



CREATION HOUSE PROGRAM

CONVERTIBLE LOANS FOR START-UPS

Guidelines for applicants

January 2021

Table of contents

1	THE CREATION HOUSE PROGRAM	4
1.1	WHAT IS CREATION HOUSE?	4
1.2	FOCUS AREAS	4
1.3	PROGRAM CONTENT.....	4
1.4	ELEGIBILITY - WHO CAN APPLY?	5
1.5	EVALUATION CRITERIA	6
1.6	FUNDING THROUGH A CONVERTIBLE LOAN NOTE.....	7
1.7	BEING PART OF THE BII COMMUNITY	8
2	APPLICATION PROCESS	8
2.1	CREATING AND SUBMITTING AN APPLICATION.....	8
2.2	EVALUATION.....	9
2.3	CONFIDENTIALITY	9
3	APPLICATION CONTENT.....	9
3.1	CONTACT PERSON	9
3.2	COMPANY	10
3.3	THE PITCH.....	10
3.4	BUDGET	11
3.5	UPLOADS	12
4	ANNEX.....	13
4.1	EXISTING INVESTMENTS AND LOANS IN APPLICANT COMPANY.....	13

BASIC INFORMATION

Funding and support:

Convertible loan of DKK 10M per project, access to BII co-working space and labs at a reasonable price, and business development support from BII.

Application deadline:

February 23, 2021, 2 pm (CET)

Pitch day for invited applicants:

May 6, 2021: Bioindustrial applicants

May 10, 2021: Healthtech applicants

May 11, 2021: Therapeutic applicants

The pitches will take place from 4pm to 8pm (CET) due to international panel.

Final applicant notification:

End June 2021

Earliest start date:

September 1, 2021

Contacts:

Hervør Lykke-Olsen
Program Responsible

Senior Scientific
Business Developer
hlo@bii.dk
+45 40207754

Therapeutics

**Christian Brix
Tillegreen**

Senior Business
Developer
+45 41727903
cbt@bii.dk

Bioindustrials

Tony Chang

Senior Business
Developer
tch@bii.dk
+45 7242 2584

Healthtech

**Cathrine Nygaard
Christensen**

Funding Specialist
cnc@bii.dk
+45 4172 7909

General questions

1 THE CREATION HOUSE PROGRAM

1.1 WHAT IS CREATION HOUSE?

The Creation House program offers support to early stage start-ups, who have achieved proof of concept and have developed an early business plan of a novel idea to the benefit of society and/or patients.

Creation House consists of a founder-friendly convertible loan of DKK 10M and 18 months incubation at BII with access to labs and office space, BII business development support, and BII partners. The end-goal is to support your company in raising Series A capital or similar form of financing.

The program is specifically designed to mature companies to a competitive international level and prepare teams for discussions with investors and industries. Simultaneously, the program creates opportunities for participants to meet and interact with BII's network of investors, industrial partners, alumni, and fellow entrepreneurs across our other programs.

During the time at BII, companies will execute their business plan and further refine their strategy with support from an experienced BII business developer - the 'BII Anchor'. Based on the needs of each company, the teams will focus on developing within three key pillars: science, team and business.

1.2 FOCUS AREAS

BII supports innovative life science start-ups within therapeutics, bioindustrials and healthtech. Some of our key focus areas are listed below. If your project does not fall under any of the sub-categories, you might still be able to apply. Reach out to us to discuss the match with BII.

Therapeutics	Bioindustrial	Healthtech
CNS Oncology Inflammation Metabolic diseases Genetically defined diseases Multiple indication potential Platform technologies Anti-virals	Agriculture Food & Beverage Animal Health Synthetic Biology Platform technology Materials Carbon Capture	Digital therapeutics Digital biomarkers Continuous disease monitoring Next-gen diagnostics Transformative medical devices Future therapeutics R&D Predictive healthcare

1.3 PROGRAM CONTENT

Introduction / Kick-off

All companies will meet and will be introduced to our partners and their services at an early stage. The partners range from consultancies within IP, taxes and executive search to CROs and market analysis. The partners have been hand-picked in order to help boost your development plan.

BII community, knowledge sharing and workshops

Being physically present at BII, your start-up will be part of a thriving ecosystem of start-ups in different phases of their journey. This is an opportunity to meet and learn from likeminded people.

- **CEO-forum:** Here, CEOs from the different start-ups meet up to exchange experiences and discuss relevant topics.
- **Workshops** will be arranged ad hoc depending on cohort needs, e.g. data room, pitch deck, term sheet negotiations, GDPR, etc.

Preparing for fundraising

During the program, you will experience several initiatives to help you get prepared for fundraising:

- **VC bootcamp** is a 2-3-day off-site event, where you will get feedback on your slide deck and pitch. You will learn what investors are looking for, how to answer key questions and how to scope your ask in terms of fundraising. You will also learn what a good term sheet or license deal looks like, what a data room should contain and the key elements of preparing for fundraising.
- **VC network pitches:** BII will arrange regular pitch sessions where selected start-ups get the chance to pitch for relevant VCs.
- **Investor Day:** Later in the program, BII will arrange an *Investor day*, where BII's VC network is invited to hear selected pitches, deliver feedback to the start-ups, and maybe they could be intrigued to invest or follow the project.

Clear milestone plan and dedicated BII Anchor

When starting the Creation House program, you will create a detailed milestone plan in collaboration with your dedicated 'BII anchor'. The milestone plan will describe the concrete milestones and value inflection points in relation to key scientific data, business and team that you will need to execute on during the time at BII. Your Anchor will be your main point of contact and will help guide you through the process.




Building the right team

We will help you to expand your team with the right subject matter experts, Chief Operating Officers with industrial experience, an initial Board of Directors (BoD) and the right chairperson for your start-up.

1.4 ELEGIBILITY - WHO CAN APPLY?

Readiness: Technology, teams and commercial validation

At BII, we are looking for novel ideas addressing unmet needs. Depending on your stage of development within three aspects – technology, team and commercial – you may fit into one of our two programs. We only recommend you apply for Creation House, if you can agree to all three pillars. If you are in doubt, please reach out to one of the contact persons listed on page 3.

	TECHNOLOGY 	TEAM 	COMMERCIAL 
Venture Lab	Evidence-based ideas	Founding team	Clear understanding of unique value proposition and differentiation
Creation House	<ul style="list-style-type: none"> • Therapeutics: Cellular POC with chemical or biological tool compounds • Bioindustrials: High-producing strain, scale-up ready • HealthTech: PoC on Minimal Viable Product 	Founders have a clear plan for staffing the Creation House company including: <ul style="list-style-type: none"> • Candidate Profile of industry experienced Chairperson • Candidate Profile of industry experienced project manager 	Initial feedback from industry, innovation ecosystem, commercial or VCs validating value proposition

IPR

Applicants must own or have full access to the IPR of their discovery under market terms for early-stage start-ups (or as a minimum have a signed pre-agreement with IP owner). The background IP can originate from a university or another company.

Company status

Applicants must establish a company with a Danish registration number to receive funds. It is possible to apply without a company, but you must be willing to establish one, and you must provide us with a preliminary cap table (ownership structure). The new start-up may collaborate with the founders' laboratory or other groups required to execute the business plan. BII can assist with establishing your company.

Presence at BII

Your start-up will be most successful by having a strong physical presence at BII. We require as a minimum that a founder or a management representative of the company is represented at BII with strong engagement with the program. If needed, BII can help your start-up expand with qualified management based at BII.

Right to reside and work in Denmark

Team members wishing to be physically present at BII must have the right to work and reside in Denmark at the time of project initiation¹.

LIMITATIONS

- Creation House can only support early-stage companies with no commercial investments/ownership. Companies that have received commercial investments, certain types of loans or are owned by corporates/investors/ foundations are disqualified from applying. Please see the annex of these guidelines and contact BII well in advance for an evaluation of your eligibility.
- It is not possible to apply for Creation House and Venture Lab in the same call round.

Please read "Terms and conditions for BioInnovation Institute" before submitting an application: <https://bioinnovationinstitute.com/terms-and-conditions-for-bioinnovation-institute/>

1.5 EVALUATION CRITERIA

The evaluation will be based on the following criteria:

Scientific novelty

- The idea is original and has the potential to solve a significant societal or health-related problem.
- The applicant has demonstrated the quality and robustness of the scientific evidence

Commercial potential

- A strong initial business plan demonstrates documented knowledge of the unmet need, commercial potential and impact.

¹ The process of establishing a company and obtaining work permit differs for EU citizens and Non-EU citizens. If you are not an EU citizen, please contact Copenhagen Capacity, Niels Thun Andersen (nta@copcap.com), before initiating an application. It may not be possible for you to obtain this permit.

- It is clear how the idea is different from competing products on the market (or in development phase)
- The plan for IPR (if applicable), as well as the legal and regulatory strategy is solid.

Team

- The founding team has a strong track record of entrepreneurial success or a plan to create such a team during the Creation House program.

Funding readiness

- During the Creation House program, the company reaches key achievements which enables further fundraising (dilutive or non-dilutive funding) following the program.

1.6 FUNDING THROUGH A CONVERTIBLE LOAN NOTE

The Creation House program provides start-ups with convertible loans. A convertible loan note is a type of short-term debt that is converted into equity shares at a later date based on predefined terms.

Each convertible loan is DKK 10M paid in tranches. The first tranche is paid upon project initiation while payment of subsequent tranches is based on fulfillment of predefined milestones that can be a mix of both technical and commercial milestones.

The Creation House project at BII can run for a maximum period of 18 months. Companies may then apply to become residents at the BII.

Loan Terms – Creation House	
Interest rate	5%
Maturity	3 years
Ownership cap	None
Conversion discount	Increasing to incentivize funding*
Conversion trigger	External investment (approx. 20M DKK)
Share type	Common shares

* 0-12 months: 0%, 12-24 months.: 10%, 24-36 months: 20%, > 36 months: 30%.

The loan includes no personal guarantees of repayment from the founders. In case of liquidation (company closure), the unrepaid balance of the loan will be converted into a grant from BII.

The convertible loan can cover expenses such as:

- Mandatory due diligence costs; BII performs due diligence with acknowledged commercial and technical partners. If approved for the loan, you will reimburse BII the cost² of this diligence - and in return receive the reports which will help guide your further development.
- Research activities e.g. consumables, testing and experiments that strengthen the commercial potential of the project idea/invention, CRO activities and use of university core facilities
- Development of MVP, prototypes and chemistry, etc.
- Salary for employees
- Salary for board members
- Consultants (e.g. assistance for soft funding applications, fees in connection with search to find an experienced Chairperson to your company).

² Average cost DKK 80,000

- Rent at BII³
- IPR associated costs and when agreed in advance reasonable license agreement fees
- Regulatory strategy and compliance
- Team member education
- Commercialization costs e.g. market analysis
- An independent accounting audit (mandatory for final financial report)
- Travel costs where appropriate, which include participation in BII events

Expenses not covered by the loan:

- Apparatus and larger devices (unless subject to prior agreement)
- Company establishment costs⁴ (DKK 40,000)

1.7 BEING PART OF THE BII COMMUNITY

BII believes our value lies in more than the money we provide. We expect an ongoing dialogue with Creation House projects to help you achieve your milestones and post-BII funding. You will be expected to attend regular meetings with the BII team and participate in relevant activities.

2 APPLICATION PROCESS

2.1 CREATING AND SUBMITTING AN APPLICATION

Applications must be submitted in ATLAS - BII's funding platform. Access the system here: <https://bioinnovationinstitute.smartsimple.ie/>. The application consists of 6 tabs, in which you must either enter information or upload material.

You can save and re-edit your draft proposal until deadline. After submission, it is *not* possible to reopen and edit the application, so please make sure you have entered the correct information. At any time, you can download a PDF version of your application.

Once the application has been submitted, you will receive a confirmation e-mail. If you do not receive this (please check your spam folder), you should contact BII. If you wish to withdraw a submitted application after the deadline, you must also contact BII.

³ Price indication Fall 2021 (subject to final approval Q1):

Basic minimum rent without lab access: DKK 9,000/month: The rent includes 3 office desks.

Basic minimum rent with lab access: DKK 30,000/month: The rent includes access to 2 lab benches and 3 office desks.

Additional needs: If the company wants additional space, i.e. for more than 3 persons, they will pay DKK 30,000/month for an additional lab bench (with an office desk) and DKK 5,000/month for an additional office desk. The staff number can be adjusted quarterly.

⁴ Read more on establishing a Danish company here: <https://www.copcap.com/set-up-a-business/register-a-company>

2.2 EVALUATION

BII reviews and evaluates applications in three steps:

Step 1 - BII screening: The Business Development team reviews all applications. If needed, subject matter experts are consulted. Top applicants are selected for further due diligence.

Step 2 - Due diligence: BII's due diligence partners review the applicants' projects in terms of commercial and scientific/technical aspects in order to identify the most promising candidates for BII funding.

Step 3 - Pitch: Selected applicants are invited to pitch in front of one of BII's Program Advisory Groups, who will provide recommendations for BII. The Program Advisory Groups consist of experts and VCs working within therapeutics, bioindustrials or healthtech. Please make sure to pre-book the time for pitch already now. Finally, the BII Board of Directors makes the final decision based on recommendations from the Program Advisory Group and BII.



2.3 CONFIDENTIALITY

We are committed to treating all applicant information confidentially. Our due diligence partners and Program Advisory Groups have all signed confidentiality agreements, protecting your information. Program Advisory Group members will declare conflict of interest, if they work on/with a project with the same target as the applicant. We recommend however that details on chemical structures and amino acid sequences not be shared in the initial application. These can be requested by BII if your application is short-listed for further diligence. On occasions, we need to engage other experts (e.g. Key Opinion Leaders or scientific experts). For this, we will solely use the non-confidential slide deck you provide.

3 APPLICATION CONTENT

This section provides guidelines on the content required in the various sections of the online application form. In ATLAS you will see tabs under which you must provide the following information:

3.1 CONTACT PERSON

CONTACT INFORMATION

This is an overview of the contact information you already provided when signing up. You can edit this information in your profile if needed.

PUBLICATIONS

If relevant, please list up to 10 relevant publications by you (or your co-founder/team members) related to this project.

3.2 COMPANY

In this section, you must provide us with information about your current company - or company to be. We ask for this information to make sure you comply with our eligibility rules (see Annex 4).

We need information such as:

- Registration number
- Cap table (or expected cap table)
- Company ownership structure/company group diagram
- List of ultimate beneficial owners
- Information about loans/investments/warrants/options

The information needed will vary depending on your company status (Danish company, Foreign company, no company). Please make sure to login and finalise this in due time before deadline.

3.3 THE PITCH

COMPANY ONE-LINER

Your company/idea explained in one sentence.

NON-CONFIDENTIAL IDEA DESCRIPTION

Describe - in brief and layman's terms - what it is you want to do (1000 characters including spaces).

AREA OF TECHNOLOGY

Please select one of three areas and a subcategory.

THE PITCH

This is where you tell us about your idea and company by answering the following 12 questions.

We also ask you to provide a **slide deck (max 20 slides)** covering the same areas. The text here and the slide deck should support each other, and repetition is okay. Use the slide deck to communicate your idea in a visual manner, present data or whatever is useful to support you.

- 1) Motivation and vision** - Tell us why you want to be a part of BioInnovation Institute and the vision you have for your company (300 characters including spaces).
- 2) The problem** – Describe the problem you aim to solve, and the unmet need you address (1000 characters including spaces).
- 3) Solution and value proposition** – Describe how you will solve the problem, how your solution creates significant impact for society, people and/or patients, how your technology is superior to current available solution (1000 characters including spaces).

- 4) **Scientific rationale and key data** – Describe the crucial underpinning scientific evidence to support your solution. Sum up your own key data and recent milestones (e.g. PoC). Explain what data is yet to be generated – what are your critical experiments? (1000 characters including spaces).
- 5) **Market and customers** – Describe potential customers and users of your solution. Describe your market size (1000 characters including spaces).
- 6) **Competition** – List most relevant competitors and/or alternative solutions and state their maturity. You could add a competitor matrix in your slide deck (1000 characters including spaces).
- 7) **Commercialization** – Describe the differentiation of your product from competitors and your plan to demonstrate this to buyers/payers. Describe the economic value of your product to the end user. Describe the external input you have received that validates your product’s potential (1000 characters including spaces).
- 8) **Risks** – Account for the project risks (e.g. scientific, technical, legal, regulatory, commercial) and present a risk mitigation strategy. You could add a risk matrix in your slide deck (1000 characters including spaces).
- 9) **Key Opinion Leaders (KOLs) and Partners** – Explain how you have demonstrated partner interest to date – e.g. industry experts or other KOLs (1000 characters including spaces).
- 10) **Team** – Provide an overview of the team and the scientific and commercial competencies. Describe the gaps in the competences of the team and how these will be addressed. In particular with regards to experience in raising financing and developing products in an industrial setting. Please describe Board and Advisory Group if applicable. An awareness of what a Series A ready team looks like is a key feature of a good Creation House application (1000 characters including spaces).
- 11) **IPR** – Describe existing, enabling relevant IP and where relevant highlight key licensing terms. Additionally, describe any third-party IP that may be required for the successful completion of the project. Describe your plan for protecting new IP generated in the project (1000 characters including spaces).
- 12) **Project goal and development plan** – Describe overall goal for the time at BII. List key activities and major milestones. You could add a GANTT in your slide deck (1000 characters including spaces).

3.4 BUDGET

PROJECT PERIOD

Please enter a start and end date. The earliest possible start date can be found on page 3. You should aim to start your project by this date - at the latest three months after. The project duration can be a maximum of 18 months.

TOTAL AMOUNT

You apply for a fixed sum of DKK 10M. The amount must be entered without decimal points, commas or spaces (10000000).

BUDGET UPLOAD

Use the BII budget template provided to complete the budget for the period of up to 18 months at BII. This is a preliminary budget. In case your application is approved, you will work with your BII Anchor to adjust. Note the budget must be uploaded in PDF. The template can be downloaded in ATLAS or you can find it here: <http://bit.ly/CH-budget>.

OTHER FUNDING RECEIVED

We think it is great if you have already received non-dilutive funding for your project or company. Please list the funding you have received.

If you have received funding for the project or parts of the project from other sources, BII can of course not fund the same activities. If you receive funding for the project or parts of the project from other sources after submitting the application, you must inform BII.

The BII convertible loan can be used to co-finance projects funded through soft funding (e.g. EU projects or Danish InnoBooster).

3.5 UPLOADS

In this section, you must upload the following documents (PDF only):

- Primary slide deck supporting the project description (maximum 20 slides).
- Non-confidential slide deck (maximum 15 slides).
- Short CVs of maximum 2 pages per person (applicant and key team members).
- Documentation that all necessary IP licenses are in place or alternatively a confirmation from the licensee (e.g. Tech Transfer Office) that they will be by project start date.
- Other if applicable or relevant: Patent application frontpage, Letter of Interest (LoI) from relevant reference people, initial business plan

Failure to provide these may result in administrative rejection of your application. Any additional uploads (e.g. articles or full patent applications) will be deleted.

INFORMATION NOT TO PROVIDE

Although BII and our partners work under strict confidentiality, we advise you not to share the following:

- Chemical structures
- Amino acid sequences
- Any other chemical/biological information that identifies your product

If your project is shortlisted for further due diligence, we might ask you to share this information with a very limited number of people.

4 ANNEX

4.1 EXISTING INVESTMENTS AND LOANS IN APPLICANT COMPANY

Creation House can only provide loans to early-stage companies with no commercial investments and/or ownership.

For established companies we need to know who owns the company, which role each individual play and if the company has taken in any investments, issued warrants/options or accepted loans.

For companies to be established in case of funding, we need to know who the founders will be and which role each individual play. If your company (or company to be) is owned by another company, the restrictions apply to this company as well (ultimate beneficial owners).

The table below indicates if a certain type of loan or for-equity investment/ownership is accepted. It is the responsibility of the applying company to inform BII of any potential issues. The restrictions apply until the first loan tranche has been paid out. In case of any doubt, please contact BII before initiating an application (see contact information page 3).

	Founders and employees	Small private investors, e.g. family	Universities	Business angels	Foundations	Public business support schemes	Professional investors	Corporates
Equity	Yes	Yes [1]	Yes, e.g. as part of IP deal [1]	Yes [1] [2]	No	No	No	No
Warrants/options	Yes	Yes [3]	Yes, e.g. as part of IP deal [3]	Yes [3]	No	No	No	No
Convertible loans	Yes	Yes [4]	Yes, e.g. as part of IP deal [4]	Yes [4]	No	No	No	No
Simple loans	Yes	Yes	No	No	No	No	No	No
Grants (non-dilutive)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- 1) The Founders and employees must be the majority shareholders of the company and must control more than 50% of the shares and voting rights both before and after the investment(s)
- 2) The investment must be as part of an active participation in key operations of the company
- 3) In case of exercise of warrants, see row concerning Equity
- 4) In case of conversion, see row concerning Equity

About BioInnovation Institute Foundation

The BioInnovation Institute foundation (BII) is an international non-profit foundation supported by the Novo Nordisk Foundation. BII operates an incubator to accelerate world-class life science innovation that drives development of new solutions by early life science start-ups for the benefit of people and society.

BII, located in Copenhagen, Denmark, offers start-ups and early-stage projects within health tech, therapeutics and bio-industrials state-of-the-art labs, vibrant office facilities, business development, start-up business incubation, access to high-level mentoring and international networks plus unique funding opportunities of up to 1.3 million euro per start-up and 2.4 million euro per project.

Since the inauguration of BII in November 2018, BII has awarded 48 million euro to 85 high-growth start-up companies and innovation projects. Read more on www.bioinnovationinstitute.com

