

FINANCING OPPORTUNITIES IN GERMANY

BERLIN ENERGY TRANSITION DIALOGUE, MARCH 2021

Investor Support Services
Daniel Stephens / Manager Financing & Incentives
www.gtai.com



A close-up photograph of a person in a dark suit and light blue shirt sitting at a desk. Their right hand is resting on a document, with the index finger pointing to a specific area. The background is blurred, showing another person and more documents on the desk.

Agenda

1. Grants
2. Loans
3. Environmental Innovation Program
4. R&D
5. VC opportunities

General Introduction

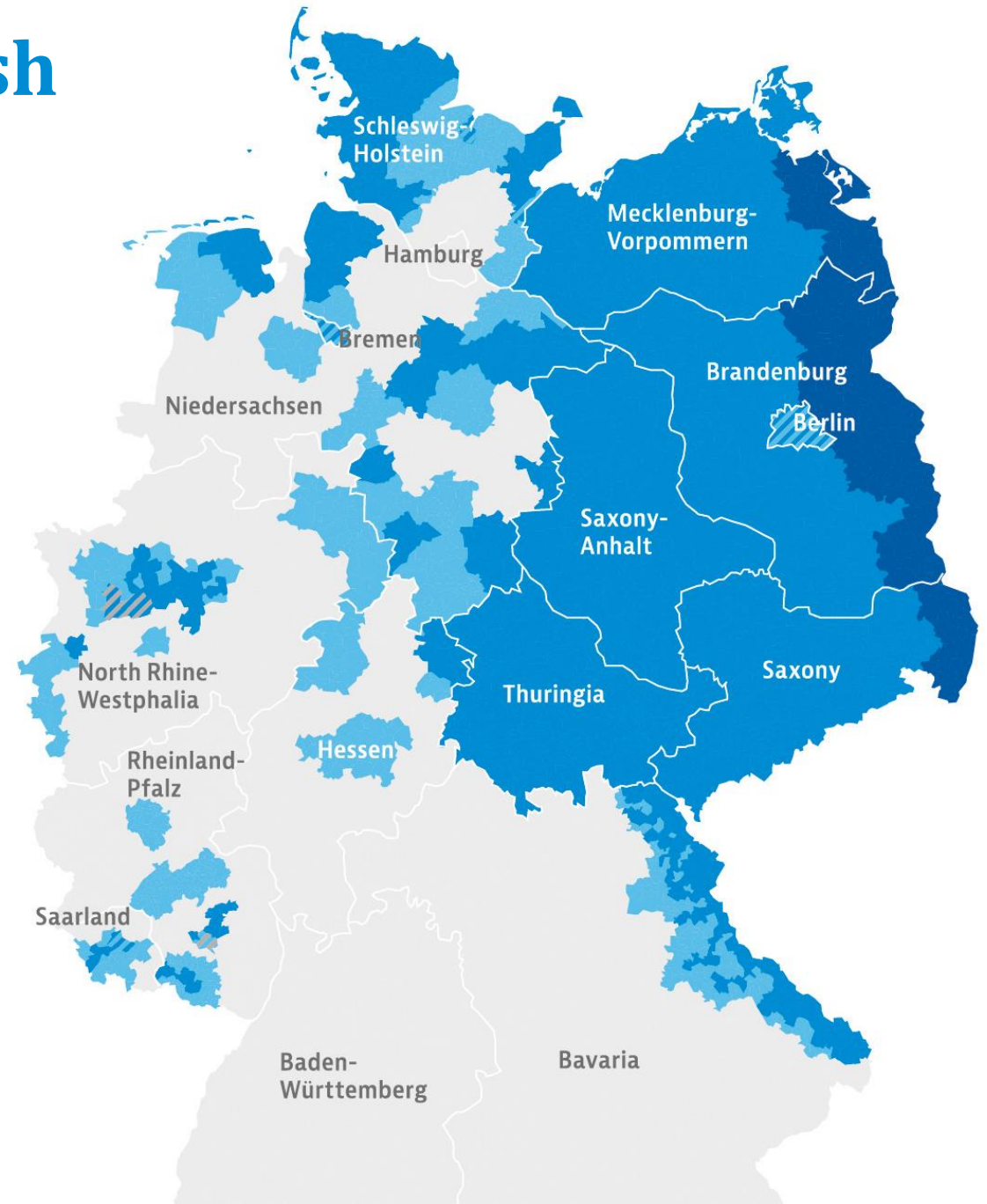
Germany's incentive system allows for comprehensive financial support.

- Small and medium-sized enterprises (SME)¹ often have preferential terms
- Support of Germany Trade & Invest concerning incentives for investment projects:
 - Identification of adequate programs
 - Information on application process
 - Identification of suitable financial partners

Note: ¹ European Union definition of small and medium-sized enterprises: < 250 employees and ≤ EUR 50 million turnover or ≤ EUR 43 million balance sheet total (figures for company group)

Germany offers up to 40% cash grants – Joint Task Program

	Small enterprises	Medium-sized enterprises	Large enterprises
Border area to Poland	max 40%	max 30%	max 20%
C Region	max 30%	max 20%	max 10%
D Region	max 20%	max 10%	max EUR 200k



Joint Task Programme key points

A number of additional conditions are necessary for the grants.

- 25% of eligible cost threshold must be provided from non-subsidized source
- Jobs created, and facilities put into operation as a part of the investment must stay in place for five years (sometimes reduced to three for SME)
- Pure sales and marketing activities/facilities, and consultancy activities excluded
- Corporate ownership analysed: 25% ownership threshold
- For larger projects (<€50m) aid intensity reduces incrementally
- Companies must be in financial good health prior to the investment
- Eligible costs assessed either on entire capital expenditure or 2years' wage costs.

Public loan programs from KfW

125k EUR

- **Startup loans (Gründerkredite)**
- For founders and SME
- Up to three years principal-free
- Interest rates starting at 1.5%

500k EUR

- **ERP-Capital for Foundation (ERP-Kapital für Gründung)**
- 10% Equity required
- 40% of the investment
- Up to 15 years, 7 principal free

10m EUR

- **Standard public loans**
- For SME and large enterprises >5y
- Interest rates starting at 1.0%
- Up to 10 years, 2 principal free

Environmental Innovation Program (KfW)

**Loan with 30%
investment grant
or interest grant**

**For innovative
large-scale pilot
projects**

**For sustainable
environmental
relief**

**Technology must
be new to the
existing market**

**Must be able to
be replicated and
scaled in DE**

**In partnership
with Ministry of
Environment**

Grants for Research & Development

European Level:

- Horizon 2020 – The EU Framework Program for Research and Innovation (Horizon Europe from 2021)

National Level:

- Technology-specific programs: High-Tech Strategy 2025:
- Technology-open programs: Central Innovation Program for SME (ZIM)
- Research Tax Credit Act 2020

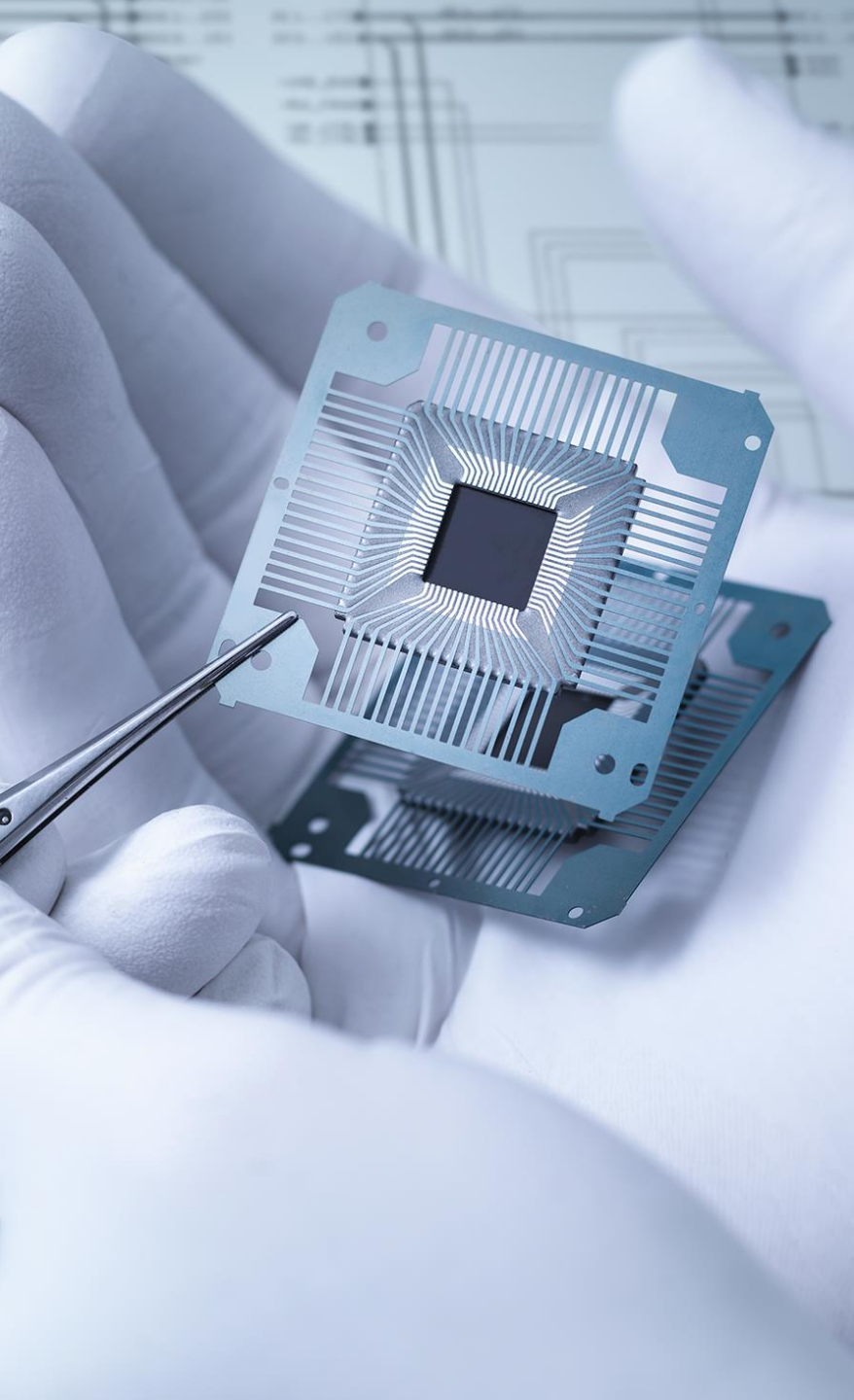
Regional Level:

- Programs available in all German Federal States

Horizon Europe

- Timeframe: 2021 bis 2027.
- Budget €85.6bn.
- Built on three pillars: Excellent Science, Global Challenges/Industrial Competitiveness, Innovative Europe
- Focus on international partnerships (at least two partners)
- Funding up to 100% eligible costs of a project
- Emphasis on commercialisation and dissemination of results within Europe.

High-tech Strategy 2025



- Six key areas of research and development:
 - Health
 - Sustainability
 - Climate protection
 - Mobility
 - Urban areas
 - Safety and security
 - Economy and Work 4.0

- On basis of calls for proposals
- Grants up to 50% of eligible costs for projects



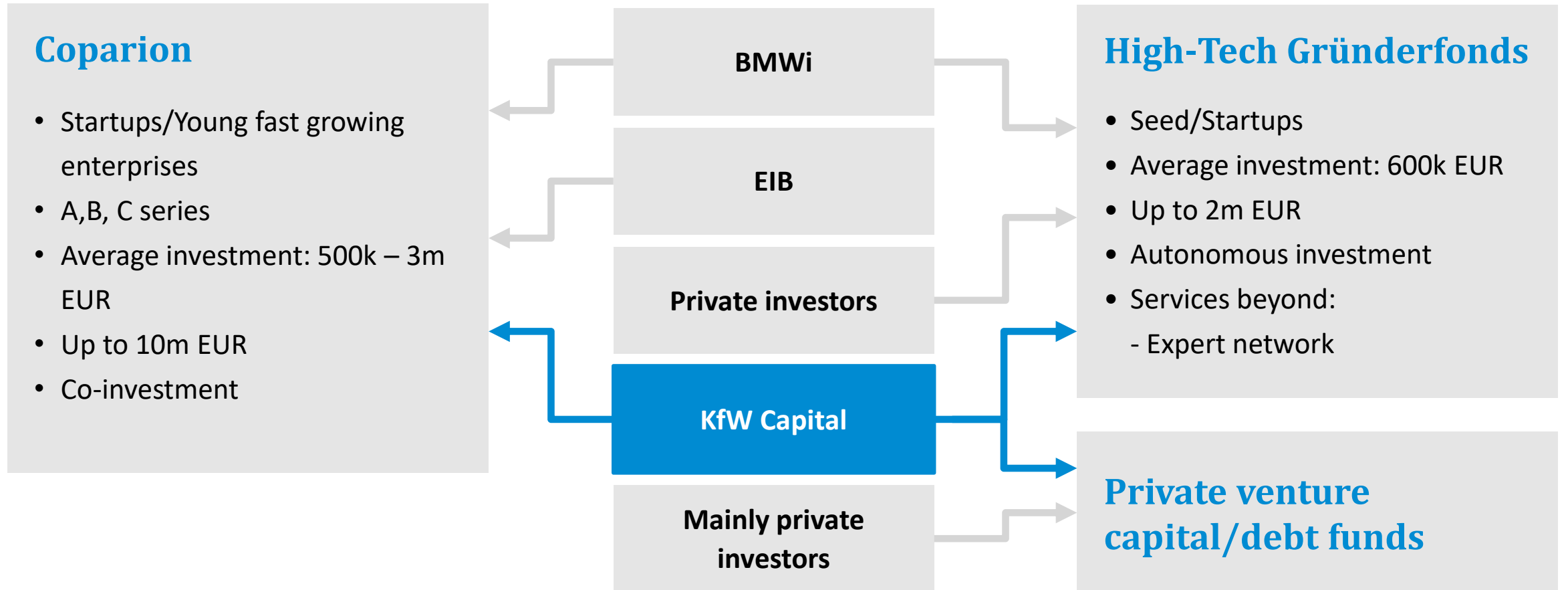
Tax Credit Act 2020

- Possible Tax Credit up to €500k = 25% of eligible costs up to €2m.
- €2m is the limit per company per project.
- Companies can cooperate on larger projects, up to a maximum eligible cost level of €15m per project.
- As a result of the coronavirus economic stimulus package, the possible tax credit and €2m limit have both been doubled up to the end of 2021.

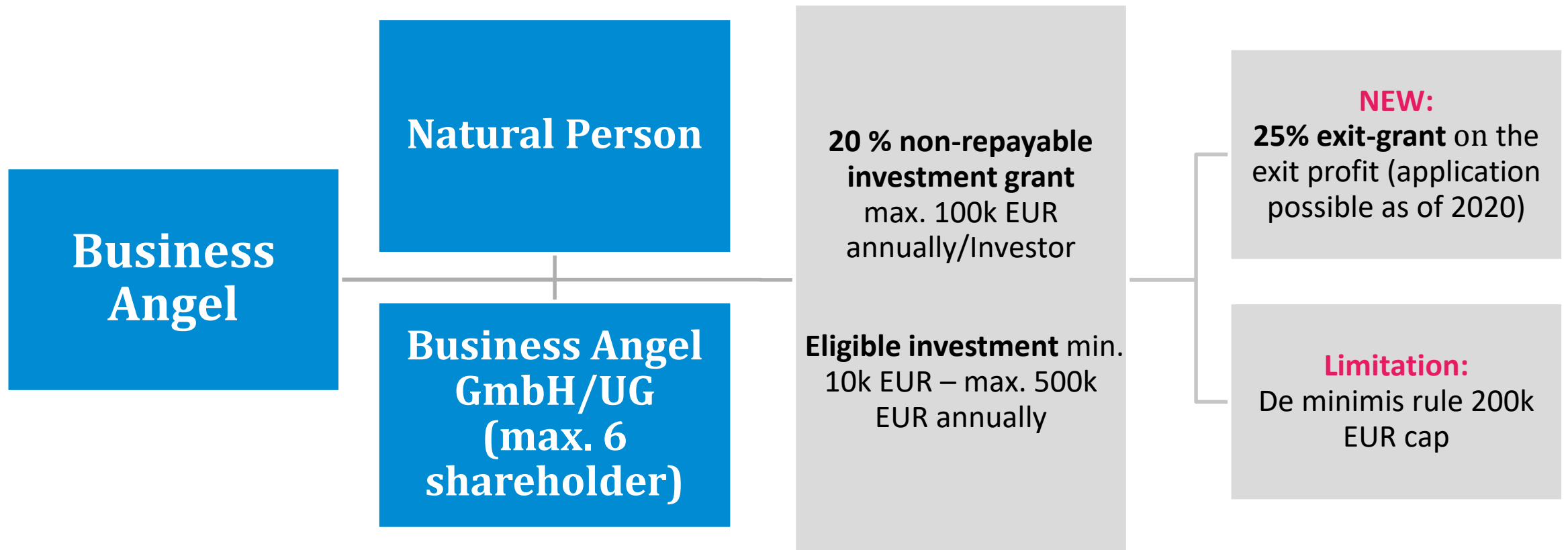
Central Innovation Program (ZIM)

- For small to medium enterprises (max. 1000 emp.)
- Technology open, no call for proposals
- Max. eligible costs €550k per project.
- Grant rates for enterprises: between 25% and 60% (depending on company size, cooperation degree and location)
- Up to end 2024
- No specific technological focus

Public sources for young innovative enterprises by KfW-Group



INVEST 2.0: Mobilizing start-up investments



Equity Capital

VC-subsidiaries of the regional development banks/KfW invest in startups as active or passive investors

Example: Federal State of Berlin


State development bank

Venture capital unit

Investment Bank Berlin (IBB)

IBB Beteiligungsgesellschaft mbH

- Early stage investor:
 - Seed or A-Series financing (200k – 1m EUR)
 - Scaling up potential: up to 4m EUR



Although we are not able to meet you in person for the time being, Germany Trade & Invest will continue to provide its full portfolio of “virtual” services during the current crisis.

Contact Us

Daniel Stephens

Manager Finance & Incentives

Investor Support Services

T +49 (0)30 200 099-503

Daniel.stephens@gtai.com

www.gtai.com

Germany Trade & Invest is the economic development agency of the Federal Republic of Germany. The company helps create and secure extra employment opportunities, strengthening Germany as a business location. With more than 50 offices in Germany and abroad and its network of partners throughout the world, Germany Trade & Invest supports German companies setting up in foreign markets, promotes Germany as a business location and assists foreign companies setting up in Germany.

SUPPORTED BY THE FEDERAL MINISTRY FOR ECONOMIC AFFAIRS AND ENERGY
ON THE BASIS OF A DECISION BY THE GERMAN BUNDESTAG.

© Germany Trade & Invest

All market data provided is based on the most current market information available at the time of publication.

Germany Trade & Invest accepts no liability for the actuality, accuracy, or completeness of the information provided.