

DTVB Call Document Appendices

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ANNEX I – EIT Health Project Implementation Handbook

Please see the Implementation Handbook here

<https://eithealth.eu/library-of-call-appendices/>

ANNEX II – EIT Health Key Performance Indicator (KPI) Framework

Please see the KPI Framework guidance in the link below

<https://eithealth.eu/library-of-call-appendices/>

ANNEX III – DTVB Term Sheet

Participation of EIT Health e.V. (hereinafter “**EIT Health**” or “**KIC LE**”) in [name]

Preamble

[Name] is a start-up based in [•] (in the following the “**Company**”; KIC LE and Company jointly the “**Parties**” and each a “**Party**”). The Company was founded as a [details regarding legal form] in [city, country].

Currently the shares in the Company are held as follows:

Shareholder	Number of Shares	Shareholding in percent (rounded)
[•]	[•]	[•]
[•]	[•]	[•]
In total	[•]	100.00 %

The Company shall be supported by KIC LE’s through the Deep Tech Venture Builder (“**DTVB**”). DTVB is an instrument that focuses on supporting venture building process, encouraging the transition of research to business through funding of projects in return of options, which entitle KIC LE to subscribe for shares in the Company. DTVB is divided into several phases.

The project [•] (the “**Project**”) organized by the Company together with partners was accepted by KIC LE to profit from the benefits of the DTVB-instrument. This Term Sheet describes the principal terms and conditions with respect to the EIT Health DTVB-instrument. On the basis of this Term Sheet, the Parties intend to enter into binding agreements.

Investment

KIC LE is committed to support the Project and the development of the Company and is willing to co-invest via grants with a private investor by granting funds to the Project in the total amount of up to EUR 150,000.00.

The private co-investment shall be committed to the Company prior to application into Phase II of the DTVB and shall be minimum € 150,000.00. The total EIT Health grant awarded to the Project in Phase II (up to € 150,000.00) and shall be counted as EIT

Health's investment and EIT Health shall participate on equal footing and without preference alongside the private co-investor in all aspects of the investment (*pari passu*).

The grants shall be paid out in tranches according to the agreed timetable and, further, according to annual plans to be agreed prior to the respective year and annual reports to be reviewed after the respective year.

Option(s)

In return, KIC LE shall participate in the Company, by way of receiving Option(s) issued by the Company which shall entitle KIC LE to purchase a certain number of shares ("**EITH Shares**") in the Company in case of an Exit Event (as defined below) ("**Options(s)**").

The Options(s) shall be issued each time KIC LE makes a payment to the Company or the international partner to fund Project activities and shall state the number of EITH Shares KIC LE is entitled to purchase in case of an Exit Event.

The number of EITH Shares KIC LE is entitled to purchase because of the issued Option(s) corresponds to the price per EITH Share (the "**EITH Share Price**"). The EITH Share Price shall be determined by the share price of the private co-investor.

Each EITH Share shall have a nominal amount of EUR 1.00. Upon the occurrence of an Exit Event, KIC LE shall have to pay the nominal amount of EUR 1.00 per EITH Share (the "**Exercise Price**") it intends to purchase. The remaining EITH Share Price shall be deemed to have been paid by providing the respective amount of the grant to the Company.

In the event of an Exit Event occurs, KIC LE has the right to purchase EITH Shares upon surrender of the Option(s) and payment of the Exercise Price. KIC LE shall be entitled to a consideration. Each of the following events shall be an "**Exit Event**":

- Sale of more than 50% of the shares in the Company;
- Sale of more than 50% of the assets as well as the licensing of substantial IP rights of the Company;
- IPO; and
- Liquidation.

**Founder
Vesting**

The Founders and present shareholders (including the new investor) shall enter into a shareholder's agreement to determine the reciprocal rights and duties of the present and future shareholders of the Company. Especially the Founders and present shareholders shall enter into a vesting-scheme which provides that a shareholder transfers shares to other shareholders or the Company if the respective Founder

ceases to work full time for the Company (the “**Founder-Vesting**”). EIT Health will not be a party of this shareholder’s agreement.

Liquidation Preference

If at the time of the Exit Event, the Company has issued, in addition to common shares, preferred shares, or if the shareholders of the Company have agreed contractually to treat certain shares as preferred shares or equip certain shares with preferred rights such as liquidation preferences, the following shall apply:

Upon the occurrence of an Exit Event, KIC LE shall, with respect to its EITH Shares, be entitled at least to a first rank non-participating sales and liquidation preference equal to the amount of its payments to the Company per EITH Share to which KIC LE is entitled, which shall be ranked in compliance with the “last in - first out principle”: (i) senior to the common shares issued in the Company; and (ii) junior to any higher preferred shares, if any.

KIC LE shall be entitled to its liquidation preference regardless of any applicable escrow, holdback or other contingency provision. Thus, if, upon an Exit Event, the initial payment is enough to fully pay the liquidation preference of KIC LE (once any senior ranking liquidation preference has been paid in full), then the liquidation preference of KIC LE shall be fully paid.

For the avoidance of doubt: If no shareholder is entitled to a liquidation preference, KIC LE shall also not be entitled to a liquidation preference.

ESOP

KIC LE will bear the economic burden of any employee stock option plans (“**ESOP**”) on a pro rata basis and in relation to the increased share capital of the Company. However, KIC LE shall bear the economic burden of ESOP only to a maximum corresponding to 15 % of the fully-diluted share capital of the Company.

Advisory Board, Supervisory Board

If an advisory board (*Beirat*) is installed at the Company, KIC LE shall be entitled to appoint one (1) member of the advisory board, as long as KIC LE holds Options or shares which - on a fully diluted basis – correspond to at least 8.00 % of the share capital. If a supervisory board (*Aufsichtsrat*) but no advisory board is installed at the Company, KIC LE shall have the right to appoint one (1) member as long as KIC LE holds Options or shares which - on a fully diluted basis - correspond to at least 8.00 % of the share capital.

Information Rights

As long as KIC LE holds Options, KIC LE shall be granted customary access and information rights with respect to the Company’s business and ongoing development. The Company’s management shall provide KIC LE with financial reports on a regular basis, including:

- Unaudited or (to the extent required by law) audited annual financial statements and annual reports at the latest at the end of May following the respective financial year;
- Annual business plan for the following financial year showing monthly projected financials as well as the annual plan suggested by the Company, at the latest at the end of August of the preceding financial year;
- Quarterly reporting of key performance indicators and financial analysis (BWA).

In addition, KIC LE will get any information required for the DTVB Instrument, especially under the Project Grant Agreement and any information required to make claims under the Option Agreement (i.a. regarding exit-proceeds).

**Indicative
Timeline**

Final agreements about the participation of KIC LE shall be signed by [●].

First payout shall be [●].

Confidentiality

This Term Sheet is confidential and may not be disclosed to any party other than a party to this Term Sheet and its employees and legal advisors.

**Definitive
Agreements**

The KIC LE will provide the Company with the first draft of a Option Agreement in the English language upon selection. The definitive agreements shall be signed by the Founders and all other shareholders of the Company.

**Governing
Law**

The definitive documentation relating to the participation of KIC LE shall be governed by the laws of [●] the country the Company is incorporated in [●].

Binding Effect

The parties acknowledge and agree that, except for the obligations set forth in the sections entitled “Confidentiality”, “Governing Law” and this section, which are intended to be legally binding, this Term Sheet is intended for discussion purposes only and does not constitute an offer or commitment of any kind to provide or participate in any form of financing of the Company and does not create any legally binding obligations of either Party until the execution and delivery by the Parties of definitive binding agreements.

[Signature page follows]

Signature page

Place, Date: _____

Place, Date: _____

Place, Date: _____

Place, Date: _____

Place, Date: _____

EIT Health e.V.