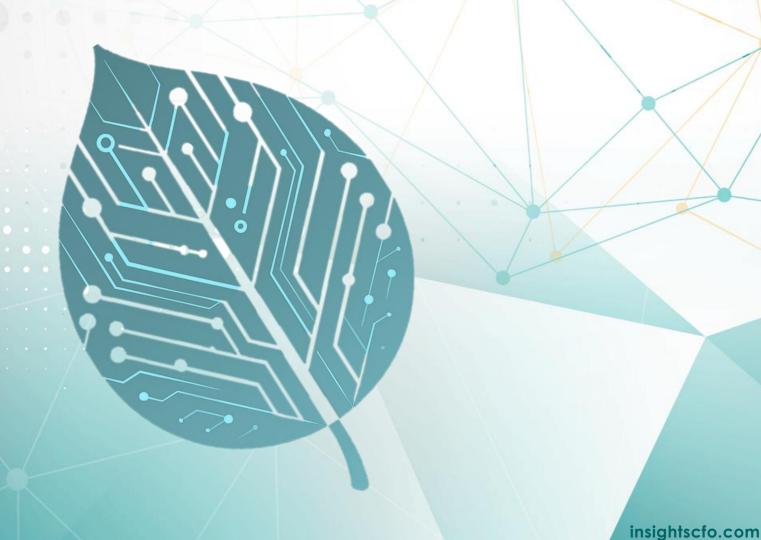


CFO PLAYBOOK

Cleantech and Climate Tech Startups:

Scaling Capital-Intensive Innovation in





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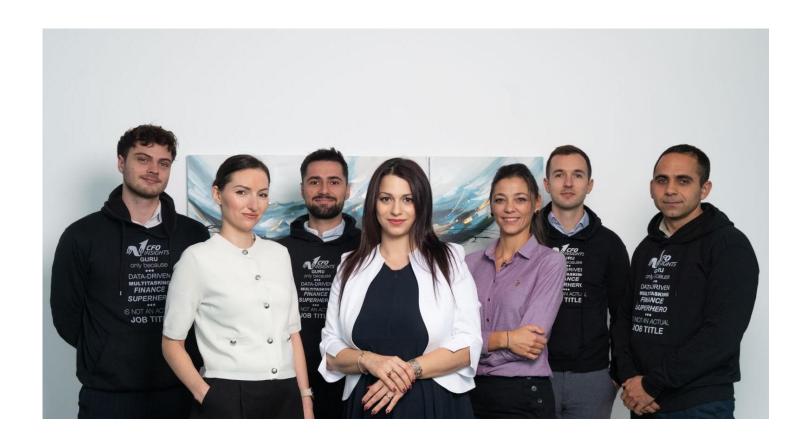
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WHY WE

CFO Insights expertise Our Proven Impact



WHO WE ARE



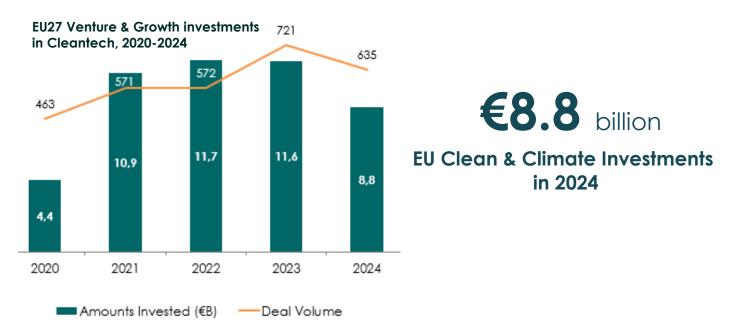


The market leader in CFO-as-a-Service in the CEE region with expertise in over 10 industries and finance professionals with more than 60+ years combined experience.

THE RISE OF CLIMATE FINANCE IN EUROPE

WHY CLEAN & CLIMATE TECH IS EUROPE'S MOST URGENT AND FUNDED INNOVATION FRONTIER

Across Europe, the decarbonization of the economy is no longer a distant goal - it is a central force reshaping how capital is allocated, startups are built, and infrastructure is deployed. Climate tech, once a niche within cleantech, has matured into a dynamic and fast-growing vertical that spans software, hardware, and deep industrial innovation.



This transformation is fueled not just by private capital, but by a powerful alignment of policy, public funding, and investor mandates:

- Regulatory Push: The <u>EU Green Deal</u> aims to cut emissions by at least 50% by 2030, rising towards 55%, while legally binding the 2050 neutrality goal through the European Climate Law*
- Capital Mandates: EU countries must devote at least 37% of the financing they receive under the €672.5 billion Recovery and Resilience Facility to investments and reforms that support climate objectives*
- **Investor Momentum:** Climate fintech alone demonstrates the sector's growth trajectory, with specialized segments attracting substantial capital

For founders, this means two things:

- (1) non-dilutive + blended finance can meaningfully extend runway and reduce dilution;
- (2) investors and lenders expect bankable models (pilot → commercial), CSRD-ready reporting, and impact metrics alongside software KPIs.

With the EIB's Climate Bank posture reaffirmed in its 2025 evaluation, public lenders remain a central partner to scale infrastructure and adaptation.



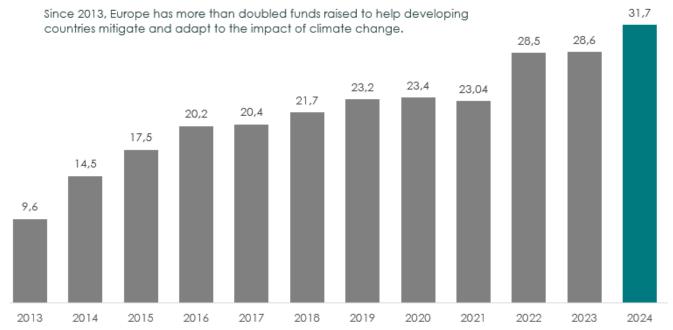
THE RISE OF CLIMATE & CLEAN TECH FINANCE IN EUROPE (Cont.)

Europe's leadership in clean & climate policy is creating an **unparalleled funding environment for startups** at the intersection of technology, energy, mobility, and materials. The EU has committed **not just money**, **but legislative force**, to climate transition. The EU and its 27 member states are the biggest providers of clean & climate finance in the world.

Key mechanisms shaping the investment landscape

- EU Green Deal and Investment Plan aims to mobilize ≥ €1 trillion of sustainable investment for 2021–2030, creating a structural tailwind for founders building in decarbonization, grids, storage, hydrogen, circularity and carbon management. Source: EU Greendeal Investment Plan
- 2. Horizon Europe provides €95.5 bn (2021–2027) for R&D and pilot-stage innovation across climate and environmental goals.
- 3. Innovation Fund financed by EU ETS revenues has become one of the world's largest deployment programs for innovative low-carbon tech. The March 2025 award round announced €4.2 bn to support 77 cutting-edge decarbonization projects for EU's clean energy transition. Source: <u>CINEA Innovation Fund</u>
- **4. European Investment Bank (EIB) & European Investment Fund (EIF)** identify the energy and climate sectors as key areas of investment opportunity for the coming three to five years:
 - o **EIB 2025 initiative:** €500 million counter-guarantee facility for cleantech, offering up to 80 % risk coverage to banks for innovative equipment sales.
 - o **EIF Operational Plan 2025–2027:** strengthening equity and guarantee instruments for SMEs and mid-caps.

Europe's contribution to climate finance (in €bn)

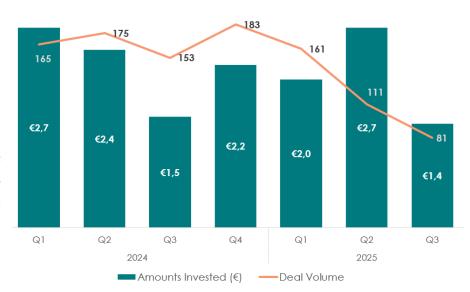


Source: EU budget, European Development Fund, European Investment Bank

THE RISE OF CLEAN & CLIMATE FINANCE IN EUROPE (Cont.)

- 5. Venture and growth equity remains selective but active venture/growth investment totaled ~ €8.8 billion in 2024 (-24% YoY), with Q1-Q3 2025 at €6.1 billion*.
- 6. Latest EU Policy Developments The upcoming Innovation Fund IF25
 Heat Auction provides a budget of
 €1 billion for industrial heat
 decarbonisation, showing that
 bankable, market-based
 instruments work.

EU27 Cleantech Seed, Series A, Series B and Growth Investment, 2024 - Q3 2025, (in €bn)



Founders Face a New Financial Reality

Source: EU Cleantech Q3 2025 Briefing

As funding sources multiply and reporting requirements expand, founders and CFOs face a new level of financial complexity:

- Clean & Climate tech startups increasingly operate with hybrid capital stacks combining grants, VC equity, convertible loans, and infra debt.
- The rise of impact mandates and ESG regulations means that financial models must now integrate emissions savings, sustainability metrics, and CSRD compliance.
- Hardware or hybrid companies often require **multi-year**, **staged funding**, with long cash cycles between pilot and commercial rollout.

This new environment demands **a new type of financial partner** - one that understands **both capital-light SaaS models and infrastructure-heavy, asset-based innovation.**



Why this matters for startups

- The Green Deal is not just subsidy-driven it's designed as blended finance, encouraging startups to combine EU grants with VC and infra loans.
- Founders who align their business model with Green Deal priorities have access to **non-dilutive capital**, which reduces equity dilution.



"Climate finance is no longer grant-driven subsidy policy - it is a strategic capital ecosystem. CFOs must blend public and private sources to extend runway, reduce dilution, and prove impact integrity."

- Emmy Simidchieva, CFO Insights

THE DIVERSE WORLD OF CLEANTECH & CLIMATETECH

For many startups, EU regulation feels like an administrative burden. But in clean & climate tech, compliance = competitiveness.

CSRD: the new reporting reality

From 2024 onward, the Corporate Sustainability Reporting Directive (CSRD) expands ESG disclosure requirements to ~50,000 companies across the EU.

Any company above:

- €40M turnover,
- o 250 employees, or
- o €20M total assets

will fall under mandatory reporting

Sources **CSRD** Overview

Why this matters for startups

- Even if you are below the threshold, your investors, corporate customers, and lenders will increasingly require CSRD-ready reporting in due diligence.
- This means Net-Zero startups must be prepared to provide:
 - Scope 1-3 emissions data
 - ESG governance disclosures
 - o **Financial impact** of climate risks
 - Alignment with EU Taxonomy

CFO Lens:

- Integrate EU grant sequencing and CSRD compliance into early financial models - regulation now defines capital access
- Treat each grant as a deferred income
 not revenue to avoid liquidity
 misreads and audit risks

ESG investor mandates: why LPs and VCs demand more

The EU's Sustainable Finance Disclosure Regulation (SFDR) requires funds to classify themselves as:

- Non-ESG (Article 6)
- o **Promote ESG** (Article 8)
- Impact funds with sustainability objectives (Article 9)

Sources: SFDR Guide



Why this matters for startups

This drives VCs, PEs, and banks to demand granular ESG data from portfolio companies. For clean & climate tech founders, this means:

- Lower cost of capital for Green industrial businesses (20-40 bps advantage in debt markets)
- Premium valuations for companies with strong ESG metrics
- Dedicated climate funds with deployment mandates
- Fundraising decks must now include impact metrics alongside financial KPIs
- SaaS and hardware startups alike need to track carbon ROI: the emissions avoided or reduced per euro invested
- Non-compliance can result in being excluded from impact-focused VC funds or losing access to corporate pilots



THE DIVERSE WORLD OF CLEANTECH & CLIMATETECH (Cont.)

The diverse world of cleantech: from solar to carbon SaaS

Climate tech and clean tech is not one market - the sector spans **hardware-heavy infrastructure** to **capital-light software platforms**, and each slice has fundamentally different financial, operational, and fundraising dynamics.

For founders and investors alike, understanding these sub-sectors is crucial to:

- Align capital strategy with technology type
- Identify the right funding instruments (grants, VC, project finance)
- Prepare accurate financial and ESG reporting

THE THREE CORE BUSINESS MODEL ARCHETYPES

European cleantech companies can be differentiated into three distinct categories, each with unique financial profiles, capital requirements, and CFO considerations:

01

Hardware-Heavy Cleantech

 Asset-Intensive businesses that deploy physical infrastructure to generate, store, or process energy and materials.

Click for more details.

02

Capital-Light / Software Cleantech

 Asset-light businesses that provide digital solutions for climate measurement, management, optimization, and reporting.

Click for more details.

03

Hybrid Models Hardware + SaaS

 Companies that deploy hardware generating data for software that optimizes performance, enables remote management, and builds network effects - with both layers strategically integrated, not just bundled.

Click for more details.

CFO Lens:

Understanding the **technology-finance interplay** is critical:

- Hardware-heavy ventures need long-horizon cash planning and blended finance strategy
- SaaS ventures need scalable ARR forecasting and ESG-ready reporting
- Hybrids require integrated dashboards showing both Capex spend and recurring revenue growth

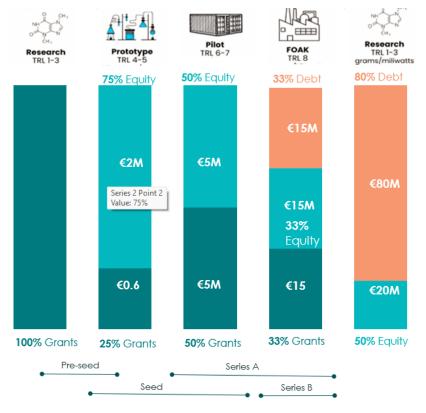


OPTIMIZING FUNDING STRUCTURES FOR GROWTH, IMPACT, AND INVESTOR CONFIDENCE

Why the Capital Stack Matters

Unlike traditional software startups that can scale on pure venture capital, clean & climate tech companies must navigate a complex, multi-layered capital structure. The reason is simple: clean & climate tech spans an **unprecedented range of capital intensity**, from €50K for a carbon accounting SaaS to €500M+ for a green hydrogen facility.

This diversity means no single capital source can meet the needs of the entire sector. Instead, successful clean & climate tech CFOs must master **blended finance** - the strategic combination of grants, equity, debt, and project finance - tailored to their specific business model.



Sources: Extantia Capital

For founders, the right capital stack is not just about access to funds - it is about:

- Minimizing dilution while maximizing runway,
- Structuring capital to match technology risk and deployment timelines,
- Meeting investor and grantor expectations on financial and ESG performance.

Blended Finance: Combining Public & Private Capital

Blended finance is the strategic combination of public funding (grants, concessional loans) and private investment (VC, corporate equity, project finance) to reduce risk and accelerate scale.

Key Instruments:

- **EU Grants** Horizon Europe, Innovation Fund, EIC Accelerator. Ideal for R&D, pilot projects, and early deployment.
- **Equity Funding -** Seed, Series A/B, or corporate venture capital.
- **Debt / Project Finance** Infrastructure loans or term loans for hardware-heavy ventures with predictable cash flows.
- Convertible Instruments SAFE notes or convertible loans used to bridge funding gaps.



UNDERSTANDING EACH CAPITAL SOURCE

1. EU GRANTS & NON-DILUTIVE FUNDING

EU grants represent the most attractive capital source for cleantech: **non-dilutive**, **patient**, **and specifically designed to de-risk innovation**. However, they're also complex, competitive, and time-consuming to secure.

A. EU Innovation Fund: The Crown Jewel

€1.4M - €262M

~20%

Up to 60%

18-24 months

Grant Coverage

Success Rate

Cost Coverage

Timeline

When to Apply

- Large-scale demonstration projects (€50M+ capex)
- First-of-a-kind commercial facilities
- Manufacturing scale-up (batteries, solar, wind, heat pumps, electrolyzes)
- Novel technologies with high emission reduction potential
- Projects with strong co-financing already secured

X When NOT to Apply

- Small projects (<€10M capex) application effort disproportionate
- Proven, mature technologies without innovation
- Projects without permits or site secured
- Companies unable to provide 40%+ cofinancing



Midden Costs to Budget

- Application preparation: €50K-€200K (consultants, technical studies, financial modeling)
- Grant management: 1-2 FTE staff for reporting, audits, compliance
- Audit requirements: Annual audits throughout project life



B. Horizon Europe

Europe's flagship research and innovation program.

€500k - €10M

€2.5M + €15M

€15B Cluster 5 for 0 **TRL 3-6**

Grant Coverage

Blended finance grant + equity

Cluster 5 for Climate, Energy & Mobility

Funding stage

When to Apply

- Pre-commercial R&D projects (TRL 3-6)
- Breakthrough innovations needing validation
- Deep-tech startups ready for blended finance
- Technologies with strong IP potential

6

CFO Considerations

- Lower success rates than Innovation Fund (~10-15%)
- Longer administrative burden

C. InvestEU

A **risk-sharing mechanism** that reduces financing costs for projects, delivered through financial intermediaries like EIB. Unlocks substantial debt financing for growth-stage companies with revenue, particularly benefiting renewable energy and hydrogen projects.

€5M - €100M

Up to 80%

Debt Financing

Risk Coverage

☑ Best for

- Growth-stage companies with revenue
- Projects requiring debt (€5M-€100M)
- Companies that don't qualify for pure grants



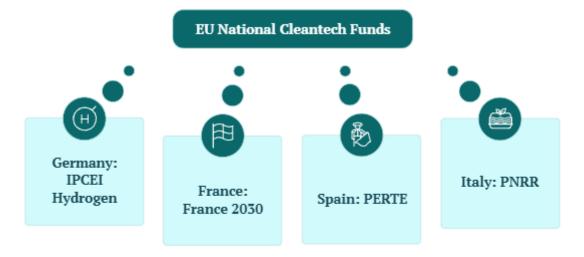
How It Works

- Step 1: Company approaches EIB or national development bank
- **Step 2:** Bank evaluates project viability
- Step 3: InvestEU guarantee covers firstloss (up to 50%)
- Step 4: Bank provides loan at reduced rate due to risk mitigation



C. National & Regional Grants - Stackable Funding Opportunities

Individual EU member states offer various programs like Germany's IPCEI Hydrogen or France 2030 for energy transition. These can be stacked with EU grants for maximum non-dilutive funding, optimizing capital structure and reducing dilution for cleantech companies.

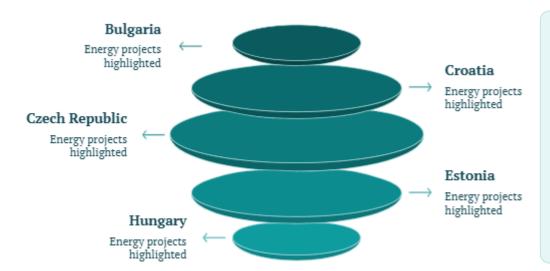


CFO Tip

• Stack national grants with EU grants for maximum non-dilutive funding. Example: €50M project with €25M Innovation Fund + €10M national grant + €15M equity/debt.

D. Modernization Fund: Targeted Support for 10 EU Countries

Dedicated €14B fund for 10 lower-income EU countries to upgrade energy systems and improve energy efficiency. Offers **less competition** and **faster approvals** for eligible projects in these specific regions, making it an attractive option for companies operating in these markets.



CFO Strategy

- If your project is in these countries, prioritize this fund
- Less competition than Innovation Fund
- Faster approval processes
- Covers renewable energy, energy efficiency, grid modernization



2. PUBLIC GUARANTEES: THE MISSING PIECE

One of the most important innovations needed in European cleantech finance is the expansion of public auarantee schemes to de-risk first deployments.







The problem

Private investors hesitate at the first deployment stage because:

- Technology is proven at pilot scale but not at commercial scale
- No track record of full-scale operations
- Uncertain performance and cost metrics
- Regulatory or market risks



The Solution

 Public guarantees don't provide capital directly but reduce risk for private investors, enabling them to deploy capital they otherwise wouldn't.



How It Works

Company needs €100M for first commercial facility

- €40M equity (VC + strategic investors)
- €60M debt (project finance)
 - Problem: Banks won't lend without operational track record
 - Solution: Government guarantee covers 50% first-loss
 - Result: Banks comfortable lending at reasonable rates

National Guarantee Schemes

- KfW (Germany): Guarantees for innovation
- Bpifrance (France): Innovation guarantees up to 70%
- ICO (Spain): Green project guarantees
- UK Infrastructure Bank: Guarantees for net-zero projects



3. VENTURE CAPITAL (VC)

Despite the funding contraction, VC remains the primary equity source for early-to-growth stage clean & climate tech companies

The Three Types of Clean & Climate Tech VCs

Specialist Climate Funds

Pure-play clean & climate investors

✓ Pros:

- Deep sector expertise
- Higher tolerance for CAPEX-heavy or blended models
- · Network of industry connections
- · Technical due diligence capabilities
- Value-add beyond capital

X Cons: Longer diligence cycles, narrower investment scope, lower check sizes

Generalist VCs

Traditional VCs expanding into clean & climate

✓ Pros:

- Larger fund sizes (€500M-€1B+)
- Broader cross-sector networks
- · Capacity for later rounds

X Cons:

- Less clean & climate domain specificity
- Less patience for hardware cycles
- Portfolio pressure on returns

Corporate Venture Capital

Strategic value beyond capital

✓ Pros:

- Pilot customers for testing
- Distribution channel access
- Technical and engineering resources
- Deep pockets for scale
- Acquisition potential

X Cons: Slower decision-making and potential exclusivity concerns with competitors.

CFO Strategy for VC

Balancing Strategic Value and Independence

- Limit CVCs to 30-40% of any round (maintain independence)
- Negotiate for non-exclusive partnerships
- Secure board observer seat (not full seat) to maintain flexibility
- Ensure CVC has separate decision-making from parent



4. PROJECT FINANCE & DEBT

One of the most significant developments in European clean & climate tech (2024-2025) is the explosion of debt financing availability. Building the next generation of factories and plants will require significant amounts of debt financing with an affordable cost of capital.

The Three Types of clean & climate tech VCs

Project Finance (Non-Recourse)

Debt tied to specific projects without recourse to company balance sheet. Ideal for large-scale proven technologies like solar, wind, and battery systems.



How It Works

Company needs €100M for first commercial facility

Special Purpose Vehicle (SPV)

- Assets: Solar park, wind farm, battery system
- Revenue: PPA, offtake agreement, merchant sales
- Senior Debt: 70-80% of project value (first lien)
- Subordinated Debt: 0-10% (mezzanine, if needed)
- Equity: 20-30% (from sponsor/parent company)





Lender Requirements Checklist

- ☑ Bankable technology: Proven track record (Tier 1 suppliers)
- ✓ Creditworthy offtaker: Investment-grade or strong credit
- ✓ **Long-term contracts**: 10-20 year PPAs or offtake agreements
- ✓ All permits secured: Construction, environmental, grid connection
- ✓ **Insurance**: Builder's risk, operational, political risk
- ✓ Strong sponsor: Experienced developer with equity commitment



The Three Types of clean & climate tech VCs (Cont.)

Corporate Debt (Recourse)

Conventional loans secured by company assets. Includes revenue-based financing, equipment financing, and green bonds.

Revenue-Based Financing

%\$

Size: €500K-€5M

Repayment: 3-8% of monthly revenue

until 1.3-2.0x repaid

Best for: SaaS companies with recurring

revenue streams

Key benefit: Keep full control without

equity dilution or outside investors

Providers: Silvr, Wayflyer, Karmen,

Outfund, Viceversa, Myos, re:cap

Equipment Financing



Size: €500K-€50M

Collateral: Specific equipment (solar

panels, batteries, heat pumps)

LTV: 50-70% of equipment value

Ideal for capital-intensive hardware

deployments where equipment serves as

security

Providers: Equipment leasing companies

and commercial banks

Revenue-Based Financing



Size: €100M+ (requires scale)

Use: Refinance portfolio of green projects

Investors: Institutional (pension funds, insurance companies)

Benefit: 20-40 basis points discount vs. traditional bonds

Revenue-based financing fills the critical gap between venture capital and conventional lending, particularly for software-enabled climate solutions. Equipment financing unlocks capital for hardware deployments, while green bonds provide large-scale refinancing once companies reach institutional scale.



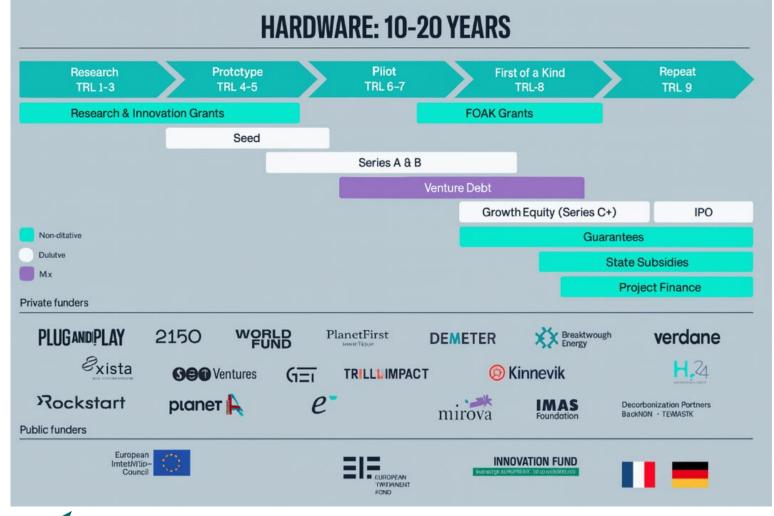
The Three Types of clean & climate tech VCs (Cont.)

Venture Debt

Financing provided to high-growth, innovative companies, usually issued between equity rounds. In certain cases, these loans may include an option to convert into equity. Within Europe, the European Investment Bank (EIB) remains one of the primary institutions offering such instruments.

European Investment Bank (EIB):

- Large ticket sizes (€50M-€500M)
- Favorable terms (long tenor, lower rates)
- Focus on energy, clean & climate, innovation
- Often catalyzes commercial bank co-financing



FUNDING DIFFERENCES: INFRA-HEAVY SAAS BASED STARTUPS

Now that we understand each capital source, let's examine how to build optimal capital stacks for different cleantech archetypes.

Capital Stack for Infra-Heavy Startups (Hardware / Energy / Mobility)

Hardware-heavy models (solar, wind, storage, hydrogen, CCUS) require large amounts of capital but benefit from asset-backed debt and project finance.

- Capital Requirements: High Capex, long deployment timelines.
- Funding Mix: Grants + project finance + equity
- Key Ratios:
 - Debt-to-Equity: 3:1 (75% debt, 25% equity)
 - o **Grant Coverage**: 10-30% for innovative projects
 - o **DSCR Target**: 1.3-1.5x (debt service coverage ratio)

CFO Role

- Forecasting staged cash needs for pilot → commercial deployment,
- Modeling multiple funding sources against milestone delivery,
- Integrating ESG compliance and EU reporting into funding strategy.

Capital Stack for Capital-Light SaaS Cleantech

SaaS companies require much less capital and rely primarily on equity, with minimal debt.

- Capital Requirements: Low Capex, high operational leverage.
- Funding Mix: VC, corporate VC, small grants for R&D or pilot clients.

CFO Role

- Modeling recurring revenue (ARR, LTV, churn),
- Preparing grant-aligned financial models for pilot incentives,
- Raise full 18-24 months of runway: Market uncertainty requires buffer
- Focus on Rule of 40: Target 40%+ (growth rate + profit margin) for Series C readiness
- Investor-ready data rooms with SaaS metrics and ESG KPIs.



FUNDING DIFFERENCES: INFRA-HEAVY SAAS - BASED STARTUPS (Cont.)

Capital Stack for Hybrid Startups (Hardware + SaaS):

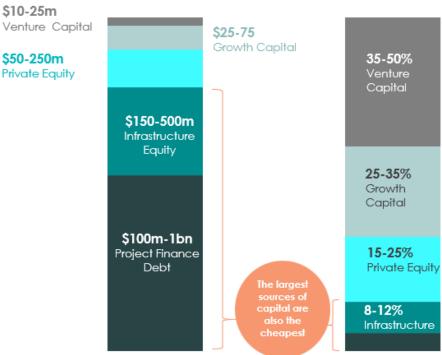
Combine both approaches: upfront Capex, then recurring SaaS revenue.

CFO Role: Structuring the Stack Strategically

- Stage Alignment map funding sources to business milestones (prototype → pilot → commercial → scale).
- Risk Management layer capital to reduce operational and deployment risk.
- Grant Optimization identify grants that de-risk equity rounds, reduce dilution, and complement debt financing.
- Investor Confidence build blended finance dashboards showing how each euro is deployed, expected returns, and ESG impact.



Capital Allocation by Investor Type



Sources: Breakthrough Energy

5-7% Project Finance Debt

"Sustainability targets and financial performance don't always move in the same direction. The right financial partner helps bridge that gap so progress doesn't come at the expense of stability."

- Emmy Simidchieva, CFO Insights



FINANCIAL MODELS FOR HARDWARE SAAS HYBRIDS

BUILDING INTEGRATED MODELS FOR CAPITAL-INTENSIVE INNOVATION WITH RECURRING REVENUE



Why Hybrid Models Are Different

Hybrid clean & climate-tech models - those combining a **physical hardware component** with a **recurring software or service layer** represent the most complex financial modeling challenge in cleantech.

Unlike pure SaaS (predictable ARR growth) or pure infrastructure (project-based DCF), hybrid models require CFOs to:

- Track two P&Ls simultaneously hardware deployment economics AND software subscription economics
- Model capital deployment cadence when to deploy hardware vs. when it becomes cash generative
- Show margin evolution from hardware-heavy (low margin) to software-heavy (high margin)
- Balance growth vs. capital efficiency rapid deployment eats cash; slow deployment misses market
- Communicate to different investor types: Infrastructure investors, SaaS investors, clean & climate VCs



Archetypes and revenue engines

Many of Europe's most promising clean & climate-tech companies sell **physical technology paired with recurring software services -** for example:

- Smart energy management devices with subscription analytics,
- Carbon-capture hardware with performance-monitoring dashboards,
- EV-charging CPOs combine charging-point ownership with software-driven billing, fleet management, and uptime SLAs. Their key value drivers are utilization, uptime (> 98 %), and energy-tariff management.
- Heat-as-a-Service (HaaS) and on-site solar + EMS models operate through monthly service fees or PPAs, often indexed to energy inflation, delivering predictable recurring cash flows once equipment is commissioned.

These ventures combine **Capex-heavy deployments** with **SaaS economics**, creating a financial profile that standard SaaS or pure-hardware models simply don't capture.

Sources: McKinsey; Bain & Company; Harvard Business Review.

CFO Lens:

When hardware meets SaaS, cash-flow timing, revenue recognition, and investor metrics collide. A CFO who can knit these pieces together unlocks capital and credibility.



FINANCIAL MODELS FOR HARDWARE & SAAS HYBRIDS (Cont.)

CAPEX MODELING: From pilot to commercial scale

A robust hybrid model integrates three dimensions:

- Capex calendar mapping every procurement and construction milestone from purchase order to commissioning, showing vendor payments, contingencies, and potential delay penalties.
- Cohort deployment logic turning installations into revenue cohorts, with realistic install-to-billing lags and attach-rate assumptions for the software layer
- ARR waterfall tracking software subscriptions per hardware unit, including churn, upsell, and deferred-revenue treatment under IFRS 15

Pricing and monetization

- Hardware + Subscription models (heat pumps, EV chargers) combine upfront margin with a monthly service fee covering monitoring, warranty, and predictive maintenance.
- **Usage-based** models (€/kWh or €/cycle) require careful cost modeling of degradation and variable energy inputs.
- Outcome-based pricing, linked to energy savings or uptime, is gaining traction among corporates seeking pay-for-performance contracts.
- **PPA + Platform** approaches (solar + EMS) separate PPA cash flows bankable debt streams from software fees, which remain with the equity layer.

EU grants and public-funding alignment

Hybrid ventures benefit from a maturing suite of **non-dilutive instruments** that bridge the financing gap between R&D and commercial bankability:

- **The Innovation Fund**, financed by EU ETS revenues, now provides multi-hundred-millioneuro support to FOAK/NOAK decarbonization projects. Successful applications demonstrate GHG-avoidance over ten years, maturity and scalability, and cost efficiency, supported by evidence of equity and debt commitments.
- Horizon Europe Cluster 5 funds TRL 5–7 pilots, rewarding strong exploitation plans and consortia that link R&D to deployment.
- Where EIB or EIF participate, compliance with the **EIB Guide to Procurement** and transparent tendering is mandatory.

□ Key CFO Actions for Risk management and mitigation

- Harmonize hardware and software economics into a predictable margin stack balancing long hardware payback periods (7–10 years) with shorter software ARR cycles (12-month contracts) - and strategically sequence funding: grants for tech-risk phases, equity for platform build-out, and debt for asset scaling
- Develop **multi-stage CAPEX** and **financing models** tied to operational milestones and funding tranches, while running sensitivity analyses for permitting delays, supply-chain disruptions, and cost inflation to proactively manage risk.

FINANCIAL MODELS FOR HARDWARE & SAAS HYBRIDS (Cont.)

INTEGRATING RECURRING REVENUE WITH HARDWARE ECONOMICS

For clean & climate-tech startups, recurring revenue is what **transforms an asset-heavy** model into a scalable platform business.

Hardware economics - CAPEX, depreciation, and asset yield - define capital efficiency, but recurring **ARR smooths cash flow volatility**, improves margins, and lifts valuations from "infrastructure-style multiples" to **SaaS-style multiples**

The integrated model logic



To convince both VCs and infrastructure lenders, your financial model should clearly link:

- 1. Hardware units deployed → ARR creation
 - Each commissioned unit becomes a SaaS subscriber
- 2. Capex and depreciation \rightarrow unit economics
 - Model Capex recovery and amortization per device/site
- 3. Gross profit per site = Hardware margin + Recurring software margin
- 4. Cash flow stack:
 - Hardware financed through grant + debt
 - Software scaling through internal cash and equity
 - Shared OPEX (support, billing) allocated proportionally
- **5. Blended contribution margin** should improve over time as recurring revenues grow and Capex intensity declines



How CFO Insights frames it:

- Forecast ARR, churn, CAC/LTV while adjusting for long enterprise sales cycles
- Synchronize hardware deployment schedules with SaaS onboarding so subscription revenue ramps when devices go live
- Determine hardware-as-a-service (HaaS) pricing to shift CAPEX into recurring OPEX for customers

Our models integrate **ARR waterfalls** directly into CAPEX schedules, giving founders and investors a single view of cash-in/cash-out dynamics.



FINANCIAL STRATEGY FOR CLEAN & CLIMATE SAAS & PLATFORMS

SCALING CAPITAL-EFFICIENT SOFTWARE FOR CLEAN & CLIMATE IMPACT

Why Clean & Climate SaaS Is Unique



Clean & climate SaaS companies occupy a unique intersection: they are **pure-software businesses operating in a highly regulated, data-heavy, and mission-critical environment**. They power decarbonization through analytics, measurement, verification, and operational optimization - but unlike traditional enterprise SaaS, they sell not just efficiency but compliance, carbon intelligence, and impact transparency.

For CFOs and founders, success depends on combining classical SaaS discipline (efficient growth, recurring margins, predictable churn) with sector-specific financial fluency around ESG standards, regulation, and public-sector procurement cycles.

"Every breakthrough in Clean & Climate Tech begins in a lab - but scale happens only when finance catches up. The next generation of climate leaders will be the ones who make finance a strategic advantage, not an afterthought."

- Marina Buchova, CFO Insights

SaaS Metrics That Matter

Traditional metrics still apply - ARR, CAC, LTV, and churn - but they behave differently in clean & climate-related verticals because of long enterprise sales cycles, complex integrations, and shifting ESG regulations.

The CFO's role is to quantify these nuances early and communicate them clearly to investors.

Metric	Typical Range (2024–2025 EU Climate SaaS)	CFO Interpretation	
Annual Recurring	€250k-€1.5M per	Weighted by contractual term (often 2–4 years) and	
Revenue (ARR)	enterprise client	implementation lag (3–6 months).	
Cross Margin	70–85%	Heavily influenced by data-processing costs and cloud	
Gross Margin	70-03%	compute for MRV or AI models.	
Customer	€20k-€80k per	Higher due to regulated sales and ESG validation;	
Acquisition Cost	enterprise	offset through multi-year retention.	
(CAC)	CITICIPIISC	onser mroogrimon year retermon.	
LTV:CAC ratio	3–6×	Driven by long retention cycles; SaaS CFOs should	
LIV.CAC IGIIO		adjust payback expectations to 18–30 months.	
Churn (avass)	5–10% annualized	Mitigated by compliance lock-in; upsell potential	
Churn (gross)		through add-on modules or carbon-reporting	
Net Revenue	110 1200	Upselling analytics, benchmarking, or certification	
Retention (NRR)	110–130%	APIs.	
Donale male Danie d	10, 20 manths	Longer than B2C SaaS, but offset by contractual	
Payback Period	18–30 months	stickiness. Includes grant subsidies and deferred-	



FINANCIAL STRATEGY FOR CLEAN & CLIMATE SAAS & PLATFORMS (Cont.)

Go-to-Market & Pricing Models

Clean & climate SaaS customers are more risk-averse than typical tech adopters; pricing must communicate **trust**, **auditability**, **and regulatory relevance**.

Model	When to use	Example & CFO note	
Seat-based	For multi-departmental ESG or	Typical in CSRD/ESRS reporting; stable recurring base;	
(license)	compliance systems	allows expansion by entity count.	
Hamma hamad	When data volume or compute	Carbon-accounting APIs charging €/tCO₂ processed or	
Usage-based	drives cost	€/GB satellite data; align with gross margin analysis.	
Outcome based	When measurable improvement	Payments per verified emission reduction; requires strong	
Outcome-based	can be tracked	MRV and audit process.	
Hybrid (license +	Preferred by investors for ARR	Base SaaS fee plus transaction ∨ariable (e.g., €/project	
usage)	predictability	verified).	

CFO Tip:

For investor reporting, always separate **committed ARR** (multi-year contracts) from **project-based ARR** (one-off ESG audits) to avoid volatility in cohort analysis.

Lean capital planning and cash-flow discipline

Even capital-light SaaS businesses face cyclical cash needs during scaling. CFOs should implement **rolling 18-month runway models** that tie hiring and marketing spend directly to ARR achievement.

Scenario Type	Focus	Financial Guidance
Base case (steady scaling)	2× YoY ARR growth	Maintain gross burn multiple ≤1.5×; sales efficiency ≥0.6.
Delay case (funding	Flat new ARR 2–3	Freeze non-core hires, extend runway to 24 months via
slowdown)	quarters	grant or bridge debt.
Upside case (public-	+50% ARR from new	Re-forecast cash-collection lags; invest in onboarding &
sector adoption)	mandates	customer success.

Working capital is often positive due to upfront invoicing, but delayed receivables from large public clients require prudent liquidity buffers (≥3 months OPEX).

Investor expectations and valuation logic



- ARR quality: multi-year, contractually committed revenues linked to compliance deadlines.
- Gross margin sustainability: stable above 75% post-cloud-cost optimization.
- Net Revenue Retention: ≥120% signals successful expansion into new modules.
- Path to profitability: clear visibility to EBITDA breakeven within 24–30 months at steady ARR growth.

At the 2025 funding frontier, **growth equity and sustainability funds** now prioritize SaaS plays that combine **impact measurement with scalable business models**, especially in supply-chain transparency, energy management, and carbon data integrity.



ESG & IMPACT METRICS FOR INVESTORS

TURNING CLEAN & CLIMATE IMPACT INTO INVESTOR-GRADE FINANCIAL INTELLIGENCE

In 2025, climate-tech companies must deliver not only financial performance but quantifiable, verifiable impact.

Investors, lenders, and grant institutions now evaluate startups using dual lenses:

- Financial viability (revenue, margins, DSCR, runway)
- Impact integrity (emissions, resource efficiency, alignment with EU taxonomy and CSRD)

CFO Tip:

Embedding ESG and impact data inside the financial model - not as a CSR appendix, but as a core investment argument. Done right, it becomes a competitive advantage: impact metrics demonstrate **capital efficiency** in decarbonization, while compliance readiness lowers the risk premium in fundraising.

Every euro invested must prove measurable clean & climate benefit!

Since the EU Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), and the EU Taxonomy Regulation came into force, investors can no longer allocate capital without quantifiable ESG data.

This applies equally to:

- Asset-heavy projects (batteries, renewables, electrification) where avoided emissions and energy-efficiency gains must be evidenced over 10 years; and
- **Digital clean & climate platforms** (carbon accounting, grid software, optimization SaaS) that must prove how data or algorithms deliver measurable carbon reduction per user or asset.

CFO's priority actions:

Institutional investors (LPs, VC funds, and corporate strategies) now demand:

- Impact-linked reporting: quarterly dashboards with GHG avoided, energy saved, or circularity metrics
- **ESG DD files**: policies, data quality checks, methodology references
- Alignment evidence: Taxonomy eligibility, DNSH compliance, and CSRD dataavailability index
- Scenario impact: sensitivity of revenue and valuation to carbon-price changes

Sources: EU CSRD; SFDR Regulation; GHG Protocol



CASH FLOW PLANNING FOR CLEAN & CLIMATE SCALEUPS

Unlike software-only startups, clean & climate scaleups operate in capital-heavy, grant-linked, and milestone-dependent environments. Cash planning isn't just forecasting; it's sequencing: aligning cash-in/out to milestones so you never run out of liquidity on the way to scale.

Core planning architecture

The European clean & climate-finance landscape has matured - but also tightened:

- VC & Growth equity in EU clean & climate tech fell ~24% YoY to \$8.8B in 2024, with only
 moderate recovery in H1 2025 (CTVC by Sightline, June 2025)
- Grant disbursement delays average 3-6 months from Innovation Fund and Horizon Europe call closure to first payment (CINEA reports, 2025)
- Hardware scaleups (energy storage, CCUS, hydrogen) report CAPEX overruns of 10-25% due to inflation in equipment, raw materials, and supply-chain shifts (IEA, Renewables 2024)
- Working capital strain has increased as suppliers demand upfront deposits while offtakes still pay on commissioning

Therefore, cash flow forecasting for clean & climate scaleups must integrate:

- Public-funding disbursement lags
- Supply-chain prepayment dynamics
- Hybrid debt/equity draw schedules
- Deferred-revenue recognition
- Scenario-tested runway through regulatory or technical delays

CFO framework for scaleup cash planning

The CFO's model must shift from linear forecasting to **milestone-based liquidity planning**, integrating both operational and financing events.

Layer	Key Inputs	Purpose	
Operational	Production Capex, EPC milestones,	Identify month-by-month funding	
Cash Flow	pilot delivery schedule	gaps	
Einancina Evonts	Grant tranches, equity closes,	Model actual inflows, not just	
Financing Events	project-debt draws	commitments	
Working Capital	Payables (EPC, suppliers),		
Cycle	receivables (PPAs, offtake),	Track cash conversion timing	
Cycle	inventory		
Reserves &	DSCR buffers, interest reserves,	Maintain minimum liquidity and	
Covenants	equity cushions	lender compliance	

CFO Tip:

Always present a "Runway-to-Milestone" chart in board decks: how many months of liquidity remain until the next confirmed inflow, not until nominal cash-out.



CASH FLOW PLANNING FOR CLEAN & CLIMATE SCALEUPS (Cont.)

COMMON LIQUIDITY TRAPS - AND HOW TO AVOID THEM

Trap 1: Grant approval vs. disbursement gap



Description:

- Report/verification lag (30–120 days);
- € approved ≠ € in bank;
- Pre-financing often limited to 30–40%

CFO Mitigation

 Bridge with short-term venture debt or internal equity reserves

Trap 2: Capex curve mismatch



Description:

- Slips Capex & revenue;
- Model 1–3–6 month delays with cost carry

CFO Mitigation

 Negotiate milestone-based supplier payments aligned to funding tranches

Trap 3: Supply chain variance



Description:

 BOM inflation (±10–25%), shipping volatility, buffer-stock cash lock

CFO Mitigation

 Negotiate Vendor terms (LCs, extended terms to 60–90 days for Tier-1 suppliers)

Trap 4: Deferred PPA revenue



Description:

 Revenue recognized but not yet paid until commissioning

CFO Mitigation

 Align cash forecasting with billing, not accounting recognition

Trap 5: FX mismatch



Description:

 Grants in EUR, procurement in USD/GBP

CFO Mitigation

 Hedge major Capex exposures upfront (≥12 months)



CASH FLOW PLANNING FOR CLEAN & CLIMATE SCALEUPS (Cont.)

RUNWAY DESIGN FOR SAAS-ONLY & HYBRID FIRMS

Cash conversion mechanics:

- ARR ≠ cash. Track billing mix (monthly vs annual upfront), deferred revenue, and collections (DSO targets by segment).
- Enterprise pilots: treat as pre-sales cost center; cap pilot burn and enforce conversion SLAs (pilot → 12–36-mo contract).
- **Usage/outcome models**: apply seasonality & ramp curves; add credit-control rules (deactivation thresholds, minimums).

Board-level KPIs (cash-centric):

- Runway (months) = Unrestricted cash / Net monthly burn (include debt service & VAT cycles).
- Burn multiple = Net burn / Net new ARR (target <1.5; world-class <1.0).
- ARR → Cash conversion = OCF before growth capex / ARR.
- **Billing mix** = % annual upfront (improves cash; watch churn risk).
- Net working capital (NWC) days = DSO + DIO DPO (optimize by segment).

Pricing tools that protect cash:

- Annual prepay discounts;
- Indexation (CPI, carbon price, power price);
- Floor/minimum commits for usage;
- Outcome bonuses with clear M&V;
- Implementation fees to fund onboarding.



CFO Insights approach to cash-flow strategy

- Model liquidity by milestone, not calendar integrating EPC payment curves with grant disbursement rules
- Simulate delay scenarios (3–6 months) to test liquidity resilience and covenant breaches
- **Embed regulatory cash gating logic** ensuring no negative working capital during EIB, EIF, or Horizon disbursement cycles
- Build CFO dashboards combining:
 - Runway-to-next inflow
- DSCR and LLCR trajectories
- Cumulative Capex utilization
- Variance to funding plan



PRICING & MONETIZATION STRATEGIES

STRUCTURING CLEAN & CLIMATE TECH REVENUES INVESTORS TRUST

Pricing strategy in clean & climate tech must balance capital recovery, recurring scalability, and impact alignment.

Unlike traditional SaaS or manufacturing, cleantech monetization is constrained by **Capex intensity**, **long payback cycles**, and **regulatory price signals** (e.g., carbon prices, feed-in tariffs, PPAs).

A well-designed pricing model achieves these goals:

- **De-risks capital recovery** aligning pricing with lifetime value and financing structure.
- Produce predictable, auditable cash flows
- Incentivize customers to scale adoption through transparent, outcome-based or subscription pricing.
- **Drives valuation uplift** by embedding recurring, predictable revenues into the business model.

Common Monetization Models



Capex / Asset Sale

Model: One-time sale of equipment or system (solar, EV chargers, storage)

Cash Flow: Front-loaded revenue, low recurrence

CFO Focus: Manufacturing margin optimization, working capital management, milestone billing

Investor Appeal: Immediate cash realization, balance-sheet clarity, technical validation through early sales

Structure: Cost-plus margin contracts, learning-curve tracking. For grantfunded hardware, separate eligible and commercial cost lines to avoid double-financing



Power Purchase Agreement (PPA)

Model: Long-term fixed-price energy contracts (10–20 years) for solar, wind, hydrogen, storage

Cash Flow: Predictable, indexed revenue streams with escalation clauses

CFO Focus: Model escalation clauses, FX hedging, maintain DSCR ≥ 1.25×

Investor Appeal: Bankable contracts attract institutional capital (EIB, pension funds). High scalability and predictability

Structure: Cost-plus margin contracts, learning-curve tracking. For grantfunded hardware, separate eligible and commercial cost lines to avoid double-financing



PRICING & MONETIZATION STRATEGIES



Subscription (SaaS)

Model: Monthly or annual platform access for grid optimization, carbon tracking, IoT analytics

Cash Flow: Recurring ARR with high margins (target 65%+ gross margin)

CFO Focus: Track churn, NRR, annual prepay options. Keep COGS < 30% of revenue

Investor Appeal: Valuation uplift through recurring revenue, clear KPIs (ARR, NRR), customer stickiness, visibility

Structure: Tiered pricing aligned with usage metrics. Bundle maintenance and analytics. Use annual prepayments to improve working capital and reduce cash burn



Usage-Based

Model: Payment per unit—API call, kWh saved, emissions reduced

Cash Flow: Variable, elastic growth potential with seasonality

CFO Focus: Forecast seasonality, implement base fee minimums to stabilize cash inflows

Investor Appeal: Transparent pricing, upside potential, natural scalability with customer growth

Structure: Base fee + variable component. Use rolling 3-month billing averages to smooth fluctuations. Build ±20% usage elasticity scenarios into cashflow models



Outcome-Based

Model: Pay only when verified results achieved—CO₂ avoided, efficiency gain, energy savings

Cash Flow: Delayed recognition, requires robust M&V (measurement & verification)

CFO Focus: Establish baseline KPIs, recognize revenue only after milestone verification

Investor Appeal: Direct ESG alignment, proof of ROI, strong customer retention through shared success

Structure: Set measurable baseline performance. Link variable revenues to impact dashboards used for grants and ESG investors. Contractually define verification protocols upfront



Hybrid (Capex + Subscription)

Model: Hardware sold or leased with recurring software, maintenance, or monitoring fee (IoT, battery, EV, carbon capture)

Cash Flow: Balanced—upfront Capex recovery plus predictable recurring income

CFO Focus: Ensure hardware funds debt servicing while SaaS funds operating margin expansion

Investor Appeal: Dual revenue lines create valuation advantage. Viewed as bridge assets—stable enough for debt, dynamic enough for equity growth

Structure: Two-layered cash flow model. Separate hardware and software P&Ls. Target blended margin profiles. Position as asset-as-a-service to attract both infrastructure and growth investors



FUNDRAISING READINESS

PREPARING CLEAN & CLIMATE TECH STARTUPS FOR CAPITAL-RAISING ACROSS SAAS AND INFRASTRUCTURE PATHS

In clean & climate tech, **fundraising readiness is strategic risk management**. While most startups focus on valuation, the true differentiator for investors is financial readiness - the ability to show credible traction, compliant systems, and a clear capital roadmap.

The **CFO's role** is to make the company investable before it's fundable, ensuring each tranche of capital (public or private) de-risks the next.

Founders who approach fundraising with **complete**, **investor-grade data rooms and clear capital-stack strategy** not only raise faster, but often secure **better terms and less dilution**.

"In clean & climate tech, you're not just pitching a business - you're pitching a financial and impact ecosystem. Investors expect you to be investor-ready from day one."

- Marina Buchova, CFO Insights

The 2025 fundraising clean & climate: selective, structured, and strategic

Europe's climate-tech funding environment is undergoing a shift:

- Total EU climate-tech investment reached ~ € 6.1 billion until Q3 2025
- Blended finance is now dominant over 45 % of new climate scaleups rely on a mix of grants + equity + debt, according to Cleantech for Europe (2025).
- Grant disbursement delays and EIB eligibility audits have pushed CFOs to adopt "funding readiness sprints" pre-auditing documentation and liquidity before each call or round.
- Investors are prioritizing execution visibility milestones tied to CSRD, ESG metrics, and TRL-based progress carry more weight than traditional revenue multiples.

The CFO's readiness framework

Fundraising readiness is built across five layers, each de-risking the next financing event.

Layer	What Investors Expect	CFO Deliverable	
Technical	Verified data, patents, TRL ≥ 5,	TRL tracking dashboard, IP registry,	
Validation	customer pilots	PoC reports	
Financial	Transparent books, audit-ready	Data-room financial pack (P&L, BS,	
Infrastructure	reports, multi-entity controls	CF, grants)	
Capital	Blended stack mapped 24–36	Funding roadmap (grant + equity +	
Architecture	months ahead	debt) with sequencing	
Governance &	CSRD-aligned impact tracking,	ESG policy file, SDG-linked KPIs,	
ESG	Article 8/9 readiness	investor deck summary	
Scenario	Cash-flow runway and downside	Scenario model with 3–6 month	
Resilience	coverage	grant delay stress test	



FUNDRAISING READINESS (Cont.)

DIFFERENT INVESTOR EXPECTATIONS: SAAS VS. INFRA-BASED BUSINESSES

Not all clean & climate-tech startups raise capital the same way - nor should they. A CFO's first job is to align the funding architecture with the company's **financial DNA**.

In **Climate SaaS**, investors look for scalability and capital efficiency. These companies are **light on CAPEX** but **heavy on R&D**, customer acquisition, and data operations. Their funding journey mirrors the software world: pre-seed and seed for product-market fit, followed by growth capital once ARR becomes predictable.

For the CFO, readiness means maintaining a **clean ARR bridge**, detailed SaaS metrics (MRR, churn, expansion), and a **clear burn-to-runway ratio** demonstrating capital efficiency

In **Infrastructure-heavy clean & climate ventures** - the logic is reversed. Here, capital intensity is high and monetization delayed. The CFO must sequence **non-dilutive grants** and **concessional finance** before raising equity, ensuring the company doesn't dilute too early.

Here, the CFO mindset must shift:

- o From growth at all costs → to capital deployed per validated megawatt
- From customer acquisition cost → to debt service coverage ratio (DSCR)
- o From valuation expansion → to risk compression through blended finance

Bridging the two

Some of the most successful clean & climate techs - from grid-edge analytics to carbon capture monitoring - **blend both models**: recurring SaaS revenue layered over asset-heavy deployments.

For these hybrids, CFOs must create dual-layered capital maps, ensuring that:

- SaaS ARR drives valuation multiples, and
- Infrastructure assets secure debt or blended-finance leverage.

Dimension	Climate SaaS	Infra / Hardware	
Capital Mix	Equity + grants (EIC, Horizon)	Grants + debt + corporate co-investment	
Key Metrics	ARR, CAC, LTV, churn, net retention	DSCR, IRR, Capex per MW or tCO ₂ captured, O&M costs	
Due Diligence	Product-market fit, unit economics, churn cohorts	TRL milestones, Permitting, construction schedule, supply-chain contracts, PPA pipeline	
Funding Types	VC equity, corporate VC, early-stage grants	Project finance, blended debt, EU Innovation Fund, infrastructure funds	
CFO Focus	ARR-to-cash ∨isibility, CAC/LTV proof	Milestone-based deployment, grant compliance, DSCR forecasting, capex risk allocation	
Valuation Driver	Software scalability	Asset bankability	

FUNDRAISING READINESS (Cont.)

INVESTOR READINESS SIGNALS - THE NEW LANGUAGE OF TRUST

How financial discipline becomes your fundraising advantage

In the 2025 market, **investors are no longer buying promises - they are underwriting systems**. They fund teams that demonstrate operational control, financial transparency, and governance maturity.

CFOs who treat investor readiness as an **ongoing state of discipline** - not a last-minute sprint - turn due diligence into a competitive weapon.

The strongest signals investors look for are:

- Milestone-anchored liquidity planning. Your cash forecast must follow project and grant milestones, not calendar quarters. The best CFO decks show "runway to next inflow," not just "cash left."
- Cohesive data rooms. Investors expect instant access to a synchronized financial narrative legal documents, financial statements, KPIs, and ESG data, all in one place. Anything older than three months is a red flag.
- **ESG-integrated financials**. Impact and profitability are no longer separate. CSRD alignment, carbon accounting, and SDG mapping must appear alongside P&L and cash flow.
- **Co-financing visibility**. Letters of intent from public or corporate co-funders (EIC, EIB, CVCs) demonstrate momentum and validation.
- **Scenario control.** Readiness means knowing not only your base case but your delay case how long you can operate if a grant disbursement or PPA closes three months late.

When founders speak in impact and vision, the **CFO must speak in liquidity and control**. That balance builds the trust investors equate with investability.

Signal	What It Shows	CFO Action	
Milestone-based cash flow model	Realistic capital discipline	Tie liquidity to TRL or EPC schedule	
Clean financial audit trail	Compliance & governance Quarterly reconciliations, extern review		
ESG-integrated forecasts	Future-proof investment case Include impact KPIs in core ma		
Co-financing commitments	Crowd-in potential	Secure Lols or conditional term sheets	
Active public funding pipeline	Strategic leverage	Track next calls (EIC, Innovation Fund) 6–12 months ahead	

CFO Tip:

Fundraising readiness is 70 % documentation and 30 % storytelling. Investors fund discipline, not decks..



THE RED FLAGS THAT DERAIL CLEAN & CLIMATE FUNDRAISING

Every strong data room can unravel if underlying systems aren't aligned. In clean & climate tech, **minor oversights** often become **deal breakers** because investors face higher verification burdens - technical, financial, and regulatory.

The most common red flags are systemic, not accidental.



Red Flags for Investors

- **Unverified or misclassified grant income**. Reporting an approved grant as revenue (instead of receivable or deferred income) raises immediate accounting concerns.
- Cap table confusion. Multiple holding structures or unaligned shareholder registers between entities create ownership uncertainty, especially when IP or grant rights are tied to a specific subsidiary.
- **Liquidity gaps between tranches**. A six-month cash gap between grant milestones and equity inflows signals weak financial control investors assume future crises are inevitable.
- Outdated reporting cadence. Quarterly updates that lag three months behind make investors doubt execution speed. Clean monthly close processes have become the new baseline.

Each red flag carries the same unspoken message: "If reporting is messy, execution is risky." A CFO's responsibility is not to hide volatility but to control its narrative - translating complexity into clarity.

CFO Insights methodology for fundraising readiness

- → Investor-Grade Forecast Model integrated P&L, cash flow, SaaS metrics, Capex, and impact KPIs.
- → **Design the Funding Stack Roadmap -** mapping grants, equity, debt, and co-financing for 24–36 months.
- Develop the Investor Narrative linking milestones, impact KPIs, and valuation logic.
- ---> **Pre-assemble the Data Room -** synced to investor due diligence requirements (legal, financial, ESG).
- Coach the founder team on financial storytelling, scenario framing, and investor Q&A preparation.

The result: shorter fundraising cycles, stronger valuations, and lower dilution.



CASE STUDIES: CAPITAL ARCHETYPES IN CLEAN & CLIMATE TECH

Each archetype illustrates how the **capital stack**, **revenue model**, and **investor logic** align. A CFO's job is to translate these differences into bankable financial structures and clear investor communication.

CASE STUDY 1: STEGRA (EX-H2 GREEN STEEL), SWEDEN

Blended megaproject financing for hydrogen-based green steel

Model: High Capex | Project finance + grants + equity | Bankability & DSCR focus

Funding & Strategy Highlights

- In Jan 2024 the company announced a €6.5bn package:
 €4.2bn senior/junior project debt,
 ~€300m new equity, and €250m EU Innovation Fund grant to build the Boden plant.
- In Oct 2025 the company launched an additional ~€975m round to address cost inflation and funding gaps.

Financial & Operational Lessons

- High scale, strategic positioning in decarbonizing steel - green steel is a "hard-toabate" vertical with structural demand
- Strong order books, expanding control over upstream infrastructure (rail, port) as announced in its new financing round. (Source: Stegra)
- Ability to absorb cost inflation via finance buffer and insourced scope, increasing control over execution risk. (Source: <u>Investing.com</u>)

CASE STUDY 2: ENERGY DOME, ITALY

CO₂ Battery

Model: Long-Duration Storage (LDES) as Hybrid Infra + Software

Funding & Strategy Highlights

- Breakthrough Energy Catalyst committed up to €35m for the first standard commercial-scale project (Ottana, Sardinia) and the EIB signaled €25m venture debt under InvestEU - both announced at end-2023 with 2024 EIB pipeline entry.
- Through 2024–2025, EIB listed the operation and progressed appraisal - an explicit public "signal" for market confidence.

Financial & Operational Lessons

- **System need -** dispatchable, non-Li-ion storage complements renewables build-out
- Public de-risking multilayered public support bridges the FOAK → NOAK gap
- Software layer optimization/M&V stack improves revenue quality and underwriting
- Use grant + venture debt to cross the demonstration "valley of death," then layer project debt once there's contracted revenue (capacity/ancillary/availability).



CASE STUDIES: CAPITAL ARCHETYPES IN CLEAN & CLIMATE TECH

CASE STUDY 3: CLIMEWORKS, SWITZERLAND/ICELAND

Direct Air Capture of CO₂ from ambient air and permanent sequestration

Model: Hardware-intensive (capture plants) + service contracts (CO₂ removal, carbon credit offtake)

Funding & Strategy Highlights

- Raised \$650m in a major equity round in 2022 plus grants from Innovation Fund
- In 2025 it secured \$162m equity to scale its DAC technology, signaling confidence that clean & climate investors still back hardware-heavy carbon removal
- Sells carbon removal capacity via PPA-like "carbon removal offtake" contracts with corporates (e.g. Microsoft, Stripe). Source: <u>Wikipedia</u>

Financial & Operational Lessons

- Blended capital structure heavy initial Capex, offset via long-term contracts
- Revenue layering outcome-based pricing validates impact as revenue stream
- Technical de-risking modular approach helps limit upfront capital risk across plants
- Grant / public support alignment engaged in EU / government-sponsored R&D, supports capital scaling phases

CASE STUDY 4: SKELETON TECHNOLOGIES, ESTONIA/GERMANY

Ultracapacitors / high-power batteries

Model: Hybrid - Hardware-intensive (capture plants) + service contracts (CO₂ removal, carbon credit offtake)

Funding & Strategy Highlights

- In 2024 Skeleton's E1 funding round
 €108m brought total funding to
 €330m, reflecting confidence in
 scaling manufacturing capacity.
- Strong industrial strategic partnerships (e.g. Siemens, Marubeni) help validate commercial deployment pathways.
- Early engagement with EIB for loan agreements (e.g. €15m investment loan) underscores access to concessional capital.

Source: Skeletontech

Financial & Operational Lessons

- Pilot-to-Commercial Path Gradual ramp from R&D → pilot line → large-scale manufacturing
- Use the capital to expand manufacturing (e.g. new Leipzig factory) with strong control over yield, costs, and scale
- Capital Stack Combination of EU grants, EIB quasi-equity, and private venture equity reduces dilution and supports Capex-heavy factory buildout
- Build unit-level costing models to validate margin progression as scale improves. Insert long-term supply contracts and guarantee frameworks to reduce input volatility risk



CASE STUDIES: CAPITAL ARCHETYPES IN CLEAN & CLIMATE TECH

CASE STUDY 5: PLAN A, BULGARIA

Carbon Accounting SaaS platform, enables corporations to measure, analyze, and report emissions.

Model: Pure Software (ESG/carbon Accounting)

Funding & Strategy Highlights

- \$27m Series A (Sep 2023) led by Lightspeed/HV to scale decarbonization & reporting platform across EU
- Positioned as CSRD & ESG workflow provider in 2024–2025
- Low CAPEX model, recurring subscription revenues, scalable unit economics
- Ability to integrate into enterprise systems (ERP, compliance platforms). Source: <u>TNW</u>

Financial & Operational Lessons

- Metrics focus investors in SaaS expect clean KPIs - CAC, LTV, net retention; Surface ARR growth, NRR, and expansion metrics to back valuation
- Platform-led growth once you have corporate adoption, upsell modules (scenario simulation, offset recommendations, audit integrations)
- Investor alignment the ESG narrative helps attract clean & climate-focused capital versus vanilla SaaS

CASE STUDY 6: Greenlyte Carbon Technologies, Germany

Direct Air Capture (DAC) & Valorization

Model: Hardware-heavy (DAC) + optional valorization (e.g., e-methanol)

Funding & Strategy Highlights

- Raised over €20 million in funding
- Pilot plant in operation
- Selected for a grant-funded DAC
 → e-methanol facility investment of
 ~€25 million.
- Source: Wikipedia

Financial & Operational Lessons

- Pilot-first approach small tonnage pilot to validate operations before scaling
- Valorization pathway adding a revenue stream (eMethanol) helps improve unit economics per ton captured
- Grant/ incentive dependence the FOAK facility is backed by grant funding under "Produktives.NRW" (~€25M project)
- Aligned grant timing & disbursement with project CAPEX and pilot phases



CFO INSIGHTS: STRATEGIC FINANCIAL LEADERSHIP FOR CLIMATE TECH

Why Cleantech & Climate Tech Needs a Specialized CFO Partner?

Organizations in this sector operate in complex and capital-demanding environments:

- Long infrastructure buildouts or pilot-to-commercial scale transitions
- High cashflow intensity due to continuous R&D and impact-driven initiatives
- Non-traditional business models (project finance, hardware + SaaS, PPA structures)
- Hybrid financing strategies (VC, corporate VC, EU grants, climate funds)
- Multi-market expansion and localization requirements.

Generic financial management isn't enough - you need a CFO partner fluent in impact metrics, ESG finance, and blended capital strategy.

Why CFO Insights

- Integrated clean & climate finance expertise + cloud dashboard tooling
- Active partnerships with VCs, EU grant consultants, and ESG funds
- Track record supporting EU-funded cleantech founders
- 100% EU-based team with full GDPR compliance

Outcome

Founders and boards gain a clear, investor-grade view of financial and technical progress - transforming complex cleantech metrics into actionable financial intelligence.





CFO INSIGHTS: STRATEGIC FINANCIAL LEADERSHIP FOR CLIMATE TECH (Cont.)

Why Partner with CFO Insights

Generic finance support cannot navigate defense audits, EU grant frameworks, or national security procurement cycles. **CFO Insights** bridges that gap with domain **expertise** and **financial technology** purpose-built for Europe's critical tech sectors.

Our differentiators:

- Deep roots in **EU innovation and Climate tech funding** from EIC and EISMEA to national programs.
- Proven frameworks for grant-to-equity sequencing and capital stack optimization.
- GDPR-compliant, EU-based delivery, ensuring data security at every financial layer.
- Integration with investor ecosystems: dual-use VCs, sovereign tech accelerators, and national funds.
- Cloud-based CFO platform combining real-time dashboards, scenario models, and automated reports tailored for regulated environments.

Our Proven Impact

9-18mth Extend runway

Through advanced scenario modeling and grant sequencing

20-35% Improved valuation

Through milestone-based capital narratives tied to TRL and compliance events

30-50% Grant utilization efficiency

Through structured financial reporting and compliance alignment

3-6mth Fundraising cycles

Through KPI-linked dashboards and audit-ready documentation





CFO INSIGHTS: STRATEGIC FINANCIAL LEADERSHIP FOR CLIMATE TECH (Cont.)

How We Work with You

Step 1 - Financial Diagnostic

We assess your current financial structure, capital needs, and milestone roadmap.

Step 2 - Funding Architecture Design

We build your grant + equity + corporate + debt funding stack.

Step 3 - Milestone-Linked Forecasting

We translate your TRL and R&D roadmap into actionable financial models.

Step 4 - Execution & Investor Engagement

We run your financial operations, coordinate funding events, and prepare investor updates.

Step 5 - Continuous Optimization

We adjust for delays, market shifts, and strategic opportunities in real time.

Your Next Step

If you're building an clean tech or climate tech company, the right financial architecture is as important as your technical architecture. Every month lost to poor capital planning or investor uncertainty is a month your competitors can catch up.

We help you move from lab to market with confidence, capital efficiency, and investor trust.

Get in touch today to discuss your roadmap, funding needs, and how we can design your financial playbook.

Explore more: insightscfo.com

Contact us: office@insightscfo.com

Pro Tip: Save this post for later!





APPENDIX 1: ARCHETYPE 1: HARDWARE-HEAVY CLEANTECH (1 OF 2)

Go back to p. 11

Definition: Companies that deploy physical infrastructure to generate, store, or process energy and materials. These are **asset-intensive** businesses where capital expenditure drives growth and physical assets generate revenue.

Sub-sectors: Solar farms, wind turbines, green hydrogen plants, carbon capture units, energy storage systems, EV fast-charging networks (site capex heavy)...

Financial Profile:

Metric	Typical range	
Initial Capex	Project-scale; €10m-€500m+ (technology and size dependent).	
Gross margin (operating)	40-60% (Operational phase); Project SPVs typically target positive operating margin after O&M overall economics driven by LCOE/PPA vs market price.	
IRR target (sponsor, indicative)	~6–12% unlevered for utility-scale contracted assets; higher where merchant risk or newer tech (indicative, varies by country, contract, leverage).	
Payback period (indicative)	~7–12 years for mature contracted generation; varies materially with support scheme, capex and financing.	
Asset life (nameplate)	25–30 years for solar/wind assets; BESS typically has a shorter technical lifetime with augmentation cycles.	
Debt Capacity	~60-80% of project value (operational assets)	
Revenue model	Long-term contracts PPAs/CfDs , merchant sales (capture price), ancillary/capacity payments (BESS), offtake agreements/CfD, capture/transport/storage fees (CCUS), €/kWh tariffs + roaming (EV charging).	

Sources: EA; Lazard LCOE+

Key Financial Characteristics:

Capital Structure

- Equity requirement: 20-40% of project cost
- Debt financing: Senior secured, nonrecourse project finance
- Typical debt terms: 15-25 year tenor, matching asset life
- Funding sources: EU grants, infrastructure loans, corporate partnerships, blended finance

Cash Flow Profile

- Pre-construction (Years -2 to 0): Negative cash flow, development costs
- Construction (Years 0-2): Heavy capex, funded by equity + construction debt
- Operations (Years 2-25): Positive operating cash flow, debt service, equity distributions
- Major maintenance reserves: Set aside for equipment replacement



APPENDIX 1: ARCHETYPE 1: HARDWARE-HEAVY CLEANTECH (2 OF 2)

Go back to p. 11

Revenue Recognition

- Revenue often tied to PPAs (Power Purchase Agreements) or project contracts
- Long-term contract accounting (IFRS 15)
- Revenue recognized as energy/services delivered
- Variable consideration (performance bonuses, penalties)
- Must account for degradation (solar panels ~0.5% annually, batteries 2-3%)

Financial Implications

- Requires multi-year cash flow planning.
- Often needs staged funding aligned with pilot → commercial deployment → scale.
- Capex modeling for pilot-to-commercial transitions
- Grant alignment and blended finance strategy
- Scenario planning to mitigate deployment and regulatory risk.

Funding Strategy by Stage

Development (€100K - €5M)

- Founder equity
- Development grants (national schemes, EU programs)
- Strategic partners (utilities, corporates)
- Development equity funds

Construction (€5M - €500M+)

Dependence on regulatory approvals, permits, and government incentives.

- Construction debt (60-75% of project cost)
- Equity investors (infrastructure funds, family offices)
- Government grants (Innovation Fund for novel technologies)
- EPC contractor financing/guarantees

Operations (refinancing)

- Term debt (lower rates, 70-80% LTV)
- Infrastructure funds acquiring operational assets
- Green bonds (for portfolio scale)
- Securitization (packaging multiple projects)

Sources: Renewable Power Generation Costs in 2024



APPENDIX 2: ARCHETYPE 2: CAPITAL-LIGHT / SOFTWARE CLEANTECH (1 OF 2)

Go back to p. 11

Definition: Companies that provide digital solutions for climate measurement, management, optimization, and reporting. These are **asset-light** businesses where software development and go-to-market drive growth, not physical infrastructure.

Sub-sectors: Carbon accounting platforms, energy efficiency SaaS, mobility marketplaces, IoT monitoring systems.

Financial Profile:

Metric	Typical range	
Initial Capex	€50K - €2M (mostly R&D + data ingestion; cloud costs).	
CAC	€5K - €50K (enterprise), €500-€2K (SMB);	
CAC Payback	12-24 months	
Annual Contract Value (ACV)	€10K - €200K (depending on segment)	
ARR profile	High recurring ; enterprise modules with multi-year terms; growth tied to CSRD/SFDR and EU Taxonomy demand. (IEA)	
Gross margin	70–85%+ typical for mature enterprise SaaS (infra-light).	
Sales cycle	2–6 months SMB , 6–12+ months enterprise ; compliance deadlines can compress cycles.	
Churn / NRR benchmarks	Aim for NRR >110–120% at scale; churn low-single-digits enterprise (benchmarks vary).	
IRR target	Not used; investors track Rule of 40 (Target >40%), burn multiple <1.5 , payback <18 months .	
Revenue model	Subscription (+ usage for data/API, seats, entity count), implementation fees , premium modules (scenario, audit support, API).	

Sources: <u>IEA: Global EV Outlook 2025</u>

Key Financial Characteristics:

Capital Efficiency

- Lower capital intensity, faster time-tomarket
- Operating leverage improves dramatically with scale
- Marginal cost of serving additional customers near zero
- Can reach cash flow breakeven with €5-15M total raised
- **Funding sources**: VC equity, corporate venture capital, early-stage grants.

Revenue Model

- Subscription-based (monthly or annual)
- Tiered pricing (per user, per facility, per ton CO₂, usage-based)
- Multi-year contracts increasing (lock-in revenue, improve cash collection)
- Professional services component (10-20% of revenue for implementation)



APPENDIX 2: ARCHETYPE 2: CAPITAL-LIGHT / SOFTWARE CLEANTECH (2 OF 2)

Go back to p. 11

Growth Dynamics

- Land-and-expand motion (start small, grow within accounts)
- Negative churn through expansion revenue (NRR >100%)
- Network effects in some models (marketplaces, platforms)
- Viral adoption potential (reporting cascades through supply chains)

Financial Implications

- Metrics like ARR, CAC, LTV, and churn dominate.
- ESG and impact reporting still critical for investors.
- Structuring multi-year GTM and capital plans

Funding Strategy by Stage

Clean & climate SaaS follows traditional software funding patterns with climate-focused investors:

Pre-Seed (€200K - €1M)

- Clean & climate accelerators (EIT Climate-KIC, Techstars Sustainability)
- · Angel investors with domain expertise
- Pre-seed micro-VCs

Seed (€1M - €5M)

- Clean & climate tech seed funds
 (2150, Planet A, Pale Blue Dot, Zero)
- Traditional seed VCs expanding to climate (Seedcamp, Localglobe)
- Corporate ventures (utilities, Big Tech)

Series A (€5M - €15M)

- Growth-stage clean & climate VCs
- SaaS-focused VCs (Bessemer, Point Nine, Atomico) with clean & climate mandates
- Strategic corporate investors

Series B+ (€15M+)

- Growth equity (Insight Partners, Vista, Eurazeo)
- Crossover funds
- Strategic M&A (SAP, Salesforce, Workday, Microsoft)

Sources: IEA/EU for policy drivers; enterprise adoption drivers tied to CSRD/SFDR/Taxonomy official pages.



APPENDIX 3: ARCHETYPE 3: HYBRID MODELS: HARDWARE + SAAS (1 OF 3)

Go back to p. 11

Definition: Companies that deploy **physical hardware** that generates operational data, which powers a **software platform** that optimizes performance, enables remote management, or creates network effects. The hardware and software are **strategically integrated**, not just bundled.

Sub-sectors: EV charging CPOs with software & roaming, BESS + optimization platforms, heat pumps with service/monitoring, on-site solar/storage + EMS, industrial efficiency platforms tied to metered savings.

Hybrid models represent the sweet spot between capital intensity and recurring revenue. They create **higher barriers to entry** than pure SaaS (requires capital for hardware deployment) while generating **more predictable**, **recurring revenue** than pure infrastructure plays.

The key is that hardware and software must be **mutually reinforcing**:

- Hardware generates proprietary data that powers software intelligence;
- Software increases hardware utilization, ROI, and customer stickiness;
- Combined offering solves customer problem more completely than either alone.

Financial Profile:

Metric	Typical range	
Initial Capex	€250k–€5m per site (e.g., multi-charger hubs, behind-the-meter BESS, industrial efficiency capex); fleets of sites roll up to €10–100m programs.	
Recurring revenue	Medium–High via subscriptions, platform/roaming fees, availability/optimization fees, and usage (€/kWh) on top of the asset's offtake/tariff. EV charging and BESS rely on utilisation, availability, ancillary stack.	
CAC	€15K - €100K (reflects both hardware and software sale)	
Customer Lifetime	10-15 years (hardware life + contract renewals)	
Gross margin mix	30-50% (blended), improving to 50-65% as software scales	
Payback period (indicative)	3–8 years at mature utilisation; longer in early-stage or low-throughput geographies.	
Asset life	10–15 years for electronics (chargers, inverters) with replacements; software indefinite with upgrades.	
Revenue model	HaaS (hardware + monthly fee), usage-based (€/kWh, cycles), subscription (monitoring/EMS/roaming), outcome-based (shared savings, SLAs).	
Churn	<5% annually (hardware creates switching costs)	

Sources: Power Magazine - European Market Outlook for Battery Storage 2025-2029



APPENDIX 3: ARCHETYPE 3: HYBRID MODELS: HARDWARE + SAAS (2 OF 3)

Go back to p. 11

Key Financial Characteristics:

Dual Revenue Streams

Hardware Revenue (Upfront or Financed)

- Equipment sales (one-time)
- Leasing revenue (amortized over contract)
- o Installation and commissioning fees
- Typically 60-80% of initial contract value

Software/Service Revenue (Recurring)

- SaaS subscription fees
- Transaction fees (e.g., per kWh charged, per kWh optimized)
- Performance-based fees (% of savings achieved)
- Data analytics and reporting
- Typically 20-40% of initial value, but grows to dominate over time

Year	Hardware Revenue			Why
Year 1	80%	20%	35%	Heavy hardware deployment costs
Year 3	60%	40%	48%	Installed base generating recurring revenue
Year 5	40%	60%	62%	Software scales, hardware deployment slows

The goal is to transition from capital-intensive hardware deployment to high-margin software revenue as the installed base grows.

Working Capital Management

Hybrid models are more working capital intensive than SaaS:

- Hardware inventory: Must maintain stock for installations
- Installation labor: Pay crews before customer pays in full
- Accounts receivable: Hardware sales may have extended payment terms
- Deferred revenue: Software subscriptions paid upfront create cash benefit

Revenue Recognition Complexity

Hybrid models face accounting complexity:

Hardware Component:

- Revenue recognized at point of sale (if sold outright)
- Or amortized over lease term (if leased)
- Installation revenue recognized upon commissioning

• Software Component:

- Subscription revenue recognized ratably over contract term
- Transaction fees recognized as earned
- Performance-based fees require estimation and may need to be constrained

• Bundled Offerings:

- Must allocate transaction price between hardware and software components
- Use standalone selling prices or costplus margin approach

Capital Requirements

Hybrid models require more capital than pure SaaS but less than pure infrastructure:

- Software development: €500K €2M (building platform)
- Hardware deployment capital: €2M €20M (initial customer installations)
- Working capital: Significant (hardware inventory, installation labor)
- Total capital to scale: €10M €50M (vs. €5M for SaaS, €100M+ for infrastructure)
- Complex capital stack: grants, VC, and infra financing must be carefully staged.



APPENDIX 3: ARCHETYPE 3: HYBRID MODELS: HARDWARE + SAAS (3 OF 3)

Go back to p. 11

Funding Strategy by Stage

Hybrid companies need **patient**, **sector-experienced investors** who understand the business model:

Seed (€2M - €7M)

- Climate tech VCs with hybrid experience
- Strategic corporates in the sector (utilities, industrials)
- Family offices with infrastructure background
- Focus: Prove hardware-software integration, early customer deployments

Series B+ (€25M+)

- Growth equity with infrastructure experience
- Project finance for hardware deployment (separate from equity)
- Strategic M&A (acquired by larger energy/industrial players)
- Focus: Reach profitability, potential asset monetization

Series A (€10M - €25M))

- Growth-stage clean & climate investors
- Infrastructure-oriented VCs
- Strategic investors for channel partnerships
- Focus: Scale deployments, prove unit economics, demonstrate software value

Alternative Financing

- Equipment financing: Lenders provide debt secured by hardware (50-70% of hardware cost)
- Leasing partnerships: Partner with equipment leasing companies
- Revenue-based financing: Tied to software subscription revenue
- Project finance: For large installations, non-recourse debt

Sources: IEA Global EV Outlook 2025 (charging), SPE Battery Storage 2025–2029 (revenue stacking/market), EPBD/AFIR policy pull referenced in IEA charging/BESS materials.

Sub-Sector	Funding Type	Funding Type Financial Model	
Solar / Wind / Hydrogen	Infra loans, grants, CVC	Capex-heavy, project	Capex modeling, blended
Soldi / Willa / Hydrogell	illia loaris, grariis, eve	finance	finance, grant alignment
Carbon Capture /	Innovation fund, project	Pilot-to-commercial	Scenario planning, ESG KPI
Storage	finance	cashflow	dashboards
Energy Storage	Grants + equity	Capex + recurring SaaS	Hybrid modeling, investor data
Energy storage			rooms
Carbon Accounting / ESG SaaS	VC, corporate VC, grants	ARR-based, subscription	SaaS KPIs, ESG/CSRD reporting
Mobility / IoT platforms	Grants + VC	Hardware + subscription	Dual revenue modeling, fundraising readiness

