

COLT CZGROUP

NOTICE OF CONVENING A NOTEHOLDERS' MEETING WITH RESPECT TO NOTES ISSUED BY COLT CZ GROUP SE

(Notice)

1. ISSUER

Colt CZ Group SE, with its registered office at náměstí Republiky 2090/3a, Nové Město, 110 00 Prague 1, Identification Number: 291 51 961, registered in the Commercial Register maintained by the Municipal Court in Prague, File Number: H 962 (the **Issuer**).

Unless otherwise defined in this Notice, capitalised terms have the same meaning as in the Terms and Conditions (as defined below).

2. NOTES

The Issuer issued notes under Czech law bearing floating interest rate, due in 2030 title: COLTCZ VAR/30, ISIN: CZ0003550295 (the **Notes**), pursuant to the terms and conditions included in the prospectus dated 4 May 2023, which was approved by the Czech National Bank in its decision ref. no. 2023/055200/CNB/570, file no. S-Sp-2023/00019/CNB/572 dated 9 May 2023, which became final and effective on 11 May 2023, and which is available on the Issuer's website <https://www.coltczgroup.com/en/investors-dluhopisy/> (the **Terms and Conditions**).

Title of the Notes:	COLTCZ VAR/30
Issue Date:	18 May 2023
Maturity Date:	18 May 2030
Nominal amount of one Note:	CZK 3,000,000
ISIN:	CZ0003550295
Date and time of the Meeting:	27 June 2025 at 10:45
Meeting Attendance Record Date:	20 June 2025

3. TIME AND PLACE OF THE NOTEHOLDERS' MEETING

The Issuer hereby convenes, in accordance with Act No. 190/2004 Coll., on Bonds, as amended (the **Bonds Act**) and the Terms and Conditions, a noteholders' meeting (the **Meeting**) to be held on **27 June 2025 at 10:45** at the offices of Allen Overy Shearman Sterling (Czech Republic) LLP, organizační složka, at Karolinská 707/7, 7th floor, Karlín, 186 00 Prague 8, Czech Republic.

4. REASONS FOR HOLDING THE MEETING

The Issuer convenes the Meeting for the purpose of vote on the Issuer's proposal for amendments to Condition 6.3.1 (*Early Redemption upon Change of Control*) of the Terms and Conditions, as set out in detail below (the **Amendment**).

5. AGENDA OF THE MEETING

- (1) Opening of the Meeting and verification of attendance;
- (2) Presentation and explanation of the reasons for convening the Meeting and explanation of the proposed resolution;
- (3) Vote to approve the Amendment;
- (4) Conclusion of the Meeting.

6. PROPOSED RESOLUTION WITH RESPECT TO ITEM 3 OF THE AGENDA

Proposed resolution with respect to item 3 of the agenda of the Meeting:

„The Meeting approves the amendment to the Terms and Conditions of the Notes, by which Condition 6.3.1 (Early Redemption upon Change of Control) shall be replaced by the following:

6.3.1 Early Redemption upon Change of Control

*If a Change of Control occurs, the Issuer shall notify the Fiscal and Paying Agent, as well as the Noteholders, of this fact, and shall do so promptly and in any case no later than within 3 (three) Business Days from learning of the fact, following the procedure set out in Condition 14 of these Terms and Conditions (the **Issuer's Notice of an Early Redemption Event**). In the Issuer's Notice of an Early Redemption Event, the Issuer shall outline in broad terms the reasons that led to the Change of Control, and set out the procedure to be followed if one wishes to make a request for early redemption of the Notes.*

*A **Change of Control** is deemed to occur if Mr. René Holeček, born July 28, 1966, ceases to, whether directly or indirectly,*

- (a) own more than 30% share in the Issuer;*
- (b) own a share in the Issuer that exceeds the share of any other shareholder and is greater than the combined shares of any two or more shareholders acting in concert;*
- (c) hold voting rights in the supreme body of the Issuer surpassing the voting rights of any other shareholder and those of any two or more shareholders acting in concert; or*
- (d) Control the Issuer.*

Control means the power to directly or indirectly (i) exercise decisive influence in the person within the meaning of the Act No. 90/2012 Coll., on Business Corporations, as amended, (ii) direct the person's affairs or (iii) control the composition of majority of the person's statutory bodies, supervisory bodies or equivalent bodies.”

The proposed amendments to the Terms and Conditions are reflected in the new version of the Terms and Conditions with highlighted amendments to the relevant provisions of the Terms and Conditions, which are attached as Schedule 2 to this Notice. In addition to the above-proposed amendments, this new version of the Terms and Conditions also reflects the new registered office of the Issuer. These additional amendments do not require the consent of the Noteholders as they are of formal nature only and thus fall within Section 10(2)(a) of the Bonds Act.

Justification of the proposed resolution

The Issuer is proposing an amendment to the definition of "Change of Control" as outlined in Condition 6.3.1 of the Terms and Conditions. This amendment is designed to provide the Issuer with greater strategic flexibility for future growth while continuing to protect the interests of the Noteholders.

Under the existing Terms and Conditions, a "Change of Control" is deemed to occur if Mr. René Holeček ceases to be the direct or indirect owner of at least 51 % of the Issuer's shares, or otherwise loses the ability to influence the Issuer's management and strategy through voting rights or contractual arrangements. While this requirement provided a clear benchmark at the time of issuance, it now imposes significant limitations on the Issuer's ability to pursue its strategic objectives.

The proposed 30% threshold, combined with the requirements for Mr. Holeček to remain the significant shareholder and maintain control, creates a robust framework that protects against unwanted changes in ownership structure while allowing for strategic growth initiatives.

7. MEETING ATTENDANCE RECORD DATE AND OTHER IMPORTANT INFORMATION

7.1 Meeting Attendance Record Date

In order to attend and vote at the Meeting, a person must be recorded as a Noteholder in the register of the Issue maintained by the Central Depositary and in an extract from such Issue register at the close of the day falling seven calendar days prior to the date of the Meeting (the **Meeting Attendance Record Date**) or must provide to the Issuer and the Fiscal and Paying Agent a certificate of the custodian in whose owner's securities account with the Central Depositary the relevant number of the Notes was recorded as of the Meeting Attendance Record Date certifying that such person was a Noteholder as at the Meeting Attendance Record Date and that the Notes held by such person are registered in the securities account of the custodian by reason of their custodianship. The certificate according to the preceding sentence must be in writing (with notarised signatures) and otherwise satisfactory in form and substance to the Fiscal and Paying Agent. In the case of the custodian being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require such certificate to be accompanied by an original or an officially certified copy of an extract from the commercial register or other respective register in respect of the custodian not older than three months prior to the date of the Meeting. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

7.2 Registration

Registration of Noteholders begins 30 minutes prior to the commencement of the Meeting. A Noteholder, who is an individual, must identify himself/herself with a valid identity card. A person acting on behalf of a legal entity must identify themselves with a valid identity card and, in addition, present an original or an officially certified copy of an extract from the commercial register or other respective register not older than three months prior to the date of the Meeting and showing the persons authorised to act on behalf of the particular Noteholder.

7.3 Attendance of the Meeting by proxy

The Meeting can be attended by proxy (see below).

Proxies must identify themselves with a valid identity card and present an original of the power of attorney with notarised signature which shall, all material respects, be the same as the form attached as Schedule 1 to this Notice. If the Noteholder is a legal entity, the proxy identify himself/herself with a valid identity card and, in addition, present an original or an officially certified copy of an extract from the commercial register or other respective register not older than three months prior to the date of the Meeting and showing that the persons granting the power of attorney were authorised to do so. This is without prejudice to the first sentence of this paragraph.

The form of the power of attorney is attached as Schedule 1 to this Notice (in Czech language only), which will be published in its entirety on the Issuer's website at <https://www.coltczgroup.com/en/investors-dluhopisy/>.

7.4 Language and form of documents required to prove authorisation to attend the Meeting

All documents to be presented by the Noteholders or their proxies, as the case may be, for identification purposes at the Meeting must be in the Czech or English language. If such documents are drawn up in another language, the Noteholder shall ensure at its own expense that they are translated into the Czech language by a certified translation. The Issuer is entitled to waive this requirement at the Meeting in relation to individual documents submitted.

All documents issued abroad that will be presented by the Noteholders or their proxies for identification purposes at the Meeting must be super-legalized or apostilled, unless otherwise provided for in the relevant international treaty by which the Czech Republic is bound. The Issuer is entitled to waive this requirement at the Meeting in relation to individual documents presented.

7.5 Information about the substitute Meeting

In the event that a quorum is not present at the Meeting, the Issuer informs that it will convene a substitute meeting of Noteholders with the same agenda as the Meeting to be held on 9 July 2025.

In Prague on 12 June 2025

Colt CZ Group SE

SCHEDULE 1
FORM OF POWER OF ATTORNEY

Plná moc

Vlastník dluhopisů:

Jméno/Název společnosti:

Bydliště/Sídlo:

IČO/datum narození:

Funkce jednajícího:

[Jednající v zastoupení]¹

(Zmocnitel)

tímto zmocňuje:

Jméno:

Bydliště:

Datum narození:

(Zmocněnec)

k tomu, aby Zmocnitele, jakožto vlastníka všech jím vlastněných dluhopisů s názvem COLTCZ VAR/30, s jednotkovou jmenovitou hodnotou ve výši 3.000.000 Kč, ISIN CZ0003550295 (**Dluhopisy**), vydaných společností **Colt CZ Group SE**, se sídlem náměstí Republiky 2090/3a, Nové Město, 110 00 Praha 1, IČO: 291 51 961, zapsanou v obchodním rejstříku vedeném Městským soudem v Praze, sp. zn. H 962 (**Emitent**) zastupoval na schůzi (a případné náhradní schůzi) vlastníků dluhopisů svolané oznámením o svolání schůze vlastníků dluhopisů Emitenta ze dne 12. června 2025, respektive oznámením o svolání náhradní schůze s totožným programem (**Oznámení**), předmětem které bude zejména hlasování o změně emisních podmínek Dluhopisů (schůze vlastníků dluhopisů a náhradní schůze vlastníků dluhopisů jako **Schůze**), a za tímto účelem aby za Zmocnitele jednal, podepisoval, činil veškerá právní jednání a faktické úkony, a to zejména, nikoli však výlučně:

- (a) zúčastnil se Schůze a hlasoval na ní za Zmocnitele,
- (b) potvrdil na Schůzi účast Zmocnitele,

¹ Smažte, pokud to není relevantní.

- (c) prohlásil za Zmocnitele, že byl řádně informován o svolání Schůze,
- (d) vykonával na Schůzi hlasovací práva spojená s Dluhopisy a v této souvislosti zejména, nikoliv však výlučně hlasoval o navrhovaném usnesení, které je popsáno v Oznámení, a
- (e) schválil jakoukoli změnu programu Schůze a vykonával na Schůzi hlasovací práva spojená s Dluhopisy, pokud jde o navrhovaná usnesení, která nebyla zahrnuta v programu Schůze v Oznámení.

Zmocněnec je povinen řídit se pokyny Zmocnitele, jsou-li Zmocněnci známy. Zmocněnec je dále výslovně oprávněn udělit substituční plnou moc a to v plném rozsahu této plné moci.

Zmocněnec neprodleně po své účasti na schůzi dluhopisů informuje Zmocnitele o výsledcích hlasování na Schůzi.

Tato plná moc se řídí českým právem.

V: _____ dne _____ 2025

[Za společnost] / [Jménem]: _____

(ověřený podpis vlastníka / zástupce vlastníka Dluhopisů)

[Jméno] / [Název společnosti]: _____

Funkce: _____

SCHEDULE 2
TERMS AND CONDITIONS WITH PROPOSED CHANGES HIGHLIGHTED

VIII. TERMS AND CONDITIONS OF THE NOTES

The Notes issued by Colt CZ Group SE, a European company (*Societas Europaea*) incorporated under the laws of the Czech Republic, with its registered office at ~~Opletalova 1284~~[náměstí Republiky 2090/373a](#), Nové Město, 110 00 Prague 1, Identification Number: 291 51 961, registered in the Commercial Register maintained by the Municipal Court in Prague, File Number: H 962 (the **Issuer**), in the anticipated total nominal value of up to CZK 1,500,000,000 (one billion five hundred million Czech Koruna) with the possibility of increase to up to CZK 3,000,000,000 (three billion Czech Koruna), bearing floating interest rate, due in 2030 (the **Issue** and the **Notes**), are governed by these Terms and Conditions of the Notes (the **Terms and Conditions**) and by Czech Act No. 190/2004 Coll., on Bonds, as amended (the **Czech Bonds Act**).

The Issue was approved by the resolution of the Issuer's Board of Directors dated 4 May 2023 and by the resolution of the Issuer's Supervisory Board dated 3 May 2023.

The ISIN of the Notes allocated by the Central Depository is CZ0003550295. The title of the Notes is COLTCZ VAR/30.

Services of the fiscal and paying agent related to interest payments and Notes redemption will be provided by Komerční banka, a.s., with its registered office at Na Příkopě 33/969, Praha 1, Postal Code 114 07, Identification Number 453 17 054, registered in the Commercial Register maintained by the Municipal Court in Prague, File Number B 1360 (the **Fiscal and Paying Agent**). The relationship between the Issuer and the Fiscal and Paying Agent in connection with the performance of payments to the Noteholders (as this term is defined below) and some other administrative services related to the Issue is governed by an agreement between the Issuer and the Fiscal and Paying Agent (the **Fiscal and Paying Agency Agreement**). A copy of the Fiscal and Paying Agency Agreement is available for inspection to the Noteholders during regular business hours at the Specified Office of the Fiscal and Paying Agent set out in Condition 11.1.

Services of the calculation agent in connection with the Notes will be provided to the Issuer by Komerční banka, a.s. (the **Calculation Agent**), under the terms of the Fiscal and Paying Agency Agreement.

Services of the listing agent related to the admission of the Notes comprising the Issue to trading on the regulated market of Burza cenných papírů Praha, a.s. (the **PSE and Regulated Market**) will be provided by Komerční banka, a.s. (the **Listing Agent**), under the terms of the Fiscal and Paying Agency Agreement.

For the purpose of the admission of the Notes to trading on the Regulated Market, the Issuer has prepared a prospectus for the Notes (the **Prospectus**) that includes these Terms and Conditions. The Prospectus constitutes a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**). The Prospectus has been approved by the Czech National Bank (the **CNB**) as the competent authority under the Prospectus Regulation in its decision ref. no. 2023/055200/CNB/570, file no. S-Sp-2023/00019/CNB/572 dated 9 May 2023, which became final and effective on 11 May 2023. By approving the Prospectus the CNB certifies that the Prospectus contains all information required by law necessary for the investor to take an investment decision. The CNB assesses neither the financial results nor the financial situation of the Issuer and by approving the Prospectus it does not guarantee the quality of the security or the Issuer's future profitability or its ability to pay the interest on, and the principal of, the Notes.

The CNB carries out supervision of the Issue and the Issuer to the extent of legislation regulating public offering of securities and the admission of securities to trading on a regulated market.

The terms with capital letters, unless defined otherwise, have the meaning assigned to them in Condition 16. In these Terms and Conditions, reference to any provision of law or regulation is a reference to that provision as extended, amended or re-enacted.

1 General Characteristics of the Notes

1.1 Form, Nominal Amount, Anticipated Volume of the Issue

The Notes will be issued on the Issue Date (as defined in Condition 2.1) as book-entered securities. The nominal amount of each Note is CZK 3,000,000 (three million Czech Koruna). The anticipated total nominal value of the Issue is up to CZK 1,500,000,000 (one billion five hundred million Czech Koruna), with the possibility of increase to up to CZK 3,000,000,000 (three billion Czech Koruna). In accordance with the Czech Bonds Act, the Issuer is entitled to issue the Notes in a lower total nominal value than the anticipated total nominal value.

1.2 Separation of the Right to Interest

There will be no separation of the right to receive interest payable under the Notes through an issue of coupons as separate securities or otherwise.

1.3 Noteholders

For the purpose of these Terms and Conditions, an owner of the Note (the **Noteholder**) is any person on whose owner's securities account (in Czech: *účet vlastníka*) with the Central Depository or in follow-up records (in Czech: *navazující evidenci*) linked to the Central Depository, the Note is recorded.

Unless and until the contrary is proved to the Issuer and the Fiscal any Paying Agent, the Issuer and the Fiscal and Paying Agent shall treat each Noteholder for all purposes as the owner of the nominal amount of the Notes recorded on their owner's securities account with the Central Depository or in follow-up records linked to the Central Depository and the Issuer and the Fiscal and Paying Agent will make all payments to such Noteholder in accordance with these Terms and Conditions. Persons who are owners of the Notes and who are not registered for any reason in the relevant records of owners of book-entered securities will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent in writing of such fact and of their acquisition of the ownership title to the Notes and prove these facts to them in a convincing manner.

1.4 Transfer of the Notes

Transferability of the Notes is not restricted.

The transfer of the Notes will be effective upon the crediting thereof to the owner's securities account with the Central Depository in accordance with the rules and regulations of the Central Depository and applicable law. In case that the Notes are recorded in the client's securities account (in Czech: *účet zákazníka*) in the Central Depository, the transfer of the Notes will be effective (i) upon crediting of the transferred Note to the client's securities account in accordance with the rules and regulations of the Central Depository and applicable law and the owner of the client's securities account is obliged to promptly register such transfer in the owner's securities account as of the moment of registration thereof in the client's securities account, or (ii) in case of any transfer between the Noteholders within one client's securities account, upon the registration of such transfer in the owner's securities account in the follow-up records linked to the Central Depository.

1.5 Rating

The Issuer was not assigned any rating by any rating agency registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council or any other company. No individual rating of the Notes has been conducted and thus the Notes are not assigned any individual rating.

2 Issue Date, Issue Price, Method and Place of Notes Subscription

2.1 Issue Date

The issue date of the Notes is scheduled to be 18 May 2023 (the **Issue Date**). The Notes may be issued (i) in a single series on the Issue Date or (ii) in tranches during the subscription period ending 12 months after the Issue Date (the **Issue Period**). If all the Notes are not issued during the Issue Period, the Notes may also be

issued during an additional issue period determined by the Issuer and ending no later than on the Record Date for Nominal Amount Repayment (as defined below). The Issuer will notify the Noteholders, in the same manner as used for publication of these Terms and Conditions, of the determination of such additional issue period.

Without undue delay after the Issue Date and after the expiry of the Issue Period, the Issuer will notify the Noteholders, in the same manner as used for publication of these Terms and Conditions, of the total nominal value of all issued Notes comprising the Issue.

2.2 Issue Price

The issue price of the Notes issued on the Issue Date is equal to 100 per cent. of their nominal value. The issue price of any Notes issued after the Issue Date will be determined by the Issuer together with the Joint Lead Managers taking into account the current market conditions. Where relevant, a corresponding accrued interest amount will be added to the issue price for any Notes issued after the Issue Date.

2.3 Method and Place of Notes Subscription

The method and place of subscription for the Notes is set out in the Prospectus (see “*Subscription And Sale*”).

3 Status of the Notes

The Notes and all payment obligations of the Issuer vis-à-vis the Noteholders under the Notes constitute direct, unconditional, unsecured and unsubordinated liabilities of the Issuer, which are and will rank *pari passu* among themselves and at least *pari passu* with any present and future direct, unconditional, unsecured and unsubordinated liabilities of the Issuer with the exception of liabilities treated preferentially under applicable mandatory laws.

3.1 No Pre-emptive or Priority Rights

Neither the shareholders of the Issuer nor any other person has any right of first refusal, pre-emptive or conversion rights in relation to the Notes or any other subscription rights in relation to the Notes.

4 Issuer's Covenants

4.1 Negative Pledge

As long as any payment obligations from the Notes remain outstanding in accordance with these Terms and Conditions, the Issuer will not create or permit to subsist any Security Interest, other than a Permitted Security Interest, for any payment obligation arising from notes, promissory notes and any other debt securities, which would restrict the rights of the Issuer or its Subsidiaries in relation to its current or future assets or income, unless the Issuer ensures at the same time or prior thereto that the Issuer's obligations under the Notes (i) are equally and rateably secured therewith, or (ii) are secured by such other security as may be approved by resolution of the Meeting (as defined in Condition 13 of these Terms and Conditions).

4.2 Other Indebtedness

As long as any payment obligations from the Notes remain outstanding in accordance with these Terms and Conditions, the Issuer or any Material Subsidiary will not enter into any transaction that would directly or indirectly result in any increase of the Group Indebtedness, where as a result of such transaction, (i) the Consolidated Net Indebtedness Ratio would exceed 3.50, or (ii) an Event of Default would occur, threaten to occur or continue. The Consolidated Net Indebtedness Ratio shall be calculated from the latest available Net Indebtedness figures available as of the date of the intended Indebtedness increase. For the avoidance of doubt, it is not necessary to calculate the Consolidated Net Indebtedness Ratio if it is absolutely evident that the transaction in question would not cause the Consolidated Net Indebtedness Ratio to exceed 3.50. This restriction shall not apply to any guarantees or suretyship in the form of a deed of guarantee, financial guarantee or other forms of guarantee, suretyship, aval or assumption of a joint and several obligation for the benefit of third parties outside the Group, which at any time do not exceed the amount of CZK 100,000,000 (or its equivalent in any other currency). The above restriction further does not apply to indebtedness incurred (i) by operation of

law or by virtue of a judicial or administrative decision, (ii) in connection with regular business activities of the Issuer (including documentary letters of credit and bank guarantees issued on behalf of the Issuer or a Material Subsidiary, where applicable), (iii) in connection with any derivatives concluded by the Issuer or any Subsidiary in order to secure interest rate or foreign exchange rate fluctuations (for the avoidance of doubt, save for any securities derivatives used for speculative purposes only), (iv) in connection with the Project Financing, or (v) in connection with the refinancing of any payment obligations existing as of the Issue Date (but only up to the amount of the payment obligations being refinanced).

4.3 Transactions Involving Affiliated Companies

The Issuer will not enter into any agreement with, or engage in any transaction or take any measures vis-à-vis, any affiliate other than on an arm's-length basis.

4.4 Restriction on Disposal of Assets

The Issuer or any Material Subsidiary will not transfer or otherwise divest or make available, whether in one single transaction or in a series of (related or unrelated) transactions, any of their assets valued in excess of CZK 100,000,000 (or its equivalent in other currency) if, as a consequence of such transaction, (i) the Consolidated Net Indebtedness Ratio would exceed 3.50, or (ii) an Event of Default would occur, threaten to occur or continue.

The Issuer or any Material Subsidiary may only transfer or otherwise divest or make available, whether in one single transaction or in a series of (related or unrelated) transactions, any of their assets on the following conditions: (i) the transaction is carried out for fair value, and at least 75 per cent. of the consideration consists of cash or cash equivalents, or in case of a non cash consideration, such fair value will be confirmed by a prior valuation prepared by an independent expert, auditor, or financial institution (ii) no Event of Default threaten to occur or continues, (iii) for a transaction value of CZK 100,000,000 or more, the Issuer has obtained a prior valuation by an independent expert, auditor, or financial institution, and (iv) the funds thus raised will be used to for operational needs or for the repayment of the issued Notes or to refinance senior payment obligations in relation to the Notes, or for the payment of any dividend or any other profit share, and every time in accordance with these Terms and Conditions.

The Consolidated Net Indebtedness Ratio shall be calculated based on the latest available figures for Net Indebtedness as of the date of the intended disposal of assets (which shall in any case not be older than 30 days).

4.5 Restriction on Payments

As long as any payment obligations from the Notes remain outstanding in accordance with these Terms and Conditions, the Issuer will not (i) declare on the distribution nor distribute any dividends or other profit shares or any share on registered capital, (ii) will not grant any loan or credit to its shareholders, and (iii) will not repay any payment obligation to its shareholder, as a consequence of such transaction, the Consolidated Net Indebtedness Ratio would exceed 3.50, or an Event of Default would threaten to occur or continue. The Consolidated Net Indebtedness Ratio shall be calculated based on the latest available figures for Net Indebtedness as of the date of the intended distribution of dividends, granting of a loan, or repayment of payment obligation to its shareholder. The restrictions under this paragraph does not apply to cash-neutral transactions (such as a set-off of dividends against receivables toward the shareholder, etc.).

4.6 Defined Terms

Capitalized terms have the meanings assigned to them in Condition 16.

All coefficients shall be calculated based on financial data taken or derived from the financial statements which were compiled in accordance with the IFRS.

To the extent that the Issuer undertakes in these Terms and Conditions to ensure that a third party will fulfil a certain obligation, this shall be understood to mean that the Issuer warrants the agreed performance by a third party within the meaning of Section 1769, second sentence, of Act No. 89/2012 Coll., the Civil Code, as

amended (the **Civil Code**), whereas the first sentence of Section 1769 of the Civil Code shall not apply to such cases.

5 Interest

5.1 Interest Rate and Interest Payment Dates

The Notes will bear a floating interest rate equal to (i) the Reference Rate (see definition below in this Condition 5.1) valid for the relevant Interest Period (see definition below in this Condition 5.1) and determined by the Calculation Agent on the Reference Rate Determination Date (see definition below in this Condition 5.1) plus (ii) the margin of 1.80 per cent. p.a. The interest will be paid semi-annually in arrears, on 18 November and 18 May (the **Interest Payment Dates**). The first Interest Payment Date will be 18 November 2023.

Reference Rate means 6M PRIBOR; **6M PRIBOR** means the interest rate in per cent. p.a. offered for the Czech Koruna that is quoted in “Refinitiv Screen Service” PRIBOR= page or “Bloomberg Terminal” PRIBOR6M page (or any other official source where such rate will be quoted) as the value of the Prague interbank offer rate for Czech Koruna interbank deposits for the 6-month period set out by the administrator of PRIBOR and valid on the Reference Rate Determination Date. If PRIBOR is not quoted in the aforementioned PRIBOR= or PRIBOR6M page (or other official source) for the relevant 6-month period, then the Calculation Agent will determine 6M PRIBOR from (i) PRIBOR for the nearest longer period for which PRIBOR is quoted in the aforementioned PRIBOR= or PRIBOR6M page (or other official source) and (ii) PRIBOR for the nearest shorter period for which PRIBOR is quoted on the aforementioned PRIBOR= or PRIBOR6M page (or other official source), using straight line linear interpolation by reference to the two rates. If 6M PRIBOR cannot be determined on any day according to the preceding paragraph, then the Calculation Agent will determine 6M PRIBOR on such day as the arithmetic mean of the interest rates quoted for the sale of Czech Koruna interbank deposits for such period that corresponds to the relevant 6-month period and the relevant amount is obtained on such day after 11:00 (eleven) a.m. Prague time from at least 3 (three) banks operating in the Prague interbank market selected by the Calculation Agent at its sole discretion. If 6M PRIBOR cannot be determined in this manner, then it will be equal to the 6M PRIBOR determined in accordance with the precedent paragraph on the nearest previous Business Day when 6M PRIBOR was determinable in such a manner.

If the interest rate determined in accordance with this Condition 5.1 is below zero (i.e. the total of the Reference Rate and the margin), the interest rate will be deemed to be zero.

For the avoidance of doubt, if PRIBOR is cancelled or ceases to be generally used in the market for interbank deposits due to the adoption of euro as a lawful currency of the Czech Republic, the rate that will be generally used in the market for interbank deposits in the Czech Republic will be used instead of PRIBOR.

Reference Rate Determination Date means the date as of which the Reference Rate for the relevant Interest Period is determined. The Reference Rate Determination Date for the relevant Interest Period will be the second Business Day before the first day of such Interest Period.

For the purposes of these Terms and Conditions, **Interest Period** means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each immediately following period from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until the maturity date of the Notes (as specified in Condition 6.1). For the purposes of determining the Interest Periods, the Interest Payment Date will not be adjusted according to the Business Day Convention (see Condition 7.3 of these Terms and Conditions).

The Calculation Agent will round the interest rate for each Interest Period on the basis of mathematical rules to two decimal places according to the third decimal place. The Calculation Agent will notify the Fiscal and Paying Agent of the interest rate applicable to each Interest Period promptly after its determination and the Fiscal and Paying Agent will in turn communicate without any undue delay such interest rate to the Noteholders in accordance with Condition 14 of these Terms and Conditions.

The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period at the interest rate set out in this Condition 5.1.

The amount of interest accrued on one Note will be calculated as a multiple of the outstanding nominal amount of such Note, the relevant interest rate (expressed in decimal form) and the day count convention determined in Condition 5.3 of these Terms and Conditions.

The information about the past and the future performance of 6M PRIBOR and its volatility can be obtained by electronic means and free of charge on the website of the Czech National Bank <https://www.cnb.cz> in the section Financial markets, Money market information, Fixing of Interest Rates on Interbank Deposits - PRIBOR (in Czech: *Finanční trhy, Peněžní trh, Fixing úrokových sazeb na mezibankovním trhu depozit – PRIBOR*).

5.2 End of Interest Accrual

The Notes will cease to bear interest on the Maturity Date (as this term is defined in Condition 6.1 of these Terms and Conditions) or on the Early Redemption Date (as this term is defined in Conditions 6.3, 9.2, 13.4.1 and 13.4.2 of these Terms and Conditions), unless the payment of any due amount is unlawfully retained or refused by the Issuer although all relevant conditions and requirements for payment on the Maturity Date or the Early Redemption Date have been complied with. In such an event, interest will continue to accrue at the interest rate set out in Condition 5.1 until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Noteholders or (ii) the date on which the Fiscal and Paying Agent notifies the Noteholders that it has received all amounts payable in connection with the Notes, unless any additional unlawful retention or refusal of payments occurs after such notice.

5.3 Day Count Convention for Interest Calculation

The interest payable on the Notes for a period of less than 1 (one) year will be calculated on the basis of an Act/360 day count convention, i.e., the actual number of days in the period for which the interest is calculated divided by 360.

5.4 Calculation of Interest

The amount of interest accrued on one Note over any period of one current year will be calculated as a multiple of the nominal value of such Note and the relevant interest rate (expressed in decimal form). The amount of interest accrued on one Note over any period shorter than one current year will be calculated as a multiple of the nominal value of such Note, the relevant interest rate (expressed in decimal form) and the relevant day-count fraction determined according to the day count convention under Condition 5.3 of these Terms and Conditions. The total interest amount calculated according to this Condition 5.4 will be rounded to two decimal places.

6 Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased by the Issuer and cancelled as specified below, each Note will be redeemed by the Issuer at its outstanding nominal amount in a single payment on 18 May 2030 (the **Maturity Date**).

6.2 Early Redemption at the Option of the Noteholders

The Noteholders are not entitled to require early redemption of the Notes before the Maturity Date, except for early redemption pursuant to Conditions 6.3, 9.2, 13.4.1 and 13.4.2 of these Terms and Conditions. In such events, the Issuer will repay the nominal amounts of the relevant Notes plus accrued and outstanding interest in accordance with these Terms and Conditions.

6.3 Early Redemption at the Option of the Noteholders

6.3.1 Early Redemption upon Change of Control

If a Change of Control occurs, the Issuer shall notify the Fiscal and Paying Agent, as well as the Noteholders, of this fact, and shall do so promptly and in any case no later than within 3 (three) Business Days from learning of the fact, following the procedure set out in Condition 14 of these Terms and Conditions (the **Issuer's Notice of an Early Redemption Event**). In the Issuer's Notice of an Early Redemption Event, the Issuer shall outline in broad terms the reasons that led to the Change of Control, and set out the procedure to be followed if one wishes to make a request for early redemption of the Notes.

A **Change of Control** is deemed to occur if Mr. René Holeček, born July 28, 1966, ~~residing at Mánesova 475, 738 01 Frýdek-Místek, ceases to be the direct or indirect owner of at least 51 per cent. of the shares in the Issuer (or other type of shares in case of corporate transformation) or is otherwise no longer able to influence the management and strategy or other affairs of the Issuer~~ceases to, whether directly or indirectly, ~~through his ownership of a share in which voting rights are vested, or on a contractual basis, or otherwise.~~

- (a) own more than 30% share in the Issuer;
- (b) own a share in the Issuer that exceeds the share of any other shareholder and is greater than the combined shares of any two or more shareholders acting in concert;
- (c) hold voting rights in the supreme body of the Issuer surpassing the voting rights of any other shareholder and those of any two or more shareholders acting in concert; or
- (d) Control the Issuer.

Control means the power to directly or indirectly (i) exercise decisive influence in the person within the meaning of the Act No. 90/2012 Coll., on Business Corporations, as amended, (ii) direct the person's affairs or (iii) control the composition of majority of the person's statutory bodies, supervisory bodies or equivalent bodies.

6.3.2 Noteholders' Right to Seek Early Redemption

Within no more than 45 (forty five) days from the Issuer's Notice of an Early Redemption Event becoming public, any Noteholder may at their discretion, by way of a written notice designated for the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the **Early Redemption Notice**), ask for the early redemption of the Notes held by them, whereas they undertake not to divest these Notes as of that moment, plus any accrued and unpaid interest thereon, in accordance with Condition 5.1 of these Terms and Conditions and as of the Early Redemption Date (as defined in Condition 9.2 of these Terms and Conditions), and the Issuer must redeem such Notes (together with accrued and unpaid interest) as requested, within the time period set out in Condition 9.2 of these Terms and Conditions.

6.3.3 Withdrawal of Early Redemption Notice

Individual Noteholders may withdraw the Early Redemption Notice in writing, but only with respect to the Notes held by such Noteholder, and only if the withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office before the relevant amounts become due and payable according to the preceding Condition 6.3.2 of these Terms and Conditions. However, such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notice given by other Noteholders.

6.3.4 Other Conditions for Early Redemption of Notes

For the rest, the early redemption of the Notes pursuant to this Condition 6.3 is governed, mutatis mutandis, by Condition 7 of these Terms and Conditions.

6.4 Purchases

The Issuer is entitled to purchase the Notes at any time on the market or otherwise at any price.

6.5 Cancellation of the Notes

The Notes purchased by the Issuer will not be cancelled, unless decided otherwise by the Issuer. If the Issuer does not decide on the cancellation of the Notes purchased by it, it will be entitled to dispose of such Notes at its sole discretion.

6.6 Applicability of the Payment Terms

The provisions of Condition 7 of these Terms and Conditions also apply to the redemption and purchase of the Notes under this Condition 6.

7 Payment Terms

7.1 Currency of Payments

The Issuer undertakes to pay interest on and repay the nominal amount of the Notes solely in the Czech Koruna, or in any other lawful currency of the Czech Republic that might replace the Czech Koruna. Interest will be paid to the Noteholders and the nominal amount of the Notes will be repaid subject to and in accordance with these Terms and Conditions and the tax, foreign exchange and other applicable laws of the Czech Republic in effect at the time of the relevant payment.

In the event that the Czech Koruna in which the Notes are denominated and in which the payments relating to the Notes should be made in compliance with these Terms and Conditions ceases to exist and is replaced by euro, (i) the denomination of such Notes will be changed to Euro in conformity with the applicable laws, and (ii) all monetary liabilities arising from such Notes will automatically and without any further notice to the Noteholders be payable in Euro, with the official rate (i.e. the fixed conversion ratio) being in accordance with the applicable law being used as the exchange rate between the Czech Koruna (CZK) and euro (EUR). Such replacement of the Czech Koruna (i) will not, in any respect, affect the existence or enforceability of the Issuer's liabilities under the Notes, and (ii) for the avoidance of doubt, will not be deemed to constitute any change to these Terms and Conditions or a default or an event of default or an enforcement event under these Terms and Conditions.

7.2 Payment Date

The payment of interest on and the repayment of the nominal amount of the Notes will be made by the Issuer through the Fiscal and Paying Agent on the dates specified in these Terms and Conditions (each such date further referred to, according to its meaning, as the **Interest Payment Date** or the **Maturity Date** or the **Early Redemption Date** or also as the **Payment Date**).

7.3 Business Day Convention

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

7.4 Determination of the Right to Receive Payments Related to the Notes

The authorised persons to whom the Issuer will pay interest or other amounts on the Notes will be persons on whose owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, the Notes are recorded at the close of the relevant Record Date for Interest Payment (the **Authorised Persons**).

Record Date for Interest Payment is a day falling 30 calendar days prior to the relevant Interest Payment Date; however, for the purposes of determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention.

For the purposes of determining the recipient of interest, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Notes registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Interest Payment. The authorised persons to whom the Issuer will repay the nominal amount of the Notes shall be persons on whose owner's securities account with the Central Depository, or in the register maintained by a person keeping follow-up records linked the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Nominal Amount Repayment (also the **Authorised Persons**).

Record Date for Nominal Amount Repayment is a day falling 30 calendar days prior to the relevant Maturity Date or the Early Redemption Date; however, for the purposes of determining the Record Date for Nominal Amount Repayment, such Payment Date will not be adjusted according to the Business Day Convention.

For the purposes of determining the recipient of the nominal amount of the Notes, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Notes registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Nominal Amount Repayment.

If, according to the entry in the owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, the Notes with respect to which the payments of interest or other amounts shall be performed by the Fiscal and Paying Agent, are pledged, then the pledgee, recorded in the extract from the register of the Issue, shall be considered an Authorised Person in respect of the Notes, unless (i) it is evident that a person authorised to receive the payments of interest or other amounts attached to the pledged Notes is the respective Noteholder and/or (ii) it is proven to the Fiscal and Paying Agent in other satisfactory manner that the respective Noteholder has the right to receive the payments of interest or other amounts attached to the pledged Notes by virtue of an agreement between such Noteholder and the pledgee.

7.5 Payments

The Fiscal and Paying Agent will make payments to the Authorised Persons by means of wire transfer to their accounts kept with a bank in the Czech Republic. The Authorised Person's account details shall be communicated together with an instruction by the Authorised Person to the Fiscal and Paying Agent at the address of the Fiscal and Paying Agent's Specified Office in a verifiable manner no less than five (5) Business Days prior to the Payment Date. Such instruction shall be in the form of a written statement in the Czech or English language with notarised signatures, and contain sufficient details of such bank account to allow the Fiscal and Paying Agent to make the payment, and, in the case of the Authorised Person being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require such instruction to be accompanied by an original or an officially certified copy of an extract from the commercial register or other respective register in respect of the Authorised Person not older than three months from the Payment Date (such instruction, together with the excerpt from the Commercial Register (if applicable), and the other required appendices, if any, is hereinafter also referred to as the **Instruction**).

The Instruction must be in form and substance reasonably satisfactory to the Fiscal and Paying Agent, and the Fiscal and Paying Agent shall be entitled to require reasonably satisfactory evidence that the signatory of such Instruction had the authority to sign such Instruction on behalf of the Authorised Person. Such evidence shall also be delivered to the Fiscal and Paying Agent no less than five Business Days prior to the Payment Date. In this respect, the Fiscal and Paying Agent shall be authorised to require that (a) a power of attorney be delivered in the event that the Authorised Person is acting through an agent or (b) the instruction from the Authorised Person be subsequently confirmed.

Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer will be obliged to examine the correctness, completeness or authenticity of any such Instruction in any manner whatsoever and neither of them will be liable for any damage incurred in connection with any delay in the delivery of such Instruction by the Authorised Person or with the delivery of an incorrect or otherwise defective Instruction. The Instruction will be deemed properly made if it contains all the items required by this Condition, is delivered to the Fiscal and Paying Agent in accordance with this Condition and complies with the requirements of this Condition in all other respects. Upon the Issuer's request, the Fiscal and Paying Agent shall provide the Issuer with other information as set out in the Fiscal and Paying Agency Agreement, if any.

Any Authorised Person who claims tax relief in accordance with any applicable double taxation treaty (to which the Czech Republic is a party) shall deliver to the Fiscal and Paying Agent a certificate of such Authorised Person's tax domicile and such other documents as the Fiscal and Paying Agent and the applicable tax authorities may request, together with the Instruction as an integral part thereof. Notwithstanding such rights, neither the Fiscal and Paying Agent nor the Issuer shall verify the authenticity or completeness of such Instructions, or be liable for any damage incurred in connection with any delay in the delivery of such Instruction by any Authorised Person, or with the delivery of an incorrect or otherwise defective Instruction.

If the above documents (especially the proof of tax domicile) are not delivered to the Fiscal and Paying Agent in the time period stipulated for the delivery of the Instruction, the Fiscal and Paying Agent will act as if the documents have not been delivered at all. The Authorised Person may, unless it applies for the refund with the relevant tax authority on its own, subsequently deliver such documents proving entitlement to a tax benefit and request the Issuer through the Fiscal and Paying Agent to refund the withholding tax or its part. In such a case, the Issuer has the right to require the Authorised Person to pay CZK 15,000 for each such delayed refund application as a lump sum covering additional expenses incurred by the Issuer in connection with such refund application, additional administrative costs and correspondence and communication with relevant tax authorities. In this case, the Issuer will pay the amount corresponding to the refunded withholding tax to the Authorised Person only after (i) such Authorised Person pays the relevant compensation amount under this paragraph to the Issuer and (ii) the Issuer has already received amount corresponding to the refunded withholding tax from the relevant tax authority. The Issuer is not required to take any other steps, make any other applications or enforce any claim or assist with an enforcement of any claim in connection with the refund of the withholding tax or its part.

The Issuer's obligation to pay any amount due in connection with the Notes will be deemed discharged in a due and timely manner, if the relevant amount has been remitted to the Authorised Person in compliance with a proper Instruction pursuant to this Condition 7.5 and if such amount is credited to the account of the Authorised Person's bank with the clearing centre of the Czech National Bank not later than on the relevant due date, if the payment is made in the Czech Koruna or in a currency that replaces the Czech Koruna (provided that settlement in such currency is made through the clearing centre of the Czech National Bank).

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any delay in the payment of any amount due caused by the Authorised Person, e.g. by its failure to deliver a proper Instruction in a timely manner. If any Authorised Person fails to deliver to the Fiscal and Paying Agent in time a proper Instruction under this Condition 7.5 of these Terms and Conditions, it will have no right to receive either from the Fiscal and Paying Agent or the Issuer any interest or any other payment on account of such delay if (i) the relevant amount has been remitted to the Authorised Person in accordance with a proper Instruction pursuant to this Condition 7.5 and (ii) such amount has been debited from the Fiscal and Paying Agent's account not later than ten Business Days following the day on which the Fiscal and Paying Agent received the proper Instruction.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damage incurred by (i) the failure to deliver in time the proper Instruction or any other documents or information required to be delivered under this Condition 7.5, or (ii) such Instruction or any related document or information being incorrect, incomplete or untrue, or (iii) circumstances beyond the control of the Issuer or the Fiscal and Paying Agent. No Authorised Person will be entitled in any such event to receive any additional payment, other compensation or interest for any such delay in the relevant payment.

7.6 Change in the Payment Method

The Issuer and the Fiscal and Paying Agent are jointly entitled to elect to change the payment procedure. However, such change may not affect the position and interests of the Noteholders. The Noteholders will be notified of such change in the same manner as set out in Condition 14. If such change would affect the position and interests of the Noteholders, the Issuer will be obliged to promptly convene the Meeting (as defined in Condition 13) and request the Noteholders to provide their opinion on the Issuer's proposal for any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable laws as set out in Condition 13.

8 Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Czech Republic or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If any such deduction or withholding is so required, the Issuer shall not be obligated to pay to the Noteholders any additional amounts in respect of any such withholding or deduction.

The payment of principal and interest in respect of the Notes may be subject to withholding tax and securing tax, as applicable. Please see section *Taxation* of the Prospectus for further details.

9 Early Redemption of the Notes upon the Occurrence of Events of Default

9.1 Events of Default

If any of the following events occurs and is continuing (each an **Event of Default**):

9.1.1 Payment Default

any payment with respect to the Notes is not paid in accordance with Condition 7 of these Terms and Conditions and the default remains unremedied for over 10 (ten) Business Days after the date on which the Issuer was informed of this fact in writing by any Noteholder by a letter delivered to the Issuer or to the address of the Specified Office; or

9.1.2 Breach of Other Obligations

the Issuer breaches or fails to meet any of its material obligations (other than those set out in paragraph 9.1.1 above) in connection with the Notes under these Terms and Conditions, including any obligation set out in Condition 4 of these Terms and Conditions, and such breach of, or failure to meet, the obligation remains unremedied for over 30 (thirty) calendar days of the date on which the Issuer was informed of this fact in writing by any Noteholder by a letter delivered to the Issuer or to the Fiscal and Paying Agent to the address of the Specified Office; or

9.1.3 Cross-default

(i) any payment obligation (other than trade payment obligations) of the Issuer, which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency is not paid by the Issuer when it comes due and remains unpaid after the expiry of any relevant grace period originally agreed; (ii) or any such payment obligation is declared due and payable before the original maturity date other than at the option of the Issuer, or (provided that there has been no event of default, however indicated) at the option of the creditor; or

9.1.4 Illegality

obligations under the Notes cease to be fully or partially legally enforceable or become in breach of applicable laws, or for the Issuer it becomes illegal to meet any of its material obligations under these Terms and Conditions or under the Notes; or

9.1.5 *Bankruptcy, Liquidation, Insolvency, etc.*

any of the below events occurs and continues for over 30 (thirty) Business Days: (i) the Issuer becomes insolvent, suspends payments under its payment obligations and/or, over a longer period of time, is unable to pay its payment obligations as they fall due, or (ii) an insolvency trustee or liquidator of the Issuer or of the whole or any part of the undertaking, assets and revenues of the Issuer is appointed, or (iii) the Issuer files an insolvency petition or applies for moratorium, or (iv) the Issuer is declared bankrupt or subject to imminent danger of bankruptcy by any court, or (v) insolvency petition is rejected by any court on the grounds of insufficiency of assets of the debtor, or (vi) the respective court renders a final decision or adopts a valid resolution on dissolution of the Issuer with liquidation, or (vii) any pledge or any other similar third-party right is enforced, which would restrict the right of the Issuer to its present or future assets or revenues, and which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency, or (viii) enforcement proceedings with respect to the assets of the Issuer are held to enforce a claim, which in aggregate exceeds CZK 100,000,000 (one hundred million Czech Koruna) or its equivalent in any other currency; or

9.1.6 *Delisting*

the Notes cease, at the option of Issuer, to be admitted to trading on the regulated market; or

9.1.7 *Transformations*

as a result of any transformation of the Issuer in which the Issuer participates (in particular a merger, consolidation, transfer of its assets to a shareholder, de-merger, or spin-off), payment obligations under the Notes pass to any entity that will not expressly assume (in a legally valid and enforceable manner) any and all payment obligations of the Issuer under the Notes, unless such assumption of payment obligations of the Issuer under the Notes occurs by operation of law (as to which effect of such a merger, consolidation or de-merger there is no reason to doubt); or

9.1.8 *Termination of Business Activities*

the Issuer discontinues its business activities or ceases to hold a license to pursue its principal business activities;

then

any Noteholder, at their discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office (the **Early Redemption Notice**), may request early redemption of the Notes held by such Noteholder which the Noteholder undertakes not to dispose of since that moment, plus any accrued and unpaid interest thereon pursuant to Condition 5.1 of these Terms and Conditions, as at the Early Redemption Date (as this term is defined below), and the Issuer is obliged to redeem such Notes (together with accrued and undistributed interest thereon) in accordance with Condition 9.2 of these Terms and Conditions.

9.2 *Maturity of Accelerated Notes*

Any and all amounts payable by the Issuer to any Noteholder according to foregoing Condition 9.1 of these Terms and Conditions will become due and payable as of the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice for the Issuer to the Specified Office of the Fiscal and Paying Agent (the **Early Redemption Date**), unless the relevant event of default is remedied by the Issuer before the delivery of the Early Redemption Notice with respect to the relevant Notes or

unless the Early Redemption Notice is withdrawn in accordance with Condition 9.3 of these Terms and Conditions.

9.3 Withdrawal of Early Redemption Notice

A Noteholder may withdraw, in writing, the Early Redemption Notice but only with respect to the Notes held by such Noteholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office before the relevant amounts become due and payable according to preceding Condition 9.2 of these Terms and Conditions. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by the other Noteholders.

9.4 Other Conditions for Early Redemption of the Notes

The provisions of Condition 7 of these Terms and Conditions will apply mutatis mutandis to the early redemption of the Notes pursuant to this Condition 9.

10 Statute of Limitations

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

11 Fiscal and Paying Agent

11.1 Fiscal and Paying Agent and Specified Office

Komerční banka, a.s., will act as the Fiscal and Paying Agent. The Fiscal and Paying Agent's specified office and place of payment (the **Specified Office**) will be at the following address:

Komerční banka, a.s.
Václavské náměstí 796/42
114 07 Prague 1
Czech Republic

11.2 Additional and Other Fiscal and Paying Agent and Specified Office

The Issuer reserves the right to appoint, at any time, an additional or other Fiscal and Paying Agent and to designate an additional or other Specified Office, or to appoint additional payment providers.

The Issuer will give a notice of such change in the Fiscal and Paying Agent or Specified Office and/or of the appointment of additional payment providers to the Noteholders in the manner set out in Condition 14 and any such change will become effective upon the expiration of 15 calendar days following the date of such notice unless a later effective date is specified in the notice. In any event, any such change that would otherwise become effective less than 30 calendar days before or after the Payment Date for any amount payable under the Notes will become effective on the 30th day following such Payment Date.

11.3 Relationship between the Fiscal and Paying Agent and the Noteholders

Unless provided otherwise by law or by the Fiscal and Paying Agency Agreement, the Fiscal and Paying Agent will act as an agent of the Issuer when performing its duties under the Fiscal and Paying Agency Agreement, providing no guarantee or security for the Issuer's liabilities under the Notes, and will be in no legal relationship with the Noteholders.

11.4 Calculation Agent

11.4.1 Calculation Agent

Komerční banka, a.s. will be the Calculation Agent.

11.5 **Additional and other Calculation Agent**

The Issuer reserves the right to appoint another or additional Calculation Agent, provided such change does not affect the Noteholders' position or interests. If a change of the Calculation Agent occurs, the Issuer will notify the Noteholders of such change in the manner set out in Condition 14 of these Terms and Conditions and any such change will become effective upon the expiration of 15 (fifteen) calendar days following the day of such notice unless a later effective date is set out in such notice. In any case, any change that would otherwise become effective less than 15 (fifteen) calendar days after the date when the Calculation Agent is required to make any calculation in connection with the Notes, such change will become effective on the 15th (fifteenth) calendar day following the date when the Calculation Agent was required to make such calculation.

11.6 **Relationship between the Calculation Agent and the Noteholders.**

The Calculation Agent acts as the Issuer's agent and has no legal relationship with the Noteholders.

12 **Listing Agent**

12.1.1 *Listing Agent*

Komerční banka, a.s. will be the Listing Agent.

12.1.2 *Additional and other Listing Agent*

The Issuer reserves the right to appoint another or additional Listing Agent, provided such change does not affect the Noteholders' position or interests. If a change of the Listing Agent occurs, the Issuer will notify the Noteholders of such change in the manner set out in Condition 14 of these Terms and Conditions and any such change will become effective upon the expiration of 15 (fifteen) calendar days following the day of such notice unless a later effective date is set out in such notice.

12.1.3 *Relationship between the Listing Agent and the Noteholders*

The Listing Agent acts as the Issuer's agent and has no legal relationship with the Noteholders

13 **Noteholders' Meeting**

13.1 **Authority and Convocation of the Meeting**

13.1.1 *Right to Convene the Noteholders' Meeting*

The Issuer or any Noteholder(s) may convene a meeting of the Noteholders (the **Meeting**) in accordance with these Terms and Conditions and applicable laws if so required to decide on common interests of the Noteholders. The costs of organising and convening the Meeting will be borne by the person who convened the Meeting, unless set out otherwise by law. The costs related to the attendance at the Meeting will be borne by each participant itself. If the convening person is one or more Noteholders, such person will be required, not later than on the date on which a notice of the Meeting is published (see Condition 13.1.3: (i) to deliver to the Fiscal and Paying Agent a request for procuring evidence of the number of all Notes within the Issue entitling the holder(s) to attend the Meeting convened by a Noteholder or the Noteholders, i.e. an extract from the register of the Issue (in Czech: *výpis emise*) maintained by the Central Depository, and (ii) where relevant, to pay to the Fiscal and Paying Agent an advance to cover the costs associated with its services in relation to the Meeting. The due and timely delivery of the request under item (i) above and the payment of the advance for the costs referred to in item (ii) above are conditions for the valid convocation of the Meeting.

13.1.2 *Meeting Convened by the Issuer*

The Issuer is obliged to promptly convene the Meeting and request the Noteholders to provide their opinion on: (each from the events below individually as a **Material Change**):

- (a) the Issuer's proposal for any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable laws;
- (b) the Issuer's proposal for its transformation;
- (c) the Issuer's proposal for entering into an agreement on the sale of a business enterprise or any part thereof or the lease of a business enterprise or any part thereof, irrespective of which party the Issuer is, if the due and timely redemption of the Notes or the distribution of interest thereon may be jeopardised;
- (d) the Issuer's default in the satisfaction of any rights attached to the Notes which continues for more than 7 (seven) calendar days following the day on which the relevant right could be exercised;
- (e) the Issuer's proposal for filing an application to withdraw the Notes from trading on the Prague Stock Exchange or other European regulated market; and
- (f) any other changes that might significantly impair the Issuer's ability to discharge its payment liabilities under the Notes.

The Issuer may convene the Meeting to propose a collective action if it has knowledge that any Event of Default has occurred or may occur. This is without prejudice to the Noteholders' right to request early redemption under Condition 9.1 (*Events of Default*).

13.1.3 *Notice of the Meeting*

The Issuer is obliged to give notice of the Meeting in a manner set out in Condition 14 (*Notices*) not later than 15 calendar days prior to the date of the Meeting. If the Meeting is convened by any Noteholder (or the Noteholders), such Noteholder(s) will deliver a notice of the Meeting (containing all statutory elements) sufficiently in advance (at least 20 calendar days prior to the proposed date of the Meeting) to the Issuer at the address of the Specified Office. The Issuer will promptly ensure that such notice of the Meeting is published in the manner and within the time limit specified in the first sentence of this Condition 13.1.3 (however, the Issuer is responsible neither for the content of such notice nor for any delay or default in complying with any statutory time limits by a Noteholder who convened the Meeting). The notice of the Meeting must contain at least (i) the business name, identification number and registered office of the Issuer, (ii) the identification of the Notes, at least the Note title, the Issue Date and the ISIN (or other Note identifiers if no ISIN is available), (iii) the venue, date and time of the Meeting, provided that the date of the Meeting must fall on a date which is a Business Day, (iv) the agenda of the Meeting and, in the case of any proposed amendment(s) to these Terms and Conditions, the specification of the proposed amendment(s) and justification thereof, and (v) the day that is the record date for the attendance at the Meeting. The Meeting shall be authorised to decide on the proposed resolutions that have not been contained in the notice of the Meeting only in the presence of and with the consent of all Noteholders. If the reason for convocation of the Meeting is not continuing, the person, who convened the Meeting, will revoke the convocation of the Meeting in the same manner as convened.

13.2 **Persons Authorised to Attend and Vote at the Meeting**

13.2.1 *Persons Authorised to Attend the Meeting*

A person entitled to attend and vote at the Meeting shall only be (i) the Noteholder recorded as a Noteholder in the register of the Issue maintained by the Central Depository and in an extract from such Issue register at the close of the Meeting Attendance Record Date or (ii) a person who provides to the Issuer and the Fiscal and Paying Agent a certificate of the custodian in whose owner's securities account with the Central Depository the relevant number of the Notes was recorded as of the Meeting Attendance Record Date certifying that such person was a Noteholder as at the Meeting Attendance Record Date and that the Notes held by such person are registered in the securities account of the custodian by reason of their custodianship (the **Person Authorised to Attend the Meeting**). The certificate according to the preceding sentence must be in writing (with notarised signatures) and otherwise satisfactory in form and substance to the Fiscal and Paying Agent. In the case of the custodian being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require such certificate to

be accompanied by an original or an officially certified copy of an extract from the commercial register or other respective register in respect of the custodian not older than three months prior to the date of the relevant Meeting. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

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

13.2.2 *Voting Rights*

Each Person Authorised to Attend the Meeting will have such number of votes out of the total number of votes that corresponds to the ratio between the nominal amount of the Notes held by such person on the Meeting Attendance Record Date to the total outstanding nominal amount of the Issue on the Meeting Attendance Record Date. No voting right will be attached to any Notes held by the Issuer or any of its affiliates as of the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Condition 6.5, and no such Notes will be taken into account when determining the presence of a quorum at the Meeting under Condition 13.3.1. If the Meeting decides on recalling a common proxy, the common proxy (if they are a Person Authorised to Attend the Meeting) may not exercise his/her/its voting right at such Meeting.

13.2.3 *Attendance of the Meeting by Other Persons*

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are Noteholders, proxies of the Noteholders, proxies of the Fiscal and Paying Agent, the common proxy of the Noteholders under Condition 13.3.3 (unless he is a Person Authorised to Attend the Meeting) and any guests invited by the Issuer and/or the Fiscal and Paying Agent.

A power of attorney granted by a Noteholder to any proxy must be in writing with a notarised signature of the Noteholder. In the case of a Noteholder being a legal entity, the Fiscal and Paying Agent may, at its own discretion, require from an individual entitled to represent such Noteholder at the Meeting on the basis of a power of attorney or otherwise an original or an officially certified copy of an extract from the commercial register or other respective register in respect of such Noteholder not older than three months prior to the date of the relevant Meeting.

13.3 *Course of the Meeting; Decision-Making*

13.3.1 *Quorum*

The Meeting will constitute a quorum if attended by the Persons Authorised to Attend the Meeting, who were, as of the Meeting Attendance Record Date, owners of the Notes the nominal amount of which represents more than 30 per cent. of the aggregate nominal amount of the issued and outstanding Notes. If the Meeting decides on recalling a common proxy, any votes belonging to the common proxy (if he is a Person Authorised to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting the Issuer will inform the Meeting, either alone or through the Fiscal and Paying Agent, about the number of all the Notes in respect of which the Persons Authorised to Attend the Meeting are entitled to vote at the Meeting in accordance with these Terms and Conditions.

13.3.2 *Chairman of the Meeting*

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

13.3.3 *Common Proxy*

The Meeting may elect, by resolution, an individual or a legal entity to act as a common proxy. The common proxy is authorised under the law (i) to enforce, on behalf of all of the Noteholders, any rights associated with

the Notes to the extent specified in a resolution adopted by the Meeting, (ii) to supervise the compliance with these Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Noteholders, any other acts or protect the Noteholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting. The Meeting may recall the common proxy in the same way in which the common proxy was elected or replace him with a new common proxy. An agreement on appointment of the common proxy shall be publicly available on the Issuer's website specified under Condition 14.

13.3.4 *Decision-Making at the Meeting*

The Meeting will decide on any issues on its agenda in the form of resolutions. Any resolution that (i) approves a proposal on any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable law, or (ii) appoints or recalls a common proxy, will require the affirmative vote of at least three-quarters of the attending Persons Authorised to Attend the Meeting. Unless provided otherwise by law, any other resolutions will require a simple majority of votes of the attending Persons Authorised to Attend the Meeting in order to pass.

13.3.5 *Adjourned Meeting*

If within one hour after the scheduled opening of the Meeting a quorum is not present, then such Meeting will be automatically dissolved without further notice.

If the Meeting convened by the Issuer which is to decide on amendments to the Terms and Conditions does not have a quorum within one hour after the scheduled opening of the Meeting, the Issuer will convene, if necessary, a substitute Meeting to be held not later than six weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with the unchanged agenda will be notified to the Noteholders not later than 15 calendar days after the scheduled date of the original Meeting. The substitute Meeting convened by the Issuer deciding on amendments to these Terms and Conditions will have no quorum irrespective of the conditions for quorum set out in Condition 13.3.1 above.

13.4 *Certain Additional Rights of the Noteholders*

13.4.1 *Consequence of Voting against Certain Resolutions of the Meeting*

If the Meeting approved a Material Change in accordance with Condition 13.1.2 of these Terms and Conditions, the Person Authorised to Attend the Meeting who, according to the minutes of such Meeting, voted against a resolution adopted by the Meeting or failed to attend the Meeting (the **Applicant**) may request the repayment of the nominal amount of the Notes, which such Noteholder owned as of the Meeting Attendance Record Date and which will not be disposed of since such time, together with the pro-rata interest accrued on such Notes in compliance with these Terms and Conditions. This right must be exercised by the Applicant within 30 (thirty) days of the publication date of such Meeting resolution according to Condition 13.5 of these Terms and Conditions by a written notice (the **Application**) addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent, failing which the right will terminate. The amounts referred to above will become due and payable within 30 days from the date the Application was delivered to the Fiscal and Paying Agent (the **Early Redemption Date**).

13.4.2 *Resolution on Early Redemption of the Notes upon Noteholders' Request*

If the Meeting agenda includes a Material Change under Condition 13.1.2(b)-(f) of these Terms and Conditions and the Meeting does not consent to such a Material Change, the Meeting may, even beyond the scope of the agenda, decide that if the Issuer proceeds in conflict with the resolution of the Meeting that disagreed with such a Material Change under Condition 13.1.2 of these Terms and Conditions, the Issuer will be obliged to repay the nominal amount of the Notes and any pro-rata interest accrued thereon (if relevant) to any Noteholder who requests such early repayment (the **Applicant**). This right must be exercised by the Applicant by a written notice (the **Application**) addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent. The amounts referred to above will become due and payable within 30 days from the date the Application was delivered to the Fiscal and Paying Agent (the **Early Redemption Date**).

13.4.3 *Requirements as to the Application*

The Application will specify the number of Notes the redemption of which is claimed in compliance with this Condition. The Application must be in writing and signed by persons authorised to act on behalf of the Applicant, the authenticity of such signatures to be officially verified. Within the same time limit, the Applicant is obliged to deliver to the Specified Office of the Fiscal and Paying Agent all the documents required for making the payment under Condition 7 of these Terms and Conditions.

13.5 Minutes of the Meeting

Minutes of the business discussed and resolved at the Meeting will be taken by the person who convened the Meeting or by a person authorised by such person within 30 calendar days after the date of the Meeting. The minutes will contain the conclusions of the Meeting, including, without limitation, any resolutions adopted by such Meeting. If the Meeting is convened by a Noteholder or the Noteholders, the minutes of such Meeting must also be delivered to the Issuer at the Specified Office address not later than 30 calendar days after the date of the Meeting. The Issuer is obliged to keep the minutes of the Meeting until the rights under the Notes expire under the statute of limitations. The minutes of the Meeting will be available for inspection by the Noteholders at the Specified Office during regular office hours. The Issuer is obliged, in person or through its authorised person (especially the Fiscal and Paying Agent), to publish information on all resolutions adopted at the Meeting in the manner set out in Condition 14 not later than 30 calendar days after the date of the Meeting.

14 Notices

Any notice to the Noteholders will be valid and effective if published in the English language on the Issuer's website: www.coltczgroup.com by selecting the following sections: *Investors*. If mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. The date of such a notice shall be the date on which it was first published on the above Issuer's website.

Any notice to the Issuer will be valid and effective (i) upon its delivery by registered post (or in a similar way) or courier; or (ii) upon its delivery by an e-mail, whereas the Issuer agrees that the return receipt confirms such delivery. For a purpose of a due notification, any such notice shall contain the ISIN of the Notes.

15 Governing Law and Submission to Jurisdiction

15.1 Governing law

Any rights and obligations under the Notes will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic.

15.2 Submission to Jurisdiction

Any disputes between the Issuer and the Noteholders that may arise based on, or in connection with, the issue of the Notes, including any disputes with respect to these Terms and Conditions, will be settled with final effect by the Municipal Court in Prague.

The court competent to resolve any disputes between the Issuer and the Noteholders in relation to the Notes (including disputes relating to non-contractual obligations arising therefrom and disputes concerning their existence and validity) is solely the Municipal Court in Prague, unless the agreement on the choice of territorial jurisdiction is not possible in a particular case and the law provides for another locally competent court.

15.3 Language Versions

These Terms and Conditions may be translated into other languages. In the event of any inconsistencies between the various language versions, the English language version shall prevail.

16 Definitions

In these Terms and Conditions:

Business Day means any day (other than a Saturday, Sunday or a public holiday) on which banks in the Czech Republic are open for business, and on which foreign exchange transactions and interbank payments in the Czech Koruna, or in any other lawful currency of the Czech Republic that might replace the Czech Koruna, are settled.

Cash Funds and Equivalents means cash and deposits payable upon demand, along with short-term, highly liquid investments which may instantly be redeemed for a known volume of cash and whose exposure to the risk of a change of value is negligible.

Central Depository means Centrální depozitář cenných papírů, a.s., a company with its registered office in Prague 1, Rybná 14, Postal Code: 110 05, Identification No. 250 81 489, registered with the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert No. 4308.

Commercial Instruments means any performance bonds, advance payment bonds, or documentary letters of credit issued with respect to indebtedness of the Issuer and/or its Subsidiaries arising in the ordinary course of business.

Consolidated Net Indebtedness Ratio means, as of the reference date, the ratio between (a) Net Indebtedness on such day, and (b) EBITDA for the last complete Reference Period immediately preceding the reference date for which internal accounts are available.

In addition, the following arrangements shall apply for the purposes of calculating EBITDA:

- (a) acquisitions that have been made by the relevant person or any of its Subsidiaries, including acquisitions by way of merger or consolidation, or by any entity or any of its Subsidiaries acquired by the relevant person and including any related financing transactions and including increases in any ownership interest in the Subsidiaries, during or after the Reference Period and on or prior to the reference date (or that are to be made on the reference date), will be given pro forma effect (as determined in good faith by the responsible accounting or financial officer of the Issuer) as if they had occurred on the first day of the Reference Period;
- (b) EBITDA attributable to discontinued operations as determined in good faith by the responsible accounting or financial officer of the relevant officer in accordance with IFRS shall be excluded, including operations and businesses (and ownership interests in such businesses) disposed of prior to the reference date;
- (c) any person which, as of the reference date, is a Subsidiary shall be considered as a Subsidiary for the entire Reference Period; and
- (d) any person which, as of the reference date, is not a Subsidiary shall not be considered as a Subsidiary any time before the Reference Period.

For the purposes of calculating the **Consolidated Net Indebtedness Ratio** or any of its elements for a given period, the responsible accounting or financial officer of the relevant entity shall in good faith perform a pro forma calculation (including preliminary expenses and cost savings, as well as cost-cutting synergies, which (i) have already occurred or may be reasonably expected to occur (strictly with a view to savings and cost-cutting synergies attributable to the acquisition of another entity) within 12 months from the reference date; and (ii) are reasonably identifiable and factually provable, including (but not limited to) those which have come into existence as a consequence of any actions on the part of the Issuer or any of its Subsidiaries (in particular in relation to any scheme or program aimed at the reduction and saving of costs or in connection with any transaction, investment, acquisition, disposal, restructuring, reorganization) based on a good-faith decision by the CEO or CFO and/or an individual in a similar senior accounting role within the Issuer).

EBITDA is calculated as:

- (a) profit for the period;
- (b) plus income tax;
- (c) minus other financial income;
- (d) plus other financial expenses;
- (e) minus interest income;
- (f) plus interest expense;
- (g) minus gains/losses from derivative transactions;
- (h) minus share in the profit of associates after tax;
- (i) minus profit from the investments in associates (successive acquisition);
- (j) plus depreciation and amortisation.

Finance Lease means any lease agreement or hire purchase agreement which qualifies as a finance or capital lease under IFRS.

Group means, as at any reference date, the Issuer and all entities under the Issuer's control.

Group Company means, with respect to any person, any investment or entity (other than a Subsidiary of the relevant person) in which that person (directly or indirectly) holds a share, whereas the Joint Venture is not being considered a Group Company.

Material Subsidiary means any subsidiary of the Issuer whose contribution to EBITDA as per the most recent consolidated financial statements exceeds 10 per cent.

Net Indebtedness means the total Indebtedness of all members of the Group on a consolidated basis as of the reference date, minus the total amount of the Cash Funds and Equivalents at that date, to the extent that it is not subject to other adjustments and deductions.

IFRS means the International Financial Reporting Standards in their current wording as adopted by the European Union, which shall be applied consistently throughout.

Indebtedness means with respect to any person as of any reference date (without double counting), the total outstanding amount of the principal, capital, or nominal value (including any fixed or minimum prepayment or redemption premium) of the debts of such person with respect to:

- (a) cash borrowed and any negative balance on accounts kept with banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialized equivalent);
- (c) any loan for the purpose of purchase of notes or issue of bonds (other than the Commercial Instruments), debentures, promissory notes, obligations, loan stock, or other similar securities;
- (d) Finance Leases;
- (e) receivables sold or discounted (other than any receivables sold on a non-recourse basis which meet the requirements for derecognition under the IFRS);
- (f) any counter-indemnity obligation in respect of a guarantee, suretyship, stand-by, or documentary letter of credit or other instrument (other than the Commercial Instruments) issued by a bank or other financial institution in respect of (i) the underlying indebtedness of the given entity (other than the

relevant person) which is covered by one or another of the other subsections of this definition; or (ii) indebtedness of the relevant person in connection with a retirement incentive plan;

- (g) any amount raised by the issuance of shares which are redeemable (other than at the option of the issuer) or shares otherwise classified as borrowings under the IFRS;
- (h) any part of indebtedness arising from in advanced entered payment agreement or deferred payment agreement if (i) they were arranged primarily as a method of raising funds or financing the acquisition or development of the given asset (property) or service; and (ii) the agreement in question concerns the delivery of assets (property) or services and payment is due more than 180 days after the agreed delivery date;
- (i) any amount obtained under any other transaction (including any forward purchase or sale agreement, buy/sell-back transaction, or SLB) having the commercial effect of a borrowing or otherwise qualifying as a borrowing under IFRS; and
- (j) any part of indebtedness (without double counting) arising from a guarantee or indemnity for any of the items laid out in paragraphs (a) through (i) above.

The term Indebtedness does not include any of the following:

- (a) any lease of assets which would qualify as an operating lease under the IFRS (in the wording in force on the Issue Date) or any guarantee granted to the relevant person or its Subsidiary in the ordinary course of business and strictly in connection with and in relation to the indebtedness of the relevant person or its Subsidiary within the operating lease arrangement; whereas in the event of any amendment to the IFRS after the Issue Date, the CFO of the relevant person (or an individual in a similar senior accounting role with the relevant person) shall in good faith make a reasonable assessment and determination whether or not the given lease may be considered an operating lease under the IFRS in the wording applicable as of the Issue Date, in accordance with prior practice and applying the principles set out in the IFRS (as of the Issue Date);
- (b) any pension debt;
- (c) any indebtedness arising from the ordinary course of business;
- (d) in connection with the purchase or sale of any enterprise by a relevant person or its Subsidiary: any post-settlement adjustments to which the seller may be entitled, to the extent to which the respective payment has been reflected in the closing balance sheet or is dependent on the performance of such enterprise after closing (settlement) of the transaction;
- (e) for the avoidance of doubt: any indebtedness related to claims of staff for damages, or arising because of early retirement or early termination, indebtedness related to a pension fund or contributions to the same or similar claims, debts, or contributions, social security or wage tax payments; and
- (f) borrowings made available by the Issuer or any of its Subsidiary to any Group Company with the expectation of future dividend distributions for the welfare of the Issuer or its Subsidiary within 12 months from making available said borrowings, provided that the Group Company has or will have disposable reserves in the form of profit earmarked for distribution, i.e. the funds needed to pay out future dividends for the relevant period.

Joint Lead Managers means Česká spořitelna, a.s. and Komerční banka, a.s.

Joint Venture means any joint commercial-law subject, be it a company, company without legal entity, enterprise, association, joint venture, partnership, or other entity.

Permitted Security Interest means a Security Interest:

- (a) over shares, ownership interests or other direct equity stakes of the Issuer in any of its Subsidiary, created to secure any financing provided to any Subsidiary by any third party outside the Group; or
- (b) encumbering the assets of the Issuer or any Subsidiary in connection with regular business activities of the Issuer or any Subsidiary, or in connection with regular banking operations of the Issuer or any Subsidiary, including, without limitation, any existing or future loans of the Issuer or any Subsidiary secured by a security assignment or by other similar operations; or
- (c) encumbering the assets of the Issuer or any Subsidiary in connection with any security derivatives concluded by the Issuer or any Subsidiary in order to secure interest rate or foreign exchange rate fluctuations (for the avoidance of doubt, save for any security derivatives used for speculative purposes only); or
- (d) arising from contractual arrangements of the Issuer or any Subsidiary existing as of the Issue Date, including any refinancing of such payment obligations secured by the Issuer; or
- (e) established to secure any payment obligations of the Issuer or any Subsidiary arising in connection with Project Financing, provided that the assets or income over which such Security Interest have been created are (i) assets used or to be used in connection with the project to which the Project Financing relates, or (ii) income or receivables arising from operations, failure to meet the agreed parameters or other conditions of expropriation, sale, destruction or damage to such assets; or
- (f) arising by operation of law or from a judicial or administrative decision.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

Project Financing means an arrangement for the provision of funds that are to be mainly and predominantly used for the financing purposes of any purchase, building, extension or use of any property, and the provider providing such funds accepts that such funds would be repaid by the debtor from the income from the use, operation, compensation for destruction or damage to the financed property, and as of the date of the provision of such financing, the providers of such funds could reasonably assume that the principal and interest from the funds provided will be repaid by such project-related incomes.

Prospectus means the prospectus in respect of the Notes approved by the Czech National Bank.

Reference Period means the most recent four complete quarterly fiscal periods for which relevant financial statements were compiled and made available.

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

Subsidiary means at any particular time any other person (the **second person**) in relation to any person (the **first person**),

- (a) whose affairs and policies the first person controls or has the power to control, whether by way of ownership interest in the registered capital, agreement, the power to appoint or dismiss members of the governing body of the second person or otherwise; or
- (b) whose financial statements are, in accordance with applicable laws and generally accepted accounting principles, consolidated with the first person using accounting method.