INDIANA ECONOMIC DEVELOPMENT CORPORATION
INDIANA ANGEL NETWORK FUND III PROGRAM ("IANF III")
Investment Policy

Adopted June 30, 2022
Previously amended March 28, 2024
Amended June 25, 2025

PURPOSE

This Investment Policy specifically applies to IANF III, which has been established to invest, hold, and account for funds received by the State of Indiana through the State Small Business Credit Initiative administered by the United States Treasury as it has been reauthorized by the American Rescue Plan Act of 2021 ("SSBCI Program"). Because SSBCI Program is the sole source of funds for IANF III, compliance with laws, regulations, and guidance related to that program as well as the state statutory provisions of the Indiana Twenty-First Century Research and Technology Fund ("21 Fund"), which serves as Indiana's statutory authority for the creation and operations of this IANF III, are required to make investments.

The purpose of IANF III, currently managed through the Indiana Angel Network Fund, LLC, by Elevate Ventures, Inc. ("Elevate Ventures") through its subsidiary Elevate Advisors, LLC ("Elevate Advisors"), and pursuant to Elevate Ventures' professional services contract with the State of Indiana and the Indiana Economic Development Corporation (the "IEDC"), is to foster and promote the development of entrepreneurs and emerging Indiana companies within the State of Indiana in support of the Indiana economy and its creation and retention of jobs. Elevate Ventures is an Indiana-based nonprofit venture development organization.

In conjunction with other State-supported funds and programs, IANF III aims to stimulate statewide technology-based economic development by actively inducing participation of angel and institutional investors through sharing of deal flow, due diligence, and co-investment.

TYPE OF INVESTMENT

Upon completion of its review and approval process and with the ultimate approval in compliance with State and Federal law by IEDC staff, Elevate Advisors may make an investment through IANF III into an Investee (as defined below) at substantially the same time, pursuant to substantially the same structure, and on substantially the same terms as the qualified private co-investment capital. Funding made available to Elevate Ventures through IANF III shall only be used for investment capital and ultimately for purposes of repaying outstanding loans due to the State in accordance with each loan agreement made and entered into by and between the IEDC and Indiana Angel Network Fund, LLC, and may not be assessed or allocated against any management fees or expenses, including but not limited to administration costs of Elevate Ventures or any of its subsidiaries. Any interest earned while such funds are held in an account managed by Elevate Ventures or any of its subsidiaries may only be used for purposes of repaying the debt obligations owed to the State.

DEFINITIONS

Commercial Domicile – has the meaning set forth in 45 IAC 3.1-1-32.

C-Suite Position – means a top-level executive, usually denoted as a Chief Officer, who oversees the decision-making and operations of a portion of or all of the company. Whether a position is C-Suite necessarily includes a review of job functions to ensure that duties align with position titles and must include ownership of at least five percent (5%) non-diluted interest in the company.

Headquarters – means the company: (1) has its North American Principal Office Address located in Indiana per the Indiana Secretary of State Business Registration Filing and, in the context of all information required to the satisfaction of the State, that the named Indiana Principal Office Address serves as the Commercial Domicile of the company; and (2) has at least one full-time C-Suite Position who is a Resident in Indiana.

Resident – has the meaning set forth in 45 IAC 3.1-1-21, 21.5, 22, and 22.5.

INVESTMENT CRITERIA

The terms of any investments made by IANF III and the businesses in which such investments are to be made (each such business, an "Investee") shall be made pursuant to the following Investment Criteria:

Business Terms

1. Total investments by IANF III in any one Investee shall not exceed One Million Dollars ($1,000,000.00), excluding any and all prior CIF, SBIR/STTR, SRF, HPSG, EPFF/Nexus/Pre-Seed Fund, MEF and/or Innovation Voucher investments, or any other source of capital provided by, or investment made with funds sourced from, the IEDC.
2. Each IANF III investment shall be on substantially similar terms as the qualified private co-investment.
3. The private co-investment must be in the form of qualified investment capital as set forth below which supports investments with an average principal amount of Five Million Dollars ($5,000,000.00) or less and will not provide investment support if a given transaction exceeds Twenty Million Dollars ($20,000,000.00). For the purposes of these Investment Criteria, qualified investment capital shall mean debt or equity capital from a non-governmental source that is provided to an Indiana business that meets the Investment Criteria herein. However, the term does not include debt that is provided by a financial institution that is secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all other collateral or security interests of other taxpayers that provide debt or equity capital to the Indiana business that meets the Investment Criteria herein.
4. Each IANF III investment must substantially abide by Elevate Advisors' general capital and performance milestone qualifications.
5. The Investee shall be required to provide the investment performance metrics and other data prescribed by the State and Elevate Advisors.

Indiana Business Requirements

6. Each IANF III investment shall be made into an Indiana business that:

(a) has 500 employees or less, specifically not to exceed 750 employees;

(b)

is determined by Elevate Advisors and approved by the State to have its Headquarters in the State of Indiana;

(c) is primarily focused on:

  (i) a high-growth business model where venture funding is likely to benefit that growth and is striving to successfully compete for federal or private research and development funding, including the pursuit of private venture funding;

  (ii) the commercialization, transfer, and/or application of research and technology into marketable products; or

  (iii) a business plan that is determined by Elevate Advisors and approved by the State to have significant potential to:

    1. bring substantial capital into Indiana;
    2. create jobs; or
    3. diversify the business base of Indiana.

(d) is an innovation-driven enterprise with a total addressable market of at least Five Hundred Million Dollars ($500,000,000);

(e) has had average annual revenues of less than Fifteen Million Dollars ($15,000,000.00) in its two (2) most recent fiscal years; and

(f) is not primarily engaged in a business involving: real estate; real estate development; insurance; professional services provided by an accountant, a lawyer, or a physician; or oil and gas exploration.

7. The Investee's investment criteria may not prohibit investments in Indiana's distressed regions, as defined by the United States Economic Development Administration guidelines.

Investment Merit

8. The investment has been evaluated by Elevate Advisors to meet or exceed the following qualitative and quantitative criteria:
   - Team – demonstrates complementary skills or prior startup venture experience, coachability, and commitment to high-growth ventures;
   - Market – addressable market size over Five Hundred Million Dollars ($500,000,000); demonstrates competitive advantages such as technical superiority, speed of execution, partnerships, etc.; and a business and revenue model that is realistic, repeatable, and scalable;
   - Product – articulated and accepted value proposition, demonstrated technical scalability, and product development roadmap based on customer feedback. While no technology invention is required, application of technology is usually desired as part of product or solution offering;
   - Customer – identified target customers and decision-makers with desirable attributes based on sales cycle, stickiness and upsell potential, through either direct or indirect sales approaches, with revenue generating companies demonstrating compelling customer references;
   - Return – reasonable market-driven investment terms with a capital structure appropriate for institutional investment with no significant business or financial liabilities and value-added strategic or financial co-investment partners strongly preferred.

Lead Investor

9. IANF III investments are primarily intended to be matching capital for privately derived and led rounds in Indiana companies to increase the capital available for venture deals across the State. However, Elevate Advisors may take a lead investor role in structuring investment terms, including financial, corporate governance, and other applicable operational requirements, through IANF III investment but must receive approval from the State before promising, committing to, or taking a lead investor role.

Co-investment Requirement

10. Each IANF III investment is required to be syndicated with other capital sources on a minimum 1:1 basis.

Accelerated Syndication for Qualified Lead Investors

11. For investment syndications led by qualified lead investors, Elevate Advisors may pursue an accelerated investment consideration process based on consideration of the following:
    - The lead investors are professionally managed venture funds with a strong investment and portfolio management track record;
    - Elevate Advisors preferably has a positive co-investing history with the lead investors;
    - The investment syndication is based on a market-driven set of terms set by the lead investors, as determined reasonable by Elevate Advisors;
    - Elevate Advisors can access or assess the due diligence work conducted by the lead investors.

Limitations

12. The Investee's investment criteria may not prohibit investments in Indiana's distressed regions, as defined by the United States Economic Development Administration guidelines.
13. No IANF III investment will finance, in whole or in part, any business activities prohibited by federal or Indiana law.
14. Each IANF III investment shall meet any other criteria adopted by the Board of Directors of the IEDC from time to time.

PROHIBITED USE OF FUNDS

In accordance with federal regulations, IANF III is prohibited from making investments to:
- finance a non-business purpose;
- refinance existing debt where the lender is in a position to sustain a loss and the investment would take over that loss through financing;
- effect a partial change of business ownership or a change that will not benefit the business;
- permit the reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business' continuance; and
- repay delinquent state or federal withholding taxes or other funds that should be held in trust or escrow;
- fund employee stock options (ESOPs).

Further, as applicable, all investments will comply with any and all rules, regulations, and procedures required by the SSBCI Program.

INELIGIBLE RECIPIENTS

The following are NOT eligible for investments: Educational Institutions, Nonprofit Organizations principally affiliated with Educational Institutions, Units of Local Government, other State Agencies, Commercial Lenders, Utilities, Industries, Indian Tribes or Public Entities.

Additionally, IANF III is prohibited from investing in or lending to the following ineligible businesses:

- Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.
- Firms involved in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business.
- Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (but excluding agents of insurance companies), and any other firm whose stock in trade is money.
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants.
- Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution.
- Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority.
- Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives.

IANF III is also prohibited from utilizing awarded funding to: (i) unduly influence or attempt to influence any agency, elected official, officer or employee of a State or Local Government in connection with the making, awarding, extension, continuation, renewal, amendment, or modification of any State or Local Government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. Section 1352; or (ii) pay any costs incurred in connection with any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including U.S. Treasury), or the State of Indiana.

CONFLICT OF INTEREST RULES AND LIMITATIONS

For the purposes of this section, any reference to Elevate Ventures includes all of its subsidiaries. Elevate Ventures, as part of its professional services contract with the IEDC and as a matter of law when investing the State of Indiana's funds, shall provide a conflict-of-interest review and be alert for situations where

Elevate Ventures and those individuals involved in or with control over its investment decisions, including those individuals with control over those involved in or with control over its investment decisions, have a financial interest in companies that receive capital from 21 Fund. These "conflict of interest" situations must be avoided to comply with federal and state laws and to maintain the 21 Fund's integrity, both real and perceived.

For Elevate Ventures to meet its expectations with respect to conflicts of interest to the satisfaction of the IEDC, the following requirements and limitations apply to "Interested Persons" of Elevate Ventures includes officers, committee members, board observers, employees, and directors of Elevate Ventures, as well as "Other Interested Parties" as defined in the Policy referenced in the next bullet), with respect to the utilization of 21 Fund dollars:

- In accordance with the Confidentiality and Conflict of Interest Policy of Elevate Ventures, as amended and currently in effect, and as may be further amended subsequent hereto with the written consent of the IEDC (the "Policy"), in no event shall Elevate Ventures recommend, negotiate and/or complete any transaction or arrangement in which an "Interested Person" (or his or her "Immediate Family" or an "Interested Business") has any "Financial Interest" with the foregoing defined terms having the meanings assigned to them in the Policy. NOTE: As set forth in the Policy, a Financial Interest of an Other Interested Party shall only be evaluated with respect to the particular business decision or matter for which any such Other Interested Party is engaged by Elevate Ventures.

- Disclosure and/or recusal of the conflicted Elevate Ventures personnel is not a sufficient action to resolve any actual or potential conflict of interest in connection with consideration of, or a vote on, entering into a transaction or arrangement using funds provided by the IANF III in instances where there is a conflict of interest identified under the Policy.

- Accepting a role as an Interested Person of Elevate Ventures does not require any such person to divest financial interests in a company resulting from previous employment or personal investment activity, however, once a person becomes an Interested Person, any company in which the individual has a "Financial Interest" is prohibited from receiving an investment from the IANF III.

- Elevate Ventures identifies potential conflicts of interest by having all of its Interested Persons make self-disclosures of their "Financial Interests", "Immediate Family", and their "Interested Businesses", and additionally, during due diligence, Elevate Ventures will review the capitalization table of potential investment targets to determine the existence of any conflicts of interest.

- Elevate Ventures must also be sensitive to perceived conflicts of interest in addition to the requirements and limitations applicable to actual or potential conflicts of interest as described above. Elevate Ventures shall disclose to the IEDC circumstances in which it has actual knowledge and believes that such circumstances may be perceived as a conflict of interest in connection with any potential IANF III investment, even if not an actual conflict of interest per the Policy. The State reserves the right to approve or deny any investment based on a perceived, actual, or potential conflict.

- The Elevate Ventures Chief Compliance Officer is responsible for determining the existence of any conflicts of interest and for managing any such conflicts per the Policy, with the Elevate Ventures Board of Directors and the IEDC.

- The IEDC conducts a similar disclosure and review process for its senior management team and Board of Directors and the process for disclosure, recusal, and/or elimination from investment consideration of the conflicted IEDC personnel, IEDC Board Members, or investment pursuant to the Indiana Code of Ethics and federal guidelines.

- Any potential changes to the Elevate Ventures Confidentiality and Conflict of Interest Policy will be reviewed and approved by the IEDC.

Further, as applicable, all investments will comply with the conflict-of-interest policy requirements of the SSBCI Program.