

## **PROCESS AND PRINCIPLES OF CO-INVESTMENT WITH THE ACCREDITED FUND**

(hereinafter referred to as "**Process**")

### **INVESTMENT CONDITIONS**

1. NCBR Investment Fund ASI S.A. (hereinafter referred to as "**NIF**") may make co-investments based on the application (as defined in Section 3.1. of the Process), exclusively in Portfolio Companies that meet the following minimum criteria collectively:
  - 1.1 The Portfolio Company activity is conducted in the form of a capital company,
  - 1.2 The Portfolio Company will be an enterprise emerging from the seed stage and start-up, i.e. in the expansion and growth phases,
  - 1.3 The Portfolio Company will commercialize the R&D&I project, i.e. it will undertake activities related to conducting scientific research or development work in order to introduce a specific product or service to the market or activities consisting in the implementation of a product or service resulting from scientific research or development work within the meaning of the Act of 20 July 20, 2018 – The Law on Higher Education and Science,
  - 1.4 The Portfolio Company will be an enterprise classified as a micro, small or medium-sized enterprise (i.e. it will employ fewer than 250 employees, have an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million) within the meaning of Annex I to the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain types of aid compatible with the internal market pursuant to Art. 107 and 108 of the Treaty,
  - 1.5 The Portfolio Company will operate on any market for no longer than 7 years from the first commercial sale,
  - 1.6 The Portfolio Company will have its seat in Poland or other countries of the Organization for Economic Co-operation and Development (OECD),
  - 1.7 The Portfolio Company will have a Polish element, understood as having an enterprise by the Portfolio Company and conducting its business in the territory of Poland,
  - 1.8 The Portfolio Company will be examined in terms of business prospects and investment risk and approved by the Accredited Fund.
2. The maximum investment by NIF in a single company is the equivalent of EUR 15 million (based on the average National Bank of Poland exchange rate as of the day preceding the signing of the investment agreement). NIF's participation in each funding round for the company may not exceed 70% of the total funds provided to the Portfolio Company in that round, nor 50% of the total investment value in the Portfolio Company. Additionally, at least 30% of the total investment value shall originate from private funds.

3. The co-investment process may be initiated by the Accredited Fund upon Application (as defined below). The process will be as follows:

#### **STAGE I**

- 3.1 The Accredited Fund will provide NIF with an offer of co-investment in the Portfolio Company ("**Application**") including:

- a) the application of the Accredited Fund regarding the co-investment offer,
- b) information or documents confirming the fulfillment by the Portfolio Company of the conditions referred to in point 1 of the Process,
- c) the business analysis of investment in the Portfolio Company,
- d) the key terms and conditions of investment in the Portfolio Company (term-sheet) negotiated with the Portfolio Company,
- e) information from the Accredited Fund about capital or personal ties of the Accredited Fund or investors of the Accredited Fund with the Portfolio Company;
- f) documents regarding the Accredited Fund, referred to below:
  - (i) a current excerpt from the National Court Register or other appropriate with regard to the country of the seat of the Accredited Fund, a list of applications for a change of data in the National Court Register or other commercial register appropriate for the country of the seat of the Accredited Fund, or a declaration of no applications on the day of submission of the Application,
  - (ii) a declaration on the share structure of the Accredited Fund (if there is: a stock register or an excerpt from the register of shareholders or other appropriate document due to the country of the seat of the Accredited Fund),
  - (iii) a declaration on the legality of the funds allocated to the co-investment and of the source of origin,
  - (iv) information whether the investors of the Accredited Fund have invested in the Accredited Fund the funds received as part of the state aid provided by the state.

- 3.2 Upon receipt of the Application, NIF will promptly analyze and verify the Portfolio Company.

- 3.3 NIF will verify that the Portfolio Company meets the criteria set out in point 1 of this document. For this purpose, NIF or its authorized advisers may request from the Accredited Fund additional documents, apart from those submitted in the Application, as well as information enabling the verification of the Portfolio Company's compliance with the criteria specified in point 1 of the Process.

- 3.4 Under Stage I, NIF is entitled to request from the Accredited Fund explanations regarding the content of the information or documents submitted by it under Stage I, if they prove necessary for the proper assessment of the investment.

- 3.5 Following the completion of Stage I, NIF will inform the Accredited Fund of its decision to qualify or not to qualify a given Portfolio Company for Stage II.

#### **STAGE II**

- 3.6** As part of Stage II, the co-investment offers will be subject to further formal analysis, consisting in the verification of the documents indicated in points f) - h) below, as well as an in-depth analysis, which will be carried out immediately after the completion of Stage I. The in-depth analysis is to verify the documentation provided by the Accredited Fund i.e., the report on the legal due diligence, the draft investment agreement, and the resolution or decision of the investment committee (or other competent authority or advisory body) of the Accredited Fund regarding the investment. For this purpose, the Accredited Fund shall immediately submit to NIF the following documents at the end of Stage I:
- a) a report on the legal due diligence containing a description of key risks associated with the investment (including the reputational due diligence report- optional),
  - b) an external business due diligence report (optional),
  - c) a report on technological or environmental due diligence (optional),
  - d) a draft investment agreement,
  - e) a resolution or decision of the investment committee (or other competent authority or advisory body) of the Accredited Fund regarding the investment in the Portfolio Company (the resolution or decision may be conditional, i.e., subject to the co-investment of NIF),
  - f) an up-to-date certificate from the Tax Office on non-arrears with tax obligations appropriate for the country of the seat of the Accredited Fund,
  - g) an up-to-date certificate from the Social Insurance Institution on non-arrears with benefits for the Social Insurance Institution or other appropriate insurance institution competent according to the country of the seat of the Accredited Fund or an up-to-date certificate from the Social Insurance Institution or other relevant insurance institution competent according to the country of the Accredited Fund's seat on not being subject to pay social security contributions,
  - h) a statement confirming that the Accredited Fund, its management team, and, at the request of NIF, the investors of the Accredited Fund meet the general requirements for members of governing bodies and liquidators of companies as indicated in Article 18 of the Code of Commercial Companies.
- 3.7** NIF, upon receipt of the complete set of information or documents referred to in point 3.6 above, shall immediately conduct the analysis of them.
- 3.8** NIF is entitled to request from the Accredited Fund explanations regarding the content of information or documents submitted by it under Stage II, if they prove necessary for the proper assessment of the investment.
- 3.9** Upon completion of Stage II analysis, NIF will immediately submit a decision on a co-investment in the Portfolio Company to the Accredited Fund. NIF will make an independent decision to enter or withdraw from the investment in the Portfolio Company.
- 3.10** The documents indicated in points 3.1 f) (i) and 3.6 f) – g) of the Process, with the consent of NIF may be replaced by declarations of will and knowledge of the Accredited Fund, if obtaining these documents proves to be impossible for the Accredited Fund (which the Accredited Fund should be able to demonstrate to NIF on request).

## **FOLLOW-ON INVESTMENTS IN NIF'S PORTFOLIO COMPANIES**

### **STAGE I of the Follow-on Investment**

4. **"Follow-on Investment"** refers to a further co-investment by NIF in a Portfolio Company, i.e., a company in which NIF already holds shares (being part of NIF's investment portfolio). A Follow-on Investment may be made by NIF together with the Accredited Fund, regardless of whether the Accredited Fund was involved with NIF in the initial investment in that Portfolio Company (i.e., the investment through which NIF became a shareholder in that Portfolio Company).
- 4.1 The process for a Follow-on Investment may be initiated by the Accredited Fund by submitting a Follow-on Investment Application (as defined in Section 4.2 below). This process will proceed as follows:
- 4.2 The Accredited Fund will provide NIF with a Follow-on Investment offer for the Portfolio Company, including the following ("**Follow-on Investment Application**"):
  - a) the application of the Accredited Fund regarding the Follow-on Investment offer,
  - b) the business analysis of the Follow-on Investment in the Portfolio Company,
  - c) the key terms and conditions of the Follow-on Investment in the Portfolio Company (term-sheet) negotiated with the Portfolio Company,
  - d) information about capital or personal ties of the Accredited Fund or investors of the Accredited Fund with the Portfolio Company,
  - e) documents regarding the Accredited Fund, referred to below:
    - (i) a current excerpt from the National Court Register or other appropriate with regard to the country of the seat of the Accredited Fund, a list of applications for a change of data in the National Court Register or other commercial register appropriate for the country of the seat of the Accredited Fund, or a declaration of no applications on the day of submission of the Application,
    - (ii) a declaration on the share structure of the Accredited Fund (if there is: a stock register or an excerpt from the register of shareholders or other appropriate document due to the country of the seat of the Accredited Fund),
    - (iii) a declaration on the legality of the funds allocated to the Follow-on Investment and of the source of origin,
    - (iv) information whether the investors of the Accredited Fund have invested in the Accredited Fund the funds received as part of the state aid provided by the state.
- 4.3 Upon receipt of the Follow-on Investment Application, NIF will promptly analyze and verify the Follow-on Investment. For this purpose, NIF or its authorized advisers may request from the Accredited Fund additional documents, apart from those submitted in the Follow-on Investment Application. Under Stage I of the Follow-on Investment, NIF is entitled to request from the Accredited Fund explanations regarding the content of the information or documents submitted by it under Stage I of the Follow-on Investment, if they prove necessary for the proper assessment of the Follow-on Investment.

- 4.4 Following the completion of Stage I of the Follow-on Investment, NIF will inform the Accredited Fund of its decision to qualify or not to qualify a given Portfolio Company for Stage II of the Follow-on Investment.

### **Stage II of the Follow-on Investment**

5. As part of Stage II of the Follow-on Investment, the Follow-on Investment offers will be subject to further formal analysis, consisting in the verification of the documents indicated in points e) – g) below, as well as an in-depth analysis, which will be carried out immediately after the completion of Stage I of the Follow-on Investment. The in-depth analysis is to verify the documentation provided by the Accredited Fund regarding the Follow-on Investment.
- 5.1 Upon the completion of Stage I of the Follow-on Investment, the Accredited Fund will promptly provide NIF with the following documents:
- a) a report on the legal due diligence containing a description of key risks associated with the Follow-on Investment (optional),
  - b) a statement from the Portfolio Company regarding the implementation of recommendations resulting from the legal due diligence report mentioned in Section 3.6. a) of the Process, as well as the current status of the aforementioned report (including any changes to the legal status of the Portfolio Company) and the completion of actions agreed upon in the initial investment agreement concerning the Portfolio Company, as well as the status of the business and development objectives of the Portfolio Company,
  - c) a draft investment agreement concerning the Follow-on Investment/ an amendment to the initial investment agreement between NIF and the Accredited Fund related to the Portfolio Company,
  - d) a resolution or decision of the investment committee (or other competent authority or advisory body) of the Accredited Fund regarding the Follow-on Investment,
  - e) an up-to-date certificate from the Tax Office on non-arrears with tax obligations appropriate for the country of the seat of the Accredited Fund,
  - f) an up-to-date certificate from the Social Insurance Institution on non-arrears with benefits for the Social Insurance Institution or other appropriate insurance institution competent according to the country of the seat of the Accredited Fund or an up-to-date certificate from the Social Insurance Institution or other relevant insurance institution competent according to the country of the Accredited Fund's seat on not being subject to pay social security contributions,
  - g) a statement confirming that the Accredited Fund, its management team, and, at the request of NIF, the investors of the Accredited Fund meet the general requirements for members of governing bodies and liquidators of companies as indicated in Article 18 of the Code of Commercial Companies.
- 5.2 NIF, upon receipt of the complete set of information or documents referred to in point 5.1 above, shall immediately conduct the analysis of them. Additionally, NIF will verify the completion of actions agreed upon in the initial investment agreement concerning the Portfolio Company, as well as the business and development objectives established in the initial investment agreement.

- 5.3** NIF is entitled to request from the Accredited Fund explanations regarding the content of information or documents submitted by it under Stage II of the Follow-on Investment, if they prove necessary for the proper assessment of the Follow-on Investment.
- 5.4** Upon completion of Stage II of the Follow-on Investment, NIF will immediately submit a decision on the Follow-on Investment in the Portfolio Company to the Accredited Fund. NIF will make an independent decision to enter or withdraw from the Follow-on Investment in the Portfolio Company. NIF will have full discretion to proceed with or withdraw from the Follow-on Investment.
- 5.5** The documents indicated in points 4.2 e) (i) and 5.1 e) – f) of the Process may, with the consent of NIF may be replaced by declarations of will and knowledge of the Accredited Fund, if obtaining these documents proves to be impossible for the Accredited Fund (which the Accredited Fund should be able to demonstrate to NIF on request).