

Q&A Session 12.07.2022

Co-funding capacity for companies

Joint Defence Call

Involved Parties



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Affaires étrangères
et européennes

Direction de la défense



Luxembourg National
Research Fund



LUXINNOVATION
#MakingInnovationHappen



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère de l'Économie

Main eligibility criteria for companies

Co-funding capacity

- ▀ Equity / capital increase
- ▀ Bank loans
- ▀ Free cash flow

Economic impact

- ▀ Substance
- ▀ Exploitation of assets resulting from the project activities

Innovation

- ▀ Competitive advantage on the market
- ▀ New or improved product, process, service
- ▀ New marketing method/ New organisational method

Generic criteria

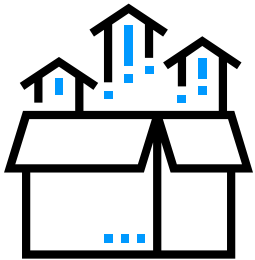
- ▀ Incentive effect
- ▀ Undertaking **not** in difficulty
- ▀ SME analysis

Call criteria

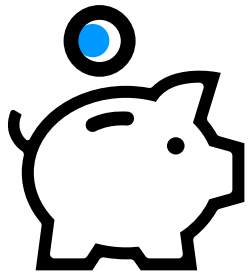
- ▀ Dual-use solutions
- ▀ Aligned with national priorities

Co-funding capacity

How to assess the companies co-funding capacity in relation to the project budget



The company must demonstrate its viability and financial soundness regarding its contribution to the project.


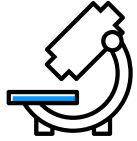
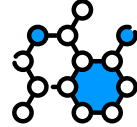




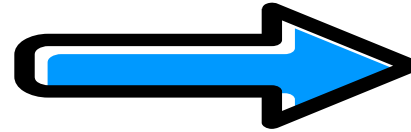
Co-funding needs to be carefully documented within the application and can consist of:

- Equity / capital increase
- Free Cash Flow
- Loans

Project Budget and Co-funding

How to assess the co-funding needed for the project?

	Staff costs (gross salaries + 20% for social charges)
	Investments/Equipement (depreciation over project duration)
	Materials/Consumables
	Subcontracting
	Overhead (25% of the staff costs)



Estimation of the total eligible budget.



Budget Estimation

Example

Personnel costs	€	240.000
Employer's social security charges (20%)	€	48.000
Additional overhead costs (25%)	€	72.000
Costs of tools and equipments	€	100.000
Special costs *	€	60.000
Total project	€	520.000



Aid rate: 25% - max 80 %

This depends on:

- The type of research
- The size of the company
- If the project is collaborative

Maximum grants per project

Individual application



Company

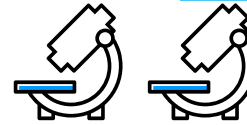
Max state aid
700k EUR per
project



Research organisation

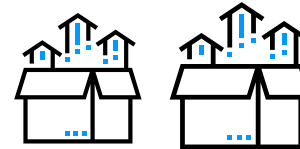
Max grant
500k EUR per
project

Collaborative application



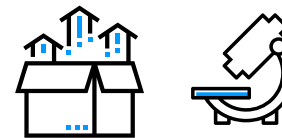
Two (or more)
Research organisations

Max grant
500k EUR per
project



Two (or more) Companies

Max state aid
700k EUR per
project



Company + Research
Organisation

Max grant
1,400,000 EUR
per project

Individual and collaborative projects proposals are possible

Collaborations are eligible in any combination
(private-public, private-private, public-public)

Co-funding sources

The different types of financing

Equity/Own funds

The own funds which are within the applicant company such as accessible reserves or retained earnings.

Loans

Bank loan or shareholder loan.

Capital Increase

Companies who have not yet accumulated sufficient own funds might need to rely on outside financing for the R&D project in form of a capital increase.

Free Cash Flow

Using the cash generated by the company after taking into consideration of the operational cash outflows, investment expenses and the working capital expenses.

Cash Flow Forecast

Simplified

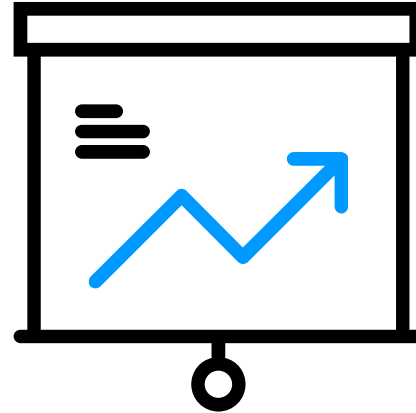
CASH-FLOW FORECAST TABLE	REPLACE THIS TEXT WITH THE COMPANY NAME				
	Q1	Q2	Q3	Q4	Q1
Available cash		0	0	0	0
Sales (receipts)					
Loans (bank, shareholders)					
Capital increase					
Other income (subsidy, etc)					
Total Receipts	0	0	0	0	0
Purchase of goods					
Other expenses and subcontracts					
Staff					
Social security charges					
VAT, taxes					
Loan repayments and interest					
Investments					
Total disbursement	0	0	0	0	0
Cash flow adjustment	- €	- €	- €	- €	- €
Cash-flow balance	- €	- €	- €	- €	- €

Cash Flow Forecast

Detailed (Recommended for Start-ups)

Elements of the detailed CFF

- ▀ Assumptions
- ▀ Detailed monthly Cash-Flow
- ▀ Staff
- ▀ Cap Table & Debt



Points to take into consideration

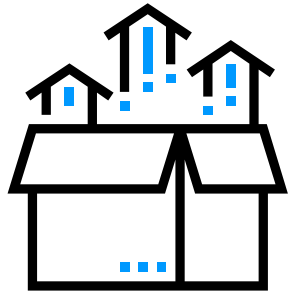
- ▀ Realistic assumptions
- ▀ Demonstration of financial viability
- ▀ Documenting the hypotheses

Template can be provided by Luxinnovation please contact contact@research-industry-collaboration.lu

Example of the structure of the detailed Cash Flow Forecast.

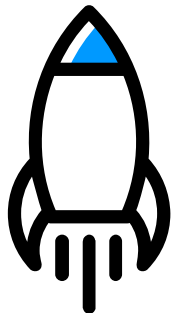
Cash flow in EUR	2019	2020	2021	2022
Revenues				
Revenues product A	825.000	1.320.000	2.112.000	3.379.200
Total Revenues	825.000	1.440.000	2.400.000	3.782.400
<i>Growth</i>		75%	67%	58%
COGS product A	41.250	66.000	105.600	168.960
Cost of Good Sold	41.250	66.000	105.600	168.960
Gross Margin	783.750	1.374.000	2.294.400	3.613.440
<i>in %</i>	95,0%	95,4%	95,6%	95,5%
Human Resources	245.310	478.584	562.440	784.763
IP-rights	14.808	14.808	14.808	14.808
Product maintenance & Enhancement	3.000	3.000	3.000	3.000
Branding / Marketing / Communication	123.750	216.000	360.000	567.360
Office rent (incl. Electricity + insurance)	24.000	24.000	24.000	24.000
Telecommunication (mobiles, internet...)	1.800	3.600	4.200	6.000
Accounting	2.400	2.400	2.400	2.400
Audit	1.440	1.440	1.440	1.440
Travel & Accomodation	41.250	72.000	120.000	189.120
Other OPEX	262.908	412.908	613.908	917.388
Operating Expenses	508.218	891.492	1.176.348	1.702.151
		75%	32%	45%
EBITDA	275.532	482.508	1.118.052	1.911.289
<i>in %</i>	33%	34%	47%	51%
EBIT	275.532	482.508	1.118.052	1.911.289
Earnings before Tax	275.532	482.508	1.118.052	1.911.289
Taxes (rough estimate)	68.883	120.627	279.513	477.822
Net profit / loss	206.649	361.881	838.539	1.433.467
<i>in %</i>	25%	25%	35%	38%
<i>Growth in %</i>		75%	132%	71%
Cash flow				
Operational Cash-flow	275.532	482.508	1.118.052	1.911.289
<i>cumulated</i>	<i>275.532</i>	<i>758.040</i>	<i>1.876.092</i>	<i>3.787.380</i>
Equity	-	-	-	-
Debt to associates	-	-	-	-
Bank debt	-	-	-	-
Subsidies	-	-	-	-
Financing Cash-flow	-	-	-	-
Investing Cash-flow	-	-	-	-
Free Cash-flow	275.532	482.508	1.118.052	1.911.289
Change in working capital	-	-	-	-
Ending cash balance (cumulated)	275.532	758.040	1.876.092	3.787.380

What does my company need to prepare?



SMEs where the project exceeds the own funds

- Simplified Cash-Flow Forecast (recommended)
- Information/Documentation of any financing not stemming from own funds (this should be annexed on the platform)



Start-up (applicant company younger than 3 years)

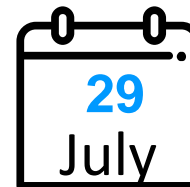
- Mandatory Cash-Flow Forecast (Detailed CFF recommended)
- Information/Documentation of any financing not stemming from own funds (this should be annexed on the platform)

Upcoming Q&A session

Regular Q&A Update on <https://research-industry-collaboration.lu/faq>



- Completeness check
- Q&A



Submission
Deadline Phase-1

FAQ

General

Joint call
Healthtech

Joint call Defence

Whom can I contact for clarifications on the call text? —

We recommend that any question about the call text be submitted in writing through contact form. Luxinnovation will redirect the question to the Funding authorities if needed. The FAQ section will be updated with answers to questions received so that all participants can have access to the same level of information.

If there is more than one company or research organisation in a project, are the maximum level of funding and the maximum aid intensity increased? +

What is an effective collaboration? +

Can entities from abroad take part in a project? +

How many projects can a single entity submit in this Joint call? +

Thank you!



Create your projects on the [research-industry collaboration platform](#)

Questions to be addressed at contact@research-industry-collaboration.lu

 www.luxinnovation.lu

 Luxinnovation

 @Luxinnovation
@LuxTradeInvest

 @Luxinnovation
@LuxTradeInvest