European Climate Capital Translation Brief

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Europe does not lack climate technology. It often lacks the right capital pathway

Across founder-side work in Iberia, Southern Europe and the Baltics, the recurring failure point sits between engineering proof and the next investable milestone. A company can be too early for infrastructure capital, too physical for software-style venture screens, and too specialised for a generalist investor. That is a classification and sequencing problem - not a technology problem.

€17bn

EUROPEAN VENTURE FUND FUNDRAISING, 2025

Down 29% year-on-year; government agencies supplied 39% of capital raised. [1]

>9x

DEMAND FOR EU NET-ZERO GRANT CAPITAL

359 applications requested €21.7bn against a €2.4bn Innovation Fund budget. [2]

€0.7m

AVERAGE FUNDING GAP PER INVESTMENT

Mostly female-founded teams receive €700,000 less per investment, on average, than mostly male-founded teams. [3]

88%

IBERIAN VC CAPITAL STAYS INTRA-REGIONAL

88% of Iberian Peninsula VC capital remained within the region. [3]

ANONIMISED COMPOSITE CASES FROM THE FIELD

Each row blends multiple mandates and founder conversations - no row describes a single company

FIELD PATTERN	CREDIBLE EVIDENCE	WHERE CAPITAL STALLS
Circular materials IBERIA	Pilot-validated process; protected know-how; strategic and offtake interest; modular deployment path.	The first reference unit is too early for project finance, while generalist VC discounts CAPEX, permitting and commodity exposure.
Industrial heat SOUTHERN EUROPE	Measured efficiency gains; engineering design complete; host-site interest; credible process-decarbonisation case.	First-of-a-kind CAPEX, downtime risk and performance warranties sit outside a standard software-style round.
Building retrofit SOUTHERN EUROPE - BALTICS	Installed base and marketplace traction; public grants secured; channel demand; monitoring layer in place.	A software + hardware + installation model is judged against pure-SaaS benchmarks - and priced as if it were failing them.
Blue bioeconomy COASTAL EUROPE	Offshore proof; industrial validation; non-dilutive backing; multiple product routes from one platform.	Investors anchor on the longest-dated product and miss nearer-term revenue and staged capital needs.
Climate compliance & traceability SOUTHERN - EASTERN EUROPE	Working platform; prior financing; regulatory pull; auditable environmental outcomes.	Budget ownership is split across compliance, sustainability and operations, obscuring the commercial buyer.
Grid & flexibility software IBERIA - BALTICS	Technical product live; pilot and LOIs; urgent system need; credible integration roadmap.	Utility procurement, cyber review and integration cycles read as weak traction in a standard venture screen.

PRESS-READY TAKEAWAY

Many of Europe's under-covered climate founders are not uninvestable. They are unclassified.

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Sources [1] Invest Europe, Investing in Europe: Private Equity Activity 2025, May 2026. [2] European Commission, Innovation Fund IF24 Call results, November 2025, European Commission's 14 May 2025. [3] Invest Europe and EIF, The VC Factor: Skills Edition, February 2026. **Methodology** Composite cases blend active founder-side mandates and conversations; details are deliberately mixed. Information only; not an offer, solicitation or investment advice.

The capital gap is category-specific

Capital translation is a financing discipline – not a better pitch deck. The work is to separate technology, commercial and project risks; define the proof each round must buy; and match that proof to the capital provider able to underwrite it.

WHERE THE GAP APPEARS - AND WHAT UNLOCKS IT

CATEGORY	ALREADY DILIGENCIBLE	WHY A STANDARD ROUND STALLS	WHAT UNLOCKS CAPITAL
Grid & flexibility	Pilot performance; integration plan; documented utility need.	Long procurement, customer concentration, cyber and integration risk.	Paid reference deployment; integration evidence; strategic or CVC alongside venture.
Industrial heat	Measured efficiency; engineering design; host-site interest.	First-of-a-kind CAPEX, downtime risk and performance warranties.	Host or EPC partner; milestone-linked equity; grants and project capital.
Circularity	Feedstock access; yields; output specifications; regulatory pull.	Commodity exposure, ramp-up, permitting and offtake bankability.	Contracted inputs and outputs; modular economics; blended capital stack.
Retrofit & buildings	Installed base; policy tailwind; channel demand; recurring data.	Fragmented installers, working capital and a hybrid business model.	Customer-funded assets; channel partner; recurring economics reported separately.
Climate & infrastructure data	Proprietary data and model; pilot users; a real decision problem.	Crowded claims, unclear budget owner and difficult ROI attribution.	Embed in workflow; renewal and usage data; avoided-cost or compliance proof.

WHY MAINSTREAM VENTURE MISSES THESE COMPANIES

> *The market asks climate founders to produce the proof that the missing capital is needed to create.*

Category error
Physical climate systems are screened against pure-software speed and gross-margin assumptions.

Timing error
Diligence demands the very milestone the current round exists to finance.

Geography error
Fewer warm introductions are mistaken for weaker company quality.

Sequencing error
Technology, commercial and project risks are bundled into one round instead of staged.

WHY WOMEN-LED AND REGIONAL FOUNDERS ARE LESS VISIBLE

€0.7m
AVERAGE GAP PER INVESTMENT, MOSTLY FEMALE-FOUNDED TEAMS

The category frictions above are compounded by thinner access networks. Invest Europe and EIF find that mostly female-founded teams receive €700,000 less per investment on average, despite women founders tending to be more highly educated.

The same research shows 88% of Iberian Peninsula VC capital - and 87% in Italy and Malta - staying inside the home region, while only 43% of European venture capital crossed regional lines in 2021, up from 23% in 2007.

Integration is rising, but in Southern Europe access to capital still tracks network position more than company quality. [3]

CAPITAL TRANSLATION - THREE MOVES

01 Reframe evidence
Turn engineering proof into investor-diligence evidence.

02 Stage the risk
Make each round buy one verifiable milestone.

03 Match the capital
Sequence equity, grants and project capital by risk appetite.

ONE CONNECTED RESPONSE

Verana Ventures
Founder-side capital strategy - investor thesis, milestones, capital stack and process management across equity and non-dilutive routes.

Graciosa
Backing women-led climate founders across under-covered Europe. A private investor circle - deal-by-deal, qualified investors, by introduction. Advisory relationships are disclosed.

DealLaunch AI
Deal-operations software used across live mandates - target mapping, outreach cadence and client-ready reporting in one disciplined workflow.

THE INSTITUTIONAL LENS

Brazilian-born and Barcelona-based, Elaine Salvador spent 12+ years across Lazard, Stifel, Lightsource BP and H.I.G. Capital before founding Verana. She treats access to capital as market structure - and as personal history.

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