

Attachment No. 9 Key terms of the call for tenders and selection of VC funds - PFR Otwarte Innowacje (Open Innovation) FIZ (“Term Sheet”)

Definitions used in this document have the same meaning as in the Rules for the call of tenders and selection of VC Funds.

1. Financial instrument	Otwarte Innowacje (Open Innovation).
2. Source of funding	Funds from the European Regional Development Fund under the Operational Program Intelligent Development 2014-2020, priority axis II: <i>Supporting environment and potential of enterprises to conduct R&D&I activities</i> , action 2.2: <i>Open innovation - supporting the transfer of technology</i> .
3. Legal regime	<ol style="list-style-type: none"> 1. Article 21 of the Commission Regulation (EU) No. 651/2014 (aid for risk financing). 2. Regulation of the Minister of Development and Finance on providing aid for risk financing and for entrepreneurs starting their activities under the Operational Program Intelligent Development 2014-2020 of 29 November 2016. 3. Regulation (EU) No. 1303/2013 of the European Parliament and of the Council. 4. Commission Delegated Regulation (EU) No. 480/2014 of 3 March 2014.
4. Investors	Public Investors and Private Investors in the VC Fund.
5. Public Investor	PFR Open Innovations FIZ and other Investors not meeting the definition of the Private Investor.
6. Private Investor	<ol style="list-style-type: none"> 1. A natural or legal person making (directly or indirectly, that is through an investment vehicle ¹) a cash contribution: <ol style="list-style-type: none"> a. out of the funds which are not public funds within the meaning of the Act of 27 August 2009 on public finance, b. bearing full risk linked with the contributions made in cash, in order to make an Investment in a Financial Intermediary that is a venture capital fund (hereinafter referred to as: “Financial Intermediary” or “VC Fund”). 2. Requirements for a Private Investor: <ol style="list-style-type: none"> a. independent of the VC Fund Managing Entity, b. independent of the Company at the time the VC Fund makes the Initial Investment, c. each Private Investor must be approved by PFR Open Innovations FIZ.

¹In the case of a contribution made through an investment vehicle, (i) the entity being an ultimate beneficial owner of such an investment vehicle, as well as (ii) all intermediary entities in the structure of this investment vehicle, shall also be deemed a Private Investor.

<p>7. Coinvestor</p>	<ol style="list-style-type: none"> 1. A natural or legal person making (directly or indirectly, that is through an investment vehicle ²) a cash contribution: <ol style="list-style-type: none"> a. out of the funds which are not public funds within the meaning of the Act of 27 August 2009 on public finance, b. bearing full risk linked with the contributions made in cash, in order to make an Investment in the Company along with the VC Fund 2. Requirements for a Coinvestor: <ol style="list-style-type: none"> a. independent of the VC Fund Managing Entity, b. independent of the Company at the time the VC Fund makes the Initial Investment, 3. Each Coinvestor must be approved by PFR Open Innovations FIZ.
<p>8. Tenderer</p>	<p>The VC Fund or Managing Entity that submitted the Tender under the Call for tenders regarding investment proposals for the establishment of VC Funds under the Program Open Innovations ("Call for tenders").</p>
<p><u>Criteria for the Companies and investment rules:</u></p>	
<p>9. Eligible Enterprise (hereinafter referred to as the "Eligible Enterprise" or "Company")</p>	<p>A capital company or a limited joint-stock partnership which jointly meets the following requirements:</p> <ol style="list-style-type: none"> a. has the status of a micro-, small- or medium-sized entrepreneur within the meaning of the Commission Recommendation 2003/361/ EC in accordance with Annex I to the Regulation 651/2014, and b. meets the criteria of an unquoted SME, which means that it is not listed on a stock exchange; except for multilateral trading platforms (e.g. Polish NewConnect platform). For the avoidance of doubt, it is permissible to subscribe for the Company shares in a private placement prior to the initial public offering (pre-IPO), and c. meets at least one of the following conditions: <ol style="list-style-type: none"> (i) does not operate in any market (a Company before its first commercial sale) ("Group A Company"), (ii) has been operating in any market for less than 7 years since its first commercial sale ("Group B Company"), (iii) has been operating in any market for more than 7 years since its first commercial sale, and needs an initial investment in the field of risk financing which, based on a business plan prepared for the purposes of launching on a new product or geographic market of a product or service created as a result of research or development, exceeds 50% of its average annual turnover in the preceding 5 years ("Group C Company").

²In the case of a contribution made through an investment vehicle, (i) the entity being an ultimate beneficial owner of such an investment vehicle, as well as (ii) all intermediary entities in the structure of this investment vehicle, shall also be deemed a Coinvestor.

<p>10. Stage and type of investment in the Company</p>	<p>The goal of the Open Innovation Instrument is to provide financial support for technological projects implemented under the Open Innovation Formula, for the purposes of, inter alia, certification of R&D results, building a demonstration version or a prototype, continuation of R&D works in order to implement them and accelerate implementation of already completed/obtained R&D works (“Investments”).</p> <p>The Company technological solutions may not be completed and fully implemented at the time the VC Fund makes an Investment Decision.</p>
<p>11. Open Innovation Formula</p>	<p>The Open Innovation Formula consists in development of innovations (including new products/processes) using knowledge, resources and technologies from external sources, that is from the science sector (for instance universities, technology parks, etc.), business (e.g. other companies, commercial suppliers of technological solutions) and/or in collaboration with the organization stakeholders (for example suppliers, customers). Examples of open innovation include (i) spin-offs, spin-outs, formation of companies with the participation of external partners; (ii) cooperation in the field of product/process technology development with employees of research units, outsourcing R&D works; (iii) purchase of licenses, patents, ready-to-use technologies along with equipment; (iv) commissioning of laboratory tests, commissioning of technological verification; (v) external pre-implementation analyzes and consultations; (vi) consumer market research, external product/process tests after which the product is refined; as well as (vii) other activities which take into account use of external knowledge, resources and technology.</p>
<p>12. Place of the Company business</p>	<p>The VC Fund may only invest in Companies which, at the time of disbursement of funds from the Investment, have their registered offices in the territory of the Republic of Poland or the European Union, the European Free Trade Association (EFTA), or in a country belonging to the European Economic Area, and conduct their business operations in the Republic of Poland, which has been confirmed by an entry in the relevant register (e.g. in the form of a branch in accordance with the Act on freedom of business of 2 July 2004) (Journal of Laws of 2016, item 1829, as amended).</p>
<p>13. Allocation of funds from the Investment in the Company</p>	<ol style="list-style-type: none"> 1. Funds from the Investment may be allocated for investments in both fixed assets and intangible assets, and in the working capital (subject to applicable state aid regulations). 2. The amount of funds allocated for the purchase of developed and undeveloped land may not exceed 10% of the Investment value. 3. Funds from the Investment may include expenditures incurred outside the territory of the Republic of Poland (in particular for foreign commercialization of technologies), provided that at the time of disbursement of funds under the Investment, the Company has a registered office or branch in the territory of the Republic of Poland, and the Company business plan which serves as a basis for the Investment provides for a development of operations in the territory of the Republic of Poland (regardless of development plans for other markets), as well as benefits from the Investment for the Republic of Poland.

14. Exclusions regarding investments in the Companies

1. The VC Fund may not make an Investment in a Company in difficulty within the meaning of Regulation 651/2014.
2. The VC Fund may not make an Investment dependent on priority use of domestic goods in relation to goods imported from abroad.
3. Investments of the VC Fund may not be made with a view to finance the following types of activities:
 - construction or decommissioning of nuclear power plants,
 - manufacturing, processing or marketing of tobacco, tobacco products and electronic cigarettes,
 - production or marketing of alcoholic beverages,
 - production or marketing of pornographic content,
 - trade in explosives, weapons and ammunition,
 - games of chance, betting transactions, games on slot machines and games on slot machines with low payouts,
 - production or marketing of narcotic drugs, psychotropic substances or precursors,
 - IT in the field of supporting activities referred to in the points above, that is to the extent to which applications and other IT solutions support or facilitate the activities specified in the points above,
 - pure financial activities, including in particular consumer finance services or services in the field of loans, credits and other forms of financing, with the reservation that for the avoidance of doubt, provision of services and activities supporting financial services, including fintech, back-office, etc., is not deemed financial services within the meaning of this point,
 - relating to the trade in real estate,
 - consisting in the processing and marketing of agricultural products, if the value of the Investment is determined on the basis of the price or quantity of products purchased from the producers of raw materials or marketed by the entrepreneur, or if the Investment depends on the transfer of monies received from the fund to the producers of raw materials in part or in whole,
 - linked to the exports to third countries or member states, if the Investment is directly related to the quantity of the exported products, building and and operation of a distribution network or other current expenditure linked to the export activities,
 - other activities which violate the mandatory provisions of the law applicable in the Republic of Poland and/or the European Union law.
4. The VC fund shall ensure that the funds from the Investment are not used for:
 - pre-financing of grants (though it is permissible to allocate funds from the Investment for the own contribution to the grant, provided that the sum of all combined forms of support does not exceed the total amount of the expenditure),
 - purchase of real estate subject to paragraph 13 of this document,
 - repayment of existing debt or restructuring of the Company debt,
 - facilitating closure of uncompetitive coal mines,
 - reduction of greenhouse gas emissions referred to in the list of activities specified in Annex I to Directive 2003/87/EC,

	<ul style="list-style-type: none"> – airport infrastructure, unless the Investment is related to the environmental protection or is accompanied by investments necessary to mitigate or reduce negative impact on the environment, – unlawful activities.
<p>15. Basic principles of Investments in the Companies</p>	<ol style="list-style-type: none"> 1. The VC Fund is obliged to provide a minimum share of the private contribution in the Investment funding, each time at a level not lower than 40% of the Investment amount. 2. Form of funding: equity or quasi-equity financing. 3. Refinancing is only possible up to the limit of 20% of the value of Investments in Group A Companies, up to the limit of 33,3% of the value of Investments in Group B Companies, and up to the limit of 50% of the value of Investments in Group C Companies. Refinancing is defined as a buyout by the VC Fund of equity financial instruments, issued by the Company, from the current owners of those financial instruments, or a buyout by the Company of equity financial instruments, issued by the Company, out of the VC Fund monies, with a view to their repayment or redemption. Refinancing may not take place on terms which are better for owners of the purchased financial instruments than the rest of the Investment. 4. Value of Investments in the Companies from PLN 5 million to PLN 60 million³ (calculated together with the private contribution) provided that not less than 10% and not more than 49% of the Company's equity interests are acquired under the initial Investment. The VC Fund may not invest more than 20% of the Investment Budget in a single Company. 5. Investments may be made on a one-off basis or in tranches. 6. In justified cases (for instance, failure to achieve key business indicators set forth in the business plan, and no disbursement of further tranches of investment funds as a result), the total amount of the Investment made in a Company may be less than PLN 5 million.
<p>16. Follow-on Investments in the Companies</p>	<ol style="list-style-type: none"> 1. The VC Fund may make Follow-on Investments in the Companies in the case where it previously made Group A, B and C investments, provided that: <ol style="list-style-type: none"> a. the maximum total value of the Investment in the Company, that is the equivalent of EUR 15 million (calculated together with the private contribution), is not exceeded, b. the initial business plan for the Investment envisaged a possibility and need to make a Follow-on Investment, c. the Company being the subject of a Follow-on Investment has not become affiliated, within the meaning of Article 3 of Annex 1 to the Regulation No. 651/2014, with an enterprise other than the VC Fund or the Private Investor/Coinvestor, unless the new entity meets conditions of the SME (despite this affiliation),

³However, the total amount of Investments made in a single Company may not exceed EUR 15 million at the current NBP exchange rate on the day on which the investment decision is taken.

	<p>d. the total amount of Investment in a given Company shall not exceed 20% of the VC Fund Investment Budget.</p> <p>2. The VC Fund may also make Follow-on Investments after the Eligibility Period (that is after 31 December 2023), however in such a case the following additional conditions must also be met:</p> <ol style="list-style-type: none"> a. Investment Agreement with the VC Fund shall be concluded by 31 December 2018 (unless the deadline is changed by legal regulations), b. at least 55% of the VC Fund Investment Budget shall be invested by 31 December 2023; c. Follow-on Investments must be completed no later than within 4 years after the end of the Eligibility Period, and in any case by the end of the Investment Exit Period, d. no more than 20% of the funds invested during the Investment Period may be allocated for Follow-on Investments after the Eligibility Period, reduced by exits from investments; e. the cumulative value of the funds allocated for Follow-on Investments shall be paid to a special escrow account, f. The Follow-on Investment is necessary and required to ensure continued financing of the Company, and is carried out on market terms.
<p>17. Private contributions within the framework of Investments in the Companies</p>	<p><u>Minimum private contribution share in each Investment</u></p> <p>The private contribution for each Investment shall be no less than 40% of the Investment amount.</p> <p><u>The minimum share of the Private Contribution in Investments in the Companies representing various Groups:</u></p> <p>If, pursuant to the Investment Policy of the VC Fund, Investments are to be made in the Companies at various stages of development:</p> <ol style="list-style-type: none"> a. The Managing Entity shall be obliged to monitor Investments in the Fund portfolio on an ongoing basis so that the weighted average of private capital, based on the size of individual Investments in the VC Fund portfolio and resulting from the application of minimum thresholds for the participation of Private Investors in the Investment referred to below, is not less than 40%. <p>The minimum thresholds for private contributions in the Investments in Companies, required for the calculation of the above-mentioned weighted average, are as follows for each stage of the Company development:</p> <ol style="list-style-type: none"> (i) at least 10% of the value of the Investment and Follow-on Investment in a given Company for Group A Companies, (ii) at least 40% of the value of the Investment and Follow-on Investment in a given Company for Group B Companies, (iii) at least 60% of the value of the Investment and Follow-on Investment in a given Company for Group C Companies.

	<p>The Managing Entity is obliged to inform PFR Open Innovations about the current weighted average before making another Investment. PFR Open Innovation may refuse to contribute to the Investment, if its implementation results in exceeding the 40% of the weighted average of the required private capital.</p> <p>or</p> <p>b. Under the Declared Capitalization of the VC Fund, only Investments in Group A or B Companies will be made. If the VC Fund wishes to invest in Group C Companies, it will be required to obtain additional private funding in order to reach the minimum threshold of private contributions in Companies representing various groups.</p>
<p><u>VC funds:</u></p>	
<p>18. Requirements for the registered office of the VC Fund</p>	<p>The registered office of the VC fund should be located in the territory of a member state of the European Union or the European Free Trade Association (EFTA), or in a country belonging to the European Economic Area.</p>
<p>19. Legal form of the VC Fund</p>	<ol style="list-style-type: none"> 1. Closed-end investment fund of non-public assets, 2. Capital company, 3. Limited joint-stock partnership, 4. Collective investment institution with the registered office outside the territory of the Republic of Poland, or an entity with a legal structure similar to, respectively: a closed-end investment fund, a capital company or limited joint-stock partnership with the registered office outside the territory of the Republic of Poland.
<p>20. Declared capitalization of the VC Fund</p>	<p>The sum of Investors' contributions and the Managing Entity contribution to the VC Fund as laid down in the Investment Agreement of the VC Fund; (“Declared Capitalization of the VC Fund”, “Declared Capitalization”). Under Model 2, Coinvestors' contributions are not included in the Declared Capitalization.</p>
<p>21. Form of financing the VC Fund</p>	<p>Financing by way of subscribing and paying for shares, stocks, investment certificates or other equity rights intended for the financing of the Investment Budget and the Operational Budget, issued by the VC Funds.</p>
<p>22. Allocation of the financing transferred to the VC Fund</p>	<p>Financing of the VC Funds as part of the VC Fund Declared Capitalization under Model 1 or the sum of contributions to the VC Fund Declared Capitalization and contributions from the Coinvestors under Model 2 include:</p> <ol style="list-style-type: none"> a. Investment Budget, which specifies the total planned expenditures on the Investment (“Investment Budget”).

	<p>b. Operational Budget, which specifies the planned costs of management and fees for VC Fund management, in particular: costs of preparation of the Investment (including, in particular, due diligence costs of the Companies and cost of preparing the transaction documentation), costs of the Key Personnel work, costs of other personnel, administrative costs, other external services, as well as other costs (“Operating budget”).</p>
<p>23. The amount of PFR Open Innovations FIZ contribution to the VC Fund</p>	<p>The contribution of PFR Open Innovations FIZ as part of the VC Fund Declared Capitalization ranges from PLN 36 million to a maximum of PLN 78 million, with the proviso that in the case of submission of a Tender with a contribution lower than the maximum PFR Open Innovations FIZ contribution, the Tenderers shall have the right to specify their preferences regarding the option to increase the Declared Capitalization in accordance with the terms set forth in Appendix No. 1 to the Rules.</p>
<p>24. The amount and models of providing private contributions (contributions of the Private Investors and the Managing Entity)</p>	<p>Model 1</p> <ol style="list-style-type: none"> 1. The private contribution to the Declared Capitalization (that is the share in the Operational Budget and the Investment Budget) shall not be less than 40% of the VC Fund Declared Capitalization, with the proviso that not less than 1% and not more than 20% under the Declared Capitalization shall be provided by the Managing Entity. 2. The declared share of Private Investors and the Managing Entity in the VC Fund Declared Capitalization shall be determined by the Tenderer in the Tender, also as regards interest in the option to increase the Declared Capitalization in accordance with the terms set forth in Appendix No. 1 to the Rules. 3. Private Investors and the Managing Entity shall finance the Operational Budget and the Investment Budget in the proportion corresponding to their share determined in the VC Fund Declared Capitalization. 4. At the stage of submitting tenders under the Call for tenders, the Tenderer shall choose from among 2 options of demonstrating the private contribution under Model 1, as specified below: <ul style="list-style-type: none"> <u>Option 1 of Model 1</u> The Tenderer discloses 100% of the private contribution (that is at least 40% of the VC Fund Declared Capitalization) in the investor declarations. <u>Option 2 of Model 1</u> The Tenderer discloses at least 50% of the private contribution (that is at least 20% of the VC Fund Declared Capitalization) in the investor declarations. In such a case (i.e if at the stage of submission of the tender under the Call for Tenders the Tenderer does not disclose 100% of the private contribution), other Private Investors must be attracted by the Tenderer in an open, transparent and competitive manner, within a period not longer than 3 months from the conditional signing of the Investment Agreement, as well as be approved by PFR Open Innovations. PFR Open Innovations FIZ allows for a possibility of extending the said

period in justified cases, such as an advanced stage of negotiations with a Private Investor. The Investment Agreement shall be conditional until the missing Private Investors are attracted. In the case of failure to attract the remaining Private Investors in the period of 3 months from the signing of the Investment Agreement, the condition of entry into force of the Investment Agreement shall be deemed unfulfilled. As a consequence, PFR Open Innovations FIZ shall not be bound by the declaration regarding contribution to the VC Fund Declared Capitalization.

Model 2

1. The private contribution to the Declared Capitalization shall only be required from the Managing Entity and may not represent less than 3% and more than 20% of the total amount of the VC Fund Declared Capitalization.

Coinvestors make contributions directly or indirectly (through an investment vehicle established with the VC Fund) to the Company in which the VC Fund makes the Investment, each time ensuring that their contributions along with the contribution of the Managing Entity represent at least 40% of the Investment value, with the reservation that in the case of investments in Group C Companies - the contribution of the coinvestors together with the contribution from the Managing Entity equals min. 60% of the value of the Investment.

2. Coinvestors must be attracted by the Tenderer, each time before Investment in the Company, in an open, transparent and competitive manner, as well as be approved by PFR Open Innovations FIZ.
3. As part of the submitted Tender, the Tenderer should present a list of potential Coinvestors that will be assessed by PFR Open Innovations FIZ during evaluation of the Tender. PFR Open Innovations FIZ may approve all or some of the proposed Coinvestors that will be able to co-invest along with the VC Fund in the Companies. Investors that were attracted by the Tenderer to the Investment in a Company, and were not approved by PFR Open Innovations FIZ as potential Coinvestors in the course of submission of the Tender, shall be subject to due diligence procedure in order to obtain PFR Open Innovations FIZ approval prior to joining the VC Fund Investment in the Company.
4. Investors that were approved by PFR Open Innovations FIZ (in the course of the evaluation of the Tender or before joining an earlier Investment of the VC Fund) shall not be subject to another due diligence procedure in the case of subsequent Investments.
5. The Managing Entity shall pay the management fee in the proportion corresponding to its share in the VC Fund Declared Capitalization.
6. Coinvestors may be obligated by the Managing Entity to pay additional fees for the sake of (i) partially covering the transaction costs (including due diligence costs) of the Company in which the Investment is made, e.g. 2% of the value of the Coinvestor contribution to the Investment, and (ii) paying the Managing Entity a fee for the Investment management for the period in which a given Company is included in the portfolio of the VC Fund, e.g. 2% of the value of the Coinvestor contribution to the

	<p>Investment, paid annually for the duration of the Investment. The exact amount of the additional fees shall each time be negotiated by the Coinvestors and the Managing Entity before joining the Investment.</p> <p>At the stage of submitting the tender under the Call for tenders, the Tenderer shall choose from among the two above mentioned Models of disclosing the private contribution.</p>
<p>25. A possibility to increase or decrease the VC Fund Declared Capitalization</p>	<ol style="list-style-type: none"> 1. PFR Open Innovations FIZ allows for a possibility to increase the VC Fund Declared Capitalization, on the condition that at least 65% of the funds provided in the VC Fund Investment Budget are invested before the end of the VC Fund Investment Period. 2. PFR Open Innovations FIZ allows for a possibility to decrease the Declared Capitalization in the <u>Capitalization and/or Management Fee in the</u> case of failure to achieve the minimum required levels of the Investment Budget implementation, which are determined for the periods specified below at the following levels: <ol style="list-style-type: none"> a. at least 10% of the Investment Budget implementation after 1 year from the beginning of the Investment Period, b. at least 30% of the Investment Budget implementation after 2 years from the beginning of the Investment Period, c. at least 50% of the Investment Budget implementation after 3 years from the beginning of the Investment Period, d. at least 70% of the Investment Budget implementation after 4 years from the beginning of the Investment Period, depending on the decision taken by PFR Open Innovations FIZ. 3. A detailed range of reasons for decreasing the Declared Capitalization, <u>decreasing of Management Fee</u> or termination of the Investment Agreement shall be set forth in the Investment Agreement.
<p>26. Investment Period</p>	<p>Up to 5 years from the entry into force of the Investment Agreement, with a possibility of its extension by 1 year in justified cases, depending on the assessment of the Investment Budget implementation by the VC Fund, and subject to the consent of PFR Open Innovations FIZ, however not longer than by 31 December 2023, subject to a possibility to make Follow-on Investments after the Investment Period under the terms set out in paragraph 15 of this Term Sheet.</p>
<p>27. Investment Exit Period</p>	<p>The Investment Exit Period lasts for up to 5 years (counted from the end of the Investment Period), with a possibility of its extension by 1 year in justified cases, subject to the PFR Open Innovations FIZ approval, and in any case not later than by 31 December 2031.</p>
<p>28. Duration of the VC Fund (Investment Period and investment Exit Period)</p>	<p>5 + 5 years (extension subject to the PFR Open Innovations FIZ approval, however no more than 6 + 6 years).</p>

**29. VC Fund
Managing Entity
("Managing
Entity", "ME")**

1. A natural or legal person responsible for implementation of the Investment Strategy and managing the VC Fund investment portfolio, selected by PFR Ventures under the Call for Tenders procedure.
2. The Managing Entity shall be independent of the Investors and Coinvestors.
3. The Managing Entity must provide human resources having appropriate knowledge and expertise required to make autonomous, rational and profit-driven Investment Decisions that are consistent with the VC Fund Investment Strategy, as well as to observe professional market standards in accordance with the guidelines issued by Invest Europe, ILPA or other equivalent Venture Capital market organizations.
4. The Managing Entity may operate as:
 - a. Natural persons making up the internal management body of the VC Fund (e.g. the management board of a capital company which, having been selected under the Call for Tenders, shall establish a company operating as a VC Fund), or
 - b. Legal persons making up the internal management body of the VC Fund (e.g. the general partner of a limited joint-stock partnership which, having been established and selected under the Call for Tenders, shall operate as a VC Fund), or
 - c. An independent external entrepreneur, authorized under the law of the state in which this entrepreneur conducts business activities, to manage part or all of the investment activity of the VC Fund (e.g. an entity which is supposed to manage part or all of the investment fund investment portfolio, which shall operate as a VC Fund after its establishment and selection under the Call for Tenders).
5. The Managing Entity shall be obliged to inform Investors about any changes in its ownership structure.
6. Change of the Managing Entity may take place as a result of its dismissal (on the initiative of the Investors) or in connection with the resignation of the ME.
7. Dismissal of the Managing Entity may take place, in particular, in the following cases:
 - a. Failure to comply with the essential provisions of the Investment Agreement by the VC Fund/Managing Entity, in particular in the form of a breach of investment restrictions or making Investments in violation of the investment rules set out in the Investment Agreement,
 - b. Violation by the VC Fund/Managing Entity and/or individual members of the Key Personnel, or other members of the VC Fund/Managing Entity personnel, of the national or EU law regulations,

	<p>c. A significant departure (in the opinion of PFR Open Innovations FIZ) in the activities carried out by the VC Fund from the Investment Strategy declared within the framework of the Call for Tenders,</p> <p>d. Change or dismissal of a Key Personnel member.</p> <p>8. Investors shall be able to influence the appointment of a new ME. A detailed procedure for the change of the ME shall be set out in the Investment Agreement.</p>
<p>30. Key Personnel in the Team</p>	<ol style="list-style-type: none"> 1. Key persons, indicated by the Tenderer, who have relevant experience, skills and knowledge in the field of investment management, and knowledge of the venture capital market, making implementation of the VC Fund Investment Strategy probable. 2. Change or dismissal of the Key Personnel members shall require consent of PFR Open Innovations FIZ. Violation of this requirement may result in termination of the Investment Agreement and/or dismissal of the Managing Entity. 3. At least 2 members of the Key Personnel shall be obliged to declare their time involvement in the investment activities of the VC Fund in the amount not less than 80% of the working time, but not less than 32 hours a week, in order to reach a minimum of 70% of the Investment Budget implementation, or until the end of the Investment Period (whichever ends first). In exceptional cases, it shall be possible to defer the time involvement declaration for up to 6 months from the commencement of investment activity, for instance in the case of persons who need time to close an investment fund/project. 4. Without prior consent of PFR Otwarte Inwestycje FIZ, Key Personnel members shall not perform any management, supervisory, advisory, or other key functions in entities other than the VC Fund, the Managing Entity and/or the Companies in which the VC Fund makes Investments, whose exercise will involve or might involve a conflict of interest in relation to the activities of the VC Fund, which shall each time be verified by PFR Open Innovations FIZ.
<p>31. Team</p>	<p>A team appointed by the Tenderer, consisting of members of the Key Personnel, other members of the Investment Committee, as well as additional persons having qualifications and experience necessary to carry out investment activities of the VC Fund, and dedicated to carry out VC Fund operational activities within the framework of the VC Fund of Managing Entity, obligated to observe professional market standards according to guidelines issued by Invest Europe, ILPA or other equivalent VC market organizations.</p>
<p>32. Taking Investment Decisions</p>	<ol style="list-style-type: none"> 1. The VC Fund Investment Decisions regarding implementation of the Investments and exits from Investment in the Companies (“Investment Decisions”) shall be taken by the VC Fund/Managing Entity, Investment Committee. 2. The Investment Committee shall act as the internal advisory body of the VC Fund/Managing Entity, dedicated to making Investment Decisions. The

	<p>Investment Committee shall consist of members of the Key Personnel, as well as external experts and advisers. In the Tender, the Tenderer shall specify the proposed full composition of the Investment Committee and the manner in which it shall take its Investment Decisions.⁴</p> <p>3. Investment decisions shall be made on market terms, subject to the observance of the best practices on the venture capital/private equity market. In particular, Investment Decisions shall each time be made on the basis of the Business Plan for the Investment, which should include description of the potential Company to be financed, financial forecasts, project profitability assessment, as well as description of the Investment exit strategy, and a report on the Company legal status, as well as other relevant research (technological, financial, etc.), should it be necessary.</p> <p>4. PFR Open Innovations FIZ shall have the right to appoint one observer without the right of vote in the Investment Committee, whose role shall be limited to the examination of compliance of the pursued Investments with the Investment Policy, provisions of the Investment Agreement, and regulations of the EU and national law. The observer appointed by PFR Open Innovations FIZ shall have no right to vote, subject to a possibility of exercising a veto in accordance with the rules set forth in paragraph 33. In case of reporting incompatibility of an Investment Decision with the provisions of the VC Fund Investment Strategy, it shall be possible to adjust the Investment Strategy subject to consent of PFR Open Innovations FIZ. Such adjustment shall require approval of majority of the Private Investors (udner Model 1) and PFR Ventures, subject to the investment rules described in this Term Sheet.</p> <p>5. Under Model 1, the Private Investors shall have the right to indicate at least one member of the Investment Committee with a right of vote when making Investment Decisions, subject to the fact that the Private Investors shall have a minority vote when making Investment Decisions.</p>
<p>33. PFR Open Innovations FIZ right of veto</p>	<p>PFR Open Innovations FIZ shall have a limited right of veto regarding Investment Decisions, only in cases in which a given Investment Decision shall be inconsistent with the legal provisions applicable to the Investments made by VC Funds, or inconsistent with the VC Fund Investment Strategy. Should a veto be exercised by the PFR Open Innovations FIZ observer, the VC Fund shall have no right to make a planned exit from the Investment or exit from the Investment. Detailed rules for the exercise of the right of veto by PFR Open Innovations FIZ shall be laid down in the Investment Agreement.</p>
<p>34. Board of Investors under Model 1</p>	<p>1. The VC Fund structure under Model 1 shall include a Board of Investors (Meeting of Shareholders, General Meeting - for capital companies, Meeting of Investors for investment funds or other body not provided for in the Code of Commercial Companies, established within the organizational structure of the VC Fund), made up of PFR Open Innovations FIZ and all Private Investors.</p>

⁴ Depending on the legal form of the VC Fund and the assumed model of taking Investment Decisions, the Investment Committee may be, although not necessarily, identical with a corporate body authorized to take decisions on behalf of the VC Fund. In any case, its decisions regarding Investments to be made and exits from the Investments shall be obligatory.

	<ol style="list-style-type: none"> 2. The Board of Investors shall hold regular meetings, with a frequency set forth in the Investment Agreement, in order to discuss performance of the Managing Entity and other ongoing issues related to the operation of the VC Fund. 3. The Private Investors shall be required to personally participate in the meetings of the Board of Investors, while Investors being legal persons or partnerships shall be obliged to ensure participation of decision-makers and persons managing activities of such Investors.
<p>35. VC Fund Compliance</p>	<ol style="list-style-type: none"> 1. The VC Fund shall ensure compliance with professional standards on the venture capital market, and compliance of the operations with the legal regulations relating directly or indirectly to the activities of the VC Funds and the principles of their Investments (in particular Title IV of the Regulation No. 1303/2013, article 21 of the Regulation No. 651/2014, and the Regulation on risk financing). 2. The VC Fund shall implement and ensure compliance with relevant standards and legal regulations protecting against money laundering and tax fraud, as well as relating to the combating of terrorism. The VC Fund shall implement and monitor, both at the level of the VC Fund and the Companies in which the VC Fund makes Investments, compliance with internal anti-money laundering, tax fraud, and terrorism procedures. The VC Fund shall not maintain any business relationships with entities registered in countries that do not cooperate with the EU in the field of fighting money laundering, terrorism and tax fraud. 3. Furthermore, the VC Fund shall ensure: <ol style="list-style-type: none"> a. holding and maintaining necessary powers to perform tasks of the VC Fund, b. economic sustainability and financial viability of its business operations, c. appropriate organizational structure (including a transparent structure of the Investment Decisions decision-making process, subject to the best market standards), d. appropriate financial and accounting structure ensuring reliable, complete and credible information about the VC Fund financial situation, e. reliable and credible method of selection and evaluation of the Companies, based on the due diligence of the investment objectives, f. a procedure for disclosing and managing conflicts of interest of any kind, which may arise in the VC Fund, in particular those related to the contributions made by the Managing Entity or to co-investments of the VC Fund Private Investors in the Companies. PFR Open Innovations FIZ consent shall be required in the case of an intention to make an Investment in a Company that is personally or financially linked to any member of the Key Personnel.

Management fee, settlement of funds from exits:

36. Management Fee in the Eligibility Period

1. Total management fees up to the end of the Eligibility Period (irrespective of the length of the Investment Period, that is also in a situation in which the Investment Period ends before the end of the Eligible Period) may not exceed 20% of the total amount of contributions (i.e. the total of the management fee and contributions for the Investments), paid to the VC Fund. Every six months, since the end of the 4th half-year until the end of the Eligibility Period, a periodic test will be carried out to verify whether the Management Fees paid so far does not exceed 20% of the total amount of contributions transferred to the VC Fund ("Trailing Limit").

PFR Open Innovations FIZ reserves the right to reduce or to not pay at all the Management Fee in the Eligibility Period in the case of exceeding of the above-mentioned Trailing Limit until the excess is removed.

2. Management fees shall be incurred by the VC Fund Investors in proportion to their share in the Declared Capitalization.

~~3.—~~ Management fees during the Eligibility Period shall consist of a fixed portion (calculated on the Declared Capitalization), whereby the fixed remuneration shall be due for the Investment Period (the basic one, with a possibility of its extension in accordance with paragraph 26 of this Term Sheet), and the variable portion (calculated on the value of the accrued funds transferred to the Companies by the VC Fund, but will not include funds transferred to the Companies if the VC fund made an exit or partial exit from such an Investment), ~~as referred to in article 13(2) of the Delegated Regulation, and the variable remuneration shall be due starting from the second year of the Investment Period till the end of the Eligibility Period. The fixed portion of the remuneration shall be paid semi-annually in advance, while the variable part shall be paid in arrears (with the frequency agreed upon with the VC Fund).~~

~~4.—~~ Limits of the fixed and variable remuneration in each of the 6 years of the Eligibility Period, payable semi-annually, subject to paragraphs 5, 6 and 7 below, are presented as percentages in the table below:

Half-year periods incrementally	0.5	1	1.5	2	2.5	3	3.5	4	4.5	5	5,5	6
Fixed remuneration (%/half-year period)	1.25 %	1.25 %	0.70 %	0.70 %	0.50 %	0.50 %	0.30 %	0.30 %	0.10 %	0.10 %	-	-
Variable remuneration (%/half-year period)	-	-	3.00 %	3.00 %	2.80 %	2.80 %	2.50 %	2.50 %	2.00 %	2.00 %	1.70 %	1.70 %

~~5. The average annual value of the Management Fees from the second till the sixth year of the VC Fund operation shall not exceed 3% of the VC Fund Declared Capitalization, subjected to paragraph below.~~

~~6.3. The sum of total fixed remuneration and total variable remuneration paid until the end of Eligibility Period (irrespective of the length of the Investment Period, that is also in a situation in which the Investment Period ends before the end of the Eligible Period) shall not exceed the limits indicated in the Commission Delegated Regulation (EU) No. 480/2014 of 3 March 2014, i.e. shall not exceed the sum of: i) 2.5% per annum of VC Fund Declared Capitalization for the first 24 months after the commencement of investment activity, therefore 1% per annum of VC Fund Declared Capitalization until the end of Eligibility Period, and ii) 2,5% per annum of the value of the accrued funds transferred to the Companies by the VC Fund, as well as of resources re-invested, which have yet to be paid back to the VC Fund; calculated *pro rata temporis* from the date of payment to the Company until repayment of the Investment, the end of the recovery procedure in the case of write-offs or the end of the Eligibility Period, whichever is ~~earlier~~ earlier), as referred to in article 13(2) of the Delegated Regulation. The fixed portion of the remuneration shall be paid semi-annually in advance, while the variable part shall be paid in arrears.~~

~~7. Should the Investment Budget be not implemented, PFR Open Innovations FIZ reserves the right to reduce the Management Fee in the Eligibility Period in such a way that the management fee paid should not exceed 20% of the total PFR Open Innovations FIZ contributions transferred to the VC Fund or, in the case of exceeding of the above-mentioned limit, to not pay it at all until the excess is removed.~~

4. Limits of the fixed and variable remuneration in each of the 5 years of the basic Investment Period, payable semi-annually, subject to paragraphs 1 above, are presented as percentages in the table below:

<u>Half-year periods incrementally</u>	<u>0.5</u>	<u>1</u>	<u>1.5</u>	<u>2</u>	<u>2.5</u>	<u>3</u>	<u>3.5</u>	<u>4</u>	<u>4.5</u>	<u>5</u>
<u>Fixed remuneration (%/half-year period)</u>	<u>1.25</u> %	<u>1.25</u> %	<u>1.15</u> %	<u>1.00</u> %	<u>1.00</u> %	<u>0.85</u> %	<u>0.75</u> %	<u>0.75</u> %	-	-
<u>Variable remuneration (%/half-year period)</u>	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %	<u>1.25</u> %

~~8-5.~~ In the event of an extension of the Investment Period in accordance with the Term Sheet, the annual Management Fee for the extended Investment Period shall have to be agreed upon with PFR Open Innovations FIZ, and in its determination PFR Open Innovations FIZ shall

	<p>take into account: (i) level of implementation of the Investment Budget; and (ii) the applicable aggregate limit of the Management Fees in the amount of up to 20% of the total amount of contributions paid to the VC Fund during the Eligibility Period.</p> <p><u>9.6.</u> Subject to approval of the Ministry of Development, PFR Open Innovations FIZ allows a possibility of increasing annual limits of the Management Fees for the VC Fund, which shall be subject of an individual assessment of the investment activities and needs of the VC Fund.</p> <p><u>10.7.</u> The Management Fee shall cover all costs associated with the VC Fund operations <u>and Management Entity operations</u>, that is transaction costs, due diligence, costs of the VC Fund and Managing Entity personnel remuneration, due taxes and other operating expenses.</p>
<p>37. Management Fee after the Eligibility Period</p>	<ol style="list-style-type: none"> 1. After the Eligibility Period, the annual Management Fee shall not be higher than 1.5% of the monies transferred by the VC Fund as part of Investments in the Companies (but shall not include monies transferred to the Company if the VC Fund made an exit or partial exit from such an Investment), calculated pro rata temporis starting from the end date of the Eligibility Period until 31 December 2029 or until the end of the Investment Exit Period, if it is shorter. 2. The capitalized value of the Management Fees due after the Eligibility Period shall be paid into a dedicated escrow account opened for this purpose before the end of the Eligibility Period. 3. Regardless of the duration of the VC Fund referred to in paragraph 28, the Management Fees after 31 December 2029 shall not be eligible.
<p>38. Rules for settlement of funds from Investment exits</p>	<p>Model 1</p> <ol style="list-style-type: none"> 1. Settlement of funds from Investment exits is based on preferences of the Private Investors regarding distribution of profit. 2. Funds up to the amount of the contributions made to the VC Fund by the Private Investors, Managing Entity and PFR Open Innovations FIZ (jointly referred to as “VC Investors”) shall be reimbursed in the first place, in proportion to their share in the VC Fund capitalization, until 100% of the contributions made is reimbursed. 3. Funds up to the amount of the Minimum Rate of Return, referred to in the Investment Agreement, shall be reimbursed to the VC Fund Investors in the second place; payments shall be made at the same time and on the same terms to all VC Fund Investors, in proportion to their share in the Capitalization. 4. Funds remaining after the payments referred to in points 2 and 3 (“Surplus”) shall be allocated in the third place for the payment of: <ol style="list-style-type: none"> a. Carried Interest for the Managing Entity - according to the percentage value of the Carried Interest due in accordance with paragraph 39 of the Term Sheet, and

b. profits to be distributed among the VC Fund Investors, with a preferential distribution of profits to the Private Investors, with the proviso that the distribution of profits among those Investors from the corresponding portion of the Surplus (after Carried Interest) shall take place in accordance with the following proportions:

- (i) Share in profits for the Managing Entity in proportion to its share in the VC Fund Capitalization,
- (ii) Share in profits for the Private Investors - determined as the share of the Private Investors in the VC Fund Capitalization multiplied by **1.7**, however not more than 80% of total Surplus (after Carried Interest), unless the Private Investors' share in the VC Fund Capitalization exceeds 80%.
- (iii) Share in profits for PFR Open Innovations FIZ, in the form of remaining funds from the Surplus portion (after Carried Interest) intended to be distributed among PFR Open Innovations FIZ, Private Investors and Managing Entity, reduced by the reimbursements referred to in points i - ii.

Model 2

1. Settlement of individual Investments in the Companies (*deal by deal*) is made in the first place by distribution of the contributions in the Investment among the VC Fund and Coinvestors.
 2. Funds remaining after reimbursement of the contributions shall be used in the second place for the payment of profits to the Coinvestors and the VC Fund in accordance with the following proportions:
 - (i) Share in profits for Coinvestors - determined as the product of 1.0 - **1.2** and the share of Coinvestors in the Investment. The product of the Coinvestor's share in the profits, that is level of the profit asymmetry, shall be each time negotiated (for instance depending on the Coinvestor's potential to contribute smart money to the Investment) between the Managing Entity and the Coinvestor prior to the Investment.
 - (ii) Share in profits for the VC Fund- in the form of the remaining monies.
- 2.1. Coinvestors settled after exit from the Investment in a given Company may allocate part of the profit to the Carried Interest of the Managing Entity, which is paid to a special escrow account and paid to the Managing Entity in its entirety should the portfolio settlement of the entire VC Fund result in the total reimbursement of the contributed made to the VC Fund by the Managing Entity and PFR Open Innovations FIZ (jointly referred to as "**VC Fund Investors**"). The Carried Interest rate shall each time be negotiated between the Coinvestor and the Managing Entity prior to the Investment, with the proviso that the Carried Interest rate should not exceed 40% and should take into account a rational approach to the relation between the Carried Interest rate and the Management Fee from the Coinvestors.

	<p>Settlement at the level of the VC Fund shall take place in the following order:</p> <ol style="list-style-type: none"> 1. Funds up to the amount of the contributions made to the VC Fund by the VC Fund Investors shall be reimbursed in the first place, in proportion to their share in the VC Fund capitalization, until 100% of the contributions made is reimbursed. 2. Funds remaining after reimbursement of the contributions shall be used in the second place for the payment of: <ol style="list-style-type: none"> a. Carried Interest for the Managing Entity - according to the percentage value of the Carried Interest due in accordance with paragraph 39 of the Term Sheet, and b. profits among the VC Fund Investors: <ol style="list-style-type: none"> (i) Share in profits for the Managing Entity in proportion to its share in the VC Fund Capitalization, (ii) Share in profits for PFR Open Innovations FIZ - in the form of the remaining monies.
<p>39. Carried Interest at the VC Fund level</p>	<ol style="list-style-type: none"> 1. The Carried Interest rate shall be offered by the Tenderer, but it should not exceed 30%. 2. The Carried Interest shall be payable after reimbursement of all contributions made to the VC Fund and after reimbursement of the hurdle rate under Model 1.
<p>40. Minimum Rate of Return (“Hurdle Rate”) under Model 1</p>	<ol style="list-style-type: none"> 1. The Minimum Rate of Return for Investors under Model 1 from Investments in the VC Fund, as determined by the Tenderer in the VC Fund budget, and ultimately set forth in the VC Fund Investment Agreement, above which the Managing Entity shall be entitled to the Carried Interest. 2. The Minimum Rate of Return should be determined on market terms, taking into account the VC Fund Capitalization, the VC Fund Investment Strategy, and the VC Fund budget.
<p><u>Other:</u></p>	
<p>41. Reporting</p>	<p>The VC Fund shall be obliged to submit to PFR Open Innovations FIZ periodic reports in accordance with the range of data and template prepared by PFR Open Innovations FIZ, which shall be specified in the Investment Agreement.</p>
<p>42. Monitoring and audits</p>	<ol style="list-style-type: none"> 1. The VC Fund shall be obliged to make available and submit, at each PFR Open Innovations FIZ request, any information and documents relating to the investment of funds from the PFR Open Innovations FIZ contribution in connection with any inspections of authorized domestic and foreign institutions to which PFR Open Innovations FIZ shall be reporting as a beneficiary of funds from the Operational Program Intelligent Development 2014 - 2020. 2. The VC Fund shall submit itself to inspections carried out by competent authorities (in particular, but not limited to, by the Ministry of Development, Ministry of Finance, bodies of the European Union, European Court of Auditors, etc.) with regard to the use of Structural Funds under the OPID program. The VC Fund shall ensure appropriate

	<p>implementation of the provisions relating to the submission to inspections and disclosure of information in investment agreements entered into with the Companies.</p>
<p>43. Tender evaluation preferences</p>	<p>VC Funds/Managing Entities which meet the following conditions shall be preferred within the framework of the Call for Tenders procedure:</p> <ol style="list-style-type: none"> a. entities having experienced professionals in the investment industry and/or displaying entrepreneurial experience, experience in the transfer of technology and commercialization of research and development works, with the knowledge of the venture capital market (including in particular the Polish venture capital market), specialist and unique industry experience that stands out compared to other Tenderers (combination of the above-mentioned competences preferred), and a group of experienced and specialized experts/advisers, b. whose decision-makers taking Investment Decisions (Key Personnel members) shall be to the most possible extent dedicated to the investment activities of the VC Fund, i.e. who shall declare that their time involvement in the VC Fund activities shall not be less than 32 hours per week, and shall make significant cash contributions as part of the VC Fund contribution, c. which intend to invest in industries that stand out compared to other Tenderers in accordance with the specialized and unique experience and qualifications of key investment personnel, d. which intend to invest in industries that are particularly innovative and economically important, such as biotechnology, cleantech (including electromobility), sensors and smart sensor networks, autonomous technologies, health food, manufacturing of medical products, etc., e. which provide a real and effective investment and operational timetable, making implementation of the VC Fund Investment Policy credible, f. which ensure an effective and systematic way of attracting potential investment projects (dealflow) with the technological component, g. which provide a reliable list of potential investment projects (pipeline), h. which shall declare a higher private share in the VC Fund contribution than the minimum one required from the Managing Entity, i. which chose Option 1 under Model 1 to demonstrate the private contribution to the VC Fund Declared Capitalization, referred to in paragraph 24 of this Term Sheet, which shall present, under Model 2, letters of intent and/or other forms lending credence to the cooperation between the Managing Entity and the Coinvestors.

