WELCOME TO THE WEBINAR: START-UP INNOVATION PROJECTS

INNOSUISSE

23.02.2023
START-UP INNOVATION PROJECTS

- 09:00 Welcome & introduction
- 09:05 Information on the new start-up instrument and application process, Nicolas Martin
- 09:20 Due Diligence process, Jörn Graf
- 09:35 Q&A moderated by Eliane Kersten
- 10:00 End

Nicolas Martin  
Co-Leader Innovation Projects

Jörn Graf  
Corporate Finance Manager

Moderation: Eliane Kersten  
Co-Head of Communications
START-UP INNOVATION PROJECTS: INFORMATION AND APPLICATION PROCESS

NICOLAS MARTIN
DIRECT PROJECT PROMOTION
PRIOR TO MARKET ENTRY

GOAL
→ Financial support for start-ups prior to market entry in realising science-based innovation projects
→ Preparing start-ups for entering the market for the first time
→ Bringing new products and services onto the market quickly and efficiently.

• Direct financial support for start-ups
• Part of the permanent funding portfolio of Innosuisse
• Applications can be submitted to Innosuisse throughout the year
• Details about conditions and online platform - Innolink: website

Online portal is available for submission since 14.02.2023
ELIGIBLE START-UPS:

- Have not yet entered the market and do not yet offer any fully developed products or services on the market
- Have a scalable business model, with the potential for more than linear growth
- Were founded less than 5 years ago (in justified exceptional cases, start-ups founded up to 10 years ago may also be eligible)
- Have a registered office in Switzerland
- Have fewer than 50 full-time equivalents (FTE) at the time the application is submitted

ELIGIBLE PROJECTS:

- Innovation projects are based on application-oriented research
- Innovations can be quickly launched on the market after completion of the project
- Evaluation criteria in line with those of standard innovation projects plus proof of financial capacity to provide the envisaged own contribution
- Max. financial contribution from Innosuisse: 70% of direct project costs, start-up bears at least 30% of costs as own contribution
- Maximum project duration: 36 months

Neither consortia nor projects by university research groups are eligible
FOR A START-UP INNOVATION PROJECT
A GOOD APPLICATION IS...

INNOVATION DEGREE
- Innovative content is clearly identifiable in relation to current state of knowledge and the available solutions
- Based on application-oriented research and feasibility study
- Scalability of product or service
- Transition from prototyping and validation to first market launch
- Freedom To Operate – FTO – is demonstrated (no obvious conflict with existing patents)

VALUE CREATION
- Timing: market conditions, trends, proof of early market traction
- Competition and USP
- Commercialization strategy incl. business and revenue model
- Go to market strategy (implementation of your business model)
- Sustainable development
- Value creation in Switzerland for the economy and society
- Convincing cost-benefit ratio

PROJECT SETUP
- Meaningful project methodology (testing in a relevant environment with relevant stakeholders)
- Project planning is realistic and consistent
- Milestones are set reasonably and goals are described quantitatively
- Team with required resources and skills (technical skills and business expertise)
- Risk management: identification of potential project failure risks and mitigation plan

Financial capacity will be checked with a Financial Due Diligence assessment
PROJECT BUDGET

Only **eligible costs** count in project budget, in-kind contributions are not accounted for:

Costs that are **actually incurred and necessary** for the project:

- **Personnel costs**: salaries of the project team members in accordance with their hourly workload in the project including employer social contributions;
- **Material costs**: procurement of infrastructure necessary for the project, if not part of basic infrastructure of company, market research and resulting activities (pricing models, IP management), third-party services specific and critical for the success of the project, necessary cross-border travel;
- **Not eligible**: costs with no impact on the shaping of the final product or service, for example: customer acquisition, marketing, building up branch office in new market etc.
2-STEPS EVALUATION PROCESS

Application should be submitted 8 weeks before meeting dates
The **dates for the pitch** have already been defined
## The Differences with Swiss Accelerator

<table>
<thead>
<tr>
<th>Differences</th>
<th>Swiss Accelerator innovation projects</th>
<th>Start-up innovation projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CUSTOMERS</td>
<td>Established SMEs and start-ups up to 250 FTEs after market entry</td>
<td>Start-ups up to 50 FTEs prior to market entry</td>
</tr>
<tr>
<td>2. PROJECTS</td>
<td>• Innovation project with a potentially scalable product or service</td>
<td>• Development of a scalable product or service</td>
</tr>
<tr>
<td></td>
<td>• Innovation project is already close to market launch</td>
<td>• Application-oriented research/development that prepares for rapid implementation on the market</td>
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<tr>
<td></td>
<td>• Accelerate the growth of Swiss companies already established on the market</td>
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</tr>
<tr>
<td>3. CALL FOR PROJECTS</td>
<td>1 call per year planned</td>
<td>Submissions ongoing</td>
</tr>
<tr>
<td>4. PROJECT DURATION</td>
<td>Unlimited</td>
<td>Max. 36 months</td>
</tr>
<tr>
<td>5. DURATION</td>
<td>Transitional measure only until Switzerland’s re-association with Horizon Europe</td>
<td>Part of the permanent funding portfolio of Innosuisse</td>
</tr>
</tbody>
</table>
YOUR CONTACTS
FOR INNOVATION PROJECTS

LIFE SCIENCES
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4 TAKE AWAYS

- Your start-up is preparing to enter the market for the first time, ready-developed products or services are not yet offered on the market → Neither consortia nor projects by university research groups are eligible.

- The start-up innovation projects is a highly competitive instrument and is a fixed component of the Innosuisse funding portfolio → No hurry to submit your application.

- Your applications must be of very high quality both in terms of content and completeness → High quality is important, don’t submit incomplete or sub-par applications.

- Application should be submitted 8 weeks before meeting dates, we will do our best to ensure that your proposal is decided at the next meeting → However, there is no guarantee of this, depending on the number of applications submitted.
FINANCIAL DUE DILIGENCE

JÖRN GRAF
**Definition in the business context**

Research and analysis of a company or organization done in preparation for a business transaction (such as a corporate merger or purchase of securities).

Source: Merriam-Webster
• Fiduciary duty
• Comprehensive view of project and company
• Understand drivers and assumptions
• Expected impact on cash flows, profitability
• Risk profile
• One element of many
• In this section we will provide an overview of the financial application file.

• An excel file with various sections will guide you through the required steps.

• This excel file is available as a download in our Innolink tool:

*Application – 5. Project Setup – Financial Data*
A. General information

- Tables are locked to ensure the integrity of the calculations.
- Beware of inadvertently moving input cells – risk of issues with calculations.

B. TABLE OF CONTENTS

B.1 Company data: Requests relate to the entire company (not only to the project).

Description
1. Financial Overview Questions
2. Historical BS
3. Historical PL
4. Ownership Structure
5. Debt and Grants
6. Cash Flow Planning

C. LEGEND

Description
On cells that are highlighted red either i) the cell is required to be filled out or ii) a selection needs to be made.

2000
Values in italics link to another tab. Please refer to that particular tab for any changes.

Error
Calculation error - please review your input again.

Greyed out cells - no input required.
Calculated cell - no input required.
Calculated cell - no input required.
Calculated cell - no input required.

- Certain ranges of cells are locked to ensure consistency of the data across all applications submitted to Innosuisse.
- We ask you to refrain from any attempts to unlock any of the worksheets.
- Files which were tampered with or which exhibit changed formulae or adapted worksheets will not be considered.
### Financial Overview

#### 1.0 Questions

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Did fiducaries, accountants, legal/tax advisors, or an auditor assist you in preparing this excel file?</td>
<td>Select answer</td>
</tr>
<tr>
<td>Q2</td>
<td>If yes, by whom?</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>Are the annual financial statements being audited?</td>
<td>Select answer</td>
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<tr>
<td>Q4</td>
<td>If yes, what kind of audit type was performed (select answer)?</td>
<td></td>
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<tr>
<td>Q5</td>
<td>Which accounting standards are applied?</td>
<td>Select answer</td>
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<tr>
<td>Q6</td>
<td>Is a documentation on the internal control system available? Internal controls are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.</td>
<td>Select answer</td>
</tr>
<tr>
<td>Q7</td>
<td>Are the financial statements prepared internally (e.g. via internal finance team) or externally (e.g. by a fiduciary)?</td>
<td>Select answer</td>
</tr>
<tr>
<td>Q8</td>
<td>If externally, who is the external provider?</td>
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<td>Q9</td>
<td>If internally, who is responsible for the preparation of the financial statements?</td>
<td></td>
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<tr>
<td>Q10</td>
<td>If internally, what is the highest education related to finance this person has obtained? (please describe)</td>
<td></td>
</tr>
</tbody>
</table>

1. Dropdowns incorporated throughout the file

2. Text fields should be used to provide crisp comments allowing the evaluators to grasp your story.
Please pay attention to intro comments which may be helpful when filling in the tables

Positive values for assets, negative values for liabilities and equity

Treasury shares
- No separate line item available
- Deduct these from the share capital

Positive values for revenue and income, negative values for expenses

B.1_Company data
Historical B/S
Historical P&L
Please provide insights into your funding strategy.

All data is treated in a most confidential manner.

Debts (types, maturity, etc.)

Grants (types, maturity, etc.)

Convertibles?
**Cash Flow Planning**

Cash flow planning for the entire company including the project

Select either **top-down** revenue or **volume-price** per major sales items

- **Differentiation** between project and company sales
- No need to split the other items (P&L, BS)

<table>
<thead>
<tr>
<th>Currency CHF</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tr>
<td>Planning methodology for project revenues:</td>
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<tr>
<td>Total - Price-Volume Method</td>
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<td>Top-down revenue</td>
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<td>Revenues Project</td>
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<td>0.00</td>
<td>0.00</td>
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<td>Revenues from &quot;Other Business&quot;</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Cost of materials, goods and services</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>Personnel expenses</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Operating expenses</td>
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<tr>
<td>EBITDA</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Depreciation and amortization</td>
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<td>EBIT</td>
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<tr>
<td>Financial income (incl. non-discrete grants)</td>
<td>0.00</td>
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<tr>
<td>Interest income</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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</tbody>
</table>
| Actuals are filled in based on the numbers captured in «Historical BS and PL»

**INTRO INTO FINANCIAL APPLICATION**

**START-UP INNOVATION PROJECTS**
- Cash inflows: positive numbers
- Cash outflows: negative numbers

**Cash Flow Planning**

1. **Tax rate**: either enter your specific rate or let the table apply a standard rate of 20%.

2. **Net working capital**: table calculates the changes y-o-y for the history; # days required for forecasting period.

3. Please pay attention to cash flows from operations and investments – entries required for past and future.
### Cash Flow Planning

#### Forecast financials as of 2023 til 2028 (5 full business years)

<table>
<thead>
<tr>
<th>Currency: CHF</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
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<tr>
<td>Revenues Project</td>
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<tr>
<td>Revenues from &quot;Other Business&quot;</td>
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<tr>
<td>Total revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.30</td>
<td>0.00</td>
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<tr>
<td>Cost of materials, goods and services</td>
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<td>0.00</td>
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<tr>
<td>Personnel expenses</td>
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<tr>
<td>Operating expenses</td>
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<tr>
<td>EBITDA</td>
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<tr>
<td>Depreciation and amortization</td>
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<tr>
<td>EBIT</td>
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<tr>
<td>Financial income (incl. non-dilutive grants)</td>
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<td>0.00</td>
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<tr>
<td>Financial expenses (interest)</td>
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<td>0.00</td>
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<tr>
<td>Non-operating income/expenses</td>
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<td>0.00</td>
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<td>Ordinary result</td>
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<td>Taxes</td>
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<tr>
<td>Net result</td>
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<td>Change in NVC</td>
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<tr>
<td>Change in other NVC</td>
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<tr>
<td>Total change in NVC</td>
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<tr>
<td>EBITDA</td>
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<td>Change in long-term provisions</td>
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<tr>
<td>If relevant: Change in non-cash relevant items (e.g. gain from sale of property)</td>
<td>0.00</td>
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<td>Change in NVC</td>
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<tr>
<td>Investment in property, plant and equipment</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Disposal of property, plant and equipment</td>
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<td>Other investing-related (if relevant)</td>
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<tr>
<td>Cashflows from investing activities</td>
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<td>Proceeds from non-dilutive grants</td>
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<td>0.00</td>
<td>0.00</td>
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<td>Proceeds from debt</td>
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<td>Repayment of debt</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Proceeds from issuance of equity</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
</tr>
<tr>
<td>Interest paid</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td>0.00</td>
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<tr>
<td>Dividend paid</td>
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<td>0.00</td>
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</tr>
<tr>
<td>Other financing-related (if relevant)</td>
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<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td>Cash inflows from BUNOSUSSIE GRANT</td>
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<td>0.00</td>
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<td>0.00</td>
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</table>
KEY TAKE AWAYS

➢ Consider the Financial File as an essential tool to think in a structured way about your relevant business drivers and assumptions. It distills the outcome of your strategy.

➢ Objectives of the financial due diligence:
  • financing requirements are clearly identified
  • medium-term expenditure framework
  • deal with the drivers and assumptions of a (project) business case

➢ Cash is king - focus on the cash generation of your project/company.
REMEMBER

- **Recording**: The webinar has been recorded and will be published in the next days on our website.

- **More questions?** Write an e-mail to innoprojects@innosuisse.ch
THANK YOU

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info@innosuisse.ch

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