Information regarding Invesdor and the services provided by Invesdor

Information regarding Invesdor

Invesdor is a financial technology (fintech) company focusing on digital fundraising and investment crowdfunding, which includes equity (shares) and debt crowdfunding (bonds). Invesdor is an investment service provider licensed to provide investment advice, placing of financial instruments without a firm commitment basis, reception and transmission of orders, safekeeping of financial instruments and advice on capital structure and mergers. Invesdor Group is a digital fundraising and investment platform Invesdor, licensed to help companies from 28 countries in the European Economic Area (EEA), and currently actively operating in six countries: Finland, Sweden, Denmark, Norway, Austria and Germany.

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Supervision

Invesdor stands under the supervision of the Finnish Financial Supervisory Authority (FIN-FSA), Snellmaninkatu 6, 00101 Helsinki, www.finanssivalvonta.fi.

Invesdor Ltd is supervised by the FIN-FSA under the license number FIVA 39/02.02.00/2014.

Communication

Language

Invesdor provides service and documentation in English, Finnish, Swedish and German.

Communication between Invesdor and its clients

Communication between Invesdor and its clients take place via the webpage, e-mail or phone.

Invesdor only accepts assignments and orders via Invesdor's webpage.

Tied Agents

Invesdor is the ultimate parent Company of Invesdor Group. The following companies belong to the Group: Invesdor Services Oy (tied agent of Invesdor), Finnest GmbH (Austria, tied agent of Invesdor), Finnest Germany GmbH (Germany, tied agent of Invesdor) and Finnest Slovakia which is a fully owned subsidiary of Finnest GmbH.

Services

Invesdor is providing services on placing of financial instruments without a firm commitment basis and reception and transmission of orders. Investment advice and safekeeping of financial instruments is not currently offered by Invesdor.

Placing of financial instruments without a firm commitment basis

Invesdor agrees to procure potential subscribers for the securities via the digital subscription channel provided by Invesdor without any underwriting firm commitments.

Reception and transmission of orders

The services are offered through the online platform at www.invesdor.com. Currently, the securities offered through Invesdor's platform may be transferable equity shares or bonds. Furthermore, the service offering includes the Invesdor Ownersportal, to manage the securityholders' register and investor relations of Target Companies and PaaS solution for the financial services industry.

Appropriateness evaluation

Invesdor executes an appropriateness evaluation on all investors investing via Invesdor. The purpose of the evaluation is to ensure that the financial instrument is appropriate for the investor. At the latest when investing for the first time, the investor needs to answer a few questions about their investment history and knowledge as well as their understanding of the financial instrument in question. If Invesdor, based on the investor's answers, considers the financial instrument not to be appropriate for the investor, Invesdor will notify the investor of this. Should the investor still want to proceed with the investment in question, the investor will need to confirm they have received said warning and despite that want to proceed with the investment.

A part of the appropriateness evaluation is a qualification test consisting of questions about the features of the financial instruments offered by Invesdor. All of the questions in the test need to be answered correctly before the investment can be made. An investor cannot invest if one or more answers are answered incorrectly.

If the legislation in an investor's home country requires the investor to be a professional investor before being allowed to view unlisted investment targets, the investor will need to complete a country specific High Net Worth/Sophisticated/Accredited -questionnaire instead of the qualification test.

The investor is obligated to answer the questions related to the appropriateness evaluation with correct, accurate and complete information.

Reporting to clients

In case Invesdor holds client assets for longer than 3 months on the client asset account, a statement in a durable medium of those financial instruments or funds is sent to the client, unless the statement has been provided in another periodic statement.

The clients who have made an investment during a funding round will receive an e-mail after the round has been closed. The e-mail will contain information on the allocation of the securities and how many secuties the investor has acquired or if the investor was left with no securities after the allocation in the event of oversubscription.

Invesdor also sends a newsletter regularly to its clients who have given their consent for it.

Taxation

Taxation of financial instruments depends on the clients' individual circumstances. Clients should always check with their local tax authority and ask them how they treat subscriptions of new securities, dividends paid by private or non-listed companies and profits from selling securities of private companies. Invesdor does not report clients' subscriptions or returns to their tax authorities. Investors are solely responsible for their own tax reporting.

Client classification

Invesdor's clients are legal entities and natural persons, who make an investment via Invesdor's platform. Additionally, Invesdor's clients are Target Companies, who are seeking funding through the platform. Finally, Invesdor's provides its PaaS service to corporate clients.

Invesdor classifies its clients according to the Finnish Act on Investment Services (747/2012) in three different client categories: non-professional, professional and eligible counterparty. The aim of client classification is to adapt investor protection to the right level and determine Invesdor's obligations towards a client according to the client's individual needs and preconditions.

Most of Invesdor's clients are non-professional clients. Clients are treated as non-professional clients if they do not separately ask to be treated as professional clients. In case of such a request, the client has to confirm that they understand that they will lose some investor protection and protection of the Investor Protection Fund. Additionally, Invesdor evaluates whether the client fulfils the conditions for being treated as a professional client according to the Finnish Act on Investment Services.

Custody and protection of client assets

Client assets are separated from the assets of Invesdor, the custodian bank and other clients of the custodian. Invesdor regularly monitors that the requirements for depositing client assets are fulfilled by the custodian bank. The monetary assets of Invesdor's clients are placed with Danske Bank, A/S, Finland Branch.

Client assets are retained in a client asset account until the end of a funding round. Depending on the outcome of the funding round, the funds will either be transferred to the Target Company's bank account in accordance with the order made by the investor or returned to the investor's bank account.

Invesdor has agreed with the custodian bank about a prohibition of offsetting, according to which any claims the custodian may have on Invesdor can never be offset from the client asset account. The agreement on prohibition of offsetting is protecting the client assets.

An investment firm cannot, without a prior consent from the client, pledge or hand over financial instruments belonging to the client or client assets on their own or another client's behalf. Invesdor does not pledge or hand over client assets.

Investor protection

The client funds of non-professional investors are protected by the Finnish Investor Protection Fund. The amount of compensation to be paid to the same investor is nine tenths (9/10) of the amount of the investor's receivable from Invesdor, however, not more than EUR 20,000. The Finnish Investor Protection Fund will reimburse the investor if Invesdor is unable to meet its obligations due to permanent insolvency. The compensation does not apply to losses caused by changes in the value of securities.

Conflicts of interest

General

Invesdor is taking reasonable actions to identify and prevent conflicts of interest. When identifying and preventing conflicts of interest, the small size of Invesdor and the type, scope and diversity of Invesdor’s business is taken into account.

There are many varieties of conflicts of interest that apply to a wide range of behaviours and circumstances. Typically, a conflict of interest arises when two or more persons have competing interests and a duty of care or trust exists between those persons. An employee may face a conflict of interest in the course of working at Invesdor which could have the potential to compromise his or her professional judgement and objectivity or otherwise hinder the proper discharge of duties and responsibilities owed by the employee to Invesdor. Failure to recognize and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for clients, Invesdor, or employees. Conflicts of interest relevant to Invesdor include those that arise between:

- Invesdor and one or more of its clients;
- an employee and a client;
- two or more clients in the context of the provision of services by Invesdor to those clients;
- an employee and Invesdor;
- individual employees of Invesdor;

- a material shareholder and Invesdor.

Types of conflicts of interest

By managing conflicts of interests Invesdor strives that the Company, its Board of Directors, CEO, employees or a person directly or indirectly linked by way of control to Invesdor (e.g. a shareholder) or their insider family members or other related parties do not:

- make a financial gain, or avoid a financial loss, at the expense of Invesdor or its clients;
- have an interest in the outcome of a service or an activity provided by Invesdor to a client or of a transaction carried out on behalf of Invesdor or a client, which is distinct from Invesdor's or the client's interest in that outcome;
- have a financial or other incentive to favour;
- the interest of a client or group of clients over the interest of Invesdor;
- the interest of one client or a group of clients over the interest of another client or group of clients;
- carry out the same activities for Invesdor and for another Company or client; or
- receives or will receive from a person other than Invesdor or its investors an inducement in relation to investment services, in the form of monies, goods or services other than the standard commission or fee for that service.

Conflicts management

The Board of Directors of Invesdor Group has approved a Conflict of Interest Policy which describes how conflicts of interest are managed so that the clients are treated according to their best interests.

Invesdor is aware of that it is not possible to completely avoid conflicts of interests and strives to recognise and prevent the situations when they may arise. If a conflict of interest cannot be avoided, Invesdor treats all its clients honestly, equally, and according to their best interests. The client is informed about the nature and ground to the conflict of interest before conducting a transaction. Because of the nature of investment services offered by Invesdor, conflicts of interests between different products, services or functions are not likely.

If Invesdor cannot avoid a conflict of interest, the conflicts of interest are diligently identified and disclosed to all parties concerned. The disclosure includes sufficient details about the nature and reasons of the conflict of interest and the actions taken in order to reduce the risks related to it in order to enable the client to make an informed decision before conducting the transaction.

Further information

At the request of a client, Invesdor will provide more detailed information regarding the Conflict of Interest Policy and internal guidelines regarding conflicts of interest.

Inducements

Invesdor is taking reasonable action to assess the risks and problems related to inducements. The main issues with inducements relate to the fair and equal treatment of investors as well as taxation. Equal treatment of customers and the high-risk nature of our services are the main issues to assess when considering a benefit. Any inducements shall be clearly disclosed and communicated and accompanied with a disclaimer instructing not to base the investment decision on the inducement but to consider the investment as if the benefit was not included. Inducements and their effects shall be explained in more detail in the pitch text of the funding round material, as well as the risk section of the materials.

In principal, possible inducements are kept modest and justifiable and the emphasis is on inducements that can be claimed by investing early rather than by investing large amounts, e.g. getting quantity discounts. An inducement is always equally available to all clients and the client will have an option to refuse the inducement.

Inducements paid to Invesdor in general

Inducements from a third party with no business-based interest are generally not considered acceptable and in principle, a third party inducement may only be allowed if it is designed to enhance the quality of the service to the client and does not in any way impair compliance with our duty to act in the best interest of the client.

Inducements paid by Invesdor in general

The rule governing possible inducements received from a third party, as described in the section above, also applies to any possible inducements from Invesdor to a third party.

Invesdor does not hand out inducements in cash, particularly due to the tax consequences, and instead possible inducements are in the form of a discount, gift card or similar.

Finder’s Fee

A Finder’s Fee is paid to a person introducing a new Target Company to Invesdor in cases where the introduction leads to a fundraising round. The Finder’s Fee is designed to encourage persons to introduce new companies to Invesdor, allowing Invesdor to offer its investor community a broader range of investment opportunities among issuers without any links to Invesdor. According to the fundraising agreement, all companies introduced to Invesdor by a finder shall at least annually provide reports to the investors’ platform regarding the performance of the company.

To minimize conflicts of interest regarding the Finder’s Fee, every Target Company must be accepted by Invesdor’s Investment Committee. The members of the Investment Committee have links neither to the target nor to the Finder. If the potential target is not accepted by the Investment Committee, no Finder’s Fee will be paid. The amount of the Finder’s Fee is fixed and will depend on the minimum amount of the round. The Finder’s Fee will be paid to the finder in any case, where the target introduced by the finder is approved by the Investment Committee and a fundraising agreement has been signed. The finder will get the same amount of Finder’s Fee irrespective of whether the minimum amount of the fundraising round would be fulfilled or not. Hence, the finder has no interest to promote the fundraising round among potential investors.

The Finder's Fee is based on a Finder's Agreement between Invesdor and the legal entity or private person and therefore, separate terms and conditions apply to the Finder's Fee.

Costs and charges

Invesdor charges a transaction fee from investors. The size of the transaction fee depends on the method of payment that the client chooses. Invesdor does not charge administrative fees. The profits the investments make belong to the clients.

Regarding Target Companies, the fees depend on the funding readiness of the client company. Invesdor's pricing is always built on three parts: a fixed up-front listing fee, a percentage-based success fee and a fixed closing fee if the funding round is successful.

A subscription fee may apply to investments. The investors will be informed in the Terms of the Offering if a subscription fee applies. The amount of fee is determined separately in the Terms of each Offering.

Risks

Properties and risks related to financial instruments

a) Risks related to financial instruments

There are always risks related to investing in financial instruments. Risks refer to the degree of uncertainty and potential financial loss inherent in an investment decision. Earlier financial profit is never a guarantee of future profits. The client is always responsible for bearing the financial consequences of their investment decisions and therefore has to familiarise with the information provided about the financial instruments and the terms that apply.

Unlisted growth companies are high-risk investments. Making a high-risk investment involves risks such as losing the investment, lack of liquidity, irregular or rare dividends and dilution of your stake.

It is recommended that the investors familiarise themselves with the investment target of their choice, reduce risks by investing in several investment targets and balance their investment portfolio with more liquid investments. Invesdor also advise the investors to pay attention to the Target Company specific risk descriptions, which are found included in the pitch materials.

b) Central definitions related to risks

Market risk means the risk caused by economic developments or other events that affect the entire market.

Liquidity risk means the risk of being unable to sell your investment at a certain time, because the trading is minimal or there is no secondary market.

Interest rate risk means the risk caused by changing interest rates. Increasing interest rate lowers the market prices of a fixed-interest bond and decreasing interest rate increases the market price.

Issuer risk means the possibility of changes in the financial position of the issuer of a security, which could lead to insolvency of the issuer.

Tax risk means the risks of changes in tax regulation or tax rates causing adverse taxation.

Foreign exchange risk refers to the effect that movements in exchange rates can have on the value of your investment.

c) Properties and risks related to crowdfunding in general

Crowdfunding is an umbrella term that refers to a way of collecting funds from a large number of people, typically online, by means of a public funding campaign. Crowdfunding is a form of crowdsourcing, which refers to obtaining services, ideas or content from the online community.

At the core of crowdfunding are three defining aspects: Investments come from large numbers of investors (hence the 'crowd'), the average investment is relatively low (from hundreds to thousands of euros) and the investments and fundraising campaigns often take place online.

Crowdfunding can refer to several very different types of fundraising. Invesdor offers equity and debt crowdfunding, which together form the category of investment crowdfunding. In this type of crowdfunding, the entity seeking funding is always a company, generally a limited liability company. In exchange for money the company gives investors shares of the company (equity crowdfunding) or bonds or IOUs (debt crowdfunding). For those who provide funding, participating in a crowdfunding campaign equals to making an investment: it carries a risk of losing the invested capital while also having the potential to make a profit. Equity crowdfunding and debt crowdfunding are most suitable for companies that already have revenues and are looking to fund their growth. At Invesdor, we focus solely on equity crowdfunding and debt (bond) crowdfunding.

When making an investment, there is always a risk of losing money. Both equity and debt crowdfunding investments are generally regarded as high-risk investments as the investments are often made in early-stage companies that have a higher failure and bankruptcy risk compared to more established companies, they generally do not pay dividends, and the liquidity for the investment is low because the securities are not listed on a trading venue. These investment risks are somewhat lower if the funding round is for an IPO, as listed shares are considered ordinary investment instruments. Investors should always carefully consider what they are investing in and invest responsibly.

d) Properties and risks related to debt crowdfunding

The investor will not become a shareholder in the Target Company and thus they usually will not profit from a possible increase in the valuation of the company. Instead the company will make interest payments on predetermined interest payment dates throughout the loan period and at the end of the period pays back the principal amount in full. Invesdor or any other party will not, in any situation, be held responsible for the Target Company's solvency, and the investor might lose the invested capital partly or in full. Bonds are high-risk investment products.

Losing the invested capital and interest. The Target Company might not be able to stay solvent throughout the loan period, making it possible that the company will not be able to pay back the invested capital at the end of the loan period. In the worst-case scenario, the investor will act as a bankruptcy creditor and might not get the capital back in full. The Target Company might not be able to pay the interests either. The investor is responsible for their investment decisions and no one will compensate the possible losses caused by poorly performing investments.

Poor liquidity. Liquidity means the ability to convert the investment into cash. Bonds are by definition transferable. However, aftermarkets for unlisted securities are still fairly quiet and it may be difficult to sell the bond, or you may not be able to sell it at all during the loan period.

Unsecurity of the bonds. Bonds are typically unsecured. This means that if a company loses its solvency, no security is guarding the invested capital or the unpaid interest payments, and the investor might lose their investment. In case of insolvency, secured debts and other preferential claims are paid before the unsecured ones and unsecured bond holders are in a weak position in the order of creditors in liquidation.

Repayment risk. The Target Company can pay the borrowed capital back at any point in time before the end of the loan period and the investor cannot prevent this. However, the investor is entitled to receive at least 75 % of the interest for the whole loan period.

Lending capital for the whole loan period. The investor has no other way to turn their investment into cash during the loan period but to sell the bond forward. Redemption clauses relating to equity investing do not apply to bonds.

Interest risk. The interest rate for the loan is predetermined and changes in the general level of interest rates won't have an effect on it.

Foreign exchange risk. Foreign exchange risk refers to the effect that movements in exchange rates can have on the value of your investment. When you invest in an offering organized in a foreign currency, you are subject to foreign exchange risk. Furthermore, depending on your chosen payment method, your bank may charge a currency conversion fee according to their pricing.

e) **Properties and risks related to convertible bonds**

Convertible bonds are hybrid securities that combine features of a regular bond (such as interest payments) with the option of converting the bond into shares of the issuing company at a later date. Invesdor offers two types of convertible bond products that companies can utilize in their funding rounds: the Classic Convertible Bond for mature companies and the Bridge Convertible Bond for growth companies.

When issued, convertible bonds act as regular bonds. The bond's terms, however, detail how the bonds can be converted into shares of the issuing company. These terms will include, among other terms, the conversion price which will determine the number of shares the convertible bond can be converted into (predetermined conversion price or a discount percentage), interest rate, situations when the conversion can take place and events that may trigger an automated conversion process.

It is also possible that the company that issued the convertible bond becomes insolvent, i.e. is unable to meet its financial obligations, or goes bankrupt during the course of the bond's lifetime. In such cases, the investor faces the risk of losing some or all of their invested capital.

For example, the issuing company might be able to make the interest payments for a while, but then become insolvent and face a bankruptcy. The bondholders would have their bonds automatically converted into shares. As the company would in this scenario be bankrupt, its shares would, however, be worthless. The former bondholders (now shareholders) could still keep any interest payments they received before but could lose any unpaid accrued interest and their original investment amount.

The convertible bonds do not usually have any collateral. The liquidity is also poor as unlisted securities do not currently have active aftermarkets.

The risks described above apply to both the Classic Convertible and the Bridge Convertible.

f) Properties and risks related to equity crowdfunding

By using Invesdor's Service, an investor can subscribe shares of unlisted Targets. The shares include normal shareholder rights set out in the legislation of the Target's home state, unless stated otherwise in the material related to the funding round.

Irregular or rare dividends. Especially in the beginning, it is not very likely for the Target Company to pay dividends. Paying of dividends depends on the results the Target Company is making, and companies in their early phase usually invest their profit in their growth. You are likely to not get continuous returns on the investment and it is possible that you will not get returns at all.

Losing the invested capital. Please be aware, that the majority of start-ups fail and are not able to reach their goals as planned. It is likely that you will never get any returns on your investment and you lose the entire capital invested or a portion of it. If the Target Company fails, no-one will pay back your investment, thus you should never invest more than what you are ready to lose and spread your risks by diversifying your investment portfolio.

Poor liquidity. Liquidity means the ability to convert the investment into cash. Shares are by definition transferable, although there may be some restrictions to the transferability. However, aftermarkets for unlisted securities are still fairly quiet and it may be difficult to sell your shares or you may not be able to sell them at all.

Dilution. Dilution refers to the decrease of an investor's relative ownership in a company caused by the company issuing more shares. Many Target Companies will eventually organize a second funding round. Your stake in the company will be diluted unless you subscribe more shares in proportion to your existing stake, however, this may not be possible if the Target Company organizes a directed share issue surpassing the existing shareholders' pre-emptive right.

Foreign exchange risk. Foreign exchange risk refers to the effect that movements in exchange rates can have on the value of your investment. When you invest in an offering organized in a currency other than your own, you are subject to foreign exchange risk. Furthermore, depending on your chosen payment method, your bank may charge a currency conversion fee according to their pricing.

Changes and updates

The information given herein will possibly change from time to time. Information regarding the changes will be available on the Invesdor webpage (www.invesdor.com). Changes and updates will enter into force the day after being published.