

INVESTMENT PRINCIPLES

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I PURPOSE

The ERP Special Fund – represented by the German Federal Ministry for Economic Affairs and Energy (hereinafter “**BMWI**”) - and “**KfW**” have established coparion GmbH & Co. KG (hereinafter “**coparion**”) to strengthen the German venture capital market; European Investment Bank (hereinafter “**EIB**”) has joined coparion. KfW Capital GmbH & Co. KG (“**KfW Capital**”) has replaced KfW as limited partner as of January 1, 2019.

coparion supports innovative technology companies (hereinafter referred to individually as the “Investee **Company**” or jointly as “Investee **Companies**”).

For this purpose, on its own behalf and on its own account, coparion invests in Investee Companies to finance projects during the start-up- and early growth stages.

As an obligatory condition for coparion’s investment at least another private investor (also referred to as private investor, hereinafter referred to as “**Private investor**”) has to invest in the Investee Company alongside coparion. In making the investment, the Private investor, the Investee Company and coparion shall openly communicate the temporary status of the investment and, in this respect, create a common understanding of the venture.

On the basis of the information and documents (due diligence) provided by the Private investor and the Investee Company, coparion invests in the relevant Investee Company under the same economic terms (“*pari passu*”) as the Private investor. coparion manages its investment actively through direct contact with the Investee Company, e.g. by attending shareholder meetings.

II CONDITIONS FOR AN INVESTMENT BY COPARION

1 Designated use

The investments shall cover the financing needs of the Investee Companies to support their further development according to the respective business and financial plan.

2 Investee Companies

The Investee Companies may only be small and medium-sized commercial technology companies, which are domiciled in Germany and in legal terms are non-listed

corporations, whereby, with regard to the investment by coparion, the Investee Company's legal form must ensure that coparion's liability is limited to the amount of its respective investment. Furthermore, Companies must fit the EU definition of "Small and Medium-Sized Enterprises" at the time of the first documented initial contact, (e.g. submission of a short business plan or pitch-deck), i.e.

- employ less than 250 people and
- either
 - have an annual turnover not exceeding EUR 50 million or
 - a balance sheet total of not more than EUR 43 million and
- fulfill the characteristics of an independent Small and Medium-sized Enterprise within the meaning of Article 3 of the Recommendation of the European Commission regarding the Definition of Micro-Enterprises and Small and Medium-sized Enterprises (Recommendation 2003/361/EC of the European Commission of May 6, 2003; Official Journal of the European Communities L 124/36 of May 20, 2003 or the relevant valid definition at the time of the documented initial contact), unless the criterion of independence is contravened by subsidiary companies of the Investee Company, i.e. companies in which the Investee Company owns a share of more than 25 %, insofar as the aggregated corporate group fulfills the above-mentioned size criteria for a small and medium-sized enterprise. Should the criterion of independence be violated by parent companies of the Investee Company, coparion may present such cases to the BMWI in advance for approval.

All three conditions must be fulfilled at the time of documented initial contact. The condition of economic independence shall not be impaired by the new investment. If in a subsequent financing of a Investee Company the aforementioned three conditions are not fulfilled, this remains without consequences provided that the other investment requirements are fulfilled.

At the time of the documented initial contact, the Investee Company may be at most ten years old, whereby the date of the start of its business activities is decisive.

The Investee Company shall be an innovative technology company. Characteristics of an innovative technology company are:

- the development of new or essentially improved products, processes or services and / or their launch on the market,
- the new products (processes/services) developed by the company differ from the company's previous products (processes/services) in terms of their basic functions.

The company itself conducts the research and development work. Should the company make use of services for any steps in the development process, the specifications shall be drawn up in the company itself.

- The companies' market chances shall indicate outstanding growth in sales and/or employees.

The Investee Company shall have the required technical knowledge for the development work as well as for production purposes and shall possess the required commercial knowledge. In principle, commercial know-how can also be contributed by external providers – e.g., the Private Investor – if the Investee Company has not yet generated any significant revenue before the documented initial contact.

As a matter of principle, coparion's investments may only be used to strengthen the Investee Company and not for acquisition financing of existing shares in the Investee Company, or may not in other ways replace existing financing; as a consequence, e.g. MBOs/MBIs, follow-up financing, secondary transactions and share purchases are excluded from financing.

Companies operating in sectors which, according to EIB's principles and standards are defined as "EIB excluded activities", are excluded from financing.

Restructuring cases and undertakings in difficulty as defined in paragraph 26 a) of the Guidelines on State aid to promote risk finance investments (Communication from the Commission 2014/C 19/04) are also excluded from financing.

3 Cooperating Private Investor

Private Investors cooperating with coparion can be investment companies as well as natural persons and legal entities that make venture capital available to Companies and pursue a clear exit strategy. coparion shall only accept financial investors (e.g. venture capital companies, business angels, family offices) as Private Investors. Such investors may be based either inside or outside Germany. Private persons, who function as venture capital providers in the role of a Private Investor or own an investment company, must neither work for the Investee Company nor be related to key persons in the Investee Company. Companies which act as a Private Investor and are not investment companies, may not have business relations with the Investee Company, or enter into such relations without the approval of coparion. The Private Investor shall advise and support the Investee Company in all economic and financial matters and, if required, offer management and marketing support, as well as access to external

networks. Private Investors, whose commitment is basically related to organizing professional share trading or crowd financing, shall not be admitted.

The Private Investor has to invest in the Investee Company at least the same amount as coparion and shall be prepared and be in a position to provide additional financing funds beyond the initial funding.

The investment agreement between the Private Investor and the Investee Company may not be signed prior to the documented initial contact for the particular round of financing.

4 State aid

In a round of financing, the maximum amount of venture capital that may be made available by public investors “pari passu”, including the investment made by coparion, is 50%. In order to assess conformity with national state aid laws, the entire round of financing with all the parties involved shall be examined. By signing the investment agreement, the Investee Company and the investors confirm that they do not receive any public funding that is classified as state aid in connection with the investment.

Correspondingly, co-financing by Private Investors with shareholders, the majority of which are public, or by Private Investors, whose investment is guaranteed by public funds, shall be excluded. In principle *Sparkassen* (saving banks) and *Mittelständische Beteiligungsgesellschaften* (specific regional investment companies for medium-sized business) are excluded as private investors for co-financing and within the sense of the following provisions their investments may not be taken into account for the 30 % of financing, which need to come from newly added and thus independent, private financial investors.

The following investments with a Private Investor are permitted:

- an initial funding by coparion with a Private Investor who is not yet an existing shareholder in the Investee Company and thus independent, on the same economic terms (pari-passu).
- coparion follow-up financing with a private financial investor on the same economic terms (pari-passu), who has invested in the Investee Company as follows: (1.) for the first time simultaneously with the initial investment of coparion or (2.) for the first time after the initial investment of coparion or (3.) in a round of financing in which at least 30% of the financing comes from newly added and thus independent private financial investors (5 max.)

coparion's investment in a round of financing involving an investor, who received the "INVEST - Venture Capital Grant" is not permitted.¹

5 Collateral

The private investor (or its management company) may not be granted collateral to be provided by the Investee Company or its shareholders, or by their family members, unless coparion receives the same rights and the shareholders' majority agrees to the provision of collateral.

III INVESTEE COMPANY'S OBLIGATIONS

6 Proof of use

The Investee Company is obligated, in accordance with coparion's direction, to provide evidence of the funds, provided by coparion, having been used for their purposes. The evidence must be presented to coparion after the invested capital has been spent and at the latest three months after the preparation of the last annual financial statements covering the respective period. Audited annual financial statements must be presented for the investment period mentioned in the report on the expenditure of funds ("Verwendungsnachweis").

The Investee Company agrees that coparion and BMWI, as well as any third parties assigned by them, may audit the use of the funds provided by coparion, and undertakes to make the requested documents available and to provide relevant information. This also applies in relation to EIB, the European Court of Auditors, the European Commission, the European Anti-Fraud Office and any other competent EU institution or body, as well as any persons designated by any of the foregoing ("**EIB Related Parties**").

7 Presentation and reporting obligations on the part of the Investee Company; auditing rights

The Investee Company shall provide coparion with at least a quarterly income statement (profit and loss statement, cash flow) and significant key performance indicators (KPI), as well as information on employment and corporate taxes, within 45 days after

¹ This regulation is in line with the recent stated position of the European Commission towards German Government regarding the possible participation of non-aid public pari-passu funds in a round of financing involving an investor, who received an INVEST – Venture Capital Grant in the respective round of financing. This position does not correspond to the position represented by the German Government. Depending on the outcome of the discussion between the European Commission and the German Government, this regulation may change. Until further notice, this regulation is binding.

the end of the respective quarter at the latest, in the form requested by coparion, and up to six weeks prior to the end of the business year with a budget for the following year, to which coparion must agree (in the context of shareholders' meeting or committee appointed by shareholders of the Investee Company). In individual cases coparion may request shorter reporting periods or additional report contents.

For this purpose, coparion may request that the Investee Company uses an appropriate reporting tool.

Furthermore, to the extent legally permissible, the Investee Company shall inform coparion immediately of all measures that go beyond normal business operations, and of events that have major influence on business prospects. In the event of a planned initial public offering the Investee Company shall in particular inform coparion about any application on the admission to trade on a national, international or transnational stock exchange.

Moreover, to the extent legally permissible, coparion is entitled at any time to inspect all business documents of the Investee Company. When exercising its information and control rights, coparion may involve third parties, in particular the private investor. The Investee Company is in such case obligated to fulfill the aforementioned information and control obligations towards the third parties /private investor. EIB Relevant Parties have corresponding rights to inspections.

The Investee Company agrees that coparion may forward the acquired data to BMWI or an institute appointed by them for scientific purposes only.

Furthermore, the Investee Company and the Private Investor declare their willingness to provide directly BMWI and any institute they may appoint, EIB, and EIB Related Parties with the information required for such scientific analysis.

To the extent required by EU law or EFSI Regulation, the Investee Company further agrees that its facilities and offices may be visited by EIB and the EIB Related Parties for auditing purposes and that representatives of the Investee Company may be interviewed. The same applies to the inspection of the Investee Company's books.

In accordance with section 91 of the German Federal Budget Code (BHO), the German Federal Audit Office (Bundesrechnungshof) has a right to conduct audits of the Investee Company. For auditing purposes, the Investee Company shall make available to both, the Federal Audit Office and coparion, all documents the German Federal Audit

Office considers to be necessary. In addition, the Investee Company shall provide all related information.

Other rights arising from coparion's investments, in particular those that arise by law, the articles of association or other contractual stipulations shall remain unaffected.

The above information rights of coparions' shareholders and authorities are at the same time considered as exemption from a legal or contractual confidentiality obligation. The EIB, KfW Capital, KfW and BMWi are entitled to indicate on their respective website or in their press releases the existence of a participation and - after consultation with coparion - their amount to the Investee Company.

8 Electronic data transmission

Upon request by coparion, the Investee Company shall transmit electronically the information required as part of its contractual information and reporting obligations, documents and data, as well as other correspondence.

9 Assessment of the technical feasibility and market potential

coparion may engage an external expert with an additional assessment of the technical feasibility and the market potential of the innovation of the Investee Company. The Investee Company shall support the acquisition of information in this regard.

10 Examination on the basis of the applicable Money Laundering Act

Pursuant to the German Money Laundering Act (*Geldwäschegesetz (GwG)*), coparion is obliged to identify the shareholders of the Investee Company; this also applies to any legal successors or new shareholders before the acquisition of the respective share. For this purpose, coparion is in particular entitled to demand of all current or future shareholders (i) to present an official identification document (passport or identity card) in case of natural persons and (ii), in case of legal persons or partnerships, to present a current excerpt from the commercial register or the cooperative register or a comparable official register together with a list of shareholders indicating name, date of birth, place of birth, nationality and address of these shareholders or economic beneficiaries who directly or indirectly control more than 25% of the capital shares or voting rights of this shareholder, as well as other legally required information, evidence and documents. coparion may only agree to the accession of a new shareholder after such identification.

IV INVESTMENT TERMS / PAYMENT

coparion makes an investment in the Investee Company on the same economic terms (pari passu) as the Private Investor. The Private Investor shall draw up the terms and in particular undertake the valuation of the Investee Company. In the case of equity investments as first time financing, coparion's stake in the Investee Company shall be less than 25%. Insofar, co-investments made with several Private Investors in the same Investee Company shall be summed up. Should coparion's stake permanently rise to 25 % or more, for example due to an increase in the course of a second round of financing or due to other changes in the capital and/or capital measures, the Investee Company shall only implement this measure subject to prior approval by BMF (the German Federal Ministry of Finance) in accordance with section 112 para. 2 in connection with section 65 para. 3 BHO.

As a matter of principle, coparion's payments to the Investee Company shall be made pro rata to the payments by the Private Investor and at the same time as these or immediately thereafter.

The overall financing of the round of financing has to be ensured prior to any payment being made.

All investment terms shall be specified in an investment agreement.

V COMPLIANCE

The Investee Company undertakes to comply with applicable national and EU legislation, in particular with regard to environmental and social legislation, data protection and public procurement law, and to inform coparion without delay of breaches of such statutory provisions.

Life Science Companies must especially comply with the EU Directive 2010/63/EU on the protection of animals used for scientific purposes.

The Investee Company shall not grant, promise, demand or accept any inappropriate advantage in relation to its business activities or enter into any agreement to that extent.

The Investee Company shall not allow or tolerate any form of discrimination.