# INFORMATION ABOUT PRUDENTUS CAPITAL LTD AND PROVIDED INVESTMENT SERVICES

## 1. GENERAL

In accordance with the Act on Investment Services, this document contains information about Prudentus Capital Ltd ("Prudentus"), its provided investment services as well as how Prudentus complies with the regulations when providing these services. In addition, the document contains information about common financial instruments and the typical risks associated to them.

## 2. INFORMATION ABOUT PRUDENTUS

Prudentus is a Finnish investment company for which the Financial Supervisory Authority has granted the authorization to act as the issue organizer and securities broker as well as any related services under the same law.

Prudentus is registered within the trade register, maintained by the Finnish Patent and Registration Office, with the business ID of 2684049-7. The company is domiciled in Helsinki.

The office of Prudentus is located at Eteläesplanadi 2, 00130 Helsinki, Finland.

The official supervisor for the investment services provided by Prudentus in accordance with Act on Investment Services is the Finnish Financial Supervisory Authority located at Snellmaninkatu 6, PO Box 103, FI-00101 Helsinki, telephone number 010 831 51 (switchboard) Fax 010 831 5328. For more information please see: www.finanssivalvonta.fi.

## 3. INFORMATION ABOUT THE PROVIDED INVESTMENT SERVICES BY PRUDENTUS

**Securities Brokerage**
Prudentus distributes and receives the subscription forms for each of its arranged issues and the related financial instruments. The issued instruments are typically unlisted with minimum investment amount being EUR 100.000. Our clientele has to have sufficient investment experience and knowledge of the offered instruments in addition to a minimum investment capacity of EUR 1.000.000.

Prudentus can on a case by case basis receive and broke secondary market orders.

**Issue Organizer**
Prudentus provides services related to the arrangement of issues. The issues mainly consist of unlisted financial instruments.

**Supplementary Services**
Prudentus provides supplementary services relating to the issuance of financial securities, including financial advisory, valuations and investor material related services.

## 4. WAYS OF DOING BUSINESS

Prudentus has the right to send written information related to its services to its clients by letter, fax, e-mail or other agreed upon method with its client.

Prudentus will not accept orders or subscriptions by phone.

The client may communicate with Prudentus by letter, fax, e-mail and/or in person through meetings with their respective representatives. The client may give mandates or orders related to financial instruments through personal meetings. Customer service is provided in Finnish and English.

Services related reports and their delivery frequency as well as their timing are stated in the terms or agreement related to the specific service.

The Customer is aware that the use of fax and e-mail as a communication tool involves specific risks among other security related issues. Prudentus has the right to rely on the validity and authenticity received through an e-mail or fax message.

## 5. EXPENSES AND COMMISSIONS RELATED TO INVESTMENT AND SUPPLEMENTARY SERVICES

Prudentus may charge a fee from the investor in the form of a subscription fee, which is to be indicated separately for each issue.

From the target company purchasing the issuance services, Prudentus may charge a fee in accordance to the mandate agreement mainly based on a success fee.

Prudentus does not charge any subscription or other fees from its clients attending issues arranged by Prudentus.

## 6. INCENTIVES

Incentives means the received or distributed payments or other benefits from or to a third party in connection to provided investment services or supplementary services. Prudentus has no arrangements where it receives or distributes payments or other benefits.

## 7. CLIENT CLASSIFICATION

According to the Act on Investment Services, Prudentus is required to inform its clients about the clients' classification into non-professionals, professionals or eligible counterparties. Clients are classified in accordance with the Act on Investment Services, which contains detailed provisions of factors, which have an impact on their classification. The client classification status affects the extent of investor protection and application of the respective code of conduct.

Professional clients are required to inform their service provider about any changes that may have an impact on their client classification.

The client reclassification criteria are presented in the Company's website (www.prudentus.fi) found within the "Client Classification Criteria" document.

**The Application for Changing the Client Classification**
The client is entitled to request for a change in his/ her client classification, for either all or certain investment services. A free-form and specific request for the change in the client classification must be made to Prudentus in writing. When agreeing on a change of the client classification, the application of the client classification is agreed for one or more services or business transactions or for one or several different types of securities or business transactions. The change in the client classification may have an impact on the protection from the Investors' Compensation Fund and he/she may not be subject to all the rules of protection of the procedural rules referred to in the Securities Markets Act.

If a professional or an acceptable counterparty asks for his/her classification to be changed to that of a non-commercial client, he/she is subject to the protection of the Investors' Compensation Fund, and the procedural rules of the Securities Markets Act are applicable to him/her.

If a non-professional client asks for his/her classification to be changed to that of a professional client or an eligible counterparty, or a commercial client asks for his/her classification be changed to that of an eligible counterparty, he/she loses the protection of the Investors' Compensation Fund, and he/she is not subject to all the rules of protection of the procedural rules referred to in the Securities Markets Act.

Professional clients are required to request for non-professional treatment of the customer, if the customer considers that it does not have the necessary experience and knowledge to assess or manage the risks involved in a transaction.

**Customer Classification Effect on the Procedures**

***Non-professional Clients***
Prior to signing a written contract, non-professional clients are given the terms of the agreement as well as sufficient information about Prudentus and the offered service. Additionally, any material changes to the information shall be informed to the client. The information shall be provided in a durable way so that the customer is able to print or save the material. The information can also be given in the agreed manner in the customer contract through the website of Prudentus (www.prudentus.fi).

Evaluating the Appropriateness: in the process of brokering securities to non-professional customers, Prudentus is to ask for information on the level of experience and knowledge regarding the financial instrument or the investment service to assess whether the financial instrument or service is appropriate to the customer. Prudentus is entitled to rely on the information provided by the customer.

***Professional Clients***
Professional clients are provided with a general description of the financial instruments in question and the risks typically involved in them, if necessary, taking into account the client's investment experience.

Professional clients do not undergo an assessment of the suitability regarding the financial instrument.

***The Eligible Counterparty***
An eligible counterparty may request in writing, that the procedural provisions intended to protect investors are applied to them, either in general or regarding an individual transaction. Prudentus will consider on a case by case basis whether it agrees to that request. In other cases, the code of conduct or investor protection does not apply to eligible counterparties.

## 8. SAFEKEEPING OF CLIENT ASSETS

Prudentus does not receive nor retain client assets. However, Prudentus is a member of the

Investors' Compensation Fund.

**Investors' Compensation Fund**
According to the Finnish legislation, non-professional clients are covered by the Investors' Compensation Fund. The Investors' Compensation Fund compensates losses caused to investors when a member of the compensation fund fails to pay to an investor, subject to the fund's protection clear and indisputable, receivables in accordance with the contract. A prerequisite is the insolvency of the member. The compensation fund does not compensate, for example, for declines in equity prices or for losses caused by poor investment decisions. Thus, the client remains responsible for the consequences of their own investment decisions. The amount of compensation payable to one investor is 9/10 of the size of the receivable owed to the investor by one investment service company up to a maximum of €20,000. The compensation is calculated based on the market value on the day when the Financial Supervisory Authority made the decision on liability for compensation, or when the investment service company in question was placed into liquidation, company reorganization or bankruptcy – the previous day is decisive.

**9. PROCEDURES REGARDING ISSUANCE AND SECURITIES BROKERAGE SERVICES**

Prudentus offers the organization of issuance of financial instruments services to client companies acting as issuers (the "Target Company"), as well as securities brokering services to investor clients ("Client"), for any respective issuance of financial instruments (mainly unlisted securities) mandated by the Target Company by receiving and transferring the subscription forms.

In addition, Prudentus may receive and broker orders in secondary market regarding unlisted or listed financial instruments. Prudentus always prioritizes and follows the Client's instructions due to which the specific instructions given by the Client may prevent Prudentus from complying with the policies within this form, and thus may prevent the Client from achieving the best possible result.

Prudentus receives the customer's subscription orders by meeting the customer in person and in writing.

Prudentus does not issue customer credit or other financing for the customer's securities trading. The requirement for the completion of the customer's subscription order is subject to the condition that the customer has provided an equal amount of funds to the subscription price of the issuer or the escrow account administrator within the time limit and in accordance to the terms of the issuance and payment instructions.

In addition to the right of withdrawal pursuant to the terms of the issue, Prudentus has the right to cancel the Client's subscription order unexecuted if the subscription is made on behalf of the legal person without proper authorization, the entry in the financial instrument is not in the judgement of Prudentus suitable for the customer or the customer refuses to provide information required for the assessment of suitability. Prudentus is to announces the withdrawal of the indication at the latest three (3) banking days after the end of the subscription period. The possibly paid subscription fee will be refunded to the Client within three (3) banking days from the notification of the withdrawal label.

**10. MANAGEMENT OF CONFLICT OF INTEREST**

An investment company shall take reasonable steps to identify and prevent conflicts of interest as they arise, as well as treat the customer in accordance with good market practice.

A conflict of interest refers to an exceptional situation in relation to the provision of investment services, which may involve a significant risk to the customer's interests. It is possible that situations arise at Prudentus in which the customer's interests are in conflict with Prudentus, its management and employee interests, or a conflict of interest arises between the customers of Prudentus.

Prudentus is to comply with the policies adopted by the company's Board of Directors for managing conflicts of interest in order to identify and prevent the arising of possible conflicts of interest.

Conflicts of interest are managed, for example, by following the principles and guidelines set for the employees and the management.

If a conflict of interest arises and cannot be avoided, despite the above measures, Prudentus shall explain the nature of the conflict of interest and the reasons behind it to the customer before the transaction is carried out. The customer will independently decide whether he/she wants to follow with the completion of the transaction despite the conflict of interest situation.

The Board of Director's of Prudentus must review the content and timeliness for the identification and prevention of conflicts of interest policies on a regular basis.

**11. INFORMATION ON FINANCIAL INSTRUMENTS AND RELATED RISKS**

The ownership and exchange of financial instruments always involves economic risk, which remains solely the liability of the client. As a result of realised risks, the investor may lose the invested capital in full or in part. The historical performance or price development of a financial instrument does not guarantee its future performance and the resulting investor return.

The most important risks generally connected with financial instruments and investment activity are described below. The list is not exhaustive, rather, investment activity may be associated with or may in the future generate other unspecified risks than those mentioned here. Before engaging in investment activity or making investment decisions, the investor should become aware and understand the terms, qualities, risks and the obligations related to the financial instruments.

**Risk on Return** The price of the financial instrument may vary during the duration of the investment period. If the price development of the financial instrument is unfavourable, the return may be smaller or result in a loss. The price of the financial instrument on a given day does not represent the realized or future return of the investment.

**The Risk of Losing the Invested Capital in full or in Part** means that there is a risk that the investor may lose the invested capital in whole or in part. Different risk factors and conditions may lead to a decline in the market price of the financial instrument, which may lead to losing the invested capital in full or in part.

**Liquidity risk** means that the purchase or sale of a financial instrument may be difficult at a certain time, given the lack of buyers and sellers in the related markets. This being the case, the investor may be unable to sell or purchase a certain financial instrument at the desired time. For example, the liquidity of a financial instrument is often poorer if it is not listed on any regulated or multi-facilitated market place or the instrument does not have an active or liquid secondary market. Thus, the risk is that seller of the instrument does not find a buyer or that the offered price is significantly below its actual value.

**Issuer risk** refers to the risk incurred when a party that has issued a financial instrument and is liable to repay investment capital and/or distribute yield is unable to manage its liability due to, e.g. bankruptcy. Issuer risk is closely related to credit risk. When issuer risk is realised, an investor may lose the capital he/she has invested in full or in part.

**Market risk** means the risk that the market invested in will weaken entirely or partially, or that there will be an adverse movement in the market invested in, resulting in a loss. Market risk is a result of fluctuations in market prices. Market risks include interest rate risk, equities risk, currency risk and other price risks. The value of the financial instruments may rise or fall according to the supply and demand, investor interest and the price of the underlying or associated investment. Also industrial, political and economic factors may have an impact. Market risk may have an effect in the value of a financial instrument, whether it is a change in the whole market or just in an investment.

**Interest rate risk** means the risk resulting from the increasing or decreasing interest rate. The risk that the financial instrument invested in will lose its value, because the market interest rate has changed. Associated especially with bonds and other interest bearing securities.

**Currency rate risk** means the risk that the foreign currency in which the ownership is measured in varies. This may increase losses or profits of foreign currency, derivatives and other financial instruments associated with the transaction.

**Counterparty risk** means the risk in trades outside the stock exchange where the counterparty fails to meet their obligations.

**Corporate risk** means the risk that a certain company will not perform as well as expected or that it will be affected by an adverse event, in which case the value of related financial instruments will weaken.

**Information about the Most Common Financial Instruments and Associated Risks**

**Share**
A share is an equity security issued by a limited company. A share entitles the bearer to part of the share capital of the limited company, to dividends paid by the company and to voting powers at the annual general meeting. A share can be publicly traded on the stock exchange or in a multilateral trading facility, or it may be non-publicly traded. The value of a share is based on the prevailing view at the time of the value of the limited company that issued the share. It is possible that there are no bids or asks during

certain periods: at these times, the share has no liquidity. The value of shares of certain limited companies may vary significantly, whilst the values of shares of other limited companies might have historically been relatively stable. In the event of liquidation or bankruptcy of a limited liability firm, however, its shares may become worthless.

From the investors point of view, shares are a relatively high risk investment. Equity investments include the possibility of losing the entire invested capital, if the issuer goes into bankruptcy (issuer and corporate risk). Equity investments are also associated with the risk on the return due to the uncertainty about the magnitude of the return. Unlisted shares are subject to liquidity risk. Direct equity investments represent long-term investments. Other risks associated with equity investments include fluctuations in the price of the shares and the risk associated with the performance of the company among other risks.

**Convertible Bond**
A convertible bond is the sort where the holder has the right to exchange the promissory notes he/she owns for the issuer's shares at pre-agreed terms of trade. Interest on a convertible bond is usually lower than other bonds offered by the issuer, since a convertible bond includes the possibility to exchange it into shares. A bond loan is the type that includes the right to purchase shares from the bond issuer at a certain time and price. By means of loans and options, it is possible to engage in trading on secondary markets. Typical risks related to convertible bonds are performance risk, interest rate risk and issuer risk.

**Stock Option**
There are many varieties of stock options. Call options entitle the holder to purchase already issued securities for a certain period of time at a pre-determined price. Put options entitle the holder to sell already issued shares for a certain period of time at a pre-determined price. Each option corresponds to the rights of the acquired option terms. The option holder bears the risk that the value of the option decreases or is worthless at the closing day unless restrictive measures are taken to reduce the risk. In the latter case, the buyer will lose the paid consideration (premium) for the option. The risk for the placer of the option can be significant unless specific measures are not taken. Additionally, the same risks related to shares are also associated with stock options.

**Corporate Bonds**
Bonds are loans issued by enterprises and corporate bodies by which the issuer borrows assets from the public. The investor thus lends money to the organisation that functions as the issuer. The loan period is at least one year, and at maximum bonds are eternal (e.g. 'perpetual bonds').

The interest paid on the capital of a bond and the terms of repayment on the capital are specified in the terms of bond issue. The investor should always familiarise him/herself carefully with the terms of issue before making a decision to invest. Interest on the loan may be fixed or based on a floating reference rate, and is generally paid at least once annually. The yield produced by a bond can also be influenced by the price by which the bond is sold to investors (rate of issue) as well as a subscription fee or sales commission possibly collected from them. When a bond becomes due for payment, the borrower (i.e. the issuer) pays the nominal price of the bond to the lender (i.e. the investor). Under normal circumstances, the value of the bond fluctuates as a result of changes in the interest rate level. The sales value of a bond on secondary markets usually declines when market interest rates rise, and conversely the sales value rises when market interest rates decline. The value of bonds can be determined independently on the stock exchange on the basis of purchase and sale decisions related to investments in bonds. It is possible that there are no bids or asks during certain periods: at these times, the bond has no liquidity.

A large number of various sub-types apply to bonds. Bonds can also be classified into senior or junior loans. Senior loans have the best and junior loans the worst subordination with regard to bonds in cases of insolvency affecting the issuer. Normal bonds are generally referred to as senior loans. Bonds are associated with a special issuer risk/ credit risk. Only a bond issuer is generally liable for debt repayment, and if the issuer becomes insolvent, it is possible that the investor will lose his/ her investment in full or in part. Issuer risk linked with debentures may at the time of inspection be regarded as greater the weaker the issuer's credit rating.

A bond is called a debenture or junior loan when its subordination relative to the other obligations of the issuer is weaker. Due to their greater risk, their yield is generally better than a normal bond by the same issuer. A subordinated loan (the term hybrid loan is also generally used) refers to a subordinated loan given to a limited liability firm in accordance with the Limited Liability Companies Act (Limited Liability Company Act 624/2006). It can be repaid only if full coverage remains on the limited liability firm's restricted equity and other non-distributable assets after payment. Similarly, an absolute maturity date cannot be imposed in the case of a subordinated loan. The position of a subordinated loan in a case of insolvency in relation to the other obligations of the issuer is weaker.

Bonds always include risks regarding the issuers' performance and financial situation. If the issuer risk is realized, the investor may lose the invested capital and expected return either completely or in part. Other risks related to bonds are market risk and interest rate risk. If the bond is issued in a currency other than the Euro, then it is also subject to currency risk.

**The Use of Credit in Investing**
The investor may engage in investment activities also using credit funding. If the investment develops positively, the investor is able to achieve a higher yield than by mere equity funding. However, the investor must take into account that the investment may develop negatively or may result in completely losing its investment value. In this case, the investor must still be able to repay the loan along with a possible interest rate. The use of debt capital and the ability to repay the loan should always be assessed regardless of the development of the investment it is used for. Additionally, the expenses of the loan may rise if interest rates rise during the maturity of the loan. If the investment value of the object is no longer sufficient to cover the security requirement, additional collateral from the borrower may be required.

## 13. TAXATION

The client should bear in mind that there are tax consequences for the purchase, ownership and sale of financial instruments. The client must ensure that he/she acquires sufficient information about taxation before making the decision to invest. If necessary, the client should turn to a tax expert to obtain information about the effect of tax consequences based on Finnish tax legislation or that of another country, on his/her financial situation. When investing abroad, the investment and financial instruments might be subject to taxes or tax-like payments, which are charged by the authority of the other state and which may not be reclaimed or refunded in Finnish taxation. An investor is always liable for his/her own taxation and for the taxes that are set based on the individual circumstances of each Client. Taxation always entails the risk that it may change in the future without a notice in advance. Prudentus is not liable for the taxation consequences of its Clients' investment activity, neither is it obliged to inform its Clients of changes in taxation.

Basic information about the taxation of financial instruments and investment services is available in the Tax Guide for Investors downloadable at the address www.porssisaatio.fi or from the website of the Finnish Tax Authority at the address www.vero.fi.

## 14. CUSTOMER ADVICE AND THE HANDLING OF CUSTOMER COMPLAINTS

Issues related to customer service should initially always be brought to the attention of the responsible account manager. The customer should immediately inform Prudentus of any error or other associated claim regarding provided services.

Prudentus has a policy in place for handling customer feedback and complaints, aiming to ensure that any complaints and customer feedback are processed efficiently, fairly and without a delay. The customer feedback given to Prudentus also provides important information on the quality of the services and satisfaction of its customers helping to ensure that services and policies are continuously improved and developed.

Any feedback or complaints regarding Prudentus are dealt with centrally. Therefore, it is requested that customer feedback and complaints are sent in writing to asiakaspalvelu@prudentus.fi or in a letter to the address Prudentus Oy / Customer Service, Eteläesplanadi 2, 00130 Helsinki, Finland.

Customer complaints are intended to be processed and responded to without a delay and at the latest within one week from the customer contact. If this is not possible, for example, due to further investigation of the matter, the customer will be notified and given an estimate of the timeframe of the response.

## 15. MEANS OF LEGAL PROTECTION

Customers should always primarily contact their account manager with questions, issues or other claims regarding the provided service without a delay. If the customer and Prudentus are not able to reach an agreement or settle the matter through negotiation, the customer may ask an insurance and financial advisor for help in clarifying the situation or bring the dispute into settlement at the Securities Board. The service regarding the insurance and financial advisor can be reached by telephone 09 685 0120 and through their website www.fine.fi.

The Finnish Financial Ombudsman Bureau (sijoituslautakunta) gives a free recommendatory opinion of disagreement, between the non-professional clients and providing investment services company. The disagreement may relate to, for example, the application of the law, official regulations, good securities market practices or terms of the contract or the service procedure. The Board does not deal with requested opinions of professional clients.

The agreements and contracts between Prudentus and its customers are governed by the Finnish law. Any dispute arising from an agreement between the parties shall be settled primarily in the Helsinki District Court unless a consumer considered a non-professional client demands that the matter be handled in the general local court in whose jurisdiction he/she has his/her residence in.