Finnish Private Equity Activity
H1/2019
Venture Capital
Statistics on fundraising, investments and divestments

Presentation as of 18.11.2019
Contents

- Venture capital in Finland H1/2019
  General information and statistics in brief

- Industry statistics
  Finnish VCs activity in Finland and abroad

- Market statistics
  Investments into Finnish companies by Finnish and foreign investors

- Methodology
Private equity investors by stage

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>Typical investors</th>
<th>Members</th>
<th>Average investment</th>
<th>Portfolio company examples</th>
<th>Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business angels, FFF and crowdfunding</td>
<td>FiBAN: 660 persons</td>
<td>20 k€</td>
<td>MyNextRun, IQM, SMARTLY.IO, RELEX, KOTKAMILLS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Venture capital</td>
<td>FVCA: 36 companies</td>
<td>600 k€</td>
<td>Blueprint Genetics, unisport, renta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Buyout</td>
<td>FVCA: 32 companies</td>
<td>6 M€</td>
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</tr>
<tr>
<td></td>
<td>Stock exchange</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>50 % of new companies listed in Helsinki Stock Exchange 2015-2018 were private-equity backed</td>
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<td></td>
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</tr>
</tbody>
</table>

Sources: FVCA, EDC, FiBAN
Venture Capital

Venture capital investors invest in startups at different stages of their growth, while becoming a minority owner of the company.

Startup
A young and innovative company that typically aims for rapid international growth through scalable business.

Growth company
A company with well-established business, revenue and potential to grow. Revenue can range from a few million to hundreds of millions.

Buyout & Growth

In Finland, most investments into growth companies are majority investments (Buyout). There are also a few PE investors that make minority investments into well-established growth companies (Growth).
All private equity
January–June 2019
Venture Capital, Growth and Buyout

362 M€
fundraising in total

417 M€
investments into Finnish companies

Sources: FVCA, EDC
VC and buyout statistics in brief

• Finnish PE funds invested in total 114 M€ into 132 Finnish and international companies.
• Finnish startups and growth companies received a total of 417 M€ worth of investments, that were directed into 114 companies.
• Foreign PE investors invested into 19 Finnish companies and received 333 M€.
• Finnish PE investors exited 33 portfolio companies. The profits from exits are distributed to fund investors, such as Finnish pension employment companies.
• New funds raised by Finnish PE investors in H1 2019 was a total of 362 M€, whereas in 2018 Finnish PE investors raised 395 M€.
• The funds raised will be invested in startups and growth companies in the coming years.
Venture Capital H1/2019

116 M€
Investments into Finnish startups and early stage companies.

Note: VC investments only.
Sources: FVCA, EDC
• Finnish companies received 116 M€ of VC investments, out of which 46 M€ came from Finnish investors and 70 M€ from foreign investors. Altogether 87 Finnish companies received a domestic or foreign VC investment.
• Finnish VC firms invested a total of 71 M€ into 107 domestic and foreign companies.
• 29 % of total VC investments by Finnish VCs were invested into companies abroad.
• Public sector VC investments amounted to 9 M€, which was invested into 7 Finnish and foreign companies.
• Finnish VC firms raised 141 M€ of new funds.

Sources: FVCA, EDC
Industry statistics
Finnish VC activity in Finland and abroad
Fundraising
**Fundraising**

141 M€ raised by Finnish VC fund will be invested in startups in the future years

3 new VC investors
Voima Ventures, Nordic Ninja VC & Grid.vc have started in Finland in H1/2019

Sources: FVCA, EDC
Investments

- Finnish VCs
  - Finnish companies
  - Foreign companies
- Foreign VCs
  - Foreign companies
- Fund investors
  - LP
Investments by Finnish VCs into domestic and foreign companies

71 M€
The total invested amount in H1/2019.

Investments by Finnish VCs by development stage

Sources: FVCA, EDC
100-200 companies annually

107 companies received a Finnish VC investment in H1/2019

Investments by Finnish VCs by development stage

Sources: FVCA, EDC
Public sector’s role

The public sector has shifted from making direct start-up investments to being a fund investors

Sources: FVCA, EDC
The role of the private sector in investing into start-ups will continue to grow.

Sources: FVCA, EDC
662 000 € per company

The average investment size has increased in the past few years, especially in later stage venture.

Seed investment sizes have remained at the same level for the past decade.

Sources: FVCA, EDC
Finnish VC investors are getting more international

35 % of total VC-investment amount invested into foreign companies in H1/2019

Investments into foreign companies by Finnish VCs

Sources: FVCA, EDC
Internationalization

25 M€, 25 companies
Finnish VCs’ investments in total into foreign companies from January to June in 2019

Sources: FVCA, EDC
Divestments
Divestments by Finnish VC investors

Many promising portfolio companies currently developing in Finland, that have been able to raise substantial follow-on financing rounds

Sources: FVCA, EDC
Market statistics
Investments in Finnish startups and growth companies by Finnish and foreign investors
Funding

Fund investors (LP)

Finnish VCs

Foreign VCs

Foreign companies

Finnish companies
116 M€ invested in Finnish startups

The positive funding news from the second half a year indicate that 2019 will be a new record year for Finnish startup funding.

Sources: FVCA, EDC
100–200 companies every year

87 in total
early stage companies received a VC investment from domestic or foreign investors in H1/2019

VC investments into Finnish companies

Sources: FVCA, EDC
Average investment size 1,34 M€

7,20 M€
Average size of investments in later stage venture has risen together with the quality of Finnish startups.

Sources: FVCA, EDC
Share of foreign investors is 60% of total funding

The share of foreign investors is higher than that of domestic investors

Finnish VC investors have had a significant role in developing startups to become attractive to foreign investors

Sources: FVCA, EDC
Private sector gains share

Public sector investments have been decreasing while Finnish private sector investors have become more active.

Foreign investors are main driver of growth in amount invested, but they account only for 16% of number of investments.

Sources: FVCA, EDC
ICT is attractive

50% of the investments were made in ICT companies in H1/2019

ICT domain includes e.g. software, applications, communications and computer technology and electronics

Sources: FVCA, EDC
Divestments
Divestments of Finnish companies

Exit activity has calmed but there are well-developed Finnish companies in VC investors' portfolios, which have accumulated large rounds of further funding.

A major exit for H1 / 2019 was Small Giant Games.

Sources: FVCA, EDC
Other significant VC and startup statistics from 2018
Startup and early stage funding

479 M€
Funding of Finnish startups nearly quadrupled in 2010–2018

291 M€
Share of foreign investors is over 50% of the total amount invested. The amount of foreign investments is fifteenfold compared to 2010

Funding of Finnish startups and early stage growth companies

Sources: Finnish business angels: FiBAN, Finnvera, Venture capital: FVCA, EDC, Other foreign investors: HBH Investor Services, FVCA, EDC, Others: Repomedia, Vigos
Finnish startups attract the most investments

VC investments into European startups

*Other CEE includes former Yugoslavia and Slovakia
Venture & Buyout

Average growth rates during 3 years after VC/PE investment in 2010-2017, CAGR-%

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<th>CAGR-%</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>22.8%</td>
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<tr>
<td>Employees</td>
<td>16.8%</td>
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</tbody>
</table>

VC and PE backed portfolio companies’ average growth has been 6 times faster compared to peer companies from same industries and of the same size.

VC and PE backed portfolio companies’ average growth has been 15 times faster in terms of employees compared to peer companies.

Source: KPMG and FVCA Private Equity Economic Impact study 23.1.2019
Read more about research and statistics!

The following national private equity associations are cooperating with EDC

AFIC, France
AIFI, Italy
ASCRI, Spain
BVA, Belgium
BVCA, United Kingdom
BVK, Germany
CVCA, Czech Republic
DVCA, Denmark
FVCA, Finland
NVP, Netherlands
PSIK, Poland
SECA, Switzerland
SEEPEA, Romania and Bulgaria
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 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.
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’.

Please ask Finnish Venture Capital Association (FVCA) for more information about the methodology.
## Definitions

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