



Performance & Results

H1/2017

Highlights H1/2017

€37_m

New investments and commitments

€27_m*

Investments from international partners

19%

Revenue growth in direct portfolio companies (median)

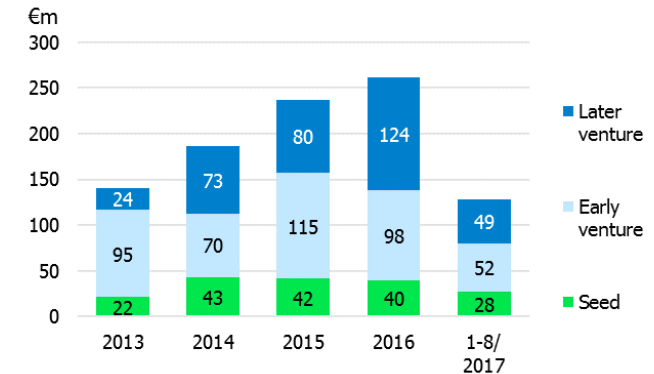
€45_m

Profit after tax

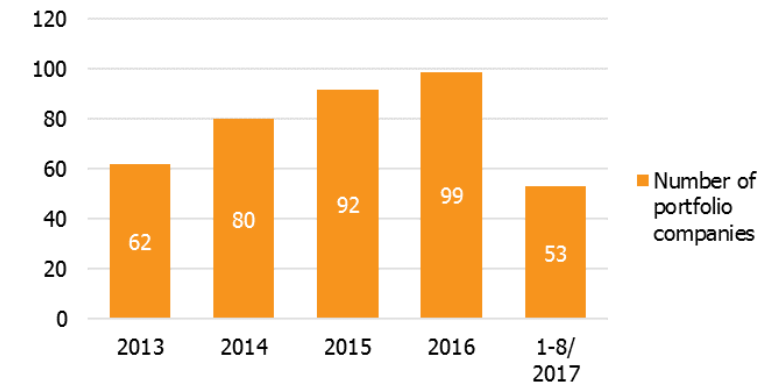
Finnish venture capital and private equity market

- ◆ Venture capital in both Finland and Europe was more subdued in early 2017 than in the peak years of 2015-2016.
 - However, large venture capital rounds were announced in July-August 2017
 - Finnish healthtech companies raised large financing rounds
 - The importance of crowdfunding as a source of risk financing is clearly on the rise
- ◆ Finnish private equity funds have roughly one billion euros of investment capacity.
- ◆ Finland's macroeconomic upswing is expected to support the operative development of later-stage companies and boost both investment and exits.

VC investments in Finnish companies



Buyout investments in Finnish companies

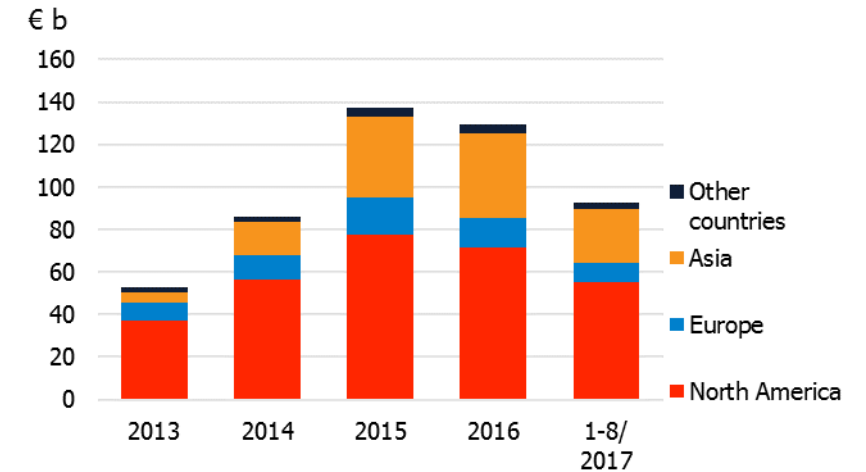


Source: Pitchbook

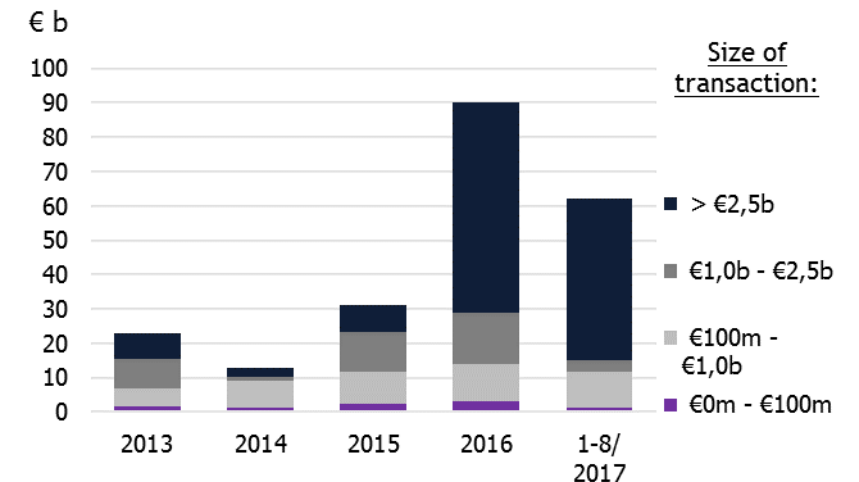
Importance of Asia in the VC/PE sector

- ◆ The importance of Asia, and in particular China, as a player in the global economy has substantially increased in recent years.
 - In 2014, the size of Greater China Region's venture capital market exceeded that of Europe's (source: Preqin).
 - In addition to abundant capital, the phenomenon is supported by China's own technological expertise and the globalisation megatrend.
- ◆ Chinese venture capital and M&A volumes are growing strongly, which is also visible in many of Tesi's portfolio companies.
 - The availability of more capital is particularly important for Finland's later-stage venture capital market.
 - For companies, Asian investors open doors to local markets.
 - For investors Asia provides a new exit channel.

Venture capital investments globally



Asian M&As in Europe



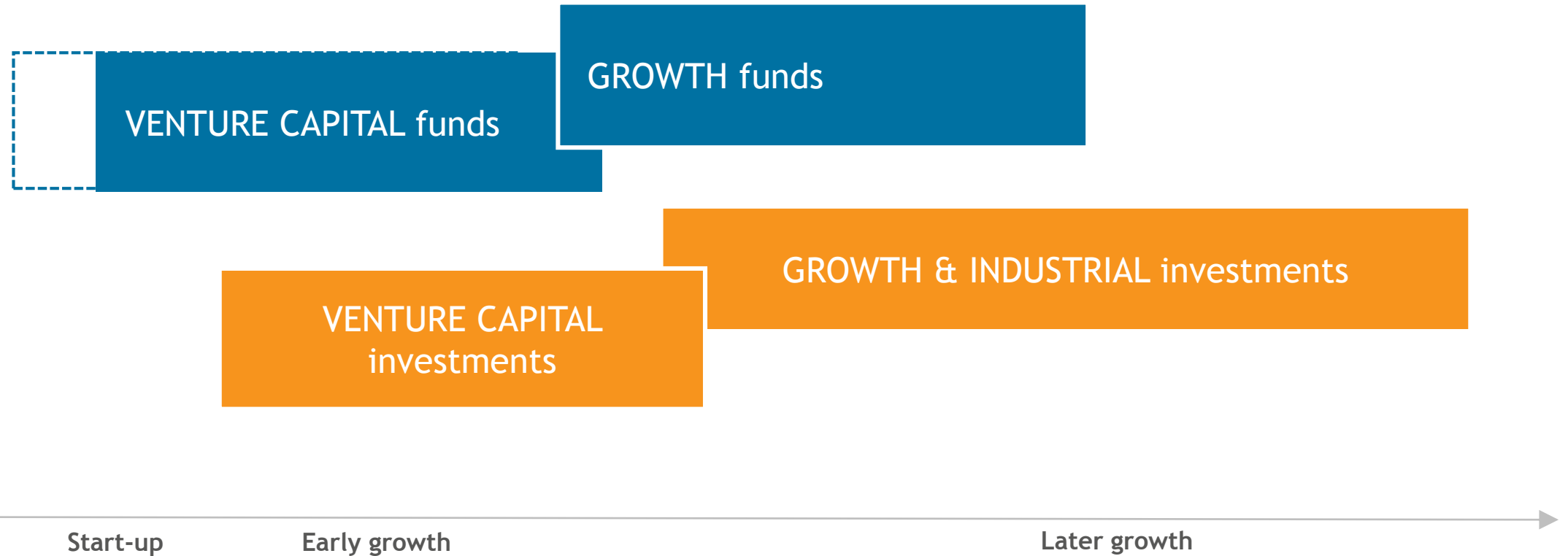
Source: Pitchbook

Tesi's portfolio companies' activities in China

Who	When	What
OptoFidelity	8/2017	Acquired by Chinese CYG
Rightware	3/2017	Acquired by Chinese Thundersoft
Valmet Automotive	1/2017	Chinese CATL significant shareholder

In addition, China is a significant business area for Tesi's portfolio companies such as IonPhase, BMH Technology, MariaDB, Mekitec, Optomed and Visedo.

Investment focus



Objectives and results

OBJECTIVES	RESULTS H1/2017	2015 2016 H1/2017								
We invest in growth	<ul style="list-style-type: none"> → New investments 37 M€ 3 funds and 12 direct investments → Revenue growth in portfolio companies +19 % 	<table border="1"> <tr> <th>Year</th> <th>Investments (M€)</th> </tr> <tr> <td>2015</td> <td>93</td> </tr> <tr> <td>2016</td> <td>165</td> </tr> <tr> <td>H1/2017</td> <td>37</td> </tr> </table>	Year	Investments (M€)	2015	93	2016	165	H1/2017	37
Year	Investments (M€)									
2015	93									
2016	165									
H1/2017	37									
We develop the Finnish VC/PE market	<ul style="list-style-type: none"> → International partners invested 27 M€* in Finnish companies 	<table border="1"> <tr> <th>Year</th> <th>Investments (M€)</th> </tr> <tr> <td>2015</td> <td>23</td> </tr> <tr> <td>2016</td> <td>159**</td> </tr> <tr> <td>H1/2017</td> <td>27*</td> </tr> </table>	Year	Investments (M€)	2015	23	2016	159**	H1/2017	27*
Year	Investments (M€)									
2015	23									
2016	159**									
H1/2017	27*									
Our operations are financially profitable	<ul style="list-style-type: none"> → Financial result 45 M€ → Retained earnings 302 M€ 	<table border="1"> <tr> <th>Year</th> <th>Financial Result (M€)</th> </tr> <tr> <td>2015</td> <td>86</td> </tr> <tr> <td>2016</td> <td>45</td> </tr> <tr> <td>H1/2017</td> <td>45</td> </tr> </table>	Year	Financial Result (M€)	2015	86	2016	45	H1/2017	45
Year	Financial Result (M€)									
2015	86									
2016	45									
H1/2017	45									

* 1-7/2017

** includes some exceptionally large investment rounds

Result

- ◆ H1/2017 was financially strong in all allocations. The macroeconomic upturn and favourable development of the VC/PE sector contributed to profitability.
- ◆ **Funds 33,8 M€;**
The profit from fund investments derived evenly from venture capital funds and later-stage funds.
- ◆ **Direct investments 15,0 M€;**
Active portfolio management and the continued strong growth of portfolio companies were reflected in the positive change in unrealized fair value.
- ◆ **Retained earnings** from Tesi's operations amounted to **302 M€** at the end of the review period.

Consolidated statement of comprehensive income IFRS			
EUR thousands	1-6/2017	1-6/2016	1-12/2016
Net gains from funds	33 756	5 728	27 570
Net gains from direct investments	15 046	7 831	18 060
Net gains from investments, total	48 802	13 559	45 631
Net gains from financial securities	10 841	4 816	16 962
Income from fund management	208	226	447
Other operating income, total	11 049	5 042	17 409
Personnel expenses	-2 279	-2 210	-4 737
Depreciation and impairment	-96	-73	-139
Other operating expenses	-1 515	-1 412	-2 981
Operating profit / loss	55 962	14 907	55 184
Financial income and expenses	-45	0	18
Profit / loss before taxes	55 917	14 907	55 202
Income taxes	-11 183	-3 429	-10 601
Profit / loss for financial year	44 733	11 477	44 601
Total comprehensive income (loss) for year	44 733	11 477	44 601

Balance Sheet

- ◆ Balance sheet value of funds **347,5 M€** has increased by 11,8 M€ from start of year
 - Capital calls -28,4 M€
 - Capital distributions from funds 50,4 M€
 - Realised and unrealised changes in fair value recognised as a gain 33,8 M€
- ◆ Balance sheet value of direct investments **209,6 M€** has increased by 20,1 M€ from start of year
 - Payments for investments -18,1 M€
 - Exits 13,0 M€
 - Realised and unrealised changes in fair value recognised as a gain 15,0 M€
- ◆ Current assets **431,8 M€** consist mainly of liquid assets (financial securities)
- ◆ Unpaid commitments totalled **379 M€**, which consist of unpaid commitments to funds and capital set aside for ongoing investment programmes.

Consolidated Balance Sheet IFRS

EUR thousands	30.6.2017	31.12.2016	Change
Venture capital and private equity funds	347 490	335 736	11 754
Direct investments	209 559	189 415	20 144
Venture capital and private equity investments, total	557 049	525 151	31 898
Non-current assets, total	8 142	7 758	384
Current assets, total	431 781	410 072	21 709
Assets, total	996 972	942 981	53 991
Equity			
Share capital	438 992	438 922	70
Share premium account	215 855	215 855	0
Retained earnings	257 638	213 037	44 601
Profit for financial year	44 733	44 601	132
Equity, total	957 219	912 415	44 804
Liabilities			
Non-current liabilities	27 849	27 849	0
Current liabilities	11 904	2 646	9 258
Liabilities, total	39 753	30 495	9 258
Equity and liabilities, total	996 972	942 910	54 062

Cash Flow 1-6/2017

Altogether **63,4 M€** was returned from the company's investments during the review period and net cash flow was **16,9 M€**.

Cash flow 1-6/2017

EUR million	Out	In	Net
Funds	-28,4	50,4	22,0
Direct investments	-18,1	13,0	-5,1
Total	-46,5	63,4	16,9



Investments

FUND INVESTMENTS

VENDEP | CAPITAL

VAAKA
PARTNERS

DIRECT INVESTMENTS

BC § Platforms

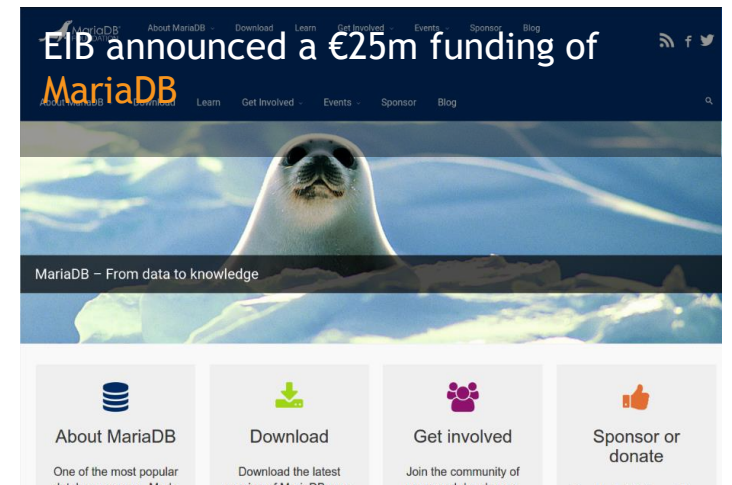
KELIBER

MUSTAVARAN KAIVOS

INVESTMENTS H1/2017

3 funds	26,9 M€
12 companies	10,3 M€

Recent events



Exits



- **Buyer:** Thundersoft, founded in 2008 and listed on the Shenzhen Stock Exchange, provides operating system technology and services globally for the mobile, automotive and IoT markets.
- The arrangement supports the continued development of both companies – by creating a growth platform to help secure the top position in the rapidly expanding automotive software industry, while creating more complete solutions for customers.



- **Buyer:** Leading Nordic insulation manufacturer Jackon Group
- ThermiSol has strong ties to almost all Finnish construction firms and hardware stores, and is renowned for its efficient logistics. Jackon Group has been looking to buy Finnish production facilities for some years now, and Finland's market leader with its strong product brand was an attractive proposition.

International partners invested 27 M€ in Finnish companies (1-7/2017)



ARCTICSTARTUP

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Small Giant Games raises 5.4 mln euros

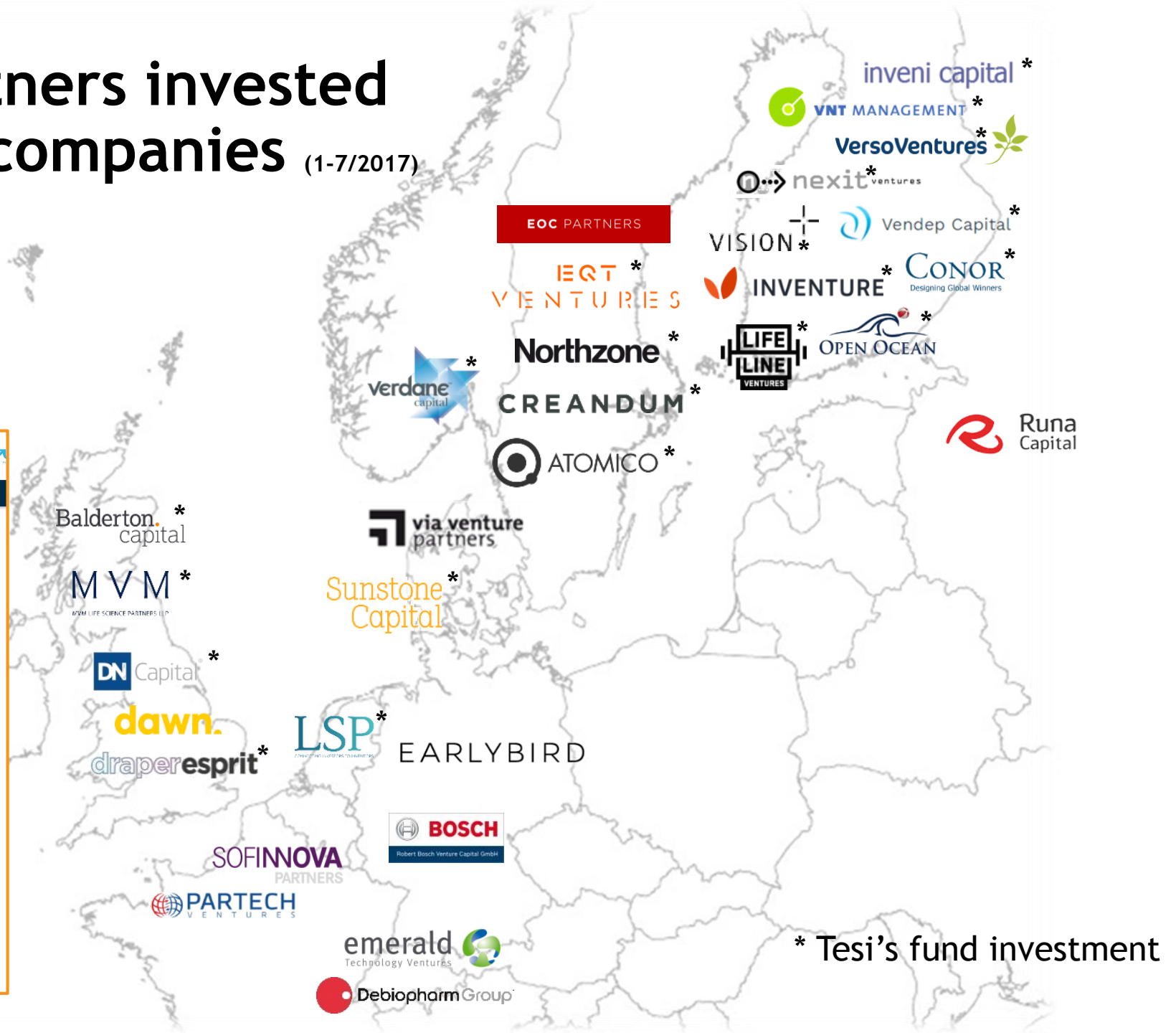
By Tarmo Virki | © 10:28 EEST on 9th March, 2017

Small Giant Games, a Finnish developer, has raised 5.4 million euros to market its new title *Empires & Puzzles*, and to build new games.

Lead investor in the round is Stockholm-based EQT Ventures, with investors also including earlier backers Creandum, Spintop Ventures, PROfounders and First Fellow Partners.

Empires & Puzzles is an online Role Playing Game that combines tactical puzzle battles with the building of a mighty stronghold and hero collection. The game was launched last week on both **iOS** and **Android** mobile devices.

“We started our new game with a clear vision of creating something that’s super easy to pick up and play, but that also surprises the players with unforeseen depth and a fresh take on familiar elements,” said Timo Soininen, CEO at Small Giant Games.



* Tesi's fund investment

Key figures

90 funds

44 direct portfolio companies

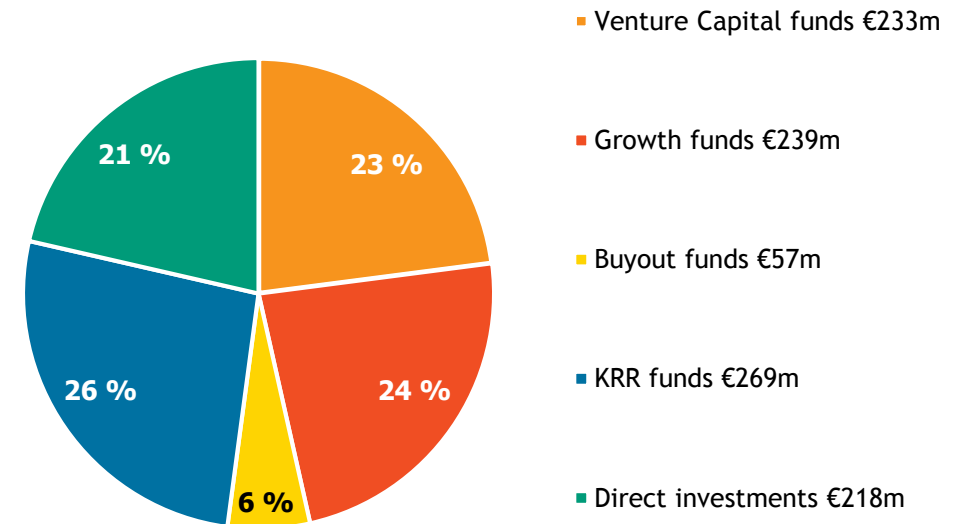
100-150 €m new investments annually

100% owned by the Finnish state

32 staff in Helsinki

20+ years of experience

Investments under management 1 016,7M€
(30.6.2017)



Prospects

- ◆ Events after the review period:
 - Tesi has made an investment in the healthtech company BCB Medical together with Standout Capital.
 - Tesi's portfolio company OptoFidelity was sold to the Chinese CYG Group.
 - In August, Matias Kaila started at Tesi as Director for Fund Investments, and Jussi Hattula as Director for Growth & Industrial Investments.
- ◆ Deal-flow and M&A activity for the rest of the year look promising. There are some exits in the pipeline from both venture capital and growth investments.
 - In fund investments, both Finnish and international venture capital funds are visible in the deal-flow.
 - Tesi is currently fund-raising for the fund-of-fund KRR III.
 - International investors continue to be active in Finland.
- ◆ The strong start to the year gives Tesi sound resources for financing new investments and for continuing its mission of accelerating the international growth of Finnish companies.

Dare to Grow