

## **Information regarding your intended Investment**

### **(Private Placement in a non-listed company)**

#### **1. Information regarding the Institute**

Below you will find important information about CM-Equity AG (hereinafter referred to as "the Institute"), as well as about its financial services and prices. Our contact details:

Address: CM-Equity AG  
Kaufingerstraße 20, 80331 Munich, Germany  
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The Client may communicate with the Institute at any time in German or English. Generally, the Client may receive all relevant documents of the Institute in the German language. If requested, the Client shall receive all material documents in English. The Institute will generally communicate with the Client by letter and, if necessary, by fax. If the Client chooses to contact the Institute using electronic means of communication, e.g. e-mail, then the Institute reserves the right to contact the Client by the same means.

**WpIG Licences:** The Institute primarily provides investment brokerage (section 2 (2) no. 3 WpIG), investment advice (section 2 (2) no. 4 WpIG), placement business (section 2 (2) no. 8 WpIG), contract broking (section 2 (2) no. 5 WpIG), financial portfolio management (section 2 (2) no. 9 WpIG), proprietary trading (section 2 (2) no. 10 WpIG), proprietary business (section 15 (3) WpIG).

**Agreement Conditions:** For securities transactions, the following shall apply between the Client and the Institute. Kindly read the following documents carefully:

- If applicable, general information on investments in securities
- If applicable, general information on futures transactions
- Information on distance selling, including information on revocation at a distance
- Conflict of Interest Policy
- Execution policy for orders in financial instruments ("Best Execution Policy")

**Information about Financial Instruments:** Within the scope of the agreed services, the Institute will make transactions in the name and for the account of the Client in financial instruments (stocks, bonds, mutual funds, derivatives, foreign exchange, Contracts for Difference (CFDs) and others) according to the investment strategy selected. Detailed information about these financial instruments, how they work their prospects and risks can be found in the provided document titled "General Information regarding Investments in Securities".

**Financial Market Authority:** The Institute is subject to supervision of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, and Marie-Curie-Straße 24-26, 60439 Frankfurt am Main, Website: [www.bafin.de](http://www.bafin.de).

**Employment of Tied Agents:** In addition to its employees, the Institute may collaborate with Tied Agents in their capacity as independent financial advisors, who have a contractual agreement with the Institute. These Tied Agents may provide Financial Advice Services (e.g. securities, derivatives), solely for the account of and subject to liability of the Institute. All Tied Agents must be registered with the BaFin's public register for Tied Agents ([www.bafin.de](http://www.bafin.de)).

**Measures to Protect the Entrusted Client Assets:** As a financial service provider, the Institute is not permitted to hold or receive the Client's financial instruments or monies for safekeeping. For the holding and trading of financial instruments, the Institute shall use the services provided by banks and other registered institutions. All deposits shall be with institutions legally authorized to the safekeeping and administration of deposits.

**German Securities Trading Companies Compensation Fund (EdW):** The Institute is a member of the German Securities Trading Companies Compensation Fund (EdW). The EdW protects the Institute's liabilities to the Client. Compensation shall be paid, should the Institute - in breach of its legal duty - not be able to return Assets owing to the Client.

The Clients compensation claim shall be determined by the amount and extent of the liabilities of the Institute to the Client, taking the Institute's right to offset and retain into consideration. The compensation claim is currently limited to 90 % of the liabilities and a maximum amount of EUR 20,000. Claims which have been issued by the Institute to secure bearer bonds and registered bonds as well as liabilities from own bills of exchange are not protected.

Claims for damages resulting from improper investment advice are not covered. In addition, neither claims by specific investors, as per § 3 Abs. 2 of the German Deposit Guarantee and Investor Compensation Act (EAEG), such as claims by special credit institutions, insurance companies, investment companies, mid-size and large corporations within the meaning of § 267 Abs. 2 and Abs. 3 of the German Commercial Code (HGB), nor claims by the public sector are protected.

**Dealing with Potential Conflicts of Interest:** The detailed information on dealing with potential conflicts of interest can be found in the Conflict of Interest Policy enclosed with this document. Further details regarding this policy may be requested from the Institute at any time.

## **2. Information regarding shares traded at open market or other over-the-counter markets**

Companies can choose between the market segments **Official Market, Regulated Market** and **over-the-counter market (Open Market)** for listing their share at the German stock exchange (Deutsche Börse). The Official Market and Regulated Market are securities markets that are regulated by the European Union, while the Open Market is organized under private law of the German stock exchange.

Should the Client consider purchasing shares that are traded on the Open Market or other over-the-counter markets, the Client should consider the following: The shares are not traded on an official or regulated public market which leads above all to some considerable particularities. In principle, an investment in such shares is to be considered highly speculative.

**Limited state supervision:** State supervision is limited to monitoring trading. On the other hand, there are no more extensive investor protection regulations in the OTC market than in the official or regulated market. For instance, a mere listing is possible without a prospectus. **Therefore, investors have to take more care of obtaining and verifying important company information and critically scrutinise information provided by third parties.**

**Transparency and information risk:** Apart from the possibly unpublished prospectus, there is no obligation on the part of issuers to provide ad hoc publicity, to prepare semi-annual reports or to report when important shareholding thresholds are reached. With such an investment, the Client must therefore be aware that he/she will not receive information about the issuer of the shares to the extent that is legally provided for shares in the so-called regulated market. This applies both to information prior to the acquisition of the shares, in particular information on the risks associated with the investment for the Client, and to inform during the investment period, in particular ongoing reporting, information on the performance and information on circumstances material to the performance of the shares. The

information provided by third parties is also rare. In addition, there are regularly no possibilities to check the information provided or to have it verified by independent bodies. This applies in particular to shares where the issuer is domiciled abroad.

**Increased price risk:** The price of the share tends to fluctuate more strongly due to narrowness of the market, frequently small company size and market capitalization. There is the risk of a **total loss of the invested capital**.

**Fungibility and secondary market risk:** Shares traded on the open market or other over-the-counter markets often have only limited stock market trading (market narrowness). Therefore, there is a risk that the shares cannot be sold on the stock exchange at an appropriate price, a short notice, or at all.

**Market making and manipulation risk:** Due to the narrowness of the market, investors acquiring such shares are exposed to the risk of considerable manipulation possibilities. This risk exists on the one hand due to the limited information and control possibilities (see transparency risk), as third parties may attempt to manipulate the market by means of targeted (dis)information of other market participants to influence prices in their own interest. On the other hand, this risk is exacerbated by the narrow market described above. Individuals can have a strong influence on stock exchange prices, so that the targeted placement of orders can the stock exchange price can be manipulated by the targeted placement of orders. Moreover, prices are not always the result of supply and demand but are in part set by the market. Also, market makers or liquidity providers are sometimes paid by the issuer, to buy or sell shares on their behalf but for their own account.

**Increased issuer risk:** Shares traded over-the-counter are usually subject to an increased issuer risk. The issuing company often has only a small capital base, such that there is a higher risk of insolvency, and thus, a higher risk of a total loss.

### **3. Special aspects of over-the-counter acquisition of shares**

Shares purchased over-the-counter are either not listed at a stock exchange at the time of purchase or they are listed at a stock exchange but not purchased at the stock exchange. This means additional risk to the already existing risks regarding investments in shares.

**Lack of liquidity:** In the case of over-the-counter shares, there is generally only a theoretical opportunity of transfer. The shares are not listed at any exchange. Therefore, there is no organized market for the trading of the shares. In practice, investors cannot expect to find a buyer for the shares they have purchased at any time. In the case of shares that are not traded on a stock exchange or another generally accessible secondary market (resale market), there is a risk that the investor will only find a buyer at a considerable discount to the value (purchase price) or not at all due to the lack of a buyer.

**No guarantee for a subsequent listing on the stock exchange:** A possibly intended approval of a listing at a stock exchange, or another market is a mere declaration of intent. It is not certain whether and when such an admission of a listing at a stock exchange will be granted and whether a liquid trading in the shares will be established in this case.

**No transferability during the lockup period:** Shares are often subject to restrictions on the right of sale and transferability, especially in the case of new issues. These shares cannot be traded or sold for at least four months after the closing date. If such restrictions exist, this is associated with a restriction of tradability.

**Risks of valuation when shares are acquired off-exchange:** In the case of shares acquired off-exchange, there is no valuation of the value of a share by other market participants or so-called market makers. The price is not determined by supply and demand but is determined solely by negotiations

between the buyer and the seller. The price for such shares is often set by the seller at his own discretion and does not have to correspond to the enterprise value of the share itself. On the contrary, it may significantly exceed this value. Therefore, there is a considerable valuation risk.

**Cash inflow:** The seller of the share receives the purchase price. Should the share be sold through a third party, this third party receives the purchase price. Only if the share is purchased directly from the issuing company, the purchase price goes directly to the issuing company, and this leads to an increase in the liquid assets of the issuing company.

#### **4. Information regarding the activities of the Institute**

The Institute wishes to point out the following:

- The Institute was commissioned to offer the shares for sale to suitable investors. Thus, the Institute acts on behalf of the seller of the shares.
- The Institute has not been able to verify the assumptions underlying the information and forecasts provided, as they are not known. In particular, the Institute does neither guarantee that the revenue, profit or other forecasts will be achieved, nor that the stated targets will be reached. Insofar as the information provided contains forward-looking statements in the information provided, in particular with regard to the price development of markets or securities, are forecasts, the occurrence of which is uncertain. Liability claims against the Institute regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected unless it can be proven that the Institute acted with intent or gross negligence.
- For its service, the Institute usually receives a fee from the seller, generally ranging from one to ten percent of the volume placed.
- The Institute and associated people or companies may hold shares of the issuing company or may buy and sell the shares in the daily business, which can lead to a potential conflict of interest. The Institute has implemented measures in order to reduce these potential conflicts of interest. Therefore, the Institute established a detailed work instruction on how to deal with such transactions. Nevertheless, a conflict between self-interest of the Institute and the interests of investors cannot be ruled out.
- The enclosed information material is neither intended as a recommendation to buy or sell and is not intended as a financial analysis.
- The Institute does not provide investment advice to (potential) investors. It will not make any investment recommendation. Furthermore, individual circumstances (in particular financial circumstances, risk tolerance, investment objectives) are not collected and not taken into account. In the event of interest in the acquisition of shares, the Institute will solely request information about the knowledge and experience and, on the basis of this, examine whether the purchaser is in a position to assess the risk associated with the shares.
- Should the subscription agreement be entered without involving the Institute in the subscription process, the Institute will not be able to check the appropriateness of the intended transaction. This means there will be no review of whether the Client has the necessary knowledge and experience to assess the risks associated with the transaction.