

## **DISCLAIMER – limitation of the legal liability of Prague Stock Exchange (PSE) for investing in the PX Start market**

The PSE absolutely limits its own responsibility for the investors' decisions when buying shares in the PX Start market.

The PSE is only responsible for compliance within the PSE Rules, Part XVI. PX Start Market Rules. The PSE monitors all participating entities throughout the transaction preparation and trading period. The PSE supervises the fulfilment of its rules, vis-à-vis the issuer, the selling shareholders during a public offering and the stock exchange members, the issuer's analysts, and legal and other advisers.

The PSE is responsible for checking details completed in the admission application form and its annexes, for the accuracy of all data on the issuer and the shares accepted. The PSE also checks, and is responsible for, the validity of the power of attorney in the event that the issuer is represented by a party, and for the correctness of the assigned ISIN.

In relation to (i) the Analytical Report, (ii) the Prospectus, and (iii) the Legal Due Diligence, the PSE only checks their formal content if they have been prepared by an approved professional – (i) an authorized analyst or (ii and iii) legal advisor. The PSE does not comment on the content of the above documents, does not check them factually, nor does it otherwise evaluate them, and nor is it responsible for their truthfulness or accuracy.

In the case of a public offering, the PSE does not offer shares prior to the actual trading on the PX Start market. The shares are offered publicly by the issuer. The activity of the PSE includes additional investment activities, which are not subject to a licence, and include the lease of the technical software solution on which the offering issuer or selling shareholders publicly offer shares to interested parties. The PSE assists the issuer in publishing reports on its activities but disclaims any responsibility for the accuracy and veracity of this information. The PSE also does not decide on the price of shares included in the public offer, nor on the allocation to specific bidders.

The PSE provides trading of the shares in the PX Start market within the multilateral trading facility in Xetra® T7 system, however, it does not enter exchange trades as a party thereto. Since 12<sup>th</sup> March 2020, regular trading with shares in the PX Start market has been taking place every weekday, however, the PSE is not liable for the actual trading of admitted issues.

### **Instructions and recommendations for investors**

#### **1. Investment portfolio size**

The PSE believes that the PX Start market is not targeted at ordinary retail investors. On the contrary, the PX Start market is intended for experienced investors with a larger investment portfolio of at least several million CZK. The PSE recommends all investors to invest only a small part of their portfolio in the PX Start market shares (not exceeding 20%), Investors should diversify their investment across various titles in the PX Start market, as well as other types of investments outside the PX Start market. Issuers applying for admission to the PX Start market are small and medium-sized enterprises, often with a short history, which show an interesting growth potential. However, investors need to be aware that the company may fail, and the value of the investment may plummet to zero. Investors may even lose all the funds invested in shares in the PX Start market.

#### **2. Investor knowledge and expertise**

The PX Start market is intended for investors with a higher-than-average ability to evaluate and understand the indicators and various ratios provided by the issuer and its advisors. The PX Start market is intended for individuals rather than for institutional investors. While institutions have teams processing and evaluating information on potential investments, a private investor must rely on their own ability to understand and evaluate data on issuers admitted to the Start market. The investor should be able to independently read and understand the content of the documents that are submitted. These are mainly:

- an analytical report prepared by an analyst,
- financial statements, at least the balance sheet, income statement, and business plan
- the legal due diligence of the issuer and the entire prospectus approved by the Czech National Bank.

The individual investor should also acquaint themselves in advance with the situation in the issuer's business sector and understand the cross-border relationships in the industry.

### **3. Stock liquidity and trading frequency**

Although investors can put an order into the trading system daily, it is not guaranteed that the shares in the PX Start market will be traded daily. It is possible that there will be at most dozens of shareholders of each issue. A small size of each issue is expected, and mainly Czech investors will be interested in this type of an investment. Therefore, investors should not expect high liquidity. The liquidity of accepted share issue depends only on the interest and willingness of buyers and sellers to conclude a trade at the same price. It is plausible to assume that the purchased shares will be illiquid at least at the beginning, and each investor should adjust their investment strategy accordingly.

### **4. Market access through a stock exchange member**

The investor may buy or sell the shares in the PX Start market only through a stock exchange member. The investor must be a customer of one of the stock exchange members to buy or sell shares in the PX Start market. The investor must acknowledge that the stock exchange members do not necessarily offer investment advisory services regarding issues admitted to the PX Start market and they are not required to provide their own research note. In many cases, only an analytical report prepared by an analyst authorized by the PSE will be available.