2016 report
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1.

ABOUT ESTVCA
Quick facts:

2009  38  93  €880m  12383  1,3bn
established  members  active portfolio companies  under management  employees in portfolio companies  combined turnover
ESTVCA Member AUM allocation

Total AUM: €880m
PE/VC AUM €636m
PE/VC allocation:

€636m
Goal 2020

PE/VC AUM €1 billion

€636m

2016 - 2020
Members: 15

<table>
<thead>
<tr>
<th>AMBIENT SOUND INVESTMENTS</th>
<th>BALTCAP</th>
<th>BPM</th>
<th>EftEN Capital</th>
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<tr>
<td>EIE</td>
<td>Invesco Finance</td>
<td>karma.vc</td>
<td>KREDEx</td>
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<td>LHV</td>
<td>LIVONIA PARTNERS</td>
<td>SmartCap</td>
<td>Swedbank</td>
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<td>TERA VENTURES</td>
<td>UNITED PARTNERS GROUP</td>
<td>up invest</td>
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### Associate members: 23

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<tr>
<th>Cobalt</th>
<th>Deloitte</th>
<th>Derling</th>
<th>Ellex Raidla</th>
<th>Eversheds</th>
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<td>Hedman Partners</td>
<td>KAYES CONSULT</td>
<td>Keystone Advisers</td>
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<td>Attorneys-at-law</td>
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<td>Nasdaq OMX</td>
<td>Nöfa</td>
<td>Njord Law Firm</td>
<td>Nordea</td>
<td>Primus</td>
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<td>Nordic CF Advisory</td>
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<td>Rask</td>
<td>Sentio</td>
<td>Sorainen</td>
<td>Tehnopol</td>
<td>TARTU Biotechnology Park</td>
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<td>Corporate Finance</td>
<td>ESTONIA LATVIA LITHUANIA BELARUS</td>
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<td>Integrated expertise</td>
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<td>TARTU Science Park</td>
<td>TRINITI</td>
<td>VARUL</td>
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Collaboration Partners

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<th>Republic of Estonia Ministry of Economic Affairs and Communications</th>
<th>Republic of Estonia Ministry of Finance</th>
<th>European Investment Fund</th>
<th>European Bank for Reconstruction and Development</th>
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<td>FINANCE ESTONIA.EU</td>
<td>teema / teenusmajanduse koda</td>
<td>ESTBAN</td>
<td>STARTUP ESTONIA</td>
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<tr>
<td>Estonian Service Industry Association</td>
<td></td>
<td>Estonian Business Angel Network</td>
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Our Team

KALMER KIKAS
Chairman of the Board
Managing Partner, BPM Capital

KRISTJAN KALDA
Member of the Board
Partner, BaltCap

KAIDO VESKE
Member of the Board
Partner, Livonia Partners

MARGUS UUDAM
Member of the Board
Partner, Karma Ventures

HEIDI KAKKO
Member of the Board
Managing Director, ESTBAN

ANTTI PERLI
Member of the Board,
Head of Legal Committee, ESTVCA
Counsel, Ellex Raidla

TÕNIS NÖMMIK
Member of the Board
Former Project Manager at Swedbank Investment Funds

KRISTIINA VASSILKOVA
Managing Director
ESTVCA

KADRI LINDPERE
Head of Communications
ESTVCA
2. PORTFOLIO OVERVIEW
ESTVCA member portfolio:

- **93 portfolio companies**
  - 39 HQ in Estonia (42%)

- **12,383 employees**
  - 4,880 in Estonia (39%)

- **€1.3bn combined turnover**
  - €615m in Estonia (37%)
Distribution by sector:

- Business & Industrial Services
- Business & Industrial Products
- Computer & Consumer Electronics
- Consumer Services
- Energy & Environment
- Information Technology
- Life Science
- Chemicals & Materials
- Media & Communications
- Consumer Goods

Number of companies

0  8  16  24  32  40
Distribution by stage:

number of companies

- **Seed**: 16%
- **Startup**: 24%
- **Early Growth**: 26%
- **Growth**: 3%
- **Expansion**: 16%
- **Buyout**: 15%


**Number of companies by stage:**
- **Seed**: 16%
- **Startup**: 24%
- **Early Growth**: 26%
- **Growth**: 3%
- **Expansion**: 16%
- **Buyout**: 15%
3.

2016 MARKET HIGHLIGHTS
In February 2016 market welcomes new player - Karma Ventures who just launched €40m VC fund.

In March Government signs a €100m fund of funds agreement EstFund with EIF
In March EBRD announces €100k tender to review and improve Estonian Investment Fund Act

In May ESTVCA Legal Committee together with its Latvian and Lithuanian colleagues publish Baltic M&A Deal Points Study 2016
In July Government approves the proposal of ESTVCA Legal Committee to ease the taxation of employee stock options.

In August ESTVCA hosts very high-level Baltic VC Summit with 200 participants at Pärnu Bay Golf Links.
Baltic Venture Capital market unites under a single flag - ESTVCA, LVCA and LT VCA sign the agreement to establish Pan-Baltic VCA

Reorganisation of SmartCap: call to transfer the management of existing VC portfolio to private fund manager
First official Pan-Baltic VCA meeting takes place in Riga in September.

In October Estonian GP-s together with Prime Minister Taavi Rõivas have a roundtable meeting with Swedish LP-s in Stockholm.
In co-operation with ESTVCA Legal Committe, government designs new Limited Partnership fund regime which was enacted with the New Investment Fund Act in December.

Tera Ventures wins the call to manage SmartCap’s portfolio.
4. 2016 INVESTMENT ACTIVITY
Surge in investment activity:

€74m invested (+385%)

€49m to Estonian companies

Other countries (€m)
Estonia (€m)
2016 investment activity:

€74m invested in 35 companies

Venture Capital: 9%
Mezzanine: 23%
Private Equity: 68%

16 new
8 in Estonia (50%)

19 existing
13 in Estonia (68%)
2016 investments by country:

- Estonia
- Latvia
- Lithuania
- Finland
- UK
- US

Number of investments:
- New
- Follow-on
2016 investments by sector:

- Business & Industrial Products
- Business & Industrial Services
- Computer & Consumer Electronics
- Consumer Services
- Energy & Environment
- Information Technology
- Life Science
- Media & Communications
- Consumer Goods

The chart shows the number of new (purple) and follow-on (green) investments in each sector for the year 2016.
2016 investments by stage:

- **Seed**: 1 investment (New), 2 investments (Follow-on)
- **Start-up**: 3 investments (New), 2 investments (Follow-on)
- **Early Growth**: 2 investments (New), 1 investment (Follow-on)
- **Growth**: 5 investments (New), 6 investments (Follow-on)
- **Expansion**: 4 investments (New), 3 investments (Follow-on)
- **Buyout**: 1 investment (New), 1 investment (Follow-on)

*number of investments*
5.

BALTIC INNOVATION FUND
Baltic Innovation Fund Roadmap

BIF INVESTMENT PERIOD


BALTICAP  €81.5 PE fund

BPm  €70m Mezzanine

LIVONIA PARTNERS  €72m PE fund

Karma.vC  €60m VC fund

BALTICAP  €40m Growth fund

TBA

Min 50% from Private Investors

Baltic Innovation Fund  €130m

€52m

€26m

€26m

€26m
BIF: Funds raised €325m (May 2017)

€132m from Domestic Pension Funds

- BIF: 31%
- EBRD: 13%
- Other institutions: 6%
- Family Offices & HNVI-s: 6%
- Domestic Pension Funds: 41%
- Teams (fund managers): 3%
Baltic Innovation Fund

2013 | 5 | €96m | 20 | 3212 | €219m | €38m

- established
- no of funds
- invested
- no of investments
- employees in portfolio companies
- combined turnover
- taxes paid

In Estonia:
- 1356 (42%)
- €82m (37%)
- €16m (41%)

Source: EIF
employee, revenue and tax data as of the end of 2016.
6. METHODOLOGY
Methodology:

Aggregated data was collected from the following members:

BaltCap
BPM Capital
Livonia Partners
Karma Ventures
SmartCap
Ambient Sound Investments
Invesco Finance
UP Invest
United Partners

All definitions and classifications used are based on Invest Europe’s standards.
Disclaimer:

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