

Conclusions

Forward.One Fund II

INVEU-ICR-0020-2022 – Research, Innovation and Digitisation and SME policy window

Short description of the financing or investment operation and its objectives

Name of the Promoter/Financial Intermediary	Forward.one Management B.V.
Country(-ies) of implementation	The Netherlands, as well as other EU countries
Implementing partner	EIF

The Fund will invest in early-stage hardware companies with focus on semiconductor technologies and semiconductor chips, sensor technologies, nanotechnology, advanced materials, photonics and quantum computing.

The operation will contribute to research, development and innovation in the sector of digital technologies and services.

Global Assessment and rationale for approval

The investment Committee of the InvestEU Fund approved the use of the EU guarantee on 12 May 2022 for the operation.

The Operation addresses the market gap in semi-conductors, as well as the wider underserved niche of early hardware focused start-ups in the Netherlands and also other EU countries. Capital provision for early-stage companies in the hardware subsector in the Netherlands is limited to a small number of specialized VC funds and some Business Angel investors. The majority of the institutional VC investors in the region tend to start investing in hardware companies at later stages (from Series A and later). The Fund will play an important role in taking a higher financial exposure to the start-up companies, thereby shouldering financial risks that smaller investors could not take and some larger investors would oversee, but which is necessary to scale the underlying businesses.

. As the number of funds in the early-stage hardware sector in the Netherlands is limited and they tend to be small-sized, the large institutional investors are rarely present in these funds. The involvement of the EIF in the fund is expected to be key for institutional fundraising and to allow the Fund to reach the target fund size. The operation represents the first investment of the EIF in a semiconductor industry focused technology fund.

The operation addresses exposure to higher levels of risks in certain sectors beyond levels that private financial actors are able or willing to accept, including where the investment would not have been undertaken or would not have been undertaken to the same extent because of its novelty or because of risks associated with innovation or unproven technology.

InvestEU guarantee is complementary to other private and commercial sources and it would also represent support that catalyses or crowds in additional private or public financing, in particular from traditionally risk-averse investor classes or institutional investors, as a result of the signalling effect of the support from the InvestEU Fund.