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## Ella Media AG

**(incorporated in Switzerland with limited liability, registration number CHE-370.592.352)  
Offering of up to 2,000,000 Participation Certificates (with minimum subscriptions of 500  
Offer Securities per subscription), with a nominal value of CHF 0.01 each of the  
corporation Ella Media AG**

This EU Growth prospectus (the “Prospectus” or “Growth Prospectus”) has been prepared for the purpose of offering (the “Offering”) up to 2,000,000 registered participation certificates in the Participation Capital of the corporation Ella Media AG (the “Issuer” or the “Company”), each with a nominal value of CHF 0.01 (the “Offer Securities” or “Participation Certificates”).

Once the capital increase of the Company related to the issuance of the Offer Securities is registered with the Commercial Register of the Canton of Zug (the “Commercial Register”), the Offer Securities and respective new owners of Participation Certificates will be registered in the participation certificate register of the Issuer.

The Offer Securities are being offered and this Offering consists of: (i) public Offering to Retail Investors and Institutional Investors in Luxembourg, Germany, Austria, the Netherlands and/or (ii) private placement(s) (offering(s)) to certain determined Institutional Investors and Retail Investors in other Member States of the EEA (providing them with individual invitations in this respect) in each case pursuant to an exemption under Article 1 of the Prospectus Regulation.

The above private placement(s) (offering(s)) is (are) not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Securities are not offered publicly in any countries other than in Luxembourg, Germany, Austria, and the Netherlands.

This Prospectus does not constitute an offer to any person to buy, or the solicitation of an offer to buy, the Offer Securities in any jurisdiction in which it is unlawful to make any offer to such person. The Offer Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or other jurisdiction of the United States of America and are not being offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons other than to Qualified Institutional Buyers (QIBs) as defined in, and in reliance on, Rule 144A, and outside the United States of America in offshore transactions in reliance on Regulation S (for more information please see Section 1.2 *Notice to prospective Investors*).

The terms and conditions of this Offering, as specified in this Prospectus, are subject to possible modification, and/or cancellation.

This Prospectus has been prepared by the Company in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “Prospectus Regulation”), and Commission Delegated Regulation (EU) 2019/980, as amended (the “Delegated Regulation”). The Financial Market Supervisory Authority in Luxembourg (in French: *Commission de Surveillance du Secteur Financier of Luxembourg (CSSF)*) in its capacity as the competent authority in Luxembourg under the Prospectus Regulation at the choice of the Issuer (as established in Article 2(m)(iii) of the Prospectus Regulation) on 13 March 2024 has approved this document as a Growth Prospectus and has notified the approval of the Prospectus to the Federal Financial Supervisory Authority of the Federal Republic of Germany (in German: *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), to the Financial Market Authority of the Republic of Austria (in German: *Österreichische Finanzmarktaufsicht (FMA)*), and to the Dutch Authority for the Financial Markets (in Dutch: *Autoriteit Financiële Markten (AFM)*).

The approval by the CSSF of this Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered an endorsement of the quality of the Offer Securities that are the subject of this Prospectus. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer. The Investors have to make their own assessment as to the suitability of investing in the Offer Securities.

The Prospectus has been drawn up as a Growth Prospectus in accordance with Article 15 (1) (a) of the Prospectus Regulation.

This Prospectus is valid for a period of 12 months from the date of approval, being until 13 March 2025. The Issuer shall have no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies that may affect the assessment of the Offer Securities after the end of its 12-month validity period.

The information contained herein is current as of the date of this Prospectus. Neither the delivery of this Prospectus, nor the offer, sale or delivery of the Offer Securities shall, under any circumstances, create any implication that no adverse changes have occurred nor events have happened, which may or could result in an adverse effect on the Company's business and/or, financial condition or results of operations and/or the market price of the Offer Securities. Nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by the Issuer or its advisors as to the future.

Although the whole text of this document should be read, the attention of persons receiving this document is drawn, in particular to the Section 4 headed *Risk factors* of this document. All statements regarding the Company's business, financial positions and prospects as well as the Offering should be viewed in light of the risk factors set out in Section 4 of this Prospectus.

No securities issued by the Company are admitted to trading on any stock exchange or multilateral trading facility. In connection with the Offering and the issuance of Offer Securities, based on this Prospectus the Company does not intend to list the Offer Securities on any regulated or SME growth market.

Settlement of the Offering is implemented on a step-by-step basis at the discretion and as resolved by the Board of Directors of the Issuer; however, in no case later than 30 calendar days after the end of each Offer Period (as defined in this Prospectus). The Offering will be realised through seven separate Offer Periods covering the period from 13 March 2024 to 13 March 2025.

**The Issuer is offering up to 2,000,000 Offer Securities in aggregate during seven Offer Periods (the "Offering").**

**The First Offer Period will commence on 13 March 2024 and end on 30 April 2024 ("First Offer Period"), the Second Offer Period will commence on 1 May 2024 and end on 30 June 2024 ("Second Offer Period"), the Third Offer Period will commence on 1 July 2024 and end on 31 August 2024 ("Third Offer Period"), the Fourth Offer Period will commence on 1 September 2024 and end on 31 October 2024 ("Fourth Offer Period"), the Fifth Offer Period will commence on 1 November 2024 and end on 31 December 2024 ("Fifth Offer Period"), the Sixth Offer Period will commence on 1 January 2025 and end on 28 February 2025 ("Sixth Offer Period") and the Seventh Offer Period will commence on 1 March 2025 and end on 13 March 2025 ("Seventh Offer Period") (the Second to the Seventh Offer Periods together the "Subsequent Offer Periods").**

**During the First Offer Period the Offer Securities are being offered by the Issuer under the Prospectus for an Offer Price of EUR 25.00 per Offer Security. The Offer Price may increase to no more than EUR 50.00 per Offer Security for the Subsequent Offer Periods.**

The Board of Directors will announce after the First Offer Period and each subsequent Offer Period (i) the number of Participation Certificates subscribed during the lapsed Offer Period and (ii) the Offer Price per Offer Security for the subsequent Offer Period (if applicable).

In total up to 2,000,000 Participation Certificates may be offered under this Prospectus. The total number of the Offer Securities subscribed during the Offer Periods will be announced in accordance with applicable regulations and on the website of the Issuer and filed with the CSSF in accordance with article 17(2) of the Prospectus Regulation. All notices in relation with the Offering will be published on the website of the Issuer at <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange at [www.luxse.com](http://www.luxse.com).

All the shares of the Company are ordinary registered shares (the "Shares") and are registered with the Commercial Register. The ISIN of the Shares is CH1107980141. The Offer Securities are Participation Certificates which have the same rights as the Shares, but without the voting rights. The ISIN of the Offer Securities is CH1107675402 as provided by SIX Financial Information AG, Switzerland. Shareholders and owners of Participation Certificates in the Issuer are registered in the respective registers of the Issuer and the shareholders and owners of Participation Certificates receive a confirmation of their registration in these registers. The Board of Directors of the Issuer is responsible for these registrations and maintenance of these registers. Such registers must be kept in such a manner that they can be accessed at any time in Switzerland. Owners of Participation Certificates may ask to inspect their own entry in the register by using one of the contact options mentioned on the website of the Issuer (<https://ella-group.io>) or by sending a postal request to the domicile of the Issuer as registered in the Commercial Register of the Canton of Zug. Entry in such registers requires documentary proof that a Share or Participation Certificate was acquired for ownership, or proof of the reasons for the usufruct thereof. In relation to the Issuer the Shareholder, holder of Participation Certificates or usufructuary is the person entered in the Share or Participation Certificate register. The Issuer is not issuing any certificates regarding the Shares or Participation Certificates and is not registering the shares or Participation Certificates with a depository since this is not required from a Swiss legal perspective.

The date of this Prospectus is 13 March 2024

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## 1. SPECIFIC SUMMARY FOR THE PROSPECTUS

### 1.1. Introduction

**1.1.1. Offer Securities offered under this EU Growth Prospectus:** up to 2,000,000 participation certificates (in German: *Partizipationsscheine*, hereinafter the “Participation Certificates” or the “Offer Securities”) of Ella Media AG (ISIN code CH1107675402, nominal value CHF 0.01 per Participation Certificate).

**1.1.2. The Issuer of the Offer Securities:** Ella Media AG (hereinafter the “Issuer” or the “Company”), incorporated on 2 December 2020 and registered with the commercial register of the Canton of Zug (“Commercial Register”) under the registration number CHE-370.592.352 (LEI: 5067006925MG82XNCD61).

**1.1.3.** The Commission de Surveillance du Secteur Financier (“CSSF”) in its capacity as the competent authority in Luxembourg under the Prospectus Regulation approved the Prospectus on 13 March 2024 and has notified the Federal Financial Supervisory Authority of the Federal Republic of Germany (in German: *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), the Financial Market Authority of the Republic of Austria (in German: *Österreichische Finanzmarktaufsicht (FMA)*), and the Dutch Authority for the Financial Markets (in Dutch: *Autoriteit Financiële Markten (AFM)*) of the approval of the Prospectus. The contact details of the CSSF are the following: address 283, route d’Arlon, 1150 Luxembourg, Luxembourg, phone +352 26 25 11, e-mail [direction@cssf.lu](mailto:direction@cssf.lu).

**1.1.4. Warnings by the Issuer:** This specific summary should be read as an introduction to this Prospectus and any decision by an investor to invest in the Offer Securities should be based on a consideration of this Prospectus as a whole.

An investor investing in the Offer Securities could lose all or part of the invested capital.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor may, under national law of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary including any translation hereof, but only where this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Offer Securities.

### 1.2. Key information on the Issuer

The Issuer of the Offer Securities is Ella Media AG, of Metallstrasse 9a, 6300 Zug, Switzerland.

#### 1.2.1. Who is the issuer of the securities?

The Issuer’s legal form is a corporation (in German: *Aktiengesellschaft*). It operates under the laws of Switzerland, which is also its country of incorporation.

As its principal activities, the Issuer develops (currently through an independent third party, in the future also through own development activities) and commercializes software for the production of industry-specific and consumer-centric content in form of texts, audio, images and videos based on artificial intelligence (“Software”). The media industry is facing disruption from increasingly digitally consumed media through an increasing number of different digital platforms, while at the same time income generated in traditional ways (for example by advertisements on TV or in newspapers) is decreasing. For this reason, the Issuer is developing Software (through an independent third party) that should – by inputting just a few keywords or facts – create content such as fictional or non-fictional texts, audio, images and videos within a few seconds based on artificial intelligence. Such content is created in a way that it may be automatically processed by various digital platforms in order to reduce (to the maximum extent possible) manual amendments or input. Such content creation and subsequent automation should dramatically lower production costs and time. Since the Software developed applies the concepts of artificial intelligence it should improve and learn from manual edits of the content created (for example by an editor) and improve its skills and the quality of the content delivered over time. In addition, the Issuer is also offering consulting services regarding the application and implementation of artificial intelligence products and to support the respective transformation processes of businesses. Since more and more big corporations evolve from grass roots initiatives dealing with the new chances and challenges from artificial intelligence (a branch of computer science in which human intelligence processes are simulated by machines, “AI”) for single use cases, to a more strategic approach asking how AI affects their business model in general the offering of consulting services is expected to be a valuable addition to the business model of the Issuer. Combining the development and marketing of the Software with the consulting services regarding the use and implementation of AI related software in businesses, the Issuer aims to evolve into a full service AI solution provider.

As at the date of the Prospectus, the Issuer owns the following wholly owned subsidiaries: Ella Media Sàrl, 34, Place Guillaume II, bureau 005, Luxembourg, Ella Solutions GmbH and Ella Lab Germany GmbH the last two domiciled at Schanzenstraße 35 in Cologne, Germany. Ella Solutions GmbH, responsible for the distribution and marketing of the Software, and Ella Lab Germany GmbH, responsible for the development of the Software, have taken over most of the employees of the former external contractor frogs42 – Gesellschaft für künstliche Intelligenz mbH in Berlin, Germany as of January 31, 2024.

The shareholders with control of the Issuer are:

Name	Interest in share capital	Interest in voting rights
Rheinfall Beteiligungen GmbH*	37.25%	37.25%
Mr. Daniel Hoffmann	19.49%	19.49%
Ms. Anja Bornemann	19.49%	19.49%
Mr. Peter Steiner	10.82%	10.82%
Mr. Mark Rau	5.30%	5.30%
Mr. Michael Kramer	5.00%	5.00%
Bermuda Consulting AG**	2.64%	2.64%

\* Owned by: Mr. Michael Keusgen, business address at Metallstrasse 9a, 6300 Zug, Switzerland (100%) // \*\* Owned by: Mr. Michael Keusgen, business address at Metallstrasse 9a, 6300 Zug, Switzerland (50%) and Mr. Peter Steiner business address at Chamerstrasse 44, 6331 Hünenberg, Switzerland (50%)

Currently, the board of directors of the Issuer (hereinafter also the “Board of Directors”) has one member, Mr. Michael Keusgen, with single signature authority.



## 1.2.2. Key financial information on the Issuer

For the period from 1 January 2022 until 31 December 2022 ("2022 Financial Statements" or "2022 Financial Year" respectively) and for the period from 1 January 2021 and 31 December 2021 ("2021 Financial Statements", "Prior Year" or "PY" respectively), the Issuer has prepared consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and that were audited by the audit firm MAZARS AG, Herostrasse 12, 8048 Zurich, Switzerland. The 2022 Financial Statements include the financial statements of its wholly owned subsidiary, Ella Media Sàrl, Luxembourg. Based thereon, the key financial information is as follows:

As per 31 December 2022, the total consolidated equity of the Issuer amounted to EUR 1,841,604 (PY EUR 3,637,779) which included the nominal Share and Participation Capital of EUR 166,754 (PY EUR 156,563), prepaid Participation Capital reserve of EUR 1,019,548 (PY EUR 406,500), capital reserves of EUR 12,428,248 (PY 9,214,096), other reserves of EUR 13,251 (PY EUR -31,108) and retained earnings of EUR -11,786,197 (PY EUR -6,108,272).

As per 31 December 2022, the current consolidated assets of the Issuer (including bank deposits and short-term receivables) amounted to EUR 288,853 (PY EUR 990,823). The non-current assets amounted to EUR 4,580,785 (PY EUR 3,610,003) which included the initial purchase price paid for the Software on 21 January 2021 (EUR 1,750,000), and the capitalized development expenses (2022 Financial Year EUR 1,861,999, PY EUR 1,629,566) less amortizations of EUR 662,589 in 2022 Financial Year.

Since the Issuer is still in an early-development stage, only limited revenues of EUR 187,995 could be generated by the Issuer from 1 January 2022 until 31 December 2022 (PY Nil). During this period, the Issuer incurred research and development expenses of EUR 1,803,400 (PY 851,549) and general and administrative expenses of EUR 4,997,040 (PY 5,124,456). Considering also the non-operating income and expenses (finance income and expense, tax expense as well as an expense from remeasurement of net defined benefit obligation), a consolidated loss for the period of EUR 7,974,333 (PY EUR 6,021,081) results.

After the conclusion of the 2022 Financial Statements, the Issuer has made two increases of its Participation Capital by self-subscribing to 1,400,000 (in total) Participation Certificates at nominal value with lead to an increase of the Participation Capital by EUR 14,121.30 and corresponding reduction of the capital reserves the same amount (no changes to the total net equity). Thereafter, 1,277,724 Participation Certificates were subsequently assigned to investors resulting in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by EUR 9,169,858. In addition, the Issuer issued 3,461 Dividend Rights Certificates against cash which resulted in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by EUR 1,647,564. Thus, together with the assignment of the mentioned 1,277,724 Participation Certificates, the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer increased by (net) EUR 10,817,422 after the conclusion of the 2022 Financial Statements.

As at the date of this Prospectus, the Issuer has issued 13 million shares with a nominal value of CHF 0.01 each ("Shares"), 6,344,238 Participation Certificates, thereof holding in treasury 122,276 Participation Certificates ("Treasury Participation Certificates"), and 23,692 units of dividend rights certificates outstanding conferring the same rights to participate in future dividend distributions as 8 million Participation Certificates ("Dividend Rights Certificates"). Besides, the Issuer has eight convertible loans with a combined principal amount of EUR 600,000 outstanding, subject to interest rates between 4.75% - 5% p.a. that may be converted into 111,991 Participation Certificates if not repaid in cash (conversion into Participation Certificates at the discretion of the respective lenders only) which will be either assigned by the Issuer from the Treasury Participation Certificates or issued by creation of new Participation Certificates through Participation Capital increases ("Convertible Loans").

As per 31 December 2022, the net equity of the Issuer amounted to EUR 1,841,604 and the liabilities amounted to EUR 3,028,034. This results in a debt-to-equity ratio of 1.6 (it is calculated as follows: total liabilities divided by total equity multiplied by 100). As per 31 December 2022, the current assets of the Issuer amounted to EUR 288,853 consisting of cash and cash equivalents of EUR 160,630, trade accounts receivables of EUR 39,352 and other current assets of EUR 88,871. On the other hand, the current liabilities amounted to EUR 2,937,047. This results in a cash ratio of 0.055 (it is calculated as follows: cash and cash equivalents divided by current liabilities) and current ratio of 0.098 (it is calculated as follows: current assets divided by current liabilities). However, in the case at hand it should be considered that the Issuer is still in an early development stage and has just generated limited turnover as per date of the 2022 Financial Statements.

## 1.2.3. Key risks specific to the Issuer

### Risks related to the Issuer's business activities and industry

- 1) The Issuer is an early-stage company incorporated in December 2020 and, thus, it has a very limited operating history, and financial statements covering just two full business years are available. Consistent with many other early-stage companies, its previous activities have principally involved the development of innovative sales concepts, and there is a risk that the planned activities will not generate the anticipated returns, the returns will be delayed, or will not be successful at all.
- 2) The Issuer's business strategy will require substantial expenditure until break even based on the current business plan may be reached and the Issuer may not find sufficient investors for the Participation Certificates offered under the Prospectus and potential future Participation Certificates or other securities offered by the Issuer.
- 3) The actual market for the products and services of the Issuer (Software and consulting services) could be significantly smaller than estimated.
- 4) The performance of the Software developed by the Issuer is not yet clear and could be subject to much longer development efforts, development and other maintenance and running expenses than currently expected (such as in case of increasing energy prices).
- 5) The Issuer depends on certain highly qualified and experienced individuals regarding management (sole member of the Board of Directors, Mr. Michael Keusgen) and software development with in-depth knowledge about the market and concepts of artificial intelligence who are very rare in the market, and difficult to recruit and maintain.
- 6) Nowadays, technology is outdated within a short period of time due to worldwide competition and innovation in hardware and software, and the Issuer cannot exclude the risk that the Software may become outdated in the future which would significantly lower the generated income.
- 7) Despite the Issuer using its best efforts to obtain patents and/or other copyrights for the Software, there is a general risk relating to Software that despite such protection it can be copied and modified, and protection obtained for such intellectual property cannot be defended.

## Legal and regulatory risks

- 8) Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.
- 9) Despite the best efforts of the Issuer, the Software may generate output that is potentially infringing intellectual property rights of third parties which could result in significant additional expenses and potential requirements to re-develop or discontinue certain products.

### 1.3. Key information on the Offer Securities

#### 1.3.1. Main features of the Offer Securities

**Type and class:** Participation Certificates (in German: *Partizipationsscheine*), to be issued as uncertificated (non-material) securities (in German: *Wertrechte*) in the meaning of Article 973c of the Swiss Code of Obligations.

Participation Certificates are non-voting shares, which confer pecuniary rights, but no voting or other membership rights. They are offered publicly for sale in the same structure and denomination and placed with more than 20 investors, are freely negotiable and, thus, suitable for mass standardised trading under Swiss law (cf. Article 2 para. 1 of the Swiss Federal Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading, SR 958.11).

**Currency and denomination:** nominal value of the Offer Securities is CHF 0.01 per Participation Certificate.

**Number and term:** The Issuer is offering up to 2,000,000 Offer Securities in aggregate during seven offer periods from 13 March 2024 to 13 March 2025. The total number of the Offer Securities subscribed during the offer periods will be announced in accordance with applicable regulations. All Participation Certificates are issued without term.

**Attached Rights:** The Offer Securities have the same dividend rights as the ordinary shares of the Issuer. The dividend rights do not lapse. According to the articles of association of the Issuer, transferability of the Offer Securities is not subject to restrictions. The Issuer may refuse entry in the Participation Certificate register only where the acquirer fails to declare expressly that they have acquired the Participation Certificates in their own name and for their own account.

Under the applicable law the holders of Participation Certificates have no right to participate in the annual general meeting of shareholders ("General Meeting"), however, they must be notified about the convening of any General Meeting together with the items on the agenda and any motions (proposals). Furthermore, the holders of Participation Certificates are entitled to request the minutes of the General Meeting (which shall be made available within 30 days of the General Meeting). They shall be informed accordingly in the notification on convocation of the General Meeting. In addition, on the occasion of the annual General Meeting, just like the shareholders, each holder of Participation Certificates may request that a copy of the annual and audit reports be made available to him/her/it.

**No seniority:** There is no seniority of shares or Participation Certificates, including the Offer Securities, in the Issuer's capital structure in the event of insolvency under Swiss law. All the shares and Participation Certificates, incl. the Offer Securities, will be treated the same in the event of an insolvency of the Issuer.

**Dividend Policy:** The Issuer does not have a fixed dividend distribution policy. There are no fixed dividend distribution dates. Dividend distributions and the respective dates (if any) will be resolved by the General Meeting that is held each year within the first six months of the business year or during a business year, if requested by the Board of Directors. There are no dividend restrictions or special procedures for non-residents. There is no fixed rate or other specific method of calculation of the dividends. All dividends will be paid out in Swiss Francs (CHF). If paid out to an account of an owner of Participation Certificates in a currency other than CHF, the expenses for currency exchange will be borne by the respective owner.

#### 1.3.2. Where will the securities be traded?

As of the date of this Prospectus, there are no plans to apply for admission to trade the Offer Securities and/or Shares on any stock exchange or multilateral trading facility in the near future.

#### 1.3.3. Key risks specific to Offer Securities

##### Risks relating to the financial and political rights inherent to the Offer Securities

- 10) The Offer Securities offered under this Prospectus are non-voting Participation Certificates. Holders of the Offer Securities will have none of the rights generally associated with voting rights under Swiss corporate law.
- 11) No assurance can be given that the Issuer will pay dividends and any dividends would be resolved and paid in CHF (if converted to EUR or other currencies the dividend amount could be subject to adverse currency exchange rate developments).

##### General risks relating to the Offer Securities

- 12) The ownership percentage in the Issuer or participation percentage in dividend distributions of the Issuer may be diluted in the future because of equity issuances, i.e. issuances of shares, Participation Certificates, dividend rights certificates or other equity instruments.
- 13) The Offer Securities will be traded off-exchange exclusively, which results in a lower liquidity of the Participation Certificates and less options to sell.
- 14) The Issuer may decide to delay, suspend or cancel the Offering (as defined below). Consequently, the investors may be unable to successfully subscribe for the Offer Securities, and payments made by investors during the Offering, if any, will be returned without any compensation.

### 1.4. Key information on the Offering

#### 1.4.1. Conditions and timetable for investing in Offer Securities

##### General terms and conditions

The Issuer is offering up to 2,000,000 Offer Securities in aggregate during seven offer periods (the "Offering").

The first offer period will commence on 13 March 2024 and end on 30 April 2024 ("First Offer Period"), the second offer period will commence on 1 May 2024 and end on 30 June 2024 ("Second Offer Period"), the third offer period will commence on 1 July 2024 and end on 31 August 2024 ("Third Offer Period"), the fourth offer period will commence on 1 September 2024 and end on 31 October 2024 ("Fourth Offer Period"), the fifth offer period will commence on 1 November 2024 and end on 31 December 2024 ("Fifth Offer Period"), the sixth offer period will commence on 1 January 2025 and end on 28 February 2025 ("Sixth Offer Period") and the seventh offer period



will commence on 1 March 2025 and end on 13 March 2025) ("Seventh Offer Period") (the Second to the Seventh Offer Periods together the "Subsequent Offer Periods").

During the First Offer Period the Offer Securities are being offered by the Issuer under the Prospectus for an Offer Price of EUR 25.00 per Offer Security. The Offer Price may increase to no more than EUR 50.00 per Offer Security for the Subsequent Offer Periods.

The Board of Directors will announce the Offer Price per Offer Security for the Subsequent Offer Periods after each lapsed Offer Period. The Board of Directors will also announce the amount of Participation Certificates subscribed during each lapsed Offer Period. The total number of the Offer Securities subscribed during all Offer Periods will be announced after the Seventh Offer Period in accordance with applicable regulations.

All notices in relation with the Offering will be published on the website of the Issuer at <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange at [www.luxse.com](http://www.luxse.com).

The Issuer reserves the right to allocate in total fewer than 2,000,000 Offer Securities. This may happen, for instance, as a result of insufficient demand. In such case, the number of Offer Securities to be allotted to the investors may be reduced.

The Offering consists of: (i) public offer to retail investors and institutional investors in Luxembourg, Germany, Austria and the Netherlands and/or (ii) private placement(s) (offering(s)) to certain determined institutional investors and retail investors in other Member States of the European Economic Area (providing them with individual invitations in this respect) in each case pursuant to an exemption under Article 1 of the Prospectus Regulation.

Each Investor must subscribe for a minimum of 500 Offer Securities per subscription. There are no other thresholds for maximum subscription amounts per individual Investor.

To subscribe for the Participation Certificates, each investor should first register on the investor portal of the Issuer, which can be accessed through a link published on <https://ella-group.io/en/investor-relations/>. After completing the registration process, each investor receives all relevant subscription documents (including a subscription form, payment contract and copy of the Prospectus) by e-mail. A copy of the signed subscription form and payment contract must be sent by e-mail to the following e-mail address of the Issuer: [verwaltung@ella-group.io](mailto:verwaltung@ella-group.io).

**Expected timetable of the offer periods**

The timetable below lists expected key dates relating to events regarding the offer periods of the Offering. The Issuer reserves the right to change the timetable of the Offering. Provided that the adjustment of the offer periods does not constitute a significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus which may affect the assessment of the Offer Securities within the meaning of Article 23 of the Prospectus Regulation, if the Issuer was to adjust the timetable (i.e. if the offer periods were adjusted), the adjusted timetable will be announced by notices of the Issuer published on the following website of the Issuer: <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

from 13 March 2024 to 30 April 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price of EUR 25.00 for the First Offer Period
on or about 1 May 2024	Determination and announcement of the Offer Price per Offer Security for the Second Offer Period
on or about 15 May 2024	Determination and announcement of the number of Participation Certificates subscribed during the First Offer Period
no later than 30 May 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the First Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 May 2024 to 30 June 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Second Offer Period
on or about 1 July 2024	Determination and announcement of the Offer Price per Offer Security for the Third Offer Period
on or about 15 July 2024	Determination and announcement of the number of Participation Certificates subscribed during the Second Offer Period
no later than 30 July 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Second Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 July 2024 to 31 August 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Third Offer Period
on or about 1 September 2024	Determination and announcement of the Offer Price per Offer Security for the Fourth Offer Period
on or about 15 September 2024	Determination and announcement of the number of Participation Certificates subscribed during the Third Offer Period
no later than 30 September 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Third Offer Period in the Participation Certificate

	register of the Issuer with notification of registration to be provided to each investor
from 1 September 2024 to 31 October 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Fourth Offer Period
on or about 1 November 2024	Determination and announcement of the Offer Price per Offer Security for the Fifth Offer Period
on or about 15 November 2024	Determination and announcement of the number of Participation Certificates subscribed during the Fourth Offer Period
no later than 30 November 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Fourth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 November 2024 to 31 December 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Fifth Offer Period
on or about 1 January 2025	Determination and announcement of the Offer Price per Offer Security for the Sixth Offer Period
on or about 15 January 2025	Determination and announcement of the number of Participation Certificates subscribed during the Fifth Offer Period
no later than 30 January 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Fifth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 January 2025 to 28 February 2025 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Sixth Offer Period
on or about 1 March 2025	Determination and announcement of the Offer Price per Offer Security for the Seventh Offer Period
on or about 15 March 2025	Determination and announcement of the number of Participation Certificates subscribed during the Sixth Offer Period
no later than 30 March 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Sixth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 March 2025 to 13 March 2025 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Seventh Offer Period
on or about 28 March 2025	Determination and announcement of the number of Participation Certificates subscribed during the Seventh Offer Period
no later than 12 April 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Seventh Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor

During the offer periods, the Board of Directors may decide to make capital increases or assignments of Treasury Participation Certificates earlier than after the close of each offer period for part of the Offer Securities, the funds for subscription of which have already been received. There are no limitations of such possible capital increases until all the Offer Securities have been subscribed by the investors and distributed to them.

#### **Distribution and allocation plan**

The Offer Securities shall be served according to the time priority principle ("first come-first served"), i.e. the first investors, which have submitted their subscription forms (and also fulfilled their payment obligation within five business days after submitting a subscription form) shall be allotted the Offer Securities first up to the time and amount, when the subscriptions for all the Offer Securities of the aggregate principal amount for the First Offer Period or a Subsequent Offer Period is reached.

The Issuer will not be obliged to allocate any Offer Securities to any investors participating in the Offering.

The subscribed Offer Securities shall be issued within 15 calendar days after the Board of Directors will have resolved on the implementation of certain instalments of the Participation Capital increase and in any case no later than 30 calendar days after the end of the relevant offer period. Alternatively, the Board of Directors may also resolve to assign Participation Certificates to the investors that the Issuer holds in treasury (at the date of the Prospectus the Issuer owns 122,276 Treasury Participation Certificates). Such assignment

will take place not later than 15 calendar days after the end of the relevant offer period.

### Dilution

The table below provides information on the Issuer's share capital and participation capital structure as well as the issued dividend rights certificates existing as of the date of this Prospectus and the capital structure expected after the completion of the Offering (assuming that all the Offer Securities will be subscribed, fully paid and allocated to the investors, assuming that 50% of the Convertible Loans will be converted into Participation Certificates from the Treasury Participation Certificates (55,996 Participation Certificates) and that, thus, the Issuer will issue additional 1,933,720 Participation Certificates after assigning the then remaining 66,280 Treasury Participation Certificates).

Type of security	Capital participation		Dilution %	Dividend participation		Dilution %
	before	after		before	after	
Shares (13,000,000 units)	67.20%	61.10%	6.11%	47.54%	44.40%	3.14%
Participation certificates (6,344,238 units)	32.80%	29.82%	2.98%	23.20%	21.67%	1.53%
Dividend rights certificates (23,692 units corresponding to dividend distribution rights of 8,000,000 Participation Certificates)	0.00%	0.00%	0.00%	29.26%	27.32%	1.93%
Offer Securities (additional 1,933,720 Participation Certificates to be issued for Offering under Prospectus)	-	9.09%	-	-	6.58%	-

Source: the Issuer

At the General Meeting held on 28 October 2022, the shareholders resolved (among others) the following:

- to authorize the Board of Directors to create a participation capital up to a maximum amount of CHF 85,000.00 at any time until 28 October 2024 by issuing up to 8,500,000 additional fully paid-in registered Participation Certificates (of which as at the date of the Prospectus 1,400,000 Participation Certificates were already issued and up to 7,100,000 additional Participation Certificates could still be issued until 28 October 2024) and, thereby increase the Participation Capital accordingly ("Authorized Participation Capital");
- to create a conditional Participation Capital of up to CHF 17,000.00 divided into 1,700,000 Participation Certificates for the purpose of the participation of employees, members of the Board of Directors and/or consultants of the Issuer and/or potential subsidiaries with an exclusion of the subscription right and the advance subscription right of shareholders and holders of Participation Certificates of the Issuer ("Conditional Participation Capital") (as at the date of the Prospectus no Participation Certificates were issued from of the Conditional Participation Capital); if option rights granted to such persons are exercised, the Participation Capital will be increased accordingly.

Therefore, additional Participation Certificates besides the Participation Certificates offered under this Prospectus may be issued by the Issuer in the future, for instance in connection with the current Authorized Participation Capital, at any time until 28 October 2024 or in connection with the Conditional Participation Capital if option rights granted to employees, members of the Board of Directors and/or consultants of the Issuer and/or potential subsidiaries are exercised.

### Estimated expenses

Each Participation Capital increase is subject to a 1% one-time capital duty that is borne by the Issuer. Additional bank transfer fees may be applied towards the investors, depending on the bank used by the respective investor. The Issuer estimates its expenses related to this Offering at approximately 15% of the gross subscription proceeds of the Offer Securities. Besides advisory, audit and legal fees, such expenses will predominantly consist in fees and commissions to be granted to any third parties (either professionals or individuals) who introduce potential investors to the Issuer.

#### 1.4.2. Reasons for producing the Prospectus

As a main priority the proceeds from the Offering should be used to cover the expected operating and non-operating expenses until break-even in the first quarter of 2025 should be reached. The Issuer expects that around EUR 10 – 12 million will be required for this purpose. Depending on the availability of funding from the Offering, the Issuer aims to invest in further organic growth potential by hiring more senior and highly experienced staff members in the field of artificial intelligence. The additional costs until break-even in the first quarter of 2025 may be reached should amount to EUR 4 - 6 million.

Besides, the Issuer aims to use the proceeds from the issuance of the Offer Securities for the following secondary purposes (subject to obtaining sufficient funding): (i) to direct resources towards a targeted investment in marketing initiatives aimed at elevating brand visibility and driving sales growth (EUR 5 – 8 million), (ii) to acquire companies in the field of artificial intelligence with complementary know-how (EUR 10 – 20 million), (iii) to further expand capacities in the training of foundation models to fortify its competitiveness (EUR 10 – 12 million), (iv) to invest in further fortifying IT security measures and securing systems to effectively address the burgeoning challenges of compliance (around EUR 5 million) and (v) to account for a liquidity buffer due to delays in customer payments and potential project postponements (which is expected when building software on emerging technology) (around EUR 5 million).

According to the knowledge of the Issuer, apart from the Issuer itself there are no other interests, including conflicts of interest, that is material to the Offering.

#### 1.4.3. The offeror

The offeror under the Prospectus is the Issuer, Ella Media AG.

## 2. IMPORTANT INFORMATION

**Growth Prospectus:** This Prospectus has been prepared by the Issuer in connection with the Offering, solely for the purpose of enabling any prospective investor to consider an investment in the Offer Securities. This Prospectus is a prospectus in the form of a single document within the meaning of the Prospectus Regulation and the Delegated Regulation. Given that the Issuer is a small enterprise, which has only seven employees, a total balance sheet of EUR 4,869,638 and a turnover of just EUR 187,995 as at 31 December 2022 it has decided to draft a Growth Prospectus under Article 15 of the Prospectus Regulation and Articles 28 and 30 of the Delegated Regulation and in accordance with Annex 23 (Specific summary for the EU Growth prospectus), Annex 24 (EU Growth registration document for equity securities) and Annex 26 (EU Growth securities note for equity securities) of the Delegated Regulation.

This Prospectus has been approved by the CSSF as competent authority under the Prospectus Regulation. The CSSF approves this Prospectus only as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus or of the quality of the Offer Securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Offer Securities. The Prospectus has been drawn up as part of an EU Growth Prospectus in accordance with Article 15 of the Prospectus Regulation.

This Prospectus should be read and construed together with any supplement hereto (if any).

Taking into consideration that this Prospectus contains several hyperlinks to websites, it is also noted that the information on such websites does not form part of the Prospectus and has not been scrutinised or approved by the CSSF.

For easier reading the masculine form is used throughout in the Prospectus; where appropriate the feminine and neutral forms are tacitly implied.

### 2.1. Responsibility for this Prospectus

**Person responsible:** The person responsible for the information provided in this Prospectus is Ella Media AG, registration number CHE-370.592.352, with the registered office at Metallstrasse 9a, 6300 Zug, Switzerland. To the best of the knowledge of the Company, the information contained in this Prospectus is in accordance with the facts, and the Prospectus makes no omission likely to affect its import.

**Limitations of liability:** Without prejudice to the above, no responsibility is accepted by the person responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, as indicated and subject to the provisions, indicated in Section 1.1.4 of the Prospectus.

Furthermore, the legal advisors to the Company expressly disclaim any liability based on the information contained in this Prospectus, the summary of this Prospectus or individual parts hereof and will not accept any responsibility for the correctness, completeness or import of such information. No information contained in this Prospectus or disseminated by the Company in connection with the Offering may be construed to constitute a warranty or representation, whether express or implied, made by the legal advisors to the Company.

Neither the Company nor the legal advisors to the Company will accept any responsibility for the information pertaining to the Offering, the Company or its operations, where such information is disseminated or otherwise made public by third parties either in connection with this Offering or otherwise.

By participating in the Offering, Investors agree that they are relying on their own examination and analysis of this Prospectus (including the financial statements of the Company which form an indispensable part of this Prospectus) and any information on the Company which is available in the public domain. Investors must also acknowledge the risk factors that may affect the outcome of such investment decision (as presented in Section 4 *Risk factors*).

Any persons in possession of this Prospectus should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus, if not expressly indicated otherwise. The delivery of this Prospectus at any time after the conclusion of it will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. The Issuer does not undertake to update this Prospectus save as foreseen in Article 23 of the Prospectus Regulation. In the event of significant new factors, material mistakes or material inaccuracies which may affect the assessment of the Offer Securities (insofar as required under the Prospectus Regulation) until the lapse of the term of validity of this Prospectus or until finalisation of the Offering (depending on which of these events will happen earlier), they will be reflected in supplements to the Prospectus, which will be subject to an approval by the CSSF and notified to the Federal Financial Supervisory Authority of the Federal Republic of Germany (in German: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)), the Financial Market Authority of the Republic of Austria (in German: Österreichische Finanzmarktaufsicht (FMA)) and to the Dutch Authority for the Financial Markets (in Dutch: Autoriteit Financiële Markten (AFM)).

### 3. STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT

#### 3.1. Information about the Issuer

Legal and commercial name of the Issuer	Ella Media AG
Legal form	Corporation (in German: <i>Aktiengesellschaft</i> )
Head office (place of registration)	Metallstrasse 9a, 6300 Zug, Switzerland
Registration number	CHE-370.592.352
Country of registration	Switzerland
LEI	5067006925MG82XNCD61
Legislation under which it operates	The laws of Switzerland
Date of registration of the Issuer with the Commercial Register	2 December 2020
Operating period	Indefinite
Phone number	+41 78 219 22 30
E-mail	<a href="mailto:verwaltung@ella-group.io">verwaltung@ella-group.io</a>
Website	<a href="https://ella-group.io/en/home/">https://ella-group.io/en/home/</a> The information on the website does not form part of the Prospectus.

Source: the Issuer

#### 3.2. Material changes in borrowing and funding structure

##### Increase of Cash and Equity

The Issuer has made the following two increases of its Participation Capital after the conclusion of the 2022 Financial Statements:

- On 16 February 2023, 400,000 Participation Certificates were subscribed for and issued to the Issuer at nominal value;
- On 23 March 2023, 1,000,000 Participation Certificates were subscribed for and issued to the Issuer at nominal value.

These two increases of the Participation Capital at nominal value increased the Participation Capital by EUR 14,121.30 and reduced the capital reserves the same amount (net no changes to the total equity). Thereafter, 1,277,724 Participation Certificates were subsequently assigned to investors resulting in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by EUR 9,169,858.

In addition, the Issuer issued Dividend Rights Certificates against cash which resulted in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by EUR 1,647,564. Thus, together with the assignment of the mentioned 1,277,724 Participation Certificates, the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer increased by EUR 10,817,422 after the date of the 2022 Financial Statements.



### **Repayment of Convertible Loans**

After the date of the 2022 Financial Statements, the Issuer has repaid five Convertible Loans with a combined principal amount of EUR 221,000 in cash which resulted in a corresponding decrease of its total assets (“Cash and cash equivalents”) and total liabilities and shareholders’ equity (“Financial liabilities”) by EUR 221,000 after the date of the 2022 Financial Statements.

### **Additional Convertible Loans**

After the date of the 2022 Financial Statements, the Issuer obtained funding in the amount of EUR 350,000 in the form of five new Convertible Loans, subject to interest rates of 5% p.a. These Convertible Loans have no fixed maturity dates and can be terminated anytime by the Issuer or respective lenders observing a notice period of three months. These Convertible Loans obtained after the date of the 2022 Financial Statements increased the total assets (“Cash and cash equivalents”) and total liabilities and shareholders’ equity (“Financial liabilities”) of the Issuer by EUR 350,000.

Apart from this, the Issuer has not made any Share or Participation Capital increases, entered into any other possible funding or entered into any other borrowings. Consequently, there have been no other material changes in the Issuer’s borrowing and funding structure since the conclusion of the 2022 Financial Statements than the above-mentioned Participation Capital increases and repayment and raising of Convertible Loans.

### **3.3. Expected financing of the Issuer’s activities**

The Issuer expects to finance its planned activities (as indicated in Section 3.4 *Business overview* below) by issuing up to 2,000,000 registered Participation Certificates with a nominal value of CHF 0.01 each increasing its Participation Capital by up to CHF 19,337.20 (considering the already available 122,276 Treasury Participation Certificates that can be assigned to investors and assuming that 50% of the Convertible Loans will be settled through assignment of 55,996 Treasury Participation Certificates).

If all the Offer Securities are sold and assuming that either all Offer Securities are subscribed for at EUR 25.00 per Offer Security or all Offer Securities are subscribed for at EUR 25.00 per Offer Security during the First Offer Period and all remaining Offer Securities are subscribed for at EUR 37.50 per Offer Security in average during the Subsequent Offer Periods, the Issuer will have raised gross funding of around EUR 50 – 68.75 million, which should be sufficient to bear the planned expenses and investments as described in Section 6.1 *Terms and conditions of the Offering of Offer Securities to public*.

As per conclusion of the 2022 Financial Statements on 31 December 2022, the current assets (including the cash and cash equivalents, other current assets and trade accounts receivables) of the Issuer amounted to EUR 288,853.

### **3.4. Business overview**

The Issuer operates in the Generative AI space (also known as Natural Language Processing or the Synthetic Media Software) and develops a variety of software tools that generate content for the industries with a variety of media needs. Said tools are built on Large Language Model (LLM) platforms – some of which are fine-tuned, open-source models, others which are built by the Issuer and/or third parties contracted by the Issuer from scratch. This hybrid approach, namely, to build and tune language models as well as building the software applications on top of these enables the Issuer to ascertain greater control of quality, including data in- and outputs (all of which are key differentiators in the market).

#### **Business Concept**

The business concept of the Issuer is the development and marketing of Software based on the concepts of artificial intelligence to create individual content in the form of texts, images, audio, videos or combinations thereof. To employ artificial intelligence in business processes saves time as processes are accelerated and content is generated faster and more efficiently requiring less financial and human resources. This leads to a high level of cost savings for customers, as most of the content had previously to be produced manually. However, with an accelerated AI market dynamics since the launch of free-to-use AI systems (such as ChatGPT), supported by large multinational technology companies, the Issuer faced a fundamental change of awareness and demand for AI solutions from the corporate world. With that in mind, the Issuer slightly adapted its business concept, to harvest this huge and further growing demand by offering also consulting services regarding the application and implementation of artificial intelligence products and to support the respective transformation processes. This alteration of the business model is financially promising for the Issuer, since more and more big corporations evolve from grass roots initiatives dealing with the new chances and challenges from AI and the free-to-use AI systems to a more strategic approach asking how AI affects their business model in general. Thus, the Issuer aims to evolve into a full service AI solution provider and has identified the following three main business lines:



### 1. AI Products

The Issuer develops AI products that are tailored to deliver a specific business value for a specific use case for the client. The AI products focus on the outcome, not on the built-in AI technology or the individual solutions building. AI products are designed for rapid returns so customers experience an instant gratification on their core success drivers to gain confidence in AI solutions in general and in the Issuer in particular. AI products are easy-to-use with a clear benefit and therefore, the perfect entry-product for new clients. To better understand this, let's have a closer look at one of our AI products, namely AI generated horoscopes:

One of the core success drivers for news sites is the generation of new organic traffic through Search Engine Optimization (SEO) (no matter whether this is by human, or AI generated content). Our horoscope feeds can easily be implemented in the client's website and all content is uniquely generated for every single client and highly optimized for SEO. In past implementations, our horoscope feeds increased organic traffic in this segment by up to 600%.

### 2. AI Strategy Consulting

The second revenue stream is the business consulting on AI strategy. As mentioned, more and more corporate customers evolve from decentralized (more or less official) AI grass roots movements to a more strategic approach. Not having the experience or skills within their organizations, more and more companies start looking outside their organization for strategic support and guidance in this new field.

With its AI competencies and its origin in the heart of Europe, the Issuer is the right strategic partner to serve this demand. With a unique, but standardized consulting framework, the Issuer approaches clients to challenge their existing business model, figuring out how AI jeopardizes or enhances the client's existing market, organization, and revenue streams. Collaborating with the Issuer means, making the right strategic decisions applying AI in their current business model today, to be ready for tomorrow.

### 3. AI Solutions Development

The Issuer being the strategic partner of its clients, it's the logical next step, to apply the Issuer's expertise and its own existing AI components framework, including its language models, to build individual AI solutions. Understanding the customers in-depth through the consulting approach, the Issuer can develop superior AI solutions that exactly serve the defined use cases and the client's long-term AI strategy. Another USP of the Issuer is the "best of breed" solutions building. Although the Issuer having its own components and language models, its AI architects design individual solutions based on own, but also on all other state-of-the-art AI technologies available in the market. Building AI solutions is always a trade-off between cost, accuracy and compliance. There is no "one-fits-all" AI setup for every client, but it depends on the internal policies, the client's general attitude towards AI and last but not least, the available budget allocated on this topic.

With its stable company history and its unique portfolio of products, services and solutions, the Issuer is the first company positioned itself as an AI Solutions Builder (in German: "KI Systemhaus"), owning its own category for accelerated market positioning and growth. The three revenue pillars build on each other in a clearly orchestrated go-to-market strategy. From the overall positioning as the first AI Solutions Builder with the mentioned entry products to consulting and AI solutions building, the Issuer can serve clients better than the market – because the Issuer understands its clients better than the market. Revenue is generated through subscriptions (products), consulting fees and project development. The AI solutions generate long-lasting recurring revenue through software maintenance fees and continuous upgrades of the client's solutions with new arising AI technologies. For the Issuer's long-term strategic partners, it provides "AI-as-a-Service" for continuous growth for all parties.

### **Strategy and objectives**

Text is the origin of all communication and interaction between humans worldwide. Text is the basis for the creation of entertainment, information and communication products in all types of industries. Real estate brokers need descriptions of objects, car manufacturers need instructions for use, film and TV producers need scripts, etc. These texts are currently being produced by authors, journalists and editors. This is time-consuming, expensive and usually takes place in only one language. Techniques that are based on databases and text modules and which are intended to make the creator's work easier are currently just being used in rare cases. In addition, the media industry is facing disruption by increasingly digitally consumed media through an increasing number of different digital platforms, while at the same time income generated in traditional ways (for example by advertisements on TV or in newspapers) is decreasing.

The Software developed by the Issuer should generate texts, audio, images, video and combinations thereof (such as texts illustrated with images or videos or videos of journalists reading texts generated by the Software) based on data processed by artificial intelligence and requiring only minimal manual input or edits.

The Software should become the standard software solution worldwide for the production of texts of all kinds in the most commonly spoken or written languages as well as for audio, images and videos (including integrated solutions of combinations of texts and audio and/or videos).

In addition, as more companies move from decentralized AI initiatives to a more strategic approach, there is a growing demand for external AI strategy consulting. The Issuer, with its expertise and European roots, is well-positioned to serve this demand. By helping companies challenge their existing business models and assess the impact of AI, the Issuer empowers clients to make informed strategic decisions about AI implementation. This collaboration enables companies to prepare for future opportunities and gain a competitive edge in the AI-driven world, combined with the placement of the issuers AI solutions and software products.

### **Principal activities**

As its principal activities, the Issuer develops and commercialises Software. For this reason the Issuer is developing Software (inhouse and with selected suppliers (third parties)) that should – by inputting just a few keywords or facts – create content such as fictional or non-fictional texts, audio, images and video within a few seconds based on artificial intelligence. Such content is created in a way that it may be automatically processed by various digital platforms in order to reduce (to the maximum extent possible) manual amendments or input. Such content creation and subsequent automation should dramatically lower production costs and time. Since the Software developed is applying the concepts of artificial intelligence it should improve on and learn from manual edits of the content created (for example by an editor) and improve its skills and the quality of the content delivered over time. In addition, the Issuer offers consulting services regarding the application and implementation of AI software products in business processes as well as consulting services to support in the respective transformation processes. These consulting services should help customers determining the appropriate AI strategy and suitable software tools for their specific business needs.

The Issuer purchased the core artificial intelligence technology on 21 February 2021. Based thereon, the Issuer developed the core artificial intelligence technology so that it can process larger data sets and generate high-quality content within a few seconds and improve its output from manual amendments. As a first step, a prototype was developed demonstrating the abilities of technology, in particular the capabilities of artificial intelligence. Thereafter, the product-focused development commenced by amending the Software in a way to generate commercially marketable products, ahead of launch later that year.

In the meantime, the following software tools have already been launched to market:

#### Re.lease (previously "News Assistant") (available since Q3 2021)

Re.lease is an AI software that supports editors and journalists in their daily work. Relevant topics are easily researched and texts are automatically generated at the push of a button.

The editorial feature facilitates research through a comprehensive dashboard, which displays the news of the day or the current trend topics. This makes it possible to quickly determine which articles are relevant.

With the text generation feature, the AI writes a completely new text on a selected topic at the touch of a button. The new article is of high quality, unique and is optimised for search engines. With re.lease, the editor saves 50% of his working time and can work even more effectively and devote more time to new, exciting topics.

Another feature entails the AI rewriting news from major news agencies (DPA, Reuters, AFP, AP, etc.) daily and in real time, optimising the articles for search engines. Effective SEO-relevant pages are produced from so-called duplicated content that the large portals currently publish on their websites, which are evaluated and served by Google Advertising, increasing their potential to drive revenues.

At a premium, customers can book a service entailing a quality assurance from linguists, served from the Issuer, so the customer needs less personnel to edit software-generated articles.

#### Re.write (previously "Content Rewriter") (available since Q3 2021)

With re.write, the Issuer enters a new market, closing the gap between journalism and the thousands of people who have to rewrite texts every day in a semi-professional environment.

With a price structure of only EUR 29 per license per month and a text volume of 35 texts with 500 words, re.write is a perfect product for all employees working in the content industry or self-employed website owners.

#### Co.star (Horoscopes) (available since Q3 2022)

One of the Issuer's language models was trained on hundreds of thousands of horoscope texts and taught to write horoscopes. The contracts with the first customers are already signed and they are supplied by the Issuer with daily, weekly and monthly horoscopes.

With horoscopes there is the same problem in the market as with news texts, all must be individual and different otherwise they cannot be published in search engines due to the duplicate content problem. Therefore, it is very personnel intensive to prepare this for each page. The AI approach can reduce the creation time of the horoscopes significantly.

#### Co.Creation (Fiction) (in development, market launch expected in 2024)

The writing assistant enables authors of fictional stories and screenplays to write more efficiently, productively, and creatively by expanding their inputs and imagination. Users type in a short number of prompts (e.g. location,

characters, mood), off the back of which the software tool generates stories.

#### Mobile Short Stories (available since Q4 2023 in Beta status)

Storytime is a tool that creates high-quality e-books and captivating audiobooks. With our technologies, we can generate individual content such as short stories at the push of a button, creating content tailored to specific needs and target audiences, all at a fraction of the costs. Through our distribution partner, we distribute e-books and audiobooks via streaming and B2C platforms, and our sales colleagues maintain contact with B2B clients.

#### 1OVUS & Midnite on Mars (in development, expected market launch in Q2 2024)

1OVUS (One of Us) is pioneering advanced "Persona Architecture" to create AI agents with real personalities, memory, and agency, akin to human behavior. These AI personas serve various roles that could potentially transform entertainment and service industries.

Midnite On Mars, a flagship showcase for 1OVUS, is an imaginative storytelling project focused on constructing a virtual Mars colony's society. It features AI characters built using the 1OVUS Persona Architecture, with Kooper—a writing bot—acting as the primary storyteller who documents the lives and culture of the colony's inhabitants through interviews and lore creation. This content is shared across various platforms, enriching the project's narrative universe.

The project will offer interactive audience participation. It will allow individuals to create their own Midnite Persona, complete with a fictional name and potentially a digital identity, along with virtual land ownership on Mars. Midnite On Mars extends its storytelling beyond digital spaces into physical merchandise, creating tangible connections with its audience.

1OVUS envisions AI to be an emerging medium with Midnite On Mars exemplifying how AI personas can engage in new forms of expression and industry innovation.

#### Bullets to text (available since Q2 2023)

Our innovative service, designed for seamless integration into various applications, empowers you to transform disjointed bullet points into well-crafted, cohesive text. Whether you're aiming to enhance communication, streamline content creation, or elevate your written materials, our product excels in turning bullet points into polished, engaging texts.

#### Source base text generation (available since Q1 2024 in Beta version)

Similar to the publicly available free-to-use AI systems, our service facilitates general text generation, but with a unique approach. The text creation process is based on sources presented to users, allowing for a fusion of factual information and exceptional linguistic quality. This service stands as a powerful tool for crafting textual content by harnessing the synergy between accurate information and superior language proficiency. Ensuring the factual accuracy of generated texts is a paramount priority. Our commitment to maintaining the integrity of the information produced sets a standard for excellence in text generation. With a focus on best practices, users can rely on our service to consistently deliver content that is both informative and precise.

#### Headline Service (available since Q1 2022)

This service empowers you to craft concise and informative (sub)headlines for your texts, providing you with the flexibility to determine the length of these. The generated headlines adhere to a neutral writing style. Elevate your document creation process with this tool, ensuring your headings not only capture the core message but also maintain a consistent and professional tone throughout.

#### Summary Service (available since Q3 2023)

This service offers the ability to generate abstract and unique summaries of texts, employing alternative wording from the original while ensuring essential information is retained. Users have the flexibility to tailor the length of the summary by specifying a percentage length parameter based on the original text.

#### Paraphrasing Service (available since Q3 2023)

This service provides a comprehensive solution for text rewriting, maintaining the structural elements crucial while ensuring the preservation of subheadings, lists, and tables from the original input text. Rewriting news articles, especially those conforming to the DPA Weblines format, while retaining subheadings, lists, and tables from the original source.

#### Teaser Text Service (available since Q3 2023)

Craft engaging teasers for articles that pique the interest of readers and motivate them to click on the article. This service is designed to assist you in crafting compelling teaser texts. The generated teasers are concise, engaging, and can include a call-to-action at the end, encouraging readers to click on the article for more information.

#### Call to action (available since Q3 2023)

This service provides a dynamic tool for enhancing your content strategy, ensuring that your Call-to-Action

sections are not only engaging but also effective in motivating users to respond to your prompts.

#### Meta-Data Service (available since Q3 2021)

An innovative service designed to assist you in generating impactful meta-data, including meta-titles, descriptions, and keywords, for your published articles. This tool is crafted to entice users to click on your website, thereby increasing search engine traffic. The generated meta-information is prominently displayed on the Google search results page, serving as a crucial touchpoint.

#### Text correction Service (available since Q3 2023 in Beta status)

With this service, you can enhance the spelling, grammar, and punctuation of your texts. The goal is to improve the overall quality of your content by addressing these linguistic aspects without significantly altering the original meaning.

#### Translation Service (available since Q3 2023)

This service aids you in translating written content from one language to another, ensuring that the meaning and context of the original message are accurately preserved. Translation of texts from the following languages to the specified languages: English, German, French, Spanish, Portuguese, Chinese, Russian, Polish, Italian, Japanese, Dutch.

#### Text to Speech (available since Q3 2023)

This service assists in transforming written text into spoken language, utilising synthetic voices to audibly read text-based content such as documents, articles, websites, or news. Enhancing accessibility, this service makes written information accessible to individuals with visual impairments.

#### Image generation (available since Q4 2023 in Beta status)

This service aids you in creating engaging images that complement the entered text—no specific graphic design skills are required. Generating high-quality images that align with the entered text.

#### Transcription Service (in development, expected market launch in 2024)

This service converts spoken language from audio or video recordings into written text. It ensures accurate and efficient documentation of various audio sources, making it easier to access and reference spoken content for a wide range of purposes. Transcription services help save time, enhance accessibility, and facilitate information retrieval for individuals and organisations across different industries.

#### Data Service (in development, expected market launch in 2024)

This service creates value chains for fragmented data. Large amounts of data are often collected in companies, but these are stored in different systems and formats. This makes it difficult to use this data to gain new insights or optimize business processes. The service enables companies to consolidate and harmonize their fragmented data. The product offers a range of functions that help companies to understand and use their data.

#### TV Channel - Content Generator (in development, expected market launch in 2024)

The AI Content Generator for TV broadcasters is a SaaS solution that enables TV broadcasters to use AI to create high-quality TV content. The service is an innovative solution that can help TV broadcasters reduce their production costs, increase their efficiency and improve the quality of their content. The product is suitable for TV broadcasters of all sizes and industries who are looking for new ways to optimize their TV production.

The products are distributed through a sales and consulting team in line with the adapted strategy or through digital channels, such as various online platforms depending on the respective countries. The Software is licensed on fixed or pay-per-use fees, similarly, the consulting services are offered on a fixed or hourly fee basis depending on the needs and preferences of the customers.

The Issuer is continuing to perform research and development mainly by own resources and by contracting independent third parties who are experts in software development and have the necessary skills and experience to perform such highly complex tasks. Whereas the frontend development activities are mainly outsourced, the Issuer will focus with its own staff on the following:

- product design and development;
- software development;
- marketing and sales;
- distribution and user experience;
- building and maintaining a suitable IT infrastructure;
- procurement of data and cooperation with data providers;

- IP protection and administration;
- research and development;
- customer support services.

In November 2023, the Issuer formed two new subsidiaries in Germany. Ella Lab Germany GmbH (Cologne, Germany) is responsible for research and development and most of the respective employees previously involved in these tasks at frogs42 – Gesellschaft für künstliche Intelligenz mbH, an independent third party, were transferred to Ella Lab Germany GmbH as of 1 January 2024. In addition, the Issuer formed Ella Solutions GmbH (Cologne, Germany) that is responsible for distribution, marketing and design of the products of the Issuer as well as the execution of customer projects. Ella Solutions GmbH took over most of the respective employees that were previously involved in these tasks at frogs42 – Gesellschaft für künstliche Intelligenz mbH as of 1 January 2024. To inhouse these development, marketing and sales activities should lead to cost savings and improve general coordination and supervision of the respective activities.

### **Sensitivity analysis**

The business plan of the Issuer was drawn up with the following assumptions and reflects a moderate approach:

- rapid diversification of the product portfolio (different products, target groups, markets);
- aimed market share of approximately 1% for each product category and market;
- high focus on the mass market, i.e. many individual customers and a few large customers with corresponding turnover.

The business plan includes revenue targets for the years 2024 to 2027 and covers up the three business lines according to section 3.4 Business Overview (some of which are industry-specific applications of core technologies that facilitate re-writing or co-writing texts, maximising value creation from said models).

According to the business plan that formed the basis of the previous prospectus dated 22 December 2022 regarding the public offering of up to 3,000,000 Participation Certificates of the Issuer from 22 December 2022 until 22 December 2023 (cf. also respective supplement dated 4 September 2023 available here: <https://ella-group.io/investor-relations/>) the Issuer should have reached break-even during the third quarter of 2023. However, less Participation Certificates were subscribed for than expected and the Issuer had less funding available to invest in the development of the Software. This resulted in delays regarding development, release and marketing of products and the Issuer generated less income than expected. In addition, triggered by the disruptive introduction of free-to-use AI systems the market conditions changed significantly. The incorporation of free-to-use AI systems into the market necessitated companies to reassess their existing AI strategies, leading to delays in product development timelines, and marketing of their products, leading to lower-than-anticipated income generation for the Issuer. As a result, the revenue development for the Issuer fell short of initial expectations. Insufficient funding further exacerbated the challenges faced by the issuer. The delays in product development and the evolving market conditions required additional resources for adaptation and innovation to stay competitive. Therefore, the targeted break-even point for 2023 could not be achieved as forecasted. The timeline for reaching the break-even remains uncertain due to the continually evolving market but is estimated for the first quarter of 2025. The company is actively implementing measures to address these challenges and enhance profitability in a dynamic market environment.

If, against expectations, the sales turnover is not achieved to the extent estimated in the present business plan, measures to lower several of the costs for development, sales and services as mentioned above are possible.

In the following, the sensitivity parameters are described based on the product portfolio.

The revenue planning of the Issuer is based on licence models and consulting fees per customer. All licence models are based on a fixed monthly fee for maintenance plus fees based on the volume of generated content or based on user accounts for the usage of the SaaS. For the AI solution services and products, the Issuer assumes an average value between EUR 500 to 5,000 per licence per month plus onboarding fees for customization with an average of EUR 30,000 per customer account. This low rate is intended to increase the customers' motivation to use the SaaS product, ensuring wide access and adoption and the sales strategy is based on cross-selling of more valuable functions.

The expected increase in growth within the AI market is taken into account in the business plan from mid-2024. For the normal/worst-case scenario, a deviation of 50% of the volume is calculated.

In order to achieve the growth rate in the years 2025 and following, entry into the North American market is a prerequisite. However, since fluctuations per client are possible, a normal/worst-case scenario of a maximum of 30% higher and 30% lower should be assumed at this point.

Another parameter is the price achieved per client from licence fees and / or consulting. These are crucial for the generation of regular income from the software business. The planning assumes that an average of EUR 30,000 in revenue is generated. Nevertheless, a deviation of 30% from a normal/worst-case consideration

should be expected here, as it is difficult to estimate the performance of the Issuer per client and there are also no empirical values in the industry for this.

The following scenario calculation takes into account the flat percentage view of the total product portfolio. It assumes a maximum of 30% positive or negative development of the quantity and the price:

### Normal Case (2024)

		Number of clients / number of licences						
		301	344	387	430	473	516	559
Average revenue per client / licence	21.000 €	5.591.315,35 €	-5.030.408,94	-4.469.502,54	-3.908.596,13	-3.347.689,72	-2.786.783,31	-2.225.876,91
	24.000 €	5.030.408,94 €	-4.389.373,05	-3.748.337,15	-3.107.301,26	-2.466.265,37	-1.825.229,47	-1.184.193,58
	27.000 €	4.469.502,54 €	-3.748.337,15	-3.027.171,77	-2.306.006,39	-1.584.841,01	-863.675,63	-142.510,25
	30.000 €	3.908.596,13 €	-3.107.301,26	-2.306.006,39	-1.504.711,53	-703.416,66	97.878,21	899.173,08
	33.000 €	3.347.689,72 €	-2.466.265,37	-1.584.841,01	-703.416,66	178.007,70	1.059.432,05	1.940.856,40
	36.000 €	2.786.783,31 €	-1.825.229,47	-863.675,63	97.878,21	1.059.432,05	2.020.985,89	2.982.539,73
	39.000 €	2.225.876,91 €	-1.184.193,58	-142.510,25	899.173,08	1.940.856,40	2.982.539,73	4.024.223,06

The business plan for 2024 is calculated based on 430 clients / licences in the normal case. Assuming an average turnover of EUR 30,000 per client or license, the Issuer generates revenues of approximately EUR 12,900,000 in 2024. Assuming 30% variable costs as well as development costs and fixed costs of approx. EUR 8,517,000, the expected earnings before interests, taxes, depreciation and amortization for the product portfolio is approximately EUR – 1,504,711. If the average turnover per client/ licence and the number of clients or licenses respectively is each reduced by 30%, the earnings before interests, taxes, depreciation and amortization is 370% lower at approximately EUR – 5,591,315.

### Worst Case (2024)

		Number of clients / number of licences						
		151	172	194	215	237	258	280
Average revenue per client / licence	14.000 €	8.208.878,58 €	-8.021.909,78	-7.834.940,98	-7.647.972,18	-7.461.003,37	-7.274.034,57	-7.087.065,77
	16.000 €	8.021.909,78 €	-7.808.231,15	-7.594.552,52	-7.380.873,89	-7.167.195,26	-6.953.516,62	-6.739.837,99
	18.000 €	7.834.940,98 €	-7.594.552,52	-7.354.164,06	-7.113.775,60	-6.873.387,14	-6.632.998,68	-6.392.610,22
	20.000 €	7.647.972,18 €	-7.380.873,89	-7.113.775,60	-6.846.677,31	-6.579.579,02	-6.312.480,73	-6.045.382,44
	22.000 €	7.461.003,37 €	-7.167.195,26	-6.873.387,14	-6.579.579,02	-6.285.770,90	-5.991.962,78	-5.698.154,67
	24.000 €	7.274.034,57 €	-6.953.516,62	-6.632.998,68	-6.312.480,73	-5.991.962,78	-5.671.444,84	-5.350.926,89
	26.000 €	7.087.065,77 €	-6.739.837,99	-6.392.610,22	-6.045.382,44	-5.698.154,67	-5.350.926,89	-5.003.699,11

If the worst case described above is applied and the number of clients or licenses respectively is reduced by 50%, the product portfolio generates a negative earnings before interests, taxes, depreciation and amortization of EUR -6,846,677. If the number of clients / licences and the turnover per client / licence are further reduced by 30%, the loss increases to EUR –8,208,878.

The results of the above sensitivity analysis show that all of the above variables (number of clients / licences, pricing of the licences and services, available computing capacity and prices) play a role in the Issuer's long-term profit margin, which is why the main focus is on increasing the number of users / licensees through sales and marketing activities, keeping the SaaS platform and all software products competitive and operating it in a performant manner so that the added value for the user remains and expands. At the same time, users must be trained to increase average usage and recognise added value for their own work. Only through the positive usage behaviour of the users (e.g. employees in publishing houses, web portal companies or other editorial offices) can the SaaS solution integrate into the daily work routine in the long term and establish itself as a long-term working tool in the daily work process. The costs for sales, marketing and support are calculated into this on a percentage basis and do not represent a fixed risk, as the activities and costs are linked to the number of customers.

Finally, it should be noted that this plan is developed within a high volatile emerging market and rapidly changing international framework, which can lead to significantly higher or lower sales or expenses than projected. The risks as described in Section 4 *Risks factors* must be considered.

### Principal markets

In the first step, the Issuer is targeting the content marketing sector and international entertainment industry in German-speaking markets. According to the statistics of the German Audit Bureau of Circulation (IVW), there are around 1,300 potential customers (whereof 250 should be considered as major customers) in Germany just



for the product “News-Assistant” that is currently in development by the Issuer. Page impressions of editorial products that could also be generated by this product amount to approximately 25 billion per month in Germany. Assuming a cost per 1,000 impressions of EUR 0.50 – 1.00, this would lead to a market size for editorial products of the News-Assistant of around EUR 12 – 25 million per month in Germany.

According to Statista, the worldwide media market’s revenues (spanning TV, videos, music, games, newspapers and books) are projected to reach EUR 1.453tn in 2023, 2.1% increase from 2022 and projected growth of 18% by 2030. This market is shifting more and more into digitally provided products and services, in particular with the increasing adoption of online shopping, digital newspapers, books and music. One of the main markets of the Issuer will be media (an industry heavily reliant on a large variety of media / content in numerous channels), where the Software can be used to create content fast and efficiently, and even avatars to present an unlimited number of products to customers. In 2023, the German B2C e-commerce sector generated around EUR 89.7 billion in revenue. For 2022, forecasts predicted EUR 84.5 billion in revenue. For 2022, forecasts predict EUR 97.4 billion in revenue. About 75 percent of the value generative-AI could deliver falls across four areas: customer operations, marketing and sales, software engineering, and R&D. Generative AI will have a significant impact across all industry sectors, with banking, high-tech, retail, consumer, and life sciences among those that may realize the biggest impact as a percentage of revenue about EUR 400 - EUR 600 billion annually. Due to increasing digitalisation in e-commerce, the logical consequence is the application of artificial intelligence to keep up with the increase in content demand. This is precisely where the Issuer comes in with his ecommerce content generation tools and planned shopping avatar software.

In the long run, the Software should be able to produce content for an indefinite number of markets, applications and industries that use specific types of texts, audio, images or videos in an unlimited number of languages.

### **Competitors**

The current NLP market, at its intersection with the synthetic content market, can loosely be divided into large organizations, non-profits, and start-up or early-stage companies respectively.

The predominant focus of the large organizations is two-fold: develop and release open models for research communities and developers, as well as applying open and closed models to enhance their service offering e.g. search, word processing, advertising, customer service). Non-profit organizations, such as Hugging Face or EleutherAI, focus on creating open-source models for communal use amongst academics and developers (in both, established, large technology companies and start-up or early-stage companies respectively). Start-up or early-stage companies include organizations such as OpenAI, Aleph Alpha, AI21, Cohere and Inflection and several specialists, focussing on one of five applications, often built on open models - text, image, voice / audio, video or virtual beings. However, a fully-fledged combinatorial approach, i.e. a business offering a suite of capabilities for multiple industries, does not, as of yet, exist in the market.

### **Dependence on key individuals**

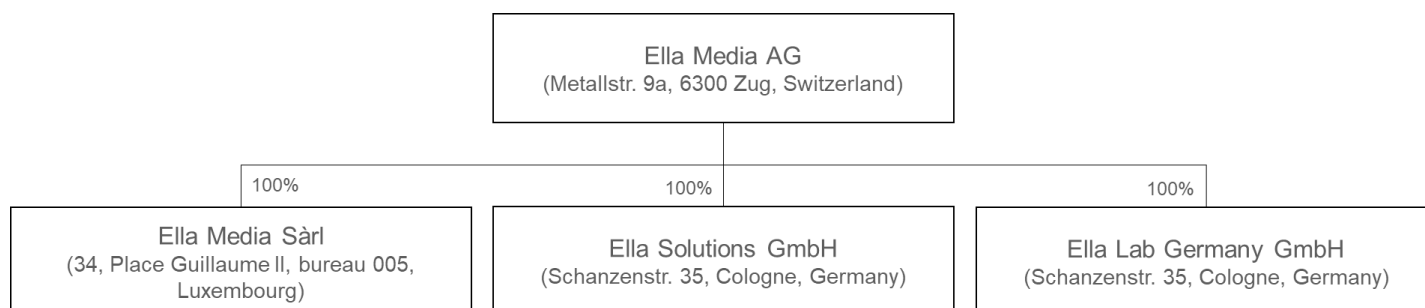
The ability of the Issuer to achieve its objectives depends to a high degree on the managerial experience, knowledge and network of Mr. Michael Keusgen, who is the sole member of the Board of Directors and CEO responsible for the management of the Issuer. The dependence is particularly relevant in connection with Mr. Keusgen’s network of highly qualified software developers and experts in the field of artificial intelligence from which the Issuer benefits regarding the development of its Software. Should such key personnel become unavailable due, for example, to death or incapacity, as well as due to resignation, it would take time for the Issuer to transition to suitable alternative personnel which ultimately might not be successful. The impact on the capability of the Issuer such a key individual’s departure cannot be determined. In a best case scenario – and if suitable alternative personnel can be recruited – it may result in only a postponement of reaching certain objectives or milestones; however, if no replacement could be found it could ultimately lead to an inability of the Issuer to reach its objectives and goals at all.

### **Dependence on certain customers and suppliers**

Previously, frogs42 – Gesellschaft für künstliche Intelligenz mbH in Berlin, Germany, as an external and independent contractor was responsible for the development of the Software of the Issuer. In order to reduce costs and improve coordination and supervision, the Issuer and frogs42 – Gesellschaft für künstliche Intelligenz mbH in Berlin, Germany have agreed, that the Issuer is taking over most of the employees into newly established, wholly owned subsidiaries in Germany. As of 31 January 2024, Ella Lab Germany GmbH took over the employees engaged in the development of the Software of the Issuer and Ella Solutions GmbH, domiciled in Cologne, Germany, took over the employees engaged in distribution, marketing and design of the products of the Issuer as well as execution of customer projects. The dependence on frogs42 – Gesellschaft für künstliche Intelligenz mbH in Berlin, Germany, as described in the previous prospectus dated 22 December 2022, does, therefore, no longer apply. Besides, the Issuer has no other relevant dependences on certain customers or suppliers to date.

### 3.5. Organisational structure

The following chart provides an overview of the organizational structure of the Issuer as of the date of the Prospectus:



Incorporated for the purpose of potential collaborations with local partners, such as the University of Luxembourg, and for future distribution of products in certain EU countries. Ella Media Sàrl is still preparing its planned business activities and has not yet generated turnover to date.

Ella Solutions GmbH is registered in the commercial register of district of Cologne, Germany, under the registration number 117699, the Issuer is the sole shareholder. It is responsible for the distribution, execution of customer projects as well as for marketing and product design regarding the products of the Issuer.

Ella Lab Germany GmbH is registered in the commercial register of district of Cologne, Germany, under the registration number 117714, the Issuer is the sole shareholder. It is responsible for software development.

### 3.6. Investments

From the end of the period covered by latest available financial statements as per 31 December 2022 until the date of the Prospectus, the Issuer has not made any material investments, nor are any such investments in progress or subject to any firm commitments by the Issuer as per the date of the Prospectus.

### 3.7. Trend information

The media industry is facing a disruption by increasingly digitally consumed media through an increasing number of different digital platforms while at the same time income generated in traditional ways (for example by subscriptions, and advertisements on TV or in newspapers) is decreasing. So media producers and distributors are facing two challenges: (1) preparing and presenting content on and through an increasing number of different distribution channels (online and offline) using different technologies and (2) dealing with a decreasing amount of income from subscriptions and advertising. Therefore, media producers and distributors are looking for new and advanced technologies that can automate processes, provide content in multiple forms so that it can be processed by different distribution channels and generate content in a more cost-efficient manner. The Software of the Issuer is able to provide such a solution. It will be able to create content based on artificial intelligence connected to data and to process manual inputs, and the content created will be provided automatically in digital forms suitable for further processing by the most commonly used online and offline distribution channels. The application of this Software will significantly reduce the time required by editors to write texts or illustrate texts with suitable audio, images or videos and all the content is ready for further automated processing by distribution channels.

The Issuer is operating in a nascent market (Generative AI tools, a subset of the wider NLP market), which has high growth potential.

There was no:

- (i) material adverse change in the prospects of the Issuer since the date of its last published financial statements;
- (ii) significant change in the financial performance of the Issuer since the end of the last financial period for which financial information has been published to the date of the Prospectus; known trend, uncertainty, demand, commitment or event that was reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year, except that the future perspective of activities of the Issuer depends, among other things, on the money raised during the Offering under this Prospectus, as well as conclusion of agreements, needed for commencement of activities of the Issuer.

### 3.8. Profit forecasts or estimates

No profit forecast or estimate has been published or is currently being presented by the Issuer in the Prospectus.

## 4. RISK FACTORS

Before investing in the Offer Securities, prospective Investors should carefully consider the risk factors presented below and other information contained in this Prospectus, such as those set forth under Section 11.2 *Forward-looking statements*. If one or more of the risks described below actually materialises, it could have, individually or in combination with other circumstances, a significant, unfavourable impact on the Issuer's operations, in particular on its cash flow, financial position, results of operations and outlook, or the price of the Offer Securities. Before purchasing the Offer Securities, prospective Investors should be aware that making such an investment involves significant risks, including, but not limited to, the risks described below. Prospective Investors should consider carefully the factors described below in addition to the rest of this Prospectus before purchasing the Offer Securities. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results may differ materially from those anticipated in the forward-looking statements as a result of various factors, including but not limited to the risks described below.

All of these factors are contingencies which may or may not occur. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Offer Securities, presented in the order of their materiality and possibility of their occurrence as currently seen by the Issuer, based on the information available to it to date and its reasonable opinion. However, other risk factors may exist which currently may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate or which currently, even if potentially possible to anticipate, do not seem material to the Issuer. Prospective Investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

It cannot be excluded that over time the list of the risks specified below will no longer be complete or comprehensive. Consequently, these risks cannot be considered as the only risks to which the Issuer is exposed as at the date of the Prospectus. The Issuer may be exposed to additional risks and adverse factors of which the Issuer is unaware or which are believed to be immaterial as at the date of the Prospectus. The occurrence of events described as risks may result in a decline in the price of the Offer Securities and, consequently, Investors who purchase the Offer Securities could lose a part or all of their investments.

### 4.1. Risks specific to the Issuer

#### Risks related to the Issuer's business activities and industry

- 1) **Limited operating history:** The Issuer is an early-stage company incorporated in December 2020 and thus has a very limited operating history. Consistent with many other early-stage companies, its activities have principally involved the development of innovative sales concepts, and there is a risk that the planned activities will not generate the anticipated returns, the returns will be delayed, or will not be successful at all. Due to these circumstances, it is difficult to make an evaluation of the Issuer's business or its prospects (including its business plan). The Issuer deems the significance of this risk factor to be high.
- 2) **Additional funding:** The Issuer's business strategy will require substantial expenditure and the financial information provided in this Prospectus regarding the expected investments, expenses and income is based on current expectations according to the current market environments and could be subject to change. In the case of lack of interest in the current Offering or lack of interest in the products of the Issuer, further funding or funding from other sources may be required to cover the ongoing operating and development expenses of the Issuer and it is uncertain if such additional funding can be found. Insufficient funding would also impact the development of the Software and overall growth of the business activities of the Issuer which would result in delays regarding the release and marketing of products and income generation and the Issuer may not be able to meet the goals set in its business. The Issuer deems the significance of this risk factor to be high.
- 3) **Less market potential:** The actual market for the services of the Software of the Issuer or its planned consulting services could be significantly smaller than estimated, and if customer demand for the respective services does not meet expectations, the ability to generate revenue and meet financial targets by the Issuer could be adversely affected. While the Issuer expects strong growth for its services, it is possible that the growth for some or all of the products and services of the Issuer or in some or all of the relevant markets may not meet expectations or materialise at all. The methodology on which the estimates of the total potential market opportunity is based includes several key assumptions based on the current industry knowledge and customer experience of the Issuer. If any of these assumptions prove to be inaccurate, then the actual market for the services provided by the Issuer could be significantly smaller than estimated. If customer demand for the services or the adoption rate in the target markets of the Issuer does not meet expectations, the ability of the Issuer to generate revenues and meet financial targets could be adversely affected. The Issuer deems the significance of this risk factor to be high.

- 4) **Outcome of development of products of the Issuer unclear:** The performance of the Software developed by the Issuer, in particular the quality of the output of the artificial intelligence module that should generate text, audio and visual products and learn and improve itself over time (cf. Section 3.4 *Business Concept*), is not yet clear and could be subject to much longer development efforts, development and maintenance expenses (in particular in case of increasing energy prices) than currently expected. The development of such Software that includes artificial intelligence is very challenging and reaching development targets is in many cases difficult to predict. In the upcoming months or years, the Issuer may even conclude that, based on the currently available knowledge around artificial intelligence or available hardware and software certain functionalities cannot be implemented as planned. Thus, longer development periods due to higher complexity of the software and its artificial intelligence module may occur, which will negatively impact the profitability of the business of the Issuer, since it will lead to reduced, delayed or even zero income from sales, or will lead to a reduced ability to successfully market and sell the products. The Issuer deems the significance of this risk factor to be high.
- 5) **Dependence on certain highly qualified and experienced individuals in management and software development:** As many early-stage companies, the Issuer has formed a small but specialized team of highly qualified and experienced individuals in particular regarding management and software development. Regarding management the Issuer depends mainly on the qualification and experience of its sole member of the Board of Directors, Mr. Michael Keusgen, who has in-depth knowledge about the market for software applying the concepts of artificial intelligence and the status and strategic targets of the development of the Software of the Issuer. However, the development of software that should apply the concepts of artificial intelligence is also particularly dependent on the availability of highly-skilled and experienced software programmers, who are very hard to find on the market and difficult to recruit and maintain. Also regarding the development of the Software this Issuer is dependent on highly qualified and experienced software programmers in order to reach the development goals. In case of non-availability of Mr. Michael Keusgen or difficulties to recruit or maintain a sufficient number of specialised software developers, the further development of the Software and overall business operations of the Issuer could be delayed, interrupted and even made impossible which could lead to higher expenses than planned or reduced or zero income for the Issuer. The Issuer deems the significance of this risk factor to be high.
- 6) **Competition and outdated software:** Nowadays, technology is outdated within a short period of time due to worldwide competition and innovation regarding hardware and software. The future success of the Issuer will also depend on its ability to adapt quickly to rapidly changing technologies, to adapt its services and products to evolving industry standards, and to improve the performance and reliability of its services and products. To achieve market acceptance for the services, the Issuer must effectively anticipate and offer products that meet changing customer demands. Despite ongoing research and development, the Issuer cannot exclude that the Software may be outdated in the future or that new hardware or software will come to market that may perform the same tasks with less effort due to generally increased knowledge around the concepts of artificial intelligence and ways to programme software based on such concepts of artificial intelligence. In addition, already established software development companies may start developing their own software solutions with comparable functionalities to the Software and may have much more funding available to propel development and catch up on development goals already realised by the Issuer. Both hardware and software that may come to market in the future and that may be more suitable or even designed to programme software based on concepts of artificial intelligence or increased competition would lower the profitability of the Issuer or its ability to sell its products on the market. The Issuer deems the significance of this risk factor to be high.
- 7) **Copy of Software:** Although the Issuer will use its best efforts to obtain patents and/or other copyrights for the Software, there is a general risk relating to Software that, despite such protection, it can be copied and modified, which could make obtained protection of such intellectual property indefensible. In addition, the options to defend and enforce intellectual property rights against potential infringements are limited in certain countries that have not developed a strong legal basis or frameworks for the protection of intellectual property. Thus, it cannot be excluded that, despite the efforts of the Issuer to obtain protection of its intellectual property (i.e. the Software developed), it could still be copied or modified, and legal actions may be limited or unsuccessful. This could result in a rise of competitors who may offer similar services as the Issuer for lower prices, which would make it more difficult for the Issuer to sell its products and would result in a loss or reduction of earnings. The Issuer deems the significance of this risk factor to be medium.

## Legal and regulatory risks

- 8) **Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information:** The Issuer has devoted substantial resources to the development of its technology, business operations and business plans. In order to protect its trade secrets and proprietary information, the Issuer relies in significant part on confidentiality agreements with its employees, third party contractors and future licensees and customers. These agreements may not be effective to prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases the Issuer would not be able to assert trade secret rights against such parties. To the extent that employees, third party contractors of the Issuer and others with whom the Issuer is doing business use intellectual property owned by others in their work for the Issuer, disputes may arise as to the rights in related or resulting know-how and inventions. Laws regarding trade secret rights in certain markets in which the Issuer operates may afford little or no protection to trade secrets of the Issuer. The loss of trade secret protection could make it easier for third parties to compete with services of the Issuer by copying functionality. In addition, any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which the Issuer operates may compromise its ability to enforce its trade secrets and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the competitive business position of the Issuer. The Issuer deems the significance of this risk factor to be medium.
- 9) **Dependence on business partners regarding exclusivity agreements regarding the development of the Software:** The Issuer has outsourced the development of the Software to independent third-party contractors who are offering specialised software development services in the field of artificial intelligence and other software modules that will be required to develop the complete Software as planned by the Issuer. The contractors that are currently working on the artificial intelligence module of the Software have entered into strict exclusivity obligations so that any comparable services regarding software that is providing comparable services as the Software of the Issuer could not be offered to third parties. Despite the efforts of the Issuer, it cannot be excluded that such independent third parties may not adhere to their exclusivity obligations and potentially leak information about the Software or offer development services for comparable software of third parties. This could result in: (1) expenses for litigation to enforce the respective contractual obligations and claims for damages against the respective contractors; and (2) in higher competition from third parties that may have obtained information about the Software or that may have obtained services from contractors for the development of comparable software as offered by the Issuer. This would result in higher expenses of the Issuer and potentially less revenues from sales in the future. The Issuer deems the significance of this risk factor to be medium.
- 10) **Infringement of intellectual property rights of third parties:** The Software is processing data from publicly available sources and from data sets purchased or licensed by the Issuer. The core artificial intelligence technology is developed on training data, and technical measures are implemented to ensure that texts, audio or images are not infringing intellectual property rights of third parties. For example, the Software is designed to generate texts on a word-by-word basis and not by copying or just modifying whole sentences or paragraphs of texts found in databases. In addition, technical measures will be implemented to ensure an ongoing monitoring of outputs of the Software in view of potential intellectual property right infringements. Nevertheless, it can never be fully excluded that, despite the efforts of the Issuer, the Software is generating output that is potentially infringing intellectual property rights of third parties. This could lead to claims for compensation or penalties against the Issuer and potentially to a requirement to re-develop or discontinue certain products which would negatively affect the profitability of the Issuer. The Issuer deems the significance of this risk factor to be medium.
- 11) **Violations of criminal law or future AI regulation:** The products generated by the Software, such as texts, audio, images, videos or combinations thereof may constitute violations of criminal law or future AI regulation as currently planned to be introduced by the European Union and many countries worldwide. The Issuer will – on a best effort basis – implement technical measures to prevent the Software from producing any content that may impose such criminal law violations and to review any content generated by the Software before submission to customers. The Issuer will also continue to monitor developments regarding AI regulation in the European Union and relevant countries where the Software is distributed and amend the Software if need discovered to prevent any violations. Such violations of criminal law or AI regulation may lead to claims for indemnification against the Issuer or even a prohibition of certain products offered by the Issuer in some countries which would negatively affect the ability of the Issuer to sell its products and would result in lower revenues or increased expenses. The Issuer deems the significance of this risk factor to be medium.

- 12) **Processing of personal data:** The Issuer handles and processes personal data in the ordinary course of business and in respect of its employees. The Issuer has implemented its data protection policy and programmes in order to comply with the General Data Protection Regulation (Regulation (EU) 2016/679) (“GDPR”) and Swiss data protection regulation. There is a risk that the Issuer’s processing of personal data may be non-compliant with the requirements set out in the GDPR and/or the Swiss data protection regulation or that measures taken to comply with the GDPR and/or the Swiss data protection regulation may be insufficient, which may lead to, for example, data breaches, disputes, damaged reputation, fines and increased supervision. The fines for a violation of the GDPR and the Swiss data protection regulation may be severe (up to EUR 20 million or 4% of the annual turnover). Thus, there is a risk that the Issuer is unable to comply with the measures and requirements set out in the GDPR and/or the Swiss data protection regulation and such non-compliance could lead to significant administrative fines which could have a material negative impact on the Issuer’s financial position. The Issuer deems the significance of this risk factor to be medium.
- 13) **The rights of Swiss company shareholders may differ from the rights of the shareholders of other countries’ companies and the legislation, interpretation and application of legal acts may be different in Switzerland from that in other countries:** The Company is organised and exists under the laws of Switzerland. Accordingly, the Company’s corporate structure as well as rights and obligations of the shareholders may be different from the rights and obligations of shareholders in companies registered in other countries. The exercise of certain shareholders’ rights for non-Swiss Investors in a Swiss company may be more difficult and costly than the exercise of rights in an alternative country. For example, an action with view to declaring a resolution invalid must be filed with, and will be reviewed by, a Swiss court, in accordance with Swiss law. In addition, Swiss regulations may provide shareholders with particular rights and privileges which might not exist in other countries and, vice versa, certain rights and privileges that shareholders may benefit from in other countries may not be guaranteed under the applicable Swiss laws. In order to fully understand the legislation, related to shareholders’ rights, duly implement them and/or safeguard them in Swiss court or otherwise, certain expenses may be incurred by the holders of Securities, which may be significant. The Issuer deems the significance of this risk factor to be medium.

## 4.2. Risks specific to Offer Securities

### Risks relating to the financial and political rights inherent to the Offer Securities

- 1) **No voting rights by the Offer Securities:** The Offer Securities offered under this Prospectus are non-voting Participation Certificates. Holders of the Offer Securities will have none of the rights generally associated with voting rights under Swiss corporate law, such as the right to request the holding of a General Meeting, the placement of items of the agenda of a General Meeting or the right to ask questions or to make proposals on the occasion of such meeting. Accordingly, upon completion of the Offering, holders of the Offer Securities (Investors) will not be able to exert significant influence over the election of the Company’s directors or independent auditors, or the appropriation of the Company’s earnings (and, in particular, the distribution of dividends). Under Article 4(3) of the Articles of Association, unless otherwise provided by law or the Articles of Association, the provisions of the law and the Articles of Association regarding the shareholder shall also apply with respect to the holder of Participation Certificates. Accordingly, with respect to the convening of meetings of holders of Participation Certificates, the respective provisions in the Articles of Association on the General Meetings apply. In principle this means that a meeting may be convened by, among others, the Board of Directors by written notice stating the agenda and proposals thereto. At the meeting each Participation Certificate confers one vote, and resolutions are taken with the absolute majority of votes represented. However, the holders of the Company’s voting Shares will continue to be able to exert voting control and will be able to elect all of the Company directors, to determine the outcome of any matter being voted upon by shareholders, including the declaration of dividends, amendments to the Articles of Association, capital increases or decreases, the conversion of voting shares into non-voting shares, mergers and other important matters. The Issuer deems the significance of this risk factor to be high.
- 2) **No assurances regarding future dividend payments:** The Issuer has not paid any dividend since its incorporation. No assurance can be given that the Issuer will pay dividends. In particular, it should be considered that the Issuer is an “early-stage company” and, if successful, it may take several business years until the business becomes profitable and any profits may be distributed to the shareholders, holders of Participation Certificates and holders of the Dividend Rights Certificates. Moreover, if additional funding is required and additional Shares or Participation Certificates have to be issued, the participation in profit distributions of holders of Participation Certificates offered under this Prospectus may be diluted in the future. The Board of Directors may, at its discretion, recommend the payment of dividends in respect of a given fiscal year or during a fiscal year (interim dividend). However, the declaration, timing, and amount



of any dividends to be paid by the Issuer will be subject to the approval of the simple majority of the shareholders of the Issuer represented at the relevant General Meeting. The determination of the Board of Directors as to whether to propose the payment of dividends and the approval of any such proposal by the General Meeting will depend upon many factors, including the Issuer's financial condition, earnings, liquidity, corporate strategy, capital requirements of it and its operating subsidiaries, covenants, legal requirements and other factors deemed relevant by the Board of Directors and the General Meeting. In addition, the Issuer's functional currency for Swiss statutory accounting and legal purposes is CHF and, thus, a potential future dividend distribution would be resolved by the General Meeting in CHF. If converted to EUR or other currencies, the amount to be received based on the distribution could be lower due to adverse currency exchange rate developments. The Issuer deems the significance of this risk factor regarding future dividend payments to be high.

### General risks relating to the Offer Securities

- 3) **Potential future dilution:** The Issuer's business strategy will require substantial expenditure and in total the Issuer may issue up to 7,100,000 additional Participation Certificates out of the current Authorized Participation Capital until 28 October 2024 the latest (cf. Article 4a of the Articles of Association) (of which the Participation Certificates are offered under the Prospectus). Additional Participation Certificates may also be issued in connection with the Employee Stock Option Plan out of the current Conditional Participation Capital of up to CHF 17,000 or 1,700,000 Participation Certificates respectively in which case the subscription right and advance subscription right of the shareholders and holders of Participation Certificates are excluded (cf. Article 4b of the Articles of Association). If need be or in connection with acquisitions or capital market transactions, the current Share Capital, Participation Capital, Conditional Participation Capital and/or number of Dividend Rights Certificates could be increased in the future by a respective resolution of the General Meeting. Thus, it is to be expected that even after successful sale of all Participation Certificates offered under the Prospectus, further Shares, Participation Certificates and/or Dividend Rights Certificates will be issued which would lead to an additional dilution of the capital and dividend participation percentages (cf. Section 6.14 *Dilution*) of the holders of Participation Certificates if subscription rights (if available) are not exercised. The Issuer deems the significance of this risk factor to be high.
- 4) **No listing of the Offer Securities:** The Issuer has not yet requested and does not intend to request the listing or admission to trading of its Shares or of the Offer Securities offered under this Prospectus on any stock exchange or multilateral trading facility. Therefore, the Offer Securities offered under this Prospectus are currently traded off-exchange exclusively, which results in a lower liquidity of the Participation Certificates and less options to sell them. In addition, the Swiss regulations that apply to Issuers that have equity securities listed on a stock exchange in Switzerland do not apply to the Offer Securities. In particular, the provisions of the Swiss Financial Market Infrastructure Act ("FMIA") regarding the mandatory disclosure of large interests in listed companies (Article 120 et seq. FMIA) or public takeovers (Article 125 et seq. FMIA) do not apply. This means, among other things, that: (i) the beneficial owners of large interests in the Company are not under any duty to make public the nature of their interest in the Company; (ii) the provisions of the FMIA designed to guarantee equal treatment and undistorted choice of shareholders and holders of Participation Certificates in the event of a public takeover offer do not apply if a public takeover offer is made for the Shares of the Issuer; and (iii) the provisions of the FMIA that require any person who acquires more than one third of the voting rights of a company to make a cash offer at a minimum price for all the listed shares of the company do not apply. In addition, the provisions of the FMIA prohibiting insider trading and market manipulation do not apply to the trading of the Offer Securities. Swiss authorities therefore have less legal means to sanction market abuses relating to the Offer Securities than they would have had had the securities been listed on a stock exchange in Switzerland. The Issuer deems the significance of this risk factor to be medium.
- 5) **The Offering may be delayed, suspended or cancelled:** Public offerings are subject to various circumstances independent from the Issuer. In particular, the demand for the Offer Securities is shaped by, among others, Investors' sentiment towards the sector, and legal and financial conditions of the Offering. In the case such circumstances would have an adverse impact on the results of the Offering, the Issuer may decide to delay, suspend or cancel the Offering (for further details please see the Section 7.8 *Cancellation, suspension or postponement of the Offering*). Consequently, the Investors may be unable to successfully subscribe for the Offer Securities, and payments made by Investors during the Offering, if any, will be returned without any compensation. In addition to that, if any of the above circumstances arises, the Issuer may be unable to realise its goals related to the development of its business (for more information please see Section 3 *Strategy, performance and business environment*). Furthermore, the CSSF, when performing its functions has the right to: (i) to suspend an offer of securities to the public for a maximum of ten consecutive Business Days on any single occasion where there are reasonable grounds for suspecting that the Prospectus Regulation, its implementing measures or the Prospectus Law has or have been infringed; or (ii) to prohibit or suspend advertisements or require issuers, offerors or relevant financial

intermediaries to cease or suspend advertisements for a maximum of ten consecutive Business Days on any single occasion where there are reasonable grounds for suspecting that the Prospectus Regulation, its implementing measures or the Luxembourg law of 16 July 2019 on prospectuses for securities (the Prospectus Law) has or have been infringed; (iii) to prohibit an offer of securities to the public where the CSSF finds that the Prospectus Regulation, its implementing measures or the Prospectus Law has been infringed or where there are reasonable grounds for suspecting that the Prospectus Regulation, its implementing measures or the Prospectus Law would be infringed. If any of these circumstances do arise, the Offering as such may be unsuccessful or its results could be weaker compared to the Offering without these negative circumstances. The Issuer deems the significance of this risk factor to be low.

## 5. TERMS AND CONDITIONS OF THE OFFER SECURITIES

### Type, class, amount, denomination and issue price of the Offer Securities

A maximum of up to 2,000,000 Participation Certificates with a nominal value of CHF 0.01 per Participation Certificate, ISIN CH1107675402, will be offered publicly under this Prospectus. During the First Offer Period from 13 March 2024 to 30 April 2024, the issue price amounts to EUR 25.00 per Participation Certificate. Regarding the Subsequent Offer Periods starting from or after 1 May 2024 to 13 March 2025 (the latest), the issue price may increase to a maximum Offer Price of no more than EUR 50.00 per Participation Certificate and be announced by notice at the beginning of each Offer Period.

Participation Certificates are generally referred to as “non-voting shares”, which confer pecuniary rights, but no voting or other membership rights (cf. *Attached Rights* below). They are offered publicly for sale in the same structure and denomination and placed with more than 20 investors, are freely negotiable and, thus, suitable for mass standardised trading under Swiss law (cf. Article 2 para. 1 of the Swiss Federal Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading, SR 958.11). These Participation Certificates also qualify as:

- “securities” according to Article 2 lit (a) and (o) and Article 3 (1) of Regulation (EU) 2017/1129;
- “transferable securities” according to Article 4 (1) no. 44 of Directive 2014/65/EU; and
- “negotiable on the capital markets” according to Article 4 (1) no. 44 of Directive 2014/65/EU.

### Registration

The Participation Certificates will be created under the Swiss CO and issued as uncertificated (non-material) securities (in German: *Wertrechte*) within the meaning of Article 973c of the Swiss CO. In accordance with Article 973c of the Swiss CO, the Issuer (Ella Media AG of Metallstrasse 9a, 6300 Zug, Switzerland) will maintain a register of the Offer Securities (in German: *Wertrechtbuch*). Under the Swiss CO, any disposition of uncertificated Shares and Participation Certificates such as the Offer Securities (including any transfer of title or the creation of a usufruct or a pledge) must be effected by way of a written declaration of the assignment. In case of such disposition, the Issuer should be informed by either party by providing the relevant documentation to update the register of the holders of Participation Certificates (such as declaration of assignment, identification document of transferee, depending on the number also a declaration regarding beneficial ownership). According to the Articles of Association, the transferability of the Offer Securities is not subject to restrictions. The Issuer may only refuse entry in the Participation Certificate register where the acquirer fails to declare expressly that he has acquired the Participation Certificates in his own name and for his own account.

### Currency of the Offer Securities issue

The currency of the Offering is the Euro (EUR), the nominal value of the Offer Securities is in Swiss Franc (CHF).

### Attached rights

The Offer Securities have the same dividend rights as the Shares, Participation Certificates and Dividend Rights Certificates of the Issuer. The dividend rights do not lapse. There are no dividend restrictions or special procedures for non-residents. There is no fixed rate or any other specific method of calculation of the dividends. All dividends are split equally among all Shareholders, holders of Participation Certificates and of Dividend Rights Certificates (the latter according to which their corresponding number of Participation Certificates relate). For example, if all Participation Certificates offered under this Prospectus are sold to the Investors (up to 2,000,000), leading to an additional increase of the Participation Capital by CHF 19,337.20 for additional 1,933,720 Participation Certificates (the remainder will be assigned from the Treasury Participation Certificates of the Issuer of which 66,280 should be available after (assuming) 50% of the Convertible Loans will be settled through assignment of Treasury Certificates), a dividend will be split between 29,277,958 equal units (13 million Shares, 8,277,958 Participation Certificates issued and 23,692 Dividend Rights Certificates which confer distribution participation rights which are the same as 8 million Participation Certificates). There are no fixed dividend distribution dates.

Dividend distributions and the respective dates (if any) will be resolved by the annual General Meeting which is held each year within the first six months of the business year. Under the Swiss CO, the Company may only pay

dividends out of balance sheet profits, out of reserves created for this purpose or out of free reserves. In any event, under the Swiss CO, while the Board of Directors may propose that a dividend be paid, the Company may only pay dividends upon the approval of the General Meeting (required quorum: simple majority of votes represented at the General Meeting). The dividend payments become due on the date of the General Meeting or a different date if decided by the General Meeting. Eligible to receive a dividend are owners of Shares, Participation Certificates and of Dividend Rights Certificates at the date of the General Meeting or a different date as decided by the General Meeting (record date). In addition, the Swiss CO requires that, among other things, at least 5% of the annual profit is to be assigned to the statutory retained earnings, so long as these statutory retained earnings together with the statutory capital reserves amount to less than 50% of the registered Share Capital. Swiss law permits the Issuer to accrue additional reserves.

No voting rights are attached to the Offer Securities.

According to Article 656a in connection with Article 652b of the Swiss CO and as indicated in the Articles of Association, in case of further issuances of Shares and/or Participation Certificates in order to avoid dilution of participation quotas a pre-emption right is foreseen (to subscribe for equity interests, if both the Share Capital and the Participation Capital are increased in the same relation, of the same type as currently held). According to para. 2 of Article 652b of the Swiss CO (mandatory law), such pre-emption right may only be restricted for important reasons (such as an acquisition of another company) and by a resolution of the General Meeting with the approval of two thirds of the shareholder votes and majority of the Share Capital represented (Article 704 of the Swiss CO). There are no redemption and conversion provisions.

According to the Articles of Association, the transferability of the Offer Securities is not subject to restrictions. The Issuer may only refuse entry into the Share or Participation Certificate register where the acquirer fails to declare expressly that they have acquired the Shares or Participation Certificates in their own name and for their own account.

Under the Swiss CO, any surplus arising out of a liquidation of the Issuer (i.e. after the settlement of all claims of all creditors) would be distributed to the shareholders and holders of Participation Certificates in proportion to the paid in nominal value of their Shares or Participation Certificates (Offer Securities) respectively and to the holders of Dividend Rights Certificates corresponding to the number of Participation Certificates their Dividend Rights Certificates relate to. There are no redemption and conversion provisions.

Under the applicable law, the holders of Participation Certificates must be notified about the convening of any General Meeting (of shareholders) together with the items on the agenda and any motions (proposals). The holders of Participation Certificates are entitled to request that the minutes of the General Meeting be made available to them within 30 calendar days of the General Meeting. They shall be informed accordingly in the notification on convocation of the General Meeting. In addition, on the occasion of the annual General Meeting, just like the shareholders, each holder of Participation Certificates may ask that a copy of the annual and audit reports be made available to him.

#### **Further features of the Offer Securities**

Under the applicable law, the holders of Participation Certificates have no right to participate in the General Meeting, but they must be notified about the convening of any General Meeting together with the items on the agenda and any motions (proposals). Furthermore, the holders of Participation Certificates are entitled to request that the minutes of the General Meeting be made available to them within 30 calendar days of the General Meeting. They shall be informed accordingly in the notification on convocation of the General Meeting. In addition, on the occasion of the annual General Meeting, just like the shareholders, each holder of Participation Certificates may ask that a copy of the annual and audit reports be made available to him.

Articles 4, 4a and 4b of the Articles of Association include provisions on the Participation Capital, the Participation Certificates and the holders of Participation Certificates. The holders of the Participation Certificates may also hold a general meeting. Under Article 4(3) of the Articles of Association, unless otherwise provided by law or the Articles of Association, the provisions of the law and the Articles of Association regarding the shareholder shall also apply with respect to the holders of Participation Certificates. Accordingly, with respect to the convening of meetings of holders of Participation Certificates, the respective provisions in the Articles of Association on General Meetings apply. This means in principle that a meeting may be convened by, among others, the Board of Directors (if deemed necessary) by written notice stating the agenda and proposals. At the meeting each Participation Certificate confers one vote, and resolutions are taken with the majority of votes represented. As the holders of Participation Certificates have no voting right, such meetings are by law relevant when the privileges and participation rights of holders of Participant Certificates pursuant to the Articles of Association shall be limited or cancelled (however, there are currently no privileges (such as privileged rights to dividends) or participation rights (such as rights to make motions)). Accordingly, at such meeting of holders of Participant Certificates the only subject would be the approval or denial of the cancellation of the privileges or participation rights of the holders of Participation Certificates. Such approval or denial further requires the approval of the General Meeting.

The Participation Certificates may be converted to voting shares by a resolution of the General Meeting. As such conversion results in the exclusion of the subscription rights of the shareholders, the conversion requires the

approval of a qualified two thirds majority of the General Meeting. The consent of the holders of Participant Certificates is not required, since no rights are withdrawn from them (on the contrary, they receive additional rights).

#### **No seniority**

There is no seniority of Shares or Participation Certificates, including the Offer Securities, in the Issuer's capital structure in the event of insolvency under Swiss law. All of the Issuer's Shares and Participation Certificates, including the Offer Securities, would be treated the same in the event of an insolvency of the Issuer.

#### **Resolutions, authorisations and approvals for creating and/or issuing the Offer Securities**

At the General Meeting held on 28 October 2022, the shareholders resolved (among others) to authorize the Board of Directors to create a participation capital up to a maximum amount of CHF 85,000.00 at any time until 28 October 2024 by issuing up to 8,500,000 additional fully paid-in registered Participation Certificates. Based on this authorization, the Issuer has increased the Participation Capital by CHF 14,000 or 1,400,000 Participation Certificates in total during 2023 business year by self-subscription to such Participation Certificates at nominal value for the purpose of subsequent assignment to investors. Thus, at the date of the Prospectus and according to Article 4a of the current Articles of Association, the remaining authorization of the Board of Directors to further increase the Participation Capital amounts to CHF 71,000 or 7,100,000 Participation Certificates respectively with a nominal value of CHF 0.01 each (including the Offer Securities offered under this Prospectus). Based thereon, the Board of Directors resolved on 12 March 2024 to offer up to 2,000,000 Participation Certificates under this Prospectus to the public.

From the above-mentioned Participation Certificates created by the Issuer through self-subscription at nominal value during 2023 business year (1,400,000 in total), 122,276 Participation Certificates are still held in treasury at the date of the Prospectus for future assignment to Investors. Once these Treasury Participation Certificates are all assigned (potentially also for the settlement of Convertible Loans), the additional Participation Certificates needed for the settlement of subscriptions of Offer Securities under this Prospectus will be created by the Issuer through additional Participation Capital increases based on the authorization of the Board of Directors according to art. 4a of the Articles of Association.

To reduce costs and accelerate the process of the capital increases, the Issuer may decide (subject to the fulfilment of the respective legal requirements) to self-subscribe to the new Participation Certificates at nominal value for the purpose of a Participation Capital increase and to assign the newly created Participation Certificates to the Investors at then applicable Offer Price. Thus, the Investors will obtain the Participation Certificates subscribed for either by way of issuance through a capital increase or by way of assignment of Treasury Participation Certificates of the Issuer (self-subscribed by the Issuer in a preceding capital increase).

The Offer Securities will be issued or assigned on a step-by-step basis as determined by the Board of Directors, but in no case later than 30 calendar days after the end of the First Offer Period on 30 April 2024 or in no case later than 30 calendar days after the end of any Subsequent Offer Period as determined by the Board of Directors and announced by notices (for more information please see Section 6.4 *Expected timetable of the Offering*).

#### **Impact of tax legislation**

**Please be aware that the tax legislation of the Issuer's country of incorporation and the Investor's country of residence may have an impact on the income received from the Offer Securities. Please find below a short overview of the taxation treatment applicable to the securities under Swiss law. The following is only a general summary of certain tax considerations of Swiss law in relation to the Offer Securities. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Offer Securities, and it does not take into account or discuss the tax implications of any country other than Switzerland. The information provided in this Section is not to be treated as legal or tax advice; and prospective Investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Offer Securities applicable to their particular circumstances.**

This summary is based on the laws of Switzerland as in force on the date of this Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

#### **Withholding tax on dividends**

Dividends and any similar cash or in-kind distributions to a holder of Offer Securities (including distributions of liquidation proceeds in excess of the nominal value, stock dividends and, under certain circumstances, proceeds from repurchases of the Offer Securities by the Issuer in excess of the nominal value) are generally subject to a Swiss federal withholding tax (the "Withholding Tax") at a current rate of 35%. Under certain circumstances, distributions out of capital contribution reserves are exempt from the Withholding Tax. The Issuer is required to withhold this Withholding Tax from the gross distribution and to pay the Withholding Tax to the Swiss Federal Tax Administration. The Withholding Tax is refundable in full to Swiss residents who are the beneficial owners

of the taxable distribution at the time it is resolved and duly report the gross distribution received on their personal tax return or in their financial statements for tax purposes, as the case may be. Holders of the Offer Securities not resident in Switzerland may be entitled to a partial refund of the Withholding Tax if the country in which they reside has entered into a bilateral treaty for the avoidance of double taxation with Switzerland. Such non-resident holders should be aware that the procedures for claiming treaty refunds (and the time frame required for obtaining a refund) may differ from country to country and they should consult their own tax advisors regarding the receipt, ownership, purchase, sale or other dispositions of the Offer Securities and the procedures for claiming a refund of the Withholding Tax.

#### **Swiss issuance stamp duty**

Switzerland levies a one-time Issuance Stamp Duty (in German: *Emissionsabgabe*) on the issuance of corporate equity capital (including the Offer Securities) by Swiss companies. A 1% Swiss Issuance Stamp Duty applies to capital contributions received for the issuance of corporate shares, non-voting shares, participation rights, as well as informal capital contributions in cash or in kind for no consideration.

#### **Swiss transfer stamp duty upon transfer of Offer Securities**

The sale of the Offer Securities, whether by Swiss residents or foreigners, may be subject to Swiss transfer stamp duty (in German: *Umsatzabgabe*) of 0.15%, calculated on the gross sale proceeds, if the sale occurs through or with a Swiss bank or other Swiss securities' dealer (in German: *Effekthändler*), as defined in the Swiss Federal Stamp Duty Act. The Transfer Stamp Duty has to be paid by the securities dealer and may be charged to the parties in a taxable transaction who are not securities dealers.

#### **Income tax on dividends**

A Swiss resident who holds the Offer Securities as private assets is required to report the receipt of dividends and similar distributions (including stock dividends and liquidation surplus) in its individual income tax returns and is subject to Swiss federal, cantonal and communal income tax on any net taxable income for the relevant tax period.

In the case the Offer Securities are held as business assets by a Swiss resident (e.g. individual or legal entity), it is required to recognise dividends and similar distributions (including stock dividends and liquidation surplus) on the Offer Securities in the income statement for the relevant taxation period. The respective income is subject to Swiss federal, cantonal and communal individual or corporate income tax. Corporate taxpayers may be eligible for a participation deduction (in German: *Beteiligungsabzug*) in respect of dividends if the Participation Certificates held by them as part of a Swiss business have an aggregate market value of at least CHF 1 million.

Recipients of dividends and similar distributions on the Offer Securities who are neither residents of Switzerland for tax purposes nor holding the Offer Securities as part of business conducted through a permanent establishment situated in Switzerland ("Non-resident Holders") are not subject to Swiss income taxes in respect of such distributions. Moreover, any gains realised by such recipients upon the disposal of the Offer Securities are not subject to Swiss income tax.

Non-resident holders of the Offer Securities are, however, subject to the Withholding Tax on dividends and similar distributions mentioned above and under certain circumstances to the Transfer Stamp Duty described above. Non-resident holders are recommended to consult their own tax advisors regarding the receipt, ownership, purchase, sale or other dispositions of the Offer Securities and the procedures for claiming a refund of the Withholding Tax. However, a Non-resident holder of the Offer Securities will not be liable for any Swiss taxes other than the Withholding Tax described above and, if the transfer occurs through or with a Swiss bank or other Swiss securities dealer, the Transfer Stamp Duty described above. If, however, the Offer Securities of Non-resident holders can be attributed to a permanent establishment or a fixed place of business maintained by such person within Switzerland during the relevant tax year, the Offer Securities may be subject to Swiss income taxes in respect of income and gains realised on the Offer Securities and such person may qualify for a full refund of the Withholding Tax based on Swiss tax law.

#### **Taxes upon disposition of the Offer Securities**

Capital gains realised on the sale or other disposal of the Participation Certificates held as private assets by an individual resident in Switzerland are generally not subject to any federal, cantonal or communal income taxation. Capital gains realised on Participation Certificates held as business assets are, in general, included in the taxable income of the respective person.

#### **Offeror**

The offeror under the Prospectus is the Issuer, Ella Media AG, i.e. no lead managers or offering brokers are engaged by the Issuer for the purposes of arranging this Offering.

## 6. DETAILS OF OFFERING

### 6.1. Terms and conditions of the Offering of Offer Securities to public

#### Interest of natural and legal persons involved in the Offering

According to the knowledge of the Issuer, apart from the Issuer itself there are no other interests, including conflicts of interest, that is material to the Offering.

#### Reasons for the Offering, use of proceeds

Referring to Section 3.3 *Expected financing of the Issuer's activities*, the Issuer intends to raise funding of around EUR 50 – 68.75 million, which, referring to the paragraph below the heading “*Expenses of the Offering*”, will amount to around EUR 42.50 – 58.45 million net proceeds.

As a main priority the proceeds from the Offering should be used to cover the expected operating and non-operating expenses until break-even in the first quarter of 2025 should be reached. The Issuer expects that around EUR 10 - 12 million will be required for this purpose. Depending on the availability of funding from the Offering, the Issuer aims to invest in further organic growth potential by hiring more senior and highly experienced staff members in the field of artificial intelligence. Across industries, the importance of artificial intelligence in driving digital transformation is growing rapidly. To remain competitive, companies need hardware and software suitable for tasks related to artificial intelligence as a service to solve challenges and fulfil their ambitions. By expanding the staff with additional senior and highly skilled members the overall team performance should be improved to further accelerate software development and enhance the in-house skills around consulting and project management. The additional costs until break-even in the first quarter of 2025 may be reached should amount to EUR 4 - 6 million.

Besides, the Issuer aims to use the proceeds from the issuance of the Offer Securities for the following secondary purposes (subject to obtaining sufficient funding):

- To direct resources towards a targeted investment in marketing initiatives aimed at elevating brand visibility and driving sales growth. Recognizing the pivotal role of marketing in enhancing market presence and customer engagement, the Issuer intends to leverage the potential proceeds to intensify and innovate its marketing campaigns. The anticipated expenses for the planned marketing initiatives should amount to EUR 5 – 8 million.
- To acquire companies in the field of artificial technology with complementary know-how and capabilities. As such companies offering consulting and other services with broad access to additional networks and markets related to artificial intelligence are of interest, particularly in the education and training sector. By acquiring complementary know-how and gaining more highly experienced staff members that are difficult to find in the market the Issuer could further expand its product portfolio, and position itself as a comprehensive synthetic media solutions company in the market. Based on potential targets that were identified by the Issuer and that would offer a complementary addition to the business model the investment sum could range between EUR 10 – 20 million.
- To further expand capacities in the training of foundation models to fortify its competitiveness. This commitment underscores the importance of staying at the forefront of advancements in artificial intelligence. By augmenting resources devoted to foundation model training, the Issuer seeks to enhance its proficiency in developing cutting-edge models and solutions. This strategic expansion is driven by the recognition that a robust foundation in model training is fundamental to maintaining a competitive edge in the evolving landscape of artificial intelligence. The investment sum will amount to between EUR 10 and 12 million.
- To invest in further fortifying IT security measures and securing systems to effectively address the burgeoning challenges of compliance. Recognizing the paramount importance of data integrity and privacy, the Issuer is committed to staying ahead of the curve by deploying state-of-the-art IT security, dedicated AI models and technologies. This strategic initiative is driven not only by the imperative to safeguard sensitive information but also by the evolving landscape of regulatory standards. As compliance requirements particularly in regards to AI continue to escalate, our proactive approach aims to implement comprehensive, adaptive cybersecurity measures. The envisioned investments in IT security are intended to establish a resilient and compliant infrastructure, instilling confidence among stakeholders and reaffirming our dedication to the highest standards of data protection. The investment sum will amount to around EUR 5 million.
- To account for a liquidity buffer due to delays in customer payments and potential project postponements (which is expected when building software on emerging technology). The Issuer expects that around EUR 5 million corresponding to approximately 50% of the need for liquidity until the operational break-even is reached should be reserved for this purpose.



Summarizing the above, the Issuer requires a minimum net funding of around EUR 10 – 12 million to cover the expected operating and non-operating costs until break-even could be reached according to the current projections. To accelerate the growth, to solidify and to expand the business operations further, the Issuer would require additional net funding for the other purposes mentioned above in a total amount between EUR 39 – 56 million. Thus, the total required net funding for all the purposes mentioned above amounts to EUR 49 – 68 million.

### **Expenses of the Offering**

The Issuer estimates the expenses for IFRS accounting, audit and legal fees regarding the Offering amount to approx. EUR 200,000 in total. In addition, the Participation Capital increase or assignment of Treasury Participation Certificates is subject to a 1% one-time capital duty that is borne by the Issuer. Additional bank transfer fees may be applied to the Investors, depending on the bank, used by the respective Investor.

If the Offering raised the estimated gross proceeds of EUR 50 – 68.75 million (see Section 3.3 *Expected financing of the Issuer's activities*), the Issuer estimates its total expenses related to this Offering, including the variable costs, at approximately 15% of the gross subscription proceeds of the Offer Securities. The variable costs also include fees and commissions to be granted to any third parties (either professionals or non-professionals) who introduce investors to the Issuer. Since the Issuer is an early-stage company that has generated just limited turnover yet with an innovative business model and selling proposition, substantial efforts might be required from an investor presentation perspective, which is reflected in the amount of commissions (compared to traditional IPOs) the Issuer agrees to pay to third parties for the introduction of subscribers. The Issuer estimates that approximately 50 to 70 third parties may introduce potential investors to the Issuer. Such third parties have a financial interest in the Offering through the commissions they receive for subscriptions they introduce.

Thus, assuming that the total expenses of the Offering will amount to approx. 15% of the subscription amount of the Offer Securities and assuming that the Issuer will obtain the expected funding from the Offering in a total amount between EUR 50 – 68.75 million as stated in Section 3.3 *Expected financing of the Issuer's activities*, it would result in 42.50 – 58.45 million net funding available for the purposes mentioned under the heading *Reasons for the Offering, use of proceeds* above.

## **6.2. Details of the Offering**

The Issuer is offering up to 2,000,000 Offer Securities in aggregate during seven Offer Periods.

The First Offer Period will commence on 13 March 2024 and end on 30 April 2024, the Second Offer Period will commence on 1 May 2024 and end on 30 June 2024, the Third Offer Period will commence on 1 July 2024 and end on 31 August 2024, the Fourth Offer Period will commence on 1 September 2024 and end on 31 October 2024, the Fifth Offer Period will commence on 1 November 2024 and end on 31 December 2024, the Sixth Offer Period will commence on 1 January 2025 and end on 28 February 2025 and the Seventh Offer Period will commence on 1 March 2025 and end on 13 March 2025.

During the First Offer Period the Offer Securities are being offered by the Issuer under the Prospectus for an Offer Price of EUR 25.00 per Offer Security. The Offer Price may increase to no more than EUR 50.00 per Offer Security for the Subsequent Offer Periods. The Board of Directors will announce the Offer Price per Offer Security for the Subsequent Offer Periods (if applicable) after each lapsed Offer Period.

The Board of Directors will also announce the amount of Participation Certificates subscribed during each lapsed Offer Period. The total number of the Offer Securities subscribed during all Offer Periods will be announced after the Seventh Offer Period in accordance with applicable regulations. For detailed information on the dates on which the results of the Offering to the public will be announced, please see Section 6.4 *Expected timetable of the Offering*.

The Offer Securities are being offered and this Offering consists of: (i) public Offering to Retail Investors and Institutional Investors in Luxembourg, Germany, Austria and the Netherlands; and/or (ii) private placement(s) (offering(s)) to certain determined Institutional Investors and Retail Investors in other Member States of the EEA (providing them with individual invitations with this respect) in each case pursuant to an exemption under Article 1 of the Prospectus Regulation. The private placement(s) (offering(s)) is not public and will be conducted in reliance on the appropriate exemptions in those jurisdictions where they will be conducted. The Offer Securities are not offered to the public in any countries other than in Luxembourg, Germany, Austria and the Netherlands.

As at the date of this Prospectus, there is no restriction and/or initial calculations on the amount of Offer Securities that will be allocated to each category of Investors.

### **Notices**

All notices in relation with the Offering will be published on the website of the Issuer at <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange at [www.luxse.com](http://www.luxse.com). Any

notices relating to the final results of the Offer Periods will also be filed with the CSSF in accordance with article 17(2) of the Prospectus Regulation. In addition, any supplements (if any) to the Prospectus will be published on the Issuer's website <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).

The number of Participation Certificates issued as a result of the Offering under this Prospectus shall be published in the Commercial Register (available at <https://zg.chregister.ch/cr-portal/auszug/auszug.xhtml?uid=CHE-370.592.352>) within 15 calendar days after the Board of Directors has resolved the implementation of a capital increase (no later than 30 calendar days after the end of the relevant Offer Period) (this also relates to situations in which the Board of Directors decides to issue the Offer Securities and register the capital increase during the period when the respective Offer Period is not over, as indicated in this Section below). In case of settlement of subscriptions by Treasury Participation Certificates, the respective Treasury Participation Certificates shall be assigned and the respective assignment declarations sent by e-mail and regular mail to the subscribers no later than 30 calendar days after the end of the relevant Offer Period.

### **Corporate resolutions and general structure of the Offering**

According to art. 4a of the Articles of Association of the Issuer (as introduced by respective resolution of the General Meeting dated 28 October 2022), the Board of Directors is authorized to (i) increase the Participation Capital by a maximum amount of CHF 71,000 through the issuance of up to 7,100,000 Participation Certificates with a nominal value of CHF 0.01 each until 28 October 2024 at the latest and (ii) to determine the final conditions of the issues of the Participation Certificates (including the Offering under this Prospectus) and to take corresponding actions to implement the corresponding capital increase(s). Based thereon, the Board of Directors resolved on 12 March 2024 to offer up to 2,000,000 Participation Certificates under this Prospectus to the public. For more information regarding these decisions, please see Section 5 *Resolutions, authorisations and approvals for creating and/or issuing the Offer Securities* above. By the respective decision of the General Meeting dated 28 October 2022 that implemented art. 4a of the Articles of Association, only the minimal issue price of Offer Securities was established, which is equal to CHF 0.01 per Offer Security. Accordingly, the total minimal issue price of all the issue of Offer Securities being offered under this Prospectus is equal to CHF 20,000.00.

As at the date of the Prospectus, the Issuer holds 122,276 Treasury Participation Certificates for the purpose of future assignment to Investors at the then applicable Offer Price under the Prospectus or for the settlement of Convertible Loans. Any additional Participation Certificates required for the settlement of subscriptions of Offer Securities under this Prospectus will be created by the Issuer through Participation Capital increases based on the above-mentioned authorization of the Board of Directors according to art. 4a of the Articles of Association.

To reduce costs and accelerate the process of the Participation Capital increases, the Issuer may decide (subject to the fulfilment of the respective legal requirements) to subscribe itself for new Participation Certificates at nominal value on the occasion of a capital increase and to subsequently assign the newly created Participation Certificates to the Investors against payment of the then applicable Offer Price.

Thus, the Investors will obtain the Participation Certificates subscribed for either by way of issuance through a capital increase or by way of assignment of Treasury Participation Certificates issued to Issuer on the occasion of an earlier capital increase.

Thus, according to the information provided above, the Offering shall be structured in the following order:

- (i) the Subscriptions regarding the Offer Securities shall be submitted by and received from the Investors and the respective Offer Price paid according to the order described in this Prospectus;
- (ii) the Board of Directors shall decide to allocate the Offer Securities to the Investors either by way of assignment of Treasury Participation Certificates (created through self-subscription at nominal value by the Issuer on the occasion of an earlier capital increase) or by way of issuance through a (new) capital increase;
- (iii) the Offer Securities shall be acquired by the Investors either by assignment, with assignment declarations to be signed by the Issuer, or by issuance through capital increases (incl. registration with the Commercial Register); and
- (iv) the Investors shall be registered in the Participation Certificate register of the Issuer and receive a respective confirmation.

The Board of Directors will determine the final number of Offer Securities. Upon the decision hereon, the Issuer will assign or issue the Offer Securities.

In addition to that, under the provisions of Article 4a of the Articles of Association and as foreseen in Article 651 and 651a of the Swiss CO (cf. art. 3 intertemporal regulations to the changes in law dated 19 June 2022) during a given Offer Period, the Board of Directors may also decide to make capital increases of the Issuer earlier than after the close of the respective Offer Period for part of the Offer Securities, the funds for subscription of which have already been received. There are no limitations of such capital increases up until all the Offer Securities are subscribed by the Investors and issued to them. Taking into consideration that, as indicated above, the Board of Directors may close the Offering on a step- by- step basis, indicated in items from (ii) to (iv),

may be executed several times during the course of the Offering. After each such closing, the new holders of the Participation Certificates will be entered into the Participation Certificate register and informed accordingly.

For information on rights pertaining to the Offer Securities and potential selling restrictions in respect of the Offer Securities, please refer to Section 5 *Terms and conditions of the Offer Securities*.

### **6.3. Place of Subscription and Subscription procedure**

Subscriptions will only be accepted if sent electronically by email to [verwaltung@ella-group.io](mailto:verwaltung@ella-group.io).

To subscribe for the Participation Certificates, each Investor must first register on the investor portal of the Issuer, which can be accessed through a link published on <https://ella-group.io/en/investor-relations/>. After completing the registration process, each Investor receives all relevant subscription documents (including a Subscription Form, Payment Contract and copy of the Prospectus) by e-mail. A copy of the signed Subscription Form and Payment Contract should be sent by e-mail to the following e-mail address of the Issuer: [verwaltung@ella-group.io](mailto:verwaltung@ella-group.io).

Each Investor must subscribe for the minimum of 500 Offer Securities per Subscription. There are no thresholds for maximum Subscription amounts per Investor.

By placing a Subscription Order, each Investor is deemed to have read this Prospectus and the Articles of Association and accepted their content, as well as the terms of the Offering, consented to being allotted a lower number of Offer Securities than the number specified in such Investor's Subscription Order, or to not being allotted any Offer Securities at all.

An Investor must ensure that all information contained in the Subscription Order is correct, complete and legible. The Issuer reserves the right to reject any Subscription Orders that are incomplete, incorrect, unclear or ineligible, or that have not been completed and submitted and/ or have not been supported by the necessary additional documents, requested by the Issuer, during the Offer Period and in accordance with all requirements set out in the Prospectus.

Due to Swiss anti-money laundering regulations, certain additional information and/or documentation may be requested by the Issuer when providing the Subscription Orders, e.g. copy of passport or documentation of source of funds. The Issuer also reserves the right to reject any Subscription Orders from Investors who are subject to any kind of Swiss or international sanctions or governmental restrictions or who pose any increased risks from a Swiss or international anti-money laundering or reputational perspective. Any consequences of a Subscription Form for the Offer Securities being incorrectly filled out will be borne by the Investor.

The Issuer is not aware of any circumstances that could currently lead to revocation or suspension of the Offering under this Prospectus.

Subscription Orders will be accepted up to the maximum amount noted above, based on a "first come, first served" basis. If an Investor will be rejected or his Subscription is reduced as indicated in this Prospectus for any reason, he/she/it will be informed personally.

The timing of receipt (date and time) will decide whether the Subscription will be accepted by the Issuer (on a "first come, first served" basis).

Once the signed Subscription Order has been submitted to the Issuer, it cannot be reduced or withdrawn, unless permitted under the applicable law (please see Section 6.12 *Change of terms of the Offering* below).

### **6.4. Expected timetable of the Offering**

The timetable below lists expected key dates of events relating to the Offer Periods of the Offering.

The Issuer reserves the right to change the timetable of the Offer Periods of the Offering. Provided that the adjustment of the Offer Periods does not constitute a significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus, which may affect the assessment of the Offer Securities within the meaning of Article 23 of the Prospectus Regulation, if the Issuer was to adjust the timetable (i.e. if the Offer Periods were adjusted), the adjusted timetable will be announced in notices of the Issuer published on the following website of the Issuer: <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). Information of any change of the dates should be published no later than on the originally set date.

If a significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus, which may affect the assessment of the Offer Securities within the meaning of Article 23 of the Prospectus Regulation arises between the approval of the Prospectus and the end of the Offering, the Issuer will provide the CSSF with a corresponding supplement to the Prospectus for the approval and publish such information (upon the approval of supplement) in compliance with applicable regulations, as well as market practices in Luxembourg. In such case the Investors who have submitted their Subscription Orders before publication of the supplement but before the closing of the Offering or the delivery of the Offer Securities, whichever occurs first, will have a right to withdraw their Subscriptions within three Business Days from the

publication of the supplement to the Prospectus.

From 13 March 2024 to 30 April 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price of EUR 25.00 for the First Offer Period
on or about 1 May 2024	Determination and announcement of the Offer Price per Offer Security for the Second Offer Period
on or about 15 May 2024	Determination and announcement of the number of Participation Certificates subscribed during the First Offer Period
no later than 30 May 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the First Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 May 2024 to 30 June 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Second Offer Period
on or about 1 July 2024	Determination and announcement of the Offer Price per Offer Security for the Third Offer Period
on or about 15 July 2024	Determination and announcement of the number of Participation Certificates subscribed during the Second Offer Period
no later than 30 July 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Second Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 July 2024 to 31 August 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Third Offer Period
on or about 1 September 2024	Determination and announcement of the Offer Price per Offer Security for the Fourth Offer Period
on or about 15 September 2024	Determination and announcement of the number of Participation Certificates subscribed during the Third Offer Period
no later than 30 September 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Third Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 September 2024 to 31 October 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Fourth Offer Period
On or about 1 November 2024	Determination and announcement of the Offer Price per Offer Security for the Fifth Offer Period
on or about 15 November 2024	Determination and announcement of the number of

	Participation Certificates subscribed during the Fourth Offer Period
no later than 30 November 2024	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Fourth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 November 2024 to 31 December 2024 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Fifth Offer Period
on or about 1 January 2025	Determination and announcement of the Offer Price per Offer Security for the Sixth Offer Period
on or about 15 January 2025	Determination and announcement of the number of Participation Certificates subscribed during the Fifth Offer Period
no later than 30 January 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Fifth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 January 2025 to 28 February 2025 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Sixth Offer Period
on or about 1 March 2025	Determination and announcement of the Offer Price per Offer Security for the Seventh Offer Period
on or about 15 March 2025	Determination and announcement of the number of Participation Certificates subscribed during the Sixth Offer Period
no later than 30 March 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Sixth Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor
from 1 March 2025 to 13 March 2025 (5 p.m. Swiss time; the latest time of receipt for the acceptance of subscriptions)	Accepting subscriptions from the investors and payment for the Offer Securities at the Offer Price for the Seventh Offer Period
on or about 28 March 2025	Determination and announcement of the number of Participation Certificates subscribed during the Seventh Offer Period
no later than 12 April 2025	Registration of the respective Participation Capital increase with the Commercial Register and issuance of Offer Securities to the Investors and/or assignment of Treasury Participation Certificates of the Issuer to the Investors and registering investors who subscribed during the Seventh Offer Period in the Participation Certificate register of the Issuer with notification of registration to be provided to each investor



As indicated in Section 6.2 *Details of the Offering – Corporate resolutions and general structure of the Offering* above, during the Offer Periods, the Board of Directors may also decide to implement capital increases of the Issuer earlier than after the close of the Offer Periods for part of the Offer Securities, the funds for subscription of which have already been received. There are no limitations of such possible capital increases up to and until all the Offer Securities are subscribed by the Investors and issued to them. Furthermore, if until the lapse of each the Offer Periods the Company was to execute the above capital increases for the complete amount of Offer Securities, the Company would not be obliged to formally wait for the end of the Offer Periods in order to execute further actions indicated above and would execute them without delay. In such case no Prospectus supplement shall be prepared and announced by the Issuer.

## 6.5. Procedure and dates for payment for the Offer Securities

The Subscription Amount for the Offer Securities must be paid in full by the Investor to the following bank account of the Issuer no later than five Business Days after submitting the respective Subscription Order:

Account holder: Ella Media AG, Metallstrasse 9a, 6300 Zug, Switzerland  
IBAN: DE11 6002 0290 0030 1425 27  
BIC/SWIFT: HYVEDEMM473  
Bank: UniCredit Bank AG, Kronprinzstr. 20, 70003 Stuttgart, Germany

Payments by Investors are only accepted in cash to the above-mentioned bank account of the Issuer. If the payment is not done in time, the Board of Directors may, at its sole discretion, determine that the respective Subscription is no longer valid and will not be considered for an issuance of respective Participation Certificates.

The Investors who have not been allotted any Offer Securities or whose Subscriptions have been reduced will receive reimbursements of the respective payment made upon placing the Subscription Order in accordance with instructions provided by each such Investor. The reimbursement will take place within ten Business Days as from the day when it is decided by the Issuer not to allot any Offer Securities to the Investor concerned or to reduce his/her/its Subscription or from the date of the publication of a supplement to the Prospectus on the cancellation of the Offering (or a given Offering Period) provided the wire instructions have been received. The payments shall be returned without any reimbursement for costs incurred by the Investors in the course of subscribing for the Offer Securities and shall be net of all transfer expenses and without interest.

For clarification purposes, it is explained that the above provisions regarding reimbursements shall not apply to the Investors who (after registration of the respective capital increase of the Issuer with the Commercial Register and/or assignment of the respective Treasury Participation Certificate) have already been registered in the Participation Certificate register of the Issuer regarding the acquisition of certain number of Offer Securities by the time of adoption of the above decision of the Board of Directors or by the time of publication of the supplement of the Prospectus. For more information, please see Section 6.4 *Expected timetable of the Offering*.

**Intentions of the major shareholders and members of Management and Board of Directors of the Issuer as to participate in the Offering:** According to the information available to the Issuer, obtained after a review carried out with due diligence, none of the present major shareholders of the Issuer, members of the Management or the Board of Directors intend to subscribe for the Offer Securities. The Issuer is also not aware of any person intending to subscribe for more than 5% of the Offering or for any lesser amount.

## 6.6. Plan of distribution and allotment

The Offering will be open to all potential Investors from countries in which the Offering is made available and will be not restricted to specific categories of Investors.

The Offering will initially be made available in the following countries: Luxembourg, Germany, Austria and the Netherlands. No specific tranche will be reserved for any of these countries. Additional countries may be added during the Offering, following the requirements of the applicable laws.

### **Allotment of the Offer Securities to the Investors**

The Offer Securities shall be allotted according the time priority principle (“first come, first served”), i.e. the first Investors, who have submitted their Subscription Orders (and also fulfilled their payment obligation within five Business Days after submitting a Subscription Order), shall be first allotted the Offer Securities up to the time and amount when the Subscriptions for all the Offer Securities of the aggregate principal amount for the First Offer Period or a Subsequent Offer Period are provided. When this aggregate principal amount of Subscriptions is reached, no more Offer Securities shall be allotted during the First or respective Subsequent Offer Period to the Investors. If the situation is such that the respective Investor, providing the Subscription, reaches and exceeds the aggregate principal amount of the First or Subsequent Offer Period, his/her/its Subscription will be reduced accordingly, so that the maximum principle amount or the First or Subsequent Offer Period is not exceeded. The confirmation regarding the reduced Subscription will be sent to such Investor by the Company.

To other Investors, which Subscriptions will be satisfied in full, other than the confirmation letter regarding their registration, no confirmations will be sent by the Company.

The Issuer shall not be obliged to allocate any Offer Securities to any Investors participating in the Offering. The subscribed Offer Securities shall be assigned or issued within 15 calendar days after the Board of Directors resolved on the implementation of the respective instalment of the Participation Capital increase and in any case no later than 30 calendar days after the end of the relevant Offer Period (for more information please see Section 6.4 *Expected timetable of the Offering*).

#### **6.7. Process for notifying applicants (Investors)**

In case of allotment of Participation Certificates through a capital increase: Upon receipt of the executed Subscription Forms by email and of the subscription amount, the Board of Directors shall confirm by way of a publicly notarised resolution the respective increase of the Participation Capital, corresponding amendment of the Articles of Association and issuance of the new Participation Certificates. Upon registration of such resolution with the Commercial Register, the Issuer shall update the Participation Certificate register and inform the subscribers / new holders of Participation Certificates accordingly.

In case of assignment of Treasury Participation Certificates: Alternatively, upon receipt of executed Subscription Forms and of the subscription amount, the Board of Directors may decide to settle subscriptions by assignment of Treasury Participation Certificates. In such case the subscribers will receive assignment declarations duly signed by the Issuer and confirmations of their registrations in the Participation Certificate register (for more information, please see Section 6.4 *Expected timetable of the Offering*).

#### **6.8. Cancellation, suspension or postponement of the Offering**

The Issuer may cancel an Offer Period or the Offering at its own initiative, at any time prior to 13 March 2025 without disclosing any reason for doing so. However, in the case the Board of Directors shall decide to execute one or more capital increase until the end of the Offer Period (for more information, please see Section 6.4 *Expected timetable of the Offering*), the Board of Directors shall not be entitled to cancel the Offering.

The Issuer may cancel the Offering, if the Issuer considers it impracticable or inadvisable to proceed with the Offering. Such reasons include, but are not limited to: (i) sudden and material adverse change in the economic or political situation in Switzerland, Luxembourg, Germany, Austria, the Netherlands or worldwide; (ii) a material loss or interference with the Issuer's business; or (iii) any material change or development in or affecting the general affairs, management, financial position, shareholders' equity or results of the Issuer's operations. In such an event, Subscriptions for Offer Securities that have been made will be disregarded, and any Subscription payments made will be returned without interest or any other compensation.

If the Offering is suspended, the Issuer may decide that Subscriptions and payments made will be deemed to remain valid, but for no longer than seven Business Days. In such case, Investors may withdraw Subscriptions made by submitting a relevant statement to that effect within three Business Days after the notice on the suspension is published.

For clarification purposes, it is explained that the above provisions regarding withdrawal of Subscriptions and below provisions regarding return of payments to the Investors shall not apply to the Investors, who (after registration of the respective capital increase of the Company with the Commercial Register and/or assignment of the respective Treasury Participation Certificate, respectively) have already been registered in the Participation Certificate register of the Issuer regarding acquisition of the respective number of Offer Securities by the time of adoption of the decision on the suspension of the Offering. For more information, please see Section 6.4 *Expected timetable of the Offering*.

Any decision on cancellation, suspension, postponement or changes of dates of the Offering will be published in the same manner as this Prospectus and compliant with applicable regulations, as well as market practices.

If the Offering is cancelled or suspended, Investors who submitted Subscription Orders and paid for the Subscription will get any respective payments back:

- if the Offering is cancelled – within five Business Days after the public announcement by the Company of the Offering cancellation and the wire information for the repayments has been received from the respective Investors by the Issuer; or
- if the Offering is suspended – within five Business Days: (i) after the date on which the Investor has made a statement cancelling his Subscription and the wire information for the repayments has been received from the respective Investors by the Issuer; or (ii) after the date on which the Issuer announces that the orders placed are not valid and the wire information for the repayments has been received from the respective Investors by the Issuer.

In any case, when the repayments need to be made by the Issuer, the Investors will be contacted individually for obtaining the wire information for the repayments.



The timely repayment of money paid will be without any interest or compensation.

#### **6.9. Pricing**

During the First Offer Period, the Offer Price of the Offer Securities is EUR 25.00 per Participation Certificate. Regarding Subsequent Offer Periods, the Offer Price of the Offer Securities may increase to a maximum Offer Price of no more than EUR 50.00 per Participation Certificate.

#### **6.10. Placing and underwriting**

The Offer Securities are being offered under this Prospectus by the Issuer, Ella Media AG, i.e. no lead managers or offering brokers are engaged by the Issuer for the purposes of arranging this Offering, as well as no entities agreeing to underwrite this issue on a firm commitment basis or entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements.

There is no guarantee attached to the Offer Securities and it is not ensured.

#### **6.11. Admission to trading and dealing arrangements**

As at the date of this Prospectus, there are no plans to apply for admission to trading the Offer Securities and/or Shares on any stock exchange or multilateral trading facility in the near future.

#### **6.12. Change of terms of the Offering**

In accordance with the relevant regulations in force in Luxembourg, Germany, Austria and the Netherlands applicable to public offerings, any significant new factor, material mistake or material inaccuracy related to the information included in the Prospectus, which may affect the assessment of the Offer Securities, as defined in the Prospectus Regulation, will be communicated through a supplement to the Prospectus, if required. The supplement to the Prospectus will need to be approved by the CSSF, passported to Federal Financial Supervisory Authority of the Federal Republic of Germany (in German: *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), the Financial Market Authority of the Republic of Austria (in German: *Österreichische Finanzmarktaufsicht (FMA)*) and to the Dutch Authority for the Financial Markets (in Dutch: *Autoriteit Financiële Markten (AFM)*), and published in the same manner as the Prospectus. If the supplement is published after approval of the Prospectus by the CSSF and relates to events or circumstances which occurred prior to 13 March 2024 and about which the Issuer has learnt prior to the allotment of the Offer Securities, Investors who have already agreed to purchase or subscribe for the Offer Securities before the supplement is published shall have the right, exercisable within three Business Days after the publication of the supplement, to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy referred to above and as defined in the Prospectus Regulation arose or was noted before the closing of the Offer Period or the delivery of the Offer Securities, whichever occurs first. That period may be extended by the Issuer. The final date of the right of withdrawal shall be stated in the supplement.

For clarification purposes, it is explained that the above provisions regarding withdrawal of the Subscription Orders shall not apply to the Investors, who (after registration of the respective capital increase of the Company with the Commercial Register and/or assignment of the respective Treasury Participation Certificate) have already been registered in the Participation Certificate register of the Issuer regarding acquisition of certain number of Offer Securities by the time of announcement of the supplement of the Prospectus. For more information, please see Section 6.4 *Expected timetable of the Offering*.

Moreover, information resulting in changes to the content of the Prospectus or supplements already made available to the public in respect of the organisation or conduct of Subscription of Offer Securities, which do not require publication of a supplement, will be published notices on the following website of the Issuer: <https://ella-group.io/en/investor-relations/> and on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)). In such a case, the Investors shall not have a right to withdraw their Subscriptions, as indicated above.

#### **6.13. Selling securities holders**

There is no selling securities holder, participating in the Offering and the only person offering the Offer Securities under this Prospectus is the Issuer, Ella Media AG.

#### **6.14. Dilution**

If the Offering is completed, the current holders of Shares and Participation Certificates will suffer (assuming that (i) all the Offer Securities will be subscribed for and fully paid by the Investors (2,000,000 million units), (ii) for the settlement of these subscriptions 1,933,720 additional Participation Certificates have to be created by way of capital increases (the remainder will be settled through 66,280 Treasury Participation Certificates assuming that 55,996 Treasury Participation Certificates will be assigned to settle 50% of the Convertible Loans) and (iii) there are no other capital increase or issuances of Shares or Participation Certificates in the meantime.)

an immediate capital participation dilution of 6.11% or 2.98% respectively (future dividend distribution dilution of 3.14% or 1.53% respectively) in the Issuer.

Moreover, the table below provides information on the Issuer's Share Capital and Participation Capital structure as well as the issued Dividend Rights Certificates existing as of the date of this Prospectus and the capital structure expected after the completion of the Offering (assuming that all the Offer Securities will be subscribed, fully paid and allocated to the Investors).

Type of security	Capital participation		Dilution %	Dividend participation		Dilution %
	before	after		before	after	
Shares (13,000,000 units)	67.20%	61.10%	6.11%	47.54%	44.40%	3.14%
Participation certificates (6,344,238 units)	32.80%	29.82%	2.98%	23.20%	21.67%	1.53%
Dividend rights certificates (23,692 units corresponding to dividend distribution rights of 8,000,000 Participation Certificates)	0.00%	0.00%	0.00%	29.26%	27.32%	1.93%
Offer Securities (additional 1,933,720 Participation Certificates to be issued for Offering under Prospectus)	-	9.09%	-	-	6.60%	-

Source: the Issuer

## **7. CORPORATE GOVERNANCE**

### **7.1. Administrative, management, and advisory bodies**

#### **7.1.1. Board of Directors**

##### **Organisation**

Pursuant to Article 707 of the Swiss CO and Article 16 of the Articles of Association the Board of Directors consists of one or more members. The Board of Directors is elected by the General Meeting with a majority of the voting Shares represented at the meeting (Article 15 in connection with Article 17 of the Articles of Association).

Members of the Board of Directors are usually appointed for a term of one year but may be re-elected unlimited times. Pursuant to Swiss law the General Meeting may determine a term for which a member of the Board of Directors shall be elected, but a single term may not be longer than six years. Whereas according to Article 710 of the Swiss CO the principle term is three years, the Articles of Association may foresee a different term. In the case of the Articles of Association (Article 17) no period is foreseen and the General Meeting is authorised to decide on the term of the members of the Board of Directors. Consequently, the General Meeting may decide freely within the indicated time limits of a maximum of six years for one term (with unlimited re-election being possible). The General Meeting may dismiss any member of the Board of Directors at any time. Only natural persons may act a member of the Board of Directors (Article 707 of the Swiss CO).

Pursuant to Article 712 of the Swiss CO and Article 18 of the Articles of Association, the Board of Directors shall organise itself. In case the Board of Directors consists of multiple individuals, it shall appoint its Chairman and, as the case may be, a secretary who does not need to be a member of the Board of Directors. The Board of Directors may appoint committees from among its own members and assign to them, or to individual members, the preparation and implementation of its decisions, the supervision of business activities as well as accompanying special tasks.

Currently, the sole member of the Board of Directors of the Issuer is Mr. Michael Keusgen with single signature authority binding the Issuer.

Mr. Michael Keusgen, born in 1966, is an experienced TV, media and content producer. After graduating in Chinese and Geography from the School of Oriental and African Studies in London, Mr. Keusgen worked at the BBC, WTN and ABC News in the UK. From 2003 to 2007, he was responsible for reforming and holding the Eurovision. From 2007 to 2012, Mr. Keusgen worked for the German Football Association, and from 2012 to 2014 for Constantin Medien AG. In 2003, Mr. Keusgen also founded Siegfried GmbH, which produced award-winning TV documentaries and reports for various TV channels, such as the German public broadcasting service ZDF.

As of the date of the Prospectus, there is no information to be disclosed in relation to Mr. Michael Keusgen regarding the following:

- any convictions in relation to fraudulent offences for the last five years;
- any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conducting the affairs of a company for the last five years.

The business address of Mr. Michael Keusgen is at Metallstrasse 9a, 6300 Zug, Switzerland. There are no principal activities performed by Mr. Michael Keusgen outside of the Issuer that would be significant or relevant to the Issuer.

##### **Responsibilities**

According to Swiss law, the Board of Directors is responsible for the ultimate direction as well as the supervision and control of the management of the Issuer. The management of the Issuer itself may be fully or partially delegated to one or more of its members or to third parties as set forth in the organisational regulations (Article 716b of the Swiss CO and Article 21 Articles of Association). At least one member of the Board of Directors shall be authorised to represent the Company.

Swiss law requires, however, that certain so-called “non-transferable duties” be assumed by the Board of Directors itself, and not be delegated to other persons. Pursuant to Article 716a of the Swiss CO, these non-transferable duties include, in particular: (i) the ultimate direction of the Company and the power for issuing the necessary directives; (ii) determining the organization of the Issuer; (iii) the overall structure of the accounting system, financial control and financial planning; (iv) the appointment and dismissal of the management and of the persons authorised to represent the Issuer; (v) the ultimate supervision of the persons entrusted with the management of the Issuer, particularly with respect to their compliance with the law, the Articles of Association

as well as the internal regulations and directives; (vi) the preparation of the annual reports and the General Meetings, as well as the implementation of the resolutions adopted by the General Meetings; and (vii) the submission of an application for a debt-restructuring moratorium and the notification of a judge in the case of insolvency, etc. The Swiss CO and other Swiss federal laws foresee other non-transferable duties, such as the implementation of General Meeting's resolutions to issue new shares or the approval of statutory mergers.

By resolution dated 28 October 2022, the Board of Directors issued organisational and business regulations, which, in particular, include provisions on the determination of the organisational structures of the Board of Directors, the management and the advisory board, the areas of responsibility and competences, and the description of the interaction of the various levels (i.e. Board of Directors, delegate, advisory board), namely with respect to reporting.

The main responsibilities of the Board of Directors are as follows:

- ultimate management of the Issuer;
- determining and structuring of the organisation of the Issuer;
- responsibility for accounting, financial controlling and financial planning;
- responsibility for appointing and dismissing members of the management and staff;
- ensuring compliance of the Issuer with applicable laws, statutes, and regulations;
- responsibility for the preparation of the annual financial reporting, the preparation of the annual General Meeting and the implementation of its resolutions; and
- submitting an application for a debt-restructuring moratorium and notifying the court if the Issuer becomes over-indebted or insolvent.

### **Decision making**

Provided the Board of Directors comprises of more than one member, the Board of Directors shall meet as often as required by business, upon notice of the chairman (including the agenda items) or upon written request by a member addressed to the chairman stating the reason therefore (cf. Article 22 of the Articles of Association). Pursuant to § 5 (a) of the organisational and business regulations, the Board of Directors shall meet at least quarterly. Resolutions of the Board of Directors shall not be passed unless the majority of its members are participating at such meeting (by way of personal appearance, via telephone or video or otherwise via electronic means), except that no such attendance quorum is required for resolutions regarding subsequent payments of contributions on shares not fully paid-in and the ascertainment of capital increases as well as the related amendments of the Articles of Association. Pursuant to § 6 (d) of the organisational and business regulations, any changes to such regulations require the participation of all members of the Board of Directors at respective meetings.

The Board of Directors adopts its resolutions with the majority of the votes of the members participating. Each member of the Board of Directors has one vote. The chairman shall also vote and shall have the casting vote. The deliberations and resolutions shall be recorded in minutes. In accordance with Article 713 para. 2 CO and Article 23 of the Articles of Association, resolutions of the Board of Directors may also be passed by written consent to a proposal, unless a member of the Board of Directors requests oral deliberation. Such resolutions require the consent of the simple majority of the members of the Board of Directors who validly cast their votes. In order to duly perform their duties, Article 715a CO and Article 24 of the Articles of Association provided that each member of the Board of Directors is entitled to ask for information concerning all affairs of the Company.

## **7.1.2. Management**

### **Organisation**

Pursuant to § 10 (a) of the organisational and business regulations the Management consists of one or more members. The Management is appointed and dismissed by the Board of Directors with a simple majority of the votes cast (Article 20 cif. 4 in connection with Article 22 of the Articles of Association).

The Management consists of the Chief Executive Officer (CEO) and the further members of the Management (such as Chief Operating Officer and Chief Administration and Accounting Officer). The members of the Management report directly to the CEO.

Currently, the following people are members of the Management:

- Mr. Michael Keusgen: Michael Keusgen is also acting as the CEO of the Issuer (see the list of his responsibilities as CEO below under *Responsibilities*).
- Christoph Czech: As per 1 January 2023, Mr. Christoph Czech will take over the role as the Chief Operating

Officer (COO) of the Issuer.

Mr. Czech began his career in 2009 as a banker, having studied business administration with a special emphasis on management and finance at the School of Management and Innovation at Steinbeis Hochschule Berlin. Since then, he has had crucial experience in building two foreign start-up direct banks in the German market as Manager for Operations & IT. In addition, Mr. Czech worked as a consultant at KPMG, where he advised several C-level executives and managed several projects in the financial sector with a focus on business technology, operations and IT.

- Dr. Daniela Böckmann: After working for Ella Media AG for nearly one year, Dr. Daniela Böckmann officially joined the Issuer's management team as Chief Administration and Accounting Officer (CAO) per 1 November, 2023.

Before joining the Issuer, Dr. Böckmann managed as CEO a family-owned group with more than ten subsidiaries for almost a decade and can therefore draw on a wealth of experience in corporate management. Previously, Dr. Daniela Böckmann worked at one of the Big4 audit companies in the audit department and gained experience with a lot of companies of different sizes and industries.

Dr. Daniela Böckmann wrote her thesis on the subject of public oversight and quality assurance in auditing and published several articles in journals on the subject of audit quality. She is part of the team of authors of one of the main textbooks on auditing for German students. Since 2012 Dr. Daniela Böckmann is teaching part-time at the University of Ulm, Germany, on the subject of corporate governance and educates Students about the main principles of governance.

As of the date of this Prospectus, there is no information to be disclosed in relation to Mr. Christoph Czech and Dr. Daniela Böckmann regarding the following:

- any convictions in relation to fraudulent offences for the last five years;
- any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conducting the affairs of a company for the last five years.

The business address of Mr. Christoph Czech and Dr. Daniela Böckmann is at Metallstrasse 9a, 6300 Zug, Switzerland. There are no principal activities performed by Mr. Christoph Czech or Dr. Daniela Böckmann outside of the Issuer that would be significant or relevant to the Issuer.

### **Responsibilities**

In accordance with the organizational and business regulations, the Board of Directors delegated the management of the Company to the Management.

The CEO manages the operational business of the Issuer. According to the organisational and business regulations his main responsibilities are as follows:

- to manage the day-to-day business of the Issuer in a (market- and result-oriented) manner;
- to ensure the proper organisation of business operations (subject to any contrary provisions of the law, the Articles of Association or the organisational and business regulations);
- to prepare all business of the Board of Directors;
- to arrange for and monitor the execution of/compliance with the resolutions of the Board of Directors and its own decisions;
- all personnel matters (unless it falls within the competence of the Board of Directors);
- to submit (unsolicited) proposals to the Board of Directors concerning transactions which require the approval of the Board of Directors pursuant to the organisational and business regulations;
- to prepare the annual report and to forward it to the Board of Directors for resolution; and
- to prepare the annual budget, including an investment and liquidity plan, to monitor compliance with the budget and to contact the Board of Directors immediately if the budget is exceeded.

The CEO further leads Management, organizes and chairs its meetings, manages its members, supervises and coordinates the activities of the members of the Management. He is responsible for ensuring that the members of the Management perform their duties and fulfill their obligations.

The CEO reports to the Board of Directors, among others, on the course of business, the financial situation, and any important business transactions. He shall further inform the Board of Directors of any legal or regulatory requirements that have a material impact on the Issuer, including any measures taken to comply with such requirements (cif. IV. of the organisational and business regulations).

### 7.1.3. Advisory Board

Pursuant to the § 12 of the organisational and business regulations the Board of Directors may elect an internal Advisory Board. The internal Advisory Board shall consist of experts in the area of artificial intelligence, software development and media industry who shall support and advise the Management upon request regarding business strategy and research and development matters. The Advisory Board consists of three to five members elected by the Management for a term of no longer than three years. The Advisory Board has merely an advisory function. It is not a corporate body of the Issuer and, thus, has no rights or obligations whatsoever vis-à-vis the Issuer, the Management or other persons. The Advisory Board has neither rights to information or similar nor decision-making or representative authority in business matters. The members of the Advisory Board are Mr. Erik Rodner, Mr. Etienne Schneider and Mr. Wolfgang Prinzenberg.

- Erik Rodner is also an expert in machine learning. After studying computer science and earning his doctorate in machine learning, Mr. Rodner worked as a PostDoc, scientific project and team leader at both the University of Jena and UC Berkeley in California. Thereafter, he worked first as a senior scientist and later as head of machine learning at ZEISS Group where he was able to bring a wide variety of innovations to certain applications (for example, regarding process control, ophthalmology, digital pathology, or precision agriculture). Since 2020, Mr. Rodner has been a professor of machine learning and data science at the Berlin University of Applied Sciences (HTW Berlin). His research focuses on active learning and learning under data scarcity, as well as numerous application-oriented image processing problems.
- Etienne Schneider has more than 25 years of international experience in politics and business. Before joining the government of Luxembourg, the graduate in commerce and finance was CEO of numerous large companies. In 2012, Etienne Schneider took over as Minister of Economy and Foreign Trade in the government of Jean-Claude Juncker. He was subsequently appointed Deputy Prime Minister, Minister of Internal Security and Minister of Defense. In 2015, Etienne Schneider initiated the important and innovative initiative "Luxembourg Space Resources", (SpaceResources.lu), which deals with the exploration and possible exploitation of space raw materials. In 2018, he was reappointed Deputy Prime Minister and Minister of Economy, and also assumed the post of Minister of Health. After retiring from active politics, Etienne Schneider returned to the private sector in 2020 and has since been a member of several supervisory boards, including Arcelor Mittal, Besix, LuxTP and Jan de Nul.
- Wolfgang Prinzenberg has been working as a lawyer in commercial and corporate law as well as in extensive white-collar criminal cases for more than three decades. He is familiar with nearly all difficult issues related to the establishment and management of companies through his legal work representing managers in national and international criminal proceedings as well as assisting managing directors, board members and senior executives in 'internal investigations'. Wolfgang Prinzenberg combines his advice to international companies on all compliance issues as a business mediator with consensual dispute resolution skills. Wolfgang Prinzenberg advises the Issuer on all compliance issues, which must maintain an ethical compass in a world that is becoming digitally independent, especially in the use of artificial intelligence.

The business address of each member of the Advisory Board is at Metallstrasse 9a, 6300 Zug, Switzerland.

### 7.2. Remuneration and benefits

The combined cash remuneration of the Board of Directors and Management amounts to EUR 88,000 (gross) per month including any benefits and allowances (also subject to employer contributions to Swiss social security and pension schemes). This includes the following fringe benefits or benefits in kind: Railway card for Switzerland and/or Germany if such travels required for business purposes regularly (around EUR 100 per month per person), cell phone and subscription with respective Swiss service provider (around EUR 100 per month per person). In 2022 Financial Year, a total amount of EUR 1,033,089 was paid to the members of the board of directors and management combined (2021 Financial Year: EUR 46'177) plus EUR 139,897 social security costs (see 2022 Financial Statements, Section 19 *Related Parties* under the heading *Key management personnel compensation*).

The members of the Advisory Board receive only a cash remuneration of CHF 200 – 250 (= approximately EUR 198 – EUR 247) per hour worked. Apart from that, there are no other contingent or deferred compensations, financial, in kind or fringe benefits paid, set aside or accrued by the Issuer (including to provide pension, retirement or similar benefits).

### 7.3. Shareholdings and stock options

As of the date of this Prospectus Mr. Michael Keusgen owns through his 100% ownership in Rheinfall Beteiligungen GmbH, Alfred-Keller-Str. 54, 53721 Siegburg, Germany, 37.25% of the Shares, i.e. 4,842,400 Shares of the Issuer. In addition, Bermuda Consulting AG, Blegistrasse 13, 6340 Baar, Switzerland, a company that is owned 50% by Mr. Michael Keusgen, owns 2.64% of the Shares of the Issuer, i.e. 343,658 Shares. Thus, assuming that 50% of the voting rights of Bermuda Consulting AG would be allocated to Mr. Michael Keusgen and considering the voting rights controlled by Mr. Michael Keusgen through Rheinfall Beteiligungen GmbH

(100% ownership), Mr. Michael Keusgen controls 38.57% of the voting rights of the Issuer.

In connection with the Employee Stock Option Plan ("ESOP" or "Plan") of the Issuer, the following option rights to obtain Participation Certificates (subject to fulfilment of respective conditions and restrictions according to the Plan, cf. Section 9.5. *Share Capital, Participation Capital and issued Dividend Rights Certificates by the Issuer*) have been granted to members of the Management (Section 7.1.2. *Management*) and Advisory Board (Section 7.1.3 *Advisory Board*) as per date of the Prospectus:

- 4,000 options granted to Dr. Daniela Böckmann, Chief Administration and Accounting Officer (CAO) of the Issuer



## 8. FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS (KPIs)

### 8.1. Audited financial information

For the purpose of this Prospectus, the Issuer has prepared audited consolidated financial statements as per 31 December 2022 in accordance with the IFRS as issued by the IASB and adopted by the EU that include as comparative period the financial information from 1 January 2021 until 31 December 2021 ("2022 Financial Statements").

The 2022 Financial Statements have been audited by an independent auditor Mazars AG, Herostrasse 12, 8048 Zurich, Switzerland (registration number CHE-248.814.976) (signing auditors Mr Roger Leu, license number (RAB-Nr.) 102150 and Mr. Icare Regnier, license number (RAB-Nr.) 111251), in accordance with International Standards on Auditing (ISAs). The auditor has audited the 2022 Financial Statements under a contract entered into specifically for the purpose of this Prospectus. The auditor's report includes a clean opinion that the Financial Statements present fairly, in all material respects, the financial position of the Issuer as of 31 December 2022, and its financial performance and its cash flows for the period from 1 January 2022 to 31 December 2022 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The auditor's report does not contain any qualifications.

The 2022 Financial Statements of the Issuer as per 31 December 2022, including the audit report, are attached to this Prospectus as annex 1. The 2021 Financial Statements of the Issuer covering the period from 1 January 2021 until 31 December 2021, including the audit report, are attached to this Prospectus as annex 2 ("2021 Financial Statements", "Prior Year" or "PY").

Financial Information of the Company (balance sheet, income statement and cash flow statements) is provided in the tables below. Unless otherwise stated, the information of this Section below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and related notes.

#### a) Balance sheet

Assets	31 December 2022 (EUR)	31 December 2021 (EUR)
Current assets	288,853	990,823
Non-current assets	4,580,785	3,610,003
<b>Total assets</b>	<b>4,869,638</b>	<b>4,600,826</b>
Liabilities		
Current liabilities	2,937,047	829,526
Non-current liabilities	90,987	133,521
<b>Total liabilities</b>	<b>3,028,034</b>	<b>963,047</b>
Nominal Share and Participation Capital	166,754	156,563
Capital reserves	12,428,248	9,214,096
Prepaid Participation Capital reserve	1,019,548	406,500
Other reserves	13,251	(31,108)
Retained earnings	(11,786,197)	(6,108,272)
<b>Total equity</b>	<b>1,841,604</b>	<b>3,637,779</b>
<b>Total equity and liabilities</b>	<b>4,869,638</b>	<b>4,600,826</b>

**b) Income statement**

	1 January 2022 – 31 December 2022 (EUR)	1 January 2021 – 31 December 2021 (EUR)
Revenue	187,995	–
<i>Cost of Sales</i>		
Amortization of capitalized development costs	(662,589)	–
Other cost of sales	(627,847)	
<b>Gross loss</b>	<b>(1,102,441)</b>	–
Research and development	(1,803,400)	(851,549)
General and administration	(4,997,040)	(5,124,456)
<b>Operating loss</b>	<b>(7,902,881)</b>	<b>(5,976,005)</b>
Financial income	-	21,137
Financial costs	(78,755)	(31,890)
<b>Loss before tax</b>	<b>(7,981,636)</b>	<b>(5,986,722)</b>
Income tax expense	2,621	(3,251)
<b>Loss for the period attributable to owners of the Company</b>	<b>(7,979,015)</b>	<b>(5,989,973)</b>
Remeasurement of net defined benefit obligation	4,682	(31,108)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(7,974,333)</b>	<b>(6,021,081)</b>

**c) Cash-flow statement**

	1 January 2022 – 31 December 2022 (EUR)	1 January 2021 – 31 December 2021 (EUR)
<i>Cash flows from operating activities</i>	–	–
<b>Loss for the period</b>	<b>(7,979,015)</b>	<b>(5,989,973)</b>
<i>Adjustments for:</i>		
Amortization	662,589	–
Depreciation	209,624	64,666
Share based payment	206,250	–
Extinguishment of financial liabilities with equity instruments	170,731	–
Net effect from lease agreement termination	64,416	–
Financial income	–	(21,172)
Financial expense	78,755	31,890
Income tax expenses	(2,621)	3,251

Non-cash employee benefit expense	46,099	18,463
Other paid finance costs	(18,561)	(31,890)
Other non-cash items	(8,723)	30,846
<i>Changes in working capital:</i>		
Decrease/(increase) in trade receivables	(39,352)	–
Decrease/(increase) in other receivables	61,599	(148,755)
Increase/(decrease) in trade payables	1,164,039	355,878
Increase/(decrease) in other current liabilities	232,131	291,839
<b>Net cash outflow from operating activities</b>	<b>(5,152,039)</b>	<b>(5,394,958)</b>
<i>Cash flows from investing activities</i>		
Acquisition of intangible assets	(1,419,923)	(3,379,566)
Acquisition of property, plant and equipment	(4,225)	(11,414)
<b>Net cash outflow from investing activities</b>	<b>(1,424,148)</b>	<b>(3,390,980)</b>
<i>Cash flows from financing activities</i>		
Proceeds from prepaid participation capital	6,510,721	10,311,399
Costs of proceeds from PC-capital increase	(1,090,104)	(1,763,359)
Proceeds from issue of dividend rights certificates	215,883	
Proceeds from financial liabilities	524,888	–
Repayment of financial liabilities	(48,989)	(50,000)
Payment of principal elements of lease liability	(215,935)	(58,410)
<b>Net cash inflow from financing activities</b>	<b>5,896,464</b>	<b>8,439,630</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(679,723)</b>	<b>(346,308)</b>
Cash and cash equivalents at beginning of the period	840,353	1,186,661
<b>Cash and cash equivalents at the end of the period</b>	<b>160,630</b>	<b>(840,353)</b>

Source: Financial Statements (audited)

#### d) Accounting policies and explanatory notes

As indicated above, the 2022 Financial Statements of the Issuer have been prepared in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee, applicable to companies reporting under IFRS. The Financial Statements comply with IFRS as issued by the IASB and were adopted by the EU.

These Financial Statements are the second financial statements that the Company has prepared covering a full financial year in accordance with IFRS as adopted by the EU. The comparative period is shown from 1 January 2021 until 31 December 2021.

The 2022 Financial Statements of the Company are presented in EUR, which is the Company's functional currency, based on the fact that the EUR is the currency of the primary economic environment of the Company since it influences most of the sales prices for goods and services and also material and other costs of providing goods and services. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transaction and from the transaction at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or expense. Non-monetary items are translated to the functional currency using the historical exchange rate at the transaction date.

The 2022 Financial Statements have been prepared on a going concern basis which assumes that the Company will continue to exist in the foreseeable future. The Company has raised new Participation Capital during the year 2023 and is planning to raise additional Participation Capital during the year 2024.

For further information, please see the full 2022 Financial Statements, including explanatory notes and an audit report as per 31 December 2022, attached as annex 1 to this Prospectus (2021 Financial Statements in annex 2 to this Prospectus).

## 8.2. Key Performance Indicators (KPIs)

Based on the 2022 Financial Statements of the Issuer as per 31 December 2022 (annex 1 to this Prospectus, 2021 Financial Statements in annex 2 to this Prospectus), the following KPIs will be calculated (all non-audited):

### Debt-to-equity ratio

The debt-to-equity ratio is a measure of the degree to which a Company is financing its operations through debt versus wholly-owned funds (it is calculated as follows: total liabilities divided by total equity multiplied by 100). This measure allows the reader to have a better understanding to what degree the business operations are financed by debt. As per 31 December 2022, the net equity of the Issuer amounted to EUR 1,841,604 and the liabilities amounted to EUR 3,028,034. This results in a debt-to-equity ratio of 1.6 (PY 0.265). Such an elevated debt-to-equity ratio usually represents a medium risk company. However, it should be considered that the Issuer is generating just limited turnover and is still in an early stage of its development. Thus, as a typical early-stage company it is highly dependent on obtaining sufficient investments on a regular basis (such as through subscriptions of its Participation Certificates offered under the Prospectus) or other types of funding to meet its ongoing financial obligations.

### Cash ratio / current ratio

The cash ratio is a measurement of the Company's liquidity, specifically the ratio of the Company's total cash and cash equivalents to its current liabilities. The cash ratio allows the reader to have a better understanding as to how the Company can repay its short-term debt with cash or near-cash resources (it is calculated as follows: cash and cash receivables divided by current liabilities). Similarly, the current ratio is a measurement of a Company's ability to pay short-term obligations or those due within one year with its current assets (it is calculated as follows: current assets divided by current liabilities). As per 31 December 2022, the current assets of the Issuer amounted to EUR 288,853 consisting of cash and cash equivalents of EUR 160,630, trade accounts receivables of EUR 39,352 and other current assets of EUR 88,871. On the other hand, the current liabilities amounted to EUR 2,937,047. This results in a cash ratio of 0.055 (PY 1.01) and current ratio of 0.098 (PY 1.2). Such a low cash and current ratio represents a high-risk company. In the case at hand the Issuer is generating just limited turnover and is still in an early stage of its development. Thus, as a typical early-stage company it is highly dependent on obtaining sufficient investments on a regular basis (such as through subscriptions of its Participation Certificates offered under the Prospectus) or other types of funding to meet its ongoing financial obligations and the inflow of such funds is highly fluctuating.

## 8.3. Significant change in financial position

Since the date of the 2022 Financial Statements of the Issuer (31 December 2022), attached as annex 1 to this Prospectus, there have been no significant changes to the Issuer's and its subsidiaries (please see Section 3.5 *Organizational Structure*) (collectively the "Group") financial position, besides of the following:

### Increase in Cash and Equity

The Issuer has made the following two increases of its Participation Capital after the conclusion of the 2022 Financial Statements:

- On 16 February 2023, 400,000 Participation Certificates were subscribed for and issued to the Issuer at nominal value;
- On 23 March 2023, 1,000,000 Participation Certificates were subscribed for and issued to the Issuer at nominal value.

These two increases of the Participation Capital at nominal value increased the Participation Capital by EUR 14,121.30 and reduced the capital reserves the same amount (net no changes to the total equity). Thereafter, 1,277,724 Participation Certificates were subsequently assigned to investors to settle respective subscriptions resulting in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by EUR 9,169,858 (gross proceeds of EUR 10,891,300 less costs of proceeds of EUR 1,721,442).

To obtain further funding the Issuer issued 3,461 Dividend Rights Certificates to investors against cash which resulted in a net increase of the total liabilities and shareholders' equity ("equity") and the total assets ("cash

and cash equivalents") of the Issuer by EUR 1,647,564 (gross proceeds of EUR 1,666,892 less costs of proceeds of EUR 19,328).

Thus, together with the assignment of the above-mentioned 1,277,724 Participation Certificates, the total liabilities and shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer increased by a net amount of EUR 10,817,422 (total gross proceeds of EUR 12,558,192 less total costs of proceeds of EUR 1,740,770) after the date of the 2022 Financial Statements.

#### **8.4. Dividend policy**

The Swiss CO requires that, among other things, at least 5% of the annual profits are retained as general reserves, so long as these reserves amount to less than 20% of the registered Share Capital. Swiss law and the Articles of Association permit accrual of additional reserves. In addition, the Issuer may only pay dividends out of balance sheet profits, out of reserves created for this purpose or out of free reserves. In any event, under the Swiss CO, while the Management Board may propose that a dividend be paid, the Issuer may only pay dividends upon shareholders' approval at a General Meeting. Interim dividends are only permitted if the Issuer prepares interim financial statements.

Dividends become due at the date of the General Meeting if the General Meeting does not define a different due date. Dividends are paid directly to the shareholders, holders of Participation Certificates and of Dividend Rights Certificates less a withholding tax (if applicable, for more information, please see Section 5 *Terms and conditions of the Offer Securities*). Dividends are resolved by a simple majority of the votes present at the General Meeting. The Board of Directors makes a proposal to the General Meeting, if and which amount should be distributed as dividend.

The Issuer does not have a fixed dividend distribution policy. The dividend rights do not lapse.

There are no fixed dividend distribution dates. Dividend distributions and the respective dates (if any) will be resolved by a General Meeting that is held each year within the first six months of the business year or during a business year, if requested by the Board of Directors. There are no dividend restrictions. There is no fixed rate or method of calculation of the dividends.

As at the date of this Prospectus, the Issuer has issued 13,000,000 Shares and 6,344,238 Participation Certificates. In addition to that, the Issuer has issued 23,692 Dividend Rights Certificates (in German: *Genussscheine*) outstanding that grant their owners the right to participate in the distribution of the Issuer's profit equally to 8,000,000 million ordinary Shares or Participation Certificates. Thus, any dividend distributions of the Issuer will be split in equal parts between the Dividend Rights Certificates equated to 8,000,000 Shares (not part of the Share Capital of the Issuer), 13,000,000 Shares and the exact number of Participation Certificates outstanding at the time of the dividend distribution.

The dividends to the holders of Shares, Participation Certificates and of Dividend Rights Certificates become due on the date of the General Meeting or a different date, if decided accordingly by the General Meeting. Eligible to receive a dividend are holders of Shares, Participation Certificates and of Dividend Rights Certificates at the date of the General Meeting or at a different date as decided by the General Meeting (record date).

All dividends will be paid out in EUR (see sections 7.5 *Dividend Policy* and 5 *Terms and Conditions of the Offer Securities* sub-section *Withholding tax on dividends* for a discussion of certain aspects of dividend distributions and the taxation of dividends) using the wire instructions (IBAN) provided by each owner of Participation Certificates. If paid out to an account of an owner of Participation Certificates in a currency other than EUR, the expenses for currency exchange will be borne by the respective owner.

As at the date of this Prospectus, the Issuer has not yet paid any dividends.

#### **8.5. Pro forma financial information**

Besides of the mentioned increases of the shareholders' equity ("equity") and the total assets ("cash and cash equivalents") of the Issuer by (net) EUR 10,817,422 after the date of the 2022 Financial Statements as described in section 8.3 *Significant change in financial position*, there have been no significant transactions or other significant gross changes that might have affected the assets and liabilities and earnings of the Issuer since the end of the period described in the Financial Statements of the Issuer (31 December 2022), attached as annex 1 to this Prospectus. The Issuer takes the view that, in accordance with the Guidelines of the European Securities and Markets Authority dated 4 March 2021 regarding the disclosure requirements under the Prospectus Regulation, the effects of the significant gross change as described in section 8.3 *Significant change in financial position* are sufficiently described in the narrative information provided in such section and therefore the Issuer refrains from providing any additional pro forma financial information in this Prospectus.

## 9. SHAREHOLDERS AND SECURITY HOLDER INFORMATION

### 9.1. Shareholders

The following persons currently have an interest in the Issuer's Share Capital and voting rights which is equal or above 5% of total Share Capital and voting rights:

Name	Address	Interest in Share Capital	Interest in voting rights
Rheinfall Beteiligungen GmbH*	Alfred-Keller-Str. 54, 53721 Siegburg, Germany	37.25%	37.25%
Mr. Daniel Hoffmann	Maikammer 55 A, 42489 Wülfrath, Germany	19.49%	19.49%
Ms. Anja Bornemann	Widdiger Str. 40, 50968 Cologne, Germany	19.49%	19.49%
Mr. Peter Steiner	Aeschiweg 5, 3067 Boll, Switzerland	10.82%	10.82%
Mr. Mark Rau	Suitbertusstrasse 90a, 40223 Düsseldorf, Germany	5.30%	5.30%
Mr. Michael Kramer	Edithsteinstr. 15, 63150 Heusenstamm, Germany	5.00%	5.00%
Bermuda Consulting AG**	Blegistrasse 13, 6340 Baar, Switzerland	2.64%	2.64%

\* Owned by: Mr. Michael Keusgen, business address at Metallstrasse 9a, 6300 Zug, Switzerland (100%)

\*\* Owned by: Mr. Michael Keusgen, business address at Metallstrasse 9a, 6300 Zug, Switzerland (50%) and Mr. Peter Steiner business address at Chamerstrasse 44, 6331 Hünenberg, Switzerland (50%)

None of the holders of Participation Certificates currently has at least 5% of the total Participation Capital.

Please note that the Participation Certificates (Offer Securities) offered under this Prospectus do not include voting rights.

Each Share carries one vote at the General Meeting. There are no restrictions on voting rights of Shares. All the Shares have identical voting rights.

As at the date of this Prospectus, there are no arrangements known to the Issuer, the operation of which may at a subsequent date result in or prevent a change in control of the Issuer.

### 9.2. Legal and arbitration proceedings

In the 12 months prior to the date of this Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had in the recent past significant effects on the Issuer and/or the Group's financial position or profitability.

### 9.3. Conflicts of interest

As at the date of this Prospectus, there are:

- no potential conflicts of interests known to the Issuer between any duties to the Issuer, of the person(s) referred to in Section 7.1 *Administrative, management and advisory bodies* of this Prospectus, and their private interests and or other duties;
- no arrangement or understanding with the Shareholders, customers, suppliers, or others, pursuant to which the person(s) referred to in Section 7.1 *Administrative, management and advisory bodies* of this Prospectus were selected as a member of the Board of Directors;
- no restrictions agreed by the person(s) referred to in Section 7.1 *Administrative, management and advisory bodies* of this Prospectus on the disposal within a certain period of time of their holdings in the Issuer's Offer Securities.

### 9.4. Related party transactions

During the financial year ended 31 December 2022, the Company paid a total amount of EUR 503,479 to service companies controlled by members of the board of directors and executive board for management, IT and administrative services. This includes EUR 263,788 that was invoiced by a service company of a former member of the management instead of the payment of a salary. During the period covered by the Financial Statements and up to the date of this Prospectus, there have been no other related party transactions which would be, as a single transaction or in their entirety, material to the Issuer.

## 9.5. Share Capital, Participation Capital and issued Dividend Rights Certificates by the Issuer

As at the date of this Prospectus, the Issuer has a fully paid Share Capital of CHF 130,000 with 13,000,000 registered Shares (in German: *Aktien*) with a par value of CHF 0.01 each (unchanged since registration with Commercial Register on 2 December 2020).

In addition to that, as at the date of this Prospectus, the Issuer has a fully paid Participation Capital of CHF 63,442.38 with 6,344,238 registered Participation Certificates with a par value of CHF 0.01 each. From these Participation Certificates, the Issuer is holding 122,276 Participation Certificates in treasury as per date of the Prospectus.

Participation Certificates confer the same rights on its owners as Shares except for the voting right and all rights connected to the voting right (such as the right to call for a General Meeting, to participate in a General Meeting, to request information from the Issuer and the right to propose agenda items for a General Meeting).

According to art. 4a of the Articles of Association, the Board of Directors is authorized to increase the Participation Capital of the Issuer by up to CHF 71,000 by issuing up to 7,100,000 Participation Certificates with a nominal value of CHF 0.01 each (of which the Participation Certificates are offered under this Prospectus will be created).

### Dividend Rights Certificates

The Issuer has issued Dividend Rights Certificates (in German: *Genussscheine*), which do not form part of the Share or Participation Capital of the Issuer, do not have a nominal value and do not confer any voting rights. The Participation Capital therefore appears – in contrast to the Dividend Rights Certificates – on the liabilities side under equity and forms – jointly with the Share Capital – the share and participation capital of the Issuer. The Dividend Rights Certificates only provide the right to participate in distributions of the Issuer's earnings or liquidation proceeds in accordance with the Articles of Association. Dividend Rights Certificates are issued in favour of persons who are connected with the Issuer through previous capital participation or as shareholders, creditors, employees or in a similar way.

The Issuer has issued 23,692 Dividend Rights Certificates to which rights are attached to participate in the distribution of the Issuer's profit and liquidation proceeds in accordance with the Articles of Association. According to the Articles of Association, these Dividend Rights Certificates are divided into the following categories:

Dividend rights certificate category:	Number of certificates:	Profit share / subscription right per certificate as:
Dividend rights certificate A	280	5,000 Participation Certificates
Dividend rights certificate B1	7,800	110 Participation Certificates
Dividend rights certificate B2	7,800	55 Participation Certificates
Dividend rights certificate K1	1,460	200 Participation Certificates
Dividend rights certificate K2	1,300	2,000 Participation Certificates
Dividend rights certificate P1	750	1,000 Participation Certificates
Dividend rights certificate P2	1,200	100 Participation Certificates
Dividend rights certificate UE	3,102	500 Participation Certificates

Thus, under the assumption that (i) all the Offer Securities will be subscribed for and fully paid by the Investors (2,000,000 million units), (ii) 50% of the currently outstanding Convertible Loans will be settled by 55,996 Treasury Participation Certificates, (iii) for the settlement of the subscriptions under this Prospectus 1,933,720 additional Participation Certificates have to be issued by way of Participation Capital increases (the remainder will be settled through the then remaining 66,280 Treasury Participation Certificates) and (iv) there are no other capital increases



or issuances of Shares, Participation Certificates or Dividend Rights Certificates in the meantime, distributions of the Issuer's profit and liquidation proceeds will be split into 29,277,958 equal units of which each Investor will receive a share corresponding to the number of Offer Securities subscribed for. For example, if the Issuer was to distribute a dividend of CHF 100,000 and an Investor has subscribed for 1,000 Participation Certificates in the course of the Offering, the Investor would receive CHF 3.42 (rounded) as a dividend (less taxes (if any) and bank or transfer fees).

As at the date of this Prospectus, except for 122,276 Treasury Participation Certificates, no Shares or Participation Certificates in the Issuer are being held by or on behalf of the Issuer.

According to the Articles of Association, the Issuer is entitled at any time to exchange all or some of the aforementioned 23,692 Dividend Rights Certificates for Shares or Participation Certificates without the consent of their owners. The General Meeting may decide upon such exchange. It requires a resolution of the General Meeting and the Issuer must be able to provide the additional nominal capital (if needed) for the issuance of new Shares or Participation Certificates. In this case, the exchange ratio shall be: Per one Dividend Rights Certificate that number of Shares or Participation Certificates as one Dividend Rights Certificate of the respective type participates in the balance sheet profit in accordance with that number of Participation Certificates allocated to it pursuant to the Articles of Association. On the occasion of the exchange, each Dividend Rights Certificate owner shall receive as many Shares or Participation Certificates so that the profit-sharing rights previously attached to their respective Dividend Rights Certificates are not diluted. These new Shares or Participation Certificates participate in the distribution of retained profit and liquidation proceeds in the same way as previously issued Shares or Participation Certificates.

### **Employee Stock Option Plan**

At the General Meeting held on 28 October 2022, the shareholders resolved (among others) to create a Conditional Participation Capital of CHF 17,000.00 divided into 1,700,000 Participation Certificates for the purpose of the participation of employees, members of the Board of Directors and/or consultants of the Issuer and/or potential subsidiaries ("Eligible Persons") with an exclusion of the subscription right and the advance subscription right of shareholders and holders of Participation Certificates; if Eligible Persons exercise the respective option rights, the Participation Capital will be increased accordingly. An employee stock option plan ("ESOP" or "Plan") governing the specific terms for granting such option rights has been adopted on 13 July 2023 by the Issuer. The Board of Directors decides in its sole discretion to invite Eligible Persons to participate in the Plan, to allocate the number of option rights to obtain Participation Certificates ("Option Rights") and whether conditions or milestones linked to the exercise of such Option Rights (if any) are fulfilled. The Option Rights under the Plan are granted for free and each Option Right entitles the Eligible Person to purchase one Participation Certificate at the agreed exercise price. According to the Plan, Option Rights vest at the expiry of one year from the date of the option agreement or any other date as specified by the Board of Directors and as set forth in in the option agreement with the respective Eligible Person. Unless otherwise provided in the option agreement, Option Rights may be exercised during the entire period starting from the date when vesting occurs until the earlier of twelve months thereof, or the day the respective contractual relation with the respective Eligible Person is terminated or otherwise ends. The Board of Directors shall settle the exercised Option Rights at least one time per year in due time after the expiry of the previous financial year and can decide at its sole discretion to settle the Option Rights physically with one Participation Certificate per exercised Option Right or by cash by paying the difference between exercise price according to the respective option agreement and current market value of the Participation Certificates.

As per date of the Prospectus, the Issuer has granted 4,000 option rights according to the Plan to Eligible Persons that would – if exercised subject to fulfilment of different requirements, such as payment of the exercise price – lead to a corresponding number of additional Participation Certificates being issued out of the Conditional Participation Capital.

As for rights of existing shareholders and holders of Participation Certificates to acquire Shares and/or Participations Certificates to be newly issued, according to the Swiss CO and the Articles of Association, they have rights to subscribe for Shares/Participation Certificates (of the same type, if the Share Capital and Participation Capital are increased in the same relation) in order to avoid dilution of their participation quotas. Such subscription right is excluded in case of issuances of Participation Certificates to Eligible Persons out of the Conditional Participation Capital.

### **Convertible Loans**

The Issuer has obtained eight convertible loans with a combined principal amount of EUR 600,000, subject to interest rates between 4.75% - 5% p.a. that must be repaid in cash or by assigning or issuing Participation Certificates to the lenders, depending on the respective agreement upon request of the Issuer or lender, at a conversion rate between EUR 3.50 – 8.25 per Participation Certificate ("Convertible Loans"). Thus, if all Convertible Loans will be converted, the Issuer will assign or issue up to 111,991 Participation Certificates to the respective lenders, either assigned from the Treasury Participation Certificates or issued by creation of new Participation Certificates through Participation Capital increases. One of these Convertible Loans in the amount of EUR 50,000 will become due on 28 February 2024, however, the Issuer and the respective lender have

reserved the right to convert the amount due in Participation Certificates at a valuation of EUR 5.00 per Participation Certificate. The remaining seven Convertible Loans have no fixed maturity dates and can be terminated anytime by the Issuer or respective lenders observing a notice period of three months. However, only the lenders have reserved to request conversion into Participation Certificates at a conversion rate of EUR 3.50 – 8.25 per Participation Certificate.

Subject to the rights and obligation in connection with above-mentioned capital increases, there are currently no valid acquisition rights or obligations over authorised and/or conditional but unissued capital, or undertakings to increase capital, or options established or agreed to be established over the Issuer's capital.

## **9.6. Articles of Association**

According to the Articles of Association, whenever new Shares or Participation Certificates are issued, each Dividend Rights Certificate owner has the right to receive, per each of his Dividend Rights Certificates, the same amount of Shares or Participation Certificates allocated to the type of his respective Dividend Rights Certificate for determining its owner's share in the Issuer's profit. This means that when new Shares or Participation Certificates are issued, each Dividend Rights Certificate owner has the right to subscribe for enough Shares or Participation Certificates that the profit-sharing rights attached to his Dividend Rights Certificates are not diluted.

In the event of an increase in the Share Capital or Participation Capital, the shareholders or owners of Participation Certificates have a subscription right to the newly issued Shares or Participation Certificates in accordance with their previous shareholdings except for issuances of Participation Certificates in connection with the Conditional Participation Capital due to exercise of option rights granted under the ESOP to Eligible Persons. The subscription rights for newly issued Shares or Participation Certificates are not publicly tradable but transferable. However, the General Meeting may restrict or cancel this subscription right by a two thirds majority of the votes represented and a majority of the Share Capital represented for important reasons according to Article 652b of the Swiss CO (e.g. when acquiring companies, issuing Shares for employee participation, placing shares on the capital market, etc.). Regarding the Authorised Participation Capital of up to CHF 71,000 that may be created by the Board of Directors until 28 October 2024 (of which CHF 20,000 or 2,000,000 Participation Certificates respectively are offered under this Prospectus until 13 March 2025), the Articles of Association contain a similar provision that the Board of Directors may restrict the subscription rights related to the issuance of these Participation Certificates for important reasons such as in connection with the acquisition of companies, businesses or participations or new investments or for the participation of employees.

If subscription rights are not exercised or waived, the Board of Directors is authorised to allocate such subscription rights at its discretion in the interest of the Company and observing the equal treatment of the shareholders and holders of Participation Certificates. The Board of Directors is obliged to disclose the allocation of the unexercised subscription rights in the capital increase report.

## **9.7. Material contracts**

No material contracts, other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group is a party, have been concluded from the date of the 2022 Financial Statements (31 December 2022) until the date of this Prospectus.

## **10. DOCUMENTS AVAILABLE**

### **Annexes to this Prospectus**

This Prospectus is annexed with the following documents:

- 1) Company's audited consolidated financial statements dated 31 December 2022 that include as comparative period the financial information from 1 January 2021 until 31 December 2021, together with the independent auditor's audit report, issued on 30 October 2023 by MAZARS AG (annex 1);
- 2) Company's audited financial statements dated 31 December 2021 that include as comparative period the financial information from 27 November 2020 until 31 December 2020, together with the independent auditor's audit report, issued on 16 December 2022 by MAZARS AG (annex 2); and
- 3) currently valid Articles of Association of the Issuer, dated 23 March 2023, including translation thereof into English (annex 3).

### **Documents on display**

Throughout the period of validity of this Prospectus, the Prospectus, including the aforementioned annexes, will be accessible on the website of the Company, at <https://ella-group.io/en/home/> and may also be inspected at the head office of the Company located at Metallstrasse 9a, 6300 Zug, Switzerland, during business hours. Any interested party may obtain a copy of these documents without charge.

## 11. IMPORTANT NOTICE

The distribution of this Prospectus and the Offering of the Offer Securities in certain jurisdictions may be restricted by law. Any person residing outside of Luxembourg, Germany, Austria, and the Netherlands may receive this Prospectus only within limits of applicable special provisions or restrictions.

The Issuer requires persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. This Prospectus may not be distributed or published in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Luxembourg laws, including the United States of America, Australia, Canada, Hong Kong and Japan. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Offer Securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Issuer or its representatives and/or legal advisors do not accept any legal responsibility whatsoever for any such violations, whether or not a prospective Investor is aware of such restrictions.

In addition to that this Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Securities offered hereby in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions, including those set out in this Section. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition for the subscription/purchase of any Offer Securities in the Offering, each subscriber/purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties, which will be relied upon by the Company. The Company reserves the right, at its sole and absolute discretion, to reject any subscription/purchase of Offer Securities that the Company or any of its agents (if any) believe may give rise to a breach or a violation of any law, rule or regulation.

The Offer Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Offer Securities have not been and will not be registered in accordance with the U.S. Securities Act of 1933 (the "Securities Act") or under the securities laws of any state of the United States of America and accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into the United States of America, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any securities laws of any state of the United States of America.

Unless specifically otherwise stated in this Prospectus, the Offer Securities may not be, directly or indirectly, offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Luxembourg laws including the United States of America, except for the exceptions to registration obligation allowed by the securities laws of the United States of America and its states, Australia, Canada, Hong Kong and Japan. The Issuer requires persons into whose possession this Prospectus comes to inform them of and observe all such restrictions.

This Prospectus constitutes a prospectus within the meaning of the Prospectus Regulation, for the purpose of giving the information with regard to the Company and the Offer Securities it intends to offer pursuant to this Prospectus, which is necessary to enable prospective Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company. This Prospectus has been prepared by the Company for use in connection with the Offering in Luxembourg, Germany, Austria, and the Netherlands only. The Company reserves the right to reject any offer to purchase/subscribe the Offer Securities, in whole or in part, for any reason.

This Prospectus constitutes a Prospectus in the form of a single document within the meaning of Article 6(3) of the Prospectus Regulation. This Prospectus has been filed with and was approved by the CSSF, which is the competent authority in Luxembourg to approve this document as a Prospectus. However, in relation to each member state of the EEA (except Luxembourg, Germany, Austria, and the Netherlands), the Issuer has represented and agreed that it has not made and will not make any public offer of Offer Securities in that Relevant Member State prior to that Relevant Member State's competent authority receiving a certificate of approval of the CSSF attesting that the Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Prospectus, and the due publication of the Prospectus in accordance with that Relevant Member State's applicable rules.

Accordingly, any person making or intending to make an offer within the EEA of Offer Securities (other than the offer of Offer Securities in Luxembourg, Germany, Austria, and the Netherlands) may do so only in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

**No investment advice:** This Prospectus is not and does not purport to be investment advice. The Issuer is not acting as an investment advisor, not providing advice of any other nature, nor assuming any fiduciary obligation to any Investor in the securities.

**Independent evaluation:** Nothing set forth or referred to in this Prospectus is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer to any recipient of this Prospectus (or any document referred to herein) to purchase any securities.

An Investor should not purchase the Offer Securities unless he understands the extent of his exposure to potential loss. Given the nature, complexity and risks inherent in the Offer Securities, they may be unsuitable for an Investor's investment objectives in the light of his financial circumstances. Investors should consider seeking independent advice to assist them in determining whether the Offer Securities are a suitable investment for them or to assist them in evaluating the information contained in this Prospectus.

Each prospective Investor has sole responsibility for the management of his tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations. Neither the Issuer nor any of its affiliates or advisors will provide them with tax or legal advice and they have to obtain their own independent tax and legal advice tailored to their individual circumstances. The tax treatment of structured products, such as Offer Securities, may be complex; the tax treatment applied to an individual depends on their circumstances. The level and basis of taxation may alter during the term of any product.

### 11.1. Presentation of financial and other information

**Financial information:** This Prospectus contains financial statements of, and financial information relating to, the Issuer (attached as annex 1 hereof).

The Issuer has prepared audited consolidated financial statements as per 31 December 2022 in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union (the "2022 Financial Statements").

The presentation of financial information in accordance with IFRS requires the Issuer to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto.

The 2022 Financial Statements were audited by MAZARS AG, registered at the address: Herostrasse 12, 8048 Zurich, Switzerland (see Section 8.1 *Audited financial information*).

**Approximation of numbers:** Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision as the Issuer deems sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive levels of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the financial statements of the Company to the extent that the relevant information is reflected therein.

**Dating of information:** This Prospectus is drawn up based on information which was valid on 13 March 2024. Where not expressly indicated otherwise, all information presented in this Prospectus (including the financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as at the aforementioned date. Thus, the use of expressions as "the date of this Prospectus", "to date", "until the date hereof" and other similar expressions, must all be construed to mean the date of this Prospectus (13 March 2024). Where information is presented as at a date other than 13 March 2024, this is identified by specifying the relevant date.

**Currencies:** In this Prospectus, financial information is presented in euro (EUR), i.e. the official currency of the EU Member States participating in the Economic and Monetary Union, including Luxembourg. Amounts originally available in other currencies have been converted to euro as of the date for which such information is expressed to be valid.

**Updates:** The Issuer will update the information contained in this Prospectus only by approving and announcing the Supplements to the Prospectus, as is mandatory under applicable law. The Issuer is under no obligation to update or modify forward-looking statements included in this Prospectus.

**Third-party information and market information:** The information contained in the Prospectus has been provided by the Issuer and/or received from other sources identified herein. Thus, with respect to certain portions of this Prospectus, some information may have been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such other third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Certain information with respect to the markets in which the Company is operating is based on the best assessment made by the Issuer. With respect to the industry in which the Company is or intends to be active, and certain jurisdictions, in which its operations are being or will be conducted, reliable market information might be unavailable or incomplete. While every reasonable care was taken to provide the best possible estimate of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation into the relevant

markets or seek professional advice. Information on estimated market shares within certain industries and/or sectors represents the Issuer's views, unless specifically indicated otherwise.

**Calculations and determinations:** Unless otherwise specified in this Prospectus, all calculations and determinations in respect of the Offer Securities were made by the Issuer.

## **11.2. Forward-looking statements**

This Prospectus includes forward-looking statements. Such forward-looking statements are based on current expectations and intentions about future events, which are in turn made on the basis of the best judgment of the Issuer. Certain statements are based on the belief of the Issuer as well as assumptions made by and information currently available to the Issuer as at the date of this Prospectus. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Company, the macroeconomic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as strategy, expect, forecast, plan, anticipate, believe, will, continue, estimate, intend, project, goals, targets and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The operations of the Company can be affected by among others changes in domestic and foreign laws and regulations, taxes, developments in competition, economic, strategic, political and social conditions and other factors. The Company's actual results may differ materially from the Issuer's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company (please see Section 4 *Risk factors* for a discussion of the risks which are identifiable and deemed material at the date hereof).

## 12. DEFINITIONS

In this Prospectus, the definitions will have the meaning indicated below, unless the context of the Prospectus requires otherwise. Definitions are listed in alphabetical order and the list is limited to the definitions which are considered to be of most importance. Other definitions may be used elsewhere in the Prospectus.

<b>“2021 Financial Statements”</b>	The audited consolidated financial statements as per 31 December 2021 in accordance with the IFRS as issued by the IASB and adopted by the EU that include as comparative period the financial information from 27 November 2020 until 31 December 2020 (annex 1).
<b>“2021 Financial Year”</b>	The period from 1 January 2021 until 31 December 2021 covered by the 2021 Financial Statements.
<b>“2022 Financial Statements”</b>	The audited consolidated financial statements as per 31 December 2022 in accordance with the IFRS as issued by the IASB and adopted by the EU that include as comparative period the financial information from 1 January 2021 until 31 December 2021 (annex 1).
<b>“2022 Financial Year”</b>	The period from 1 January 2022 until 31 December 2022 covered by the 2022 Financial Statements.
<b>“5G”</b>	5G is a fifth-generation technology standard for cellular networks, providing cellular connectivity to mobile phones, objects, and other devices.
<b>“Advisory Board”</b>	By resolution dated 15 May 2021 of the Board of Directors, the Issuer has established an internal advisory board to support and advise the Board of Directors upon request regarding business strategy and research and development matters (without authority to decide on behalf of the Issuer or to sign or bind the Issuer, competences regulated by internal regulations). The current members of the advisory board are Mr. Erik Rodner, Mr. Etienne Schneider and Mr. Wolfgang Prinzenberg.
<b>“Authorized Participation Capital”</b>	According to Article 4a of the Articles of Association (as resolved by the General Meeting of 28 October 2022), authorization of the Board of Directors to create and accordingly increase the Participation Capital, currently by the maximum amount of CHF 71,000 and to issue Participation Certificates in the maximum number of 7,100,000, whereby the issue price, date of dividend entitlement and type of contributions is determined by the Board of Directors.
<b>“Articles of Association”</b>	Articles of association of the Company dated 23 March 2023 effective as at the date of this Prospectus.
<b>“Artificial intelligence” or “AI”</b>	AI stands for artificial intelligence, a branch of computer science in which human intelligence processes are simulated by machines. It is a theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.



“Board of Directors”	The board of directors of the Company - being in charge of the ultimate direction of the Company as well as of the supervision and control of the management - as appointed from time to time.
“Business Day”	A day on which banks in Switzerland are open for general business.
“CMS”	CMS stands for content management system, a computer software used to manage the creation and modification of digital content. A CMS is typically used for enterprise content management and web content management.
“CSSF”	The responsible financial market supervisory authority in Luxembourg (in French: <i>Commission de Surveillance du Secteur Financier (CSSF)</i> ) with its registered office in 283, route d’Arlon, 1150 Luxembourg, Luxembourg.
“Conditional Participation Capital”	According to Article 4b of the Articles of Association (as resolved by the General Meeting of 28 October 2022), Participation Capital currently in the maximum amount of CHF 17,000 or Participation Certificates currently in the maximum amount of 1,700,000, respectively, that may be issued by the Issuer in connection with the exercise of option rights granted to employees, members of the Board of Directors and/or consultants of the Issuer and/or its subsidiaries, whereby the subscription right and the advance subscription right of holders of Shares and Participation Certificates are excluded.
“Convertible Loan”	Loans that must be repaid upon maturity by the Issuer in cash or by assigning or issuing Participation Certificates to the lenders – depending on the respective agreement upon request of the Issuer or lender – at a conversion rate between EUR 3.50 – 8.25 per Participation Certificate (at the date of the Prospectus a total principal amount of EUR 600,000 of such loans outstanding).
“CHF”	Swiss Franc, being the official currency of Switzerland.
“Commercial Register”	Commercial register of the Canton of Zug.
“Company” or “Issuer”	Ella Media AG – a corporation (in German: <i>Aktiengesellschaft</i> ) organised and existing under the laws of Switzerland, registration number CHE-370.592.352, registered at the address Metallstrasse 9a, 6300 Zug, Switzerland. The Company’s data is collected and stored with the Commercial Register.
“Delegated Regulation”	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended.

<b>“EEA”</b>	European Economic Area.
<b>“Eligible Person”</b>	Employees, members of the Board of Directors and/or consultants of the Issuer and/or potential subsidiaries that may receive option rights granted by the Issuer in connection with the ESOP to obtain – if exercised – Participation Certificates of the Issuer.
<b>“ESOP”</b>	Based on art. 4b of the Articles of Association (the Conditional Participation Capital) an Employee Stock Option Plan was adopted by the Issuer on 13 July 2023 based on which option rights may be granted to Eligible Persons with an exclusion of the subscription right and the advance subscription right of shareholders and holders of Participation Certificates; if Eligible Persons exercise the respective option rights, the Participation Capital will be increased accordingly.
<b>“EU”</b>	European Union.
<b>“EUR”, “€”, “euro”</b>	The lawful currency of the European Union Member States that have adopted the single currency, including Luxembourg.
<b>“Fiction”</b>	Literature in the form of prose, especially novels, that describes imaginary events and people.
<b>“General Meeting”</b>	General Meeting of Shareholders of the Company, the supreme body of the Company.
<b>“Generative AI”</b>	Generative AI describes artificial intelligence programs that allow machines to use elements such as audio files, text, and images to produce content. It has recently also become the label for an emerging market made up of companies creating tools that turn commands into the aforementioned media.
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the EU.
<b>“First Offer Period”</b>	From 13 March 2024 to 30 April 2024, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to 500,000 Participation Certificates, with a nominal value of CHF 0.01 will be offered at EUR 25.00 per Offer Security to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non-material) securities within the meaning of Article 973c of the Swiss CO.

<p><b>“Fifth Offer Period”</b></p>	<p>From 1 November 2024 to 31 December 2024, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.</p>
<p><b>“FMIA”</b></p>	<p>Swiss Financial Market Infrastructure Act of 19 June 2015 (status as of 1 August 2021).</p>
<p><b>“Financial Period”</b></p>	<p>Each fiscal year ending 31 December, or such other period in respect of which the Issuer prepares annual audited financial statements.</p>
<p><b>“Fourth Offer Period”</b></p>	<p>From 1 September 2024 to 31 October 2024, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.</p>
<p><b>“Group”</b></p>	<p>The Issuer and its wholly owned subsidiaries Ella Media Sàrl (34, Place Guillaume II, bureau 005, Luxembourg), Ella Solutions GmbH (Schanzenstr. 35, Cologne, Germany) and Ella Lab Germany GmbH (Schanzenstr. 35, Cologne, Germany).</p>
<p><b>“Institutional Investors”</b></p>	<p>Qualified Investors as defined in Article 2(e) of the Prospectus Regulation.</p>
<p><b>“Investors”</b></p>	<p>Individuals, corporate entities (legal persons) and non-corporate entities, being either Retail Investors or Institutional Investors, who intend to subscribe/purchase the Offer Securities in the Offering.</p>
<p><b>“Issue Date”</b></p>	<p>The issue date of the Offer Securities.</p>
<p><b>“Issue Price”, “Offer Price”, or “Subscription Amount”</b></p>	<p>The issue price of the Offer Securities of EUR 25.00 per Offer Security for the First Offer Period and that may be increased to no more than EUR 50.00 per Offer Security for the Subsequent Offer Periods (the final Offer Price for the Subsequent Offer Periods being announced in notices published on <a href="https://ella-group.io/en/investor-relations/">https://ella-group.io/en/investor-relations/</a> and on <a href="http://www.luxse.com">www.luxse.com</a>).</p>

<p>“Large Language Model / LLM”</p>	<p>Large Language Models are machine learning algorithms that can recognize, predict, and generate human languages on the basis of very large text-based data sets</p>
<p>“Management”</p>	<p>The management of the Company being in charge for the day to day business.</p>
<p>“Market Abuse Regulation”</p>	<p>Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.</p>
<p>“Member State”</p>	<p>A Member State of the European Economic Area.</p>
<p>“NLP”</p>	<p>Natural language processing (NLP) refers to the branch of AI concerned with giving computers the ability to understand text and spoken words in much the same way human beings can. NLP combines computational linguistics—rule-based modelling of human language—with statistical, machine learning, and deep learning models, enabling computers to process human language in the form of text or voice data and to ‘understand’ its full meaning, complete with the speaker or writer’s intent and sentiment.</p>
<p>“Non-fiction”</p>	<p>Literature or texts that describe real events, facts and people.</p>
<p>“Offering”</p>	<p>The offering of the Offer Securities based on this Prospectus.</p>
<p>“Offer Periods”</p>	<p>The First Offer Period and the Subsequent Offer Periods.</p>
<p>“Offer Securities” or “Participation Certificates”</p>	<p>Participation Certificates of the Issuer, with a nominal value of CHF 0.01 each, to be issued by the Company as uncertificated (non-material) securities within the meaning of Article 973c of the Swiss CO based on the respective resolution of the General Meeting dated 28 October 2022, and based on the decision of the Board of Directors, dated 12 March 2024 and offered to the Investors during the Offering under the terms and conditions of this Prospectus.</p>
<p>“Option Right”</p>	<p>Granted under the ESOP and by execution of an option agreement between Eligible Persons and the Issuer, the right to obtain (if exercised and against payment of an exercise price) one Participation Certificate per Option Right issued from the Conditional Participation Capital.</p>
<p>“Participation Capital”</p>	<p>Participation capital (German: <i>Partizipationskapital</i>) of the Issuer pursuant to Article 4 of the Articles of Association (also referred to as non-voting share capital), currently amounting to CHF 63,442.38 and divided into 6,344,238 fully paid in Participation Certificates.</p>
<p>“Prospectus” or “Growth Prospectus”</p>	<p>This document, prepared for the purpose of the Offering, including its annexes and supplements, if any.</p>

<b>“Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.
<b>“Regulation S”</b>	Regulation S under the U.S. Securities Act.
<b>“Related Parties”</b>	As defined in International Accounting Standard, 24 Related Party Disclosures.
<b>“Retail Investors”</b>	Individuals, corporate entities (legal persons) and non-corporate entities, not being the Institutional Investors, who intend to subscribe/purchase the Offer Securities in the Offering.
<b>“SaaS”</b>	Software as a Service (delivery of centrally hosted applications over the internet as a service).
<b>“Second Offer Period”</b>	From 1 May 2024 to 30 June 2024, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.
<b>“Section”</b>	A section of this Prospectus.
<b>“SEO”</b>	Search engine optimization is the process of improving the quality and quantity of website traffic to a website or a web page from search engines. SEO targets unpaid traffic rather than direct traffic or paid traffic.
<b>“Seventh Offer Period”</b>	From 1 March 2025 to 13 March 2025, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.

<p><b>“Shares”</b></p>	<p>The ordinary registered (voting) shares of the Company with a par value of CHF 0.01 each issued and outstanding at any time issued as uncertificated (non-material) security (in German: <i>Wertrechte</i>) within the meaning of Article 973c of the Swiss CO.</p>
<p><b>“Share Capital”</b></p>	<p>Share capital of the Issuer pursuant to Article 3 of the Articles of Association (also referred to as voting share capital), currently amounting to CHF 130,000.00 and divided into 13,000,000 fully paid in Shares.</p>
<p><b>“Shop Software”</b></p>	<p>Shop, or shopping cart software is a piece of e-commerce software on a web server that allows visitors to have an Internet site to select items for eventual purchase. The software allows online shopping customers to accumulate a list of items for purchase.</p>
<p><b>“Sixth Offer Period”</b></p>	<p>From 1 January 2025 to 28 February 2025, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.</p>
<p><b>“Software”</b></p>	<p>Software developed by the Issuer or third parties contracted by the Issuer for the production of industry-specific and consumer-centric content in the form of texts, audio, images and videos based on artificial intelligence.</p>
<p><b>“Subsequent Offer Periods”</b></p>	<p>The Second Offer Period from 1 May 2024 until 30 June 2024, the Third Offer Period from 1 July 2024 until 31 August 2024, the Fourth Offer Period from 1 September 2024 until 31 October 2024, the Fifth Offer Period from 1 November 2024 until 31 December 2024, the Sixth Offer Period from 1 January 2025 until 28 February 2025 and the Seventh Offer Period from 1 March 2025 until 13 March 2025).</p>
<p><b>“Subscription Orders”</b></p>	<p>Orders of the Investors to subscribe and acquire the Offer Securities.</p>
<p><b>“Subscription Forms” or “Subscriptions”</b></p>	<p>Forms provided by the Issuer electronically (accessible through a link published on <a href="https://ella-group.io/en/investor-relations/">https://ella-group.io/en/investor-relations/</a>), to subscribe for Offer Securities.</p>
<p><b>“Summary”</b></p>	<p>The summary of this Prospectus.</p>

"Swiss CO"	Swiss Code of Obligations of 30 March 1911 (status as of 1 September 2023).
"Synthetic Media Software"	Synthetic media is an all-encompassing term for the artificial creation or modification of media by purpose-specific software that rely on artificial intelligence and machine learning.
"Third Offer Period"	From 1 July 2024 to 31 August 2024, based on the respective resolution of the General Meeting dated 28 October 2022, and the decision of the Board of Directors of 12 March 2024 up to the amount of Participation Certificates then remaining to be offered under this Prospectus (in total up to 2,000,000 are available for all Offer Periods), with a nominal value of CHF 0.01 each and an Offer Price that may be increased to no more than EUR 50.00 per Offer Security will be offered to the investors during the Offering under the terms and conditions of this Prospectus, to be issued by the Company as uncertificated (non- material) securities within the meaning of Article 973c of the Swiss CO.
"Treasury Participation Certificates"	Participation Certificates of the Issuer that are held in treasury by the Issuer.
"U.S. Securities Act"	The United States Securities Act of 1933, as amended.
"VAT"	The value added tax applicable in Switzerland.
"VR/AR"	(Virtual Reality/ Augmented Reality) refers to computer-generated simulations that integrate the real world (AR) or are entirely self-contained (VR). AR applications let users move around in the real world, while in VR, users have to remain in the same location because you cannot see your surroundings through VR headsets.



## **Annex 1 (2022 Financial Statements)**

**Ella Media AG, Zug**

**Consolidated Financial Statements**

for the financial year ended 31 December 2022

# **Ella Media AG**

Consolidated Financial Statements for the financial year ended 31 December 2022

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# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## Consolidated Statement of Financial Position

in EUR	Notes	31 Dec 2022	31 Dec 2021
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	5	4'578'976	3'379'566
Property, plant and equipment	6	1'809	5'850
Right-of-use assets	18	-	224'587
<b>Total non-current assets</b>		<b>4'580'785</b>	<b>3'610'003</b>
<i>Current assets</i>			
Trade accounts receivables		39'352	-
Other current assets	7	88'871	150'470
Cash and cash equivalents	8	160'630	840'353
<b>Total current assets</b>		<b>288'853</b>	<b>990'823</b>
<b>Total assets</b>		<b>4'869'638</b>	<b>4'600'826</b>
<b>Equity</b>			
Share and participation capital	9	166'754	156'563
Capital reserves	9	12'428'248	9'214'096
Prepaid participation capital reserve	9	1'019'548	406'500
Other reserves	10	13'251	(31'108)
Retained earnings		(11'786'197)	(6'108'272)
<b>Total equity attributable to owners of the Company</b>		<b>1'841'604</b>	<b>3'637'779</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Lease liabilities	18	-	83'951
Net defined benefit obligation	10	90'987	49'570
<b>Total non-current liabilities</b>		<b>90'987</b>	<b>133'521</b>
<i>Current liabilities</i>			
Trade payables		1'864'549	383'434
Financial liabilities	11	467'134	-
Lease liabilities	18	75'143	151'002
Other current liabilities	12	530'221	295'090
<b>Total current liabilities</b>		<b>2'937'047</b>	<b>829'526</b>
<b>Total liabilities</b>		<b>3'028'034</b>	<b>963'047</b>
<b>Total liabilities and shareholders' equity</b>		<b>4'869'638</b>	<b>4'600'826</b>

The notes on pages 10 to 16 are an integral part of these financial statements.

# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

in EUR	Notes	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Revenue	13	187'995	-
<i>Cost of sales</i>			
Amortization of capitalised development costs	14	(662'589)	-
Other cost of sales	14	(627'847)	-
<b>Gross loss</b>		<b>(1'102'441)</b>	<b>-</b>
Research and development expenses	14	(1'803'400)	(851'549)
General and administrative expenses	14	(4'997'040)	(5'124'456)
<b>Operating loss</b>		<b>(7'902'881)</b>	<b>(5'976'005)</b>
Finance income	15	-	21'173
Finance costs	15	(78'755)	(31'890)
<b>Loss before tax</b>		<b>(7'981'636)</b>	<b>(5'986'722)</b>
Income tax expense	16	2'621	(3'251)
<b>Loss for the period attributable to owners of the Company</b>		<b>(7'979'015)</b>	<b>(5'989'973)</b>
<i>Earnings per share and participation and dividend rights certificate</i>			
Basic and diluted loss per share	17	(0.45)	(0.38)
Basic and diluted loss per participation certificate (PC)	17	(0.45)	(0.38)
Basic and diluted loss per dividend rights certificate (DRC) <sup>1</sup>	17	(0.45)	-
<sup>1</sup> Due to the different types of DRCs provided in PC equivalent (Note 9 and Note 17)			
<b>Other comprehensive income</b>			
<b>Loss for the period</b>		<b>(7'979'015)</b>	<b>(5'989'973)</b>
Remeasurement of net defined benefit obligation	10	4'682	(31'108)
<b>Total items that will not be reclassified to profit or loss</b>		<b>4'682</b>	<b>(31'108)</b>
<b>Total items that are or may be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>4'682</b>	<b>(31'108)</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>(7'974'333)</b>	<b>(6'021'081)</b>

The notes on pages to are an integral part of these financial statements.

# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## Consolidated Statement of Cash Flows

in EUR	Notes	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
<i>Cash flows from operating activities</i>			
<b>Loss for the period</b>		(7'979'015)	(5'989'973)
<i>Adjustments for:</i>			
Amortization	5	662'589	-
Depreciation	6, 18	209'624	64'666
Share based payment	9	206'250	-
Extinguishment of financial liabilities with equity instruments	9	170'731	-
Net effect from lease agreement termination	18	64'416	-
Finance income	15	-	(21'172)
Finance expenses	15	78'755	31'890
Income tax expense	16	(2'621)	3'251
Non-cash employee benefit expense		46'099	18'463
Other paid finance costs		(18'561)	(31'890)
Other non-cash items		(8'723)	30'846
<i>Changes in working capital:</i>			
Decrease/(increase) in trade receivables		(39'352)	-
Decrease/(increase) in other current assets		61'599	(148'755)
Increase/(decrease) in trade payables		1'164'039	355'878
Increase/(decrease) in other current liabilities		232'131	291'839
<b>Net cash outflow from operating activities</b>		<b>(5'152'039)</b>	<b>(5'394'958)</b>
<i>Cash flows from investing activities</i>			
Acquisition of intangible assets	5	(1'419'923)	(3'379'566)
Acquisition of property, plant and equipment	6	(4'225)	(11'414)
<b>Net cash outflow from investing activities</b>		<b>(1'424'148)</b>	<b>(3'390'980)</b>
<i>Cash flows from financing activities</i>			
Proceeds from prepaid participation capital (PC)	9	6'510'721	10'311'399
Costs of proceeds from PC-capital increase	9	(1'090'104)	(1'763'359)
Proceeds from issue of dividend rights certificates	9	215'883	-
Proceeds from financial liabilities	11	524'888	-
Repayment of financial liabilities	11	(48'989)	(50'000)
Payment of principal elements of lease liability	18	(215'935)	(58'410)
<b>Net cash inflow from financing activities</b>		<b>5'896'464</b>	<b>8'439'630</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(679'723)</b>	<b>(346'308)</b>
Cash and cash equivalents at beginning of the period		840'353	1'186'661
<b>Cash and cash equivalents at the end of the period</b>		<b>160'630</b>	<b>840'353</b>

The notes on pages 20 to 24 are an integral part of these financial statements.

# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## Consolidated Statement of Changes in Equity

in EUR	Notes	Share-/ PC-capital	Capital reserves	Prepaid PC reserves	Other reserves	Retained earnings	Total equity
<b>As at 31 December 2020</b>		<b>120'119</b>	<b>-</b>	<b>1'109'000</b>	<b>-</b>	<b>(118'299)</b>	<b>1'110'820</b>
Loss for the period		-	-	-	-	(5'989'973)	(5'989'973)
Other comprehensive income (net)	10	-	-	-	(31'108)	-	(31'108)
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(31'108)</b>	<b>(5'989'973)</b>	<b>(6'021'081)</b>
Prepaid participation capital received	9	-	-	10'311'399	-	-	<b>10'311'399</b>
Participation capital increase	9	36'444	10'977'455	(11'013'899)	-	-	-
Costs of proceeds from capital increase	9	-	(1'763'359)	-	-	-	(1'763'359)
<b>Total transactions with owners</b>		<b>36'444</b>	<b>9'214'096</b>	<b>(702'500)</b>	<b>-</b>	<b>-</b>	<b>8'548'040</b>
<b>As at 31 December 2021</b>		<b>156'563</b>	<b>9'214'096</b>	<b>406'500</b>	<b>(31'108)</b>	<b>(6'108'272)</b>	<b>3'637'779</b>
Loss for the period		-	-	-	-	(7'979'015)	(7'979'015)
Other comprehensive income (net)	10	-	-	-	4'682	-	<b>4'682</b>
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4'682</b>	<b>(7'979'015)</b>	<b>(7'974'333)</b>
Prepaid participation capital received	9	-	-	6'510'721	-	-	<b>6'510'721</b>
Participation capital increase	9	10'191	5'867'482	(5'877'673)	-	-	-
Costs of proceeds from capital increase	9	-	(3'184'944)	-	-	2'094'840	(1'090'104)
Proceeds from issuance of dividend rights certificates	9	-	235'883	(20'000)	-	-	<b>215'883</b>
Dividend rights certificates issued for services received	9	-	-	-	-	206'250	<b>206'250</b>
Extinguishment of financial liabilities with equity instruments	9	-	295'731	-	-	-	<b>295'731</b>
Conversion feature of convertible loans	11	-	-	-	39'677	-	<b>39'677</b>
<b>Total transactions with owners</b>		<b>10'191</b>	<b>3'214'152</b>	<b>613'048</b>	<b>39'677</b>	<b>2'301'090</b>	<b>6'178'158</b>
<b>As at 31 December 2022</b>		<b>166'754</b>	<b>12'428'248</b>	<b>1'019'548</b>	<b>13'251</b>	<b>(11'786'197)</b>	<b>1'841'604</b>

The notes on pages to are an integral part of these financial statements.

# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## Notes to the Consolidated Financial Statements

### 1. General information

Ella Media AG (the “Company”) was incorporated on 27 November 2020 as a company limited by shares. The principal activity of the Company is development of software. The Company’s registered address is Landis + Gyr-Strasse 1 (until 24 January 2023 (Zählerweg 7, 6300 Zug). As at 31 December 2022 there is no single shareholder holding a controlling stake of the Company and the Board of Directors of the Company consisted of Mr. M. Keusgen. These consolidated financial statements comprise the Company and its development subsidiary ella media Sarl, Luxembourg (together referred to as the “Group”).

These consolidated financial statements for the financial year ended 31 December 2022 were authorised for issue by the Board of Directors on 30 October 2023.

### 2. Basis of preparation and summary of significant accounting policies

#### Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) as at 31 December 2022.

The consolidated financial statements have been prepared on the historical cost basis except for all those assets and liabilities measured at fair value. All amounts are presented in Euro and are rounded to the nearest EUR with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

#### Basis of consolidation

The Company’s consolidated financial statements include the financial statements of its subsidiary, Ella Media Sarl, Luxembourg. All intercompany accounts and transactions have been eliminated in consolidation.

#### Going concern

The consolidated financial statements have been prepared on the going concern basis which assumes that the Company will continue in existence in the foreseeable future. The company is planning to raise new participation or share capital during the following years.

#### Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of expenses, assets and liabilities at the date of the financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change. The valuation of the following material positions is based on the critical accounting estimates and judgements:

##### *Intangible assets – capitalised costs*

Development expenditures at product level are capitalised when the following criteria are met:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use (i.e. when market launch has occurred). It is amortised over the expected useful life. During the development phase, the intangible asset is tested for impairment annually.

There can be no guarantee that such software will complete the development phase or will be commercialised or that market conditions will not change in the future. Hence a revision of management’s assessment of future cash flows related to those products may be



# Ella Media AG

## Consolidated Financial Statements for the financial year ended 31 December 2022

required. Specifically, management is required to make estimates and judgements in the area of developing and financing the intangible assets not yet in use. As such, the Company faces development risks in terms of finalising the development and launch of its products. Financing risk exists should the Company not be able to raise adequate funding to sufficiently finance the development and commercialisation of the software still in development. These judgements are part of the assessment whether the above-mentioned criteria are met to capitalise development costs.

### *Deferred tax assets – recognition*

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, the Company reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised. As such, management is required to make estimates and judgements in the area of recognition of deferred tax assets because of the uncertainty related to the estimation of probable future taxable profits.

### **3. Published financial reporting standards that have not yet been applied**

Several new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2022 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### **4. General accounting policies**

#### **Transactions in foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transaction and from the transaction at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or expense. Non-monetary items measured at historical are translated to the functional currency using the historical exchange rate at the transaction date.

#### *Functional and Presentational currency*

The financial statements of the Company are presented in EUR, which is the Company's functional currency, based on the fact that the EUR is the currency of the primary economic environment of the Company since it influences most of the sales prices for goods and services and also material and other costs of providing goods and services.

#### **Basis of consolidation**

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

##### *Transactions eliminated on consolidation*

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### **Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists or if the non-financial asset is an intangible asset with indefinite useful life, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Ella Media AG

## Consolidated Financial Statements for the financial year ended 31 December 2022

### **Intangible assets**

#### *Development costs*

Development activities involve a plan or design for the production of new or substantially improved software. The development expenditure is capitalised only if developments costs can be measured reliably, the software is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the assets. Development expenditure capitalised includes the cost of external services, personnel and temporary employees and other directly attributable costs. Other development expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

#### *Other acquired intangible assets*

Other intangible assets, including work in progress software and patents, that are acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### *Amortisation and impairments*

Amortisation is applied using the straight-line method over the estimated useful life of the intangible asset. Amortisation begins when the asset is available for use and for each period the amortisation is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if necessary. Intangible assets not yet available for use (i.e. development costs) are tested for impairment at least annually and upon the occurrence of an indication of impairment.

Impairment charges of development costs not yet available for use are recognised within “Research and development expenses” while amortisation charges of intangible assets available for use are recognised within “Cost of sales” in the statement of profit or loss.

### **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the costs of replacing part of the plant and equipment and borrowing costs for long term construction projects, if the recognition criteria are met. The cost of a major overhaul is recognized in the carrying amount as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are 2 to 4 years. The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted if appropriate.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Leases**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company does not separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# Ella Media AG

## Consolidated Financial Statements for the financial year ended 31 December 2022

### Financial Assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition and subsequently measured at “amortized cost”, “fair value through other comprehensive income” or “fair value through profit or loss”. The classification depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price in accordance with the revenue from contracts with customers accounting policy.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows. Financial assets at amortized costs are measured applying the effective interest method less any impairments and financial assets at fair value are measured based on observable market data.

### Other receivables

Other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months. Cash and cash equivalents are carried at amortised cost using the effective interest method.

### Trade payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

### Financial liabilities

Financial liabilities (i.e. short-term loans and convertible notes) are initially recognised at fair value and subsequently measured at amortized cost.

### Employee benefits

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Defined benefit plans*

The Company’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

#### *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring its services and software solutions. Revenue is recognised at a point in time once the customer obtains control over the software solution or over time as the services are provided to the customers.

### Share based payments

The grant date fair value of equity-settled share-based payment arrangements granted to service providers is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. “Grant date” is the date at which the entity and the service provider agree to a share-based payment arrangement, and requires that the entity and the service provider have a shared understanding of the terms and conditions of the arrangement.

# Ella Media AG

## Consolidated Financial Statements for the financial year ended 31 December 2022

### Income tax

Income taxes have been provided for the financial statements in accordance with tax legislation enacted or substantively enacted by the balance sheet date for the country where the company is registered. The income tax charge comprises current tax and deferred tax and is recognised in the statement of profit or loss.

Current tax is the amount expected to be paid to the taxation authorities in respect of the taxable base for the current period. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined at tax rates (and law) enacted or substantially enacted by the end of the reporting period and are expected to apply to the period when the temporary differences will reverse.

### Segment Reporting

The Company focuses on the development and prospective commercialization of software and there is only one segment reported in a manner consistent with management reporting to the CEO, which is the chief operating decision-maker. The company's operations are geographically limited to Switzerland and Germany.

#### 5. Intangible assets

The Companies intangible assets comprise development costs for software.

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
<b>As at beginning of the period</b>	<b>3'379'566</b>	-
Acquired software development costs from a related party	-	1'750'000
Additions	1'861'999	1'629'566
Amortization	(662'589)	-
<b>As at the end of the period</b>	<b>4'578'976</b>	<b>3'379'566</b>
At cost	5'241'565	3'379'566
Accumulated depreciation	(662'589)	-
<b>Net carrying amount</b>	<b>4'578'976</b>	<b>3'379'566</b>

Ella Media AG acquired from a related party (Note 19) during the previous financial year work in progress software, which the Company developed further in collaboration with an external service provider. During the financial year 2022 the Company completed some development stages and was able to utilize some of the developed software for generating revenues (Note 13).

#### Impairment test

An impairment test is carried out at the end of each financial year for all intangible assets not yet available for use and when there is a triggering event for all other intangible assets. The recoverable amount was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the software.

The key assumptions used in the estimation of value in use were as follows:

in EUR	31 Dec 2022	31 Dec 2021
Discount rate	11.3%	10.6%
Terminal value growth rate	1.0%	1.0%

For the impairment test a discounted cash flow model with a 5-year period was prepared. The terminal value is calculated using a long-term growth rate into perpetuity based on the average market-related growth rate for the Eurozone.

Based on the above assumptions the value in use for the work in progress software is higher than the corresponding carrying amounts. Neither a 200-bps increase of the discount rate nor a 40% decrease of the estimated EBITDA would result in an impairment.

# Ella Media AG

Consolidated Financial Statements for the financial year ended 31 December 2022

## 6. Property, plant and equipment

The Company's property, plant and equipment comprise IT and office equipment.

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
<b>As at beginning of the period</b>	<b>5'850</b>	-
Additions	4'225	11'414
Depreciation	(4'999)	(5'564)
Disposals	(3'267)	-
<b>As at the end of the period</b>	<b>1'809</b>	<b>5'850</b>
At cost	12'372	11'414
Accumulated depreciation	(10'563)	(5'564)
<b>Net carrying amount</b>	<b>1'809</b>	<b>5'850</b>

## 7. Other current assets

in EUR	31 Dec 2022	31 Dec 2021
Prepaid expenses	191	30'907
Rent deposit	-	20'134
VAT and other tax receivables	80'958	44'880
Current account related party	7'722	40'571
Current account employee	-	13'978
<b>Total other receivables</b>	<b>88'871</b>	<b>150'470</b>

## 8. Cash and cash equivalents

in EUR	31 Dec 2022	31 Dec 2021
CHF cash balances at bank	41'677	42'429
EUR cash balances at bank	118'953	797'924
<b>Total cash and cash equivalents</b>	<b>160'630</b>	<b>840'353</b>

## 9. Equity

### Share and participation capital

The fully paid in share capital of the Company amounts to CHF 130'000 (EUR 120'119) and is divided into 13'000'000 registered shares with a nominal value of CHF 0.01 each. The participation capital of the Company amounts to CHF 49'442 (EUR 46'635) and is divided into 4'944'238 certificates with a nominal value of CHF 0.01 each. The participation certificates have no voting rights.

# Ella Media AG

## Consolidated Financial Statements for the financial year ended 31 December 2022

During the periods presented the number of shares changed as follows:

	1 Jan 2022 to 31 Dec 2022		1 Jan 2021 to 31 Dec 2021	
	Share capital	Participation capital	Share capital	Participation capital
in number of shares/certificates				
<b>As at beginning of the period</b>	<b>13'000'000</b>	<b>3'935'400</b>	<b>13'000'000</b>	<b>-</b>
Authorized capital increase	-	1'008'838	-	3'935'400
<b>As at the end of the period</b>	<b>13'000'000</b>	<b>4'944'238</b>	<b>13'000'000</b>	<b>3'935'400</b>

### Authorized capital

The Board of Directors is authorised to increase the non-voting participation capital at any time before 28 October 2024 by a maximum amount of CHF 71'000 by issuing a maximum number of 7'100'000 participation certificates with a nominal value of CHF 0.01 each. The respective issue price, the date of dividend entitlement and the type of contributions are determined by the Board of Directors.

### Capital reserves

During the financial year ended 31 December 2022 the company issued a total number of 1'008'838 participation certificates for an issue price between EUR 5.00 and 8.25 each through the authorized capital. The difference of EUR 5'867'482 between the par value of 10'191 and the gross proceeds of EUR 5'877'673 is recognised in capital reserves less total cash settled transaction costs of EUR 1'090'104 and transactions costs of EUR 2'094'840 settled with the company's dividend rights certificates.

### Prepaid participation capital reserve

The Company raised capital through subscription certificates for participation certificates. The subscribers were obligated to prepay the agreed amount in order to enable the Company to increase the participation capital by using the authorized capital. After a revocation period of 14 days, there is no possibility for the subscribers to request a refund of the prepayment, so that the Company's obligation is to deliver only a fixed number of shares. The total prepaid participation capital not yet converted to participation certificates classified as equity amounts to EUR 1'019'548 as at 31 December 2022 (31 December 2021: EUR 406'500) for which the Company is obligated to deliver a total number of 123'582 participation certificates to the subscribers (31 December 2021: 81'300) at an issue price of EUR 8.25 each (31 December 2021: EUR 5.00).

### Non-voting dividend rights certificate ("Genussscheine")

As at 31 December 2022 and 31 December 2021 23'692 non-voting dividend rights certificates (DRC) have been authorised in the Company's Articles of Incorporation of which 3'862 have been issued as at 31 December 2022 (31 December 2021: none). Under Swiss company law these non-voting equity securities have no nominal value, are not part of the share capital and cannot be issued against a contribution which would be shown as an asset in the balance sheet of the Company. The not yet issued dividend rights certificates may be provided to persons linked with the Company by previous capital participation or by virtue of being shareholders, creditors, employees or similar at the discretion of the Board of Directors.

Each dividend rights certificate confers the same rights as a defined number of participation certificates (PC) to participate in the net profit and any remaining proceeds from liquidation (equivalence to PC per DRC). In accordance with the law and the Articles of Incorporation of the Company, the Company is entitled at all times to exchange all or some of the dividend rights certificates into a defined number of participation certificates (equivalence to PC per DRC). As a result, the net profit distributed to the owners of the 23'692 dividend rights certificates would be equivalent to the net profit distributed to the owners of 8'000'000 participation certificates and the Company has the right to convert the 23'692 dividend rights certificates to a total number of 8'000'000 participation certificates (equivalence to PC total). The fair value of equity instruments granted was determined based on the price per underlying participation certificate.

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The authorized and issued dividend rights certificates for all periods presented are as follows:

Class of DRC	Equivalence to PC per DRC	Authorised DRCs		Issued DRCs as of 31 Dec 2022	
		No of DRCs	Equivalence to PC	No of DRCs	Equivalence to PC
DRC A	5'000	280	1'400'000	40	200'000
DRC B1	110	7'800	858'000	1'498	164'780
DRC B2	55	7'800	429'000	2'207	121'385
DRC K1	200	1'460	292'000	55	11'000
DRC K2	2'000	1'300	2'600'000	4	8'000
DRC P1	1'000	750	750'000	5	5'000
DRC P2	100	1'200	120'000	38	3'800
DRC UE	500	3'102	1'551'000	15	7'500
<b>Total</b>		<b>23'692</b>	<b>8'000'000</b>	<b>3'862</b>	<b>521'465</b>

The dividend rights certificates were issued related to the following transactions:

	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
in number of PC equivalents		
<b>As at beginning of the period</b>	-	-
Extinguishment of financial liabilities with DRC's	36'000	-
DRC's issued for cash	99'170	-
DRC's issued for equity based compensation	386'295	-
<b>As at the end of the period</b>	<b>521'465</b>	-

### *Extinguishment of financial liabilities with equity instruments*

The Company agreed with a service provider to issue dividend rights certificates equivalent to 36'000 participation certificates a kin payment for a total outstanding accounts payable balance of EUR 125'000. The difference of EUR 172'000 between the nominal value and the fair value of the dividend rights certificate issued was recognised in profit or loss.

### *Dividend rights certificates issued for cash*

The company issued a total number of 1'136 dividend rights certificates (equivalent to 72'370 participation certificates) for EUR 238'295. The difference between the cash received and directly attributable transactions costs of EUR 2'412 is recognised in capital reserves.

In addition the company issued 107 dividend rights certificates (equivalent to 26'800 participation certificates) to subscribers of participation certificates depending on the size of the respective investment.

### *Dividend rights certificates issued as equity based compensation*

2'611 dividend rights certificates (equivalent to 386'295 participation certificates) were issued as part of equity based compensation agreements for which the fair value of the instruments granted is recognised. The fair value of equity instruments granted was determined based on the price per underlying participation certificate as at the grant date and was on average EUR 5.96 per participation certificate during the financial year ended 2022. The total amount recognised during 2022 for share based compensation amounted to EUR 2'301'090 of which EUR 206'250 related to external legal services (recognised in profit or loss) and EUR 2'094'840 related to various individuals referring participation capital investors (recognised as transaction costs in capital reserves).

## 10. Net defined benefit obligation

The Federal Law on Occupational Retirement, Survivors', and Disability Pensions (BVG) regulates occupational benefits in Switzerland. In the event of a significant deficit, employees and employers must jointly bear any restructuring measures, for example through additional contributions. The Swiss pension plans therefore qualify as defined benefit plans and the actuarially determined surplus or deficit is recognized in the consolidated balance sheet. In accordance with local statutory requirements, the Company does



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not have any further obligations towards the pension plans beyond the regulatory contribution payments. The retirement pension is calculated by multiplying the retirement assets available at the time of retirement by the conversion rates stipulated in the Swiss pension law BVG. The employee has the option of instead drawing the retirement benefit as a lump sum. The employee also has the right to early retirement.

The number of insured active employees is 3. The plan assets are integrated in an insurance contract with an external pension fund provider and therefore no information regarding the asset class of the plan assets is provided.

The net defined benefit obligation changed as follows:

in EUR	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>(76'754)</b>	<b>27'184</b>	<b>(49'570)</b>
Current service cost	(118'264)	-	(118'264)
Past service cost	(15'513)	-	(15'513)
Interest (expense) / income	(2'877)	1'415	(1'462)
Administration costs	(5'112)	-	(5'112)
<b>Total expense recognized in profit or loss</b>	<b>(141'766)</b>	<b>1'415</b>	<b>(140'351)</b>
Return on plan assets, excluding amounts included in interest income	-	40'582	40'582
Actuarial gains / (losses) from change in financial assumptions	52'041	-	52'041
Actuarial gains / (losses) from changes in experience	(84'977)	-	(84'977)
Other actuarial gains / (losses)	-	-	-
Exchange differences	(6'320)	3'356	(2'964)
<b>Total remeasurement recognized in other comprehensive income</b>	<b>(39'256)</b>	<b>43'938</b>	<b>4'682</b>
Contributions by Company	-	94'252	94'252
Contributions by plan participants	(93'135)	93'135	-
Benefits paid	109'520	(109'520)	-
<b>As at 31 December 2022</b>	<b>(241'391)</b>	<b>150'404</b>	<b>(90'987)</b>

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in EUR	Present value of obligation	Fair value of plan assets	Total
<b>As at 1 January 2021</b>	-	-	-
Current service cost	(38'079)	-	(38'079)
Interest (expense) / income	(34)	10	(24)
Administration costs	(767)	-	(767)
<b>Total expense recognized in profit or loss</b>	<b>(38'880)</b>	<b>10</b>	<b>(38'870)</b>
Return on plan assets, excluding amounts included in interest income	-	78	78
Actuarial gains / (losses) from change in financial assumptions	2'483	-	2'483
Actuarial gains / (losses) from changes in experience	(5'777)	-	(5'777)
Other actuarial gains / (losses)	(25'676)	-	(25'676)
Exchange differences	(3'430)	1'214	(2'216)
<b>Total remeasurement recognized in other comprehensive income</b>	<b>(32'400)</b>	<b>1'292</b>	<b>(31'108)</b>
Contributions by Company	-	20'408	20'408
Contributions by plan participants	(20'408)	20'408	-
Benefits paid	14'934	(14'934)	-
<b>As at 31 December 2021</b>	<b>(76'754)</b>	<b>27'184</b>	<b>(49'570)</b>

The contributions expected to be paid into the defined benefit pension plan for 2023 amount to EUR 70'890 and the average weighted duration is 12.3 years (2021: 15.8 years).

The main actuarial assumptions are as follows:

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Discount rate	2.30%	0.35%
Interest rate on retirement savings capital	2.30%	0.50%
Salary increases	1.20%	1.00%
Retirement age	M65/F64	M65/F64
Mortality tables used	BVG2020 GT	BVG2020 GT

Changes in significant assumptions would have the following impact on the defined benefit obligation:

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Discount rate increases by 50 bps	-5.8%	-7.9%
Discount rate decreases by 50 bps	6.5%	9.0%
Life expectancy increases by 1 year	0.4%	1.1%
Life expectancy decreases by 1 year	-0.5%	-1.1%

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## 11. Financial liabilities

in EUR	Convertible note	Short-term loans	Total
<b>As at 1 January 2022</b>	-	-	-
Proceeds	471'000	53'888	524'888
Repayments	-	(48'989)	(48'989)
Conversion feature recognised in equity	(45'345)	-	(45'345)
Unwinding of conversion feature through profit or loss	18'540	-	18'540
Accrued interest expenses	17'679	198	17'877
Foreign exchange differences	-	163	163
<b>As at 31 December 2022</b>	<b>461'874</b>	<b>5'260</b>	<b>467'134</b>
<i>thereof current</i>	<i>461'874</i>	<i>5'260</i>	<i>467'134</i>
<i>thereof non-current</i>	-	-	-

in EUR	Convertible note	Short-term loans	Total
<b>As at 1 January 2021</b>	-	<b>50'000</b>	<b>50'000</b>
Repayments	-	(50'000)	(50'000)
<b>As at 31 December 2021</b>	-	-	-
<i>thereof current</i>	-	-	-
<i>thereof non-current</i>	-	-	-

### Convertible notes

The company issued convertible notes with a duration from 10 to 20 months. The notes bear an interest rate of either 10% or 12% payable at the end of the term. The convertible notes holders have the right to convert the outstanding balance to participation capital at a price of either EUR 3.50 or EUR 5.00 for each participation certificate. The difference between the nominal value of the convertible notes, i.e. the cash amount received, and the fair value on initial recognition is reflected as a capital contribution. An amount of EUR 45'345 (net of tax EUR 39'677) was therefore recognized in capital reserves in 2022.

### Short term loan due to related parties (Shareholder)

A shareholder provided the Company with a 18 months loan facility. The total amount of the facility is CHF 100'000 and bears interest at a rate of 2.75%. During the financial year ended 31 December 2022 the Company received a cumulative amount of EUR 53'888 of which EUR 48'989 were repaid during 2022.

### Short-term loan due to related parties (BoD)

The short-term loan of EUR 50'000 due to a company controlled by a member of the Board of Directors, are funds provided to finance the initial costs of the Company, are interest free and have been repaid during the year ended 31 December 2021.

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## 12. Other current liabilities

in EUR	31 Dec 2022	31 Dec 2021
Stamp duty payables	47'598	64'139
Income tax liability	6'076	3'251
Current account employee	44'312	6'280
Current account due to related parties	40'240	-
Pension fund payables	139'840	38'274
Social security payables	26'609	33'787
Source tax payables	37'179	58'762
Accrued expenses	187'351	90'597
Other	1'016	-
<b>Total other current liabilities</b>	<b>530'221</b>	<b>295'090</b>

## 13. Revenue

During the financial year ended 31 December 2022 the Company generated revenue from the provision of digital services amounting to EUR 187'995 which was recognised over time as the services were transferred to the customers.

## 14. Operating expenses

*Expenses by nature*

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
External developments costs	1'803'400	851'185
Employee benefits expenses	1'280'399	679'657
Advisory board fee	381'713	194'592
Professional fees	822,546	1'115'554
Professional fees from related parties	503,479	881'195
Legal fees	656'024	447'608
Audit and accounting services	322'415	229'585
Administrative expenses	259'179	-
Marketing	514'930	837'612
Travel and entertainment	177'764	289'875
Communication & IT	344'739	223'594
Dwelling costs	86'710	99'868
Amortization of capitalized development costs	662'589	-
Depreciation	209'624	64'666
Other	65'365	61'014
<b>Total operating expenses</b>	<b>8'090'876</b>	<b>5'976'005</b>

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## Employee benefit expenses

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Wages and salaries	982'015	515'225
Social security contributions	84'433	89'531
Contributions to defined benefit plans	141'766	38'871
Other	72'185	36'030
<b>Total employee benefit expenses</b>	<b>1'280'399</b>	<b>679'657</b>

## 15. Net financial result

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Foreign currency exchange gains	-	21'172
<b>Total finance income</b>	<b>-</b>	<b>21'172</b>
Bank charges	(14'629)	(29'286)
Interest expenses	(21'827)	-
Interest expense on lease liability	(5'150)	(2'303)
Unwinding of effective interest	(18'540)	-
Foreign currency exchange losses	(18'609)	-
Other finance costs	-	(301)
<b>Total finance costs</b>	<b>(78'755)</b>	<b>(31'890)</b>

## 16. Income taxes

The income taxes recognised in profit or loss are as follows:

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Current income tax expense	3'047	3'251
Deferred income tax expense	(5'668)	-
<b>Total income tax expense</b>	<b>(2'621)</b>	<b>3'251</b>

The income taxes can be analysed as follows:

in EUR	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Loss before tax	(7'979'015)	(5'989'974)
<b>Tax expense/(income) at the applicable tax rate of 12%</b>	<b>(957'482)</b>	<b>(718'797)</b>
Tax losses not capitalized	951'814	718'797
Other income taxes	3'047	3'251
<b>Total income tax expense</b>	<b>(2'621)</b>	<b>3'251</b>

The applicable tax rate of 12.0 % is the expected tax rate of the company in the canton of Zug, Switzerland.

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### *Not capitalized tax loss carry-forwards*

The tax loss carry-forward not capitalized of EUR 951'814 (2021: EUR 718'797) refers to the losses of the Company in Switzerland. Tax loss carry-forward in Switzerland can be utilized up to seven years following the realization of the respective tax loss for corporate income tax purposes. The accumulated total potential tax benefit as of 31 December 2022 of the not capitalized tax loss carry forwards amounts to EUR 2'018'453 (2021: EUR 1'025'057).

### 17. Earnings per share, participation certificate (PC) and dividend rights certificate (DRC)

	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
<b>Loss for the period attributable to owners of the Company (EUR)</b>	<b>(7'979'015)</b>	<b>(5'989'974)</b>
Percentage of distribution to owners of outstanding shares	74%	82%
Percentage of distribution to owners of outstanding PCs	25%	18%
Percentage of distribution to owners of outstanding DRCs	1%	-
<i>Shares</i>		
Loss for the period attributable to owners of outstanding shares (EUR)	(5'865'582)	(4'897'573)
Weighted average number of outstanding shares	13'000'000	13'000'000
<b>Basic and diluted (loss) per share (EUR)</b>	<b>(0.45)</b>	<b>(0.38)</b>
<i>Participation certificates</i>		
Loss for the period attributable to owners of outstanding PCs (EUR)	(2'022'792)	(1'092'401)
Weighted average number of outstanding PCs	4'483'152	2'899'643
<b>Basic and diluted (loss) per PC (EUR)</b>	<b>(0.45)</b>	<b>(0.38)</b>
<i>Dividend rights certificates</i>		
Loss for the period attributable to owners of outstanding DRCs (EUR)	(90'642)	-
Weighted average number of outstanding DRCs in PC equivalent (Note 9)	200'891	-
<b>Basic and diluted (loss) per DRC in PC equivalent (EUR)</b>	<b>(0.45)</b>	-

### *Earnings per category of shares and participation and dividend rights certificates*

Earnings per category of shares and participation and dividend rights certificates (Note 9) are calculated on the basis of the net loss attributable to the owners of these instruments based on their rights to distributions and the average number of outstanding shares and certificates. The earnings per dividend rights certificates are presented at the equivalence per participation certificate underlying each dividend rights certificate (Note 9).

### *Outstanding shares and certificates*

Shares and certificates authorized but not yet issued (Note 9) are not treated as outstanding and are therefore deducted from the earnings per share and certificates calculation. Prepaid participation certificates not yet issued are included in the earnings per share and certificates calculation from the date the cash received in exchange for participation certificates is receivable.

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## 18. Leases

The Company was party to a two-year office lease contract that was terminated early and car leases that are classified as short-term leases.

### *Right-of-use assets*

in EUR	1 Jan 2022 to 31 Dec 2022		1 Jan 2021 to 31 Dec 2021
<b>As at beginning of the period</b>	<b>224'587</b>	-	-
Additions	99'403	-	283'689
Depreciation	(204'625)	-	(59'102)
Termination of lease	(119'365)	-	-
<b>As at the end of the period</b>	<b>-</b>	-	<b>224'587</b>
At cost	-	-	283'689
Accumulated depreciation	-	-	(59'102)
<b>Net carrying amount</b>	<b>-</b>	-	<b>224'587</b>

### *Lease liabilities*

in EUR	1 Jan 2022 to 31 Dec 2022		1 Jan 2021 to 31 Dec 2021
<b>As at beginning of the period</b>	<b>234'953</b>	-	-
Additions	99'403	-	283'689
Interest accrual	5'150	-	2'303
Payments	(221'085)	-	(60'713)
Termination of lease net of penalty	(54'134)	-	-
Foreign exchange differences	10'856	-	9'674
<b>As at the end of the period</b>	<b>75'143</b>	-	<b>234'953</b>
<i>thereof non-current</i>	-	-	83'951
<i>thereof current</i>	75'143	-	151'002

### *Amounts recognised in profit or loss*

in EUR	1 Jan 2022 to 31 Dec 2022		1 Jan 2021 to 31 Dec 2021
Depreciation expense of right-of-use assets	204'625	-	59'102
Interest expense on lease liabilities	5'150	-	2'303
Expenses relating to short-term leases and low value assets	8'431	-	7'911
<b>Total amount recognised in profit or loss</b>	<b>218'206</b>	-	<b>69'316</b>

Total cash outflow for leases during the financial year ended 31 December 2022 amounts to EUR 229'516 (2021: 68'624).

## 19. Related parties

### **Transactions with related parties**

During the financial year ended 31 December 2022, the Company paid a total amount of EUR 503'479 to service companies controlled by members of the board of directors and executive board for management, IT and administrative services.

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At the beginning of the year ended 31 December 2021, the Company acquired from a company controlled by a member of the board of directors work in progress software (Note 5) for EUR 1'750'000.

### Outstanding balances with related parties

As at 31 December 2022 there are EUR 44'312 other liabilities due to a director (2021: receivable of EUR 40'571) and EUR 40'240 trade payables due to companies controlled by a member of the Board of Directors outstanding (2021: 0). The trade payables relate to professional services received.

### Key management personnel compensation

During the year ended 31 December 2022 the Company paid a total amount of NIL (2021: 282'039) to members of the board of directors and 239'691 (2021: 881'195) to companies controlled by members of the board of directors (including one former director in 2021) for professional services. A total amount of EUR 1'033'089 was paid to the members of the executive board (2021: EUR 46'177) plus EUR 139'897 social security costs.

## 20. Financial assets and liabilities

The following table shows the classification and carrying amounts of financial instruments held:

in EUR	31 Dec 2022	31 Dec 2021
<i>Financial assets measured at amortised cost</i>		
Cash at bank	160'630	840'353
Trade accounts receivable	39'352	-
Other receivables <sup>1)</sup>	7'722	74'683
<b>Total financial assets</b>	<b>207'704</b>	<b>915'036</b>
<i>Financial liabilities measured at amortised cost</i>		
Trade payables	1'864'549	383'434
Financial liabilities	467'134	-
Other liabilities <sup>2)</sup>	336'794	201'242
<b>Total financial liabilities</b>	<b>2'668'477</b>	<b>584'676</b>

<sup>1)</sup> Excludes VAT and other tax receivables

<sup>2)</sup> Excludes Income tax and other tax liabilities and accrued expenses

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The carrying amounts of financial assets and liabilities equal its fair values based on their nature and maturity or due date.

The company has no financial assets or liabilities that are measured at fair value through profit and loss or at fair value through other comprehensive income.

## 21. Financial risk management

The Company is exposed to financial risks as a result of its business activities including market risk (currency and interest rate risk), liquidity risk and credit risk.



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### Market Risk

#### Currency risk

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on the statement of financial position and cash flows. However, such fluctuations are insignificant since majority of transactions are denominated in EUR. As at 31 December the Company was exposed to the following foreign currencies:

in EUR	31 Dec 2022	31 Dec 2021
Cash at bank in CHF	41'677	42'429
Other current assets in CHF	7'722	74'683
Trade payables in CHF	(487'998)	(146'841)
Other current liabilities in CHF	(251'226)	(194'962)
<b>Net exposure in CHF</b>	<b>(689'825)</b>	<b>(224'691)</b>

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is currently not exposed to any interest rate risk.

### Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company mitigates the credit risk by assessing the credit risk of counterparties for material transactions.

The carrying amounts of cash at bank and other current assets exposed to credit risk:

in EUR	31 Dec 2022	31 Dec 2021
Cash at bank	160'630	840'353
Trade accounts receivables	39'352	-
Other receivables <sup>1)</sup>	7'722	74'683
<b>Total carrying amount of financial assets</b>	<b>207'704</b>	<b>915'036</b>

<sup>1)</sup>Excludes VAT and other tax receivables

The Standard & Poor's credit rating of the counterparties is as follows:

in EUR	31 Dec 2022	31 Dec 2021
A-1+	41'636	80'010
A-2	118'957	759'495
Other or no rating	47'111	75'531
<b>Total carrying amount of financial assets</b>	<b>207'704</b>	<b>915'036</b>

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### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. Cash flow forecasting is performed on a regular basis. The Company monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

The expected cash outflows are outlined in following table:

in EUR	Maturity		Total carrying amount
	less than 1 year	1 to 5 years	
<i>As of 31 December 2022</i>			
Financial liabilities	521'680	-	467'134
Lease liabilities	75'143	-	75'143
Trade payables	1'864'549	-	1'864'549
Other current liabilities	530'221	-	530'221
<b>Total financial liabilities</b>	<b>2'991'593</b>	<b>-</b>	<b>2'937'047</b>

in EUR	Maturity		Total carrying amount
	less than 1 year	1 to 5 years	
<i>As of 31 December 2021</i>			
Lease liabilities	156'000	91'000	234'953
Trade payables	383'434	-	383'434
Other current liabilities	295'090	-	295'090
<b>Total financial liabilities</b>	<b>834'524</b>	<b>91'000</b>	<b>913'477</b>

### 22. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital is considered the equity of the shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or the sale of assets to reduce liabilities.

### 23. Events after the reporting period

Subsequent 31 December 2022 the Company increased the participation capital by a total amount of CHF 14'000 and issued a total number of 1'400'000 participation certificates with a par value of CHF 0.01 each through the authorized participation capital. Part of these participation certificates have been subsequently sold with the Company receiving a total consideration of EUR 10'234'235.

**Ella Media AG  
Zug**

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**Report of the independent auditor  
on the consolidated financial statements  
31 December 2022**

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## Independent auditor's report to the Board of Directors of Ella Media AG, Zug

### Report on the audit of the consolidated financial statements

#### *Opinion*

On your instructions, we have audited the consolidated financial statements of Ella Media AG, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA) and Swiss Auditing Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the “*Auditor's Responsibilities for the Audit of the consolidated financial statements*” section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of the Board of Directors for the consolidated financial statements*

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union (EU), and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse at: <https://www.expertsuisse.ch/en/audit-report>. This description forms part of our auditor's report.

Zurich, 30 October 2023

**MAZARS AG**

Roger Leu  
Licensed audit expert  
(auditor in charge)

Icare Regnier  
Licensed audit expert

Enclosure:

- Consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes)

## **Annex 2 (2021 Financial Statements)**

**Ella Media AG, Zug**

### **Financial Statements**

for the financial year ended 31 December 2021

# **Ella Media AG**

Financial Statements for the financial year ended 31 December 2021

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# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Statement of Financial Position

in EUR	Notes	31 Dec 2021	31 Dec 2020
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	5	3'379'566	-
Property, plant and equipment	6	5'850	-
Right-of-use assets	18	224'587	-
<b>Total non-current assets</b>		<b>3'610'003</b>	<b>-</b>
<i>Current assets</i>			
Other current assets	7	150'470	1'715
Cash and cash equivalents	8	840'353	1'186'661
<b>Total current assets</b>		<b>990'823</b>	<b>1'188'376</b>
<b>Total assets</b>		<b>4'600'826</b>	<b>1'188'376</b>
<b>Equity</b>			
Share and participation capital	9	156'563	120'119
Capital reserves	9	9'214'096	-
Prepaid participation capital reserve	9	406'500	1'109'000
Other reserves	10	(31'108)	-
Retained earnings		(6'108'272)	(118'299)
<b>Total equity attributable to owners of the Company</b>		<b>3'637'779</b>	<b>1'110'820</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Lease liabilities	18	83'951	-
Net defined benefit obligation	10	49'570	-
<b>Total non-current liabilities</b>		<b>133'521</b>	<b>-</b>
<i>Current liabilities</i>			
Trade payables	11	383'434	27'556
Short-term loans	12	-	50'000
Lease liabilities	18	151'002	-
Other current liabilities	13	295'090	-
<b>Total current liabilities</b>		<b>829'526</b>	<b>77'556</b>
<b>Total liabilities</b>		<b>963'047</b>	<b>77'556</b>
<b>Total liabilities and shareholders' equity</b>		<b>4'600'826</b>	<b>1'188'376</b>

The notes on pages 7 to 24 are an integral part of these financial statements.



# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Statement of Profit or Loss and Other Comprehensive Income

in EUR	Note	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020 <sup>1)</sup>
Research and development expenses	14	(851'549)	-
General and administrative expenses	14	(5'124'456)	(117'560)
<b>Operating loss</b>		<b>(5'976'005)</b>	<b>(117'560)</b>
Finance income	15	21'173	61
Finance costs	15	(31'890)	(800)
<b>Loss before tax</b>		<b>(5'986'722)</b>	<b>(118'299)</b>
Income tax expense	16	(3'251)	-
<b>Loss for the period attributable to owners of the Company</b>		<b>(5'989'973)</b>	<b>(118'299)</b>
<i>Earnings per share and participation and dividend rights certificate</i>			
Basic and diluted loss per share	17	(0.38)	(0.01)
Basic and diluted loss per participation certificate	17	(0.38)	(0.01)
Basic and diluted loss per dividend rights certificate	17	-	-
<b>Other comprehensive income</b>			
<b>Loss for the period</b>		<b>(5'989'973)</b>	<b>(118'299)</b>
Remeasurement of net defined benefit obligation	10	(31'108)	-
<b>Total items that will not be reclassified to profit or loss</b>		<b>(31'108)</b>	-
<b>Total items that are or may be reclassified to profit or loss</b>		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>(31'108)</b>	-
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>(6'021'081)</b>	<b>(118'299)</b>

<sup>1)</sup> The Company was incorporated on 27 November 2020 (Note 2).

The notes on pages 7 to 24 are an integral part of these financial statements.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Statement of Cash Flows

in EUR	Notes	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020 <sup>1)</sup>
<i>Cash flows from operating activities</i>			
<b>Loss for the period</b>		(5'989'973)	<b>(118'299)</b>
<i>Adjustments for:</i>			
Depreciation	6, 18	64'666	-
Finance income	15	(21'172)	(61)
Finance expenses	15	31'890	800
Income tax expense	16	3'251	-
Non-cash employee benefit expense		18'463	-
Other paid finance costs		(31'890)	-
Other non-cash items		30'846	(739)
<i>Changes in working capital:</i>			
Decrease/(increase) in other current assets		(148'755)	(1'715)
Increase/(decrease) in trade payables		355'878	27'556
Increase/(decrease) in other current liabilities		291'839	-
<b>Net cash outflow from operating activities</b>		<b>(5'394'958)</b>	<b>(92'458)</b>
<i>Cash flows from investing activities</i>			
Acquisition of intangible assets	5	(3'379'566)	-
Acquisition of property, plant and equipment	6	(11'414)	-
<b>Net cash outflow from investing activities</b>		<b>(3'390'980)</b>	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of share capital	9	-	120'119
Proceeds from prepaid participation capital	9	10'311'399	1'109'000
Costs of proceeds from PC-capital increase	9	(1'763'359)	-
Proceeds from short-term loans	12	-	50'000
Repayment of short-term loans	12	(50'000)	-
Payment of principal elements of lease liability	18	(58'410)	-
<b>Net cash inflow from financing activities</b>		<b>8'439'630</b>	<b>1'279'119</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(346'308)</b>	<b>1'186'661</b>
Cash and cash equivalents at beginning of the period		1'186'661	-
<b>Cash and cash equivalents at the end of the period</b>		<b>840'353</b>	<b>1'186'661</b>

<sup>1)</sup> The Company was incorporated on 27 November 2020 (Note 2).

The notes on pages 7 to 24 are an integral part of these financial statements.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Statement of Changes in Equity

in EUR	Note s	Share-/ PC-capital	Capital reserves	Prepaid PC reserves	Other reserves	Retained earnings	Total equity
<b>As at 27 November 2020<sup>1)</sup></b>		-	-	-	-	-	-
Loss for the period		-	-	-	-	(118'299)	<b>(118'299)</b>
Other comprehensive income (net)		-	-	-	-	-	-
<b>Total comprehensive income attributable to the owners of the Company</b>		-	-	-	-	<b>(118'299)</b>	<b>(118'299)</b>
Incorporation	9	120'119	-	-	-	-	<b>120'119</b>
Prepaid participation capital received	9	-	-	1'109'000	-	-	<b>1'109'000</b>
<b>Total transactions with owners</b>		<b>120'119</b>	-	<b>1'109'000</b>	-	-	<b>1'229'119</b>
<b>As at 31 December 2020</b>		<b>120'119</b>	-	<b>1'109'000</b>	-	<b>(118'299)</b>	<b>1'110'820</b>
Loss for the period		-	-	-	-	(5'989'973)	<b>(5'989'973)</b>
Other comprehensive income (net)	10	-	-	-	(31'108)	-	<b>(31'108)</b>
<b>Total comprehensive income attributable to the owners of the Company</b>		-	-	-	<b>(31'108)</b>	<b>(5'989'973)</b>	<b>(6'021'081)</b>
Prepaid participation capital received	9	-	-	10'311'399	-	-	<b>10'311'399</b>
Participation capital increase	9	36'444	10'977'455	(11'013'899)	-	-	-
Costs of proceeds from capital increase	9	-	(1'763'359)	-	-	-	(1'763'359)
<b>Total transactions with owners</b>		<b>36'444</b>	<b>9'214'096</b>	<b>(702'500)</b>	-	-	<b>8'548'040</b>
<b>As at 31 December 2021</b>		<b>156'563</b>	<b>9'214'096</b>	<b>406'500</b>	<b>(31'108)</b>	<b>(6'108'272)</b>	<b>3'637'779</b>

<sup>1)</sup> The Company was incorporated on 27 November 2020 (Note 2).

The notes on pages 7 to 24 are an integral part of these financial statements.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Notes to the Financial Statements

### 1. General information

ella media ag (the “Company”) was incorporated on 27 November 2020 as a company limited by shares. The principal activity of the Company is development of software. The Company’s registered address is Zählerweg 7, 6300 Zug. As at 31 December 2021 there is no single shareholder holding a controlling stake of the Company and the Board of Directors of the Company consisted of Mr. M. Keusgen.

These financial statements for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors on 15 December 2022.

### 2. Basis of preparation and summary of significant accounting policies

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) as at 31 December 2021.

The financial statements have been prepared on the historical cost basis except for all those assets and liabilities measured at fair value. All amounts are presented in Euro and are rounded to the nearest EUR with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

#### Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in existence in the foreseeable future. The company is planning to raise new participation or share capital during the year 2022.

#### Critical accounting estimates and judgements

The preparation of these financial statements requires management to make assumptions and estimates that affect the reported amounts of expenses, assets and liabilities at the date of the financial statements. If in the future such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change. The valuation of the following material positions is based on the critical accounting estimates and judgements:

##### *Intangible assets – capitalised costs*

Development expenditures at product level are capitalised when the following criteria are met:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use (i.e. when market launch has occurred). It is amortised over the expected useful life. During the development phase, the intangible asset is tested for impairment annually.

There can be no guarantee that such software will complete the development phase or will be commercialised or that market conditions will not change in the future. Hence a revision of management’s assessment of future cash flows related to those products may be required. Specifically, management is required to make estimates and judgements in the area of developing and financing the intangible assets not yet in use. As such, the Company faces development risks in terms of finalising the development and launch of its products. Financing risk exists should the Company not be able to raise adequate funding to sufficiently finance the development and commercialisation of the software still in development. These judgements are part of the assessment

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

whether the above-mentioned criteria are met to capitalise development costs.

## *Deferred tax assets – recognition*

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. At each balance sheet date, the Company reassesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised. As such, management is required to make estimates and judgements in the area of recognition of deferred tax assets because of the uncertainty related to the estimation of probable future taxable profits.

## **First-time adoption of IFRS**

These financial statements for the year ended 31 December 2021 are the first financial statements for a full financial year the Company has prepared in accordance with IFRS as adopted by the EU. The Company was incorporated on 27 November 2020 with a cash contribution of CHF 130'000 (EUR: 120'119) to the share capital. The Company did not present financial statements under another accounting framework previously.

## **3. Published financial reporting standards that have not yet been applied**

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments also clarify the situations that are considered settlement of a liability.

The new guidance will be effective for annual periods starting on or after 1 January 2022 and has not been early adopted by the Company. These amendments will not have an impact on financial liabilities currently recognised by the Company. The Company will closely monitor future financial liabilities for a potential impact. Other new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## **4. General accounting policies**

### **Transactions in foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transaction and from the transaction at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or expense. Non-monetary items measured at historical are translated to the functional currency using the historical exchange rate at the transaction date.

### *Functional and Presentational currency*

The financial statements of the Company are presented in EUR, which is the Company's functional currency, based on the fact that the EUR is the currency of the primary economic environment of the Company since it influences most of the sales prices for goods and services and also material and other costs of providing goods and services.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## **Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists or if the non-financial asset is an intangible asset with indefinite useful life, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **Intangible assets**

### *Development costs*

Development activities involve a plan or design for the production of new or substantially improved software. The development expenditure is capitalised only if developments costs can be measured reliably, the software is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the assets. Development expenditure capitalised includes the cost of external services, personnel and temporary employees and other directly attributable costs. Other development expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

### *Other acquired intangible assets*

Other intangible assets, including work in progress software and patents, that are acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.

### *Amortisation and impairments*

Amortisation is applied using the straight-line method over the estimated useful life of the intangible asset. Amortisation begins when the asset is available for use and for each period the amortisation is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if necessary. Intangible assets not yet available for use (i.e. development costs) are tested for impairment at least annually and upon the occurrence of an indication of impairment.

Impairment charges of development costs not yet available for use are recognised within "Research and development expenses" while amortisation charges of intangible assets available for use are recognised within "Cost of sales" in the statement of profit or loss.

## **Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the costs of replacing part of the plant and equipment and borrowing costs for long term construction projects, if the recognition criteria are met. The cost of a major overhaul is recognized in the carrying amount as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are 2 to 4 years. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted if appropriate.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company does not separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Financial Assets

### *Initial recognition and measurement*

Financial assets are classified, at initial recognition and subsequently measured at "amortized cost", "fair value through other comprehensive income" or "fair value through profit or loss". The classification depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price in accordance with the revenue from contracts with customers accounting policy.

### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows. Financial assets at amortized costs are measured applying the effective interest method less any impairments and financial assets at fair value are measured based on observable market data.

## Other receivables

Other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

## Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months. Cash and cash equivalents are carried at amortised cost using the effective interest method.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## **Trade payables**

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

## **Loan payables**

Short-term and long-term loan payables are initially recognised at fair value and subsequently measured at amortized cost.

## **Employee benefits**

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

### *Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## **Income tax**

Income taxes have been provided for the financial statements in accordance with tax legislation enacted or substantively enacted by the balance sheet date for the country where the company is registered. The income tax charge comprises current tax and deferred tax and is recognised in the statement of profit or loss.

Current tax is the amount expected to be paid to the taxation authorities in respect of the taxable base for the current period. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined at tax rates (and law) enacted or substantially enacted by the end of the reporting period and are expected to apply to the period when the temporary differences will reverse.

## **Segment Reporting**

The Company focuses on the development and prospective commercialization of software and there is only one segment reported in a manner consistent with management reporting to the CEO, which is the chief operating decision-maker. The Company does currently not yet generate any revenues. The company's operations are geographically limited to Switzerland and Germany.



# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 5. Intangible assets

The Companies intangible assets comprise development costs for software not yet available for use.

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>As at beginning of the period</b>	-	-
Acquired software development costs from a related party	1'750'000	-
Additions	1'629'566	-
<b>As at the end of the period</b>	<b>3'379'566</b>	-

ella media ag acquired from a related party (Note 19) during the period work in progress software, which the Company developed further in collaboration with an external service provider.

### *Impairment test*

An impairment test is carried out at the end of each financial year for all intangible assets not yet available for use. The recoverable amount was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the software.

The key assumptions used in the estimation of value in use were as follows:

in EUR	31 Dec 2021	31 Dec 2020
Discount rate	10.6%	N/A
Terminal value growth rate	1.0%	N/A
Long-term EBITDA-margin	19.1%	N/A

For the annual impairment test a discounted cash flow model was prepared. Due to the start-up phase of the Company the discounted cash flow model includes a four-year development and roll-out period and a five-year phase-out period. The terminal value is calculated using an estimated long-term EBITDA-margin and a long-term growth rate into perpetuity based on the average market-related growth rate for the Eurozone.

Based on the above assumptions the value in use for the work in progress software is higher than the corresponding carrying amounts. Neither a 200-bps increase of the discount rate nor a 900-bps decrease of the long-term EBITDA-margin would result in an impairment.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 6. Property, plant and equipment

The Company's property, plant and equipment comprise IT and office equipment.

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>As at beginning of the period</b>	-	-
Additions	11'414	-
Depreciation	(5'564)	-
<b>As at the end of the period</b>	<b>5'850</b>	-
At cost	11'414	-
Accumulated depreciation	(5'564)	-
<b>Net carrying amount</b>	<b>5'850</b>	-

## 7. Other current assets

in EUR	31 Dec 2021	31 Dec 2020
Prepaid expenses	30'907	-
Rent deposit	20'134	-
VAT and other tax receivables	44'880	1'715
Current account related party	40'571	-
Current account employee	13'978	-
<b>Total other receivables</b>	<b>150'470</b>	<b>1'715</b>

## 8. Cash and cash equivalents

in EUR	31 Dec 2021	31 Dec 2020
CHF cash balances at bank	42'429	77'914
EUR cash balances at bank	797'924	1'108'747
<b>Total cash and cash equivalents</b>	<b>840'353</b>	<b>1'186'661</b>

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 9. Equity

### Share and participation capital

The fully paid in share capital of the Company amounts to CHF 130'000 (EUR 120'119) and is divided into 13'000'000 registered shares with a nominal value of CHF 0.01 each. The participation capital of the Company amounts to CHF 39'354 (EUR 36'444) and is divided into 3'935'400 certificates with a nominal value of CHF 0.01 each. The participation certificates have no voting rights.

During the periods presented the number of shares changed as follows:

	1 Jan 2021 to 31 Dec 2021		27 Nov 2020 to 31 Dec 2020	
	Share capital	Participation capital	Share capital	Participation capital
in number of shares/certificates				
<b>As at beginning of the period</b>	<b>13'000'000</b>	-	-	-
Incorporation 27 November 2020	-	-	13'000'000	-
Authorized capital increase 12 January 2021	-	574'500	-	-
Authorized capital increase 29 January 2021	-	666'500	-	-
Authorized capital increase 26 February 2021	-	259'000	-	-
Authorized capital increase 29 April 2021	-	340'000	-	-
Authorized capital increase 9 June 2021	-	330'300	-	-
Authorized capital increase 22 July 2021	-	978'600	-	-
Authorized capital increase 4 November 2021	-	786'500	-	-
<b>As at the end of the period</b>	<b>13'000'000</b>	<b>3'935'400</b>	<b>13'000'000</b>	-

### Authorized capital

The Board of Directors is authorised to increase the non-voting participation capital at any time before 31 October 2022 by a maximum amount of CHF 25'646 by issuing a maximum number of 2'564'600 participation certificates with a nominal value of CHF 0.01 each. The respective issue price, the date of dividend entitlement and the type of contributions are determined by the Board of Directors.

### Capital reserves

During the financial year ended 31 December 2021 the company issued a total number of 3'935'400 participation certificates for an issue price between EUR 2.00 and 3.50 each through the authorized capital. The difference of EUR 10'977'455 between the par value of 36'444 and the gross proceeds of EUR 11'013'899 less total transaction costs of EUR 1'763'359 is recognised in capital reserves.

### Prepaid participation capital reserve

The Company raised capital through subscription certificates for participation certificates. The subscribers were obligated to prepay the agreed amount in order to enable the Company to increase the participation capital by using the authorized capital. After a revocation period of 14 days, there is no possibility for the subscribers to request a refund of the prepayment, so that the Company's obligation is to deliver only a fixed number of shares. The total prepaid participation capital not yet converted to participation certificates classified as equity amounts to EUR 406'500 as at 31 December 2021 (31 December 2020: EUR 1'109'000) for which the Company is obligated to deliver a total number of 81'300 participation certificates to the subscribers (31 December 2020: 554'500) at an issue price of EUR 5.00 each (31 December 2020: EUR 2.00).

### Non-voting dividend rights certificate ("Genussscheine")

As at 31 December 2021 and 31 December 2020 23'692 non-voting dividend rights certificates (DRC) have been authorised in the Company's Articles of Incorporation of which none have been issued yet. Under Swiss company law these non-voting equity securities have no nominal value, are not part of the share capital and cannot be issued against a contribution which would be shown as an asset in the balance sheet of the Company. The not yet issued dividend rights certificates may be provided to persons linked with the Company by previous capital participation or by virtue of being shareholders, creditors, employees or similar at the discretion of the Board of Directors.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

Each dividend rights certificate confers the same rights as a defined number of participation certificates (PC) to participate in the net profit and any remaining proceeds from liquidation (equivalence to PC per DRC). In accordance with the law and the Articles of Incorporation of the Company, the Company is entitled at all times to exchange all or some of the dividend rights certificates into a defined number of participation certificates (equivalence to PC per DRC). As a result, the net profit distributed to the owners of the 23'692 dividend rights certificates would be equivalent to the net profit distributed to the owners of 8'000'000 participation certificates and the Company has the right to convert the 23'692 dividend rights certificates to a total number of 8'000'000 participation certificates (equivalence to PC total).

The authorized and issued dividend rights certificates for all periods presented are as follows:

Class of DRC	Authorised DRCs	Issued DRCs	Equivalence to PC per DRC	Equivalence to PC total
DRC A	280	-	5'000	1'400'000
DRC B1	7'800	-	110	858'000
DRC B2	7'800	-	55	429'000
DRC K1	1'460	-	200	292'000
DRC K2	1'300	-	2'000	2'600'000
DRC P1	750	-	1'000	750'000
DRC P2	1'200	-	100	120'000
DRC UE	3'102	-	500	1'551'000
<b>Total</b>	<b>23'692</b>	<b>-</b>		<b>8'000'000</b>

## 10. Net defined benefit obligation

The Federal Law on Occupational Retirement, Survivors', and Disability Pensions (BVG) regulates occupational benefits in Switzerland. In the event of a significant deficit, employees and employers must jointly bear any restructuring measures, for example through additional contributions. The Swiss pension plans therefore qualify as defined benefit plans and the actuarially determined surplus or deficit is recognized in the balance sheet. In accordance with local statutory requirements, the Company does not have any further obligations towards the pension plans beyond the regulatory contribution payments. The retirement pension is calculated by multiplying the retirement assets available at the time of retirement by the conversion rates stipulated in the Swiss pension law BVG. The employee has the option of instead drawing the retirement benefit as a lump sum. The employee also has the right to early retirement.

The number of insured active employees is 3. The plan assets are integrated in an insurance contract with an external pension fund provider and therefore no information regarding the asset class of the plan assets is provided.

The net defined benefit obligation changed as follows:

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

in EUR	Present value of obligation	Fair value of plan assets	Total
<b>As at 1 January 2021</b>	-	-	-
Current service cost	(38'079)	-	(38'079)
Interest (expense) / income	(34)	10	(24)
Administration costs	(767)	-	(767)
<b>Total expense recognized in profit or loss</b>	<b>(38'880)</b>	<b>10</b>	<b>(38'870)</b>
Return on plan assets, excluding amounts included in interest income	-	78	78
Actuarial gains / (losses) from change in financial assumptions	2'483	-	2'483
Actuarial gains / (losses) from changes in experience	(5'777)	-	(5'777)
Other actuarial gains / (losses)	(25'676)	-	(25'676)
Exchange differences	(3'430)	1'214	(2'216)
<b>Total remeasurement recognized in other comprehensive income</b>	<b>(32'400)</b>	<b>1'292</b>	<b>(31'108)</b>
Contributions by Company	-	20'408	20'408
Contributions by plan participants	(20'408)	20'408	-
Benefits paid	14'934	(14'934)	-
<b>As at the end of the period</b>	<b>(76'754)</b>	<b>27'184</b>	<b>(49'570)</b>

The contributions expected to be paid into the defined benefit pension plan for 2022 amount to EUR 33'104 and the average weighted duration is 15.8 years.

The main actuarial assumptions are as follows:

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Discount rate	0.35%	N/A
Interest rate on retirement savings capital	0.50%	N/A
Salary increases	1.00%	N/A
Retirement age	M65/F64	N/A
Mortality tables used	BVG2020 GT	N/A

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

Changes in significant assumptions would have the following impact on the defined benefit obligation:

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Discount rate increases by 50 bps	-7.9%	N/A
Discount rate decreases by 50 bps	9.0%	N/A
Life expectancy increases by 1 year	1.1%	N/A
Life expectancy decreases by 1 year	-1.1%	N/A

## 11. Trade payables

in EUR	31 Dec 2021	31 Dec 2020
Trade payables due to third parties	383'434	13'198
Trade payables due to directors	-	14'358
<b>Total trade and other payables</b>	<b>383'434</b>	<b>27'556</b>

## 12. Short-term loans

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>As at beginning of the period</b>	<b>50'000</b>	-
Proceeds	-	50'000
Repayments	(50'000)	-
<b>As at the end of the period</b>	<b>-</b>	<b>50'000</b>

### *Short-term loan due to related parties*

The short-term loan of EUR 50'000 due to a company controlled by a member of the Board of Directors, are funds provided to finance the initial costs of the Company, are interest free and have been repaid during the year ended 31 December 2021.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 13. Other current liabilities

in EUR	31 Dec 2021	31 Dec 2020
Stamp duty payables	64'139	-
Income tax liability	3'251	-
Current account employee	6'280	-
Pension fund payables	38'274	-
Social security payables	33'787	-
Source tax payables	58'762	-
Accrued expenses	90'597	-
<b>Total other current liabilities</b>	<b>295'090</b>	<b>-</b>

## 14. Operating expenses

*Expenses by nature*

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
External developments costs	851'185	-
Employee benefits expenses	679'657	-
Advisory board fee	194'592	-
Professional fees	1'115'554	53'577
Professional fees from related parties	881'195	62'940
Legal fees	447'608	-
Audit and accounting services	229'585	-
Marketing	837'612	-
Travel and entertainment	289'875	353
Communication & IT	223'594	-
Dwelling costs	99'868	-
Depreciation	64'666	-
Other	61'014	689
<b>Total operating expenses</b>	<b>5'976'005</b>	<b>117'560</b>

*Employee benefit expenses*

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Wages and salaries	515'225	-
Social security contributions	89'531	-
Contributions to defined benefit plans	38'871	-
Other	36'030	-
<b>Total employee benefit expenses</b>	<b>679'657</b>	<b>-</b>

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 15. Net financial result

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Foreign currency exchange gains	21'172	61
<b>Total finance income</b>	<b>21'172</b>	<b>61</b>
Bank charges	(29'286)	(800)
Interest expense on lease liability	(2'303)	-
Other finance costs	(301)	-
<b>Total finance costs</b>	<b>(31'890)</b>	<b>(800)</b>

## 16. Income taxes

The income taxes recognised in profit or loss are as follows:

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Current income tax expense	3'251	-
Deferred income tax expense	-	-
<b>Total income tax expense</b>	<b>3'251</b>	<b>-</b>

The income taxes can be analysed as follows:

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Loss before tax	(5'989'974)	(118'299)
<b>Tax expense/(income) at the applicable tax rate of 12%</b>	<b>(718'797)</b>	<b>(14'196)</b>
Tax losses not capitalized	718'797	14'196
Other income taxes	3'251	-
<b>Total income tax expense</b>	<b>3'251</b>	<b>-</b>

The applicable tax rate of 12.0 % is the expected tax rate of the company in the canton of Zug, Switzerland.

### *Not capitalized tax loss carry-forwards*

The tax loss carry-forward not capitalized of EUR 732'993 refers to the losses of the Company in Switzerland for the extended tax year from 27 November 2020 to 31 December 2021. Tax loss carry-forward in Switzerland can be utilized up to seven years following the realization of the respective tax loss for corporate income tax purposes. The potential tax benefit as of 31 December 2021 of the not capitalized tax loss carry forwards amounts to EUR 1'025'057 (31 December 2020: EUR 14'196).



# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 17. Earnings per share, participation certificate (PC) and dividend rights certificate (DRC)

	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>Loss for the period attributable to owners of the Company (EUR)</b>	<b>(5'989'974)</b>	<b>(118'299)</b>
Percentage of distribution to owners of outstanding shares	82%	99%
Percentage of distribution to owners of outstanding PCs	18%	1%
Percentage of distribution to owners of outstanding DRCs	-	-
<i>Shares</i>		
Loss for the period attributable to owners of outstanding shares (EUR)	(4'897'573)	(116'831)
Weighted average number of outstanding shares	13'000'000	13'000'000
<b>Basic and diluted (loss) per share (EUR)</b>	<b>(0.38)</b>	<b>(0.01)</b>
<i>Participation certificates</i>		
Loss for the period attributable to owners of outstanding PCs (EUR)	(1'092'401)	(1'468)
Weighted average number of outstanding PCs	2'899'643	163'338
<b>Basic and diluted (loss) per PC (EUR)</b>	<b>(0.38)</b>	<b>(0.01)</b>
<i>Dividend rights certificates</i>		
Loss for the period attributable to owners of outstanding DRCs (EUR)	-	-
Weighted average number of DRCs	23'692	23'692
Weighted average number of not yet issued DRCs (Note 8)	(23'692)	(23'692)
<b>Weighted average number of outstanding DRCs</b>	<b>-</b>	<b>-</b>
<b>Basic and diluted (loss) per DRC (EUR)</b>	<b>-</b>	<b>-</b>

### *Earnings per category of shares and participation and dividend rights certificates*

Earnings per category of shares and participation and dividend rights certificates (Note 9) are calculated on the basis of the net loss attributable to the owners of these instruments based on their rights to distributions and the average number of outstanding shares and certificates.

### *Outstanding shares and certificates*

Shares and certificates authorized but not yet issued (Note 9) are not treated as outstanding and are therefore deducted from the earnings per share and certificates calculation. Prepaid participation certificates not yet issued are included in the earnings per share and certificates calculation from the date the cash received in exchange for participation certificates is receivable.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 18. Leases

The Company is party to a two-year office lease contract and car leases that are classified as short-term leases.

### *Right-of-use assets*

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>As at beginning of the period</b>	-	-
Additions	283'689	-
Depreciation	(59'102)	-
<b>As at the end of the period</b>	<b>224'587</b>	-
At cost	283'689	-
Accumulated depreciation	(59'102)	-
<b>Net carrying amount</b>	<b>224'587</b>	-

### *Lease liabilities*

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
<b>As at beginning of the period</b>	-	-
Additions	283'689	-
Interest accrual	2'303	-
Payments	(60'713)	-
Foreign exchange differences	9'674	-
<b>As at the end of the period</b>	<b>234'953</b>	-
<i>thereof non-current</i>	83'951	-
<i>thereof current</i>	151'002	-
<i>Amounts recognised in profit or loss</i>		

in EUR	1 Jan 2021 to 31 Dec 2021	27 Nov 2020 to 31 Dec 2020
Depreciation expense of right-of-use assets	59'102	-
Interest expense on lease liabilities	2'303	-
Expenses relating to short-term leases and low value assets	7'911	-
<b>Total amount recognised in profit or loss</b>	<b>69'316</b>	-

Total cash outflow for leases during the financial year ended 31 December 2021 amounts to EUR 68'624 (2020: NIL).

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 19. Related parties

### Transactions with related parties

At the beginning of the year ended 31 December 2021, the Company acquired from a company controlled by a member of the board of directors' work in progress software (Note 5) for EUR 1'750'000.

### Outstanding balances with related parties

During the period ended 31 December 2020 the Company received a EUR 50'000 loan from a company controlled by a member of the Board of Directors (Note 10) that was repaid during the year ended 31 December 2021.

As at 31 December 2021 there are EUR 40'571 other receivables due from a director (2020: 0) and EUR 0 trade payables due to companies controlled by a member of the Board of Directors outstanding (2020: 14'358). The trade payables relate to professional services received.

### Key management personnel compensation

During the year ended 31 December 2021 the Company paid a total amount of EUR 282'039 (2020: 0) to members of the board of directors and 881'195 (2020: 52'940) to companies controlled by members of the board of directors (including one former director) for professional services. A total amount of EUR 46'177 was paid to a member of the executive board.

## 20. Financial assets and liabilities

The following table shows the classification and carrying amounts of financial instruments held:

in EUR	31 Dec 2021	31 Dec 2020
<i>Financial assets measured at amortised cost</i>		
Cash at bank	840'353	1'186'661
Other receivables <sup>1)</sup>	74'683	-
<b>Total financial assets</b>	<b>915'036</b>	<b>1'186'661</b>
<i>Financial liabilities measured at amortised cost</i>		
Trade payables	383'434	27'556
Short-term loans	-	50'000
Other liabilities <sup>2)</sup>	201'242	-
<b>Total financial liabilities</b>	<b>584'676</b>	<b>77'556</b>

<sup>1)</sup> Excludes VAT and other tax receivables

<sup>2)</sup> Excludes Income tax and other tax liabilities and accrued expenses

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. At 31 December 2021, 31 December 2020 and 27 November 2020 the carrying amounts of financial assets and liabilities equal its fair values based on their nature and maturity or due date.

The company has no financial assets or liabilities that are measured at fair value through profit and loss or at fair value through other comprehensive income.

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## 21. Financial risk management

The Company is exposed to financial risks as a result of its business activities including market risk (currency and interest rate risk), liquidity risk and credit risk.

### Market Risk

#### Currency risk

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on the statement of financial position and cash flows. However, such fluctuations are insignificant since majority of transactions are denominated in EUR. As at 31 December the Company was exposed to the following foreign currencies:

in EUR	31 Dec 2021	31 Dec 2020
Cash at bank in CHF	42'429	77'914
Other current assets in CHF	74'683	1'715
Trade payables in CHF	(146'841)	(26'263)
Other current liabilities in CHF	(194'962)	-
<b>Net exposure in CHF</b>	<b>(224'691)</b>	<b>53'365</b>

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is currently not exposed to any interest rate risk.

### Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company mitigates the credit risk by assessing the credit risk of counter parties for material transactions.

The carrying amounts of cash at bank and other current assets exposed to credit risk:

in EUR	31 Dec 2021	31 Dec 2020
Cash at bank	840'353	1'186'661
Other receivables <sup>1)</sup>	74'683	-
<b>Total carrying amount of financial assets</b>	<b>915'036</b>	<b>1'186'661</b>

<sup>1)</sup> Excludes VAT and other tax receivables

The Standard & Poor's credit rating of the counterparties is as follows:

in EUR	31 Dec 2021	31 Dec 2020
A-1+	80'010	77'913
A-2	759'495	1'108'747
Other or no rating	106'438	-
<b>Total carrying amount of financial assets</b>	<b>945'943</b>	<b>1'186'661</b>

# Ella Media AG

Financial Statements for the financial year ended 31 December 2021

## Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset. Cash flow forecasting is performed on a regular basis. The Company monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

The expected cash outflows are outlined in following table:

in EUR	Maturity		Total nominal amount
	less than 1 year	1 to 5 years	
Lease liabilities	156'000	91'000	234'953
Trade payables	383'434	-	383'434
Other current liabilities	295'090	-	295'090
<b>Total financial liabilities</b>	<b>834'524</b>	<b>91'000</b>	<b>913'477</b>

## 22. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital is considered the equity of the shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or the sale of assets to reduce liabilities.

## 23. Events after the reporting period

Subsequent 31 December 2021 the Company increased the participation capital seven times by a total amount of CHF 10'088.38 and issued a total number of 1'008'838 participation certificates with a par value of CHF 0.01 each through the authorized capital. As a result, a total subscription amount of EUR 5'877'673 or on average EUR 5.83 per participation certificate was converted to participation capital and capital reserves.

**Ella Media AG  
Zug**

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**Report of the independent auditor  
on the financial statements  
31 December 2021**

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## Independent auditor's report to the Board of Directors of Ella Media AG, Zug

### Report on the audit of the financial statements

#### *Opinion*

On your instructions, we have audited the financial statements of Ella Media AG, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA) and Swiss Auditing Standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of the Board of Directors for the Financial Statements*

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union (EU), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

A further description of the auditor's responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

**MAZARS AG**Roger Leu  
Licensed Audit ExpertElisa Leu  
Licensed Audit Expert

Zurich, 16 December 2022

## Enclosure:

- Financial statements (statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity and notes)



**Annex 3 (Articles of Association of the Issuer)**

# STATUTEN

# ARTICLES OF ASSOCIATION

der

**Ella Media AG  
(Ella Media SA)  
(Ella Media Ltd)**

mit Sitz in Zug

of

**Ella Media AG  
(Ella Media SA)  
(Ella Media Ltd)**

with registered office in Zug

## I. FIRMA, SITZ UND ZWECK

## I. CORPORATE NAME, REGISTERED OFFICE, AND PURPOSE

### Art. 1 Firma und Sitz

### Art. 1 Corporate Name and Registered Office

Unter der Firma

Under the corporate name of

**Ella Media AG  
(Ella Media SA)  
(Ella Media Ltd)**

**Ella Media AG  
(Ella Media SA)  
(Ella Media Ltd)**

besteht mit Sitz in Zug eine Aktiengesellschaft („Gesellschaft“) im Sinne des 26. Titels des Schweizerischen Obligationenrechts ("OR") und der nachfolgenden Bestimmungen.

there exists with registered office in Zug a stock corporation ("Company") pursuant to the 26<sup>th</sup> title of the Swiss Code of Obligations ("CO") and the following provisions.

### Art. 2 Zweck

### Art. 2 Purpose

<sup>1</sup> Die Gesellschaft bezweckt die Entwicklung und Vermarktung von Software zur Erstellung von

<sup>1</sup> The purpose of the Company is the development and commercialization of software

branchenspezifischen und kundenzentrierten Inhalten in Form von Texten, Audio, Bildern und Videos basierend auf künstlicher Intelligenz.

for the production of industry-specific and consumer-centric content in form of texts, audio, images and videos based on artificial intelligence.

<sup>2</sup> Sie kann im In- und Ausland Zweigniederlassungen errichten, Tochtergesellschaften gründen, sich an zweckverwandten Unternehmen beteiligen sowie Grundstücke und Immaterialgüterrechte erwerben, halten, verwalten, belasten, verwerten und veräußern und ausserdem alle Rechtshandlungen vornehmen, die der Zweck der Gesellschaft mit sich bringen kann, insbesondere zugunsten von nahe stehenden und anderen Gesellschaften Finanzierungen gewähren, Sicherheiten aller Art stellen oder auf andere Weise Verpflichtungen dieser Gesellschaften absichern oder garantieren.

It may establish branches and subsidiaries in Switzerland and abroad, participate in enterprises with similar purposes as well as acquire, hold, administer, charge, exploit and sell real estate and intellectual property rights and further carry out all legal transactions in connection with its business purpose. In particular, the Company may engage in financings and grant securities of any kind in favor of affiliated companies or other companies, or may otherwise secure or guarantee liabilities of such companies.

## **II. KAPITAL UND GENUSSSCHEINE**

## **II. CAPITAL AND PROFIT PARTICIPATION CERTIFICATES**

### **Art. 3 Aktienkapital und Aktien**

### **Art. 3 Share Capital and Shares**

<sup>1</sup> Das Aktienkapital beträgt CHF 130'000.00 und ist eingeteilt in 13'000'000 Namenaktien zu je CHF 0.01 nominell. Das Aktienkapital ist voll liberiert.

<sup>1</sup> The share capital amounts to CHF 130,000.00 and is divided into 13,000,000 registered shares (ordinary shares) with a nominal value of CHF 0.01 per share. The share capital is fully paid-in.

<sup>2</sup> Die Gesellschaft kann ihre Aktien in Form von Einzelurkunden, Globalurkunden oder Wertrechten ausgeben. Im Rahmen der gesetzlichen Bestimmungen steht es der Gesellschaft frei, ihre in einer dieser Formen ausgegebenen Aktien jederzeit und ohne Zustimmung der Aktionäre in eine andere Form umzuwandeln und als Bucheffekten ausgestaltete Aktien aus dem entsprechenden Verwahrungssystem zurückzuziehen. Die Gesellschaft trägt dafür die Kosten.

<sup>2</sup> The Company may issue its shares in the form of individual certificates, global certificates or uncertificated securities. Within the scope of the statutory provision, the Company is free to convert its shares issued in one of these forms into another form and withdraw shares issued as intermediated securities from the custodian system at any time and without the consent of the shareholders. The Company shall bear the respective costs.

<sup>3</sup> Der Aktionär hat keinen Anspruch auf Umwandlung von in einer bestimmten Form ausgegebenen Aktien in eine andere Form. Jeder Aktionär kann jedoch von der Gesellschaft jederzeit die Ausstellung einer Bescheinigung über die von ihm gemäss Aktienbuch gehaltenen Namenaktien verlangen.

<sup>3</sup> The shareholder is not entitled to the conversion of shares issued in a certain form into another form. Each shareholder may, however, at any time request the Company to issue a certificate for the registered shares held by him according to the share register.

<sup>4</sup> Das Eigentum oder die Nutzniessung an einer Aktie oder einem Aktienzertifikat bringt die Anerkennung von Statuten und Reglementen der Gesellschaft mit sich.

<sup>4</sup> The ownership or the usufruct of a share or share certificate automatically entails the acknowledgment of the Articles of Association and the regulations of the Company.

<sup>5</sup> Die Übertragung von Aktien der Gesellschaft in der Form von Bucheffekten und die Bestellung von Sicherheiten für diese Bucheffekten richten sich nach den Bestimmungen des Bucheffektengesetzes. Eine Übertragung des Eigentums durch schriftliche Abtretung (Zession) ist ausgeschlossen.

<sup>5</sup> The transfer of intermediated securities based on shares of the Company and the provision of collateral for these intermediated securities are governed by the provisions of the Intermediated Securities Act. A transfer of ownership of the title by means of a written assignment (cession) is excluded.

#### **Art. 4 Partizipationskapital**

#### **Art. 4 Non-Voting Share Capital**

<sup>1</sup> Das Partizipationskapital beträgt CHF 63'442.38 und ist eingeteilt in 6'344'238 auf den Namen lautende Partizipationsscheine zu je CHF 0.01 nominell. Das Partizipationskapital ist voll liberiert.

<sup>1</sup> The non-voting share capital amounts to CHF 63,442.38 and is divided into 6,344,238 registered non-voting shares with a nominal value of CHF 0.01 per shares. The non-voting share capital is fully paid-in.

<sup>2</sup> Werden das Aktien- und das Partizipationskapital gleichzeitig und im gleichen Verhältnis erhöht, so steht den Aktionären ausschliesslich ein Bezugsrecht auf Aktien und den Partizipanten ausschliesslich ein solches auf Partizipationsscheine zu. Im Übrigen gilt Art. 656g OR.

<sup>2</sup> If the ordinary share capital (*Aktienkapital*) and the non-voting share capital (*Partizipationskapital*) are increased simultaneously and in the same proportion, the holders of ordinary shares (*Aktien*) only have a subscription right to ordinary shares (*Aktien*) and the holders of non-voting shares (*Partizipationsscheine*) only have a subscription right to non-voting shares (*Partizipationsscheine*). In all other aspects, Art. 656g CO applies.

<sup>3</sup> Die gesetzlichen und statutarischen Bestimmungen über das Aktienkapital, die Aktie und den Aktionär gelten auch für das Partizipationskapital, den Partizipationsschein und den Partizipanten, soweit das Gesetz und die Statuten nichts anderes vorsehen.

<sup>3</sup> Unless otherwise provided by law or the Articles of Association, the provisions of the law and the Articles of Association regarding the share capital, the share and the shareholder shall also apply with respect to the non-voting share capital, the non-voting share and the non-voting shareholder.

#### **Art. 4a Genehmigtes Partizipationskapital**

#### **Art. 4a Authorized Non-Voting Share Capital**

<sup>1</sup> Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 28.10.2024 ein Partizipationskapital im Maximalbetrag von CHF 71'000.00 durch Ausgabe von höchstens 7'100'000 vollständig zu liberierenden, auf den Namen lautende Partizipationsscheine mit einem

<sup>1</sup> The Board of Directors is authorised to create non-voting share capital up to a maximum amount of CHF 71,000.00 at any time until October 28, 2024 by issuing up to 7,100,000 of fully paid-in registered non-voting shares with a nominal value of CHF 0.01 each. The respective issue price, the

Nennwert von je CHF 0.01 zu schaffen. Der jeweilige Ausgabebetrag, der Zeitpunkt der Dividendenberechtigung und die Art der Einlagen werden vom Verwaltungsrat bestimmt.

<sup>2</sup> Der Verwaltungsrat ist berechtigt, das Bezugsrecht auszuschliessen und Dritten zuzuweisen, wenn solche neuen Partizipationsscheine (1) für die Übernahme von Unternehmen, (2) zur Finanzierung des Erwerbes von Unternehmen, Unternehmensteilen oder Beteiligungen oder von neuen Investitionsvorhaben der Gesellschaft oder (3) für die Beteiligung von Mitarbeitern verwendet werden sollen. Partizipationsscheine, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, sind zu Marktbedingungen zu veräussern.

#### **Art. 4b Bedingtes Partizipationskapital**

<sup>1</sup> Das Partizipationskapital kann im Maximalbetrag von CHF 17'000.00 durch die Ausgabe von höchstens 1'700'000 vollständig zu liberierenden, auf den Namen lautenden Partizipationsscheinen mit einem Nennwert von je CHF 0.01 durch die Ausübung von Optionsrechten, die den Mitarbeitern, den Mitgliedern des Verwaltungsrats und/oder Beratern der Gesellschaft und/oder ihren Tochtergesellschaften gewährt werden, erhöht werden.

<sup>2</sup> Das Bezugsrecht und das Vorwegzeichnungsrecht der Aktionäre und der Partizipanten sind ausgeschlossen.

<sup>3</sup> Der Verwaltungsrat regelt die Einzelheiten der Ausgabebedingungen.

#### **Art. 5 Genussscheine**

<sup>1</sup> Es bestehen 23'692 auf den Namen lautende Genussscheine. Die Inhaber werden in einem von der Gesellschaft zu führenden Register der Genussschein-Inhaber eingetragen. Es bestehen insgesamt 8 Arten von Genussscheinen wie folgt:

a. Genussschein A  
Es bestehen 280 Genussscheine A mit den Nummern 1 bis 280. Jeder der Genussscheine A hat

date of dividend entitlement and the type of contributions are determined by the Board of Directors.

<sup>2</sup> The Board of Directors is entitled to withdraw subscription rights and allocate them to third parties if such new non-voting shares are to be used (1) for the acquisition of companies, (2) to finance the acquisition of companies, parts of companies or participations or new investment projects of the Company or (3) for the participation of employees. Non-voting shares for which subscription rights have been granted but not exercised shall be sold at market conditions.

#### **Art. 4b Conditional Non-Voting Share Capital**

<sup>1</sup> The non-voting share capital may be increased by a maximum amount of CHF 17,000.00 by issuing 1,700,000 registered non-voting shares with a par value of CHF 0.01 each, to be fully paid up, by exercising option rights granted to employees, members of the board of directors and/or consultants of the Company and/or its subsidiaries.

<sup>2</sup> The subscription right and the advance subscription right of the shareholders and the holders of non-voting shares are excluded.

<sup>3</sup> The Board of Directors shall determine the details of the terms of issue.

#### **Art. 5 Profit Participation Certificates**

<sup>1</sup> There are 23,692 registered profit participation certificates. The holders are entered in a register of profit participation certificate holders to be kept by the Company. There are a total of 8 types of profit participation certificates as follows:

a. Profit participation certificate A  
There are 280 profit participation certificates A with numbers 1 to 280, each of which has the same

den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 5'000 Partizipationsscheine.

b. Genussschein B1

Es bestehen 7'800 Genussscheine B1 mit den Nummern 1 bis 7'800. Jeder der Genussscheine B1 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 110 Partizipationsscheine.

c. Genussschein B2

Es bestehen 7'800 Genussscheine B2 mit den Nummern 1 bis 7'800. Jeder der Genussscheine B2 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 55 Partizipationsscheine.

d. Genussschein K1

Es bestehen 1'460 Genussscheine K1 mit den Nummern 1 bis 1'460. Jeder der Genussscheine K1 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 200 Partizipationsscheine.

e. Genussschein K2

Es bestehen 1'300 Genussscheine K2 mit den Nummern 1 bis 1'300. Jeder der Genussscheine K2 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 2'000 Partizipationsscheine.

f. Genussschein P1

Es bestehen 750 Genussscheine P1 mit den Nummern 1 bis 750. Jeder der Genussscheine P1 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 1'000 Partizipationsscheine.

share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 5,000 non-voting shares.

b. Profit participation certificate B1

There are 7,800 profit participation certificates B1 with numbers 1 to 7,800, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 110 non-voting shares.

c. Profit participation certificate B2

There are 7,800 profit participation certificates B2 with numbers 1 to 7,800, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 55 non-voting shares.

d. Profit participation certificate K1

There are 1,460 profit participation certificates K1 with numbers 1 to 1,460, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 200 non-voting shares.

e. Profit participation certificate K2

There are 1,300 profit participation certificates K2 with numbers 1 to 1,300, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 2,000 non-voting shares.

f. Profit participation certificate P1

There are 750 profit participation certificates P1 with numbers 1 to 750, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 1,000 non-voting shares.

g. Genussschein P2

Es bestehen 1'200 Genussscheine P2 mit den Nummern 1 bis 1'200. Jeder der Genussscheine P2 hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 100 Partizipationsscheine.

h. Genussschein UE

Es bestehen 3'102 Genussscheine UE mit den Nummern 1 bis 3'102. Jeder der Genussscheine UE hat den gleichen Anteil am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) wie 500 Partizipationsscheine.

<sup>2</sup> Die Genussscheine bilden keinen Bestandteil des Aktien- oder Partizipationskapitals und haben kein Stimmrecht.

<sup>3</sup> Bei der Emission neuer Aktien oder Partizipationsscheine hat jeder Genussschein-Inhaber das Recht auf den Bezug von so vielen Partizipationsscheinen je Genussschein, wie ein Genussschein der jeweiligen Art am Bilanzgewinn nach der ihm zugeordneten Stückzahl an Partizipationsscheinen beteiligt ist. Damit hat bei der Emission neuer Aktien- oder Partizipationsscheine jeder Genussschein-Inhaber das Recht zum Bezug von so vielen Partizipationsscheinen, dass damit die Gewinnbeteiligung des jeweiligen Genussscheins nicht verwässert wird.

<sup>4</sup> Die Genussscheine sind an die von der Generalversammlung genehmigte Bilanz und die Erfolgsrechnung und an die von der Generalversammlung beschlossene Gewinnverteilung gebunden.

<sup>5</sup> Alle die Genussscheine betreffenden Mitteilungen der Gesellschaft erfolgen direkt an die im Genussschein-Register namentlich registrierten Genussschein-Inhaber.

g. Profit participation certificate P2

There are 1,200 profit participation certificates P2 with numbers 1 to 1,200, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 100 non-voting shares.

h. Profit participation certificate UE

There are 3,102 profit participation certificates UE with numbers 1 to 3,102, each of which has the same share in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) as 500 non-voting shares.

<sup>2</sup> The profit participation certificates do not form part of the ordinary share capital or the non-voting share capital and have no voting rights.

<sup>3</sup> In case of issuance of new ordinary shares or non-voting shares, each profit participation certificate holder shall be entitled to subscribe for as many non-voting shares per profit participation certificate as a profit participation certificate of the respective type participates in the balance sheet profit in accordance with the number of non-voting shares allocated to it. This means that in case of issuance of new ordinary shares or non-voting shares, each profit participation certificate holder has the right to subscribe for as many non-voting shares so that the share in the balance sheet profit of the respective profit participation certificate will not be diluted.

<sup>4</sup> The profit participation certificates are bound by the balance sheet and income statement as approved by the Shareholders' Meeting and by the distribution of profits as resolved by the Shareholders' Meeting.

<sup>5</sup> All notifications of the Company concerning the profit participation certificates are made directly to the profit participation certificate holders registered by name in the register of profit participation certificates.

<sup>6</sup> Die Gesellschaft ist jederzeit berechtigt, alle Genussscheine, oder auch nur einen Teil davon, ohne Zustimmung ihrer Inhaber gegen Aktien oder Partizipationsscheine umzutauschen. Das Umtauschverhältnis beträgt in diesen Fällen für 1 Genussschein so viele Aktien bzw. Partizipationsscheine, wie ein Genussschein der jeweiligen Art am Bilanzgewinn nach der ihm zugeordneten Stückzahl an Partizipationsscheinen gemäss Abs. 1 beteiligt ist. Damit erhält jeder Genussschein-Inhaber bei der Umwandlung so viele Aktien bzw. Partizipationsscheine, dass damit die Gewinnbeteiligung des jeweiligen Genussscheins nicht verwässert wird. Jede dieser neuen Aktien oder Partizipationsscheine soll am Bilanzgewinn (d.h. Ausschüttungen von Jahresgewinn gemäss Erfolgsrechnung, Gewinnvortrag, sonstigen Reserven oder Liquidationserlös) gleich einer der bisherigen Aktien bzw. Partizipationsscheine beteiligt sein.

<sup>7</sup> Die zum Umtausch bestimmten Genussscheine werden durch schriftliche Mitteilung an jeden im Register der Genussschein-Inhaber namentlich eingetragenen Genussschein-Inhaber aufgerufen. Die Generalversammlung bestimmt den Zeitpunkt, an welchem die Rechte der zum Umtausch aufgeforderten Genussscheine erlöschen und an deren Stelle die Rechte der neuen Aktien oder Partizipationsscheine treten.

<sup>8</sup> Versammlungen der Genussscheininhaber werden einberufen, sooft der Verwaltungsrat dies für notwendig hält.

<sup>9</sup> Zur Teilnahme an der Versammlung der Genussscheininhaber ist jeder Genussscheininhaber berechtigt. Er kann sich durch einen anderen schriftlich bevollmächtigten Genussscheininhaber vertreten lassen.

<sup>10</sup> Jeder Genussschein berechtigt zu einer Stimme. Zur Erlangung des Stimmrechts haben die Genussscheininhaber ihre Genussscheine vor der Versammlung bei der Gesellschaft zu hinterlegen

<sup>6</sup> The Company is entitled to at any time exchange all or part of the profit participation certificates for ordinary shares or non-voting shares without the consent of their holders. In these cases, the exchange ratio for 1 profit participation certificate shall be as many ordinary shares or non-voting shares, as one profit participation certificate of the respective type participates in the balance sheet profit in accordance with that number of non-voting shares allocated to it pursuant to paragraph 1. Thus, upon conversion each profit participation certificate holder receives as many ordinary shares or non-voting shares so that the share in the balance sheet profit of the respective profit participation certificate will not be diluted. Each of these new ordinary shares or non-voting shares shall participate in the balance sheet profit (i.e. distribution of annual profit according to income statement, profit carried forward, other reserves or liquidation proceeds) in the same way as one of the existing ordinary shares or non-voting shares, respectively.

<sup>7</sup> The profit participation certificates intended for exchange are called up by written notification to each profit participation certificate holder entered by name in the register of profit participation certificate holders. The Shareholders' Meeting determines the date on which the rights of the profit participation certificates called for exchange will expire and will be replaced by the rights of the new ordinary shares or non-voting shares.

<sup>8</sup> Meetings of the profit participation certificate holders are convened as often as the Board of Directors deems necessary.

<sup>9</sup> Each profit participation certificate holder is entitled to attend the meeting of profit participation certificate holders. He/she may be represented by another profit participation certificate holder with written power of attorney.

<sup>10</sup> Each profit participation certificate entitles to one vote. In order to obtain voting rights, the profit participation certificate holders must deposit their profit participation certificate with the Company prior to the meeting or provide proof of their

oder sich über ihren Genussscheinbesitz in der vom Verwaltungsrat festgelegten Form auszuweisen.

ownership of the respective profit participation certificate in the form determined by the Board of Directors.

<sup>11</sup> Die Versammlung wird vom Verwaltungsrat unter Bekanntmachung der Tagesordnung durch schriftliche Einladung an die im Register der Genussschein-Inhaber eingetragenen Genussschein-Inhaber einberufen. Die Einladung hat spätestens 20 Tage vor dem Versammlungstermin zu erfolgen. Den Vorsitz führt der Präsident, der Vizepräsident oder ein anderes Mitglied des Verwaltungsrates. Das Protokoll ist vom Vorsitzenden und vom Sekretär zu unterschreiben.

<sup>11</sup> The meeting is convened by the Board of Directors by written invitation including the agenda items to the profit participation certificate holders entered in the register of profit participation certificate holders. The invitation must be issued at least 20 days before the date of the meeting. The meeting is chaired by the Chairman, the Vice-Chairman or another member of the Board of Directors. The minutes must be signed by the Chairman and the Secretary.

<sup>12</sup> Die Versammlung der Genussscheininhaber ist beschlussfähig, wenn mindestens die Hälfte der ausgegebenen Genussscheine anwesend oder vertreten ist. Sie fasst ihre Beschlüsse mit einer Mehrheit von zwei Dritteln der abgegebenen Stimmen.

<sup>12</sup> The meeting of profit participation certificate holders is quorate if at least half of the issued profit participation certificates are present or represented. It passes its resolutions with a majority of two thirds of the votes cast.

<sup>13</sup> Ist in einer Versammlung der Genussscheininhaber nicht die genügende Anzahl von Genussscheinen vertreten, so ist eine zweite Versammlung einzuberufen, welche dann ohne Rücksicht auf die Zahl der vertretenen Genussscheine mit der absoluten Mehrheit der vertretenen Stimmen beschliessen kann. Die Einladung zu dieser zweiten Versammlung der Genussscheininhaber kann gleichzeitig mit derjenigen zur ersten Versammlung erfolgen, und die Versammlung kann unmittelbar nach der ersten Versammlung abgehalten werden.

<sup>13</sup> Unless at a meeting of profit participation certificate holders a sufficient number of profit participation certificates is represented, a second meeting must be convened, which shall pass resolutions with an absolute majority of the votes represented, irrespective of the number of profit participation certificates represented. The second meeting of the profit participation certificate holders may be convened concurrently with the first meeting, and the meeting may be held immediately after the first meeting.

<sup>14</sup> Die Versammlung der Genussscheininhaber kann für alle Genussscheine verbindlich Änderungen in den statutarischen Rechten der Genussscheine beschliessen, jedoch bedarf in allen Fällen ein Beschluss über den Verzicht auf einzelne oder alle Rechte aus den Genussscheinen der Zustimmung der Inhaber der Mehrheit aller im Umlauf befindlichen Genussscheine.

<sup>14</sup> The meeting of profit participation certificate holders may adopt amendments to the rights of the profit participation certificates pursuant to the articles of association binding on all profit participation certificates. In any case a resolution on a waiver of individual or all rights arising from the profit participation certificates requires the consent of the holders of the majority of all profit participation certificates in circulation.

<sup>15</sup> Sämtliche Beschlüsse der Versammlung der Genussscheininhaber unterliegen der Genehmigung durch die Generalversammlung der Aktionäre.

<sup>15</sup> All resolutions of the meeting of profit participation certificate holders are subject to the approval of the Shareholders' Meeting.



## Art. 6 Bezugsrecht

<sup>1</sup> Im Fall der Erhöhung des Aktienkapitals steht den Aktionären ein Bezugsrecht an den neu ausgegebenen Aktien nach Massgabe ihres bisherigen Aktienbesitzes zu. Die Generalversammlung kann dieses Bezugsrecht aus wichtigen Gründen einschränken oder aufheben.

<sup>2</sup> Ein wichtiger Grund liegt insbesondere vor, wenn die neuen Aktien ausgegeben werden:

- Bei der Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen;
- Bei der Durchführung einer Fusion, Quasifusion oder anderen fusionsähnlichen Transaktionen;
- Bei der Vornahme von Sacheinlagen;
- Bei der Ausgabe von Mitarbeiterbeteiligungen;
- Bei der Aktienplatzierung auf dem Kapitalmarkt;
- An die Erwerber von Wandel- oder Optionsanleihen;
- Bei der Umwandlung von Fremdkapital in Eigenkapital zu Sanierungszwecken.

<sup>3</sup> Bezugsrechte, die innert 30 Tagen nach Erhalt des Angebots nicht ausgeübt worden sind, stehen den übrigen, ihr Bezugsrecht ausübenden Aktionären im Verhältnis zu deren bisherigem Aktienbesitz zu.

<sup>4</sup> Das weitere, insbesondere die Verwendung auch gemäss Absatz 3 ungenützt gebliebener Bezugsrechte, bestimmt die Generalversammlung oder, gestützt auf eine Ermächtigung durch die Generalversammlung, der Verwaltungsrat.

## Art. 6 Pre-emptive Right

<sup>1</sup> In case of an increase in the share capital, the shareholders are entitled to a portion of the newly issued shares corresponding to their existing shareholdings. The Shareholders' Meeting may restrict or withdraw this pre-emptive right for important cause.

<sup>2</sup> Important cause is deemed to be given, in particular, if the new shares are issued:

- In connection with the acquisition of enterprises, parts of enterprises or participations;
- In connection with the implementation of a merger, quasi-merger or other transactions similar to a merger;
- In connection with the execution of contributions in kind;
- In connection with the granting of participations to employees;
- In connection with the placement of shares in the capital market;
- To the acquirers of convertible bonds or warrants;
- In connection with the conversion of debt into equity for reasons of re-capitalization.

<sup>3</sup> Pre-emptive rights which have not been exercised within 30 days after receipt of the offer revert to the remaining shareholders who have exercised their pre-emptive rights in proportion to their previous shareholdings.

<sup>4</sup> Everything else, in particular the use of any remaining unused pre-emptive rights referred to in para. 3, will be determined by the Shareholders' Meeting or, based on an authorization by the Shareholders' Meeting, by the Board of Directors.

**Art. 7 Aktienbuch und Verzeichnis der wirtschaftlich Berechtigten**

<sup>1</sup> Die Gesellschaft führt ein Aktienbuch, in das die Eigentümer und Nutzniesser der Namenaktien eingetragen werden sowie ein Verzeichnis über die der Gesellschaft gemeldeten wirtschaftlich berechtigten Personen. Die Gesellschaft führt diese Register so, dass in der Schweiz jederzeit darauf zugegriffen werden kann.

<sup>2</sup> Die Eintragung in das Aktienbuch setzt einen gültigen Ausweis über den Erwerb der Aktie zu Eigentum oder die Begründung einer Nutzniessung voraus.

<sup>3</sup> Nach Versand der Einladung zur Generalversammlung bzw. im Falle der Publikation nach Publikation derselben bis zum Tag der Generalversammlung werden keine Eintragungen ins Aktienbuch vorgenommen.

<sup>4</sup> Der Verwaltungsrat kann Eintragungen, welche unter falschen Angaben des Erwerbers zustande gekommen sind, nach Anhörung des Betroffenen, innerhalb eines Jahres seit sicherer Kenntnis des Mangels, rückwirkend auf das Datum der Eintragung streichen. Der Erwerber muss über die Streichung sofort informiert werden.

<sup>5</sup> Im Verhältnis zur Gesellschaft gilt nur als Aktionär oder Nutzniesser, wer im Aktienbuch eingetragen ist.

**III. ORGANISATION DER GESELLSCHAFT**

**Art. 8 Organe**

Die Organe der Gesellschaft sind:

- A) Die Generalversammlung
- B) Der Verwaltungsrat
- C) Die Revisionsstelle

**Art. 7 Share Register and Register of Beneficial Owners**

<sup>1</sup> The Company shall keep a share register where the owners and usufructuaries of the registered shares shall be recorded, as well as a register of the beneficial owners notified to the Company. Such registers must be kept by the Company in a manner that they can be accessed in Switzerland at any time.

<sup>2</sup> The registration in the share register requires evidence for the acquisition of the ownership of, or the establishment of a usufruct in, the share.

<sup>3</sup> No entries in the share register will be made after the notice of the Shareholders' Meeting has been mailed or, in case of publication, after such publication, until the day of the Shareholders' Meeting.

<sup>4</sup> The Board of Directors may, after having heard the concerned party, cancel entries which were made based on untrue statements of the acquirer; such deletion must take place within one year after certain knowledge has been obtained of the defect, with retroactive effect as per the date of the entry. The acquirer shall be immediately notified about such cancellation.

<sup>5</sup> Vis-à-vis the Company it is deemed to be a shareholder or a usufructuary whoever is registered in the share register.

**III. ORGANIZATION OF THE COMPANY**

**Art. 8 Corporate Bodies**

The corporate bodies of the Company are:

- A) The Shareholders' Meeting
- B) The Board of Directors
- C) The Auditors

## A. Die Generalversammlung

### Art. 9 Befugnisse

Oberstes Organ der Gesellschaft ist die Generalversammlung der Aktionäre. Ihr stehen folgende

unübertragbare Befugnisse zu:

1. Festsetzung und Änderung der Statuten;
2. Wahl und Abberufung der Mitglieder des Verwaltungsrats und der Revisionsstelle;
3. Genehmigung der Jahresrechnung, eines allfälligen Lageberichts und einer allfälligen Konzernrechnung sowie Beschlussfassung über die Verwendung des Bilanzgewinns, insbesondere die Festsetzung der Dividende;
4. Entlastung der Mitglieder des Verwaltungsrats;
5. Beschlussfassung über Gegenstände, die ihr durch Gesetz oder Statuten zugewiesen sind oder vom Verwaltungsrat unterbreitet werden. Die unübertragbaren und unentziehbaren Aufgaben des Verwaltungsrats bleiben vorbehalten; sie können der Generalversammlung nicht zum Entscheid unterbreitet werden.

### Art. 10 Einberufung

<sup>1</sup> Die ordentliche Generalversammlung findet alljährlich innerhalb von sechs Monaten nach Schluss des Geschäftsjahrs statt. Sie wird durch den Verwaltungsrat, nötigenfalls durch die Revisionsstelle, einberufen.

<sup>2</sup> Ausserordentliche Generalversammlungen werden vom Verwaltungsrat, den Liquidatoren, der Revisionsstelle oder auf Beschluss einer Generalversammlung einberufen, so oft es die Interessen der Gesellschaft erfordern.

## A. The Shareholders' Meeting

### Art. 9 Powers

The supreme corporate body of the Company is the Shareholders' Meeting. The Shareholders' Meeting has the following non-transferable powers:

1. It adopts and amends the Articles of Association;
2. It elects and recalls the members of the Board of Directors and the Auditors;
3. It approves the financial statements - if applicable - the management report and the consolidated financial statements. It determines the allocation of the balance sheet profit including declaration of dividends;
4. It grants discharge to the members of the Board of Directors;
5. It adopts resolutions on matters which are by law or by the Articles of Association reserved to the Shareholders' Meeting or which are submitted by the Board of Directors. Duties of the Board of Directors which are non-transferable and inalienable remain reserved, they may not be submitted for resolution to the Shareholders' Meeting.

### Art. 10 Convocation

<sup>1</sup> The ordinary Shareholders' Meeting shall be held annually within six months after the close of the business year. It shall be called by the Board of Directors and, if necessary, by the Auditors.

<sup>2</sup> Extraordinary Shareholders' Meetings shall be called by the Board of Directors, the Liquidators, the Auditors or by a resolution of the Shareholders' Meeting, as often as required by the interests of the Company.

<sup>3</sup> Ein oder mehrere Aktionäre, die zusammen mindestens 10 Prozent des Aktienkapitals oder Aktien im Nennwert von einer Million Schweizer Franken vertreten, können vom Verwaltungsrat die Einberufung einer Generalversammlung verlangen. Das Begehren um Einberufung ist schriftlich unter Angabe der Verhandlungsgegenstände und der Anträge an den Präsidenten des Verwaltungsrats einzureichen. Wird eine ausserordentliche Generalversammlung verlangt, hat der Verwaltungsrat diese innert vier Wochen nach Erhalt des entsprechenden Begehrens einzuberufen.

<sup>4</sup> Die Generalversammlungen finden am Gesellschaftssitz oder einem andern, vom Verwaltungsrat zu bestimmenden Ort statt.

#### **Art. 11 Form**

<sup>1</sup> Die Einladung zur Generalversammlung erfolgt unter Bekanntgabe von Ort, Tag und Zeit der Versammlung mindestens 20 Tage vor dem Versammlungstag in der in Artikel 35 dieser Statuten vorgesehenen Form .

<sup>2</sup> In der Einladung sind die Verhandlungsgegenstände sowie die Anträge des Verwaltungsrats und der Aktionäre, soweit dies gesetzlich oder statutarisch vorgesehen ist, bekannt zu geben.

<sup>3</sup> Spätestens 20 Tage vor der ordentlichen Generalversammlung müssen der Geschäftsbericht (enthaltend die Erfolgsrechnung, die Bilanz und den Anhang sowie allenfalls Lagebericht und Konzernrechnung) und der Revisionsbericht den Aktionären am Gesellschaftssitz zur Einsicht aufliegen. In der Einberufung ist darauf und dass jeder Aktionär das Recht hat, die Zustellung dieser Unterlagen zu verlangen, hinzuweisen.

<sup>4</sup> Die Eigentümer, Nutzniesser oder Vertreter sämtlicher Aktien können, falls kein Widerspruch erhoben wird, eine Generalversammlung ohne Einhaltung der für die

<sup>3</sup> One or more shareholders whose combined holdings represent at least 10 percent of the share capital or who hold shares of a nominal value of one million Swiss Francs, may request that the Board of Directors call a Shareholders' Meeting. A request to call a meeting specifying the matters and proposals shall be submitted in writing to the Chairman of the Board of Directors. Should an extraordinary Shareholders' Meeting be requested, such meeting must be called by the Board of Directors within four weeks after receipt of the respective request.

<sup>4</sup> The Shareholders' Meetings shall be held at the registered office of the Company or at another location determined by the Board of Directors.

#### **Art. 11 Form**

<sup>1</sup> The notice of the Shareholders' Meeting specifying place, date and time of the meeting shall be given at least 20 days before the meeting date in the form provided for in article 35 of these Articles of Association.

The notice shall state the agenda items as well as the proposals of the Board of Directors and the shareholders, to the extent required by law or by the Articles of Association.

<sup>3</sup> At least 20 days before the ordinary Shareholders' Meeting, the annual report (including the income statement, the balance sheet, the notes to the financial statements and - if applicable - the management report and the consolidated financial statements) and the auditors' report are to be kept for inspection by the shareholders at the registered office of the Company. The invitation must include the reference that any shareholder may request that these documents be sent to him/her.

<sup>4</sup> Shareholders, usufructuaries or their proxies who represent all shares may hold a Shareholders' Meeting without observing the formalities required for calling such meeting,

Einberufung vorgeschriebenen Formvorschriften abhalten (Universalversammlung). Solange Eigentümer, Nutzniesser oder Vertreter sämtlicher Aktien anwesend sind, können alle der Generalversammlung zukommenden Geschäfte behandelt und über sie gültig Beschluss gefasst werden.

#### **Art. 12 Traktandierung**

<sup>1</sup> Auf die Tagesordnung sind auch Verhandlungsgegenstände und Anträge zu setzen, die durch Aktionäre, die Aktien im Nennwert von einer Million Schweizer Franken oder 10 Prozent des Aktienkapitals vertreten, 40 Tage vor der Generalversammlung beim Verwaltungsrat schriftlich eingereicht worden sind.

<sup>2</sup> Anträge zu nicht gehörig angekündigten Verhandlungsgegenständen können auf Beschluss der Generalversammlung zur Diskussion zugelassen werden. Eine Beschlussfassung ist jedoch erst in der nächsten Generalversammlung möglich. Ausgenommen sind die Anträge auf Einberufung einer ausserordentlichen Generalversammlung, auf Durchführung einer Sonderprüfung und auf Wahl einer Revisionsstelle infolge eines Begehrens eines Aktionärs.

<sup>3</sup> Zur Stellung von Anträgen im Rahmen der Verhandlungsgegenstände und zu Verhandlungen ohne Beschlussfassung bedarf es keiner vorgängigen Ankündigung.

#### **Art. 13 Leitung und Protokoll**

<sup>1</sup> An der Generalversammlung führt der Präsident des Verwaltungsrats oder in dessen Verhinderung der Vizepräsident, sofern ein solcher bestimmt ist, den Vorsitz. Sind diese verhindert, so führt ein anderer von der Generalversammlung gewählter Tagespräsident den Vorsitz.

<sup>2</sup> Der Verwaltungsrat trifft die für die Feststellung der Stimmrechte erforderlichen Anordnungen und bezeichnet die erforderlichen

unless objection is raised (Plenary Meeting). So long as all shareholders, usufructuaries or their proxies are present, all matters brought to the Shareholders' Meeting may be dealt with and valid resolutions may be adopted with respect thereto.

#### **Art. 12 Agenda**

<sup>1</sup> The agenda shall also contain such matters and proposals by shareholders who represent shares with a nominal value of one million Swiss Francs or 10 percent of the share capital, which were submitted to the Board of Directors in writing 40 days prior to the Shareholders' Meeting.

<sup>2</sup> Proposals regarding matters that have not been duly announced may be discussed if demanded by a resolution of the Shareholders' Meeting. A resolution, however, may only be passed at the next Shareholders' Meeting, with the exception of proposals requesting that an extraordinary Shareholders' Meeting be called, a special audit be conducted or Auditors be appointed as a result of a request by a shareholder.

<sup>3</sup> No prior notice is required to submit proposals within the scope of the matters on the agenda, and for discussions without the passing of resolutions.

#### **Art. 13 Chair and Minutes**

<sup>1</sup> The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or, if the Chairman is unable to assume this function, by the Vice Chairman if one is appointed. In case both of them are unable to assume that function, the Shareholders' Meeting shall elect such chairperson.

<sup>2</sup> The Board of Directors shall take the measures necessary to determine the voting rights and appoint the required scrutineers and a secretary all of whom need not be shareholders.

Stimmzähler und einen Protokollführer, die alle nicht Aktionäre sein müssen.

<sup>3</sup> Der Verwaltungsrat sorgt für die Führung des Protokolls. Dieses enthält Anzahl, Art, Nennwert und Kategorie der Aktien, die von den Aktionären, den Organen, von unabhängigen Stimmrechtsvertretern und von Depotvertretern vertreten werden, die Beschlüsse und Wahlen, die Begehren um Auskunft und die darauf erteilten Antworten sowie die von den Aktionären zu Protokoll gegebenen Erklärungen.

<sup>4</sup> Das Protokoll ist vom Vorsitzenden und vom Protokollführer zu unterzeichnen und steht den Aktionären am Sitz der Gesellschaft zur Einsichtnahme offen.

#### **Art. 14 Stimmrecht und Vertretung**

<sup>1</sup> In der Generalversammlung berechtigt jede Aktie zu einer Stimme.

<sup>2</sup> Das Stimmrecht aus Namenaktien kann ausüben, wer durch Eintrag im Aktienbuch als Eigentümer oder Nutzniesser ausgewiesen ist.

<sup>3</sup> Bei Beschlüssen über die Entlastung des Verwaltungsrates haben Personen, die in irgendeiner Weise an der Geschäftsführung der Gesellschaft teilgenommen haben, kein Stimmrecht.

<sup>4</sup> Der stimmberechtigte Aktionär kann sich an der Generalversammlung durch eine schriftlich bevollmächtigte Person, die nicht Aktionär zu sein braucht, und gegebenenfalls durch den unabhängigen Stimmrechtsvertreter, den Organvertreter oder einen Depotvertreter vertreten lassen. Der Verwaltungsrat entscheidet über die Gültigkeit der Vollmacht. Gesetzliche Vertreter bedürfen keiner schriftlichen Vollmacht; eine persönliche Legitimation genügt.

<sup>5</sup> Im Falle der Nutzniessung an einer Aktie stehen das Stimmrecht und die damit zusammenhängenden Rechte dem Nutzniesser zu. Dieser wird dem Eigentümer ersatzpflichtig, wenn

The Board of Directors shall be responsible for the recording of the minutes. The minutes shall set forth the number, type, nominal value and class of shares represented by shareholders, corporate bodies, independent proxies of voting rights and proxies for deposited shares, the resolutions and the results of elections, requests for information and the respective responses, and the statements made by shareholders for the record.

<sup>4</sup> The minutes are to be signed by the chairperson and the secretary and may be inspected by the shareholders at the registered office of the Company.

#### **Art. 14 Voting Right and Representation**

<sup>1</sup> At the Shareholders' Meeting each share entitles to one vote.

<sup>2</sup> The right to vote registered shares may be exercised by any person who is authorized to do so by reason of his/her registration as owner or usufructuary in the share register.

<sup>3</sup> Persons who have in one way or another participated in the management of the Company have no right to vote with regard to resolutions concerning the discharge of the Board of Directors.

<sup>4</sup> A shareholder who has the right to vote may be represented at the Shareholders' Meeting by any other person authorized by written proxy who does not need to be a shareholder and, if applicable, by the independent proxy of voting rights, the Company representative or a depository representative. The Board of Directors shall decide on the validity of the proxy. Legal proxies do not require written authorization; personal identification is sufficient.

<sup>5</sup> If a share is subject to an usufruct, the usufructuary shall have the voting right and any rights attached thereto. He/she shall become liable to compensate the owner if he/she is not taking

er bei der Ausübung seiner Rechte nicht in billiger Weise auf dessen Interessen Rücksicht nimmt.

<sup>6</sup> Der Verwaltungsrat stellt sicher, dass keine Aktionäre unter Verletzung der Meldepflichten gemäss Art. 697j und 697m OR ihre Rechte ausüben.

#### **Art. 15 Beschlussfassung und Quorum**

<sup>1</sup> Die Generalversammlung fasst ihre Beschlüsse und vollzieht ihre Wahlen, soweit nicht zwingende Bestimmungen des Gesetzes oder die Statuten etwas anderes bestimmen, mit der absoluten Mehrheit der vertretenen Aktienstimmen.

<sup>2</sup> Kommt bei Wahlen im ersten Wahlgang eine Wahl nicht zustande und stehen mehrere Kandidaten zur Wahl, findet ein zweiter Wahlgang statt, in dem das relative Mehr entscheidet.

<sup>3</sup> Ein Beschluss, der mindestens zwei Drittel der vertretenen Stimmen und die absolute Mehrheit der vertretenen Aktiennennwerte auf sich vereinigt, ist erforderlich für:

1. Die Änderung des Gesellschaftszwecks;
2. Die Einführung neuer oder die Ausgabe weiterer Stimmrechtsaktien, die Erhöhung des Stimmkraftprivilegs bestehender Stimmrechtsaktien sowie die Ausgabe neuer Aktien mit gegenüber bestehenden Stimmrechtsaktien weitergehenden Stimmrechtsprivilegien;
3. Die Einführung oder Verschärfung von Vinkulierungsvorschriften;
4. Die Schaffung oder Erhöhung von genehmigtem oder bedingtem Kapital;
5. Die Kapitalerhöhung aus Eigenkapital, gegen Sacheinlage oder zwecks Sachübernahme und die Gewährung von besonderen Vorteilen;

into account in a fair manner the interests of the owner while exercising his/her rights.

<sup>6</sup> The Board of Directors shall ensure that shareholders in breach of the notification obligations pursuant to art. 697j and 697m CO do not exercise their rights.

#### **Art. 15 Resolutions and Quorum**

<sup>1</sup> The Shareholders' Meeting adopts resolutions and carries out elections with an absolute majority of votes of shareholders represented, unless mandatory provisions of the law or the Articles of Association stipulate otherwise.

<sup>2</sup> Should during an election no candidate attain the absolute majority in the first round of voting and should more than one candidate stand for election, a second round shall take place in which the relative majority shall suffice for election.

<sup>3</sup> At least a two-thirds majority of the votes represented, combined with an absolute majority of the nominal value of the shares represented, shall be required for the adoption of a resolution concerning:

1. The change of the purpose of the Company;
2. The introduction of new, or the issuance of further, shares with privileged voting rights, the increase in the voting power of existing shares with privileged voting rights, as well as the issuance of new shares with voting right privileges that are more extensive than those of existing shares with privileged voting rights;
3. The introduction or tightening of restricted transferability requirements;
4. The creation or increase of authorized or conditional capital;
5. A capital increase by conversion of capital surplus, in return for a contribution in kind or

for the purpose of an acquisition of assets, and the granting of special benefits;

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| 6. Die Einschränkung oder Aufhebung des Bezugsrechts; | 6. The restriction or withdrawal of the preemptive right; |
| 7. Die Verlegung des Gesellschaftssitzes;             | 7. The transfer of the registered office of the Company;  |
| 8. Die Auflösung der Gesellschaft.                    | 8. The dissolution of the Company.                        |

<sup>4</sup> Abstimmungen und Wahlen erfolgen in der Regel offen. Auf Anordnung des Vorsitzenden können Abstimmungen und Wahlen auch auf elektronischem Weg durchgeführt werden. Eine geheime Abstimmung oder Wahl hat stattzufinden, wenn der Vorsitzende dies anordnet oder wenn einer oder mehrere Aktionäre, die zusammen über mindestens 10 Prozent der vertretenen Aktienstimmen verfügen, dies verlangen.

<sup>4</sup> Votes and elections are normally held by open ballot. Upon an order by the chairperson, voting and elections may also be held by electronic ballot. A secret ballot may be held if the chairperson so orders or if this is requested by one or more shareholders who collectively hold at least 10 percent of the represented votes of shareholders.

## **B. Der Verwaltungsrat**

## **B. The Board of Directors**

### **Art. 16 Zusammensetzung**

Der Verwaltungsrat besteht aus einem oder mehreren Mitgliedern.

### **Art. 16 Composition**

The Board of Directors consists of one or more members.

### **Art. 17 Amtsdauer**

Die Mitglieder des Verwaltungsrats werden auf eine von der Generalversammlung bestimmte Dauer gewählt. Wiederwahl ist zulässig.

### **Art. 17 Term of Office**

The members of the Board of Directors are elected for a term specified by the Shareholders' Meeting. They may be re-elected.

### **Art. 18 Organisation**

<sup>1</sup> Der Verwaltungsrat konstituiert sich selbst. Setzt sich der Verwaltungsrat aus mehreren Personen zusammen, bezeichnet er einen Präsidenten und gegebenenfalls einen Sekretär, der nicht dem Verwaltungsrat angehören muss.

### **Art. 18 Organization**

<sup>1</sup> The Board of Directors shall organize itself. In case the Board of Directors consists of multiple individuals, it shall appoint its Chairman and, as the case may be, a secretary who does not need to be a member of the Board of Directors.

<sup>2</sup> Er kann zur Wahrnehmung ihm auch nach zwingendem Recht obliegender Aufgaben aus seiner Mitte Ausschüsse bestellen und diese oder einzelne seiner Mitglieder mit der

<sup>2</sup> Including for the realization of duties incumbent upon him pursuant to mandatory law, the Board of Directors may appoint committees from among its own members and assign to them,



Vorbereitung und Ausführung seiner Beschlüsse, der Überwachung der Geschäfte sowie begleitenden Sonderaufgaben betrauen; er erörtert die ihm vorgelegten Varianten.

#### **Art. 19 Aufgaben**

<sup>1</sup> Dem Verwaltungsrat obliegt die Oberleitung der Gesellschaft sowie die Aufsicht und Kontrolle der Geschäftsführung.

<sup>2</sup> Er vertritt die Gesellschaft nach aussen und besorgt alle Angelegenheiten, soweit diese nicht nach Gesetz, Statuten oder dem Organisationsreglement einem andern Organ zugeteilt sind.

#### **Art. 20 Unübertragbare und unentziehbare Aufgaben**

Der Verwaltungsrat hat folgende unübertragbare und unentziehbare Aufgaben:

1. Oberleitung der Gesellschaft. Er legt insbesondere die Unternehmensziele und die Unternehmenspolitik fest, bestimmt die dafür verfügbaren Mittel und Prioritäten und erlässt die für den Vollzug nötigen Weisungen.
2. Festlegung der Organisation. Er legt insbesondere die den Umständen angepasste Grundstruktur des Unternehmens fest und bestimmt die Ausgestaltung der Aufsicht sowie der Berichterstattung. Er erlässt das Organisationsreglement.
3. Ausgestaltung des Finanz- und Rechnungswesens und dessen Kontrolle sowie der Finanzplanung, sofern diese für die Führung der Gesellschaft notwendig ist. Er schlägt der Generalversammlung die Revisionsstelle vor.
4. Ernennung und Abberufung der mit der Geschäftsführung und Vertretung betrauten

or to individual members, the preparation and implementation of its decisions, the supervision of business activities as well as accompanying special tasks. The Board of Directors discusses the options submitted to it.

#### **Art. 19 Duties**

<sup>1</sup> The Board of Directors is in charge of the ultimate direction of the Company as well as of the supervision and control of the management.

<sup>2</sup> The Board of Directors represents the Company towards third parties and takes care of all matters if and to the extent they are not assigned to another corporate body by law, the Articles of Association or by the corporate by-laws.

#### **Art. 20 Non-transferable and Inalienable Duties**

The Board of Directors has the following non-transferable and inalienable duties:

1. Ultimate direction of the Company. In particular, it defines the goals to be met and the general policies to be followed by the enterprise, specifies the resources and priorities available therefore, and issues the instructions necessary to achieve the same.
2. Determination of the organization. In particular, it defines the basic structure of the Company adjusting it to the situation and determines the structure of the supervision and reporting. It enacts the corporate by-laws.
3. Determination of the principles of finance and accounting and its controlling, as well as of the financial planning if necessary for the management of the Company. It proposes the Auditors to the Shareholders' Meeting.
4. Appointment and removal of the persons entrusted with the management and representation of the Company and

Personen sowie Regelung der Zeichnungsberechtigung.

determination of the signatory power of all signatories.

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| <p>5. Oberaufsicht über die mit der Geschäftsführung betrauten Personen, namentlich im Hinblick auf die Befolgung von Gesetzen, Statuten, Reglementen und Weisungen.</p> <p>6. Wahrnehmung der Mitwirkungsrechte aus Beteiligungen; die Ziff. 1 - 5 sind dabei sinngemäss massgebend. Insbesondere legt er fest, welche Instanz die Repräsentation in den Organen der Untergesellschaften zu nominieren, zu instruieren und zu überwachen hat.</p> <p>7. Erstellung des Geschäftsberichts, Vorbereitung der Generalversammlung und Vollzug ihrer Beschlüsse.</p> <p>8. Benachrichtigung des Richters bei Überschuldung.</p> <p>9. Beschlussfassung über die nachträgliche Leistung von Einlagen auf nicht vollständig liberierten Aktien.</p> <p>10. Beschlussfassung über die Erhöhung des Aktienkapitals, soweit diese in der Kompetenz des Verwaltungsrates liegt (Art. 651 Abs. 4 OR) sowie Beschlussfassung betreffend die Feststellung von Kapitalerhöhungen und damit zusammenhängende Statutenänderungen.</p> | <p>5. Ultimate supervision of the persons entrusted with the management of the Company, namely with a view to compliance with the law, the Articles of Association, the regulations and directives.</p> <p>6. Exercise of the rights arising from participations; numbers 1 - 5 of this paragraph shall apply by analogy. In particular, it determines the body that shall nominate, instruct and supervise the persons serving as representatives in the corporate bodies of any subsidiaries.</p> <p>7. Preparation of the annual report, preparation of the Shareholders' Meetings and implementation of resolutions adopted by the Shareholders' Meetings.</p> <p>8. Notification of the court in case of overindebtedness.</p> <p>9. Passing of resolutions concerning subsequent payments of contributions on shares not fully paid-in.</p> <p>10. Passing of resolutions regarding the increase of the share capital insofar it is competent to do so (art. 651 para. 4 CO) as well as regarding the ascertainment of capital increases and the related amendments to the Articles of Association.</p> |
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#### **Art. 21 Delegation**

<sup>1</sup> Unter Vorbehalt der ihm nach zwingendem Recht obliegenden Aufgaben kann der Verwaltungsrat Geschäftsführung und Vertretung ganz oder zum Teil einem aus seiner Mitte gewählten leitenden Ausschuss, allfälligen weiteren Ausschüssen, einzelnen seiner Mitglieder oder Dritten übertragen.

<sup>2</sup> Inhalt, Umfang und Adressaten der Delegation, die dadurch übertragenen Aufgaben

#### **Art. 21 Delegation**

<sup>1</sup> Subject to the duties assigned to it by mandatory law, the Board of Directors may delegate the management and the representation of the Company, in whole or in part, to a managing committee appointed from among its members, to any other committees, to individual members of the Board of Directors or to third parties.

<sup>2</sup> The corporate by-laws shall define the content, scope and recipients of the delegation,

sowie die damit verbundenen Pflichten bezüglich Aufsicht und Berichterstattung werden im Organisationsreglement festgelegt.

<sup>3</sup> Mindestens ein Mitglied des Verwaltungsrats muss zur Vertretung der Gesellschaft befugt sein.

## **Art. 22 Einberufung, Beschlüsse und Protokoll**

<sup>1</sup> Die Sitzungen des Verwaltungsrats finden auf Einladung seines Präsidenten oder auf das an ihn gerichtete schriftlich begründete Begehren eines Mitglieds statt, so oft es die Geschäfte erfordern.

<sup>2</sup> Einladungen sollen unter Angabe der Traktanden in angemessener Frist vor der Sitzung verschickt werden.

<sup>3</sup> Zur gültigen Beschlussfassung ist die Teilnahme der Mehrheit der Mitglieder des Verwaltungsrats notwendig, ausser in Fällen von nachträglichen Leistungen von Einlagen auf nicht voll liberierten Aktien und Feststellungsbeschlüssen im Zusammenhang mit Kapitalerhöhungen sowie den entsprechenden Statutenanpassungsbeschlüssen (für die kein Präsenzquorum vorausgesetzt wird). Als teilnehmend gelten Mitglieder, die persönlich, per Telefon, per Video oder anderweitig über elektronische Medien an der Sitzung teilnehmen.

<sup>4</sup> Der Verwaltungsrat fasst seine Beschlüsse mit der Mehrheit der Stimmen der teilnehmenden Mitglieder. Jedes Mitglied hat eine Stimme. Der Vorsitzende stimmt mit und hat den Stichentscheid.

<sup>5</sup> Die Abstimmungen des Verwaltungsrats erfolgen offen.

<sup>6</sup> Über die Verhandlungen und Beschlüsse des Verwaltungsrats ist ein Protokoll zu führen, das vom Präsidenten oder einzigen Mitglied des Verwaltungsrats und vom Sekretär unterzeichnet wird.

the delegated tasks as well as the duties concerning supervision and reporting related thereto.

<sup>3</sup> At least one member of the Board of Directors shall be authorized to represent the Company.

## **Art. 22 Convocation, Resolutions and Minutes**

<sup>1</sup> Meetings of the Board of Directors shall take place as often as required by business, upon notice of its Chairman or upon written request by a member addressed to the Chairman stating the reason therefore.

<sup>2</sup> Notices regarding the meetings shall be sent due time in advance and shall state the agenda items.

<sup>3</sup> Resolutions of the Board of Directors shall not be passed unless the majority of its members are present, except that no such attendance quorum is required for resolutions regarding subsequent payments of contributions on shares not fully paid-in and the ascertainment of capital increases as well as the related amendments of the Articles of Association. Members who are participating at the respective meeting by way of personal appearance, via telephone or video or otherwise via electronic means are deemed to be present at such meeting.

<sup>4</sup> The Board of Directors adopts its resolutions with the majority of the votes of the members present. Each member of the Board of Directors has one vote. The Chairman shall also vote and shall have the casting vote.

<sup>5</sup> The Board of Directors shall vote by means of open ballots.

<sup>6</sup> Minutes are to be kept of the deliberations and resolutions of the Board of Directors. The minutes are to be signed by the Chairman or sole member of the Board of Directors and by the secretary.

#### **Art. 23 Zirkulationsbeschluss**

<sup>1</sup> Beschlüsse und Wahlen des Verwaltungsrats können ohne Durchführung einer Verwaltungsratssitzung auch auf dem Weg der schriftlichen Zustimmung zu einem gestellten Antrag gefasst werden, sofern nicht ein Mitglied die mündliche Beratung verlangt. Der Antrag und die Zustimmung können per Brief, Telefax oder via elektronische Datenübertragung vorgenommen werden.

<sup>2</sup> Solche Beschlüsse bedürfen der Zustimmung der einfachen Mehrheit der gültig abgegebenen Stimmen der Mitglieder des Verwaltungsrats. Sie sind in das Protokoll des Verwaltungsrats aufzunehmen.

#### **Art. 24 Auskunft und Einsicht**

<sup>1</sup> Jedes Mitglied des Verwaltungsrats kann Auskunft über alle Angelegenheiten der Gesellschaft verlangen.

<sup>2</sup> In den Verwaltungsratssitzungen sind alle Mitglieder des Verwaltungsrats sowie die mit der Geschäftsführung betrauten Personen zur Auskunft verpflichtet.

<sup>3</sup> Ausserhalb der Sitzungen des Verwaltungsrats kann jedes Mitglied von den mit der Geschäftsführung bzw. Vertretung betrauten Personen Auskunft über den Geschäftsgang und, mit Ermächtigung des Präsidenten des Verwaltungsrats auch über einzelne Geschäfte verlangen.

<sup>4</sup> Soweit es für die Erfüllung einer Aufgabe erforderlich ist, kann jedes Mitglied des Verwaltungsrats dem Präsidenten beantragen, dass ihm Bücher und Akten der Gesellschaft vorgelegt werden.

<sup>5</sup> Weist der Präsident ein Gesuch auf Auskunft, Anhörung oder Einsicht ab, so entscheidet der Verwaltungsrat.

#### **Art. 23 Circular Resolution**

<sup>1</sup> Resolutions of the Board of Directors may also be passed and elections carried out by written consent to a proposal, unless a member of the Board of Directors requests oral deliberation. The proposal and the consent may be given by letter, fax or by means of electronic transfer of data.

<sup>2</sup> Such resolutions require the consent of the simple majority of the members of the Board of Directors who validly cast their votes. They are to be recorded in the minutes of the Board of Directors.

#### **Art. 24 Information and Inspection**

<sup>1</sup> Each member of the Board of Directors is entitled to request information concerning all affairs of the Company.

<sup>2</sup> At meetings of the Board of Directors, all members of the Board of Directors and all persons entrusted with the management of the Company are required to furnish information.

<sup>3</sup> Outside of the meetings of the Board of Directors, each member of the Board of Directors may request from the persons entrusted with the management and/or representation of the Company information concerning the course of business and, upon authorization by the Chairman of the Board of Directors, also concerning specific transactions.

<sup>4</sup> To the extent necessary to fulfil a duty, each member of the Board of Directors may request the Chairman of the Board of Directors to authorize him to inspect the books and records of the Company.

<sup>5</sup> If the Chairman of the Board of Directors declines a request for information, for a hearing or

for inspection, the Board of Directors shall decide whether such request should be granted.

#### **Art. 25 Entschädigung**

Die Mitglieder des Verwaltungsrats beziehen für ihre Tätigkeit eine nach Massgabe ihrer Beanspruchung und Verantwortlichkeit angemessene Entschädigung. Die Höhe der Entschädigung legt der Verwaltungsrat fest.

#### **Art. 25 Remuneration**

The members of the Board of Directors are entitled to remuneration corresponding to their commitment and responsibilities, as determined by the Board of Directors itself.

#### **Art. 26 Schadloshaltung**

Soweit es das Gesetz zulässt, werden die Mitglieder des Verwaltungsrats sowie die weiteren mit der Geschäftsführung der Gesellschaft betrauten Personen aus dem Gesellschaftsvermögen schadlos gehalten für Forderungen, Kosten, Verluste, Schäden, Bussen, und sonstige Auslagen, welche ihnen im Zusammenhang mit ihrer Tätigkeit für die Gesellschaft entstehen bzw. gegen diese erhoben werden, es sei denn, ein rechtskräftiger Entscheid eines Gerichts oder einer anderen Behörde stelle fest, dass die betreffende Person die obgenannten Auslagen und Verpflichtungen aufgrund einer vorsätzlichen oder grobfahrlässigen Pflichtverletzung verursacht hat.

#### **Art. 26 Indemnification**

The Company shall indemnify and hold harmless, to the fullest extent permitted by law, each of the members of the Board of Directors as well as further persons entrusted with the management of the Company (officers) out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty on behalf of the Company, provided that this indemnity shall not extend to any matter in which any of said person is found, in a final judgement or decree not subject to appeal, to have committed with intent or gross negligence.

### **C. Die Revisionsstelle**

#### **Art. 27 Wahl**

<sup>1</sup> Die Generalversammlung wählt eine Revisionsstelle.

<sup>2</sup> Sie kann auf die Wahl einer Revisionsstelle verzichten, wenn:

1. die Gesellschaft nicht zur ordentlichen Revision verpflichtet ist;
2. sämtliche Aktionäre zustimmen; und

### **C. The Auditors**

#### **Art. 27 Election**

<sup>1</sup> The Shareholders' Meeting elects the Auditors.

<sup>2</sup> It may abstain from electing Auditors if:

1. the Company is not obliged to have an ordinary audit performed;
2. all shareholders agree; and

3. die Gesellschaft nicht mehr als 10 Vollzeitstellen im Jahresdurchschnitt hat.

<sup>3</sup> Der Verzicht gilt auch für die nachfolgenden Jahre. Jeder Aktionär hat jedoch das Recht, spätestens 10 Tage vor der Generalversammlung die Durchführung einer eingeschränkten Revision und die Wahl einer entsprechenden Revisionsstelle zu verlangen. Die Generalversammlung darf diesfalls die Beschlüsse nach Art. 9 Ziff. 3 erst fassen, wenn der Revisionsbericht vorliegt.

#### **Art. 28 Anforderungen**

<sup>1</sup> Als Revisionsstelle können eine oder mehrere natürliche oder juristische Personen oder Personengesellschaften gewählt werden.

<sup>2</sup> Die Revisionsstelle muss ihren Wohnsitz, ihren Sitz oder eine eingetragene Zweigniederlassung in der Schweiz haben. Hat die Gesellschaft mehrere Revisionsstellen, so muss zumindest eine diese Voraussetzungen erfüllen.

<sup>3</sup> Die Revisionsstelle wird für ein Geschäftsjahr gewählt. Ihr Amt endet mit der Abnahme der letzten Jahresrechnung. Wiederwahl ist möglich. Eine Abberufung durch die Generalversammlung ist jederzeit und fristlos möglich.

### **IV. RECHNUNGSABSCHLUSS, RESERVE, GEWINNVERTEILUNG**

#### **Art. 29 Geschäftsjahr**

Das Geschäftsjahr entspricht dem Kalenderjahr, soweit der Verwaltungsrat nicht etwas anderes festlegt.

#### **Art. 30 Jahresrechnung**

3. the Company does not have more than 10 full-time employment positions on an annual average.

<sup>3</sup> Such waiver shall also extend to the following years. Each shareholder, however, has the right to request a limited audit and the election of the corresponding Auditors no later than 10 days prior to the Shareholders' Meeting. In such case the Shareholders' Meeting may take resolutions according to art. 9 No. 3 only if the audit report is available.

#### **Art. 28 Requirements**

<sup>1</sup> One or several individuals, legal entities or partnerships may be elected as Auditors.

<sup>2</sup> The Auditors shall have their place of residence, their registered office or a registered branch in Switzerland. If the Company has several Auditors, at least one of them shall meet these requirements.

<sup>3</sup> The Auditors shall be appointed for a term of one business year. Their mandate shall expire with the acceptance of the last annual accounts. Re-election is possible. The Shareholders' Meeting may, at any time and with immediate effect, dismiss the Auditors.

### **IV. CLOSING OF THE BOOKS, RESERVES AND DISTRIBUTION OF PROFITS**

#### **Art. 29 Business Year**

The business year corresponds to the calendar year unless the Board of Directors resolves otherwise.

#### **Art. 30 Annual Financial Statements**

<sup>1</sup> Die Jahresrechnung besteht aus Erfolgsrechnung, Bilanz und Anhang.

<sup>1</sup> The annual financial statements shall consist of an income statement, a balance sheet and notes to the financial statements.

<sup>2</sup> Sie ist gemäss den Art. 957 ff. OR zu erstellen.

<sup>2</sup> It shall be prepared pursuant to art. 957 et seq. CO.

#### **Art. 31 Allgemeine Reserve**

#### **Art. 31 General Reserve**

<sup>1</sup> Fünf Prozent des Jahresgewinns sind der allgemeinen Reserve zuzuweisen, bis diese die Höhe von 20 Prozent des einbezahlten Aktienkapitals erreicht hat.

<sup>1</sup> Five percent of the annual profit shall be allocated to the general reserve until such reserve equals 20 percent of the paid-in share capital.

<sup>2</sup> Dieser Reserve sind, auch nachdem die gesetzliche Höhe erreicht ist, 10 Prozent der Beträge, die nach Bezahlung der Dividende von fünf Prozent als Gewinnanteil ausgerichtet werden, zuzuweisen. Diese Bestimmung gilt nicht, sofern und solange der statutarische oder tatsächliche Zweck der Gesellschaft hauptsächlich in der Beteiligung an anderen Unternehmen besteht.

<sup>2</sup> 10 percent of the amount distributed as profit sharing after payment of a dividend of five percent shall be allocated to this reserve, even when the amount stipulated by law has been reached. This provision shall not apply if and so long as the purpose of the Company as set forth in the Articles of Association or the actual purpose of the Company is mainly the holding of participations in other companies.

#### **Art. 32 Bilanzgewinn**

#### **Art. 32 Balance Sheet Profit**

Über den nach Vornahme angemessener Abschreibungen und der vorgeschriebenen Einlagen in die Reserve verbleibenden Bilanzgewinn verfügt die Generalversammlung im Rahmen der gesetzlichen und statutarischen Vorschriften.

Subject to adequate depreciation and the prescribed allocation to the reserve, the balance sheet profit may be disposed of by the Shareholders' Meeting within the legal and statutory provisions.

### **V. AUFLÖSUNG UND LIQUIDATION DER GESELLSCHAFT**

### **V. DISSOLUTION AND LIQUIDATION OF THE COMPANY**

#### **Art. 33 Grundsatz**

#### **Art. 33 Principle**

<sup>1</sup> Die Generalversammlung kann jederzeit die Auflösung und Liquidation der Gesellschaft nach Massgabe der gesetzlichen und statutarischen Vorschriften beschliessen.

<sup>1</sup> The Shareholders' Meeting may resolve at any time that the Company be dissolved and liquidated in accordance with the law and the provisions set forth in the Articles of Association.

<sup>2</sup> Bei Beschluss der Auflösung mit Liquidation wird die Liquidation durch den Verwaltungsrat durchgeführt, vorbehaltlich eines anderweitigen Beschlusses der Generalversammlung. Im Übrigen gelten hierfür die gesetzlichen Bestimmungen.

#### **Art. 34 Verteilung des Vermögens**

Das Vermögen der aufgelösten Gesellschaft wird nach Tilgung ihrer Schulden unter die Aktionäre nach Massgabe der einbezahlten Beträge und unter Berücksichtigung der Vorrechte einzelner Aktienkategorien verteilt.

### **VI. BEKANNTMACHUNGEN**

#### **Art. 35 Mitteilungen und Publikationen**

<sup>1</sup> Die Mitteilungen an die Aktionäre erfolgen per Brief an ihre im Aktienbuch eingetragenen Adressen, per Telefax oder E-Mail oder durch Publikation im Schweizerischen Handelsamtsblatt (SHAB).

<sup>2</sup> Öffentliche Mitteilungen erfolgen durch Publikation im Schweizerischen Handelsamtsblatt. Der Verwaltungsrat kann zudem Mitteilungen in andern Publikationsorganen verfügen.

### **VII. SCHLUSSBESTIMMUNGEN**

#### **Art. 36 Sachübernahme**

Mit dieser Statutenänderung ergänzt die Gesellschaft nachträglich die Statuten mit einer neuen Bestimmung über die folgende Realisierung der beabsichtigten Sachübernahme: Die Gesellschaft hat in Realisierung der bei der Gründung vom 27. November 2020 nicht offen gelegten Absicht von der Ella Media GmbH,

<sup>2</sup> If the dissolution of the Company and its liquidation is resolved, the liquidation shall be carried out by the Board of Directors, subject to a resolution of the Shareholders' Meeting stipulating otherwise. Besides, the statutory provisions shall apply.

#### **Art. 34 Distribution of Assets**

The net assets of the dissolved Company which remain after satisfaction of the Company's liabilities shall be distributed to the shareholders in proportion to their paid-in contributions and in consideration of the preferential rights of individual classes of shares.

### **VI. PUBLICATION**

#### **Art. 35 Notifications and Publication**

<sup>1</sup> Notifications to the shareholders shall be made by letter to their addresses indicated in the share register, by fax or e-mail or by publication in the Swiss Official Gazette of Commerce ("Schweizerisches Handelsamtsblatt", SHAB).

<sup>2</sup> Official announcements shall be made by publication in the Swiss Official Gazette of Commerce. In addition, the Board of Directors may order that notice may be given in other publications.

### **VII. FINAL CLAUSES**

#### **Art. 36 Acquisition of Assets**

With this amendment to the articles of association, the Company subsequently supplements the articles of association with a new provision on the following realisation of the intended acquisition of assets: In realisation of the intention not disclosed at the time of its incorporation on November 27, 2020, the Company acquires from Ella Media



Schanzenstrasse 35, D- 51063 Köln, gemäss Kaufvertrag vom 11. Januar 2021, eine sich in Entwicklung befindliche Software, die eigenständig Texte im fiktionalen wie non-fiktionalen (Content-Marketing) Bereich generieren soll, zu einem Preis von EUR 1'750'000.00 übernommen.

**Art. 37 Gerichtsstand**

Für alle Streitigkeiten über Gesellschaftsangelegenheiten zwischen einzelnen Aktionären unter sich, zwischen einzelnen Aktionären und der Gesellschaft oder ihren Organen sowie zwischen der Gesellschaft und ihren Organen oder zwischen den Organen unter sich, sind ausschliesslich die ordentlichen Gerichte am statutarischen Sitz der Gesellschaft zuständig, wobei der Weiterzug an das Schweizerische Bundesgericht vorbehalten bleibt.

**Art. 38 Verbindlicher Originaltext**

Falls sich zwischen der deutschen und englischen Fassung dieser Statuten Differenzen ergeben, hat die deutsche Fassung Vorrang.

Zug, 23. März 2023

GmbH, Schanzenstrasse 35, D- 51063 Köln, a software under development that is intended to independently generate texts in the fictional as well as non-fictional (content marketing) area, pursuant to the purchase agreement dated January 11, 2021, at a price of EUR 1,750,000.00.

**Art. 37 Place of Jurisdiction**

All disputes concerning Company affairs between or among individual shareholders, between individual shareholders on the one hand and the Company or its corporate bodies on the other hand as well as between the Company and its corporate bodies or between the corporate bodies themselves, shall be resolved exclusively by the courts of general jurisdiction at the Company's registered office; subject to the right to appeal to the Swiss Supreme Court.

**Art. 38 Authoritative Language**

In the event of discrepancies between the German and English version of these Articles of Association, the German version shall prevail.

Zug, March 23, 2023