

## Risk Disclaimer

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**1.1** Investing with the Provider's support poses risks to Investors, including the risk of liquidity/ illiquidity, a risk of failure to pay out dividends/share in the profits, loss of investment, investment dilution, and it should be done only as part of the Investor's diversified investment portfolio. The Crowdberry Service is exclusively intended for Investors – clients of Tatra banka Private Banking, who must be knowledgeable enough to be able to recognise, understand and assess such risks, and make investment decisions knowingly and freely on the basis of their knowledge, experience and financial capacity, do so on their own responsibility and at their own risk. The Provider reserves the right to exceptionally assign an access code to the Platform also to clients of other banks seated in other country, who are sufficiently capable of recognising, understanding and assessing the risks, and of making investment decisions knowingly and freely on the basis of their knowledge, experience and financial capacity, and do on their own responsibility and at their own risk. Anybody who uses the Webpage or Crowdberry Services acknowledges and agrees to the following warning with regard to risks (Clauses 1.1.1. – 1.1.9.):

**1.1.1** Loss of monetary deposit: The majority of companies seeking external investments in initial stages (so-called start-ups) fail after certain time. Where an Investor invests money into such companies, they are more likely to lose the money than have the money appreciated. An Investor is under an obligation to take that into account when making decisions on investments. An Investor should not invest more money than they can afford to lose without having to change their living standard. **We expressly do not recommend anybody to invest borrowed money.**

**1.1.2** Investment risk: It is a must for an Investor to take into account that **the value of investments into a Company fluctuates and their appreciation cannot be guaranteed whatsoever**. The value of investments and yield therefrom may fall down and there is no guarantee whatsoever that an Investor will have their investments or their part returned. Any investment into a Company should be viewed as a long-term illiquid investment. Investors' claims against Companies are unsecured and are inferior to claims by all the creditors. The value of investment, its appreciation and return on it, as well as a success or failure of companies depend on many variables, of which many are specific to the given investment and business, but many are external in nature. Investor's ability to sell their share in a Company shall depend on the will of a potential interested party to purchase the respective share at an acceptable price. An Investor may find it difficult to find such a buyer.

**1.1.3** Illiquidity (the inability to cash in an investment in a short time without a loss in its value): **All investments made via Crowdberry are highly illiquid**. There is only a very limited secondary market for shares in Companies – start-ups. This means that it is unlikely that an Investor is able to sell their shares in such Companies until the time the Company is bought by another company or is quoted. Even in case of successful Companies – start-ups it may take years before they are quoted or bought by another company and the said investment is appreciated.

**1.1.4** Rare payout of share in the profits: **Companies – start-ups rarely pay out dividends (share in the profits), since they need capital to get going**. This means that when an Investor invests into such Companies, it is unlikely that they get any return or gain any profit until the time they sell their share, even if the Company is a success. Even in case of highly successful Companies it may take years before they pay out first dividends /share in the profits.

**1.1.5** Missing history of Companies on offer: It is in the very nature of Companies – start-ups that they have none or very brief history of operations, on the basis of which a likely development could be forecast.

- 1.1.6** Past performance and forecasts are not indicative of future performance: Nobody should rely on past performance as an indicator or guarantee of future performance. **Forecasts are not a reliable indicator of future performance.**
- 1.1.7** Dependency on executives/board of directors: **The majority of Companies – start-ups depend on people who initiated them and who subsequently become (or remain to be) their executives or directors.** Success of such Companies depends largely on their staying in the Company – start-up and on their motivation.
- 1.1.8** Dilution (reduction of share in the equity at an additional increase in the equity capital): **Investment made by an Investor via Crowdberry may be potentially diluted.** This means that when a Company later seeks to raise additional funding, its equity may increase due to the assumption of a liability arising from a new deposit /the subscription of shares by a new investor, and by that token the Investor's share in the Company equity capital will drop in percentage terms, although the size of a business share in absolute terms may rise. Any similar increase in equity shall be subject to a vote by partners in line with the Company's Deed of Association /Statutes and Partners'/Shareholders' Agreement. These new interest/shares may carry with them preferential rights relating to a share in the profits /dividends, pre-emptive right and other preferential entitlements. Investment may be diluted also in case that options (the right to acquire an interest/shares) are granted to Company's employees or other related persons.
- 1.1.9** Diversification: **Investment into a Company should be a part of an experienced investor's diversified portfolio.** This means that an Investor should invest only small amounts into several Companies rather than larger amounts into one or two Companies. At the same time, Investments into a Company, taken as a class of somebody's assets, should only account for a small portion of their overall investment and invested capital, with a major part of invested capital being held in safer and more liquid assets.