



Pääomasijoittajat

Finnish Venture Capital Association

Private Equity In Finland H1/2021

Statistics on fundraising, investments, and divestments

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Private Equity

Startup

A young and innovative company that typically strives for rapid international growth with a scalable business model.

Venture Capital (VC)

Venture capital investors invest in startups at different growth stages, becoming **minority owners** in their portfolio companies.

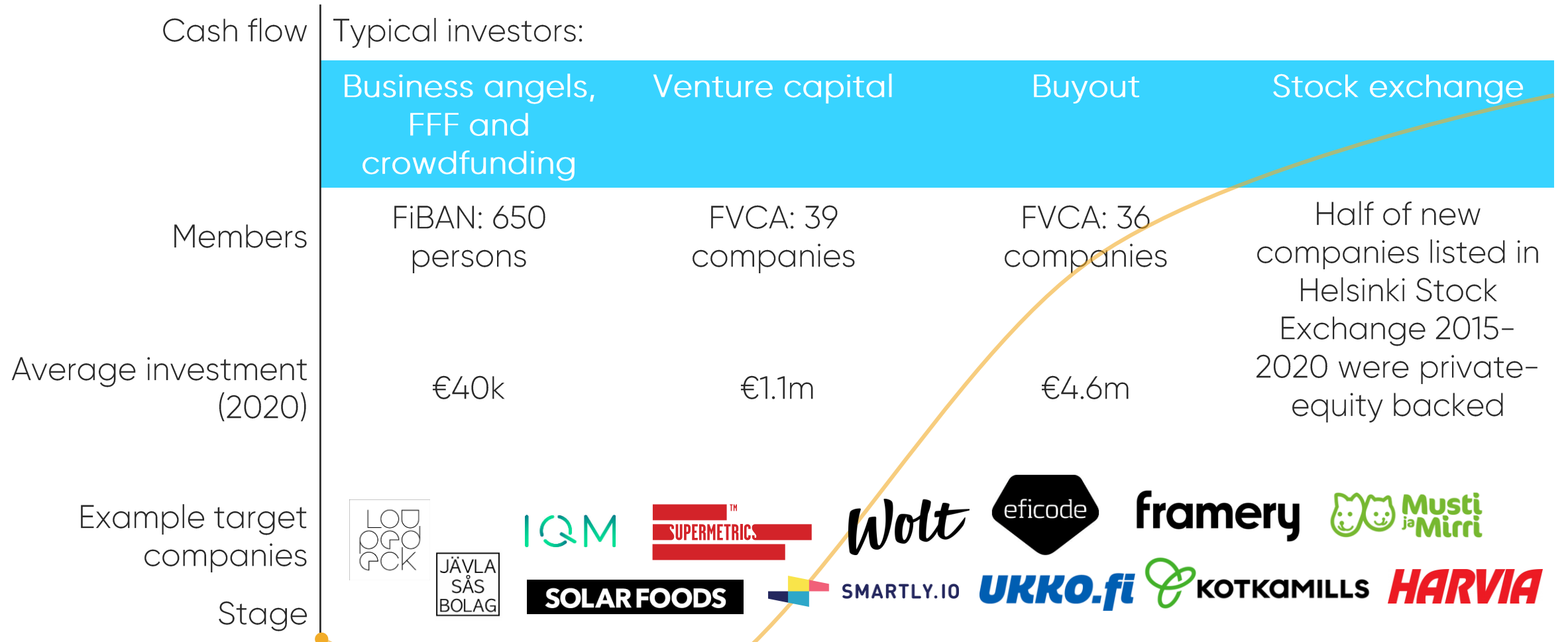
Growth Company

A company with established business operations, revenue, & potential for continued growth. Revenue can range from a few million to hundreds of millions.

Buyout (BO)

Buyout investors target more established growth companies. The investments can be **majority or minority investments**. The minority investments are often called **growth** investments.

Private Equity Investors by Stage



Private Equity and Venture Capital Investors in Finland

FUNDRAISING 2016-2020
€3.4b, of which 25% from pension funds



- Pension funds
- Insurance companies
- Family offices, foundations

PROFITS

Private equity and venture capital are among the most profitable asset classes for limited partners

INVESTMENTS 2016-2020
€5.7b

- BO
- Growth
- VC

Finnish companies

GROWTH

Faster growth in turnover and number of employees, when compared to peer companies*

Growth with VC/PE investor 3-7 years

- 9x
- 5x

Profits for the fund investors

Exit

DIVESTMENTS

Companies move to the next growth stage

* FVCA and KPMG's Economic Impact Study 2020

Summary of Finnish Private Equity Statistics

Venture capital & buyout H1/2021

Private Equity in Finland H1/2021

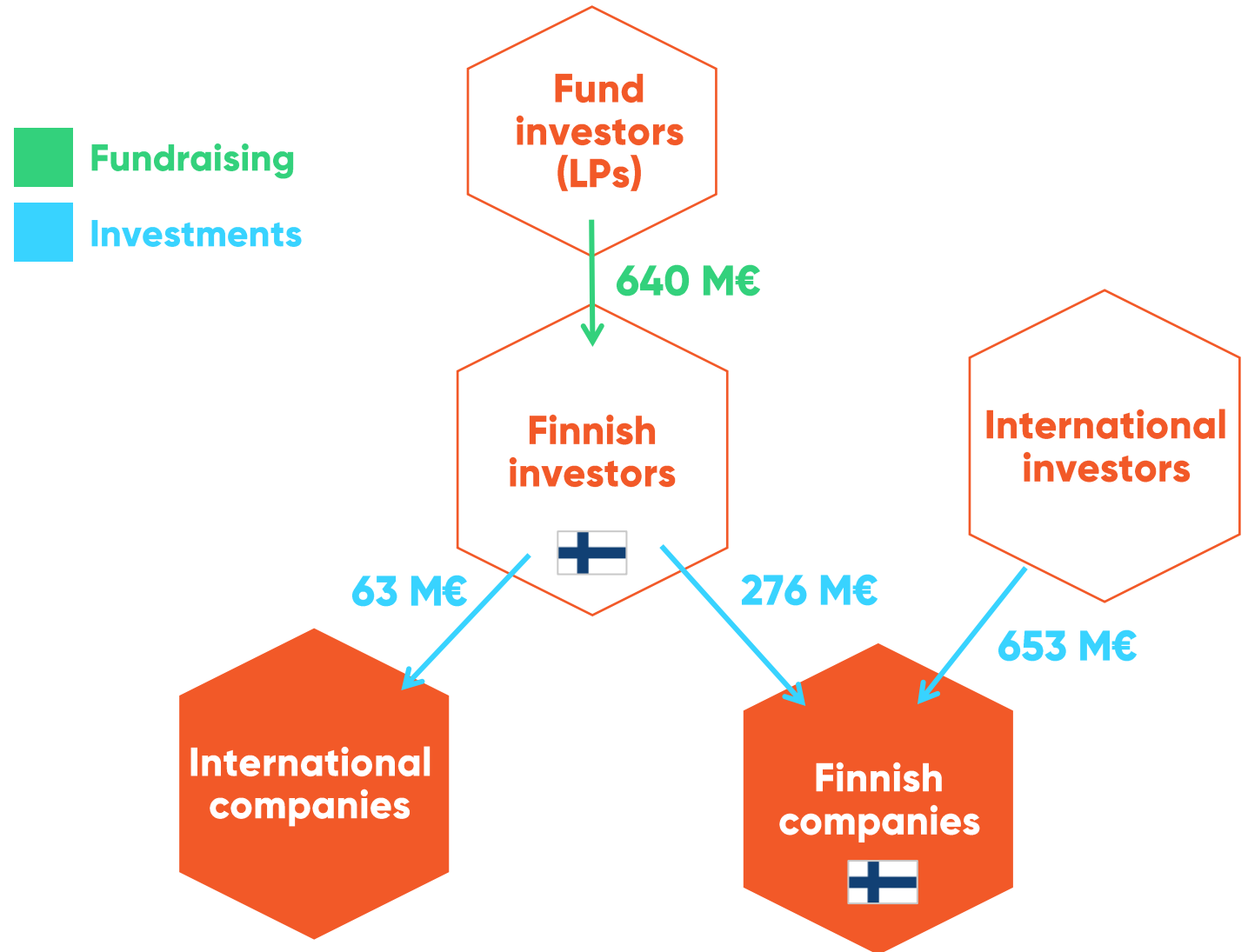
€640m

Funds raised to Finnish venture capital and buyout funds for future investments.

€929m

Investments in Finnish companies.

Venture capital & buyout H1/2021

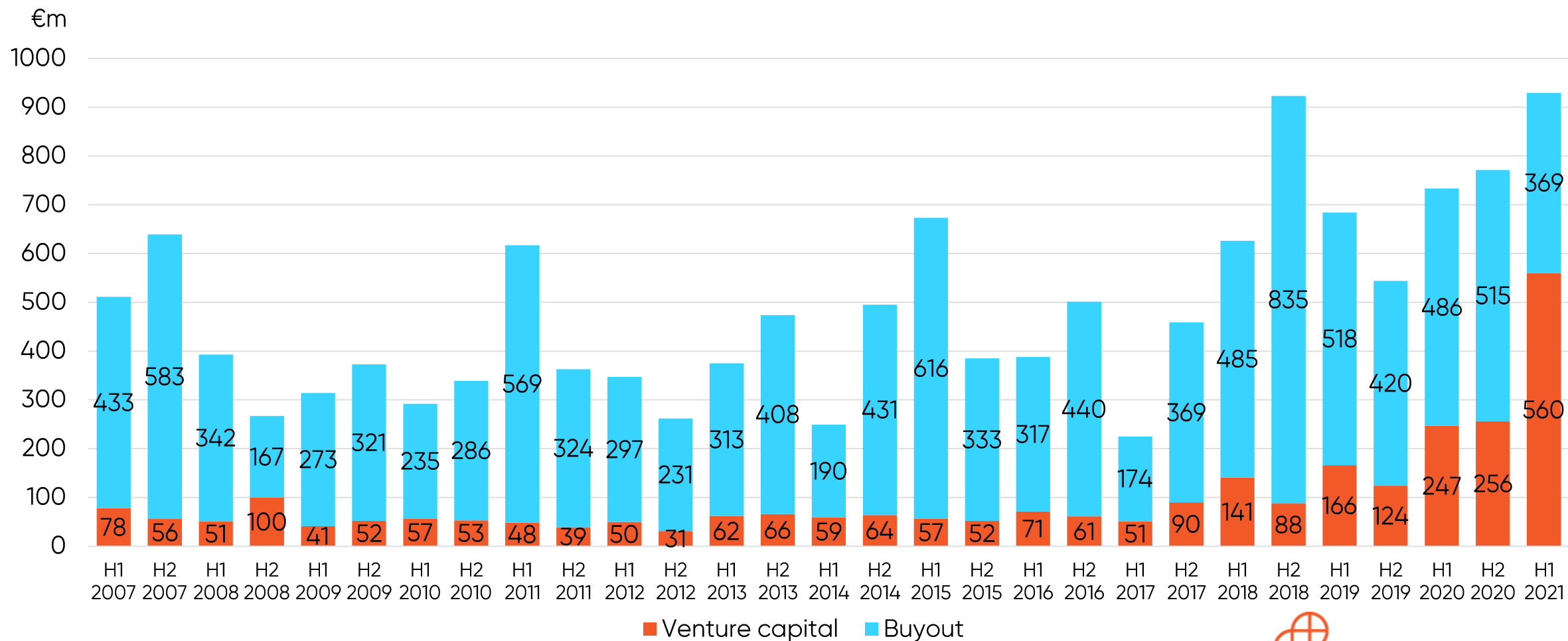


Private Equity H1/2021

Highlights from the venture capital and buyout statistics.

- Finnish private equity investors invested a total of **€339m** in **176** Finnish and international startups and growth companies.
- **149** Finnish startups and growth companies received a total of **€929m** in investments from venture capital and buyout investors.
- International private equity investors invested a total of **€653m** in **35** Finnish companies.
- Finnish private equity investors exited from **43** portfolio companies.
- The new funds raised by Finnish private equity investors, a total of **€640m**, will be invested in startups and growth companies in the coming years.

€929 Million of Private Equity Investments in Finnish Companies January-June 2021

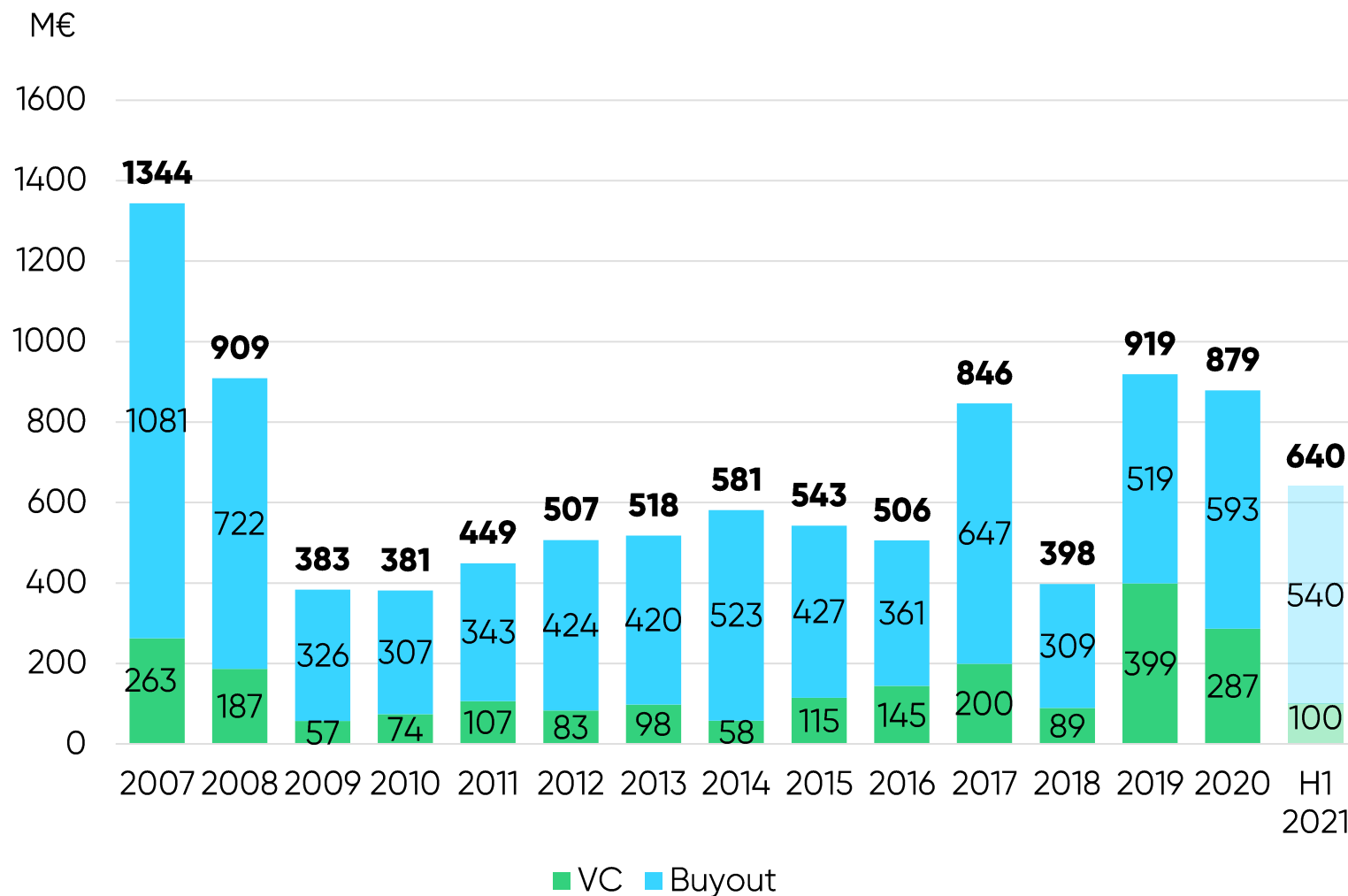


Successful Fundraising for Private Equity Investors

€640m

Funds raised to Finnish buyout & venture capital funds.

Suomalaisten rahastojen varainkeruu

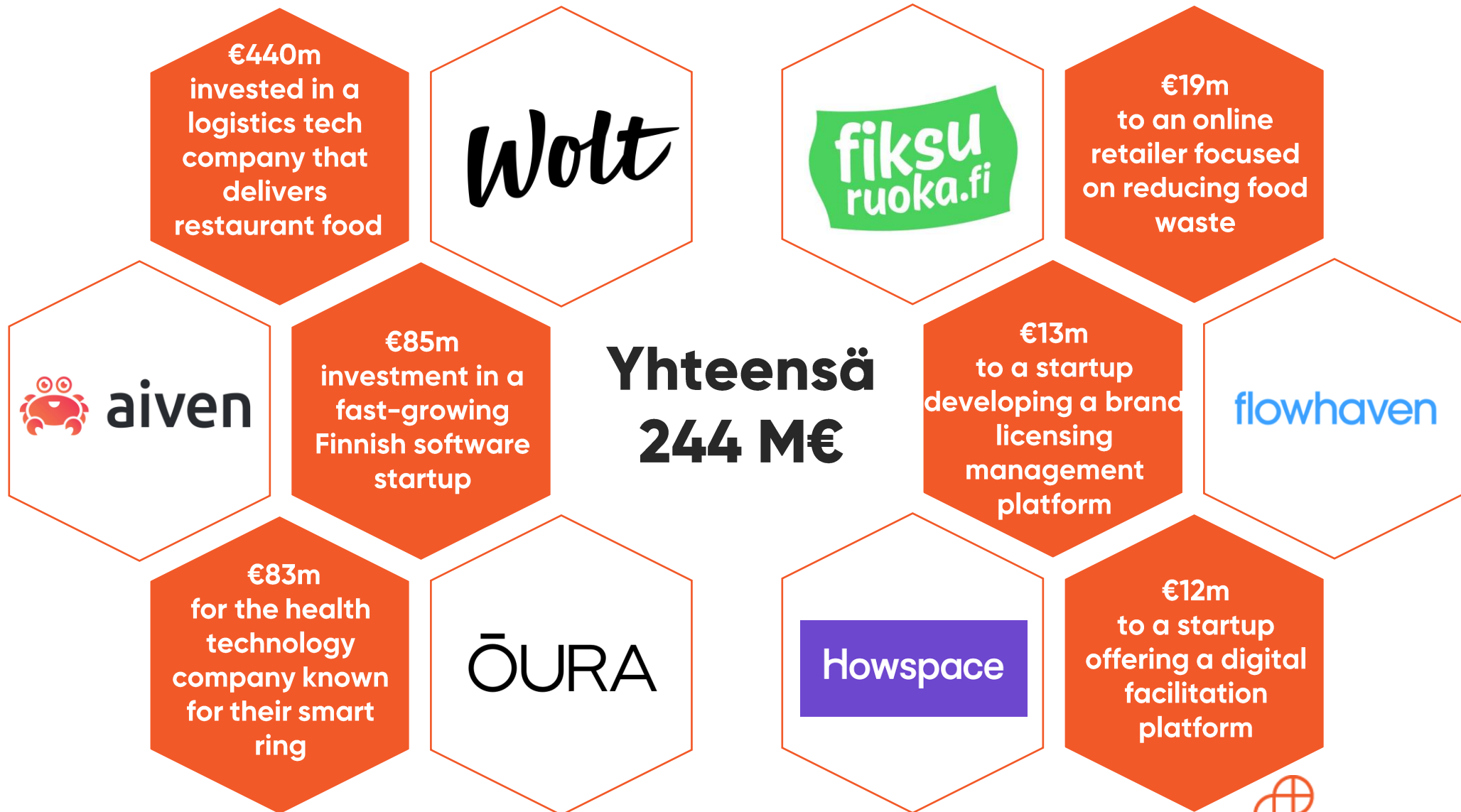


Sources: FVCA, EDC

Examples of Buyout Investments in Finnish Companies in H1/2021



Examples of H1/2021 Startup Investments



Emerging Trends in Finnish Private Equity

Pia Santavirta and Janne Holmia: ESG, Mega Rounds, and Tech Investments

1. Impact and Responsibility

According to Santavirta and Holmia, private equity investors are increasingly investing in companies that not only have growth potential, but also a positive impact on the environment and society. Investing in sustainable development offers interesting business opportunities.

"I believe that both startups innovating in sectors like energy and material technology, as well as more traditional companies willing to change old ways of working, are at the forefront of solving our time's major issues, like climate change," Santavirta comments.

2. More Mega Rounds Raised by Startups

Of the fifteen largest funding rounds raised by Finnish startups, ten have been raised in the last two years. The €440 million round raised by Wolt broke all records in the Finnish startup scene, but there are many other success stories brewing right behind.

This year, large rounds have been raised, for example, by Iceye (€74 million) and Aiven (€84 million).



3. Tech Companies and Digitalisation

Attracting Investments

There has been a shift towards more and more investments being made in both technology companies, as well as companies in other industries, which are utilising digitalisation to achieve growth.

" Finnish tech companies are also of interest to international investors, and there is a lot of know-how and innovation in Finland in the field of health technology, for example," Holmia continues.

"The pandemic, if nothing else, has pushed companies to digitise their operations. Investments by private equity investors, where digitalisation is not a part of the company's value creation plan, are few and far between," comments Santavirta.

4. Investments in Venture Capital Funds

For more than a decade, private equity funds have been one of the most lucrative asset classes for fund investors. Historically, the majority of institutional investors' investments in Finland have been made in buyout funds, which invest in established growth companies, and the fundraising activity of buyout funds has remained at a steady level.

The startup investment side has seen strong growth in recent years. The returns of venture capital funds have risen, which in turn has made them attractive investment opportunities for institutional investors.

5. More Growth Funds and Investments

Growth investors look for potential portfolio companies between early-stage startups and larger companies targeted by buyout investors. The strategy may be, for example, to invest in technology companies after they have passed the startup phase, or to invest in smaller companies in more traditional industries.

Investments from growth investors may also be sought after in situations where a family business is going through generational change.

*"The diversifying group of private equity investors and their expertise of different growth stages offer more and more Finnish companies support on their growth path,"
Holmia concludes.*

Finnish Venture Capital Association

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