

Investment Thesis

Financing the Missing Middle of the Climate Economy

01 • THESIS OVERVIEW

A structural gap, not a risk problem.

Loam Capital invests in operating climate businesses that have already crossed the hardest threshold in any company's life: they have proven their technology, found their first customers, and shown that their unit economics hold. Fund I provides \$250K–\$1M in secured debt, revenue-based financing, and mezzanine structures to these businesses, which are too large for grants, too small and bespoke for banks, and too capital-efficient to justify diluting equity for another venture round.

We believe climate justice and access to capital are inextricably linked, and that together they represent one of the most investable opportunities of the next decade. By financing proven founders and projects, with deliberate preference for those the conventional system was not designed for, we aim to deliver both measurable climate impact and disciplined, market-rate returns to the investors who make it possible.

WHERE LOAM OPERATES

Grants & Philanthropy

Pre-revenue, non-dilutive

Venture Capital

Early-stage, equity-dilutive

The Missing Middle

\$250K–\$1M debt.
Loam operates here

Bank Lending

Scale, standardized collateral

Infrastructure Funds

Utility-scale, \$M+ tickets

THE CONSTRAINT

Not innovation. Capital formation at the wrong stage, reaching the wrong companies, too late.

Three forces, one opportunity.

1 Climate urgency meets proven technology

Climate change falls hardest on low-income communities. The technology to respond is no longer experimental, and policy tailwinds are durable: IRA tax credit certainty extends through 2032. The next decade of climate investing will not be won by discovering new technology, but by scaling what already works.

2 The capital gap is structural

Operating businesses with proven technology and revenue are stalled, not by risk, but by capital formation at the wrong stage. The gap is well documented and the borrowers are ready. For catalytic capital, that is an opportunity: a philanthropic first-loss reserve positioned beneath commercial LP capital lets Loam reach deals the market cannot, without diluting commercial returns.

3 Access to capital is not evenly distributed

First-time founders, women, BIPOC, and underrepresented founders are statistically underfunded relative to their performance, and projects in low-income, energy-burdened, or environmental justice communities are where the need is greatest. These are not weak credits. They are credits the conventional system was not designed for.

THE CASE FOR NOW

The next decade of climate investing will be won by scaling what already works, in the communities that need it most, with the capital that has been missing.

Four verticals, one underwriting thesis.

Technology risk resolved, revenue proven, and a financing gap the rest of the market is structurally unequipped to close. Loam's underwriting team maintains sector-specific diligence playbooks across all four.

1

Distributed Energy & Storage

C&I and community solar, rooftop solar, behind-the-meter storage, and microgrids, plus smart metering and predictive maintenance systems. Includes productive-use equipment, such as solar irrigation and cold storage, financed through leasing.

CAPITAL GAP

Too small for tax equity and infrastructure funds; excluded from bank construction lending.

2

Climate Software & Data

Energy management SaaS, carbon accounting, and grid optimization software, along with climate data platforms for risk modeling and carbon tracking, sold through B2B APIs, dashboards, and embedded SaaS under recurring contracts.

CAPITAL GAP

Asset-light but capital-constrained at \$250K–\$1M; too early for growth equity.

3

Circular Economy & Waste-to-Value

Organic waste and biogas, materials recovery, and sustainable packaging, operated by businesses with contracted off-take.

CAPITAL GAP

Strong unit economics, no banking relationships; too complex for mainstream lenders.

4

Climate-Smart Agriculture & Water

Precision irrigation, regenerative agriculture systems, and agricultural waste-to-value, including sensor-enabled tools for soil health and fertilizer use, and post-harvest storage and cold chain that reduce food loss.

CAPITAL GAP

Strong fundamentals but geographically dispersed; outside ag-lending norms.

Businesses building something real.

Distributed solar developers with executed PPAs, climate software companies with recurring contracts, circular economy operators with contracted off-take, and infrastructure builders with permitted projects ready to break ground.

✓ Proven technology, initial revenue

✓ Impact score of 70+ out of 100

✓ Capital need of \$250K–\$1M

✓ Measurable CO2e avoided or energy deployed

✓ Contracted or recurring revenue

✓ Located in or serving underserved communities

✓ First-time founders welcome and preferred

✓ Commitment to quarterly impact reporting

05 · INVESTMENT APPROACH

STAGE

Operating businesses with proven technology and initial revenue, and capital needs of \$250K–\$1M.

STRUCTURE

Senior secured loans, revenue-based financing, mezzanine, and bridge financing over 12–24 months, secured by first liens and contracted cash flows.

SUPPORT

In-house underwriting and loan servicing, with direct borrower relationships and faster early warning on credit issues.

IMPACT MEASUREMENT

A 100-point Impact Scorecard with a 70-point minimum, reported quarterly and aligned to IRIS+ and SDG frameworks.

Philanthropic capital, positioned first.

A first-loss reserve is a dedicated pool of capital, funded philanthropically, that absorbs the initial losses in Loam's portfolio before any commercial investor is affected. It is a structural signal that mission-driven capital has taken the highest-risk position so that market-rate investors can participate with confidence.

Commercial LP Capital

Senior position, structurally protected.

9–12% TARGET NET RETURN

Philanthropic First-Loss Reserve

Reaches first-time founders and underserved-community projects without added risk to senior capital.

ABSORBS LOSSES FIRST

10x+

Every dollar of first-loss capital is structured to catalyze an estimated 10x+ in additional private lending capacity, turning a single philanthropic commitment into a multiple of deployable, market-rate debt for underserved climate businesses.

07 · THEORY OF CHANGE

Disciplined capital in the right hands can shift systems.

By financing proven founders in the markets conventional capital overlooks, we aim to build a diversified portfolio that:

- ✓ Delivers measurable climate outcomes: megawatts deployed, metric tons of carbon avoided, energy costs reduced, and communities served.
- ✓ Returns market-rate performance to senior LP capital, with a target net return of 9–12%, protected by the first-loss reserve.
- ✓ Proves that disciplined credit and measurable climate impact are not a trade-off, but a single underwriting standard.

LOAM

CONCLUSION

A generational opportunity to deploy capital where it matters most.

By financing proven climate businesses that conventional capital overlooks, Loam Capital does not just fund companies. It finances the infrastructure of the energy transition in the places and hands that need it most.

\$250K–\$1M

Ticket size

9–12%

Target net LP return

70 / 100

Impact Scorecard
minimum

\$5M

Fund I initial close
target

Let's discuss how Loam Capital fits your portfolio.

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