

**Tesi**

## **Performance and Results**

**13.3.2020**

# Key figures in 2019

## Tesi's operations

133 M€

New investments and commitments  
10 VC & PE funds, 25 companies

## Impact on the Finnish VC & PE market

10

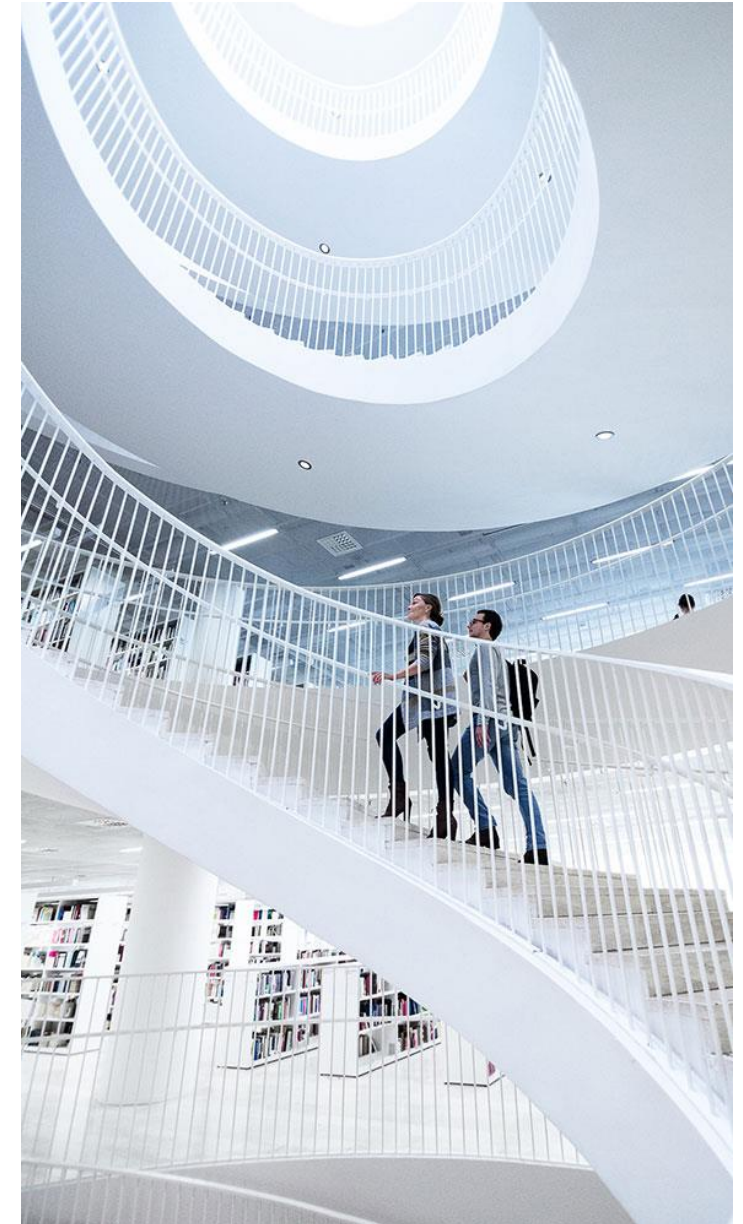
New funds investing in Finnish companies

811 M€

Total new capital raised by Tesi's  
Finnish portfolio funds

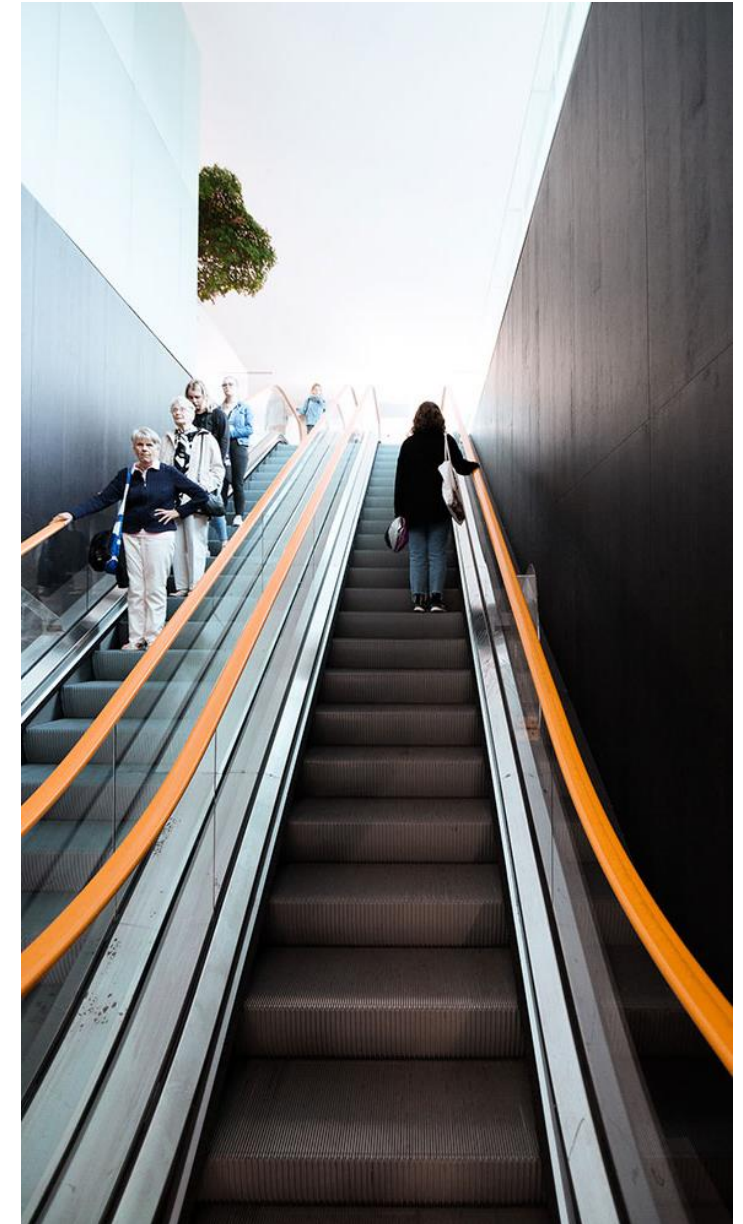
124 M€

Investments in Finnish companies by Tesi's  
international network



# Business environment 2019

- ◆ PitchBook's statistics highlight a reduction in the number of companies raising angel and seed investments in Europe, however, there was appreciable growth in the average sizes of series B, C and D financing rounds, raising the valuation levels of companies. Exits declined from European venture capital backed companies.
- ◆ Companies originating in Finland raised more than €500m in venture capital, including some investment rounds exceeding €100m. The volumes and sizes of Finnish buyout investments have remained steady in the long term, however, declining in 2019 from the previous year. There are new growth funds in the market.
- ◆ Alongside venture capital and private equity, IPOs and crowdsourcing rounds have in recent years become more relevant as financing channels for Finnish growth companies.
- ◆ A more multidimensional and more challenging operating environment will result in ever greater worldwide pressure on political, social and economic systems, as well as on capital allocation strategies.
- ◆ In the prevailing situation, VC & PE investors' role as creators of sustainable economic growth, e.g. through the commercialisation of innovative technologies and business models, is growing in importance.



# Objectives and results 2019

## OBJECTIVES

We invest in the growth of Finnish companies

We develop the Finnish venture capital and private equity market

Our operations are profitable

## RESULTS

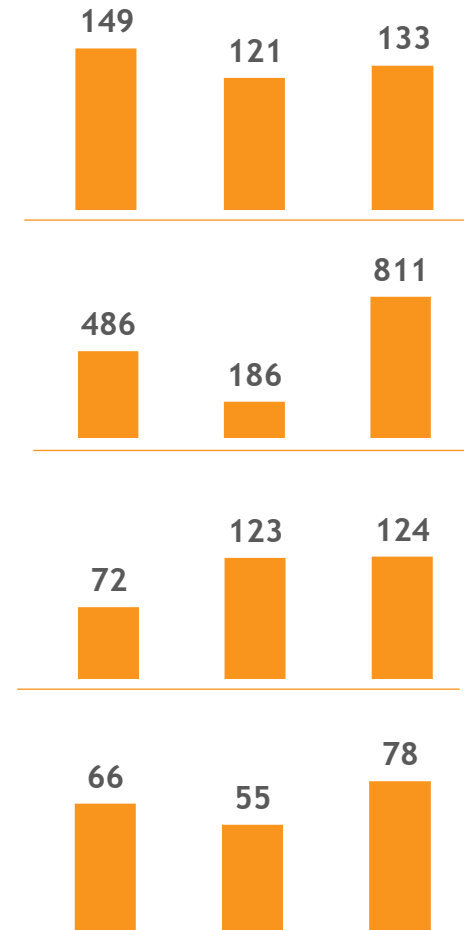
New investments 133 M€  
• 10 funds  
• 25 direct investments

Tesi's Finnish portfolio funds raised new capital 811 M€

Tesi's international partners invested 124 M€ in Finnish companies

Consolidated net profit 78 M€  
Retained earnings 419 M€

2017 2018 2019



# Investments and commitments 2019

811 M€

Total new capital raised by Tesi's Finnish portfolio funds

223 M€

Total new capital raised by Tesi's portfolio companies

89 M€

Tesi's commitments in 10 funds

43 M€

Tesi's investments in 25 growth companies



# Financial result remains strong as in previous years

## ◆ Net gains 65 M€

- **Net gains from funds 42 M€** derived from successful exits from portfolio companies and a general rise in valuation levels.
- **Net gains from direct investments 23 M€** derived from unrealised change in fair value, driven by strong growth in portfolio companies and progress in implementing their business strategies.

## ◆ Profit after taxes 78 M€ and retained earnings amounting to 419 M€ at end of review period

Consolidated statement of comprehensive income			
EUR thousands	1-12/2019	1-12/2018	Change
Net gains from funds	41 560	71 717	-30 157
Net gains from direct investments	23 001	17 947	5 054
<b>Net gains from investments, total</b>	<b>64 561</b>	<b>89 664</b>	<b>-25 103</b>
Net gains from financial securities	38 723	-14 305	53 028
Income from fund management	1 225	938	287
<b>Other operating income, total</b>	<b>39 948</b>	<b>-13 367</b>	<b>53 315</b>
Personnel expenses	-4 966	-4 689	-277
Depreciation and impairment	-523	-213	-310
Other operating expenses	-3 494	-3 649	154
<b>Operating profit</b>	<b>95 526</b>	<b>67 748</b>	<b>27 779</b>
Financial income and expenses	-41	-69	28
<b>Profit before taxes</b>	<b>95 485</b>	<b>67 678</b>	<b>27 807</b>
Income Taxes	-17 736	-13 066	-4 670
<b>Profit after taxes</b>	<b>77 750</b>	<b>54 613</b>	<b>23 137</b>
<b>Total comprehensive income for year</b>	<b>77 750</b>	<b>54 613</b>	<b>23 137</b>

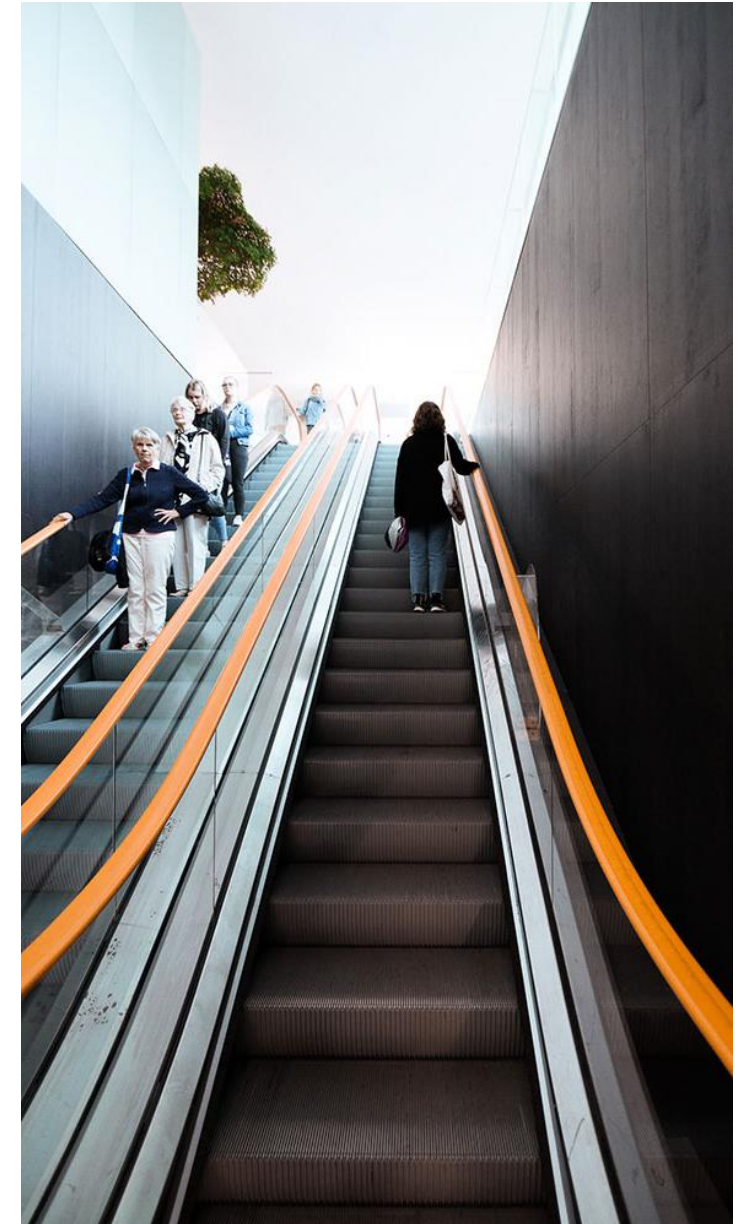
# Consolidated statement of financial position

- ◆ **Carrying value of funds, 419 M€**, an increase of 49 M€ since the start of the year
  - Capital calls 75 M€
  - Capital returned -67 M€
  - Changes in fair value, both realised through the income statement and unrealised, 42 M€
- ◆ **Carrying value of direct investments, €235m**, an increase of €47m since the start of the year
  - Investments paid 43 M€
  - Exits -10 M€
  - Changes in fair value, both realised through the income statement and unrealised, 23 M€
- ◆ Short-term assets, **379 M€**, mainly comprised financial securities, a decrease of 6 M€ during the year.
- ◆ Off-balance sheet unpaid investment commitments and capital earmarked for investment programmes totalled **611 M€**.

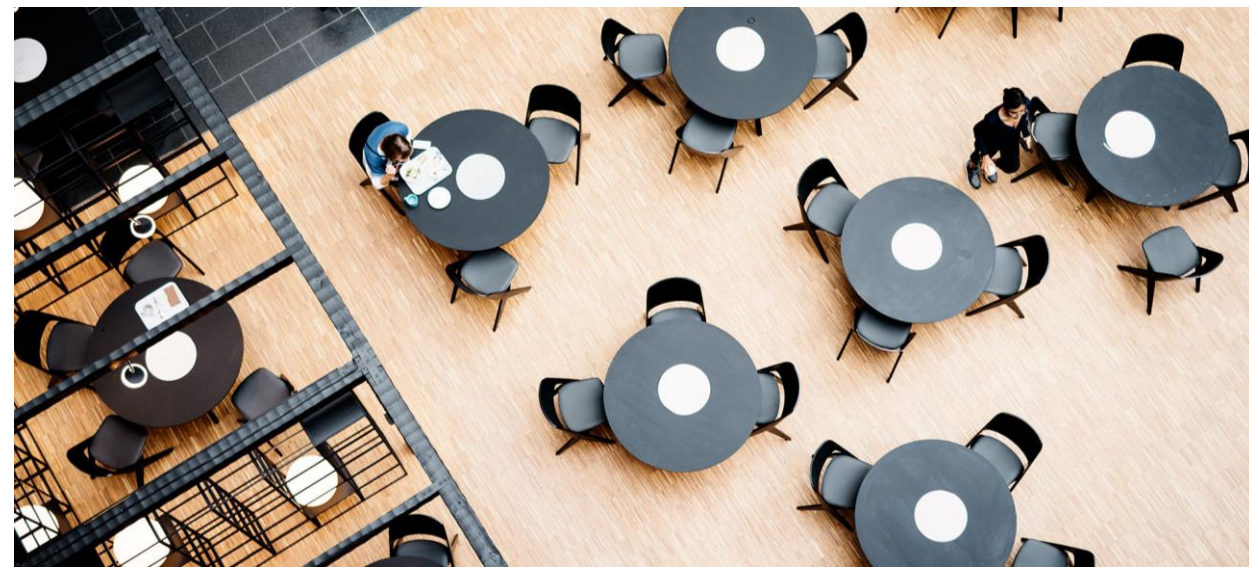
<b>Consolidated balance sheet IFRS</b>			
EUR thousands	31.12.2019	31.12.2018	Change
<b>Assets</b>			
<b>Non-current assets</b>			
VC & PE funds	419 399	370 529	48 870
Direct investments	291 528	235 118	56 410
<b>VC &amp; PE investments, total</b>	<b>710 927</b>	<b>605 647</b>	<b>105 279</b>
<b>Other non-current assets</b>	<b>39 955</b>	<b>40 114</b>	<b>-159</b>
<b>Short-term assets</b>	<b>378 786</b>	<b>384 781</b>	<b>-5 995</b>
<b>Assets, total</b>	<b>1 129 668</b>	<b>1 030 542</b>	<b>99 126</b>
<b>Equity, total</b>	<b>1 088 209</b>	<b>995 959</b>	<b>92 250</b>
<b>Non-current liabilities</b>	<b>37 693</b>	<b>28 092</b>	<b>9 601</b>
<b>Current liabilities</b>	<b>3 766</b>	<b>6 491</b>	<b>-2 725</b>
<b>Liabilities, total</b>	<b>41 459</b>	<b>34 583</b>	<b>6 876</b>
<b>Equity and liabilities, total</b>	<b>1 129 668</b>	<b>1 030 542</b>	<b>99 126</b>

# Prospects

- ◆ In 2020, Tesi will focus on four strategic themes: socio-economic impact; international growth; active ownership; and producing insightful data to develop the Finnish venture capital and private equity market together with its stakeholders.
- ◆ Tesi will continue to use its fund investments to promote the long-term development and internationalisation of Finland's venture capital and private equity market. Tesi will put special emphases on sparring with Finnish fund management teams in scaling up international business, enhancing diversity in fund management teams, building networks, developing the fund investor base, and strengthening Finland's growth fund market. The deal flow for Finnish fund projects is growing strongly.
- ◆ With direct investments, Tesi aims for faster impact by spreading risks with private investors in individual cases. Direct investment will mainly focus on investment programmes (Circular Economy investment programme and EFSI co-investment programme) and other focus areas. When screening projects, Tesi will pay greater attention to the positive net impact of potential investees. The direct investments deal-flow is expected to remain broadly the same as in 2019.
- ◆ The positive financial performance of recent years provides Tesi with sound resources for promoting Finnish companies' international growth well into the future.







# **Tesi in a nutshell**

**Ambition for ownership  
and success**

# Tesi develops the VC & PE market so that Finnish companies have capital and expertise for international growth

4 funds-of-funds

92 portfolio funds

54 portfolio companies

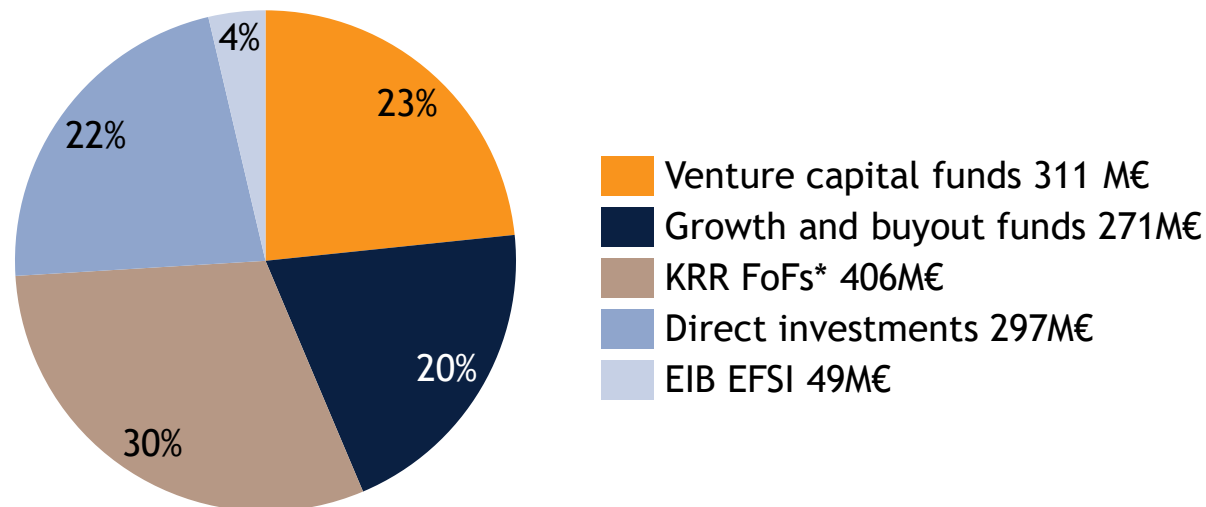
100-150 M€ new investments p.a.

1,3 mrd€ investments under management

100% state-owned

37 staff in Helsinki

Investments under management 1.3 B€ (31.12.2019)



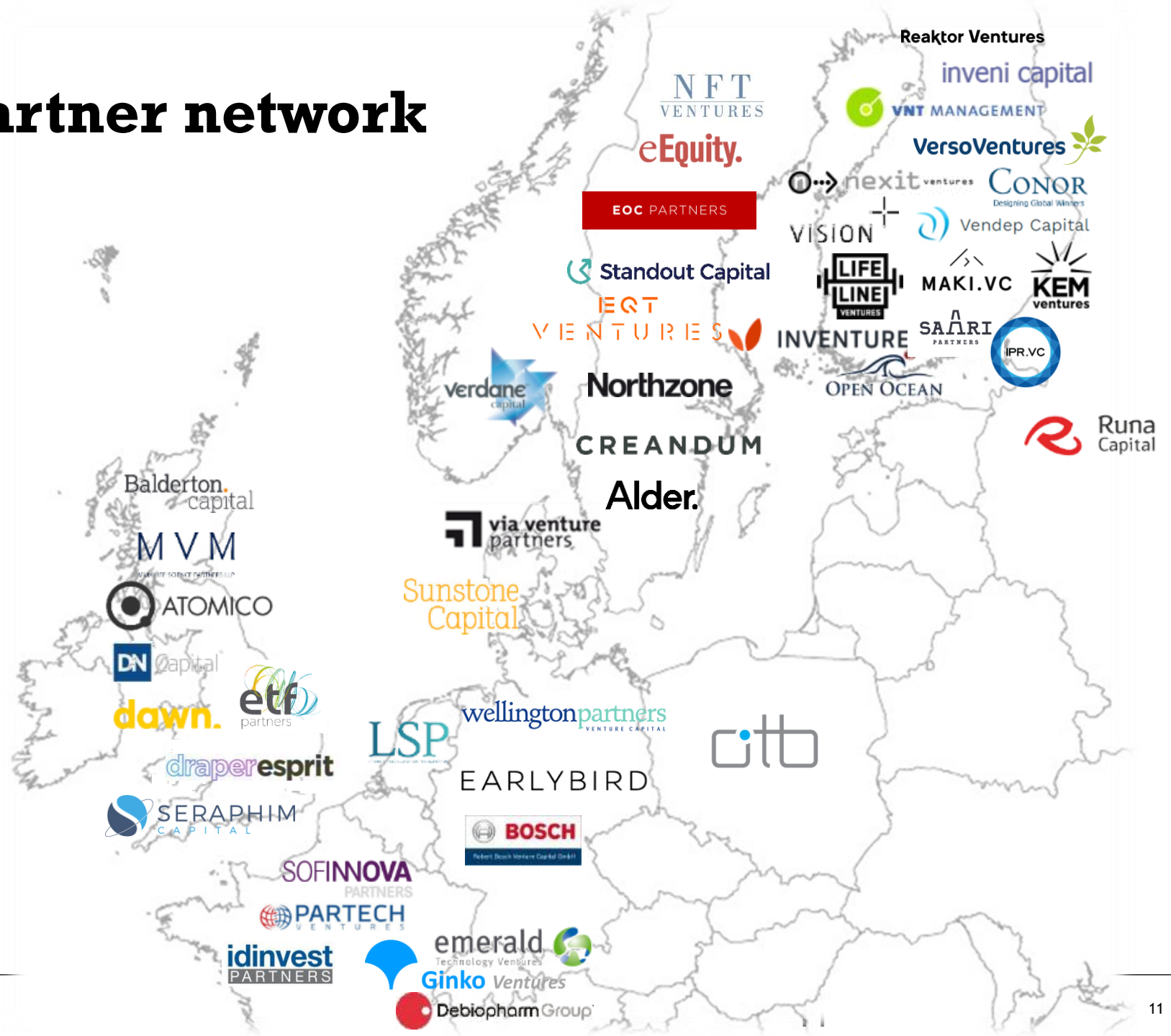
• Includes 235M€ of Finnish pension funds' capital that Tesi manages in FoFs KRR I, KRR II, and KRR III.

# International partner network

## USA



## Aasia





**Ambition for ownership and success**