Risk Warnings of Cometum Direct Invest GmbH & Co. KG

The Bonds offered are subject to specific risks. Not all risks associated with the Bonds can be set out below. Therefore, only the risks considered material by the Issuer are set out. The occurrence of individual risks or the cumulative interaction of various risks may have significant adverse effects on the Issuer's net assets, financial position and results of operations. This may result in the investors' profit and repayment claims under the Bonds not being serviced, or not being serviced in full, which may lead to a total loss of the capital invested as well as of unpaid profit participations (maximum risk).

Risks specific to the Issuer

The material entrepreneurial risks of the Issuer are set out below.

Risks from the Issuer's dependence on the development of the participation in Anduril Industries, Inc.

The Issuer's sole business activity is the acquisition, holding and disposal of shares in Anduril Industries, Inc. (the **"Target Company"** and the participation in the Target Company the **"Participation"**). The Issuer will generate income exclusively through the realisation of increases in value through the disposal of the Participation and, if applicable, through dividend payments by the Target Company. The Issuer is therefore entirely dependent on the business development of the Target Company and the performance of the Participation. All risks and negative developments affecting the Target Company have an unrestricted impact on the Issuer.

The Issuer must make its assessment of a positive development of the Participation on the basis of the information available to it regarding the economic situation and development or the prospects of both the Target Company and the market environment in which the Target Company operates. In this respect, this always also involves a forecast decision regarding the future development of the Target Company and the business model operated or to be operated by it.

There is a risk that the Issuer's assessments of the future development of the Target Company will not materialise and that the Target Company will not develop as planned. This may, on the one hand, be based on an incorrect assessment by the Issuer at the time of the acquisition of the Participation, for example because the Target Company's business model, contrary to the Issuer's original assessment, is not sustainably viable or because the competitive situation was incorrectly assessed by the Issuer. On the other hand, operational errors could be made in the (further) implementation of the business model pursued by the Target Company.

In addition, circumstances which were not foreseeable at the time of the Issuer's investment decision and which are beyond the Issuer's control could also impair the planned development of the Target Company. For example, the economic framework conditions of the business activities of the respective Target Company could deteriorate, or the Target Company could, through no fault of its own, become the target of criminal or terrorist acts or of damage to its reputation. It can therefore not be excluded that the revenue, profitability and/or business value of the Target Company will not develop or cannot be increased as expected, or may even decline in the future.

Dividend payments by the Target Company to the Issuer may fail to materialise. An insolvency of the Target Company can also not be excluded.

Risks from the business activities of the Target Company

The Target Company is still in the start-up phase. A participation in a start-up company is particularly risky because such companies usually still have underdeveloped business models which could fail entirely, and have a substantial need for liquidity whose coverage is uncertain. The specific risks arising from the business activities of the Target Company are: High dependence on government defence contracts and political procurement decisions; risk of changing defence budgets and shifting priorities in US defence policy; intense competition from established defence contractors as well as new AI defence providers; ethical and reputational risks in connection with autonomous weapons systems; export control risks in international marketing.

Risk from a lack of diversification

The Issuer will acquire only a participation in the Target Company and will not build up a diversified corporate portfolio. Such a focused investment strategy is riskier and makes the Issuer vulnerable to all negative effects of the economic, political, regulatory, technical and industrial market conditions and/or changes relating to the Target Company.

Dilution risk

The exact number of outstanding shares of the Target Company is not necessarily publicly known or fixed at the time of the investment. The Target Company may issue further shares - for example in connection with an initial public offering (IPO), the financing of an acquisition, further financing rounds or employee participation programmes. Such issuances lead to a dilution of the existing shareholders: the total number of shares increases, and the share of the company attributable to each individual existing share decreases accordingly. As a result, the valuation at which the structured participation was entered into may subsequently prove to be higher - in terms of the effective valuation per share - and may change to the investor's disadvantage. In particular, the overall valuation of the Target Company may increase while the value attributable to an individual share - and thus to the investor's participation - does not increase to the same extent or even decreases. The headline valuation figures stated in the documents are therefore not a reliable indicator of the performance of the investor's participation, which depends on the value per share at the relevant point in time.

Disposal of the Participation

The saleability of the Participation depends on many factors, in particular on the development and future prospects of the Target Company. There is a risk that no buyers for the Participation will be found, or not on reasonable terms. This may lead to a total loss for the investors.

In particular, there is a risk that the Target Company will not carry out a so-called IPO (Initial Public Offering), i.e. a stock exchange listing. The reasons for this can be manifold and, in addition to a lack of economic development or a failure of the Target Company's business model, may also lie in the general economic and geopolitical situation. A failure to go public may result in the Participation being permanently unsaleable.

In the event of an IPO of the Participation, there is a risk that the Issuer will only be able to dispose of the Participation after the expiry of a so-called lock-up period of 6-12 months, which would prevent profit-taking immediately after the IPO. After the expiry of the lock-up period, the price of the Participation could be significantly below the issue price and also significantly below the Issuer's acquisition price.

Until a disposal of the Participation via the stock exchange, the Participation is subject to customary market price fluctuations, which may result in the disposal of the Participation only being possible at a loss.

If the Participation were to carry out an exit via a so-called SPAC (Special Purpose Acquisition Company), the Issuer would receive shares in the SPAC instead of cash proceeds, which the Issuer would first have to liquidate, i.e. sell, which may not be possible under certain circumstances.

Market risk of the Target Company

The business development of the Target Company and the demand for the products and services of the Target Company depend exclusively on factors over which the Issuer has no influence. These factors include, in addition to negative market developments in the specific markets in which the Target Company is active, the general economic framework conditions and macroeconomic developments, adverse developments in the capital and financial markets, trade conflicts, tariffs and wars, but also other developments in the political, social, regulatory or macroeconomic environment.

The extent to which such developments affect the global economy cannot be conclusively assessed. As in recent years, pandemics and armed conflicts, for example, may in the future also lead to supply bottlenecks, high inflation and sharp price losses on the world's stock exchanges and thus adversely affect the business of the Target Company. The duration and intensity of the effects of negative developments are uncertain.

Competition risk of the Target Company

There is a risk that strong competition, both from dynamic start-ups and from large established market participants, will make it more difficult for the Target Company to enter the market and expand market shares, in particular also because the Target Company operates in a highly competitive industry with moderate barriers to entry. Other companies could react more quickly than the Target Company to new or changing market conditions, engage in more comprehensive and more cost-intensive marketing activities and a more aggressive pricing policy, and offer their customers more favourable terms than the Target Company.

Risks from a minority participation

The Issuer will hold only a minority participation in the Target Company. As a minority shareholder, the Issuer is limited to exercising its statutory shareholder rights. There is no authority to issue instructions to the management of the Target Company. The Issuer may be outvoted in shareholders' meetings of the Target Company.

Currency risk

The Issuer will acquire the Participation in a foreign currency (USD). In this respect, investors who acquire the Bonds in euros and receive the profit participation and the repayment of the Bonds in euros are exposed to currency risks, which may lead to a significant reduction in the value of the variable profit participation and may jeopardise the repayment of the Bonds at the principal amount.

Conflicts of interest

Interconnections in legal, economic and/or personnel terms exist at the Issuer in that Sascha Miller is both a managing director of the Issuer's general partner GmbH and a shareholder and managing director of further companies of the Cometum Group, through which structuring and distribution remuneration for the present issue flows. Interconnections may give rise to conflicts of interest, which may result in the persons and companies concerned taking decisions which are not exclusively in the interests of the Issuer and/or the investors, because the decisions taken are not made as between unrelated third parties but may also take into account the interests of the person and companies concerned. Due to the interconnections, the parties concerned might not be able to exercise their management function with the required independence and might place their personal interests above the interests of the Issuer.

Management and key person risk

At the level of the Issuer, but in particular at the level of the asset manager who manages the Participation for the Issuer, errors by the respective management cannot be entirely excluded. These may lead to unforeseen costs which may adversely affect the performance of the Participation. The economic success of the Issuer depends on the management of the Participation by the asset manager. The loss of this key competence holder gives rise to the risk that the Participation can no longer be managed. This may result in necessary decisions on the timing and terms of the disposal of the Participation not being taken, or not being taken in time, which may lead to a financial disadvantage for the investors.

Risks specific to the security

Risk of limited saleability

No inclusion of the Bonds in the regulated market or in the open market (Freiverkehr) of a stock exchange is planned. The saleability of the Bonds is therefore limited. For investors wishing to sell the Bonds during the term, there is therefore a risk that the Bonds cannot be sold, or can only be sold at a market price which is low from the investors' perspective.

Placement risk

There is no placement guarantee for the placement of the Bonds. It is therefore not certain that the Bonds will be placed in full or even in part. In this respect, there is a placement risk for the Bonds, which may result in the Issuer having insufficient capital available for the intended investments in the Target Company. This may lead to an early termination of the Bonds by the Issuer.

Pre-insolvency enforcement bar

A pre-insolvency enforcement bar applies to all payment claims of the investors under the Bonds. The claims of the investors under the Bonds to payment of the variable profit participation and to repayment of the Bonds cannot be asserted for as long as and to the extent that the partial or complete satisfaction of these claims

- would lead to an over-indebtedness of the Issuer within the meaning of section 19 InsO or an illiquidity within the meaning of section 17 InsO, in each case as amended from time to time, or
- an illiquidity within the meaning of section 17 InsO or an over-indebtedness within the meaning of section 19 InsO already exists at the Issuer.

(pre-insolvency enforcement bar). The pre-insolvency enforcement bar therefore applies already for the period before the opening of insolvency proceedings. The pre-insolvency enforcement bar may lead to a permanent non-satisfaction of the investor's claims, unlimited in time. The investors bear an entrepreneurial risk which is higher than the risk of a regular provider of debt capital.

The pre-insolvency enforcement bar effects a change in the nature of the provision of funds into an entrepreneurial participation with an equity-like liability function. The capital invested by the investor becomes economic equity at the Issuer and serves as a liability base for the creditors who have not subordinated their claims. There is a risk that the Issuer's assets will be consumed in favour of these creditors.

The investor is subjected to a risk which as such only affects shareholders, without at the same time being granted the corresponding information and participation rights. In shareholders' meetings, the shareholders may, for example, decide whether they wish to continue a business activity which may be loss-making and thereby risk using up the contributed capital entirely. With the Bonds, the investor has no such information and decision-making powers. In this respect, there is a risk for investors that, in the event of a corresponding loss, the shareholders will resolve to continue the business activities contrary to the interests of the investor and that a discontinuation will not take place. As a result, there is a risk of a complete loss of the capital invested. For the investor, this means that the risk assumed by him may in certain respects even exceed the entrepreneurial risk of a shareholder.

For the investor, there is a risk that, in the event of the existence of a pre-insolvency enforcement bar, he cannot demand any payments from the Issuer on the actual payment date due to the absence of a claim. If the pre-insolvency enforcement bar is not removed, this results in a partial or total loss of the investment amount for the investor.

Subordination of the investors' claims

The claims of the investors are subordinated in an insolvency or liquidation of the Issuer. In this respect, there is a risk that, in an insolvency of the Issuer, investors, as subordinated insolvency creditors, will not receive any payments from the insolvency estate.

Lack of participation rights

The Bonds do not confer any participation or voting rights at or in the Issuer's shareholders' meeting. In addition, the management of the Issuer is the sole responsibility of the management. In this respect, investors cannot exert any influence on decisions of the Issuer's shareholders' meeting or management. In particular, the investors are not in a position to co-determine the use of the issue proceeds. There is a risk that decisions will be taken which are contrary to the interests of the individual investor and which may have negative effects on the Bonds. This may result in the Issuer being unable to meet its payment obligations to the investors.

Risks of the electronic bonds

Unlike traditional bonds held in collective safe custody, electronic bonds are not a capital market product which has been established on the financial market for decades.

The blockchain technology and all related technological components, such as the maintenance of the crypto securities register and the generation, safekeeping and transfer of tokens, are, compared with the traditional securities giro system, at a stage of technical development which is not yet fully mature. The blockchain technology may contain errors which are currently unknown but from which unforeseeable consequences could arise in the future. The blockchain technology may also be exposed to technical difficulties (e.g. through hacker attacks) which impair its functionality. A partial or complete breakdown of the blockchain may disrupt or render impossible the issue of the Bonds and the transferability and tradability of the tokens. In the worst case, this may lead to the irretrievable loss of the tokens and thus to the loss of the Bonds.

The tokens representing the electronic bonds are allocated to the respective wallets of the investors upon their issue. After the issue and crediting to the wallets, the tokens are accessible to the investors only via their respective personal access (so-called private key) to their wallet. Should the private key fall into the hands of third parties, such third party may misuse an investor's wallet and carry out unauthorised asset transactions.

Risk that the repayment of the Bonds occurs later than expected

The bond capital invested is subject to a term until 16 May 2029. In addition, the Issuer is entitled to extend the term up to 2 times by 12 months each, until 16 May 2031 at the latest, without the consent of the investors being required. For the investor, there is a risk that he will not be able to dispose of the capital invested before the expiry of the extended term, i.e. that the investor may have to wait longer than possibly expected for the repayment of his invested capital, which may impair his financial planning.

Risk of an early repayment of the Bonds

The Issuer is entitled to terminate the Bonds early and repay them to the Bondholders if and to the extent that, within 6 months after the commencement of the term of the Bonds, at least 25% of the aggregate principal amount of the Bonds has not been placed and paid in to the Issuer, or the bond capital cannot be used for the acquisition of a participation, which may in particular be the case if insufficient shares of the Target Company are available. In addition, the Issuer may terminate the Bonds early in the event of a divestment if it receives funds from the disposal of the Participation. In this case, the investor bears the risk that, as a result of the early repayment of the Bonds, his capital investment will not generate any return. Furthermore, it is possible that the investor will only be able to reinvest the repaid capital on less favourable terms compared with the Bonds.

Risks in relation to resolutions of the investors in the bondholders' meeting

In the cases provided for by law, a meeting of the investors in the Bonds (bondholders' meeting) may be convened. The bondholders' meeting is entitled to amend the applicable terms and conditions of the bonds by majority resolution. In this respect, it cannot be excluded that individual holders of Bonds will be outvoted and that resolutions will be passed which are not in their interest. The same applies if investors do not attend such meetings or do not arrange to be represented. The terms and conditions of the bonds amended in the bondholders' meeting are binding on all investors irrespective of their individual approval or rejection.