Appendix No. **1**
to the Client Service Regulations

Brokerage Company "Rioni Capital"
DECLARATION
on Risks Related to Investing in the Financial Market

TBILISI
2025

This Declaration on Risks Related to Investing in the Financial Market (hereinafter – the Declaration) constitutes an appendix to and an integral part of the Client Service Regulations (hereinafter – the "Regulations") of the brokerage company "Rioni Capital" (hereinafter – the Company).

1. The purpose of this Declaration is, within the framework of the agreement on the provision of brokerage services (hereinafter – the **Agreement**), in the course of providing services to the Client by the Company, to provide the Client with information on the risks related to the execution of transactions on the financial markets and to warn the Client about possible losses when executing transactions on the financial markets.

2. The Client acknowledges that investments in financial market instruments involve certain risks, responsibility for which cannot be imposed on the Broker, since such risks are beyond the reasonable control of the parties and their ability to foresee and prevent the consequences of such risks is limited.
These risks, inter alia, are related to instability of the political and economic situation in the world and the imperfection of the legislative framework of Georgia.
In view of the above, the Client must independently assess the feasibility of making investments, while the Broker shall use all reasonable efforts to assist the Client in reducing possible risks when investing funds, within the framework of the Agreement on the provision of brokerage services.

3. Below are specific types of risks, the list of which is not exhaustive, but enables the Client to obtain a general understanding of the main risks that may be encountered when investing in financial market instruments.

4. For the purposes of this Declaration, risk in the execution of transactions on the financial markets shall be understood as the possibility of occurrence of an event that may cause losses to the Client.

a. Political risk

The risk of financial loss of the Broker's Client associated with changes in the political situation in the world (changes in the system of international relations, sanctions policy, war, imposition of embargoes).
The most radical changes may result in counterparties refusing to perform their obligations or performing them with delay, or in restrictions on transactions of clients who are residents of certain countries, as well as possible confiscation or nationalization of property of certain categories of investors.

b. Economic risk

The risk of financial loss of the Broker's Client associated with changes in the global economic situation.
In the process of the Client's investment of funds in financial market instruments, any participant may find itself in a situation where, due to economic reasons, it is unable to properly perform obligations related to the circulation and servicing of securities issues or other obligations that may affect the Client's rights.

c. Risk of applicable legislation and legislative changes (legal risk)

The risk of loss resulting from investments in financial market instruments associated with the application of the current legislation of Georgia, amendments to the applicable legislative and regulatory acts of Georgia and/or the introduction of new acts.
Legal risk also includes potential losses caused by the absence of regulations governing activities on the financial markets or in a particular sector of the financial market.

d. Tax legislation risk

The risk of financial loss of the Broker's Client associated with the application of the current tax legislation of Georgia and changes in the existing rules for taxation of transactions on the financial markets.

A Client who is not a resident of Georgia should take into account the risk related to termination of, or amendments to, international treaties on avoidance of double taxation signed by Georgia, which may negatively affect the position of the Client whose activities were regulated by such treaties and who had certain tax benefits and privileges on the basis of such treaties.

e. Currency risk

The risk of loss that may arise due to unfavorable changes in foreign exchange rates. When trading financial assets, the Client may be required to carry out direct and reverse currency conversion. Investments made and/or valued in foreign currency, as well as foreign exchange (conversion) operations, may be subject to significant revaluation and fluctuation risks related to high inflation rates of a particular currency and possible unfavorable changes in exchange rates. In connection with the above, the Client may incur losses, the amount of which is not limited and cannot be fully assessed at the time of entering into the relevant transaction due to insufficient information on movements of foreign exchange rates.

f. Funds repatriation risk

The risk of financial loss of the Broker's Client associated with the repatriation of the Client's funds.

Repatriation of funds of foreign investors is carried out in accordance with the procedure established by the legislation of Georgia; however, there is no guarantee that restrictions or prohibitions will not be imposed on such repatriation, or that the procedure for its implementation will not be changed.

These circumstances may result in losses for the Client if such restrictions or prohibitions apply to the Client.

g. Financial market infrastructure risk

The risk of financial loss of the Client associated with the circulation of securities in uncertificated form, the rights to which are recorded in depositories on securities accounts in the form of electronic records.

In the course of trading, the transfer of rights to securities is recorded by authorized depositories/clearing banks/brokerage companies. Securities transactions and settlements thereunder are carried out by various participants of the market infrastructure in accordance with the procedures established for this purpose.

Like any other systems, the technical means and systems used for recording rights to securities, concluding securities-related transactions and settlements are subject to malfunctions and errors. Organizations authorized by the relevant regulatory authorities that provide market participants with access to such systems disclaim liability for these types of risks in the relevant agreements with participants; accordingly, the Client's ability to recover losses caused by such circumstances is limited.

h. Banking system risk

The risk of financial loss of the Broker's Client associated with delays and/or non-performance of payments related to the Client's transactions.

Settlements between the parties, as well as with other subjects of legal relations arising from the performance of the provisions of the Agreement, are carried out through the servicing banks of the

Broker and the Client and other credit institutions, which constitute elements of the monetary settlement system.
As a result, there exists a risk of delayed execution or non-execution of payments, which may lead both to an increase in settlement periods and to possible loss of funds that constitute the subject of such payments.

i. Risk related to the use of information available on financial markets

The risk of financial loss of the Client associated with the use of corporate information available on financial markets.
Information used by the Broker in providing services to Clients originates from reliable sources; however, the Broker cannot be responsible for the accuracy and reliability of the information received. Accordingly, there exists a risk of receiving unreliable information, the use of which may cause damage to the interests of the parties.
The parties should be aware that the information they require may be received with a certain delay, which may lead to incorrect assessment of circumstances or inability to assess them based on such information. Previously provided information may be changed, revised or clarified, which may result in the forced reassessment by the parties of circumstances that were assessed precisely on the basis of such information.

j. Investment restrictions risk

The risk of financial loss of the Broker's Client associated with restrictions on the circulation of securities.
In all countries of the world, investment restrictions are established by applicable legislation or by internal documents of securities issuers, aimed at maintaining competition (restricting monopolistic activities), protecting the rights of certain categories of investors, and controlling foreign participation in the capital of companies.
Such restrictions may constitute strict prohibitions or require the performance of certain procedures and/or obtaining relevant permits in order to overcome such restrictions.
In their actions, the Client should take into account the possible existence of such restrictions, while the Broker shall notify the Client of all restrictions known to it that may result in adverse consequences for the parties.
Such consequences may include refusal to recognize the status of a securities holder, with all rights attached to such status, for a person who has acquired securities in violation of the restrictions, as well as invalidation of the concluded transaction and the consequences of such invalidation (as a rule, double restitution of what was received under the transaction).

k. Minority client risk

The risk of financial loss of the Client associated with the relatively weak protection of a Client who holds an insignificant share in the issuer's securities.
The rights of securities holders are governed by the legislation in force in the country of registration of the issuer, the issuer's constituent documents, and prospectuses of certain types of securities issues. However, protection of the rights provided for in the above documents may be limited, which does not allow securities holders to have full information about the status of issuers, securities holders and other matters that may be of interest to the Client for the purposes of investment activities or exercising the rights of a securities holder.

l. Liquidity risk

The risk associated with the possibility of incurring losses when selling financial assets due to changes in the assessment of their quality.

The market liquidity of certain types of securities is limited and, accordingly, a situation may arise where it will be impossible to fully or even partially execute the Client's relevant order. Thus, not all investments made by the Client can be easily liquidated (sold in the required volume and within reasonable timeframes without loss of price) and their valuation may be complicated. In addition, the Client's choice of a particular type of order and/or its other elements increases certain risks and reduces others (for example, choosing a limit order increases the risk of its non-execution due to possible unfavorable changes in market conditions, but at the same time limits price risk).

m. Operational risk

The risk of direct or indirect losses due to failures of information, electronic and other systems, or related to imperfect market infrastructure, including operational technologies, management procedures, accounting and control, or caused by actions (inaction) of personnel. A special group of operational risks includes information risks, which have recently become particularly acute and include components of technical, technological and personnel risks. Most traditional exchange trading (with direct contact between seller and buyer) and electronic trading is carried out with the support of computational (computer) systems for sending orders, their execution, verification, registration and settlement of transactions. Like all technical means and systems, they are subject to risks of temporary failures and operational errors. The Client's ability to recover certain losses may be subject to liability limitations established by vendors of such systems, exchanges, clearing houses and/or their member companies. Such limitations may differ; therefore, to obtain complete information in this regard, the Client should contact the specific companies through which it operates.

n. Credit risk

The risk of loss of the Client due to non-performance, delayed or incomplete performance by the other party of its obligations under the terms of the transaction (including insolvency or bankruptcy of the counterparty/issuer/other party).
In such a situation, the Client may seek enforcement of the transaction; however, this will require additional time and financial costs.

o. Interest rate risk or interest rate risk

The risk (possibility) of financial loss due to unfavorable changes in interest rates. Interest rate risk may be caused by a mismatch between the terms of claims for repayment (compensation) and obligations, as well as by unequal changes in interest rates on claims and obligations.

p. Lost financial profit risk

The risk of indirect (consequential) financial loss (lost profit) caused by non-performance of a transaction or termination of business activities (transaction counterparty, issuer, etc.).

q. Risk related to execution of electronic operations

The risk of loss arising in connection with the use of a specific electronic trading system. Transactions executed through a particular electronic trading system may differ not only from transactions executed by traditional methods (i.e., with direct contact between the seller and the buyer, the Client and the Broker), but also from transactions executed through other electronic trading systems.
If the Client executes a transaction through an electronic trading system, the Client is subject to risks related to the operation of such system, including its software and hardware. Any malfunction

in the operation of an electronic system may result in incorrect execution of, or failure to execute, any of the Broker's Client's orders.

r. Electronic document flow risk

The risk of possible loss caused by the exchange of notifications between the Broker and the Client by means of electronic files using electronic mail systems.

The use of unsecured communication channels, such as electronic mail, may result in unauthorized access by third parties to transmitted/received information and, accordingly, violation of the confidentiality of such transmitted/received information.

These circumstances may cause losses to the Client related to unlawful use by third parties of information on transactions, operations executed by the Client, and information about the Client and/or its assets.

s. Risk related to charging of commissions and other fees

The risk of financial loss of the Client associated with the Client's full or partial lack of information regarding commissions and other fees related to execution of operations with financial market instruments.

Prior to commencing any operation, the Broker's Client must take all necessary measures to have a clear understanding of all commissions and other fees to be charged to the Client.

The amount of such fees may be deducted from the Client's net profit (if any) or increase the Client's expenses.

t. Risk of failure to achieve investment objectives

The risk of loss arising from the Broker's Client's failure to achieve investment objectives. There is no guarantee that capital preservation and growth, which the Client seeks to achieve, will be attained. The Broker's Client may lose all or part of the capital invested in certain financial assets.

The Client fully understands the risks existing within the meaning of this clause, independently chooses the type and parameters of orders related to execution of transactions with financial assets that best correspond to the Client's objectives and investment goals, and bears sole responsibility for such choice.

u. Risks related to actions/inaction of third parties

The functioning of financial markets involves the activities of professional participants of the securities market and other legal entities that are third parties in relation to the Broker; however, in some cases, performance of obligations arising from transactions may be impossible without the performance of certain legal and factual actions by such third parties (for example, actions/inaction of banks, registrars, depositories and other persons).

In such cases, there exists a risk of impossibility of timely performance of obligations assumed under the transaction.

v. Risks related to margin trading and short selling (Short Selling)

As a result of margin trading or short selling (Short Selling), which constitute high-risk operations, the Client's obligations to the Broker may increase.

The increase of these risks is due to the fact that the amount of borrowed funds (cash funds and/or securities) exceeds the Client's own funds and, in the event of unfavorable changes in market prices for the Client, the amount of loss may be equal to or exceed the amount used to calculate the margin level, which results in partial or total loss of the Client's invested funds.

When conducting margin trading, the Client assumes the following additional risks:

- the risk of increase of margin obligations, including occurrence of Margin Call and Margin Close-Out conditions;
- the risk of forced closing of positions in the event of unfavorable price movements;
- the impossibility of closing a position at the expected price due to technological, liquidity and infrastructural factors.

When conducting short selling (Short Selling), the Client assumes the risk of an increase in the price of securities.
The Client is obliged to return the borrowed securities regardless of their current market value, which may significantly exceed their initial selling price.
The Client is obliged to continuously monitor the main parameters of its account, including Equity, Net Liquidation Value (NLV), Used Margin and Margin Level, and to timely fulfill Margin Call requirements.
The Client acknowledges that the absence of notification from the Broker does not relieve the Client of the obligation to meet margin requirements.
In the event of unfavorable market movements, subject to the conditions defined by the Broker's internal documents, the Client's positions may be subject to forced liquidation, which may result in loss of invested funds or losses exceeding the amount of invested funds.

w. Risk related to execution of transactions on the derivatives market

The risk of loss arising from execution of operations with derivatives (futures and options).
When executing transactions on the derivatives market, the Client should take into account the following:
Clearing and settlement houses of trading systems perform daily calculation of variation margin based on quoted prices determined by trading results. In this regard, the Broker's Client may lose all funds deposited as collateral within a relatively short period of time.
On the other hand, in order to maintain the Broker's Client's position, the Client may be required, within a short period of time, to deposit funds in a significant amount of variation margin to cover losses.
If the Broker's Client fails to deposit such additional funds within the specified timeframe, the Broker's Client's position may be forcibly closed, and the Client may incur losses and shall be responsible for any resulting deficit of funds.
Under certain market conditions, it may be difficult or impossible for the Broker's Client to close an open position. This may occur, for example, when trading is suspended or restricted due to rapid price movements.
Orders aimed at limiting the Broker's Client's losses do not necessarily limit losses to the expected level, since under existing market conditions it may be impossible to execute such orders at the agreed price.
By this Declaration, the Broker warns the Client that, in certain cases, in order to minimize the risk of non-performance of obligations by trading participants and their clients:

- the trading system has the right to forcibly close positions of participants and their clients, suspend or restrict trading;
- the Broker has the right to forcibly close positions of the Client and its clients;
- the Broker has the right to instruct the trading system to forcibly close clients' positions.

In such cases, the Broker's Client may receive lower profit or incur losses. In such cases, the Broker shall not compensate the Client for lost profit or losses.
The Broker hereby draws the Client's attention to the fact that quotations on the futures and options contracts market may change significantly both during the trading day and from one trading day to another.
Taking this into account, all disputable issues arising in the course of trading in futures and options contracts must be resolved immediately.

Everything stated above is intended to recommend that the Client carefully consider, taking into account the Client's investment objectives and financial capabilities, whether the risks related to investing in the financial market are acceptable to the Client.
This notice is not intended to prevent the Client from executing such transactions; it is intended to assist the Client in their assessment.
The Client must ensure that the above information is clear and, if necessary, obtain clarification from Rioni Capital or from a consultant specializing in the relevant matters.