



9/2/2019



Tesi's impact in 2018

Our portfolio companies create growth and jobs and solve the challenges of sustainable development

We want to raise Finland to the front ranks of renewable economic growth

What kind of impact?

- ◆ We bring to the fore companies' social power: our portfolio companies' business operations foster growth, create jobs and solve the challenges of sustainable development.
- ◆ We will raise Finland to the front ranks of renewable economic growth, and make Finland attractive to both companies and owners.
- ◆ We implement the sustainable development goals of Finland's Government and the UN's 2030 Agenda.
- ◆ Our investments promote the development of Finland's venture capital and private equity market.

How do we achieve it?

- ◆ We promote the achievement of impact goals and corporate responsibility together with our portfolio companies and portfolio funds (over 700 companies).
- ◆ We target our investments at sustainable development - e.g. through our Circular Economy Investment programme.
- ◆ We disseminate information and expertise to accelerate companies' growth and develop the Finnish venture capital market.
- ◆ We measure the impact of our operations in terms of companies' growth, and in future also in terms of companies' impact on the environment and wellbeing. We report our impact annually.

Review perspectives

1. Growth and international expansion



- ◆ We offer companies fuel for growth and risk-taking so they can access international markets. Jobs are created when companies grow and internationalise.
- ◆ Growth is born from a global mindset. Together with our international partner network, we provide our portfolio companies with capital as well as valuable expertise to grow in international markets.

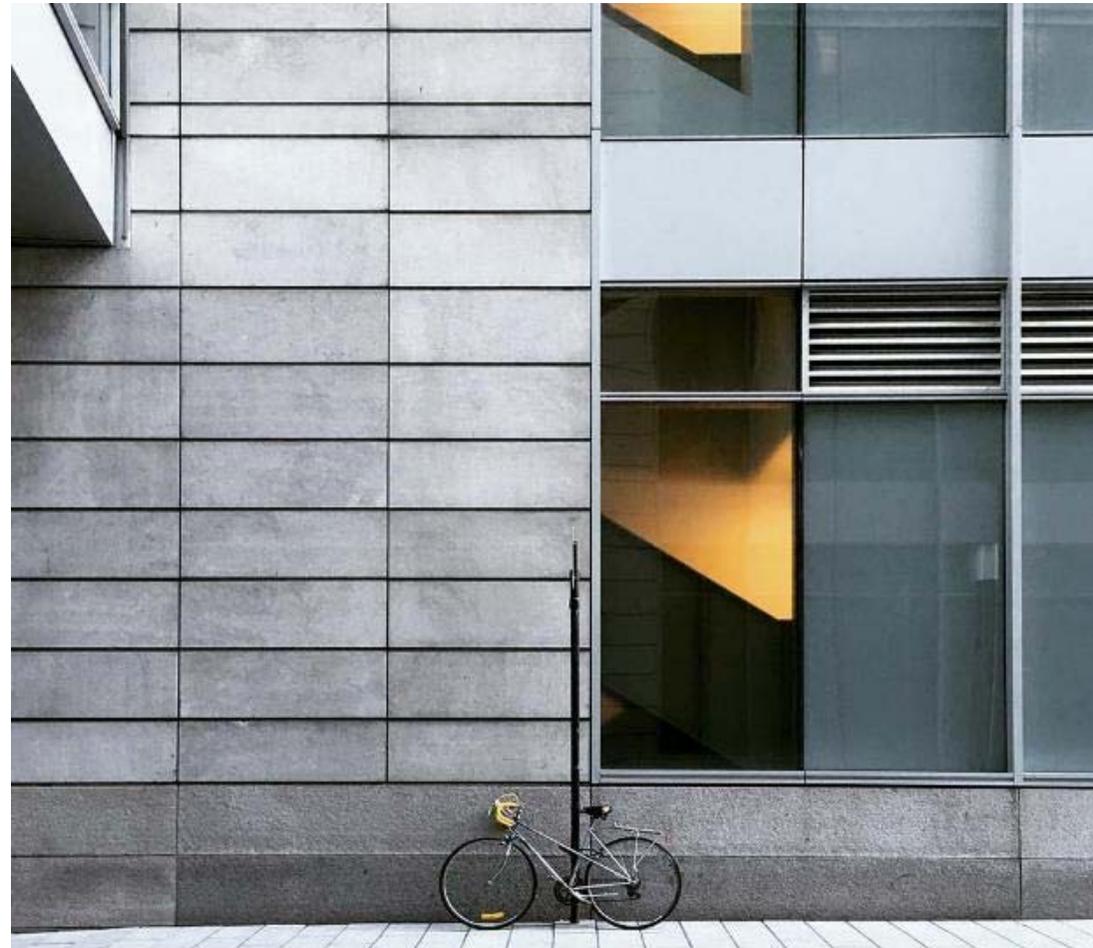
2. Social impact



- ◆ We develop Finland's business community and venture capital market.
- ◆ We address global trends, such as climate change, as a core component of our activities.
- ◆ We create economically sustainable solutions. Our operations are economically profitable.



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1. Growth and international expansion

Our portfolio companies are Finland's fourth largest generator of net sales abroad



Net sales, total

5,899 MEUR



Total exports

1,631 MEUR



Jobs in Finland

36,316



n=197 companies
(Direct investments and
investments through funds)

Tesi's fastest grower and internationaliser : Oura Health



Growth and
international
expansion

- ◆ Technology company Oura Health develops and sells a ring that measures the quality of sleep, alertness and activity level of the wearer.
- ◆ Oura's aim is to encourage and support the wearer's awareness of this data, thus guiding him/her towards better quality of life.
 - Net sales increased by **346%** compared to the previous year
 - Net sales increased by **885% p.a.** over the last three years
 - Number of personnel grew by **88%**



“Wellbeing is a megatrend of huge social importance. Oura's strong growth is founded on people's heightened interest in influencing the quality of their own lives. The company's growth is underpinned by an attractive story and a high-quality product. In future, Oura will offer more personalised instructions by applying artificial intelligence to improving sleep quality and waking alertness.”

Jussi Sainiemi, Tesi's Investment Director, Venture Capital

Lifeline Ventures' portfolio company Smartly.io

Finnish Venture Capital Association's 2019 Growth Builder



Growth and
international
expansion

- ◆ Marketing software company Smartly.io is known for its advertising management tool, which has made it a market leader in Facebook advertising for large corporations.
- ◆ Smartly.io won the Finnish Venture Capital Association's and PwC's 2019 Growth Builder competition. Finnish VC company Lifeline Ventures supported the company's growth story.
- ◆ Smartly already has 350 employees and offices in 16 countries.
 - *Net sales increased by 43% compared to the previous year*
 - *Net sales increased by 110% p.a. over the last three years*
 - *Number of personnel grew by 25%*



“Lifeline is a team that combines experience in entrepreneurship and technology with knowhow of investment and exits. Add to this a business-minded, entrepreneuring spirit and solid networking both in Finland and abroad, and Lifeline's portfolio companies can rest assured they are in good hands.”

Riitta Jääskeläinen, Tesi's Investment Director, Fund Investments

Our portfolio companies have created thousands of jobs and billions of euros in net sales in Finland

Growth 2016-2018



Net sales

2,423 MEUR



Exports

784 MEUR



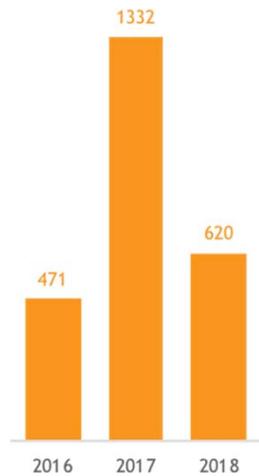
Number of jobs

7,464 jobs

Our portfolio companies grow faster on average than other Finnish companies

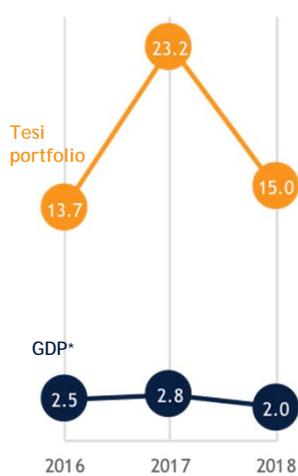


Growth in net sales, MEUR

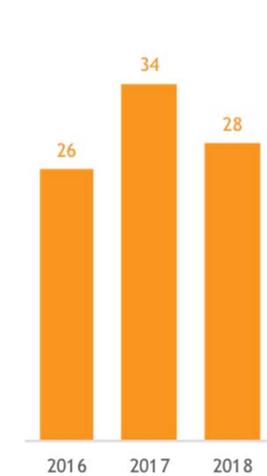


Source: Statistics Finland, stat.fi

Relative growth in net sales, %



Exports as relative share of net sales, %

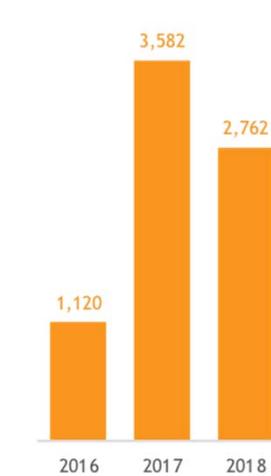


Source: Customs, Finland, Tulli.fi

Relative growth in exports, %

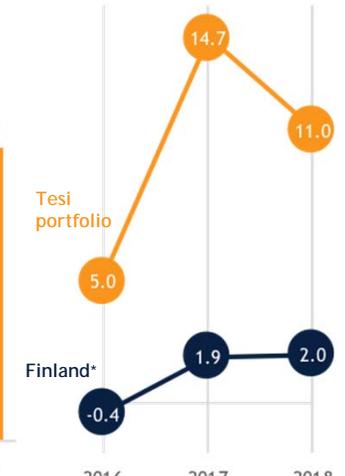


Growth in number of jobs, no. of jobs



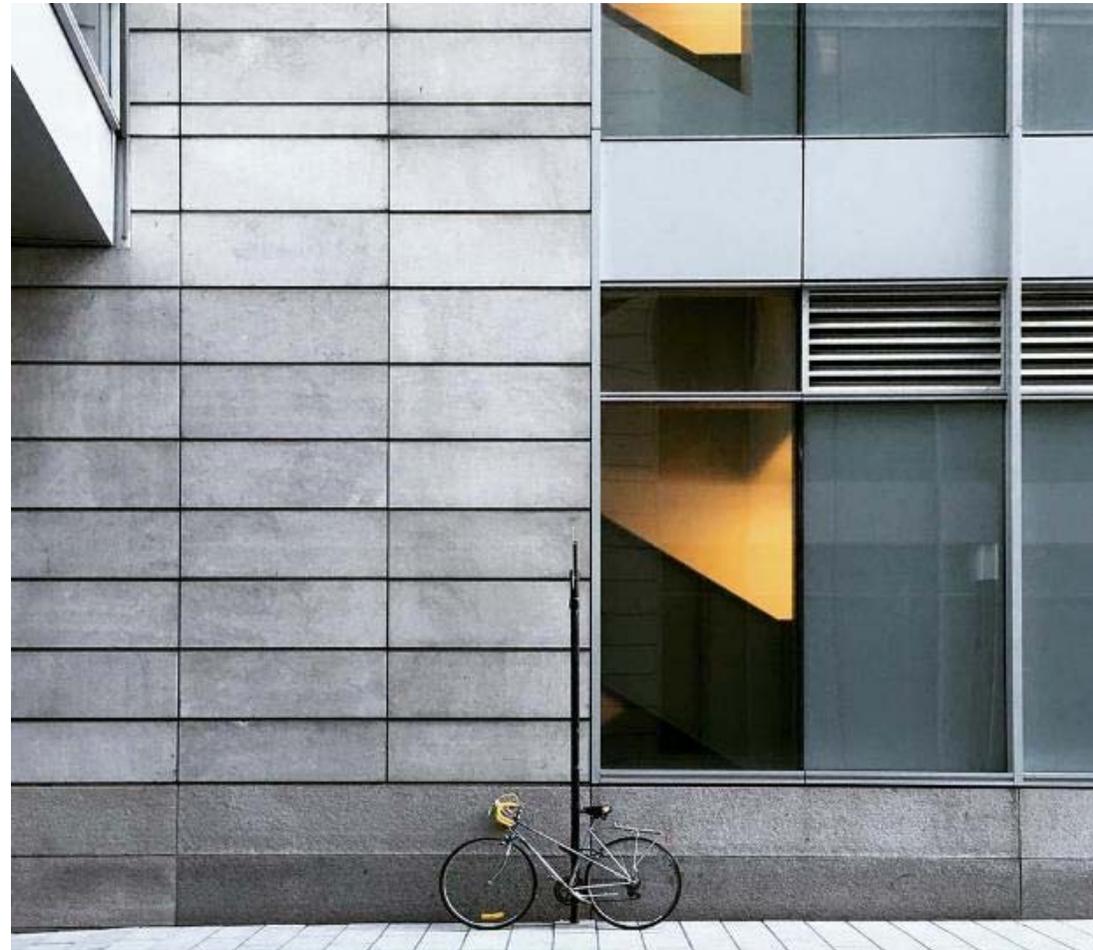
Source: Statistics Finland, stat.fi

Relative growth in number of jobs, %





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2. Socioeconomic impact

We diversify and internationalise the supply of risk financing

2016-2018



Our Finnish
PORTFOLIO FUNDS
575 MEUR



Our international
VENTURE FUNDS
91 MEUR



Our DIRECT
INVESTMENTS
152 MEUR

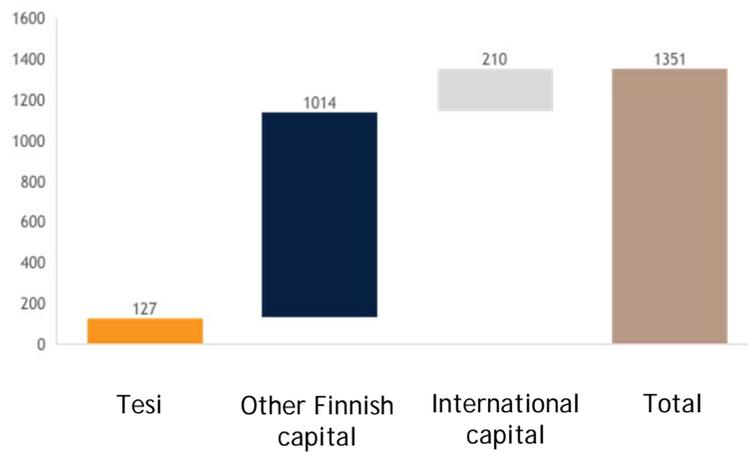


Our international
CO-INVESTORS
236 MEUR

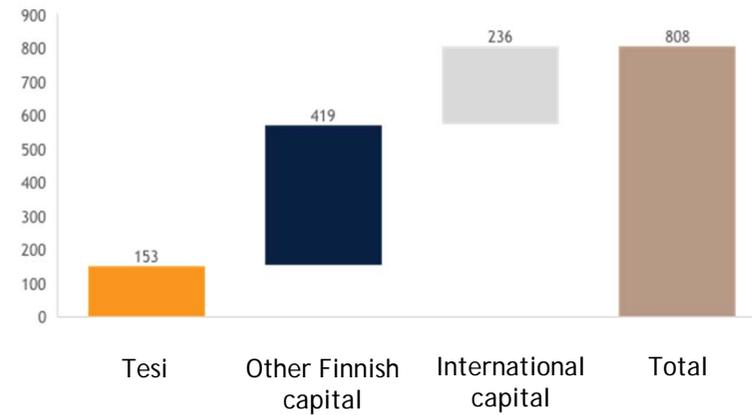


Our investments multiply the amount of other capital available to investments in growth companies

Distribution of capital invested in Finnish funds, 2016-2018 MEUR



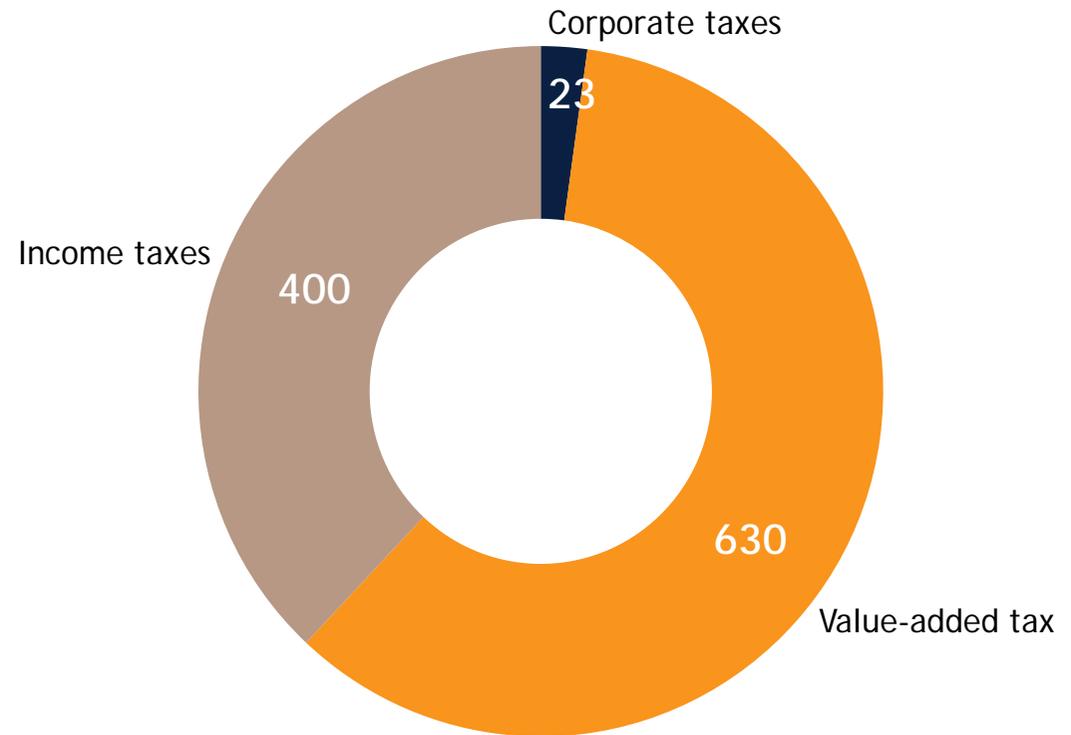
Distribution of capital invested in Finnish direct investments, 2016-2018 MEUR



Tax receipts from our portfolio companies exceed one billion euros

- ◆ The tax footprint made by companies is one component of the socioeconomic impact produced by Tesi's investments.
- ◆ Taxes paid, and due for payment, by Tesi's Finnish portfolio companies through direct investments or fund investments amounted to over one billion euros in 2018.
- ◆ In addition to these taxes, asset transfer tax is paid on certain investment transactions. Portfolio companies also pay other taxes levied on vehicles, fuel and real estate.
- ◆ Furthermore, companies make many other tax-like payments to society, such as social security fees, pension contributions and unemployment insurance payments.

Tax receipts 2018 (MEUR)



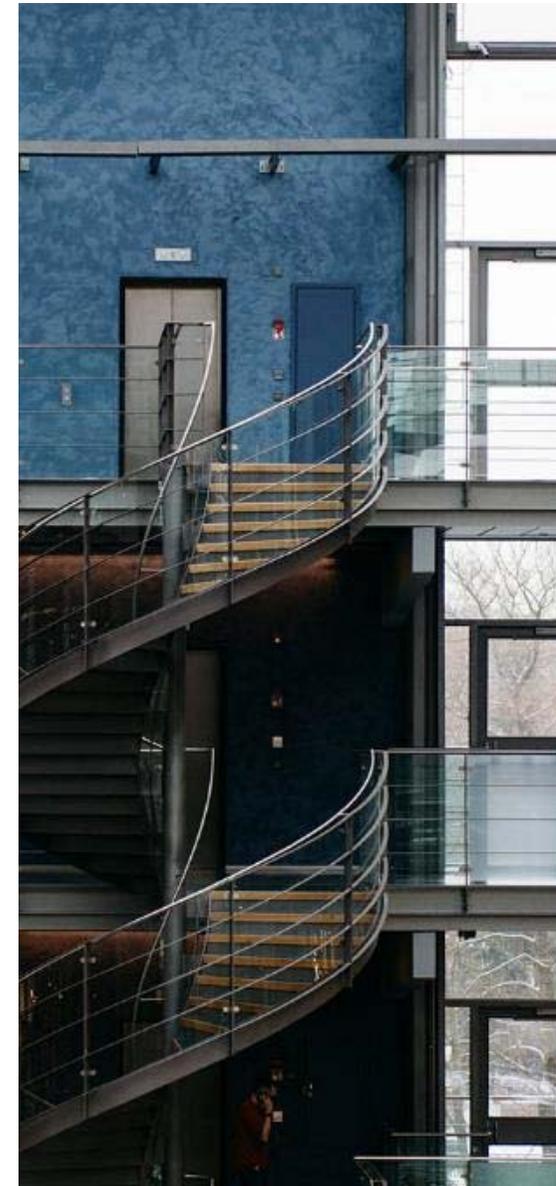
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Circular Economy investment programme has positive environmental impacts

- ◆ In 2018 we launched a MEUR 75 investment programme for financing circular economy companies. In addition to direct investments, the target is to create venture capital funds investing in Finland's circular economy.
- ◆ The circular economy is a broad concept encompassing renewable materials, lengthening product lifecycles, products as a service, resource efficiency and 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. The programme will implement Finland's Road Map to a Circular Economy and the Plastics Road Map for Finland.
- ◆ Under the programme, we have invested in Partnera Glass Recycling (formerly Uusioaines), and also in early 2019 in Environmental Technologies Fund 3.

“Our Circular Economy investment programme is an impact investing pilot, where we set measurable impact targets for each investee company. These targets could be e.g. reduced emissions or energy savings. Implementation of the objectives will be monitored during the investment.”

Matti Kangas, Growth & Industrial Investments



Circular Economy investment programme: case Partnera Glass Recycling



- ◆ Partnera Glass Recycling (formerly Uusioaines) is a glass-cleaning and foam glass manufacturing company. Finnish Uusioaines and Swedish Hasopor form Europe's leading manufacturer of foam glass.
- ◆ Tesi has co-invested in the company with investment company Partnera.
- ◆ Increasingly stringent European regulation will raise glass recycling rates and open up markets for the consortium formed by Uusioaines and Hasopor. The EU's goal is for 75% of glass to be recycled by 2030.
- ◆ The measurable impact targets set for this investment are a reduction in waste going to landfill sites, and energy saved in glass manufacturing.



“The European glass recycling market is very fragmented. After the acquisition of Hasopor, the companies’ combined output capacity is equivalent to some 4,000 full truckloads of foam glass. Modern production facilities will allow us to take products to new customer groups as awareness of the benefits of our products in different applications spreads,”

Arto Pohjonen, CEO Partnera Glass Recycling Ltd

EFSI, growth financing for the ambitious: case Wirepas



EFSI financing

- ◆ A MEUR 100 programme channelling financing from the European Fund for Strategic Investment (EFSI) into Finnish companies' growth.
- ◆ The programme is a part of the Investment Plan for Europe, which aims to boost the investment and competitiveness of European SMEs.
- ◆ The financing - ranging from MEUR 15 to 30 per company - is targeted at growth-oriented SMEs and innovative midcap companies.
- ◆ For investments in a company, one-half will come from the EFSI and one-half from Tesi. The model will supplement current risk financing supply in Finland.
- ◆ Private investors' participation is required with at least equal investment.

Case Wirepas

- ◆ A Finnish software company that has built a wireless connectivity platform solving the major challenges of the Industrial Internet of Things (IIoT) and enabling broad adoption of Massive IoT.
- ◆ Decentralized IoT network protocol that can be used to connect, locate and identify lights, sensors, beacons, assets, machines and meters in cities, buildings, industry, and in the logistics and energy sectors.
- ◆ The investment in Wirepas is the first one to take advantage of Tesi's new EFSI financial mechanism.
- ◆ Our investment partners are ETF Partners, Inventure, KPN Ventures and Vito Ventures.

"When we formed this co-investment platform with Tesi, this is the kind of investment we had in mind. Although already quite competitive, in the Finnish equity investment landscape especially larger equity investment rounds were seen to be lacking investor support."

Alexander Stubb, EIB's Vice-President

FoF Growth funds: case Maki.vc



FoF Growth funds

- ◆ The FoF Growth funds are funds-of-funds jointly established by Tesi and Finnish pension funds. They are managed by Tesi.
- ◆ The FoF Growth funds help pension companies invest in Finnish VC and growth funds, thus making more skilled capital available to growth companies.
- ◆ **MEUR 150 FoF Growth III**
 - ◆ Investors: Tesi and pension companies Ilmarinen, Keva, State Pension Fund of Finland, Elo, LocalTapiola and Fennia.
 - ◆ FoF Growth III has so far invested 47 MEUR in five funds
 - ◆ FoF Growth III's portfolio funds, in turn, have invested in over 20 companies that employ 700 people and generate net sales of over 53 MEUR in Finland

Case Maki.vc

- ◆ Early-stage venture capital fund that invests in technology companies
- ◆ Fund founded by: Iikka Kivimäki and Pirkka Palomäki
- ◆ Size of fund: 80 MEUR
- ◆ Investors: In addition to the founders, Maki.vc's other investors include Risto Siilasmaa (Chairman of Nokia), Iikka Paananen and Mikko Kodisoja (co-founders of Supercell), and Mistletoe Venture Partners International (founded by Taizo Son). Also institutional investors, such as banks (OP, Nordea) insurance companies (Varma, Ilmarinen) and Tesi.

“The FoF Growth concept gives us an opportunity to have an even stronger presence in the Finnish venture capital sector. And, most importantly, judged on the basis of FoF Growth I's results, returns are adequate– so, the concept works well.”

Maarit Säynevirta, Head of Investments at the State Pension Fund of Finland

Where we are going

- ◆ We increase financing for companies solving the challenges of sustainable development.
- ◆ We promote impact investing in the Finnish market.
- ◆ We develop impact measurement and corporate responsibility aimed at goal-oriented leadership.
- ◆ We create best practices together with other actors in the industry.



Funds and companies benefit from the expertise and experience investors bring them



3 FoF Growth Funds



87 Portfolio funds



48 Portfolio companies



24 Years' experience of developing Finland's venture capital and private equity market



36 Professionals



300 Years' experience in risk capital and corporate finance



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**Ambition for
ownership and
success**

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