



Venture Capital 101:

A Practical Guide for Nova Scotia Businesses
Exploring Investment

► Prepared by Invest Nova Scotia - September 2026

Invest 
NOVA SCOTIA

TRADE MARKET
INTELLIGENCE
REPORT





Disclaimer

All Rights Reserved

Invest Nova Scotia owns this publication. No part of this publication may be reproduced, distributed, rented, sub-licensed, altered or stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Invest Nova Scotia.

The information and facts of this report are believed to be accurate at the time of publication, but because of the rapid changes in the market or other conditions, cannot be guaranteed. Please note that the findings, conclusions and recommendations that Invest Nova Scotia delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. All information is provided "as is" without warranty of any kind, and Invest Nova Scotia makes no representations, and disclaims all express, implied, and statutory warranties of any kind to user and/or any third party, including but not limited to, the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose and freedom from infringement. As such, Invest Nova Scotia has no liability in tort, contract, or otherwise, to user or any third party, for actions taken based on any information that may subsequently prove to be incorrect.



Introduction to Venture Capital

Introduction

Access to capital remains one of the most persistent growth constraints for businesses. Even profitable firms can encounter expansion bottlenecks when liquidity, risk tolerance, or financing structures do not align with growth ambitions. **Research from the Kauffman Foundation** highlights that entrepreneurs often face structural barriers within the capital access system, including information gaps, fragmented financing pathways, and challenges determining which forms of financing best align with their business model and stage of development.¹

Venture capital (VC) is one potential growth tool within this broader capital landscape. As outlined in the Business Development Bank of Canada (BDC)'s Canada's Venture Capital Landscape 2025, venture capital plays a significant role in fueling innovation, productivity, and job creation, but it is also highly selective, and concentrated by region, sector, and stage. VC-backed growth can generate strong economic outcomes, yet it can be uneven, competitive, and influenced by macroeconomic conditions, foreign capital flows, and exit markets. For select companies, VC may be appropriate; for most, alternative and more traditional financing structures will be better aligned with long-term strategy.²

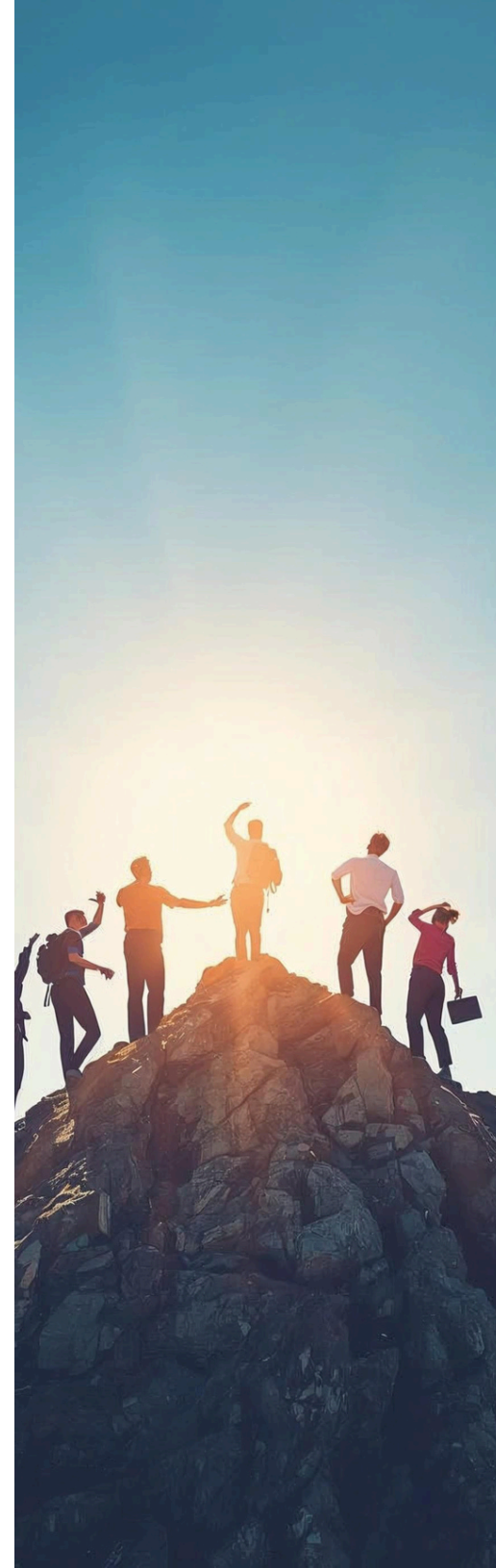
Venture capital does not replace revenue or other forms of financing. It is typically structured to **aid businesses pursuing accelerated growth and involves trade-offs, including equity dilution, shared control, and investor governance expectations.** A common misconception is that venture capital is reserved primarily for software startups or Silicon Valley-style technology firms. In practice, venture investors tend to back high-growth businesses with scalable models and massive market potential, where scalability may be driven by many forms of innovation including deeptech, industrial innovation, consumer products, marketplaces, and technology-enabled services, not software alone.^{3,4}



Who is This Guide For

Venture capital can feel difficult to navigate because investment activity, deal sizes, and investor appetite shift over time, and expectations vary significantly across funds and stages. **This guide was developed to help founders navigate VC's inherent complexity.** First-time founders and those outside established networks often face greater challenges raising venture capital given their limited experience navigating VC-related processes and visibility into investor expectations. This is especially true in periods with cautious investment markets that increase selectivity and lengthen fundraising timelines.^{5, 6}

- This guide is intended for Nova Scotia small and medium-sized businesses (SMEs) that are **evaluating outside investment for the first time.** While venture capital is often associated with the information and communications technology sector, it is available to businesses across industries where there is strong market potential, scalability, and growth ambition.⁷
- This guide is also designed **to support discussions with co-founders, boards, advisors, investors, and other corporate partners.** It can help guide internal conversations about growth financing options, investor expectations, and capital strategy.
- The guide does not promote venture capital as a default or superior financing option, nor does it replace professional legal, financial, or investment advice. Instead, it **aims to help businesses navigate venture financing** and assess whether it aligns with their objectives, stage, and risk tolerance.



What is Venture Capital

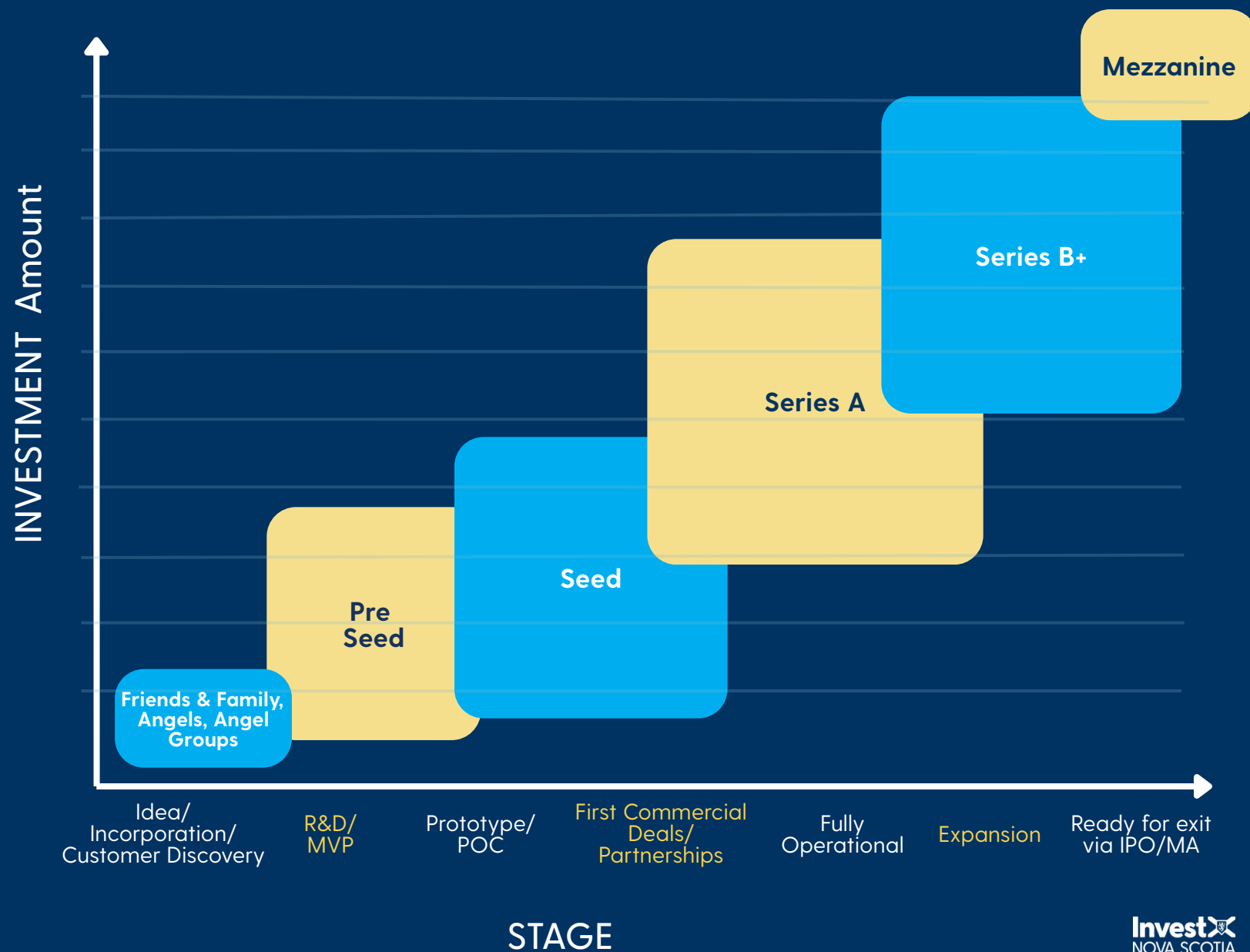
Venture capital (VC) is one of **several financing options available to businesses**. A main distinction between these financing options is whether the capital is non-dilutive to the owners (like a loan or a grant) or requires them to sell some equity (shares), thereby diluting ownership. Understanding the categories listed below helps clarify the difference between equity-based investment and non-dilutive financing, like loans.⁸

- **Debt (loans):** The business borrows money and repays it over time, usually with interest. Ownership is not shared, but repayments are required.
- **Venture capital (VC):** An investor provides capital in exchange for an ownership stake. This exchange can happen through various mechanisms, discussed later. The investor expects returns on invested capital by selling their shares once the company grows and shares increase in value, typically through merger or acquisition, secondary transaction, or IPO (Initial Public Offering). Typically, VC is invested in technology-driven companies bringing a novel and disruptive product to market.
- **Private equity (PE):** While VC is a subset of private equity, the term PE is commonly used to describe a subtype of equity investment typically used for more mature companies that often have different growth and business models than venture-capital backed companies. Private equity investors may take a significant and majority ownership position, support value growth, and later exit through a sale or public offering. Private equity capital also supports roll-up and consolidation of multiple similar businesses (think dental clinics) under a single umbrella with the goal of driving capital efficiencies and growing value. PE can be a good option for succession planning or sale of more traditional businesses.
- **Growth equity (GE):** Growth equity provides significant capital to grow both VC-backed and PE-track companies. It usually takes the form of a minority equity investment in companies with proven revenue to help them expand faster, while management generally remains in day-to-day control.⁹

VC is a partnership where a business gains capital and often expertise to help commercialize technology-based products and accelerate their growth (Figure 1). Venture investors fund companies early, support them through periods of growth and expansion, and seek to realize returns when a company is acquired or reaches the public markets. Most VC-backed companies go through several rounds of fundraising prior to exit. In this sense, venture capital is not short-term financing; it is long-term capital intended to help build companies from early development through scale.¹⁰



Figure 1: VC Across the Stages¹¹



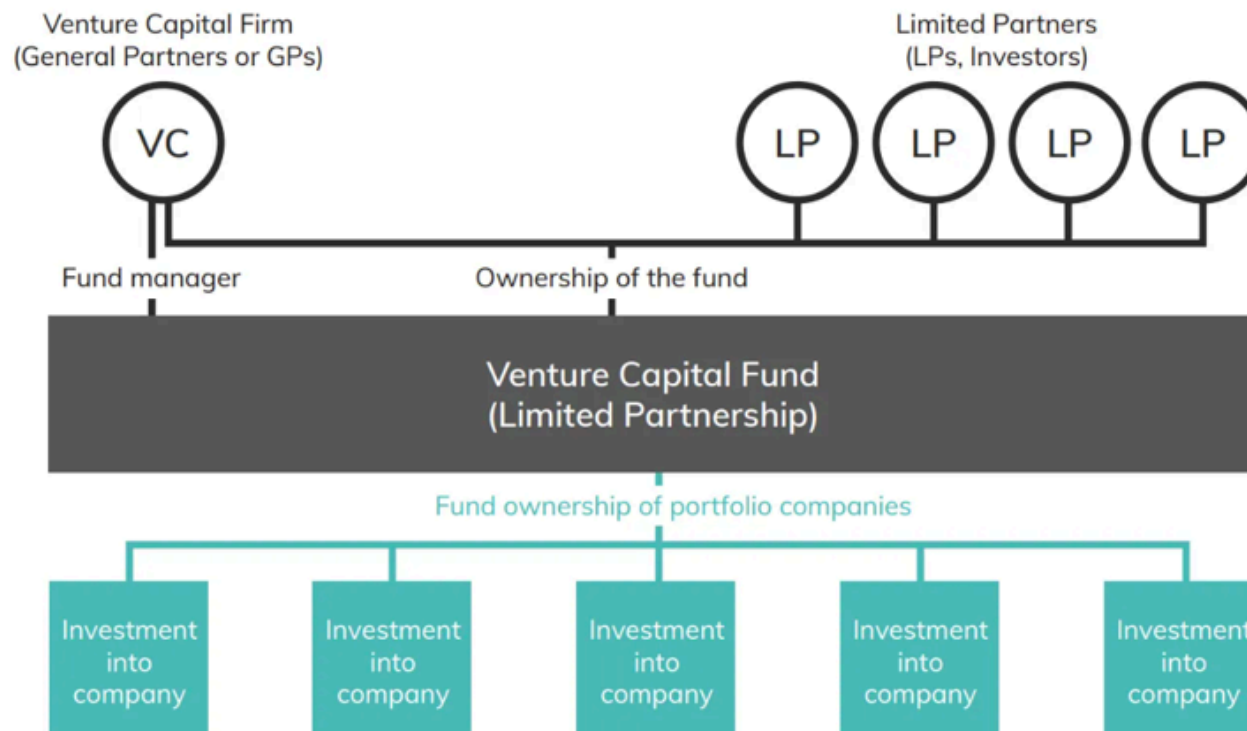
How VC Funds Operate

Venture capitalists invest capital from **structured investment funds into start-ups in exchange for ownership (shares) in the business**. These equity investments are made with the goal of growing the company's value over time and eventually exiting the investment at a higher rate.

A VC's structured investment fund is comprised of capital that the VCs themselves have raised from their own investors, called limited partners (LPs). Each fund has a specific purpose, capital allocation plan and lifespan. This structure enables professional fund managers (general partners, or GPs) to deploy pooled capital into a portfolio of companies (**Figure 2**).

Typical funds are established with a 10-year lifespan. The first 4-5 years is the deployment period, when funds are invested into new portfolio companies. The last 5 years are when exits are expected, and returns are likely to be realized. Venture capital is therefore long-horizon capital, with investors typically seeking liquidity within a fund's lifecycle rather than short-term repayment.

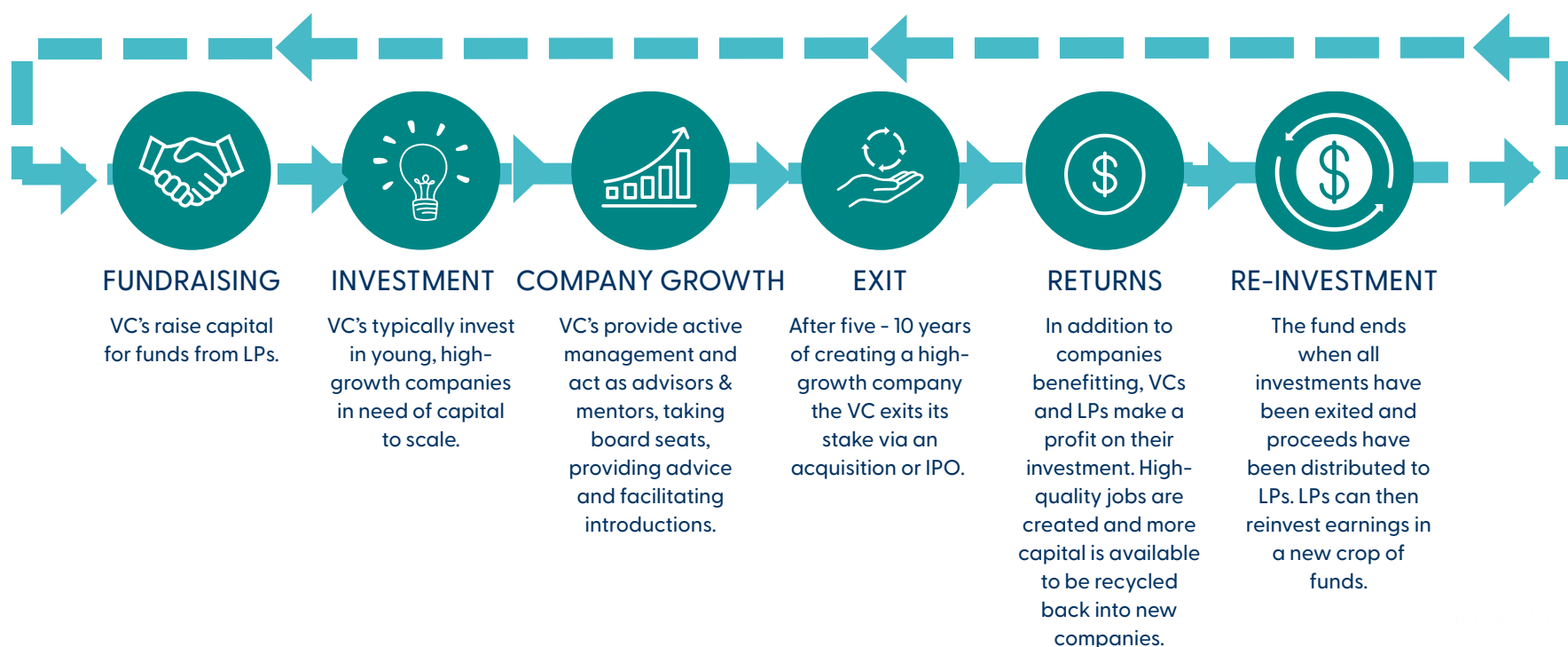
Figure 2: The Venture Capital Fund Structure¹²



Investors work **alongside founders to increase the company's valuation** (*an estimate of the company's economic value at the current point in time*) through revenue growth, market penetration, and strategic positioning with the goal of selling shares via a secondary transaction, strategic acquisition or public offering by the end of the fund's lifespan.¹³

Returns from the sale of the company or its shares are used to first pay back the LPs for their original investment and then profits are divided among LPs and GPs at predetermined rates. Venture outcomes are tied to how much return on investment is produced across the entire fund, which usually contains investments in 10-20 or more portfolio companies. Returns are the most important metric to a VC, as their own compensation beyond base salary as well as their reputation and ability to raise their next fund depend on the size of the returns. Understanding this structure and the underlying incentives can help explain why VCs make certain decisions, particularly around which companies they invest in and why.

Figure 3: The Venture Capital Fund Structure¹⁴



How VC Funds Make Decisions

Venture capital is considered a risky asset class due to the early stage of the businesses and the commercialization and market risks associated with innovative technology-based ventures. VCs therefore **construct their portfolios strategically** with the expectation that a number of companies are likely to fail or falter within the fund's lifespan, while a majority of returns are expected to come from just one or a few of the top performers.

VC decision-making is highly selective; some venture firms may review 100+ opportunities for every investment they make. This reflects how competitive and filter-driven the process can be. Investors analyze strength of the team, competitive differentiation and intellectual property, market conditions, customer discovery and traction, a company's profitability prospects and growth potential before deciding to deploy capital. As a result, what constitutes a strong "fit" can vary significantly depending on the fund's mandate, timing, and portfolio balance.¹⁵

VC funds also differ widely in what they invest in and how they evaluate opportunities. Each VC fund focuses on specific industries, stages, and investment strategies, and they evaluate opportunities based on the factors they believe will drive growth and returns. A helpful way to see this variation in practice is Canadian Venture Capital & Private Equity Association (CVCA)'s [The 50 Guide: A Guide to the Canadian Venture Capital Ecosystem](#). Rather than ranking firms, the guide profiles venture managers across sectors (e.g., software/AI, life sciences, advanced technologies) and clearly highlights what sets each fund apart. **Each fund typically articulates an investment thesis**, a clear statement of what kinds of companies it believes will win (sector focus, stage, geography, business model), and why the fund is positioned to help those companies grow. In The 50 profiles, this is often shown explicitly under headings like "Investment Thesis," making it easier to see how one fund's priorities and strategy can differ from another's. A successful fundraising journey requires that founders spend time researching different VC firms and funds and pursuing the ones with thesis alignment.

For founders, **this also reinforces that venture capital is not simply a financing transaction, but a long-term partnership.** Beyond capital, venture firms often influence governance, strategic direction, networks, and growth decisions over multiple years. As a result, alignment between a company's strategic approach, values, growth ambitions, and a fund's investment thesis can be just as important as securing the investment itself.





Is Venture Capital the Right Fit For Your Business?

Venture Capital is not the right solution for every business nor is it a prerequisite for success. Research consistently shows that while most businesses require capital at some point in their growth journey, **only a small fraction pursues or benefits from venture investment.** The Kauffman Foundation finds that equity-based financing is relevant for a narrow segment of high-growth firms and that many viable businesses either choose not to seek VC investment or face structural and strategic reasons for pursuing alternative capital pathways.

Determining whether venture capital is the right fit begins with clarifying: ¹⁶



market potential and growth ambitions



leadership priorities



long-term objectives.



Organization Growth Goals

The first question is simple: How big does your business intend to become (and how fast)? Venture capital is best suited for companies pursuing aggressive growth, targeting large or highly expandable total addressable markets (TAMs), or developing R&D-heavy, capital-intensive technologies such as life sciences or cleantech. In venture capital, TAM is often used as a signal of long-term scale potential and whether the market opportunity is large enough to support rapid growth and venture-scale returns.¹⁷ This may include entering new markets, scaling nationally or internationally, hiring rapidly, or investing heavily in product development and commercialization. Beyond capital, VC firms may also provide strategic guidance, governance support, industry introductions, and operational expertise to help companies scale faster.

That said, founders should carefully consider the gap between growth expectations and real-world timelines. As [Harvard Business Review's "venture mindset"](#) notes, VC is built on the assumption that a small number of companies will drive most returns, which often creates pressure for fast scaling and a credible path to a large outcome, even while the business is still figuring out what works. Growth is rarely linear, pivots are common, and meaningful traction can take longer than founders expect. Before pursuing VC, founders should pressure-test whether the business can target a large global market, move faster with a higher burn rate (*the rate at which a company burns through cash before becoming profitable*), accept dilution and stronger governance, and align with investors measuring progress toward scale and exit potential rather than steady near-term profitability.¹⁸

Ownership Structure & Control

Venture capital involves equity investment, which means giving up a portion of ownership in exchange for capital. For organizations willing to exchange partial ownership for expansion, increased revenue, and stronger market positioning, this trade-off can be strategic. Equity investment can unlock growth opportunities that would otherwise take years to achieve organically, while investors often contribute governance support, strategic networks, industry expertise, and operational guidance alongside capital.¹⁹

However, **dilution is an important consideration**. Each financing round typically reduces the ownership percentage of existing shareholders as new shares are issued. The [BDC](#) notes that dilution can become complex over multiple financing rounds, particularly as companies scale and raise additional capital. Industry benchmarks suggest early-stage venture rounds commonly involve meaningful ownership dilution. Seed-stage rounds often result in approximately 10–25% dilution, while Series A rounds may involve a further 15–25%, depending on valuation, sector, traction, and market conditions.^{20 21}

Valuation plays a central role in determining dilution. A company's valuation reflects what investors believe the business is worth based on factors such as risk level, market opportunity, growth trajectory, intellectual property, traction, revenue potential, management team strength, and comparable transactions. Higher valuations generally allow companies to raise the same amount of capital while giving up less ownership, whereas lower valuations increase the equity required to secure financing.²² [BDC](#) emphasizes that founders should model multiple future financing rounds early, as ownership, governance rights, employee option pools, and investor protections can materially influence long-term control and decision-making as the company scales.

If maintaining full ownership, or absolute controlling ownership, is a core priority, venture capital will conflict with that goal. While founders often retain significant influence, venture capital introduces shared decision-making. Even though a VC typically acquires a minority stake, they often require a board seat and that certain key decisions can only be made with the approval of the board and major investors. Therefore, the alignment between founders and investors on governance expectations is critical. Understanding how much ownership businesses are prepared to share is fundamental before pursuing venture investment.

Long Term Vision and Exit Strategy

Venture capital operates with a defined exit horizon, typically within 5-10 years. This means investors are seeking businesses capable of significant expansion and eventual liquidity events, such as acquisition or public listing.²³ If the business goal is to build a small, stable, locally rooted business, perhaps one intended to remain family-owned or passed down through generations, venture capital is not the right kind of financing. The VC model is structured around growth and exit, not long-term private ownership continuity.

However, if the organization aims to expand into new geographic markets, increase national or global market share, or position itself as an industry leader, venture capital can provide both the financial resources and strategic expertise required to navigate that growth. Investors often contribute network access, talent recruitment support, and scaling experience that complements capital.²⁴

Additional resources are available to support these decisions, please refer to the section '[Resources for Nova Scotia & Atlantic Canada Businesses](#)' for further information.



Venture Capital Readiness

What VC Readiness Often Looks Like

The following five practical steps reflect what investors typically look for before moving into serious research and consideration of a company's prospects (due diligence). The following steps provide a framework for 'VC readiness': reducing avoidable uncertainty, strengthening a founder's investment case, and organizing legal, financial, and ownership information to support a fast, credible fundraising process.²⁵

1. Start with a clean cap table

A **capitalization table** ("cap table") is a snapshot of a company's ownership, showing who holds shares, options, warrants, or convertible securities, on what terms, and how those holdings translate into ownership percentages over time. A clean cap table is accurate, organized, and free of unresolved ownership issues, undocumented promises, or overly complex financing terms. Investors rely on the cap table to assess ownership structure, dilution, governance rights, and financing flexibility, so a messy or inconsistent one can slow fundraising, undermine investor confidence, and even create legal or operational disputes.²⁶

2. Organize corporate records & governance basics

Investors often expect a corporate record book (the legal backbone of the company) which includes legal documents related to the company formation, board and shareholder approvals for key actions (including equity issuances), and signed employment/contractor agreements that match how the company operates. This is less about looking polished and more about mitigating future risks or disputes. When records are incomplete, investors may infer broader operational risk, especially in areas like legal compliance, IP defensibility, and company governance.

3. Shielding intellectual property & key rights

For many venture-backed businesses, intellectual property (IP) is one of the core assets being financed. This can include patents, proprietary technology, software code, algorithms, datasets, trade secrets, industrial designs, trademarks, brand assets, or specialized processes and know-how. Readiness often means ensuring the company, rather than individual founders, employees, contractors, or third parties, clearly owns the IP it is building and commercializing. This typically includes executed assignment agreements, confidentiality provisions, employment contracts, licensing clarity, and documentation confirming ownership rights across all material IP assets. If ownership is unclear, disputed, or informally documented, it can create material risk during due diligence and may delay investment or reduce investor confidence.²⁷

What VC Readiness Often Looks Like

4. Get financially ready

Strong financial readiness helps demonstrate that management understands both the opportunity and the capital required to scale it. Financial readiness is not only about tidy bookkeeping, but also about being able to explain the business with numbers that match the story. Investors commonly look for clean separation of personal and business finances, consistent records, and a grasp of the metrics that drive growth and capital efficiency (e.g., burn, runway, unit economics where relevant). Early-stage companies are often expected to maintain 18–24 months of cash flow visibility alongside longer-term revenue projections that may extend three to five years.²⁸ In addition, investors will want to see a clear plan for how you will spend the capital raised along with longer terms plans for future predicted fundraising needs, milestones, and timelines. In venture capital, investors generally expect ambitious growth projections, but forecasts must still be credible and grounded in realistic assumptions such as pricing, customer growth, hiring, and market demand.

5. Build a data room early

A data room is a secure online portal used to store, share, and manage privileged or sensitive documents, typically for legal proceedings, mergers and acquisitions, and financial transactions.²⁹ A well-structured data room is often the practical difference between a smooth process and a stalled one. It allows investors to self-serve core diligence materials (corporate docs, ownership snapshot, IP assignments, financials, major contracts, and any validation evidence like pilots or customer references). Building the data room early means that businesses can respond quickly to investor requests and show that they operate with foresight and discipline.



How Investors Evaluate & Engage

How Investors Evaluate Opportunities and Engage with Companies

This section draws on Bob Zider's Harvard Business Review article [How Venture Capital Works](#) (1998), a foundational and still-cited explanation of how venture capital actually operates beneath the popular mythology. The table below describes how venture capitalists typically assess investment opportunities and what engagement can look like before, during, and after an investment.³⁰

Theme	Evaluation and Expectations	What VC Engagement Involves at this Stage
What investors are trying to decide when engaging with new companies seeking investment	- Assess whether the business can generate strong revenues and income growth over the investment horizon - Review the path to profitability and exit - Estimate how the company could increase in value through competitive advantage - Determine whether the team has what it takes to win - Negotiate an ownership structure that matches the risk taken (equity %, key terms, decision rights)	- Early discussions to align on what "success" means (growth pace, profitability milestones, exit expectations) - Relationship building to determine whether there is founder/investor synergy - Challenge assumptions behind the plan (pricing, costs, growth drivers) to test realism - Negotiation of key terms regarding a potential investment, including potential valuation, governance and information-sharing expectations
How investors assess risk	- Evaluate risks in the business model and industry that could prevent meeting revenue and profit targets - Test whether customer demand is real (who buys, why they buy, willingness to pay) - Review projected revenues, operating costs, and cash needs - Consider contingencies that could derail performance (competition, supply disruptions, regulation)	- Conduct diligence to validate key claims (customer calls, references, product/technical reviews) - Require mitigation plans for the biggest risks (e.g., alternative suppliers, pricing tests, compliance steps) - Set milestones so progress can be measured before additional capital is committed - Ongoing check-ins focused on risks that could impact revenue, costs, or timeline to exit

How Investors Evaluate Opportunities and Engage with Companies

Theme	Evaluation and Expectations	What VC Engagement Involves at this Stage
What Investors bring beyond Capital	- Identify relationships that can be leveraged to support the portfolio company - Assess whether the business can meet targets before the next funding round (traction and unit economics) - Monitor how efficiently investment translates into growth outcomes (revenue gains, margin improvement, customer retention) - Provide additional resources/support ranging from marketing to fractional services to HR support, depending on the VC firm	- Provide guidance on decision-making and execution during critical moments (hiring, pricing, expansion) - Help implement the business plan by prioritizing what drives revenue and profitability first - Support with introductions (customers, partners, talent) to accelerate growth and raise follow-on capital - Track how capital is being used and push adjustments if spend is not producing results
Governance & Reporting Expectations	- Assess whether the business can generate strong revenues and income growth over the investment horizon - Review the path to profitability and exit - Estimate how the company could increase in value through competitive advantage - Determine whether the team has what it takes to win - Negotiate an ownership structure that matches the risk taken (equity %, key terms, decision rights)	- Early discussions to align on what “success” means (growth pace, profitability milestones, exit expectations) - Relationship building to determine whether there is founder/investor synergy - Challenge assumptions behind the plan (pricing, costs, growth drivers) to test realism - Term sheet negotiation to define roles, governance, and information-sharing expectations
Investment Horizon & Exit Strategy	- Assess whether the company is on track to hit long-term growth targets within the expected exit timeline - Evaluate the most realistic exit path (acquisition, merger, IPO) based on industry dynamics - Track valuation drivers over time (growth rate, profitability, defensibility, market timing) - Confirm the company can reach an exit outcome that delivers the expected return	- Guide the company toward a strong valuation by improving metrics and strategic positioning - Support preparation for exit (data room, financial discipline, governance maturity) - Introduce potential buyers/strategic partners and help manage M&A discussions - If IPO is viable, advise on readiness steps (reporting standards, controls, investor messaging)



Key Takeaways

Key Takeaways

This guide was developed to help Nova Scotia and Atlantic Canadian businesses navigate venture capital with greater clarity, realism, and strategic intent. Venture capital can be a powerful growth tool, but it is neither universally applicable nor inherently superior to other forms of financing. As the evidence throughout this guide demonstrates, VC is best understood as one option within a broader capital landscape, shaped by product and market categories, founder goals, fund economics, portfolio logic, timing, and market conditions rather than by a single formula or playbook. For many businesses, the most important decision is not how to raise venture capital, but whether venture capital aligns with their growth ambitions, leadership objectives, and tolerance for risk and shared control. Key takeaways are as follows:



VC is long-term equity investment. Investors buy ownership to help a company grow fast, then earn returns through an exit (merger, acquisition or IPO), not through repayments like a loan.



VC fits businesses aiming for rapid scale in large markets developing disruptive technologies. VC-backed founders must accept shared control of their business. If the goal is steady local growth, full ownership, or slower expansion, alternative options may be a better fit.

Readiness means reducing uncertainty for investors: clear ownership, organized corporate records, protected IP, clean financials, and an easy-to-review data room. This speeds due diligence and builds credibility.



Investors look for scalable value, realistic financial outcomes, competitive moat and manageable risk. Engagement is a relationship: early diligence and alignment, then governance, reporting, tracking, and support around key decisions.

Taken together, the key message of this guide is that decisions around raising venture capital are best approached as strategic choices, not simply viewed as a milestone or validation. By understanding how venture capital works, clarifying internal objectives, and engaging early with the ecosystem, Nova Scotia businesses can make more intentional, informed decisions about if, when, and how venture capital fits into their broader growth journey.





Resources for Nova Scotia & Atlantic Canadian Businesses

Venture capital is a relationship-driven and global ecosystem. For Atlantic Canadian businesses engaging early with local venture firms, angel networks, and innovation intermediaries allows founders to test assumptions, refine positioning, and assess capital fit before entering formal fundraising processes. Complementing regional engagement with national and global learning resources can strengthen strategic clarity, improve investor readiness, and help companies determine whether venture capital aligns with their growth ambitions and long-term objectives. These resources are categorized in tables in the following sections.

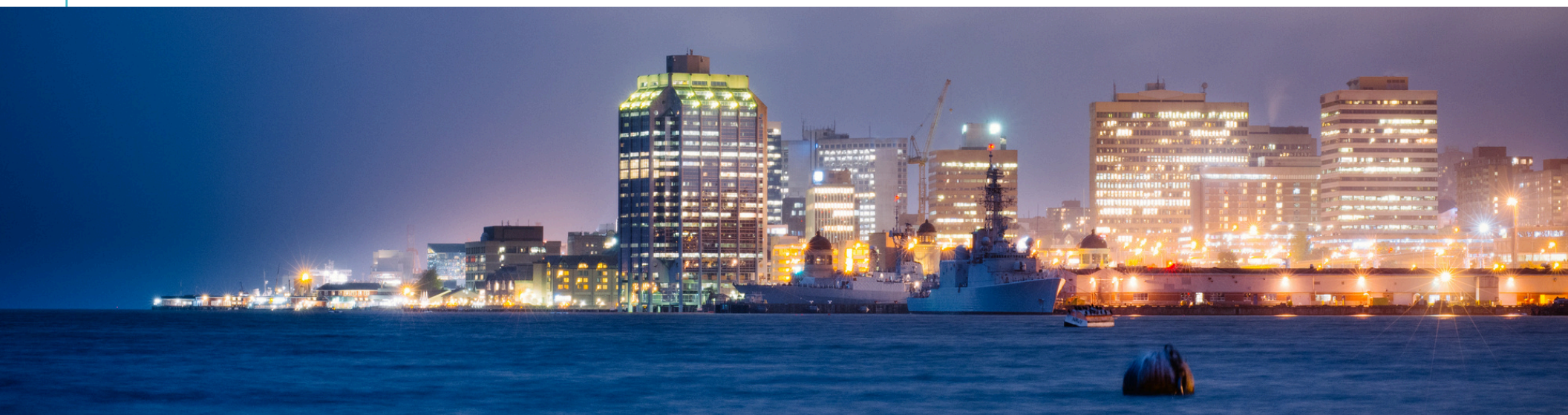
Key VC Resources and Information

BDC - Venture Capital Landscape 2025 : National overview of Canada's VC ecosystem, trends, sector activity, and capital flows. Helps companies understand the investment landscape and identify fundraising opportunities.

The 50 Guide: A Guide to the Canadian Venture Capital Ecosystem: CVCA's annual guide to Canada's venture capital ecosystem, connecting investors with leading VC firms and highlighting investment opportunities across the country

Canadian Venture Capital & Private Equity Association (CVCA): Industry association providing data, advocacy, reports, and standardized transaction documents to promote best practices across Canada's private capital markets. Helps businesses benchmark funding activity and connect with the investment ecosystem.

National Venture Capital Association (NVCA): U.S. VC industry association with research, policy insights, and ecosystem data. Helps companies understand U.S. venture capital markets and investor expectations.



Accelerators, Incubators and Advisors

Organization	Description & How They Can Help?	Geographic Focus
<u>Volta</u>	Halifax-based startup incubator focused on building high-growth technology and AI companies. Helps founders access mentorship, programming, and investor networks.	Canada
<u>IGNITE</u>	Rural innovation hub supporting entrepreneurs and sustainable business development. Helps startups refine ideas, build capacity, and access local support networks.	Atlantic Canada
<u>Propel ICT</u>	Atlantic Canadian accelerator supporting technology startups. Helps founders develop scalable businesses and become investment-ready.	Atlantic Canada
<u>Emergence Bioscience Business Incubator</u>	Supports life sciences startups from ideation through commercialization. Helps companies access sector expertise, mentorship, and growth support.	Atlantic Canada
<u>Verschuren Centre:</u>	Independent clean technology development and deployment facility. Helps companies validate, test, and commercialize clean technologies.	Nova Scotia
<u>Invest Nova Scotia</u>	Helps innovative Nova Scotia start-ups commercialize technologies and succeed globally through non-dilutive funding, early-stage investment, access to incubation facilities, and programs. Key initiatives include <u>Early Stage Commercialization Funds (ESCF)</u> , <u>Accelerate</u> , <u>GreenShoots</u> and <u>AscendBio</u> .	Nova Scotia
<u>Neptune BioInnovation</u>	Large-scale bio-innovation centre providing manufacturing and scale-up infrastructure. Helps companies transition from pilot production to commercial scale.	Nova Scotia
<u>The Bays at Invest Nova Scotia in Dartmouth</u>	Incubation facility for cleantech and engineering-based businesses. Helps companies access specialized infrastructure and operational support.	Nova Scotia
<u>The Labs at Invest Nova Scotia in Halifax</u>	Focused on life sciences, it provides specialized scientific infrastructure unavailable in typical commercial real estate, enabling cutting-edge research and development. Helps companies conduct research, develop products, and scale innovation activities.	Nova Scotia
<u>Net Zero Atlantic</u>	Advancing a sustainable, carbon-neutral Atlantic Canada by connecting cleantech and sustainability-focused companies with research, partnerships, and sector expertise.	Atlantic Canada
<u>PEI Bio Alliance</u>	A private sector-led not-for-profit organization dedicated to helping bioscience companies build networks, access expertise, and explore commercialization opportunities.	Prince Edward Island
<u>Genesis</u>	Genesis helps founders in Newfoundland & Labrador grow smarter and faster through hands-on support, and real-world connections. Helps startups strengthen business models, scale operations, and prepare for investment.	Newfoundland & Labrador

Learning Resources and Practical Tools

Harvard Business Review - How Venture Capital Works: Foundational explanation of VC economics, portfolio logic, and deal structures. Helps founders understand how venture investors evaluate opportunities.

HBR - Make Decisions with a VC Mindset: Framework for decision-making under uncertainty and portfolio thinking. Helps entrepreneurs assess growth opportunities and strategic risks.

Forbes - What Investors Really Want to See: Investor perspective on traction, team, financials, and clarity. Helps companies understand key investment readiness criteria.

Forbes - 8 Things Angel Investors Look For: Overview of common angel investor evaluation factors. Helps founders prepare for early-stage fundraising discussions.

RV Academy - The VC Blueprint: Educational content explaining venture financing structures and expectations. Helps founders navigate fundraising and investor engagement.

Chris Neumann Blog: Practitioner insights on venture capital, startups, and fund economics. Helps founders better understand investor perspectives and venture dynamics.

Techstars Entrepreneur's Toolkit: Open-access resources covering fundraising, governance, pitching, and growth. Helps startups access practical tools for scaling and capital raising.

Y Combinator Library: Founder resources on startup strategy, fundraising, product-market fit, and scaling. Helps entrepreneurs learn from proven startup methodologies.

Kauffman Foundation - Access to Capital (2023): Research on barriers to capital access and entrepreneurial ecosystem gaps. Helps businesses understand financing challenges and opportunities.

MaRS - Introduction to Investment Readiness: Course covering capital fit, dilution, and growth strategy considerations. Helps founders determine whether investment aligns with their business goals.

Venture Forward (NVCA initiative): Educational platform explaining VC mechanics, returns, and industry structure. Helps entrepreneurs build foundational knowledge before raising capital.

Startup Genome - Global Startup Ecosystem Report 2025: Global benchmarking of startup ecosystems, funding density, and growth dynamics. Helps founders evaluate ecosystem strengths and potential expansion markets.

Connect with Invest Nova Scotia

Want to take a deeper dive into opportunities specific to your business, **Invest Nova Scotia** has a number of programs and services that can support you.

Find out more at investnovascotia.ca



Glossary³¹

Angel investor: an angel investor is a wealthy individual who invests personal money in early-stage companies.

Asset-based lending: occurs when businesses use their assets as collateral to secure a loan.

Bank debt: is money a company owes to banks for loans or lines of credit taken out for financing purposes.

Bridge capital: is temporary funding that helps a business cover its costs until it can get permanent capital for equity investors or debt lenders.

Capitalization Table (cap table): a detailed record of who owns a company—including ownership percentages, equity value, and dilution across investment rounds.

Data room: a secure, centralized repository, typically virtual, used to store confidential company documents during due diligence for fundraising, mergers, or acquisitions.

Debt: The business borrows money and repays it over time, usually with interest. Ownership is not shared, but repayments are required.

Dividends: a portion of business earnings distributed by a company to its shareholders, often in the form of cash.

Equity: represents the amount of money that would be returned to a company's shareholders if all its assets were liquidated and all debts paid off.

Equity financing: a type of financing in which companies raise capital by selling to investors, giving them an ownership stake.

Exit value: refers to the amount received by investors when they sell their stake. This typically occurs through a liquidity event such as an initial public offering (IPO), a merger, an acquisition or a buy-out.

Initial public offering (IPO): refers to the first time a company sells shares publicly. It is a form of equity financing.

Investment thesis: a clear statement of what kinds of companies an investment fund will invest in. Key factors driving a particular fund's thesis include the fund manager's understanding of particular sectors and markets, where they believe they can add the best value as an investor, as well as stage, geography, business model, and portfolio diversification strategy.

Line of credit: also known as a bank operating loan, is a short-term, flexible loan that a business can use to borrow up to a pre-set amount of money.

Mezzanine financing: is a business loan that offers repayment terms adapted to a company's cash flows. It is a hybrid of debt and equity financing; similar to debt financing in that you need cash flow to repay the loan, but with repayment terms that are more flexible than conventional debt financing.

Minimum viable product (MVP): is the most basic version of a product that includes only the core features necessary to satisfy early adopters and validate a product idea in the market.

Glossary³¹

Proof-of-concept (POC): is the process of gathering evidence to support the feasibility of a project.

Private equity (PE): Equity investment typically used for mature traditional businesses (such as dental clinics and retail stores) and later stage technology companies in certain sectors. Investors may take a significant, or even majority ownership position, support value growth, and later exit through a sale or public offering.

Secondaries: are transactions where investors sell their shares or stakes in a venture capital fund or in an individual start-ups to other investors.

Valuation: is the process of determining the economic value of a business, asset or investment.

Venture capital (VC): An investor provides capital in exchange for an ownership stake. The investor expects returns later (typically within 5 – 10 years) by selling their shares once the company grows, often through an acquisition or an IPO.

References

- 1,4,5,16 - Cosgrove, B., Gaskin, P., Goff, T., Kenney, E., Milli, J., & Vassell, H. (2023). Access to capital for entrepreneurs: Removing barriers (Report). Ewing Marion Kauffman Foundation. <https://www.kauffman.org/reports/access-to-capital-removing-barriers-entrepreneurs-2023/>
- 2,3,6,7,14,15 - Business Development Bank of Canada. (2025, May). Canada's venture capital landscape 2025. BDC. <https://www.bdc.ca/en/about/analysis-research/canada-venture-capital-landscape>
- 8 - Business Development Bank of Canada. (n.d.). Venture capital. In Glossary. <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/venture-capital>
- 9 - United States Private Equity Council. (n.d.). Growth equity: A comprehensive overview. <https://www.uspec.org/blog/growth-equity-a-comprehensive-overview>
- 10,11,12,13 - Venture Forward. (n.d.). Introduction to VC. Venture Forward. Retrieved 5 March 2026, from <https://ventureforward.org/resources-for-emerging-vc/introduction-to-vc/>
- 17 - Pereda, Alejandro. (n.d.). How to understand and define your market size before you talk to investors. Forum Ventures. <https://www.forumvc.com/thought-pieces/understand-and-define-your-market-size>
- 18 - Mack, A., & Semadeni, M. (2024, May 23). Make decisions with a VC mindset. Harvard Business Review. <https://hbr.org/2024/05/make-decisions-with-a-vc-mindset>
- 19 - Marquee Equity (2021, December 15). The Difference Between Limited Partner vs General Partner. <https://marquee-equity.com/blog/limited-partner-vs-general-partner/>
- 20 - Altman, Sam. (2017, March 1). Dilution. Y Combinator. <https://www.ycombinator.com/blog/dilution>
- 21 - Ralston Geoff. (n.d.) A guide to seed fundraising. Y Combinator. <https://www.ycombinator.com/library/4A-a-guide-to-seed-fundraising>
- 22 - ShoutEx. (2026, January 19). Canadian Valuations 2026 Stage Guide. <https://shoutex.com/blog/canadian-startup-valuations>
- 23 - AngelList. (n.d.). What is a venture capital fund? AngelList Education Center. <https://www.angellist.com/learn/venture-capital-fund>
- 24 - Gompers, P. A., Gornall, W., Kaplan, S. N., & Strebulaev, I. A. (2020). How do venture capitalists make decisions? Journal of Financial Economics, 135(1), 169–190. <https://doi.org/10.1016/j.jfineco.2019.06.011>
- 25 - Startup Boston. (2025, November 17). Steps for getting your startup investor-ready. <https://www.startupbos.org/post/steps-for-getting-your-startup-investor-ready>
- 26 - RBCx. (2025, April 22). Capitalization Table: What is it and How to Maintain One. <https://www.rbcx.com/ideas/startup-insights/capitalization-table-what-is-it-and-how-to-maintain-one/>
- 27 - BDC. (n.d.). Intellectual Property. <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/intellectual-property>
- 28 - BDC (n.d.) Taking Control of Your Cash Flow. <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/guides/cashflow-management>
- 29 - Corporate Finance Institute. (2019, October 29). Data room. <https://corporatefinanceinstitute.com/resources/business-intelligence/data-room/>
- 30 - Zider, B. (1998, November–December). How venture capital works. Harvard Business Review. <https://hbr.org/1998/11/how-venture-capital-works>
- 31 - Business Development Bank of Canada. (n.d.). Venture capital. In Glossary. <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary>