

# **PROSPECTUS**

**PILULKA LÉKÁRNY, A.S.**

**ISIN CZ0009009874**

# PROSPECTUS

## PILULKA LÉKÁRNY, A.S.

### ISIN CZ0009009874

This is a prospectus for equity securities (the **Prospectus**) of a company **Pilulka Lékárny a.s.**, having its registered seat at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, Identification No. (IČ) 036 15 278, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 20249 (the **Company**).

The Prospectus was prepared for the purpose of the public offering (the **Offering**) of up to 500,000 registered ordinary shares newly issued by the Company in book-entry form with a nominal value of CZK 1.00 (one Czech crown) each, ISIN: CZ0009009874 (the **Offer Shares**) in Czechia and Slovakia. The Offering is divided into two phases. The first phase is intended for the exercise of the pre-emptive right of the Company's current shareholders. In the second phase, the unsubscribed Offer Shares will be offered to the general public. The purchase price of the Offer Shares subscribed in the First Phase is CZK 450 per one Offer Share. In the Second Phase, the price range for orders has been set at CZK 450 to CZK 550 per Offer Share (the **Offer Price**).

On 15 May 2023, the Company submitted an application for the admission of the Offer Shares to trading on the START Market operated by a company Burza cenných papírů Praha, a.s., having its registered office at Rybná 14/682, 110 00 Prague 1, Czech Republic, Identification No. 471 15 629, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 1773 (the **PSE** or the **Prague Stock Exchange**) (the **Admission**).

The Offer Shares, if and when issued, will be fully fungible with all ordinary registered book-entry shares issued by the Company comprising 100% of the registered share capital of the Company as of the date hereof (the **Shares**) and rank *pari passu* in all respects.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares may lawfully be made. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves and observe any restrictions.

This Prospectus aims to provide investors with sufficient and comprehensive information about the Company and the Offer Shares. Investing in the Offer Shares involves a high degree of risk. Prospective investors should read and consider the entire Prospectus prior to making an investment in the Offer Shares and, in particular, risk factors set out in Art. 3 of the Company Note and Art. 1 of the Securities Note of this Prospectus.

This Prospectus has been drawn up on 18 May 2023 and all information contained herein is current as of this date. This Prospectus was approved by the decision of the Czech National Bank (*Česká národní banka*, **CNB**), ref. No. (Č.j.): 2023/062588/CNB/570, concerning file No. S-Sp-2023/00034/CNB/572, dated 22 May 2023, which came into effect on 23 May 2023.

This Prospectus constitutes a prospectus for the purposes of, and has been prepared in accordance with, Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**). This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by, and filed with, the CNB as competent authority under the Prospectus Regulation. The CNB has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and the Company. Investors should make their own assessment as to the suitability of investing in Offer Shares.

The Shares were admitted to trading on the START Market operated by the PSE (the **START Market**) on 26 October 2020 and are listed under the ticker symbol PINK. The Company expects that the Admission of the Offer Shares to trading on the START Market will take place on 27 June 2023 under the ticker symbol PINK. However, no assurance can be made that the application for the Admission will be approved. The Company expects that investors will be able to start trading in the Offer Shares on the START Market on or around 27 June 2023.

The current shareholders may submit subscription orders for the Offer Shares to be subscribed in the first phase of the Offer during the period of 23 May 2023 until 6 June 2023. The second phase, during which the unsubscribed Offer Shares will be offered to the general public, is expected to commence on 8 June 2023 and to end on 22 June 2023 at 12:00 CET (Central European Time) (the **Offer Period**).

**The validity of this Prospectus shall expire 12 months after its approval by the CNB, i.e. on 23 May 2024. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies shall cease to apply upon the expiry of the validity period of this Prospectus.**

The Prospectus, relevant financial information of the Company (in particular Annual Reports) and documents that are incorporated by reference in the Prospectus are available in electronic form on the Company's website under the 'Pro investory' section at [www.pilulka.cz/pro-investory/](http://www.pilulka.cz/pro-investory/).

The Shares are registered with a company Centrální depozitář cenných papírů, a.s., having its registered office at Rybná 682/14, 110 00 Prague 1, Czech Republic, Identification No. 250 81 489, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 4308 (the **Central Depository**). Following the Offering, the Shares will be traded on the START Market in Czech crowns and settled and cleared through the Central Depository.

## Table of Contents

<b>1. LIST OF INFORMATION INCORPORATED BY REFERENCE .....</b>	<b>8</b>
<i>Summary.....</i>	<i>10</i>
<b>1. INTRODUCTION AND WARNINGS .....</b>	<b>10</b>
1.1. SECURITIES AND ISIN .....	10
1.2. ISSUER.....	10
1.3. APPROVAL OF PROSPECTUS.....	10
1.4. WARNINGS .....	10
<b>2. KEY INFORMATION ON THE ISSUER .....</b>	<b>10</b>
2.1. KEY INFORMATION ON THE ISSUER.....	10
2.2. KEY FINANCIAL INFORMATION ON THE ISSUER.....	11
2.3. KEY RISKS SPECIFIC TO THE ISSUER .....	12
<b>3. KEY INFORMATION ON THE SECURITIES .....</b>	<b>13</b>
3.1. TYPE AND CLASS OF SECURITIES .....	13
3.2. WHERE WILL THE SECURITIES BE TRADED?.....	13
3.3. KEY RISKS SPECIFIC TO THE SECURITIES .....	14
<b>4. KEY INFORMATION ON THE PUBLIC OFFER OF SECURITIES .....</b>	<b>14</b>
4.1. UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?.....	14
4.2. WHY IS THIS PROSPECTUS BEING PRODUCED?.....	16
<i>Shrnutí.....</i>	<i>17</i>
<b>1. ÚVOD A UPOZORNĚNÍ .....</b>	<b>17</b>
1.1. CENNÉ PAPÍRY A ISIN .....	17
1.2. EMITENT.....	17
1.3. SCHVÁLENÍ PROSPEKTU.....	17
1.4. UPOZORNĚNÍ.....	17
<b>2. KLÍČOVÉ INFORMACE O EMITENTOVÍ .....</b>	<b>17</b>
2.1. KLÍČOVÉ INFORMACE O EMITENTOVÍ.....	17
2.2. KTERÉ FINANČNÍ INFORMACE O EMITENTOVÍ JSOU KLÍČOVÉ? .....	18
2.3. JAKÁ JSOU HLAVNÍ RIZIKA, KTERÁ JSOU SPECIFICKÁ PRO EMITENTA? .....	19
<b>3. KLÍČOVÉ INFORMACE O CENNÝCH PAPÍRECH .....</b>	<b>20</b>
3.1. JAKÉ JSOU HLAVNÍ RYSY CENNÝCH PAPÍRŮ?.....	20
3.2. KDE BUDOU CENNÉ PAPÍRY OBCHODOVÁNY? .....	20
3.3. JAKÁ JSOU HLAVNÍ RIZIKA, KTERÁ JSOU SPECIFICKÁ PRO TYTO CENNÉ PAPÍRY? .....	20
<b>4. KLÍČOVÉ INFORMACE O VEŘEJNÉ NABÍDCE CENNÝCH PAPÍRŮ .....</b>	<b>21</b>
4.1. ZA JAKÝCH PODMÍNEK A PODLE JAKÉHO ČASOVÉHO ROZVRHU MOHU INVESTOVAT DO TOHOTO CENNÉHO PAPÍRU? .....	21
4.2. PROČ JE TENTO PROSPEKT SESTAVOVÁN?.....	22
<i>Company note .....</i>	<i>23</i>
<b>1. PERSONS.....</b>	<b>23</b>

1.1.	PERSONS RESPONSIBLE.....	23
1.2.	DECLARATION BY PERSONS RESPONSIBLE .....	23
1.3.	EXPERT'S INFORMATION .....	23
1.4.	CONFIRMATION OF DATA ACCURACY .....	23
1.5.	APPROVAL BY THE CZECH NATIONAL BANK .....	25
<b>2.</b>	<b>STATUTORY AUDITORS .....</b>	<b>26</b>
2.1.	STATUTORY AUDITORS .....	26
2.2.	PERFORMANCE OF DUTIES.....	26
<b>3.</b>	<b>RISK FACTORS .....</b>	<b>27</b>
3.1.	DESCRIPTION OF MATERIAL RISK SPECIFIC TO THE ISSUER .....	27
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER.....</b>	<b>35</b>
4.1.	LEGAL INFORMATION.....	35
4.2.	CONTACT INFORMATION .....	35
<b>5.</b>	<b>BUSINESS OVERVIEW .....</b>	<b>36</b>
5.1.	PRINCIPAL ACTIVITIES.....	36
5.2.	PRINCIPAL MARKETS .....	40
5.3.	THE IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS .....	46
5.4.	STRATEGY AND OBJECTIVES.....	47
5.5.	DEPENDENCE ON PATENTS, LICENCES AND ON MATERIAL CONTRACTS.....	48
5.6.	DECLARATION ON COMPETITIVE POSITION .....	48
5.7.	INVESTMENTS.....	48
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE.....</b>	<b>50</b>
6.1.	GROUP DESCRIPTION.....	50
6.2.	COMPANY'S SIGNIFICANT SUBSIDIARIES .....	50
<b>7.</b>	<b>OPERATING AND FINANCIAL REVIEW .....</b>	<b>52</b>
7.1.	FINANCIAL CONDITION.....	52
<b>8.</b>	<b>CAPITAL RESOURCES.....</b>	<b>59</b>
8.1.	INFORMATION CONCERNING THE CAPITAL RESOURCES.....	59
8.2.	EXPLANATION OF THE SOURCES .....	59
8.3.	RESTRICTION ON THE USE OF CAPITAL .....	66
<b>9.</b>	<b>REGULATORY ENVIRONMENT .....</b>	<b>67</b>
<b>10.</b>	<b>TREND INFORMATION .....</b>	<b>69</b>
10.1.	DESCRIPTION OF TRENDS .....	69
10.2.	TRENDS WITH MATERIAL EFFECTS ON THE COMPANY'S PROSPECTS FOR THE FINANCIAL YEAR 2023 .....	69
<b>11.</b>	<b>PROFIT FORECAST OR ESTIMATES .....</b>	<b>72</b>
<b>12.</b>	<b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT</b>	
	<b>83</b>	
12.1.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT .....	83
<b>13.</b>	<b>REMUNERATION AND BENEFITS .....</b>	<b>91</b>
13.1.	AMOUNT OF REMUNERATION PAID.....	91
13.2.	BENEFITS.....	91
<b>14.</b>	<b>BOARD PRACTICES .....</b>	<b>92</b>
14.1.	TERM OF OFFICE .....	92
14.2.	INFORMATION ABOUT SERVICE CONTRACTS.....	92
14.3.	AUDIT AND REMUNERATION COMMITTEE.....	92
14.4.	CORPORATE GOVERNANCE .....	92
14.5.	POTENTIAL MATERIAL IMPACTS ON THE CORPORATE GOVERNANCE .....	92

<b>15. EMPLOYEES</b> .....	<b>93</b>
15.1. INFORMATION ABOUT EMPLOYEES .....	93
15.2. SHAREHOLDING AND EMPLOYEE STOCK OPTIONS .....	93
15.3. SHAREHOLDING AND STOCK OPTIONS OF SENIOR MANAGEMENT .....	93
<b>16. MAJOR SHAREHOLDERS</b> .....	<b>95</b>
16.1. MAJOR SHAREHOLDERS.....	95
16.2. VOTING RIGHTS.....	95
16.3. CONTROLLING PERSON.....	95
16.4. ARRANGEMENTS RESULTING IN A CHANGE IN CONTROL .....	96
<b>17. RELATED PARTY TRANSACTIONS</b> .....	<b>97</b>
<b>18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b> .....	<b>106</b>
18.1. HISTORICAL FINANCIAL INFORMATION.....	106
18.2. PRO FORMA FINANCIAL INFORMATION.....	107
18.3. DIVIDEND POLICY .....	107
18.4. LEGAL AND ARBITRATION PROCEEDINGS.....	107
18.5. SIGNIFICANT CHANGE IN THE FINANCIAL POSITION .....	107
<b>19. ADDITIONAL INFORMATION</b> .....	<b>108</b>
19.1. SHARE CAPITAL.....	108
19.2. MEMORANDUM AND ARTICLES OF ASSOCIATION .....	110
<b>20. MATERIAL CONTRACTS</b> .....	<b>112</b>
20.1. SUMMARY OF MATERIAL CONTRACTS.....	112
<b>21. DOCUMENTS AVAILABLE</b> .....	<b>114</b>
<i>Securities note</i> .....	<i>115</i>
<b>1. RISK FACTORS</b> .....	<b>115</b>
1.1. DESCRIPTION OF MATERIAL RISK SPECIFIC TO THE SECURITIES .....	115
<b>2. ESSENTIAL INFORMATION</b> .....	<b>118</b>
2.1. WORKING CAPITAL STATEMENT.....	118
2.2. CAPITALIZATION AND INDEBTEDNESS .....	118
2.3. INTEREST OF NATURAL AND LEGAL ENTITIES INVOLVED IN THE ISSUE/OFFER .....	119
2.4. REASONS FOR THE OFFER AND THE USE OF PROCEEDS .....	119
<b>3. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING</b>	<b>121</b>
3.1. DESCRIPTION OF SECURITIES .....	121
<b>4. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC</b> .....	<b>125</b>
4.1. CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER ..	125
4.2. PLAN OF DISTRIBUTION AND ALLOTMENT .....	128
4.3. PRICING.....	129
4.4. PLACING AND UNDERWRITING .....	131
<b>5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS</b> .....	<b>132</b>
5.1. APPLICATION FOR ADMISSION TO TRADING.....	132
5.2. TRADING ON OTHER MARKETS .....	132
5.3. INTERMEDIARIES IN SECONDARY TRADING.....	132
5.4. STABILIZATION .....	132
5.5. OVER-ALLOTMENT AND 'GREEN SHOE' .....	132

<b>6. SELLING SECURITIES HOLDERS</b> .....	<b>133</b>
6.1. INFORMATION ABOUT THE SHAREHOLDER .....	133
<b>7. EXPENSE OF THE OFFER/ISSUE</b> .....	<b>134</b>
<b>8. DILUTION</b> .....	<b>135</b>
8.1. COMPARISON .....	135
<b>9. TAX NOTICE</b> .....	<b>136</b>
9.1. GENERAL INFORMATION .....	136
9.2. DIVIDENDS .....	136
9.3. PROFITS OR LOSSES ON SALES .....	138
<i>Attachments</i> .....	<i>140</i>
<i>List of definitions</i> .....	<i>140</i>

## INCORPORATION BY REFERENCE

### 1. LIST OF INFORMATION INCORPORATED BY REFERENCE

The following information are incorporated by reference into this Prospectus and are available to investors on the Company's website as follows:

Information	Pages	Document	Available on
Auditor's report	33 to 36	Consolidated Annual Report including financial statements and auditor's report of the Group (as defined below) for the financial year 2020	<a href="https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Financni%20vysledky/EN-Pilulka-Lekarny_a_s_Consolidated_annual_report-2020.pdf">https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Financni%20vysledky/EN-Pilulka-Lekarny_a_s_Consolidated_annual_report-2020.pdf</a>
Consolidated balance sheet	9 to 10		
Consolidated profit and loss account	11 to 12		
Consolidated statement of changes in equity	13		
Consolidated statement of cash flow	14 to 15		
Notes to the financial statements	17 to 32		
Auditor's report	13 to 15	Consolidated Annual Report including financial statements and auditor's report of the Group (as defined below) for the financial year 2021	<a href="https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Vyrocnni%20zpravy/Pilulka%20L%C3%A9karny%20konso%20AR%20EN%202021.pdf">https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Vyrocnni%20zpravy/Pilulka%20L%C3%A9karny%20konso%20AR%20EN%202021.pdf</a>
Consolidated balance sheet	17		
Consolidated profit and loss account	18		
Consolidated statement of cash flow	19		
Consolidated statement of changes in equity	20		
Notes to the financial statements	21 to 32		
Introduction on the Group's likely future development and activities in the field of research and development	2 to 3	Consolidated Annual Report including financial statements and auditor's report of the Group (as defined below) for the financial year 2022	<a href="https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Financni%20vysledky/Pilulka%20konso%20%2B%20standalone%20AR%202022%20EN_digi%20signed.pdf">https://download.pilulka.cz/Nove%20stranky%20pro%20investory/Financni%20vysledky/Pilulka%20konso%20%2B%20standalone%20AR%202022%20EN_digi%20signed.pdf</a>
Auditor's report	11 to 13		
Consolidated balance sheet	15		
Consolidated profit and loss account	16		
Consolidated statement of changes in equity	17		



Consolidated statement of cash flow	18		
Notes to the financial statements	19 to 29		

The Company represents that the portions of the documents not included in the Prospectus either are not material to potential investors or are referred to elsewhere in the Prospectus.

# SUMMARY

(the Summary)

## 1. INTRODUCTION AND WARNINGS

### 1.1. SECURITIES AND ISIN

This summary should be read as an introduction to the prospectus (the **Prospectus**) prepared in connection with the offering by **Pilulka Lékárny a.s.**, Identification No. (IČ) 036 15 278, having its registered seat at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 20249 (the **Company**) of up to 500,000 registered ordinary shares issued by the Company in book-entry form with a nominal value of CZK 1.00 each, ISIN: CZ0009009874 (the **Offer Shares**).

### 1.2. ISSUER

The Issuer is a company Pilulka Lékárny a.s., LEI: 315700AWGYL60SNSMG89; the contact details are: email address [dotazy@pilulka.cz](mailto:dotazy@pilulka.cz) and telephone number +420 222 703 000.

### 1.3. APPROVAL OF PROSPECTUS

The Prospectus was approved on 23 May 2023 as a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**) by, and filed with, the Czech National Bank (the **CNB**) which is the Czech authority for the Financial Markets and a competent authority under the Prospectus Regulation. The CNB's registered office is at Na Příkopě 28, 115 03 Praha 1, Czech Republic, and its telephone number is +420 224 411 111.

### 1.4. WARNINGS

Any decision to invest in Offer Shares should be based on a consideration of the Prospectus as a whole and not just this summary. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference therein before the legal proceedings can be initiated. Civil liability may occur only if the summary is misleading, inaccurate or inconsistent when read together with the Prospectus, or it does not provide key information in order to aid investors when considering whether to invest in Offer Shares.

## 2. KEY INFORMATION ON THE ISSUER

### 2.1. KEY INFORMATION ON THE ISSUER

#### 2.1.1. DOMICILE, LEGAL FORM, JURISDICTION

The Company is a joint stock company (*akciová společnost*) incorporated under Czech law, having its registered office at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 20249, and operating under the laws of the Czech Republic. The Company's LEI is 315700AWGYL60SNSMG89. The Company's commercial name is Pilulka Lékárny a.s.

#### 2.1.2. PRINCIPAL ACTIVITIES

The Company is a leading player in the field of pharmaceuticals in the CEE region and a core member of a group of technology companies focused on pharmaceuticals. The

activities of the Company and its group are primarily focused on the sale of pharmaceutical and related products to end (retail) customers under the Pilulka brand, both online through its online shops and through its own network of brick-and-mortar pharmacies. The Company operates an online shop at Pilulka.cz and an online shop in Austrian version at Pilulka.at. Other Group companies operate an online shop in Slovak version at Pilulka.sk, in Hungarian version at Pilulka.hu, and in Romanian version at Pilulka.ro.

### 2.1.3. MAJOR SHAREHOLDERS

At the date of this Prospectus, the major direct shareholders and the controlling persons (shareholders acting in concert) of the Company are ALL-STAR HOLDING LIMITED (18.64% share in the share capital, its ultimate beneficial owners<sup>1</sup> are Vladimír Jaroš, Jan Sýkora and Ľubomír Šoltýs), Mr. Martin Kasa (17.25%), Mr. Petr Kasa (17.25%) and Mr. Marek Krajčovič (12.24%).

### 2.1.4. EXECUTIVE DIRECTORS

The Executive Directors of the Company are Mr. Martin Kasa and Mr. Petr Kasa.

### 2.1.5. STATUTORY AUDITORS

The statutory auditor of the Company is a company PricewaterhouseCoopers Audit, s.r.o., Identification No. (IČ) 407 65 521.

## 2.2. KEY FINANCIAL INFORMATION ON THE ISSUER

The following tables summarise the Consolidated Group's key consolidated financial information in accordance with generally accepted accounting regulations and principles of the Czech Republic as of 31 December 2022, 31 December 2021 and 31 December 2020. All of the provided historical financial information have been audited. According to the auditor's opinion, the historical financial information provides a true and fair view of the Consolidated Group's assets and liabilities, costs and income, results of operations and cash flows. In the auditor's report, the auditor did not state any qualifications.

### Income statement of the Consolidated Group for the financial years 2020, 2021 and 2022 (abbreviated scope; in thousands of CZK)

	2022	2021	2020
<b>*Total revenue</b>	2 464 923	2 413 727	1 786 725
<b>*Operating profit/loss or another similar measure of financial performance used by the issuer in the financial statements</b>	-47 674	-13 986	1 057
<b>*Net profit or loss (for consolidated financial statements net profit or loss attributable to equity holders of the parent)</b>	-64 938	-25 495	-21 857

### Balance sheet of the Consolidated Group for the financial years 2020, 2021 and 2022 (abbreviated scope; in thousands of CZK)

<sup>1</sup> Ultimate beneficial owner is in particular (and also in the case of ALL-STAR HOLDING LIMITED) a person who, directly or indirectly through another person or legal arrangement, has a share in the corporation or a share of voting rights greater than 25%, or has a right to a share of more than 25% of the profits, other own resources or liquidation balance.

	2022	2021	2020
<b>*Total assets</b>	605 963	589 136	497 979
<b>*Total equity</b>	140 139	204 376	227 793
<b>#Net financial debt (long term debt plus short term debt minus cash)</b>	64 087	-50 264	-107 175

**Cash flow statement of the Consolidated Group for the financial years 2020, 2021 and 2022** (abbreviated scope; in thousands of CZK)

	2022	2021	2020
<b>*Relevant net Cash flows from operating activities and/or cash flows from investing activities and/or cash from financing activities</b>	-109 693	-60 174	122 187

**2.3. KEY RISKS SPECIFIC TO THE ISSUER**

<b>Risk arising from the Company's and the Consolidated Group's loss-making performance to date:</b>	The Company's financial performance for the financial years 2020 to 2022 was always loss-making due to the Company's expansion strategy. Both the Company and the Consolidated Group financed its growth to a large extent through external resources. In the event of future loss-making financial performance, it may become increasingly difficult for the Company to continue to raise external resources to meet its debts. There is also a risk of a significant increase in costs related to the acquisition of external resources. If the Company is unable to pay its debts, reputation damage may occur as well as further costs (default interest and similar penalties) arising from a default.
<b>Liquidity risk</b>	The Company is exposed to liquidity risk, which is the risk that the Company will not have the resources to meet its maturing liabilities. In such a case, the Company would have to raise funds promptly to pay its maturing liabilities, even under unfavourable conditions (e.g., high interest rates, sale of assets below market price), which would have a negative impact on the Company's performance. Defaults on payables for a longer term may also lead to a deterioration in supplier relationships and have a negative impact on the Company's performance.
<b>Credit risk</b>	The Company and the Consolidated Group are exposed to credit risk, which represents the losses to which they are exposed if customers and suppliers fail to pay their debts owed to them in a timely manner or if their cash flow is otherwise disrupted. This could jeopardize the Company's and the Consolidated Group's ability to repay the loans provided and other forms of financing provided through external sources.
<b>Regulatory risk</b>	Regulatory risk arises as a result of the public rules governing the Company's business activities. The Company's activities are subject to regulation and as such are susceptible to changes in Czech and European Union legislation in the field of healthcare, pharmacy and distribution of pharmaceuticals and dietary supplements. Changes to the legislation governing the Company may have a material impact on its business activities. Changes in legislation may restrict, substantially modify or prohibit the

	existing model of distribution of pharmaceutical products and therefore jeopardize the Company's existing business model.
<b>Risk of litigation and administrative proceedings</b>	The Company holds a permit to distribute medicinal products issued by the State Institute for Drug Control ( <b>SÚKL</b> ). The risk of litigation and administrative proceedings arises from non-compliance with the regulations governing the entity's activities. The competent authorities exercising administration are entitled to impose sanctions for breach of laws and regulations, including financial penalties.
<b>Risk of rising interest rates</b>	The Company and the Consolidated Group has significant volume of interest-bearing liabilities and, conversely, no significant interest-earning assets. Given the disparity between interest-bearing liabilities and interest-earning assets, the Company's and the Consolidated Group's business is exposed to the risk of rising interest rates as the Company's and the Consolidated Group's interest expenses will increase when interest rates rise and the increased expenses will not be offset by increased interest income. The Company nor the Consolidated Group do not use hedging instruments against rising interest rates.
<b>Risk of failure of information systems</b>	Information and communication technologies play an important role in the Company's business. The Company operates sophisticated information systems (such as servers, networks, applications and databases) that are essential to its day-to-day operations and business activities. Failure or malfunction of any of these systems may have an adverse impact on the Company. There is a risk of unauthorized access to the Company's data by third parties and misuse of such data, which may lead to a breach of trade secrets and violation of applicable laws and regulations governing personal data protection.

### 3. KEY INFORMATION ON THE SECURITIES

#### 3.1. TYPE AND CLASS OF SECURITIES

There is only one type of the securities issued and also offered by the Company – ordinary shares in book-entry form with a nominal value of CZK 1.00 each, ISIN: CZ0009009874, ticker PINK. The number of Offer Shares is up to 500,000.

##### 3.1.1. RIGHTS ATTACHED TO THE SECURITIES

The Offer Shares will rank *pari passu* with each other and holders of Offer Shares will be entitled to dividends and other distributions declared and paid on them. Each Offer Share carries distribution rights and entitles its holder the right to attend and to cast one vote at the general meeting (*valná hromada*) of the Company. In the event of an increase in the Company's share capital by way of cash contributions, existing shareholders have a pre-emptive right to subscribe for new shares. Upon dissolution of the Company with liquidation, the shareholder is entitled to a share in the liquidation balance.

##### 3.1.2. RESTRICTIONS

There are no restrictions on the free transferability of the Ordinary Shares.

##### 3.1.3. DIVIDEND POLICY

There is not yet an approved dividend policy at the Company or Group level.

#### 3.2. WHERE WILL THE SECURITIES BE TRADED?

The Shares are currently traded on multilateral trading facilities START System operated by the PSE and RM-System. In relation to the Offer Shares, an application for an increase of the issue already traded on the START Market will be made. The date of admission of the

Offer Shares for trading is the business day on which the Offer Shares are issued and credited to the accounts of individual investors or a day around this date. The expected date of admission of the Offer Shares to trading on the START Market is 27 June 2023.

### 3.3. KEY RISKS SPECIFIC TO THE SECURITIES

<b>Risk of investing in shares</b>	The investor has no right to the redemption or return of his investment in the Offer Shares. The investor may also lose the entire amount invested as a result of investing in the Offer Shares. The Offer Shares are not accompanied by a guarantee of performance in the form of a guaranteed return or a guaranteed amount of the investor's share of the liquidation balance.
<b>Liquidity risk</b>	The Company's existing Shares are currently admitted to trading on multilateral trading facilities START Market and RM-System; the Company will also apply for admission to trading on the START Market in respect of the Offer Shares. However, this does not necessarily lead to higher liquidity of these shares compared to shares not admitted to trading on the stock market. In a potentially illiquid market, an investor may not be able to sell the Shares at an adequate market price at any time.
<b>Market risk</b>	There is a risk of a decline in the market price of the Shares due to their volatility. A decline in the market price of the Shares may result in a partial or even total loss of the initial investment. A prospective investor should have an understanding of the determination of the market price of the relevant security and the impact of various factors on its market price, including the possible decline in market price.
<b>Dividend risk</b>	An investor should invest in the Offer Shares knowing that the dividend yield on the Shares is not a guaranteed yield and its potential amount will depend on, among other things, market conditions and the financial condition of the Company. The investor will not realise the dividend until a resolution is passed on it by the General Meeting of the Company by an absolute majority of the shareholders present on the General Meeting in accordance with the Company's Articles of Association. The Company has not paid any dividend since its incorporation.

## 4. KEY INFORMATION ON THE PUBLIC OFFER OF SECURITIES

### 4.1. UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

The Company will offer up to 500,000 Offer Shares to the investors. The first phase is for exercising the pre-emptive right of the Company's shareholders (the **First Phase**) which is transferrable without any limitations. The pre-emptive right to subscribe for those Offer Shares not subscribed for by another Company's shareholder in the first round shall be excluded in the second or any subsequent subscription round. In the First Phase, purchase orders will be collected by the Company at its registered office up to and including the End of the First Phase. The investor is obliged to pay the amount of money corresponding to the number and asking price of the Offer Shares ordered by them to the Company's account no. 6557512/0800 no later than 3 working days after End of the First Phase.

In the second phase, the Offer Shares may be offered to all categories of investors, including qualified and retail investors, domestic and foreign investors, subject to compliance with the laws and regulations applicable to such offer and the relevant investor (the **Second Phase**). The investor is obliged to pay the amount of money corresponding to the number and asking price of the Offer Shares ordered by them only through the relevant participant (either in the Czech Republic or in Slovakia) of the START System to the

bank account specified by this participant no later than the Subscription Closing time, as per contractual arrangement agreed between the investor and the participant. The participants are subsequently obliged to credit the amount to the bank account of CNB no. 100000048/9515. Settlement will take place through the Central Depository; the Company assumes that the subscribed Offer Shares will be credited to the account of the individual end investors after the payment of the purchase price of the Offer Shares, not earlier than on the third (3rd) business day following the End of the Second Phase.

The purchase price of the Offer Shares subscribed in the First Phase is CZK 450 (four hundred fifty Czech crowns) per one Offer Share. In the Second Phase, the price range for orders has been set at CZK 450 to CZK 550 per Offer Share, provided that orders may only be placed in minimum increments of CZK 5 per Share. The minimum number of Offer Shares to be subscribed for in the First Phase is 1 piece (subscription is possible only as whole shares; one existing Share represents 1/5 of the newly subscribed Share meaning that shareholders possessing less than 5 Shares have the right to subscribe for one Offer Share.). The minimum number of Offer Shares to be subscribed for (e.g. a Lot) in the Second Phase is 10 pieces.

#### **4.1.1. TIMETABLE OF THE OFFERING AND ALLOCATION**

Subject to acceleration or extension of the timetable for, or withdrawal of, the offering of Offer Shares (the **Offering**), the timetable below sets forth certain expected key dates for the Offering (the **Offer Period**):

<b>Event</b>	<b>Date</b>
Press release announcing the Offering	5 April 2023
Start of the First Phase	23 May 2023
End of the First Phase	6 June 2023
Start of the Second Phase	8 June 2023
End of the Second Phase	22 June 2023
Determination of final number of shares to be issued	22 June 2023
Press release announcing the results of the Offering	22 June 2023
First Trading Date of the Offer Shares	27 June 2023

Allocation to investors who subscribed for Offer Shares in the Second Phase will be determined by the Company based on the respective demand of investors and on the quantitative and the qualitative analysis of the order book, and full discretion will be exercised as to whether and how to allocate the Offer Shares subscribed for. If the Offering is oversubscribed, investors may receive fewer Offer Shares than they applied to subscribe for.

The Company will not charge investors any fees in connection with the Offering or subscription of Offer Shares. Investors' costs in connection with their subscription will be governed by the price lists of the individual START Members, the START System and the Central Depository participants. The Company expects that the total costs of the Offering, i.e., legal and financial advisor's remuneration, the fees of the Central Depository and the CNB and other related costs, will be in around of CZK 12.5 million.

If the Offering is completed in the amount of 500,000 Offer Shares, the shareholding of each of the existing shareholders in the Company, if none of them subscribes for any Offer Shares, will decrease from 100% to 83.45%.

## **4.2. WHY IS THIS PROSPECTUS BEING PRODUCED?**

This Prospectus is being prepared for the purpose of the Offering through subscription of the Offer Shares by current shareholders using their pre-emptive right and subsequently through the START Market. The reason for Offering is to raise funds providing a source of financing for the Company. The Offering is not a subject to an underwriting agreement on a firm commitment basis. The Company is not aware of any potential conflict of interest pertaining to the Offering or the admission of the Offer Shares to trading.

### **4.2.1. USE OF PROCEEDS**

The Company estimates the gross proceeds of the Offering to be between CZK 225,000,000 and CZK 275,000,000 and the net proceeds to be between CZK 212,500,00 and CZK 260,000,000 (provided that 500,000 Shares are subscribed for at a price per Share in the amount between CZK 450 and CZK 550). The Company will primarily use such proceeds to finance the Company's development activities, in particular to strengthen the Company's position in foreign markets (Austria, Hungary, Romania), to finance the development of its own IS/IT systems, to further develop eHealth platform (Plus Care), to strengthen the Company's working capital and to finance potential acquisition activities on Czech market or abroad.



# SHRNUTÍ

(“Shrnutí”)

## 1. ÚVOD A UPOZORNĚNÍ

### 1.1. CENNÉ PAPÍRY A ISIN

Toto shrnutí je třeba číst jako úvod k prospektu („**Prospekt**“) vyhotoveného v souvislosti s veřejnou nabídkou učiněnou společností **Pilulka Lékárny a.s.**, IČ 036 15 278, se sídlem Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Česká republika, zapsané v obchodním rejstříku vedeném u Městského soudu v Praze, oddíl B, vložka 20249 („**Emitent**“) až 500 000 zaknihovaných kmenových akcií na jméno vydaných Emitentem s nominální hodnotou 1 Kč každá, ISIN: CZ0009009874 („**Nabízené akcie**“).

### 1.2. EMITENT

Emitentem je společnost Pilulka Lékárny a.s., LEI: 315700AWGYL60SNSMG89; kontaktní údaje: email [dotazy@pilulka.cz](mailto:dotazy@pilulka.cz) a telefon +420 222 703 000.

### 1.3. SCHVÁLENÍ PROSPEKTU

Tento Prospekt byl schválen dne 23 May 2023 jako prospekt cenných papírů pro účely čl. 3 Nařízení (EU) 2017/1129 z 14. června 2017 (včetně jakýchkoli relevantních prováděcích nařízení „**Prospektové nařízení**“) Českou národní bankou („**ČNB**“), která je českým příslušným orgánem pro schvalování prospektů cenných papírů podle Prospektového nařízení. Sídlo ČNB je Na Příkopě 28, 115 03 Praha 1 and kontaktní telefonní číslo je +420 224 411 111.

### 1.4. UPOZORNĚNÍ

Jakékoli rozhodnutí investovat do cenných papírů by mělo být založeno na tom, že investor zváží Prospekt jako celek, nikoli pouze toto Shrnutí. V případě, že je u soudu vznesen nárok na základě informací uvedených v Prospektu, může být žalujícímu investorovi podle vnitrostátního práva uložena povinnost uhradit náklady na překlad Prospektu před zahájením soudního řízení. Občanskoprávní odpovědnost nesou pouze ty osoby, které Shrnutí včetně jeho překladu předložily, avšak pouze pokud je Shrnutí zavádějící, nepřesné nebo v rozporu s ostatními částmi Prospektu nebo pokud Shrnutí ve spojení s ostatními částmi Prospektu neposkytuje klíčové informace, které investorům pomáhají při rozhodování, zda do dotyčných cenných papírů investovat.

## 2. KLÍČOVÉ INFORMACE O EMITENTOVÍ

### 2.1. KLÍČOVÉ INFORMACE O EMITENTOVÍ

#### 2.1.1. SÍDLO, PRÁVNÍ FORMA, JURISDIKCE

Emitent je *akciová společnost* podle českého práva, se sídlem Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Česká republika, zapsaná v obchodním rejstříku vedeném u Městského soudu v Praze, oddíl B, vložka 20249, podnikající podle českého práva. Identifikátor LEI Emitenta je 315700AWGYL60SNSMG89. Obchodní firma Emitenta je Pilulka Lékárny a.s.

#### 2.1.2. HLAVNÍ ČINNOSTI

Emitent je předním hráčem v oblasti léčiv v regionu střední a východní Evropy a je hlavním členem skupiny technologických společností zaměřených na léčiva. Činnost Emitenta a jeho skupiny je zaměřena především na prodej farmaceutických a souvisejících výrobků koncovým (maloobchodním) zákazníkům pod značkou Pilulka, a to jak online

prostřednictvím internetových obchodů, tak prostřednictvím vlastní sítě kamenných lékáren. Společnost provozuje internetový obchod na adrese Pilulka.cz a internetový obchod v rakouské verzi na adrese Pilulka.at. Další společnosti Skupiny provozují internetový obchod ve slovenské verzi na adrese Pilulka.sk, v maďarské verzi na adrese Pilulka.hu a v rumunské verzi na adrese Pilulka.ro.

### 2.1.3. NEJVĚTŠÍ AKCIONÁŘI

K datu vyhotovení Prospektu, hlavní přímí akcionáři a ovládající osoby (akcionáři jednající ve shodě) Emitenta jsou společnost ALL-STAR HOLDING LIMITED (s 18,64% podílem na základním kapitálu, jejíž skuteční majitelé<sup>2</sup> jsou Vladimír Jaroš, Jan Sýkora a Ľubomír Šoltýs), Martin Kasa (17,25 %), Petr Kasa (17,25 %) a Marek Krajčovič (12,24 %).

### 2.1.4. VÝKONNÍ ŘEDITELÉ

Výkonnými řediteli Emitenta jsou pánové Martin Kasa a Petr Kasa.

### 2.1.5. STATUTÁRNÍ AUDITOŘI

Statutárním auditorem Emitenta je společnost PricewaterhouseCoopers Audit, s.r.o., IČ 407 65 521.

## 2.2. KTERÉ FINANČNÍ INFORMACE O EMITENTOVÍ JSOU KLÍČOVÉ?

Následující tabulky shrnují klíčové konsolidované finanční informace Konsolidované skupiny v souladu s obecně uznávanými účetními předpisy a standardy České republiky k datům 31. prosince 2022, 31. prosince 2021 a 31. prosince 2020. Všechny poskytnuté historické finanční informace byly ověřeny auditorem s výrokem „bez výhrad“. Podle výroku auditora historické finanční informace poskytují věrný a poctivý obraz aktiv a pasiv, nákladů a výnosů, výsledků hospodaření a peněžních toků Konsolidované skupiny.

### Výkaz příjmů a výdajů Konsolidované skupiny za finanční roky 2020, 2021 a 2022 (zaokrouhлено, v tis. Kč)

	2022	2021	2020
<b>* Výnosy celkem</b>	2 464 923	2 413 727	1 786 725
<b>* Provozní zisk/ztráta nebo jiné podobné měřítko finanční výkonnosti, které Emitent používá v účetní závěrce</b>	-47 674	-13 986	1 057
<b>* Čistý zisk nebo ztráta (u konsolidované účetní závěrky čistý zisk nebo ztráta připadající držitelům kmenových akcií mateřského podniku)</b>	-64 938	-25 495	-21 857

### Rozvaha Konsolidované skupiny za finanční roky 2020, 2021 a 2022 (zaokrouhлено, v tis. Kč)

	2022	2021	2020
<b>* Aktiva celkem</b>	605 963	589 136	497 979

<sup>2</sup> Skutečným majitelem se rozumí zejména (a rovněž v případě ALL-STAR HOLDING LIMITED) ten, kdo přímo nebo nepřímo prostřednictvím jiné osoby nebo právního uspořádání má podíl v korporaci nebo podíl na hlasovacích právech větší než 25 % či má právo na podíl na zisku, jiných vlastních zdrojích nebo likvidačním zůstatku větší než 25 %.

<b>* Vlastní kapitál celkem</b>	140 139	204 376	227 793
<b># Čistý finanční dluh (dlouhodobý dluh plus krátkodobý dluh minus hotovostní prostředky)</b>	64 087	-50 264	-107 175

**Výkaz peněžních toků Konsolidované skupiny za finanční roky 2020, 2021 a 2022**  
(zaokrouhлено, v tis. Kč)

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>* Příslušné čisté peněžní toky z provozní činnosti a/nebo peněžní toky z investiční činnosti a/nebo peněžní toky z financování</b>	-109 693	-60 174	122 187

### 2.3. JAKÁ JSOU HLAVNÍ RIZIKA, KTERÁ JSOU SPECIFICKÁ PRO EMITENTA?

<b>Riziko ztrátového hospodaření Emitenta a Skupiny</b>	Finanční výsledky za účetní období 2020 až 2022 byly vždy ztrátové vzhledem ke strategii rozvoje. Emitent i Skupina financovaly svůj růst do značné míry z cizích zdrojů. V případě budoucího ztrátového hospodaření může být pro Emitenta stále obtížnější nadále získávat externí zdroje na úhradu svých dluhů. Existuje také riziko výrazného nárůstu nákladů spojených se získáváním cizích zdrojů. Pokud Emitent nebude schopen splácet své dluhy, může dojít k poškození jeho dobrého jména a k dalším nákladům (úroky z prodlení a další sankce) vyplývajícím z prodlení.
<b>Riziko likvidity</b>	Emitent je vystaven situaci, kdy nebude mít dostatek zdrojů k úhradě svých splatných závazků. V takovém případě by musel urychleně získat prostředky na úhradu svých splatných závazků, a to i za nepříznivých podmínek (např. vysoké úrokové sazby, prodej aktiv pod tržní cenou), což by mělo negativní dopad na jeho hospodaření. Nesplácení závazků po delší dobu může také vést ke zhoršení vztahů s dodavateli a mít negativní dopad na výkonnost Emitenta.
<b>Kreditní riziko</b>	Riziko představuje ztráty, jimž jsou vystaveni Emitent a Skupina v případě, že zákazníci a dodavatelé nezaplatí včas své dluhy vůči nim nebo pokud dojde k jinému narušení jejich peněžních toků. To by mohlo ohrozit schopnost splácet poskytnuté úvěry a další financování z externích zdrojů.
<b>Regulatorní riziko</b>	Vzniká v důsledku změny právních předpisů, kterými se řídí podnikatelská činnost Společnosti. Činnost Skupiny podléhá regulaci a jako taková je citlivá na změny v legislativě České republiky a Evropské unie v oblasti zdravotnictví, farmacie a distribuce léčiv a doplňků stravy. Změny relevantních právních předpisů mohou mít podstatný dopad na podnikatelskou činnost Skupiny. Změny právních předpisů mohou omezit, podstatně změnit nebo zakázat stávající model distribuce léčivých přípravků, a tím ohrozit stávající obchodní model.
<b>Riziko sporů a správních řízení</b>	Emitent je držitelem povolení k distribuci léčivých přípravků vydaného Státním ústavem pro kontrolu léčiv (SÚKL). Riziko soudních sporů a správních řízení vyplývá z nedodržování předpisů upravujících činnost subjektu. Příslušné správní orgány jsou oprávněny ukládat sankce za porušení zákonů a předpisů, zejména ve formě finančních postihů.

<b>Riziko zvyšujících se úrokových sazeb</b>	<p>Skupina má významný objem úročených závazků, a naopak nemá významná úročená aktiva. Vzhledem k nepoměru mezi úročenými závazky a úročenými aktivy je podnikání Skupiny vystaveno riziku růstu úrokových sazeb, neboť úrokové náklady se při růstu úrokových sazeb zvýší a zvýšené náklady nebudou kompenzovány zvýšenými úrokovými výnosy. Emitent ani Skupina nepoužívají zajišťovací nástroje proti růstu úrokových sazeb.</p>
<b>Riziko selhání informačních systémů</b>	<p>Informační a komunikační technologie hrají v podnikání Emitenta důležitou roli – provozuje sofistikované informační systémy (jako jsou servery, sítě, aplikace a databáze), které jsou nezbytné pro každodenní provoz a obchodní činnost. Selhání nebo nesprávná funkce některého z těchto systémů může mít na Emitenta nepříznivý dopad. Existuje riziko neoprávněného přístupu třetích osob k citlivým údajům a jejich zneužití, což může vést k porušení obchodního tajemství nebo porušení platných zákonů a předpisů upravujících ochranu osobních údajů.</p>

### 3. KLÍČOVÉ INFORMACE O CENNÝCH PAPÍRECH

#### 3.1. JAKÉ JSOU HLAVNÍ RYSY CENNÝCH PAPÍRŮ?

Existuje pouze jeden typ cenných papírů vydaných Emitentem – zaknihované kmenové akcie na jméno s nominální hodnotou 1 Kč každá, ISIN: CZ0009009874, ticker PINK. Počet kusů Nabízených akcií je až 500 000.

##### 3.1.2. PRÁVA SPOJENÁ S CENNÝMI PAPÍRY

Nabízené akcie se budou řadit *pari passu* s ostatními a jejich držitelé budou mít nárok na podíl na zisku. Každá Nabízená akcie opravňuje jejího držitele k účasti a hlasování na valné hromadě Emitenta. V případě zvýšení základního kapitálu Emitenta peněžitými vklady mají stávající akcionáři přednostní právo upsat nové akcie. Při zrušení společnosti s likvidací má akcionář nárok na podíl na likvidačním zůstatku.

##### 3.1.3. OMEZENÍ VOLNÉ PŘEVODITELNOSTI CENNÝCH PAPÍRŮ

Neexistuje žádné omezení volné převoditelnosti Akcií.

##### 3.1.4. DIVIDENDOVÁ POLITIKA

Na úrovni Emitenta ani Skupiny neexistuje žádná schválená dividendová politika.

#### 3.2. KDE BUDOU CENNÉ PAPÍRY OBCHODOVÁNY?

Akcie jsou obchodovány na mnohostranných obchodních systémech START provozovaném Burzou cenných papírů Praha a.s. a RM-System. V souvislosti s Nabízenými akciemi bude podána žádost o navýšení emise, která je již obchodována na trhu START. Datem přijetí Nabízených akcií k obchodování je pracovní den, kdy budou Nabízené akcie vydány a připsány na účty jednotlivých investorů, nebo den po tomto datu. Předpokládané datum přijetí Nabízených akcií k obchodování na trhu START je 27. červen 2023.

#### 3.3. JAKÁ JSOU HLAVNÍ RIZIKA, KTERÁ JSOU SPECIFICKÁ PRO TYTO CENNÉ PAPÍRY?

<b>Riziko investice do akcií</b>	<p>Investor nemá právo na odkup nebo vrácení své investice do Nabízených akcií. Investor může v důsledku investice do Nabízených akcií rovněž přijít o celou investovanou částku. S Nabízenými akciemi není spojena záruka výkonnosti v podobě garantovaného výnosu nebo garantované výše podílu investora na likvidačním zůstatku.</p>
<b>Riziko likvidity</b>	<p>Akcie jsou obchodovány na mnohostranných obchodních systémech START a RM-System; v souvislosti s Nabízenými akciemi bude podána žádost o přijetí k obchodování na trhu START. To však nemusí nutně vést k vyšší likviditě těchto akcií ve srovnání s</p>

	akciemi, které nejsou přijaty k obchodování na burze. Na potenciálně nelikvidním trhu nemusí být investor schopen kdykoli prodat Akcie za adekvátní tržní cenu.
<b>Tržní riziko</b>	Existuje riziko poklesu tržní ceny Akcií v důsledku jejich volatility. Pokles tržní ceny Akcií může vést k částečné nebo dokonce úplné ztrátě počáteční investice. Potenciální investor by měl mít představu o stanovení tržní ceny příslušného cenného papíru a o vlivu různých faktorů na jeho tržní cenu, včetně možného poklesu tržní ceny.
<b>Riziko dividendy</b>	Investor by měl investovat do Nabízených akcií s vědomím, že dividendový výnos není zaručený a jeho potenciální výše bude záviset mimo jiné na tržních podmínkách a finanční situaci Emitenta. Dividendu lze vyplatit až v návaznosti na rozhodnutí valné hromady Společnosti nadpoloviční většinou hlasů přítomných akcionářů v souladu se stanovami. Emitent od svého založení nevyplatil žádnou dividendu.

## 4. KLÍČOVÉ INFORMACE O VEŘEJNÉ NABÍDCE CENNÝCH PAPÍRŮ

### 4.1. ZA JAKÝCH PODMÍNEK A PODLE JAKÉHO ČASOVÉHO ROZVRHU MOHU INVESTOVAT DO TOHOTO CENNÉHO PAPÍRU?

Emitent nabídne investorům až 500 000 Nabízených akcií. První fáze je určena k uplatnění přednostního práva akcionářů Emitenta („**První fáze**“), které je převoditelné bez jakýchkoli omezení. Přednostní právo na úpis těch Nabízených akcií, které nebyly upsány jiným akcionářem Emitenta v prvním kole, se ve druhém nebo jakémkoli dalším kole úpisu vylučuje. V První fázi budou objednávky na koupi Akcií shromažďovány Emitentem v jeho sídle do konce První fáze včetně. Investor je povinen uhradit peněžní částku odpovídající počtu a nabídkové ceně jím objednaných Nabízených akcií na účet Emitenta č. 6557512/0800 nejpozději do 3 pracovních dnů po skončení První fáze.

Ve druhé fázi mohou být Nabízené akcie nabízeny všem kategoriím investorů, včetně kvalifikovaných a drobných investorů, tuzemských a zahraničních investorů, za podmínky dodržení zákonů a předpisů platných pro takovou nabídku a příslušného investora („**Druhá fáze**“). Investor je povinen uhradit peněžní částku odpovídající počtu a nabídkové ceně jím objednaných Nabízených akcií pouze prostřednictvím příslušného účastníka (v České republice nebo na Slovensku) systému START na bankovní účet určený tímto účastníkem, a to nejpozději do skončení upisování v druhém kole (níže jako „*Subscription Closing*“) v souladu se smluvním ujednáním sjednaným mezi investorem a účastníkem. Účastníci jsou následně povinni připsat částku na bankovní účet ČNB č. 1000000048/9515. Vypořádání bude probíhat prostřednictvím Centrálního depozitáře; Emitent předpokládá, že upsané Nabízené akcie budou připsány na účet jednotlivých koncových investorů po úhradě kupní ceny Nabízených akcií, a to nejdříve třetí (3.) pracovní den po skončení Druhé fáze.

Kupní cena Nabízených akcií upisovaných v První fázi činí 450 Kč za kus. Ve Druhé fázi bylo stanoveno cenové rozpětí pro objednávky na 450 Kč až 550 Kč za jednu Nabídkovou akcii s tím, že objednávky lze podávat pouze v minimálních přírůstcích 5 Kč za jednu Akcii. Minimální počet Nabízených akcií, které lze upsat v První fázi, je 1 kus (upisovat lze pouze celé akcie; jedna stávající Akcie představuje 1/5 nově upisované Akcie, což znamená, že akcionáři vlastníci méně než 5 Akcií mají právo upsat jednu Nabízenou akcii). Minimální počet Nabízených akcií, které lze upsat (jeden Lot) ve Druhé fázi, je 10 kusů.

#### 4.1.2. OČEKÁVANÝ ČASOVÝ ROZVRH VEŘEJNÉ NABÍDKY A DISTRIBUCE

S výhradou urychlení nebo prodloužení harmonogramu nebo stažení nabídky nabízených akcií ("**Veřejná nabídka**") níže uvedený harmonogram stanoví některá očekávaná klíčová data pro nabídku:

Událost	Datum
Tisková zpráva oznamující Veřejnou nabídku	5. dubna 2023
Zahájení První fáze	23. května 2023
Konec První fáze	6. června 2023
Začátek Druhé fáze	8. června 2023
Konec Druhé fáze	22. června 2023
Stanovení konečného počtu Nabízených akcií, které mají být vydány	22. června 2023
Tisková zpráva oznamující výsledky Veřejné nabídky	22. června 2023
První den obchodování Nabízených akcií	27. června 2023

O přidělení akcií investorům, kteří upsalí nabízené akcie ve Druhé fázi, rozhodne Emitent na základě příslušné poptávky investorů a kvantitativní a kvalitativní analýzy knihy objednávek, přičemž o tom, zda a jakým způsobem budou upsané Nabízené akcie přiděleny, bude rozhodovat podle vlastního uvážení. Pokud bude nabídka přeupsána, mohou investoři obdržet méně Nabízených akcií, než o kolik požádali k úpisu.

Emitent nebude investorům účtovat žádné poplatky v souvislosti s nabídkou nebo úpisem Nabízených akcií. Náklady investorů v souvislosti s jejich úpisem se budou řídit ceníky jednotlivých členů systému START, systému START a účastníků Centrálního depozitáře. Emitent předpokládá, že celkové náklady spojené s Veřejnou nabídkou, tj. odměna právního a finančního poradce, poplatky Centrálního depozitáře a ČNB a další související náklady, budou činit cca 12,5 milionů Kč.

Pokud bude Veřejná nabídka uskutečněna v objemu 500 000 Nabízených akcií, sníží se podíl každého ze stávajících akcionářů ve Společnosti, pokud žádný z nich neupíše Nabízené akcie, ze 100 % na 83,45 %.

#### 4.2. PROČ JE TENTO PROSPEKT SESTAVOVÁN?

Tento Prospekt je připraven pro účely veřejné nabídky prostřednictvím upisování Nabízených akcií současnými akcionáři za využití jejich přednostního práv a následně prostřednictvím trhu START. Důvodem Veřejné nabídky je získání finančních prostředků, které Emitentovi poskytnou zdroj financování. Nabídka není předmětem smlouvy o úpisu na základě pevného závazku. Emitent si není vědom žádného potenciálního střetu zájmů, který by se týkal Veřejné nabídky nebo přijetí Nabízených akcií k obchodování.

##### 4.2.1. VYUŽITÍ A ODHAD ČISTÉ ČÁSTKY VÝNOSŮ

Eminent odhaduje hrubý výtěžek z Veřejné nabídky ve výši 225 000 000 až 275 000 000 Kč a čistý výtěžek ve výši 212 500 000 až 260 000 000 Kč (za předpokladu, že bude upsáno 500 000 Akcií za cenu jedné Akcie ve výši 450 až 550 Kč). Emitent tyto výnosy použije především na financování rozvojových aktivit, zejména na posílení pozice na zahraničních trzích (Rakousko, Maďarsko, Rumunsko), na financování rozvoje vlastních IS/IT systémů, na další rozvoj platformy eHealth (Plus Care), na posílení pracovního kapitálu a na financování případných akvizičních aktivit na českém trhu nebo v zahraničí.

## COMPANY NOTE

### 1. PERSONS

#### 1.1. PERSONS RESPONSIBLE

Company represented by the Executive Directors Mr. Martin Kasa and Mr. Petr Kasa is responsible for the information provided in all sections of this Prospectus.

#### 1.2. DECLARATION BY PERSONS RESPONSIBLE

This Prospectus is made available by the Company, and the Company accepts full responsibility for the accuracy of the information contained in this Prospectus. The Company declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.



---

Ing. Petr Kasa, member of the Board of Directors

Prague, 18 May 2023

#### 1.3. EXPERT'S INFORMATION

The Prospectus does not (except for auditor's reports incorporated by reference) include any statement or report of a person acting as an expert.

#### 1.4. CONFIRMATION OF DATA ACCURACY

Some of the information contained in the Prospectus has been sourced from third parties. Such information has been accurately reproduced and according to the Company's knowledge and to the extent that it is able to ascertain from information published by the relevant third party, has not omitted any facts which would render the reproduced information inaccurate or misleading.

In the Prospectus, the Company, in the places specifically identified by footnote or source citation under the inserted figure or table, has relied on the following sources which are current as of the date of this Prospectus:

<https://www.statista.com/statistics/656955/pharmaceuticals-sales-czech-republic/>  
<https://www.iqvia.com/locations/czech/library/white-papers/pharmacy-e-commerce-handbook-czech-republic-and-slovakia>  
<https://www.iqvia.com/-/media/iqvia/pdfs/czech/library/white-papers/deep-dive-into-pharmacy-e-commerce-czech-republic-and-slovakia.pdf>  
<https://opendata.sukl.cz/?q=katalog/seznam-lekaren>  
<https://www.mondaq.com/life-sciences-biotechnology-nanotechnology/63178/online-pharmaceutical-sales>  
<https://www.iqvia.com/-/media/iqvia/pdfs/czech/library/white-papers/iqvia-cz--sk-e-commerce-handbook-2021.pdf>

<https://www.chameleon-pharma.com/publications/country-pharma-market-data/czech-republic/>

<https://pharmaboardroom.com/articles/consolidation-digitalization-in-the-czech-pharmacy-sector-new-strategies-needed-for-consumer-healthcare-players/>

<https://www.statista.com/statistics/1370472/czechia-number-of-pharmacies-and-dispensaries/>

[https://www.csas.cz/content/dam/cz/csas/www\\_csas\\_cz/Dokumenty-korporat/Dokumenty/Prodej%20l%C3%A9k%C5%AF%20v%20%C4%8CR\\_public\\_2018\\_04%20\(1\).pdf](https://www.csas.cz/content/dam/cz/csas/www_csas_cz/Dokumenty-korporat/Dokumenty/Prodej%20l%C3%A9k%C5%AF%20v%20%C4%8CR_public_2018_04%20(1).pdf)

<https://portal.mhsr.sk/files/esluzby/COO/sario-pharmaceutical-and-life-sciences-sector-in-slovakia-2019-07-09.pdf>

[https://www.manufacturingchemist.com/news/article\\_page/Slovakia\\_the\\_pharmaceutical\\_markets\\_best\\_kept\\_secret/135989](https://www.manufacturingchemist.com/news/article_page/Slovakia_the_pharmaceutical_markets_best_kept_secret/135989)

<https://pharmaboardroom.com/country-reports/czech-republic-pharma-report-april-2020/>

<https://www.iqvia.com/-/media/iqvia/pdfs/czech/library/white-papers/deep-dive-into-pharmacy-e-commerce-czech-republic-and-slovakia.pdf>

[https://one.oecd.org/document/DAF/COMP/WP2/WD\(2018\)30/en/pdf](https://one.oecd.org/document/DAF/COMP/WP2/WD(2018)30/en/pdf)

[https://www.bwb.gv.at/fileadmin/user\\_upload/Veroeffentlichungen/The\\_Austrian\\_Pharmacy\\_Market\\_Recommendations\\_English.pdf](https://www.bwb.gv.at/fileadmin/user_upload/Veroeffentlichungen/The_Austrian_Pharmacy_Market_Recommendations_English.pdf)

<https://www.basg.gv.at/en/companies/marketing-authorisation-life-cycle/faq-marketing-authorisation-life-cycle/austrian-medicinal-product-index>

<https://www.iqvia.com/library/white-papers/e-pharmacy-landscape-in-hungary>

<https://www.statista.com/outlook/dmo/digital-health/ehealth/online-pharmacy/austria#revenue>

<https://www.trade.gov/country-commercial-guides/austria-pharmaceuticals>

<https://www.chameleon-pharma.com/publications/country-pharma-market-data/austria/>

<https://www.statista.com/statistics/656996/pharmaceuticals-sales-hungary/>

<https://idealmedhealth.com/pharmaceutical-companies-in-hungary/>

<https://healthcaremarketexperts.com/en/news/most-pharmacies-in-hungary-belong-to-networks-or-programs-of-pharmacies/>

<https://egeszsegvonalt.gov.hu/en/health-care-system/supply-and-delivery-of-medicines/2154-prescription-only-medications.html>

PharmaBoardroom - Traditional Medicines and OTC Products: Romania

<https://www.fitchsolutions.com/pharma-healthcare/hungarys-ban-online-sales-otc-medicines-will-weigh-market-outlook-31-01-2022>

<https://bnt.eu/legal-news/online-pharmacy-in-hungary/>

<https://www.trade.gov/country-commercial-guides/romania-healthcare>

[https://www.mzcr.cz/wp-content/uploads/wepub/16981/36988/8\\_MUELLER\\_3.blok.pdf](https://www.mzcr.cz/wp-content/uploads/wepub/16981/36988/8_MUELLER_3.blok.pdf)

<https://www.eaep.com/uploads/eaep-2021-market-facts-en.pdf?cchid=c231b4c23a124274c39be5b2c4686aeb>

<https://www.uohs.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/3510-urad-dokoncil-sektorove-setreni-v-oblasti-distribuce-leciv-a-prinasi-doporuceni-pro-zvyseni-souteze-na-trhu.html>

[https://ogyei.gov.hu/internetes\\_gyogyszer\\_kereskedelem/](https://ogyei.gov.hu/internetes_gyogyszer_kereskedelem/)

<https://www.kurzy.cz/zpravy/115721-kasa-cz-loni-s-rekordnim-obratem-na-urovni-0-5-mld-kc/>



## **1.5. APPROVAL BY THE CZECH NATIONAL BANK**

The Company hereby declares that:

- a) the Prospectus has been approved by the Czech National Bank, as competent authority under Regulation (EU) 2017/1129;
- b) the Czech National Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;
- c) such approval should not be considered as an endorsement of the quality of the Offer Shares, i.e. the securities that are the subject of this Prospectus;
- d) such approval should not be considered as an endorsement of the Company, i.e. the issuer that is the subject of this Prospectus; and
- e) Investors should conduct their own independent assessment of the suitability of investing in the Offer Shares.

## 2. STATUTORY AUDITORS

### 2.1. STATUTORY AUDITORS

The auditor of the Company and the Consolidated Group is PricewaterhouseCoopers Audit, s.r.o., Identification No. (IČ) 407 65 521, having its registered office at Hvězdova 1734/2c, Nusle, 140 00 Praha 4, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, Section C, File 3637 (the **Auditor**). The Auditor's scope of business is, among other things, the provision of auditing services and the activities of accounting consultants, bookkeeping, single-entry bookkeeping (for tax purposes). The Auditor is registered in the Register of the Chamber of Auditors of the Czech Republic under registration No. 021; the statutory auditor acting within the Auditor is Ing. Mgr. Eva Bajerová, registration No. 2549 (with respect to the 2022 and 2021 consolidated financial statements), and Ing. Martin Peterka, registration No. 2469 (with respect to the 2020 consolidated financial statements).

The Auditor has no material interest in the Company. The Company justifies this conclusion as follows: The Auditor does not own any Shares of the Company or any Group company, is not and has not been a member of any body of the Company or any Group company, does not enter into any contractual relationship with the Company, except for contracts for the provision of audit services, and is not otherwise affiliated with the Company, any Group company or any members of their bodies.

At the request of the Company, the regular consolidated yearly financial statements of the Group for each of the financial years from 2020 to 2022 have been audited by the Auditor and the resulting Auditor's reports have been prepared, including 'unqualified' (*bez výhrad*) opinions.

The Auditor's reports were prepared at the request of the Company and the Auditor has agreed to their inclusion in the Prospectus.

### 2.2. PERFORMANCE OF DUTIES

During the period covered by historical financial information, the Auditor has not resigned, been removed or have not been re-appointed.

### 3. RISK FACTORS

#### 3.1. DESCRIPTION OF MATERIAL RISK SPECIFIC TO THE ISSUER

This section describes the principal risks to which the Company is exposed that may impact the Company's future performance. Any person interested in subscribing Offer Shares should therefore read this Prospectus in detail as a whole. Prior to investing in the Offer Shares, prospective investors should carefully consider risk factors associated with any such investment in the Offer Shares, the Company's business, and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below, and consult with their respective legal, financial or other advisors.

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Offer Shares and should be used as guidance only. It is not a substitute for any professional analysis and is in no way an investment recommendation of any kind. Additional risks and uncertainties relating to the Company or the Group that are currently not known to the Company, or that the Company currently deems immaterial, could individually or cumulatively also have a material adverse effect on the Company or the Group's business, results of operations, financial condition, cash flows, prospects, reputation and, if any such risk should occur, the price of the Offer Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Offer Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

The following are the risks associated with the Company's business (ranked in descending order of significance within the high, medium, and low risk categories):

<p><b>Risk arising from the Company's and the Consolidated Group's loss-making performance to date:</b></p>	<p><i>Risk level as assessed by the Company: high</i></p> <p>The Company's financial performance for the financial years 2020 to 2022 was always loss-making due to the Company's expansion strategy. Both the Company and the Consolidated Group financed its growth to a large extent through external resources. The Company's ability to honour its debts on an ongoing basis is dependent on the continued availability of external resources to the extent necessary to continue to fund current and potential future losses from the business activities in addition to its financing needs, or on the Company's ability to increase equity (through a share capital increase, future profits, or other form of increase in the Company's internal resources). In the event of future loss-making financial performance, it may become increasingly difficult for the Company to continue to raise external resources to meet its debts. There is also a risk of a significant increase in costs related to the acquisition of external resources. The total consolidated number of external resources (liabilities) of the Consolidated Group as of 31 December 2022 was CZK 466,947 thousand, i.e., 77.1% of total consolidated assets.</p>
<p><b>Liquidity risk</b></p>	<p><i>Risk level as assessed by the Company: high</i></p>

	<p>The Company is exposed to liquidity risk, which is the risk that the Company will not have the resources to meet its maturing liabilities. In such a case, the Company would have to raise funds promptly to pay its maturing liabilities, even under unfavourable conditions (e.g., high interest rates, sale of assets below market price), which would have a negative impact on the Company's performance. Defaults on payables for a longer term may also lead to a deterioration in supplier relationships (pressure for shorter invoice maturities, reduced deliveries) and have a negative impact on the Company's performance. The total consolidated amount of current assets as of 31 December 2022 amounted to CZK 405,277 thousand and the total consolidated amount of short-term payables as of 31 December 2022 was CZK 433,560 thousand. The main liquidity risk factors would be a drop in sales and/or late payment of receivables from suppliers of goods (trade bonuses and joint marketing contributions, approx. 55-60% of receivables) and from health insurance companies (reimbursements for prescription drugs, approx. 10-15% of receivables). Sales of goods to end users are paid either by card, bank transfer, through Cafeteria services or cash on delivery thus not usually overdue.</p> <p>The Company has no trade payables that can be immediately redeemed. As of 31 December 2022, neither the Company nor the Consolidated Group recorded any overdue payables to its employees or to state and public authorities or health insurance companies.</p>
<p><b>Credit risk</b></p>	<p><i>Risk level as assessed by the Company: high</i></p> <p>The Company and the Consolidated Group are exposed to credit risk, which represents the losses to which they are exposed if customers and suppliers fail to pay their debts owed to them in a timely manner or if their cash flow is otherwise disrupted. This could jeopardize the Company's and the Consolidated Group's ability to repay the loans provided and other forms of financing provided through external sources. As of 31 March 2023, the Consolidated Group recorded overdue receivables in the amount of CZK 5,647 thousand (4,8% of total Group receivables as of 31 March 2023). As of 31 March 2023, neither the Company nor the Consolidated Group recorded any material overdue receivables from its customers; overdue receivables are receivables from suppliers of goods (sales bonuses and contributions to joint marketing activities), from benefit companies providing the 'cafeteria' payment method or health insurance companies. The Company does not observe a trend of deterioration in the payment performance of its receivables. Bad debts are rare and are written off at an immaterial rate historically. Delays in payments of the receivables are usually less than 14 days and is similar across different types of receivables.</p>
<p><b>Regulatory risk</b></p>	<p><i>Risk level as assessed by the Company: medium</i></p> <p>Regulatory risk arises because of the public rules governing the Company's business activities, as described in Art. 9 of this part of the Prospectus. The Company's and the whole Group's activities are highly regulated and as such are</p>

	<p>susceptible to changes in legislation in the field of healthcare, pharmacy and distribution of pharmaceuticals and dietary supplements, as applicable in all countries where the Group operates. Changes to the respective legislation governing the Group may have a material impact on its business activities. Changes in the legislation may restrict, substantially modify or prohibit the existing model of distribution of pharmaceutical products and therefore jeopardize the Group's existing business model.</p> <p>The Company considers the risk of a complete ban on distribution to be very low. However, the legislator may regulate partial rules governing business activities in the Group's sector, such as distribution rules. Modifications to the rules could, for example, result in the need to change established corporate governance processes or require changes to the Group's information systems. Ultimately, these changes could negatively impact the profitability of the Group's business model.</p> <p>Other legislation of legislation could also have a negative impact on Consolidated Group revenues, like for example changes in the tax treatment of "cafeteria" coupons for the companies in the Czech Republic, as some of Group's customers use "cafeteria" coupons as means of payment for the orders in the Czech Republic. However, the Company is not aware of any planned changes in the said legislation in any of the markets The Company operates. The Company assesses the regulatory risk in the medium term and in the long term as medium.</p>
<p><b>Risk of litigation and administrative proceedings</b></p>	<p><i>Risk level as assessed by the Company: medium</i></p> <p>The risk of litigation and administrative proceedings arises from non-compliance with the regulations governing the entity's activities. The Company has been sanctioned by authorities exercising administration in fields in which the Group operates. In 2020 it had to pay to the State Institute for Drug Control and the Czech Agriculture and Food Inspection Authority in total CZK 43 thousand, in 2021 it was CZK 192 thousand and in 2022 it was CZK 271 thousand. Most of the fines from state authorities concerned unauthorised medicinal claims in the description of dietary supplements sold. The sanctions imposed by the State Institute for Drug Control and the Czech Agriculture and Food Inspection Authority do not have a significant impact on the Company's operations or its financial performance. The Company nor any member of the Group has never been the subject of any administrative proceeding for a violation of law that could be considered a material regulatory violation, nor have they been the subject of any litigation in connection with or related to this matter. None of the Company subsidiaries have been sanctioned by state authorities between 2020 and 2022.</p> <p>At the same time, however, no assurance can be given as to the consequences of any judicial or administrative decision or change in the applicable law or official practice after the date of this Prospectus.</p>

<p><b>Risk of rising interest rates</b></p>	<p>Risk level as assessed by the Company: medium</p> <p>The Company and the Consolidated Group has significant volume of interest-bearing liabilities and, conversely, no significant interest-earning assets. Given the disparity between interest-bearing liabilities and interest-earning assets, the Company's and the Consolidated Group's business is exposed to the risk of rising interest rates as the Company's and the Consolidated Group's interest expenses will increase when interest rates rise and the increased expenses will not be offset by increased interest income. The Company nor the Consolidated Group do not use hedging instruments against rising interest rates.</p> <p>As of 31 March 2023, the Company has agreements with the bank for the credit line facilities: a) overdraft facility with a limit of CZK 30 million, with an interest rate of 1M PRIBOR plus 1.80% and maturity date 30 September 2023; b) overdraft facility with a limit of CZK 80 million, with an interest rate of 1M PRIBOR plus 1.80% and maturity date 31 December 2023; c) revolving credit facility of CZK 20 million, with an interest rate of 1M PRIBOR plus 2.54% and maturity date 31 December 2023; d) investment loan in the amount of CZK 6 million, with an interest rate of 9.1% and maturity on 31 December 2027.</p> <p>Revolving credit facility and part of investment loan is booked as a short-term liability to credit institutions on the balance sheet of the Consolidate Group, while the used balance of overdraft facilities and remaining part of investment loan is booked as a long-term liability to credit institutions on the balance sheet of the Consolidate Group. Bank loans are subject to covenants annual review, the breach of which may result in immediate repayment of the loans.</p>
<p><b>Risk of failure of information systems</b></p>	<p><i>Risk level as assessed by the Company: medium</i></p> <p>Information and communication technologies play an important role in the Company's business. The Company operates sophisticated information systems (such as servers, networks, applications and databases) that are essential to its day-to-day operations and business activities. Failure or malfunction of any of these systems may have an adverse impact on the Company.</p> <p>There is a risk of unauthorized access to the Company's data by third parties and misuse of such data, which may lead to a breach of trade secrets and violation of applicable laws and regulations governing personal data protection. The Company uses a large amount of financial, accounting and other data in its operations. The Company uses a variety of operating systems and databases to process and classify this data, where the risk of malfunction or failure cannot be ruled out. Although the Company has implemented measures to prevent these and other operational risks, it is possible that such events could occur in the future and the Company could suffer losses as a result, which could adversely affect the Company's financial condition and its ability to meet its obligations.</p>

<p><b>Macroeconomic and political factors, especially related to the COVID-19 pandemic, the economic and energy crisis</b></p>	<p><i>Risk level as assessed by the Company: low</i></p> <p>The Company's and the Consolidated Group's financial performance is influenced by the overall macroeconomic situation and political stability in the countries in which the Group is present (Czech Republic, Slovak Republic, Romania, Hungary, Austria) as well as in the region to which the aforementioned countries belong (Central and Eastern Europe). Adverse developments in the overall macroeconomic situation or political instability cause a slowdown in economic activity. Negative economic developments usually have a large negative impact on consumer confidence and consumer spending.</p> <p>The Company perceives that, as a result of the current economic, inflationary and energy crises, macroeconomic changes are occurring that may lead to reduced demand as well as jeopardize the Company's and the Consolidated Group's suppliers and business partners. This may lead to a partial decline in demand for non-essential products such as food supplements, sports nutrition products and the like. In total, however, dietary supplements and sports nutrition products account for only about 20-30% of online sales and, conversely, sales of over-the-counter medicinal products may increase (accounting for about 10% of online sales). The company operates in a sector that is relatively non-cyclical. The demand for basic pharmaceutical products (medicines, medical and health care supplies) meeting essential human needs is not affected by market developments. This non-cyclical part of the Company's total revenues for sales of goods makes around 25 %.</p> <p>The Company does not observe trend in demand decline in the first quarter of the 2023.</p> <p>Therefore, the Company assesses the risk associated with the current economic and energy crisis as low.</p>
<p><b>Conditions for public aid</b></p>	<p><i>Risk level as assessed by the Company: low</i></p> <p>The Company is a recipient of public aid in the form of a bank guarantee provided by the European Investment Bank for the Company's bank loans, as described in Art. 8.2 of this part of the Prospectus.</p> <p>As the Company is a recipient of legal public aid, it is obliged to comply with the conditions resulting from this public aid. In the event that the Company, as the recipient of the bank guarantee, fails to comply with the agreed terms and conditions, it risks the revocation of the provided bank guarantee and, as a result, jeopardizing the provided revolving credit facility in the amount of CZK 20 million and the deterioration of the Company's financial situation.</p>
<p><b>Personnel risk</b></p>	<p><i>Risk level as assessed by the Company: low</i></p> <p>Employees and their knowledge and skills are a key element of the Company's effective operation. While recruiting and educating employees is a relatively long-term process, losing them can be very quick. The loss of key personnel or the inability to recruit, train or retain the highly skilled personnel necessary to</p>

support the Company's commitments, the execution of its investment program and the development of new business areas could temporarily adversely affect the Company's ability to execute its long-term strategy and could have a material adverse impact on the Company's expertise, business activities, know-how, operations, financial condition, prospects and ability to achieve the Company's strategic objectives.

The Company operates highly complex and sophisticated information systems that are essential to the day-to-day operation of its business model. The reliability and continuous operation of these systems is essential to the efficient and reliable operation of distribution of pharmaceutical products. A group of employees in the field of management and information technology have knowledge of these systems. The loss, if any, of these employees would be difficult for the Company to compensate.

**Currency risk**

*Risk level as assessed by the Company: low*

The Group is to some extent exposed to foreign exchange risk as it carries out part of its business activities in Slovakia, Romania, Hungary and Austria. It generates part of its sales revenues in foreign currencies, but does not use any currency hedging instruments. In the event of fluctuations in currency exchange rates, the Group may incur financial losses. Income and expenditure in Slovakia and Romania are hedged by natural hedging, i.e., income and expenditure are in the same currency. The Company carries currency risk on the side of loans and receivables within the Group (loans to subsidiaries were granted by Pilulka Lékárny a.s. in local currencies EUR and RON).

Intra-group foreign exchange risk is carried mainly by the Company who provided intra-group loans in EUR and RON while Company's local currency is CZK.

Tables below show additional split of the intra-group relations by currencies (CZK, EUR, RON) in which the transactions were booked, status as of 31 December 2022:

<b>EUR Intra-group relations as of 31 December 2022 [in EUR thousands]</b>							
<b>Pilulka Lékárny a.s.</b>	<b>Pilulka. sk a.s</b>	<b>Pilulka Online S.R.L.</b>	<b>KICI s.r.o.</b>	<b>Pilulka Lab s.r.o.</b>	<b>Plus Care s.r.o.</b>	<b>Pilulka. hu KFT</b>	<b>Total</b>
Trade receivables	481	46					<b>527</b>
Loan		38				50	<b>88</b>
Trade payables	9						<b>9</b>
<b>RON Intra-group relations as of 31 December 2022 [in RON thousands]</b>							
<b>Pilulka Lékárny a.s.</b>	<b>Pilulka. sk a.s</b>	<b>Pilulka Online S.R.L.</b>	<b>KICI s.r.o.</b>	<b>Pilulka Lab s.r.o.</b>	<b>Plus Care s.r.o.</b>	<b>Pilulka. hu KFT</b>	<b>Total</b>
Trade receivables		69					<b>69</b>



	Loan		6 620					<b>6 620</b>
	Trade payables		10					<b>10</b>
<b>Risk of change in shareholder structure</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>All Shares are already admitted to trading on the START Market; the total nominal value of the Company's traded shares corresponds to a 100% share of the Company's voting rights and share capital. The Company's shareholder structure may change in the future as a result of a change in business strategy or differing perceptions of the future direction of the Company by individual shareholders. A change in the Company's strategy or shareholder disputes over such strategy may adversely affect the Company's financial and economic condition. The current controlling entities (cf. Art. 16 of this part of the Prospectus) together currently hold 65.68% of the voting rights and share capital of the Company. However, following the completion of the Public Offer, the controlling interest of these controlling entities is not expected to fall below 54,81% (cf. Art. 8 of the Securities Note part of the Prospectus; calculation is made on the assumption that the Offering is completed in the amount of 500,000 Offer Shares and none of the controlling entities subscribes for any Offer Shares), making any change in strategy unlikely. The Company is not aware of any arrangements that could subsequently lead to a change of control of the Company.</p>							
<b>Risk of war in Ukraine</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>In the second half of February 2022, Russia started a war against Ukraine. This resulted in a disruption of supply chains and a significant increase in the prices of raw materials. There has been a freeze on trade cooperation with Russia and the imposition of sanctions by Western countries. Many sectors will be affected by the consequences of the war. At present it is not clear how long the war will last.</p> <p>Based on future developments, the situation may also have a negative impact on the Group. However, the Group has no supplier or customer ties with Russia or Ukraine. The Company has considered the potential impacts of the war in Ukraine on its operations and business activities and has concluded that they do not have a material impact on the going concern assumption.</p>							
<b>Risk of losing a major service provider</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>The Company has brokerage agreements with providers of cafeteria services (employee benefits) through which the Company generates a significant portion (approximately 30-40%) of its sales revenues. Termination of any of these contracts would have a negative impact on the Company's sales revenues and net income.</p> <p>As of 1 February 2023, the Company terminated cooperation with one of the cafeteria providers – with the Company Benefit Management s.r.o. and thus the payment method “Benefit Plus” will no longer be available to Company's customers. This change will likely have a negative impact on its revenues in the</p>							

	<p>Czech Republic, while there will be no impact on revenues on other markets where the Group operates. The management of the Company plans to deploy the fee savings stemming from termination of this payment method to acquire and retain customers from other channels to minimise the impact on Company's financial performance. At the same time the Company strives to find a mutually acceptable agreement with Benefity Management s.r.o. for a potential future cooperation.</p>
--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## 4. INFORMATION ABOUT THE ISSUER

### 4.1. LEGAL INFORMATION

Issuer of the Offer Shares is the company Pilulka Lékárny, a.s., incorporated on 3 December 2014 as a joint stock company (*akciová společnost*) in the Czech Republic, having its registered office at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, Identification No. 036 15 278, legal entity identifier (LEI) 315700AWGYL60SNSMG89, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 20249.

The Company was established under Czech law and its internal organisation is governed by Czech law. The Company's activities are governed in particular by Czech law, in particular the Act no. 89/2012 Sb. (Collection of Laws), Civil Code (the **Civil Code**), and the Act no. 90/2012 Sb. (Collection of Laws), on Commercial Companies and Business Cooperatives (the **Business Corporation Act**). Since the Company operates in pharmaceutical/pharmacy market, a number of public law regulation applies to its day-to-day activities as well. Description of the regulatory environment is contained in Art. 9 of this part of the Prospectus.

### 4.2. CONTACT INFORMATION

Address:	Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic
Contact person:	Ing. Petr Kasa
Contact telephone number:	+420 222 703 000
Contact e-mail address:	<a href="mailto:dotazy@pilulka.cz">dotazy@pilulka.cz</a>
Website:	<a href="http://www.pilulka.cz">www.pilulka.cz</a>
Information presented on the Company's website is not part of the Prospectus unless such information is incorporated by reference into the Prospectus (see page 8 of the Prospectus).	

## 5. BUSINESS OVERVIEW

### 5.1. PRINCIPAL ACTIVITIES

#### 5.1.1. DESCRIPTION

##### Authorisation to conduct business

According to the entry in the Czech Business Register, the Company's scope of business activities includes (a) provision of health services – pharmacy care; and (b) production, trade and services not specified in annexes 1 to 3 to the Act No. 455/1991 Sb. (Collection of Laws), on trade licensing (the **Trade Licensing Act**).

The Company holds a licence for the distribution of medicinal products issued by the State Institute for Drug Control (SÚKL) under file No. 145226/2020, ref No. sukl191373/2020, which is a continuation of the original authorisation for the distribution of medicinal products previously held by Pilulka Distribuce s.r.o., a company which was merged with the Company in 2020.

The Company and its legal predecessor Pilulka Distribuce s.r.o. have been repeatedly inspected by the State Institute for Drug Control in connection with the distribution permit and received a certificate of good distribution practice. The last certificate of good distribution practice was awarded in January 2023. The inspection of good distribution practice is carried out only in the Czech Republic. The course, periodicity and validity of the certificates are based on European legislation, in particular Directive 2001/83/EC. The standard validity period of the certificate is 5 years.

The individual brick-and-mortar pharmacies owned by the Company hold a valid licence (granted for an indefinite period of time) to provide pharmacy care under the Health Services Act and no pharmacy is currently at risk of having this licence revoked.

##### Description of business activity

The activities of the Company and the Group are primarily focused on the sale of pharmaceutical and related products to end (retail) customers under the Pilulka brand, both online through its online shops and through its own network of brick-and-mortar pharmacies.

The Company operates an online shop at Pilulka.cz and an online shop in Austrian version at Pilulka.at. Other Group companies operate an online shop in Slovak version at Pilulka.sk, in Hungarian version at Pilulka.hu, and in Romanian version at Pilulka.ro. Brick-and-mortar and franchise pharmacies are operated only in Czech Republic.

The Company also launched Pilulka mobile apps for Google Android and Apple iOS platforms including in-app Apple Pay payment option.

At the end of 2020, the Company operated 32 of its own brick-and-mortar pharmacies, at the end of 2021 number of pharmacies has dropped to 28 and at the end of 2022 the Company operates 23 of its own brick-and-mortar pharmacies located throughout the Czech Republic. The reason for the reduction in the number of own brick-and-mortar pharmacies is to optimise the branch network primarily in terms of their financial performance.

The Group's share of online sales of goods has increased from 73% in 2020 to 82% in 2021 and over 85% in 2022. In line with this, the share of offline sales of goods declined from 27% in 2020 to 18% in 2021 to less than 15% in 2022.

The main categories of products sold are:

<b>Group online sales category share %</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Cosmetics and drugstore products	24%	22%	24%
Electrical/electronic devices	5%	19%	24%
Food and beverages	5%	6%	6%
Food supplements	18%	16%	15%
Medical supplies	11%	14%	6%
Mother and baby care	19%	14%	15%
Other	1%	0%	1%
Over-the-counter medicines	12%	5%	6%
Sport nutrition products	5%	3%	4%
<b>Group offline sales category share %</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Prescription medicines	55%	53%	55%
Over-the-counter medicines	30%	31%	32%
Food supplements or cosmetics	15%	16%	13%

As can be seen from the above overview, the Group has a different sales structure for 'online sales' and 'offline sales'. More than half of the sales from brick-and-mortar pharmacies (i.e., 'offline sales') come from prescription drugs, the remaining 30% from over-the-counter medicines and the rest from the sale of cosmetics and food supplements. In contrast, three-quarters of sales from 'online sales' come from the sale of baby supplies, food supplements, cosmetics and drugstore products, electrical/electronic goods, etc. Only about single digit units of % of online revenues come from over-the-counter medicines. The share of sales of over-the-counter medicines products has decreased in 2021 in relative terms but raised a little in absolute figures. This category is very important for the Group because of its frequency of occurrence in orders. In 2020 and 2021 the category of medical supplies was stronger than in other years due to the Covid pandemic.

In 2022, approximately 50% of all online orders included Over-the-counter medicines – regulated online sales of Over-the-counter medicines differentiates Pilulka from other e-shops and is one of the key incentives for using Pilulka's online shop.

In 2021 the Group started to sell electronic devices such as sonic toothbrushes or wearable electronics and in 2022 continued with developing this category which contributes to an increase in average order value.

A year-on-year comparison of sales revenues by product and geographic segment is presented below in the table included under Art. 5.2 of this part of the Prospectus.

In the services segment, the Company operates the alliance project Pilulka Partner in the Czech Republic. A franchise network/free association of pharmacies operates under the Pilulka Partner brand, to which the Company provides the 'Pilulka Lékárna' brand and marketing support under a contract. At the end of 2022, the Pilulka Partner network comprised a total of 84 partner pharmacies. Compared to 2020, there has been a reduction of 15 pharmacies in 2021 and another 21 branches in 2022. These decreases were mainly due to the optimisation of the geographical coverage of the partner network.

Another important activity in the service sector is the Pilulka Express project. Pilulka Express project is the Company's own delivery service that provides express delivery of online orders from as little as 60 minutes from order placement. In the Czech Republic and Slovakia. The share of parcels delivered by Pilulka Express in the Czech Republic has increased from 17 % in 2020 to 23 % in 2021 and over 35 % in 2022. The share of parcels delivered by Pilulka Express in Slovakia has increased from 20 % in 2020 and 2021 to over 25 % in 2022.

The Company is implementing measures aimed at reducing the environmental impact of its business activities, in particular the use of certified recycled paper in the packaging of shipments, the take-back and reuse of packaging materials, the transition to purely electronic invoicing and the use of CNG-powered vehicles for the delivery of shipments. Since 2018, the Company has gradually increased the number of CNG-powered vehicles, with CNG accounting for two-thirds of total kilometres driven in terms of fuel in 2021.

#### Customer base

Pilulka is one of the very fast-growing companies in terms of customer base. In all countries, the cumulative number of online customers in the database has grown from 1,5 million in 2020 to 2.2 million in 2021 and over 2.5 million in 2022.

Number of Pilulka's unique online customers, which are defined as customers which made a purchase in a given year reached 568.7 thousand in 2020, 720.8 thousand in 2021 and 743.0 thousand in 2022.

The number of unique online customers comprises returning customers (i.e. customers that made a purchase at Pilulka at least once in the past and at the same time completed an additional purchase in a specific year) and new customers (i.e. customers that made their first purchase at Pilulka in a specific year).

#### *Number of online customers segmented to returning and new customers (thousands)*

	<b>2020</b>	<b>2021</b>	<b>2022</b>
Number of returning online customers	263	358	411
Number of new online customers	306	362	332
Total number of online customers	569	721	743

The share of returning online customers on total number of online customers increased from 46% in 2020 to 55% in 2022.

The Group records that over the years the share of orders by returning online customers in the total number of online pharmacy orders has been increasing. The number of orders made by returning online customers on total orders increased from 73.6 % in 2020 to 74.3 % in 2021 and 77.8 % in 2022.

The approximate split of online customers in 2022 based on age and gender of the Company is shown in the table below. Based on this overview the typical customer buying on the website Pilulka.cz is a woman aged 25-34 and 35-44 years, with share of 14% and 14%, respectively.

*Split of unique online customers of the Company based on age and gender<sup>3</sup>*

Age group	18-24	25-34	35-44	45-54	55-64	65+
Men	4%	9%	10%	9%	4%	5%
Women	5%	14%	14%	13%	6%	7%

The customer base has historically consisted primarily of customers from the Czech Republic. With the gradual development of other markets, the share of Czech customers in the total customer base is decreasing.

*Number of users of the digital health platform Plus Care*

	2020	2021	2022
Number of users of Plus Care platform	-	850	9,605

Suppliers of the Company

The Company is a contractual business partner of almost all major suppliers of pharmaceuticals on the Czech market and other companies on the pharmaceutical market.

*Number of suppliers of the Company*

	2020	2021	2022
Approximate number of suppliers	300	450	700

The number of pharmaceutical companies supplying the Company does not change significantly over time. The Company cooperated with approximately 200 pharmaceutical companies in each year of 2020 – 2022 period.

In 2022, the Group directly cooperates with more than 700 suppliers, out of which 177 are pharmaceutical companies. More than 60% of deliveries to the Group are made directly without any intermediary. An important partner of the Company is Alliance Healthcare s.r.o., having its registered office at Pole Trati 624/7, Malešice, 108 00 Praha 10, Identification No. (IČ) 147 07 420, which provides storage services to the Company with respect to medicinal products and medical devices.

The Company is not aware of any circumstances that could lead to the termination of a contract with a major supplier (apart from Benefity Management s.r.o. – see below) or key partner or to a dispute arising from such a contract.

As of 1 February 2023, the Company terminated cooperation with one of the cafeteria providers – with the Company Benefity Management s.r.o. and thus the payment method “Benefit Plus” will no longer be available to Company’s customers. This change will likely have a negative impact around 10 % – 15 % on its revenues in the Czech Republic, while there will be no impact on revenues on other markets where the Group operates. The management of the Company plans to deploy the fee savings stemming from termination

<sup>3</sup> Overview for the customers of online pharmacy Pilulka.cz only.

of this payment method to acquire and retain customers from other channels to minimise the impact on Company's financial performance. At the same time the Company strives to find a mutually acceptable agreement with Benefity Management s.r.o. for a potential future cooperation.

### **5.1.2. INNOVATIONS**

The COVID-19 pandemic resulted in a significant increase in sales of pharmaceutical goods for the Group. Within days, the Group was able to substantially increase capacity and provide key services, including for at-risk patients and the elderly. A significant contribution was made by the combination of remote services and remote delivery of medical goods.

Since 2020, the Company has not incurred any direct research and innovation expenses; however, in 2021, the Company launched a subsidiary project of Pilulka Lab. In cooperation with STARTUP YARD LIMITED, the Company holds 70% stake in Pilulka Lab s.r.o. It is designed for early, 'seed' and growth stage technology startups operating in the field of e-health: artificial intelligence, medical data, healthcare, blockchain and active living. Within this platform, cooperation with Carebot s.r.o., Identification No. (IČ) 108 98 263 (**Carebot**), and Vitadio s.r.o., Identification No. (IČ) 018 92 444 (**Vitadio**), has been initiated. Carebot deals with the use of artificial intelligence in the diagnosis of X-ray images and Vitadio focuses on promoting diabetes treatment by using an app on patients' mobile phones. The Company, indirectly through its subsidiary Pilulka Lab s.r.o., owns a stake of 6,59 % in Carebot and provided a EUR 250 thousand convertible loan to Vitadio with its maturity date on December 30, 2023. Both Carebot and Vitadio receive support from STARTUP YARD LIMITED and the Group to launch and scale their products to the market. Both companies are at an early stage with a promising growth in the near future.

In the same year, the Company also established a subsidiary Plus Care s.r.o., Identification No. (IČ) 117 67 642, which focuses on promoting active, healthy life-style and well-being of broad spectrum of adults in Czechia. Main product of Plus Care is a mobile app which is free to download. Main areas covered in the app are: health care and prevention and tracking of physiognomic parameters. Together with selected pharmaceutical companies the app has special modules helping chronically ill patients, guiding them during therapy, boosting adherence and in some cases allowing attending physicians to be able to evaluate therapy without the patient visiting their office.

In 2021, the Company began offering its customers the ability to pick up orders quickly and in a contactless manner at delivery boxes installed in busy locations in the Czech Republic and Slovakia. In 2021, 18 Pilulka boxes in the Czech Republic and 6 boxes in Slovakia have been opened. In 2022, the Company added 12 boxes in the Czech Republic and 12 boxes in Slovakia. In this way, along with its own Pilulka Express transport service, the Company is building a strong relationship with customers through its last mile.

## **5.2. PRINCIPAL MARKETS**

### Geographical structure

The Group is currently present exclusively in markets within the European Union. The Group's activities are currently focused on the Czech Republic, Slovakia, Romania, Hungary and Austria. In terms of sales revenues, the Czech Republic is the largest market, accounting for more than three-quarters of the Group's total sales revenues in 2022,



followed by Slovakia with a share of approximately one-fifth and Romania with a share of units of per cent of the Group's total sales revenues.

#### Product structure

The Group is active in the sale of pharmaceutical and similar products.

The online pharmacy offers over-the-counter medicines, a wide range of cosmetics and drugstore products, electronics, food supplements, baby and sports nutrition products.

Brick-and-mortar pharmacies (i.e., off-line sales) specialize mainly in the sale of prescription drugs, but also over-the-counter drugs or food supplements or cosmetics.

The Group also provides a number of services related to the sale of pharmaceutical products – it holds distribution licence for pharmaceutical products and operates its own express delivery service – Pilulka Express.

<b>(CZK thousands)</b> <b>2022</b>	<b>Czechia<sup>4</sup></b>	<b>Slovakia<sup>5</sup></b>	<b>Romania</b>	<b>Total</b>
Marketing services	75,758	28,827	85	104,670
Paid transport	33,039	8,926	4,551	46,516
Dispensing fees	6,784	1	0	6,785
Other	26,859	4,555	0	31,414
<b>Revenue from the sale of products and services</b>	<b>142,440</b>	<b>42,310</b>	<b>4,636</b>	<b>189,386</b>
Sale of goods				
- offline sales (brick-and-mortar pharmacies)	317,064	3,719	0	320,783
- online sales (e-shop)	1,367,294	500,363	69,473	1,937,130
<b>Revenue from the sale of goods</b>	<b>1,684,358</b>	<b>504,081</b>	<b>69,473</b>	<b>2,257,912</b>

<b>(CZK thousands)</b> <b>2021</b>	<b>Czechia</b>	<b>Slovakia</b>	<b>Romania</b>	<b>Total</b>
Marketing services	65,963	22,862	203	89,028,
Paid transport	30,237	6,025	4,237	40,499
Dispensing fees	6,680	3	0	6,683
Other	4,973	0	0	4,973

<sup>4</sup> Part of the revenue comes from Austria. This location is governed from the Czech Republic and the respective financial information for this location is therefore listed as part of the Czech results. This expansion was launched in December 2022 and the revenue therefrom is thus immaterial.

<sup>5</sup> Part of the revenue comes from Hungary. This location is governed from the Slovak Republic and the respective financial information for this location is therefore listed as part of the Slovak results. This expansion, was launched in September 2022 and the revenue therefrom is thus immaterial.

<b>Revenue from the sale of products and services</b>	<b>107,853</b>	<b>28,889</b>	<b>4,441</b>	<b>141,184</b>
Sale of goods				
- offline sales (brick-and-mortar pharmacies)	405,500	2,537	0	408,037
- online sales (e-shop)	1,302,307	459,014	69,757	1,831,078
<b>Revenue from the sale of goods</b>	<b>1,707,807</b>	<b>461,551</b>	<b>69,757</b>	<b>2,239,113</b>

<b>(CZK thousands)</b>				
<b>2020</b>	<b>Czechia</b>	<b>Slovakia</b>	<b>Romania</b>	<b>Total</b>
Marketing services	57,459	17,137	0	74,596
Paid transport	15,908	7,025	2,103	25,036
Dispensing fees	7,544	11	0	7,555
<b>Revenue from the sale of products and services</b>	<b>80,911</b>	<b>24,172</b>	<b>2,103</b>	<b>107,187</b>
Sale of goods				
- offline sales (brick-and-mortar pharmacies)	436,315	7,203	0	443,518
- online sales (e-shop)	809,721	374,225	45,565	1,229,511
<b>Revenue from the sale of goods</b>	<b>1,246,036</b>	<b>381,428</b>	<b>45,565</b>	<b>1,673,029</b>

#### Breakdown by platform

The Group communicates with customers through a range of platforms:

- online through e-shops at Pilulka.cz, Pilulka.sk, Pilulka.ro, Pilulka.hu, and Pilulka.at;
- through Pilulka mobile apps for Google Android and Apple iOS; and
- through brick-and-mortar pharmacies.

From the beginning, the Group profiles itself as a technology e-commerce group, therefore a great emphasis is placed on the development of the online segment.

#### **Size and structure of the relevant pharmaceutical markets**

##### **Czech Republic**

Value of pharmaceutical sales in Czechia was estimated at CZK 87.8 billion (EUR 3.79 billion) in 2020<sup>6</sup>.

<sup>6</sup> <https://www.statista.com/statistics/656955/pharmaceuticals-sales-czech-republic/>

Czech pharmacy market was estimated at CZK 26.8 billion in 2021 (EUR 1.24 billion), while e-pharmacy market was estimated at CZK 3.6 billion (EUR 166 million) in 2021 and thus covered 13.4% of the total pharmacy market.<sup>7</sup>

Pharmacies in Czechia can be either independent or part of pharmacy chains. However, compared to other countries in the Central and Eastern European (CEE) region, Czechia has undergone a rapid consolidation and vertical integration of its medicine wholesale and retail markets<sup>8</sup>. Number of pharmacies in Czechia decreased from 2,852 in 2017 to 2,496 in 2021, while the number of pharmacies under pharmacy chains increased from 1,142 to 1,282 in the same period<sup>9</sup>. The number of registered e-Pharmacies was 138 in 2021.<sup>10</sup> In addition, customers can also purchase reserved medicines from more than 2,400 other retailers (newsagents, petrol stations, drugstores)<sup>11</sup>.

Largest player in the Czech OTC and pharma market is Dr. Max Group, which operates over 500 pharmacies across the country. Other major players include Benu, Lekarna.cz and Medicon<sup>12</sup>. Dr.Max and Benu are the pharmacies with the largest pharmacy networks in the Czech Republic. These companies also operate an e-shop with delivery to their pharmacy or at home. Another large online retailer besides Pilulka.cz is Lékárna.cz. Some large e-shops such as Alza, Notino, Rohlik or Mall offer products such as Pilulka (mother and child range, dietary supplements), but only pharmacies and e-shops with a licence from SÚKL are allowed to sell OTC medicines. The Company does not have relevant data on the online market for pharmacy and associated products, since market shares in the Czech online pharmacy market are not publicly known.

According to Czech law, prescription pharmaceuticals must be dispensed by a qualified pharmacist who personally hands over the medicines and is available to consult with patients<sup>13</sup>. This means that distance selling of prescription pharmaceuticals is not allowed, even if they are registered in the electronic prescriptions central database.

Some of the main drivers of e-Pharmacy growth in Czechia are<sup>14</sup>:

- The Covid-19 pandemic, which boosted online shopping behaviour and increased demand for health products.
- The convenience and price competitiveness of e-Pharmacies, which offer a wider range of products, home delivery, and discounts.

---

<sup>7</sup> <https://www.iqvia.com/locations/czech/library/white-papers/pharmacy-e-commerce-handbook-czech-republic-and-slovakia>

<sup>8</sup> <https://pharmaboardroom.com/articles/consolidation-digitalization-in-the-czech-pharmacy-sector-new-strategies-needed-for-consumer-healthcare-players/>

<sup>9</sup> <https://www.statista.com/statistics/1370472/czechia-number-of-pharmacies-and-dispensaries/>

<sup>10</sup> <https://www.iqvia.com/locations/czech/library/white-papers/pharmacy-e-commerce-handbook-czech-republic-and-slovakia>

<sup>11</sup> <https://opendata.sukl.cz/?q=katalog/seznam-lekaren>

<sup>12</sup> <https://www.chameleon-pharma.com/publications/country-pharma-market-data/czech-republic/>

<sup>13</sup> <https://www.mondaq.com/life-sciences-biotechnology-nanotechnology/63178/online-pharmaceutical-sales>

<sup>14</sup> <https://www.iqvia.com/-/media/iqvia/pdfs/czech/library/white-papers/iqvia-cz--sk-ecommerce-handbook-2021.pdf>

- The increasing digitalization and innovation of e-Pharmacies, which provide online consultations, personalized recommendations, and loyalty programs.

## Slovakia

The Slovak pharma market is smaller than the Czech one, with a value of EUR 1.66 billion in 2020.<sup>15</sup>

Slovak pharmacy market was estimated at EUR 710 million in 2021. Slovak e-pharmacy market is less developed than Czech e-Pharmacy market and was estimated at EUR 45 million with a penetration rate of 6.0% of the pharmacy market in 2021.<sup>16</sup> In comparison the Czech e-Pharmacy market had a value of EUR 166 million and a penetration rate of 13.4% of the total pharmacy market in 2021.

In Slovakia there are over 2,000 pharmacies offering their services<sup>17</sup>. The Slovak pharma market is less consolidated than the Czech one, with a few dominant players such as Dr. Max Group (about 300 pharmacies), Benu (about 100 pharmacies), Lekarna.cz, Pilulka.cz, and Medicon<sup>18</sup>. However, similar to that in the Czech Republic, a vast majority of pharmacies are part of a more or less formally cooperating alliance (e.g. Plus lekárň, Partner lekárň, Vaša lekárň, Družstvo lekárni and other)<sup>19</sup> and the chains run their e-shops. Market shares in the Slovakian pharmacy market are not publicly known.

In terms of regulation, Slovakia is part of EU and must similarly to Czechia comply with the regulatory and marketing authorisation requirements set out by the EU<sup>20</sup>.

## Austria

Austria has one of the highest per-capita expenditures on pharmaceuticals worldwide<sup>21</sup>. In 2021, pharmaceutical sales are estimated to have reached USD 9.2 billion (EUR 7.8 billion) or USD 1,033 per capita (EUR 873 million)<sup>22</sup>.

In Austria there are currently 1,357 community pharmacies and with 15.4 pharmacies per 100,000 people, Austria has a lower pharmacy density than the European average (OECD average is 25 pharmacies on 100,000 citizens)<sup>23</sup>.

In addition to the traditional brick-and-mortar pharmacies, there are a limited number of online retailers that sell drugs and other health-related products in Austria. Some examples of them are DocMorris, Shop-Apotheke, Medpex, Apo-rot, Europa Apotheek,

---

<sup>15</sup> <https://www.statista.com/statistics/656437/value-of-pharmaceuticals-sales-slovakia/>

<sup>16</sup> <https://www.iqvia.com/locations/czech/library/white-papers/pharmacy-e-commerce-handbook-czech-republic-and-slovakia>

<sup>17</sup> [https://www.csas.cz/content/dam/cz/csas/www\\_csas.cz/Dokumenty-korporat/Dokumenty/Prodej%201%C3%A9k%C5%AF%20v%20%C4%8CR\\_public\\_2018\\_04%20\(1\).pdf](https://www.csas.cz/content/dam/cz/csas/www_csas.cz/Dokumenty-korporat/Dokumenty/Prodej%201%C3%A9k%C5%AF%20v%20%C4%8CR_public_2018_04%20(1).pdf)

<sup>18</sup> <https://pharmaboardroom.com/country-reports/czech-republic-pharma-report-april-2020/>

<sup>19</sup> <https://portal.mhsr.sk/files/esluzby/COO/sario-pharmaceutical-and-life-sciences-sector-in-slovakia-2019-07-09.pdf>

<sup>20</sup>

[https://www.manufacturingchemist.com/news/article\\_page/Slovakia\\_the\\_pharmaceutical\\_markets\\_best\\_kept\\_secret/135989](https://www.manufacturingchemist.com/news/article_page/Slovakia_the_pharmaceutical_markets_best_kept_secret/135989)

<sup>21</sup> <https://www.statista.com/outlook/dmo/digital-health/ehealth/online-pharmacy/austria#revenue>

<sup>22</sup> <https://www.trade.gov/country-commercial-guides/austria-pharmaceuticals>

<sup>23</sup> [https://one.oecd.org/document/DAF/COMP/WP2/WD\(2018\)30/en/pdf](https://one.oecd.org/document/DAF/COMP/WP2/WD(2018)30/en/pdf)

Apotal and Vamida. These retailers have to comply with the same regulations as traditional pharmacies, and need to have a licenced pharmacist reviewing the orders before they are shipped.

The online pharmacy market is growing in Austria, but still limited compared to other countries in the EU. Customers can purchase non-prescription drugs online and have them delivered to their homes or pick them up in-store.

The Austrian government plays a significant role in regulating the pharmacy market through the Federal Ministry of Social Affairs, Health Care and Consumer Protection. The ministry sets prices for medications and controls the distribution of certain drugs.

Operating a public pharmacy requires an official licence by the competent authority. The licence requires an existing need for a new pharmacy<sup>24</sup>. Additionally, all medicinal products authorized in Austria can be retrieved with the aid of the “Online search for registered medicinal specialities” provided by the Austrian Medicinal Product Index<sup>25</sup>.

Due to dense regulation, the entry into the market of online retail of pharmaceuticals is difficult for Austrian pharmacies. Currently, there is only a small number of Austrian pharmacies that operate an online pharmacy<sup>26</sup>.

The pharmacy market in Austria is regulated by the government and is characterised by a strong presence of both independent and chain pharmacies. The majority of pharmacies in Austria are owned and operated by individuals, with a smaller number of chain pharmacies.

Pharmacies in Austria are required to have a pharmacist present during all hours of operation, and provide a range of services including medication dispensing, health advice and counselling. Many pharmacies also offer additional services e.g. blood pressure measuring.

## Hungary

According to Statista, the value of pharmaceutical sales in Hungary remained at around HUF 674.3 billion in 2021<sup>27</sup> (equivalent to EUR 1.9 billion). The size of e-pharmacy market was estimated at EUR 15.1 million in 2020<sup>28</sup>.

In 2020, there were 2,292 public pharmacies in Hungary. According to data from HCSO (Hungarian Central Statistical Office), the number of pharmacies has stagnated since 2012 with no major decrease or increase<sup>29</sup>. Some of the pharmacy chains in Hungary include BENU Gyógyszertár and Gyöngy Patikák. According to data from OGYEI (National Institute

---

<sup>24</sup>

[https://www.bwb.gv.at/fileadmin/user\\_upload/Veroeffentlichungen/The\\_Austrian\\_Pharmacy\\_Market\\_Recommendations\\_English.pdf](https://www.bwb.gv.at/fileadmin/user_upload/Veroeffentlichungen/The_Austrian_Pharmacy_Market_Recommendations_English.pdf)

<sup>25</sup> <https://www.basg.gv.at/en/companies/marketing-authorisation-life-cycle/faq-marketing-authorisation-life-cycle/austrian-medicinal-product-index>

<sup>26</sup>

[https://www.bwb.gv.at/fileadmin/user\\_upload/Veroeffentlichungen/The\\_Austrian\\_Pharmacy\\_Market\\_Recommendations\\_English.pdf](https://www.bwb.gv.at/fileadmin/user_upload/Veroeffentlichungen/The_Austrian_Pharmacy_Market_Recommendations_English.pdf)

<sup>27</sup> <https://www.statista.com/statistics/656996/pharmaceuticals-sales-hungary/>

<sup>28</sup> <https://www.iqvia.com/library/white-papers/e-pharmacy-landscape-in-hungary>

<sup>29</sup> <https://idealmhealth.com/pharmaceutical-companies-in-hungary/>

of Pharmacy and Nutrition), 80-90% of pharmacies in Hungary belong to chains or other pharmacy programs such as franchising, purchasing group or marketing partnership<sup>30</sup>.

In Hungary it is possible to purchase over-the-counter (OTC) drugs online from registered pharmacies<sup>31</sup>. However, strict regulations have to be followed. In January 2022, amendments to Hungary's Medicines Thrift Act (Act XCVIII of 2006) prohibiting the online parcel delivery of over-the-counter (OTC) medicines were implemented<sup>32</sup>. Only pharmacists or qualified pharmacy staff can deliver any OTC or prescription-only medicinal products to patients' homes. There is not enough qualified workforce in pharmacies to manage home deliveries, so most pharmaceutical web shops have shut down or are selling only food supplements, cosmetics, and drug store products<sup>33</sup>.

Prescription drugs can only be sold with a valid prescription and are not available for purchase online. Additionally, Some OTC drugs are also controlled substances and are subject to the same strict regulations as prescription drugs.

### **Romania**

Romanian pharmaceutical sales in 2021 totalled USD 4.4 billion (EUR 3.7 billion), or USD 232.6 per person (EUR 197), or 1.6% of GDP and 26.7% of health spending. In the same year, spending on prescription drugs made up 75.1% of all medication expenditures, with patented drugs accounting for 31.5% of that total (43.5 percent)<sup>34,35</sup>.

The market is dominated by large pharmacy chains (Dr. Max, Catena, Sensiblu, HelpNet, etc), both domestic and international, which operate a significant number of outlets throughout the country. There is also a presence of independent pharmacies, but their market share is relatively small compared to the chains.

Some of the larger pharmacy chains in Romania also operate an online presence (Catena, Sensiblu, Dr. Max, etc.), offering customers the option to order products for home delivery or pickup at a nearby physical store. Online pharmacies in Romania are subject to the same regulations and standards as traditional brick-and-mortar pharmacies.

## **5.3. THE IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS**

The Company started its business in 2013 in the Czech Republic and Slovakia. Founded in 2014, the Company opened its first own pharmacy in 2015. The Company operated 23 own pharmacies by the date of the Prospectus. In 2016 it launched its last mile delivery service Pilulka Auto, later renamed to Pilulka Express. In 2018, the Company entered the Romanian market. In 2019, it opened a new warehouse in Horní Počernice, which became the largest pharmacy store in the Czech Republic. In 2020, the Company entered the START Market. In

---

<sup>30</sup> <https://healthcaremarketexperts.com/en/news/most-pharmacies-in-hungary-belong-to-networks-or-programs-of-pharmacies/>

<sup>31</sup> <https://egeszsegvonat.gov.hu/en/health-care-system/supply-and-delivery-of-medicines/2154-prescription-only-medications.html>

<sup>32</sup> <https://www.fitchsolutions.com/pharma-healthcare/hungarys-ban-online-sales-otc-medicines-will-weigh-market-outlook-31-01-2022>

<sup>33</sup> <https://bnt.eu/legal-news/online-pharmacy-in-hungary/>

<sup>34</sup> <https://www.trade.gov/country-commercial-guides/romania-healthcare>

<sup>35</sup> PharmaBoardroom - Traditional Medicines and OTC Products: Romania

2022, the Company opened a new warehouse in Olomouc and entered two new foreign markets, the Hungarian (August) and Austrian (December) markets. Pilulka serves the Hungarian and Austrian markets using the so-called hybrid (cross-border) model, with Austrian market serviced from the Olomouc (CZ) warehouse and Hungarian market serviced from Bratislava (SK) warehouse, respectively. The Company opted for this model to save costs and streamline its existing infrastructure.

#### **5.4. STRATEGY AND OBJECTIVES**

The Group consists of companies focused on the combination of pharmaceuticals and modern technologies. From the beginning, the Group's aim has been to create one of the largest pharmacy groups in Europe, to change the way medicinal products are sold and to introduce a pro-customer approach, technology and innovation to this conservative sector.

The core strategy of the Company and the Group is to be an innovator in the field of online sales of pharmaceutical and associated goods and to be innovator in the eHealth sector. The aim is to improve the customer experience (i.e., the comprehensive shopping process from search of products and information through purchase to continuous provision of information about delivery to the customer) and to introduce modern trends - complete care online, simple payment methods or fast delivery - to the pharmacy segment.

The Group is currently present in the Czech Republic, Slovakia, Romania, Hungary and Austria. The most important company within the Group is the Company, i.e. Pilulka Lékárny a.s., as the issuer of the Offer Shares.

The Company operates an Internet portal Pilulka.cz and Pilulka.at, which is aimed at the Austrian market. It also includes a division holding a pharmacy distribution licence, a chain of brick-and-mortar pharmacies and the Pilulka Partner pharmacy alliance network based on the franchise principle. As part of its operations, the Company continues to develop a number of proprietary IT systems used for the smooth operation of the business model. Other companies within the Group are mainly responsible for the operation of the Internet portals at Pilulka.sk, Pilulka.hu and Pilulka.ro aimed at the Slovak, Hungarian and Romanian markets, respectively.

In the area of strategic development, the Group has set itself two main objectives: the development of its own IS/IT systems and the strengthening of its market position in existing markets.

Within the Czech Republic and Slovak Republic, the Group plans mainly organic growth, continued development of IS/IT systems (with a positive group-wide impact). In relation to Romania, Hungary and Austria, the plan is to gain more market share through organic growth or acquisitions. The Group intends to further develop its presence in the markets of Central and Eastern Europe.

The Company also strategically support its digital health accelerator Pilulka Lab, which invested into the companies Carebot and Vitadio. The Company expects to multiply the value of this investment and transfer the digital health care knowledge.

The Group's goal is not only to potentially expand into new markets, but also to improve and enhance services in existing markets. To this end, the Group intends to further expand its range of suppliers from among pharmaceutical companies, suppliers of food

supplements and vitamins, nutritional products, sporting goods and other categories related to body care and healthy lifestyle.

## **5.5. DEPENDENCE ON PATENTS, LICENCES AND ON MATERIAL CONTRACTS**

The Company is not dependent on patents or intellectual property licences. The Company uses its know-how, which is embedded in intangible fixed assets and the amount of which is revalued annually by the Auditor. As of 31 December 2022, the Company recorded this know-how in the balance sheet in the amount of CZK 89,772 thousand, considering this know-how as a competitive advantage.

The Company also owns figurative trademark +pilulka, as registered with EUIPO under No. 18489805.

The description of Company's regulatory licences is included in Art. 5.1.1 above.

The Company is also not materially dependent on any commercial or financial contracts except for the financial contracts concluded with Česká spořitelna. The Company is not aware of any circumstances that could lead to the termination of contracts with major suppliers or key partners or to disputes arising from such contracts. More information on material contracts can be found under Art. 20 of this part of the Prospectus.

## **5.6. DECLARATION ON COMPETITIVE POSITION**

The Company's statements on its competitive position are based on the Company's financial and business data and publicly available data on the pharmacy segment, as listed in Art. 1.4 of this part of the Prospectus.

## **5.7. INVESTMENTS**

### **5.7.1. DESCRIPTION OF MATERIAL INVESTMENTS**

The Group invests in tangible and intangible assets every year, mainly in IS/IT, warehouse equipment and dispensing boxes. In 2020, the Group spent CZK 9 million to the warehouse equipment and CZK 18,7 million to the IT infrastructure. In 2021, the Group launched first boxes and opened new warehouse in Bratislava (SK), cost of which amounts CZK 35,5 million. In IS/IT infrastructure, the Group spent CZK 42,7 million. In 2022, the Group opened new warehouse in Olomouc (CZ) and several new dispensing boxes spending CZK 28,4 million. Capital expenditures to IS/IT infrastructure raised a little to CZK 43,2 million. As of the date of Prospectus, the Group spend CZK 8 million on IS/IT and CZK 0.5 million on Warehouse equipment.

In 2021, the Company established an accelerator Pilulka Lab, which is a subsidiary entity to the Company and was established and operated together accelerator STARTUP YARD, as detailed in Art. 5.7.3. It is designed for early, 'seed' and growth stage technology startups operating in the field of e-health: artificial intelligence, medical data, healthcare, blockchain and active living. By the end of 2022, the Company has invested CZK 8 million in the Pilulka Lab project.

In 2021, the Company also established a subsidiary Plus Care s. r. o., which focuses on improving the customer comfort, particularly in the area of health care and uniquely covers the collaboration between patient, doctor, pharmaceutical company and health insurance



company. By the end of 2022, the Company has invested CZK 11 million in the Plus Care project.

In 2021, the Company also acquired a 10% stake in Property Blocks s.r.o., Identification No. (IČ) 019 65 603, having its registered office at Moulíkova 3286/1b, Smíchov, 150 00 Praha 5, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 293425, in exchange for capital contribution of CZK 2.5 million (structured as a purchase of 10% stake for the nominal value of CZK 10 thousand and contribution outside the share capital of CZK 2.5 million). Property Blocks s.r.o. is the exclusive supplier of dispenser box technology for the Group.

### **5.7.2. DESCRIPTION OF MATERIAL INVESTMENTS IN PROGRESS**

No material investments are currently underway or committed by any Group company.

### **5.7.3. JOINT VENTURES**

The Company is the parent company of a total of seven legal entities; a list of these entities, including the amount of the Company's shareholding, is set out in Art. 6.1 of this part of the Prospectus. The Company may collect dividends through these holdings.

The Company holds a 70% ownership interest in Pilulka Lab s.r.o., Identification No. (IČ) 287 33 347. The ownership interest represents 70% of the share capital and voting rights in this company. The remaining 30% of the share capital is held by STARTUP YARD LIMITED, reg. No 7757587, having its registered office at E95EN White Post Lane, London, Unit 6 Queens Yard, United Kingdom of Great Britain and Northern Ireland. STARTUP YARD LIMITED is a seed accelerator that mentor and help many startups to scale their ideas and business and to help them to rise capital. Since 2011, StartupYard has accelerated 91 companies. Pilulka Lab s.r.o. holds share 6,59% in Carebot startup and provided convertible loan CZK 5,125 million to Vitadio. Both companies are at an early stage with a promising growth in the near future thus Company expects the valuation will increase and the investment will yield the expected returns. Also, the Company is building the digital health platform Plus Care, which could share synergic effects with Vitadio and Carebot.

The Company also holds a 10% ownership interest in Property Blocks s.r.o., Identification No. (IČ) 019 65 603. The ownership interest represents 10% of the share capital and voting rights in this company. Property Blocks s.r.o. is exclusive supplier of the dispensing boxes.

### **5.7.4. ENVIRONMENT**

The Company is implementing measures aimed at reducing the environmental impact of its business activities, including but not limited to:

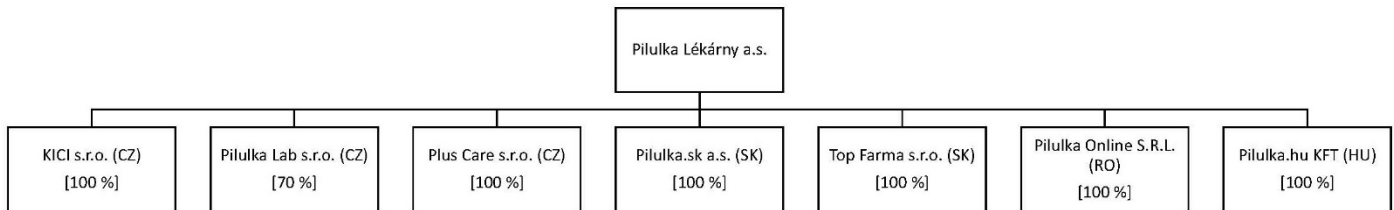
- use of certified recycled paper when packaging shipments;
- take-back and reuse of packaging materials;
- transition to purely electronic invoicing;
- environmentally friendly disposal of medicinal products after expiry; or
- use of CNG-powered vehicles for delivery of shipments.

To the Company's best knowledge, there are no environmental issues that may affect the Company's utilisation of the tangible fixed assets.

## 6. ORGANISATIONAL STRUCTURE

### 6.1. GROUP DESCRIPTION

The Company is the head of the Group, i.e., a business group of legal entities, and as such is the parent company of a total of seven legal entities, 3 of which are Czech, 2 Slovak, 1 Romanian and 1 Hungarian, as shown in the table below.



The Company also owns an ownership interest in the following Czech companies:

- Property Blocks s.r.o., Identification No. (IČ) 019 65 603, having its registered office at Moulíkova 3286/1b, Smíchov, 150 00 Praha 5, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 293425; the Company's ownership interest equals to share of 10 % in the share capital and voting rights;
- Carebot s.r.o., Identification No. (IČ) 108 98 263, having its registered office at č.ev. 26, 664 34 Rozdrojovice, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 123423; the Company's ownership interest equals to share of 6,59 % in the share capital and voting rights.

However, these companies are not considered part of the Group.

### 6.2. COMPANY'S SIGNIFICANT SUBSIDIARIES

The Group includes the following companies:

- KICI s.r.o., Identification No. (IČ) 278 91 054, having its registered office at Drahobejlova 1073/36, Libeň, 190 00 Praha 9, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 124561, in which the Company owns the only existing ownership interest equivalent to 100% of the share capital and the voting rights (**KICI s.r.o.**); KICI s.r.o. is a SPV-type (special purpose vehicle) company and does not conduct any material economic activity.
- Pilulka Lab s.r.o., Identification No. (IČ) 287 33 347, having its registered office at Drahobejlova 1073/36, Libeň, 190 00 Praha 9, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 359163 (**Pilulka Lab s.r.o.**), in which the Company owns an ownership interest equivalent to 70% of the share capital and the voting rights and STARTUP YARD LIMITED, reg. No. 7757587, having its registered office at E95EN White Post Lane, London, Unit 6 Queens Yard, United Kingdom of Great Britain and Northern Ireland, owns an ownership interest equivalent to 30% of the share capital and the voting rights;

- Plus Care s.r.o., Identification No. (IČ) 117 67 642, having its registered office at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, section C, entry No 354257, in which the Company owns the only existing ownership interest equivalent to 100% of the share capital and the voting rights (**Plus Care s.r.o.**)
- Pilulka.sk, a. s., Identification No. (IČ) 47 235 225, having its registered office at Pestovateľská 17796/3, Bratislava – municipal district of Ružinov 821 04, Slovak Republic, in which the Company is the sole shareholder (**Pilulka.sk, a.s.**);
- TOP FARMA, s. r. o., Identification No. (IČ) 46 076 077, having its registered office at Pestovateľská 17796/3, Bratislava – municipal district of Ružinov 821 04, Slovak Republic, in which the Company is the sole shareholder (**TOP FARMA, s.r.o.**); TOP FARMA, s.r.o., is a SPV-type (special purpose vehicle) company and does not conduct any economic activity.
- PILULKA ONLINE S.R.L., having its registered office at Bukurešť, Sektor 6, Drumul OSIEI Nr. 53 – 55, Romania, registered in the Business Register under No. J40/7927/2020, individual registration number 396 23 896, in which the Company is the sole shareholder (**PILULKA ONLINE S.R.L.**),
- Pilulka.hu KFT, Identification No. (IČ) 01-09-406088, having its registered office at 1134 Budapest, Váci út 47, Hungary, in which the Company is the sole shareholder (**PILULKA.hu KFT**) (the **Group**).

The Company is the parent company within an accounting consolidated group of which all the other Group companies are part as subsidiaries (the **Consolidated Group**). PILULKA.hu KFT has been included in the Consolidated Group in the accompanying financial statements ending 31 December 2022 as its incorporation occurred only on 16 September 2022. Financial statements prepared at the Consolidated Group level are included in this Prospectus.

In 2020, the assets of the merging companies CoPharm a.s., Identification No. (IČ) 284 41 192; LÉKÁRNA NA STŘEDISKU s.r.o., Identification No. (IČ) 286 14 640; Lékárna Starý Plzenec, Identification No. (IČ) 016 65 596; Pilulka Distribuce s.r.o., Identification No. (IČ) 286 73 719; PM PHARMA s.r.o., Identification No. (IČ) 272 77 330; TODA, s.r.o., Identification No. (IČ) 271 52 537, were transferred to the Company by merger. The effective date of the merger was set as 1 January 2020, the merger was registered in the Business Register on 1 June 2020. The reason for the merger was to simplify the Group's organisational and administrative structure. All of the merged companies were part of the Consolidated Group prior to the merger date. The Company is not dependent on other entities in the Group. The company justifies this conclusion as follows: The Company has an independent business licence including public-law permits; the Company operates the Pilulka.cz web portal on its own behalf, which is the basis of its business activities; the Company is a key employer within the Group, is entitled to exercise copyright on internally developed software and is party to key supply, loan and lease agreements. Other companies within the Group are established to operate downstream separate projects, such as the operation of the Pilulka.sk, Pilulka.ro and Pilulka.hu web portals or the operation of individual brick-and-mortar pharmacies.

## 7. OPERATING AND FINANCIAL REVIEW

### 7.1. FINANCIAL CONDITION

#### 7.1.1. DEVELOPMENT AND PERFORMANCE OF BUSINESS

The following tables present the key financial information of the Consolidated Group based on the audited financial statements of the Consolidated Group prepared on the basis of accounts kept in accordance with Act No. 563/1991 Sb. (Collection of Laws), the Accounting Act, and the relevant regulations and decrees in force in the Czech Republic.

The Consolidated Group's historical financial information for financial years 2020 to 2022 has been audited by the Auditor. The respective auditors issued an 'unqualified' opinion on these financial statements. Save as disclosed in this Prospectus, there has not, to the best of the Company's knowledge, been any material adverse change in the prospects of the Company and the Consolidated Group or any material change in the financial or trading position of the Company from the date of the last audited financial statements, i.e., 31 December 2022, to the date of this Prospectus.

The full financial statements of the Consolidated Group are incorporated by reference in the Prospectus.

A table containing the consolidated balance sheet and consolidated profit and loss statement for the years 2020, 2021 and 2022 is attached below.

#### **Consolidated balance sheet of the Consolidated Group for the financial years 2020, 2021 and 2022 (in CZK thousands)**

		<b>as of 31 December 2022 (audited)</b>	<b>as of 31 Dec. 2021 (audited)</b>	<b>as of 31 Dec. 2020 (audited)</b>
	Item	Current period	Current period	Current period
	ASSETS	605,963	589,136	497,979
A.	Receivables for the subscribed share capital	0	0	0
B.	Fixed assets	196,910	175,193	116,737
B.I.	Intangible fixed assets	89,772	82,809	53,646
B.II.	Tangible fixed assets	74,355	62,434	35,194
B.III.	Non-current financial assets	9,175	4,050	0
B.IV.	Goodwill on consolidation	24,126	26,483	28,454

B.V.	Negative goodwill on consolidation	-518	-583	-648
C.	CURRENT ASSETS	405,277	411,568	377,708
C.I.	Inventories	187,208	155,251	90,623
C.II.	Receivables	197,396	184,710	155,304
C.II.1	Long-term receivables	1,101	2,972	3,234
C.II.2	Short-term receivables	196,295	181,738	152,070
C.III.	Short-term financial assets	0	0	0
C.IV.	Cash and bank balances	20,673	71,607	131,781
D.	ACCRUED ASSETS AND DEFERRED LIABILITIES	3,776	2,375	3,534
	LIABILITIES	605,963	589,136	497,979
A.	EQUITY	140,139	204,376	227,793
A.I.	Share capital	2,521	2,500	2,500
A.II.	Share premium and capital funds	388,711	390,292	389,332
A.III.	Funds created from profit	0	0	0
A.IV.1	Retained earnings	-186,155	-162,921	-94,023
A.IV.2	Restatements of retained earnings	0	0	-48,159
A.V.	Profit or loss before minority interests	-64,938	-25,495	-21,857

	of which: consolidated net profit or loss for the financial period	-64,938	-25,495	-21,857
	consolidated earnings - equity method	0	0	0
A.VII.	Consolidated reserve fund	0	0	0
B. + C.	LIABILITIES	467,018	384,111	279,924
B.	Provisions	8,461	14,967	5,622
C.	Liabilities	458,557	369,144	274,302
C.I.	Long-term payables	24,926	21,453	3,206
C.II.	Short-term payables	433,631	347,691	271,097
C.I.2 + C.II.2 of which Liabilities to credit institutions		84,760	21,343	24,606
D.	ACCRUED LIABILITIES AND DEFERRED ASSETS	12	924	0
E.	MINORITY EQUITY	-1,206	-275	-9,738
E.I.	Minority share capital	60	60	73
E.II.	Minority capital funds	6	6	-15
E.III.	Minority funds created from profit including retained earnings	-452	-166	-6,011

E.IV.	Minority earnings from current financial period	-820	-175	-3,785
-------	-------------------------------------------------	------	------	--------

(Source: consolidated balance sheets of the Consolidated Group for the financial years 2020, 2021 and 2022)

Fixed assets are made up of tangible and intangible assets. Majority of intangible assets are mainly IT infrastructure such as back office, e-shop, mobile application, etc. The Group develops and upgrades these IT functionalities continuously. This allows the Group to offer unique services to customers and expand its business into new markets such as Hungary and Austria opening in 2022.

Tangible assets are mainly made up of warehouse equipment. Most of the tangible asset's increase was related to opening new warehouse in Bratislava in 2021 and new warehouse in Olomouc in 2022.

Inventories consist of goods in stock in pharmacies and in distribution warehouses for sale through the e-shop. There was a huge increase in inventories between 2020 and 2021 for several reasons. The first was the Covid-19 pandemic started in 2020 with its peak in 2022. It was very important for the Group to have a huge number of products available on stock. The second reason was opening a new warehouse in Bratislava in 2021 and the need to use its capacity. The Group opened a new warehouse in Olomouc, Czech Republic in 2022, resulting in an increase in inventory as well.

These increases mentioned above were financed partly by fresh cash from IPO and partly by operational funding.

In 2020 the overdraft was automatically repaid after the Initial public offering and stayed zero in 2021. In 2022, the Company began to draw down an overdraft facility of up to CZK 58,760 thousand. In 2020 and 2021 the Group continued to repay investment loans and they were fully repaid during 2022. In the same year the Group drew down a new investment loan in the total amount of CZK 6,000 thousand. The detailed structure of interest-bearing liabilities is described in Art. 8.2 of this part of the Prospectus.

Between 2020 and 2022 the equity was reduced due to the losses of the current period. Short-term payables amount has raised between 2020 and 2022 as well. It has increased in conjunction with the growth in demands on suppliers with the same level of DPO (Days payables Outstanding) at 43 days in 2021 and 2022.

Due to the reasons mentioned above, the debt and equity ratios described in Art 8.2 of the Prospectus have a negative trend between 2020 and 2022.

The detailed structure of revenues is described in Art. 5.2 of this part of the Prospectus.

**Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 (in CZK thousands)**

Additional detailed information of the historical actuals as well as profit forecast or estimates could be found in the Art. 11 of this Prospectus.

		<b>as of 31 December 2022</b> (audited)	<b>as of 31 Dec. 2021</b> (audited)	<b>as of 31 Dec. 2020 (audited)</b>
	Item	Current period	Current period	Current period
I.	Revenue from the sale of products and services	189,386	141,184	107,187
II.	Revenue from the sale of goods	2,257,912	2,239,113	1,673,029
A. + B. + C.	Production-related consumption including change in inventory produced internally	2,187,702	2,142,702	1,582,033
D.	Personnel costs	259,323	224,076	166,635
E.	Adjustments on operating activities	50,822	22,785	19,102
	Amortisation of goodwill	2,357	12,168	2,337
	Amortisation of negative goodwill	65	65	65
III.	Other operating revenue	17,577	32,347	5,551
F.	Other operating costs	12,410	24,964	14,668
*	<b>CONSOLIDATED PROFIT OR LOSS ON OPERATING ACTIVITIES</b>	<b>-47,674</b>	<b>-13,986</b>	<b>1,057</b>
IV.	Income from long-term financial investments	0	0	0
G.	Expenses related to sold shares	0	0	0
V.	Income from other financial investments	0	0	0
H.	Costs related to other long-term financial investments	0	0	0



VI.	Interest income and similar income	206	714	28
I.	Adjustments and reserves related to financial activities	0	0	0
J.	Interest expense and similar costs	4,764	777	2,531
VII.	Other financial income	-158	369	930
K.	Other financial expenses	11,621	10,996	24,577
*	CONSOLIDATED PROFIT OR LOSS ON FINANCIAL ACTIVITIES	-16,337	-10,690	-26,150
**	CONSOLIDATED PROFIT OR LOSS BEFORE TAX	-64,011	-24,676	-25,093
L.	Income tax	1,747	994	549
***	Consolidated profit or loss	-65,758	-25,670	-25,642
	of which: Profit or loss net of minority interests	-64,938	-25,495	-21,857
	Share of minority interests in profit or loss	-820	-175	-3,785
	Share of profit or loss of equity accounted investment			
	CONSOLIDATED PROFIT OR LOSS	-65,758	-25,670	-25,642

*(Source: consolidated profit and loss statements of the Consolidated Group for the financial years 2020, 2021 and 2022)*

In 2022, due to the end of the positive effect of Covid-19 on revenues and margin of the Company and the worsening of the macroeconomic situation (reaction to the war in Ukraine and a surge increase in energy prices), and thus a partial decline of demand, there was no growth in sales as in previous years. Operating costs increased, mainly in connection with the recruitment of employees in preparation for the foreign expansion to Hungary and Austria and the opening of a second Czech warehouse in Olomouc. At the same time, in some areas of the Company, personnel costs were optimised to increase the

efficiency of the current operations. A television campaign aimed at promoting the Pilulka brand on the Czech and Slovak markets also had a negative impact on the financial results. In 2022, there was an increase in depreciation and amortisation following the inclusion of investments in intangible and tangible assets. Financing costs increased by CZK 4 million due to start of the overdraft drawdown and the impact of rising interest rates in Czechia. As of December 31, 2022, the group used CZK 84,76 million of the bank loans provided by Česká spořitelna.

In 2021, the Company delivered strong revenue growth related to the continued positive effect of Covid-19 and increased product availability on stock by utilising cash from the IPO underwriting. One-time negative impact to the Company's Net profit results was the establishment of a provision for the settlement of the 2021 option program and a provision for the original option program.

There was a huge increase in other operating revenue between 2020 and 2021. This was due to a one-time subsidy to pharmacists in the pandemic period in 2021, total CZK 11,3 million. This effect was also reflected in an increase in personnel costs. Another reason for the increase in personnel costs was the significant increase in the number of employees (FTE's) from 285 in 2020 to 363 in 2021. The increase in the amortisation of goodwill between 2020 and 2021 was related to the acquisition of the remaining 30% interest in Pilulka Online S.R.L.

The Company also monitors selected alternative performance indicators, in particular also Number of orders and Returning customers' orders ratio. Number of orders is defined as total number of orders by all unique customers in a given year. The Returning customers' orders ratio is defined as share of orders that were placed by returning customers on all orders placed during the specific year.

**Number of orders and Returning customers' orders ratio of the Consolidated Group for the financial years 2020, 2021 and 2022**

	2022	2021	2020
Number of orders ( <i>in thousands</i> )	1,493.8	1,409.5	1,160.5
Returning customers' orders ratio	77.8%	74.3%	73.6%

In year 2022 almost 78% of all orders were made by existing, as compared to 73.6% in year 2020. This increase over the past 3 years points at gradual increase of customers' loyalty towards Pilulka brand.

## 8. CAPITAL RESOURCES

### 8.1. INFORMATION CONCERNING THE CAPITAL RESOURCES

The Group expects to finance its activities from its own internal sources, external sources and through public aid granted by the European Investment Bank, as described below.

### 8.2. EXPLANATION OF THE SOURCES

#### Internal sources

The Company has raised funding for its operations and those of the Group through a public offering of Shares made as part of its entry into the START Market in 2020. The Company intends to raise additional funds through the Offering of the Offer Shares that are the reason for the production of this Prospectus.

The composition of the Group's equity is as follows:

Equity item (CZK thousands)	as of 31 December 2022 (audited)	as of 31 Dec. 2021 (audited)	as of 31 Dec. 2020 (audited)
Share capital	2,521	2,500	2,500
Share premium	211,500	211,500	211,500
Capital funds	177,211	178,792	177,832
- other capital funds	244,798	227,973	225,260
- gains or losses from the revaluation of assets and liabilities (+/-)	-57,613	-39,207	-37,424
- gains or losses from the transformations of business corporations (+/-)	-9,974	-9,974	-9,974
Profit or loss from previous years (+/-)	-186,155	-162,921	-142,182
- retained earnings or accumulated losses (+/-)	-186,155	-162,921	-94,023
- Other profit or loss from			-48,159

previous years (+/-)			
Profit or loss net of minority interests	-64,938	-25,495	-21,857

(Source: consolidated balance sheets of the Consolidated Group for the financial years 2020, 2021 and 2022)

As of 31 December 2022, almost 23% of total assets were financed with equity, which amounted to CZK 140.1 million, of which the share capital amounted to CZK 2.5 million, share premium and capital funds CZK 388.7 million and the profit/loss for the previous years, including the loss for the current period, was CZK 251.1 million. The share capital consists of 2 520 934 registered ordinary shares in book-entry form with a nominal value of CZK 1. When voting at the General Meeting, one vote is cast for every CZK 1 of the nominal value of the share.

The Company is not part of any higher consolidation unit.

### Liabilities

In addition to equity, the Company and the Group use external sources to finance their operations. Financing of the Group through external financial sources on the monetary and capital markets is centralized, and relationships with entities providing financing for the Group's business activities are concluded by the parent company in the Group of which the Company is a part. The Company obtains external funds through bank financing from Česká spořitelna, which represents a major business partner for the entire Group and is essentially the sole provider of loans to the entire Group. The Company also uses operating leases for the rental of vehicles under an agreement with the leasing company ALD Automotive, s.r.o., Identification No. (IČ) 61063916. The Company expects to maintain its existing credit options even after raising its own funds from the subscription of the Offer Shares; i.e., the funds raised from the Offering will not be used to repay existing loan liabilities.

The following table shows an overview of the Group's external sources:

	<b>Liabilities item (CZK thousands)</b>	<b>as of 31 December 2022</b> (audited)	<b>as of 31 Dec. 2021</b> (audited)	<b>as of 31 Dec. 2020</b> (audited)
B.	Reserves	8,461	14,967	5,622
B. 4.	Other reserves	8,461	14,967	4,526
C.	Payables	458,577	369,144	274,302
C.I.	Long-term payables	24,926	21,453	3,206
C. I. 2.	Payables to credit institutions	24,800	21,343	3,093
C.II.	Short-term payables	433,631	347,691	271,097

C. II. 2.	Payables to credit institutions	59,960	0	21,513
C. II. 3.	Short-term prepayments received	3,239	9,611	2,663
C. II. 4.	Trade payables	339,585	307,595	207,609
C. II. 8.	Other payables	30,847	29,844	39,312
C. II. 8. 3.	Payables to employees	12,858	11,971	9,052
C. II. 8. 4.	Social security and health insurance payables	6,715	5,911	4,661
C. II. 8. 5.	State - tax payables and subsidies	6,388	8,182	8,966
C. II. 8. 6.	Estimated payables	1,322	2,877	12,557
C. II. 8. 7.	Other payables	3,563	903	4,075
D.	ACCRUED LIABILITIES AND DEFERRED ASSETS	12	924	0
D. 2.	Deferred income	12	920	0

*(Source: consolidated balance sheets of the Consolidated Group for the financial years 2020, 2021 and 2022)*

The Company uses several types of bank products - overdraft facility with a limit of CZK 30 million, with an interest rate of 1M PRIBOR plus 1.80% and maturity date 30 September 2023; overdraft facility with a limit of CZK 80 million, with an interest rate of 1M PRIBOR plus 1.80% and maturity date 31 December 2023; and a revolving credit facility of CZK 20 million, with an interest rate of 1M PRIBOR plus 2.54% and maturity date 31 December 2023. On 19 October 2022, the Company entered into an agreement on an investment loan in the amount of CZK 6 million, with an interest rate of 9.1% and maturity on 31 December 2027. Revolving credit facility and part of investment loan is booked as a short-term liability to credit institutions on the balance sheet of the Consolidated Group, while the used balance of overdraft facilities and remaining part of investment loan is booked as a long-term liability to credit institutions on the balance sheet of the Consolidated Group.

Material portion of the Company source of financing comes also from the Trade payables Payment terms negotiated with most of the suppliers specify a minimum invoice due date of 30 days (approx. 10% of suppliers), but more often 45 (approx. 75% of suppliers) and in some cases 60 days (approx. 10% of suppliers). Only approx. 5% of suppliers has invoice due date less than 30 days. Average DPO metric (days payables outstanding) is at 43 days.

### Leverage and capital ratios

As Group use material portion of the external sources of financing, there are common ratios of leverage and capital calculated:

	2020	2021	2022
Equity ratio <sup>36</sup>	45,7%	34,7%	23,1%
Debt ratio <sup>37</sup>	56,2%	65,2%	77,1%
Debt to Equity Ratio <sup>38</sup>	122,9%	187,9%	333,0%
Debt-To-Capital Ratio <sup>39</sup>	55,1%	65,3%	76,9%
Long-Term Bank Debt-to-Total-Assets Ratio <sup>40</sup>	0,6%	3,6%	4,1%
Short-Term Bank Debt-to-Total-Assets Ratio <sup>41</sup>	4,3%	0,0%	9,9%

Above Leverage and capital ratios are based on select items from Consolidated balance sheet of the Consolidated Group for 2020-2022 presented in Art. 7 of this Prospectus and Management adjusted profit and loss statement of the Consolidated Group for 2020-2022 presented in Art. 11 of this Prospectus. These ratios provide an indication of how the company's assets and business operations are financed (using debt or equity).

### Subsidies and other forms of public aid

#### *Bank Guarantee from the European Investment Bank within the Horizon 2020 programme*

At the same time, public aid was provided to the Company in the form of a bank guarantee for the Company's loan financing from the framework programme for research and innovation of the European Union, Horizon 2020.

Česká spořitelna has negotiated a guarantee agreement with the European Investment Bank, under which the European Investment Bank shares the risks of Česká spořitelna on loans granted to innovative and research-oriented small and medium-sized enterprises and mid-market capitalisation companies under the Horizon 2020 research and innovation programme. On the basis of this agreement, Česká spořitelna is entitled to provide a guarantee to enterprises that meet the conditions set out in the Horizon 2020 programme; the conditions for individual enterprises are specified by Česká spořitelna directly in the loan agreement.

For the Company, this aid implies the following requirements:

A) The Company must implement or significantly enhance digitalisation in supply chain management, including but not limited to interaction with suppliers, inventory management and participation in the supply chain of enterprises or larger enterprises.

<sup>36</sup> Equity ratio = Total Shareholder's Equity / Total Assets

<sup>37</sup> Debt ratio = Total Liabilities / Total Assets

<sup>38</sup> Debt-To-Equity Ratio = Total Liabilities / Total Shareholder's Equity

<sup>39</sup> Debt-To-Capital Ratio = Total Liabilities / (Total Liabilities + Shareholder's Equity)

<sup>40</sup> Long-Term Bank Debt-to-Total-Assets Ratio = Long-Term Bank Loans / Total Assets

<sup>41</sup> Short-Term Bank Debt-to-Total-Assets Ratio = Short-Term Bank Loans / Total Assets

B) In addition, the Company must also meet a number of additional criteria regarding the proper and lawful conduct of its business in accordance with the rules of the programme. The Company must not engage in research and innovation in relation to illegal activities, human cloning, altering the genetic information of human beings, etc.; the aggregate amount of the loans supported by the guarantee shall not exceed EUR 7,500,000 or its equivalent in CZK; the shares in the company are not admitted to trading on the open market at the date of conclusion of the agreement; the Company is incorporated and exists in the Czech Republic; the Company does not have its registered office or establishment in a non-compliant jurisdiction according to OECD; the Company is not in bankruptcy, insolvency or liquidation; the Company is not an 'undertaking in difficulty' under Commission Regulation (EU) No 651/2014; the company's principal business activities are not based on illegal activities, the production and trade in alcohol or tobacco products, the production and trade in arms and ammunition, the operation of a casino or similar enterprise, the development of software relating to the aforementioned business activities, internet gambling and pornography; the Company enters into the agreement on its own account; the Company acknowledges the right of inspection by the competent authorities; the Company agrees to provide the agreement and other information to the European Institutions; the Company agrees to disclose information (name and location, nature and purpose of the loan) in press releases of the European Investment Fund.

Statement of cash flows from operating activities of the Consolidated Group

			<b>Cash flow from operating activities (CZK thousands)</b>	<b>In the financial period 31 December 2022</b>	<b>In the financial period 31 December 2021</b>	<b>In the financial period 31 December 2020</b>
			<b>Profit/loss before tax</b>	<b>-64,011</b>	<b>-24,676</b>	<b>-25,093</b>
A	1.		Adjustments for non-cash transactions:	51,380	43,256	30,745
A	1.	1.	Depreciation of fixed assets	50,822	22,785	19,102
A.	1.	2.	Amortization of Goodwill / Negative Goodwill	2,292	12,103	2,272
A.	1.	3.	Change in provisions and reserves	-6,276	8,078	3,040
A.	1.	4.	Profit (-)/loss (+) on the sale of fixed assets	95	52	15

A.	1.	6.	Interest expense (+) and interest income (-)	4,558	63	2,531
A.	1.	7.	Other adjustments for non-cash transactions	-111	175	3,785
<b>A</b>	<b>*</b>		<b>Net cash flow from operating activities before tax and movements in working capital</b>	<b>-12,631</b>	<b>18,580</b>	<b>5,652</b>
A.	2.		Change in non-cash components of working capital:	-20,096	6,153	4,242
A.	2.	1.	Change in accounts receivable and temporary accounts	-14,087	-28,247	-14,608
A.	2.	2.	Change in short-term payables and temporary accounts	25,084	99,028	32,840
A.	2.	3.	Change in inventory	-31,957	-64,628	-13,990
<b>A</b>	<b>**</b>		<b>Net cash flow from operating activities before tax</b>	<b>-33,591</b>	<b>24,733</b>	<b>9,894</b>
A.	3.		Interest paid	-4,764	-63	-2,531
A.	4.		Interest received	206	0	0
A.	5.		Income tax paid	0	0	27
A.	6.		Dividends received	0	0	0
<b>A</b>	<b>***</b>		<b>Net cash flow from operating activities</b>	<b>-38,149</b>	<b>24,670</b>	<b>7,390</b>
B.	1.		Fixed assets expenditures	-76,770	-82,132	-27,647



B.	2.		Receipts from fixed assets sold	95	52	15
B.	3.		Loans to related parties	0	0	0
<b>B</b>	<b>***</b>		<b>Net cash flow from investing activities</b>	<b>-76,675</b>	<b>-82,080</b>	<b>-27,632</b>
C.	1.		Change in long-term or short-term payables	4,658	-3,263	-51,604
C.	2.		Change in equity:	21	0	194,057
C.	2.	1.	Increase in cash and cash equivalents due to increase in share capital	21	0	194,057
C.	2.	5.	Direct payments to the funds	0	0	0
<b>C</b>	<b>***</b>		<b>Net cash flow from financial activities</b>	<b>4,679</b>	<b>-3,263</b>	<b>142,453</b>
			Impact of foreign exchange conversions on the amount of cash and cash equivalents	452	499	-24
			<b>Net increase/decrease in cash and cash equivalents</b>	<b>-109,693</b>	<b>-60,174</b>	<b>122,187</b>
			<b>Cash and cash equivalents at the beginning of the year</b>	<b>71,607</b>	<b>131,781</b>	<b>9,594</b>
			<b>Cash and cash equivalents at the end of the year</b>	<b>-38,086</b>	<b>71,607</b>	<b>131,781</b>

(source: consolidated cash flow statement of the Consolidated Group for the financial years 2020, 2021 and 2022)

In 2020, net cash flow from operating activities amounted to CZK 7,390 thousand. This was mainly influenced by the net income for the year CZK - 25,093 thousand, depreciation and amortisation CZK 19,102 thousand and the change in working capital CZK 4,242 thousand. Net cash flow from investing activities was affected by the acquisition of tangible and intangible fixed assets in the amount of CZK - 27,647 thousand. Net cash flow from financing activities amounted to CZK 142,453 thousand which was mainly driven by the increase in equity of CZK 194,057 thousand from the primary issue of shares on the Prague Stock Exchange on the START market in October 2020.

In 2021, net cash flow from operating activities amounted to CZK 24,670 thousand. This was mainly influenced by the net income for the year CZK - 24,676 thousand, depreciation and amortisation CZK 22,785 thousand and the change in working capital CZK 6,153 thousand. Working capital was mainly impacted by the increase in inventory, which was a positive driver of the Company sales. Net cash flow from investing activities was affected by the acquisition of tangible and intangible fixed assets in the amount of CZK - 82,132 thousand. In this year the Company invested into its own IS/IT infrastructure and applications as well as into the technology of the warehouse in Slovakia. Net cash flow from financing activities amounted to CZK - 3,263 thousand.

In 2022, net cash flow from operating activities amounted to CZK - 38,149 thousand. This was mainly influenced by the net income for the year CZK - 64,011 thousand, depreciation and amortisation CZK 50,822 thousand and the change in working capital CZK - 20,960 thousand. Net income of the Company was negatively impacted by the preparation of the expansion to foreign markets Hungary and Austria. Net cash flow from investing activities was affected by the acquisition of tangible and intangible fixed assets in the amount of CZK - 76,770 thousand. The Company invested mainly to own IS/IT infrastructure and a second warehouse in the Czech Republic located in Olomouc. Net cash flow from financing activities amounted to CZK 4,679 thousand was impacted mainly by the drawdown of an overdraft facility from Česká spořitelna.

Overdraft CZK 58,760 thousand is a part of a negative cash and cash equivalents.

### **8.3. RESTRICTION ON THE USE OF CAPITAL**

The Company is not aware of any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, its operations.

## 9. REGULATORY ENVIRONMENT

The Group operates in a highly regulated pharmaceutical/pharmacy market.

The pharmaceutical sector and the distribution of pharmaceutical products in Czechia are subject to Act No. 378/2007 Sb. (Collection of Laws), on pharmaceuticals (the **Act on Pharmaceuticals**), Act No. 327/2011 Sb. (Collection of Laws), on health services, and the relevant implementing regulations (the **Health Services Act**). Employees – pharmacists of the Company are also subject to broad qualification requirements prescribed by Act No. 95/2004 Sb. (Collection of Laws), on the Requirements for Acquisition of Recognition of Professional Competence to Practise the Profession of a Physician, Dentist and Pharmacist (the **Act on Health Professions**). Moreover, the regulation of the Company's activities is subject to the European dimension of the legislation as well as to the regulations of the Czech Chamber of Pharmacists.

The Company is also subject to the regulation of Act No. 110/1997 Sb. (Collection of Laws), on foodstuffs and tobacco products, and implementing decrees of the Ministry of Agriculture, as well as a number of European regulations, including Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety, or Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers.

The Czech State Institute for Drug Control (SÚKL) supervises the Company's activities in the area of distribution of medicinal products. Similarly, Czech Agriculture and Food Inspection Authority (SZPI) carries out supervision in the food sector. The State Institute for Drug Control as well as other competent authorities exercising administration in the field of pharmaceuticals and also the Czech Agriculture and Food Inspection Authority are entitled to impose sanctions for breach of laws and regulations, including financial penalties.

The Company holds a licence for the distribution of medicinal products issued by State Institute for Drug Control (SÚKL) under the Act on Pharmaceuticals and the individual brick-and-mortar pharmacies owned by the Company hold a valid licence to provide pharmacy care under the Health Services Act. More details on the individual business licences held by the companies or establishments belonging to the Group see Art. 5.1 of this part of the Prospectus. During its day-to-day activities, the Company must adhere to the rules laid out in its licenses and the respective legislation. During the hiring process, the Company must supervise compliance with the requirements of the Act on Health Professions by individual employees performing the work of a pharmacist.

In Slovakia, the competent supervising authority is State Institute for Drug Control (ŠÚKL) and the obligations are mainly imposed by Act No. 362/2011 Z.z. (Slovak collection of laws), on Medicinal Products and Medical Devices, and related Decree of the Slovak Ministry of Health No. 21/2012 Z.z., which establishes details on the online dispensing of medicines or medical devices, on the manner of publication of information on online dispensing, on the manner of packaging of the shipment and its transport, and on the manner of complaint. In 2016, Pilulka.sk, a.s. was granted a permit from ŠÚKL under file no. 05604/2016-HF/2.

In Romania, special permits are required when accordingly storing drugs or perishable merchandise, namely permit from the Romanian Ministry of Health and its subordinate structures (e.g. regional sanitary and veterinary authorities – in Romanian *direcții sanitare-veterinare*). In 2018, PILULKA ONLINE S.R.L. was granted the Authorization No 2990/SP/17012/21.12.2018 by the Ministry of Health, which indicates that the company complies with storage, security and sanitary measures imposed by Romanian Law No. 266/2008, regarding pharmacies, and Romanian Health Minister Order No. 962/2009.

In Hungary and Austria, neither the Company nor its subsidiaries operate any brick-and-mortar pharmacies. Legislative barriers to the sale of food supplements in these countries are not known to the Company's management.

The Group takes full advantage of the opportunity to sell products to end clients the online sale of which is not restricted - such as over-the-counter medicines, maternal and baby care products, dietary supplements and other. The share of online sales of goods has increased to over 85% in 2022, as described in Art. 5.1.1 of this part of the Prospectus.

In the segment of prescription drugs, the Group's operations to date have been primarily focused on brick-and-mortar pharmacies for regulatory reasons. The Company connects patients with an electronic prescription and selected pharmacies on the Czech market for subsequent reservation of the medicinal product.

Possible deregulation in the area of online sales of prescription medicines may lead to a sharp increase in the Group's revenues. As a leader in digitalisation with a broad customer base, the Company stands to benefit substantially from such legislative relaxation.

The Company considers the possible deregulation of prescription drug dispensing both on the basis of the developments in other (especially Western European) countries and on the experience of the situation related to COVID-19, where consumers tried to call on the government to allow remote dispensing of medicines.

## 10. TREND INFORMATION

### 10.1. DESCRIPTION OF TRENDS

Since the date of the last published financial statements (31 December 2022), the Group has recorded the following trends in all its markets:

#### Development in the Company's inventories

The Company nor the Group see any change in the level of inventories.

#### Development in costs and selling prices

The Company perceives current trends in the form of an increase in the general price level, but also increased growth in energy prices and the pressure for increase of wages since the beginning of 2022 in all markets that the Company operates. The Company expects to be able to pass on price increases in costs to customers while maintaining competitive prices.

The Company declares that there has been no material change in its financial position since the end of the 2022 financial year. Since the date of the last financial data 31 December 2022, the Company has not published any further financial information or results of operations.

The Company does not see any negative trends in 2023 in the availability of goods (neither shortages nor dramatic price increases has occurred), except from minor shortages in some prescription drugs in Czechia (mainly antibiotics), but this is only a matter of pharmacies and not materially affecting the activities of the Company.

The Company has not registered any changes in the field of sales since the beginning of 2023 and has no signals the situation should anyhow change in foreseeable months.

### 10.2. TRENDS WITH MATERIAL EFFECTS ON THE COMPANY'S PROSPECTS FOR THE FINANCIAL YEAR 2023

#### Mobile apps, instant payments and express deliveries

The Company considers the increasing customer demand for fast ordering, payment and delivery of products to be a very important trend. This has led in the past to the launch of the Company's mobile applications for Apple and Android OS platforms and the integration with the Apple Pay and Google Pay payment systems. The Company is also gradually introducing and expanding its own delivery service, Pilulka Express, which offers in the territory of Prague, Central Bohemia, Moravia and Bratislava express delivery of an order from 60 minutes after its placement. The Company continues to enhance the functionality of its mobile apps and work on quick transport options.

#### Macroeconomic development

The Company's economic results are affected by the macroeconomic development, by consumer demand and the economic situation of households at the markets in which it operates. It cannot be excluded that any negative development of the economic and financial situation of households in the Czech Republic, the Slovak Republic, Romania,

Hungary and Austria will not have a significant negative impact on the Company's economic results.

#### Rx Online Deregulation

Deregulation of mail order prescription drugs (also known as "Rx online") in some of the countries where the Company operates can be a significant trend in the coming years. While central European countries seem not yet started with deregulation, a number of western European countries such as Germany, Switzerland and the Netherlands have been gradually opening their markets.<sup>42,43</sup>

The Office for the Protection of Competition of the Czech Republic has completed a sector inquiry<sup>44</sup> in the area of distribution of pharmaceuticals, which was carried out in the years 2021 to 2022. The purpose of the sector inquiry was to determine the state of competition in the markets for wholesale and retail distribution of human medicines covered by public health insurance and issued on prescription in the Czech Republic, with a focus on the impact of direct distribution systems on competition. On the basis of its findings, the Office has developed three categories of recommendations for regulators, MAHs and consumers. Among the recommendations for regulators, the following are key points:

- Promoting online sales of reimbursed and prescription medicines ("Rx online" introduction)
- Capping the trade mark-up on reimbursed medicines for each link in the distribution chain.
- Prescribing/requesting a drug/active substance instead of a specific drug brand.

In general, any liberalisation on the pharmaceutical markets is significantly supportive of the Company and is fully aligned with the Company's vision and strategy. Some of the above regulatory changes could have a significant positive economic impact on the Company's business.

#### Digitalisation

The Company sees the gradual digitalisation of the formerly very conservative pharmacy sector as a real trend. As a typical technology company, the Company wants to gain the largest possible share of sales of pharmaceutical goods by mail order or direct delivery thanks to its IT systems and the experience of its founders.

Another positive trend the Company sees is usage of digital tools to empower people to look after their health, stimulate prevention and enable feedback and interaction between users and healthcare providers. Those citizen-empowered digital tools for user feedback and person-centred care can play a significant role in the lowering of public healthcare

---

<sup>42</sup> [https://www.mzcr.cz/wp-content/uploads/wepub/16981/36988/8\\_MUELLER\\_3.blok.pdf](https://www.mzcr.cz/wp-content/uploads/wepub/16981/36988/8_MUELLER_3.blok.pdf)

<sup>43</sup> [https://www.eaep.com/uploads/eaep-2021-market-facts-en.pdf?\\_cchid=c231b4c23a124274c39be5b2c4686aeb](https://www.eaep.com/uploads/eaep-2021-market-facts-en.pdf?_cchid=c231b4c23a124274c39be5b2c4686aeb)

<sup>44</sup> <https://www.uohs.cz/cs/informacni-centrum/tiskove-zpravy/hospodarska-soutez/3510-urad-dokoncil-sektorove-setreni-v-oblasti-distribuce-leciv-a-prinasi-doporuceni-pro-zvyseni-souteze-na-trhu.html>

costs in the long run and thus the Company foresees the push from the governments towards prevention and eHealth.

#### EU Regulation

On the other hand, the headwind trend may be increased regulation beyond the European Directive, which mandates mail order dispensing of OTC medicines by pharmacies. Exceptionally, some countries circumvent this directive and regulate according to their own additional rules. One such example is the Hungarian regulation on the rules on the shipment of medicines,<sup>45</sup> which slightly restricts the free market of pharmacies.

Another trend could be increased regulation of restrictions on pharmacy ownership. Each country has slightly different regulatory rules on this matter, but they have tended to harmonise in recent years. Even in countries where ownership is conditioned on pharmacist participation there is no significant real change in operations. As well, increased regional and other regulation may be a risk with the opening and relocation of new pharmacies. The Company views both risks as small given the Company's low activity in this area. Thus, the Company foresees this regulation change as very little probable.

None of the above-described trends are materialised in the business plan presented in the Prospectus.

---

<sup>45</sup> [https://ogyei.gov.hu/internetes\\_gyogyszer\\_kereskedelem/](https://ogyei.gov.hu/internetes_gyogyszer_kereskedelem/)

## 11. PROFIT FORECAST OR ESTIMATES

The following tables present historical and forecasted balance sheet, profit and loss statement, select alternative performance indicators and other information. Presented forecast is based on assumptions and expectations of the management and, as such, its accuracy and predictive value may be lower and it may materially differ from the Group's actual future results of operations. Below historical financial statements represent Consolidated balance sheet of the Consolidated Group as presented in Art. 7 of this Prospectus and Management adjusted profit and loss statement of the Consolidated Group that are used as a basis for the forecast. The management adjusted profit and loss statement of the Consolidated Group is being prepared by the management on a monthly basis to measure the actual performance of the Group and to support management decision-making. This Management adjusted profit and loss statement is based on Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 presented in Art. 7 of this part of the Prospectus with partial differences in segmentation of select presented items – full comparability with audited consolidated financial statements is ensured through the reconciliation to Consolidated profit and loss statement of the Consolidated Group as presented in Art. 7 of this Prospectus. Also, the forecast has been prepared on a basis which is consistent with the Group's accounting policies.

Please note that the presented forecast is different from the forecast shown in the prospectus that was prepared in connection with the admission to listing and trading of shares of the Company on the START Market in October 2020. Management carefully reviewed Group's forecast to fully reflect 1) market development in 2020-2022 impacted particularly by COVID-19, 2) adjustments in Group's strategy incl. e.g. partial reassessment of target expansion markets, introduction of new business lines (e.g. Plus Care s.r.o.) and repositioning of Group's own brick-and-mortar pharmacies chain in the Czech Republic.

### Consolidated balance sheet of the Consolidated Group for the financial years 2020, 2021 and 2022 and forecast for 2023-2026, in CZK millions

	Item	2020	2021	2022	2023	2024	2025	2026
	ASSETS	498.0	589.1	606.0	718.0	704.8	765.3	907.3
B.	Fixed assets	116.7	175.2	196.9	224.9	237.0	248.2	239.2
B.I.	Intangible fixed assets	53.6	82.8	89.8	95.3	95.8	90.3	88.3
B.II.	Tangible fixed assets	35.2	62.4	74.4	56.8	38.4	25.1	18.1
B.III. + B.IV. + B.V.	Non-current financial assets, goodwill on consolidation and negative goodwill on consolidation	27.9	30.0	32.8	72.8	102.8	132.8	132.8
C.	CURRENT ASSETS	377.7	411.6	405.3	488.2	462.8	512.2	663.1
C.I.	Inventories	90.6	155.3	187.2	164.1	191.0	228.0	270.1



C.II.	Receivables	155.3	184.7	197.4	198.1	226.6	266.1	309.7
C.IV.	Cash and bank balances	131.8	71.6	20.7	126.0	45.2	18.1	83.3
D.	ACCRUED ASSETS AND DEFERRED LIABILITIES	3.5	2.4	3.8	5.0	5.0	5.0	5.0
	LIABILITIES	498.0	589.1	606.0	718.0	704.8	765.3	907.3
A. + E.	EQUITY + MINORITY EQUITY	218.1	204.1	139.0	285.7	233.6	235.9	310.9
B.	Provisions	5.6	15.0	8.5	10.0	10.0	10.0	10.0
C.	Liabilities	274.3	369.1	458.5	421.4	460.2	518.4	585.4
C.I.	Long-term payables	3.2	21.5	24.9	23.9	22.9	21.9	20.9
C.II.	Short-term payables	271.1	347.7	433.6	397.4	437.3	496.5	564.5
C.I.2 + C.II.2	of which Liabilities to credit institutions	24.6	21.3	84.8	83.9	82.9	81.9	80.9
D.	ACCRUED LIABILITIES AND DEFERRED ASSETS	-	0.9	0.0	1.0	1.0	1.0	1.0

Presented historical balance sheet corresponds to and is fully comparable with the Consolidated balance sheet of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus. The forecast for 2023-2026 was prepared by the management based on this historical balance sheet.

The presented balance sheet of the Consolidated Group for the period 2023 – 2026 assumes that the proceeds from this Offering to the Consolidated Group will be CZK 250 million less corresponding transactions costs in the amount of CZK 12,5 million. Transaction costs will be recorded in financial expenses, i.e. below EBITDA post Offering.

**Management adjusted profit and loss statement of the Consolidated Group for 2020-2022 and forecast for 2023-2026 incl. reconciliation of respective historical items to Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus, in CZK millions**

Item	2020	2021	2022	2023	2024	2025	2026
Revenues - CZ online	827.0	1,317.0	1,380.8	1,408.0	1,620.0	1,900.0	2,200.0
Revenues - CZ offline	421.3	400.2	367.7	316.0	305.0	305.0	305.0
Revenues - SK online	392.0	489.0	514.2	583.0	670.0	770.0	860.0
Revenues - RO online	47.8	74.0	74.0	76.8	90.0	125.0	160.0
Revenues - AT online	-	-	0.5	46.7	111.0	170.0	250.0
Revenues - HU online	-	-	3.1	47.5	90.0	160.0	270.0
Revenues - Plus Care	-	0.3	3.0	7.0	13.0	20.0	25.0
Revenues - other	97.7	132.1	121.6	126.0	121.5	139.0	157.3
<b>Revenues - the Consolidated Group</b>	<b>1,785.8</b>	<b>2,412.6</b>	<b>2,464.9</b>	<b>2,611.0</b>	<b>3,020.5</b>	<b>3,589.0</b>	<b>4,227.3</b>

Below please see reconciliation of Revenues - the Consolidated Group to revenues items as shown in Consolidated profit and loss statement of the Consolidated Group presented in Art. 7 of this Prospectus

Revenue from the sale of products and services (1)	107.2	141.2	189.4	200.6	232.1	275.8	324.8
Revenue from the sale of goods (1)	1,673.0	2,239.1	2,257.9	2,391.7	2,766.9	3,287.6	3,872.3
Other operating revenue (1)	5.6	32.3	17.6	18.6	21.6	25.6	30.2

<b>Cost of sales - the Consolidated Group</b>	<b>1,292.3</b>	<b>1,753.5</b>	<b>1,756.0</b>	<b>1,910.1</b>	<b>2,207.1</b>	<b>2,624.7</b>	<b>3,097.7</b>
Plus Material and energy consumption (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.) (1))	21.6	29.5	37.3	39.5	45.8	54.4	64.0
Plus Services expenses (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.) (1))	252.6	342.9	383.6	406.4	470.1	558.6	657.9
Plus Capitalization (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.) (1))	-	-6.7	-6.1	-	-	-	-
Plus Other expenses (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.) (1))	15.6	23.6	16.8	17.8	20.6	24.4	28.8
<b>Production-related consumption including change in inventory produced internally (A.+B.+C.) (1)</b>	<b>1,582.0</b>	<b>2,142.7</b>	<b>2,187.7</b>	<b>2,373.8</b>	<b>2,743.6</b>	<b>3,262.1</b>	<b>3,848.4</b>

<b>Gross profit - the Consolidated Group</b>	<b>493.5</b>	<b>659.2</b>	<b>708.9</b>	<b>700.8</b>	<b>813.4</b>	<b>964.3</b>	<b>1,129.6</b>
<i>Gross profit margin</i>	27.6%	27.3%	28.8%	26.8%	26.9%	26.9%	26.7%
Operating expenses - warehouse	80.1	121.8	131.1	150.4	166.1	195.6	228.1
Operating expenses - transport	69.1	91.3	98.9	117.1	136.0	163.7	192.2
Operating expenses - marketing	95.5	160.9	181.6	176.2	201.3	224.0	246.8
Operating expenses - other	221.9	256.1	298.0	265.5	278.5	291.1	306.6
<b>Operating expenses - the Consolidated Group</b>	<b>466.6</b>	<b>630.1</b>	<b>709.6</b>	<b>709.3</b>	<b>781.9</b>	<b>874.4</b>	<b>973.7</b>

EBITDA - CZ online + CZ offline + Plus Care + Other (CZ)	30.7	40.6	30.8	26.8	63.6	89.6	112.1
EBITDA - SK Online + Other (SK)	6.8	5.9	5.6	10.5	9.4	22.9	38.6
EBITDA - RO online + Other (RO)	-10.6	-17.5	-20.1	-9.0	-5.9	-2.1	0.7
EBITDA - AT online + Other (AT)	-	-	-6.2	-18.2	-18.3	-9.3	2.9
EBITDA - HU online + Other (HU)	-	-	-11.0	-18.5	-17.3	-11.2	1.7
<b>EBITDA - the Consolidated Group</b>	<b>26.9</b>	<b>29.0</b>	<b>-0.7</b>	<b>-8.4</b>	<b>31.5</b>	<b>89.8</b>	<b>156.0</b>

<i>EBITDA margin</i>	1.5%	1.2%	-0.0%	-0.3%	1.0%	2.5%	3.7%
minus Adjustments on operating activities (E.) (1)	19.1	22.8	50.8	60.0	60.4	61.3	51.4
minus Amortisation of goodwill (1)	2.3	12.2	2.4	-	-	-	-
plus Amortisation of negative goodwill (1)	0.1	0.1	0.1	-	-	-	-
plus Revenues from sale of fixed assets (subset of Other operating revenue (III.) (1))	0.0	0.1	0.1	-	-	-	-
minus Residual value of sold fixed assets (subset of Other operating costs (F.) (1))	0.0	-	0.1	-	-	-	-
minus Operating reserves and complex costs of next periods (subset of Other operating costs (F.) (1))	4.4	8.2	-6.3	1.0	1.0	1.0	1.0
<b>CONSOLIDATED PROFIT OR LOSS ON OPERATING ACTIVITIES (1)</b>	<b>1.1</b>	<b>-14.0</b>	<b>-47.6</b>	<b>-69.4</b>	<b>-29.9</b>	<b>27.5</b>	<b>103.6</b>

EBITDA adjustment	-	-	2.7	-	-	-	-
<b>Adjusted EBITDA - the Consolidated Group</b>	<b>26.9</b>	<b>29.0</b>	<b>2.0</b>	<b>-8.4</b>	<b>31.5</b>	<b>89.8</b>	<b>156.0</b>
<i>Adjusted EBITDA margin</i>	1.5%	1.2%	0.1%	-0.3%	1.0%	2.5%	3.7%

(1) As per Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 presented in Art. 7 of this Prospectus. Items that are marked as "subset of respective items from Consolidated profit and loss statement of the Consolidated Group" are part of detailed functional segmentation of audited financial statements that is only available to the Company and as such these items are not shown in Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus.

Revenues - the Consolidated Group as shown in the Management adjusted profit and loss statement of the Consolidated Group correspond to the sum of Revenue from the sale of products and services (I.), Revenue from the sale of goods (II.) and Other operating revenue (III.) in the Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus.

Revenues - the Consolidated Group as shown in the Management adjusted profit and loss statement of the Consolidated Group are further segmented to:

- a) Revenues - CZ online, i.e. revenues generated from online shop at Pilulka.cz;
- b) Revenues - CZ offline, i.e. revenues generated from brick-and-mortar pharmacies in the Czech Republic;
- c) Revenues - SK online, i.e. revenues generated from online shop at Pilulka.sk;
- d) Revenues - RO online, i.e. revenues generated from online shop at Pilulka.ro;
- e) Revenues - AT online, i.e. revenues generated from online shop at Pilulka.at;
- f) Revenues - HU online, i.e. revenues generated from online shop at Pilulka.hu;
- g) Revenues - Plus Care, i.e. revenues generated by Plus Care;
- h) Revenues – other, i.e. other revenues incl. primarily marketing contributions provided to the Group by suppliers.

Revenues – other as shown in the Management adjusted profit and loss statement of the Consolidated Group correspond to the sum of Revenues – other (CZ) (i.e. other revenues generated by the Company in the Czech Republic), Revenues – other (SK) (i.e. other revenues generated by the Company in Slovakia), Revenues – other (RO) (i.e. other revenues generated by the Company in Romania), Revenues – other (AT) (i.e. other revenues generated by the Company in Austria) and Revenues – other (HU) (i.e. other revenues generated by the Company in Hungary). This detailed segmentation of Revenues – other is not shown in the presented Management adjusted profit and loss statement of the Consolidated Group, nevertheless, is a prerequisite for calculation of EBITDA - the Consolidated Group as described later in this Prospectus.

Cost of sales - the Consolidated Group as shown in the management adjusted profit and loss statement of the Consolidated Group corresponds to the sum of Production-related consumption including change in inventory produced internally (A.+B.+C.) minus Material and energy consumption (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.)), minus Services expenses (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.)), minus Capitalization (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.)), minus Other expenses (subset of Production-related consumption including change in inventory produced internally (A.+B.+C.)) in the Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus.

Gross profit - the Consolidated Group as shown in the Management adjusted profit and loss statement of the Consolidated Group corresponds to Revenues - the Consolidated Group minus Cost of sales - the Consolidated Group in the Management adjusted profit and loss statement of the Consolidated Group.

EBITDA as shown in the Management adjusted profit and loss statement of the Consolidated Group corresponds to the CONSOLIDATED PROFIT OR LOSS ON OPERATING ACTIVITIES plus Adjustments on operating activities (E.), plus Amortisation of goodwill, minus Amortisation of negative goodwill, minus Revenues from sale of fixed assets (which is a subset of Other operating revenue (III.)), plus Residual value of sold fixed assets, plus Operating reserves and complex costs of next periods (both Residual value of sold fixed assets and Operating reserves and complex costs of next periods are subset of Other operating costs (F.)) in the Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this Prospectus.

EBITDA - the Consolidated Group is, similarly to Revenues – the Consolidated Group in the Management adjusted profit and loss statement of the Consolidated Group, further segmented to:

- a) EBITDA – CZ online + CZ offline + Plus Care + Other (CZ), i.e. EBITDA generated from online shop at Pilulka.cz, EBITDA from brick-and-mortar pharmacies in the Czech Republic and EBITDA from Plus Care combined with other revenue and costs generated in the Czech Republic. In contrast to revenue segmentation, the EBITDA is shown combined for these key areas as not all the expenses are allocated separately to CZ online, CZ offline, Plus Care and Other (CZ);
- b) EBITDA – SK online + Other (SK), i.e. EBITDA from online shop at Pilulka.sk combined with other revenue and costs generated in Slovakia;

- c) EBITDA – RO online + Other (RO), i.e. EBITDA from online shop at Pilulka.ro combined with other revenue and costs generated in Romania;
- d) EBITDA – AT online + Other (AT), i.e. EBITDA from online shop at Pilulka.at combined with other revenue and costs generated in Austria;
- e) EBITDA – HU online + Other (HU), i.e. EBITDA from online shop at Pilulka.hu combined with other revenue and costs generated in Hungary.

The segmented EBITDA as shown above in the Management adjusted profit and loss statement of the Consolidated Group is calculated for each segment as Revenues for the given segment minus Cost of sales for the given segment minus Operating expenses for the given segment.

Adjusted EBITDA - the Consolidated Group in the Management adjusted profit and loss statement of the Consolidated Group corresponds to EBITDA - the Consolidated Group less one-off transaction costs related to contemplated acquisition of one company by the Group. Operating expenses - the Consolidated Group as shown in the Management adjusted profit and loss statement of the Consolidated Group correspond to Gross profit - the Consolidated Group, minus EBITDA in the Management adjusted profit and loss statement of the Consolidated Group.

Operating expenses - the Consolidated Group in the Management adjusted profit and loss statement of the Consolidated Group are further segmented to:

- a) Operating expenses – warehouse, i.e. expenses related to operation of warehouses in all countries where the Consolidated Group operates;
- b) Operating expenses – transport, i.e. expenses related to delivery of packages in all countries where the Consolidated Group operates;
- c) Operating expenses – marketing, i.e. expenses related to marketing (including advertisements, expenses related to “benefit” coupons and other) in all countries where the Consolidated Group operates;
- d) Operating expenses – other, i.e. all other operating expenses not captured by the segments above.

Neither Operating expenses - the Consolidated Group nor respective items in above segmentation can be directly reconciled to items shown in Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 as presented in Art. 7 of this part of the Prospectus. Operating expenses - the Consolidated Group consist of respective subsets of Production-related consumption including change in inventory produced internally (A+B+C), Personnel costs (D.) and Other operating costs (F.) as shown in Consolidated profit and loss statement of the Consolidated Group for the financial years 2020, 2021 and 2022 presented in Art. 7 of this part of the Prospectus. Detailed functional segmentation of audited financial statements that allows a direct reconciliation to Operating expenses - the Consolidated Group is only available to the Company.

**Select alternative performance indicators derived from Management adjusted financial statements (historical for 2020-2022 and forecast for 2023-2026) and from the Company's internal systems**

	2020	2021	2022	2023	2024	2025	2026
Capital expenditure - the Consolidated Group	27.6	82.1	76.7	47.9	42.5	42.5	42.5

<i>(in CZK millions)</i>							
- Capital expenditure – IT <i>(in CZK millions)</i>	20.2	37.5	45.7	34.3	34.3	34.3	34.3
- Capital expenditure – warehouse <i>(in CZK millions)</i>	3.2	27.4	19.9	6.4	3.1	3.1	3.1
- Capital expenditure - Plus Care s.r.o. <i>(in CZK millions)</i>	-	4.0	4.0	4.0	4.0	4.0	4.0
- Capital expenditure – other <i>(in CZK millions)</i>	4.2	13.2	7.1	3.2	1.1	1.1	1.1

Alternative performance indicators are included in this Prospectus to provide its reader with a detail on indicators that are otherwise not discussed within the audited consolidated financial statements of the Consolidated Group in this Prospectus. These indicators provide a valuable view on the Company from a perspective used by the management to measure the actual performance of the Group and to support management decision-making on daily basis. Description of alternative performance indicators is as follows:

- a) Gross profit margin, i.e. Gross profit - the Consolidated Group divided by Revenues – Consolidated Group in a given year.
- b) EBITDA margin, i.e. EBITDA – Consolidated Group divided by Revenues – Consolidated Group in a given year.
- c) Adjusted EBITDA Margin, i.e. Adjusted EBITDA - the Consolidated Group divided by Revenues – Consolidated Group in a given year.
- d) Capital expenditure - the Consolidated Group, i.e. total capital expenditure of the Consolidated Group as shown in the Management adjusted profit and loss statement of the Consolidated Group and Fixed assets expenditures (B.1.) in the Statement of cash flows of the Consolidated Group presented in Art. 8 of this Prospectus. Capital expenditure - the Consolidated Group are further segmented to:
  - i. Capital expenditure – IT, i.e. total capital expenditure on development and maintenance of IT systems of the Consolidated Group.
  - ii. Capital expenditure – warehouse, i.e. total capital expenditure related mostly to equipment of all warehouses of the Consolidated Group.
  - iii. Capital expenditure - Plus Care s.r.o., i.e. total capital expenditure related mostly to development of eHealth platform Plus Care.
  - iv. Capital expenditure – other, i.e. total capital expenditure not captured in any of the other items.

#### **Overview of the number of customers (historical for 2020-2022 and forecast for 2023-2026) of the Consolidated Group**

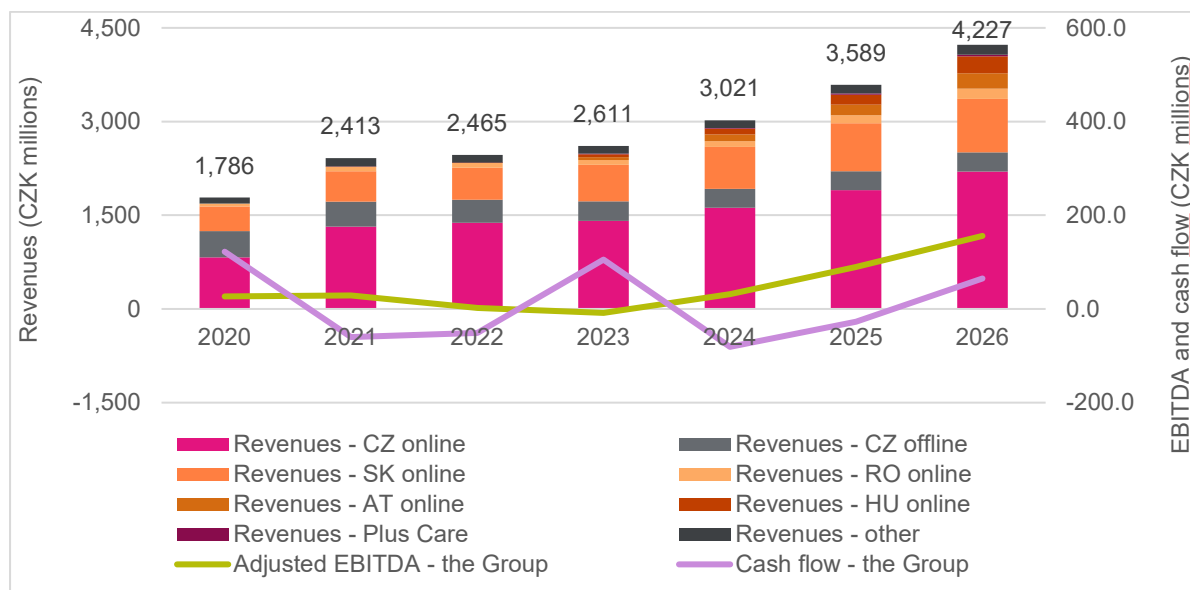
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Number of unique customers <i>(in thousands)</i>	568.7	720.8	743.0	851.7	981.6	1,131.3	1,303.9

The number of unique customers comprises returning customers (i.e. customers that made a purchase at Pilulka at least once in the past and at the same time completed an additional purchase in a specific year) and new customers (i.e. customers that made their first purchase at Pilulka in a specific year).

In line with the growth of revenues, also the total number of unique customers is forecast to grow, namely from 743 thousand in 2022 to 1.3 million in 2026.

Separately, the number of Plus Care platform users is forecast to increase from 9,605 in 2022 to 50,000 in year 2023.

**Chart: Overview of revenues, EBITDA and cash flow - Management adjusted financial statements for 2020-2022 and forecast for 2023-2026, in CZK millions**



Management expects revenues of the Consolidated Group to grow in average by 17% in 2023-2026 as a result of 1) increasing market share of the Group’s online shop on the Czech and Slovak markets, 2) penetration of new markets including Austria and Hungary and 3) gradual development of other projects such as Plus Care s.r.o. In line with its prudent and rather conservative approach to financial forecasting, the management expects revenues from the Group’s own brick-and-mortar pharmacies chain in the Czech Republic to stay flat in 2023-2026 as a consequence of 1) Group’s primary focus on online activities, 2) preference of asset light Pilulka Partner franchise network as a platform for strengthening of Group’s offline presence on the Czech market and 3) gradual optimization of the network of own pharmacies incl. divestments of unprofitable units.

Presented forecast assumes a continuation of Group’s activities on Romanian market. However, considering the significant underperformance of Group’s local subsidiary (i.e. PILULKA ONLINE S.R.L.) in 2020-2022, the management reserves a right to reassess Group’s further activities on this market or leave the market entirely.

Management expects gross profit margin to stay unchanged during the forecast period in ca 26.7% - 26.9% range.

Warehouse, transport and marketing expenses are major operating expenses at the Consolidated Group's level. The share of warehouse and transport expenses on Consolidated Group's revenues is forecasted to stay flat over the forecast period, however, the management expects the share of these expenses to gradually fall as a result of 1) increasing utilization of newly opened warehouse in Olomouc (CZ) and warehouse in Bratislava (SK), that also serve as distribution bases for Austrian and Hungarian markets respectively, 2) increasing utilization of Pilulka Express, Company's own delivery service, and Pilulka boxes. Share of marketing expenses on Consolidated Group's revenues is expected to decrease from ca 6.7% in 2022 to ca 5.8% in 2026, above other due to gradual growth of share of existing customers on overall customer base over forecast period and resulting decrease in average acquisition cost per customer.

Other operating expenses comprise 1) particularly rental and personnel expenses related own brick-and-mortar pharmacies chain, 2) back-bonuses paid out to Pilulka Partner franchise pharmacies and 3) other expenses, above other expenses on the level of headquarters and IT related expenses that are not recorded under below capital expenditure (and thus recognized as capitalized on the balance sheet) – share of other expenses on Consolidated Group's revenues is assumed to further decrease over forecast period as a result of economies of scale and increasing efficiency Group's operations.

EBITDA adjustment in the amount of CZK 2.7 million in 2022 stands for extraordinary expenses related to transactions costs on prospective acquisition of an unspecified company in 2022 that was later cancelled.

Management assumes a gradual growth of the Consolidated Group's adjusted EBITDA margin from -0.3% in 2023 to 3.7% in 2026. And while the Group's operations on both Czech and Slovak markets are mature and produce solid EBITDA margins, EBITDA generated on emerging Romanian, Austrian and Hungarian markets is expected to be negative until 2026 when the break-even is forecasted.

The Group has invested significantly into 1) development of proprietary IT systems and 2) expansion of its warehousing capacity over the last 3 years. While the capital expenditure in relation to IT system is assumed to stay flat over the forecast period, capital expenditure related to warehousing is expected to decrease significantly compared to 2021 and 2022 level when the major investments into Group's warehouses took place. Capital expenditure to Plus Care s.r.o. reaches CZK 4m per annum across the forecast period.

Presented chart also shows the total annual cash flow on Consolidated Group's level and is calculated as a net profit decreased by capital expenditure, cash outflow related to growing working capital, reserve on potential acquisitions in the amount of CZK 50 million and other minor cash flow items. The total annual cash flow also includes assumed proceeds from the Offering in year 2023 in the amount of CZK 250 million less corresponding transaction costs of CZK 12.5 million.

The working capital of the Consolidated Group comprising inventory, receivables and short-term payables is expected to increase in line with overall growth of the Group's operations. Management forecasted days inventory / payables / sales outstanding to be flat over the forecast period.



Management of the Company does not assume any additional debt compared to the state as of the end of 2022.

The Consolidated Group's forecast for 2023-2026 is also based on the following assumptions:

- 1) The Group proceeds from the Offering will be at least CZK 250 million less corresponding transaction costs of CZK 14 million.
- 2) Members of the administrative, management, supervisory bodies and senior management will act diligently and with necessary knowledge and care (this assumption is directly influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 3) No force majeure event (i.e. an extraordinary and unforeseeable event which the Group cannot prevent) with potentially adverse effects on the Group will take place (this assumption is not influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 4) No regulatory overhaul or no changes in a way of interpreting and explaining respective provisions of law and regulations by responsible authorities with potentially adverse effects on the Group will take place (this assumption is not influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 5) Without the will of the Group, there will be no adverse material change in the amount and contractual conditions of financing provided by credit institutions, key suppliers' contracts or other significant relationships with third parties (this assumption is partially influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 6) The Group will be able to maintain and further increase its market share on the Czech, Slovak and Romanian markets and at the same time undertake an expansion to Austrian and Hungarian markets as per the Group's strategy (this assumption is partially influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 7) The Group will be able to further increase efficiency of its operations, also due to strengthening of its bargaining power in connection with suppliers' and other contract negotiation, further development of semi-private and private label product portfolio and additional optimization of category management services provided to suppliers. At the same time, the management expects no significant growth in warehousing, transport, marketing and other expenses (i.e. above the level of inflation as is forecasted by the Czech National Bank) or any significant change of contractual arrangements in relation to provision of these services by third-parties (this assumption is partially influenceable by members of the Group's administrative, management, supervisory bodies and senior management).
- 8) There will be no significant material changes in Days inventory outstanding in the forecast period on Group level compared to the performance in 2022. At the same time, there will be no deterioration in Group's relationship with 1) suppliers that could manifest in the form of reduction of maturity of payables or 2) customers that could manifest in the form of extension of collection period of receivables. The management expects that the overall maturity of payables and receivables will stay similar as in 2022 or will slightly decrease in the forecast period (this assumption is partially influenceable

by members of the Group's administrative, management, supervisory bodies and senior management).

- 9) There will be minor increase of revenues of the Pilulka Partner franchise pharmacies, i.e. revenues of the pharmacies belonging to the Pilulka Partner franchise network as indicated in the table below. The Consolidated Group forecast assumes certain income from Pilulka Partner pharmacies (a part of negotiated back bonuses for such Pilulka Partner franchise pharmacies, which are linked to revenues of such Pilulka Partner franchise pharmacies). For the avoidance of doubt the total revenues of Pilulka Partner franchise network are not included in the Revenues - Consolidated Group.

**Revenues of Pilulka Partner franchise pharmacies (in 2020-2022 period and forecast for 2023-2026), in CZK millions**

	2020	2021	2022	2023	2024	2025	2026
Revenues - Pilulka Partner franchise network <i>(in CZK millions)</i>	1,300.0	1,200.0	953.0	964.3	1,021.1	1,077.8	1,134.5

## 12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

### 12.1. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

#### 12.1.1. MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

As a Czech joint stock company with a dualistic internal structure, the Company has the following administrative, management and supervisory bodies:

- the Board of Directors, which is the Company's statutory body; and
- the Supervisory Board, which supervises the exercise of the powers and responsibilities of the Board of Directors and the Company's operations.

##### Board of Directors

The Company's statutory body is a two-member Board of Directors.

According to the Articles of Association of the Company, the General Meeting appoints two members of the Board of Directors. Currently, the members of the Board of Directors are:

- Mr. Ing. Petr Kasa, date of birth: 13 July 1977, business address: Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic; and
- Mr. Martin Kasa, date of birth: 6 June 1980, business address: Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic.

The Company is represented in all matters and without any limitation by each member of the Board of Directors individually.

The Board of Directors is responsible for the business management of the Company, including proper bookkeeping.

<i>Ing. Petr Kasa</i>	
Title	Member of the Board of Directors, Chief Executive Officer (CEO)
Membership since	since the incorporation of the Company, i.e., 3 December 2014
Date of expiry of the term of office	2 December 2024
Responsibility	Senior management of the Company, including strategic management and evaluation of financial and other analyses.
Business address	Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic
Management experience	Petr has been in business and corporate management for a total of 22 years.  Together with his brother Martin, he founded the Kasa.cz online store in 1998, which was a pioneer in retail sales on

	<p>the Czech market and was one of the most important e-shops in Central Europe.<sup>46</sup></p> <p>From 2007 to 2012, he worked for Nokia and became CEO of the company's division for the Czech Republic and Slovak Republic.</p> <p>Petr's experience and innovation have also brought him to the investment committee J&amp;T Ventures at J&amp;T Banka, which focuses on the development of ideas and business strategies of young entrepreneurs in Central and Eastern Europe.</p> <p>In 2012 he started working with his brother Martin on the project of Pilulka.cz, which has developed over time to its present dimensions.</p>
<p>Names of companies in which the person has acted as a member of a body or as a shareholder</p>	<p>Petr is a statutory body and/or shareholder of the following companies: Botanická s.r.o., Clareo a.s., KICI s.r.o., Kovářská s.r.o., M17 s.r.o., Plus Care s.r.o., TOP FARMA, s.r.o. and Spořická s.r.o. Petr is also a member of the Supervisory Board of Pilulka.sk, a.s.</p> <p>In the last five years, he has also served as a statutory body and/or shareholder in the following companies: CoPharm a.s (serving in the period 2012 - 2020), Dateio s.r.o (serving in the period 2015 - 2018), Element services s.r.o. (serving in the period 2017 - 2018), GenuStar s.r.o. (serving in the period 2016 - 2018), LÉKÁRNA NA STŘEDISKU, s.r.o. (serving in the period 2019 - 2020), Lékárna Starý Plzeňec s.r.o. (serving in the period 2018 - 2020), Notre Game s.r.o. (serving in the period 2015 - 2018), ONE PUB, s.r.o. (serving in the period 2016 - 2018), Pilulka Lab s.r.o. (serving in the period 2019 - 2021), PM PHARMA s.r.o. (serving in the period 2017 - 2020), TODA, s.r.o. (serving in the period 2017 - 2020) and Pygmalios, s.r.o. (serving in the period 2015-2018).</p>
<p><i>Martin Kasa</i></p>	
<p>Title</p>	<p>Member of the Board of Directors of the Company, CZ CEO &amp; Strategic Director</p>
<p>Membership since</p>	<p>27 August 2020</p>
<p>Date of expiry of the term of office</p>	<p>27 August 2025</p>
<p>Responsibility</p>	<p>Group development, regulatory affairs and management of the Czech branch</p>
<p>Business address</p>	<p>Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic</p>

<sup>46</sup> <https://www.kurzy.cz/zpravy/115721-kasa-cz-loni-s-rekordnim-obratem-na-urovni-0-5-mld-kc/>

<p>Management experience</p>	<p>Martin has more than 20 years of business and management experience, especially in e-commerce.</p> <p>Together with his brother Petr, he founded the Kasa.cz online store in 1998, which was a pioneer in this area on the Czech market and was one of the very important e-shops in Central Europe.</p> <p>Martin has always focused and continues to focus on innovative e-commerce projects. They include Startup Yard, Ltd., that connects innovators, investors, mentors, and corporations, as well as people acting as chairmen of the board of Association of E-commerce (Asociace pro elektronickou komerci, z. s.)</p> <p>Since 2012, together with his brother Peter, he has been developing the Pilulka.cz project.</p>
<p>Names of companies in which the person has acted as a member of a body or as a shareholder</p>	<p>Martin is a statutory body of Pilulka.sk, a.s. and PILULKA ONLINE S.R.L., companies which are members of the Group. Martin is also a statutory body, shareholder and/or member of the Supervisory Board of the following companies: Clareo a.s., Kovářská s.r.o., Pilulka Lab s.r.o. and Spořická s.r.o.</p> <p>In the last five years, he has also served as a statutory body, shareholder and/or member of the Supervisory Board of the following companies: Balíkobot, s.r.o. (serving in the period 2017 - 2022), CoPharm a.s. (serving in the period 2012 - 2020), Fresh Garden s.r.o. (serving in the period 2011 - 2017), Pilulka Distribuce s.r.o. (serving in the period 2013 - 2020) and SROVNAME, s.r.o. (serving in the period 2010 - 2021).</p>

### Supervisory Board

The Supervisory Board is the Company's body that supervises the exercise of the powers and responsibilities of the Board of Directors and the Company's operations.

According to the Company's Articles of Association, the General Meeting appoints three members of the Supervisory Board. Currently, the members of the Supervisory Board are:

- Mr. Martin Buchta, date of birth: 28 July 1975, business address: Václavské náměstí 846/1, 110 00 Praha 1, Czech Republic;
- Mr. Marek Krajčovič, date of birth: 30 April 1974, Vyskočilova 1566, 140 00 Praha 4 - Michle, Czech Republic; and
- Mr. Miloš Čebík, date of birth: 6 October 1979, business address: náměstí Republiky 1079/1a, 110 00 Praha 1, Czech Republic.

The Chairman of the Supervisory Board is Mr. Martin Buchta.

The Supervisory Board is entitled to inspect all documents and records relating to the business activities of the Company and to check whether the accounting records are kept

properly and in accordance with the facts and whether the business or other activities of the Company are conducted in accordance with the applicable law and the Articles of Association. The Supervisory Board is also granted certain other powers by law.

<i>Mgr. Martin Buchta</i>	
Title	Chairman of the Supervisory Board
Membership since	25. 6. 2015
Date of expiry of the term of office	30. 7. 2025
Responsibility	Supervision of the exercise of powers and responsibilities Board of Directors and the Company's activities
Business address	Václavské náměstí 846/1, 110 00 Praha 1, Czech Republic
Management experience	He is an independent attorney specializing mainly in commercial and corporate law.
Names of companies in which the person has acted as a member of a body or as a shareholder	<p>Martin is a member of the Supervisory Board of Pilulka.sk, a.s., which is part of the Group. Martin is also a member of the Supervisory Board of the following companies: EDIFICE Poděbradská, a.s. and Onmeco a.s.</p> <p>For the past five years he has also served as a member of the Supervisory Board and sole shareholder of CreditPortal, a.s. (serving in the period 2016 – 2019 as a member of the Supervisory Board, 2016 – 2017 as the sole shareholder).</p>
<i>Ing. Marek Krajčovič</i>	
Title	Member of the Supervisory Board
Membership since	27 August 2020
Date of expiry of the term of office	27 August 2025
Responsibility	Financial management of the Company, acquisitions and product portfolio integration. From the position of a member of the Supervisory Board, overseeing the exercise of powers and responsibilities of the Board of Directors and the Company's activities.
Business address	Na Poříčí 1, 110 00 Praha 1, Praha 1, Czech Republic
Management experience	Marek has over 20 years of business and management experience in the fast-moving consumer goods and pharmaceutical industries in the region of Central and Eastern Europe and Western Europe. After his work in the cosmetic company L'ORÉAL Czech Republic s.r.o. he continued as Chief Financial Officer for the CEE for a company named Boots, and subsequently spent several years in Ireland. He was in charge of the integration of Boots Healthcare International and Reckitt Benckiser (Czech Republic), spol. s r.o. He set up Key account management across sales channels in Retailer, Multiples, pharmacies and

	chain store networks. He is active in the area of electronisation in healthcare.
Names of companies in which the person has acted as a member of a body or as a shareholder	Marek is a member of the statutory body and/or a shareholder of the following companies: Digital Astronauts s.r.o., MK advisory s.r.o., Smokestack F1 s.r.o.  In the last five years, he has also served as a member of the statutory body, shareholder and/or authorized agent of the following companies: Aurovitas Pharma Czech Republic s.r.o. (serving in the period 2019 – 2020) and charge and ride s.r.o. (serving in 2021).
<i>Mgr. Miloš Čebík</i>	
Title	Member of the Supervisory Board
Membership since	25 June 2015
Date of expiry of the term of office	27 August 2025
Responsibility	Supervision of the exercise of powers and responsibilities Board of Directors and the Company's activities
Business address	náměstí Republiky 1079/1a, 110 00 Praha 1, Czech Republic
Management experience	He has 16 years of experience in the field of investment banking and audit.  His longest and most distinguished tenure is as Investment Banking Director at WOOD & Company.
Names of companies in which the person has acted as a member of a body or as a shareholder	Miloš is a member of the Supervisory Board of Pilulka.sk, a.s., which is part of the Group.

### 12.1.2. SENIOR MANAGEMENT

The senior management of the Company consists of four members.

The Company's organizational structure is headed by a member of the statutory body and Chief Executive Officer (CEO), Mr. Ing. Petr Kasa. The Chief Executive Officer is the most senior member of the Company's top management. His powers and responsibilities include in particular the strategic management of the Company and the entire Group and the evaluation of financial and other analyses and reports on the activities of the Company and the Group.

Other key management functions reporting to the Chief Executive Officer include:

- CZ CEO & Strategic Director – the position is held by Mr. Martin Kasa; his powers and responsibilities include in particular the management of the Company, the strategic management of the entire Group and regulatory matters;

- Chief Operating Officer (COO) – the position is held by Mr. Michal Hanáček; Chief Operating Officer in charge of IT, logistics and management of foreign branches;
- Chief Financial Officer (CFO) – the position is held by Mr. David Staněk; Chief Financial Officer is responsible for the accounting, controlling and financing of the Company and the entire Group;
- Country Manager for Slovakia – the position is held by Mr. Ján Šaulič; Country Manager for Slovakia is responsible for the sales, marketing, operations, legal, team leading and finance at country level;
- Chief Marketing Officer (CMO) – the position is held by Mr. Šimon Čapek; Chief Marketing Officer is responsible for the marketing strategy, growth and leadership.

<i>Michal Hanáček</i>	
Title	Chief Operating Officer (COO)
Responsibility	In charge of IT, logistics and foreign branches
Business address	Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic
Management practice	<p>Michal has 15 years of experience in IT and operations.</p> <p>Very prominent is his work within the Květiny Expres project, which sells and delivers flowers and bouquets. Michal collaborated on the project in business development, marketing and project management.</p> <p>Michal has been working in the Company since the beginning of 2013.</p>
Names of companies in which the person has acted as a member of a body or as a shareholder	Michal is the statutory body of Pilulka.sk, a.s., which is part of the Group. Michal is also a statutory body and shareholder of Hanyes Solution s.r.o.
<i>Ing. David Staněk</i>	
Title	Chief Financial Officer (CFO)
Responsibility	Accounting, controlling and financing of the company
Business address	Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic
Management practice	<p>David has 15 years of experience in finance.</p> <p>As an analyst he worked for HP Inc., as Senior Financial Analyst focusing on the markets of Central and Eastern Europe, Israel and Russia.</p> <p>In the role of chief financial analyst and then CFO he worked in ZOOT a.s.</p>



	David has been a member of the team of the Company since May 2019.
Names of companies in which the person has acted as a member of a body or as a shareholder	N/A.
<i>Ján Šaulič</i>	
Title	Country Manager Slovakia
Responsibility	Overall responsibility for sales, marketing, operations, legal and finance at country level aiming to deliver planned targets set as revenues, profit and market share. Also responsible to lead the team in line with company values to form unique customer experience and internal culture.
Business address	Pestovateľská 3, 821 04 Bratislava, Slovakia
Management practice	Jan has proven experience in FMCG segment while his career was for 20 years connected with Red Bull. His experience implies initial company establishment, merging Czech and Slovak operations and own distribution model setting and its implementation. Jan has joined Pilulka Slovakia in June 2022.
Names of companies in which the person has acted as a member of a body or as a shareholder	In the last five years, he has served as an authorised representative of RED BULL Česká republika, s.r.o. (in the period 2014 – 2021). Also, he is the director and shareholder of GOOD HINT s. r. o. (SK) since 2022.
<i>Šimon Čapek</i>	
Title	Chief Marketing Officer (CMO) (Marketing Strategy and Growth Manager)
Responsibility	Marketing Strategy, growth and leadership
Business address	Českomoravská 2408/1a, Libeň, 190 00 Praha 9, Czech Republic
Management practice	Simon is holding 20 years of professional experience and expertise in cross functional team management, sales and marketing. He is a customer oriented senior leader with profound understanding of the market dynamics, consumer insights and trends from different countries and cultures (CZ/SK, Austria, Asia- JP, HK, TW, SK, India, Turkey, CIS). Simon was exposed to various business models in different development stages and to multicultural organisations. In each of them, he excelled to deliver strong results, through locally relevant strategy implementation, skilled leadership and hard work.

Names of companies in which the person has acted as a member of a body or as a shareholder	In the last five years, he has been a member of the statutory body and shareholder of GreenGo Car Czech s.r.o. (in the period 2019 – 2022).
--------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------

### 12.1.3. FAMILY RELATIONSHIP AND CONFLICT OF INTERESTS

Member of the Board of Directors and Chief Executive Officer (CEO) of the Company, Mr. Ing. Petr Kasa, and member of the Board of Directors and Strategic Director of the Company, Mr. Martin Kasa, are brothers. The Company declares that there are no other family relationships between members of the administrative, management or supervisory bodies and senior management of the Company.

The Company declares that it is not aware of any potential conflict of interest between the duties of the members of the Board of Directors, the Supervisory Board and senior management to the Company and their private interests or other duties.

The Company further declares that it is not aware of any arrangement or understanding with major shareholders, customers, suppliers or other entities pursuant to which any member of the Board of Directors, Supervisory Board or senior management has been selected.

The Company declares that it has not negotiated any restrictions with the members of the Board of Directors, the Supervisory Board or the senior management with respect to the disposal of their interests in the Shares for a certain period of time.

### 12.1.4. DECLARATION

The Company declares that in the previous five years, no member of the Company's Board of Directors, management or supervisory bodies or senior management has been convicted of fraudulent offences, publicly charged or sanctioned by statutory, regulatory or professional bodies, or judicially disqualified from serving as a member of administrative, management or supervisory bodies of any company or serving as part of the management or conducting the business of any company, has not been the subject of insolvency proceedings or been placed in receivership or ordered into compulsory liquidation in connection with his or her activities in the companies listed.

## **13. REMUNERATION AND BENEFITS**

### **13.1. AMOUNT OF REMUNERATION PAID**

For the financial year 2022, an amount of CZK 14.9 million in remuneration and benefits in kind was paid by the Company or another Group company to members of senior management and CZK 0.7 million was paid to members of the Board of Directors. In 2022 no remuneration was paid to the Supervisory Board members.

### **13.2. BENEFITS**

Neither the Company nor any other company in the Group deposits or sets aside funds for the payment of pension, retirement or other benefits to members of the administrative, management and supervisory bodies or senior management.

## **14. BOARD PRACTICES**

### **14.1. TERM OF OFFICE**

The date of start of membership in the body and the date of expiry of the term of office of each member of the Board of Directors and the Supervisory Board are set out above in Art. 12.1.1 of this part of the Prospectus.

### **14.2. INFORMATION ABOUT SERVICE CONTRACTS**

Ing. Petr Kasa and Martin Kasa entered into a contract with the Company on 31 December 2020 for the service in an office of a member of the Board of Directors, which regulates the scope, conditions and remuneration for the service in the office. These contracts have been approved by the Company's General Meeting and do not provide any benefits to the members of the Board of Directors upon termination of office.

The members of the Supervisory Board do not have service contracts or employment contracts with the Company and are not entitled to any remuneration for their activities.

### **14.3. AUDIT AND REMUNERATION COMMITTEE**

The supervisory function in the Company is performed by the Supervisory Board as a body of the Company; for the powers and responsibilities of the Supervisory Board see Art. 12.1.1 of this part of the Prospectus. The Company has not established a separate audit or remuneration committee; controlling powers are divided between the Supervisory Board and the General Meeting, which approves the contracts for service in an office of individual members of the Company's bodies and other legal titles that serve as the basis for the remuneration of these individuals.

### **14.4. CORPORATE GOVERNANCE**

The Company declares that it complies with all requirements for corporate governance set forth in generally binding laws and regulations of the Czech Republic, in particular the Civil Code and the Business Corporations Act. The Company declares that it does not voluntarily comply with any other corporate governance regime.

### **14.5. POTENTIAL MATERIAL IMPACTS ON THE CORPORATE GOVERNANCE**

The Company declares that it is not aware of any facts or decisions that may impact the governance of the Company. This statement also applies to future changes in the membership of the Company's bodies.

## 15. EMPLOYEES

### 15.1. INFORMATION ABOUT EMPLOYEES

As of	Date of Prospectus	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Number of employees	350	383	363	285

The number of employees is based on FTE (full-time equivalent). 70% of them are employed in the Czech Republic, the remaining 30% in Slovakia and Romania. Approximately 70% of the Company's workforce (as of the date of approval of the Prospectus) consists of pharmacists and other healthcare specialists.

In addition to fulfilling all legal obligations, the Group emphasizes employee development and training.

### 15.2. SHAREHOLDING AND EMPLOYEE STOCK OPTIONS

The Company has an employee stock option scheme under which selected senior management employees (certain members of the board of directors and C-level management) can participate in the economic performance of the Group.

The first of the Company's stock option schemes was approved in 2020. The General Meeting held on 10 March 2022 resolved to amend this stock option scheme. Pursuant to this approval, the shares for this option scheme will be subscribed for by the option scheme participants upon exercise of the option in preference to subscription by the Company.

The second option scheme of the Company was approved by the General Meeting of Shareholders by way of circular resolution, of which notarial records were drawn up by notary JUDr. Roman Bláha under the number NZ 46/2021 dated 13 January 2021 and number NZ 224/2021 dated 17 February 2021. This stock option scheme was announced for the 2021 business results and under this stock option scheme, 6 employees could acquire 20,934 new shares of CZK 1 each, which would increase the Company's share capital. Implementation of the scheme took place in September 2022.

The General Meeting held on 10 March 2022 also approved a new option scheme for 7 senior management employees, which should have been exercisable based on 2022 results. Under this stock option scheme, employees could have acquired 18,375 new shares of CZK 1 each, which would increase the Company's share capital. However, based on the 2022 results, this stock option scheme is unlikely to be implemented.

The Company declares that it is not aware of the existence of any other option rights or conditional or unconditional option agreements in relation to any member of the Group.

### 15.3. SHAREHOLDING AND STOCK OPTIONS OF SENIOR MANAGEMENT

As of the date of this Prospectus, the following members of the administrative, management and supervisory bodies and senior management are the owners of the Company's Shares:

- Mr. Ing. Petr Kasa is the owner of 434,881 Shares, corresponding to a share in the Company's share capital of 17.25%;
- Mr. Martin Kasa is the direct owner of 442,309 Shares, corresponding to a share in the Company's share capital of 17.55%;
- Mr. Ing. Marek Krajčovič is the owner of 308,527 Shares, corresponding to a share in the Company's share capital of 12.24%.
- Mr. Tomáš Záruba is the owner of 1,778 Shares, corresponding to a share in the Company's share capital of 0.06%
- Mr. Michal Hanáček is the owner of 1,792 Shares, corresponding to a share in the Company's share capital of 0.07% as and owner of stock option for 13,490 Shares.

The Company declares that no members of the administrative, management and supervisory bodies and senior management of the Company other than those listed above, are owners of the Company's Shares or holders of options over Shares.

## 16. MAJOR SHAREHOLDERS

### 16.1. MAJOR SHAREHOLDERS

The following persons in the Company hold, whether directly or indirectly (to the best of the Company's knowledge), as of the date of the Prospectus, more than 10% of the share capital and/or voting rights:

<i>Shareholder</i>	<i>Number of shares</i>	<i>Share in the share capital and voting rights</i>
ALL-STAR HOLDING LIMITED	470,000	18.64%
Ing. Petr Kasa	434,881	17.25%
Martin Kasa	442,309	17.55%
Ing. Marek Krajčovič	308,527	12.24%
<i>Total</i>	<i>1,655,717 shares</i>	<i>65.68%</i>

The table does not include members of the Company's Board of Directors and Supervisory Board; for their capital participation in the Company, see Art. 15.3 of this part of the Prospectus.

### 16.2. VOTING RIGHTS

The Company issued only one type of shares, namely ordinary shares in book-entry form. When voting at the General Meeting, one vote is cast for every CZK 1.00 of the nominal value of the share. The voting rights thus correspond to the shareholders' share in the Company's share capital and the Company does not have shareholders with different voting rights.

### 16.3. CONTROLLING PERSON

According to the information available to the Company, the following persons are the controlling persons of the Company:

- Ing. Petr Kasa
- Martin Kasa
- Ing. Marek Krajčovič
- ALL-STAR HOLDING LIMITED (with ultimate beneficial owners Vladimír Jaroš, Jan Sýkora and Lubomír Šoltýs)

Only shareholders acting in concert pursuant to Section 74 - Section 78 of the Business Corporations Act with a shareholding of more than 10% of the Company's share capital as of 31 December 2022 are listed as controlling persons.

Up to the date of this Prospectus, these persons have always or predominantly voted by common consensus at all General Meetings held since 2019. No shareholders' agreement has been entered into.

Measures against the abuse of control and managerial influence of the managing person result from generally binding laws and regulations. To counter the potential abuse of control and managerial influence of a controlling person, the Company uses effective tools to prevent such abuse of influence of the controlling person on the Company. This tool is

in particular the periodic preparation of a report on the relations between the controlling and controlled person, which includes a detailed and regular assessment of whether the Company, as the controlled person, has taken any legal actions or measures in the interest of or at the instigation of the controlling person within the meaning of Section 82(2)(d) of the Business Corporations Act, and whether the Company, as the controlled person, has suffered any detriment in connection with the existence of the controlling person.

These tools also include regular statutory audit and verification of the financial statements by a Big Four audit firm, the Supervisory Board's exercise of supervision over the Company's key decisions, the implementation and effective functioning of an internal audit system within the Company and regular evaluation of conflicts of interest.

#### **16.4.ARRANGEMENTS RESULTING IN A CHANGE IN CONTROL**

In the past, the mutual rights and obligations of the shareholders in the management of the Company were governed by a shareholders' agreement. This shareholders' agreement was terminated on 30 July 2020 by an agreement of the shareholders in respect of the completed public offering of the Shares. As of the date of this Prospectus, the Company is not aware of the existence of any arrangements that could lead to or prevent a change of control of the Company. The Company is not aware of any agreements between shareholders that may have the effect of making the transferability of shares or voting rights more difficult.



## 17. RELATED PARTY TRANSACTIONS

### Additional contributions outside the share capital

Between 2019 and the date of the Prospectus, the shareholders listed below have provided the Company with successive voluntary additional contributions outside of the Company's share capital on the basis of agreements concluded for the provision of additional contributions.

Total balance of additional contributions provided between 2019 and the date of the Prospectus):

<i>Shareholder</i>	<i>Additional contribution outside the share capital for the period 2019 to the date of the Prospectus</i>	<i>Year when the additional contribution outside the share capital was provided</i>	<i>% of the Consolidated Group's 2022 turnover</i>
Marta Herzánová	CZK 2,085,000	2019	0.1%
Mgr. Romana Breznická	CZK 2,295,000	2019	0.1%
ALL-STAR HOLDING LIMITED	CZK 14,565,000	2019	0.6%
FraFil s.r.o. (the Company's shares held by this Company were subsequently transferred to ALL-STAR HOLDING LIMITED)	CZK 8,685,000	2019	0.4%
Kovářská s.r.o.	CZK 47,370,000	2019	1.9%
TOTAL	CZK 75,000,000		3.0%

On 31 August 2020, the Company entered into agreements (with Ms. Marta Herzánová on 28 August 2020) with individual shareholders, in which both parties confirmed the amount of the individual additional contributions provided, the total amount of the additional contributions provided, and the fact that they are not entitled to a refund thereof.

### Intra-company loans

Companies within the Group together negotiate partial loan agreements under which funds are provided.

Significant cash flows are loans of the Company's funds to controlled entities within the Group, in particular loans to the Romanian part of the Group, PILULKA ONLINE S.R.L.

During the period from 2019 to the date of the Prospectus, the following intra-group loans were entered into within the Group under the following agreements. The loan, i.e., the transaction of funds to a controlled or controlling entity within the Group, takes place exclusively on the basis of the agreements listed below, always as of the date of signing the agreement:

- Money loan agreement between the Company as lender and Lékárna U Nádraží s.r.o. (now Pilulka Lab s.r.o.) as borrower dated 7 January 2019 on the provision of an amount up to CZK 3,000,000 until 31 December 2020;
- Money loan agreement between KICI s.r.o. as lender and the Company as borrower dated 1 January 2018 on the provision of an amount up to CZK 2,000,000 until 31 December 2020;
- Money loan agreement between the Company as lender and Pilulka.sk a.s. (formerly Herbia a.s.) as borrower dated 21 June 2019 on the provision of an amount up to EUR 350,000 until 30 June 2020;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 17 September 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 30 July 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 18 July 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 20 June 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 19 May 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 23 April 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 31 March 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 24 October 2019 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 28 November 2019 on the provision of an amount of RON 294,333 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 15 March 2020 on the provision of an amount of RON 200,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 23 September 2020 on the provision of an amount of RON 140,000 with a maturity of 5 years from the conclusion of the agreement;

- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 27 October 2020 on the provision of an amount of RON 300,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 20 November 2020 on the provision of an amount of EUR 168,300 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 7 January 2021 on the provision of an amount of RON 450,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 27 January 2021 on the provision of an amount of RON 375,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and KICI s.r.o. as borrower dated 1 March 2021 on the provision of an amount up to CZK 4,000,000 until 31 March 2021;
- Money loan agreement between the Company as lender and KICI s.r.o. as borrower dated 1 March 2021 on the provision of an amount up to CZK 2,000,000 until 31 March 2021;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 27 April 2021 on the provision of an amount of RON 380,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 3 June 2021 on the provision of an amount of RON 500,000 with a maturity of 5 years from the conclusion of the agreement;
- Framework money loan agreement between the Company as lender and KICI s.r.o. as borrower dated 15 June 2021 on the provision of an amount up to CZK 10,000,000; addendum dated on 9 December 2022;
- Money loan agreement between the Company as lender and Pilulka.sk a.s. as borrower dated 2 June 2021 on the provision of an amount up to EUR 700,000 until 31 August 2021; Addendum No 1 of 20 August 2021 adjusted the amount of the loan to EUR 600,000;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 25 August 2021 on the provision of an amount of RON 150,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 30 September 2021 on the provision of an amount of RON 1,600,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and Plus Care s.r.o. as borrower dated 9 September 2021 on the provision of an amount up to CZK 500,000 until 30 September 2021;
- Framework money loan agreement between the Company as lender and Plus Care s.r.o. as borrower dated 20 September 2021 on the provision of an amount up to CZK 10,000,000; addendum dated on 9 December 2022;

- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 30 September 2021 on the provision of an amount of EUR 35,113.50 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 30 September 2021 on the provision of an amount of RON 507,598 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 1 October 2021 on the provision of an amount of RON 420,000 with a maturity of 5 years from the conclusion of the agreement;
- On 3 November 2021 the loan agreements with PILULKA ONLINE S.R.L. were subject to the increase in share capital, in total amount of RON 5,862,042.33, EUR 667,372 and CZK 107,850;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 9 November 2021 on the provision of an amount of RON 660,000 with a maturity of 5 years from the conclusion of the agreement;
- Framework money loan agreement between the Company as lender and Pilulka Lab s.r.o. as borrower dated 20 December 2021 on the provision of an amount up to CZK 16,644,000;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 7 January 2022 on the provision of an amount of RON 772,650 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 10 February 2022 on the provision of an amount of RON 1,106,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 25 March 2022 on the provision of an amount of RON 410,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and Pilulka.sk a.s. as borrower dated 12 April 2022 on the provision of an amount up to EUR 200,000 until 30 April 2022;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 21 April 2022 on the provision of an amount of RON 600,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and Pilulka.sk a.s. as borrower dated 28 April 2022 on the provision of an amount up to EUR 150,000 until 31 May 2022;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 24 May 2022 on the provision of an amount of RON 650,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 14 September 2022 on the provision of an amount of RON 300,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and Pilulka.hu kft as borrower dated 13 October 2022 on the provision of an amount of EUR 20,000

with the possibility of an additional EUR 30,000 with a maturity of 5 years from the conclusion of the agreement;

- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 25 October 2022 on the provision of an amount of RON 300,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 30 November 2022 on the provision of an amount of RON 250,000 with a maturity of 5 years from the conclusion of the agreement;
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 19 December 2022 on the provision of an amount of RON 300,000 with a maturity of 5 years from the conclusion of the agreement; and
- Money loan agreement between the Company as lender and PILULKA ONLINE S.R.L. as borrower dated 3 February 2023 on the provision of an amount of RON 200,000 with a maturity of 5 years from the conclusion of the agreement.

Total amount of borrowings and loans granted by the Company to Pilulka Lab s.r.o. on the basis of the aforementioned agreements was CZK 8,032 thousand as of 31 December 2022. This amount represents 0.3% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the borrower is CZK 8,032 thousand.

Total amount of borrowings and loans granted by the Company to Pilulka.sk a.s. on the basis of the aforementioned agreements was CZK 33 thousand as of 31 December 2022. This amount represents 0.0% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the borrower is CZK 0 thousand.

Total amount of borrowings and loans granted by the Company to PILULKA ONLINE S.R.L. on the basis of the aforementioned agreements was CZK 33,170 thousand as of 31 December 2022. This amount represents 1.3% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the Company was CZK 34,141 thousand.

Total amount of borrowings and loans granted by the Company to Plus Care s.r.o. on the basis of the aforementioned agreements was CZK 11,247 thousand as of 31 December 2022. This amount represents 0.5% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the borrower was CZK 12,444 thousand.

Total amount of borrowings and loans granted by the Company to KICI s.r.o. on the basis of the aforementioned agreements was CZK 173 thousand as of 31 December 2022. This amount represents 0.0% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the borrower is CZK 173 thousand.

Total amount of borrowings and loans granted by the Company to Pilulka.hu KFT on the basis of the aforementioned agreements was CZK 1,217 thousand as of 31 December 2022. This amount represents 0.0% of the Company's 2022 turnover. The total amount outstanding as of 31 March 2023 by the borrower is CZK 1,205 thousand.

Total amount of borrowings and loans granted to the Group companies by the Company mentioned above on the basis of the aforementioned agreements was CZK 53,872 thousand as of 31 December 2022. This amount represents 2.2% of the Company's 2022

turnover. The total amount outstanding as of 31 March 2023 by the borrower is CZK 55,995 thousand.

The amount of interest is determined centrally by an internal regulation of the Group, *Pravidla pro poskytování cash poolingů (Cash Pooling Rules)*. This internal regulation was adopted at the level of the Company's statutory body, is effective for the entire Group, and was approved by the auditor SPICA AUDIT, which has been appointed for the financial year this internal regulation came into effect. The Auditor (i.e., PricewaterhouseCoopers Audit, s.r.o.) does not dispute this directive. The basis for calculating the intra-company interest rate is the credit line agreement No. 811/18/LCD concluded between the Company and Česká spořitelna dated 25 July 2018. This agreement sets the interest rate for the Company as 1M PRIBOR plus 1.80% p.a. margin of Česká spořitelna. This base is increased by half a percentage point per annum as remuneration for the intra-group loan. The interest rate is therefore set at 1M PRIBOR + 1.80% p.a. + 0.5% p.a. The internal interest rate calculated in this way is announced on a quarterly basis. Interest is charged quarterly.

The rules for determining the amount of interest shall not apply to money lending agreements between the Company as lender and PILULKA ONLINE S.R.L. as borrower, for which a fixed interest rate of 6.2% p.a. was set. Certain intragroup loan agreements were extinguished by the merger between the Company and the merging companies CoPharm a.s., Identification No. (IČ) 284 41 192; LÉKÁRNA NA STŘEDISKU s.r.o., Identification No. (IČ) 286 14 640; Lékárna Starý Plzenec, Identification No. (IČ) 016 65 596; Pilulka Distribuce s.r.o., Identification No. (IČ) 286 73 719; PM PHARMA s.r.o., Identification No. (IČ) 272 77 330; TODA, s.r.o., Identification No. (IČ) 271 52 537, where the effective date of the merger was set at 1 January 2020, due to the amalgamation of the borrower and the lender.

Other significant contracts and agreements entered by the Company

<i>Name of the contract/agreement</i>	<i>Counterparty</i>	<i>Date of conclusion of the contract</i>	<i>A more detailed description</i>	<i>Transaction value expressed as a % of the 2022 Company's turnover</i>
Contract for service in an office	Petr Kasa	31 December 2020	Scope and conditions of the service in the office; for more information see Art. 14.2 of this part of the Prospectus.	0.0%

Contract for service in an office	Martin Kasa	31 December 2020	Scope and conditions of the service in the office; for more information see Art. 14.2 of this part of the Prospectus.	0.0%
Contract for the provision of consultancy services	Clareo a.s., as a provider, where Petr Kasa is the sole shareholder	6 January 2021	Scope and conditions of consultancy; the contract is concluded as a transaction at arm's length.	0.1%
Contract for the provision of consultancy services	Kovářská s.r.o., as a provider, where Martin Kasa is the sole shareholder	6 January 2021	Scope and conditions of consultancy; the contract is concluded as a transaction at arm's length.	0.1%
Contract for the provision of consultancy services	MK Advisory s.r.o., as a provider, where Marek Krajčovič is the sole shareholder	3 January 2020, Addendum No. 1 6 January 2021	Scope and conditions of consultancy; the contract is concluded as a transaction at arm's length.	0.1%
Agreement on the increase of the share capital	Pilulka Online S.R.L., as a recipient	3 November 2021	Loan set-off; the contract is concluded as a transaction at arm's length.	1.9%
Agreements on additional contribution	Pilulka.sk a.s. , as a recipient	3 October 2022, 30 November 2022 and 31	Agreement on additional contribution outside the	0.8%

outside the share capital		December 2022	share capital; the contract is concluded as a transaction at arm's length.	
Agreement on additional contribution outside the share capital	KICI s.r.o., as a recipient	28 February 2021	Agreement on additional contribution outside the share capital; the contract is concluded as a transaction at arm's length.	0.0%
Cooperation Agreement and Service Contract (reciprocal provision of services)	Pilulka.sk a.s.	6 January 2022 and 5 January 2022	Scope and conditions of cooperation; the contract is concluded as a transaction at arm's length.	0.4%
Contract for the provision of services	Pilulka Online S.R.L., as a recipient	6 January 2021	Scope and conditions of service provision; the contract is concluded as a transaction at arm's length.	0.0%
Sublease agreement	Plus Care s.r.o., as a subtenant	30 August 2021	Terms and conditions of sublease; the contract is concluded as a transaction at arm's length.	0.0%
Contract for the provision of services	Plus Care s.r.o., as a recipient	30 August 2021	Scope and conditions of service	0.2%



			provision; the contract is concluded as a transaction at arm's length.	
--	--	--	------------------------------------------------------------------------	--

## **18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **18.1. HISTORICAL FINANCIAL INFORMATION**

#### **18.1.1. AUDITED HISTORICAL INFORMATION**

With this Prospectus, the Company provides the following historical financial information to potential investors by reference:

- consolidated annual report including the financial statements and the auditor's report of the Consolidated Group for the financial years 2020, 2021 and 2022.

All the provided historical financial information have been audited with 'unqualified' (*bez výhrad*) opinion of the Auditor.

The financial information provided is published for potential investors on the website at [www.pilulka.cz/pro-investory](http://www.pilulka.cz/pro-investory).

The following financial data is also provided directly in Art. 7 or 8 of this part of the Prospectus:

- consolidated balance sheet of the Consolidated Group separately for each of the financial years from 2020 to 2022;
- consolidated income statement of the Consolidated Group separately for each of the financial years from 2020 to 2022;
- consolidated statement of external resources and equity of the Consolidated Group separately for each of the financial years from 2020 to 2022;
- consolidated cash flow statement of the Consolidated Group separately for each of the financial years from 2020 to 2022.

All figures are in thousands of CZK.

The Consolidated Group's historical financial information has been audited by the Auditor. The Auditor issued an 'unqualified' opinion on these financial statements. Save as disclosed in this Prospectus, there has not, to the best of the Company's knowledge, been any material adverse change in the prospects of the Company or the Consolidated Group or any material change in the financial or business position of the Company or the Consolidated Group from the date of the last audited financial statements, i.e., 31 December 2022, to the date of this Prospectus.

#### **18.1.2. CHANGE OF ACCOUNTING REFERENCE DATE**

During the period for which the historical financial information is presented by the Company and the Consolidated Group, there has been no change in the accounting reference date.

#### **18.1.3. ACCOUNTING STANDARDS**

The financial statements consolidated financial statements and interim financial statements are prepared in accordance with Czech accounting standards.

#### **18.1.4. CHANGE OF ACCOUNTING FRAMEWORK**

The Company and the Consolidated Group do not plan to change the accounting framework within the next financial year. Accordingly, the following financial information of the Company and the Consolidated Group will be presented in accordance with existing standards.

#### **18.1.5. CONSOLIDATED FINANCIAL STATEMENTS**

Given the existence of the Consolidated Group, the Company publishes together with the Prospectus the audited consolidated financial statements prepared in relation to the Consolidated Group for the financial years 2020 to 2022.

#### **18.1.6. AGE OF FINANCIAL INFORMATION**

The latest audited historical financial information of the Company and the Consolidated Group published together with the Prospectus is for the financial year 2022, with the balance sheet date being 31 December 2022.

### **18.2. PRO FORMA FINANCIAL INFORMATION**

The Company confirms that, up to the date of this Prospectus, no situation has arisen which would require the preparation of pro forma information.

### **18.3. DIVIDEND POLICY**

#### **18.3.1. DESCRIPTION OF DIVIDEND POLICY**

There is not yet an approved dividend policy at the Company or Group level.

#### **18.3.2. AMOUNT OF THE DIVIDEND PER SHARE**

The Company has not paid any dividend since its incorporation.

### **18.4. LEGAL AND ARBITRATION PROCEEDINGS**

As of the date of this Prospectus and in the preceding twelve (12) months, neither the Company nor any Group entity has been a party to any litigation, administrative or arbitration proceedings which may have or have had a material effect on the financial position or profitability of the Company or the Group. To the Company's knowledge, no such proceedings are pending or impending.

As of the date of approval of the Prospectus, the Company is not a party to any commercial dispute nor is it aware of any such disputes pending.

### **18.5. SIGNIFICANT CHANGE IN THE FINANCIAL POSITION**

The Company declares that there has been no significant change in the financial position of the Company or the Group since the end of the financial year 2022, being the last financial period, for which audited financial statements have been published.

## 19. ADDITIONAL INFORMATION

### 19.1. SHARE CAPITAL

#### 19.1.1. AMOUNT OF ISSUED CAPITAL

As of the date of approval of this Prospectus, the Company's share capital is divided into 2,520,934 registered ordinary shares in book-entry form with a nominal value of CZK 1.00 (one Czech crown) each, ISIN: CZ0009009874. The Shares are not divided into multiple types.

The total share capital of the Company as of the date of approval of the Prospectus is CZK 2,520,934 (two million five hundred and twenty thousand nine hundred and thirty-four Czech crowns).

As of the date of this Prospectus, 100% of the Company's share capital is paid up.

All Shares issued to date have been paid up in cash.

The General Meeting of the Company resolved on 5th May 2023 to conditionally increase the Company's share capital by subscribing for new ordinary shares of the Company in book-entry form with a nominal value of CZK 1.00 (one Czech crown) each on the basis of a public offer, in the quantity up to 500,000 shares. The reason for the conditional increase of the share capital is the Offering. The total amount of the Company's authorised share capital is thus up to CZK 3,020,934 (three million twenty thousand nine hundred thirty-four Czech crowns).

#### 19.1.2. SHARES NOT REPRESENTING CAPITAL

There are no shares or interests not representing capital.

#### 19.1.3. VALUE OF SHARES

As of the date of approval of the Prospectus, the Company does not own any treasury shares. No Shares are either held on behalf of the Company or held by the Company's subsidiaries.

#### 19.1.4. PREFERRED SECURITIES

The Company has not issued any convertible securities, exchangeable securities, or securities with warrants.

#### 19.1.5. INFORMATION ABOUT ANY CHANGES IN CAPITAL

There are no acquisition rights or obligations attaching to the authorised but unissued shares of the Company as of the date of approval of the Prospectus, except as follows:

- employee rights under the Company's 2022 stock option scheme, which will be exercised in 2023 (cf. Art. 19.1.6 of this part of the Prospectus);
- the rights of Mr. Michal Hanáček and Mr. Tomáš Baier by virtue of their participation in the Company's original terminated stock option scheme (cf. Art. 19.1.6 of this part of the Prospectus);

- the Company's obligations arising from this Offering as described in this Prospectus.

#### **19.1.6. CAPITAL UNDER OPTION**

For the employee stock option scheme see Art. 15.2 of this part of the Prospectus, and for stock options held by members of the corporate bodies and senior management of the Company see Art. 15.3 of this part of the Prospectus. A stock option program for existing employees is currently underway and will be exercisable based on 2022 results. Under this stock option scheme, employees could acquire 18,375 new shares of CZK 1 each, which would increase the Company's share capital. The scheme was expected to be implemented in 2023. The resolution to increase the share capital by up to CZK 18,375 was passed at the General Meeting of the Company on 10 March 2022, as described below. However, based on the 2022 results, this stock option scheme is unlikely to be implemented.

The General Meeting of 10 March 2022 also resolved to increase the share capital by up to CZK 36,076 due to the need to settle the claims of Mr. Hanáček and Mr. Tomáš Baier by virtue of their participation in the Company's original terminated stock option scheme. In order to achieve significant savings of the Company's financial resources, when according to the original method of settlement, Mr. Michal Hanáček and Mr. Tomáš Baier were entitled to a transfer of the relevant number of shares from the Company at a price of CZK 1 per share, a decision was made that instead of transferring the shares, the Company's share capital would be increased by the nominal value of these shares, whereas Mr. Michal Hanáček and Mr. Tomáš Baier will also have a pre-emptive right to subscribe for them at a price of CZK 1.00 per share. These persons are entitled to make an invitation to conclude a subscription agreement for book-entry shares no earlier than 1 September 2023 and no later than 30 September 2023.

The Company declares that it is not aware of the existence of any other option rights or conditional or unconditional option agreements in relation to any member of the Group.

#### **19.1.7. HISTORY OF SHARE CAPITAL**

At its incorporation, the Company's share capital totalled CZK 2,000,000. Since then, there have been two changes in the amount of the Company's share capital:

- On 22 October 2020, the new amount of the share capital was entered in the Business Register: CZK 2,500,000. The General Meeting of the Company resolved on 27 August 2020 to conditionally increase the share capital by subscribing for new ordinary shares of the Company in book-entry form with a nominal value of CZK 1.00 (one Czech crown) each on the basis of a public offering, up to 500,000 shares. The reason for the conditional capital increase was the public offering of the Shares made in connection with the Company's entry into the START Market.
- On 26 September 2022, the new amount of the share capital was entered in the Business Register: CZK 2,520,934. The General Meeting of the Company resolved outside the meeting (by circular resolution) on 5 February 2021 to increase the share capital by CZK 25,000 by issuing 25,000 new listed ordinary registered shares, issued in book-entry form, each with a nominal value of CZK 1. The

General Meeting allowed subscriptions below the amount of the proposed share capital increase, resolving that the decision on the final amount of the capital increase will be made by the Board of Directors. On 6 September 2022, the Company's Board of Directors decided to increase the Company's share capital by CZK 20,934. The reason for the share capital increase was the exercise of the Company's stock option scheme for the year 2021.

- On 10 March 2022, the General Meeting of the Company resolved to increase the share capital by CZK 18,375 by issuing 18,375 new listed ordinary registered shares, issued in book-entry form, each with a nominal value of CZK 1. The General Meeting allowed subscriptions below the amount of the proposed share capital increase, resolving that the decision on the final amount of the capital increase will be made by the Board of Directors. The reason for the share capital increase is the exercise of the Company's stock option scheme for the year 2022, which is expected to take place in the autumn of 2023. The Board of Directors has not yet decided on the final amount of the share capital increase. However, based on the 2022 results, this stock option scheme is unlikely to be implemented.
- The General Meeting of the Company held on 10 March 2022 also resolved to increase the share capital by CZK 36,076 by issuing 36,076 new listed ordinary registered shares, issued in book-entry form, each with a nominal value of CZK 1. The General Meeting allowed subscriptions below the amount of the proposed share capital increase, resolving that the decision on the final amount of the capital increase will be made by the Board of Directors. The reason for the share capital increase is the need to settle the claims of Mr. Michal Hanáček and Mr. Tomáš Baier by virtue of their participation in the Company's original terminated stock option scheme as described above. The Board of Directors has not yet decided on the final amount of the share capital increase.
- The resolution of the General Meeting of the Company of 5th May 2023 in connection with the Offering as described in Art. 19.1.1 of this part of the Prospectus above.

## **19.2. MEMORANDUM AND ARTICLES OF ASSOCIATION**

### **19.2.1. DESCRIPTION OF THE COMPANY**

The company was established by the founding act of 24 October 2014. It is registered in the Business Register maintained by the Municipal Court in Prague, Section B, entry No 20249. The Company is a business corporation, the scope of business of which, in accordance with Art. 4.1 of the Articles of Association, is:

- production, trade and services not specified in annexes 1 to 3 to the Trade Licensing Act, and within this business the following fields of activity; within this:
  - mediation of trade and services,
  - wholesale and retail,

- provision of software, consulting in the field of information technology, data processing, hosting and related activities and web portals,
- production, trade and services not elsewhere classified;
- provision of health services - pharmacy care; and
- provision of health services pursuant to Act No. 372/2011 Sb. (Collection of Laws), Act on Health Services and Conditions of their Provision.

The current version of the Articles of Association of the Company is dated 13 June 2022. The current Articles of Association of the Company, including their full text, are deposited in the collection of documents in the Business Register in accordance with the applicable laws and regulations.

The Articles of Association of the Company contain the basic details of the registered office, scope of business and share capital of the Company as well as the required information related to the Shares, their form/shape, number, and issue price. In addition to this basic information, which is further elaborated below, the Articles of Association contain other required details regulating the functioning of the Company, its bodies, the rules of the procedure for increasing or decreasing the share capital, the issue of exchangeable and preference bonds, the rules of acting for the Company and signing on behalf of the Company, the annual financial statements, the methods of dissolution, liquidation or winding up of the Company and other details, all in accordance with the provisions of the Civil Code and the Business Corporations Act. The Articles of Association of the Company do not contain any non-standard or unusual provisions that deviate from the regulation of a joint stock company under the Business Corporations Act.

#### **19.2.2. CLASSES OF SHARES**

There is only one class of Shares.

#### **19.2.3. PROVISIONS EFFECTING CHANGE IN CONTROL**

The Company's current Articles of Association do not contain any specific provisions which could delay or cause postponement of a change of control of the Company or prevent such a change.

## 20. MATERIAL CONTRACTS

### 20.1. SUMMARY OF MATERIAL CONTRACTS

As of the date of this Prospectus, neither the Company nor the members of the Group have entered into any material contracts outside the ordinary course of business which could give rise to a material obligation or entitlement on the part of the Company or the members of the Group, except the contracts or agreements set out below:

- Agreement on the lease of premises of the Company's registered office:
- Lease agreement for non-residential premises entered into by and between PSN s.r.o., having its registered office at Seifertova 823/9, Žižkov, 130 00 Praha 3, Identification No. (IČ): 170 48 869, as landlord and the Company as tenant on 23 October 2019, with effect from 1 April 2020. The subject of the lease is the 2<sup>nd</sup> floor in the building No. 1073, on land plot with parcel No. 3291, at Drahobejlova 36, Praha 9. The agreement is concluded for a fixed term from 1 April 2020 to 31 March 2023. However, since 1 April 2023, the Company shall move to the premises at Českomoravská 2408/1a, Prague 9, subject to the Lease agreement described below.

Lease agreement for non-residential premises entered into by and between Balaběnka Office Building s.r.o., having its registered office at Jeruzalémská 1321/2, Prague 1, 110 00, Identification No. (IČ): 027 62 986, as landlord and the Company as tenant on 24 January 2023, with effect from 1 April 2023. The subject of the lease is the 5th floor in the building No. 2408, on land plot with parcel No. 3145/12, at Českomoravská and Sokolovská, Prague 9. The agreement is concluded for a fixed term from 1 April 2023 to 31 October 2028;

- Agreement on the lease of premises of the Company's warehouses:

Lease agreement for non-residential premises entered by and between P3 Prague Horní Počernice 2 s.r.o., having its registered office at Na Florenci 2116/15, Nové Město, 110 00 Praha 1, Identification No. (IČ): 021 03 117, as landlord and the Company as tenant on 19 March 2019, with effect from 15 September 2019. The subject of the lease is the warehouse and office premises in the building No. 3019, on land plot with parcel No. 3968/103, at U Tabulky 3019, Prague Horní Počernice, 193 00. The agreement is concluded for a fixed term from 15 September 2019 to 15 September 2024;

Lease agreement for non-residential premises entered by and between VGP Park Olomouc 3 a.s., having its registered office at 59, Jenišovice, 468 33, Identification No. (IČ): 035 84 780, as landlord and the Company as tenant on 30 December 2021, with effect from 28. July 2022. The subject of the lease is the warehouse and office premises in the building No. 654, on land plot with parcel No. 1025/119, at Na Statkách 654/9, Olomouc, 783 01. The agreement is concluded for a fixed term from 28 July 2022 to 28 July 2027;

- Agreements with the financing bank: The Company obtains external resources to fund its operations and business development mainly from loan agreements



concluded with Česká spořitelna, a bank which concludes loan agreements or credit line agreements with the Company, on the basis of which funds are provided to the Company. A total of thirteen loan agreements have been concluded since 2015. Each of these agreements entitles the Company to draw funds up to a credit limit set in the range of units to tens of millions of Czech crowns. A total of ten loan agreements have been repaid and terminated as of 31 December 2022. For a more detailed description of the individual banking products, see Art. 3.1 of this part of the Prospectus, section entitled *Risk of rising interest rates*.

The loan agreements are secured in favour of Česká spořitelna by the following instruments: i) the institution of a blank promissory note with an agreement on the right to complete the promissory note, ii) concluded agreements on pledging receivables, namely receivables from Česká spořitelna's bank accounts and pledging trade receivables, as well as iii) pledging receivables from insurance contracts. Also (iv) the revolving credit facility was backed by a bank guarantee from the European Investment Bank.

Česká spořitelna has negotiated a guarantee agreement with the European Investment Bank, under which the European Investment Bank shares the risks of Česká spořitelna on loans granted to innovative and research-oriented small and medium-sized enterprises and mid-market capitalisation companies under the Horizon 2020 research and innovation programme. On the basis of this agreement, Česká spořitelna is entitled to provide a guarantee to enterprises that meet the conditions set out in the Horizon 2020 programme. The requirements for the provision of the guarantee are specified in the revolving credit facility agreement.

The Company is obliged to fulfil a number of obligations towards Česká spořitelna during the period of drawing individual loans on the basis of agreements concluded with this financial institution. This includes mainly financial indicators; the Company is also obliged to comply with a number of general obligations (regular submission of reports and documentation to the bank, archiving of relevant documents and data, compliance with laws and relevant regulations, an obligation not to alienate the Company's assets beyond what is customary) and also to comply with the conditions set by the Horizon 2020 programme.

In its loan agreements with Česká spořitelna, the Company has committed to maintain the financial indicators within the values specified in the individual agreements. As a result of the development of the business and the growth of the Group, the Company has not been able to meet all its financial indicators in the past. In response, Česká spořitelna issued a waiver and confirmed to the Company that failure to meet the financial indicators would not be considered a breach of contractual obligations under the loan agreements.

## 21. DOCUMENTS AVAILABLE

The Company declares that for the duration of the Prospectus, the following documents will be available for inspection on the website of the Company ([www.pilulka.cz](http://www.pilulka.cz)) within the 'Pro investory' section as and when required:

- current Articles of Association of the Company.

# SECURITIES NOTE

## 1. RISK FACTORS

### 1.1. DESCRIPTION OF MATERIAL RISK SPECIFIC TO THE SECURITIES

The purpose of this section is to describe the main risks specific to the Company's securities. The risks associated with the Shares are divided into the categories set out below, which are ranked in order of significance:

<p><b>Risk of investing in shares</b></p>	<p><i>Risk level as assessed by the Company: very high</i></p> <p>The investor has no right to the redemption or return of his investment in the Offer Shares. The investor may also lose the entire amount invested as a result of investing in the Offer Shares. The Offer Shares are not accompanied by a guarantee of performance in the form of a guaranteed return or a guaranteed amount of the investor's share of the liquidation balance.</p>
<p><b>Liquidity risk</b></p>	<p><i>Risk level as assessed by the Company: high</i></p> <p>The Company's existing Shares are currently admitted to trading on the START Market and RM-System, a multilateral trading facility operated by RM-SYSTÉM, česká burza cenných papírů a.s., having its registered office at Prague 1 - Nové Město, V Celnici 1028/10, PSČ 11721, Czech Republic, Identification No. 471 16 404, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 1867 (the <b>RM-System</b>); the Company will also apply for admission to trading on the START Market in respect of the Offer Shares. However, this does not necessarily lead to higher liquidity of these shares compared to shares not admitted to trading on the stock market. For benchmark, in year 2022 the average daily traded volume was 375 shares, expressed in CZK terms it was about CZK 364 thousand per day. In a potentially less liquid market, an investor holding over hundred Company's Shares may not be able to sell all such Shares at an adequate market price at any time.</p>
<p><b>Market risk</b></p>	<p><i>Risk level as assessed by the Company: high</i></p> <p>There is a risk of a decline in the market price of the Shares due to their volatility. A decline in the market price of the Shares may result in a partial or even total loss of the initial investment. A prospective investor should have an understanding of the determination of the market price of the relevant security and the impact of various factors on its market price, including the</p>

	<p>possible decline in market price. In the period since the first trading day, the market price of a Share has decreased by 6.8%. In year 2022 the minimum value of a Share was CZK 625 and maximum value was 1800 CZK and on 30 December 2022 a Shares' price was 650 CZK. Since 30 December to 14 April 2023 the Shares' price dropped by 33.3% to 500 CZK per Share.</p>
<b>Dividend risk</b>	<p><i>Risk level as assessed by the Company: medium</i></p> <p>A prospective investor should invest in the Offer Shares with the understanding that the dividend yield on the Shares is not a guaranteed yield and its potential amount will depend on, among other things, market conditions and the financial condition of the Company. The prospective investor will not realise the dividend until a resolution is passed on it by the General Meeting of the Company in accordance with the Company's Articles of Association (the resolution on the payment of a profit share in the form of a dividend is made by the General Meeting by an absolute majority of all shareholders). The Company has not paid any dividends up to the date of the Prospectus.</p>
<b>Risk of revocation of the Offering</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>In accordance with Art. 4.1.3 of this part of the Prospectus, the Offering may be revoked until the date of settlement of the Offering. Conditions upon which such revocation may take place are laid out in Art. 4.1.3 of this part of the Prospectus, however, to the best of the Company's knowledge, fulfilment of these conditions is not probable.</p>
<b>Exchange rate risk</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>An investor whose primary currency is not the Czech crown (CZK) bears the risk of depreciation of their investment in the event of a negative development of the exchange rate. In the event that the Czech crown (CZK) depreciates against the investor's home currency, the investor may lose a portion of their investment due to exchange rate changes and the transfer of proceeds from the Shares into their home currency.</p>
<b>Risk of dilution of share capital</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>A prospective investor should invest in the Offer Shares with the understanding that any additional increase in the share capital of the Company (where at the same time the shareholder does not subscribe for an appropriate proportion of the new shares) will reduce their interest in the Company on a relative basis. However, the Shares carry a statutory pre-emptive right to</p>

	subscribe for a portion of new Shares, if any, subscribed to increase the share capital.
<b>Tax risk</b>	<p><i>Risk level as assessed by the Company: low</i></p> <p>Prospective subscribers, purchasers or sellers of the Offer Shares should be aware that they may be obliged to pay taxes or other charges in accordance with generally applicable laws and regulations that apply to them in their particular situation. The subject of personal income tax or corporate income tax is income (proceeds) from the sale of shares in accordance with the relevant provisions of the Income Tax Act. The tax treatment of each investor/shareholder's income or gains depends on the applicable tax rules, which may not be the same for each investor/shareholder.</p> <p>In some countries, there may be no official opinions of tax authorities or court rulings on financial instruments such as shares. Prospective investors should not rely on the brief summary of tax issues contained in this Prospectus in acquiring or selling the Offer Shares but should follow the advice of their own tax advisers as to their individual taxation.</p>

## 2. ESSENTIAL INFORMATION

### 2.1. WORKING CAPITAL STATEMENT

The Company represents that, in its opinion, when combined with the expected proceeds from the Offering its working capital will be sufficient to meet the present requirements and needs of the Company.

### 2.2. CAPITALIZATION AND INDEBTEDNESS

The Company does not record any contingent indebtedness in the form of guarantees, warranties, etc. for the debts of third parties.

The data below is compiled as of 31 March 2023.

<b>Capitalization and Indebtedness</b>	<b>(CZK thousands)</b>
<b>Total Current debt</b>	<b>106 419</b>
<i>Guaranteed</i>	9 155
<i>Secured</i>	97 264
<i>Unguaranteed/ Unsecured</i>	0
<b>Total Non-Current debt</b>	<b>24 800</b>
<i>Guaranteed</i>	0
<i>Secured</i>	24 800
<i>Unguaranteed/ Unsecured</i>	0
<b>Shareholder's equity:</b>	<b>11 261</b>
<i>Share capital</i>	2 521
<i>Legal Reserve</i>	0
<i>Other Reserves</i>	8 740
<b>Total</b>	<b>142 840</b>

AS OF 31 DECEMBER 2022	(CZK THOUSANDS)
A. CASH	9 116
B. CASH EQUIVALENT	0
C. TRADING SECURITIES	0
<b>D. LIQUIDITY (A) + (B) + (C)</b>	<b>9 116</b>
<b>E. CURRENT FINANCIAL RECEIVABLES</b>	<b>0</b>
F. CURRENT BANK DEBT	106 419
G. CURRENT PORTION OF NON CURRENT DEBT	0
H. OTHER CURRENT FINANCIAL DEBT	0
<b>I. CURRENT FINANCIAL DEBT (F) + (G) + (H)</b>	<b>106 419</b>
<b>J. NET CURRENT FINANCIAL INDEBTEDNESS (I) – (E) – (D)</b>	<b>97 303</b>
K. NON CURRENT BANK LOANS	24 800
L. BONDS ISSUED	0
M. OTHER NON CURRENT LOANS	0
<b>N. NON-CURRENT FINANCIAL INDEBTEDNESS (K) + (L) + (M)</b>	<b>24 800</b>
<b>O. NET FINANCIAL INDEBTEDNESS (J) + (N)</b>	<b>122 103</b>

The detailed structure of interest-bearing liabilities is described in Art. 8.2 of the Prospectus. The Company represents that there has been no material change in its capitalisation and indebtedness since 31 March 2023 until the date of this Prospectus.

### 2.3. INTEREST OF NATURAL AND LEGAL ENTITIES INVOLVED IN THE ISSUE/OFFER

The Company is not aware of any material interests of any natural person or legal entities involved in the Offer relating to the Offer Shares described in the Prospectus.

### 2.4. REASONS FOR THE OFFER AND THE USE OF PROCEEDS

The reason for the Offering is to raise funds for financing of the Company. The expected net proceeds of the offering of the Offer Shares will be used, in accordance with the Company's business strategy and strategic objectives described in Art. 5.4 of the Prospectus, to finance the Company's development activities, in particular to strengthen the Company's position in foreign markets (Austria, Hungary, Romania), to finance the development of its own IS/IT systems, to further develop eHealth platform (Plus Care), to repay short-term loans from related-parties, to strengthen the Company's working capital and to finance potential acquisition activities on Czech market or abroad. The Company has not prioritised the use of the expected net proceeds of the offering of the Offer Shares in this regard. The Company is not aware that the expected proceeds will be insufficient to

fund all of the above proposed use of the expected net proceeds of the offering of the Offer Shares.

The expected net proceeds of the offer from the primary subscription of the Offer Shares will be based on the Offer Shares' Issue Price achieved. The Company estimates the gross proceeds of the Offering to be between CZK 225,000,000 and CZK 275,000,000 and the net proceeds to be between CZK 212,500,000 and CZK 260,000,000 (provided that 500,000 Shares are subscribed for at a price per Share in the amount between CZK 450 and CZK 550).



### 3. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

#### 3.1. DESCRIPTION OF SECURITIES

<i>Type, class of the securities including ISIN</i>	Ordinary shares ISIN: CZ0009009874
<i>The legislation under which the securities were created</i>	The Shares were issued in accordance with the Business Corporations Act and the Civil Code
<i>Mode of the security</i>	Registered shares
<i>Form of the security</i>	The shares are dematerialized (book-entry form); Centrální depozitář cenných papírů, a.s., having its registered office at Rybná 682/14, Staré Město, 110 00 Praha 1, keeps records of the shares.
<i>Currency of issue</i>	CZK
<i>Rights attached to the Offer Shares</i>	<p><i>Right to a share of profits</i></p> <p>A shareholder is entitled to a share of the Company's profit (dividend), which the General Meeting of shareholders has approved for distribution on the basis of the approved ordinary or extraordinary financial statements and which the Board of Directors has decided to pay out based on the fulfilment of the conditions stipulated by generally binding laws and regulations. This share is determined by the ratio of the nominal value of the shareholder's shares to the nominal value of all Shares. A shareholder is not obliged to repay to the Company a dividend received in good faith. The amount of the dividend is determined by the General Meeting and is limited to the amount of profit generated and other internal resources that can be distributed to shareholders in accordance with the law. The dividend is payable within three months of the approval of the annual financial statements. The record date for payment of a dividend is the fourth business day following a date of the general meeting which decided on its payment.</p> <p>The entitlement to the dividend is time-barred in favour of the Company within the general period of limitation according to the provisions of the Civil Code (3 years), which starts from the due date of the dividend.</p>

	<p>There are no restrictions on the payment of dividends and there are no special procedures for non-resident holders of the Shares. The Company has not issued any securities that give the right to exercise the right to exchange for other securities or to subscribe for other securities on a preferential basis.</p> <p><i>Right to participate in the General Meeting and voting rights of shareholders</i></p> <p>A shareholder is entitled to participate in the General Meeting, to vote at the General Meeting, to request explanations and to make proposals and counterproposals. There is one (1) vote for every CZK 1 of the nominal value of a Share at the General Meeting.</p> <p><i>Right of pre-emption</i></p> <p>In the event of an increase in the Company's share capital by way of cash contributions, existing shareholders have a pre-emptive right to subscribe for new shares according to the Business Corporations Act.</p> <p>The Company has not issued any securities that give the right to exchange for other securities or the right of pre-emptive subscription for other securities.</p> <p><i>Right to a share of the liquidation balance, if any</i></p> <p>Upon dissolution of the Company with liquidation, the shareholder is entitled to a share in the liquidation balance according to their corresponding share on the registered capital of the Company.</p> <p><i>Common information for shareholder rights</i></p> <p>Shareholder rights may be exercised at the Company's General Meeting only by a person who had such rights on the seventh day preceding the date of the General Meeting (record date); this also applies to correspondence voting. In the case of resolutions passed by the General Meeting outside the meeting (circular resolutions), the record date is the seventh day preceding the day on which the draft decision is sent to the first shareholder.</p> <p><i>Redemption provisions</i></p> <p>There are no specific rights and obligations applicable to redemption of the Shares.</p> <p><i>Conversion Provisions</i></p>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>Not relevant in the case of the Company; there are no specific rights or obligations with respect to the potential transformation of the Company.</p>
<p><i>Approval of the issue by the Company</i></p>	<p>The issue of the Offer Shares was approved by a resolution of the General Meeting of the Company held on 5th May 2023.</p>
<p><i>Expected issue date of the offered shares</i></p>	<p>The Offer Shares may be issued after the registration of the share capital increase in the Company's Business Register. The Company expects that the Offer Shares will be issued in 3 days after the Subscription Closing.</p>
<p><i>Restrictions on the transferability of shares</i></p>	<p>The Company's Shares are transferable without restriction.</p>
<p><i>Income tax on shares in the Czech Republic</i></p>	<p>The tax laws of the EU Member State of the investor and the tax laws of the Czech Republic (the Company's tax domicile) may have an impact on the income derived from the Shares.</p> <p>Information on the taxation of dividends and income from the sale of Shares is set out in Art. 9 of this part of the Prospectus. The Company assumes responsibility for withholding tax at the source.</p>
<p><i>Mandatory takeover bids, rules for the takeover of securities by the main shareholder (squeeze-out) and mandatory repurchase (sell-out) of securities</i></p>	<p>The forced transfer of Shares (so-called squeeze-out) is regulated in Section 375 et seq. of the Business Corporations Act. A major shareholder holding shares in the Company (i) the aggregate nominal value of which is at least 90% of the share capital of the Company (for which shares have been issued with voting right attached), or (ii) to which at least 90% of the voting rights in the Company are attached, may require that the Board of Directors convene a General Meeting of the Company and submit to it for resolution a proposal to transfer all other shares to the main shareholder. When transferring their shares to the main shareholder, the other shareholders have the right to an adequate consideration in money, the amount of which shall be determined by the General Meeting of the Company - the adequacy of the consideration shall be documented by the main shareholder to the General Meeting by way of an expert opinion.</p> <p>The right of repurchase (so-called sell-out) is regulated in Section 395 of the Business Corporations Act. Holders of Shares against whom the main shareholder has the right to exercise the squeeze-out procedure may require their</p>

	Shares to be purchased by the main shareholder in accordance with the provisions of the Business Corporations Act on mandatory public draft agreement.
<i>Public takeover bids made against the Company's capital</i>	There were no public takeover bids made against the capital of the Company in the last and current financial year.
<i>Potential impact on the investment in the event of crisis resolution under Directive 2014/59/EU of the European Parliament and of the Council</i>	The method of crisis resolution pursuant to Directive 2014/59/EU of the European Parliament and of the Council is regulated in Czech law by Act No. 374/2015 on Recovery and Crisis Resolution Procedures in the Financial Market. The Company is not an entity to which the Act applies in the event of a crisis.
<i>Identity and contact details of the person offering the Shares</i>	The Shares are offered by the Company.

## 4. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC

### 4.1. CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER

#### 4.1.1. CONDITIONS TO WHICH THE OFFER IS SUBJECT

Up to 500,000 Offer Shares will be offered to investors in the Offering.

The first phase of the Offering will take place from 23 May 2023 to 6 June 2023 15:00 CET (the **Last Day of Subscription 1**); this phase is for exercising the pre-emptive right of the Company's shareholders (the **First Phase**). The pre-emptive right entitles the Company's shareholders to subscribe for a *pro rata* portion of Offer Shares. On 12 June 2023, the Company will publish in the *Pro investory* (For Investors) section on its website the number of Offer Shares subscribed within exercising the pre-emptive right and the number of Offer Shares available for subscription within the second phase of the Offering; this information will be simultaneously published in the *START – Veřejná nabídka* (START – public offer) electronic system (the **START System**) and on the PSE website ([www.pxstart.cz](http://www.pxstart.cz)). The second phase of the Offering will run subsequently, from 8 June 2023 to 22 June 2023 (the **Subscription Closing**) 12:00 CET in the electronic subscription via the START System (the **Second Phase**). During this Phase, trading in Shares will be suspended in accordance with the relevant rules of the START System.

During the First Phase, i.e. from (and including) 23 May 2023 9:00 CET up to (and including) 15:00 CET on the Last Day of Subscription 1, subscription orders will be collected by the Company at its registered seat. The Company's current shareholders will be entitled to subscribe up to 500 000 Offer Share within exercising the pre-emptive right. The Offer Shares will be subscribed for by registration in the list of subscribers on each working day from 9:00 to 15:00 CET during the period of the First Phase. Individual shareholders are entitled to subscribe for Offer Shares to the extent of their shareholding in the share capital of the Company so that one Offer Share may be subscribed for every [five] existing Shares and shareholders holding less than 5 Shares are entitled to subscribe for one Offer Share. The issue price of the Offer Shares subscribed using the pre-emptive right is CZK 450,- (four hundred fifty Czech crowns) per one Offer Share. In accordance with decision of the General Meeting of the Company out of 5 May 2023, the record date (*rozhodný den*) for the exercise of the pre-emptive right is the date on which the pre-emptive right could have been exercised for the first time, i.e. 23 May 2023. The subscribers must have a Central Depository participant with whom they have opened a book-entry securities owner account.

During the Second Phase, i.e., from (and including) 8 June 2023 up to (and including) 12:00 CET on the Subscription Closing date, the relevant participants in the START System from both the Czech and Slovak Republic will collect subscription orders throughout the specified period. Potential investors may only place orders to subscribe the Offer Shares through a START System participant. The investors also must have a Central Depository participant with whom they have opened a book-entry securities owner account; the Central Depository participant may be the same person as the START System participant

through whom the investor places an order to subscribe the Offer Shares. The price range of the orders in the Second Phase was set at CZK 450 to CZK 550 per Offer Share, provided that orders may only be placed in minimum increments of CZK 5 per Share (for the avoidance of doubt, only the cases in question are possible: CZK 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550 per Share).

As of the date of this Prospectus, the Company does not own any treasury shares and does not intend to purchase any treasury shares in the Offering.

#### **4.1.2. TOTAL AMOUNT OF THE ISSUE/OFFER**

Up to 500,000 Shares with a total nominal value of up to CZK 1.00 will be offered in the Offering. The Offer Shares are offered for subscription under the Public Offering, which serves as a means of increasing the Company's share capital. The total number of Offer Shares to be subscribed for shall be determined by the Company by written decision, which shall be delivered to the Prague Stock Exchange and the Central Depository in writing no later than the Subscription Closing time. At the end of the day on which the Subscription Closing falls, the results of the Offering, including the total number of Offer Shares subscribed for, are published electronically on the START Market website ([www.pxstart.cz](http://www.pxstart.cz)).

#### **4.1.3. CONDITIONS OF REVOCATION**

The Company may revoke the Offering until the date of settlement of the Offering.

The Company may revoke the Offering in particular for the following reasons:

- a) a sudden and material adverse change in the economic or political situation in the Czech Republic;
- b) a material adverse change in the business and/or economic condition of the Company; or
- c) insufficient demand for the Offer Shares (depending on the results of the Offering, a hurdle cannot be specified sooner); or
- d) for any other reason by resolution of the General Meeting of the Company.

The Company will announce the revocation of the Share Offer in the *Pro investory (For Investors)* section on its website at <https://www.pilulka.cz/pro-investory>.

#### **4.1.4. POSSIBILITY OF REDUCTION OF SUBSCRIPTIONS AND MANNER OF REFUNDING AMOUNTS PAID IN EXCESS**

In the event that orders are placed in excess of the actual number of Offer Shares, the orders of individual investors will be reduced proportionately in accordance with the procedure set out in Art. 4.3.2 of this part of the Prospectus (the return of the overpayment for the subscribed Offer Shares is not relevant with respect to the manner of settlement of the subscription of the Offer Shares).

#### **4.1.5. MINIMUM/MAXIMUM AMOUNT OF APPLICATIONS**

The minimum number of Offer Shares to be subscribed for in the First Phase is 1 piece.

The minimum number of Offer Shares to be subscribed for in the Second Phase is 10 pieces. The minimum number of Offer Shares in single order (Lot) is set by decision of the Prague Stock Exchange and corresponds to 10 Offer Shares; it is therefore possible to request Offer Shares in multiples of the Lot (e.g., 10, 20, 30, 40, ...). The maximum number is limited by the total number of Offer Shares.

#### **4.1.6. POSSIBILITY TO WITHDRAW AN APPLICATION**

An order (application) to subscribe Offer Shares may be withdrawn until the collection of orders has been completed.

Once the collection of orders has been closed, an order placed to subscribe Offer Shares may not be withdrawn or revoked to the extent permitted by mandatory law.

#### **4.1.7. METHOD AND TIME LIMITS FOR PAYING UP AND FOR DELIVERY OF THE SECURITIES**

##### First Phase

The First Phase is for exercising the pre-emptive right of the Company's shareholders. The pre-emptive right is transferrable without any limitations.

Current shareholders of the Company as of the record date for the exercise of the pre-emptive right set out in the notice on the exercise of the pre-emptive right (the **Notice**) pursuant to Section 485 (1) of the Business Corporations Act have the pre-emptive right which entitles them to subscribe for a *pro rata* portion of new Shares. For each five existing Shares, one Offer Share may be subscribed for, to the extent of the shareholding of each current Shareholders in the Company's share capital and in accordance with the Notice. Shareholders holding less than 5 Shares are entitled to subscribe for one Offer Share. Current Company's shareholders who exercise their pre-emptive right will be entered in the list of subscribers.

The price of new Shares subscribed for by current Company's shareholders exercising their pre-emptive right will be paid into the Company's bank account number 6557512/0800 maintained with Česká spořitelna, a.s., Bank, no later than within 3 (three) working days from the Last Day of Subscription 1.

The pre-emptive right to subscribe for those Offer Shares not subscribed for by another Company's shareholder in the first round shall be excluded in the second or any subsequent subscription round.

##### Second Phase

The Investor is obliged to pay the amount of money corresponding to the number and asking price of the Offer Shares ordered by them through the relevant participant (either in the Czech Republic or in Slovakia) of the START System in accordance with the contractual arrangement with such participant, no later than the Subscription Closing time.

After the Subscription Closing time, the Company's decision (on the accepted offer price and the final number of Offer Shares to be settled), using the START System allocation formula, will determine the extent of the satisfied orders in respect of the Offer Shares. Only after the scope of the orders has been determined, settlement at the level of the Central Depository takes place and the corresponding client funds are transferred by the

relevant START System participants for settlement, only to the extent of the satisfied orders or their respective parts.

In the event that an order within the START System is not satisfied at all or is partially satisfied (based on the START System allocation formula; in particular due to a low offer price), the full or corresponding proportionate amount will be refunded to the investor by the relevant START System participant in accordance with the contractual arrangement with that participant.

For the avoidance of doubt, until such time as the satisfied orders are settled, client funds are not held by the Company. Accordingly, a situation where the Company is returning the cash amount for the Offer Shares subscribed for, either due to an unsatisfied order or due to an order being reduced, is not relevant.

The Company, in cooperation with the participants in the START System, will ensure that the Offer Shares subscribed for and sold by the Company are credited to the asset accounts of the individual investors upon payment of the purchase price of the Offer Shares no earlier than the third (3<sup>rd</sup>) business day following the Subscription Closing.

Settlement will take place through the Central Depository in the usual manner in accordance with the rules and operating procedures of the Prague Stock Exchange and the Central Depository.

#### **4.1.8. DESCRIPTION OF MANNER AND DATE OF PUBLICATION OF THE RESULTS**

At the end of the day on which the Subscription Closing falls, the results of the Offering are published electronically on the START market website ([www.pxstart.cz](http://www.pxstart.cz)).

#### **4.1.9. PROCEDURE FOR THE EXERCISE OF ANY RIGHT OF PRE-EMPTION, THE NEGOTIABILITY OF SUBSCRIPTION RIGHTS AND THE TREATMENT OF SUBSCRIPTION RIGHTS NOT EXERCISED.**

There are no procedures for the exercise of pre-emption rights (subject to a pre-emptive right to subscribe for Offer Shares by current Company's shareholders in the First Phase as described above), negotiability of subscription rights or for the treatment of subscription rights not exercised.

## **4.2. PLAN OF DISTRIBUTION AND ALLOTMENT**

### **4.2.1. CATEGORIES OF PROTENTIONAL INVESTORS**

In the First Phase, new Shares will be offered preferentially to current Company's Shareholders.

In the Second Phase, the Offer Shares may be offered to all categories of investors, including qualified and retail investors, domestic and foreign investors, subject to compliance with the laws and regulations applicable to such offer and the relevant investor.

The Public Offer is not divided into tranches for qualified or retail investors or employees of the Company.

The First Phase of Offering will take place on the territory of the Czech Republic. The Second Phase of the Offering will take place on the territory of the Czech Republic and the Slovak



Republic. Securities brokers which participate in the START System may market the Offer Shares and the Offering in both of these states, subject to a successful notification of this Prospectus in the Slovak Republic.

All investors shall be treated equally in the allotment of the Offer Shares, subject to any specifics given by the nature of the pre-emptive right exercised during the First Phase.

#### **4.2.2. SUBSCRIPTION BY SHAREHOLDERS, COMPANY MANAGEMENT OR SUBSCRIPTION OVER 5 % OF THE OFFER**

According to the information available to the Company, neither the existing major shareholders of the Company nor the members of the Board of Directors or the Supervisory Board of the Company will participate in the subscription of the Shares to the extent that it would exceed 5% of the total nominal value of the Offer Shares.

#### **4.2.3. PRE-ALLOTMENT DISCLOSURE**

The Offering will not be divided into tranches according to investor groups other than pre-emptive right to subscribe for Offer Shares by current Company's shareholders in the First Phase as described above. Clawbacks cannot be used as part of the Offering. There is no provision for preferential treatment of any group of investors (subject to the Company's current shareholder with pre-emptive right), including according to the START System participant through which the investor subscribes for the Offer Shares. The Offering will run until the Subscription Closing. The Company's current shareholders who have exercised their pre-emptive right in the First Phase shall be entitled to subscribe the Offer Shares during the Second Phase as well. The Company's current shareholders subscribing the Offer Shares in the Second Phase shall be treated equally as other investors subscribing the Offer Shares in the Second Phase.

#### **4.2.4. PROCESS FOR NOTIFYING APPLICANTS OF THE AMOUNT ALLOTTED**

The Offer Shares cannot commence trading before the investor receives notification of the amount allotted. Notification of the amount allotted will normally be communicated to the investor by the START System participant through which the investor has placed an instruction to subscribe for the Shares.

### **4.3. PRICING**

#### **4.3.1. PRICE, AMOUNT OF EXPENSES AND TAXES CHARGED TO THE INVESTOR**

The purchase price of the Offer Shares subscribed using the pre-emptive right, i.e. in the First Phase, is CZK 450 (four hundred fifty Czech crowns) per one Offer Share.

The purchase price for the Second Phase and the total number of Offer Shares actually sold will be determined by the Company on the Subscription Closing date based on the actual number of Offer Shares actually sold, in its sole discretion, based on information about orders received and in accordance with Art. 4.3.2 of this part of the Prospectus.

Investors will not be charged any fees, other costs or taxes by the Company in connection with the acquisition of the Offer Shares.

### 4.3.2.DETERMINATION OF THE OFFER PRICE

#### First Phase

Shares can only be subscribed for as whole shares. A total of up to 500,000 Offer Shares may be subscribed using the pre-emptive right. Shareholders are entitled to subscribe for Offer Shares to the extent of their shareholding in the Company's share capital as set out in Art. 4.1.7 above. Subscription entitlements shall be rounded up mathematically to the whole number of Shares.

#### Second Phase

In the Second Phase, the price range for orders has been set at CZK 450 to CZK 550 per Offer Share, provided that orders may only be placed in minimum increments of CZK 5 per Share (for the avoidance of doubt, only the cases in question are possible: CZK 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550 per Share).

Upon completion of the collection of orders, the Company will enter into the START System information on the final purchase price of the Offer Shares (the **Issue Price**) and the actual number of Offer Shares realized. Subsequently, the START System will determine the allocation rate and pair the orders according to the following principle:

- a) all orders with a price per Offer Share greater than or equal to the Issue Price are satisfied as follows:
  - (i) if the actual quantity of Offer Shares is greater than or equal to the amount of the requested quantity of Offer Shares, all orders are satisfied in full;
  - (ii) if the actual quantity of Offer Shares is less than the sum of the requested quantity of Offer Shares, all orders are reduced *pro rata*;
- b) in case of pro-rata reduction, the START System will automatically:
  - (i) determine the allotment rate of all orders to the Offer Shares;
  - (ii) round down the allotted order quantity to whole minimum tradable units (Lots) of Offer Shares, where 1 Lot corresponds to 10 Shares;
  - (iii) sort the orders in descending order according to their level of rounding;
    - (i) the remaining lots are then allocated by the START System one by one to each order according to their order within their level of rounding. In the event that multiple orders reach the same level of rounding, the principle of time priority will be applied when allocating the remaining Lots.
- c) orders with a price per Offer Share lower than the Issue Price will not be satisfied.

On the basis of the value of the purchase price of the Offer Shares and the actual number of Offer Shares sold, the purchase price of the Offer Shares will be paid in accordance with the procedure set out in Art. 4.1.7 of this part of the Prospectus.

#### **4.3.3.PROCESS OF THE DISCLOSURE OF THE OFFER PRICE**

Information on the Issue Price and the number of Offer Shares actually realized will be published on the START System and on the START Market website ([www.pxstart.cz](http://www.pxstart.cz)) no later than the Subscription Closing.

#### **4.3.4.RESTRICTION OR WITHDRAWAL OF PRE-EMPTIVE RIGHTS**

The pre-emptive right is not withdrawn by the Company.

#### **4.3.5.MATERIAL DISPARITY**

There is no potential material disparity between the Issue Price and the price paid by members of the Board of Directors, Supervisory Board, senior management or affiliates for the Company's Shares in the last year or the price at which such persons may acquire the Shares.

### **4.4. PLACING AND UNDERWRITING**

#### **4.4.1.COORDINATOR**

The Offer Shares are sold in the Second Phase using the START System. No placement coordinator or placement agent has been appointed to place the Offer Shares.

#### **4.4.2.PAYING AND DEPOSITORY AGENTS**

No paying agent or depository agent has been appointed in connection with the issue of the Offer Shares.

#### **4.4.3.AGREEMENTS WITH THIRD PARTIES ON UNDERWRITING**

There are no agreements between the Company and any third party to underwrite the issue of the Offer Shares or any part thereof without a firm commitment or on a firm commitment basis.

#### **4.4.4.CONCLUSION OF THE SUBSCRIPTION AGREEMENT**

The relationship between the investors in Offer Shares (subscribers), the members of the Prague Stock Exchange and the Company in subscribing for the Offer Shares is a contract within the meaning of established case law.

The successful subscriber is entered into the list of subscribers and becomes obliged to pay the respective purchase price. The Company, in cooperation with the participants in the START System, will ensure that the Offer Shares subscribed for and sold in the Second Phase will be credited to the account of each investor upon payment of the Issue Price no earlier than the third (3<sup>rd</sup>) business day following the Subscription Closing.

## **5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **5.1. APPLICATION FOR ADMISSION TO TRADING**

In relation to the Offer Shares, an application has been made for admission to trading on the START Market.

The date of admission of the Offer Shares for trading is expected to be the business day on which the Offer Shares are issued and credited to the accounts of individual investors or a day around this date.

The expected date of admission of the Shares to trading on the START Market is 27 June 2023.

### **5.2. TRADING ON OTHER MARKETS**

As of the date of this Prospectus, the Shares have not been admitted to trading on any regulated market, multilateral trading facility or other equivalent market or market for the growth of small and medium-sized enterprises (SME Growth Market) other than the START Market and the RM-System.

The Company is not aware of any regulated market, multilateral trading facility or other equivalent market on which, as of the date of this Prospectus, the Shares have been admitted to trading without the consent of the Company.

No securities of the Company of the same class as the Shares will be subscribed for or privately placed in connection with the Offering and the application for admission of the Offer Shares of the Company to the START Market.

### **5.3. INTERMEDIARIES IN SECONDARY TRADING**

No person is acting as an intermediary in secondary trading of the Shares providing liquidity through bid and offer rates for the Shares or has undertaken to engage in such activity in relation to the Offer Shares.

### **5.4. STABILIZATION**

The Company is not taking advantage of the opportunity to stabilize the price of the Shares on the START Market, does not plan to do so with respect to the Offer Shares, and has no information that any action will be taken to stabilize the price of the Shares or the Offer Shares following the admission of the Offer Shares to the START Market.

### **5.5. OVER-ALLOTMENT AND 'GREEN SHOE'**

Neither over-allotment facility nor *green shoe* are applicable.

## **6. SELLING SECURITIES HOLDERS**

### **6.1. INFORMATION ABOUT THE SHAREHOLDER**

None of the Offer Shares are being offered to the public as part of a transfer from existing shareholders of the Company.

## **7. EXPENSE OF THE OFFER/ISSUE**

The Company expects the total costs related to the admission of the Offer Shares to the START Market and the Offering (fees of the Central Depository, the Prague Stock Exchange, the Czech National Bank, the analyst company, the notary, the Company's financial and legal advisor) to range from CZK 12,500,000 to CZK 15,000,000 (including VAT where applicable), assuming subscription of 500,000 Offer Shares at a price per Offer Share between CZK 450 and CZK 550.

The expected net proceeds of the Offering from the subscription of the Offer Shares will be based on the issue price of the Offer Shares achieved. The Company estimates the gross proceeds of the Offering to be between CZK 225,000,000 and CZK 275,000,000 and net proceeds between CZK 212,500,000 and CZK 260,000,000 (assuming subscription of 500,000 Offer Shares at a price per Offer Share between CZK 450 and CZK 550).

## 8. DILUTION

### 8.1. COMPARISON

Assuming the completion of the Offering in the amount of 500,000 Offer Shares, the shareholding of each of the existing shareholders, in the event that none of them subscribes for any Offer Shares, in the Company will decrease as follows:

<i>Shareholder</i>	<i>Number of shares prior to the Offering</i>	<i>Number of shares after the Offering</i>	<i>Share of voting rights prior to the Offering</i>	<i>Share of voting rights after the Offering</i>
Ing. Petr Kasa	434,881	434,881	17.25%	14.40%
Martin Kasa	442,309	442,309	17.55%	14.64%
Ing. Marek Krajčovič	308,527	308,527	12.24%	10.21%
ALL-STAR HOLDING LIMITED	470,000	470,000	18.64%	15.56%
Other existing minority shareholders	865,217	865,217	34.32%	28.64%
Total existing shareholders	2,520,934	2,520,934	100.00%	83.45%

In this case, the new shareholders of the Company would acquire a stake of 16.55%.

The net asset value per Share as of the date of the last balance sheet prior to the Offering, i.e., as of 31 December 2022, was CZK 240 and the offer price per Offer Share is set between CZK 450 and CZK 550.

## 9. TAX NOTICE

### 9.1. GENERAL INFORMATION

Prospective subscribers of the Offer Shares are advised to consult their own legal and tax advisers as to the tax implications of the subscription, purchase, sale and holding of the Shares and the receipt of payments in the form of dividends on such Shares under the tax laws and regulations applicable in the Czech Republic and in the countries of which they are residents or tax residents, as well as in countries where the proceeds from the holding and sale of the Shares may be taxed.

The following brief summary of the taxation of the Shares and dividends arising therefrom in the Czech Republic is based primarily on Act No. 586/1992 Sb. (Collection of Laws), on Income Tax, as amended, and related legislation in force as of the date of this summary, as well as on the usual interpretation of these laws and other regulations applied by Czech administrative authorities and other state authorities as of the date of this summary. All information set out below is subject to change depending on changes in the relevant legislation that may occur after that date or in the interpretation of that legislation that may be applied after that date. This summary does not address any specific effects of particular double tax treaties that may be applicable to certain subscribers or purchasers of Shares or recipients of dividends (e.g., permanent establishments of Czech tax non-residents in the Czech Republic or the so-called tax transparent entities). The information set out below does not purport to be an exhaustive description of the potential tax consequences associated with a decision to buy, hold or sell the Shares.

In the event of a change in the relevant legislation or interpretations thereof in relation to the taxation of the Shares from the tax treatment set out below, the Company will follow such new treatment. If the Company is required by a change in applicable laws or regulations or interpretation of applicable laws and regulations to withhold or deduct dividend income tax, the Company will not be obliged to pay any additional amounts to the holders of Shares in respect of such withholding or deduction as compensation for the withholding or deduction so made.

The following summary does not include the tax implications related to the holding or sale of Shares for investors who are subject to a special tax treatment in the Czech Republic (e.g., investment, mutual or pension funds).

### 9.2. DIVIDENDS

Income in the form of a share in the profits of a joint stock company or, in other words, income in the form of dividends paid to an individual who is a Czech tax resident is generally subject to a 15% withholding tax levied at source (i.e., when the dividend is paid by the joint stock company that pays the dividend). If the recipient of the dividend is an individual who is a Czech tax non-resident<sup>47</sup> (and at the same time does not receive dividends from shares that are part of the assets of their permanent establishment in the Czech Republic), the dividend payment is generally subject to a 15% withholding tax under Czech tax regulations, unless the relevant double tax treaty provides otherwise (or a lower

---

<sup>47</sup> In such cases, it is assumed that the Czech Republic has a valid and effective double taxation treaty with the state/jurisdiction of the dividend recipient and the relevant dividend recipient qualifies as a tax resident of the relevant state/jurisdiction for the purposes of the relevant double taxation treaty.



rate). If the recipient of the dividend is an individual who is a tax resident of a third country/jurisdiction (i.e., outside the EU and EEA) with which the Czech Republic does not have a valid and effective international treaty<sup>48</sup> (and at the same time does not receive dividends from shares that are part of the assets of their permanent establishment, if any, in the Czech Republic), the dividend payment is subject to a 35% withholding tax under Czech tax regulations. The application of any of the above withholding tax alternatives constitutes the final taxation of the dividend in the Czech Republic. The base for calculating the withholding tax is not reduced by the non-taxable part of the tax base or by tax rebates. The base for calculating the withholding tax is rounded down to the nearest heller and the total amount of tax withheld by the payer is rounded down to the nearest CZK for each recipient.

A dividend paid to a legal entity that is a Czech tax resident is generally subject to a 15% withholding tax levied at source (i.e., when the dividend is paid by the joint stock company that pays the dividend). If the recipient of the dividend is a legal entity that is a Czech tax non-resident (and at the same time does not receive dividends from shares that are part of the assets of their permanent establishment, if any, in the Czech Republic), the dividend payment is generally subject to a 15% withholding tax under Czech tax regulations, unless the relevant double tax treaty provides otherwise (or a lower rate). If the recipient of the dividend is a legal entity that is a tax resident of a third country/jurisdiction (i.e., outside the EU and EEA) with which the Czech Republic does not have a valid and effective international treaty (and at the same time does not receive dividends from shares that are part of the assets of their permanent establishment, if any, in the Czech Republic), the dividend payment is subject to a 35% withholding tax under Czech tax regulations. The application of any of the above withholding tax alternatives constitutes the final taxation of the dividend in the Czech Republic. The base for calculating the withholding tax is rounded down to the nearest heller and the total amount of tax withheld by the payer is rounded down to the nearest CZK for each recipient.

The Czech Income Tax Act (implementing, inter alia, the Directive on the common system of taxation of parent and subsidiary companies from different EU Member States) may completely exclude (or exempt) the taxation of dividends paid to another legal entity if the conditions for the application of the dividend exemption from income tax set out in the Czech Income Tax Act or this Directive are met.<sup>49</sup> The income tax exemption applies to specified legal entities that are Czech tax residents or tax residents of another EU Member State. The income tax exemption may also apply to specified legal entities that are tax residents of the Swiss Confederation, Norway, Iceland or Liechtenstein.

The above summary assumes that the recipient of the dividend is the beneficial owner of the dividend. As mentioned above, a double tax treaty between the Czech Republic and the state/jurisdiction of which the recipient of the dividend is a tax resident may also exclude taxation of the dividend in the Czech Republic or reduce the withholding tax rate. Entitlement to the tax treatment provided for by the relevant double tax treaty may be conditional on proof of facts demonstrating that the relevant double tax treaty actually

---

<sup>48</sup> An international treaty for the avoidance of double taxation or an international agreement on the exchange of information in tax matters for income taxes, including a multilateral international treaty.

<sup>49</sup> E.g. holding at least 10% of the share capital of a public limited company for at least 12 consecutive months (can be fulfilled retrospectively); a joint stock company that pays dividends is not in liquidation.

applies to the recipient of the dividend.<sup>50</sup> The corporation paying the dividend generally assumes responsibility for withholding and remitting tax at source, if such withholding and remittance is relevant.

### 9.3. PROFITS OR LOSSES ON SALES

Profits on the sale of shares realised by an individual who is a Czech tax resident are not subject to withholding tax and are generally included in the general tax base, where they are subject to personal income tax at a progressive rate of 15% or 23%, or 15% for the part of the total tax base up to 48 times the average wage, or 23% for the part of the total tax base over 48 times the average wage.<sup>51</sup> Profits on the sale of shares realised by an individual who is tax resident of another state/jurisdiction (and at the same time these profits are not realised in the Czech Republic from shares that are part of the assets of their permanent establishment, if any) are not subject to withholding tax and are generally included in the general tax base, where they are subject to personal income tax at a rate of 15% for the part of the total tax base up to 48 times the average wage, or 23% for the part of the total tax base over 48 times the average wage, unless the relevant double tax treaty provides otherwise. If the profits on the sale of the shares are realized in the course of business (i.e., are part of the business assets) of the individual selling the shares, the profits on the sale of the shares are subject to pension and health insurance and, if applicable, solidarity tax increase.

Profits on the sale of shares not included in business assets are generally exempt from personal income tax for individuals if a period of at least 3 years elapses between their acquisition and sale. Furthermore, income from the sale of shares not included in business assets is exempt from income tax if the total amount of the proceeds from the sale of securities in the relevant year did not exceed CZK 100 thousand.

Profits on the sale of shares by a legal entity that is a Czech tax resident are not subject to withholding tax and are generally included in the general corporate income tax base at a rate of (usually) 19%. Profits on the sale of shares realised by a legal entity that is tax resident of another state/jurisdiction (and at the same time these profits are not realised in the Czech Republic from shares that are part of the assets of their permanent establishment, if any) are not subject to withholding tax and are generally included in the general corporate income tax base at a rate of (usually) 19%, unless the relevant double tax treaty provides otherwise.

The Czech Income Tax Act may completely exclude (or exempt) the taxation of profits on the sale of shares if the conditions for applying the exemption of this income from income tax provided for in the Czech Income Tax Act are met.<sup>52</sup> The exemption from income tax applies to sellers, specified legal entities that are Czech tax residents or tax residents of

---

<sup>50</sup> For example, a certificate of tax residency of the dividend recipient and a declaration of beneficial ownership of the income by the dividend recipient.

<sup>51</sup> Average wage for 2023 amounts to CZK 40,324, tax base over 48 times the average wage is therefore CZK 1,935,552. 23% tax rate hence applies to tax base exceeding the amount of CZK 1,935,552.

<sup>52</sup> For example, the relationship between a legal entity and the joint stock company whose shares are the subject of the sale fulfils the relationship of parent and subsidiary for the purposes of the Czech Income Tax Act; holding at least 10% of the share capital of the joint stock company for at least 12 consecutive months; the joint stock company whose shares are sold is not in liquidation.

another EU Member State. Exemption from income tax may also apply to specified legal entities that are tax residents of Norway, Iceland or Liechtenstein. If the income from the sale of shares is exempt from corporate income tax, the purchase price of the shares sold cannot be claimed as tax deductible expense.

In the event of a sale of the Shares by an owner who is a tax resident of a state/jurisdiction other than an EU or EEA Member State to a specified purchaser,<sup>53</sup> the purchaser is generally required to withhold on payment of the purchase price of the shares an amount securing income tax at the rate of 1% of the gross income. In such case, the seller is required to file an income tax return in the Czech Republic, with the withheld amount securing the tax being added to their total tax liability. The amount securing the tax is rounded up to the nearest CZK.

The above summary assumes that the recipient of the proceeds from the sale of the shares is the beneficial owner of the shares. As noted above, a double tax treaty between the Czech Republic and the state/jurisdiction of which the selling owner of the shares is a tax resident may exclude taxation of the profit on the sale of Shares in the Czech Republic, including the amount securing the tax. Entitlement to the tax treatment provided for by the relevant double tax treaty may be conditional on proof of facts demonstrating that the relevant double tax treaty actually applies to the recipient of the payment.<sup>54</sup>

---

<sup>53</sup> For example, a buyer who is a Czech tax resident or a buyer who is not a Czech tax resident and at the same time conducts business in the Czech Republic through its permanent establishment.

<sup>54</sup> For example, a certificate of tax residency of the dividend recipient and a declaration of beneficial ownership of the income by the dividend recipient.

## ATTACHMENTS

### LIST OF DEFINITIONS

**Act on Health Professions** means the Czech Act No. 95/2004 Sb. (Collection of Laws), on the Requirements for Acquisition of Recognition of Professional Competence to Practise the Profession of a Physician, Dentist and Pharmacist, as amended.

**Act on Pharmaceuticals** means the Czech Act No. 378/2007 Sb. (Collection of Laws), on pharmaceuticals, as amended.

**Admission** means an admission of the Offer Shares to trading on the START Market.

**Auditor** means an auditor of the Company and the Consolidated Group that is PricewaterhouseCoopers Audit, s.r.o., Identification No. (IČ) 407 65 521, having its registered office at Hvězdova 1734/2c, Nusle, 140 00 Praha 4, Czech Republic, registered in the Business Register maintained by the Municipal Court in Prague, Section C, File 3637.

**Business Corporations Act** means the Czech Act no. 90/2012 Sb. (Collection of Laws), on Commercial Companies and Business Cooperatives, as amended.

**Central Depository** means Centrální depozitář cenných papírů, a.s., having its registered office at Rybná 682/14, 110 00 Prague 1, Czech Republic, Identification No. 250 81 489, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 4308.

**Civil Code** means the Czech Act no. 89/2012 Sb. (Collection of Laws), Civil Code, as amended.

**CNB** means Česká národní banka.

**Company** means Pilulka Lékárny a.s., having its registered seat at Českomoravská 2408/1a, Libeň, 190 00 Prague 9, Czech Republic, Identification No. (IČ) 036 15 278, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 20249.

**Consolidated Group** means the Company and its subsidiaries for which the consolidated financial statements are prepared.

**First Phase** means the first phase of the Offering when the pre-emptive right of the Company's shareholders might be exercised.

**Group** means the Company and its subsidiaries.

**Health Services Act** means the Czech Act No. 327/2011 Sb. (Collection of Laws), on health services, and the relevant implementing regulations, as amended.

**Issue Price** means the final purchase price of the Offer Shares.

**Last Day of Subscription 1** means the last day of the First Phase.

**Notice** means a notice on the exercise of the pre-emptive right.

**Offer Period** means a period during which investors may submit subscription orders for the Offer Shares.

**Offer Price** means a price per Offer Share.

**Offer Shares** mean registered ordinary shares newly issued by the Company in book-entry form with a nominal value of CZK 1.00 each, ISIN: CZ0009009874.

**Offering** means a public offering of the Offer Shares.

**Prague Stock Exchange** or **PSE** means Burza cenných papírů Praha a.s., having its registered office at Rybná 14/682, 110 00 Prague 1, Czech Republic, Identification No. 471 15 629, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 1773.

**Prospectus** means this prospectus for equity securities of the Company.

**Prospectus Regulation** means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, including any relevant delegated regulations.

**RM-System** means a multilateral trading facility operated by RM-SYSTÉM, česká burza cenných papírů a.s., having its registered office at Prague 1 - Nové Město, V Celnici 1028/10, PSČ 11721, Czech Republic, Identification No. 471 16 404, registered in the Business Register maintained by the Municipal Court in Prague, Section B, File 1867.

**Second Phase** means the second phase of the Offering.

**Shares** mean 2,520,934 registered ordinary shares of the Company with a nominal value of CZK 1.00 each, ISIN: CZ0009009874.

**START Market** means a multilateral trading facility *Trh START* operated by the Prague Stock Exchange.

**START System** means *START – Veřejná nabídka* (START – public offer) electronic system.

**Subscription Closing** means the last day of the Second Phase.

**Summary** means an introduction to the Prospectus.

**Trade Licensing Act** means the Czech Act No. 455/1991 Sb. (Collection of Laws), on trade licensing, as amended.