

## Legal Notice:

### **RISK FACTORS**

Investing with Solidus Capital or any related entities carries risks that are unique to this type of investment and different from other investment options. It's important for potential investors to carefully consider the risks outlined here, as well as other risk factors that may not be listed. There is no guarantee that investment goals will be achieved, or that any capital invested will be returned. This type of investment may be suitable only for experienced and knowledgeable investors who are willing and able to take on the risks involved, including the possibility of losing all of their invested capital.

It's important to note that the risks described are not a comprehensive list of all the potential risks associated with investing with Solidus Capital. Prospective investors should seek advice from their own financial advisers before deciding to invest with Solidus Capital.

### **INVESTMENTS IN TECHNOLOGY COMPANIES**

An investment opportunity sponsored by Solidus or any of its affiliated entities involves a range of risks associated with investing in various securities and other investments. In addition, there are additional risks associated with investing in non-marketable securities and non-public companies. The securities or interests acquired by an investment vehicle sponsored by Solidus or its affiliates may have restrictions on resale, and may not be easily marketable even if such restrictions do not exist.

The ability of an investment vehicle sponsored by Solidus or any of its affiliates to generate profits is heavily reliant on the performance of its investments in terms of generating income or appreciating in value. However, there are several factors that could impede or prevent an investment from reaching this point, such as insufficient capital, unfavorable competition, adverse legislation at the national, state, or local level, inadequate management or loss of key personnel, technological obsolescence, and lack of market acceptance. Investments may also encounter significant capital shortfalls due to various reasons such as higher-than-anticipated resource development costs, slower revenue growth than expected, or longer-than-expected timeframes.

If any of these events occur, it could result in the failure of an investment and a loss of the investment vehicle's investments.

### **NO OPERATING HISTORY**

Investment vehicles sponsored by Solidus or its affiliates have no track record of previous operations and will rely entirely on Solidus Advisors Ltd and/or Solidus Management LLC as the Manager for their investments. It's essential to note that investors should not invest in such vehicles unless they are willing to fully depend on the Manager's capability to make investments on behalf of the investment vehicle.

### **GENERAL INVESTMENT RISKS ASSOCIATED WITH INVESTMENTS**

Investment vehicles sponsored by Solidus or its affiliates typically invest in common or preferred stock of private issuers. Such investment opportunities carry risks that could negatively impact the investment vehicle's operations, and consequently, the investment made in the vehicle. These risks may include general economic risks, volatility associated with such investments, illiquidity of investments, and lack of recourse in case of adverse actions by issuers of the stock invested in by the investment vehicle sponsored by Solidus or its affiliates.

The value of the investment vehicle's investments is dependent on the underlying issues of the invested stock. Equity securities of private issuers can be highly volatile and expose investors to a high risk of loss. Additionally, there's no exchange market to close out an open investment. Therefore, it may be challenging to liquidate an existing investment, assess its value, or assess the exposure to risk associated with a particular investment accurately.

Investing in an investment vehicle sponsored by Solidus or its affiliates should only be considered by those capable of losing their entire investment.

### **PREFERRED STOCKHOLDER LIQUIDATION PREFERENCE**

Investment vehicles sponsored by Solidus or any of its affiliates invest in common or preferred stock of private companies known as Investee Companies. Some Investee Companies may grant liquidation preferences to certain preferred stockholders which allow them to receive their liquidation preference first in full, before any proceeds are delivered to preferred or common stockholders, in the event of an initial public offering, liquidation, acquisition, or sale of all or substantially all of the assets of the Investee Company. In such cases, common stockholders will generally share ratably in any remaining sales proceeds. An investment vehicle sponsored by Solidus or any of its affiliates may invest in common stock (or a class of preferred stock) and therefore its overall returns may be negatively impacted by liquidation preferences if an Investee Company undertakes a Liquidity Event at a valuation that is less than the implied valuation at which the investment vehicle purchased common or preferred stock in that company. This is because the preferred stockholders may receive a disproportionate share of the proceeds, which can negatively impact the investment vehicle's overall returns.

### **PARTICIPATING PREFERRED STOCK**

Some preferred securities issued by an Investee Company may have Participating Preferred, which means that the holders of those securities are entitled to participate proportionally with common stockholders, in addition to receiving the liquidation preference amount in a Liquidity Event. As Participating Preferred can lead to a smaller residual value for holders of other securities of the Investee Company, which could include an investment vehicle sponsored by Solidus or any of its affiliates, the overall returns of such an investment vehicle may be negatively affected by any Participating Preferred.

### **IPO RATCHET**

The Investee Company's securities could include an anti-dilution provision called an "IPO Ratchet," which may lead to the issuance of additional securities to holders of certain securities if the Investee Company goes public at a price below a predetermined threshold. This may result in the dilution of the shares of common or preferred stock held by an investment vehicle sponsored by Solidus or any of its affiliates. As a result, the presence of an IPO Ratchet could have a negative impact on the overall returns of an investment vehicle sponsored by Solidus or any of its affiliates.

### **CUMULATIVE DIVIDENDS**

An Investee Company may issue securities that have Cumulative Dividends, meaning that holders of these securities will accumulate unpaid dividends at a set rate that will be added to the liquidation preference of the securities over time. This may negatively impact an investment vehicle sponsored by Solidus or any of its affiliates because the increased liquidation preference of securities senior to those held by the investment vehicle may reduce its overall returns over time.

### **LACK OF TRANSPARENCY IN INVESTEE COMPANY OPERATIONS**

Investee Companies do not have an obligation to provide regular public disclosures, so some operational details about these companies are not accessible to the investment vehicle sponsored by Solidus or any of its affiliates before making an investment. Such information includes historical and projected financial outcomes, customer and sales data, strategic plans, and management discussions of operations. Consequently, investments made by an investment vehicle sponsored by Solidus or any of its affiliates rely on publicly available information, which may be deficient, incorrect, or not verified by the Investee Company.

## **INVESTEES COMPANIES' OPERATIONS AND FINANCIAL RESULTS SUBJECT TO VARIOUS RISKS**

The revenues and operating results of Investee Companies can vary significantly due to various factors beyond the control of the Investee Companies and investment vehicles sponsored by Solidus or any of its affiliates. Therefore, the operational results of an Investee Company known before investment by an investment vehicle sponsored by Solidus or any of its affiliates may fluctuate greatly following investment, which could lead to a decline in the value of the investment or even a complete loss. Factors that contribute to the variability of an Investee Company's operational and financial results include its ability to maintain growth, attract new customers and retain existing ones, compete with larger competitors, keep up with technological changes, protect intellectual property, defend against intellectual property litigation, manage expansion, provide high-quality customer experiences, comply with applicable laws and regulations, and so on.

## **NO ASSURANCE OF INVESTMENT RETURN**

Identifying and managing investment opportunities for an investment vehicle sponsored by Solidus or any of its affiliates is a challenging task. Even organizations led by competent and honest individuals have struggled to achieve similar successful investments. There is no guarantee that the investment objectives of an investment vehicle sponsored by Solidus or any of its affiliates will be achieved, that the value of the investments will not decrease, or that there will be any return on investment.

## **DIVERSIFICATION**

Investments made by an investment vehicle sponsored by Solidus or its affiliates are expected to be concentrated in a limited number of investments and will not be broadly diversified. Therefore, an investment in such a vehicle should not be viewed as a complete investment program. The concentrated risk may result in losses that are greater than those experienced in the market as a whole. If one or more of the issuers underlying an investment made by an investment vehicle sponsored by Solidus or its affiliates is negatively affected, the overall returns of the vehicle may suffer more severely than they would have if the investments were spread out more widely.

## **MARKET FACTORS**

The value of investments held by an investment vehicle sponsored by Solidus or any of its affiliates may be impacted by changes in the overall economy. If there are fluctuations in the economy, it could make it difficult for the investment vehicle to achieve favorable returns on its investments.

### **LONG-TERM INVESTMENT**

Considering the investment goals of an investment vehicle sponsored by Solidus or any of its affiliates, the investments made are generally intended to be held for a considerable duration. As a result, investing in an investment vehicle sponsored by Solidus or any of its affiliates is only suitable for individuals who have a long-term investment strategy and the financial capability to bear the risk of partial or complete loss of their investment.

### **OTHER ACTIVITIES OF THE MANAGER**

The success of an investment vehicle sponsored by Solidus or any of its affiliates will mainly rely on the Manager's efforts. Even though the investment vehicle will be one of the Manager's business activities, the Manager will dedicate a reasonable amount of time and efforts to carry out the business of such entities. The Manager, its employees, and other affiliates may engage in other business activities, and the business of an investment vehicle sponsored by Solidus or any of its affiliates may not be their primary business activity.

### **CONFLICTS OF INTEREST**

The Manager and/or Investment Manager might serve as manager/investment manager to other clients and/or other investment vehicles such as Special Purpose Vehicles (SPVs), Funds, and separately managed accounts (SMAs), among others. As a result, there may be a conflict of interest between the Manager's and/or Investment Manager's role regarding any particular fund and/or investment vehicle/company and its involvement and/or role regarding another investment vehicle/company and/or the provision of advice to any other client. The manager and/or Investment Manager will at all times try to ensure an allocation policy to ensure the fair and equitable allocation of investment opportunities, which the Manager and/or Investment Manager believes mitigates potential conflicts of interest. The Manager and/or the Investment Manager should always reveal when any conflict of interest exists and/or when they might arise given the incentives present.

### **INVESTMENT BY EMPLOYEES AND AFFILIATES**

Employees and affiliates of Solidus Capital are allowed to invest in investment products such as Special Purpose Vehicles (SPVs), Funds, and separately managed accounts (SMAs), among others, which are sponsored by Solidus Capital ("Investments sponsored by Solidus"). This may create a potential conflict of interest between the Manager and the investors in different investment products. The Affiliated Investments in Investments sponsored by Solidus have a lower minimum investment requirement and pay the same fees as other investors. These investments are accepted in the same sequence and priority as other potential investors' investments. Despite this, the Manager believes that the opportunities provided to prospective investors are fair to Investments sponsored by Solidus and their respective investors.

### **NO RIGHT TO CONTROL COMPANY OPERATIONS**

Investors in an investment vehicle sponsored by Solidus or any of its affiliates will not have any say in the management of the fund or in making investment decisions. They will need to trust the Manager and/or Investment Manager to make these decisions on their behalf. The Manager and/or Investment Manager will have complete control over the day-to-day operations of the fund, including decisions about buying and selling investments. The investors will not have the ability to influence these decisions and will need to rely on the expertise of the Manager and/or Investment Manager to make sound investment choices.

### **ILLIQUIDITY OF THE INTERESTS; LIMITED TRANSFERABILITY OF THE INTERESTS**

The membership interests in an investment vehicle sponsored by Solidus or any of its affiliates are highly illiquid, which means that they are not easily convertible to cash or tradable in a public market. In addition, these interests generally do not have a public market and are not transferable without the consent of the Manager and compliance with applicable securities laws. Investors should be aware that voluntary withdrawals of their interests are generally not permitted. This illiquidity may make it difficult for investors to sell or transfer their interests and may require them to hold their investments for an extended period of time.

### **SPECIFIED MINIMUM INVESTMENT**

The specified minimum investment required to participate in an investment vehicle sponsored by Solidus or its affiliates is a necessary aspect of their business operations, but it does not serve as a guarantee or indication of the investment's value or the support of other unaffiliated investors. Affiliates or other individuals associated with Solidus or its affiliates may make substantial investments, and some may receive compensation based on the investment's success, which means that investors should not rely on the specified minimum investment as a measure of the investment's worth. Each investor must evaluate the investment opportunity on their own merits before deciding to invest.

### **CROSS-SERIES LIABILITY**

The Manager expects that each investment vehicle sponsored by Solidus or any of its affiliates will be responsible only for its own debts, liabilities, obligations, and expenses, and not those of the Manager or any other affiliated entity. This is in accordance with Section 18-215 of the Delaware Act. However, the use of a Series LLC structure has not been widely tested in court, and there is no guarantee that each investment vehicle will be considered a separate legal entity under applicable laws, such as ERISA or bankruptcy laws.



### **INDEMNIFICATION OF CERTAIN PERSONS**

The Operating Agreement of an investment vehicle sponsored by Solidus or any of its affiliates will have wide-ranging provisions for indemnification and exoneration, which limit the rights of members to take legal action against the investment vehicle, the Manager, Solidus Capital, or their affiliates, for any losses or costs incurred due to the actions or omissions of the members.

### **DISPOSITION OF INVESTMENTS**

An investment vehicle sponsored by Solidus or any of its affiliates may not be able to sell all or some of its investments before it is dissolved and liquidated. In such a scenario, the investment vehicle may distribute securities from its portfolio that have not been sold to its members as in-kind liquidation distributions.

### **POSSIBLE ADVERSE TAX CONSEQUENCES**

An investment vehicle sponsored by Solidus or its affiliates will be classified as a partnership for federal income tax purposes, rather than a corporation. However, there is no guarantee regarding the tax consequences of investing in such a vehicle or the allocation of taxable income or loss, as outlined in the Operating Agreement. Therefore, potential investors are advised to seek advice from their tax advisors regarding the tax implications of investing in an investment vehicle sponsored by Solidus or any of its affiliates.

### **ABSENCE OF REGULATORY OVERSIGHT**

Investment Vehicles sponsored by Solidus Capital or any of its affiliates are not registered under the U.S. Investment Company Act of 1940, as they qualify for an exemption available to privately offered investments. Therefore the provisions of such Act do not apply to the Investment Vehicles sponsored by Solidus Capital or any of its affiliates, and the membership interests in the investment vehicles have not been registered under the Securities Act or the securities laws of any state in the U.S. The Manager/Investment Manager, has no plans or obligations to register membership interests of any investment vehicle sponsored by them. The Manager is an exempt reporting adviser and is not registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act, but this status does not imply an endorsement or approval of their qualifications to provide the advisory services described.

## **FUTURE REGULATORY AND LEGAL DEVELOPMENTS**

This document cannot cover every possible current or future regulation or legal development that may impact the Manager, any investment vehicle sponsored by Solidus or its affiliates, or their respective businesses and operations. Such regulations could have a significant impact, such as restricting the types of investments an investment vehicle sponsored by Solidus or its affiliates can make or requiring the Manager to disclose confidential information. The Manager may, at its sole discretion, subject an investment vehicle to certain regulations if it believes it is in the best interest of that investment vehicle, even if it could negatively affect some investors. Potential investors are advised to consult their advisors regarding an investment in an investment vehicle sponsored by Solidus or its affiliates.

## **CYBERSECURITY RISK**

In recent years, there has been an increase in the occurrence of malware, viruses, hacking, and phishing attacks, and Solidus Capital's systems may be vulnerable to such attacks in the future. It is difficult to predict the extent of damage that may result from such attacks, but a failure to maintain the security of Solidus Capital's systems could lead to unauthorized access to bank and investment accounts, disclosure of confidential information, or other illegal activities that could cause financial harm to Solidus Capital, its affiliates, the investment vehicle sponsored by Solidus or any of its affiliates, or the investors in such investment vehicle.

## **BUSINESS CONTINUITY AND DISASTER RECOVERY**

The Manager, its affiliates, and Solidus Capital's business operations may face disruption if catastrophic events such as fires, natural disasters, terrorist attacks, or other similar circumstances cause property damage, network interruption, and/or prolonged power outages. Despite efforts to plan for contingencies, there is no guarantee that all risks can be fully mitigated. The potential losses from such events could be significant and may have a negative impact on Solidus Capital, the investment vehicle sponsored by Solidus or any of its affiliates, and the investments made by its members.

## **SYSTEMS AND OPERATIONAL RISKS**

The Manager is responsible for developing and implementing appropriate systems for each investment vehicle sponsored by Solidus or its affiliates. These systems include financial, accounting, and other data processing systems that are crucial for executing, clearing, and settling transactions, monitoring the portfolio and capital, and generating risk management reports. Additionally, the investment vehicles rely on information systems to store sensitive information about the vehicle, Solidus Capital, the Manager, their affiliates, and investors.



Some of the activities of Solidus Capital and the Manager may depend on systems operated by third parties, including the administrator, market counterparties, and other service providers, which the Manager may not be able to adequately verify for risks or reliability. Failures in these systems could result in mistakes being made in the confirmation or settlement of transactions or transactions not being properly evaluated or accounted for. Disruptions in Solidus Capital's operations or breaches of its information systems could lead to financial loss, disruption of its business, liability to third parties, regulatory penalties, or reputational damage. Any of these failures or disruptions could have a significant negative impact on Solidus Capital, the investment vehicle sponsored by Solidus or its affiliates, and their respective investments.

### **LACK OF TRANSPARENCY IN INVESTEE COMPANY OPERATIONS**

Investment vehicles sponsored by Solidus or its affiliates invest in private companies known as Investee Companies. These companies are not required to make periodic public filings, so information about their operations is not available to the investment vehicle prior to investment. This includes historical and projected financial data, customer and sales data, strategic plans, and management discussion of operations. As a result, investments made by the investment vehicle are based on publicly available, possibly incomplete or inaccurate, information.

### **POST-IPO TRANSFER RESTRICTIONS MAY LIMIT ABILITY TO SELL SHARES ON THE OPEN MARKET**

When a company decides to go public, there are specific procedures and legal requirements that must be followed. Typically, the Manager will aim to unwind the investment vehicle sponsored by Solidus or any of its affiliates (referred to as the "Fund"), and move a certain number of shares, equal to each investor's proportionate ownership in the Fund, to a brokerage account that the investor specifies.

The shares held by the Fund are generally subject to two main types of transfer restrictions. First, they are subject to a standard IPO lock-up period of 180 days, during which the shares cannot be transferred. Second, the shares held by the Fund are classified as Restricted Securities under securities laws. This means that even after the IPO, the shares cannot be sold on the open market until they have been held for at least one year. In combination with the lock-up, the shares held by the Fund cannot be sold on the open market until the later of either (i) the expiration of the lock-up or (ii) one year after purchase.

Normally, the company will engage a transfer agent who will have custody of the pre-IPO shares. After the IPO is completed, the shares purchased by the Fund will be held with the transfer agent. Once the relevant transfer restrictions have been met, the Manager will ask the transfer agent to remove any restrictive legends from the shares and transfer a certain number of shares, equivalent to your ownership in the Fund, to an investor's brokerage account of their choosing.

## **INVESTEE COMPANIES' OPERATIONS AND FINANCIAL RESULTS SUBJECT TO VARIOUS RISKS**

The revenues and operating results of Investee Companies can fluctuate significantly due to various factors beyond the control of Solidus Capital and the Investee Companies, leading to potential declines in the value of investments in investment vehicles sponsored by Solidus or its affiliates, including total loss. Such factors may include the Investee Company's ability to sustain growth, attract and retain customers, compete with established competitors having greater resources, keep up with technological changes, protect intellectual property, defend against litigation, manage expansion, offer high-quality customer experience, comply with laws and regulations, and respond to market disruptions. As a result, the operational results of an Investee Company prior to an investment by an investment vehicle sponsored by Solidus or any of its affiliates may differ significantly from those following an investment.

## **DISPOSITION OF INVESTMENTS**

Investments made by an investment vehicle sponsored by Solidus or its affiliates may not be completely disposed of prior to the dissolution and liquidation of the investment vehicle. In such cases, the Manager may make in-kind liquidation distributions to investors.

## **POSSIBLE DILUTION OF COMPANY ASSETS**

Investee Companies may require additional financing, which may not be available on favorable terms. If an Investee Company raises funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of the common stock held by the investment vehicle sponsored by Solidus or its affiliates. Additionally, these companies may raise funds through new classes of stock, which may impact the dilutive effects of this issuance on the investors.

## **OPERATION AND INVESTMENT OF PARALLEL SERIES**

In a single transaction, one or more investment vehicles sponsored by Solidus or its affiliates may invest in the same company. To comply with regulations, the Manager may separate investors who are "accredited investors" from those who are "qualified purchasers" into different parallel series. These series are expected to invest in the company on similar terms and conditions, but it's possible that the company may restrict the amount or type of investments made by any investment vehicle sponsored by Solidus or its affiliates. As a result, the performance of different investment vehicles or their parallel series may differ significantly due to differences in their respective investment portfolios.



# Investing in Private Placements

## **NO INVESTMENT RECOMMENDATIONS**

Solidus Capital does not make investment recommendations, except when acting as an investment adviser.

## **PRIVATE PLACEMENT INVESTMENTS**

Investment opportunities presented on this form are intended for investors who do not require liquid investments. Private placement investments are not bank deposits, are not insured by the FDIC, are not guaranteed by Solidus Capital, and may lose value.

## **NO REGULATORY OVERSIGHT OR APPROVAL**

No federal or state securities commission or regulatory authority has recommended or approved any investment or the accuracy or completeness of the information provided by or through the website.

## **NO RELIANCE; HIGH RISK OF LOSS**

Investors must be able to afford the loss of their entire investment, and any financial projections or returns shown on the website are illustrative only. Any investment information contained herein has been secured from sources Solidus Capital believes are reliable, but the company makes no representation or warranty as to the accuracy of such information and accepts no liability for it. Offers to sell or buy securities can only be made through official offering documents that contain important information about risks, fees, and expenses. Investors should conduct their own due diligence and consult with professionals to understand and assess the risks associated with any investment opportunity.