

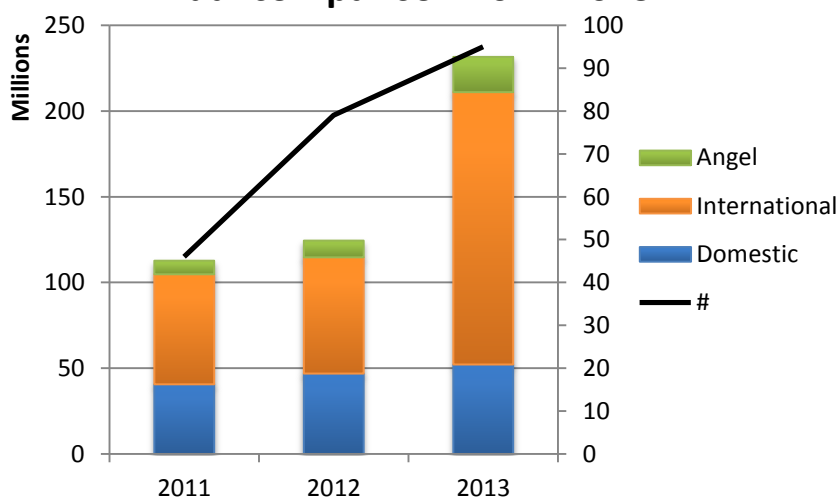


## International VC Zone Report:

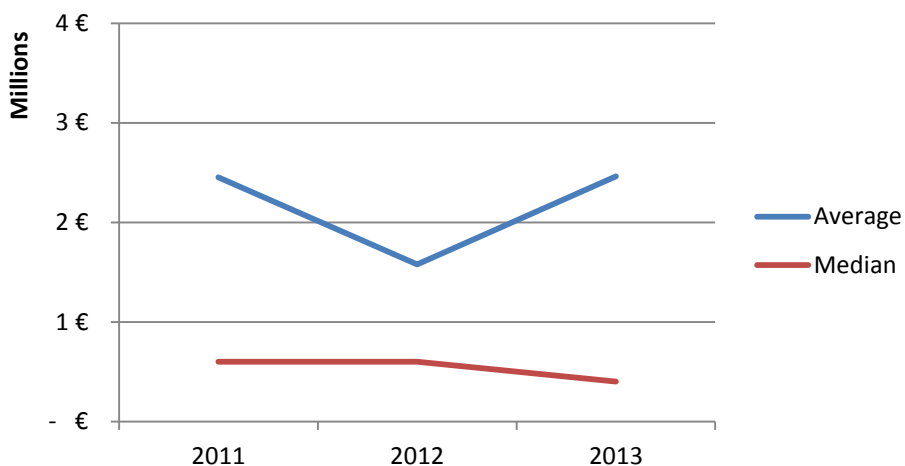
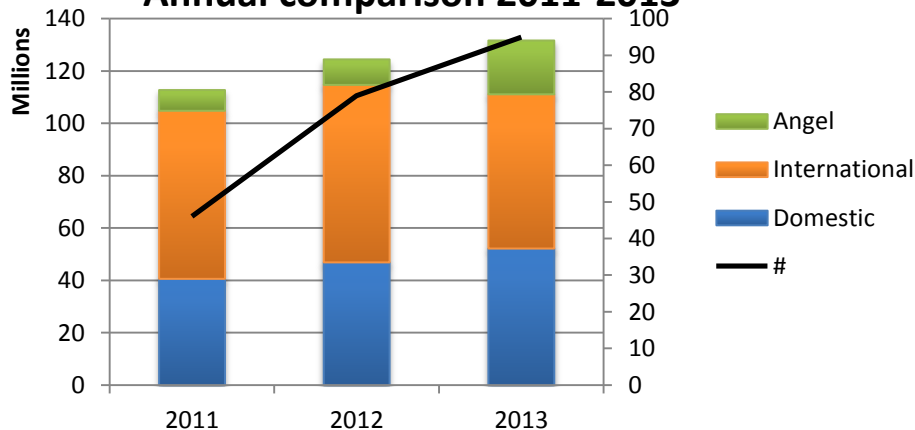
### SUMMARY OF FINNISH HI-TECH CAPITAL RAISING ACTIVITY IN 2013

Finnish hi-tech companies announced that they have raised a total of €231,7 million of venture capital in 2013. The amount grew significantly from the corresponding figures of 2012 and 2011, which were at €124,5 million and €112,7 million respectively. The upward trend has been continuing since 2010. The total number of investments was 95 in 2013 with a total value of €231,717,000. The significant 86% increase of total invested amount from the preceding year can be easily explained with the €100 million invested in Supercell Ltd. Excluding the Supercell investment, the growth figure of the venture capital is at a moderate level of 5,5% resulting in much more consistent trend with 2011 and 2010. The number of transactions continues a strong upward trend, as 79 investments were made in 2012 and 46 in 2011. Overall the average invested amount increased because of the large variance brought by the Supercell investment. Thus the median describes the state of the industry better this year. Surprisingly the median drops to €400k after remaining at €600k for two consecutive years. The amount of international capital clearly shows the biggest increase over the last three years, but by deducting the Supercell investment from the numbers, the international investments have in fact decreased. Interestingly, the angel investments have more than doubled to €20,6M from the €9,7M of the previous year and almost tripled from the corresponding figure of 2011. The increase is due to two deals that have a combined value well over €10 million. However the number of rounds that include angel involvement has increased only slightly from 30 rounds in 2012 to 31 rounds in 2013. Finally, the domestic risk investments show a slight increase from €46,9 million in 2012 to the €52,2 million in 2013.

### Annual comparison 2011-2013



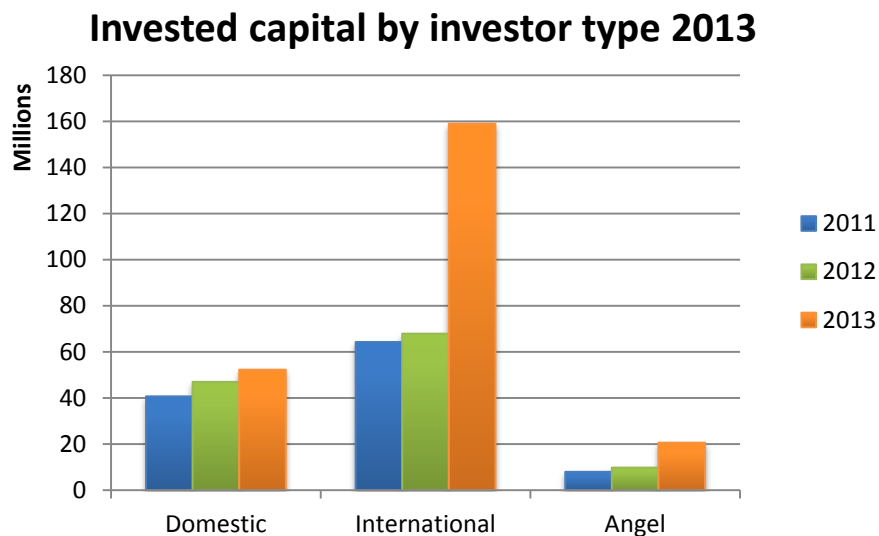
### Annual comparison 2011-2013



2013 was definitely another year of growth for venture capital in Finland. All tracked capital classes increased their value from preceding years and the investment activity took a significant step upward as well.

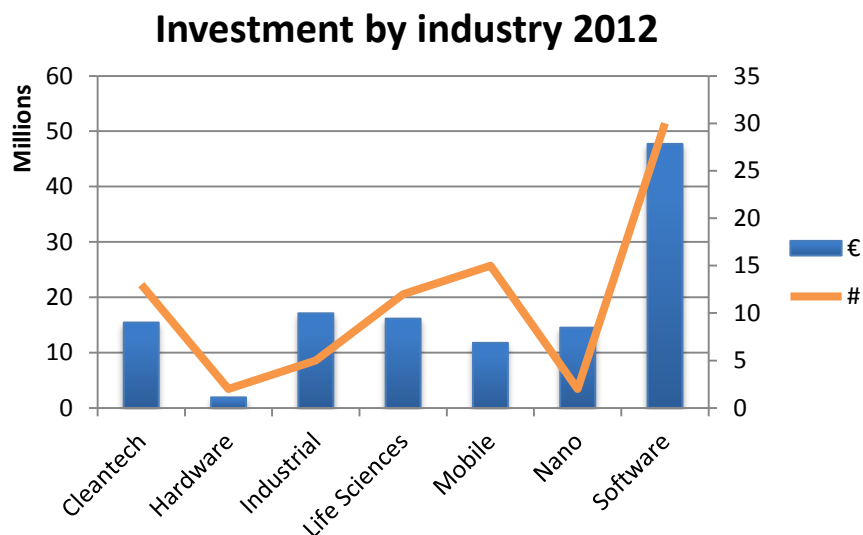
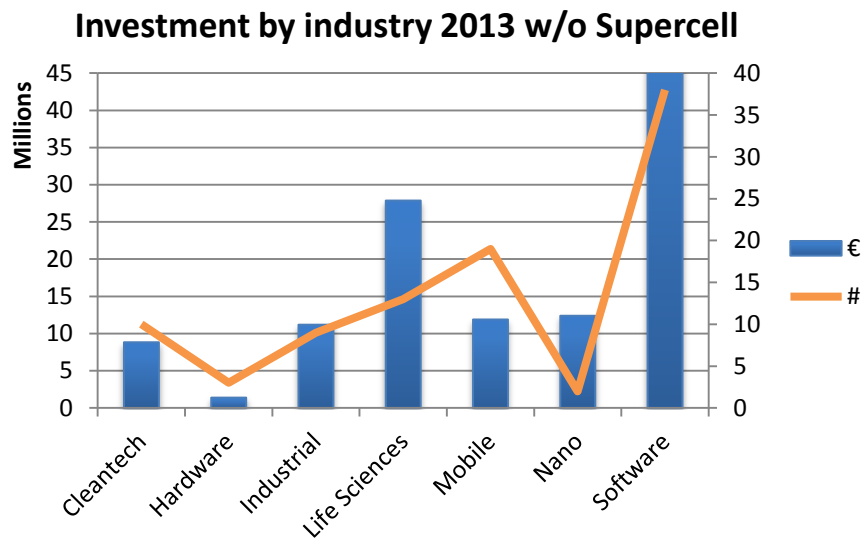
## Investments by Investor Type

As previously mentioned, the amount of international investments increased or decreased in 2013 depending on how the Supercell investment is viewed. If the Supercell is viewed as venture capital and is included in the data set, the share of international investments represents a dominating 68.6% of all investments made in 2013. Excluding it from the data set results in a share of 44,8%. The number of rounds with international capital is at 31 rounds and shows a minor increase from the 27 rounds of the preceding year. The domestic investments from the past three years were €40,6 million in 2011, € 46,9 million in 2012, and € 52,2 million in 2013. The upward trend has continued since, but the growth of homeland capital investments seems to be decreasing. The growth rate has decreased 4,2 percentage points since last year and is currently at 11,3%. The median homeland capital investment is down from €400k in 2012 to a total of €250K in 2013. The median angel investment in 2013 has increased since the previous year from €175K to €200K. Of the 95 venture capital investments in 2013, 72 had domestic, 31 had international and 31 had angel involvement.



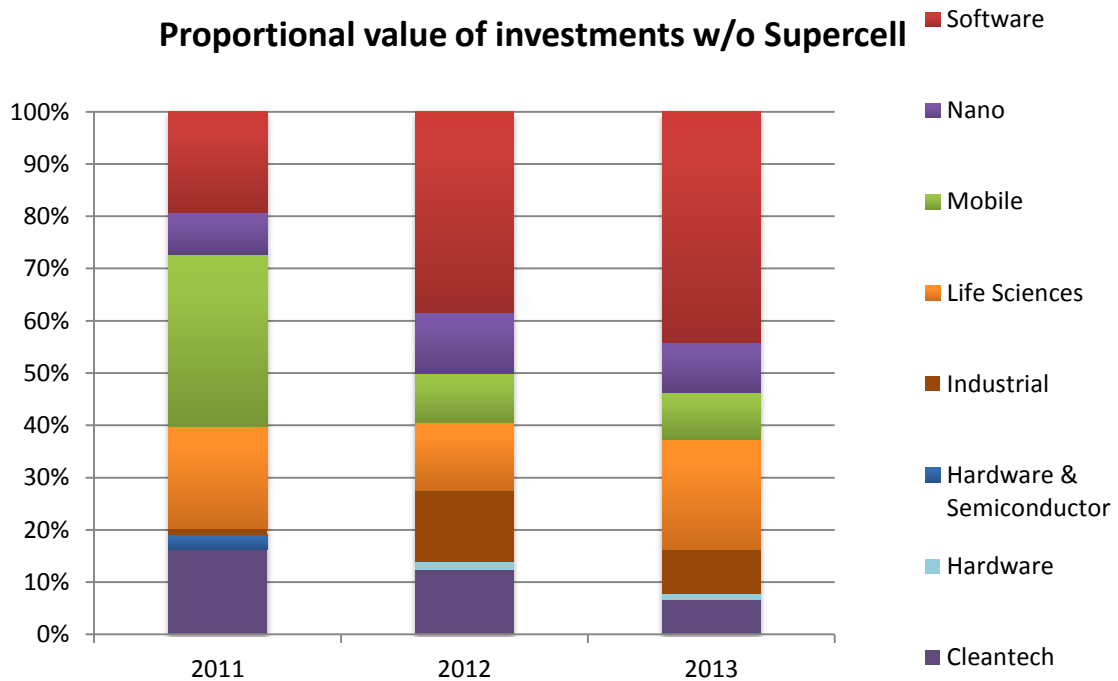
## Investments by Industry

In 2013 the Mobile, Software and Life Sciences investments increased in value from the prior year. These industries also saw the highest investment activity in terms of investment rounds. Other industries decreased in value in terms of the amount of venture capital investments. The total amount of investments by sector was: €8,8M for Cleantech, €1,4M for Hardware, €11,2M for Industrial, €19M for Mobile (€119M with Supercell), €12,4M for Nano and €58,3M million for Software. The three biggest sectors contributed 85,5% of all invested capital in the past year.



## Proportional Investments by Industry

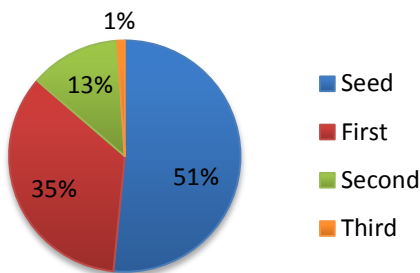
Thanks to the significantly high-value investment received by Supercell, the mobile sector received the greatest share of all investments at 48% of the total. The corresponding figure of the preceding year was only 15%. This in turn caused all the other industries to lose their proportional share. Life Sciences showed only a loss of only one percentage point. Excluding the 100 million investment raised by Supercell, the proportional value of investments in 2013 are as follows: Life Sciences 21% (13% in 2012), Software 44% (38% in 2012), Cleantech 7% (12% in 2012), Nano Technologies 9% (12% in 2012), Mobile 9% (9% in 2012), Industrial 8% (14% in 2012), Hardware 1% (2% in 2012).



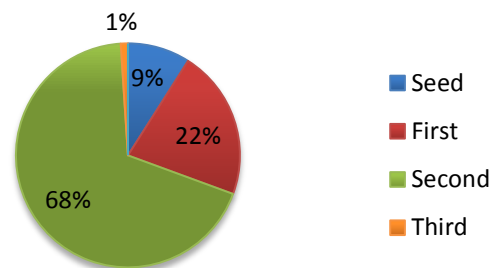
## Stage distribution

The most active investment stage in the past year was seed capital. There were 49 early stage investments overall, a much bigger number than that of 2012 when there were 16 total seed investments. There were a lot of first round investments as well with a total of 33 investment rounds. The second round stage saw just 12 rounds, but had the greatest euro volume contributing 68% of the total value of all investments. The venture capital industry witnessed only one (Mendor) of the more infrequent third rounds. No fourth round investments were made in the past year. When comparing to the preceding year, all of the investment stages in 2013 were more active except the third round which stayed at the same level and fourth round which had one investment round in 2012.

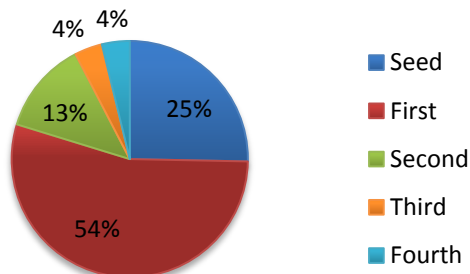
**Stage distribution -  
Count of investments  
2013**



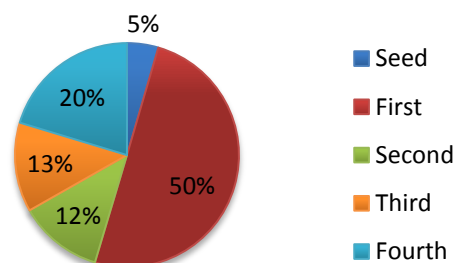
**Stage distribution - Value of  
investments 2013**



**Stage distribution - Count of  
investments 2012**



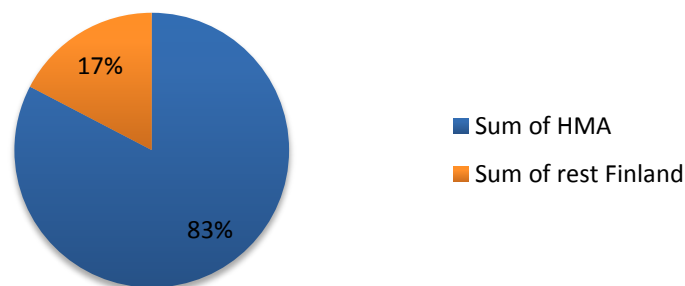
**Stage distribution - Value of  
investments 2012**



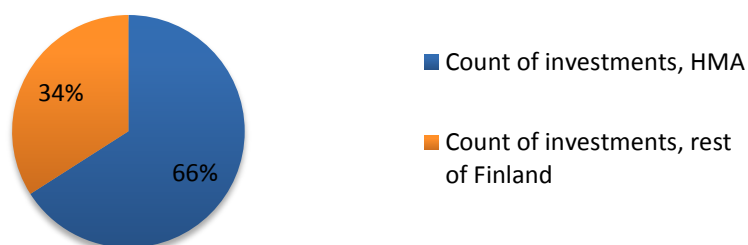
## Geographical Distribution

The geographical distribution of investments has changed only a little from the previous year. The share of capital invested and the number of investment rounds in the Helsinki Metropolitan Area (HMA) have both increased by a few percentage points coming in at 83% and 66% respectively. The total amount invested to HMA area was €191,7 million with the rest of the Finland sharing the remaining €40,2 million. Of the total 95 rounds, 63 rounds were made in HMA and 32 in the rest of Finland. As mentioned earlier, the change in the geographical distribution from the previous year has been minimal. However the proportion has diminished from the corresponding figure of 2011 at which time the capital region attracted a lion's share, 90%, of the investments made in Finland.

**Geographical distribution - Value of investments 2013**



**Geographical distribution - Count of investments 2013**



## Companies receiving investments from international VCs (public list):

|                    |                             |
|--------------------|-----------------------------|
| Alphasense         | P2S Media Group (Scoopshot) |
| Protogeo           | Audiodraft                  |
| IndoorAtlas        | Grand Cru                   |
| MetGen             | Picodeon                    |
| Canatu             | ThingLink                   |
| NonStop Games      | Analyse <sup>2</sup>        |
| Sportsetter Bitbar | Kiosked                     |
| Walkbase           | SkySQL                      |
| Supercell          | BetterDoctor                |
| M-Files            | PulseOn                     |
| Nanol Technologies | Seriously                   |
| Valkee             | Walkbase                    |
| Forendo Pharma     | Synoste                     |
| Wauwaa             | Grate Finland               |

## International investors investing in above companies (public list):

|                               |                            |
|-------------------------------|----------------------------|
| Profounders Capital           | 500 Startups (Lead)        |
| Troika Ventures (Lead)        | Promus Ventures            |
| Creandum (Lead)               | Idinvest Partners (Lead)   |
| Life Science Partners         | Enso Holding (Lead)        |
| Creathor Venture (Lead)       | North Cap (Lead)           |
| DJF Esprit (Lead)             | Allos Ventures Ltd         |
| Qualcomm Ventures             | Mutual Capital Partners    |
| Sofinnova Partners (Lead)     | North Coast Angel Fund LLC |
| Emerald Technology Ventures   | Kaptah AG (Lead)           |
| Karolinska Development (Lead) | Sunstone Capital (Lead)    |
| Novo A/S                      | Upfront Ventures           |



This report is provided by International VC Zone. International VC Zone is designed for top-tier venture capital organizations and provides access to hi-tech, hi-growth, hi-ambition companies from Finland, the greater St. Petersburg area in Russia, and the Baltic States of Estonia, Latvia and Lithuania and Norway. We offer a service package that includes physical office space, value added tools and various support services.

The source for the industry and investment data is Technopolis Online. Technopolis Online is a comprehensive investment database that offers complete and unbiased ecosystem coverage of Finnish hi-tech.

This research aims to track all Venture Capital (VC) investments into Finnish high-technology companies. In accordance with the aforementioned company criteria, this excludes investments into companies that have made an exit or are headquartered abroad. The information on investment value, date, round, and investing parties are tracked and analysed using public sources and by contacting key personnel. If the investing party is an affiliate of a foreign VC, private equity company or corporation, it is assessed as a foreign investment, even though it might have Finnish operations. Investments from individual persons are primarily regarded as Angel investments solely without assessment of their domestic or foreign origins, as most of the data concerning angel participation is highly fragmented and incomplete.

For the purposes of this document, Venture Capital investments are categorized as private equity investments where new funds are allocated to companies, thus discounting investments or a portion of the investments which involve a transferal of ownership such as an exit or buyout. The data used is maintained and updated continuously and is therefore subject to change as new information becomes available.

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