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APPROVED by
the Chief Executive Officer of UAB ILTE, Order No. B-80 of 6 May 2026

CALL FOR EXPRESSION OF INTEREST
SELECTION OF THE FUND MANAGER

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I. INTRODUCTION

UAB ILTE (**ILTE**) is launching a Call for Expressions of Interest (the Call) to identify one or two financial intermediaries (the **Fund Manager(s)**) **for the implementation of the Financial Instrument "MILInvest 2"** (the **Financial Instrument**). Each **Fund Manager** shall establish and manage the risk capital Fund Group (as defined) consisting of:

1. Pre-Seed Fund covering:

- **Pre-Acceleration Program** (as defined) focused on selection of founders or potential founders of teams, team building and support activities, including the provision of Grants (as defined), validation of ideas, products or services (hereafter referred as products) and business model;

- **Acceleration Program** (as defined) for MSEs (as defined) and

- **investments in MSEs** (as defined);

2. VC Fund covering **investments in SMEs** (as defined) in accordance with the terms and conditions set out herein.

The Financial Instrument is financed from the Defence Investment Fund (as defined), a fund-of-funds financed by the Ministry of Economy and Innovation of the Republic of Lithuania (hereafter referred as the **Ministry of Economy and Innovation**) and Ministry of National Defence of the Republic of Lithuania (hereafter referred as the **Ministry of National Defence**) and managed by ILTE.

The conditions of the Defence Investment Fund and Financial Instrument have been described in the ex-ante market assessment as defined by Article 7 of the Law on National Promotional Bank (as defined) carried out by ILTE for the purpose of identifying market failures or suboptimal investment situations and the estimated level and scope of public investment needs in the defence industry sector and approved on the 6 August 2024 by the working group, formed by the order of Minister of Finance of the Republic of Lithuania No. 1K-112 dated 10 April 2019 . ILTE has been appointed as the manager of the Defence Investment Fund in accordance with the Resolution No. 910 (as defined) pursuant to the provisions of a funding agreement dated 8 December 2020 between ILTE and the Ministry of National Defence.

The principal aim of the Defence Investment Fund is to promote experimental development and innovative activities in the defence and security sector in Lithuania by providing investments in emerging and viable SMEs in the defence and security sector in Lithuania.

The process by which the Fund Managers are selected (hereafter referred to as the **Selection**) and the ongoing implementation shall be conducted in compliance with applicable legal acts including the General Block Exemption Regulation (as defined), the Law on Small and Medium-sized Business Development (as defined), Resolution No. 910 (as defined), the Law on Informed Investors (as defined), the Law on Alternative Collective Investment Undertakings (as defined), the Law on Partnerships (as defined), the Civil Code of the Republic of Lithuania. Furthermore, following the Law of the Republic of Lithuania on Public Procurement the exemption foreseen in items 5 and 7 of Article 6 of the indicated law is applied for the Selection process.

II. DEFINITIONS

In this Call, capitalized terms and expressions shall have the meaning attributed to them below unless the context otherwise requires:

Acceleration Program	An Acceleration Program is an aggregate of planned activities providing training (at least company building, team forming, legal, fundraising, pitch, sales, product etc. trainings, consulting or lectures) lasting for at least 10 weeks to at least 5 Pre-Seed Fund Final Recipients. The content of the Acceleration Program must be similar for all Pre-Seed Fund Final Recipients. The organizer of the Acceleration Program co-operates with mentors, sector and technology experts or experts from the Ministry of National Defence, Lithuanian Army or defence experts from NATO and its allies to support the Pre-Seed Fund Final Recipients on such issues as development, improvement and testing of the business idea, products, team and business model in order to prepare these Pre-Seed Fund Final Recipients for attracting of external financing.
Applicant	Legal entity or a group of legal entities or natural persons applying to this Call organized by ILTE. For the avoidance of doubt, there is no requirement to have already established legal entity to act as a Fund Manager
Application Deadline	**30 August 2026, 23:59 (EET)**
Business Plan	One business plan submitted by Applicant as part of an Expression of Interest containing all aspects of information outlined in **Annex 3.**
Call	This document (including Annexes thereto) outlining the terms and conditions by which a Fund Manager will be selected for the Fund Group.
Eligibility Criteria	The criteria that the Expression of Interest and the Applicants must comply with, as listed in Section V of this Call.
Expression of Interest	An application (including Annexes) by an Applicant with respect to the Fund Group, made in accordance with this Call.
Final Recipient	SME (as defined) or MSE (as defined) which receives equity or quasi-equity financing from the Fund Group.
Fund Group	Fund Group consists of the Pre-Seed Fund and the VC Fund which are separate investment vehicles (legal entities) established by the Fund Manager to provide financing to Final Recipients in accordance with the terms and conditions of this Call. The Fund Group is financed through the Financial Instrument.
Fund Manager	Legal entity managing the Fund Group and undertaking risk finance investments by providing Pre-Acceleration Programs, Acceleration Programs, long-term equity and/or quasi-equity investments in accordance with this Call.
Funding Agreement	A funding agreement entered between the Fund Manager and ILTE for the implementation of the Financial Instrument based on this Call and the Selection. ILTE, acting as a manager of the Defence Investment Fund, will be an investor into the Fund Group.
General Block Exemption Regulation or GBER	Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty of 17 June 2014.
Grant	Fixed amount provided to the Participant during the Pre-Acceleration Program to enable the Participant to focus full-time on building the company and product for the period not exceeding 10 weeks. This period may be extended up to 4 additional weeks with the prior consent of the Pre-Seed Fund Advisory Committee. The terms and eligibility criteria for receiving the Grant shall be determined solely by the Fund Manager.
Independent private investor	as defined in Article 2 (72) of General Block Exemption Regulation. For the avoidance of doubt, neither ILTE, the Fund Manager nor entities directly or indirectly associated with the Fund Manager shall be considered an independent private investor
Law on National Promotional Bank	Law of the Republic of Lithuania on National Promotional Bank.

Law on Informed Investors	Law of the Republic of Lithuania on Collective Investment Undertakings Intended for Informed Investors.
Law on Alternative Collective Investment Undertakings	Law of the Republic of Lithuania on Alternative Collective Investment Undertakings.
Law on Small and Medium-sized Business Development	Law of the Republic of Lithuania on Small and Medium-sized Business Development.
Law on Partnerships	Law of the Republic of Lithuania on Partnerships.
Micro or small enterprise (MSE)	Undertaking fulfilling the criteria established for micro or small enterprise in the Law on Small and Medium-sized Business Development.
Participant	Natural person who takes part in any activities or events of the Pre-Acceleration Program. A Participant may or may not receive a Grant, at the discretion of the Fund Manager, in accordance with the applicable terms and eligibility criteria established by the Fund Manager, including, but not limited to, the Participant's background and/or experience in the defence and security sector, ability to create and develop an innovative product, team commitment, and potential to benefit from the Acceleration Program and subsequent risk finance investment.
Pre-acceleration Program	Program dedicated to the development of the team and idea. Pre-acceleration Program is an aggregate of planned events (*inter alia* hackathons, events of potential founders selection, team formation, idea, product or business model generating events), activities (*inter alia* potential founders selection, team building and support, provision of Grants to some of Participants), consulting (*inter alia* of technology experts, Lithuanian army, the Ministry of National Defence experts or defence experts from NATO and its allies), mentoring, training (in the field of team formation, business idea formation, development and validation) provided to Pre-Acceleration Program Participants. The organizer of the Pre-Acceleration Program co-operates with mentors, sector and technology experts, experts from the Ministry of National Defence or Lithuanian Army to support Participants on such issues as development, improvement and testing of the business idea, product, team and business model in order to prepare these Participants to establish new company and receive support for business growth through the Acceleration Program and investment from the Pre-Seed Fund.
Pre-seed Fund	Separate investment vehicle (legal entity) within Fund Group that provides the Pre-Acceleration Program, the Acceleration Programs and pre-seed equity and/or quasi-equity financing.
Pre-seed Fund Final Recipient	MSE that has been granted equity and/or quasi-equity financing from the Pre-Seed Fund.
Quality Assessment Criteria	The criteria applied by ILTE to assess the suitability of an Applicant as a prospective Fund Manager with respect to a Financial Instrument, as set out in Section V of this Call and in ILTE's internal rules and/or procedures.
Resolution No 910	Resolution of the Government of the Republic of Lithuania on the Implementation of the Law on National Promotional Institutions of the Republic of Lithuania and the Law on the Innovation Promotion Fund of the Republic of Lithuania No 910, dated 12 September 2018.

Sanctions	International sanctions and/or restrictive measures, as defined in the Law on International Sanctions of the Republic of Lithuania, as well as sanctions imposed, applied, or administered by other countries or international organizations, as specified in the Policy of the Prevention of Money Laundering and/or Terrorist Financing and the Implementation of International Sanctions, approved by the ILTE Board and published on the ILTE website[1].
Selection	The process set out in this Call by which the Fund Manager (already established or to be established) is selected as eligible for the implementation of the Financial Instrument.
Selection Documents	Call (including Annexes thereto) and any other information provided to the Applicants by ILTE in writing and published on the website of ILTE at: https://ilte.lt/paslaugos/kvietimai/kvietimai-finansavimo-partneriams/88
Small or medium-sized enterprise (SME)	Undertakings fulfilling the criteria established for micro, small or medium-sized enterprises in the Law on Small and Medium-sized Business Development
VC Fund	Separate investment vehicle (legal entity) within Fund Group that provides seed or later stage equity and/or quasi-equity financing
VC Fund Final Recipient	SME that has been granted equity and/or quasi-equity financing from the VC Fund.

III. ACTIONS EXPECTED FROM THE SELECTED APPLICANT (FUND MANAGER)

The Fund Manager shall be required to market, establish and implement the Fund Group, as provided for in this Call and in the Funding Agreement(s) to be signed between selected Fund Manager and ILTE, and in full accordance with all applicable laws/regulations and best practice professional standards including with respect to environmental, social and governance issues.

Specifically, the Fund Manager will be responsible for, among other things:

(i) ensuring adequate capacity to implement the Financial Instrument, including organisational structure and governance framework;
(ii) formulating an maintaining an appropriate Fund Group structure (composed of the Pre-Seed Fund and the VC Fund) to facilitate Pre-acceleration Program, Acceleration Program, external investments into Final Recipients, establishing the required legal entities, and negotiating legal terms and conditions as well as full legal documentation for the Fund Group investment vehicles;
(iii) ensuring and maintaining adequate economic and financial viability of the Fund Manager and the Fund Group;
(iv) ensuring the existence of an effective and efficient internal control system of the Fund Manager and the Fund Group;
(v) approaching potential investors and attracting Independent private investors to the Fund Group;
(vi) providing Pre-Acceleration Program, including provision of Grants to Participants;
(vii) providing Acceleration Programs to the Pre-Seed Fund Final Recipients;
(viii) sourcing, executing, managing and realizing investments in Final Recipients;
(ix) ensuring compliance of the Fund Group and its investments;
(x) the use of a reliable accounting system enabling to provide the accurate, complete and reliable information in a timely manner and reporting to the Fund Group investors on the financial and operational progress of the Fund Group;
(xi) ensuring compliance of the Fund and its investment with Sustainable Finance Disclosure Regulation (SFDR) article 6, 8 or 9.

The obligations and responsibilities of the Fund Manager will be further detailed in the Funding Agreement(s) which will govern the Fund Group. A non-exhaustive summary of key terms and

[1] https://ilte.lt/doclib/eqnjxwthqaxnsqj4qhw31awwzvkm1g5y

conditions for the Fund Group is provided in **Annex 1** and should be considered by Applicants alongside all Selection Documents.

The funding allocation for the Financial Instrument is EUR 37.7 million.

It is envisaged that one or two Fund Managers shall be selected and consequently one or two Fund Groups will be established, each with an indicative funding allocation of EUR 18.85 million. However, if only one Fund Group is ultimately selected or established, the selected Fund Group may be considered for an increased allocation, subject to the availability of funds and the necessary approvals. Applicants may indicate, within their Expression of Interest, the amount they would be willing to absorb under such circumstances.

Corresponding identifying reference number to be referred to in the Expression of Interest is **2026/MILInvest 2.**

In the case of a funding allocation of more than EUR 18.85 million, the Fund Group Objectives shall be applied proportionally to the granted allocation according to the Financial Instrument. During implementation of the Financial Instrument, ILTE may, with appropriate approvals, further determine to increase or decrease the funding allocated to the Fund Group and/or re-allocate any available amounts to maximize absorption of funding available for Final Recipients.

IV. EXPRESSION OF INTEREST

The application form for submitting an Expression of Interest is attached hereto as **Annex 2**. **Annex 3** provides a template of the minimum required information to be included in the Business Plan. Applicants should note that the Expression of Interest (including Annexes) should be prepared in writing and provide all relevant information in sufficient detail for ILTE to make a complete and informed assessment, including any supporting documents that the Applicant deems necessary or relevant for this purpose. Applicants should give due consideration to all Selection Documents when preparing their Expression of Interest. Expression of Interest shall:

- state in the subject of the e-mail: “Expression of Interest | 2026/MILInvest 2 | [Name of the Applicant]”;
- contain:
    - i an application in the form provided in **Annex 2** (PDF or Word (.doc/.docx);
    - ii the Business Plan with the minimum required information provided in and of the length recommended in **Annex 3** (PDF or Word (.doc/.docx);
    - iii declaration in the form provided in **Annex 4** (PDF or Word (.doc/.docx);
    - iv KYC questionnaire in the form provided in **Annex 5** (PDF or Word (.doc/.docx);
    - v additional documents listed in **Annex 6**;
- be drafted in Lithuanian or English (including Annexes).
- **be signed with a verified electronic signature**, either individually or as a digitally signed container.

Applicants may request clarifications from ILTE regarding this Call and the Financial Instrument, no later than 12 June 2026. Such requests must indicate the corresponding identifying reference number and the name of the Applicant and shall be submitted in writing via e-mail with the body of the e-mail in the Lithuanian or English language to the following address: akceleravimas@ilte.lt.

ILTE will respond to requests for clarification. Any answers to relevant requests for clarification received within the deadline will be published in one or more tranche on the website of ILTE at : https://ilte.lt/paslaugos/kvietimai/kvietimai-finansavimo-partneriams/88 on or before 10 July 2026. However, should ILTE discovers any errors, inaccuracies, omissions, or any other type of clerical defect in the text of the Call for Expression of Interest before 10 July 2026, ILTE will correct the text and inform accordingly. Applicants will not be separately notified of a specific date when any such clarification is published.

An Applicant must submit its Expression of Interest to ILTE by e-mail **signed by verified electronic signature** no later than the **Application Deadline** of **30 August 2026, 23:59 (EET),** to the following address: akceleravimas@ilte.lt. All documents sent by email shall be compressed in 7-Zip with

encryption method (ZipCrypto or AES-256). The encryption password must be submitted immediately after the Application Deadline to the email akceleravimas@ilte.lt.

For determining whether an Expression of Interest has been received by the Application Deadline, an Expression of Interest will be deemed to have been received on the date of receipt by ILTE of the email. All parts of an Expression of Interest must be received by the Application Deadline to be considered eligible. Applicants should note that the Expression of Interest (including Annexes) should be submitted in Lithuanian or English language.

A confirmation email will be sent by ILTE to each Applicant upon receipt of its Expression of Interest. Such confirmation will not constitute a declaration of completeness or eligibility of the Expression of Interest.

No later than the Application Deadline, an Applicant may amend, restate or supplement its Expression of Interest following the same procedure set out above. An Applicant may withdraw its Expression of Interest at any stage of the Selection by sending an email to ILTE at the above-mentioned addresses, stating that the Applicant wishes to withdraw from the Selection.

V. SELECTION PROCESS

Following the receipt of an Expression of Interest, ILTE shall assess the application pursuant to the process outlined herein.

The Selection shall be carried out following the principles of equality, non-discrimination, transparency, mutual recognition and proportionality, as well as observing the requirements of confidentiality and impartiality. Decisions related to the Selection shall be based on the principle of rationality. All Expressions of Interest shall be examined by ILTE (together with the experts, participating in the Selection process, if any) on a comparative basis using professional analysis and judgement considering the requirements of this Call and the Quality Assessment Criteria.

Initially, ILTE shall assess whether the submitted Expression of Interest for the Fund Group satisfies the Eligibility Criteria in accordance with the requirements of this Call. Any Expression of Interest that does not comply with the Eligibility Criteria shall be rejected and the Applicant notified accordingly, including the reason(s) for the rejection.

A submitted Expression of Interest shall be considered eligible if it satisfies all the following eligibility criteria (**Eligibility Criteria**):

	Eligibility Criteria	System of appraisal Yes/No
1.	Expression of Interest is received by the Application Deadline.	
2.	Expression of Interest is received by e-mail akceleravimas@ilte.lt.	
3.	Expression of Interest includes completed and duly signed application form substantially in the form provided in Annex 2.	
4.	Expression of Interest includes a duly signed Business Plan containing all relevant aspects of information outlined in Annex 3.	
5.	Expression of Interest includes duly signed declaration in the form provided in Annex 4.	
6.	Expression of Interest includes duly signed KYC questionnaire in the form provided in Annex 5.	
7.	Expression of Interest includes documents listed in the Annex 6.	
8.	All information and documents submitted are provided in English or Lithuanian language.	

For the Selection ILTE will have the right to request and/or receive information on the Applicants from third parties.

ILTE may request clarifications from an Applicant on issues of a technical, formal or clarifying nature, provided that such clarifications shall neither provide an opportunity to the respective Applicant to unduly improve its application nor otherwise distort the competition between the Applicants.

All Expressions of Interest that satisfy the Eligibility Criteria will then be assessed by ILTE under competitive terms to the following Quality Assessment Criteria by giving a score from 1 to 5 and applying the indicated weighting:

Quality Assessment Criteria		Weighting
1.	**Management** 1.1 Relevant investment experience of the proposed Fund Manager in the implementation of similar financial instruments to that being implemented; 1.2 Relevant experience of organizing Pre-Acceleration Programs, Acceleration Programs or similar activities; 1.3 Expertise and experience of the proposed Fund Manager's team members including any experience related to the defence and security sector; 1.4 Team profile including any prior joint working experience, team cohesion, turnover and stability of the team, any need to hire or fill gaps and any succession issues; 1.5 Operational, technical and financial capacity of the proposed Fund Manager, including local presence; 1.6 Ability to demonstrate additional activity in comparison to present activity (if any); 1.7 Prior investment track record of the proposed Fund Manager's team members, including investment experience related to the defence and security sector; 1.8 Motivation, commitment and entrepreneurialism of the proposed Fund Manager's team members;	**40%**
2.	**Fund Group Investment Strategy (including Pre-Seed Fund and VC Fund Investment Strategies)** 2.1 Validity and viability of the Fund Group strategy including competitive position of the strategy and expected returns; 2.2 Ability to execute the investment strategy; 2.3 Terms and conditions applied in relation to the financing provided to Final Recipients, including pricing (if any); 2.4 Terms and conditions applied in relation to Grants for Participants participating in the Pre-Acceleration Program; 2.5 Terms and conditions for Participants and for Pre-Seed Fund Final Recipients participating in the Acceleration Program; 2.6 Ability to organize activities with the aim to attract potential Participants, evaluate and select Participants, help them to form teams, support and consult Participants, create potential pipeline for the Pre-Seed Fund, add value to Final Recipients, create access to corporates or international accelerators or markets for scouting, attract additional mentors, sectorial experts into Pre-Acceleration Program, Acceleration Program and other activities; 2.7 Robustness and credibility of the methodology for identifying and appraising Participants and Final Recipients;	**35%**

	2.8 Pipeline that validates the Fund Group strategy; 2.9 Ability to apply and implement Sustainable Finance Disclosure Regulation (SFDR) article 6, 8 or 9 requirement.	
3.	**Structure and Terms (including Pre-Seed Fund and VC Fund Structures and Terms)** 3.1 Fund Group terms and conditions, including management fees and costs (including Pre-Acceleration Program budget (with separate line for Grants budget) and Acceleration Program budget lines), profit share structure and the proposed methodology for their calculation; 3.2 Proposed measures to align interests between the Fund Manager and the Fund Group, and measures to mitigate possible conflicts of interest; 3.3 Legal and organizational structure including corporate governance and independence of proposed Fund Manager; 3.4 Ability to raise additional private financing for investment into Final Recipients, including commitments by prior fund investors (if any); 3.5 Financial commitment to the Fund Group by the Fund Manager.	**25%**

During this assessment, all Applicants will be invited to present their Business Plans and answer questions from ILTE in Vilnius within three (3) calendar months following the Application submission deadline. ILTE may request further information or ask additional questions during the presentations and/or at any stage of the assessment process.

Based on the assessment of the Business Plan and other relevant documents in the Application, ILTE intends to select up to two Applicants with whom to proceed with further due diligence processes. Only Applicants obtaining a minimum score of three (3) shall be eligible to proceed to the due diligence process. Applicants who will not be invited to the due diligence stage will be informed accordingly (rejected or stay on the reserve list). Due diligence will normally include an on-site visit. The due diligence process does not comprise legal negotiations.

It should be noted that ILTE has full discretion to select up to two Fund Managers for the implementation of the Financial Instrument according to the process outlined herein. No Applicant has or shall have any claim or other right against ILTE or may expect to be ultimately selected as Fund Manager. Similarly, ILTE reserves the right to cancel the Selection at any time. Furthermore, ILTE may also amend and/or supplement the Selection process and its rules including, without limitation, the terms thereof provided that the above indicated principles of equality, non-discrimination, transparency, mutual recognition and proportionality are observed. ILTE will inform Applicants who are not selected. Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about Selection process by e-mail, to the same address used for the submission of the Expressions of Interest above, within 30 days of receipt of the rejection notice. ILTE will provide answer within 30 days after receival of written complaint.

The contractual negotiation process may not be considered completed prior to ILTE and the Applicant having agreed on all relevant terms and conditions and upon the signature of the Funding Agreement by ILTE in accordance with ILTE‘s internal rules and procedures. During the contractual negotiation process, ILTE shall have the right to negotiate certain terms to better reflect market standards and ensure alignment of interests.

Annex 1
to the Call

TERMS AND CONDITIONS FOR THE FINANCIAL INSTRUMENT

All capitalized terms used in this Annex 1 shall have the same meanings as set out in the Call unless the context otherwise requires.

Applicants should also refer to relevant definitions set out in Article 2 of the General Block Exemption Regulation, in particular Article 2 (66)-(82) thereof.

Advisory Committee of the Fund Group	The Pre-Seed Fund and VC Fund will each have a separate Advisory Committee composed of representatives of key investors. The Advisory Committee will meet at intervals defined in the Funding Agreement and will: (i) review general performance of the fund; (ii) review valuations of assets, annual operating budgets; (iii) review and approve potential conflicts of interest as presented by the Fund Manager; (iv) provide non-binding input on governance matters referred by the Fund Manager; (v) review the structure and activities of the Pre-Acceleration and Acceleration Programs as relevant to the Fund's interests; and (vi) carry out other advisory functions set out in the Funding Agreement. The Advisory Committee acts in an advisory capacity only and does not participate in fund management or investment decisions.
Audit requirements	The Fund Manager undertakes to allow authorized representatives of ILTE, the European Commission (including the European Anti-Fraud Office), the Ministry of Economy and Innovation, the Ministry of National Defence, the Ministry of Finance, the Financial Crime Investigation Service under the Ministry of the Interior, Special Investigation Service of the Republic of Lithuania, State Control, other EU institutions and EU bodies as well as representatives of duly authorized national authorities entitled to assess how funds from the State budget are used to audit the Financial Instrument and/or carry out the review to the level of the Final Recipient. The Fund Manager shall be required to store and maintain all documents related to Pre-Acceleration Program, Acceleration Program, investments and Final Recipients until at least the later of (1) the date which falls 3 years after the termination of the Fund Group, and (2) 10 years from the date on which the last aid was granted under the State Aid Scheme. The Fund Manager shall cause the financial statements of the Fund Group to be audited at least annually.
Compliance	The Applicant, its representatives, persons in its ownership or control structure, and any beneficial owners must not be associated with money laundering, terrorist financing or tax avoidance. The Applicant does not operate, nor has it ever operated, in an economic sector that is classified as presenting a high or very high risk of money laundering and/or terrorist financing in accordance with the Law on the Prevention of Money

	Laundering and Terrorist Financing of the Republic of Lithuania, the legislation of the European Union, the recommendations of the Financial Action Task Force (FATF) or the National Risk Assessment on Money Laundering and Terrorist Financing of the Republic of Lithuania. Furthermore, there is no information or documentary evidence indicating non-compliance with the requirements related to the prevention of money laundering, terrorist financing or tax avoidance. The Applicant has provided all the information and documents required by applicable legislation for the purposes of preventing money laundering and terrorist financing, including information on the ownership and control structure, the source of funds for executing transactions and business relationships. Compliance with this requirement will be assessed in accordance with ILTE internal procedures. The Applicant, its representatives, persons in its ownership or control structure, and any beneficial owners or natural and legal persons for whose benefit the investment will be used, the entities involved in the transaction and/or payment and supply chain are not subject to international sanctions and/or restrictive measures, as defined in the Law on International Sanctions of the Republic of Lithuania, as well as sanctions imposed by other countries or international organizations, as specified in the Policy of the Prevention of Money Laundering and/or Terrorist Financing and the Implementation of International Sanctions, approved by the ILTE Board and published on the ILTE website. The Applicant shall maintain an adequate internal control framework and procedures to ensure compliance with applicable anti-money laundering, counter-terrorism financing and anti-tax fraud requirements in connection with the implementation of the Financial Instrument.
Conflicts of interest	The Fund Group shall enter all transactions on an arm's length basis. The Fund Manager shall immediately refer and fully disclose to the Advisory Committee any activities which could create an opportunity for actual or potential conflicts of interest to arise and shall seek the determination of the Advisory Committee as to the course of action to be taken.
Currency	All commitments to the Fund Group shall be denominated in EUR.
Distribution of the Fund Group's income	The Financial Instrument will benefit from the State Aid Scheme, under which the net return of the Defence Investment Fund will be capped at the level of the **Hurdle Rate** (Hurdle Rate percentage per annum to be proposed by the Applicant). Distributions exceeding this amount will serve as an incentive for the benefit of Independent private investors. Proceeds received by the Pre-Seed Fund shall be distributed in such a manner that each Pre-Seed Fund investor: - **receives the total amount contributed** for investments in Pre-Seed Fund Final Recipients; - **receives a net investment return** equivalent to Hurdle rate per annum, calculated based on the total amount invested in Pre-Seed Fund Final Recipients, before the Fund Manager becomes entitled to a share of the profits (the **Carried Interest**). Proceeds received by the VC Fund shall be distributed in such a manner that each VC Fund investor: - **receives the total amount contributed** to the VC Fund;

	- **receives a net investment return** equivalent to Hurdle rate per annum, calculated based on the total amount contributed to the VC Fund, before the Fund Manager becomes entitled to a share of the profits (the **Carried Interest**). Applicants are invited to include proposals in their Business Plan in relation to the Hurdle rate percentage (not less than 6% per annum), Carried Interest percentage and the catch up mechanism (if any) for the Fund Manager in relation to the Hurdle Rate. It is expected that Carried Interest escrow or security arrangements may be required in the Funding Agreement to secure any Carried Interest clawback obligations with respect to the Fund Manager.
Domiciliation of the Fund and Fund Manager	The Fund Group shall be established under the laws of the Republic of Lithuania. The Fund Manager and all related entities (e. g. investment advisor, carried interest vehicle) shall be established in the European Union.
Duration of the Fund Group	Up to 10 years with the possibility of extension for up to two additional consecutive one-year periods for both the Pre-Seed Fund and the VC Fund. Applicants are invited to propose the specific duration of the Fund together with any extensions in the Business Plan.
Financial commitment of the Fund Manager	Subject to an assessment of the financial position and viability of the Fund Manager and team members, the Fund Manager shall make a financial commitment to the Fund Group to enhance alignment of interest between the Fund Manager and investors in the Fund Group (separately in the Pre-Seed Fund and VC Fund). Applicants must include proposals in their Business Plan in relation to the level of financial commitment to each fund of the Fund Group.
Fund Group Objectives	The Fund Group shall invest in a diversified portfolio consisting of high-growth MSEs and SMEs which are in their pre-seed and seed or expansion stages and perform activity in the defence and security sector and/or create products for that sector. Under the Pre-Seed Fund, Pre-Acceleration Program for the Participants and Acceleration Programs for the Pre-Seed Fund Final Recipients shall be implemented. **Pre-Seed Fund's, with indicative funding of EUR 6.6 million, Targets** The Pre-Seed Fund shall aim to achieve the following targets during its implementation: 1. **Pre-Acceleration Program implementation** During the implementation of the Pre-Acceleration Program, **Grants shall be awarded to no fewer than 120 Participants**, with the expectation that approximately **20 to 30 teams** will be formed as a result. 2. **Grant funding** The **total amount of Grants** to be disbursed under the Pre-Acceleration Program shall be **no less than EUR 0.6 million.** 3. **Acceleration Program implementation** During the implementation of the Acceleration Program, a minimum of **25 Pre-Seed Fund Final Recipients** shall receive support. This shall include at least **12 Final Recipients** that are **partially or fully owned by Participants of the Pre-Acceleration Program**. 4. **Equity Investments**

	The Pre-Seed Fund shall make **equity or quasi-equity investments in no fewer than 25 Pre-Seed Fund Final Recipients**. **VC Fund's, with indicative funding of EUR 12.25 million, Targets** The VC Fund should aim to make equity or quasi- equity investments in no fewer than 12 VC Fund Final Recipients. This shall include at least **6 Final Recipients** that are **Pre-Seed Fund Final Recipients**. The VC Fund shall invest into Pre-Seed Fund Final Recipients at least 30% of total amount invested by the VC Fund. The initial VC Fund investment shall be made either after, or simultaneously with, the initial Pre-Seed Fund investment in the same Final Recipient.
Independent private investors	**The Pre-Seed Fund** shall attract additional financing from Independent private investors, whose total aggregate participation rate **shall be no less than 3%** of the Pre-Seed Fund's total commitments. **The VC Fund** shall attract additional financing from Independent private investors in accordance with the requirements of Article 21 of the General Block Exemption Regulation. The total aggregate participation rate of Independent private investors **shall be no less than 20%** of the VC Fund's total commitments. The expected aggregate amount of financing to be attracted from Independent private investors at the level of both the Pre-Seed Fund and the VC Fund shall be specified in the Expression of Interest. Independent private investors shall be subject to screening by the Ministry of National Defence according to the criteria for the assessment of investor compliance with national security interests established by the Law on the Protection of Objects Important for Ensuring National Security the Republic of Lithuania, following the Part 10 of Paragraph 4 of Article 9 of the Law on the Organization of the National Defence System and Military Service. The Fund Manager shall apply to the Ministry of National Defence for an assessment of compliance with national security requirements, providing the necessary information regarding the independent private investor, as indicated by the Ministry of National Defence, as well as all required consents for the verification of such compliance. The Ministry of National Defence shall issue a decision on the compliance with national security requirements and submit it to the Fund Manager within the time limits indicated in the Law on Public Administration of the Republic of Lithuania.
Indicative funding allocation	Subject to the qualifications and terms set out in the Call, total funding of EUR 37.7 million is expected to be available for the implementation of the Financial Instrument, to be divided between two Fund Groups. Within each Fund Group, funding from the Financial Instrument will be split into two separate funds—the Pre-Seed Fund and the VC Fund—approximately in the following proportions: 35% for the Pre-Seed Fund and 65% for the VC Fund. The specific sizes and proportions (within the limits indicated above) of the Pre-Seed Fund and the VC Fund shall be proposed in the Business Plan.
Ineligible investments	The Fund Group shall not invest in or support the following:

	1. Exclusions and exemptions specified in Article 1(2-5) of the General Block Exemption Regulation; 2. Investments in restricted sectors set out on the harmonized exclusion list of the European Development Finance Institutions at https://edfi-website-v1.s3.fr-par.scw.cloud/uploads/2021/02/EDFI-Exclusion-List_-September-2011.pdf), excluding activity related to the weapons and munitions (EVRK Rev. 2.1, class 25.30.00); 3. Investments in legal entities whose activities are contrary to the national security, as established in the Law on the Protection of Objects Important for Ensuring National Security of the Republic of Lithuania. Legal entities are subject to screening by the Ministry of National Defence according to the criteria for the assessment of investor compliance with national security interests established by the Law on the Protection of Objects Important for Ensuring National Security the Republic of Lithuania, following the Part 10 of Paragraph 4 of Article 9 of the Law on the Organization of the National Defence System and Military Service. The Fund Manager shall apply to Ministry of National Defence for the assessment of compliance with national security requirements, providing the necessary information regarding legal entity, as indicated by the Ministry of National Defence, as well as all required consents for the verification of such compliance. The Ministry of National Defence shall issue a decision on the compliance with national security requirements and submit it to the Fund Manager within the time limits indicated in the Law on Public Administration of the Republic of Lithuania. 4. Investments in SMEs whose sectors of activity are restricted under a State Aid Scheme. 5. Investments in the Final Recipient that has, or has not terminated trade obligations no later than 31 August 2022 with natural and/or legal persons in the following countries or territories: the Russian Federation, the Republic of Belarus, Crimea annexed by the Russian Federation, the territories of Donetsk, Luhansk, Kherson, and Zaporizhzhia regions not controlled by the Government of Ukraine, the Transnistria territory not controlled by the Government of the Republic of Moldova, and the territories of Abkhazia and South Ossetia not controlled by the Government of Sakartvelo. If Final Recipient's activity or the development of a product or business idea falls under the Law of State and Service Secrets of the Republic of Lithuania, the Fund Manager shall have right to ask for and Final Recipient shall have an obligation to receive a permission to work with classified information (https://www.vsd.lt/paslapciu-apsauga/leidimai-dirbti-su-paslaptimis/juridiniams-asmenims/) issued by State Security Department of the Republic of Lithuania (in case Final Recipient is established in the Republic of Lithuania) or NATO security clearance (secret) provided by their national security agency (in case Final Recipient is established outside the Republic of Lithuania) before or after the investment. Any investments into such Final recipient, to which the above permission is not granted, made after the day the decision not to grant the permission is issued, shall be Ineligible investment.
Investment Committee	The Fund Manager shall form an investment committee of the Fund Group (hereafter referred to as the **Investment Committee**), which shall be responsible, among other things, for the selection of Participants, decisions to provide Grants, consideration and approval of all investment and divestment decisions of the Fund Group. The Investment Committee shall be independent from the influence of investors or other third parties and should primarily be comprised of representatives of the Fund

	Manager. Majority of the Investment Committee members shall be residents of the Republic of Lithuania and/or European Union Member State.
Investment Period of the Fund Group	Up to 3 years from the first closing of the Pre-Seed Fund (with the possibility of extension for up to two additional consecutive one-year periods). Up to 5 years from the first closing of the VC Fund (with the possibility of extension for up to two additional consecutive one-year periods). Applicants are invited to propose, in their Business Plan, the specific duration of the Investment Period for each fund within the Fund Group, along with any proposed extensions.
Investment stage and use of financing	Financing support from the Fund Group shall, without prejudice to the applicable state aid rules, be used to target: (a) the establishment of new enterprises; (b) early-stage capital (i.e. pre-seed, seed capital and start-up capital); (c) expansion capital; (d) capital for the strengthening of the general activities of an enterprise; (e) realisation of new projects; or (f) new developments by existing enterprises. Investments that are supported through the Fund Group shall not be physically completed or fully implemented at the date of the investment decision or date of the investment agreement signature.
Management fee and costs	The Fund Manager shall be entitled to a management fee which shall be agreed in the Funding Agreement. Management fee is typically paid on the total commitments to the fund during the Investment Period and on the invested capital (acquisition cost of the active portfolio of the fund reduced by the acquisition costs of the fund's investments that have been sold, written-off or written-down) thereafter. The proposed management fee (including all applicable taxes) and costs (which must cover all operating expenses of the Fund Group, including all applicable taxes), separate for the Pre-Seed Fund (including all Pre-Acceleration Program and Acceleration Program activities with detailed budget lines for each program and Grants) and the VC Fund, and the calculation methodology shall be specified in the Business Plan and shall comply with the management fee and costs caps stipulate herein: - the **Pre-Seed Fund management fee and costs cap** – the aggregate amount of the management fee, costs and all other expenses borne by the Pre-Seed Fund over the lifetime of the Pre-Seed Fund **shall not exceed 40%** of the total commitments to the Pre-Seed Fund; - the **VC Fund management fee and costs cap** – the aggregate amount of the management fee, costs and all other expenses borne by the VC Fund over the lifetime of the VC Fund **shall not exceed 20%** of the total commitments to the VC Fund. All investors in the Fund Group are required to allocate part of their financial commitment (pro rata to their financial commitment to the funds) for the payment of management fee and costs.

Maximum investment	The total amount invested by the Pre-Seed Fund in a single eligible Pre-Seed Fund Final Recipient, including follow-on investments, shall not exceed 5% of the total commitments to the Pre-Seed Fund. In any event, such investment shall not exceed the threshold established in Article 22 of the General Block Exemption Regulation and shall be subject to the provisions of Article 8 thereof. The total amount invested by the VC Fund in a single eligible VC Fund Final Recipient, including follow-on investments, shall not exceed 20% of the total commitments to the VC Fund. In any event, such investment shall not exceed the limit set out in Article 21(8) of the General Block Exemption Regulation and shall be subject to the provisions of Article 8 thereof.
Pre-Seed Fund eligible investments	1. The Pre-Seed Fund shall invest in undertakings which at the time of the risk finance investment fulfil the conditions stipulated in Article 22(2) of the General Block Exemption Regulation. Investments shall be made following the requirements of a State Aid Scheme. Eligibility undertaking criteria such as company size or age shall be assessed at the level of the entire undertaking, taking into account and assessing all linked enterprises as defined in Article 3 of Annex I to GBER. 2. The Pre-Seed Fund shall invest in MSEs developing (producing or providing) defence and/or dual-use products that are innovative and have export potential and are in line with the European Defence Agency's Capability Development Plans published on www.eda.europa.eu and NATO Science & Technology Trends 2025–2045 published on the website www.nato.int. The priority areas are Ammunition and Explosives, Drones and Anti-Drone Systems, Heavy Equipment Maintenance and Maritime. Investments shall be made following the requirements of a State Aid Scheme.
Publicity of the Financial Instrument	The Fund Manager shall be required to carry out periodic actions to ensure the publicity of the Financial Instrument, with the aim of building awareness of the Financial Instrument both in Lithuania and abroad. The Fund Manager's information materials and investment agreements concluded with Final Recipients shall indicate that the funding is provided from the Defence Investment Fund, which is financed by the Ministry of Economy and Innovation and Ministry of National Defence.
Replacement capital	The Fund Group may provide replacement capital only if combined with new capital representing at least 50% of each investment round into the eligible Final Recipient.
Reporting	The Fund Manager shall provide periodical (at least quarterly) information in a standardized form and scope, in compliance with the reporting guidelines of Invest Europe, and provide all additional information which may be required by applicable regulations or law in effect from time to time including but not limiting the General Block Exemption Regulation, or which shall otherwise be stipulated in the Funding Agreement(s), or any additional information requested by ILTE. The Fund Manager shall submit electronic copies of documents requested relating to investments and the performance of both the Pre-Seed Fund and the VC Fund.

Requirements for the Acceleration Programs	The Fund Managers shall: 1. provide to the MSEs the free-of-charge services under the Acceleration Program from the Pre-Seed Fund, which include activities aligned with the Pre-Seed Fund's objectives. These activities shall include, inter alia, assistance to the Pre-Seed Fund Final Recipients in engaging mentors, sector and technology experts, buyers, suppliers, partners, and investors to support the development, exploration, assessment, approval and expansion of their product and business activities, as well as to facilitate market entry; 2. organize at least 3 Acceleration Programs within a period of 3 years (with the possibility of 1 year extension) that take place in the Republic of Lithuania. Each Acceleration Program shall be run for at least 10 weeks and shall be provided to at least 5 Pre-Seed Fund Final Recipients; 3. provide Acceleration Program services to at least 25 MSEs out of which at least 12 Pre-Seed Fund Final Recipients shall be established by Participants; 4. attract mentors who shall provide the MSEs free of charge services of the Acceleration Programs and shall have adequate experience and knowledge of starting a business and investing in early-stage MSEs; 5. provide to the Pre-Seed Fund Final Recipients on-site services for no less than 50% of the Acceleration Program; 6. provide Acceleration Program of similar content (in English or in Lithuanian) that includes at least company building, team strengthening, legal, fundraising, pitch, sales and product etc. trainings, consulting or lectures (for e.g. might include testing, certification, using MilTech Sandbox facilities); 7. ensure for the Pre-Seed Fund Final Recipients suitable working premises in the Republic of Lithuania while the services of the Acceleration Program are provided. The Fund Manager (including entities related to Fund Manager) cannot charge Pre-Seed Fund Final Recipients for the services of the Acceleration Program. Acceleration Program activities shall take place in the Republic of Lithuania. Participants in Acceleration Program shall be subject to screening by the Ministry of National Defence according to the criteria for the assessment of investor compliance with national security interests established by the Law on the Protection of Objects Important for Ensuring National Security the Republic of Lithuania, following the Part 10 of Paragraph 4 of Article 9 of the Law on the Organization of the National Defence System and Military Service. The Fund Manager shall apply to the Ministry of National Defence for an assessment of compliance with national security requirements, providing the necessary information regarding participant in Acceleration Program, as indicated by the Ministry of National Defence, as well as all required consents for the verification of such compliance. The Ministry of National Defence shall issue a decision on the compliance with national security requirements and submit it to the Fund Manager within the time limits indicated in the Law on Public Administration of the Republic of Lithuania. All MSEs that participate in the Acceleration Program may become the Pre-Seed Fund Final Recipients and receive initial equity and/or quasi-equity investments before or during the Acceleration Program period, subject to a positive outcome of the screening by the Ministry of National Defence according to the criteria for the assessment of investor compliance with national security interests established by the Law on the

	Protection of Objects Important for Ensuring National Security the Republic of Lithuania. No investment shall be made in entities that do not pass this screening.
Requirements for the Fund Manager	The Fund manager shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. The Fund Manager shall be licensed by the relevant financial supervisory authority prior to or at the time of signing the Funding Agreement. Before the signature of the Funding Agreement(s) each team member of the Fund Manager, will be subject to screening by the Ministry of National Defence for the compliance with national security requirements according to the criteria for the assessment of investor compliance with national security interests established by the Law on the Protection of Objects Important for Ensuring National Security the Republic of Lithuania, following the Part 10 of Paragraph 4 of Article 9 of the Law on the Organization of the National Defence System and Military Service. ILTE shall apply to the Ministry of National Defence for an assessment of compliance with national security requirements, providing the necessary information regarding each member of the Fund Manager, as indicated by the Ministry of National Defence, as well as all required consents for the verification of such compliance. The Ministry of National Defence shall issue a decision on the compliance with national security requirements and submit it to ILTE within the time limits indicated in the Law on Public Administration of the Republic of Lithuania. The Fund Manager shall have a dedicated investment team composed of experienced professionals with an appropriate skillset and knowledge of the defence and security sector, Pre-Acceleration Programs, Acceleration Programs or accelerator funds (equity based). The Fund Manager shall operate in accordance with the best industry practices including complying with professional standards issued by Invest Europe, Institutional Limited Partners Association and other recognized industry bodies. The Fund Manager shall operate independently. The Fund Manager shall perform its obligations in accordance with applicable law and act with the degree of professional care, efficiency, transparency and diligence expected from a professional body. The Fund manager shall ensure that: (a) Final Recipients are selected with due account taken of the nature of the Financial Instrument and the potential economic viability of investment projects to be financed. The selection shall not give rise to a conflict of interest; (b) Final Recipients and Participants are informed that funding is provided from the Defence Investment Fund, which is financed by the Ministry of Economy and Innovation and Ministry of National Defence; (c) Final Recipients are informed that exits shall only be performed to buyers, whose activities do not contradict national security, as established in the Law on the Protection of Objects Important for Ensuring National Security of the Republic of Lithuania (criteria listed in Article 11).

	The Fund Manager shall be managed on a commercial basis and meet all the criteria stipulated in Article 21 (15b), (15c), 16 of the General Block Exemption Regulation. Financing to Final Recipients shall be based on a viable business plan that includes details of product, sales and profitability development to establish ex ante financial viability. Additionally, each investment shall have a clear and realistic exit strategy. The Fund Manager shall ensure in the investment contract with the Final Recipient the appropriate provisions stating that the shares or ownership rights of the Final Recipient will be sold only to buyers (investments will be exited only to the investors), whose activities do not contradict national security, as established in the Law on the Protection of Objects Important for Ensuring National Security of the Republic of Lithuania. Entities are subject to screening by the Ministry of National Defence according to the criteria for the assessment of investor compliance with national security interests established by the Law on the Protection of Objects Important for Ensuring National Security the Republic of Lithuania, following the Part 10 of Paragraph 4 of Article 9 of the Law on the Organization of the National Defence System and Military Service. The Fund Manager shall apply to Ministry of National Defence for the assessment of compliance with national security requirements, providing the necessary information regarding the buyer, as indicated by the Ministry of National Defence, as well as all required consents for the verification of such compliance. The Ministry of National Defence shall issue a decision on the compliance with national security requirements and submit it to the Fund Manager within the time limits indicated in the Law on Public Administration of the Republic of Lithuania.
Requirements for the Pre-Acceleration Program	The Fund Manager shall: 1. provide a free-of-charge Pre-Acceleration Program for **at least 120 Participants (with 20 to 30 teams formed)** from the Pre-Seed Fund, which shall include activities aligned with the Pre-Seed Fund's objectives. These activities shall include, inter alia: a. organization of events generating new and innovative business ideas in defence and security sector; b. selection of Participants (potential founders), formation of teams from selected Participants; c. provision of Grants for the selected Participants; d. coaching of newly formed teams, mentoring, training and consulting teams in order to develop new ideas, create and test new products, validate potential business model in the defence and security sector; e. getting access to feedback from the sector, technology, defence and security industry or Lithuanian army, Ministry of National Defence experts; f. assistance to the teams in preparation for the establishment of MSE in order to participate in the Acceleration Program and/or receive the first investment; 2. organize at least **3 hackathons/innovation challenges within a period of 3 years** that take place in the Republic of Lithuania with the aim to generate new and innovative business ideas in defence and security sector and the pipeline of potential Participants; 3. provide to the Participants on-site services for no less than 50% of the Pre-Acceleration Program duration; 4. **disburse no less than EUR 0.6 million in Grants** under the Pre-Acceleration Program.

	The Fund Manager (including entities related to Fund Manager) cannot charge Pre-Acceleration Program Participants for the services of the Pre-Acceleration Programs. Pre-Acceleration Program activities take place in the Republic of Lithuania. The timeline of the Pre-Acceleration Program activities shall be provided in the Business Plan. In any case, the Pre-acceleration Program shall commence as soon as possible and shall be completed no later than 3 years after the signing of the Funding Agreement.
State aid regime	The Fund Manager shall be contractually bound to ensure that investments by the Fund Group comply with the General Block Exemption Regulation and the State Aid Scheme approved by the Minister of National Defence of the Republic of Lithuania and Minister of Economy and Innovation No. V-344/4-149 of 2026-04-15 (the **State Aid Scheme**) and as set out in these Terms and Conditions.
Territory for investment	The Pre-Seed Fund and VC Fund Final Recipients shall be established in the Republic of Lithuania, another European Union Member State, a NATO Member State or Ukraine at the time of the investment (initial or follow-on). The benefits of such investments shall accrue to Lithuania for a minimum period of one year from the date of signing the respective investment agreement (initial or follow-on), or until the investment is written off or exited, whichever occurs first. It is considered that the benefit to Lithuania accrues, when the Final Recipient: a) creates jobs in Lithuania; and (or) b) pay taxes to State Budget, as well as contributions to Social Insurance Fund, Guarantees Fund, and the Long-term Unemployment Benefit Fund.
Type of investments	Investments shall be made in the form of either equity or quasi-equity, as defined in the General Block Exemption Regulation.
VC Fund eligible investments	1. The VC Fund shall invest in SMEs developing (producing or providing) defence and/or dual-use products that are innovative and have export potential and are in line with the European Defence Agency's Capability Development Plans published on www.eda.europa.eu and NATO Science & Technology Trends 2025–2045 published on the website www.nato.int. The priority areas are Ammunition and Explosives, Drones and Anti-Drone Systems, Heavy Equipment Maintenance and Maritime. 2. The VC Fund shall invest in undertakings which at the time of the initial risk finance investment fulfil the conditions stipulated in Article 21(3) of the General Block Exemption Regulation. Eligibility undertaking criteria such as company size or age shall be assessed at the level of the entire undertaking, taking into account and assessing all linked enterprises as defined in Article 3 of Annex I to General Block Exemption Regulation. 3. The VC Fund may also make follow-on investments in eligible undertakings which meet the cumulative criteria stipulated in Article 21(4) of the General Block Exemption Regulation. Investments shall be made following the requirements of the State Aid Scheme.
Other principles	The Fund Manager implementing the Financial Instrument as well as providing investments into Final Recipients would not carry out any actions that could have an adverse effect on:

	1. The EU Charter of Fundamental Rights: dignity; individual, private and family life, freedom of conscience and expression; personal data; asylum and protection in cases of relocation, expulsion or extradition; property rights and the right to conduct a business; gender equality, equal treatment and equal opportunities, non-discrimination and the rights of disabled persons; the children rights; good administration, effective remedies, justice, solidarity and workers' rights; 2. Equal opportunities and discrimination (on grounds of sex, race, nationality, citizenship, language, origin, social status, religion, beliefs or opinions, age, sexual orientation, ethnic origin, religion, disability, etc.).

Annex 2
to the Call

(Name of the Applicant)

(Legal form, registered office and contact details of the Applicant)

UAB ILTE

APPLICATION
OF THE FUND MANAGER TO IMPLEMENT THE FINANCIAL INSTRUMENT "MILINVEST 2"
REFERENCE NUMBER: *2026/ MILInvest 2*

_____
(Date)

1.	Name of the Applicant	
	Details of the Applicant:	
	Address Telephone Email	
	Legal Form	
	Commercial Register Details[2]	Date of registration/incorporation: Country of registration: Standard identification code/registration number, if applicable:
2.	First name and surname of the person submitting Expression of Interest (if a natural person) or name of entity authorized to submit the Expression of Interest on behalf of the Applicant (if a legal entity)[3]	
	Telephone number	
	Email address	
3.	Contact person (if different from 2.)	
	Telephone number	
	Email address	

The undersigned, duly authorized to represent the Applicant, by signing this application hereby certify and declare that the Applicant agrees with all and any terms and conditions of the Selection as set out in the Call and that the information contained in this Expression of Interest and its Annexes is complete and correct in all respects.

The Applicant declares not to have made nor to make any offer of any type whatsoever from which an advantage could be derived under the Funding Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to the Call and the signing of any Funding Agreement.

The following documents are hereby submitted together with this application (and attachments):

Item No.	Title of documents submitted	Number of pages in the document

[2] Please also attach a copy of the Applicant's certificate of incorporation or registration (if a legal entity).

[3] Please also attach a copy of an identifying document for the person submitting the Expression of Interest (if a natural person) or authorized to submit the Expression of Interest of behalf of the Applicant (if a legal entity), such as a passport, identity card or other official document evidencing the person's identity and appropriate evidence of the authorisation to act for and on behalf of the Applicant (signatory powers).

1.	Business Plan (including CVs and applicable attachments)	
2.	Declaration	
3.	KYC questionnaire	
4.	Documents listed in the Annex 6 of the Call	

By submitting this application the undersigned, duly authorized to represent the Applicant, hereby certify and declare the following:

1) We are aware that the Financial Instrument "MILInvest 2" is financed from the Defence Investment Fund managed by ILTE.
2) We have read and taken into account the Call for the selection for the Financial Instrument "MILInvest 2" as was published on the website of ILTE and agree to its terms, including, without limitation, that following the Law of the Republic of Lithuania on Public Procurement, the exemption foreseen in items 5 and 7 of Article 6 of the indicated law is applied for the Selection process.
3) When implementing the Financial Instrument "MILInvest 2", as well as investing in Final Recipients, we would not carry out any actions that could have an adverse effect on:
   - the European Union Charter of Fundamental Rights: dignity; individual, private and family life, freedom of conscience and expression; personal data; asylum and protection in cases of relocation, expulsion or extradition; property rights and the right to conduct a business; gender equality, equal treatment and equal opportunities, non-discrimination and the rights of disabled persons; the children rights; good administration, effective remedies, justice, solidarity and workers' rights;
   - equal opportunities and discrimination (on grounds of sex, race, nationality, citizenship, language, origin, social status, religion, beliefs or opinions, age, sexual orientation, ethnic origin, religion, disability, etc.).
4) We are aware that investments made by the Financial Instrument "MILInvest 2" shall be state aid granted under the General Block Exemption Regulation and under the State aid scheme of the financial instrument "MILInvest 2" approved by the Minister of National Defence of the Republic of Lithuania and Minister of Economy and Innovation of the Republic of Lithuania. In implementing the Financial Instrument "MILInvest 2", we would ensure full compliance of investments with the legal acts regulating state aid.
5) We are aware that the Financial Instrument "MILInvest 2" shall be implemented on the basis of the Resolution of the Government of the Republic of Lithuania on the Implementation of the Law on National Promotional Bank of the Republic of Lithuania and the Law on the Innovation Promotion Fund of the Republic of Lithuania No. 910, dated 12th September 2018, as amended from time to time and that when implementing the Financial Instrument we shall comply with all requirements set out in Annex 1 thereto.
6) The Applicant is not subject to Sanctions.

This Application is signed by the electronic signature of the authorised person submitting the Expression of Interest of the Applicant.

_____	_____	_____
(Official duties of the Applicant or its authorized person, if applicable)	(Signature)	(First name and surname)

Annex 3
to the Call

BUSINESS PLAN REQUIREMENTS

In preparing the Business Plan, Applicants should take into consideration the Selection Documents and the applicable Terms and Conditions for the Fund provided in **Annex 1**. The Business Plan should be concise – do not exceed the maximum of 30 pages (in any format (docx, pptx, pdf, etc.), although it is recommended to include all the information highlighted below. Specific parts of the Business Plan can be with the reference to the documents provided following the list of documents provided in **Annex 6**.

Market Opportunity

- Overview of target market segment (including defence and security industry sector) and demonstration of why the targeted segment represents an attractive investment opportunity;
- Explanation of the macro and micro economic and other drivers that underpin the opportunity;
- Risks/barriers relevant to the market segment and its impact on the investment opportunity set;
- Envisaged competition and/or co-operation with other market players (including, if relevant, universities, science hubs, business incubators, business angels and entrepreneurship initiatives, Lithuanian Army, defence and security industry market players);
- Marketing strategy of the Fund Group.

Investment Team (Management) and Track Record

- Details of existing funds (if any) under management;
- Details of existing pre-acceleration programs (if any) under management;
- Details of existing acceleration programs (if any) under management;
- List of joiners and leavers of the team, their date of arrival/departure, position at arrival and current title;
- Full details of each member of the proposed management team, to include (i) time dedication to the fund, (ii) detailed CV, (iii) prior experience and connections within target market segments, (iv) investment track record (including investee name, transaction type, sector, geography, key areas of responsibilities, invested amount and ownership, date of investment and exit, realized or unrealized value including multiple of cost and gross/net IRR), where the track record involves formal funds, in addition to individual transaction information, net fund level returns should be included (v) pre-acceleration program experience, (vi) acceleration program or accelerator fund experience, (vii) current/previous salary, and (viii) three references (including phone numbers) including where possible related to a transactions relevant to the proposed strategy: CEOs of investees, co-investors, other;
- Relevant team's experience in the international and Lithuanian defence and security sector;
- Details of prior personal and professional relationships between team members;
- Respective responsibilities of each team member in the management of the Pre-Seed Fund and the VC Fund;
- Competitive advantage of proposed management team;
- Details of any previous and/or existing activities (not related to the Fund Group) engaged in by any management team members that could generate conflicts of interests with the Fund Group or otherwise place time demands on the team members; measures proposed to deal with potential conflicts of interest;
- Planned location of team members, and their ability to communicate in English and Lithuanian;
- Timeline for finalization of team and establishment of office in Lithuania, if relevant;
- Details of any hiring needs/plans.

Fund's Structure & Terms

- Description of governance and legal structure for all Fund Group related entities foreseen (including governing laws);
- Main economic terms, including (i) proposed management fee and costs during and post Investment Period (management fees paid to the Fund Manager and operating expenses of the each fund shall be calculated separately) and operational budget of the Pre-Seed Fund and the VC Fund (ii) proposed Hurdle rate percentage per annum, (iii) any profit share (carried interest) as well as any catch up mechanism for the Fund Manager and any proposed allocation of any

state aid incentives (if any) between private investors and the Fund Manager, including the calculation methodology for each respectively;
- Indicative investment by the Fund Manager and the team into the Fund Group;
- Indicative investment from the Financial Instrument requested under this Call;
- Details on the proposed shareholders/ownership of the Fund Manager and investment advisor entities and the distribution of carried interest (if any);
- Proposed domiciliation and legal form of the Pre-Seed Fund and the VC Fund, Fund Manager and any advisory entity, including the rationale for choosing the proposed legal structure of the funds;
- Detailed operational budget for the Fund Manager, to include details of proposed remuneration of all investment professionals;
- Pre-Acceleration Program terms and conditions, including budget with inter alia the amount allocated for Grants;
- Acceleration Program terms and conditions, including budget;
- Proposed timeline of the Pre-Seed Fund and the VC Fund activities;
- Proposed Investment Committee membership and voting mechanics;
- Independence of the management team, notably as regards investment decisions;
- Details of any other proposed boards/advisors the Pre-Seed Fund and the VC Fund will have, including how individuals will contribute to the funds (including time and financial commitment) and be compensated.

Fund Investment Strategy

- Overview of proposed strategy including how it fits within the economic and social context of the country;
- Appropriate target and minimum viable size of the Pre-Seed Fund and the VC Fund to execute the strategies including the rationale for that assessment;
- Overview of industry sectors which are expected to present particular opportunities for the Pre-Seed Fund and the VC Fund;
- Development stage of investment opportunities;
- Envisaged financial instruments (equity, quasi-equity) to be utilized and stakes to be acquired, including expected control rights and protective measures;
- Competitive positioning of strategy vis a vis other finance providers;
- Target number of investments, capital deployment rate (including reserves and follow-on investments policy) and portfolio composition;
- Terms and conditions applied in relation to the financing provided to Final Recipients, including pricing (if any);
- Ability to add value to Final Recipients, create access to corporates or international accelerators or markets for scouting and attract additional mentors into the Fund Group's activities and Pre-Acceleration Program and Acceleration Programs;
- Description of the Pre-Acceleration Program (including all activities and criteria for Participants, Grants' allocation details and criteria);
- Description of the Acceleration Program (including all activities and criteria for Pre-Seed Fund Final Recipients);
- Link between:
    - Pre-Acceleration Program Participants and those Participants who have received Grants;
    - Acceleration Program and Pre-Seed Fund Final Recipients;
    - Pre-Acceleration Program Participants and Pre-Seed Fund Final Recipients;
    - Pre-Seed Fund Final Recipients and VC Fund Final Recipients;
- Expected holding period of investments;
- Expected exit route for investments;
- Target/expected returns and how they will be generated;
- Indicative investment pipeline including, for each opportunity: name, sector, transaction type, indicative commitment, indicative stake, source of opportunity, indicative value creation plan, and potential exit route;
- Risks related to implementing the investment strategy and planned risk management measures, including in relation to risk diversification for the funds' capital and any sector or exposure limits;
- Measures to avoid double funding from other public funding mechanisms in implementing investments;

- Minimum and maximum investments size for the Pre-Seed Fund Final Recipients and the VC Fund Final Recipients.

Investment Processes

- Expected source(s) of deal flow;
- Overview of investment process from origination to signing;
- Overall strategy and key focal points of due diligence;
- Expected use of third party advisors and their roles in the investment process;
- Proposed procedures for evaluation of eligible investments criteria and State Aid requirements applicable to the Final Recipients;
- Post-investment management of portfolio companies, including approach to monitoring, value-creation, and involvement in governance bodies;
- Anticipated involvement in strategy, finance and/or operations of investee companies;
- Proposed procedures for application of planned money laundering prevention, anti-terrorism and anti-tax fraud standards and legislation in the implementation of the Financial Instrument;
- Proposed approach to corporate governance and financial transparency in investee companies.

Fundraising

- Proposed financial commitment to the Pre-Seed Fund and the VC Fund by the Fund Manager and the team;
- Potential investors in the Fund Group, fundraising strategy and the stage of approval of potential investors considering an investment in the Pre-Seed Fund and/or the VC Fund and any conditionalities or special economic or governance rights attached to such commitments;
- Expected timing for achieving required additional private investors' investment and beginning of the operations.

Details to be disclosed when describing Pre-Acceleration Program and Acceleration Program:

Pre-Acceleration Program

- Proposed means for the implementation of Pre-Acceleration Program activities (corresponding to the Requirements for the Pre-Acceleration Program) and anticipated co-operation with the other ecosystem participants;
- The timeline of the Pre-Acceleration Program activities and events, including hackathons/innovation challenges;
- Potential Participants' pipeline generating sources, Participants' selection and team coaching method;
- Details of allocation and overall budget of the Grants;
- Number of coaches, experts and advisors, etc. of the Pre-Acceleration Program.

Acceleration Program

- Proposed means for the implementation of Acceleration Program activities (corresponding to the Requirements for the Acceleration Program) for the Pre-Seed Fund Final Recipients and anticipated co-operation with other ecosystem participants;
- The timeline of the Acceleration Program activities;
- Number, content, etc. of the Acceleration Programs (that includes at least company building, legal, fundraising, pitch, sales and product etc. trainings, consulting or lectures);
- Number of mentors and sector and technology experts to support the selected Pre-Seed Fund Final Recipients on such issues as development, improvement and testing of the business idea, products, team and business model in order to prepare these Pre-Seed Fund Final Recipients for attracting of external financing.

Annex 4
to the Call

(Name of the Applicant)

(Legal form, registered office and contact details of the Applicant)

UAB ILTE

DECLARATION

(to be completed and signed by:
- the authorised representative of the Applicant and all key executives of the team, where the Applicant is a legal entity; or
- All key executives of the Applicant, where Applicant is a group of natural persons)

_____
(Date)

1. I, _____,[4]
do hereby certify that I:

do hereby certify that [_____][5] supervised or represented by me, and participating in the Selection for the Fund Manager of the Financial Instrument "MILInvest 2" by UAB ILTE (code 110084026, with its registered address at Ukmergės str. 124, Vilnius, Lithuania):

a) hereby declare that I am of sufficiently good repute, as defined in Article 3(41) of the Law on Markets in Financial Instruments of the Republic of Lithuania;

b) possess no criminal conviction (or the criminal conviction has expired or has been repealed), or in the course of the past five years, no court judgment has been passed or has come into effect for the participation in, organization or commanding of a criminal association, for a bribery, bribery through an intermediary, fraud, the use of a credit, loan or an earmarked support not according to its purpose or not in accordance with the set procedure, credit fraud, failure to pay taxes, submission of false data on the income, profit or property, failure to submit a return, report or any other document, the acquisition or disposal of a property that came into possession by virtue of criminal activities, or legalization of moneys or property acquired by way of criminal activities;

c) have met all obligations related to the payment of taxes, including social insurance contributions, in compliance with the requirements applicable in the country in which the Applicant is registered (if a legal entity) or resides (natural person) and in the Republic of Lithuania. The Applicant (if a legal entity)/I (if a natural person) shall be considered to have met the obligations related to the payment of taxes, including social insurance contributions, if the amount of outstanding obligations is lower than EUR 50;

d) possess no criminal conviction (or the criminal conviction has expired or has been repealed) for bankruptcy;

[4] Insert official title, first name and surname of the person authorized to represent the Applicant (if a legal entity) or of the Applicant (if a natural person) or the relevant team member. The person representing the Applicant (if a legal entity) must also submit the declaration as a natural person as well.
[5] Insert name of the Applicant (if a legal entity) or delete, as appropriate

e) have not been declared bankrupt or is not being wound up (if a legal entity), have not concluded a peaceful settlement agreement with creditors (an agreement between the Applicant (if a legal entity)/me (if a natural person) and creditors whereby the Applicant assumes (if a legal entity)/I assume (if a natural person) certain obligations and creditors agree to postpone, reduce or withdraw their claims), have not suspended or restricted its operations (if a legal entity), or it is not in an equivalent or similar situation under the laws of the country wherein it is registered (if a legal entity)/I (if a natural person) reside. The Applicant has not (if a legal entity)/I have not (if a natural person) been subject to restructuring (if a legal entity), bankruptcy proceedings or extrajudicial bankruptcy proceedings, no forced liquidation procedure (if a legal entity) or arrangement with creditors has been sought, and the Applicant has not (if a legal entity)/I have not (if a natural person) been subject to any equivalent procedures under the laws of the country wherein the Applicant is registered (if a legal entity)/I reside (if a natural person);

f) possess no record of criminal conviction (or the conviction has expired or has been repealed), in the course of the past five years (if a natural person), or no court judgment in respect of the Applicant (if a legal entity)/me (if a natural person) has been passed or has come into effect in relation to criminal acts regarding property, property rights and property interests, intellectual or industrial property, economics or business procedure, financial system, civil service or public interests;

g) am not guilty of any grave professional misconduct proven by any legal means. The term “grave professional misconduct” used herein means a violation of professional ethics where less than one year has passed from the moment of recognising the Applicant (if a legal entity)/me (if a natural person) as being non-compliant with the norms of professional ethics, or a violation of competition, labour, occupational safety and health, environmental legislation, for which the Applicant (if a legal entity) has/I have (if a natural person) been imposed an administrative penalty or an economic sanction imposed by the laws of the Republic of Lithuania, where the decision to impose such a sanction became effective less than one year ago. In the event that the Applicant has (if a legal entity)/I have (if a natural person) violated Article 5 of the Law of the Republic of Lithuania on Competition, such violation under this paragraph shall be considered to be a grave professional misconduct if less than three years has elapsed from the effective date of the decision to impose the sanction provided for in the Law of the Republic of Lithuania on Competition. In the event that the Applicant (if a legal entity) or the shareholder of the Applicant holding the majority of votes in the meeting of the Applicant’s (if a legal entity) shareholders has been found guilty of a fraudulent bankruptcy within the meaning of the Law of the Republic of Lithuania on Enterprise Bankruptcy, such violation under this paragraph shall be considered to be a grave professional misconduct if less than three years has elapsed from the effective date of the court judgment;

h) have not concluded a peaceful settlement agreement with creditors, have not suspended or restricted its operations, or it is not in an equivalent or similar situation under the laws of the country wherein it is registered, it does not seek forced liquidation procedure or arrangement with creditors, or it has not been subject to analogous procedures under the laws of the country wherein it is registered, and it is not guilty for any grave professional misconduct (competition, labour, occupational safety and health, environmental legislation), for which the Applicant (if a legal entity) has/I have (if a natural person) been imposed an administrative penalty or an economic imposed by the laws of the Republic of Lithuania, where the decision to impose such a sanction became effective less than one year ago, and the Applicant (if a legal entity) has/I have (if a natural person) been imposed an economic sanction for the violation of Article 5 of the Law of the Republic of Lithuania on Competition, where less than three years has elapsed from the effective date of the decision imposing this sanction;

i) have not to its (if a legal entity)/my (if a natural person) knowledge, been listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database;

j) have not been listed on any sanctions list or internationally recognized “black list”;

k) have not been convicted or Applicant’s (if a legal entity)/my (if a natural person) previous conviction for crimes against the independence, territorial integrity and constitutional order of the State of Lithuania is expired or expunged;

l) is not involved (if a legal entity)/am not involved (if a natural person) in the financing of terrorist activities;

m) have not cooperated or cooperate or maintain contacts with a foreign intelligence and/or security service or with persons cooperating or maintaining contacts with a foreign intelligence and/or security service in the interests hostile to the Republic of Lithuania;

n) have not performed actions that are contrary to international sanctions implemented in the Republic of Lithuania in accordance with the Law of the Republic of Lithuania on Implementation of Economic and Other International Sanctions.

2. I am aware that if the Declaration submitted by me is false, the Expression of Interest shall be rejected.

3. The Applicant (if a legal entity)/I (if a natural person) shall be held liable for the failure to provide correct information in the Declaration under the procedure laid down by law.

4. Should a group of legal entities or natural persons participate in the Selection as an Applicant, the Declaration shall be completed by each member of the group of legal entities or natural persons separately.

5. I (if a natural person) confirm that I have read and understand the privacy notice on the processing of personal data “MILInvest 2” provided in the "Personal Data Protection" section of the ILTE website www.ILTE.lt, +370 (5) 210 7510, e-mail info@ILTE.lt, data protection officer's e-mail duomenu.apsauga@ILTE.lt). The data controller (ILTE, code 110084026, with its registered address at Ukmergės str. 124, 08100, Vilnius, Lithuania, tel. (+370 5) 210 7510, e-mail info@ILTE.lt, data protection officer's e-mail duomenu.apsauga@ILTE.lt) processing personal data for the purposes of implementing the Financial Instrument, i.e. for the purpose of evaluation of the Expression of Interest and/or Selection, conclusion of the Funding Agreement with the selected financial intermediary and its ongoing implementation and for the purpose of complying with the requirements of the legislation on the prevention of money laundering, the fight against terrorism and tax fraud.

6. Capitalized expressions used in this Declaration that are not otherwise defined shall have the meaning attributed to them in the Call, unless the context requires otherwise.

(Official duties of the person signing the Declaration, if applicable)	(Signature)	(First name and surname)

Annex 5
to the Call

KYC questionnaire for legal entities (attached)

Annex 6
to the Call

THE LIST OF DOCUMENTS TO BE SUBMITTED WITH THE EXPRESSION OF INTEREST:

Item (separate file)	Accepted file formats
1. Applicant's most recent regulatory body registration/disclosure form (if applicable).	PDF, Word (.doc/.docx)
2. The audited financial statements of the Applicant for the last 3 years (if applicable).	PDF, Word (.doc/.docx)
3. Chart of ownership, management and control structure including country of establishment of the Applicant, General Partner of the Pre-Seed Fund and VC Fund, any other related entities, its relevant investment advisors and any sponsor/parent organization.	PDF, Word (.doc/.docx), Excel (.xls/.xlsx).
4. Applicant's (the Fund Manager) budget.	Excel (.xls/.xlsx)
5. Pre-Seed Fund budget and VC Fund budget (separately).	Excel (.xls/.xlsx)
6. Pre-Seed Fund and VC Fund Portfolio Model for the life of the Fund Group.	Excel (.xls/.xlsx)
7. Fund information form (attached): • List of potential investors contacted, the status of discussions, and the names and amounts committed by each investor, with a clear distinction between hard and soft commitments • Details of advanced investment pipeline opportunities for the Fund • Each team member individual track record	Excel (.xls/.xlsx)

MS Excel form "MILI2_*Fund information form":*

(attached)

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