otp Research

EQUITY NOTE: PANNERGY NYRT.

Recommendation: BUY (under revision)

Target price (12M): HUF 1,908 (under revision)

2 April 2024

Equity Analyst:
Ákos Szemán

Phone:
+36 70 512 3137

Email:
akos.szeman@otpbank.hu

Highlights

Financial results and management guidance: production in 2023 was 4.4% lower YoY and 4.7% below management's plan. Group revenue for the year was HUF 9.668 billion (+35% YoY), while revenue from heat sales amounted to HUF 9.23 billion, which is 48% higher YoY. **EBITDA increased from HUF 3.612 billion to HUF 3.93 billion (+8.8% YoY). The company slightly missed the target EBITDA range of HUF 3.95-4.15 billion originally set for the financial year 2023** and it is also below our 2023 EBITDA estimate of HUF 4.08 billion. Net income increased from HUF 1.31 billion to HUF 1.716 billion (+31% YoY). **Overall, the company delivered a solid financial performance in 2023, the EBITDA miss is largely the result of unfavourable weather conditions as the average temperature in September and October was significantly higher compared to historical values.** Looking ahead, the company expects to achieve minimally lower (-1% YoY) level of heat sales this year as it did in 2023. **The target EBITDA range is between HUF 3.9-4.1 billion for 2024 (+1.8% YoY on a midpoint basis).**

Proposals for the GM: we note that **the board does not recommend dividend payments this year, which we view as prudent given that the remaining total contractual cost of the new Miskolc well is estimated to be over HUF 2 billion.** On the other hand, the board **proposes to purchase treasury shares up to an amount of HUF 1.5 billion (~5.3% of current market cap and ~5.8% calculating with the post share capital reduction share number), which is up 67% YoY (from HUF 900 million).** However, the company intends to make a significant portion of treasury share purchases over 2025, following the completion of the new Miskolc well scheduled for 2024. There is also a GM proposal to reduce share capital via cancelling 2 million ordinary shares owned by the company (18 million shares post reduction).

Valuation and target price: we place our 12M target price of HUF 1,908 and BUY recommendation under revision and we expect to provide an update regarding this along with the evaluation of the company's Q1 production report. We also intend to include the impact of the new Miskolc well into the valuation, the project is expected to be completed by the commencement of the 2024/25 district heating season, licensing and preparatory works were taking place during the review period and the preparation of the annual report.

Financial highlights of the earnings report:

Revenue for 2023 was HUF 9.668bn (+35% YoY), while revenue from heat sales amounted to HUF 9.23bn, which is 48% higher YoY. Electricity sales were down by 46% to HUF 342 million but it is worth noting that: (A) HUF 341 million of this is related to the Berekfürdő project, where electricity sales were up 93% YoY due to higher volume (2,084 MWh vs. 1,844 MWh) and prices and (B) the YoY decrease is solely related to the divestment of the company's Debrecen utility distribution system, which is basically a pass-through item with no material margin.

In 2023, heat sales reached 1,705,275 GJ, a decrease of 4.4% YoY and were 4.7% lower than the management's plan of 1,789,697 GJ. **The somewhat weaker performance is largely related to unfavourable weather conditions as the average temperature in September and October was significantly higher compared to historical values.** Total annual heat sold in Győr amounted to 967,962 GJ (-3.6% YoY) and accounted for ~56.8% of all heat sales (slightly higher than in 2022). Heat sales in Miskolc were also lower YoY by 5.6% (715,809 GJ vs. 758,127 GJ) and accounted for ~42% of total heat sales (slightly lower than in 2022).

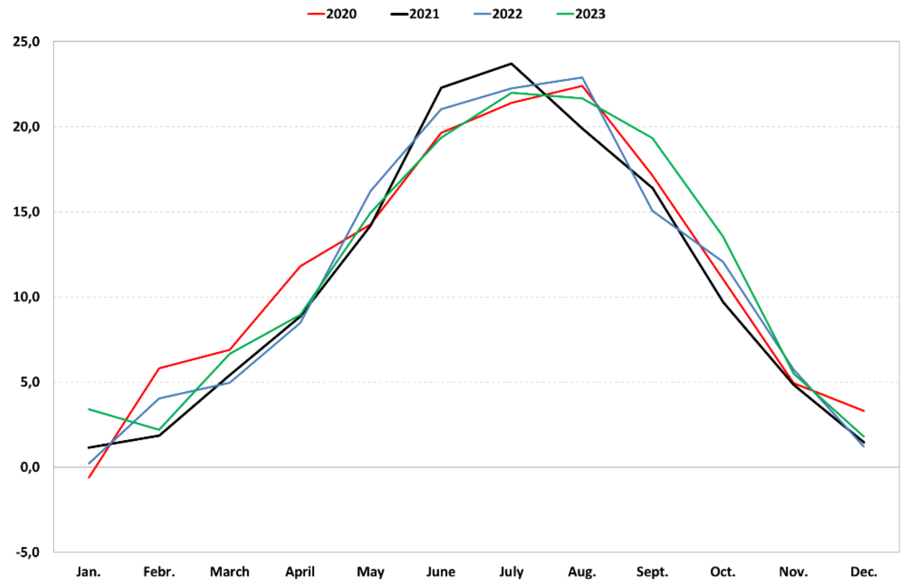
Direct costs amounted to HUF 6.625bn (+31.3% YoY), which is mainly the result of the significant increase in electricity costs (+162% YoY) to HUF 2.83bn (~43% of direct costs vs. ~21% in 2022). The impact of high electricity prices did not occur in the base period as the company was still able to purchase electricity under better terms that were concluded in earlier periods. In any case, these higher costs are recognized in regulatory pricing. There has been also an increase in direct depreciation, maintenance, operational and facility management costs. The cost increases were somewhat offset by a drop in "Cost of goods sold, mediated services" item, which is the result of the divestment of the Debrecen utility distribution system already mentioned.

Depreciation increased from HUF 1.716 billion to HUF 1.845 billion (+7.5% YoY), of which HUF 245 million was for intangible assets, HUF 699 million for lands and buildings, HUF 889 million for machines and equipment and HUF 12 million for investment properties. Overall, gross profit margin increased from 29.4% to 31.5%.

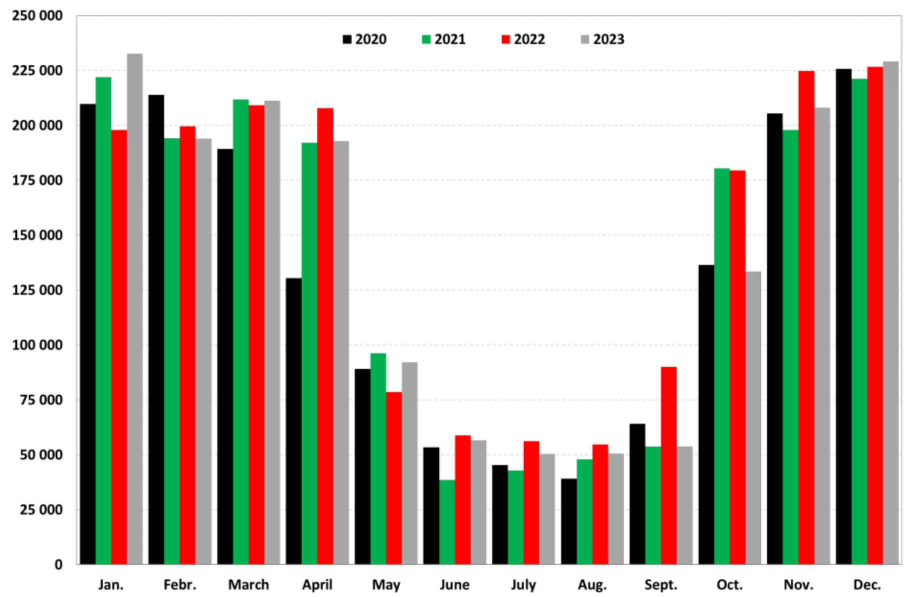
The Group's administrative and overhead costs increased by 18.2% YoY including an increase of 32.9% in indirect personnel-type costs in line with labour market processes and increased headcount (at the end of December 2023 the Group had 17 employees compared to 14 end of December 2022). Consultancy and office related costs were also up somewhat. Other incomes were down by 57% to HUF 320 million, the decrease is mainly related to (A) no unique tangible asset sale transaction took place in the review period and (B) compensations and penalties received relating to insured events and projects implemented in earlier periods as well as ex-post discounts were significantly lower YoY. At the same time, other expenditures amounted to HUF 597 million (+62% YoY).

This brings EBIT to HUF 2.078 billion (+9.6% YoY). EBITDA amounted to HUF 3.93 billion (+8.8% YoY), while the EBITDA ratio decreased to 40.6% from 50.6%. This means that the company slightly missed its EBITDA target of HUF 3.95-4.15 billion originally set for the financial year 2023. This is also below our 2023 EBITDA estimate of HUF 4.08bn.

Combined average monthly temperatures (°C) in Miskolc and Győr



Consolidated heat sales (GJ)



The company reported a net financial loss of HUF 241 million (HUF 587 million financial income and HUF 828 million financial expenditure), which is HUF 239 million lower than it was in 2022. The lower YoY financial loss was partially the result of HUF 185 million income generated by securities held for trading (discount treasury bills and short-term government securities).

Overall, the company reported HUF 1.716 billion net income after tax, which is significantly higher than the HUF 1.31 billion net income in 2022 (+31% YoY). Looking ahead, the company expects heat sales to reach 1,773,116 GJ in 2024, which is a slightly lower target compared to 2023 (1,789,697 GJ). **The EBITDA target range is between HUF 3.9-4.1bn for 2024 (+1.8% YoY on a midpoint basis).** This includes the successful boring of **the 3rd Miskolc well, the project is expected to be completed by the commencement of the 2024/25 district heating season.** As noted by the company, licensing and preparatory works were taking place during the review period and the preparation of the annual report. The company booked HUF 382 million in relation to this as investment in progress under tangible assets. None of the grant (up to HUF 994 million) has been drawn yet and **the remaining total contractual cost of the project is estimated to be over HUF 2bn.**

The company has a net debt of HUF 7.733 billion (~2x net debt / EBITDA), which is 26.5% lower on a YoY basis, but it is slightly higher compared to H1 2023 net debt (+3.5%). The YoY decrease is primarily the result of (A) significantly higher level of **cash and cash equivalents of HUF 1.514bn** (mostly short-term fixed bank deposits) and (B) decrease in both long-term loans and short-term credits.

We place our 12M target price of HUF 1,908 and BUY recommendation under revision and we expect to provide an update regarding this along with the evaluation of the company's Q1 production report. We also intend to include the impact of the new Miskolc well into the valuation.

Financial highlights of the 2023 report

P/L Table consolidated (million HUF)	2018	2019	2020	2021	2022	2023
Revenue	4 679	5 648	5 923	6 439	7 145	9 668
Net other revenue	407	192	132	215	380	-277
OPEX	2 903	2 982	3 320	3 776	3 913	5 461
From which:						
* SGA	456	457	501	512	582	688
* Depreciation	1 317	1 468	1 660	1 595	1 716	1 845
EBITDA	2 231	2 666	2 735	2 878	3 612	3 930
EBIT	906	1 198	1 075	1 283	1 896	2 078
EBT	525	782	262	964	1 416	1 837
Income Taxes	90	47	25	67	106	121
Net income	434	728	236	897	1 310	1 716
EPS (HUF)	24	41	14	55	82	112

	2018	2019	2020	2021	2022	2023
EPS (HUF)	24	41	14	55	82	112
EBITDA (HUFm)	2 231	2 666	2 735	2 878	3 612	3 930
Gross profit rate	20,4%	25,8%	24,4%	24,5%	29,4%	31,5%
EBIT rate	19,4%	21,2%	18,2%	20,0%	26,5%	21,5%
EBITDA rate	47,7%	47,2%	46,2%	44,7%	50,6%	40,6%
ROE	4,6%	7,3%	2,4%	9,1%	12,8%	15,6%
ROA	1,7%	2,8%	0,9%	3,3%	4,8%	6,4%
ROS	9,3%	12,9%	4,0%	13,9%	18,3%	17,7%

Announcements and proposals for the General Meeting:

There are several proposals for the GM (18 April 2024); we only highlight those, which may have an impact on the valuation of the company.

1) **Dividends:** the **board does not recommend dividend payments** considering the financing needs of investment activities planned for 2024. We view this as prudent given that the remaining total contractual cost of the new Miskolc well is estimated to be over HUF 2bn.
2) **Share repurchases (proposed):** the **board proposes to purchase treasury shares up to an amount of HUF 1.5bn** at a share price of at least HUF 1 and no more than HUF 1,908. The period would be almost one year (2 May 2024 – 17 April 2025). The shares may be purchased solely in trading at the stock exchange and the portfolio of treasury shares may not exceed 25% of total shares issued. We note that **the budget available for share repurchases is up 67% YoY** (from HUF 900 million) and the upper limit purchase price per share is up ~14% (from HUF 1,670). However, **the company intends to make a significant portion of treasury share purchases over 2025, following the completion of the new Miskolc well scheduled for 2024.**
3) **Reduction of share capital by cancelling some of the treasury shares:** the board proposes to reduce the company's share capital of HUF 400 million by HUF 40 million via **cancelling 2 million ordinary shares owned by the company** (treasury shares). After the reduction, the share capital of the company would be HUF 360 million (18 million shares). The company held 4,898,120 treasury shares on 27 March 2024, which is ~24.49% of total, which would decline to ~16.1% post reduction assuming no new purchases in the meantime.

Other notable highlights:

4) **Share repurchases (current):** the company has spent so far (up to 27th March) HUF 873.1 million on share repurchases, which is ~97% of the authorized amount under the program approved last year. Overall, this means that PannErgy purchased under the program 687,532 shares (3.44% of total shares and 4.55% of total non-treasury shares) for an average price of 1269.9 / share. The program is valid until 13th April 2024 with a limit of HUF 900 million at a price not exceeding HUF 1,670 and 25% of total shares (24.49% at the moment).
5) **Prevailing administrative prices:** the currently applicable administrative prices can be seen below.

Location of the wells	Company names	in effect until 30 September 2023	in effect from 1 October 2023	Change
Szentlőrinc	Szentlőrinci Geotermia Kft.	6 715 HUF/GJ	**4 737 HUF/GJ**	**-29,5%**
Miskolc	Miskolci Geotermia Kft.	5 211 HUF/GJ	**3 703 HUF/GJ**	**-28,9%**
Miskolc	Kuala Kft.	5 211 HUF/GJ	**3 703 HUF/GJ**	**-28,9%**
Győr	Arrabona Koncessziós Kft.	6 225 HUF/GJ	**4 494 HUF/GJ**	**-27,8%**

Source: Hungarian Official Gazette, issue 139/2023

Risks surrounding PannErgy's economic activity

1. **Price risk:** The administered price is set at a level that takes into account the cost of doing business and providing a fair profit. However, the administered price setting has inherent risks related to the administrative authority.

Moreover, at the moment PannErgy provides heat at a lower cost than its peers (natural gas). However, if natural gas prices fall significantly, then consumers who do not have mandatory purchase agreement with PannErgy could switch to other sources of heat.

2. **Environmental risks:** Extreme weather conditions during the heating season could harm the company's profit target. If the winter season is too short or too cold – due to global warming or other extreme weather conditions – the costs are higher, as the output from the drilling wells drops.

3. **Operational risks:** Maintenance costs increased significantly at the Győr Project in 2016 due to scaling issues concerning the tubing and pumps, and this has reduced production. Although the problem was dealt with, we identify it as a source of risk in the future as well. This could be a risk to our depreciation forecast as well.

4. **Improving energy efficiency risk:** It is not necessarily a PannErgy-specific risk, but in the long term, the building of passive houses and the coming investment – which increases the energy efficiency of houses and flats – could decrease demand for heat.

Notes:

The initiation report, which contains the assumptions of the models used, is available here.

The valuation methodology used in this present equity research note to determine our price targets and recommendations is available here. (Also available in Hungarian)

This investment recommendation has not used proprietary models.

The risk warning, which includes the adequate explanations of the length of time of the investment to which the recommendation relates as well as a sensitivity analysis of the assumptions, is indicated in the part of this recommendation where the length of time and the risks of the investment are presented.

Any information relating to the date and time for the price mentioned in this recommendation is revealed in the part of the recommendation where the given price is indicated.

OTP Bank Plc's recommendations and price targets history for PannErgy in the past twelve months:

Date	Recommendations	Target Price	Publication
02/09/2022	BUY	HUF 1,420	Equity note
06/10/2022	BUY	HUF 1,670	Equity note
15/10/2022	BUY	HUF 1,670	Equity note
23/11/2022	BUY	HUF 1,670	Equity note
02/01/2023	BUY	HUF 1,670	Equity note
18/01/2023	BUY	HUF 1,747	Equity note
27/03/2023	BUY	HUF 1,747	Equity note
17/04/2023	BUY	HUF 1,747	Equity note
18/07/2023	BUY	HUF 1,747	Equity note
20/09/2023	BUY	HUF 1,747	Equity note
05/10/2023	BUY	HUF 1,908	Equity note
17/10/2023	BUY	HUF 1,908	Equity note
01/17/2024	BUY	HUF 1,908	Equity note

Period	Recommendations	Percent of recommendation
2023Q2	BUY	100%
	HOLD	0%
	SELL	0%
2023Q3	BUY	100%
	HOLD	0%
	SELL	0%
2023Q4	BUY	100%
	HOLD	0%
	SELL	0%
2024Q1	BUY	100%
	HOLD	0%
	SELL	0%
2024Q2	BUY	100%
	HOLD	0%
	SELL	0%

The list of all recommendations made in the past 12 months is available here.

Disclaimer 1

This research/commentary was prepared by the assignment of Budapest Stock Exchange Ltd. (registered seat: 1013 Budapest, Krisztina körút 55.; company registration number: 01-10-044764, hereinafter: BSE) under the agreement which was concluded by and between BSE and OTP Bank Plc (registered seat: 1051 Budapest, Nádor u. 16., company registration number: Cg. 01-10-041585, hereinafter: Investment Service Provider). This research/commentary was made with the joint, equally proportional financing of the BSE and the company that is the subject of this research/commentary.

The Investment Service Provider's policies and procedures ensure the independence of this research/commentary, and the Investment Service Provider has undertaken not to accept any instructions or additional remuneration from the company involved in the research/commentary.

BSE shall not be liable for the content of this research/commentary, especially for the accuracy and completeness of the information therein and for the forecasts and conclusions; the Service Provider shall be solely liable for these. The Service Provider is entitled to all copyrights regarding this research/commentary however BSE is entitled to use and advertise/spread it but BSE shall not modify its content.

This research/commentary shall not be qualified as investment advice specified in Point 9 Section 4 (2) of Act No. CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the Regulations Governing their Activities. Furthermore, this document shall not be qualified as an offer or call to tenders for the purchase, sale or hold of the financial instrument(s) concerned by the research/commentary. This research/commentary cannot be deemed as an incentive to enter into contract or covenant.

Disclaimer 2

1. Pursuant to the Commission-delegated regulation 2017/565/EU of the European Parliament, the content of this document shall be considered as an investment research, which recommends or suggests an investment strategy, explicitly or implicitly concerning one or more financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments. The statements in this investment research contain objective or independent explanation. Furthermore, pursuant to Directive 2014/65/EU of the European Parliament and of the Council, this document shall be considered as investment recommendation. This document does not take into account investors' individual interests, circumstances, or objectives; therefore, in the absence of personal recommendation, it shall not be considered as an investment advice.
   OTP Bank intends to make this document available to its clients or to the public, or to make it accessible to other persons in a way that allows this document to be disseminated to the public.

2. Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Where a figure relates to a period on or before the date of communication, the figure relates to the past and indicates a historic data. Past performance is not a reliable indicator of future results and shall be not treated as such. OTP Bank makes no representation or warranty, express or implied, is made regarding future performance of any financial instrument mentioned in this communication. OTP Bank shall have no liability for the information contained in this for any loss or damage whether direct, indirect, financial, economic, or consequential, whether or not caused by the negligent act or omission of OTP Bank, provided that such limitation of liability shall not apply to any liability which cannot be excluded or limited under the applicable law.

3. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

4. The issuer(s) of the product(s) mentioned in this document do not hold more than 5% of OTP Bank's registered capital. OTP Bank is a market maker of the financial instrument that is discussed in this document. Neither was

OTP Bank a lead-manager (organizer) or joint lead manager (organizer) of any public placement of the issuer's financial instruments (e.g. securities) in the previous 12 months. Regarding investment services defined in Sections A and B of Annex 1 of Directive 2014/65/EU, OTP Bank is not a party of the agreement with the issuer. OTP Bank maintains a conflict of interest policy and it keeps such records, and is has requirements that regulate the transmission of bank secrets and securities secrets, which requirements shall be considered as the effective internal organizational and management solutions as well as information barriers to prevent or manage conflicts of interest. The remuneration of the person(s) participating in preparing the recommendation is not directly related to the transactions carried out as part of the investment services specified in Sections A and B of Annex 1 of Directive 2014/65/EU, or to transactions carried out by them or by other legal entities of the same group or to trading fees that they or another legal person of the same group receive. OTP Bank does not hold net long or short positions that exceed 0.5% threshold of the issuer's total registered capital.

5. OTP Bank has developed appropriate internal procedures for (i) the personal transactions and tradings of financial analysts and other relevant persons, (ii) the physical separation of the financial analysts involved in the production of investment research and other relevant persons; moreover, information barriers have been implemented, (iii) for accepting and managing incentives and remuneration.

6. This communication does not contain a comprehensive analysis of the described issues; it is only for information purposes. No part, chapter, or the entirety of this information shall be considered as investment advice, not even if any part of this document contains a description of a certain financial instrument in terms of its possible price or yield development, and the related investment options. This information shall not be considered as legal, tax or accounting advice.

7. This information reflects the market situation at the time when the document was prepared. You may request more information from OTP Bank. This document was prepared based on publicly accessible information made available to OTP Bank from one or more sources. This document was prepared using data, facts and information from the following essential sources: Bloomberg, Reuters, Hungarian Central Statistical Office, Eurostat, Magyar Nemzeti Bank (Hungary's central bank), and European Central Bank (ECB). Although the information in this document has been prepared in good faith from sources that OTP Bank believes to be reliable, we do not represent or warrant its accuracy or completeness. This document represents the opinion and estimations of analysts at OTP Research, based on publicly available data. You may receive different recommendation from the staff of OTP Bank, in particular if you are provided investment advice based on an investment advice agreement. The content of this document is based on the opinion of OTP Research's analyst at the time when the document was prepared, and they may be subject to change at any time in the future without further notice.

8. Please be informed that, irrespective of the statements of this investment research, OTP Bank is entitled to deal or trade as market maker, acting in good faith and in accordance with the usual way of market-making, with the financial instruments distributed by the issuer(s) specified in this document, as well as to provide other investment activities or ancillary (investment) services, and/or other financial or ancillary financial services to the issuer and other persons.

9. This document shall not be a basis for any further analysis in relation to the financial instruments contained therein. Any reference in this document to the future distribution of a financial instrument shall be construed as indicative, preliminary and informative, and any analysis of such financial instrument is exclusively based on publicly available information listed in the respective prospectus or announcement. The content of this document shall not imply that OTP Bank acts as an agent, a fiduciary, or an advisor to, or on behalf on, any prospective purchaser of the financial instruments discussed herein.

10. For certain persons, access to the products and/or services discussed in this document may not be granted, or it may be limited. The act of preparing this document by OTP Bank, its uploading to the website, its publication may under no circumstances be considered as OTP Bank's intention to make available product and/or service information in the prospectus to persons whom any country or state prohibits from having or obtaining the given product and/or service, including the promotion and the advertisement thereof. This communication and any of the financial instruments and information contained herein are not intended for the use of private investors in the UK and US. OTP Bank is not allowed to provide direct investment services to US investors. Any individual

decision or investment made based on this publication is made solely at the risk of the client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

11. This publication contains generic presentation of information and knowledge, thus it does not take into account the individual clients' unique and special interests, financial condition, or their ability and willingness to take risks. Therefore please contact our staff or contact your banking consultant for advice before you make an investment decision. The assessment and the consideration of the individual circumstances is provided by the suitability and compliance tests that assess clients' financial knowledge, experience, risk-taking abilities, as well as the examination of the target market.

12. Before making an informed decision to invest and to use the services, please carefully read through all documents, including the documentation, prospectus, regulations, terms and conditions, announcements and key information documents for that product/service, and carefully consider the subject, the risk, the fees and costs of your investment, the possibility of any loss, and seek information about the tax regulations regarding the product and the investment. The prices of financial instruments and securities are changing, outrights sales are realized at then current market prices, which may involve losses.
    The information and opinions in this document do not substitute or take the place of the issuance documentation for the given financial assets (e.g. prospectus, fund management rules), or their brochures or announcements.

13. You assume total responsibility and risk for any specific decision or investment; OTP Bank shall not be held responsible for the effectiveness of investment decisions or for reaching your purpose, nor for the individual investment decision made based on this document or any part thereof, or for their consequences.
    Investments in financial instruments carry a certain degree of risk, which may affect the effectiveness of the investment decision, and investors may not receive the whole amount they had expected the investment to yield in their investment targets; they may not preserve even the invested amount, therefore the invested capital might even decrease, be wholly lost, or even lead to additional payment obligation.

14. Trading with leveraged products (such as foreign exchange contracts, or shares and indices that have underlying products) carries a considerable amount of risk, and these products are not suitable for all investors. Trading with leveraged products carries the risk of losing all capital, and it may incur losses that exceed the amount invested.

15. **The figures and information described herein refer to the past, and past performance is not a reliable indicator of future yields, changes, or performance.** The changes on money and capital markets, the fluctuation of prices, the development of investments and their yields are influenced by the combined effect of multiple factors; one important factor of them is the change in investors' expectations. **The development of prices, the future yield of financial assets, indices or indicators, the examination of their changes, trends, and future performance is based on estimations and forecasts, which forecasts do not allow reliable conclusions to be drawn about the future moves of prices, real future yields, changes, or performance.** For each product and service, please assess their tax accounting implications, and other tax consequences, taking into account that they cannot be precisely assessed without knowing the effective tax regulations of the client's individual circumstances; and these legislative provisions as well as the circumstances may change over time.

16. OTP Bank reserves the right to modify this document in the future, without prior notice.
    The planned frequency of updates to the recommendation is quarterly. The initiation report preceding this research was published on 18 December 2017.

17. OTP Bank (business registration number: 01-10-041-585; registered seat: Nádor utca 16., Budapest H-1051, Hungary; authorised by Magyar Nemzeti Bank (former supervisory authority: Hungarian Financial Supervisory Authority, 'PSZÁF'). Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1054 Budapest, Szabadság tér 9); financial customer services: H-1013 Budapest, Krisztina krt. 39. The terms and conditions of this equity research and disclaimer shall be governed by and construed in accordance with Hungarian law.

18. Please note that the Internet is not a secure environment and OTP Bank does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

19. OTP Bank, in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank was warned of the possibility of such occurrences.

20. If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to 'Research Center', Hungary H-1051, Budapest, Nádor utca 21. Please refer to your name and e-mail address in both cases.

21. The personal data in this investment research are processed by OTP Bank. The legal basis for processing the data is the legitimate interest of OTP Bank. The detailed information about the processing of personal data and the related rights of data subjects is available here.

This document was prepared by:
Ákos Szemán
Equity Analyst
OTP Research

This document was finalized at 4:31:39 PM on 02 April 2024