



# Baltics Private Equity and Venture Capital Market overview 2010-2019

June 2020

# Introduction

---

We are pleased to present the first Baltic Private Equity survey results which cover the 2010-2019 period.

This post financial crisis period has proven that the **Baltic economies are able to cope and recover from large economic downturns successfully**. In this period, the Baltics have seen **growth in private capital managers activity** in the region, which in turn have given their fair share of contribution to the development of the region.

Since 2010 Baltic Private Equity and Venture Capital sector has demonstrated **rapid growth** with **EUR 1.3B of new capital raised**. 2019 was a record year with EUR 490M raised. The fact that the **vintage of majority of funds is less than three years** and that the **majority of capital raised (EUR 800M) is still available for investments**, sends a strong and positive message for **businesses development opportunities** across the Baltics and perhaps beyond.

Baltics market is in rapid development stage – **14 new funds commenced their activities in 2019**, majority of which - **8 with Pan-Baltic focus, 5 Lithuania focused funds and 1 Latvian focused fund**. There were **no new funds** focused primarily **in Estonia** due to lower number of government funded early stage venture capital funds and accelerators.

**Largest amounts of capital raised (EUR 987M)** was by the **funds focused on whole Baltics as a region**. Such funds tend to seek for **buyout (46.7% of capital raised)** and **growth investments (20.3% of capital raised)**. **Meanwhile, funding raised by nationally focused funds amounted to EUR 37M (Estonia), 117M (Latvia) and 148M (Lithuania)** and concentrated on **early and late ventures**.

**Two largest** ever Baltics funds were raised in 2019 by **INVL and BaltCap** fund managers (EUR 142M and EUR 126M , respectively).

# Introduction

---

Funds' activity in terms of performed investments was also very high with **EUR 91M invested in 2019**, which is just slightly below of a record high annual investment amount observed in 2017 (EUR 96M invested). Throughout 2010-2019 period, **consumer goods and retail** was by far the most popular investment sector with total of EUR 86M invested. However, **in 2019** with an increasing number of early stage venture capital funds focused on fast growing IT and internet companies **computer and consumer electronics** sector companies attracted the highest amount – **EUR 24M** out of EUR 91M total invested.

**Annual investment amount in Estonian and Lithuanian entities in 2019** was at record highs (**EUR 42M** committed into **46 companies** and **EUR 37M** committed into **74 companies** , respectively), while it was less active year for funds in **Latvia (EUR 13M** was invested into **74 companies**). This year, **female/male board members** proportion of the companies held in investment portfolio was analysed for the first time, please refer to p. 11 for more details.


In 2016, Baltic fund managers have also started to invest outside of Baltics. As of the end of 2019, cumulative amount of **EUR 47M** have been **invested into 49 companies outside Baltics, majority of which concentrate in Scandinavian countries and UK.**

**Number of divestments** has been gradually growing and is **expected to increase further** in the upcoming years due to a number of funds reaching their termination year and thus, aiming to realize their investments.

More detailed analysis of the Private Equity and Venture Capital funds that operate in the Baltics, their capital raised, investments and divestments are presented further in this report.

**Linas Galvelė**  
Partner  
Deloitte Central Europe





---

# Private equity and venture capital in the Baltics

# Private equity and venture capital in the Baltics

## Baltic Investor Universe

### Early ventures

Logos for early venture investors include: TERA VENTURES, karma.vc, 20Ventures, VERSLO ANGELU FONDAL I-II, TRIND VC, IMPRIMATUR CAPITAL, Contrarian ventures, SUPERANGEL, Buildit Accelerator of Things, Practica Capital, EXPANSION CAPITAL, OVERKILL VENTURES, COMMERCIALIZATION REACTOR FUND, UnitedAngelsVC, CHANGE VENTURES BACKING AMBITIOUS BALTIC FOODIES, EQUITY UNITED, STARTUP WISE GUYS RIGA, and opencircle capital.

### Late ventures

Logos for late venture investors include: BALTCAP, Practica Capital, EXPANSION CAPITAL, FLYCAP, Contrarian, and Iron Wolf Capital.

### Growth investments

Logos for growth investment firms include: LITCAPITAL, ORION ASSET MANAGEMENT, BALTCAP, ZGI CAPITAL, EQUITY UNITED, and FLYCAP.

### Mezzanine

Logo for BPM (Business Process Management) investment firm.

### Buyout

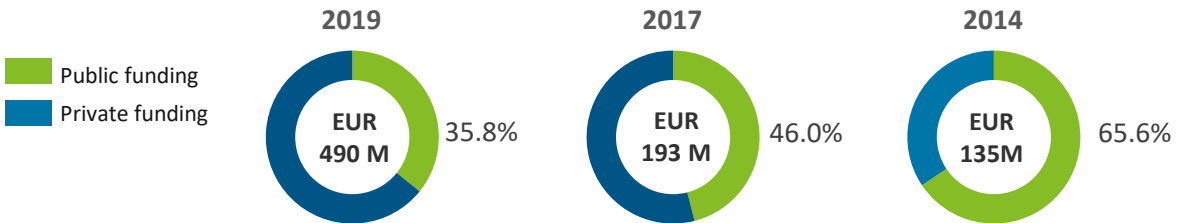
Logos for buyout firms include: BALTCAP, INL, and LIVONIA PARTNERS.

### Infrastructure

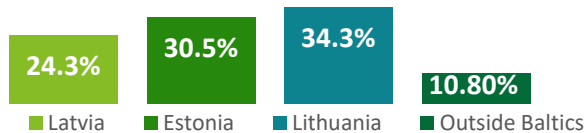
Logo for BALTCAP investment firm.

# Private equity and venture capital in the Baltics

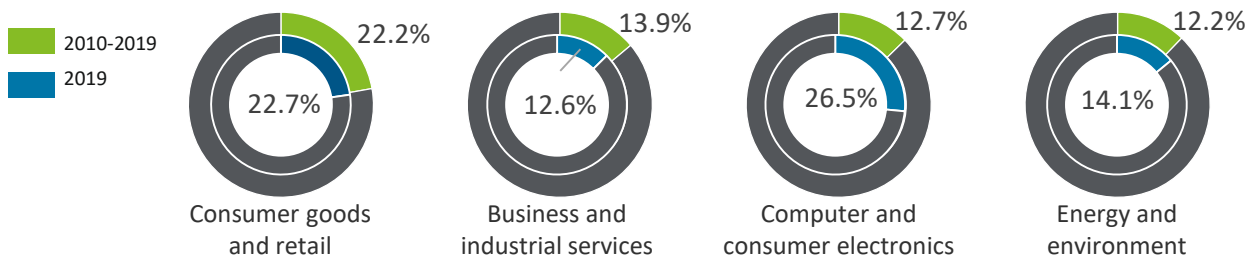
During 2010-2019 funds have raised EUR 1.3B, out of which about half was provided by government institutions and multilateral development banks. Till 2014, when funds had just started raising capital 65.6% of funding came from public sources. However, from 2015 onwards the **share of private funding has been increasing**:



**Total investments made by Baltics PE/VC funds** during the 2010-2019 have been EUR 433M, with the biggest proportion invested in Lithuanian companies:



Buyout funds' investments constituted 55.0% of the total amount. **Investment portfolio** is dominated by consumer goods and retail sector businesses. **Dominant sectors by the amount invested:**

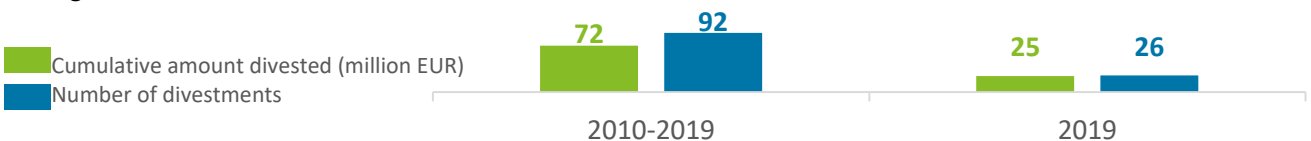


**14 new funds** commenced their activities in 2019, LxC Opportunity fund has been established and is expected to commence activities in 2020. During 2010-2019, the largest amount invested was by BaltCap (EUR 156M).

**Funds' investments:**



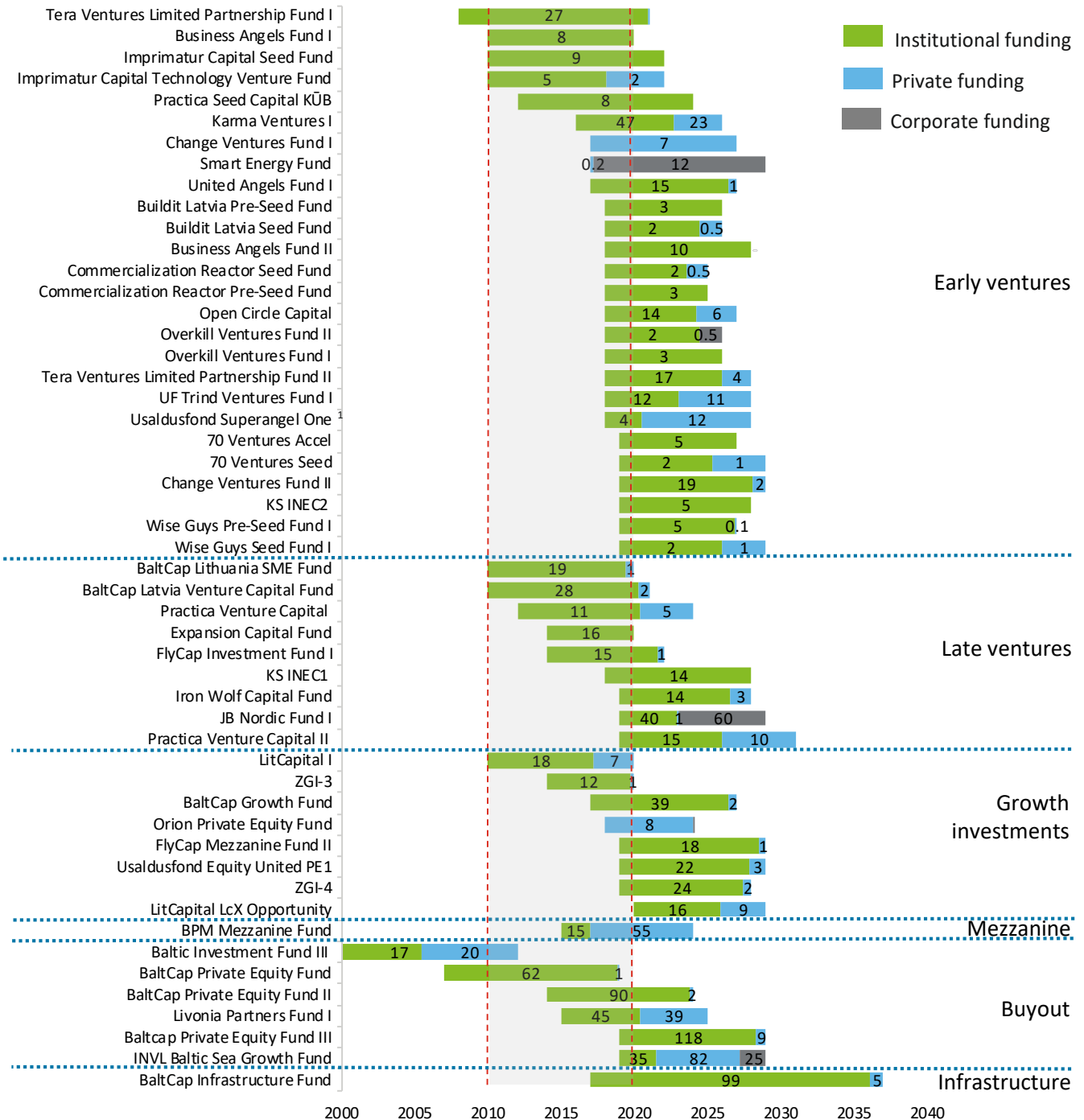
**Divestment value (at historical investment cost)** during the period were EUR 72M. The number of exists is expected to increase in the following years due to a number of funds reaching their termination year and, thus, aiming to realize their investments.



# Private equity and venture capital in the Baltics

## Landscape of PE/VC funds that invest in Baltics as at 31<sup>st</sup> December 2019

Funds raised by funding source and fund period, (EURM)



<sup>1</sup> Due to insufficient information provided Usaldusfond Superangel One was not included further in this report.

# Private equity and venture capital in the Baltics

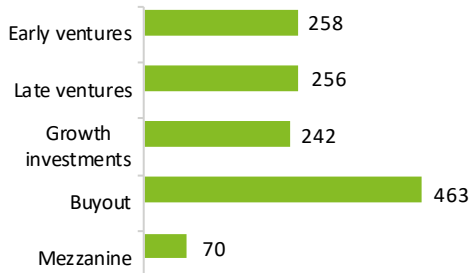
## Fundraising 2010-2019

Total funds raised by PE/VC firms during the 2010-2019 period in the Baltics reached EUR 1.3B. EUR 625M (48.5%) of funding in 2010-2019 was provided by public sector investors and multilateral development banks (EIF/EIB, BIF, EBRD, INVEGA, ALTUM, KredEx). Capital raised in 2019 was at a record high and amounted to EUR 490M, which is 4x higher compared to amounts raised in 2018 (EUR 128M).

Majority of funds have primary investment focus in all three Baltic countries (76.5% of total funding), while the remaining amounts are to be invested locally in Lithuania (11.5%), Latvia (9.1%) and Estonia (2.9%) only.

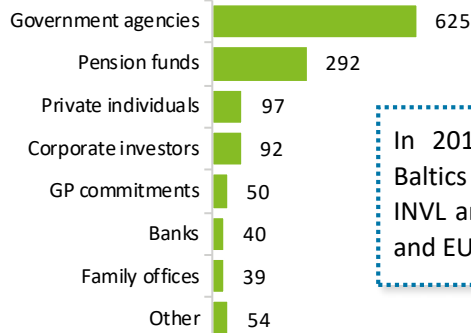
### Capital raised by fund's stage

2010-2019, EUR M



### Capital raised by investor type

2010-2019, EUR M<sup>2</sup>

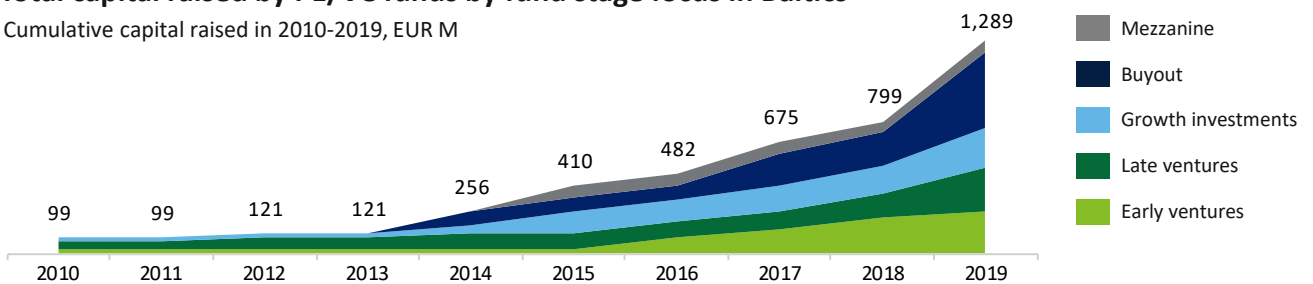


In 2019, two largest funds in Baltics to date were raised by INVL and BaltCap – EUR 141.9M and EUR 126.4M respectively.

Until 2014, when the Baltic PE/VC market was at its early development stage, the majority of newly established funds focused on early and late venture investments (25.0% and 54.3% of total cumulative funding, respectively). However, from 2014 the focus has shifted. In 2019, 35.9% of total cumulative funding raised focused on buyouts. Late, early and growth investments focused funds raised a similar portion of total funding (20.0%, 19.8% and 18.8% respectively).

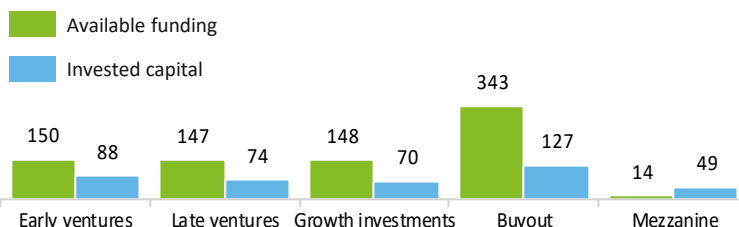
## Total capital raised by PE/VC funds by fund stage focus in Baltics

Cumulative capital raised in 2010-2019, EUR M



## Capital available for investments by fund's strategy

as at 31 December 2019 EUR M<sup>3</sup>



As at the end of 2019, PE/VC funds in the Baltic countries had EUR 802M of capital available for investing with the majority of funds focusing on buyout and early ventures investment strategies.

EUR 408M (at cost) were invested with almost a third of capital committed into buyout investments.

<sup>2</sup> Other sources include: International finance institutions, Fund of funds, Other asset managers, Insurance companies, Private investors

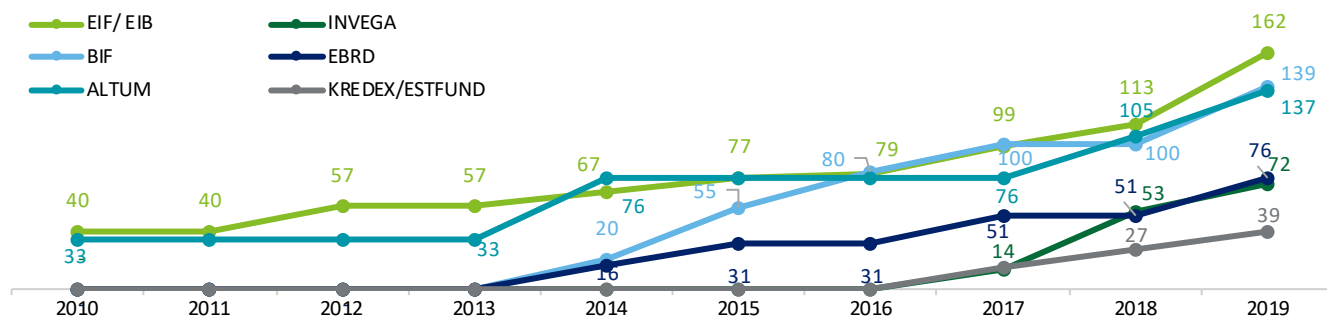
<sup>3</sup> Available funding describes total funds available in the Baltic countries by all funds. While invested capital represents the amount invested by all funds. It was assumed that capital provided by the Pan-Baltic funds is available for all three countries.



# Private equity and venture capital in the Baltics

## Public funding in the Baltics 2010-2019

Cumulative financing committed by public institutions to currently operational funds since 2010 (EUR M)<sup>3</sup>



BIF I initiative started in 2012, with the investing period lasting until 2020 and aiming to enhance the development of venture capital markets in the Baltic states. KredEx, Altum and Invega each committed EUR 26M, while EUR 52M came from EIF. In 2019, the continuation of the BIF was agreed. Over the next five years, BIF II will provide funding of EUR 156M to PE/VC funds that focus on the Baltic countries (KredEx, Altum and Invega will commit EUR 26M each and EIF EUR 78M).

During the 2010-2019, the major beneficiaries of BIF funding were: BaltCap (EUR 61M), Karma Ventures (EUR 25M), Livonia Partners (EUR 20M), BPM Mezzanine (EUR 15M) Change Ventures (10M) and INVL (EUR 8M).

In 2018, Equity United PE I and Tera Ventures Fund II have been signed under the EstFund - an initiative created by cooperation between the Republic of Estonia and the EIF and financed under European Structural and Investment Funds. EstFund aims to develop the early and expansion stage equity market in Estonia.

In addition to the funding included in the graph above, in 2017 INVEGA provided EUR 24M for the creation of Koinvesticinis fondas - a direct co-investment vehicle which invests in star-ups and companies undergoing business development and growth.

86.9 % of EBRD funding was received by BaltCap.

Compared to last year, public funding in 2019 increased by 79.8%, reaching EUR 176M. As opposed to last year, when all funding was provided to early and late venture focused funds (EUR 55 and EUR 42M, respectively), in 2019 EUR 40M of funding went to early venture focused funds, while growth and buyout focused funds received EUR 41 and EUR 95M, respectively.

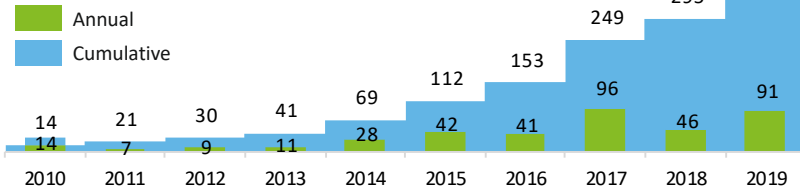
# Private equity and venture capital in the Baltics

## Funds' investments in the Baltics 2010-2019

In 2019, annual investment amounts doubled compared to 2018 (EUR 91 and 46, respectively). Number of investments increased significantly from just 83 in 2018 to 192 in 2019. The largest investment was made by INVL Asset Management (more than EUR 9M invested).

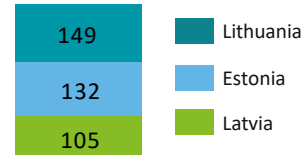
### Investments in 2010-2019

Funds investments in Baltics in 2010-2019, EUR M



### Capital invested by the country

2010-2019, EUR M



During 2010-2019, the largest amount (EUR 86M) was invested into consumer goods and retail companies, while the largest number of investments (152) was made into computer and consumer electronics companies.

In 2019, with an increasing number of early stage venture capital funds focused on fast growing IT and internet companies, out of 192 new investments 94 were made in computer and consumer electronics sector (EUR 24M invested). In comparison, 22 consumer goods and retail companies attracted EUR 21M.

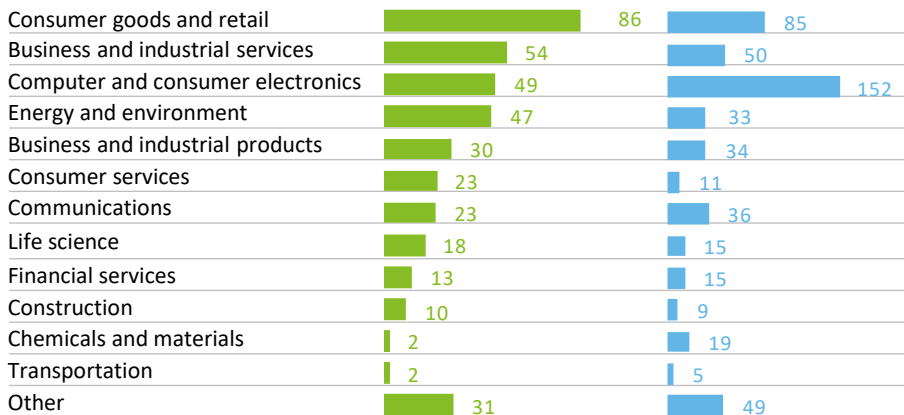
Total number of investments and amounts invested during 2010-2019 amounted to 513 and EUR 386M respectively.

### Investment by sector

2010-2019, EUR M

### Number of companies

2010-2019

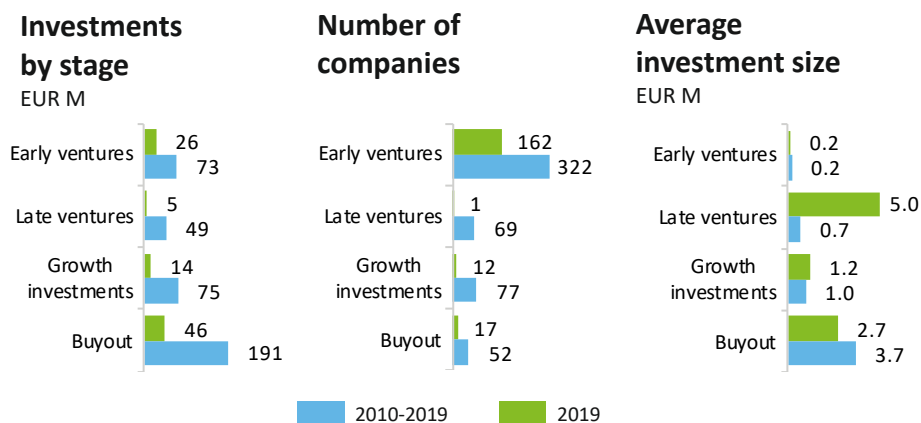


During 2010-2019, the largest amounts invested were by BaltCap (EUR 156M), followed by Livonia Partners (EUR 59M). The largest number of investments came from BaltCap (55), followed by Commercialization Reactor (49). Similarly, in 2019, BaltCap's total investments were of the largest value – EUR 27M invested, while the second biggest amount was invested by Livonia Partners (EUR 17M).

# Private equity and venture capital in the Baltics

## Funds' investments in the Baltics 2010-2019

In 2019, more than half of amounts invested (EUR 46M) were into 17 buyout stage companies. However, even though of a smaller value, the largest number of investments (162) were made into early venture companies (EUR 26M invested).



## Portfolio overview

In 2019 Baltics PE/VC funds in the portfolio had 309 active companies generating EUR 1.6B revenues, paying EUR129M in taxes and uniting 16,139 employees.

## Funds portfolio companies

As at 31<sup>st</sup> December 2019

Total turnover, EUR M	1,570
Number of active portfolio companies	309
Number of total employees	16,139
Taxes paid, EUR M	129
Percentage of Female board members	13.5
Percentage of Male board members	86.5

## Top deals by value by PE/VC in Baltics in 2019



The INVL Baltic Sea Growth Fund, bought a controlling equity stake in the metalworking and industrial construction company Montuotojas AB.



Livonia Partners acquired Klaasimeister, Estonia-based export driven glass processing company.



Livonia Partners has acquired 60% equity stake in Fenestra – window manufacturing company.

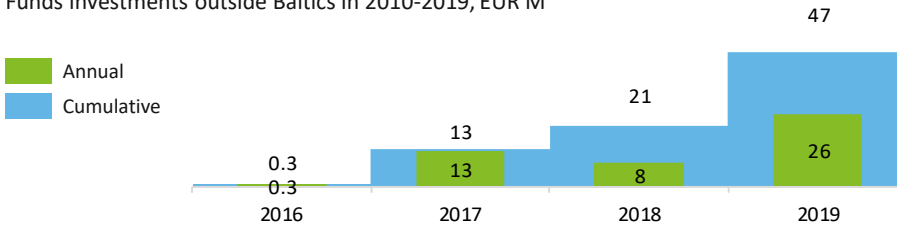
# Private equity and venture capital in the Baltics

## Outbound investments made by the Baltics PE/VC funds in 2010-2019

From 2016 onwards, new trend emerged, Baltic funds started investing into foreign countries. During 2016-2019 EUR 47M were invested in 49 companies operating outside of the Baltics.

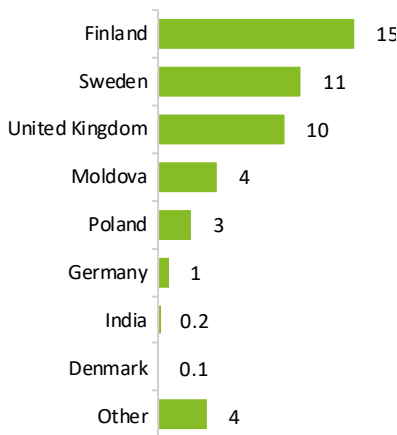
### Outbound investments in 2010-2019

Funds investments outside Baltics in 2010-2019, EUR M

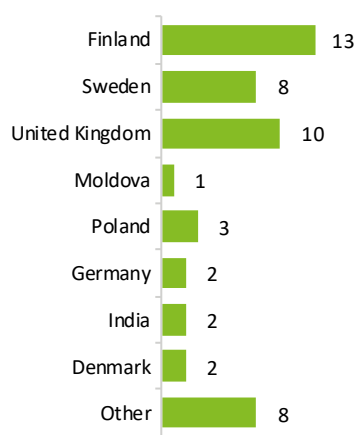


### Investments by country

Amount invested in 2010-2019, EUR M



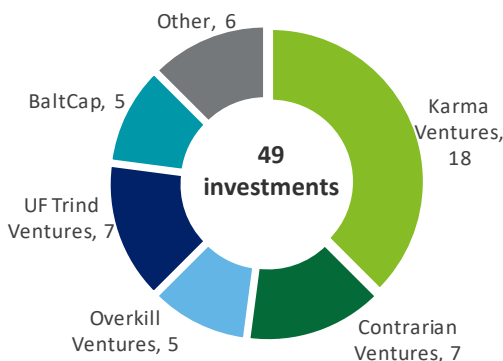
### Number of companies by country



The most popular location for outbound investments was Finland, during 2010-2019 EUR 15M were invested into 13 companies. This was followed by Sweden (8 companies attracted EUR 11M) and United Kingdom (10 companies received EUR 10M). In addition to countries disclosed in the graph below, Baltic PE/VC funds also made small investments in US, Ukraine, Belarus, Bulgaria, France, Norway, Israel, Hungary.

36.7% of all outbound investments made during 2010-2019 were by Karma Ventures. Contrarian Ventures and UF Trind Ventures each invested into 7 companies outside Baltics.

### Number of foreign investments by fund manager in 2010-2019



### Top outbound deals by value by PE/VC in 2016-2019

BaltCap invested EUR 6M in E/NRIDE Swedish transport company in 2019.

In 2018, INVL Asset Management invested EUR 5M in Moldovan bank.



# Private equity and venture capital in the Baltics

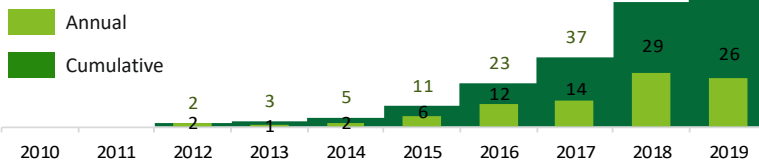
## Funds' divestments in the Baltics 2010-2019

26 portfolio companies (amounting EUR 25M) were exited in 2019.

The number and value of exists is expected to increase in the following year due to a number of funds reaching their termination year and thus, aiming to realize their investments.

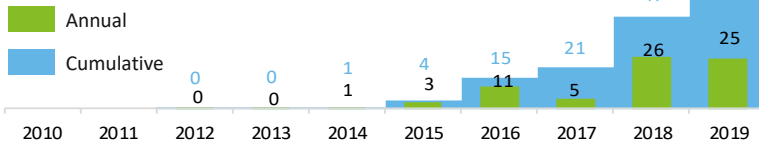
Growing divestment value (at historical investment cost) show increasing maturity of Baltic funds, however, it does not present the performance of the funds as it does not include capital gains made by the funds.

### Number of divestments



### Divestments at cost

2010-2019, EUR M

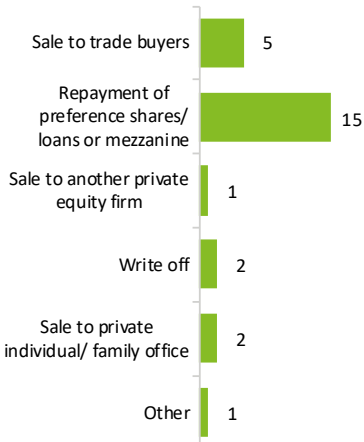


The largest amount exited in 2019 was by BaltCap. 15 exits by Baltcap out of 26 total exits in Baltics amounted to 68.2% of the total divested amount by PE/VC funds in 2019.

By far the most common exit route in 2019 was repayment of debt/mezzanine (15 exits), however, 5 sale to trade buyers exits amounted to EUR 15M, which constituted 58.9% of total number of exits.

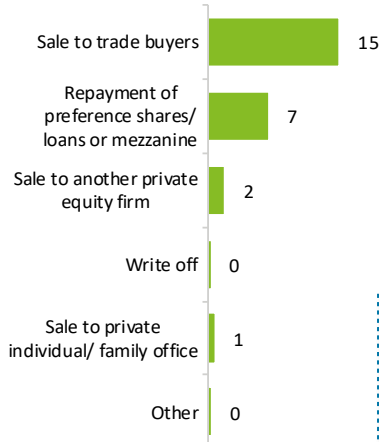
### Number of exits per type

2019



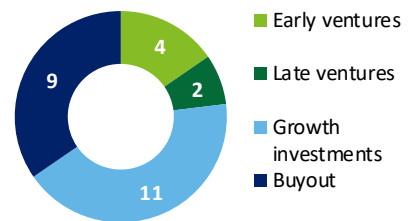
### Divestment by type of exit

2019, EUR M



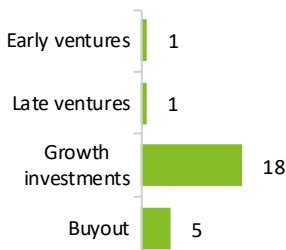
### Number of exits by investment stage

2019



### Exit value at cost by investment stage

2019, EUR M



Growth investments amounted to 70.5% of total divested value (at historical investment cost) and were the most frequent type of exit (slightly less than half of total exits).

### Top exits by value at cost by PE/VC in Baltics in 2019

**Fitek**


BaltCap sold its 95% stake in Fitek Holding to leading Europe's fintech company UnifiedPost Group (Belgium).



LitCapital sold its stake in Baltic Bicycle Trade, a company operating the Siauliai-based bicycle manufacturer Baltik Vairas, to a fund operated by KJK Management.



BaltCap sold its 70% stake in InMedica, domestic chain of primary health care centers, to INVL Baltic Sea Growth Fund.



---

# Private equity and venture capital in Latvia

# Private equity and venture capital in Latvia

## Market overview 2010-2019

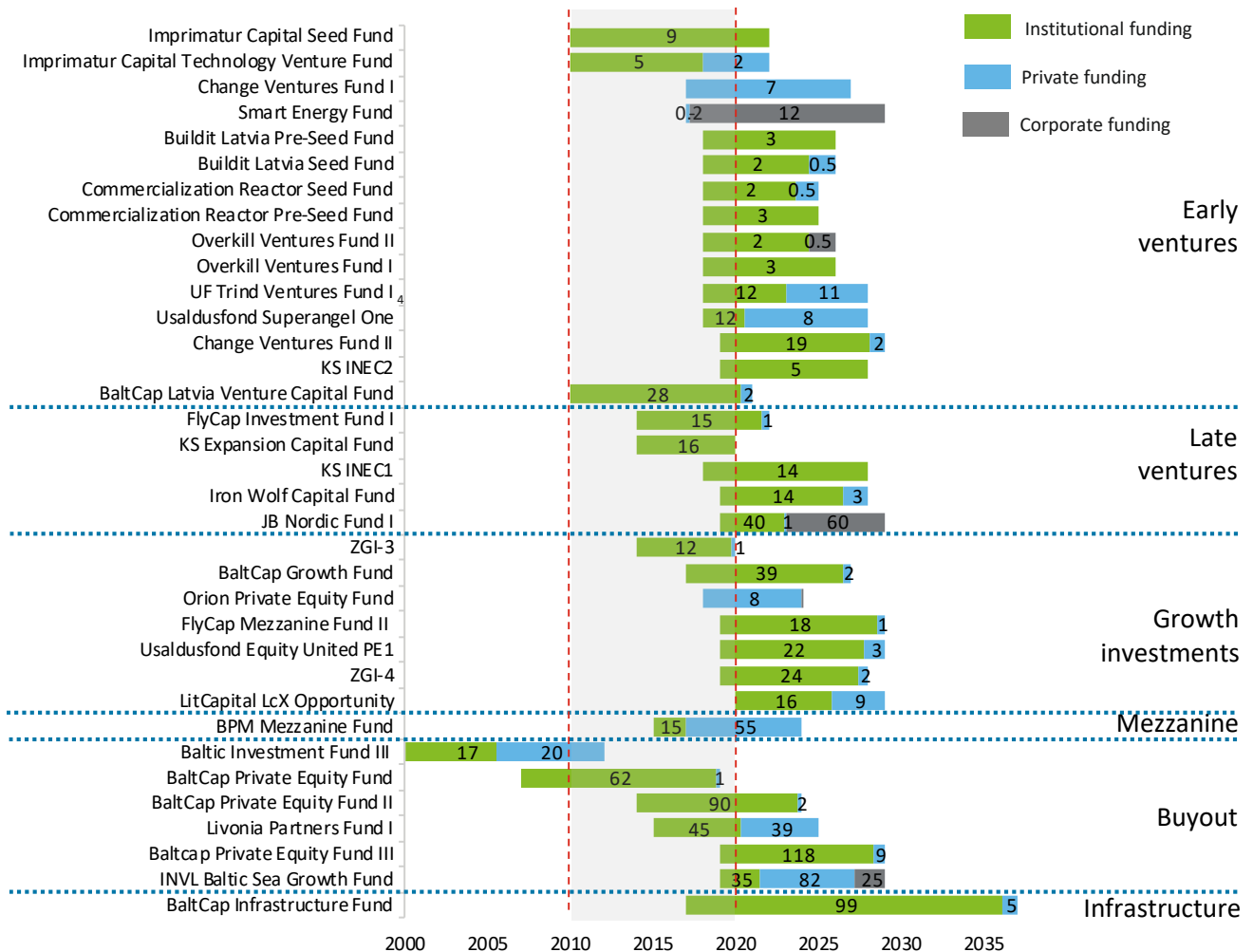
During 2010-2019 PE/VC funds with primary investment focus in Latvia raised over EUR 100M, while additional EUR 991M were raised by Pan-Baltic funds, making more than EUR 1.1B of capital available for Latvian companies. 88.3% of Latvia based funding came from governmental institutions and multilateral development banks, while only 37.5% of Pan-Baltic funding came from public sources. However, reliance on public institutions has been decreasing. In 2010-2014, when Latvian funds started to raise capital 67.5% of total funding came from public sources compared to 42.7% in 2010-2019. Nine new funds commenced their activities in 2019 and one new fund is expected to start operations in 2020.

## Latvian VCA members included in the survey



## Landscape of PE/VC funds that invest in Latvia

as at 31<sup>st</sup> December 2019



<sup>4</sup> Due to insufficient information provided Unsaldusfond Superangel One was not included further in this report.

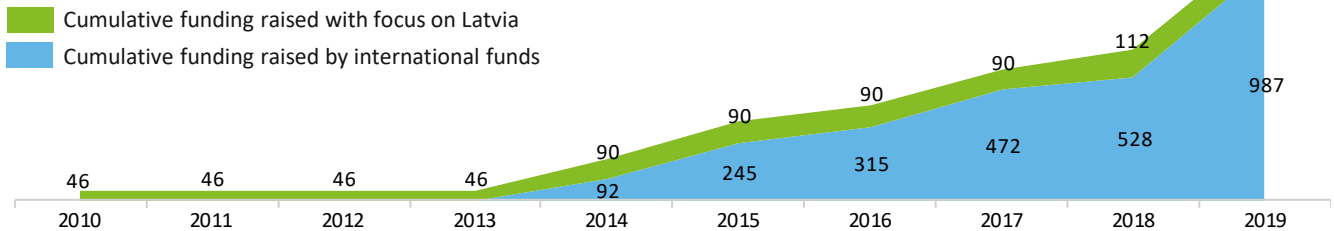
# Private equity and venture capital in Latvia

## Fundraising in 2010-2019

Out of EUR 1.1B of capital raised 10.6% (EUR 117M) came from funds with an investment focus only in Latvia. Government agencies and multilateral development banks were the single largest contributors (EUR 472M, out of which EUR 104M funding raised by funds focused on Latvia only).

### Total capital raised by PE/VC funds in Latvia

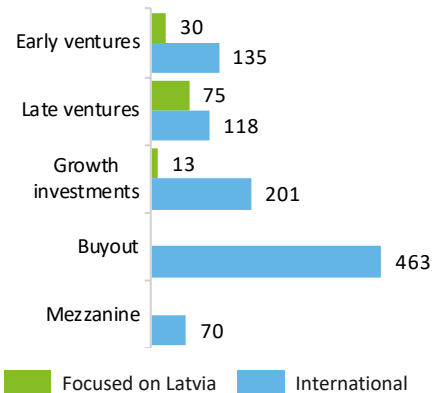
Total cumulative capital raised in 2010-2019, EUR M



Out of EUR 1.1B capital raised almost half (41.8%) was attracted by buyout stage focused funds, followed by growth and late ventures focused investors who raised 19.3% and 17.4% of total capital respectively.

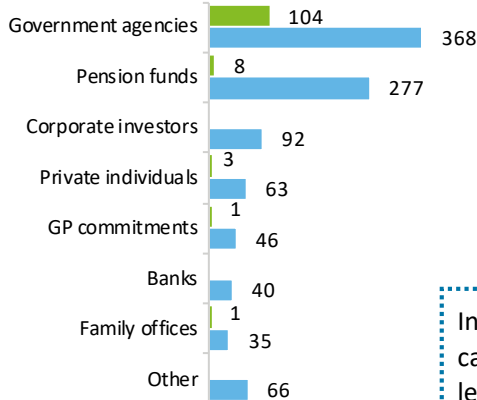
### Capital raised by fund's stage

2010-2019, EUR M



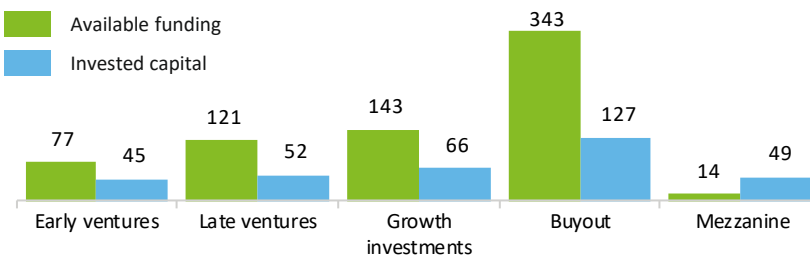
### Capital raised by investor type

2010-2019, EUR M<sup>5</sup>



### Capital available for investments by fund's strategy

as at 31 December 2019 EUR M<sup>6</sup>



In 2019, only 32.7% of total capital was already invested, leaving Latvian funds with almost EUR 700M available for investment, with largest amounts available in funds focusing on buyout and growth investment strategies. More than third (37.4%) of invested capital was committed into buyout stage investments.

<sup>5</sup> Other sources include: International finance institutions, Fund of funds, Public sector, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors.

<sup>6</sup> Available funding describes total funds available in the Baltic countries by all funds. While invested capital represents the amount invested by all funds. These funds are not necessarily available exclusive to Latvia, if the fund's focus is Pan-Baltic, it was assumed that funding is available in Latvia.



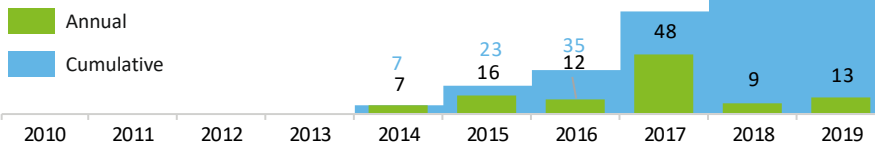
# Private equity and venture capital in Latvia

## Investments in 2010-2019

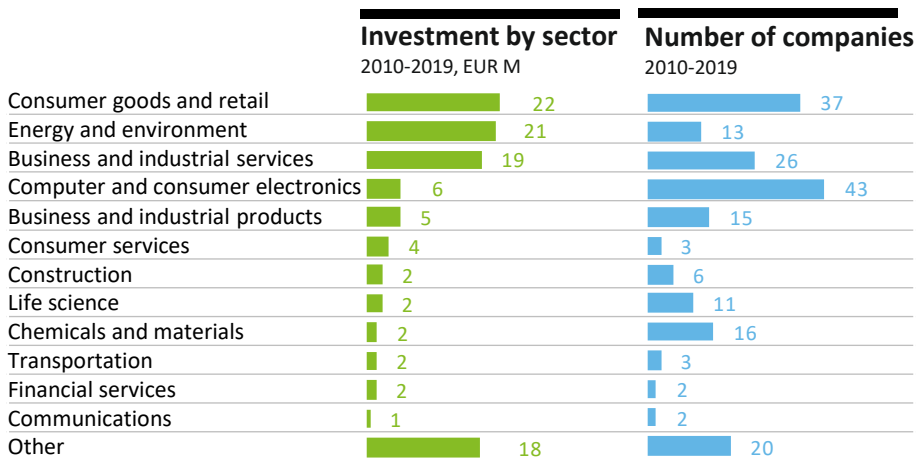
In 2019, amounts invested were 37.3% higher (EUR 13M) than in 2018, however, significantly lower compared to 2017, when record high amount of EUR 48M was invested. Number of investments in 2019, was at all time highs – investments into 72 companies were made.

### Investments in 2010-2019

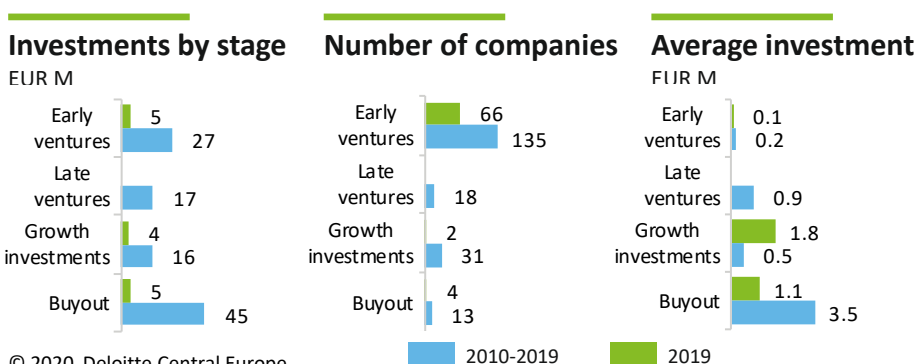
Capital invested, EUR M



During the period under review, largest amounts were invested into consumer good and retail sector (EUR 22M), however, computer and consumer electronics received the largest number of investments (43). Similar trend prevailed in 2019, 36.3% of EUR 13M invested went into energy and environment companies, followed by 21.9% invested into computer and consumer electronics companies.



In 2019 out of 72 investments, 66 were made into early venture stage companies, 4 into growth investments. EUR 5M were invested into early stage and buyout stage companies each.



The largest amount invested during the period under review was by BaltCap (EUR 62.1M), EUR 8M were invested in 2019.

The largest investment (EUR 2M) in 2019 was made by ZGI Capital.

The largest number of investments was made by Commercialization Reactor – 49 investments, out of which a record high number (37) was made in 2019 alone.

### Top deals by value by PE/VC in Latvia in 2019

ZGI Capital, acquired 15.06% equity stake in HansaMatrix (electronic system development and manufacturing company).

BaltCap Growth Fund bought 30% stake in Latvian petrol and convenience store chain KOOL Latvia.

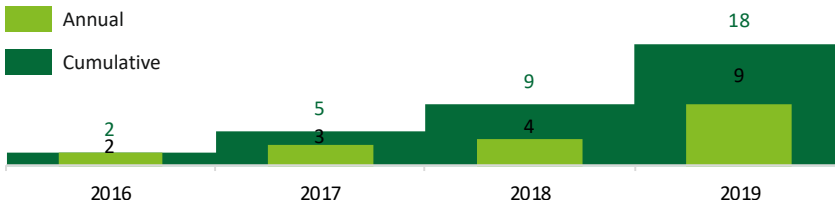
Karma Ventures invested into Sonarworks, a global leader in digital sound calibration.

# Private equity and venture capital in Latvia

## Divestments, annual and cumulative in 2010-2019

Increasing number of funds reaching their termination date lead to significant increase in number of divestments. Number of companies divested was at the all time highs (9 companies were exited in 2019, out of 18 exits made during 2010-2019). The number of exits is expected to increase further due to a number of funds reaching their termination year and, thus, aiming to realize their investments.

### Number of divestments



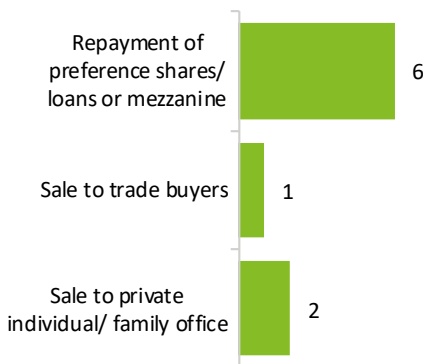
During 2010-2019 majority of exits were completed by BaltCap (11 companies exited, with 6 companies divested in 2019 alone).

During 2010-2019, the most common route of exit was repayment of debt/mezzanine (11 out of 18 divestments).

Similarly, it was the most frequent form of exit in 2019 (66.7% of total divestments).

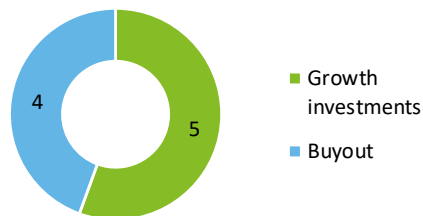
### Capital raised by fund's stage

2010-2019, EUR M



### Capital raised by investor type

2010-2019, EUR M<sup>5</sup>



### Top exits by divestment value (at historical investment cost) by PE/VC in Latvia in 2019

**postservice<sup>®</sup>**  
pasts biznesam


BaltCap sold its stake in leading Latvian private postal operator to Latvijas Pasts, the state-owned postal service provider.



FlyCap sold its minority stake in Nacionālais medicīnas serviss-laboratorija to Estonian financial investor.

The largest number of exits during 2010-2019 was made by funds divesting from growth companies 44.4% (8 out of 18 total number of exits).

In 2019, only growth and buyout stage investments were exited. As early and late ventures constitute to 42% of total amount invested, number of exits is expected to increase dramatically in the following years.



---

# Private equity and venture capital in Lithuania

# Private equity and venture capital in Lithuania

## Market overview 2010-2019

Out of EUR 1.1B capital raised EUR 148.2M (13.1%) were raised by funds investing solely into Lithuanian companies, while the remaining amount were raised by funds with Pan-Baltic focus.

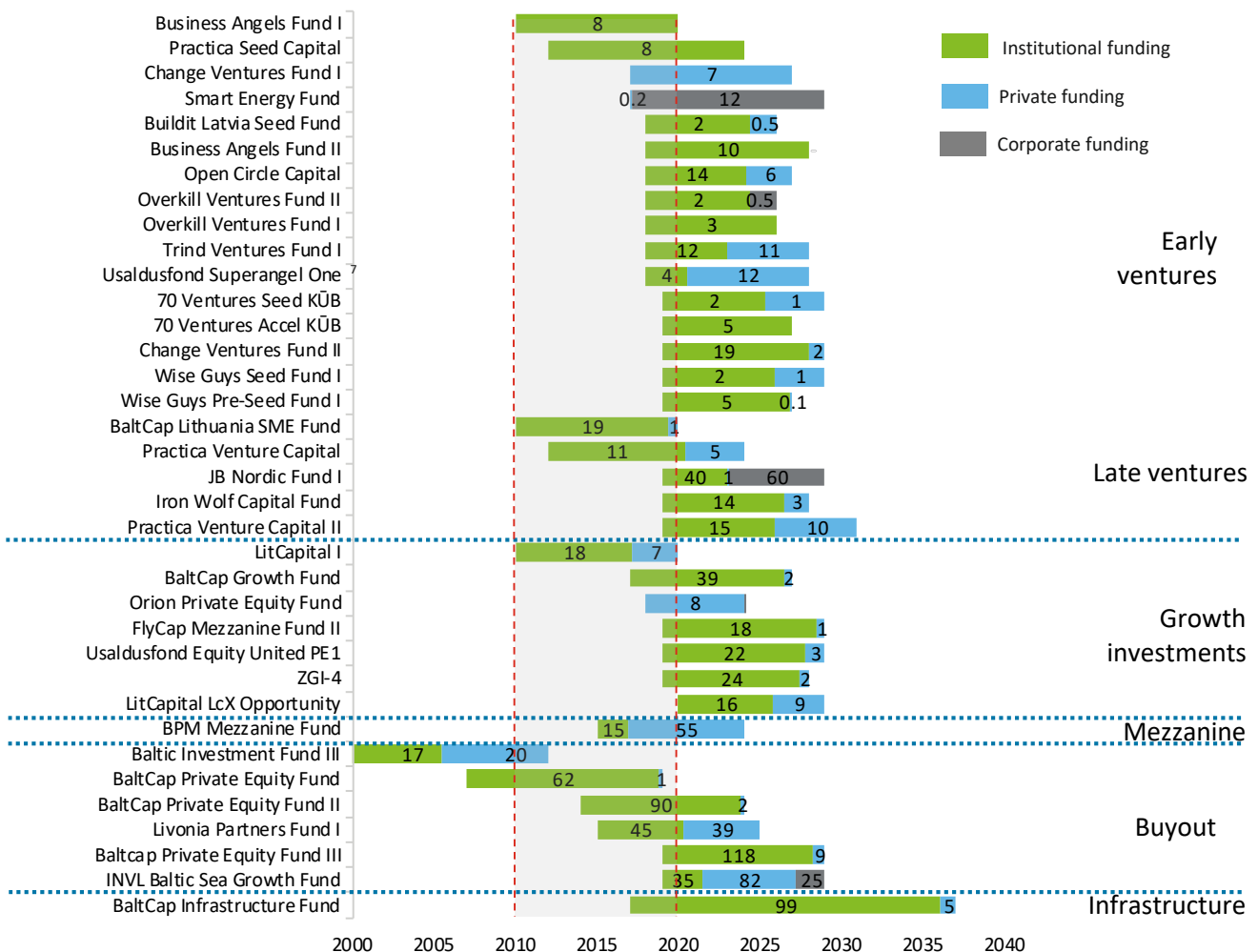
75.3% of Lithuania-only based funding came from governmental institutions and multilateral development banks, while Pan-Baltic funding is predominantly private (only 38.7% came from public sources). However, reliance on public institutions has been decreasing. During 2010-2014, 62.2% of total funding came from public sources compared to 43.3% in 2010-2019. In 2019, 13 new funds commenced their activities and 1 new fund is expected to start operations in 2020. In 2019, amounts invested was at a record high – EUR 37M committed into 74 companies, boosting cumulative amount invested to EUR 150M.

### Lithuanian VCA members included in the survey



## Landscape of PE/VC funds that invest in Lithuania as at 31st December 2019

Funds raised by funding source and fund period, (EURM)



<sup>7</sup> Due to insufficient information provided Unsaldusfond Superangel One was not included further in this report.

# Private equity and venture capital in Lithuania

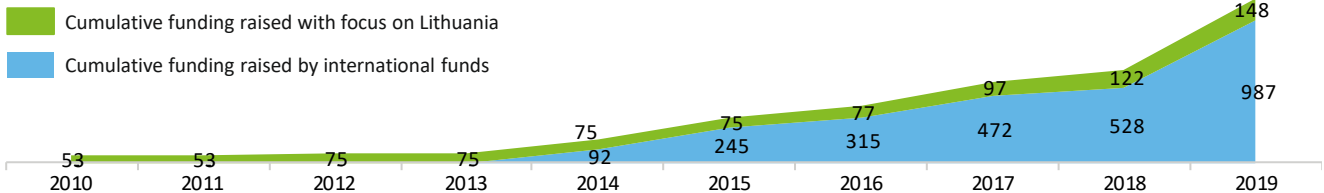
## Fundraising 2010-2019

Total funds raised by PE/VC firms in Lithuania from both international and local focused funds at the end of 2019 were EUR 1.1B, mostly in growth and buyout focused funds (EUR 229M and EUR 463M raised, respectively).

During 2010-2019 the largest amount of funding was raised by BaltCap EUR 483M (of which 47.1% in 2019).

## Total capital raised by PE/VC funds in Lithuania

Total capital raised in 2010-2019, EUR M

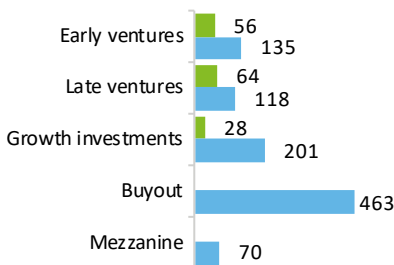


Government agencies and multilateral development banks were the single biggest contributor (EUR 492M, out of which EUR 112M raised by funds focused on Lithuania only).

42.3% (EUR 64M) and 38.1% (EUR 56M) of Lithuania focused funds were raised by funds focused on late and early venture investments respectively.

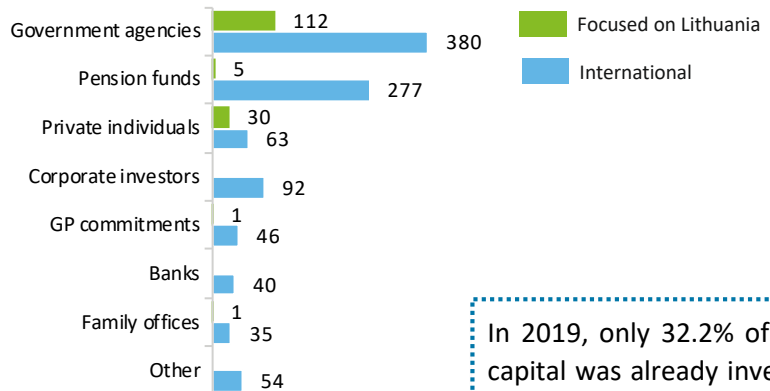
## Capital raised by fund's stage

2010-2019, EUR M



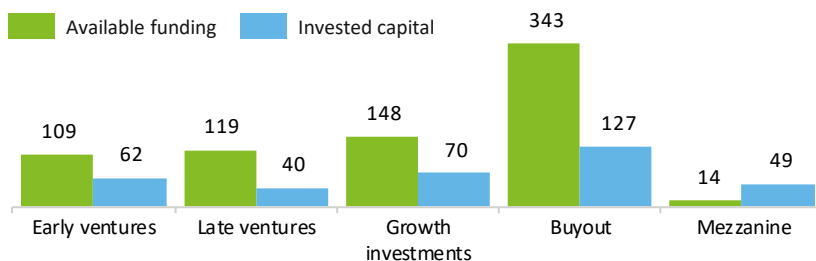
## Capital raised by investor type

2010-2019, EUR M<sup>8</sup>



## Capital available for investments by fund's strategy

as at 31 December 2019 EUR M<sup>9</sup>



In 2019, only 32.2% of total capital was already invested, leaving funds with more than 700M EUR available for investment, with largest amounts available in funds focusing on buyout and growth investment strategies. More than third (36.4%) of invested capital was committed into buyout stage investments.

<sup>8</sup> Other sources include: Fund of funds, International finance institutions, Other asset managers, Insurance companies, Private investors.

<sup>9</sup> Available funding describes total funds available in the Baltic countries by all funds. While invested capital represents the amount invested by all funds. These funds are not necessarily available exclusive to Lithuania, if the fund's focus is Pan-Baltic, it was assumed that funding is available in Lithuania

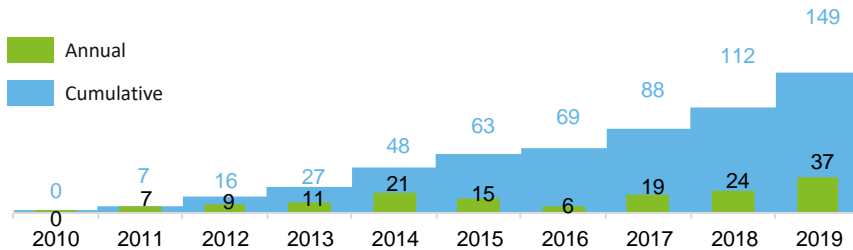
# Private equity and venture capital in Lithuania

## Investments in 2010-2019

In 2010-2019 investments continued to grow with the most popular sector being consumer goods and retail (EUR 24.2M invested into 23 companies).

## Investments in 2010-2019

Capital invested, EUR M

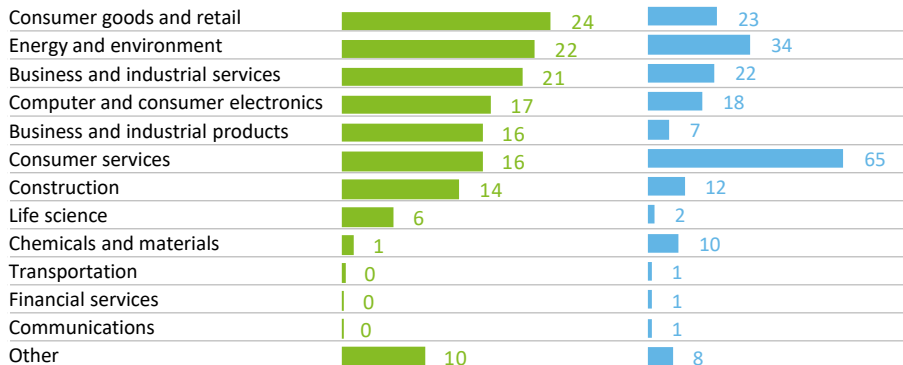


Largest investment (EUR 9.3M) was made in business and industrial services sector.

The largest amount in 2019 was invested by INVL Asset Management (EUR 15.1M), while Startup Wise Guys made the biggest number of investments (27).

In 2019, the largest amount was invested into business and industrial services – EUR 11.1M committed into 9 companies. However, computer and consumer electronics still remained the most common investment (42 out of 74 investments in 2019).

### Investment by sector 2010-2019, EUR M



### Number of companies 2010-2019

## Top deals by value by PE/VC in Lithuania in 2019

The INVL Baltic Sea Growth Fund, bought a controlling equity stake in the metalworking and industrial construction company Montuotojas AB.

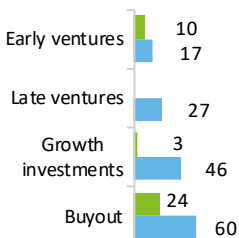


INVL Baltic Sea Growth Fund completed deal to acquire 70% stake in InMedica chain from BaltCap, making it a first secondary transaction in Lithuania.

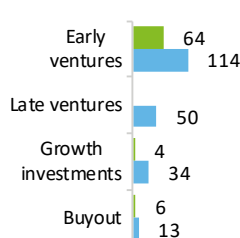


In 2019 early venture investments (EUR 10.0M) made up 64 out of 74 PE/VC investments in Lithuania. There were 6 buyout stage investments (worth 24.3M EUR), followed by 4 growth investments (EUR 2.6M) and no late venture stage investments.

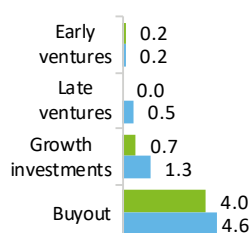
### Investments by stage EUR M



### Number of companies



### Average investment EUR M



2010-2019 2019

# Private equity and venture capital in Lithuania

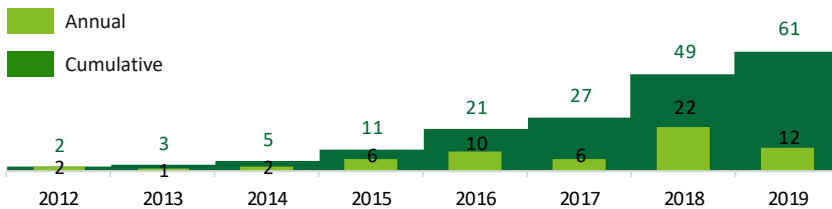
## Divestments, annual and cumulative in 2010-2019

61 companies were exited during 2010-2019

In 2019, 12 portfolio companies were exited which is a decrease compared to 22 exits in made in 2018.

However, the number of exists is expected to increase due to a number of funds reaching their termination year and, thus, aiming to realize their investments.

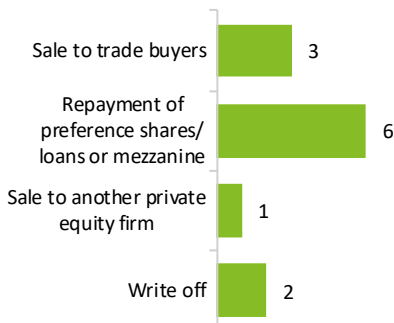
### Number of divestments



All exits in 2019 were made by BaltCap, Practica Capital and LitCapital (5, 5, and 2 companies divested, respectively).

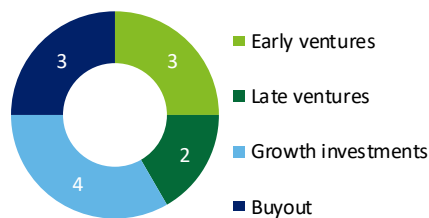
### Number of exits per type

2019



### Number of exits by investment stage

2019



In 2019, the largest number of divestments were made exiting growth companies (4 out of 12). 3 buyout and 3 early venture companies were exited.

### Top deals by value by PE/VC in Lithuania in 2019




LitCapital sold its stake in Baltic Bicycle Trade, a company operating the Siauliai-based bicycle manufacturer Baltik Vairas, to a fund operated by KJK Management for an undisclosed value.



LitCapital sold UAB Medicinos Paslaugų Grupė (leading private healthcare service provider in Lithuania with a presence in vaccination & occupational services) to Affidea.



BaltCap sold Caffeine Roasters to Lithuanian company Reitan Convenience.



---

# Private equity and venture capital in Estonia



# Private equity and venture capital in Estonia

## Market overview 2010-2019

Between 2010-2019, 25 new Pan-Baltic Private Equity & Venture Capital funds were raised, making over EUR 1BN of capital available for Estonian companies.

In 2019, only 32.1% of total that capital was invested, leaving EUR 690M available for investments. In total EUR 132M have reached 114 Estonian companies. European Investment Fund continues to be a cornerstone investor in the region, with local Pension Funds and EBRD being one of the most important contributors to market development.

In 2019 8 new Pan-Baltic Private Equity & Venture Capital funds were formed: BaltCap Private Equity Fund III (EUR 126M), INVL Baltic

Sea Growth Fund (EUR 142M), JB Nordic Fund I (EUR 101M), Change Ventures Fund II (EUR 21M), Iron Wolf Capital (EUR 17M), FlyCap Mezzanine Fund II (EUR 19M), Equity United Fund I (EUR 25M) and ZGI Capital Fund IV (EUR 25M). Investments into Estonian companies were at record high, with EUR 42M invested into 46 companies. As the majority of funds are relatively young, there were only 5 exits in 2019.1

### Estonian VCA members included in the survey



## Landscape of PE/VC funds that invest in Estonia as at 31st December 2019

Funds raised by funding source and fund period, (EUR M)



<sup>10</sup> Due to insufficient information provided Usaldusfond Superangel One was not included further in this report.

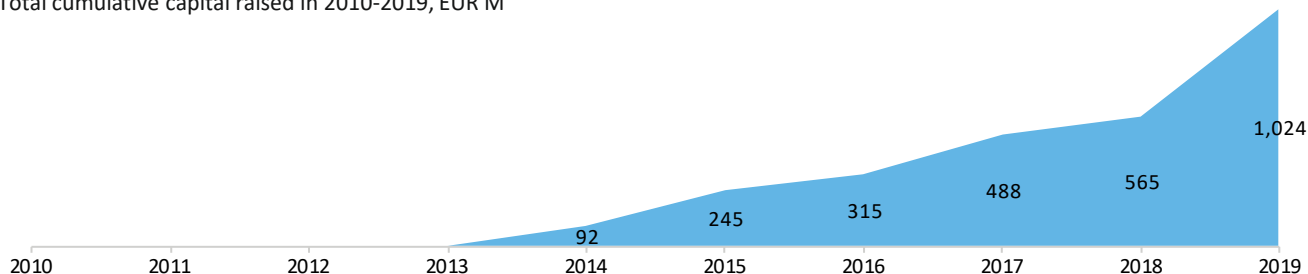
# Private equity and venture capital in Estonia

## Fundraising 2010-2019

Estonian companies are competing for private equity funding internationally at a pan-Baltic or pan-European level as majority of funds are focused on investing beyond just Estonia. During 2010-2019 1B was raised.

### Total capital raised by PE/VC funds in Estonia

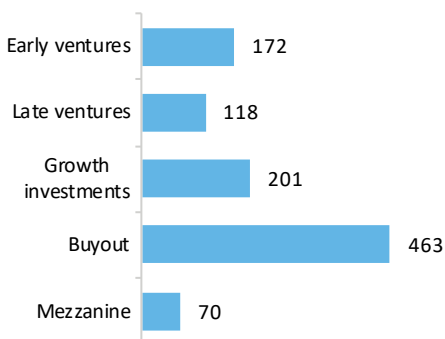
Total cumulative capital raised in 2010-2019, EUR M



Out of total EUR 1B funds raised, 40.3% was provided by the government agencies and 42.9% by private investors. More than half of those 42.9% was provided by the local pension funds. 45.2% of EUR 1B was raised by buyout funds, followed by growth funds with 20.3%.

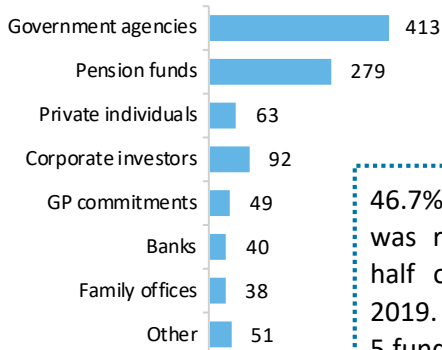
### Capital raised by fund's stage

2010-2019, EUR M



### Capital raised by investor type

2010-2019, EUR M<sup>11</sup>

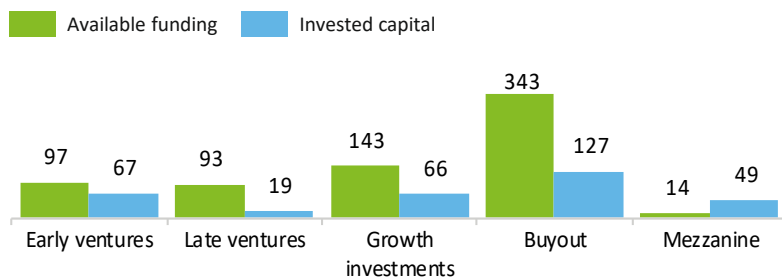


46.7% (EUR 463M) of total funding was raised by BaltCap, with almost half of the total amount raised in 2019.

5 funds raised capital for the first time in 2019.

### Capital available for investments by fund's strategy

as at 31 December 2019 EUR M<sup>12</sup>



In 2019, only 32.1% of total capital was already invested, leaving Estonian funds with EUR 690M available for investment. The largest amounts raised but not invested by funds was focused on buyout and growth investments.

The biggest proportion (38.8%) of committed capital was invested into buyout stage investments.

<sup>11</sup> Other sources include: Fund of funds, International finance institutions, Banks, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors.

<sup>12</sup> Available funding describes total funds available in the Baltic countries by all funds. While invested capital represents the amount invested by all funds. These funds are not necessarily available exclusive to Estonia, if the fund's focus is Pan-Baltic, it was assumed that funding is available in Estonia.

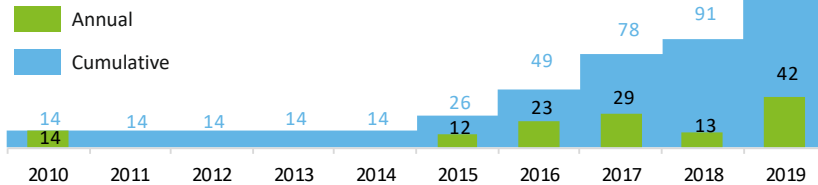
# Private equity and venture capital in Estonia

## Investments in 2010-2019

Investments bounced back in 2019 to EUR 41.5M, after a dip in 2018 (EUR 13.3M), with cumulative investments in fund portfolios as at the end of 2019 totaling EUR 132.4M.

### Investments in 2010-2019

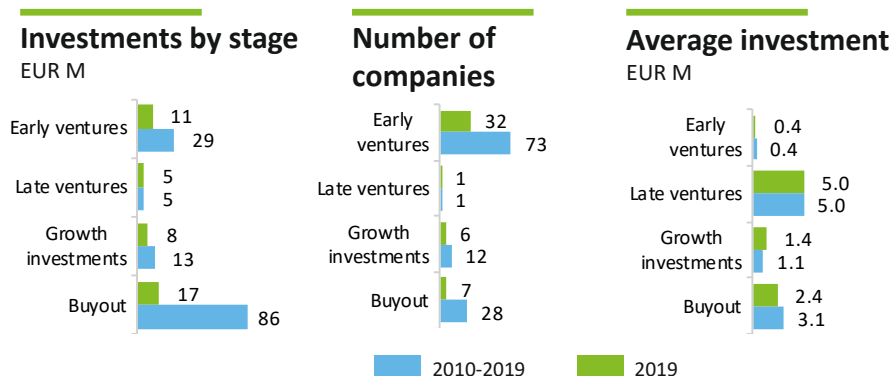
Capital invested, EUR M



The primary sector of investment over the past decade has been consumer goods and retail, also making up 42.7% of investments in 2019. Just about half (44 of 114) of total investments made during 2010-2019 were made with computer and consumer electronics, making it the most active sector.

	Investment by sector 2010-2019, EUR M	Number of companies 2010-2019
Consumer goods and retail	40	25
Computer and consumer electronics	27	44
Business and industrial services	14	4
Energy and environment	12	8
Financial services	10	3
Life science	9	2
Construction	7	2
Consumer services	3	1
Chemicals and materials	0	2
Transportation	0	1
Other	9	22


In 2019, the largest amount was invested in buyout stage companies (7 investments worth EUR 16.9M), followed by early venture companies (32 investments worth EUR 11.4M).




During 2010-2019, the largest amounts were invested by BaltCap (EUR 63.0M), while in 2019, Livonia Partners was the most active fund with investments worth EUR 17.0M. The largest number of investments during 2010-2019 were made by Tera Ventures (26).

### Top deals by value by PE/VC in Estonia in 2019

 Livonia acquired Klaasimeister, an Estonia-based export driven glass processing company.

 Livonia acquired a 60% equity stake in the window manufacturing company, Fenestra.

 BaltCap invested in Estonian company Bolt (formerly Taxify) – a leading European transportation platform.

 BaltCap acquired a minority shareholding in Viru Haigla AS (a firm operating in private ambulance business in an elderly care chain).

# Private equity and venture capital in Estonia

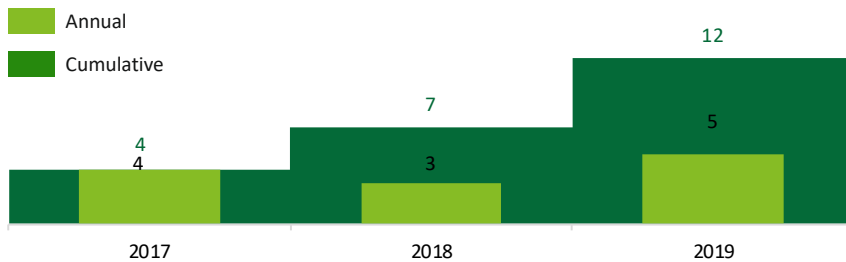
## Divestments, annual and cumulative in 2010-2019

Funds operating in Estonia had started realising their investments from 2017 and since then 12 companies had been exited.

In 2019, 5 divestments were made, compared 3 companies exited in 2018.

The number of exits is expected to increase further due to a number of funds reaching their termination year and, thus, aiming to realize their investments.

### Number of divestments



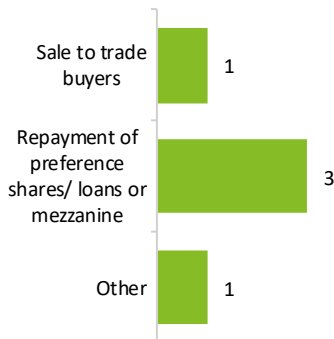
All exits in 2019 were made by BaltCap and Tera Ventures (4 and 1 exits, respectively).

7 out of 12 divestments made during the 2017-2019 period were made by BaltCap (EUR 8M divested), out of which 4 exits (amounting to EUR 7M) were exited in 2019.

The most prominent exit route 2010-2019 was repayment of preference shares/loans or mezzanine, representing 6 out of 12 exits.

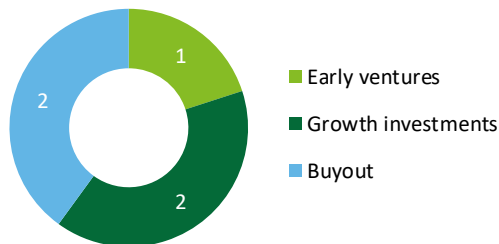
### Number of exits per type

2019



### Number of exits by investment stage

2019



### Top exits by value at cost by PE/VC in Estonia in 2019

**Fitek**

BaltCap sold its 95% stake in Fitek Holding to one of Europe's leading fintech companies, UnifiedPost.

During 2010-2019, 66.7% of total exited investments (8 out of 12) was in buyout stage companies, followed by 3 growth investments. Similarly, in 2019, 2 buyout and 2 growth companies were exited.



---

# Approach to Market Overview

# Approach to Market Overview

---

## Scope of the Market Overview

This Market Overview was prepared by Lithuanian Private Equity and Venture Capital Association (LTVCA), Latvian Private Equity and Venture Capital Association (LVVCA) and Estonian Private Equity and Venture Capital Association (EEVCA) (together Baltic VCAs), in cooperation with Deloitte Estonia, Deloitte Latvia and Deloitte Lithuania (together Deloitte).

The Market Overview presents latest developments and historical trends of Lithuanian, Latvian and Estonian (together Baltic States) Private Equity and Venture Capital (PE/VC) market. Key areas of the Market Overview are:

- Raised capital by the PE/VC funds
- Investments made by PE/VC funds in their portfolio companies
- Realized investments previously made (Divestments) by PE/VC funds

---

## Geographic definition

As the Market Overview was focused on Baltics States PE/VC landscape, data was collected and analysed in relation to the PE/VC funds that in their investment mandate define at least one of the Baltic States as one of the primary investment locations. Only PE/VC fund that had personnel dedicated to investments in Baltic States were included in the Market Overview.

---

## PE/VC fund definition

Companies established at any legal form and incorporated in any jurisdiction were considered as PE/VC funds if its primary purpose was investing in or buying out companies from pre-seed to buyout stage that are engaged in operating activities or infrastructure investments (excluding real estate development companies or holding companies). Companies were defined as PE/VC fund only if they had an independent management. It was considered that company's management is independent if the majority of the managed funds (assets) of the fund is not directly or indirectly owned by that fund's management. Publicly traded investment funds/companies were also excluded from the analysis.

Based on PE/VC fund definition and geographic definition the following funds were excluded from the Market overview: INVL technology, INVL Alternative Assets Umbrella fund, UTIB, four EfTEN Capital AS real estate funds, two Ambient Sound Investments funds, Mundus Bridge Finance fund, Capitalia and KÜB Koinvesticinis fondas. Usaldusfond Superangel One Fund was shown on the landscape, however, due to lack of information provided was not analysed further in this survey.

---

## Investment definition

Investments by PE/VC funds in portfolio companies include direct equity investments as well as debt and mezzanine type of instruments.

Investments were allocated to specific countries based on where the majority of operations are carried out as well as HQ.

Short-term financing (less than 1 year) is not included in divestment statistics.

Add-on investments and deferred payments were included in number of investments statistics as separate investments.

---

## Divestment definition

In this Market Overview divestments from portfolio companies were defined at cost basis meaning PE/VC funds divestments per portfolio company could not exceed cumulative investment amount in the same company. All cash received from portfolio companies to the fund in excess of cumulative investment amount made by the fund to the company were considered as fund gains and were not accounted as divestment inflows in this Market Overview.

Divestments were allocated to specific countries based on where the majority of operations are carried out as well as HQ.

Short-term financing (less than 1 year) is not included in divestment statistics.

---

## Sources of data (members, non-members, public and Deloitte databases)

Majority of the data for this Market Overview was collected directly from Baltic States PE/VC funds, via survey, majority of which were the members of Baltics VCAs. Some additional data was collected from public sources as well as databases that the preparing parties had access to. The accuracy and completeness of the provided data was not verified or audited. No assurance for the quality or accuracy of the data can be provided.

# Approach to Market Overview

---

## Funding availability

Some of the funds in the Baltic States have clear national focus on one or two Baltic countries. In available funds for investments in particular country we indicated funds as international if they indicated that their investment focus is all Baltic states and or wider region. In case fund indicated that it's focus is on specific country – we indicated that this funding is available only in particular country.

Numbers in graphs “Total capital raised by PE/VC funds” and “Capital available for investments by fund’s strategy as at 31 December 2019” do not reconcile due to different data sources. In “Total capital raised by PE/VC funds” amounts provided by investors are considered, while in the later graph total amount available and total amount invested, which could differ due to funds distributions to fund investors and realized investments returns.

---

## Previous period data

Some data in the Market Overview for the periods prior to 2019 include data that was presented in the previous year’s reports of Baltic VCAs. Past data in this Market Overview might be different as compared with data in the previous years reports due to differing PE/VC fund definitions, geographic funds operations definitions and other definitions that are used in this report.

---

## Public financing related definitions

BIF – Baltic Innovation Fund is a Fund-of-Fund initiative launched by EIF in close co-operation with the governments of Latvia, Lithuania and Estonia to enhance equity investments made into Small and Medium sized enterprises. Initiative was financed by EIF committing 52M EUR, INVEGA (Lithuania), KredEx (Estonia) and Altum (Latvia) each committing 26M EUR.

EBRD – European Bank for Reconstruction and Development.

EIB – European Investment Bank.

EIF – European Investment Fund supports Europe’s SMEs.

INVEGA – financial entity incorporated by the State of Lithuania with intent to provide support for SMEs. INVEGA financing also includes Co-Investment Funds (Co-Investment I, Co-Investment II, Co-Investment RDI) managed by UAB Kofinansavimas.

In the chart PE/VC market development - Financing committed by public institutions to currently operational funds since 2010 (EUR M) out of 139.7M EUR indicated as EIF/EIB funding 59M EUR are provided by JEREMIE initiative (Funding for LitCapital I KÜB, Lithuanian SME Fund, Practica Seed Capital KÜB, KÜB Verslo Angelų Fondas I and Practica Venture Capital KÜB). JEREMIE initiative was set up by the Government of Lithuania by using European Union structural funds.

---

## Other assumptions, disclosures and limitations

Funding on the landscape graphs is classified as follows: Institutional funding - Government agencies, Public pension funds, Insurance companies, Fund of funds, Banks, Sovereign wealth funds, Other asset managers, Capital market, Public sector, International finance institutions; Private funding - Private individuals, GP commitments, Family offices, Private pension funds, Private investor; Corporate funding.

Information about revenue, number of employees and taxes paid of some of the investments made by Open Circle Capital Fund was missing and may not be complete.

A few funds provided investments split by date, size and stage, but it could not be allocated according to the relevant sectors.

Venture investments definition includes: pre-seed, seed, start-up, early stage venture and later stage venture investments.

Capital available for investments by fund’s stage focus chart includes funds that were established prior to 2020, and does not include funds that were planned to start their operations in 2020 or listed companies.

KS EuVECA Livonia Partners Fund I includes KS Livonia Partners EIF Co-Investment Fund, with 10M EUR financing raised from public sources.

BaltCap Private Equity Fund includes BaltCap Co-Investment Fund, with 10M EUR financing raised from public sources.

Some data from other PE/VC funds was added to the analysis if provided or if available publicly.

Average investments and divestments may be understated, due to some undisclosed investments/divestments amounts.

Not all funds disclosed information on female/male board members.

Investments made by mezzanine funds were allocated to growth or buyout stages depending on the specific investment.

COVID 19 impact was not considered due to the scope of the analysis including period of 2010-2019, i.e. prior to COVID 19.

# Approach to Market Overview

---

## Scope of the Market Overview

Bellow is a list of PE/VC funds that provided data for the survey:

1. BaltCap;
2. BPM Capital;
3. Buildit Latvia;
4. Change ventures;
5. Commercialization Reactor;
6. Contrarian Ventures;
7. Expansion Capital;
8. Fly cap;
9. Imprimatur Capital Fund Management;
10. INVL asset management;
11. Iron Wolf Capital ;
12. Karma Ventures;
13. LitCapital;
14. Livonia Partners;
15. Open Circle Capital;
16. Orion asset management;
17. Overkill Ventures;
18. Practica Capital;
19. Startup Wise Guys;
20. Tera Ventures;
21. Trind Ventures;
22. Verslo angelų fondas;
23. ZGI Capital;
24. 70 ventures.

---

## About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 320,000 professionals are committed to making an impact that matters.

In Lithuania, the services are provided by Deloitte Lietuva UAB and Deloitte verslo konsultacijos UAB (jointly referred to as “Deloitte Lithuania”), in Latvia, the services are provided by Deloitte Latvia SIA, in Estonia, the services are provided by Deloitte Estonia AS, which are affiliates of Deloitte Central Europe Holdings Limited.

---

### Deloitte Lithuania

Tomas Milasauskas  
Manager, Financial Advisory  
Mobile: +370 604 71369  
Phone: +370 525 53000  
Email: [tmilasauskas@deloittece.com](mailto:tmilasauskas@deloittece.com)  
[www.deloitte.lt](http://www.deloitte.lt)

---

### Deloitte Estonia

René Küüsvek  
Manager, Financial Advisory  
Mobile: +372 555 58476  
Phone: +372 640 6500  
Email: [rkuusvek@deloittece.com](mailto:rkuusvek@deloittece.com)  
[www.deloitte.ee](http://www.deloitte.ee)

---

### Deloitte Latvia

Janis Dzenis  
Assistant Director, Financial Advisory  
Mobile: +371 296 91095  
Phone : +371 670 74100  
Email: [jdzenis@deloittece.com](mailto:jdzenis@deloittece.com)  
[www.deloitte.lv](http://www.deloitte.lv)



# Approach to Market Overview

---

## About LT VCA

Lithuanian Private Equity and Venture Capital Association (LT VCA) was established by UAB LitCapital Asset Management, BaltCap UAB and UAB SEB Venture Capital in May 2009. Private Equity (PE) and venture capital (VC) investments have been present in Lithuania since the beginning of 90s. Currently, we have 35 (11 full and 24 associate) active companies / members covering different types of venture capital business activities: fund management companies, consulting firms, lawyers, public institutions etc., who support and advise investors and entrepreneurs in the structuring and management of their partnerships.

Apart from its services on behalf of members (monitoring of legal, regulatory and tax issues, research studies and statistics, training, development and communication, etc.), LT VCA serves as a central platform for representation and promotion of the VC business to institutional investors, opinion leaders, and public policy makers. The association helps to improve financing of the economy, for small business in particular, as well as promote economic growth and entrepreneurial spirit. LT VCA is open to cooperation with venture capital funds, asset management funds, investment funds, business angels, legal offices, financial consultants and all other players involved in the market of direct investments.

LT VCA unites private and venture capital market players, which in 2010-2019 have invested EUR 148.6M into 204 companies. Currently fund managers in their portfolio have 96 active companies which as at 31st December 2019 generated EUR 393.2M of revenue, united 6,136 employees and paid EUR 46.5M in taxes.

---

## About LV VCA

Latvian Private Equity and Venture Capital Association (LVCA) is the oldest VC association in the Baltic region. It was established in 2003 by the six then largest companies operating in the Venture Capital industry in Latvia as well as Latvian public institution - Investment and Development Agency of Latvia.

The members of the association are fund management companies operating in Latvia and legal and financial consultants working for the industry. Currently, the association unites 40 organizations - the majority of participants in the countries' venture capital industry.

LVCA represents the interests of the industry to state institutions and legislators. Additionally, the association is responsible for informing entrepreneurs and the public about the possibilities of receiving venture capital financing. LVCA promotes the exchange of knowledge and experience between the members of the association. Association also organizes and ensures cooperation with international and foreign Venture Capital associations.

LVCA unites private and venture capital market players, which in 2010-2019 have invested EUR 105.5M into 197 companies. Currently fund managers in their portfolio have 138 active companies which as at 31<sup>st</sup> December 2019 generated EUR 258.5M of revenue, united 2,609 employees and paid EUR 31.9M in taxes.

---

## About EE VCA

EstVCA is the representative body of Estonian Private Equity & Venture Capital Industry and was established in 2009. Our membership comprises of the most influential firms and decision makers across the industry, comprising of leading Private Equity & Venture Capital funds, Mezzanine funds, Real Estate funds, Infrastructure funds and Family Office's as well as institutional investors. Goal of EstVCA is to develop a sustainable and attractive ecosystem for the benefit of entrepreneurs, fund managers, institutional investors and to increase the output of innovative and high-growth potential companies in Estonian economy. EstVCA has 20 members and 25 Associate Members. Combined assets under management of Private Equity & Venture Capital houses is close to €2 billion.

EstVCA unites private and venture capital market players, which in 2010-2019 have invested EUR 132.4M into 114 companies. Currently fund managers in their portfolio have 71 active companies which as at 31<sup>st</sup> December 2019 generated EUR 793.6M of revenue, united 6,626 employees and paid EUR 47.0M in taxes.