

SUPPORT TO COMPANY BUILDER FOCUSED ON BIOTECHNOLOGY

TERMS AND CONDITIONS

1. PURPOSE

This instrument is part of the Uruguay Innovation Hub Program (hereinafter UIH), whose objective is to promote science, technology and innovation projects that will enable the country to move towards a knowledge-based economy and society, becoming a world-class innovation center that will attract international investment, increase the country's potential economic growth rate and generate quality jobs for the country's inhabitants.

In this context, this instrument seeks to generate the conditions to carry out a company building program in Uruguay focused on biotechnology ventures, with the ultimate goal of supporting and promoting the creation of a greater number of ventures related to the field of biotechnology.

2. BENEFICIARIES

Beneficiaries may be private organizations, both national and foreign¹, with a proven track record of supporting biotechnology ventures in the creation and growth stages, with proven financial, managerial and technical capacity to follow up on ventures in these conditions.

Organizations may also apply as a consortium. The relevance of the partnership should lie in the complementarity of capabilities that enhance the value proposal.

The company builder or consortium must have:

1. The ability of supporting ventures in an effective manner and that has at least:
 - an executive team with:
 - a track record and results associated with creation and/or consolidation processes of life sciences ventures; innovative projects aimed at improving the well-being of humans, animals, and the environment with a strong technological component; partnerships with third parties or internal resources to ensure access to legal services, intellectual property advice, communication, administrative, and technical support;
 - executive team in Uruguay at the outset of the project, with the possibility of being hired locally; and
 - representatives from the parent organization involved during the support program.
 - provable success stories associated with company building processes;

¹ Must comply with International Standards on International Tax Transparency, Prevention and Control of Money Laundering and Financing of Terrorism. See regulations: <https://www.impo.com.uy/bases/decretos/77-2017>

- possibility of access to a network of mentors comprised of experts from different scientific-technological verticals;
 - networks and/or alliances within the national and international ecosystem,
2. Proven Science to Business program, with the necessary connections within the academic-scientific system and the entrepreneurial ecosystem, to translate scientific research into practical applications and facilitate technology transfer.
 3. A clear methodology, from the identification and selection of potential applicants in the academic sector, to the establishment of the venture and its support.
 4. A business model that ensures financial sustainability after the end of the program. Understanding of how its processes operate for achievement and future revenue generation is expected.
 5. A plan with annual indicators and objectives that shows how the organization will add value and capabilities to the supported ventures and to the national ecosystem in general, stating how many ventures they expect to support per year. In the case of foreign organizations, it is expected that the plan will explicitly detail how it will be developed in Uruguay in all aspects of management, from operational structuring to future projections of the program's sustainability in the country.
 6. A schedule of engagement activities with the national entrepreneurship ecosystem, aiming to create synergies.
 7. Private investment commitments: the organization or consortium must demonstrate that it has the capacity to invest in selected ventures after their passage through the organization program, having prior experience in this type of investment. In this regard, interested organizations must demonstrate that they have (i) liquid funds, or (ii) commitments to contribute liquid funds from third parties by means of letters of commitment to transfer funds, with notarized signatures.

3. CONDITIONS FOR THE POTENTIAL VENTURES SUPPORTED BY THE COMPANY BUILDER

- At least 20% of the projects supported per year must have resident researchers from Uruguay on the team.²
- Provide a rationale for how the venture plans to execute its strategy in Uruguay through the expansion of its operations.

² The researcher must have a doctoral academic level or equivalent production, or belong to the National Research System established by Article 305 of Law 18,172.

4. BENEFITS OF THE INSTRUMENT

The selected company builder will have access to two types of benefits:

Benefit of Operating Costs and Equipment Support

This benefit consists of the disbursement of non-refundable financing to support its operation, covering the expenses necessary to fulfill the purposes of the company builder under this instrument.

An office space for operations will also be provided, free of charge for the first 3 years, with the possibility of renegotiation with LATU afterward.

Support for operating costs will be granted for a maximum execution period of 6 years, with annual stages whose renewal will be subject to compliance with the indicators and results proposed at the beginning of each year. It will allocate a maximum annual amount of USD 300.000, while the company builder must contribute at least 20% of the total cost of the project.

Regarding operating costs, items to be financed are:

1. Training services.
2. Hiring of consultants.
3. Technical staff.
4. Materials and supplies.
5. Software.
6. Promotion and marketing.
7. Travel and lodging.
8. Services (including rentals).

Items not to be financed are:

1. Purchase of real estate, vehicles and other fixed assets.
2. Any expense unrelated to the project.

On the other hand, the company builder will be able to access additional non-reimbursable support to ensure access to equipment, rental of existing facilities nationwide, which will be evaluated based on the submitted proposal. If the company builder applies in a consortium with a national laboratory, the operational cost benefit will be expanded to include this support.

Benefit in Joint Investment

The company builder is expected to co-invest with UIH in selected ventures after their passage through the support program, making cash contributions with its own funds or those of third parties that have been contributed to the selected company builder or a complementary vehicle.

In order to receive and maintain the joint investment benefit, the selected venture must be established in Uruguay at the time of signing the co-investment contract and comply with at least two of the following conditions within the first 24 months of operation:

- Job Creation or Staff Hired in Uruguay.
- Substantial Revenue Generation from Uruguay.
- Part of the founding team based in Uruguay.
- Developing their venture in facilities of national research laboratories.
- Documenting the filing of a patent application related to the project, along with a roadmap of the patenting strategy.

This shall be done as follows:

- UIH support will be capped at up to USD 250,000 per venture. The contributions to be received by the venture will be made on a 1:1 ratio between UIH and the company builder. At any time after signing the contract, however, the company builder may make additional investments to those foreseen herein.
- Regarding the terms under which project financing will be structured, the following options can be considered: 1. Convertible repayable credit into shares at the investor's discretion; 2. Contribution towards the acquisition of shares in a future financing round. The specifics of each option will be agreed upon as appropriate in each case. Applicants may propose alternative financing approaches, which will be evaluated and taken into consideration when selecting projects for funding.
- UIH contributions will be delivered as advances, subject to the fulfillment of milestones against which disbursements will be made according to each project's schedule.
- To access this benefit, the company builder will submit to the program the proposed ventures to be co-invested, which must be analyzed in conjunction with the company builder.

5. APPLICATION AND ASSESSMENT PROCESS

5.1 APPLICATION

This instrument will be governed by a competitive process.

Organizations wishing to apply must submit a proposal on a form to be provided by ANII.

Once the application is submitted, it will be reviewed to ensure that it meets all the necessary requirements to begin the assessment process.

5.2 ASSESSMENT

The proposals will be evaluated by an Assessment and Follow-up Committee (hereinafter referred to as the "CES"), which may be comprised of national and international experts. At the request of the CES, organizations may be invited to make a presentation of their proposal.

The Steering Committee of the Program, taking as input the technical evaluation prepared by the ESC, makes the final selection of the company builder to be financed.

6. PROJECT ASSESSMENT CRITERIA

1. Executive team
2. Background and success stories in company building process
3. Support methodology and mentorship network access
4. Linkages within the national and international ecosystem
5. Spillover to the national ecosystem
6. Revenue model and sustainability strategy
7. Indicators and objectives plan
8. Private investment commitments
- 9.

7. FORMALIZATION

The appointed organization will sign a contract with the UIH. For this purpose, at the time of signing the contract, the appointed organization must have a company or subsidiary established in Uruguay.

The contract will have a term of six years; within this period, it will be renewed annually according to the fulfillment of indicators and results.

8. DISBURSEMENTS

UIH contribution will be disbursed on a semi-annual basis, beginning with an initial disbursement to the organization. The remaining advances will be disbursed once UIH confirms compliance with the objectives and proper financial execution of the funds. 10% of the financing will be withheld until the approval of the performance reports and indicators that must be submitted annually to obtain the renewal of the contract.

9. FOLLOW-UP

UIH will perform the follow-up tasks, including both technical and economic-financial aspects. Disbursements will be granted once the progress reports prepared by the organization have been approved and at least 75% of the previous advance payment has been made.

Especially, the report will take into account:

- Monitoring of indicators and objectives, detailing their level of compliance and possible contingency measures if necessary.
- Follow-up of planned activities, detailing the level of compliance with the work plan and possible contingency measures to be implemented in the following period.