activities:

name:	Rózsa Bukri
name at birth:	Rózsa Bukri
mother’s maiden name:	Gizella Rozália Kamrás
home address:	H–1026 Budapest, Szilágyi Erzsébet fasor 79. fszt. 3.
Registration no. at the Chamber:	001130
<u>title as from:</u>	<u>17 April 2021*</u>
<u>title until:</u>	<u>30 April 2022”</u>

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2. The Management Board—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 and in accordance with the Decision no. [•]/2021 (IV.16.) of the Management Board—modifies Section 36 of the Company’s Articles of Association as follows (highlighted in italics and underlined italics):

“36. The Management Board shall comprise the following persons:

[...]

Gábor Briglovics (place and date of birth: Baja, 01.10.1969; address: 2483 Gárdony, Barabás M. u. 10.; mother’s name: Gertrúd Juhász)

[...]”

3. The Management Board—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 danger and in accordance with the Decision no. [•]/2021 (IV.16.) of the Management Board—modifies Section 43 of the Company’s Articles of Association as follows (highlighted in italics and underlined italics):

“Article 43. Members of the Audit Committee are:

Attila Juhász (domicile: H-2251 Tápiószecső, Kossuth Lajos u. 4.; mother’s maiden name: Julianna Borsik)

Balázs Benedek Bokorovics (domicile: MT 1867, Tas-Sliema (Malta), Triq Sir Arturo Mercieca 90 Stellenbosch FL 1.; mother’s maiden name: Magdolna Jakupcsó)

Gábor Briglovics (place and date of birth: Baja, 01.10.1969; address: 2483 Gárdony, Barabás M. u. 10.; mother’s name: Gertrúd Juhász)”

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