

Competitive Start Fund - Equity FAQ'S

Q1. What are the requirements for completion of the first €25k investment?

A1.

- The Share Subscription & Shareholders Agreement signed by all parties.
- The Constitution of the company amended if necessary to provide for sufficient Ordinary Share Capital to issue EI's Ordinary Shares for the two tranches.
- A scanned copy of up-to-date Company Tax Clearance Certificate.
- Auditor/Solicitor Confirmation of the new additional €5k equity investment.
- A Solicitors Certificate in the form as in the Third Schedule of the Agreement.
- A Share Certificate allotting the Ordinary Shares to EI.

Q2. What is the target length of time from funding approval to completion?

A2. The target is 8 weeks from the date of approval by the EI Investment Committee. However, if the investment does not complete within 3 months of the date of approval by the EI Investment Committee, the offer from EI to the company will automatically be cancelled.

Q3. What are the requirements for completion of the second €25k investment?

A3.

- A report from the Company detailing how the first tranche monies have been spent and describing progress to date. EI must be satisfied with the contents of this Report.
- A valid Tax Clearance Certificate.
- Up-to-date management accounts.
- Written confirmation of any changes to the share capital structure between the two tranches.
- A Share Certificate allotting the Ordinary Shares to EI.

NOTE: The 2nd tranche investment **must** be completed before the 1st anniversary of the 1st tranche investment (ie. within 12 months), otherwise it will be automatically cancelled on that date.

Q4. How is EI's 5% entitlement calculated?

A4. In return for each €25k investment tranche, EI is entitled to 5% of the total issued share capital of the Company at that time. The 5% calculation is done after the shares for the €5k matching investment have been issued.

Q5. Is it necessary to appoint a solicitor?

A5. Yes

- The Certificate in the Third Schedule of the Agreement must be provided by a solicitor.
- Confirmation of the additional new €5k equity investment must be provided by either a solicitor or an auditor.

Q6. What form should the new additional €5k equity investment take?

A6. This investment must be in the form of new cash for issued ordinary shares in the capital of the Company. The new investment must be made **post** the relevant call close date. Any investment made before the call close date will not be considered "new cash". The investment can be from any source, except any other publicly-funded entity/programme. Loans will not be sufficient. Also, capitalisation of existing director/shareholder/related party loans will also not qualify.

Q7. Impact of subordinating Director/Shareholder/Related Party Loans for the duration of the Business Plan?

A7. This means that director/shareholder/related-party loans that exist at the time of the EI investment cannot be repaid by the Company for a period of 2 years from the date of the initial investment. This does not apply to other loans (eg. from a bank).

Q8. What is the position of EI relating to ownership of existing IP?

A8. All existing intellectual property required to execute the business plan must be owned by the company or if not, ownership must be legally assigned to the company prior to the EI investment proceeding.

Q9. Can the company/promoter buy back the EI shares at some stage in the future?

A9. There is no provision in the Agreement for this. However EI is always prepared to discuss any offer for its shares. EI expects to be treated equally to all other shareholders in this regard.