



SCN's Incubation Investment Award Program Frequently Asked Questions (FAQs)

The Stem Cell Network (SCN) is launching a new Incubation Investment Award Program to accelerate the advancement of early-stage regenerative medicine (RM) companies in Canada. This initiative is designed to support promising ventures in achieving both scientific and investment-readiness by enabling the generation of critical data packages that can attract third-party investment and catalyze company growth. The competition opens on Monday, September 8, 2025.

An Informational Webinar was held on Wednesday, August 27, 2025, that included information about the competition, as well as a question-and-answer session with attendees. A recording of the webinar is hosted on [SCN's YouTube channel](#). It is strongly recommended that those who wish to submit an application review the webinar and carefully review all documents, including program guidelines.

WHO CAN APPLY FOR SCN FUNDING THROUGH THE INCUBATION INVESTMENT AWARD PROGRAM?

The Incubation Investment Award (IIA) is open to pre-seed and seed-staged independent, Canadian-incorporated for-profit biotechnology companies that are actively operating in Canada with >51% Canadian ownership. Eligible applicants must be advancing a regenerative medicine innovation and must own the commercialization rights to the relevant intellectual property. Companies must also have raised a minimum of \$250,000 from all sources and have a committed team including at least one full-time equivalent (FTE) for pre-seed-staged companies, and two FTE for seed staged companies. Eligible technologies should fall between Technology Readiness Levels (TRL) 3 to 6—ranging from in vitro proof of concept to early clinical trials—with flexibility for other innovation types based on justification.

WHAT IS THE VALUE OF THE INCUBATION INVESTMENT AWARD? HOW MANY AWARDS WILL BE GIVEN?

SCN is deploying a new Incubation Investment Award Program. SCN will deploy awards with investments ranging from \$250,000 to \$1M per company. Funding will be deployed to companies in tranches, over a two- or three-year period based on the achievement of company milestones. The specific funding amount

and disbursement schedule for high potential companies will be determined through the evaluation process, and confirmed by SCN's Board of Directors.

HOW IS THE INCUBATION INVESTMENT AWARD ALLOCATED BETWEEN PRE-SEED AND SEED-STAGED COMPANIES?

The goal of the IIA is to support companies at both pre-seed and seed stages. The application and review process are designed to evaluate pre-seed companies separately from seed-staged companies.

Companies that rank the highest in each category will be offered investment awards. Investment award allocations will differ for pre-seed staged companies and seed-staged companies; pre-seed staged investments will range from \$250,000 to \$500,000 and be tranching over a two- or three-year period, whereas seed-staged investments will range from \$500,000 to \$1M and will be tranching over a two-year period.

IS THERE A DIFFERENT APPLICATION PROCESS FOR PRE-SEED VERSUS SEED-STAGED COMPANIES

No, there is only one application process. Some of the questions in the application are geared towards more mature companies. All companies are encouraged to answer these questions to the best of their ability. Pre-seed staged companies are evaluated separately from seed-staged companies.

HOW DO YOU DISCERN IF A COMPANY IS PRE-SEED STAGED OR SEED-STAGED

There are several ways to evaluate if a company is pre-seed versus seed staged. Generally speaking, seed-staged companies will have raised more funding, will have advanced their technology closer to the clinic, and will have more dedicated team members versus pre-seed staged companies. The SCN Triage Committee will consider all of these factors when classifying companies as pre-seed versus seed staged.

HOW WILL THE FUNDING BE DEPLOYED TO THE COMPANY?

Successful companies will be invited to enter into a Simple Agreement for Future Equity (SAFE) with SCN. The terms of this agreement will define the funding amount, the business terms for equity exchange and the disbursement schedule. Funds will be released in tranches over specified periods, aligned with the activities and milestones outlined in the company's development plan.

WHAT IS A SAFE AGREEMENT?

A SAFE (Simple Agreement for Future Equity) is an investment agreement that allows an investor to provide funding to a startup in exchange for the right to receive equity in the company at a later date, usually when the company raises its next round of funding. It is not a loan and does not carry interest or require repayment. Instead, it converts into shares under pre-agreed terms. SAFE agreements are commonly used in early-stage financing because they do not require the company to have performed an

‘evaluation’; they are simple, founder-friendly, and help avoid the complexity and cost of traditional equity rounds.

ARE THE TERMS OF THE SAFE AGREEMENT NEGOTIABLE?

The terms of the SAFE agreement are not negotiable. Before accepting the invitation to Stage 2 of the evaluation process, shortlisted companies will be asked to review the terms of the agreement that will govern the funding. A term sheet outlining the key provisions of the SAFE (Simple Agreement for Future Equity) will be provided. Companies must confirm their acceptance of the proposed terms to proceed to the final review should they be selected to receive the award. The SCN SAFE terms are consistent with what one would expect from early staged investments. Companies that do not agree with the proposed terms may choose to opt out of the final review process at that stage.

WILL SCN PROVIDE ANY SUPPORT TO APPLICANT COMPANIES DURING THE APPLICATION PROCESS?

Pre-seed staged companies that advance to Stage 2 of the application process, will be offered support from [Capital BioVentures](#). The support will be targeted towards preparation of the company pitch deck, and preparation for the virtual pitch presentation.

MUST APPLICANT COMPANIES BE AFFILIATED WITH A CANADIAN UNIVERSITY?

No. While it is common in the life sciences sector, such an affiliation is not a requirement. Companies without Canadian university ties are still eligible to apply, provided they meet all eligibility criteria.

HOW DO I APPLY FOR THE INCUBATION INVESTMENT AWARD PROGRAM?

By submitting an application at Stage 1 of the application process, which involves completion of the Application form, and submission of your company non-confidential pitch deck. The application form and accompanying instructions can be found on the SCN website.

WHERE DO I FIND THE PROGRAM GUIDELINES AND DETAILED APPLICATION INSTRUCTIONS?

The Program Guidelines, and Stage 1 Application instructions and form are hosted on [SCN's website](#).

HOW IS THE APPLICATION AND EVALUATION PROCESS STRUCTURED?

The application process is split into two stages. For Stage 1, companies are required to submit an application form and a non-confidential pitch deck. This stage of the process is focused on confirming company eligibility, company stage (pre-seed versus seed staged), and evaluating companies for overall investment potential. The applicants will be assessed by the SCN Triage Committee and high potential

companies will be invited to Stage 2 of the application process. For Stage 2, companies will be asked to sign a non-disclosure agreement. Stage 2 is a due diligence assessment and involves three components: 1) a Diligence Assessment Questionnaire, 2) a Data Room, and for top performing companies, 3) a virtual pitch presentation. Stage 2 company evaluations will be performed by the Incubation Investment Award Review Committee (IARC).

WHEN WILL THE FUNDING DECISIONS BE ANNOUNCED?

Funding decisions are scheduled to be announced Tuesday, March 31, 2026.

WILL I GET A COPY OF THE REVIEWER COMMENTS?

Applicants that are successful in moving from Stage 1 to Stage 2 of the IIA process will be notified by Wednesday October 22, 2025. No reviewer feedback will be provided for Stage 1 of the application process. Only companies participating in Stage 2 of the application process will receive reviewer evaluation and feedback comments.

WILL I BE ABLE TO APPLY FOR THE INCUBATION INVESTMENT AWARD TO CONTINUE OR BUILD ON A PROJECT THAT WAS PREVIOUSLY FUNDED BY SCN?

Yes. SCN welcomes applications from companies advancing technologies that have arisen out of projects supported by previous SCN funding. For companies that are partnering with current SCN awards, any support requested through the IIA may compliment, but must not duplicate, activities funded through the active award.

IF I AM FUNDED BY SCN IN THIS COMPETITION, AM I REQUIRED TO SUBMIT PROGRESS REPORTS FOR REVIEW?

SCN operates a process of Continual Review on all funded awards. Submission of annual project progress and final reports to SCN management is **mandatory** and reports will be reviewed by the IARC to evaluate progress toward milestones and make recommendations for the continued release of funding for active awards. Mid-term and final financial reporting will also be required by companies receiving IIA funds.

DO I HAVE TO BE A FORMER AWARD RECIPIENT WITH SCN TO APPLY FOR FUNDING?

No. SCN welcomes applications from all eligible stem cell and regenerative medicine companies within Canada.

WILL APPLICATIONS FOCUSED ON GENE THERAPIES/CANCER OR CAR-T/SMALL MOLECULES/DRUGS BE CONSIDERED?

The applicant company must be developing a technology that is regenerative in nature and/or use stem cells or a regenerative medicine approach for addressing the proposed problem to be eligible for funding.

CAN I SUBMIT AN APPLICATION FOR A COMPANY THAT IS CURRENTLY BEING FUNDED BY ANOTHER AGENCY OR ORGANIZATION?

Yes. Companies that have raised funding from other sources are encouraged to apply for the IIA.

CAN A COMPANY MEMBER BE NAMED ON MORE THAN ONE INCUBATION AWARD APPLICATION?

In principle, yes. However, in practice the expectation that each company have a dedicated team driving the activities of the company makes this challenging. Fractional team members or those holding advisor roles may be listed on multiple applications.

DOES SCN ACCEPT APPLICATIONS FROM OUTSIDE CANADA?

No. All applicant companies must be incorporated in Canada. However, international team members, advisors and collaborators are welcome.

DO I NEED PARTNER MATCHING FUNDS TO APPLY TO AN SCN PROGRAM?

No. Although many of SCN's other funded programs require partner support (in-kind or cash), the IIA does not.

ARE INTERNATIONAL PARTNERS OR OTHER INVESTORS/FUNDERS PERMITTED, OR ARE THEY REQUIRED TO HAVE A BASE IN CANADA?

Partnerships with foreign companies are welcomed and permitted. Partnerships with foreign entities and individuals must conform with the Government of Canada's [Policy on Sensitive Technology Research and Affiliations of Concern \(STRAC\)](#) and the [National Security Guidelines for Research Partnerships](#) (NSGRP).

WHAT ARE THE RESEARCH SECURITY REQUIREMENTS FOR APPLYING FOR SCN FUNDING?

All applications for SCN funding must comply with the Government of Canada's [Policy on Sensitive Technology Research and Affiliations of Concern \(STRAC\)](#) and the [National Security Guidelines for Research Partnerships](#) (NSGRP). Regenerative medicine (including tissue engineering or gene therapy) is listed as a [Sensitive Technology Research Area](#), so all applications to SCN must include a check on

researchers' affiliations. Companies that are invited to Stage 2 of the application process, will be asked to complete [attestation](#) and [risk mitigation](#) forms describing any affiliations with organizations on the Named Research Organization list and how research security risks will be mitigated as part of their Stage 2 application submission.