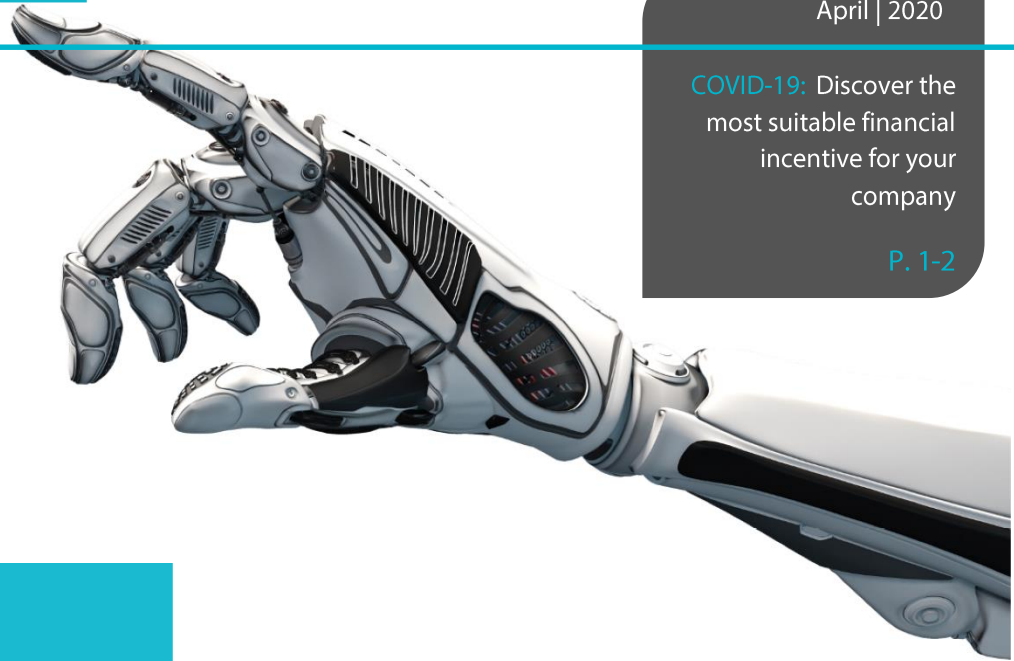


COVID-19: Discover the most suitable financial incentive for your company

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STARTUPS

A BREATH OF FRESH AIR FOR THE PORTUGUESE STARTUPS

Good news for the Portuguese startups ecosystem.

Last Tuesday, the Minister of Economy and Digital Transformation announced that the government will launch a package of measures to support the ecosystem that will inevitably enter into a phase of economic crunch due to the emergence of Covid-19.

Such instruments are, in particular:

1. Startup RH Covid19 (INCENTIVE)

This measure aims to ensure immediate liquidity to startups, helping them to maintain jobs; it takes the form of a financing equivalent to 1 Portuguese minimum wage (€ 635) for each job, up to a limit of 10 employees per startup. Among the eligibility conditions, the company must have complied with its tax and social security obligations and have been incorporated less than 5 years ago. Applicants for financing undertake not to dismiss their employees during 2020: otherwise they shall reimburse the financing granted.

2. Startup Voucher Extension (Incentive)

Startups that have already received the Startup Voucher grant (“bolsa do Startup Voucher”) (€ 2,075 per entrepreneur) will be able to take advantage of this support for another 3 months.

3. Covid194 Incubation Valley (Incentive)

Such incentive applies to startups under 5 years old and finances incubation services in the amount of € 1,500 (among others, rent and telecommunications). It is a 100% non-refundable incentive. The beneficiaries undertake not to dismiss their employees during 2020, otherwise they shall reimburse the financing granted. Candidates must be registered with the National Incubator Network (“Rede Nacional de Incubadoras”); the company must also have complied with its tax and social security obligations and be between 1 and 8 years old.

4. “Mezzanine” funding for Startups 5 (Venture Capital)

Such measure is intended for startups that have already benefited from investments, incentives, or that have already gone through technology transfer processes; it consists of a loan (average tickets between € 50,000 and € 100,000) by way of capital

contributions; the loan is convertible into equity, after a period of 12 months. The conversion mechanism prevents dilution of the promoters. Beneficiaries undertake not to dismiss their employees during 2020; otherwise the investment shall be refunded. Such a financing will be managed by Portugal Ventures (<https://www.portugalventures.pt/>) and shall be applied for by the Startup in coordination with one or more of the relevant shareholders.

5. Launch of COVID19 instrument - PV (Venture Capital)

It is a call for investments in startups, with tickets starting at € 50,000. The managing entity is Portugal Ventures, a venture capital firm owned by the Portuguese State; such call interests all sectors and technologies and is compatible with other financing instruments, including the 200M Fund; it requires the co-financing by, at least, 30% of the existing shareholders at the date of the application.

In addition to the 5 measures mentioned above, which are new and exclusive for startups, the government has adapted 2 pre-existing instruments in order for them to be applicable to startups:

6. 200M Fund (Venture Capital)

It is a fund that allows co-investment (matching) between the fund (managed by PME Investimentos) and private investors, national or foreign, in startups in the late seed and Series A and B rounds. The minimum private investment is € 500,000. The investee companies must operate in the digital, life sciences and biotech areas. Private investors are entitled to a call option during the first years of investment, with an internal rate of return between 4-6%.

7. Co-investment fund for social innovation (Venture Capital)

The same logic of co-investment (matching) applies to such measure: the Social Innovation Fund (FIS) helps social impact startups to leverage private investments in seed up to Series A rounds. FIS can invest between € 50,000 and € 2.5 MO per operation. Private investors (minimum ticket of € 50,000) are entitled to a call option during the first years of investment, with an internal rate of return between 3-5%. Applicants for this measure are subject to a validation process that verifies the innovation and social impact of the projects.

The order of arrival rule applies, until the firepower of these instruments (a total value of € 267.3 million) runs out.

Once again, the Portuguese State has confirmed the importance it attaches to the startups ecosystem, a bet that began in 2012 and that so far it is paying dividends.

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