IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the prospectus (the "**Prospectus**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer and the Joint Bookrunners (as defined in the Prospectus) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS OR THIS TRANSMISSION IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE PROSPECTUS.

Confirmation of your representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the said securities, prospective investors must be non-U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) located outside the United States. The Prospectus is being sent to you at your request and, by accessing the Prospectus, you shall be deemed to have represented to the Issuer and the Joint Bookrunners that (1) you are not a U.S. person nor are you purchasing for the account or benefit of a U.S. person, (2) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this transmission has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (3) you consent to delivery of the Prospectus by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and a Joint Bookrunner or an affiliate of any Joint Bookrunner is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by such Joint Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus may only be distributed to, and is directed at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer and the Joint Bookrunners and any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

EP Infrastructure, a.s.

(incorporated under the laws of the Czech Republic)

EUR 500,000,000 1.816 per cent. notes due 2031

The issue price of the EUR 500,000,000 1.816 per cent. notes due 2031 (the "**Notes**") of EP Infrastructure, a.s. (the "**Issuer**") is 100 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 2 March 2031. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Czech Republic. The Notes may also be redeemed at the option of the Issuer, in whole but not in part: (a) pursuant to Condition 5(e) (*Redemption at the option of the Issuer (Make-Whole)*) at any time until three months prior to their Maturity Date; or (b) pursuant to Condition 5(d) (*Redemption at the option of the Issuer (Issuer Call)*) at their principal amount plus accrued interest on any date from three months prior to their Maturity Date until their Maturity Date. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount in certain circumstances. See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The Notes will bear interest from 2 March 2021 at the rate of 1.816 per cent. per annum payable annually in arrear on 2 March in each year commencing on 2 March 2022.

Payments on the Notes will be made in euros without deduction for or on account of taxes imposed or levied by the Czech Republic to the extent described under "*Terms and Conditions of the Notes—Taxation*".

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) No 2017/1129 (the "**Prospectus Regulation**"). The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list and trading on its regulated market (the "**Regulated Market**"). There can be no assurance that any such admission to trading will be obtained. The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, "**MiFID II**"). This Prospectus will be valid until the date of admission of the Notes to trading on the Regulated Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Bookrunners (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States (the "**U.S.**") or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in registered form in the denomination of EUR100,000. The Notes may be held and transferred, and will be offered and sold, in the principal amount of EUR100,000 and integral multiples of EUR1,000 in excess thereof. The Notes will be represented by a global registered note certificate (the "**Global Note Certificate**") registered in the nominee name of a common safekeeper, and deposited with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A., Luxembourg ("**Clearstream, Luxembourg**"). Individual note certificates ("**Individual Note Certificates**") evidencing holdings of Notes will only be available in certain limited circumstances. See "*Summary of Provisions Relating to the Notes in Global Form*".

As of the date of this Prospectus, the ratings of the Issuer are Baa3 by Moody's Deutschland GmbH ("**Moody's**"), BBB by S&P Global Ratings Europe Limited ("**S&P**"), and BBB- by Fitch Ratings Ireland Limited ("**Fitch**"). As of the date of this Prospectus, the Notes are rated Baa3 by Moody's, BBB by S&P and BBB- by Fitch. Moody's, S&P and Fitch are established in the European Economic area (the "**EEA**") and registered under Regulation (EU) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**"). Each of the ratings Moody's, S&P and Fitch has given to the Notes, respectively, is endorsed by Moody's Investors Service Limited, S&P Global Ratings UK Limited and Fitch Ratings Limited, respectively, which are established in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**") and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Joint Bookrunners

Citigroup **HSBC**

IMI - Intesa Sanpaolo **SMBC Nikko**

UniCredit Bank

The date of this Prospectus is 26 February 2021

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Certain information contained and identified as such in this Prospectus, in particular in sections "*Risk Factors*", "*Description of the Issuer*" and "*Industry*", was derived from third parties. The Issuer does not accept any responsibility for the accuracy of such third-party information, nor has the Issuer independently verified any such third-party information. The Issuer confirms that such third-party information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has confirmed to the Joint Bookrunners named under "*Subscription and Sale*" below (the "**Joint Bookrunners**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Bookrunners.

Neither the Joint Bookrunners nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended. References to the "**Group**" are references to the Issuer together with its subsidiaries, associates and joint ventures.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Prospectus contains various forward-looking statements that relate to, among other things, events and trends that are subject to risks and uncertainties that could cause the actual business activities, results and financial position of the Issuer and the Group to differ materially from the information presented herein. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer, the Group and its management, are intended to identify such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus. The Issuer does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect the events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events.

When relying on forward-looking statements, investors should carefully consider the foregoing risks and uncertainties and other events, especially in light of the political, economic, social and legal environment in which the Group operates. Factors that might affect such forward-looking statements include, among other things, overall business and government regulatory conditions, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations, economic and political conditions in the Czech Republic, Slovakia and other markets, and the timing, impact and other uncertainties of future actions. See "*Risk Factors*". The Issuer does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Prohibition of sales to United Kingdom retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the

Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

In connection with the issue of the Notes, Citigroup Global Markets Europe AG (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Group's financial information set forth in this Prospectus has, unless otherwise indicated, been derived from the Issuer's unaudited semi-annual condensed consolidated financial statements as of and for the six months ended 30 June 2020 (with comparatives as of and for the six months ended 30 June 2019) incorporated by reference into this Prospectus (the "**Interim Financial Statements**"), audited consolidated financial statements as of and for the year ended 31 December 2019 (the "**2019 Financial Statements**") and audited consolidated financial statements as of and for the year ended 31 December 2018 (the "**2018 Financial Statements**", and together with the 2019 Financial Statements, the "**Annual Financial Statements**", and the Annual Financial Statements together with the Interim Financial Statements, the "**Financial Statements**") incorporated by reference into this Prospectus. See "*Documents Incorporated by Reference*".

The Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted in the EU and have been audited. The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 'Interim Financial Reporting' and have been reviewed by the auditors. The Euro is the presentation currency for the Financial Statements. The Financial Statements and financial information included elsewhere in this Prospectus have, unless otherwise noted, been presented in Euros.

On 31 October 2018, the Group completed the merger of Plzeňská energetika, a.s. ("**PE**"), then wholly-owned by the Group, and Plzeňská teplárenská, a.s. ("**PLTEP**"), then wholly-owned by the City of Pilsen, resulting in PLTEP being the successor company in which the Group now holds a 35 per cent. ownership interest and has management control (the "**PLTEP Merger**"). Correspondingly, the results of PE have been included in the Issuer's Financial Statements using the full consolidation method only for the period until 31 October 2018, while as from 1 November 2018, the results of PLTEP have been included in the Financial Statements using the full consolidation method.

Further, on 31 December 2018, the Group acting through NAFTA Bavaria GmbH, a subsidiary of NAFTA Germany GmbH ("**Nafta Speicher**") and an indirect subsidiary of NAFTA a.s. ("**NAFTA**"), acquired from DEA Deutsche Erdoel AG companies NAFTA Speicher Management GmbH, NAFTA Speicher GmbH & Co. KG and NAFTA Speicher Inzenham GmbH ("**NAFTA Germany Subgroup**") owning the underground gas storage facilities Inzenham – West (100 per cent.), Wolfersberg (100 per cent.) and Breitbrunn/Eggstätt (80.3 per cent.). As part of the transaction, the Group also acquired from Storengy Deutschland GmbH the remaining 19.7 per cent. ownership interest in Breitbrunn/Eggstätt and as a result became the sole owner of Inzenham – West, Wolfersberg and Breitbrunn/Eggstätt underground storage facilities (the "**Gas Storage Acquisition**", and together with the PLTEP Merger, the "**PLTEP and Gas Storage Transactions**"). The Gas Storage Acquisition was reflected only in the Issuer's consolidated statement of financial position as of 31 December 2018 contained in the 2018 Financial Statements, in the 2019 Financial Statements and in the Interim Financial Statements.

Non-IFRS Information

Included in this Prospectus are certain measures that are not measures defined by IFRS, namely, EBITDA, Proportionate EBITDA, Adjusted EBITDA, Proportionate Adjusted EBITDA, Capital Expenditures, Cash Generation, Adjusted Cash Generation, Cash Conversion Ratio (before income tax and changes in working capital), Adjusted Cash Conversion Ratio (before income tax and changes in working capital), Group Cash Conversion Ratio, Adjusted Group Cash Conversion Ratio, Net Leverage Ratio, Adjusted Net Leverage Ratio, Proportionate Net Leverage Ratio, Adjusted Proportionate Net Leverage Ratio and Interest Coverage Ratio (together as the "**Non-IFRS Measures**"). Information regarding the Non-IFRS Measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. The Non-IFRS Measures alone do not provide a sufficient basis to compare the Group's or the Issuer's performance with that of other companies and should not be considered in isolation or as a substitute for operating income or any other measure as an indicator of operating performance or as an alternative to cash generated from operating activities as a measure of liquidity.

In addition, the Non-IFRS Measures should not be used instead of, or considered as an alternative to, the Group's or the Issuer's financial results as reported in the Financial Statements. The Group presented the Non-IFRS Measures because it believes they are helpful to investors and financial analysts in highlighting trends in its overall business. A reconciliation of the Non-IFRS Measures is presented below.

EBITDA and Proportionate EBITDA

EBITDA represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable) (the "**EBITDA**").

The following table provides a reconciliation of the Group's EBITDA for the six months ended 30 June 2020 and 2019, the 12 months ended 30 June 2020 and the years ended 31 December 2019 and 2018:

	Six months ended 30 June		**12 months ended 30 June**	**Year ended 31 December**	
	2020	**2019**	**2020**	**2019**	**2018**
			(in EUR millions)		
Profit (loss) from operations................	587	665	1,130	1,208	1,099
Depreciation and amortisation.............	(230)	(197)	(436)	(403)	(331)
Negative goodwill................................	-	-	-	-	(5)
EBITDA...	**817**	**862**	**1,566**	**1,611**	**1,425**

Due to the Issuer's shareholding in a number of subsidiaries being less than 100 per cent., it is useful to look at the proportionate EBITDA.

Proportionate EBITDA represents EBITDA, taking into consideration the proportionate ownership of the Issuer in its subsidiaries without pro forma adjustment (the "**Proportionate EBITDA**").

EBITDA and Proportionate EBITDA are non-IFRS financial measures used by the management of the Group to report the funds generated from continuing operations.

Adjusted EBITDA and Proportionate Adjusted EBITDA

Adjusted EBITDA represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted by (a) excluding non-cash non-recurring impairment charges relating to property, plant and equipment and intangible assets, including primarily land, buildings, mines, machinery, equipment, fixtures and fittings of the Group's subsidiaries, mainly of SPP - distribúcia, a.s. ("**SPPD**"), b) excluding one-off gain from sale of unused non-operational land and assets and (c) adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak Act No. 309/2009 Coll., on promotion of renewable energy sources and high-efficiency cogeneration and on amendments to certain acts (*zákon o podpore obnoviteľných zdrojov energie a vysoko účinnej kombinovanej výroby a o zmene a doplnení niektorých zákonov*) (the "**Slovak RES Promotion Act**") and Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it) (the "**Decree**") recognised in revenues in the Relevant Period and (ii) net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals (the "**Adjusted EBITDA**").

The following table provides a reconciliation of the Group's and the Group's Businesses' Adjusted EBITDA to EBITDA for the six months ended 30 June 2020 and 2019, the 12 months ended 30 June 2020 and the years ended 31 December 2019 and 2018:

Key Metrics	**Gas Trans-mission**	**Gas and Power Distri-bution**	**Heat Infra**	**Gas Storage**	**Total segments**	**Holding entities**	**Other**	**Interseg ment-eliminati ons**	**Consolid ated financial informati on**
					(in EUR millions)				
Six months ended 30 June 2020									
EBITDA........................	317	312	84	105	818	(4)	3	-	**817**
Non-cash non-recurring impairments of assets[1]...................	-	-	-	(1)	(1)	-	-	-	**(1)**
System Operation Tariff surplus / deficit[3]......................	-	(45)	-	-	(45)	-	-	-	**(45)**
Adjusted EBITDA.........	317	267	84	104	772	(4)	3	-	**771**
Six months ended 30 June 2019									
EBITDA........................	364	299	115	86	864	(4)	2	-	**862**

Non-cash non-recurring impairments of assets(1)	1	-	-	-	1	-	-	-	**1**
System Operation Tariff surplus / deficit(3)	-	(22)	-	-	(22)	-	-	-	**(22)**
Adjusted EBITDA	365	277	115	86	843	(4)	2	-	**841**
12 months ended 30 June 2020									
EBITDA	689	540	144	194	1,567	(6)	5	-	**1,566**
Non-cash non-recurring impairments of assets(1)	-	39	-	4	43	-	-	-	**43**
System Operation Tariff surplus / deficit(3)	-	(73)	-	-	(73)	-	-	-	**(73)**
Adjusted EBITDA	689	506	144	198	1,537	(6)	5	-	**1,536**
2019									
EBITDA	736	527	175	175	1,613	(6)	4	-	**1,611**
Non-cash non-recurring impairments of assets(1)	1	39	-	5	45	-	-	-	**45**
System Operation Tariff surplus / deficit(3)	-	(50)	-	-	(50)	-	-	-	**(50)**
Adjusted EBITDA	737	516	175	180	1,608	(6)	4	-	**1,606**
2018									
EBITDA	663	461	148	139	1,411	(6)	20	-	**1,425**
Non-cash non-recurring impairments of assets(1)	2	-	10	8	20	-	-	-	**20**
One-off gain from sale of unused non-operational land and assets(2)	-	-	(5)	-	(5)	-	(15)	-	**(20)**
System Operation Tariff surplus / deficit(3)	-	41	-	-	41	-	-	-	**41**
Adjusted EBITDA	665	502	153	147	1,467	(6)	5	-	**1,466**

Notes:

(1) Adjustment consists of excluding non-cash non-recurring impairment charge relating to property, plant and equipment and intangible assets, including primarily land, buildings, mines, machinery, equipment, fixtures and fittings of the Group's subsidiaries, mainly SPPD.

(2) Adjustment consists of excluding non-recurring gain from sale of unused non-operational land and assets.

(3) Adjustment consists of adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the Relevant Period and (ii) net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals.

The following table provides a reconciliation of Adjusted EBITDA of selected sub-groups of the Issuer, namely SPP Infrastructure, a.s. ("**SPPI**") and its subsidiaries (together the "**SPPI Group**"), Stredoslovenská distribučná, a.s. ("**SSD**") together with Stredoslovenská energetika, a.s. ("**SSE**") and other subsidiaries of Stredoslovenská energetika Holding, a.s. (together the "**SSE Group**"), and EP Energy, a.s. ("**EPE**") and its subsidiaries (together the "**EPE Group**") to the closest IFRS measure for the 12 months ended 30 June 2020:

Key Metrics	**SPPI Group**	**SSE Group**	**EPE Group**	**Group(3)**
		(in EUR millions)		
12 months ended 30 June 2020				
Profit (loss) from operations	884	187	239	1,130
Depreciation and amortisation	(290)	(61)	(130)	(436)
Negative goodwill	-	-	-	-
EBITDA	1,174	248	369	1,566
Non-cash non-recurring impairments of assets(1)	43	-	-	43
System Operation Tariff surplus / deficit(2)	-	(73)	(73)	(73)
Adjusted EBITDA	1,217	175	296	1,536

Notes:

(1) Adjustment consists of excluding non-cash non-recurring impairment charge relating to property, plant and equipment and intangible assets including primarily land, buildings, mines, machinery, equipment, fixtures and fittings of the Group's subsidiaries, mainly SPPD.

(2) Adjustment consists of adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the Relevant Period and (ii) net expenses accounted for the mandatory

purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals.

(3) The data in this column does not correspond to the sum of the SPPI Group, SSE Group and EPE Group as the SSE Group is a part of the EPE Group and the data presented for the Group also includes other companies that are not a part of these sub-groups and on their own do not represent a separate sub-group.

Proportionate adjusted EBITDA represents Adjusted EBITDA, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Proportionate Adjusted EBITDA**").

Adjusted EBITDA and Proportionate Adjusted EBITDA are non-IFRS financial measures used by the management of the Group to report funds generated from continuing operations.

Capital Expenditures

Capital expenditures represents additions to tangible and intangible assets excluding additions to emission allowances (the "**Capital Expenditures**").

Cash Generation and Adjusted Cash Generation

Cash generation represents EBITDA minus Capital Expenditures (the "**Cash Generation**").

Adjusted cash generation represents Adjusted EBITDA minus Capital Expenditures (the "**Adjusted Cash Generation**").

Cash Conversion Ratio (before income tax and changes in working capital) and Adjusted Cash Conversion Ratio (before income tax and changes in working capital)

Cash conversion ratio (before income tax and changes in working capital) represents EBITDA minus Capital Expenditures as a percentage of EBITDA (the "**Cash Conversion Ratio (before income tax and changes in working capital)**").

Adjusted cash conversion ratio (before income tax and changes in working capital) represents Adjusted EBITDA minus Capital Expenditures as a percentage of Adjusted EBITDA (the "**Adjusted Cash Conversion Ratio (before income tax and changes in working capital)**").

Group Cash Conversion Ratio and Adjusted Group Cash Conversion Ratio

Group cash conversion ratio represents Free Cash Flow (as defined below) divided by EBITDA (the "**Group Cash Conversion Ratio**").

Adjusted group cash conversion ratio represents Adjusted Free Cash Flow (as defined below) divided by Adjusted EBITDA (the "**Adjusted Group Cash Conversion Ratio**").

Free Cash Flow and Adjusted Free Cash Flow

Free cash flow represents cash generated from operations, disregarding change in restricted cash, less income tax paid and acquisition of property, plant and equipment and intangible assets and emission allowances as presented in the consolidated statement of cash flows of the Group (the "**Free Cash Flow**").

Adjusted free cash flow represents Free Cash Flow adjusted for EBITDA and working capital effect of the SOT (as defined below) (the "**Adjusted Free Cash Flow**").

The table below sets out Free Cash Flow and Adjusted Free Cash Flow for the six months ended 30 June 2020 and 2019, the 12 months ended 30 June 2020 and the years ended 31 December 2019 and 2018:

	Six months ended 30 June		12 months ended 30 June	Year ended 31 December	
	2020	**2019**	**2020**	**2019**	**2018**
			(in EUR millions)		
Cash generated from operations	781	864	1,537	1,620	1,535
Income tax paid	(135)	(78)	(285)	(228)	(292)
Acquisition of property, plant and equipment, investment property and intangible assets	(69)	(67)	(222)	(220)	(192)
Purchase of emission allowances	(1)	(2)	(53)	(54)	(26)
excluding Change in restricted cash	(1)	-	(2)	(1)	4
Free Cash Flow	575	717	975	1,117	1,029
excluding System Operation Tariff (EBITDA effect)	(45)	(22)	(73)	(50)	41
excluding System Operation Tariff (working capital effect)	48	21	67	40	(40)
Adjusted Free Cash Flow	578	716	969	1,107	1,030

Gross Financial Indebtedness and Proportionate Gross Financial Indebtedness

Gross financial indebtedness of the Group represents the sum of indebtedness (representing principal amount and disregarding, among other things, unamortised fees, discounts and accrued interest) including finance leases and capitalised operating lease liabilities, which has been recognised in the Financial Statements since 1 January 2019 in accordance with IFRS 16 'Leases', but excluding mark-to-market of hedging instruments as included in the Financial Statements in the line items non-current loans and borrowings and current loans and borrowings (disregarding unamortised fees, discounts and accrued interest) (the "**Gross Financial Indebtedness**").

Proportionate gross financial indebtedness of the Group represents Gross Financial Indebtedness, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Proportionate Gross Financial Indebtedness**").

The following table provides an overview of the Gross Financial Indebtedness and Proportionate Gross Financial Indebtedness of the Group as of 31 December 2020, 30 June 2020 and 31 December 2019:

	As of 31 December[(1)]	As of 30 June	As of 31 December
	2020		**2019**
		(in EUR millions)	
Gross Financial Indebtedness	4,519	5,582	4,979
Proportionate Gross Financial Indebtedness	3,539	4,191	3,839

Notes:

(1) The Gross Financial Indebtedness and the Proportionate Gross Financial Indebtedness as of 31 December 2020 were derived from the Group's financial information and have not been audited.

Proportionate Cash and Cash Equivalents

Proportionate cash and cash equivalents represents cash and cash equivalents, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Proportionate Cash and Cash Equivalents**").

The following table provides an overview of cash and cash equivalents and Proportionate Cash and Cash Equivalents for the Group as of 31 December 2020, 30 June 2020 and 31 December 2019:

	As of 31 December[(1)]	As of 30 June	As of 31 December
	2020		2019
		(in EUR millions)	
Cash and cash equivalents	713	1,473	674
Proportionate Cash and Cash Equivalents	438	776	358

Notes:
(1) Cash and cash equivalents and the Proportionate Cash and Cash Equivalents as of 31 December 2020 were derived from the Group's financial information and have not been audited.

Net Financial Indebtedness and Proportionate Net Financial Indebtedness

Net financial indebtedness represents Gross Financial Indebtedness less cash and cash equivalents (the "**Net Financial Indebtedness**").

Proportionate net financial indebtedness represents Net Financial Indebtedness, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Proportionate Net Financial Indebtedness**").

The following table provides an overview of Net Financial Indebtedness and Proportionate Net Financial Indebtedness of the Group as of 31 December 2020, 30 June 2020 and 31 December 2019:

	As of 31 December[(1)]	As of 30 June	As of 31 December
	2020		2019
		(in EUR millions)	
Net Financial Indebtedness	3,806	4,109	4,305
Proportionate Net Financial Indebtedness	3,101	3,415	3,481

Notes:
(1) The Net Financial Indebtedness and the Proportionate Net Financial Indebtedness as of 31 December 2020 were derived from the Group's financial information and have not been audited.

Net Leverage Ratio and Proportionate Net Leverage Ratio

Net leverage ratio represents Net Financial Indebtedness divided by EBITDA (the "**Net Leverage Ratio**").

Proportionate net leverage ratio represents Net Leverage Ratio, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Proportionate Net Leverage Ratio**").

The following table provides an overview of the Net Leverage Ratio and Proportionate Net Leverage Ratio for the Group for the 12 months ended 30 June 2020 and the year ended 31 December 2019:

	As of and for the 12 months ended	As of and for the year ended 31 December
	30 June 2020[(1)]	2019
Net Leverage Ratio	2.6x	2.7x
Proportionate Net Leverage Ratio	4.0x	3.9x

Note:
(1) Calculated using EBITDA and Proportionate EBITDA for the 12 months ended 30 June 2020.

Adjusted Net Leverage Ratio and Adjusted Proportionate Net Leverage Ratio

Adjusted net leverage ratio represents Net Financial Indebtedness divided by Adjusted EBITDA (the "**Adjusted Net Leverage Ratio**").

Adjusted proportionate net leverage ratio represents Adjusted Net Leverage Ratio, taking into consideration the proportionate ownership of the Issuer in its subsidiaries (the "**Adjusted Proportionate Net Leverage Ratio**").

The following table provides an overview of the Adjusted Net Leverage Ratio and Adjusted Proportionate Net Leverage Ratio for the Group for the 12 months ended 30 June 2020 and the year ended 31 December 2019:

	As of and for the 12 months ended	**As of and for the year ended 31 December**
	30 June 2020(1)	**2019**
Adjusted Net Leverage Ratio	2.7x	2.7x
Adjusted Proportionate Net Leverage Ratio	4.1x	3.9x

Note:
(1) Calculated using Adjusted EBITDA and Proportionate Adjusted EBITDA for the 12 months ended 30 June 2020.

Interest Coverage Ratio for the Issuer

Interest coverage ratio for the Issuer represents the sum of dividends, loans and repayments of loans provided to the Issuer by its subsidiaries divided by interest expense of the Issuer charged by entities outside the Group (the "**Interest Coverage Ratio**").

The following table provides an overview of the Interest Coverage Ratio for the Issuer for the 12 months ended 30 June 2020 and the year ended 31 December 2019:

	For the 12 months ended 30 June 2020	**For the year ended 31 December 2019**
	(*in EUR million, unless indicated otherwise*)	
Dividends, loans and repayments of loans provided to the Issuer by its subsidiaries	379	427
Interest expense of the Issuer charged by entities outside the Group	51	42
Interest Coverage Ratio	7.5x	10.1x

Changes in Accounting Policies

Since 1 January 2019, the Group has applied IFRS 16 'Leases' to its financial reporting. IFRS 16 eliminates the classification of leases as either operating leases or finance leases, as required by IAS 17, and, instead, introduces a single lease accounting model. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations. As a result, the new standard had a positive impact on the Group's EBITDA for the year ended 31 December 2019 as compared to the year ended 31 December 2018. At the same time, the Group's indebtedness as of 31 December 2019 included a newly recognised lease liability of EUR 76 million, which has been recognised in the 2019 Financial Statements in accordance with IFRS 16 'Leases'. For details see Notes 2 and 27 to the 2019 Financial Statements.

The Group decided to change its accounting policy relating to reporting of gas transmission pipelines of Eustream, a.s. ("**Eustream**") and gas distribution pipelines of SPPD as from 1 August 2019 and 1 January 2020, respectively. Per the newly applicable accounting policy, the reporting of the gas transmission and gas distribution pipelines follows the IAS 16 revaluation model where the relevant fixed assets are carried at a revalued amount, being its fair value as of the date of revaluation less subsequent depreciation and impairment. Under the previously applicable accounting policy, the gas transmission and gas distribution pipelines were reported using the IAS 16 cost model where the relevant fixed assets were carried at cost less accumulated depreciation and impairment. The Group decided to change its accounting policy in relation to its gas transmission and gas distribution pipelines because it believes that it will result in consolidated financial statements providing more relevant information about the gas transmission and gas distribution pipelines, which is one of the major fixed assets of the Group, to investors. As of 1 August 2019, the difference between Eustream's gas transmission pipelines as reported under the IAS 16 revaluation model (EUR 3,803 million) and the IAS cost model (EUR 3,428 million) was EUR 375 million. This difference, together with a corresponding deferred tax impact of EUR 97 million, was recognized as a current period revaluation and is to be reported in other comprehensive income for the period. This revaluation was recorded without effect on prior periods. For further detail, see Note 3 to the 2019 Financial Statements. As of 1 January 2020, the difference between SPPD's gas distribution pipelines as reported under the IAS 16 revaluation model (EUR 3,813 million) and the IAS cost model (EUR 2,051 million) was

EUR 1,762 million. This difference, together with a corresponding deferred tax impact of EUR 447 million, was recognized as a current period revaluation and is to be reported in other comprehensive income for the period. This revaluation was recorded without effect on prior periods. For further detail, see Note 2 to the Interim Financial Statements.

Financial Information for the 12 Months Ended 30 June 2020

The Group's financial information presented in this Prospectus for the 12 months ended 30 June 2020 has been derived by the Issuer from the 2019 Financial Statements and the Interim Financial Statements by subtracting the comparatives for the six months ended 30 June 2019 from the financial information for the year ended 31 December 2019 and adding the financial information for the six months ended 30 June 2020.

Use of Certain Terms

The terms EBITDA, proportionate EBITDA, adjusted EBITDA, proportionate adjusted EBITDA, capital expenditures, cash generation, adjusted cash generation, cash conversion ratio, adjusted cash conversion ratio, group cash conversion ratio, adjusted group cash conversion ratio, gross financial indebtedness, proportionate gross financial indebtedness, net financial indebtedness, proportionate net financial indebtedness, net leverage, net leverage ratio, adjusted net leverage ratio, proportionate net leverage ratio, adjusted proportionate net leverage ratio and interest coverage ratio do not represent the terms of the same or similar names as may be defined by any documentation for any financial liabilities of the Group. The term Adjusted EBITDA included in this Prospectus does not represent the term of the same name as used in the Financial Statements. Further, the terms EBITDA, Adjusted EBITDA, Gross Financial Indebtedness, Net Financial Indebtedness, Net Leverage Ratio, Adjusted Net Levarage Ratio, Protionate Net Leverage Ratio and Adjusted Proportionate Leverage Ratio as defined above do not represent the terms of similar names, namely Consolidated EBITDA, Financial Indebtedness and Consolidated Leverage Ratio, as defined and used in section "*Terms and Conditions of the Notes* " of this Prospectus.

Exchange Rate Information

Euro / Czech Koruna exchange rate

The tables below set forth, for the periods and dates indicated therein, the high, low, period end and period average exchange rate between the Euro and the Czech Koruna. Fluctuations in the exchange rate between the Euro and the Czech Koruna in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the Financial Statements and other financial information presented in this Prospectus.

	High	**Low**	**Period end**	**Period average(1)**
		EUR per CZK 1.00		
Year				
2013	0.0397	0.0361	0.0365	0.0385
2014	0.0366	0.0357	0.0361	0.0363
2015	0.0370	0.0352	0.0370	0.0367
2016	0.0370	0.0368	0.0370	0.0370
2017	0.0393	0.0370	0.0392	0.0380
2018	0.0397	0.0384	0.0389	0.0390
2019	0.0394	0.0386	0.0394	0.0390
2020	0.0403	0.0356	0.0381	0.0378
2021 (through 15 February)	0.0389	0.0381	0.0389	0.0384

Source: European Central Bank
Note:
(1) The average rates are calculated as the average of the daily exchange rates on each business day.

No representation is made that Euro or Czech Koruna amounts referred to herein could have been or could be converted into euros or Czech Korunas, as the case may be, at these rates, at any particular rate or at all.

The rate on 31 December 2019 and 30 June 2020 was EUR 0.0394 = CZK 1.00 and EUR 0.0374 = CZK 1.00, respectively.

	High	Low	Period end	Period average(1)
	CZK per EUR 1.00			
Year				
2013	27.701	25.189	27.397	25.974
2014	28.011	27.322	27.701	27.548
2015	28.409	27.027	27.027	27.248
2016	27.151	27.014	27.021	27.034
2017	27.058	25.413	25.535	26.326
2018	26.073	25.192	25.724	25.647
2019	25.919	25.408	25.408	25.670
2020	27.808	24.793	26.242	26.455
2021 (through 15 February)	26.239	25.682	25.682	26.027

Source: European Central Bank
Note:
(1) The average rates are calculated as the average of the daily exchange rates on each business day.

No representation is made that Euro or Czech Koruna amounts referred to herein could have been or could be converted into euros or Czech Korunas, as the case may be, at these rates, at any particular rate or at all. The rate on 31 December 2019 and 30 June 2020 was CZK 25.408 = EUR 1.00 and CZK 26.740 = EUR 1.00, respectively.

Websites

Information contained on any website referred to herein, unless explicitly incorporated into this Prospectus by reference (see "*Documents Incorporated by Reference*"), does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank.

Foreign Language Terms

This Prospectus is drawn up in the English language. Certain legislative references and technical terms in English version have been cited in their original Czech or Slovak language in order that the correct technical meaning may be ascribed to them under applicable law.

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OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	EP Infrastructure, a.s., incorporated under the laws of the Czech Republic
Joint Bookrunners:	Citigroup Global Markets Europe AG HSBC Continental Europe Intesa Sanpaolo S.p.A. SMBC Nikko Capital Markets Europe GmbH UniCredit Bank AG
The Fiscal Agent:	Citibank, N.A., London Branch
The Registrar:	Citigroup Global Markets Europe AG
The Notes:	EUR 500,000,000 1.816 per cent. Notes due 2031 (the "**Notes**")
Issue Price:	100 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 2 March 2021.
Use and Estimated Net Amount of Proceeds:	The net proceeds from the issue of the Notes (i.e. after deduction of commissions, fees and estimated expenses) are expected to be approximately EUR 497,000,000. The Issuer will use such net proceeds for (i) partial repayment or prepayment of certain financial indebtedness of the Issuer, (ii) distribution of dividends by the Issuer to its shareholders to the extent permitted by Condition 3(b) (*Financial Covenant*), and (iii) general corporate purposes.
Interest:	The Notes will bear interest from 2 March 2021 at a rate of 1.816 per cent. per annum payable annually in arrear on 2 March in each year commencing 2 March 2022.
Status:	The Notes are direct, general and unconditional obligations of the Issuer ranking *pari passu* among themselves and with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Form and Denomination:	The Notes will be issued in registered form in the denominations of EUR100,000 and integral multiples of EUR1,000 in excess thereof. The Global Note Certificate is to be held under the New Safekeeping Structure.
Final Redemption:	2 March 2031.
Optional Redemption:	Subject to certain conditions, the Notes may be redeemed at their principal amount before their stated maturity at the option of the Issuer and/or the Noteholders. The Notes may be redeemed prior to the Maturity Date at the option of the Noteholders at the principal amount together with

	accrued interest following a Change of Control Put Event, as described in Condition 5(c) (*Redemption at the option of Noteholders in the event of a Change of Control*). The Notes may be redeemed at any time prior to 2 December 2030 at the option of the Issuer (in whole but not in part) at the Make-Whole Redemption Amount, as described in Condition 5(e) (*Redemption at the option of the Issuer (Make-Whole)*). The Notes may also be redeemed from and including 2 December 2030 to but excluding the Maturity Date at the option of the Issuer (in whole but not in part) at their principal amount, as described in Condition 5(d) (*Redemption at the option of the Issuer (Issuer Call)*).
Tax Redemption:	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time for certain tax reasons as further described in Condition 5(b) (*Redemption for tax reasons*).
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3(a) (*Negative Pledge*).
Cross-Acceleration:	See Condition 8(d) (*Cross-acceleration of Issuer or Material Subsidiary*).
Change of Control Put Event:	The Noteholders shall have the option, in the event of a Change of Control Put Event, to require the Issuer to redeem or purchase the Notes at par, as further described in Condition 5(c) (*Redemption at the Option of the Noteholders in the event of a Change of Control*).
Rating:	As of the date of this Prospectus, the Notes are rated Baa3 by Moody’s, BBB by S&P and BBB- by Fitch. As of the date of this Prospectus, the ratings of the Issuer are Baa3 by Moody’s, BBB by S&P, and BBB- by Fitch. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. Similarly, in general, United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the United Kingdom but is endorsed by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the United Kingdom which is certified under the UK CRA Regulation.
Withholding Tax:	See Condition 7 (*Taxation*).
Governing Law:	The Notes, the Agency Agreement, the Deed of Covenant and the Subscription Agreement and any non-contractual obligations

	arising out of or in connection with them are be governed by English law.
Listing and admission to trading:	Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for the Notes to be listed on the official list and admitted to trading on its regulated market.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the EEA, U.S. (Regulation S (Category 2)), the United Kingdom and Italy and such other restrictions as may be required in connection with the offering sale of the Notes, see "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves risks. Investors should carefully consider all of the information in this Prospectus, which includes information incorporated by reference. In particular, investors should evaluate the specific factors under "Risk Factors" in this Prospectus.
Financial Information:	See "*Presentation of Financial and Other Information*", "*Documents Incorporated by Reference*" and "*Selected Financial Information*".

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Investors should note that the risks described below are not the only risks the Group may face. These are the risks that the Group currently considers to be material. There may be additional risks that the Group currently considers to be immaterial or of which it is currently unaware and any of these risks could have similar effects to those set forth below.

In this Prospectus, the most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Prospectus is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Notes.

Risks related to the Group's businesses and industries generally

The Group's business may be adversely affected by changes in regulated tariffs or the introduction of new obligations to pay regulated tariffs.

A substantial part of the sales of the Group's Gas Transmission Business, Gas and Power Distribution Business and Heat Infra Business are derived from activities which are subject to regulated tariffs.

Gas Transmission Business

A large part of the revenues of the Group's Gas Transmission Business is dependent on transmission tariffs. Pursuant to applicable Slovak legislation, such tariffs are determined with a view to cover reasonable costs of operation and to protect customers from unreasonable prices. Eustream, as an operator of a large-scale high-pressure gas transmission system in the Slovak Republic, is obliged to regularly submit to, and obtain approval from, the Slovak Regulatory Office for Network Industries ("**RONI**") of its tariff structure proposals in respect of the relevant regulatory (tariff) period. While the current regulatory period started on 1 January 2017 and will end on 31 December 2022 (as a result of exceptional prolongation by an amendment to the regulatory policy), the actual tariff period applicable to Eustream will end on 31 December 2021. In 2017, the European Commission adopted Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas ("**NC on Harmonised Tariffs**") setting out the rules for harmonised gas transmission tariff structures fully applicable as from 31 May 2019. On 29 May 2019, RONI issued a new price decision implementing the rules of the NC on Harmonised Tariffs. Tariffs calculated according to this price decision will, however, start to be applicable in the Slovak Republic as from 1 January 2022, despite the fact that due to the prolongation of the current regulatory period, the new regulatory period will generally commence on 1 January 2023. The tariffs applicable for the current tariff period that are applicable as of the date of this Prospectus, apply until 31 December 2021 (i.e. during the current tariff period of Eustream). Other changes to existing regulations or the adoption of other new regulations may have a material adverse effect on Eustream's business, financial condition, results of operations, cash flows and prospects and, accordingly, those of the Group.

Eustream's existing material regulated contracts, including the contract with a prominent Russian shipper of gas due to expire in 2028, incorporate pre-agreed regulated tariffs. These tariffs are subject to adjustments reflecting EU inflation (using the EU Harmonised Index of Consumer Prices (HICP) index) or, in relation to certain contracts concluded prior to 2005, other indices, such as the German investment index. The development of these tariffs is not, during the lifetime of the contract, influenced by new price rulings issued by RONI or the NC on Harmonised Tariffs. However, each new contract is subject to the then applicable tariffs. If the future tariffs set by RONI are lower than the current tariffs, this may lead to Eustream receiving lower revenues from future new contracts. RONI may decide to limit or even block tariff increases or may change the conditions of access to such regulated tariffs, including changes to the price setting mechanisms. Eustream cannot give any assurance that new tariffs would be set at a level which would allow Eustream to preserve its short-, medium- or long-term profitability, while ensuring a fair return on the capital invested. In particular, tariffs set by RONI may be affected by a number of factors and there is no guarantee that the regulated tariffs set by RONI will be sufficient to cover Eustream's future eligible operating expenditures ("**OPEX**"), depreciation and fair profit and any costs of future infrastructure development projects. Further, given that Eustream is subject to both Slovak and EU regulation, which is continually evolving, there is no guarantee that the present or future tariffs set by RONI will not be challenged by EU authorities. The materialisation of this risk as well as future changes in the tariff structure applicable to Eustream's gas transmission network could therefore have a material adverse effect on Eustream's business, financial condition, results of operations, cash flows and prospects.

Gas and Power Distribution Business

The Group's gas and electricity distribution and supply activities undertaken through SSE and the distribution system operators ("**DSO**") SSD and SPPD are subject to regulated tariffs (in the case of SSE's gas and electricity supply activities only in relation to all households and small and medium-sized enterprises with annual consumption of less than 30 megawatt hour ("**MWh**") for power and 100 MWh for gas). According to the applicable Slovak laws, RONI determines tariffs which may be charged (i) for distribution on the basis of complex input parameters that cover only eligible costs of operation, eligible depreciation, fair (allowed) profit and expected distribution volume and (ii) for supply activities on the basis of complex input parameters that cover commodity prices taking into account consumption levels, eligible operating expenses including deviation and fair (allowed) profit. The current regulatory period in respect of both gas and power distribution started on 1 January 2017 and will end on 31 December 2022. With respect to the gas and power supply, RONI implements price regulation, *inter alia*, by setting the maximum price for "vulnerable" customers, i.e. household customers or small and medium-sized enterprises with annual consumption of less than 30 MWh for power and 100 MWh for gas.

In the past, SSD was obliged to purchase electricity from renewable energy sources at regulated prices, which are set for each year and usually at higher than market prices in support of renewable energy sources in the Slovak Republic. The SSE Group was entitled to fully recover the difference between the regulated price and the market price through a special regulated tariff charged to end customers. However, differences and fluctuations in power consumption by end customers and power generation by renewable sources caused a mismatch between the amounts of subsidies paid and the compensation received through the tariff charged to end customers. This resulted in the accumulation of deficit by the SSE Group. The applicable legislation has provided for a correction mechanism set by RONI which means that when setting the systems operation tariffs (the "**SOT**") in year t–1 for year t, RONI reflects the deficit or surplus resulting from the support for renewable energy sources in year t–2.

As the SOT system has created a deficit, there have been ongoing discussions between the distribution operators and the Slovak Ministry of Economy with a view to resolving this issue by changing the current SOT system. All the major attributes that were discussed between the distribution operators and the Slovak Ministry of Economy have been finally reflected in the amendment to the Slovak RES Promotion Act, effective as of 1 January 2019. Under this amendment, the SOT clearing duty was transferred from the distribution companies to a state owned entity, OKTE a.s. on 1 January 2020. On 18 December 2019, the Slovak government approved a one-off payment of part of the SOT deficit to the distribution operators, which amounted to approximately EUR 139 million for SSD. The new Slovak government led by the former opposition party OLaNO made this payment in 2020 by means of a one-off payment and compensation through the tariff. As of the date of this Prospectus, the new Slovak government is considering various approaches for the settlement of the outstanding part of the SOT, which for SSD amounted to EUR 86.5 million as of the date of this Prospectus, but no official final details on the timeline or the settlement mechanism are available. In addition, the new legislation may be subject to future changes, such as the reintroduction of the previous regime, which could have a material adverse effect on SSD and also the Group's financial condition, results of operations and cash flows.

Heat Infra Business

A substantial portion of sales of the Heat Infra Business depends on regulated tariffs. The Czech Energy Regulatory Office (the "**ERO**") issues pricing decisions that set forth guidelines applicable to the calculation of heat prices. These rates are comprised of (i) the economically justified costs necessary for the production and distribution of heat, (ii) appropriate profit, and (iii) VAT. As such, the ERO allows the Issuer's subsidiaries to set the heat price on the condition that they follow the calculation principles set forth by the ERO (in accordance with input-price based model regulation). If, however, the Issuer's subsidiaries decide to charge prices lower than the so-called "limit heat price" announced by the ERO in its price decision (in Czech "*limitní cena*"), the regulated entities are not required to follow the price-setting methodology. Therefore, the so-called limit price set by the ERO serves as a threshold above which the price is required to comply with the ERO formula for calculation of the heat price. The regulated entities may therefore choose to either charge prices at or above the limit price (and follow the calculation principles set forth by the ERO), or charge prices below the limit price (without the need to adhere to the calculation principles). Nevertheless, the ERO also has the right to review the operations of a heat producer retroactively for the previous three years (under certain legal circumstances for the previous five years) with respect to the heat price setting mechanism applied by that particular entity and impose significant penalties if the entity is not able to fully support the pricing mechanism applied. Also, certain risk exists that the currently used method of regulation of heating prices may be changed to a different method (such as the cost-plus method used for electricity and gas distribution where the ERO as the regulator sets the actual prices by a decree) which may have a significant adverse effect on the profitability of the Group's Heat Infra Business. As regards electricity produced by cogeneration plants, the ERO also stipulates in its price decision the amount of subsidy for electricity from high-efficiency cogeneration sources in the form of a green bonus, which is set per MWh and granted on an annual basis. As of the date of this Prospectus, an amendment in respect of Czech Act No. 165/2012 Coll. on support of production of electricity from renewable sources, as amended (the "**Czech Renewable Energy Act**") is being discussed in the Czech Parliament and the subsidy regime, including for high-efficiency cogeneration sources, may be changed. If adopted, the amendment will, among other things, expose the high-efficiency cogeneration sources to greater competition by applying the capacity auction scheme to any future modernization of such sources, which could, ultimately, have adverse cost consequences for the Group. This amendment also seeks to address the overcompensation issue of subsidised sources, including high-efficiency cogeneration sources.

Gas Storage Business

The gas storage businesses in the Slovak Republic and the Czech Republic have not been subject to price regulation since 2013 and 2007, respectively. The applicable regulations were changed, and the price regulation removed. However, there can be no assurance that price regulation in the gas storage business will not be implemented again in the future. In particular, RONI, the regulator for the Slovak Republic, has stated its intention to reintroduce such price regulation in the current regulatory policy for the years 2017 to 2022. However, so far RONI has not taken any formal steps in order to implement such an intention. NAFTA and Pozagas sell a part of their storage capacity at the Austrian Virtual Trading Point and they bear all entry-exit fees in relation to the access to the Austrian market. Therefore, changes in the tariff structure for the entry and exit to the Austrian Virtual Trading Point that depend on the decision of the Austrian regulator and development of Austrian regulation laws may have effect on the Gas Storage Business.

General Implications for the Group

The legislative or regulatory authorities in the countries in which the Group operates may decide to limit or even block tariff increases or may change the conditions of access to such regulated tariffs, including changes to the price setting mechanisms. The Group cannot give any assurance that new tariffs would be set at a level which would allow the Group to preserve its short-, medium- or long-term profitability, while ensuring a fair return on the capital invested. In particular, tariffs set by RONI may be affected by a number of factors and there is no guarantee that the regulated tariffs set by RONI will be sufficient to cover Eustream's, SSE's and SPPD's OPEX, depreciation and fair profit and any costs of future infrastructure development projects. As a result, any changes in regulated tariffs, particularly those that may affect the Group's revenues from gas transmissions as well as power and gas distribution, could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's business is exposed to political, economic and social developments in the Slovak Republic, the Czech Republic, the Central and Eastern Europe region and elsewhere.

A majority of the Group's operations are located in the Slovak Republic and the Czech Republic and the Group is therefore exposed to economic risks associated with the Slovak Republic and the Czech Republic and, to a lesser extent, certain other countries (including Germany, Austria, Italy and Turkey). The Group's business, financial condition, results of operations, cash flows and prospects are dependent on the performance of such economies as the level of economic activity in the Czech Republic, Slovak Republic and Austria may have an effect on the consumption of gas, heat and electricity which is produced, transported or distributed by the Group's business. The economies of both the Czech Republic and the Slovak Republic are vulnerable to external shocks, such as the global economic and financial crisis which commenced in the second half of 2008.

Moreover, due to the coronavirus ("**COVID-19**") outbreak, the Czech Republic, the Slovak Republic and many other countries in Europe and worldwide introduced quarantines and other restrictive measures intended to prevent the spread of COVID-19. These restrictive measures have led to serious interruptions in business, economic and day-to-day activities in the countries in which the Group operates and many other countries around the world, affecting, among other things, manufacturing, trade, consumer confidence, levels of unemployment, the housing market, the commercial real estate sector, debt and equity markets, counterparty risk, inflation, the availability and cost of credit, transaction volumes in wholesale and retail markets, the liquidity of the global financial markets and market interest rates. These factors have resulted in a widespread deterioration in the economies of these countries and, as a result, have had a limited adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects, as the Group's revenues largely depend on already booked capacities (e.g. ship-or-pay contracts for the Gas Transmission Business, store-or-pay contracts for the Gas Storage Business, fixed tariff components for the Gas and Power Distribution Business and fixed heat price component for the Heat Infra Business). However, the Group was negatively affected by low commodity prices, reducing its revenues from excess gas-in-kind received from shippers and revenues from sales of electricity produced by the Group's cogeneration plants. While the negative effect of this was partly mitigated by existing hedging arrangements that have been put in place, the unhedged portion of gas and power sales was exposed to adverse price development. In addition, the economies of the countries in which the Group operates may be negatively affected by an outbreak of any contagious disease with human-to-human airborne or contact propagation effects, such as COVID-19 that has escalated into a global pandemic. The Group cannot provide any assurance on the future spread of COVID-19 or other contagious diseases in areas in which the Group operates or what the impact on its business will be, due to, among other things, quarantines or other restrictive measures.

Economic developments in Europe could also be negatively affected by the departure of the United Kingdom from the EU (so-called Brexit). On 24 January 2020, the United Kingdom and the EU signed an agreement on the withdrawal of the United Kingdom from the EU. The withdrawal agreement provided the United Kingdom with a transition period until 31 December 2020, during which the United Kingdom was bound by EU legislation and remained in the single market area, while the future terms of the United Kingdom's relationship with the EU were being negotiated. On 24 December 2020, the EU and the United Kingdom agreed on the trade and cooperation agreement (the "**Trade and Cooperation Agreement**"), which sets out the principles of the relationship between the EU and the United Kingdom following the end of the transitional period. The European Commission has proposed to apply the Trade and Cooperation Agreement on a provisional basis for a limited time until 28 February 2021, by which time the Trade and Cooperation Agreement must be approved by the European Parliament. Given the recent agreement on the wording of the Trade and Cooperation Agreement and its provisional application, as of the date of this Prospectus, the exact terms of the Trade and Cooperation Agreement, its practical application and the overall relationship of the United Kingdom and the EU are not fully clear. Any delays with the approval of the Trade and Cooperation Agreement by the European Parliament, its potential problematic provisions or its potential uncertain interpretation could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the Euro.

On 29 February 2020, the Slovak Republic held its general election which was won by the former opposition party OLaNO that formed a new government coalition with three other former opposition parties. Although the programme memorandum of the new government emphasizes a pro-Western, pro-EU and pro-NATO orientation of the Slovak Republic and its government, the Group can give no assurance that the new government will continue in furthering of current economic, fiscal, and regulatory policies, nor can there be any assurance that any shifts in government policies will not lead to the imposition of new fiscal measures, such as the introduction of new sector-specific taxes or changes in existing tax rates, and that any changes in such policies will not have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

A significant decline in the economic growth of any of the Slovak Republic or Czech Republic's major trading partners, in particular Germany and other member states of the EU, could in the future have an adverse effect on the Slovak Republic's or Czech Republic's balance of trade and adversely affect their economic growth. Any significant downturn in the economies of the Slovak Republic, the Czech Republic or certain other countries as well as any changes in economic, tax, regulatory, administrative or other conditions or policies of the Slovak or Czech governments, as well as political, economic or social developments in the Slovak Republic or the Czech Republic over which the Group has no control could, among other things, result in reduced demand for gas, heat and power or could adversely affect the Group's commercial customers' creditworthiness and their ability to obtain financing for their operations, and have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's business could be adversely affected by the continuing crisis in Ukraine and the political and economic uncertainty it creates.

Heightened levels of tension between Russia and Ukraine, military activity on the border between Russia and Ukraine, the accession of Crimea to Russia and the imposition by the U.S., the EU and other countries of various sanctions and certain other measures against specified Ukrainian and Russian individuals and certain Russian entities could have a direct impact on the Group in the future. Further escalation of the conflict may lead to fluctuations in gas prices, further U.S. and EU-backed sanctions affecting the long-term sustainable availability of Russian gas or decreased demand for gas due to any of the above factors. Future escalation of the Ukrainian crisis may lead to further expansion of the sanctions regime to include certain of Eustream's Russian or Ukrainian suppliers, customers and counterparties. This may result in, among other things, the inability of the sanctioned counterparty to duly fulfil its contractual obligations vis-à-vis Eustream, which may negatively affect Eustream's business, financial condition, results of operations, cash flow and prospects.

The current tensions could also affect Ukraine's ability to transport gas to or from Eustream's system. Despite current tensions and after protracted negotiations, Russia's Gazprom and Ukraine's Naftogaz Ukrainy signed on 31 December 2019 a new contract on the transit of gas through Ukraine. According to a press release published by Gazprom commenting on the signing of the contract, Naftogaz Ukrainy agreed to transmit a minimum of 65 billion cubic metres ("**bcm**") of Gazprom's gas to Europe in 2020, approximately 22 bcm less than the volume transmitted in 2018, and at least 40 bcm per year from 2021 to 2024. Ultimately, 55.1 bcm of Gazprom's gas were transmitted via Ukraine to Europe in the year ended 31 December 2020.[1] The contract is for a term of five years and can be further extended until 2034. However, given the complexities and current political climate between Russia and Ukraine, there is no guarantee that the parties will fully discharge their obligations under the contract for its entire duration or that after its expiration, a new contract will be concluded. The Group's business could be negatively affected in case of a sustained interruption of the flow of natural gas from Russia to the Slovak Republic via border point Veľké Kapušany resulting from the failure of the parties to agree on future transit cooperation.

There are no significant domestic sources of gas in the Slovak Republic or the Czech Republic and there is no previous experience in the Slovak Republic or the Czech Republic of an extended period of disruption in gas supply from the Russian-Ukrainian route, except for the 13 days' disruption in January 2009. In the case of a prolonged gas shortage, gas would have to be sourced from other state interconnectors such as the Czech Republic (from the Lanžhot entry point), Hungary (from the Veľké Zlievce entry point) and Austria (from the Baumgarten entry point) or gas stored by shippers in underground gas storage facilities. Furthermore, the interruption of gas flows from Ukraine could also negatively impact the performance of Eustream as a portion of its revenues is dependent on the commercial gas flows in the Eustream network. This in particular concerns revenues from gas-in-kind, i.e. a pre-agreed fixed percentage of commercial gas transmission volume received from the shippers by Eustream for its operational needs, which the shippers do not supply in case the booked capacity is not utilised. Furthermore, any escalation of the Ukrainian crisis generally may have the effect of increasing the demand from shippers for developing alternative routes that may act as competitors to Eustream.

Since November 2015, Ukraine has ceased imports of gas from Russia. As a result, Ukraine has been increasingly reliant on Eustream's reverse flow facilities for its access to gas, thus increasing Eustream's revenues from reverse flow bookings. As part of the new contract on the transit of gas through Ukraine concluded on 31 December 2019, Gazprom and Naftogaz Ukrainy finally settled their long-running dispute

[1] Source: Ukrtransgaz, Operator Hazotransportnoyi Systemy Ukrayiny.

over gas prices and transit fees. Gazprom paid to Naftogaz Ukrainy USD 2.9 billion as compensation for the Stockholm arbitration rulings and, in exchange, Naftogaz Ukrainy agreed to release seized assets belonging to Gazprom in Europe. The parties further agreed to settle and withdraw from all arbitration proceedings where final decisions had not been rendered. Despite this settlement, however, as of the date of this Prospectus, Gazprom and Naftogaz Ukrainy are yet to conclude an agreement on resuming direct supplies of Russian gas to Ukraine. If supplies of Russian gas to Ukraine were to resume, this may lead to lower demand for Eustream's reverse flow facilities, thus decreasing Eustream's revenues from reverse flow bookings. On the other hand, further escalation of the dispute may ultimately lead to a sustained interruption of the flow of natural gas from Russia to the Slovak Republic, in which case the consequences might be much more severe and difficult to predict.

Should any of the remedial factors mentioned above not be effective in the case of future interruptions, this could lead to a material adverse effect on the business, financial condition, results of operations, cash flows and prospects of the Group.

Failures, breakdowns, unplanned outages, as well as natural disasters, epidemics, sabotage, or terrorism or public opposition may cause delays or interruptions in the Group's operations, increase capital expenditures, harm the Group's business and reputation or cause significant harm to the environment.

The Group's gas transmission infrastructure, gas, power and heat distribution infrastructure, heat and power plants, gas storage infrastructure, energy trading platforms, wind and solar farms, biogas facilities, (including systems not operated or controlled by the Group), and information systems controlling these facilities, could be subject to failure, breakdowns, unplanned outages, gas leaks, explosions, fire, capacity limitations, system loss, breaches of security or physical damage due to natural disasters (such as adverse weather conditions, storms, floods, fires, explosions, landslides, slope ruptures or earthquakes), human error, computer viruses, hacker attacks, fuel interruptions, criminal acts (such as terrorism or sabotage), legally permitted protests (such as demonstrations), unauthorised third-party excavation works, unscheduled technological breakdowns at customers' facilities or facilities operated by other third parties and other catastrophic events. Any physical damage to the Group's facilities, in particular, to Eustream's network, may be costly to repair and any outages may cause the Group to lose revenues due to its inability to supply heat, gas or power to its customers or to provide its distribution or transmission services in accordance with the contracts with its customers.

For example, in December 2017, the gas transmission in Eustream's network was paralysed for several hours due to an accident at the compressor station of the Austrian gas transporter Gas Connect Austria at the Central European gas hub in Baumgarten where the explosion of one of the compressors caused short-term inability to transmit natural gas to Austria. However, transmission was restarted immediately after the situation had been stabilised. Although Eustream's gas transmission system is generally flexible and an interruption at one entry-exit point typically would not materially influence gas transmission at other entry-exit points, there is no assurance that any such interruption will not escalate to the extent that that will result in some or total paralysis of Eustream's network.

Further, the Group's operations may also be negatively affected by an outbreak of any contagious disease with human-to-human airborne or contact propagation effects, such as coronavirus (COVID-19) that has escalated into a global pandemic. The Group can provide no assurance on the future spread of COVID-19 or other contagious diseases in areas in which the Group operates or what the impact on its business and operations will be, due to, among other things, quarantines or other restrictive measures introduced by such countries with the aim to prevent the spread of COVID-19. These restrictive measures have led to serious interruptions in business, economic and day-to-day activities in the countries in which the Group operates and many other countries around the world and, as a result, they have adversely effected the Group's and its suppliers' operations. The continuation of these measures or the introduction of any additional restrictive measures could further negatively affect the Group's employees and facilities as well as facilities operated by third parties and, as a result, disrupt the Group's core operations, and activities.

The hazards described above can also cause significant personal injury or loss of life, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in increased insurance costs for the Group as well as in the Issuer or the Issuer's operating subsidiaries being named as a defendant in lawsuits asserting claims for breach of contract or substantial damages, environmental clean-up costs, personal injury and fines or penalties. A successful claim against the Issuer or the Issuer's operating subsidiaries could adversely affect the Group's financial results and materially harm the Group's financial condition.

Certain of the Group's businesses (including the Heat Infra Business, the Gas and Power Distribution Business and the Gas Transmission Business) are sensitive to variations in weather.

Certain of the Group's businesses are affected by variations in general weather conditions and unusual weather patterns. The Group's businesses forecast the demand for its products or services, especially gas flows and distribution, heat and power distribution and gas transmission based on long-term historical average weather conditions. While the Issuer also considers possible variations in normal weather patterns and potential impacts on the Group's operating subsidiaries' facilities and businesses, there can be no assurance that such planning can prevent negative impacts on the Group's businesses. Typically, when winters are warmer than expected, as was the case in 2014, 2018, 2019 and 2020 demand for gas, heat and power is lower than forecasted, which may have a material adverse effect on revenues of certain of the Group's businesses.

The Group's revenues and margins may be negatively impacted by volatile prices and the demand for power, natural gas and coal.

Gas Transmission Business, Gas & Power Distribution Business and Gas Storage Business

Demand for certain of the gas business capabilities of the Group is ultimately driven by the demand for natural gas in Europe, which depends on a number of factors, which are outside of the control of the Group, including gas prices, geopolitical developments, weather conditions, alternative energy sources, the development of renewable energy sources and state subsidies for them, climate fluctuations and environmental laws.

Eustream's decisions to expand its transmission capacity or develop new interconnections, such as the construction of an interconnection between the Slovak Republic and Poland which, as of the date of this Prospectus, is scheduled to commence operation in early 2022 have been and will continue to be based on projected demand for natural gas transmission. Such projections are based on data currently available and historical information on market growth trends. Accordingly, if actual demand for natural gas transmission is not in line with Eustream's projections, Eustream may not earn the projected return on its investments, which may have a material adverse effect on the financial condition or results of operations of the Group. Furthermore, any decrease in the price of natural gas may adversely affect Eustream's revenue relating to excess gas-in-kind received from shippers.

SPPD and SSD are exposed to the risk that there may be a reduction in demand for their gas and power distribution, respectively, in particular by their commercial and industrial customer base. The demand for SPPD's gas distribution and for SSD's power distribution is principally driven by the level of economic activity in the Slovak Republic.

The short-term price of storage is market-based and subject to a number of key drivers that include security of supply, intrinsic (price driven primarily by winter-summer spread in gas prices) and extrinsic (market prices that may exhibit short-term swings and variations) value of storage, portfolio value, location and proper interconnection of the storage facility.

All these risks could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Heat Infra Business

The profitability of the Group's Heat Infra Business is influenced by the prices the Group receives for the power it generates, as well as the revenues it receives from heat sales. Volatility in the prices at which the Group sells power and in revenues from heat sales may cause the Group to achieve a lower than anticipated price and materially adversely affect the Group's business, financial condition, results of operations, cash flows and prospects. Volatility in (i) prices of power and (ii) revenues generated by heat sales may result from many factors, including, weather conditions, seasonality, changes in electricity and fuel usage and changes in the prices of primary fuels.

Power prices showed a decreasing trend in most of the European regions between the beginning of 2013 and beginning of 2018 because supply from renewables was growing faster than the demand for power, pushing the market price of electricity downwards. Since 2018, power prices have increased mainly due to the increasing price of emission allowances. The occurrence of a decreasing trend in the future could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Effects of energy supply and trading

Prices in the European energy markets in which the Group operates through trading activities are not subject to general price regulation. Thus, price fluctuations occur in the wholesale energy market and impact the Group's business. These fluctuations are particularly significant when there are major tensions and volatility in the energy markets. Any shortage of products or lack of liquidity could limit the Group's ability to reduce its exposure to risk quickly in the energy market. In addition, these markets remain in part partitioned by country, largely as a result of a lack of transmission interconnections and may experience significant increases or decreases in price movements and liquidity crises that are difficult to predict. Any such fluctuations in the wholesale energy markets could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to the risk of disruptions in the supply of coal, gas, power or certain other raw materials or transportation services, or an unexpected increase in their cost.

The Group is exposed to the risk of disruptions in the supply of coal, gas, power or certain other raw materials. The Group's generation operations depend upon obtaining deliveries of adequate supplies of raw materials on a timely basis. Any significant shortage of or interruption in the supply of raw materials, in particular brown coal, or in transportation services could disrupt the Group's operations and increase costs.

In particular, SPPD does not operate any material gas production or transmission facilities and takes over all gas belonging to shippers from the Eustream transmission pipeline for distribution to end-customers. SPPD is thus reliant on its ability to purchase virtually all of its gas requirements to cover losses in the distribution network, for ancillary activities and technical purposes and as a reserve for the supply of gas to households under short-term agreements with gas producers and traders. Also, the Group may be forced to meet its fuel requirements by purchasing fuel at market prices, exposing itself to market price volatility and the risk that fuel and transportation may not be available during certain periods at any price. Furthermore, as certain of the Group's power plants are calibrated to run on certain ranges of grades of brown coal and other fuel, in many cases it may be difficult to find a replacement supplier that is immediately able to meet the Group's raw material specifications, especially if any such replacement supplier were to have to seek licences to access additional fuel reserves.

As a result, any disruption in supply could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to competition risk.

Many of the markets in which the Group's Gas Transmission Business, supply and trading division of the Gas and Power Distribution Business, Heat Infra Business and Gas Storage Business operate, are increasingly competitive and as such, the Group is exposed to the risk of not being able to compete effectively on an on-going basis. For example, in the Group's Heat Infra Business there are pricing pressures from alternative sources of power. Although final electricity prices have increased in the past, as time goes on, increasing competition could cause reductions in the market price for power.

In addition, the energy supply market is very competitive with many businesses operating on the markets in which the Group operates. The Group's primary competitors in the Czech energy supply market are E.ON, Innogy Česká republika a.s. (which was acquired by MVM Group in October 2020), Pražská energetika, a.s., Pražská plynárenská, a.s., Bohemia Energy, and ČEZ, a.s., and in the Slovak energy supply market are SPP, a.s., ZSE Energia, Innogy Slovensko (a part of VSE group, where E.ON acquired 49 per cent. of its shares in 2020), Slovakia Energy, and ČEZ Slovensko. The Group's supply prices must remain competitive which makes strong profitability a challenge in this business line. The Group's customers may leave in order to obtain their energy from other suppliers. In order to compete with other energy suppliers, the Group may have to reduce prices further.

The Group's competitiveness could be affected by, among other things, new entrants in the markets where the Group operates, an increase in the availability and supply of natural gas affecting the volume or prices of the power the Group sells, a substantial number of SSE's electricity or gas supply customers choosing to switch their supplier or a significant adverse change in the gas storage services market in the Slovak

Republic, the Czech Republic or Austria. Any of the foregoing could have a negative impact on the Group's business, financial condition, results of operations, cash flows and prospects.

The Issuer is exposed to risks associated with its participation in joint ventures.

The Issuer has entered into certain joint venture arrangements where it has granted protective rights to minority holders or otherwise holds interests in entities in which the Issuer owns less than a majority of voting rights or which the Issuer does not manage or otherwise control, and may enter into additional joint venture arrangements in the future. In these cases, the Issuer may depend on the approval of joint venture partners for certain matters, such as to distribute funds from the projects or entities or to transfer the Issuer's interest in projects or entities. The Issuer may also depend on the joint venture partners to operate the relevant join venture entities. However, the joint venture partners may not have the level of experience, technical expertise, human resources, management or other attributes necessary to operate these entities optimally. In addition, certain of the joint venture arrangements the Issuer has entered into are with public entities, such as the Slovak Republic acting through its ministry, entities owned and controlled by the Slovak Republic, or other entities with interests divergent from those of the Issuer. Such public entities or other joint venture partners may have divergent and at times competing interests that are not always dependent on purely commercial considerations. The Issuer therefore faces the risk that the operations and management of any joint ventures or entities in which the Issuer holds interests alongside such entities may be adversely affected by political considerations. For instance, although an agreement with the Slovak Republic grants the Issuer management control over SPPI and SSE, the Slovak Republic may influence or block certain decisions of SPPI and SSE and the Slovak government's objectives may conflict with the Issuer's objectives as a commercial enterprise. Any occurrence of these risks could have an adverse effect on the success of the joint venture arrangement or on the Issuer's interest therein and, in turn, on the Issuer's business, financial condition, results of operations, cash flows and prospects.

The Group is dependent on key managers, senior executives and other qualified personnel and may not be able to attract and retain them.

The Group's ability to maintain its competitive position and to implement its business strategy is largely dependent on its ability to retain key managers and senior executives as well as skilled personnel and to attract and retain additional qualified personnel who have experience in the Group's industries and in operating a group of the Group's size and complexity. There may be a limited number of persons with the requisite experience and skills to serve in the Group's senior management positions, and the Group may not be able to locate or employ or retain qualified executives on acceptable terms, or at all. Any shortage of adequately skilled candidates may force the Group to increase wages to attract suitably skilled candidates, which could substantially increase the Group's costs. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group depends on good relations with its workforce, and any significant disruption could adversely affect the Group's operations.

Many of the Group's employees are unionised or represented by works councils and possess certain bargaining or other rights. These employment rights may require the Group to expend substantial time and expense in altering or amending employees' terms of employment or making staff reductions. If the Group's relations with workforce, the works councils or the trade unions deteriorate for any reason, including as a result of changes in its compensation or any other changes in the Group's policies or procedures that are perceived negatively by employees, the works councils or the trade unions, or if the Group is unable to successfully conclude any future shop agreements with the works councils and collective bargaining agreements with the trade unions, the Group may experience a labour disturbance or work stoppage at the relevant facility or facilities, which could have a material adverse effect on any such facility's operations and on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to currency fluctuation risks.

The Group is exposed to fluctuations in the value of currencies (primarily Euro, U.S. dollars and Polish Zloty) relative to the Czech Koruna. Although the Group currently reports its results in Euros, it conducts a significant portion of its business in Czech Korunas (most importantly as a result of its Heat Infra Business, which operates primarily in the Czech Republic and the sale of power and gas to end customers by EP ENERGY TRADING, a.s. ("**EPET**") as part of its Gas and Power Distribution business) and the Group is therefore subject to risks associated with currency fluctuations. The Group's Slovak operations are all Euro denominated and its Czech operations are denominated in Czech Korunas, except for power sales, purchases of CO_2 emission allowances, some coal purchases and some capital expenditures, which are Euro denominated, and a significant proportion of the Group's debt is denominated in Euro. As of 31 December 2020, 99.98 per cent. of the Group's Gross Financial Indebtedness were denominated in Euro and 0.02 per cent. in Czech Korunas, while 94.24 per cent. of the Group's cash and cash equivalents were denominated in Euro, 5.65 per cent. in Czech Korunas and 0.11 per cent. in other currencies.

The Group's financial results in any given period may be materially adversely affected by fluctuations in the value of currencies (primarily Euro) relative to the Czech Koruna and by the related transaction effects and the translation effects thereof. The Group is exposed to transaction effects when one of its subsidiaries incurs costs or earns revenue in a currency different from its functional currency. The Group is exposed to the translation effects of foreign currency exchange rate fluctuations when the Group converts currencies that it receives for products into currencies required to pay its debt, or into currencies in which the Group purchases raw materials, meet our fixed costs or pay for services, any of which could result in a gain or loss depending on such fluctuations.

The Group's operating subsidiaries are exposed to commodity risk.

The Group's exposure to commodity risk principally consists of exposure to fluctuations in the prices of energy, gas and emission allowances, both on the supply and the demand side. The Group's primary exposure to commodity price risks arises from the nature of its physical assets, namely power plants and gas transmission activities (gas-in-kind received from shippers), and to a lesser extent from proprietary trading activities. The Group aims to reduce exposure to fluctuations in commodity prices using swaps and various other types of derivatives. The Group manages the commodity price risks associated with its proprietary trading activities by generally trading on a back-to-back basis, i.e., purchasing from the market where it has a customer in place to purchase the commodity. Commodity derivatives primarily represent forwards on purchase or sale of electricity and swaps relating to gas which is typically used to hedge the commodity price for Eustream's operations, specifically locking the sales prices for surplus of gas-in-kind received from shippers.

However, the variety of instruments and strategies used to hedge exposures may not be effective. In some cases, the Group may not elect or have the ability to implement such hedges or, even if implemented, they may not achieve the desired effect and may result in significant losses. The risk management procedures the Group has in place may not always be followed or may not work as planned. The occurrence of any of the above risks could adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to liquidity risk.

The Group faces the risk that it will experience difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To mitigate this risk, the Group focuses on diversifying sources of funds and also holds a portion of its assets in highly liquid funds. As of 30 June 2020, the Group had financial liabilities with contractual maturities of less than one year in the total amount of EUR 1,464 million, between one and five years in the total amount of EUR 2,358 million and over five years in the total amount of EUR 2,031 million. Liquidity risk is evaluated by monitoring changes in the financing structure and comparing these changes with the Group's liquidity risk management strategy. The Group typically seeks to have sufficient cash available on demand and assets with short maturity to meet expected operational expenses for a period of 90 days, including servicing financial obligations, although this excludes the impact of extreme events that cannot be reliably predicted, like natural disasters. However, if these policies and procedures are not effective, are not followed or do not work as planned, this could adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's operating subsidiaries are exposed to interest rate risk.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets, including investments, and interest-bearing liabilities mature or re-price at different times or in different amounts. The length of time for which the interest rate is fixed on a financial instrument indicates to what extent it exposes the Group to interest rate risk. The Group uses interest rate swaps and other types of derivatives to reduce the amount of debt exposed to interest rate fluctuations and to reduce borrowing costs. However, the Group may incur losses if any of the variety of instruments and strategies used to hedge exposures are not effective or cannot be implemented. The Group's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. Also, the risk management procedures the Group has in place may not always be followed or may not work as planned. In addition, the Group performs stress testing using a standardised interest rate shock, whereby an immediate increase or decrease in interest rates by one per cent. along the whole yield curve is applied to the interest rate positions of the portfolio. According to the latest results of these tests, as of 31 December 2019, a decrease in interest rates by one per cent. would have decreased the Group's profit by EUR 8 million, whereas an increase in interest rates by one per cent. would have increased profit by EUR 7 million. The occurrence of any of the aforesaid risks could adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's insurance coverage with respect to its operations may be inadequate.

The Group maintains an amount of insurance protection that it considers adequate in the ordinary course of its operations. Although the Group is covered by the industry standard insurances the Issuer cannot provide any assurance that the insurance will be sufficient or provide effective coverage under all circumstances and against all hazards or liabilities to which the Group may be exposed. For example, only some elements of SSD's distribution network are insured, namely transformation stations, substations and medium voltage aerial power lines. Specifically, SSD's insurance does not cover its other power lines because such insurance would not be cost effective. In the case of the Gas Transmission Business, Eustream only has a limited benefit of insurance against damage for the pipelines it owns as the majority of the underground pipelines are not insured. Eustream's insurance also does not cover political risks. Further, SPPD does not have insurance against damage to the pipelines, the Heat Infra Business does not have insurance to a portion of its heat distribution network and the Gas Storage Business to a portion of its storage facilities and cushion gas as in the management's view such insurance would not be cost effective. Damages or third-party claims for which the Group is not fully insured as well as increases of insurance costs and other adverse changes in insurance markets could materially and adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

If the Group fails to continue to maintain an effective system of internal controls over financial reporting, the Group may not be able to report financial results accurately or prevent fraud or other unfavourable transactions.

The Group has taken reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its legal, regulatory and contractual obligations, including with regard to financial reporting, which it periodically evaluates. Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

The Group does not have integrated information systems and each subsidiary has its own accounting platform and accounting methodologies. The Issuer's subsidiaries prepare separate financial statements under the applicable local accounting standards for statutory purposes and part of the IFRS financial statements consolidation process is manual. It involves the transformation of the statutory financial statements of the Issuer's subsidiaries into IFRS financial statements through accounting adjustments and a consolidation of all entities' financial statements using the Group's accounting policies. This process is complicated and time-consuming and involves significant manual intervention, all of which increases the possibility of error. As of the date of this Prospectus, the Group is working on the implementation of a Group-wide reporting system which is aimed at limiting the amount of required manual intervention.

Any failure to maintain an adequate system of internal controls, to successfully implement any changes to such system or to be able to produce accurate financial information on a timely basis could increase the Group's operating costs and materially impair its ability to operate business, any of which could materially and adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to risks associated with announced and other potential changes to accounting standards.

The Group prepares its consolidated financial statements in accordance with international accounting standards as adopted by the EU, comprising IFRS and IAS, together with their interpretative texts. In addition to new standards effective as of 1 January 2019, 1 January 2020 and 1 January 2021, the International Accounting Standards Board (the "**IASB**") has been considering amending the existing standards and to issue new standards, which may affect various areas, some of which could materially and adversely affect the financial statements of utility groups such as the Group. These potential changes may for example adversely affect the recognition of both assets and liabilities of the Group as well as its income and expenses in the consolidated statement of comprehensive income.

For example, in January 2016, the IASB published the accounting standard IFRS 16, 'Leases', which replaces the previous standard IAS 17, 'Leases', and IFRIC 4, 'Determining Whether an Arrangement Contains a Lease'. In particular, IFRS 16 amends the accounting treatment of leases with the lessee. Under IFRS 16, the lessee is to account for the regular capitalisation of leased assets for the right of use in connection with the leasing arrangement and also to recognise a corresponding liability in connection with the leasing arrangement. Excluded from IFRS 16 are low-value assets and leasing arrangements with a term of less than 12 months if the corresponding options are exercised. The lessor is to continue to differentiate between finance leases and operating leases. IFRS 16 also contains a number of other provisions relating to recognition, disclosures and sale and leaseback transactions. The application of IFRS 16 is required for fiscal years beginning on or after 1 January 2019 and it has been adopted by the EU. As a result, the Group's indebtedness as of 31 December 2019 included a newly recognised lease liability of EUR 76 million.

While as of the date of this Prospectus, the Group is not able to fully assess the precise impact of the above and other such changes to the accounting standards on future reporting periods, these could have a material and adverse effect on the Group's net income and financial position, including related key performance indicators such as the Non-IFRS Measures.

A material part of the Group's financial indebtedness is structurally senior to the financial indebtedness of the Issuer under the Notes.

A material part of the Group's indebtedness is owed by the subsidiaries of the Issuer and, consequently, is structurally senior to the indebtedness of the Issuer under the Notes. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings in respect of the subsidiaries of the Issuer, investors in the Notes will not have access to the assets of such subsidiaries until after all of the subsidiary's creditors have been paid and the remaining assets have been distributed to the Issuer as their direct or indirect shareholder.

The Group is subject to various legal proceedings, which may have a material adverse effect on the Group, and there can be no assurance that any provisions created by the Group in respect of such proceedings would be adequate to cover the potential losses.

The Issuer and its operating subsidiaries are subject to various civil, administrative and arbitration proceedings. In addition to the potential financial exposure the Group may face relating to the litigation mentioned above, litigation, whether or not successful, could materially affect the Group's reputation in the market or a relationship with customers or suppliers who may cease to trade with the Group, and the proceedings or settlement in relation to litigation may involve internal and external costs, which may, even in the case of the successful completion of a relevant proceeding, not be fully reimbursable, divert senior management's time or use other resources which would otherwise be utilised elsewhere in the Group's business. Each of these additional consequences of litigation could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

SSD is exposed to approximately 25 claims related to SSD's withdrawal of incentives applicable to the generation of electricity from renewable sources and cogeneration in 2015 due to the failure of the respective electricity producers to comply with their reporting obligations pursuant to the Slovak RES Promotion Act. The overall value of the claims may not be precisely determined at this time. The relevant provisions of the Slovak RES Promotion Act, under which the incentives had been withdrawn, were reviewed by the Slovak Constitutional Court. In March 2017, the Slovak Constitutional Court issued a decision by which it upheld these provisions. On the basis of this decision, 31 underlying claims have already been dismissed by the relevant lower courts as of the date of this Prospectus. Because of that, the Group believes that the relevant lower courts are likely to dismiss also the remaining underlying claims. (See "*Description of the Issuer–Legal proceedings–Claims against SSD regarding renewables*" for more details.)

In addition, SSD is exposed to approximately 266 further lawsuits with producers of renewables who demand the return of payments which they made to SSD for access to the distribution network pursuant to applicable rules set by RONI and the Slovak legislation. As of 31 January 2021, the value of these claims was in the range of EUR 4-38 million. However, this amount may not be final. As of 31 January 2021, the relevant courts of first instance decided in 32 cases in favour of the plaintiffs as they had found the payment to constitute unjust enrichment on the part of SSD, while ten of the decisions of the courts of first instance were later confirmed by the court of appeal. However, SSD filed an extraordinary appeal to the Slovak Supreme Court against these decisions and until the Slovak Supreme Court renders its final decision, all proceedings before the lower courts have been stayed. In December 2019, the Slovak Supreme Court reached a decision in the first of these extraordinary appeals. It held that the plaintiff had access to the distribution network and therefore was under an obligation to pay SSD for the access. As a result, the Slovak Supreme Court rescinded the decision of the court of appeal and returned the case back to the court of first instance for further consideration. The court of first instance is generally expected to follow the reasoning set out by the Slovak Supreme Court. While the outcome of the Slovak Supreme Court's decision in the remaining cases cannot be predicted, should the remaining appeals be denied, the potential exposure of SSD towards all successful claimants may amount to various tens of millions of EUR.

Furthermore, Škoda Investment a.s. ("**SI**") filed a claim for unjust enrichment against PE (which merged with PLTEP on 31 October 2018) for approximately EUR 2 million in 2012. This unjust enrichment claim allegedly arises from the fact that PE owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of SI, thereby illegally restricting the ownership of SI. In February 2016, both parties received an official request from the court to settle the dispute by mediation. Following this request the hearing has been adjourned until further notice. In June 2016, SI filed an additional claim for unjust enrichment against PE for approximately EUR 1 million. The additional claim covers the period from 2013 to 2014. The claim was further extended in 2018 to a total of approximately EUR 4 million. In January 2018, another court hearing was held and the court ruled in favour of PE. SI appealed and as a result of the appeal, the legal case was returned back to the district court where the next hearing is expected to take place in April 2021. Since the legal case is still open, PLTEP created certain provisions in the Interim Financial Statements.

In addition, ČKD PRAHA DIZ, a.s. ("**ČKD PRAHA**") as the former general supplier of the waste incineration plant ZEVO Plzeň claims compensation for termination of a contract for the construction of the plant and subsequent exercise of a bank guarantee by PLTEP. In May 2019, ČKD PRAHA was declared insolvent and is being represented by an insolvency administrator. The insolvency administrator challenged PLTEP's action with regards to the exercise of the bank guarantee and is claiming up to EUR 27 million against PLTEP. Based on an internal assessment of the estimated claims, PLTEP created certain provisions in its financial statements for the year ended 31 December 2018. During 2019, these provisions have been almost fully used against realised payments to the insolvency administrator. PLTEP considers the rest of the insolvency administrator's claims as unsubstantiated. There is, however, no guarantee that the relevant courts will have the same view. Although the City of Pilsen undertook as part of the PLTEP Merger to indemnify the Issuer in case such claims materialise and PLTEP is obliged to settle them, the Group cannot guarantee that the City of Pilsen would indeed indemnify the Issuer in full or at all. There is an additional hearing at the court of arbitration scheduled to take place in March 2021 which, among other things, is expected to consider points around additional payments claimed from PLTEP (see "*Description of the Issuer – Legal proceedings – Waste incineration plant project and related bank guarantee*" for more details).

In October 2015, ERO carried out a price inspection at Pražská teplárenská a.s. ("**PT**") regarding heat prices charged to customers in 2011 at certain locations, which resulted in administrative proceedings in which ERO found that PT had committed an administrative offense as its heat prices included, among other things, a disproportionate profit of EUR 4 million. In 2016, ERO ordered PT to make a corrective statement based on which its customers would be able to demand compensation in the total amount of EUR 4 million and further ordered PT to pay a fine to ERO in the same amount. PT filed an administrative action against that decision to the Regional Court in Brno. The Group created a provision in the Interim Financial Statements in the amount of EUR 4 million. In March 2019, the Regional Court in Brno cancelled the ERO's decision and returned the matter back to ERO for a new proceeding. ERO subsequently filed an appeal with the Supreme Administrative Court against the decision of the Regional Court in Brno. In December 2019, ERO terminated the proceedings due to the limitation period. However, as of the date of this Prospectus, the Supreme Administrative Court has not yet ruled on the merits of the case. It cannot be guaranteed that the Supreme Administrative Court will not revoke the Regional Court in Brno's decision and reinstate the original ERO's decision. Although the Group divested PT on 3 November 2020, under the terms of the divestment agreement, the Group may still be held liable for payment of potential sanctions imposed by ERO on PT in the above described administrative proceedings. The maximum potential liability amounts to approximately EUR 9 million. Although, the Group cannot predict with certainty how the relevant courts will rule in this matter, the Group considers the risk that such liability will materialize remote (see "*Description of the Issuer – Legal proceedings – Regulatory proceedings by ERO against PT*" for more details).

The Group's Financial Statements show provisions created in relation to certain specific proceedings and the Group also records provisions relating to various other risks and charges, primarily in connection with regulatory disputes and disputes with local authorities. However, the Group has not recorded provisions in respect of all legal, regulatory and administrative proceedings to which the Issuer or Issuer's operating subsidiaries are a party or to which they may become a party. In particular, the Group has not recorded provisions in cases in which the outcome is unquantifiable or that the Issuer currently expects to be ruled in its favour. As a result, the Issuer cannot give any assurance that its provisions, where created, will be adequate to cover all amounts payable in connection with any such proceedings. The Issuer's failure to quantify sufficient provisions or to assess the likely outcome of any proceedings could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group typically relies on a small number of partners, suppliers or subcontractors.

The Group typically sources the vast majority of the raw materials it uses at each of its heat and power plants from a single supplier and depends on single third-party contractors to carry out certain operations. In case of non-performance by any such party of their obligations, financial difficulties, including insolvency, of any such service provider or subcontractor, or a decrease in the quality of its services, budget overruns or completion delays, are likely to have a negative effect on the business, financial condition, results of operations, cash flows and prospects of the Group.

The customers and trading counterparties of the Group or the financial institutions with which the Group enters into treasury and derivatives transactions may fail to perform their obligations or default.

Some of the Group's businesses, including the Gas Transmission Business, the Gas Storage Business and the trading division of the Gas and Power Distribution business, which mainly buys power generated by the Heat Infra segment and sells it to the wholesale market, are substantially dependent on a limited number of customers accounting for a significant proportion of their revenue. The Group is exposed to the risk that some or all of its customers may be unable or may refuse to fulfil their financial obligations, whether as a result of a deterioration in their financial situation or in general economic conditions, or otherwise. As the Group has concentrated exposures to a small number of customers (such as a prominent Russian shipper of gas in the case of the Gas Transmission Business and Slovenský plynárenský priemysel, a.s. ("**SPP**") in the case of the Gas and Power Distribution business and the Gas Storage Business), mostly with long-term contracts, a failure of a customer to perform its contractual obligations may have a negative impact on the Group. Any such default by a customer of the Group or a trading counterparty, or a financial institution with which the Group enters into treasury and derivatives transactions could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is exposed to risks related to the availability of certain infrastructure owned by third parties.

Some of the Group's activities use infrastructure owned and operated by third parties. In particular, the transmission and distribution of electricity from the Group's power plants and the Group's supply business is dependent upon the infrastructure of the power grid systems in the countries in which the Group operates. The Group has no control over the operation of these power grid systems and the Group must rely on independent third-party power grid system operators. Further, the Gas Transmission Business and the Gas Storage Business are exposed to risks related to the availability of interconnected gas grids owned by third parties in order to meet their contractual storage obligations and to be in position to offer a part of the transmission capacity. Certain of the Group's heat transmission operations use parts of property owned by third parties. Historically, these rights (easements) were established on the basis of the then-applicable legislation while some of them were established without registration in land cadastre and without proper remuneration. Occasionally, owners of the affected property seek renegotiation of such easements for fair remuneration. In certain cases, the owners may even seek the removal of such infrastructure from their property.

Any failure of such infrastructure, including as a result of grid congestion, natural disasters, insufficient maintenance or inadequate development, could, among other things, prevent the Group from distributing power from the Group's power plants to end-consumers, meeting its contractual storage obligations or require the Group to relocate parts of its heat transmission infrastructure. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group may be required to make substantial capital expenditures.

The Group is required to incur significant capital expenditure in relation to technology development, the renewal of the gas transmission, distribution networks and storage assets and maintenance of their systems to meet their obligations under environmental and other laws and regulations. Changes to environmental legislation may require new or additional capital expenditures which may be more costly or time consuming. For example, Eustream's infrastructure investments and the speed at which those investments are implemented are subject to planning and execution risk and may be affected by delays in receiving necessary authorisations and approvals, delays in the required expropriation procedures or in construction and other factors outside its control. As the investment proposals and implementation of such investment proposals are subject to certain assumptions, the investment projects may not develop as planned, may not yield the expected return or may put Eustream in a position of non-compliance with applicable legislation. In addition, such assumptions may prove to be incorrect. Furthermore, Eustream may not be able to raise sufficient capital to finance such investment plans at rates that are economically viable.

Certain investment projects in which the Group participates and may in the future participate, such as the Slovakia-Poland interconnector, benefit from EU funding or receive other form of governmental grants. These are typically provided under strict conditions and any failure to comply with these conditions may result in the investment project ceasing to be eligible to receive the grant in part or in full or, to the extent the grant has already been provided, in the need to return the funds. In such a case, the Group may be required to incur additional capital expenses than originally anticipated and the completion of the investment project may turn out to be more costly and, as a result, may not yield the expected return. In addition, a failure to comply with these conditions may further result in contractual liability with respect to other partners participating in the investment projects, where relevant.

In addition, under Act No. 251/2012 Coll., on energy, as amended (the "**Slovak Energy Act**"), RONI has the power to require Eustream, in its capacity as a gas network operator, to carry out infrastructure investments included in the National Ten Year Network Development Plan and designated as necessary to be implemented within the next three years, subject to a competitive tender process in case Eustream did not realise the investments within the period set by RONI. Further, under the Slovak Energy Act, upon the request of the owner of a local distribution network, SPPD is obliged to buyout the local distribution network at the regulated price determined by RONI. Such regulated price should take into consideration the economic efficiency provided by such buyout, but may not guarantee a fair return. Any requirement to incur the abovementioned and other capital expenditures may adversely affect the Group's business, results of operations and financial condition.

The Group's traders may fail to adhere to the Group's risk management policies, exposing the Group to open positions on the energy trading market.

The Group's trading business purchases and sells electricity, gas and energy commodities in the wholesale market, including sales of electricity generated by the Group in the Heat Infra Business to its end-consumers through the Group's supply business. The Group's trading business also purchases and sells carbon dioxide ("**CO_2**") emissions allowances and purchases electricity for delivery by the Group's power generation business at times when it is more economical for the Group to buy electricity for sale under the Group's forward sale contracts than to generate it. While the majority of the Group's trades are conducted on a back-to-back basis, the Group also engages in limited opportunistic electricity and gas trading activities. The maximum exposure the Group may take through proprietary trading is subject to limits setting the maximum risk of loss on trading portfolios. However, despite the Group's risk management policies and monitoring activities, the Group could be exposed to open positions in excess of those prescribed by the Group's risk management policies if, for example, any of the Group's traders makes trades in violation of the Group's trading policies or changes thereto, or flaws in such policies emerge. Any failure to adhere to the Group's risk management policies or weaknesses in the policies themselves could materially and adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

Risks related to the Gas Transmission Business

The Gas Transmission Business is exposed to risks related to one contract with a prominent Russian shipper of gas and several other long-term contracts.

As of the date of this Prospectus, the majority of the gas transmitted by Eustream is attributable to one material contract with a prominent Russian shipper of gas. The contract with the prominent Russian shipper was concluded in 2008 and is due to expire in 2028. As of the date of this Prospectus, approximately 50 per cent. of Eustream's existing total annual gas transport capacity (calculated as the lesser of total entry and total exit capacity) is booked under that contract.

In addition to the existing large long-term contracts mentioned above, Eustream allocated a significant part of its remaining long-term transmission capacity at entry point Lanžhot during the annual incremental capacity auction in March 2017. Contracts concluded in this capacity auction are valid from October 2019. They are, however, conditional upon several factors, including the successful development of upstream projects which has not yet occurred. As such, as of the date of this Prospectus, the revenues under these contracts are not guaranteed.

Although RONI approves the general terms and conditions for gas transmission in the form of an operational order of Eustream, which forms an integral part of the applicable contracts concluded after 2005 and is publicly available to the market, the applicable contract may explicitly or implicitly contain further terms and conditions and rights and obligations of the parties thereto.

Eustream is also subject to the risk that one or more of its counterparties will not renew their contracts after they expire, whether as a result of using other alternative gas transmission routes or for other reasons. Furthermore, even if such contracts are renewed, there can be no assurance that Eustream will be able to negotiate commercially acceptable terms with any of the counterparties or that the counterparties will book the same amount of capacity as under the existing contracts. In addition, the prices at which such contracts would be concluded would be subject to applicable regulations in effect at the relevant time.

The materialisation of any of the above risks could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Eustream may agree to renegotiate or amend certain contractual terms to the extent such amendments or renegotiations are deemed beneficial to Eustream in implementing its long-term strategy, which strategies may or may not be successful

Eustream's long-term strategy revolves around carrying out obligations under its contracts and remaining a critical infrastructure in securing European natural gas flows over the long term. As such, Eustream is in regular contact with its counterparties, including the major shipper(s) and adapts its strategy to remain a long-term partner to its clients in light of the developing demand for natural gas imports and plans for alternative infrastructure projects. With a view to maximising its value over the long term, Eustream may renegotiate or adjust certain terms in its contracts or enter into arrangements with the intention to secure its position in the long term. There is no guarantee that such strategies will work in the long term or that it or such changes will not have a negative impact on Eustream's, and therefore also the Group's, business, financial condition, results of operations, cash flows and prospects.

Eustream's results of operations may be adversely affected by the development of alternative gas transmission routes, import of shale gas, expanded utilisation of other types of gases and the use of LNG technology.

Eustream faces competition risk from existing alternative transmission routes, such as Nord Stream and Yamal, and faces risks associated with the development of further alternative gas transmission routes to the areas where Eustream currently delivers gas. Some projects that have been announced are designed to transport gas to or within Europe and may impact Eustream's transmission business. These include, for example, Nord Stream's expansion by two additional pipelines with a total capacity of up to 55 bcm ("**Nord Stream II**") (to the extent gas transmitted by Nord Stream expansion is not routed to Eustream's system), the HUAT project (expanding the capacity between Hungary and Austria), the BRUA project (the interconnection between Bulgaria, Romania, Hungary and Austria) as well as the Turk Stream project, to the extent its onshore part is expanded towards Hungary or Austria. As of the date of this Prospectus, implementation of some of these projects, such as HUAT, has not yet started, or it is in the very early stages of implementation, or it is possibly delayed compared to the official timeline, while others, such as Nord

Stream II, are in an advanced phase of construction. If these projects were to be completed and become operational, they could introduce new competition to Eustream and adversely impact Eustream's ability to negotiate and conclude new and renew existing transmission contracts. Moreover, the TAP project (Trans Adriatic Pipeline ("**TAP**") commenced to transmit gas from the Caspian region to Italy on 15 November 2020 and its capacity may further be extended going forward. The TAP's operations may negatively effect volumes of Eustream's gas imported to Italy, as Italy is one of Eustream's most important markets.

In addition, quick and easy access to renewable energy sources or alternative energy sources, such as fuel oil, hard coal, electricity or heat generated by central combined heat and power plants or local or community heat plants, an increase in the price of natural gas relative to the prices of such alternative energy sources, and the development of nuclear power engineering may weaken the position of Eustream, especially in the local energy markets. Further, developments in the production of other types of gases, for example renewable gases such as biomethane or green hydrogen, an increase in the import of shale gas or the use of LNG technology in certain European countries as well as in other regions of the world, including in the U.S., may materially adversely affect demand for Eustream's gas transmission capabilities.

Any of these developments could have an adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Risks relating to the balancing of the gas transmission network.

Eustream obtains portions of gas in-kind as part of the transmission tariff, which is an efficient mechanism by which Eustream can obtain gas for operational and technical needs, primarily to power the machinery needed for its operations. The gas in-kind received may be insufficient or there may be a surplus of gas in-kind in Eustream's network. As Eustream is legally required to maintain the transmission network balanced, such surplus is disposed of by means of a sale to the market. The economic result is dependent on the volume of actual gas flow and gas prices and Eustream has limited control over it. In the short term, changes in the volume of gas flow or the market gas price may have an adverse impact on Eustream's revenues from the sale of gas in-kind.

Risks related to the Gas and Power Distribution Business

An unexpected disruption to the supply of gas could materially adversely affect SPPD's results of operations and financial condition and, accordingly, those of the Group.

SPPD does not operate any material gas production or transmission facilities and has not entered into any long-term agreements for the supply of gas to SPPD (i.e. contracts with terms in excess of one year). Instead, SPPD takes over all gas belonging to shippers from the Eustream transmission pipeline for distribution to end-customers. With the exception of certain limited volume of gas owned and stored by SPPD as a reserve and for network operating and balancing purposes, SPPD is reliant on its ability to purchase its gas requirements to cover losses in the distribution network, for ancillary activities and technical purposes and as a reserve for the supply of gas to households under short-term agreements with gas producers and traders.

In the past, SPPD has not experienced any difficulties with the supply of gas, because there is sufficient gas storage capacity in the Slovak Republic. Slovak gas transmission grids are well connected to neighbouring countries (Ukraine, Czech Republic, Austria and Hungary) allowing for imports of large volumes of gas. However, an unexpected and prolonged disruption to the supply of gas purchased from third parties (including the possibility of sustained interruption of the flow of natural gas from Russia to Ukraine and ultimately to the Slovak Republic) or any disruption to the cross-border transmission of gas, would have a material adverse effect on SPPD's results of operations and financial condition and, accordingly, those of the Group.

Risks related to the Heat Infra Business

The Group's heat and power generation operations are heavily dependent upon the use of brown coal as a primary fuel source, which produces significantly more emissions than other fuel sources, and exposes the Group to the risk that its operations will become politically unpopular or the subject of restrictive regulations or private legal action.

The Group operates a vertically integrated heat and power generation and distribution and supply business that depends upon the use of brown coal as a primary fuel source. The Group uses brown coal as a primary fuel in its heat and power plants. Brown coal produces significantly more emissions, most notably CO_2, than other primary fuel sources, such as natural gas or nuclear fuel. If brown coal-fired heat and power generating activities continue to be subject to increasing public and political opposition, as they have in the past, the Group's business could be negatively affected. For instance, the Group could face increased costs of burning brown coal as a primary fuel source, in selling the power produced from brown coal, or as a result of potentially adverse environmental regulations, increased taxes, fees or fines, hindered access to financing, or private lawsuits against the Group. The Group may be adversely affected not only by measures that directly impede the use of brown coal in heat or power production, but also by measures that promote other fuel sources or alternative technologies for heat and power production, such as renewable energy.

Certain clauses in some of the Group's power, heat and coal supply and purchase contracts may be subject to review by antitrust and other regulatory authorities and lead to increased regulatory scrutiny.

The European Commission and other regulatory authorities are empowered to undertake investigations and invoke financial penalties and other sanctions on companies with respect to alleged anti-competitive activities. For example, in 2012, the European Commission imposed a fine of EUR 2.5 million on Energetický a průmyslový holding, a.s. ("**EPH**"), and EP Investment Advisors, s.r.o. ("**EPIA**"), an affiliated company which is not part of the Group, for a potential breach of their procedural obligations during the on-site inspection in November 2009 undertaken as part of an antitrust investigation. The Issuer cannot provide any assurance that the European Commission or other regulatory authorities will not make similar challenges in the future, including against the Group. A finding adverse to the Issuer in potential future cases could result in a downward price adjustment with respect to the goods or services supplied by the Group, which would have an adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Risks related to Gas Storage Business

Risks related to the renewal and renegotiation of long-term storage contracts.

The Gas Storage Business derives most of its revenues from several long-term storage contracts. There can be no assurance that, upon expiry of such contracts, the customer will wish to renew such contracts. The prices under these contracts are subject to annual indexation. Furthermore, most of the long-term storage contracts contain standard price revision clauses. As of the date of this Prospectus, the Group has successfully renegotiated prices relating to a major portion of its long-term contracts, and continues to be in discussion in relation to some remaining contracts. The Group may also engage in further price negotiations in the future. Should such negotiations result in negative price revisions or should such negotiations proceed to an arbitration that would be concluded with a negative outcome for the Group, the potential resulting decrease in prices which the Gas Storage Business may charge for use of its storage capacity may have a negative impact on its businesses, results of operations and financial condition and, accordingly, those of the Group.

The Gas Storage Business may be exposed to significant liabilities relating to investments and divestments if investments and divestments are undertaken.

The Group does not inspect every gas well, exploration and production ("**E&P**") asset or storage facility that it may acquire and, even when it inspects a well or facility, it may not discover all structural, subsurface or environmental problems that may exist or arise and which could have an adverse impact on the value of the asset. Structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. It may therefore be possible that the entities and assets which are acquired are subject to liabilities of which the Group is unaware. In addition, the Gas Storage Business may be required to assume liabilities accrued prior to the acquisition of the relevant assets, including environmental, tax and other liabilities, and may acquire interests in properties on an "as is" basis. Any incurrence by an acquiring company of significant post-acquisition liabilities that the Gas Storage Business is unsuccessful in mitigating (whether through claims under applicable indemnities or otherwise), could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects of the Gas Storage Business and, accordingly, those of the Group.

The demand for gas storage capacity is partly driven by security of gas supply policies.

The regulatory requirements and policies of gas suppliers relating to the security of gas supply are one of the main drivers for demand for gas storage capacities. For example, under the applicable Slovak legislation SPPD is required to take measures to ensure gas supply to protected customers. As a result, SPPD is one of the largest customers of the Gas Storage Business. Any change in the regulatory framework that would lower the requirements with respect to the security of gas supply or any change in political or economic conditions that might affect the gas suppliers' policies on the security of gas supply could have a negative impact on the business, financial condition, results of operations, cash flows and prospects of the Gas Storage Business and, accordingly, those of the Group.

The Group's Gas Storage Business is exposed to risks relating to the E&P of oil and natural gas and decommissioning of gas storage and E&P facilities.

Although NAFTA uses industry best-practices to mitigate the risks relating to the E&P activities, its exploration, development and production activities expose it to inherent risks and uncertainties, including but not limited to technical defects in construction, equipment and machinery, adverse weather conditions, unexpected natural phenomena, unpredictability of discoveries, production rates from reservoirs, abandonment obligations and environmental hazards. A materialisation of any of these risks may have a material and negative impact on NAFTA's business, financial condition, results of operations, cash flows and prospects and, accordingly, those of the Group.

In addition, the cost estimates in relation to the liquidation and abandonment of gas storage and E&P of hydrocarbons facilities are based on current legislation and standard procedures valid as of the date of preparation of the Gas Storage Business' financial statements. Final costs of abandonment and liquidation of such facilities might differ from estimates and might be impacted by factors out of the control of the Gas Storage Businesses and may have a negative impact on the business, financial condition, results of operations, cash flows and prospects of the Gas Storage Business and, accordingly, those of the Group.

Risks related to governmental regulations and laws

The activities of the Group require various administrative authorisations and permits that may be difficult to maintain or obtain or that may be subject to increasingly stringent conditions.

Each of the Group's operating subsidiaries requires administrative authorisations and permits in the Slovak Republic or the Czech Republic. The procedures for obtaining and renewing these authorisations and permits can be time consuming and complex. The operating subsidiaries may be required to incur significant expenses to comply with the requirements for obtaining or renewing these authorisations and permits, including external and internal costs of preparing the applications and investments associated with installing necessary equipment required for the issuance or renewal of permits. Obtaining the necessary authorisations or permits can be expensive and can place a significant burden on the Group's operating subsidiaries. Whilst the Group's operating subsidiaries have not had problems obtaining administrative authorisations or permits in the past, there can be no assurance that such subsidiaries may not have difficulty in the future if Slovak, Czech or EU regulation changes to introduce new procedures in relation to authorisations or permits. Any significant compliance costs which are incurred or difficulties encountered in obtaining requisite authorisations or permits could have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects of the Group.

The Group's licences, authorisations and permits may be suspended, amended or terminated prior to the end of their terms or may not be renewed.

The Group's authorisations, licences and permits required to conduct business operations, including for operating gas transmission and distribution networks, gas storage facilities, power plants and heat and power distribution networks, could be revoked, withdrawn or amended by the relevant authorities under certain circumstances. For example, a licence or permit could be revoked, withdrawn or amended if there is a breach of a collateral clause, a subsequent change of facts or a relevant regulation, such permit is found to be contrary to the public interest, the holder of the licence is in breach of its duties, or it is deemed necessary to prevent severe harm to the common good. The authorities would in such a case be required to adhere to the applicable legislation and the respective licence holder would normally have procedural rights allowing it to protect its interest. Any such licence revocation, withdrawal or amendment decision would generally be subject to a judicial review if asked for by the licence holder.

If any of the Issuer's operating subsidiaries' licences or permits is revoked, withdrawn or amended, or if the Issuer's operating subsidiaries have difficulty renewing a licence or permit, they may experience delays in operations which could adversely impact the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's operations are subject to significant government regulation and laws and these may change.

The Group's businesses are subject to increasingly strict regulation under applicable laws with respect to matters such as price-setting for gas, heat and power distribution as well as for gas transmission, permitting and licensing requirements, limitations on land use, unauthorised profits from power and heat sales, employee health and safety, restrictions on related-party transactions in the cogeneration industry, unbundling requirements in the gas distribution and gas transmission businesses or the EU's policies with respect to gas transmission infrastructure.

For example, the Group is exposed to changes in the way emissions allowances are allocated, as well as changes in the market prices of emissions allowances that the Group needs to acquire. A further decrease in the allocation of emissions allowances or any increase in the price of emissions allowances, as well as further measures to be taken in order to achieve emissions reductions anticipated by the agreement reached in Paris on 12 December 2015 by the parties to the United Nations Framework Convention on Climate Change, may result in a substantial increase in variable generation costs making the price of electricity and heat offered by the Group uncompetitive.

Further, as the Group trades on the financial and energy wholesale markets in Europe, it is subject to the risks associated with regulation of energy market mechanisms in EU and the United Kingdom, including the credit and cash settlement requirements for trading of commodities and financial instruments. EU regulations, such as Regulation (EU) No. 1227/2011 on wholesale energy market integrity and transparency (the "**REMIT**"), MiFID II, Regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and trade repositories (the "**EMIR**") and Regulation (EU) No. 596/2014 on market abuse (market abuse regulation) and similar United Kingdom regulation, require the implementation of strict rules for wholesale commodity trading, including potential cash margining requirements for all over-the-counter deals, transparency and reporting obligations and the central clearing of transactions involving certain energy derivatives. Changes to credit and cash settlement requirements could require the Group to post cash collateral to cover mark-to-market fluctuations in the margin of all the Group's wholesale forward sales of electricity used for hedging its generation portfolio in case of power price increases. Due to the Group's high trading volumes and the volatility of power prices, the Group may require significant liquidity to meet its trading obligations that may be difficult to cover.

Moreover, in 2019, the European Commission for Energy Union completed the legislation procedure for a package of provisions called Clean Energy for all Europeans, also known as the Winter Package (the "**Winter Package**"). The Winter Package represents a set of legislative motions that includes several directives, regulations and decisions whose application may significantly influence the energy sector and also the Group. The Winter Package aims to achieve three goals: to make energy efficiency a priority; to achieve the world leading position of EU countries in the sphere of energy from renewable sources; and to provide fair conditions for consumers. The Winter Package increases the required share of renewable sources from 20 per cent. in 2020 to 32 per cent. in 2030 and sets the energy efficiency target to at least 32.5 per cent. in 2030. The energy efficiency target, renewable share target and the Winter Package in general aim to achieve low-carbon economy and to decrease emissions in accordance with EU emissions targets by 20 per cent. in 2020 and by 80 per cent. in 2050. In late 2019, the European Commission presented a strategy called the European Green Deal, which, among other things, aims to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50 per cent. and to 55 per cent. compared to 1990 levels. A successful achievement of these goals may result in a decrease in the Group's revenues or profitability. In addition, the Group may be required to incur additional expenditure in order to meet the other related targets envisaged in the Winter Package, such as the targets regarding redispatching, demand response through aggregation, smart metering systems and decarbonisation, which may directly or indirectly impact the position of the DSOs or other Group companies.

The costs, liabilities and requirements associated with these and other laws and regulations may be extensive and may potentially delay commencement or continuation of production of power and heat and distribution of power. The Group is also exposed to the risk of amendments of these laws and regulations as well as changes in their interpretation. For instance, RONI is currently preparing a draft of new regulatory policy for the period from 2023 to 2027. Although no specific principles of the new regulatory policy have been published as of the date of this Prospectus, it appears that substantive changes in the energy legislation of the Slovak Republic may be adopted in the future. The extension of the current regulatory policy up to 2022 was justified by the intention to reflect any potential new legislation along with the COVID-19 situation. With respect to the implementation of the Winter Package, RONI even indicated that completely new acts on energy and regulation in the network industries may be adopted. Therefore, since RONI has reserved additional time for the preparation of the new regulatory policy and established a special commission for its preparation, it appears that the energy legislation of the Slovak Republic may be subject to some changes, even substantial ones, in the future. However, as of the date of this Prospectus, the precise scope of such changes is unclear.

Failure to comply with these regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of clean-up and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from the Group's operations. The Group may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Group's operations. The Group must compensate employees for work-related injuries. Any of the foregoing could adversely impact the Group's business, results of operations, financial condition, cash flows and prospects.

Contracts of the Group companies are subject to the risk of unilateral termination in certain circumstances.

General principles of contract law may enable a unilateral termination of a contract in certain circumstances, such as frustration of contract, impossibility of performance or the existence of other important cause. It is possible that circumstances may arise in connection with contracts concluded by Eustream or any other Group companies, including material and long-term contracts, that would enable non-Group parties to seek unilateral termination of such contracts. Although the Issuer, as of the date of this Prospectus, is not aware of any developments of this nature in relation to its existing material contracts, this may result in a decrease in the Group's revenues and profitability, which in turn could adversely impact the Group's business, results of operations, financial condition, cash flows and prospects.

The Group has no control over the security and operational processes of the national registries for emissions allowances within Europe.

The Group owns a significant number of emissions allowances and emission credits, which are registered as intangible assets by national registries in individual EU countries. National emissions allowances and emission credits registries are operated by independent governmental bodies and are governed by EU law. The Group has no control over or influence on the security and operational processes of these national registries. The financial value of the Group's assets registered in such registries is significant and a change in the quantity of permitted emissions represented by Group's allowances and credits or an unauthorised transfer on the relevant registries of such allowances and credits to another party could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's business could be negatively affected by changes in the EU's and Member States' renewable energy policies, an accelerated market shift towards renewable energy sources or a growing trend towards increased energy efficiency.

The power generation industry in Europe is strongly influenced by the EU's policy, implemented in 2008 by the EU Climate and Energy Package, as subsequently amended by the Winter Package, to increase the share of electricity generated by renewable energy sources. Furthermore, individual Member States have renewable energy policies, some of which are more progressive than the EU's policy. The Group is effectively obliged, due to economic incentives, to reflect these policies within the Group's strategy. Continued or increased support for renewable energy sources in the EU, particularly in the Czech Republic, may adversely affect the Group's profit from coal-fired and gas power plants.

Directive 2012/27/EU on energy efficiency (the "**EED**"), which entered into force on 4 December 2012, targets a 20 per cent. increase in energy efficiency by 2020. To reach that goal, the EED requires that Member States set national energy efficiency targets and report any progress achieved towards these targets to the European Commission by 30 April of each year from 2013. It also imposes mandatory energy-savings schemes on utility companies and energy audits on large companies. As a result, such companies may be required to incur substantial capital expenditure. In 2018, the EED was amended by Directive (EU) 2018/2002 ("**Directive 2018/2002**"), which increases the EED efficiency target to at least 32.5 per cent. by the year 2030. Pursuant to the EED, as amended by Directive 2018/2002, Member States may opt to take other policy measures to achieve energy savings by the obligated parties among final customers as an alternative to setting up an energy efficiency obligation scheme. The annual amount of new energy savings achieved through this approach would be equivalent to the amount of new energy savings required by the energy efficiency obligation scheme option. Provided that equivalence is maintained, Member States may combine obligation schemes with alternative policy measures, including national energy efficiency programs. To meet these targets once they are implemented into national law, the Group may be required to incur substantial capital expenditure. This, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's business could be negatively affected by changes in the state support for certain power generation sources.

The Czech Renewable Energy Act requires distribution or transmission companies to connect environmentally friendly facilities such as "cogeneration," "small hydro," "decentralised" or "renewable" facilities to distribution or transmission grids. These environmentally friendly facilities are also in most cases subsidised for every kWh they produce, which gives them a market advantage. The Issuer cannot provide any assurance that this will not change in the future or that the price at which the Group can sell its power to supply companies will not decrease, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Slovak RES Promotion Act stipulates the rules on promoting energy from renewable sources and governs the system of subsidies to support electricity generation from renewable energy sources and highly efficient cogeneration, such as combined heat and power production plants. The Group was obliged to purchase electricity from renewable energy sources which met certain criteria at a price which is above the market price. In particular, the Slovak RES Promotion Act promotes primarily small generation sources, as similar to the Czech Renewable Energy Act. The Group is also obliged to prioritise the supply of such electricity over supply from other sources. The SSE Group is especially affected by this regime as it operates in a region of the Slovak Republic that has a high level of renewable energy production. The additional costs incurred by the Group in these activities are generally recoverable through a special tariff charged to end consumers and self-producers, but the amount of such tariff and the time for its recovery depends on a number of conditions and factors, including approval by RONI and the degree of volatility in generation from renewable energy sources. Any deficit or surplus resulting from support for renewable energy sources should be compensated by RONI through a correction mechanism over two years, which can result in a cash flow disadvantage to the Group from time to time. However, the recent amendment to the Slovak RES Promotion Act has transferred the main support duties from the distribution companies to a "clearing agent" (currently OKTE a.s.) and an "electricity purchaser" (currently SPP). On 18 December 2019, the Slovak government approved a one-off payment of part of the SOT deficit to the distribution operators, which amounted to approximately EUR 139 million for SSD. The new Slovak government subsequently made this payment in 2020 by means of a one-off payment and compensation through the tariff. As of the date of this Prospectus, the new Slovak government is considering various approaches for the settlement of the outstanding part of the SOT, which for SSD amounted to EUR 86.5 million as of the date of this Prospectus, but no official final details on the timeline or the settlement mechanism are available. In addition, the Group cannot provide any assurance that the current criteria of promotion of renewable energy sources, including the regime introduced by the recent amendment to the Slovak RES Promotion Act, will not change in the future, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group is subject to risks in connection with the tax positions taken in the course of the Group's business.

The Group takes tax positions in the course of its business with respect to various tax matters, including but not limited to the taxation of foreign exchange results, taxation of dividends, capital gains and other revenues, compliance with the arm's length principles in respect of transactions with related parties, the tax deductibility of interest and other operating as well as financial costs and the amount of depreciation or write-down on assets the Group can recognise for tax purposes.

As a vertically integrated group, the Group and its subsidiaries are in the process of concluding and will continue to conclude in the future, a significant number of transactions with related parties across various jurisdictions. Specifically, these transactions relate to the sale or purchase of products, commodities, fuels, CO_2 emissions allowances, provision of various services, various financial transactions and other transactions. Although the Group endeavours to follow the arm's length principle as well as unified standards in respect of dealings with affiliates, the Group cannot preclude potential disputes with tax authorities regarding transactions with related parties resulting in potential underpayment of taxes.

If any tax authority disagrees with the Group on any interpretive matter or challenges any tax position taken or specific transaction, the Group or its subsidiaries may be subject to unexpected tax liabilities or penalties that may materially and adversely affect Group's business, financial condition, results of operations, cash flows and prospects.

The Group could incur unforeseen taxes, special levies, tax penalties and sanctions or could lose tax exemptions and benefits.

Over last couple of years some countries have increased certain tax rates, limited certain tax deductions and benefits or introduced new specific taxes on certain sectors, including the utilities sector.

The Slovak Republic has imposed a measure in a form of a special levy on businesses in regulated industries, including the energy sector. The levy is payable by any regulated entity, i.e. a licensed entity with profit exceeding EUR 3 million for the respective accounting period. The basis for calculation of the levy is the financial result (profit) for the relevant year multiplied by a specific coefficient (calculated as a ratio between the revenues from regulated activities and total revenues). The levy is payable on monthly basis. With effect from 1 January 2021, the levy rate has been decreased to 0.00363 (from previous rate 0.00545). In 2020 and 2019, the Group incurred costs of EUR 65.8 and EUR 82.7 million, respectively, in respect of this special levy. Although not currently proposed by the government, it cannot be ruled out that there will be additional changes (including an increase of the levy's rate or adjustment of the base for calculation) which would have an adverse effect on the Group's business, results of operations and financial condition of the impacted Group subsidiaries and, accordingly, the Group.

In addition, the Group identified a potential notification omission, which may have resulted in a failure to pay the tax on real estate transfers in Germany in 2014 related to the acquisition of EPE by the Issuer. In the audited consolidated financial statements for the year ended 31 December 2017, the Group created a provision in the amount of EUR 5 million. In January 2018, the Group, in order to limit default interest, voluntarily paid from the provision made the owed tax in the amount of EUR 4.4 million, which was based on the internal calculations of the Group, before being requested to do so by the tax authority. However, as the relevant tax authority is yet to confirm the exact amount of the tax owed, the Group is exposed to the risk that the final amount may be higher than calculated and provisioned for by the Group.

The imposition of any new taxes in the countries in which the Group operates, or changing interpretations or application of tax regulations by either tax authorities or courts, harmonisation of Czech and EU tax law and regulation, significant tax disputes with tax authorities, any change in the tax status of any member of the Group, and the possible imposition of penalties and other sanctions due to incorrectly reported or unpaid tax liabilities may result in additional amounts due by the Group, could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects. As the Group has been subject to certain corporate restructurings in the past, it cannot be ruled out that the Group or its subsidiaries may be subject to taxes in relation to such restructurings, which have not been identified yet.

The Group's operations are subject to strict environmental, heritage and health and safety regulation and enforcement and compliance with or liabilities thereunder may require significant expenditures that could adversely affect the Group's business, financial condition, results of operations, cash flows and prospects.

The Group's operations are regulated by a wide range of changing environmental requirements in the Czech Republic, the Slovak Republic and the EU, including those governing the discharge and emission of pollutants (such as the recently published best available techniques for large combustion plants on the basis of Industrial Emissions Directive), the management and disposal of hazardous materials, the cleaning of contaminated sites and worker health and safety. For example, the Group is subject to regulations that impose strict standards for CO_2, sulphur oxides ("**SO_x**"), mono-nitrogen oxides ("**NO_x**"), carbon oxide ("**CO**") and solid particulate matter emissions. These regulations may restrict the Group's ability to supply additional power and heat, increase Group's costs of doing business, or require the Group to modify, or cease its existing operations if the Group becomes no longer compliant with these regulations. The Group will have to incur additional capital expenditure to ensure the compliance with the new rules arising out of the updated Best Available Techniques ("**BAT**") reference documents for Large Combustion Plants ("**LCPs**") or face the risks of shutting down plants which were not refurbished accordingly. Certain risk exists that the refurbishment of the Group's plants may be more expensive and complex than anticipated thus leading to possible budget overruns and time delays. The Group could also be required to incur additional material capital expenditure and incur other costs, including civil and criminal fines or sanctions, claims for environmental damages, remediation obligations, revocation of environmental authorisations or temporary or permanent closure of facilities, as a result of violations of liabilities under environmental requirements.

The Group has made, and expects to continue to make, expenditures to maintain compliance with environmental laws. In addition, the Group may be liable for damages caused by activities of the Group on properties owned by third parties and the Group may be required by law to create and maintain reserves to cover potential liabilities arising from such damages.

Future changes in environmental laws, or in the interpretation of those laws, including new or more stringent requirements related to air and wastewater emissions, new or stricter regulations and agreements related to climate change or changes in the application, interpretation or enforcement of existing requirements could result in substantially increased costs, and could impose conditions that restrict or limit the Group's operations, and could therefore negatively affect the business, financial condition, results of operations, cash flows and prospects of the Group.

Risks relating to the Group's financial profile

The Group's substantial leverage and debt service obligations could adversely affect its business and prevent it from fulfilling its obligations with respect to its indebtedness.

The Group has a substantial amount of Gross Financial Indebtedness which amounted to EUR 4,519 million and EUR 5,582 million as of 31 December 2020 and 30 June 2020, respectively. The level of the Group's outstanding indebtedness could have important consequences. For instance, it could make it difficult for the Group to satisfy its obligations with respect to its outstanding indebtedness, increase the Group's vulnerability and reduce its flexibility to respond, to general adverse economic and industry conditions. Further, it could require that a substantial portion of the Group's cash flow from operations is dedicated to the payment of principal of, and interest on, the outstanding indebtedness, thereby reducing the availability of such cash flow for, and limiting the ability to obtain additional financing to fund, working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes. Any of the foregoing could have a material adverse effect on the Group's ability to satisfy its debt obligations, including the Notes.

In addition, the Group may incur substantial additional indebtedness in the future. Although the terms of certain of the Group's indebtedness (including, without limitation, indebtedness under the EPIF Facilities Agreement (as defined in "*Description of the Issuer–Material Contracts*")), provide for restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial.

The Group is subject to restrictive covenants that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities.

The terms of certain of the Group's financial indebtedness contain restrictive provisions which, among other things, limit the Group's ability to incur additional financial indebtedness, perform acquisitions, invest in joint ventures, make distributions and certain other payments, dispose of assets, provide loans or guarantees, create security, merge with other companies or engage in other transactions. These restrictions are subject to a number of exceptions and qualifications. For example, under the EPIF Facilities Agreement, the Issuer can make distributions and certain other payments and the Group can perform acquisitions if, among other things, the Group net leverage does not exceed a certain limit, and the Group can incur additional financial indebtedness if, among other things, certain net leverage limits set for various Group levels are met. Under the Schuldschein Loan Agreements, if the rating of the Issuer drops below a certain level, the Group will become subject to a regularly tested net leverage covenant on the Group level. In addition, the EPIF Facilities Agreement and the Schuldschein Loan Agreements contain change of control provisions the triggering of which may result in mandatory prepayment and each of the Eustream and SPPD bonds contain a change of control provision the triggering of which coupled by a ratings decline may result in mandatory repurchase of the bonds by the relevant issuer. The above restrictive provisions could limit Group's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in its interest, which may in turn adversely affect the business, financial condition, results of operations, cash flows and prospects of the Group.

Moreover, terms of certain indebtedness of the Issuer and its subsidiaries may restrict the subsidiaries of the Issuer from making distributions to the Issuer, which may in turn adversely affect the Issuer's ability to service its indebtedness, including under the Notes.

The Issuer is a holding company with no revenue generating operation of its own and is dependent on cash flow from its operating subsidiaries to service its indebtedness, including the Notes.

The Issuer is a holding company and its primary assets consist of its shares in its subsidiaries and cash in its bank accounts. The Issuer has no revenue generating operations of its own, and therefore the Issuer's cash flow and ability to service its indebtedness, including the Notes, will depend primarily on the operating performance and financial condition of its operating subsidiaries and the receipt by the Issuer of funds from such subsidiaries in the form of interest payments, dividends or otherwise. Because the debt service of the Notes is dependent upon the cash flows of the Issuer's operating subsidiaries, the Issuer may be unable to make required interest and principal payments on the Notes.

The operating performance and financial condition of the Issuer's operating subsidiaries and the ability of such subsidiaries to provide funds to the Issuer by way of interest payments, dividends or otherwise will in turn depend, to some extent, on general economics, financial, competitive, market and other factors, many of which are beyond the Issuer's control. The Issuer's operating subsidiaries may not generate income and cash flow sufficient to enable the Issuer to meet the payment obligations on the Notes.

Risks Relating to the Notes

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made to the Euronext Dublin for the Notes to be admitted to the official list and trading on its regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

The Notes may be redeemed prior to maturity.

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Czech Republic or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, the Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances and accordingly the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Risk of the United Kingdom no longer being party to the Recast Brussels Regulation

As from 1 January 2021, Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "**Recast Brussels Regulation**"), which is the formal reciprocal regime on jurisdiction and judgments which is currently applied in the EU context no longer applies in the United Kingdom. As a result, persons enforcing a judgment obtained before English courts can no longer benefit from the recognition of such judgment in EU courts (including the Czech Republic) under the Recast Brussels Regulation. However, on 28 September 2020, the United Kingdom deposited its instrument of accession to the Hague Convention on Choice of Court Agreements 2005 (the "**Hague Convention**"). The Hague Convention is an international convention which requires contracting states to recognise and respect exclusive jurisdiction clauses in favour of other contracting states and to enforce related judgments. As the Czech Republic is already a party to the Hague Convention by virtue of being a member state of the EU, judgments handed down by a United Kingdom court should be recognised and enforced under the Hague Convention in the Czech Republic. However, the scope of the Hague Convention is limited to contracts with exclusive jurisdiction clauses and there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under the Recast Brussels Regulation.

Because the Global Note Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Note Certificate except in certain limited circumstances described in the Global Note Certificate. The Global Note Certificate will be registered in the nominee name of a common safekeeper, and deposited with, the common safekeeper for Euroclear and Clearstream, Luxembourg. Individual Note Certificates evidencing holdings of Notes will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Note Certificate will not have a direct right under the Global Note Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR100,000 (or its equivalent) that are not integral multiples of EUR100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive an Individual Note Certificate in respect of such holding (should Individual Note Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination or its multiple.

Credit Rating

As of the date of this Prospectus, the Notes are rated “Baa3” by Moody’s, “BBB” by S&P and “BBB-” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Similarly, in general, United Kingdom regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the United Kingdom but is endorsed by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the United Kingdom which is certified under the UK CRA Regulation.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each individual Note Certificate:

The EUR 500,000,000 1.816 per cent. notes due 2031 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of EP Infrastructure, a.s. (the "**Issuer**") are constituted by a deed of covenant dated 2 March 2021 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of a fiscal agency agreement dated 2 March 2021 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Status

(a) *Form and denomination*: The Notes are in registered form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Covenants

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any Guarantee of Relevant Indebtedness, in each case without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

(b) Financial Covenant

(i) The Issuer will not:

(A) pay any dividend or make any other payment or distribution (including any payment in connection with any merger or consolidation involving the Issuer) on or with respect to its Capital Stock or to the holders thereof (in their capacity as such) other than dividends or distributions by the Issuer payable solely in shares of its Capital Stock or in options, warrants or other rights to acquire such shares of Capital Stock;

(B) purchase, redeem, retire or otherwise acquire for value (including any payment in connection with any merger or consolidation involving the Issuer) any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock or any securities convertible or exchangeable into shares of Capital Stock) of the Issuer or

(C) make any principal payment, or redemption, purchase, repurchase, defeasance, or other acquisition or retirement for value or pay interest in relation to Subordinated Indebtedness,

(such actions described in paragraphs (A) to (C) above being "**Restricted Payments**") unless, at the time of, and after giving effect to, the proposed Restricted Payment; (x) all of the conditions specified in Condition 3(b)(ii) are satisfied; or (y) the Restricted Payment is permitted under Condition 3(b)(iii).

(ii) The conditions referred to in Condition 3(b)(i) are that, at the relevant time:

(A) No Event of Default shall have occurred and be continuing or would result from such Restricted Payment; and

(B) the Consolidated Leverage Ratio does not exceed 4.5 to 1.00;

(iii) Provided that no Event of Default has occurred and is continuing or would occur as a consequence of the making of such Restricted Payment, Condition 3(b) shall not prohibit:

(A) the payment of any dividend or any other payment or distribution (including any payment in connection with any merger or consolidation involving, the Issuer) on or with respect to its Capital Stock or to the holders thereof (in their capacity as such) by the Issuer within 60 days after the date of declaration or the giving of notice thereof if, at said date of declaration or the giving of notice, such payment would have complied with the provisions of these Conditions;

(B) any Restricted Payment made in exchange for, or out of the net available cash of the substantially concurrent sale of, or made by exchange for, Capital Stock of the Issuer (other than Capital Stock issued or sold to a Subsidiary of the Issuer) or a substantially concurrent contribution received in respect of the shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock or any securities convertible or exchangeable into shares of Capital Stock) of the Issuer;

(C) the repurchase, redemption or other acquisition or retirement for value of shares of Capital Stock of the Issuer (including options, warrants or other rights to acquire such shares of Capital Stock) provided, however, that the aggregate amount of such repurchases and other acquisitions shall not exceed EUR 5,000,000 (or its Euro equivalent) in the aggregate in any fiscal year;

(D) the payment of dividends or other payment or distribution on redeemable Capital Stock;

(E) repurchases or other acquisition of Capital Stock deemed to occur upon exercise of stock options, warrants or other securities if such Capital Stock represents all or a portion of the exercise price of such options, warrants or other securities;

(F) cash payments in lieu of the issuance of fractional shares or purchase by the Issuer of fractional shares in connection with stock dividends, splits or combinations, the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Issuer;

(G) dividends paid by the Company by way of cancellation of, or netting against amounts due under, Financial Indebtedness owed by any holder of the Capital Stock of the Issuer; and

(H) other Restricted Payments in an aggregate amount not to exceed EUR 20,000,000 (or its Euro equivalent) in any fiscal year of the Issuer.

(c) **Financial Reporting**

(i) For so long as any Note remains outstanding, the Issuer shall publish on its website, as soon as the same become available, but in any event within 180 days after the end of each of its financial years, its audited consolidated financial statements for that financial year.

(ii) The Issuer may (in its sole discretion) publish annually with its audited consolidated financial statements for that financial year a certificate confirming that any Restricted Payments made in that financial year were made in compliance with Condition 3(b) (*Financial Covenant*) (a "**Compliance Certificate**"). In the event that a Compliance Certificate is not published with its audited consolidated financial statements for that financial year, the Issuer will provide a Compliance Certificate upon the request of any Noteholder.

Upon the request of a Noteholder, the Issuer will provide a calculation of the Consolidated Leverage Ratio as of the end of the period for which its latest audited consolidated financial statements are available.

In these Conditions:

"**Acceptable Bank**" means:

(a) a bank or financial institution which has, or whose Holding Company has, a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by S&P or Fitch or Baa3 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency; or

(b) any bank or financial institution in respect of which the Issuer or any of its Subsidiaries has any Financial Indebtedness specified in paragraphs (a), (c) or (g) of the definition of Financial Indebtedness.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Approved Jurisdiction**" means any member state of the European Union, Switzerland, Great Britain, the United States of America, any state thereof, and the District of Columbia;

"**Associate/Joint Venture Dividend Loan**" means any loan made by an Associate or a Joint Venture Company to any member of the Group as an advance payment for a dividend provided that any Financial Indebtedness arising from each such loan is or will be set off against declared dividends that would otherwise have been due and payable by such Associate or Joint-Venture to that member of the Group within 15 months of the date on which the relevant loan has been made.

"**Associate**" means an entity in relation to which a member of the Group (i) is a shareholder but does not exercise control and (ii) has the power to participate in the financial and operating policy decision of that entity.

"**Calculation Date**" means the date on which the event for which the calculation of the Consolidated Leverage Ratio is made.

"**Capital Stock**" of any person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such person, including any preferred stock of such person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding, for the avoidance of doubt, any debt securities convertible into such equity or Equity Hybrid Securities;

"**Cash Equivalents**" means:

(a) currency of any member state of the European Union, Swiss franc, British pounds sterling or U.S. dollars;

(b) securities or marketable direct obligations issued by or directly and fully guaranteed or insured by the government of an Approved Jurisdiction, or any agency or instrumentality of such government having an equivalent credit rating, having maturities of not more than 12 months from the date of acquisition;

(c) certificates of deposit and time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case with any Acceptable Bank;

(d) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by Standard & Poor's, "P-2" or the equivalent thereof by Moody's or "F-2" or the equivalent by Fitch or carrying an equivalent rating by a Nationally Recognised Statistical Rating Organisation if the above named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof; and/or

(e) interests in money market funds at least 95 per cent. of the assets of which constitute cash and Cash Equivalents of the type referred to in paragraphs (a) through (d) above;

"**Consolidated EBITDA**" means, at any time and in respect of the Issuer, consolidated profit (loss) from operations (before tax):

(a) after adding back depreciation of property, plant and equipment, and amortisation of intangible assets;

(b) after adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the Relevant Period and (ii) net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals provided that no adjustment shall be made in respect of the Final Settlement Receivable;

(c) excluding the effect of creation and reversal of impairment to assets and creation and reversal of provisions;

(d) excluding negative goodwill;

(e) before taking into account any Exceptional Items; and

(f) after including cash dividends received from non-consolidated subsidiaries, associates, joint ventures and other investments,

each as set forth in the most recent internally available consolidated financial statements of the Issuer at such time;

In addition, for purposes of calculating the Consolidated EBITDA for the applicable period:

(a) acquisitions that have been made by the Issuer or any of its Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries acquired by the Issuer or any of its Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries of the Issuer, during the applicable period or subsequent to such applicable period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the applicable period; and

(b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with International Financial Reporting Standards, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded.

In calculating the Consolidated Leverage Ratio or any element thereof for any period, *pro forma* calculations will be made in good faith by a responsible accounting or financial officer of the Issuer (including any *pro forma* expenses and cost savings and cost reduction synergies that (i) have occurred or, only with respect to any cost savings or cost reduction synergies that are attributable to an acquisition of another Person, are reasonably expected to occur within the next 12 months following the Calculation Date and (ii) are reasonably identifiable and factually supportable, including, without limitation, as a result of, or that would result from any actions taken by the Issuer or any of its Subsidiaries including, without limitation, in connection with any cost reduction or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganisation or otherwise, in the good faith judgment of the chief executive officer, chief financial officer or any person performing a similarly senior accounting role of the Issuer);

"**Consolidated Leverage Ratio**" means, the ratio of:

(a) the Financial Indebtedness of the Issuer, net of the amount of cash and Cash Equivalents and disregarding any indebtedness under any Associate/Joint Venture Dividend Loan, and any Financial Indebtedness owing by one member of the Group to another member of the Group, in each case on consolidated basis based on the most recent internally available financial information in possession of the Issuer; to

(b) the Consolidated EBITDA for the Relevant Period most recently ended for which consolidated financial statements of the Issuer are internally available,

in each case as calculated after taking into consideration the proportionate ownership of the Issuer in its consolidated Subsidiaries;

"**Decree**" means the Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it).

"**EPE**" means EP Energy, a.s., a joint stock company incorporated in the Czech Republic under company number 292 59 428.

"**EPH**" means Energetický a průmyslový holding, a.s., a joint stock company incorporated in the Czech Republic under the company number 283 56 250.

"**Equity Hybrid Securities**" means hybrid securities that are treated 100% as equity for accounting purposes in accordance with generally accepted accounting principles.

"**Exceptional Items**" means any material items of an unusual or non-recurring nature which represent gains or losses (but in any case excluding the Final Settlement Receivable) including those arising on:

(a) the restructuring of the activities of an entity; and

(b) disposals of assets associated with discontinued operations.

"**Final Settlement Receivable**" means a receivable of a member of the Group against the Slovak Republic or any of its units, departments, agencies, organisations or owned entities that may arise in connection with any change in regulation after the Issue Date (including a change in the Slovak RES Promotion Act and the Decree) following which the Slovak Republic or any of its units, departments, agencies, organisations or owned entities agree or are required to pay a one-off cash compensation to electricity distribution companies discharging any past unsettled claims for compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree.

"**Financial Indebtedness**" means, in relation to any entity at any date, without duplication:

(a) all indebtedness of such entity for borrowed money;

(b) all obligations of such entity for the purchase price of property or services to the extent the payment of such obligations is deferred for a period in excess of 210 days (other than trade payables and refundable deposits held as borrowings);

(c) all obligations of such entity evidenced by notes, bonds, debentures or other similar instruments;

(d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such entity (unless the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property);

(e) all Lease Obligations of such entity;

(f) any indebtedness of such entity for or in respect of receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis or on a basis where recourse is limited solely to warranty claims relating to title or objective characteristics of the relevant receivables);

(g) any indebtedness of such entity for any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; and

(h) all obligations of such entity to purchase, redeem, retire or otherwise acquire for value any capital stock of such entity prior to the respective maturity dates.

and excludes, for the avoidance of doubt, any obligations under any Equity Hybrid Securities.

"**Fitch**" means Fitch Ratings Ireland Limited and any successor to its rating agency business.

"**Group**" means the Issuer and its Subsidiaries.

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**Incur**" means issue, assume, guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness of an entity existing at the time such entity becomes a Subsidiary shall be deemed to be Incurred by such person at the time it becomes a Subsidiary.

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 180 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

"**Joint Venture**" means an entity jointly controlled by a member of the Group and a third party.

"**Lease Obligations**" means, in respect of any entity, the obligations of such entity to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property which are required to be classified and accounted for as a balance sheet liability (other than any liability in respect of a lease or other such arrangement which would, in accordance with International Financial Reporting Standards in force at 29 July 2016, have been treated as an operating lease) and, for the purposes of these Conditions, the amount of such obligations at any time shall be the capitalised amount thereof at such time determined in accordance with International Financial Reporting Standards.

"**Moody's**" means Moody's Deutschland GmbH and any successor to its rating agency business.

"**Nationally Recognised Statistical Rating Organisation**" means a nationally recognised statistical rating organisation within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Securities Exchange Act of 1934, as amended.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"**Relevant Period**" means each period of twelve months ending on the last day of the Issuer's financial year and each period of twelve months ending on the last day of the first half of the Issuer's financial year;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Slovak RES Promotion Act**" means Slovak Act No. 309/2009 Coll., on promotion of renewable energy sources and high-efficiency cogeneration and on amendments to certain acts (*zákon o podpore obnoviteľných zdrojov energie a vysoko účinnej kombinovanej výroby a o zmene a doplnení niektorých zákonov*).

"**Standard & Poor's**" means S&P Global Ratings Europe Limited and any successor to its rating agency business.

"**Subordinated Indebtedness**" means any Indebtedness of the Issuer (whether outstanding on the date hereof or thereafter Incurred) that is expressly subordinate or junior in right of repayment to the Notes, as applicable pursuant to a written agreement, and excludes, for the avoidance of doubt, any obligations under any Equity Hybrid Securities.

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. Interest

The Notes bear interest from 2 March 2021 (the "**Issue Date**") at the rate of 1.816 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 2 March in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal or premium (if any) is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR 18.16 in respect of each Note of EUR 1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. Redemption and Purchase

(a) *Scheduled redemption*:

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 2 March 2031, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Czech Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 26 February 2021; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications and/or opinions required by Condition 5(b) are provided, nor shall it be required to review, check or analyse any certifications and/or opinions produced nor shall it be responsible for the contents of any such certifications and/or opinions or incur any liability in the event the content of such certifications and/or opinions is inaccurate or incorrect.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Redemption at the Option of the Noteholders in the event of a Change of Control*: If at any time while any Note remains outstanding, (A) there occurs a Change of Control (as defined below), and (B) within the Change of Control Period, a Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period, together, a "**Change of Control Put Event**"), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 5(d)) upon giving notice to the Issuer as provided in this Condition 5(c) (*Redemption at the option of Noteholders in the event of a Change of Control*) at any time during the Put Option Redemption Period, to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (as defined below) at the principal amount outstanding of such Notes together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

Where:

A "**Change of Control**" shall be deemed to have occurred if any person, directly or indirectly, alone or with any persons acting in concert (the "**Relevant Person**"), owns or acquires beneficial ownership or control of more than 50 per cent. of the issued share capital of the Issuer carrying more than 50 per cent. of the total voting rights represented by the shares of the Issuer, **provided that** a Change of Control shall not occur if:

(i) (a) EPH and/or its Affiliates and/or (b) an entity managed by a subsidiary of Macquarie Group Limited and/or its Affiliates, in each case acting alone or in concert, directly or indirectly, own or acquire beneficial ownership or control of more than 50 per cent. of the issued share capital of the Issuer carrying more than 50 per cent. of the total voting rights represented by the shares of the Issuer; and/or

(ii) all or substantially all of the shareholders of the Relevant Person or shareholders of the person(s) acting on behalf of any such Relevant Person immediately after the event which would otherwise have constituted a Change of Control are shareholders of the Issuer or any Holding Company of the Issuer in either case immediately prior to the event which would otherwise have constituted a Change of Control.

A "**Rating Event**" shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period):

(i) the rating previously assigned to the Issuer by any Rating Agency solicited by (or with the consent of) the Issuer and assigned to the Issuer on the Relevant Announcement Date is:

  (A) withdrawn; or

  (B) changed from an investment grade rating (BBB-/Baa3 or its equivalent for the time being, or better) to a non-investment grade rating (BB+/Ba1 or its equivalent for the time being, or worse); or

  (C) (if the rating previously assigned to the Issuer by any Rating Agency solicited by (or with the consent of) the Issuer and assigned to the Issuer on the Relevant Announcement Date was below an investment grade rating (as described above)), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents); and

(ii) such rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (A) and (B)) or to its earlier credit rating or better (in the case of (C)) by such Rating Agency, provided that a Rating Event otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control unless the Rating Agency making the reduction in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer in writing that the lowering of the rating or the failure to assign an investment grade rating was the result, in whole or in part, of the applicable Change of Control.

If, on the Relevant Announcement Date, the Issuer is assigned:

(i) investment grade ratings (BBB-/Baa3 or its equivalent for the time being, or better) from at least two Rating Agencies, then sub-paragraphs (i)(A) and (i)(B) above will not apply;

(ii) a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then sub-paragraph (i)(C) above will not apply; and

(iii) non-investment grade ratings (BB+/Ba1 or its equivalent for the time being, or worse) from at least three Rating Agencies, if only one such rating was lowered by at least one full rating notch, then sub-paragraph (i)(C) above will not apply.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Change of Control Period**" means the period beginning on the date (the "**Relevant Announcement Date**") that is the earlier of (A) the first public announcement by or on behalf the Issuer or any bidder or any designated advisor, of the relevant Change of Control; and (B) the date of the earliest Potential Change of Control Announcement, and ending 90 days after the Relevant Announcement Date (such 90th day, the "**Initial Longstop Date**"); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Event in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the date of such public announcement by such Rating Agency.

"**EPH**" means Energetický a průmyslový holding, a.s., a joint stock company incorporated in the Czech Republic under the company number 283 56 250.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated adviser thereto relating to any specific and near-term potential Change of Control (where "**near-term**" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated adviser to be intended to occur, within 120 days of the date of such announcement of statement).

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall notify the Fiscal Agent and give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 5(c).

To exercise the Change of Control Put Option, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Change of Control Put Exercise Notice (as defined below) for the account of the Issuer within the period (the "**Change of Control Put Period**") of 45 days after a Change of Control Put Event Notice is given together with a duly signed and completed notice of exercise in the then current form obtainable from the Fiscal Agent (a "**Change of Control Put Exercise Notice**") and in which the Noteholder may specify a bank account to which payment is to be made under this Condition 5(c).

A Change of Control Put Exercise Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above by the date which is the fifth Business Day following the end of the Change of Control Put Period (the "**Optional Redemption Date**"). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Change of Control Put Exercise Notice.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed pursuant to this Condition 5(c), the Issuer may, on not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 14 (*Notices*) given within 30 days after the Optional Redemption Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at their principal amount, together with interest accrued to but excluding the date of redemption.

The Fiscal Agent is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred or to notify the Noteholders of the same and, until it shall have actual knowledge or notice pursuant to the Agency Agreement to the contrary, the Fiscal Agent may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

(d) *Redemption at the option of the Issuer (Issuer Call)*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any date, from and including, 2 December 2030 to, but excluding, the Maturity Date (the "**Call Settlement Date**") at a price equal to 100 per cent. of their principal amount on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Call Settlement Date at such price plus accrued interest to such date).

(e) *Redemption at the option of the Issuer (Make-Whole)*: Unless a Change of Control Put Event Notice has been given pursuant to Condition 5(c) (*Redemption at the option of the Noteholders in the event of a Change of Control*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time from, but excluding, the Issue Date to, but excluding, 2 December 2030 (the "**Make-Whole Redemption Date**") on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at the Make Whole Redemption Amount.

For the purposes of this Condition:

"**Business Day**" means a day on which commercial banks are open for business in the city in which the Calculation Agent has its specified office;

"**Calculation Agent**" means an independent agent appointed by the Issuer for the purposes of calculating the Make-Whole Redemption Amount;

"**Make-Whole Redemption Amount**" shall be an amount equal to the sum of (i) Make-Whole Redemption Price and (ii) accrued and unpaid interest on the Notes to (but excluding) the Make-Whole Redemption Date

"**Make-Whole Redemption Price**" shall be an amount equal to the greater of (i) 100 per cent. of the principal amount of the Notes to be redeemed and (ii) the sum of the then present values (as determined by the Calculation Agent) of the remaining scheduled payments of principal and interest on the Notes to be redeemed (but not including any portion of such payments of interest accrued to the Make-Whole Redemption Date) discounted to the Make-Whole Redemption Date on an annual basis at the Reference Rate plus 0.35 per cent. per annum;

"**Reference Bond**" means the German Bundesanleihe selected by the Calculation Agent as having a fixed maturity most nearly equal to the remaining term of the Notes to be redeemed being euro-denominated with a principal amount approximately equal to the then outstanding principal amount of the Notes to be redeemed however, that, if the period from such redemption date to maturity of the Notes to be redeemed is less than one year, a fixed maturity of one year shall be used;

"**Reference Bond Price**" means (i) the average of all Reference Market Maker Quotations (which in any event must include at least two such quotations), after excluding the highest and lowest Reference Market Maker Quotations, or (ii) if the Calculation

Agent obtains fewer than four such Reference Market Maker Quotations, the average of all such quotations;

"**Reference Market Maker Quotations**" means, with respect to each Reference Market Maker and any relevant date, the average, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent at 5.00 p.m., CET, on the third Business Day preceding such Make-Whole Redemption Date;

"**Reference Market Makers**" means brokers or market makers of bunds selected by the Calculation Agent or such other persons operating in the bunds market as are selected by the Calculation Agent in consultation with the Issuer; and

"**Reference Rate**" means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date. The Reference Rate will be calculated on the third Business Day preceding the Make-Whole Redemption Date.

(f) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Redemption at the option of the Issuer (Make-Whole)*) above.

(g) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise and at any price. The Notes so purchased may be held or resold (provided that such resale is outside the United States and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 5(h) (*Cancellation*) below.

(h) *Cancellation*: All Notes so redeemed pursuant to Conditions 5(b), 5(c), 5(d), 5(e) or submitted for cancellation pursuant to Condition 5(g) (*Purchase*) shall be cancelled and may not be reissued or resold.

6. Payments

(a) *Principal*: Payments of principal (including any premium) shall be made by Euro cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by Euro cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Interpretation*: In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**TARGET System**" means the TARGET2 system.

(a) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on business days*: Where payment is to be made by transfer to a Euro account (or other account to which Euro may be credited or transferred), payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal, interest and premium (if any) payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph "**business day**" means:

(i) in the case of payment by transfer to a Euro account (or other account to which Euro may be credited or transferred) as referred to above, any day which is a TARGET Settlement Day; and

(ii) in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, any day on which banks are open for general business (including dealings in foreign currencies) in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(c) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(d) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. Taxation

All payments of principal, interest and premium (if any) or any other amounts payable in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Czech Republic or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) presented for payment in the Czech Republic;

(b) held by a Holder or beneficial owner which is liable to such Taxes in respect of such Note by reason of its having some connection with the Czech Republic other than the mere holding of the Note; or

(c) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Notwithstanding anything to the contrary in this Condition 7 (*Taxation*), no additional amounts will be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, as amended, any regulations or agreements thereunder, official interpretation thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Czech Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement (as provided in Condition 6(a) (*Payments – Payments subject to fiscal and other laws*)).

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Czech Republic, references in these Conditions to the Czech Republic shall be construed as references to the Czech Republic and/or such other jurisdiction.

8. Events of Default

If any of the following events occurs and is continuing:

(a) *Non-payment of principal*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof and the default continues for a period of seven days;

(b) *Non-payment of interest*: the Issuer fails to pay any amount of interest payable in respect of the Notes on the due date for payment thereof and the default continues for a period of 14 days; or

(c) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Deed of Covenant and such default continues unremedied for 45 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or

(d) *Cross-Acceleration of Issuer or Material Subsidiary*:

(i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or the Noteholders (pursuant to Condition 5(c) (*Redemption* *at the option of the Noteholders in the event of a Change of Control*) or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that (x) the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds EUR 75,000,000 (or its equivalent in any other currency or currencies) and (y) the term "Indebtedness" as used in this paragraph (d) shall not include any Indebtedness owed by a member of the Group to another member of the Group); or

(e) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount in excess of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(f) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, which exceeds an amount of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate; or

(g) *Insolvency, etc.*:

(i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due;

(ii) an insolvency petition or bankruptcy petition is filed in respect of the Issuer or any of its Material Subsidiaries, save for any proceedings or actions which are contested in good faith and discharged, stayed or dismissed within thirty (30) days of its commencement; or

(iii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries save for any proceedings or actions which are contested in good faith and discharged, stayed or dismissed within thirty (30) days of its commencement; or

(iv) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or a moratorium is declared in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it; or

(v) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring whilst solvent); or

(h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring whilst solvent); or

(i) *Analogous event*: any event occurs which under the laws of the Czech Republic has an analogous effect to any of the events referred to in paragraphs (e) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or

(j) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Deed of Covenant, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Deed of Covenant admissible in evidence in the courts of the Czech Republic is not taken, fulfilled or done; or

(k) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant;

then any Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

In this Condition 8, "**Material Subsidiary**" means, at any particular time, a Subsidiary of the Issuer whose consolidated EBITDA (calculated as operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable)) as shown in the most recent consolidated audited financial statements) represent 5 per cent. or more of the EBITDA of the Issuer (calculated as operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable) by reference to the most recent consolidated audited financial statements of the Issuer).

9. Prescription

Claims for principal shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain a fiscal agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders, Modification and Substitution

(a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing and electronic consent signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders, holding not less than 75 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification*: The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

(c) *Substitution*: The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes such company (the "**Substitute**") as is specified in the Agency Agreement, provided that no payment in respect of the Notes is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any Taxes which are imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any Taxes and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll and the Notes shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Notes represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll, of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 12(c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of the Issuer. References in Condition 8 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 8 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Conditions 8(d) to 8(h) inclusive shall be deemed to apply in addition to the guarantor.

13. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as Notes are listed on the Euronext Dublin, notices to Noteholders will be published in accordance with the rules of that exchange.

15. Governing Law and Jurisdiction

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law.

(b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes).

(c) *Appropriate forum*: The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

(d) *Service of Process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to EP UK Investments Ltd., Byron House, 7 – 9 St James's Street, London SW1A 1EE, United Kingdom (for the attention of the Company Secretary), or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Registrar, Transfer Agents and the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will be represented by a Global Note Certificate which will be registered in the nominee name of a common safekeeper, and deposited with the common safekeeper for Euroclear and Clearstream, Luxembourg.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the Euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate (the "**Holder**"), Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or

(b) any of the Notes evidenced by the Global Note Certificate have become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate,

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the registered Holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Note Certificate "**business day**" means any day on which the TARGET System is open.

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption at the option of Noteholders in the event of a Change of Control*) the Holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Global Note Certificate and put notice, give written notice, in a form acceptable to the Fiscal Agent and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

Electronic Consent and Written Resolution: While any Global Note Certificate is held on behalf of a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds from the issue of the Notes (i.e. after deduction of commissions, fees and estimated expenses) are expected to be approximately EUR 497,000,000. The Issuer will use such net proceeds for (i) partial repayment or prepayment of certain financial indebtedness of the Issuer, (ii) distribution of dividends by the Issuer to its shareholders to the extent permitted by Condition 3(b) (*Financial Covenant*), and (iii) general corporate purposes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank shall be incorporated in, and form part of, this Prospectus:

(a) the auditors' report on review and unaudited condensed consolidated financial statements as of and for the six months ended 30 June 2020 (with comparatives as of and for the six months ended 30 June 2019) of the Issuer, including the information set out at the following pages in particular:

Auditors' report on review .... Page 2

Consolidated statement of comprehensive income .... Page 4

Consolidated statement of financial position .... Page 5

Consolidated statement of changes in equity .... Page 6-7

Consolidated statement of cash flows .... Page 8-9

Accounting principles and notes .... Page 10-58

(b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019, including the information set out at the following pages in particular:

Auditors' report.. Page 9-13

Consolidated statement of comprehensive income .... Page 24

Consolidated statement of financial position .... Page 25

Consolidated statement of changes in equity .... Page 26-27

Consolidated statement of cash flows .... Page 28

Accounting principles and notes .... Page 29-128

(c) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018, including the information set out at the following pages in particular:

Auditors' report.. Page 9-12

Consolidated statement of comprehensive income .... Page 22

Consolidated statement of financial position .... Page 23

Consolidated statement of changes in equity .... Page 24-25

Consolidated statement of cash flows .... Page 26

Accounting principles and notes .... Page 27-133

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer. The Interim Financial Statements will be available for viewing on the website of the Issuer at https://www.epinfrastructure.cz/wp-content/uploads/EPIF_consol-report_eng_SIGNED.pdf, the 2019 Financial Statements will be available for viewing on the website of the Issuer at https://www.epinfrastructure.cz/wp-content/uploads/2020_09_01_VZ-EPIF-2019-final-landscape.pdf and the 2018 Financial Statements will be available for viewing on the website of the Issuer at https://www.epinfrastructure.cz/wp-content/uploads/VZ_EPIF_2018_landscape.pdf.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of the Notes.

SELECTED FINANCIAL INFORMATION

The following tables present selected historical consolidated financial information of the Group as of and for the six months ended 30 June 2020 and 2019 and as of and for the years ended 31 December 2019 and 2018 which has been derived from the Financial Statements incorporated by reference into this Prospectus. The information below should be read in conjunction with the information contained in "Presentation of Financial and Other Information" and the Financial Statements incorporated by reference into this Prospectus.

Consolidated statement of comprehensive income

	Six months ended 30 June		**Year ended 31 December**	
	2020	**2019**	**2019**	**2018**
		(in EUR millions)		
Sales: Energy	1,623	1,772	3,437	3,053
of which: Electricity	636	728	1,437	1,229
Heat	219	226	391	350
Gas	760	804	1,583	1,454
Coal	8	14	26	20
Sales: Other	14	14	30	28
Gain (loss) from commodity derivatives for trading with electricity and gas, net	6	2	9	4
Total sales	**1,643**	**1,788**	**3,476**	**3,085**
Cost of sales: Energy	(639)	(757)	(1,476)	(1,342)
Cost of sales: Other	(14)	(11)	(27)	(28)
Total cost of sales	**(653)**	**(768)**	**(1,503)**	**(1,370)**
Subtotal	**990**	**1,020**	**1,973**	**1,715**
Personnel expenses	(116)	(111)	(240)	(214)
Depreciation and amortisation	(230)	(197)	(403)	(331)
Repairs and maintenance	(9)	(10)	(15)	(10)
Emission allowances, net	(36)	(21)	(41)	(22)
Negative goodwill	-	-	-	5
Taxes and charges	(5)	(6)	(9)	(8)
Other operating income	31	30	56	54
Other operating expenses	(52)	(53)	(149)	(130)
Own work, capitalised	14	13	36	40
Profit/(loss) from operations	**587**	**665**	**1,208**	**1,099**
EBITDA	**817**	**862**	**1,611**	**1,425**
Finance income	4	17	20	6
Finance expense	(116)	(69)	(140)	(170)
Profit/(loss) from financial instruments	(34)	2	(4)	(7)
Net finance expense	**(146)**	**(50)**	**(124)**	**(171)**
Share of profit of equity accounted investees, net of tax	1	-	1	-
Profit/(loss) before income tax	**442**	**615**	**1,085**	**928**
Income tax expenses	(128)	(163)	(295)	(254)
Profit/(loss) for the period	**314**	**452**	**790**	**674**
Items that are not subsequently reclassified to profit or loss				
Revaluation of property, plant and equipment	1,315	1,337	1,615	-
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences for foreign operations	168	(33)	(43)	14
Foreign currency translation differences from presentation currency	(144)	26	28	(21)

Effective portion of changes in fair value of cash-flow hedges, net of tax	(4)	(57)	(37)	(44)
Fair value reserve included in other comprehensive income, net of tax	-	-	-	1
Other comprehensive income for the year, net of tax	**1,335**	**1,273**	**1,563**	**(50)**
Total comprehensive income for the year	**1,649**	**1,725**	**2,353**	**624**
Profit/(loss) attributable to:				
Owners of the Issuer	122	241	401	329
Non-controlling interest	192	211	389	345
Profit/(loss) for the year	**314**	**452**	**790**	**674**
Total comprehensive income attributable to:				
Owners of the Issuer	802	824	1,123	289
Non-controlling interest	847	901	1,230	335
Total comprehensive income for the year	**1,649**	**1,725**	**2,353**	**624**

Consolidated statement of financial position data

	As of 30 June		**As of 31 December**	
	2020	**2019**	**2019**	**2018**
	(in EUR millions)			
Assets				
Property, plant and equipment	10,368	8,512	8,791	6,748
Intangible assets	64	88	132	120
Goodwill	97	102	102	101
Equity accounted investees	4	2	3	1
Restricted cash	1	-	1	1
Financial instruments and other financial assets	17	16	15	18
Trade receivables and other assets	27	40	39	47
Prepayments and other deferrals	2	2	2	1
Deferred tax assets	20	16	17	5
Total non-current assets	**10,600**	**8,778**	**9,102**	**7,042**
Inventories	195	196	202	200
Financial instruments and other financial assets	205	179	70	39
Trade receivables and other assets	455	360	428	367
Contract assets	46	61	59	37
Prepayments and other deferrals	12	11	10	11
Tax receivables	6	7	11	28
Cash and cash equivalents	1,473	720	674	416
Restricted cash	2	5	3	4
Total current assets	**2,394**	**1,539**	**1,457**	**1,102**
Total assets	**12,994**	**10,317**	**10,559**	**8,144**
Equity				
Share capital	2,988	2,988	2,988	2,988
Share premium	8	8	8	8
Reserves	(2,568)	(3,356)	(3,226)	(3,932)
Retained earnings	584	565	641	675
Total equity attributable to equity holders	**1,012**	**205**	**411**	**(261)**
Non-controlling interest	3,112	2,382	2,371	1,495
Total equity	**4,124**	**2,587**	**2,782**	**1,234**
Liabilities				
Loans and borrowings	4,167	4,457	4,105	4,022
Financial instruments and financial liabilities	222	176	161	80
Provisions	243	244	239	240
Deferred income	84	107	88	112
Deferred tax liabilities	1,895	1,411	1,478	972
Trade payables and other liabilities	2	-	7	12
Contract liabilities	95	98	105	94
Total non-current liabilities	**6,708**	**6,493**	**6,183**	**5,532**

Trade payables and other liabilities	383	313	373	363
Contract liabilities	100	103	62	74
Loans and borrowings	1,449	613	902	797
Financial instruments and financial liabilities	15	37	44	53
Provisions	53	52	83	65
Deferred income	29	21	25	10
Current income tax liability	133	98	105	16
Total current liabilities	**2,162**	**1,237**	**1,594**	**1,378**
Total liabilities	**8,870**	**7,730**	**7,777**	**6,910**
Total equity and liabilities	**12,994**	**10,317**	**10,559**	**8,144**

Consolidated statement of selected captions of cash flows data

	Six months ended 30 June		**Year ended 31 December**	
	2020	**2019**	**2019**	**2018**
	(in EUR millions)			
Cash flows generated from (used in) operating activities	593	715	1,264	1,104
Cash flows from (used in) investing activities	(67)	(67)	(261)	(233)
Cash flows (used in) financing activities	276	(344)	(745)	(1,037)
Cash and cash equivalents at beginning of the period	674	416	416	584
Effect of exchange rate fluctuations on cash held	(3)	-	-	(2)
Cash and cash equivalents at end of the year	**1,473**	**720**	**674**	**416**

Key performance indicators

	Six months ended 30 June		**12 months ended 30 June**	**Year ended 31 December**	
	2020	**2019**	**2020**	**2019**	**2018**
	(in EUR millions, unless indicated otherwise)				
EBITDA	817	862	1,566	1,611	1,425
Proportionate EBITDA	449	481	853	885	802
Adjusted EBITDA	771	841	1,536	1,606	1,466
Proportionate Adjusted EBITDA	426	471	839	884	818
Capital Expenditures	69	67	222	220	192
Cash Generation	748	795	1,344	1,391	1,233
Adjusted Cash Generation	702	774	1,314	1,386	1,274
Cash Conversion Ratio (before income tax and changes in working capital)	92%	92%	86%	86%	87%
Adjusted Cash Conversion Ratio (before income tax and changes in working capital)	91%	92%	86%	86%	87%
Group Cash Conversion Ratio	70%	83%	62%	69%	72%
Adjusted Group Cash Conversion Ratio	75%	85%	63%	69%	70%
Net Leverage Ratio	-	-	2.6x	2.7x	3.1x
Adjusted Net Leverage Ratio	-	-	2.7x	2.7x	3.0x
Proportionate Net Leverage Ratio	-	-	4.0x	3.9x	4.3x
Adjusted Proportionate Net Leverage Ratio	-	-	4.1x	3.9x	4.2x
Interest Coverage Ratio	-	-	7.5x	10.1x	6.7x

DESCRIPTION OF THE ISSUER

Overview

The Group is a leading energy utility business operating key energy infrastructure, focusing on gas transmission, gas and power distribution, gas storage as well as heat and power generation and distribution. The Group generates the majority of its EBITDA in the Slovak Republic and the Czech Republic, where its principal operations are located. The Group believes that it is among the ten largest industrial groups based in the Czech Republic in terms of sales and among the five largest industrial groups based in the Czech Republic in terms of EBITDA. For the six months ended 30 June 2020, the Group had total sales and profit for the period of EUR 1,643 million and EUR 314 million, respectively (as compared to EUR 1,788 million and EUR 452 million, respectively, for the six months ended 30 June 2019) and the Group's EBITDA and Adjusted EBITDA for the six months ended 30 June 2020 was EUR 817 million and EUR 771 million, respectively (as compared to EUR 862 million and EUR 841 million, respectively, for the six months ended 30 June 2019). For the year ended 31 December 2019, the Group had total sales and profit for the year of EUR 3,476 million and EUR 790 million, respectively (as compared to EUR 3,085 million and EUR 674 million, respectively, for the year ended 31 December 2018) and the Group's EBITDA and Adjusted EBITDA for the year ended 31 December 2019 was EUR 1,611 million and EUR 1,606 million, respectively (as compared to EUR 1,425 million and EUR 1,466 million, respectively, for the year ended 31 December 2018). In the six months ended 30 June 2020, 84.82 per cent. of Adjusted EBITDA was generated in the Slovak Republic and 10.25 per cent. in the Czech Republic (as compared to 82.88 per cent. and 13.44 per cent., respectively, for the six months ended 30 June 2019). In the year ended 31 December 2019, 85.62 per cent. of Adjusted EBITDA was generated in the Slovak Republic and 10.90 per cent. in the Czech Republic (as compared to 87.45 per cent. and 11.19 per cent., respectively, for the year ended 31 December 2018). A major part of the Group's business comes from regulated activities (including gas transmission, gas and power distribution and heat distribution) or long-term contracted activities (including gas storage). The Issuer is a holding and service company of the Group, providing management and administration services for its subsidiaries.

Businesses

The Group operates through four principal businesses: Gas Transmission, Gas and Power Distribution, Heat Infra and Gas Storage. The Group also undertakes certain other ancillary activities, such as its renewable energy business. These ancillary activities are included in the Other Business.

The Group's Gas Transmission Business is operated through Eustream, which is the owner and operator of one of the major European gas pipelines and is the only gas transmission system operator ("**TSO**") in the Slovak Republic. The Group holds approximately a 49 per cent. stake in, and has management control over, Eustream. The transmission network of Eustream is part of the Central Corridor which is one of the largest and the most important piped gas import routes into Europe. Eustream is one of the largest natural gas transporters within the EU. As of 31 December 2020, the annual transmission capacity of Eustream's system was 78.5 bcm in the East-West direction, 55.1 bcm in the North-South direction and 15.7 bcm with respect to the reverse flow (West-East).

The Group's Gas and Power Distribution Business consists of the gas distribution division, the power distribution division and the supply division. The gas distribution division consists of SPPD which is responsible for the distribution of natural gas and its network provides access to natural gas to approximately 2,233 villages, towns and cities, which are home to approximately 94 per cent. of the Slovak population. In 2020, SPPD distributed approximately 98.6 per cent. of the total amount of gas distributed in Slovakia. The power distribution division consist of SSD which is responsible for electricity distribution activities in the central Slovakia region. The supply division consists of activities involving supplies of power and natural gas to end-consumers which the Group conducts through EPET in the Czech Republic and Slovakia and through the SSE Group (other than SSD) in Slovakia. EPET and the SSE Group also purchase and sell power, including sales in the wholesale market of electricity generated by the Group in its Heat Infra Business and purchases of electricity and natural gas to supply customers as part of the division's supply activities.

The Group's Heat Infra Business owns and operates three large-scale heat cogeneration plants ("**CHP**") in the Czech Republic. During the period covered by the Financial Statements, the Group also owned and operated (i) PT, the most extensive district heating system in the Czech Republic supplying heat to the City of Prague, which the Group sold to Veolia Group on 3 November 2020, and (ii) Budapesti Erömü Zrt.

("**BERT**"), a leading heat and power producer in Hungary, operating in the Budapest area, which the Group sold to Veolia Group on 2 December 2020. EBITDA of PT and BERT for the six months ended 30 June 2020 was EUR 29 million and EUR 19 million, respectively. The heat generated in the Group's cogeneration power plants is supplied mainly to retail customers through a well-maintained and robust district heating systems. The Group was also a significant producer of power in terms of electricity generated in the Czech Republic (including ancillary services reported by ERO) in 2020. Through its subsidiary EP Sourcing, a.s. ("**EPS**"), the Group's Heat Infra Business also deals in brown coal and other solid fuels and supplies these primarily to the Czech heat and power companies of the Group. In addition, through its subsidiary EP Cargo, a.s. ("**EPC**"), the Group's Heat Infra Business provides rail transport of brown coal and other bulk substrates for the Group companies including United Energy, a.s. ("**UE**"), Elektrárny Opatovice, a.s. ("**EOP**") and PLTEP and companies outside the Group.

The Group's Gas Storage Business consists of NAFTA, Pozagas, SPP Storage, s.r.o. ("**SPP Storage**") and Nafta Speicher, which store natural gas mostly under long-term contracts in underground storage facilities located in the Czech Republic, Slovakia and Germany. The total capacity of the storage facilities of NAFTA, SPP Storage, Pozagas and Nafta Speicher as of 31 December 2020 was approximately 61.6 terawatt hours ("**TWh**"). NAFTA also conducts certain exploration and production activities through its E&P division, whose results are however immaterial in the overall performance of the Group.

The Group also undertakes certain other activities, primarily generating electricity from renewable sources. The Group owns and operates three solar power plants and one wind farm and holds a minority interest in another solar power plant in the Czech Republic. The Group also operates two solar power plants and a biogas facility in Slovakia.

The table below sets forth sales, EBITDA, Adjusted EBITDA, Capital Expenditures, Cash Generation, Adjusted Cash Generation, Cash Conversion Ratio (before income tax and changes in working capital) and Adjusted Cash Conversion Ratio (before income tax and changes in working capital) and countries of operations in respect of each of the Group's segments for the six months ended 30 June 2020 and 2019, the 12 months ended 30 June 2020 and the years ended 31 December 2019 and 2018:

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments	Holding entities	Other	Intersegment eliminations	Consolidated financial information
				(in EUR millions, unless indicated otherwise)					
Six months ended 30 June 2020									
Sales	347	866	344	138	1,695	-	6	(58)	**1,643**
Profit (loss) for the year	172	150	29	67	418	75(4)	3	(182)(4)	**314**
EBITDA	317	312	84	105	818	(4)	3	-	**817**
Adjusted EBITDA	317	267	84	104	772	(4)	3	-	**771**
Capital Expenditures	20	27	18	4	69	-	-	-	**69**
Cash Generation	297	285	66	101	749	(4)	3	N/A	**748**
Adjusted Cash Generation	297	240	66	100	703	(4)	3	N/A	**702**
Cash Conversion Ratio (before income tax and changes in working capital) (%)	94	91	79	96	92	N/A	100	N/A	**92**
Adjusted Cash Conversion Ratio (before income tax and changes in working capital) (%)	94	90	79	96	91	N/A	100	N/A	**91**
Six months ended 30 June 2019									
Sales	411	990	370	119	1,890	-	5	(107)	**1,788**
Profit (loss) for the year	206	158	58	52	474	198	-	(220)	**452**
EBITDA	364	299	115	86	864	(4)	2	-	**862**

Adjusted EBITDA	365	277	115	86	843	(4)	2	-	**841**
Capital Expenditures....	24	26	15	2	67	-	-	-	**67(1)**
Cash Generation	340	273	100	84	797	(4)	2	N/A	**795**
Adjusted Cash Generation	341	251	100	84	776	(4)	2	N/A	**774**
Cash Conversion Ratio (before income tax and changes in working capital) (%)	93	91	87	98	92	N/A	100	N/A	**92**
Adjusted Cash Conversion Ratio (before income tax and changes in working capital) (%)	93	91	87	98	92	N/A	100	N/A	**92**
12 months ended 30 June 2020									
Sales	762	1772	644	272	3450	0	13	(132)	**3,331**
Profit (loss) for the year	378	253	34	118	783	606	0	(737)	**652**
EBITDA	689	540	144	194	1,567	(6)	5	-	**1,566**
Adjusted EBITDA	689	506	144	198	1,537	(6)	5	-	**1,536**
Capital Expenditures....	65	83	61	13	222	-	-	-	**222**
Cash Generation	624	457	83	181	1,345	(6)	5	N/A	**1,344**
Adjusted Cash Generation	624	423	83	185	1,315	(6)	5	N/A	**1,314**
Cash Conversion Ratio (before income tax and changes in working capital) (%)	91	85	58	93	86	N/A	100	N/A	**86**
Adjusted Cash Conversion Ratio (before income tax and changes in working capital) (%)	91	84	58	93	86	N/A	100	N/A	**86**
2019									
Sales	826	1,896	670	253	3,645	-	12	(181)	**3,476**
Profit (loss) for the year	412	261	63	103	839	729(2)	1	(779)(2)	**790**
EBITDA	736	527	175	175	1,613	(6)	4	-	**1,611**
Adjusted EBITDA	737	516	175	180	1,608	(6)	4	-	**1,606**
Capital Expenditures....	69	82	58	11	220	-	-	-	**220**
Cash Generation	667	445	117	164	1,393	(6)	4	-	**1,391**
Adjusted Cash Generation	668	434	117	169	1,388	(6)	4	-	**1,386**
Cash Conversion Ratio (before income tax and changes in working capital) (%)	91	84	67	94	86	N/A	100	N/A	**86**
Adjusted Cash Conversion Ratio (before income tax and changes in working capital) (%)	91	84	67	94	86	N/A	100	N/A	**86**
2018									
Sales	752	1,772	597	192	3,313	-	11	(239)	**3,085**
Profit (loss) for the year	392	216	50	90	748	1,080(3)	16	(1,170)(3)	**674**
EBITDA	663	461	148	139	1,411	(6)	20	-	**1,425**

Adjusted EBITDA..........	665	502	153	147	1,467	(6)	5	-	**1,466**
Capital Expenditures....	51	81	53	6	191	-	1	-	**192**
Cash Generation.......	612	380	95	133	1,220	(6)	19	-	**1,233**
Adjusted Cash Generation.......	614	421	100	141	1,276	(6)	4	-	**1,274**
Cash Conversion Ratio (before income tax and changes in working capital) (%)	92	82	64	96	86	N/A	95	N/A	**87**
Adjusted Cash Conversion Ratio (before income tax and changes in working capital) (%)	92	84	65	96	87	N/A	80	N/A	**87**
Countries of Operations	Slovakia	Slovakia and Czech Republic	Czech Republic and Hungary	Slovakia, Czech Republic and Germany		Slovakia, Czech Republic and the Netherlands	Slovakia and Czech Republic		

Notes:
(1) Including acquisitions of property, plant and equipment through operating lease.
(2) EUR 781 million is attributable to intra-group dividends primarily recognised by SGH, CGHI, SPPI and EPE.
(3) EUR 1,170 million is attributable to intra-group dividends primarily recognised by SGH, CGHI, SPPI and EPE.
(4) EUR 182 million is attributable to intra-group dividends primarily recognised by CGHI, SPPI and EPE.

The table below sets forth sales by geographical area for the six months ended 30 June 2020 and 2019 and the years ended 31 December 2019 and 2018:

	For the six months ended 30 June		**For the year ended 31 December**	
	2020	**2019**	**2019**	**2018**
	(in EUR millions)			
Czech Republic..	443	504	916	842
Slovakia	917	983	1,918	1,947
Other...	283	301	642	296
Total	1,643	1,788	3,476	3,085

Strengths

Management believes that the Group benefits from the following key strengths:

Activities Diversified Across Several Business Segments

The Group's operations are diversified across four main business segments: Gas Transmission Business, Gas and Power Distribution Business, Heat Infra Business and Gas Storage Business, which accounted for 46 per cent., 33 per cent., 11 per cent. and 11 per cent., respectively, of the Group's EBITDA and for 46 per cent., 32 per cent., 11 per cent. and 11 per cent., respectively, of the Group's Adjusted EBITDA for the year ended 31 December 2019. The Gas Transmission Business, Gas and Power Distribution Business, Heat Infra Business and Gas Storage Business accounted for 41 per cent., 29 per cent., 17 per cent. and 13 per cent., respectively, of the Group's Proportionate Adjusted EBITDA for the year ended 31 December 2019. The diversification mitigates the Group's exposure to risks associated specifically with any one of the relevant business segments and enhances the Group's ability to adapt to changes in regulation, policy and competitive conditions.

Assets of Strategic Importance Across Europe with a Strong Position in Solid Central European Economies

Through its Gas Transmission Business and, namely, Eustream, the Group plays a key strategic role for the Slovak Republic and other European countries, with its pipeline system serving as the largest gas corridor for deliveries of Russian gas to Western, Central and Southern Europe. The distinguishing factor of Eustream is that it operates the key East to West and North to South gas transmission junction. This places Eustream at the heart of important gas flows in Europe.

Through its Gas and Power Distribution Business, the Group has a leading position in the gas distribution and electricity distribution and supply market in the Slovak Republic. SPPD is the owner and operator of the distribution network of natural gas starting from the exit point of the transmission networks through gas distribution systems and delivering the natural gas to end-consumers, which accounts for approximately 98.6 per cent. of the total natural gas volumes distributed in the Slovak Republic in 2020 and is therefore the largest natural gas distributor in the Slovak Republic.

Through its Heat Infra Business, the Group owns and operates a group of plants in the Czech Republic, all of which are cogeneration plants with the ability to switch flexibly between cogeneration mode (producing power and heat as a by-product) and condensation mode (producing only power) depending on the demand for heat and the price of power. The Group has been one of the lowest cost providers of heat in the Czech Republic, consistently charging lower heat tariffs than the national average. As of 31 December 2020, the length of the Group's heat distribution network in the Czech Republic was 732 km and the Heat Infra Business had approximately 150,000 customers. As of 31 December 2020, the Group's installed heat generation capacity[2] was 2,008 MW_{th}, installed electricity generation capacity – cogeneration was 533 MW_e and installed electricity generation capacity – condensation was 359 MW_e.

Through its Gas Storage Business, the Group is a leading regional player in natural gas storage, having the largest gas storage capacity in the region of Austria, the Czech Republic and Slovakia. In addition, through the Gas Storage Acquisition at the end of 2018, the Group gained a 7.6 per cent. market share in Germany. Assets are strategically located, being connected to gas routes between these four countries. In the year ended 31 December 2020, the storage portfolio consisted of approximately 61.6 TWh working gas volume operated by NAFTA, Pozagas, SPP Storage and Nafta Speicher.

The shareholding in Eustream, SSE, SPPD, NAFTA, Pozagas, SPP Storage and Nafta Speicher is held jointly by the Issuer, who is an indirect shareholder, and the Slovak Republic. Eustream, SSE and SPPD are major contributors to the state budget of the Slovak Republic and both shareholders have a strong alignment of interests when it comes to the management of these companies.

Regulated or Long-Term Contracted Energy Infrastructure

Gas Transmission Business

Revenues related to capacity bookings of the Gas Transmission Business are stable and predictable due to its 100 per cent. ship-or-pay contracts, whereby the contracted transmission fees are paid even if the booked capacity is not utilised, held with counterparties with strong credit standings, supported in most cases by bank guarantees or cash collaterals. Most of Eustream's capacity is usually booked by its customers on a long-term basis (i.e. five years or more). As of the date of this Prospectus, approximately 65 per cent. of Eustream's total annual East-West transmission capacity is booked until 2028. In addition, regulation of gas transmission in the Slovak Republic is based on a transparent and stable framework, providing a reasonably good degree of visibility of revenue generation.

Gas and Power Distribution

For SPPD and SSD in the Gas and Power Distribution Business, RONI applies price regulation on distribution system operators through fixed prices which reflect economically justified costs and reasonable profits and which function as natural hedging against temperature deviations. The Group participates in consultations with the regulator and takes a proactive approach when responding to regulatory policy initiatives.

Heat Infra Business

Supportive EU and Czech policies create an advantageous positioning for EPIF's heat infra assets which are all regulated under a mechanism that allows each supplier to charge prices recovering economically justified costs as well as reasonable profit. In the Czech Republic, Act No. 201/2012 Coll., on air protection, as amended (the "**Czech Air Protection Act**") sets for all new or reconstructed buildings a duty to connect to district heating if it is technically and economically possible. District heating is generally supported by policymakers due to its positive contribution to lowering emissions and the overall carbon dioxide footprint in the cities via efficient generation of heat through cogeneration. Further, district heating is strongly

[2] Installed heat capacity measured at heat exchangers.

supported in the National Energy Strategy as a key contributor to efficient use of primary energy, lowering emissions and increasing security of supply.

Gas Storage

A majority of the Group's storage capacity is managed under long-term contracts which contribute to the Gas Storage Business' stable cash flows. Revenues predominantly come from long-term capacity bookings and to a lesser extent from short-term capacity bookings and product enhancements as well as from the production of hydrocarbons (NAFTA only). As of 31 December 2020, 100 per cent. of the storage capacity was contracted on a long-term and short-term basis until 2020/2021 and approximately 54-58 per cent. of the storage capacity was contracted on a long-term basis until 2025/2026 and 35 per cent. until 2026/2027.

Stable and Predictable Profitability and High Cash Conversion

Gas Transmission Business

The Gas Transmission Business generates revenue as a result of a stable system of regulated tariffs, limited non-discretionary capital expenditure requirements and careful consideration of each individual investment (whether non-discretionary or discretionary) in a standardised process that assesses legal and regulatory requirements and economic and strategic criteria. Cash generation is supported by the business' modern infrastructure, which has historically experienced predictable and stable maintenance costs.

Gas and Power Distribution Business

The Gas and Power Distribution business has generated predictable cash flows from regulated revenues under a transparent regulatory framework. The Group's financial stability has been supported by a proven track record of positive cash flows, prudent financial policies and supportive shareholders. The weighted average age[3] of the network assets was approximately 28 years for gas distribution as of the date of this Prospectus.

Heat Infra Business

The Heat Infra Business has generated relatively high cash conversion levels due to relatively low intensity of maintenance capital expenditure.

Gas Storage Business

The majority of the Group's storage capacity is booked under long term contracts that generate stable cash flows. In addition, underground storage facilities have not required material capital expenditures in order to maintain the storage capacity, which generates high levels of free cash flow.

Value-driven Management Team with Proven Track Record

Majority of the members of the Group's Supervisory Board and the Board of Directors as well other members of senior management of the Group have participated in the creation, structuring and execution of the growth strategy of the Group over recent years. The team is a key asset of the Group with stable composition for some years and benefits from the backing of committed shareholders, particularly Mr Daniel Křetínský (who is also the Chairman of the Board of Directors). The team has a proven track record of delivering growth in the Group's business through value-accretive strategic acquisitions, smaller bolt-on acquisitions, organic growth projects, efficient management and operational optimisation of the Group's assets. In addition, the team is committed to enhancing the value such acquisitions deliver to the Issuer's shareholders after their completion by optimisation of procurement, investment and other processes.

Committed, Long-Term Shareholders

The strategic interest of the Issuer's shareholders is to support and develop the Group's business with the aim of achieving a long-term, continuous generation of a stable, sustainable and predictable dividend flow. The shareholders have put in place a strong corporate governance regime that is implemented both in the Issuer's articles of association and in the EPIF Shareholders' Agreement (as defined below), which,

[3] Weighted average age is calculated as the average age of the entire network weighted by the length of the network for each individual age segment.

among other things, sets forth certain reserved matters requiring a qualified majority decision. See "–*Material Contracts–EPIF Shareholders' Agreement*".

Conservative Financial Profile and Policy

Conservative Financial Profile

The Issuer endeavours to target a stable net debt ratio with leverage level below 4.5x of proportionate EBITDA underpinned by a strong conversion of EBITDA into cash flow (Group Cash Conversion Ratio was 62 per cent. as of and for the 12 months ended 30 June 2020 and 69 per cent. as of and for the year ended 31 December 2019 and Adjusted Group Cash Conversion Ratio was 63 per cent. as of and for the 12 months ended 30 June 2020 and 69 per cent. as of and for the year ended 31 December 2019), enabling the Issuer to use strong cash flow conversion to quickly adjust leverage levels.

Historically, the Group has continued to diversify its sources of financing and strived to maintain between 60 and 90 per cent. of its debt exposure in bonds. As of the date of this Prospectus, the policy of the Group is to increase the average duration of the Group's debt while optimising its interest cost.

Conservative Financial Policy

The Issuer aims to maintain a conservative business profile underpinned by a clearly defined dividend policy. In the EPIF Shareholder's Agreement (as defined below), the Issuer's shareholders have agreed to a targeted net leverage range and also to include a dividend lock-up at 4.5x of proportionate EBITDA, thus effectively ring-fencing the Issuer. The Issuer's shareholders have also agreed to pursue selective bolt-on opportunities only in cases of high cash flow generation profile and strong balance sheet.

Strategy

The Group intends to continue to leverage its core competencies in energy infrastructure to maintain stability and drive improvements in its business. The Group's main aim is to generate stable and predictable cash flows from the current businesses while also identifying and realising attractive growth opportunities, based on the following key strategies:

Maintaining the stability and resilience of the Group's business

The primary strategic focus of the Group is on maintaining the low-risk profile of its core operations in the regulated and long-term contracted energy infrastructure space, with the primary goal to generate strong predictable cash flows. A large majority of the Group's EBITDA is generated via either fully regulated activities or contracted activities based on long-term agreements with a stable geographically diversified customer base in the Czech Republic and the Slovak Republic, on which the Group intends to continue to focus going forward.

Continued focus on cash flow generation

The Group's stable cash flow generation is underpinned by majority of its EBITDA being generated by regulated and long-term contracted businesses that are subject to transparent regulatory framework. The Group believes it has been able to achieve an attractive conversion of EBITDA into cash flows in its businesses in part due to its focus on cost and capital expenditure efficiency. The Group seeks to continue applying strict discipline to maintain and improve this efficiency going forward. The Group seeks to maintain the quality and reliability of its asset base at a low cost by exploiting the Group's synergies, implementing process optimisation measures and through prudent levels of capital investment.

Continued optimisation, vertical integration and realisation of synergies within the Group

The Group will continue to focus on extracting operating efficiencies in its businesses with the aim of improving its profitability and delivering better value to its shareholders, while providing highly competitive services to its customers. The Group continuously monitors the efficiency of its gas, electricity and heat infrastructure and operations and takes steps to make operational improvements and implement additional efficiency measures. Going forward, the Group plans to emphasise efficiency improvements at all levels of the Group's operations, primarily through continued focus on the following measures undertaken by the Group (1) advanced procurement methodologies implemented for both materials and services, (2) process optimisation and unification, (3) implementation of best practices across the Group, and (4) introduction of sustainable Group-wide cost savings initiatives.

Continued optimisation, vertical integration and relation of synergies within the Group

The Group's business portfolio has been developed through strategic acquisitions as well as organic growth over time. The Group plans to continue selectively to pursue high return projects such as expansion opportunities in its existing businesses and strategic bolt-on acquisitions to leverage its existing infrastructure even better, drive stability and also provide growth in the future where possible. The Issuer does not currently expect to engage in large acquisitions but may pursue selective bolt-on acquisition opportunities if they offer synergy potential and are consistent with the Group's focus on strong cash flow generation and strong balance sheet.

Recent Developments and Trends

Recent trends

In 2020, the Group's Gas Storage Business was favourably affected by the rising storage price in the region mainly driven by the fact that gas storage facilities were unusually stocked after the warm winter in 2019/2020. Moreover, Eustream was also positively affected by unplanned reverse gas flows primarily between July and September 2020 driven by low price of storage capacities in Ukraine. In addition, the impact of COVID-19 on the Group's business was limited because of its nature of a critical infrastructure and because its revenues are largely dependent on already pre-booked capacities (e.g. ship-or-pay contracts for the Gas Transmission Business, store-or-pay contracts for the Gas Storage Business, fixed tariff components for the Gas and Power Distribution Business and fixed heat price component for the Heat Infra Business). On the other hand, results of the Group's Heat Infra Business' in the first half of 2020 were lower compared to the same time period due to mild winter, lower power spreads and higher EU emission allowances prices.

Disposal of PT and BERT to Veolia Group

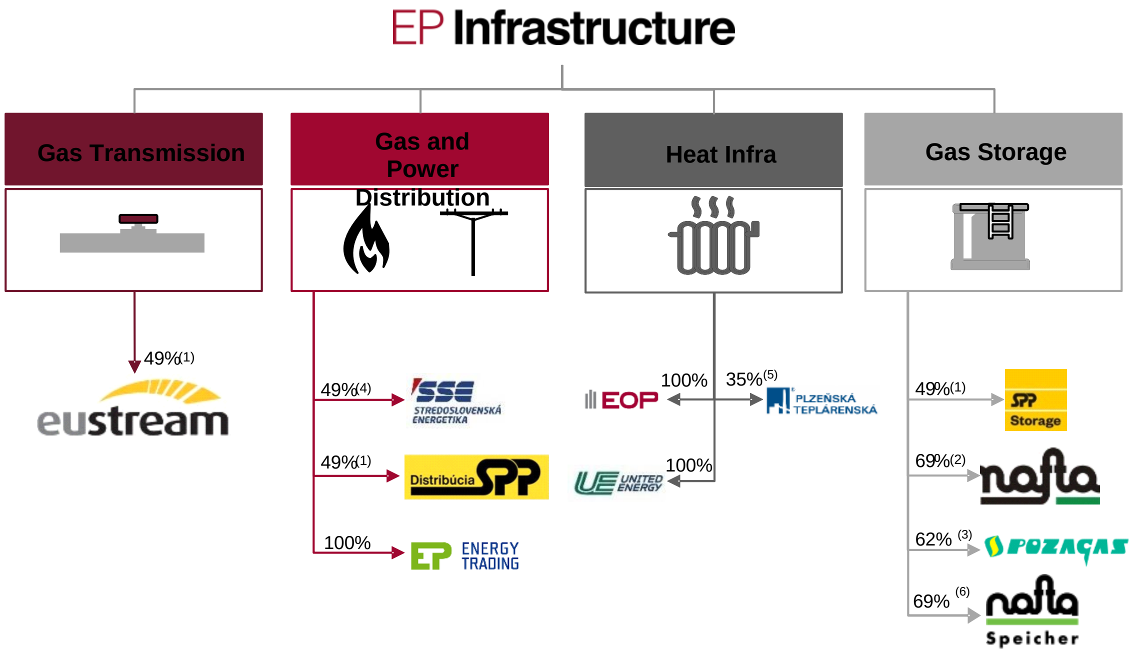
On 3 November and 2 December 2020, the Group completed the sale of shares to Veolia Group in (i) PT and its subsidiaries and PT Transit, a.s., the most extensive district heating system in the Czech Republic supplying heat to the City of Prague, and (ii) BERT, a leading heat and power producer in Hungary, operating in the Budapest area, respectively. EBITDA of PT and BERT for the six months ended 30 June 2020 was EUR 29 million and EUR 19 million, respectively.

One-off payment of the SOT deficit by the Slovak government

In the past, SSD was obliged to purchase electricity from renewable energy sources at regulated prices, which are set for each year and usually at higher than market prices in support of renewable energy sources in the Slovak Republic. The SSE Group was entitled to fully recover the difference between the regulated price and the market price through a special regulated tariff charged to end customers. However, differences and fluctuations in power consumption by end customers and power generation by renewable sources caused a mismatch between the amounts of subsidies paid and the compensation received through the tariff charged to end customers. This resulted in the accumulation of deficit by the SSE Group. On 18 December 2019, the Slovak government approved a one-off payment of part of the SOT deficit to the distribution operators, which amounted to approximately EUR 139 million for SSD. The new Slovak government made this payment in 2020 by means of a one-off payment and compensation through the tariff. As of the date of this Prospectus, the new Slovak government is considering various approaches for the settlement of the outstanding part of the SOT, which for SSD amounted to EUR 86.5 million as of the date of this Prospectus, but no official final details on the timeline or the settlement mechanism are available.

Group Structure

The following chart shows a simplified version of the Group's structure as of the date of this Prospectus:



Notes:

(1) The Group holds 1,795,049,674 shares out of the total of 3,663,341,937 shares issued by SPPI which allows it to control approximately 49 per cent. of voting rights in SPPI and has management control pursuant to the SPPI shareholders' agreement. Eustream, SPPD and SPP Storage are wholly-owned subsidiaries of SPPI.

(2) The Issuer controls 40.45 per cent. of shares in NAFTA and SPPI holds 56.15 per cent. of shares in NAFTA. NAFTA purchased approximately 1.0 per cent. of its own shares, and did not cancel these shares. As a result, the Issuer has an effective shareholding of approximately 69.0 per cent. in NAFTA, although as a result of its management control over the SPPI, the Group is able to exercise control over 96.6 per cent. of the shares in NAFTA, subject to the terms of the SPPI shareholders' agreement. The remaining shareholding is held by certain small minority shareholders.

(3) 65 per cent. of shares in Pozagas is controlled by NAFTA and 35 per cent. of shares is owned by SPPI, which results in the Issuer having an effective shareholding of approximately 62 per cent. in Pozagas.

(4) The Group holds 1,723,174 shares out of the total of 3,516,682 shares issued by SSE Holding which allows it to control approximately 49 per cent. of voting rights in SSE Holding and has management control pursuant to the SSE Holding shareholders' agreement.

(5) The Group holds 382,535 shares out of the total of 1,092,957 shares issued by PLTEP, which allows it to control approximately 35 per cent. of voting rights in PLTEP and has management control pursuant to the PLTEP shareholders' agreement.

(6) NAFTA holds 100 per cent. of shares in Nafta Speicher and, as a result, the Issuer has an indirect shareholding of approximately 69 per cent. in Nafta Speicher.

For a full list of the Issuer's subsidiaries and other Group entities as of 30 June 2020, please see Note 31 to the Interim Financial Statements.

History

The management team of the current Group began to take shape in 2001 within the corporate investment branch of the J&T Group headed by Daniel Křetínský. Shortly after the formation of the team, it began to focus on corporate investments in the energy business and changed its approach from being a financial investor to being a strategic investor. As a result, the J&T Group and the PPF Group founded EPH in 2009 as a platform for strategic investments in the energy and ancillary industries.

The following timeline provides an overview of significant steps in the evolution of the Group, through either direct acquisitions, or acquisitions by affiliates which were subsequently contributed to the Group:

- In 2004, the J&T Group acquired a 34 per cent. ownership interest in Pražská energetika a.s. ("**PRE**");

- In 2005, the J&T Group acquired 85.2 per cent. ownership interest in UE, the ownership interest was later increased to 100 per cent., and also 100 per cent. ownership interest in První energetická a.s. ("**PEAS**") was acquired;

- Between 2006 and 2008, the J&T Group acquired a 100 per cent. ownership interest in PE (50 per cent. in 2006 and 50 per cent. in 2008) and in 2008 increased the interest in PRE to 41.1 per cent.;

- In 2009, EPH was formed, and the J&T Group contributed or sold the ownership interests in PRE, PE, UE, EOP (incl. 48.67 per cent. ownership interest in PT), PEAS (now merged with EPET) and EP Energy Trading a.s. (formerly, United Energy Trading, a.s.) to EPH;

- In 2010, EPE was formed and EPH contributed the ownership interests in PE, UE, PEAS (now merged with EPET) and EPET, as well as a portion of the interest in PT (see below), to EPE. Also in 2010, the complete ownership interest in PRE was swapped for a 49 per cent. ownership interest in Pražská teplárenská holding a.s. which held 47.42 per cent. ownership interest in PT;

- In 2011, an entity controlled by Daniel Křetínský contributed the 50 per cent. ownership interest in in Mitteldeutsche Braunkohlengesellschaft mbH ("**MIBRAG**") to EPE;

- In 2012, the Group acquired a 100 per cent. ownership interest in Saale Energie GmBH, a German power station ("**Saale Energie**");

- In 2012, as part of the same transaction, EPE acquired the remaining 50 per cent. ownership interest in MIBRAG and EPE (through PT) sold its interest in Energotrans a.s. ("**Energotrans**"), a heat producer in the Czech Republic, but retained a long-term contract with Energotrans for the purchase of heat which the Group distributes through PT;

- In 2013, EPH acquired from E.ON Ruhrgas and Engie (previously known as GDF Suez) an interest of approximately 49 per cent. (including management control) in SPP;

- In 2013, EPH acquired a 49 per cent. interest (including management control) in SSE (a Slovak power distribution and supply company) from E.D.F. International through EPH Financing II, a.s. ("**EPHF II**"). EPH contributed the shares in EPHF II to EPE on 16 December 2013;

- On 6 December 2013, the Issuer was incorporated with EPH as the Issuer's founder and sole shareholder;

- In 2014, SPP and its subsidiaries undertook a regrouping as part of which Slovak Gas Holding B.V.'s ("**SGH**") shares in SPP were transferred to the Slovak Republic and SPP contributed its shares in its operating subsidiaries (including Eustream, SPPD, NAFTA and SPP Storage) into a new holding company, SPPI. As a result, the gas supply operations of SPP ceased to be part of the group;

- In 2015, the Issuer, through its subsidiary EP Hungary, a.s., acquired a majority stake in BERT;

- Primarily in the first quarter of 2016, EPH completed a regrouping as a result of which SPPI and its subsidiaries became part of the Group and the German assets, mainly MIBRAG and Saale Energie GmbH, ceased to be part of the Group and were transferred to the Issuer's principal shareholder, EPH;

- In 2016, EPH entered into a share purchase agreement, pursuant to which it sold a 31 per cent. interest in the Issuer to a consortium of global institutional investors led by Macquarie Infrastructure and Real Assets ("**MIRA**"). The transaction was closed in February 2017 and EPH retained management control of the Issuer;

- In December 2017, NAFTA acquired an additional 30 per cent. interest in Pozagas, increasing the Issuer's effective interest in Pozagas to approximately 62 per cent. Further, the Issuer acquired an additional approximately 24 per cent. interest in PT, increasing its interest in PT to approximately 98 per cent;

- In October 2018, the Group acquired the remaining 2 per cent. of shares in PT, PT Real Estate, a.s. and PT měření, a.s. as part of a squeeze out approved by the shareholders' meeting of the participating companies in September 2018;

- In October 2018, the Group completed the PLTEP Merger. The successor company became PLTEP in which the Group has, as of the date of this Prospectus, a 35 per cent. shareholding interest and management control, while the City of Pilsen owns the remaining 65 per cent. Prior to the PLTEP Merger, the Group made a cash contribution to PE in the amount of CZK 604 million (approximately EUR 23 million). The Group subsequently contributed 100 per cent. of shares of PE and the City of Pilsen contributed 100 per cent. of shares in PLTEP into PLTEP as the successor company. As the Group owns 35 per cent. shareholding interest in the successor company, the consideration transferred was calculated as 65 per cent. of net asset value of PE, which amounted to EUR 43 million as at the date of the PLTEP Merger;

- In December 2018, the Group acting through Nafta Bavaria GmbH, a subsidiary of Nafta Speicher and an indirect subsidiary of NAFTA, completed the Gas Storage Acquisition. As a result, the Group became the sole-owner of Inzenham – West, Wolfersberg and Breitbrunn/Eggstätt underground storage facilities, with a combined storage capacity of 1.8 billion cubic meters. Over time, the management of the Group plans to explore possible synergies with the current business of NAFTA;

- In December 2018, the Group completed a regrouping whereby PT sold 100 per cent. of shares in PT Real Estate, a.s., to EPH for a consideration of CZK 1.30 billion (approximately EUR 50 million). PT Real Estate, a.s., holds shares in companies which own predominantly unutilised land plots and real estate assets;

- With effect from 1 January 2019, Stredoslovenská energetika, a.s. has changed its business name to Stredoslovenská energetika Holding, a.s. ("**SSE Holding**"). As at 1 January 2019, the SSE Group was reorganised to create a group holding structure. As at 1 January 2019, a part of the SSE Holdings's business was contributed to its subsidiary Stredoslovenská energetika Obchod, a.s., which changed its business name to SSE with effect from 1 January 2019. The contributed business part represented all activities and employees related to the purchase and supply of electricity and gas, the provision of energy support services and energy efficiency projects and related business divisions. Simultaneously, on 1 January 2019, alongside other similar transactions, a part of SSE's business, which represented all activities and employees related to hydroelectric power stations, was contributed to the subsidiary SSE - MVE, s.r.o; and

- On 3 November 2020 and 2 December 2020, the Group completed a sale of shares in PT and its subsidiaries and PT Transit, a.s., and BERT, respectively, to Veolia Group.

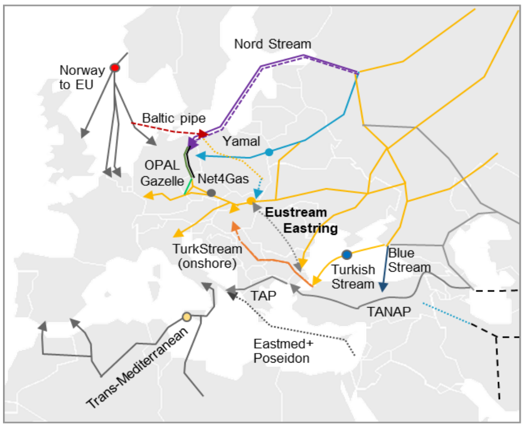
Gas Transmission Business

The Group conducts its Gas Transmission Business through Eustream. In the six months ended 30 June 2020, the Gas Transmission Business generated sales of EUR 347 million, EBITDA of EUR 317 million (representing 39 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 317 million (representing 41 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 411 million, EBITDA of EUR 364 million and Adjusted EBITDA of EUR 365 million in the six months ended 30 June 2019). In the year ended 31 December 2019, the Gas Transmission Business generated sales of EUR 826 million, EBITDA of EUR 736 million (representing 46 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 737 million (representing 46 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 752 million, EBITDA of EUR 663 million (representing 47 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 665 million (representing 45 per cent. of the Group's Adjusted EBITDA) in the year ended 31 December 2018).

The transmission network of Eustream is part of the Central Corridor which is the largest (based on volume of gas transmitted) and the most important piped gas import route into Europe. The Central Corridor consists of the existing onshore pipelines in Central and Eastern Europe that import Russian gas to Central, Western and Southern Europe. Approximately 20 per cent. of the EU's and United Kingdom's total yearly piped gas import capacity and a third of the import capacity of Russian gas into Europe is transmitted using Eustream's network, according to Eustream's calculation based on data from Argus. Since the start of commercial operation of Eustream's reverse flow facilities (see "*–Reverse Flow Facilities*" below), more than 72 per cent. of the imported gas from the EU and the United Kingdom to Ukraine has been transmitted using Eustream's network (through point Budince).[4]

The following diagram shows the piped gas import routes in Europe as of 31 December 2020:

Status 12/2020



Source: Eustream

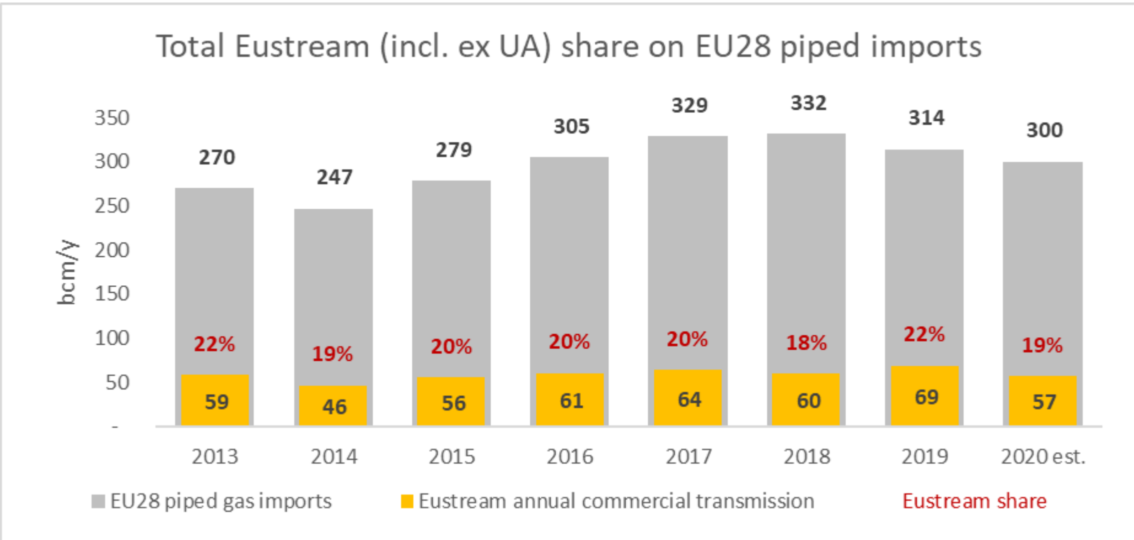
[1] Represents technical capacity at the Eastern border SK-UA. Total capacity in all directions depends on actual combination of entry/exit points

[2] Only first leg of Eugal (half capacity) is currently completed

Pipeline Name	Yearly Capacity
Existing pipelines	
Eustream	**78.5 bcm[1]**
Nord Stream	55 bcm
Yamal	36.5 bcm
Blue Stream	16 bcm
Net4Gas	66 bcm
OPAL	36.5 bcm
Gazelle	33 bcm
Trans-Mediterranean	30 bcm
Other Africa to EU	31.7 bcm
Norway to EU	152.7 bcm
Turkish Stream (1+2)	31.5 bcm
TANAP	16 bcm
Eugal	55 bcm[2]
TAP	10 bcm
Turk Stream (onshore to RS)	12 bcm
Potential pipelines	
Baltic pipe	10 bcm
Eastmed+Poseidon	10 bcm
Nord Stream II	55 bcm
Eastring	**20-40 bcm**
Turk Stream (onshore RS-HU)	9 bcm

The annual transmission capacity of Eustream's system as of 31 December 2020 was 78.5 bcm in the East-West direction, 55.1 bcm in the North-South direction and 15.7 bcm with respect to the reverse flow (West-East). However, total capacity depends on the actual combination of entry and exit points.

The following chart shows Eustream's stable market share in the EU and the United Kingdom from 2013 to 2020:



Source: Eustream, Argus
Notes:

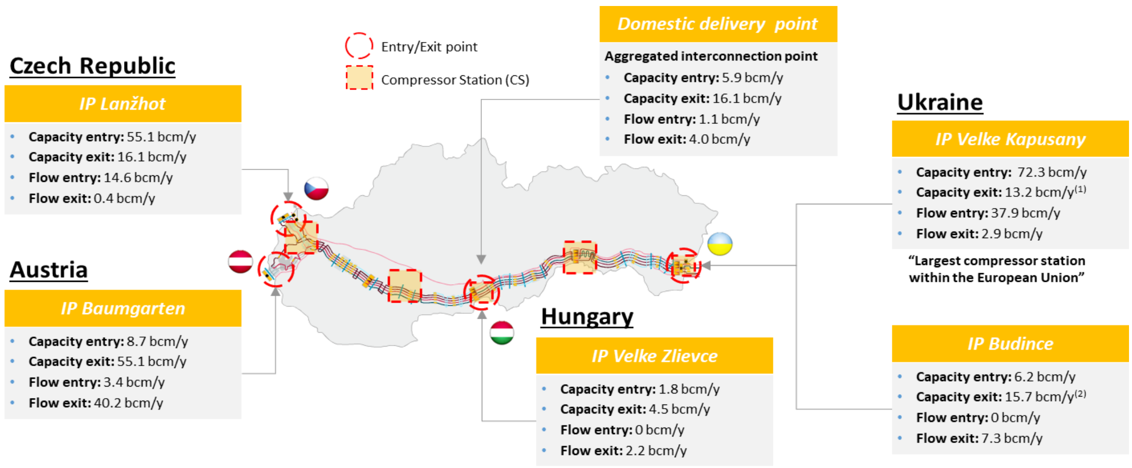
[4] Source: Eustream, FGSZ Zrt. and GazSystem S.A., data are for the years 2014-2019.

- Total piped gas import to the EU and the United Kingdom includes pipeline deliveries from Russia, Norway, Algeria and Libya
- Total Eustream share on piped gas imports to the EU and the United Kingdom is calculated as Total EUS transmission / Total piped imports. Data are for calendar years.
- Volumes of imported gas for 2020 are preliminary numbers based on estimates of Eustream's analytics.

Gas Transmission Network

Eustream is the owner of the entire gas transmission infrastructure in the Slovak Republic. Its network is currently connected to the transmission networks of four countries: Ukraine, the Czech Republic, Austria and Hungary. As of the date of this Prospectus, Eustream is working on the expansion of its network and on the construction of an interconnection to Poland. The construction of this interconnection is a strategic project that has received financial support from EU funds under the CEF Programme and is, as of the date of this Prospectus, scheduled to commence operation in early 2022. In January 2020, Eustream completed a capacity expansion from the Czech Republic. As of the date of this Prospectus, Eustream plans to expand or construct another interconnection to Hungary as part of the envisaged Eastring project. As of the date of this Prospectus, its main assets consist of four to five (depending on the location) parallel gas transmission pipelines (between 48"/58" in diameter depending on the section of the network) running across the Slovak Republic with a total length of approximately 2,273 kilometres. Eustream's gas transmission network has an annual physical capacity of approximately 78.5 bcm in the East-West direction, 55.1 bcm in the North-South direction and 15.7 bcm with respect to the reverse flow (West-East) and a maximum daily East-West capacity of 213 million cubic metres ("**mcm**"). The aggregated entry transmission capacity of all entry points was approximately 411 mcm per day as of 31 December 2020. The network offers additional capacities in other directions in addition to the traditional direction.

The following diagram shows the entry and exit points of Eustream's gas transmission network along with their individual capacities as of June 2020 and their individual flow in 2019:



Infrastructure Parameters

- Technical capacity ca. 79 bcm/y (E-W flows)
- Technical capacity ca. 55 bcm/y (N-S flows)
- Sizeable transported volume (57 bcm of gas transported in the calendar year 2020)
- Cross-border connections with Ukraine, the Czech Republic, Austria and Hungary
- All EU entry/exit cross-border points support physical reverse flow
- Five/four parallel pipelines 56''/48'' (2,273 km in Slovakia)
- Five compressor stations with power output ~ 550 MW (5th compressor station operational since 2020 with 46 MW tandem compressors)
- All infrastructure is fully owned

(1) Capacity fully interruptible
(2) Capacity partially interruptible
Source: Company Information. Capacities are indicated as of December 2020, flows are indicated for the calendar year 2020

As of the date of this Prospectus, the existing total annual transmission capacity of the transmission system operated by Eustream is more than 106 bcm, which is more than 20 times the overall domestic gas consumption of the Slovak Republic. Therefore, although Eustream also transports gas intended for consumption in the Slovak Republic, the core of its business is primarily international gas transmission.

In the year ended 31 December 2020, Eustream transported approximately 57 bcm of gas, which was 10.2 per cent of the total consumption in the EU, the United Kingdom, Switzerland, Bosnia and Herzegovina, the Republic of North Macedonia, Moldova, Serbia, Turkey and Ukraine. In the six months ended 30 June 2020, Eustream transported approximately 27.4 bcm of gas, which was 9.3 per cent of the total consumption in the EU, the United Kingdom, Switzerland, Bosnia and Herzegovina, the Republic of North Macedonia, Moldova, Serbia, Turkey and Ukraine, as compared to 34.3 bcm of gas, or 11.2 per cent., in the six months ended 30 June 2019. In the 12 months ended 30 June 2020, Eustream transported more than 62.2 bcm of gas. In the year ended 31 December 2019, Eustream transported 69.1 bcm of gas, which was 11.9 per cent. of the total consumption in the EU, the United Kingdom, Switzerland, Bosnia and Herzegovina, the Republic of North Macedonia, Moldova, Serbia, Turkey and Ukraine, as compared to 59.7 bcm of gas,[5] or 10.5 per cent., in the year ended 31 December 2018.[6]

Reverse Flow Facilities

The Russian-Ukrainian gas crisis that began on 6 January 2009 and lasted for two weeks, during a period of extreme cold weather, tested Eustream's transmission network as it was Eustream's first instance of using reverse physical flow as a mode of operation. Eustream quickly implemented, within three days, a provisional reverse flow solution at the entry and exit points of Lanžhot and Baumgarten. The reverse flow from the Czech Republic has been used regularly since 2013. The reverse flow from Austria is not currently used regularly but is ready for physical reverse operation, if required. In mid-2015, Eustream commissioned the first direct natural gas link between Slovakia and Hungary. In September 2014, with the assistance of the European Commission, Eustream finalised and commissioned new reverse flow capacities to Ukraine with the aim to reinforce the security and resilience of its revenue flows. The new reverse flow capacities to Ukraine were further expanded in November 2014 and January 2015 in order to address the recently increased demand for capacities in this direction. Eustream is very well positioned to transport gas to Ukraine because of limited and interruptible reverse-flow capabilities in other countries (e.g. in 2019 Poland transmitted only 1.4 bcm, while Hungary transmitted 3.8 bcm).

The Eastring Project

In November 2014, Eustream proposed the Eastring project which is in the early stage of development. If completed, it would be a bi-directional gas pipeline with an annual capacity between approximately 20 bcm (in the initial stage) and 40 bcm (in the final stage) and extend from the Slovak border in Veľké Zlievce to the Turkish-Bulgarian border. As such, the project would have to be realised as a partnership of the Transmission System Operators ("**TSOs**") in Slovakia, Hungary, Romania and Bulgaria. The length of the pipeline is expected to be 1,208 km, with 56" in diameter, pressure of 100 barg and 279 MW of compression power. As of the date of this Prospectus, the capital expenditures for the project are estimated to reach EUR 2,600 million. It is expected that, if feasible, the project development will be funded mostly through a combination of external financing and EU funding, while Eustream anticipates that it will participate on a fraction of the total investment only. As in similar previous development projects, Eustream may consider relying on bank and other external financing to fund a substantial part of its portion of the investment. Eastring is designed to contain three routes and connect the existing gas infrastructure between Slovakia, Hungary, Romania and Bulgaria. It is expected to be a direct and cost-effective bi-directional transmission route between Turkey, and as such the natural gas reserves in the Caspian, Eastern Mediterranean, Black Sea and the Middle East regions, and the rest of Europe. No contractual commitments have been entered into by Eustream in relation to the Eastring project and Eustream expects to pursue the project only in case of a robust business case. The Eastring project's feasibility study, which was finalised in 2018, was supported by the grant from the EU program called *Connecting Europe Facility*. In 2016, government representatives of Slovakia and Bulgaria signed a memorandum of understanding to support the planned extension of the pipeline. A similar memorandum was signed by Slovakia and Hungary in late 2017. More recently, Eustream signed a memorandum of understanding on the Eastring project with the Romanian TSO Transgaz S.A.

Customers and Long-Term Contracts

Eustream is the largest single carrier of Russian gas into the EU. Eustream's portfolio of customers consists mainly of a Russian supplier, Western European utilities, gas suppliers and gas traders. A significant portion of capacity is booked by counterparties based in key locations on the European gas map and who have historically met their payments in a timely fashion.

The profitability of Eustream's business is primarily driven by bookings for the transmission of gas, which mostly follow long-term contracts. All contracts, regardless of duration, are based on a 100 per cent. ship-or-pay principle. Transmission fees and gas-in-kind volumes are specific to each contract and depend on pre-defined entry and exit points, pre-defined duration and contracted capacity.

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[5] Source: Eustream's estimate.
[6] Source: Argus, Cedigaz.

Gas transmission is a highly regulated industry and as such terms and pricing of contracts are heavily influenced by regulation at the national, European and international level. The vast majority of the capacity bookings are composed of (i) a large contract securing gas transit from Russia to Southern Europe with a capacity of approximately 50 billion cubic metres (approximately 64 per cent. of Eustream's total annual east-west transmission capacity) concluded in 2008 and due to expire in 2028 and (ii) certain long-term contract with a leading European utilities company which will expire in 2021. The remaining contracts are either yearly or short-term contracts with shippers. The large contract securing gas transit from Russia to countries in Southern Europe (in the direction of the exit and entry point at Baumgarten) is regulated in accordance with applicable regulations (see "—*Tariffs for Using the Gas Transmission Network*"). In addition to the existing large long-term contracts mentioned above, Eustream allocated a significant part of its reverse capacity at Entry point Lanžhot until the year 2039, in the annual incremental capacity auction in March 2017 and additional capacity in the auctions held in July 2018, July 2019 and July 2020. Contracts concluded in this capacity auction are valid from October 2019. However they are conditional upon several factors including successful development of upstream projects which has not yet occurred.

Tariffs for Using the Gas Transmission Network

Eustream generates revenue by charging tariffs for the transmission of gas through its pipelines and by the sale of gas in-kind which it receives from shippers and which remains in the network of Eustream after serving the network's technological needs. Transmission tariffs in the Slovak Republic, for the current regulatory period are set directly by RONI and are based purely on direct comparison of tariffs (also known as benchmarking) with other TSOs, primarily competitors across Europe and are directly set by RONI and are not directly impacted by natural gas prices or other elements (except for EU inflation rate). However, from the originally scheduled beginning of the next regulatory period in 2022, benchmarking of tariffs will be used only as the secondary adjustment of the reference prices calculated on the cost-base principles. Currently, Eustream is obligated to submit price proposals to RONI for every five years (the duration of the regulatory period). Up to the date of this Prospectus, RONI has not rejected a price proposal that Eustream had submitted. Pursuant to the NC on Harmonised Tariffs, from the originally scheduled beginning of the next regulatory period, the setting of the tariff system will be recalculated following a consultation at least every five years.

According to the current regulations, a client can enter into a regulated long-term contract with prices that are independent of price regulatory changes during the contractual term, subject only to pre-defined escalation that amounts to 50 per cent. of EU inflation (according to new price decision valid from 2022 escalation will amount to 100 per cent. of EU inflation). However, this does not entirely apply to certain old contracts that were concluded prior to 2005. The mechanics concerning these old contracts are similar, but instead of escalation rates being driven by EU inflation, they are driven by other indices, for example the German investment index.

In 2020, the majority of Eustream's revenues were from transmission fees. The transmission fees are fixed from the start for each contract and are therefore not subject to unilateral renegotiation, termination or other adjustments (other than for inflation as discussed above). In addition to the transmission fees, network users are required to provide in-kind gas for operational needs, predominantly as a fixed percentage of commercial gas transmission volume at each entry and exit point. The network users may agree with Eustream to provide in-kind gas in a financial form (the amount of respective in-kind gas multiplied by the Spot Index ("**CEGHIX**") price published on the website of CEGH Gas Exchange (www.ceghex.com) valid on the date of gas transmission plus additional 0.25 EUR/MWh). Gas for operational needs covers, among other things, the energy needs for the operation of compressors and the gas balance differences related to the measurement of gas flows. As Eustream is legally responsible for network balance, it will sell any gas in-kind it has received that is not consumed. Since the volume of gas in-kind is variable, any revenue from this mandatory sale of residual gas in-kind is also variable.

Competition

Eustream faces competition from other current pipelines that transmit gas across Europe from east to west: namely the Yamal and Nord Stream pipelines. The impact of the implementation of the Yamal pipeline has been reflected in the Eustream's revenues since 2000. The commissioning of Nord Stream had already been considered and taken into account when Eustream and a Russian supplier concluded a long-term transmission contract in 2008.

Upon completion, Nord Stream II is estimated to add approximately 55 bcm of additional transmission capacity from Russia to Europe and is likely going to replace the existing Ukrainian natural gas flows.

However, the gas flows which are presently transmitted through the Ukrainian system are primarily targeted for Italy and Central and Eastern Europe. As such, the gas flows that will be channelled through Nord Stream II with the aim of substituting existing Ukrainian flows are still expected to be targeted to the Italian and Central and Eastern European markets. Such natural gas flows from Nord Stream II to southern Europe are thus expected to utilise Eustream's transmission system in the north-to-south direction (from Lanžhot to Baumgarten) and in doing so largely offset the potential drop in the volumes of gas transmitted that may occur in the east-to-west direction (Veľké Kapušany entry point from Ukraine). However, there is no guarantee that the drop in the volumes transmitted in the east-to-west direction will be offset, completely or at all, by the increase in the volumes transmitted in the north-to-south direction. The commissioning of Nord Stream II may therefore have a negative impact on the Eustream's business (see "*Risk Factors–Risks related to the Gas Transmission Business–Eustream's results of operations may be adversely affected by the development of alternative gas transmission routes, import of shale gas, expanded utilisation of other types of gases and the use of LNG technology*"). To the extent Nord Stream II volumes replace Eustream's present gas flows in the direction to the Czech Republic and Western Europe, Nord Stream II can be considered a purely competing project.

With the construction of a new compressor station located at Lakšárska Nová Ves, Eustream has substantially expanded its gas transmission capacity in the direction from the Czech Republic to better position itself for transporting natural gas arriving across Nord Stream II from the Czech Republic. As such, in the event Nord Stream II is commissioned, as of the date of this Prospectus, Eustream expects its contractual relationship with its main shipper(s) to be extended beyond 2028. In such a case, the interconnection points covered by its contractual relationship and certain of its contractual terms may be adjusted to reflect to the new arrangement. See "*Risk Factors–Risks related to the Gas Transmission Business– Eustream may agree to renegotiate or amend certain contractual terms to the extent such amendments or renegotiations are deemed beneficial to Eustream in implementing its long-term strategy, but this strategy may fail.*".

In addition, Eustream faces potential competition from other planned pipelines that would transmit gas across Europe from east to west and from north to south. Two planned pipeline routes south of the pipeline system of Eustream, the BRUA pipeline and the HUAT project, are in development or at the planning stages and, if completed, would also transport gas from the east to west of Europe into the areas where Eustream currently transmits gas. Further, Turk Stream project's offshore part has been completed and deliveries of natural gas to the Turkish market have started. However, the Turkish market has not been a target market for Eustream and, as such, the Turk Stream's offshore part does not compete with Eustream's infrastructure. The onshore part of Turk Stream, associated mostly with the capacity of its second offshore leg, has a capacity of between 9 to 20 bcm/year (approximately 9 bcm/year to Hungary and approximately 20 bcm/year to Bulgaria), commenced to supply gas to Serbia, North Macedonia and Bulgaria on 1 January 2020. However, the same onshore part of Turk Stream to Hungary has not been completed yet. As of the date of this Prospectus, Eustream is active in these markets only to a limited extent, by providing natural gas transmission to Hungary both directly at Veľké Zlievce and indirectly across Baumgarten. If Turk Stream's onshore part to Hungary is commissioned as well, these minor volumes may be negatively affected. Moreover, the TAP commenced to transmit gas from the Caspian region to Italy on 15 November 2020 and its capacity may further be extended going forward. The TAP's operations may negatively effect volumes of Eustream's gas imported to Italy, as Italy is one of the Eustream's important markets.

Gas and Power Distribution Business

The Group conducts its Gas and Power Distribution Business through SPPD, the SSE Group and EPET. In the six months ended 30 June 2020, the Gas and Power Distribution Business generated sales of EUR 866 million, EBITDA of EUR 312 million (representing 38 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 267 million (representing 35 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 990 million, EBITDA of EUR 299 million and Adjusted EBITDA of EUR 277 million in the six months ended 30 June 2019). In the year ended 31 December 2019, the Gas and Power Distribution Business generated sales of EUR 1,896 million, EBITDA of EUR 527 million (representing 33 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 516 million (representing 32 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 1,772 million, EBITDA of EUR 461 million (representing 32 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 502 million (representing 34 per cent. of the Group's Adjusted EBITDA) in the year ended 31 December 2018). Historically, SSD's Adjusted EBITDA has been improving due to continuous focus on cost control and efficiencies. SSE has shown stable core business Adjusted EBITDA with moderate increase potential due to cost optimisation and other efficiency-driven initiatives.

The Group's Gas and Power Business consists of the gas distribution division, the power distribution division and the supply division. Over the last five years, SPPD has enjoyed a track record of relatively stable distribution volumes of between 4.5 and 5.0 bcm per year, with the exception of 2014 due to warm winter. In the year ended 31 December 2020, SPPD distributed 5,004 mcm of gas (53.9 TWh), SSE Group distributed 5,893 gigawatt hours ("**GWh**") of electricity and supplied 4,264 GWh of electricity and EPET supplied 2,728 GWh of electricity and 1,960 GWh of gas. In the six months ended 30 June 2020, SPPD distributed 2,683 mcm of gas (28.9 TWh) (as compared to 2,676 mcm of gas (28.8 TWh) in the six months ended 30 June 2019), SSE Group distributed 2,937 GWh of electricity and supplied 2,129 GWh of electricity (as compared to 3,192 GWh and 2,130 GWh, respectively, of electricity in the six months ended 30 June 2019) and EPET supplied 1,331 GWh of electricity and 1,083 GWh of gas (as compared to 1,465 GWh of electricity and 1,165 GWh of gas in the six months ended 30 June 2019). In the 12 months ended 30 June 2020, SPPD distributed 4,849 mcm of gas (52.2 TWh), SSE Group distributed 5,934 GWh and supplied 4,125 GWh of electricity and EPET supplied 2,729 GWh of electricity and 2,039 GWh of gas. In the year ended 31 December 2019, SPPD distributed 4,841 mcm of gas (52.1 TWh) (as compared to 4,778 mcm of gas (51.3 TWh) in the year ended 31 December 2018). SSE and EPET have also enjoyed relatively stable distribution volumes. In the year ended 31 December 2019, SSE Group distributed 6,189 GWh of electricity and supplied 4,126 GWh of electricity (as compared to 6,272 GWh and 3,980 GWh, respectively, of electricity in the year ended 31 December 2018) and EPET supplied 2,863 GWh of electricity and 2,121 GWh of gas (as compared to 2,389 GWh of electricity and 2,018 GWh of gas in the year ended 31 December 2018).

Gas Distribution

SPPD is the owner and operator of the distribution network of natural gas starting from the exit point of the transmission networks through gas distribution systems and delivering the natural gas to end-consumers, which accounts for approximately 98.6 per cent. of the total natural gas volumes distributed in the Slovak Republic in 2020 and is therefore the largest natural gas distributor in the Slovak Republic. As of 31 December 2020, SPPD operated approximately 28,385 kilometres of low and medium pressure pipelines, of which approximately 12,063 kilometres were steel and approximately 16,322 kilometres were polyethylene, and approximately 6,307 kilometres of high-pressure pipelines. SPPD has a relatively modern asset base with weighted average age of the pipelines that it operates of approximately 28 years with more than 47 per cent. of the pipelines being made of polyethylene which have significantly longer expected useful life than steel pipelines (polyethylene pipes have expected useful lives of over 60 years), as of 31 December 2020. As a result, SPPD has benefited from lower investment requirements, low levels of gas losses and optimal safety results during its operations. SPPD also benefits from relatively low capital expenditures for expansion as the costs associated with additional network connections are borne mostly by the end-customers.

SPPD provides gas distribution to end-consumers under standard framework distribution agreements entered into with natural gas suppliers. As of the date of this Prospectus, SPPD has standard framework distribution agreements in place with 31 natural gas suppliers including six major suppliers (SPP, Innogy Slovensko, ZSE energia, Stredoslovenská energetika, Slovakia Energy and MET Slovakia) holding over 86 per cent. of the market share and contributing 88 per cent. of SPPD's annual total revenue in 2020.

Natural gas distribution is the final stage in the delivery of natural gas whereby the natural gas from a supplier is carried from the transmission system and delivered to end-consumers through SPPD's distribution systems. In addition to natural gas distribution, SPPD sells distribution capacities, operates and performs maintenance of the gas distribution network and is involved in gas balancing, dispatching and ensuring the security of supply for households. The licence for providing distribution services is granted by RONI. The licences for gas distribution have no time limit.

SPPD holds a natural monopoly over gas distribution in the Slovak Republic. As of 31 December 2020, its main assets consisted of (i) high-pressure pipelines and (ii) medium-pressure and low-pressure pipelines, running across the Slovak Republic with a total length of approximately 6,307 kilometres and 28,385 kilometres, respectively. In addition, SPPD operates, but does not own, additional 20 kilometres and 1,336 kilometres of high-pressure pipelines and medium-pressure and low-pressure pipelines, respectively.

The map below shows the span of SPPD's distribution network across the Slovak Republic as of 4 February 2020:

Customers and contracts

SPPD distributes gas to the following tariff groups of end-consumers: households, small entrepreneurs, small enterprises, medium enterprises and large consumers. In the year ended 31 December 2020, households and small entrepreneurs received approximately 37.2 per cent. of the total volume of gas distributed, small and medium enterprises received approximately 6.1 per cent., and large consumers received approximately 56.7 per cent. SPPD does not have direct contractual relationships with end-consumers. Instead, SPPD's natural gas distribution and related services are provided under standard framework distribution agreements entered into with natural gas suppliers. The natural gas suppliers have direct contractual relationships with the end-consumers. In the year ended 31 December 2020, the top 20 end-consumers of the natural gas suppliers accounted for approximately 8.6 per cent. of SPPD's revenue.

Tariffs for using the gas distribution network

SPPD generates revenue by charging regulated prices for the distribution of gas through its pipelines to shippers who then pass on the prices to their end-customers. The shippers are required to secure their payments by bank guarantees or cash collateral. The distribution tariff is calculated in accordance with a formula approved by RONI. This formula stipulates that the tariff is equal to the total of OPEX, depreciation, fair (allowed) profit divided by the average distribution volume (adjusted to take into account the depreciation from assets put in use, cost of gas losses and own gas consumption as well as revenues from connections and overshooting of daily capacities). Fair (allowed) profit is calculated by multiplying the regulatory asset base by the weighted average cost of capital (the "**WACC**") and is further adjusted by a coefficient of the rate of use of available resources for investments related to the regulated activity. The regulatory WACC before tax is determined for the whole regulatory period but is subject to changes by RONI if the parameters used for its calculation change by more than 10 per cent. The WACC rate for the current regulatory period is set at 6.47 per cent. RONI recently changed the WACC rate for the period 2020-2021 to 5.65 per cent., which was among other factors reflected also in the most recent price decision for SPPD.

Power Distribution

The power distribution division of the Gas and Power Distribution Business consist of SSD, a subsidiary of SSE Holding. SSD acts as distributor in the distribution of power, which is a regulated activity in the Slovak Republic and can be broken down into several categories: high voltage, medium voltage and low voltage distribution.

SSD is one of three electricity distribution companies in the Slovak Republic, distributing electricity to both businesses and households. As of 31 December 2020, SSD served approximately 766,000 delivery points. SSD is based in the city of Žilina and operates in the central part of the Slovak Republic, which accounts for approximately a third of the area of the Slovak Republic and 30 per cent. of the population. As of

31 December 2020, SSD, SSE Holding's wholly-owned subsidiary through which the SSE Group conducts regulated distribution activities, owned approximately 35,100 km of high-, medium- and low-voltage power lines. As of the same date, SSD also operated 6 high-voltage substations, 56 high-voltage/medium-voltage substations, 79 switching stations and 9,173 distribution substations. SSD has consistently met reliability indicators set by RONI and shown low levels of distribution losses. It has benefited from process, cost and work efficiency improvements and relatively stable investment requirements, primarily in the backbone and high voltage infrastructure. A considerable part of its reconstruction and development investments have been realised from own sources with the aim to achieve higher productivity and efficiency.

Tariffs for using the electricity distribution network

Price-cap regulation has been implemented for the current regulatory period, meaning price regulation is implemented, *inter alia*, through a limitation of allowed profit, which is the profit allowed to be received by the relevant DSO and is part of the relevant formula for the calculation of transmission and distribution tariffs. The allowed profit is determined for a given regulatory period as a rate of return on the regulatory asset base before tax. Price regulation concerning access to the electricity distribution network and electricity distribution by the regional DSO applies. The maximum price for access to the distribution network and electricity distribution is determined separately for each voltage level (low, medium and high) and calculated for the respective voltage level as a weighted average of specified tariffs.

The maximum price for access to the distribution network and electricity distribution for a given voltage level reflects electricity distribution and electricity transmission, including losses incurred during electricity transmission, and is denominated in Euro per unit of electricity distributed to end consumers in the relevant year. It is calculated using a formula set by the RONI's Decree No. 18/2017 Coll., on determining price regulation in the electric power industry and certain conditions of regulated activities in in the electric power industry (the "**Electricity Price Decree**"), which also lays down a specific formula for the calculation of the allowed profit variable.

Supply

The supply division of the Gas and Power Distribution business focuses on the supply of power and natural gas to end customers through the SSE Group (other than SSD) and EPET who have portfolios of large customers, not only in the commercial sector, but also in the public and municipal sector, and they are successfully operating in the retail sector, in which the SSE Group is a traditional supplier.

EPET, a wholly owned subsidiary of EPE, is a leading supplier of electricity, natural gas and related services to final customers in the Czech Republic and the Slovak Republic. EPET's core function is to exploit synergies with the Group's other segments to cover the entire energy value chain. Among other things, EPET buys power generated by the Group's Heat Infra segment and sells it to the wholesale market while also buying from the wholesale market and selling to the supply division the volume of power that the supply division will sell to end-customers. EPET also performs power procurement for supplies to end customers through purchases from significant market players, independent traders, and the Power Exchange Central Europe, a.s. In the year ended 31 December 2020, EPET supplied 2,728 GWh of electricity and 1,960 GWh of natural gas to industrial and retail clients in the Czech Republic and the Slovak Republic. In the six months ended 30 June 2020, EPET supplied 1,331 GWh of electricity and 1,083 GWh of natural gas to industrial and retail clients in the Czech Republic and the Slovak Republic (as compared to 1,465 GWh of electricity and 1,165 GWh of gas in the six months ended 30 June 2019). In the 12 months ended 30 June 2020, EPET supplied 2,729 GWh of electricity and 2,039 GWh of natural gas. In the year ended 31 December 2019, EPET supplied 2,863 GWh of electricity and 2,121 GWh of natural gas to industrial and retail clients in the Czech Republic and the Slovak Republic (as compared to 2,389 GWh of electricity and 2,018 GWh in the year ended 31 December 2018).

SSE, a wholly-owned subsidiary of SSE Holding, is a leading supplier of electricity, natural gas and related services to final customers in the central part of the Slovak Republic. In the year ended 31 December 2020, SSE supplied 4,624 GWh of electricity to approximately 581,500 customers and 1,615 GWh of natural gas to its approximately 38,000 end customers. In the six months ended 30 June 2020, SSE supplied 2,129 GWh of electricity to approximately 581,000 customers (as compared to 2,130 GWh of electricity to approximately 581,000 customers in the six months ended 30 June 2019) and 863 GWh of natural gas to its approximately 32,000 end customers (as compared to 296 GWh of natural gas to approximately 19,000 customers in the six months ended 30 June 2019). In the 12 months ended 30 June 2020, SSE supplied 4,125 GWh of electricity and 1,119 GWh of natural gas. In the year ended 31 December 2019, SSE supplied 4,126 GWh of electricity to approximately 582,000 customers (as compared to 3,980 GWh of electricity to approximately 583,000 customers in the year ended 31 December 2018) and 552 GWh of natural gas to its approximately 24,000 end customers (as compared to 435 GWh of natural gas to approximately 15,000 customers in the year ended 31 December 2018). As of the date of this Prospectus, the SSE Group also owns and operates a small number of generation assets with a total installed capacity of 63 megawatts electric ("**MW_e**"): solar power plants with an aggregate capacity of 10 MW_e, small hydropower plants with an aggregate capacity of 3 MW_e and a 50 MW_e gas turbine dedicated to the sale of system services to the Slovak TSO Slovenská elektrizačná prenosová sústava, a.s. ("**SEPS**").

The Power Distribution division of the Group's Gas and Power Distribution business provides Group's CHP plants with constant access to the power market, enabling it to use state-of-the-art energy production optimisation based on market demand. As part of this strategy, the Group seeks to sell electricity generated in its Heat Infra Business in the wholesale market and purchases electricity from the wholesale market for delivery by the Group's power generation business at times when it is more economical to buy electricity for sale under the Group's forward sale contracts rather than generate it. The Group's power and natural gas trading policies require that the majority of the Group's trades are conducted on a back-to-back basis (for example, the Group typically only purchases commodities on the market when it has an offsetting sales contract, and it does not maintain large open positions which expose it to downside risk).

Heat Infra Business

The Group conducts its Heat Infra Business in the Czech Republic mainly through the following subsidiaries: EOP, UE and PLTEP. Until 3 November 2020 and 2 December 2020, the Group also owned and operated PT and BERT, respectively, in its Heat Infra Business, which it then sold to Veolia Group. In the six months ended 30 June 2020, the Heat Infra Business generated sales of EUR 344 million, EBITDA of EUR 84 million (representing 10 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 84 million (representing 11 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 370 million, EBITDA of EUR 115 million and Adjusted EBITDA of EUR 115 million in the six months ended 30 June 2019). In the year ended 31 December 2019, the Heat Infra Business generated sales of EUR 670 million, EBITDA of EUR 175 million (representing 11 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 175 million (representing 11 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 597 million, EBITDA of EUR 148 million (representing 10 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 153 million (representing 10 per cent. of the Group's Adjusted EBITDA) in the year ended 31 December 2018).

The Group is a significant heat supplier in terms of PJ of heat supplied to final consumers in the Czech Republic and a significant power supplier in terms of electricity generated in the Czech Republic (including ancillary services). The Group supplied 5.4 TWh (19.4 PJ) of heat for the year ended 31 December 2020, 3.6 TWh (12.9 PJ) and 3.7 TWh (13.4 PJ) of heat for the six months ended 30 June 2020 and 2019, respectively, 6.2 TWh (22.2 PJ) for the 12 months ended 30 June 2020, and 6.3 TWh (22.7 PJ) and 5.9 TWh (21.1 PJ) of heat in the years ended 31 December 2019 and 2018, respectively. Out of this, PT, which the Group sold to Veolia Group on 3 November 2020, supplied 1.7 TWh (6.2 PJ) of heat for the period from 1 January to 3 November 2020, 1.3 TWh (4.8 PJ) and 1.4 TWh (5.1 PJ) of heat for the six months ended 30 June 2020 and 2019, respectively, 2.3 TWh (8.4 PJ) for the 12 months ended 30 June 2020, and 2.4 TWh (8.7 PJ) and 2.4 TWh (8.8 PJ) of heat in the years ended 31 December 2019 and 2018, respectively. In addition, BERT, which the Group sold to Veolia Group on 2 December 2020, supplied 1.5 TWh (5.6 PJ) of heat for the period from 1 January to 2 December 2020, 1.0 TWh (3.7 PJ) and 1.0 TWh (3.7 PJ) of heat for the six months ended 30 June 2020 and 2019, respectively, 1.7 TWh (6.3 PJ) for the 12 months ended 30 June 2020, and 1.7 TWh (6.3 PJ) and 1.8 TWh (6.4 PJ) of heat in the years ended 31 December 2019 and 2018, respectively.

As of 31 December 2020, the length of the Group's heat distribution network in the Czech Republic was 732 km and the Heat Infra Business had approximately 150,000 customers. As of 31 December 2020, the Group's installed heat generation capacity[7] was 2,008 MW_{th}, installed electricity generation capacity – cogeneration was 533 MW_e and installed electricity generation capacity – condensation was 359 MW_e.

The Group owns and operates a group of plants in the Czech Republic, all of which are cogeneration plants with the ability to operate in condensation mode and only to produce power when demand and prices warrant.

[7] Installed heat capacity measured at heat exchangers.

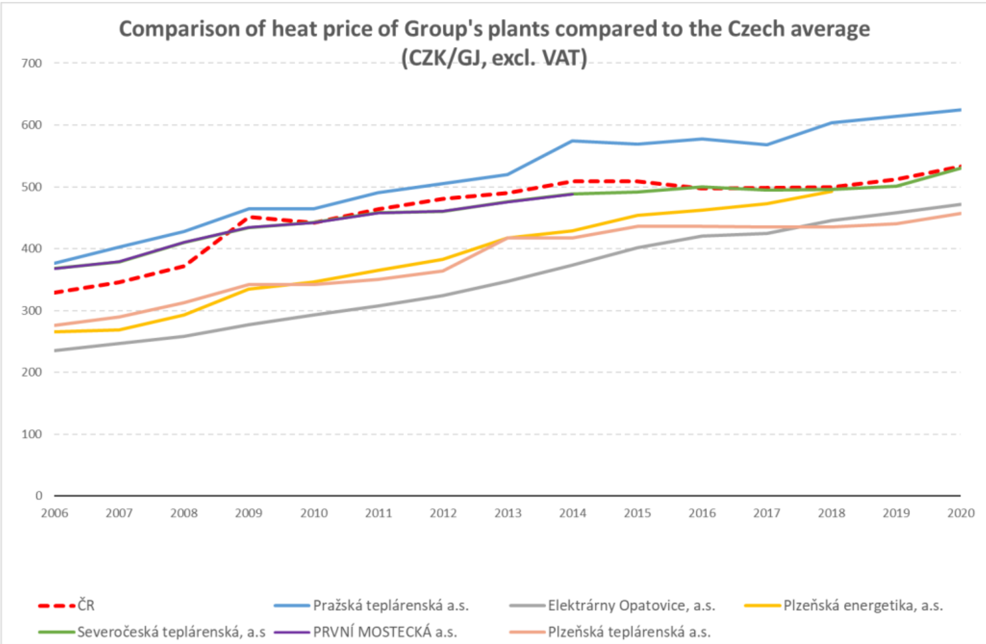
The table below lists the network length for each of the Group's plants as of the date of this Prospectus:

Company	Location	Type	Network length
Elektrárny Opatovice	Opatovice, Czech Republic	Cogeneration (CHP) Brown coal fired	320 km
United Energy	Komořany, Czech Republic	Cogeneration (CHP) Brown Coal fired	148 km
Plzeňská Teplárenská	Pilsen, Czech Republic	Cogeneration (CHP) Brown Coal fired, biomass, waste	265 km

Overview

In the Czech Republic, ERO issues pricing decisions that set forth mandatory guidelines applicable to the calculation of heat prices. These rates are comprised of (i) the economically justified costs necessary for production and distribution of heat, (ii) appropriate profit, and (iii) value added tax ("**VAT**"). As such, the ERO allows the Issuer's subsidiaries to set the heat price on the condition that they follow the calculation principles set forth by the ERO (in accordance with input-price based model regulation). If, however, the Issuer's subsidiaries decide to charge price lower than the so-called limit heat price announced by the ERO in its price decision (in Czech "*limitní cena*"), the regulated entities are not required to follow the price-setting methodology. Therefore, the so-called limit price set by ERO serves not as a maximum price which may be charged by the regulated entities but rather as a safe harbour for prices below the limit price when calculation of the heat price does not have to be made. The Group has been one of the lowest cost providers of heat in the Czech Republic, consistently charging lower heat tariffs than the national average.

The graph below shows a historical development of the heat price of the Group's plants as compared to the average heat price in the Czech Republic:



Source: ERO; Issuer's data.

Cogeneration versus condensation mode

All of the Group's plants are capable of being run in either cogeneration mode, whereby heat as the by-product of power generation is funnelled into a heating distribution network and sold to customers, thus capturing otherwise wasted energy, or condensation mode, whereby only power is produced. The Group switches between cogeneration and condensation modes depending upon (1) the demand for heat and (2) the price of power.

Efficient and low-cost CHP plants

The Group's heat, cogeneration and power generation activities share the same CHP plants and technologies, which results in shared fixed costs and allows the Group to charge lower prices than many of the Group's competitors and realise higher margins in both divisions. Combined heat and power plants are typically able to achieve approximately 75 per cent. efficiency, while an equivalent combination of conventional power plant and boiler is able to achieve only approximately 50 per cent. efficiency.[8] The Group's fleet of CHP plants, in contrast, operates at higher peak efficiencies in cogeneration mode (up to slightly above 80 per cent. depending on heat off take) by capturing some or all of the otherwise wasted by-product, heat, created in the power generation process.

In addition, the Group's CHP plants are largely fuelled by brown coal (EOP and UE almost 100 per cent.), which allows the Group to maintain a competitive cost structure in both the heat and cogeneration and power generation businesses. The cost of brown coal, the primary fuel for plants, and the cost of the CO_2 emissions permits under the EU emissions trading system (the "**EU ETS**"), are significantly lower than those associated with either natural gas or hard coal. The Group sources the majority of its brown coal for the CHP plants from suppliers under long-term contracts, which enables the Group to purchase brown coal at relatively low and stable prices.

Extensive heating distribution networks

All of the Group's cogeneration plants are connected to large-scale district heating networks. The Group operates extensive heat distribution networks in the Czech Republic, which supply both residential and industrial clients with heat. The Group supplies heat to some of the largest Czech cities, including Pilsen, Hradec Králové, Pardubice, Most and Litvínov. The Group has a stable customer base, with a significant portion of heat off-take delivered to residential apartment blocks through district heating systems, which the Issuer believes means its Heat Infra Business is less vulnerable to economic downturns and economic cycles.

Derogation from EU ETS

In 2012, the European Commission announced that it had authorised the Czech Republic's request for a continued free allocation of the EU ETS allowances to Czech power sectors beyond the end of 2012 (see "*Regulation – EU energy legislation – Electricity regulation – Emission limits*" for more information). Different principles apply to the EU ETS Directive regarding heat. CHP plants receive free allowances for heat supply until 2027. The derogation is available to all Member States but is limited in terms of eligibility and quantity. All district heating and highly efficient cogeneration plants are eligible, regardless of the commissioning date. However, the Directive requires a maximum of 80 per cent. of free allowances in 2013 with a gradual decline in subsequent years to reach 30 per cent. in 2020. Further gradual decline will reach zero free allowances in 2027.

The following table provides an overview of the free allocation of emission allowances for the Heat Infra Business for the years 2020 to 2016:

	2020	**2019**	**2018**	**2017**	**2016**
			(in thousand tons)		
Heat	337	421	471	532	644
Power Generation	-	301	546	794	1,058
Total	**337**	**721**	**1,017**	**1,326**	**1,702**

Source: Czech Republic Ministry of the Environment National Plan of Investments for 2013 to 2020

Grid balancing services

In its power generation business, the Group is one of the largest certified providers of grid balancing services in the Czech Republic in terms of revenues and megawatt hours of provided capacity. Grid balancing services provided in the Czech Republic generated EUR 18 million in revenue for the Group for the six months ended 30 June 2020 (as compared to EUR 15 million for the six months ended 30 June 2019) and EUR 30 million for the year ended 31 December 2019 (as compared to EUR 36 million for the year ended 31 December 2018). Grid balancing services are balancing services (i.e., decreases or increases in

[8] Source: U.S. Environmental Protection Agency, CHP Benefits, 21 March 2016.

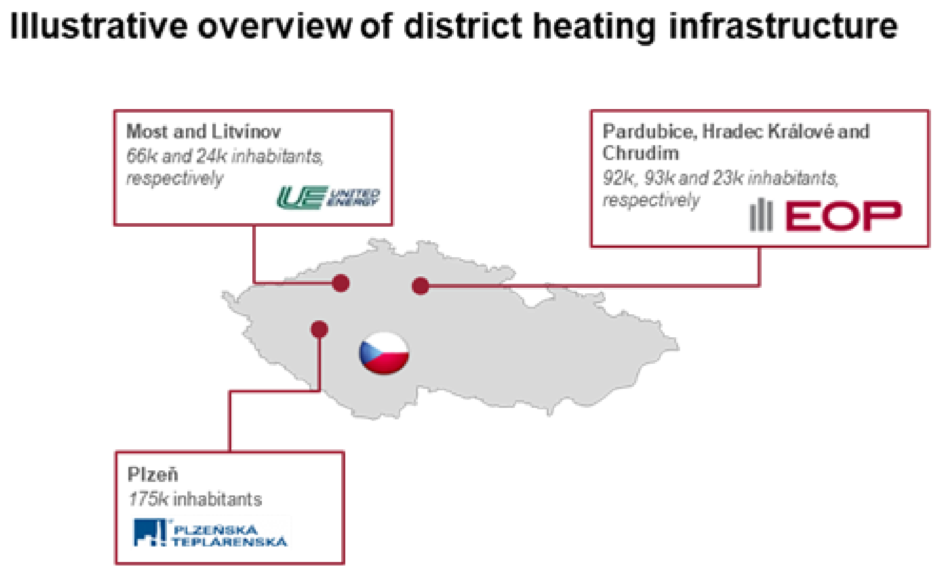
electricity supply on a short-notice basis (in some cases within 30 seconds of the order instructions)) offered by electricity producers to the TSO in order to assist the TSO in maintaining a reliable transmission system.

The latest tender for grid balancing services in the Czech Republic was completed in 2018 for the period of the following three years. The tendered volume covered approximately two thirds of the total capacity for the tendered years. The Group was successful in the tender and secured a considerable portion of the tendered volume. In 2019 and 2020, the Group was also successful in selling additional capacities on top of those secured in the tender.

The Group was also a grid balancing services provider in Hungary. Through its formal subsidiary BERT, the Group generated revenues of EUR 7 million for the six months ended 30 June 2020 (as compared to EUR 8 million for the six months ended 30 June 2019) and EUR 13 million for the year ended 31 December 2019 (as compared to EUR 9 million for the year ended 31 December 2018) from grid balancing services in Hungary. On 2 December 2020, the Group completed a sale of shares in BERT to Veolia Group (see "–*Recent Developments and Trends–Disposal of PT and BERT to Veolia Group*").

The Group's key Heat Infra subsidiaries

The following diagram presents an overview of the Group's key subsidiaries within the Heat Infra Business:



Source: Issuer information, Association for the district heating of Czech Republic, Czech Statistical Office as of 1 January 2020, The table below lists the operating data for the Group's plants for the six months ended 30 June 2020 and 2019 and for the years ended 31 December 2020, 2019 and 2018:

	For the year ended 31 December(4)	For the six months ended 30 June		For the year ended 31 December	
	2020	2020	2019	2019	2018
Installed cogeneration capacity (MWe)(1)	533	1,059	1,059	1,059	1,059
Installed condensation capacity (MWe)(2)	359	359	359	359	360
Installed heat capacity at the exchangers (MWth)(3)	2,008	3,710	3,720	3,715	3,720
Power produced (cogeneration) (GWh)	1,917	1,165	1,154	2,010	1,782
Power produced (condensation) (GWh)	1,827	747	791	1,745	2,186
Heat supplied (PJ)	19.4	12.9	13.4	22.7	21.1

Notes:
1) Installed cogeneration capacity represents the electrical capacity of generators that can deliver heat in cogeneration mode.
2) Installed condensation capacity represents the electrical capacity of generators that can produce power in condensation mode only. Part of cogeneration may be used for condensation under certain conditions. Total installed electrical capacity is determined by adding installed cogeneration capacity and installed condensation capacity together.
3) As a result of the PLTEP Merger, data for 2018 includes PE for the period January – October 2018 and PLTEP as the successor entity for November and December 2018.
4) Of which (i) PT's heat supplied was 6.2 PJ for the period from 1 January to 3 November 2020; and (ii) BERT's power produced (cogeneration) was 1,073 GWh, power produced (condensation) was 274 GWh and heat supplied was 5.6 PJ, for the period from 1 January to 2 December 2020.

Gas Storage Business

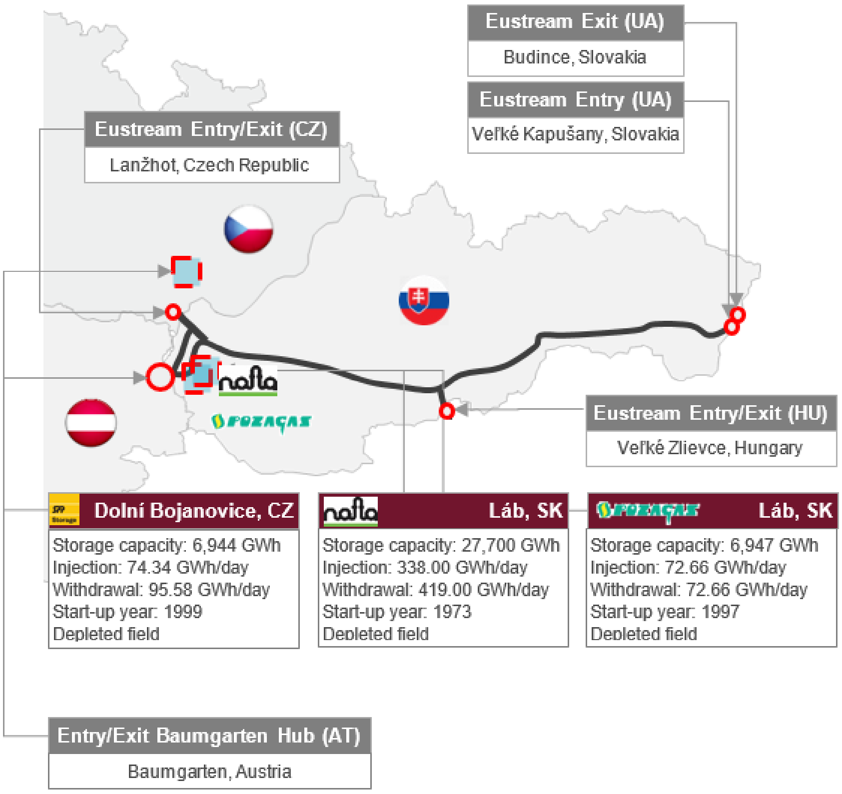
The Group conducts its Gas Storage Business through NAFTA, SPP Storage, Pozagas and Nafta Speicher. In the six months ended 30 June 2020, the Gas Storage Business generated sales of EUR 138 million, EBITDA of EUR 105 million (representing 13 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 104 million (representing 13 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 119 million, EBITDA of EUR 86 million and Adjusted EBITDA of EUR 86 million in the six months ended 30 June 2019). In the year ended 31 December 2019, the Gas Storage Business generated sales of EUR 253 million, EBITDA of EUR 175 million (representing 11 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 180 million (representing 11 per cent. of the Group's Adjusted EBITDA) (as compared to sales of EUR 192 million, EBITDA of EUR 139 million (representing 10 per cent. of the Group's EBITDA) and Adjusted EBITDA of EUR 147 million (representing 10 per cent. of the Group's Adjusted EBITDA) in the year ended 31 December 2018).

The total capacity of the storage facilities of NAFTA, SPP Storage, Pozagas and Nafta Speicher as of 31 December 2020 was 61.6 TWh, total maximum withdrawal rate was 873 GWh per day and total maximum injection rate was 644 GWh per day.

The gas storage facilities of NAFTA, SPP Storage, Pozagas and Nafta Speicher

The Slovak Republic and the Czech Republic offer favourable geological conditions and advantageous locations close to the transmission system for the supply of natural gas to both the east and west, making it an attractive location for a hub in the European gas network.

The following chart shows the gas storage facilities operated by the Group in the Slovak Republic and in the Czech Republic as of 31 December 2020:



NAFTA

NAFTA is the largest natural gas storage system operator ("**SSO**") in the Slovak Republic. It operates unique underground gas storage facilities composed of several storage reservoirs interconnected with technical infrastructure at the crossroads of gas flows at the borders of the Slovak Republic, Austria and the Czech Republic. As of 31 December 2020, the storage capacity of facilities operated by NAFTA was approximately 27,700 GWh with a maximum withdrawal rate of 419 GWh per day. Approximately 90 per cent. of NAFTA's activity is the underground storage of natural gas, offering both seasonal and flexible storage capacity to customers. Seasonal storage allows customers to inject gas in the summer and withdraw gas in the winter, while flexible storage allows the customer to inject gas and withdraw gas on any day regardless of the season. As of 31 December 2020, NAFTA's two largest customers represented approximately 58 per cent. of its total storage capacity. Other domestic and international customers' contracts represented the remaining 42 per cent.

Besides seasonal and flexible storage, NAFTA also offers to its customers other services such as additional working gas volume, extra injection or withdrawal rates, day-ahead or within-day rates, inverse storage and options on storage capacity. NAFTA also undertakes E&P activities and currently operates several oil and natural gas fields where NAFTA produces natural gas and oil in the mature phase on a relatively small scale.

SPP Storage

SPP Storage owns and operates the Dolní Bojanovice underground gas storage facility located in the Czech Republic, with a storage capacity of 6,944 GWh and with a maximum withdrawal rate of 96 GWh per day, as of 31 December 2020. Gas injection and withdrawal take place from and into a high pressure gas pipeline, which connects the Dolní Bojanovice underground gas storage facility to the Brodské metering station (approximately 30 kilometres away). The gas pipeline is connected at the Brodské metering station to the Slovak gas transit network of Eustream.

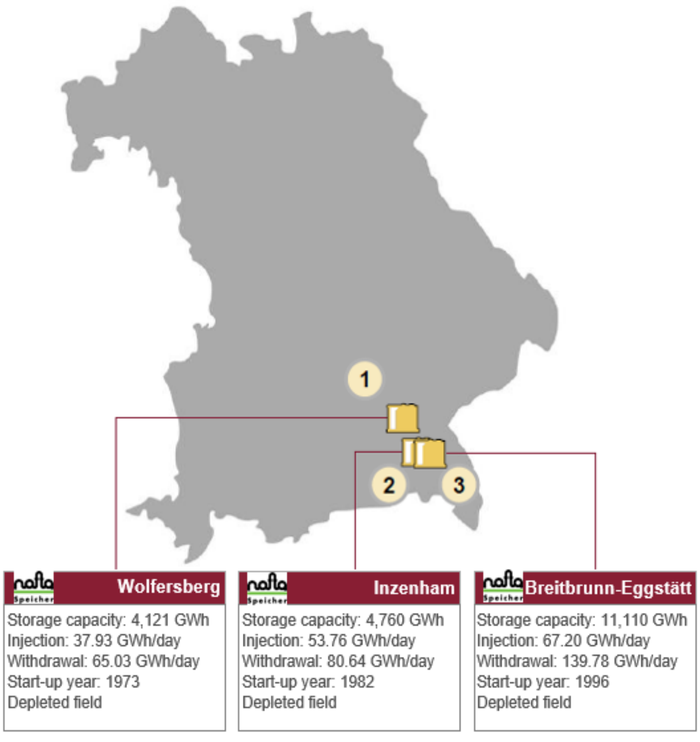
Pozagas

Pozagas is the second largest SSO in the Slovak Republic, with its technical operation being partially outsourced to NAFTA. It also provides complementary services to NAFTA, allowing NAFTA's customers to access the Virtual Trading Point Austria / Central European Gas hub at Baumgarten via the interconnection point with the Austrian transmission system. Pozagas has a portfolio of long-term and short-term storage contracts. Pozagas owns and operates the underground natural gas storage facility "Láb 4" situated in the eastern part of the Vienna basin, close to the town of Malacky, in the Slovak Republic. As of the date of this Prospectus, the capacity of Pozagas' storage facility is 6,947 GWh.

Nafta Speicher

Nafta Speicher owns and operates natural gas storage facilities in Germany close to the border with Austria in Wolfersberg, Inzenham and Breitbrunn-Eggstätt. The storage facilities of Nafta Speicher are directly connected to the NetConnect Germany Virtual Trading Point (NCG VTP) which is one of the most attractive gas trading hubs in Europe. The capacity of new assets is almost 20 TWh (representing 7.6 per cent. of the combined storage capacity in Germany). As of the date of this Prospectus, 100 per cent. of storage capacity is contracted on a long-term and short-term basis until 2020/2021, 87 per cent. of storage capacity is contracted on a long-term basis until 2023/2024 and 76 per cent. until 2026/2027.

The following chart shows the gas storage facilities operated by the Group in Germany as of 31 December 2020:



Source: Company information as of 31 December 2020

Operation of gas storage facilities

The operations of the Gas Storage Business consist of handing over the gas from an interconnected transmission grid operator at any entry point of the storage facility and the fiscal metering, compression and injection of the gas into an underground reservoir. In the process of withdrawal, the gas is treated in order to meet gas quality parameters, and if necessary compressed, and fiscally metred before it passes an exit point of the storage and flows to an interconnected distribution or transmission grid. All flows to and from an underground storage facility are based on customers' nominations which are processed by commercial dispatching, while physical flows are managed by technical dispatching of the Gas Storage Business' interconnected grids.

Prices for using the gas storage facilities

NAFTA, SPP Storage, Pozagas and Nafta Speicher generate revenue by charging prices for the seasonal and flexible storage of gas at their underground storage facilities. Pricing is not linked to actual use of gas storage, but rather is based on booked capacity, the "store-or-pay" principle. The natural gas storage tariffs in the Slovak Republic and in the Czech Republic have not been regulated since 2013 and 2007, respectively, due to effective competition from various storage providers in the countries. Natural gas storage tariffs in Germany are also not regulated. However, RONI, the regulator for the Slovak Republic, has stated its intention to reintroduce such price regulation in the current regulatory policy for the years 2017 to 2022, but so far has not taken any formal steps in order to implement such an intention. The price of storage is market-based and subject to a number of factors, such as the security of the gas supply (to gas suppliers and ultimately to households and other protected clients), intrinsic and extrinsic value of storage (summer winter spread, intra-season variations, etc.), portfolio value and location of the storage facility and its interconnections.

A high portion of the revenues of the Gas Storage Business are generated by long-term contracts. Within the long-term contracts, capacity revenues are usually indexed based on inflation. Long-term contracts are agreed on the basis of reserving a certain amount of storage capacity and respective withdrawal and injection rates, for which the "store-or-pay" principle applies. Most of the long-term contracts also include standard price revision clauses. In the case of a default by customers, NAFTA and Pozagas would have the right to use gas stored by such customers for covering their receivables.

NAFTA's Exploration and Production Activities

NAFTA is also the Slovak leader in exploration and production and produces approximately 65 mcm of gas per year, approximately two thousand tons of oil and approximately one to two thousand tons of gas condensate per year. Since 2002, NAFTA has drilled a total of 54 wells with an approximate 54 per cent. success rate. E&P activities are located in the western and eastern part of the Slovak Republic in the areas of the Vienna basin, the Danube and the East Slovakian basin. The results of these activities are however immaterial in the overall performance of the Group.

Competition

Services of the Gas Storage Business can be used by customers physically located on the transmission routes and the gas distribution network to which the Gas Storage Business have access due to the international coverage of the storage business. The countries in which the Gas Storage Business operates, directly or indirectly, are currently the Slovak Republic, the Czech Republic and Austria and the aggregated storage capacity in these countries was 173.5 TWh as of 31 December 2020. There are 11 storage operators present in this market.

The below table shows the capacity of the relevant operators participating in the gas storage market in the Slovak Republic, the Czech Republic and Austria as of 31 December 2020:

Operator	**Capacity**	**Percentage of market share**
	(*in TWh*)	(*in %*)
SPPI Group	41.6	24.0
of which:		
NAFTA	27.7[(2)]	16.0
Pozagas	6.9	4.0
SPP Storage	6.9	4.0
RWE Gas Storage CZ	29.0	16.7
OMV Gas Storage	25.2	14.5
GSA LLC (Gazprom)	21.3	12.3
RAG Energy Storage	20.1	11.6
Uniper Energy Storage	17.5	10.1
Astora	11.3	6.5
Moravia Gas Storage	3.9	2.3
MND Gas Storage	3.4	2.0

Source: Competitors data from Gas Infrastructure Europe AGSI+ Platform (as of 31 December 2020) and competitors' websites, for the Group storages NAFTA, Pozagas and SPPS company data (as of 31 December 2020).

Note:

(1) As of 31 December 2020, the Group was the monopoly gas storage operator in the Slovak Republic with a 100 per cent. market share.

As of 31 December 2020, the aggregated storage capacity in Germany was 263.8 TWh. The below table shows the capacity of the relevant operators participating in the gas storage market in Germany:

Operator	Capacity	Percentage of market share
	(*in TWh*)	(*in %*)
Uniper Energy Storage	67.8	25.7
Astora	55.5	21.0
VNG Gasspeicher	25.5	9.7
Nafta Speicher	20.0	7.6
RWE Gas Storage West	18.7	7.1
Storengy Deutschland	18.4	7.0
EWE Gasspeicher	14.5	5.5
EKB	11.2	4.2
Others	32.1	12.2

Source: Competitors data from Gas Infrastructure Europe Storage Map (version as of December 2018) and competitors' websites and for the Group storage Nafta Speicher company data (as of 31 December 2020).

Other and Holding

The Group's Other operations are divided into two sub-areas: Renewables business and Other. The Group's Renewables business owns and operates three solar power plants and one wind farm and holds a minority interest in another solar power plant in the Czech Republic. The Group also operates two solar power plants and a biogas facility in the Slovak Republic.

The Group's Holding operations mainly represents the Issuer, EPE, SGH, EPH Gas Holding B.V. ("**EPHGH**"), Seattle Holding B.V., SPPI and Czech Gas Holding Investment B.V. ("**CGHI**"). These companies are holding companies and do not sell any products or provide services to any third parties.

The Other and Holding operations account for only a small fraction of the Group's sales and income. For the six months ended 30 June 2020, the segment generated sales of EUR 6 million and EBITDA of negative EUR 1 million (as compared to EUR 5 million and negative EUR 2 million, respectively, for the six months ended 30 June 2019). For the year ended 31 December 2019, the segment generated sales of EUR 12 million and EBITDA of negative EUR 2 million (as compared to EUR 11 million and EUR 14 million, respectively, for the year ended 31 December 2018).

Financial Indebtedness of the Group

This section provides an overview of the financial indebtedness of the Group comprising of bank debt and bonds issues (representing principal amount and disregarding, among other things, unamortised fees, discounts and accrued interest) including finance leases and capitalised operating lease liabilities but excluding mark-to-market of hedging instruments[9].

As of 31 December 2020, the Gross Financial Indebtedness and Proportionate Gross Financial Indebtedness of the Group was EUR 4,519 million and EUR 3,539 million, respectively, of which EUR 2,503 million was financial indebtedness of the Issuer (i.e. 71 per cent. of the Proportionate Gross Financial Indebtedness). As of 31 December 2020, the Net Financial Indebtedness and Proportionate Net Financial Indebtedness of the Group was EUR 3,806 million and EUR 3,101 million, respectively, of which EUR 2,486 million was net financial indebtedness of the Issuer (i.e. 80 per cent. of the Proportionate Net Financial Indebtedness).[10]

As of 30 June 2020, the Gross Financial Indebtedness and Proportionate Gross Financial Indebtedness of the Group was EUR 5,582 million and EUR 4,191 million, respectively, of which EUR 2,748 million was financial indebtedness of the Issuer (i.e. 66 per cent. of the Proportionate Gross Financial Indebtedness). As of 30 June 2020, the Net Financial Indebtedness and Proportionate Net Financial Indebtedness of the Group was EUR 4,109 million and EUR 3,415 million, respectively, of which EUR 2,743 million was net financial indebtedness of the Issuer (i.e. 80 per cent. of the Proportionate Net Financial Indebtedness).

[9] The Financial Indebtedness and the Proportionate Financial Indebtedness as of 30 June 2020 includes effect from capitalised operating lease of EUR 73 million and EUR 55 million, respectively, which has been recognised in the Financial Statements since 1 January 2019 in accordance with IFRS 16 'Leases'.

[10] The Gross Financial Indebtedness and the Proportionate Gross Financial Indebtedness as of 31 December 2020 were derived from the Issuer's financial information and have not been audited.

The following table provides an overview of the financial indebtedness of certain subsidiaries of the Issuer, and the Group on a consolidated basis, as of 30 June 2020:

	SPPI Group(1)	SSE Group(2)	EPE Group	Group(3)
	(in EUR millions, unless indicated otherwise)			
Proportionate Gross Financial Indebtedness(5)	1,399	8	44	4,191
Proportionate Cash and Cash Equivalents	532	120	222	776
Proportionate Net Financial Indebtedness	867	(112)	(178)	3,415

Notes:

(1) The Group holds 1,795,049,674 shares out of the total of 3,663,341,937 shares issued by SPPI which allows it to control approximately 49 per cent. of voting rights in SPPI and has management control pursuant to the SPPI shareholders' agreement. Eustream, SPPD and SPP Storage are wholly-owned subsidiaries of SPPI.

(2) The Group holds 1,723,174 shares out of the total of 3,516,682 shares issued by SSE Holding which allows it to control approximately 49 per cent. of voting rights in SSE Group and has management control pursuant to the SSE Shareholders' Agreement (see "–*Material Contracts*" below).

(3) The data in this column does not correspond to the sum of the SPPI Group, SSE Group and EPE Group as the SSE Group is a part of the EPE Group and the data presented for the Group also includes other companies that are not a part of these sub-groups and on their own do not represent a separate sub-group.

(4) Represents fully consolidated Profit (loss) for the year.

(5) The Gross Financial Indebtedness as of 30 June 2020 includes effect from capitalised operating leasing liabilities of EUR 73 million on a full basis, which has been recognised in the Financial Statements since 1 January 2019 in accordance with IFRS 16 'Leases'.

The following table provides an overview of outstanding bonds issued by the Group as of 31 December 2020:

Group Member	Ranking	Ratings by Fitch / Moody's / S&P	Bonds Outstanding(1)	Maturity	Coupon
			(in EUR millions)		*(%)*
EPIF.............	Unsecured	BBB- / Baa3 / BBB	500	October 2028	2.045
EPIF.............	Unsecured	BBB- / Baa3 / BBB	600	July 2026	1.698
EPIF.............	Unsecured	BBB- / Baa3 / BBB	750	April 2024	1.659
EPIF.............	Unsecured	Unrated	70	April 2027	EURIBOR + Margin
Eustream	Unsecured	A- / Baa2 / -	500	June 2027	1.625
Eustream(2) ...	guaranteed unsubordinated	A- / Baa2 / -	500	February 2025	2.63
SPPD............	unsecured unsubordinated	A- / Baa2 / -	500	June 2021	2.63
Total.............			**3,420**		

Notes:

(1) Represents principal owed, disregarding accrued interest, unamortised discounts/premiums and fees

(2) Issued by SPP Infrastructure Financing B.V. but unconditionally and irrevocably guaranteed by Eustream.

The following table provides an overview of the Group's key bank loan and committed facilities as of 31 December 2020:

Group Member	Type of Facility	Security and Guarantees	Aggregate Outstanding Balance(1)	Base Rate(2)	Final Maturity(2)
			(in EUR millions)		
EPIF	term	-	400	EURIBOR	January 2025
EPIF	revolving	-	0(3)	EURIBOR	January 2025
EPIF	term	-	135 48	EURIBOR	April 2024 April 2026
EPE, EPIF........	overdraft, revolving, documentary	-	0(4)	EURIBOR, EONIA, PRIBOR, LIBOR,	July 2023 July 2023 July 2025

				WIBOR	
EPE, EPIF........	overdraft, revolving, documentary	-	0(5)	EURIBOR, EONIA, PRIBOR	October 2022
Eustream..........	term	-	75	EURIBOR	February 2021
Eustream..........	term	-	65	EURIBOR	December 2027
Eustream..........	series of revolving facilities	-	0(6)	EURIBOR	December 2022-2024
NAFTA............	term	-	175	EURIBOR	January 2024
NAFTA............	revolving	-	0(7)	EURIBOR	January 2024
NAFTA............	overdraft	-	0(8)	EURIBOR	-
SPPD	term	-	77	EURIBOR	December 2024
SPPD	term	-	60	EURIBOR	September 2029
Stredoslovenská distribučná	term		8	-	June 2023
SPPI.................	overdraft	-	0(9)	EONIA	-
Total			**1,043**		

Notes:

(1) Does not include effect from capitalised operating leasing liabilities of EUR 57 million, which has been recognised in the Financial Statements since 1 January 2019 in accordance with IFRS 16 'Leases'.
(2) May vary for different facilities.
(3) Committed limit of EUR 400 million.
(4) Committed limit of CZK 1,250 million.
(5) Committed limit of EUR 50 million.
(6) Aggregate committed limit of EUR 275 million.
(7) Committed limit of EUR 75 million.
(8) Uncommitted limit of EUR 15 million.
(9) Uncommitted limit of EUR 10 million.

On 14 January 2020, the Issuer signed the EPIF Facilities Agreement (as defined below) and used its proceeds to fully refinance its existing bank indebtedness. See "*–Material Contracts–EPIF Facilities Agreement*" below for more information. The Issuer used the EUR 400 million term facility and EUR 100 million of the revolving facility obtained under the EPIF Facilities Agreement (as defined below) for the full prepayment of term facility B in the amount of EUR 500 million originally due 19 July 2023 provided under the senior term and revolving facilities agreement dated 19 July 2018 (the "**EPIF 2018 Facilities Agreement**"). Revolving facility C of up to EUR 250 million originally due 19 July 2023 provided under the EPIF 2018 Facilities Agreement has been cancelled. In addition, term facility A in the amount of EUR 200 million originally due 21 May 2025 and term facility B in the amount of EUR 65 million originally due 21 May 2026 provided under the senior term facilities agreement dated 21 May 2019 have not been utilised and have also been cancelled.

In 2020 and 2019, the Issuer paid out dividends in the total amount of EUR 1,128 and EUR 450 million, respectively. The level of these dividend payments is in line with the Group's strategy to maintain a conservative financial profile. The dividend payment in 2020 was partially funded from proceeds of the purchase price for PT and BERT. Furthermore, the Issuer might, to the extent permitted by Condition 3(b) (*Financial Covenant*) and the terms of the Issuer's other financial indebtedness, distribute additional dividends to its shareholders in the future.

The terms of certain of the Group's financial indebtedness contain restrictive provisions which, among other things, require the Group to comply with certain financial ratios and limit the Group's ability to incur additional financial indebtedness, make investments or certain payments, transfer or sell assets, provide loans or guarantees, create security, merge with other companies or engage in certain other transactions. These restrictions are subject to exceptions and qualifications. In addition, the EPIF Facilities Agreement and the Schuldschein Loan Agreements contain change of control provisions the triggering of which may result in an event of default or mandatory prepayment and each of the Eustream and SPPD bonds contain a change of control provision the triggering of which coupled by a ratings decline may result in mandatory repurchase of the bonds by the relevant issuer. See "*Risk Factors—The Group is subject to restrictive covenants that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities.*"

Information Technology

The Group's operational efficiency, which the Group believes is core to its competitive advantage, is partly a result of group-wide investments in information technology systems which allow its operating entities to coordinate their operations and help it to maintain group-wide policies and management of its operations. This is especially important in the coordination between the Group's various businesses (in particular in the case of the Group's power generation business (part of the Heat Infra Business) and the Gas and Power Distribution business, which requires minute-by-minute information about levels of supply available to be sold or traded and the prices of power and natural gas on the wholesale market). In addition, the trading business of the Gas and Power Distribution business relies on proprietary software for the monitoring and clearing of trades in electricity and natural gas. In line with unbundling rules, SPPI's subsidiaries rely on independent IT systems. There is no integration between the Issuer and SPPI systems.

Insurance

While the Issuer's senior management makes all commercial, procedural and supervisory decisions regarding insurance policies, the insurance contracts at the individual company-level remain responsibility of local management. The companies maintain an amount of insurance protection that it considers adequate in the ordinary course of operations. The combined solution has been already implemented only for third party liability insurance and property damage/business interruption insurance in EOP, UE and PLTEP.

Although the Group is covered by the industry standard insurances the Issuer cannot provide any assurance that the insurance will be sufficient or provide effective coverage under all circumstances and against all hazards or liabilities to which the Group may be exposed. For example, only some elements of SSD's distribution network are insured, namely transformation stations, substations and medium voltage aerial power lines. Specifically, SSD's insurance does not cover its other power lines as such insurance would not be cost effective. In the case of the Gas Transmission Business, Eustream only has a limited benefit of insurance against damage for the pipelines it owns as the majority of the underground pipelines are not insured. Eustream's insurance does not cover political risks. In the case of the Gas Distribution Business, SPPD does not believe that any insurance against damage for the pipelines it owns or for business interruption is necessary. Pipelines are a decentralised system of assets and insuring them would not prove economical. Further, in the case of the Gas Storage Business, not all the gas storage facilities and gas held in storage are insured. The Issuer believes that its policies are in accordance with customary industry practices, including deductibles and coverage amounts.

Employees

In the six months ended 30 June 2020 and 2019, the average number of full-time equivalent employees of the Group was 6,503 and 6,454, respectively. In the years ended 31 December 2019 and 2018, the average number of full-time equivalent employees of the Group was 6,458 and 6,593, respectively.

Material Contracts

SPPI Shareholders' Agreement

The SPPI shareholders' agreement (the "**SPPI Shareholders' Agreement**") was entered into on 29 May 2014 by, among others, EPH, SGH, the Ministry of Economy of the Slovak Republic and SPP (collectively, the "**Parties**") in relation to the direct and indirect shareholdings in SPPI and the management and the affairs of the SPPI Group. The SPPI Shareholders' Agreement, including the arbitration agreement contained therein, is governed by English law.

The SPPI Shareholders' Agreement covers in particular (i) dividend policy, whereas the Parties are obliged to procure that SPPI and its subsidiaries each year declare and pay a dividend in the maximum amount permitted by law, subject to certain conditions, (ii) leverage ratio of SPPI on a consolidated basis and the leverage ratios of Eustream, SPPD and NAFTA calculated on individual basis which, unless otherwise agreed by the Parties, may not exceed 2.5 (calculated as the ratio of (a) its financial interest bearing debt (excluding intra-group items) less its cash and cash equivalents and any repurchased own debt securities by the relevant entity (in each case consolidated in case of SPPI) to (b) the average of its EBITDA (consolidated in case of SPPI) for the past two financial years and its EBITDA projection (consolidated in the case of SPPI) for the current financial year), (iii) corporate governance whereas as long as SGH holds at least 48.9 per cent. of the shareholding interest in SPPI, SGH shall be entitled to nominate three candidates, including the chairman, for election to SPPI's five member board of directors, and (iv) matters which are subject to approval by qualified majorities of shareholders or members of the relevant corporate body, such as declaration of dividends and or certain transactions.

SSE Shareholders' Agreement

The SSE shareholders' agreement (the "**SSE Shareholder's Agreement**") was entered into on 30 September 2013 by, among others, EPH, EPHF II, which later merged into EPE, and the Ministry of Economy of the Slovak Republic (collectively, the "**Parties**") in relation to the shareholdings in SSE and the management and the affairs of the SSE Group. The SSE Shareholders' Agreement, including the arbitration agreement contained therein, is governed by English law.

The SSE Shareholders' Agreement covers in particular (i) dividend policy, whereas the Parties are obliged to procure that SSE and its subsidiaries each year declare and pay a dividend in the maximum amount permitted by law, subject to certain conditions, (ii) leverage ratio of SSE and SSD which, unless otherwise agreed by the Parties, may not exceed 2.5 (calculated as the ratio of (a) its financial interest bearing debt (excluding intra-group items) less its cash and cash equivalents and any repurchased own debt securities by the relevant entity (in each case consolidated in case of SSE) to (b) the average of its EBITDA (consolidated in case of SSE) for the past two financial years and its EBITDA projection (consolidated in the case of SSE) for the current financial year), (iii) corporate governance whereas as long as EPE holds at least 49 per cent. of the shareholding interest in SSE, EPE shall be entitled to nominate three candidates, including the chairman, for election to SSE's five member board of directors, and (iv) matters which are subject to approval by qualified majorities of shareholders or members of the relevant corporate body, such as declaration of dividends and or certain transactions.

Eustream: Long-term contract for natural gas transmission

Eustream is a party to a large contract securing gas transit from Russia to countries in Central and Southern Europe with a capacity of approximately 50 billion cubic metres (approximately 65 per cent. of Eustream's total annual East-West transmission capacity) until 2028 (the "**Transmission Contract**").

The transmission tariffs applicable to the Transmission Contract are subject to regulation by RONI. Pursuant to this regulation, tariffs set by RONI in its price decision as applicable to the first calendar year of the commencement of the transmission services under a transmission contract remain unchanged throughout the entire contractual term, subject only to pre-defined escalation by 50 per cent. of the European inflation.

Pursuant to the price decision of RONI dated 13 November 2008, which is publicly available, transmission tariffs are based on an entry and exit tariff model, i.e. for each entry point into, and exit point from, the transmission system there is a specific tariff set by the price decision. The tariff system has the following two basic elements: (i) transmission fees which are charged for access to the transmission network and gas transmission and are calculated by reference to the booked daily transmission capacity (i.e., on a ship-or-pay basis); and (ii) gas in-kind which the TSO receives for operational needs from shippers and which is calculated as a fixed percentage of the actual gas transmission volume at each entry and exit point. Further elements of the applicable transmission tariff calculation include a duration factor depending on the volume of booked daily transmission capacity and the duration of the relevant transmission contract. The above price decision further obliges the shipper to pay imbalance charges if the daily booked transmission capacity is exceeded.

EPIF Shareholders' Agreement

The shareholders' agreement regarding the Issuer was entered into on 30 September 2016 by, among others, EPIF Investments a.s., and CEI INVESTMENTS S.A R.L (entity under the control of Macquarie Infrastructure and Real Assets) (collectively, the "**Parties**") in relation to the direct and indirect shareholdings in the Issuer and the management and the affairs of the Group (the "**EPIF Shareholders' Agreement**"). The EPIF Shareholders' Agreement was subsequently amended. The EPIF Shareholders' Agreement, including the arbitration agreement contained therein, is governed by English law.

The EPIF Shareholders' Agreement covers in particular (i) corporate governance, whereas each shareholder may nominate one director for each 15 per cent. of the shareholding interest in the Issuer; in this case EPIF Investments a.s., shall be entitled to nominate five candidates, including the chairman, for election to the Issuer's seven member board of directors and (ii) standard minority shareholder's rights, for example by setting forth matters which are subject to approval by members of the relevant corporate body or which require higher majority approval under the applicable law. In addition, the Issuer undertook to, among other things, endeavour to target a profile of external debt financing to achieve a ratio of proportionate net debt of the Group to proportionate EBITDA of the Group of not less than 4:1 and not more than 5:1.

EPIF Facilities Agreement

The Issuer is a party to a term and revolving facilities agreement dated 14 January 2020 with a syndicate of external lenders (the "**EPIF Facilities Agreement**"), pursuant to which the Issuer has been provided with term facility A in the amount of EUR 400 million due 14 January 2025 and revolving facility B with a committed limit of EUR 400 million due 14 January 2025.

The obligations of the Issuer under the EPIF Facilities Agreement are general, senior unsecured obligations and rank equally in right of payment with the Issuer's existing and future indebtedness that is not subordinated in right of payment, including under the Notes.

The EPIF Facilities Agreement contains restrictive provisions which, among other things, limit the Group's ability to incur additional financial indebtedness, perform acquisitions, invest in joint ventures, make distributions and certain other payments, dispose of assets, issue shares, provide loans or guarantees, or create security or the Issuer's ability to merge with other companies. These restrictions are subject to a number of exceptions and qualifications. For example, the Issuer can make distributions and certain other payments and the Group can perform acquisitions if, among other things, the Group net leverage does not exceed a certain limit, and the Group can incur additional financial indebtedness if, among other things, certain net leverage limits set for various Group levels are met. The EPIF Facilities Agreement also contains change of control provisions the triggering of which may result in mandatory prepayment.

Schuldschein Loan Agreements

The Issuer is a party to two schuldschein loan agreements dated 15 April 2019 with certain financial institutions as lenders (the "**Schuldschein Loan Agreements**"). Under the Schuldschein Loan Agreements, the Issuer was provided with two schuldschein loans in the amount of EUR 134.5 million and EUR 48.0 million with a five and seven year term, respectively.

The obligations of the Issuer under the Schuldschein Loan Agreements are general, senior unsecured obligations of the Issuer and rank equally in right of payment with the Issuer's existing and future indebtedness that is not subordinated in right of payment, including under the Notes. The Schuldschein Loan Agreements contain certain restrictive provisions and also a change of control provision the triggering of which may result in mandatory prepayment.

NAFTA Facilities Agreement

NAFTA is a party to a senior term and revolving facilities agreement dated 25 January 2019 with a syndicate of external lenders (the "**NAFTA Facilities Agreement**"), pursuant to which the Issuer has been provided with a term facility in the amount of EUR 175 million due 25 January 2024 and a revolving facility with a committed limit of EUR 75 million due 25 January 2024.

The obligations of NAFTA under the NAFTA Facilities Agreement are general, senior unsecured obligations and rank equally in right of payment with the Issuer's existing and future indebtedness that is not subordinated in right of payment, including under the Notes.

The NAFTA Facilities Agreement contains restrictive provisions which, among other things, limit the NAFTA's ability to incur additional financial indebtedness, perform acquisitions, invest in joint ventures, make distributions and certain other payments, dispose of assets, issue shares, provide loans or guarantees, or create security or the NAFTA's ability to merge with other companies. These restrictions are subject to a number of exceptions and qualifications. The NAFTA Facilities Agreement also contains change of control provisions the triggering of which may result in mandatory prepayment.

NAFTA and Nafta Speicher's long-term contracts

NAFTA and Nafta Speicher, as the gas storage facility operators, are parties to several long-term storage contracts with various customers operating in the Slovak Republic, in Germany and across Europe, with the tenor of the longest contract up to 31 March 2027.

Environmental, Social and Governance Matters

The Issuer views environmental, social and corporate governance matters ("**ESG**") as being vital to the overall wellbeing of the Group and of its stakeholders. For example, a major portion of the Group's EBITDA (89 per cent. in the year ended 31 December 2019) is generated from operation of infrastructure assets, including the Gas Transmission Business, Gas and Power Distribution Business and Gas Storage

Business, which carry a marginal CO_2 footprint. Moreover, the Group aims to move away from brown coal to less emission-intensive fuels such as biomass or communal waste in a timespan intended to satisfy European and national legislation on the phase out of coal. Consequently, between 2015 and 2019, the Group has reduced its emissions of SO_2 (sulphur dioxide) by 55 per cent. and dust emission by 40 per cent.

In 2019, the Group obtained an ESG rating "Average Performer" from ESG rating agency Sustainalytics. In addition, S&P rated the Group in its environmental, social and governance performance with a total score of 65/100 in April 2020. In August 2020, the Group released its second annual sustainability report, which provides an overview of environmental, governance and social aspects of the Group's operations in 2019.

In the area of environment, as of 30 June 2020, the Interim Financial Statements show an environmental provision in the aggregate amount of EUR 184 million for various environmental burdens described below; a substantial part of the aforementioned provision amounting to EUR 91 million was recorded by NAFTA and relates to the costs required to dismantle its production and storage wells and gathering stations at the end of their useful lives, decontaminate the contaminated soil, and restore the area and restore the site to its original condition to the extent stipulated by law. In addition, Nafta Speicher records an environmental provision in the amount of EUR 69 million.

Related Party Transactions

The Issuer (and other Group companies) enters into transactions with certain related parties or its affiliates from time to time and in the ordinary course of its business. As a rule, the Issuer follows arm's length principles, and applies unified standards with regards to dealings with affiliates, especially those that function as investment advisors, and it believes these agreements are on terms no more favourable to the related parties or the Issuer's affiliates than what they would expect to negotiate with disinterested third parties. Related party transactions include, in particular, administrative, management, consultancy, transactional and other services and purchases of coal, gas and power and certain fixed assets. For additional information on related party transactions, please refer to Note 30 to the Interim Financial Statements.

Measures in place to ensure that control is not abused

The Issuer uses standard statutory mechanisms to prevent EPH's potential misuse of its position and control over the Issuer, including the statutory instrument of the report on relations between the related entities. In addition, the EPIF Shareholders' Agreement sets forth certain corporate governance requirements and reserved matters that together regulate the exercise of control over the Issuer. See "*–Material Contracts – EPIF Shareholders' Agreement*".

Legal Proceedings

The Group may from time to time be subject to governmental, regulatory and legal or arbitral proceedings and claims, including those described below. The Group's Financial Statements show provisions created in relation to certain specific proceedings and the Group also records provisions relating to various other risks and charges, primarily in connection with regulatory disputes and disputes with local authorities. As of 31 December 2020 and 30 June 2020, the total provisions for legal costs created by the Group were EUR 1 million and EUR 1 million, respectively. The Group cannot guarantee that the provisions created will be adequate to cover all amounts payable in connection with any such proceedings (see "*Risk Factors – Risks related to the Group's businesses and industries generally – The Group is subject to various legal proceedings, which may have a material adverse effect on the Group, and there can be no assurance that any provisions created by the Group in respect of such proceedings would be adequate to cover the potential losses*" for more details).

Claims against SSD regarding renewables

SSD is exposed to approximately 25 claims related to SSD's withdrawal of incentives applicable to the production of electricity from renewable sources and cogeneration in 2015 due to a failure of the respective electricity producers to comply with their reporting obligations pursuant to the Slovak RES Promotion Act. The overall value of the claims may not be precisely determined at this time. The relevant provisions of the Slovak RES Promotion Act, under which the incentives were withdrawn, were reviewed by the Slovak Constitutional Court and, in March 2017, the Slovak Constitutional Court issued a decision by which it upheld these provisions. On the basis of this decision, 31 underlying claims have already been dismissed by the relevant lower courts as of the date of this Prospectus. Because of that, the Group believes that the relevant lower courts are likely to dismiss also the remaining underlying claims.

In addition, SSD is exposed to approximately 266 further lawsuits with producers of renewables who demand the return of payments which they made to SSD for access to the distribution network pursuant to applicable rules set by RONI and the Slovak legislation. As of 31 January 2021, the value of these claims was in the range of EUR 4-38 million. However, this amount may not be final. As of 31 January 2021, the relevant courts of first instance decided in 32 cases in favour of the plaintiffs as they had found the payment to constitute unjust enrichment on the part of SSD, while ten of the decisions of the courts of first instance were later confirmed by the court of appeal. However, SSD filed an extraordinary appeal to the Slovak Supreme Court against these decisions and until the Slovak Supreme Court renders its final decision, all proceedings before the lower courts have been stayed. In December 2019, the Slovak Supreme Court reached a decision in the first of these extraordinary appeals. It held that the plaintiff had access to the distribution network and therefore was under an obligation to pay SSD for the access. As a result, the Slovak Supreme Court rescinded the decision of the court of appeal and returned the case back to the court of first instance for further consideration. The court of first instance is generally expected to follow the reasoning set out by the Slovak Supreme Court. While the outcome of the Slovak Supreme Court's decision in the remaining cases cannot be predicted, the decision from December 2019 may be viewed as an indication of its position. However, should the remaining appeals be denied, the potential exposure of SSD towards all successful claimants may amount to various tens of millions of EUR.

The Group has not recorded any provisions with respect to any of the above disputes.

Claim against PLTEP by Škoda Investment a.s.

In August 2012, SI filed a claim for unjust enrichment against PE (PE merged with PLTEP on 31 October 2018, until then it is referred to as PE) for approximately EUR 2 million. This unjust enrichment claim allegedly arises from the fact that PE owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of SI, thereby illegally restricting the ownership of SI. In February 2016, both parties, i.e. PE as well as SI, received an official request from the court to settle the dispute by mediation. Following this request the hearing has been adjourned until further notice. In June 2016, SI filed an additional claim for unjust enrichment against PE for approximately EUR 1 million. The additional claim covers the period from 2013 to 2014. The claim was further extended in 2018 to a total of approximately EUR 4 million. In January 2018, another court hearing was held and the court ruled in favour of PE. SI appealed and as a result of the appeal, the legal case was returned back to the district court where the next hearing is expected to take place in April 2021. Since the legal case is still open, PLTEP created certain provisions in the Interim Financial Statements. These provisions are included in the total provisions for legal and other costs in the amount of EUR 7 million created by the Group.

Waste incineration plant project and related bank guarantee

ČKD PRAHA was the former general supplier of the waste incineration plant ZEVO Plzeň. As a result of ČKD PRAHA being overdue on its payments to its sub-contractors, PLTEP terminated a contract with ČKD PRAHA for work on the plant before the work itself was completed. In line with the relevant contractual documentation, PLTEP then exercised a bank guarantee on the completion of the work. In May 2019, ČKD PRAHA was declared insolvent and is currently represented by an insolvency administrator. The insolvency administrator challenged PLTEP's previous actions with regards to the exercising of the bank guarantee and is claiming up to EUR 27 million against PLTEP. Based on an internal assessment of the estimated claims, PLTEP created certain provisions in its financial statements for the year ended 31 December 2018. During 2019, these provisions, which are included in the total provisions for legal costs in the amount of EUR 7 million created by the Group, have been almost fully used against realised payments to the insolvency administrator. PLTEP considers the rest of the insolvency administrator's claims as unsubstantiated. There is, however, no guarantee that the relevant courts will have the same view. Although the City of Pilsen undertook as part of the PLTEP Merger to indemnify the Issuer in case such claims materialise and PLTEP is obliged to settle them, the Group cannot guarantee that the City of Pilsen would indeed indemnify the Issuer in full or at all. There is an additional hearing at the court of arbitration to take place in March 2021 which should deal with some additional payments claimed from PLTEP.

Regulatory proceedings by ERO against PT

In October 2015, ERO carried out a price inspection at PT regarding heat prices charged to customers in 2011 at certain locations, which resulted in administrative proceedings in which ERO found that PT had committed an administrative offence as its heat prices included, among other things, a disproportionate profit of EUR 4 million. In 2016, ERO ordered PT to make a corrective statement based on which its customers would be able to demand compensation in the total amount of EUR 4 million and further ordered PT to pay a fine to ERO in the same amount. PT filed an administrative action against that decision to the Regional Court in Brno. The Group created a provision in the Interim Financial Statements in the amount of EUR 4 million. In March 2019, the Regional Court in Brno cancelled the ERO's decision and returned the matter back to ERO for a new proceeding. ERO subsequently filed an appeal with the Supreme Administrative Court against the decision of the Regional Court in Brno. In December 2019, ERO terminated the proceedings due to the limitation period. However, as of the date of this Prospectus, the Supreme Administrative Court has not yet ruled on the merits of the case. It cannot be guaranteed that the Supreme Administrative Court will not revoke the Regional Court in Brno's decision and reinstate the original ERO's decision. Although the Group divested PT on 3 November 2020, under the terms of the divestment agreement, the Group may still be held liable for payment of potential sanctions imposed by ERO on PT in the above described administrative proceedings. The maximum theoretical liability amounts to approximately EUR 9 million. Although, the Group cannot predict with certainty how the relevant courts will rule in this matter, the Group considers the risk that such liability will materialize remote.

MANAGEMENT

The Issuer has a two-tier management structure consisting of its board of directors (the "**Board of Directors**") and its supervisory board (the "**Supervisory Board**"). The Board of Directors represents the Issuer in all matters and is charged with its day-to-day business management (together with the Senior Management), while the Supervisory Board is responsible for the supervision of the Issuer's activities and of the Board of Directors in its management of the Issuer and resolves on matters defined in the Czech Corporations Act and the Articles of Association. Under the Czech Corporations Act, the Supervisory Board may not make management decisions.

Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall have seven members. All members of the Board of Directors are executive. The business address of all members of the Board of Directors is Pařížská 130/26, 110 00 Prague 1, Czech Republic.

Members of the Board of Directors shall be elected by the Issuer's general meeting of shareholders (the "**General Meeting**") for a term of office of three years. Re-election of the members of the Board of Directors is permitted.

The positions of the Chairman of the Board of Directors and the Chief Executive Officer shall be combined. Members of the Board of Directors are obliged to discharge the office with necessary loyalty as well as necessary knowledge and care and to bear full responsibility for such tasks, as required by the Czech Corporations Act.

The Board of Directors is the Issuer's statutory body, which directs its operations and acts on its behalf. No-one is authorised to give the Board of Directors instructions regarding the business management of the Issuer, unless the Czech Corporations Act or other laws or regulations provide otherwise. The powers and responsibilities of the Board of Directors are set forth in detail in the Articles of Association. The Board of Directors meets regularly, usually once a month.

The Board of Directors constitutes a quorum if at least six directors are present at the meeting. In accordance with the Issuer's articles of association, if a Board of Directors meeting fails to constitute a quorum, there shall be an adjourned meeting within one week after the original meeting (or on another date agreed by the Chairman and both Vice Chairmen), where the same quorum requirement will apply. If this first adjourned meeting also fails to constitute a quorum, there shall be a second adjourned meeting on or after the next business day following the first adjourned meeting, where the presence of at least four directors will constitute a quorum. Decisions of the Board of Directors are made by simple majority vote of all the members of the Board of Directors. Each member of the Board of Directors has one vote. With the consent of all members, *per rollam* voting is also allowed.

The following table sets forth the members of the Board of Directors appointed as of the date of this Prospectus:

Name	Year of Birth	Position	Commencement of Current Term of Office
Daniel Křetínský	1975	Chairman and Chief Executive Officer	14 October 2019
Gary Wheatley Mazzotti	1961	Vice Chairman (independent member)	5 June 2020
Jiří Zrůst	1974	Vice Chairman	14 October 2019
William Price	1984	Member	1 October 2020
Pavel Horský	1973	Member	14 October 2019
Milan Jalový	1983	Member	14 October 2019
Marek Spurný	1974	Member	14 October 2019

Daniel Křetínský

Chairman of the Board of Directors and Chief Executive Officer

Mr. Křetínský has been the Chairman of the Board of Directors since December 2013. Through his previous role as a partner in the J&T Group he was also involved in the founding of EPH, where he has served as chairman of the board of directors since 2009.

Mr. Křetínský currently also serves on multiple boards of companies within the Group, as well as outside of the Group. These include positions with companies both affiliated and unaffiliated with EPH, including positions of chairman of the board of directors of EP Corporate Group, a.s., EP Real Estate, a.s., CZECH MEDIA INVEST, a.s., AC Sparta Praha fotbal, a.s., ACS 1893 Holding, a.s., EP Power Europe, a.s., EP Global Commerce a.s., EPH Financing CZ, a.s., EC Investments a.s., Letná Properties, a.s., Letná Properties II, a.s., EPIF Investments a.s., INTERNATIONAL MEDIA INVEST a.s., Czech Radio Center a.s. and Old Queen Street, a.s.; a member of the board of directors of Czech News Center a.s., Paris Real Estate I a.s., Paris Real Estate II a.s. and EPH Financing SK, a.s., managing director of EP Investment Advisors, s.r.o., United Energy Moldova, s.r.o., Eggborough Power Limited, EP Equity Investment S.à r.l., Serafico investment s.r.o., CZECH PRINT CENTER - Development s.r.o., EP Investment S.à r.l., EP Investment II S.à r.l., EP UK Investments Ltd., EP Global Commerce GmbH, EP Global Commerce III GmbH, EP Global Commerce IV GmbH, EP Global Commerce V GmbH, EP Global Commerce VI GmbH and EP UK Power Development Ltd; chairman of the supervisory board of Active Radio a.s., EVROPA 2 spol. s r.o., RADIO BONTON a.s, EP Commodities, a.s., EP Industries, a.s. and Mall Group a.s.; and a member of the supervisory board of Nadační fond AC Sparta Praha, Kapsova Vila, a.s., ANDELTA, a.s. and Frekvence 1, a.s.

In the past five years, Mr. Křetínský has served as member of the management board of Nadace J&T.

Mr. Křetínský is currently an indirect shareholder of CZECH MEDIA INVEST a.s., a direct shareholder of EP Global Commerce a.s., an indirect shareholder of EC Investments a.s. and an indirect shareholder of EPH and EP Industries, a.s. and through them, Mr. Křetínský is also an indirect shareholder of their respective subsidiaries.

Mr. Křetínský holds a bachelor's degree in political science and a master's and doctoral degree in law from Masaryk University in Brno.

Gary Wheatley Mazzotti

Vice Chairman of the Board of Directors

Mr. Mazzotti has been an independent member and the Vice Chairman of the Board of Directors since June 2017. He also serves on the Issuer's risk committee.

Mr. Mazzotti is also a member of the board of directors of UE, EOP, Severočeská teplárenská, a.s., and EP Cargo a.s. and a member of the supervisory board of NAFTA a.s., SPP - distribúcia, a.s., Stredoslovenská distribučná, a.s., Stredoslovenská energetika Holding, a.s. and PLTEP.

Outside of the Group Mr. Mazzotti is also a member of the board of directors of Czech Grid Holding, a.s. and EP Power Europe, a.s.

Mr. Mazzotti has more than 30 years of experience in finance and operations, having joined the Issuer from Vienna Insurance Group where he was a member of the board and chief financial officer of Kooperativa pojišťovna, a.s., Vienna Insurance Group and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group and was responsible for VIG groups operations in Ukraine. Prior to this Mr. Mazzotti held the positions of senior investment director and chief financial officer of PPF Private Equity Division as well as chief financial officer and chief operating officer of AAA Auto a.s.

Mr. Mazzotti graduated in economics from the University of Reading in the United Kingdom, and is also a member of the Institute of Chartered Accountants (ACA).

Jiří Zrůst

Vice Chairman of the Board of Directors

Mr. Zrůst has been a member of the Board of Directors since February 2017 and its Vice Chairman since June 2017.

Mr. Zrůst is also a member of the supervisory board of Eustream and a member of the supervisory board of SPPI.

Outside the Group Mr. Zrůst is also a chairman of the board of directors of Towercom, a.s. and České Radiokomunikace a.s., a member of the board of directors of Czech Grid Holding, a.s., management director of Communications Investments Holdings s.r.o., chairman of the management board of The Duke of Edinburgh's International Award Czech Republic Foundation, o.p.s., an executive committee member of International Gold Event 2017, z. s. and a branch manager of Macquarie Infrastructure and Real Assets (Europe) Limited, Prague branch.

Mr. Zrůst is a senior managing director at MIRA. Mr. Zrůst oversees MIRA's coverage and origination activities and management of existing portfolio investments in continental Europe. He also holds non-executive board positions at various other MIRA-managed investments. He joined MIRA in 2011 and led several key transactions in the CEE region and southern Europe. Prior to joining MIRA, Mr. Zrůst spent 17 years in the transport and logistics sector first as chief financial officer and later as chief executive officer managing large-scale turnaround and market consolidation projects.

Mr. Zrůst has an industrial engineering background and holds a master of business administration from The Open University Business School.

William David George Price

Member of the Board of Directors

Mr. Price has been a member of the Board of Directors since October 2020. Before October 2020, he was a member of the Supervisory Board since February 2017 and its Vice Chairman since June 2017.

Mr. Price is also a member of the board of directors of EPE.

Outside the Group, Mr. Price is also a vice-chairman of the board of directors of Towercom, a.s., pobočka Česká republika and a member of the board of directors of Czech Grid Holding, a.s.

Mr. Price is a representative of CEI Investments S.à r.l., a consortium managed by MIRA, which owns a 31 per cent. stake in the Issuer. Mr. Price has over ten years of experience in infrastructure investment and management, primarily in the utilities and energy sector. This experience is primarily across the UK, Germany and Central Europe. He also holds non-executive board positions at various other MIRA-managed investments.

Mr. Price holds a bachelor's degree in economics and politics from the University of Bristol and a master of finance degree from INSEAD Business School.

Pavel Horský

Member of the Board of Directors

Mr. Horský has been a member of the Board of Directors since December 2013.

Mr. Horský is a member of the board of directors and chief financial officer of EPH, and holds a number of other positions within the Group as well as outside the Group. At the same time, Mr. Horský serves as a member of the Issuer's risk committee. Prior to joining the Issuer, Mr. Horský held a market risk advisory position at The Royal Bank of Scotland.

Mr. Horský is currently the vice-chairman of the board of directors of EP Power Europe, a.s., a member of the board of directors of EP Corporate Group, a.s., EP Global Commerce a.s., Eggborough Power Limited, DCR INVESTMENT a.s., v likvidaci, EP Industries, a.s., EPH Financing SK, a.s., EP Commodities, a.s., EPH Financing CZ, a.s., EPE, SLUGGERIA a.s., LEAG Holding, a.s., EPPE Germany, a.s., RUBY Equity Investment S.à r.l. and EPIF Investments a.s.; managing director of EP Equity Investment S.à r.l., EP Equity

Investment II S.à r.l., Majorelle Investment S.à r.l., EP Slovakia B.V., EP UK Investments Limited, EP Global Commerce GmbH, EP Global Commerce III GmbH, EP Global Commerce IV GmbH, EP Global Commerce V GmbH, EP Global Commerce VI GmbH, Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., EPH Gas Holding B.V., EPPE Italy N.V., EP UK Power Development Ltd., EP Langage Limited, EP UK Finance Limited, EP SHB Limited, EP Waste Management Limited and PT Holding Investment B.V.; chairman of the supervisory board of EP Resources CZ a.s.; a member of the supervisory board of EP Logistics International, a.s., EP Cargo a.s., Heureka Group a.s., Heureka FinCo SK a.s., EP Cargo Invest a.s. and SPP Infrastructure, a. s.

Milan Jalový

Member of the Board of Directors

Mr. Jalový has been a member of the Board of Directors since February 2017.

Mr. Jalový holds the position of controlling director at EP Power Europe, a.s., and is the head of analytical team at EPH. He has been working within the EPH group since its establishment.

Mr. Jalový is also a member of the board of directors of Heureka Group a.s. and NADURENE 2, a.s., a managing director of EP Germany GmbH, Lausitz Energie Verwaltungs GmbH and EP Mehrum GmbH, a member of the supervisory board of EPE, Mall Group a.s., Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG.

Mr. Jalový holds a master's degree from the University of Economics in Prague and also the CEMS MIM degree.

Marek Spurný

Member of the Board of Directors

Mr. Spurný has been a member of the Board of Directors since December 2013. Currently, Mr. Spurný is the chief legal counsel and a member of the board of directors of EPH and serves on multiple boards of companies within the Group, as well as outside the Group.

Prior to joining the Issuer, Mr. Spurný held various positions within EPH, its subsidiaries and the J&T Group (prior to the formation of EPH). Between 1999 and 2004, Mr. Spurný worked for the Czech Securities Commission (the capital markets supervisory body at that time).

Mr. Spurný is currently the vice-chairman of the board of directors of EP Power Europe, a.s.; a member of the board of directors of EP Global Commerce a.s., EP Corporate Group, a.s., EP Commodities, a.s., EPH Financing SK, a.s., EPH Financing CZ, a.s., VTE Moldava II, a.s., EPE, LEAG Holding, a.s., Eggborough Power Limited, EPPE Italy N.V., EP Produzione S.p.A., Fiume Santo S.p.A., EPIF Investments a.s., VESA Equity Investment S.à r.l., EP Equity Investment II S.à r.l., Majorelle Investment S.à r.l., RUBY Equity Investment S.à r.l., Patamon a.s., Boldore, a.s. and POWERSUN a.s.; a managing director of EP Investment Advisors, s.r.o., MACKAREL ENTERPRISES LIMITED, PT Holding Investment B.V., Seattle Holding B.V., Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., EPH Gas Holding B.V., SPP Infrastructure Financing B.V., EP Global Commerce GmbH, EP Global Commerce III GmbH, EP Global Commerce IV GmbH, EP Global Commerce V GmbH, EP Global Commerce VI GmbH, EP Investment S.à r.l., EP Investment II S.à r.l., EP Slovakia B.V., EP UK Investments Ltd., EP UK Finance Limited, EP Yuzivska B.V., EP UK Power Development Ltd, EP Langage Limited, EP Waste Management Limited and EP SHB Limited; a complementary representative in EP Fleet, k.s.; chairman of the supervisory board of EP Cargo a.s., EP Logistics International, a.s., PT měření, a.s., EP Real Estate, a.s. and EP Cargo Invest a.s.; a member of the supervisory board of ACS 1893 Holding, a.s., ACS PROPERTIES, a.s., CZECH NEWS CENTER, a.s., AC Sparta Praha fotbal, a.s., EPET, CZECH MEDIA INVEST a.s., SLUGGERIA a.s., EPPE Germany, a.s., and EP Ukraine B.V.

Senior Management

The senior management of the Group (the "**Senior Management**") consists of the Chief Executive Officer, the Finance Director, the Director of Financing and Treasury and four segment directors. The business address of all members of the Senior Management is Pařížská 130/26, 110 00 Prague 1, Czech Republic.

Members of the Senior Management are either employees of the Issuer or directors or members of the boards of directors of its relevant subsidiary.

The following table sets forth the members of the Senior Management appointed as of the date of this Prospectus, with biographical information provided below. The biographical information for members of the Board of Directors who are also members of the Senior Management is provided above. See "– *Board of Directors*".

Name	Year of Birth	Position	Commencement of Current Term of Office
Daniel Křetínský	1975	Chief Executive Officer	9 May 2016
Václav Paleček	1984	Finance Director	1 June 2020
Tomáš Miřacký	1980	Director of Financing and Treasury	1 March 2017
Martin Bartošovič	1972	Director of Gas Storage	9 May 2016
František Čupr	1974	Chairman of the board of directors of Stredoslovenská distribučná, a.s.; and	28 November 2013
		Chairman of the board of directors of SPP – distribúcia, a.s. (gas distribution segment)	2 January 2013
Tomáš Mareček	1976	Chairman of the board of directors of eustream, a.s. (gas transmission segment)	24 January 2013
David Onderek	1970	Director of Heat Infra	9 May 2016

Václav Paleček

Finance Director

Mr. Paleček has been the Finance Director since 1 June 2020.

Mr. Paleček has also been the chief financial officer of EPE since 1 June 2020. He has been employed in the EPH group since 2014. He also serves on the Issuer's risk committee and SSE and SPPI audit committee. Mr. Paleček is also a member of the board of directors of EOP; a managing director of MR TRUST s.r.o, ARISUN, s.r.o., Claymore Equity, s. r. o., Triskata, s.r.o. and Alternative Energy, s.r.o. and a member of the supervisory board of EPE and of PLTEP.

In his previous role, Mr. Paleček served as the Head of Group Controlling and Financial Reporting in EP Power Europe, a.s., an energy utility focusing on power generation, lignite mining and renewables with operations across Western and Central Europe. Before joining EPH, Mr. Paleček spent five years at KPMG, where he held various positions focused on financial reporting.

Mr. Paleček holds a master's degree in economics from the University of Economics in Prague and is a member of Association of Chartered Certified Accountants (ACCA).

Tomáš Miřacký

Director of Financing and Treasury

Mr. Miřacký has been the Director of Financing and Treasury since 1 March 2017.

Mr. Miřacký is also Deputy Chief Financial Officer of EPH and holds other positions outside of the Group. He has been employed in the EPH group since November 2012.

Mr. Miřacký is also a member of the board of directors of Pozagas and EP UK Finance Limited and serves on the Issuer's risk committee. Prior to joining the Group, Mr. Miřacký worked for over eight years on different positions at The Royal Bank of Scotland (previously ABN AMRO Bank).

Mr. Miřacký holds a master's degree in law from Masaryk University in Brno and bachelor's degree in business administration from University of New York in Prague.

Martin Bartošovič

Director of Gas Storage Segment

Mr. Bartošovič has been the Director of Gas Storage Segment since 9 May 2016.

Mr. Bartošovič has been the chief executive officer and authorised signatory of NAFTA since October 2012 as well as a member of the board of directors of Pozagas since June 2013 and its chairman since July 2016. Mr. Bartošovič is also a managing director of SPP Storage and CNG Holding Netherlands B.V. and member of the board of directors of NAFTA Germany GmbH.

Prior to joining the Issuer, Mr. Bartošovič held the position of a member of the board of directors of SPPD and the position of division director of SPP. Prior to that, he worked for six years at A.T. Kearney, a leading global management consulting firm and for two years at ING Bank, a leading international bank.

Mr. Bartošovič holds a Dipl. Ing. degree in corporate finance from the Faculty of Economics and Finance at the Slovak Agricultural University and took part in several study programs at the West Virginia University, University of Delaware and Cornell University.

František Čupr

Chairman of the board of directors of SSD and SPPD (Gas Distribution Segment)

Mr. Čupr has been the chairman of the board of directors of SSD and SPPD since 2013. He also serves on the Issuer's risk committee and leads the Issuer's health and safety committee.

Mr. Čupr is also the chairman of the board of directors of SPP Infrastructure, a. s., POWERSUN a.s. and Greeninvest Energy, a.s.; vice-chairman of the board of directors of VTE Moldava II, a.s. and AC Sparta Praha fotbal, a.s.; and member of the board of directors of ACS PROPERTIES, a.s.; managing director of Alternative Energy, s.r.o., ARISUN, s.r.o., VTE Pchery, s.r.o., Claymore Equity, s. r. o., Triskata, s.r.o., and MR TRUST s.r.o. and manager responsible predominantly for renewable energy sources.

Mr. Čupr holds a master's degree in economics from the Faculty of Business and Economics of the Mendel University in Brno and a master of business administration from the Nottingham Trent University.

Tomáš Mareček

Chairman of the board of directors of Eustream (Gas Transmission Segment)

Mr. Mareček has been the chairman of the board of directors of Eustream since 2013.

In his previous roles, Mr. Mareček also served in the supervisory board of EP Industries, a.s. and held the positions of senior analyst of mergers and acquisitions at J&T and financial officer at Kablo Vrchlabí a.s.

Mr. Mareček holds a master's degree in finance from the University of Economics in Prague.

David Onderek

Director of Heat Infra Segment

Mr. Onderek has been the Director of Heat Infra Segment since 9 May 2016.

Mr. Onderek has also been the director of heat and cogeneration division and the head of investment committee of EPE since March 2013.

Mr. Onderek is also the chairman of the board of directors of UE, EVO - Komořany, a.s., Severočeská teplárenská, a.s., United Energy Invest, a.s. and PT měření, a.s.; a member of the board of directors of PLTEP, Plzeňská teplárenská SERVIS IN a.s., EP Real Estate, a.s., EOP, EP Sourcing, a.s, EPC and EP Resources CZ a.s.; managing director of AISE, s.r.o., "GABIT spol. s r.o.", EP Cargo Deutschland GmbH, EP CARGO POLSKA s.a., Střelničná reality s.r.o., Malešice Reality s.r.o., Zálesí Reality s.r.o., Power Reality s.r.o., Lirostana s.r.o., EPRE Reality s.r.o. and United Energy Moldova, s.r.o.; chairman of the supervisory board of PT Properties I, a.s., PT Properties II, a.s., PT Properties III, a.s., RPC, a.s.; Nové Modřany, a.s.; and Kardašovská Properties a.s.; member of the supervisory board of EP COAL TRADING POLSKA S.A., Colora, a.s. and Energetické opravny, a.s.; and a member of the management board of Nadační fond pro rozvoj vzdělávání.

Prior to joining the Group, Mr. Onderek worked as the head of portfolio development at ČEZ, a.s., a leading Czech energy company.

Mr. Onderek holds a M.Sc. degree in management of power generation and distribution from the Faculty of Electrical Engineering of the Czech Technical University in Prague and a master of business administration degree from the University of Pittsburgh.

Supervisory Board

The Supervisory Board has six members elected by the General Meeting. Members of the Supervisory Board are elected for a three year term and may be re-elected. The business address of all of the Supervisory Board members is Pařížská 130/26, 110 00 Prague 1, Czech Republic.

The Supervisory Board is responsible for the supervision of activities of the Issuer and of the Board of Directors in its management of the Issuer and resolves on matters defined in the Czech Corporations Act and the Articles of Association. The Supervisory Board's powers include the power to inquire into all documents concerned with the activities of the Issuer, including inquiries into the Issuer's financial matters, review of the financial statements and profit allocation proposals.

No-one is authorised to give the Supervisory Board instructions regarding their review of the Board of Directors in its management of the Issuer. The Supervisory Board shall adhere to the principles and instructions as approved by the General Meeting of shareholders, provided these are in compliance with legal regulation and the Articles of Association.

The Supervisory Board constitutes a quorum if at least five members are present at the meeting. In accordance with the Issuer's articles of association, if a Supervisory Board meeting fails to constitute a quorum, there shall be an adjourned meeting within one week after the original meeting (or on another date agreed by the Chairman and the Vice Chairman), where the same quorum requirement will apply. If this first adjourned meeting also fails to constitute a quorum, there shall be a second adjourned meeting on or after the next business day following the first adjourned meeting, where the presence of at least four Supervisory Board members will constitute a quorum. Decisions of the Supervisory Board are made by simple majority vote of all Supervisory Board members. Each Supervisory Board member has one vote. With the consent of all members, *per rollam* voting is also allowed.

The following table sets forth the members of the Supervisory Board appointed as of the date of this Prospectus:

Name	**Year of Birth**	**Position**	**Commencement of Current Term of Office**
Jan Špringl	1978	Chairman	14 October 2019
Martin Gebauer	1969	Vice Chairman	1 October 2020
Jiří Feist	1962	Member	14 October 2019
Rosa Maria Villalobos Rodriguez	1972	Member	14 October 2019
Petr Sekanina	1973	Member	14 October 2019
Jan Stříteský	1983	Member	14 October 2019

Jan Špringl

Chairman of the Supervisory Board

Mr. Špringl has been a member of the Supervisory Board since December 2013 and its Chairman since May 2017.

Mr. Špringl currently serves on multiple boards of companies within the Group, including as chairman of the board of directors of NAFTA a.s., vice-chairman of the board of directors of EP Power Europe, a.s., member of the board of directors of EPH, EP Corporate Group, a.s., SLUGGERIA a.s., LEAG Holding, a.s., EPPE Germany, a.s., EP Commodities, a.s., EPIF Investments a.s. and Eggborough Power Limited; managing director of Stredoslovenská energetika - Project Development, s.r.o., SSE-Solar, s.r.o., EP Ballylumford Limited, EP Kilroot Limited, EP Germany GmbH, EP Invest Limited, EP Mehrum GmbH, EP UK Finance Limited, EP UK Investments Ltd., EP UK Power Development Ltd., EP Waste Management Limited, JTSD Braunkohlebergbau GmbH, Lausitz Energie Verwaltungs GmbH, Lynemouth Power Limited, EP Langage Limited, EP SHB Limited, EP France S.A.S., EP NI Energy Limited and Slovak Power Holding B.V.; chairman of the supervisory board of EPE and EPH Financing CZ, a.s.; member of the supervisory board of NADURENE 2, a.s. Lausitz Energie Bergbau AG, Lausitz Energie Kraftwerke AG, Mitteldeutsche Braunkohlen Gesellschaft mbH, EPH Financing SK, a.s.

In the past five years, Mr. Špringl served as a director of Eggborough Newco Limited.

Mr. Špringl holds a master's degree in corporate finance from the University of Economics in Prague.

Martin Gebauer

Vice Chairman of the Supervisory Board

Mr. Gebauer has been a member of the Supervisory Board since October 2020 and its Vice Chairman since November 2020.

Mr. Gebauer leads MIRA's business in Central and Eastern Europe. Mr. Gebauer is responsible for identifying new investment opportunities, stakeholder engagements, and the active management of MIRA's portfolio in the region.

Before joining MIRA recently, Mr. Gebauer spent 24 years in business across a variety of operational, financial and asset management roles. Mr. Gebauer joint MIRA from České Radiokomunikace, a.s. where he served as chief executive officer for five years and also as chief financial officer. České Radiokomunikace, a.s. is the leading media, telecommunications and technology platform in the Czech Republic. Before České Radiokomunikace, a.s., Mr. Gebauer spent eight years in real estate industry working in Orco Property Group, CEE developer and asset manager, where he served as chief financial officer of the hospitality division, chief financial officer of the real estate development and as group director of the asset management. Mr. Gebauer started his carrier in EY in the business assurance division working in Europe and the US.

Mr. Gebauer holds engineer degree in field of management and economics of civil engineering. He also studied at the City University of London and reached the ACCA qualification.

Jiří Feist

Member of the Supervisory Board

Mr. Feist has been a member of the Supervisory Board since October 2016.

Mr. Feist is the chief strategy officer of EPE and EP Power Europe, a.s. Mr. Feist is also a member of the board of directors of EPE, EP Power Europe, a.s., SSE and Stredoslovenská energetika Holding, a.s.; and member of the supervisory board of Slovenské elektrárne, a.s. and Mitteldeutsche Braunkohlen Gesellschaft mbH.

In his previous roles, Mr. Feist was a strategy and business development director at ČEZ Group and chief strategy officer at ČEPS, a.s. During his thirty years' practice in the power energy sector he also served on various positions at associations such as Eurelectric, UCTE, CENTREL, District Heating and Confederation of Industry of the Czech Republic and he worked on many international projects.

Mr. Feist holds a master's degree from the Faculty of Electrical Engineering of Czech Technical University in Prague.

Rosa Maria Villalobos Rodriguez

Member of the Supervisory Board

Ms. Villalobos Rodriguez has been a member of the Supervisory Board since February 2017.

Ms. Villalobos Rodriguez is the head of the Macquarie Luxembourg office. In her role she is responsible for coordinating the strategy of the office, managing all Macquarie Luxembourg entities, and ensuring that the Luxembourg entities comply with legal and tax requirements under Luxembourg corporate law. She is also responsible for managing specific transactions such as restructuring, refinancing and reorganisation.

As part of her role, Ms. Villalobos Rodriguez sits on the boards of Macquarie entities with infrastructure investments.

Ms. Villalobos Rodriguez has completed a BA in administration and management from Barcelona University, an MBA in international business from ESADE Barcelona, a master of science in banking and finance from the Luxembourg School of Finance and the INSEAD International Directors Programme (IDP).

Petr Sekanina

Member of the Supervisory Board

Mr. Sekanina has been a member of the Supervisory Board since February 2017.

Mr. Sekanina is the corporate holding director and chairman of the supervisory board of EPH. He is also chairman of the board of directors of DCR INVESTMENT, a.s., v likvidaci, SSE and Stredoslovenská energetika Holding, a.s.,; vice-chairman of the board of directors of EPE and PLTEP; member of the board of directors of BAULIGA a.s.; a managing director of WOOGEL LIMITED, EP Investment Advisors, s.r.o., SSE - MVE, s.r.o. and EP Auto, s.r.o.; chairman of the supervisory board of EPIF Investments a.s. and EP Corporate Group, a.s.; member of the supervisory board of AC Sparta Praha fotbal, a.s., EP Intermodal a.s., EPH Financing SK, a.s., SLUGGERIA a.s., Patamon a.s., Boldore a.s., EPPE Germany a.s., EP Commodities, a.s., EPH Financing CZ, a.s., EP Logistics International, a.s. and EP Cargo Invest a.s., and a complementary representative in EP Fleet k.s.

In the past, he also served as managing director and chief financial officer of SOR Libchavy spol. s r.o. and as chief financial officer of PE. Prior to the founding of EPH, Mr. Sekanina worked for more than 11 years within the J&T Group and briefly in Živnostenská banka, a.s. and Atlantik finanční trhy, a.s.

He holds a master's degree in mathematics and economics from Masaryk University in Brno.

Jan Stříteský

Member of the Supervisory Board

Mr. Stříteský has been a member of the Supervisory Board since October 2016.

Mr. Stříteský is also a member of the board of directors of SPPI, managing director of Slovak Power Holding B.V., member of the supervisory board of EPIF Investments, a.s. and Slovenské elektrárne, a.s.

Mr. Stříteský started his professional career in 2007 at a law firm Norton Rose. Since 2009 he has been working for EPH as a lawyer in the field of mergers and acquisitions.

Mr. Stříteský holds a master's degree in law from Charles University in Prague.

Conflicts of Interest

As of the date of this Prospectus, other than for Daniel Křetínský, Gary Mazzotti, Pavel Horský, Milan Jalový and Marek Spurný by virtue of their position as directors of or shareholders in EPH and certain of its subsidiaries, there are no existing or potential conflicts of interest between any duties owed to the Issuer by the above members of the Board of Directors, Senior Management and Supervisory Board and their private interests or other duties.

INDUSTRY

The Slovak Gas Industry

Gas transport network

Both domestic and international gas transport in Slovakia are performed by a high-pressure transport network operated by Eustream as the exclusive transport network operator. As of the date of this Prospectus, the total length of the transport network was approximately 2,273 km[11]. For a detailed description of Eustream's network and operations see "*Description of the Issuer–Gas Transmission Business – Gas Transmission Network*".

The gas transport business in Slovakia is generally contracted through ship-or-pay contracts, whereby fees are paid on the availability of the network, regardless of whether the contracted capacity is used or not. These contracts are normally long-term, typically entered into with counterparties with investment grade credit ratings and secured by bank guarantees or cash collaterals. These contracts provide a stable and highly visible business profile.

The table below provides an overview of technical, contracted and available capacities at all entry and exit border points of the transport network as of 31 December 2020:

Entry/Exit Points	**Maximum Technical Capacity**	**Contracted Capacity**	**Free Capacity**
		(GWh/d)	
ENTRY Veľké Kapušany	2,059	1,848	211
EXIT Veľké Kapušany	0	0	0
ENTRY Budince	177	0	177
EXIT Budince	446	103	343
ENTRY Baumgarten	248	15	232
EXIT Baumgarten	1,570	1,440	130
ENTRY Lanžhot	1,570	500	1,071
EXIT Lanžhot	458	308	149
ENTRY Veľké Zlievce	51	0	51
EXIT Veľké Zlievce	129	0	128

Source: Eustream's internal data. As of 31 December 2020.

Given its strategic position on the Ukrainian transit corridor, Eustream's infrastructure is critical for European gas sourcing and transit, particularly for Italy, Austria and Central Europe, and Ukraine. In 2019, approximately 64 per cent. of gas imported from the EU to Ukraine was transmitted via the Eustream network (point Budince) (see "*Description of the Issuer-Gas Transmission Business-Reverse Flow Facilities*")[12]. In addition, Eustream also plays a critical role in North-to-South natural gas flows (mostly from Nord Stream I). Upon the commissioning of Nord Stream II (potentially replacing certain volumes presently flowing through Ukraine), Eustream's infrastructure is to transmit volumes from the Lanzhot entry point as part of the North-to-South route.

Gas distribution

SPPD holds a natural monopoly of gas distribution in the Slovak Republic, accounting for approximately 98 per cent. of all gas distribution in Slovakia (by volume) and with a distribution system connected to more than 94 per cent. of the country's population[13]. See "*Description of the Issuer–Gas and Power Distribution Business – Gas Distribution*".

The table below shows the development in the number of off-take points and the volume of the gas distributed via SPPD's distribution over time:

	2019	**2018**	**2017**	**2016**
No. of off-take points	1,522,710	1,518,131	1,514,282	1,512,364
Volume of gas distributed (in billion cubic metres)	4.84	4.78	4.90	4.68

Source: RONI Annual Report (2019) and internal information of SPPD

[11] Source: Development plan of the transmission network of eustream, a.s. for the period 2021-2030
[12] Source: Naftogaz Annual Report (2019)
[13] Source: SPPD Annual Report (July 2020)

Some areas of the Slovakian territory are covered by operators of local distribution networks interconnected with the distribution network of SPPD. Local operators distribute gas to customers located in large corporate premises and industrial parks. In 2019, there were 39 such operators distributing gas across 53 local networks in the total volume of 851,456,460 cubic metres.

SPPD is responsible for balancing the distribution network in the Slovakian territory and also acts as the national gas industry central controller. Its goal is to ensure the stability and balance of the network in certain areas of Slovakia. Physical balancing is mainly provided via gas extraction and gas injection through contracted gas storage facilities. For the purpose of physical balancing, SPPD uses the gas storage facility located in Dolní Bojanovice in the Czech Republic which is interconnected to the Slovak gas network.

For price regulation of gas distribution in the Slovak Republic, see "*Regulation–Slovak Legislation-Price Regulation*".

Gas supply

As of the latest report made available by RONI, there were 26 gas suppliers in the Slovak market in 2019. Suppliers follow different market strategies and focus on different customer segments. In 2019, 15 suppliers delivered gas to household customers, SPP being the dominant player with a market share of approximately 65 per cent. The table below shows the market share of gas suppliers to household customers in 2019:

Share of gas suppliers to households in 2019	**Share**
SPP	64.6%
Innogy Slovensko	15.4%
ZSE Energia	8.4%
SLOVAKIA ENERGY	6.2%
VSE	2.2%
Energia2	1.4%
Others	1.3%

Source: RONI Annual Report (2019)

For price regulation of gas supply in the Slovak Republic, see "*Regulation–Slovak Legislation-Price Regulation*".

The Slovak Power Industry

Power generation capacity in Slovakia

With a total power generation volume of 18,865 GWh in 2019, Slovenské elektrárne, a.s. ("**SE**") is the largest electricity producer in Slovakia, with an approximately 66 per cent. share in electricity production in the country, and one of the largest in Central Europe[14].

The table below breaks down the installed capacity and total electricity generation mix of various power sources as of 2018 (latest available data) in the Slovak Republic:

Power Sources	**Capacity (MW)**	**Share**	**Generation (GWh)**	**Share**
Conventional thermal	2,651	34.8%	5,900	22.0%
Nuclear	1,940	25.4%	14,843	55.3%
Other non-hydropower renewables	506	6.6%	2,216	8.3%
Hydropower	2,528	33.2%	3,879	14.5%
Total	**7,625**	**100.0%**	**26,838**	**100.0%**

Source: European Commission energy datasheets: EU27 countries (published June 2020 with latest data reported as of 2018)

The Slovak Republic has set a target of sourcing 19.2 per cent. of its entire energy consumption from renewable sources by 2030. This target is legally binding under the Directive 2009/28/EC on the Promotion of the Use of Energy from Renewable Sources (the "**EU Renewable Energy Directive**") of the EU's Climate and Energy Package, and the Slovak government has set out measures to achieve this in their Integrated National Energy and Climate Plan for 2021 to 2030 (the "**Action Plan**")[15]. See "*Regulation – Slovak Legislation – Renewable Energy Sources*". According to the Action Plan, the overall 19.2 per cent.

[14] Source: RONI Annual Report (2019)
[15] Source: Slovak Ministry of Economy "Integrated National Energy and Climate Plan for 2021 to 2030", published December 2019

target is to be met through the achievement of a 27.3 per cent. share of renewable sources in electricity, 19.0 per cent. in heating and cooling, and 14 per cent. in transportation.

Power transmission

SEPS is the exclusive holder of a national electricity transmission permit and the operator of the national transmission network, which is 100 per cent.-owned by the Slovak government. SEPS runs the transmission network in Slovakia ensuring electricity flows from power plants to the distribution network, which then distributes to customers via lines with voltages of 110kV, 220kV and 400kV. Its transmission network is extensive, with 3,008 km of overhead transmission lines, 25 substations and 11,730 transformers as of 2018[16]. The company also performs the task of energy dispatch centre, guaranteeing full balance in the Slovakian territory.

SEPS, as Slovakian TSO, reports regularly on network development plans to RONI and to the Ministry of Economy of the Slovak Republic, and is held responsible for the technical functionality of the transmission system. The most significant document published by SEPS is a ten-year network development plan, which is submitted to RONI for approval. This obligation was adopted into Slovak law in order to comply with the relevant EU regulations. The latest such document was published in 2019, laying out a development framework for the transmission system from 2020-2029.

Power distribution

Electricity distribution is the final stage in the delivery of power and involves carrying electricity from the nationwide transmission system and delivering it to end consumers through the distributors' regional distribution network.

Slovakia has three regional distribution power networks operated by three vertically integrated groups: SSD in Central Slovakia, Západoslovenská distribučná, a.s. ("**ZSE Energia**") in Western Slovakia and Východoslovenská distribučná, a.s. ("**VSE**") in Eastern Slovakia. All of these groups are partially privatised and, as part of the unbundling process under the Second EU Energy Package, each created wholly-owned subsidiaries that operate their distribution systems. Each of these companies retains a natural monopoly in its respective territory. See "*Description of the Issuer–Gas and Power Distribution Business – Power Distribution*".

In addition, as of 2019, there were 142 other active licenced holders of electricity distribution that run local distribution systems for manufacturing and non-manufacturing companies with fewer than 100,000 off-take points.

For price regulations of power distribution in the Slovak Republic, see "*Regulation–Slovak Legislation-Price Regulation*".

Power supply

The supply business represents sales of electricity to end consumers. There are around 40 power suppliers to households in the Slovak market, most of which also supply gas. The market, however, is highly concentrated, with only five suppliers accounting for a combined market share of over 95 per cent. of electricity supply for households and small businesses in 2019.

On the basis of volume of electricity supplied, the three largest electricity suppliers in 2019 were:

Supplier Market Share	Household	Small Business
ZSE Energia	37%	36%
SSE	26%	27%
VSE	21%	25%

Source: RONI Annual Report (2019)

The open electricity market saw a decline in supplier switching in 2019 with the total switching rate of 2.54 per cent. in that year[17]. Low switching volumes can largely be attributed to a saturated retail electricity market, minimum differences in price offers of electricity suppliers, and fixed term contracts with longer

[16] Source: SEPS Annual Report (2019)
[17] Source: RONI Annual Report (2019)

time commitments, establishing constraints on customers in their consideration of changing their electricity supplier.

The supply to households and small and medium-sized enterprises with consumption of up to 30 MWh per year is subject to a price cap regulation set by RONI. See "*Regulation–Slovak Legislation-Price Regulation*". Supply to other customer segments is fully liberalised. Such customers are not regulated and the final price of electricity they receive is solely derived from the market price of electricity and their choice of supplier. In this segment, RONI only creates the conditions and the legislative environment to avoid any disruption to the market equilibrium and ensures that no entity abuses its position on the open electricity market.

Based on the latest energy statistics of the European Commission, the industrial sector represented approximately 37 per cent. of final energy consumption in Slovakia in 2018, reflecting the importance of manufacturing, particularly automotive and other machinery, in the Slovakian economy. In turn, the transportation sector represented approximately 28 per cent., and the residential sector approximately 21 per cent[18]. The small share of the residential sector reflects both lower income levels and extensive penetration of the gas network.

The Czech Heat Industry

Given the efficiency benefits of CHP, including energy savings and reduction of network losses and emissions, there has been a policy focus on promoting CHP across the EU as well as in other countries worldwide. The EED prioritises the use of CHP as a means of addressing climate change and as an energy stability measure. For additional details on European legislation on CHP, see "*Regulation–EU energy legislation-Energy efficiency and cogeneration*".

According to the latest 2017 data published by Eurostat, CHP made up an average of 11.3 per cent. of total power generation in the EU and 9.2 per cent. in the Czech Republic[19].

The table below shows the percentage of total gross CHP generation in EU countries in 2017 with the Czech Republic highlighted in red:

Source: Eurostat Combined Heat and Power (CHP) Data (2005-2018)

Heat generation, distribution and supply

There are generally two categories of CHP applications, based on the different sectors that buy heat: industrial and District Heating and Cooling ("**DHC**"). Industrial CHP is mainly used in the energy-intensive industrial sectors of food processing, pulp and paper, chemicals, metals and oil refining and typically employs steam of relatively high temperature and pressure. District heating meets heat demands by reusing waste heat from CHP plants, industrial processes and waste incineration. Unlike electricity, heat cannot be transported efficiently over large distances. As a result, it must be generated close to where it is consumed.

[18] Source: European Commission energy datasheets: EU27 countries (published June 2020 with latest data reported as of 2018)

[19] Source: Eurostat Combined Heat and Power (CHP) Data (2005-2018)

Heat distribution and supply: district heating

District heating supplies buildings and homes within a heat transmission network from a central heat source through a network of insulated pipelines carrying hot water or steam. District heating has the flexibility to use a variety of heat sources including CHP generation, energy from waste, biomass, ground heat pumps and power stations, and geothermal heat. A typical heat distribution system generally consists of two pipelines, one carrying the heated water at temperatures of 80-140 degrees Celsius and the other returning used water from which heat has been extracted. Heat is transferred through the conventional heating systems of a building either directly, or through a heat exchanger.

District heating networks[20] in the Czech Republic are typically divided in two parts:

(i) Primary networks: Including transmission or district networks linking the district networks to remote energy sources and connecting transmission to local networks; and

(ii) Secondary (local) networks: consisting of heat mains, which are often buried under the ground, together with connecting pipelines to buildings

In Central and Eastern Europe, most of these systems were built in the era of centrally planned economies as retail-oriented networks intended to supply areas with high population densities.

Heat distribution and supply in the Czech Republic is characterised by the presence of numerous small, medium-sized and large plants and distribution installations which were largely privatised in the 1990s. Market entry is regulated by the ERO in accordance with the Czech Energy Act through the licensing of thermal energy production and distribution. For details on CHP regulation in Czech Republic, see "*Regulation–Czech energy legislation-Heat sector*".

The Czech Power Industry

Competitive landscape

The Czech Republic ranks among the most concentrated markets in Europe in terms of power generation, with the dominant vertically integrated company ČEZ, a.s. accounting for approximately 62 per cent. of gross power generated, in terms of electricity, in 2019[21].

EPE believes that in 2019, it was one of the largest vertically integrated utility in the Czech Republic with 1,220 MW_e of installed heat capacity, 4,723 MWt of installed electrical capacity, and 3.0 TWh of power produced[22].

Power generation

As of December 2018 the total installed capacity in the Czech electricity grid was 21,987 MW_e[23].

The table below provides the installed capacity and total generation of electricity from various power sources in 2019 (latest available data) in the Czech Republic:

Power Sources	Capacity (MW)	Share	Generation (GWh)	Share
Conventional thermal	10,730	48.8%	41,387	47.6%
Nuclear	4,290	19.5%	30,246	34.8%
Other non-hydropower renewables	2,401	10.9%	2,986	3.4%
Hydropower	2,265	10.3%	3,175	3.6%
Gas Fired and CCGT	2,301	10.5%	9,195	10.6%
Total	**21,987**	**100.0%**	**86,989**	**100.0%**

Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)

The Czech Republic continues to rely on brown and hard coal as its main fuel for power production. At the end of 2019, thermal power plants (primarily consisting of coal-fired plants) accounted for approximately

[20] Typical district heating networks have three components, with transmission running at higher pressure and temperatures than district networks
[21] Source: ČEZ Annual Report (2019)
[22] Source: EP Energy, energy sector facts & figures - 2019
[23] Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)

49 per cent. of the total installed capacity in the Czech Republic and 48per cent. of the total power generated that year[24].

In 2019, nuclear power was the second-largest source of electricity in the Czech Republic with shares of approximately 20 per cent. of total installed capacity and 35 per cent. of total generation[25]. The top two power stations by capacity in the Czech Republic are nuclear plants Temelín and Dukovany.

For additional details on EU legislation affecting the generation sector in Czech Republic, see "*Regulation–EU energy legislation*".

Electricity balance

Total gross power generation (including self-consumption of power generators) in 2019 was approximately 87.0TWh[26]. The table below shows the evolution of the electric energy balance in the Czech Republic from 2017 to 2019:

	2019	**2018**	**2017**
		(in GWh)	
Total net power generation	81,145	81,900	81,005
Total self-consumption of generators	5,844	6,100	6,033
Total gross power generation	**86,989**	**88,000**	**87,038**
Domestic net consumption	62,267	62,199	61,881
Total self-consumption of generators	5,844	6,100	6,033
Network losses	4,300	4,269	4,375
PPS consumption	1,520	1,373	1,530
Total gross power consumption	**73,931**	**73,941**	**73,818**
Import (export) balance	**(13,097)**	**(13,907)**	**(13,037)**

Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)
Note: The sum of gross power generation and the export balance does not fully correspond to gross power consumption due to balancing differences (*bilanční rozdíl*) as defined in the ERO Annual Report on the Operation of the Czech Electricity Grid (2019)

Import/exports

According to Eurostat[27], Czechia was the fourth-largest net electricity exporter in the EU after Germany, France and Sweden. Thanks to its geographical location, absence of physical obstacles, and high connectivity with neighbouring countries (Poland to the North, Germany to the North and to the West, Austria to the South and the Slovak Republic to the Southeast), the Czech electricity market is highly connected to the rest of Central and Eastern Europe.

Grid balancing services market

The purpose of grid balancing services is to ensure the reliability of the power grid and to maintain the quality of electricity supply. These services balance potential differences between demand and supply of electricity, and service providers have the choice to offer grid balancing services at the electricity market price. TSOs purchase ancillary services in order to stabilise the grid in auctions for a variety of products over different lengths of time.

Grid balancing services can span a wide array of services. These services can be purchased through two options:

(i) Long-term contracts with the winners of tenders for individual grid balancing services categories

(ii) The remaining portion of grid balancing services is purchased in the day-ahead market.

The Trans European Replacement Reserves Exchange ("**TERRE**") was launched in January 2020. This is a European platform for replacement reserves in which nine TSOs participate, including the Czech Republic

[24] Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)
[25] Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)
[26] Source: ERO Annual Report on the Operation of the Czech Electricity Grid (2019)
[27] Source: Eurostat, Electricity Consumption and Trade (2018)

through CEPS a.s. This platform will enable the exchange of balancing energy from replacement reserves pursuant to the guideline on electricity balancing[28].

For additional details of grid balancing services, see "*Description of the Issuer-Heat Infra Business-Grid balancing services*".

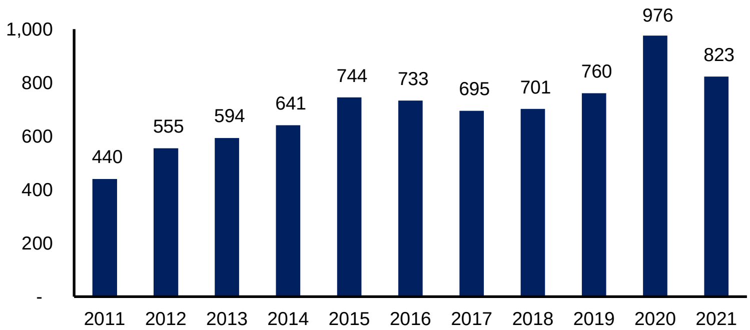
The Gas Storage Industry

Gas storage plays an important role in providing flexibility and security to gas suppliers. Depending on their design and characteristics, gas storage facilities can secure supplies in times of high demand (by providing seasonal flexibility) and high prices (by providing gas purchased more cheaply). They can also facilitate the proper functioning of the gas market by providing short-term flexibility to balance supply and demand. In the future, as the share of renewables in electricity generation is expected to increase, the role of gas as a flexible back-up fuel may be enhanced with the help of flexible storage facilities. This positive trend in renewables is expected to increase the price volatility of both electricity and natural gas, hence increasing the value of the gas storage activities. Furthermore, with declining endogenous production and increasing reliance on gas imported from outside the EU, gas storage will play an increasing role.

There are three main types of underground gas storage facilities: depleted natural gas or oil fields, aquifers and salt caverns. Most existing gas storage in Europe is in depleted natural gas or oil fields that are close to consumption centres. Conversion of a field from production to storage takes advantage of existing wells, gathering systems and pipeline connections. Depleted oil and gas reservoirs are the most commonly used underground storage facilities because of their wide availability. They are commonly used to cover differences in seasonal demand.

Gas storage products can be split into two main categories in terms of duration: long-term and short-term storage services. Generally, a gas storage product consists of specific working gas volume, injection rate and withdrawal rate. These three components are usually combined together and sold as a bundle. The bigger injection and withdrawal rate a gas storage operator offers, the more flexible and valuable the storage product is. Storage capacity can be used in a seasonal manner, when a client injects gas in summer and withdraws gas in winter; or, if using a flexible capacity, injecting and withdrawing gas anytime during the year. Flexible storage products are usually sold at a premium to more basic services.

Historical trend of gas in storage in Europe (TWh)



Source: Gas Infrastructure Europe (2021). Gas in storage on January 1st of each calendar year.

Summer-winter gas price spreads, which can be an important driver in the short-term demand and pricing of gas storage have been generally declining since 2007. Lower summer-winter spreads give traders fewer opportunities to use gas storage facilities. Other drivers, such as security of supply and increasing consumption, have played a more prominent role in supplier's inclination to secure long-term contracts and maintain utilisation levels. For additional details on the nature and competition in the gas storage business, see "*Description of the Issuer-Gas Storage Business-Competition*".

The storage facilities of Nafta and Pozagas have a strategic location connected to key central European gas routes and close to the CEGH (Central European Gas Hub), Baumgarten hub. The storage facilities of Nafta Speicher are directly connected to the NetConnect Germany Virtual Trading Point (NCG VTP). The CEGH located in Austria and NCG VTP located in Germany belong to the continental Europe's leading

[28] Source: IRENA Regional Markets Innovation (2019)

international gas hubs, providing global gas trade platforms and additional related services to international gas companies.

In terms of the contractual framework, gas storage capacity in Slovakia and the Czech Republic has generally no price regulation and is contracted through long-term contracts with price adjustment formulas reflecting inflation and, with a store-or-pay principle included. As of today, short-term contracts represent a smaller part of the storage business result/cash flows at the Group's gas storage assets.

German Energy Transition

As of 31 December 2019, German installed capacity was 226.4 GW, 124.4 GW of which was from renewable sources. Installed renewable capacity in Germany increased year-on-year by approximately 6.2 GW. Solar energy recorded a year-on-year increase of 3.9 GW, onshore wind 0.9 GW, and offshore wind 1.1 GW[29].

Net electricity generation in Germany in 2019 was 561.3 TWh, lower than the 592.1 TWh generated in 2018. Generation from renewable sources saw an increase over the year by 18.2 TWh, or 8.6 per cent., with renewable electricity generation equivalent to 41 per cent. of gross electricity consumption.

Based on the 2017 Renewable Energy Sources Act, the German national target is for the share of energy consumption from renewable sources to reach up to 40-45 per cent. by 2025 and up to 65 per cent. by 2030.

German Gas Storage

As of December 2019, total gas storage capacity in Germany was 275 TWh[30].

NAFTA Speicher's gas storage assets in Inzenham-West, Wolfersberg and Breitbrunn/Eggstät, have a total working gas capacity of 20.0 TWh, accounting for a 7.6 per cent. market share of the German market. NAFTA Speicher is the technical operator of all the acquired gas storage assets and the Storage System Operator ("**SSO**") for Inzenham West. Uniper Energy Storage and BayernUGS are the SSOs for Breitbrunn/Eggstät and Wolfersberg.

As of December 2018, the top gas technical operators of gas storage facilities in Germany, in terms of capacity, were:

Operator	Working Gas (TWh)	Withdrawal (GWh/day)	Injection (GWh/day)
Uniper Energy Storage	67,8	2,212.4	1,508.5
Astora	55.5	676.2	444.7
VNG Gasspeicher	25,5	529.8	332.7
Nafta / SPPI Group(1)	20.0	285,5	158,9
Innogy Gas Storage NWE	18.7	719.0	284.7
Storengy Deutschland	18.4	521.6	231.3

Source: Gas Storage Europe
Note: (1) as of 31 December 2018, including the acquired German Gas storage facilities from DEA and Storengy

As of 1 October 2020, the beginning of the 2020/2021 gas year, the total utilisation of German storage facilities was around 94 per cent., compared with 98 per cent. in 2019.

Strategic Importance of German Gas Storage Infrastructure

In 2019, natural gas production in Germany fell by 0.2bn m³ to 6.0bn m³ of gas (with calorific adjustment). This corresponds to a decline of 3.0 per cent. compared with the previous year. The decline in production was mainly due to the increasing depletion of large deposits and the resulting natural decline in output. The reserves-to-production ratio of proven and probable natural gas reserves, calculated on the basis of the previous year's production and reserves, was 7.0 years as at 1 January 2019 (2018: 8.0 years)[31].

The main sources of gas imports to Germany remain Russia and Norway. In 2019, the import volume of natural gas to Germany was 1,703 TWh, which represented a decrease from 1,760 TWh in 2018. Imports

[29] Source: Bundesnetzagentur Monitoring Report 2020.
[30] Source: Source: Bundesnetzagentur Monitoring Report 2020. Storage capacity reflects total usable volume of working gas in TWh.
[31] Source: Bundesnetzagentur Monitoring Report 2020.

from Norway rose by 18 per cent., while imports from Russia via the Nord Stream pipeline fell by 0.1 per cent.

The main recipients of natural gas exports from Germany continue to be the Czech Republic, the Netherlands and Switzerland. In 2019, the export volume of natural gas from Germany was 702 TWh, which denotes a 17 per cent. decrease from 849 TWh recorded in 2018. Around 52 per cent. was exported to the Czech Republic, with exports to this region declining by 11 per cent. compared to 2018.

In addition to lower levels of gas production, Germany's energy transition will increasingly depend on volatile electricity supplied from wind and sun, requiring much greater sector flexibility. In 2021, as part of the latest additions to Germany's Renewable Energy Act ("**EEG**"), the country's goal to become greenhouse gas neutral by 2050 became a legally-binding goal. Both the power imported into the country and the electricity generated by Germany will need to meet this legislative requirement[32]. Given the planned phase-out of nuclear power plants by 2022 and coal plants by 2038, gas-fired plants – and hence gas storage infrastructure – will be key components of a successful energy transition.

[32] https://www.cleanenergywire.org/factsheets/whats-new-germanys-renewable-energy-act-2021

REGULATION

Introduction

The following section provides a summary of EU, Czech and Slovak energy legislation that is applicable to the business activities of the Group. A description of EU law has been included due to its increasing influence on Czech and Slovak national energy legislation.

EU energy legislation

The Czech Republic and the Slovak Republic, as Member States since 1 May 2004, are obliged to comply with EU energy legislation, which has been developed in order to establish a competitive, secure and environmentally sustainable energy market.

In 2007, the European Commission adopted the "third package of legislative proposals", which contained legislative proposals for the establishment of a new energy policy and strategy for a more integrated and competitive energy market within the EU. Designed to ensure a stable energy supply and combat climate change, the energy package set certain targets, including:

(i) further liberalisation of electricity markets;

(ii) a reduction of at least 20 per cent. in greenhouse gas emissions by 2020 compared to 1990;

(iii) a 20 per cent. share of renewable energies in EU energy consumption by 2020; and

(iv) the increase of energy efficiency so as to save 20 per cent. of the EU's energy consumption by 2020, compared to projections for 2020.

Subsequently, in 2009 the EU adopted the third energy package (the "**EU Third Energy Package**"), including, but not limited to, Directive 2009/72/EC Concerning Common Rules for the Internal Market in Electricity (the "**EU Third Electricity Directive**") and Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas (the "**EU Third Gas Directive**").

The EU Third Energy Package also enhanced consumers' rights by imposing on Member States the obligation to ensure that, among other things, customers: (i) are not charged for changing suppliers; (ii) receive information on applicable prices and tariffs; (iii) have access to their consumption data; and (iv) have the right to a contract with their electricity service provider that encompasses information prescribed by the directive.

The Czech Republic implemented the EU Third Energy Package in 2011 and the Slovak Republic did so in 2012.

2030 Climate and Energy Framework Proposal

In the 2030 Climate and Energy Framework Proposal, the European Commission proposed to set a target for the reduction of greenhouse gas emissions of 40 per cent. by 2030 relative to emissions in 1990, target for the share of renewable energy to be consumed in the EU by 2030 of at least 32 per cent. and target for the improvement in energy efficiency of at least 32.5 per cent. The 2030 Climate and Energy Framework Proposal did not constitute a final or binding decision but served as a basis for further discussion, in particular in the European Commission and the Council. At the end of February 2015 the European Commission made its initial legislative proposals regarding implementation of the 2030 Climate and Energy Framework Proposal. These proposals are set out in the "**Energy Union Package**" and aim to provide a coherent approach to climate change, energy security and competitiveness whilst contributing to the achievement of some of the goals agreed under the 2030 Climate and Energy Framework Proposal. In October 2014, the European Council adopted its conclusions on the 2030 Climate and Energy Framework Proposal. At the end of November 2016, the EU presented the Winter Package, which consists of legislation proposals mainly focused on, but not limited to, energy efficiency, promotion of renewable sources and new electricity market design.

By mid-2019, all of the regulations and directives forming the Winter Package (currently known as the "Clean Energy for all Europeans" package) had been approved and published in the Official Journal. The Winter Package consists of the following eight regulations and directives:

- Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency (Energy Performance of Buildings);
- Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (the "**Directive 2018/2001**") (Renewable Energy);
- Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency (Energy Efficiency);
- Regulation 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (the "**EU Governance of the Energy Union and Climate Action Regulation**") (Governance of the Energy Union);
- Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (the "**EU Regulation on the Internal Electricity Market**");
- Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (the "**Directive 2019/944**");
- Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC (the "**EU Electricity Risk-Preparedness Regulation**"); and
- Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators.

The aim of the Winter Package is to achieve three goals: to make energy efficiency a priority, to achieve the world leading position of EU countries in the sphere of energy from renewable sources and to provide fair conditions for the consumers. The Winter Package increases the required share of renewable sources from 20 per cent. in 2020 to 32 per cent. in 2030 and the energy efficiency to at least 32.5 per cent. in 2030. The energy efficiency target, renewable share target and the Winter Package in general aim to facilitate the transition to a low-carbon economy and to decrease emissions in accordance with EU emissions targets by 20 per cent. in 2020 to 80 per cent. in 2050.

Energy Efficiency

The Directive 2018/2002 increases the currently existing efficiency target to at least 32.5 per cent. in 2030. With this EU goal in mind, the Member States have to set national energy efficiency contributions, taking also into account the EU primary energy consumption and final energy consumption targets. The Member States may choose primarily from two methods, (i) energy efficiency obligation schemes or (ii) alternative policy measures. If energy efficiency obligation scheme is selected, the Member States shall select the so-called obliged parties (such as DSOs, retail energy companies etc.) who will need to achieve the energy savings among their final customers.

Governance of the Energy Union

The EU Governance of the Energy Union and Climate Action Regulation sets out rules for the development and implementation of National Energy and Climate Plans (the "**NECPs**"). In particular, the EU Governance of the Energy Union and Climate Action Regulation requires Member States to: (i) develop integrated NECPs that cover the five dimensions of the energy union for the period 2021 to 2030 (and every subsequent ten year period) based on a common template; (ii) submit a draft NECP by 31 December 2018 and preparedness to submit the final plans by 31 December 2019 to the European Commission; and (iii) report on the progress they make in implementing their NECPs, mostly on a biennial basis. This EU Governance of the Energy Union and Climate Action Regulation applies to the five dimensions of the Energy Union, which are closely related and mutually reinforcing: (i) energy security; (ii) internal energy market; (iii) energy efficiency; (iv) decarbonisation; and (v) research, innovation and competitiveness. NECPs shall describe and explain the main existing and planned policies and measures to achieve in particular the set out objectives, including, where applicable, measures providing for regional cooperation and appropriate financing at national and regional level, including mobilization of Energy Union programs and instruments. In addition, Member States shall provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in NECPs, as well as a general assessment on the sources of that investment. The European Commission will monitor EU progress (as a whole) towards achieving these targets, notably as part of the annual state of the energy union report. Member States are also required to update their NECPs according to following rules: (i) each of the Member States is obliged to provide a draft of an updated NECP until 30 June 2023 and as of 1 January 2033 every subsequent ten year period; and (ii) each of the Member States is obliged to provide a final updated NECP until 30 June 2024 and as of 1 January 2034 every subsequent ten year period. Beside NECPs Member States shall provide with Biennial progress reports on: (i) integrated national energy and climate progress; (ii) greenhouse gas policies and measures and on projections; (iii) national adaptation actions, financial and technology support provided to developing countries and auctioning revenues; (iv) renewable energy; (v) energy efficiency; (vi) energy security; (vii) internal energy market; (viii) energy poverty; and (ix) research, innovation and competitiveness. Member States are also obliged to: (i) develop Annual Reports by 15 March 2021 (and every year thereafter); and (ii) develop Reports on the 2020 targets by 30 April 2022.

ACER Regulation

The ACER regulation, among other things, redefines objectives and tasks of the European Agency for the Cooperation of Energy Regulators (the "**ACER**") regarding mainly the oversight of European entities (i.e. European Network of Transmission System Operators for Electricity (the "**ENTSO-E**"), European Network of Transmission System Operators for Gas (the "**ENTSOG**"), regional coordination centres (the "**RCCs**"), transmission system operators, nominated electricity market operators (the "**NEMOs**") and the EU entity of Distribution System Operators). ACER can newly request these entities for information necessary for the purpose of carrying out ACER's tasks under the ACER regulation. New tasks of ACER regarding: (i) the RCCs consist of monitoring and analysing the performance of the RCCs in close cooperation with the regulatory authorities and the ENTSO-E (to carry out this task, ACER can, in particular, issue opinions and recommendations to the European Parliament, the Council, the European Commission and the RCCs); (ii) the NEMOs consist of monitoring the NEMOs' progress in establishing the functions under Regulation No. 2015/1222, issuing recommendations to the European Commission and requesting information from the NEMOs in order to ensure that the NEMOs carry out their functions; and (iii) generation adequacy and risk preparedness consist of (a) approving and amending proposals for methodologies and calculation related to the European resource adequacy assessment and proposals for technical specifications for cross-border participation in capacity mechanisms and (b) approving and amending methodologies for identifying electricity crisis scenarios at a regional level and short-term and seasonal adequacy assessment. ACER will also monitor wholesale market, collect and share data and establish a European register of market participants, issue recommendations to the European Commission and coordinate investigations in accordance with Regulation No. 1227/2011.

Directive 2018/2001

Pursuant to Directive 2018/2001, the overall EU target of 32 per cent. of the EU's gross final consumption was set with each Member State having its own national targets. Directive 2018/2001 sets also additional rules concerning the stability of the financial support schemes as well as possibilities of Member States to agree on statistical transfers of specified amounts of energy from renewable sources. Furthermore, Directive 2018/2001 presumes only support scheme in the form of "market premiums" (sliding or fixed) which should be based on open, transparent, competitive, non-discriminatory and cost-effective manner. At the same time, Directive 2018/2001 does no longer stipulate the priority of access of renewable sources to the grid. Moreover, Directive 2018/2001 establishes ground rules for the so-called renewables self-consumers.

Increasing regulation on energy trading and energy derivatives trading

The EU has introduced legislation which imposes restrictions and transparency requirements on the trading of commodities and financial products and also affects the European energy and energy derivatives markets. Such EU legislation includes:

- REMIT which entered into force in December 2011;
- EMIR which entered into force in August 2012; and
- MiFID which entered into force in April 2004.

REMIT was designed to prevent insider trading and market abuse, as well as enhance transparency in the energy trading market. The measures implemented for this purpose include, without limitation, a number of disclosure and reporting obligations for participants in the energy markets, particularly introducing a requirement to publish information, such as the capacity and use of facilities for production, storage and consumption or transmission of electricity or natural gas.

EMIR applies to, *inter alia*, the trading of financial products such as derivatives. Derivatives relating to commodities such as energy are not exempt as a general rule. EMIR introduces new or extended obligations to implement a central clearing system for over-the-counter transactions, meaning that transactions must be carried out via a central counterparty and be reported to a central trade repository, as well as be backed with capital.

In addition, transactions in energy and energy derivatives may require prior licenses from public authorities as provided for by MiFID. MiFID was replaced by MiFID II which entered into force in July 2014 and apply from January 2018. The regime covered by MiFID II was supplemented by Regulation (EU) No. 600/2014 on markets in financial instruments which entered into force in July 2014 ("**MiFIR**"). This adjusted regime further defines the powers of the competent national regulatory authorities and extends and specifies requirements to publish trading data.

Trans-European energy infrastructure

The EU has enacted Regulation (EU) No. 347/2013 on guidelines for trans-European energy infrastructure (the "**TEN-E Regulation**"), which entered into force in May 2013 and is intended to ensure completion of strategic energy networks and storage facilities by 2020. The regulation aims to achieve the full integration of the internal energy market, including measures to ensure that no Member State is isolated from the European network. Additionally, an objective of the regulation is to contribute to goals of sustainable development and protection of the environment while at the same time ensuring the security of energy supply and solidarity among Member States. The regulation includes, without limitation, (i) rules to identify projects of common interest, (ii) measures to accelerate the permitting process and enhance public participation in projects of common interest, (iii) rules for cross-border allocation of costs and risk-related incentives and (iv) rules for eligibility for EU financial assistance for projects of common interest. The fourth list of projects of common interest, which aims on the development of electricity infrastructure, became effective in 2020, as per the Commission Delegated Regulation (EU) No. 2020/389.

Renewable energy sources

Under the Kyoto Protocol for the reduction of Greenhouse Gas Emissions (the "**Kyoto Protocol**"), which the EU has adopted, electricity from renewable energy sources (wind, solar, geothermal, wave, tidal, hydroelectric, biomass and biogas energies) should be given priority and promoted. Support of the aforementioned sources of energy is facilitated by the EU Renewable Energy Directive, which sets mandatory national targets for the overall share of energy from renewable sources in gross final consumption of energy and establishes sustainability criteria for biofuels and bioliquids. As a result of the Winter Package, the EU Renewable Energy Directive shall be repealed and replaced by the Directive 2018/2001/EU as of 1 July 2021, without prejudice to the obligations of the Member States relating to the time-limits for the transposition into national law of the directives defined therein. Pursuant to Directive 2018/2001, the overall EU target of 32 per cent. of the EU's gross final consumption was set with each Member State having its own national targets. Directive 2018/2001 sets also additional rules concerning the stability of the financial support schemes as well as possibilities of Member States to agree on statistical transfers of specified amounts of energy from renewable sources.

Energy efficiency and cogeneration

The EED, as amended by Directive 2018/2002, provides a common legal framework for the promotion of energy efficiency within the EU in order to ensure the achievement of the EU's target of a 20 per cent. increase in energy efficiency by 2020. The EED, as amended by Directive 2018/2002, increases the requirement on energy efficiency to at least 32.5 per cent. by 2030.

The EED obliged Member States to impose mandatory energy efficiency obligation schemes on energy distributors and retail energy sales companies, which may require substantial capital expenditure. Such energy efficiency obligation schemes are required to put the relevant companies under the obligation to achieve certain cumulative energy savings by 31 December 2020. Member States are entitled to designate, on the basis of objective and non-discriminatory criteria, obligated parties amongst energy distributors and retail energy sales companies and to determine details of the calculation of such cumulative energy efficiency targets. However, the target must be at least equivalent to achieving new savings each year from 1 January 2014 until 31 December 2020 of 1.5 per cent. of the annual energy sales to final customers of all energy distributors or all retail energy sales companies by volume. Further, Member States shall achieve new savings each year from 1 January 2021 to 31 December 2030 of 0.8 per cent. of their annual final energy consumption. In addition, Member States are required under the EED, starting in December 2015, to ensure that large companies are subject to an energy audit at least once every four years. Directive 2018/2002 increased the requirement on energy efficiency to at least 32.5 per cent. by 2030.

Cogeneration can be a highly effective way of transforming primary sources of energy, fuel, into electricity and heat as the combined production reduces energy losses as compared to the separate production of electric energy and heat. According to the EED, high-efficiency cogeneration, as well as efficient district heating and cooling, has significant potential for saving primary energy and should therefore be promoted. Electricity from high-efficiency cogeneration should be afforded priority or guaranteed access to the transmission or distribution network. In addition, the EED obliges Member States to carry out a comprehensive assessment of the potential for the application of high-efficiency cogeneration and efficient district heating and cooling and to notify the European Commission of the results. On this basis, the Member States should encourage the implementation of methods of high-efficiency cogeneration and take adequate measures for efficient district heating and cooling infrastructure to be developed.

Emission limits

The area of emission limits, in particular in terms of SO_x, NO_x, carbon monoxide, methane and particulate matters, including dust and grit, has been harmonised by means of the Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (the "**Industrial Emissions Directive**"), in relation to large combustion plants, and the EU Directive 2008/50/ES on Ambient Air Quality and Cleaner Air for Europe, set the limits for fine particulate matter ($PM_{2.5}$). The directives set out mainly rules for permitting and reporting, measuring and an overall framework of the emission regulation. Both are implemented mainly by the Czech Air Protection Act.

In August 2017, the new Best Available Techniques (BAT) Reference Document for Large Combustion Plants (the "**BREF**") was published on the basis of Industrial Emissions Directive. The BREF contain the Best Available Techniques (BAT) Conclusions (the "**BAT LCP**"), a binding part of the BREF, that sets new (stricter) emission limits on SO_x, NO_x, carbon monoxide, methane and particulate matters, including dust and grit and introduces emission limits for Hg, NH3, HCl and HF. If not temporarily exempted, large combustion plants must comply with the BAT LCP no later than on 17 August 2021.

Moreover, in order to prevent emissions, the EU Regulation on the Internal Electricity Market sets stricter rules for generation units under capacity mechanisms in the EU. From 1 July 2025, generation capacity that started commercial production before 4 July 2019 with emissions above the limits set by the EU Regulation on the Internal Electricity Market shall not be committed or receive payments or commitments for future payments under a capacity mechanism.

The EU ratified the Paris Agreement in October 2016, committing to decrease greenhouse gas emissions by 40 per cent. by 2030 compared to 1990 (however according to the European Green Deal, this objective should be further raised to at least 50 per cent., see "*– European Green Deal*" below for more details). The Paris Agreement's main goal is to limit the climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels.

Emission allowances

In order to achieve environmental benefits, the EU legislation established a system of trading with emission allowances according to the Kyoto Protocol. The international market for CO2 emission allowances is driven by the EU ETS. EU ETS is currently in Phase III, which began on 1 January 2013 and is scheduled to end on 31 December 2020. Within the Phase IV (2021 - 2030), the overall number of emission allowances is to decline at an annual rate of 2.20 per cent. from 2021 onwards. However, energy intensive sectors with a high risk of relocation outside of the EU are to be allocated free allowances until 2030 at 100 per cent.

The EU legislation provides for an exemption from the general prohibition on the allocation of emission allowances without cost to electricity generators for the 10 newest Member States, including the Czech Republic and Slovakia; this exemption allows these Member States to allocate limited volumes of emission allowances without cost to installations that commenced electricity generation before 31 December 2008 or for which the investment process was "physically initiated" by that date (the "**EU Emissions Exemption**"). Volume of free allowances allocated was decreasing annually and free allocation was phased out in 2019. Installations benefiting from this exemption were required to invest in the modernisation of power generation, whereby the amount of investment should be equal to the amount saved by the application of this exemption.

Different principles apply to the EU ETS Directive regarding heat. In compliance with the revised EU ETS Directive Article 10a, district heating combined heat and power plants will receive free allowances for heat supply from 2013 to 2027. The derogation is available to all Member States, but is limited in terms of eligibility and quantity. All district heating and highly efficient cogeneration plants are eligible, regardless of the commissioning date. However, the EU ETS Directive requires a maximum of 80 per cent. of free allowances in 2013 with a gradual decline in subsequent years to reach 30 per cent. in 2020. Further gradual decline will reach zero free allowances in 2027. Contrary to the free emission allocation extension granted for electricity, the EU ETS Directive does not require heating plants benefitting from the free allocation under the derogation to invest in any projects.

In recent years, the EU ETS faced a surplus of allowances, mainly due to the economic depression which has cut emissions more than anticipated, and therefore allowance prices were currently lower than expected. In order to address the situation the European Commission originally postponed the auctioning of 900 million allowances originally scheduled for allocation in 2014-2016 until 2019-2020. Further, the EU ETS overall cap may need to be further reduced in connection with the target of a 40 per cent. reduction in EU greenhouse gas emissions below 1990 levels by 2030 as set out in the 2030 Climate and Energy Framework Proposal and European Council Conclusions of October 2014.

In 2015, Decision (EU) 2015/1814 was adopted establishing a "market stability reserve", which starts operating in January 2019. The quantity of 900 million allowances deducted from auctioning volumes during the period 2014-2016 (see above) will not be added to the volumes to be auctioned in 2019 and 2020 as originally envisaged but will instead be placed in the reserve. Their allocation will then be subject to a special regime.

In 2018, Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 was adopted. This directive sets out the rules for the so-called phase IV of emission allowance trading between the years 2021 and 2030. Among other changes, the overall number of emission allowances is to decline at an annual rate of 2.20 per cent. from 2021 onwards (the linear factor) as compared to 1.74 per cent. as of the date of this Prospectus. Further, all emission allowances which are not provided for free or in the market stability reserve are to be auctioned from 2019 onwards. Moreover, energy intensive sectors with a high risk of relocation outside of the EU are to be allocated free allowances until 2030 at 100 per cent. Also, this directive establishes two new funds: the Innovation Fund with a funding corresponding to at least 450 million allowances and the Modernisation Fund for the modernisation of the power sectors of Member States with a gross domestic product per capita at market prices below 60 per cent. of the EU average in 2013. The Czech Republic, as well as Slovakia and Hungary, are Member States eligible for participation in this fund with shares of 15.59 per cent., 6.13 per cent. and 7.12 per cent., respectively. The Member States shall implement this Directive by 9 October 2019 at the latest.

European Green Deal

In late 2019, the European Commission presented the European Green Deal. It is a growth strategy that aims to transform the EU into a society with a resource-efficient and competitive economy where there are no net emissions of greenhouse gases by 2050 and where economic growth is decoupled from the use of resources. The European Green Deal includes a roadmap on how to achieve the EU's climate goals and sets out dates by which certain legislative acts are to be proposed and approved. Many legislative proposals based on the European Green Deal roadmap, such as the European Climate Law, Strategy for Smart Sector Integration, have already been elaborated by the European Commission. As of the date of this Prospectus, these legislative proposals are in different phases of a legislative procedure.

As part of the European Green Deal, the European Commission has already presented an impact-assessed plan to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50 per cent. and towards 55 per cent. as compared with 1990 levels, and by June 2021 to review and propose to revise, where necessary, all relevant climate related policies (e.g. those related to the Emissions Trading system). The European Council approved at its session held in December 2020 the EU's binding target to increase the EU's greenhouse gas emission reductions target for 2030 by 55 per cent. Further, the TEN-E Regulation is to be revised and aligned with the climate goals presented by the European Green Deal.

Earlier in 2020, the European Commission introduced the Sustainable Europe Investment Plan, which is the investment pillar of the European Green Deal. The Sustainable Europe Investment Plan indicates that by 2021, state aid rules will be revised with respect to the policy objectives of the European Green Deal. State aid rules are to be revised with respect to, but not limited to, aid for district heating and aid for closure of coal-fired power plants in order to fulfil the targets set out by the European Green Deal.

Sustainable investments

In 2020, Regulation (EU) No. 2020/852, on the establishment of a framework to facilitate sustainable investment, and amending Regulation No. (EU) 2019/2088, was adopted. The regulation established new criteria for determining whether an economic activity qualifies as environmentally sustainable in the energy sector (e. g. electricity, gas and heating).

For the purposes of establishing the degree to which an investment is environmentally sustainable following criteria are considered: (i) an economic activity shall qualify as environmentally sustainable, where that economic activity contributes substantially to one or more of the defined environmental objectives, (ii) an economic activity does not significantly harm any of the defined environmental objectives, (iii) an economic activity is carried out in compliance with the minimum defined safeguards, and (iv) an economic activity complies with technical screening criteria. These technical criteria has not been defined yet, but the criteria could have some implication on the financing of the energy sector.

Electricity regulation

The EU Third Electricity Directive proposed to further separate supply and production activities from transmission network operations. To achieve this aim, Member States were allowed to choose, subject to the conditions of the directive, any or all of the following three options: (i) full ownership unbundling, (ii) Independent System Operator (the "**ISO**") and (iii) Independent Transmission Operator (the "**ITO**").

Recast of the EU Third Electricity Directive

Most of the provisions of Directive 2019/944 shall be implemented by the Member States on 31 December 2020 at the latest. Directive 2019/944 is a recast of the EU Third Electricity Directive and therefore includes common rules for the generation, transmission, distribution, energy storage and supply of electricity, together with consumer protection provisions, with a view to creating a truly integrated, competitive, consumer-centred, flexible, fair and transparent electricity market in the EU. It contains general rules for the organisation of the electricity sector, such as free choice of supplier, market-based supply prices and third-party access; consumer rights and protection, including the right to switch a supplier or market participant engaged in aggregation, rules for concluding aggregation contracts, or smart metering systems; rules for operation of distribution and transmission systems; and rules for designation and independence of regulatory authorities.

Security of electricity supply

The EU Electricity Risk-Preparedness Regulation sets out rules for cooperation between Member States with a view to preventing, preparing for, and managing electricity crises in full regard for the requirements of a competitive internal market for electricity. In particular, the EU Electricity Risk-Preparedness Regulation adjusts certain requirements for (i) methodology for identifying electricity crisis scenarios, (ii) risk-preparedness plans made by the competent authority of each Member State, (iii) managing electricity crises, (iv) cooperation and assistance between Member States during electricity crises and (v) evaluation and monitoring of electricity crises.

EU Regulation on the Internal Electricity Market

With effect from 1 January 2020, this Regulation sets the basis for an efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher share of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation, and to set fundamental principles and rules to such purpose. The regulation mainly focuses on the obligations of the transmission system operators, distribution system operators and other market operators. Among others, it specifies rules for balancing markets, redispatching, network charges and congestion income, resource adequacy and rules for special ENTSO and EU DSO entities. With respect to the Group, it should be pointed out that the regulation states that capacity mechanisms shall incorporate the following requirements regarding CO_2 emission limits:

- from 4 July 2019 at the latest, generation capacity that started commercial production on or after that date and that emits more than 550 g of CO_2 of fossil fuel origin per kWh of electricity shall not be committed or to receive payments or commitments for future payments under a capacity mechanism;

- from 1 July 2025 at the latest, generation capacity that started commercial production before 4 July 2019 and that emits more than 550 g of CO_2 of fossil fuel origin per kWh of electricity and more than 350 kg CO2 of fossil fuel origin on average per year per installed kWe shall not be committed or receive payments or commitments for future payments under a capacity mechanism.

EU Electricity Risk-Preparedness Regulation

This Regulation establishes a procedure for the preparation of, carrying out and evaluation of risk preparedness plans in the electricity markets. The goal is to establish a coordinated EU-wide response to various crisis scenarios which may occur. As part of this process, regulatory bodies, industry stakeholders as well as EU bodies will be involved. The ENTSO-E will primarily define the regional risk scenarios which will then be considered by the Member States on the national level with a view to identify national crisis scenarios. Once the regional and national risk scenarios are analysed, the so-called risk-preparedness plans will be prepared by each Member State and subsequently considered by the European Commission. The national authorities shall adopt and publish their first risk-preparedness plans by 5 January 2022.

Gas regulation

EU Third Gas Directive

The last in the series of EU liberalisation directives was Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas (the "**EU Third Gas Directive**"). The EU Third Gas Directive entered into force in September 2009 and was to be transposed by Member States by March 2011. The EU Third Gas Directive was amended by Directive 2019/692/EU of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas, which extended the scope of the EU Third Gas Directive in some provisions (e.g. unbundling rules) also to pipelines to and from neighbouring third countries.

The EU Third Gas Directive enhanced the independence and powers of national regulatory authorities. It required designation of a single national regulatory authority at the national level that is legally distinct and functionally independent from any other public or private entity, any market interest and any political body and that exercises its powers impartially and transparently. In the Slovak Republic, these tasks were entrusted to the RONI as the independent national regulatory authority. RONI also intervenes in any disputes that may arise between participants in the markets. In the Czech Republic, these tasks are performed by the ERO.

The EU Third Gas Directive generally seeks to achieve greater transparency and independence of transmission and DSOs such as Eustream and SPPD respectively. SPPD, as a gas distribution network operator belonging to a vertically integrated group of companies, and Eustream, as a gas transmission network operator belonging to a vertically integrated group of companies, fall directly within the scope of the provisions of the EU Third Gas Directive in relation to transmission network operators and distribution network operators respectively. The EU Third Gas Directive sets out principles that will apply, among other things:

- to relations between Eustream and SPPD and their parent company;
- to the corporate governance of Eustream and SPPD;
- to the independent ethical conduct of the management, officers and employees of Eustream and SPPD; and
- to the relationship of Eustream and SPPD with other parts of the vertically integrated companies, particularly with regard to the planning of investments.

As in the electricity sector, the EU Third Gas Directive envisages three ownership regimes for TSOs from among which Member States are allowed to choose, subject to the conditions of the directive (or to provide for more of them). These are the following:

(i) Full ownership unbundling: Under this option, transmission networks may no longer be controlled or majority-owned by energy production or supply companies.

(ii) ISO: Under this option, vertically integrated undertakings maintain the ownership of the transmission system, but they are obliged to designate an independent operator for the management of all network operations.

(iii) ITO: This option is a modification of the ISO option whereby vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission. Eustream is designated as ITO; in practice this means that it must meet the requirements specified in Chapter IV of the EU Third Gas Directive, in particular the following:

- being equipped with all human, technical, physical and financial resources necessary;
- separation of IT systems, physical premises, security access system, corporate identity;
- independence of management structure and staff; and
- introduction of compliance programme and compliance officer.

The EU Third Gas Directive, together with Gas Regulation and other EU legislation, comprise the so-called Third Energy Package. The Gas Regulation sets out important obligations for the storage operators regarding third party access, the principles of capacity-allocation mechanisms, congestion management and transparency requirements. Based on this Eustream and the Gas Storage Businesses publish the relevant and required data on their respective websites and also via the joint platform of the European transmission and storage system operators on the website of Gas Infrastructure Europe or on the ENTSOG transparency platform.

Network codes

The Third Energy Package has introduced a system for the development and implementation of European-wide network code(s) (the "**NC**"), which enable the harmonisation of the technical, operational and market rules for transmission networks across the EU. These NCs are issued as Commission Regulations, meaning they are directly applicable and therefore binding on the entities affected.

<u>Gas balancing</u>

(Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks, applicable from 1 October 2015)

This NC covers in particular the network-related rules on nomination and the related procedures, imbalance charges and settlement processes. The general principle of the NC is that network users are responsible to balance their balancing portfolios in order to minimise the need for TSOs to undertake balancing actions set out in the NC. On the other hand, network users must have the possibility to enter into an agreement with a TSO enabling them to submit trade notifications regardless of whether they have contracted transport capacity or not.

The TSO is obliged to undertake balancing actions in order to maintain the transmission network within its operational limits. The balancing actions include the purchase and sale of short-term standardised products and the use of balancing services.

<u>Interoperability</u>

(Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules)

This NC mainly aims to harmonise certain technical, operation and communication areas enabling better flow of gas in the EU between the transmission system operators.

Capacity allocation

(Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) 984/2013)

This NC applies to interconnection points. It may also apply to entry points from and exit points to non-EU countries if the relevant national regulatory authority decides so.

The NC provides for the following categories of products which the TSOs are obliged to offer:

- Standard firm capacity products: yearly, quarterly, monthly, daily and within-day standard capacity products. Allocation of firm capacity is to be made by means of annual auctions (yearly capacity), *ad hoc* auctions during each year (quarterly auctions), monthly auctions (monthly capacity), daily auctions (daily capacity) and hourly auctions (within-day capacity; subject to the capacity being available).
- Bundled capacity products: to be offered by TSOs. For that purpose adjacent TSOs are obliged to start the necessary analysis and to establish functional virtual interconnection points no later than 5 years after the entering into force of the NC, i.e. by 1 November 2018.
- Interruptible capacity: From 1 January 2018 TSO may only offer standard capacity products for interruptible capacity with duration longer than one day if the corresponding monthly, quarterly or yearly standard capacity product for firm capacity was sold at an auction premium, was sold out, or was not offered.

Tariffs

(Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas)

The purpose of this NC is to set out the rules on harmonised transmission tariff structures for gas transmission. It sets out the details of capacity weighted distance methodology and three secondary adjustments: equalisation, benchmarking and adjustments by constant. This NC becomes fully applicable as from 31 May 2019. Tariffs calculated according to this NC will start to be applicable in the Slovak Republic as from the new regulatory period originally scheduled to start on 1 January 2022.

Based on the results of consultation with stakeholders and after taking into account the recommendations of ACER, the national regulatory authority will decide on the reference price methodology to be applied. However, the results of the consultation and the recommendations of ACER are not binding on the national regulatory authority. The application of the reference price methodology will provide a reference price, the price for a capacity product for firm capacity with duration of one year which is applicable at entry and exit points and used to set capacity-based transmission tariffs. RONI, as the competent authority for the price proceedings, has issued a decision applicable to Eustream and concerning the methodology for determining reference prices for access to the transmission network and gas transmission, indicative reference prices and multipliers for the new regulatory period (originally determined to begin on 1 January 2022), in accordance with the relevant provisions of the NC on Harmonised Tariffs.

This NC contains a clause protecting the existing contracts, i.e. historical contracts (concluded before 6 April, 2017) with their own tariffs should not be adversely affected for the future.

Czech energy legislation

The following provides an overview of the legislation and regulation relating to the business activities of the Group in the Czech Republic.

General

Relevant legislation

The main law in the Czech Republic regulating the energy sector is the Act No. 458/2000 Coll., Energy Act (the "**Czech Energy Act**") which regulates the conduct of businesses in the energy sector, as well as requirements for obtaining licenses for the production, distribution and sale of electricity, gas and heat. The Czech Energy Act also aims to liberalise the energy market and to ensure the protection of consumers. The Czech Energy Act complies with relevant EU legislation, including the EU Third Energy Package. A new act replacing the Czech Energy Act is in the early phases of preparation and is not yet available to the public. As of the date of this Prospectus, only the core thesis ("*věcný záměr*") was published and these may differ and evolve while the draft is prepared.

The Czech energy sector is further regulated by supplemental laws and regulations, including, but not limited to:

(i) the Czech Air Protection Act;

(ii) Act No. 695/2004 Coll., on conditions for trading with emission allowances, as amended (the "**Czech Emission Allowances Act**") which was largely replaced by the following act;

(iii) Act No. 383/2012 Coll., on conditions for trading with emission allowances, as amended (the "**New Czech Emission Allowances Act**");

(iv) Act No. 165/2012 Coll., on promoted energy sources (the "**Czech Promoted Energy Sources Act**");

(v) Act No. 76/2002 Coll., on integrated pollution prevention and control, as amended (the "**Czech IPPC Act**").

Regulatory authorities

The main governmental authorities supervising the energy sector are the ERO, the Ministry of Industry of the Czech Republic (the "**Czech Ministry of Industry**"), the Ministry of Environment of the Czech Republic (the "**Czech Ministry of Environment**") and the State Energy Inspectorate.

The ERO is an independent energy regulatory body established as the main supervisory authority in the energy sector. The ERO is endowed with a broad range of powers, including the right to grant licences, fix prices, adopt rules implementing energy legislation, review and certify the implementation of unbundling rules, review contractual relationships between vertically integrated companies, perform inspections, resolve disputes between licensed entities and consumers and monitor quality of energy services and the right to request the provision of documents and information from the companies which it regulates. The breach of obligations owed by holders of licences may be punished by the imposition of fines of up to CZK 100 million or 10 per cent. of the company's turnover, whichever is higher.

The Czech Ministry of Industry prepares the state energy policy pursuant to applicable Czech laws and regulations and also provides for the harmonisation of Czech legislation on renewable energy resources and compliance with applicable EU legislation.

Emission allowances and air pollution are regulated by the Czech Ministry of Environment.

The State Energy Inspectorate ensures the compliance of electricity market participants with renewable energy and energy economy legislation. The monitoring of compliance with regulations regarding the support of renewable energy resources also falls within the competence of the State Energy Inspectorate. Like the ERO, it is entitled to impose sanctions on regulated entities.

Licensing regime

In order to conduct business in the energy sector, an entity needs a licence issued by ERO for the particular activity in question. The ERO is under an obligation to grant the licence to the applicant, provided that the criteria set by law are met. Under the Czech Energy Act, licences for electricity generation, heat generation and gas production are valid for up to 25 years, licences for electricity and gas trading are issued for a period of five years and licences for market operators, as well as for the electricity and gas transmission and distribution, gas storage and heat distribution shall be issued for an indefinite period. In order to secure transparency, the ERO publishes the list of licence holders on its website.

Trading and the supplier of last resort

The area of electricity as well as gas trading is not very heavily regulated, with the main requirement being the obtaining of a licence (see above).

In line with EU legislation, Czech law provides for the designation of a supplier of last resort. Such a supplier of last resort is the trading entity which must supply the customer for a maximum period of six months if the customer cannot be supplied by its former supplier. It is generally the trading licence holder which is or was a part of the vertically integrated undertaking to which the respective distribution licence holder also belongs.

Electric energy sector

Basic requirements

The construction of a power plant with an installed electrical output exceeding 1 MW is subject to receiving approval (in Czech: *autorizace*) by the Czech Ministry of Industry and the decision lies within its discretion. The Czech Ministry of Industry will not issue a positive decision if the intended plant is not in line especially with the following aspects: (i) the national action plan for renewable sources of energy; (ii) the state energy policy regarding renewable energy sources; (iii) the requirements on energy efficiency of the plant; (iv) the State's raw materials policy; (v) the grid development plans; (vi) the energy opinion (in Czech: *posudek*) to achieve high-efficiency cogeneration; and (vii) construction zoning documentation.

Emissions Limits

The Czech Air Protection Act imposes certain obligations on the operation of pollution sources. This activity is subject to the payment of emission charges for emissions of specified volumes of various air pollutants which are listed in an Annex to the Czech Air Protection Act. These charges are paid to regional authorities and administered by the State Environmental Fund of the Czech Republic. These funds are then used for the protection of the environment.

The Industrial Emissions Directive was implemented in the Czech Republic as an amendment to the Czech Air Protection Act. As a result of this, the Czech Air Protection Act complies with new NO_x, sulphur dioxide and dust emission limits on combustion plants. The rate of permissible emission limits depends on the total rated thermal input, the type of fuel, or the date on which the plant was granted permission to operate. The general principle of the emission limits in relation to the date on which the permission was granted sets forth the obligation that new plants adhere to more rigorous limits than plants which were put into operation in the past, particularly prior to 27 November 2003.

The Industrial Emissions Directive provides for two exemptions from the new emissions limits described above. The first is for plants which began operation prior to 27 November 2003, provided that such plants covered by the transitional national plan that stipulates a proposal for the continuous decrease of emissions until 2020. The second allows Member States to exempt a power plant with a total rated thermal output above 50 MW from new emission limits provided that it will cease operation by 31 December 2023 and will adhere to emission limits and ceilings stipulated in the operation permit and in force as of 31 December 2015 and will not exceed 17500 operating hours. Finally, the third allows Member States to exempt a power plant with a total rated thermal output 50 - 200 MW from new emission limits provided that it will cease operation by 31 December 2022 and will adhere to emission limits and ceilings stipulated in the operation permit and in force as of 31 December 2015. With respect to the first exemption, a transitional national plan was prepared by the Czech Ministry of Environment and accepted by the European Commission. The Czech Republic has implemented these exemptions in the Czech Air Protection Act.

In the event that the overall air pollution limits are exceeded or other obligations of the Czech Air Protection Act or operation permit are breached by a plant, the authorities may impose a penalty of up to CZK 10 million or even shut it down.

Emission allowances

The Czech Emission Allowances Act, as substantially amended and partly replaced by the New Czech Emission Allowances Act stipulates rules for the allocation of CO_2 emission allowances among facilities producing greenhouse gases. Facilities that reduce the amount of their emissions benefit from trading excess assigned emission allowances to facilities which emit higher amounts of greenhouse gases. The regulation thereby compensates owners of facilities for operating more environmentally-friendly facilities.

The Czech national plan under the EU Emissions Exemption for investments in retrofitting and upgrading infrastructure and clean technologies in the energy sector was submitted to the European Commission on 29 September 2011. The European Commission decided on 6 July 2012 that the investments included in the Czech national plan comply with the requirements of Directive 2003/87/EC and are compatible with its principles. Therefore, the plan is eligible to be financed by the value of emission allowances.

Besides emission allowance allocation and trading, the New Czech Emission Allowances Act provides details on the obligations that are imposed on specified facilities, including coal-powered plants, producing CO_2 emissions, such as the obligation to obtain a special licence for the operation of such a facility. The licence is issued by the Czech Ministry of Environment and certifies compliance with requirements stipulated by law. The latest amendment to the New Czech Emission Allowances Act allows for a five-year exemption from the emission allowances trading for facilities that for the three years preceding the application (i) have not emitted more than 2,500 equivalent tons of CO_2 or (ii) if such facility was used only as a back-up for no more than 300h per year. Further, the Czech Ministry of Environment may allocate CO_2 allowances for free in the period between 1 January 2021 and 31 December 2030 as per the Commission Delegated Regulation (EU) 2019/331, which sets forth the rules on the free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC.

Promoted energy sources

General

As a result of EU legislation, the Czech Republic is required to extend its share of renewable sources in energy consumption. The Czech National Action Plan on Energy from Renewable Sources provides that the share of renewable sources in total gross energy consumption must increase from 6.1 per cent. in 2005 to 15.3 per cent. by 2020. This document was implemented by the Czech Promoted Energy Sources Act and stipulates the legal groundwork for the support of power plant operators, first by providing priority access to the distribution grid, and secondly by granting special subsidies in the form of guaranteed fixed price tariffs or special "green bonuses" paid in addition to the market price. In early 2020, the Czech government approved the National Energy and Climate Plan for the period of 2021-2030, pursuant to which the percentage share of renewable sources on total gross energy consumption in the Czech Republic is to rise to 22 per cent. by 2030.

The amount of tariff and "green bonuses" depend on the year in which the respective producer's energy source was put into operation. For this purpose, the ERO issues a pricing decision on an annual basis which sets out the amount of the subsidy for the next calendar year. Subsidies are subject to limitations with respect to the energy sources put into operation after 31 December 2013 and are granted only on a limited basis.

Cogeneration

Given the Czech Republic's obligations towards the EU, the country does promote cogeneration and for that reason sets out the conditions in the Czech Promoted Energy Sources Act. The promotion of electricity from high-efficiency cogeneration is granted with respect to the specific volume of electric power accounted for by the producer, which is evaluated in accordance with Decree No. 37/2016 Coll. of the Ministry of Industry and Trade, on electricity from highly efficient installations for the combined production of electric energy and heat and on electricity from secondary sources. The ERO, in its price decision, stipulates the scope of promotion of, and the amount of the subsidy for, electricity from high-efficiency cogeneration. The cogeneration of electricity and heat enjoys priority access to the distribution and transmission grid. Moreover, heat distribution license holders have an obligation to purchase heat produced through cogeneration.

Gas sector

Gas storage

Operation of gas storage is an activity regulated predominantly by the Czech Energy Act. A licence issued by ERO is required for the storage system operator (SSO). The gas storage plays a role in the security of supply scheme and a possibility of ensuring the security standard for a gas supply, which is compulsory for the gas traders in the Czech Republic. The access to the gas storage must comply with Third Party Access Regulation, unless an exemption is granted in specific cases. The entry and exit fees to and from gas storage facilities are the income of the gas TSO and are based on the price decision of ERO. There is currently no price regulation applicable to the gas storage services itself and the customer price is based on electronic auction. The procedures for reservation of the gas storage capacity are based on Gas Market Rules and the SSO´s Operating Rules. SSO´s Operating Rules are subject to ERO´s approval.

The storage system operator is obliged, *inter alia*, to publish daily data about injections and withdrawals, information about the gas storage capacity, shutdowns and maintenance, REMIT information and to prepare a gas storage development plan for the period of upcoming five years. SSO also provides various reports to different authorities (e.g. ERO, the Czech Ministry of Industry and Trade, environmental protection agencies, etc.)

Heat Sector

Business in the field of distribution or production of heat must be conducted under a licence granted by the ERO. Heat prices are calculated combining regulated component determined by the ERO on the basis of incurred costs, profit margin and VAT.

The ERO as the price control authority in the heat industry regulates heat prices through a process known as input-based price moderation (in Czech: *usměrňování cen*) under of Section 6 of Act No. 526/1990 Coll., Act on Price (the "**Czech Act on Prices**"), which entails setting out certain conditions for the calculation and negotiation of prices for heat energy. These conditions are specified in the ERO's price decisions and are binding upon all heat suppliers.

The ERO does not approve or disapprove specific rates or fees proposed by heat suppliers, nor does it impose binding rates on them, but instead stipulates binding conditions that draw the boundaries within which prices may be calculated and agreed. The heat suppliers themselves calculate their heat prices for the given calendar year, taking into account the relevant pricing legislation, such as the Czech Act on Prices, and the current ERO price decision. The limits set up by the ERO are such as to cover economically justified costs (including write-offs), a reasonable profit, and VAT.

There is no specific time period for which the ERO issues its price moderation decision. It is common that this decision is reviewed and adjusted annually but both shorter and longer periods of effectiveness of a single decision have also occurred.

There is a further distinction between variable economically justified costs and fixed economically justified costs. The former represent primarily the costs of fuel or electricity needed to produce or distribute heat energy. Their relative amount as a part of the overall price for heat is directly dependent on the quantity of heat energy. The latter include primarily the costs of repairs, write-offs, rent, wages, and statutory insurance. Their amount as a part of the heat price is not directly dependent on the amount of heat energy.

Based on rules, heat suppliers define their own "price areas" for the heat facilities which they operate and independently calculate their heat prices in accordance with the above-mentioned pricing legislation. The price for heat energy in any given calendar year and within a single price area is calculated in the same manner for all points of consumption on the same level within the distribution chain.

The price for heat energy over the course of any given calendar year is either calculated on a preliminary basis and at the end of the year is the ultimate price determined on the basis of the amount of heat actually delivered. Or the price for heat energy can be set up at the beginning of the year and at the end of year the price has to be verified whether it is within the pricing legislation.

Pursuant to Section 19a of the Czech Energy Act, the ERO may, upon the request of a specific heat supplier, decide to stipulate pricing conditions which diverge from the general conditions set out in the ERO price decision, provided that the supplier can show that the imposed price regulation framework makes it impossible for it to cover at least its eligible costs in the long run.

In the heat supply agreement, the heat supplier and its customer agree on the price for heat to be set for the given point of metering, payment dates, and the rules of payment for heat delivered and consumed (including prepayments). Under certain circumstances, the heat supplier may also agree on an individual price with customers in a given price area.

Other material environmental and other regulation

Integrated pollution prevention and control

The Czech IPPC Act fully implements the IPPC Directive 2010/75/EU into the Czech legal system. The objective of the statute is to achieve the integrated prevention and control of pollution arising from industrial activities. The Czech IPPC Act stipulates the necessary procedures to obtain the integrated permission to operate an industrial facility. The procedures are in place for the protection of the environment. The environmental requirements for an industrial facility itself are stipulated by other legal acts. On a general level, an integrated pollution permit needs to be issued for a new installation. An existing integrated pollution permit may need to be amended for an upgrade of an existing installation.

An integrated pollution permit also covers the area of limits on NO_x, SO_x and dust.

Environmental Impact Assessment Act (Act No. 100/2001 Coll., as amended)

The Act No. 100/2001 Coll., as amended, stipulates a mandatory EIA of certain specified operations, whether new projects or larger upgrades of existing installations, which encompasses the identification, description, and evaluation of anticipated direct and indirect impacts of operations on the environment. Operations must adhere to one of three regimes depending upon whether they have a duty to conduct an EIA:

(i) operations which must conduct an EIA unconditionally (e.g., gas pipelines with diameter above 800 mm and length above 40 km, combustion facilities with an output exceeding 300 MW_e);

(ii) operations which do not need to conduct an EIA; and

(iii) operations which are subject to fact-finding procedure to determine whether they must conduct an EIA (e.g., water and wind power plants, coal mining exceeding 10,000 tons per year or coal mining on the area exceeding 50,000 m^2).

Public Procurement Act (Act No. 134/2016 Coll., as amended)

Entities involved in the generation of heat or the generation of electricity, as well as their subsequent transmission or distribution, are generally subject to the rules on public procurement. Consequently, when procuring goods or services with an estimated value of CZK 10,989,000 or more, or construction works with an estimated value of CZK 137,366,000 or more, such an entity is obliged to do so by means of a formalised public process of procurement.

Slovak legislation

The following provides an overview of the legislation and regulation relating to business activities of the Group in the Slovak Republic.

Relevant legislation

The main law in the Slovak Republic regulating the energy sector is the Slovak Energy Act, which regulates the conduct of business in the electricity and gas sector, particularly production, transmission, distribution and supply of electricity and gas and the storage of gas. Conducting business in the field of thermal energy, i.e., heat production, heat production and distribution or heat distribution is governed by Act No. 657/2004 Coll., on the Thermal Energy Sector, as amended (the "**Slovak Thermal Energy Sector Act**"). The Slovak Energy Act and the Slovak Thermal Energy Sector Act also regulate requirements for obtaining licences to conduct business in the respective fields of the energy sector. Furthermore, the Slovak Energy Act also regulates measures aimed at securing the supply of electricity and gas and the functionality of the internal market for electricity and gas. The Slovak Thermal Energy Sector Act determines the rights and obligations of heat market stakeholders. Both acts have implemented relevant EU energy legislation.

A significant part of the legal framework of the Slovak energy sector, namely (i) the mandate of the RONI as the main supervisory authority in the Slovak energy sector, (ii) the obligations of the regulated entities and (iii) the determination of the market rules, is regulated in Act No. 250/2012 Coll., on Regulation in Network Industries, as amended (the "**Act on Regulation in Network Industries**"). The Act on Regulation in Network Industries also governs proceedings thereunder related, *inter alia,* to the granting of licenses and price regulation.

RONI

The RONI is a national regulatory organisation established as the main regulatory authority in the energy sector by the Act on Regulation in Network Industries. The RONI is endowed with a broad range of powers, including the right to grant licences, regulate prices, adopt decrees implementing energy legislation, monitor the implementation of unbundling rules, perform inspections and request the provision of documents and information. Moreover, the RONI also executes non-price regulation. Breaches of obligations under the Act on Regulation in Network Industries and under other relevant energy legislation may be punished by the imposition of fines of up to EUR 10 million and, in relation to vertically integrated undertakings, up to 10 per cent. of their turnover in the preceding year. Under the Slovak Energy Act, for repeated violations of certain obligations, the fines imposed may be increased to up to double the amount of the previously imposed fine.

One of the RONI's bodies is the Regulatory Board. The Regulatory Board ensures strategic management and conception of the regulation governing network industries. The Regulatory Board adopts, *inter alia*, the regulatory policy under the Act on Regulation in Network Industries, which is a strategy that governs implementation of regulation in the determined regulatory period. The current regulatory period from 1 January 2017 to 31 December 2021 has been extended by the amendment to the current regulatory policy to 31 December 2022. The current regulatory policy has remained materially consistent with the previous policy and no significant changes have been approved (except for the indicated (but so far not implemented) reintroduction of price regulation of gas storage). RONI is currently preparing a draft of new regulatory policy for the next regulatory period starting in 2023, but no specific principles of the new regulatory policy have been published as of the date of this Prospectus.

Price regulation

One of the RONI's competencies is price regulation relating to particular regulated industries. The following activities of the Group in the Slovak Republic are subject to RONI's price regulation: (i) connection and access to the gas transmission network and gas transmission; (ii) connection and access to the gas distribution network and gas distribution; (iii) connection and access to the electricity distribution network and electricity distribution; (iv) supply of electricity to household customers; (v) supply of electricity to small enterprises; (vi) supply of gas to household customers; (vii) supply of gas to small enterprises; (viii) supply of electricity by the supplier of last resort; (ix) provision of ancillary services; and (x) electricity generation from renewable energy sources. The scope and method of price regulation is governed by the Act on Regulation in Network Industries and by other generally binding legislation adopted by the RONI. Generally, the RONI determines maximum prices or sets rules for the determination of maximum prices or tariffs depending on the method of price regulation set forth by applicable laws. The price regulation is adopted by the RONI within legal regulatory proceedings that commence based on a proposal for a new price submitted to the RONI by the respective regulated subject or ex officio. In this respect, the RONI either approves the submitted proposal or determines the price by its individual decision. Under provisions of the currently applicable law, submission of a proposal for a new price to the RONI is subject to prior approval of the respective proposal by the highest body of the concerned company or statutory body of the concerned company if it proves delegation of the competence to approve such proposal to the statutory body. As a general rule, a price decision issued in respect of the first year of a regulatory period applies for the entirety of the regulatory period unless the RONI approves a change. However, the Act on Regulation in Network Industries includes the possibility of a price decision change by the RONI in response to a proposal by the participant in the proceedings or by the RONI's own initiative, *inter alia*, due to a significant change in the economic parameters that formed the basis for the price determination.

Regulatory asset base

The RONI implements price regulation through different means, including by the limitation of the profit that is allowed to be received by the relevant operators in respect of the operation of electricity and gas networks, and which is part of the relevant formula for the calculation of the relevant electricity transmission and distribution tariffs and gas distribution tariffs. The allowed profit is in such cases determined for a given regulatory period as an actual rate of return on the regulatory asset base before tax, calculated using a specified formula. The allowed profit calculation applies (i) in the electricity sector with respect to the allowed profit (1) for access to the transmission network and electricity transmission by the TSO and (2) for access to the distribution network and electricity distribution by the regional distribution system; and (ii) in the gas sector with respect to the allowed profit for access to the distribution network and gas distribution, as further described below.

1. Electric power industry price regulation

Electric power industry price regulation is regulated by the Electricity Price Decree, with the price regulation for electricity distribution and electricity supply being determined as follows:

(A) Price regulation for electricity distribution

Price regulation concerning access to the electricity distribution network and electricity distribution by the regional DSO applies. The maximum price for access to the distribution network and electricity distribution is determined separately for each voltage level (low, medium and high) and calculated for the respective voltage level as a weighted average of specified tariffs.

The maximum price for access to the distribution network and electricity distribution for a given voltage level reflects electricity distribution and electricity transmission, including losses incurred during electricity transmission, and is denominated in Euro per unit of electricity distributed to end consumers in the relevant year. It is calculated using a formula set by the Electricity Price Decree, which also lays down a specific formula for the calculation of the allowed profit variable. The amount of allowed profit is determined for a given regulatory period as a rate of return on the regulatory asset base before tax (further adjusted by a coefficient of the rate of use of available resources for investments related to the regulated activity). The real rate of return on the regulatory asset base before tax for a regulatory period is calculated using a set formula. For the current regulatory period (which was end on 31 December 2021, but has been prolonged to 31 December 2022) the maximum rate of return on the regulatory asset base shall be 6.47 per cent., which is subject to change if the parameters used for its calculation change by more than 10 per cent. The current rate of return for prices in 2020-2021 is at the level of 5.65 per cent.

The Electricity Price Decree also provides for a tariff calculation for electricity distribution losses in a given regional distribution network (based on a specific formula) and the procedure and conditions of application of the tariff.

Connection fees are also subject to price regulation. The Electricity Price Decree provides a formula for the calculation of connection fees for high voltage and medium voltage level. Connection fees for low voltage level are calculating in line the Electricity Price Decree and approved by the RONI.

(B) Price regulation for electricity supply

Pursuant to the Electricity Price Decree, the RONI regulates prices for electricity supply by determination of the method of maximum price calculation for electricity supply to "vulnerable" customers, defined as household customers and small enterprises.

The price for electricity supply to household customers is determined as a maximum price calculated based on a specific formula set by the Electricity Price Decree with respect to each of the rates determined by the Electricity Price Decree. The maximum price consists of two parts, namely a monthly payment for each delivery point and a price in Euro for each unit of electricity supplied in the relevant band. A part of the price is calculated using specific formulas for single-band and dual-band rates within which the allowed profit variable is determined and limited by a fixed sum, 8 per cent. of the maximum price not to exceed EUR 3/MWh. Under the Electricity Price Decree, the following is added to the single-band and dual-band rates: (i) a price for electricity distribution including price for electricity transmission and electricity losses during transmission and price for electricity losses during distribution; and (ii) a tariff for system services and a tariff for system operation, pursuant to a price decision on the approval or determination of prices for access to the distribution network and electricity distribution for the DSO to which the household customer is connected.

Similar rules are applied with regard to electricity supply to small enterprise customers. A part of the price is calculated using specific formulas for single-band and dual-band rates within which the allowed profit variable is determined and limited by a fixed sum, 16 per cent. of the maximum price, not to exceed EUR 8/MWh. In relation to electricity supply, the term small enterprise means an end electricity customer with electricity consumption no greater than 30,000 kWh for all its delivery points for the year prior to the year in which the price proposal is submitted.

2. Gas industry price regulation

Gas price regulation is regulated by the RONI's Decree No. 223/2016 Coll., on determining price regulation in the gas industry, as amended (the "**Gas Price Decree**"), with the price regulation for gas transmission, gas distribution and gas supply being determined as follows:

(A) Price regulation for gas transmission

The RONI regulates the tariffs for access to the gas transmission network and for gas transmission based on a comparison of tariffs of the other TSOs, primarily TSOs applying an entry and exit tariff model and TSOs in the neighbouring EU member states. These tariffs, which are supported by benchmarking, are directly set by the RONI and are not impacted by natural gas prices. The TSO is obligated to submit price proposals to the RONI for the duration of the regulatory period.

The tariffs for access to the gas transmission network and for gas transmission are determined based on an entry and exit tariff model, separately for entry points into the transmission system and for exit points from the transmission system. Five basic elements of the tariff system are: (i) transmission fees charged for the booked daily transmission capacity; (ii) transmission fees charged for the actual amount of transmitted gas;

(iii) price for the interruptible capacity; (iv) neutrality charge; and (v) fee for exceeding the daily transmission capacity on relevant entry or exit point.

(B) Price regulation for gas distribution

The RONI regulates the tariffs for access to the gas distribution network and for gas distribution by determination of the method of calculation of the maximum tariff for access to the gas distribution network and for gas distribution. The distribution tariff is calculated in accordance with the formula determined by the RONI. Under that formula, the tariff is determined as the total of OPEX, depreciation, fair (allowed) profit divided by the average distribution volume (adjusted to take into account the depreciation from assets put in use, cost of gas losses and own gas consumption as well as revenues from connections and overshooting of daily capacities). Fair (allowed) profit is calculated by multiplying the regulatory asset base by the WACC and is further adjusted by a coefficient of the rate of use of available resources for investments related to the regulated activity. The regulatory WACC before tax is determined by the Gas Price Decree for the whole regulatory period but it is subject to changes by RONI if the parameters used for its calculation change by more than 10 per cent. The WACC rate for the current regulatory period is set at 6.47 per cent. RONI recently changed the WACC rate for the period 2020-2021 to 5.65 per cent which was among other factors reflected also in the most recent price decision for SPPD. The regulated prices for access to the distribution system and gas distribution are charged by the gas DSO to gas suppliers who then pass the prices to their end-customers. The gas suppliers are required to secure their payments by bank guarantees or cash collaterals.

(C) Price regulation for gas supply

Price regulation in the gas industry is governed by the Gas Price Decree. Pursuant to the Gas Price Decree, the RONI implements price regulation, *inter alia*, by calculating the maximum gas price for “vulnerable” customers, defined as household customers or small enterprises (mid-market). The maximum gas price consists of two parts, a fixed monthly rate and a rate for consumed gas. The maximum price includes costs of gas purchase (determined as the sum of (i) the average of published gas futures prices in the previous 12 months and (i) a fixed amount of EUR 1.25/MWh) and the allowed profit. The Gas Price Decree regulates the method of maximum price calculation in detail using formulas. With regard to gas supply to “vulnerable” customers, the Gas Price Decree limits the allowed profit variable by a fixed maximum sum (limited to 10 per cent. of the gas purchase costs, not to exceed EUR 2/MWh, the so-called highest rate of allowed profit).

Price regulation for renewable energy sources and high-efficiency cogeneration

The RONI also directly determines a fixed price used to regulate electricity production from renewable sources and high-efficiency cogeneration.

Supplier of last resort in the electricity sector

Slovak law provides for the designation of a supplier of last resort in the electricity sector. Such a supplier of last resort is the electricity supplier which must supply electricity to a customer whose original electricity supplier has lost its electricity supply licence or otherwise its right to supply electricity in the Slovak Republic. It is generally the electricity supply licence holder which is part of the vertically integrated undertaking to which the respective distribution licence holder also belongs. The supply of electricity by the supplier of last resort is subject to price regulation.

Quality standards

The RONI also adopts and enforces quality standards. The RONI adopts legal regulations that specify quality standards for particular industries, which are mandatory for regulated entities. Pursuant to the Act on Regulation in Network Industries, a customer is entitled to a supply of goods and related regulated activities that meet the specified quality standard.

The quality standards represent sets of rules and procedures that the regulated subject is required to follow in order to ensure that a customer receives electricity, gas, heat and water of a reasonable quality for the price it pays. The quality standards determine the rights of the customer together with the duties of the supplier so that the energy and water supply is of a high quality, is reliable and safe and is available at a reasonable price.

If the regulated subject fails to comply with the quality standards and such a failure is proven, the regulated entity is obliged to pay compensation to the affected customer or customers.

Electric energy sector

Licensing regime

Generally, in order to conduct business in the energy sector, the RONI must first issue a licence for the particular activity in question. The following of the Group's activities in the Slovak electricity sector are subject to licences issued by RONI: (i) electricity distribution system operation; (ii) electricity supply; and (iii) electricity generation. The RONI will grant the licence to the applicant provided that the criteria set by law are met. The licences are granted for an indefinite period of time, unless otherwise requested by the applicant. In order to promote transparency, the RONI publishes the list of licence-holders on its website. The licensing regime shall, however, not apply with respect to certain activities, such as the production or distribution of electricity for own consumption. Where one of the legal exemptions from the licensing regime applies, only the notification obligation has to be fulfilled.

Basic requirements for construction of an electric-energy facility

An electric-energy facility (except for specified facilities or their extension, reconstruction or upgrade, in particular the distribution networks of the incumbent electricity distribution network operator) may only be constructed on the basis of a certificate issued by the Slovak Ministry of Economy. If the investment plan of the applicant for the certificate complies with the long-term aims of the Energy Policy of the Slovak Republic as determined by the Slovak Ministry of Economy, the Slovak Ministry of Economy must issue the certificate.

Liberalisation

As a result of EU legislation imposing on the Member States obligations to unbundle the transmission and distribution systems (which resulted in the ownership unbundling of the transmission system and the legal and functional unbundling of the distribution systems), the electricity market has been liberated. This liberalisation has given consumers the right to choose their electricity supplier according to the Slovak Energy Act.

Gas sector

Licensing regime

Businesses in the field of gas production, transmission, distribution, storage and supply must be conducted under a licence granted by the RONI. The following of the Group's activities in the Slovak gas sector are subject to licences issued by RONI: (i) gas transmission network operation; (ii) gas distribution network operation; (iii) gas supply; (iv) gas production; and (v) gas storage. The licensing regime shall, however, not apply with respect to certain activities, such as the production and supply of a gas from biomass or biogas, in which case only the notification obligation has to be fulfilled. The gas sector is also affected by the price and quality regulation by the RONI.

Basic requirements for construction of a gas facility

A gas facility, except for the gas production facility, extension of the existing distribution network and the reconstruction or upgrade of an existing transmission network, distribution network or storage facility, may only be constructed on the basis of a certificate issued by the Slovak Ministry of Economy. If the investment plan of the applicant for the certificate complies with the long-term aims of the Energy Policy of the Slovak Republic, as determined by the Slovak Ministry of Economy, the Slovak Ministry of Economy must issue the certificate.

Third party access

The European and Slovak regulatory framework in the gas sector is intended to ensure competitive and efficient European gas markets. An important element of that framework is the principle of transparent and non-discriminatory access to gas transmission and distribution networks as well as to gas storage facilities. Accordingly, the Slovak Energy Act requires gas infrastructure operators to guarantee a right of access to the transmission and distribution networks and storage facilities, ancillary services and to an accumulation of gas in the network to all gas market participants. Subject to limited exceptions, such as lack of capacity or a need to give priority to public service obligations, the gas infrastructure operators may not refuse access to their gas transmission network, distribution network or gas storage facility, as the case may be. Temporary exemptions may also be granted by the RONI on the basis of serious economic and financial difficulties with take-or-pay contracts.

Renewable energy sources

The Slovak Republic implemented the EU Renewable Energy Directive by amending the Slovak RES Promotion Act which stipulates rules on promoting energy from renewable sources with the objective of meeting requirements arising from EU legislation.

As a result of EU legislation, the Slovak Republic must increase the share of renewable sources in energy consumption. The Annex to the EU Renewable Energy Directive provided that the total gross renewable energy consumption had to be increased from 6.7 per cent. in 2005 to 14 per cent. by 2020. The final gross renewable energy consumption in Slovakia reached approximately 16.9 per cent. in 2019 (as compared with 11.9 per cent. in 2018), with a perspective to meet the EU target. In addition, given the target set in the Directive 2018/2001 for share of energy from renewable sources up to 32 per cent. of the EU's gross final consumption until 2030, the Action Plan stipulated the target of 19.2 per cent. share of energy from renewable sources. The Slovak RES Promotion Act encourages the production of energy from renewable energy sources and the promotion of power generation from high-efficiency cogeneration in a number of ways, namely through the provision of priority connection and access to the distribution system and the provision of priority transmission, distribution and supply of electricity, through the guaranteed offtake of electricity from renewable energy sources, the provision of additional payments to renewable energy producers, as well as by taking over the responsibility for deviation.

The Slovak RES Promotion Act introduces the National Action Plan, which contains national targets for the share of energy from renewable sources, measures to achieve such targets and other necessary information. The National Action Plan is proposed by the Slovak Ministry of Economy and approved by the Slovak Government.

Support for renewable energy sources in the Slovak Republic was historically effected using also the DSOs, one of which is SSE Holding's subsidiary SSD, as "pass-through" vehicles, whereas the role of the DSOs in supporting renewable energy sources is, as of the date of this Prospectus, focused primarily on priority distribution. Due to the amendment to the Slovak RES Promotion Act (see below), effective as of 1 January 2019, the main support duties were transferred from the distribution companies to a "clearing agent" (currently OKTE a.s.) and an "electricity purchaser" (currently SPP), whereas until 31 December 2019, the functions of the "electricity purchaser" were performed by the DSOs. The intention was to compensate the DSOs for the whole costs related to the support of renewable energy sources they made through SOT collected from the final electricity consumers. However, there were imbalances between the costs of renewable energy sources support and the revenues from SOT received, for example, as a result of a deviation from the estimates used by the RONI to set the SOT/tariff, in particular where the RONI underestimated the costs of renewable energy sources.

Generally, the entire SOT system has led to losses or reduced cash flow for SSD. As indicated above, the cash flow issues related to the SOT should have, however, been of a temporary nature, since any deficit or surplus resulting from the support for renewable energy sources was to be reconciled through the correction mechanism in two years. The mechanism meant that when setting the SOT by RONI in year t–1 for year t, RONI reflected the deficit or surplus resulting from the support for renewable energy sources in year t–2. Although this mechanism should have ensured that such deficit would be refunded within two years, any increase in the deficit could have a negative effect on the Group's financial condition, results of operations and cash flows between the time of incurrence of such deficit and time when the compensation for the deficit was received. See "*Risk Factors–Changes in regulated tariffs or the introduction of new obligations to pay regulated tariffs could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects – Gas and Power Distribution Business*".

As the SOT system has created a deficit, which has been increasing historically every year, there have been ongoing discussions between the distribution operators and the Slovak Ministry of Economy with a view to resolve this issue by changing the SOT system. All major attributes that were discussed between the distribution operators and the Slovak Ministry of Economy have been finally reflected in the amendment to the Slovak RES Promotion Act, effective as of 1 January 2019. According to the amendment, the SOT clearing duty was transferred from the distribution companies to a state owned entity, in this case OKTE a.s., on 1 January 2020. As regards the historical SOT deficit, on 18 December 2019, the Slovak government approved a one-off payment of part of the SOT deficit to the distribution operators, which amounted to approximately EUR 139 million for SSD. The new Slovak government made this payment in 2020 by means of a one-off payment and compensation through the tariff. As of the date of this Prospectus, the new Slovak government is considering various approaches for the settlement of the outstanding part of the SOT, which for SSD amounted to EUR 86.5 million as of the date of this Prospectus, but no official final details on the timeline or the settlement mechanism are available.

Heating energy sector

Business in the field of distribution or production of heat must be conducted under a licence granted by the RONI. The cogeneration of electricity and heat enjoys priority access to the electricity distribution and transmission grid. An advantage of cogeneration is the grant of monetary bonuses to producers.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Czech Republic of acquiring, holding and disposing of the Notes and receiving payments of interest, principal or other amounts under the Notes.

This summary is based upon the law, administrative practice and prevailing interpretations as in effect as of the date of this Prospectus, and as they apply to Notes issued as of the date of this Prospectus and before 1 January 2022. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to the holders of the Notes.

Also, investors should note that the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

2021 Income Taxes Amendment

The summary below reflects changes to the taxation of bonds (such as the Notes) as introduced by the latest amendment to the Czech income taxes act No. 609/2020 which became effective as of 1 January 2021 (the "**2021 ITA Amendment**"). The 2021 ITA Amendment has been approved by the Czech Parliament and promulgated in the Collection of Laws of the Czech Republic and, accordingly, has become a law. That said, the 2021 ITA Amendment has not been signed by the president of the Czech Republic and there is a risk that the presidential actions can render both the enactment and the effective date of the 2021 ITA Amendment susceptible to challenge before the courts. Also, the new 2021 ITA Amendment rules affecting taxation of bonds (such as the Notes) are untested in practice and there is neither any prevailing interpretation nor any administrative guidance available.

Certain Czech Republic Tax Considerations

In this discussion, the term "Note" also includes an interest in the Global Note assuming that a recipient of income derived from this interest (e.g., interest income or capital gain) is viewed as a beneficial owner of the income in the same way as if it was to hold the Note directly.

Issuance of the notes outside of the Czech Republic and their tax treatment as bonds

Interest on bonds issued outside of the Czech Republic by Czech-resident issuers has a special treatment under Czech tax laws. While the matter is not entirely free from doubt, we believe that (i) the Notes should be treated as issued outside of the Czech Republic under Czech tax principles because (among other factors) the Notes will be initially issued in global-certificated form abroad and held through clearing systems based outside of the Czech Republic, each of which will register and maintain records of the interests in the Notes in book-entry form in its foreign-based system, and (ii) the Notes should be considered as bonds for the purposes of application of Czech tax laws because they meet the qualification criteria of a bond under Section 2(1) of Act No. 190/2004 Coll., on Bonds, as amended, save for the fact that they are not issued under Czech law. However, there is no guarantee that Czech tax authorities will agree with this position.

The remainder of this discussion assumes that the Notes will be treated as bonds issued outside of the Czech Republic.

Non-Czech holders, holding and sale

General

A Czech tax non-resident does not become and is not deemed to become a Czech tax resident solely by reason of holding of the Notes or the execution, performance, delivery or enforcement of the Notes.

Interest

Following the assumption that the Notes are regarded as bonds having been issued outside of the Czech Republic, interest income on the Notes that is received by a Czech tax non-resident is exempt from taxation in the Czech Republic.

Sale

In the case of a repurchase of the Notes by the Issuer from a Czech tax non-resident individual before maturity, including in case of a redemption at the option of the Issuer, the amount, if any, by which the repurchase price of the Notes exceeds their issue price (defined for these purposes as the monetary consideration for which each Note is acquired in a manner set forth by law into the ownership of its first acquirer) may generally be subject to Czech withholding tax at the rate of 15 per cent. In certain situations, taxation of the above mentioned difference can be reduced or eliminated by an applicable double taxation treaty (or, in respect of Taiwan, by the Czech Act on elimination of double taxation with Taiwan, which is further referred to also as a "double taxation treaty"). To the extent that the amount of the above mentioned difference is constituted by interest accrued up to such repurchase or redemption, it can be argued that the tax exemption mentioned in the preceding paragraph should be extended to such amounts. However, any premium in excess of that should be subject to the general regime as per the first sentence of this paragraph.

Income from the sale of the Notes by a Czech tax non-resident not holding the Notes through a permanent establishment in the Czech Republic, to another Czech tax non-resident not purchasing the Notes through a permanent establishment in the Czech Republic, is not subject to taxation in the Czech Republic.

Income realised by a Czech tax non-resident from the sale of the Notes to a Czech tax resident or a Czech permanent establishment of a Czech tax non-resident is not subject to taxation in the Czech Republic, if the Czech tax non-resident realizing that income (a) is resident in a country within the meaning of an applicable double taxation treaty between that country and the Czech Republic pursuant to the terms of which the right to tax that income is conferred exclusively to the country where the recipient of the income is resident, (b) is the beneficial owner of that income, (c) is entitled to enjoy the benefits of that double taxation treaty and (d) does not have a permanent establishment in the Czech Republic to which the income would be attributable.

If income of a Czech tax non-resident from the sale of the Notes, other than where the first paragraph of this *Sale* section applies, is subject to taxation in the Czech Republic, as discussed in the foregoing paragraphs, and that Czech tax non-resident is not a tax resident of a member country of the EU or the European Economic Area, the purchasing Czech tax resident or the Czech permanent establishment of a Czech tax non-resident, as the case may be, is obliged to withhold an amount of 1 per cent. on a gross basis representing tax security, unless the obligation to withhold is waived by a tax authority decision. The amount so withheld as tax security is treated as a tax advance and is subject to final settlement (credit against the actual income tax liability) provided that the seller files a regular income tax return in the Czech Republic. Otherwise, the amount of the tax security may be considered as final tax liability by the Czech tax authorities.

Income realised by a Czech tax non-resident from the sale of the Notes to a Czech tax resident or a Czech permanent establishment of a Czech tax non-resident will be exempt from taxation in the Czech Republic, if:

- the Czech tax non-resident realizing that income is an individual (i) having held the Notes for more than three years prior to their sale where the Notes have never been held in connection with the business activities of that Czech tax non-resident or, if so, (ii) the Notes are sold at least three years after the termination of such business activities, at the earliest; or

- the Czech tax non-resident realizing that income is an individual, and the annual (worldwide) gross income (i.e. not the capital gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, assuming the Notes have never been held in connection with the business activities of that individual.

If the capital gain realised from the sale of the Notes is subject to taxation in the Czech Republic, including if the Notes form a part of the business property of a Czech permanent establishment of a Czech tax non-resident regardless of the status of the buyer, it is subject to progressive personal income tax at 15 and 23 per cent., depending on the individual's applicable tax bracket (the threshold, calculated including this and most other types of income, for the higher bracket is 48 times the average wage, which amounts to CZK 1,701,168 in 2021) for individuals and 19 per cent. for taxpayers other than individuals. This income should be included in the tax base of the Czech permanent establishment as a result of its business activities performed in the Czech Republic and taxed in its income tax return. In the specific case of an individual holding the Notes as part of his business property, the respective income may also be subject to social security and health insurance contributions.

Czech holders, holding and sale

Taxpayers of corporate income tax

A corporation or other taxpayer of corporate income tax with unlimited corporate income tax liability in the Czech Republic is subject to corporate income tax on income received on the Notes and on capital gains (i.e., the difference between the sale price and the accounting value of the Notes) realised from the sale of the Notes. Czech residents that are subject to Czech accounting standards for entrepreneurs (i.e. most companies other than financial or insurance institutions and certain individuals engaged in active business) or to Czech accounting standards for financial institutions (including, in particular, banks) will be required to recognise the interest income on an accrual basis.

In general, the income should be included in the tax base of such taxpayer and contribute to the overall tax base on its business activities and taxed at a rate of 19 per cent.

A 5 per cent. tax rate may apply to certain taxpayers (including some mutual and investment funds). A 0 per cent. tax rate may apply to certain other taxpayers (including some pension funds).

Taxpayers of individual income tax

Interest payments on the Notes to individuals with unlimited income tax liability in the Czech Republic are subject to taxation in the Czech Republic.

Following the assumption that the Notes are regarded as bonds having been issued outside the Czech Republic, interest income realised by such individual Czech tax resident is not subject to withholding tax and shall be included in his/her tax base subject to the general progressive income tax at 15 and 23 per cent., depending on the individual's applicable tax bracket (the threshold, calculated including this and most other types of income, for the higher bracket is 48 times the average wage, which amounts to CZK 1,701,168 in 2021), and taxed in his/her personal income tax return.

In the case of a repurchase of the Notes by the Issuer before maturity, including in case of a redemption at the option of the Issuer, a tax at the rate of 15 per cent. withheld at source applies to the amount, if any, by which the repurchase price of the Notes exceeds their issue price (as defined above). To the extent that the amount of the above mentioned difference is constituted by interest accrued up to such repurchase or redemption, it can be argued that the tax treatment mentioned in the preceding paragraph should be extended to such amounts (in lieu of withholding).

Capital gain (i.e., the difference between the sale price and the acquisition price of the Notes, increased by related fees for trading in the capital market and costs connected with the sale) realised by an individual upon the sale of the Notes, other than where the immediately preceding paragraph applies, is subject to progressive personal income tax at 15 and 23 per cent., depending on the individual's applicable tax bracket (the threshold, calculated including this and most other types of income, for the higher bracket is 48 times the average wage, which amounts to CZK 1,701,168 in 2021), and taxed in his/her personal income tax return. Any gain derived from the sale of the Notes is exempt from Czech personal income tax if the holding period of the Notes exceeds three years where the Notes have never been held in connection with the business activities of the individual Czech tax resident or, if so, the Notes are sold at least three years after the termination of these business activities. Further, any gain derived from the sale of the Notes is exempt from Czech personal income tax if the annual (worldwide) gross income (i.e. not the capital gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, assuming the Notes have never been held in connection with the business activities of that individual.

Any loss realised on the sale of the Notes by individual Czech tax residents is generally tax non-deductible, except for cases where losses are compensated by taxable capital gains derived by an individual from the sale of other securities in the given tax period (provided that these other securities do not constitute the individual Czech tax resident's business property on the date of the sale, and no exemption from personal income tax applies).

In the specific case of an individual holding the Notes as part of its business property, any realized capital gain (i.e., the difference between the sale price and the acquisition costs of the Notes) is also subject to social security and health insurance contributions. For an individual holding the Notes as business property, and who is not treated as an accounting unit (as defined below), any capital loss incurred in the sale of the Notes would be tax non-deductible. If an individual is treated as an accounting unit, keeps double-entry accounting and holds the Notes as business property, any loss upon the sale of the Notes is generally treated as tax deductible, as the Notes are considered to qualify as bonds.

Other comments

Czech tax residents that are subject to Czech accounting standards ("accounting units") are required to recognise interest income on an accrual basis for accounting purposes and, accordingly, include this income in their general tax base for Czech income tax purposes in the given period.

The Czech accounting units holding the Notes may be, under certain conditions, required to revalue the Notes to fair market value for accounting purposes, whereby the unrealised gains or losses would be accounted for as revenues or costs, respectively. These revenues are generally taxable and the corresponding costs are generally tax deductible for Czech tax purposes.

Reporting Obligation

A holder of the Notes (Czech resident and non-residents) who is an individual is obliged to report to the Czech tax authorities income earned in connection with the Notes (including interest income or income from sale) if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5 million. Non-compliance with that reporting obligation may be penalised by a sanction of up to 15 per cent. of the gross amount of that income.

Value added tax

There is no Czech value added tax payable in respect of payments in consideration for the issue of the Notes, in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

Other taxes or duties

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by a Czech tax non-resident or a Czech tax resident in respect of or in connection with the purchase, holding or disposition of the Notes, except for disposition in certain cases upon donation.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Czech Republic) have entered into, or have agreed in substance to, intergovernmental agreements with the U.S. to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Citigroup Global Markets Europe AG, HSBC Continental Europe, Intesa Sanpaolo S.p.A., SMBC Nikko Capital Markets Europe GmbH and UniCredit Bank AG (together, the "**Joint Bookrunners**") have, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 26 February 2021, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of the Notes. The Issuer has agreed to pay the Joint Bookrunners a combined management and underwriting commission, and will also reimburse the Joint Bookrunners in respect of certain of their expenses, and has agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

The Joint Bookrunners and their respective affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and other members of the Group (including, in some cases, credit agreements, credit lines and other financing arrangements) in the ordinary course of their banking business. The Joint Bookrunners and their respective affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

The Joint Bookrunners and their respective affiliates may provide banking services including financing, to the Issuer, and for which they may be paid fees and expenses. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or its affiliates (including the Notes). The Joint Bookrunners may have a lending relationship with the Issuer and its affiliates and may routinely hedge its credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, the Joint Bookrunners and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the relevant affiliate, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments (including, without limitation, the Notes).

Prohibition of sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; and/or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Additional United Kingdom Selling Restriction

Each Joint Bookrunner has represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Bookrunner has agreed that it will not offer or sell the Notes, (a) as part of its distribution at any time or (b) otherwise, until 40 days after the completion of the distribution of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation.

Each Joint Bookrunner has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998. CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;

(b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

General

Each Joint Bookrunner has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Corporate Information

1. The Issuer is a joint-stock company incorporated under the laws of the Czech Republic and registered in the Commercial Register maintained by the Municipal Court in Prague, Identification No.: 024 13 507, File No.: B 21608. Its registered seat is at Pařížská 130/26, 110 00 Prague 1, Czech Republic, its telephone number is +420 232 005 232 and its website is www.epinfrastructure.cz.

Authorisation

2. The creation and issue of the Notes has been authorised by the resolution of the Board of Directors of the Issuer dated 17 February 2021.

Listing and admission to trading

3. Application has been made for the Notes to be admitted to listing on the official list and to trading on the Regulated Market. It is expected that the admission of the Notes to the official list and trading on the Regulated Market will be granted on or about 2 March 2021, subject to the issue of the Notes. The total expenses related to the admission to trading of the Notes are expected to be approximately EUR 4,790.

Legal and Arbitration Proceedings

4. Save as disclosed in "*Description of the Issuer – Legal Proceedings*", there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

Significant/Material Change

5. Save as disclosed in this Prospectus, since 31 December 2019 there has been no material adverse change in the prospects of the Issuer or the Group and, since 30 June 2020, there has been no significant change in the financial performance of the Issuer or the Group.

Auditors

6. The Interim Financial Statements have been reviewed by Deloitte Audit s.r.o., an audit company registered with the Czech Chamber of Auditors. Deloitte Audit s.r.o. was appointed as independent auditor of the Issuer as from 1 January 2020. Deloitte Audit s.r.o. has no material interest in the Issuer.

7. The Annual Financial Statements have been audited without qualification, by KPMG Česká republika Audit, s.r.o., an audit company registered with the Czech Chamber of Auditors. KPMG Česká republika Audit, s.r.o. was appointed as independent auditor of the Issuer for the years ended 31 December 2019 and 2018. KPMG Česká republika Audit, s.r.o. has no material interest in the Issuer.

Documents Available

8. For the life of the Prospectus and for as long as the Notes are listed on the official list and admitted to trading on the Regulated Market:

   (a) copies of the constitutive documents of the Issuer (together with English translations thereof, as applicable), the Agency Agreement and the Deed of Covenant will be available for inspection in electronic form on the website of the Issuer at https://www.epinfrastructure.cz/en/activities/povinne-uverejnovane-informace-2/; and

   (b) this Prospectus will be available in electronic format on the website of Euronext Dublin at www.ise.ie.

Yield

9. On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the yield of the Notes is 1.816 per cent. on an annual basis.

ISIN and Common Code

10. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The ISIN is XS2304675791, the common code is 230467579, the Financial Instrument Short Name (FISN) is EP INFRASTRUCTU/1.75EUR NT 20310301 and the Classification of Financial Instruments (CFI) Code is DBFNFR for the Notes.

Listing Agent

11. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the official list of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Regulation.

The Legal Entity Identifier

12. The Legal Entity Identifier (LEI) code of the Issuer is 315700I4J1M1NKGWWY89.

INDEX OF DEFINED TERMS

REGISTERED OFFICE OF THE ISSUER
EP Infrastructure, a.s.
Pařížská 130/26
110 00 Prague 1
Czech Republic

JOINT BOOKRUNNERS

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

HSBC Continental Europe
38, avenue Kléber
75116 Paris
France

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate
& Investment Banking
Via Manzoni 4
20121 Milan
Italy

SMBC Nikko Capital Markets Europe GmbH
Neue Mainzer Str. 52-58
60311 Frankfurt am Main
Germany

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

FISCAL AGENT AND TRANSFER AGENT
Citibank, N.A., London Branch
Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

REGISTRAR
Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer as to English law:

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Issuer as to Czech law:

White & Case, s.r.o., advokátní kancelář
Na Příkopě 14
110 00 Prague 1
Czech Republic

To the Joint Bookrunners as to English law:
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Joint Bookrunners as to Czech law:
Clifford Chance Prague LLP
Jungmannova 745/24
110 00 Prague 1
Czech Republic

AUDITORS TO THE ISSUER

In respect of the six months ended
30 June 2020
Deloitte Audit s.r.o.
Italská 2581/67
120 00 Prague 2
Czech Republic

In respect of the financial year ended
31 December 2019 and 2018
KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Prague 8
Czech Republic

LISTING AGENT
Arthur Cox Listing Services Limited
10 Earlsfort Terrace
Dublin 2 D02 T380
Ireland