

## REGISTRATION DOCUMENT

**Auctor Finance, s. r. o.**

*(a limited liability company incorporated under the laws of the Slovak Republic)*

This document constitutes a registration document (in Slovak: *registračný dokument*) (the **Registration Document**) in relation to **Auctor Finance, s. r. o.**, with its registered office at Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic, Identification No. (*IČO*): 51 901 811, LEI: 097900CAIT0000250277, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 130985/B (the **Issuer**) and includes information also on **Auctor Holding a.s.** with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic, Identification No. (*IČ*): 083 64 028, LEI: 097900CAJX0000253135, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 24583 (**Auctor Holding**) in relation to Auctor Holding acting as a guarantor for debt securities (the **Bonds**) issued by the Issuer in nominal value of at least EUR 1,000 or equivalent in other currencies.

The Registration Document is dated **30 September 2020** and is prepared as a registration document contemplated to be a part of a base prospectus consisting of separate documents under 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 (the **Prospectus Regulation**) and pursuant to Article 7 and Annex 6 and Annex 21 (as far as equivalent information on Auctor Holding is concerned) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the **Prospectus DR**).

The National Bank of Slovakia (**NBS**) has approved the Registration Document as the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation. The Registration Document will not be registered, authorised or approved by any authority of another state, except that the Issuer may request the NBS to notify the approval of the Registration Document to the Czech National Bank (**CNB**) as the competent authority of the Czech Republic under the Prospectus Regulation. The Registration Document is subject to subsequent publication pursuant to Article 21 of the Prospectus Regulation.

**The NBS only approves the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the NBS should not be considered as an endorsement of the Issuer, Auctor Holding or any securities issued or guaranteed by the Issuer or Auctor Holding that will be the subject of any prospectus incorporating the Registration Document.**

**The Registration Document shall be valid for use as a constituent part of a prospectus until 7 October 2021.** The obligation to supplement the Registration Document in the event of a significant new factor, material mistake or material inaccuracy does not apply when any prospectus of which the Registration Document is a constituent part is no longer valid. Anytime during the validity of the Registration Document or of any prospectus of which the Registration Document is a constituent part, a supplement to the Registration Document (each supplement, a **Supplement**) may be prepared in relation to its update and submitted to the NBS for approval. Once approved, the Supplement shall be published under the Prospectus Regulation.

**Prospective investors should consider the factors described in section 1 of the Registration Document headed “Risk Factors”.**

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## 1. RISK FACTORS

*As part of its activities, the Issuer faces several risks typical of the areas in which it operates. The key risks that the Issuer believes could significantly affect the Issuer's business, its financial condition and/or the results of its operations are detailed below. Most of the macroeconomic, operational, market and commercial risks listed below apply to Auctor Holding and the entire Auctor Group.*

*The risk factors described below are ranked according to their importance, probability of their occurrence and the expected extent of their negative impact on the Issuer's or Auctor Group's activity. Risk factors are listed in a limited number of categories, depending on their nature. In each category, the most relevant risk factors are listed first.*

### 1.1 Risk Factors Relating to the Issuer

*Risk factors relating to the Issuer have been classified into the following categories:*

- (i) risk factors associated with the Issuer's financial situation and creditworthiness; and*
- (ii) legal, regulatory and macroeconomic risk factors affecting the Issuer.*

#### **Risk factors associated with the Issuer's financial situation and creditworthiness**

##### ***Risk of a special purpose vehicle***

The Issuer is a special purpose vehicle established for the purposes of issuing of debt securities guaranteed by Auctor Holding (the **Bonds**). Issuer's business activities are limited to providing loans, credits or other forms of financing to Auctor Holding. Auctor Holding in turn may provide this financing to its direct and indirect subsidiaries over which Auctor Holding exerts control (the **Group** or the **Auctor Group**) or use it for refinancing of outstanding facilities provided to Auctor Holding and acquiring assets mainly in hotel and/or leisure sector. However Auctor Group may invest or make acquisitions also in other sectors as it will deem appropriate in the future. The Issuer will not perform any other business activity and therefore cannot create resources from its own business activities to repay the liabilities under the Bonds if the primary source of repayment of the Bonds (repayments of intra-group financing, investment income and potentially income from acquired assets) was not sufficient to repay them in full.

##### ***Credit risk and dependency of the Issuer on the Group***

Given the fact that the Issuer will provide substantially all net proceeds from the Bonds as intra-group financing to Auctor Holding, the ability of the Issuer to repay the obligations under the Bonds is significantly dependent on the ability of Auctor Holding to secure sufficient resources to repay these liabilities of the Issuer. The Issuer's receivables under such intragroup loans will not be secured and may be subordinated by law or under other financing agreements to receivables of senior creditors of Auctor Group.

The Issuer's operations are also dependent on the sharing of the administrative, accounting and IT infrastructure of Auctor Group. If individual Group companies were unable to repay their obligations owed directly or indirectly to the Issuer or the Group's administrative, accounting and IT infrastructure fails, this would be likely to adversely affect the Issuer's financial and business situation, its business and its ability to satisfy its obligations under the Bonds.

##### ***Liquidity risk***

The Issuer's liquidity risk lies within its ability to repay the liabilities on time. Should a significant negative market trend or an unforeseen event cause the Issuer or other Group entities to be unable to repay their liabilities on time or to be able to realise their assets at a reasonable price within a reasonable time, the liquidity risk may materialise.

##### ***Risk of conflicts of interest of the shareholders and creditors of the Issuer***

Members of the Group or their shareholders may start taking steps (mergers, transactions, acquisitions, profit distribution, sale of assets, etc.) that may be conducted for the benefit of the Group as such rather

than of the Issuer and its creditors. These changes may have a negative impact on the financial and business situation of the Issuer, its business activity and its ability to meet its obligations under the Bonds.

### **Legal, regulatory and macroeconomic risk factors affecting the Issuer**

#### ***Evolving legislation and tax rules can have a material adverse effect on the Issuer***

The legal infrastructure and the law enforcement system in the Slovak Republic are less developed compared to those in some western European countries. In some circumstances, it may not be possible to obtain legal remedies to enforce contractual or other rights in a timely manner or at all. The lack of legal certainty or the inability to obtain effective legal remedies in a timely manner or at all may have a material adverse effect on the Issuer's business, results of activities or financial position. Investors should also be aware that in the Slovak Republic, there are fewer judges who specialise in complex matters such as investments in securities compared to the number of judges in western European countries. Therefore, disputes brought before the Slovak courts may be subject to delays and may not be conducted in a manner similar to more developed legal systems and may, as a result, lead to delays in proceedings or losses on investments.

The Issuer is subject to complex tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and differently enforced. Furthermore, the inefficient collection of taxes may result in new taxes being continuously introduced in an attempt to increase tax revenues. Therefore, there is a risk that the Issuer may be subject to arbitrary and onerous taxation in particular with regard to taxation of interest and other income from the intragroup loans, which will be the main asset and source of income of the Issuer.

#### ***Bankruptcy and other laws and regulations governing creditors' rights***

Slovak and Czech bankruptcy proceedings often take several years to be resolved and the level of recovery for creditors is relatively low compared to the rest of the European Union. Therefore, the Issuer cannot ensure that its rights as a creditor in bankruptcy proceedings will be sufficient to enable it to successfully collect amounts owed by its debtors. In addition, the Issuer's litigation costs related to the bankruptcy proceedings of its borrowers or counterparties may increase substantially as a result of any newly adopted and untested procedures and possible changes in regulations. As the only material asset of the Issuer will be receivables from intragroup loans, any limitations or delays in respect of enforcement of its rights might have a material adverse effect on the Issuer's business, the results of its operations, its financial condition, liquidity, capital base, prospects and reputation.

## 1.2 Risk Factors Relating to the Group

*Risk factors relating to Auctor Holding and the entire Auctor Group have been classified into the following categories:*

- (i) risk factors associated with the business and financial situation of the Group;*
- (ii) legal, regulatory and macroeconomic risk factors affecting the Group; and*
- (iii) risk factors associated with the Group's operation and internal control.*

### **Risk factors associated with the business and financial situation of the Group**

#### ***Competition***

The Group's principal activities are concentrated in the segments of pharmaceutical distribution and hotel and leisure in Croatia.

In the pharmaceutical distribution business, the Group's principal subsidiary Medika competes with three other main wholesalers while having the biggest market share of all. Medika as well as the other competitors are well established companies with a long-term presence in the market. The market shares of the "big 4" are relatively stable in time and the Group does not face imminent increased competition in this area. However, change in legislation or loss of key personnel could cause Medika to lose important supply contracts which in turn would negatively impact Medika's business and its results of operations.

In respect of the hotel business, there are some big hotel operators (such as Valamar, Maistra, Plava Laguna or Arena Hospitality Group) as well as a large number of private owners of properties offering accommodation in Croatia. The market is therefore highly competitive; on the other hand, a large demand for accommodation services from incoming tourists historically kept the occupancy rates elevated during the high season and even in pre-season. The Covid-19 pandemic caused a significant decrease in tourists coming to Croatia which led to increased competition between providers of accommodation services. Tightening of measures taken against Covid-19 could result in a large number of hotels and other accommodation providers competing over a small number of tourists, leading to lower profitability for Laguna.

#### ***Credit risk and counterparty default***

Group companies enter into contracts with a range of counterparties, including state institutions (such as hospitals) as well as private companies. The Group is subject to the risk that a counterparty will default or be delayed in performing its contractual obligations and that any guarantee or performance bond in respect of such obligations will not be honoured. The Group's counterparties may default or delay the performance of their obligations for a number of reasons, including as a result of their bankruptcy, lack of liquidity or operational failure. Any default or delay in the performance of contractual obligations by the Group's counterparties may expose the Group to reputational risk, business continuity risk, risk of loss of important contracts or risk of increased costs of financing. In addition, the Group may be required to pay contractual penalties or find alternative counterparties.

A long collection period of trade receivables represents a significant market risk for the Group. This is especially the case for Medika's trade receivables towards HZZO (Croatian State Health Insurance Fund). Therefore, a significant amount of working capital of the Group has to be deployed, affecting the Group's cash flow. Any delay in payments means additional costs of financing to Medika. While the risk of default is relatively low in the case of state or municipality owned entities, the risk of late payments or default remains higher with privately owned counterparties.

#### ***The use of net proceeds obtained from future financing may prove unprofitable***

The Issuer and/or the Group plan to invest a portion of the net proceeds from the Bonds issued by the Issuer and guaranteed by Auctor Holding on acquisitions of assets in the hotel/leisure sectors primarily in Croatia. The hotel/leisure business is exposed to external risks specific to the market, e.g. cyclicity of the sector, fluctuations in macroeconomic trends in different geographical areas, weather, or activities of competitors and fluctuations in project revenues within the relevant market segments. In certain circumstances, it may prove that such investments do not generate the expected return or may even

generate a loss; such a result may adversely affect the Issuer's ability to meet its obligations under the Bonds.

***Risk of geographical concentration and foreign currency***

The Group concentrates its business activities in Croatia. Therefore, it is dependent on Croatia's macroeconomic and political situation. Because Croatia is not a member of the euro area, the Group is also exposed to the risk of fluctuations in the HRK exchange rate, especially in relation to CZK and EUR, as Auctor Holding is a Czech joint-stock company and the Issuer is a Slovak limited liability company. The Group generates most of its revenue on the domestic market and in HRK, however, part of the Group's revenue is in other currencies, namely Euro. On the liability side, all loans of the Group are denominated either in Euro or in HRK. The Group's reporting currency, i.e. the currency used in its consolidated financial statements is HRK. Therefore, any adverse changes in foreign currency exchange rates may adversely affect the value of investments and cash flow generated by the Group companies.

The Croatian kuna joined so called exchange rate mechanism on 10 July 2020 in preparation for adoption of euro and observes a central rate of 7.53450 to the euro with a standard fluctuation band of  $\pm 15\%$ . The consequence of this is that Croatia, as any other euro area Member State, can no longer recourse to currency appreciation or depreciation to manage its economy and respond to economic shocks. For example, it can no longer devalue its currency to slow import and encourage export. Instead, a country must use budgetary and structural policies to manage own economy prudently. This is expected to bring longer term stability, but also leads to limited flexibility of Croatian economy in response to economic downturns, which may negatively affect the economic results and financial position of the Group.

***Interest rate risk***

The Group's interest rate risk arises from its short-term and long-term borrowings at both fixed and variable rates. The risk associated with a change in the market interest rates mainly relates to the Group companies' long-term liabilities with a variable interest rate. The Group does not use derivative instruments to actively hedge its cash flow and fair value interest rate exposure.

Adverse interest rate movements may lead to higher financing costs and thus have an adverse impact on the business of the Group companies, their economic results and financial position.

***Risk related to traded shares (Medika)***

Autor Group's principal subsidiary Medika d.d. has its shares listed on regulated market of Zagreb Stock Exchange. As the riskiest asset class, the market value of shares can be extremely volatile especially if the capital market is volatile, changes in the macroeconomic environment are present, there are gaps in financial analysts' expectations and achieved/published results, there is an unstable dividend policy, there are activities in the mergers, acquisitions and alliances, there is instability in the company's business model, as well as there are fluctuations in the financial results of the company. A decline in the value of shares in Medika can significantly and negatively impact the value of the assets of the Group.

***The Group may not be able to successfully implement its strategy or achieve its financial targets or investment objectives***

The Group implements strategies, estimates and valuations that affect the reported results, including valuation of selected assets and liabilities, determination of measures to mitigate losses from provided credits, litigations, regulatory measures, goodwill accounting, value adjustments, intangible assets, evaluation of the ability to realise deferred tax assets and the evaluation of net assets-based compensations. These estimates are based on an assessment and availability of information, and the Group's actual results may differ materially from the original estimates. The Group's estimates and valuations are based on models and procedures to predict economic conditions and market and other events that may affect the ability of counterparties to meet their respective obligations to the Group or affect the value of the assets. The meaningfulness of individual models and procedures may be limited to the extent of unexpected market conditions in the area of liquidity and volatility and the ability to make accurate estimates and valuations.



***The Group faces risks associated with strategic transactions, such as mergers, acquisitions and investments***

From time to time, the Group evaluates potential strategic acquisitions or investment opportunities, and from time to time the Group pursues and undertakes certain of those opportunities. Due to its continuous growth, the Group intends to continue or accelerate its investments mainly in the hotel/leisure sectors. Any significant transactions that the Group enters into could be material to its financial condition and results of operations. The process of acquiring assets and/or integrating another company or technology could create unforeseen operating difficulties and expenditures and could entail unforeseen liabilities that are not recoverable under the relevant transaction agreements or otherwise.

**Legal, regulatory and macroeconomic risk factors affecting the Group*****The recent outbreak of Covid-19 could adversely affect the Group's business***

The recent outbreak of Covid-19 and its development into a global pandemic will certainly have major economic consequences for the Croatian economy. Even though the full impact of the Covid-19 outbreak is, at the moment, very difficult to assess, it has already damped economic activity and eroded financial conditions across the European countries, including Croatia. Measures implemented by state and local authorities of Croatia to discourage or prohibit the movement of people, such as closing of public services, travel restrictions, border controls and other measures to discourage or prohibit the movement of people, are severely affecting many sectors and also largely contribute to the negative impact that the Covid-19 outbreak has on financial markets and the level of economic activity in Croatia. If the impact is severe or prolonged, it may result in reduced income of the Group due to, *inter alia*, vacancy of the hotels and camps owned and operated by the Group.

The possible economic downturn can have a significant negative effect on the hotel/leisure sector in Croatia, including the Group. This may take the form of a reduction in the income generated from rents or reduction of profit due to increased vacancy in the hotels and camps operated by the Group, therefore adversely affecting the source of income of the Group and, as a result, adversely affecting the Group's business and economic situation.

In addition, further pandemics or outbreaks may occur in the future or the effects of the current global pandemic may deteriorate further (e.g. a second wave of Covid-19). Such situations may result in similar, or worse, adverse effects as the Covid-19 pandemic, and could result in similar, or worse, adverse effects on the Croatian economy and in particular its hotel/leisure sector. This in turn would likely lead to further adverse impact on the Group's revenues and overall financial situation.

***Macroeconomic and political conditions in Croatia and Europe***

The Group's principal business activities are located in Croatia, however, notably, tourism is highly dependent on economic conditions in the whole of Europe as Croatia's main business partners are Germany, Slovenia and Austria. These countries are also the countries where most of Croatia's visitors come from. As a result, the Group's results of operations are affected by economic and political conditions in those countries, which in turn can be affected by developments including, but not limited to:

- macroeconomic events, including external economic shocks;
- economic difficulties in the European economic area;
- increasing levels of unemployment;
- a governmental budget deficit or other fiscal difficulties (applies to Medika);
- instability in the national banking systems; and
- social or political instability in Croatia or neighbouring countries.

In addition, political developments in the EU, including any future integration or withdrawal of European countries into or from the EU or changes in the economic policy, currency union, executive authority or composition of the EU and its institutions, may have an adverse effect on the overall economic stability of the EU, including Croatia. Any changes in the political or economic stability of

Croatia or other European countries, as well as any political, economic, regulatory or administrative developments in these countries, could have a material adverse effect on the Group's business, results of operations and financial condition.

If any of these risks materialise, they could have a material adverse effect on the Group's business, results of operations and financial condition

#### ***Government policy risk***

Government policy risks mostly relate to changes in the tax environment. Frequent changes in fiscal and parafiscal regulations in recent years negatively affected business in Croatia, especially regarding VAT and constant changes of intermediate rates in hospitality industry (several changes in few years: 25% - 10% - 25% - 13%). These frequent changes regarding fiscal and parafiscal contributions after the companies already implement changes in their policies and budgets may deteriorate companies' financial position and financial planning. On positive side, corporate tax rate was reduced from 20% to 18% in 2017 and it's still kept. For small enterprises up to approximately one million euro of revenues, it was reduced to 12%.

Auctor Group is subject to complex tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and differently enforced. Furthermore, the inefficient collection of taxes or general economic downturn and budget deficits may result in new taxes being continuously introduced in an attempt to increase tax revenues. Therefore, there is a risk that the companies of the Auctor Group may be subject to arbitrary and onerous taxation in the future.

#### ***Regulatory risk in pharmaceutical sector***

The sector of wholesale drugs and pharmacies are subject to high and strict regulations where inadequate compliance with regulatory requirements could severely affect business. The Croatian Agency for Medicinal Products and Medical Devices (**HALMED** or the **Agency**) or the European Commission grants marketing authorisations for medicinal products in Croatia. For the purpose of placing a medicinal product on the market, its quality, safety and efficacy have to be determined. The Agency grants marketing authorisations for medicinal products through the national procedure, the mutual recognition procedure and the decentralised procedure by means of the decision which marks the completion of the authorisation procedure carried out in accordance with the Medicinal Products Act and ensuing regulations. Croatia can be either the reference state or the concerned state in the mutual recognition procedure and decentralised procedure.

The law regulates the detailed criteria for determining the maximum permitted wholesale price of prescription medicinal products in Croatia and the calculation of such prices by the Agency. Generally, the calculation by the Agency is mandatory and is carried out: (i) when the products are being first placed on the Croatian market; and (ii) on an annual basis, once a year, starting on the first working Monday in February. The wholesale prices of the products that are above the new maximum prices calculated by the Agency (will) need to be reduced to the new prices determined by the Agency, while the prices that are below the new prices calculated by the Agency (will) remain the same. The bylaw also provides for the possibility, in specific cases and under specific conditions, to request from the Agency permission to have/set the prices of the products higher than the new maximum permitted wholesale prices.

Further, a continuing decrease in the prices of prescription medicinal products on the HZZO list and the HZZO administrative approach in determining the prices and margins can have a negative impact on the Group's financial performance.

#### ***Regulatory risk in hospitality sector***

Companies active in the hospitality sector are exposed to the risk related to concessions and concession grants, i.e. concession fees for use of maritime property or land. To this date, this area is still not fully regulated by law. Given the core business of hotel and leisure companies, the right to use maritime domain and/or tourist land is essential, especially regarding camps. If any concession hikes or restrictions on use of land/beaches materialise in any sites in which Laguna operates, these could have a material adverse effect on the Group's business, results of operations and financial condition.



***The Group may be subject to litigation claims, liability claims and other disputes***

The Group may face disputes with business partners and may be forced to devote considerable time and attention to managing the successful resolution of these disputes. Any such resolution may involve the payment of significant damages or expenses by the Group. In addition, any such resolution could involve the Group agreeing to terms that would restrict the operation of the Group's business. The Group is currently facing no litigation that could have a significant negative impact on the Group's operations.

***The Group is exposed to health, safety and environment protection risks***

Any breach of health, safety and environment protection requirements, including any delay in responding to changes in health, safety and environment protection regulations, particularly in light of evolving European Union (the EU) standards and potential new implementing legislation, may result in penalties for non-compliance. Monitoring and ensuring health, safety and environment protection best practices may become increasingly expensive for the Group in the future, and health, safety and environment protection risks may become more acute. All of these risks could have a material adverse effect on the Group's business, financial situation, prospects and/or results of operations.

**Risk factors associated with the Group's operation and internal control*****The Group depends upon its senior management team and on the expertise of its key personnel and may be unable to hire and retain a highly skilled and experienced workforce***

The risk of loss of the key personnel represents the risk that the Group would not be able to sufficiently motivate and retain the persons who are key to the Group's ability to create and implement key strategies. The loss of key personnel is also associated with the risk of possible leakage of information about the Group's strategy, its projects or other aspects of its activities. The quality of management and key employees, as well as the protection of information, is crucial for the fulfilment of the Group's strategic goals. The ability to retain existing employees and hire new ones plays an important role in this regard. Departures of key employees could adversely affect the business activities, financial position and results of operations of the Group, which could indirectly adversely affect the ability to meet its obligations under the Bonds.

***If the Group fails to maintain an effective system of internal controls, it may not be able to accurately determine financial results or adequately prevent fraud***

Effective internal controls are necessary for the Group to provide reliable financial reports and effectively prevent fraud. Furthermore, as the Group grows its business, its internal controls become more complex, and it will require significantly more resources to ensure its internal controls remain effective. The existence of any material weakness in the Group's internal control over financial reporting could also result in errors in the Group's financial statements that could require it to restate its financial statements.

## 2. RESPONSIBILITY STATEMENT

Auctor Finance, s. r. o., with its registered office at Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic, Identification No. (IČO): 51 901 811, LEI: 097900CAIT0000250277, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 130985/B (the **Issuer**), represented by Mr. Oleg Uskoković, director, and Mr. Josef Pilka, director, represents that it is solely responsible for the information provided in the Registration Document.

The Issuer accepts responsibility for the information contained in the Registration Document. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is up-to-date, complete and true in accordance with the facts and the Registration Document makes no omission likely to affect its import.

In Bratislava, on 30 September 2020.

Auctor Finance, s. r. o.

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Name: Oleg Uskoković

Title: Director (in Slovak: *konateľ*)

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Name: Josef Pilka

Title: Director (in Slovak: *konateľ*)

### 3. INFORMATION ABOUT THE ISSUER

#### 3.1 Statutory Auditors

The individual financial statements of the Issuer as of 31 December 2018 and 31 December 2019 prepared in accordance with the Slovak Accounting Standards (SAS) have been audited by the company Audit team, spol. s r.o., with its registered office at Hattalova 12, 831 03 Bratislava, Slovak Republic, Identification No. (IČO): 35 736 674, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 16364/B, registered in the register of the Slovak Chamber of Auditors (SKAU) under No. 151. The auditor issued an unmodified opinion (without qualifications) regarding these financial statements.

During the accounting period covered by the historical financial information given in the above financial statements of the Issuer, the auditor responsible for the audit of the financial statements had not been replaced.

#### 3.2 Information about the Issuer

##### (a) History and Development

The Issuer was established as a private limited liability company with the business name KZI s.r.o. by the Foundation Deed dated 24 August 2018 under the laws of the Slovak Republic. The Issuer was incorporated on 29 August 2018 based on its entry in the Commercial Register of the District Court Bratislava I. The Issuer has been established for an indefinite period. As part of its object, the Issuer does not perform an activity for which a permit would be required the validity of which would be limited.

The Issuer did not carry out any material activities in the past. It has never been insolvent and has not assumed any guarantees.

The business name of the Issuer was changed to its current business name by the decision of the sole shareholder on 21 August 2020.

##### (b) Basic Information

<b>Business name:</b>	Auctor Finance, s. r. o.
<b>Place of registration:</b>	Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 130985/B, Identification No. (IČO): 51 901 811
<b>LEI:</b>	097900CAIT0000250277
<b>Incorporation:</b>	The Issuer was incorporated on 29 August 2018 by its entry in the Commercial Register of the District Court Bratislava I.
<b>Term:</b>	The Issuer was established for an indefinite period.
<b>Incorporation method:</b>	The Issuer was established as a private limited liability company (in Slovak: <i>spoločnosť s ručením obmedzeným</i> ) by the Foundation Deed (in Slovak: <i>zakladateľská listina</i> ) dated 24 August 2018. The current consolidated wording of the Foundation Deed is dated 21 August 2020. The Issuer did not issue the articles of association.
<b>Registered capital:</b>	The registered capital (in Slovak: <i>základné imanie</i> ) of the Issuer is EUR 5,000 and has been fully paid up.
<b>Legal form and governing law:</b>	A limited liability company organised and existing under the laws of the Slovak Republic.
<b>Country of incorporation:</b>	Slovak Republic
<b>Registered seat:</b>	Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic

<b>Object:</b>	The Issuer is a legal person established to do business. The object of the Issuer is set out in Article III of the Foundation Deed of the Issuer (for a description of the object of the Issuer, see section 3.3 of the Registration Document headed <i>Business Overview</i> ).
<b>Principal laws governing the Issuer's activities:</b>	<p>The Issuer operates in accordance with the laws of the Slovak Republic, which laws include, without limitation (in each case as amended):</p> <p>Act No. 513/1991 Coll., the Commercial Code;</p> <p>Act No. 40/1964 Coll., the Civil Code; and</p> <p>Act No. 455/1991 Coll. on Trade Licensing (the <b>Trade Licensing Act</b>).</p>
<b>Telephone No.:</b>	+421 2 5941 8684
<b>E-mail:</b>	<a href="mailto:info@auctorfinance.sk">info@auctorfinance.sk</a>
<b>Website:</b>	<p><a href="http://www.auctorfinance.sk/">http://www.auctorfinance.sk/</a></p> <p>The information on the website does not form part of the Registration Document unless that information is incorporated by reference into the Registration Document. The information on the website has not been scrutinised or approved by the NBS.</p>

(c) **Most Recent and Material Events for the Assessment of the Issuer's Solvency**

As of the date of the Registration Document, the Issuer is neither insolvent nor does it record as of that date any outstanding credits or loans provided by third parties. Since the date of preparation of the Issuer's audited financial statements as of 31 December 2019, no new events have occurred significant for the assessment of the Issuer's solvency.

(d) **Credit Rating**

As at the date of the Registration Document, the Issuer was not assigned a rating by any company registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**), or any other company.

(e) **Information on the Material Changes in the Issuer's Borrowing and Funding Structure since the Last Financial Year**

As of the date of the Registration Document, no significant changes occurred in the structure of borrowing and financing of the Issuer since the date of its last audited individual financial statements. Since its establishment as of the date of the Registration Document, the Issuer has not received any loans or financing.

(f) **Description of the Expected Financing of the Issuer's Activities**

The Issuer will finance its activities from the net proceeds of the Bonds, from the interest income received from loans, credit facilities or other forms of financing provided by the Issuer to companies within the Group as well as, potentially, from loans provided by Auctor Holding and/or increase of the registered capital (equity).

### 3.3 **Business Overview**

(a) **Principal Activities**

The main object of the Issuer includes providing a loan, credit facility or other forms of financing to Auctor Holding from the proceeds of issuing of debt securities of the Issuer and guaranteed by Auctor Holding. The Issuer does not currently perform any other activities.

(b) **Principal Markets**

Due to its principal activity, the Issuer as such does not compete in any market and has no relevant market shares and position.

**3.4 Organisational Structure**

(a) **The Issuer's Position within the Group**

As of the date of the Registration Document, Auctor Holding is the sole shareholder of the Issuer, directly owning a business share representing 100% of the Issuer's registered capital and voting rights.

Auctor Holding, as a parent company, controls the Group consisting of the Issuer and other subsidiaries of Auctor Holding. The ownership description of Auctor Holding is provided in section 4.4(a) of the Registration Document.

(b) **Organisational Structure of the Group**

The organisational structure of the Group with indicated relevant shares in the registered capital and the voting rights is provided in section 4.4(b) of the Registration Document.

(c) **The Issuer's Dependence on the Group**

The Issuer is dependent on Auctor Holding due to being 100% owned and controlled by Auctor Holding.

Also, the purpose of the Issuer is to acquire financial means and provide them further to Auctor Holding by means of loan, credit or other means of financing. The ability of the Issuer to meet its obligations under the Bonds may be significantly affected by the ability of Auctor Holding to meet its obligations towards the Issuer. This fact will establish dependence of the source of the Issuer's income on Auctor Holding and its financial results.

**3.5 Trend Information**

(a) **No Material Adverse Change**

The Issuer declares that no material adverse changes in the Issuer's outlook have occurred since the date of its most recent audited financial statements.

(b) **Trend Information**

As at the date of the Registration Document, the Issuer is not aware of any trends, uncertainties, claims, obligations or events that would be realistically likely to have an adverse impact on the Issuer's outlook.

As the Group operates in the hotel/leisure and pharmaceutical sectors, there are a number of risk factors and trends that may have an impact on the Group (and thus on the Issuer) described in section 1.2 of the Registration Document.

**3.6 Profit Forecasts or Estimates**

The Issuer has not published any profit forecast or estimate in the Registration Document or otherwise.

**3.7 Administrative, Management and Supervisory Bodies**

(a) **General information**

The Issuer is a limited liability company organised and existing under the laws of the Slovak Republic. The management bodies of the Issuer are the General Meeting and the Directors (in Slovak: *konatelia*). The Issuer does not have a Supervisory Board established, however, under valid and effective applicable laws, it is not subject to an obligation to establish a Supervisory Board.

**(b) Directors**

Two directors form the statutory body of the Issuer. The directors are responsible for the business management of the Issuer and for any other powers that are not entrusted to another body of the Issuer by the Foundation Deed, the law or a decision of a competent public authority. The directors ensure the proper accounting, present to the General Meeting for approval the ordinary, extraordinary, consolidated and, if any, interim financial statements and the proposal for the distribution of profit or settlement of a loss in accordance with the Foundation Deed. The General Meeting appoints and removes the directors.

Directors jointly act in the name of the Issuer. The General Meeting elects and removes the directors. The term of office of a Director is not determined. The contact address of the Directors is the address of the registered office of the Issuer.

As at the date of the Registration Document, the directors of the Issuer are:

**Oleg Uskoković**

<b>Title and date of appointment:</b>	Director, since 21 August 2020
<b>Education, practice and other relevant information:</b>	<p>Mr. Uskoković joined the Issuer on 21 August 2020. Apart from being a Member of the Board of Directors in Auctor Holding, Mr. Uskoković acts as managing partner in his law firm, Uskoković &amp; Partners d.o.o. with its seat in Varaždin, and branch offices in Zagreb and Dubrovnik.</p> <p>Over more than 20 years he has provided legal services almost exclusively to corporate clients, most of which are amongst the most significant companies in Croatia. He has successfully structured, executed and/or provided complete legal support for, amongst others, numerous mergers and acquisitions, takeovers, joint ventures, restructurings, tenders, legal due diligence, corporate financing and stock exchange listings, as well as a wide range of contracts, litigations and arbitrations. As a legal consultant, he advised on the first ever corporate bonds that were issued in Croatia.</p> <p>Years later, he partnered with investment company Auctor as financial advisor and agent, as the lead legal consultant in the process of issuing of the first ever secured bonds in Croatia. Also partnering with Auctor, he was legal advisor for the takeover of tourist companies HTP Korčula d.d. and HTP Orebić d.d. as part of the insolvency process in those companies for the joint venture SPA (participating financial investor and Auctor group company Laguna). In the last few years he has advised on F&amp;B, construction and the tourist sector, recently participating himself as equity partner in acquisitions such as Hoteli Njivice d.o.o.</p>

**Josef Pilka**

<b>Title and date of appointment:</b>	Director, since 21 August 2020
<b>Education, practice and other relevant information:</b>	<p>Mr. Pilka joined the Issuer on 21 August 2020. Prior to joining the Auctor Group, he worked in various corporate finance roles in the advisory, oil and gas and banking sectors. Since 2013, Mr. Pilka has been working for J&amp;T as a project manager responsible for the active monitoring of the group's investments across different industries. In 2017 he moved to J&amp;T Banka in Croatia, where he held the position of Head of Investment Banking and lead M&amp;A and financing projects in the region.</p>



Mr. Pilka graduated from the Faculty of Business Administration at the University of Economics in Prague in 2007 and speaks fluent English.

The Issuer's directors have professional qualifications for the performance of their positions. None of them has been convicted of a property crime. None of the directors conducts business or activities outside the Issuer that would be significant with regard to the Issuer's activities.

**(c) Supervisory and Control Bodies**

The Issuer does not have a Supervisory Board or any control bodies established, however, under valid and effective applicable laws, it is not subject to an obligation to establish the Supervisory Board nor other control bodies.

**(d) Conflicts of Interest of Administrative, Management and Supervisory Bodies**

The Issuer is not aware of any potential conflicts of interest between the Issuer and obligations of the Directors and their private interests or other obligations. However, during the performance of their duties as Directors a conflict of interest may arise because they are also members of the bodies of other companies and follow the interests of such companies or those of the persons controlled by such companies.

**(e) Compliance with the Sound Corporate Management and Governance Regime**

As at the date of the Registration Document, the Issuer has no audit or controlling committee established yet. The Issuer complies with all the due administration and management requirements set by the applicable laws and regulations of the Slovak Republic, in particular the Commercial Code. In its administration and management, the Issuer follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance or management code.

### **3.8 Major Shareholders**

**(a) Control of the Issuer**

Auctor Holding controls and directly owns the Issuer, by ownership of a business share representing 100% of the Issuer's registered capital and voting rights. Information concerning the control of Auctor Holding is specified in Sections 4.4 and 4.8 below.

**(b) Agreements resulting in a Change in Control of the Issuer**

The Issuer is aware of a proposed new shareholders' agreement, which will result, when entered into and effective (estimated by the end of 2020), in the joint control of Auctor Prime and JTPEG Croatia over Auctor Holding and indirectly over the Issuer.

The control mechanisms for exercising shareholders' rights and measures to ensure the elimination of any misuse of these rights result from laws of the Slovak Republic.

### **3.9 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**

The Issuer has prepared individual financial statements for the years ending 31 December 2018 and 31 December 2019, both in compliance with the SAS. The auditors audited these individual financial statements of the Issuer. The auditor's reports are attached to the Issuer's financial statements. The auditor issued an unmodified opinion (without qualifications) regarding these financial statements.

The Issuer has not prepared, has not published and has no obligation to publish any interim financial information in respect of any period after 31 December 2019. The Issuer has not prepared, has not published and has no obligation to publish any financial statements under IFRS.

The abovementioned financial statements of the Issuer are incorporated in the Registration Document by reference in section 5 of the Registration Document headed *Documents Incorporated by Reference*.

**3.10 Legal and Arbitration Proceedings**

In the past 12 calendar months, the Issuer has not been a party to any other judicial, administrative or arbitration proceedings, which may have, or had, a material adverse impact on the Issuer's financial standing.

**3.11 Significant Change in the Issuer's Financial Position**

Since 31 December 2019, the date on which the most recent audited individual financial statements of the Issuer were prepared, there has been no adverse change in the financial or business situation of the Issuer that would have a material adverse effect on the financial or business situation, future operating results, cash flows or the overall prospects of the Issuer.

**3.12 Material Contracts**

As of the date of the Registration Document, the Issuer has not entered into any significant contract except for contracts entered into in the ordinary course of business of the Issuer that could give rise to a liability or claim of any member of the Group, which would have a material impact on the Issuer's ability to fulfil its obligations to the Bondholders.

The Issuer anticipates entering into loan agreements, credit facilities or other forms of financing with Auctor Holding under which it may provide a part of the proceeds from the Bonds. The Issuer does not anticipate entering into any other agreement that could give rise to a liability or claim of Auctor Holding that would be material to the Issuer's ability to meet its obligations to the Bondholders.

## 4. INFORMATION ABOUT AUCTOR HOLDING

### 4.1 Statutory Auditors

The consolidated financial statements of Auctor Holding prepared according to IFRS, which consist of the consolidated statement of financial position as at 31 December 2019, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ending 31 December 2019, as well as the notes on these financial statements, have been audited by the company KPMG Česká republika Audit, s.r.o., with its registered office at Pobřežní 648/1a, 186 00 Prague 8, Czech Republic, Identification No.: 496 19 187, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. C 24185, registered in the Chamber of Auditors of the Czech Republic under certificate No. 071, responsible person: Jindřich Vašina, certificate No. 2059. The auditor issued an unmodified opinion (without qualifications) regarding these financial statements.

### 4.2 Information about Auctor Holding

#### (a) Basic Information

<b>Business name:</b>	Auctor Holding, a.s.
<b>Place of registration:</b>	Commercial Register maintained by the Municipal Court in Prague under file No. B 24583
<b>Identification number:</b>	083 64 028
<b>LEI:</b>	097900CAJX0000253135
<b>Incorporation:</b>	Auctor Holding was incorporated on 24 July 2019 based on its entry in the Commercial Register maintained by the Municipal Court in Prague.
<b>Term:</b>	Auctor Holding was established for an indefinite period.
<b>Incorporation method:</b>	Auctor Holding was established as a joint-stock company by the Memorandum of Association and adopted the Articles of Association on 18 July 2019. The Articles of Association have been changed by decision of the General Meeting of Auctor Holding dated 16 September 2020.
<b>Registered capital:</b>	<p>Auctor Holding's registered capital is CZK 2,000,000.</p> <p>The Issuer's registered capital is divided into 2,000,000 ordinary certificated bearer shares, each in the nominal value of CZK 1.</p> <p>As at the date of the Registration Document, the underwritten registered capital was fully paid-up.</p>
<b>Legal form and governing law:</b>	A joint-stock company organised and existing under the laws of the Czech Republic.
<b>Country of incorporation:</b>	Czech Republic
<b>Registered seat:</b>	Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic
<b>Object:</b>	Auctor Holding is a legal person established to do business. The object of Auctor Holding is set out in Article III of the Articles of Association (for a description of the object of Auctor Holding, see section 4.3 of the Registration Document headed <i>Business Overview</i> ).
<b>Principal laws governing Auctor Holding's activities:</b>	Auctor Holding operates in accordance with the laws of the Czech Republic, which laws include, without limitation (in each case as amended):

Act No. 90/2012 Coll., on Business Corporations and Cooperatives;  
 Act No. 89/2012 Coll., the Civil Code (the **Civil Code**); and  
 Act No. 455/1991 Coll. on Trade Licensing (the **Czech Trade Licensing Act**).

**Telephone No.:** +421 2 5941 8684

**E-mail:** [info@auctorfinance.sk](mailto:info@auctorfinance.sk)

**Website:** <http://www.auctorfinance.sk/>

The information on the website does not form part of the Registration Document unless that information is incorporated by reference into the Registration Document. The information on the website has not been scrutinised or approved by the NBS.

## (b) History and Development

Auctor Holding, together with all its subsidiaries (the **Auctor Group**), is the holding company of the Auctor Group. Auctor Holding was established as a joint-stock company by the Memorandum of Association dated 18 July 2019 under the laws of the Czech Republic and subsequently incorporated on 24 July 2019 based on its entry in the Commercial Register maintained by the Municipal Court in Prague. On 18 July 2019, Auctor Holding adopted the Articles of Association. Auctor Holding became the parent company of the Auctor Group following the acquisition in 2019. As part of the reorganisation, the former owners of three Auctor Group holding companies – Auctor d.o.o. (**Auctor**), Lipa-Promet d.o.o. (**Lipa-Promet**) and Auctor Kapital d.o.o. (**AK**), sold their shares in the companies. Auctor Group is ultimately owned by Mr. Oleg Uskoković and the shareholders of J&T Private Equity Group Limited listed in Section 4.8 of the Registration Document, headed *Major Shareholders*.

The Auctor Group is a financial group with activities located in Croatia. It consists of three non-operating holding companies (Auctor, Lipa-Promet and AK) holding shares in two main operating companies of the Auctor Group – Medika d.d. (**Medika**) and Laguna Novigrad d.d. (**Laguna**). Medika is the oldest wholesaler of drugs and medical products in Croatia and a market leader with the biggest market share in the Croatian market. It is primarily engaged in the sale, storage and distribution of human and veterinary drugs, medicinal products, equipment and dental supplies, dietetic, cosmetic, hygienic and other healthcare related products. Medika also operates the largest chain of pharmacies in Croatia via its subsidiary ZU Ljekarne Prima Pharme and its associate ZU Ljekarne Jagatić with a total of 85 pharmacies. Laguna is the fifth biggest hotel and leisure company in Istria (after Valamar, Maistra, Plava Laguna and Arena Hospitality Group), its portfolio consists of three 4\* hotels (located in Istria, Korčula and the Pelješac peninsula), one 3\* hotel (Istria) and two 4\* camps in Istria translating into 820 rooms, 1,354 pitches, 346 mobile houses and various other amenities (restaurants, pools, soccer pitches, souvenir shops, bars, etc.). Laguna markets its leisure facilities under its own brand Aminess. The Auctor Group also included Auctor Invest d.o.o, a fund management company and Elektroda Zagreb d.d., a Croatian manufacturer of welding materials with a focus on coated electrodes, wires and rods. These entities were divested in 2020.

A detailed description of Auctor Group's structure is presented in Section 4.4(b) of the Registration Document, headed *Organisational structure of the Group*. A further description of the Group's key companies is provided in Section 4.3 of the Registration Document, headed *Business Overview*.

Key milestones in Auctor Group's history are presented below:

1996	Foundation of Auctor, one of the first private investment companies in Croatia, dealing with high net worth individuals and major corporate clients. Over the years, Auctor grew into the biggest private brokerage company in the country, taking part in many major dealings in the financial and capital market sector in Croatia.
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2003	Entry into the tourism sector by the acquisition of a package of shares in Laguna.
2006	Entry into the pharmaceuticals wholesale business as the silent strategic and financial partner of SPV Mavota, a shareholder in Medika.
2006	Consolidation of share in Laguna completed by reaching 83.49%.
2007	Acquisition of a package of shares in Elektroda Zagreb.
2010	Consolidation of shares in Medika reached 48.03%, thus the Auctor Group became the major sole shareholder.
2011	Entry into the financial industry by the acquisition of a package of shares in SZAIF (closed end private fund).
2012	Auctor divided into Auctor and Lipa-Promet (SPV), motivated by new financial markets regulation.
2014	Auctor laid off the license for the investment company, focusing on its own companies.
July 2019	Auctor Holding buys Auctor Group from former owner.
May 2020	Start of divestment process, 24.95% of SZAIF shares sold.
August 2020	Auctor Invest and Elektroda shares sold.
July - September 2020	Approximately 13.8% shares of Medika sold to its senior management, but Auctor Group retains corresponding voting rights.

(c) **Most Recent and Material Events for the Assessment of Auctor Holding's Solvency**

As of the date of the Registration Document, Auctor Holding is not insolvent and is not aware of any event specific to it or to any subsidiary that would have a material impact on the assessment of Auctor Holding's solvency.

(d) **Credit Rating**

As of the date of the Registration Document, Auctor Holding has not been assigned a rating by any company registered under the CRA Regulation, or any other company.

(e) **Information on the Material Changes in Auctor Holding's Borrowing and Funding Structure since the Last Financial Year**

Except for the further utilization of existing J & T Banka Facility and loans from the shareholders to refinance Auctor Group's liabilities and purchase price payments, no material change has occurred in Auctor Holding's financing structure since the date of its most recent audited consolidated financial statements.

(f) **Description of the Expected Financing of Auctor Holding's Activities**

Auctor Holding finances its activities with various sources, in particular with loans and borrowings from banks and/or other entities and with intra-group financing provided to it in the future by the Issuer from the net proceeds of the Bonds.

### 4.3 Business Overview

#### (a) Principal Activities

Auctor Holding is the parent holding company of the Auctor Group. Its main activities consist of holding shares in its subsidiary companies and activities relating to financing of the Auctor Group companies.

The Auctor Group is active mainly in the hotel/leisure business via its share in Laguna and in its distribution of pharmaceuticals and medical supplies through its holdings in Medika. Apart from these two core activities, the Group's holdings also included Elektroda, a manufacturer of welding materials and Auctor Invest, a Zagreb-based fund management company, managing two funds. The welding business and the investment company business are a result of the historical development of the Group. These companies were disinvested in 2020. In the future, focus of Auctor Holding will be mainly on the hotel and leisure and medical distribution business.

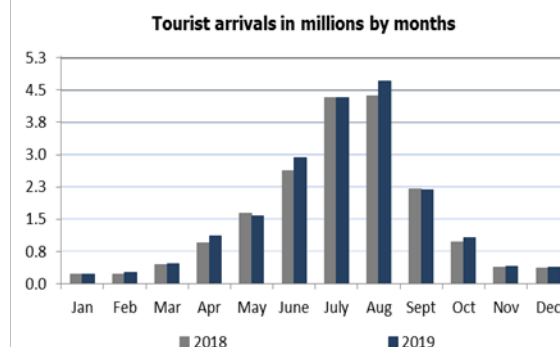
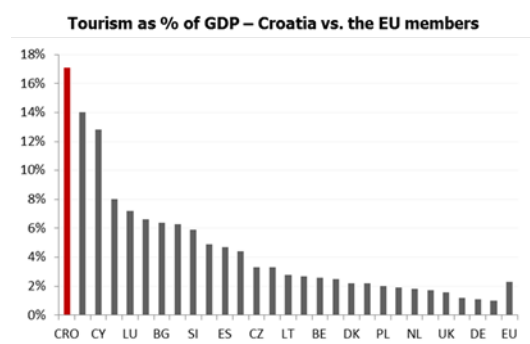
As at 31 December 2019, the Auctor Group's total consolidated assets amounted to approximately EUR 424 million. The Group is active solely in Croatia; only the holding company, Auctor Holding, is located in the Czech Republic and the Issuer is located in the Slovak Republic.

#### (b) Principal Markets

Relevant markets for the Auctor Group are the markets of its two core companies, i.e. the Croatian tourism/hotel market for Laguna and pharmaceutical and medical supplies market for Medika. The description of each of the mentioned relevant markets is provided below.

##### *Tourism Market in Croatia*

Tourism is one of the most important sectors in the Croatian economy. Tourism revenues account for nearly 18% of the country's total GDP. Tourist demands vary considerably throughout the year. Occupancy rates at accommodation establishments are higher in the summer months than in any other period of the year. Travel service exports alone account for more than one-third of the country's total merchandise and service exports. The huge influx of foreign visitors that is concentrated in the third quarter of the year finances most of the other aspects of the country's economy.<sup>1</sup>



In 2019, 17.3 million visitors entered the country, up by 3.7% compared to 2018. Total arrivals increased by 5.6% and nights spent in the country increased by 3.4%, reflecting higher overall spending in the country.<sup>2</sup> Countries such as Germany, Austria, Slovenia and Italy still provide the most visitors to Croatia. Croatian tourism is capitalising on the ongoing economic, political, and deteriorating security situation in other Mediterranean area destinations such as Turkey, Egypt and Greece.

According to the Croatian National Tourist Board, Croatia observed 2.5 million tourist arrivals in July 2020, representing a decline by 46.7% YoY (4.6 million arrivals in July 2019), which was in line with

<sup>1</sup> Source: Croatian Chamber of Commerce, document "Tourism in 2016", available in Croatian at: <https://www.hgk.hr/documents/aktualna-tema-turizam-u-20165899d9633ad81.pdf>.

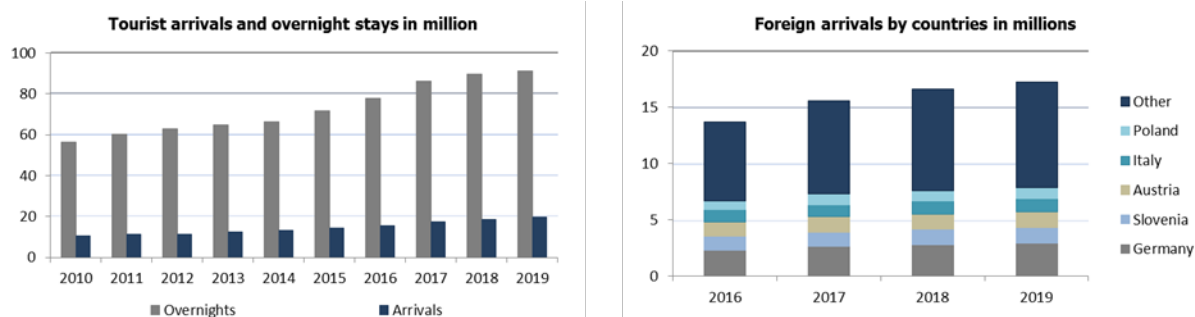
<sup>2</sup> Source: Croatian National Tourist Board, Information regarding course of season, available in Croatian at: <https://www.htz.hr/hr-HR/informacije-o-trzistima/informacije-o-tijeku-sezone>.



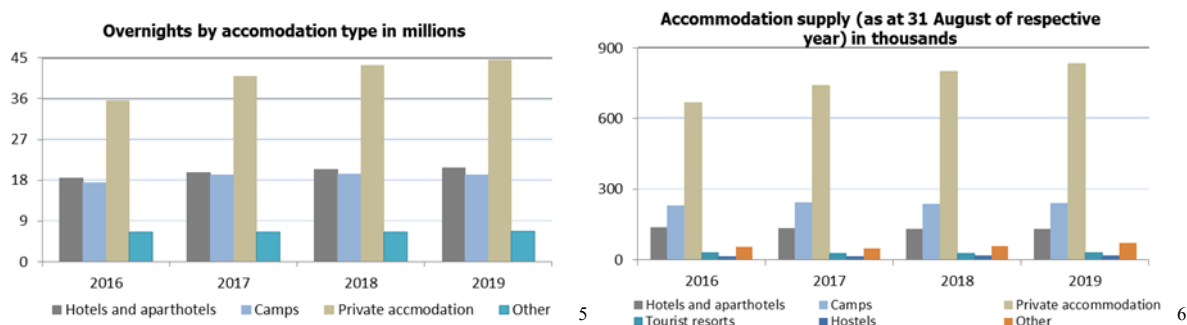
general expectations. Out of this number, foreign tourists accounted for 87%. Meanwhile, overnight stays amounted to 18.6 million (a decrease by 39.1% YoY).

Despite the sharp drops in YoY comparison, the above statistics indicate improving conditions. In April, due to the lockdown, Croatia witnessed extremely low figures regarding foreign arrivals (2,349 arrivals compared to 2.9m in the same month last year). Meanwhile in May, Croatia observed a decrease in tourist arrivals by 94.8% and a decrease in overnight stays by 90.7%.<sup>3</sup>

Croatia recorded a decline of arrivals from all relevant markets. However, the smallest declines were recorded from Slovenia, the domestic market, Germany, Poland and the Czech Republic. Visitors from Germany recorded the most tourist arrivals from January to July, accounting for 22.1% of all arrivals. Domestic tourists and tourists from Slovenia follow, accounting for 19.8% and 18.4%, respectively.<sup>4</sup>



When observing the arrivals realised by counties in July alone, Istria leads the list with 26% of the total arrivals. The counties of Kvarner and Zadar follow, accounting for 20% and 15% of total arrivals, respectively.



By type of accommodation, most overnight stays are in private accommodation (49%) followed by hotels (23%). The number of overnight stays decreased by 76.3% from January to July 2020 compared to the same period in 2019. Such a decrease does not come as a surprise given that many hotels were still not open even when they were able to operate again, and that due to the Covid-19 pandemic, the demand shifted more towards private accommodation.

### Top Destinations in Croatia

In terms of visitors, Dubrovnik remains the No.1 most visited destination in Croatia with 4.3 million tourist overnights in 2019. Dubrovnik is followed by Rovinj and Poreč with 3.9 and 3.2 million overnight stays respectively.

With five destinations (Rovinj, Poreč, Medulin, Umag and Pula) out of the top ten most visited destinations in Croatia, Istria is recognised as the most developed tourist region (and county) in Croatia. Apart from "sun and sea" it also offers agro tourism in the countryside (including numerous vineyards), bike paths in the inland of Istria, as well as entertainment and shopping facilities in urban areas.

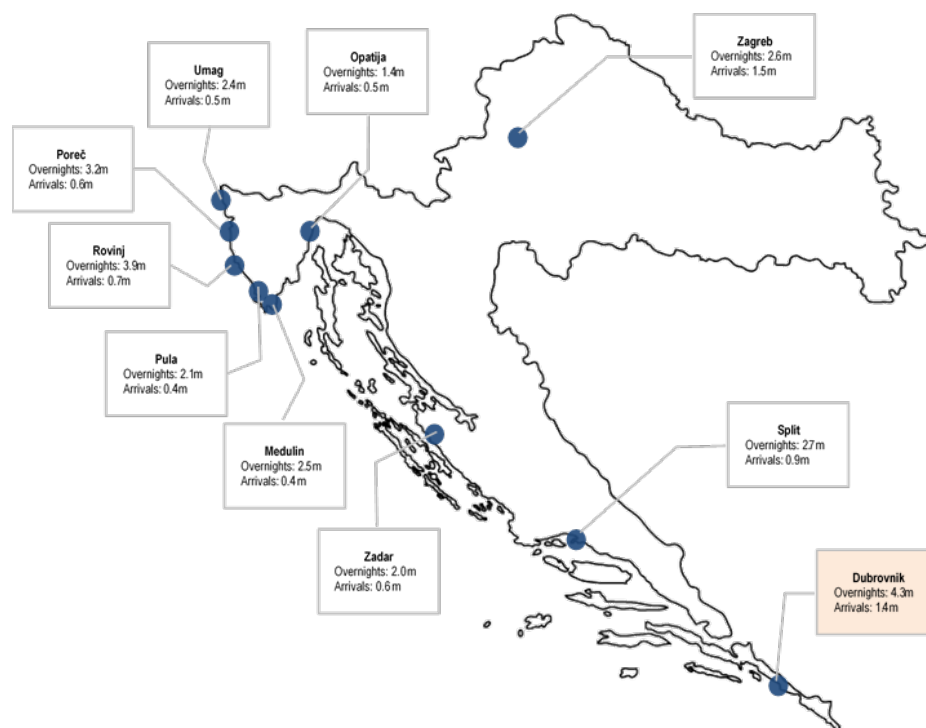
<sup>3</sup> Source: Croatian Bureau of Statistics, document: "Tourist arrivals and nights 2019", dated 28 February 2020, available at: [https://www.dzs.hr/Hrv\\_Eng/publication/2019/04-03-02\\_01\\_2019.htm](https://www.dzs.hr/Hrv_Eng/publication/2019/04-03-02_01_2019.htm).

<sup>4</sup> Ibidem.

<sup>5</sup> Ibidem.

<sup>6</sup> Source: Croatian National Tourist Board, Tourism in Figures by Year, available at: <https://www.htz.hr/en-GB/tourism-information/tourism-analysis/tourism-figures>.

The map below<sup>7</sup> provides an overview of the most attractive tourist sites in Croatia:

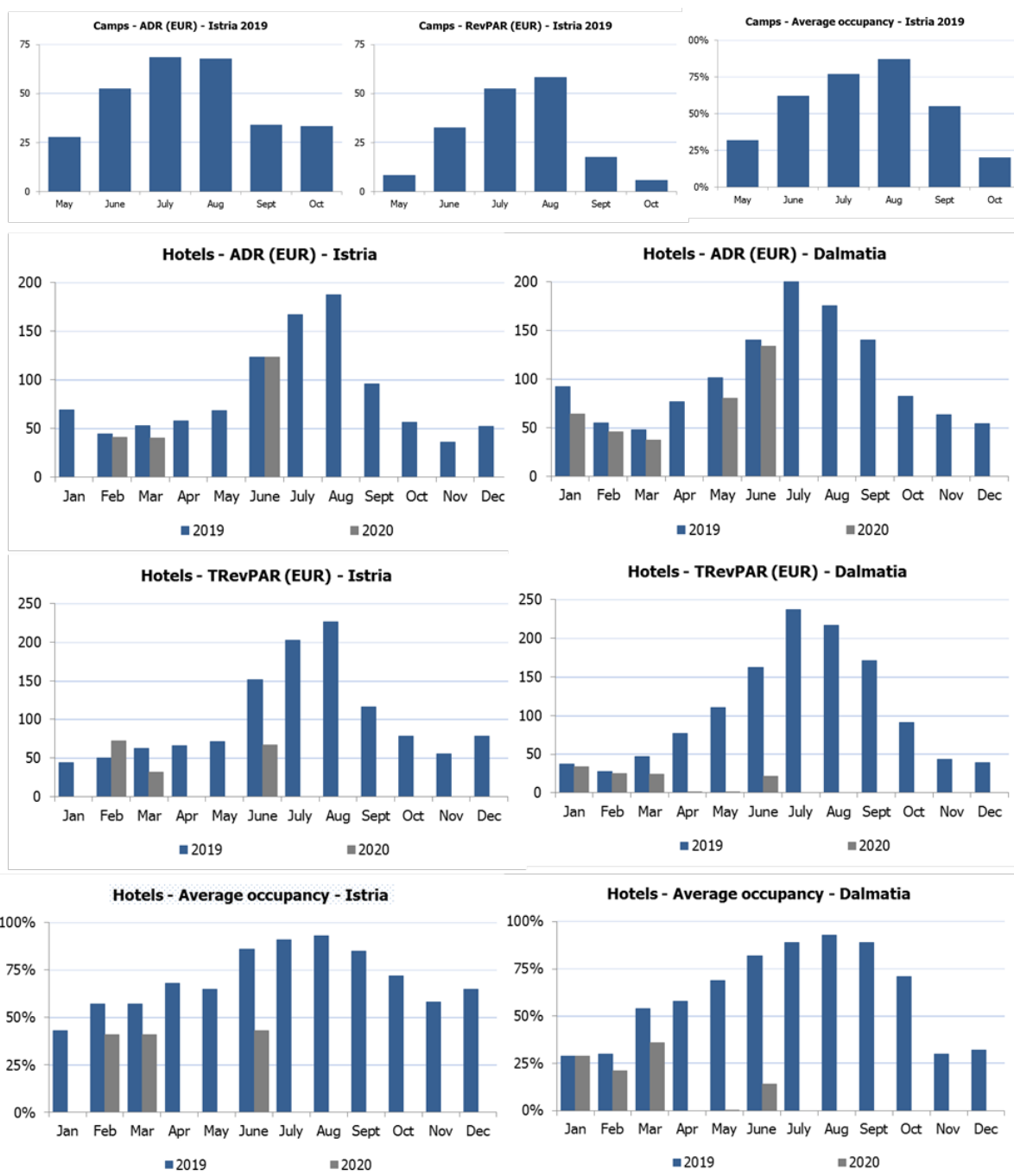


### *Key Performance Indicators of the Hotel Industry*

Key performance indicators (**KPIs**) are very important metrics in hotel revenue management. The most relevant are occupancy, average daily rate (**ADR**) and revenue per available room (**RevPAR**) or total revenue per available room, which include revenues for accommodation and also related services (**TRevPAR**). Throughout the year they very much differ due to a seasonal character where the highest occupancy, ADR, RevPAR and TRevPAR are in the peak of the season in June, July and August. Average ADR in July and August for hotels located in the Istria, Kvarner and Dalmatia regions is EUR 180, with occupancy being typically above 90%. Prices are slightly higher in Dalmatia compared to Istria, but the average occupancy is somewhat higher in Istria. This is mainly due to location, where Istria is closer by road to the countries of origin of the majority of incoming tourists.<sup>8</sup>

<sup>7</sup> Source: Croatian Bureau of Statistics, document: "Tourist arrivals and nights 2019", dated 28 February 2020, available at: [https://www.dzs.hr/Hrv\\_Eng/publication/2019/04-03-02\\_01\\_2019.htm](https://www.dzs.hr/Hrv_Eng/publication/2019/04-03-02_01_2019.htm).

<sup>8</sup> Source: Benchmarking – Faculty of Tourism Management, Hotels/Camps reports 2019, available at: <http://www.hotel-benchmarking.com/index.php>.



### Laguna's Market Position

The Croatian hotel market is relatively fragmented in terms of ownership with the top ten companies accounting for 38% of the market in terms of revenue.<sup>9</sup> If aggregated by owner, the ten group of companies have a 47% market share. Laguna's low market share can be considered an advantage for future growth given that any acquisitions of competitors could be subject to competition law approvals or similar restrictions.

<sup>9</sup> Source: Internal analysis of Auctor Group based on the audited financial reports for the year 2018, available at: [www.zse.hr](http://www.zse.hr).

#	Company	Owner	Revenue 2018 in EUR	% market share
1	Valamar Riviera d.d.	Valamar Group	241 715 126	10.2%
2	MAISTRA d. d.	Adris Group	159 840 628	6.7%
3	PLAVA LAGUNA d. d.	Lukšić Group	148 656 957	6.3%
4	JADRANSKI LUKSUZNI HOTELI d.d.	Lukšić Group	70 582 830	3.0%
5	Arena Hospitality Group d.d.	Arena Hospitality Group	69 421 141	2.9%
6	SOLARIS d.d.	Ugo Group	46 493 401	2.0%
7	LIBURNIA RIVIERA HOTELI d. d.	Darko Ostoja (PI)	43 260 815	1.8%
8	JADRANKA HOTELI d. o. o.	Jadranka Group	41 328 487	1.7%
9	HUP-ZAGREB d.d.	Adris Group	40 436 128	1.7%
10	SUNČANI HVAR d.d.	Prime Tourist Resort	38 986 506	1.6%
11	TURISTHOTEL d.d.	Various individuals	36 090 197	1.5%
12	VALALTA d. o. o. Rovinj	Various individuals	35 649 589	1.5%
13	LAGUNA NOVIGRAD d. d.	Auctor Holding	30 763 108	1.3%
14	Imperial Riviera d. d.	Valamar Group	23 903 306	1.0%
15	DUBROVAČKI VRTOVI SUNCA d.o.o.	China Investors	23 648 803	1.0%
16	PUNTA SKALA d.o.o.	Falkensteiner	22 691 133	1.0%
17	ILIRIJA d.d.	Arsenal Holdings	21 552 718	0.9%
<b>Total</b>			<b>2 376 361 959</b>	<b>100%</b>

### *Wholesale Pharmaceuticals and Medical Supplies Market in Croatia*

#### *Regulation*

The wholesale drugs and pharmaceuticals sector is subject to strict regulations. The Ministry of Health is the main regulatory body for the healthcare system. It regulates the standards of health services; the training of health care professionals; and capital investments in public healthcare providers. General public health issues, such as food and environment safety, are regulated in cooperation with other ministries. The regulation of healthcare financing is coordinated with the Ministry of Finance. The monitoring and enforcement of regulations are often delegated to other bodies, such as the Agency for Medicinal Products and Devices (**HALMED**) or the Agency for Quality and Accreditation in Health Care and Social Welfare.

The key act regulating pharmaceuticals in Croatia is the Act on Drugs of 2013. It regulates issues such as drug production, registration and marketing, labelling, classification, supervision, pharmacovigilance, and so on.

HALMED issues licences for the wholesale and retail distribution of medicinal products. The Croatian Chamber of Pharmacists gives an opinion on whether a pharmacy can be established in a given geographical area and the Ministry of Health decides where a pharmacy is to be established. Pharmacies can be owned by individual persons or institutions. Mail order or Internet trading of pharmaceuticals is not permitted, with the exception of non-prescription pharmaceuticals. HALMED is also responsible for granting marketing authorisations for medicinal products and homeopathic medicinal products. The official timeline for the Agency to issue marketing authorisation approval for a new medicine is 210 days, with the average length of the marketing authorisation approval procedure, including clock stops, being 365 days. Marketing authorisation approvals for medicines already authorised in the EU following the Centralised or Mutual Recognition Procedure are largely simplified since the implementation of the CADREAC regulatory procedures as of 10 January 2006. Since Croatia's EU accession, all marketing authorisation approvals following the Centralised Procedure in the EU automatically apply to Croatia as well. HALMED is also responsible for overseeing the quality, efficacy and safety of medicinal products and for monitoring adverse drug reactions (ADRs) and quality defects.

According to the Medicinal Products Act of 2008, pharmacovigilance activities are part of HALMED's mandate. Marketing authorisation holders are legally required to continuously monitor the safety of their products and to report to HALMED. There are also laws regarding the monitoring of ADRs in Croatia. All physicians who observe ADRs in patients are required to report them to HALMED. An

official standardised form for reporting ADRs is used in Croatia and information pertaining to ADRs is stored in a national database. Every year, reports on ADRs in Croatia are published by HALMED.

Legal provisions granting patents to manufacturers cover pharmaceuticals, laboratory supplies, medical supplies and medical equipment. Intellectual property (IP) rights are managed and enforced by the State Intellectual Property Office. National legislation implements the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) as Croatia is a member of the WTO. Amendments to industrial and IP legislation introduced between 2003 and 2011 harmonised Croatia's IP laws with EU law. The provisions on supplementary protection certificate (SPC) patent protection were introduced by the Patent Law in 2004 and came into force on the day of Croatia's EU entry. Currently, the effective period of market exclusivity in Croatia is six years plus the time it takes to register and market the generic drug, a minimum of one year, but typically one to three years.

Cost-effective use of pharmaceuticals is strongly supported by HZZO through its reimbursement lists. All generic drugs approved for reimbursement are automatically included in the basic list of drugs (100% reimbursement). On the other hand, if an original drug has a generic substitute, it will be included in the supplemental list and will only be eligible for a partial reimbursement. Overall, most drugs included in the basic list are generics. Because of differences in reimbursement levels, patients have a financial incentive to purchase generics. For original drugs included in the basic list, there are also clear guidelines on their application (they should be prescribed only for certain conditions and adherence to these guidelines is controlled by the HZZO).

#### *Croatian healthcare system*

Historically, the Croatian health system is characterised by delayed payments and lack of funds. It was subject of restructuring attempts by several different governments, however, lack of political courage led to postponing of necessary reforms and the stabilisation of the system.

Prior to joining the EU on 1 July 2013, Croatia had to align its legal framework with the EU Directives (Directive on combating late payments in commercial transactions), therefore, in 2012 the government introduced a new law on the maximum payment periods which was limited to 60 calendar days. It was one of the measures for stopping late payment practices that affected the entire economy. However, although this law has been in force since 2013, late payment practices remained, especially in the public healthcare system where the main initiators of late payments are hospitals owned by the state or local municipalities.

Over the last 30 years, the state was continuously injecting funds into the public healthcare system. The largest bailout was carried out in 2013 and 2014 when the government introduced a new law on the restructuring of hospitals, which resulted in an injection of HRK 6.2 billion. This law also included a short-term change in the management of loss generating hospitals and health institutions owned by counties and local municipalities. Officially, the programme was terminated in 2016. Even after this programme, the government continued to support the system with annual injections of funds, according to the needs of the system. In the 2019 budget, additional financial funds for the healthcare system were increased to around HRK 1 billion.

The amount of bailouts over the last decade varies according to different sources, from HRK 6.5 billion to HRK 9.5 billion. However, each bailout was followed by a decrease in the working capital of wholesalers, working capital as a percentage of sales dropped especially after a financial cure in 2013 and 2014. From the perspective of drug wholesale companies, the overall trend is positive since cash conversion cycle is decreasing.

HZZO decreased the level of indebtedness and settled its debts within a reasonable time, while the remaining problems are hospitals owned by local municipalities. Every year around HRK 1 billion is missing in the healthcare budget, which is affecting wholesalers. Given the payment delays which are still not insignificant, only the companies with sufficient financial resources covering their working capital needs as well as operational expenses can be active on the wholesale market. Although a significant share of wholesaler assets is formed by receivables, it is important to emphasise that the receivables are, directly or indirectly, towards state institutions, i.e. essentially of low risk.

In the last two years state owned hospitals' debt toward wholesalers increased by HRK 500 million annually. The situation worsened in the midst of a pandemic and only in May 2020, debt increased by HRK 200 million. In March and April hospitals worked with only 30% capacity utilisation, so the costs stayed at the same rate while revenue significantly decreased.

Wholesalers were slightly relieved in March when the state injected HRK 400 million to repay part of the hospitals' debt. However, this was only a short-term relief and if there will be no debt repayment, i.e. new state cash injections, wholesalers will have a hard time operating further and distributing necessary medicines and drugs. In July 2020, the state and wholesalers agreed on the short-term payment of HRK 500 million which will be primarily used for supplying medicines and drugs wholesalers currently don't have and enable them to ensure their delivery in autumn.

The government aims to tackle this problem and the Ministry of Health has already established a working group who will be in charge of restructuring and finding the solution for the financially viable healthcare system.

Pharmacy operations are carried out within the primary healthcare network in accordance with a separate law (the demographic – number of the insured persons in the area and geographic criteria – minimum distance between two pharmacies) in pharmacies and pharmacy depots. The abolition of defined criteria for the opening of pharmacies would significantly affect the expansion of the pharmacy network. Due to legal constraints, the expansion of the pharmacy network can only be achieved through acquisitions, which is also one of the strategic goals of the Medika Group.

#### *Competition and Market Share of Medika*

The wholesale pharmaceutical and medical supplies market in Croatia is dominated by four players: PHOENIX Farmacija d.o.o., Medika, MEDICAL INTERTRADE d.o.o. and OKTAL PHARMA d.o.o. Out of these four, Medika is the oldest wholesaler and enjoys the leading position with the biggest market share and the largest network of pharmacies in the country. PHOENIX Farmacija d.o.o. possesses a market share of 24%, MEDICAL INTERTRADE d.o.o. 21% and OKTAL PHARMA d.o.o. 19%.<sup>10</sup>

In addition to the big four, there are other wholesalers and distributors with smaller product portfolios (e.g. Pharma-net d.o.o., Kajfežpharm d.o.o., Tomi pharm d.o.o., Medicina promet d.o.o., Hospitalija trgovina d.o.o.) or that supply exclusively a small range of specialised products, such as Naturprodukt d.o.o.

#### *Market segments*

There are three main segments in the pharmaceutical distribution market: pharmacies, hospitals and other segments such as general practitioners, dentists or veterinary practices. The market share of pharmacies is slightly increasing, whereas the share of hospitals fluctuate because of the law on procurement (procurement through public tenders). Hospitals announce public tenders continuously, which determines the volume of business in that particular year with a given hospital.

#### *Pharmacies*

The total number of pharmacies on the market is 1,180 operating under 400 legal entities with an annual turnover of HRK 5.2 billion (approx. EUR 700 million). Pharmacies are operating as a part of a basic network of hospitals according to the special law (demographic and geographic criteria) in pharmacies and pharmacy depots. A pharmacy institution needs to have at least two units or one unit and a galenic laboratory or one unit and a research laboratory or just a galenic laboratory or just a research laboratory to be classified as one. The pharmacy market is still very fragmented, although there are some M&A activities with the aim to consolidate the network of pharmacies.

Prescription drugs can be sold in pharmacies only by graduated pharmacists who were approbated by the Croatian Chamber of Pharmacists. Other products can be sold by pharmaceutical assistants. Transfer of founders' rights in pharmacies that are founded by counties to other legal entities or natural persons is prohibited. Pharmacies and pharmacy depots are established in a specific area with the approval of

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<sup>10</sup>*Ibidem.*



the Minister of Health, in accordance with the previously obtained opinion of HZZO and the Croatian Medical Chamber.

### *Hospitals*

Hospitals can be grouped into general hospitals, special hospitals, clinical hospitals and clinical hospital centres. In Croatia there are 64 hospitals owned either by the counties, the City of Zagreb or the Republic of Croatia. In the case of financial difficulties, the state may provide financial aid to hospitals. Hospitals purchase drugs and medical products through public tenders. In 2005 HZZO founded a fund for expensive drugs, for which a special financial limit is defined which differs from common hospital limits. In 2018 the fund had a total of HRK 1.2 billion (approx. EUR 162 million) available.

The basis of the above statements concerning the competitive position of Auctor Group are internal data of the companies of Auctor Group as well as third party data referenced above in footnotes and listed in section 7(8) of the Registration Document below.

## **4.4 Organisational Structure**

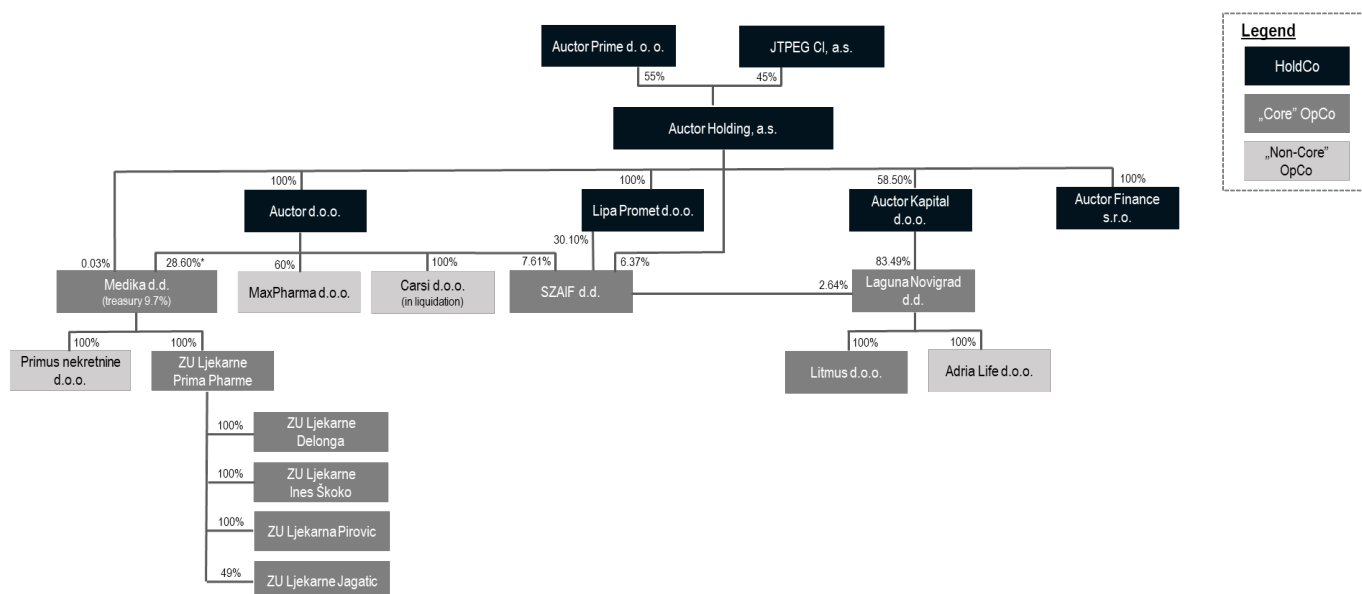
### **(a) Auctor Holding's position within the Group**

Auctor Holding, as a parent company, controls the Group consisting of Auctor Holding and other subsidiaries of Auctor Holding. As of the date of the Registration Document, Auctor Holding is directly owned by:

- (i) AUCTOR PRIME d.o.o., a limited liability company incorporated and existing under the laws of the Republic of Croatia, with its registered office at Dežmanova 5, 10000 Zagreb, Republic of Croatia, registration No. 081274801 (**Auctor Prime**), owning 1,100,000 ordinary shares with a nominal value of CZK 1 each, which in total corresponds to a 55% share in the registered capital of CZK 2,000,000 of Auctor Holding; Auctor Prime is directly ultimately controlled by Mr. Oleg Uskoković, born on 7 May 1966, permanently residing at Ulice Krešimira Filića 39B, 42000 Varaždin, Republic of Croatia; and
- (ii) JTPEG Croatia Investments, a.s., a joint-stock company incorporated and existing under the laws of the Czech Republic, with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic, Identification No. 063 59 574, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. B 22761 (**JTPEG Croatia**), owning 900,000 ordinary shares with a nominal value of CZK 1 each, which in total corresponds to a 45% share in the registered capital of CZK 2,000,000 of Auctor Holding; JTPEG Croatia is indirectly ultimately controlled by nine natural persons.

### **(b) Organisational structure of the Group**

The organisational structure of the Group as of the date of the Registration Document with indicated relevant shares in the registered capital and the voting rights is provided below. The percentages shown below represent both shares in the registered capital and the voting rights, except for Medika d.d., where the share in the voting right of Auctor Group is 47.02% and Laguna Novigrad d.d., where the share in the voting right of Auctor Group is 84.15%:



\* Additional 13,82% shareholding in Medika sold to key management of Medika and Supervisory Board member, but corresponding voting rights remained on Auctor d.o.o.

### (c) Auctor Holding's dependence on the Group

Auctor Holding is the parent company of the Auctor Group. Its main activities consist of holding shares in its subsidiary companies and activities relating to financing of the Auctor Group companies. Therefore, Auctor Holding is primarily dependent on dividend and other distribution from the Auctor Group companies. The ability of Auctor Holding to perform its obligations will be significantly influenced by the value of its holdings, as well as the financial and economic situation of members of the Auctor Group. This dependency may be further increased if Auctor Holding provides financing to other members of the Auctor Group, since inability of such member to repay the loan may damage Auctor Holding.

## 4.5 Trend Information

### (a) Significant change in the financial performance and prospects

Since the date of the most recent audited consolidated financial statements of Auctor Holding, the global economy was hit by the Covid-19 pandemic crisis. The impact was particularly visible in the tourist sector, and Auctor Group was no exception. The financial performance and prospects of Auctor Group are therefore significantly impacted by Covid-19 pandemic crisis, as detailed below.

In the hotel and leisure segment where Auctor Group operates through its principal subsidiary Laguna, the impact on Laguna's EBITDA for 2020 is estimated to be material compared to 2019. Laguna immediately utilised the loan moratoria which were introduced by the government to prevent further damage to the economy. Laguna's financial situation is currently stable and the company is not defaulting on any of its loans as of the preparation of the Registration Document.

As for the wholesale pharmaceutical business where Auctor Group operates through its principal subsidiary Medika, the Covid-19 crisis did not have such a severe impact as was the case for Laguna. Medika's consolidated revenues in 1H2020 recorded 14% growth compared to 1H2019, but the company's operating profit was negatively affected by the weakening exchange rate of HRK and increased labour costs due to the Covid-19 pandemic, resulting in an overall decline in consolidated EBITDA by 16% in 1H2020 compared to 1H2019. Medika is not defaulting on any of its loans as of the preparation of the Registration Document.

Except for the above events, there has been no material adverse impact on the financial performance and prospects of Auctor Group since 31 December 2019. As at the date of the Registration Document, the management of the Auctor Group final conclusion is that there is no material uncertainty related to going concern.

**(b) Known trends during 2020**

The following trends are likely to impact the operations and financial situation of the Group through its main operating companies at least until the end of current financial year:

*Wholesale pharmaceutical business of operating company Medika*

Medika will maintain the distribution of medicinal products and medical devices as its principal activity and boost the operations involving those products that constitute the company's core business. Furthermore, Medika will continue in the expansion of its pharmacy network Prima Pharmerie all over the territory of the Republic of Croatia.

The Covid-19 pandemic has caused changes in consumer behaviour in all segments of the economy, including the health sector. But while the other sectors were faced with significant downstream effect the health sector was faced with increase in demand.

In March 2020, there was a big increase in the consumption of medicines and medical products due to the creation of household stocks of residents. The growth of sales revenue and business operations continued during the upcoming months but with lower rates than those at the beginning of the pandemic.

During the time of the pandemic Medika has experienced changes in relation to business activities in the same months of previous years in such a way that customers of the pharmacies began to look for assortments for protection and prevention of diseases (protective masks, gloves, disinfectants, etc.), and sale of the so-called lifestyle products fell.

Although, trade receivables have increased in hospital sector, it is important to note that payment days by hospitals decreased compared to the previous year (2019). Increase in receivables is related to growth of market as whole. During 2020, there were two financial injections by the state and a third is as at the date of this Registration Document being negotiated. In addition, Medika has limited delivery to all hospitals whose payment days are over one year.

Since Medika is part of the health care system and did not experience downturn in its operations both in respect of revenues and business activities, the Issuer can conclude that Covid-19 did not have negative impact as in some other segments of the economy (air transport, travel agencies, etc.).

Wholesale drug business is characterised by strict regulation. The trend of changing regulations over the last 20 years is such that regulation is becoming stricter and more complex, i.e. business rules are becoming more demanding and complicated, which results in higher costs of investing in infrastructure. Management of Medika expects that regulations will go in the direction of liberalisation and reduction of the complexity of the legislation concerning the operation of wholesalers, i.e. the sale of drugs and medical products. In the pharmacy sales channel, in addition to the complexity of regulations related to the sale or dispensing of drugs to patients, there is also rather stringent regulation at the national level governing the establishment of new pharmacies or relocating the existing ones. The management of Medika does not expect liberalisation in this regard, based on examples from some EU countries.

*Tourism (hotel and leisure) business of operating company Laguna*

Trends that will impact the activities of Laguna are highly correlated with the Covid-19 pandemic. Management of Laguna expects a slow recovery of the tourist market and only reaching pre-Covid-19 figures within the next three to four years.

Laguna's facilities that opened during the pre-season were closed on 13 March 2020 due to the border closure and the implementation of strict state measures to control the disease.

From that moment on, Laguna's management has been taking all necessary measures to make sure its operations could continue when the situation with pandemic improves and things go back to 'normal':

- immediately upon closing the facilities, Laguna has suspended all current investments, investment and current maintenance, and the procurement of basic supplies and small inventory;
- all overhead expenses have been reduced to a minimum;

- a 12-month payment moratorium on all Laguna's credit obligations has been requested and approval obtained;
- all available subsidies have been used (state subsidies for salaries, write-offs, and tax and contribution deferrals etc.);
- Laguna has reached an agreement with the Trade Union of Istria and Dalmatia on the reduction of salaries during the period of inability to generate income;
- Laguna has initiated negotiations and/or reached agreements with suppliers, aimed at reducing certain costs and extending the due date of liabilities; and
- Laguna has initiated discussions with county and local self-government bodies regarding a reduction of public contributions and/or payment deferrals.

In March and April 2020 two business scenarios were drafted:

- a worst-case scenario (no revenue in the 2020 season); and
- a mid-case scenario (partial opening of facilities in the mid-season).

Given Laguna's liquidity situation and the agreements reached with all business partners, the Management Board made sure that Laguna will be able to continue operating on the going concern basis even in case of the worst-case scenario (provided that the operations will get back to normal in 2021). However, an increasingly favourable epidemiological situation has led to the opening of both campsites in late May 2020, while Aminess Maestral Hotel and Aminess Grand Azur Hotel opened in mid-June 2020. The rest of the facilities (Aminess Laguna and Aminess Lume hotel) will stay closed until the end of season, as the booking is not sufficient to create a positive business result in these properties. In the process of reopening the properties, considerable efforts were made in harmonising operating procedures with the measures adopted by the Croatian Public Health Institute in relation to the health of guests and employees. Also, strict cost control and planning continued in order to maintain liquidity.

Certain measures decreasing the tax burden of labour were announced by Croatian government to commence in 2021, with the aim of supporting spending. Together with travel restrictions and a lower demand for workforce in other European countries this could improve the lack of workforce in Croatian tourism which was becoming critical in the last couple of years. Laguna, like other companies in the sector, had to employ workers from other countries (e.g. Serbia or Bosnia) or engage outsourcing services as it was not possible to find enough seasonal employees in Croatia.

The future activities of Laguna will also highly depend on investments in the properties, as most of the properties have already reached their full potential. This will, of course, depend on how difficult it will be getting back to pre-Covid-19 'normality'.

During 2020, the Law on Concession on tourist land was passed. However, it is impossible to plan for future concession costs for Laguna, as there are still no regulations regarding the determination of concessions prices for land, beaches etc.

#### **4.6 Profit Forecasts or Estimates**

Auctor Holding has not published any profit forecast or estimate in the Registration Document or otherwise.

#### **4.7 Administrative, Management and Supervisory Bodies**

##### **(a) General information**

Auctor Holding is a joint-stock company organised and existing under the laws of the Czech Republic. Auctor Holding has dualistic organisational structure comprising the Board of Directors as the executive statutory body and the Supervisory Board as the controlling body. The powers and responsibilities of Members of the Board of Directors and the Supervisory Board are set forth in detail in Act No. 90/2012 Coll., on Business Corporations and Cooperatives and Auctor Holding's Articles of Association.

**(b) Board of Directors**

The Board of Directors is the statutory body of Auctor Holding. It is entitled to act on behalf of Auctor Holding in all matters and represents Auctor Holding in respect of third parties, in court proceedings and before other bodies. The Board of Directors directs Auctor Holding's activities and decides on all company matters unless the laws or statutes reserve this for other bodies of the company. In particular, the Board of Directors carries on the business management of the company, ensures all its operational and organisational matters, convenes the General Meeting of the shareholders, executes the resolutions of the General Meeting, secures the maintenance of the prescribed accounting and other records, business books and other documents of the company, maintains the list of shareholders, appoints and revokes power of attorney, issues additional written powers of attorney and submits proposals for resolutions to the General Meeting, in particular proposals for amendments to the statutes, proposals for any increase or reduction of share capital and bond issues, proposals for the approval of formal financial statements, extraordinary financial statements, the distribution of profits made, including the determination of the amount, the method of payment of dividends and royalties, the proposal for the payment of losses and any proposal for the dissolution of Auctor Holding.

The Board of Directors then submits for discussion by the Supervisory Board the material specified in the Articles of Association and submits to the Supervisory Board a proposal for an auditor. The Board of Directors submits to the General Meeting a report on the results of the business activities, the business plan and the financial budget and annual report.

Members of the Board of Directors act jointly in the name of Auctor Holding. The General Meeting elects and removes the Members of the Board of Directors. The term of office of a Member of the Board of Directors is not determined.

The contact address of each Member of the Board of Directors is the address of the registered office of Auctor Holding.

As at the date of the Registration Document, the Members of the Board of Directors of Auctor Holding are:

**Oleg Uskoković**

<b>Title and date of appointment:</b>	Member of the Board of Directors, since 24 July 2019
<b>Education, practice and other relevant information:</b>	<p>Mr. Uskoković joined Auctor Holding upon its incorporation. Apart from being a Member of the Board of Directors in Auctor Holding, Mr. Uskoković acts as managing partner in his law firm, Uskoković &amp; Partners d.o.o. with its seat in Varaždin, and branch offices in Zagreb and Dubrovnik.</p> <p>Over more than 20 years he has provided legal services almost exclusively to corporate clients, most of which are amongst the most significant companies in Croatia. He has successfully structured, executed and/or provided complete legal support for, amongst others, numerous mergers and acquisitions, takeovers, joint ventures, restructurings, tenders, legal due diligence, corporate financing and stock exchange listings, as well as a wide range of contracts, litigations and arbitrations. As a legal consultant, he advised on the first ever corporate bonds that were issued in Croatia.</p> <p>Years later, he partnered with investment company Auctor as financial advisor and agent, as the lead legal consultant in the process of issuing of the first ever secured bonds in Croatia. Also partnering with Auctor, he was legal advisor for the takeover of tourist companies HTP Korčula d.d. and HTP Orebić d.d. as part of the insolvency process in those companies for the joint venture SPA (participating financial investor and Auctor group company Laguna). In the last few years he has advised on</p>

F&B, construction and the tourist sector, recently participating himself as equity partner in acquisitions such as Hoteli Njivice d.o.o.

#### **Josef Pilka**

<b>Title and date of appointment:</b>	Member of the Board of Directors, since 16 September 2020
<b>Education, practice and other relevant information:</b>	<p>Mr. Pilka joined Auctor Holding in September 2020. Prior to joining the Auctor Group, he worked in various corporate finance roles in the advisory, oil and gas and banking sectors. Since 2013, Mr. Pilka has been working for J&amp;T as a project manager responsible for the active monitoring of the group's investments across different industries. In 2017 he moved to J&amp;T Banka in Croatia, where he held the position of Head of Investment Banking and lead M&amp;A and financing projects in the region.</p> <p>Mr. Pilka graduated from the Faculty of Business Administration at the University of Economics in Prague in 2007 and is fluent in English.</p>

Each Member of the Board of Directors has professional qualifications for the performance of its position. The Member of the Board of Directors does not conduct business or activities outside Auctor Holding and the Group that would be significant with regard to Auctor Holding's or the Group's activities.

#### **(c) Supervisory and Control Bodies**

The Supervisory Board is the supreme control body of Auctor Holding. It oversees the performance of the Board of Directors and the conduct of Auctor Holding's business. In the event of a serious breach of Auctor Holding's management, and in other cases where Auctor Holding's interests so require, the Supervisory Board shall convene a General Meeting. The Supervisory Board verifies procedures in relation to Auctor Holding and is entitled to inspect accounting documents, files and records relating to the Issuer's activity at any time and to determine the status of Auctor Holding. The Supervisory Board examines the due financial statements, extraordinary financial statements and any proposal for profit distribution or loss settlement, and is required to report the results of such review to the General Meeting.

Auctor Holding's Supervisory Board has one member as at the date of the Registration Document. The General Meeting elects and removes the Member of the Supervisory Board. The term of office of a Member of the Supervisory Board is five years.

The contact address of the Member of the Supervisory Board is the address of the registered office of Auctor Holding.

As at the date of the Registration Document, the Member of the Supervisory Board of Auctor Holding is:

#### **Tanja Kragulj Mežnarić**

<b>Title and date of appointment:</b>	Member of the Supervisory Board, since 24 July 2019
<b>Education, practice and other relevant information:</b>	<p>Mrs. Kragulj Mežnarić joined Auctor Holding upon its incorporation. Together with her role at Auctor Holding, she is also a partner at Uskoković &amp; Partners law firm where she is responsible for the area of corporate and commercial law, which includes providing legal counsel in various investments, the structuring of strategic partnerships and SPAs, the restructuring of companies and businesses, capital market issues (the issuing of stocks, bonds and other securities), and similar. Mrs. Kragulj Mežnarić has advised on/executed numerous acquisitions,</p>



joint ventures, tenders, legal due diligence, and legal issues involving stocks, bonds and other securities, as well as a wide array of contracts and other related legal documentation. Mrs. Mežnarić has been a member of the Croatian Bar Association since 2010.

The Member of the Supervisory Board has professional qualifications for the performance of her duties. She has not been convicted of a property crime. The Member of the Supervisory Board does not conduct business or activities outside Auctor Holding and the Group that would be significant with regard to Auctor Holding or the Group's activities.

**(d) Conflicts of Interest of Administrative, Management and Supervisory Bodies**

The Issuer is not aware of any potential conflicts of interest between Auctor Holding and obligations of the Members of the Board of Directors, Member of the Supervisory Board and their private interests or other obligations. However, during the performance of their duties as Members of the Board of Directors and/or Supervisory Board a conflict of interest may arise because they are also members of the bodies of other companies and follow the interests of such companies or those of the persons controlled by such companies.

**(e) Compliance with the Sound Corporate Management and Governance Regime**

As at the date of the Registration Document, Auctor Holding has no audit or controlling committee established. Auctor Holding complies with all the due administration and management requirements set by the applicable laws and regulations of the Czech Republic, in particular the Civil Code and Act No. 90/2012 Coll., on Business Corporations and Cooperatives. In its administration and management, Auctor Holding follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance or management code.

#### **4.8 Major Shareholders**

**(a) Control of Auctor Holding**

As at the date of the Registration Document, Auctor Holding is directly controlled by Auctor Prime, based on its ownership of 55% of the registered capital and voting rights in Auctor Holding. Auctor Prime is controlled by Mr. Oleg Uskoković.

**(b) Agreements resulting in a Change in Control of Auctor Holding**

The Issuer and Auctor Holding are aware of a proposed new shareholders' agreement, which will result, when entered into and effective (estimated by the end of 2020), in the joint control of Auctor Prime and JTPEG over Auctor Holding and indirectly over the Issuer.

The control mechanisms for exercising shareholders' rights and measures to ensure the elimination of any misuse of these rights result from applicable generally binding legal regulations.

#### **4.9 Financial Information Concerning Auctor Holding's Assets and Liabilities, Financial Position and Profits and Losses**

Auctor Holding has prepared the consolidated financial statements according to IFRS for the year ending 31 December 2019. The auditors audited these consolidated financial statements of Auctor Holding. The auditor's reports are attached to Auctor Holding's financial statements. The auditor issued an unmodified opinion (without qualifications) regarding these financial statements.

As Auctor Holding was established in July 2019, there is no historic financial information for preceding periods.

Auctor Holding has not prepared, has not published and has no obligation to publish any interim financial information in respect of any period after 31 December 2019.

Auctor Holding's financial statements for the year ending 31 December 2019 are incorporated in the Registration Document by reference in Section 5 of the Registration Document headed *Documents Incorporated by Reference*.

#### 4.10 Legal and Arbitration Proceedings

The following disputes and proceedings involving members of the Auctor Group are considered as material:

##### *Administrative dispute with Agrokor over receivables*

Member companies of the Auctor Group had long term intensive business cooperation with Agrokor group (**Agrokor**), Auctor being business consultant in several projects of Agrokor, as well as multiple mutual financing agreements. Once the extraordinary administration process of Agrokor began, there were several financing agreements still open in the Auctor Group, but the dispute relates to the loan agreements Auctor and Lipa-Promet entered into at the time.

##### *Dispute of Auctor with Agrokor*

On 31 August 2017, Auctor set off its claim, regarding the Loan Agreement dated 15 December 2016, against Agrokor in the amount of HRK 14.2 million (approximately EUR 1.9 million) of principal with the claim Agrokor had against Auctor, regarding the Loan Agreement of 23 September 2016, in the amount of HRK 12 million of principal with maturity on 30 July 2017, since both claims were considered due at that date. Following discussions with Agrokor, Auctor agreed to request Agrokor to consider 11 December 2017 as the date of set-off since it was a required pre-condition to book the set-off in Agrokor's books.

Auctor Holding estimates the possibility of occurrence of the above contingent liability rather low.

However, due to uncertain legal treatment, uncertainty about the execution of the above set-off and the fact that Agrokor didn't book in its books, Auctor Holding cannot completely exclude the possibility that the liability toward Agrokor will materialise, should Agrokor bring legal claim against Auctor.

##### *Dispute of Lipa-Promet with Agrokor*

Agrokor has a claim against Lipa-Promet in the amount of HRK 3.35 million (approximately EUR 0.45 million) of principal, regarding the loan agreement of 3 August 2016 with maturity on 31 July 2017. Lipa-Promet continuously reviews this case to assess potential changes and the impact on its financial position.

##### *Auctor/Institut IGH d.d. proceedings*

In 2012, Auctor acted as an agent and commissioner/trustee, as well as pledgee, for Institut IGH d.d. for a bond issue in the amount of EUR 10 million secured by mortgages over real estate owned by Institut IGH d.d. Auctor, as a commissioner, has the right to reimbursement for its activities and services in the amount of 1% of the achieved purchase price, as well as the right to reimbursement of all actually incurred costs. Institut IGH d.d. failed to pay its obligations and in 2013 initiated a pre-bankruptcy proceeding.

In 2014, Auctor coordinated the sale of the pledged real estate. Institut IGH d.d. was not ready to settle, so bondholders decided on initiating two enforcement proceedings. Institut IGH d.d. is now using every legal action to prolong or stop ongoing litigations. As of the date of the Registration Document, the proceedings are not yet closed.

With the exception of the above pending proceedings, neither Auctor Holding nor any member of the Auctor Group has in the past 12 months been a party to any other judicial, administrative or arbitration proceedings, which may have, or had, a material adverse impact on Auctor Holding's financial position.

#### 4.11 Significant Change in Auctor Holding's Financial Position

The year 2020 was significantly impacted by the sudden outbreak of the Covid-19 virus. The Group's management takes all possible measures to reduce and suppress the negative effects of Covid-19. Management is aware of its responsibility to assess the Group's ability to continue as going concern.

Management has summarised a list of key events after 31 December 2019, i.e. the date as at which the last audited financial statements of Auctor Holding were prepared. These events show:

- (i) commenced restructuring of the Auctor Group in order to streamline Group structure and focus on core businesses in drug wholesale and tourism as per original acquisition plans;
- (ii) emphasis of management on collection of funds from divestments and dividends to cover operational expenses and secure cash flow for debt service and overall liquidity of the Auctor Group; and
- (iii) improvements in organisational efficiency and financial stability.

*List of key events after 31 December 2019:*

- (i) In 2020, Auctor and Lipa-Promet sold shares in their subsidiaries SZAIF d.d., Auctor Invest d.o.o. and Elektroda Zagreb d.d. for remuneration in the total amount of HRK 18.15 million (approximately EUR 2.4 million), of which HRK 15.7 million was deposited in a restricted account for Auctor Holding's debt service at the end of 2020.
- (ii) Final dividends declared at Medika annual general assembly in the amount of HRK 1,320 (approximately EUR 175) per share. Total amount for Auctor and Auctor Holding is approximately HRK 16.9 million (approximately EUR 2.25 million).
- (iii) As for Laguna, the business operation went better than planned in the scenario developed during lockdown in the second quarter (2Q) of 2020. Due to the new increase in the number of Covid-19 infections, Austria, Slovenia and Italy put Croatia on the red list, resulting in a high number of early departures and a significant decrease in bookings. It is difficult to predict what will happen by the end of the season. The numbers will be closely monitored and the decisions on closing the properties will be made accordingly. Laguna has a strong liquidity position and with low leverage and modern facilities requiring only limited capex in the near future, it is well prepared for further operations.
- (iv) In contrast, in the first half of 2020, Medika group recorded growth in consolidated revenues by 13.7% compared to 1H 2019, according to an unaudited financial report published on Zagreb Stock Exchange.

Further information about events after 31 December 2019 can be found in the notes to the 2019 Auctor Group Financial Statements.

Except for the above information and information included in section 4.5 of the Registration Document (*Trend information*) and for further utilisation of J & T Banka Facility of approximately EUR 21 million and loans of EUR 2.5 million from shareholders, there has been no significant or adverse change in the financial or business situation of Auctor Holding on Auctor Group that would have a material adverse effect on the financial or business situation, future operating results, cash flows or the overall prospects of Auctor Holding since 31 December 2019, i.e. the date on which the most recent audited consolidated financial statements of Auctor Holding were prepared.

#### 4.12 Material Contracts

On 24 October 2019, Auctor Holding as borrower and J & T Banka a.s. as lender, entered into a facility agreement to provide a facility of up to EUR 61.4 million, due on 16 December 2024 (the **J & T Banka Facility**) for financing the purchase price of three holding companies (Auctor, Lipa-Promet and AK), mandatory takeover bids for Medika and SZAIF, as well as refinancing of other providers of financing to the Auctor Group members. The J & T Banka Facility shall be repaid in bullet payment at the facility's maturity date. Its outstanding balance as on 31 December 2019 was EUR 19.1 million.

Auctor Holding has the following financial liabilities towards Mr. Oleg Uskoković and JTPEG Croatia:

- (i) an unsecured liability from a shareholder loan from Auctor Prime (up to EUR 10.1 million) due on 31 January 2025. The loan, with an outstanding amount of EUR 4.87 million as of 31 December 2019, is subordinated to the J & T Banka Facility and bears an interest of 8.1% payable on the loan's repayment date, together with the principal amount; and
- (ii) an unsecured liability from a shareholder loan from JTPEG Croatia (up to EUR 6.7 million) due on 31 January 2025. The loan, with an outstanding amount of EUR 3.24 million as of 31 December 2019, is subordinated to the J & T Banka Facility and bears an interest of 8.1% payable on the loan's repayment date, together with the principal amount.

With the exception of the above contracts, as at the date of the Registration Document, Auctor Holding has not entered into any significant contract (except for contracts entered into in the ordinary course of business) that could give rise to a liability or claim of any member of the Group, which would have a material impact on Auctor Holding's ability to guarantee the Issuer's obligations under the Bonds.

## 5. DOCUMENTS INCORPORATED BY REFERENCE

The information from the following documents is incorporated by reference into the Registration Document, and the Registration Document should be read and construed in conjunction with information from the following documents:

- (i) The audited individual financial statements of the Issuer as of 31 December 2018, prepared in compliance with the SAS (**2018 Issuer Financial Statements**), available at the following hyperlinks:

Slovak version:

[http://auctorfinance.sk/sites/default/files/Spra%CC%81va%20audi%CC%81tora%20emitenta\\_2018.pdf](http://auctorfinance.sk/sites/default/files/Spra%CC%81va%20audi%CC%81tora%20emitenta_2018.pdf)

English version:

[http://auctorfinance.sk/sites/default/files/Translation%20of%20auditors%20report%20of%20Issuer\\_2018.pdf](http://auctorfinance.sk/sites/default/files/Translation%20of%20auditors%20report%20of%20Issuer_2018.pdf)

- (ii) The audited individual financial statements of the Issuer as of 31 December 2019, prepared in compliance with the SAS (**2019 Issuer Financial Statements**), available at the following hyperlink:

Slovak version:

[http://auctorfinance.sk/sites/default/files/Spra%CC%81va%20audi%CC%81tora%20emitenta\\_2019.pdf](http://auctorfinance.sk/sites/default/files/Spra%CC%81va%20audi%CC%81tora%20emitenta_2019.pdf)

English version:

[http://auctorfinance.sk/sites/default/files/Translation%20of%20auditors%20report%20of%20Issuer\\_2019.pdf](http://auctorfinance.sk/sites/default/files/Translation%20of%20auditors%20report%20of%20Issuer_2019.pdf)

- (iii) The audited consolidated annual financial statements of Auctor Holding for the year ended 31 December 2019, prepared in accordance with the IFRS (**2019 Auctor Group Financial Statements**), available at the following hyperlink:

Slovak version:

[http://auctorfinance.sk/sites/default/files/Preklad%20auditovany%CC%81ch%20konsolidovany%CC%81ch%20vy%CC%81kazov%20ruc%CC%8Citel%CC%8Ca\\_2019.pdf](http://auctorfinance.sk/sites/default/files/Preklad%20auditovany%CC%81ch%20konsolidovany%CC%81ch%20vy%CC%81kazov%20ruc%CC%8Citel%CC%8Ca_2019.pdf)

English version:

<http://auctorfinance.sk/sites/default/files/Annual%20report%20including%20audited%20consolidated%20financial%20statements%20of%20the%20Guarantor%202019.pdf>

All of the above financial statements are available in Slovak and English language. 2018 and 2019 Issuer's Financial Statements including the audit reports were originally prepared in Slovak, their English version is translation for the purposes of this Registration Document. 2019 Auctor Group Financial Statements including the audit report were originally prepared in English, their Slovak version is translation for the purposes of this Registration Documents and includes original English version of the audit report.

**Other than in relation to the documents, which are deemed to be incorporated by reference listed in this section of the Registration Document, the information on the websites to which the Registration Document refers does not form part of the Registration Document and has not been scrutinised or approved by the NBS.**

**6. DOCUMENTS AVAILABLE**

- (1) The following documents are available free of charge in electronic form in a designated section on the Issuer's website <http://www.auctorfinance.sk/>, section "*Documents*" for as long as the Registration Document remains valid:
- (i) the Registration Document and any updates thereof in the form of any Supplement(s) to the Registration Document (if any);
  - (ii) the Foundation Deed of the Issuer;
  - (iii) the Memorandum of Association and Articles of Association of Auctor Holding; and
  - (iv) the financial statements incorporated into the Registration Document by reference.



## 7. GENERAL INFORMATION

- (1) **Approval and notifications.** The Registration Document will not be subject to approval by any administrative or other authority of any legal order other than the NBS in the Slovak Republic. The Issuer may submit a request to issue confirmation of approval of the Registration Document, including all its Supplements, confirming that it was prepared in line with the applicable legislation, for the purpose of its submission to the ESMA and the CNB, or any other regulatory body. Persons into whose hands the Registration Document comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they have in their possession or distribute such offering material, in all cases at their own expense.
- (2) **Language of the Registration Document.** The Registration Document has been drawn up and will be approved by the NBS in the Slovak language. English translation has been prepared for the purposes of notification to the CNB. Slovak language version of the Registration Document shall prevail in case of any interpretation discrepancy between the wording of the Registration Document in Slovak and the wording of the Registration Document translated into another language.
- (3) **Statutory auditors of the Issuer.** Audit team, spol. s r.o., with its registered office at Hattalova 12, 831 03 Bratislava, Slovak Republic, Identification No. (IČO): 35 736 674, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 16364/B, registered in the register of the Slovak Chamber of Auditors (SKAU) under No. 151, shall be the auditors of the Issuer.
- (4) **Statutory auditors of Auctor Holding.** KPMG Česká republika Audit, s.r.o., with its registered office at Pobřežní 648/1a, 186 00 Prague 8, Czech Republic, Identification No.: 496 19 187, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. C 24185, registered in the Chamber of Auditors of the Czech Republic under certificate No. 071, responsible person: Jindřich Vašina, certificate No. 2059, shall be the auditors of Auctor Holding.
- (5) **Audited data.** Save for the information taken from the audited financial statements of the Issuer and Auctor Holding, no other information contained in the Registration Document has been audited by an auditor. The auditor has not audited the Registration Document as a whole.
- (6) **Advisors.** In connection with the drawing up the Registration Document, the Issuer is advised by the Arranger who has been authorised to perform activities associated with preparation of the Registration Document. When preparing the Registration Document, the Issuer indirectly used the services of Allen & Overy Bratislava, s.r.o. as legal advisor of the Arranger in respect of Slovak law and the services of Allen & Overy (Czech Republic) LLP, organizační složka, as legal advisor of the Arranger in respect of Czech law.
- (7) **Credit and indicative ratings.** Neither the Issuer nor Auctor Holding has been assigned a rating by a company registered under the CRA Regulation.
- (8) **Information from third parties and expert opinions.** The Issuer used in section 4.3 headed *Business Overview*, publicly available information published on the websites of:
  - (i) Croatian Chamber of Commerce, document “Tourism in 2016”, available in Croatian at: <https://www.hgk.hr/documents/aktualna-tema-turizam-u-20165899d9633ad81.pdf>;
  - (ii) Croatian National Tourist Board, Information regarding course of season, available in Croatian at: <https://www.htz.hr/hr-HR/informacije-o-trzistima/informacije-o-tijeku-sezone>;
  - (iii) Croatian Bureau of Statistics, document: “Tourist arrivals and nights 2019”, dated 28 February 2020, available at: [https://www.dzs.hr/Hrv\\_Eng/publication/2019/04-03-02\\_01\\_2019.htm](https://www.dzs.hr/Hrv_Eng/publication/2019/04-03-02_01_2019.htm);
  - (iv) Croatian National Tourist Board, Tourism in Figures by Year, available at: <https://www.htz.hr/en-GB/tourism-information/tourism-analysis/tourism-figures>.

- (v) Benchmarking – Faculty of Tourism Management, Hotels/Camps reports 2019, available at: <http://www.hotel-benchmarking.com/index.php>; and
- (vi) Internal analysis of the Issuer based on the audited financial reports for the year 2018, available at: [www.zse.hr](http://www.zse.hr).

Financial information on Medika comes from its financial reports published on the websites of Medika and Zagreb Stock Exchange: <http://www.medika.hr/en/investors/financial-statements/> and [www.zse.hr](http://www.zse.hr).

The Issuer confirms that third-to party information has been accurately reproduced and to the best knowledge of the Issuer, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer, however, cannot guarantee accuracy and correctness of such reproduced information.

The Registration Document does not contain any statement or report attributed to a person acting as an expert.

- (9) **Alternative performance measures.** The Registration Document provides certain information on the Group and its companies by reference to EBITDA, which is an alternative performance measure in accordance with ESMA Guidelines on Alternative Performance Measures (ESMA/2015/1415). EBITDA, meaning *earnings before interest, tax, depreciation and amortisation* is an indicator widely used by analysts, investors, credit rating agencies and other stakeholders. The Auctor Group considers EBITDA to be an operational indicator that measures the cash generation capacity of its assets. In terms of reconciliation to the IFRS financial statements of the Group, EBITDA is calculated as “Profit from operations” (also known as “EBIT”) adjusted (increased) by the line item “Depreciation and amortisation” in the IFRS financial statements.

## 8. NOTICES AND RESTRICTIONS

- (1) **Important notices regarding the reliability and accuracy of information.** No person is entitled to provide any information or make any statement in relation to the Issuer that is not contained in the Registration Document or other publicly available document.

Under any circumstances, the provision of the Registration Document does not constitute or provide a guarantee that the information contained in the Registration Document is true and accurate after the date of the Registration Document (or its update date) or that no adverse change or event that could cause any adverse change in the Issuer's prospects or financial or business position from the date of the Registration Document (or its update date) has occurred.

- (2) **Forward-looking statements.** Some statements in this Registration Document may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning the Issuer's or Auctor Holding's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. The Issuer uses the words "estimates", "expects", "believes", "intends", "plans", "may", "are expected to", "could", "will", "will continue", "should", "would be", "seeks", "approximately", "estimates" and other similar expressions to identify forward-looking statements. This applies, in particular, to statements containing information on future financial results, plans, or expectations in relation to evolution of Covid-19 impacts and other impacts, financial position and performance of Auctor Group. Forward-looking statements are based on the Issuer's or Auctor Holding's assumptions and involve known and unknown risks, uncertainties and other important factors that could cause actual future situation to be materially different from the situation expressed or implied by such statements. Auctor Group's business is subject to a number of risks and uncertainties that could cause a forward looking statement to become inaccurate. Forward-looking statements speak only as at the date of this Registration Document. Accordingly, except as required by the Prospectus Regulation and other applicable regulations, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Registration Document whether as a result of new information, future events or otherwise. **As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements.**

- (3) **Restrictions applicable to dissemination of the Registration Document.** The distribution of the Registration Document in certain jurisdictions are restricted by law. The NBS has approved the Registration Document and the Issuer may request the NBS to notify the approval of the Registration Document to the CNB.

- (4) **Approval of information and the Registration Document updates.** The provision of representations or information relating to the Issuer other than those contained herein has not been approved by the Issuer. No other information or representation may be relied upon as having been approved by the Issuer. The submission of the Registration Document at any time does not mean that information contained herein is accurate at any time after the date of the Registration Document. Unless provided otherwise, any and all information contained herein is provided as at the date of the Registration Document. The Registration Document may be updated pursuant to Article 23 of the Prospectus Regulation in the form of a Supplement to the Registration Document. Any Supplement to the Registration Document must be approved by the NBS and subsequently published in compliance with the Prospectus Regulation.

**The NBS only approves the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the NBS should not be considered as an endorsement of the Issuer, Auctor Holding or any securities issued or guaranteed by the Issuer or Auctor Holding that will be the subject of any prospectus incorporating the Registration Document.**

- (5) **Rounding.** Certain values included in the Registration Document have been subject to rounding adjustments. This also means that values given for the same information item may slightly differ at different places and that values given as a sum of certain values do not necessarily have to be an arithmetic sum of the values on which they are based.

## 9. GLOSSARY

**2018 Issuer Financial Statements** means the audited individual financial statements of the Issuer as of 31 December 2018 prepared in compliance with the SAS.

**2019 Issuer Financial Statements** means the audited individual financial statements of the Issuer as of 31 December 2019 prepared in compliance with the SAS.

**2019 Auctor Group Financial Statements** means the audited consolidated financial statements of Auctor Holding as of 31 December 2019 prepared in compliance with the IFRS.

**Arranger** means J&T IB and Capital Markets, a.s., with its registered office at Pobřežní 297/14, 186 00 Prague 8, Czech Republic, Identification Number 247 66 259, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 16661.

**Auctor** means Auctor d.o.o., a limited liability company incorporated and existing under the laws of the Republic of Croatia, with its registered office at Dežmanova 5, 10000 Zagreb, Republic of Croatia, one of sub-holding companies of Auctor Group and wholly owned subsidiary of Auctor Holding.

**Auctor Group** or the **Group** means to Auctor Holding and its direct and indirect subsidiaries over which Auctor Holding exerts control.

**Auctor Holding** means Auctor Holding a.s., with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic, Identification No. (IČ): 083 64 028, LEI: 097900CAJX0000253135, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 24583.

**Auctor Prime** means AUCTOR PRIME d.o.o., a limited liability company incorporated and existing under the laws of the Republic of Croatia, with its registered office at Dežmanova 5, 10000 Zagreb, Republic of Croatia, registration No. 081274801.

**Bankruptcy Act** means Act No. 7/2005 Coll., on bankruptcy and restructuring, amending and supplementing certain acts, as amended.

**Registration Document** means the Registration Document for the Issuer on the basis of the information provided therein as later amended.

**CNB** means the Czech National Bank.

**Commercial Code** means Act No. 513/1991 Coll., Commercial Code, as amended.

**CRA Regulation** means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

**Czech Trade Licensing Act** means Act No. 455/1991 Coll. on Trade Licensing, as amended.

**ESMA** means the European Securities and Markets Authority.

**EU** means the European Union.

**EUR** or **euro** means the legal currency of the Slovak Republic.

**HALMED** means *Agencija za lijekove i medicinske proizvode*, i.e. Croatian Agency for Medicinal Products and Devices.

**HRK** or **Croatian kuna** means the legal currency of the Republic of Croatia.

**HZZO** means *Hrvatski zavod za zdravstveno osiguranje*, i.e. Croatian State Health Insurance Fund.

**IFRS** means the International Financial Reporting Standards as adopted in the European Union.

**Issuer** means Auctor Finance, s. r. o., with its registered office at Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic, Identification No. (IČO): 51 901 811, LEI: 097900CAIT0000250277, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 130985/B.

**J & T Banka Facility** means a facility agreement between Auctor Holding as borrower and J & T Banka, a.s. as lender, to provide facility up to EUR 61,400,000 due on 16 December 2024

**JTPEG Croatia** means JTPEG Croatia Investments, a.s., a joint-stock company incorporated and existing under the laws of the Czech Republic, with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic, Identification No. 063 59 574, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. B 22761.

**Medika** means Medika d.d. a joint stock company incorporated and existing under the laws of the Republic of Croatia, with registered seat at Capraška 1, HR-10000 Zagreb, Croatia, a principal subsidiary of Auctor Group active in the wholesale pharmaceutical distribution business.

**NBS** means the National Bank of Slovakia as the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation.

**Prospectus DR** means Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No. 809/2004.

**Prospectus Regulation** means 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.

**Securities Act** means Act No. 566/2001 Coll., on securities and investment services, as amended.

**Trade Licensing Act** means Act No. 455/1991 Coll. on Trade Licensing, as amended.