

Annex on Short-Selling

First name and surname/company name:
Address of permanent residence/registered office
Street and house number:
City and Post code:
Birth no./company reg. no.:

1. SUBJECT OF PRODUCT ANNEX

- 1.1 **Basic definition.** In this annex on short-selling (hereinafter "**Annex on Short-Selling**"), the Parties arrange the general mutual rights and obligations associated with lending of the below book-entry securities (hereinafter "**Securities**") by Patria to the Client in the form of a loan according to Section 2390 et seq. of the Civil Code (hereinafter "**Loan**") for the purpose of further sale of the Securities by the Client. Subsequently the Client shall purchase these Securities (hereinafter "**Loaned Securities**") and by the stipulated deadline return them to Patria. Patria shall participate in the sale and purchase of these Securities by brokering their sale on the basis of the Client's Order.
- 1.2 **Execution of the Order.** In order to rule out any doubts it is stated that the Annex on Short-Selling does not constitute an obligation for Patria to provide the Loan, even if the conditions under Article 2.3 of the Annex on Short-Selling are met, but merely an authorisation for Patria to do so. The proposal for conclusion of an agreement on a Loan is represented by an Order according to Article 2.2 of the Annex on Short-Selling. The Loan is concluded with acceptance of the Order by Patria and its execution.
- 1.3 **Rules of interpretation.** The Annex on Short-Selling forms an integral part of the Agreement. Capitalised terms used in the Annex on Short-Selling shall have the meaning stated in the Agreement, Business Terms and Conditions or in the agreement on financial collateral concluded between Patria and the Client (hereinafter the "**Collateral Agreement**"), unless defined otherwise in the Annex on Short-Selling. In the case of any discrepancies in interpretation, the Annex on Short-Selling shall have precedence over the Agreement, Business Terms and Conditions and Collateral Agreement.
- 1.4 **Articles' Titles.** In case Annex on Short-Selling states the title of an Article at the beginning of the Article (e.g. in this Article "Articles' Titles"), these titles serves solely for better orientation in the Annex on Short-Selling, not for the interpretation of individual Articles.
- 1.5 **Replacement of Annex on Short-Selling.** With the conclusion of this Annex on Short-Selling, the existing Annex on Short-Selling concluded between the Parties is canceled and replaced by this Annex on Short-Selling. The existing Loans negotiated and continuing under the replaced Annex on Short-Selling will be governed by the terms of this Annex on Short-Selling.

2. PROVISION OF A LOAN AND SALE OF SECURITIES

- 2.1 **Interest in Loan.** The Client shall first communicate to Patria its interest in selling Securities that it does not own at the time, as well as its interest in borrowing them. The Client primarily chooses Securities for loan that are listed in the list of Securities for margin trading available on the Website. The Client is nevertheless entitled to ask to borrow other Securities as well.
- 2.2 **Submission of the Order.** The Client then requests provision of a Loan and sale of the Loaned Securities with a single Order, which may only be submitted by telephone unless it agrees with Patria on a different method of submitting orders. The Order becomes an integral part of the Annex on Short-Selling.
- 2.3 **Acceptance of the Order.** Patria may accept an Order to lend out the Securities listed in the Order particularly if:
- it currently has these Securities in its possession or has another relationship to them that allows it to conclude the Loan with the Client. This fact is not confirmed by the Securities being included on the list of Securities for margin trading available on the Website;
 - the Client has concluded a Collateral Agreement with Patria and this Collateral Agreement is still in effect at the time the Order is made and no notice period is in effect;
 - all due and not yet due Debts are sufficiently secured according to the Collateral Agreement;
 - the Client has sufficient Collateral to secure the Loan in connection with the Order as laid down in the List of Tariffs (hereinafter "**Initial Collateral Value**"), unless it agrees with Patria otherwise. Should the Client issue an Order for a Loan of further Securities and the previous Securities have not yet been returned, the Collateral must reach at least the Initial Collateral Value in relation to the current value of the Loaned Securities ; and
 - the credit exposure of the Client, i.e. the sum of all due and not yet due Client Debts, does not exceed the limit laid down unilaterally by Patria.
- 2.4 **Execution of the Order.** By accepting the Order as per Article 2.3, Patria undertakes to execute the order for the Loaned Securities on the relevant market. In confirming execution of the Order, Patria shall also list the number of Loaned Securities.
- 2.5 **Return period.** Unless the Parties agree otherwise during submission of the Order for a Loan or by telephone later, at the latest before the Loan matures, the Client shall be obliged to return the Loaned Securities by the seventh calendar day following settlement of the Order; this shall not affect Patria's right to request they be returned earlier. Returning of the Loaned Securities is done through an Order for purchase of Loaned Securities in favour of Patria, unless Parties agreed otherwise. Should the Client be overdue in their obligation to return the Loaned Securities at the deadline as per the first sentence, the Loan is automatically extended for a further seven days, which applies recurrently.
- 2.6 **Settlement Account.** For the purposes of settling the Loan, i.e. transferring the Loaned Securities and cash, Patria shall use the Client's Brokerage Account exclusively.
- 2.7 **List of Securities for short-selling.** Patria is entitled to unilaterally amend the list of Securities for margin trading published on the Website.

3. RIGHTS AND OBLIGATIONS FOR DURATION OF LOAN

- 3.1 **Returning of the Loaned Securities.** The Client is obliged to return the Loaned Securities by the deadline agreed with Patria, or at Patria's request, even in the case the agreed deadline for their return has not been reached. Section 2393 of the Civil Code shall not apply. Maturity of the loan shall also occur at the moment insolvency or distraint proceedings in relation to the Client are commenced, if Patria becomes aware of such proceedings. Should the Client be unable to return the Loaned Securities, it shall be obliged to pay Patria the costs for purchasing the Loaned Securities at the time of the Loan's maturity, including any costs associated therewith. If it is not possible to purchase the given Securities, the Client shall pay their last known market value during the time of the Loan, including all costs Patria would incur for purchasing them. This paragraph shall not affect any rights of Patria to satisfy receivables according to the Collateral Agreement. In the case of earlier return, the interest pursuant to the following paragraph shall be calculated for the duration of the Loan.
- 3.2 **Interest rate.** The Client shall be obliged to pay interest in the amount laid down in the List of tariffs or in another amount agreed on by the Parties. Interest is calculated based on the market value of the Securities that are the subject of the Loan at the time the Loan is negotiated, unless the Parties negotiate calculation based on another value by telephone.
- 3.3 **Maturity of interest.** Interest is always payable at the end of the relevant month. Should the Loan become due, the accrued interest shall also become due at the same moment.
- 3.4 **Payment of interest.** Payment of interest takes place by offsetting receivables (even those not due) of Patria to the Client for pay-out of cash, which results in a debit from the balance of the Standard Account. If the Client does not have sufficient funds in its Standard Account, it shall be obliged to replenish these funds. This shall not affect the obligations pursuant to the Collateral Agreement.
- 3.5 **Beneficiary.** If, during the duration of the Loan, there is payment of any proceeds (e.g. dividends), rights or other benefits arising from ownership of the Loaned Securities, the Client shall be obliged to provide to Patria any such proceeds, benefits or rights that would belong to Patria if not for the Loan. Should the proceeds, benefits or rights be of a nature that does not allow the Client to transfer them, the Client shall be obliged to indemnify Patria in an amount corresponding to such proceeds, right or other benefits.
- 3.6 **Determining the value for the purposes of the Loan.** If it is not possible to determine the market value of the Loaned Securities, the nominal value of the Loaned Securities shall be used, and if it cannot be determined, a value unilaterally determined by Patria shall be used.

INFORMATION ON RISKS: Short-selling is a high-risk investment trade with a leverage effect. The Client deposits only a part of the value of the underlying asset but incurs significantly greater risk. In light of the risk, it is necessary to consider judiciously whether short-selling is reasonable with regard to the Client's experience, objectives, financial resources, the regulatory framework and other relevant circumstances.

Within the context of managing their own risk, securities traders seek to avoid the rise of additional receivables against Clients by establishing another two critical thresholds for securing credit in addition to the initial margin. When the first critical threshold has been broken (Minimum Collateral Value), the trader informs the Client through an internet application or by phone and calls on them to deposit further funds so that the percentage of collateral once again reaches the level set for the initial margin – (Initial Collateral Value). When the second critical threshold has been broken (stop-

loss - the Closing Collateral Value), the trader is entitled to settle all positions of the Client speculating on loss without any Client order ("stop-loss"), regardless of any potential promise to replenish funds it has agreed on with the Client ahead of time. During the very rapid movement of stock prices, the time between the first and second critical thresholds being broken may be so short that a securities trader closes the client's positions without asking for collateral to be replenished, and in extreme cases a position may be closed for a price at which the client incurs additional obligations to the trader.

In Prague on _____

In _____ on _____

on behalf of Patria Finance, a.s.
on the basis of power of attorney

Client signature