

OFFER TERMS FOR CONVERTIBLE LOAN ACCELERATOR COMPARTMENT

Company (Borrower)	[NAME OF COMPANY/BUSINESS]
Offer valid until	Time / date
Amount	€50k
Structure	DIRECT INVESTMENT INTO CROATIAN COMPANY/CROATIAN SUBSIDIARY ETC
Interest	Nominal (1%)
Loan Term	2 years
Valuation Cap	€450k
Next Round	A round in excess of €1.0m from non-affiliated investors, externally priced occurring prior to Maturity Date.
Liquidity Event	Sale of business of entire share capital of company, or liquidation of the business.
Mandatory Conversion	If Next Round occurs; conversion at Next Round less discount of 20% subject to the Valuation Cap.
Option to Convert	At any time prior to Mandatory Conversion at Valuation Cap, or in the case of a Liquidation Event the lower of the Valuation Cap and the valuation of the business as determined by the Liquidity Event.
Option to Extend	FRC2 may extend maturity indefinitely if no Mandatory Conversion.
Option to Extend if no Next Round	FRC2 may convert at 50% of Valuation Cap if there is no Next Round within one year from the end of the Loan Term.
Liquidation preference	Standard 1X liquidation preference (non-participating)
FRC2 approval required for:	(i) change of business; (ii) relocation of the business; (iii) raising new finance in excess of €50k; (iv) issues of shares or options; (v) sale of the business in whole or part; (vi) disposal of material assets (including intellectual property); (vii) changes to the Articles
Reporting	As required quarterly/annually by FRC2, nothing unusual/onerous. Mandatory participation in FRC2's carbon emissions monitoring programme - not onerous.
Representations and Warranties	Standard provisions No special rights granted to other shareholders.
Other Documentation	Side Letter, SME declaration, Use of Proceeds and other sundry documentation as required by FRC2 compliance.
Articles of Association	To be adopted/modified when FRC2 becomes a shareholder to include the following: (i) Pre-emption right; (ii) Right of First Refusal; (iii) Tag-along on sale of Founders shares; (iv) Drag along in the event of over 50% approving sale of shares, or 75% shareholders representing cash investors.
Eligibility	FRC2 may only invest in companies that meet the Croatian eligibility criteria for the Fund. This requires that a Croatian company is established and that it employs a substantial majority of its value-creating or development staff in that entity.
Other	Offer subject to final documentation and satisfaction of FRC2 on Croatian Eligibility of investment. Borrower will comply with and pay for (€150+VAT) FRC2's standard ESG assessment as part of FRC2 due diligence. FRC2 legal fees up to €2,000 to be paid by the Borrower.