

Conclusions

PROJECT HIVE (DK)

INVEU-ICR-0107-2023 – Research, Innovation and Digitisation Window (RIDW)

Short description of the financing or investment operation and its objectives

Name of financial recipient	Zealand Pharma A/S
Countries of implementation	Denmark
Implementing partner	European Investment Bank (EIB)

The loan will provide direct equity-type financing supported by the Invest EU mandate to finance RD&I activities of an innovative Danish biopharmaceutical company for the development of its diversified portfolio of novel preclinical and clinical-stage peptide-based product therapeutics for metabolic (obesity, diabetes), gastrointestinal and rare diseases.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 12 December 2023 (extension of meeting of 6-8 December) for the above-mentioned operation.

The project contributes to the InvestEU primary objectives of RD&I and manufacturing of pharmaceuticals and medical devices while addressing the market failure in financial markets for innovative biotech companies to access long-term, non-dilutive financing options to support such significant investments. Due to the inherent risks linked to drug development, approval and commercialisation, the Company's access to long-term debt or venture debt from commercial lenders is limited on the background of increased volatility in the European markets.

To align the needs for significant investments for the RD&I project while taking into consideration the development risks and the potential upside potential, the EIB quasi-equity investment is offering a long tenor that minimises upfront cash outflows, bullet repayment and mostly deferred remuneration in the form of deferred interest and warrants linked to the success of the Company's drug portfolio.

Without the InvestEU support, its size would have been significantly reduced and therefore inadequate to support the Borrower's significant RD&I programme. The project would not have been carried out (to the same extent) without the InvestEU support. The creation of knowledge and support of skilled jobs in Denmark will further contribute positively towards the EU's 3% RDI intensity target.

Conclusions

The Investment Committee sees value in supporting pharmaceutical RD&I and bringing the developed products to the market in Europe. The project also contributes to developing the nascent venture debt market where EIB's signalling effect and efforts in crowding in remain to be monitored.