

Impact of COVID-19 on the Finnish VC & PE market

**Pulse survey results
22 April 2020**

**Tesi
Business Finland Venture Capital
Finnish Venture Capital Association**

The survey covers 27 Finnish investors and 412 companies



Altogether 27 Finnish VC & PE investors replied to the survey: 16 venture capital investors and 11 growth/buyout investors.

The survey was conducted between 9th and 16th April 2020, and was sent to all Finnish venture capital and private equity investors.



The results cover 412 companies, of which 345 are registered in Finland.

The company base is widely distributed across different sectors and development phases, and gives a fair representation of Finnish venture capital and private equity backed companies.

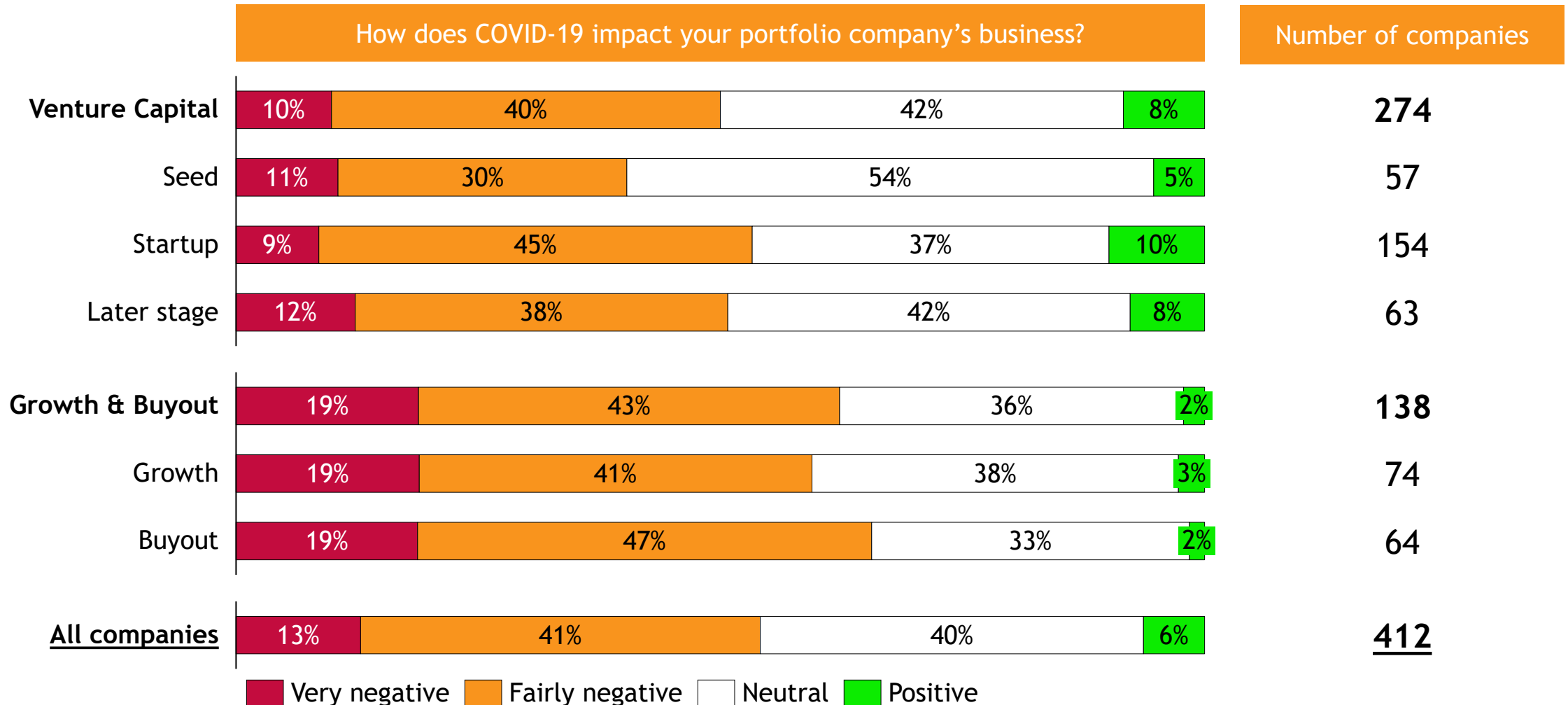
What did we ask them?

The aim of the pulse survey is to create a snapshot of the business and financial position of Finnish investors' *current* portfolio companies. The snapshot enables a data-based evaluation of the need, and assessment of the means, for state intervention to support growth companies.

Investors assessed the following aspects of each of their active funds with respect to the 15 most valuable portfolio companies:

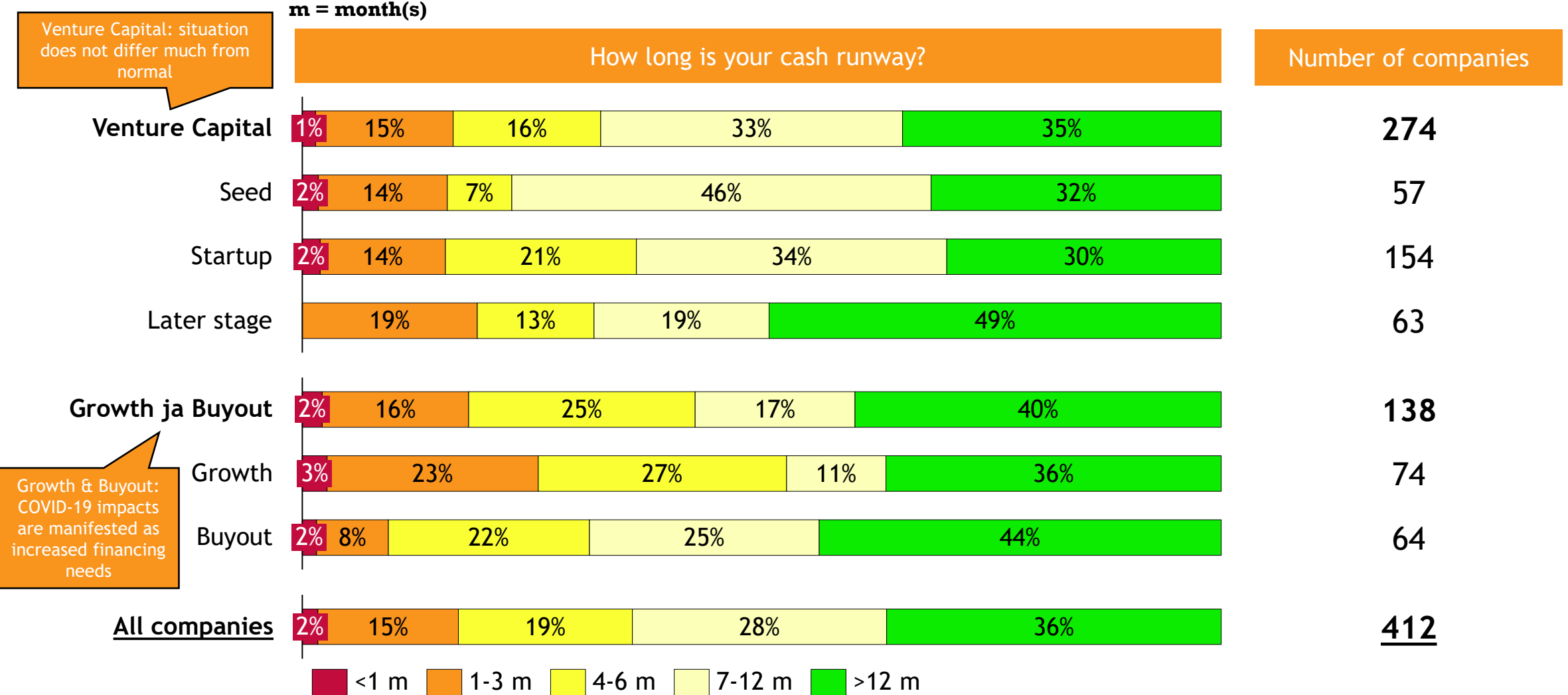
- ◆ How does COVID-19 impact your portfolio company's business?
- ◆ What is the company's runway?
- ◆ Are the company's current owners able to meet financing needs over the next year?
- ◆ Is financing available from other sources to meet the company's financing needs over the next year?

COVID-19 has had a negative impact on most companies, particularly on the Growth & Buyout side

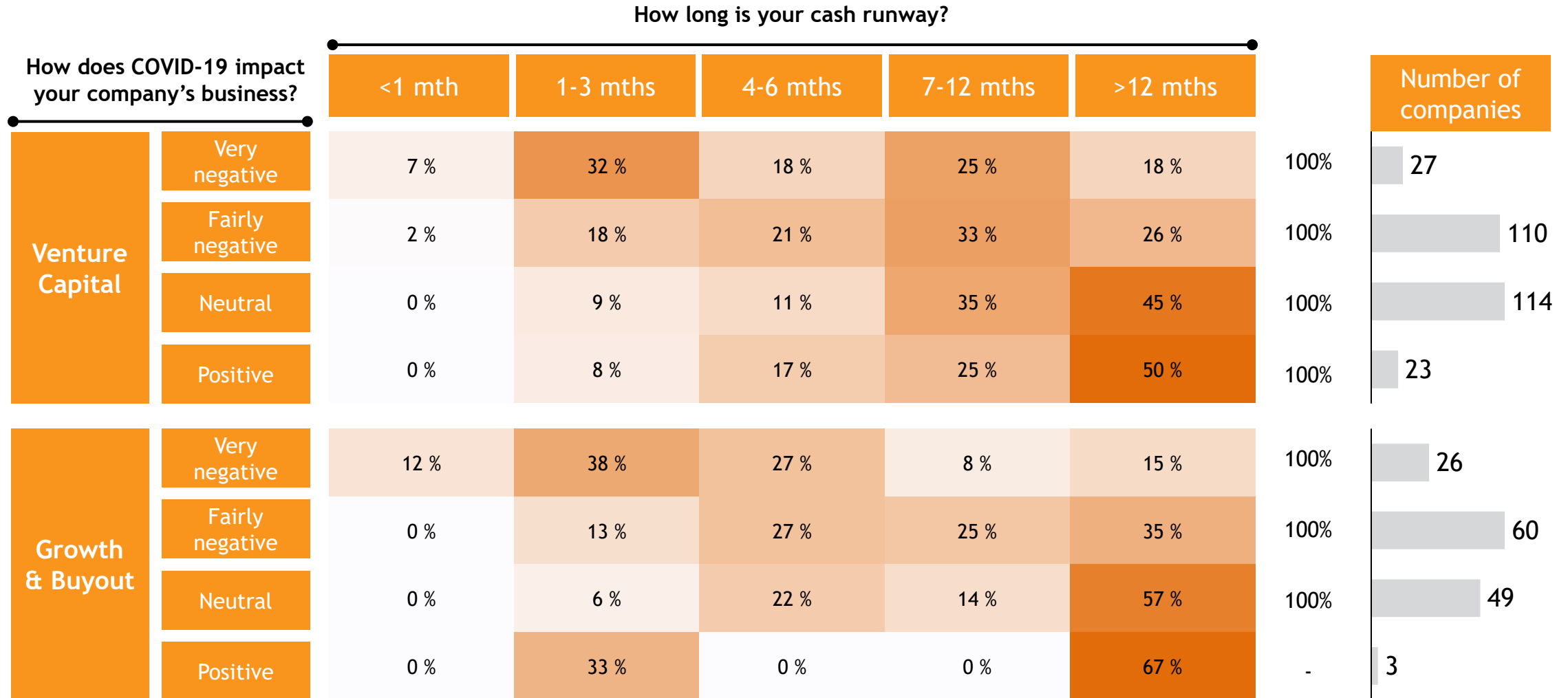


Note! Figures also include non-Finnish portfolio companies. Distribution of responses remains largely unchanged if sample is restricted to Finnish portfolio companies.

About one-third of companies currently have cash reserves for less than six months



COVID-19 has had a negative impact on the sufficiency of funds, but in only some cases explains the weak cash position



Overview: Evaluation of companies' overall financing situations based on the survey

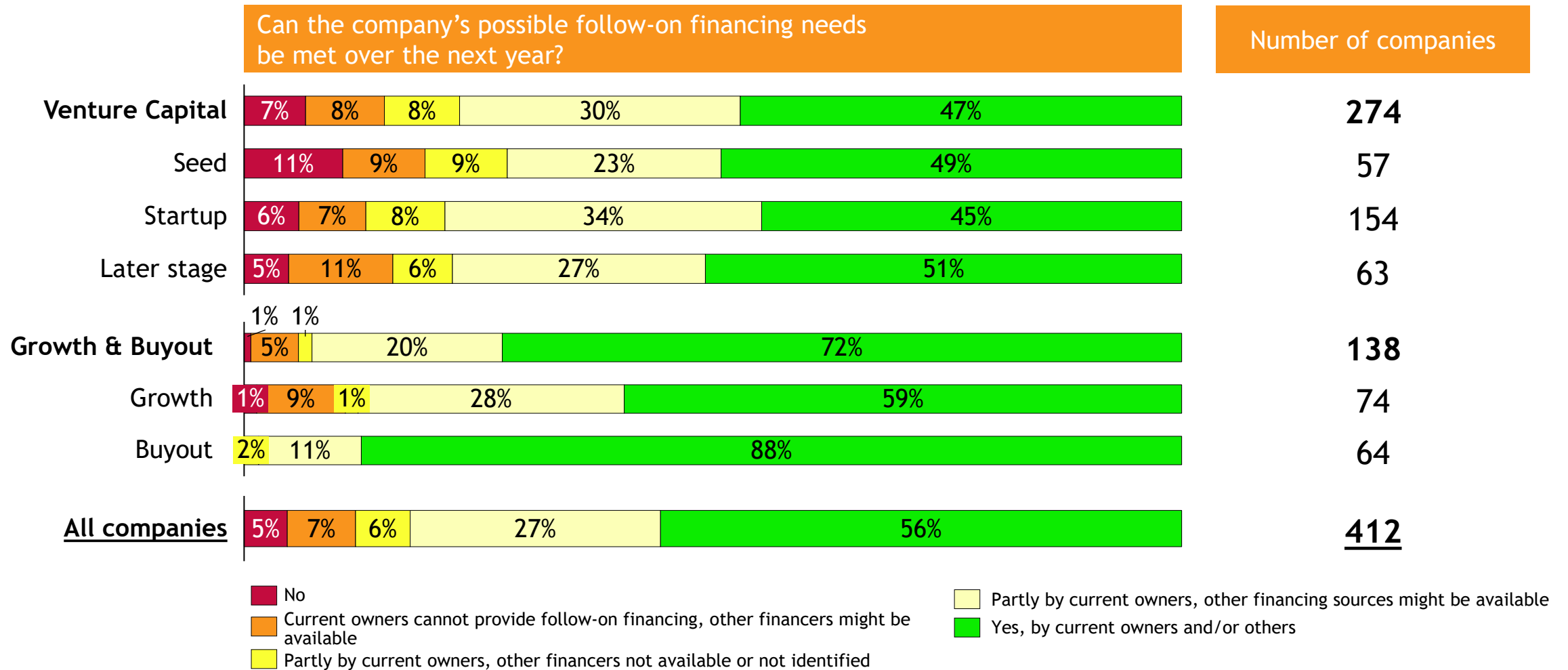
“Are the company’s current owners able to meet the company’s financing needs over the next year?”

“Is financing available from sources other than the current owners to meet the company’s financing needs over the next year?”

	(No response)	No	Partly	Yes
(No response)	(No response)	No	Partly by current owners, other financiers not available or not identified	Yes
No	No	No	Partly by current owners, other financiers not available or not identified	Yes
Maybe	Current owners cannot provide follow-on financing, other financiers might offer	Current owners cannot provide follow-on financing, other financiers might offer	Partly by current owners, other financing sources might be available	Yes
Yes	Yes	Yes	Yes	Yes

Derived reply to question: “Can the company’s possible follow-on financing needs be met over the next year?”

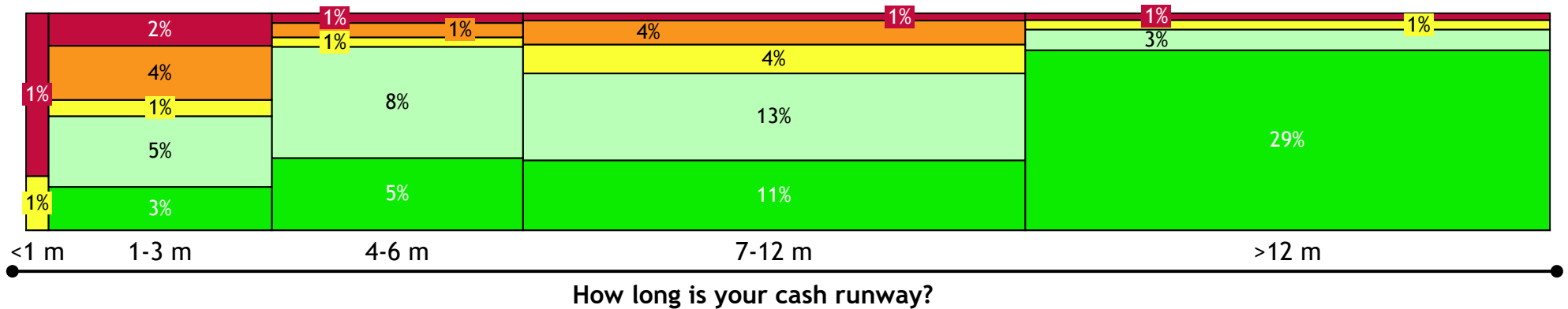
Less than 15% of companies lack financing options over the next 12 months



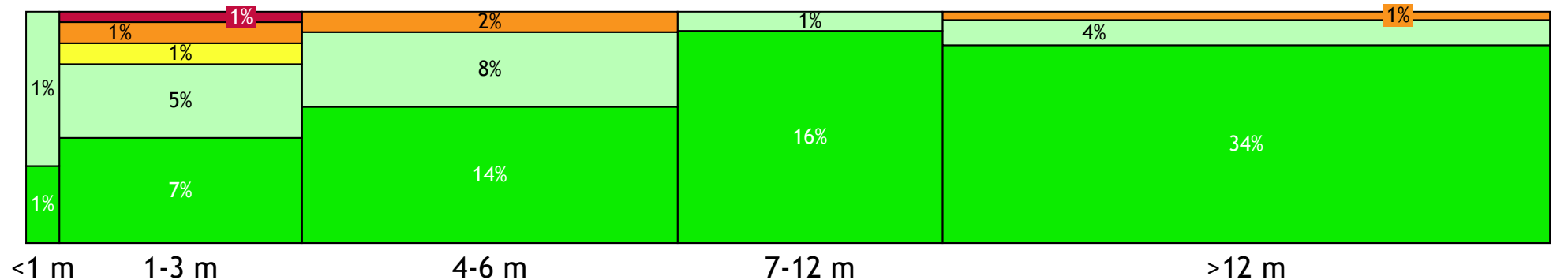
An immediate liquidity crisis without identified follow-on financing opportunities threatens only a fraction of companies

m = month(s)

Venture Capital
(274 companies)



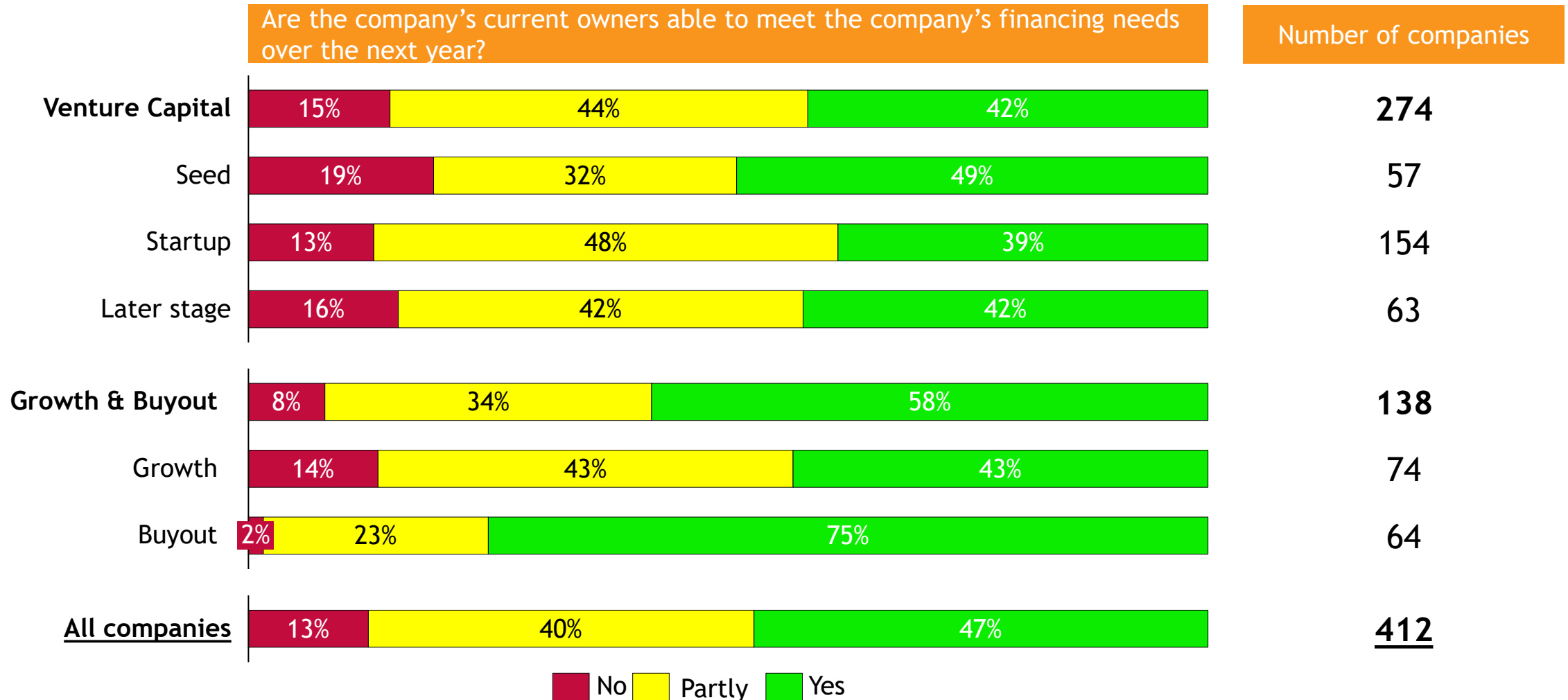
Growth & Buyout
(138 companies)



Can the company's possible follow-on financing needs be met over the next year?

■ No
 ■ Current owners cannot provide follow-on financing, other financiers might be available
 ■ Partly by current owners, other financiers not available or not identified
 ■ Partly by current owners, other financing sources might be possible
 ■ Yes, by current owners and/or others

Current owners are able to partly or wholly meet follow-on financing needs in over 85% of companies



Less than 15% of companies lack financing options over the next 12 months

