

Conclusions

(Third) Framework Operation #53 for SMEW RIDW Joint Equity Product – Digital and CCS Investments Sub-Product

INVEU-ICR-0029-2025 - Research, Innovation and Digitalisation Policy Window; SME Policy Window (RIDW; SMEW)

Short description of the financing or investment operation and its objectives

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| Name of financial recipient | Financial Intermediaries established in EU27 and/or Iceland and Norway with strategies pursuing any of the Target Areas under the SMEW RIDW Joint Equity Product – Digital and CCS Investments Sub-Product. |
| Type of the final recipients | Special Purpose Vehicle / Project Company; SMES; Mid-Caps; Other |
| Countries of Implementation | Italy; Spain; Greece; Portugal; Poland; France; Netherlands |
| Implementing Partner | European Investment Fund (EIF) |

The purpose of this Framework Operation is to support, inter alia:

a) the growth of cloud service providers, particularly SMEs and start-ups active in the development and deployment of advanced cloud services and platforms, smart European middleware platforms and system integration offerings and innovative cloud-to-edge services and components thereof,

b) emergence and growth of later-stage specialised intermediaries, enabling them to achieve a critical mass of investments,

c) equity investments in CCS, notably audio-visual entertainment – film production and distribution, cinema, TV, radio and video streaming, video games and innovative formats, such as virtual reality experiences – as well as music and other activities like architecture, design, artistic crafts, tangible and intangible cultural heritage, design, festivals, literature, performing arts, publishing and visual arts.

Financial intermediaries will mostly target primary investments, primarily to SMEs and small mid-caps, and mainly support companies seeking medium to long term financing, with flexible and tailor-made financing conditions. They will also support the growth/ expansion plans of the beneficiaries via catalysing new financing, new management skills, entrance into new markets, others. It is important to note here the growing demand for AI & Cybersecurity-related strategies.

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Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 22 May 2025 via e-voting for the above-mentioned operation. The third Framework Operation supports Investments under Sub-Projects by financial intermediaries under the Digital and CCS Investments Sub-Product. The Sub Projects under this Framework Operation will aim primarily at supporting: the growth of cloud service providers, smart European middleware platforms and system integration offerings and innovative cloud-to-edge services and components thereof, the emergence and growth of cybersecurity specialised intermediaries, enabling them to achieve a critical mass of investments in both early and growth stages, equity investments in CCS, notably audio-visual entertainment - film production and distribution, cinema, TV, radio and video streaming, video games and innovative formats, such as virtual reality experiences - as well as music and other activities like architecture, design, artistic crafts, tangible and intangible cultural heritage, design, festivals, literature, performing arts, publishing and visual arts, Investment in Education Tech.

Additionality

EIF's commitment is expected to be instrumental in both allowing first-time funds to materialize and diversifying and enlarging the intermediaries' investor base with new investors for new market sector and/or geographies. EIF is expected to play often the role of cornerstone investor, thus playing a catalytic effect on institutional investors in support of the existing or novel funds. In this regard, the EIF's investment is often critical to a fund reaching its target size, thereby ensuring its successful launch. Given the specificities of the CCS (unpredictability of revenues, difficult understanding of business models, lack of specialized financial intermediaries), the presence of the EIF in this sector, will trigger a positive catalytic effort, bringing in new private sectors into what some have started to dub as a new equity asset class.

Market gap

Europe remains an active source of fundamental research and development application, thanks to its high number of engineers. However, transitioning from research to market proves a very difficult step, mainly because of the reluctance of generalist investors to support highly technical projects. Moreover, as per EIF's 2024 VC Survey, the difficult macroeconomic environment is still weighing on the VC market and on VC-backed companies, thus facing significant challenges. This Framework Operation aims at directly addressing the financing gap in this sector by supporting (i) companies developing, scaling and deploying innovative digital technologies in the EU and (ii) first-time and emerging teams in fund raising capital. Certain geographies are still lagging behind in terms of access to Venture Capital in Europe (e.g., CEE, Southern Europe). The same comment applies to access to capital in the specific CCS sector across the spectrum of investments (Venture Capital, Private Equity or project



Investment Committee of the InvestEU Fund

Meeting IC 41 of 13 May 2025

Centre De Conférences Albert Borschette - Meeting Room 2B

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financing) and geographies. Thanks to InvestEU, particular attention will be put on fostering these markets, where major innovations can be sourced.