



D2.1 Nordic Angel Investment Program toolbox

Project Number: 780747

Project Acronym: NordicAIP

Project title: Nordic Angel Investment Program



ESTBAN

FIBAN[®] FINNISH BUSINESS ANGELS NETWORK

BAN NORWAY

CIVITTA

flows
BY CONTRIBUTOR

NORDIC BUSINESS ANGEL NETWORK

Starting date of the project: 01/01/2018 (24 months)

Due date of deliverable / Date of submission: M24 / 27 December 2019

Work package related to the deliverable: WP2

Responsible beneficiary: EstBAN

Dissemination level: Public





Contributors

Name	Organisation
Ramona Dremljuga, Riivo Anton	Civitta Estonia (CE)
Sisse Melsen	DanBAN
Reetta Ilo	FiBAN
Rita Anson	BAN Norway (BANN)
Anu Oks, Dolores Daniel	EstBAN
Seren Rumjancevs	Contriber

Revision history

Version	Date	Author/organisation	Modifications
0	05.12.2019	EstBAN	Initial draft
1	17.12.2019	Partners	Feedback and additional input
2	30.12.2019	EstBAN	The final version sent for submission, including contributors' feedback

Abbreviations

Abbreviation	Definition
NAP	Nordic angel (investment) program
BA	Business angel(s)
WP	Work package
BAN	Business angels network
EstBAN	Estonian business angels network
FiBAN	Finnish business angels network
DanBAN	Danish business angels network
BAN Norway	Business angels network Norway
NordicBAN	Nordic business angels network
DD	Due diligence
SI	Startup Includer platform





Index of figures

Figure 1. NAP pipeline stages and number of startups at each stage	8
Figure 2. Voting for TOP20 startups in Startup Includer	11
Figure 3. Voting for TOP5 startups in Startup Includer	12
Figure 4. Award ceremony of NAP by EstBAN at sTARTUp Day 2019	14

Index of tables

Table 1. NAP targets by groups addressed	6
Table 2. Suggested requirements for participating investors	8
Table 3. Requirements for participating startups	9
Table 4. Communication means used in NAP pilot	9
Table 5. Assessment topic examples	11
Table 6. Suggested topics for NAP training sessions	16
Table 7. NAP workshop examples	17

Table of contents

1. Executive Summary	5
2. Target groups of NAP	6
3. Suggested format of the program	7
3.1. Building the investment group	7
Onboarding NAP investors	7
3.2. Selection of startups	8
Criteria for startup applications	8
Application of startups via Startup Includer platform	10
First qualification (50-100 startups)	10
Evaluation (40-60 startups)	11
Semifinals (TOP20 startups)	12
TOP5 and Due Diligence	13
Decision-making process	13
Final pitch event	14
3.3. Lead investor's role	15
3.4. Finishing the deal	16
4. Practical trainings and workshops	16





5.	Investment structures	18
5.1.	Loan-based equity investment	18
5.2.	Equity investment	19
6.	Investment document templates	19
6.1.	Term Sheets	19
6.2.	Shareholders Agreement	20
6.3.	Investment agreements	20
6.4.	Other agreements and documents	20



1. Executive Summary

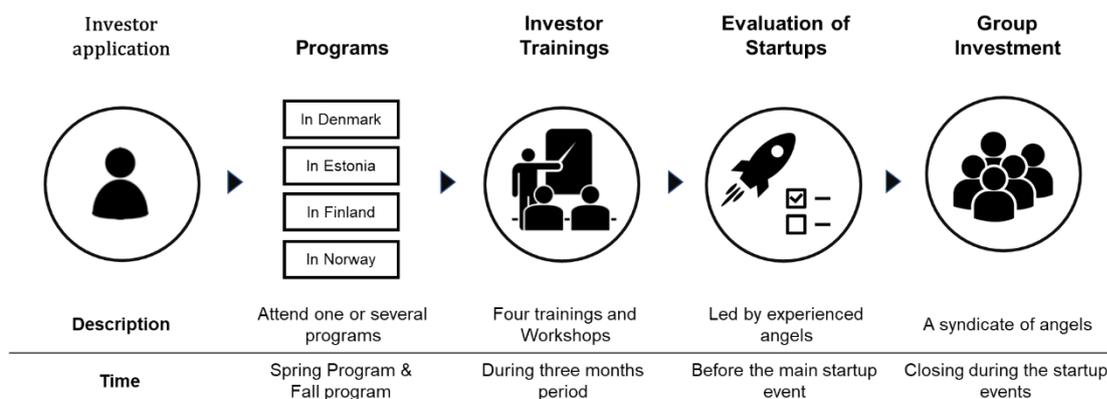
Nordic Angel Program (NAP) is a training and investment program for angel investors run by Nordic & Baltic angel networks EstBAN, FiBAN, DanBAN and BANNorway supported by Civitta and the Nordic angel network NordicBAN as well as powered by the investment platform Startup Includer.

Programs run by the angel networks cover a **3-month angel training** period, including joint study trips, evaluation of startups and networking with experienced angel investors. NAP links with some of the leading startup events (TechBBQ, Latitude 59, Slush, etc.) in the Nordic & Baltic region, culminating in a **syndicated investment** chosen by the investor group.

The main services of the program include investor trainings led by experienced business angels, facilitation of group investments, dealflow management with an investment platform and links to some of the main Nordic startup events.

The program spans over three months and consists of four parts:

- **Building the investment group:** 20-25 participants in each program
- **Training sessions for participants:** four training sessions and workshops in each program
- **Group evaluation of startup applications** from a startup conference: access to the Startup Includer platform
- Culminating with a **group investment** and follow-up.



The Nordic Angel Program Toolbox is created by the participating BAN partners to support the implementation of Nordic Angel Program project on a wider scale. As the aim of NAP is to increase the knowledge and actual experience of investors and startups then the NAP Toolbox supports BAN or other investment organization managers to set up and run the process, including a summary of the national laws and tax rules affecting cross-border investing and investment materials covering the diverse phases of investment lifecycle. The toolbox provides suggestions on how to set up an efficient and tested angel investment program.



2. Target groups of NAP

There are two main target groups for NAP which are presented in Table 1 below.

Table 1. NAP targets by groups addressed

Target group	Target activities
Investors (business angels) worldwide	Reach a large number of investors to attract them to the program.
	Foster cooperation among angels, angel networks and funds.
	Promote the culture of cross-border co-investing.
	Encourage investors to take part in trainings and gain knowledge.
Startups in digital sectors (mostly from the Nordic countries)	Attract companies (startups and scaleups) to apply for investment.
	Inform startup communities about success stories from previous NAP programs to stimulate applications for next rounds.

Angel investors

In one batch there might be up to 30 business angels, it depends on the ticket size in the syndication round you are raising. The number has to be limited in order to guarantee the success of the discussions, training and workshops.

- Wealthy individuals for whom angel investing is new (possible new BAN members)
- Active local angels (BAN members)
- International BAN members

Startup companies

To have enough deal flow to choose the best startups for the investment at least 80-100 startups should be there in the funnel.

- Local startups
- International startups

The Nordic Angel Program is focused on attracting high potential startups to apply to the angel investment programs. The NAP Application Round shall be published with a wide network of the startup community, mainly through the existing startup events. The NAP should be linked with some of the leading startup events in the region to include the angel program into their startup deal flow process such as (Slush, Arctic15, Latitude59, TechBBQ, sTARTUp Day).

The reasonable reach within the startup community is to reach 50-100 applications per NAP locally. All business angel networks have a strong position in their ecosystems and the key is to cooperate with local accelerators, incubators and other pipeline creators.





Nordic Angel Program should focus on reaching a large number of investors to attract them to join the NAP program. A specific focus is on facilitating the cross-border cooperation in the NAP programs and special efforts should be dedicated to include cross-border investors in the NAPs.

3. Suggested format of the program

Nordic Angel Program may be set up differently according to the specific region and organisation, each BAN should find their own best strategy and setup for the program. The Toolbox provides guidelines on how to approach the setup starting with on-boarding the Investors, the Startups, setting up the investment and finishing the deal.

The program spans usually over two-three months and consists of four parts:

- 1) Building the investment group
- 2) Training sessions for participants
- 3) Group evaluation of startup applications
- 4) A group investment and follow-up

3.1. Building the investment group

Business angels (BA), also called angel investors taking part of NAP, are investing private capital into the selected startup companies. Ticket starts from 5000 EUR per investor however the ticket size can be decided by the organisation according to the ecosystem standards.

BAs often invest as part of a group called a syndicate, organized through personal contacts or a Business Angel Network or a program as Nordic Angel Program. One of the investors will be taking a lead role as a **Lead Investor**. He or she will act on behalf of the whole syndicate.

Most BAs prefer to invest in companies within a 2h drive from where they live or work. This is something that the Nordic Angel Program tries to overcome - the program is built like this to support and encourage Business Angels to do cross-border investments.

Onboarding NAP investors

There are several “good opportunities” for investors to come on board. Depending on angel’s background and knowledge of the market the entry-points might be different. For example, a local active network member might join NAP at a very early stage, but super angels or international angels may join after the investment decision has been done. Investors are expected to join NAP in the following phases:

- 1) “Launch”: Active local network members
- 2) “Training sessions”: Passive and less experienced local angels
- 3) “Evaluation of startups”: Active angels, mostly local and some cross border
- 4) “Investment decision”: Cross border angels
- 5) “Startup event final”: Outside locals and cross border angels
- 6) “Post investment discussions”: Super angels, VCs and public institutions



As the Nordic Angel Program needs a steady structure, the participating angels need to fit into some criteria. Table 2 below presents the suggested requirements to set for the investors joining the NAP program which was developed in the pilot batches of NAP.

Table 2. Suggested requirements for participating investors

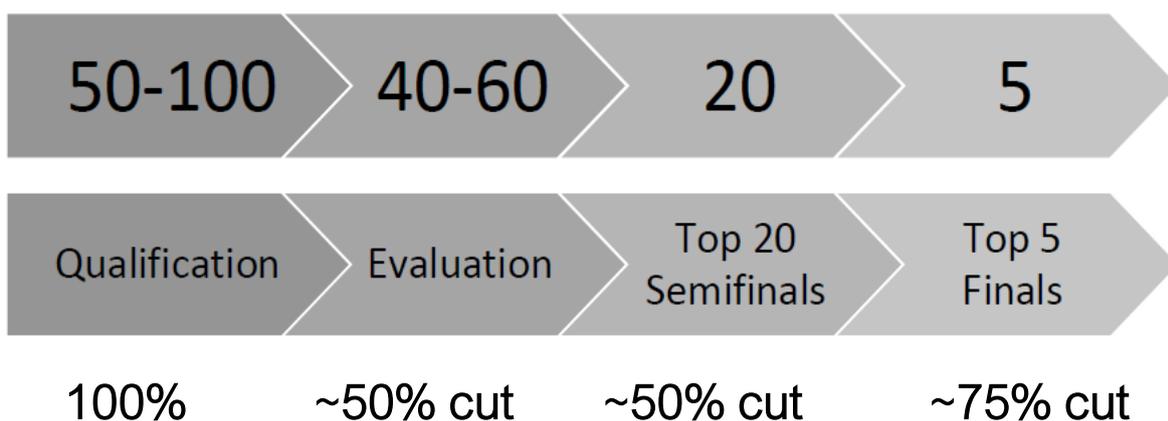
Suggested criteria for NAP investors
Has to be a BAN member.
BAN members or non-members approved by the lead investor(s).
Sign the loan agreement before the trainings' cycle.
The money should be transferred prior to entering the program.

3.2. Selection of startups

Each Business Angel Network will arrange the qualification and evaluation actions locally. Nevertheless, there's a suggested overall process to follow which includes the following stages:

- 1) Qualification
- 2) Evaluation
- 3) TOP20 Semi Finals (might be TOP15 or other)
- 4) TOP5 Finals
- 5) Awarding Ceremony
- 6) Making the deal

Figure 1. NAP pipeline stages and number of startups at each stage



Criteria for startup applications

Each business angel network should set its own startup application criteria. It is recommended to state the startup valuation, the location or field. The criteria should be spread to the public to



get a suitable startup deal flow. Examples of the criteria used by EstBAN, FiBAN, DanBAN and BAN Norway in the pilot of NAP can be seen from Table 3 below.

Table 3. Requirements for participating startups

BAN	Criteria
EstBAN	<ul style="list-style-type: none"> - Max 3M EUR pre-money valuation; - Preferred connection to Estonia; - Profile fully filled in Startup Includer.
FiBAN	<ul style="list-style-type: none"> - Max 4M EUR valuation; - Round size less than 500K EUR; - Traction is strongly preferred (prioritised as follows: revenue, user statistics, LOIs and other forms of traction); - Startups related to Nordics/Baltics (at least one founder from the region or the company needs to be registered in one of the New Nordic countries).
DanBAN	<ul style="list-style-type: none"> - Max 4M DKK pre-money valuation; - Based in the Nordics; - Stage: Proof of tech/Proof of business; - Min 2 co-founders; - Looking for funding/ready for funding.
BAN Norway	<ul style="list-style-type: none"> - Max 5M NOK pre-money valuation; - Nordic and/or EU connected; - Proof of tech/business; - Company is registered; - Min 2 team members.

Table 4 presents the communication means and activities used to attract startups and investors into the pilot program.

Table 4. Communication means used in NAP pilot

Channel	Description
Partnerships	Partnering with existing initiatives such as #EUTechWriters, Startup Europe and with key startup events (e.g. Slush/FI, Latitude59/EE, TechChill/LV) to combine the deal flow and attract more attention from startups and investors.
Press releases	Writing press releases and disseminating them to the relevant journalist groups in the local group and in Europe and beyond.
Websites	Development of local NAP websites which cover news and events, NAP program overview, and share links to related BANs.
Social media	Facebook, Instagram, LinkedIn and Twitter accounts can be used as the main dissemination channels in social media. Approx. 3-7 posts suggested per week, including relevant hashtags.
Promotion platforms	Use of existing platforms such as F6S, Funderbeam and Crunchbase for promotion and attracting potential investors and startups.





Application of startups via Startup Includer platform

Funnel management can be facilitated by the online collaboration and evaluation tool [Startup Includer](#) (SI) – this involves all applications, evaluations, communication and data management.

Startup Applications

Startup application link will be provided to the BAN to spread around by SI team. Startups will visit that link, create a profile and share the information with NAP.

Startup setup link is available in NAP -> Settings -> Application links -> Company card -> Copy link. Visit the link to see how it works.

The introduction text on the first page can be customized in Application links -> Company: Intro text. Applied startups will be listed in NAP -> Funnel -> Inbox. The Startup Includer profile can be amended and changed so that startups should answer the suitable questions for the NAP program.

Investor Applications

Investor application link will be provided to the BAN to spread around by SI team. Investors will visit the link, create a profile and share the information with NAP. Investors, your staff and everyone else who are looking at the startups is called Member of the deal room. (See the Members' tab for a full list). Investors who already have Startup Includer Profile, can use the existing one to access the deal room.

Investor setup link is available in NAP -> Settings -> Application links -> Member card -> Copy link. Visit the link to see how it works. The introduction text on the first page can be customized in Application Links -> Member: Intro Text. Investors that apply will go to Members tab.

In initial setup investors start in **No Access** group which means they cannot see the startups. This is for being reviewed and completing the paperwork. Once the investor has applied and has been reviewed, go to Members tab and **give further access to the investor**. Switch "No Access" to appropriate group. The group names may vary.

NB! No Access phase of investor signup can be skipped. To do that, please contact support@contriber.com.

Agreements between NAP and investors can be signed using Startup Includer integration with **DocuSign**. The investors will be able to see the documents in NAP dealroom and click "Sign". This takes them to Docusign where the signature will be given.

First qualification (50-100 startups)

At the very first stage the NAP program manager will identify whether the startup matches the criteria of the program. Find the Criteria for Startup Applications from the Toolbox Topic 2.2.1.

It's important to check that the startup's profile:

- matches to the expected criteria to their full extent;
- is filled thoroughly without information missing in Startup Includer.



Evaluation (40-60 startups)

Evaluation is the second main phase where the startup will be evaluated and analysed based on the information submitted to Startup Includer platform. During the first evaluation the batch of startups who have been accepted by the program manager in the pre-screening will go through individual evaluation by the **members of NAP**.

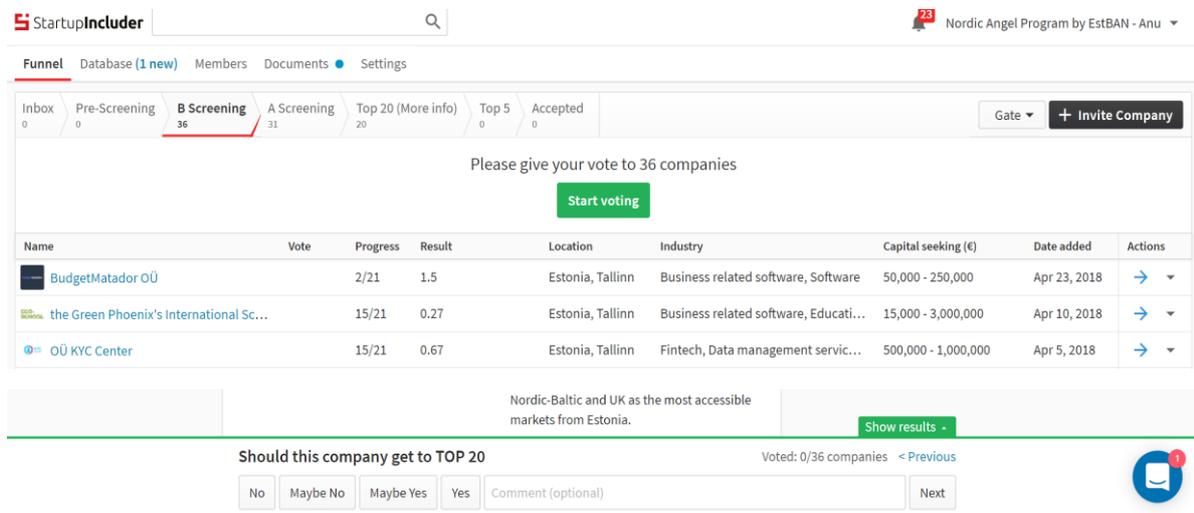
Through individual assessment, angel investors evaluate startup team profiles, provided business traction metrics and team backgrounds, prepared pitch decks and accompanying information and any other relevant input. Angel investors are encouraged to do independent initial research on the product and addressed market according to participating investors' unique insight, skills and experience. Table 5 below presents the most common factors assessed in startups. Even though team is considered the most valuable asset of a company, market and product status (progress) is also evaluated in this phase.

Table 5. Assessment topic examples

Team	Market	Product status (progress)
Experience Execution Commitment Coachability Skills Composition	Market size Growth Competitive landscape Business model Innovation Disruption	Current stage of product Traction Uniqueness IP rights

Evaluation will be carried out on the Startup Includer platform. At this stage 40-60 startups will be evaluated. As the startup evaluation is a very time-consuming activity. It is therefore reasonable to divide the startups as well as the investors into two groups and later on combine the results of the groups. Figure 2 below presents the view of investors when voting for the top startups in SI.

Figure 2. Voting for TOP20 startups in Startup Includer



StartupIncluder

Nordic Angel Program by EstBAN - Anu

Funnel Database (1 new) Members Documents Settings

Inbox 0 Pre-Screening 0 B Screening 36 A Screening 31 Top 20 (More info) 20 Top 5 0 Accepted 0 Gate + Invite Company

Please give your vote to 36 companies

Start voting

Name	Vote	Progress	Result	Location	Industry	Capital seeking (€)	Date added	Actions
BudgetMatador OÜ		2/21	1.5	Estonia, Tallinn	Business related software, Software	50,000 - 250,000	Apr 23, 2018	→
the Green Phoenix's International Sc...		15/21	0.27	Estonia, Tallinn	Business related software, Educati...	15,000 - 3,000,000	Apr 10, 2018	→
OÜ KYC Center		15/21	0.67	Estonia, Tallinn	Fintech, Data management servic...	500,000 - 1,000,000	Apr 5, 2018	→

Nordic-Baltic and UK as the most accessible markets from Estonia. Show results -

Should this company get to TOP 20 Voted: 0/36 companies < Previous

No Maybe No Maybe Yes Yes Comment (optional) Next

Semifinals (TOP20 startups)

Semifinals are meant to be a pitching session followed by a group discussion to select the TOP5 startups for final rounds, based on individual and group evaluation. The goal of selecting TOP20 is to get to know the startup founders through pitching events, get answers to initial investor questions directly from founders and to select the 5 strongest startups for deeper analysis and the finals.

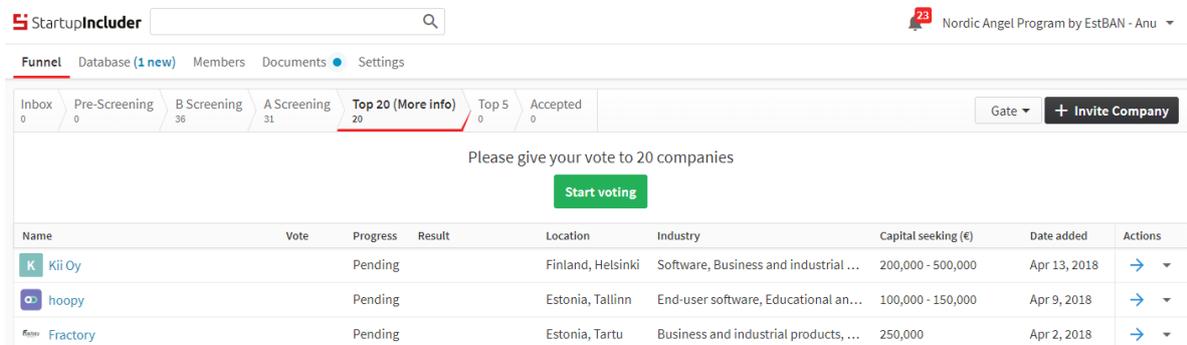
To maximize participation of both startup teams and investors, pitching events are structured in a format of a **half-day session**, with available video bridge for remote and international participants. It's suggested for the 15-20 startups to be present at the semifinals. In larger markets, where more startups may be accepted to the program or in case the level of startups is quite equal then an additional round for the TOP10 semifinals can be added to the NAP funnel.

The startups will do a **5-10 minute pitch followed by a Q&A** session. Semifinal and final rounds are the core of NAP international collaboration. All participating angel investors across partnered Business Angel Networks who invest as part of the given syndicate are invited to participate in the semifinal and final rounds of selection and group evaluation sessions to discuss the investment cases and add their international perspective. The selection of the teams proceeding to the finals will be done via evaluations on Startup Includer and discussions among the investors participating in the syndicate.

When analyzing startups' potential, investors may focus on fundamentals such as:

1. Customer problem
2. Proposed solution
3. Market size
4. Business model
5. Competition
6. Team
7. Go-to-market strategy
8. Real traction

Figure 3. Voting for TOP5 startups in Startup Includer



StartupIncluder

Nordic Angel Program by EstBAN - Anu

Funnel Database (1 new) Members Documents Settings

Inbox 0 Pre-Screening 0 B Screening 36 A Screening 31 **Top 20 (More info) 20** Top 5 0 Accepted 0 Gate + Invite Company

Please give your vote to 20 companies

Start voting

Name	Vote	Progress	Result	Location	Industry	Capital seeking (€)	Date added	Actions
Kii Oy		Pending		Finland, Helsinki	Software, Business and industrial ...	200,000 - 500,000	Apr 13, 2018	→
hoopy		Pending		Estonia, Tallinn	End-user software, Educational an...	100,000 - 150,000	Apr 9, 2018	→
Fractory		Pending		Estonia, Tartu	Business and industrial products, ...	250,000	Apr 2, 2018	→



TOP5 and due diligence process

The goal of TOP5 is to reach to a final selection of investment candidates through the limited scale due diligence (DD) procedure. Therefore, Q&A sessions will be carried out with the startup founders by lead investors where additional information might be required from the startup.

The DD process following the best practice of angel investments covers all necessary topic areas such as:

- management and staff;
- product/service and operations;
- sales and marketing;
- assets, including IP;
- financial;
- ownership and corporate structure;
- legal.

The initial limited due diligence is done during the period between the top 20 pitch and the decision-making deadline, which will give the investors a general understanding if the company is a serious investment prospect.

Volunteers are selected for the DD process. Typically, Q&A sessions explore the founding team's deeper view on product and market developments over time, competitive positioning, pricing/financial model and timing. DD of selected startup consists of covering the required minimum topics with the company and reviewing agreements. Initial limited scale DD meetings should be conducted with the TOP5 and the full due diligence meetings and negotiations with the TOP1 or TOP2 startup teams.

Negotiations with any potentially simultaneous external investors, such as venture capital firms, corporate venture capital departments, accelerators and independent investors should be carried out. These counterparts might also have an overall lead investor role or a significant contributing role in the same ongoing investment round of the startup.

Typically, this will consist of **4 meetings** – 2 with the founding team and 2 amongst the investors. The lead investor will be responsible for compiling a DD report for all participating angel investors. The lead investor may engage necessary advisors to conduct the DD, but will be responsible for evaluating and discussing the findings during the DD with the NAP group. The information exchange will be arranged as physical meetings or virtual discussions. One can find additional information and a full Due Diligence Checklist from the templates paragraph.

Decision-making process

In order to select the **final investment target**, a selection process is carried out by investors. All participating investors have to give votes in SI (either "Yes" or "No") for each of the TOP5 startups left in the pipeline to select the final winner. The criteria to the voting will be **successful when $\frac{2}{3}$ of members vote** and in order to choose the winner, **at least 51% of votes should be given in favour of the same company**.

After choosing TOP1 or TOP2 startups (based on the available capital pool), investment negotiations will be held and **a shortlist of 2-3 runner up startups** will be considered as back-up





investment candidates in case any of the due diligence would discover deal blockers or negotiations with any of the primary candidate teams would fail.

Final selection round is also the best moment to catch any additional capital investment interest from the local and international angels. NAP enables investors across the region to get to know startup teams in other countries –this enables to make an economic impact far beyond the intended syndicated investment into the selected startups. Participating investors should be expected not only to invest their funds but also their knowledge and personal contacts to help the startup grow.

It's quite likely that due to the additional visibility among investors, the TOP5 startups are able to attract additional investment proposals in parallel to negotiating terms with NAP. This additional attention and visibility can bring additional needed capital to the investment round or it can result in competition to NAP. For NAP it would be ideal if the startup will agree with the preliminary term sheet and to take money in case they would be the winner already prior to the final pitch event.

Final pitch event

Figure 4. Award ceremony of NAP by EstBAN at sTARTUp Day 2019



Nordic Angel Program TOP5 Final Pitching Event should be organized in collaboration with and during major startup/tech events in the region such as Slush, Latitude 59, Oslo Innovation Week, TechBBQ, sTARTUp DAY, Arctic15, or other in order to maximize the possible visibility of the startup as well as the program.





The Final Pitch Event is the award ceremony for the program. The real NAP group final decision and preliminary term sheet should be discussed and agreed before the final pitching event because:

- All the required information for final decision has already been gathered before the Final Pitch Event
- Deciding before the event allows for longer voting time window,
- NAP team would like to discuss the preliminary term sheet or major terms in advance and get preliminary approval from startup (not to award non-interested company)

Final Pitch Event is a suitable time for additional investors to show interest and join the deal if there is room for additional capital. Additionally, this is a good time to attract local and international media coverage and get awesome pictures for promoting the next program.

3.3. Lead investor's role

The Lead Investor will be selected by NAP participants and/or NAP organizing team for the given NAP batch by the time of collecting the investments from NAP participants. The Lead Investor is also responsible for choosing the Investment Instrument and the legal framework of the investment. In some cases, the lead investor will serve as the Lead Investor Representative in case there is a reason to change the lead, e.g. a potential lead candidate investing a substantial amount in addition or having a strong position to support the selected target in its development.

The lead investor is expected to:

- obtain the legal counsel;
- set up the legal entity for the investment;
- set up, communicate and follow-up the agreement signing with NAP investors and follow up regarding their investments;
- lead the due diligence process or work closely with due diligence volunteers to have all important aspects covered;
- lead the negotiations with founders and complete the deal signing and any additional activities from investors side, if necessary;
- take a seat in the company board if agreed so;
- arrange the internal communication within the NAP investor group related to completing the investment;
- arrange regular information updates to investors after the investment;
- communicate with investors about important events and if anything needs to be decided by the NAP participants.

In NAP process the Lead Investor should receive a fair compensation for his or her work. Reasonable arrangement would be carried interest, agreed in the NAP investment agreement.





3.4. Finishing the deal

Winner startup(s) will proceed to investment negotiations, led by the selected the lead investor. If the DD has not been completed already before or if there are issues the process has uncovered (such as need to assign the IP, finalize any employee agreements, complete documentation, etc), these will be completed.

Next steps in a typical deal signing are the following:

- In case there are more investors in addition to NAP in this round, coordinate and agree within larger syndicate all details and terms,
- Finalize deal terms with founders,
- Sign the Investment Agreement (sometimes together or with separate Shareholders Agreement) with the company,
- Check that the company has completed all steps agreed in the Investment Agreement (sometimes post-Agreement activities are to be completed, such as creating the company board of directors, registering shares, amending articles of association, etc)
- Complete funding transactions,
- Share the first post-deal update and lessons learned with NAP investors.

4. Practical trainings and workshops

Practical trainings are educational sessions of NAP, improving knowledge of early stage investing and angel skills, joint sessions for cross-border learning among participating angel groups. The goal of the practical trainings is to make sure that the investors are properly prepared and know what to expect and that they'll commit to the required personal time and resources for the benefit of the NAP. The program schedule and content vary in each country program. Usually, the educational part includes:

- **Workshops:** Group discussions and decisions. Startup screening and Due diligence.
- **Master Classes / Trainings:** Interactive meetings focusing on cross-border investing and sharing investment material (templates, tools, etc.)
- **Building the network and link with experienced angels:** The investment decisions are done as a group led by experienced investors.

Table 6. Suggested topics for NAP training sessions

I	II	III	IV
Building a portfolio and screening guidelines	Investment terms and lead investor activity	Due diligence and investment criteria	Startup management and growth tools





In addition to capital, investors will contribute their skills and experience to startup screening, selection, due diligence and negotiations with founding teams. To ensure investors understanding of the screening and selection criteria as well as the whole NAP process, local Business Angel Networks run initial **briefings to NAP members**. The participating partner Business Angel Network members from other countries optionally join local angels already at this stage if they choose to invest as part of the given syndicate. Video bridge is also provided.

NAP will be bringing specific educational speakers to the program, who can target specific topics related to ongoing NAP, aiming to have at least 4 trainings per syndicate. The sample list of investor training topics targeted for Nordic Angel Program include the following:

- Fundable companies for angels, investor and team expertise match
- Evaluating and preparing for angel deals
- Angel due diligence and closing the investment round
- Startup valuation, including valuation of pre-revenue ventures
- Supporting the startup team (value creation for investors)
- Corporate governance and risk management for early companies
- Preparing for an exit

As successful startups need to raise more capital to fuel their growth after the angel investment round, the critical part of investor training is developing the understanding of market players for follow-on capital and advice, such as venture capital firms, accelerators and corporate venture.

Table 7. NAP workshop examples

BAN	Workshops
EstBAN	Pitch analysis and selecting TOP4 Due diligence findings analysis Latitude59 conference and final pitches Online meetings: selecting TOP20 and selecting the winner
FIBAN	FiBAN screening Lead angel compensation Investment criteria
DanBAN	Evaluating startup teams live Hands on screening after trainings Due diligence with focus on the team and investment criteria Pitch training for angels and startups
BAN Norway	Investor and startup get-together Pitch session 1 and screening Pitch session 2 and screening Investment followup





5. Investment structures

In each NAP the investment structures may vary and each BAN should choose the most suitable structure for their NAP. A service provider like Invesdor or Funderbeam can be used, the use cases will be added to this toolbox after the NAP pilot has ended.

Investment process

In the program, the most important part is to form a group led by experienced angels who share startup investing best practices with new angels. The group evaluates deal flow from the local leading startup events. The finalists are selected by the group and winners are offered a syndicated investment. A typical investment has the following criteria:

- ticket size ca 5.000 - 20.000 EUR;
- manageable syndicate group size, e.g. 5-50 investors;
- led by experienced angels.

Investment terms

NAP syndicate will set the investment terms offered to the startup according to its investor preferences. Due to a number of investors, it is reasonable to structure the investment through a "special purpose vehicle" (SPV) legal entity, so that the NAP participants would be represented in the company's CAP-table together as one shareholder. Other structures are possible.

It's important to emphasize that angel investment into an early-stage company is a high-risk investment and therefore there is a substantial risk that the invested amount cannot be returned to the investor and interest may or may not be payable subject to the actual performance and results of the startup. In the following subchapters, some examples of investment structures used in actual investments are presented.

5.1. Loan-based equity investment

- Investing Company (SPV) will be registered in order to collect investments.
- SPV is owned by the Lead Investor.
- The investor's investment will be made as a **success-based loan**, that has a variable interest depending on the success of the target startup the investment will be made into.
- Each investor can choose whether to invest one-time *x-amount EUR* or multiply it. The individual loan amount can be increased at any time until the *set date*, but if the round of investment accepted by the startup will be smaller than the collected funds, the add-on investment will be accepted on the first come-first served basis.
- The investment decision will be made by all NAP participants where all participants have an equal voice according to their investment amount.
- *The Term Sheet, Shareholders Agreement will be signed*
- The investment will be done with SPV investing into the target company's equity or convertible debt as agreed with the winner.





- The investment will be paid back after the exit/liquidation of the startup, there will not be any regular interest payments.
- The Lead Investor will be paid a Carried Interest in case the investment into a startup (based on an exit) is profitable.
- The investors shall be informed and engaged on the progress of the invested startup on at least a quarterly basis;

5.2. Equity investment

- Investing Company (SPV) will be registered in order to collect the investments.
- SPV is owned by all investors (and/or their investment vehicles) jointly.
- The investors investment will be made as **equity** (and may also include a loan).
- The investment decision will be made by all NAP participants where all participants have an equal voice according to their investment amount.
- *The Term Sheet, Shareholders Agreement will be signed*
- The investment will be done with SPV investing into target company's equity or convertible debt as agreed with the winner.
- The investment will be paid back after the exit/liquidation of the startup, and at the liquidation of the SPV. Partial exits are returned at partial liquidity event by capital reduction or payment of the loan component.
- The Lead Investor will be paid a Carried Interest in case the investment into a startup (based on an exit) is profitable.
- The investors shall be informed and engaged on the progress of the invested startup on at least a quarterly basis;

6. Investment document templates

NAP Toolbox offers a number of different investment document templates from partnering BANs and different investment structures. In each country the specific legal terms and jurisdiction may vary. The templates here are just for inspiration and knowledge sharing, all of those should be overseen by legal experts.

6.1. Term Sheets

1. [Term Sheet Clean](#), [Term Sheet Explained](#) (SWE)
2. [Convertible Instrument \(debt\) Term Sheet](#) (EST)
3. [Equity Investment Term Sheet](#) (EST)
4. [Term Sheet Clean](#), [Term Sheet Explained](#) (NOR)





6.2. Shareholders Agreement

1. Shareholder's Agreement (for Equity investment) (EST)
2. Shareholders Agreement (FIN)
3. Shareholders Agreement (NOR)
4. Shareholders Agreement (SWE)

6.3. Investment agreements

1. NAP by EstBAN loan-based investor agreement template (EST)
2. Equity Investment Agreement (EST)
3. Joint investment Agreement (FIN)

6.4. Other agreements and documents

1. Non-Disclosure Agreement (EST)
2. PARI PASSU CONFIRMATION (FIN)
3. DD Checklist (EST)
4. Subscription Agreement (NOR)
5. Subscription Agreement (SWE)
6. Founders' Agreement (SWE)

