Annex on Margin Trading

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 In this annex on margin trading (hereinafter "**Annex on Margin Trading**"), the Parties arrange the general mutual rights and obligations associated with the provision of funds by Patria to the Client through credit pursuant to Section 2395 et seq. of the Civil Code (hereinafter "**Credit**") in order to purchase book-entry securities listed on the current list of book-entry securities on the Website or otherwise agreed on by telephone while submitting an Order (hereinafter "**Securities**").

1.2 The Annex on Margin Trading does not constitute an obligation for Patria to provide Credit to the Client, even if the conditions under Article II (3) of the Annex on Margin Trading are met. The proposal for conclusion of an agreement on Credit is represented by an Order submitted by the Client to Patria according to Article II (2) of the Annex on Margin Trading. Any agreement on Credit is concluded with Patria's acceptance of the Order.

1.3 The Annex on Margin Trading forms an integral part of the Agreement. Capitalised terms used in the Annex on Margin Trading 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 Margin Trading. In the case of any discrepancies in interpretation, the Annex on Margin Trading shall have precedence over the Agreement, Business Terms and Conditions and the Collateral Agreement in relation to the Credit.

2. PROVISION OF CREDIT

2.1 Patria shall establish a special Brokerage Account (hereinafter "**Credit Account**") for the Client for the purposes of registering (i) funds provided through Credit and (ii) Securities purchased on Credit.

2.2 The client requests provision of Credit through an Order to purchase Securities on Credit. Aside from other requirements for the Order submitted to Patria arising from the Agreement and the Business Terms and Conditions, such an Order must contain an explicit declaration of the Client on the maximum acquisition price of the Securities and the amount that is to be provided by Patria through the Credit. Should the Client state an amount that is higher than is needed to purchase such Securities, the Credit shall be provided only in the amount that the funds in the Credit Account are short to buy these Securities. The Order becomes an integral part of the Annex on Margin Trading.

2.3 Patria may accept an Order to purchase the Securities listed in the Order if:

a) the Client has concluded a Collateral Agreement with Patria and this Collateral Agreement is in effect at the time the Order is made;

b) all due and not yet due Debts are sufficiently secured according to the Collateral Agreement;

c) the Client has Cash Collateral or Asset Collateral in the Credit Account in such volume that the ratio of the purchase price for the Securities acquired on Credit on the basis of the Order to the overall value of Collateral in the Credit Account after the Order has been executed will be equal to or higher than the Initial Collateral Value, unless Patria permits the Client a lower value of Collateral, even by phone. If the Client submits an Order to purchase further Securities on Credit and the prior Credit has not yet been paid back, the total value of Collateral in the Credit Account must total at least the Initial Collateral Value in relation to the total amount of Credit;

d) the sum of all due and not yet due Debts of the Client to Patria does not exceed the limit for credit exposure set unilaterally by Patria in relation to this Client;

e) the Client has confirmed that (i) it is familiar with this product annex, including the risks associated with margin trading and (ii) it understands this product annex and accepts these risks; and

f) the Client has requested that Patria activate the service of providing Credit.

2.4 Drawing of the Credit takes place with execution of the Order by Patria. In the confirmation of execution of the Order, Patria will state through the Business Application the amount of Credit drawn based on the Order and the total amount of all Credit corresponding to the negative balance in the cash component of the Credit Account.

3. RIGHTS AND OBLIGATIONS FOR DURATION OF CREDIT

3.1 The Client is obliged to return the funds from the provided Credit and pay interest on the provided Credit in the amount laid down in the List of Tariffs.

3.2 The Client is entitled to pay off the Credit or part thereof at any time.

3.3 Patria is entitled to demand the Credit or part thereof be paid back at any time, including accessories thereto. The Credit shall become payable at the moment insolvency proceedings in relation to the Client are commenced.

3.4 Interest is always payable at the end of the relevant calendar month. Should the Credit become due, the accrued interest shall also become due at the same moment. Interest due increases the negative balance in the cash component of the Credit Account.

3.5 Repayment of Credit takes place by transferring funds to the Credit Account.

3.6 The Credit shall be paid off at the moment the negative balance in the cash component of the Credit Account is settled.

3.7 Patria is entitled to unilaterally amend the list of Securities that can be traded using Credit.

INFORMATION ON RISKS: Trades concluded using credit (margin trades) are high-risk investment trades with a leverage effect. The Client deposits only a certain fraction of the value of the underlying asset, but incurs risk corresponding to the whole value of the underlying asset. In light of the risk it is necessary to consider judiciously whether margin trading is reasonable with regard to the Client’s experience, objectives, financial resources, the regulatory framework and other relevant circumstances.

During this type of trade, the Client might purchase for example 10 000 shares traded on the Prague Stock Exchange. The Client deposits 40% of the purchase price for the shares in question (initial margin) to secure the credit. With 40% collateral deposited, movement in share price of 5% means the Client gains or loses 12.5% of the deposited amount. If the share price drops by 40%, the Client loses the whole amount deposited and with further decline the Client incurs additional commitments exceeding the originally deposited amount.

Example: The Client wants to buy 10 000 shares at a price of CZK 100 per share. The total volume of such a trade is CZK 1 000 000. In order for the Client, who has only CZK 400 000, to purchase this amount of shares, they must borrow funds for the rest of the purchase price. The Client thus uses their CZK 400 000 as the initial 40% margin (Initial Collateral Value) and a securities trader lends them the remaining CZK 600 000. For providing the credit of CZK 600 000 the Client is liable with all the purchased securities at a total value of CZK 1 000 000. The ratio of the Client’s own assets to the total investment value is 1 to 2.5. The Client is thus running the risk of two-and-a-half-times financial leverage. Their profit or loss expressed in % of the invested amount is two and a half times higher than the percentage rise or fall in the share price. For example if the share price falls 10%, the value of all purchased shares falls from CZK 1 000 000 to CZK 900 000 and the Client incurs a loss of CZK 100 000, which corresponds to a loss of 25%. The example is abstracted from the costs for financing a purchase on credit, which include primarily the interest on the amount of credit provided.

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 phones the Client and calls on them to deposit further funds ("margin-call") so that the percentage of the collateral once again reaches the level set for the initial margin – (Initial Collateral Value). When the second critical threshold has been broken (the Closing Collateral Value), the trader is entitled to sell all shares the Client purchased on credit 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 a very rapid fall in stock prices, the time between the first and second critical thresholds being broken may be so short that a securities trader sells the Client’s shares without asking for collateral to be replenished.

In Prague on ____________________

In ____________________ on ____________________

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

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Client signature

PATRIA FINANCE