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Incentive Program No. 7 – The Startup Fund

1. General

- 1.1. The National Technological Innovation Authority (hereinafter: the “**Innovation Authority**” or the “**Authority**”) assists and promotes, directly or indirectly, technological innovation in Israeli industry through a variety of programs, tools, and measures that it operates.
- 1.2. To ensure the State of Israel's continued leadership as a global innovation hub and to encourage the establishment and growth of startup companies in Israel, the Authority has formulated Incentive Program Number 7 - The Start-Up Fund (hereinafter: the “**Incentive Program**”).
- 1.3. The Incentive Program's purpose is to expand available funding sources for startup companies in Israel, which operate in high-risk, early-stage R&D-intensive sectors.
- 1.4. As part of the Incentive Program, the Innovation Authority will participate in fundraising rounds in Israeli start-up companies during early investment stages, of Israeli and foreign Investors, beginning with initial capital funding rounds in the pre-seed stage (including, *inter alia*, the initial development of an innovative technological product, market validation and techno-economic proof-of-concept), through additional capital funding rounds in the seed stage (including, *inter alia*, continued development of an innovative technological product after the initial techno-economic proof-of-concept, building an advanced prototype, including its Beta site testing and performing initial tests), and culminating in the first significant Round A fundraising (including, *inter alia*, completion of the innovative technological product's development, advanced testing in Beta site testing, business promotion in the target markets and the construction of infrastructure for the company's continued growth).
- 1.5. The Innovation Authority's participation in early-stage capital rounds will assist the founding of new startup companies in Israel, their growth, and their establishment as complete and sustainable companies in Israel. It will also encourage expanded investor activities, especially in areas where specialized investors and private investment capital are scarce.

2. Definitions

Under this Incentive Program, the following terms shall have the meanings ascribed to them in the below Incentive Program, unless otherwise specified in the Innovation Law or by the Incentive Program. A term that was not explicitly defined in the Incentive Program shall have the meaning ascribed to it in the Innovation Law.

- 2.1. **"Application"**
Application to receive an Incentive Program's grant during a certain period as part of a Plan.
- 2.2. **"Government Entity"**
A government ministry or corporation established by law.
- 2.3. **"Research and Development Expenses"**
Expenses incurred in carrying out research and development according to an approved Plan, as determined by the Research Committee in the Incentive Program procedures, and following the conditions established in this program.
- 2.4. **"Final Agreement"**
An agreement between the Applicant and an Investor concerning a Requested Investment Round for the transfer of private financing from the Investor to the Applicant, which does not include provisional terms antecedent to its entry into force - except as a provisional term stipulating the Research Committee's approval of the Application and/or future milestones the Applicant is required meet.
- 2.5. **"Investment"**
Providing financing to the Applicant by one or more Investors against the Applicant's shares or future rights in the Applicant's shares, which is obtained by at least one of the following methods:
 - 2.5.1. Capital investment - purchase of the Applicant's shares, made directly from the Applicant;
 - 2.5.2. Convertible Loan - a loan to the Applicant, which includes the component of an option to be converted into the Applicant's shares (CLA);
 - 2.5.3. Funding convertible to shares - the immediate transfer of funding to the Applicant, against the right to receive an Applicant's shares at some future time, at the full value of the above-mentioned transferred funding (SAFE).
- 2.6. **" Recognized Investment "**
An investment that meets all of the following incremental conditions:
 - 2.6.1. The Investor is not an employee of the Applicant, or a first-degree relative of an employee of the Applicant, or a corporation that is fully owned by an employee of the Applicant;
 - 2.6.2. It is one of the following:
 - 2.6.2.1. Based on a Final Agreement between the Applicant and the Investor, signed during the three calendar months prior to the Application submission date, or funding transferred to the Applicant during the said three months;
 - 2.6.2.2. Shall be completed within a specified time, as determined by the Committee.

An Investment as described in Sections 2.6.2.1 above shall be recognized at a rate of up to 30% of the total Recognized Investment Round, minus the requested Innovation Authority Grant.
- 2.7. **"Research Committee " or the "Committee "**
The relevant committee among the committees as referred to in the Section

3 below.

- 2.8. **"A company in its pre-seed stage"**
An Industrial Corporation that meets the conditions of Section 6.1.1.1 of the Incentive Program.
- 2.9. **"A company in the seed stage"**
An Industrial Corporation that meets the conditions of Section 6.1.1.2 of the Incentive Program.
- 2.10. **"Round A company"**
An Industrial Corporation that meets the conditions of sections 6.1.1.3 of the Incentive Program.
- 2.11. **"Startup company"**
A company in the "Pre-Seed" stage, a company in the "Seed" stage or a company in the "Round A" stage.
- 2.12. **The "Innovation Law"**
The Encouragement of Research, Development and Technological Innovation in the Industry Law, 5744-1984.
- 2.13. **"Entrepreneur from a Group with preferential financing conditions"**
The individual(s) who conceived the idea constituting the basis of the Plan that is the subject matter of the Application, who meet/s the following conditions:
- 2.13.1. Each person is a resident of Israel;
 - 2.13.2. Each person belongs to, and declares upon submitting the Application, that they belong to at least one Group with preferential financing conditions;
 - 2.13.3. If this is an individual - he/she is employed full-time by the Applicant;
 - 2.13.4. If this is an individual (female) from a Group with preferential financing conditions for women (Section 2.12(a) below) - she must be employed full-time by the Applicant in the position of CEO and/or VP of Technologies;
 - 2.13.5. If there are several entrepreneurs - at least one is employed as CEO and/or VP of Technologies by the Applicant and each is employed full-time by the Applicant or subject to the Committee's approval, at a more partial job percentage.
- 2.14. **The "Applicant" or "Application Submitter"**
The Startup company that applied to receive the Incentive granted as part of the Incentive program.
- 2.15. **"Financial Funding"**
Private and government financing, including capital investments, loans of all kinds (except bank loans) that have not yet been repaid, and grants of any kind. To prevent any doubt: bank loans and financing included in a Requested Investment Round, submitted by the Applicant as part of the Application, shall not be included in the calculation of the total financial funding.
- 2.16. **"Supplementary Financing"**
Investment in the Plan as approved by an Investor who is not a Government Entity or the Innovation Authority, directly or indirectly, which supplements the Grant to the extent of 100% of the Approved Budget.
- 2.17. **"Grant "**

Funding provided by the Innovation Authority to the Approval Recipient for the implementation of an Approved Plan at a certain rate from the Approved Budget.

- 2.18. **"Approval Recipient"**
The person/s whose Application was approved as stated in section 7.1 below.
- 2.19. **"Investor "**
A person or corporation, who invests in the Applicant.
- 2.20. **"Run-up Facility"**
A prototype, experimental model, or semi-manufactured facility, used for feasibility tests, proof of concept, to prove value, to offer changes and improvements, or adapt existing technology, in a work environment that partially or fully simulates its target market. Furthermore, their implementation shall be on a limited scale and cover a limited time frame before going into serial production or entering the market commercially.
- 2.21. **"Requested Investment Round"**
One or more Investments, specified in the Application, the amount of which shall include the total investments that the company seeks to raise as part of the round, as well as the requested Grant as part of the Incentive Program.
- 2.22. **"Recognized Investment Round"**
The total number of Recognized Investments from a Requested Investment Round.
- 2.23. **"Group with preferential financing conditions"**
One of the following:
- 2.23.1. Women.
 - 2.23.2. "Minority Population" - As defined in Government Decision 922 dated 30.12.2015.
 - 2.23.3. Haredi - Religious Jewish person who strictly observes a certain religious way of life in terms of education, community and so on, in a way that distinguishes him/her from other religious Jewish people, and meets one of the following conditions:
 - 2.23.3.1. The places where his children, up to the age of 18, study are ultra-Orthodox, recognized non-official or "exempt" educational institutions, whose licenses are regulated by the Ministry of Education;
 - 2.23.3.2. He studied in a small or large yeshiva;
 - 2.23.3.3. He was entitled in the last five years, for at least one full year, to the "Study Scholarship and Encouraging for the Integration of Kollel Students in Employment" (which was formerly known as "Guaranteed Income for Kollel Students"), by virtue of support tests published by the Ministry of Education;
 - 2.23.3.4. He was exempted from military service in accordance with the Security Service Law [combined version], 5556 - 1986 due to his membership in the ultra-Orthodox population;
 - 2.23.3.5. For women: she attended a Haredi seminar, or her husband attended a small yeshiva.
- 2.24. **"R&D Rate"**
Proportion of Research and Development Expenses out of the total investment round.

- 2.25. **"Control "**
As defined in the Securities Law-5728-1968.
- 2.26. **"Industrial Corporation"**
A corporation legally incorporated in Israel and operating in accordance with the laws of the State of Israel, whose main endeavor is research and development for commercial needs.
- 2.27. **"Approved Plan"**
A Plan approved by the Committee in accordance with the provisions of this Incentive Program.
- 2.28. **"Approved Budget "**
The total budget of an Approved Plan, from the Recognized Investment Round, which consists of the Grant and the Supplementary Financing, and includes only Research and Development Expenses approved by the Committee, and in accordance with the relevant procedures prescribed by it.

3. Research committees

3.1. The composition of the Committees

- 3.1.1. The composition of the Research Committee empowered to discuss the procedures specific to the Applications of companies in their pre-seed stage is the composition of the Research Committee that operates by virtue of Incentive Program No. 3 of the Innovation Authority - Technology Incubators.
- 3.1.2. The composition of the Research Committee that will discuss the procedures specific to the Applications or companies in their seed stage or of Round A companies is the composition of the Research Committee operating by virtue of Incentive Program No. 1 of the Innovation Authority - the R&D Fund.
- 3.2. In the case where a call to the public is published, under which Grants will be given with joint financing of the Innovation Authority and some Government Entity, as specified in section 4.2 below, the same Government Entity may add another member to the Committee who will act as its representative, as appointed by the Governmental Entity's General Manager.

3.3. Acting Chairperson of the Committee

- 3.3.1. One of the members of the Committee from among the employees of the Innovation Authority, who will be appointed by the head of the Innovation Authority and the General Manager of the Innovation Authority, will be authorized to serve as acting General Manager of the Innovation Authority in the position of Acting Chairperson of the Committee - with regard to each of the Research Committees detailed in Section 3.1 above.
- 3.3.2. This employee of the Innovation Authority, as stated in Section 3.3.1 above, may serve as acting Chairperson of the Committee, subject to obtaining written approval from the head of the Innovation Authority prior to the individual discussion of the Committee.

3.4. The functions and powers of the Committee

- 3.4.1. Each of the Research Committees listed in section 3.1 above shall be authorized to make any decision necessary to operate the Incentive Program (provided it does not contradict the provisions of the Innovation Law and the regulations, rules, procedures and instructions promulgated thereunder), including:

- 3.4.1.1. Discuss any application submitted within the framework of the Incentive Program.
 - 3.4.1.2. Taking any action to examine and evaluate the presentations of the Application submitter and the Investor, including with regards to the manner of executing the Plan.
 - 3.4.1.3. Approval, in full or in part, or rejection of any Application submitted as part of the Incentive Program, after examining the Applicant's and the Application's compliance with the threshold conditions, and in accordance with the evaluation criteria, as well as determining the weights of the criteria - as necessary.
 - 3.4.1.4. Deciding on granting approval to Plans within the budget of the Innovation Authority, and setting conditions for their approval, as well as deciding on granting Incentives to the Plans, their rates and the approval of the budgets submitted in the Plans as part of the Applications – either fully or in part.
 - 3.4.1.5. Establishing preconditions for the entry of a Plan's approval into effect.
 - 3.4.1.6. Determination of the conditions for implementing the Approved Plan, including milestones, schedules and the period of the Plan.
 - 3.4.1.7. Approval, in full or in part, or rejection of any change that is requested in the Approved Plan. It is clarified that the examination of the change shall be carried out, inter alia, on the basis of the threshold conditions and eligibility criteria detailed in the Incentive program.
 - 3.4.1.8. Monitoring the execution of an Approved Plan and deciding whether to set additional conditions and milestones.
 - 3.4.1.9. Approval of any extension for the execution period of the Approved Plan, without a budget increase, until the Approved Budget is fully utilized.
 - 3.4.1.10. Approval of a reduction in the performance period of the Approved Plan, if the Approved Budget has been used in full, and the objectives of the Approved Plan have been met.
 - 3.4.1.11. Canceling or stopping an Approved Plan.
 - 3.4.1.12. Prescribing and publishing procedures for the execution of this Incentive Program.
 - 3.4.2. The head of the Innovation Authority is authorized to appoint sub-committees from among the members of the Research Committees and to determine any auxiliary actions that the sub-committees can carry out for the Committee's activity.
- 3.5. Compensation**
Committee members from among the public will be entitled to compensation for their participation in Committee meetings, in accordance with the procedure established by the Innovation Authority Council in this regard.

4. Public Appeal Frameworks

4.1. The procedure of submitting an Application shall be carried out in one or more of the three ways specified below, as published in a call to the public on the Internet portal of the Innovation Authority.

4.1.1. Call for Proposals

4.1.1.1. The Innovation Authority will publish from time to time a dedicated call to the public, to submit Applications for a Grant. The call will include, *inter alia*, the deadline for submitting all Applications.

4.1.1.2. All Applications submitted up to that specified deadline will be presented to the Committee and will be evaluated against each other, according to the allocated budget. Late Applications shall be rejected outright.

4.1.2. Annual Submissions

4.1.2.1. Submission of Applications for Grants will be possible throughout the year, in accordance with the instructions and rules specified in the program procedures.

4.1.2.2. In each period, as determined by the Innovation Authority, all Applications that were submitted and were ready for discussion by that date will be presented to the Committee and will be examined in accordance with guidelines in the Incentive Program and the allocated budget.

4.1.3. Predetermined Submission Dates

4.1.3.1. Submitting Applications for Grants will be possible on several predetermined dates during the year, as determined in the procedures of the Incentive Program.

4.1.3.2. All of the Applications submitted before each specified deadline will be brought before the Committee and will be examined one against the other in accordance with the allotted budget. Late Applications shall be rejected outright.

4.2. As part of any procedure for submitting Applications for Grants (as detailed in Section 4.1 above), the Innovation Authority may include Government Entity(ies) that will participate in the financing of the joint activity.

4.3. Furthermore, as part of any procedure for submitting Applications for Grants (as detailed in Section 4.1 above), the Innovation Authority may categorize the procedure in one or more ways as follows:

4.3.1. Applications where **the Applicants** are one or more of these types of companies only (as specified in section 1.4 above):

4.3.1.1. Companies in the Pre-Seed stage;

4.3.1.2. Companies in the Seed stage;

4.3.1.3. Round A companies.

4.3.2. Applications pertaining to specific technological areas.

5. Procedure for Submitting Applications

- 5.1. An Application to receive an Incentive shall be made subject to and in accordance with the instructions and rules of this Incentive Program and its procedures and in accordance with the conditions detailed in the call to the public published on the Innovation Authority's website, including regarding the deadline for submitting the Application.
- 5.2. An Application to receive an Incentive shall include all the Applicant's activities within the Requested Investment Round, in accordance with the rules to be established in the procedures of the Incentive Program. It is clarified that, *inter alia*, all the Applicant's research and development activities related to the Application must be detailed.
- 5.3. An Application to receive an Incentive shall be submitted to the Innovation Authority on a dedicated form, drawn up according to the rules and procedures that the Committee has established or will establish from time to time, including details of production that is carried out or expected to be carried out outside of Israel and the owners of the rights to the know how stemming from that research and development according to the Approved Plan as well as any rights arising therefrom, and accompanied by additional documents, according to the requirement of the Committee or its authorized representative. It is clarified that, as part of the Application, the Applicant must specify all the planned activities within the Requested Investment Round, including activities that are not included in the research and development efforts.
- 5.4. The Application forms to receive an Incentive will be available for downloading from the internet portal of the Innovation Authority.
- 5.5. An Application to receive an Incentive shall be submitted as a file for an implementation period of up to 12 months, or up to 24 months, or up to 36 months, as determined in the call to the public to be published on the Innovation Authority's website in relation to the relevant procedure, and depending on the type of companies below, all or some:
 - 5.5.1. A company in the Pre-Seed stage;
 - 5.5.2. A company in the Seed stage;
 - 5.5.3. Round A company.
- 5.6. An Application shall be submitted to the Innovation Authority full and complete, with all of the relevant and required information and documents attached thereto. For Applications that are submitted after the deadline, if determined or Applications that are found to have substantial deficiencies in relation to what is detailed in the Incentive Program procedures, a file will not be opened in the Innovation Authority's systems, and they will not be discussed by the Research Committee.

6. Examination of the Application

6.1. Threshold conditions for granting an Incentive

The Application and the Applicant within the framework of this -Incentive program must comply with all the following **incremental** threshold conditions to the satisfaction of the Research Committee. It is clarified and emphasized that the threshold conditions must be met at the time of submitting the Application and throughout the entire period of the plan's execution and that failure to meet one of the following threshold conditions is sufficient to result in the rejection of the entire Application or the cancellation of the Approved Plan:

6.1.1. Funding and Income Thresholds:

6.1.1.1. An Applicant who is a company in the "Pre-Seed" stage

6.1.1.1.1. The total Financial Funding received by the Applicant, whether the funding was actually transferred or whether only a Final Agreement was signed between it and the Investor, does not exceed NIS 1,500,000 starting from the day of its incorporation and up to three months before the month of the Application submission;

6.1.1.1.2. The total income of the Applicant did not exceed NIS 300,000 in the last calendar year before the Application submission.

6.1.1.2. An Applicant who is a company in the "Seed" stage

6.1.1.2.1. The total Financial Funding received by the Applicant, whether the funding was actually transferred or whether only a Final Agreement was signed between it and the Investor, does not exceed NIS 7,500,000 starting from the day of its incorporation and up to three months before the month of the Application submission.

6.1.1.2.2. The Applicant's total income did not exceed NIS 3,000,000 in the last calendar year before the Application submission.

6.1.1.3. An Applicant who is a "Round A" Company

6.1.1.3.1. The total Financial Funding received by the Applicant, whether the funding was actually transferred or whether only a Final Agreement was signed between it and the Investor, does not exceed NIS 50,000,000 starting from the day of its incorporation and up to three months before the month of the Application submission.

6.1.1.3.2. The Applicant's total income did not exceed NIS 30,000,000 in the last calendar year before the Application submission.

6.1.2. The research and development that is the subject of the Plan, in all its components, shall be carried out in Israel, by residents of the State of Israel, unless the Research Committee is convinced, for reasons to be

explicitly recorded, that it is essential for the execution of the Plan that part of the Plan be carried out outside of Israel or by non-residents of the State of Israel.

- 6.1.3. The research and development within the framework of an Approved Plan shall be performed by the Applicant or by the person whom the Applicant indicated in the Plan that performance of the research and development, or any part thereof, shall be done by, or by an operator approved according to Section 3.4.1.7 above (change of Plan).
- 6.1.4. The Applicant has committed to be the owner of the know-how stemming from the research and development under the approved Plan, and all rights arising from it, including intellectual property rights, from the moment of their creation. In an Application that includes joint ownership of the know-how, as defined in section 14 below, all owners of the know-how - have pledged as per the aforementioned.
- 6.1.5. The Plan that is the subject of the Application shall not be executed at the order of someone other than the Applicant, for a full or partial payment granted against the granting of ownership rights, partially or fully, in the know-how or the product.
- 6.1.6. The Application Submitter does not have an application for financing the same Plan, fully or partially, which is currently considered under any of the Innovation Authority's incentive programs, including sub-programs.
- 6.1.7. Financial assistance from a Government Entity or the Innovation Authority, directly or indirectly, has not been received and shall not be received, to implement the file that is the subject of the Application, other than according to the provisions of this Incentive program. No additional Incentive shall be provided with respect to an approved file for which an Incentive was given in the past, as per the provisions of this Incentive program.
- 6.1.8. The Applicant does not have restricted accounts, and is not in the process of receivership, freezing of assets, liquidation proceedings, etc.
- 6.1.9. The Applicant and its Controlling owners meet the requirements prescribed in the Regulations for Promotion of Research and Development in the Industry (Conditioning of Approvals – Minimum Wage), 5771-2011.
- 6.1.10. The Applicant submitted an application for the Plan for an investment round, in accordance with the following conditions:
 - 6.1.10.1. **An Applicant who is a company in the Pre-Seed stage:**
 - 6.1.10.1.1. It was not granted an Incentive according to the provisions of this Incentive Program;
 - 6.1.10.1.2. The Requested Investment Round does not exceed NIS 4,500,000 in aggregate;
 - 6.1.10.1.3. The R&D Rate will be at least 80% of the Requested Investment Round.
 - 6.1.10.2. **An Applicant who is a company in the Seed stage:**
 - 6.1.10.2.1. It was not granted an Incentive according to the provisions of this Incentive program, except as a company in the Pre-Seed stage;

6.1.10.2.2. The Requested Investment Round does not exceed NIS 15,000,000 in aggregate;

6.1.10.2.3. The R&D Rate will be at least 75% of the Requested Investment Round.

6.1.10.3. An Applicant who is a Round A company:

6.1.10.3.1. It was not granted an Incentive according to the provision of this Incentive program as a company in the Round A stage;

6.1.10.3.2. The Requested Investment Round does not exceed NIS 75,000,000 in aggregate;

6.1.10.3.3. The R&D Rate will be at least 50% of the Requested Investment Round.

6.2. Evaluation Criteria

The Committee will consider those Applications that pass the threshold conditions, and will evaluate their quality according to the criteria detailed below:

6.2.1. Technological Aspect:

The level of technological and functional innovation of the product, including its degree of complexity and depth, the technological challenges of the Plan and its technological feasibility.

6.2.2. Business Aspect:

The Applicant's business-economic growth potential following the success of the Plan, including the business potential, the size and/or rate of market growth, the competitive advantage (including the strength of the intellectual property) and the market validation carried out.

6.2.3. Economic Aspect and Availability of Capital:

The excess return to the Israeli economy, including activity in areas where the availability of capital is low from specialized investors, high market penetration challenges and potential for the development of a complete company.

6.2.4. Corporate Capabilities Aspect:

The Applicant's abilities to successfully complete the plan and reach a financial milestone, including managerial capability, technological/engineering capability, business/marketing capability, achievements to date, the applicability of the Plan, the extent of completion of the requested round, the extent of the Investor's experience in investing in technology companies, and the added value of the Investor in the field of company activity. To prevent any doubt, it is hereby clarified that if the Applicant applied without an Investor as part of the Requested Investment Round, the Application will be rated with the minimum score regarding the aspects of the Investor's experience and its added value. At each of the stages of examining the Application, the Committee shall be entitled to request opinions from various parties in the Innovation Authority and/or external parties, including opinions from professional examiners on behalf of the Innovation Authority.

6.3. The Research Committee, or anyone acting on its behalf, including external parties, may contact the Applicant during the examination and evaluation stage, with requests for clarification or for additional information and documents

necessary to examine the Application. The Applicant shall provide the Research Committee, or anyone authorized to do so on its behalf, any additional information and documents that may be requested, and are necessary for the examination of the Application.

- 6.4. At its sole discretion, the Committee will be entitled to reject any Application that it finds unreasonable, either in full or in part.

7. The Committee's Decision

- 7.1. After examining the Application as detailed above, including all the material presented to the members of the Committee, considering the provisions of the Innovation Law, the provisions of this Incentive Program - including the threshold conditions and evaluation criteria of the Incentive Program, and a discussion to be held among the members of the Committee, the Committee will make a decision whether to approve or reject the Application, fully or partially. A notice of this decision shall be sent to the Applicant.
- 7.2. If the Committee approves the file in whole or in part:
- 7.2.1. The Committee will determine the period of time for completing the Requested Investment Round, in accordance with the procedures it will establish for this purpose.
 - 7.2.2. The Committee will determine the Recognized Investment Round, including for the purpose of calculating the Approved Budget and the Grant to be granted to the Applicant, as detailed in Section 8.3 below.
 - 7.2.3. The Applicant will be required to present a Final Agreement. Additionally, the Applicant will be required to sign a budget sheet and a letter of commitment in the form to be determined by the Innovation Authority.
 - 7.2.4. Approval of the Application shall become effective after the Innovation Authority has signed the letter of approval, and will include, *inter alia*, the file period, the rate and the amount of the Grant and additional conditions - if such conditions are established by the Committee.

8. Grant for an Approved Plan

- 8.1. The Incentive within the Incentive Program will be allotted in the form of a Grant to the Approval Recipient, subject to the conditions established by the Committee.
- 8.2. The Committee will determine the Recognized Investment Round as follows:
- 8.2.1. The Recognized Investment Round to a company in the "Pre-Seed" stage, which will not exceed NIS 2,500,000.
 - 8.2.2. The Recognized Investment Round to a company in the "Seed" stage, which will not exceed NIS 10,000.00.
 - 8.2.3. The Recognized Investment Round to a "Round A" company, which will not exceed NIS 50,000,000.
- 8.3. The Committee will determine the Approved Budget as follows:
- 8.3.1. 80% of the Recognized Investment Round to a company in the "Pre-Seed" stage, which will not exceed a total of NIS 2,000,000.
 - 8.3.2. 75% of the Recognized Investment Round to a company in the "Seed" stage, which will not exceed a total of NIS 7,500,000.

- 8.3.3. 50% of the Recognized Investment Round to a "Round A" company, which will not exceed a total of NIS 25,000,000.
- 8.4. The amount of the Innovation Authority's Grant will be:
- 8.4.1. 75% of the Approved Budget for a company in the "Pre-Seed" stage, which will not exceed a total of NIS 1,500,000, constituting 60% of the Recognized Investment Round.
- 8.4.2. 66.67% of the Approved Budget for a company in the "Seed" stage, which will not exceed a total of NIS 5,000,000, constituting 50% of the Recognized Investment Round.
- 8.4.3. 60% of the Approved Budget for a "Round A" company, which will not exceed a total of NIS 15,000,000, constituting 30% of the Recognized Investment Round.
- 8.5. For a Grant approved by the Research Committee, as specified in Section 8.4 above, for an Approval Recipient who is a company in the "Pre-Seed" or "Seed" stages, 10% will be added to the amount of the approved Grant as mentioned above, if the Approval Recipient is owned by an Entrepreneur from a Group with preferential financing conditions, in which case the amount of the Grant after the aforementioned addition will be:
- 8.5.1. 82.5% of the Approved Budget for a company in the "Pre-Seed" stage, which will not exceed a total of NIS 1,650,000, constituting 66% of the Recognized Investment Round.
- 8.5.2. 73.33% of the Approved Budget for a company in the "Seed" stage, which will not exceed a total of NIS 5,500,000, constituting 55% of the Recognized Investment Round.
- 8.6. For a Grant approved by the Research Committee, as specified in Section 8.4 above, 10% will be added to the amount of the approved Grant as mentioned, if the main R&D activity within the approved Plan is carried out within the areas of Development Zone A.
- 8.7. For activity within Development Zone A - the amount of the Grant, after the aforementioned addition, will be:
- 8.7.1. 82.5% of the Approved Budget for a company in the "Pre-Seed" stage, which will not exceed a total of NIS 1,650,000, constituting 66% of the Recognized Investment Round.
- 8.7.2. 73.33% of the Approved Budget for a company in the "Seed" stage, which will not exceed a total of NIS 5,500,000, constituting 55% of the Recognized Investment Round.
- 8.7.3. 66% of the Approved Budget for a "Round A" company, which will not exceed a total of NIS 16,500,000, constituting 33% of the Recognized Investment Round.
- 8.8. It is clarified that the additions to the Grants according to Sections 8.5 and 8.6 above are alternatives and not cumulative, and that if a company meets the conditions of eligibility to receive the supplemental Grant in accordance with the two aforementioned sections, the supplemental Grant that will actually be given will be the higher of the two options.

9. Down Payments and Payments

- 9.1. The Research Committee will be permitted to approve a down payment on account of the Grant, pursuant to provisions to be determined for this matter by the Innovation

Authority's Council. It is clarified that a down payment on account of a Grant shall be considered a Grant.

- 9.2. The down payment and the payments for the R&D expenses shall be transferred to the Applicant in accordance with the rules that will be established in the Incentive program procedures.

10. Repeated Discussion

- 10.1. The Committee shall hold a repeated discussion in any decision that is passed, if within 45 days of receiving the notice of the Committee's decision, the Applicant submits a reasoned Application in writing to hold such a repeated discussion.
- 10.2. Submission of an application for a repeated discussion by the Applicant requires the payment of a toll in accordance with the regulations established for this matter by virtue of the Innovation Law.

11. Collateral

The chairperson of the Research Committee may require collateral to guarantee the repayment of an Incentive and to ensure compliance with the instructions of the Incentive Program, in accordance with the instructions to be determined on this matter by the Innovation Authority Council.

12. Loans

The Committee may approve, at the Applicant's request, that in lieu of a Grant according to the provisions of this Incentive Program, a loan be granted to the Applicant, in accordance with the instructions to be determined on this matter by the Innovation Authority Council.

13. Dual Support

- 13.1. It is clarified that it is prohibited to receive additional support from the Innovation Authority and/or from a Government Entity, directly or indirectly, for the R&D components financed within the Approved Plan.
- 13.2. In the case that a plan or a part of it was funded by someone other than the Applicant, not as part of an order by someone else according to Section 6.1.5 above, and not as part of the Innovation Authority's support, the amount of funding will be deducted from the Approved Budget of the Plan.

14. Know-how and Production

- 14.1. The provisions of the Innovation Law, the rules and procedures established pursuant to it and the provisions of Incentive Program No. 1 of the Innovation Authority - The R&D Fund and the procedures and rules established pursuant to it, shall apply to the Innovation Authority Grants and assistance provided within the framework of this Incentive Program, regarding:
- 14.1.1. Ownership of know-how stemming from the research and development according to the Approved Plan and any rights arising from it.
 - 14.1.2. Production in Israel and the obligation not to transfer production outside of Israel without obtaining prior approval from the Research Committee.
 - 14.1.3. The obligation not to transfer the know-how or the rights arising from the know-how developed as part of an Approved Plan to another, in Israel or abroad, without obtaining prior approval from the Research Committee.
- 14.2. Approvals regarding applications pertaining to aspects of know-how and production, as detailed in Section 14 above, shall be brought to discussion before the Research Committee, operating by virtue of Incentive Program Number 1 - The R&D Fund.

15. Royalties

With respect to the reporting and payment of royalties, the provisions of the Innovation Law, the rules and procedures established pursuant to it and the provisions of Incentive Program No. 1 of the Innovation Authority - The R&D Fund and the procedures and rules established pursuant to it, shall apply to the Innovation Authority Grants and assistance provided within the framework of this Incentive Program.

16. Supervisory and Enforcement Powers of the Innovation Authority

The Approval Recipient and the Investor undertake to allow, at any time, the Innovation Authority, or anyone acting on its behalf, including external parties, to audit their operations, at times and under the conditions determined by the Authority or anyone acting on its behalf, and to act according to the instructions of the Innovation Authority as periodically determined.

17. Cancellation of the Assistance

The provisions of the Innovation Law, including Chapter H of the Innovation Law, regarding the cancellation of assistance shall apply to the Incentives provided within this Incentive Program.

18. Budget

- 18.1. It is clarified that the Innovation Authority Council may periodically update the amounts and rates specified in this Incentive Program.
- 18.2. Providing assistance and activating the Incentive Program are subject to annual approval of the budget, to the limitations of the budget and to the approved budget of the Incentive Program.
- 18.3. If, at the time an Application is approved, the budget of the Innovation Authority has not yet been approved, this approval shall be subject to the existence of a budget under the appropriate budgetary regulation, and no final decision shall be made regarding the approved Grant until the budget has been approved by the relevant authorities.

19. Miscellaneous

- 19.1. The provisions of the Innovation Law, the regulations, rules, procedures, conditions and provisions established pursuant to it (if established) shall apply to this Incentive Program, with the required changes, including the provisions of item D of Chapter C of the Innovation Law (the Research Committee), Chapter C1 of the Innovation Law (the Duty of Care and the Fiduciary Duty of an Official in the Innovation Authority), Section 15(28) of the Innovation Law (Applicability of Laws), Section 15(30) of the Innovation Law (Revenues of the Innovation Authority), Chapter D of the Innovation Law (Approval of Applications for Incentives), Chapter E of the Innovation Law and Chapter H of the Innovation Law (General Provisions), including section 47a of the Innovation Law (Penalty).
- 19.2. Procedures of the Incentive Program, as determined and published periodically by the Committee, including regarding the Application submission procedure and its discussion, are an integral part of this Incentive Program. In case of a conflict between the provisions of this Incentive Program and the procedures, the provisions of this Incentive Program shall prevail.
- 19.3. In any case, this Incentive Program should not be considered as a commitment on behalf of the Innovation Authority to approve any submitted Applications/proposals, or to transfer any payment.
- 19.4. Procedures, rules, notices, etc. that will be established in relation to this Incentive Program shall be published on the Innovation Authority's website.

20. Examination and Evaluation of the Incentive Program

Approved Recipients will transfer to the Innovation Authority any data required by it or by anyone acting on its behalf, in relation to their activities within the Approved Plan, for the purposes of control and budget planning, as well as for the purpose of examining the effects of the Incentive Program.

21. Applicability and Commencement

The provisions of the Incentive Program were amended on (day) ____ of (month) _____, 5784, which is (day) ____ of (month) _____, 2024 (hereinafter: "Commencement Date"), and they replace the provisions of the Incentive Program of (day) ____ of (month) _____, 5784, which is (day) ____ of (month) _____, 2024, and they will apply to Applications submitted after the Commencement Date Incentive program.