

The logo is a shield-shaped emblem with a green border. The top section is white and contains the Scottish Enterprise logo (a stylized green wave) and the text "Scottish Enterprise". The middle section is light green and contains the text "Scottish Enterprise". The bottom section is dark green and contains the text "Green Heat Accelerator" in white. At the very bottom, it says "Powered by CLT CARBON LIMITING TECHNOLOGIES" with a small cloud icon.

Scottish Enterprise

Scottish Enterprise

Green Heat Accelerator

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Investor workshop

17th January 2023

Susannah McClintock
Clean Growth Fund

AGENDA



1. Introductions
2. Overview of early-stage investment
3. Success story: tepeo
4. Break
5. Preparing for investment
6. Group discussion / Q&A

EARLY-STAGE INVESTMENT



Overview

1. Purpose and timing
2. Types of funding
3. Preparing for investment
4. What investors are looking for?
5. How to engage with investors?
6. Useful resources



Planning for fund raising – timing and purpose

- Why are you raising money?
- What will the money be used for?
- How long do you need the money for?
- Can you meet the requirements of the funder?
- Are you comfortable with the requirements of the funder?

Answering these questions will help determine what funding you could access and what funding is right for your company

Types of early-stage funding



Non repayable funding

- Savings
- Grant Funding
- Prize
- Tax credits/rebates

Debt funding

- Personal: credit card / overdraft/ loan
- Commercial loan
- Asset finance
- Customer finance

Equity funding

- Sell shares in your company
- To an individual or institution
- Importance of SEIS/EIS to early-stage funding
- Venture capital funding

Sources of equity funding



Venture funding

Angels & Angel
Syndicates

Incubators

Accelerators

Early stage VCs

Impact investors
e.g. Funds, FO,
Foundations

Crowdfunding

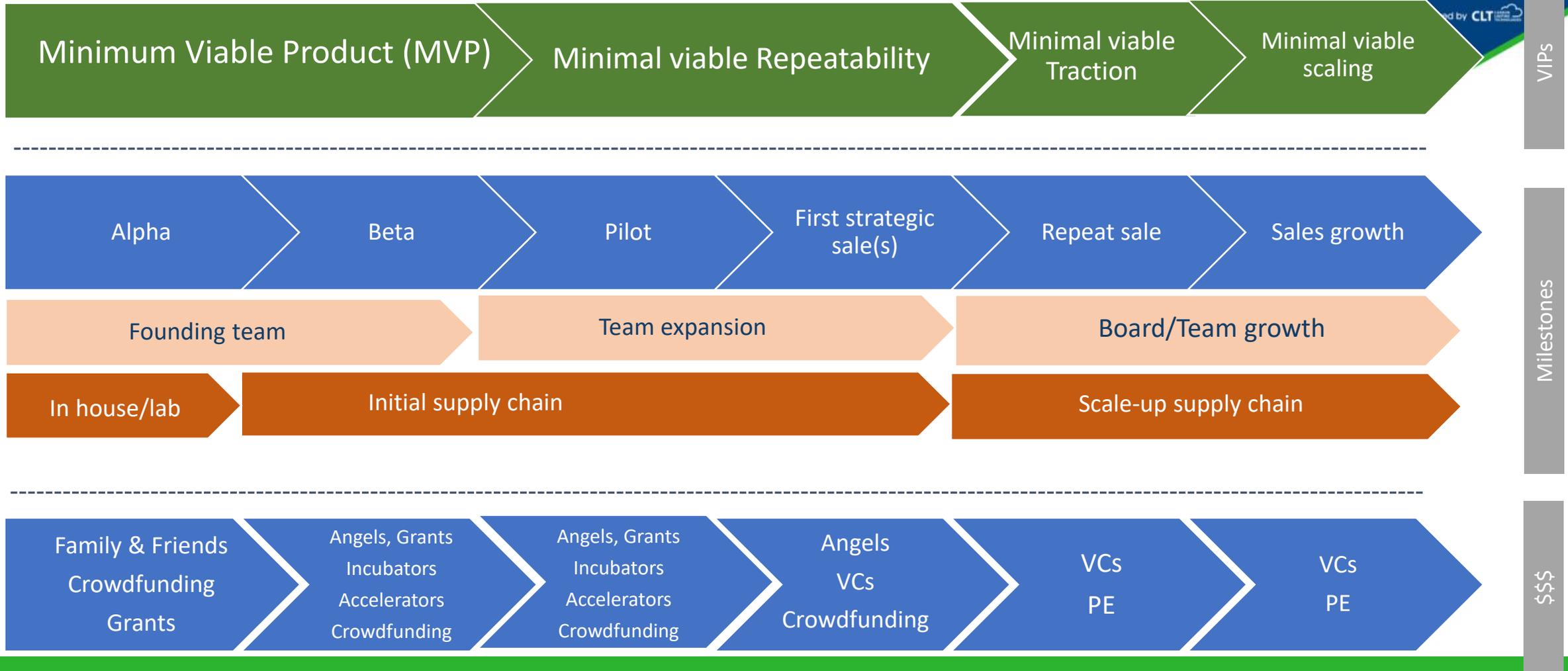
Venture Capital
Funds

Corporate
Venture Capital
funds

Private Equity

Listed markets
(via IPO)

Milestones, Value inflection points (VIPs) and funding





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Success Story

Johan du Plessis
tepeo

Tips from a successful entrepreneur

Johan du Plessis - tepeo

- You always need more money than you think you need
- Start earlier than you think you need to
 - The longer you leave it the more urgent the funding round takes
- Ask people for list of investors that they can share with you
 - Build your list earlier and get introductions where you can
- Think ahead to the next round
 - Inevitably you will have to raise again
- Figure out who is wasting your time
- Know the business like the back of your hand
- No pitch ever goes the way you think it is going to go
 - Speak clearly and with confidence



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Preparing for investment



Preparatory activities

- Decide how much you want to raise?
- Identify type of funding & investor
- Identify investors:
 - Events
 - Networks
 - Research
 - Recommendations

What documents are needed?

- Pitch deck
- Business plan
- Financial model
- Cap table
- SEIS/EIS advance assurance

- Articles of Association
- Shareholders/Investor Agreement

Raising investment is a lengthy & time consuming process



Identify and engagement with investors

Investor process – meet decision makers, IC

Deal Structuring & Pricing

Due Diligence

Legal Documentation

Invest in the business

Exit and Realise Value

12 weeks

6 weeks

6 weeks

3-7 years

What are investors looking for?



Clean Growth Fund criteria



Clean Technology

Businesses that can demonstrate significant potential to reduce greenhouse gas emissions



Early Stage

Businesses with product market fit; Seed / Series A (£0.5 to 3m initial ticket size)



UK Based

Early stage companies based in the UK with global outlooks and scalable solutions



Innovation

Hardware, engineering, business model and software innovations



Clean Growth Sectors

Innovations across the power, transport
Industry, buildings and waste sectors

How to engage with investors



You are selling you and your company

- Run it like a sales process
- Be clear you meet the investors criteria
- Check investors have money to invest
- Get an introduction / referral
- Send documents appropriate to stage
- Follow-up / update with news
 - Investor newsletter / demo day
- Stay in touch

Investment is a long term partnership



How can investors help you?

- Investors may be advisors
 - Board directors / Chair
 - Informal advisor/mentor
- Most helpful where they bring something you do not already have e.g. access to:
 - Customers
 - Team
 - Other resources
 - Networks

What do investors bring beyond money?

- Advocates for the company
- Access to specialist expertise
- Community e.g. portfolio / cohort
- Next round funding – themselves/introductions

Useful resources



Industry provides a lot of useful information

- Lawyers and advisors
- Incubators
- SeedLegals – useful early stage company resource, including:
 - SEIS/EIS guidance
<https://seedlegals.com/resources/seis/>
- UKBAA – angel investors
- UKBVCA – VC investors
- Investors websites





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QUESTIONS / DISCUSSION