

EIB

European Investment Bank

Venture Debt

Green Transition

Luxemburg, 13 June 2023














Green Transition Venture Debt

A partner of choice for the commercialisation of innovation and deployment of climate solutions



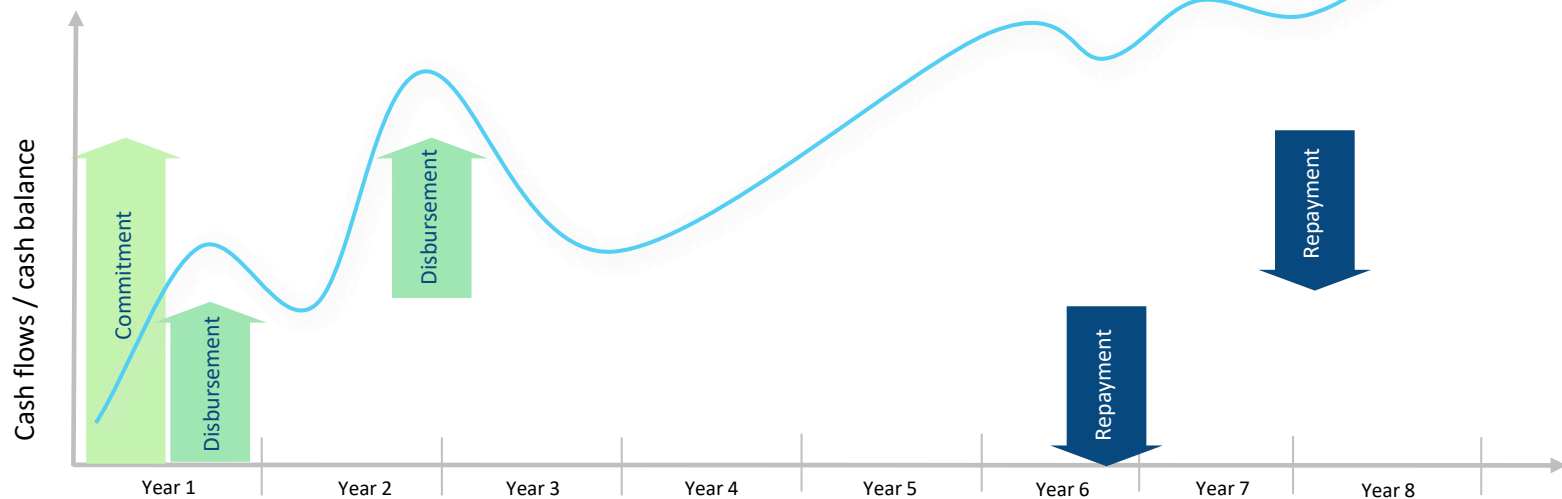
- ▶ The EU has made **climate action a top priority** and aims to be climate-neutral by 2050.
- ▶ Some of the most promising cleantech companies **struggle to find reliable investor partners** at a time they need them the most: the early stages of commercialisation and deployment.
- ▶ Since 2016 the **EIB has been a partner of choice** for innovative cleantech companies, providing **over €1bn of venture debt**.
- ▶ With the support of the European Commission, the EIB has developed a targeted venture debt tool under InvestEU: **Green Transition (GT IEU)**.
- ▶ Green Transition venture debt is **tailored to the needs of high-risk ventures** contributing to a more sustainable future.

Green transition targets 5 sectors

ENERGY	MOBILITY	CIRCULAR ECONOMY	BIO-ECONOMY	LOW-CARBON SOLUTIONS
<p> Renewable energy technologies (wind, wave, solar, etc.)</p> <p> Energy storage</p> <p> Demand response and smart grid solutions</p> <p>And more...</p>	<p> New and adapted transport services and infrastructure (e.g. charging networks, drone delivery)</p> <p> Digitalisation of the transport sector and manufacturing of green mobile assets</p> <p> Alternative fuels for HGV, Maritime and Aviation – Green H2 and Methanol</p> <p>And more...</p>	<p> Sustainable end-product, byproduct and waste product recycling.</p> <p></p> <p>Key sectors include: textiles, plastics, packaging, ICT, batteries, vehicles, construction materials, food, water, critical raw materials, nutrients and energy equipment</p>	<p>Sustainability and climate mitigation in food production and supply chains, agriculture, farming, forestry and blue economy</p> <p></p> <p>And more...</p>	<p> CCU(S)</p> <p> Carbon reduction for energy intensive heavy industry</p> <p>And more...</p>

Our Venture Debt Product

- **Up-front commitment of the full amount** and gradual disbursements
- Subsequent disbursements are subject to business and financial milestones (substantially de-risking tranches 2 and 3 if applicable)
- **Availability of typically 36 months** to accommodate long term investment plans of technology companies and scale-ups
- Large EIB tickets possible (**circa EUR 7.5-50m**) following a co-investment principle (max. 50%)
- **Limited security** package
- Bullet structure to facilitate repayment based on an exit (or amortising structure if preferred)
- **Maturity to accommodate time to full profitability**
- Remuneration may include **warrants**, interest, PIK, royalties or other (alone or in combination)
- Target IRR is based on the risk of the investment



Advantages of the EIB Venture Debt Product



COMPANY

- ▶ Long tenor allows a company to focus on business growth
- ▶ Large tickets to support growth and scale-up and increase the runway to next funding round
- ▶ EIB is a stable and reliable investor with a triple-A rating
- ▶ Flexible terms and customized structures based on company's needs
- ▶ Quality stamp – increased market visibility and credibility for the company
- ▶ Accelerates the deployment of the business plan and de-risks related innovation



FOUNDERS

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



INVESTORS

- ▶ Complimentary to equity investment
- ▶ Limited dilution and loss of control
- ▶ Enhanced returns for equity investors
- ▶ Reduce pressure on equity needs
- ▶ Long-term loans match timing of investment

Which companies are eligible under Green Transition? (1/2)

Applicants need to *fulfill eligibility criteria to be considered for ACTIF financing*



You are a **Start-up or established company** in one of the focus areas



Investments to be financed are located in the **EU**



You have already raised **Series A/B equity** and your company needs additional financing for commercial demonstration, to accelerate growth or you are looking for ring-fenced project financing and you have secured **sufficient equity**



Sound and **sustainable business model**, professional management team and established corporate governance



Which companies are eligible under Green Transition? (2/2)



You are investing in technologies and/or market **with high risk levels beyond the appetite of commercial lenders**, resulting in a limited available funding (market failure)



You have **high prospects of replicability**, based on the scalability of the business, its market potential and the availability of resources



You are looking to bring new technologies, products, business models or a manufacturing process to the market. The required **degree of innovation** (e.g. first of a kind) **and innovation stage** (commercial scale demonstration, scale-up, deployment) are sector-specific:



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COMMERCIAL DEMONSTRATION

For **Clean Energy-Low Carbon innovation and Low-carbon solutions for industries**, eligibility mainly focuses on the demonstration of innovation and its early deployment stage

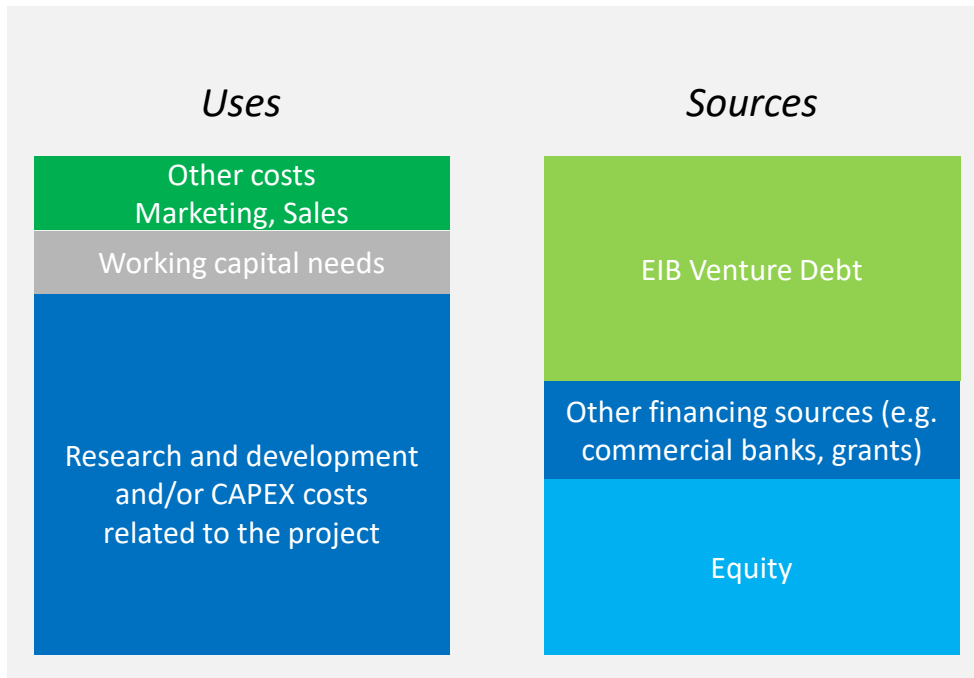
LARGE SCALE DEPLOYMENT

Transport, Circular Economy, and Bio-Economy have a broader eligibility scope also covering the deployment of sector-specific solutions

What can be financed

EIB Financing is determined on the basis of the planned investment plan

Funding of the investment plan

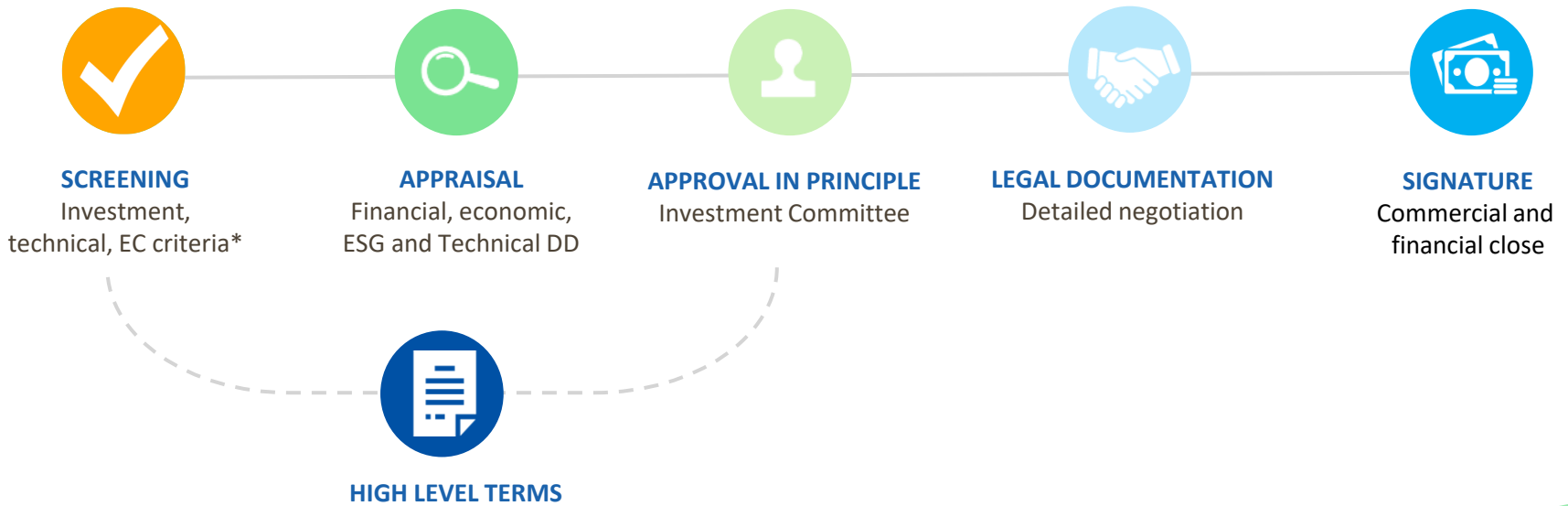


- ▶ In accordance with its **co-investment principle**, the EIB ticket size is capped at 50% of the investment plan

EUR
30 m ≤

- ▶ The **minimum required** investment plan is EUR 30m (minimum EIB ticket of EUR 15m)

Our Appraisal Process

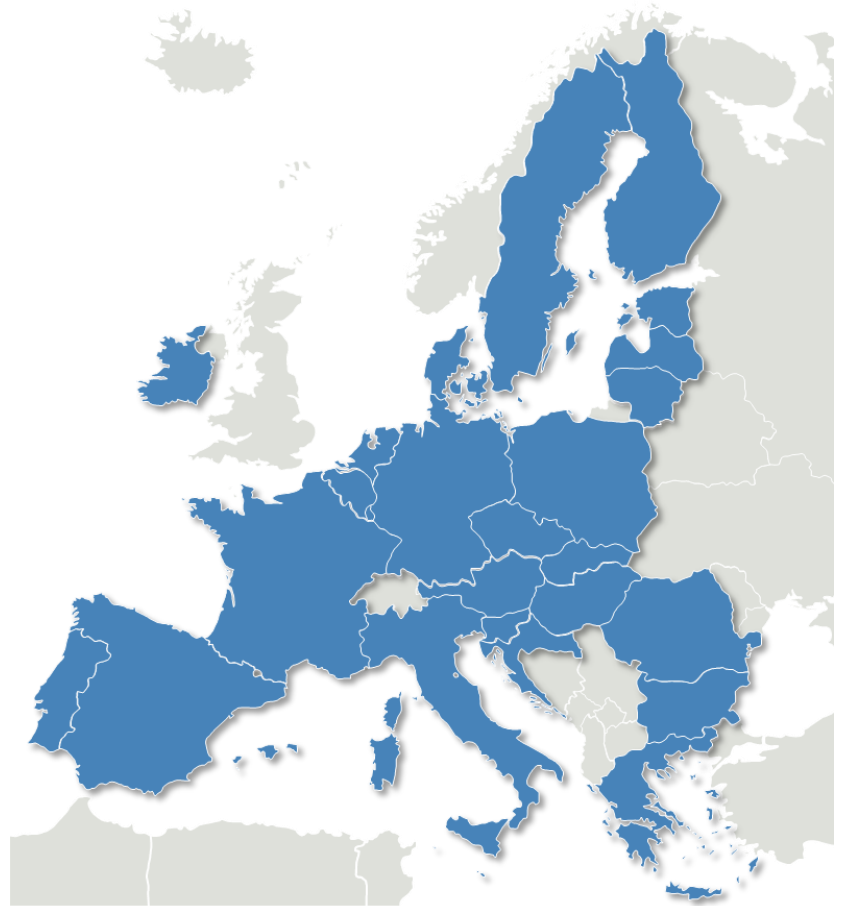


TIMING
Depending on the complexity of the transaction financial close can be achieved in 6 months

* For certain cases, the eligibility needs to be confirmed by the European Commission

Cleantech Venture Debt Portfolio (February 2023)

Over €1bn of signatures supporting the commercial roll-out of innovation across various sectors



Compostable and recyclable food trays from wood-based virgin pulp

Amount: EUR 13.15m
Sector: Recyclable/compostable food packaging
Country: Spain
Signed: 2022



INVESTMENT RATIONALE/IMPACT:

- ▶ Using sustainable biomaterials
- ▶ Financing RDI activities
- ▶ Scaling-up of the production
- ▶ Investing in Cohesion Priority Regions

- ▶ Founded in 2013, Packbenefit is an innovative producer of compostable and recyclable food trays made from wood-based virgin pulp. The company has developed (and patented) an innovative technology to convert virgin pulp (from EU Forest Stewardship Council certified sources) into biodegradable and compostable food trays via a hydraulic thermoforming press (which is unique to the Company).
- ▶ The Company is focusing on the development of their own technology and its deployment in the market. So far the Company has been very successful given the uniqueness of its technology in the industry, which proposes recyclable/compostable trays that allow for a wide range of temperatures while keeping food properties intact.
- ▶ The EUR 13.15m venture debt financing is supporting the construction of the 2nd commercial-scale food trays production plant as well as RDI activities.

Innovative textile-to-textile recycling

Amount: SEK 311m
Sector: Textile recycling
Country: Sweden
Signed: 2021



INVESTMENT RATIONALE/IMPACT:

- ▶ The Project is aligned with the objectives of the Paris Agreement on climate change and the EU's Circular Economy Action Plan
- ▶ Demonstrates the feasibility of the textile-to-textile recycling technology at commercial scale.
- ▶ De-risking of a new technology in the circular economy space, which faces substantial market deployment risks and is lacking commercial investment
- ▶ Renewcell is an innovative textile-to-textile recycling company founded in Stockholm (Sweden) in 2012.
- ▶ The Company has developed (and patented) a technology to convert waste textiles into cellulosic pulp ("Circulose®").
- ▶ It is the first company in the world to offer dissolving pulp for textile production that consists of 100% chemically recycled cotton textiles.
- ▶ The technology has the potential to transform traditional man-made cellulosic fibre production supply chain from current highly-resource intensive forest-sourced pulp to an environmentally sustainable 'recycled' biodegradable pulp.
- ▶ The InnovFin EDP – CE EIB financing co-finances Renewcell's first full commercial scale recycling plant in Sundsvall (Sweden)
- ▶ **[Greening the fashion industry with Renewcell - YouTube](#)**

Demonstration manufacturing plant for precursor cathode active material

Amount: EUR 36.7m
 Sector: Critical Raw Materials/Circular Economy
 Country: Germany
 Signed: 2022

+PURE
 BATTERY
 TECHNOLOGIES



INVESTMENT RATIONALE/IMPACT:

- ▶ supports the deployment of an innovative manufacturing process, which reduces the carbon footprint, improves safety and reduces the cost of manufacturing
 - ▶ contributes to the establishment of the EU's battery value chain
 - ▶ enhances the supply security of a critical raw material (Cobalt)
 - ▶ supports the implementation of the EU's climate objectives
- ▶ **EUR 36.7m of venture debt to KOENIGSWARTER & EBELL CHEMISCHE FABRIK GMBH a German company wholly owned by Pure Battery Technologies Germany AG, which is a 100% subsidiary of Pure Battery Technologies Ltd.**
 - ▶ **The venture debt financing is supporting a demonstration project worth EUR 73.5m in total:**
 - The Borrower plans to convert an established nickel production facility (brownfield) into its first commercial-scale demonstration facility for pCAM production. This is the preliminary stage of the cathode active material ("CAM") used in the production of lithium-ion ("Li-ion") batteries; it is crucial to the battery manufacturing supply chain.
 - The PBT process can use a mixed feedstock of both 1) intermediate metal products (e.g. MHP) and 2) Black Mass (battery material processed for recycling) as feedstock.

RIDW

Thank you for joining us!



Venture Debt Team

HOW TO APPLY:

Send us an email and fill in the [web/eligibility questionnaire](#)*

CONTACT DETAILS CELINE:

Céline ROTTIER



Officer Lending Operations
Green Thematic Impact Finance Operations unit

Phone: (+352) 4379-83113
Cell: (+352) 691 284 036
E-Mail: c.rottier@eib.org

European Investment Bank
100, boulevard Konrad Adenauer
L-2950 Luxembourg

CONTACT DETAILS FRANÇOIS:

François GAUDET



Head,
Green Thematic Impact Finance Operations unit

Phone: (+352) 4379-85154
Cell: (+352) 621 459 174
E-Mail: f.gaudet@eib.org

European Investment Bank
100, boulevard Konrad Adenauer
L-2950 Luxembourg