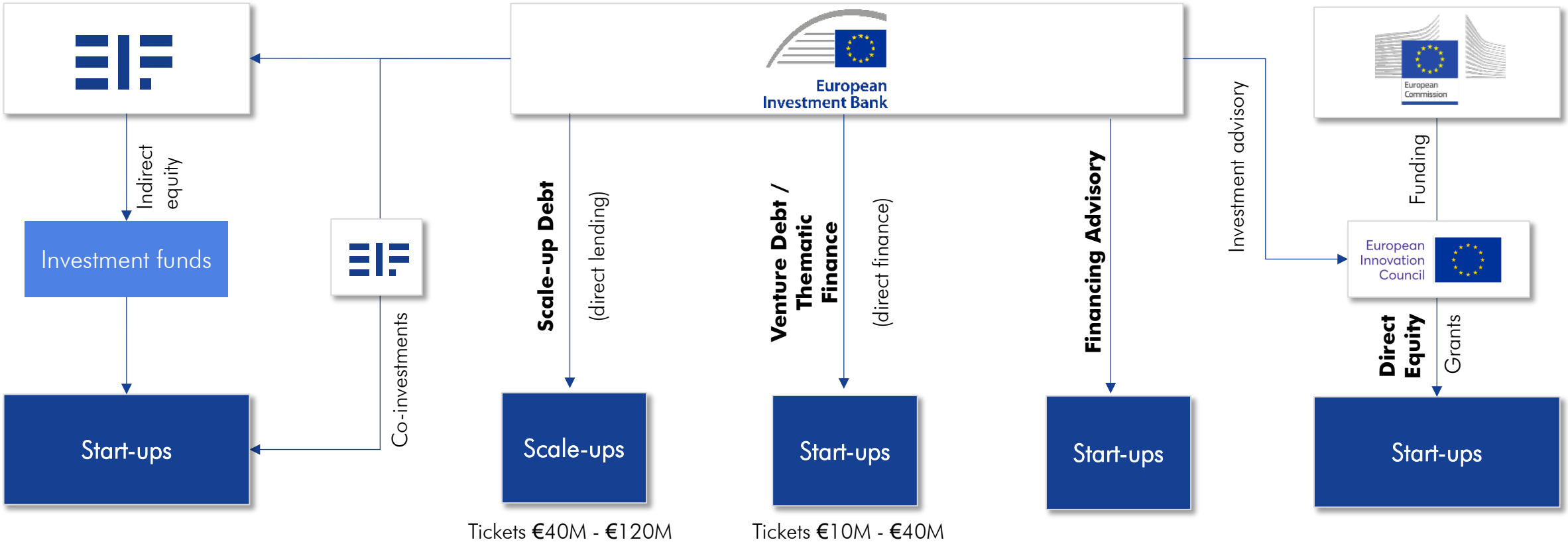
# EIB Venture Debt

June 2025

European Investment Bank

# EIB Group: Range of instruments to finance innovation



# EIB Venture Debt
## at a glance


- **338 investments supporting Europe's innovators for €8.4B since inception**
- **Invested €1.0B in 2024 in 37 ventures**

**What is it?**

- Direct debt financing to venture stage companies (startup or scale-up);
- Supports equity type risk, but with lower dilution than an equity round;
- Complements equity in the capital structure of a company crowding in further investment

Eligible startups/scale-ups: companies developing highly innovative technologies, e.g.:
➔space, robotics, semiconductors, AI or other deep tech
➔biotech, med tech
➔clean tech

Solid business case:
➔clear and sustainable USPs
➔previous financing from professional VC investors
➔strong management team
➔sustainable business plan / clear equity case
➔corporate governance

Investments to be financed by the EIB to be based in:
➔European Union and / or
➔Norway
➔Iceland

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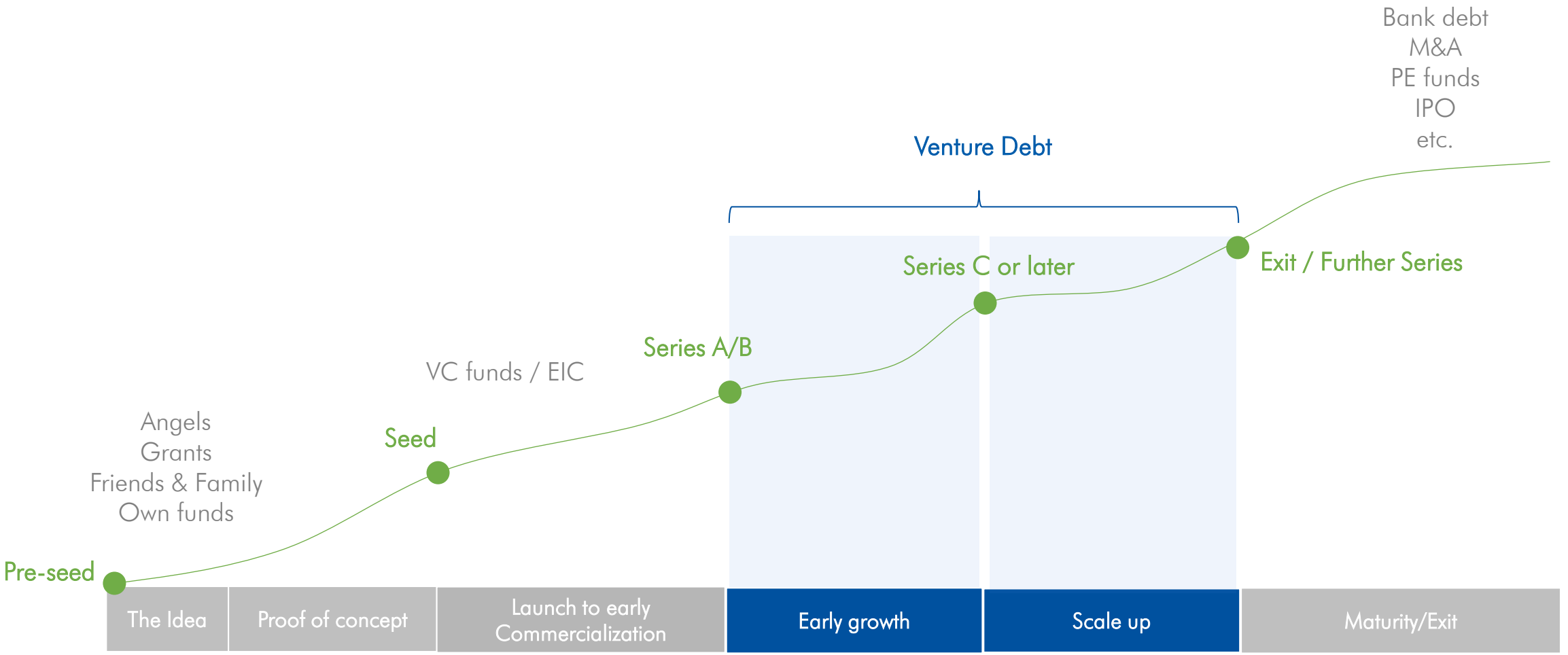
# Venture Debt as Growth Capital
## in the lifecycle of a company

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# Market financing gap

## Innovation requires high-risk financing

➔Venture Debt was specifically **designed to address the financing needs of highly innovative companies**, e.g. vaccine development, A.I., robotics, automation, cleantech first commercial demonstrators, new recycling technologies, carbon capture use and storage

➔**Research intensive companies** and cleantech scale-ups **require substantial initial capital outlay** compared to traditional services which dominate the funding rounds of VC/PE firms

There is a substantial **financing market gap in the EU** in the pre-commercial and growth stages

➔Private VC financing typically focuses lower investment/faster route to break even, leaving high impact technologies (longer term, higher risk) uncovered

➔Research consistently shows that Europe is substantially behind the US and Asia in availability of finance for deeptech, biotech and cleantech

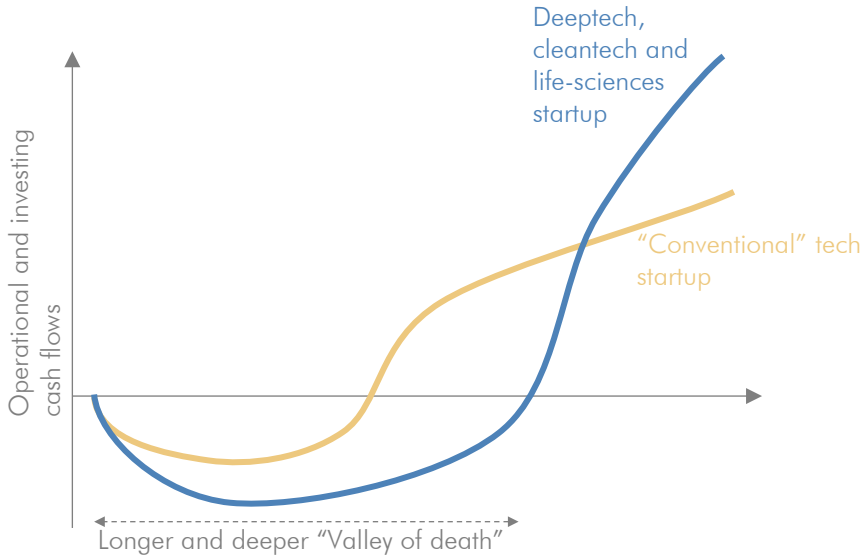
# Addresses key challenges of financing innovation

## Challenges

- Long time until reaching full commercial traction and long investment plans
- High risk of innovative technologies and highly specialised due diligence requirements
- Frontloading of large capital investments
- The high risk results in a high discount rate / lower ex-ante valuation and consequent excessive dilution of founders, and can become an obstacle to fundraising
- High initial risk

## EIB's Venture Debt

- Long term, patient capital
- In-house specialised due diligence (dedicated front office teams with sector specific focus and specialised engineers and economists)
- Commitment of sufficient ticket sizes
- The debt type structure results in lower dilution to founders and investors
- Gradual de-risking by tranching and intermediary disbursement milestones



# Structure

➔**Legal form: Debt** (secured or unsecured)

➔**Ticket: EUR 10-40m** (up to **EUR 120m for scale-ups**)

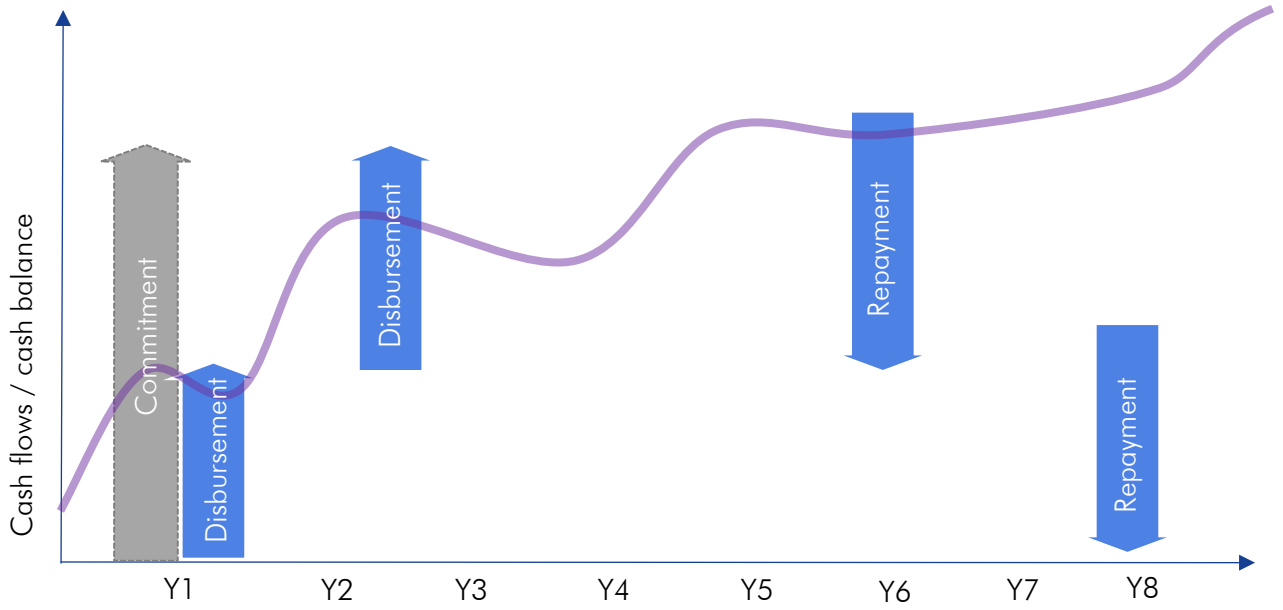
➔**Up-front commitment of the full amount** and gradual disbursements in 2-3 tranches subject to achievement of milestones: de-risks subsequent disbursements

➔Availability – typically **up to 36 months**

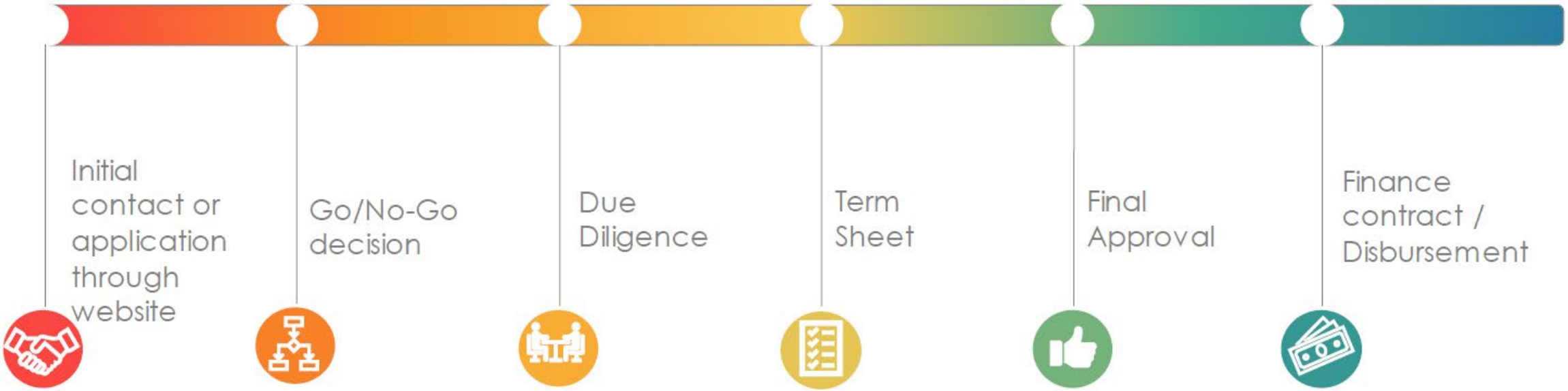
➔Typically **bullet** repayment (or convertibility option in selected cases) at maturity/exit, or amortising

➔**Maturity** to accommodate exit or time to full profitability, in most cases **5/6 years from each disbursement** -> repayment typically at exit or maturity

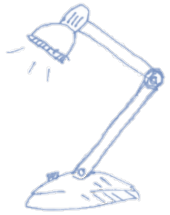
➔**Pricing**: linked to the risk / performance of the company, includes interest and/or equity kicker



# Appraisal process



# EIB Venture Debt - Key benefits for companies and their stakeholders



## Companies

- Increase runway to next milestone, funding round, or break-even
- Provide cushion and visibility, signaling effect
- Accelerates the deployment of the business plan and de-risks related innovation
- Flexible terms and customized structures

## Founders

- Limited dilution & loss of control
- Extend time to next funding round
- Hands-off approach with no direct involvement
- Market visibility after EIB investment

## Investors

- Complementarity to equity Investment
- IRR enhancement for equity investors
- Limited dilution and maintenance of control
- Long-term loans match timing of investment

# Our Sectors (1/2)

Massive, sustainable savings of CO2 emissions enabled by technology

Thousands of jobs supported (mostly high skilled)

Improved quality of life for millions

## ENGINEERING

- Advanced manufacturing and industrial innovation
- Chemicals

## ICT

- Software with emphasis on AI/ML and cybersecurity
- ICT Equipment and robotics
- IT Services and e-commerce

## LIFE SCIENCES

- Biotechnology and drug development
- Medical technologies
- Medical services

# Our Sectors (2/2)

## ENERGY

- Renewable energy technologies (wind, wave, solar, etc.)
- Energy storage
- Demand response and smart grid solutions

And more…

## MOBILITY

- New and adapted transport services and infrastructure (e.g. charging networks, drone delivery)
- Digitalisation of the transport sector and manufacturing of green mobile assets
- Alternative fuels for HGV, Maritime and Aviation – Green H2 and Methanol

And more…

## CIRCULAR ECONOMY

- Sustainable end-product, byproduct and waste product recycling.

**Key sectors** include: textiles, plastics, packaging, ICT, batteries, vehicles, construction materials, food, water, critical raw materials, nutrients and energy equipment

## BIO-ECONOMY

Sustainability and climate mitigation in food production and supply chains, agriculture, farming, forestry and blue economy

And more…

## LOW-CARBON SOLUTIONS

- CCU(S)
- Carbon reduction for energy intensive heavy industry

And more…

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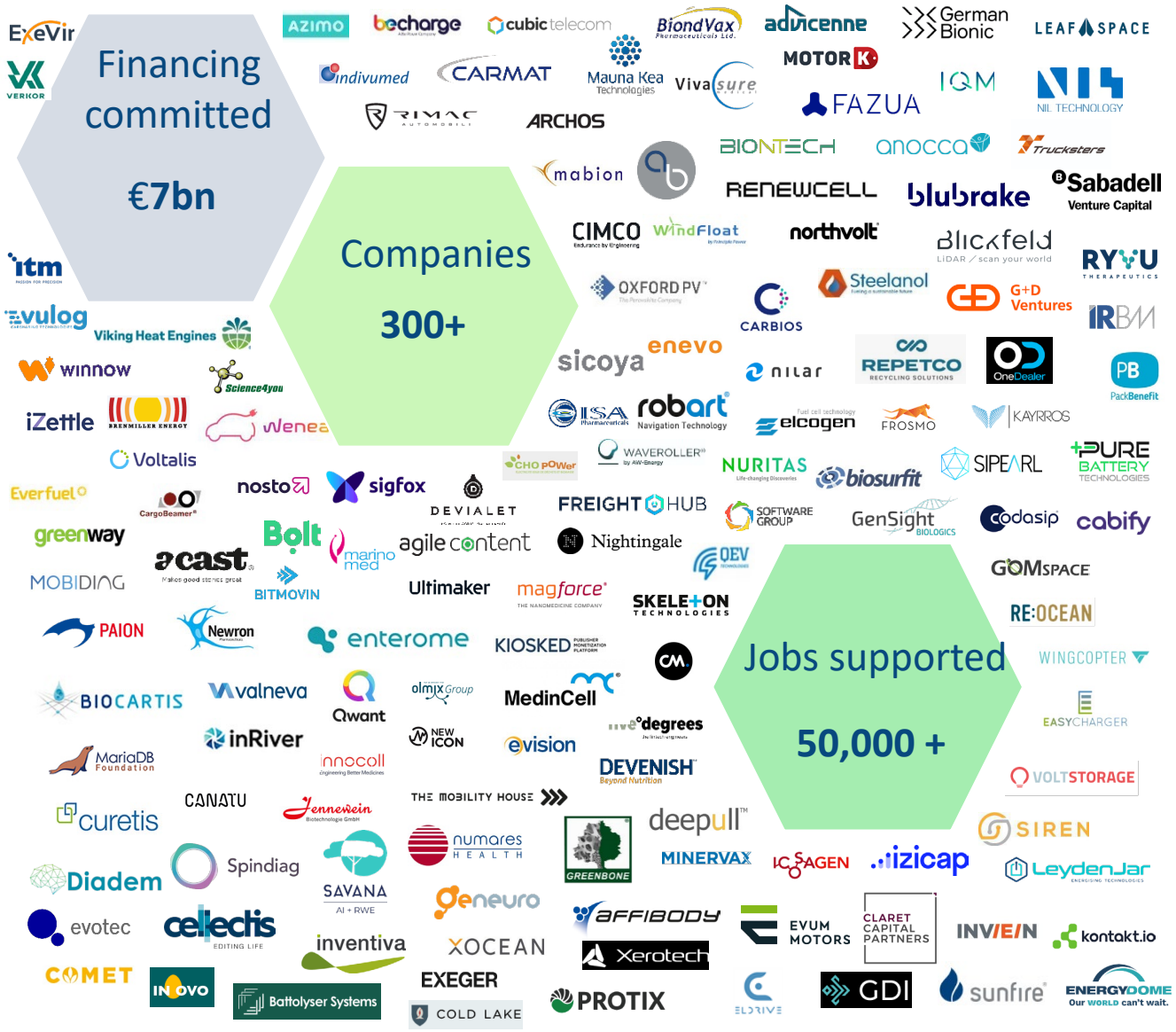
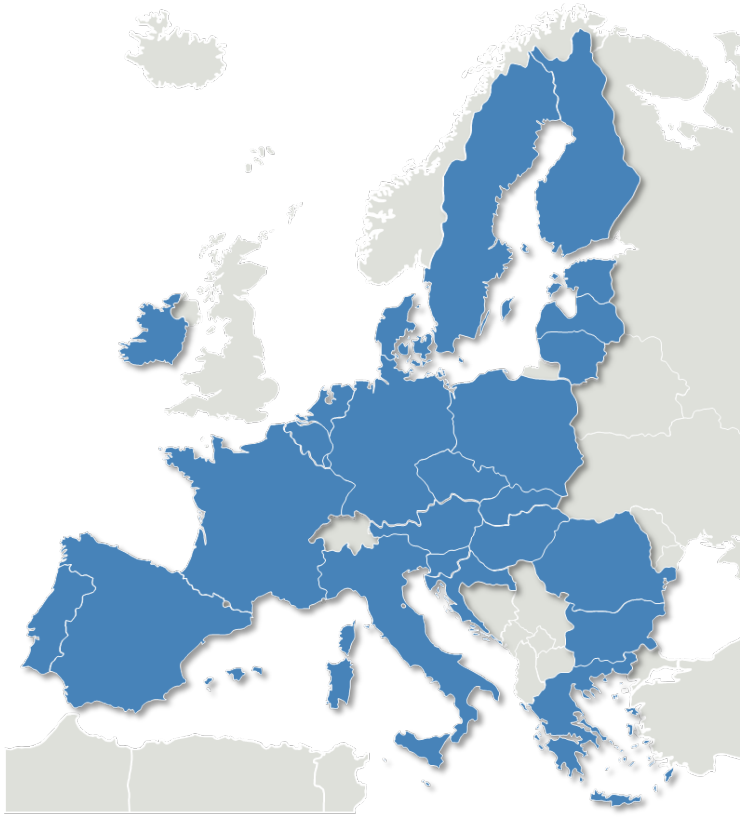
# EIB is the largest Venture Debt provider in Europe

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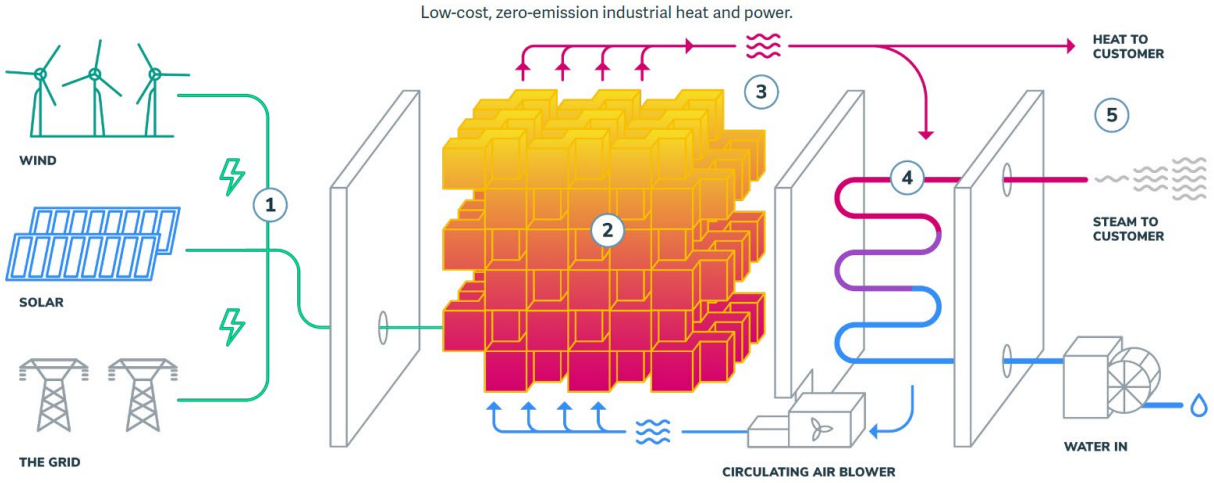


# Case study: Rondo

*Energy*

*Signed in 2024*

- **EUR 35m venture debt financing** to the European holding of Rondo Energy, a US company developing a thermal energy storage solution for industries, Rondo Heat Battery ("RHB").
- Founded in 2020 in Delaware, Rondo Energy is an SME **employing currently ca. 117 FTEs**.
- The company manufactures RHBs **decarbonizing large-scale industrial processes** by replacing fossil-based heat with intermittent renewable energy sources, with minimal changes to industrial plant processes.
- The EIB finances the installation of **3 First-of-a-kind** RHB in Denmark, Portugal and Germany, the related project development, execution, and management costs as well **R&D** costs.
- The EIB financing compared to what commercial banks can offer is of a meaningful amount, it minimizes dilution, offers longer tenors and higher disbursement flexibility and provides a signalling effect to the market. The project is supported by **EU Catalyst Partnership**.

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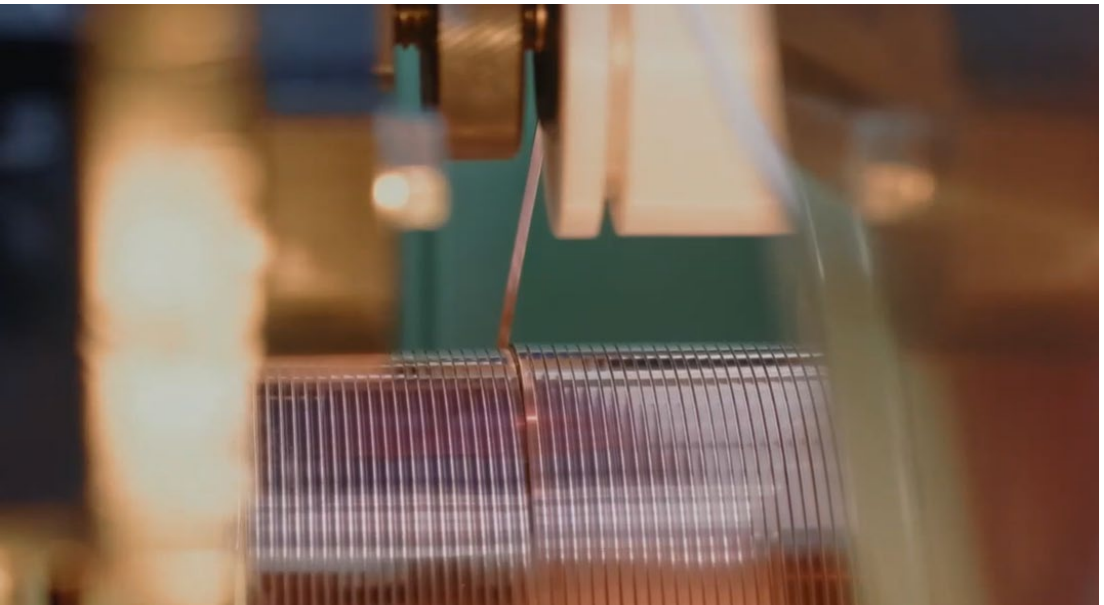

# Case Study: Tau

*Magnet wire for automotive applications*

*Signed in 2024*

- **EUR 20m venture debt financing** to emerging manufacturer of wire magnets, Tau Group, specializing in the production of wire coils and magnetic assemblies for diverse range of industries, including automotive, renewables energy, aerospace, etc.

- **Founded in Italy in 2013** but **headquartered in Berlin**, Tau ACT GmbH is a producer of **insulated magnet wires**, based on a patented technology (DryCycle®) to apply the insulating material (polymers) on the wire without any solvents. The goal is to replace the existing magnet wire enamelling solutions based on hazardous and polluting solvents, establishing a new industry standard of sustainable, solvent-free, high-performance magnet wires that enables and accelerates the transition to electrification. Tau has around **60 full-time equivalents**.

- **The Project covers** the i) **scale-up** of capacity of the existing production facility in Turin, ii) promoter's **RDI activities** for the development of new wire solutions in automotive and adjacent markets and iii) **growth** of the promoter.

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# Case Study: Ineratec

*Carbon neutral e-fuel*

*Signed in 2024*

- **EUR 40m venture debt financing** to German early-growth start-up, Ineratec GmbH, that develops solutions for **replacing crude oil-based fuels and chemical products with sustainable alternatives**. The Company manufactures and sells containerised modular chemical plants that produces climate-neutral synthetic fuels (e-fuels) and synthetic waxes (e-waxes).

- Established in **2016** as a spin-off from the **Karlsruhe Institute of Technology** (Germany), Ineratec builds upon more than two decades of research and excellence in the field of chemical and process engineering. It employs **c. 100 full-time equivalents**.

- The project involves the development, construction and commissioning of **the first large scale sustainable plant to produce e-SAF and other sustainable chemical products** in Frankfurt, as well as **R&D** investments related to the further development of **Power-to-X technology** converting energy from renewable sources into liquid fuel or sustainable chemical feedstock. The Project will benefit from an up to EUR 30m grant from **Breakthrough Energy Catalyst**.

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# Case Study: Fairmat

*Carbon fibre recycling*

*Signed in 2024*

- **EUR 25m venture debt financing** to French cleantech manufacturer of **high-performance, recycled, and sustainable materials from carbon composite waste**, Fairmat SAS.
- **Founded in 2020** and headquartered in Paris with a **production facility near Nantes** in France where Fairmat tested its technology and processes. The company is now focusing on further developing its product and scaling up its manufacturing capabilities. Fairmat employs some **129 full-time equivalents** mostly dedicated to R&D.
- The transaction will support Fairmat to develop and deploy its technology at **commercial scale**, and it will help by building up the necessary capabilities, skills and technologies.

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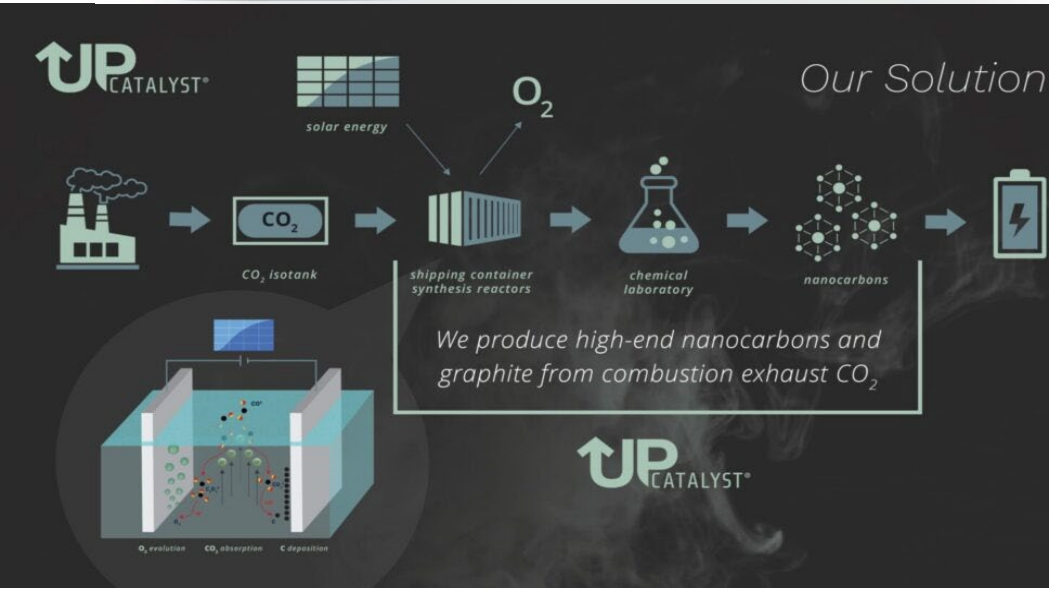


# Case study: Up Catalyst Green Graphite

*CO2 as an industrial material*

*Signed in 2024*

- **EUR 18m venture debt financing** to the innovative Estonian start-up **UP Catalyst OÜ** for its development of two demonstrator Generation 4 reactors for producing multi-walled carbon nanotube material (MWCNT) and synthetic graphite, as well as related corporate research and development.

- Founded **Estonia in 2019** by a group of researchers, UP Catalyst employs **40 full-time equivalents**.

- The EIB financing will aid the commercialisation of this **first-of-a-kind** facility to support a local supply of carbon nanotube products and **scaling up synthetic graphite production**. Hence, providing a double side solution: i) effective carbon capture, utilization, and storage (CCUS) solutions to high-emitting companies as well as ii) supply of critical raw materials for the advanced manufacturing and EV battery sectors.



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# Case study: Chromafora PFAS Removal

*Environment*

*Signed in 2024*

- **EUR 22.5m venture debt financing** to **Chromafora AB,** a Swedish cleantech company specializing in removing **toxic chemicals (PFAS) and dissolved heavy metals from polluted waters** using patented technology and proprietary chemical mixes. Founded in 2010, it has evolved from a chemical research company to a specialized water treatment solutions provider. Chromafora uses **patented technologies** and has been operating container-sized water treatment installations since 2022. The company employs around 14 **full-time employees**.

- **The EIB financing** will fund Chromafora's **R&D activities** related to PFAS removal technology, helping to advance and improve their solutions. It will support the **deployment of water treatment installations** 'as a service' at end-user premises, facilitating the commercial roll-out of their technology. The EIB's support will help Chromafora during its early commercialization phase, bridging the period of increased uncertainty until the company can attract more risk-averse lenders.

Chromafora
Turning wastewater into renewable resources

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