

breakthru

NBIF START-UP COMPETITION

Handbook
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1.0 Introduction

Are you ready to BREAKTHRU – Fintech?

Breakthru – Fintech, the New Brunswick Innovation Foundation’s (NBIF) start-up competition in partnership with Venn Innovation’s Atlantic Fintech (Atlantic Fintech), encourages the creation and development of entrepreneurial, innovative business ventures in the Financial Technology Sector in the province of New Brunswick (N.B.). This province-wide competition provides participants with a unique opportunity to access start-up capital, mentoring, and support.

Entrepreneurial New Brunswickers who are interested in pursuing the development of a new and innovative **Financial Technology** venture in N.B. are encouraged to enter the competition. Participants will compete for the chance to win **\$25,000** in the form of a SAFE investment from NBIF, and expert support from Atlantic Fintech, to help launch and grow their start-up.

The competition unites members from all areas of the community, including business, academic and government sectors, with the common goal of enhancing entrepreneurship and seeding new and innovative Fintech ventures.

1.1 OBJECTIVES

Breakthru – Fintech is designed to accomplish the following primary objectives:

- Encourage and support the creation and development of new and innovative **Financial Technology** ventures
- Prepare and mentor participants and their companies for **investment and growth**
- Create awareness of **entrepreneurship** and enhance the **entrepreneurial ecosystem**; and,
- Foster **a culture of innovation** in New Brunswick.



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2.0 Eligibility Requirements

The competition is open to entrepreneurial New Brunswickers who are committed to launching and operating a new and innovative **Financial Technology** venture in the province.

To be eligible, submissions must demonstrate the following:

- A significant and growing global market;
- An identified target in the market with a clear gap, pain or need;
- Technological and commercial feasibility of the proposed business venture;
- Degree of innovation inherent to the proposed business venture;
- Ability to generate a sustained competitive advantage;
- Talented team with relevant background; and,
- The potential for economic impact on the province of New Brunswick.

2.1 Individual Requirements

An individual or team may enter the competition by proposing a new and innovative business venture. Individuals are only permitted to participate in one submission. To be eligible, all individuals involved in the submission must be:

- At least the age of majority (i.e., 19 years of age and up);
- A resident of the province of New Brunswick or be part of a team of which at least one actively participating member is a resident of New Brunswick and who holds, or will hold, at least 51% of share ownership of the proposed business venture;
- Entitled to establish a business and work within the province of New Brunswick; and,
- Willing and able to commit to developing and operating a business venture in New Brunswick.

2.2 Proposed Business Venture Requirements

Proposed business ventures must, at a minimum, meet the following criteria:

- Be in the early pre-seed stage of development;



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- Have no substantial prior operating history;
- Propose to maintain a head office and an operational base in New Brunswick;
- Be engaged in the development of innovative financial technology products or services; and,
- Be prepared to protect relevant intellectual property, if applicable.

2.3 Use of Funds

Typical uses for the net proceeds of the prize include among others:

- Company creation and incorporation
- General business development including enhancement of a company's business model
- Financial modelling
- In-depth market research
- Technology and product development including prototype development, product testing and customer trials
- Intellectual Property protection
- Other uses as described in the pitch deck submitted and as approved by NBIF

Submissions that propose the following uses of capital for the net proceeds of the prize are ineligible:

- Retirement of existing investments
- General debt consolidation or repayment
- Refinancing of a business operation
- Purchasing fixed assets including, but not limited to, land, buildings, and vehicles
- Undertaking construction, renovations, or leasehold improvements
- Replenishing or offsetting operating losses and past business expenditures.



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3.0 Prizes

The prize provides successful participant(s) with the critical start-up capital and/or support that they require to launch their new business venture.

Grand prize:

- One \$25,000 SAFE investment by NBIF, subject to the proper due diligence
- Expert Support provided by Atlantic Fintech for a period of 6 months.

Runner-up prize:

- Expert Support provided by Atlantic Fintech for a period of 6 months.

3.1 SAFE Investment

The investment component of the prize money will be provided to the successful participant by NBIF. The investment is subject to the satisfactory completion of final due diligence by the NBIF. The investment will be completed as a SAFE investment into an appropriately incorporated entity. Where required, NBIF will assist the prize recipient with the incorporation process. In exchange for its investment, NBIF and the winning company will enter into a Simple Agreement for Future Equity (SAFE). This SAFE will have no interest, a \$2,500,000 valuation cap, a 24-month term and a 20% discount on the next round of financing. As an example: this SAFE investment will be similar to the SAFE investment that was popularized by the Y-Combinator.

3.2 Expert Support provided by Atlantic Fintech

The expert support will be provided by Atlantic Fintech to the first and second place winners, for a total duration of up to 6 months. It will include overview of the startup product, market, business model and value proposition, as well as ongoing access to content, industry



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network and expert advice. The value of the expert support is estimated at \$25,000 in value to each winner.

4.0 Competition Process

The competition replicates the process that an entrepreneur would undertake to solicit funds from outside investors. Therefore, judges (TBD) will act as investors, choosing the worthiest business venture for investment from a group of finalists.

In determining the prize recipient, the judges will evaluate the entire submission and assess the overall merits of the business model, the quality of the idea, the video pitch, the virtual Q&A, and the capacity of management to execute on the proposed plan. Ultimately, the prize recipient will be the participant(s) who is best able to convey the merits of their business venture and their ability to execute on their plan to the judges.

The winner will be announced at the live Breakthru Fintech Virtual Finale on March 15th, 2021.

To become a finalist who will have their pitch shown to the judges on March 15th, 2021 applicants will need to:

- 1) Submit an application with all the required information by February 1st, 2021 (see Section 4.1)
- 2) Attend and learn from experts at the Fintech Preparation Bootcamp on February 17th, 2021 (see Section 4.2)
- 3) Submit a 12-slide pitch deck and 3-year financial projections by March 1st, 2021 (see Section 4.3)
- 4) Finalist selection by the judges announced on March 10th, 2021



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Selected finalists will present a 3-minute pitch and respond to a question-and-answer period of 10 minutes during the live Breakthru Virtual Finale event on March 15th, 2021.

4.1 Application

Submissions must be received by NBIF no later than February 1st, 2021 at 11:59 p.m., using the online form only. Paper or email submissions will not be accepted.

An application will not be complete without the signature of each team member. If each team member is not able to sign electronically, missing signatures must be collected prior to attending the Fintech Preparation Bootcamp. If NBIF has not received all signatures by February 16th, 2021, the team's submission will be disqualified.

4.2 Fintech Preparation Bootcamp

Participants that have met the application criteria will be notified on or before February 10th, 2021. All selected participants are required to participate in a half-day Breakthru Fintech Bootcamp to be held virtually on February 17th, 2021. It is designed to assist participants with the development and enhancement of the business strategy for their proposed business venture; therefore, improving their chances of being selected as a finalist. Participants will learn business fundamentals from several experts and mentors in the business community.

4.3 12-Slide Pitch Deck and 3-Year Financial Projections

Following the Bootcamp, participants are given time to develop their 12-slide pitch deck and 3-year financial projections before submitting them for evaluation. The deadline to submit the 12-slide pitch deck and 3-year financial projections is March 1st, 2021.

Written submissions are comprised of the 12-slide pitch deck and the 3-year financial projections. It is required that they are:



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- Typed and may include whatever graphs, photos or tables that are necessary to properly convey the proposed business venture
- Complete. Partial, incomplete, or late submissions will not be evaluated.
- A maximum of 12 slides for the pitch deck. The title slide is excluded from the slide count.
- A maximum of 10 pages for the 3-year financial projections.
- All files submitted in PDF format, not protected by password and without “Non-Disclosure” statements.

* Any slides or pages over the limit will not be posted or otherwise provided to the judges.

All pitch decks and financial projections will be reviewed to determine that the essential elements of the Pitch Deck Guidelines (Appendix 1) and Financial Projection Guidelines (Appendix 2) are included, respectively.

4.4 Live Pitch and Q&A

On March 15th, 2021 at the Breakthru Virtual Finale, the selected finalist teams will present a 3-minute pitches live to the judges and audience, which will be followed by a 10-minute live question and answer session led by the judges.

During the Finale, the judges will evaluate the degree to which the finalists have followed the suggestions in Presentation Guidelines (Appendix 3), as well as make their decisions based on:

- The clarity, persuasiveness and organization of the pitch;
- The degree to which the pitch concisely and accurately describes the proposed business venture as outlined in the slide deck and financial projection, and;
- The finalist’s abilities to provide direct answers to the questions posed by the judges.



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Videos are expected to be prepared by considering the following:

- Time limits will be enforced.
- Participants are responsible for ensuring that they have access to a computer with stable internet access that can run the Zoom video call software, as well as a camera and a microphone.
- May use presentation aids such as a PowerPoint, Keynote, demonstrations, or other suitable forms. However, participants are responsible for ensuring that all presentation aides can be seen by and work with the video delivery method of the pitch.
- If the pitch video contains significant graphics, sound effects and/or other extravagant content, finalists must advise the NBIF two days in advance to ensure that the presentation works properly during the Breakthru Virtual Finale. However, based on past experience, it cannot be guaranteed that significant graphics, sound effects and/or other extravagant content will work 100% of the time. Thus, finalists should prepare accordingly.
- Additional set up time will not be provided for videos containing extravagant or abnormal content.

5.0 TERMS AND CONDITIONS

5.1 – By submitting an application and pitch deck to the competition, each participant is deemed to have read, understood and agreed to the following terms and conditions. NBIF reserves the right to interpret these rules in a manner that is consistent with their spirit and intent:

5.2 – All prize recipients must agree to formally launch and operate their business ventures in the province of New Brunswick and the award is subject to successful recipients entering into standard legal agreements customary of a SAFE investment by NBIF. A term sheet will be presented to the finalists for review and NBIF reserves the right to contact other parties involved, particularly those relating to intellectual property. In



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addition, prize awards are subject to the completion of satisfactory due diligence by NBIF. NBIF at its sole discretion reserves the right to issue a convertible debenture.

5.3 – All participants and submissions must meet the requirements outlined under Eligibility Requirements set forth in this Participant Handbook in order to participate in the competition. To enter the competition, participants must electronically submit the Application Form, together with the 12-slide pitch deck. The Application Form will incorporate by reference these Terms and Conditions and require a signed consent from each participant taking part in the submission to abide by these Terms and Conditions.

5.4 – Submissions, including all materials, must be in English.

5.5 – NBIF at its sole discretion reserves the right at any time to disqualify any participants who are found to have misrepresented their data, submitted false information, or committed plagiarism, therefore forfeiting any rights under this competition, including the right to claim prizes awarded.

5.6 – NBIF reserves the right to reject any submission which relates to a product that is or would be unlawful or otherwise reflect poorly on the reputation of NBIF or the competition, as determined in NBIF's sole discretion.

5.7 – All pitch decks, videos, financial projections, and other submission materials must be authored or created by the participant. Any use of third party copyrighted materials, including images and video, may only be used with the expressed consent of the copyright holder, and participants must be prepared to submit evidence of such permission if requested by NBIF at any time.



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5.8 - Participants have proprietary rights to their respective submissions, provided that each participant hereby agrees to NBIF making such number of copies of the pitch deck, video, financial projections, and other materials as required for the purposes of this competition and using such materials in the manner NBIF sees fit for the purposes of the competition. NBIF has the non-exclusive world-wide rights in all languages, and in all media, to use or to publish all competition materials, or any portion thereof, in any medium for purposes associated with this competition or future competitions of this nature.

5.9 - Participants must be available and consent to participate in NBIF's media plan for this competition, which may include participating in interviews and being photographed, and to the publication/broadcast of the same.

5.10 - Due to the nature of the competition, NBIF will not ask judges, reviewers, staff, or the audience to agree to or sign non-disclosure statements for any participant and neither NBIF nor any of its selection committee members engaged in the competition, will have any responsibility of any nature or kind, to any participant for misappropriation or misuse of information within materials submitted or presented. Each participant agrees to permit NBIF to disclose pitch decks, financial information, videos, and other material submitted to its competition judges and organizers.

5.11 - Participation in the competition does not constitute an endorsement or determination of future success by NBIF, nor a guarantee of future funding or other support by NBIF. Successful participants may be eligible for further financing post-competition, under other NBIF-sponsored funds, but such financings are made independent of this competition and at the sole discretion of NBIF under its standard terms and conditions.



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5.12 – Only successful participants will be notified of their eligibility to move on to the Breakthru Bootcamp and final pitch to the judges. NBIF has no obligation to return submissions.

5.13 – Participant(s) from each submission selected to proceed to the Breakthru Fintech Bootcamp must participate in the event on February 17th, 2021, as detailed in Appendix 4 of this Participant Handbook. Failure to attend the preparation bootcamp will result in disqualification of the submission, unless a participant cannot attend due to health or other personal situation precluding their attendance (i.e.: death in the family).

5.14 – NBIF and Atlantic Fintech judges reserve the right to judge and evaluate the submissions and Application Forms, in its sole discretion. **NBIF reserves the right to make all final decisions regarding all aspects of this competition.**

5.15 – By entering this competition, each participant will be deemed to have waived any right of recourse against NBIF, its judges, volunteers, and staff, for any claims which may arise out of the participant's involvement in this competition.

5.16 – NBIF, judges, volunteers, and staff, are not responsible for typographical, technical, or other errors in the offer or administration of this competition, including but not limited to errors in advertising, rules, computer failure, selection and announcement of winners or the issuance of any prize.

5.17 – By entering this competition, each participant consents to the use of his or her personal information for the purposes of this competition as contemplated in these rules and the Participant Handbook. Personal information may be used by NBIF for the purpose of promoting future competitions of this nature. NBIF may retain personal information for the purpose of following up with participants for potential future business



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development initiatives independent of this competition but will not otherwise disclose such personal information.

5.18 – The rights of all video submissions are exempt from the applicant. Videos may be edited, copied, exhibited, published, or distributed and all rights are waived to inspect or approve the finished product wherein should the likeness appear. Additionally, any and all right to royalties or other compensation arising or related to the use of all videos submitted are exempt by the applicant. This material may be used in diverse educational settings within an unrestricted geographic area.



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APPENDICIES

Appendix 1 – Pitch Deck Guidelines

The pitch deck should provide a description of the proposed business venture and should serve to excite the reviewers about the opportunity. For the purposes of this competition, it should not exceed a maximum of 12-slides. It is therefore essential that the deck is created concisely, purposefully and accurately as well as in a manner that will pique the reviewer's interest; garnering support for the proposed business venture. While some text will be required to explain the proposed business venture, the pitch deck should also make use of photos, graphs and other visuals that add to reviewers' understanding. Participants must have the rights to use any content not created by the participant, and the content must be correctly sourced. Typically, the pitch deck contains information on the following topics:

- Company introduction
- The problem or need the company solves
- Customer/market analysis (market size, potential market share & evidence that customers have a need for the product/service)
- Product or service description and Regulatory Environment
- The current state of development (e.g., beta, customer trials, etc.)
- Intellectual property status (e.g., Patent filings; trademarks, etc.)
- Competitive differentiation
- Management team and/or advisors, including relevant experience
- Time frames to achieve significant revenue and/or cash flow positive
- Financial highlights

Appendix 2 – Financial Projection Guidelines

The financial projections should provide a high-level overview of the proposed business venture's potential revenue, expenses, and profitability. For the purposes of this competition, it should not exceed



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a maximum of 10 pages. Typically, the financial projections contain information on the following topics:

- Projected income statement, balance sheet and cash flow statements
- Projected cost of goods sold
- Potential revenue and expenses
- Projected breakeven point
- Opportunities for grants and other non-dilutive funding
- Information about any previous investors, non-dilutive funding, shareholder loans, etc.

Appendix 3 – Live Pitch

The pitch is a 3-minute description of your business proposition. One member of your team will be required to present this pitch to the judges at the Breakthru Virtual Finale on March 15th, 2021.

The pitch should answer the following basic questions:

- What is your product or service? Briefly describe what it is you sell, do not go into detail.
- Who is your market? Describe who your customer is, the industry and the size of the market.
- What is your revenue model? Tell them how you will make money.
- Who is behind the company? Briefly outline who your team is and any achievements.
- Who is your competition? Everyone has competitors – outline who are they and what have they accomplished.
- What is your competitive advantage? Explain how and why your company is different.

Every investor pitch should contain the following essential elements:

- Concise: You only have three minutes, so conciseness is key in getting all the information listed above into your video pitch.



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- Clear: Use language that everyone understands. Do not add fancy jargon or industry-specific terms. Your listener will not understand, and you will have lost your opportunity.
- Visual: Use words that create a visual image in your listener's mind, it will make your message more memorable.