

Inno booster People – Extraordinary Call for Promising Knowledge-Based Danish Start-Ups Affected by the COVID-19 Crisis

Application Deadlines

On an ongoing basis until 1 December 2020

Budget for This Call

DKK 175 million

Purpose

The financial situation following COVID-19 creates difficult conditions for the continued development of knowledge-based Danish start-ups. It is difficult to obtain the investment capital and earnings that should finance the further development, and many promising Danish start-ups therefore risk having to close down or strongly reduce the level of activity and dismiss employees who will be decisive for the company's future development. With the call Inno booster People, Innovation Fund Denmark wishes in this extraordinary situation to offer particularly promising Danish start-ups salary subsidies to retain or rehire¹ up to three key employees for a period of 12 months.

Who Can Apply?

The application opportunity focuses on particularly promising knowledge-based Danish start-ups that have already obtained validation of their solution in the form of either external capital injection or turnover. Therefore, in order to be able to apply, it is a prerequisite that the company meets one of two requirements:

- Overall, the company has attracted capital of a minimum of DKK 500,000 in the form of convertible loans, capital injection or grant from an external investor or from a public research, development or innovation programme
- The company has achieved a turnover of at least DKK 2 million in the most recent completed financial year

In addition, the company must have a Danish CVR number in order to apply.

In terms of State aid, the grant is paid out as aid for start-ups within the framework of the EU Commission's general block exemption Regulation on State aid, and the company must thus fulfil certain conditions. These are described in article 22 (2) of the Regulation. The requirements are as follows:

- The company must not be more than five years old at the time of funding
- The company must not have taken over another company's activity, distributed profits or been created through a merger with a company that does not meet the requirements of the EU start-up aid programme
- The company must have less than 50 employees and a maximum of EUR 10 million in annual turnover or annual total balance

¹ For employees who work for the company at the time of application or who were dismissed after 1 March 2020.

No subsidies may be paid out to undertakings in the fishery and aquaculture sector and the sector for primary production of agricultural products, as referred to in article 1 (3), (a) and (b) of EU's general block exemption Regulation.

What Can Companies Apply for?

If the above requirements are met, a company may apply for a salary subsidy of up to DKK 30,000 per employee per month for 12 months for 1-3 full-time development employees with a higher education. The salary subsidy may co-finance salaries for present employees (full-time employees who worked for the company at the time of application) as well as employees who have been laid off after 1 March 2020 due to the COVID-19 situation and where the company wishes to rehire the same persons. Companies cannot apply for subsidies for hiring new staff – neither new positions nor new employees who will take over the positions of previous employees.

Each company may apply for a maximum of DKK 1,080,000, and a maximum of one grant per company may be provided.

If the company wishes to apply for a salary subsidy for more than one employee, it is a condition that there is a similar number of full-time employees in the company working in accordance with collective and other arrangements, for whom there is no application for a salary subsidy through Innobooster People.² If, for example, a company is applying for salary subsidies for two employees, it is thus required that in addition to these, there are two other full-time employees/FTEs in the company. Companies cannot apply for salary subsidies for business owners,³ and these do not count in the calculation of the number of employees.

Companies can only apply for a grant for named employees, and the salaries of the employees must be clarified at the time of application. With regard to rehiring, a signed employment contract must be available no later than at the beginning of the grant period. If the application covers more people, the salary subsidies must cover the same period. The earliest starting time of the subsidies will be on the 1st day of the month after the application has been approved.

Companies may maximally apply for co-financing from Innovation Fund Denmark of 75% of the salary costs for each individual employee. These salary costs may not be covered by other aid schemes introduced as a result of COVID-19 or other public salary subsidies. Likewise, persons for whom the company receives salary subsidies via Innobooster People may not simultaneously settle their time in other projects that are receiving subsidies from Innovation Fund Denmark or other public grant programmes, including Innobooster. Costs other than the salary subsidies cannot be covered by the grant.

Grants are awarded under the EU Commission's general block exemption Regulation on State aid, Article 22, on aid for start-ups.

Assessment Criteria

Applications from companies that meet the requirements under 'Who can apply?' are evaluated based on four criteria:

- Novelty

² This is calculated on the basis of the number of FTEs (Full-time Equivalent), excl. owners. However, the employees for whom the company applies for salary subsidies must be full-time employees (37 hours per week) in the company.

³ An owner is a person who owns at least 5 % of the company.

- Business potential
- Implementation
- Economic impact

The assessment emphasises the following:

Novelty

- That it is a knowledge-based start-up with an innovative solution
- That the employees for whom funding is sought perform development tasks in the company

Business potential

- That it is probable that the company may achieve significant growth and earnings within 3-5 years

Implementation

- That the company and its results are sufficiently validated, commercially and/or technologically
- That the company has a strong and qualified team, based on professional skills and experience

Economic impact

- That the company has a clear need for subsidies based on the COVID-19 situation in order to maintain its development capacity
- That it is very likely that value-adding results may be expected from the grant which will significantly strengthen the company's growth opportunities
- That the desired grant is reasonably proportional to the company's needs, potential, financial robustness and validation achieved

Based on these assessment criteria, an overall assessment will be made, which basically evaluated whether there is a reasonable balance between, on the one hand, the size of the sought grant and, on the other, the business potential of the company, the company's starting point in the form of the team and the validated results, the company's need for help and the results that may be expected via the grant.

Applications are processed on an ongoing basis, and funds are allocated to projects that qualify for a grant based on the above-mentioned overall assessment. If there are more qualified applications than the budget can finance, grants will be provided in the sequence in which applications have been submitted.

Disbursement of the funds is based on Act No. 182 of 28 May 2020 and pursuant to Section 18 (1) of Act No. 306 of 29 March 2014 on Innovation Fund Denmark.

The Assessment Process

Applications for this Innobooster call must be submitted via e-grant, which is Innovation Fund Denmark's application portal.

The application consists of a short application form, with attached pitch deck and CVs of the persons for whom subsidies are sought (maximum two pages per person).

Among other things, the application form must address the following points:

- *The challenges:* Which challenges has the company experienced as a result of the COVID-19 crisis? How does the company's financing horizon/runway look? (maximum 3000 characters, including spaces)
- *The development activities:* Which development tasks must be carried out by the persons, for whom a grant is sought? (maximum 2000 characters, including spaces)
- *The results:* Which results does the company expect from the grant? (maximum 2000 characters, including spaces)

The pitch deck must include approximately 12 slides. There is no mandatory structure for the pitch deck, but the following areas should be included:

- Problem and solution
- Product description
- Traction – validation and results
- Business Model
- Market and competition
- Team
- Financial key figures: Turnover, gross profit/loss, financial result, equity, average number of full-time employees (most recent financial year)

Companies must ensure that the submitted CVs are up to date and reflect the fact that the persons for whom the company is applying for subsidies worked for the company at the time of application. Pitch decks and CVs must be uploaded in PDF format and may not exceed a maximum of 25 MB, combined.

It should be noted that failure to comply with the form requirements in the application material or with the application deadlines may result in an application being rejected without active consideration.

The applications are evaluated by Innovation Fund Denmark, including – as required – by the Fund's Innobooster panel, which has experienced business angels, investors and entrepreneurs as members. In all cases, the final decision will be made by the management of the Fund. Both employees of the Fund and members of the Fund's Innobooster panel are subject to professional secrecy.

Payments, Financial Accounting and Reporting

The grant is paid out with a prepayment of 50% of the amount granted, followed by 25% after the 6th month, provided that the company prior to this date confirms that the employment relationship is still valid. If the company does not confirm that the employment relationship remains valid, payment will be deferred until the relationship has been sorted out.

Finally, a report is submitted regarding the company's business and technological development during the grant period and the results obtained on the basis of the grant together with an auditor's statement. The final auditor's statement must confirm that all information provided is correct, and that the company and, where relevant, the ownership structure of which the company forms a part may obtain support under the EU start-up aid programme. The last payment of 25% will only be paid when there is an approved financial report and a final auditor's statement.

Version History

Version 2: Alterations to the original document are 1) requirements when specifying number of non-salary-subsidised employees, and 2) formulation of requirements regarding the number of pages in the applicant's pitch deck. Publication date is 18 June 2020.

Version 3: Clarification of understanding of present employees' CVs, definition of full-time and clarification of expectation of auditor's statement. Publication date 3 July 2020.