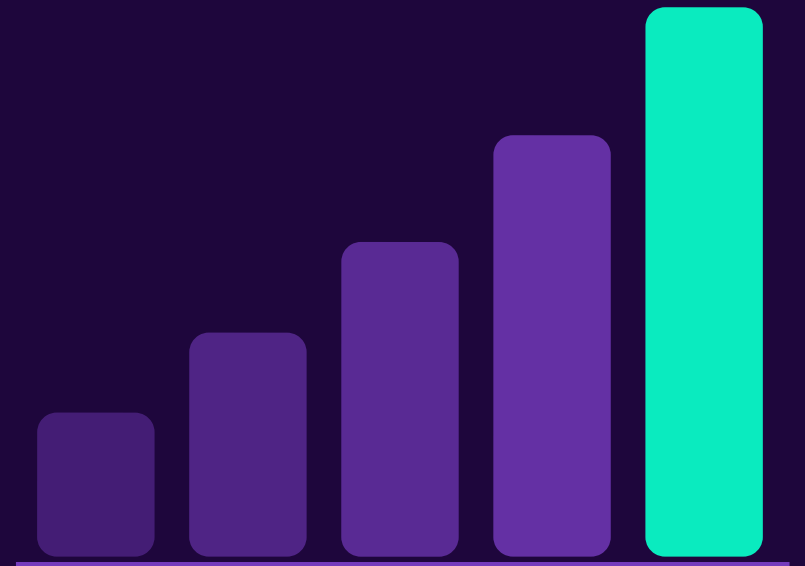


Turning Innovation into Predictable Cash-In Flow

How CFOs can use European public R&D funding as a strategic financial instrument

Innovation is strategic. But its cash impact is often unmanaged.



Your Speaker



Dr. Benjamin Hötzer

Managing Director, Ignite Group

IN THIS SESSION

- Reframing public R&D funding as a financial instrument
- A five-step CFO operating model for systematic utilisation
- Effects on liquidity, margin, planning and audit security

The CFO Reality: Innovation Pressure Meets Financial Discipline

01

Margin pressure

02

**Investment
imperative**

03

**Compliance and
audit risk**

A Part of Innovation Spend Is Often **Refinanceable**

TOTAL ANNUAL INNOVATION SPEND

General innovation and operational development

Potentially eligible R&D activity
already performed, rarely refinanced

WHERE THE REFINANCING TYPICALLY COMES FROM

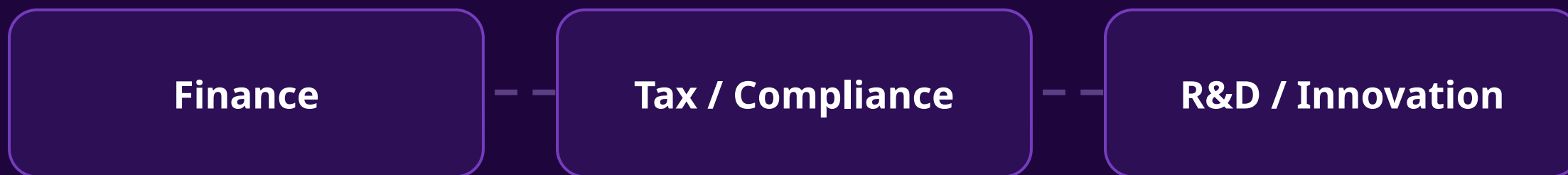
National R&D tax
incentives

National innovation
grants

European funding
programs

Regional structural
funds

It is not a **Funding** Problem. It is an **Integration** Problem.



Eligible activity exists. Financial visibility does not.

01

Funding is treated as a project, not a process.

02

Finance, Tax and R&D operate in silos.

03

Funding effects are missing from planning and reporting.

Three Financial Effects Matter

LIQUIDITY

**Cash released
from costs
already incurred**

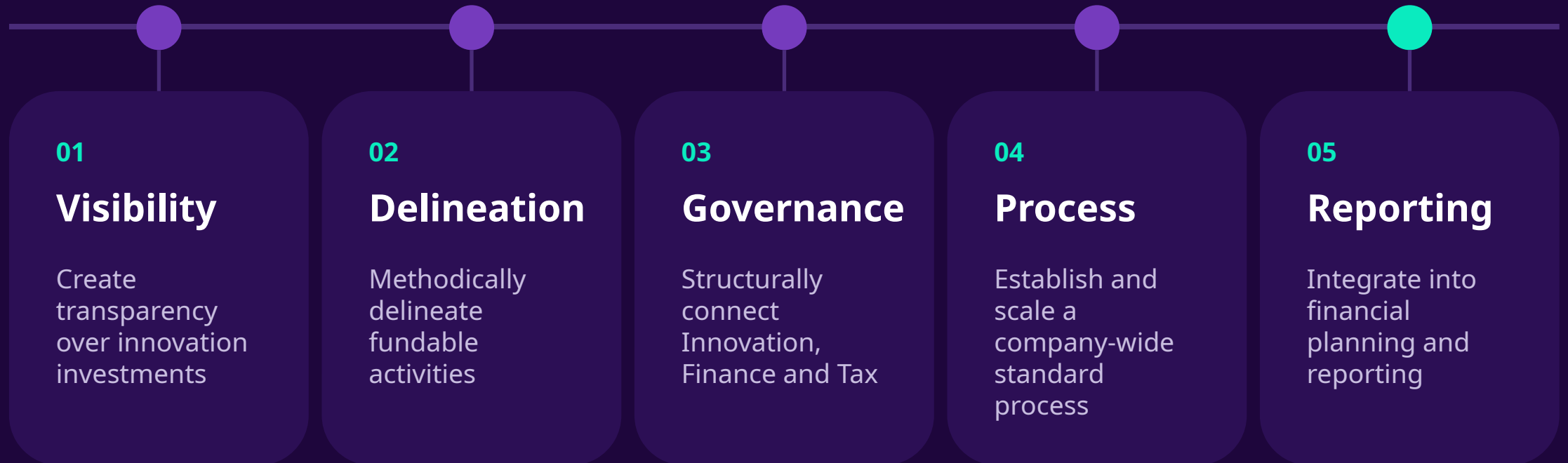
MARGINS

**Profitability
improves without
changing
strategy**

PREDICTABILITY

**Inflows become
manageable
planning items**

A Five-Step Model for **Systematic Utilisation**



Create Transparency Over Innovation Investments

Where

R&D and development activity actually takes place

What

Costs arise in engineering, product and digital work

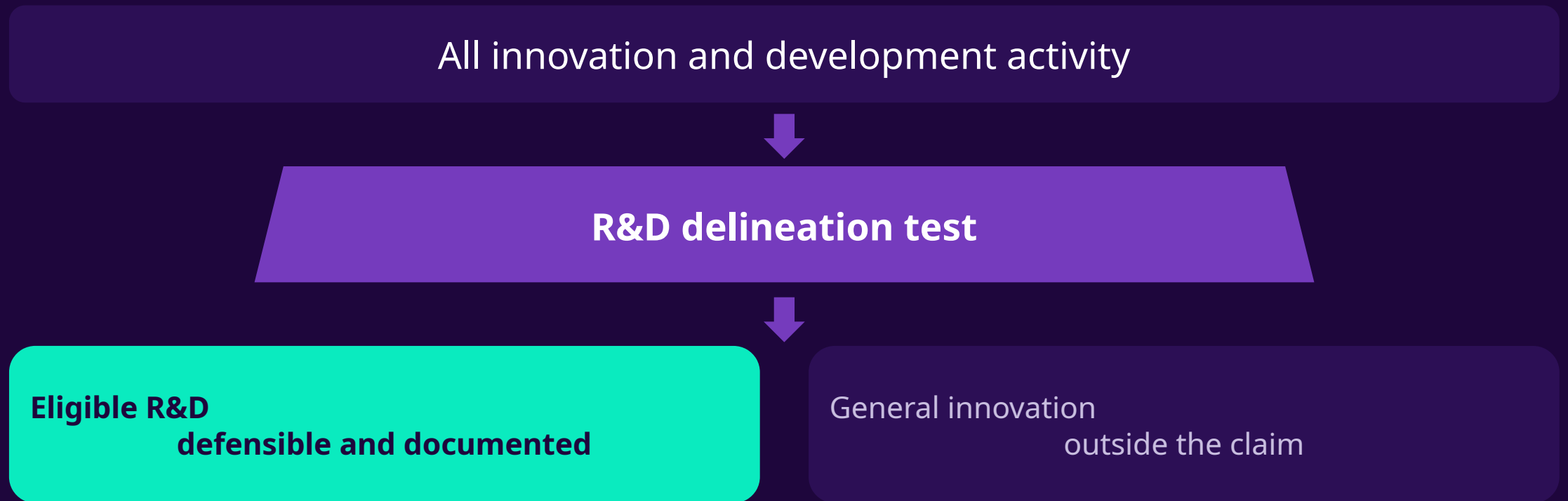
Who

Countries and business units carry the activity

How often

Activities are recurring versus genuinely one-off

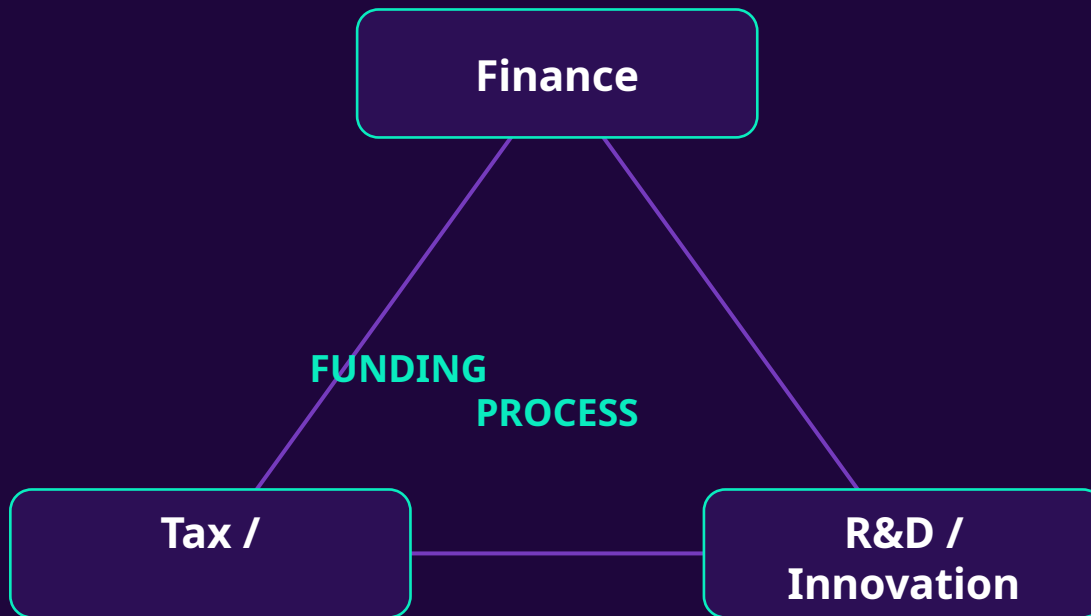
Methodically Delineate Fundable Activities



Good Delineation Answers Five Questions

- What technical uncertainty exists?
- What development work was actually performed?
- Which personnel costs are attributable?
- Which evidence supports the claim?
- Would the position withstand external review?

Build the Internal Triangle



Finance

Quantifies the financial effect and integrates it into planning and forecasting.

Tax / Compliance

Ensures alignment with national and EU rules and owns the defensibility of the position.

R&D / Innovation

Provides the technical substance and the project evidence base.

STEP 04 · PROCESS

Establish a Company-Wide Standard Process

The shift from a funding initiative to a finance capability.



Repeats every planning cycle

Regular funding potential reviews

Standardised R&D documentation

Clear approval and submission responsibilities

Cross-country consistency

Audit-ready evidence management

Integration with annual planning cycles

Turn Funding into a Planning Line Item

GROUP PLANNING VIEW

Innovation cost block



**Public R&D funding
inflow**



Net innovation cost



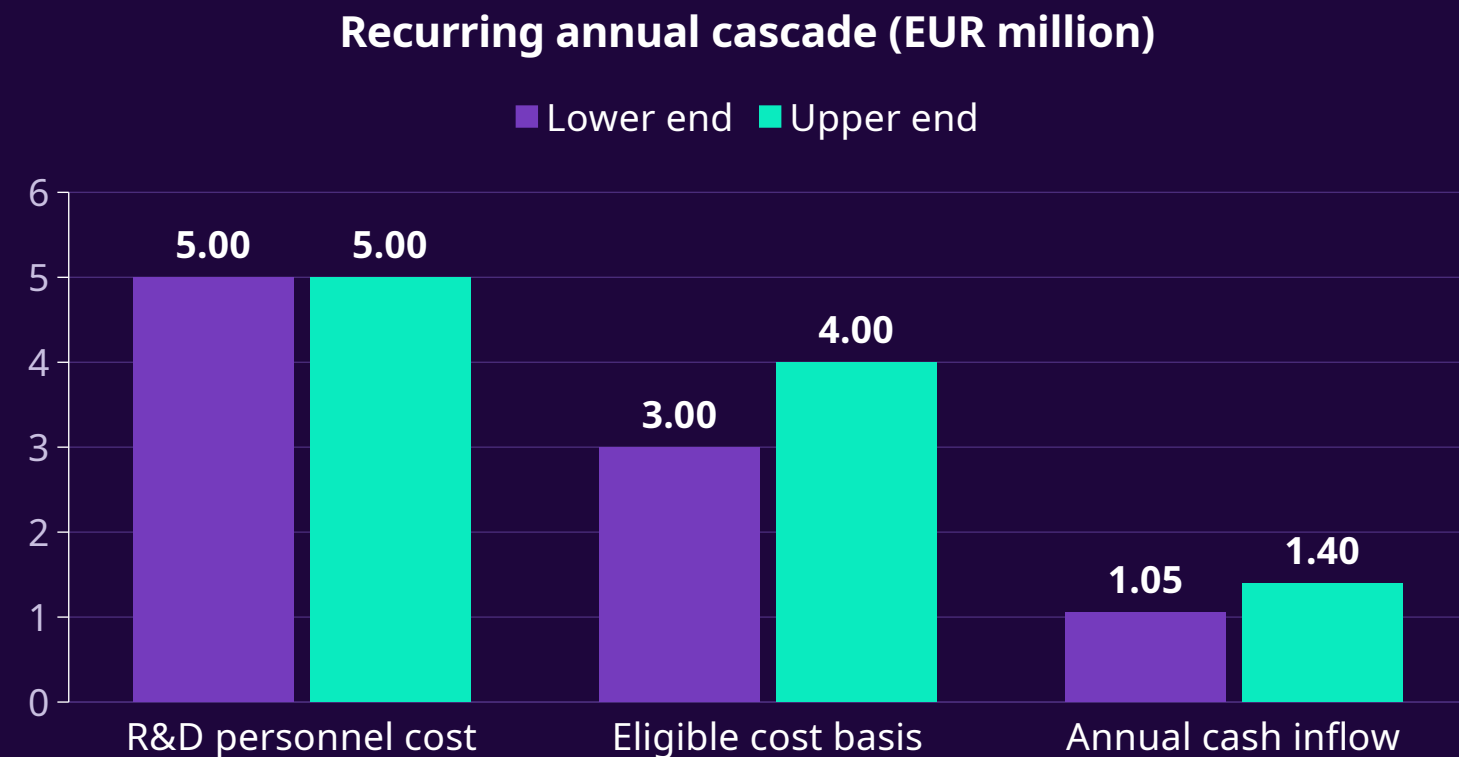
MUST BE VISIBLE IN

- Budget planning
- Liquidity forecasting
- Tax assessment timelines
- Year-end close
- Management reporting
- Cash flow scenario planning
- Audit documentation

ILLUSTRATIVE EXAMPLE

What the Financial Impact Can Look Like

Company with €5 million in annual R&D personnel costs.



ASSUMPTIONS

Typical eligible share

60–80%

Incentive / grant rate

up to 35%

up to €5.6m

depending on the instrument

Illustrative only. Actual potential depends on country, instrument, cost structure and documentation.

PRACTICAL EXAMPLE

From One-Time Application to Group Standard

European engineering company · approx. €8 million annual R&D personnel costs.

BEFORE

One-time application

- Applied once, project-driven
- No group-wide method or owner
- Funding effect absent from planning
- Documentation reconstructed after the fact



AFTER

Group standard process

- Structured group-wide process
- Clear Finance, Tax and R&D roles
- Sound R&D delineation method
- Synchronised with group financial close

~€1.7m

annual cash inflow

> €4m

retroactive effect, year one

Standard

financing building block

SELF-ASSESSMENT

Five Questions Every CFO Should Ask

- Where does eligible R&D activity take place across the group?
- Are Finance, Tax and R&D aligned on ownership?
- Do we have a defensible method for R&D delineation?
- Are funding effects included in liquidity planning?
- Do we know what potential we may have left unclaimed?

FUNDING MATURITY

Integrated

Structured

Project-driven

Ad hoc

CLOSING

Turn Innovation into Predictable Cash Flow

The question is not whether public R&D funding exists.

How much of your existing innovation spend is already being managed as a financial instrument?

NEXT STEP

Assess your R&D funding potential and process maturity.

Ignite Group is a European full-service funding advisory. We support finance teams from identifying qualifying R&D activity through to structuring projects, audit-ready applications, documentation and reporting.

A structured potential assessment typically takes a few weeks and requires limited internal effort.

GET IN TOUCH

Let us assess your funding potential

A structured initial evaluation by Ignite is a quick process. Afterward, Ignite takes the time to conduct a thorough assessment and requires limited internal effort.

- Identify eligible R&D activity across the group
- Estimate realistic liquidity effects
- Design an audit-proof, company-wide process



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