

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 following this page (the "**Prospectus**") 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 (as defined in the Prospectus), or any of Commerzbank Aktiengesellschaft, Erste Group Bank AG, ING Bank N.V. and Société Générale (together, the "**Joint Lead Managers**") 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 (AS DEFINED IN THE PROSPECTUS) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**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 SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

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 ATTACHED PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE 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 ATTACHED PROSPECTUS.

Confirmation of your representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S) located outside the United States. The attached Prospectus is being sent to you at your request, and by accessing the attached Prospectus you shall be deemed to have represented to the Issuer and the Joint Lead Managers 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 e-mail 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 attached Prospectus by electronic transmission.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached 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 attached 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 the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Prospectus may only be distributed to, and is directed solely 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.

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 Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**EU 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 EU 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.

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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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.

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 both) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; and (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No1286/2014 (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.

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 UK. 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 European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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 the PRIIPs Regulation 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 UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The attached 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, the Joint Lead Managers, 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 attached Prospectus distributed to you in electronic format and any hard copy version.



SPP — DISTRIBÚCIA, A.S.

(a joint-stock company incorporated under the laws of the Slovak Republic)

EUR 500,000,000 1.000 per cent. Notes due 2031

Issue Price: 99.613 per cent.

This prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") for the purpose of giving information with regard to the issue of the EUR 500,000,000 1.000 per cent. notes due 2031 (the "**Notes**") of SPP — distribúcia, a.s. (the "**Issuer**"). The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of 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 of Euronext Dublin 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, "**EU 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.

Interest on the Notes is payable annually in arrear on 9 June in each year, commencing on 9 June 2022. Payments on the Notes will be made in euros without deduction for or on account of taxes of the Slovak Republic to the extent described under "**Terms and Conditions of the Notes—Taxation**".

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 9 June 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 Slovak 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 from, but excluding, the Issue Date to, but excluding, 9 March 2031; or (b) pursuant to Condition 5(d) (*Redemption at the option of the Issuer (Issuer Call)*) at their principal amount on any date from and including, 9 March 2031 to, but excluding, their Maturity Date. In addition, the holder of a Note (the "**Noteholder**") may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount in the circumstances described in Condition 5(c) (*Redemption on Change of Control*). See "**Terms and Conditions of the Notes—Redemption and Purchase**".

The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S OF THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

The Notes will be in bearer form and in the denomination of EUR 100,000 each and integral multiples of EUR 1,000 in excess thereof. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around 9 June 2021 (the "**Closing Date**") with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and, together with Euroclear, the "**ICSDs**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 each and integral multiples of EUR 1,000 and with interest coupons attached. See "**Summary of Provisions Relating to the Notes in Global Form**".

As of the date of this Prospectus, the ratings of the Issuer are A- (stable outlook) by Fitch Ratings Ireland Limited ("**Fitch**") and Baa2 (stable outlook) by Moody's Deutschland GmbH ("**Moody's**"). The Notes are rated A by Fitch and Baa2 by Moody's. Each of Fitch and Moody's is established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No. 1060/2009, as amended (the "**EU CRA Regulation**") and are, as of the date of this Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) in accordance with the EU 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.

Investing in the Notes involves a high degree of risk. See "Risk Factors**" beginning on page 12.**

Joint Lead Managers

**Commerzbank
ING**

**Erste Group
Société Générale
Corporate & Investment Banking**

The date of this Prospectus is 8 June 2021

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IMPORTANT NOTICES

This Prospectus constitutes a prospectus for the purpose of the EU Prospectus Regulation and for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the rights attaching to the Notes. 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*" and "*Description of the Issuer*", 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.

This Prospectus is to be read in conjunction with the documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below).

The Issuer has confirmed to the Joint Lead Managers (as defined below) 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 not misleading in any material respect; and all proper enquiries have been made to ascertain or verify the foregoing.

None of Commerzbank Aktiengesellschaft, Erste Group Bank AG, ING Bank N.V. and Société Générale (together, the "**Joint Lead Managers**") or any of their respective directors, affiliates, advisers or agents has made an independent verification of the information contained in this Prospectus in connection with the issue or offering of the Notes and no representation or warranty, express or implied, is made by the Joint Lead Managers or any of their directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Prospectus is, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Joint Lead Managers or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Prospectus are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Joint Lead Managers or any of their respective directors, affiliates, advisers or agents. The delivery of this Prospectus does not imply that there has been no change in the business and affairs of the Issuer since the date hereof or that the information herein is correct as of any time subsequent to its date.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation.

The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful.

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, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Furthermore, this Prospectus does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently this document is being distributed only 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. Persons into whose possession this Prospectus may come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Prospectus and other offering material relating to the Notes is set out under "*Subscription and Sale*" and "*Summary of Provisions Relating to the Notes in Global Form*".

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 EU MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (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 UK 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 ("**UK**"). 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 European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (as amended, 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 UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU 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 EU 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 EU 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

None of the Issuer, the Joint Lead Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

None of the proceeds of the issue of the Notes will be used to fund activities or persons that are subject to sanctions introduced by the U.S. and the European Union.

Unless otherwise specified or the context so requires, references to "**euro**", "**EUR**" and "**€**" 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.

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 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 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 Issuer 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 Slovak Republic 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.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In connection with the issue of the Notes, Erste Group Bank AG (the "Stabilisation Manager") (or person(s) acting on behalf of the 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 be ended 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 the Stabilisation Manager) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer's financial information set forth in this Prospectus has, unless otherwise indicated, been derived from the Issuer's unaudited interim condensed financial statements as of and for the six months ended 31 January 2021 (with comparatives as of and for the six months ended 31 January 2020) (the "**Interim Condensed Financial Statements**") and the audited financial statements as of and for the 12 months ended 31 July 2020 and 2019 (the "**Annual Financial Statements**" and together with the Interim Condensed 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 by the EU and have been audited by Deloitte Audit s.r.o., independent auditors (the "**Auditors**"). The Interim Condensed 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.

Non-IFRS Information

Included in this Prospectus are certain alternative performance measures that are not measures defined by IFRS, namely, EBITDA, Net Debt, Net Debt Ratio, Cash Conversion Ratio and Free Cash Flow (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 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 Issuer's financial results as reported in the Financial Statements. The Issuer presents 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

EBITDA represents operating profit or loss adjusted for depreciation, amortisation and impairment losses on assets (the "**EBITDA**").

The following table provides a reconciliation of the Issuer's net profit to EBITDA for the six months ended 31 January 2021 and 2020, the 12 months ended 31 July 2020 and 2019:

	Six months ended 31 January		12 months ended 31 July	
	2021	2020	2020	2019
	<i>(in EUR thousands)</i>			
Net profit for the period	64,984	62,743	115,280	77,775
Income tax.....	(22,560)	(21,915)	(40,331)	(31,529)
Financial revenues.....	513	122	2,255	262
Financial costs.....	(8,020)	(9,060)	(14,442)	(18,052)
Operating profit	95,051	93,596	167,798	127,094
Depreciation, amortisation and impairment losses on assets, net	(83,189)	(80,082)	(160,141)	(199,142)
EBITDA	178,240	173,678	327,939	326,236

EBITDA is a non-IFRS financial measure used by the management of the Issuer to report the funds generated from continuing operations.

Net Debt

Net Debt represents notes or bonds and loans received less cash and cash equivalents and restricted cash (the "**Net Debt**").

The following table provides an overview of the Issuer's Net Debt as of 31 January 2021 and 2020 and as of 31 July 2020 and 2019:

	As of 31 January		As of 31 July	
	2021	2020	2020	2019
		<i>(in EUR thousands)</i>		
Net Debt (Debt less cash).....	524,977	616,197	604,060	519,730

Net Debt Ratio

Net Debt Ratio represents Net Debt divided by EBITDA (the "**Net Debt Ratio**").

The following table provides an overview of Net Debt Ratio as of and for the 12 months ended 31 January 2021 and the 12 months ended 31 July 2020 and 2019:

	As of and for the 12 months ended		
	31 January 2021	31 July 2020	31 July 2019
		<i>(multiple of EBITDA)</i>	
Net Debt Ratio	1.58x	1.84x	1.59x

Cash Conversion Ratio

Cash Conversion Ratio represents Free Cash Flow divided by EBITDA (the "**Cash Conversion Ratio**").

Free Cash Flow

Free Cash Flow represents EBITDA less income tax paid and acquisition of property, plant and equipment as presented in the statement of cash flows (the "**Free Cash Flow**").

The table below sets out Free Cash Flow and Cash Conversion Ratio for the six months ended 31 January 2021 and 2020 and the 12 months ended 31 July 2020 and 2019:

	Six months ended 31 January		12 months ended 31 July	
	2021	2020	2020	2019
	<i>(in EUR thousands, unless indicated otherwise)</i>			
EBITDA.....	178,240	173,678	327,939	326,236
Income Tax Paid	(34,391)	(35,990)	(66,341)	(49,792)
Acquisition of Property, Plant and Equipment	(13,666)	(12,499)	(24,111)	(20,146)
Free Cash Flow.....	130,183	125,189	237,487	256,298
Cash Conversion Ratio	73.0%	72.1%	72.4%	78.6%

Use of Certain Terms

The terms EBITDA, net debt, net debt ratio, free cash flow and cash conversion 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 Issuer. Further, the term Net Debt as defined above does not represent the term of a similar name, namely Indebtedness, as defined and used in section "*Terms and Conditions of the Notes*" of this Prospectus.

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. Any website referred to in this document has not been scrutinised or approved by the Central Bank of Ireland.

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 Slovak language in order that the correct technical meaning may be ascribed to them under applicable law.

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 the Prospectus as a whole, including the documents incorporated by reference. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to the more detailed information in the rest of this Prospectus.

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

Issuer:	SPP — distribúcia, a.s.
	The Issuer is a joint stock company (<i>akciová spoločnosť</i>) governed by (i) the laws and regulations applicable to commercial companies in the Slovak Republic, in particular, the Slovak Commercial Code, as amended (Act No. 513/1991 Coll.), and (ii) specific provisions of Slovak law in relation to natural gas transmission network, including the Slovak Act no. 251/2012 Coll. on Energy, as amended (the " Act on Energy ") and the Slovak Act no. 250/2012 Coll. on Regulation in Network Industries, as amended (the " Act on Regulation in Network Industries ") implementing Directive 2009/73/EC.
	The Issuer's principal activity is the distribution of gas in the Slovak Republic.
Issuer Legal Entity Identifier	213800AGL5LRVQNANS48
Joint Lead Managers	Commerzbank Aktiengesellschaft, Erste Group Bank AG, ING Bank N.V. and Société Générale
Fiscal Agent:	Citibank, N.A., London Branch.
The Notes:	EUR 500,000,000 1.000 per cent. Notes due 2031.
Issue Price:	99.613 per cent. of the principal amount of the Notes.
Issue Date:	9 June 2021.
Maturity Date:	9 June 2031.
Use of Proceeds:	The net proceeds from the issue of the Notes (<i>i.e.</i> after deduction of commissions, fees and estimated expenses) are expected to be approximately EUR 497,000,000. The Issuer will use such net proceeds (i) to redeem the aggregate principal amount of its existing EUR 500,000,000 2.625 per cent. Notes due 2021 (the " 2021 Notes ") and (ii) for general corporate purposes.
Interest Rate:	The Notes will bear interest at the rate of 1.000 per cent. per annum from and including 9 June 2021 to but excluding the Maturity Date (as defined in " <i>Terms and Conditions of the Notes</i> ").
Status:	The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer. See Condition 2 (<i>Status</i>).
Interest Payment Dates:	Interest will be payable annually in arrear on 9 June in each year, commencing on 9 June 2022.

Form and Denomination:	<p>The Notes will be issued in bearer form in the denominations of EUR 100,000 each and EUR 1,000 in excess thereof.</p> <p>The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.</p>
Redemption for Tax Reasons:	Early redemption will be permitted for taxation reasons. See Condition 5(b) (<i>Redemption for tax reasons</i>).
Redemption at the Option of the Issuer:	<p>The Notes may be redeemed at any time from, but excluding, the Issue Date to, but excluding 9 March 2031, at the option of the Issuer (in whole but not in part) at the Make-Whole Redemption Amount, as described in Condition 5(e) (<i>Redemption at the option of the Issuer (Make-Whole)</i>).</p> <p>The Notes may also be redeemed from and including 9 March 2031 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) (<i>Redemption at the option of the Issuer (Issuer Call)</i>).</p>
Redemption on Change of Control:	<p>Noteholders will have the benefit of a put option in the event of a change of control of the Issuer in the circumstances described in Condition 5(c) (<i>Redemption on Change of Control</i>).</p> <p>If 80 per cent. or more in principal amount of the Notes then outstanding has been redeemed pursuant to Condition 5(c) (<i>Redemption on Change of Control</i>), the Issuer may redeem at its option, all of the remaining Notes at their principal amount as described in Condition 5(c) (<i>Redemption on Change of Control</i>).</p>
Negative Pledge:	The Notes contain a negative pledge. See Condition 3 (<i>Negative Pledge</i>).
Events of Default:	Events of Default include: Non-payment of principal on the due date or within seven days and in the case of interest on the due date or within fourteen days; breach of other obligations of the Issuer not remedied for 45 days; cross-acceleration in excess of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; unsatisfied judgments against the Issuer in excess of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; enforcement of security over any part of the undertaking, assets and revenues of the Issuer, which exceeds an amount of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; insolvency and related events; certain other events. See Condition 8 (<i>Events of Default</i>).
Taxation:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Slovak Republic, unless the withholding is required by law. In that event, the Issuer will (subject to the exceptions in Condition 7 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Modification:	The Conditions of the Notes contain a provision permitting the Notes and the Conditions of the Notes to be amended without the consent of the Noteholders, among other things, to correct a manifest error.
Rating:	As of the date of this Prospectus, the ratings of the Issuer are A- (stable outlook) by Fitch and Baa2 (stable outlook) by Moody's. The Notes are rated A by Fitch and Baa2 by Moody's. 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 EU 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 EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK 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 UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.
Governing Law:	The Notes will be governed by, and shall be construed in accordance with, English law.
Listing and Clearing:	<p>Application has been made to Euronext Dublin for the Notes to be listed on the official list and admitted to trading on its Regulated Market.</p> <p>The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the following:</p> <p>ISIN: XS2348408514</p> <p>Common Code: 234840851</p> <p>CFI Code: DBFNFB</p> <p>FISN Code: SPP - DISTRIBUC/1EUR NT 20310609 RE</p>
Selling Restrictions:	The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the EEA, the United Kingdom, the Slovak Republic and the Czech Republic. See " <i>Subscription and Sale</i> ".
Risk Factors:	Investing in the Notes involves a high degree of risk. See " <i>Risk Factors</i> " beginning on page 12.

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 Issuer'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 Issuer may face. These are the risks that the Issuer currently considers to be material. There may be additional risks that the Issuer 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 relating to the Issuer's business and industries generally

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

The Issuer's operations are located in the Slovak Republic and it is therefore exposed to economic risks associated with the Slovak Republic and the Central and Eastern European region generally. The economy of the Slovak Republic is vulnerable to external shocks, such as the global economic and financial crisis which commenced in the second half of 2008.

The Slovak Republic's economy has also been, and may in the future be, negatively affected by an outbreak of any contagious diseases with human-to-human, airborne or contact propagation effects, such as coronavirus ("**COVID-19**") that has escalated into a global pandemic. The Issuer cannot provide any assurance on the future spread of COVID-19 or other contagious diseases in the Slovak Republic or what the impact on its business will be, due to, among other things, quarantines or other restrictive measures introduced by the Slovak Republic, other European nations and by countries around the world. Such restrictive measures have resulted in serious interruptions in business, economic and day-to-day activities in the Slovak Republic 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. For instance, according to the estimates of the Ministry of Finance of the Slovak Republic from May 2020, as a result of COVID-19, the economy of the Slovak Republic GDP for 2020 was estimated to fall by 7.2 per cent. As of March 2021, this estimate was updated and the decline in GDP was determined at 5.2 per cent. However, as of the date of this Prospectus, the medium to long term impact of the restrictive measures and the accompanying economic slowdown on the Issuer's business and the wider economy is difficult to assess. These factors may have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

On 24 January 2020, the United Kingdom and the European Union ("**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 period until it is 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 OĽaNO 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 Issuer 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 Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer'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 Issuer 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 the Issuer'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 the Issuer, which may negatively affect the Issuer'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 the systems of Eustream a.s. ("**Eustream**"). Despite current tensions and after protracted negotiations, Russia's Gazprom and Ukraine's Naftogaz Ukrainy signed on 20 December 2019 a new contract on the transit of gas through Ukraine. According to a press release published on 30 December 2019 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. 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 Issuer'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 Vel'ké 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 and there is no previous experience in the Slovak Republic of an extended period of disruption in gas supply from the Russian-Ukrainian route, except for the 13 days' disruption in January 2009. The Issuer holds gas on stock to continuously supply all households in the Slovak Republic for 30 days of average winter period consumption. 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 Vel'ké Zlievce entry point) and Austria (from the Baumgarten entry point) or gas stored by shippers in underground gas storage facilities.

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 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.

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 Issuer.

The Issuer's future revenue from its gas distribution network will be derived from regulated tariffs, the level of which may have an impact on the Issuer's results.

Most of the revenues from gas distribution networks are determined by regulated tariffs that are set by the Slovak Regulatory Office for Network Industries ("**RONI**"). According to Slovak law, such tariffs are determined with a view to cover eligible costs of operation, eligible depreciation, fair (allowed) profit, expected distribution volume, and should protect customers from unreasonable prices. The Issuer, as owner and operator of the gas distribution network, is obliged to regularly submit to the RONI tariff structure proposals in respect of the relevant regulatory period. In case of a significant change in the economic parameters that formed the basis for the price determination, both the Issuer and the RONI have the possibility to apply for a price decision change. The current regulatory period started on 1 January 2017, and was originally due to end on 31 December 2021, however, due to the ongoing COVID-19 pandemic, the regulatory period has been extended to 31 December 2022. The Issuer cannot guarantee that future tariffs will be set at a level that would allow it to improve or maintain its current profitability margins or maintain or improve its infrastructure in line with current expectations or future potential needs. Should the level of eligible costs be materially higher than the expected level, this could impair the profitability level. The Issuer also cannot guarantee that the current regulated tariffs will not be subject to change by the RONI during the current regulatory period. Future changes in the tariff structure applicable to the Issuer's gas distribution network could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

In addition, the RONI may decide to limit or even block tariff increases or may change the conditions of access to such regulated tariffs, including changes to price setting mechanisms. The Issuer cannot give any assurance that new tariffs would be set at a level which would allow it to preserve its short-, medium- or long-term profitability, while ensuring a fair return on capital invested. In particular, tariffs set by the RONI may be affected by a number of factors and there is no guarantee that the regulated tariffs set by the RONI will be sufficient to cover the Issuer's future eligible operating expenditures ("**OPEX**"), depreciation and fair profit and any costs of future infrastructure development projects. Further, given that the Issuer is subject to both Slovak and EU regulation, which is continuously evolving, there is no guarantee that the present or future tariffs set by the RONI will not be challenged by EU authorities. The materialisation of this risk as well as future changes in the tariff structure applicable to the Issuer's gas distribution network could therefore have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

Risks associated with failures, breakdowns, unplanned outages, as well as natural disasters, epidemics and pandemics, sabotage, terrorism or public opposition.

The Issuer's gas distribution operations are conducted on a basis of high-, medium- and low -pressure pipelines. The distribution of natural gas carries high risks and is prone to increased costs as a result of damage from natural disasters, operational hazards, equipment malfunction, human error, failure to maintain the distribution network or other events that could cause gas leaks, explosions, fire, or equipment damage, which in turn could cause human injury or death and may cause damage to third parties or the environment. Any failure of the Issuer's gas distribution network may impair its operations and revenues and expose it to liability, each of which could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows, prospects and reputation.

The Issuer's gas distribution operations and information systems controlling this infrastructure, 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 Issuer's facilities, in particular, to its network, may be costly to repair and any outages may cause the Issuer to lose revenues due to its inability to supply gas to its customers or to provide its distribution services in accordance with the contracts with its customers.

The Issuer'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 COVID-19 that has escalated into a global pandemic. The Issuer can provide no assurance on the future spread of COVID-19 or other contagious diseases in areas in which it 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 Slovak Republic and many other countries around the world and, as a result, have adversely affected the Issuer's and its suppliers' operations. The continuation of these measures or the introduction of any additional restrictive measures could further negatively affect the Issuer's employees and facilities as well as facilities operated by third parties and, as a result, disrupt the Issuer's operations and activities.

In addition, a malfunction or disruption of service of, or unauthorised access to, one of the highly complex and sophisticated information systems operated by the Issuer may have a material adverse effect on its business. Although the Issuer maintains internal processes and procedures to protect the system, there is no assurance that these processes and procedures will be efficient or that there will not be any unauthorised access to the Issuer's sensitive data by third parties and improper use of such data, which may lead to the loss of company secrets and may result in a breach of applicable data protection regulations. Under Regulation (EU) 2016/679, General Data Protection Regulation ("**GDPR**"), which implements a stricter data protection compliance regime and substantially increases fines for a breach of data protection regulation, data protection agencies have the right to impose orders and fines up to EUR 20 million, or up to 4 per cent. of the annual revenue for the previous financial year, if they find that the Issuer has not complied with applicable laws and adequately protected customer data.

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 Issuer as well as in the Issuer 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 material increase in insurance costs could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows, prospects and reputation.

The Issuer's revenues and margins may be negatively impacted by volatile prices and the demand for natural gas.

The Issuer is exposed to the risk that there may be a reduction in demand for its gas distribution, in particular by their commercial and industrial customer base. The demand for the Issuer's gas distribution is principally driven by the level of economic activity in the Slovak Republic and the demand for natural gas fluctuates in accordance with the economic cycles and general economic conditions in Europe and lower availability of gas-fired plants or gas consumption in the Slovak Republic, Central and Western Europe. The Issuer is exposed to the global risks associated with the demand for gas, which depends on a number of factors outside of its control, including gas price, geopolitical developments, alternative sources of energy, the development of renewable energy sources and state subsidies for them, climate fluctuations and environmental laws.

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 Issuer's business, financial condition, results of operations, cash flows and prospects.

Fluctuations in natural gas prices could lead to alternative sources of energy.

Natural gas prices are influenced by numerous external factors that have caused price fluctuations in the past. The Issuer cannot control fluctuations in gas in international markets. The prices for gas have historically been volatile and there is no guarantee that prices will remain within projected levels. The subsidies of renewable sources of energy by the EU could also have an adverse effect on the use of natural gas.

Quick and easy access to renewable energy sources or alternative energy sources, such as fuel oil, LPG, 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 the Issuer in the local energy markets. As with fluctuations in natural gas prices, this may adversely impact the Issuer's results of operations and financial condition.

The Issuer's results of operations may be adversely affected by the arrival of competitors in gas distribution.

As at the date of this Prospectus, the Issuer is the natural monopoly distributor of gas in the Slovak Republic. However, the Issuer operates in an increasingly competitive gas market which may see the arrival of competitors in gas distribution which could have a material adverse effect on the Issuer's results of operations and financial condition.

Act no. 251/2012 Coll. on Energy, as amended (the "**Act on Energy**") requires any applicant for a gas connection to request from the Issuer a connection. Such requirement safeguards the monopolistic position of the Issuer. However, any potential change of legislation is outside of the control of the Issuer. If legislation were to allow direct connections to transmission pipelines or cross-border connections, this could lead to major customers disconnecting from the Issuer's distribution network and thereby could have a material adverse effect on the Issuer's results of operations and financial condition.

The Issuer's revenues, costs and results of operations are influenced by weather conditions and seasonal variations that are not within its control.

Gas consumption is seasonal and is mainly affected by weather conditions. The Issuer's gas distribution business is affected by variations in general weather conditions and unusual weather patterns. The Issuer's gas distribution business forecast the demand for its products or services based on long-term historical average weather conditions. While the Issuer also considers possible variations in normal weather patterns and potential impacts on its business, there can be no assurance that such planning can prevent negative impacts on the Issuer's business. Typically, when winters are warmer than expected, as was the case in 2014, 2015, 2018 and 2019 demand for gas is lower than forecasted, which may have a material adverse effect on revenues of the Issuer's business.

An unexpected disruption to the supply of gas could materially and adversely affect the Issuer's results of operations and financial condition.

The Issuer does not operate any material gas generation or transmission facilities and has not entered into any long-term agreements for the supply of gas to the Issuer in excess of one year. The Issuer takes over all gas that belongs to shippers from the transmission pipeline operated by Eustream for distribution to end-customers to whom the Issuer has liability. The Issuer 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 for a reserve for the supply of gas to households under short-term agreements with gas producers and traders. Natural gas purchase prices to cover losses are subject to tender for a period of one year in advance.

In addition, as at the date of this Prospectus, the Issuer has not experienced any difficulties with the macro-economic supply of gas, because there is sufficient gas capacity in the Slovak Republic and the consumption of gas is almost balanced. 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 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 (see "*The Issuer's business could be adversely affected by the continuing crisis in Ukraine and the political and economic uncertainty it creates*"), or however caused, or any disruption to the cross-border transmission of gas, would have a material adverse effect on the Issuer's results of operations and financial condition.

A default by any of the Issuer's suppliers may affect the Issuer's financial condition.

The Issuer is subject to the risk that a supplier will default on its contractual obligations and that any guarantee or performance bond in respect of such obligations will not be honoured. The Issuer's suppliers

may default on their obligations for a number of reasons, including as a result of their bankruptcy, a lack of liquidity or operational failure. Any default may expose the Issuer to reputational risk, business continuity risk and the loss of important contracts. In addition, the Issuer may be required to find alternative suppliers. Any such setbacks may result in unforeseen costs, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer is exposed to risks relating to its reliance on service providers and subcontractors.

While the Issuer is solely responsible to carry out the gas distribution service, in several areas of its operation it is also exposed to risks relating to its reliance on service providers and subcontractors (such as contractual parties for the Issuer's capital expenditures). The Issuer cannot guarantee the performance and quality of services carried out by external companies or their compliance with applicable regulations. 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 Issuer.

Inspections, litigation and regulatory proceedings.

This Issuer is subject to inspections by the RONI, the antimonopoly office and the State Energy Inspection Office. Although the Issuer does not, as at the date of this Prospectus, have any material inspection findings, litigation or regulatory proceedings to which it is a party, no assurance can be given that such litigation or regulatory proceedings may arise in the future and will not have a material adverse effect on the Issuer's results of operations and financial condition. In addition, litigation, whether or not successful, could materially affect the Issuer's reputation in the market or a relationship with customers or suppliers who may cease to trade with the Issuer, 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 Issuer's business. Each of these additional consequences of litigation could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

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

The Issuer'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 Issuer's industries and in operating a company of the Issuer's size and complexity. There may be a limited number of persons with the requisite experience and skills to serve in the Issuer's senior management positions, and the Issuer 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 Issuer to increase wages to attract suitably skilled candidates, which could substantially increase the Issuer's costs. Any of these factors could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

The interests of the Issuer's shareholders, the Slovak Republic and EP Infrastructure, a.s., may conflict with those of the Noteholders and the Notes do not benefit from any shareholders' guarantee.

As of the date of this Prospectus, the Issuer is 51 per cent. indirectly owned by the Slovak Republic and 49 per cent. indirectly owned by EP Infrastructure, a.s. ("**EPIF**" and together with its subsidiaries, the "**EPIF Group**"), a Czech Republic-based energy infrastructure utility focused on gas transmission, gas and power distribution, heat and power generation and gas storage, with principal operations in the Slovak Republic and the Czech Republic. Situations may arise where the interests of the Slovak Republic or EPIF may be different from the interests of the Noteholders and such differences could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects. The obligations of the Issuer under the Notes do not benefit from any direct or indirect form of guarantees from its shareholders. The Notes are not directly or indirectly guaranteed by the Slovak government and do not benefit from any legally enforceable government backing. Accordingly, the Notes are not, and should not be regarded as, obligations of the Slovak government or backed by the Slovak government.

The Issuer may be required to make substantial capital expenditures.

The Issuer is obliged to continuously maintain and develop its network in order to ensure the capacity of the network to satisfy demand for the distribution of gas and, in particular, to contribute to the security of supply by having appropriate distribution capacity. This requires significant capital expenditure on technology development, renewal and maintenance of the gas distribution network. The expected maintenance, development and overhaul of the Issuer's gas distribution network is set out in its rolling five-year network development plan. Changes to legislation may require new and/or additional capital expenditures which may be more costly or time consuming. The Issuer's infrastructure investments for maintenance and (in minor part) expansion of its current business and the speed at which these 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 land 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, such assumptions may prove incorrect and the investment projects may not develop as planned or issues relating to such investment projects may put the Issuer in a position of non-compliance with legislation.

According to the Act on Energy, upon the request of the owner of a local distribution network or a gas facility, the Issuer shall be obliged to buy-out such local distribution network or gas facility at the regulated price determined by the RONI. Such regulated price should take into consideration, among other things, the economic efficiency of such local distribution network or gas facility. According to the RONI Decree no 223/2016 establishing the price regulation in the gas industry, the Issuer shall also be obliged to buy-out a gas facility upon the request of the gas facility's investor or owner. Since the determination of the purchase price is within the full discretion of the RONI, the fair return on such buy-outs is, therefore, not guaranteed.

According to the RONI Decree no 309/2009 on promotion of renewable energy sources and high-efficiency cogeneration the Issuer shall also be obliged to connect biomethane producers to the distribution network as a matter of priority. The costs of such connection to the distribution network (length of which is up to four kilometres) shall be borne by the Issuer subject to a cap of 75 per cent. of actual costs. If the length of the connection exceeds four kilometers, the biomethane producer is responsible for costs associated with the construction of the connection exceeding four kilometers.

Therefore, national authorities like the Slovak Ministry of Economy, the RONI or other authorities may legislate to require the Issuer to make certain investments at a regulated price, like buying-out a local distribution network or gas facility, and the results of this may adversely affect the Issuer's business, results of operations and financial condition.

The Issuer's insurance coverage with respect to its assets and operations may be inadequate.

The Issuer only has a limited benefit of insurance against damage for the pipelines it owns or for business interruption. As the Issuer's pipelines are a decentralised system of assets, insuring them would not prove to be economical. Damage or third-party claims for which the Issuer is not insured fully or at all as well as increases of insurance costs and other adverse changes in insurance markets could materially and adversely affect the Issuer's business, financial condition, results of operations, cash flows and prospects.

Certain contracts the Issuer has entered into 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 the Issuer, including material and long-term contracts that would enable the Issuer's counterparties 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 contracts, if such termination is successful, this may result in a decrease in the Issuer's revenues and profitability, which in turn could adversely impact the Issuer's business, financial condition, results of operations, cash flows and prospects.

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

The Issuer 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 Issuer has concentrated exposures to a small number of customers (such as Slovenský plynárenský priemysel, a.s. ("SPP")), mostly with long-term contracts, a failure of a customer to perform its contractual obligations may have a negative impact on the Issuer. Any such default by a customer of the Issuer or a trading counterparty, or a financial institution with which the Issuer enters into financial transactions could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

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

The Issuer's employees are represented by a trade union and, as such, possess certain bargaining or other rights. These employment rights may require the Issuer to expend substantial time and expense in altering or amending employees' terms of employment or making staff reductions. If the Issuer's relations with its workforce or the employees' representatives deteriorate for any reason, including as a result of changes in its compensation or any other changes in the Issuer's policies or procedures that are perceived negatively by employees or their representatives or if the Issuer is unable to successfully conclude any future collective bargaining or other employee representation agreements with the employees' representatives the Issuer 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 Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer is exposed to commodity risk.

The Issuer's exposure to commodity risk principally consists of exposure to fluctuations in the prices of natural gas, both on the supply and the demand side. The Issuer uses gas storage facilities which creates a more flexible position. Natural gas purchase prices are tendered one year in advance to cover losses in accordance with market price developments. The purchase price tender usually takes place during summer months, when natural gas price is lower. The price is partially hedged short-term through a fixed price in the relevant contract for a period of one year. However, the variety of instruments and strategies used to hedge exposures may not be effective. In some cases, the Issuer 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 Issuer 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 Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer is exposed to interest rate risk.

The Issuer has entered into two long-term investment loan agreements with floating interest rates, which exposes the Issuer to interest rate risk. As of 31 January 2021, the Issuer drew a long-term loan in the amount of EUR 76.65 million falling due in 2024 and a long-term loan in the amount of EUR 60 million falling due in 2029. The interest rate on both loans consists of a variable component (3M EURIBOR) and a fixed margin. From time to time, the Issuer 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 Issuer may incur losses to the extent its exposure is unhedged or if any of the variety of instruments and strategies used to hedge exposures are not effective or cannot be implemented. The Issuer'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 Issuer 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 Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer is exposed to liquidity risk.

The Issuer 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. As of 31 January 2021, the Issuer had cash and cash equivalents in the total amount of EUR 149.33 million. As of 31 January 2021, the Issuer had financial liabilities with contractual maturities of less than three months in the total amount

of EUR 59.66 million, between three months to one year in the total amount of EUR 524.61 million, between one and five years in the total amount of EUR 97.49 million and over five years in the total amount of EUR 66.60 million. Liquidity risk is evaluated by monitoring changes in the financing structure and comparing these changes with the Issuer's liquidity risk management strategy. The Issuer typically aims to maintain a sufficient level of cash and cash equivalents with adequate maturity, availability of funding through an adequate amount of committed credit lines, the ability to close open market positions, and access to SPP Infrastructure, a.s. group's system of utilisation of resources and liquidity optimisation. However, if these policies and procedures are not effective, are not followed or do not work as planned, this could adversely affect the Issuer's business, financial condition, results of operations, cash flows and prospects.

Risks related to governmental regulations and laws

Recent changes to the regulatory framework applicable to the Issuer's activities and future changes to applicable regulations creates uncertainty in matters that are significant to the Issuer's business and could have an adverse effect on its financial condition or results of operations and/or enforcement of proceedings.

The Issuer operates in a highly regulated industry and its business is subject to increasingly strict regulation under applicable laws with respect to matters such as permitting and licensing requirements, limitations on land use, employee health and safety, unbundling requirements or the environmental regulations relating to carbon emissions. The laws, regulations, directives, decisions and policies of the EU and the Slovak Republic determine the scope of the Issuer's activities and could substantially affect its revenues and the way in which it conducts its business. Introduction of new laws and amendments to existing laws in the EU and the Slovak Republic may affect the legal environment in which the Issuer operates its business in ways that cannot be predicted. Such legislation or regulation may be imposed on the Issuer directly in its role as a gas distribution operator, or indirectly, such as in the case of environmental regulations relating to carbon emissions. The regulatory framework applicable to the Issuer's activities has undergone significant changes following the adoption of Directive 2009/73/EC concerning common rules for the internal market in natural gas (the "**EU Third Gas Directive**"). The EU Third Gas Directive has been implemented in the Slovak Republic through the Act on Energy and the Act No. 250/2012 Coll., on Regulation in Network Industries, as amended (the "**Act on Regulation in Network Industries**").

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 Issuer. 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 Issuer's revenues or profitability. In addition, the Issuer 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 Issuer as a distribution system operator.

The Act No. 45/2011 Coll. on critical infrastructure, as amended in March 2021 (transposing the Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection) states that the direct or indirect transfer of shares representing more than a 10 per cent. share on registered capital or voting rights, or assets of certain entities where such assets are designated as 'critical infrastructure' are subject to prior screening and, in some instances, approval by the Government of the Slovak Republic to determine whether the transfer of such shares or assets does not threaten the public order, national security or interests of the Slovak Republic or other EU Member States or the interests of the EU. The list of such entities or their assets are confidential. If the Issuer or its assets are designated as 'critical infrastructure', approval of the Government of the Slovak Republic may be required for the sale or disposal (including in the case of

enforcement proceedings, a winding-up or liquidation) of its assets, and if such approval is refused that may have a material adverse effect on the liquidity of the assets and the business and any enforcement proceedings. For more information, see "*Regulation*".

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 Issuer's operations. The Issuer may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Issuer's operations. The Issuer must compensate employees for work-related injuries. Any of the foregoing could adversely impact the Issuer's business, results of operations, financial condition, cash flows and prospects.

Health and safety incidents and breaches of, or changes in, any applicable environmental, health and safety laws and regulations may cause the Issuer to incur increased costs or liability or other damages.

Gas distribution involves the use of products and by-products that may be hazardous to human health and the environment. The Issuer's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive and which may change over time.

Compliance with environmental regulations in the Slovak Republic and abroad may materially increase the Issuer's costs of operations. The Issuer continuously incurs, and will continue to incur, costs related to reducing emissions and specific types of air pollution, and capital expenditures related to ensuring that its installations comply with applicable laws for the protection of the environment and human health and safety. In addition, any of the Issuer's operations may, in the future, become subject to stricter laws and regulations, which may increase the capital expenditures the Issuer will be required to incur.

The Issuer may be exposed to significant liabilities if it fails to comply with applicable environmental and health and safety laws and regulations. There can be no assurance that the Issuer will not incur substantial costs and liabilities, including the cost of clean-up operations and claims for damages to property and persons resulting from environmental or health and safety incidents. Any such costs and liabilities could have an adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer'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. Continued or increased support for renewable energy sources in the EU may reduce demand for gas and, as a result, the volume of natural gas transported in the Slovak Republic, and thereby reduce the Issuer's revenues. This, together with any potential obligation to subsidise or work as an agent in the scheme of subsidies for renewable energy sources without proper compensation in tariffs, could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

Directive 2012/27/EU on energy efficiency (the "**EED**"), which entered into force on 4 December 2012, targets a 30 per cent. increase in energy efficiency by 2030. 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 Issuer may be required to incur substantial capital expenditure. This, in turn, could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer's activities require various administrative authorisations and building permits that may be difficult to maintain or obtain or that may be subject to increasingly stringent conditions.

The Issuer's gas distribution activities require various administrative authorisations and building permits in the Slovak Republic. The Issuer 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 Issuer. Whilst the Issuer has not had problems obtaining administrative authorisations or permits in the past, there can be no assurance that it may not have difficulty in the future if Slovak 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 Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer is subject to broad regulatory supervision and powers, and any of its licences, authorisations and permits may be suspended, amended or terminated prior to the end of their terms or may not be renewed.

The Issuer's authorisations, licences and permits required to conduct business operations, such as operating a gas distribution network, 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.

In addition, the Issuer is subject to regulatory supervision and inspections, in particular by the Slovak Ministry of Economy, the RONI and the Slovak Anti-Monopoly Office. Although, as of the date of this Prospectus, the Issuer is not aware of any material inspection findings or regulatory proceedings to which it is a party, no assurance can be given that inspections or regulatory proceedings will not arise in the future and will not have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

Further, the Issuer's business operations and certain personnel changes in its bodies are subject to the regulatory decisions of the RONI. The RONI has broad regulatory powers, including the power to adopt secondary legislation, setting regulatory policy and setting the regulation of energy prices, quality and other matters. The development of the RONI's scope of influence and the impact it may have on the Issuer's operations is beyond the Issuer's control.

If any of the Issuer's licences or permits is revoked, withdrawn or amended, or if the Issuer has difficulty renewing a licence or permit, it may experience delays in operations. Any of the foregoing could adversely impact the Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer could incur unforeseen taxes, tax penalties and special levies which could adversely affect its results of operations and financial condition.

Tax rules, including those relating to the energy industry in the Slovak Republic, and their interpretation, may change, possibly with retrospective effect. The imposition of any new taxes in the Slovak Republic, or changing interpretations or application of tax regulations by either tax authorities or courts, harmonisation of Slovak and EU tax law and regulation, significant tax disputes with tax authorities, 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 Issuer and could have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

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 August 2021, the levy rate will be decreased to 0.00363 (from current rate 0.00545). In 2020 and 2019, the Issuer incurred costs of EUR 14.17 million and EUR 18.45 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 Issuer's business, results of operations and financial condition.

Risk related to the Issuer's financial profile

The Issuer's ability to access credit and capital markets and its ability to raise additional financing is in part dependent on its credit ratings.

The Issuer's ability to access the capital markets and other forms of financing or refinancing, and the costs connected with such activities, depends in part on the credit rating of the Issuer. As of the date of this Prospectus, the Issuer has been assigned a long-term corporate credit rating of A- (Stable) by Fitch and Baa2 (Stable) by Moody's. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. The Issuer's ability to maintain its current rating is dependent on a number of factors, some of which may be beyond its control. In the event that the Issuer's credit rating is lowered, the Issuer's ability to access credit and bond markets and other forms of financing or refinancing could be limited. This may have a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows and prospects.

The Issuer may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain financing on financially attractive terms as and when needed.

The Issuer is reliant upon having financial strength and access to credit and bond markets to meet its financial requirements. If the Issuer's financial performance does not meet its existing contractual obligations or market expectations, it may not be able to refinance existing debt issuances or facilities on terms considered favourable. If the Issuer is no longer able to obtain the financing it needs as and when needed, or if it is able to do so only on onerous terms, its further development and competitiveness could be severely constrained. The Issuer's ability to raise additional capital could be further influenced by factors such as changing market interest rates, restrictive covenants in its debt instruments or negative changes in its credit rating. At the same time, any additional debt incurred in connection with future acquisitions, construction or development could have a significant negative impact on the Issuer's performance indicators and could result in higher interest expenses for the Issuer. If the Issuer does not generate sufficient cash flows or if it is unable to obtain sufficient funds from future financings or at acceptable interest rates, the Issuer may not be able to pay its debts as they fall due or to fund other liquidity needs. The materialisation of any of these risks could have a material adverse effect on the Issuer's business, results of operations, financial condition, cash flows and prospects.

The Issuer 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 Issuer's financial indebtedness contain restrictive provisions which, among other things, limit the Issuer's ability to incur additional financial indebtedness, dispose of assets, create security or merge with other companies. These restrictions are subject to a number of exceptions and qualifications. For example, under the term facility agreements the Issuer has entered into, the Issuer can incur additional financial indebtedness if, among other things, certain net leverage limits are met. Some of the revolving facilities agreements the Issuer has entered into and the notes issued by the Issuer also contain a change of control provision the triggering of which may result in mandatory prepayment or early redemption, respectively. The above restrictive provisions could limit Issuer'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 Issuer's business, financial condition, results of operations, cash flows and prospects.

Risks related to the Notes

Set out below is a brief description of certain risks relating to the Notes generally:

New global note structure.

The Issuer intends that the Notes will be held by a common safekeeper for Euroclear or Clearstream, Luxembourg. This does not necessarily mean that the Notes will 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 the European Central Bank being satisfied that the applicable Eurosystem eligibility criteria have been met.

Redemption prior to maturity for tax reasons.

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Slovak Republic or any political sub-division thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes. It may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions may charge their clients for own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional—domestic or foreign—parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

In the event of the Issuer's insolvency the Public Sector Partners Act may impose certain obligations on Noteholders.

According to the Slovak Act No. 315/2016 Coll., on the register of public sector partners, as amended (the "**Public Sector Partners Act**"), recipients of funds or other benefits from certain transactions with the state or state-related parties from the public sector are required to register as public sector partners ("**Public Sector Partners**") in the public sector partners register (the "**Register**") and disclose information on their ownership structure, including their ultimate beneficial owners in the Register. Following recent amendments to the Public Sector Partners Act, the Issuer no longer qualifies as part of the public sector and holders of financial instruments (such as bonds) issued by public sectors entities and listed on the regulated market within the EU, or which were otherwise placed or subscribed for through the respective financial institution, have been specifically excluded from the obligation to register as Public Sector Partners. As such, the Noteholders do not qualify as Public Sector Partners by virtue of their subscribing, purchasing, acquiring or holding the Notes or receiving the payments of interest or principal in respect of the Notes.

However, the Issuer itself is registered in the Register under the Public Sector Partners Act, in the event of the Issuer's bankruptcy or restructuring, the Noteholders other than (i) public sector entities, (ii) banks, (iii) electronic money institutions, (iv) insurance companies, (v) reinsurance companies, (vi) health insurance companies, (vii) management companies, (viii) securities traders, (ix) stock exchanges or (x) central securities depositories will be required, pursuant to the Slovak Act No. 7/2005 Coll., on bankruptcy and restructuring, as amended (the "**Insolvency Code**"), to register in the Register in order to avoid their claims against the Issuer above EUR 1 million being deemed as subordinated to all other senior unsecured creditors of the Issuer. Noteholders can avoid the deemed subordination of their claims against the Issuer by effecting the registration at any time after the commencement of formal bankruptcy or restructuring proceedings.

Due to numerous issues related to the practical application of the Public Sector Partners Act, it cannot be excluded that changes in its interpretation or its future amendments will result in new obligations or limitations for the Issuer or the Noteholders.

The claims of the Issuer's related parties are subordinated to claims of unrelated creditors in insolvency proceedings.

A related party of the Issuer under the Insolvency Code includes any creditor holding directly or indirectly at least 5 per cent. of the shares or voting rights in the Issuer or any of its related parties or, alternatively, where the Issuer or any of its related parties holds at least 5 per cent. of the shares or voting rights in that creditor (any such party, a "**Related Party**").

The claims which are or were owed by the Issuer to any creditor which is or was a Related Party of the Issuer may only be satisfied in the bankruptcy of the Issuer after all other senior claims have been satisfied (and are therefore, as a practical matter, these claims are very rarely satisfied in insolvency where the available assets of the company may be limited). If any Noteholder is or becomes a Related Party of the Issuer, the claims of such Noteholder will be subordinated to the claims of all other creditors of the Issuer which would include Notes held by Noteholders that are not Related Parties.

The Insolvency Code expressly provides that creditors who acquire a receivable from a Related Party will not themselves be deemed to be a Related Party for the purposes of the Insolvency Code if they could not have known (acting with due care) that they are acquiring a Note previously owned by a Related Party. There is also a rebuttable presumption that a Noteholder who acquires the Notes on a regulated market would not know that any Notes purchased were previously owned by a Related Party and thus the subordination rule would not apply.

However, in case the relevant Noteholder is unable to prove that it falls within one of the above exemptions, there is a risk that a Slovak court may apply the subordination rule broadly, in which case the subordination of particular Notes held by a person who was a Related Party at the relevant time will apply to such Notes indefinitely irrespective of whether such Notes are later transferred to a Noteholder that is not a Related Party.

Possible difficulties or delays in enforcing English court judgements

As a result of Brexit, the regulation concerning the recognition and enforcement of judgments that applies between the United Kingdom and EU Member States, that is, the Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012) has ceased to apply to the United Kingdom (and to English court judgments).

Further, the United Kingdom is no longer a party to the Lugano Convention under which judgments from the courts of contracting states (currently the EU Member States, *plus* Switzerland, Iceland and Norway) are recognised and enforced in other contracting states.

As for rules that would be applied by Slovak courts, the judgments of courts in countries not bound by the Recast Brussels Regulation rendered against the Issuer would only be enforceable in the Slovak Republic if: (i) the judgment has been certified by the competent foreign authority and officially translated into Slovak; (ii) the judgment has been super-authenticated or apostilled in accordance with the Hague Convention Abolishing the Requirement of the Legalization of Foreign Public Documents dated 5 October 1961; (iii) the matter decided in the judgment does not fall within the exclusive jurisdiction of the Slovak authorities; (iv) the authority of the foreign state would have the power to make a decision if its jurisdiction were reviewed under Slovak law; (v) the judgment is final (*právoplatné*) and enforceable (*vykonateľné*) in the country of its issuance, (vi) it is a judgment on the merits of the case, (vii) the foreign authority has not deprived the party against whom the judgment is to be recognised of the right to attend the proceedings, in particular, if a summons or petition for the commencement of a proceeding has been duly delivered to such party, the court does not review whether such condition is discharged if the foreign decision was delivered to such party and the party did not appeal it or waived the review of such condition, (viii) a Slovak judicial body has not issued a final decision on the same legal matter, or an earlier foreign decision on the same matter has not been recognized or does not meet the requirements for recognition and (ix) the recognition of the judgment would not be contrary to the public order of the Slovak Republic.

Risks related to the market generally.

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by the Issuer is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in the Slovak Republic, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Market value of the Notes.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in the Slovak Republic or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Credit rating may not reflect all risks.

The Notes are rated A by Fitch and Baa2 by Moody's. The ratings assigned by Fitch and Moody's to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A 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.

Change of law.

The Terms and Conditions of the Notes are governed by English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or the official application or interpretation of English law after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to

comply with extensive regulations in the Slovak Republic and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Taxation.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes.

Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, except for the text in italics, will be endorsed on each Note in definitive form:

The EUR 500,000,000 1.000 per cent. Notes due 2031 (the “**Notes**”, which expression, for the purposes of these Conditions, includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of SPP — distribúcia, a.s. (the “**Issuer**”) are constituted by a deed of covenant dated 9 June 2021 (as amended or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer and are subject to, and have the benefit of, a fiscal agency agreement dated 9 June 2021 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer and 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 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). Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) 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 London Branch for the time being of the Paying Agent, being at the date hereof Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1 Form, Denomination and Title

The Notes are in bearer form in denominations of EUR 100,000 each and EUR 1,000 in excess thereof with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) 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.

2 Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured 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 and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3 Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not, and the Issuer shall procure that no Subsidiary will, 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 any Relevant Indebtedness or Guarantee of Relevant Indebtedness 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.

In these Conditions:

“**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;

“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;

“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);

“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

“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 9 June 2021 (the **“Issue Date”**) at the rate of 1.000 per cent. per annum, (the **“Rate of Interest”**) payable in arrear on 9 June 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 final redemption unless, upon due presentation, payment of principal 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 1,000 in respect of each Note of EUR 100,000 denomination and EUR 10 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 euro (half a euro being rounded upwards) and multiplying such rounded figure by a fraction equal to the 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 9 June 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 in accordance with Condition 14 (*Notices*) (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 Slovak 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 8 June 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 Condition, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent:

- (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i) and (ii) above prevail and setting out the details of such circumstances; and

- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

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 on Change of Control*: If at any time while any Note remains outstanding, either of the following events shall occur (each, as applicable, a “**Put Event**”):
 - (i) a Change of Control occurs and, if at the start of the Change of Control Period the Notes are rated by any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs within such Change of Control Period (such Change of Control and Rating Downgrade not having been cured prior to the expiry of the Change of Control Period); or
 - (ii) a Change of Control occurs and, on the occurrence of the Change of Control, the Notes are not rated by any Rating Agency,

then the Holder of each Note will have the option (the “**Put Option**”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 5(b) (*Redemption for tax reasons*) to require the Issuer to redeem or, at the Issuer’s option, to purchase or procure the purchase of that Note on the Optional Redemption Date (as defined below), at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date.

For the purposes of this Condition 5(c):

A “**Change of Control**” shall be deemed to have occurred if:

- (i) the Slovak Republic ceases to hold, directly or indirectly at least 50 per cent. *plus* one share of the ordinary shares of the Issuer; or
- (ii) any person or persons (other than the Slovak Republic or EP Infrastructure, a.s.) acting in concert or any person or persons acting on their behalf, at any time directly or indirectly come(s) to acquire control (whether through share-ownership, acquisition of voting rights, the ability to direct management, or otherwise) of the Issuer.

“**Change of Control Period**” means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant by the Issuer, the Slovak Republic or any other shareholder of the Issuer, or any actual or potential bidder or any designated adviser thereto of Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is 120 days after the date of the relevant public announcement (such 120th day, the “**Initial Longstop Date**”) **provided that**, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Notes, 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 Notes 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;

“**Rating Agency**” means any of the following: (i) Fitch Ratings Ireland Limited or Moody’s Deutschland GmbH; or (ii) any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

“Rating Downgrade” shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the rating previously assigned to the Notes by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (iii) if such rating previously assigned to the Notes by any Rating Agency 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), provided in each case that a Rating Downgrade otherwise arising by virtue of a withdrawal or lowering of a rating shall be deemed not to have occurred in respect of a particular Change of Control unless the Rating Agency making the withdrawal or lowering of rating announces publicly or confirms in writing to the Issuer that such withdrawal or lowering was the result, in whole or in part, of the applicable Change of Control; and

“Potential Change of Control Announcement” means any public announcement or statement by the Issuer, the Slovak Republic or any other shareholder of the Issuer, or 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 or statement).

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

To exercise the Put Option, the Noteholder must deposit any applicable Note, together with each unmatured Coupon relating thereto (if any), to the account of any Paying Agent for the account of the Issuer within the period (the **“Put Period”**) of 30 days after the day on which the Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current and substantially in the form set out in the Agency Agreement) obtainable from the specified office of any Agent.

Subject to the deposit of any such Notes to the account of an Agent for the account of the Issuer as described above, the Issuer shall redeem the Notes in respect of which the Put Option has been validly exercised as provided above on the date which is the fifth business day following the end of the Put Period (the **“Optional Redemption Date”**). The Agent to whom a Note has been so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once so deposited with a duly completed Put Option Notice in accordance with this Condition 5(c), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on or prior to the end of the Put Period, payment of the redemption moneys is improperly withheld or refused on the relevant Optional Redemption Date, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition, the depositor of such Note and not such Agent shall be deemed to be the holder of the Note for all purposes.

For the purposes of the above paragraph, **“business day”** means, any day, not being a Saturday or a Sunday on which the TARGET System is operating and on which Euroclear Bank SA/NV and Clearstream Banking S.A. are open for general business.

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 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 Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a 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 or Put 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, 9 March 2031 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 Put Event Notice has been given pursuant to Condition 5(c) (*Redemption on 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, 9 March 2031 (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 (*Notices*) (which notice shall be irrevocable, but may (at the option of the Issuer) be conditional on one or more conditions precedent being satisfied, or waived by the Issuer), 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 0.20 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 bonds selected by the Calculation Agent or such other persons operating in the bonds 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 (d) (*Redemption at the option of the Issuer*) above, or through purchase and cancellation in accordance with paragraphs (f) (*Purchase*) and (g) (*Cancellation*) below.
- (g) *Purchase*: The Issuer or any Subsidiary may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (h) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any Subsidiary and any unmatured Coupons attached to or surrendered with them may at their option be cancelled and, if cancelled, may not be reissued or resold.

6 Payments

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, 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.
- (b) *Interest*: Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (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.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*), and (ii) any

withholding or deduction required pursuant to an agreement described in section 1471(b) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any interpretations thereof, or, any law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Slovak Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto, then:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(f) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

(g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

- (h) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

7 **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons 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 Slovak Republic or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders 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 or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such Taxes in respect of such Note or Coupon by reason of its having some connection with the Slovak Republic other than the mere holding of the Note or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment 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 shall be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any interpretations thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Slovak Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement.

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 Slovak Republic, references in these Conditions to the Slovak Republic shall be construed as references to the Slovak 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 7 days; or
- (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 and such default remains 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 the Issuer:*
 - (i) any Indebtedness of the Issuer 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 **(provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
 - (iii) the Issuer 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 subparagraph (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/an 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 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 any part of the undertaking, assets and revenues of the Issuer, which exceeds an amount of EUR 75,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; or
- (g) *Insolvency, etc.:* (i) the Issuer becomes insolvent, or is unable to pay its debts as they fall due, (ii) any corporate action, legal proceedings or other procedure or step is taken in relation to (1) bankruptcy of the Issuer or (2) restructuring of the Issuer or a similar arrangement with any creditor of the Issuer, unless the petition to commence such proceedings or procedure is discharged, stayed or dismissed within 60 calendar days of such commencement (iii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or the whole or any part of the undertaking, assets and/or revenues of the Issuer, (iv) the Issuer 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 declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (v) the Issuer ceases or threatens to cease to carry on all or any substantial part of its business; 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
- (i) *Analogous event:* any event occurs which under the laws of the Slovak 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 their respective rights and perform and comply with their respective obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and

enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Slovak 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 Coupons,

then Noteholders holding not less than one quarter of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable at their principal amount together with accrued interest without further action or formality.

9 Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, 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 Notes or Coupons must be surrendered before replacements will be issued.

11 Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying 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 or Couponholders.

The initial Paying Agents and their initial Specified Offices (as defined in the Agency Agreement) are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain (i) a fiscal agent and (ii) a paying agent in at least one major European city. Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

12 Meetings of Noteholders; Modification and Waiver; Substitution of the Issuer

- (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 voters holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more voters 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 in which amounts due in respect of the Notes are payable, 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 voters holding or representing not less than two-thirds or, at any adjourned

meeting, one third 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 and Couponholders, whether present or not.

- (b) In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as 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.
- (c) *Modification and waiver:* The Notes and these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders 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.
- (d) 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**”) subject to 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 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(d) 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(e) to 8(i) 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 or Couponholders and in accordance with the Agency Agreement, 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 shall be valid if published in a leading English language daily newspaper published in Dublin or London (which is expected to be *The Irish Times* or *the Financial Times*). In addition, so long as Notes are admitted to trading on Euronext Dublin and it is a requirement of applicable law or regulations, published on the website of Euronext Dublin (<https://live.euronext.com/>). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

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 English law.
- (b) *Jurisdiction:*
 - (i) The courts of England shall have exclusive jurisdiction to settle any dispute (a **“Dispute”**) arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes).
 - (ii) The Issuer agrees that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient.
- (c) *Service of Process:* The Issuer agrees that the documents which start any proceedings relating to any Dispute (**“Proceedings”**) in England pursuant to Condition 15(b) (Jurisdiction) and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London EC2N 4AG, or to such other person with an address in England and/or at such other address in England 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.
- (d) *Consent to enforcement etc.:* The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (e) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are 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 "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

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

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of EUR 100,000 each or EUR 1,000 each at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Fiscal Agent if either of the following events (each, an "**Exchange Event**") occurs: (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.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 each and higher integral multiples of EUR 1,000. Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

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

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

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

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption on Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice 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*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately EUR 497,000,000 (after deduction of commissions, fees and estimated expenses in connection with the issue of the Notes), will be used to (i) redeem the aggregate principal amount of its existing EUR 500,000,000 2.625 per cent. Notes due 2021 (the "**2021 Notes**") and (ii) for 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 the unaudited interim condensed financial statements as of and for the six months ended 31 January 2021 (with comparatives as of and for the six months ended 31 January 2020) of the Issuer, including the information set out at the following pages in particular:

Independent auditors' report on review	Page 2
Condensed balance sheet	Page 4
Condensed income statement.....	Page 5
Condensed statement of comprehensive income	Page 6
Condensed statement of changes in equity	Page 7
Condensed statement of cash flows	Page 8
Selected explanatory notes to the condensed interim financial statements	Pages 9-29

- (b) the auditors' report and the separate audited financial statements as at and for the 12 months ended 31 July 2020 of the Issuer, including the information set out at the following pages in particular:

Independent auditors' report.....	Pages 29-32
Statement of financial position	Page 34
Income statement	Page 35
Statement of comprehensive income	Page 36
Statement of changes in equity	Page 37
Statement of cash flows	Page 38
Notes to the separate financial statements	Pages 39-67

- (c) the auditors' report and the separate audited financial statements as at and for the 12 months ended 31 July 2019 of the Issuer, including the information set out at the following pages in particular:

Independent auditors' report.....	Pages 31-34
Statement of financial position	Page 36
Income statement	Page 37
Statement of comprehensive income	Page 38
Statement of changes in equity	Page 39
Statement of cash flows	Page 40
Notes to the separate financial statements	Pages 41-68

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 Annual Financial Statements and the Interim Condensed Financial Statements will be available for viewing on the website of the Issuer at <https://www.spp-distribucia.sk/annual-reports/>.

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 financial information of the Issuer as of and for the six months ended 31 January 2021 and 31 January 2020 and as of and for the 12 months ended 31 July 2020 and 31 July 2019 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.

Income Statement

	Six months ended 31 January		12 months ended 31 July	
	2021	2020	2020	2019
	(unaudited)	(unaudited)	(audited)	(audited)
	(in EUR thousands)			
Revenues from sale of services				
Natural gas distribution	217,938	212,131	401,983	400,088
Other revenues	10,434	10,359	19,403	22,951
Total revenues	228,372	222,490	421,386	423,039
Operating expenses				
Depreciation, amortisation and impairment losses on assets, net	(83,189)	(80,082)	(160,141)	(199,142)
Storage of natural gas and other services	(24,395)	(25,579)	(48,398)	(52,340)
Staff costs	(25,185)	(23,883)	(47,995)	(45,583)
Purchases of natural gas and consumables and services	(6,706)	(5,341)	(9,962)	(12,676)
Own work capitalised	5,393	4,844	10,230	10,598
Provisions and impairment losses, net	(250)	(127)	(14)	(240)
Provisions for receivables and investors, net	(1)	(7)	(158)	(44)
Other, net	1,012	1,281	2,850	3,482
Total operating expense	(133,321)	(128,894)	(253,588)	(295,945)
Operating profit	95,051	93,596	167,798	127,094
Financial revenues	513	122	2,255	262
Financial costs	(8,020)	(9,060)	(14,442)	(18,052)
Profit before income taxes	87,544	84,658	155,611	109,304
Income tax	(22,560)	(21,915)	(40,331)	(31,529)
Net profit for the period	64,984	62,743	115,280	77,775
Other comprehensive income/(loss) (may be reclassified to profit or loss in the future):				
Hedging derivatives (cash flow hedging)	687	1,840	(1,160)	(1,028)
Other	(54)	(97)	235	(270)
Deferred tax related to items of other comprehensive income for the period	(144)	(386)	182	273
Other comprehensive income/(loss) (cannot be reclassified to profit or loss in the future):				
Increase in asset revaluation reserve	0	0	188	1,954,840
Deferred tax and deferred special levy related to other comprehensive income/(loss) for the period	0	0		(495,670)
Other net comprehensive income/(loss) for the period	489	1,357	(555)	1,458,145
Total net comprehensive income/(loss) for the period	65,473	64,100	114,725	1,535,920

Statement of Financial Position

	As of 31 January	As of 31 July	
	2021 (unaudited)	2020 (audited)	2019 (audited)
	(in EUR thousands)		
Assets			
Non-current assets			
Property, plant and equipment.....	3,845,061	3,907,195	4,027,294
Non-current intangible assets and other assets	11,037	11,236	12,025
Right-of-use assets	29,533	20,839	-
Investment in subsidiaries	1,000	1,000	1,000
Other non-current assets.....	96,713	91,395	405
Total non-current assets	3,983,344	4,031,665	4,040,724
Current assets			
Inventories.....	129,401	134,553	146,199
Cash and cash equivalents.....	149,332	54,746	111,468
Receivables and prepayments.....	227,247	334,485	289,449
Contract receivables, current	21,546	12,044	11,107
Other current assets	67	75	75
Total current assets	527,593	535,903	558,298
Assets classified as held for sale	86	-	-
Total assets.....	4,511,023	4,567,568	4,599,022
Equity and Liabilities			
Capital and reserves			
Registered capital	1,200,000	1,200,000	1,200,000
Legal reserve fund and other funds	287,598	287,109	287,851
Revaluation reserve	1,334,946	1,360,241	1,409,193
Retained earnings	139,418	164,419	127,753
Total equity	2,961,962	3,011,769	3,024,797
Non-current liabilities			
Loans and bonds.....	136,650	136,650	574,781
Contract liabilities, non-current.....	13,292	13,394	13,628
Deferred tax liability and deferred special levy	776,706	787,675	810,550
Differed income	70	74	79
Lease liabilities	24,845	16,648	-
Retirement and other long-term employee benefits	5,528	5,489	5,491
Total non-current liabilities.....	957,091	959,930	1,404,529
Current liabilities			
Trade and other payables.....	56,013	51,016	70,548
Contract liabilities, current.....	19,621	35,510	35,411
Loans and bonds.....	507,474	500,481	56,417
Lease liabilities	5,340	5,027	-
Income tax.....	3,166	3,486	7,202
Retirement and other short-term employee benefits	356	349	118
Total current liabilities	591,970	595,869	169,696
Total liabilities	1,549,061	1,555,799	1,574,225
Total equity and liabilities	4,511,023	4,567,568	4,599,022

Statement of Cash Flows

	Six months ended 31 January		12 months ended 31 July	
	2021 (unaudited)	2020 (unaudited)	2020 (audited)	2019 (audited)
	(in EUR thousands)			
Operating activities				
Cash flows from operating activities	158,535	141,044	311,474	316,523
Interest paid.....	(68)	(198)	(13,466)	(13,629)
Interest received	296	153	329	244
Income tax paid.....	(34,391)	(35,990)	(66,341)	(49,792)
Net cash flows from operating activities	124,372	105,009	231,996	253,346

Investing activities

Acquisition of property, plant and equipment.....	(13,666)	(12,499)	(24,111)	(20,146)
Proceeds from/(repayments of) borrowings received from the group companies – cash pooling	(13,000)	(155,000)	(265,000)	(158,000)
Non-current borrowings provided	66	64	-	(480)
Non-current borrowings provided – received repayments	-	-	64	-
Proceeds from sale of property, plant and equipment and intangible assets.....	116	26	43	548
Received dividends	-	-	1,872	-
Net cash inflow/(outflow) from investing activities	(26,484)	(167,409)	(287,132)	(178,078)
Financing activities				
Received bank loans and borrowings	-	-	59,940	-
Repaid bank loans and borrowings.....	-	60,000	(55,000)	(3,350)
Proceeds from issue of bonds	-	-	-	-
(Expenditure for)/proceeds from derivative transactions	(536)	(1,178)	(2,116)	(2,377)
Expenditures for the settlement of lease liabilities	(2,766)	(1,140)	(4,410)	(3,698)
Paid dividends	-	-	-	-
Net cash inflow/(outflow) from financing activities.....	(3,302)	57,682	(1,586)	(9,425)
Net (decrease)/increase in cash	94,586	(4,718)	(56,722)	65,843
Effects of foreign exchange fluctuations				
Cash and cash equivalents at the beginning of the period	54,746	111,468	111,468	45,625
Cash and cash equivalents at the end of the period	149,332	106,750	54,746	111,468

Key Performance Indicators

	Six months ended 31 January		12 months ended 31 July	
	2021 (unaudited)	2020 (unaudited)	2020 (audited)	2019 (audited)
(in EUR thousands, unless indicated otherwise)				
EBITDA.....	178,240	173,678	327,939	326,236
Net Debt.....	524,977	616,197	604,060	519,730
Net Debt Ratio	1.58x ⁽¹⁾	1.88x ⁽¹⁾	1.84x	1.59x
Free Cash Flow	130,183	125,189	237,487	256,298
Cash Conversion Ratio.....	73.0%	72.1%	72.4%	78.6%

(1) Net Debt Ratio represents Net Debt divided by EBITDA, where EBITDA represents operating profit or loss adjusted for depreciation and amortization, calculated for consecutive 12 month period as at 31 January.

DESCRIPTION OF THE ISSUER

Introduction

SPP — distribúcia, a.s. ("**SPPD**" or the "**Issuer**") is engaged in the distribution of natural gas in the Slovak Republic. SPPD is the owner and operator of the gas distribution network of more than 33,000 km and provides natural gas distribution in the Slovak Republic to more than 1.5 million points of delivery. The volume of such distributed gas accounts for about 98 per cent. of the total natural gas volume distributed in the Slovak Republic for more than 94 per cent. of the Slovak population with access to natural gas. 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 these agreements in place with 32 natural gas suppliers including six major suppliers (SPP, Innogy Slovensko, ZSE energia, Stredoslovenská energetika, Slovakia Energy and MET Slovakia) which SPPD believes represented over 86 per cent. of market share and contributed 87 per cent. of SPPD's total revenue for the year ended 31 July 2020.

SPPD is a wholly-owned subsidiary of SPP Infrastructure, a.s. ("**SPPI**") and is indirectly owned by the Slovak Republic (51 per cent.) and indirectly owned by EP Infrastructure, a.s. ("**EPIF**") (49 per cent., including management control), a Czech Republic-based energy infrastructure utility focused on gas transmission, gas and power distribution, heat and power generation and gas storage, with principal operations in the Slovak Republic and the Czech Republic. Pursuant to a reorganisation plan approved by the Slovak Republic on 4 September 2013 and completed on 4 June 2014, a reorganisation of SPP and its subsidiaries was finalised, whereby EPIF and the Slovak Republic remained the ultimate shareholders of SPPD (see "*History and Development of SPPD*").

As of the date of this Prospectus, SPPD operates approximately 6,287 kilometres of high pressure gas pipelines and 27,049 kilometres of medium and low pressure gas pipelines running across the Slovak Republic. In the six months ended 31 January 2021, 2.82 billion cubic metres of natural gas was distributed through SPPD's distribution network to customers and for the year ended 31 July 2020, 4.85 billion cubic meters of natural gas was distributed through SPPD's distribution network to customers.

SPPD's total revenue for the six months ended 31 January 2021 and 31 January 2020 and for the years ended 31 July 2020 and 31 July 2019 was €228 million, €222 million, €421 million and €423 million, respectively. SPPD's EBITDA for the six months ended 31 January 2021 and 31 January 2020 and for the years ended 31 July 2020 and 31 July 2019 was €178 million, €174 million, €328 million and €326 million, respectively. The following table shows the reconciliation between operating profit and EBITDA:

	Six months ended 31 January		Year ended 31 July	
	2021	2020	2020	2019
	<i>(EUR in thousands)</i>			
Operating Profit.....	95,051	93,596	167,798	127,094
Depreciation, amortisation and impairment losses on assets, net.....	83,189	80,082	160,141	199,142
EBITDA.....	178,240	173,678	327,939	326,236

SPPD's net debt as at 31 January 2021 and 31 January 2020 and for the years ended 31 July 2020 and 31 July 2019 was €525 million, €616 million, €604 million and €520 million, respectively.

SPPD's activities are exclusively focused on the Slovak market. The Slovak Republic's GDP grew by 3.0 per cent. in 2017 (EU27 average 2.8 per cent.), 3.8 per cent in 2018 (EU27 average 2.1 per cent.), 2.3 per cent. in 2019 (EU27 average 1.6 per cent.) and contracted by 5.9 per cent. in 2020 (EU27 average -6.1 per cent.) (source: Eurostat, Real GDP growth rate – volume). The Slovak Republic is expected to rebound and grow by 4.0 per cent. in 2021 and 5.4 per cent. in 2022 (source: European Economic Forecast, Winter 2021 (Interim)).

The Slovak Republic is rated A+ with a stable outlook by S&P, A2 with a stable outlook by Moody's and A with a negative outlook by Fitch.

As of the date of this Prospectus, SPPD has outstanding EUR 500,000,000 2.625 per cent. Notes due 2021 (the "**2021 Notes**"). The 2021 Notes were admitted to trading on Euronext Dublin on or around 23 June 2014.

General information about SPPD

SPPD was incorporated in the Slovak Republic on 10 December 2004 and is registered in the Commercial Register of District Court Bratislava I, Section: Sa, under reference number 3481/B, with company identification number 35 910 739. SPPD is a joint stock company (*akciová spoločnosť*) with a Board of Directors (*predstavenstvo*) governed by (i) the laws and regulations applicable to commercial companies in the Slovak Republic, in particular, the Slovak Commercial Code, as amended (Act No. 513/1991 Coll.), and (ii) specific provisions of Slovak law in relation to natural gas distribution, including the Act on Energy and the Act on Regulation implementing Directive 2009/73/EC. The registered office of SPPD is Mlynské nivy 44/b, 825 11 Bratislava, Slovak Republic, its telephone number is 0850 269 269 and its website is <http://www.spp-distribucia.sk>.

History and Development of SPPD

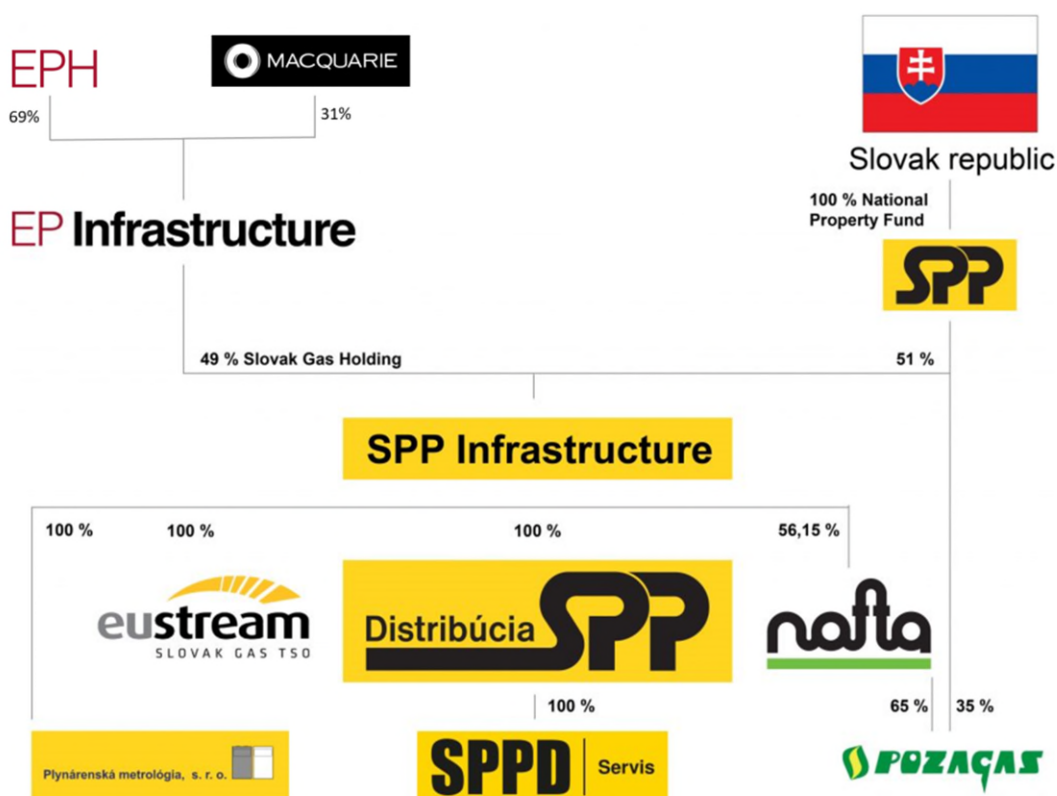
SPPD is the result of almost 54 years of history of national gas distribution within the Slovak Republic. The first pipeline began operations in 1967 with the opening of the International Gas Pipeline "Brotherhood". First volumes of gas for foreign customers were transported in 1968 via the Brotherhood pipeline, which SPPD continues to own and operate as a distribution high-pressure pipeline. This pipeline was used for transporting the first deliveries of gas from Russia to Austria in 1968 and is still a part of the Slovak gas distribution system. On 1 January 1993, Czechoslovakia was separated as a political union and the Czech Republic and the Slovak Republic emerged as independent states. As a consequence, the Czechoslovak gas transmission system was also split. Gas transmission services in the Slovak territory were incorporated into the business activities of Slovenský plynárenský priemysel, š.p., a state-owned enterprise ("**SPP s.p.**"). In 2001, Slovenský plynárenský priemysel, a.s. ("**SPP**", and together with its subsidiaries "**SPP Group**") was established by converting SPP s.p. into a joint-stock company. In 2002, the Slovak Republic sold a 49 per cent. share of SPP and relinquished management control to the strategic investors German E.ON Ruhrgas and French GDF Suez (which had the right to appoint a majority of the Board of Directors).

Prior to 2006, SPP distributed natural gas via its gas distribution division. In response to the legislative requirements of "legal unbundling", the gas distribution division was carved out of SPP and established as a separate entity, SPPD, while the gas transmission business was carved out of SPP and established as a separate entity which is now named Eustream. SPPD commenced operations as a gas distribution network operator on 1 July 2006. Since then, the gas distribution network operated by SPPD has been continuously upgraded in line with the growing demands of the Slovak gas market. SPPD is not involved in the business of gas storage, supply or transmission. SPPD takes over all gas that belongs to shippers from the transmission pipeline operated by Eustream for distribution to end-customers.

On 23 January 2013, EPIF acquired from German E.ON Ruhrgas and French GDF Suez (through its wholly-owned subsidiary Slovak Gas Holding) a 49 per cent. share (including management control) in SPP.

Pursuant to a restructuring plan approved by the Slovak Republic on 4 September 2013, on 20 May 2014 SPP contributed the shares in SPPD and the other SPP subsidiaries into a new holding company SPPI in which, after completion of the restructuring on 4 June 2014, SPP indirectly holds a 51 per cent. share and EPIF continues to indirectly hold a 49 per cent. share (including management control). The full ownership of SPP has been transferred to the Slovak Republic. Thus, EPH and the Slovak Republic continue to remain the ultimate shareholders, with the same respective shareholdings, of SPPD (see "*—Major Shareholders and Organisational Structure of SPPD*"). As the restructuring took place at the level of SPPD's shareholder, the completion of the restructuring has not had and is not expected to have a material financial impact on SPPD.

The following diagram shows the current ownership structure of the entities owned by SPP Group:



Strategy of SPPD

The corporate purpose of SPPD is to secure the reliable, safe and effective distribution of natural gas from suppliers from the transmission network exit point to end-customers in the Slovak Republic. SPPD is also responsible for securing connection to the distribution network and for meter readings of consumed natural gas. SPPD is not involved in the business of gas storage, supply or transmission. SPPD's vision is to be a continuously stable, reliable and efficient natural gas distribution network operator, anticipate the future needs of its customers, respond flexibly to identified needs as well as developments in the energy market and create value for its business partners, shareholders and employees. SPPD achieves this through a high level of safety in its operational activities, by improving operational and investment efficiency, improving access to customers and increasing the involvement of its employees.

SPPD's long-term strategy focuses on the following goals: (i) ensuring the safe operation of the distribution system through a transparent and objective assessment of the technical condition of its gas facilities while complying with the rules of safety and health at work with minimal impact on the environment; (ii) the fulfilment of the maintenance plan and investments aimed at the reconstruction of its networks, as well as dealing with unauthorised consumption; (iii) streamlining the performance of its operating activities, specifically in the area of procurement, increasing labour productivity as well as optimising the costs of property and fleet management; (iv) constantly increasing the level of customer service and communication with customers; (v) promoting natural gas as an attractive energy medium; (vi) actively addressing customers who are interested in building and efficiently operating their energy management or reconstructing gas appliances; and (vii) supporting the use of compressed natural gas ("CNG") in cargo and public transport, (viii) informing objectively the general public about the positive environmental aspect of natural gas and its economic benefits, and (ix) supporting the use of natural gas as an effective solution for the fulfilment of the EU Winter Package requirements and promotion of the "value for money" principle related with such use.

SPPD believes that the most important part of its strategy is to continue its track record of uninterrupted operations. In addition, SPPD intends to achieve its goals through a high level of safety in its operational

activities, by constantly improving operational and investment efficiency, improving access to customers and increasing the involvement of its employees.

As part of SPPD's strategy to promote natural gas as an attractive energy medium while considering the impact on the environment, SPPD has launched a campaign, "Natural Gas is 3E", to explain the benefits of natural gas, with emphasis on eco-friendliness, economic effectivity and energy efficiency ("**EPB**").

SPPD believes that natural gas in combination with renewable energy sources can be an effective and cost-effective solution in the fight against climate change and the effort to improve air quality. As new European legislation is being introduced to deal with climate change and use of renewable energies, several changes can be expected in the near future which are expected to affect SPPD's business activities. As part of ensuring compliance with such changes, SPPD intends to actively participate in the initiatives of the Ministry of Economy of the Slovak Republic or the RONI with the objective to defend the significant and strategic position of natural gas in the energy mix of the Slovak Republic. SPPD believes that natural gas can play a key role in the efficient transition to a low-carbon economy.

SPPD is implementing the campaign "Natural gas is 3E" through professional and non-specialist media articles, videos, social networks, radio spots and advertisements in relevant print and broadcast media to raise awareness among the general public.

Key Strengths of SPPD

- SPPD's revenues are considered by management to be stable and predictable due to its position as the natural monopoly distributor of gas in the Slovak Republic. SPPD's distribution network provides access to natural gas to approximately 94 per cent. of the Slovak population.
- Regulation of gas distribution in the Slovak Republic is based on a clear and stable framework that provides a good degree of visibility of revenue generation. Regulation of natural gas distribution tariffs is based on a price cap methodology recently re-affirmed by the independent regulatory authority, RONI, by a price decree in 2016. Due to the regulated tariff structure, management considers almost 60 per cent. of SPPD's revenues as fixed.
- SPPD's credit risk is mitigated by collecting receivables from natural gas shippers and not from end- customers within 14 days from natural gas distribution. The receivables from natural gas shippers are secured by bank guarantees or cash collateral which allow for reliable cash collection.
- As of the date of this Prospectus, Slovak legislation requires each potential customer that seeks to consume gas to request in the first instance permission from SPPD to connect to SPPD's distribution network. The potential customer may seek alternative connection possibilities, such as a direct connection to transmission pipelines, only if SPPD rejects the initial connection request or if the existing or planned distribution capacities in the relevant area are not sufficient.
- SPPD's operation is considered by management to be cost effective and focused on the optimisation of opportunities. In recent years, SPPD has implemented changes that led to decreases of operating expenditures and investment costs without impacting the reliability and safety of operations.
- SPPD is an experienced network operator and has internally developed a monitoring system to predict gas leakages; it sets its preventive maintenance services at high level standards and has a quick reaction time in case of accidents.
- SPPD is by law, subject to certain statutory exceptions such as a state of emergency or its prevention, the risk of imminent threat to life, health or property, accidents or damage to gas facilities, released from any liabilities (unless the damage is due to the fault of SPPD) which it might otherwise have towards affected customers in the event that temporary crisis measures result in a restriction or interruption of gas distribution.
- SPPD believes that it will continue to be able to attract a high calibre of professionals, with solid experience of the energy industry.

- Since the Slovak gas market has liberalised, the sources of natural gas have increased. After the interruption of gas from Russia in 2009, liberalisation increased through the implementation of reverse flow in the Slovak Republic and in neighbouring countries, especially the Czech Republic. Thus, should there be any future interruption of gas from Russia, SPPD would be able to source gas from the Czech Republic, Austria or through a recently new interconnector to Hungary. In addition, SPPD holds gas on stock to continuously supply all households in the Slovak Republic for 30 days of average winter period consumption and for a substantially longer period during the summer.

Business Overview and Principal Activities of SPPD

Presentation of SPPD's business

SPPD is the owner and operator of the distribution network of more than 33,000 km and provides natural gas distribution in the territory of the Slovak Republic to more than 1.5 million points of delivery. The volume of such distributed gas accounts for about 98 per cent. of the total natural gas volume distributed in the Slovak Republic for more than 94 per cent. of the Slovak population with access to natural gas. SPPD is therefore the largest natural gas distributor in the Slovak Republic, with an effective monopoly. For the six months ended 31 January 2021 and 31 January 2020 and for the years ended 31 July 2019 and 31 July 2020, SPPD distributed approximately 2.82 billion, 2.67 billion, 4.81 billion and 4.85 billion cubic meters, respectively, of natural gas to approximately 1.5 million points of delivery. As of the date of this Prospectus, SPPD operates approximately 6,287 kilometres of high-pressure gas pipelines and 27,049 kilometres of low and medium pressure gas pipelines.

The following table shows the breakdown of total revenue for the six months ended 31 January 2021 and 2020 and the years ended 31 July 2021 and 2020:

	Six months ended 31 January		Year ended 31 July	
	2021	2020	2020	2019
	<i>(EUR in thousands)</i>			
Natural gas distribution	217,938	212,131	401,983	400,088
Other revenues	10,434	10,359	19,403	22,951
Total revenues	228,372	222,490	421,386	423,039

Natural Gas Distribution

General

As of the date of this Prospectus, SPPD operates approximately 6,287 kilometres of high-pressure gas pipelines and 27,049 kilometres of medium and low-pressure gas pipelines, of which 12,003 are steel and 15,046 are polyethylene. SPPD believes that it has a relatively modern asset base with weighted average age of the pipelines that it operates of approximately 28 years with more than 45 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 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. Currently, SPPD has standard framework distribution agreements in place with 32 natural gas suppliers including six major suppliers (SPP, Innogy Slovensko, ZSE energia, Stredoslovenská energetika, Slovakia Energy and MET Slovakia) which SPPD believes represented over 86 per cent. of market share and contributed 87 per cent. of SPPD's total revenue in for the year ended 31 July 2020.

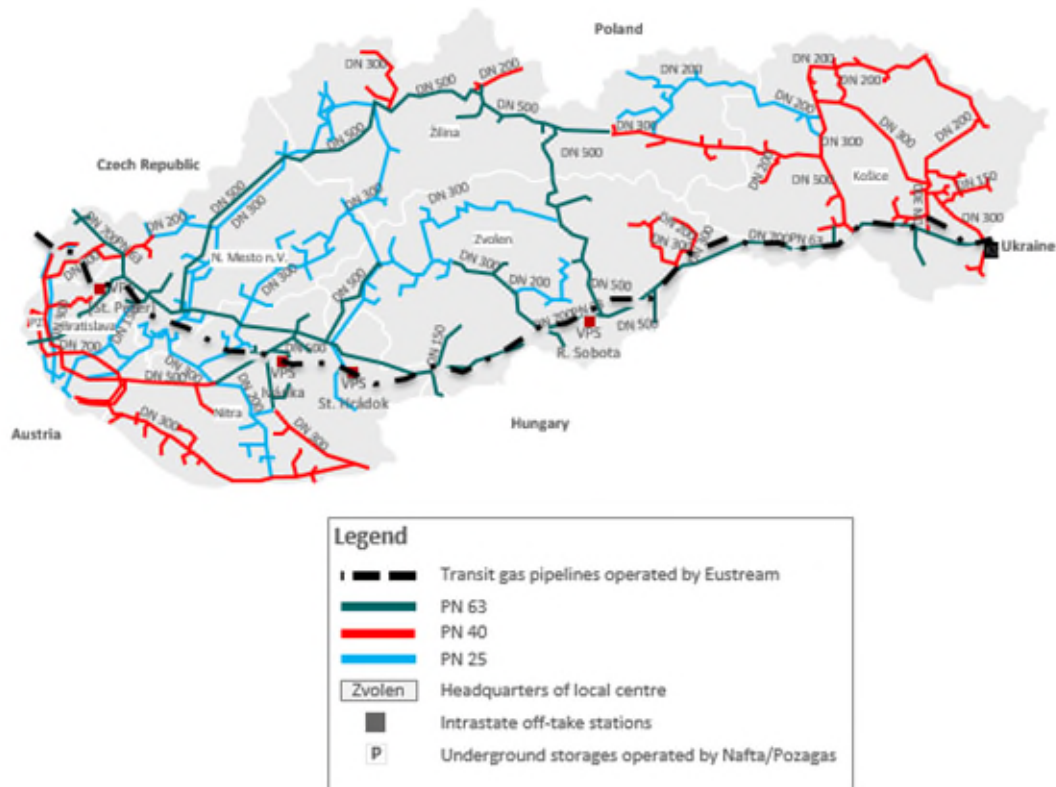
Natural gas distribution is the final stage in the delivery of natural gas whereby the natural gas from a supplier is carried from the transmission system and delivered to end consumers through SPPD's distribution systems. In addition to natural gas distribution, SPPD sells distribution capacities, operates 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 the RONI. The licences for gas distribution have no time limit.

In accordance with Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply, SPPD as the distribution network operator, also holds gas on stock to ensure continuous supply to all households in the Slovak Republic for a period of 30 days in case of a state emergency resulting in the disruption of gas supply during any standard winter period.

SPPD's gas distribution network

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



Customers and Contracts

SPPD distributes gas to the following tariff groups of end consumers: households, small entrepreneurs, small enterprises, medium enterprises and large consumers. For the six months ended 31 January 2021, households and small entrepreneurs received approximately 39.0 per cent., small and medium enterprises received approximately 6.2 per cent., and large consumers received approximately 54.8 per cent. of the total volume of gas distributed. For the year ended 31 July 2020, households and small entrepreneurs received approximately 36.9 per cent., small and medium enterprises received approximately 6.1 per cent., and large consumers received approximately 57.0 per cent. of the total volume of gas distributed. 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 July 2020, the top 20 end consumers of the natural gas suppliers accounted for approximately 9.8 per cent. of SPPD's revenue and in the six months ended 31 January 2021, those customers accounted for approximately 9.0 per cent. of SPPD's revenue.

As required by law, SPPD allows access to the gas distribution network and offers its customers distribution services on a transparent and non-discriminatory basis (see "*Third party access to the distribution network*"). Contracts entered into until 2021 are subject to the current regulatory period for tariff determination. The current regulatory period begun on 1 January 2021 and the tariff applicable for such

period will apply to services provided in such period, both for contracts continuing in 2021 (and onwards) and for contracts commencing in 2021 or later in the such regulatory period. Prices for gas distribution are regulated by a formula for calculating average tariffs (see "*Tariffs for using the gas distribution network*" and "*Third party access to the distribution network*").

Third party access to the distribution network

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 distribution networks. Accordingly, the Act on Energy requires gas distribution network operators such as SPPD to guarantee a right to access the distribution network, ancillary services and accumulation of gas in the network to all gas market participants. In setting the conditions under which SPPD and other gas distribution network operators are required to grant access to their networks, they are required to grant such access on a transparent and non-discriminatory basis. Subject to limited exceptions, such as lack of capacity of the distribution network or a need to give priority to public service obligations, SPPD therefore may not refuse access to its gas distribution networks. By law, a gas supplier with a take-or-pay contract may request for the RONI to grant a temporary exemption from SPPD's obligation to provide third party access to the distribution network if there is a threat of serious economic and financial difficulties in connection with such gas supplier fulfilling its commitments in take-or-pay contracts. However, such exemption is in practice not applicable to SPPD as the gas supply at the entry points will always match the gas distributed at the off-take points.

Operation of SPPD Network

SPPD's distribution service consists of taking over the gas delivered to it by the transmission network at one or more entry points and delivering it to network users. SPPD's distribution network is supported by 1,708 gate stations and regulation stations. The gate stations are the points through which the natural gas transported through the transmission system flows of Eustream enter into SPPD's distribution system. Natural gas can be transported to the Slovak Republic from Ukraine, the Czech Republic, Austria and also through Hungary. The gate stations (i) reduce the pressure in the line from transmission levels to distribution levels, add odorant to the natural gas (see "*Maintenance and safety*" below), and (ii) measure the flow rate of the gas to determine the amount being received by the utility. The gate stations then move the natural gas to SPPD's pipelines, through which it is delivered to off-take points. As gas flows through the pipelines, regulator stations control the flow from high to low pressures. Whenever pressure drops below a set point, a regulator station opens accordingly to allow more gas to flow. Conversely, when pressure rises above a set point, a regulator station closes to allow for adjustment.

SPPD continuously monitors the gas flow and pressure rates in different parts of the distribution network via monitoring centres. Currently, SPPD has two monitoring centres. The monitoring centres use sophisticated computer software to monitor and assess the distribution network's performance.

SPPD as Slovak Gas Dispatching Centre

In accordance with the decision of the Ministry of Economy of the Slovak Republic, SPPD fulfils the tasks of the gas dispatching centre for the territory of the Slovak Republic. SPPD is responsible for, among other things, balancing the gas distribution network in the Slovak Republic which is treated as one balancing zone and crisis management unit (see also "*Crisis management in the gas sector*").

In order to ensure the balancing of the distribution system, SPPD utilises an underground gas storage facility operated by SPP Storage, s.r.o. The gas storage facility is located in Dolní Bojanovice, which is situated in the Czech Republic and connected to the Slovak gas network, and is used for the balancing of the distribution network in the Slovak Republic and for the technical needs of SPPD.

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 the RONI. This formula stipulates that the tariff is equal to the total of operating expenses, 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 the RONI if the parameters used for its calculation change by more than 10 per cent. The WACC rate for the regulatory period 2017-2021 was set at 6.47 per cent. The 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.

Compliance programme relating to distribution network access

In accordance with the Act on Energy, SPPD has established a compliance programme setting out its internal organisational measures designed to prevent discriminatory practices in relation to third party access to SPPD's distribution network and specifying the duties of SPPD's employees to achieve this purpose. The latest updates of the Compliance Programme came into effect on 1 December 2015. The compliance programme applies to all SPPD personnel. SPPD has appointed a compliance officer whose task is to ensure SPPD's compliance with non-discriminatory principles. The compliance officer reports annually to the RONI in relation to SPPD's measures taken to implement the compliance programme and notifies the RONI of any serious breach of the compliance programme. The Compliance Programme manager did not identify any breach of obligations set by the Compliance Programme during the period from 1 August 2019 to 31 July 2020.

Crisis management in the gas sector

SPPD strives to ensure uninterrupted supplies to households in emergency situations, such as restricted natural gas supplies or harsh weather conditions. As the Slovak dispatching centre, SPPD is responsible for (i) declaring the existence of and the end of a crisis situation (including a state of emergency) in the gas sector, (ii) managing interconnected transmission and distribution networks during the crisis situation and (iii) declaring and determining the end of or terminating restrictive measures in the gas sector and measures aimed at ending the crisis situation. If such temporary crisis measures result in a restriction or interruption of gas distribution, SPPD is, by law and subject to certain statutory exceptions, released from any liabilities it might otherwise have towards the affected customers.

SPPD and other market participants may be also required to comply with public service obligations in the general economic interest as may be determined and approved by the Ministry of Economy of the Slovak Republic and approved by the Slovak government.

Technical and quality standards for the gas distribution network

SPPD's operation and maintenance activities reflect relevant European and Slovak Technical Standards. The following standards are among the most important:

STN EN 1594	Gas supply systems
STN 38 6405	Gas equipment. Principles for operation
STN 38 6410	Gas piping and gas service pipes of high pressure
TPP 605 02	Gas regulating station
STN 73 3050	Earth works. General requirements
STN EN 12583	Gas supply systems. Compressor stations. Functional requirement
STN EN 12954	General principles of cathodic protection of buried steel pipelines
STN EN 60079-17	Explosive atmospheres. Part 17: Electrical installations inspection and maintenance
STN EN ISO 9712	Non-destructive testing. Qualification and certification of NDT personnel

(see also "*—Environmental and Safety Policies*").

In addition, the RONI sets quality standards regarding connection to the distribution network, restoring gas distribution after a failure and observing the continuity of gas distribution. According to §4 of the RONI Decree No. 278/2012 Coll., the following quality standards are among the most important:

- (a) written determination of the technical and business conditions for the particular request for the connection of a gas facility to the distribution network (on the basis of technical parameters of gas installation and in accordance with access conditions to the distribution network in accordance with law and SPPD's internal standards) within 30 days after receiving a request for such connection;
- (b) facilitating gas distribution after the connection of a gas facility to the distribution network within five working days for a household or within 30 days for other customers from the day on which the respective customer proves compliance with the determined technical and business conditions for the connection of the off-take gas facility to the distribution network;
- (c) restoring distribution of gas (i) within 24 hours from notification of the disruption or (ii) within two working days from receiving a request by a distribution network user for the restoration of gas distribution in the event that the interruption or restriction of gas distribution was undertaken by a physical disconnection from the off-take gas facility;
- (d) arranging for the testing of a designated meter within 15 days of receiving such request from a gas supplier or gas end-customer; and
- (e) sending written notification to the distribution network user at least 15 days prior to the planned interruption or restriction of gas distribution and at the beginning and end of such planned interruption or restriction (the notification period shall not include the time needed for replacement of the meter).

Due to the consistent monitoring of quality standards and adherence to the RONI regulations, SPPD has not recorded any significant complaints and no material fines have been imposed on SPPD in this respect.

Property and equipment

SPPD owns all of its pipelines and distribution assets, and it holds the title to or has the right to use, by virtue of leases, all of the land underlying its regulation and gas stations and administrative buildings. SPPD's primary assets are the pipelines, regulation stations, and other distribution equipment.

The following table shows the net book value of SPPD's various assets as at the date indicated:

	As at 31 January		As at 31 July	
	2021	2020	2020	2019
			<i>(EUR in thousands)</i>	
Gas pipelines.....	3,713,775	3,812,610	3,786,610	3,885,700
Regulation stations.....	72,664	75,308	75,177	77,840
Land, buildings and structures.....	512	524	518	530
Plant, machinery and equipment	1,798	1,567	1,747	2,236
Other non-current tangible asset.....	78	46	58	48
Assets in the course of construction	56,234	78,339	43,085	60,940
Total	3,845,061	3,968,394	3,907,195	4,027,294

Borrowings

In 2014, SPPD issued the 2021 Notes, which are currently outstanding.

As at the date of this Prospectus, SPPD has a long-term loan of €76.65 million falling due in 2024 and a long-term loan of €60 million falling due in 2029. In the 2020 financial year, SPPD repaid a loan of €55 million.

Cash in hand and cash balances on cash pooling accounts as at 31 January 2021, 31 July 2020 and 31 July 2019 amounted to €149,332 million, €54.746 million and €111,468 million, respectively.

Infrastructure Investments and Capital Expenditures

Most investments in SPPD's distribution network involve the reconstruction of old low and medium pressure steel pipelines. SPPD uses the technical condition assessment ("TCA") methodology for its gas facilities to determine the appropriate amount of time and resources to invest in the reconstruction and modernisation of the distribution network. The application of the TCA methodology is necessary for the safe, reliable and efficient operation of SPPD's gas facilities. SPPD aims to strengthen the systemic management of the TCA process, namely the transparent, objective and efficient assessment of the technical condition of the gas facilities. The assessment uses technical criteria based on risks and technical and economic factors affecting the serviceable life of gas facilities, with the goal of optimising costs of network renovation and operation.

For the six months ended 31 January 2021 and 2020 and for the years ended 31 July 2019 and 2020, investment expenditure in the renovation or reconstruction of the network amounted to approximately €19 million, €18 million, €32 million and €34 million, respectively. The investments are recovered as part of the adjustments in the distribution tariff calculation through the increase in allowed depreciation for next year.

The primary reason for these investments is to improve safety of the network as they are the result of the TCA assessment (approximately 85 per cent. of total investment expenditures). The remaining investments include replacement of gas meters, information technology and other investments.

The RONI does not review any capital expenditure plans, nor is it entitled to enter into the decision process concerning reconstruction projects that SPPD undertakes. The RONI is however entitled to review the reason and nature of the investments after they have been completed in order to determine whether it is entitled to be part of the RAB. In the past, the RONI has performed several such inspections without any findings.

Maintenance and safety

Distribution network safety and intelligent pigging

In 2009, SPPD implemented the NET project, an asset management system, in response to the changing conditions and trends in the distribution network operations. The new asset management system enhanced the safety of SPPD's operations and boosted the effectiveness of its network management.

High-pressure pipelines are inspected (i.e. "in line inspections" ("ILI") also known as "intelligent pigging") regularly by SPPD. The results of ILI report the real technical condition of the pipelines. After delivering the results, the inspection findings are analysed and assessed, and maintenance activities are planned accordingly. Assessment of the inspection results are based on international codes and are evidenced by maintenance certificates. Intervals between ILI are determined according to technical standards and are adjusted to take several factors into account such as the age of the pipeline, number of the defects from previous inspection, type of coating and aggressiveness of the soil. The entire cycle—planning, ILI, assessment, and repairs contributes to the safe and reliable operation of the high-pressure pipelines.

For medium-pressure and low-pressure pipelines, SPPD performs internal diagnostic procedures to identify any gas leakages. The results of the diagnostic procedures are analysed and input into the management maintenance system where maintenance activities are planned accordingly. The frequency of the diagnostic procedures is based on the technical standards approved by the technical authority in the Slovak Republic.

Significant components of the infrastructure are inspected by additional diagnostic procedures such as "Material Magnetic Memory", which can discover variations in metal properties, such as corrosion, fatigue, creep, in stress concentration zones.

Regulation stations are remotely monitored by the system "SCADA" and internal preventive maintenance is carried out according to the technical standards. Any failure of the regulation station is mitigated by auxiliary backups in the regulation station.

All of the foregoing network safety activities are governed by SPPD's internal guidelines.

Natural gas is odourless. As a safety measure, SPPD adds an odorant, the distinctive sour scent associated with natural gas, so that end-customers can smell even small quantities of gas, at the gate stations and at other odourisation points.

SPPD's pipelines are interconnected into various grid patterns with strategically located shutoff valves, so that maintenance works can be performed without shutting off the gas supply to end-customers. As discussed in "*SPPD's natural gas distribution network*", SPPD continuously monitors the pressure levels in different parts of its distribution network. As an additional safety feature, relief valves are installed on the pipelines to vent gas harmlessly, if a distribution line is subject to excessive pressure or the regulation station malfunctions.

Since 1 January 2020, SPPD has been checking the tightness of steel medium-pressure and low-pressure gas distribution systems in towns and municipalities at least once a year (previously once per three years for gas pipelines with the lowest risk), which allows for earlier identification of failures and lower quantities of gas leakage.

SPPD is constantly investing and exploring new technologies to improve its processes. Currently SPPD is testing the use of drones in its gas leak detection process. According to the Slovakian Technical Standards, TPP 702 01 (Technological Rules Gas), SPPD has to check all the gas pipelines on a regular basis for any leaks. However, there are certain areas that are difficult to access (e.g. private areas, where the owners are not available to provide entry or abandoned properties), as a result SPPD is considering using drones to overcome such access issues. In the event the use of drones is economically beneficial as well, SPPD is considering extending its implementation to other operations as well.

SPPD is also investing in a project called H2PILOT that commenced in 2020 and is currently expected to be implemented over a three year period. The European gas industry is trying to find eco-friendly methods of using distributed gas. Bio and synthetic methane are comparable substitutes to natural gas in its attributes, however, hydrogen, may be considered a more important player in the field of renewable and low-emission gases. Hydrogen has special attributes that create greater challenges for the traditional gas industry. Through the H2PILOT, SPPD intends to increase awareness around the use of hydrogen in gas distribution.

Ongoing initiatives in the world (mainly in Europe) have a common goal to set maximum safe limits for blending hydrogen levels with natural gas (currently expected to reach 20 per cent.). Hydrogen is the preferred alternative as it can be utilised through renewable resources such as wind and sun, instead of using non-renewable resources. By implementing the H2PILOT project, SPPD intends to monitor through laboratory tests the behavior and influence of hydrogen molecules as well as its blended form with natural gas on the distribution network and other connected equipment and appliances. The laboratory tests are also intended to monitor the blended form in a vertical pipeline and chemical reactions of hydrogen with odorants and common contaminants. Following such laboratory tests, provided that the necessary permits will be obtained, SPPD intends to proceed with a pilot deployment in a selected municipality. The ongoing impacts of the blended distribution (which includes up to 10 per cent. hydrogen) will be tested on equipment standardly used by SPPD and equipment used for end customers.

Unauthorised off-take prevention

Unauthorised off-takes pose a threat to the health and safety of its employees and customers and of decreasing revenues. In 2019 and 2020, SPPD identified a total of 1,639 and 1,349 cases respectively of unauthorised off-takes from the distribution network. To prevent unauthorised off-takes, SPPD uses a variety of measures and controls, including blanket screenings, analyses of the variation in consumption and inspection of the gas meters. Whenever SPPD identifies a case of unauthorised off-take, it carefully documents all the underlying circumstances and works closely with the investigating, prosecuting and adjudicated bodies in respect of the investigations.

Gas distribution interruptions caused by third parties

From time to time, SPPD faces temporary interruptions in the gas distribution due to damage of the distribution facilities by third parties. The primary cause of such damage is excavation works held in proximity to the distribution pipelines. SPPD uses various measures aimed to minimise the effect of such interruptions. SPPD believes that the most efficient measure is providing customers with alternative free pipeline localisation. In addition, SPPD works closely with the authorities responsible for the excavation permit issue, to ensure that these permits are restricted as necessary to avoid exposure and damaging of the gas distribution pipelines. SPPD also aims to raise awareness in the proposed excavation works areas by distributing information leaflets to the respective contractors and posting updates on its corporate website. Finally, since 2012, SPPD has been cooperating with the State Energy Inspection Office, and reports all cases of possible damages. The State Energy Inspection Office is authorised to impose fines, ranging from €300 to €150,000, on persons who damage gas facilities. SPPD believes that the measures described above have resulted in a significant reduction of interruptions caused by third parties damaging the distribution networks.

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 July 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. In the six months ended 31 January 2021, households and small entrepreneurs received approximately 39.0 of the total volume of gas distributed, small and medium enterprises received approximately 6.2, and large consumers received approximately 54.8. 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 July 2020, the top 20 end consumers of the natural gas suppliers accounted for approximately 8.6 per cent. of SPPD's revenue and in the six months ended 31 January 2021, those customers accounted for approximately 9.0 per cent. of SPPD's revenue.

Pursuant to the distribution agreements, the natural gas suppliers are required to pay the distribution tariffs notwithstanding whether and when they collect payment from the end-customers. Payments from the natural gas suppliers must be secured by bank guarantees or cash collateral covering two months of the distribution fees. According to SPPD's standard practice, the framework distribution agreements usually have a term of one year but shorter and longer terms can also be agreed upon. The distribution tariffs consist of fixed fees (such as charges to reserve capacity) as well as variable fees (such as fee for distributed gas). If distribution volumes are higher or lower than expected, revenue from variable fees is thus higher or lower. The fixed fees are based on contractual terms determined at the beginning of each contract and are not dependent on the actual off-take. Approximately 60 per cent. of revenues is from fixed fees that provides a sufficient base for levelling the revenues in warmer years (when distribution is lower) as well as in colder years (when distribution is higher).

SPPD established front offices and back offices specifically designated to manage relationships with the natural gas suppliers. To enter into a distribution agreement with SPPD, a natural gas supplier is required to apply to a front office, which processes the application. Once the application is processed, it is transferred to the back office which acts as specialised technical department. The main function of the back office is to determine the technical and business terms of the new connection, assessment of the capacity levels at the existing off-take points and decide whether the existing distribution network needs to be enhanced to accommodate the demand. The back offices also render technical support to the existing connections. SPPD believes that separating the customer relationships functions between its front offices and back offices allows it to enhance operational efficiency and offer solutions tailored to particular customer's needs. SPPD has also established a customer support line that can answer the customers' questions both by phone and via email exchange.

SPPD takes a pro-active approach in its customer relationships and searches for potential end-customers who are likely to require a natural gas supply. In addition, SPPD plans to establish a customer advisory service to advise end-customers on connecting to the distribution network, technical changes at the off-take points, setting distribution tariffs and other aspects relating to the gas distribution.

Competition

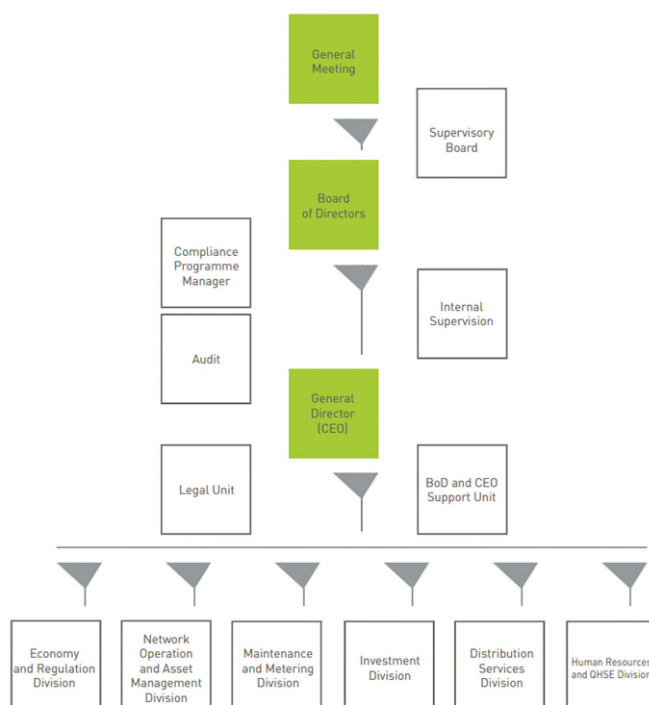
SPPD is currently the natural monopoly distributor of gas in the Slovak Republic and operates under a licence with no time limit. Current Slovak legislation does not allow the building of any new distribution network while there is available distribution capacity provided by SPPD. If a third party wishes to build a distribution network, it is required to apply for approval, "Compliance with the State Energy Policy", from the Slovak Ministry of Economy. One prerequisite of compliance is the confirmation by SPPD that SPPD has no network in the area and is not willing to build one. This allows SPPD to maintain its monopoly status and prevents the building of parallel networks.

Organisation

SPPD is internally organised as follows:

- the economy and regulation section, holding legal title to SPPD's assets and in charge of finance, accounting, regulation, controlling and procurement services;
- network operation and asset management section, in charge of managing SPPD's assets, strategic development, planning of the distribution network, setting the asset maintenance strategy and monitoring and balancing of the network;
- investment section, an internal service provider, in charge of asset development and construction of facilities;
- maintenance and metering section, an internal service provider, in charge of maintenance and metering activities and production of regulation stations;
- distribution services section, in charge of customer services; and
- human resources and Quality, Health, Safety and Environment ("**QHSE**") section, in charge of human resources and quality and safety management.

The following shows the internal organisation of SPPD:



SPPD has one subsidiary, SPP — distribúcia Servis, s.r.o. SPP — distribúcia Servis, s.r.o.'s main objective is to build strategic gas pipelines that have had to be relocated due to construction of new roads or investment projects.

Environmental and Safety Policies

One of the main focuses of SPPD is to ensure the technically safe, supplier-reliable and economically efficient operation of its gas distribution system. Environmental protection, sustainable development and safety are key considerations. Accordingly, SPPD has set up an integrated management system comprised of the following objectives:

- achieving levels of reliability and safety that match the highest standards of the profession;
- developing gas infrastructure so as to optimise the distribution of natural gas;
- educating, promoting and ensuring compliance among employees of safety and environmental policies;
- continuous assessment of the gas distribution system, focusing on meeting the requirements of Slovak and EU legislation;
- regular auditing (both internal and external audits) of the gas distribution system; and
- regular reporting on the gas distribution system performance by employees to management officers.

Regarding environmental protection, SPPD concentrates on:

- waste management in order to reduce the volume of produced waste;
- water management optimisation;
- intensive supervision of the technical condition of gas facilities in order to cut down emissions of greenhouse gases; and
- reducing noise emissions especially at the regulation stations.

SPPD has not experienced a single accident or incident of damage to the pipeline system resulting in serious environmental impact because of its careful handling of the operation of the distribution system and compliance with safety standards in the workplace.

Licences, Permits and Authorisations

SPPD holds the energy licence with no time limit, "*License to conduct business in the energy sector no. 2006P 0070*", which allows for it to engage in gas distribution. In addition, SPPD holds licences to allow for its ordinary business activities such as installation, repair, maintenance, professional inspections and tests of gas and pressure facilities and technical testing, metering and analysing.

Major Shareholders and Organisational Structure of SPPD

SPPD is currently indirectly 51 per cent. owned by the Slovak Republic and 49 per cent. owned (including management control) by EPIF.

Pursuant to the Third Gas Directive, operators of gas distribution networks, such as the Issuer, must meet certain requirements intended to ensure their independence from the vertically integrated undertaking of which they form a part (see "*Regulation*"). In order to demonstrate its compliance with the requirements of the Third Gas Directive in respect of its gas distribution activities, SPPD has completed a complex process of unbundling from the SPP Group and is now fully operationally independent. This includes the effective unbundling of corporate and support functions by implementing its own organisational structure, separating all hardware and information technology, finances, human resources, and head office, from SPP a.s., its former parent prior to the restructuring plan. SPPD completed this major step in the legal unbundling even before the Third Gas Directive was transposed into Slovak law.

Insurance

Although SPPD is covered by several industry standard insurances, it 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 it may be exposed. SPPD is covered by the industry standard insurance for its commercial property with a limit of EUR 215 million and certain additional sub-limits.

Separately, the Issuer has liability insurance with a limit of EUR 50 million. SPPD has limited insurance against damage for the pipelines it owns or for business interruption. As SPPD's pipelines are a decentralised system of assets, insuring them would not prove to be economical. SPPD's insurance does not cover political risks.

Employees

As at 31 January 2021, SPPD has 1,303 employees, of whom 188 were women, which represents 14.4 per cent. of the total workforce. Regarding the qualification structure, almost 31 per cent. of the employees have a university degree. SPPD focuses its personnel policy at retaining and motivating highly qualified employees, as well as creating opportunities for their professional development. To achieve this, SPPD offers its employees a variety of benefits, including a bonus scheme and a collective agreement. Strong emphasis is put on the accurate, timely and transparent communication of all changes, opportunities and key information to its employees.

Related Party Transactions

The Issuer 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 27 to the Annual Financial Statements and Note 22 to the Interim Condensed Financial Statements.

MANAGEMENT

Administrative, Management and Supervisory Bodies

SPPD 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 SPPD 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 SPPD's activities and of the Board of Directors in its management of SPPD and resolves on matters defined in the applicable laws and the SPPD's articles of association (the "**Articles of Association**").

The Board of Directors term of office is fixed at four years by SPPD's Articles of Association. The applicable legal regulation requires and provides for the independence of the Board of Directors in performing its executive powers and separation of the Board of Directors from the shareholders, including decisions on the matters related to day-to-day activities of the distribution system operator and the management of the distribution network. The Board of Directors has five members. Three of the five directors are nominated by EPH and two directors are nominated by the Slovak Republic.

The Supervisory Board, as the supreme supervisory body of SPPD, is in charge of supervising the execution of powers by the Board of Directors and the performance of SPPD's activities. The Supervisory Board submits its reports (mostly on the proposals of the Board of Directors) to the General Meeting. Out of the six members of the Supervisory Board, two thirds of the members are elected and dismissed by the General Meeting and one third are elected by the employees of SPPD for a five-year term, as required by mandatory provisions of Slovak law.

The following tables set forth the names of the members of SPPD's Board of Directors, their current functions within SPPD and their principal business activities outside SPPD as at the date of this Prospectus:

Board of Directors

Name and surname	Date of Appointment	Current function within SPPD	Principal outside business activities, where these are significant
Ing. František Čupr	24 January 2013	Chairman of Board of Directors	Chairman of the Board of Directors, Stredoslovenská energetika—Distribúcia, a.s.
JUDr. Ľubomír Schweighofer	23 September 2020	Vice-Chairman of the Board of Directors	Managing partner of law firm Schweighofer & partners
Ing. František Urbaník, Ph.D.	26 May 2017	Member of Board of Directors	Executive Officer and Director of AISE, s. r. o. Member of the Board of Directors of SES BOHEMIA ENGINEERING, a. s
Mgr. Ing. Marek Štrpka	11 November 2015	Member of Board of Directors	Chief Executive Officer of Stredoslovenská energetika -distribúcia, a. s.
Ing. Pavol Mertus	2 January 2017	Member of Board of Directors	Chairman of the Supervisory Board of SSE – Distribúcia, a. s.

As at the date of this Prospectus, the business addresses of the members of the Board of Directors of SPPD are Mlynské nivy 44/b, 825 11 Bratislava, Slovak Republic.

Biographies of the Board of Directors

Ing. František Čupr—Chairman of the Board of Directors

František Čupr graduated from the Faculty of Business and Economy of Mendel Agricultural and Forestry University Brno with a Masters of Business Administration (MBA) in 2006. After graduating, he worked for seven years at Jihomoravská energetika, a. s., in Brno, in various managerial positions, including Deputy Director of the Sales Division and Strategy Director. In 2005, he started to work for the J&T Investment Group, dealing with energy projects. In the same year, he founded a company trading in electricity and natural gas, EP Energy Trading, a. s. (former United Energy Trading, a. s.), where he executed the function of Chairman of the Board of Directors and CEO until 2012. In the period of 2006 to 2010, he was a member of the Supervisory Board of Pražská energetika, a. s. In the period of 2009 to 2013, he was a member of the Supervisory Board of Pražská teplárenská, a. s. In 2013, he became Chairman of the Board of Directors of

Stredoslovenská energetika - distribúcia, a. s. Since 24 January 2013, he has held the position of Chairman of the Board of Directors of SPPD.

JUDr. Lubomír Schweighofer —Vice-Chairman of the Board of Directors

Lubomír Schweighofer graduated from the Faculty of Law, Comenius University in Bratislava in 1981. After graduating, he joined the State Arbitration in Bratislava and later worked for the Ministry of the Interior of the Slovak Republic. In 1983, he joined the Regional Association of Lawyers and subsequently became an advocate and a member of the Slovak Bar Association in 1990. He founded the law firm Schweighofer & Partners in 1990 and continues to work as a lawyer and founding partner at this law firm. In 1995 he became a member of the Czech Bar Association. Between 2000 to 2009, he was the vice-counsel of the Honorary Consulate of the Republic of Guinea in Slovakia. In 2017, he was appointed as chair of the Disciplinary Senate of the Slovak Bar Association. On 23 September 2000, he was appointed as the Vice-Chairman of the Board of Directors of SPPD.

Ing. František Urbaník, Ph.D.

František Urbaník graduated from the Faculty of Electrical Engineering of the Brno University of Technology. He obtained his PhD at the VŠB – Technical University of Ostrava, Faculty of Mining and Geology. He started his professional career Vlárské strojírny, s. p. in 1991 as Chief Power-Supply Director. In the period from 1993 to 1995, he was employed with IMC, s. r. o. as a system engineer. In 1995 he co-founded AISE, s. r. o., where he worked as a system engineer and marketer. He executed projects of measurement and control implementation, reduction in energy intensity of industrial enterprises and applied development of data collection and distribution methods. In 1997, he became the executive Officer and Director of this company, where he still works. In the period from 1997 to 2008 he was also a manager of ENBI, s. r. o., where, in addition to energy studies and audits, he participated in the projects of EPC, M&C of Johnson Controls, AISYS, ERIS, and SIEMENS systems, and in the application of TEDOM and Caterpillar cogeneration units. He also held the position of Executive Officer until 1999. In January 2017, he became a member of the Board of Directors of SES BOHEMIA ENGINEERING, a. s. Since 26 May 2017, he has been a member of the Board of Directors of SPPD.

Mgr. Ing. Marek Štrpka

Marek Štrpka graduated from the Faculty of Commerce of the University of Economics in Bratislava and the Faculty of Law of Comenius University in Bratislava. He started his professional career in 1996 in the St. Nicolaus Group, holding various managerial positions for eight years. In 2003 he started to work for the AGROFERT Group, holding the position of financial director and member of the Board of Directors of Duslo, a. s. From 2008 he was the CEO and Vice-Chairman of the Board of Directors of this company. At the same time, he operated as Chairman of the Supervisory Board of the Association of Chemical and Pharmaceutical Industry SR, a Member of the Board of Directors of the Slovak Agriculture and Food Chamber and a member of Klub 500. Since 2013, he has been the CEO of Stredoslovenská energetika - distribúcia, a. s. Since 11 November 2015, he has been a member of the Board of Directors of Stredoslovenská energetika - distribúcia, a. s.

Ing. Pavol Mertus

In 1987, Pavol Mertus graduated from the Faculty of Mining of the Technical University in Košice and subsequently, he completed his postgraduate studies in economics and management of mining industry. Until 1991, he worked as mine inspector at the Mining Office in Bratislava. In the period from 1992 to 1994, he acted as an adviser to the Prime Minister of the Slovak Republic. From 1994 to 1999 he held the position of General Director of the State Environmental Fund of the Slovak Republic and was a member of the Supervisory Board of Všeobecná úverová banka. In the period of 1999 to 2003 he held the position of Business and Economic Director of Pozagas, a. s., where he was responsible for economic management and business matters of the company. From 2003 to 2005, he acted as an adviser to the Board of Directors and a member of the Supervisory Board of FIN-energy, a. s. Bratislava, where he was in charge of energy and gas projects. In the period of 2008 to 2016, he acted as General Director and Executive Officer of ČKD – Slovensko, a member of the ČKD Group Praha, in charge of the complete operation of the company acting in the energy and gas industries, in the area of technology. From 2007 to 2010, he was a member of the Supervisory Board of SSE, a. s., from 2011 to 2012 a member of the Board of Directors of SSE – distribúcia, a. s., and from 2013 to 2016, a member of the Board of Directors of SSE, a. s. Since December

2016, he has acted as Chairman of the Supervisory Board of SSE – Distribúcia, a. s. in Žilina. Since 2 January 2017, he has been a member of the Board of Directors of SPPD.

Biographies of Senior Management

Ing. Martin Holly—General Director

Martin Holly graduated from the Faculty of Commerce at the University of Economics in Bratislava with a specialization in foreign trade, and from the Universidad de Grenada in Spain. After graduating, he first worked for several years as Senior Auditor and Consultant at Arthur Andersen. In 2003 he took up the position of Director of the Economic Department in NAFTA a.s., where he significantly contributed to the restructuring of the company. From July 2008 to September 2012, he was General Director of NAFTA, a. s., as well as a Member of statutory bodies in POZAGAS a. s. In October 2012 he moved to SPPD, within the SPP Group, where he has held the position of General Director since 1 December 2012.

Ing. Roman Filipoiu—Head of Economics and Regulation Section, Chief Financial Officer

Roman Filipoiu completed his Financial Management studies at the Faculty of Business Management at the University of Economics in Bratislava. Later on, he obtained his MBA at Oxford University in Great Britain. After graduating, he started working as an Auditor and Consultant in Deloitte, where he participated in audits of several major banks, financial institutions, and media companies in Slovakia. He started working in the energy sector after joining NAFTA a. s. in 2007. He was responsible for controlling, price regulation, and also for accounting, procurement, and finance. In the same period he also worked as Chairman of the Supervisory Board in Karotáž a cementace s. r. o. and Naftárska leasingová spoločnosť a. s. Since April 2009, he has been Head of the Economics and Regulatory Division and Chief Financial Officer for SPPD. He is in charge of finance (including, accounting, tax, treasury, bonds and ratings) as well as regulation, energy legislation, relations with state administration bodies and also matters relating to economic optimisation and financial management of the company, procurement and services. He is also the Chairman of the Supervisory Board in SPP - distribúcia Servis, s. r. o., and member of the Supervisory Board in Plynárenská metrológia, s. r. o.

Ing. Rastislav Prelec—Head of Network Operation and Assets Management Section

Ing. Rastislav Prelec graduated from the Faculty of Electrical Engineering at the Slovak University of Technology Management of Industry and Food Enterprises in Bratislava in 1985. After completing his undergraduate studies, he worked in the Chemical Technology Research Institute as the Head of Automation Department until 1991. Between 1991 and 1995, he was self-employed and practised in the field of industrial automation. In 1995, he joined SPP s.p. as a Telemetric Equipment Technician and later served as the Head of Control Systems. From 1997, he worked as a Project Manager and Co-Manager on the following projects: Reconstruction and Remote Control of Transfer Stations (SCADA SPD), Remote Monitoring of Regulation Stations (SCADA OZ), Dispatching Control Systems (SCADA), Remote Monitoring of Large Customers, Mobile Workplaces and Distribution Information System. In 2005, he completed his masters in industrial engineering at Fachhochschule Ulm (Germany). In 2009, he was appointed as the Director of Maintenance and Metering in SPPD and has held the position of Head of Network Operation and Assets Management since 1 July 2013.

Ing. Miroslav Horváth—Head of the Maintenance and Metering Division

Miroslav Horváth completed his studies at the Faculty of Mechanical Engineering of the University of Žilina, specializing in the gas industry. After graduating, he started working for SPP s.p., as a Technician of Gasification in 1999. Subsequently he worked in several positions and also as Head of the Centre District Gasworks in Považská Bystrica. In July 2004 he became Head of the Local Unit in Prievidza. After the legal unbundling in 2007, he joined SPPD, in the post of Head of the Regional Centre East in Košice. Since 2009, he has worked as Head of the maintenance department in the Maintenance and Metering Division and subsequently as Deputy to the Section Head. On 1 July 2013 he was appointed Head of the Maintenance and Metering Division for SPPD.

Ing. Marek Paál—Head of Distribution Services Section

Marek Paál, specialising in the gas industry, completed his studies at the Faculty of Mechanical Engineering of the University of Žilina in 2003. However, he started working in this field in 1996, when he joined the Slovak Gas Dispatching at SPP s.p., holding various posts. Since 2004 he worked at SPP as Director of the

Distribution Capacities Sales Division. In 2006, he participated in the legal unbundling process of SPP into three separate companies and led the project for the implementation of a distribution information system for liberalised gas trading. After the legal unbundling, he continued to work as Director of the Distribution Capacities Sales Division in SPPD. Since the restructuring of SPPD in 2009, he has held the position of Head of the Distribution Services Division.

Ing. Irenaj Denkocy, ACCA—Head of Investment Division

Irenaj Denkocy graduated from the Faculty of Business Management of the University of Economics in Bratislava with a specialization in financial management. He continued his studies by qualifying for and gaining ACCA membership. After graduating, he first worked as an assistant auditor at Ernst & Young, where he participated in the audits of several significant businesses in Slovakia. In 2009 he joined SPPD, in the position of Senior Controller. From 2011, he worked in the position of Head of Investments Controlling and Asset Registry. From July 2014 to January 2015 he was nominee Head of the Investments Division of SPPD. Since 1 February 2015, he has been Head of the Investments Division.

Mgr. Ing. František Kajánek—Head of Human Resources and QHSE Section

František Kajánek graduated from the Mining-Geology Faculty at the Mining College in Ostrava with a specialization in economics and the management of mines, and later studied law at the Comenius University. He has been actively engaged in the area of human resources since 1995, working at NCHZ a. s., Nováky, for the Office for State Services, and for the Ministry of Labour, Social Affairs and Family of the Slovak Republic. Starting from 2007, he worked for NAFTA, a.s., where he held the position of Director of Human Resources from 1 January 2008. In addition to human resources, he was also responsible for corporate culture and internal communication development. Since 1 December 2013, he has been a team-member of SPPD as Head of the Human Resources and QHSE section.

Supervisory Board

Name and surname	Current function within SPPD	Principal outside business activities, where these are significant
Ing. Martin Barto, CSc.	Chairman of Supervisory Board	None.
Gary Mazzoti	Vice-Chairman of the Supervisory Board	None.
Pavol Korišek	Member of the Supervisory Board	None.
Milan Boris	Member of the Supervisory Board	None
Ing. Juraj Blusk	Member of the Supervisory Board	None
Ing. Branislav Bosák	Member of the Supervisory Board	None

There are no material contracts with or loans to members of the Board of Directors, Senior Management or Supervisory Board. There are no conflict of interests between the duties owed by members of the Board of Directors and their private interests and/or other duties.

REGULATION

Introduction

The following section provides a summary of EU and Slovak energy legislation that is applicable to the business activities of the Issuer. A description of EU law has been included due to its increasing influence on Slovak national energy legislation.

EU Regulation

Third Energy Package

The regulatory framework applicable to the Issuer's activities has undergone significant changes following the adoption in 2009 of 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. The RONI also intervenes in any disputes that may arise between participants in the markets.

The EU Third Gas Directive generally seeks to achieve greater transparency and independence of transmission and distribution network operators. The Issuer, as a gas distribution network operator belonging to a vertically integrated group of companies, falls directly within the scope of the provisions of the EU Third Gas Directive in relation to distribution network operators. The EU Third Gas Directive sets out principles that will apply, among other things:

- to relations between the Issuer and its parent company;
- to the corporate governance of the Issuer;
- to the independent ethical conduct of the management, officers and employees of the Issuer; and
- to the relationship of the Issuer with other parts of the vertically integrated companies, particularly with regard to the planning of investments.

Slovak Regulation

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. The Slovak Energy Act also regulates 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 Energy Act has implemented relevant EU energy legislation.

The Act No. 45/2011 Coll. on critical infrastructure, as amended in March 2021 (transposing the Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection) states that the direct or indirect transfer of shares representing more than a 10 per cent. share on registered capital or voting rights, or assets of certain entities where such assets are designated as 'critical infrastructure' entities are subject to prior screening and, in some instances, approval by the Government of the Slovak Republic to determine, whether the transfer of shares or assets does not threaten the public order, national security or interests of

the Slovak Republic or other EU Member States or the interests of the EU. Any sale or disposal (including in the case of enforcement proceedings, a winding-up or liquidation) of shares or assets, as applicable, of the relevant entities may require the approval of the Government of the Slovak Republic

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). The 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

Price Regulation in General

One of the RONI's competencies is price regulation relating to particular regulated industries. Access to the gas distribution network and gas distribution in the Slovak Republic is also subject to the RONI's price regulation. 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, such as the RONI's Decree No. 223/2016 Coll., on determining price regulation in the gas industry, as amended (the "**Gas Price Decree**").

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 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 in the gas sector with respect to the allowed profit for access to the distribution network and gas distribution, as further described below.

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 distribution being determined as follows:

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 eligible OPEX, eligible 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 ("**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 the RONI if the parameters used for its calculation change by more than 10 per cent. The WACC rate for the current regulatory period was set at 6.47 per cent. However, the RONI recently decreased 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 the Issuer. The regulated prices for access to the distribution system and gas distribution are charged by the gas distribution system operators ("**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.

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.

Liberalisation

As a result of EU legislation imposing on the Member States obligations to unbundle the distribution systems (which resulted in the legal and functional unbundling of the distribution systems), the electricity and gas market has been liberated. This liberalisation has given consumers the right to choose their electricity and gas supplier according to the Slovak Energy Act.

Gas Sector

Licensing Regime

Businesses in the field of gas distribution must be conducted under a licence granted by the RONI. The licensing regime shall, however, not apply with respect to certain activities, such as the production and supply of a gas from biomass or bio gas, 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 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 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 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 a lack of capacity or a need to give priority to public service obligations, the gas infrastructure operators may not refuse access to their gas 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 (*Source: Eurostat*). 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.

TAXATION

The following is a general description of certain tax considerations related to the Notes. However, it does not purport to be a complete analysis of all the tax considerations relating to the Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of the Notes under special circumstances or who is subject to special treatment under the applicable law. Prospective purchasers should consult their own tax advisers as to which countries tax laws could be relevant for acquiring, holding and disposing of the Notes and for receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based on the law in effect on the date of this Prospectus and is subject to any change in the law that may take effect after such date.

The Slovak Republic

This taxation summary solely addresses the principal Slovak tax consequences of the acquisition, ownership and disposition of the Notes issued by the Issuer after the date hereof to the holder of the Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of the Notes under special circumstances or who is subject to special treatment under the applicable law. Where English terms and expressions are used in this summary to refer to Slovak concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Slovak concepts under Slovak tax law.

This summary is based on the tax laws of the Slovak Republic in force and in effect on the date of this Prospectus and their prevailing interpretations available on or before this date. All of the foregoing are subject to changes in the law which could apply retroactively and which could therefore affect the continued validity of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to the Notes is conducted at arm's length.

Income Tax

Slovak Individuals

Interest income on the Notes received by an individual who is considered to be a Slovak tax resident (a "**Slovak Individual**") is subject to Slovak withholding tax at the rate of 19 per cent. The tax withheld is considered as final and thus does not need to be reflected in the individual's tax return. If the Note is issued with a coupon and for a lower than nominal amount, only the interest income (coupon) is subject to withholding tax. The income representing the difference between the nominal amount of the Note payable to an individual (investor) upon its redemption and the issue price of the Note upon its issuance is not subject to withholding tax, but the individual must include such income in his/her separate tax base as a taxable income subject to the fixed rate of 19 per cent.

The Issuer is obliged to withhold tax at source except in cases in which the Notes are held for such person by a securities broker as a client; in such case, this securities broker is obliged to withhold the tax.

The capital gains (*i.e.*, the difference between (i) the sale price and (ii) the acquisition price of the Notes, increased by related fees for trading on the capital market and costs connected with the sale) of the Slovak Individual from the sale of the Notes are subject to personal income tax and must be included in his/her personal income tax base.

The capital gains of a Slovak Individual are subject to progressive taxation with the tax rate of 19 per cent. applicable to income not exceeding a multiple of 176.8 times the minimum standard of living applicable as at January 1 of the relevant year (*i.e.* EUR 37,981.94 in 2021), and a tax rate of 25 per cent. applicable to an income exceeding such threshold.

Depending on the Slovak Individual's overall tax position, he/she may be entitled to a tax exemption up to the amount of EUR 500 from income from the sale of the Notes in one tax period. In general, any loss by a Slovak Individual is tax non-deductible except for specific exemptions defined in the Slovak tax law.

Capital gains of a Slovak Individual from the sale of the Notes are exempt from taxation for as long as the Notes are traded on a regulated market for more than a year and the holder holds the Notes for more than a year; however, the exemption does not apply if the holder holds the Notes as part of his/her business assets.

Interest on the Notes of a Slovak Individual with mandatory health insurance in the Slovak Republic should not be subject to health insurance contributions. However, with regard to repeated recent changes of the withholding tax regime and levies on interest arising from the Notes, each holder of the Note must assess his/her own potential obligations in this field pursuant to the relevant legislation, including the applicable transitional provisions. Health insurance contributions related to capital gains from the Notes should be assessed separately for specific cases.

Slovak Corporations (Legal Entities)

A corporation which is considered to be a Slovak tax resident (a "**Slovak Business**") is subject to corporate income tax on interest income received on the Notes and on capital gains (*i.e.*, the difference between the sale price and the accounting value of the Notes) from the sale of the Notes. In general, the income derived from the Notes would be included in the tax base of the Slovak Business and taxed at the standard corporate income tax rate of 21 per cent or the decreased corporate income tax rate of 15 per cent (applicable for the Slovak Business with revenues not exceeding EUR 49,790).

Any loss incurred by a Slovak Business upon the sale of the Notes is generally tax non-deductible except for certain exceptions, such as (i) losses up to the amount of the income from the Notes already included in the tax base, or (ii) if the Slovak Business is a licensed security trader.

Slovak Non-for-profit Organisations and the National Bank of Slovakia

Any interest income from the Notes attributable to (i) a legal person tax resident in the Slovak Republic established for purposes other than engaging in business activities or (ii) the National Bank of Slovakia (each a "**Slovak Non-Business Entity**") will be subject to a self-assessed 19 per cent. withholding tax that is payable by the Slovak Non-Business Entity by the end of the calendar month following the tax period when the interest income was received.

Capital gains of the Slovak Non-Business Entity from the sale of the Notes are subject to a self-assessed 19 per cent. withholding tax that is payable by the Slovak Non-Business Entity by the end of the calendar month following the tax period when that income was received.

Non-Slovak Tax Residents with a Slovak Permanent Establishment

If an individual or a corporation, which is not considered to be a Slovak tax resident (a "**Non-Slovak Tax Resident**") has a permanent establishment in the Slovak Republic, receives any interest income on the Notes or has capital gains from the sale of the Notes that is attributable to its Slovak permanent establishment, such income is subject to income tax in the Slovak Republic at the relevant tax rates applicable to individuals or corporations. This income should be included in the tax base of the Slovak permanent establishment as a result of its business activities performed in the Slovak Republic and taxed in its income tax return. Any loss incurred upon the sale of the Notes is generally tax non-deductible except for certain exceptions, such as (i) losses up to the amount of the income from the Notes already included in the tax base, or (ii) if the Slovak permanent establishment is conducting business in the Slovak Republic as a licensed security trader.

Non-Slovak Tax Residents without a Slovak Permanent Establishment

Interest income received on the Notes by a Non-Slovak Tax Resident without a Slovak permanent establishment to which the interest income could be attributed is not subject to Slovak taxation.

Capital gains of a Non-Slovak Tax Resident (individual or corporation) without a Slovak permanent establishment to which the capital gains from the sale of the Notes to a Slovak tax resident or a Slovak permanent establishment of another Non-Slovak Tax Resident could be attributed are subject to corporate income tax (at the rate of 21 per cent. or 15 per cent., as applicable – please see above) or to personal income tax (at the rate of 19 per cent. or 25 per cent., as applicable – please see above) in the Slovak Republic, unless provided differently by the applicable Double Tax Treaty. This income should be included in the tax base of the Non-Slovak Tax Resident (individual or corporation) and taxed in its Slovak income tax return. Any loss incurred upon the sale of the Notes is generally tax non-deductible. In addition, if the capital gain is realised by the resident of the country outside the EU and EEA, such capital gain is subject to tax securement of 19 per cent. or 35 per cent. (if resident in the "non-cooperating country", *i.e.* a country with which the Slovak Republic did not conclude Double Tax Treaty or Tax Information Exchange Agreement). Tax securement is considered as final tax in case the Slovak tax return is not filed.

Capital gains of a Non-Slovak Tax Resident without a Slovak permanent establishment to which the capital gains could be attributed from the sale of the Notes to another Non-Slovak Tax Resident without a Slovak permanent establishment to which the purchased Notes could be attributed is not subject to Slovak taxation.

Notwithstanding the above, holders of the Notes should seek advice from a qualified tax advisor in their country of residence concerning the particular tax consequences of the payments under the Notes.

Accounting Aspects

Slovak tax residents that are subject to Slovak Accounting Standards are required to declare interest income on an accrual basis for accounting purposes and, accordingly, include this income in their general tax base for Slovak income tax purposes in the given period.

Slovak tax residents that prepare their financial statements under Slovak Accounting Standards for Entrepreneurs or under International Financial Reporting Standards may be required to re-value the Notes to a fair value for accounting purposes on the balance sheet date, whereby the revaluation would be accounted for as revenue or expense. Such revenue is generally taxable, and the corresponding expense should be generally tax deductible for Slovak tax purposes.

Other Applicable Taxes

No Slovak gift, inheritance or estate tax, stamp duty, registration, transfer or similar taxes are payable in connection with the acquisition, ownership, sale or disposal of the Notes.

Foreign Account Tax Compliance Act

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 Slovak Republic) have entered into, or have agreed in substance to, intergovernmental agreements with the United States 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as 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 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 (as described under Condition 13 (*Further Issues*)) 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 advisers regarding how these rules may apply to their investment in Notes.

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 the Slovak Republic (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the 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 the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Commerzbank Aktiengesellschaft, Erste Group Bank AG, ING Bank N.V. and Société Générale (together, the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement dated 8 June 2021, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at 99.613 per cent. of their principal amount, less any applicable commissions and expenses as agreed between the Issuer and Joint Lead Managers. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Certain of the Joint Lead Managers and their affiliates 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 its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their 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 its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer and/or its affiliates, routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their 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 securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their 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.

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 in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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 Lead Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date 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.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed 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 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.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager 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 (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) 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 EU MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager 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; 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.

General

Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers 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.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or the possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction in which an action for that purpose is required.

The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Each Joint Lead Manager has represented and warranted to the Issuer that it complies with 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 the Prospectus or any other offering material relating to the Notes.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 27 April 2021 and a resolution of the Supervisory Board of the Issuer dated 27 April 2021.

Legal and Arbitration 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.

Significant/Material Change

Save as disclosed in this Prospectus, since the date of its last audited financial statements there has been no material adverse change in the prospects of the Issuer and, since 31 January 2021, there has been no significant change in the financial performance or in the financial position of the Issuer.

Independent Auditors

The Annual Financial Statements, incorporated by reference in this Prospectus, have been audited by Deloitte Audit s.r.o., independent auditors, as stated in their report incorporated by reference herein. The Interim Condensed Financial Statements, incorporated by reference in this Prospectus, have been reviewed by Deloitte Audit s.r.o., as stated in their review report incorporated by reference herein. Deloitte Audit s.r.o. is located at the Digital Park II, Einsteinova 23, 851 01 Bratislava, Slovak Republic, and is registered in the Business Register of the District Court Bratislava.

Available Documents

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, copies of the following documents (together with English translations thereof where relevant) will be available for inspection in electronic form on the website of the Issuer (a) in relation to documents listed at (i) to (iv) at <https://www.spp-distribucia.sk/prospectus/>; and (b) in relation to documents listed at (v) at <https://www.spp-distribucia.sk/annual-reports/>:

- (i) the constitutive documents of the Issuer;
- (ii) the Prospectus;
- (iii) the Deed of Covenant;
- (iv) the Agency Agreement; and
- (v) the Financial Statements.

This Prospectus will also be available, in electronic format, on the website of Euronext Dublin at <https://www.euronext.com/en/markets/dublin>.

Information included on any website referred to above does not form part of this Prospectus.

Yield

On the basis of the issue price of the Notes of 99.613 per cent. of their principal amount, the gross real yield of the Notes is 1.000 per cent. on an annual basis.

Legend Concerning U.S. Persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Expenses

The Issuer estimates the amount of expenses related to the admission of the Notes to trading to be approximately EUR 5,000.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The ISIN is XS2348408514

The Common Code is 234840851

The CFI Code is DBFNFB

The FISN is SPP - DISTRIBUC/1EUR NT 20310609 RE

The address of Euroclear is 1 Boulevard de Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Listing Agent

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 or to trading on the Regulated Market of Euronext Dublin.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 213800AGL5LRVQNANS48.

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