

NON-DILUTIVE FUNDING OVERVIEW

FemTech Canada Meeting

December 8, 2023

What is non-dilutive funding?

Non-dilutive financing is the type of capital acquisition that does not require you to give up shares of your business. The most common types of non-dilutive funding are grants and contributions.

What types of non-dilutive funds are available?

There are two key forms of non-dilutive funding in Canada: Grants and Contributions. Grants are directed primarily towards academic research and fund a broad range of activities. Funding is provided up front and during key milestones or dates. There are three Federal granting agencies in Canada: Social Sciences and Humanities Research Council ([SSHRC](#)), Canadian Institutes of Health Research ([CIHR](#)), and the Natural Sciences and Engineering Research Council ([NSERC](#)). Please refer to the appropriate granting agency's website for their current funding opportunities. Contributions, on the other hand, are subject to performance conditions that are specified in a contribution agreement. The recipient must show that it continues to meet the performance conditions over the life of the agreement in order to be reimbursed for specific costs. Contributions are typically directed towards industry or non-profit organizations. Many competitive cohorts based programs (e.g., [Creative Destruction Lab](#), [NEXT Canada](#), [L-Spark](#), etc.) do not provide funding directly, but may help you prepare for dilutive and non-dilutive funding opportunities.

The most efficient way to explore the types of funding available to your firm is to contact a Government of Canada [Innovation Advisor](#). This customized free service is intended to help small- and medium-sized enterprises (SMEs) in Canada access the most relevant programs and services to help them grow through innovation. Innovation Advisors will provide you with comprehensive, up-to-date information to help you innovate and bring new products/services to market. To access this service, call toll-free in Canada, at 1-833-201-4358 [TTY: 1-866-694-8389], or [send them your details](#) through their on-line form and they'll get back to you. When you contact an Innovation Advisor, they will ask you about your company, your needs and make a recommendation regarding government programs for which you may be eligible.

What are the most popular national support programs available to SMEs?

NRC IRAP

The role of [NRC IRAP](#) is to stimulate innovation SMEs with a view to increasing economic growth of the firms (including jobs, sales, market share and profitability) and ultimately wealth creation for Canada. One of the ways in which NRC-IRAP increases the innovation capability of a firm is by supporting projects focused on technology. This support may include a financial contribution. NRC IRAP support is limited to up to 80% of eligible internal salaries and 50% of

eligible contractor fees and cannot be applied retroactively. NRC IRAP does not support materials, equipment, overhead, etc. NRC IRAP is best suited for companies that have the capacity to carry payroll costs. To connect with NRC IRAP contact their toll-free number (1-877-994-4727). You will be asked some basic questions about your company and plans for growth and if eligible, you will be assigned an ITA based on your postal code and/or your sector.

Innovation Supercluster Initiative (ISI)

Budget 2017 allocated \$918 million over five years for the [Innovation Superclusters Initiative](#) (ISI). This initiative created 5 “superclusters” across Canada, where the public and private sectors undertake collaborative research to generate positive impacts on the Canadian economy. Canada's five Superclusters are accepting members from industry, academia, Indigenous groups and non-profit organizations. It's a great opportunity to collaborate on shared projects, solve common challenges and build a better Canada. Each cluster has its own application process. Some have associated fees or different membership levels, including free options.

To find out more about each Supercluster, you can visit their websites:

- [Digital Technology](#)
- [Protein Industries](#)
- [Advanced Manufacturing](#)
- [Scale AI](#)
- [Ocean](#)

NSERC Alliance

Through the [NSERC Alliance](#) grant, university or college researchers can apply to launch a new research collaboration with an industrial partner through a short-term research and development (R&D) project that applies their expertise to address a company challenge. Partnering companies gain by having the expertise of the academics focused on their R&D issues and by discovering what the researchers and the students working with them have to offer. These projects serve as the first step to establishing a longer-term, impactful collaboration. This grant provides up to \$25,000 to support an eligible project up to six months in duration. You can find out more about this program on the NSERC Engage [website](#).

CanExport

The CanExport program provides direct financial assistance to small and medium-sized businesses (SMEs) registered in Canada that are seeking to develop new export opportunities and markets, especially high-growth emerging markets.

Delivered by the Trade Commissioner Service (TCS) of Global Affairs Canada, in partnership with the National Research Council Industrial Research Assistance Program (NRC-IRAP), CanExport provides financial support for a wide range of export marketing activities. You can find out more about this program on the CanExport [website](#).

Federal Economic Development Agencies

Several Regional Economic Development Agencies have been created to support innovative practices, and exist to increase the region's capacity for innovation, entrepreneurship and collaboration. These agencies include:

- [Atlantic Canada Opportunities Agency \(ACOA\)](#)
- [Canada Economic Development for Quebec Regions \(CED\)](#)
- [Canadian Northern Economic Development Agency \(CanNor\)](#)
- [Federal Economic Development Agency for Southern Ontario \(FedDev Ontario\)](#)
- [Federal Economic Development Initiative for Northern Ontario \(FedNor\)](#)
- [Western Economic Diversification Canada \(WD\)](#)

Refer to the website of your local agency for funding programs and eligibility requirements.

Mitacs

Mitacs is a national, not-for-profit organization that has designed and delivered research and training programs in Canada for 18 years. Working with 60 universities, thousands of companies, and both federal and provincial governments, Mitacs builds partnerships that support industrial and social innovation in Canada. Mitacs has a number of funding programs to support internships. You can find out more about Mitacs programs on their [website](#).

Futurpreneur Canada

Futurpreneur Canada is a national, non-profit organization that provides financing, mentoring and support tools to aspiring business owners aged 18-39. Futurpreneur has a number of initiatives. These initiatives and events vary year-to-year. Please refer to Futurpreneur Canada's [website](#) for the current programs.

What are the most popular Ontario-based support programs?

The Ontario Centre of Innovation (OCI)

The Ontario Centre of Innovation (OCI) brings industry, academic, and government partners together and invests in collaborative R&D, technology development, and commercialization opportunities that will generate the highest return on innovation for Ontarians. OCI's programs are always evolving to meet the needs of Ontario innovators. To learn more about their programs and eligibility requirements, please refer to their [website](#).

Regional Innovation Centres (RICs)

Regional Innovation Centres (RICs) provide specialized assistance in 18 regions across Ontario to accelerate start-up and growth of entrepreneurial talent and globally competitive innovative companies with value-added advice, access to capital, market intelligence,

mentoring, and peer networking programs. Each RIC has its own suite of programs and services. Please refer to your local RIC's website for details:

- [Altitude Accelerator \(Formerly RIC Centre\)](#) (Mississauga)
- [Communitech](#) (Waterloo)
- [HalTech](#) (Oakville)
- [iiON](#) (North Bay)
- [Innovation Factory](#) (Hamilton)
- [Innovation Guelph](#) (Guelph)
- [Invest Ottawa](#) (Ottawa)
- [Launch Lab](#) (Kingston)
- [MaRS](#) (Toronto)
- [Innovate Niagara](#) (Niagara)
- [NORCAT](#) (Sudbury)
- [NWOIC](#) (Thunder Bay)
- [Spark Centre](#) (Oshawa)
- [SSMIC](#) (Sault St. Marie)
- [Techalliance](#) (London)
- [ventureLAB](#) (Markham)
- [WE-tech](#) (Windsor)

Ministry of Economic Development, Job Creation and Trade (MEDJCT)

[MEDJCT](#) supports job creation, innovation and economic growth for all Ontarians. They deliver a range of programs, services and tools to help businesses innovate and compete in today's fast-changing global economy. Additionally they provide support to small and medium-sized businesses (SMEs) so they can connect with new export markets and customers. For the latest information about MEDJCT's programs and services, please refer to their [website](#).

What are some tips when working with non-dilutive funders?

Be respectful – Most non-dilutive funding programs are discretionary (i.e., eligibility does not guarantee funding); don't give the funder a reason to move you to the bottom of their list.

Succinctly articulate your offering and value proposition – Every funder can be your advocate! Make it easy for your advocates to understand your offering so they can identify and share relevant opportunities from their network.

Embrace advisory services (advice, information, referrals and linkages) – Many funding programs are staffed with knowledgeable and well-connected industry professionals. The advice and information they provide can be just as impactful as funding.

Be professionally persistent – The demand for support may exceed the funding supply. As a result, funding programs may not always reach out to you when eligible funding opportunities arise. It is up to you to stay connected with your account manager and keep them updated on your progress.