QUANTUM FDD PREP · CHECKLIST EDITION · Q2 2026

# 18 items to fix before FDD opens the books on your quantum Series A.

*Pre-Series A quantum founders. FDD is the financial pre-mortem of your round. The team lands in week one and asks for everything the deck did not show. Most quantum companies fail FDD on three areas where SaaS playbooks are wrong: grants, capex on quantum hardware, and milestone revenue.*

### HOW TO USE

Six to eight weeks before the term sheet, run this list with your finance lead. Each "no" is a ticket; each ticket is one to three weeks of cleanup. Plan accordingly. Items are independent; you can parallelize most of them.

### WHO IT IS FOR

Pre-Series A quantum founders with a finance lead (full-time, fractional, or external accountant) who can act on the list. Lone founders without finance support: hire one before kickoff. The list is not actionable on your own.

### THE ANGLE

Built from the gaps we see every week reviewing quantum data rooms. SaaS FDD playbooks miss three things that kill quantum rounds: grant accounting across multiple jurisdictions, capex on quantum hardware, and milestone-based revenue. This list is tuned to those plus 15 more.

A failed $200k QoE adjustment shifts your valuation by $4M at 20x forward earnings. Fix the books before, not after, the term sheet.

01 · REVENUE & QUALITY OF EARNINGS

# What you booked, what you can keep, and how the auditor reads it.

*Quantum revenue is small at Series A and that is fine. What is not fine is letting FDD discover a recognition policy that does not exist or contradicts the contracts.*

- [ ] **01** Revenue recognition policy is documented and ASC 606 / IFRS 15 conformant. Each revenue stream (paid POC, hardware sale, cloud subscription, co-developed solutions, IP licensing) has explicit treatment in a one-page memo on file in the data room.
  **QUANTUM TELL** *FDD opens by reading this memo before they touch any number. Missing or generic memo = three weeks of cleanup before the team can even start the substantive work.*
- [ ] **02** Paid POCs are reconciled monthly between bookings, deferred revenue and recognized revenue, with a waterfall that ties to the bank statement and the customer invoice register.
  **QUANTUM TELL** *Quantum POCs are typically milestone-based, not subscription. The bookings-to-revenue waterfall is the only credible defence of recognition timing. FDD asks for it on day one.*
- [ ] **03** Milestone-based revenue is recognized in the month the technical milestone is met, evidenced by signed customer acceptance, not when the invoice is sent or cash received.
  **QUANTUM TELL** *FDD accepts either over-time or point-in-time, but rejects "we recognize when we feel ready". Cash basis on milestone POCs is a high-confidence finding and a negotiation lever for the buyer.*
- [ ] **04** Refundable or contingent revenue (POC failure clauses, performance penalties tied to fidelity targets, milestone clawback) is held in deferred revenue until the contingency expires.
  **QUANTUM TELL** *Most quantum POCs include performance clauses tied to qubit fidelity or benchmark targets. If you missed once and refunded, FDD will find it. Better to have the contingency policy disclosed upfront than discovered.*
- [ ] **05** Co-developed solutions revenue is split between licensing, services and development components, not bundled into one line. Each component has its own recognition pattern.
  **QUANTUM TELL** *Bundling makes aggregate margin look better but kills the credibility of any unit-economic claim. FDD un-bundles every contract; you might as well do it before they ask.*

02 · GRANTS & NON-DILUTIVE

# Where most quantum FDD findings come from, every time.

*A quantum company at Series A often runs four to six active programs across three or more jurisdictions. The classification, FX and timing nuance kills more rounds than any other line on the P&L.*

- [ ] **06** Each non-dilutive funding source (SR&ED, IRAP, EIC Accelerator, France 2030 / PEPR Quantique, DARPA US2QC / QBI / ONISQ, ARIA, DOE, NSF, EU Quantum Flagship, EuroHPC) has its own sub-ledger with the original agreement, milestones, draws and reporting obligations.
  **QUANTUM TELL** *A "Grant income" single line aggregating all programs is a guaranteed FDD finding. Each program treats the books differently and each requires reporting; FDD needs to see them separated.*
- [ ] **07** SR&ED, IRAP, CIR France and similar R&D tax claims are documented with a contemporaneous technical narrative and timesheet allocation per project, not retroactively reconstructed in the month before kickoff.
  **QUANTUM TELL** *Quantum R&D tax claims are aggressive (most R&D qualifies), but they only hold at audit if documentation is dated and tied to specific projects. Reconstructed claims fail and the cash-back goes back.*
- [ ] **08** Non-dilutive cash is classified correctly: forgivable loan vs grant income vs refundable tax credit vs investment grant vs repayable advance. Each treats the P&L and balance sheet differently.
  **QUANTUM TELL** *Bpifrance "avance remboursable" is debt, not income. EIC Accelerator blended (grant + equity) needs a split. Most quantum founders book one or both incorrectly the first year and FDD reclassifies.*
- [ ] **09** Foreign-currency grants (USD DARPA grants for an EU company, EUR EIC grants for a US company) have a documented FX conversion policy at receipt date and a re-measurement policy for outstanding receivables.
  **QUANTUM TELL** *The quantum company that crosses borders for grants is the company that takes a $100k to $500k FDD adjustment on FX. Nail the policy, apply it consistently, document the rate source.*
- [ ] **10** Grant-tied milestones are tagged in the financial model and the burn forecast, not just in the legal folder. The model shows when each draw lands and the cash-timing contingency if a milestone slips by a quarter.
  **QUANTUM TELL** *If a grant draw is the difference between 12 and 18 months of runway, the FDD reviewer needs to see the cash-timing assumption to underwrite the round. "It will land in Q3" without the model line is not enough.*

03 · CAPEX, PP&E & LAB

# Quantum hardware is not a SaaS line item. Treat it accordingly.

*Most generalist bookkeepers expense quantum hardware purchases. FDD reclassifies, the resulting depreciation expense changes EBITDA materially, and the round is a different round.*

- [ ] **11** Quantum hardware capex (cryostats, dilution refrigerators, lasers, vacuum systems, control electronics, ion traps, photonic packaging) is capitalized, not expensed. Useful lives are documented and defensible: typically 7 to 10 years for cryogenic systems, 3 to 5 years for control electronics, 5 to 7 years for lasers and optics.
  **QUANTUM TELL** *Most generalist bookkeepers expense a $400k cryostat at purchase. FDD will reclassify to PP&E and the resulting depreciation expense changes the EBITDA materially. Better to have the policy from day one.*
- [ ] **12** Clean-room build-out and lab improvements are capitalized as leasehold improvements and amortized over the shorter of useful life and remaining lease term.
  **QUANTUM TELL** *A clean-room you built into a leased lab is not yours forever. The lease end date drives the amortization period; founders forget this and end up over-amortized when the lease comes up.*
- [ ] **13** Foundry-slot prepayments and chip-campaign deposits are tracked as prepaid expenses and amortized to cost of revenue over the campaign cycle (typically 4 to 9 months for superconducting, 9 to 18 months for photonic).
  **QUANTUM TELL** *Foundry slots are paid one campaign in advance. Booking them as immediate expense distorts both gross margin and operating cash flow in the wrong period. FDD spots this in week one.*
- [ ] **14** Helium-3, cryogenic gas inventory and consumables are tracked as inventory at average cost when material (typically over $50k on hand at month-end), not expensed at purchase.
  **QUANTUM TELL** *With helium-3 supply now structurally constrained, year-end stock can be material. FDD adjusts inventory if it is misclassified, which moves working capital and changes the normalized burn calculation.*

04 · PERSONNEL, TAX & INTERNAL CONTROL

# The boring four that lose deals quietly.

*Founders underestimate this section. FDD does not. A clean books-and-controls package shortens the diligence by two to three weeks; a messy one stretches it past the term-sheet expiration.*

- [ ] **15** Equity grants (stock options, RSUs, SAFEs converted, founder vesting) have ASC 718 / IFRS 2 fair-value computation done by a qualified valuer. Stock-based compensation expense is booked monthly, not as a year-end catch-up.
  **QUANTUM TELL** *PhD-heavy quantum teams have generous option grants. Year-end SBC catch-ups create the FDD's favourite QoE adjustment line. Get a valuation report (409A or equivalent) on file.*
- [ ] **16** Tech-transfer royalties owed to incubator universities or national labs (CEA-LETI, Stanford, MIT, ETH, Imec, etc.) are accrued in the period earned, even if not yet paid, with the agreement on file in /05_IP.
  **QUANTUM TELL** *Tech-transfer terms are non-standard and quantum-specific (running royalty plus milestone payments plus equity stake is common). FDD reviews each agreement; missing accruals are a high-confidence finding.*
- [ ] **17** Bank reconciliations, AR aging, intercompany accounts and credit-card / expense-management closes are completed monthly within five business days of period-end. Audit trail (who reconciled, when) is preserved.
  **QUANTUM TELL** *FDD asks for the latest three monthly closes; if they are not done within a week of month-end you do not have a reliable financial system. The whole exercise stalls until you do.*
- [ ] **18** R&D tax credit position (SR&ED Canada, CIR France, R&D credit US Section 174, Patent Box UK) is documented with timesheets and project allocations that survive an audit, not just an aspirational percentage of payroll.
  **QUANTUM TELL** *R&D tax credits often fund 20 to 30 percent of quantum runway. Losing them at audit is the difference between Series A success and a bridge round. The defence is contemporaneous documentation, not a year-end memo.*

**Run this list six weeks before the term sheet, not six weeks after. The cost of fixing the books before is one finance hire-month; the cost of fixing after is a re-priced round.**

*Built by the diligence team at CFO Fractal, from the FDD findings we see every week reviewing quantum data rooms. Live updated edition at financeforquantum.com/resources.*