



# **Tesi's Performance and Results H1 2021**

**Towards post-pandemic  
growth and development  
30.9.2021**

# Tesi's Key Figures H1 2021

## Tesi's investments

83 M€

47 M€ new fund commitments  
12 M€ direct investments in companies, 24 M€ SIP investments

2,1 B€

Assets under management

212 M€

Profit for the review period

## Impact on growth financing for Finnish companies

4 kpl

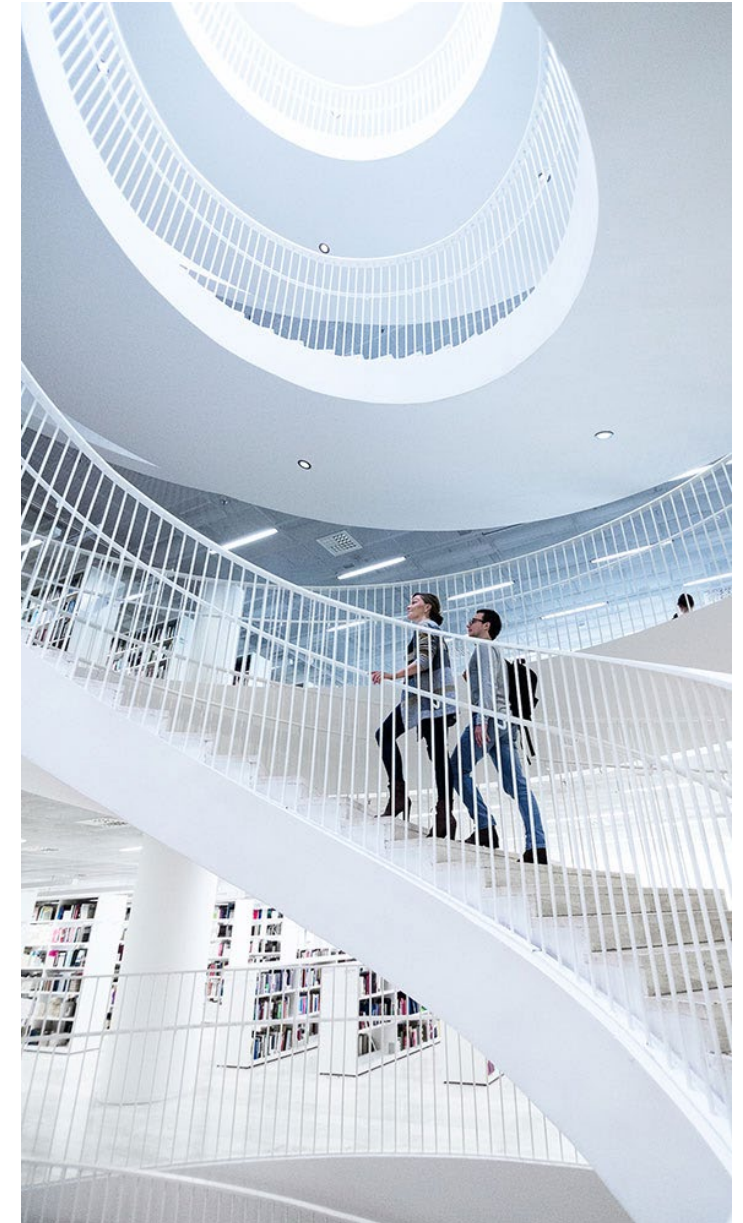
New VC/PE funds investing in Finland

427 M€

New capital raised by Tesi's Finnish portfolio funds

165 M€

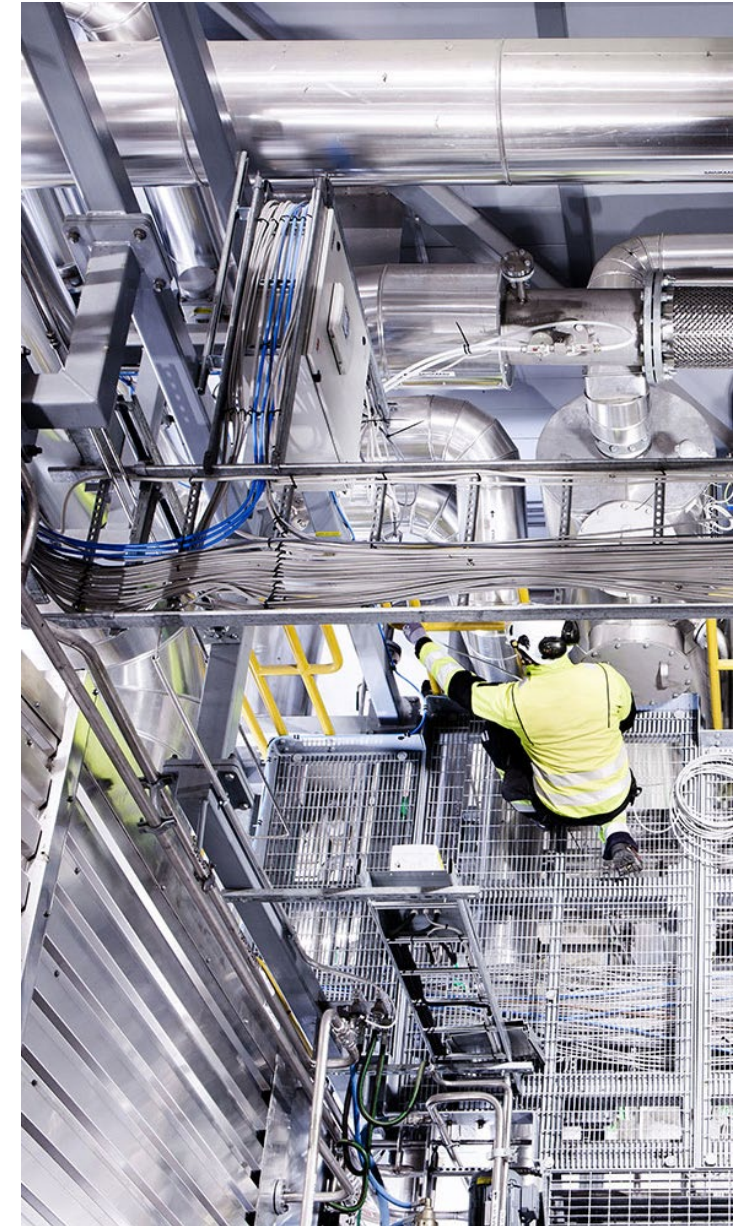
Investments by Tesi's international investor partners in Finnish growth companies





# Market Review 1/2

- ◆ The coronavirus pandemic has had a less than expected impact on Finland's VC&PE market, and no disruptions at the systemic level have been identified.
- ◆ The overall economic growth has been rapid amid the waning pandemic.
- ◆ The first half of 2021 has seen very positive development of the market, continuing the upward trend of 2020, and international investors have not withdrawn from the market as in some earlier crises.
- ◆ The fundraising market for investors has shown signs of normalising after the extended cycles experienced in 2020.
- ◆ The investment valuations have been high, the returns for investors have improved significantly and the investment values become realised on a steady pace.
- ◆ In the first half of the year, stock exchange listing has been a popular way for investors to exit the investment.



Source: \* Tesi's return study, spring 2021

# Market Review 2/2

- ◆ Finnish startups have raised a record amount of capital during the first half of 2021: in total over one billion euros.\*
- ◆ Investor activity has remained high, concerning both early and later growth-stage companies.\*\*
- ◆ Finnish SMEs also have more financing available for them compared to last year\*\*, and they have transformed their business operations at large in the corona situation.\*\*\*
- ◆ The polarisation caused by the pandemic is still, however, prominent in the SME sector.\*\*\*

## Largest financing rounds raised by Finnish growth companies in 2021 \*



440 M€



aiven

84 M€

ÖURA

83 M€

M-Files

67 M€



30 M€

y yousician

23 M€

fiksu ruoka.fi

19 M€

flowhaven  
Licensing Suite

13 M€

aiforia®

12 M€

Sources: \*HS Visio 8.6.2021, \*\* Pulse survey 2/21 by Tesin, FVCA, BFVC & FiBan, \*\*\* Tesi's SME survey spring 2021

# Tesi's goals and results H1 2021

## GOALS

We invest in companies' growth



We develop Finland's VC & PE market



Our business is profitable



## RESULTS

New investments **83 M€**

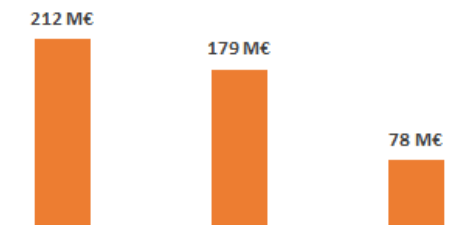
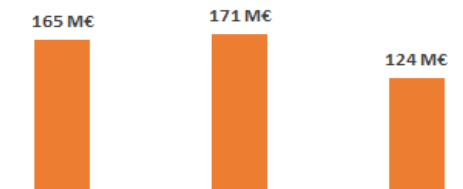
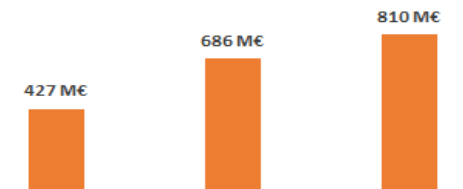
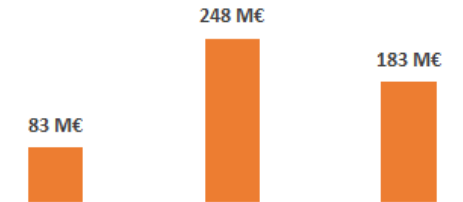
- ◆ 6 fund commitments
- ◆ 7 direct investments (2 first-round investments, 5 follow-on investments)
- ◆ 14 SIP investments (10 Venture Bridge investments, 4 V2 investments)

Tesi's Finnish portfolio funds raised new capital of **427 M€**

International capital channelled through our network into Finnish companies **165 M€**

Consolidated profit **212 M€**  
Retained earnings from Tesi's operations, total **810 M€**

## H1 2021 2020 2019





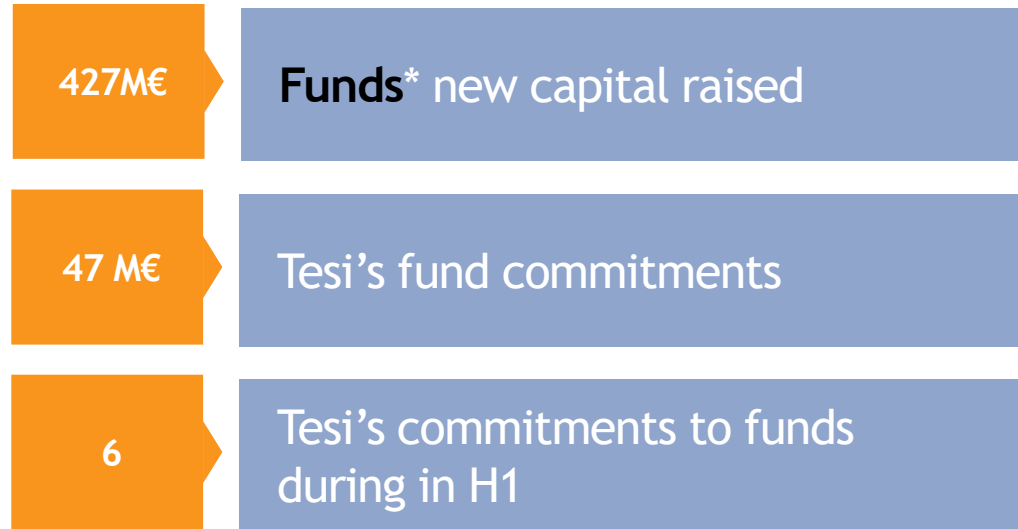


# Investment operations

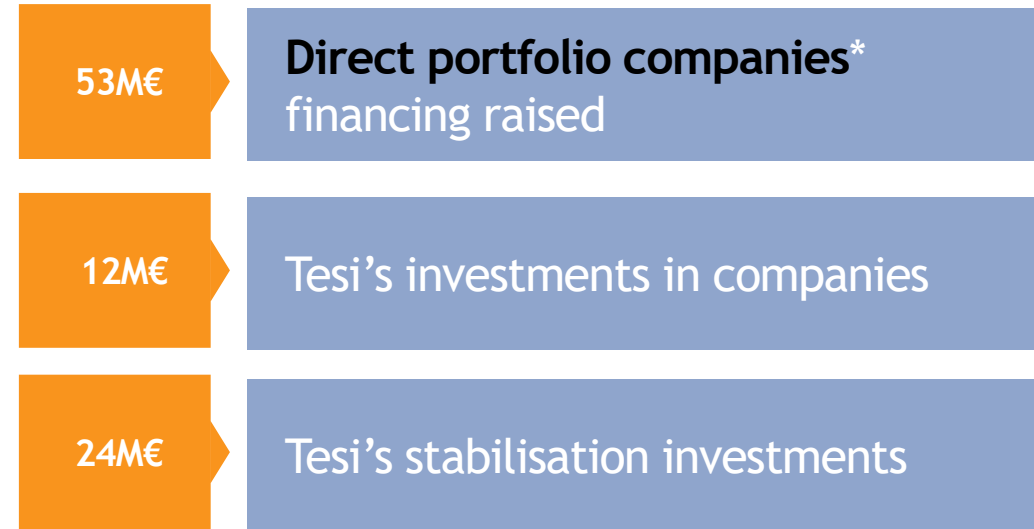
Special areas of focus:

FoF KRR  
Circular economy  
EFSI  
Stabilisation financing  
Venture Bridge

# Investments and commitments H1 2021



\* Finnish funds, with Tesi acting as catalyser H1 2021



\* Direct portfolio companies, with Tesi acting as catalyser H1 2021

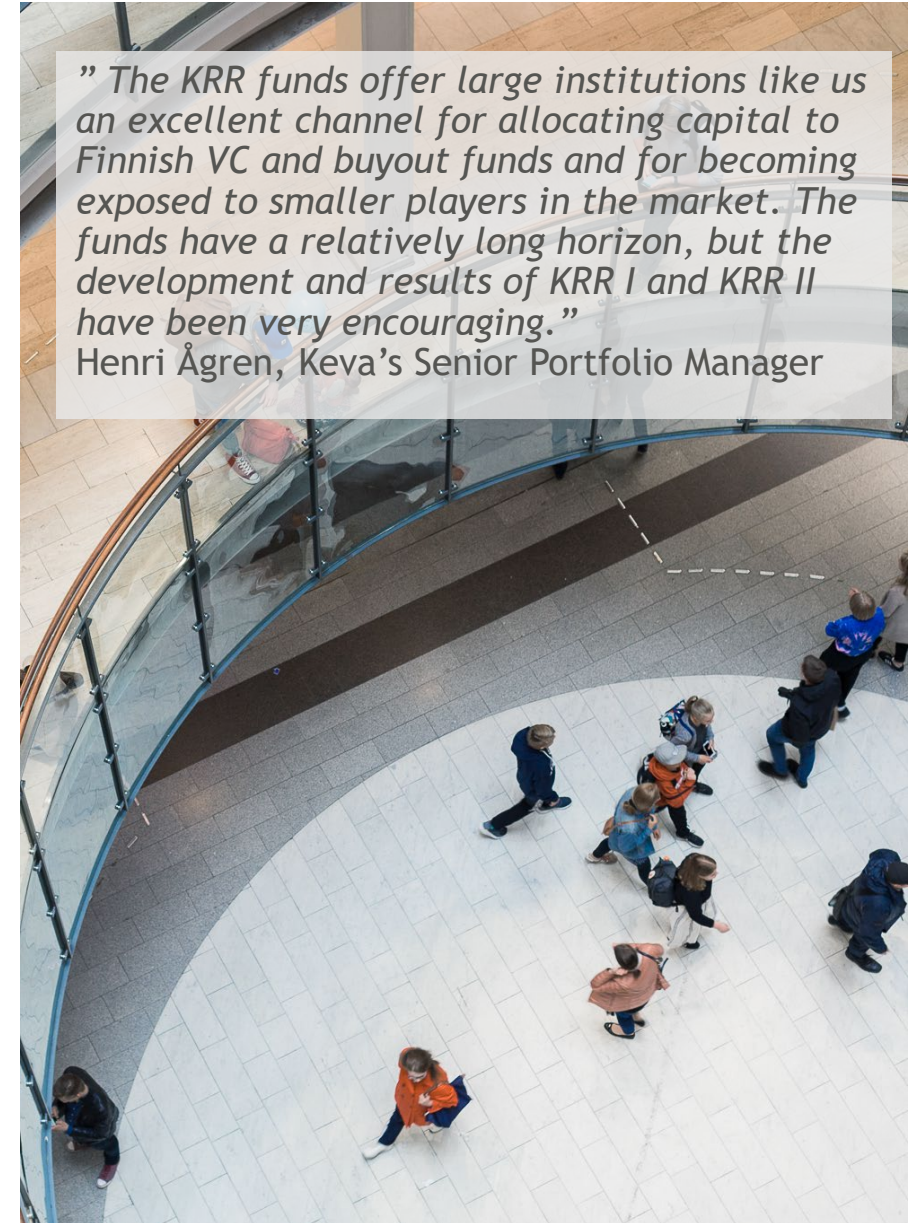




# KRR funds-of-funds

- ◆ The KRR funds are funds-of-funds jointly established by Tesi and Finnish pension funds. KRR funds are managed by Tesi.
- ◆ KRR invests in Finnish venture capital and growth funds.
- ◆ Since 2009, KRR has invested altogether 434M€ in a total 36 funds.
- ◆ KRR's portfolio funds have invested in 290 Finnish companies that in 2020 employed 30,000 people and generated net sales of 5.4B€.

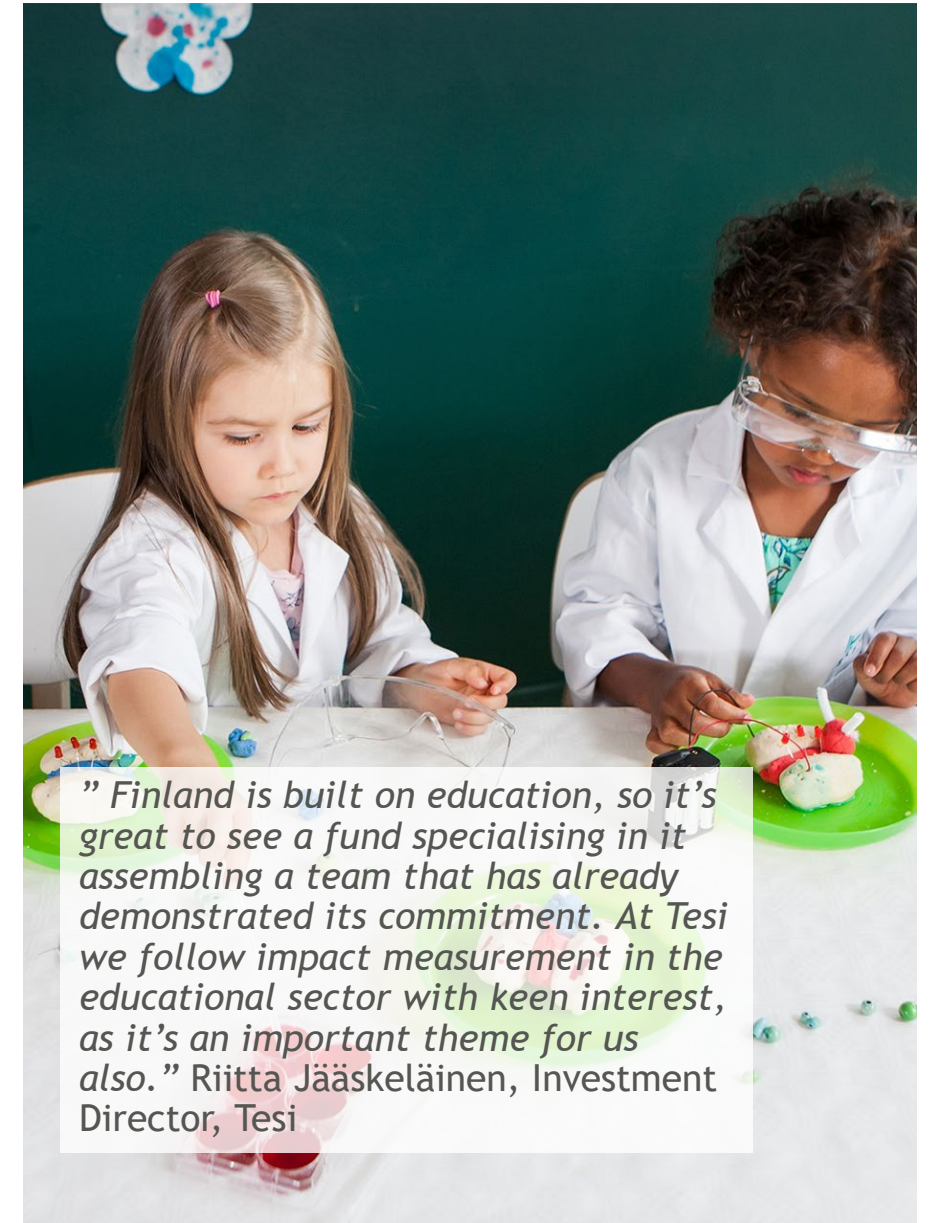
*"The KRR funds offer large institutions like us an excellent channel for allocating capital to Finnish VC and buyout funds and for becoming exposed to smaller players in the market. The funds have a relatively long horizon, but the development and results of KRR I and KRR II have been very encouraging."*  
Henri Ågren, Keva's Senior Portfolio Manager





# Case Sparkmind.vc

- ◆ Sparkmind.vc invests in a full spectrum of EduTech growth companies, ranging from early childhood education through to lifelong learning and companies' in-house training solutions. Investments cover seed round funding up to B-series financing of portfolio companies.
- ◆ Sparkmind's first fund started operating in the spring of 2020. The fund has so far invested in eight category-leading companies such as Fuzu, Kide Science and CanopyLAB.
- ◆ The fund closed in summer 2021 after reaching a size of 55 M€. The goal is to make investments from the fund in another twenty companies.
- ◆ Investors in the fund include Tesi, KRR III, the University of Jyväskylä and the Swiss Jacobs Foundation.

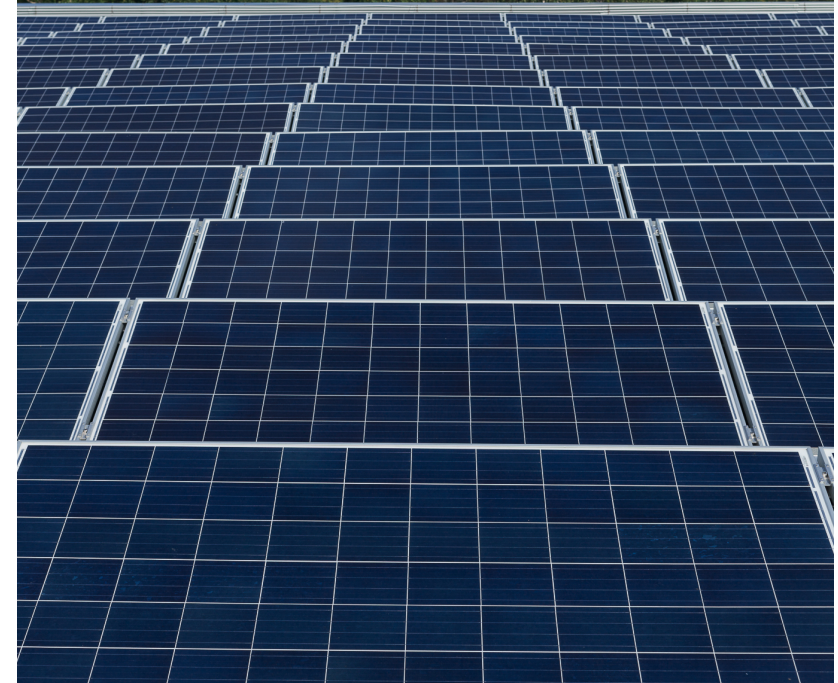


*"Finland is built on education, so it's great to see a fund specialising in it assembling a team that has already demonstrated its commitment. At Tesi we follow impact measurement in the educational sector with keen interest, as it's an important theme for us also." Riitta Jääskeläinen, Investment Director, Tesi*

# Circular Economy programme has positive environmental impact

- ◆ Tesi will invest 75M€ in circular economy companies and funds, with a goal of investing in some 10 portfolio companies and 1-2 portfolio funds.
- ◆ The circular economy is a broad concept encompassing renewable materials, lengthening product lifecycles, products as a service, resource efficiency & recycling, and a sharing economy.
- ◆ The objective is to boost the growth and internationalisation of existing companies and encourage the creation of new funds investing in the circular economy.
- ◆ Each investment is always made hand-in-hand and on equal terms with a private lead investor or investors, with the aim of generating at least 2-4 times the original investment in total funding.
- ◆ Tesi has invested under the Circular Economy investment programme in the ETF3 fund as well as in Foamit Group, Endev, Swappie, FiFax, Zen Robotics (Venture Bridge) and Virta.

*” A circular economy mindset should be a part of all business activities and a criterion in all investment. We hope that in future the circular economy will be so mainstream that the term becomes redundant. All companies will then be a part of the circular economy.” Heli Kerminen, Director, Tesi.*





# Case Foamit

- ◆ Foamit (formerly Uusioaines) is the largest recycled glass processor in Finland, taking receipt of some 70% of Finland's recycled glass.
- ◆ The company's plant in Forssa, Finland, produces cullet, glass powder and abrasive blasting media for industrial use.
- ◆ Foamit also manufactures Foamit foam glass aggregate from surplus material as well as ecofriendly insulation and bulk lightening material.
- ◆ In August 2021 Foamit acquired the Norwegian foam glass manufacturer Glasopor AS. The transaction strengthened Foamit's position as a Nordic leader.



*"Sustainable production and resource efficiency is a basic theme in the present and future challenges that Foamit Group counters with its own business based on circular economy." Mikael Niemi, Investment Director, Tesi*



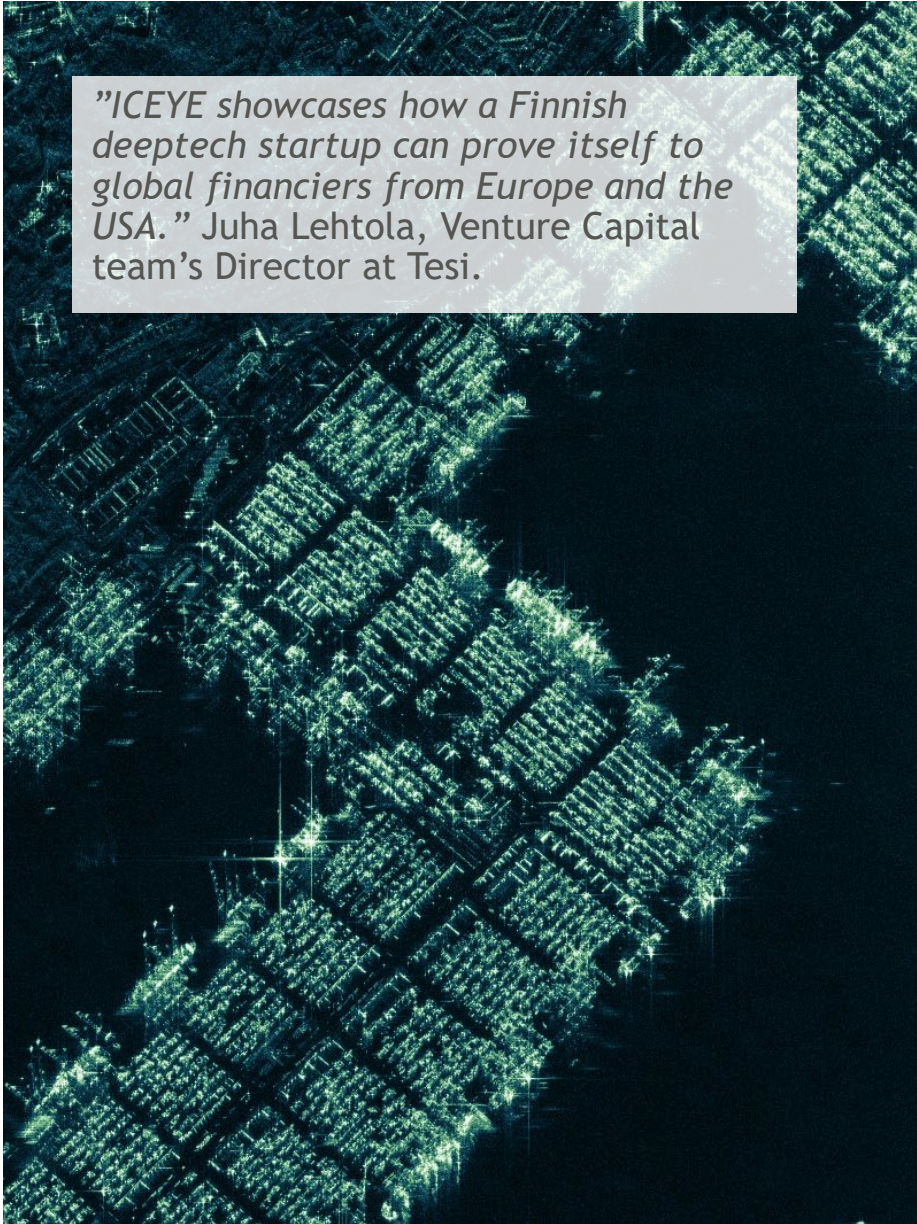
# EFSI, growth financing for the ambitious

- ◆ A 100 M€ investment programme, in collaboration with the European Investment Bank (EIB), for channelling financing from the European Fund for Strategic Investment (EFSI) into Finnish companies' growth.
- ◆ The financing is targeted at growth-oriented SMEs and innovative mid-cap companies.
- ◆ The size of the financing is 15–30M€ per company. One-half of an investment comes from the EFSI and one-half from Tesi. One requirement is that private investors participate to an equal extent in the funding vehicles.



# Case ICEYE

- ◆ ICEYE has built and launched its own commercial constellation of radar imaging satellites, making synthetic-aperture radar (SAR) data available to global customers since 2018.
- ◆ ICEYE's radar imaging service helps customers in responding to oil spills and natural disasters, in the insurance sector, and in monitoring activities affecting economic performance.
- ◆ In autumn 2020, ICEYE raised 73M€ in Series C funding, led by return investor True Ventures, with additional investment by OTB Ventures, Tesi, Draper Esprit, DNX Ventures, Draper Associates, Seraphim Capital, Promus Ventures and Space Angels. New Space Capital and Luxembourg Future Fund also participated in the round. Tesi's investment is a part of the EFSI investment programme.

Aerial Synthetic Aperture Radar (SAR) image showing a dense urban grid. The image is rendered in shades of green and blue, highlighting the geometric patterns of buildings and streets. A semi-transparent white box is overlaid on the top right of the image, containing a quote.

*"ICEYE showcases how a Finnish deeptech startup can prove itself to global financiers from Europe and the USA." Juha Lehtola, Venture Capital team's Director at Tesi.*



## Stabilisation and Venture Bridge – special investment programmes: Ensuring companies receive financing amid the pandemic

### Stabilisation programme

- ◆ In April 2020, Tesi launched a 150M€ stabilisation financing programme to assist mid-sized companies facing sudden and temporary difficulties due to COVID-19.
- ◆ Stabilisation programme investments differ from Tesi's normal investment activities and offer a fast-track path to assistance for companies starved of cash due to the coronavirus crisis. A company must have been profitable before the crisis and have the potential to remain so.
- ◆ Tesi makes investments under the stabilisation programme either as an equity investment or as a convertible loan. Tesi plans to exit from investee companies after the crisis is brought under control.
- ◆ During the first half of 2021, Tesi made decisions to invest a total of 9M€ in 4 companies via the programme. By June 2021, investments from the programme amounting to 60M€ had been made in 14 companies.

### Venture Bridge programme

- ◆ In mid-June, Tesi launched the Venture Bridge programme to bridge innovative growth companies seeking international expansion to their next larger financing round.
- ◆ Tesi will mitigate any slowdown in international investors' activity with bridge financing to give companies more time and resources for arranging larger financing rounds.
- ◆ Investments through the Venture Bridge programme are made hand-in-hand and on equal terms with professional VC investors. The investments are made as convertible loans.
- ◆ During the first half of 2021, Tesi made decisions to invest a total of 4M€ in 10 companies via the programme. By June 2021, investments from the programme amounting to 16M€ had been made in 23 companies.





# **Profit and balance sheet**

# Profit 1.1.-30.6.2021

- ◆ Profit for the review period was 212M€, mostly due to unrealised gains in value.
- ◆ Funds' especially strong profit of 232M€ resulted largely from continuing high valuations and, in the case of some funds' portfolio companies, from steep rises in their valuations in follow-on financing rounds.
- ◆ Correspondingly, the profit of 28M€ from direct investments derived mainly from changes in fair value in some portfolio companies at more mature stages, and the improvement of their business environment during H1.
- ◆ The prevailing market situation was also reflected in securities as they produced a profit of 12M€.

## Consolidated statement of comprehensive income

| EUR thousands                              | 1-6/2021       | 1-6/2020      | 1-12/2020      |
|--|----------------|---------------|----------------|
| Net gains from funds                       | 231 926        | 35 882        | 127 596        |
| Net gains from direct investments          | 28 140         | -11 907       | 102 688        |
| <b>Net gains from investments, total</b>   | <b>257 380</b> | <b>23 975</b> | <b>226 297</b> |
| Net gains from financial securities        | 11 793         | -10 105       | 3 732          |
| Income from fund management                | 713            | 613           | 1 300          |
| <b>Other operating income, total</b>       | <b>12 506</b>  | <b>-9 492</b> | <b>5 032</b>   |
| Personnel expenses                         | -3 032         | -2 891        | -5 348         |
| Depreciation and impairment                | -252           | -249          | -502           |
| Other operating expenses                   | -1 661         | -2 028        | -3 873         |
| <b>Operating profit</b>                    | <b>264 941</b> | <b>9 316</b>  | <b>221 606</b> |
| Financial income and expenses              | -364           | -121          | -407           |
| <b>Profit before taxes</b>                 | <b>264 577</b> | <b>9 195</b>  | <b>221 199</b> |
| Income Taxes                               | -52 915        | -1 935        | -41 962        |
| <b>Profit after taxes</b>                  | <b>211 662</b> | <b>7 260</b>  | <b>179 237</b> |
| <b>Total comprehensive income for year</b> | <b>211 662</b> | <b>7 260</b>  | <b>179 237</b> |

# Balance sheet 30.6.21

- ◆ Growth in VC&PE investments since the start of the year was 202M€, of which the impact from stabilisation investments was 16M€.
- ◆ The fair value of VC&PE investments, 1,222M€, increased during H1 largely due to net gains in value.
- ◆ Carrying value of financial securities (non-current and current assets) and cash & cash equivalents was 509M€, which covers the company's off-balance-sheet unpaid investment commitments to external parties that amounted to 549M€ (including capital reserved for investment programmes).
- ◆ Profit for H1 boosted shareholders' equity to 1.6B€.

| <b>Consolidated balance sheet IFRS</b> |                  |                  |                |
|--|------------------|------------------|----------------|
| EUR thousands                          | 30.6.2021        | 31.12.2020       | Change         |
| <b>Assets</b>                          |                  |                  |                |
| <b>Non-current assets</b>              |                  |                  |                |
| VC & PE funds                          | 729 134          | 557 845          | 171 289        |
| Direct investments                     | 417 881          | 402 098          | 15 783         |
| <b>VC &amp; PE investments, total</b>  | <b>1 147 015</b> | <b>959 943</b>   | <b>187 072</b> |
| <b>Other non-current assets</b>        | <b>45 699</b>    | <b>44 182</b>    | <b>1 517</b>   |
| <b>Short-term assets</b>               | <b>490 594</b>   | <b>436 052</b>   | <b>54 542</b>  |
| <b>Assets, total</b>                   | <b>1 758 103</b> | <b>1 499 300</b> | <b>258 803</b> |
| <b>Equity, total</b>                   | <b>1 629 108</b> | <b>1 417 446</b> | <b>211 662</b> |
| <b>Non-current liabilities</b>         | <b>126 831</b>   | <b>77 825</b>    | <b>49 006</b>  |
| <b>Current liabilities</b>             | <b>2 165</b>     | <b>4 030</b>     | <b>-1 865</b>  |
| <b>Liabilities, total</b>              | <b>128 996</b>   | <b>81 854</b>    | <b>47 141</b>  |
| <b>Equity and liabilities, total</b>   | <b>1 758 103</b> | <b>1 499 300</b> | <b>258 803</b> |

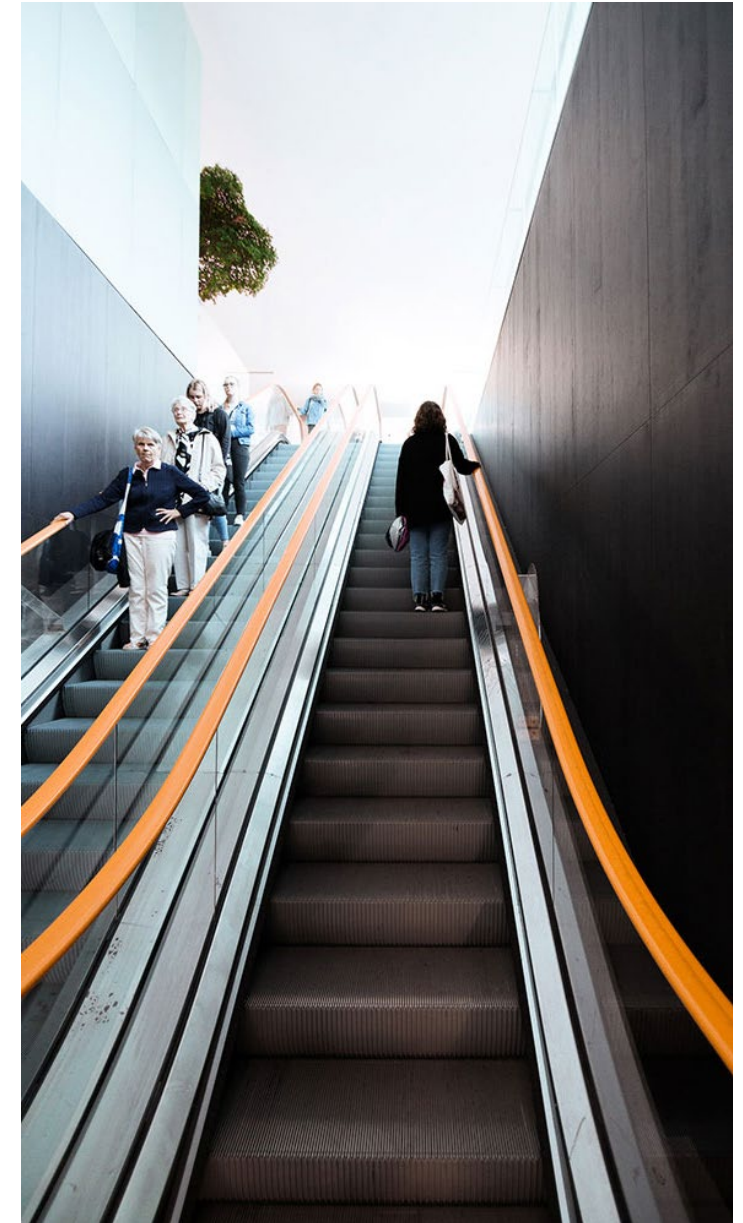




## **Events after review period and prospects for year's end**

# Events after review period and prospects for year's end

- ◆ After the end of the review period, Tesi made investments totalling 3.9M€ in altogether six companies under the Venture Bridge programme.
- ◆ Despite the coronavirus pandemic, Finnish startups raised a record amount of capital during the first half of 2021. International investors' interest in Finnish companies has also remained at a high level.
- ◆ According to preliminary data, Finland's economy is recovering from the coronavirus pandemic more quickly than anticipated. Finland's economy suffered fewer impacts from the pandemic than many other countries and will be among the first to continue on its pre-pandemic growth track.
- ◆ The global shortage of components and the rise in raw material prices, however, will weaken prospects for industry and construction. Problems with the availability of labour will also have a negative impact on many sectors' growth prospects.
- ◆ Tesi's deal flow is normalising. Tesi has, however, prepared for a worsening in the conditions for growth companies by ensuring the fundraising of VC&PE funds, by expanding its role in venture capital investment (both in Venture Bridge financing and in larger financing rounds), and by offering stabilisation financing to mid-caps that were profitable pre-coronavirus.
- ◆ A key driver of Tesi's operations is to make a positive social impact. The main methods for promoting positive social impacts are channelling capital to companies that will use their expertise and solutions to make a net impact on society that is as beneficial as possible, and producing new information on the impacts of operations.







## **More about Tesi**



# We develop Finland's VC&PE market so that Finnish companies have sufficient financing and can make leaps in growth

4 funds-of-funds

100 funds

87 direct portfolio companies

100-150M€ new investments per year

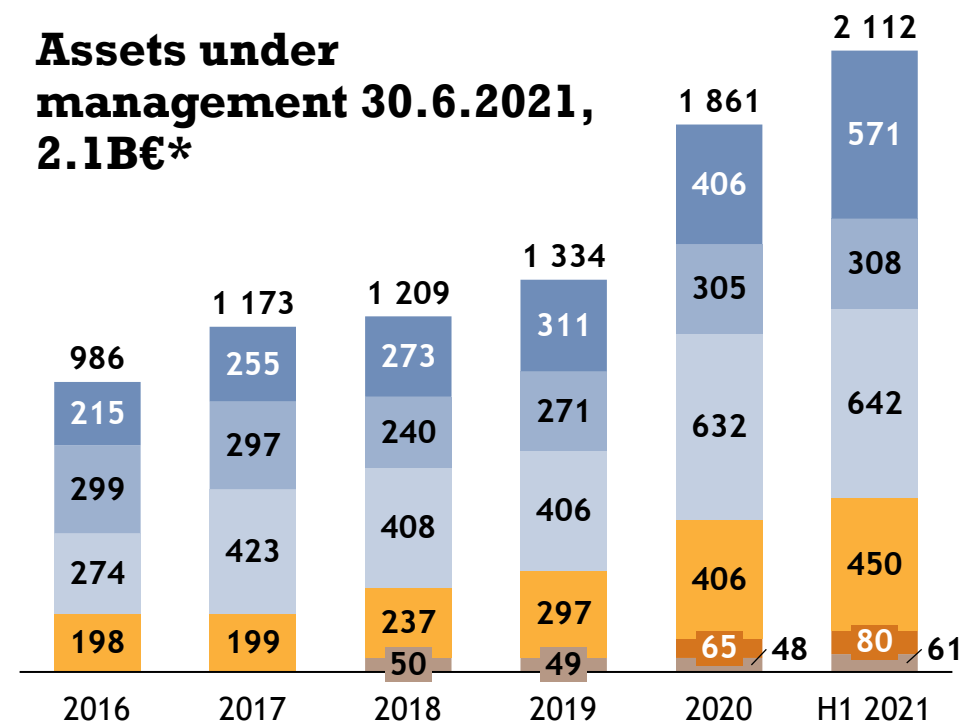
26 years' experience of developing Finland's VC&PE market

300 years' experience of VC&PE investment and corporate financing

40 employees in Helsinki

100% state-owned

## Assets under management 30.6.2021, 2.1B€\*



- Venture Capital funds
- Growth and buyout funds
- KRR funds-of-funds\*\*\*\*
- Direct investments
- Special funding programmes
- EFSI / EIB

\* Unpaid commitments are included.  
 \*\* The KRR funds managed by Tesi include pension fund capital.

# A network of Finnish and international investor partners



# Tesi wants to raise Finland to the forefront of transformative economic growth



**Together we will create the world's new success stories.** We share financial risk and support companies and funds when they develop new solutions and in utilising their full potential.



**We make Finland attractive to both companies and owners.** International companies seeking growth partner with us - and will boost Finland's GDP also by stimulating ownership, enhancing expertise, and creating new success stories.



**We bring forth companies' societal power.** By providing finance to modernising companies, we will enhance competitiveness and raise Finland to the front ranks of impactful economic growth.



**We disseminate information and expertise** to accelerate companies' growth and develop the Finnish venture capital market. We offer effective (financing) tools as well as information and experience about capital markets to companies, funds and decision-makers.





**Ambition for ownership and success**