GENERAL DESCRIPTION OF THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

In accordance with the Regulation of the Minister of Finance on the procedures and conditions to be followed by investment firms, banks referred to in Art. 70.2 of the Act on Trading in Financial Instruments and custodian banks (the "**Regulation**"), or any other legal act that may replace or supplement the Regulation in the future and that governs substantially the same matters, the Brokerage House provides its Clients or prospective Clients with a general description of the nature and risks of financial instruments so as to enable the Client to make informed investment decisions, with the scope of such information adjusted to the type of financial instruments and the Client category.

The Brokerage House points out that investing in financial instruments carries a risk of losing some or all of the funds invested, and may lead to losses exceeding the value of the assets invested. Therefore, in making investment decisions, the Client should in particular take into account the risk of investing in a given class of financial instruments, expected profit or potential loss acceptable to the Client, and should analyse a number of external factors affecting the price or liquidity of the financial instrument, such as stability of the legal and tax systems, economic conditions, prospects of economic growth, or the probability of force majeure events. The Brokerage House advises the Client that the historical high rate of return on a given financial instrument must not be treated as a guarantee of future returns.

Presented below is the key information on selected financial instruments and risks associated with investing in a given class of financial instruments, with the proviso that the following list may not include all potential risks:

EQUITIES are equity instruments that represent an ownership interest in the share capital of a joint-stock company; equities confer corporate rights, such as the right to participate in and vote at the joint-stock company's general meeting, the right to receive information on the joint-stock company's activities, as well as property rights, such as the right to receive dividend, i.e. the right to share in the company's profit, and the right to a certain portion of the company's assets in the event of its liquidation. The risks involved in investing in equities are related to the financial position of the issuer, the industry in which it operates, the manner in which the issuer manages its business, the business environment and geopolitical situation in which the issuer operates, as well as the probability of fortuitous events affecting its financial condition. Equities are not leverage-based financial instruments. However, a leveraged purchase may take place when equities are acquired using borrowed funds. Investing in equities may also involve the following risks: price risk, liquidity risk, risk of suspension of trading in or delisting of shares from organised trading, and the risk of bankruptcy or liquidation of the issuer. As a rule, the prices of shares in book-entry form that are traded on a regulated market are highly volatile.

ALLOTMENT CERTIFICATES (ACs) are financial instruments similar to equities; they represent the right to receive new issue shares. Allotment certificates are created upon their allotment to an investor subscribing for new shares and confer the right to receive shares in a joint-stock company after the official process of increasing the company's share capital is completed. Allotment certificates are not leverage-based financial instruments. However, a leveraged purchase may take place when allotment certificates are acquired using borrowed funds. Investing in allotment certificates carries a similar risk to investing in equities, as well as the risk that the share capital increase at the joint-stock company may prove unsuccessful as a result of the court's refusal to register the share issue. As a rule, the prices of allotment certificates are highly volatile.

PRE-EMPTIVE RIGHTS are financial instruments that entitle the existing shareholders to acquire new shares issued by a joint-stock company. The number of pre-emptive rights that entitle the holder to place a subscription order is specified each time in the company's issue prospectus. Pre-emptive rights may be separately listed and traded in on a regulated market independently of the shares. Pre-emptive rights are not leverage-based financial instruments. However, a leveraged purchase may take place when pre-emptive rights are acquired using borrowed funds. Clients holding pre-emptive rights should place subscription orders for new issue shares or sell them before the pre-emptive rights expire, otherwise they may receive no payment upon their expiry. Investing in pre-emptive rights also involves volatility risk, even greater than in the case of shares of the same issuer, risk of expiry of the pre-emptive rights, risk that the company's share capital increase proves unsuccessful, and other risks related to investing in equities. As a rule, the prices of pre-emptive rights are highly volatile.

TREASURY BILLS are bearer debt instruments issued by the State Treasury as a form of loan contracted by the State Treasury. The State Treasury purchases or sells treasury bills at a discount, in auctions, or – in exceptional circumstances – under agreements conferring the right to purchase treasury bills or tender treasury bills for redemption outside of an auction. The Clients may purchase treasury bills on the primary market and the secondary market, through a market participant. The nominal value of treasury bills and auction dates and times are indicated in the issue document. Treasury bills are redeemed at par after expiry of the period for which they have been issued, with the proviso that treasury bills mature within up to one year. Treasury bills are issued in book-entry form and may be listed via a multilateral trading facility. Treasury bills are not leverage-based financial instruments. However, a leveraged purchase may take place when treasury bills are acquired using borrowed funds. Investing in treasury bills involves the interest rate risk, liquidity risk, and price risk if treasury bills are sold prior to their maturity. Given that the bills are issued by the State Treasury, the risk of default should be considered immaterial. The prices of treasury bills do not tend to be volatile.

BONDS/NOTES are debt securities issued in book-entry form or otherwise, whereby the issuer agrees to make specific future payments to the buyer of the bond/note (bondholder/noteholder). Bonds/notes are redeemed by the issuer on maturity, when the principal amount is repaid together with any interest payable to the investor in accordance with the terms and conditions of the bonds/notes. There are various types of bonds/notes, for instance bonds/notes paying interest (coupon-bearing bonds/notes) and bonds/notes issued at a discount, where the bondholder/noteholder's profit is the difference between the purchase price and the par value of the bonds/notes (zero-coupon bonds/notes); another classification is based on the type of the issuer, which may be the State Treasury (treasury bonds/notes), local governments (municipal bonds/notes), or companies (corporate bonds/notes). To protect the holders' interests, some bonds/notes are secured over various assets, including mortgage over property, pledges over shares and other movables, or with sureties provided to the issuer. Such bonds/notes are issued as secured, as opposed to unsecured bonds/notes (debentures). Bonds/notes are not leverage-based financial instruments. However, a leveraged purchase may take place when bonds/notes are acquired using borrowed funds. Investing in bonds/notes involves the risk of issuer's default, price risk, interest rate risk (in the case of variable rate

bonds/notes), and liquidity risk. The volatility of bond/note prices is limited and depends on the type of bonds/notes, the issuer, and whether or not the bonds/notes are admitted to trading on an organised market.

INVESTMENT FUND UNITS are financial instruments created by open-ended investment funds, which are not listed on a regulated market. They represent the value of the investor's interest in the investment fund's capital and any profits earned or losses incurred by the fund manager. Investment fund units may only be redeemed by the fund and may not be transferred to third parties. Investment fund units are not leverage-based financial instruments. However, a leveraged purchase may take place when investment fund units are acquired using borrowed funds. Risk of investing in investment fund units varies depending on the type of the fund and its investment strategy, as well as the investment portfolio diversification, and includes in particular liquidity risk, interest rate risk, and credit risk. The risk also relates to investment decisions made by the fund manager, and possible suspension of redemptions if the fund loses liquidity. In the case of foreign investment funds, other risks also apply, including currency risk and the risk of the fund's jurisdiction. Volatility of investment fund unit valuations depends strongly on the type of the fund and its investment policy.

INVESTMENT CERTIFICATES are financial instruments issued by closed-end investment funds, which may be listed on a regulated market. Investment certificates represent the value of interest in the investment fund's capital per investment certificate and any profits earned or losses incurred by the fund manager. Subject to its investment policy, a closed-end investment fund may invest in financial instruments with embedded leverage, with the proviso that potential loss to a certificate holder may not exceed the amount of their investment in the fund. A leveraged purchase may take place when investment certificates are acquired using borrowed funds. Risk of investing in investment certificates varies depending on the type of the fund and its investment strategy, as well as investment portfolio diversification, and includes in particular liquidity risk, interest rate risk, and credit risk. The risk also relates to investment decisions made by the fund manager, low liquidity of investment certificates, and the difference between the market value of an investment certificate and its net carrying amount. Volatility of investment certificate prices depends strongly on the type of the fund and its investment policy. Investment certificates may be traded on a secondary market, may be issued in certificated or book-entry form, and individual series of investment certificates may differ in terms of the holders' rights and obligations. Information regarding the nature of individual investment certificates and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant investment certificates.

FUTURES AND FORWARD CONTRACTS are financial instruments in the form of a contract between two parties, with the buyer taking a long position under the contract and the seller taking the short position under the contract. The subject matter of such contract is the future value of the underlying asset agreed by the parties, including in particular equities, bonds, currencies or stock exchange indices. By entering into a futures or forward contract, the seller and the buyer specify the type and quantity of the underlying asset, the strike price of the contract and the contract expiry date on which the parties will purchase and sell, respectively, the underlying asset or make appropriate cash settlement. Therefore, the date of entering into a futures or forward contract and its expiry (settlement) date are usually considerably distant. The Client who has purchased or sold a futures or forward contract has an open position (long or short position, respectively). The Client may continue to hold the position until the contract settlement date or exit the investment (close the position). If the Client who has purchased a contract (i.e. has a long position) intends to close the position, the Client needs to sell the contract with the same settlement date. If the Client who has sold a contract (i.e. has a short position) intends to close the position, the Client needs to buy the contract. Depending on the type of contract, it may be settled by delivery of the underlying asset (forward contracts) or through cash settlement (futures contracts) as is the case with futures traded on an organised market. The contract price is expressed, *inter alia*, in points, the Polish złoty (PLN) or percentage points, and determined by multiplying the price by the relevant multiplier. The Client using financial leverage may enter into forward or futures contracts with a value exceeding the Client's financial resources, but is then required to deposit a margin with the Brokerage House, which represents only a part of the contract value. Leveraged investments may bring above-average profits or significant losses, sometimes in excess of the margin amount. The risks of investing in futures or forward contracts include the risks specific to the underlying asset; for instance, for an index contract they may include changes in the underlying indices, for a currency contract – fluctuations of exchange rates, and for equity contracts – fluctuations of stock prices and risks associated with investing in equities. Where financial leverage is used and the Client may only deposit a margin rather than security for the entire value of the contract, the Client bears a high risk of losing the full invested amount or a risk of incurring a loss exceeding the margin amount. The Client should also take into account the risk of lower liquidity of futures or forward contracts relative to the liquidity of the underlying assets, the risk of volatility of contract prices similar to the volatility of the price of the underlying assets, as well as interest rate and credit risks.

OPTIONS are financial instruments in the form of a contract between the option holder, purchasing the right to buy (call option) or the right to sell (put option) the underlying asset at an agreed price, and the option writer, obliged to settle the contract by selling or buying, as the case may be, the underlying asset on the option settlement (exercise) date. The option holder takes a long position, while the writer takes a short position in such transaction. Options are divided into: call options entitling the holder to buy a specified quantity of the underlying asset at a specified time in the future, at an agreed price; and put options entitling the holder to sell a specified quantity of the underlying asset at a specified time in the future, at an agreed price. While entering into an option contract, the parties should at least specify the quantity of the underlying asset, the agreed strike price, and the option expiry date. Where a contract is executed on an organised market, the option holder (having a long position) is obliged to pay the price (premium), while the option writer (having a short position) is obliged to deposit a margin. An option may be exercised only on or before its expiry date. The underlying assets for options traded on an organised market may include equities or stock exchange indices. Buying a call option and writing a put option generate return if the price of the underlying asset goes up. Buying a put option and writing a call option generate return if the price of the underlying asset goes down. The maximum profit to the Client who has taken a long position in an option is unlimited, while the maximum profit to the Client who has taken a short position is equal to the amount of the premium received at the time of the position opening. Where an option is listed on the WSE, the premium is the trading price multiplied by the relevant multiplier. Risks of investing in options include risks specific to the underlying asset, liquidity risk, interest rate risk, credit risk, and risk of volatility of the underlying asset value, risk of the option expiry, and risk of losing the entire invested amount or incurring a loss exceeding the margin amount (in the case of leveraged investments). Options are subject to strong price volatility. Information regarding the nature of individual options and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant options.

WARRANTS are financial instruments similar to options that embody the issuer's obligation to pay a settlement amount to eligible warrant holders at the exercise date. The issuer of subscription warrants who is also the issuer of the underlying asset has the obligation to deliver to the warrant holder a specified amount of the underlying asset at the agreed exercise price. A separate category are option warrants, which give their holders the right to

buy or sell a specified amount of the underlying asset at an agreed price and at a specified exercise date. Option warrants may be issued by financial institutions such as banks and brokerages. The risks involved in investing in warrants include the risk of volatility of the warrant price, risk of volatility of the price of the underlying asset, which determines the value of the warrant, as well as liquidity risk, interest rate risk, credit risk, and the risk related to the issue price of the underlying asset. Warrants are subject to strong price volatility. Information regarding the nature of individual warrants and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant warrants.

STRUCTURED PRODUCTS (EXCHANGE TRADED PRODUCTS, ETPs) are financial instruments that embody the obligation of the issuer, being a financial institution (a bank, a brokerage house or an investment fund), to pay the investor a settlement amount calculated by reference to a specified formula. Most structured products are made up of two components, namely: (i) the safe component that guarantees the recovery of at least part of the invested capital and (ii) the risky component that is to ultimately generate substantial returns for the investor. With structured products, the Client knows the investment period from the inception of the investment, whereas the price of the product depends on the value of specific market indices to which the settlement price is linked. Structured products come in two categories: capital-guaranteed products, where the investor is promised to recover all or some of the original investment at maturity and share in returns generated by the embedded derivate, and non-capital-guaranteed products, where the Client is paid the current value of the assets, which in extreme cases may be lower than the original investment. Investing in structured products carries different levels of risk, depending on the type of product, the investment objective, financial soundness of the capital guarantor, if any, as well as the type of the embedded leveraged derivative and its share in the structured product. Particular attention should be paid to the risk of price volatility of structured products, risk related to the underlying assets, liquidity risk, issuer default risk, and the risk of losing capital guarantee in the event of early investment termination. Structured products are typically subject to strong price volatility. Information regarding the nature of individual structured products and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant structured products.

CONTRACTS FOR DIFFERENCE (CFD) are financial instruments traded over the counter, enabling investors to cash in on movements in the prices of underlying assets. A CFD is a contract between two parties to settle the difference between the opening and closing price of the contract, arising directly from movements in the prices of underlying assets. These mainly include stock market indices and commodity prices. The main cost of investing in a CFD is the spread, or the difference between the opening and closing price of the contract, which varies in width depending on market conditions. CFDs are highly leveraged. The risks involved in investing in CFDs include the risk of fluctuations in the price of the underlying asset to which a CFD is linked, liquidity risk, and the risk of losing the entire invested amount or incurring a loss exceeding the margin amount (in the case of leverage-based transaction). CFDs are subject to very strong price volatility. Information regarding the nature of individual CFDs and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant CFDs.

Exchange Traded Funds (ETFs) are open-end investment funds designed to track an underlying asset, for instance a stock market index. ETF units, like equities, are traded on stock exchanges and may be issued and redeemed daily. Investing in ETFs involves risks similar to the risks associated with the underlying asset tracked by an ETF, as well as currency risk or the risk of failure to achieve the same rate of return as the underlying asset. ETF price volatility is strongly correlated with the underlying asset price movements. Information regarding the nature of individual ETFs and the risks, costs, potential gains and losses related thereto is provided in the key information document (KID) for the relevant ETFs.

Below we provide selected information about investing in the financial instruments discussed above.

Investment risk – the risk involving the possibility of the Client incurring a loss on the investment or achieving a return which is lower than expected. The level of investment risk depends on the type and structure of a financial instrument, use of leverage in the investment process, the issuer's credibility and other external factors affecting the value of a financial instrument. The main types of risk that determine the level of investment risk are as follows:

Delisting or suspension risk – the risk that a financial instrument will be delisted, or that trading in a financial instrument will be suspended on a given market, thus significantly limiting trading in such instrument and the ability to determine its market price.

Liquidity risk – the risk that the possibility of selling a financial instrument at a given time without impacting its price may be limited.

Credit risk (issuer default risk) – the risk that the issuer of a financial instrument or a counterparty will default on a contract with the Client or on the terms and conditions of a financial instrument.

Interest rate risk – the risk that the price of a financial instrument will change as a result of interest rate fluctuations.

Leverage risk – the risk inherent in investing in financial instruments with embedded leverage or using borrowed capital, which in extreme cases may lead to the Client incurring a loss exceeding the original investment.

Price volatility risk is the risk of a sharp decline in a financial instrument price below the price at which it was purchased by the Client.

Financial leverage is a way of funding an investment whereby the Client deposits a margin representing only a fraction of the investment amount (for instance 5%) and may invest in assets whose value exceeds the value of the Client's funds. When using financial leverage, The Client may receive a margin call from the brokerage house to meet the margin if there has been a change in the value of the acquired assets. Another example of using financial leverage is investing in financial instruments with the use of borrowed funds. Leveraged investments carry the risk of losing all funds invested by the Client or incurring losses exceeding the value of the amount invested.

Price volatility represents the degree of variation in the price of a given financial instrument compared with the average price of the financial instrument determined for a specific period of time. A high volatility of prices leads to significant fluctuations in the prices of financial instruments, which in turn translates into considerable changes in the value of the investment. Price volatility depends on factors such as liquidity of a given financial instrument,

the issuer's financial condition and growth strategy, information affecting the valuation of a given financial instrument, changes in the legal and tax system, economic conditions, economic growth, and a number of other macroeconomic and microeconomic factors.

In the case of a financial instrument which is offered as part of an ongoing public offering in which the Brokerage House participates, and if an issue prospectus has been published in connection with such offering in accordance with the Public Offering Act or applicable laws of another Member State, the information on the place where such prospectus has been published is available on the Brokerage House's website and at its Customer Service Offices.

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