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OPEN TO THE PUBLIC INVESTING, INC.
INITIAL PUBLIC OFFERING RISK DISCLOSURES

Investing in initial public offerings (IPOs) provides investors with the opportunity to participate in the growth of companies transitioning from private to public ownership. However, IPOs may be risky and speculative, and may not be suitable for every investor.

Before a company goes public, it is required to disclose information about its business, financial condition, management, and risks in a registration statement, typically filed on a Form S-1 (or Form F-1 for foreign issuers) with the Securities and Exchange Commission (the “SEC”). These filings, including the prospectus, are publicly available through the SEC’s EDGAR system. The prospectus outlines the terms of the securities offering and provides critical details and disclosures about the company and its risks. ***You should obtain and carefully review the issuer’s prospectus before making any investment decision.***

The following factors, while not an exhaustive list, highlight common risks associated with IPOs. Any of the following risks, and others, may materially and adversely impact the value of an investment. You must perform your own assessment of whether participating in an IPO aligns with your financial situation, risk tolerance, and investment objectives, including a careful review of the issuer’s prospectus to understand the risks to that particular company.

1. **Issuer’s Limited Operating History**: A new public company may still be in its early stages of development with a limited operating history and a record of little or no revenues, which makes it difficult to evaluate its current business and future prospects. The information that can inform a decision to invest can often only be found in the prospectus.

2. **No Prior Market for Common Stock**: Before an IPO, there is generally no public market for an issuer’s common stock and there is no guarantee that an active trading market will develop or be sustained after the IPO.

3. **Determination of Offering Price**: The offering price is an estimate of the company’s value typically negotiated between the issuer and its underwriters, and may not correlate to the security’s trading price in the secondary market. It is possible that the closing price of the shares shortly after the IPO will be above or below the offering price.

4. **Volatility**: After an IPO, the market price for the security may fluctuate significantly due to liquidity constraints, general market volatility, and other factors unrelated to the issuer’s operating performance. A newly traded security’s long-term performance may vary from its performance during its first days, weeks, and months of trading or longer.

5. **Additional Financing:** A public company may need to raise additional funds following an IPO to fund or expand its operations. Raising additional funds by issuing equity or

convertible securities may cause substantial dilution for existing shareholders, including those who invested during the IPO. Raising additional funds by issuing debt securities or preferred stock would provide the holders of those new securities with rights, preferences, and privileges senior to holders of common stock. Debt financing could also subject the company to interest rate fluctuations and restrictive covenants affecting the company's operations and ability to raise capital.

6. **Dependence on Key Personnel**: A company's success may rely heavily on certain executives, managers, or other personnel who are key to driving shareholder value. The loss of these individuals could materially and negatively affect operations and the company's share price.
7. **Dependence on Key Suppliers**: Some companies depend on a limited number of suppliers for critical materials or components. If suppliers cannot deliver sufficient quantities or meet quality standards, the company may face shipment delays or reduced production.
8. **Dependence on Limited Number of Customers**: A company may rely on a small group of customers for most of its revenue. Losing one or more of these customers could materially impact its business and financial condition.
9. **Intellectual Property Rights**: Companies that rely on proprietary or licensed technology face risks from patent disputes, infringement claims, or other challenges to their intellectual property. Defending such claims can be costly and divert resources from operations.
10. **Competition**: Newly public companies often face strong competition, particularly from larger and more established firms with greater financial, technical, and operational resources.
11. **Rapid Technological Change**: Companies in fast-changing industries, such as manufacturing and technology, risk their products or services becoming outdated. Failure to adapt to new technologies or shifting customer needs could reduce competitiveness and market share.

Learn more about IPO Access on Public [here].

For further questions, contact our Member Support team via in-app chat or email at support@public.com.