

**Start-Up Chile Scale-Up
Technical Requirements
Corfo**

1. BACKGROUND

The strategy of the Chilean Ministry of Economy, Development and Tourism for the economic development of the country has the objective to position Chile as the hub of innovation and entrepreneurship in Latin America. Also, inside the agenda for Productivity, Innovation and Competitiveness, it's important to open new opportunities around the country for innovation and entrepreneurship, with a special focus on dynamic entrepreneurship.

The Entrepreneurship Division of Corfo promotes the early stage financing for dynamic entrepreneurship of high impact in Chile, throughout their different developmental stages, from their beginning until financial sustainability. In their growth stages, these kind of startups need economic resources to strengthen their operations, because a high growth rate generates a substantial need for more equipment, personnel and work capital.

Nevertheless, in Chile the financing sequence for the startups is broken, due to an insufficient offer for startups that need capital to scale their operations when they have already validated a business model for their products/services, and want to scale to new nationwide or international markets.

Due to the absence of financing alternatives, the growth possibilities will ultimately get smaller, producing a lower valuation for the company and the social impact this could generate. This is particularly important because it weakens the business structure, exposing it to bankruptcy due to high dynamism, meaning, a selective high impact business crash can materialize.

Based on these reasons, Corfo, created the Program called "SCALE UP – EXPANSION", with the goal of supporting the growth of high growth potential startups in Chile, that have been previously benefited by Corfo and/or his InnovaChile Committee; to avoid the death of dynamic startups, the deceleration of their growth rate, and generating a higher economic impact in Chile.

One of the main characteristics of the high growth potential startups is that in their third year, they are capable of selling goods worth around 1 million dollars annually and have an annual growth rate of 20%, meaning, businesses that can double their income every 3 to 4 years. This definition is used by the OECD to describe high growth businesses. ("High-Growth Enterprises: What Governments Can Do To Make a Difference", OECD 2010).

2. OBJECTIVE.

The main objective of the program is to provide co-financing to support the growth of dynamic businesses that have finished the creation and startup stages.

In this sense, the program seeks to support businesses that are composed of a multidisciplinary team, have a product or service that solves an existing problem, have a clear business model and finally demonstrate sales and/or have raised private capital.

The program is intended for innovative high growth potential businesses. The projects will have to demonstrate relevant traction, testing their solution and business model with users and/or clients and have accomplished adjusting the product or service to their needs.

Innovation is understood by the creation of economic value through the transformation of ideas or knowledge into new products or services, processes and business models. The projects could consider disruptive innovation that seeks to solve unsolved needs and incremental innovation that creates more value than current available solutions.

The main objectives are:

- Create new jobs in Chile.
- Generate a higher sales grow rate of the startups.
- Activate economic subsectors by new dynamic startups.
- Maximize businesses to grow in the national and international markets.
- Scale of the businesses to new international markets.

- Push the businesses to a next financing round.

The applicants need to apply by adding an objective in line with the program. The projects that apply with the following objectives will not be accepted into the program:

- Purchase of raw material, supplies, equipment or machinery, because the focus should be on the national or international growth.
- Only the import and/or export of products, consulting or acquisition of franchises, because these are not considered high growth potential businesses.

This part will be verified during the applicability analysis, in the review of the objective declaration in the application form.

3. EXPECTED RESULTS

At the end of the execution of the project, it is expected that the supported startups reach at least a 50% growth in sales or that they reach at least \$100.000.000 (one hundred million Chilean pesos), and one of the following

- Raised private capital.
- Start and/or grow exports to 2 new countries.

4. WHO CAN APPLY

4.1 Supporting Entity or Beneficiary

The supporting entity is the legal person who is incorporated in the registry created by the Entrepreneurship Division, according to the Supporting and Sponsors Entities Regulation, who will supervise the execution of the project and the economic resources of the subsidy. This person will be responsible to Corfo for the execution of the project and will be a passive and active person of the rights and obligations established in the Subsidy contract between Corfo and the entity, including the financial and activity accountability developed by the final beneficiary.

4.2 Entrepreneur or Final Beneficiary

The Final Beneficiary or entrepreneur, is the **legal person**, for-profit, incorporated in Chile, who has an interest in consolidating their operations in Chile, and meets the following requirements:

- Has not initiated activities in the Servicio de Impuestos Internos for more than 6 years counted backwards from the date of their application. This will be verified by the Entrepreneurship Division during the applicability stage, with the available information in the Servicio de Impuestos Internos website.
- Being a beneficiary or final beneficiary, whose project has been previously benefited from one of the programs specified below, and its execution period has finalized or is on its last month of execution at the moment of application to this program. This information will be verified during the applicability analysis.

In order to apply to the program, the projects must have been supported by one of the following programs:

I. Entrepreneurship Division of Corfo:

- “Capital Semilla” Program.
- “PRAE” Program.
- “Start-Up Chile Seed” Program.
- “SSAF”
- “SSAF-I”
- “SSAF-S”
- “SSAF-D”

II. InnovaChile Committee:

- Business Technological Innovation Program

Línea 1: Prototyping: Process and Product Innovation.

Línea 2: Validation and Innovation Packing.

III. Bío-Bío Regional Production Development Committee:

- Línea Capital for the Innovator Entrepreneurship, Seed Mode.

If the beneficiary or final beneficiary that was previously co-financed through one of the previous programs was a legal person, then the applicant to this program **should be the same legal person.**

If the beneficiary or final beneficiary of the project, which was previously co-financed through one of the previous programs was a natural person, the applicant should be a legal person incorporated during the execution of the project previously supported or the one incorporated after the award of such project, and the founding partners (the natural persons which participated in the execution of the project previously supported) must own at least 50% of the capital of company's rights. To verify this, the applicant must submit a sworn statement signed by the legal representative of the legal person, according to the template found in Annex N° 4. The founding partners of the project must be detailed in the application and the information will be verified by the Entrepreneurship Division of CORFO, through the revision of the records of the previously supported project.

Finally, if the beneficiary or final beneficiary of the project previously co-financed by one of the previously named programs, was a natural person and their financial accounts were approved by a legal person, this legal person will be able to apply, taking into account what was described in the previous section.

If the project was supported by more than one of the programs of the Entrepreneurship Division, this division will recognize the information from the last beneficiary or final beneficiary.

- c. Demonstrate sales related to the project objective and/or increase of capital by a private investor for the development of the project, during the last 12 months before the opening of the present call, considering full months. The net sales during the last 12 months must be at least \$20.000.000 (twenty million Chilean pesos) and should not exceed \$600.000.000 (six hundred million Chilean pesos). For businesses that work under a commission based business model, for the sales of products and/or services of a third party, only the commission will be accounted for and not the gross sales. For this, the applicant must submit a sworn statement signed by the legal representative of the legal person, according to the template found in annex N° 2. On the other hand, the increase of capital must come from a Venture Capital or Angel Investor that previous to the investment wasn't related in any way to the legal person, according to art. 100, of "Ley N° 18.045". In order to verify this information, the applicant must submit a sworn statement signed by the legal representative of the legal person, according to the template found in annex N° 3. The participation of Business Incubators will not be accepted as an increase of capital due to the execution of projects in any of the Corfo and/or InnovaChile Committee Programs.

The sworn statements will be verified during the applicability analysis.

Before the execution of the contract between Corfo and the beneficiary, the Entrepreneurship Division, will request the necessary background documentation to verify the sworn statements information. If there is a serious contradiction between the application information and the background documentation, Corfo will terminate the project.

4.3 Means of Application

The application can be done directly, by a final beneficiary, or through a supporting entity, from the ones included in the registry of the Entrepreneurship Division.

If the application is made directly, the legal person will be the beneficiary; but if the application is made through a supporting entity, this person will be the beneficiary, and the applicant legal person will be the final beneficiary.

Every applicant will be able to decide if they need a Supporting Entity to develop the project or not.

4.4 Changes to the Final Beneficiary

Once the application is submitted, the final beneficiary **CANNOT** be changed. Also, any changes to the property of the legal persons that apply as a final beneficiary, will have to be duly informed to Entrepreneurship Division, to verify that the conditions in which the subsidy was approved are not changed in any way.

5. RESTRICTION FOR THE REQUEST OF RESOURCES TO PROJECTS COMING FROM OTHER PROGRAMS.

Final Beneficiaries cannot receive resources if they are currently executing the project, through another program of the Entrepreneurship Division of Corfo, without prejudice of the final part of the first section of letter b., in the previous number 4.2.

Likewise, those beneficiaries, that have been awarded subsidies, through this program and before the formalization of the contract with Corfo, have been awarded another co-finance subsidy by another program of the Entrepreneurship Division, will have to choose only one of the subsidies.

Finally, any final beneficiary previously co-financed through “Concurso Semilla Expansion”, “Start-Up Chile Phase 2” and/or “Subsidio Semilla de Asignación Flexible para Escalamiento” program, will not be able to apply to this program.

6. DEADLINES

The projects will have a deadline of 12 (twelve) months, from the final resolution where Corfo approves the Subsidy Contract between Corfo and the beneficiary or the last administrative act. This deadline can be extended for a total maximum of 18 (eighteen) months, in duly justified cases.

7. CO-FINANCING

Corfo will give a non-refundable subsidy of up to \$60.000.000 (sixty million Chilean pesos), with a maximum of 70% of the total cost of the project.

On the other hand, the beneficiary and/or final beneficiary must contribute with at least 30% of the total cost of the project, only in cash or pecuniary. The definition of contribution in cash or pecuniary is established in number 10.3, of the “Bases Administrativas Generales”.

The subsidy will be transferred in advance.

8. OPERATIONAL MODEL OF THE PROGRAM

The application call of the program will be made as recurrent contests.

The application to the program can be submitted in Spanish or English.

During the program, the beneficiary must submit at least one progress report and a final report. Also, after 4 months of development, there will be a critical milestone to evaluate the continuity of the project itself.

9. MANDATORY ACTIVITIES

During the course of the program, the project director must participate in the training activities at least once a month, such as workshops or seminars. These activities will be specified by the program and promptly communicated to the beneficiary.

In justified and exceptional cases, CORFO will be able to authorize the absence of team members of the beneficiary or final beneficiary (where appropriate) in some activities, and will determine the necessary measures to ensure the completion of the objectives of the program. If the enterprise does not participate in the activities previously adapted, without authorization for it, CORFO can assess terminating the project early.

10. FUNDABLE ACTIVITIES

The fundable activities that the projects may consider must be exclusively destined to achieve the objectives set, and can be the following ones:

- Mentoring services delivered by members of the Mentors Networks currently working with Corfo.
- Studies leading to certifications and standards of quality.
- Incorporation of outside experts.
- Commercial forecast, exploration activities and search of new clients, such as: participation in trade shows, business rounds, visits to clients to open new markets, nationally or internationally.
- Industrial and intellectual property protection for the execution term of the project with Corfo.
- Certifications on products given by regulatory entities.
- Activities of commercial promotion.
- Activities to increase sales.
- Lease of buildings, with or without facilities and adaptation or remodeling of infrastructure, duly justified as necessary for the growth of the enterprise.
- Commercial packaging of products or services (packaging design, creation of manuals, branding, sample manufacturing, etc.).
- Acquisition of assets considered critical for the growth and consolidation of the enterprise.

In case it is necessary to allocate resources to activities other than those contemplated above, the Attended Beneficiary must request the approval from the Entrepreneurship Unit of Corfo, prior to the execution of the expenditure.

10.1 Mandatory Fundable Activities

All projects should consider in their budget the financing of activities oriented to the internationalization and export of products and/or services; as well as activities of design and sophistication of the product or service and strategic branding.

The use of the mentoring services provided by members of one of the Mentors Networks co-funded by Corfo, will also be considered as a mandatory activity to take into account. This activity has a financing cap of up to \$ 1.500.000 (one million five hundred thousand pesos) under the subsidy. If, for any reason, the full amount indicated in the mentoring services is not used, the remaining balance must be returned in full to Corfo and cannot be used for other activities.

11. NON FUNDABLE ACTIVITIES

The following cannot be financed with the resources allocated to the project:

- A. Academic publishing, nor research activities such as undergraduate, masters, doctorate or post-doctoral theses. The study or training in matters that are not directly related to the product or service that the entrepreneur will offer the market through the project with which he or she applied with.
- B. Debts, dividends or capital recoveries, acquisition of shares, corporate rights, bonds and other transferable securities.
- C. Acquisition of vehicles, regardless of the way in which ownership was acquired.
- D. Acquisition of Real Estate, regardless of the way in which ownership was acquired.
- E. Taxes, port charges, tariffs or equivalent and recoverable taxes during the execution of the project, in accordance with the legal nature of the Beneficiary and the applicable tax rules. That is, if in accordance with D.L. No. 825, of 1974, the Beneficiary Served will develop activities related to Value Added Tax – V.A.T., must justify only the net value of the invoices, since he or she is entitled to recover the tax credit generated by reducing it from his or her tax debt. On the contrary, if the activities to develop are not taxed with V.A.T., he or she can justify the full value of the invoices.
- F. Construction work and buildings; except the case of adaptation or remodeling of infrastructure.
- G. Advice for the application and administration of the project with Corfo.
- H. Those expenses set forth in number 10.2., of the General Administrative Requirements. If it is set proof that the Attended Beneficiary made investments in the capital market, such as the purchase of shares, time deposits in national or

foreign currency, mutual funds, among others, the suspension of expenses associated with the project will be communicated to him or her as well as revising the continuity in the program.

- I. Alcohol, tips, interest on loans or debts, fines, special allowances such as bonuses, cash prizes, gifts, charitable wreaths, donations, personal grooming supplies, entertainment expenses, all expenses not related to the activities of the project.

12. CONTENT OF THE PROPOSAL

Proposals must contain information about the applicant and the project, for which the online application form must be completed online and must include the requested information during the period in which each call is open.

As part of the mandatory content of the online application form, a video of 3 minutes max should be added (through a link), which must include at least the following information:

- Business need or opportunity, market description, customer and/or user.
- Proposed solution: Description of the product or service, technology used, its attributes and value proposition.
- Business model: Channels used to reach clients/users, income model, key partnerships, competition analysis.

13. EVALUATION OF PROJECTS

After carrying out the Analysis of Legal Background and Relevance, established in number 4. of the General Administrative Requirements, the projects will be evaluated as follows:

13.1 First Evaluation

The analysis of the following criteria will be included, for which, the projects presented will be evaluated with grades from 1 to 5 (1 being the minimum grade and 5 the maximum).

EVALUATION CRITERIA	WEIGHT																								
<p><u>Level of sales or private capital raised during the last 12 months</u></p> <p><u>If the applicant presents sales and capital raised at the time of application, it must choose one of the two requirements to be evaluated in this criterion.</u></p> <p><u>Sales:</u></p> <p>The net sales amount invoiced during the last 12 full months prior to the opening date of the respective call will be considered and will be evaluated according to the following:</p> <table border="1" data-bbox="420 1064 1053 1432"> <thead> <tr> <th>Net Sales Amount</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>\$ 0 - \$ 20.000.000</td> <td>1</td> </tr> <tr> <td>\$ 20.000.001 - \$80.000.000</td> <td>2</td> </tr> <tr> <td>\$ 80.000.001 - \$150.000.000</td> <td>3</td> </tr> <tr> <td>\$150.000.001 - \$300.000.000</td> <td>4</td> </tr> <tr> <td>\$300.000.001 - \$600.000.000</td> <td>5</td> </tr> </tbody> </table> <p><u>Capital Raised:</u></p> <p>Corresponds to capital raised <u>through Investment Funds and/or Angel Investors</u>. The amount of private capital raised and received by the applicant (money already transferred) during the last 12 months prior to the application will be considered and evaluated according to the following:</p> <table border="1" data-bbox="420 1731 1053 2110"> <thead> <tr> <th>Capital Raised Amount</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>\$ 0 - \$ 50.000.000</td> <td>1</td> </tr> <tr> <td>\$ 50.000.001 - \$100.000.000</td> <td>2</td> </tr> <tr> <td>\$100.000.001 - \$200.000.000</td> <td>3</td> </tr> <tr> <td>\$200.000.001 - \$350.000.000</td> <td>4</td> </tr> <tr> <td>\$350.000.001 and up</td> <td>5</td> </tr> </tbody> </table>	Net Sales Amount	Score	\$ 0 - \$ 20.000.000	1	\$ 20.000.001 - \$80.000.000	2	\$ 80.000.001 - \$150.000.000	3	\$150.000.001 - \$300.000.000	4	\$300.000.001 - \$600.000.000	5	Capital Raised Amount	Score	\$ 0 - \$ 50.000.000	1	\$ 50.000.001 - \$100.000.000	2	\$100.000.001 - \$200.000.000	3	\$200.000.001 - \$350.000.000	4	\$350.000.001 and up	5	40%
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<p><u>Degree of Innovation:</u> The degree of innovation of the proposed solution or business model will be evaluated, considering also existing technologies and its growth potential.</p>	30%																								
<p><u>Video:</u></p>	30%																								

Content will be evaluated in relation to the business opportunity, the level of satisfaction of said opportunity with the product or service offered, solution's value proposition and business model scalability. To the score assigned in the previous evaluation, 1 point will be subtracted if the video lasts longer than 3 minutes. In case the video is not attached or cannot be accessed, it will be evaluated with a score of 1.	
TOTAL	100%

Once the evaluation is completed, the Entrepreneurship Management will prepare a ranking of the projects, according to the scores obtained considering the indicated criteria and weights. The projects will be made known to the Subcommittee on Early Venture Financing of the Corfo Entrepreneurship Committee, or the entity that replaces it or replaces it for its decision. Only those projects that are pre-approved will pass to the second stage, and the remaining others will be rejected.

13.2 Second Evaluation

In the second stage of evaluation the applicant must attend PITCH DAY, presenting his or her idea in front of actors of the entrepreneurship ecosystem in Chile, which will be defined by the Corfo Entrepreneurship Management.

Applicants whose projects pass this second evaluation, prior to their participation in Pitch Day, will participate in 2 mandatory pitch-training sessions held by Corfo, in which they will be given feedback to improve their final presentation to Pitch Day.

The scale of scores for this assessment for each criterion will be 1 to 5 (1 being the minimum grade and 5 the maximum). The results of this evaluation will serve as an input for the recommendation of approval or rejection of the project that will be carried out by the Management of Entrepreneurship to the Subcommittee on Early Financing of Enterprises of the Corfo Entrepreneurship Committee. A project can only be proposed for approval if it achieves an average score of at least 3.

EVALUATION CRITERIA	WEIGHT
Proposed Solution: The degree of innovation of the solution or business model and its level of adjustment will be evaluated with the opportunity or problem detected. The value proposition, existing technology, definition of the problem and the market opportunity will be taken into consideration.	45%
Quality of the Pitch: The coherence of the story in its totality and the management of the presenter with respect to the enterprise will be evaluated.	15%
Team and collaborators: The team will be evaluated in terms of experience and technical capacity to carry out the project, its dedication to the enterprise, its contact networks and commercial or strategic alliances. It will be taken into account if the team receives specialized mentoring and the relevance of those that will be financed with the project.	40%
TOTAL	100%

13.3 Third evaluation

The projects will be evaluated according to the following criteria and weights, and the Corfo Entrepreneurship Subcommittee on Early Financing of Enterprises, or the entity that replaces it, will determine those that will be approved and the remaining others will be rejected.

EVALUATION CRITERIA	WEIGHT
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Activities and Expected Results: The coherence between the current state of the enterprise, the activities to be carried out during its execution and the expected results will be evaluated at the end of the project. The milestones proposed by the team will be evaluated in the fourth month of project implementation and the strategic coherence of the proposed investment decisions.	45%
Business Model: The degree of definition of the business model and its level of adjustment with the market will be evaluated. Will take into consideration the identification and description of the client and user, the scalability, the growth potential of the enterprise and its strategy of appropriability.	15%
Impact of the Enterprise: The impact of the enterprise on the local industry and in the market to which it is directed will be evaluated. The problem or opportunity and market characteristics (size, competition, entry barriers) will be taken into consideration.	40%
TOTAL	100%

14. CRITICAL MILESTONE (CONTINUITY MILESTONE)

At the fourth month of the project, you must submit a technical report, where you must show the achievements or results committed in your application. Each project must commit and report in this critical milestone at least one of the following results: amount of sales (\$), number of new clients, amount of private capital raised (\$).

This report will constitute an input to evaluate the continuity of the project. Its results will be presented to the "Subcommittee of Early Entrepreneurship Funding of the CORFO's Entrepreneurship Committee". If the critical milestone is approved, the project will continue, otherwise the agreement will be terminated in advance. It should be noted that the evaluation of this report will consider the information provided by the assigned mentor and the Supporting Entity (if it's applicable).

15. PROGRESS REPORT'S CONTENT

The progress report will be delivered within a maximum period of 6 (six) months from the last date of the last administrative act approved by the Grant Agreement between CORFO and the Beneficiary. This report should contain technical and financial aspects of the project and its main results. The progress content is done up to one month prior of the progress report's date.

The financial statement must include the expenses incurred from the beginning of the project to one month prior to the date of submission of the progress report. This must comply with the Resolution No. 30, 2015, of the "Comptroller General of the Republic" or the standard that amends and/or replaces it.

The technical report must contain the activities, results and / or achievements developed during the same period.

In addition, the progress report has to include the work plan for the next period. If it's necessary, the report should include the changes with respect to the initial application, taking into account the results obtained in the elapsed time of execution.

A template for the presentation of this report will be available on CORFO's website. During the review the information provided by the mentor assigned and the Supporting Organization will be considered (if applicable).

If the Supporting Entities are public services, they must also submit to CORFO a Monthly Investment Report of the resources, according to the article 26, of Resolution No. 30, 2015, of the Comptroller General of The Republic, or the standard that amends and/or replaces it.

If the project does not comply with any of the contents described above and after analyzing the information presented, the Department of Entrepreneurship may end in advance the Grant Agreement and request the refund of the corresponding funds.

16. RELATIONSHIP BETWEEN THE BENEFICIARY AND THE SUPPORTING ENTITY

If the legal entity decides to apply and execute the project through a Supporting Entity, CORFO will not have any interference in the selection made by an Entity of a project to be postulated or formalized to the present instrument, as well as the particular agreements between the Supporting Entity and Beneficiary, except as stated in this document.

The Beneficiary will be free to change the Support Entity during the first six months of the project. From the seventh month onwards, it will only be possible to change it, with prior agreement between the original Support Entity and the new chosen Support Entity, regarding potential overhead disbursements. The change of Supporting Entity and the agreement among them must inform CORFO. If there is no agreement between the Support Entities, the amount of Overhead paid to each will be determined in proportion to the time supported the project, with a minimum of 30%. This procedure will be applied only for the calculation of the amount of Overhead that is related with the supervision, monitoring and administration of the project. In any case, the Beneficiary can only change the Supporting Entity once.

If an Attended Beneficiary disengages from a Supporting Entity, without requesting the change to another, this Entity may only accredit the fulfillment of the goals to receive payments for Overhead, until the date of the disengagement; Proceeding to terminate in advance the Grant Agreement.

16.1 Participation of the Supporting Entity

The Supporting Entity, after the publication of the respective application call for the Program, cannot take equity in the legal entity (the Beneficiary). It's also not allowed to take stock options or purchase agreements for shares or rights. The violation of this clause will be considered a major breach of the obligations of the CORFO's Support Entity.

Therefore, those Supporting Entities that had, at the time of the publication of the application call to the Program, equity participation or option purchase contracts for shares or rights over the Beneficiary, will not be applicable the restriction indicated in the preceding paragraph.

17. OVERHEAD PAYMENT TO THE SUPPORTING ENTITY

The Support Entity will receive Overhead payments based on supervision, monitoring and project management, previous CORFO's evaluation and payments based on the results obtained by the supported project, and the achievement of goals.

The overhead payment cannot exceed \$ 15,000,000 (fifteen million pesos).

17.1 Payment for Supervision, Monitoring and Administration of the Project.

Payments based on supervision, monitoring and administration of the project, after CORFO's evaluation, will be up to \$ 500,000 (five hundred thousand pesos) per month, with a cap per project of up to \$ 6,000,000 (six million pesos).

CORFO's evaluation will be made based on information provided by both the Beneficiary and the Attended Beneficiary.

This Overhead will be paid after the submission of the progress and final report of each project, and of the evaluation made by the Department of Entrepreneurship at CORFO. The maximum amounts of each disbursement will correspond to the payment for the supervision, monitoring and administration of the project during the months of execution of the project that are being accounting in each report.

17.2 Payment for Accomplished Results.

Payments based on the results obtained by the supported project, and the fulfillment of the goals, will be up to \$ 9,000,000 (nine million pesos) total, and will be calculated based on the fulfillment of the following goals:

- Initial Sales
- Growth of sales.
- Capital raised.

17.3 Deadline related to the variable Amount of Overhead.

a. Deadline for the accreditation of the goals.

The Supporting Entity will have up to 48 (forty-eight) months, counted from the final date of the Resolution that implements the agreement that awards the project and provides the grant, to guarantee the total fulfillment of the goals achieved during its execution.

b. Deadline for achieving the goals

The deadline for achieving the goals associated with the project will be up to 36 (thirty-six) months, counted from the total processing of the Resolution that implements the agreement that awards the project and provides the grant, except for Goal 1 "Initial Sales", whose deadline for compliance is indicated in numeral 16.4 below.

17.4 Calculation formulas for achieved goals, to get the variable amount of overhead

For the calculation of Overhead payments, the following criteria and goals will be applied to the supported project:

Goal 1: Initial Sales. It will be paid to those projects that at the time of the application demonstrate net sales worth between \$ 0 (cero Chilean pesos) and \$ 100,000,000 (one hundred million Chilean pesos) accumulated during the last 12 months.

The goal is to achieve net invoiced sales for \$100,000,000 (one hundred million pesos) accumulated during the months of project execution, considering the amount of sales that the venture had at the time of the application. The deadline for achieving this goal will depend on the amount of sales presented in the application for each project, as follows:

Sales at the moment of the application (last 12 months)	Deadline
\$ 0 - \$20.000.000	12 months
\$20.000.001 - \$50.000.000	9 months
\$50.000.001 - \$80.000.000	6 months
\$80.000.001 - \$99.999.999	3 months

The sales reported for the achievement of this goal must be related to the company's business indicated at the moment of the application (RUT) and must be associated with the development of the project.

The above is demonstrated by submitting the monthly statements and simultaneously paying taxes (Form 29 of the SII) and with the copy of the "book of auxiliary purchases and sales" of the reported period.

The payment of this goal will be \$1.000.000 (one million Chilean pesos).

If the project does not achieve this goal within the deadline, the Supporting Entity won't receive any payment related to it. Notwithstanding the foregoing, if it reaches the net sales level of \$ 100,000,000 (one hundred million pesos) after the corresponding term, it will also be eligible for the payment of goal 2.

The projects that apply with net sales equal to or greater than \$ 100,000,000 (one hundred million pesos) accumulated during the last 12 months, will not be eligible for payments for the achievement of this goal (only eligible for goals 2 and 3).

Goal 2: Growth in sales. The project proves the following conditions:

- a. It reaches a percentage growth of sales of more than 50% in a minimum period of 12 months, over the corresponding base amount that is indicated in section b).
- b. The percentage of increase in sales is calculated on a base amount, as follows:

For projects that, at the time of application, have accumulated net sales of less than \$100,000,000 (one hundred million pesos) and have met goal 1 within the established period, the percentage of increase in sales will be calculated over the accumulated amount of net sales, presented for the payment of Goal 1.

For projects that, at the time of application, have accumulated net sales of less than \$ 100,000,000 (one hundred million pesos) and have not met goal 1 within the established period, the percentage of increase in sales will be calculated on the amount of accumulated sales net until the last month in which the level of sales is equal to or greater than \$100,000,000 (one hundred million pesos) were achieved.

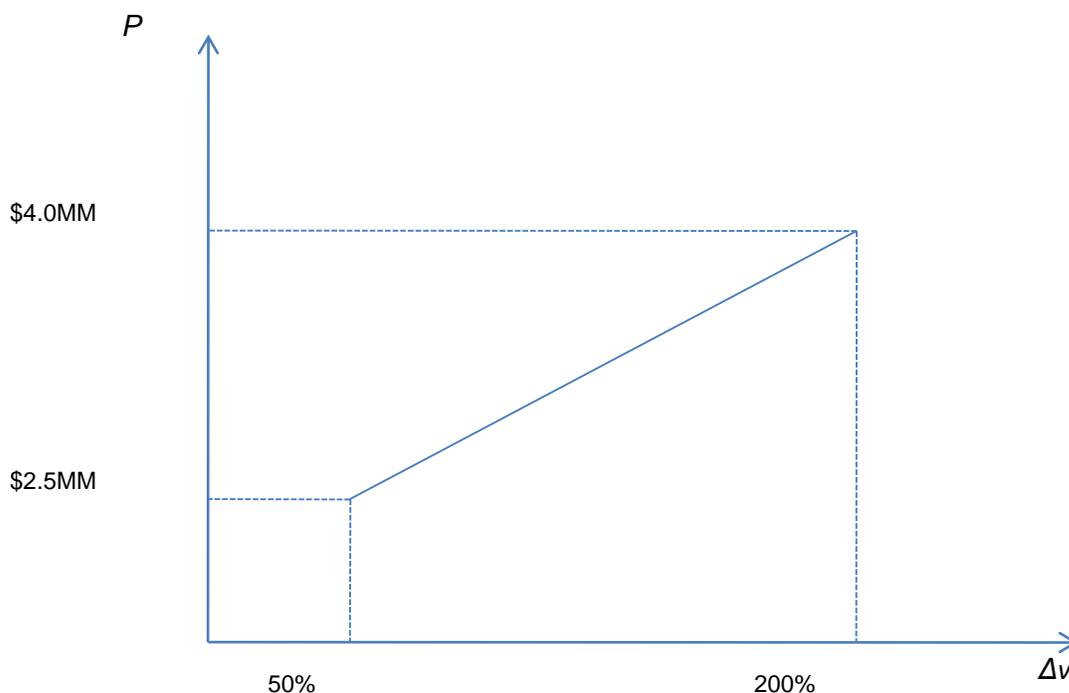
For projects submitted at the time of application, they have accumulated net sales for more than \$100,000,000 (one hundred million pesos), the percentage of increase in sales is calculated over the amount of accumulated sales during the 12 months prior to the application date to the respective application call.

- c. Conditions a) and b) must occur before 36 months from the final date of the Resolution that implements the agreement that awards the project and provides the grant.

The associated payment will be calculated with the following formula:

$$P = \frac{(\Delta v - 0.5)}{1.5} \times 1,5MM + 2,5MM$$

Where, P = Payment
 Δv = % sale increase
 $\Delta v \in [>50\%; 200\%]$



The previous issue is verified by declaring monthly balance and taxes (SII, Manual 29), and by presenting a copy of the auxiliary purchase and sale book.

Goal 3: The project manages to properly receive capital resources from investors, who are not in any way related to the beneficiary in accordance to law 18.045 article 100 nor affiliated to the support team.

The associated payment will be calculated according to the following formula:

$$p = \left(\frac{K - 80MM}{120MM} \right) * 1,5MM + 2,5MM$$

Where, P = payment
K = Invested capital
 $K \in [80MM, 200MM]$

All the above is corroborated by presenting the following:

- Contract between the investor or investment fund and the entrepreneur where the amount and conditions are stated (convertible debt, subscription of shares, etc).
- Modifications of social status where the increase in capital is clearly stated. This excludes any verification in the increase of social capital.
- Document of the society and its modification, if needed.
- Bank statement and commercial documents (checks, promissory, etc) that corroborates deposits and/or electronic transfer (both received and sent), with the name of the emitter of said transfer or receipts emitted by the entrepreneur.
- If the beneficiary or final beneficiary raises capital through a convertible note, the subscribed contract between both parties, where the conditions for the inclusion of the new investors in the company is regulated will have to be submitted, together with the proof of payment for the transfer to the entrepreneur.

It is possible that for any previous particular case, additional information may be required.

18. REPOSITORIO INSTITUCIONAL CORFO (RIC)

The attended beneficiary must make a statement in the format mentioned in appendix/annex N° 5, when either the final report or the progress report are presented, to RIC (Repositorio Institucional de CORFO) or by default to the SGP (Sistema de Gestión de Proyectos) if available. The beneficiary is always responsible for the adequate presentation of information required in said appendix/annex. Without prejudice to the information in the previously mentioned appendix/annex and in accordance to current regulations, final and/or progress reports will be published in complete integrity in the (RIC), a year after its approval.

19. NOTIFICATIONS

In accordance of law N° 19.880, article 30, part a) and article 19, first subsection, the beneficiary, can authorize the use of email to receive copies of CORFO's administrative acts related to the project to the address specified in the application. The beneficiary can do so by using the online application platform. In this case, notification will be valid at the same time that the beneficiary has access to administrative act. The beneficiary must notify of any email address change.

20. QUERIES

All enquiries will be answered if sent to expansionscale@corfo.cl, within 3 working days before the application deadline. Additionally CORFO will publish to applicants a FAQ (frequently asked questions) in www.corfo.cl.

21. APPLICATIONS OF GENERAL ADMINISTRATIVE BASIS.

In relation to administrative issues, such as processes and procedures from the orientation process and/or application process until the end of the subsidiary agreement involving CORFO and the beneficiary, the statements in the Resolution (A) N° 9, January 18th 2013, modified by Resolution (A) N° 12, January 21st 2015 and by Resolution (A) N° 45, April 27th 2015 will be applicable. The first resolution is from entrepreneurship manager, the remaining two from the executive vice-president of CORFO. These resolutions were used to approve the general administrative basis for programs, summons, tender/competition and permanent financial lines. The committee for entrepreneurship or its sub-committees can approve any of the above considering the following set of rules:

- a. The presented instrument is at the disposition of recurrent competition/tender interested parties. Whose application deadlines will be informed with anticipation according to numeral 3.1 of the general administrative basis.

- b. The Early entrepreneur financier sub-committee from the committee of entrepreneurship of CORFO will approve or reject the presented project, before the evaluation of entrepreneurship management of CORFO.
- c. The legal records required by the application stated in numeral 3.6, general administrative basis, must be carried away by the beneficiary and attended beneficiary, when applying.
- d. The legal records related to the formalization of the subsidiary agreement must be carried away by the beneficiary.
- e. The following limits apply to the budget assignment in the respective areas:
 1. Human resources: You can allocate, with CORFO as the accountant, up to \$1.000.000 (one million Chilean pesos) monthly per associate of the juridical person (maximum 2 associates), if and only if the respective associate works permanently in the business or company and complies with what is established in article 31 N° 6, third subsection, rent tax law (D.L 824/1974).
 2. Operation expenses: You may allocate the financial cost of the guarantee demanded by CORFO. The budgeted amount, approved by CORFO, cannot surpass 3% of the approved subsidiary.
 3. Investment expenses: it will not be possible to budget, CORFO as the accountant, more than 40% of the received subsidy.
 4. Administration expenses: Only the expenses of the beneficiary, in the case of a direct application, or the final beneficiary, if the application is made through a supporting entity.
 5. Overhead: the support entity will be paid according to numeral N° 16 of the previously mentioned basis.
- f. Without prejudice to statements in numeral 10.3, general administrative basis, expenses such as, payment of technical and professional services before the application by the attended beneficiary, will be considered as expenditure will be reimbursed as a pecuniary or cash contribution, if and only if said expenditures are payable with the same conditions as of 6 months before application process.
- g. Selection Criteria:
 1. Alignment of the startup objective and the objective of the program.
 2. Compliance of the progress period of the project.
 3. Compliance of the maximum amount of co-funding CORFO can give the project.
 4. If the project has already been funded by any other program mentioned in numeral 4.2 of the basis, it will be verified if said program has finished, or 1 month is required for it to finish.
 5. Legal statement required in accordance to numeral 4.2 of the basis.
- h. It may be possible that additional information is required for the selection criteria. It will be notified via email the needed information, without prejudice to the application already sent. A maximum of 5 working days is given to comply with said information.
- i. In relation to what is stated in numeral 10.7 of the general administrative basis, it is possible to modify the plan of the project, or extend the duration of the program, in accordance with numeral 6; only up to two of any requests can be made. These requests must be made at least 30 days before the deadline of the program.
- j. Before formalization of the project, it may be needed to present records that verify the statements in the application. For example, the auxiliary purchase and sale book or the contract with the investor may have to be presented. In cases of serious inconsistencies between these records and the information submitted with the application, CORFO will withdraw the application or end the agreement, prematurely when appropriate.