

Umergence LLC Regulation Best Interest Disclosure

Umergence LLC (“Umergence”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer and is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). We raise private equity and debt capital for our clients. Our private placements are offered under Regulation D, Regulation A, Regulation Crowdfunding.

The company issuing securities is Umergence’s client. Umergence does not hold or carry customer accounts for investors. If you are an investor, you are not a client of Umergence. When someone invests in one of our transactions, Umergence receives a success fee (a percentage of the amount invested). This creates an inherent conflict of interest for Umergence, and the investor should consider this when making his or her investment decision.

Umergence does not typically make recommendations regarding investment. All of our activities are done in a broker-dealer capacity. We are not an investment adviser and we do not provide investment advisory services. Our client in an offering is the issuer, not the investor.

Our brokerage services are the primary focus of this guide. Our Form CRS contains additional important information about the types of services we offer, along with general information related to compensation, potential conflicts of interest, disciplinary action, and other reportable legal information. Form CRS is available via website at [Investor.gov/CRS](https://www.investor.gov/CRS).

Umergence encourages you to review the information in this guide carefully, along with any applicable agreement(s) and disclosure documentation that you may receive from us or that is contained on our website. Please review this guide carefully, as it summarizes important information concerning the scope and terms of the brokerage services we offer and details the potential conflicts of interest that may arise through our delivery of brokerage services.

Brokerage Services

Umergence provides the opportunity for investors to make self-directed investments in unregistered securities offerings, including private placements offered under Regulation D, Regulation A, and Regulation Crowdfunding. We offer limited investment products and services. A private placement is a non-public offering of securities exempt from full SEC registration requirements. “Institutional Investors” is defined in FINRA Rule 4512(c) and includes (i) a bank, savings and loan association, insurance company or registered investment company; (ii) an investment adviser registered either with the SEC or with a state securities regulatory agency; or (iii) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million. “Accredited Investors” is defined in SEC Rule 501(a) and includes natural persons with a net worth of more than \$1 million (not including the person’s primary residence) or with an annual income at least \$200,000 each year for the last two years (or \$300,000 combined income with the person’s spouse or spousal equivalent) and have the expectation to make the same amount during the current year.

Most private placements have a minimum investment amount which can vary by issuer and placement. Investment minimums may be waived and will be listed in the private placement memorandum (“PPM”) or similar offering documents.

Umergence offers its private placements on a best-efforts basis. This means that we do not guaranty or agree to raise all the money requested by the issuer.

As an investor, we do NOT enter into a fiduciary relationship with you. We do not typically make recommendations of securities to investors. The company issuing securities is Umergence’s client. As an investor, you are not a client of Umergence. Once you subscribe for a private placement, we will not monitor your investment for you.

It is important for you to understand that our Registered Representatives do not typically make recommendations to you. Since you are not a client of Umergence, we are not able to consider reasonably available alternatives to a particular investment opportunity. Umergence does not have comprehensive information regarding your investment objectives, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information that would be required to make an investment recommendation to an investor.

You may accept or reject any investment, in your sole and absolute discretion. It is also your responsibility to monitor your investments, and we encourage you to do so regularly. We do not provide ongoing monitoring of any securities. If you prefer ongoing monitoring of your investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you.

We may, from time to time, provide you with additional information and resources to assist you with managing your investment. This may include without limitation educational resources, financial reports, summaries and/or updates about the issuer. When we offer this information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings, and they do not contain specific investment recommendations about investment. **You should not consider any information that we make available to you, or any of our activities, a recommendation to invest in, trade, or hold any particular security.**

Umergence does not offer all types of securities. Instead, we offer limited investment opportunities including private placements, unregistered interests and certain other securities. Other security products or brokerage services may be more suitable for you, given the limited scope of our offerings.

Investment Risks

There are very significant risks involved in investing in Umergence offerings. It is extremely important for you to understand these risks. All investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Private placements, equity crowdfunding, and other unregistered interests are higher-risk investments. Although these investments may have the potential for higher returns, they also have the real potential for greater losses, including the very real risk that you will lose your entire investment. You should

only consider investing in higher-risk investments offering the potential for greater returns if your “risk tolerance” (meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals) is extremely high. Umergence encourages you to carefully consider your investment objectives and risk tolerance before investing.

Risks and Illiquidity

Equity crowdfunding investments and private placements are extremely speculative, illiquid, and include significant and unique risks, including the total loss of investment.

While Umergence takes reasonable care in determining the investment opportunities that we offer, equity crowdfunding and private placements involve significant risk, and you may lose your entire investment.

There is no guarantee that any equity crowdfunding and private placement will meet your investment goals, or that the securities we offer will perform as anticipated. Please consult any available PPM or other offering documents for any security for a discussion of risks associated with the investment.

The PPM or other offering documents contain important information about a particular company’s or investment’s business, operations, financial condition, and risks. The following risks represent a summary of risk factors, but are not meant to be all inclusive:

- The securities offered by Umergence will not be registered with the SEC, and no one has passed upon either the adequacy of the disclosure contained within their offering documentation or the fairness of the terms of the offering.
- The companies we offer the securities of may have limited operating history, and many may be still in an early phase and just beginning to implement their business plan. There can be no assurance that they will ever operate profitably.
- Some companies may require funds in excess of their existing cash resources to fund operating deficits, develop new products or services, establish and expand their marketing capabilities, and finance general and administrative activities, and such funds may not be available.
- Equity Crowdfunding and Private Placement Investments are Generally Risky and there is No Guarantee of Success. These investments bear the risk of partial or complete loss of capital. There is no guarantee that an investment will be profitable, and the entire investment may be lost.
- Many companies may not have audited financial statements, nor may they be required to provide investors with any annual audited financial statements or quarterly unaudited financial statements.
- Because a company’s founders, directors and executive officers may be among the company’s largest shareholders, they can exert significant control over a company’s business and affairs and have actual or potential interests that may depart from those of the subscribers of an offering.
- Equity crowdfunding and private placements have limited transferability. As a result, investors may not be able to liquidate their interest in an issuer. Because of a variety of restrictions upon the transferability of the issuance, including restrictions imposed by

federal securities laws, an investor may be required to retain their investment indefinitely. As a result, there may never be a market of any kind for the purchase and sale of the interests, and prospective investors must understand that this increases the overall risk of the investment.

- Conditions in the global capital markets and the economy generally materially affect all issuers. Similarly, concerns over inflation, energy costs, geopolitical issues, the availability, and the cost of credit may contribute to increased volatility and diminished expectations for the economy the markets or this investment going forward. These factors, among others not listed, may contribute to the increased likelihood of failure by the issuer, and loss of the entire investment. Small and new businesses may be particularly susceptible to such factors and conditions.
- The materials provided to the investor may contain forward-looking statements including without limitation words and expressions such as “will be”, “believe”, “anticipate”, “intend”, “plan”, “seek”, “expects”, “estimates”, “projects” and similar words and expressions. Such statements regarding future events and/or the future financial performance of an issuer are subject to certain risks and uncertainties which could cause actual events or the actual future results of the investment and the issuer to differ materially from such forward-looking statements. Certain of these risks include changes in the markets in which the issuer operates, technological advances, changes in applicable regulations and new entries into the market. In light of the significant risks and uncertainties inherent in the forward-looking statements included, the inclusion of such statements should not be regarded as a representation by the issuer or any other person that the objective and plans of the issuer will be achieved, and the investor should understand that there is a significant risk that they will not be achieved.

The risks of each issuer, equity crowdfunding and private placement are unique. Accordingly, it is extremely important for the investor to review the PPM or other offering material, understand the unique risks of the particular investment under consideration, and ask additional questions about the business practices and risks associated with any equity crowdfunding and private placement.

Umergence Compensation/Brokerage Fees

Equity crowdfundings and private placements provide a way to invest in private companies, but they involve significant risks, fees and costs. The issuing companies we place capital for pay transaction-based fees when you subscribe to a private placement. These transaction-based fees are generally referred to as a “commission” or a “success fee.” The fees in these types of transactions can be substantial. We do not charge fees to investors.

Umergence receives sales compensation for each placement based on the amount of money invested. The amount of compensation is generally 1-12% of your initial investment, but the exact amount varies by issuer and may be paid as a combination of cash and equity, or in the case of a fund placement, a combined percentage of management fees and carried interest or promote. Exact terms of fees and expenses vary between each equity crowdfunding and private placement offering.

Conflicts of Interest

A conflict of interest is a situation in which Umergence engages in a transaction or activity where our interest is materially averse to your interest. Potential conflicts of interest may exist when we provide services to you. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of such conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address potential conflicts of interest associated with any recommendations to you. We take these obligations very seriously.

Typically, our conflicts of interest are the result of compensation structures and other financial arrangements among Umergence, our Registered Representatives, our clients and third parties. Securities rules allow for us, our Registered Representatives, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our Registered Representatives receive from you varies based upon the product or service you purchase, which may create a financial incentive for Umergence to sell products and services to you that generate greater compensation. This could significantly impact your investment returns.

Umergence is committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest. Below you will find additional information related to potential conflicts of interest. This information is not intended to be an all-inclusive list of potential conflicts, but generally describes those conflicts that may be material to you. In addition to this disclosure, conflicts of interest are disclosed to you in various agreement(s) and disclosure documents and other information we make available to you, including on our website at www.umergence.com.

Compensation We Receive From Clients

Transaction-based conflicts

As an investor, we receive certain fees (commissions and success fees) in connection with investing in an equity crowdfunding or private placement. Where these fees apply, the more transactions you enter into, the more compensation received by Umergence and the Registered Representative. This compensation may create an incentive for us to sell equity crowdfundings and private placements to you.

Umergence Registered Representatives are compensated based on the percentage of revenue generated from sales of products and services. This compensation may vary by the product or service. Equity crowdfundings and private placements typically carry higher fees than other types of securities. Therefore, Registered Representatives may be incentivized to sell these products over other brokerage products. We have entered into placement agent and other such agreements with certain sponsors of equity crowdfundings and private placement offerings. By introducing an equity crowdfunding or private placement sponsor to an investor, who ends up investing in the offering, we may receive fees or other compensation. We maintain policies and procedures designed to ensure that these conflicts are managed appropriately.

We do not open brokerage accounts for investors. For further clarification, as a retail investor that is considering or actually does invest in a transaction listed on Umergence's website or otherwise marketed by us, you are not our client. Our client is the issuer of the securities. Any services provided by Umergence to retail investors are done so on behalf of our client, the issuer of these securities. Since retail investors in these securities are not clients of Umergence and do not have accounts with Umergence, Umergence does not obtain any investor's specific investment profile or circumstances (current investment portfolio, income, expenses, dependents, health, goals, risk tolerance, return objectives, other obligations/liabilities, etc.). Therefore, Umergence is typically not in a position to, and does not, make any recommendations as to whether these securities are appropriate for a specific investor or in a specific investor's best interest.

Further, any advertisements, emails and/or any other communication received by retail investors in connection with offerings contain information and representations from the Issuer – they are not recommendations by Umergence to purchase these securities or representations made by Umergence, and they are not a call to action for you to invest. Your decision to invest is yours alone, with the help of your professional and legal advisors.

We are an issuer's agent, which means that unless we have a written agreement with you to the contrary, we are not your agent and we do not give advice or make recommendations about specific securities, types of securities or investment strategies involving securities to you. To the extent that a solicitation or call to action is deemed to be a recommendation under U.S. law or regulation, you should be aware that we are inherently conflicted with your interests, and you should seek advice from an investment advisor or a broker who will act as your agent.

We do not provide advice about securities, investment strategies, or investment accounts. If you seek such advice, you should establish a relationship with an investment advisor or broker to serve as your agent. The way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they could affect your investment results.

Compensation Received By Registered Representatives

Umergence is mainly comprised of independent contractors, not salaried employees. They receive a portion of fees paid to us, and commissions for the sales of securities issued. Our registered representatives, are generally prohibited from giving advice or making recommendations with respect to securities or investment strategies. All of our independent contractors are agency brokers, not advisors. Compensation is tied directly or derives from sales by us, which significantly makes worse the conflicts of interest described herein.

Personal Trading Activities

Umergence registered representatives may invest in the same private placements offered to investors. This may create a conflict of interest in that they may invest without the firm receiving a commission. Sometimes, additional fees are earned based on the total amount raised, or a minimum amount raised. Our written supervisory procedures are designed to assure that the

personal securities transactions, activities, and interests of the registered representatives of Umergence will not interfere with making decisions in the best interests of investors or implementing such decisions while, at the same time, allowing Umergence registered representatives to invest for their own accounts. Umergence has procedures to monitor the personal trading activities and securities holdings of each of our registered representatives and includes procedures for limitations on personal securities transactions of associated persons. These policies are designed to discourage and prohibit personal trading that would disadvantage investors.

Additional Resources

To research Umergence and our financial professionals, you can visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool. You can also request up-to-date disclosure information or to ask any questions you have about this brochure or services offered by Umergence LLC by going to www.umergence.com.