

FINAL TERMS AND CONDITIONS



of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság

for the placement of bonds designated as ALTEO 2024/I Bond under the 2022/2023 issuance scheme with a framework amount of HUF 20,000,000,000 by ALTEO as the Issuer

Organizer-Distributor, Market Maker and Paying Agent: Erste Bank Hungary Zrt.

October 10, 2022

These Final Terms and Conditions have been drawn up in relation to the Placement under the 2022/2023 issuance scheme of the ALTEO 2024/I bonds to be issued by ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (registered office: H-1033 Budapest, Kórház utca 6-12., company registration number: 01-10-045985) (hereinafter: “**Issuer**”), and are to be read in conjunction with the Basic Information Document dated October 10, 2022 and any supplements thereto.

These Final Terms and Conditions have not been reviewed or approved by the Central Bank of Hungary (“**MNB**”) or the Budapest Stock Exchange.

The terms used, but not specifically defined in the Final Terms and Conditions shall have the meaning assigned to them in the Basic Information Document dated October 10, 2022.

1. INFORMATION CONCERNING THE SECURITIES (“BOND TERMS”)

1.1 Authorization

The Board of Directors of the Issuer decided on the issue of the Bonds in its resolution no. 2/2022 (X./6.).

1.2 Purpose of the Bonds’ issue, use of revenues

The Issuer will use the funds raised primarily to fund investments into energy projects, to achieve its growth objectives, to meet its working capital needs and to build up reserves.

1.3 Basic information on the Bonds

Designation of the series:	ALTEO 2024/I Bond
Announced quantity:	HUF 7,500,000,000, with the proviso that in the event of excess offers, the Issuer is entitled to accept an amount in excess of the amount announced for sale, taking into account that the total face value of the bonds placed during the validity period of the Basic Information Memorandum may not exceed HUF 20,000,000,000 (the conversion rate for EUR-denominated bonds shall be the MNB rate effective on the date of placement).
Total face value:	determined on the basis of the result of the Auction, subject to the limitations set for the announced quantity
Defined currency:	The Bonds are denominated in HUF.
Face value:	HUF 10,000
Number of bonds:	The final number of Bonds to be issued is based on the result of the Auction
Date of placement (auction date):	October 18, 2022
Start date of interest calculation:	October 20, 2022
Settlement day:	October 20, 2022
Value date:	October 20, 2022
Maturity date:	May 28, 2024
Maturity:	586 days
Basis of interest calculation:	Fixed interest
Interest rate:	15.50 percent per year, to be paid subsequently on an annual basis
Basis of redemption/repayment:	Redemption at face value

Type of placement: Offer to the public of securities without the obligation to publish a Prospectus, in an auction procedure

Location of placement: Hungary

1.4 Name of the Bond, securities identification number of the securities series

Name: ALTEO 2024/I Bond

ISIN identifier: HU0000361944

Laws underlying the issuance of Bonds

Laws underlying the issuance of Bonds include, among others, the following:

Act V of 2013 on the Civil Code;

1. Act CXX of 2001 on Capital Markets;
2. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
3. Government Decree no. 285/2001 (XII.26.) on bonds
4. Government Decree no. 284/2001. (XII.26.) on the method of generation and transfer of dematerialized securities and the relevant safety requirements, and on the requirements regarding the opening and management of securities account, central securities account and account for customers.

1.5 Type of Bonds

Pursuant to Section 12/B (1) of the Capital Markets Act, the Bonds are transferable, registered debt instruments. According to Section 12/B (1) of the Capital Markets Act, the Issuer (debtor) of a Bond agrees to pay or render, the predetermined interest or other commissions for the amount specified there, any other services it agreed to provide, as well as the amount of money specified there to the current holder or beneficiary of the Bond (creditor) at the specified time and in the specified manner. According to the Bond Decree, there is no statute of limitations for bond claims against the Issuer. All Bonds consist of securities representing identical rights and obligations.

The Bonds will not entitle any party to acquire any security or other financial asset by means of conversion or the exercise of the right represented by them.

1.6 Method of Bond generation and registration

The Bonds are issued in a dematerialized form. Pursuant to Section 6(5) of the Capital Markets Act, with the exception of the shares of private limited companies, no certificate may be printed subsequently for dematerialized securities, nor in connection with securities that were dematerialized.

Name and address of registering organization: KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (registered office: H-1074 Budapest, Rákóczi út 70-72.; company registration number: Cg. 01-10-042346); tax number: 10873151-2-44; hereinafter: “**KELER**”).

The records maintained by KELER serve as the authentic register regarding the identification of the securities account managers (hereinafter: “**Securities Account Manager**”) on whose securities accounts maintained by KELER Bonds are debited, as well as regarding the amount of Bonds credited on securities accounts maintained by the various Securities Account Managers.

In compliance with Section 7(2) and Section 9(1) of the Capital Markets Act, the Issuer issues and deposits with KELER a document that is not treated as a financial instrument (hereinafter: “**Document**”) containing the terms and particulars of the Bond. The Document remains in deposit at KELER or, if applicable, its legal successor until such time when all the claims of the Bondholders arising from the Bond are satisfied. A draft of the Document (proposed text of the Bond) is contained in the annex to these Final Terms and Conditions.

If, in compliance with these Bond Terms, the Issuer cancels any Bond before its Maturity Date (as defined below), the Document is cancelled and a new document (hereinafter: “**New Document**”) containing the particulars of the outstanding Bonds is issued and deposited with KELER so that the change in the number of outstanding Bonds due to such cancellation can be tracked.

1.7 Type of the Bonds

The Bonds represent direct, unconditional, non-subordinated and unsecured obligations of the Issuer.

The Bonds all have the same seniority, and rank at least equally with any other direct, unsecured, non-subordinated bond obligations the Issuer may have at any given time (*pari passu*), except for any obligations with a higher priority based on statutory requirements.

1.8 Ratings of the Bonds

With a view to the Issuer’s participation in the Bond Funding for Growth Scheme, the Issuer’s non-subordinated, unsecured bonds (*senior unsecured debt*), including the Bonds being the subject of the Placement, retained their “BBB-” rating as awarded by Scope Ratings GmbH (registered office: Lennéstraße 5, 10785 Berlin, Germany; hereinafter: “**Rating Agency**”), which rating was published on October 4, 2022 (hereinafter: “**Review Report**”). The identity of the Rating Agency may change during the term of the Bonds, in compliance with the requirements imposed by the BGS.

The rating of the Bonds is reviewed by the Rating Agency annually during their term. The review of the credit rating of the Bonds and of the Issuer, together with the relevant rating reports, is published on the websites of the Central Bank of Hungary and the Rating Agency, to which the Issuer has granted its consent at the time of issue of the bonds under the BGS. In this context, the Issuer has also undertaken to provide the Rating Agency in due time with all relevant documents and information necessary for the annual review of the credit rating, and to cooperate with such agency in every respect during the rating process.

Based on the Review Report issued on October 4, 2022, the Issuer's rating remains BB+/Stable. In the long-term credit rating scale, considered to be the most authoritative one, bonds with a rating of at least BBB- belong to the so-called investment grade category. A BBB (BBB+, BBB, BBB-) rating implies good creditworthiness, where the risk of financial loss is currently low, and the issuer will be able to meet its payment obligations with sufficient certainty, but may be affected by adverse business or economic conditions to a greater extent than in higher rating categories.

1.9 Total value of the Issue, i.e., total face value of the Bonds

The announced quantity is HUF 7,500,000,000 that is seven and a half billion Hungarian forints, with the proviso that in the event of excess offers, the Issuer is entitled to accept an amount in excess of the amount announced for sale, taking into account that the total face value of the bonds placed during the validity period of the Basic Information Memorandum may not exceed HUF 20,000,000,000 (the conversion rate for EUR-denominated bonds shall be the rate of the Central Bank of Hungary effective on the date of placement).

1.10 Denomination schedule, currency

Face value of the Bonds (Face Value): HUF 10,000, that is ten thousand Hungarian forints

The Bonds are issued in Hungarian forints.

1.11 The number of the Bonds

The Bonds are placed on the market in 1 (one) series, and the final number of the Bonds to be issued is determined by the results of the Auction and may be subject to change in accordance with the total amount of the Issue.

1.12 Type of placing on the market

The Bonds are issued in Hungary, by means of an offer of securities to the public as set out in Article 2(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council (hereinafter: **Prospectus Regulation**), in a competitive auction procedure, which, pursuant to the Prospectus Regulation, is exempted from the obligation of the preparation and publication of a Prospectus. Sale by auction with a non-public order book is effected through the auction module forming part of the MMTS1 system operated by the BSE; the details of the auction procedure are set out in the BSE Auction Rules, Chapter 14 of the Basic Information Memorandum (**Auction procedure and allocation**) and these Final Terms and Conditions.

Place and date of the placement, issuance and creation of the Bonds

Date of Placement: October 18, 2022 (**Auction date**)

Value Date of the Issue: October 20, 2022 (**Settlement Day**)

Place of the issue: Budapest

Date of the issue: Value Date of the Issue

Law applicable to placement and the Bonds

The placement, the Bonds, their validity, effectiveness and the interpretation of the Bond Terms are governed by Hungarian law (including the Prospectus Regulation and other legal acts adopted by the institutions and bodies of the European Union that are directly applicable in Hungary).

In the event of any controversy, legal dispute or interpretation issue arising from or in connection with the Bonds, their placement, or any document generated in the course of their placement, the ordinary Hungarian courts will have jurisdiction in accordance with the applicable rules on material jurisdiction and territorial jurisdiction.

1.13 Issue price

The Bonds may be distributed at Face Value, below par or above par.

The Bonds' term and maturity

Maturity date: May 28, 2024

The term of the Bonds is 586 days, starting on the Value Date of the Issue and ending on the Maturity Date.

Type of interest, terms of interest payment

The Bonds have a fixed interest rate.

1.14 Interest rate

Each Bond has an annual fixed interest rate of 15.50% (fifteen point five zero percent) (hereinafter: **Coupon**), paid in retrospect on the Interest Payment Dates. The Bond pays no interest for the Maturity Date.

Interest Calculation Start Date: October 20, 2022

1.15 Interest Payment Dates

For each Bond, the first interest payment date is May 28, 2023, and the second and last interest payment date is May 28, 2024, with the proviso that the last interest payment date is the same as the Maturity Date, which is May 28, 2024 (hereinafter: "**Interest Payment Date**").

1.16 Interest Period

The period starting on the Interest Calculation Start Date (including that day) and ending on the first Interest Payment Date (not including that day), as well as any subsequent period starting on the Interest Payment Date (including that day) and ending on the following Interest Payment Date (not including that day), provided that the last Interest Payment Date is the Maturity Date.

1.17 Amount of the interest payable

Interests are calculated by the Paying Agent.

Each Bond pays interest, at the Coupon rate annually, on its Face Value, from the Value Date of the Issue as the Interest Calculation Start Date (including that day).

The interest on the Bonds is calculated for the Interest Period, with the exception of repurchase prior to maturity as defined in Section 1.25 of these Final Terms and Conditions (Covenants – Extraordinary Repurchase Events); that is, for the calculation of interest payable for a single Bond for the entire year, the Face Value of the Bond is multiplied by the Coupon.

In the event of repurchase prior to maturity specified in Section 1.25 of these Final Terms and Conditions (Covenants – Extraordinary Repurchase Events), if the (accrued) interest is to be calculated for a period shorter than one year then, by derogation from the aforesaid, the interest is calculated by first multiplying the Face Value by the Coupon, then by the applicable Interest base.

The first Interest Period corresponds to the period between the Value Date of the Issue and the first Interest Payment Date (October 20, 2022 – May 28, 2023), therefore the interest payable

is the pro rata part of the annual interest (rounded to two decimal places), taking into account any leap days: $15.50\% * 220 \text{ days} / 365 \text{ days} = 9.34\%$.

“Interest base”: Actual/Actual (ISMA/ÁKK), that is, if the accrued interest needs to be calculated for a period shorter than one year, the number of days elapsed since the latest Interest Payment Date is divided by 365 (or 366, if the Interest Period concerned contains February 29), and the quotient is the value of the interest base. Any amount calculated using the Interest base must be rounded up from the half (not including the half).

Accordingly, the fixed interest amounts payable on the various Interest Payment Dates, taking into account the Disbursement Day, are as follows:

May 28, 2023: HUF 934 / 1 Bond

May 28, 2024: HUF 1.550 / 1 Bond

1.18 Interest payment in the event of late payment

The Bonds will not pay an interest starting from their Maturity Date or the Extraordinary Repurchase Date, unless the Bondholder provides sufficient evidence that the Issuer unlawfully delays or refuses payment of the principal or the interest. In the event that the Issuer is in default with the payment obligation under the Bonds, the interest on the relevant principal or interest amount is further accumulated at the default interest rate (hereinafter: **“Default Interest”**) specified in the provisions of the Civil Code until the Issuer has paid the total amount due for the relevant Bond.

1.19 Next Working Day rule

If any Interest Payment Day does not fall on a Working Day, then the interest payable on the Interest Payment Date concerned falls due and is payable on the first Working Day following such Interest Payment Day (hereinafter: **“Next Working Day Rule”**). The Bondholder is not entitled to any additional interest or any other payment for such deferred payment.

1.20 Rounding rule

In the course of calculations relating to the Bonds, any percentage resulting from the calculation is rounded, where necessary, to the fourth decimal point of the percentage point (rounded up from 5, not including 0.00005%) and any forint amount due and payable is rounded to the nearest unit (rounded up from the half, except in the case of half a forint, which is rounded down and is to be considered 0 forint). In this case, “unit” means 1 (one) forint.

1.21 Repayment of the Bonds – Redemption, Repurchase

The Bonds are bonds with final repayment, in other words the Issuer pays the Face Value of the various Bonds to the Bondholders on the Maturity Date, with the proviso that the provisions of Section 1.27 (Payments) of these Final Terms and Conditions apply to the payment of the Face Value, in particular, but not limited to, the paragraph following the Disbursement Day subheading.

1.22 Other redemption

Bonds may not be redeemed in instances other than lump-sum redemption at maturity.

1.23 Repurchase

In the absence of a separate agreement with the Bondholder, a Bond can be unilaterally repurchased prior to the Maturity Date only in the cases specified in Section 1.25 of these Final Terms and Conditions (Covenants – Extraordinary Repurchase Events), subject to the conditions specified therein. In such cases the Issuer withdraws the Bonds repurchased by itself – that is, the entire series – and has them cancelled.

Over and above the provisions of the above paragraph, the Issuer may, based on an agreement with the Bondholder, purchase Bonds, at the price specified in the agreement, in the open market or otherwise. In such cases the Issuer may, at its discretion, keep, re-sell or cancel the Bonds repurchased by itself.

1.24 Cancellation

Each Bond redeemed by the Issuer is cancelled (withdrawn, deleted) in accordance with the effective policies and procedures of KELER. Bonds cancelled in this manner may not be re-issued or re-sold.

1.25 Covenants – Extraordinary Repurchase Events

If any of the following events occur (hereinafter: “**Extraordinary Repurchase Events**”, or any one of them: “**Extraordinary Repurchase Event**”):

1. Violation of the *pari passu* principle:

The Bonds represent direct, unconditional, non-subordinated and unsecured obligations of the Issuer. The Bonds all have identical priority, as well as the same priority as any other unsecured, non-subordinated bond obligations the Issuer may have at any given time (except for any obligations with a higher priority based on statutory requirements). Any violation of this obligation must be remedied by the Issuer within 6 months. If this 6-month period lapses without remedy, the Issuer must redeem the Bonds, after such lapse, within 5 (five) Working Days at the Repurchase Price Before Maturity.

2. Violation of the negative pledge principle:

Furthermore, the Issuer agrees not to issue collateralized bonds which would have a higher priority than Bond claims until its liabilities arising from the bonds have been fully settled. Any violation of this obligation must be remedied by the Issuer within 6 months. If such 6-month period lapses without remedy, the Issuer must redeem the Bonds, after such lapse, within 5 (five) Business Days at the Repurchase Price Before Maturity.

3. Non-payment, cross default:

In the event of any default by the Issuer exceeding 90 days from the due date with respect to any of its bonds (including the Bonds), the Issuer must, within 5 (five) Business Days of the expiry of this 90-day time limit, redeem the Bonds at the Repurchase Price Before Maturity.

4. Downgrading of external credit rating:

If the rating of Bonds falls below B+, but it is still at least B-, and the Bonds are not upgraded to B+ over the next 2 years, the Issuer must redeem the Bonds at the Repurchase Price Before Maturity within 5 (five) Working Days after the expiry of this

2-year period. If the rating of Bonds is downgraded to CCC or lower, the Issuer must redeem the Bonds at the Repurchase Price Before Maturity within 5 (five) Working Days of the publication of the rating.

If any of the events mentioned in the above subsections 1.25 (1)-(4) occur, the Issuer must promptly inform Bondholders to that effect. Furthermore, if any of the events mentioned in the above subsections 1.25 (1)-(4) occur, the Issuer must repurchase the Bonds within 5 (five) Working Days of expiry of the time limit applicable to the event concerned as specified in the relevant point (which is 6 months in case of the violation of the pari passu or negative pledge principle, 90 days in case of non-payment or cross default, and 2 years in case of the downgrading of external credit rating) at the Repurchase Price Before Maturity, without applying any penalty interest. The Issuer must pay the Repurchase Price Before Maturity by wire transfer, in Forint. The Issuer must notify Bondholders about the exact time of the repurchase of the Bonds (hereinafter: **Extraordinary Redemption Date**), simultaneously with the notification of the repurchase event before maturity. In the event of the late payment of the Repurchase Price Before Maturity, the Issuer is obliged to pay default interest at the (statutory) rate specified in the Civil Code. Each Bond repurchased by the Issuer pursuant to this section is cancelled (withdrawn, deleted) in accordance with the effective policies and procedures of KELER. Bonds cancelled in this manner may not be re-issued or re-sold.

1.26 Interpretation

For the purpose of these Final Terms and Conditions:

Collateral: pledge (mortgage), security deposit or any other agreement or understanding which has the purpose of offering as security, or encumbering, the Issuer's assets, other property owned by the Issuer or any right held by the Issuer.

“Repurchase Price Before Maturity” is, with regard to a Bond, its Face Value, plus all outstanding interest and Default Interest and the time-proportionate interest accrued since the latest Interest Payment Date (that is, in the period from the latest Interest Payment Date and the day of payment of the Repurchase Price Before Maturity, excluding such day of payment). The calculation of the accrued time-proportionate interest is governed by the provisions of the section *Type of interest, terms of interest payment*.

1.27 Payments

Method of payment

Principal and interest payments relating to the Bonds are made to the Bondholders by the Paying Agent, on behalf of the Issuer, by wire transfer, in accordance with the provisions of the Paying Agent Contract.

Payments are always subject to the financial, tax and other laws and regulations in force at the location of payment, particularly the policies and regulations of KELER and, following the registration of the Bonds in XBond, of XBond.

Principal and interest payments regarding the Bond are made by wire transfer through the Paying Agent, in accordance with the effective policies and regulations of KELER and with the provisions of the Paying Agent Contract, taking into consideration the relevant fiscal regulations, to Securities Account Managers on whose securities accounts maintained by KELER Bonds had been credited at the close of business on the Reporting Date (as defined below) specified in the effective policy of KELER applicable to the due date concerned.

Pursuant to the effective policies and regulations of KELER, the Reporting Date is the day that precedes the relevant Disbursement Day by two (2) Working Days (hereinafter: “**Reporting Date**”). Payments are to be made exclusively to persons who qualify as Bondholders on the Reporting Date.

With respect to the Bonds, payments made in line with the Bond Terms are considered to be appropriate payments made to the Bondholders, and the Issuer as well as the Paying Agent is released from any obligation associated with the amounts paid in that way.

In the event that the repayment of Bonds (or any part thereof) becomes due according to the Bond Terms, or the Bonds have matured but have not yet been fully paid to the Bond holders, then Bondholders are entitled, by making reference to the securities account in which the Bonds are held, to take action before the competent court against the Issuer, unless, within seven days of the relevant due date, the amount due for the Bonds is fully paid to the Bondholders in accordance with the Bond Terms.

1.28 Payment Day (due date)

With respect to any Bond, the date on which any principal or interest payment becomes due or (in the event the payment is withheld or declined in violation of the applicable regulations) on which the outstanding amount is fully paid.

1.29 Settlement Day

The date specified for the settlement of the proceeds from placement and any associated fees and costs.

1.30 Disbursement Day

If the day of any payment to be made in respect of the Bond is not a Disbursement Day (as defined below), the Bondholder is not entitled to the payment concerned until the subsequent Disbursement Day, or to any additional interest or other payment with regard to such delay. For the sake of clarity, the payments to be made in respect of the Bonds are governed by the Next Working Day Rule.

For the purposes of the Bond Terms:

“Disbursement Day” is the day

- (i) that is a Working Day; and**
- (ii) on which KELER performs cash and securities transfers.**

Working Day means any day on which commercial banks (including the Paying Agent) are open for general business in Budapest.

1.31 Stock exchange registration

The Issuer undertakes to ensure that the Bonds are registered in the XBond multilateral trading system operated by the Budapest Stock Exchange within 90 (ninety) days of the Issue Date, and that the Issuer will keep the Bonds in circulation in the Xbond system until the Maturity Date.

With this exception, the Bonds will not be traded on any regulated or equivalent market.

1.32 Collateral

Not applicable. The Bonds represent unsecured obligations of the Issuer.

1.33 Taxation

Any principal and interest payments by or on behalf of the Issuer relating to the Bonds are made in compliance with the applicable financial or tax laws. If any charge or tax is to be deducted in respect of the principal or interest payments, the Issuer or the Paying Agent will meet the withholding requirement, and thus the Bondholders will receive the net sum of principal or interest payments. Neither the Issuer, nor the Distributor or the Paying Agent is liable for any additional payment to compensate Bondholders for such charges or deductions. In compliance with the applicable laws, neither the issuer, nor the Distributor or the Paying Agent has any liability towards Bondholders for any fee, cost, loss or expenditure related to principal or interest payments.

1.34 Paying Agent

With regard to the Bonds, the Issuer and ERSTE BANK HUNGARY Zártkörűen Működő Részvénytársaság (registered office: 1138 Budapest, Népfürdő utca 24-26.; company registration number: Cg.01-10-041054; tax number: 10197879-4-44; hereinafter: “**Paying Agent**”) as paying agent concluded a paying bank agreement (which may be modified and/or amended and/or replaced from time to time; hereinafter: “**Paying Agent Contract**”). Pursuant to the Paying Agent Contract, the Paying Agent undertakes to perform the principal and interest payment services specified in the Paying Agent Contract.

The Issuer is entitled to modify or terminate the mandate of the Paying Agent and/or employ a different paying agent, provided that a paying agent is employed in Hungary at all times relating to the Bonds.

The Paying Agent is entitled to terminate the Paying Agent Contract without cause or for cause.

Acting under the Paying Agent Contract, the Paying Agent may act exclusively as an agent of the Issuer and may not assume any obligation or agent or commission agent services to or for the benefit of the Bondholders.

1.35 Market making

With regard to the Bonds, the Issuer and ERSTE BANK HUNGARY Zártkörűen Működő Részvénytársaság (registered office: 1138 Budapest, Népfürdő utca 24-26.; company registration number: Cg.01-10-041054; tax number: 10197879-4-44; hereinafter: “**Market Maker**”) concluded a market maker agreement (which may be modified and/or amended and/or replaced from time to time; hereinafter: “**Market Maker Contract**”). In the framework of the mandatory market making by ERSTE BANK HUNGARY Zrt., from the commencement of the trading of the Bonds on XBond to the end of the maturity of the Bond,

1. on each trading day, the market maker makes two-way bids (simultaneous bid and offer) on their own account, to be maintained for at least 15 minutes,
2. the face value of the bid will be an amount representing the HUF equivalent of at least EUR 100,000, on both the buy- and sell-sides,
3. the difference between the bid and ask yields on the second trading day following the quotation date will not exceed 200 basis points.

The Issuer has the right to modify or terminate the mandate of the Market Maker and/or to appoint an additional or different market maker, with the proviso that a market maker must be available for the Bonds in Hungary at all times.

The Market Maker is entitled to terminate the Market Maker Contract without cause or for cause.

1.36 Description of rights related to the Bonds (including any limitations of rights and procedures for their exercise), description of limitations to the free transferability of the Bonds, highlighting the limitations of sale applicable to majority shareholders and the company

Pursuant to Section 12/B(1) of the Capital Markets Act, the Issuer (debtor) of a Bond agrees to pay or render, respectively, the predetermined interest or other commissions for the principal amount specified there, any other services it agreed to provide, as well as the principal amount specified there, to the current holder of the Bond at the specified time and in the specified manner. Pursuant to the Bond Decree, there is no statute of limitations for bond claims against the Issuer unless provided otherwise in Hungarian law.

Bondholders have the following rights to the Bonds, with the conditions set out in the applicable laws:

1. they may claim from the Issuer the face value specified in the Bond plus the predetermined interest and other commissions, as well as the payment of other monetary benefits, if any, offered by the Issuer, in line with the terms set out in the Bond Terms;
2. they may familiarize themselves with the contents of these Final Terms and Conditions and the Basic Information Memorandum before the acquisition of the Bond;
3. they may hold the Bond, during its term, (i) in a securities account as specified in the relevant legislation and (ii) provide it as a collateral or dispose of it unless that is precluded by legislation;
4. they may receive regular and extraordinary disclosures from the Issuer as specified in the Capital Markets Act and, following registration of the Bonds in the XBond multilateral trading system, in the Business Code of XBond and the applicable legislation; and
5. they may exercise any other rights specified in the Capital Markets Act or other applicable legislation.

1.37 Title

Pursuant to Section 6:566(6) of the Civil Code and Section 138(2) of the Capital Markets Act, for any Bond, reference to ‘Bondholder’ or ‘Bondholders’ is to be interpreted, unless there is evidence to the contrary, as the person or persons on whose securities account the Bonds are registered (hereinafter: “**Bondholder**”).

Unless a competent court or a legislative provision provides otherwise, any Bondholder who demonstrates his entitlement as required above is deemed to be the beneficiary of the Bond and is to be treated as such, and is entitled to any payment related to the Bond even if the Bond has already matured.

The Issuer acknowledges and abides by the KELER Rules and accepts ownership (deposit) certificates issued by KELER as depository or pursuant to the certificate issued by KELER as

proof of title to the securities. Pursuant to Section 6(5) of the Capital Markets Act, Bondholders may not request the conversion of the Bonds into Bonds in certificate form.

1.38 Transferability

The Bonds may be transferred only in accordance with the applicable policies and rules of KELER by debiting the securities account of the seller and crediting the securities account of the buyer.

The Issuer may not limit the transfer of the Bonds except as provided in these Bond Terms.

The current policies and rules of KELER may, with regard to the transfer of the Bonds between the relevant securities accounts of the Securities Account Managers, specify restriction or periods that are applicable to and mandatory for Bondholders.

Bonds may only be purchased by Hungarian private individuals, legal entities or institutional investors, as well as by foreign individuals, legal entities, organizations and institutional investors in Hungary in accordance with the currently applicable legislation and the terms and conditions relating to the Bonds.

The Bonds are issued in Hungary. The placement and sale of Bonds may be subject to statutory limitations in certain legal systems.

In respect of the Bonds, no rights of replacement, conversion or pre-emption may be exercised.

1.39 Notifications, method of providing information to Bondholders

The Issuer/Distributor sends a signed version of the Basic Information Memorandum and these Final Terms and Conditions to the Investors specified in Chapter 2 (Auction procedure and allocation) of these Final Terms and Conditions at least 7 (seven) days prior to the Auction Date via email.

After the issue but before the registration of the Bonds in the XBond multilateral trading system, any communication regarding the Bonds is deemed to have been effectively made if it has been sent by the Issuer to the email address specified by the Bondholder and/or the Issuer disclosed the notification or information on its website (www.alteo.hu).

So-called other notices about Bonds addressed to Bondholders, not considered to be publications related to placement, are regarded as validly made if published at the places of disclosure specified in this section.

The Issuer discloses its notices regarding regulated information on its website www.alteo.hu, on the website of the BSE <http://bet.hu> and on the <https://kozzetetelek.mnb.hu/> (<https://kozzetetelek.hu>) website operated by the Central Bank of Hungary; furthermore, if specifically required by relevant legislation, the notices of the Issuer are also published in the Company Gazette.

Besides the above, the Issuer also sends all the information that is subject to regular and extraordinary information obligation to the editorial office of a communication medium with a website, considering the provisions of Decree no. 24/2008 (VIII. 15.) of the Minister of Finance on the detailed regulations on information obligation in connection with the securities trade on the stock exchange.

Notifications or representations from Bondholders must be made in writing, duly signed and in Hungarian and, unless provided otherwise, they are to be delivered to the Issuer by way of

registered mail or personal delivery to the current registered office of the Issuer; the Certificate of Ownership issued by KELER or the relevant Securities Account Manager, demonstrating at least the title of the Bondholder, must be attached to such notifications or representations (hereinafter: “**Certificate of Ownership**”). If required to reply, the Issuer must send its reply letter to the address indicated in the notice sent by the Bondholder or, if no such address is indicated, to an address known to it, provided that the Issuer will not be liable for any consequences of a failure to provide an address or the correct address.

1.40 Representation of Bond holders during the term of Bonds

The Bond holder may act in person or through a representative (ad-hoc or permanent power of attorney), unless excluded by law or otherwise. Any investor/Bondholder who is not a natural person is represented by natural persons defined by law and/or a contract made according to its legal form, in the manner and to the extent specified by law or the contract.

The Issuer will not designate an organization representing Bondholders and will not establish rules for such representation.

2. DETAILED RULES OF THE AUCTION PROCEDURE AND ALLOCATION

2.1 Terms of the Auction

Distributor:	ERSTE BANK HUNGARY Zrt.
Date of the Auction:	October 18, 2022. (“Auction Date”) 10:00:00-10:59:59 (only the competitive phase)
Place of the auction:	MMTS1 Trading System
Auctioneer:	Erste Befektetési Zrt.
Announced quantity (at face value):	HUF 7,500,000,000 The Issuer reserves the right to depart, in light of the offers received in the auction, from the advertised volume in a downward or upward direction or to declare the auction to have been unsuccessful. In the case of an unsuccessful auction all offers are rejected.
Upper limit (at face value):	the Issuer accepts excess offers taking into account that the total face value of the bonds placed during the validity period of the Basic Information Memorandum may not exceed HUF 20,000,000,000 (the conversion rate for EUR-denominated bonds shall be the MNB rate effective on the date of placement).
Minimum amount of auction bids:	HUF 1,000,000 (100 Bonds)
Lot size:	1 Bond
Tick size:	0.01% yield
Order book:	Non-public
The highest total face value and number of all auction bids submitted by an Investor:	No limitations
Trade-matching algorithm:	Multiple-price, that is, for every auction counter-offer, the transactions are concluded at the price included in the auction counter-offer or at the price they are deemed to have.
Method and date of allocation:	As per the principle of proportionate satisfaction, October 18, 2022
The place and date of the announcement of the allocation:	October 18, 2022, 14:00 official BSE website
Settlement:	DVP

2.2 Scope of Investors (planned scope of bond investors)

In the auction, those qualified investors may make auction counter-offers to which the signed Basic Information Memorandum and the Final Terms and Conditions had been sent via email at least 7 (seven) days prior to the Auction Date. Thus, during the initial offering, only qualified invited investors (hereinafter: “Investors”) may purchase Bonds.

2.3 The submission of auction counter-offers

Auction counter-offers can be taking into account the specified Tick size, determined in yield.

The various Investors may make their counter-offers to the Distributor via the Instant Bloomberg chat system on the Auction Date, that is on October 18, 2022, between 10:00 and 10:45 (hereinafter: “**Bid Collection Period**”).

The Distributor records a counter-offer through the Auction Trading System if the auction counter-offer made by the Investor contains at least the following data:

- The name or ISIN code of the Bond;
- Indication of quantity: The number or total face value of the Bond(s);
- As a counter-offer, the proposed yield (expressed as a percentage to two decimal places).

The auction counter-offers submitted can be freely withdrawn or amended during the Bid Collection Period.

An Investor may submit several auction counter-offers at different yield levels. In this case, the auction counter-offers made at different yield levels will constitute separate auction counter-offers, and offers submitted at the same yield level but at different times will also constitute separate counter-offers.

After the end of the Bid Collection Period, the auction counter-offers submitted by Investors offering such will constitute mandatory and irrevocable obligations for the Investor to purchase the Bonds stated in the auction counter-offer, with the terms specified in the auction counter-offer, the Basic Information Memorandum and the Final Terms and Conditions. By submitting an auction counter-offer, the Investor accepts that his auction counter-offer may be accepted in part (for part of the volume).

By participating in the Auction, the Investor acknowledges that the Issuer is entitled to gain access to the contents of the counter-offers given by the Investor to the Distributor (in particular, information regarding volume and proposed yield).

All time limits relating to the Auction board are governed by the system clock of the MMTS1 Trading System.

2.4 Evaluation of the Auction, allocation

The submitted valid auction counter-offers are aggregated by the MMTS1 Trading System on the day of the Auction, and the Issuer makes a decision whether to accept them. Taking the yield levels of the counter-offers submitted into consideration, the Issuer is not required to make an auction order – through the Auctioneer – for the quantity announced in advance, even if the total amount of the counter-offers exceeds the lower limit.

The Issuer may declare the Auction unsuccessful under the conditions specified in the BSE Auction Rules and in the Basic Information Memorandum (including the rules set out in this Chapter).

The auction counter-offers are accepted under the rules of proportionate satisfaction as set out in the BSE Auction Rules.

The matching of the auction counter-offers submitted in accordance with the BSE Auction Rules and the provisions of Section 2.3 of the Final Terms and Conditions (Submission of auction counter-offers) (creation of transactions) ends at 14:00 on the Auction Date at the latest, in an ascending order of yields. Auction counter-offers are matched in accordance with the provisions of the BSE Auction Rules.

2.5 Notification and publication of the auction results

The Distributor will inform the Investors about the acceptance or rejection of their counter-offers (or in the event of partial acceptance, about the accepted part of the auction counter-offer) on the day of the Auction via the Instant Bloomberg chat window or by email.

In accordance with Section 21(1c) of the Capital Markets Act, the Issuer notifies the Central Bank of Hungary, as supervisory authority, about the placement of the Bonds within fifteen (15) days of the conclusion of the placement procedure.

2.6 Financial performance, settlement

Based on the Issuer's instructions (Deed Issued on Dematerialized Securities and Account Crediting Instruction), KELER shall, by no later than 16:00 on the day of the successful Auction, by determining a T+2 value date, earmark the issuance of the number of Bonds accepted in the Auction. Pursuant to the Issuer's instructions, the Bonds are issued to the securities account of the Distributor on the value date of the issue to ensure settlement of the Bonds.

The transactions will be settled by KELER according to the DVP principle on day T+2, by the close of the client item in VIBER. During the execution of a DVP transaction defined in the effective regulations of KELER, the Bonds acquired by the Investor are credited to the security account of the Investor, while the financial consideration is debited to the customer account specified by the Investor, in such a manner that crediting and debiting take place at the same time.

To ensure the DVP settlement,

- (a) the amount corresponding to the purchase price of the Bonds (the current value) must be available at the latest by 8:00 on October 20, 2022 on the securities account of the Investor or the designated account of the Investor's securities account manager managed by KELER, and
- (b) the Investor's account manager must submit a "recipient" side DVP transaction order with cover via KELER's KID system by 8:00 on October 20, 2022.

Transactions will be matched and settled taking into account the amount of the price tolerance determined by KELER, always in consideration for the purchase price specified in the order of the party in the position of buyer (Investor). In the event that the amount specified in the auction counter-offer exceeds the amount available on the client account of the Investor, the Distributor accepts the counter-offer to the extent of the available amount.

Settlement, i.e. the crediting of the Bonds to the securities account specified by the Investor, occurs on October 20, 2022.

3. LIABILITY RULES

The Issuer duly signs these Final Terms and Conditions and assumes liability for the information contained therein. These Final Terms and Conditions – read together with the Basic Information Memorandum and any currently effective supplements thereto – contain data and statements that represent the truth and do not conceal any facts or information which are relevant to an understanding of the situation of the Bonds and the Issuer and do not omit to state circumstances which might affect important conclusions which may be drawn from the information.

Dated: Budapest, October 10, 2022

ALTEO Energiaszolgáltató
Nyilvánosan Működő Részvénytársaság

ALTEO Energiaszolgáltató
Nyilvánosan Működő Részvénytársaság

Name: Attila László Chikán

Position: CEO

Name: Domonkos Kovács

Position: Deputy CEO,
M&A and Capital Markets

Annex 1

Sample of the text of the Bond

Document on the dematerialized bond

1. Data on the issuer:

Full name:	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság
Short name:	ALTEO Nyrt.
Address:	Hungary, H-1131 Budapest, Babér u. 1-5.
Company registration number:	Cg. 01-10-045985
Tax number:	14292615-2-41
Amount of share capital:	HUF 242,328,425
Data of the Document's signatory: the name of the first signatory:	Attila László Chikán
basis for the right of representation (position)	Chief Executive Officer
name of the second signatory	Domonkos Kovács
basis for the right of representation (position)	Deputy CEO, M&A and Capital Markets

2. Data related to the tranche:

Date of the decision on the issue of a tranche:	October 6, 2022
Decision on the issue of a tranche	Resolution 2/2022 (X.6.) of the Board of Directors
Tranche number:	1
Face value items in the tranche:	[750,000]
Total face value of the tranche:	[HUF 7,500,000,000]
Value date related to the tranche:	October 20, 2022
Total issues to date, face value items	0

3. Data on the series as a whole:

Designation of the series:	ALTEO 2024/I Bond
Letter and code of the series:	ALTEO24/I
ISIN identifier:	HU0000361944
Type of series:	registered
Face value and currency:	HUF 10,000
Face value items in series, total	[750,000 bonds]
Total face value of the series:	[HUF 7,500,000,000]
Place of the issue:	Hungary
Location of Placement:	Hungary
Method of Placement:	Public
Date of the Issue (the value date of the first issue):	October 20, 2022
Maturity date:	May 28, 2024
Bond term:	586 days
Interest-bearing:	Fixed
Interest rate in %:	15.50%
Interest payment dates:	May 28, 2023; May 28, 2024
Terms of interest payment:	Interest of 15.50% per annum on the Face Value of the Bond is paid on each Interest Payment Date. The interest due is paid to the Bondholder qualifying as a Bondholder on the reporting date of a given maturity.

Redemption (repayment) possible during the term	No
Terms of redemption (repayment):	The Bonds are repaid on the Maturity Date. The redemption due is paid to the Bondholder qualifying as a Bondholder on the reporting date of a given maturity.
Description of transfer arrangement related to the series:	There are no transfer limitations regarding the series.
Commitments ensuring the repayment of the bond amount and the payment of interests:	The planned financial cover for the payment obligations based on the Bond is provided by the permanent free cash flow generated by the Issuer and available at all times.
Purpose of the Bond's issue:	The Issuer will use the funds raised primarily to fund investments into energy projects, to achieve its growth objectives, to meet its working capital needs and to build up reserves.

4. Further information to be indicated by the Issuer on the deed:

Paying Agent:	Erste Bank Hungary Zrt. (registered office: H-1138 Budapest, Népfürdő u. 24-26.);
Extraordinary Repurchase Events:	<p>The Bonds represent direct, unconditional, non-subordinated and unsecured obligations of the Issuer. The Bonds all have identical priority, as well as the same priority as any other unsecured, non-subordinated bond obligations the Issuer may have at any given time (except for any obligations with a higher priority based on statutory requirements). Any violation of this obligation must be remedied by the Issuer within 6 months. If this 6-month period lapses without remedy, the Issuer must redeem the Bonds, after such lapse, within 5 (five) Working Days at the Repurchase Price Before Maturity (<i>pari passu</i>).</p> <p>Furthermore, the Issuer agrees not to issue collateralized bonds which would have a higher priority than Bond claims until its liabilities arising from the bonds have been fully settled. Any violation of this obligation must be remedied by the Issuer within 6 months. If this 6-month period lapses without remedy, the Issuer must redeem the Bonds, after such lapse, within five (5) Working Days at the Repurchase Price Before Maturity (negative pledge).</p> <p>In the event of any default by the Issuer exceeding 90 days from the due date with respect to any of its bonds (including the ALTEO 2024/I Bonds), the Issuer must, within 5 (five) Working Days after the expiry of this 90-day time limit, redeem the Bonds at the Repurchase Price Before Maturity (non-payment and cross default).</p>

If the rating of Bonds falls below B+, but it is still at least B-, and the Bonds are not upgraded to B+ over the next 2 years, the Issuer must redeem the Bonds at the Repurchase Price Before Maturity within 5 (five) Working Days after the expiry of this 2-year period. If the rating of Bonds is downgraded to CCC or lower, the Issuer must redeem the Bonds at the Repurchase Price Before Maturity within 5 (five) Working Days of the publication of the rating (downgrading of external credit rating).

Repurchase Price Before Maturity

With regard to a Bond, its Face Value, plus all outstanding interest and Default Interest and the time-proportionate interest accrued since the latest Interest Payment Date (that is, in the period from the latest Interest Payment Date and the day of payment of the Repurchase Price Before Maturity, excluding such day of payment).

The present Deed does not qualify as a security.

Place where the Deed is produced: Budapest

Date when the Deed was produced: October 20, 2022

on behalf of ALTEO Nyrt.

Name: Attila László Chikán	Name: Domonkos Kovács
Position: CEO	Position: Deputy CEO, M&A and Capital Markets