SPINVERSE

Navigating grants, debt and equity financing

Your guide to public and private funding

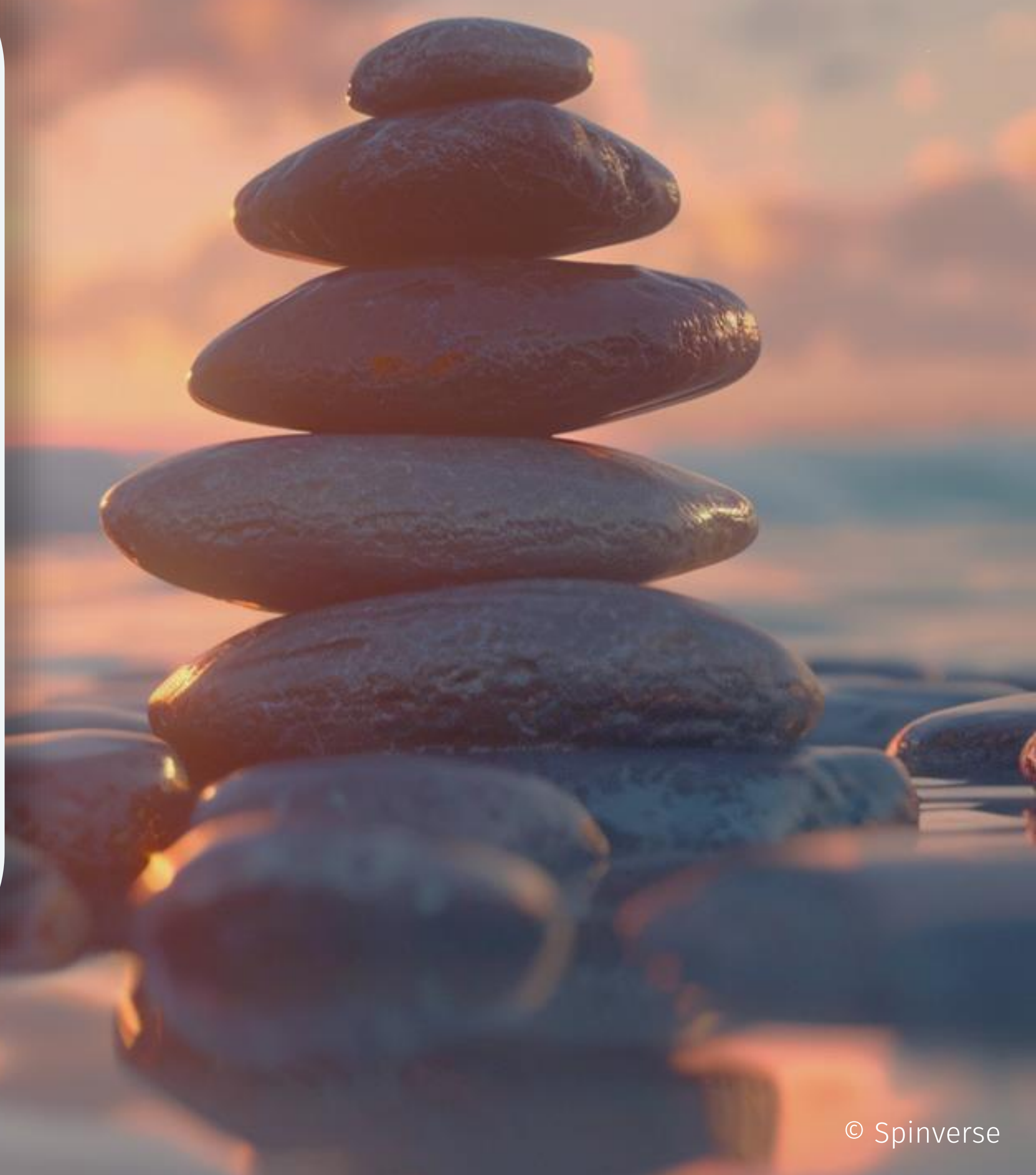
Practical insights into identifying the right funding for your business

Grants

Debt

Equity

In this guide, we provide overviews of public funding, i.e. **grants** (EU or national instruments) and private funding such as **debt** and **equity financing**.



EU and private funding can offer numerous advantages

- Financing for your R&D&I, operational costs and capital expenditure
- Access to expertise and networks
- Opportunities to participate in cutting-edge project consortia and contribute to advancements in your field
- Reputation and credibility: attract additional partners, investors and customers
- Risk mitigation through diversified funding

Definition and purpose of grants

EU and national

EU grants are designed to support a wide range of objectives of economic development, research and innovation, environmental sustainability, social inclusion, regional development and more.

The EU offers grants through various programmes and funds, each targeting specific areas with its own priorities, eligibility criteria and application processes. There are also national grants available through several EU programmes.

Key characteristics of EU and national grants

Eligibility depends on the funding instrument. The criteria often focus on the applicant's ability to contribute to the programme's objectives.

Different instruments are open to a wide array of applicants incl. public bodies, private companies, academic institutions and non-governmental organisations (NGOs).

Application process typically involves a competitive process.

Detailed proposals detailing the goals, methodologies, expected outcomes and budget of the project are required.

Proposals are evaluated based on given criteria such as relevance, impact, feasibility and sustainability.

Many grants require **co-financing**. This means the applicant must provide a portion of the project's funding from other sources, such as own funding.

Shared financial responsibility ensures that projects have additional backing and commitment from other stakeholders.

Examples of EU funding instruments

TRL= Technology Readiness Level

Horizon Europe
Supporting research and innovation projects to tackle global challenges and boost EU growth.

TRL 1-9
Max grant amount is typically €1–10 million per project.

CBE JU (Circular Bio-based Europe Joint Undertaking)
Accelerating the transition to a circular and bio-based economy in the EU.

TRL 3-8
Max grant amount is €1–20 million per project, depending on call.

LIFE Programme
Promoting environmental and climate actions.

TRL 5-8
Max grant amount is typically €1–5 million per project.

Chips JU
Driving innovation in semiconductor technologies to boost EU's chip manufacturing capacity.

TRL 4-8
Max grant amount is typically €5–50+ million for major projects.

Eurostars
Funding international R&D projects led by innovative SMEs to drive marketable solutions.

TRL 4-7
Max grant amount is typically €0.5–2 million, depending on project.

Innovation Fund
Supporting innovative investments in low-carbon technologies and emission reduction.

TRL 6-9
Max grant amount is 60% of the relevant costs of the investment.

EIC Accelerator
Providing funding and support to high-potential SMEs and startups with breakthrough innovations.

TRL 6-9
Max grant amount is up to €2.5 million and equity investments up to €15 million.

Connecting Europe Facility (CEF)
Enhancing trans-European networks in transport, energy, and digital services.

TRL 7-9
Max grant amount is €1–50+ million, depending on the project.

Average timeline from proposal to completion of a funded project

3-6 months
Proposal preparation

3-6 months
Evaluation & results

4-5 months
Grant agreement process

2-10 years
Execution & reporting

3-6 months
Completion & final report

Once the proposal successfully passes the evaluation stage, the next step is to prepare and sign the grant agreement (GA) with the funding body. This agreement outlines the terms and conditions of the funding.

Remember to consider:

- The right maturity of your project
- Your project / investment timeline vs. what is possible under a specific instrument
- Project scope

Debt financing

Debt financing involves borrowing money that the company must repay with interest. This type of funding can provide capital for R&D, expansion and scaling-up while allowing founders to retain control.

Benefits to consider

Retaining ownership and higher profits in the long run

If keeping full ownership of your business is a priority, debt financing is ideal since it does not dilute equity or give away future profits to investors.

Predictable costs and control over cash flow timing

Debt financing comes with a fixed repayment schedule and interest rate, making it easier to forecast and manage financial obligations.

Tax advantages

Interest payments on debt are tax-deductible in many jurisdictions, reducing the overall cost of borrowing compared to equity, which does not provide similar tax benefits.

Short-term funding needs

For financing short-term projects, working capital, or immediate operational needs, debt financing like lines of credit or short-term loans is often more practical than grants or equity financing.

Asset acquisition

Debt is often preferred for purchasing fixed assets (e.g. real estate, equipment) because these assets can serve as collateral.

Find the optimal lender for your company

Lender type	Loan characteristics	Best suited for
Commercial banks	Low interest rates, strict covenants, collateral required.	Established businesses with strong financials.
Venture debt lenders	Higher interest, equity-linked components, flexible terms.	Startups with venture capital (VC) backing and scaling needs.
International financial institutions	Long-term, low-interest loans for large-scale development projects.	Public and private entities in developing markets, infrastructure, or sustainability projects.
Government institutions	Subsidized or guaranteed loans targeting societal impact.	SMEs, startups, or impact-driven projects.
Investment funds	High-interest, flexible, complex loans for strategic purposes.	Medium to large enterprises seeking alternatives to banks.
Insurance companies	Long-term, low-risk debt investments such as bonds or infrastructure loans.	Large corporations or stable, low-risk projects.

Equity financing

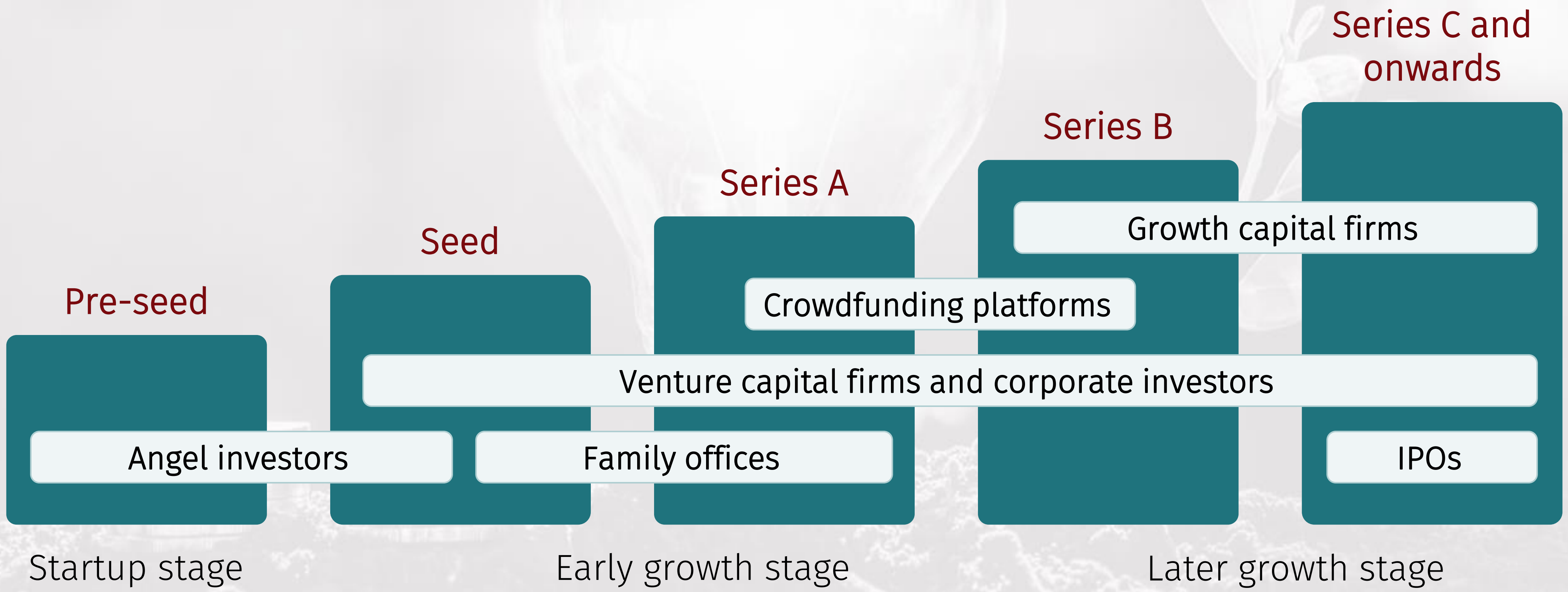
Equity financing involves raising capital through issue of company shares, which grants investors ownership rights. This can include common stock, preferred shares and share warrants.

Equity financing is critical during a company’s growth phase to materialise market opportunities. It improves the financial maturity and keeps the balance sheet strong enough to utilise debt financing as well.

Major sources

- Venture and growth capital firms
- Corporate investors
- Family offices
- Angel investors
- Crowdfunding platforms
- Initial public offers (IPOs)

Venture capital (VC) is a type of private equity financing specifically focused on funding startups and small businesses that have high growth potential. Venture capital is not only financial support, but the investors also offer managerial and technical expertise to help the business grow. They typically invest in early-stage companies and take a minority stake in the business, often less than 50% ownership.



Strategic approach to equity financing

Build a strong and enduring business case

- What is your criteria for choosing investors?
- What is the role of investors in supporting public funding applications?

Legal and financial considerations

- Understand the legal framework around equity financing
- Ensure you know the financial prerequisites for equity and public funding

Equity financing can be a steppingstone to public funding

Each project is unique, and the way equity is used to leverage public funds will depend on the specific circumstances, including the nature of the project, the risk appetite of investors and the policy objectives of the public sector.

Equity financing can act as a signal to public funding agencies. Equity investment can demonstrate viability to public funders and public funding decisions can have a positive impact on investor confidence.

Examples of different needs for funding and partners

Equity only

Financial independent investor (VC, growth investor, private equity or family office).

Corporate or strategic investor

Strategic investment in connection with a commercial contract.

Equity and grant

Financial maturity often triggers public funding options as well.

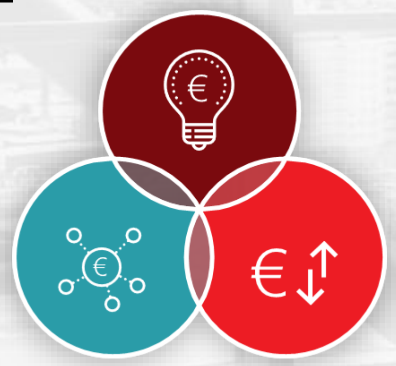
Corporate or value chain partner

Commercial agreement e.g. non-recurring engineering (NRE) funding, exclusivity, production and outsourcing.

Equity, grant and debt

Holistic financial roadmap to full-scale production in different phases.

Key benefits of combining funding options for your business growth or R&D&I



- Diversifying funding sources reduces reliance on one source, helping mitigate the risk of insufficient funds or failure of a single funding stream.
- Different funding sources bring varying expertise, networks and support, enhancing the quality and impact of R&D. Public grants with a consortium may provide academic or public sector insights, while private investors offer business intelligence.
- Each funding source has unique conditions, timelines and oversight. Combining them allows for more flexibility in how funds are allocated across different R&D phases.
- Combining funding helps accelerate R&D by covering different stages: public funds for research and private funds for commercialization, enabling smoother transitions between phases.
- A mix of funding from different sources enhances the project's credibility and visibility, signaling both scientific and commercial viability.
- Different funding sources have different motivations. Combining them helps align societal (government) and commercial (private) goals, leading to more sustainable and impactful innovation.
- Multiple funding sources ensure more stable cash flow, reducing financial gaps and sustaining R&D over the long term.

Find the right funding at the right time

Where are you now and what are your possible funding options?

Early R&D
TRL 1-3

Concept development, feasibility studies, initial prototyping

EU and national funding for research, family offices, angel investors

Product development & scaling
TRL 4-6

Minimum viable product (MVP) creation, advanced testing, small-scale production

Series A venture rounds, strategic partnerships, large EU programmes

Commercialization & expansion
TRL 7-8

Scaling production, broader market reach, product refinement

Internal R&D budgets, Series B, EU grants & subsidies for deployment and scale-up

Mature product & diversification
TRL 9

Next-generation product development, R&D diversification, market expansion

Debt financing, Series C, EU infrastructure grants

Key takeaways

Companies can choose between debt, equity, or grant funding based on factors such as their stage of growth, risk tolerance, capital needs and financial health.

Each type of funding caters to different needs, risk profiles and industries. Therefore, companies should align their choice with their financial strategy and stage of growth.

	Pros	Cons	Best fit
Grant funding	+ No repayment required. + Non-dilutive funding. + Many grants support innovation, R&D and environmental projects. + Grants often come with mentoring, networking and advisory services.	- Highly competitive application processes with rigorous eligibility criteria. - Time-consuming application process with strict reporting and compliance. - Limited flexibility, as funds are often tied to specific projects and milestones.	• Startups focusing on research and innovation (e.g. biotech, clean energy). • Small and medium-sized enterprises (SMEs) eligible for EU or government grants. • Large corporations requiring financing for specific projects or expansions. • Non-profits or social enterprises working on social or environmental impact.
Debt financing	+ Allows founders to retain ownership and control over their business. + Predictable repayment schedule with fixed interest rates. + Widely available with various options (bank loans, lines of credit, government-backed loans).	- Requires regular repayment, which can strain cash flow especially for early-stage companies. - Credit history and collateral requirements can be barriers to obtaining loans. - Debt can increase financial risk, particularly in economic downturns.	• Established businesses with stable cash flow and creditworthiness. • Small to medium enterprises (SMEs) seeking working capital. • Large corporations requiring financing for specific projects or expansions.
Equity financing	+ Access to large sums of capital, enabling growth and scaling up. + Investors may bring valuable expertise, mentorship and networks. + Risk is shared, as investors invest in the company's long-term success.	- Ownership dilution, meaning founders give up a portion of the company. - Potential loss of control as investors may seek to influence decision-making. - Profits must be shared with investors and future funding rounds may further dilute ownership.	• High-growth startups, particularly in tech, healthcare, or consumer goods. • SMEs with scalable models attracting angel investors or venture capital. • Expanding companies seeking Series A/B/C funding for larger market share.

Do you want to know more?

Get in touch with Spinverse!

Spinverse is the Nordic leader in innovation consulting. We help our customers solve global challenges and grow through innovations – digitalization and sustainability being the driving needs. Our highly qualified experts are committed to making an impact on groundbreaking projects. We are proud to collaborate with innovative people, companies and institutes from all over Europe.

spinverse.com

Janne Kaukojärvi
Manager, Business Development,
M.Sc. (Eng.)
janne.kaukojarvi@spinverse.com
+358 50 528 6197

Eeva Viinikka
Principal Consultant,
D.Sc. (Chem.)
eeva.viinikka@spinverse.com
+358 40 024 4099

Jukka Jokinen
Senior Consultant,
M.Sc. (Econ.)
jukka.jokinen@spinverse.com
+358 50 562 3623

SPINVERSE