

## Appendix 6: Key terms and conditions of the Biznest programme (“Term Sheet”)

<p><b>1. Source of financing for the PFR Biznest programme (“PFR Biznest”)</b></p>	<p>Funds from the European Regional Development Fund under the European Funds for Modern Economy 2021-2027 Programme under Measure 2.30 – Capital Instruments.</p>
<p><b>2. Strategic objective of PFR Biznest</b></p>	<p>The strategic objective of PFR Biznest is as follows:</p> <ul style="list-style-type: none"> <li>a) increasing the innovation of Polish economy;</li> <li>b) providing financing, through venture capital funds and in co-investment with Business Angels, to micro, small and medium-sized enterprises (“SMEs”) at an early stage of development (pre-seed, seed and early stage) which are implementing or intend to implement or develop innovative (product, service, process, organizational and marketing) solutions;</li> <li>c) development of the venture capital market, including the construction of new venture capital management teams, co-investing with Business Angels, specializing in investments at early stages of development and the implementation of the best standards on the venture capital market in Poland;</li> <li>d) attracting Business Angels to co-investments and encouraging their long-term engagement in the venture capital market; development, activation and support of the Business Angels’ ecosystem.</li> </ul>
<p><b>3. Private Investor</b></p>	<p>A Private Investor is an entity that:</p> <ul style="list-style-type: none"> <li>(i) contributes to the Portfolio Company with its own funds that do not constitute public funds within the meaning of the Public Finance Act of August 27, 2009,</li> <li>(ii) is independent of the Managing Entity,</li> <li>(iii) is, at the time of the First Investment, independent of the Portfolio Company, i.e. is not a shareholder or stockholder of the Portfolio Company,</li> <li>(iv) bears the full risk of the Investments.</li> </ul> <p>In the case of a contribution through an investment vehicle, a Private Investor is also considered to be: (i) the ultimate beneficial owner of such investment vehicle, and (ii) all intermediate entities in the structure of such investment vehicle.</p> <p>Entities such as the Bank Gospodarstwa Krajowego, the European Investment Fund, the European Investment Bank and international financial institutions in which a member state of the European Union holds shares, legal entities engaged in professional financial activities to which a member state of the European Union or an authority of a member state - at the central, regional or local level - has entrusted the conduct of development</p>

	or pro-development activities (a national pro-development bank or other pro-development institution) will not be treated as Private Investors.
<b>4. Co-Investor</b>	A co-investor is either a Business Angel or a Private Investor who is not a Business Angel.
<b>5. Business Angel</b>	<p>A Business Angel is a natural person with extensive business and investment experience providing financing in the so-called smart money formula, i.e. a form of financing which, in addition to financial resources, also provides for the active support of the Portfolio Company in building its market position and industry relations, as well as initiating contacts with scientific and research units and raising funds for further development, being a Private Investor which, on the basis of a Co-Investment Agreement, makes an investment in the Portfolio Company jointly with a VC Fund and other Co-Investors (jointly "Co-Investment"), from resources which do not constitute public funds within the meaning of the Public Finance Act of August 27, 2009.</p> <p>It is permissible for Business Angels to make investments through investment vehicles, including those established for specific co-investments or for the purpose of investments with a particular VC Fund, as well as through companies engaged in activities other than investment. In that case only those Business Angels, and not their investment vehicle, will be considered Business Angels.</p>
<b>6. PFR Biznest Investment Committee</b>	As part of PFR Biznest, an investment committee will operate in an advisory capacity, consisting mostly of individuals independent of PFR Biznest and with experience in PE/VC capital funds. Its role will be opining key decisions of PFR Biznest, such as making an investment in a VC Fund or dismissing the Managing Entity.
<b>7. Portfolio Company</b>	<p>The VC Fund will invest in Portfolio Companies, i.e., capital companies or limited joint-stock partnerships (and with respect to Portfolio Companies with their registered office outside of Poland – capital companies within the meaning of Article 2(1) of Council Directive 2008/7/EC of 12 February 2008), which:</p> <ol style="list-style-type: none"> <li>a) meet the conditions for SMEs of Annex I to the GBER;</li> <li>b) on disbursement of funds from the VC Fund's Investment - they are not listed on the stock exchange (e.g., WSE, NewConnect).</li> </ol>
<b>8. Place of business of the Portfolio Company</b>	<p>The VC Fund may only invest in Portfolio Companies which, on disbursement of funds from the VC Fund's Investment:</p> <ol style="list-style-type: none"> <li>a) have their registered office in Poland and conduct business activity in Poland (at least 60% of the VC Fund's portfolio value at purchase prices), or</li> <li>b) have their registered office outside of Poland (in the territory of the European Union, European Free Trade Agreement, in a state belonging to the European Economic Area, in the United Kingdom or USA), but only if the following conditions are met: <ol style="list-style-type: none"> <li>(i) they carry out a significant part of their business activity in Poland both prior to the Investment (if they have previously carried out a business activity) and in the course thereof; the significance will be assessed considering, among other things:</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>• the share of existing and planned employees employed in Poland in the total number of employees, or</li> <li>• the share of existing and planned non-current assets located in Poland in the total non-current assets.</li> </ul> <p>(ii) are planning to allocate the funds obtained from the VC Fund for the conduct and further development of business activity in Poland in such a manner that the planned utilization of such funds will be included in the business plan of the Investment concerned, developed by the Portfolio Company, and the business plan will show that significant part of the Portfolio Company's activities will be conducted in Poland and 100% of the funds from the VC Fund will be allocated directly or indirectly to the development of the business of a subsidiary or branch of the Portfolio Company in Poland;</p> <p>(iii) the business plan will include measurable result indicators planned to be achieved as part of the development of the business activity in Poland using the funds from the VC Fund;</p> <p>(iv) carry out an Innovative Activity or finance its commencement in connection with the investment; and</p> <p>(v) the obligation set out in items ii)-iv) will be included in the investment agreement between the VC Fund, the Co-Investors and the Portfolio Company.</p> <ul style="list-style-type: none"> <li>- maximum 15% of the VC Fund's portfolio value at purchase price, or</li> </ul> <p>c) meet all the conditions set out in point (b) above and at least one of the founders of the Portfolio Company is Polish citizen and all Polish founders hold at least 20% of the shares in the company's fully diluted share capital prior to the investment (up to a maximum of 40% of the VC Fund's portfolio value at purchase price).</p> <p>For the avoidance of doubt, the total value of investments in foreign companies referred to in subparagraphs (b) and (c) may not exceed 40% of the VC Fund's portfolio value at purchase price.</p>
<p><b>9. Basic principles of investing in Portfolio Companies</b></p>	<p>The First Investment (i.e., the VC Fund's first investment obligation towards the company concerned) and Follow-on Investments may be made in a single payment or in tranches. First Investments may only be made during the Investment Period.</p> <p>The permissible form of financing of the Portfolio Companies is equity or quasi-equity financing (including, but not limited to convertible loans).</p> <p>The VC Fund will be able to purchase shares from existing shareholders only up to the limit of 10% of the value of the Co-Investment.</p> <p>The following division of Portfolio Companies is made:</p> <ul style="list-style-type: none"> <li>(i) <b>Group A Portfolio Company</b> - does not operate on any market;</li> <li>(ii) <b>Group B Portfolio Company</b> - has been operating on any market for a) less than 7 years from the first commercial sale or b) less than 10 years from registration;</li> </ul>

	<p>(iii) <b>Group C Portfolio Company</b> – does not meet the criteria indicated for Group A Portfolio Company and Group B Portfolio Company and requires financing of the Investment that exceeds 50% of its average annual turnover in the previous 5 years in order to start a new business activity.</p> <p>The First Investments may be made in Group A and Group B Portfolio Companies, and Follow-on Investments in Group A, Group B and Group C Portfolio Companies (in the latter, if the VC Fund has previously invested in that particular Group A or Group B Portfolio Company).</p> <p>No more than 60% of the Investment Budget will be invested in Follow-on Investments.</p> <p>The value of VC Fund’s Investment in the single Portfolio Company may amount to <b>(maximum investment ticket)</b> up to PLN 3 million and in the case of a VC Fund with a Declared Capitalisation of less than PLN 35 million, up to 10% of the Investment Budget without a minimum investment threshold, provided that, together with the Co-investors, they acquire less than 50% of the Portfolio Company's shareholding rights under the First Investment.</p> <p>It is possible to make Follow-on investments in Portfolio Companies up to a total Investment amount (including the First Investment) of no more than maximum investment ticket specified above.</p> <p>The Follow-on Investment must be provided for in the original business plan regarding the Investment.</p> <p>The VC fund will also have the option to make a Follow-on Investment (“<b>Super follow-on</b>”) in excess of maximum investment ticket under the following conditions:</p> <ol style="list-style-type: none"> <li>a) the investment meets the requirements of Article 21 (4) of Commission Regulation (EU) No. 651/2014;</li> <li>b) if an external private investor undertakes the Co-Investment with a contribution of no less than the surplus of the VC Fund's and Co-investors’ over the maximum investment ticket permitted for the VC Fund and private investors without a “Super follow-on” ;</li> <li>c) the total value of the VC Fund’s Investment in the Portfolio Company will not exceed 12.5% of the VC Fund's Investment Budget and 25% of the VC Fund's completed investments in order to maintain sufficient diversification of the VC Fund; and</li> <li>d) the number of Super follow-on Investments will not exceed 2.</li> </ol> <p>The co-investment in the Portfolio Company constitutes state aid, and the total amount of state aid for the Portfolio Company in the form of equity, loan and guarantee financing may not exceed EUR 16.5 million.</p>
<p><b>10. Investment exclusions in Portfolio Companies</b></p>	<p>A VC Fund may not make an Investment in Portfolio Companies:</p> <ol style="list-style-type: none"> <li>a) In difficulty within the meaning of the GBER;</li> <li>b) which are subject to an obligation to repay the aid arising under a previous decision of the European Commission declaring the aid illegal and incompatible with the internal market;</li> </ol>

c) excluded from access to public funds under the provisions of law or those in which persons authorised to represent them are subject to such an exclusion,

Funds from the Investment may not be used for the purpose of:

- a) manufacturing, processing and marketing tobacco and tobacco products, producing or marketing alcoholic beverages, narcotic drugs, psychotropic substances or precursors and new psychoactive substances and their substitutes, as well as devices designed for the consumption of such substances, such as e.g., electronic cigarettes and vaping devices;
- b) producing or marketing pornographic content;
- c) trading in explosives, weapons and ammunition;
- d) gambling, including games of chance, betting, gaming on slot machines and gaming on low-prize machines;
- e) IT to the extent supporting the activities specified in the items above, i.e., to the extent that applications and other IT solutions are intended to support or facilitate carrying out the business activities specified in the items above;
- f) decommissioning or construction of nuclear power plants;
- g) processing and marketing of agricultural products, if they meet the conditions set out in the GBER;
- h) investments in airport infrastructure, with the exceptions specified in Regulation 2021/1058;
- i) investments in landfilling, with the exceptions specified in Regulation 2021/1058;
- j) investments to increase the capacity of residual waste treatment facilities, excluding material recovery technologies for the circular economy and other exceptions specified in Regulation 2021/1058;
- k) investments in the production, processing, transport, distribution, storage or combustion of fossil fuels, with the exceptions specified in Regulation 2021/1058;
- l) investments in the production, processing, transport, distribution, storage or combustion of fossil fuels, with the exceptions specified in Regulation 2021/1058;
- m) expenditure supporting the relocation within the meaning of the GBER;
- n) financial services under which the Portfolio Company incurs/is exposed to risk related to loss or reduction of the value of the entrusted assets (wealth management services, provision of investment services), risk related to granting loans, credit facilities and other forms of financing, risk of conducting insurance business or risk related to the recovery or purchase of receivables (debt collection services, securitization activities); however, for the avoidance of doubt, the provision of services and activities supporting activities in the field of financial services, including in particular activities in the fintech sector, back-office services,

	<p>etc., do not constitute financial services within the meaning of this section;</p> <p>o) dealing in real estate;</p> <p>p) purchasing land for an amount exceeding 10% of the Investment amount;</p> <p>q) export-related activities, however, financing for the purpose of internationalisation and foreign expansion is permitted, provided that such development is justified under the Investment's business plan;</p> <p>r) payment of interest on debt;</p> <p>s) own contribution to the grant or pre-financing of the grant, i.e., allocating funds as a bridge for the purposes for which the grant has been/will be awarded;</p> <p>t) facilitation of closing down non-competitive coal mines;</p> <p>u) purchase of fixed assets, in particular vehicles and transport infrastructure, in Portfolio Companies from the transport sector, except in cases where such purchases do not exceed 30% of the amount of the Investment.</p>
<p><b>11. Allocation of funds from co-Investments in Portfolio Companies</b></p>	<p>The objective of the investment should be consistent with the strategic objectives of PFR Biznest, i.e., providing financing to SMEs at an early stage of development that carry out Innovative Activities, i.e.:</p> <p>a) launching, or carrying out works with a view to launching, a new product or service on the market, or making a significant improvement of existing products or services (product/service innovation),</p> <p>b) applying novel or improved production methods/processes, including with the use of high technology or methods of provision of services (process innovation), or</p> <p>c) implementing novel or significantly modified solutions in the marketing or organisational systems (marketing/organisational innovation).</p> <p>The Portfolio Company's innovative projects may not be completed or fully implemented at the time of the VC Fund's investment decision.</p>
<p><b>12. Legal form of VC Funds and the method of their financing by PFR Biznest</b></p>	<p>Preferred legal forms in which VC Funds will be established: limited partnerships, limited joint-stock partnerships or their foreign equivalents<sup>1</sup>.</p> <p>Investors will finance VC Funds only in the form of equity, making cash contributions.</p> <p>VC funds will have the status of an alternative investment company within the meaning of the Act of 27 May 2004 on Investment Funds and Alternative Investment Fund Managers; with respect to foreign counterparts – an alternative investment fund.</p>

<sup>1</sup> If a VC Fund is established in a form of a capital company, the appropriate provisions of the Act of 9 June 2016 on the principles of defining remuneration of persons managing certain companies and the Act of 16 December 2016 on the principles of management of state assets will apply to such VC Fund.

<p><b>13. Investment Budget and Operating Budget</b></p>	<p>Financing of VC Funds by Contributions to the Declared Capitalisation of the VC Fund includes:</p> <ul style="list-style-type: none"> <li>a) an investment budget – specifying the planned financial resources of the VC Fund to be allocated to Investments (the “<b>Investment Budget</b>”);</li> <li>b) an operating budget – specifying the planned management fees covering the VC Fund's operating costs and the operating costs of the Managing Entity (the “<b>Operating Budget</b>”), including in particular: <ul style="list-style-type: none"> <li>(i) costs of preparing the Investment (including, but not limited to due diligence costs of the Portfolio Companies and transaction documentation);</li> <li>(ii) administrative costs of the VC Fund and the Managing Entity, in particular the remuneration of Key Persons.</li> </ul> </li> </ul>
<p><b>14. Capitalization of the VC Fund and the amount of PFR Biznest's contribution</b></p>	<p>The Declared Capitalization of the VC Fund may range from PLN 15 million to PLN 45 million, subject to the possibility of increasing the Declared Capitalization in accordance with the provisions of Section 17.</p> <p>PFR Biznest's contribution to the VC Fund's Declared Capitalisation may represent no more than 98% of the VC Fund's Declared Capitalisation.</p>
<p><b>15. Amount of private contribution of the Managing Entity and Co-investors and Fund's operating models</b></p>	<p>Key Persons will be required to provide not less than 2% of the Declared Capitalisation as part of the Managing Entity's contribution.</p> <p>In each investment in a Portfolio Company, Co-investors will contribute at least 40% of the value of the Co-Investment (Co-investor Pool) of which Business Angels shall contribute at least 25% of the Co-investor Pool to each Co-investment.</p> <p>When submitting the Tender, the Tenderer may choose between the following operating models of the Managing Entity:</p> <p>1) <b>Co-Investment Model</b> in which Key Persons through the Managing Entity act as the manager of the VC Fund.</p> <p>There are three options available under the Co-investment Model:</p> <ul style="list-style-type: none"> <li>a) standard,</li> <li>b) VC Fund dedicated to angel syndicate organizers,</li> <li>c) VC Fund dedicated to Business Angels associated with existing commitment funds,</li> </ul> <p>2) <b>Mixed Model</b>, in which Key Persons, through the Managing Entity, act as managers of the VC Fund and, at the same time, one or more Key Persons co-invest in all transactions with the VC Fund, acting as Business Angels.</p> <p>In the case of the Mixed Model:</p> <ul style="list-style-type: none"> <li>a) Key Person or Persons must declare co-investment in all Co-investments at a fixed level, representing the percentage of the total contributions of Co-investors to the Co-investment specified in the Offer, ranging from 15% to 75% of the total Co-investors Pool;</li> <li>b) they must secure Co-investors for the remaining portion of the Co-investor Pool for the Co-investment, including at least one Business</li> </ul>

	<p>Angel independent of the Managing Entity, contributing at least 10% of the Co-investor Pool;</p> <p>c) Co-investing Key Persons must meet all requirements of a Business Angel except for independence from the Managing Entity.</p>																											
<p><b>16. Milestones</b></p>	<p>The VC Fund will be obliged to meet the minimum required levels of the Investment Budget (“<b>Milestones</b>”), as set out below:</p> <p>a) min. of 10% - by the end of the first year of the Investment Period;</p> <p>b) min. of 25% - by the end of the second year of the Investment Period;</p> <p>c) min. of 40% - by the end of the third year of the Investment Period;</p> <p>d) min. of 60% - by the end of the fourth year of the Investment Period.</p> <p>The level of implementation of the Investment Budget is understood as the value of funds transferred by the VC Fund to the Portfolio Companies.</p>																											
<p><b>17. Option to increase and reduce the Declared Capitalisation</b></p>	<p>PFR Biznest allows for the possibility of increasing the Declared Capitalisation of the VC Fund(also in excess of PLN 45 million) provided that a significant portion of the Investment Budget is invested.</p> <p>PFR Biznest allows for the possibility of reducing the Declared Capitalisation, in particular in the event of failure to meet the Milestones.</p>																											
<p><b>18. Investment horizon of a VC fund</b></p>	<p>The VC Fund's Investment Horizon consists of two periods:</p> <p>a) Investment Period: up to 4 years of the entry into force of the Investment Agreement, with an option of extension in justified cases by a max. of 1 year;</p> <p>b) Divestment Period: up to 4 years (calculated from the end of the Investment Period) with the option of extension in justified cases, while maintaining an investment horizon of no more than 10 years.</p>																											
<p><b>19. Management Fee</b></p>	<p>During the Investment Period, the Management Fee will consist of:</p> <p>1) in the case of the Co-investment Model in the variant referred to in section 15(1a) of the Term Sheet (standard) and the Mixed Model:</p> <p>a) fixed remuneration (calculated on the Declared Capitalisation) in the amount of:</p> <p>(i) for VC Funds with the Declared Capitalisation not higher than 45 million PLN:</p> <table border="1" data-bbox="459 1675 1318 1928"> <thead> <tr> <th>Year</th> <th colspan="2">1</th> <th colspan="2">2</th> <th colspan="2">3</th> <th colspan="2">4</th> </tr> <tr> <th>Half-year cumulatively</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> </tr> </thead> <tbody> <tr> <th>Fixed remuneration (% /year)</th> <td>3.0%</td> <td>2.7%</td> <td>2.4%</td> <td>2.1%</td> <td>1.8%</td> <td>1.5%</td> <td>1.2%</td> <td>0.9%</td> </tr> </tbody> </table>	Year	1		2		3		4		Half-year cumulatively	1	2	3	4	5	6	7	8	Fixed remuneration (% /year)	3.0%	2.7%	2.4%	2.1%	1.8%	1.5%	1.2%	0.9%
Year	1		2		3		4																					
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Fixed remuneration (% /year)	3.0%	2.7%	2.4%	2.1%	1.8%	1.5%	1.2%	0.9%																				

(ii) for VC Funds with the Declared Capitalisation higher than 45 million PLN:

Year	1		2		3		4	
Half-year cumulatively	1	2	3	4	5	6	7	8
Fixed remuneration (% /year)	2.8%	2.4%	2.0%	1.6%	1.2%	0.8%	0.4%	0.0%

b) variable remuneration at the rate of 5% per annum, calculated on the total value of funds paid into the Portfolio Companies, less the purchase price of completed exits.

2) in the case of the Co-investment Model in the variants referred to in section 15 (1)(b) and (c) of the Term Sheet (VC Funds dedicated to angel syndicate organizers and VC Funds dedicated to Business Angels associated with existing commitment funds), the Management Fee shall consist of:

a) a fixed fee of:

- i. PLN 80,000 for the first six months,
- ii. PLN 20,000 for each subsequent six-month period,

b) variable remuneration of 3.5% per annum, calculated on the total value of funds paid into the Portfolio Companies, less the purchase price of completed exits.

During the divestment period, regardless of the model and variant under which the VC Fund operates, the Management Fee will consist exclusively of the variable remuneration of 2.5% per annum, calculated on the total value of funds paid into the Portfolio Companies, less the purchase price of completed exits.

The Management Fee will be paid semi-annually (the fixed part of the remuneration will be payable in advance, while the variable part will be payable in arrears).

The total amount of the Management Fees should not exceed:

- 1) In the case of the Co-investment Model under the variant referred to in point 1a) of section 15 of the Term Sheet (standard VC Fund) and the Mixed Model - 22% of the total contributions of Investors to the VC Fund,
- 2) In the case of the Co-investment Model in the variants referred to in section 15, points 1b) and 1c) of the Term Sheet (VC Funds dedicated to angel syndicate organisers and VC Funds dedicated to Business Angels associated with existing commitment funds) – 15% of the funds paid into the Portfolio Companies,

In addition, the Managing Entity may negotiate with the Co-investors an additional fee ("**Management Fee from Co-investors**") for the purpose of:

	<p>(i) partially covering the transaction costs (including due diligence costs) of the Portfolio Company that is the subject of the Investment; and (ii) monitoring the Co-investment. The exact amount of the Co-Investor Management Fee is negotiated on a case-by-case basis between the Co-investors and the Managing Entity prior to joining the Investment.</p> <p>If the Investment Period or the Divestment Period is extended, the value of the Management Fee during the extended Investment Period or the Divestment Period will not be due, unless the Investors resolve otherwise.</p> <p>PFR Biznest allows for the possibility of reducing the Management Fee in the event of failure to meet the Milestones.</p>
<p><b>20. Rules for making investments between the VC Fund and Business Angels</b></p>	<p>Each VC Fund investment will be subject to the following minimum boundary conditions:</p> <ul style="list-style-type: none"> <li>a) co-investments with Co-investors in Portfolio Companies will be carried out on a pari passu basis in terms of business and legal conditions, including valuation and investment date;</li> <li>b) in the Co-investment Model, each first investment shall be made with at least one Business Angel and another Co-investor who is not a Business Angel, or with at least two Business Angels, provided that one Business Angel may take up to 75% of the Business Angels' contribution to the Co-investment;</li> <li>c) A Follow-on Co-investment shall be made with at least one Business Angel, and in the Mixed Model with at least one Business Angel independent of the Management Entity;</li> <li>d) the exit of Co-investors from the Co-Investment shall be simultaneous with the VC Fund and on equal terms;</li> <li>e) the exit of Co-investors from the Co-Investment may be non-simultaneous when the Managing Entity demonstrates that the interests of the VC Fund will not be adversely affected and approval is obtained from PFR Ventures.</li> </ul> <p>A Follow-on Co-Investment may be undertaken by Co-investors participating in the original Co-Investment or by other Co-investors secured by the Managing Entity.</p> <p>Detailed co-investment rules will be specified in the Co-Investment Agreement.</p>
<p><b>21a Specific rules governing investments in the case of VC funds dedicated to business angels associated with existing commitment funds</b></p>	<p>In the case of a VC Fund operating under the Co-investment Model in the variant referred to in section 15(1)(c) Term Sheet (VC Fund dedicated to Business Angels associated with existing commitment funds), the Fund shall make initial investments exclusively in Portfolio Companies in which, in the same financing round, the commitment fund will invest. The amount invested by the VC Fund may not exceed 30% of the amount invested by the commitment fund. For the avoidance of doubt, a commitment fund co-investing with the VC Fund does not meet the definition of a Co-Investor within the meaning of this Term Sheet.</p> <p>Follow-on investments may be made without the participation of the commitment fund referred to in the section above, provided that another VC fund is participating in the relevant funding round. The amount invested</p>

	<p>by the VC Fund may not exceed 30% of the amount invested by such an investor.</p>
<p><b>21. Selection of Co-investors for Co-Investment and their verification</b></p>	<p>The Managing Entity is responsible for securing and selecting Co-investors.</p> <p>The Managing Entity is required to verify the fulfillment of the conditions required for Co-investors prior to the Co-Investment.</p> <p>PFR Biznest reserves the right to conduct due diligence on Co-investors prior to the Co-Investment.</p>
<p><b>22. Lead Business Angel</b></p>	<p>An experienced Business Angel may be appointed for the Co-Investment to oversee the Co-investment and actively support the Portfolio Company (the "<b>Lead Business Angel</b>").</p> <p>The Lead Business Angel may have the right to receive additional remuneration ("<b>Lead Carried Interest</b>") in connection with the Co-Investment, in an amount negotiated and agreed upon with the VC Fund and other Co-investors and regulated in the Co-Investment Agreement.</p> <p>For the avoidance of doubt, under the Mixed Model, Team members are not entitled to receive Lead Carried Interest.</p>
<p><b>23. Rules for accounting for proceeds from exits from Investments</b></p>	<p>The accounting of proceeds from exits of the Investment takes place at the level of the Portfolio Company and then at the level of the VC Fund.</p> <p>When negotiating the terms of participation in the Co-Investment, the Managing Entity may grant Co-investors a profit asymmetry ("<b>Asymmetry</b>"), i.e. a share of profit exceeding the proportion resulting from participation in the Co-Investment in the Portfolio Company. The maximum level of Asymmetry for Co-investors including Lead Carried Interest for Lead Business Angel may not exceed 1.5x. Under the Mixed Model, the maximum level of asymmetry for Key Persons co-investing in all transactions with the VC Fund may not exceed the lowest level of asymmetry granted in a given co-investment to Business Angels who are independent of the Management Entity.</p> <p>I. Settlement at the Portfolio Company level:</p> <p>Accounting of the proceeds from exits from individual Portfolio Company Co-Investments between the VC Fund and Co-investors shall be made on a deal by deal basis in the following order:</p> <p>1) return of funds up to the amount of contributions made to the Portfolio Company by the VC Fund and Co-investors, in proportion to their share in the Co-Investment;</p> <p>2) distribution of surplus funds upon repayment of 100% of contributions made ("<b>Investment Surplus</b>"):</p> <ol style="list-style-type: none"> <li>a. up to 60% of the Investment Surplus for Co-investors, including the Lead Carried Interest compensation for the Lead Business Angel, respectively: <ol style="list-style-type: none"> <li>i. up to 5% of the Investment Surplus for the Lead Business Angel on the account of the Lead Carried Interest;</li> <li>ii. the remaining portion of the Investment Surplus due to the Co-investors, including co-investing Key Persons in</li> </ol> </li> </ol>

	<p>the case of Mixed Model, divided in proportion to the contributions made by the Co-Investors;</p> <p>b. the remaining portion of the Investment Surplus to be paid to the VC Fund.</p> <p>The Managing Entity may negotiate with the Co-Investors a success fee for the Managing Entity from the Investment Surplus due to the Co-Investors, on terms no better than Carried Interest. The detailed mechanism and terms of the payment will be specified in the Co-Investment Agreement.</p> <p>II. Settlement at the VC Fund level:</p> <p>1) first, funds up to the amount of PFR Biznest's and Managing Entity's contributions are returned, in proportion to their respective shares in the Declared Capitalization - until 100% of their contributions are returned;</p> <p>2) the remaining funds ("<b>Surplus</b>") will be distributed to:</p> <p>a. The Managing Entity or persons designated in the Investment Agreement as entitled to Carried Interest (the so-called Carry Entitled Members) in the form of Carried Interest, followed by,</p> <p>b. PFR Biznest and the Managing Entity in proportion to their shares in VC Fund's Capitalization.</p>								
<p><b>24. Carried Interest and Lead Carried Interest</b></p>	<p>In the event that an Investment Surplus is earned on the entire VC Fund, members of the Managing Entity's team will be paid a success fee ("<b>Carried Interest</b>").</p> <p>The amount of Carried Interest will be proposed by the Tenderer, with the maximum levels being as follows:</p> <table border="1" data-bbox="464 1227 1337 1541"> <thead> <tr> <th>Amount of Surplus as a multiple of Capitalisation or Declared Capitalisation</th> <th>Amount of Carried Interest</th> </tr> </thead> <tbody> <tr> <td>for the part of the Surplus less than 1x</td> <td>20%</td> </tr> <tr> <td>for the part of the Surplus between 1x and 2x</td> <td>25%</td> </tr> <tr> <td>for the part of the Surplus over 2x</td> <td>30%</td> </tr> </tbody> </table> <p>Total amount of Lead Carried Interest (if granted to the Lead Business Angel) in individual Co-Investments may not exceed the level of 5% of the Investment Surplus.</p>	Amount of Surplus as a multiple of Capitalisation or Declared Capitalisation	Amount of Carried Interest	for the part of the Surplus less than 1x	20%	for the part of the Surplus between 1x and 2x	25%	for the part of the Surplus over 2x	30%
Amount of Surplus as a multiple of Capitalisation or Declared Capitalisation	Amount of Carried Interest								
for the part of the Surplus less than 1x	20%								
for the part of the Surplus between 1x and 2x	25%								
for the part of the Surplus over 2x	30%								
<p><b>25. Requirements for Key Persons</b></p>	<p>A minimum of 2 Key Persons are required to declare full<sup>2</sup> commitment (100%/40h per week) to the VC Fund's investment activities until the end of the Investment Period and to act as members of the Management Board of the Managing Entity.</p>								

<sup>2</sup> It is permissible to deviate – with the consent of PFR Starter – from the principle of full commitment, to the level of not less than 80%/32 hours per week, in cases where i) a Key Person is involved in the management of a previous VC investment portfolio/VC fund in the divestment period, or ii) in the cases referred to in section 25a of the Term Sheet, or iii) other types of ancillary activities of a Key Person are strictly limited in scope, are of a clear synergistic nature and do not generate conflict of interest.

	<p>Each of the Key Persons must make a capital contribution as part of the Managing Entity's contribution. The amount of the Key Person's capital contribution should be adequate to his or her financial capabilities.</p> <p>Each of the Key Persons who has not declared his/her full commitment to the VC Fund's investment activities is obliged to agree with PFR Biznest prior to signing the Investment Agreement on his/her secondary commitments that he/she will be able to pursue during the Investment Period. All Key Persons will be required to submit disclosure letters containing a list of activities carried out after the date of the Investment Agreement or indicating the lack thereof.</p> <p>Key Persons should be key shareholders of the Managing Entity.</p>
<p><b>25a. Specific requirements for members of Key Persons in certain VC Funds</b></p>	<p>Notwithstanding the provisions of section 25 of the Term Sheet, in the case of:</p> <ol style="list-style-type: none"> <li>1) VC Funds under the Co-investment Model dedicated to angel syndicate organisers, and VC Funds under the Co-investment Model dedicated to Business Angels associated with existing commitment funds, at least 2 Key Persons are required to commit to dedicating time to the VC Fund's investment activities until the end of the Investment Period, to the extent necessary to manage the VC Fund, in a manner that does not conflict with their other professional obligations,</li> <li>2) VC Funds in the Mixed Model with a Declared Fund Capitalisation of no more than PLN 30 million – at least 1 Key Person is required to commit to full<sup>3</sup> involvement (100%/ 40 hours per week) and at least one Key Person is required to commit at least 50%/20 hours per week to the VC Fund's investment activities until the end of the Investment Period.</li> </ol>
<p><b>25b. Restrictions on investment activities carried out by Key Persons outside the VC Fund</b></p>	<p>During the Investment Period, the investment activities of Key Persons are subject to the following restrictions:</p> <ol style="list-style-type: none"> <li>1) Under the Co-investment Model in the variant dedicated to angel syndicate organisers (section 15(1)(b) of the Term Sheet), in the case of transactions that do not comply with the Investment Rules of the Biznest programme, Key Persons shall be entitled to enter into syndicated transactions with Business Angels outside the VC Fund up to 20% of the Fund's Investment Budget and may additionally agree to the right to make personal investments up to a maximum of 10% of the Fund's Investment Budget,</li> <li>2) In the Mixed Model, Key Persons, in the case of transactions that do not comply with the Biznest programme's Investment Principles, may agree on the right to make personal investments up to a maximum of 10% of the Fund's Investment Budget,</li> <li>3) In all other cases, Key Personnel Members may make personal investments only with the consent of the Public Investor.</li> </ol>

<sup>3</sup> as above

<p><b>26. Investment Decision Making</b></p>	<p>The VC Fund's investment decisions to make an Investment and exit from the Investment will be made on an arm's length basis in a transparent manner and in accordance with the best practices of the venture capital/private equity market.</p> <p>The VC fund will create an internal body dedicated to making investment decisions - the Investment Committee.</p> <p>The Investment Committee will consist of members with a voting right – Key Persons, and persons without a voting right – observers. Meetings of the Investment Committee may be attended also by members of the team other than Key Persons, as well as, optionally, external experts and advisors.</p> <p>The Investment Committee will make investment decisions on a case-by-case basis based on the result of the due diligence, the Investment's business plan and other necessary documents.</p> <p>PFR Biznest will have the right to appoint an observer to the Investment Committee, with no right to vote. An observer appointed by PFR Biznest has the right to veto an investment decision in the event of non-compliance with the Investment Rules or the provisions of EU or domestic law. In the event of a veto by a PFR Biznest observer, the VC Fund will not be able to make the intended Investment.</p> <p>The VC Fund will be required to have an investment policy that takes sustainability factors into account as part of the investment analysis/evaluation process.</p>
<p><b>27. Principles of Liability of Investors, Managing Entity and Key Persons</b></p>	<p>The liability of each Investor is limited to his/her capital contribution to the VC Fund.</p> <p>The Managing Entity and Key Persons – in accordance with international standards on the VC/PE market – shall not be liable for damage caused to the VC Fund or Investors if they exercise due diligence in the management of the VC Fund. Liability will apply in cases such as failure to exercise due diligence, gross negligence or wilful misconduct against the VC Fund, and then it is unlimited, subsidiary (in the context of the relationship between the Managing Entity and Key Persons) and joint and several (in the context of the relationship between Key Persons).</p>
<p><b>28. Adverse Key Person event</b></p>	<p>An adverse Key Person event is an event in which one of the Key Persons has ceased/ceases to fulfil his/her obligations under the Investment Agreement (due to resignation, lack of full/agreed commitment to the investment activities or other cases specified in detail in the Investment Agreement) and resulting in automatic suspension of the VC Fund's investment activities. Replacement of a Key Person or acceptance of a recovery plan assuming no replacement requires the consent of the Investors. The absence of such consent may result in termination of the Investment Agreement and/or dismissal of the Managing Entity.</p>
<p><b>29. Dismissal of the Managing Entity</b></p>	<p>The Managing Entity may be dismissed as a result of the PFR Biznest's decision, with or without stating the cause.</p>

	<p>The Managing Entity may be dismissed, stating the cause, in particular in the following cases:</p> <ul style="list-style-type: none"> <li>a) failure to comply with material provisions of the Investment Agreement by the Managing Entity, in particular in the form of making an Investment in breach of the investment rules set out in the Investment Agreement,</li> <li>b) a material breach by the VC Fund or the Managing Entity of the provisions of domestic or EU law,</li> <li>c) failure to replace a Key Person after an Adverse Key Person Event occurs.</li> </ul> <p>The dismissal of the Managing Entity will require the consent of PFR Biznest.</p> <p>The dismissal of the Managing Entity without stating the cause will require the consent of PFR Biznest and will be accompanied by the payment of compensation to the Managing Entity.</p>
<p><b>30. Investors' Meeting</b></p>	<p>As a part of a regular reviews of the VC Fund's operation, Investors' Meetings will be held to discuss, among other things, the VC Fund's performance, including valuation, achievement of Milestones and potential conflicts of interest.</p>
<p><b>31. Compliance and management of conflict of interest</b></p>	<p>The VC Fund will ensure compliance with the relevant standards (including ESG policy) and legal provisions protecting against money laundering and tax fraud and related to combating terrorism, both at the level of the VC Fund and the Portfolio Companies.</p> <p>The VC fund will not maintain business relations with entities registered in countries that do not cooperate with the European Union in combatting money laundering, tax fraud or terrorism or on which sanctions are imposed by The Office of Foreign Assets Control (OFAC).</p> <p>The VC fund will put in place a procedure for disclosing and managing conflicts of interest.</p>
<p><b>32. Reporting</b></p>	<p>The VC Fund will be required to periodically report to PFR Biznest in accordance with the scope of data prepared by PFR Biznest and to periodically value the portfolio in line with market standards.</p> <p>The VC Fund will be required to monitor and report sustainability factors at the level of both the VC Fund and Portfolio Companies in accordance with the Invest Europe standard<sup>4</sup>. The detailed extent of factors covered by the reporting obligation will be agreed at the level of the Investment Agreement.</p>
<p><b>33. Monitoring and auditing</b></p>	<p>The VC Fund will be obliged to make available and transmit all information and documents regarding the expenditure of funds from the PFR Biznest contribution in connection with inspections by authorised domestic and foreign institutions to which PFR Biznest or the VC Fund will be subject with respect to the use of funds from the European Funds for Modern Economy 2021-2027 Operational Programme.</p>

<sup>4</sup> <https://www.investeurope.eu/invest-europe-esg-reporting-guidelines/esg-reporting-template/>

	<p>The VC fund will ensure that the provisions concerning submission to control and disclosure of information in investment agreements with Portfolio Companies are duly implemented.</p>
<p><b>34. Legal basis</b></p>	<p>Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (the “GBER”)</p> <p>Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.</p> <p>Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (“Regulation 2021/1058”).</p> <p>Regulation of the Minister of Development Funds and Regional Policy of 15.11.2022 on granting financial assistance with the participation of Bank Gospodarstwa Krajowego under the “European Funds for Modern Economy 2021–2027” Programme</p> <p>Guidelines relating to the eligibility of expenditures for the years 2021-2027 and the relevant guidelines and positions of the European Commissions to the extent applicable.</p> <p>The Term Sheet refers to the essential provisions arising under the above legal acts, but does not constitute a complete catalogue of applicable regulations.</p>
<p><b>35. Changes in the Term Sheet</b></p>	<p>The rules and limits set out in the Term Sheet may be subject to change in accordance with PFR Biznest's strategic objectives, among others, in the event of a significant change in macroeconomic conditions (in particular, the investment ticket may be increased during the programme).</p>