

## SECURITIES NOTE

Auctor Finance, s. r. o.

*(a limited liability company incorporated under the laws of the Slovak Republic)***up to EUR 80,000,000 Bond Programme  
guaranteed by Auctor Holding, a.s. and secured by pledges**

This securities note (in Slovak: *opis cenných papierov*) (the **Securities Note**) has been drawn up for bonds issued under the offering programme in the total principal amount up to EUR 80,000,000 (the **Programme**), based on which **Auctor Finance, s. r. o.**, with its registered seat 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**) may, continuously or repeatedly, issue secured bonds under the laws of the Slovak Republic as book-entered bearer securities (the **Bonds**, and each individual Bonds issue issued under the Programme, the **Issue**). All Bonds shall in any case be issued under the laws of the Slovak Republic, primarily Act No. 530/1990 Coll. on Bonds, as amended (the **Act on Bonds**) and Act No. 566/2001 Coll. on Securities and Investment Services, Amending and Supplementing Certain Acts (the **Securities Act**), as amended (the **Securities Act**).

The obligations under the Bonds issued within the Programme will be secured by (i) a guarantee (the **Guarantee**) of Auctor Holding, a.s., a 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.: 083 64 028, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. B 24583 (the **Guarantor**) and (ii) pledges (in Slovak: *záložné práva*) in respect of certain assets of the Guarantor as well as of its subsidiaries in Croatia, in each case in favour of the joint representative of the Bondholders (in Slovak: *spoločný zástupca majiteľov dlhopisov*) J&T banka d.d., with its registered office at Aleja kralja Zvonimira 1, 42000 Varaždin, Republic of Croatia, registered under registration No. (MBS) 050000185, PIN (OIB): 38182927268 (the **Security Agent**).

The Securities Note is dated 22 October 2020. Together with the registration document dated 30 September 2020 approved by the National Bank of Slovakia by decision No. 100-000-252-629 to file No. NBS1-000-053-914 that became valid and effective (in Slovak: *právoplatné*) on 7 October 2020 (the **Registration Document**), this Securities Note form part of the base prospectus, consisting of separate documents (the **Base Prospectus**) within the meaning of Article 8(6) of 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**). This Securities Note has been drawn up pursuant to Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing the Prospectus Regulation with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 and pursuant to Article 25(2) and Annexes 14, 21 (as regards the Guarantee) and 22 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 (the **NBS**) has approved this Securities Note as the competent authority of the Slovak Republic pursuant to Section 120(1) of the Securities Act for the purposes of the Prospectus Regulation. This Securities Note 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 this Securities Note to the Czech National Bank (the **CNB**) as the competent authority of the Czech Republic under the Prospectus Regulation. The Securities Note is subject to subsequent publication pursuant to Article 21 of the Prospectus Regulation. **The NBS only approves this Securities Note 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, the Guarantor or an endorsement of the quality of the Bonds that are the subject of this Securities Note.**

**This Securities Note shall be valid for the use as part of the Base Prospectus until 28 October 2021. The obligation to supplement the Securities Note in the event of a significant new factor, material mistake or material inaccuracy does not apply when the Securities Note is no longer valid.** Anytime during the validity of the Securities Note, a supplement to the Securities Note (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.

**Investing in Bonds involves risks. Prospective investors should make their own assessment as to the suitability of investing in the Bonds. Prospective investors should consider the factors described in section 2 of the Securities Note headed "Risk Factors".**

The total principal amount of all outstanding Bonds issued under the Programme shall not exceed at any time EUR 80,000,000 (or its equivalent in a foreign currency). The minimum maturity of any Bonds issued under the Programme shall be 12 months. No maximum maturity of any Bonds issued under the Programme has been determined. The Issuer shall prepare and publish the final terms (in Slovak: *konečné podmienky*) for each Issue (the **Final Terms**) under the Programme and a summary for each Issue (the **Summary**), if the Summary is required under applicable law. The Final Terms will contain such parameters and conditions of relevant Issue, which are unknown at the time of preparation of the Securities Note and/or several variants indicated in the Securities Note. The Final Terms and (if relevant) the Summaries shall be submitted to the NBS and published according to the Prospectus Regulation, and will constitute, together with the Base Prospectus (consisting of this Securities Note and the Registration Document, as amended by later Supplements), the entire information about each Issue within the Programme.

The Issuer may apply for admission of the Bonds to trading on the regulated free market of Bratislava Stock Exchange (*Burza cenných papierov v Bratislave, a.s.*) (the **BSSE**) or on the regulated market of Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*) (the **PSE**), the regulated markets for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (**MiFID II**), in compliance with the legal regulations and rules of the stock exchange. However, there is no guarantee, whether the BSSE or the PSE admits the Bonds to trading. The relevant Final Terms will specify the regulated market to which the application for admission to trading will be submitted.

*Lead Manager***J&T BANKA, a.s.**

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## 1. GENERAL DESCRIPTION OF THE PROGRAMME

*The following section contains a general description of the Programme for the purposes of Article 25(1)(b) of the DR. The general description does not provide complete information on the Programme and the Bonds.*

*Prospective investors should carefully read the information set out elsewhere in the Base Prospectus (consisting of this Securities Note and the Registration Document) prior to making an investment decision in respect of the Bonds and, in relation to the terms and conditions of an Issue, also the applicable Final Terms and the Summary.*

### **PRINCIPAL PARTIES**

**Issuer:** 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, registered in the Commercial Register of the District Court Bratislava I, section: Sro, insert No.: 130985/B, LEI: 097900CAIT0000250277

**Guarantor:** Auctor Holding, a.s., a 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.: 083 64 028, registered in the Commercial Register maintained by the Municipal Court in Prague under file No. B 24583

**Lead Manager:** J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No. (IČO): 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B

**Arranger:** J&T IB and Capital Markets, a.s., with its registered office at Sokolovská 700/113a, Karlín, 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

**Security Agent:** J&T banka d.d., a bank incorporated and existing under Croatian law, with its registered office in Varaždin, Postal Code 42000, Aleja Kralja Zvonimira 1, registered in the Court Register of the Commercial Court in Varaždin under registration no. (MBS) 050000185, PIN (OIB): 38182927268

**Administrator, Listing Agent and Calculation Agent:** J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No. (IČO): 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B

The Issuer is authorised to appoint another or additional administrator and/or listing agent).

## **THE PROGRAMME**

<b>Programme Description:</b>	The bonds programme of up to EUR 80,000,000 under which the Issuer may issue continuously or repeatedly Bonds under the laws of the Slovak Republic secured by the guarantee issued by Auctor Holding, a.s. and certain assets of Auctor Group in Croatia and the Czech Republic.
<b>Programme Size:</b>	The total principal amount of all outstanding Bonds issued under the Programme shall not exceed at any time EUR 80,000,000.
<b>Approval and term of the Programme:</b>	The establishment of the Programme was approved by the decision of the Issuer's directors (in Slovak: <i>konatelia</i> ) on 22 October 2020 and by the decision of the sole shareholder of the Issuer dated 22 October 2020. The Programme has been established for 10 years.
<b>Distribution:</b>	The Bonds will be offered in primary and secondary offering in the form of a public offer in the Slovak Republic and/or the Czech Republic through the Lead Manager or through other financial intermediaries. The Lead Manager will carry out activities relating to issue and subscription of the Bonds within the primary offering (subscription).
<b>Currencies:</b>	The Bonds will be denominated in Euro (EUR).
<b>Maturities:</b>	The Bonds will have the maturities specified in the relevant Final Terms. The minimum maturity of any Bonds issued under the Programme shall be 12 months. No maximum maturity has been determined.
<b>Form of Bonds:</b>	<p>The Bonds will be issued as book-entered securities (in Slovak: <i>zaknihované cenné papiere</i>) in bearer form (in Slovak: <i>vo forme na doručiteľa</i>) under the laws of the Slovak Republic.</p> <p>No global certificates, definitive certificates or coupons will be issued with respect to any Bonds.</p>
<b>Types of Bonds:</b>	The Bonds may be issued as (i) bonds with zero coupon (in Slovak: <i>bez úrokového výnosu</i> ) and their interest is determined as the difference between the principal amount of the Bonds and their issue price or (ii) bonds bearing a fixed interest rate throughout their term.
<b>Bondholders' put option:</b>	If the Change of JTPEG's Shareholding Interest occurs, each Bondholder will be entitled under Condition 15.3 of the Common Terms to request the Issuer to repurchase all the Bonds owned by it and the Issuer shall be obliged to purchase such Bonds at prices specified in the Final Terms.
<b>Taxation and no increase due to withholding tax:</b>	<p>The payments of the Principal Amount and interest income from the Bonds will be subject to withholding tax, levies or other charges as required by the laws of the Slovak Republic applicable as at the Payment Date.</p> <p>If any such withholding of taxes, levies or other charges is required by the Slovak laws effective on the Payment Date, the Issuer will not be obliged to pay any additional amounts to their recipients as a result of these withholdings of taxes, levies or charges.</p>
<b>Cross – default:</b>	The Bonds include a cross-default and cross-acceleration provisions.

<b>Status of obligations:</b>	The obligations under the Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer. The Bonds are and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with any present and future direct and similarly secured obligations of the Issuer which have the same ranking in liquidation or insolvency, with the exception of such liabilities treated preferentially under applicable mandatory laws.
<b>Guarantee:</b>	The Bonds will be unconditionally and irrevocably guaranteed by the Guarantor under a letter of guarantee governed by Slovak law.
<b>Security:</b>	In addition to the Guarantor's Guarantee, the Bonds will also be secured by pledges over Auctor Group shares under Croatian law and pledges over certain receivables of the Issuer and the Auctor Group under Slovak law and Czech law.
<b>Credit and indicative rating:</b>	The Bonds have not been assigned with a rating by a company registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. The Bonds do not have a separate rating nor are the Bonds expected to be assigned a rating.
<b>Approval of the Securities Note:</b>	<p>This Securities Note has been approved by the NBS as part of the Base Prospectus drawn up as separate documents in accordance with the Prospectus Regulation.</p> <p>The Issuer may request the NBS to notify the approval of this Securities Note to the Czech National Bank.</p>
<b>Listing and admission to trading:</b>	The Issuer may apply for admission of the Bonds to trading on the regulated free market (in Slovak: <i>regulovaný voľný trh</i> ) of Bratislava Stock Exchange (in Slovak: <i>Burza cenných papierov v Bratislave, a.s.</i> ) or on the regulated market (in Czech: <i>regulovaný trh</i> ) of Burza cenných papírů Praha, a.s., in compliance with the respective legal regulations and rules of the respective stock exchange, in each case as will be specified in the relevant Final Terms.
<b>Settlement</b>	The primary settlement of the Bonds will be in each case through Slovak Central Securities Depository (in Slovak: <i>Centrálny depozitár cenných papierov SR, a.s.</i> ).
<b>Governing law:</b>	<p>The Bonds, the Guarantee and the Programme and any non-contractual obligations arising out of or in connection with the Bonds, Guarantee and the Programme will be governed by, and shall be construed in accordance with, Slovak law.</p> <p>The pledges will be governed by Czech, Slovak or Croatian law, based on the location of the collateral.</p>
<b>US selling restrictions:</b>	Regulation S, Category 2 of the United States Securities Act of 1933.

## 2. RISK FACTORS

*Purchase and holding of the Bonds are associated with a number of risks; those considered material by the Issuer are specified in this section of the Securities Note.*

*The description of the risk factors given below is neither exhausting nor substitutes a professional analysis or information given in this Securities Note, does not restrict any rights or obligations arising out of this Securities Note and in no case constitutes a recommendation to invest.*

*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 Bondholders. 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.*

### 2.1 Risk Factors Relating to the Bonds

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

- (i) *risk factors arising from the basic nature and the Terms and Conditions of the Bonds;*
- (ii) *legal and regulatory risk factors; and*
- (iii) *risk factors related to holding and trading of the Bonds.*

#### **Risk factors arising from the basic nature and the Terms and Conditions of the Bonds**

##### ***Risk related to the bonds with a fixed interest rate***

Bondholders holding bonds with a fixed interest rate are exposed to a risk of a decline in the value of such bonds as a result of a change in the market interest rates. While the nominal interest rate of the bonds is fixed for the life of the bonds, the actual interest rate on the capital market (for the purpose of this paragraph, the **Market Interest Rate**) is subject to change. As the Market Interest Rate changes, the value of the bonds changes too, but in the opposite direction. Hence, when the Market Interest Rate increases, the value of fixed-rate bonds usually falls to the level where the yield on these bonds is approximately equal to the Market Interest Rate. However, if the Market Interest Rate falls, the price of the fixed-rate bonds generally rises to a level when the yield on such bonds approximately equals the Market Interest Rate.

##### ***Risk of the zero coupon bonds***

The Bondholders of zero coupon bonds are exposed to the risk that the price of such bonds will fall as a result of changes in the interest rates, while the prices of these bonds are more volatile than prices of the bonds with a fixed interest rate and are likely to respond to a greater degree to market interest rate changes than interest bearing Bonds with similar maturity.

##### ***Risk of early redemption of the Bonds decided by the Issuer***

The Issuer may decide on the early redemption of the entire or part of the Issue on the dates specified in the Final Terms. Such a decision may be made by the Issuer regardless of the will of the remaining Bondholders. In such a case, the Issuer will pay the Bondholders their principal amount and any proportional part of the interest income accumulated until the early maturity date as of the specified early maturity date. In the event of early maturity of the Issue, the total income from the Bonds may be lower than expected by the Bondholders until their final maturity. The Bondholders who intended to hold the Bonds to maturity may be forced to make changes to their portfolio or investment strategy earlier than originally expected due to the early redemption of the Bonds.

##### ***Risk of acceleration of repayment of Bonds in special cases***

Security for the Bonds secures all Issues issued under the Program and potentially also bonds issued in the future under Czech law that may be issued by a Czech subsidiary of the Guarantor. Due to the sharing of the Security and the need to enforce it jointly, there may be situations where the Security Agent will be forced to accelerate the repayment of the Bonds even if the Bondholders do not decide to do so.

***Indicated maximum issue volume of the Bonds may not be binding***

The total amount of the Issue specified in the Final Terms represents the maximum volume of relevant Issue, while the actual placed volume of the Issue may be lower and may vary during the life of the Bonds by the Maturity Date. The total volume depends on the demand for the Bonds, on buybacks of the Bonds by the Issuer or on their early repayment. No conclusion may therefore be drawn from the indicated aggregate principal amount of the Bonds offered and issued with regard to the liquidity of the Bonds in the secondary market.

**Legal and regulatory risk factors*****The Bonds are not covered by any (statutory or voluntary) protection scheme***

The Bonds are not covered by any statutory or protection scheme. In addition, no voluntary deposit guarantee scheme exists for the Bonds. In the event of the insolvency of the Issuer or Guarantor, investors in the Bonds therefore cannot rely on any (statutory or voluntary) protection scheme to compensate them for the loss of capital invested in the Bonds and might lose their entire investment.

***Subordination risk***

According to Slovak Act No. 7/2005 Coll. on bankruptcy and restructuring, amending and supplementing certain acts (the **Bankruptcy Act**), any obligation of the Issuer whose creditor is or was at any time during its existence a person who is or was an affiliate of the Issuer pursuant to Section 9 of the Bankruptcy Act (the **Affiliated Obligation**) will be (A) in the bankruptcy of the Issuer conducted in the Slovak Republic automatically by law subordinated to all other unsubordinated obligations of the Issuer and this Affiliated Obligation will not be satisfied before the satisfaction of all other unsubordinated obligations of the Issuer against the creditors who filed their claims within the bankruptcy of the Issuer; (B) in the restructuring of the Issuer, the Affiliated Obligation may not be satisfied by equal or better manner than any other unsubordinated obligation of the Issuer against the creditors who filed their claims within the restructuring of the Issuer. Given the wording of the Bankruptcy Act, it may mean that a Bondholder who on its own is unrelated to the Issuer if it acquires the Bonds that at any time in the past were held by a person related to the Issuer may also become a creditor of the Affiliated Obligation. This shall not apply to the claims of a creditor who is not affiliated with the bankrupt and at the time of acquisition of the affiliated claim did not know and could not have known, despite using its professional care, that what it was acquiring was the affiliated claim. According to Section 95(4) of the Bankruptcy Act, it is assumed that the creditor of a claim under the Bonds acquired by a trade on a regulated market, multilateral trading facility or a similar foreign organised market was not aware of the affiliation of the claim.

This risk may also affect the Security Agent who may become an affiliate of the Issuer in the event of an increase in JTPEG's ownership interest in the Guarantor above approximately 50.5%. This is due to the ultimate personal interconnection between the JTPEG Group and the J&T Finance Group of which the Security Agent is a part. The position of an affiliated creditor could have a very negative effect on the Guarantor's ability to recover receivables under the Bonds and their Security in the event of the Issuer's bankruptcy in the Slovak Republic.

This risk however should not be relevant in case of enforcement of claims, including in insolvency proceedings, against the Guarantor, which is Czech entity and not subject to Slovak Bankruptcy Act and its subordination rules. Security in the form of a pledge also secures the receivables of the Guarantor under the Guarantee.

***Tax cost risk and withholding tax risk***

The Investors may have to pay taxes or other fees in accordance with the laws and customs of the country where the Bonds are transferred or of another country relevant in the given situation. Official statements of tax authorities or court decisions regarding financial instruments as the Bonds may not be available in certain countries. Primarily in the case of a public offer in the Czech Republic, when acquiring, selling or redeeming the Bonds, the investors should not rely on the general brief summary of tax issues contained in this Securities Note, they should seek advice of tax advisors regarding their individual taxation. Any changes of tax regulations could result in the income on the Bonds lower than

originally anticipated by the investors or in amount paid in the case of sale or redemption of the Bonds lower than originally anticipated.

Income from the Bonds paid to certain categories of investors is subject to withholding tax. For example, 19% in the case of a tax resident – a natural person – of the Slovak Republic and 35% in the case of a tax resident of a country with which the Slovak Republic has not entered into the relevant treaty. The Bondholder must bear all tax obligations that may arise from any payment made in connection with the Bonds, regardless of the jurisdiction, governmental or regulatory authority, state department, local tax requirements or fees. The Issuer will not compensate the Bondholders for any taxes, fees or other costs or deductions paid.

#### ***Exchange rate risks and exchange controls***

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

#### **Risk factors related to holding and trading of the Bonds**

##### ***Risk of reduction of the orders and termination or suspension of the offer***

Investors should be aware that the Lead Manager is entitled to reduce the volume of Bonds specified in investors' orders / instructions at its sole discretion, in accordance with the Lead Manager's order execution strategy and applicable law, including Directive 2014/65/EU of 15 May 2014 on markets in financial instruments, as amended (**MiFID II**), whereby any excess payments, if any, will be returned to the investor's account without undue delay. In the event of reduction of the order, the potential investor will not be able to make an investment in the Bonds in the amount originally intended. Therefore, reduction of the order may have a negative effect on the value of the investment in the Bonds. The Issuer may also suspend or terminate the offer at its discretion, and further orders will not be accepted after such suspension or termination of the offer.

##### ***Risk of insufficient liquidity of the Bonds when trading on the secondary market***

The Issuer intends to request that the Bonds be admitted to trading on the regulated free market of the BSSE or PSE, but even if the Bonds are admitted to trading (which cannot be guaranteed), this fact may not lead to higher liquidity of the Bonds. In an illiquid market, it may be not possible to sell the Bonds for the adequate market price at any time. The Issuer has not undertaken to repurchase the Bonds from the Bondholders, i.e. the Issuer will not provide liquidity. Trading in the Bonds on the BSSE or PSE may be suspended, interrupted or terminated for several reasons, and the Issuer may not have an influence on such an event (events). The Issuer assumes that trading in the Bonds will not be liquid, which may have a negative impact primarily on investors who have invested in the Bonds for the purposes of trading and generating a profit from their trading and not holding term to maturity.

##### ***Inflation***

The Bonds do not contain the inflation clause and the fair value of investment in the Bonds may fall with the falling value of the currency due to inflation. Inflation also causes the reduction of real yield on the Bonds. If the amount of inflation exceeds the amount of nominal yield on the Bonds, the value of real yield on the Bonds will be negative. According to the Statistical Office of the Slovak Republic, the annual year-to-year inflation rate in the Slovak Republic in September 2020 was 1.4%.

***Risk of differences in terms and prices of the Bonds in the case of a parallel primary/secondary offers***

The terms of the primary offer (performed by the Issuer through the Lead Manager) and the secondary offer (performed by the Lead Manager), if executed in parallel, may differ (including the price and fees charged to an investor). If the investor subscribes or buys the Bonds for a higher price (the price means either the issue price in the primary offer or the purchase price in the secondary offer), the investor bears the risk that the overall return on his investment will be lower than if he had subscribed or bought the Bonds at a lower price. The price and its total amount may also reflect the fees of the Lead Manager or third parties associated with the offer (primary or secondary) and the registration of the Bonds that are charged to the investor.

***The return on an investment in the Bonds may be affected by fees, taxes and other expenses***

The overall rate of return of the investments in the Bonds will be affected by the level of fees charged by the person intermediating the purchase/sale of the Bonds or charged by the relevant settlement system or custodians (administrators) used by the investor. Investors should be thoroughly familiar with these fees before making an investment decision. The amount of income (amounts to be paid to the Bondholders) may also be affected by other payments made in connection with the Bonds (for example, taxes and other expenses).

***Credit spread risk***

The Bonds carry the credit spread risk of the Issuer and the Guarantor, which during the life of the Bonds could widen, resulting in a decrease in the market price of the Bonds. Factors influencing the credit spread include, among other things, the creditworthiness and credit rating, probability of default, recovery rate, and remaining term to maturity of the Bonds. The liquidity rate, the general level of interest rates, overall economic developments, and the currency in which the Bonds are issued may also have a negative effect on the credit spread.

**2.2 Risk Factors Relating to the Guarantee and the Security*****Credit risk of the Guarantor***

The obligations of the Guarantor under the Guarantee are secured by other Security (pledges), however, the Bondholders are still exposed to the credit risk of the Guarantor and, ultimately and indirectly, of its subsidiaries (the **Auctor Group**). Relevant risk factors concerning the business and financial situation of Auctor Group are described in the Registration Document.

***Risk of new indebtedness or obligations of the Guarantor***

The terms of the Bonds do not restrict the Guarantor from taking new indebtedness or assuming new obligations under guarantees for liabilities of Auctor Group entities or otherwise. This means that the Guarantor's liabilities may rise even significantly during the terms of the Bonds, thus increasing the relative credit risk of the Guarantor being able to meet its obligations under the Guarantee.

***Risk of enforcement in different jurisdictions***

The Bonds within the Programme will be issued by the Issuer, which is incorporated under Slovak law, and will be secured by the Guarantee in the form of a guarantee (in Slovak: *ručiteľské vyhlásenie*) from the Guarantor, which has the legal form of a joint stock company under Czech law.

The Bonds and the Guarantee are governed by Slovak law. For the purposes of enforcing any private-law claims against the Issuer and / or the Guarantor related to the purchase or holding of the Bonds, the courts of the Slovak Republic are competent.

Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (recast) (the **Brussels I Recast**) is directly applicable in the Czech Republic. Based on the Brussels I Recast, the court judgments issued by judicial authorities of the EU Member States (including the Slovak Republic) in civil and commercial matters are, save for certain exemptions, enforceable in the Czech Republic and *vice versa* judgments issued by judicial authorities in the Czech Republic in civil and commercial matters are enforceable in the EU Member States (including the Slovak Republic).

In the event of insolvency, bankruptcy or other similar event, legal proceedings may also be initiated against the Guarantor in the Czech Republic. Such multi-jurisdictional court proceedings are generally complicated and costly for creditors and may result in greater uncertainty and delay regarding the enforcement of the rights under the Guarantee. In addition, it is not clear in which country the Guarantor's bankruptcy proceedings should be administrated. The jurisdiction of the insolvency court would be assessed depending on the determination of the Guarantor's centre of main interests under Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings.

Therefore, laws other than the insolvency law of the Guarantor's jurisdiction of incorporation may also apply to the Guarantor. All of these circumstances may adversely affect the ability of the Bondholders to enforce their rights under the Guarantee.

***Risk of the Security being shared with other creditors and the risk of inter-creditor agreement***

The terms of the Bonds and the Pledge Agreements permit that the Security may be used to secure also the liabilities for other bonds or indebtedness of Auctor Group. In particular, it is envisaged that a Czech special purpose company, the Czech Issuer, may issue further bonds under Czech law which will be secured by pledges over the same assets of Auctor Group as is the case with the Bonds under the Programme. This means that the Bondholders may not have exclusive right for compensation from the sale of the pledged assets of Auctor Group, but such proceeds may be shared with other creditors of Auctor Group. Although the Bondholders' claims will always rank at least *pari passu* with the claims of such other creditors of Auctor Group and the terms of the Bonds include provisions on maintaining debt-to-value ratios (i.e. the ratios between the value of certain debt of Auctor Group and value of collateral used to secure such debt), the Bondholders should be aware that the benefits and proceeds of the Security may not belong exclusively to the Bondholders, but will be shared on a *pari passu* basis with certain other creditors of Auctor Group.

Sharing of the benefits of the Security will be governed by an intercreditor agreement, which may be entered into by the Security Agent and such intercreditor agreement will be *de facto* binding on the Bondholders and may further adjust their rights in respect of the Security. The Security Agent is also authorised to enter into necessary amendments of the Pledge Agreements or new Pledge Agreements with the aim to achieve that the benefits and proceeds of the Security will be shared between the Bondholders and other creditors of Auctor Group.

***Risk relating to the Security Agent***

When establishing and enforcing pledges, the Bondholders are represented by the Security Agent, who is the joint representative of the Bondholders under the Act on Bonds, while the pledge is established only in favour of the Security Agent. Therefore, the Bondholders may not individually enforce the pledge and must bring their claims under the Bonds to not jeopardize the legal effects of the pledge.

The terms of the Bonds in certain cases permits change of the Security Agent without the consent of the Bondholders. In certain events, change of the Security Agent associated with the assignment or re-establishment of the Security poses a risk to the enforceability and legal effectiveness of the Security.

In the event of a pledge enforcement, the Security Agent will hold the proceeds obtained from the enforcement of the pledge before distributing them to the Bondholders through the Administrator. During this period, the Bondholders will be exposed to the credit risk of the Security Agent. The Security Agent also has the right to retain a consideration of 2% of the total proceeds of the Security in the event of the enforcement of the pledge and will also be entitled to deduct reimbursement of its purposefully incurred and documented expenses. These claims ultimately reduce the satisfaction of the Bondholders with the performance of the Security.

The terms of the Bonds and the Security Agent Agreement contain provisions defining the receivables that will be secured by the pledge, as well as provisions on the manner and principles of the enforcement of the pledge by the Security Agent. These provisions may be further supplemented or specified in the relevant pledge agreements or may result from the laws governing the establishment of the relevant pledge. These rules are intended to maximize the proceeds of the pledge enforcement, but may also cause the pledge enforcement to be prolonged.

### 3. 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, represent that they are solely responsible for the information provided in the Securities Note.

The Issuer accepts responsibility for the information contained in this Securities Note. 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 this Securities Note is up-to-date, complete, and true, in accordance with the facts and this Securities Note makes no omission likely to affect its import.

In Bratislava, on 22 October 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*)

#### 4. GUARANTEE

Pursuant to the Guarantee (in Slovak: *Ručiteľské vyhlásenie*), the Guarantor hereby unconditionally and irrevocably undertakes in accordance with Section 303 of the Commercial Code to the Security Agent, as joint and several creditor of any and all obligations under the Bonds, that if, for any reason, the Issuer or any Pledgor fails to fulfil any of the Secured Obligations (as defined below) when it becomes due and such failure is not remedied within 10 days, the Guarantor shall, upon written request of the Security Agent, pay such amount unconditionally and without any delay instead of the Issuer or relevant Pledgor in accordance with the Guarantee.

Section 306(1) of the Commercial Code shall not apply and the Security Agent shall not be obliged to request the Issuer or the Pledgor to fulfil the due Secured Obligation under the Bonds prior to exercising its rights under this Guarantee against the Guarantor.

For the purposes of this Guarantee, the **Secured Obligations** are any and all current and future, conditional and unconditional receivables of the Security Agent (as the joint and several creditor with each individual Bondholder in relation to any monetary obligation of the Issuer under the Bonds towards such Bondholder and the joint representative of the Bondholders) against the Issuer and any Pledgor, mainly the principal amount of the Bonds and any interest, default interest, costs, expenses and any other appurtenances or their part which have arisen or may arise under or in connection with the Bonds and/or any Pledge Agreement; in each case without any double counting.

For the avoidance of doubt, as individual Bondholders have the benefit of the Guarantee only through the Security Agent, the Guarantor has no obligation to make any payments to any individual Bondholder under the Guarantee.

The obligations of the Guarantor under the Guarantee represent direct, general, unconditional, unsecured and unsubordinated obligations of the Guarantor that are equivalent (*pari passu*) without any preferences and at least equivalent (*pari passu*) with all other current or future direct, general, unconditional, unsubordinated and unsecured obligations of the Guarantor, with the exception of those obligations that may have priority solely by virtue of mandatory provisions of the law applicable to the rights of creditors generally.

The Guarantor hereby declares and acknowledges that it has acquainted itself with the Base Prospectus (consisting of the Registration document and the Securities Note) and the Administrator Agreement, agrees with them and shall be bound by their wording including any possible amendments and additions thereto, to the extent these documents govern the status, rights and obligations of the Guarantor.

The Guarantor shall make each payment under this Guarantee to the Security Agent promptly (within three business days) without any objections to the account of the Security Agent specified in its request. All payments made by the Guarantor instead of the Issuer or relevant Pledgor under this Guarantee will be without any deduction of taxes, levies or other charges, except if the Issuer or the Administrator is required to make such deductions in accordance with the Common Terms.

The Guarantor hereby represents and guarantees to the Security Agent from the effective date of the Guarantee until full satisfaction of all Secured Obligations that:

- (a) it is authorised to validly issue the Guarantee, exercise the rights and perform the obligations arising out of the Guarantee;
- (b) it has all necessary authorisations and competences to issue the Guarantee; and
- (c) it has made and received all corporate and other approvals required to issue the Guarantee and to perform its obligations under the Guarantee.

The Guarantee and its construction as well as all non-contractual obligations out of or in connection with it, are governed by the laws of the Slovak Republic. The Guarantee represents a security of the Bonds under Section 20b of the Act on Bonds. All disputes, claims, differences or discrepancies arising out of or in connection with the Guarantee, including all disputes regarding its existence, validity, construction, performance, breach, or termination and the consequences of such termination, disputes

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relating to the non-contractual obligations arising out of or in connection with the Guarantee shall be finally resolved before a competent court in the Slovak Republic.

If any provision of the Guarantee is or becomes in any aspect illegal, invalid or unenforceable under the laws of any jurisdiction, it shall not affect the validity or enforceability of the remaining provisions of the Guarantee, or the validity or enforceability of this provision under the laws of any other jurisdiction.

The Guarantee shall become valid and effective upon execution by the Guarantor and shall remain effective in its entirety until the satisfaction of all Secured Obligations.

Executed copy of the Guarantee is 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 Securities Note remains valid.

**5. DOCUMENTS INCORPORATED BY REFERENCE**

The following document is incorporated by reference into this Securities Note and the Securities Note should be read and construed in conjunction with information from the following document:

- (a) The Guarantee, prepared in bilingually in Slovak and English language, available at the following hyperlink:

<http://auctorfinance.sk/sites/default/files/Ru%C4%8Dite%C4%Besk%C3%A9%20vyhl%C3%A1senie.pdf>

The original and governing language of the above document is Slovak language. The Issuer is responsible for its translation into English and declares that such translation is an accurate and not misleading translation in all material respects.

**Other than, in relation to the documents, which are deemed to be incorporated by reference listed in this section of the Securities Note, the information on the websites to which this Securities Note refers does not form part of this Securities Note 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 Securities Note remains valid:
- (i) this Securities Note and any updates thereof in the form of any Supplement(s) to the Securities Note (if any);
  - (ii) the Guarantee;
  - (iii) the Registration Document and any updates thereof in the form of any supplement(s) to the Registration Document (if any);
  - (iv) the Security Agency Agreement; and
  - (v) the Pledge Agreements.
- (2) 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*", until the maturity of the relevant Issue:
- (i) the Final Terms prepared for the relevant Issue;
  - (ii) the Summary (if applicable) prepared for the relevant Issue that will be attached to the relevant Final Terms;
  - (iii) notices to the Bondholders of the relevant Issue; and
  - (iv) minutes of the meetings of the Bondholders of the relevant Issue.

## 7. COMMON TERMS

*This section of the Securities Note contains certain information in square brackets that do not contain specific information or contain only a general description (or general principles or alternatives). This unknown information, at the moment of preparation of the Securities Note, concerning the Bonds, will be completed by the Issuer for individual issues of the Bonds in the Final Terms (as defined below) which will be prepared and published in the form specified in section 8 of the Securities Note designated as the "Form of Final Terms".*

*The text in this section 7 stated in italics is merely a guidance to the preparation of the Final Terms and is not part of the final legally binding text of the relevant Terms and Conditions (as defined below) of the relevant issue of the Bonds.*

### 7.1 Common Terms

*All issues of the Bonds to be issued under the Programme will be governed by the Common Terms set out in this section 7 of the Securities Note (the **Common Terms**) and Part A of the respective Final Terms. Pursuant to Article 8(4) and (5) of the Prospectus Regulation, the Final Terms mean a document designated as the "Final Terms" to be prepared and published by the Issuer with regard to individual issues of the Bonds, and which will contain particular information the description of which is given in the Common Terms or elsewhere in this section 7 in square brackets and which is so designated to be indicated or specified in the Final Terms of the specific issue (the **Final Terms**).*

*This section 7.1 together with Part A of the Final Terms replaces the terms and conditions (in Slovak: emisné podmienky) of the respective issue of the Bonds (the **Terms and Conditions**).*

*For the sake of clarity, the sections and paragraphs in the Common Terms (as the sections and paragraphs also the "**Conditions**") are numbered separately.*

*For the avoidance of doubt, the term "Bonds" in the Terms and Conditions and in the terms and conditions of the offer in section 7.2 refers only to the bonds of the particular issue and shall not be construed as referring to any bonds issued continuously or repeatedly by the Issuer under the Programme (as defined below).*

## 1. GENERAL

**1.1** The bonds are issued under Slovak law by Auctor Finance, s. r. o., a limited liability company (in Slovak: *spoločnosť s ručením obmedzeným*) incorporated under the laws of the Slovak Republic, with its registered office at Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic, Identification No. (IČO): 51 901 811, registered in the Commercial Register of the District Court Bratislava I, Section: Sro, Insert No.: 130985/B (the **Issuer**) in accordance with the Slovak Act No. 530/1990 Coll., on Bonds, as amended (the **Bonds Act**) and the Act No. 566/2001 Coll. on Securities and Investment Services, Amending and Supplementing Certain Acts (the Securities Act), as amended (the **Bonds** and each particular issue of the Bonds as the **Issue**).

**1.2** The Bonds are issued within up to EUR 80,000,000 bonds issuance programme in accordance with Article 8 of the Prospectus Regulation (the **Programme**). The Programme was approved by the decision of the Issuer's directors (in Slovak: *konatelia*) dated 22 October 2020 and by the decision of the sole shareholder of the Issuer dated 22 October 2020.

**1.3** Unless otherwise stated in the Terms and Conditions, capitalised terms have the meanings assigned to them in Condition 25.1. In the Terms and Conditions, the reference to any provision of law or regulation is a reference to that provision as extended, amended or re-enacted.

## 2. FORM, TITLE, CURRENCY, NOMINAL VALUE, ISSUE DATE AND ISSUE PRICE

**2.1** The type (in Slovak: *druh*) of the security is secured bond (in Slovak: *zabezpečený dlhopis*), with the security in the form of a guarantee (in Slovak: *ručenie*) and pledge (in Slovak: *záložné právo*).

- 2.2 The title (in Slovak: *názov*) of the Bonds is [**Name**].
- 2.3 The ISIN of the Bonds allocated by the Central Depository (as defined in Condition 2.4 below) is [**ISIN**]. The FISN of the Bonds is [**FISN**].
- 2.4 The Bonds are being issued as book-entered securities (in Slovak: *zaknihované cenné papiere*) in the bearer form (in Slovak: *vo forme na doručiteľa*) in accordance with the Bonds Act and registered with Centrálny depozitár cenných papierov SR, a.s., with its registered office at Ul. 29. augusta 1/A, 814 80 Bratislava, Identification No.: 31 338 976, registered in the Commercial Register of District Court Bratislava I, section: Sa, insert No.: 493/B (the **Central Depository**).
- 2.5 The currency of the Bonds is EUR (euro). The anticipated total nominal value of the Issue (in Slovak: *najvyššia suma menovitých hodnôt*) is up to [**Aggregate Nominal Amount**]. The nominal amount (in Slovak: *menovitá hodnota*) of each Bond is [**Nominal Amount**] (the **Nominal Amount**) and the total number of the Bonds in the Issue is up to [**Number of Bonds in the Issue**].
- 2.6 The issue date of the Bonds is scheduled to be on [**Issue Date**] (the **Issue Date**). The Bonds may be issued in (i) a single series on the Issue Date or (ii) in tranches (in Slovak: *postupne po častiach (tranžiach)*) at any time during the period starting from the Issue Date until [**Offer End Date**] (the **Offer End Date**), which for the purposes of the Bonds Act will be also the issue period, in Slovak: *lehota na upisovanie*.
- 2.7 [**Issue Price** – *[for zero coupon bonds:* In determining the issue price (the **Issue Price**) and the interest of the Bonds as the difference between the Nominal Amount and the Issue Price, the annual yield to maturity of [**Projected Annual Yield to Maturity**] is considered. For the Issue Date as the first subscription day, the Issue Price according to the formula below is set to the [**Percentage Value of the Issue Price**] of the Nominal Amount. The Issue Price is given as a percentage of the Nominal Amount and is rounded to two decimal places, with no fees included in the calculation.

The Issue Price of each Bond subscribed after the Issue Date will be calculated according to the following formula:

$$IP = \frac{1}{(1 + [\mathbf{Projected Annual Yield to Maturity}])^{\text{Remaining Maturity}}} \times 100$$

where *Remaining Maturity* is the number of days from the Issue Date to the Final Maturity Date using the BCK Standard 30E / 360 Convention described in Condition 14.2.]

or

*[for fixed interest bonds:* The Issue Price of the Bonds issued on the Issue Date is equal to 100.00 per cent of their Nominal Amount (the **Issue Price**). The Issue Price each Bond subscribed after the Issue Date will be increased by corresponding accrued interest according to the following formula.

$$IP = 100\% + \left( \frac{[\mathbf{Annual interest rate}] \%}{360} \times PD \right)$$

where *IP* is the increased issue price expressed as percentage of the Nominal Amount of the Bond and *PD* is the number of days from the Issue Date to the subscription (sale) date, using the BCK Standard 30E / 360 Convention described in Condition 14.2.]]

- 2.8 The Bonds will be offered for subscription in form of a public offering in [**Country of the public offer** – [the Slovak Republic] or [Czech Republic] or [the Slovak Republic and the Czech Republic]].
- 2.9 The Issuer will apply for admission of the Bonds to trading on [**Regulated market information** – [the Regulated Market of BSSE] or [the [*regulovaný trh*] of the Prague Stock Exchange]].

### 3. THE RIGHTS ATTACHED TO THE BONDS

- 3.1 Each Bondholder has the right to redemption of the Nominal Amount (principal), the right to receive payment of the relevant interest income (if relevant), the right to attend and participate in the Meetings and the rights arising from the Security, in each case in accordance with the Terms and Conditions.
- 3.2 The rights attached to the Bonds are not restricted, except for the limitations under the law applicable to creditors' rights in general (in particular under the Bankruptcy Act) and the rights subject to the approval of the Meeting and rights exercised solely by the Security Agent, in each case, in accordance with the Terms and Conditions. The exercise of rights related to the Security may be also subject to the rules of the Intercreditor Agreement.
- 3.3 No pre-emption rights or exchange rights are attached to the Bonds.
- 3.4 There will be no separation of the right to receive interest payable under the Bonds through an issue of coupons as separate securities or otherwise (if relevant).

### 4. TRANSFERABILITY

- 4.1 Transferability of the Bonds is not restricted. However, to the extent permitted under applicable law, the transfers of the Bonds in the Central Depository may be suspended from the day immediately following the Record Date for Nominal Amount Repayment until the relevant Payment Date (as defined below) of the Nominal Amount in accordance with Condition 16.3 below.
- 4.2 The transfer of the Bonds will be effective upon the recording the transfer thereof in the Relevant Record-Keeping.

### 5. BONDHOLDERS

- 5.1 A **Bondholder** (in Slovak: *majiteľ dlhopisov*) is any person who is recorded as the owner of the Bonds (within the meaning under the Securities Act) in the Relevant Record-Keeping. If certain Bonds are registered on a holder's account maintained by the Central Depository, the Issuer reserves the right to rely on the authorization of each person registering Bondholders for the Bonds registered on the holder's account, to fully (directly or indirectly) represent a Bondholder and to exercise all legal acts *vis-à-vis* the Issuer on the account of that Bondholder in relation to the Bonds, as if the person were the owner of the Bonds.
- 5.2 Unless and until the contrary is conclusively proved to the Issuer, the Issuer and the Administrator shall treat each Bondholder for all purposes as the beneficial owner of the Bonds recorded in the Relevant Record-Keeping. Persons who are owners of the Bonds and who are not registered for any reason in the Relevant Record-Keeping will be obliged to promptly notify the Issuer and the Administrator in writing of such fact and of their acquisition of the ownership title to the Bonds.

### 6. JOINT REPRESENTATIVE OF THE BONDHOLDERS – SECURITY AGENT

- 6.1 Pursuant to Section 5d of the Bonds Act, J&T banka d.d., has been appointed as a joint representative of the Bondholders (in Slovak: *spoločný zástupca majiteľov dlhopisov*) (hereinafter also the **Security Agent**).
- 6.2 At the same time, the Security Agent shall be:
- (a) a joint and several creditor with each Bondholder in respect of all the Issuer's monetary obligations under the Bonds to such Bondholder; and
  - (b) the entity appointed as the security agent in relation to the Bonds in accordance with Section 20b(4) of the Bonds Act; and

- (c) subject to and in accordance with the Intercreditor Agreement, the Issuer may also undertake to pay to the Security Agent as joint and several creditor with each Bondholder amounts equal to, and in the currency of, any amounts owing from time to time by the Issuer to any Bondholder under the Bonds.

**6.3** The Security Agent is, in the manner and to the extent expressly defined in the Terms and Conditions, a joint representative of the Bondholders for:

- (a) the securing of the Bondholders' claims against the Issuer arising from the Bonds through the Security in accordance with Conditions 8.1 and 9.1;
- (b) exercise of the rights attached to the Security in accordance with Condition 10.4; and
- (c) collecting the proceeds from the enforcement of the Security and transferring such proceeds to the Administrator for the purpose of their distribution to the Bondholders.

**6.4** For the avoidance of doubt, the role of the Security Agent as a joint representative of Bondholders is limited to the above matters. In relation to other matters referred to in Section 5d (2) of the Bonds Act no joint representative has been appointed.

**6.5** To the extent that the Security Agent exercises the rights of the Bondholders associated with the Bonds and the Security, Bondholders may not exercise these rights separately. This is without prejudice to the voting rights of Bondholders.

## **7. STATUS OF THE BONDS**

**7.1** The Bonds constitute direct, general, unconditional and secured liabilities of the Issuer. The Bonds are and will rank *pari passu* among themselves and at least *pari passu* with any present and future direct and similarly secured and unconditional obligations of the Issuer which have the same ranking in liquidation or insolvency, with the exception of such liabilities treated preferentially under applicable mandatory laws. Under the same conditions, the Issuer must treat all Bondholders equally.

**7.2** Notwithstanding the foregoing, under the Bankruptcy Act, any obligation of the Issuer of which the creditor is or at any time during its existence was a person who is or has been a related person of the Issuer within the meaning of Section 9 of the Bankruptcy Act (**related party obligation**) will be (a) in bankruptcy of the Issuer (i) automatically subordinated by law to all other subordinated obligations of the Issuer and such related party obligation will not be settled before all other subordinated obligations of the Issuer towards creditors who have filed their claims and (ii) a creditor of such related party obligation will have no benefit of the Security and (b) in the Issuer's restructuring, the related party obligation cannot be satisfied, in the same or better way than any other subordinated liability of the Issuer towards the creditors who filed their claims.

## **8. DECLARATION AND COMMITMENT OF THE ISSUER**

**8.1** The Issuer declares that it owes the Nominal Amount of the Bonds and the applicable interest income (if applicable) to the Bondholders and jointly and severally with each Bondholder also to the Security Agent and undertakes to pay them the Nominal Amount of the Bonds and the applicable interest income (if applicable) in accordance with the Terms and Conditions.

**8.2** The Issuer also undertakes to pay to the Security Agent, as joint and several creditor with each Bondholder in respect of all the Issuer's monetary obligations under the Bonds to such Bondholder, amounts equal to, and in the currency of, any amounts owing from time to time by the Issuer to any such Bondholder under the Bonds.

## 9. SECURITY OF THE BONDS - GUARANTEE

- 9.1** The obligations of the Issuer under the Bonds are secured by a guarantee (the **Guarantee**) issued in favour of the Security Agent by Auctor Holding, a.s., a company incorporated and existing under Czech law, with its registered office in Prague, Pobřežní 297/14, Karlín, Postal Code 186 00, Czech Republic, identification no. 083 64 028, registered in the Commercial Register maintained by the Municipal Court in Prague under file no. B 24583 (**Auctor Holding** or the **Guarantor**).
- 9.2** According to the Guarantee, the Guarantor unconditionally and irrevocably undertakes, that if the Issuer fails for any reason to fulfil any Secured Liability (as defined below) on its due date, the Guarantor shall be obliged to pay such amount to the Security Agent on the first demand basis, promptly and without any objections instead of the Issuer.
- 9.3** The Guarantee secures, inter alia, the redemption of the Bonds through the Security Agent which is obliged to pay the proceeds from the enforcement of the Guarantee to the Administrator for the purpose of the distribution of such proceeds to the Bondholders to the extent of the outstanding monetary obligation of the Issuer under the Bonds and subject to provisions of the Intercreditor Agreement. The Security in the form of the Guarantee is created in favour of the Security Agent. The Bondholders shall not have any independent power to enforce, or have recourse to, the Guarantee or to exercise any rights or powers arising under the Guarantee except through the Security Agent.
- 9.4** In the Guarantee, the Guarantor will assume all liabilities and undertakes to fulfil all obligations expressed as liabilities and obligations of the Guarantor under these Terms and Conditions.
- 9.5** A copy of the guarantee is incorporated by reference into the Securities Note and one of its counterparts will be available for inspection to the Bondholders after prior notice during regular business hours at the Specified Office.

## 10. SECURITY OF THE BONDS - PLEDGES

- 10.1** The obligations of the Issuer under the Bonds and the obligations of the Guarantor under the Guarantee are secured by the following pledges (each a **Pledge**) granted by the persons specified below (each a **Pledgor**):

Name of security provider	Collateral	Security document(s)
The Guarantor	100% of shares the Guarantor holds in: (i) Auctor, (ii) Lipa-Promet; and 58.5% of shares the Guarantor holds in Auctor Kapital	share pledge agreement under Croatian law
Auctor	8,634 of shares Auctor holds in Medika	share pledge agreement under the Croatian law
Issuer	Receivables from an intra-group loan agreement between the Issuer as lender and the Guarantor as borrower	pledge of receivables from an intra-group loan agreement with the Issuer as lender under Czech law

Name of security provider	Collateral	Security document(s)
	Receivables from the agreement on opening and maintenance of the Sinking Account	pledge of receivables under Slovak law
	Receivables from the agreement on opening and maintenance of the Issuer's current account IBAN no. SK89 8320 0000 0012 0012 4045	pledge of receivables under Slovak law

(each security document above a **Pledge Agreement**)

- 10.2** Each Pledge secures, inter alia, the redemption of the Bonds through the Security Agent which is obliged to pay the proceeds from the enforcement of the Pledges to the Administrator for the purpose of the distribution of such proceeds to the Bondholders to the extent of the outstanding monetary obligation of the Issuer under the Bonds and subject to provisions of the Intercreditor Agreement. The Security in the form of the Pledges is created in favour of the Security Agent. The Bondholders shall not have any independent power to enforce, or have recourse to, any of the Pledges or to exercise any rights or powers arising under any Pledge Agreement except through the Security Agent.
- 10.3** Each Pledge Agreement will be entered into no later than three Business Days prior to the Issue Date of the first Bonds issued under the Programme. This does not apply to the Pledge Agreements constituting share pledge agreements under the Croatian law (as referred to in Condition 10.1 above) which will be entered into by the parties to it within 45 days following the Issue Date of the first Bonds issued under the Programme. A copy of each Pledge Agreement (as amended) and (once entered into) of the Intercreditor Agreement is available for inspection to the Bondholders after prior notice during regular business hours at the Specified Office.
- 10.4** Unless already perfected prior to the Issue Date, the Pledges will be perfected / registered in such order of priority and such time and manner as required under any applicable law and each Pledge Agreement (as amended), in any case, however, no later than 60 days after the Issue Date.
- 10.5** The Security Agent shall with respect to the Pledge Agreements governed by the laws of Croatia (the **Croatian Security Documents**) and the security interests created or expressed to be created thereunder (the **Croatian Security**) for the purposes of establishing, holding and enforcing such Croatian Security under the laws of Croatia act as joint and several creditor with each Bondholder in respect of all the Issuer's monetary obligations under the Bonds to such Bondholder and the Croatian Security Documents will be granted under a joint and several creditor structure for the benefit of all Bondholders.

## **11. SECURITY OF THE BONDS – COMMON PROVISIONS**

- 11.1** Each Bondholder by virtue of acquiring any Bond (whether through subscription, purchase or any other acquisition of the Bond) expressly consents and agrees:
- (a) that the Security will secure not only the obligations of the Issuer under these Bonds, but also the obligations of the Issuer under any other issue of the bonds under the Programme as well as obligations of the Czech Issuer under any bonds issued by it;
  - (b) that the Security Agent is in the position of a joint and several creditor in relation to any monetary obligations of the Issuer under the Bonds towards it, and thus that the Security Agent has its own and independent right to request that the Issuer fulfils the monetary obligations under the Bonds as they fall due;

- (c) that the Security Agent exercise any and all rights, powers and authorizations arising from the Bonds Act and these Terms and Conditions as a joint representative of the Bondholders in relation to the Security, including exercising of any the rights of the Security Agent in relation to any holding, establishment, enforcement, amendment, modification, making of decisions or releasing or waiving any rights in relation to the Security under the Guarantee, each Pledge Agreement and the agreement with the Security Agent (the **Security Agent Agreement**) and (once entered into) the Intercreditor Agreement;
- (d) with the entering into and binding nature of each Pledge Agreement and the Security Agent Agreement and (once entered into) the Intercreditor Agreement;
- (e) that only the Security Agent is entitled to enforce the Security in the form of the Guarantee and each Pledge and under no circumstance any individual Bondholders will have any rights to enforce the Security;
- (f) that commencement and conduct of enforcement of any Security and distributions of any proceeds from enforcement of any Security will be always (once entered into) subject to and in accordance with the Intercreditor Agreement and that the Intercreditor Agreement is, together with the Guarantee and each Pledge Agreement, deemed as a document on agreement on security in respect of the Bonds (in Slovak: *zmluva, ktorou sa dohodla záruka*) in accordance with Section 20b of the Bonds Act;
- (f) that pursuant to the Intercreditor Agreement (once entered into) and its provisions on instructions of majority creditors (that is, all Bondholders under the Programme and also all bondholders of the bonds issued by Czech Issuer) to the Security Agent:
  - (i) the Security Agent may be prevented or not entitled to enforce any Security even if the conditions or instructions of the Meeting for enforcement of the Security for the Bonds are given; and
  - (ii) the Security Agent may be entitled or obliged to enforce any Security even if the conditions or instructions of the Meeting for enforcement of the Security for the Bonds are not given;
- (g) with respect to the Croatian Security Documents and Croatian Security: for the purpose of taking, registering, perfecting and ensuring the continuing validity of the Croatian Security, subject to the laws of (or to the extent applicable to assets situated in) Croatia, the Security Agent and each of the Bondholders are individually joint and several creditors (in Croatian: *solidarnost vjerovnika*) in relation to any and all monetary obligations of the Issuer arising out of the Bonds; the Security Agent is entitled to register in its own name in all relevant registries any security created or purported to be created by any of the Croatian Security Documents and will have an independent right to demand performance in full by the Guarantor and each respective Pledgor of any monetary obligations secured by the security interests governed by the Croatian law on its due date.

**11.2** The relationship between the Issuer, the Guarantor, each Pledgor and the Security Agent in relation to any potential enforcement of the Security for the benefit of the Bondholders and in relation to certain other administrative acts related to the Security is governed, among others, by the Security Agent Agreement. A copy of the Security Agent Agreement will be available for inspection to the Bondholders after prior approval during regular business hours at the Specified Office and in electronic form on the designated section of the Issuer's website <http://www.auctorfinance.sk/>, part "Documents".

**11.3** The secured liabilities (or, as the case may be, the secured debts) are defined in the Guarantee and each Pledge Agreement and they include, inter alia, any and all current and future, conditional and unconditional receivables of the Security Agent (as the joint and several creditor and/or the joint

representative with each individual Bondholder in relation to any monetary obligation of the Issuer under the Bonds towards such Bondholder) against the Issuer, the Guarantor and each Pledgor together with interest (if applicable), default interest, costs, expenses and any other appurtenances or their part which have arisen or may arise under or in connection with the Bonds, the Guarantee and/or any Pledge Agreement (the **Secured Liabilities**).

- 11.4** The Issuer shall ensure that the Guarantor and each Pledgor will properly maintain the Security to full extent until all obligations of the Issuer under the Bonds are fulfilled.
- 11.5** The Security Agent, as the joint and several creditor and/or joint representative with each individual Bondholder (in relation to any monetary obligation of the Issuer under the Bonds towards such Bondholder), shall be entitled to request that the Issuer pay to it any sum which the Issuer is obliged to pay to any Bondholder in relation to any monetary obligation of the Issuer under the Bonds, including in relation to their enforcement through the enforcement of the Security. As a result, all Bondholders are obliged to exercise their rights under the Bonds which could in any way threaten the existence or quality of the Security (including the assertion and enforcement of any monetary receivable against the Issuer under the Bonds through the enforcement of the Security) only in cooperation with and through the Security Agent.
- 11.6** **Enforcement.** If any Event of Default occurs and, for the avoidance of doubt, any applicable remedy period has expired and subsequently the Meeting decides (i) to exercise the right to request the early redemption of the Nominal Amount of the Bonds and (ii) to enforce the Security in accordance with the Terms and Conditions, the Security Agent shall exercise the rights under the Guarantee in accordance with its terms and (once entered into) the terms of the Intercreditor Agreement.
- 11.7** If the Guarantor fails to provide sufficient performance and as a result the Secured Liabilities are not satisfied in full from the Guarantee, the Security Agent shall enforce the Security in the form of the Pledges, in its sole discretion in whole or in part, in any sequence, and in any of the manners permitted by the conditions set out in the Pledge Agreements, (once entered into) the Intercreditor Agreement and applicable law.
- 11.8** The Security Agent shall not (and will have no obligation to) take any action under Conditions 11.6 and 11.7 if such action would not be in compliance with the Intercreditor Agreement.
- 11.9** In each case, the Security Agent shall transfer the proceeds from the enforcement of the Security without undue delay to the Administrator's account for the purpose of their distribution to the Bondholders (and/or to creditors other than the Bondholders, as the case may be) in accordance with the Intercreditor Agreement (once entered into and) these Terms and Conditions after deduction of (i) its costs for the enforcement, (ii) other costs and fees as required by the mandatory provisions of the law governing the Security and (iii) the consideration in the amount of 2% of the proceeds from the enforcement of the Security in the form of the Pledges. The payment of the amount according to the preceding sentence to the Administrator shall mean that the Security Agent fulfilled its obligation towards the Bondholders in relation to such paid amount, and the Bondholders shall not be entitled to assert any other claims in relation to such paid amount against the Security Agent.
- 11.10** The Security Agent shall keep the Bondholders informed of the course of the enforcement of the Security on the content of each substantial information or document received or prepared by it in relation to the enforcement of the Security in a manner determined in the relevant decision of the Meeting.
- 11.11** **Distributions to the Bondholders.** If the proceeds from the enforcement of the Security (taking into account any distributions to creditors other than the Bondholders under the Intercreditor Agreement) is not sufficient for the payment of all monetary obligations under the Bonds, the individual Bondholders shall be satisfied from the proceeds from the enforcement of the Security on a pro rata basis, and the unsatisfied part of the monetary obligations under the Bonds shall be further enforced against the Issuer

in accordance with the applicable legal regulations. After such distribution, the Security Agent shall not be obliged to pay anything more to any Bondholder as it results from Section 515 of the Civil Code. Any surplus resulting from the proceeds from the enforcement of the Security (taking into account any distributions to creditors other than the Bondholders under the Intercreditor Agreement) shall be returned to the relevant Pledgor or a person designated by it without undue delay.

- 11.12** The Security Agent shall be obliged to record any funds received by the Security Agent in relation to the enforcement of the Security, including the proceeds from the Security (including any proceeds received in bankruptcy proceedings) separately from its other property, and it is not entitled to dispose of them, except for the payments under this Condition 10.4. The Security Agent shall not pay any interest on the received funds.
- 11.13 Release upon repayment.** If no outstanding monetary obligation of the Issuer under the Bonds exists towards any Bondholder, upon a written request of the Issuer or the Guarantor or Pledgor, the Security Agent shall issue a letter of release of the particular Pledge or a certificate confirming that the Guarantee or Pledge ceased to exist within ten Business Days and it shall be delivered to the Guarantor or relevant Pledgor without undue delay. The Security Agent shall provide the Issuer and/or the relevant Pledgor arranging for the deletion of the Pledge with reasonably required assistance for the purpose of deletion of the Pledge from the relevant register.
- 11.14 Obligation to release in specific cases.** The Security Agent is obliged to release a Pledge or its respective part in accordance with and under the terms of Condition 13.12 (*Sinking fund*) below.
- 11.15** The Security Agent is also obliged to release a Pledge over the shares in Auctor and Medika provided that all of the following conditions are met at the same time:
- (a) the Issuer has notified the Administrator, the Security Agent and, in the manner stipulated in Condition 23, also the Bondholders on the intention of the Guarantor to dispose of 100% shares it holds in Auctor to a third party at least 10 days before respective intended disposal date (the notification must contain basic information on the intended disposal to the extent of identification of (a) the purchaser, (b) consideration to be received by the Guarantor for such disposal and (c) intended date of such disposal);
  - (b) the Guarantor has transferred directly 100% of shares it holds in Auctor and, on that basis, indirectly 8,634 of shares it holds (through Auctor) in Medika, to a third party as purchaser in accordance with the Issuer's notification made under paragraph (a) above;
  - (c) The Guarantor has entered into an escrow agreement, the purchase price for the transfer of shares as stipulated above has been deposited in the relevant escrow account and all conditions of the escrow account agreement for the payment of the purchase price to the Guarantor have been met, except for the submission of the deed of release by the Security Agent for the security over the shares of Auctor and Medika, the submission of such a deed of release is therefore the last condition for the payment of the purchase price to the Guarantor from the escrow account;
  - (d) the Issuer has delivered a written request to the Security Agent in relation to release of the Pledge over shares in Auctor and Medika;
  - (e) no Event of Default exists as at the date of such Issuer's request, whereas, for this purpose, the Issuer will issue a written confirmation which will be delivered along with its request for release of the respective Pledge to the Administrator, the Security Agent and also made available to the Bondholders in the manner stipulated in Condition 23 and the Security Agent will be entitled to rely on such confirmation; and
  - (f) no decision of the Meeting on early redemption of the Bonds or enforcement of the Pledge has been adopted.

Provided that all conditions above are complied with, the Security Agent will release (waive) the respective Pledge over the shares in Auctor and Medika without undue delay (however no later than within 20 Business Days). In such case the Security Agent will also provide reasonably required assistance for the purpose of deletion of the Pledge over the shares in Auctor and Medika from the relevant register. The costs of the release of Pledge shall be borne by the Issuer or Guarantor.

If the shares of Auctor and Medika in respect of which the Security Agent has released the Pledge in accordance with the above, have not been disposed of in accordance with the Issuer's notice under paragraph (a) above (and in particular within the period specified by the Issuer in such notice), the Issuer shall ensure that the Guarantor enter into a new pledge agreement, in the form and substance substantially corresponding to the previous one, which shall immediately create a first-ranking pledge over the relevant shares of Auctor and Medika for the benefit of the Security Agent and shall inform the Bondholders of that fact, in the manner specified in Condition 23.

- 11.16 Liability of the Security Agent.** When performing its role, the Security Agent shall be obliged to act with due care and in accordance with the interests of the Bondholders of which it is aware or should be aware, and the instructions of the Meeting binding on it. This shall not apply, if such instructions are in conflict with the generally binding legal regulations and in conflict with the Terms and Conditions or (once entered into) the Intercreditor Agreement or if those instructions require such acts which are not in line with the common interests of all Bondholders.
- 11.17** The Security Agent shall exclusively have those obligations towards the Bondholders which are provided herein and in the Security Agent Agreement. The Security Agent does not have any obligation as agent (in Slovak: *komisionár, mandatár*), fiduciary or advisor towards the Bondholders. The Security Agent consents to its rights and obligations set out herein by entering into the Security Agent Agreement, and the Bondholders shall be entitled to claim their rights against the Security Agent, as defined herein, in accordance with the relevant provisions regarding the agreements entered into in favour of third parties pursuant to the Civil Code and the relevant provisions of the Bonds Act.
- 11.18** The Security Agent is not liable towards any Bondholder for any of its acts or omission to act, unless it results from its gross negligence or intentional misconduct. If as a result of the breach of the obligation by the Security Agent, any damage is incurred by any Bondholder, each Bondholder agrees that the Security Agent (if it is liable for damage under the preceding sentence) is obliged to compensate only the actual damage, not lost profits.
- 11.19** The Security Agent shall not be obliged to monitor or investigate whether the Event of Default or any other breach by the Issuer in relation to the Bonds has occurred. The Security Agent shall not be deemed aware of the occurrence of the Event of Default if it is not informed of such fact in accordance with these Terms and Conditions. The Security Agent shall not be liable for any delay (or its consequences) with the crediting of any amount to the account which it is obliged to remit hereunder, if the Security Agent has taken any and all required acts within the shortest possible time in order to meet the requirements arising from the regulations and procedures of the relevant payment system used by the Security Agent for this purpose.
- 11.20 Authorizations of the Security Agent.** If the Security Agent is not obliged to proceed in a certain specific manner under these Terms and Conditions, the Security Agent Agreement, the Intercreditor Agreement), any Pledge Agreement, the Guarantee or any decision of the Meeting in accordance with these Terms and Conditions, it shall be entitled to exercise its rights and perform its obligations in relation to the Security at its own discretion.
- 11.21** The Security Agent may conduct any business with the Issuer, the Guarantor or any Pledgor (including lending and related activities), it may acquire and hold the Bonds on its own behalf and account or for its clients and shall be entitled to the related consideration or profits.

**11.22** The Security Agent may refrain from any act or action if in its opinion such act or action could constitute a breach of the relevant legal regulation.

## **12. DEBT TO VALUE FINANCIAL COVENANT**

**12.1** Until all obligations arising under the Bonds are fully discharged, the Issuer will ensure that DTV is on each Reporting Date, falling within respective period below, not more than the value determined in per cent for each such period below:

Reporting Date falling within	1 January 2020 - 31 December 2021	1 January 2022 - 31 December 2022	1 January 2023 - 31 December 2023	1 January 2024 - 31 December 2024	1 January 2025 - 31 December 2025	1 January 2026 - 31 December 2026
DTV	<i>not tested</i>	80 per cent	77.5 per cent	75 per cent	72.5 per cent	70 per cent

**12.2 Equity Cure.** If, as at the end of any Relevant Period (the **Relevant Test Date**), DTV does not comply with the financial indicator specified in Condition 12.1, the Issuer, the Guarantor or the Czech Issuer may:

- (a) repay certain Financial Indebtedness forming part of the Total Debt; or
- (b) refinance certain Financial Indebtedness forming part of the Total Debt with a debt which is subordinated to other Financial Indebtedness forming part of the Total Debt,

in both cases (i) in compliance with underlying documents giving rise to respective Financial Indebtedness forming part of the Total Debt and (ii) in an amount at least necessary to cure that breach (the **Cure Amount**) within 30 Days after the earlier of (the **Compliance Date**):

- (a) the date when the Issuer learned or (if acting with due care) should have learnt about the breach of the financial covenant in Condition 12.1;
- (b) the date of the delivery of the Compliance Certificate (under Condition 13.8 below) relating to the Relevant Test Date; and
- (c) the date on which the Compliance Certificate relating to the Relevant Test Date was required to be delivered under Condition 13.8 below.

The Issuer will inform the Bondholders in the manner stipulated in Condition 23 whether the Issuer, the Guarantor or the Czech Issuer wishes to effect a cure under this Condition 12.2.

**12.3** Immediately, however no later than 10 Business Days, following the repayment or refinancing in accordance with Condition 12.2 above, the financial indicator in Condition 12.1 shall be retested at as the Relevant Test Date on a *pro forma* basis so that the Total Debt for the respective Relevant Period is decreased by an amount equal to the respective Cure Amount. Such retest shall be supported with a revised Compliance Certificate delivered by the Issuer on the date on which the repayment or refinancing in accordance with Condition 12.2 above becomes effective, specifying the Cure Amount and giving reasonable details of the calculations. If the retest shows that the Cure Amount is sufficient to achieve the compliance with Condition 12.1, then the financial indicator in Condition 12.1 shall be deemed to have been satisfied as at the original date of determination.

### 13. OTHER COVENANTS

Until all obligations arising under the Bonds are fully discharged, the Issuer will comply with the following obligations and will ensure that each respective person, as determined below, will comply with such obligations expressed as obligations of such person:

- 13.1 Negative pledge.** The Issuer will not, and will ensure that no other Pledgor will, create, or enable the creation of, any Other Security that would fully or partially restrict the Issuer's or any such Pledgor's rights to its current or future assets or income which is subject to the Security.

The restriction under this Condition 13.1 does not apply to any Permitted Security.

- 13.2 Security registration.** The Issuer undertakes to apply for (or, as the case may be, will ensure that the relevant Pledgor will apply for) and will ensure registration or other perfection of each security interest pursuant to Condition 10.1 and each negative pledge (an undertaking not to establish additional security) or other similar covenant or restriction in accordance with each underlying Pledge Agreement, (once entered into) the Intercreditor Agreement.

- 13.3 Limited Indebtedness.** The Issuer will not create, or enable the creation of, any new Financial Indebtedness of the Issuer.

The restriction under this Condition 13.3 shall not apply to any Permitted Financial Indebtedness.

- 13.4 Loans or credits.** The Issuer shall not be a creditor in respect of any Financial Indebtedness.

The restriction under this Condition 13.4 does not apply to any Permitted Loan.

- 13.5 Limited disposal.** The Issuer will not, and will ensure that the Guarantor will not, adopt any decision on distribution or distribute or pay any dividend (including dividend advance) or repay any shareholder loan to its shareholders (for the avoidance of doubt, the above restriction applies only in relation to shareholders who have a direct share in the registered capital of the Issuer or Guarantor (as applicable)).

The restriction under this Condition 13.5 shall not apply to any Permitted Distributions.

- 13.6 No mergers, etc.** The Issuer undertakes and will ensure that (unless the Meeting approves in advance the same) neither it nor the Czech Issuer participates in a merger, amalgamation, demerger, division, transfer of material assets to a shareholder or other corporate transformation, or changes its legal form, or invests in the registered capital of another company or in any way transfers, pledges or leases its enterprise or any part thereof.

The restriction under this Condition 13.6 shall not apply to:

- (a) creation by the Issuer of a pledge or any other security over or in relation to any of its assets in relation to the bonds issued or to be issued under the Programme;
- (b) creation by the Czech Issuer of a pledge or any other security over or in relation to any of its assets in relation to the bonds issued or to be issued by the Czech Issuer.

- 13.7 Audit.** The Issuer shall procure that its individual and Guarantor's consolidated annual financial statements are audited by the Auditor.

- 13.8 Financial information covenants.** In addition to any statutory or regulated market obligation of the Issuer concerning disclosure of any document or information, the Issuer and the Guarantor must publish and make available to the Bondholders in the manner stipulated in Condition 23 and within the below deadlines the below documents and information in Slovak or Czech:

- (a) by 30 April of each year, the Issuer's audited individual annual financial statements prepared in accordance with the Accounting Principles;
- (b) by 30 June of each year, the Guarantor's audited consolidated annual financial statements prepared in accordance with the Accounting Principles; and
- (c) by 30 April of each year, the Czech Issuer's audited individual annual financial statements prepared in accordance with the Accounting Principles.

No later than on each respective Reporting Date, the Issuer must publish and make available to the Bondholders in the manner stipulated in Condition 23 a compliance certificate executed by the authorised representative of the Issuer:

- (i) on compliance with Condition 12.1 based on the relevant financial statements, setting out (in reasonable detail) the computation as to such compliance; and
- (ii) containing a confirmation that 75% of the revenues, as evident from the latest Guarantor's audited consolidated annual financial statements, origins from the Permitted Activities, setting out (in reasonable detail) the computation as to such compliance.

(the **Compliance Certificate**).

**13.9 Commercial Valuation.** The Issuer must make available in the Specified Office to all Bondholders a Commercial Valuation:

- (a) drawn up as of 31 December 2021 (the **initial valuation date**); and
- (b) drawn up on annual basis of each anniversary of the initial valuation date,

whereas, each such Commercial Valuation must be made by the Issuer available in the Specified Office no later than by 31 July of calendar year following immediately its preparation date (as determined above).

**13.10 Other information covenants.** The Issuer must inform the Bondholders in the manner stipulated in Condition 23:

- (a) any Event of Default;
- (b) any Change of JTPEG's Shareholding Interest (as the term is defined in Condition 15.3);
- (c) perfection or any failure to effect perfection within required time or by required manner in respect of each Pledge under Condition 10.2;
- (d) any material change in the financial situation, business or prospects or other circumstance that could (in the opinion of a reasonable investor) materially negatively affect the ability of the Issuer or the Guarantor to perform the obligations under the Bonds or the Guarantee,

in each case, unless another time period is provided in these Terms and Conditions, within 20 Business Days after the day when the Issuer learned or (if acting with due care) should have learnt about relevant fact or situation.

**13.11 Subordination of the shareholders' loans.** The Issuer undertakes and will ensure that, no later than following 30 days after the Issue Date, all loans and every indebtedness acquired by the Issuer or the Guarantor from any of the Guarantor's shareholders (if any, and for the avoidance of doubt, only from the shareholders having direct participation on share capital of the Guarantor) will be:

- (a) in case of the Issuer, subordinated to the obligations of the Issuer under the bonds issued or to be issued under the Programme; and
- (b) in case of the Guarantor, subordinated to (i) all loans granted to the Guarantor by the Issuer, (ii) the Guarantee and (iii) any other guarantee obligations of the Guarantor arising in relation to bonds, which will be issued under the Programme,

however (and for the avoidance of doubt) any such subordinated obligations may be repaid (or released) by the Issuer or the Guarantor anytime provided that such repayment (or release) constitutes the Permitted Distribution.

### 13.12 Sinking fund.

- (a) In this Condition 13.12:

**Asset** means:

- (i) any asset of a Pledgor, which is a collateral under any Pledge Agreement, other than receivables;
- (ii) shares in SZAIF owned by the Guarantor, Auctor or Lipa-Promet; and
- (iii) any and all Immovable Assets.

**Excluded Disposal Proceeds** means in relation to a disposal by a Disposing Obligor of an Asset consisting of:

- (i) shares in Auctor pledged in favour of the Security Agent in the amount less than 50% of the total shares in Auctor; or
- (ii) shares in Auctor Kapital pledged in favour of the Security Agent in the amount less than 8.5% of the total shares in Auctor Kapital,

the proceeds of such disposal, received by such Disposing Obligor; such proceeds will be however considered as “Excluded Disposal Proceeds” in each case only if no later than within 15 Business Days after receipt by the respective Disposing Obligor of the respective proceeds of disposal of an asset under (i) or (ii) above, the Issuer delivers to the Administrator and the Security Agent and publishes and makes available also to the Bondholders in the manner stipulated in Condition 23 a confirmation (substantially corresponding as to the form to a Compliance Certificate and in each case signed by authorised representative to the Issuer) confirming:

- purpose of use of such disposal proceeds in reasonable details; and
- that DTV, which will be retested by the Issuer on *pro-forma* basis for this purpose, is not more than DTV calculated lastly by the Issuer in relation to Condition 12.1 and made available to the Bondholders in the manner stipulated in Condition 23 (whereas, the Issuer is obliged to make such DTV retest without undue delay after such disposal is made and such retest shall, for the avoidance of doubt, reflect such disposal as being made).

**Czech Bonds Value** means the aggregate nominal amount of all outstanding bonds issued by the Czech Issuer at given time.

**Disposal Costs** means taxes and reasonable and customary (and in each case arm's length) transaction costs payable by a Disposing Obligor in relation to particular disposal of an Asset.

**Disposal Proceeds** means the proceeds of a disposal by a Disposing Obligor of an Asset, excluding Excluded Disposal Proceeds.

**Disposing Obligor** means each Pledgor and Lipa-Promet, however, for the avoidance of doubt, always excluding Auctor Prime and JTPEG.

**Immovable Assets** means real properties registered with the land registry of Municipal Court in Zagreb in land registry folio No. 25574, cadastral municipality the City of Zagreb, co-ownership parts (E-1, E-8, E-15, E-16, E-17, E-19, E-40, E-41, E-44) owned by Auctor.

**Net Disposal Proceeds** means, in relation to a disposal of an Asset by a Disposing Obligor, Pro Rata Share (expressed in %) of the Disposal Proceeds decreased by Pro Rata Share (expressed in %) of the Disposal Costs.

**Pro Rata Share** means share, expressed in %, of the Slovak Bonds Value in the Total Bonds Value.

**Pro Rata Share of Bonds Issue** means in relation to a particular issue of bonds under the Programme, the share expressed as percentage of:

- (i) the aggregate nominal amount of all outstanding bonds issued under such issue at given time;  
**to**
- (ii) the aggregate nominal amount of all outstanding bonds issued by the Issuer under the Programme at given time.

**Sinking Account** means the account of the Issuer to be opened and maintained with J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, Prague 8, Postal Code: 186 00, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register of Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No.: 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B no later than on the Issue Date (whereas the Issuer will inform the Bondholders in the manner stipulated in Condition 23 of IBAN number of such Sinking Account after opening the Sinking Account).

**Slovak Bonds Value** means the aggregate nominal amount of all outstanding bonds issued by the Issuer under the Programme at given time.

**Total Bonds Value** means the sum of the Czech Bonds Value and the Slovak Bonds Value at given time.

- (b) The Issuer must notify the Administrator, the Security Agent and, in the manner stipulated in Condition 23, also the Bondholders of:
  - (i) intention of a Disposing Obligor to dispose of an Asset at least 10 days before respective intended disposal date (the notification must contain basic information on the intended disposal to the extent of identification of (A) Disposing Obligor, (B) Asset intended to be disposed, (C) consideration to be received by Disposing Obligor for disposal and (D) intended date of disposal); and

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- (ii) receipt by any Disposing Obligor of any Disposal Proceeds within 10 Business Days of their receipt by such Disposing Obligor.
- (c) No rights or obligations arise for the Bondholders in connection with the notification made by the Issuer under the paragraph (b) above and Disposing Obligor is not obliged to carry out any intended disposal.
- (d) The Security Agent shall release the relevant Pledge established over relevant Asset (or its part) which is supposed to be disposed of by the respective Disposing Obligor according to the notification above, provided that all of the following conditions are met at the same time:
  - (i) the Issuer has made a proper and timely notification under paragraph (b)(i) above;
  - (ii) the Disposing Obligor has entered into the relevant documentation in relation to the transfer of the relevant Asset to the third party as the purchaser in accordance with the Issuer's notification pursuant to paragraph (b)(i) above; and
  - (iii) The Disposing Obligor has entered into an escrow agreement, the purchase price for the transfer of the relevant Asset as stipulated above has been deposited in the relevant escrow account and all conditions of the escrow account agreement for the payment of the purchase price to the Disposing Obligor have been met, except for the submission of the deed of release by the Security Agent for the relevant Asset, the submission of such a deed of release is therefore the last condition for the payment of the purchase price to the Disposing Obligor from the escrow account;
  - (iv) the Issuer has delivered a written request to the Security Agent in relation to the release of the Pledge over the relevant Asset;
  - (v) no Event of Default exists as at the date of such Issuer's request and no Event of Default will occur as a result of such disposal, whereas, for this purpose, the Issuer will issue a written confirmation which will be delivered along with its request for release of the respective Pledge to the Administrator, the Security Agent and also made available to the Bondholders in the manner stipulated in Condition 23 and the Security Agent will be entitled to rely on such confirmation; and
  - (vi) no decision of the Meeting on early redemption of the Bonds or enforcement of the Pledge has been adopted.
- (e) Provided that all conditions above are complied with, the Security Agent will release (waive) the respective Pledge over relevant Asset without undue delay (however no later than within 20 Business Days). In such case the Security Agent will also provide reasonably required assistance for the purpose of deletion of the Pledge over the relevant Asset from the relevant register. The costs of the release of Pledge shall be borne by the Issuer or Guarantor.
- (f) If the particular Asset, in relation to which the Security Agent has released the Pledge in accordance with the above, will not be disposed of in accordance with the notification of the Issuer made under paragraph (b) above (and specifically by the time specified by the Issuer in such notification), the Issuer is obliged to procure that the relevant Disposing Obligor enters into new pledge agreement in a form and substance materially corresponding to the previous one which will establish a first ranking pledge in favour of Security Agent promptly and inform the Bondholders in the manner stipulated in Condition 23 of the same.
- (g) The Issuer must deposit into the Sinking Account an amount corresponding to the Net Disposal Proceeds in relation to each disposal by a Disposing Obligor of an Asset immediately, however, no later than, within 20 Business Days of receipt by a Disposing Obligor of respective Disposal Proceeds.

- (h) The disposal rights of the Issuer to the Sinking Account shall be blocked. The Issuer may not dispose of the funds on the Sinking Account otherwise than to apply the funds standing to the credit of the Sinking Account towards:
- (i) redemption of the nominal amount (principal) or its part or (if applicable) payment of relevant interest income on the bonds issued under the Programme, in each case however on an equal and non-discriminatory basis (considering the particular Pro Rata Share of bonds issue) and in line with the applicable terms and conditions of such bonds; or
  - (ii) other purpose provided that the Meeting (and each other meeting of bondholders in relation to each other issue of bonds under the Programme at given time) has approved such purpose in prior.

### 13.13 Additional Security.

- (a) In this Condition 13.13:

**Borrower** means any company that is not part of the Auctor Group.

**Lender** means Auctor Holding, Auctor, Lipa-Promet or Auctor Kapital.

**Loan** means a loan or other similar indebtedness provided by any Lender to any Borrower after the Issue Date, whether by a written agreement or otherwise, but, for the avoidance of doubt, to the exclusion of:

- (i) any loan or similar indebtedness existing between any Lender and any Borrower prior to the Issue Date (the **Existing Loan**); and
  - (ii) any amendment to the Existing Loan, including an amendment to increase the principal of the Existing Loan, change the interest rate, delay or postpone maturity or an amendment with the full text of the documentation recording the Existing Loan.
- (b) the Issuer shall ensure that without undue delay after the entering into of each documentation on the basis of which any Loan shall or is to be provided or after each provision of the Loan (if documentation is not prepared), but no later than within 30 days, the relevant Lender shall establish a first-ranking pledge in favour of the Security Agent over all its receivables for the relevant Borrower under such Loan, on the basis of a pledge agreement, in the form and substance substantially corresponding to the existing Pledge Agreements, but in any case in the form acceptable to the Security Agent. The Issuer is also obliged to inform the Bondholders about such a fact (provision of the Loan), in the manner specified in Condition 23.
- (c) Following the entering into of each Pledge Agreement pursuant to paragraph (b) above, the definitions of “Pledgor” and “Pledge Agreement” and the relevant provisions of these Terms and Conditions applicable to the Pledgor and Pledge Agreement shall apply *mutatis mutandis* to each pledgor and each pledge agreement entered into pursuant to paragraph (b) above. The pledge and security in question will *mutatis mutandis* fall within the definition of “Pledge”, “Security” and, if governed by Croatian law, “Croatian Security” and the pledge agreement in question under “Croatian Security Documents” under these Terms and Conditions, in each always taking into account the circumstances prevailing at the time.

## 14. INTEREST

- 14.1 [Determination of interest – [for zero coupon bonds: The Bonds have no interest rate and their interest is determined as the difference between the Nominal Amount of the Bonds and their Issue Price. Conditions 14.3, 14.4 and 14.5 will not apply.]**

*or*

*[for fixed interest bonds:*

- (a) The Bonds will bear a fixed interest rate of [**Rate**] per cent per annum.
- (b) The interest shall accrue from the first day of each Interest Period to the last day included in such Interest Period at the interest rate specified above. Accrued interest for each Interest Periods shall be paid on [**Interest Payment Dates**] of each year, first time on [**First Interest Payment Date**] and the last time on the Maturity Date (as such term is defined in Condition 14.4) (any of the dates pursuant to this provision further as the **Interest Payment Date**), unless adjusted in accordance with the Business Day Convention under Condition 16.6.
- (c) The Interest Period means the [**Interest Period in months**] period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each subsequent period of such number of months from (and including) an Interest Payment Date to (but excluding) the next successive Interest Payment Date, until the Maturity Date (as such term is defined in Condition 14.4).] [**Information on Yield to Maturity**]

#### **14.2 Day Count Convention for Interest Calculation**

The interest payable on the Bonds for a period of less than one year will be calculated on the basis of the BCK 30E/360 day count fraction, i.e., a year will be deemed to consist of 360 days divided into 12 months with 30 days each, however in the case of an incomplete month the actual number of days is relevant.

#### **14.3 Calculation of Interest**

The amount of interest accrued on a Bond over any period of less than one standard year will be calculated as the multiple of the residual Nominal Amount of the Bond, the relevant interest rate (expressed in decimal form), and the relevant day-count fraction determined according to the day count convention under Condition 14.2. The total interest amount and any other amount payable under these Terms and Conditions and calculated according to this Condition 14.3 will be rounded by the Administrator to two decimal places using mathematical rules and, without undue delay, will be notified to the Bondholders in accordance with Condition 23.

#### **14.4 End of Interest Accrual**

The Bonds will cease to bear interest on the Final Maturity Date, on the Early Redemption Date and on the Partial Early Redemption Date (in relation to partially redeemed principal of Bonds only) (each as defined below and each the **Maturity Date**), whichever occurs earlier, unless the payment of any due amount is unlawfully retained or refused by the Issuer although all relevant conditions and requirements for payment of the due amount have been complied with. In such an event, interest will continue to accrue at the interest rate set out in Condition 14.1 until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Bondholders or (ii) the date on which the Administrator notifies the Bondholders that it has received all amounts payable in connection with the Bonds, unless any additional unlawful retention or refusal of payments occurs after such notice.

#### **14.5 Interest on Overdue Amounts**

If the Issuer fails to pay any amount arising from the Bonds on its due date, such amount will continue to bear interest in accordance with this Condition 14 to the day on which such overdue amount was paid to the Bondholders. Condition 14.2 will apply accordingly.

## 15. REDEMPTION AND REPURCHASE

### 15.1 Final Maturity

Unless previously redeemed or repurchased by the Issuer and cancelled as specified below, each Bond will be redeemed by the Issuer at its outstanding Nominal Amount in a bullet payment on [**Final Maturity Date**] (the **Final Maturity Date**).

### 15.2 Early Redemption at the Option of the Issuer

- (a) The Issuer may, for the first time as at the [**Early Redemption First Permitted Date**] of the Issue Date and on any later day, at its sole discretion, redeem early all the outstanding Bonds before the Final Maturity Date either partially (by decreasing the Nominal Amount of each Bond) or fully, provided it notifies this decision to the Bondholders in accordance with Condition 23.1 at least 45 days before the early redemption date (the early redemption date of the Bonds to be redeemed early partially as the **Partial Early Redemption Date** and the early redemption date of the Bonds to be redeemed fully as the **Early Redemption Date**). For any Bonds that have a fixed interest rate, the designated Partial Early Redemption Date must be also the Interest Payment Date. The Issuer may effect the early redemption under this Condition repeatedly, however, any partial redemption must be made at least in the amount of EUR 1,000,000.
- (b) Upon an early partial redemption as described above the term **Nominal Amount** in these Terms and Conditions shall mean the unpaid nominal value of each Bond following such partial redemption. For the purposes of trading of the Bonds on the regulated market, the new Nominal Amount will apply from the first day following relevant Record Date for Nominal Amount Repayment.
- (c) The notification pursuant to this Condition 15.2 is irrevocable and binds the Issuer to redeem early all the Bonds (fully or partially) in accordance with this Condition 15.2. As a result of the notification of early redemption at the option of the Issuer under this Condition 15.2, all the Bondholders will have the right to the payment of the entire or partial Nominal Amount of, and corresponding accrued interest (if applicable) on, the Bonds as at the Partial Early Redemption Date or Early Redemption Date.
- (d) [**Voluntary Early Redemption Amount** – *[for zero coupon bonds:* The Issuer is obliged to repay to the Bondholders on the Early Redemption Date or (as the case may be) Partial Early Redemption Date the Nominal Amount or (as the case may be) partial Nominal Amount of each Bond, adjusted as agreed below. The interest of the Bonds is determined as the difference between the Nominal Amount and the Issue Price and if an early redemption occurs, it means that a Bondholder has provided financing to the Issuer for a shorter period than expected for the purposes of calculating the Issue Price and determining the interest of the Bond as the difference between the Nominal Amount and the Issue Price as at anticipated Final Maturity Date. Therefore, the amount that the Issuer will be obliged to pay to the Bondholders on the Partial Early Redemption Date or, as the case may be, Early Redemption Date (such amount as the **Discounted Value**) will include a reduction on yield and will be calculated on the basis of the whole Nominal Amount or partially repaid Nominal Amount according to the formula set out in Condition 2.7 with the *Remaining Maturity* determined as the number of days from the Early Redemption Date to the Final Maturity Date using the “BCK Standard 30E / 360” Convention described in Condition 14.2.

*or*

*[for fixed interest rate bonds:* In case of the partial early redemption, all the Bondholders are entitled to the redemption of the pre-maturely paid portion of the Nominal Amount of the Bonds

and the interest accrued on that pre-maturely paid portion of the Nominal Amount of the Bonds for the relevant Interest Period. In case of full early redemption, all Bondholders are entitled to redemption of the full Nominal Amount of the redeemed Bonds and interest of the Bonds accrued to the Early Redemption Date.]]

- (e) **[Amount of Extraordinary Interest Income upon Voluntary Repayment** – *[for zero coupon bonds: Together with the Discounted Value, the Issuer will pay on the Early Redemption Date or (as the case may be) Partial Early Redemption Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be determined according to the following formula:*

$$EII = \left( AII * \frac{m}{60} \right) * DV$$

where

*EII* means extraordinary interest income;

*AII* means the Projected Annual Yield to Maturity for purposes of the above formula expressed in decimal form;

*DV* means the Discounted Value;

*m* means number of whole months remaining from the Partial Early Redemption Date or the Early Redemption Date (inclusive) to the Final Maturity Date.]

or

*[for fixed interest rate bonds: Together with the whole or part of the Nominal Amount and accrued interest, the Issuer shall also pay to each Bondholder on the Partial Early Redemption Date or the Early Redemption Date extraordinary interest income specified below.*

If the Partial Early Redemption Date or the Early Redemption Date occurs between the first anniversary of the Issue Date (inclusive) and the last day of 60th whole month following the Issue Date (inclusive), the extraordinary interest income shall be 1/60 of annual coupon per each whole month remaining to the 5<sup>th</sup> anniversary of the Issue Date. Such extraordinary interest income will be calculated as follows:

$$EII = [Rate] \% * \frac{1}{60} * (60 - m)$$

where:

*EII* means extraordinary interest income, expressed as percentage of the Nominal Amount redeemed early;

*m* means number of whole months lapsed between the Issue Date (inclusive) and the Partial Early Redemption Date or the Early Redemption Date (inclusive).

If the early redemption at the option of the Issuer occurs after the last day of 60<sup>th</sup> whole month following the Issue Date, no extraordinary interest income will be payable.]

or

**[Analogous calculation of Amount of Extraordinary Interest Income reflecting other maturity and particular anniversary of the Issue Date of the Bonds]**

*or*

[not applicable]].

- (f) If the Issuer decides to effect the early redemption of the Bonds under this Condition from the balance of the Sinking Account, then:
- (i) it must effect such particular early redemption of the Bonds at given time by the Bonds Redemption Amount (as defined below); and
  - (ii) simultaneously with such early redemption of the Bonds (or, if this is not achievable due to the relevant terms and conditions, within the closest possible early redemption date available) redeem early also each other bonds issued under the Programme by the Amount Allocated to Early Redemption of Other Bonds of the Programme (as defined below) (for the avoidance of doubt, considering pro rata shares of each such issue on the Amount Allocated to Early Redemption of Other Bonds of the Programme).

In this paragraph (f):

**Amount Allocated to Early Redemption of the Bonds** means Pro Rata Share of the Total Redemption Amount.

**Amount Allocated to Early Redemption of Other Bonds of the Programme** means Total Early Redemption Amount decreased by the Amount Allocated to Early Redemption of the Bonds.

**Pro Rata Share** means share expressed as percentage of:

- (i) the aggregate nominal amount of all outstanding Bonds issued at given time under these Terms and Conditions; **to**
- (ii) the aggregate nominal amount of all outstanding bonds issued by the Issuer under the Programme at given time (for the avoidance of doubts, including the Bonds issued under these Terms and Conditions).

**Total Early Redemption Amount** means the amount of funds standing at given time to the credit of the Sinking Account, which the Issuer intends to use for the early redemption of the bonds issued under the Programme (for the avoidance of doubt, any Amount Allocated to Early Redemption of Other Bonds of the Programme, which is already payable as part of early redemption of the bonds under the Programme in accordance with paragraph (ii) above, will not be counted-in when calculating the Total Early Redemption Amount).

### 15.3 Mandatory Repurchase upon Change of JTPEG's Shareholding Interest

- (a) For the purposes of this Condition, a **Change of JTPEG's Shareholding Interest** means a situation when JTPEG (or its legal successor) ceases directly or indirectly to hold beneficially at least 40 per cent. of the issued share capital of Auctor Holding or have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, at least 40 per cent. of the maximum number of votes that might be cast at a general meeting of Auctor Holding. For the avoidance of a doubt, a Change of JTPEG's Shareholding Interest will not occur upon any amalgamation, demerger, merger or other restructuring of JTPEG (including changing its legal form) provided that the successor company (or any of them) meets criteria with respect to its participation in Auctor Holding as determined above.

- (b) The Issuer has to notify the Bondholders in accordance with Condition 23 on any transaction or series of transactions that has resulted in the occurrence of the Change of JTPEG's Shareholding Interest no later than 30 days after its occurrence (the **Shareholding Change Notice**).
- (c) If the Change of JTPEG's Shareholding Interest occurs, each Bondholder will be entitled to request the Issuer within 30 days from the date of the Shareholding Change Notice to repurchase all the Bonds owned by it and the Issuer shall be obliged to purchase such Bonds no later than 60 days from the date of Shareholding Change Notice (the day of such repurchase as the **Repurchase Date**).
- (d) The request under paragraph (c) above shall be in a form of a signed written notice with certified signatures. In case of legal entities, the request shall be accompanied by the original or a certified copy of an up-to-date extract from the commercial or another similar register in which the Bondholder is registered. Each Bondholder is obliged to state in the request the number of Bonds to be repurchased and sufficient details of the Bondholder's account to make the Issuer able to pay to the Bondholder the purchase price. Together with the request, the Bondholder shall submit an extract from the Relevant Record-Keeping proving that it is a holder of the Bonds in the amount specified by it as of the date of signing the request.
- (e) [**The Repurchase Price upon Change of JTPEG's Shareholding Interest** – *for zero coupon bonds*: The Issuer is obliged to pay to the Bondholders on the Repurchase Date the purchase price in the amount of the Nominal Amount of each Bond adjusted as agreed below. The interest of the Bonds is determined as the difference between the Nominal Amount and the Issue Price and if an early redemption occurs, it means that a Bondholder has provided financing to the Issuer for a shorter period than expected for the purposes of calculating the Issue Price and determining the interest of the Bond as the difference between the Nominal Amount and the Issue Price as at anticipated Final Maturity Date. Therefore, the amount that the Issuer will be obliged to pay to the Bondholders on the Repurchase Date (such amount as the **Repurchase Amount**) will include a reduction on yield and will be calculated according to the formula set out in Condition 2.7 with the *Remaining Maturity* determined as the number of days from the Repurchase Date to the Final Maturity Date using the "BCK Standard 30E / 360" Convention described in Condition 14.2.

*or*

*for fixed interest rate bonds*: The Issuer is obliged to pay to the Bondholders on the Repurchase Date the purchase price equal to the total Nominal Amount of the Bonds that the Bondholder requests to be repurchased, increased by corresponding aliquot interest (the **Repurchase Amount**).]]

- (f) [**Amount of Extraordinary Interest Income upon Repurchase upon Change of JTPEG's Shareholding Interest** – *for zero coupon bonds*: Together with the Repurchase Amount, the Issuer will pay on the Repurchase Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be calculated as one per cent of the Repurchase Amount of each repurchased Bond.]

*or*

*for fixed interest rate bonds*: Together with the Repurchase Amount, the Issuer will pay on the Repurchase Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be calculated as one per cent of the Nominal Amount of each repurchased Bond.]

*or*

**[Other Calculation of Amount of Extraordinary Interest Income]**

*or*

[not applicable]].

**15.4 No other early redemption by the Bondholders**

The Bondholder may not request early redemption of the Bonds prior to the Final Maturity Date, except in accordance with Conditions 18.5 and 21.6.

**15.5 Repurchase of the Bonds**

The Issuer may purchase any number of the Bonds at any time and for any price in transaction on regulated market or otherwise.

**15.6 Cancellation of the Bonds**

The Bonds acquired by the Issuer before the Final Maturity Date will not be cancelled, unless otherwise decided by the Issuer. The Issuer may exercise its discretion to decide whether it will hold the Bonds as its property or whether it will re-sell them or decide on the cancellation of the Bonds pursuant to this Condition 15.6. The Bonds purchased by the Issuer cease to exist at the latest on the relevant Maturity Date due to amalgamation of the rights and obligations in single person.

**15.7 Deemed fulfilment**

All the Issuer's liabilities from the Bonds will be deemed fully satisfied on the day when the Issuer pays to the Administrator whole Nominal Amount of the Bonds (or Nominal Amount of the Bonds adjusted in accordance with these Terms and Conditions, if applicable) and accrued interest (where relevant) payable under these Terms and Conditions.

**16. PAYMENT TERMS**

**16.1 Currency of Payments**

The Issuer undertakes to pay interest on (if relevant), and repay the Nominal Amount of, the Bonds solely in EUR (euro).

Interest on the Bonds (if relevant) will be paid to the Bondholders and the Nominal Amount of the Bonds will be repaid subject to and in accordance with these Terms and Conditions and the tax, foreign exchange and other applicable laws of the Slovak Republic in effect at the time of the relevant payment.

**16.2 Payment Date**

The payment of interest on (if relevant), and the repayment of the Nominal Amount of, the Bonds will be made by the Issuer through the Administrator on the dates specified in these Terms and Conditions (each such date further referred to, according to its meaning, as the **Interest Payment Date**, the **Final Maturity Date**, the **Partial Early Redemption Date** or the **Early Redemption Date** and each of these dates also as the **Payment Date**), subject to the Business Day Convention under Condition 16.6.

**16.3 Determination of the Right to Receive Payments Related to the Bonds**

- (a) The authorised persons (the **Authorised Persons**) to whom the Issuer will pay interest (if relevant) from the Bonds will be persons registered as Bondholders in the Relevant Record-Keeping at the close of the relevant Record Date for Interest Payment.

- (b) **Record Date for Interest Payment** is a day falling 30 calendar days prior to the relevant Interest Payment Date; however, for the purposes of determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention. For the purposes of determining the recipient of interest, neither the Issuer nor the Administrator will take into account any transfer of any Bonds registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Interest Payment.
- (c) The Authorised Persons to whom the Issuer will repay the Nominal Amount of the Bonds or its relevant part pursuant to Condition 15 will be persons registered as Bondholders in the Relevant Record-Keeping at the close of the relevant Record Date for Nominal Amount Repayment.
- (d) **Record Date for Nominal Amount Repayment** is a day falling 30 days prior to the relevant Final Maturity Date or the Early Redemption Date; however, for the purposes of determining the Record Date for Nominal Amount Repayment, such Payment Date will not be adjusted according to the Business Day Convention. For the purposes of determining the recipient of the Nominal Amount of the Bonds, neither the Issuer nor the Administrator will take into account any transfer of any Bonds registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Nominal Amount Repayment. Unless it is contrary to the valid legal regulations, transfers of the Bonds may be suspended from the day immediately following the Record Date for Nominal Amount Repayment to the relevant Payment Date.
- (e) If, according to the entry in the Relevant Record-Keeping, the Bonds with respect to which the payments of interest (if applicable) or any other amounts will be performed by the Administrator are pledged, then the pledgee, recorded in the extract from the register of the Issue, will be considered an Authorised Person in respect of the Bonds, unless (i) it is evident that the person authorised to receive the payments of interest (if applicable) or any other amounts attached to the pledged Bonds is the respective Bondholder and/or (ii) it is proven to the Administrator in other satisfactory manner that the respective Bondholder has the right to receive the payments of interest (if applicable) or any other amounts attached to the pledged Bonds by virtue of an agreement between such Bondholder and the pledgee.
- (f) If an Authorised Person requests for the payment to be made through a proxy, the Administrator shall make the payment only upon presentation of an original or officially certified copy of the power of attorney and the signature of such Authorised Person on the power of attorney must be officially legalised, unless otherwise provided under generally binding law provisions. Documents issued abroad must be superlegalised or apostilled, unless otherwise provided under a bilateral international agreement binding on the Slovak Republic.
- (g) Any documents submitted by the Authorised Persons and the Issuer to the Administrator in relation to the payments to the Authorised Persons must be in Slovak, Czech or English or translated into Slovak or Czech by a sworn translator, unless otherwise set out in these Terms and Conditions or agreed by the Administrator.

#### 16.4 Payments

- (a) The Administrator will make payments to the Authorised Persons by means of wire transfer to their accounts kept with a bank in a Member State of the European Union or other state that is a member of the European Economic Area, according to an instruction communicated by the Authorised Person to the Administrator to the address of the Administrator's Specified Office in a verifiable manner no less than five Business Days prior to the Payment Date.
- (b) Such instruction shall be in the form of a written statement with an officially verified signature or signatures or a signature verified by an authorised employee of the Administrator, and shall

contain sufficient details of such bank account to allow the Administrator to make the payment, and, if the Authorised Person is a legal entity, it shall be accompanied by an original or an officially certified copy of an extract from the Commercial Register or other respective register in respect of the Authorised Person not older than six months (such instruction, excerpt from the Commercial Register or other respective register and certificate of tax domicile, and other required documents, if any, together the **Instruction**).

- (c) The Instruction must be in the form and with the substance corresponding to specific requirements of the Administrator, and the Administrator shall be entitled to require sufficiently satisfactory evidence that the signatory of such Instruction had the authority to sign such Instruction on behalf of the Authorised Person. In this respect, the Administrator shall be authorised to require that:
  - (i) a power of attorney with a certified translation into Czech or Slovak be provided, or
  - (ii) the instruction from the Authorised Person be subsequently confirmed.

Notwithstanding the foregoing, neither the Administrator nor the Issuer will be obliged to examine the correctness, completeness or authenticity of any such Instruction in any manner whatsoever and neither of them will be liable for any damage incurred in connection with any delay in the delivery of such Instruction by the Authorised Person or with the delivery of an incorrect or otherwise defective Instruction. The Instruction will be deemed properly made if it contains all the items required by this Condition and is delivered to the Administrator in accordance with this Condition 16.4.

The Instruction will be considered duly delivered if it has been delivered to the Administrator at least five Business Days before the Payment Date.

- (d) Any Authorised Person who claims tax relief in accordance with any applicable double taxation treaty (to which the Slovak Republic is a party) shall deliver to the Administrator a certificate of such Authorised Person's actual tax domicile and such other documents as the Administrator and the applicable tax authorities may request, together with the Instruction as an integral part thereof. Notwithstanding such rights, neither the Administrator nor the Issuer shall verify the authenticity or completeness of such Instructions, or be liable for any damage incurred in connection with any delay in the delivery of such Instruction by any Authorised Person, or with the delivery of an incorrect or otherwise defective Instruction. If the above-mentioned documents are not delivered to the Administrator within the specified time period, the Administrator shall proceed as if it did not receive any documents. The Authorised Person may submit such documents for preferential tax treatment to the Issuer subsequently and may request the Issuer to refund any withholding tax. The Issuer may under such circumstances demand that the Authorised Person (i) pays to the Issuer any contractual penalty caused by delayed delivery of the preferential tax treatment documents or (ii) reimburse any direct or indirect expenses incurred by the Issuer in connection with such delayed delivery of the preferential tax treatment documents.
- (e) The Issuer's obligation to pay any amount due in connection with the Bonds will be deemed discharged in a due and timely manner if the relevant amount has been remitted to the Authorised Person in compliance with a proper Instruction pursuant to this Condition 16.4 and if such amount is debited from the account of the Administrator no later than on the relevant due date.
- (f) Neither the Issuer nor the Administrator will be liable for any delay in the payment of any amount due caused by any Authorised Person, e.g. by its failure to deliver a proper Instruction in a timely manner. If any Authorised Person fails to deliver to the Administrator in time a proper Instruction, the Issuer's obligation to pay any due amount will be considered met duly

and in time if such amount has been remitted to the Authorised Person in accordance with a subsequently delivered proper Instruction pursuant to this Condition 16.4 and if such amount has been debited from the Administrator's account no later than ten Business Days following the day on which the Administrator received the proper Instruction. In such an event the Authorised Person will not have the right to any interest or any yield or additional payment for the time of delay caused by the late sending of the proper Instruction.

- (g) Neither the Issuer nor the Administrator will be liable for any damage incurred by (i) the failure to deliver in time the proper Instruction or any other documents or information required to be delivered under this Condition 16.4, or (ii) such Instruction or any related document or information being incorrect, incomplete or untrue, or (iii) circumstances beyond the control of the Issuer or the Administrator. In such an event the Authorised Person will not have the right to any additional payment, compensation or interest for the time of delay caused by these events.
- (h) If the Administrator cannot make a payment of any amount owed under the Bonds within a reasonable time after the Payment Date because the Authorised Person is in delay or due to other reasons on the side of the Authorised Person (e.g. its death), without prejudice to the rights under Section 568 of the Civil Code, and in its sole discretion or on the instruction of the Issuer, the Administrator is entitled to deposit the amount such owed into the notarial custody at the expense of the Authorised Person (or its legal successor) or to deposit such amount owed under the Bonds itself. By depositing the owed amount into the custody, the obligation of the Issuer and the Administrator in respect of a payment of such amount shall be considered to have been fulfilled and in these cases, the Authorised Person (or its legal successor) is not entitled to any additional payments, interest or any remuneration in respect of a custody and a delayed payment of such amount.

## 16.5 Change in the Payment Method

The Issuer and the Administrator are jointly entitled to elect to change the payment procedure, unless such change may adversely affect the position or interests of the Bondholders. The Bondholders will be notified of such change in the manner set out in Condition 23.1. In other cases, such change will be subject to approval by the Meeting in accordance with Condition 20.2.

## 16.6 Business Day Convention

If any Payment Date falls on a day that is not a Business Day, such Payment Date will instead fall on the next following Business Day, and the Issuer will not be obliged to pay any interest or any other additional charges by reason of such delay in payment resulting from the application of the Business Day convention.

For the purposes of the Terms and Conditions, **Business Day** means any day (other than a Saturday or Sunday) on which banks in the Slovak Republic are open for business, and on which foreign exchange transactions and interbank payments in the euro, or in any other lawful currency of the Slovak Republic that may replace the euro, are settled.

## 17. TAXATION

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the Bonds.

All payments of the Nominal Amount and interest (if applicable) in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Slovak Republic or any authority therein or thereof having power to tax, unless such

withholding or deduction is required by law. The payment of the Nominal Amount and interest (if applicable) in respect of the Bonds may be subject to withholding of tax. If any deduction or withholding is required at the time of such payment, the Issuer shall not be obliged to pay to the Bondholders any additional amounts.

## 18. EVENTS OF DEFAULT

18.1 Each of the following events will be deemed as an event of default (an **Event of Default**):

- (a) **Payment default.** The Issuer does not pay any amount due in respect of the Bonds within five Business Days from the due date.
- (b) **Breach of other obligations.** The Issuer breaches or fails to meet any of its other obligations (other than those set out in paragraph (a) or otherwise constituting a separate Event of Default) under these Terms and Conditions or in connection with the Bonds and such breach or failure is not remedied within (and including) 20 Business Days after the date on which the Issuer was informed of this fact in writing by any Bondholder by a letter delivered to the Issuer and to the Administrator at the Specified Office.
- (c) **Breach of the financial covenant.** The Issuer breaches or does not comply with the financial indicator in Condition 12.1, unless an Equity Cure is implemented in accordance with Condition 12.
- (d) **Non-listing or end of trading.** The Bonds are not admitted to trading on a regulated market of BSSE or PSE by one month following the Offer End Date or, at any time after that date, the Bonds cease to be admitted to trading on regulated market of BSSE or PSE due to a fault, omission or lack of action of the Issuer.
- (e) **Cross-default.** Any Financial Indebtedness of the Issuer, the Czech Issuer or the Guarantor (i) becomes prematurely due before its original maturity date other than at the option of the Issuer, the Czech Issuer or the Guarantor or (provided that there has been no event of default, however defined) at the option of the creditor and is not paid within 60 days, unless in the meantime the relevant debt ceases to exist, or (ii) is not paid when it becomes due and such delay lasts more than 60 days, unless this Financial Indebtedness ceases to exist in the meantime.

No Event of Default will occur under this paragraph (e) if:

- (i) the aggregate amount of relevant Financial Indebtedness of the Issuer, the Czech Issuer and the Guarantor (excluding Acquisition Financial Indebtedness) falling within this paragraph (e) is less than EUR 1,000,000 (or its equivalent in any other currency or currencies);
- (ii) such Financial Indebtedness comprises of the Acquisition Financial Indebtedness; or
- (iii) the relevant event or circumstance giving rise to such Event of Default is remedied within 60 calendar days of the day when the Issuer becomes aware of the event or circumstance.
- (f) **Cross-acceleration of bonds issued by the Czech Issuer.** Any bonds issued by the Czech Issuer becomes prematurely due and payable (after the expiry of the applicable remedy period) as a result of an event of default or any provision having a similar effect (howsoever described).
- (g) **Loss of Security.** The Guarantee or any Pledge fails to be issued, executed, registered or made effective as required under the requirements of these Terms and Conditions or any Security ceases to have effect or cease to be fully or partially legally enforceable or become in breach of applicable laws, or it becomes illegal for any security provider to meet any of its obligations

under relevant Security, or any security provider asserts invalidity, loss of effect or repudiates any of its liabilities or obligations in connection with any Security.

No Event of Default will occur under this paragraph (g) if

- (i) the relevant event or circumstance (e.g. release of the pledge) is anticipated by these Terms and Conditions; or
  - (ii) the relevant event or circumstance giving rise to such Event of Default can be remedied and is remedied within 20 Business Days of the day when the Issuer, the Guarantor or the relevant Pledgor becomes aware of the event or circumstance.
- (h) **Judicial and other decisions.** One or more final, non-appealable monetary judgments or orders (including any such final order enforcing a binding arbitration decision) for the payment of money aggregating in excess of EUR10,000,000 or its equivalent in any other currency is issued against an Obligor.
- (i) **Illegality.** Liabilities of any Obligor under these Terms and Conditions, the Guarantee or a Pledge Agreement cease to be fully or partially enforceable or become in breach of applicable laws, or it becomes illegal for any Obligor to meet any of its obligations under these Terms and Conditions, the Guarantee or relevant Pledge Agreement or in connection with the Bonds and such situation remains unremedied within 20 Business Days.

No Event of Default shall occur under this paragraph (i) in the event of a release of a pledge created under any Pledge Agreement to the extent to which such release is anticipated by these Terms and Conditions.

- (j) **Insolvency or insolvency proceedings.** The Issuer, the Guarantor or any Pledgor (other than Auctor Prime and JTPEG), under the laws of any jurisdiction where, at the relevant time, it has its centre of main interest, registered office or seat or has any assets or business activities:
- (i) becomes insolvent, within the meaning of the applicable insolvency laws;
  - (ii) becomes unable to pay its debt (in Slovak *platobne neschopný*, in Czech *platebně neschopný*, in Croatian *nesposobnost za plaćanje*) or over-indebted (in Slovak *predlžený*, in Czech *předlužený*, in Croatian *prezaduženost*) within the meaning of the applicable insolvency laws;
  - (iii) declares a moratorium concerning any of its indebtedness;
  - (iv) is declared bankrupt by any court or relevant authority;
  - (v) a liquidator or similar official of the Issuer, the Guarantor or any such Pledgor or in relation to their assets is appointed;
  - (vi) an application for the declaration of bankruptcy of the Issuer, the Guarantor or any such Pledgor is refused by any court on the grounds that it has insufficient assets from which to meet the costs and expenses of any bankruptcy proceedings;
  - (vii) any event with substantially the same effect as above occurs in respect of the Issuer, the Guarantor or any such Pledgor under any applicable law.
- (k) **Enforcement proceedings.** Any expropriation, attachment, sequestration, distress, execution or analogous event affects any shares in any Obligor or any asset of any Obligor with aggregate market value exceeding EUR 5,000,000 and is not discharged within 60 days.

- (l) **Permitted Activities.** Less than 75% of the revenues, as evident from the latest Guarantor's audited consolidated annual financial statements, origins from the Permitted Activities.

## 18.2 Notification

If the Issuer breaches any of its obligations relating to the Bonds or if any Event of Default occurs, the Issuer is obliged to notify such breach or Event of Default to the Bondholders in manner described in Condition 23.1, without undue delay after the Issuer became aware of such breach or Event of Default (however, for the avoidance of doubt, only after a lapse of remedy period and unless not remedied within such remedy period, if applicable with respect to particular breach or Event of Default).

## 18.3 Entitlement of the Bondholders

If any Event of Default occurs and is continuing, the Bondholders holding the Bonds with a Nominal Amount of at least 10 per cent of the total Nominal Amount of the issued and outstanding Bonds may, by written notice to the Issuer and the Administrator, request that a Meeting be convened in accordance with Condition 21.1 below (the **Convening Request**) in order to vote on the exercising the right to request early redemption of the Bonds and enforcement of the Security.

## 18.4 No repetition

No Bondholder shall have the right to make the Convening Request, if a Meeting in respect of the concerned Event of Default has been already convened in the past and either it has not taken a resolution on the exercise of the right to request early redemption of the Bonds or has set an additional deadline or remedy period in respect of such Event of Default.

## 18.5 Early Redemption of the Bonds upon an Event of Default

- (a) The Issuer's obligations under the Bonds (i.e. the obligation to repay the Nominal Amount adjusted in accordance with paragraph 18.6(a), if applicable, and the related interest income on the Bonds shall become prematurely due on the tenth Business Day of the calendar month following the month in which the minutes of the Meeting that had decided on the exercise of the early redemption right in respect of the Bonds in accordance with Condition 21.5 has been delivered to the Issuer (such date designated also as the **Early Redemption Date**).
- (b) In addition, if an Event of Default occurs and is continuing, the Security Agent may by written notice to the Issuer, if it is in its opinion necessary to protect the Security, decide that the Nominal Amount and the related interest income (if applicable) on the Bonds shall become prematurely due on the tenth Business Day of the month following the month in which the Security Agent notified the Issuer (such date will be also deemed as the Early Redemption Date).

## 18.6 Early Redemption Amount of the zero coupon Bonds

- (a) Only in respect of the zero coupon Bonds, the Issuer is obliged to repay to the Bondholders on the Early Redemption Date the Nominal Amount of each Bond adjusted as agreed below. The interest of the Bonds is determined as the difference between the Nominal Amount and the Issue Price and if an early redemption occurs, it means that a Bondholder has provided financing to the Issuer for a shorter period than expected for the purposes of calculating the Issue Price and determining the interest of the Bond as the difference between the Nominal Amount and the Issue Price as at anticipated Final Maturity Date. Therefore, the amount that the Issuer will be obliged to pay to the Bondholders on the Early Redemption Date will include a reduction on interest and will be calculated according to the formula set out in Condition 2.7, whereas the Remaining Maturity will be determined as the number of days from the Early Redemption Date to the Final Maturity Date according to the BCK Standard 30E / 360 Convention divided by the number 360.

- (b) Each Bondholder, by purchase or any other acquisition of the Bonds, agrees to this agreement on the determination of the amount payable on early redemption, whereas this agreement constitutes a written determination of the rights and obligations of the Issuer and the Bondholders.

#### **18.7 Additional Conditions for Early Redemption of the Bonds**

Condition 16 will apply *mutatis mutandis* to the early redemption of the Bonds pursuant to this Condition 18. The Issuer, directly or through the Administrator, is entitled to request from the Bondholders reasonably required assistance to ensure that the Bonds are cancelled upon early repayment.

#### **19. STATUTE OF LIMITATIONS**

All rights connected with the Bonds will become statute-barred upon the expiration of ten years after the day when such rights could be exercised for the first time.

#### **20. ADMINISTRATOR AND SPECIFIED OFFICE**

- 20.1** The activities of an administrator, fiscal and paying agent associated with the payment of interest on (if applicable), and repayment of, the Bonds will be provided by J & T Banka (the **Administrator**). The relationship between the Issuer and the Administrator in relation to the making of payments to the Bondholders and in connection with certain other administrative acts in connection with the Issue is governed by an agreement between the Issuer and the Administrator (the **Administration Agreement**). The activities of the calculation agent (the **Calculation Agent**) related to the Bonds will be also provided by the Administrator. A copy of the Administration Agreement is available for inspection to the Bondholders after prior notification during regular business hours at the Specified Office.

- 20.2** The specified office (the **Specified Office**) of the Administrator is at the following address:

J & T BANKA, a.s., pobočka zahraničnej banky  
Dvořákovo nábrežie 8  
811 02 Bratislava  
Slovak Republic

- 20.3** At any time, the Issuer may appoint an additional or other Administrator and designate an additional or other Specified Office, or appoint additional payment providers, if such change does not affect the position or interests of the Bondholders. The Issuer will give a notice of such change in the Administrator or Specified Office and/or of the appointment of additional payment providers to the Bondholders in the manner set out in Condition 23.1. Any such change will become effective upon the expiration of 15 days following the date of such notice unless a later effective date is specified in the notice. In any event, any such change that would otherwise become effective less than 30 days before or after the Payment Date for any amount payable under the Bonds will become effective on the 30th day following such Payment Date. If such change in the Administrator or Specified Office affects the position or interests of the Bondholders, it will be decided upon by the Meeting in accordance with Condition 20.2.

- 20.4** Unless otherwise provided by the Administration Agreement or by law, the Administrator will act as an agent of the Issuer when performing its duties under the Administration Agreement, provides no guarantee or security for the Issuer's liabilities under the Bonds, and will be in no legal relationship with the Bondholders.

## 21. MEETING

### 21.1 Right to Convene the Meeting

The Issuer or any Bondholder(s) that own(s) at least 10 per cent of the total Nominal Amount of the outstanding Bonds may convene a meeting of the Bondholders (the **Meeting**) at any time in cases stipulated by, and under, these Terms and Conditions and under the applicable laws.

The costs of organising and convening the Meeting will be borne by the person who convened the Meeting, unless otherwise stipulated by law. The costs related to the attendance at the Meeting will be borne by each participant himself. If the convening person is one or more Bondholders, such person will be required, no later than on the date on which a notice of the Meeting is published under Condition 21.3, to deliver to the Administrator evidence from the records of the Central Depository or relevant custodian confirming the ownership of relevant number of the Bonds entitling the holder(s) to convene the Meeting.

Each Bondholder may withdraw, in writing, its request to convene the Meeting but only with respect to the Bonds held by such Bondholder and only if such withdrawal is addressed to the Issuer and delivered to the Administrator to the address of the Specified Office no later than seven Business Days before the Meeting is scheduled to be held. However, any such withdrawal of request to convene the Meeting will not affect the requests made by any other Bondholders.

### 21.2 Meeting Convened by the Issuer

The Issuer is obliged to promptly convene the Meeting if:

- (a) the Issuer requests the Bondholders to provide their opinion on the Issuer's proposal for any amendment to these Terms and Conditions that requires the Bondholders' consent under applicable laws;
- (b) an Event of Default has occurred;
- (c) the Meeting is requested by the Bondholders that own at least 10 per cent of the total Nominal Amount of the outstanding Bonds;
- (d) a consent or decision of the Bondholders is required under these Terms and Conditions (including in case of a proposed change of the Security Agent) or under the Intercreditor Agreement.

The Issuer shall convene the Meeting as a joint meeting of the Bondholders of all bonds issued under the Programme.

### 21.3 Notice of the Meeting

- (a) The Issuer is obliged to give notice of the Meeting in a manner set out in Condition 23 no later than 15 days prior to the date of the Meeting. If the Meeting is convened by any Bondholder (or Bondholders), such Bondholder(s) must, in the same period, deliver a notice of the Meeting (satisfying all statutory requirements) to the Issuer to the address of the Specified Office. The Issuer must ensure that such notice of the Meeting is published on its website <http://www.auctorfinance.sk/>, section "*Documents*".
- (b) The notice of the Meeting must contain at least:
  - (i) the business name, identification number and registered office of the Issuer;

- (ii) the identification of the Bonds, namely at least the Bond title, the Issue Date and the ISIN;
  - (iii) the venue, date and time of the Meeting, provided that the date of the Meeting must fall on a date which is a Business Day and the Meeting must not start earlier than at 11:00 a.m.;
  - (iv) the agenda of the Meeting and, if any amendment of these Terms and Conditions is proposed, the specification of the proposed amendment and justification thereof; and
  - (v) the Meeting Attendance Record Date.
- (c) The Meeting shall be authorised to decide on the proposed resolutions that have not been contained in the notice of the Meeting only in the presence and with the consent of all the Bondholders. If the reason for convocation of the Meeting ceases to exist, the person who convened the Meeting will revoke the convocation of the Meeting in the same manner in which the Meeting was convened.

#### 21.4 Persons Authorised to Attend and Vote at the Meeting

- (a) Persons Authorised to Attend the Meeting

A person entitled to attend and vote at the Meeting shall only be a Bondholder recorded as a Bondholder in the Relevant Record-Keeping at the close of the Meeting Attendance Record Date (the **Person Authorised to Attend the Meeting**). The certificate from the Relevant Record-Keeping according to the preceding sentence must be in writing (with officially verified signatures) and satisfactory in form and substance to the Administrator. The Administrator may require such certificate to be accompanied by an original or an officially certified copy of an extract from the Commercial Register or other respective register in respect of the custodian (administrator) not older than three months prior to the date of the relevant Meeting. No transfers of the Bonds made after the Meeting Attendance Record Date will be taken into account.

**Meeting Attendance Record Date** is a day falling seven days prior to the date of the relevant Meeting.

- (b) Voting Rights

Each Person Authorised to Attend the Meeting will have such number of votes out of the total number of votes that corresponds to the ratio between the Nominal Amount of the Bonds held by such person on the Meeting Attendance Record Date to the total Nominal Amount of the Bonds outstanding on the Meeting Attendance Record Date. No voting right will be attached to any Bonds held as of the Meeting Attendance Record Date by (i) the Issuer that have not been cancelled by the Issuer within the meaning of Condition 15.6, (ii) the Guarantor, or (iii) persons controlled by or having close ties (in Slovak: *blizka osoba*) with the Issuer or the Guarantor. If the Meeting decides on recalling a joint representative, the joint representative (if he is a Person Authorised to Attend the Meeting) may not exercise his voting rights at such Meeting.

A power of attorney granted by a Bondholder to any proxy must be in writing with an officially verified signature of the Bondholder. If a Bondholder is a legal entity, the Administrator may require from an individual authorised to represent such Bondholder at the Meeting on the basis of a power of attorney or otherwise an original or an officially certified copy of an extract from the Commercial Register or other respective register in respect of such Bondholder not older than three months prior to the date of the relevant Meeting.

(c) Attendance of the Meeting by Others Persons

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are Bondholders, proxies of the Bondholders, Administrator and its proxies, the joint representative of the Bondholders under Condition 21.5(c) (unless he is a Person Authorised to Attend the Meeting), the Security Agent and its proxies and any guests invited by the Issuer and/or the Administrator and/or the Security Agent.

**21.5 Course of the Meeting, Decision-Making**

(a) Quorum

The Meeting will have a quorum if it is attended by the Persons Authorised to Attend the Meeting who were, as of the Meeting Attendance Record Date, owners of the Bonds the Nominal Amount of which represents more than 50 per cent of the total Nominal Amount of the Bonds issued and outstanding part of the Issue. Any Bonds held as of the Meeting Attendance Record Date by (i) the Issuer that have not been cancelled by the Issuer within the meaning of Condition 15.6, (ii) the Guarantor, or (iii) persons controlled by or having close ties (in Slovak: *blízka osoba*) with the Issuer or the Guarantor will not be taken into account for the purposes of determination of the quorum of the Meeting. If the Meeting decides to recall a common proxy, any votes belonging to the common proxy (if he is a Person Authorised to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting, the convener will inform the Meeting about the number of all the Bonds and the Persons Authorised to Attend the Meeting in accordance with the Terms and Conditions.

(b) Chairman of the Meeting

The Meeting convened by the Issuer will be chaired by a chairman appointed by the Issuer. The Meeting convened by a Bondholder or Bondholders will be chaired by a chairman elected by a simple majority of votes of the attending Persons Authorised to Attend the Meeting. Until the chairman is elected, the Meeting will be chaired by a person appointed by the Bondholder(s) who convened the Meeting, and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

(c) Joint representative

The Meeting may elect, by resolution, an individual or a legal entity to act as a joint representative. In accordance with the Bonds Act, the joint representative is authorised (i) to enforce, on behalf of all of the Bondholders, any rights associated with the Bonds to the extent specified in a resolution adopted by the Meeting, (ii) to supervise the compliance with the Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Bondholders, any other acts or protect the Bondholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting, and (iv) inform the Bondholders on matters of a significant nature, e.g., non-compliance with the Terms of Conditions. The Meeting may recall the joint representative in the same way in which the joint representative was elected.

(d) Decision-Making at the Meeting

The Meeting will decide on any issues on its agenda in the form of resolutions. Unless otherwise provided by the Terms and Conditions or by law, any resolutions will require a simple majority of the votes of the attending Persons Authorised to Attend the Meeting in order to be made.

The Meeting may approve (even without the Issuer's consent) the early maturity of the Bonds in case of an Event of Default only if the Event of Default exists at the time of voting. By adopting such a resolution, the Bondholders also exercise the right under Condition 18.5.

The Meeting may approve instructions to the Security Agent to enforce the Security only after or together with the decision on approval of the early maturity of the Bonds.

(e) Adjournment of the Meeting

If within one hour after the scheduled opening the Meeting does not have a quorum, then such Meeting will be automatically dissolved without further notice. If a Meeting does not have a quorum within one hour after the scheduled opening of the Meeting, the Issuer or another convener of the Meeting will convene, if it is still necessary, a substitute Meeting to be held not earlier than two weeks and no later than six weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with an unchanged agenda will be notified to the Bondholders no later than 15 days after the scheduled date of the original Meeting. The substitute Meeting will have a quorum irrespective of the conditions for quorum set out in Condition 21.5(a).

(f) Minutes of the Meeting

A notarial deed must be made about the attendance at the Meeting and about the resolutions of the Meeting, stating at least the names of the Persons Authorised to attend the Meeting that voted for a resolution and the number of the Bonds these persons owned as at the Meeting Attendance Record Date. The Issuer is obliged to keep the minutes of the Meeting until the rights under the Bonds expire under the statute of limitations. The minutes of the Meeting will be available for inspection to the Bondholders after prior notification during regular business hours at the Specified Office. The Issuer is obliged to publish information on all resolutions adopted at the Meeting in the manner set out in Condition 23 no later than 30 days after the date of the Meeting.

(g) Attendance and voting at the Meeting through electronic means of distance communication

If, in the notice of convocation of a Meeting, the Issuer set out the organisational and technical terms and conditions for participation of the Bondholders in the Meeting through electronic means of distance communication, the Person Entitled to attend the Meeting may participate in and vote at it through electronic means of distance communication under the following conditions:

- (i) The Person Entitled to attend the Meeting shall respect the organisational and technical conditions and instructions of the Issuer (in particular the hardware and software requirements) and shall maintain video and audio contact with the Meeting from the start of the Meeting; any later registrations of the Person Entitled to attend the Meeting will not be taken into account;
- (ii) The Person Entitled to attend the Meeting may, if attending the Meeting through electronic means of distance communication, be not represented by an attorney, except if the Person Entitled to attend the Meeting notified the Issuer of this fact in writing at least two Business Days before the Meeting and at the same time delivered to the Issuer the original of a power of attorney with an officially certified signature of the Person Entitled to attend the Meeting or its statutory body, in the case of a legal entity, together with an original or a copy of a valid extract from the commercial register or other similar register in which the Person Entitled to attend the Meeting is registered (possibly also the attorney itself, if legal entity); this power of attorney is, except for manifest deficiencies, an irrefutable proof of the attorney's right to participate and vote at the Meeting on behalf of the represented Person Entitled to attend the Meeting.
- (iii) the two-way communication between the Meeting and the Bondholder and the transmission of video and audio will not be interrupted, delayed and will be in sufficient

scope and of sufficient quality, which in particular allows the Chairman of the Meeting to verify the identity of the Person Entitled to attend the Meeting and the Person Entitled to attend the Meeting to participate in the discussions and vote on the items on the agenda as well as viewing, receiving and submitting documents (in electronic form, if necessary);

- (iv) in the event of failure to comply with the condition under paragraph (iii) above, the Chairman of the Meeting shall be entitled to terminate the participation of the relevant person in the Meeting by interrupting the connection, in which case the relevant Person Entitled to attend the Meeting shall be deemed to be absent from the Meeting;
- (v) in case of any technical failure or other event giving rise to the termination of the video and/or audio connection between the Meeting and the Person Entitled to attend the Meeting, such person shall be deemed to be absent from such moment;
- (vi) no Person Entitled to attend the Meeting whose participation in the Meeting has been terminated under paragraph (iv) or (v) above shall have the right to resume his/her participation in that Meeting by re-connecting to the Meeting through electronic means of distance communication; the above shall not apply if the relevant connection was interrupted solely for reasons on the part of the Issuer; in such a case, the Issuer shall allow the relevant Person Entitled to attend the Meeting to re-establish video and audio contact with the Meeting;
- (vii) while the video or audio contact with the Meeting is interrupted, the relevant Person Entitled to Attend the Meeting will be deemed to be absent; however, the Issuer is not obliged to suspend the course of the Meeting for this reason;
- (viii) while the video or audio contact with the Meeting is interrupted, the relevant Person Entitled to Attend the Meeting will be deemed to be absent; however, the Issuer is not obliged to suspend the course of the Meeting for this reason;
- (ix) the Chairman of the Meeting can control how the Meeting proceeds, and determine and announce the results of voting;

The Person Entitled to attend the Meeting attending a Meeting through electronic means of distance communication under the above terms will be deemed to be present at the Meeting.

## 21.6 Resolutions binding; rights of the dissenting Bondholders

- (a) Any duly adopted resolution shall be binding on the Issuer and all Bondholders and, where applicable, the Security Agent, as far as it or the Security Agent is concerned, whether or not they attended the Meeting and whether or not voted for the resolution at the Meeting.
- (b) If the Meeting (i) approves a change in the essential features of the Bonds referred to in Section 3 (1) (d), I, (f), (k), (m) or (n) of the Bonds Act or (ii) does not resolve on the early redemption of the Bonds upon occurrence of the Event of Default under Condition 18.1(a), the Bondholder who, according to the minutes, voted against the concerned resolution or did not attend the Meeting, may request (A) early redemption of the Nominal Amount (adjusted in accordance with Condition 18.6, if applicable) including accrued interest in respect of the Bonds (if applicable) held by that Bondholder or (B) preserving of the obligations of the Issuer under the Terms and Conditions unaffected by the resolution of the Meeting (the **Dissenting Application**).
- (c) The Dissenting Application must include certified signatures of the Bondholder (or its authorised representative) and must be submitted within 30 days of the Meeting. Upon expiry of this period, the right to early repayment or preserving the obligations expires. The Issuer

shall, within 30 days of receipt of the Dissenting Application, in its sole discretion either pay to the Bondholder the Nominal Amount (adjusted in accordance with Condition 18.6, if applicable) and relevant accrued interest (if applicable) or ensure the application of the Issuance Conditions in their unchanged wording against this Bondholder.

## 22. AMENDMENTS TO THE TERMS AND CONDITIONS

Unless stipulated by the applicable laws otherwise, the meeting of the Bondholders shall have the exclusive right to decide on amendments of these Terms and Conditions.

## 23. NOTICES

**23.1** Any notice to the Bondholders will be valid and effective if published in the Slovak language on the Issuer's website <http://www.auctorfinance.sk/>, section "Documents". If mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. If a notice is published by more than one manner, as the date of the notice will be considered the date of the first publication.

**23.2** Any notice to be delivered to the Issuer under these Terms and Conditions shall be deemed as duly made if it is delivered in writing by registered post or courier to the Issuer's registered office address:

Auctor Finance, s. r. o.  
Dvořákovo nábrežie 8  
Bratislava - mestská časť Staré Mesto 811 02  
Slovak Republic

**23.3** For purposes of a due notification, any Notice shall contain the name of the Bonds as well as their ISIN.

## 24. GOVERNING LAW, LANGUAGE AND SETTLEMENT OF DISPUTES

**24.1** Any rights and obligations under the Bonds will be governed by, and interpreted and construed in accordance with, the laws of the Slovak Republic.

**24.2** Any disputes between the Issuer and the Bondholders that may arise based on or in connection with the Bonds, including any disputes with respect to the Terms and Conditions, will be settled with final effect by the relevant (in Slovak: *príslušný*) court of the Slovak Republic.

## 25. DEFINITIONS

**25.1** In addition to the terms defined elsewhere in the Terms and Conditions, the following terms will have the meaning specified herein:

**Adria Life** means Adria Life d.o.o., a company incorporated and existing under Croatian law, with its registered office in Novigrad – Cittanova (Grad Novigrad – Cittanova), Škverska 8, registered in the Court Register of the Commercial Court in Pazin, under registration no. (MBS) 040335026, PIN (OIB): 87429101081.

**Acquisition Financial Indebtedness** means monetary debt of Auctor Holding towards Sanja and/or Fran Palic, up to the amount of EUR 6,100,000, arising under or in relation to obligation of Auctor Holding to pay Sanja and/or Fran Palic purchase price for acquisition of shares in certain Auctor Group companies and/or in Auctor Kapital.

**Arranger** means J&T IB and Capital Markets, a.s., with its registered office at Sokolovská 700/113a, Karlín, 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 company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Dežmanova 5, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 080081289, PIN (OIB): 19203050598.

**Auctor Finance** means Auctor Finance, s. r. o., with its registered office at Dvořákovo nábřežie 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.

**Auctor Holding** means Auctor Holding, a.s., a company incorporated and existing under Czech law, with its registered office in Prague, Pobřežní 297/14, Postal Code 186 00, Czech Republic, identification no. 083 64 028, registered in the Commercial Register maintained by the Municipal Court in Prague under file no. B 24583.

**Auctor Kapital** means Auctor Kapital d.o.o. a company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Dežmanova 5, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 080420313, PIN (OIB) 53129449395.

**Auctor Prime** means Auctor Prime d.o.o., a company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Dežmanova 5, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 081274801, PIN (OIB) 40970538952.

**Auditor** means:

- (a) in relation to the Issuer, AuditTeam s. r. o., Audit team, spol. s r.o. or any firm from Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers group; and
- (b) in relation to the Guarantor, any firm from Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers group,

appointed by the Issuer or the Guarantor to act as its statutory auditors.

**BSSE** means Bratislava Stock Exchange – Burza cenných papierov v Bratislave, a.s., with its registered office at Vysoká 17, 811 06 Bratislava, Identification No. 00 604 054, registered in the Commercial Register maintained by the District Court Bratislava I, Section Sa, Insert No. 117/B.

**Total Debt** means at any time the aggregate amount of all the following monetary obligation of the Issuer, the Czech Issuer and the Guarantor on a pro-forma consolidated basis exclusively for the following three individual entities:

- (a) the Financial Indebtedness of the Issuer corresponding to the aggregate nominal amount of all outstanding bonds issued under the Programme, including the accrued interest;
- (b) the Financial Indebtedness of the Issuer (other than that under paragraph (a) above), not subordinated to the obligations of the Issuer under the bonds issued or to be issued under the Programme;
- (c) the Financial Indebtedness of the Czech Issuer corresponding to the aggregate nominal amount of all outstanding bonds issued by the Czech Issuer under the Programme, including the accrued interest;
- (d) the Financial Indebtedness of the Czech Issuer (other than that under paragraph (c) above), not subordinated to the obligations of the Czech Issuer under the bonds issued by the Czech Issuer; and

- (e) The Financial Indebtedness of the Guarantor, with the exception of the Financial Indebtedness of the Guarantor subordinated to:
  - (i) the obligations of the Guarantor under the guarantee issued by the Guarantor in relation to:
    - (A) the bonds that have been or are to be issued by the Issuer under the Program; a
    - (B) the bonds that have been issued by the Czech Issuer; a/or
  - (ii) the obligations of the Guarantor under the loan provided to the Guarantor by:
    - (A) the Issuer from the funds raised by issuing bonds under the Program; and
    - (B) the Czech Issuer from the funds raised by issuing bonds,

and in each case so that no amount shall be included or excluded more than once.

**Czech Issuer** means any company established under the Czech law in which Auctor Holding owns (directly or indirectly) any issued share capital or in relation to which Auctor Holding has the ability to direct the management and the decision making of the entity whether through the exercise of voting rights, by contract or otherwise.

**Subsidiary** means a controlled person (in Slovak *ovládaná osoba*) pursuant to Section 66a of the Commercial Code.

**DTV** means, in respect of any Relevant Period, the ratio of Total Debt on the last day of that Relevant Period to the then most recently determined Market Value.

**Reporting Date** means:

- (a) for the purposes of paragraph (ii) of the Condition 13.8, 31 July of each calendar year starting with 31 July 2021; and
- (b) for the purposes of paragraph (i) of the Condition 13.8, 31 July of each calendar year starting with 31 July 2022.

**EUR** or **euro** means the single currency of the participating Member States of the Eurozone.

**Financial Indebtedness** means any indebtedness or debt for or in respect of:

- (f) moneys borrowed as loan or credit;
- (g) any amount raised based on the issue of notes (except for payable notes serving solely to secure or corroborate another debt), bonds, any other securities or any similar instrument;
- (h) any debt arising from any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (i) any receivable assigned for consideration or discounted, except for any receivables that cannot be re-transferred to the assignor and in respect of which no recourse against the assignor is allowed (for the avoidance of doubt, such cases of Financial Indebtedness do not include receivables assigned as security);

- (j) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable, where the deferred payment is arranged primarily as a method of raising finance or of financing the acquisition of that asset and where such financing is interest-bearing;
- (k) any derivative (or similar) transaction entered into in connection with the protection against fluctuations in any rate or price (and for the calculation of the amount of the indebtedness, the actually due and outstanding amount will be used or, in relation to amounts that are not due at that particular moment, the then mark-to-market value of the derivative transaction that would be due if the transaction were terminated early at that particular moment (i.e. the net amount of the loss based on the mark-to-market value));
- (l) any counter-indemnity or obligation to indemnify in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;
- (m) any amount of any debt under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; or
- (n) (without double counting) the amount of any debt in respect of any provided guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

**Holding Company** means controlling person (in Slovak *ovládajúca osoba*) pursuant to section 66a of the Commercial Code.

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

**Other Security** means any pledge, security assignment of a right, lien or any other form of *in rem* security, including (among others) any similar institute under the law of any jurisdiction, save for of the Security.

**JTPEG** means JTPEG Croatia Investments, a.s., a company incorporated and existing under Czech law, with its registered office in Pobřežní 297/14, Karlín, Postal Code 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.

**J&T Banka** means J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification Number 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting (where applicable) in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No. (*IČO*): 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B.

**J&T banka d.d.** means a bank incorporated and existing under Croatian law, with its registered office in Varaždin, Postal Code 42000, Aleja Kralja Zvonimira 1, registered in the Court Register of the Commercial Court in Varaždin under registration no. (MBS) 050000185, PIN (OIB): 38182927268.

**Commercial Valuation** means a report prepared by the Commercial Valuer on the determination of the fair market value of the Assets.

**Commercial Valuer** means a reputable provider of valuation services with international experience in the valuation of companies and properties.

**Laguna Novigrad** means Laguna Novigrad d. d., a company incorporated and existing under Croatian law, with its registered office in Novigrad – Cittanova (City of Novigrad – Cittanova), Škverska 8,

registered in the Court Register of the Commercial Court in Pazin under registration no. (MBS) 040060543, PIN (OIB): 58935879058.

**Lipa-Promet** means Lipa-Promet d.o.o., a company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Dežmanova 5, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 080304632, PIN (OIB): 68492183646.

**Litmus** means Litmus d.o.o., a company incorporated and existing under Croatian law, with its registered office in Novigrad – Cittanova (City of Novigrad – Cittanova), Škverska 8, registered in the Court Register of the Commercial Court in Pazin under registration no. (MBS) 080804878, PIN (OIB): 33848082450.

**Assets** means assets of the Issuer, the Czech Issuer and the Guarantor on a pro-forma consolidated basis solely for the following three individual entities, including but not limited to (i) shares or other participation interests in all direct and indirect subsidiaries, and (ii) loans provided, and (iii) cash.

**Medika** means Medika d.d., a company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Capraška 1, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 080027531, PIN (OIB): 94818858923.

**Intercreditor Agreement** means an intercreditor agreement governed by Czech law to be entered into between inter alia the Issuer, the Czech Issuer and J&T banka d.d. acting as security agent under all bonds issued by the Issuer and the Czech Issuer.

**disposal** means a sale, transfer, assignment, lease or licence, whether voluntary or involuntary, and dispose will be construed accordingly.

**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.

**Civil Code** means Slovak Act No. 40/1964 Coll., the Civil Code, as amended.

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

**Oleg Uskokovic** means Mr Oleg Uskoković, born on 7 May 1966, residing at Varaždin, Postal Code 42000, Krešimira Filića 39/B, PIN (OIB): 15635215817.

**Obligor** means:

- (a) the Guarantor;
- (b) Auctor;
- (c) Lipa-Promet;
- (d) Auctor Finance;
- (e) Laguna Novigrad;
- (f) Litmus;
- (g) Adria Life; and
- (h) any other member of the Auctor Group in relation to which the Guarantor disposes, directly or indirectly, of enough voting rights allowing the Guarantor individually (directly or indirectly)

to adopt a resolution on amendment to the memorandum or articles of association (or other similar constitutional or corporate document) of such member of the Auctor Group.

**Permitted Distribution** means:

- (a) distribution or payment of dividend (including dividend advance), other share of profit, share in the registered capital or equity or interest on unpaid dividends by the Issuer or the Guarantor to its shareholder(s);
- (b) repayment or prepayment of a loan granted to the Guarantor, which is subordinated in accordance with Condition 13.11; or
- (c) repayment or prepayment of a loan granted to the Issuer which constitutes Permitted Financial Indebtedness (together with (a) and (b) above as **distribution**),

in each case however only provided that:

- (i) no Event of Default exists as at the time when such distribution is made and no Event of Default will occur as a result of such distribution; and
- (ii) prior to making such distribution, the financial indicator in Condition 12.1 shall be retested as at the end of the respective Relevant Period (whereas, for this purpose, calculation of DTV shall take into account such distribution as if already made) and such retest:
  - (A) confirms that DTV is not more than 65 per cent; and
  - (B) is supported with an *ad hoc* Compliance Certificate published and made available to the Bondholders in the manner stipulated in Condition 23 no later than five Business Days prior to making such distribution, specifying:
    - I. such distribution; and
    - II. giving reasonable details of DTV calculation;
- (d) payment of consideration payable by the Issuer to the Guarantor for the provision of the Guarantee;
- (e) repayment or prepayment or termination of the loan granted to the Guarantor by offsetting (i) the claim of the relevant creditor for the repayment of the loan, including the appurtenances, against (ii) the claim of the Guarantor for a surcharge to remaining or other capital funds of the Guarantor or due to an increase in the Guarantor's registered capital;
- (f) repayment or prepayment of the loan granted to the Guarantor by offsetting (i) the claim of the Guarantor for the repayment of the loan, including the appurtenances, against (ii) the claim of the Issuer for a surcharge to remaining or other capital funds of the Issuer or due to an increase in the Issuer's registered capital.

**Permitted Activities** means:

- (g) ownership, management, operation of hotels, camps and similar leisure assets; and / or
- (h) sale, storage and distribution of human and veterinary drugs, medicinal products, equipment and dental supplies, dietetic, cosmetic, hygienic and other healthcare related products and related activities and ownership, management and operation of pharmacies.

**Permitted Financial Indebtedness** means:

- (a) Financial Indebtedness incurred under the bonds issued or to be issued under the Programme;
- (b) a loan granted to the Issuer, provided that the obligations of the Issuer under such loan will be subordinated to the obligations of the Issuer under the bonds issued or to be issued under the Programme;
- (c) a consideration payable by the Issuer to the Guarantor for provision of the Guarantee; and
- (d) Financial Indebtedness incurred with the prior consent of the Meeting.

**Permitted Security** means any security envisaged or existing in connection with the facilities agreement dated 24 October 2019 between Auctor Holding as debtor, J&T BANKA, a.s. and J&T banka d.d. as arrangers and original creditors and J&T banka d.d. as agent and security agent, as amended, where such security will constitute “Permitted Security” only until 60 days after the Issue Date.

**Permitted Loan** means:

- (a) a loan made or to be made by the Issuer to Auctor Holding; and
- (b) a loan made with the prior consent of the Meeting.

**Relevant Record-Keeping** means an owner’s securities account (in Slovak: *účet majiteľa*) (within the meaning of the Securities Act) with the Central Depository or account with any Central Depository’s member, for whom the Central Depository opened a member’s client account (in Slovak: *klientsky účet člena*) or holder’s account (in Slovak: *držiteľský účet*).

**Regulated Market of BSSE** means the regulated free market (in Slovak: *regulovaný voľný trh*) operated by the BSSE.

**Guarantor** means Auctor Holding.

**Auctor Group** means:

- (c) Auctor Holding;
- (d) Medika;
- (e) Laguna Novigrad; and
- (f) each other entity in which Auctor Holding owns, directly or indirectly, more than 50 per cent. of shares, participation interest or similar ownership.

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

**SZAIIF** means Slavonski Zatvoreni Alternativni Investicijski Fond s javnom ponudom d.d., a company incorporated and existing under Croatian law, with its registered office in Zagreb, Postal Code 10000, Dežmanova 5, registered in the Court Register of the Commercial Court in Zagreb under registration no. (MBS) 030064066, PIN (OIB): 06371858079.

**Market Value** means the market value of the Assets determined by the then current Commercial Valuation.

## SECURITIES NOTE

**GAAP** means generally accepted accounting principles in the jurisdiction of incorporation of the Issuer or relevant Obligor, including IFRS.

**Security** means the Guarantee and each Pledge.

**Securities Act** means Slovak Act No. 566/2001 Coll. On Securities and Investment Services, as amended.

**Bonds Act** means Slovak Act No. 530/1990 Coll. On Bonds, as amended.

**Bankruptcy Act** means Slovak Act No. 7/2005 Coll. On Bankruptcy and Restructuring, as amended.

*[end of the independently numbered part of the Common Terms]*

## 7.2 Terms and Conditions of the Offer

Bonds issued under the Programme, will be issued and offered as part of the primary sale (subscription) through the Lead Manager, J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No. (IČ): 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, Section: B, Insert No.: 1731, acting in the Slovak Republic through its branch J&T BANKA, a.s., pobočka zahraničnej banky, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No. (IČO): 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B (hereinafter the **Lead Manager**).

The Issuer will enter into an agreement with the Lead Manager on the placement of bonds of the particular Issue without a firm commitment. The estimated remuneration (commission) of the Lead Manager for the placement of the Bonds will represent approximately 1.8% of the total placed volume of the Issue. The Issuer agrees to the subsequent offer of the Bonds within the secondary market in the Slovak Republic and/or Czech Republic to be made by the Lead Manager or any other authorized financial intermediary in the Slovak Republic and/or Czech Republic. The Issuer gives its consent to use of the Base Prospectus (consisting of this Securities Note and the Registration Document) for the purposes of such subsequent public offering of the Bonds (please see below on details on the secondary offer of the Bonds).

### *Terms of the primary public offer*

The Bonds will be offered on the basis of a public offer of securities pursuant to the Prospectus Regulation in [**Country of the public offer** – [the Slovak Republic] *or* [Czech Republic] *or* [the Slovak Republic and the Czech Republic]].

The offer of the Bonds through the primary sale (subscription) of the Bonds will run from [**Offer Start Date**] to [**Offer End Date**] (12:00 pm).

The beginning of the issuing and recording of the Bonds to the accounts in the Relevant Record-Keeping and at the same time the day of the issue of the Bonds, will be the Issue Date. The Bonds will be issued on an ongoing basis, with the anticipated term of issuing the Bonds (i.e. recording to the relevant accounts) ending no later than one month after expiry of the period for subscribing the Bonds or one month after subscribing the highest nominal amount of the Bonds (whichever occurs first).

The Issuer is entitled to issue the Bonds in a volume less than the highest amount of the nominal amounts of the Bonds, and the Issue will still be in such case considered successful. This includes the possibility for the Issuer to suspend or terminate the offer at its discretion (depending on its current financing need), with further orders not being accepted after the offer is terminated and no further orders being accepted after the offer is suspended until the Issuer publishes information on the continuance of the offer. The Issuer will always publish information on the termination of the offer, suspension of the offer or continuation of the offer in advance on a dedicated part of the Issuer's website <http://www.auctorfinance.sk/>, section “*Documents*”.

The minimum order amount is set to [**Minimum Order Amount**]. The maximum order amount (i.e. the maximum volume of the nominal amount of the Bonds required by an individual investor) is limited only by the highest amount of the nominal amounts of the issued Bonds.

The condition for participation in the public offer is proof of the investor's identity with a valid identity document. Investors will be reached mainly by means of long-distance communication. The condition for obtaining the Bonds through the Lead Manager is the conclusion of an agreement on provision of investment services between the investor and the Lead Manager and the submission of an instruction to procure the purchase of the Bonds under this agreement. After subscribing and recording the Bonds to the relevant account, a confirmation of the subscription of the Bonds will be sent to the Bondholder,

whereas trading of the Bonds will be able after the issue of the Bonds and after acceptance of the Bonds for trading on the Regulated Market of BSSE or respective regulated market of the PSE.

There are no pre-emptive rights or pre-emptive subscription rights in relation to the Bonds.

The Lead Manager is entitled to reduce the volume of Bonds specified in the orders / instructions of investors at its sole discretion, but always in a non-discriminatory manner, in accordance with the Lead Manager's order execution strategy and in accordance with applicable laws, including MiFID II. In the event of a reduction in the volume of the order, the Lead Manager will return any surplus to the particular investors without undue delay to the investor's account notified for this purpose to the Lead Manager. Relevant agreements and orders will be available to investors at the Lead Manager. The net purchase price of the Bonds, which will be paid to the Issuer, may be reduced by the remuneration, fees or expenses associated with the subscription and purchase of the Bonds

The results of the primary sale (subscription) will be published at a publicly available place in the Specified Office and also on the Issuer's website on the day following the end of the Bond issuance period or immediately after the issuance of all Bonds. Based on the instruction of the Lead Manager, the Bonds will be recorded without undue delay to the respective accounts kept in the Relevant Record-Keeping against payment of the Issue Price of the affected Bonds.

**[Information on fees charged to investors** - [In connection with the primary sale (subscription) of the Bonds in the form of a public offer based on the Issuer's consent granted to the Lead Manager as a financial intermediary with using the Base Prospectus (consisting of this Securities Note and the Registration Document), the Lead Manager shall charge investors a fee according to its current fee list, currently amounting to 0.60 % of a transaction volume. A fee for transaction to account other than holder's account is set out to 1.00 %, but no less than EUR 480. The current standard pricelist of the Lead Manager's Slovak branch is published on its website at [www.jtbanka.sk](http://www.jtbanka.sk) in the *Useful information* (in Slovak *Užitočné informácie*) section, subsection Price List, under the *Price list* (in Slovak *Sadzovník poplatkov*) link, version Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 15 August 2020 (in Slovak *Sadzovník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzovník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020*)] or **[Description of fees charged to investors]**].

In order for a successful primary settlement (i.e. recording the Bonds to the relevant accounts after payment of the Issue Price), the Bonds subscribers must proceed in accordance with the instructions of the Lead Manager or its representatives. In particular, if the subscriber of the Bonds is not a member of the Central Depository itself, it must open respective account with the Central Depository or a member of the Central Depository. There can be no assurance that the Bonds will be properly delivered to the purchaser if the purchaser, or the person who maintains the relevant account for it, fails to comply with all procedures and fails to comply with all applicable instructions for the primary settlement of the Bonds.

There are no entities that have a firm commitment to act as intermediaries in secondary trading and / or to provide liquidity through bid and offer quotes.

### ***Secondary public offer of the Bonds, consent to the use of the Base Prospectus***

The Issuer agrees to the subsequent public offering of the Bonds within the secondary market in the Slovak Republic (and/or the Czech Republic, as the case may be) be performed by the Lead Manager or any other financial intermediary in the Slovak Republic (and/or the Czech Republic, as the case may be) and gives its consent to the use of the Base Prospectus (consisting of this Securities Note and the Registration Document) for the purposes of such subsequent public offering of the Bonds. For the avoidance of doubt, the Issuer agrees to the use of the Base Prospectus by selected financial intermediaries. The condition for granting consent to the use of the Base Prospectus is the written

consent of the Issuer to use the Base Prospectus for the purposes of a public offer or the final placement of the Bonds, which shall determine the financial intermediary to whom the authorization has been granted. The list of respective financial intermediaries to which consent has been granted will be published on the Issuer's website <http://www.auctorfinance.sk/>, section "Documents". The Issuer's consent to the subsequent public offering of the Bonds within the secondary market is limited to 7 October 2021.

The Issuer expressly accepts responsibility for the content of the Base Prospectus also with regard to the secondary offer of the Bonds through financial intermediaries.

#### **NOTICE TO INVESTORS:**

**The financial intermediary must provide information on the terms of the financial intermediary's offer to each specific investor at the time of the offer.**

In particular, with respect to the secondary offer of the Bonds by the Lead Manager, the minimum nominal amount of the Bonds that an individual investor will be entitled to purchase will be limited to [**Minimum Nominal Amount of the Secondary Order**]. The maximum volume of the nominal amount of the Bonds required by individual investors in the order is limited by the total volume of the Bonds offered. The final nominal amount of the Bonds allocated to an individual investor will be stated in the acknowledgment of receipt of the offer, which will be sent by the Lead Manager to individual investors (mainly by means of a distance communication). The Bonds will be offered at a price set by the Lead Manager as a listing agent at a price given by the current supply and demand for the Bonds.

[**Information on fees charged to investors in the case of a secondary offer** - [In the case of the subsequent sale of the Bonds on the secondary market in the form of a public offer on the basis of consent granted to selected financial intermediary with use of the Base Prospectus (consisting of this Securities Note and the Registration Document), the Lead Manager shall charge investors a fee according to its current fee list, currently amounting to 0.60 % of a transaction volume. A fee for transaction to account other than holder's account is set out to 1.00 %, but no less than EUR 480. The current standard pricelist of the Lead Manager's Slovak branch is published on its website at [www.jtbanka.sk](http://www.jtbanka.sk) in the *Useful information* (in Slovak *Užitočné informácie*) section, subsection Price List, under the *Price list* (in Slovak *Sadzobník poplatkov*) link, version Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 15 August 2020 (in Slovak *Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020*).] or [**Description of the fees charged to the investors in the secondary offer**]].

#### **MiFID II product governance**

##### ***Target market, eligible counterparties, professional clients and non-professional / retail clients***

Solely for the purposes of Lead Manager's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, including all its statutory instruments and implementations into relevant national law, as amended (**MiFID II**) and (ii) all channels for distribution of the Bonds are appropriate, specifically through a non-advisory sales service or portfolio management service.

Any person subsequently offering, selling or recommending the Bonds subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. The Lead Manager is responsible for determining the target markets and distribution channels only in relation to the primary offer of the Bonds, resp. to an offer made by the Lead Manager directly.

### 7.3 Additional Information

#### (a) Advisers in connection with the issue of securities

The Issuer has appointed J&T IB and Capital Markets, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 247 66 259, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 16661, to act as the arranger based on a mandate agreement on procuring issuances of bonds under the Programme. The Arranger will perform these activities under Section 6(2)(f) of the Securities Act.

The Arranger further used the services of Allen & Overy Bratislava, s.r.o., with its registered office at Eurovea Central 1, Pribinova 4, 811 09 Bratislava, Identification No.: 35 857 897, registered in the Commercial Register of the District Court Bratislava I, section: Sro, file no.: 28828/B, as a transactional legal advisor.

#### [Information on other advisors]

#### (b) Interest of natural and legal persons participating in the Issue

The Lead Manager or its affiliates (including the Security Agent) provides and may continue to provide various banking services to the Issuer, or any other member of Auctor Group, in the ordinary course of business. The funds obtained from the Bonds issue will be used *inter alia* to repay existing financial indebtedness towards the Lead Manager, the Security Agent or their affiliates. There may be a potential conflict of interest in providing the services of Lead Manager and/or the Security Agent in relation to Bonds and loan financing which the Lead Manager, the Security Agent or their affiliates have provided to the Issuer or to any other member of the group which the Issuer is part of.

The Lead Manager may be motivated to sell the Bonds with respect to its incentive rewards (in the event of a successful sale), which may create a conflict of interest. The Lead Manager is obliged to take measures in case of conflict of interest in accordance with the requirements of generally binding legal regulations. The Lead Manager participates in the Issue as part of its ordinary activities, for which the Issuer will pay the agreed remuneration. Participation in the Issue may, in addition to arranging placement of the Bond, also consist of subscribing any or all of the Bonds issued within particular Issue on the primary market.

Neither the Lead Manager nor any other person has assumed the firm obligation to subscribe or purchase the Bonds towards the Issuer.

The Lead Manager also participates in the position of Administrator and Listing Agent.

#### [Description of other interests]

#### (c) Reason for the offer and use of proceeds from the Issue

The Issuer estimates that the remuneration, costs and expenses relating to the Issue, which relates mainly to the preparation of the Securities Note and Final Terms and related services, to the costs associated with the approval process at the NBS, to ISIN allocation, to the issue of Bonds, to the acceptance of Bonds for trading on the Regulated Market of BSSE (and potentially on respective regulated market of Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*) to legal services and to other professional activities (the **Costs**) will be cumulatively approx. [**Estimated Costs of Issue**].

The purpose of using the net proceeds from the Issue in the amount of [**Estimated net proceeds from the Issue**], after payment of all remunerations, costs and expenses, is funding of general corporate purposes of the Issuer and Auctor Group, including refinancing of existing debt obligations and financing of new projects.

This purpose is also the reason for the offer of each issue of bonds under the Programme.

(d) **Admission to trading**

The Issuer shall, at the latest after the subscription of the total Nominal Amount of the Issue or after the expiry of the period for subscription of the Bonds within the Issue (if the total Nominal Amount of the Bonds within the Issue is not subscribed by the end of the specified subscription period) apply for the acceptance of the Issue of the Bonds for trading on [**Regulated market information** – [the Regulated Market of BSSE] *or* [the regulated market of the Prague Stock Exchange]].

The Issuer cannot guarantee that the relevant stock exchange will accept the application for admission to trading. Trading with the Bonds will start only after their admission to trading on the relevant regulated market.

In addition to the application for the acceptance of the Bonds for trading on the regulated market, the Issuer did not apply for, nor does it intend to apply for, admission of the Bonds for trading on any domestic or foreign regulated market or stock exchange.

**[Estimated costs related to admission to trading]**

If the investor decides to acquire the Bonds on the regulated market, the investor will be charged the costs associated with a settlement.

Apart from the bonds issued under the Programme, the Issuer has not issued any debt securities that would be admitted to trading on a regulated market.

(e) **Intermediaries providing secondary trading liquidity**

There are no persons determined, who would have a firm commitment to act as intermediaries in secondary trading and providing liquidity through bid and offer quotes.

The Lead Manager or persons acting on its behalf are authorized to stabilize the Bonds, accordingly, they may, at their discretion, execute stabilization transactions (purchases or sales) in relation to the Bonds aimed at supporting the market price of the Bonds at a higher level than would otherwise prevail without such transactions. **However, there is no guarantee that the Lead Manager or any other person will carry out stabilization transactions.** Any stabilization transactions, if any, will only be carried out at a time, to the extent and in a manner consistent with the requirements of the relevant laws. The Lead Manager may terminate the stabilization at any time.

**8. FORM OF THE FINAL TERMS**

*The form of the Final Terms which will be prepared for each issue of the Bonds to be issued on the basis of the Securities Note under the Programme is set out below. These Final Terms will contain the relevant information for each particular issue of the Bonds. The Final Terms will be prepared and published for each individual issue of the Bonds issued under the Programme prior to the commencement of the issue of the Bonds.*

*If certain information from the form of the Final Terms below is of no relevance in relation to a particular issue, it will state “Not applicable”. This symbol “[●]” is used to designate those parts of the Final Terms which will be filled in.*

*If, with regard to the concerned information item, it is stated “selection of option from the Common Terms” or “selection of option”, it means that such information is included in the Common Terms in the relevant information block with several options and only the option that is relevant for the given issue will be included in the Final Terms.*

*Information regarding the supplement to the Securities Note (if any) stated below in square brackets will be provided in the Final Terms only if one or more supplements to the Securities Note are made.*

[The form of the Final Terms is provided on the next page.]

**FINAL TERMS**

Dated [●]

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

Total nominal value of the Issue: [●]

Title (in Slovak: *názov*) of the Bonds: [●]issued under up to EUR 80,000,000 Bond Programme  
guaranteed by the company Auctor Holding, a.s. and secured by pledges

ISIN: [●]

These Final Terms were prepared for the purposes of Article 8(4) and (5) of the Prospectus Regulation and in order to obtain comprehensive information, they must be read, considered and interpreted in conjunction with the securities note dated 22 October 2020 (the **Securities Note**) and the registration document dated 30 September 2020 (the **Registration Document**) that together constitute the Base Prospectus (the **Base Prospectus**) to the up to EUR 80,000,000 bonds issuance programme issued from time to time or repeatedly by Auctor Finance, s. r. o., a limited liability company (*spoločnosť s ručením obmedzeným*) incorporated under the laws of the Slovak Republic, with its registered office at Dvořákovo nábrežie 8, Bratislava - mestská časť Staré Mesto 811 02, Slovak Republic, Identification No. (IČO): 51 901 811, registered in the Commercial Register of the District Court Bratislava I, Section: Sro, Insert No.: 130985/B (the **Issuer**). The Final Terms, including the used defined terms, must be read in conjunction with the Common Terms in the Securities Note. The risk factors related to the Bonds are listed in section 2 of the Securities Note, headed “*Risk Factors*”. The risk factors associated with the Issuer and the guarantor, Auctor Holding a.s. (the **Guarantor**), are listed in section 2 of the Registration Document headed “*Risk Factors*”.

The Securities Note, the Registration Document and their supplements (if any) are available in electronic form at the dedicated section of the Issuer’s website <http://www.auctorfinance.sk/>, section “*Documents*”. The information regarding the Issuer, the Guarantor and the Bonds and their offer is only complete in combination of these Final Terms and the entire Base Prospectus and its supplements. [The summary of the Issue is attached to these Final Terms.]

The Registration Document was approved by the National Bank of Slovakia by its decision No. 100-000-252-629 to file No. NBS1-000-053-914 that became valid and effective (in Slovak: *právoplatné*) on 7 October 2020. The Securities Note was approved by the National Bank of Slovakia by its decision [●] dated [●]. [The Securities Note Supplement No.: [●] was approved by the National Bank of Slovakia by its decision [●] dated [●]].

**MIFID II PRODUCT GOVERNANCE*****Target market, eligible counterparties, professional clients and non-professional / retail clients***

Solely for the purposes of Lead Manager’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, including all its statutory instruments and implementations into relevant national law, as amended (**MiFID II**) and (ii) all channels for distribution of the Bonds are appropriate, specifically through a non-advisory sales service or portfolio management service.

Any person subsequently offering, selling or recommending the Bonds subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels. The Lead Manager is responsible for determining the target markets and distribution channels only in relation to the primary offer of the Bonds, resp. to an offer made by the Lead Manager directly.

**PART A: PROVISIONS SUPPLEMENTING TERMS AND CONDITIONS OF THE BONDS**

*This part of the Final Terms together with the Common Terms shall constitute the terms and conditions of the relevant Issue of the Bonds. The form of Final Terms below will be completed for each Issue of the Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

**Condition 2: Form, title, currency, nominal value, issue date and issue price**

Name (2.2):	[●]
ISIN (2.3):	[●]
FISN (2.3):	[●] / Not applicable.
Aggregate Nominal Amount (2.5):	[●]
Nominal Amount (2.5):	[●]
Number of Bonds in the Issue (2.5):	[●]
Issue Date (2.6):	[●]
Offer End Date (2.6):	[●]
Issue Price (2.7):	<p><i>(selection of option from the Common Terms)</i></p> <p><i>[for zero coupon bonds:</i> In determining the issue price (the <b>Issue Price</b>) and the interest of the Bonds as the difference between the Nominal Amount and the Issue Price, the annual interest to maturity of [<b>Projected Annual Interest to Maturity</b>] is considered. For the Issue Date as the first subscription day, the Issue Price according to the formula below is set to the [<b>Percentage Value of the Issue Price</b>] of the Nominal Amount. The Issue Price is given as a percentage of the Nominal Amount and is rounded to two decimal places, with no fees included in the calculation.</p> <p>The Issue Price of each Bond subscribed after the Issue Date will be calculated according to the following formula:</p> $IP = \frac{1}{(1 + [\text{Projected Annual Interest to Maturity}] \times \frac{\text{Remaining Maturity}}{100})}$ <p>where <i>Remaining Maturity</i> is the number of days from the Issue Date to the Final Maturity Date using the BCK Standard 30E / 360 Convention described in Condition 14.2.]</p> <p><i>or</i></p> <p><i>[for fixed interest bonds:</i> The Issue Price of the Bonds issued on the Issue Date is equal to 100.00 per cent of their Nominal Amount (the <b>Issue Price</b>). The Issue Price each Bond subscribed after the Issue Date will be increased by corresponding accrued interest according to the following formula.</p> $IP = 100\% + \left( \frac{[\text{Annual interest rate}] \%}{360} \times PD \right)$ <p>where <i>IP</i> is the increased issue price expressed as percentage of the Nominal Amount of the Bond and <i>PD</i> is the number of days from</p>

	the Issue Date to the subscription (sale) date, using the BCK Standard 30E / 360 Convention described in Condition 14.2.]
Country of the public offer (2.8):	( <i>selection of option from the Common Terms</i> ) [ <b>Country of the public offer</b> – [the Slovak Republic] <i>or</i> [Czech Republic] <i>or</i> [the Slovak Republic and the Czech Republic]
Regulated market information (2.9):	( <i>selection of option from the Common Terms</i> ) [ <b>Regulated market information</b> – [the Regulated Market of BSSE] <i>or</i> [the regulated market of the Prague Stock Exchange]].

**Condition 14: Interest**

Determination of interest (14.1):	( <i>selection of option from the Common Terms</i> )  [ <i>for zero coupon bonds</i> : The Bonds have no interest rate and their interest is determined as the difference between the Nominal Amount of the Bonds and their Issue Price. Conditions 14.3, 14.4 and 14.5 will not apply.]  <i>or</i> [ <i>for fixed interest bonds</i> :  (a) The Bonds will bear a fixed interest rate of [ <b>Rate</b> ] per cent per annum.  (b) The interest shall accrue from the first day of each Interest Period to the last day included in such Interest Period at the interest rate specified above. Accrued interest for each Interest Periods shall be paid on [ <b>Interest Payment Dates</b> ] of each year, first time on [ <b>First Interest Payment Date</b> ] and the last time on the Maturity Date (as such term is defined in Condition 14.4) (any of the dates pursuant to this provision further as the <b>Interest Payment Date</b> ), unless adjusted in accordance with the Business Day Convention under Condition 16.6.  (c) The Interest Period means the [ <b>Interest Period in months</b> ] period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each subsequent period of such number of months from (and including) an Interest Payment Date to (but excluding) the next successive Interest Payment Date, until the Maturity Date (as such term is defined in Condition 14.4).] [ <b>Information on Yield to Maturity</b> ]
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**Condition 15: Redemption and repurchase**

Final Maturity Date (15.1):	[●]
Early Redemption First Permitted Date (15.2(a)):	[●] anniversary
Voluntary Early Redemption Amount 15.2(d):	( <i>selection of option from the Common Terms</i> )  [ <i>for zero coupon bonds</i> : The Issuer is obliged to repay to the Bondholders on the Early Redemption Date or (as the case may be) Partial Early Redemption Date the Nominal Amount or (as the case

	<p>may be) partial Nominal Amount of each Bond, adjusted as agreed below. The interest of the Bonds is determined as the difference between the Nominal Amount and the Issue Price and if an early redemption occurs, it means that a Bondholder has provided financing to the Issuer for a shorter period than expected for the purposes of calculating the Issue Price and determining the interest of the Bond as the difference between the Nominal Amount and the Issue Price as at anticipated Final Maturity Date. Therefore, the amount that the Issuer will be obliged to pay to the Bondholders on the Partial Early Redemption Date or, as the case may be, Early Redemption Date (such amount as the <b>Discounted Value</b>) will include a reduction on yield and will be calculated on the basis of the whole Nominal Amount or partially repaid Nominal Amount according to the formula set out in Condition 2.7 with the <i>Remaining Maturity</i> determined as the number of days from the Early Redemption Date to the Final Maturity Date using the BCK Standard 30E / 360 Convention described in Condition 14.2.</p> <p><i>or</i></p> <p>[<i>for fixed interest rate bonds</i>: In case of the partial early redemption, all the Bondholders are entitled to the redemption of the prematurely paid portion of the Nominal Amount of the Bonds and the interest accrued on that pre-maturely paid portion of the Nominal Amount of the Bonds for the relevant Interest Period. In case of full early redemption, all Bondholders are entitled to redemption of the full Nominal Amount of the redeemed Bonds and interest of the Bonds accrued to the Early Redemption Date.]</p>
<p>Amount of Extraordinary Interest Income upon Voluntary Repayment (15.2(e)):</p>	<p>(<i>selection of option from the Common Terms</i>)</p> <p>[<i>for zero coupon bonds</i>: Together with the Discounted Value, the Issuer will pay on the Early Redemption Date or (as the case may be) Partial Early Redemption Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be determined according to the following formula:</p> $EII = \left( AII * \frac{m}{60} \right) * DV$ <p>where</p> <p><i>EII</i> means extraordinary interest income;</p> <p><i>AII</i> means the Projected Annual Yield to Maturity for purposes of the above formula expressed in decimal form;</p> <p><i>DV</i> means the Discounted Value;</p> <p><i>m</i> means number of whole months remaining from the Partial Early Redemption Date or the Early Redemption Date (inclusive) to the Final Maturity Date.]</p> <p><i>or</i></p>

	<p><i>[for fixed interest rate bonds:</i> Together with the whole or part of the Nominal Amount and accrued interest, the Issuer shall also pay to each Bondholder on the Partial Early Redemption Date or the Early Redemption Date extraordinary interest income specified below.</p> <p>If the Partial Early Redemption Date or the Early Redemption Date occurs between the first anniversary of the Issue Date (inclusive) and the last day of 60th whole month following the Issue Date (inclusive), the extraordinary interest income shall be 1/60 of annual coupon per each whole month remaining to the 5<sup>th</sup> anniversary of the Issue Date. Such extraordinary interest income will be calculated as follows:</p> $EII = [Rate] \% * \frac{1}{60} * (60 - m)$ <p>where:</p> <p><i>EII</i> means extraordinary interest income, expressed as percentage of the Nominal Amount redeemed early;</p> <p><i>m</i> means number of whole months lapsed between the Issue Date (inclusive) and the Partial Early Redemption Date or the Early Redemption Date (inclusive).</p> <p>If the early redemption at the option of the Issuer occurs after the last day of 60<sup>th</sup> whole month following the Issue Date, no extraordinary interest income will be payable.]</p> <p><i>or</i></p> <p><b>[Analogous Calculation of Amount of Extraordinary Interest Income reflecting other maturity and particular anniversary of the Issue Date of the Bonds]</b></p> <p><i>or</i></p> <p>[not applicable].</p>
<p>The Repurchase Price upon Change of JTPEG's Shareholding Interest (15.3(e)):</p>	<p><i>(selection of option from the Common Terms)</i></p> <p><i>[for zero coupon bonds:</i> The Issuer is obliged to pay to the Bondholders on the Repurchase Date the purchase price in the amount of the Nominal Amount of each Bond adjusted as agreed below. The interest of the Bonds is determined as the difference between the Nominal Amount and the Issue Price and if an early redemption occurs, it means that a Bondholder has provided financing to the Issuer for a shorter period than expected for the purposes of calculating the Issue Price and determining the interest of the Bond as the difference between the Nominal Amount and the Issue Price as at anticipated Final Maturity Date. Therefore, the amount that the Issuer will be obliged to pay to the Bondholders on the Repurchase Date (such amount as the <b>Repurchase Amount</b>) will include a reduction on yield and will be calculated according</p>

	<p>to the formula set out in Condition 2.7 with the <i>Remaining Maturity</i> determined as the number of days from the Early Redemption Date to the Final Maturity Date using the BCK Standard 30E / 360 Convention described in Condition 14.2.</p> <p><i>or</i></p> <p>[<i>for fixed interest rate bonds</i>: The Issuer is obliged to pay to the Bondholders on the Repurchase Date the purchase price equal to the total Nominal Amount of the Bonds that the Bondholder requests to be repurchased, increased by corresponding aliquot interest (the <b>Repurchase Amount</b>).]</p>
<p>Amount of Extraordinary Interest Income upon Repurchase upon Change of JTPEG’s Shareholding Interest (15.3(f)):</p>	<p>(<i>selection of option from the Common Terms</i>)</p> <p>[<i>for zero coupon bonds</i>: Together with the Repurchase Amount, the Issuer will pay on the Repurchase Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be calculated as one per cent of the Repurchase Amount of each repurchased Bond.]</p> <p><i>or</i></p> <p>[<i>for fixed interest rate bonds</i>: Together with the Repurchase Amount, the Issuer will pay on the Repurchase Date an extraordinary interest income to each respective Bondholder. The amount of the extraordinary interest income attributable to one Bond will be calculated as one per cent of the Nominal Amount of each repurchased Bond.]</p> <p><i>or</i></p> <p><b>[Other Calculation of Amount of Extraordinary Interest Income]</b></p> <p><i>or</i></p> <p>[not applicable].</p>

**PART B: PROVISIONS SUPPLEMENTING CONDITIONS OF OFFER AND OTHER INFORMATION**

**Section 7.2: Terms and Conditions of the Offer**

Country of public offer (7.2)	( <i>selection of option</i> ) [Slovak Republic] or [Czech Republic] or [Slovak Republic and Czech Republic]
Offer Start Date (7.2):	[●]
Offer End Date (7.2):	[●]
Minimum Order Amount (7.2):	[●]
Information on fees charged to investors (7.2):	( <i>selection of option</i> ) [In connection with the primary sale (subscription) of the Bonds in the form of a public offer based on the Issuer's consent granted to the Lead Manager as a financial intermediary with using the Base Prospectus (consisting of this Securities Note and the Registration Document), the Lead Manager shall charge investors a fee according to its current fee list, currently amounting to 0.60 % of a transaction volume. A fee for transaction to account other than holder's account is set out to 1.00 %, but no less than EUR 480. The current standard pricelist of the Lead Manager's Slovak branch is published on its website at <a href="http://www.jtbanka.sk">www.jtbanka.sk</a> in the <i>Useful information</i> (in Slovak <i>Užitočné informácie</i> ) section, subsection Price List, under the <i>Price list</i> (in Slovak <i>Sadzobník poplatkov</i> ) link, version Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons – entrepreneurs, effective from 15 August 2020 (in Slovak <i>Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020</i> ).]  <i>or</i> <b>[Description of fees charged to investors]</b>
Minimum Nominal Amount of the Secondary Order (7.2):	[●]
Information on fees charged to investors in the case of a secondary offer (7.2):	( <i>selection of option</i> ) [In the case of the subsequent sale of the Bonds on the secondary market in the form of a public offer on the basis of consent granted to selected financial intermediary with use of the Base Prospectus (consisting of this Securities Note and the Registration Document), the Lead Manager shall charge investors a fee according to its current fee list, currently amounting to 0.60 % of a transaction volume. A fee for transaction to account other than holder's account is set out to 1.00 %, but no less than EUR 480. The current standard pricelist of the Lead Manager's Slovak branch is published on its website at <a href="http://www.jtbanka.sk">www.jtbanka.sk</a> in the <i>Useful information</i> (in Slovak <i>Užitočné informácie</i> ) section, subsection Price List, under the <i>Price list</i> (in Slovak <i>Sadzobník poplatkov</i> ) link, version Price List Part I – natural persons – non-entrepreneurs, effective from 15 August 2020, and Price List Part II – legal persons and natural persons –

	entrepreneurs, effective from 15 August 2020 (in Slovak <i>Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15.8.2020 a Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15.8.2020</i> ) or <b>[Description of the fees charged to the investors in the secondary offer]</b> ].
Regulated market information (7.2):	( <i>selection of option</i> ) <b>[Regulated market information – [the Regulated Market of BSSE] or [the regulated market of the Prague Stock Exchange]].</b>
Estimated costs related to admission to trading (7.2):	[●]

**Section 7.3: Additional Information**

Information on other advisors (7.3(a)):	[●]
Description of other interests (7.3(b)):	[●]
Estimated costs of Issue (7.3(c)):	[●]
Estimated net proceeds from the Issue (7.3(c)):	[●]
Information about regulated market (7.3(d)):	( <i>selection of option</i> ) [the Regulated Market of BSSE] or [the regulated market of the Prague Stock Exchange].
Estimated cost of admission to trading (7.3(d)):	[●]

In Bratislava, on [●].

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*)

## 9. GENERAL INFORMATION

- (1) **Lead Manager.** The Issuer will enter into a bond placement agreement in relation to each individual Issue under the Programme with J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification Number (*IČO*): 35 964 693, registered in the Commercial Register maintained by District Court Bratislava I, Section: Po, Insert No.: 1320/B in its capacity as lead manager to arrange placement of the Bonds.
- (2) **Arranger.** The Issuer has appointed J&T IB and Capital Markets, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 247 66 259, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 16661, to act as the arranger based on a mandate agreement on procuring Bonds under the Programme. The Arranger will perform these activities under Section 6(2)(f) of the Securities Act.
- (3) **Administrator, Calculation Agent and Listing Agent.** The Issuer has appointed J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification Number (*IČO*): 35 964 693, registered in the Commercial Register maintained by District Court Bratislava I, Section: Po, Insert No.: 1320/B to act as administrator and calculation agent in relation to the payment of interest on, and repayment of, the Bonds and to act as listing agent with regard to admission to trading of each Issue on the regulated free market of the BSSE or regulated market of the PSE.
- (4) **Security Agent.** The Issuer has appointed J&T banka d.d., a bank incorporated and existing under Croatian law, with its registered office in Varaždin, Postal Code 42000, Aleja Kralja Zvonimira 1, registered in the Court Register of the Commercial Court in Varaždin under registration no. (MBS) 050000185, PIN (OIB): 38182927268, to act as a joint representative of the Bondholders (in Slovak: *spoločný zástupca majiteľov dlhopisov*) based on a security agency agreement. The Security Agent will perform all obligations that are usually performed by a security agent under the security agency agreement, Section 5d and other applicable provisions of the Act on Bonds.
- (5) **Approval and notifications.** This Securities Note 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 Securities Note including all its Supplements, confirming that they were prepared in line with the applicable legislation, to the CNB. No action has been or will be taken in any country or jurisdiction by the Issuer or the Lead Manager that would permit a public offering of the Bonds, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus (consisting of the Securities Note and the Registration Document) or any Final Terms comes are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Bonds or have in their possession or distribute such offering material, in all cases at their own expense.
- (6) **Listing and admission to trading.** The Issuer may apply for admission of the Bonds to the official list and to trading on the regulated free market of the BSSE or a regulated market of the PSE in each case as will be specified in more detail in the relevant Final Terms.
- (7) **Consents.** Prior to the issue of the Bonds, all necessary consents, decisions and approvals pursuant to the laws of the Slovak Republic and the Issuer and the Guarantor's internal regulations will be obtained by the Issuer and the Guarantor.

- (8) **ISIN numbers.** The appropriate International Securities Identification Number (ISIN) in relation to the Bonds issued under the Programme will be specified in the relevant Final Terms.
- (9) **Language of the Securities Note.** The Securities Note has been drawn up and will be approved by the NBS in the Slovak language. If the Securities Note is translated into another language, the Slovak language version of the Securities Note shall prevail in case of any interpretation discrepancy between the wording of the Securities Note in Slovak and the wording of the Securities Note translated into another language.
- (10) **Audited data.** Save for the information taken from the audited financial statements of the Issuer and the Guarantor in the Registration Document, no other information contained in the Securities Note has been audited by an auditor. The auditor has not audited the Base Prospectus (consisting of the Securities Note and the Registration Document) as a whole.
- (11) **Credit and indicative ratings.** The Bonds have not been assigned with a rating by a 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 Bonds do not have a separate rating nor are the Bonds expected to be assigned a rating.
- (12) **Information from third parties and expert opinions.** The description of the securities in Section 2.1 entitled “*Risk Factors Relating to the Bonds*” regarding the inflation risk provides the following information from a third party:

(a) The annual year-to-year inflation rate in the Slovak Republic in September 2020, Statistical Office of the Slovak Republic, available at <https://slovak.statistics.sk/>.

The Issuer confirms that third 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 Securities Note does not contain any statement or report attributed to a person acting as an expert.

- (13) **Enforcement of private claims against the Issuer.** *This text constitutes a mere summary of certain provisions of the laws of the Slovak Republic regarding the enforcement of private claims related to the Bonds against the Issuer. This summary does not describe the enforcement of claims against the Issuer pursuant to the laws of any other jurisdiction. This summary is based on legal regulations effective as of the date of this Securities Note and may be subject to subsequent amendments (including any retroactive effects). The information contained in this section is only of a general nature to describe the legal situation. Investors should not rely on this information and are recommended to assess the issues regarding the enforcement of private claims against the Issuer with their legal advisors.*

Slovak courts have jurisdiction for the purposes of the enforcement of any private claims against the Issuer related to the purchase or holding of the Bonds. All rights and obligations of the Issuer vis-à-vis the Bondholders are governed by Slovak law. As a result, there is only a limited possibility of claiming rights against the Issuer in proceedings before foreign courts or pursuant to a foreign law.

The Brussels I Recast is directly applicable in the Slovak Republic. Pursuant to the Brussels I Regulation Recast, save for certain exceptions stated therein, judicial decisions issued by judicial bodies in the EU Member States in civil and commercial matters are enforceable in the Slovak Republic, and *vice versa*, the judicial decisions issued by judicial bodies in the Slovak Republic in civil and commercial matters are enforceable in the EU Member States.

If, for the purposes of the recognition and enforcement of a foreign decision the application of the Brussels I Regulation Recast is excluded, but the Slovak Republic entered into an international treaty on the recognition and enforcement of court decisions with a certain country, the enforcement of a judicial decision of such country is ensured in accordance with the provisions of the given treaty. If

such treaty does not exist, the decisions of foreign courts may be recognised and enforced in the Slovak Republic subject to the terms and conditions set out in Act No. 97/1963 Coll. on Private and Procedural International Law, as amended. According to this Act, decisions of judicial authorities of foreign countries in matters specified in Section 1 of this Act on International Private and Procedural Law, foreign settlements and foreign notarial deeds (jointly the **foreign decisions**) may not be recognised and enforced if (i) the decided matter falls within the exclusive jurisdiction of the authorities of the Slovak Republic or the authority of the foreign country had no jurisdiction to decide on the matter if the provisions of Slovak law were applied to the assessment of its jurisdiction, or (ii) are not final and enforceable in the country of their issuance, or (iii) do not constitute a decision on the merits, or (iv) by the procedure of the foreign authority, the party to the proceedings against whom should the decision be recognised was deprived of the option to act before this authority, especially if the party was not delivered the summons or the application initiating proceedings; the court does not examine the satisfaction of this term if the foreign decision has been properly delivered to that party and the party did not appeal it or if that party declared not to insist on the examination of this term, or (v) a Slovak court has already validly decided on the matter, or there is an earlier foreign decision on the same matter that was recognised or satisfies the terms of its recognition, or (vi) their recognition would be inconsistent with the Slovak public order.

## 10. NOTICES AND RESTRICTIONS

- (1) **Separate assessment by investors.** Each potential investor in the Bonds must determine (or together with its advisors) the suitability of that investment in light of its own circumstances. Every investor should in particular:
- (a) have sufficient knowledge and experience to purposefully value the Bonds, assess the benefits and risks of investing in the Bonds and evaluate the information contained in the Base Prospectus (consisting of this Securities Note and the Registration Document and any supplements thereto), whether such information is provided directly in the above documents or by reference;
  - (b) have knowledge of and access to appropriate analytical tools to evaluate investments in the Bonds and be able to evaluate the effect of the investments in the Bonds on its financial situation and/or its overall investment portfolio, always in the context of its particular financial situation;
  - (c) have sufficient funds and liquidity to be prepared to bear all the risks associated with investments in the Bonds, including the potential volatility of the value of the Bonds;
  - (d) be aware that if a loan or credit is used to finance the purchase of the Bonds, it may happen that the cost of such a loan or credit may exceed the yield earned from Bonds; potential investor should not presume that they will be able to repay loan or credit and relevant interest from the earnings from investment in the Bonds;
  - (e) fully understand the Terms and Conditions, the information contained in the Base Prospectus (consisting of this Securities Note and the Registration Document) and be familiar with the behaviour or development of any relevant indicator or the financial market; and
  - (f) be able to assess the possible scenarios of economic development, development of interest rates and other factors which may have an impact on his/her/its investment and ability to bear the associated risks.
- (2) **Restrictions applicable to dissemination of the Base Prospectus (consisting of this Securities Note and the Registration Document) and offering of the Bonds.** The distribution of the Base Prospectus (consisting of this Securities Note and the Registration Document) and the offering, sale and purchase of the Bonds in certain jurisdictions are restricted by law. The NBS has approved this Securities Note and the Issuer may request the NBS to notify the approval of the Securities Note to the CNB only for the purposes of the public offering of certain Issues in the Slovak Republic and/or the Czech Republic, and the admission of the Bonds to trading on the BSSE and/or PSE.

The Bonds are not and will not be registered, permitted or approved by any administrative or other authority of another country. Therefore, the Bonds may only be offered in any other country to the extent to which an approval or notification of the Securities Note is not required for such an offering and also subject to the compliance with any and all requirements pursuant to the legal regulations of such other country.

**In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933. Therefore, the Bonds may be offered, sold or provided in any manner in the territory of the United States or to residents of the United States of America only subject to the exemption from the registration requirements under the United States Securities Act of 1933 or as part of a deal that is not subject to that registration obligation. Persons who obtain possession of the Base Prospectus (consisting of this Securities Note and the Registration Document) must become acquainted with and observe any restrictions that may refer to those persons. The Base Prospectus (consisting of this Securities Note and the Registration Document) itself does not constitute an offer to sell, or the solicitation of an offer to buy the Bonds in any country.**

Each person acquiring the Bonds shall be deemed to acknowledge and agree that (i) such person has understood any and all relevant restrictions related to the offer and sale of the Bonds which refer to him/her/it and to the relevant form of offer or sale; (ii) that such person will neither offer for sale nor

further sell the Bonds without complying with any and all relevant restrictions which refer to that person and the relevant form of offer and sale; and (iii) prior to further offering or selling the Bonds, that person will inform the buyers of the fact that further offers or sales of the Bonds may be subject to statutory restrictions in different jurisdictions which must be observed.

In addition to above, all acquirers of the Bonds are required by the Issuer to comply with the provisions of all applicable laws (including the laws of the Slovak Republic), where they will distribute, make available or otherwise circulate the Base Prospectus (consisting of this Securities Note and the Registration Document and any of their supplements), individual Final Terms or other offering or promotional materials or information related to the Bonds, always at their own expense.

- (3) **Specific restrictions under MiFID II.** The Final Terms will provide basic data on the analysis of the target market for the Bonds and the suitability of channels for distribution of the Bonds. Any person who subsequently sells or recommends the Bonds (the **Distributor**) should take into account this target market analysis. However, any Distributor subject to the rules of MiFID II is responsible for carrying out its own analysis of the target market in respect of the Bonds (either by adopting or improving the target market assessment) and identifying their own appropriate distribution channels.
- (4) **Approval of information and the Base Prospectus (consisting of this Securities Note and the Registration Document) updates.** No information or representation other than those included in the Base Prospectus (consisting of this Securities Note and the Registration Document) and the Final Terms, may be relied upon as having been approved by the Issuer. No person is entitled to provide any information or make any statement in relation to the Programme, Issuer, Guarantor, any relevant Issue, offer or sale of the Bonds that is not contained in the Base Prospectus (consisting of this Securities Note and the Registration Document) or other publicly available document.

The submission of the Securities Note at any time does not mean that information contained herein is accurate at any time after the date of this Securities Note. Unless provided otherwise, any and all information contained herein is provided as at the date of this Securities Note. The Securities Note may be updated pursuant to Article 23 of the Prospectus Regulation in the form of a Supplement to the Securities Note. Any supplement to the Securities Note must be approved by the NBS and subsequently published in compliance with the Prospectus Regulation.

**The NBS only approves this Securities Note 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 or an endorsement of the quality of the Bonds that are the subject of this Securities Note. This Securities Note does not describe all of the risks of an investment in the Bonds, even though the Issuer believes that all material risks relating to an investment in the Bonds have been described. Potential investors should separately assess the suitability of investment in the Bonds.**

- (5) **Completeness of the Base Prospectus.** The Base Prospectus (consisting of this Securities Note and the Registration Document) must be read in conjunction with all supplements to the Securities Note and/or the Registration Document and the documents and data included by reference into the Securities Note (see section 5 of the Securities Note “*Documents Incorporated by Reference*”) and the Registration Document. Comprehensive information regarding the Issuer, Guarantor and the Bonds may only be obtained from combination of the Base Prospectus (consisting of this Securities Note and the Registration Document), supplements, documents and data included by reference and the relevant Final Terms and Summaries.
- (6) **No investment recommendation.** Neither the Base Prospectus (consisting of this Securities Note and the Registration Document) nor any Final Terms shall be construed as a recommendation by the Issuer or the Lead Manager or any of them that any recipient of the Base Prospectus or the Final Terms should subscribe for or purchase any Bonds. Each recipient of the Base Prospectus or the Final Terms should conduct its own review and assessment of the Issuer’s (financial or other) terms and the purpose for which the funds raised by the Bonds will be used to make the investment decision regarding the Bonds.

## 11. TAXATION AND FOREIGN EXCHANGE REGULATION

### 11.1 Taxation in the Slovak Republic

**The tax legislation of the Member State of registration of the investor and of the Member State of registration of the Issuer may affect the income from the Bonds.**

*The Bondholders are recommended to consult the provisions of the applicable legal regulations with their own advisors, in particular as regards tax and foreign exchange regulations and regulations regarding social and health insurance applicable in the Slovak Republic and in the countries of their residence, as well as in the countries in which the income on the holding and sale of the Bonds may be subject to tax, and the consequences of their applicability. This applies in particular to investors in the public offering of the Bonds in the Czech Republic for whom the relevant double taxation treaties are also particularly relevant.*

*The following summary includes general information regarding the current tax and payment matters of the Slovak legal regulations relating to the acquisition, ownership and disposal of the Bonds applicable in the Slovak Republic as of the date of this Securities Note and does not purport to be a comprehensive description of all of its aspects. The information provided is subject to change in the applicable legal regulations that may become effective after the date of this Securities Note. This summary does not describe any tax and payment matters under the laws of any other country than the Slovak Republic.*

*The description below does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities and commodities and certain investment funds) may be subject to special tax regime.*

*The description below assumes that the person receiving any payments arising from the Bonds is the beneficial owner of such income, e.g. that person is not an agent or an intermediary who receives such payments on behalf of another person.*

Under Act No. 595/2003 Coll, on Income Tax, as amended (the **Income Tax Act**), income of legal person is subject to a 21% rate of tax and income of natural persons is subject to a 19% rate of tax, except for income exceeding 176.8 times the subsistence minimum that is subject to a 25% rate of tax.

Withholding tax has a rate of 19%; if such income is paid, remitted or credited to a non-contracting state taxpayer, a tax rate of 35% shall apply. List of taxpayers of non-contracting states is published on the website of the Ministry of Finance of the Slovak Republic.

*Income tax on yield (interest income)*

According to the applicable provisions of the Slovak Income Tax Act:

- (a) the yield on the Bonds received by a tax resident is subject to the income tax in the Slovak Republic;
- (b) the yield on the Bonds received by a tax resident, who is a natural person, will be included in the tax return and will be taxed at a 19% tax rate; and
- (c) the yield on the Bonds received by a tax resident, who is a legal person, will be included in its general tax base and will be taxed at a 21% tax rate.

Because the income tax law may change during the life of the Bonds, the yield on the Bonds will be taxed pursuant to the law applicable at the time of its payment.

The Issuer will not provide the Bondholders with any compensation or gross-up in connection with any tax withholding.

*Income tax on sale*

The profit from sale of the Bonds generated by a legal person who is a Slovak tax resident or a permanent establishment of a tax non-resident, a legal person with its registered office outside the territory of the Slovak Republic, are included in the general tax base taxed by the applicable corporate income tax rate. Losses from sale of the Bonds calculated on a cumulative basis for all Bonds sold

during a single taxable period are generally not tax recognised, except for specific cases provided by law.

The profit from sale of the Bonds generated by a natural person who is a Slovak tax resident or a permanent establishment of a tax non-resident, a natural person with its residence outside the territory of the Slovak Republic are generally included in the common tax base for the natural person income tax. Any losses from sale of the Bonds cannot be deemed tax recognised. If a natural person owns the Bonds for more than one year, the profit from sale of the Bonds is exempt from the natural person income tax.

#### *Income levies*

The income on the Bonds owned by individuals with mandatory health insurance in the Slovak Republic should not be subject to health insurance contributions. In special cases, an income on the Bonds may arise that will be subject to health insurance contributions (e.g. bonds purchased on the secondary market or an income arising on the maturity of a security calculated from the difference between the principal amount of the security and the issue price on its issuance date). Each Bondholder must assess its own potential obligations in this field under the relevant legislation, including the applicable transitional provisions.

### **11.2 Foreign Exchange Regulation in the Slovak Republic**

Issuing and purchasing the bonds in the Slovak Republic is not subject to foreign exchange regulation in the Slovak Republic. Foreign Bondholders may, subject to certain conditions, purchase funds in foreign currency for Slovak currency (Euro) without foreign exchange restrictions and thus transfer amounts paid by the Issuer from the Bonds from the Slovak Republic in foreign currency.

## 12. GLOSSARY

Terms defined for the purposes of the Terms and Conditions shall have the meaning set forth in Condition 25.1. In addition, the following defined terms and abbreviations are used in the Securities Note:

**PSE or Prague Stock Exchange** means Prague Stock Exchange (in Czech: *Burza cenných papírů Praha, a.s.*), with its registered office at Rybná 14, 110 05 Praha 1, Czech Republic, Identification No.: 47115629, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1773.

**CNB** means the Czech National Bank.

**ECB** means the European Central Bank.

**EEA** means the European Economic Area.

**Issuer** means Auctor Finance, s. r. o., with its registered office at Dvořákovo nábrežie 8, 811 02 Bratislava, 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.

**EU** means the European Union.

**Lead Manager** means J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File No.: B 1731, acting in the Slovak Republic through its branch J & T BANKA, a.s., pobočka zahraničnej banky, with its registered office Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, Identification No. (*IČO*): 35 964 693, registered in the Commercial Register of the District Court Bratislava I., Section: Po, Insert No.: 1320/B.

**MiFID II** means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, including all its statutory instruments and implementations into the relevant national law, as amended.

**Brussels I Regulation (recast)** means Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), as amended.

**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.

**Securities Note** means this document dated 22 October 2020 forming together with the Registration Document the Base Prospectus consisting of separate documents within the meaning of Article 8(6) of the Prospectus Regulation.

**Business Day** means a day which is not a holiday under Act No. 241/1993 Coll., on Public Holiday, Non-Business Days and Memorial Days, as amended and Act No. 311/2001 Coll., the Labour Code, as amended and also a day which is the TARGET day (a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System operates and clears the payments denominated in Euro currency).

**Chairman of the Meeting** means the Issuer or a person designated by the Issuer who chairs the Meeting, until it has been decided at the Meeting that another person is to become the Chairman of the Meeting.

**Programme** means the bond issuance programme of up to EUR 80,000,000 established by the Issuer.

**Registration Document** means the registration document of the Issuer dated 30 September 2020.

**Base Prospectus** means a base prospectus consisting of this Securities Note and the Registration Document as separate documents within the meaning of Article 8(6) of the Prospectus Regulation.

**Income Tax Act** means the Act No. 595/2003 Coll. on Income Tax, as amended.

## ISSUER

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## LEAD MANAGER

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