



Mentorship, Capital, and Continuation (MC²) Capital Winter 2024 Program Package

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Submit your MC² Capital Application [here](#):

I. MC² Capital Program Overview

Apply now to receive up to \$500,000 CAD in investment and acceleration services from CABHI towards your validation and/or business milestones.

Plus, eligible companies may access additional investment up to \$250,000 from [Invest Nova Scotia](#), \$150,000 from [Greyhill Capital Partners](#), commercialization and funding support from [Ontario Bioscience Innovation Organization](#), and business financing from [Clearco](#).

Companies can also access additional investment opportunities through CABHI's investor community.

The Centre for Aging + Brain Health Innovation's (CABHI) **Mentorship, Capital, and Continuation (MC²) Program**, in partnership with National Bank, offers **MC² Capital**, a first-of-its-kind investment fund dedicated to support the growth of early-stage healthtech and fintech companies.

CABHI recognizes that there is an early-stage funding gap for Canadian health and fintech companies. We also know that it can be difficult to validate and scale a business without access to trial sites, potential buyers, subject matter experts, and international markets, such as those in the US, Japan, or UK, for example.

CABHI has heard this feedback and created MC² Capital. This program seeks to support the growth of early-stage Canadian healthtech and fintech, that have a solution that can improve the lives of aging adults and need access to capital to validate their technology, grow or scale.

In MC² Capital, each participating company may receive an investment of up to \$500,000 CAD from CABHI. Plus, eligible companies may access additional investment up to \$400,000 CAD from the Ontario Brain Institute, \$150,000 from [Greyhill Capital Partners](#), and business financing from [Clearco](#). Companies can also access additional investment opportunities through CABHI's venture community.

In addition, to receiving an investment, companies will gain access to CABHI's [Acceleration Services](#) to help grow and scale their solution. These services include, but are not limited to:

- **Tailored Consulting Services:** receive additional funding to cover (up to \$5,000) external consulting services needed to validate or grow your company. CABHI will



connect you with experts in our network to support in-depth strategic planning in areas such as Reimbursement, Research, Regulatory, QMS, Intellectual Property, Sales, and Growth Strategy.

- **Coaching and mentorship** from CABHI's [Coaches Community](#), a group of 100+ subject matter experts, including clinicians, end-users, entrepreneurs, industry partners, legal and regulatory affairs experts, marketing and sales leaders, organizational decision makers, researchers, venture capitalists, and more.
- **Scientific and Research Consulting:** Baycrest's Kunin-Lunenfeld Centre for Applied Research & Evaluation (KL-CARE) will provide services (up to \$10,000) to projects to ensure validation studies are conducted in a way that is scientifically valid and can lead to the best possible chance for adoption, spread, and scale. This includes support with study design, scientific and analysis consults.
- **Knowledge Mobilization Support:** CABHI's Knowledge Mobilization team will support disseminating the Validation project results. This can include support in developing a Knowledge Mobilization Strategy and relevant assets (One-Pagers, Brochures, infographics).
- **End-user testing and customer discovery** through [LEAP](#), our diverse, international community of older adults, caregivers, healthcare providers, and decision makers who help companies refine and market their solutions to improve end-user uptake and increase sales.
- **Internships/Co-op placements:** access funding to subsidize ~25% of an intern, exclusively available to CABHI portfolio companies. (Note: Subsidy can increase to 100% with leverage from Biotalent, or other similar funding sources)
- **Customers and distribution channels** through CABHI's [Innovation Network](#), a group of 200+ care delivery and industry organizations that are supported and activated to test, adopt, and procure innovations.
- **Perks and benefits (e.g., financing, legal, regulatory)** from our Innovation Network partners that help companies grow and scale.
- **Scientific Officer Program:** Access researchers from scientific networks and partner organizations to help with research and clinical trial validation. This includes tailored deep clinical expertise from CABHI's Scientific Officers from the [Rotman Research Institute](#) and the [Canadian Consortium on Neurodegeneration in Aging](#).

Why CABHI

Since its inception, CABHI has helped companies acquire customers, grow revenues, expand sales pipelines, incorporate in new jurisdictions, and obtain carry-on investments (including seed, series A, and debentures). To date, CABHI innovators and companies have secured more than \$550M+ CAD in carry-on investments and more than 67% of CABHI companies have received follow-on funding.

CABHI alumni include:

- Digital physical therapy provider **Sword Health**, which recently attained unicorn status ([valued at \\$2 billion](#))
- Virtual care platform **Akira Health**, acquired by TELUS Health
- Neurohealth technology company **BrainFx**, acquired by Highmark Innovations, Inc

View the rest of our investment portfolio [here](#).

Some of our notable Innovation Network partners include:



II. Important Dates

Program applications open	December 1, 2023
Deadline for applications	January 22, 2024
Shortlisted applicants notified	February 5, 2024
Due diligence process <ul style="list-style-type: none"> • Data room review • Due diligence sessions 	February 6 – 26, 2024 February 12 – February 26, 2024
Selected applicants notified	March 13, 2024
CABHI Summit 2024: Shortlisted applicants compete for People’s Choice Award	March 26, 2024
Final date for contracts to be signed	March 31, 2024
Program Start Date	April 1, 2024

III. CABHI Investment

Each participating company may receive up to \$500,000 CAD in investment from CABHI via an unsecured venture debt or post-money SAFE agreement to help selected companies achieve a business or validation milestone over a 12-month period.

CABHI's investment will be released in tranches, as aligned with specific business or validation milestone(s). As a founder-friendly solution accelerator, CABHI offers both unsecured venture debt and convertible equity deals on more favourable terms. We believe that founders need to be properly incentivized while remaining competitive within the global ecosystem. CABHI will work with each company to select the right funding option that makes sense from a cash flow or capitalization table perspective.

Unsecured venture debt via royalty:

- Eligibility: Early revenue is required
- Funding: Up to \$500,000 CAD (principal)
- Return: Principal plus a 20% return
 - For example, if CABHI invests \$500,000, then \$600,000 is returned to CABHI by the royalty maturity date.
- Payment: 5% of gross revenue is paid to CABHI each quarter. For companies in later stages, we will work with you to define an appropriate percentage based on your current revenues.
- Royalty: Begins on start date
- Maturity: 3-year post start date
 - If royalty is not paid back during the term, a one-time balloon payment is made at royalty maturity.
 - For example, if CABHI invests \$400,000, and cumulative gross revenue over the 3-year term is \$5.5M, a one-time balloon payment of \$205,000 is made at royalty maturity.

Each of CABHI's unsecured venture debt via royalty agreements include warrants rights. **This allows us to lower the cost of your financing and provide you with access to additional follow-on capital.** The high-level terms of the warrant are:

- Warrant: Equal to 10% of CABHI's investment (up to \$50,000 CAD)
- Warrant expiry: 10 years
- Warrant price: Based on current institutional priced round share price. If a company has not raised a priced round, the warrant price would be set at the price per share at their next qualified financing.
- Shares issued: Common shares
 - For example, if CABHI invests \$400,000, CABHI reserves the right, but not the obligation, to invest an additional \$40,000 at the warrant price, within a 10-year period.

Equity deal:

- Eligibility: All companies

- Funding: Up to \$500,000 CAD (investment)
- Instrument: Modified post-money SAFE
- Valuation cap: Depending on the stage of the company, CABHI's standard valuation cap is between approximately \$2.55M CAD (\$2M USD) to \$6.86M CAD (\$5M USD). For companies who have already raised a priced round or have outstanding convertibles at a valuation cap greater than \$4M USD, we will work with you to define an appropriate cap based on your current stage.
- Discount: 20%
- Pro-rata rights: Yes

Co-Investment notes:

- In addition, companies interested in co-investment from one of CABHI's equity partners will be completed on the same equity terms (i.e., valuation, discount, Cap) negotiated by CABHI.
- Companies interested in Clearco's business financing must meet Clearco's eligibility and due diligence requirements.

IV. Innovation Themes

CABHI supports innovations that address challenges associated with aging adults. Examples of challenges that CABHI seeks to solve include the following themes:

1. Aging at Home
2. Financial Health and Wellness (fintech theme)
3. Caregiver Support
4. Care Coordination and Navigation
5. Cognitive and Mental Health

View more information about CABHI's Innovation Themes [here](#).

V. Investment Process

1. **Online applications:** Applications are submitted online and then reviewed and scored by CABHI's review panel. Shortlisted companies are invited to participate in the due diligence and investment review process.
2. **Due diligence and investment review:** The shortlisted companies selected from the online application process will provide CABHI access to their data room and participate in a due

diligence day meeting, to determine eligibility for the investment by CABHI of up to \$500,000 CAD.

3. **Selection and contracting:** Following a successful due diligence process, CABHI will inform all selected companies and proceed with contracting of their unsecured venture debt or Post-money SAFE agreements, prior to the start of MC² Capital in April 2024.

VI. Program Eligibility

- The applicant must be a company registered federally or provincially in Canada and have a solution focused on the aging and brain health sector, or a healthtech, biotech or fintech solution that has an application to improve the lives of aging adults.
Note: if you are a company that has questions about Program Eligibility or how to register your company federally or provincially in Canada, please email Jesse Mastrangelo, Innovation Office, CABHI, at jmastrangelo@cabhi.com.
- Solutions must clearly address at least one of the five [CABHI Innovation Themes](#).
- The company must have a prototype or MVP completed.
- CABHI's funds must be used to help the company achieve a business or validation milestone, such as:
 - Developing a marketing and sales plan for the product launch
 - Further developing, testing, validating, and advancing a solution
 - Growing a sales team and/or advertising services to increase annual recurring revenue
 - Demonstrating product-market fit (e.g., high renewal rates and low customer churn)
 - Hiring personnel to help with a regulatory or patent submission (e.g., FDA/Health Canada)
- The solution has freedom to operate (i.e., the solution has no risk of potential infringement).
- The applicant must use CABHI's investment in accordance with CABHI's Eligible Expenses Guideline.

VII. Evaluation Criteria

All applications will be evaluated based on the following criteria:

1. **Company and team experience (30%):** Why are you and your employees uniquely qualified to solve this problem and/or work on this solution? What is your demonstrated track record of success? Who else is helping you to be successful?
2. **Quality of solution (30%):** Why did you pick this idea to work on? How do you know people need what you are making? What standard of care/solutions are your



customers using now to address this problem? What advantage(s) does your solution have over existing standards/products/practices?

3. **Market opportunity/growth potential (20%):** What is the current size of the market and how big will it be in 5 to 10 years? Why did you prioritize this market? What is your business/service model and how will this get you customers? How do you make money?
4. **Competition/traction (20%):** What are the barriers challenging the adoption of your solution? Who are your key competitors, both in terms of competing product categories and firms? Why will you win against them?

VIII. Additional Rules and Obligations

1. CABHI will not obtain any ownership rights to the intellectual property associated with the completion of your business or validation milestone, but CABHI will have the right to disseminate the results of your business or validation milestone.
2. CABHI reserves the right to select applications to maintain a balanced portfolio, which includes, but is not limited to, the distribution of companies across its Innovation Themes, founder diversity, and investment deal type.
3. CABHI may terminate negotiations or invite an alternate applicant to engage in negotiations if a contract is not signed in a reasonable amount of time (to be determined exclusively by CABHI).
4. CABHI reserves the right to decline any application and to modify or annul this Call for Innovations at any time, without incurring any liability.

IX. Resources

The following application resources are also posted on the CABHI website's [program page](#) as downloadable PDFs:

- Eligible Expenses Guideline
- Unsecured Venture Debt Royalty Agreement
- Warrant Agreement
- Modified Post-Money SAFE Agreement
- French-language version of this program package



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INNOVATION
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Submit your MC² Capital Application [here](#)

For additional questions, please contact

**Jesse Mastrangelo, Innovation Office, CABHI, at
jmastrangelo@cabhi.com**

CABHI reserves the right to change, modify, or cancel any of the terms and conditions of this program at any time, without incurring any liability. CABHI reserves the right to decline any application to its programs. The final determination of eligibility rests solely with CABHI, based on available funding.