

# Venture capital and private equity investors' impact on the growth and sustainability of Finnish companies

Impact study



September 2025

# Key insights

Private equity (PE)-backed companies play a vital role in revitalising and accelerating the Finnish economy. Across buyout, growth, and venture capital (VC) segments, private equity acts as a powerful engine for business expansion, job creation, and productivity improvement.

The combined revenue of Finnish portfolio companies owned by both domestic and international private equity investors exceeds €27 billion, accounting for 5% of total corporate revenue in Finland. These companies consistently outperform their peers, with an average annual revenue growth of 67% over three years, compared to just 4% among similar-sized firms in comparable industries.

Private equity-backed firms are also significant employers. They currently employ over 110,000 people in Finland, comparable to the workforce size of the information and communication industry. Over the past two years, these firms have added over 1,400 new jobs, even as private sector employment in Finland declined by 37,000 jobs.

In terms of productivity, private equity-backed companies have achieved a 17% increase in revenue per employee, far

surpassing the 2% growth seen in peer firms. This reflects the scalability and operational improvements driven by private equity ownership.

Private equity also contributes to the emergence of nationally significant companies. Of the 146 firms added to the Talouselämä 500 list of Finland's largest companies between 2014 and 2024, 29% had received private equity funding. These companies not only reached scale but also grew faster than their non-PE-backed counterparts.

Internationalisation is another hallmark of private equity-backed firms. They expand their global footprint more actively and have more internationally diverse boards than Finnish companies on average, enhancing their competitiveness and global reach.

Private equity ownership is also associated with substantial improvements in ESG practices. Among companies that had no ESG policies in place in 2021, 100% had implemented at least one policy by 2024, demonstrating commitment to responsible and sustainable business development.



# 01

## Financial impact

# Total revenue of Finnish private equity-backed companies is €27bn with the size differing strongly by investment class

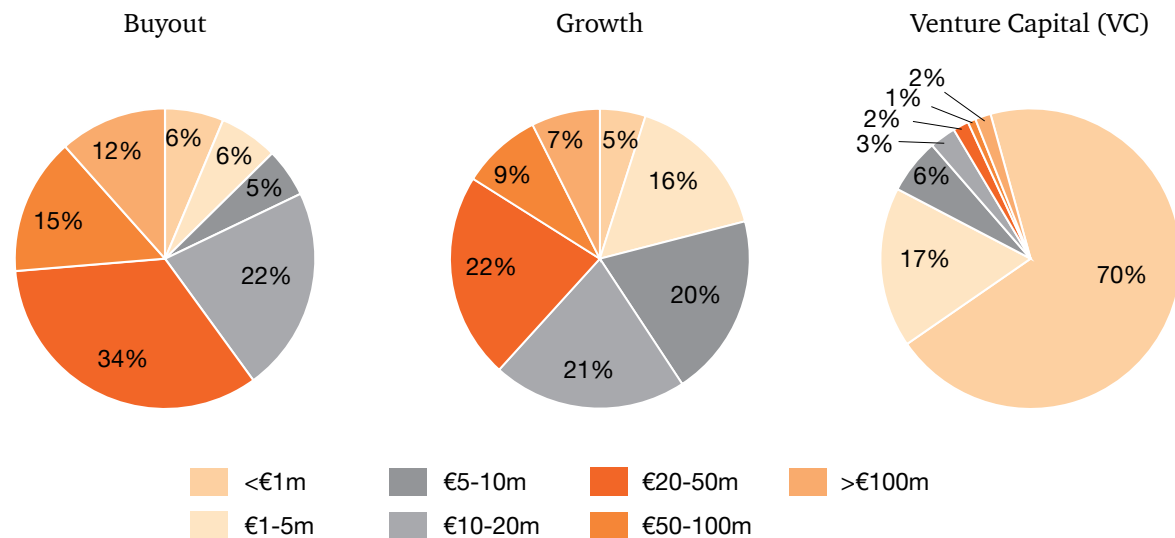
Total revenue of the private equity backed-companies in Finland is €27bn, representing approximately 5% of the total revenue generated by companies in Finland.

The different private equity investment classes target companies at different stages of their life cycle. For example, venture capital investors look for new companies with significant growth potential. These firms are often just an idea and a team with no revenue. Thus, it is understandable that approximately 87% of the venture capital-backed companies had less than €5m in revenue in 2023. However,

successful venture capital investments can grow very fast, which is illustrated by the five companies included in the survey that exceeded €100m in revenue.

Growth investors target firms that already have some revenue and validated business ideas, providing opportunities for further growth and profitability improvement. Buyout investors, in turn, target more established companies with approximately 60% of the portfolio firms having revenues over €20m.

**Portfolio companies by revenue, €m**



N for portfolio companies is: Buyout: 95, Growth: 84 and VC: 353

# Technology and life sciences account for majority of portfolio for VC with Growth and Buyout focusing on less risky areas such as industrial services and consumer goods

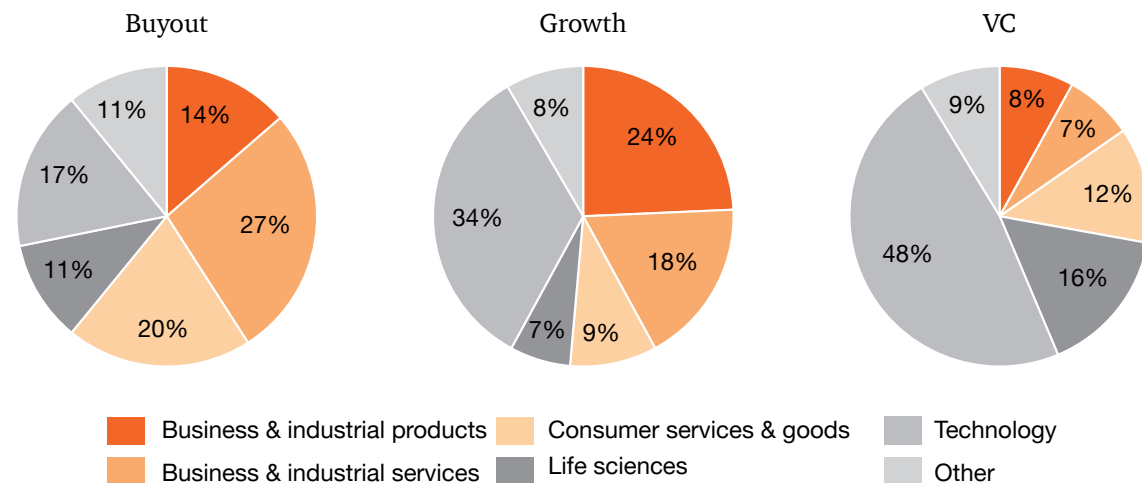
The different investment classes also focus on different industries with varying risk profiles.

Business & industrial products and services account for over 40% of both buyout- and growth-backed companies

– illustrating their focus on more stable and predictable companies.

VC funds invest more in the fields of technology and life science, driven by the potential for faster scaling and international expansion.

**Portfolio companies by industry, %**



N for portfolio companies is: Buyout: 95, Growth: 84 and VC: 353

# Revenue growth for private equity-backed firms is significantly higher across all investor types compared to peers

## Average annual revenue growth from investment year, %



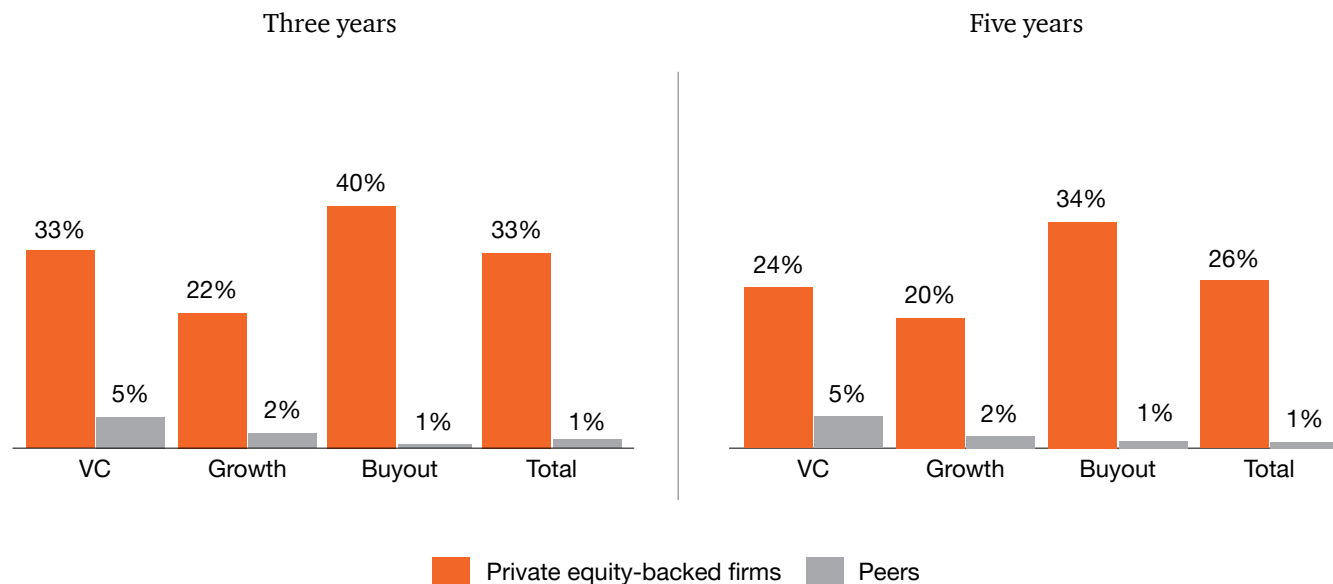
Private equity investors actively pursue growth, and performance data clearly reflects their success in this area. On average, private equity-backed companies have achieved annual revenue growth of 67% over three years and 44% over five years following initial investment. In contrast, peer companies of similar size operating in comparable industries have recorded only 4% annual growth over both time horizons.

The most rapid growth is observed in venture capital-backed firms, where small initial size and uneven growth distribution contribute to exceptionally high expansion rates. However, buyout and growth-stage companies also demonstrate remarkable performance, growing seven to 14 times faster than their peers – a notable achievement given their larger scale and more mature operations.



# For all investor types, the employee growth is significantly higher than within peer companies

## Average annual employee growth from investment year, %



Private equity-backed firms consistently demonstrate significantly faster employee growth compared to their peers. On average, these firms have increased their workforce by 33% annually over three years and 26% annually over five years following initial investment. In contrast, peer companies of similar size operating in comparable industries have reported only 1% annual growth over these periods.

The most rapid expansion is observed among venture capital- and buyout-backed firms. For venture capital-backed companies, this growth is largely explained by their small initial size and the rapid scaling typical of early-stage businesses.

These trends highlight private equity's role in accelerating company growth and contributing to job creation across various stages of business development.

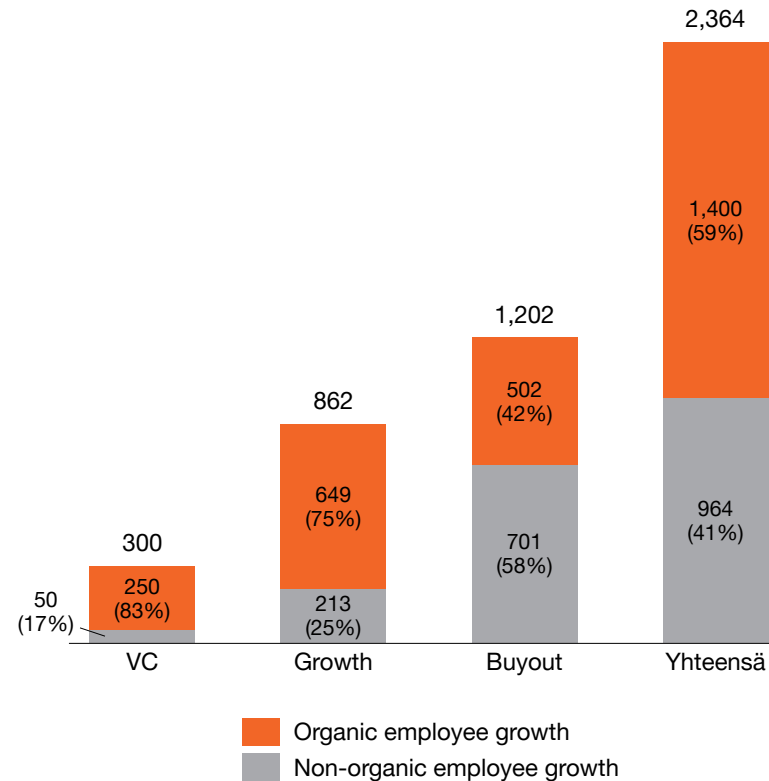
## Employment in private equity-backed firms grew by more than 2,000 employees with approximately 1,400 new jobs created in 2024

In 2024, private equity-backed companies in Finland collectively employed approximately 110,000 people, a figure comparable to the total workforce of the ICT sector, underscoring private equity's significant role in the national economy.

Among the companies that reported a breakdown of headcount growth, more than 2,000 new jobs were added during the year. Notably, nearly 60% of this growth was organic, representing net new job creation rather than expansion through acquisitions.

This stands in stark contrast to broader labour market trends: across the Finnish economy, private sector employment declined by 37,000 jobs in 2024. These figures highlight private equity's positive contribution to employment growth, even amid challenging macroeconomic conditions.

Net new hires, number of employees, 2024



N: VC: 248, Growth: 60, Buyout: 73, Total: 381



# Productivity growth is significantly higher in private equity-backed firms compared to peers

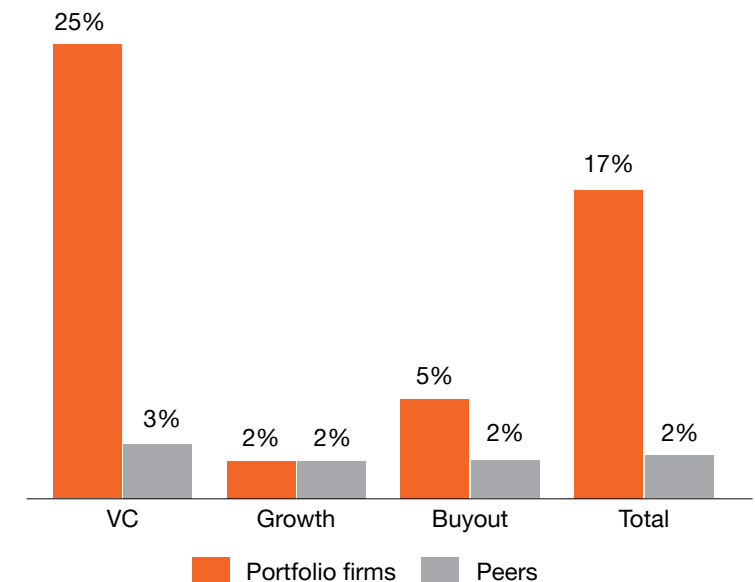
Private equity ownership is strongly associated with enhanced productivity, as evidenced by significantly higher growth in revenue per employee compared to non-private equity-backed peers. On average, private equity-owned companies have achieved a 17% increase in productivity, measured by revenue per employee, while comparable peer groups have seen only a 2% increase over the same period.

The impact is particularly pronounced in venture capital-backed firms. In the five years following investment, these

companies have recorded an average annual growth of 25% in revenue per employee. This exceptional performance is partly attributable to the scalable nature of their business models and the low initial revenue base typical of early-stage ventures.

These findings underscore private equity's role in fostering operational efficiency and long-term value creation across diverse sectors and stages of company development.

## Average annual growth in revenue per employee over five years from investment, %



N: 5-year average: VC: 57, Growth: 14, Buyout: 14, Total: 84

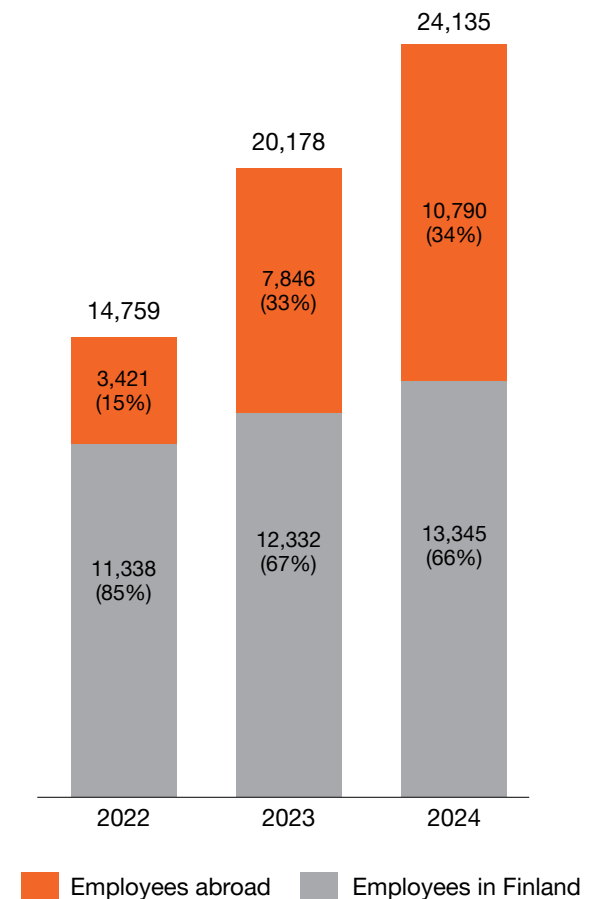
## Portfolio firms have become more international by tripling the number of employees abroad in two years

Private equity-backed companies are increasingly international in their operations, as reflected in their expanding global workforce.

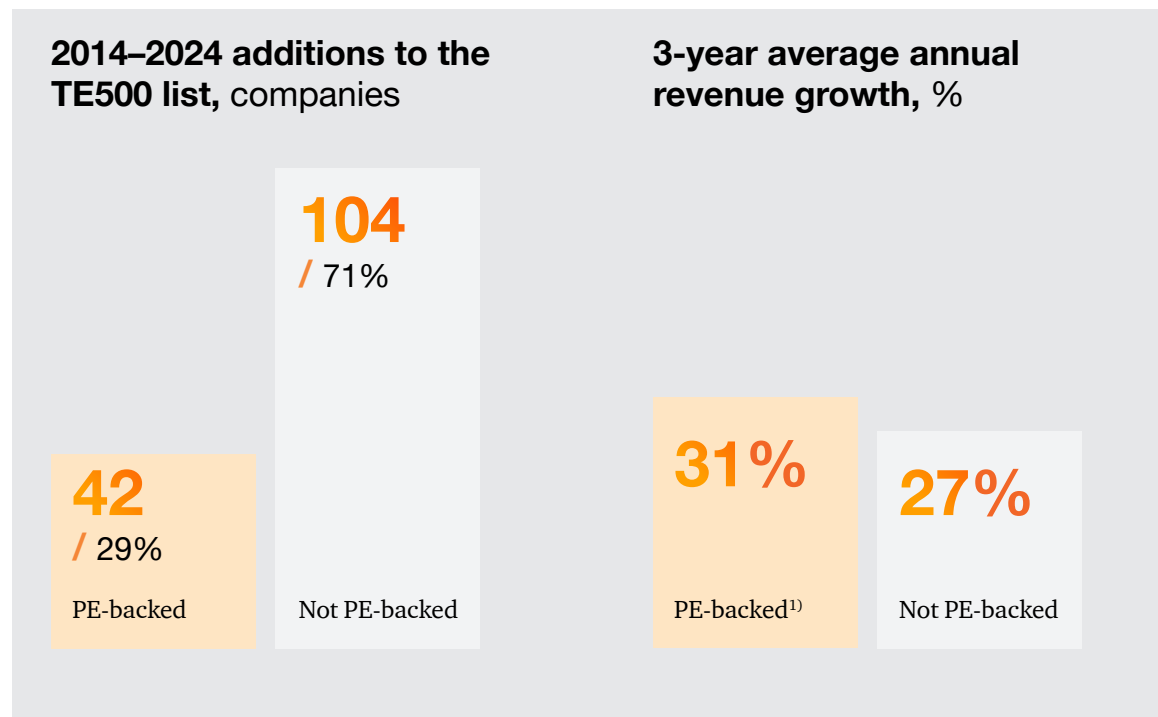
Overall, private equity-backed companies employed over 110,000 people in Finland. The 81 companies, where relevant data was available, more than tripled their number of employees located outside Finland between 2022 and 2024 – from approximately 3,400 to nearly 10,800. Over the same period, domestic employment for these companies also grew steadily, reaching over 13,000 employees in 2024.

This shift highlights the international scalability of private equity-backed firms and their ability to expand beyond national borders.

**Employees by location, number of employees**



# Private equity plays a key role in elevating companies to national prominence



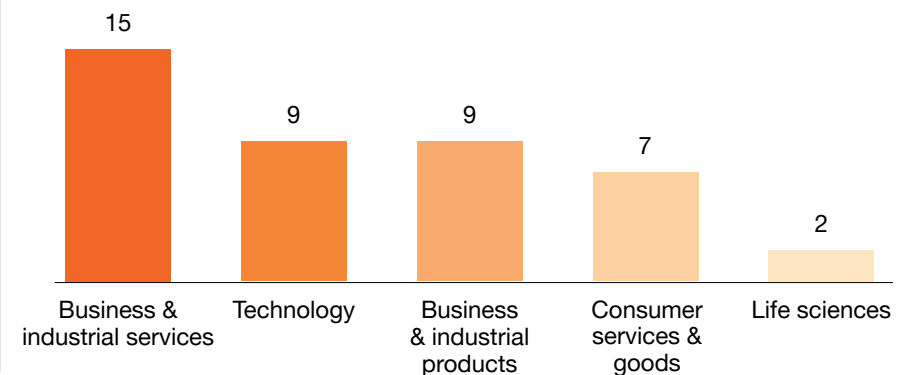
<sup>1)</sup> Averages after initial PE investment year

Between 2014 and 2024, 146 companies were added to the list of the 500 largest Finnish companies based on turnover. Out of these, 29% (42 companies) had received private equity funding.

These firms not only reached scale but also outperformed their non private equity-backed peers in terms of growth.

These results underscore private equity's role in driving both growth and operational excellence, helping companies transition from promising small and medium enterprises to major players in the Finnish economy.

## By industry, PE-backed companies



N: 3-year average: PE-backed companies: 29, Not PE-backed: 98



# 02

## ESG impact

# Private equity ownership drives rapid ESG policy implementation

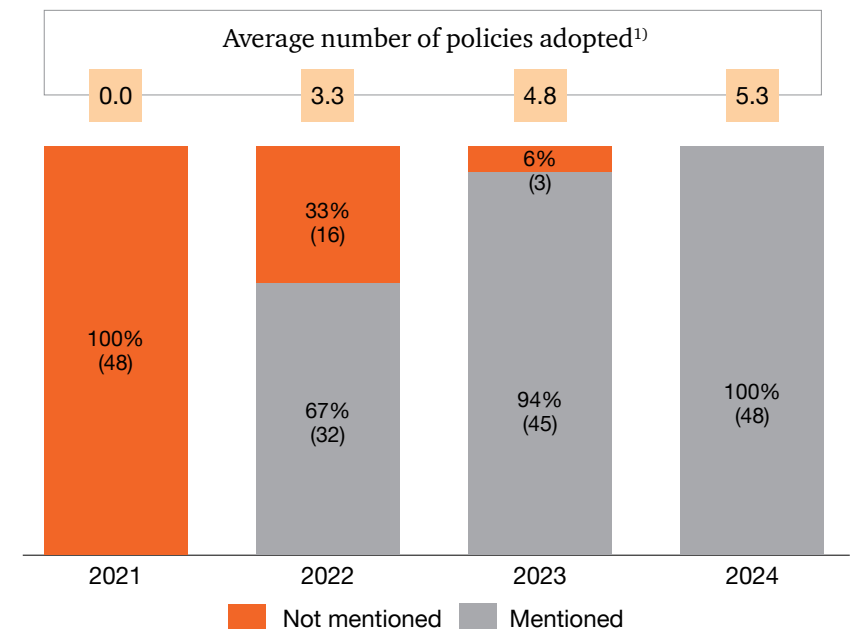
100% of the companies for which data was available between 2021 and 2024, and that had no policies adopted in the beginning of the period, put in place at least one ESG policy. This demonstrates a strong commitment to responsible business practices during the ownership period.

While the average number of policies adopted per company increased from zero to over five, the pace of adoption varied

by year. The overall trend reflects widespread and sustained ESG integration in portfolio companies.

These results highlight private equity's role in institutionalising ESG standards, particularly in companies that previously had no formal sustainability frameworks.

## Portfolio companies with ESG policies implemented, 2021–2024



<sup>1)</sup> Average out of a total of 11 policies  
N: 48

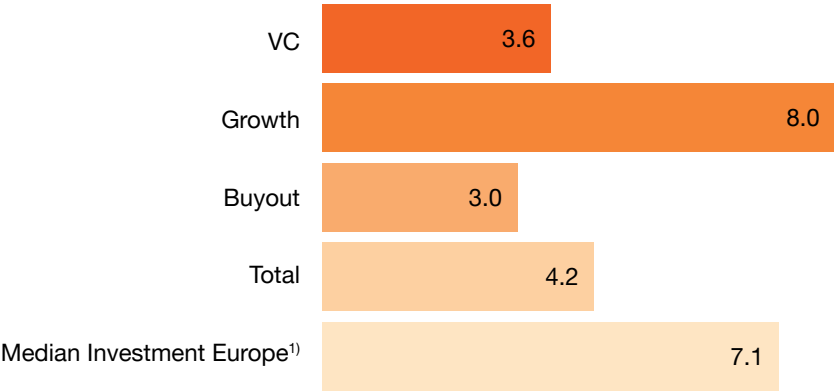
# Carbon intensity per revenue remains low in comparison to European benchmark

Private equity-backed companies in Finland maintain a lower carbon footprint than European benchmark companies.

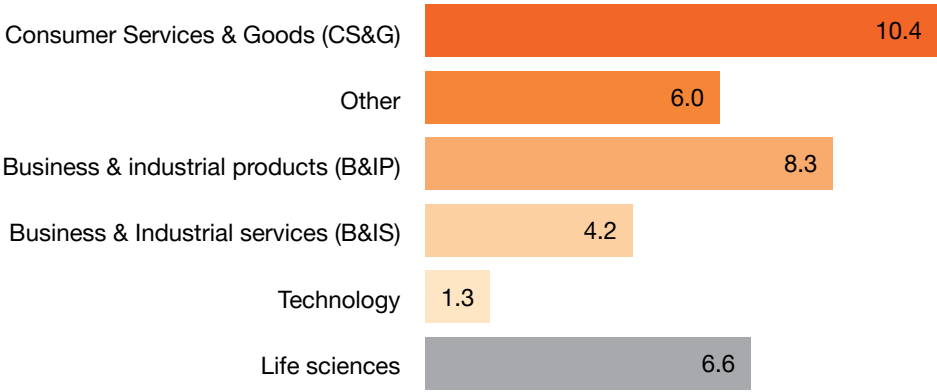
The median carbon intensity – measured as tonnes of CO2e per €m of revenue – is 4.2 t/€m across Finnish portfolio companies. This is significantly below the 7.1 t/€m reported for European private equity-backed firms.

Carbon intensity varies by investor type and industry. Growth-stage companies show higher emissions, largely due to their concentration in manufacturing-heavy sectors. In contrast, technology and life sciences firms – more common in venture capital portfolios – exhibit lower carbon intensity.

Median carbon intensity per revenue by investor type (tCO2e per €m), 2024



By industry



<sup>1)</sup> Invest Europe 2023 (2022 figures)  
N: VC: 18, Growth: 40, Buyout: 57; N: CS&G: 18, Other: 11, B&IP: 18, B&IS: 27, Technology: 31, Life Sciences: 10. Scope 1 and 2 emissions only.

# Average share of women in portfolio firm boards is significantly below Finnish, Swedish, and European benchmarks

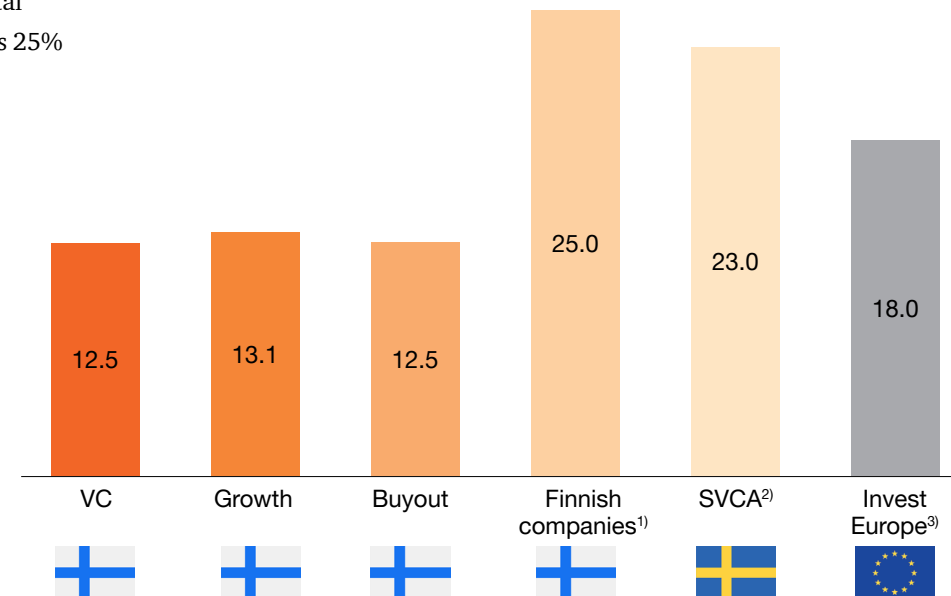
Board gender diversity in Finnish private equity-backed firms lags behind international benchmarks.

The average share of women on the boards of Finnish PE-backed companies is approximately 12–13%, which is lower than the 23% reported by the Swedish Venture Capital Association and the 18% European average as well as 25% for Finnish companies as a whole.

This figure indicates room for improvement in gender representation on the boards of the portfolio firms.

Increasing board diversity could enhance governance quality and align Finnish private equity-backed firms more closely with international best practices.

## Average share of women on boards, %



<sup>1)</sup> Tesi: Suomalaisten yritysten hallituskokoonpanot 2024 (2023 figures)

<sup>2)</sup> SVCA PE ESG Status Report 2023

<sup>3)</sup> Invest Europe ESG KPI Report 2025 (2023 figures)

N: VC: 129, Growth: 62, Buyout: 77



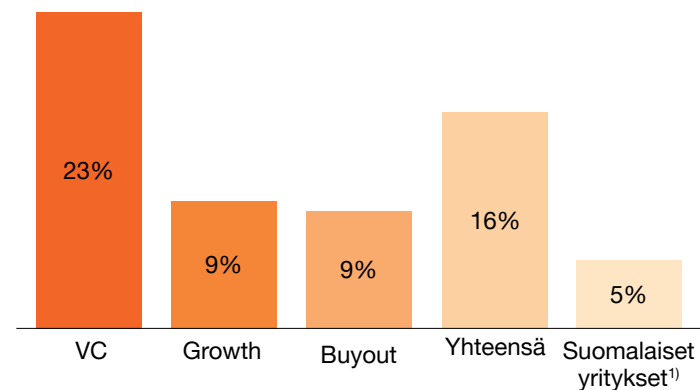
# International representation on portfolio firm boards exceeds that of Finnish peers, especially across VC firms

In 2024, 16% of the board seats in PE-backed companies were held by individuals with non-Finnish citizenship, compared to 5% in the broader Finnish private sector. This internationalisation is most pronounced in venture capital-backed firms, where global investor participation is common.

The most frequently represented nationalities include Swedish, British and American, reflecting the international networks and ambitions of these companies.

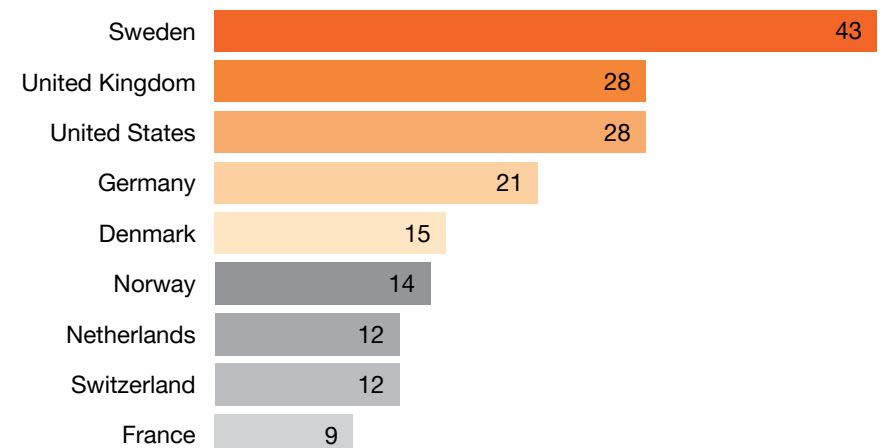
These trends underscore private equity's role in fostering globally connected leadership teams.

## Average share of non-Finnish board members by investor type, %



<sup>1)</sup> Tesi: Suomalaisen yritysten hallituskokoonpanot 2024 (2023 figures)  
N: VC: 129, Growth: 62, Buyout: 77; N for board members: 1,366

## Most common board member nationalities (excl. Finland), number of board members, 2024



# On private equity

The purpose of this report is to provide an overview of the impact of private equity (including venture capital, growth and buyout investments) on the growth of Finnish companies. The analysis was conducted by PwC Finland together with the Finnish Venture Capital Association.

The material in the report consists of companies that are currently in the portfolio of a Finnish private equity investor.

Private equity (PE) investment means corporate financing outside the stock exchange, which is often done in the form of equity financing and typically channelled to the marketplace through PE investment funds. Private equity investors manage funds whose largest investors include pension funds and other institutional investors.

Investments are, in principle, made for the medium or long term and characterised by active ownership.

Active ownership means that the investor engages in close cooperation with the management as a significant shareholder in the company in order to develop its business operations further. In this report, private equity is divided into three categories: venture capital (“VC”, including seed companies), growth and buyout (“BO”).

VC investments are targeted at early-stage companies that need funding and experts to develop and grow the company. In this context, a VC-backed company refers to a company that has received a VC investment.

Buyout investments are often directed at medium-sized companies and are, in terms of their profile, less risky than VC investments.

Growth investments are typically minority investments in companies that are beyond the VC stage but still seeking faster growth than buyout investments.

Private equity investments provide many benefits, for example, by strengthening the financial standing of the company and by enhancing the company’s balance sheet, which enables the company to make new investments or find debt financing for growth.

In addition to capital, PE investors provide companies with strategic expertise, develop the reporting and management systems, create modern incentive and commitment models, and make their own networks available to the company for rapid development of the operations. PE investors enable companies to access new markets through their extensive networks, both at national and international levels.

This report focuses on the impact of private equity investors on four different subject areas in corporate operations: revenue growth, increase in personnel, productivity, and ESG matters.



## Methodology

This study by PwC/Strategy& and the Finnish Venture Capital Association (FVCA) examines impact of private equity on the growth and sustainability of Finnish private equity-backed companies.

For current portfolio companies the data was gathered through survey from Finnish private equity investors on companies currently in their portfolio. The sample covers 532 portfolio companies, 353 of which were categorised into venture capital, 84 into growth and 95 into buyout and represents a significant share of Finnish private equity portfolio firms.

The data was collected from the investors via a survey that was self-reported. Apart from simple cleansing, it has not been validated by PwC/Strategy& or the Finnish Venture Capital Association. For each of the investment classes, a peer group was built through collecting a wealth of data from companies of similar sizes and in similar industries as the portfolio companies to ultimately compare their performance over chosen metrics.

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