Three questions to...

... Mr. Lukas Linn
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Topic: Crowdfunding as alternative financing type in Life Sciences

Question #1: Is crowdfunding a financing model to consider for BioTech start-ups?

Mr. Lukas Linn: Most people have an outdated perception on crowdfunding. This concept has evolved from financing small projects to becoming a valid funding model for growth companies – including those in the BioTech sector. While it began as a means to realize creative ideas, crowdfunding has matured into a serious alternative financing path for a wide range of businesses – from young, innovative ventures (equity) to established SMEs, renewable energy developers, and real estate projects (debt). It offers a particularly compelling route for impact-driven start-ups seeking fast access to growth capital.

For BioTech companies, crowdfunding is more than a funding mechanism – it is a way to build a committed investor base that shares the company's vision and participates in its growth journey. Invesdor Group connects scaling companies with a broad network of private and institutional investors through a regulated (ECSP license) digital platform. This enables start-ups to raise capital from a wide range of international investors, increasing visibility and trust while fostering early engagement.

Traditional financing sources are often difficult to access in BioTech – especially at early stages – due to long development timelines, regulatory complexity, and scientific risks. Crowdfunding addresses these challenges by allowing companies with strong teams and high-impact innovations to secure capital directly from investors. This not only diversifies the funding base, but also enhances strategic flexibility, reducing (over)dependence on institutional funding and dominant strategic investors.

Hence, Crowdfunding is transforming the financing of BioTech start-ups by providing capital and long-term support from a broad spectrum of impact-driven investors. We as Invesdor Group offer both equity and fixed-income investment opportunities, depending on the stage and need of the company or project developer.

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Question #2: What are the advantages and limitations of crowdfunding compared to other investment types?

Mr. Lukas Linn: Crowdfunding is a powerful financing tool, particularly when used alongside venture capital, grants, and institutional funding. By reaching retail investors through platforms like Invesdor, BioTech companies can not only raise capital but also validate market interest, attract future co-investors, and build a supportive community around their mission.

BioTech start-ups are inherently risky due to long development cycles and complex regulatory approval processes. However, if a company successfully navigates these hurdles, the potential returns can be substantial. A key challenge lies in the structure of many VC funds, which aim to return capital within ten years – typically allocating the first years for investment and the remaining ones for exits. This timeframe rarely aligns with the realities of MedTech and BioTech innovation.

In this context, crowdfunding democratizes access to investment opportunities, enabling a broader audience to support emerging BioTech solutions. It enhances visibility and stakeholder engagement early on. However, it is not a one-size-fits-all solution. Success depends on clear communication, investor trust, and a compelling proposition. Strategic benefits, including brand visibility and fast access to capital, can be invaluable for growth companies in complex, underfunded sectors like Life Sciences.

With its innovative investment approach, Invesdor can provide real equity. For each funding round, Invesdor establishes and coordinates a trust foundation that facilitates direct participation in growth companies. Individual investors – often numbering in hundreds – are "pooled" into this trust foundation and receive depositary receipts in return for their investments. The trust foundation enters the company's cap table as a single shareholder and votes as one, typically represented by the CEO of the company. This structure minimizes strategic influence while standardized shareholder rights ensure protection for both start-ups and co-investors.

Question #3: How does the process look like, what are the timelines and conditions one should be aware of?

Mr. Lukas Linn: Different platforms have different requirements. At Invesdor, the funding process is designed to be thorough, efficient, and transparent – for both BioTech companies and investors. It begins with a rigorous selection phase. Only a small fraction of applying companies pass our internal screening, which includes detailed business and legal due diligence. Our team assesses critical proof points such as scientific validation, regulatory progress, a scalable business model, and existing institutional support. These conditions are essential for a successful campaign and ensure investor confidence.

Once a company is approved by our Investment Committee, the onboarding begins. After signing key legal documents (e.g. mandate agreement), the funding campaign preparation takes around 2-3 weeks. Our team supports the company in clearly communicating complex BioTech topics to a broad investor audience.

The campaign itself typically runs for 21 days in public mode across several domains for our different European markets. During this period, investors gain full access to the offering, including information about the business model, the management team, disclosures on risks, financial figures, and growth potential.

To qualify for a BioTech crowdfunding round, companies must demonstrate a clearly defined market need, a compelling problem-solution fit, and a well-articulated regulatory roadmap. A strong, experienced team with scientific and business expertise is crucial, as is strategic co-financing – such as institutional backing – which enhances credibility. We reliably help close funding rounds by contributing alongside a lead investor who must commit at least 30% of the total funding. Our tickets are typically between EUR 500k to EUR 5m.

Lastly, we look for a validated proof of concept supported by (pre)clinical data, as it significantly strengthens the investment case and builds trust with potential investors.

About Lukas Linn:

- Lukas Linn is Investment Manager and Lead Venture Capital at Invesdor Group, Europe's leading impact investment platform.
- Based in Berlin, he is in charge of all start-up activities and equity financing for the DACH market.
- Lukas' expertise and interest is in start-ups, investments, innovation and business development.
- He has gained experience in the international start-up ecosystem, in the investment sector and innovation companies.
- Prior to joining Invesdor Group, Lukas worked as Scouting and Investment Manager at Europe's first PropTech accelerator and the leading innovation platform in real estate. In this context, he was named one of the "Top 30 under 30" in the German real estate industry.
- Lukas' academic background is in international business and innovation management, earned at some of the world's most prestigious business schools in Europe and the US.

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About I N V E S D O R:

Invesdor Group is Europe's leading impact investment platform that provides both equity & debt funding for sustainable growth companies, SMEs and renewable energy project developers from the EU. It operates offices in Berlin, Amsterdam, Helsinki and Vienna.

With a track record of around EUR 600m in transaction volume across more than 1,000 funding rounds, Invesdor is supported by a growing community of over 200,000 registered users.

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