

**Below you will find questions and answers related to ESA BIC Portugal Open Call. If the information you are looking for cannot be found please contact us at [space@ipn.pt](mailto:space@ipn.pt) or +351 239 700 900.**

#### **Who can apply?**

- Natural persons (entrepreneurs, individually or in teams) with no company yet established (but with the obligation to form a company if the project is selected).
- Companies up to 5 years old (according to the Portuguese Commercial Registration Form "Certidão Permanente de Registo Comercial").

#### **Who can apply to Open Call?**

- Natural persons (entrepreneurs, individually or in teams) with no company yet established (but with the obligation to form a company if the project is selected) that incubate in one of the Cover letter options.
- Companies up to 5 years old (according to the Portuguese Commercial Registration Form "Certidão Permanente de Registo Comercial") that incubate in one of the Cover letter options.

#### **What do you mean by using space assets in non-space markets?**

ESA BIC is a support mechanism where space assets are used or transferred to another market. Except for defence and military, you may develop your business idea for any market. Agriculture, tourism, maritime operations, renewable energy, you name it! Thus, a space technology (hardware or software), know-how, procedure, patent, process, methodology or system created for space missions can be reused in an innovative manner in a terrestrial market, creating new products or services or improving existing ones. Additionally, there are several types of satellite data available for a plethora of applications, and it's also considered space technology!

#### **What are space assets? Where can I find information about them?**

In order to be eligible, your business idea must involve the use of at least one space asset. This means recurring to at least one of the following types of items, and turning them into added value for your business offer:

ESA Technology Transfer website:

[https://www.esa.int/Enabling\\_Support/Space\\_Engineering\\_Technology/IP\\_for\\_commercialisation](https://www.esa.int/Enabling_Support/Space_Engineering_Technology/IP_for_commercialisation) This website introduces you to space technologies gathered by ESA Technology Transfer Brokers and showcases technologies that were developed by space entities across Europe. These technologies have non-space application potential. To know more about these technologies, please contact us at [space@ipn.pt](mailto:space@ipn.pt); we can put you in direct contact with the technology provider.

ESA Intellectual Property for commercialization:

[https://www.esa.int/Enabling\\_Support/Space\\_Engineering\\_Technology/IP\\_for\\_commercialisation](https://www.esa.int/Enabling_Support/Space_Engineering_Technology/IP_for_commercialisation) Year after year, ESA develops a vast array of innovative, highly sophisticated technologies and applications to support its space programmes and make Europe's space endeavours happen.

Many of these developments result in intellectual property (IP) for the finest technologies. ESA owned IP often boasts significant commercial potential for non-space applications. Please contact us for further information regarding possible downstream applications and the licensing process.

Earth Observation: <https://earth.esa.int/web/guest/home>

Human Spaceflight: [www.esa.int/Our Activities/Human Spaceflight](http://www.esa.int/Our_Activities/Human_Spaceflight)

Launchers: [www.esa.int/Our Activities/Launchers](http://www.esa.int/Our_Activities/Launchers)

Navigation: [www.esa.int/Our Activities/Navigation/About satellite navigation2](http://www.esa.int/Our_Activities/Navigation/About_satellite_navigation2)

Space Science: [www.esa.int/Our Activities/Space Science/About Space Science](http://www.esa.int/Our_Activities/Space_Science/About_Space_Science)

Space Engineering & Technology:

[www.esa.int/Our Activities/Space Engineering Technology](http://www.esa.int/Our_Activities/Space_Engineering_Technology)

Operations: [www.esa.int/Our Activities/Operations/About Operations](http://www.esa.int/Our_Activities/Operations/About_Operations)

Telecommunications & Integrated Applications:

[www.esa.int/Our Activities/Telecommunications Integrated Applications](http://www.esa.int/Our_Activities/Telecommunications_Integrated_Applications)

<https://business.esa.int/>

Please note: ESA BICs accept proposals to use space assets from space agencies other than ESA (e.g. NASA, JAXA, etc.), as long as the Applicant proves the ability to access and explore that asset.

### **What are the funding options for ESA BIC Portugal?**

There are two funding modalities, to be appointed by the applicant:

- A. Option A: 50.000,00€ (Grant from the Portuguese delegation, via ESA); or
- B. Option B: 25.000,00€ (Grant from Portuguese delegation, via ESA) plus 25.000,00€ (to be invested by a venture capital fund managed by Portugal Capital Ventures – Sociedade de Capital de Risco, S.A., hereinafter “Portugal Ventures”), partially through the acquisition or subscription of a minority share/*quota* in the company share capital and partially through convertible notes (*prestações acessórias/suplementares*); with the possibility of an additionally funding of 75.000,00€ (in convertible notes (*prestações acessórias/suplementares*), provided that some milestones to be agreed between the parties are fulfilled by the applicant).

With regard to the choice of Option B, the applicants can expect the following terms and conditions, which are merely indicative:

<b>Project</b>	The applicant shall have selected <b>option B</b> ) application to the ESA BIC PT Open Call and presented a Business Plan for the development of a space related project (the “Project”).
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<b>Parties</b>	Founders (of the Project) Portugal Ventures The COMPANY (already existent or to be incorporated before Investment)
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<b>Investment</b>	<p>Total investment in the COMPANY: to be defined between the Parties and that can include</p> <ul style="list-style-type: none"><li>● <b>Founders:</b> amount to be defined, by means of the subscription of ordinary shares/<i>quotas</i> of the COMPANY, that do not carry special rights;</li><li>● <b>ESA BIC Portugal:</b> 25.000,00€ (granted directly and that do not imply issuing or acquisition of shares/<i>quotas</i> of the COMPANY);</li><li>● <b>A venture capital fund managed by Portugal Ventures:</b> 25.001,00€ to 100.000,00€ by means of:<ul style="list-style-type: none"><li>○ The subscription/acquisition of a minority share/<i>quota</i> in the COMPANY, namely one share/<i>quota</i> with a value of €1,00, that carries special rights;</li><li>○ Initial 25.000,00€ in convertible notes (<i>prestações acessórias/suplementares</i>), convertible into preferred shares, upon the occurrence of certain events or as decided by Portugal Ventures after the lapse of 24 months following the investment, provided that Portugal Ventures has always (even after conversion) a minority interest in the share capital;</li><li>○ Additional 75.000,00€ in convertible notes (<i>prestações acessórias/suplementares</i>), convertible into preferred shares, upon the occurrence of certain events or as decided by Portugal Ventures after the lapse of 24 months following the investment, provided that Portugal Ventures maintains (after conversion) a minority interest in the share capital of a minimum of 2% (two per cent), that the milestones to be defined between the Parties regarding the development of the Project are fulfilled by the COMPANY and that Portugal Ventures, on its exclusive criteria, decide that the additional investment is necessary for the execution of the Project;</li><li>○ The conversion of convertible notes (<i>prestações acessórias/suplementares</i>) into preferred shares shall imply that Portugal Ventures maintains (after conversion) a minority interest in the share capital of a minimum of 2% (two per cent).</li></ul></li></ul> <p>The Founders shall be afforded a put option to acquire Portugal Ventures' stake (capital and credits) in the COMPANY, within the first 18 months, for the amount invested plus 20% (twenty per cent).</p>
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<p><b>Pre-requisites</b></p>	<ul style="list-style-type: none"> <li>● Companies that are already incorporated must have an “SME Certificate” issued by IAPMEI – the Portuguese Institute for Support to SMEs and Innovation;</li> <li>● Tax and Social Security clearance certificates, confirming the absence of any debts to the Portuguese Tax Authority and to the Portuguese Social Security must be provided, where applicable;</li> </ul>
	<ul style="list-style-type: none"> <li>● The permanent Commercial Registration Certificate Code of the COMPANY, must be provided, where applicable;</li> <li>● Management reports or, alternatively, the simplified business information (IES) report from the past 2 financial years must be provided, where applicable;</li> <li>● Prior favourable assessment by Portugal Ventures of the documents required to comply with its anti-money laundering and counter terrorist financing obligations with regard to the founders, co-investors and the COMPANY.</li> </ul>
<p><b>Other Conditions</b></p>	<ul style="list-style-type: none"> <li>● Full conversion of shareholders’ financial debt into equity or quasi equity instruments at the time of Portugal Ventures’ investment, if any and where applicable;</li> <li>● The Founders must undertake to transfer, free of charge, to the COMPANY, on its incorporation date/date of the capital increase in which Portugal Ventures’ subscribes shares in the COMPANY, any and all rights which they hold related to patents, utility models, copyrights, model registrations, industrial designs and trademarks or any other ongoing processes at the time of the incorporation of the COMPANY that may come to constitute such rights related to the Project and which are needed for the implementation and development of the Project.</li> </ul>
<p><b>Representations and Warranties</b></p>	<p>Representations and warranties to be granted by the Founders and the COMPANY, where applicable, in accordance with the international practices of VC-backed start-ups, and that must include the Founder(s), the Project and the COMPANY.</p>

<p><b>Shareholders' Agreement</b></p>	<p>On the date Portugal Ventures invests in the COMPANY an Investment Agreement and a Shareholders' Agreement between all shareholders shall be executed to govern matters relating to corporate governance, the obligation to provide information periodically, limitations on the transfer of shares, the conversion of Portugal Ventures' credits into equity, special rights afforded to Portugal Ventures' shares, and divestment.</p> <p>In cases where the COMPANY is a private limited company ("Sociedade por quotas" or "Lda."), it shall, when signing the Investment Agreement and a Shareholders' Agreement, undertake that, at the time of conversion of the convertible notes (<i>prestações acessórias/suplementares</i>), it will be transformed into a public limited company ("Sociedade Anónima" or "S.A."). For the sake of information, please note that this transformation of the company's legal status requires a minimum of 5 shareholders and 50.000 EUR of confirmed issued capital.</p>
<p><b>Corporate Governance and Bodies</b></p>	<ul style="list-style-type: none"> <li>● The management of the COMPANY will be entrusted to its management board, which shall be responsible for defining and monitoring the operational and financial management of the COMPANY, in accordance with the provisions set forth in the Articles of Association and with the guidelines (where applicable) of the Shareholders, as defined in the Shareholders' Agreement, in particular concerning matters that are mandatorily subject to resolution by the Shareholders' General Meeting<sup>1</sup>;</li> <li>● The management board comprising two or three members, of which one or two shall be appointed by the Founders and one by Portugal Ventures, if it so wishes, at any time. If Portugal Ventures does not appoint a board member, it shall have the right to have an observer in the board meetings;</li> <li>● The Parties can agree to appoint an Audit Committee or Statutory Auditor. If so, it shall be appointed by the Founders and subject to approval of Portugal Ventures.</li> </ul>
<p><b>Inalienability of Shares – Lock-Up</b></p>	<p>During the term of the Shareholders' Agreement, the remaining shareholders of the COMPANY may not sell their stake without the prior written consent from Portugal Ventures.</p>

<p><b>Liquidation Preference</b></p>	<p>In any Liquidity Event (to be defined within the Investment Agreement and Shareholders' Agreement), or in an event of dissolution or winding-up of the COMPANY, the payment to be received, or the assets to be distributed, shall firstly be allocated to Portugal Ventures, under the terms and conditions to be stipulated in the Shareholders' Agreement and that shall imply at least the receiving of 1.5x (in case of a Liquidity Event) or 1x (in case of a dissolution or winding-up) of the total amount of the investment made by Portugal Ventures, the remainder shall be distributed pro rata among all shareholders, according to the percentage of the shares they hold.</p>
<p><b>Non-Compete and Exclusivity Pact</b></p>	<p>The Founders must undertake to not carry out any other professional activities and to not compete with the COMPANY, except when authorized by Portugal Ventures, under the terms and conditions to be stipulated in the Shareholders' Agreement.</p>
<p><b>Ethics, Integrity, Corporate Responsibility and Legal Compliance</b></p>	<p>The Parties undertake to act ethically and with integrity and corporate and social responsibility and in strict compliance with the laws and regulations in force, in particular as regards the processing of personal data, preventing corruption and conflicts of interest, and in combating money laundering and terrorist financing.</p>

CHECK all conditions [HERE](#).

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Matters to be resolved at an SGM and approved, provided Portugal Ventures does not vote against them: The granting of any special rights to members/shareholders; amendments to the Articles of Association; changes in the share capital of the COMPANY; withdrawal of the pre-emption rights of members/shareholders; redemption of shares; acquisition and sale of own shares; approval of the COMPANY's annual accounts and the appropriation of net income; distribution of dividends or any other assets to members/shareholders; substantial changes in the COMPANY's business activity; authorization for managers/directors to pursue competing activities; appointment of governing bodies and the setting of their respective remuneration

**May the funding from ESA BIC Portugal be used to pay for the office space and services at the hosting incubator?**

No. The incentive can only be used for IPR and product development.

**Which costs are qualified to be paid with the incentive money?**

The incentive covers prototyping expenses (services and consumables), Intellectual Property Rights and licensing.

**Does the evaluation process involve a presentation in front of the jury?**

Yes. Suppose your proposal is considered eligible by the Tender Opening Board (TOB) of the ESA BIC Portugal call. In that case, the team/company will be invited to present their business idea to the Tender Evaluation Board (TEB) for 15 minutes, followed by a Q&A session of about 30 minutes about the project.

**Who composes the Tender Evaluation Board?**

The TEB is composed of representatives of ESA, Portugal Space, IPN, Portugal Ventures, if option B is chosen, and other business/technical experts.

### **When and where do the Tender Evaluation Board meetings take place?**

There are three selection campaigns per year. The TEB meetings may occur at one ESA BIC Portugal location or by conference call. The applicants invited to present their business idea will be notified of the schedule/location in advance.

### **When signing the contract, ESA BIC incubatees agree to provide basic information about the company's performance for 10 years. Why?**

A few reasons:

- Incubatees benefit from ESA branding from the start of their incubation period and for as long as the company exists, as alumni;
- ESA (or the countries, which invest money in ESA) are interested in evaluating the impact of the initiative in their countries, namely, the impact on job creation and economic activity; - Providing information on how the company performs is a minuscule burden when compared with the numerous benefits of being supported by such a unique programme.

**The Draft contract mentions an “Acknowledgment of Receipt”, what is it about?** It is a declaration issued by the startup, informing IPN that the Incentive Scheme amount has been duly received in the startup bank account. IPN provides the startup with a template to be filled in, to facilitate this process.

### **I am not sure if the ESA BIC Portugal programme fits my business idea.**

No problem! As managers of ESA BIC Portugal, IPN will help you figure out the best instruments to support your business ideas. Please contact us at [space@ipn.pt](mailto:space@ipn.pt)!