

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.

coparion supports innovative technology companies.

For this purpose, on its own behalf and on its own account, coparion invests in technology companies (hereinafter also referred to as the “**Company**” or “**Companies**”) to finance projects during the start-up- and early growth stages.

As an obligatory condition for coparion’s investment another 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 Company (the Company in which the private investor and coparion are investing, hereinafter referred to as 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.

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 Compa-

ny'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 they first submit an application ("**Application**" hereinafter defined as a documented initial contact, e.g. in 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 application), unless the criterion of independence is violated 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 and KfW in advance for approval.

All three conditions must be fulfilled at the time the Application is submitted. 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 conditions are fulfilled.

At the time the Application is submitted, 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 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 delivered by external providers – e.g., the private investor – if the Company has not yet generated any significant revenue before the initial Application .

As a matter of principle, coparion's investments may only be used to strengthen the Investee Company and not for acquisition financing, 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 the "Guidelines for the EIF Restricted Sectors" issued by the European Investment Fund, are defined as "EIF Restricted Sectors", 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. Such investors may be based either inside and 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 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 should advise and support the 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 must 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 contract between the private investor and the Investee Company cannot be concluded before the Application for the particular round of financing is made.

4 State aid

In a round of financing, the maximum amount of venture capital that can 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.

Furthermore, as a matter of principle, financing in cases where the private investor already is invested in the Company, is likewise excluded with the following exceptions:

- follow-up financing in the case of Companies in which the private investor and coparion have already invested,
- follow-up financing in the case of Companies in which the private investor has already invested, but not coparion, provided that in the upcoming following round, a further private investor, who is not yet an existing shareholder in the target company, provides at least 30% of the capital within the subsequent round of financing.

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 agree 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.

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, 45 days after 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 individual cases coparion can 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 technology 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.

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 with the information required for such scientific analysis.

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.

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 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 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. 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 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 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.