

**Pääomasijoittajat**

Finnish Venture Capital Association

# Venture capital in Finland

## H1/2023

Statistics on fundraising, investments, and divestments

Published 15 November 2023

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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

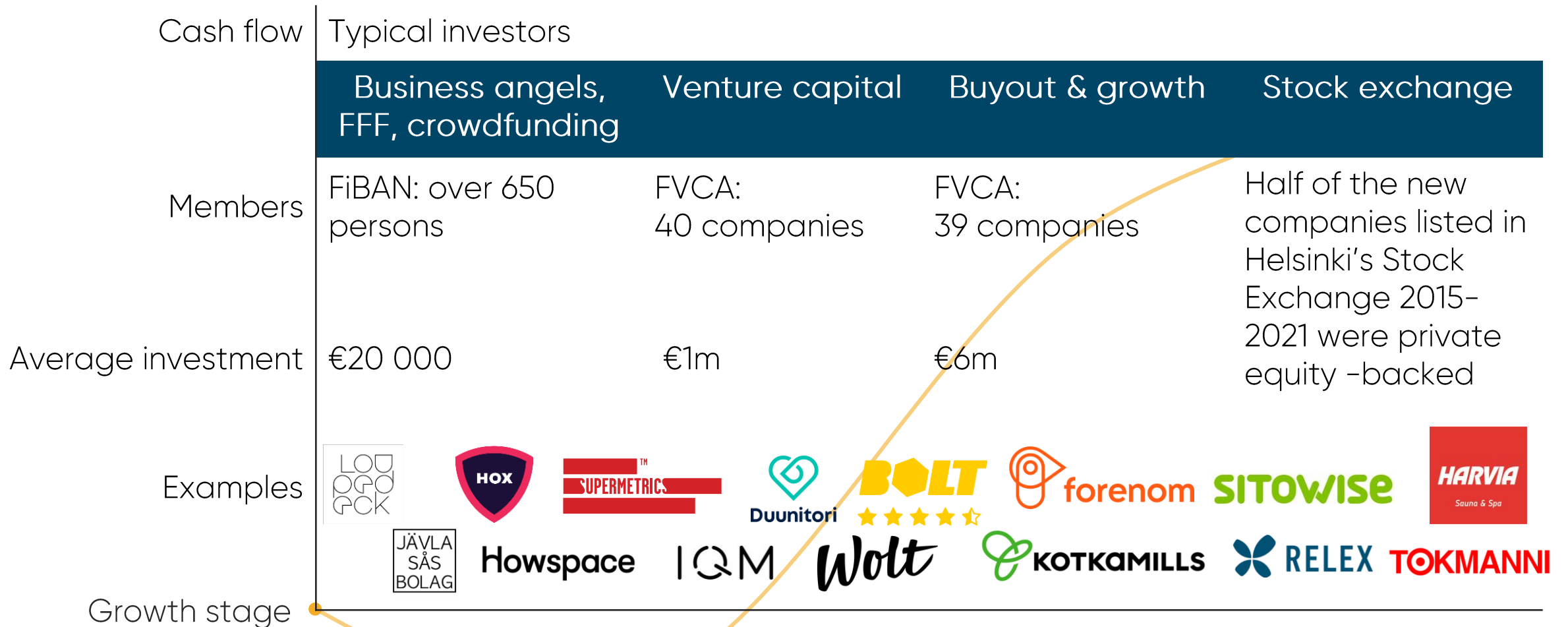
A company with established business operations, revenue, & potential for continued growth. Revenue can range from a few million to hundreds of millions.

## Buyout & growth

**Buyout and growth** 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



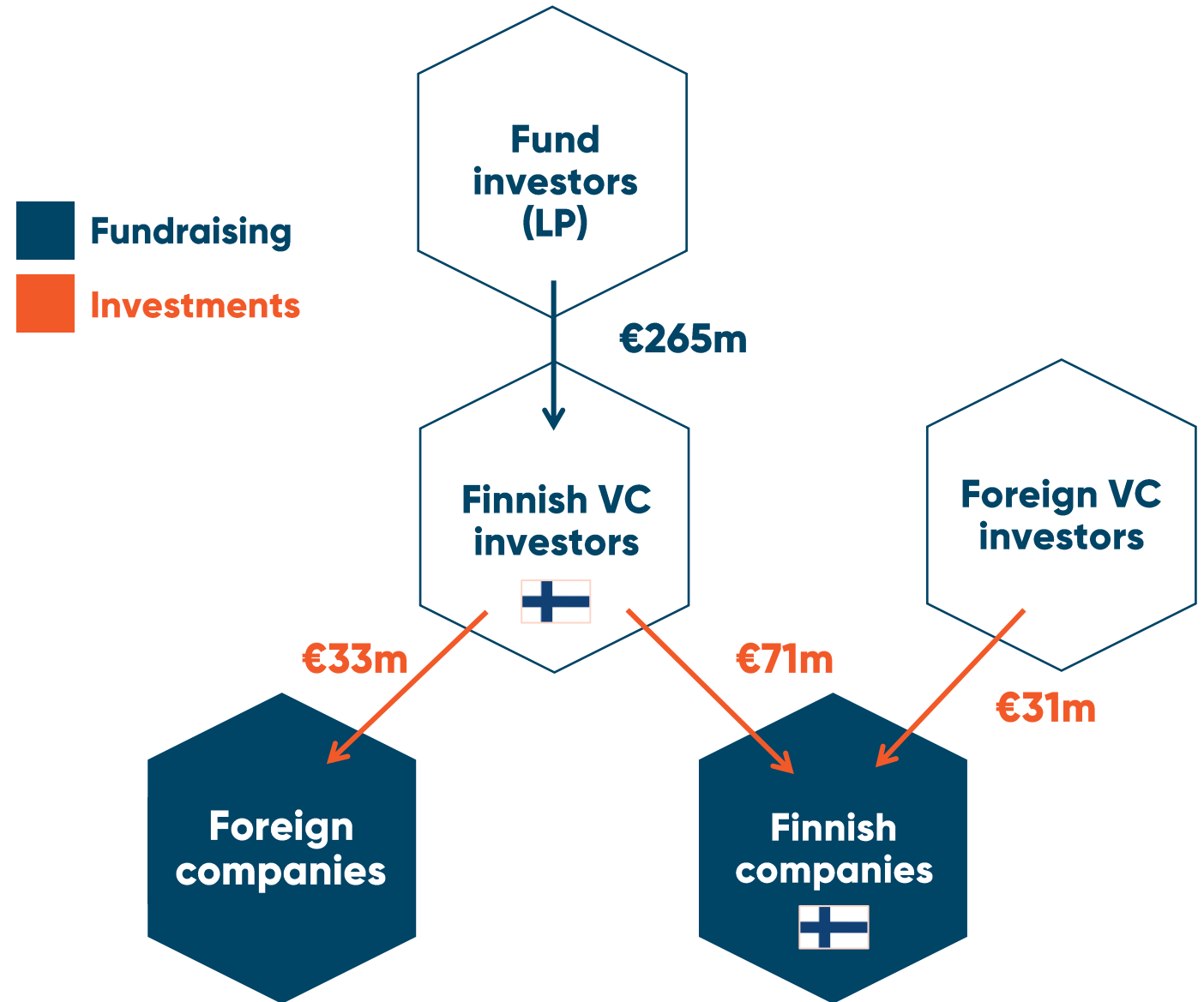
## Venture capital H1/2023

**€265m**

Funds raised to Finnish venture capital funds from LPs.

**€104m**

Investments made by Finnish VCs.



## Venture capital H1/2023

### Statistics in brief

- Finnish startups raised a total of **€102m** of venture capital funding, of which **€71m** came from Finnish VCs and **€31m** from foreign VCs.
- A total of **91** Finnish startups raised VC funding.
- In addition, **11** Finnish startups raised a total of **€168m** in later stage VC-growth investments from domestic and foreign investors..
- Finnish VC investors invested a total of **€104m**, of which **€33m** in foreign startups.
- A total of **125** startups received funding from Finnish VC investors.
- Finnish VC funds raised a total of **€265m** in new funds for future investments.



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# Investments in Finnish startups

## Investments in Finnish startups dropped significantly

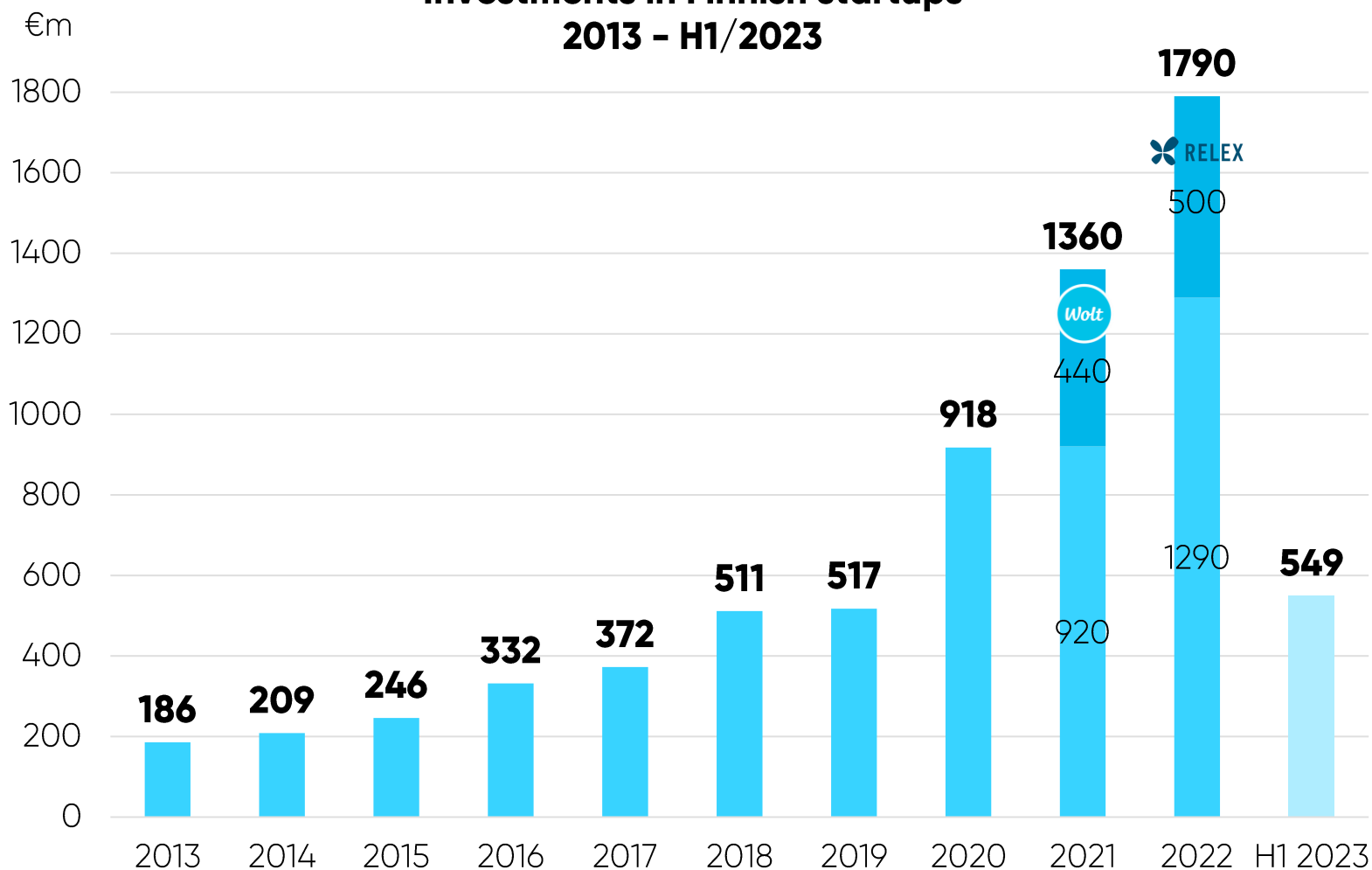
**€549m**

The amount raised by Finnish startups from domestic and foreign investors in the first half of the year.

The amount has dropped significantly, especially when considering the mega-funding rounds of previous years.

Startup funding has similarly declined elsewhere in Europe and the United States.

### Investments in Finnish startups 2013 - H1/2023



Includes all equity investments: venture capital, growth investments, angel investments, crowdfunding, other domestic and foreign investments (e.g. corporations)







Sources: FVCA, EDC



# Examples of investments in Finnish startups H1/2023



# The biggest funding rounds in Finnish startups

1.	 RELEX	€500m	2022	6.	<i>Hostaway</i>	€162m	2023
2.	 Wolt	€440m	2021	7.	 ICEYE	€120m	2022
3.	 aiven	€200m	2022	8.	 Wolt	€110m	2019
4.	 hmd.	€195m	2020	9.	Swappie	€108m	2022
5.	 RELEX	€175m	2019	10.	 Wolt	€100m	2020
				11.	 SUPERCHELL	€98m	2013
				12.	 MariaDB	€92m	2022
				13.	 hmd.	€86m	2018
				14.	 aiven	€84m	2020
				15.	ŌURA	€83m	2021



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# Market statistics

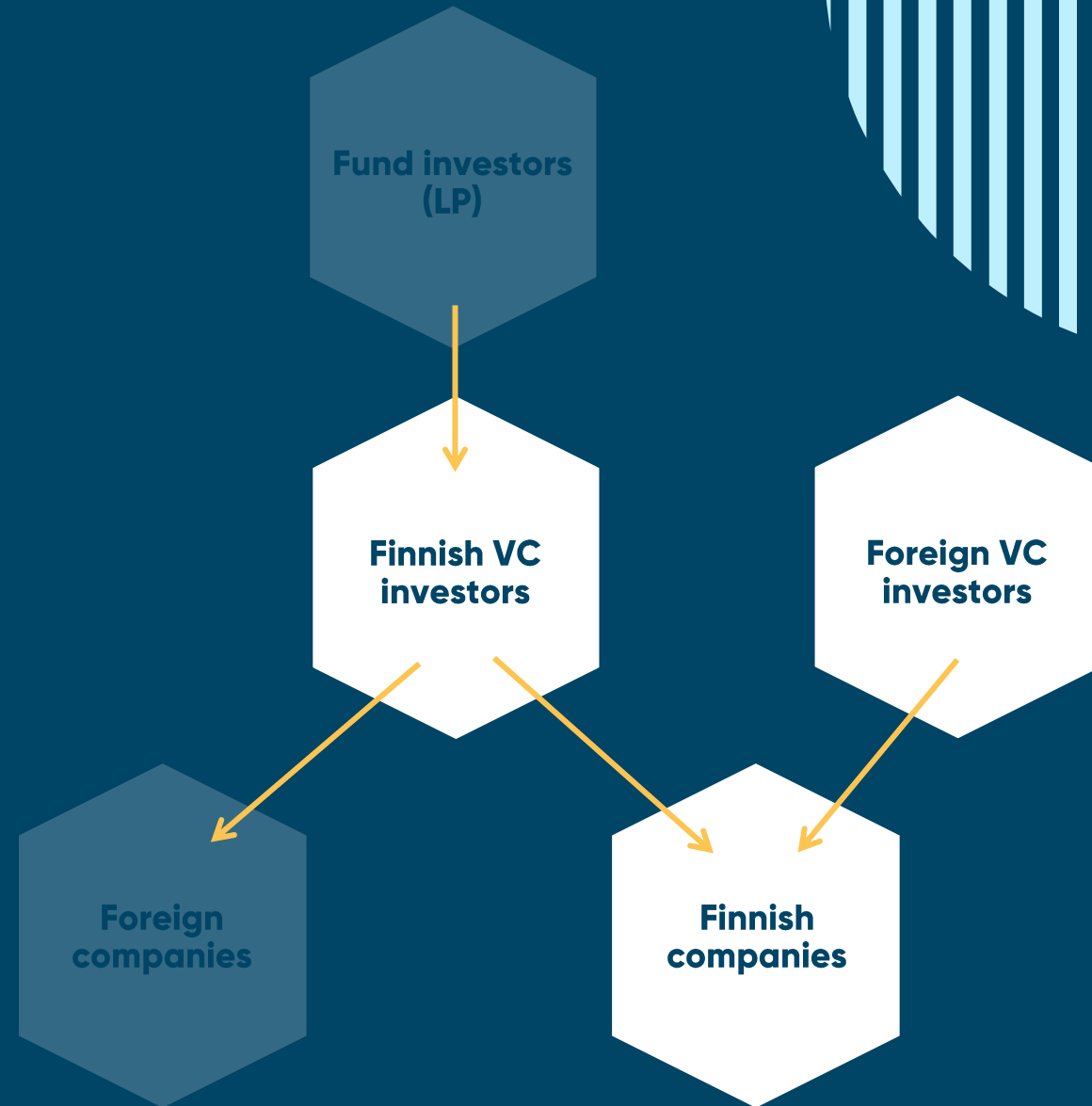
Finnish and foreign venture capital investors' activity in Finnish companies



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# Investments



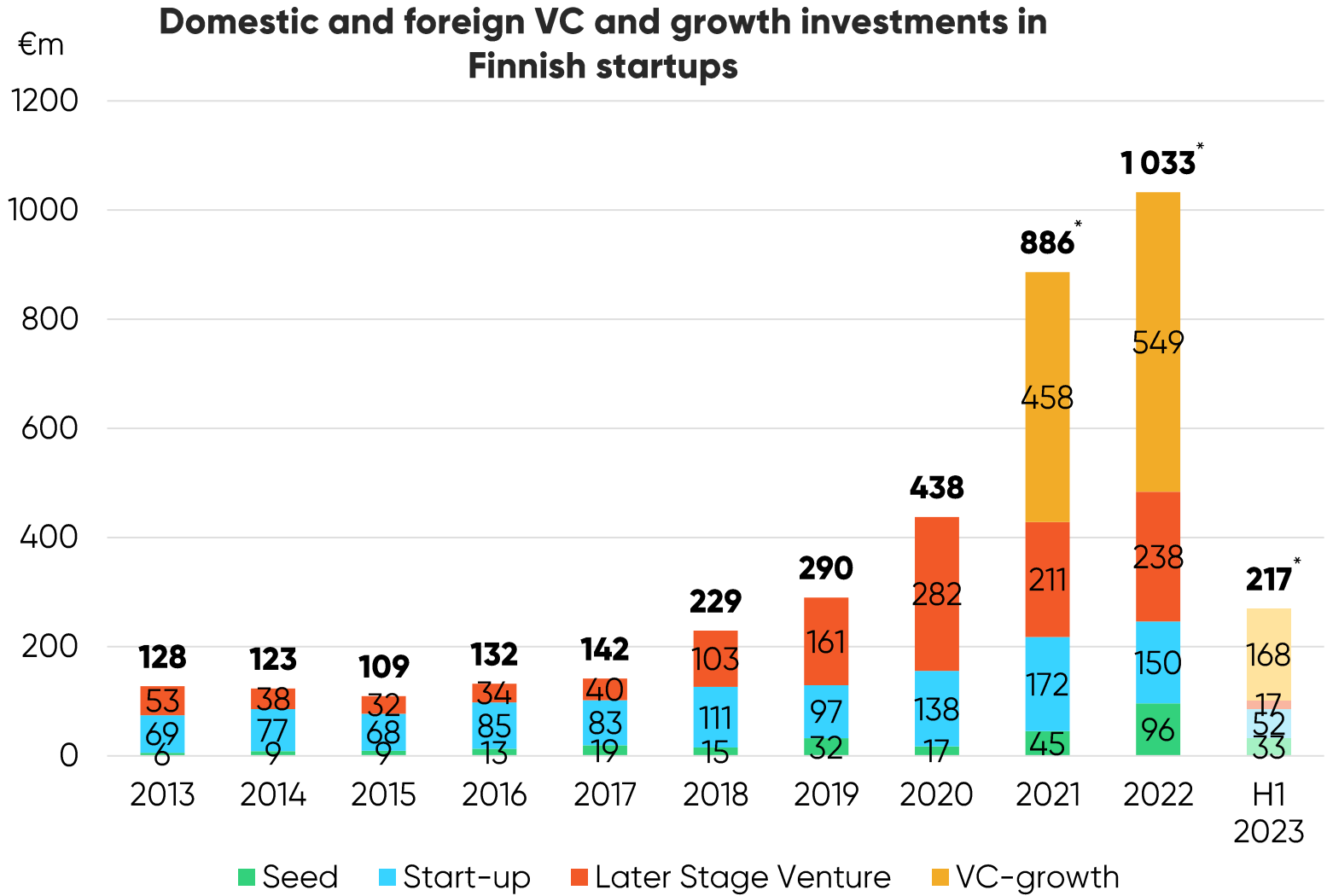
## Biggest drop seen in later-stage investments

**€217m**

Investments raised by Finnish startups from domestic and foreign venture capital and growth investors in H1 2023.

**€33m**

Seed stage investments continued at a high level.



\*VC-growth statistic added to the graph for 2021-2023. See methodology for more information.

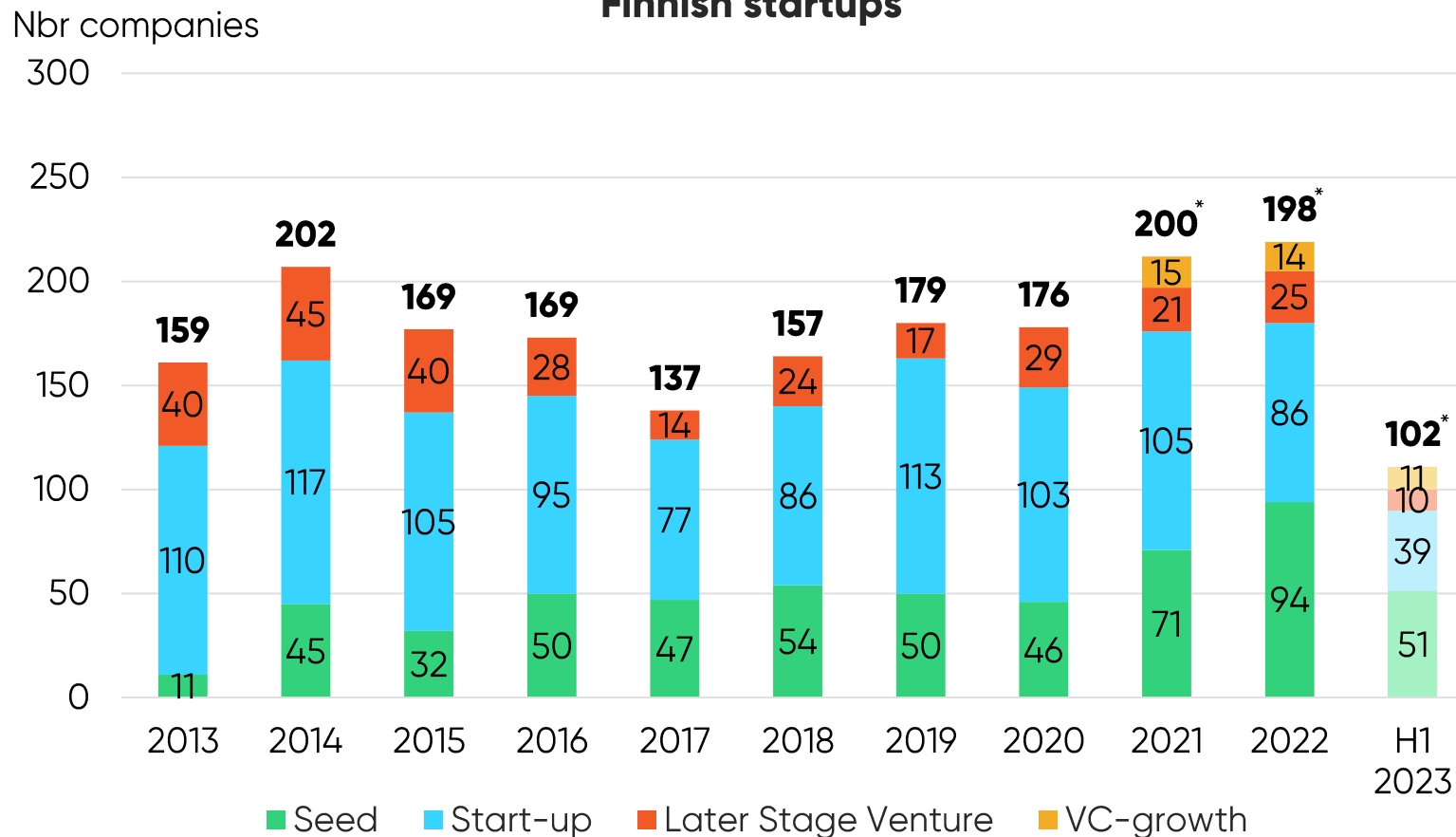
## The number of Finnish companies receiving investments stable

### 102 companies

The number of companies that received domestic or foreign VC and growth investments in H1 remained at the level of previous years.

While the number of companies has remained steady, the amount of funding decreased significantly in the early part of the year.

### Domestic and foreign VC and growth investments in Finnish startups

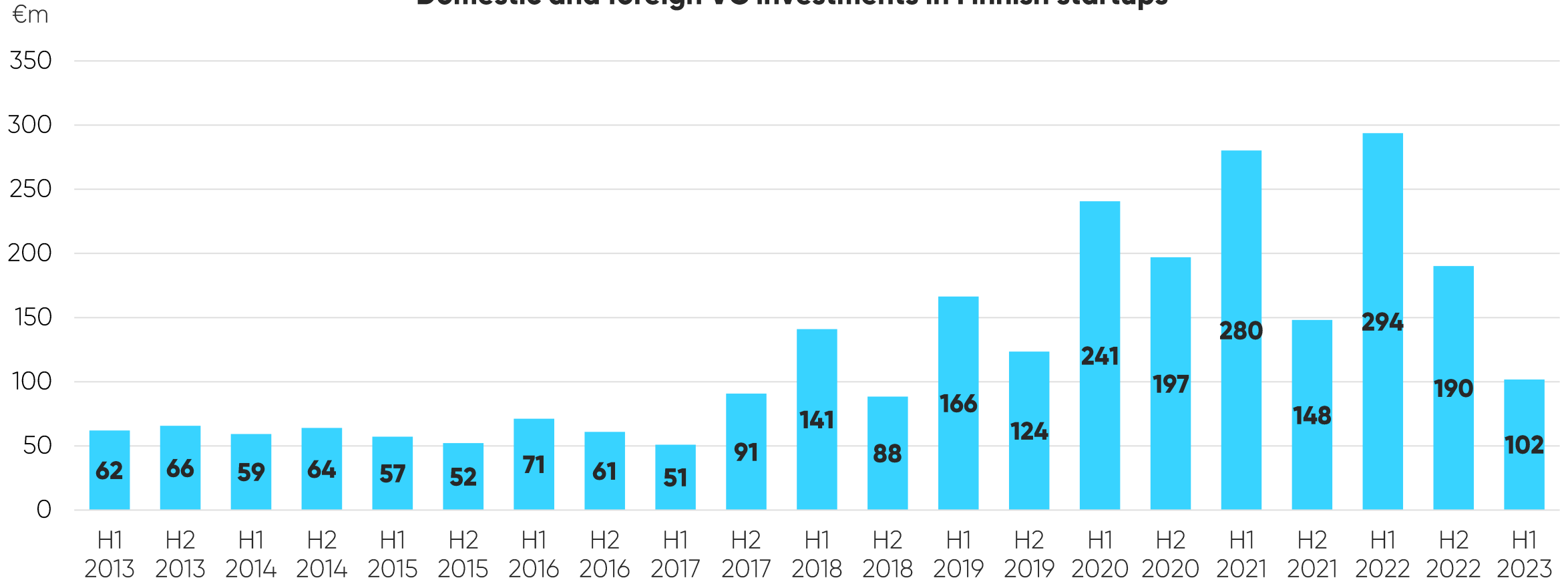


\*VC-growth statistic added to the graph for 2021-2023. See methodology for more information.

A company may have received more than one investment during the same year (e.g. both in the seed and startup stages). However, each company is taken into account only once in the total number of investments.

# €102 million to Finnish startups in January-June 2023

Domestic and foreign VC investments in Finnish startups

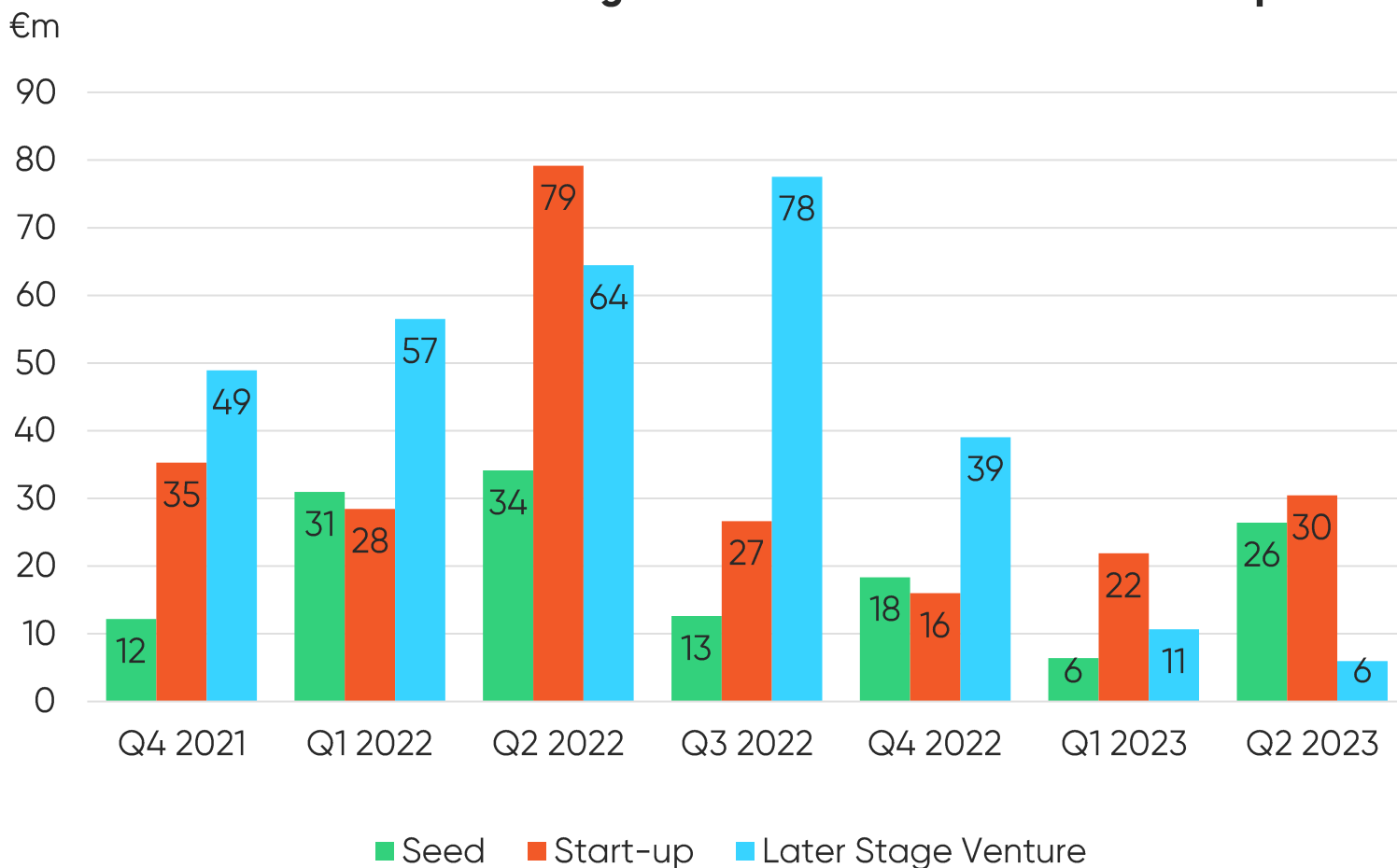


## Later-stage investments in decline – early-stage picking up

Examining VC investments on a quarterly basis provides a more detailed picture of the decline in later-stage investments.

Seed and early-stage investments have turned upward and are at a historically good level.

### Domestic and foreign VC investments in Finnish startups

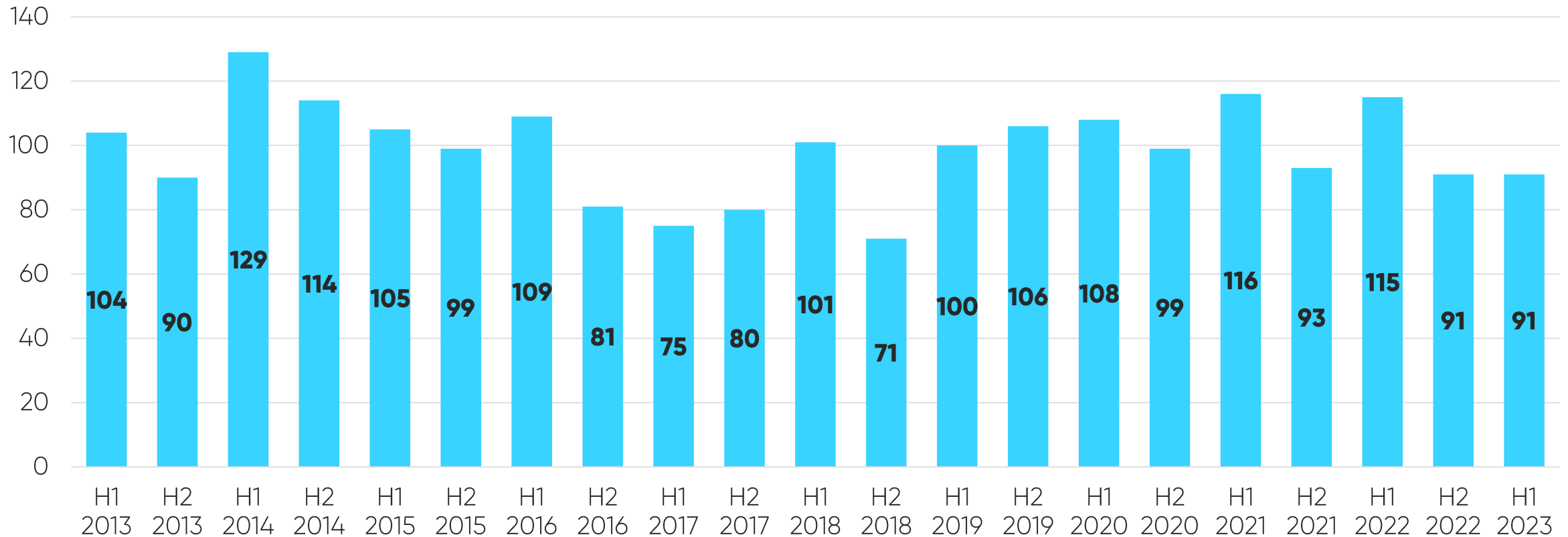




# 91 Finnish startups received VC investment in January-June 2023

## Domestic and foreign VC investments in Finnish startups

Nbr companies



## Foreign investments in Finnish startups declined the most

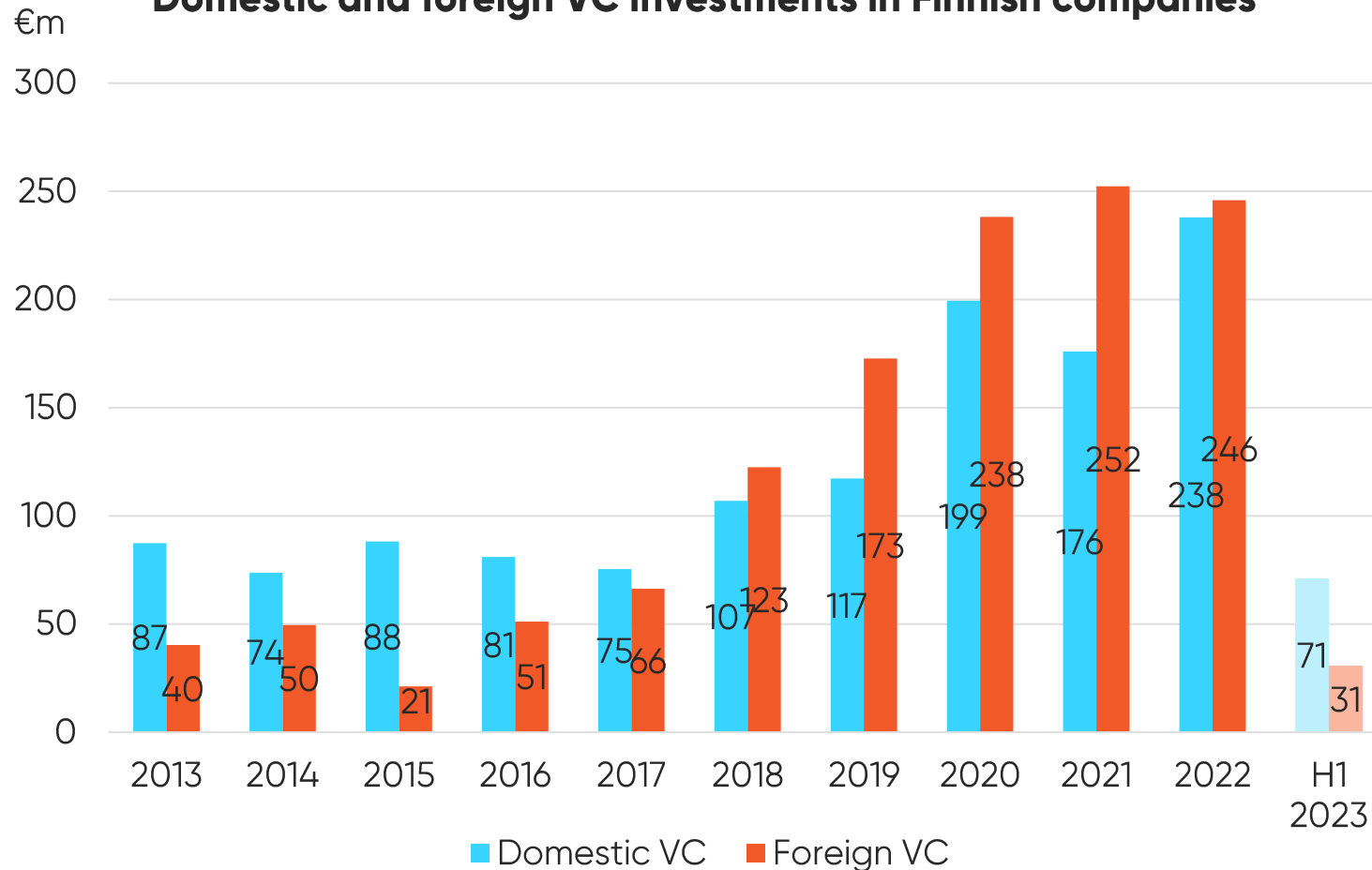
**€71m**

The amount invested by Finnish VCs declined from previous years.

**€31m**

Foreign VC investments in Finnish startups decreased more in comparison to domestic ones.

### Domestic and foreign VC investments in Finnish companies



## The number of foreign VC investments declined

### 87 companies

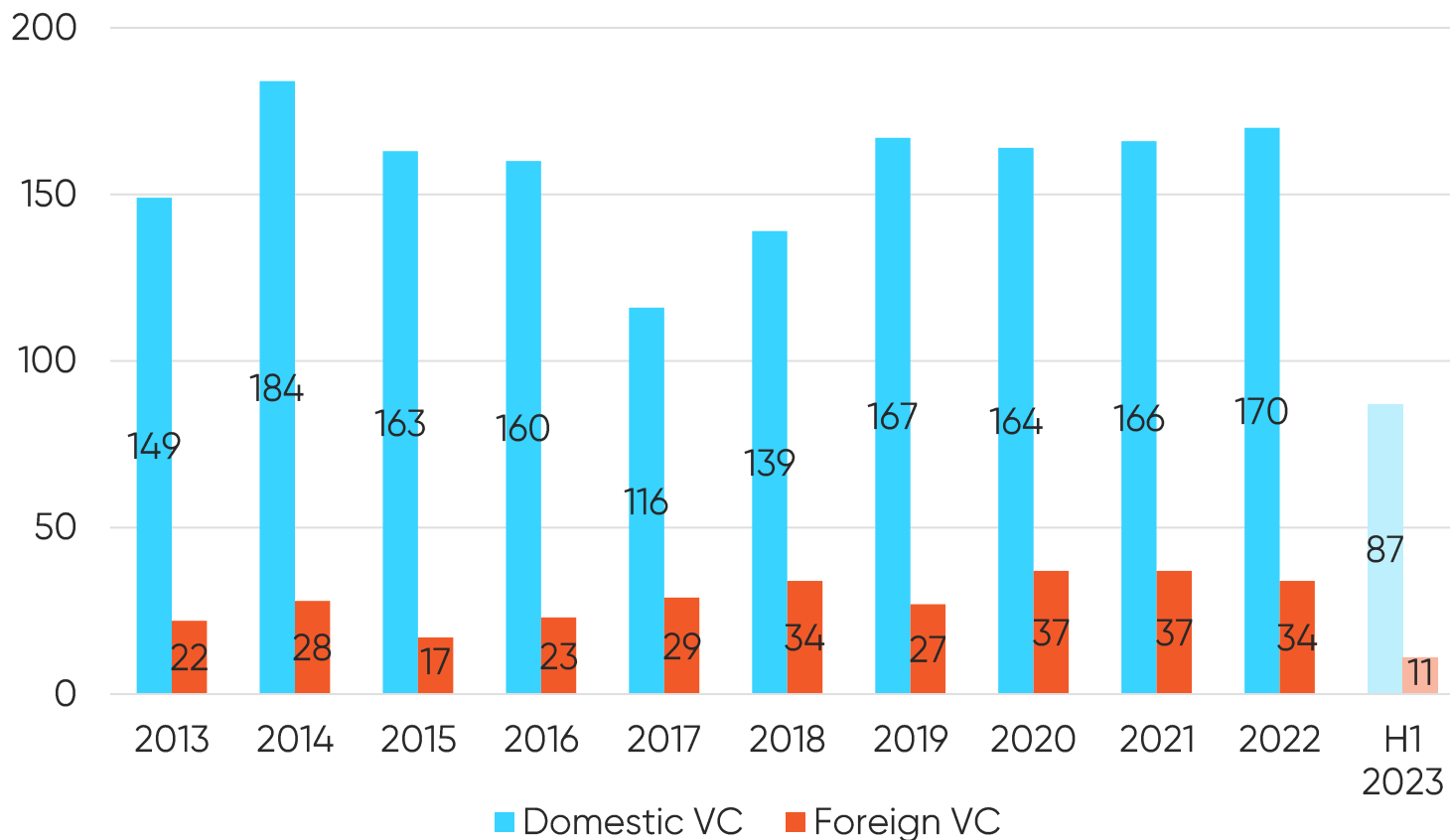
The number of startups receiving domestic VC investments stayed at the level of previous years.

### 11 companies

A decline in both the number of deals and the amount invested is noticeable in foreign VC investments in the first half of 2023.

## Domestic and foreign VC investments into Finnish companies

Nbr companies



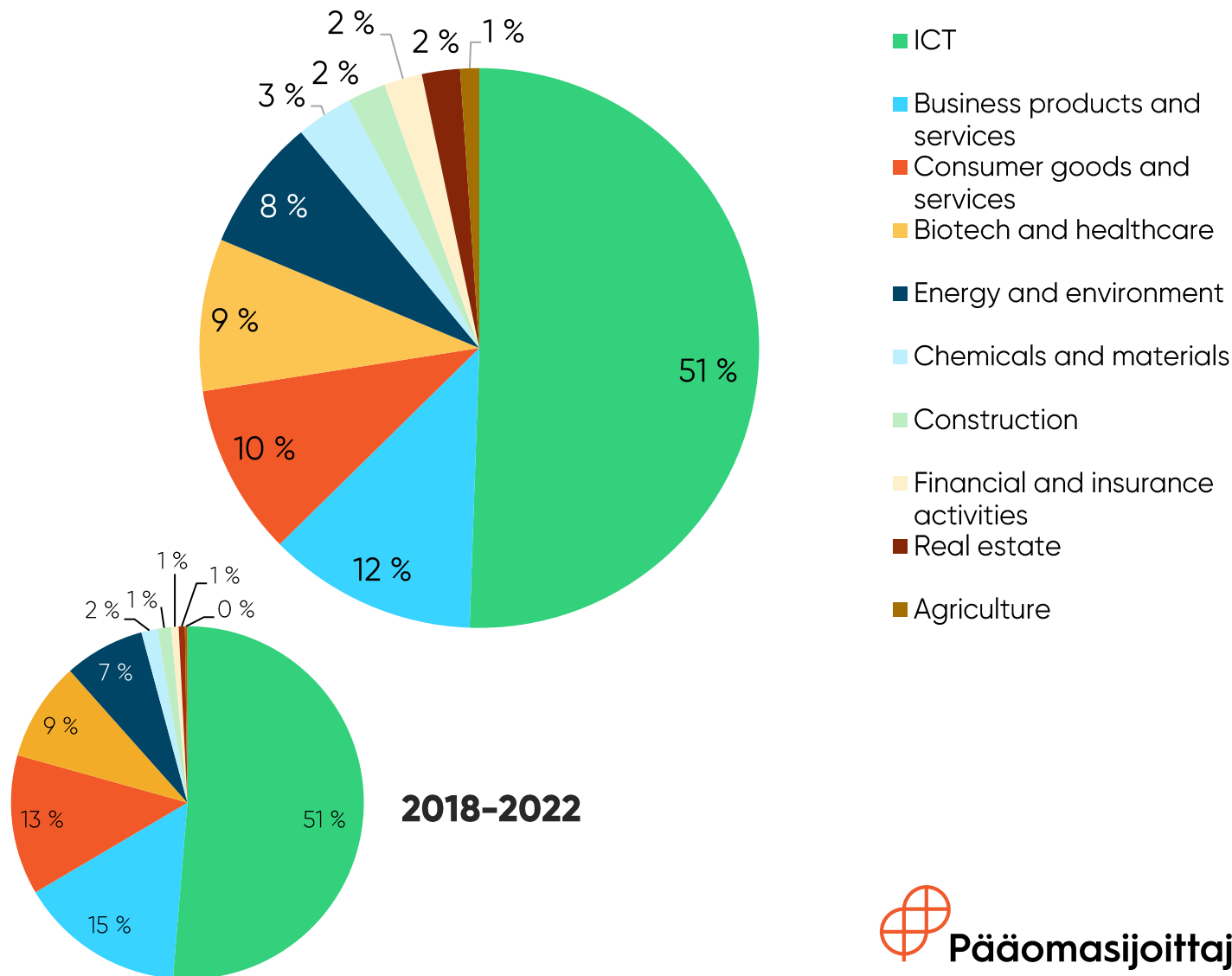
## ICT companies received the most investments

**51%**

Approximately half of the companies that received VC investments during the first half of the year operate in the ICT sector.

The ICT sector includes, for example, software, applications, communication and computer technology, as well as electronics.

### VC investments in Finnish companies by industry H1/2023 (nbr companies)



Sources: FVCA, EDC



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# Divestments

# Venture capital investors' exits from Finnish companies

**14 companies**

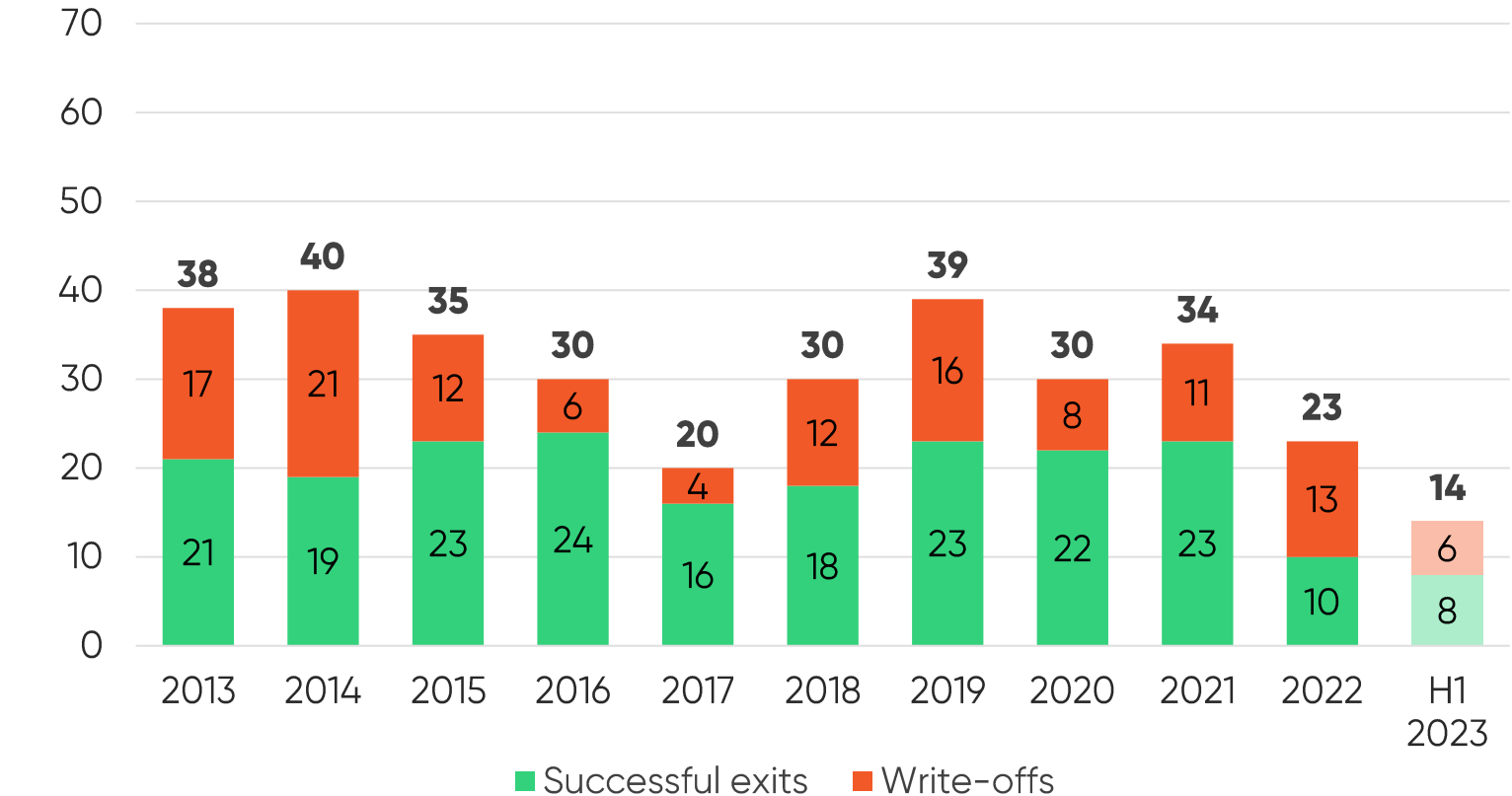
were exited in January–June 2023.

**42%**

of exits were write-offs, which is near previous years' average.

## VC exits from Finnish startups

Nbr companies





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# Industry statistics

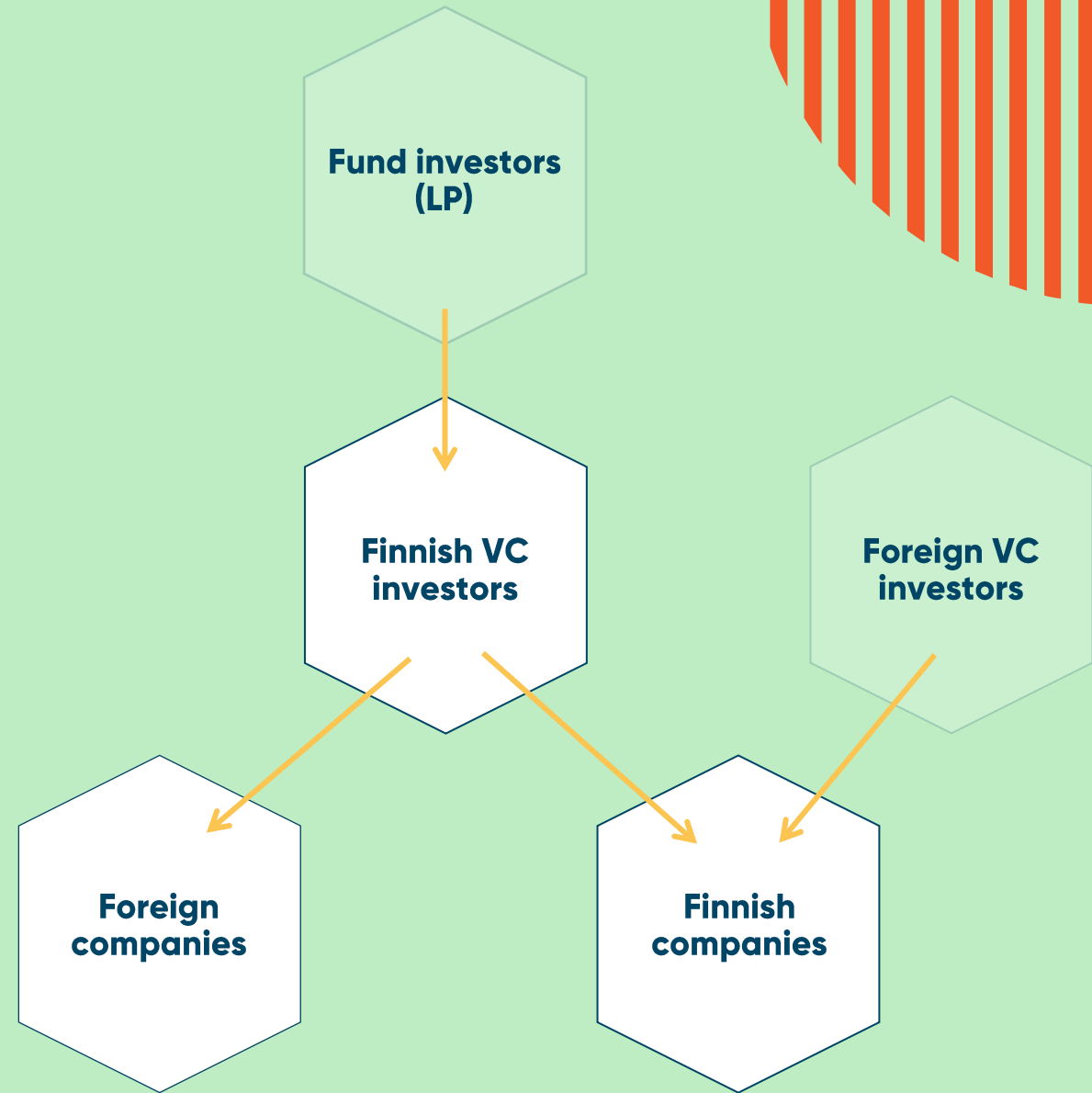
Finnish venture capital investors' activity in Finland and abroad



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# Investments





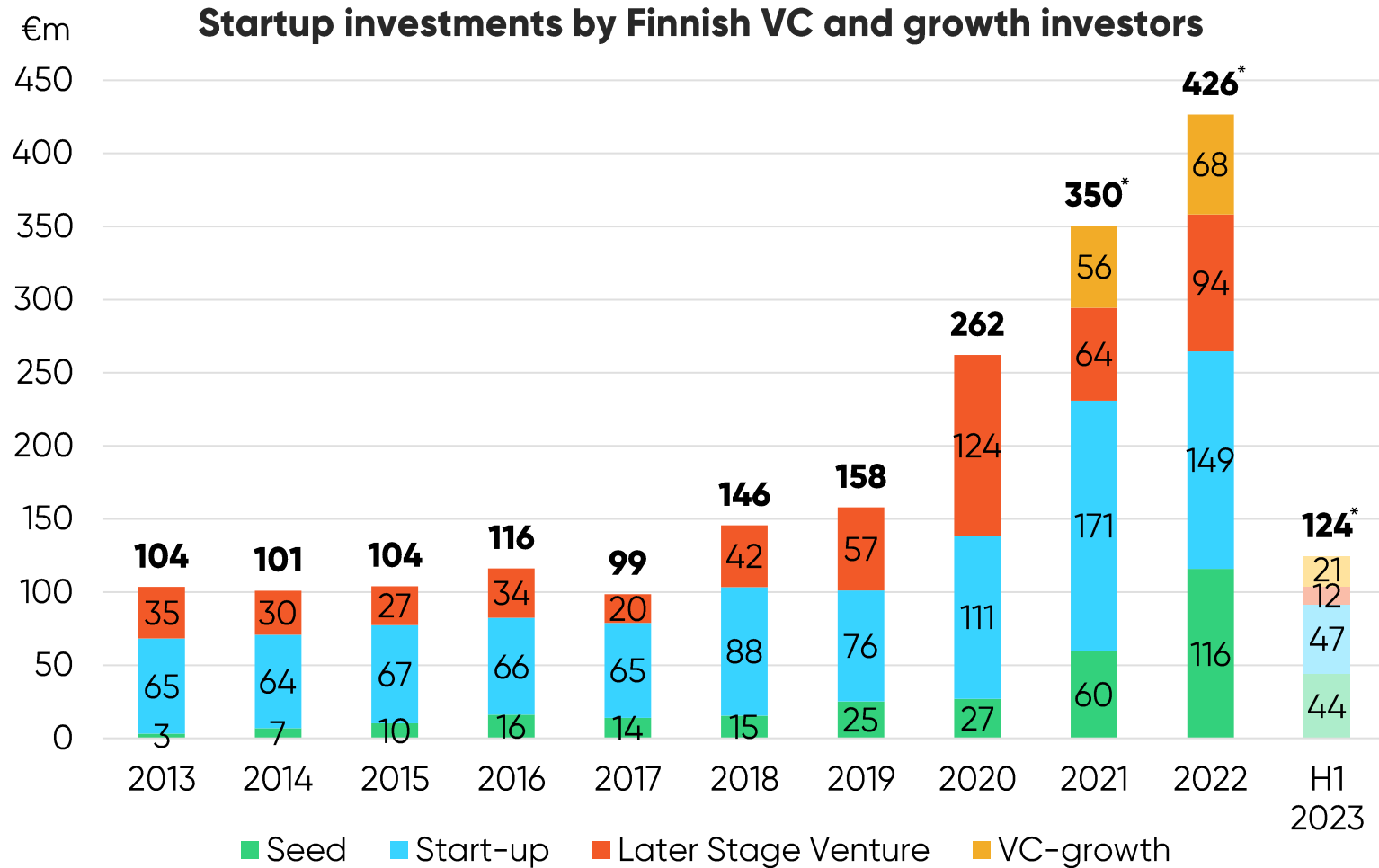
## Amount invested by Finnish VC and growth investors declined

**€124m**

The amount invested by Finnish VC and growth investors in domestic and foreign startups has decreased in the first half of the year.

**€44m**

Seed stage investments has remained at a historically high level.



\*VC-growth statistic added to the graph for 2021-2023. See methodology for more information.

Sources: FVCA, EDC

## Number of investments has remained stable

### 131 companies

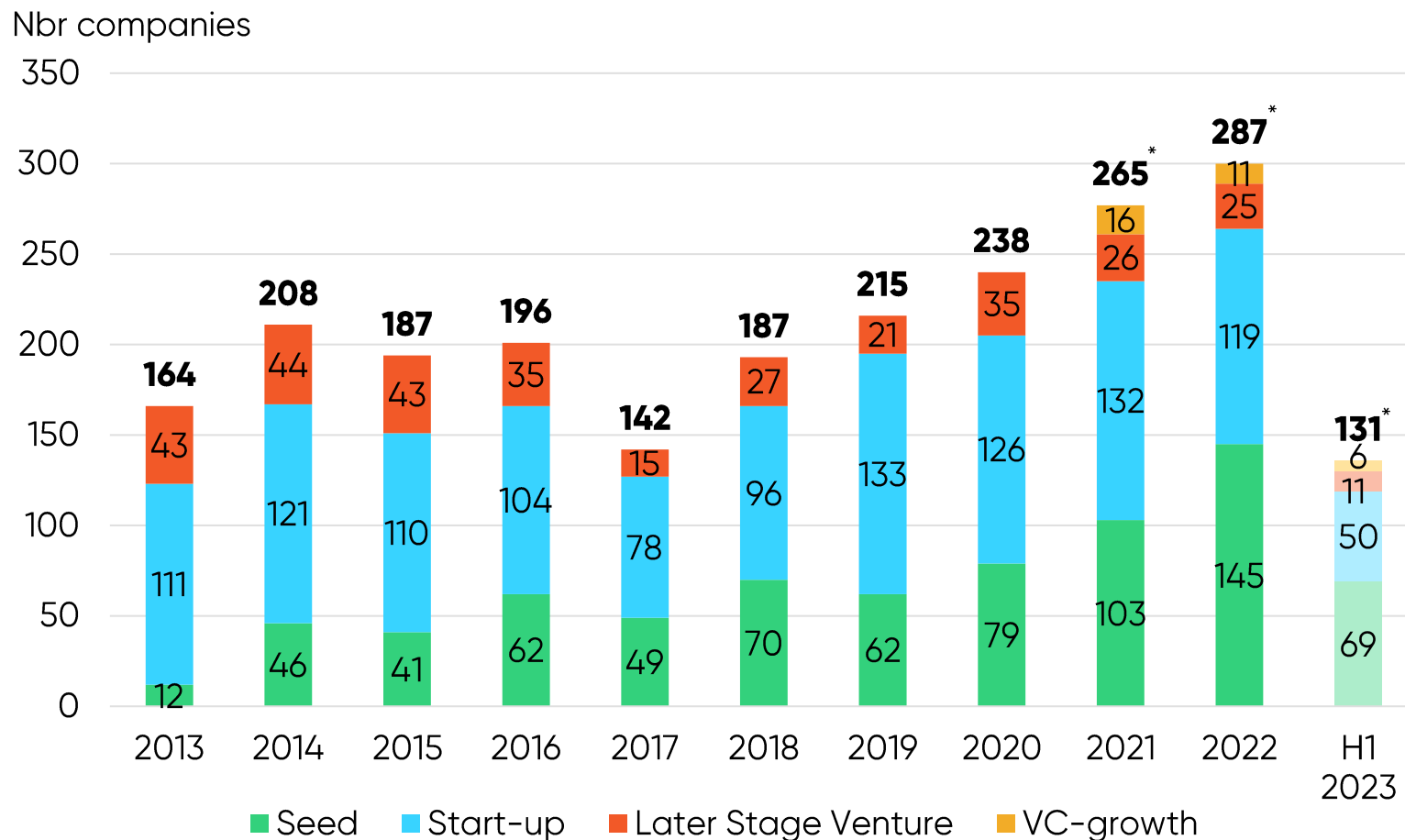
received an investment from a Finnish VC or growth investor.

### 69 companies

in the early stage of operations received an investment from a Finnish VC or growth investor.

While the number of companies has remained steady, the amount of funding decreased significantly in the early part of the year.

## Startup investments by Finnish VC and growth investors

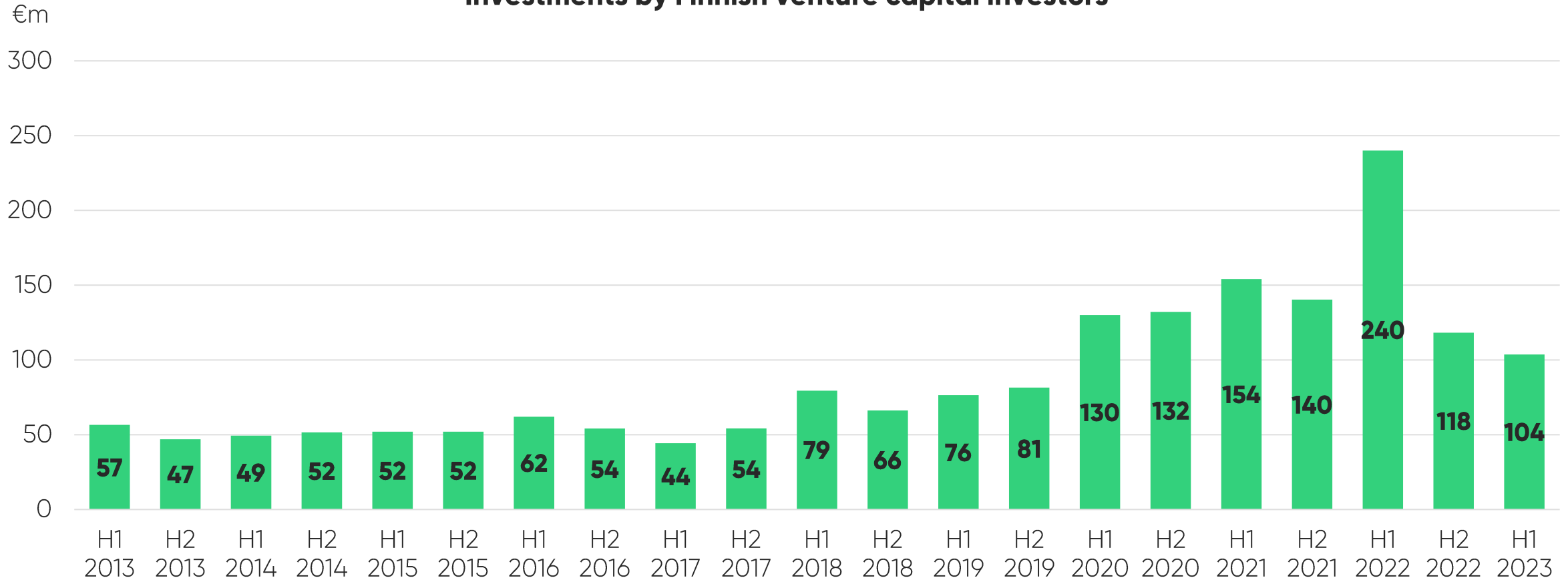


\*VC-growth statistic added to the graph for 2021-2023. See methodology for more information.

A company may have received more than one investment during the same year (e.g. both in the seed and startup stages). However, each company is taken into account only once in the total number of investments.

# Finnish venture capital investors invested a total of €104 million in January-June 2023

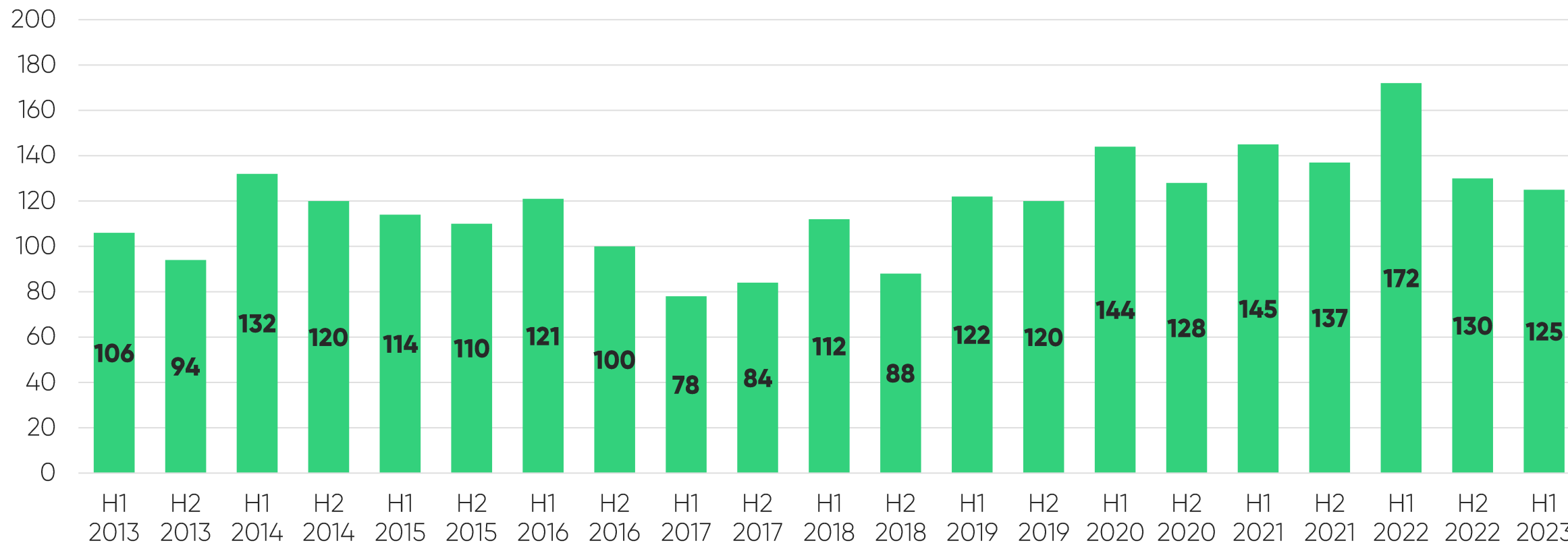
Investments by Finnish venture capital investors



# Finnish venture capital investors invested in 125 startups in January-June 2023

## Investments by Finnish venture capital investors

Nbr companies

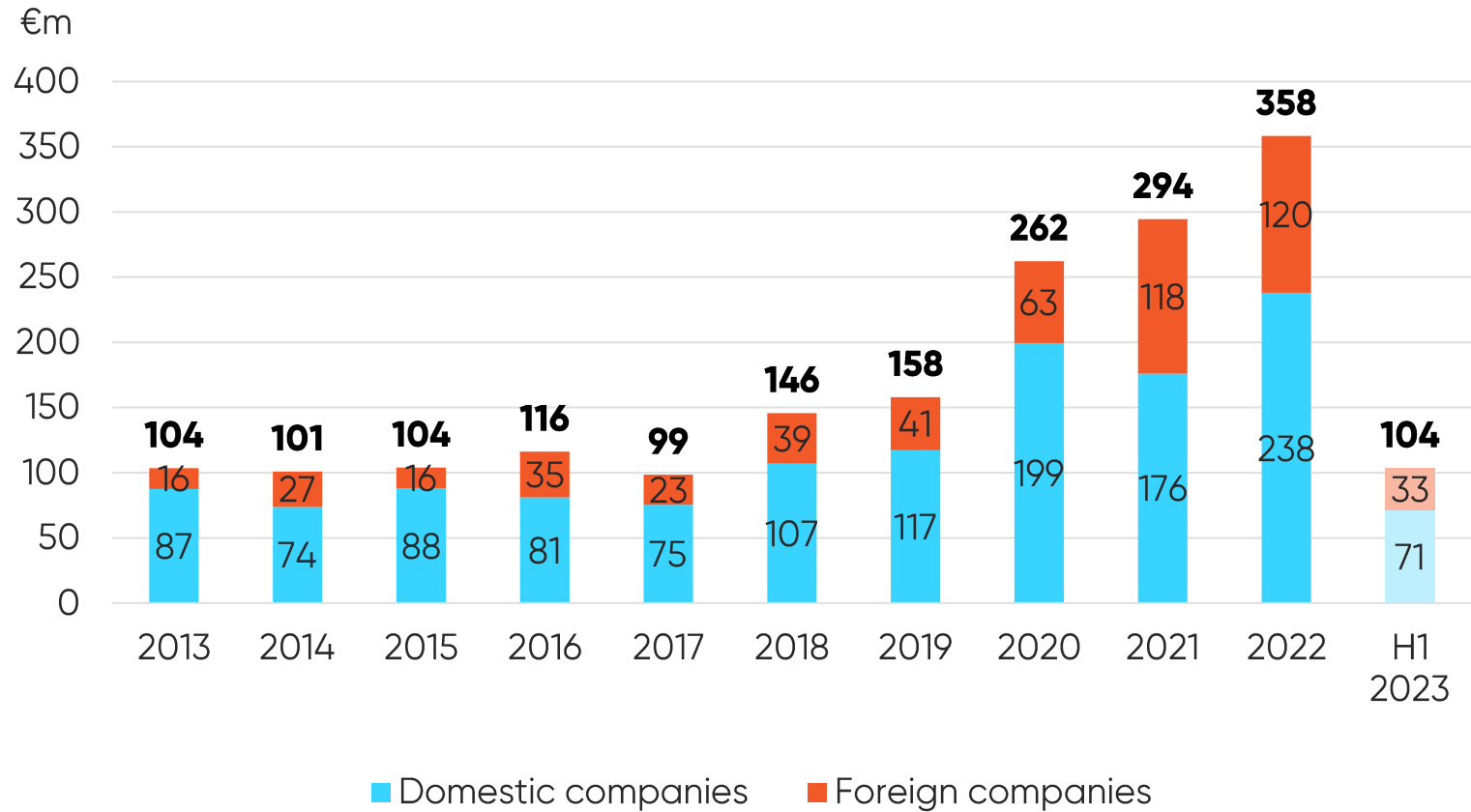


## Share invested in foreign startups remained at the previous level

**€33m**

Amount invested by Finnish VC investors in foreign startups.

## Investments in domestic and foreign companies by Finnish VCs



## Number of investments made in foreign startups declined slightly

### 38 foreign companies

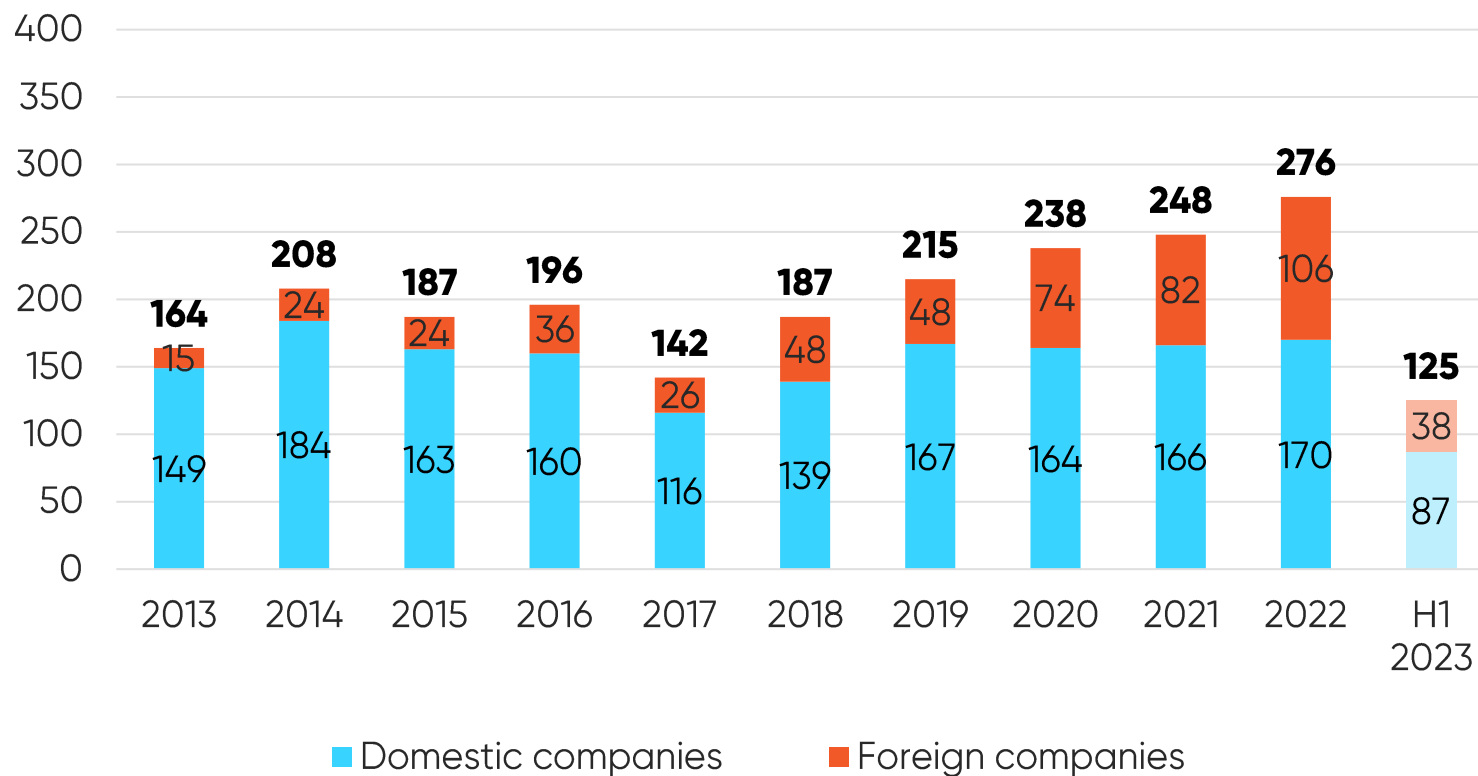
received investments from Finnish VC investors.

### 87 domestic companies

The number of Finnish startups that received investments from domestic VC investors remained consistent with previous years.

## Investments in domestic and foreign companies by Finnish VCs

Nbr companies





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# Divestments

## Both successful exits and write-offs in the first half of 2023

### 9 companies

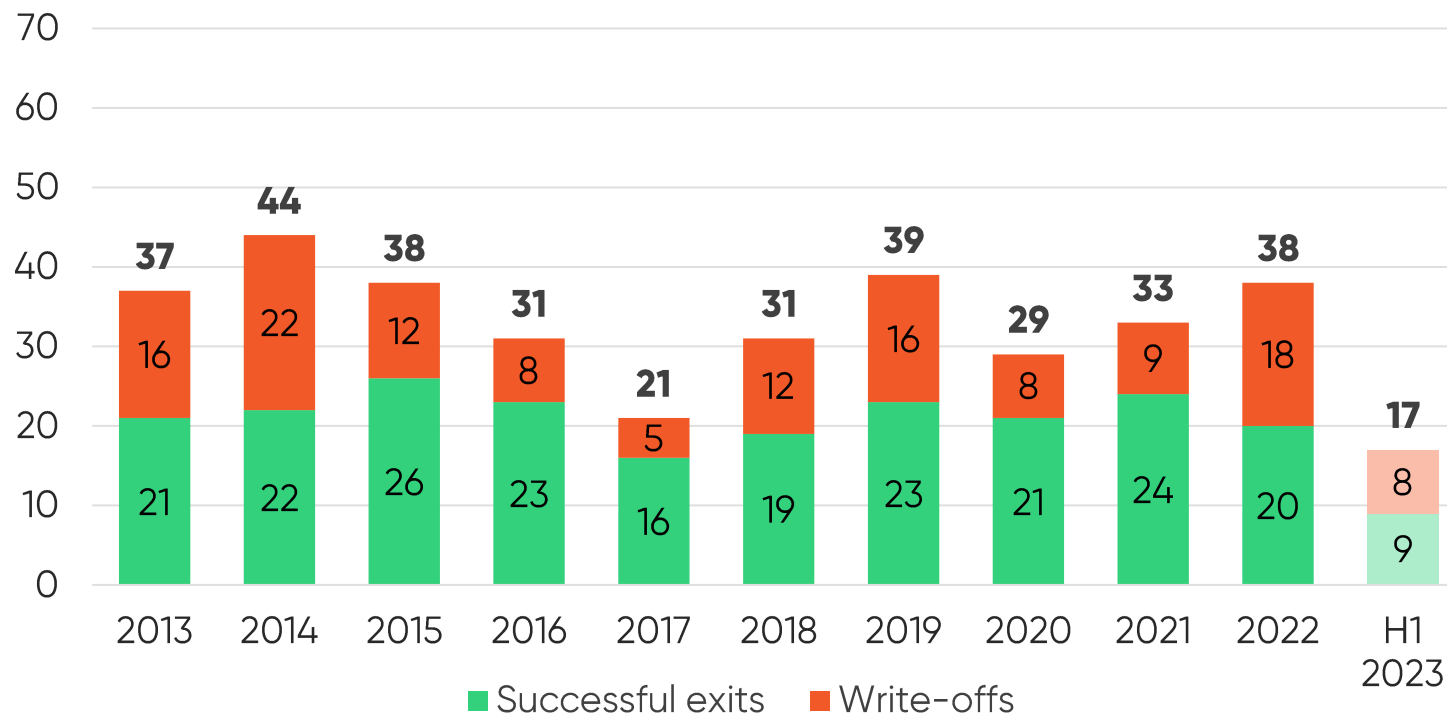
were successfully exited in January-June 2023.

### 47%

of exits were write-offs, which is at the level of last year, but above the average of previous years.

## Divestments by Finnish venture capital investors

Nbr companies



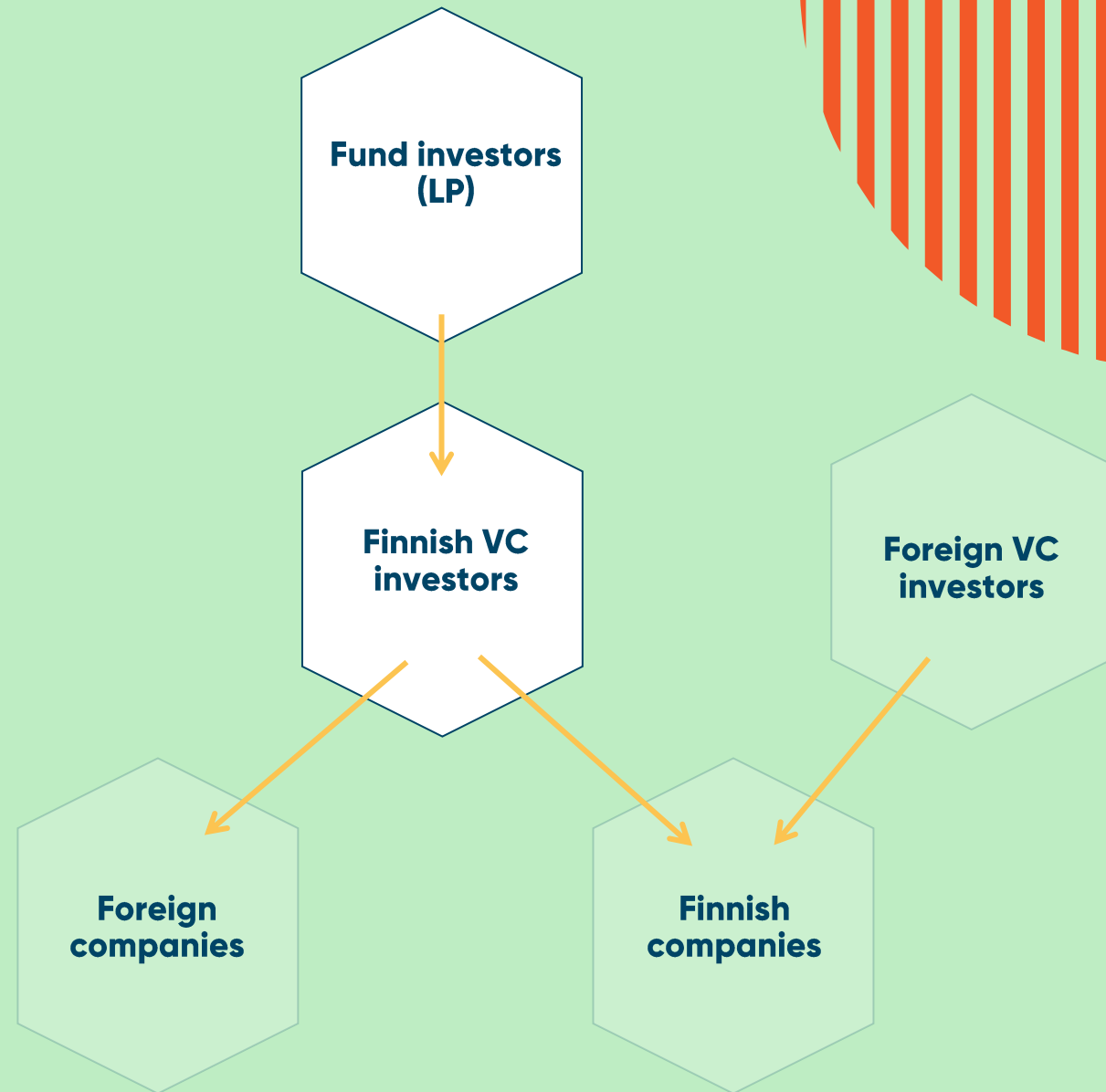




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# Fundraising



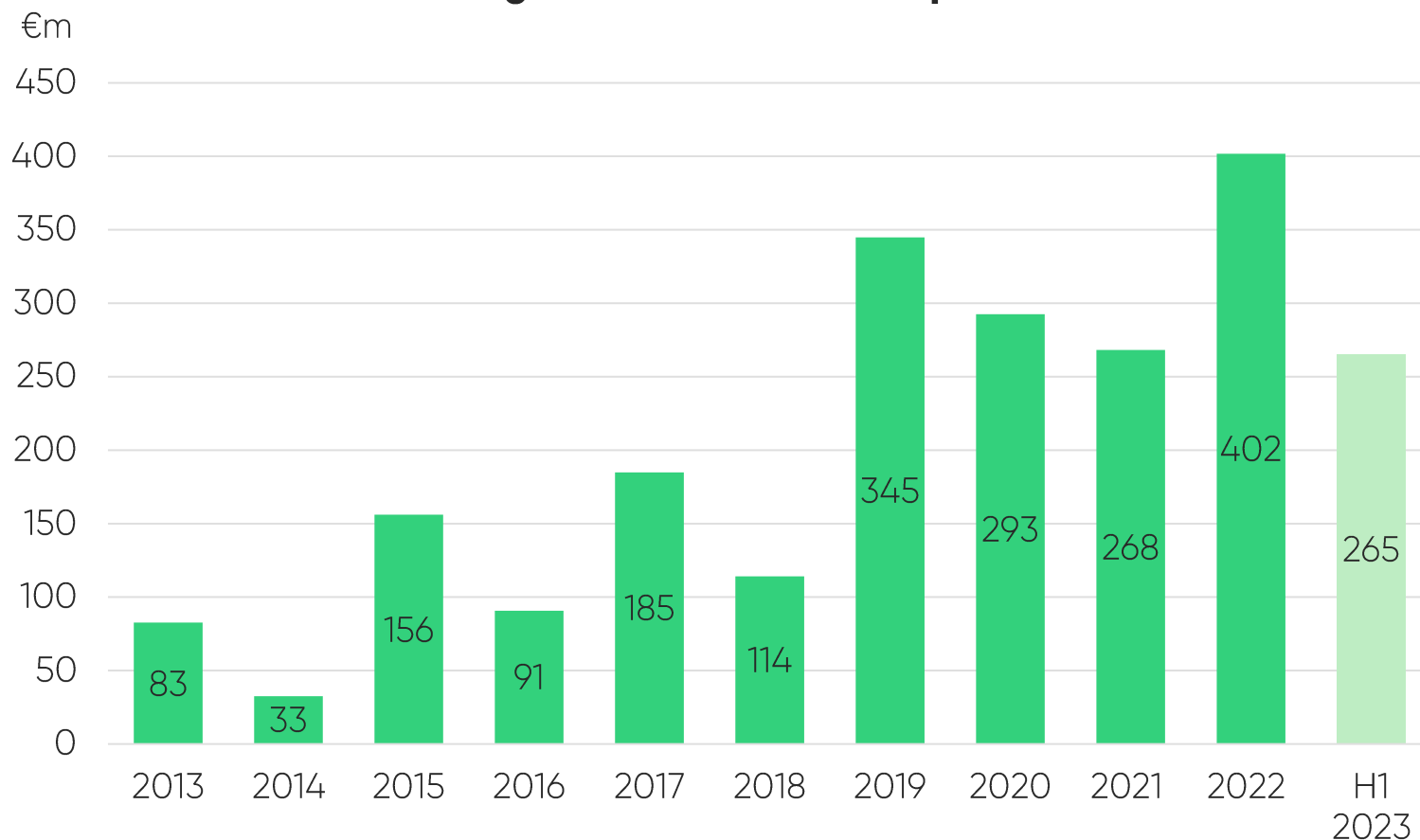
## Record fundraising for Finnish VC funds

**€265m**

of funds raised in Finnish VC funds in the first half of 2023.

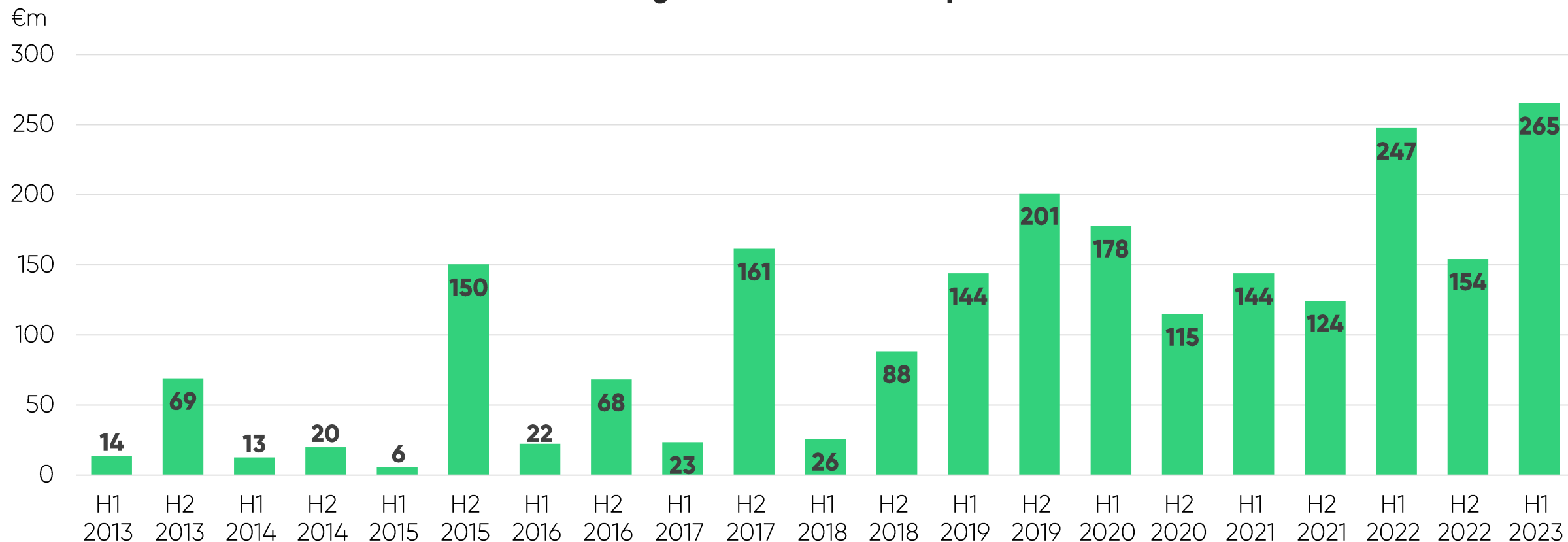
New funds were published by Lifeline Ventures (€150m) and Voima Ventures (€90m+) in January-June 2023.

### Fundraising of Finnish venture capital funds



# Fundraising of Finnish venture capital funds in 2013-2023

Fundraising of Finnish venture capital funds





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# Methodology

## The following national private equity associations are cooperating with EDC

AIFI, Italy  
ASCRI, Spain  
BVA, Belgium  
BVCA, UK  
BVCA, Bulgaria  
BVK, Germany  
CVCA, Czech Republic  
DVCA, Denmark  
France Invest, France  
FVCA, Finland  
LPEA, Luxembourg  
NVCA, Norway  
NVP, Netherlands  
PSIK, Poland  
ROPEA, Romania  
SECA, Switzerland  
SVCA, Sweden  
Invest Europe, Europe

The statistics describing the Finnish private equity industry are based on information received from European Data Cooperative (EDC) private equity database

- A fully functional, centralised non-commercial pan-European private equity database
- With its own staff, internal resources and webportal
- Information is collected via an online survey and complemented with public sources of information
- Figures are updated continuously and are therefore subject to change

Note: The statistics include only VC/PE firms' (including evergreens and captives) investments. Syndicate and direct investments made by several other investors, e.g. LP co-investors, individuals, entrepreneurs, business angels, management, corporates, funds-of-funds, other asset managers and/or financial institutions, are not included in FVCA's statistics. However, they may form a notable part of the venture market. Additionally, growth investments' classification to buyout investments affects the venture statistics.

## Methodology

Investment and divestment statistics are aggregated via two methods – industry statistics and market statistics

### **Industry statistics**

- By country of private equity firm's office
- Here: Domestic and foreign investments/divestments made by the Finnish offices of private equity firms

### **Market statistics**

- By the location of the portfolio company
- Here: Investments/divestments in/from Finnish portfolio companies made by domestic and foreign private equity firms

Note: The aggregated figures may not always sum up to totals due to rounding. Some graphs exclude variables labelled as 'unspecified'.

**For more information about the methodology, please contact the Finnish Venture Capital Association (FVCA).**

## Definitions

<b>VENTURE</b>  Investments in companies in their early development stage	Seed	Seed
	Start-up	Start-up, Other early stage
	Later stage venture	Early growth, Transition stage
<b>BUYOUT</b>  A transaction financed by a mix of debt and equity, in which a business, a business unit or a company is acquired	Growth	Later growth
	Rescue/Turnaround	Rescue/Turnaround
	Replacement capital	Secondary purchase/Replacement capital, Refinancing bank debt
	Buyouts	Management buyout (MBO), Management buy-in (MBI), Public to private, Other PIPE, Other leverage buyout

## Growth

- These statistics include growth investments in startups ("**VC-growth**") to give a more complete picture of the Finnish startup ecosystem's development.
- As Finnish startups have grown, more and more funding has been raised from growth-stage investors, who traditionally make minority investments in relatively mature companies.
- Growth investments in Finnish startups rose to a new level during 2021-2022. VC-growth investments have been added to selected graphs in the report from years 2021-2023.
- A more comprehensive analysis of the VC-growth investments will be provided in following reports.