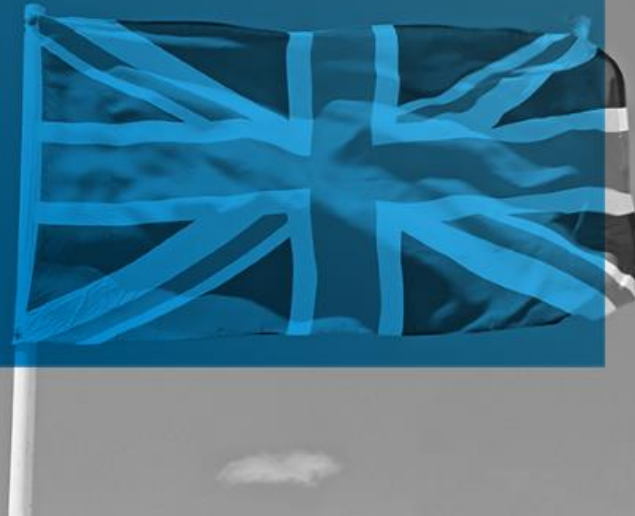


GTAI UK-German Business Day

FINANCING OPTIONS IN GERMANY

FEBRUARY 15, 2022

Daniel Stephens
Senior Manager Finance & Incentives
www.gtai.com



Variety of incentives

Funding instruments:

- Grants
- Equity
- Mezzanine capital
- Loans
- Loan collaterals

Funding



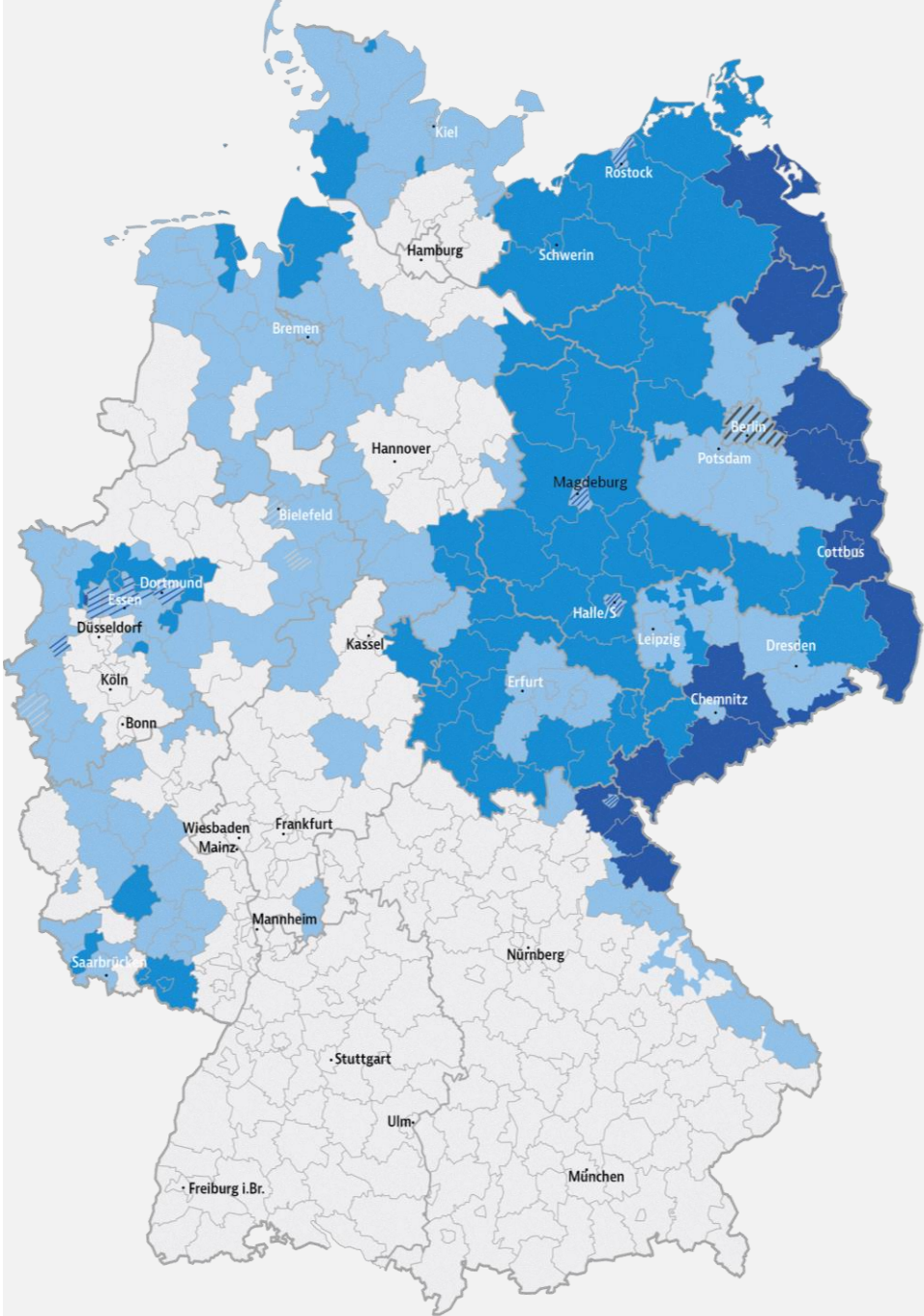
Required Funding for:

- Investments
- Working Capital
- Research & Development
- Specific Purposes
- Personnel

Germany offers a broad range of funding instruments to support the capital needs of investors. A combination of funding instruments is usually possible.

Germany offers up to 45% cash grants – Joint Task Program

	Small enterprises	Medium-sized enterprises	Large enterprises
C Region with border bonus	max 45%	max 35%	max 25%
C Region*	max 35%	max 25%	max 15%
D Region	max 20%	max 10%	max EUR 200k



*In some C regions only, others limited to max. 10/20/30% depending on local economic indicators. Shaded areas are mixed.

Source: BMWi

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: 100% intensity for first €50m, 50% intensity for 50-100m and 34% intensity on everything after €100m
- Companies must be in financial good health prior to the investment
- Eligible costs assessed either on entire capital expenditure or 2years' wage costs.

Loan Facility

KfW loans offer financing opportunities for all potential investment locations.

- Loan facility program: **KfW „Gründerkredit – Universell (075/076)“**
- Purpose of the facility: Capex and running costs for investing enterprises operative for up to 5 years
- Loan size: max EUR 100m
- Loan period: up to 20 years
- Covenants/ Security: Standard bank collateral, a 50% liability waiver in favour of loan-granting bank is possible (depending on KfW approval)
- Access: Via high-street bank in Germany
- Interest rate: Starts at 1%

Note: Combination with GRW investment grants is possible.

Grants for Research & Development

European Level:

- Horizon Europe – The EU Framework Program for Research and Innovation

National Level:

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

Regional Level:

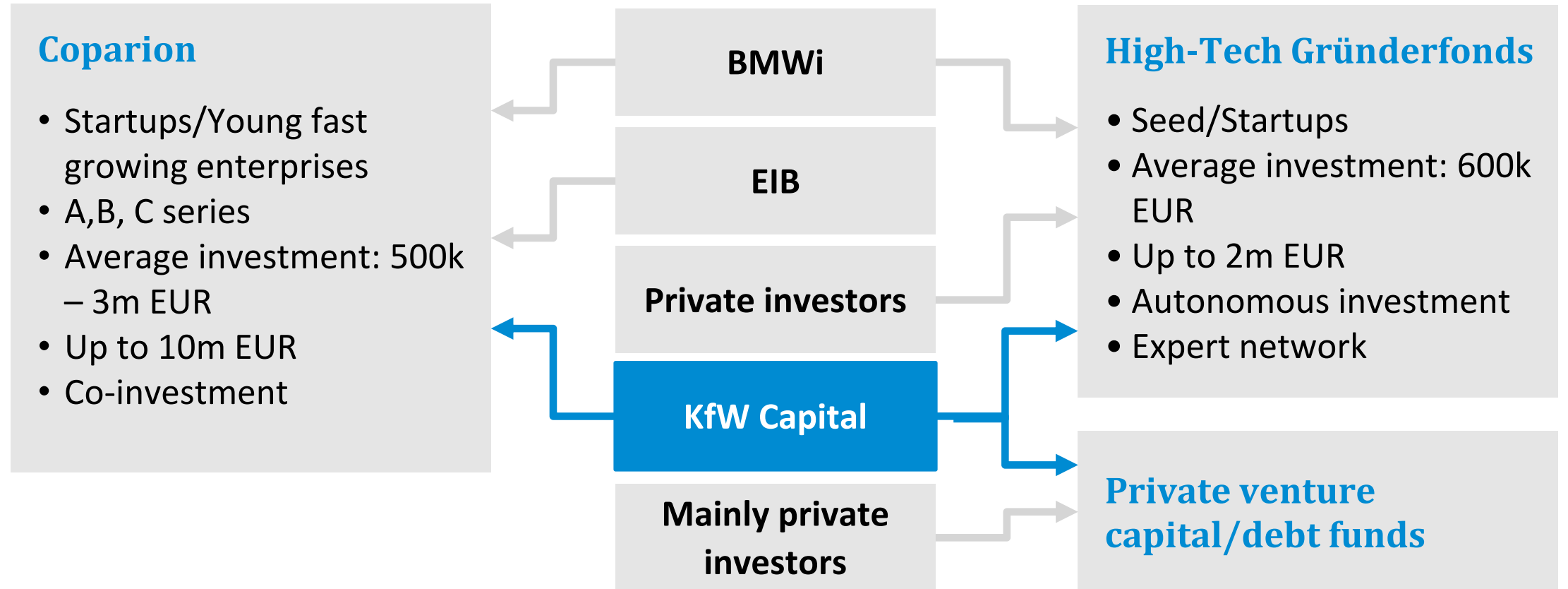
- Programs available in all German Federal States



Tax Credit Act 2020

- Possible Tax Credit up to €500k = 25% of eligible costs up to €4m.
- €4m 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 original €2m limit have both been doubled to €4m up to the end of 2026.

Public sources for young innovative enterprises by KfW-Group



Contact Us



Daniel Stephens

Sr. Manager Financing & Incentives

T +49 30 2000 99 504

daniel.stephens@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 Climate Action 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.