

LUXEMBOURG FUTURE FUND

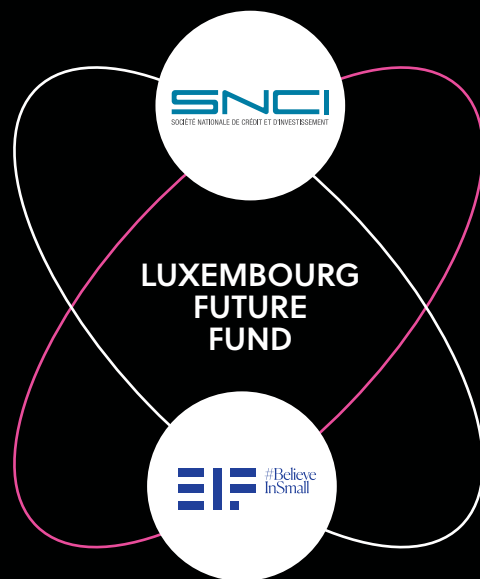
FUELLING
LOCAL **GROWTH**
IN STRATEGIC
SECTORS



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The Société Nationale de Crédit et d'Investissement (SNCI) and the European Investment Fund (EIF) established the Luxembourg Future Fund in 2015 to support the sustainable development and diversification of the Luxembourgish economy by bringing innovative activity to Luxembourg.

The EUR 150m fund invests in venture capital funds and SMEs in strategic sectors such as FinTech, Cyber-Security and Space. All investments are made on a commercial basis and based on "Luxembourg substance" criteria (the Spillover Criteria).



The fund is a EUR 150 million equity fund and has 2 dedicated sub-funds targeting investments in venture capital funds and co-investments with venture capital funds.

ELIGIBLE Venture Capital Funds

- to be established in Luxembourg
- including Luxembourg in the investment focus
- actively engaged in the Luxembourg venture capital ecosystem

Co-investments

into companies alongside venture capital funds on an equal footing basis

- into technology-focussed SMEs which bring innovative activity to Luxembourg
- all stages from start-up to growth

PORTFOLIO

AS OF 30 JUNE 2019

1 FUND INVESTMENT*

Fund details

FOUNDED IN 2016

OFFICES IN LU, US, UK

STAGE FOCUS BALANCED

SECTOR FOCUS CYBER SECURITY

GEOGRAPHICAL FOCUS EUROPE & GLOBAL

PORTFOLIO COMPANIES 19

PALADIN EUROPEAN CYBER FUND

LUXEMBOURG FUTURE FUND

6 CO-INVESTMENTS

CROSSLAND DE FINTECH

SPIRE GLOBAL US SPACE

SOLARISBANK DE FINTECH

CYBERHEDGE LU CYBER SECURITY

DIGITAL ORIGIN UK FINTECH

LENDINVEST UK FINTECH

Partner fund

LAKESTAR

RRE LEADERS

LAKESTAR

PALADIN EUROPEAN CYBER FUND

PRIME VENTURES

GP BULLHOUND

● Start-up

○ Growth

✳ Later-stage

*The fund has also approved a commitment to an investment fund to be established in Luxembourg focusing on early-stage FinTech companies mainly in the EU, which is pending its first closing to be included in the portfolio.

Luxembourg Future Fund

Co-Investment

RRE Leaders

SPIRE GLOBAL

"When we started in 2012, nobody believed that this sort of thing could be done. So we kept a low profile – also to avoid being ridiculed, you know what I mean?!" says Peter Platzer, CEO of Spire Global.

Spire is a data and analytics company that collects data from space to solve problems on earth. Through one of the largest satellite constellations in the world, Spire identifies, tracks, and predicts the movement of the world's resources and weather systems so that businesses and governments can make smarter decisions. This data is useful in a diverse array of areas ranging from weather predictions to the maritime and aviation industries, government and the military, all the way to supply chains and logistics. You can follow everything from a storm to the air traffic over the Pacific or in and out of a harbour.

Everything started in a café in Strasbourg in 2012, when three students of the International Space University - Peter, Joel, and Jeroen – identified significant potential in the space industry and started plotting out their plan. "The human mind tends to think in terms of linear growth most of the time. It's almost counter-intuitive to think in

terms of exponential growth – like in relation to the spread of a disease, or compound interest on a mortgage. But we had identified that growth in the space industry was turning exponential. So we applied ourselves..." Peter explains.

To gather its massive amounts of data and map out what's going on in the world, Spire doesn't rely on large satellites with large lenses and sensors. Instead, Spire uses nanosatellites the size of a loaf of bread, and small, power-efficient sensors (broadcasting TV or broadband internet would require high power). Staying in Low Earth Orbit (LEO) helps Spire take advantage of the number of sensors by passing over each place on earth hundreds of times per day. "Our satellites have software-defined sensors and we constantly upgrade the software, thus improving their performance with time, unlike other satellites that degrade with time. As they are small, we can cost effectively launch hundreds, ensuring high-resolution global coverage resulting in greater value from our data sets. On top of that, they are exceptionally green – designed to disintegrate in the earth's atmosphere within a few years, leaving behind no debris," he adds.

In late 2017, Spire received an equity investment from the Luxembourg Future Fund, advised by the EIF, that allowed the company to boost product development and move into the next phase of its growth. "Setting up in a country that focusses on the space industry is a huge plus. Unlike other industries, only countries are authorised to operate in space, so we needed to team up with a country that understands the sector, the competition, and can provide an innovative regulatory environment and support for us to achieve our goals. We found that in Luxembourg." What's next? "We'll continue to broaden our data set. Right now, for example, we're looking at collecting data on soil moisture and surface wind speed for example," Peter concludes. Yes, soil moisture, from space...

20 NEW JOBS CREATED IN LUXEMBOURG

SPILLOVER CRITERIA

ALL INVESTMENTS ARE SELECTED BASED ON SPILLOVER CRITERIA DESIGNED TO BRING INNOVATIVE ACTIVITIES TO LUXEMBOURG WITH THE GOAL TO SUPPORT STRATEGIC SECTORS.

SPILLOVER CRITERIA:

- revenue generation by companies established in Luxembourg
- direct cost reduction (efficiency gain) in Luxembourg
- creation of key skills (placing people, training) in Luxembourg
- significant employment creation in Luxembourg.

MEANS TO GENERATE SPILLOVERS:

- incorporation of new business/research entities in Luxembourg
- creation and/or development of (new) fields of business activities in Luxembourg
- formal cooperation with key actors within the Luxembourg innovation system (universities, public research labs, clusters of business activities).

Revenue generation ●

● Direct cost reduction

Employment creation ●

● Creation of key skills

"As part of this investment, Paladin, with its worldwide national security and specialised competence experts, will work closely with the Luxembourg government in developing a world class cyber center to attract the best and the brightest investors, educators, innovators and entrepreneurs to Luxembourg."

MICHAEL STEED
MANAGING PARTNER AND
FOUNDER OF PALADIN

Luxembourg Future Fund

Co-Investment

Paladin European Cyber Fund

CYBERHEDGE

"If the primary asset of your company is oil, gas or minerals, you will probably spend a lot of time and resources on protecting it, right? Studying the geology, politics, the technology, and taking steps to make it more secure. But what happens if your primary asset is data? I started asking around and it didn't take long to see that there's really no standard approach to protecting "data as an asset". That was our niche," explains Ryan Dodd, founder of Cyberhedge, a Luxembourg-based start-up focusing on cybersecurity.

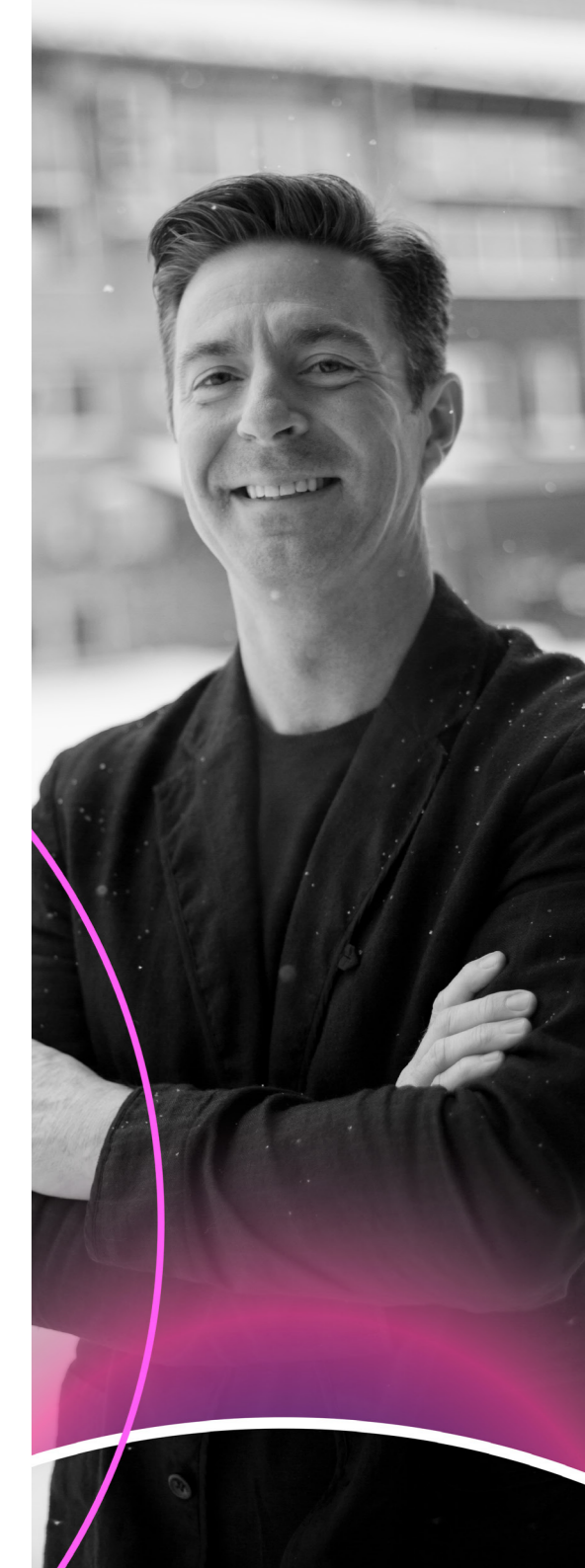
"By combining data we've gathered on over 5000 companies with real-time financial modelling, we can instantly assess your cyber-management performance against your competition, as well as the resources dedicated to cybersecurity relative to the risk, which we also quantify. The result is a financially prioritized action plan to help reduce the amount of cyber value at risk. This goes beyond just technical recommendations, and we will spell it out in the right way. Management often doesn't speak cyber, so we speak CFO and translate our cyber assessments into relevant value metrics in a language that management understands," he adds.

In 2015, Ryan, originally from Oklahoma, was an institutional shareholder in companies whose data and software code was the primary source of their value. Frustrated by corporate boards' inability to clearly report to him and other shareholders on how their executives were managing and protecting their companies' valuable data, he began creating financial models to help 'hedge out cyber risk'. These models were the first step in creating Cyberhedge.

Cybersecurity is a very real and immediate risk in today's business environment. Why? "Partly because it's invisible, but also partly because we've never paid enough attention to security as a strategic issue. Everyone talks about the digital transformation, about technology powering value, and we spend vast amounts on IT systems and digitalisation, but how much have we spent, collectively, on protection? Not enough. It's very insecure."

Cyberhedge set up its headquarters in Luxembourg, at the heart of Europe's financial system. "Europe is leading the way when it comes to cybersecurity and we wanted to be close to the decision-making, to have a good understanding of the regulatory environment," he explains. In 2018, an equity investment from the Luxembourg Future Fund, advised by the EIF, allowed Cyberhedge to build up a team, doubling staff numbers. "We were able to build up our data science lab in Luxembourg and develop our product further. Now we can offer instant analysis and relative positioning for our clients across Europe and the US. With time, people are becoming more aware of this issue and we are in a good position to grow. Starting up a business is never easy, especially when you put everything you have into it, but if you have a deep conviction about your view or your idea, you can keep moving forward even in the toughest of moments."

3 NEW JOBS
CREATED IN
LUXEMBOURG



ABOUT EIF

The European Investment Fund's (EIF) mission is to improve access to finance for SMEs.

It does this by designing instruments that remove some of the risk taken by financial institutions when they lend to, or invest in, small businesses.

As part of the European Investment Bank (EIB) Group, the EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties.



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@eif4smes



European Investment Fund

ABOUT SNCI

The Société Nationale de Crédit et d'Investissement (SNCI) is a public-law banking institution specialised in medium and long term financing of Luxembourg based companies. SNCI's financing instruments cover investments in fixed assets, innovations and exports. SNCI also grants start-up/transmission loans to newly incorporated or inherited SMEs. It may also finance investments of Luxembourg companies abroad. SNCI may take equity positions, either directly or through affiliated financing companies.

For more information, please visit www.snci.lu.

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