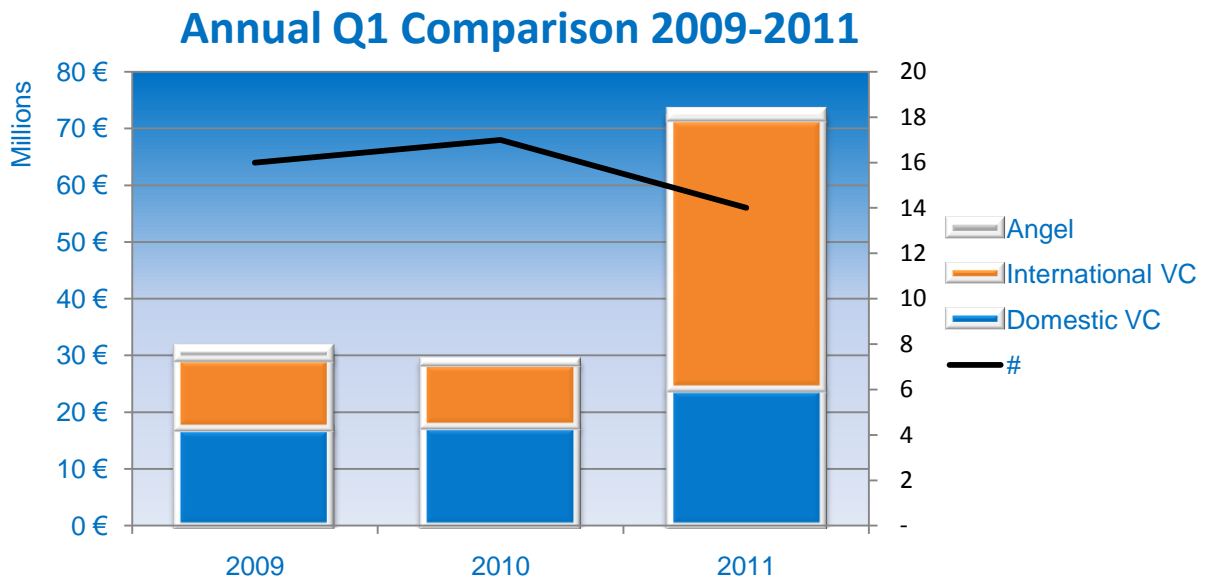


# SUMMARY OF FINNISH HIGH-TECH CAPITAL RAISING ACTIVITY – Q1 2011

*Technopolis Online Reports: Finnish high-tech companies announced that they have raised €72, 9 million of risk capital in Q1 of 2011. This amount is an outstanding increase over the accrued investments of the 1<sup>st</sup> quarters of 2009 and 2010, which were at €31,5million and €29,2million respectively.*

The total number of investments made in Q1 2011 was 14, worth € 72, 9 million. Compared to the first quarters of prior years the number of investments declined slightly, however, the value of these 2011 Q1 investments more than doubled compared to 2010 and grew a staggering 43 690 000 Euro (150%) in total. These outcomes surpass clearly those of the first quarters of previous years in almost every major category. This significant boost in the investment activity was fueled by the considerable momentum of the games companies in the mobile industry. The biggest alteration was in the amount of foreign capital that was injected into the Finnish high-tech ecosystem. The value of foreign investments totaled € 47, 5 million, which not only was much greater than the €11, 3 million of 2010 and €12, 4 million of 2009, it surpassed the total foreign venture capital investments of the whole 2010 fiscal year (€ 33, 9 million). The outstanding € 30, 4 million second round foreign investment to the Angry Birds game developer Rovio Mobile Ltd was the biggest single investment by far and consequently had an significant impact on 2011 Q1 results across the board.



The Finnish cleantech industry did not receive any direct investments in Q1 2011 besides the €13, 7 million investment made to European Batteries, primarily a hardware producer with cleantech products. Even though investment activity was stale in the sector it received unexpected and extremely positive news in the form of the successful exit made by Finnish manufacturer of power generator and converter components, The

Switch Ltd. This €190 million acquisition signifies that lucrative exit opportunities exist and there is demand for Finnish clean technology.

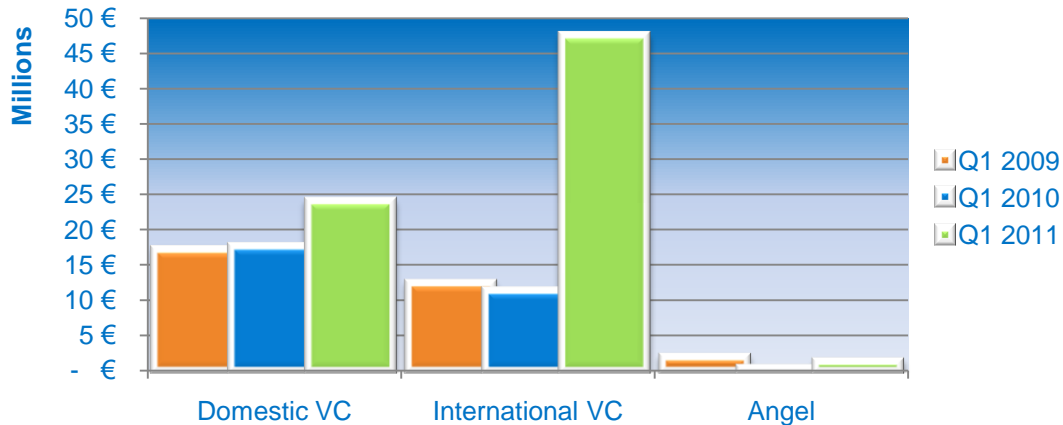
### *Other Key Highlights:*

- Finnish mobile developers are experiencing substantial momentum with five investments worth a total of € 34 250 000 going to domestic mobile application developers.
- Software industry received the most investments (6) – however, the average round size was by far the lowest (~€760 000).
- Average value of investments was higher than in previous years (~€ 5, 2 million compared to 2010, ~€1, 8 million, and 2009, ~€2 million) with large investments (4 investments of over €9 Million) balancing out the smaller ones.
- The value of international investments skyrocketed in Q1 2011, making it clearly the largest investor type by value (€ 47, 5 million) – however, domestic investors remained the most active group (11 investments with domestic participants and 7 with foreign).
- The Helsinki Metropolitan Area received 71% of all investments and 97% of all invested capital, while also attracting all of the foreign investments made.
- Investments were divided more equally between seed (3), first (5) and second (4) round investments than in previous years; furthermore two companies were able to secure late stage deals with one third and one fourth round investments being made.

### **Investments by Investor Type**

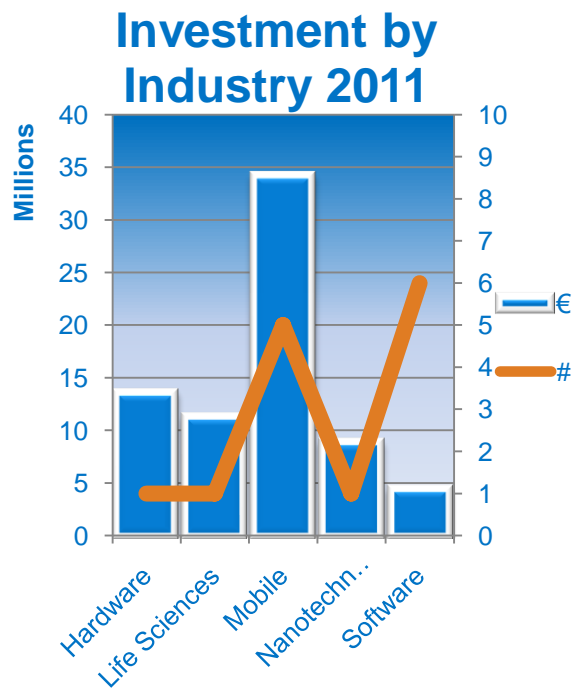
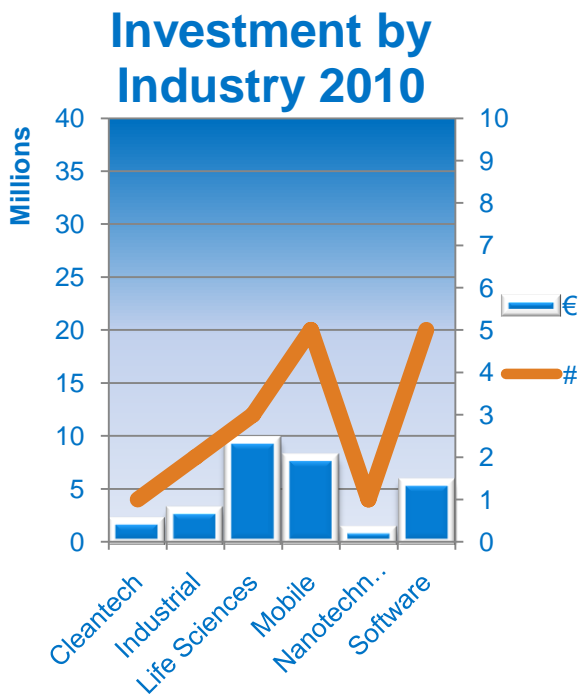
As mentioned the first quarter of 2011 saw a staggering increase in the value of investment made by foreign venture capital. The value of foreign investments in Q1 of 2011 grew a staggering 320% from the comparative amount of Q1 in 2010 – from €11, 3 million to €47, 5 million. Growth in domestic investment was overshadowed by the increase of international venture capital. However, the domestic investments grew a very respectable 37% from the first quarter of the previous year – going from €17, 5 million to €24 million. Angel investors remained by far the smallest investor type, registering only €1, 35 million. This amount compares favorably to the €0, 4 million received in Q1 2010, but fell short of the €2 million from Q1 in 2009. Of the 14 Q1 investments 11 had domestic, 7 had international, and 6 had angel involvement.

## Invested Euros by Investor Type



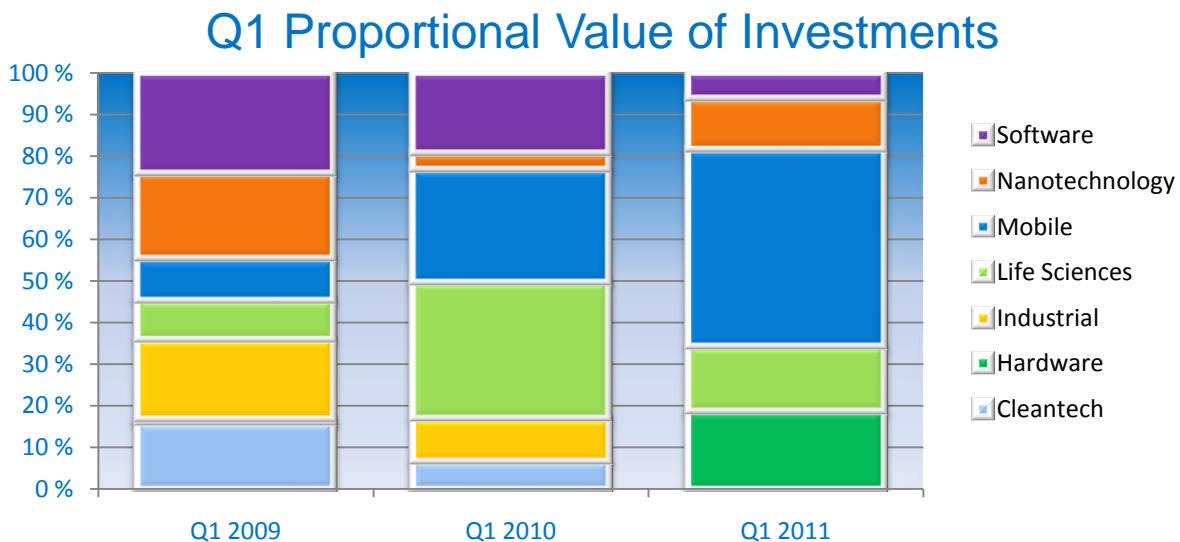
## Investments by Industry

The software and mobile industry remained the most active sectors with 6 investments going to the software industry and 5 to the mobile sector. Other sectors that received investments were hardware, life sciences and nanotechnology, which all received single substantial investments. In terms of value the mobile industry clearly attracted the most capital in Q1 of 2011. Led by the €30 million received by Rovio, the mobile sector gained €34, 25 million, which was roughly 47% of all of the invested capital. On the other end of the spectrum the investments to the software industry were of the least value, with meager €4, 55 million received in total.



## Proportional Investments by Industry

The Q1 of 2011 continued following some recent trends, while breaking others. The software industry despite its 6 investments only gathered a meager €0, 76 million per investment, which was by far the smallest average. The €4, 55 million received by software companies was only 6% of all investments and continued its annual decline, coming down from the €7, 55 million in Q1 of 2009 and the €5, 61 million in Q1 of 2010. As with all investments the amounts received by all other industries, except software, were greater than in the Q1's of previous years. The industrial and cleantech sector were unable to close any investments in the Q1 of 2011. The largest growth in value was by the mobile segment, which went from €7, 9 million in last year's Q1 to €34, 25 million, a growth of 334%. Other significant increases from the previous year were in nanotechnology (from €1, 2 million to €9 million) and in hardware (from €0 to €13, 7 million). Despite the large investment to the hardware manufacturer European Batteries, the company has begun employer-employee negotiations and has temporarily laid off its entire staff of 70 workers.

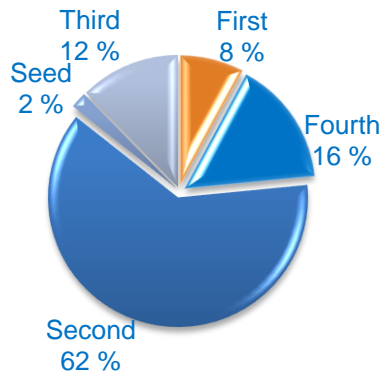


## Stage Distribution

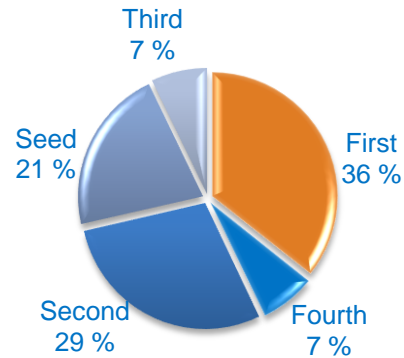
The stage distribution in this Q1 was more equal than it has been in previous years. The 2011 Q1 received investments in seed, first, second, third and fourth rounds. Seed investments were down by one from both 2009 and 2010, with 3 rounds. First round investments dropped drastically to 5 from the 11 received in Q1 of 2010, and the second round investments doubled to 4 from 2 in 2010. When comparing the results from 2009 to 2011, the data shows that the number of first and second round investments has fluctuated a lot in recent first quarters. The largest stage by value was second round investments with 62% of all invested capital. This percentage is much greater than the 20% received by the second round in Q1 of 2010, but quite similar to the 55% share in Q1 2009. Seed and first round investments dropped from their much more gaudy shares in 2010, going from 14% to 2% (seed) and from 66% to 8% (first) respectively in terms of capital received. Both of the later round investments received

were of significant value rounding out the distribution nicely and provided reinforcement the genuine internationalization of Finnish companies that was lacking in Q1 2010.

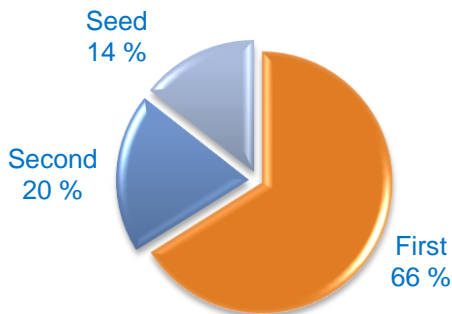
Stage Distribution - Value of Investments Q1 2011



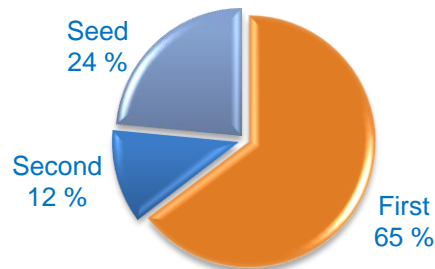
Stage Distribution - Number of Investments Q1 2011



Stage Distribution - Value of Investments Q1 2010



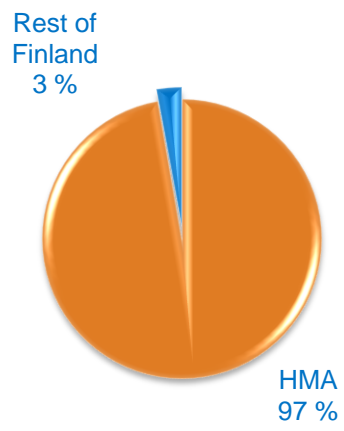
Stage Distribution - Number of Investments Q1 2010



## Geographical Distribution

The geographical distribution of investments shifted from the results of previous years. Helsinki Metropolitan Area (HMA) received a 71% of all investments, growing from the 59% in 2010 and 62% in 2009. The value received by the HMA area was what set it apart from the rest of Finland this year. The HMA region was able to secure all of the international investments and an impressive 97% of all the invested capital. The comparative percentages from 2009 and 2010 were 66% and 67% respectively.

Value of Investment Q1 2011



Number of Investments Q1 2011

