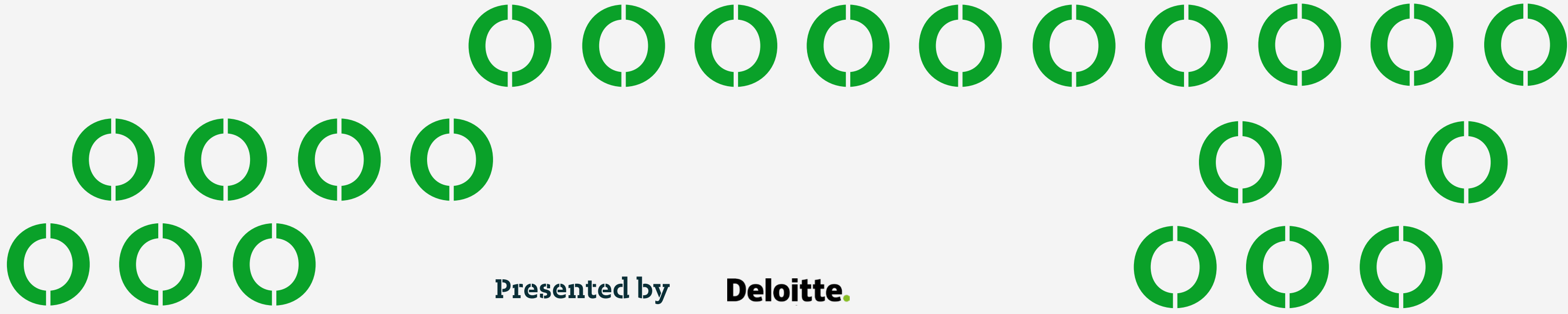


June 2021

# Baltic Private Equity and Venture Capital Market

*Overview 2020*





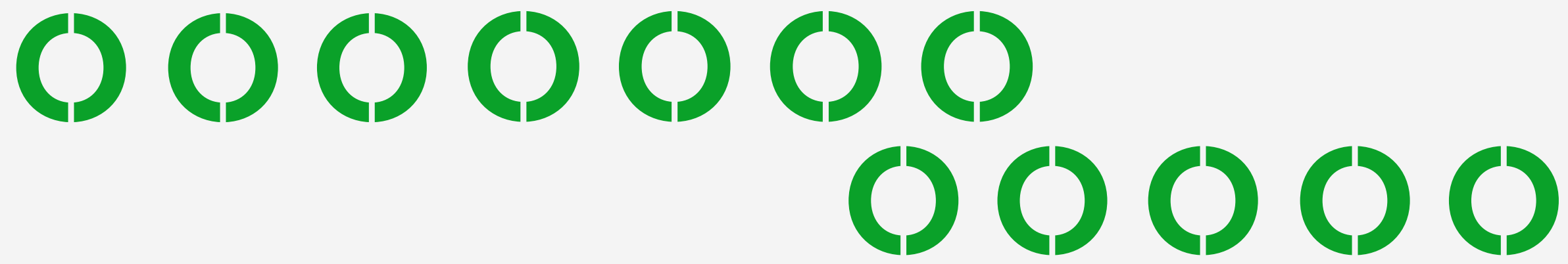
**Presented by**

**Deloitte.**

**LT VCA** Lithuanian Private Equity  
and Venture Capital  
Association

**LVCA** LATVIAN PRIVATE EQUITY  
AND VENTURE CAPITAL  
ASSOCIATION

**ESTVCA** / ESTONIAN PRIVATE EQUITY  
AND VENTURE CAPITAL ASSOCIATION



*Introduction*

# Welcome to the Baltic PE/VC 2020 report

Deloitte and the Baltic Private Equity and Venture Capital Associations are honoured to present the *Private Equity and Venture Capital Market Overview 2020*, which has been prepared by the parties for the second year running.



## *Introduction*

The first report, launched in June 2019 and covering 10 years of market development, was entitled *Baltics Private Equity and Venture Capital Market Overview 2010-2019*.

Despite being a relatively young market, the Baltic PE/VC industry has shown substantial growth and is again reaching record heights in its 2020 activities. Since 2010, the Baltic Private Equity and Venture Capital sector has demonstrated rapid growth, with EUR 1.4B of new capital raised. Following a record year in 2019 (EUR 490M raised), the pace of capital raising slowed in 2020, with EUR 138M raised during the year. As at the end of 2020, a significant portion of capital (EUR 766M) was still available for investments.

2020 can be characterised as a year of exits for the Baltic market, with 39 exits and a divestment value at cost of EUR 37M.

Successful exits have also paved the way for subsequent fundraising activities, with 13 funds raising additional capital.

The performance of funds, as measured by number and volume of investments, was also high, with EUR 92M worth of investments made, relating to 183 deals in 2020. This is a slight slow-down compared to 204 deals made in 2020 and a total value of EUR 204M.

Outbound investing also peaked in 2020. Out of a cumulative invested amount of EUR 106M during the 2010-2020 period, over half (EUR 59M) was made in 2020 alone. During this period, 92 investments outside of the Baltics were made, the majority of which concentrated on the Nordic countries and the UK.

A more detailed overview of the Baltic Private Equity and Venture Capital funds and analyses on the capital raised, investments and divestments are presented further in this report. We truly hope you'll find the material interesting, useful and practical.

**With kind regards.**

- **EUR 1.4B** *Raised since 2010*
- **13 funds** *Raised additional capital in 2020*
- **EUR 92M** *Worth of investment made in 2020*
- **183 deals** *Made in 2020*
- **EUR 59M** *Outbound investments in 2020 alone*
- **92 investments** *Outside of Baltics*

## *Introduction*

# Baltic Market Highlights

Index Ventures have ranked all three Baltic States as the friendliest European countries for stock option regulation, which once again marks the competitive startup environment of the region.

There were important developments in the market during the year; for example, Change Ventures completed its second close of their seed fund at EUR 31M, and became the largest seed fund investing solely in the Baltic States. In addition, the largest Baltic private equity fund, BaltCap Private Equity Fund III (“BPEF III”), held its final close at record size, raising EUR 177M (incl. co-investment facility), out of which EUR 51M was raised in 2020.

In order to develop the regional ecosystems even further, seven Nordic and Baltic Private Equity and Venture Capital Associations organized the Nordic-Baltic PE/VC Momentum 2021 conference to discuss and brainstorm what could be the next steps leading to success.





*Introduction*

# Baltic Market Highlights

## *Lithuania*

Amounts invested in Lithuanian companies in 2020 were at a similar level to 2019 (EUR 38M compared to EUR 39M); however, the number of investments, despite the pandemic outbreak, has increased.

LitCap won the Central and Eastern European Deal of the Year Award at the Private Equity Awards 2020. It's the first time ever that a Lithuanian deal has won the award. The winning deal was LitCapital's July 2019 sale of its share in Baltik Vairas, one of Europe's largest manufacturers of bicycles and e-bicycles, to KJK Sports.

Practica Capital, a leading venture capital fund management company in Lithuania and the Baltic States, successfully completed the final close of its Practica Venture Capital II fund, reaching a total of EUR 28.5M. At this last stage of fundraising, Swedbank Asset Management, the largest tier-II pension fund manager in Lithuania committed EUR 2M to the fund. Of all pension funds operating in Lithuania, this is the first time a pension fund operating in Lithuania has invested in an early-stage venture capital fund.

*Introduction*

# Baltic Market Highlights

## *Latvia*

Amounts invested in Latvian companies in 2020 were significantly higher than in 2019 (EUR 22M compared to EUR 13M). Deal value growth in 2020, despite slightly decreased number of deals, was mainly influenced by a large investment made in 2020 by INVL Baltic Sea Growth Fund into Eco Baltia. Investment in the Eco Baltia received Investment of the Year award in Latvia. The exit from Mailigen (email marketing automation platform) by FlyCap received the award of The Exit of the Year in Latvia.

The business and industrial sector was the most active by value of investments.

# Baltic Market Highlights



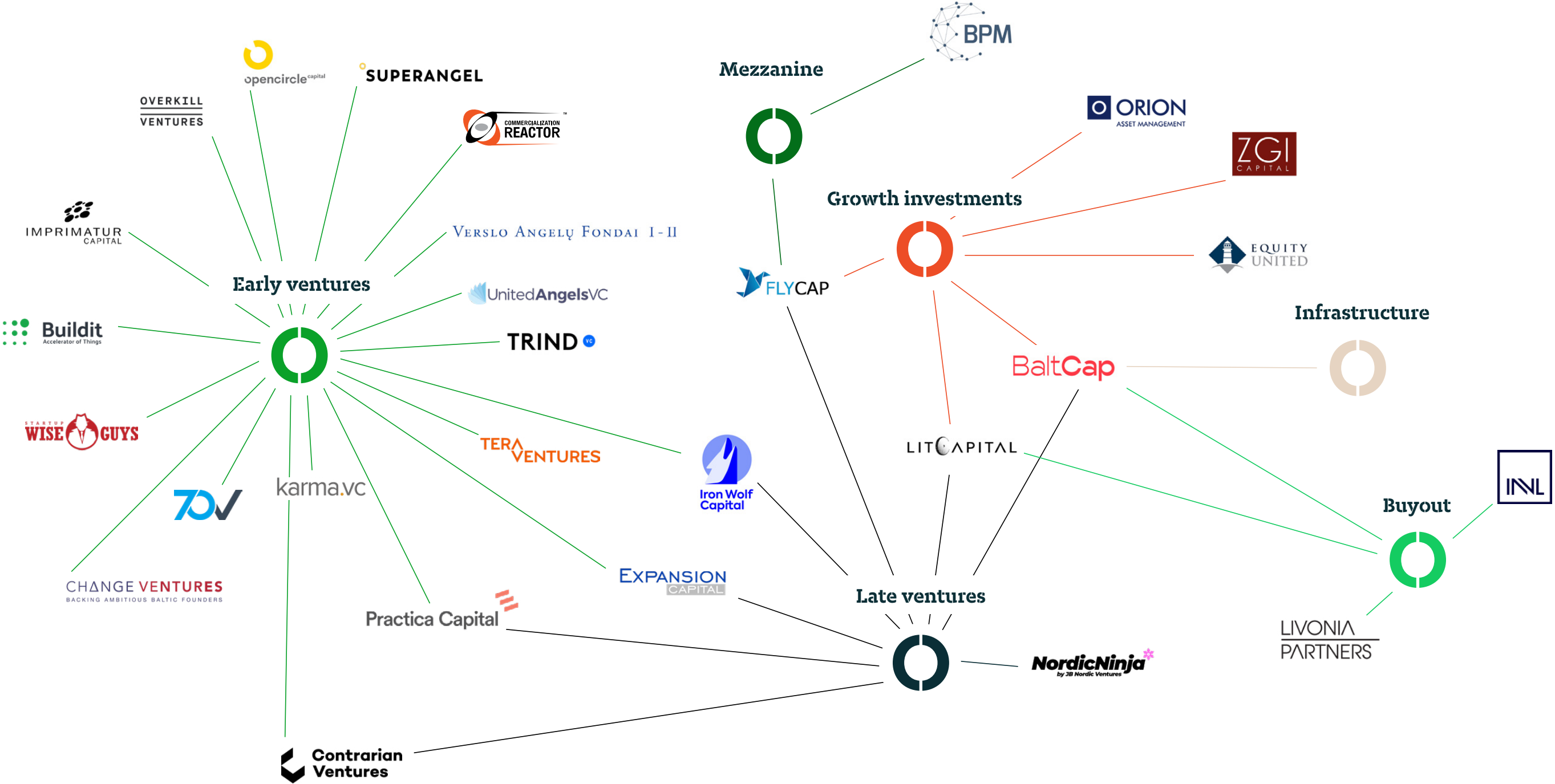
## *Estonia*

In 2020, amounts invested in Estonian companies were significantly lower than in 2019 (EUR 32M compared to EUR 43M). However, the number of investments stayed at a similar level when comparing the same periods. The highest value of investments was made in the computer and consumer electronics sector.

Important milestones were achieved in 2020; for example, Tera Ventures brought its fund size to EUR 43M with several global investors stepping in as limited partners. In addition, SmartCap, a venture capital fund manager owned by the Estonian state, will open up a market consultation to introduce the indicative terms of a new deep tech fund. The aim of the fund is to improve the financing opportunities for deep tech companies with a longer development cycle. SmartCap will be the cornerstone investor with EUR 15M and the new fund manager will have to raise additional capital from private investors.



# Baltic Investor Universe

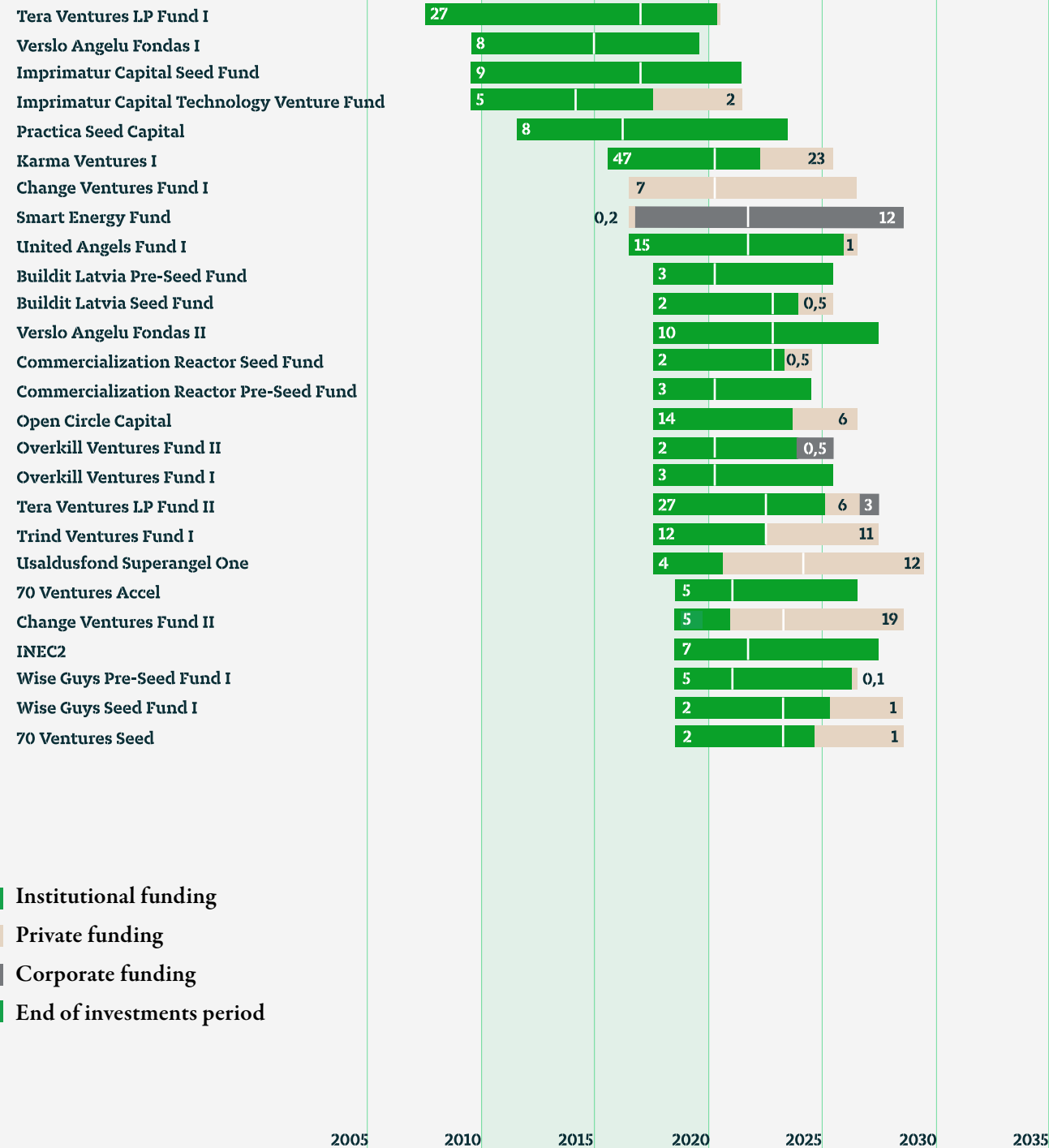


# Landscape of PE/VC funds that invest in the Baltics

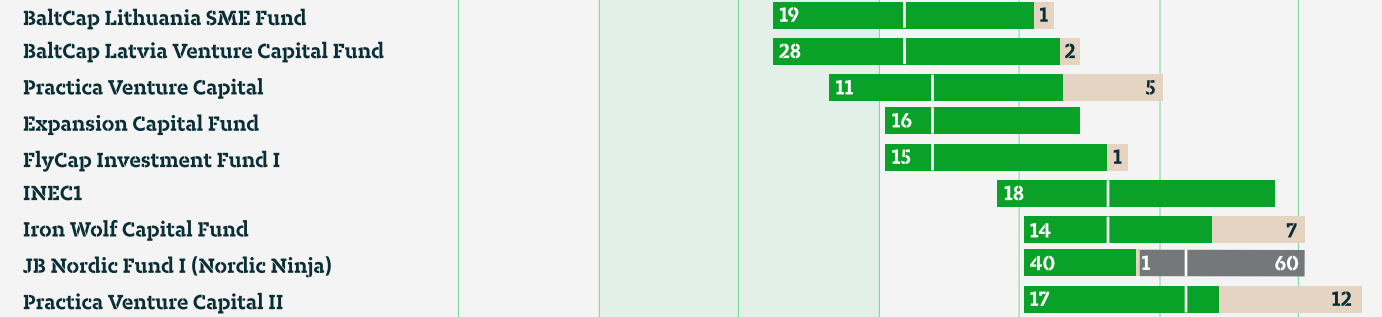
as at 31<sup>st</sup> December 2020

Funds raised by funding source and fund period, (EURM)

## Early ventures



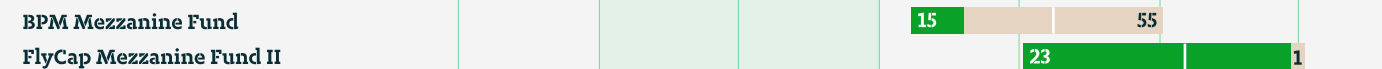
## Late ventures



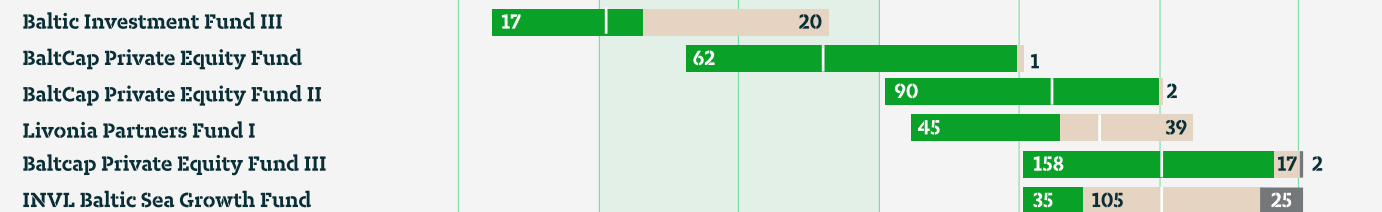
## Growth investments



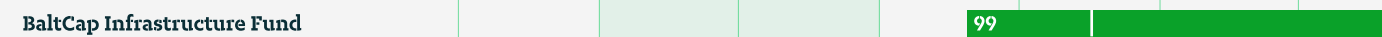
## Mezzanine



## Buyout



## Infrastructure



# Fundraising

Baltic Private Equity and  
Venture Capital Market

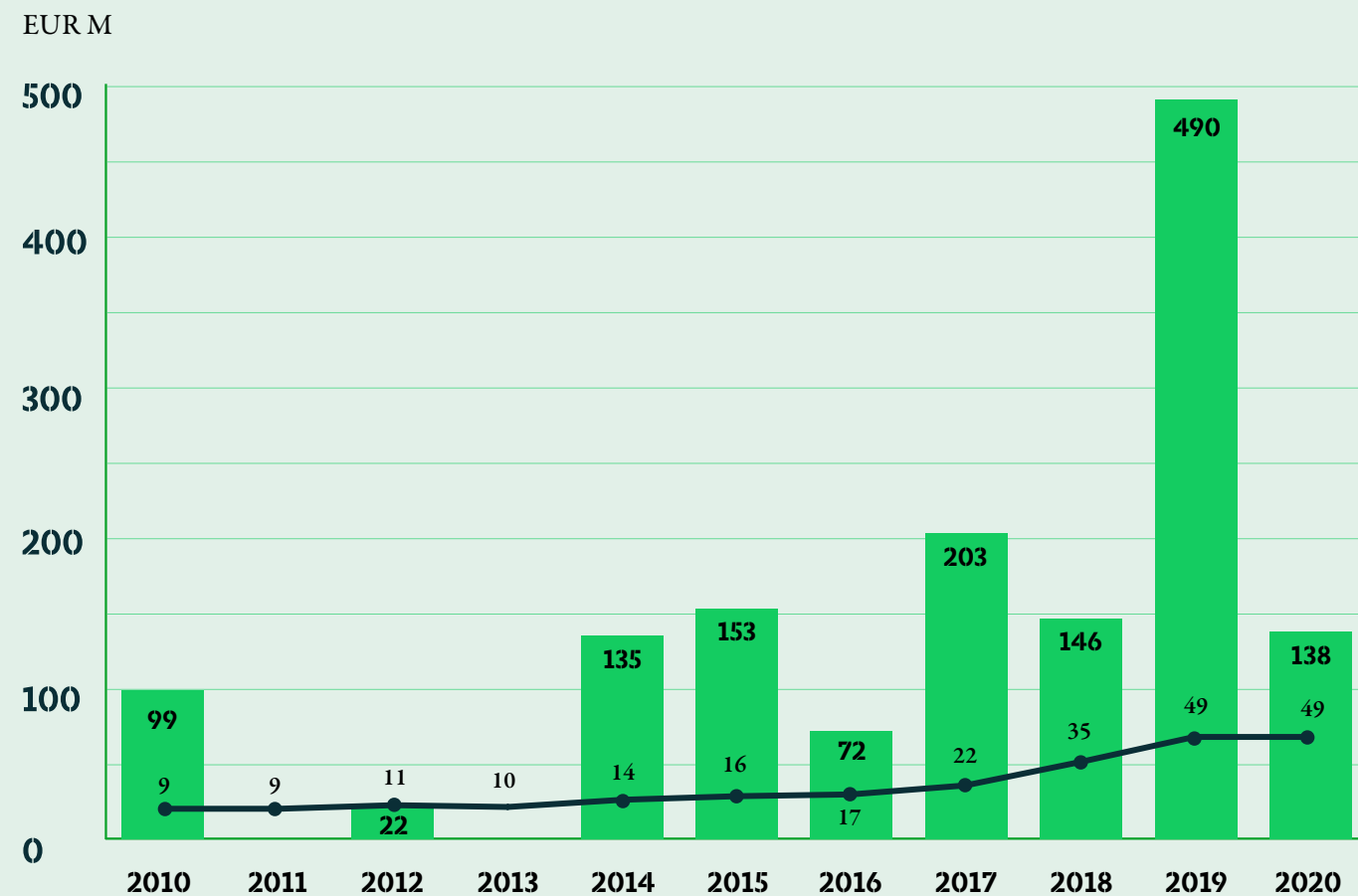
*Overview 2020*



## Fundraising

# Fundraising 2010-2020

Capital raised annually during 2010-2020



Capital raised  
Active fund count

**A common PE/VC ecosystem is clearly emerging as around 82% of funding has a focus on all Baltic states.**

Capital raised in 2020 slowed down compared to the record funding in 2019.

Total funds raised by PE/VC firms during the 2010-2020 period in the Baltics reached EUR 1.4B, with 46.5% of that funding provided by government agencies, including multilateral development banks (EIF/EIB, BIF, EBRD, INVEGA, ALTUM, KredEx). Compared to 2019, the funds included in this report have become more cross-Baltic focussed.

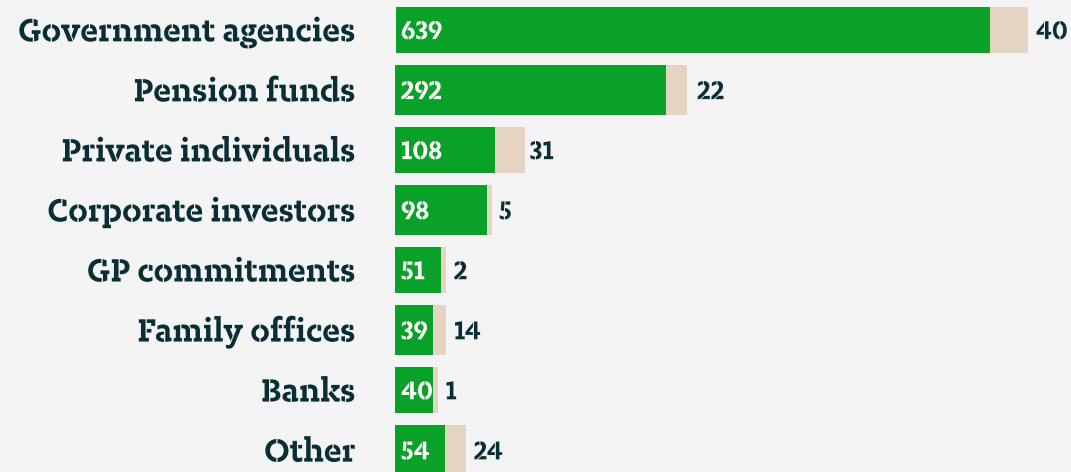
The majority of funds have their primary investment focus across all three Baltic countries (81.7% of total funding).

## Fundraising

# Fundraising 2010-2020

### Capital raised by investor type:

2010-2020, EUR M<sup>1</sup>



2010-2019

2020

**Investments from governmental agencies were unusually low in 2020, a sign of a maturing market.**

*In 2020, total cumulative investment into PE/VC funds grew:*

**+ 36%** by family offices

**+ 29%** by private individuals

*Investors to funds by location in 2020:*

**86%** Europe

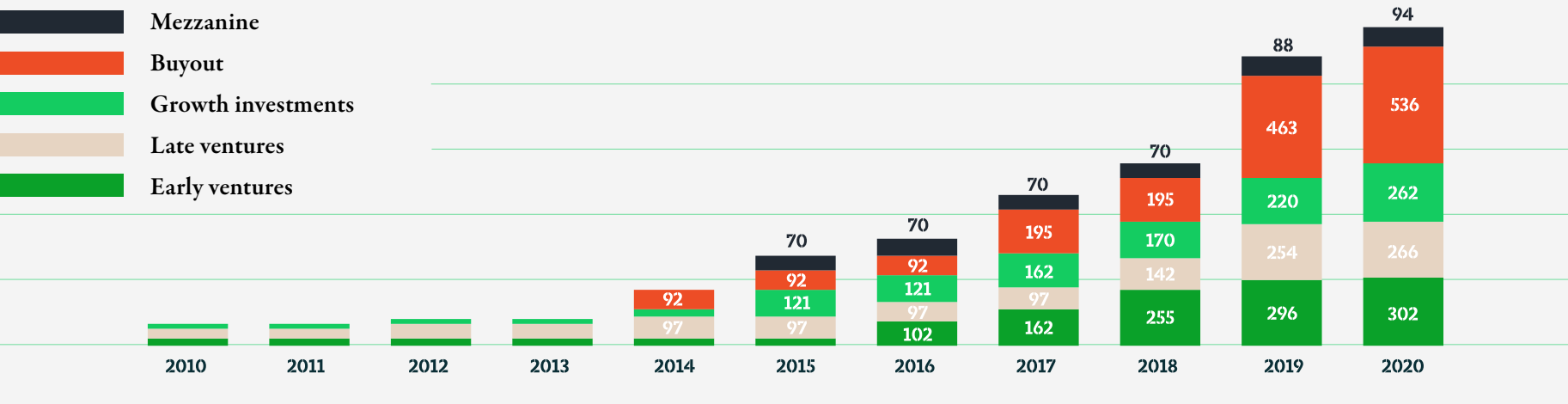
**12,5%** USA

<sup>1</sup> Other sources include: International finance institutions, Fund of funds, Public sector, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors, Endowment funds.

## Fundraising

# Total capital raised by PE/VC funds by fund stage focus in the Baltics

Cumulative capital raised during 2010-2020, EUR M



**○ In 2020, funds with a buyout focus raised the most fresh capital (EUR 73M out of EUR 138M).**

**○ Growth Funds experienced the most significant rise in 2020 (19% compared to cumulative capital raised by the end of 2019).**

Until 2014, when the Baltic PE/VC market was at its early stage of development, the majority of newly established funds focussed on early and late venture investments (in 2013, 25.0% and 54.3% of total cumulative funding, respectively). However, from 2014 the focus shifted and funds began actively investing into buyout stage companies.

In 2020, 36.7% of total cumulative funding raised focussed on buyouts. Early ventures, late ventures and growth investments focussed funds raised a relatively similar portion of total funding in the year (20.7%, 18.2% and 17.9% respectively).

*Fundraising*

## **Baltic PE/VC funds through the lens of gender balance**

**23%**

*of reported female  
employees in funds*

**8,5%**

*of reported female  
investment committee  
members in funds*

# Investments

Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

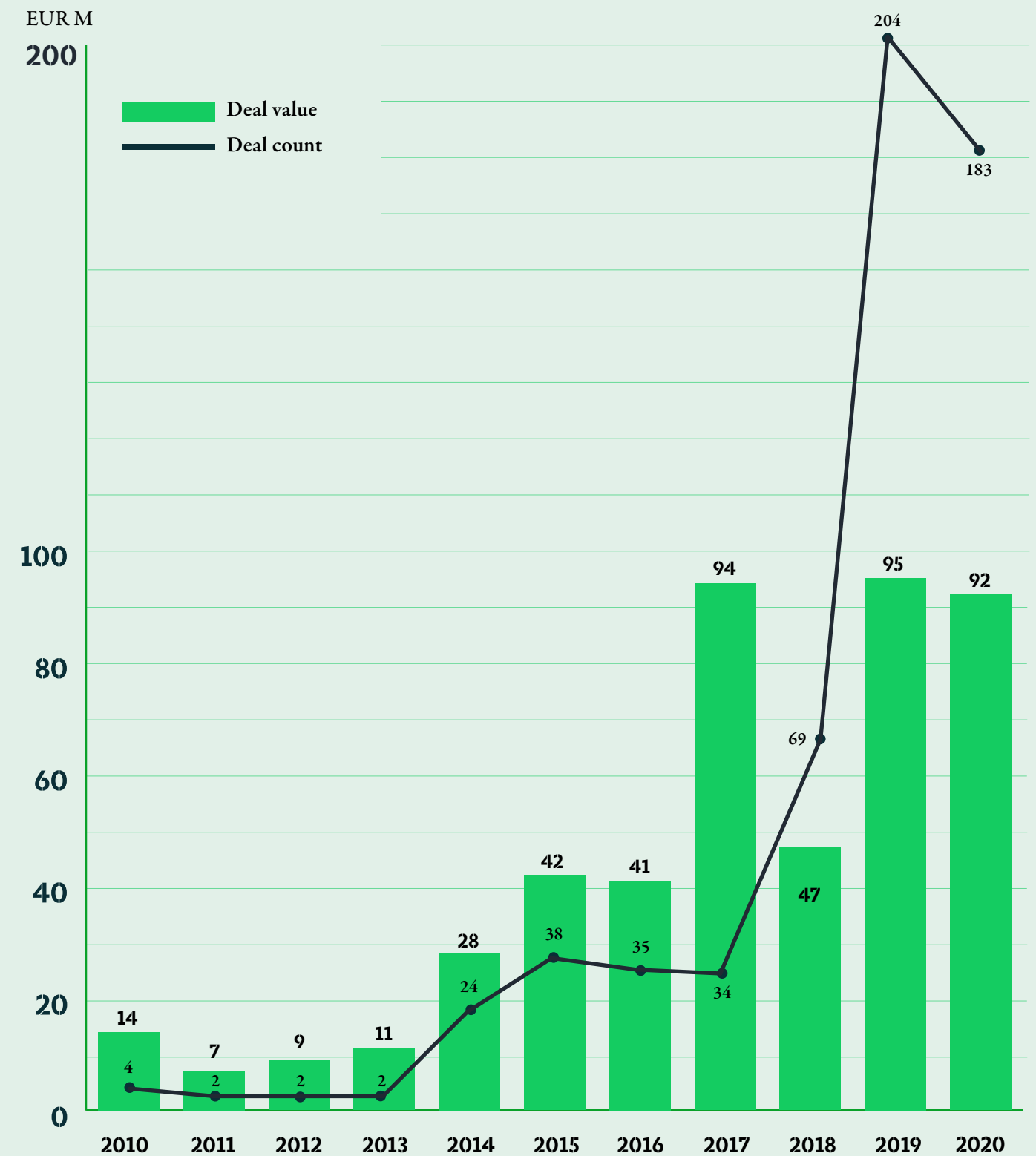


# Funds investments in the Baltics 2010-2020

In 2020, compared to 2019, the number of investments, as well as the value of investments decreased slightly but still remained at a high level compared with the performance of the past decade.

## Investments during 2010-2020

Fund investments in the Baltics during 2010-2020<sup>2</sup>



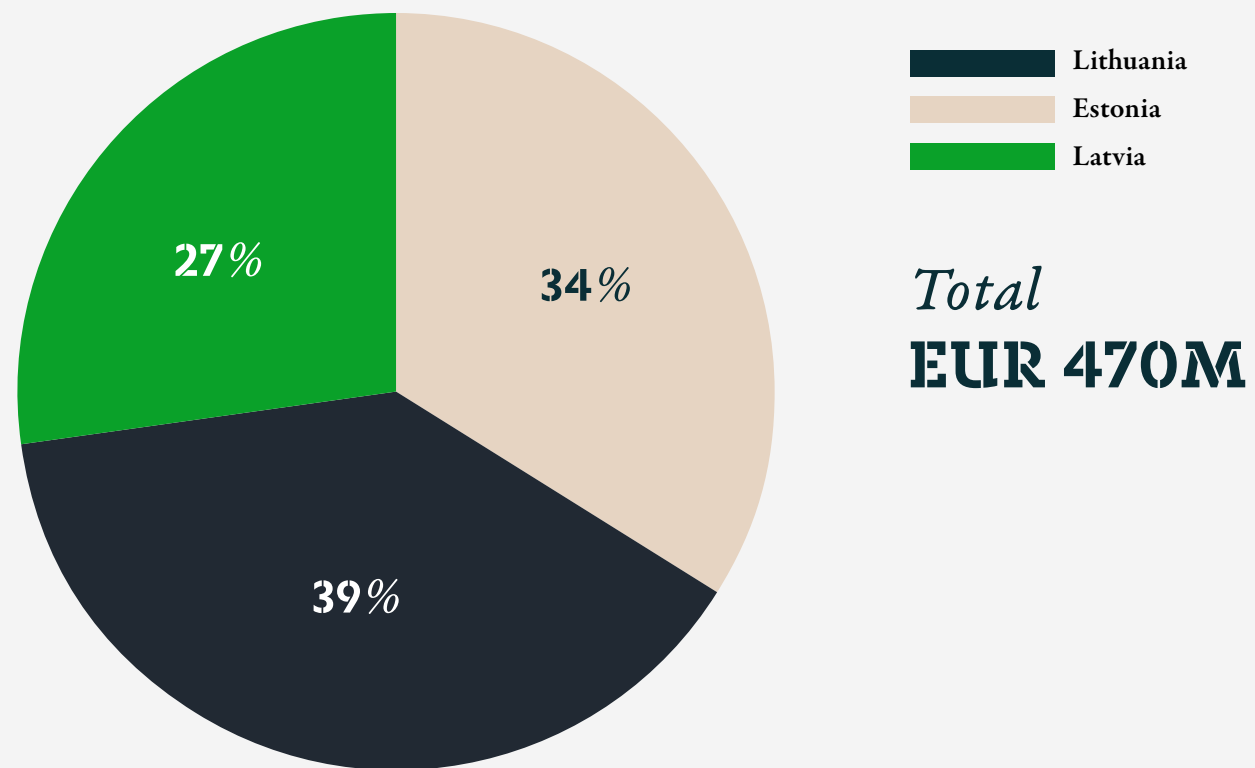
<sup>2</sup> Due to the unavailability of historical data, deal count prior to 2019 for Lithuania reflects the number of companies that funds had invested in 2019-2020 data shows the number of individual investments made by funds.

*Investments*

# Funds investments in the Baltics 2010-2020

*Capital invested by the country*

2010-2020, EUR M



**In 2020, 183 deals were  
made, totaling EUR 92M.**

*Investments*

## Top PE investments *by value* in the Baltics in 2020

### BaltCap Private Equity Fund III

Acquired KREKENAVOS AGROFIRMA AND MESA LT  
(largest Lithuanian meat processing companies)



### INVL Baltic Sea Growth Fund

Acquired a majority stake in ECO BALTIA  
(sorting, recycling and processing of waste company)



### BaltCap Private Equity Fund III

Acquired a controlling stake in RIDANGO  
(public transport software solution provider)



## Top VC investments *by value* in the Baltics in 2020

### BaltCap's JB Nordic Fund I

Invested in VERIFF, a company providing identity  
verification technology



### Karma Ventures I SICAV-SIF, SCS

Invested in MODULARBANK (banking platform).  
(sorting, recycling and processing of waste company)



### Change Ventures Fund II

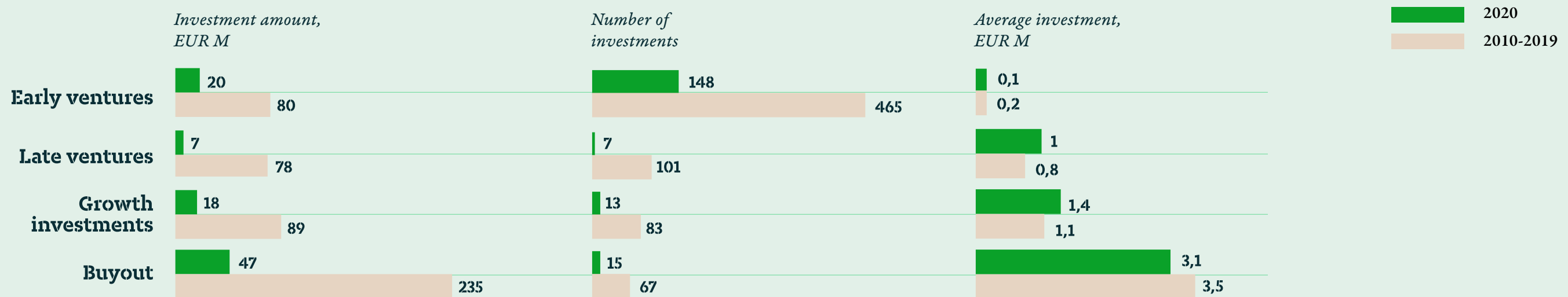
Invested in VERIFF, a company providing identity  
verification technology



# Stage and sector

Funds' investments in the Baltics 2010-2020

## Investments *by stage*



In 2020, buyout deals comprised slightly more than a half of the total value of deals. Early and late ventures reached relatively similar deal value in 2020.

Compared to the whole period under review, in 2020, average investment amounts by stage increased for late venture and growth investments while decreasing for early and buyout stage investments. The average amount of early venture investments in 2020 was lower compared to the historical average due to a high number of low value investments that were received by companies participating in accelerator programmes.

**Early venture investments accounted for more than 80% of total investments by count.**

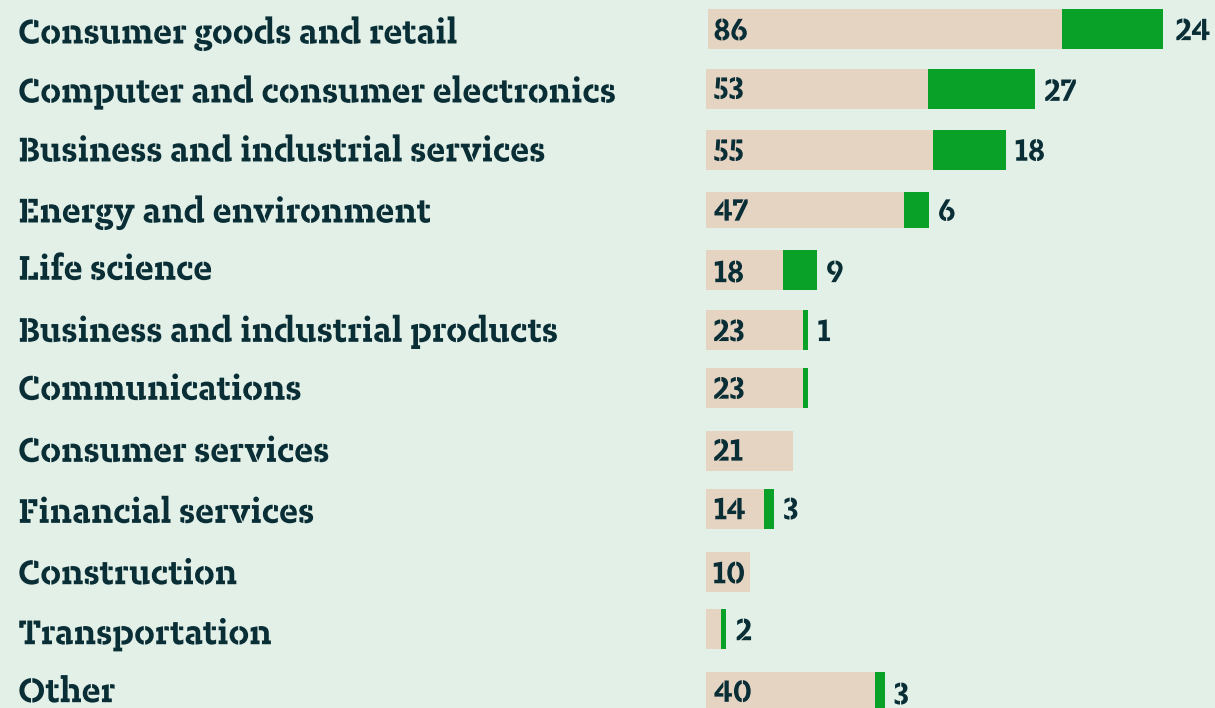
## Investments

# Stage and sector

Funds investments in the Baltics 2010-2020

### Investments *by sector*

2010-2020, EUR M



2020

2010-2019

○ Late venture average investment amounts were higher due to increasing competition for deals from foreign late venture funds that are more actively seeking returns in fast growing Baltic startups.

○ Growth in ICT, Business services and Life sciences signifies that PE/VC tend to invest in higher value-added industries.

## Investments

# Dry powder

A relatively high level of dry powder indicates the capacity of funds to take on future investment opportunities once they arise. At the end of 2020, only 39.4% of total raised capital was already deployed, leaving funds with more than EUR 700M available for investment. The largest amounts of available capital were kept by funds focusing on buyout investment strategies while funds focusing on early, late and growth investment strategies had approximately similar levels of dry powder each.

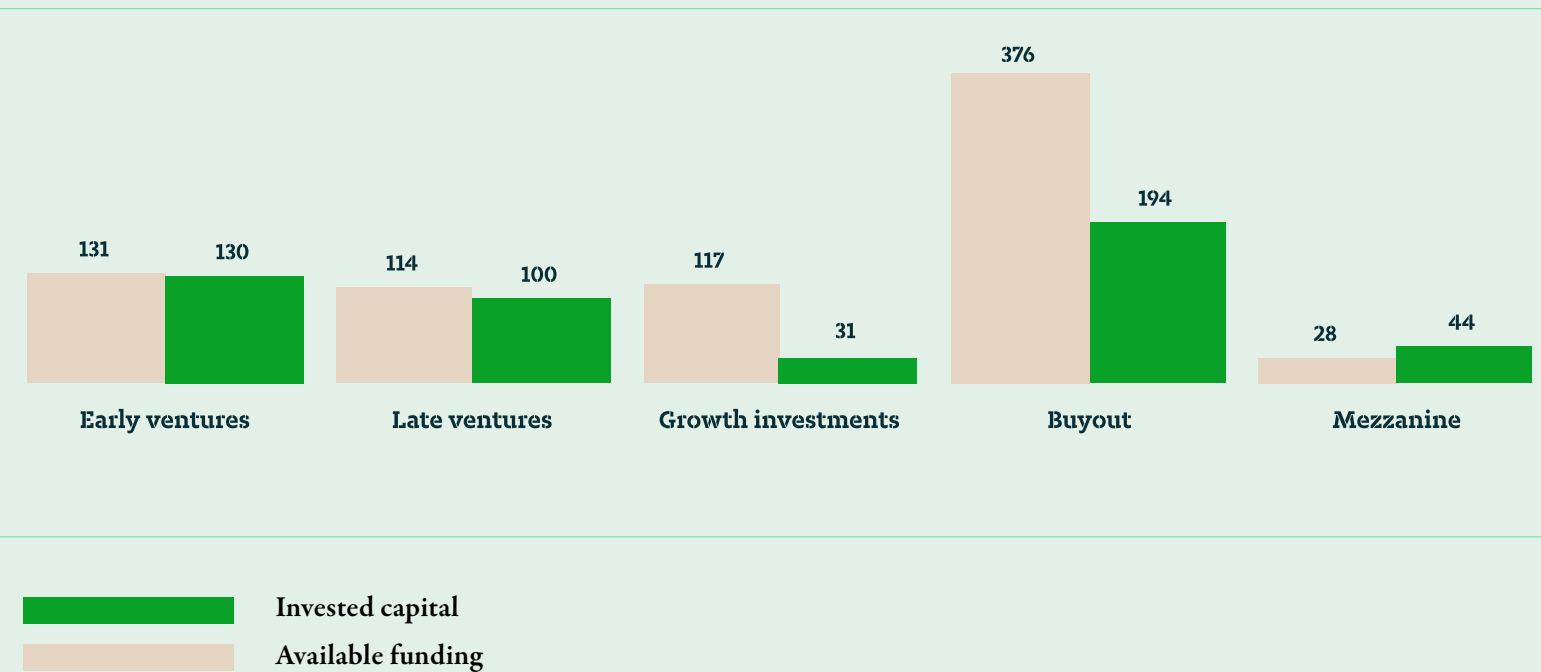
Despite a record level of new funding raised in 2019, the pandemic outbreak and a slowdown in the economy, Baltic funds managed to raise more funding in 2020 than was invested, therefore maintaining dry powder at broadly similar levels to 2019.

As the Baltic market is still in a fast growth stage, offering investors plenty of good investment opportunities, new funds are expected to continue entering the Baltic market, further increasing available funding for companies.

Furthermore, as new investors discover the Baltics as an attractive region to deploy their funds (in 2020, the first pension fund operating in Lithuania invested into an early-stage venture capital fund and the first funds were raised by a PE fund from an endowment fund) we expect there to be more and more capital available for PE/VC funds operating in the Baltics. In particular there is a potential to increase funding from institutional investors such as insurance companies, funds of funds and family offices, which up to now had relatively modest investments in the Baltics compared with their counterparts' investments in Western Europe or Scandinavian countries.

## Capital available for investments by fund's strategy

as at 31 December 2020 EUR M<sup>3</sup>



**At the end of 2020, only 39.4% of total raised capital was already deployed, leaving funds with more than EUR 700M available for investment**

<sup>3</sup> Available funding describes total funds available in the Baltic countries by all funds, while invested capital represents the amount invested by all funds. These funds are not necessarily available exclusive to Latvia. If the fund's focus is Pan-Baltic, it was assumed that funding is available in Latvia.

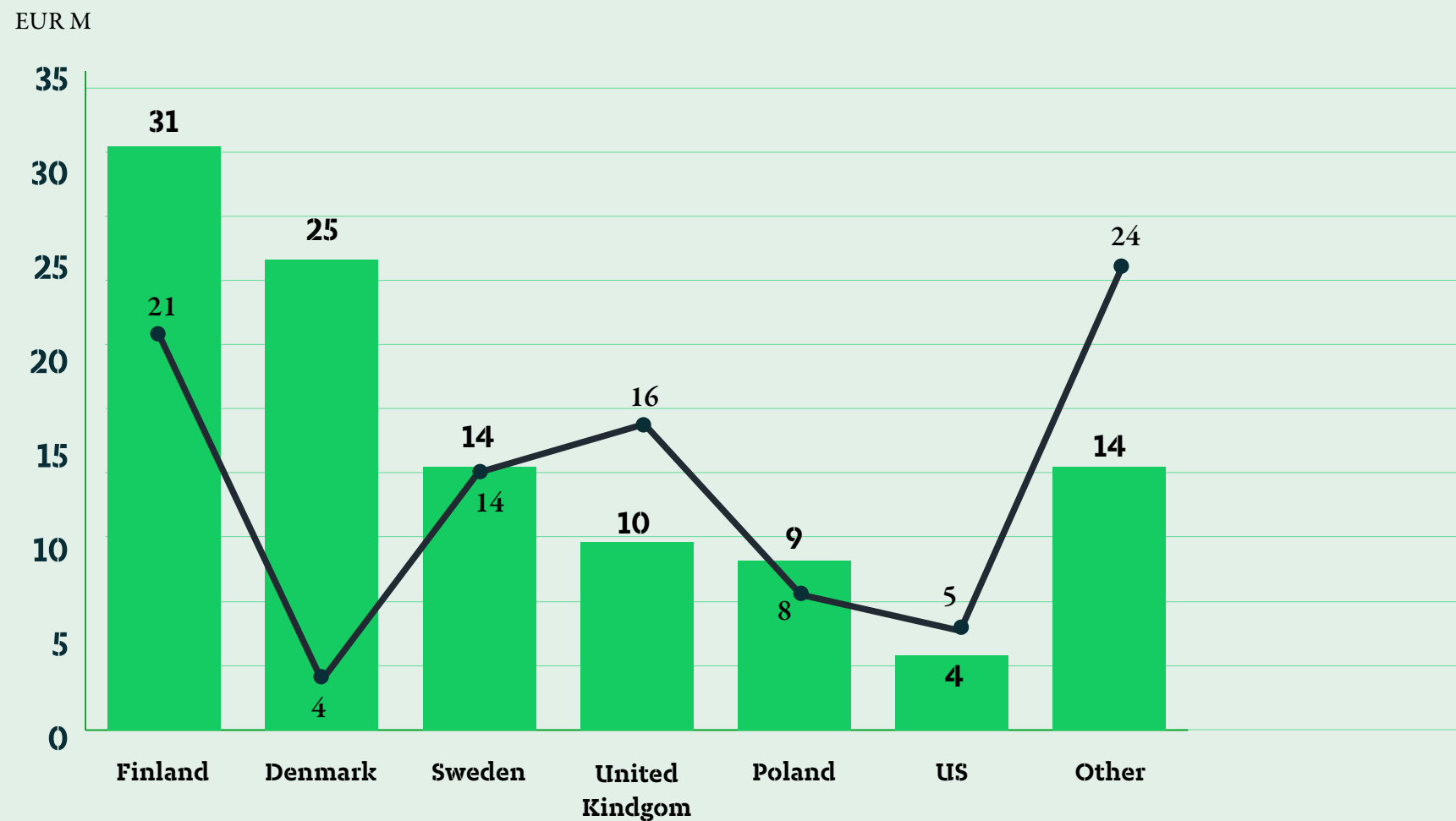
## Investments

# Outbound

Outbound investments made by the Baltics PE/VC funds during 2010-2020

### Investments *by country*

Amount invested during 2010-2020



From 2016 onwards, Baltic funds have actively started outbound investing.

Ninety-two investments were made during 2016-2020 into companies operating outside of the Baltic states, totaling EUR 105.7M.

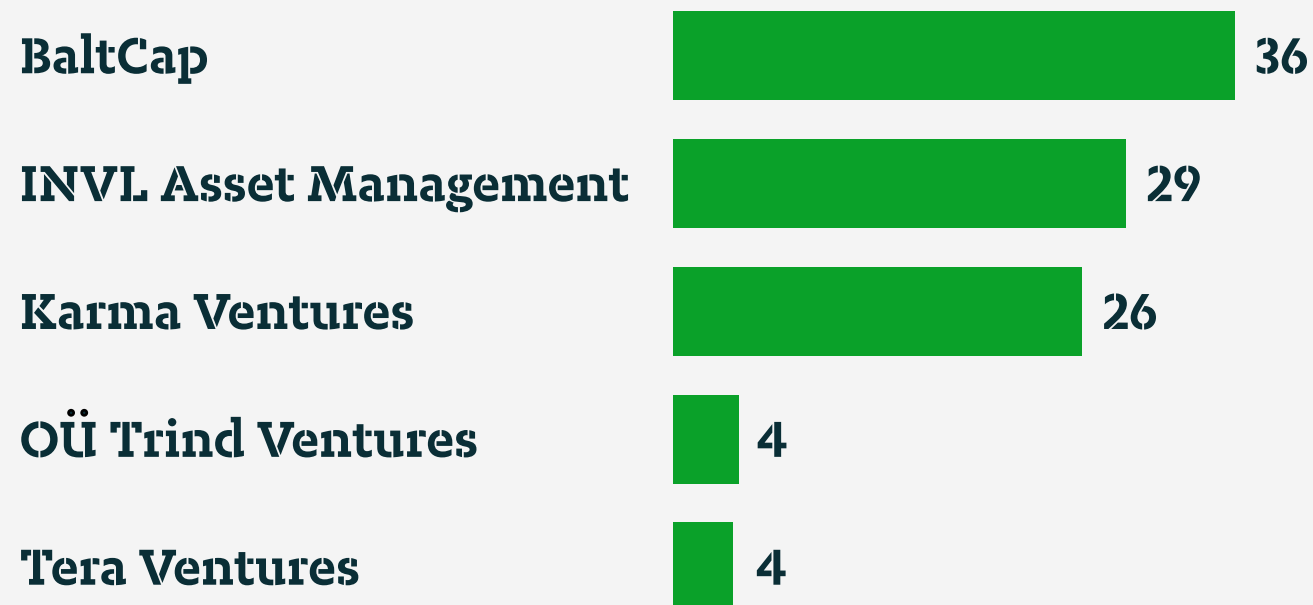
2020 brought along both a record investment amount and number of investments - 43 investments were made with a total value of EUR 58.8M.

# Outbound

Outbound investments made by the Baltics PE/VC funds in 2010-2020

Top 5 funds *by outbound investment value*

EUR M.



**The Nordics are the most popular region for outbound investments. During 2010-2020, Finland was top, with 21 investments made and a total value of EUR 30.6M.**



*Investments*

## Top outbound deals by value *by PE* in 2020

### INVL Baltic Sea Growth Fund

Acquired a stake in MBL Denmark 2020  
(medical mobility manufacturing company)



### BaltCap Infrastructure Fund

Invested in IZIM (company aiming to raise the standard  
of living in Polish cities by upgrading public infrastructure)



## Top outbound deals by value *by VC* in 2020

### BaltCap's JB Nordic Fund I

Invested in SENSIBLE 4  
(autonomous driving software developer)



### BaltCap's JB Nordic Fund I

Invested in VARJO  
(VR/XR hardware and software manufacturer  
and developer for industrial use)



### BaltCap's JB Nordic Fund I

Invested in REALEYES  
(computer vision and emotion AI developer)



## Investments

# Portfolio companies

### Reported information of Funds portfolio companies

As at 31st December 2020<sup>4</sup>

<i>Total turnover</i>	EUR 1,391.7M
<i>Number of active portfolio companies</i>	365
<i>Number of total employees</i>	12,021
<i>Taxes paid</i>	EUR 126.1M

Based on EIU National accounts, data for the Baltic countries shows that they experienced among the mildest contractions in the entire EU in 2020, at an average of just -2.1%, compared with a -7% contraction in the wider euro zone. The smaller contraction stems from less stringent national restrictions in the Baltics and the stronger performance of the industrial sector, making it an attractive destination for future investments.

According to the latest “Doing Business 2020” report by the World Bank, Lithuania is ranked 11<sup>th</sup>, Estonia 18<sup>th</sup> and Latvia 19<sup>th</sup> out of 190 countries in terms of ease of doing business.

 **The Baltics represent a strong business environment for portfolio startups to be in - Index Ventures have ranked all three Baltic States as the most friendliest European countries for stock option regulation.**

<sup>4</sup> Significant amounts of data (approximately 40%) relating to portfolio company specifics have not been provided by study participants. Information is compiled only from the data that has been available.

*Investments*

## **Portfolio companies**

**14,6%**

*of female board members in  
Baltic portfolio companies of  
funds*

**11,3%**

*of female CEOs in Baltic  
portfolio companies of funds*

# Divestments

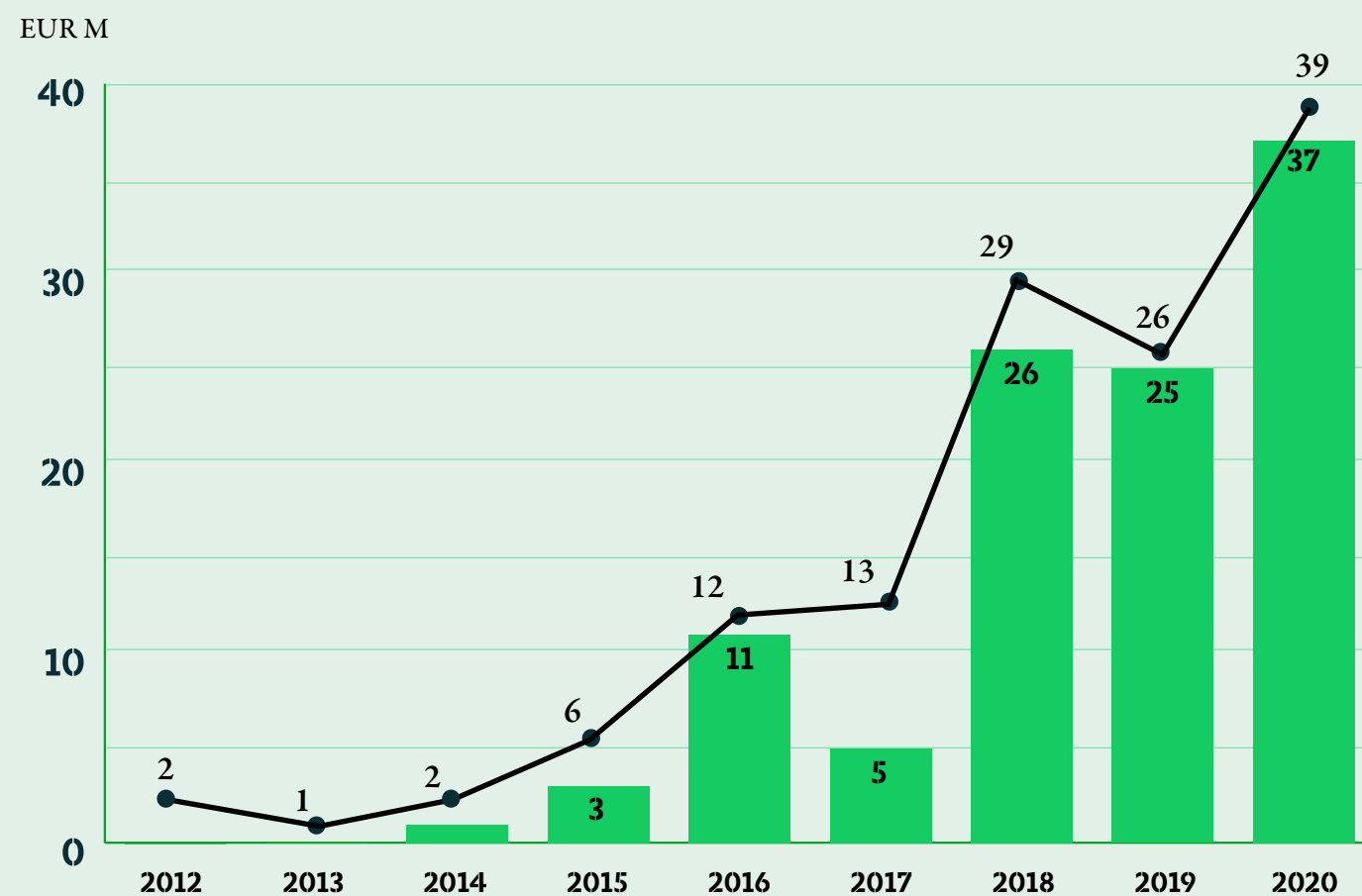
Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

## Divestments

# Funds' divestments in the Baltics 2010-2020

Divestments at cost 2010-2020

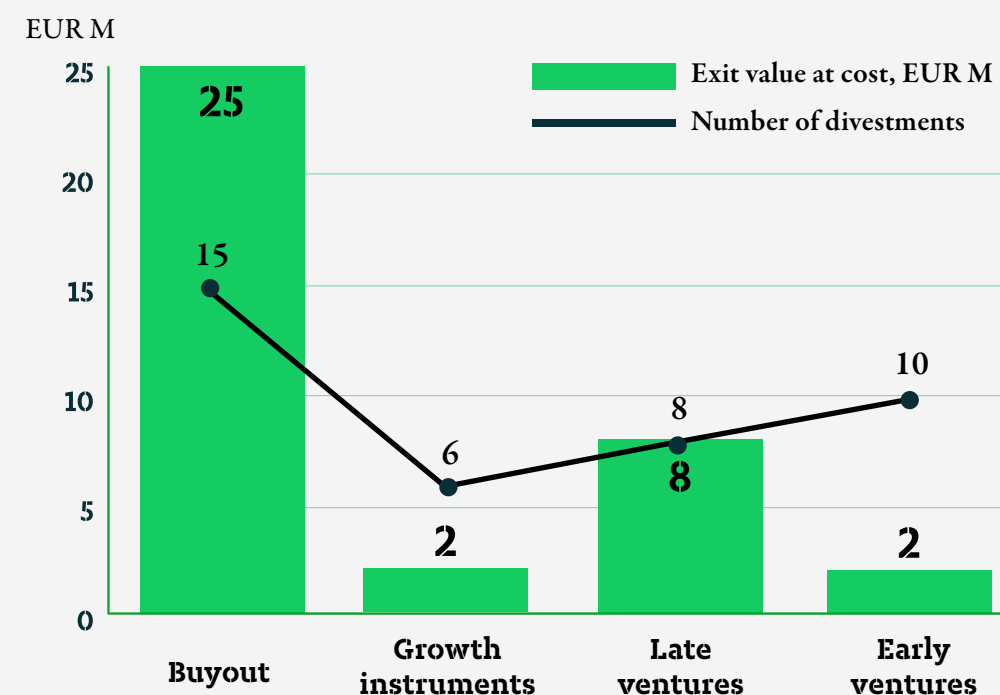


█ Divestment value at cost  
—●— Number of divestments

A record number of divestments were made by Baltic funds in 2020, with a total of 39 divestments (amounting to EUR 37M at cost).

Growing divestment value (at historical investment cost) shows an increasing level of maturity of Baltic funds; however, it does not present the performance of the funds as it does not include the earned capital gains

## Exit value at cost by investment stage 2020

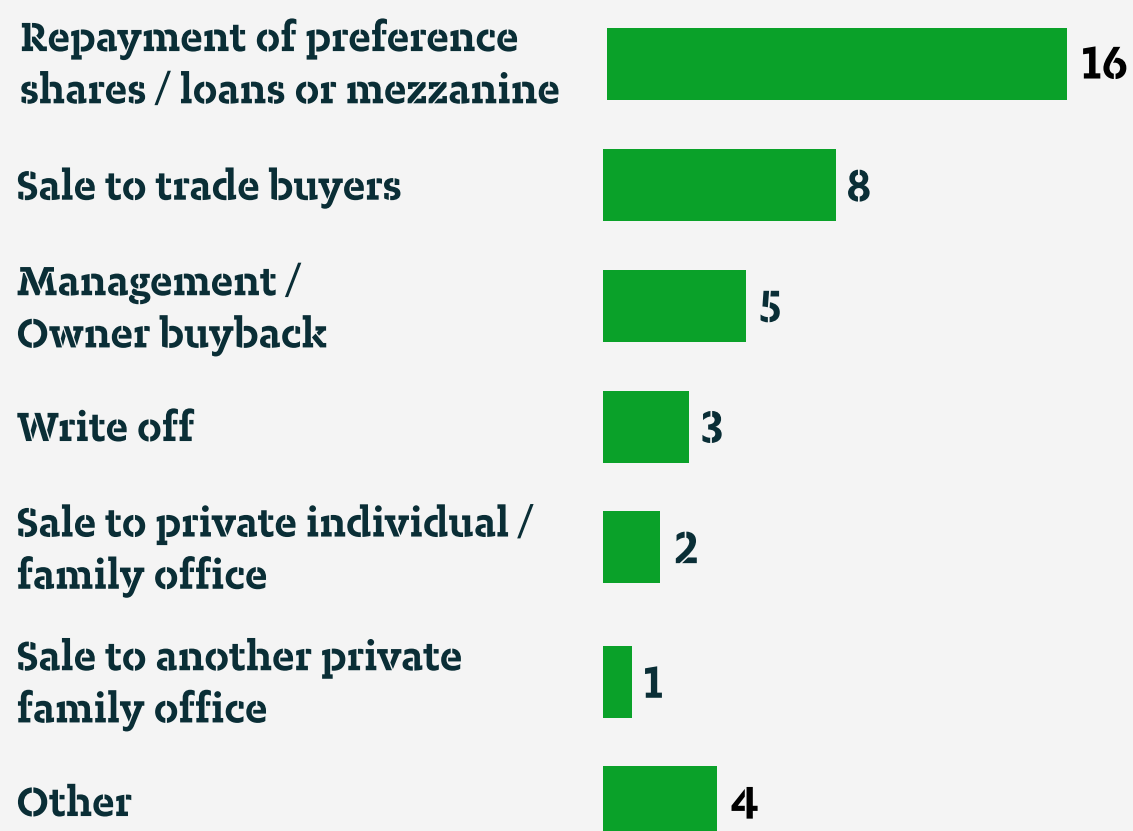


Buyout investments amounted to 67,7% of total divested value (at historical investment cost) and were the most frequent type of exit.

# Funds' divestments in the Baltics 2010-2020

## Number of exits *by type 2020*

EUR M.



**○** In 2020, the most common exit route was the repayment of preference shares/loans or mezzanine (16 exits), which is a common exit strategy for divestments of VC firms.

**Additionally, two sales to private individual/family office exits were made amounting to EUR 15M at cost, which constituted 39.8% of the total value of exits.**

The list of events treated as divestments in the analysis and report includes proceeds from investments which are distributed in the form of returning loans.

## Divestments

### Top PE divestments *by value* at cost in the Baltics during 2020

#### LIVONIA PARTNERS

Fully sold its stake in THERMORY, a producer of thermally modified wood.



#### BaltCap Private Equity Fund II

Sold its stake in AUTO24, automotive classifieds portal in Estonia.



#### Baltcap

Had a partial divestment in ENERGIA VERDE, a company operating a biomass-fired combined heat and power plant in Riga.



### Top VC divestments *by value* at cost in the Baltics during 2020

#### Practica Venture Capital

Sold its stake in TELEVIZIJOS IR RYŠIO SISTEMOS UAB, a company providing integration services of specialised professional audio and video systems.



#### BaltCap

Fully sold its stake in AGROUP, a company providing corporate software solutions.



#### Practica Venture Capital

Sold its stake in EAST WEST AGRO UAB, a company specializing in agriculture machinery and spare parts distribution.



# Private equity and venture capital in *Latvia*

Baltic Private Equity and  
Venture Capital Market

*Overview 2020*



## Latvian Market Overview 2010-2020

Out of EUR 1.3B capital raised, EUR 123.6M (9.4%) was raised by funds investing solely into Latvian companies, while the remaining amount was raised by funds with an international focus.

95.1% of Latvia-only based funding came from institutional funding. For internationally focussed funds this number amounted to 63.9%. In 2020, one new fund commenced its activities in Latvia – LcX Opportunity Fund (managed by LitCapital with a pan-European focus) which raised EUR 34M. No nationally focussed funds started operations in Latvia in 2020.

However, differently from 2019, Tera Ventures Limited Partnership Fund II and Practica Venture Capital II have changed their geographic focus from Estonia and Lithuania, respectively, to pan-European. Therefore in 2020 they were included in the landscape of funds investing in Latvia.

### Latvian VCA members included in the survey

OVERKILL  
VENTURES

COMMERCIALIZATION  
REACTOR™

BaltCap

IMPRIMATUR  
CAPITAL

Buildit  
Accelerator of Things

FLYCAP

ZGI  
CAPITAL

EXPANSION  
CAPITAL

CHANGE VENTURES  
BACKING AMBITIOUS BALTIC FOUNDERS

LIVONIA  
PARTNERS

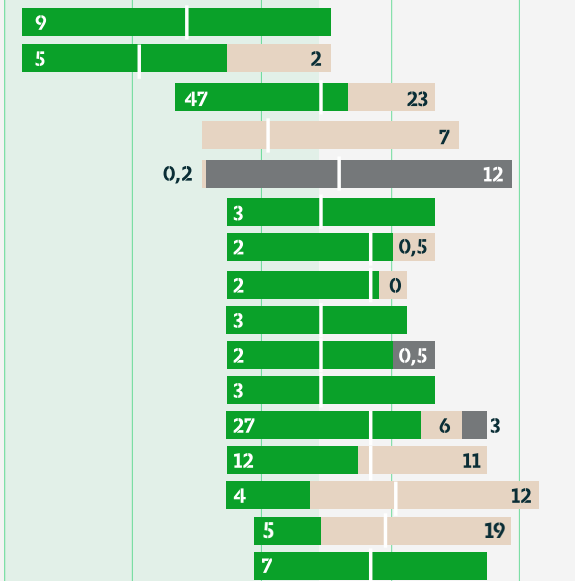
# Landscape of PE/VC funds that invest in Latvia

as at 31<sup>st</sup> December 2020

Funds raised by funding source and fund period, (EURM)

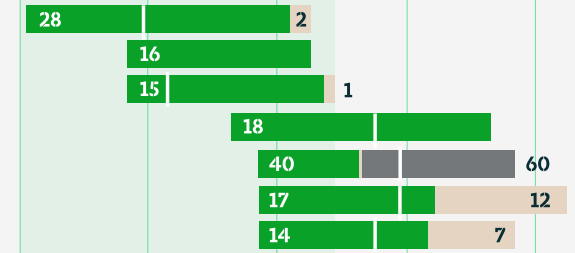
## Early ventures

- Imprimatur Capital Seed Fund
- Imprimatur Capital Technology Venture Fund
- Karma Ventures I
- Change Ventures Fund I
- Smart Energy Fund
- Buildit Latvia Pre-Seed Fund
- Buildit Latvia Seed Fund
- Commercialization Reactor Seed Fund
- Commercialization Reactor Pre-Seed Fund
- Overkill Ventures Fund II
- Overkill Ventures Fund I
- Tera Ventures LP Fund II
- Trind Ventures Fund I
- Usaldusfond Superangel One
- Change Ventures Fund II
- INEC2



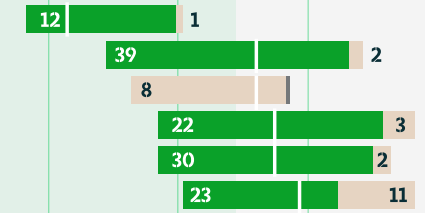
## Late ventures

- BaltCap Latvia Venture Capital Fund
- Expansion Capital Fund
- FlyCap Investment Fund I
- INEC1
- JB Nordic Fund I (Nordic Ninja)
- Practica Venture Capital II
- Iron Wolf Capital Fund



## Growth investments

- ZGI-3
- BaltCap Growth Fund
- Orion Private Equity Fund
- Usaldusfond Equity United PE1
- ZGI-4
- LcX Opportunity



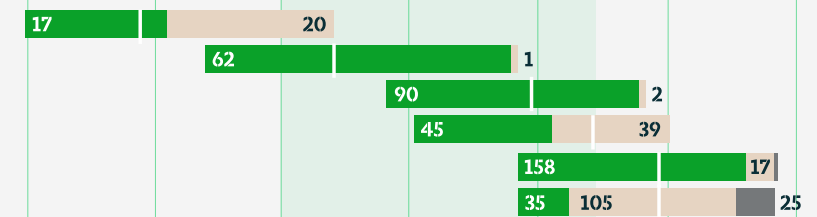
## Mezzanine

- BPM Mezzanine Fund
- FlyCap Mezzanine Fund II



## Buyout

- Baltic Investment Fund III
- BaltCap Private Equity Fund
- BaltCap Private Equity Fund II
- Livonia Partners Fund I
- Baltcap Private Equity Fund III
- INVL Baltic Sea Growth Fund



## Infrastructure

- BaltCap Infrastructure Fund



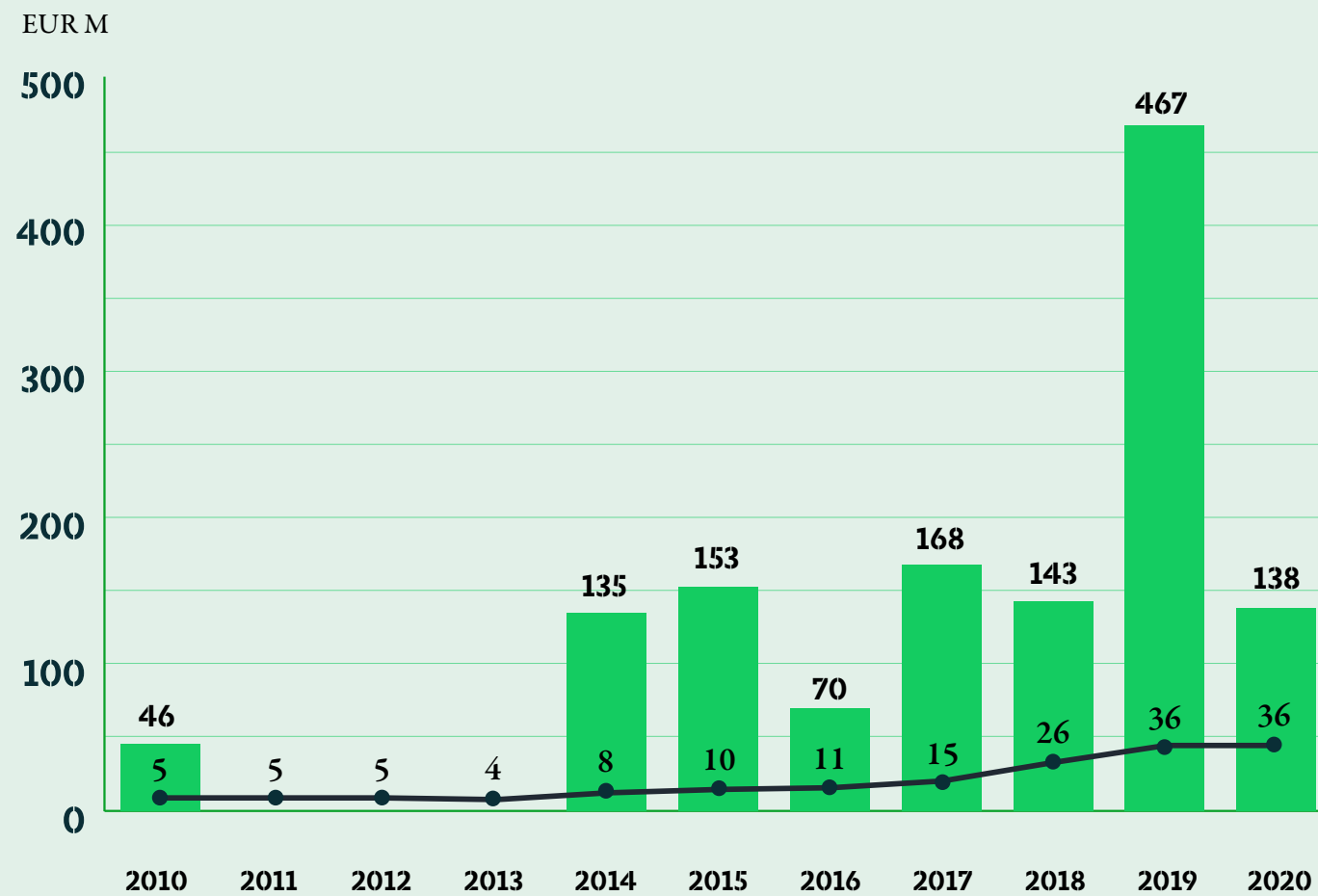
2000 2005 2010 2015 2020 2025 2030

2000 2005 2010 2015 2020 2025 2030 2035

## Fundraising in Latvia

# Fundraising during 2010-2020

Capital raised annually during 2010-2020



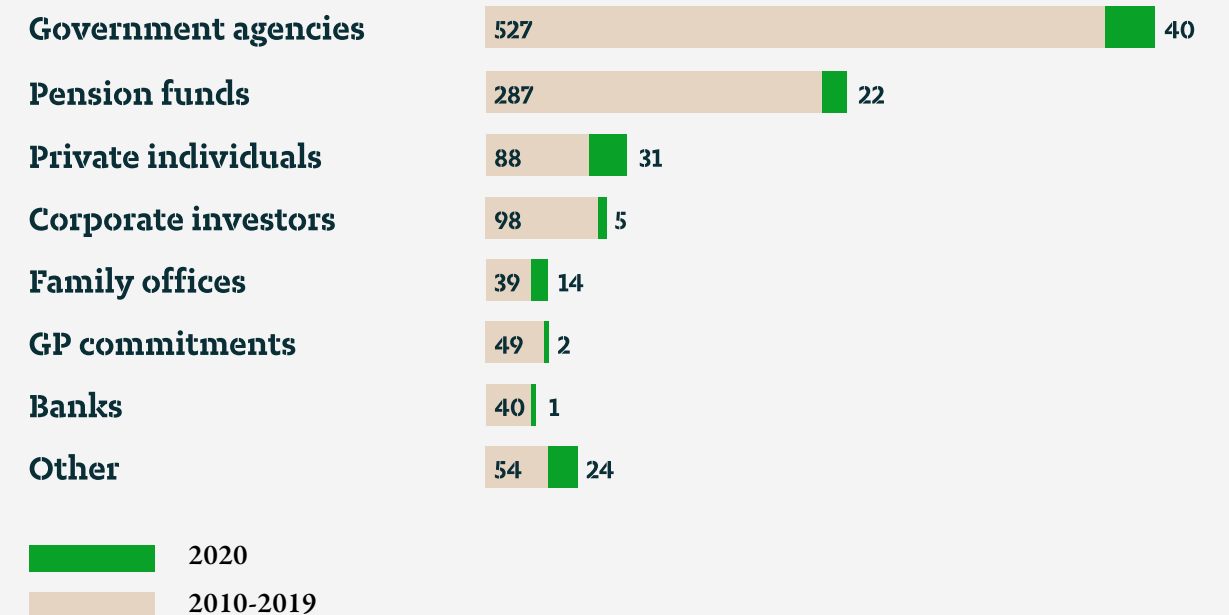
Capital raised  
Active fund count

After a record amount in 2019, mostly due to BaltCap and INVL Asset Management fundraising rounds amounting to EUR 227.4M and EUR 141.9M, respectively, funding slowed down in 2020.

The total number of active funds that invest in Latvia, however, has stayed at the same level.

## Capital raised *by investor type*

2010-2020, EUR M<sup>5</sup>

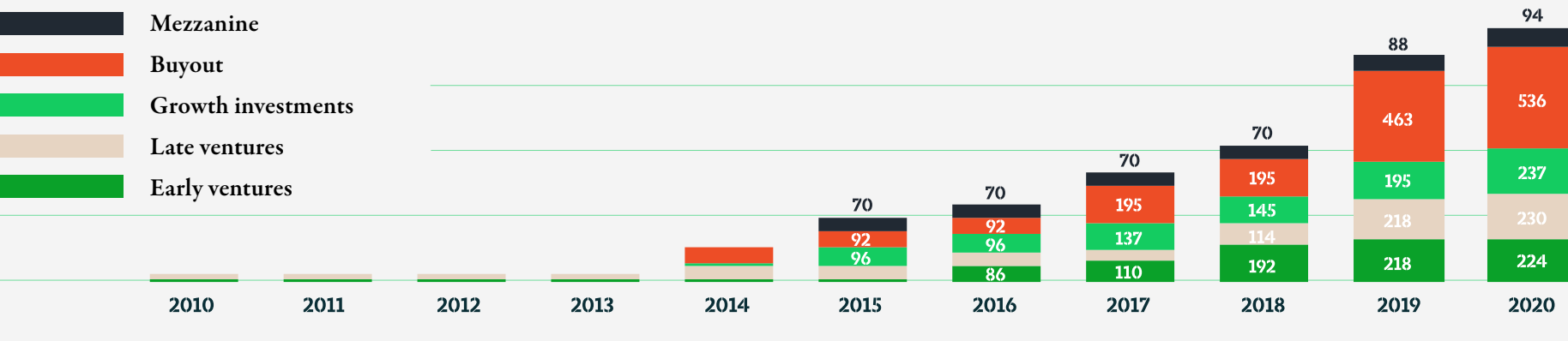


<sup>5</sup> Other sources include: International finance institutions, Fund of funds, Public sector, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors, Endowment funds.

## Fundraising in Latvia

### Total capital raised by PE/VC funds by fund stage focus

Cumulative capital raised during 2010-2020, EUR M



Out of the cumulative EUR 1.3B capital raised over the period, 40.6% was attracted by buyout stage focussed funds.

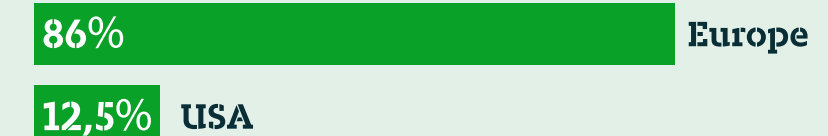
Early venture, late venture and growth investment stage funds received approximately similar portions of total 2010-2020 funding each, with 17.0%, 17.4% and 17.9% respectively.

In 2020, buyout stage focussed funding again dominated with 53.2% of the total capital raised; however, growth investment stage focussed funds managed to also attract a significant portion of total 2020 funding (30.1%).

**During 2010-2020, out of the funds that currently invest in Latvia, the largest cumulative amount was raised by BaltCap EUR 543.3M.**

**In 2020, for the first time, EUR 0.3M of funds have been raised from an endowment fund.**

Investors to funds by location in 2020:



## Investments in Latvia

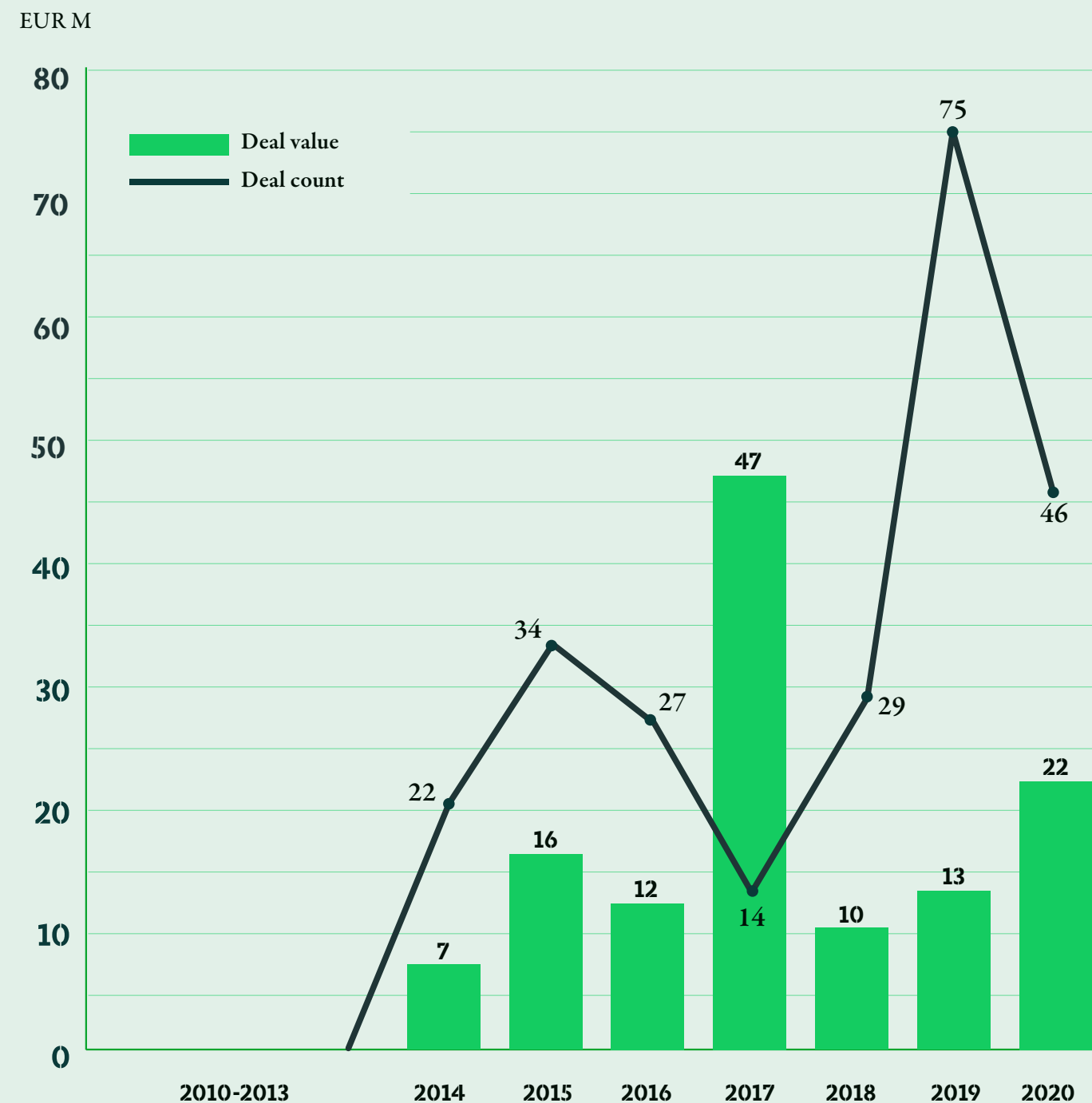
# Investments during 2010-2020

In 2020, amounts invested in Latvian companies were significantly higher than in 2019. However, the number of investments dropped significantly between the same periods.

Deal value growth in 2020, despite the decreased number of deals, was mainly influenced by a large investment made in 2020 by INVL Baltic Sea Growth Fund into Eco Baltia.

## Capital invested

In EUR M



*Investments in Latvia*

**Top PE investments  
by value in Latvia in 2020**

**INVL Baltic Sea Growth Fund**

Acquired a majority stake in ECO BALTIA  
(a sorting, recycling and processing of waste company)



**BaltCap Private Equity Fund II**

Invested in COFFEE ADDRESS HOLDING  
(a vending and coffee service company) to fund its  
acquisition of another company in the industry



**ZGI-4**

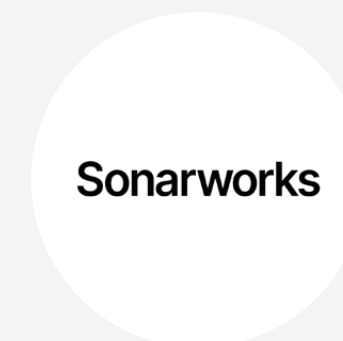
Invested in BIO INVESTMENTS, a biotechnology  
products and equipment company



**Top VC investments  
by value in Latvia in 2020**

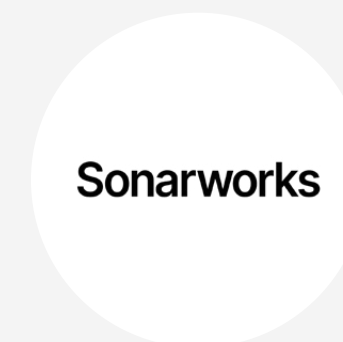
**Karma Ventures I SICAV-SIF, SCS**

Invested in SONARWORKS  
(a European audio software innovator)



**Practica Venture Capital II**

Invested in SONARWORKS  
(a European audio software innovator)



**INEC2 AIF**

Invested in SIA ASYA  
(an AI-based communication analytics platform)



## Investments in Latvia

# Sector, stage and type

During the period under review, the highest amount was invested in the business and industrial services sector (EUR 35M).

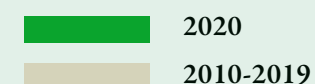
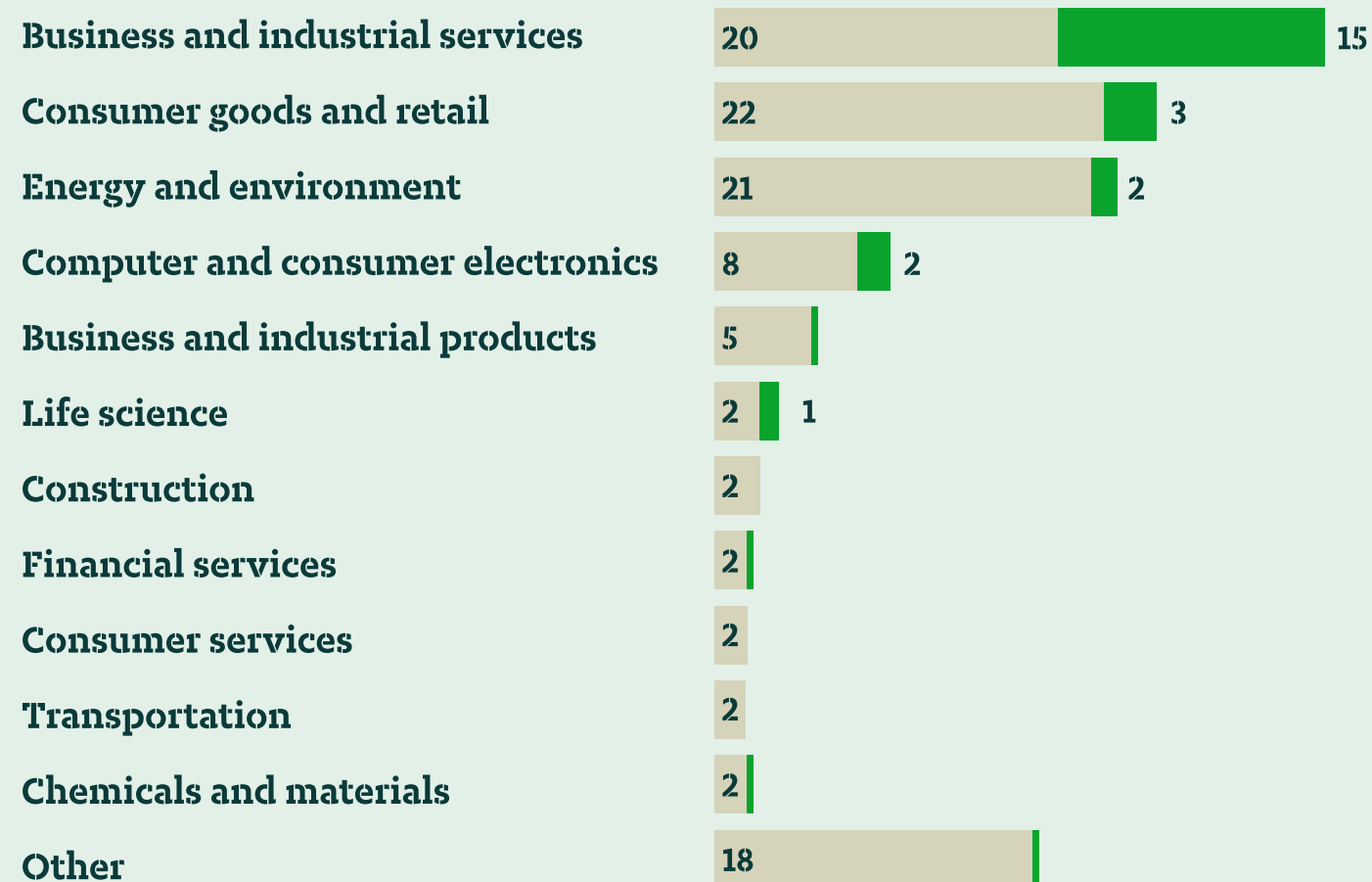
However, until 2020, before INV L's acquisition of Eco Baltia, consumer goods and retail was the most popular industry among the funds, followed by the energy and environment sector (20.1% and 18.5% out of the total 2010-2019 investments, respectively).

In 2020, following the business and industrial sector, the largest portions of investments were made in the consumer goods and retail, and computer and consumer electronics sectors (12.7% and 7.8%, respectively).

In 2020, the highest number of investments (18 out of 46 investments) were made in the computer and consumer electronics sector. They totaled EUR 1.7M (third largest investment sector by deal value in 2020).

## Investment *by sector*

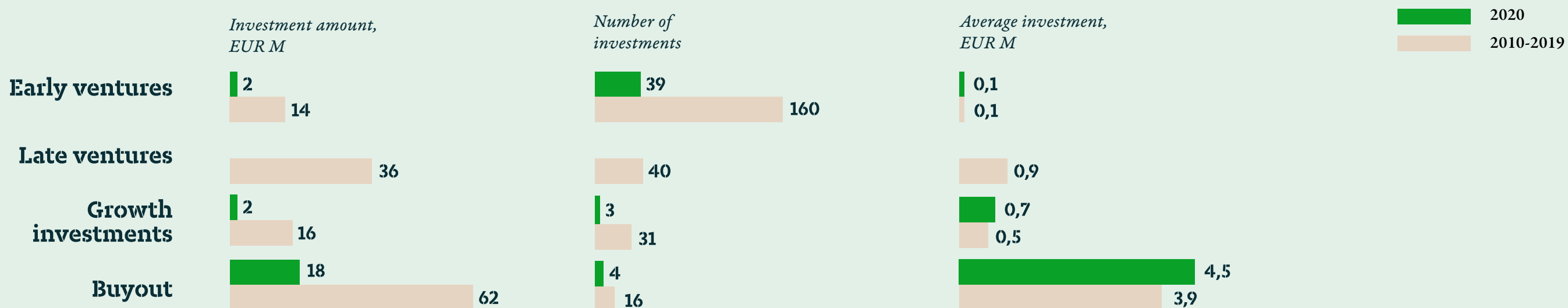
2010-2020, EUR M



# Sector, stage and type

Funds' investments in Latvia 2010-2020

## Investments by stage<sup>6</sup>



In 2020, buyout deals comprised the largest portion of total deals value. Early and growth ventures had a similar investment amount, but relatively low average value. There were no recorded late-stage investments in 2020.

Comparing the average investment size against the whole period under review, in 2020 average investments increased for growth and buyout stage while staying at similar level for early venture investments.

<sup>6</sup> Due to the unavailability of historical data, deal count prior to 2019 is reflects the number of companies that funds had invested in. 2019-2020 data shows the number of individual investments made by funds.



## *Investments in Latvia*

# Portfolio companies

### Reported information of Funds portfolio companies

As at 31st December 2020<sup>7</sup>

<i>Total turnover</i>	EUR 216M
<i>Number of active portfolio companies</i>	150
<i>Number of total employees</i>	2,369
<i>Taxes paid</i>	EUR 27.3M

Similar to other Baltic states, Latvia has developed rapidly since 1990, with a robust trade and digital services sector. Since 2016, its GDP grew on average by 2.9% per year which was followed by a contraction of -5.2% caused by the COVID-19 pandemic.

A highly skilled workforce, well-developed infrastructure, as well as easy access to other markets in the region makes it an attractive investment destination.

<sup>7</sup> A significant amount of data (approximately 40%) relating to portfolio company specifics have not been provided by study participants. Information is compiled only from the data that has been available.

*Investments in Latvia*

## **Portfolio companies**

**17,9%**

*of female board members in the  
Latvian companies of funds was the highest  
among the Baltic states*

**12,9%**

*of female CEOs in the  
Latvian companies of funds*

## Invested capital in Latvia

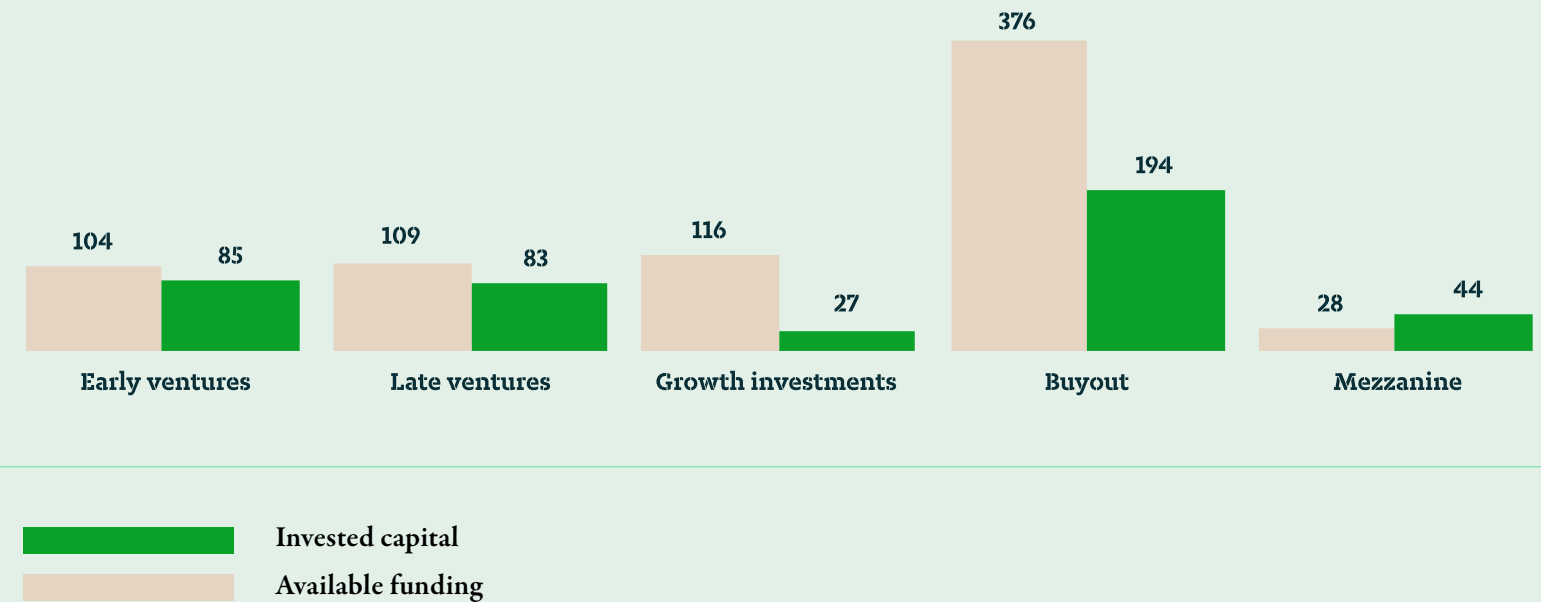
# Dry powder

At the end of 2020, 37.2% of total capital was already deployed, leaving funds with more than EUR 700M available for investment.

The largest amounts of available and invested capital, just as at the end of 2019, were kept in and invested by funds focusing on buyout investment strategies.

## Capital available for investments by fund's strategy

as at 31 December 2020 EUR M<sup>8</sup>

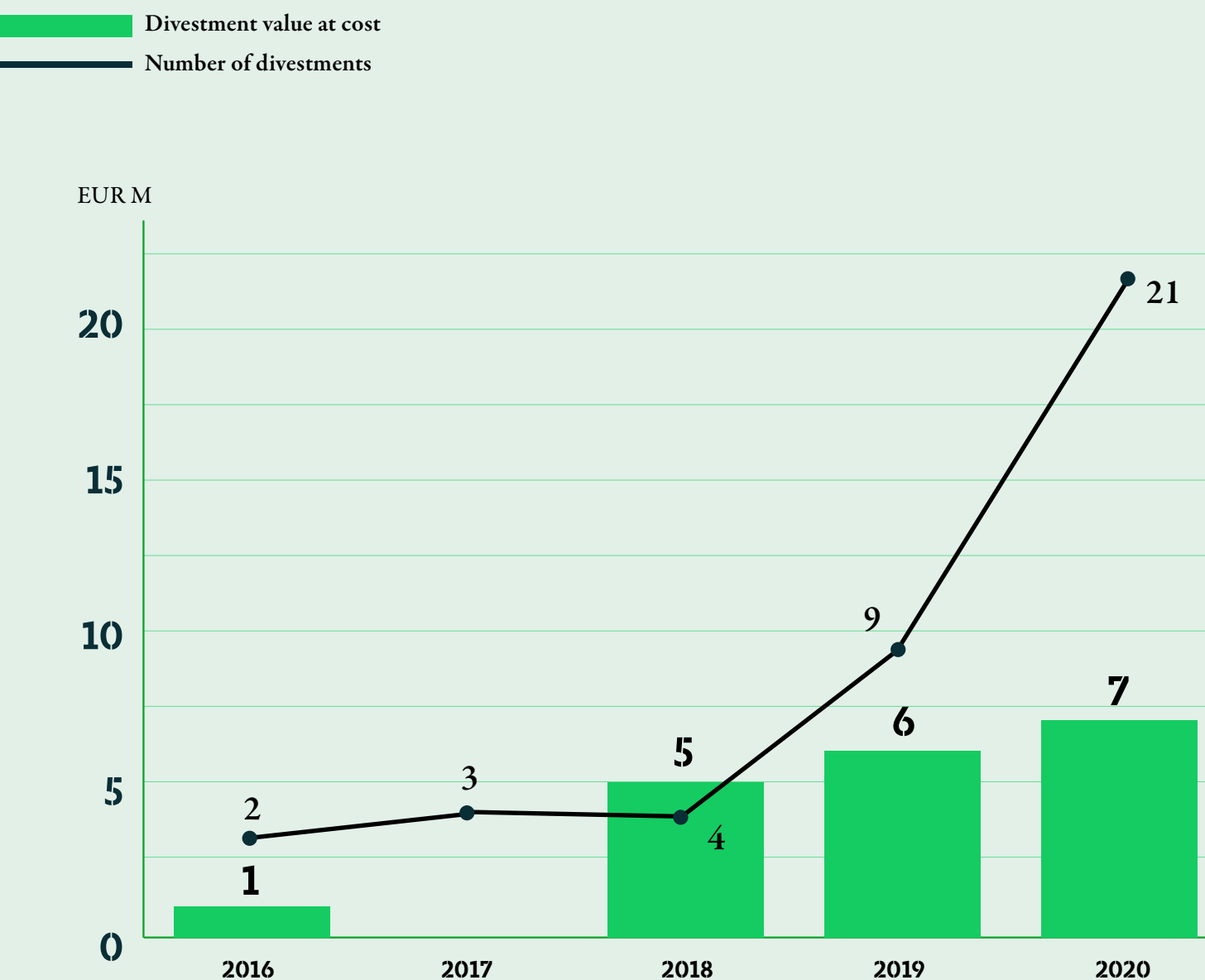


<sup>8</sup> Available funding describes total funds available in the Baltic countries by all funds, while invested capital represents the amount invested by all funds. These funds are not necessarily available exclusively to Latvia. If the fund's focus is Pan-Baltic, it was assumed that funding is available in Latvia.

## Divestments in Latvia

# Divestments, annual and cumulative during 2010-2020

### Divestments at cost 2010-2020

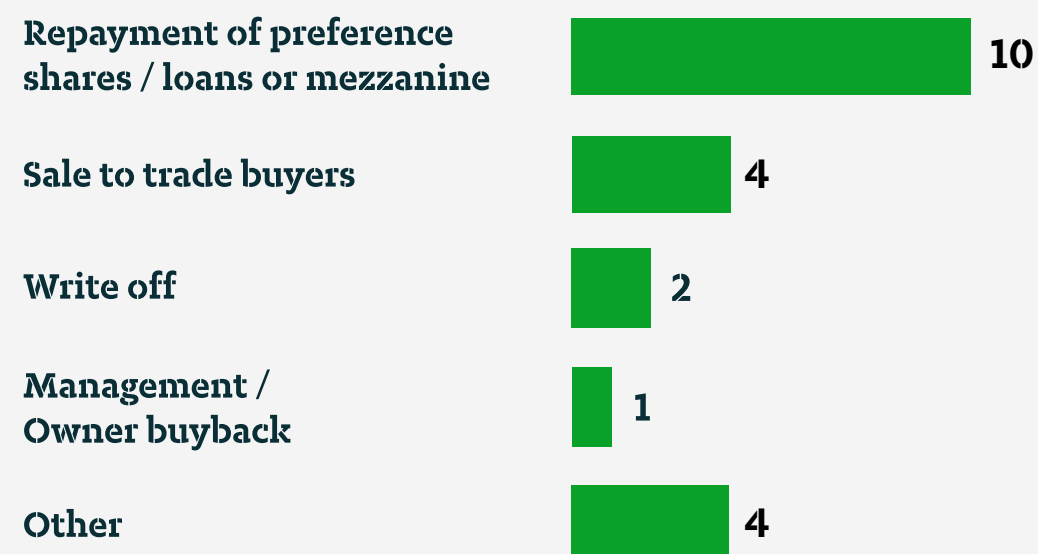


In 2020, 16 divestments were made, which is a significant increase compared to nine divestments made in 2019. The total value of divestments at cost made in 2020 has increased from EUR 6.3M to EUR 7.5M, compared to 2019.

**The top exits by divestment value don't represent most successful exits in Latvia in 2020.**

**The award of The Exit of the Year in Latvia received FlyCap for the exit from Mailigen (email marketing automation platform).**

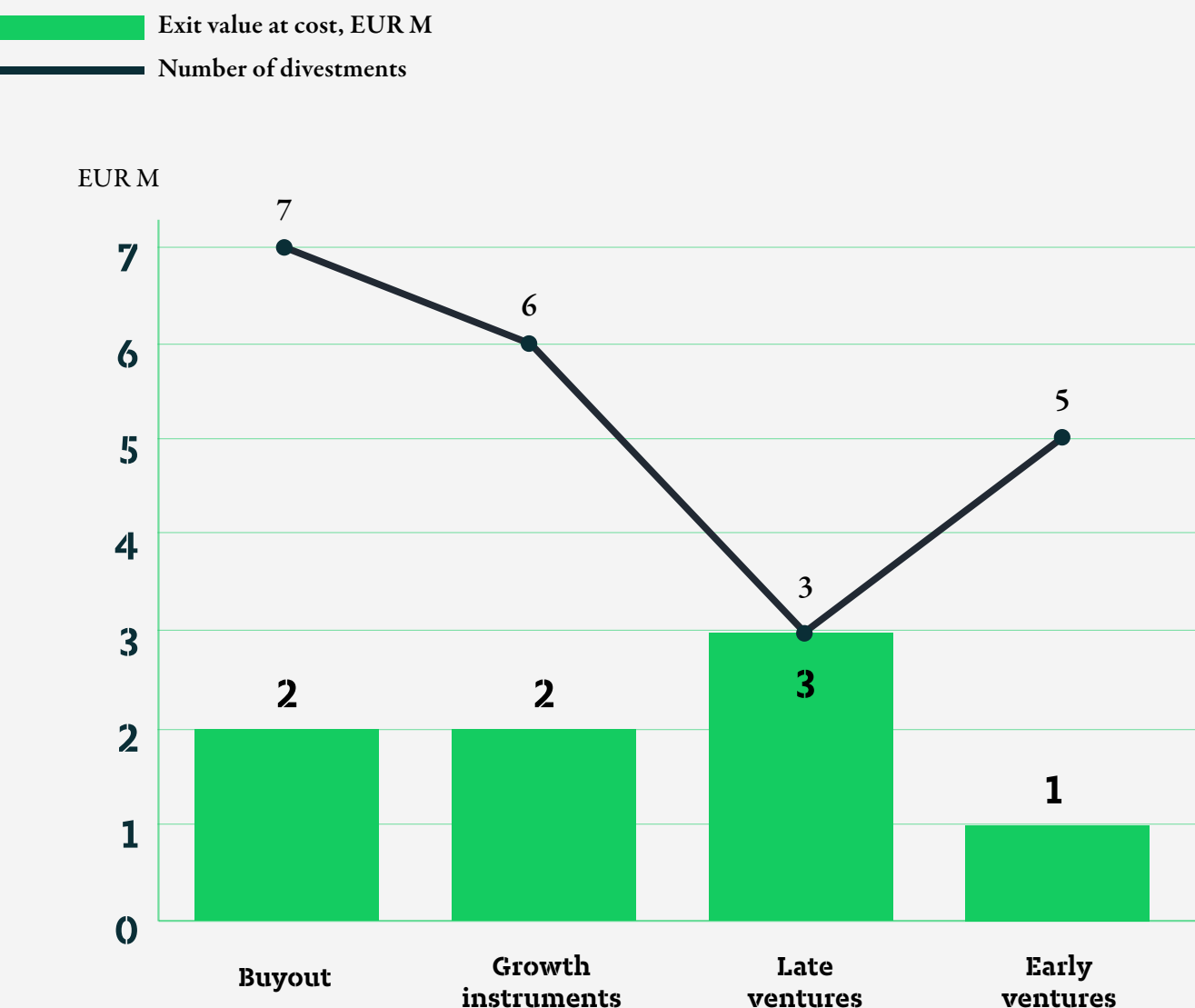
### Number of exits *by type* 2020



## Divestments in Latvia

# Divestments, annual and cumulative in 2010-2020

Exit value at cost by investment stage 2020



During 2020, out of the total divested amount at cost of EUR 7.5M, 46.1% was divested by BaltCap and 27.5% by FlyCap.

In 2020, late venture investments amounted to 34.2% of total divested value (at historical investment cost); however, buyout divestments were the most popular by count.

## Divestments in Latvia

### Top PE divestments\* *by value* (at historical investment cost) in Latvia in 2020

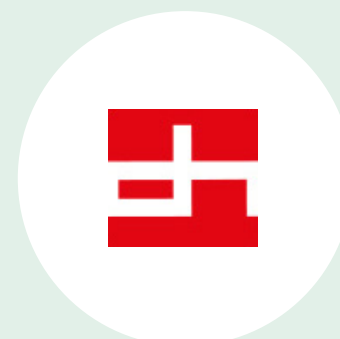
#### BaltCap

← Made a partial divestment of ENERGIA VERDE, a company operating a biomass-fired combined heat and power plant in Riga.\*



#### ZGI-3

← Full divestment of DĀRDEDZE HOLOGRĀFIJA.



#### ZGI-3

← Partial divestment of BALTIC DAIRY BOARD.



### Top VC divestments *by value* (at historical investment cost) in Latvia in 2020

#### BaltCap

← Fully sold its stake in AGROUP, a company providing corporate software solutions.



#### FlyCap

← Sold its stake in TEPIX, a company providing consumer services.



#### FlyCap

← Sold its stake in AIRDOG, a drone manufacturer.



\* The top exits by divestment value don't represent most successful exits in Latvia in 2020.

The list of events treated as divestments in the analysis and report includes proceeds from investments which are distributed in the form of returning loans.

# Private equity and venture capital in *Lithuania*

Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

# Lithuanian Market Overview 2010-2020

Out of EUR 1.3B capital raised, EUR 123.5M (9.4%) was raised by funds investing solely into Lithuanian companies, while the remaining amount was raised by funds with an international focus.

82.6% of Lithuania-only based funding came from institutional funding.

In 2020, one new fund commenced its activities in Lithuania – LcX Opportunity Fund (managed by LitCapital with a pan-European focus) which raised EUR 34M. During the year, fund managers focussed on closing financing rounds that were started in 2018-2019, therefore only one new fund was established.

## Lithuanian VCA members included in the survey





# Landscape of PE/VC funds that invest in Lithuania

as at 31<sup>st</sup> December 2020

Funds raised by funding source and fund period, (EURM)

## Early ventures

- Verslo Angelu Fondas I
- Practica Seed Capital
- Karma Ventures I
- Change Ventures Fund I
- Smart Energy Fund
- Buildit Latvia Seed Fund
- Verslo Angelu Fondas II
- Open Circle Capital
- Overkill Ventures Fund II
- Overkill Ventures Fund I
- Tera Ventures LP Fund II
- Trind Ventures Fund I
- Usaldusfond Superangel One
- 70 Ventures Accel
- 70 Ventures Seed
- Change Ventures Fund II
- Wise Guys Pre-Seed Fund I
- Wise Guys Seed Fund I

## Late ventures

- BaltCap Lithuania SME Fund
- Practica Venture Capital
- Iron Wolf Capital Fund
- JB Nordic Fund I (Nordic Ninja)
- Practica Venture Capital II

## Growth investments

- LitCapital I
- BaltCap Growth Fund
- Orion Private Equity Fund
- Usaldusfond Equity United PE1
- ZGI-4
- LcX Opportunity

## Mezzanine

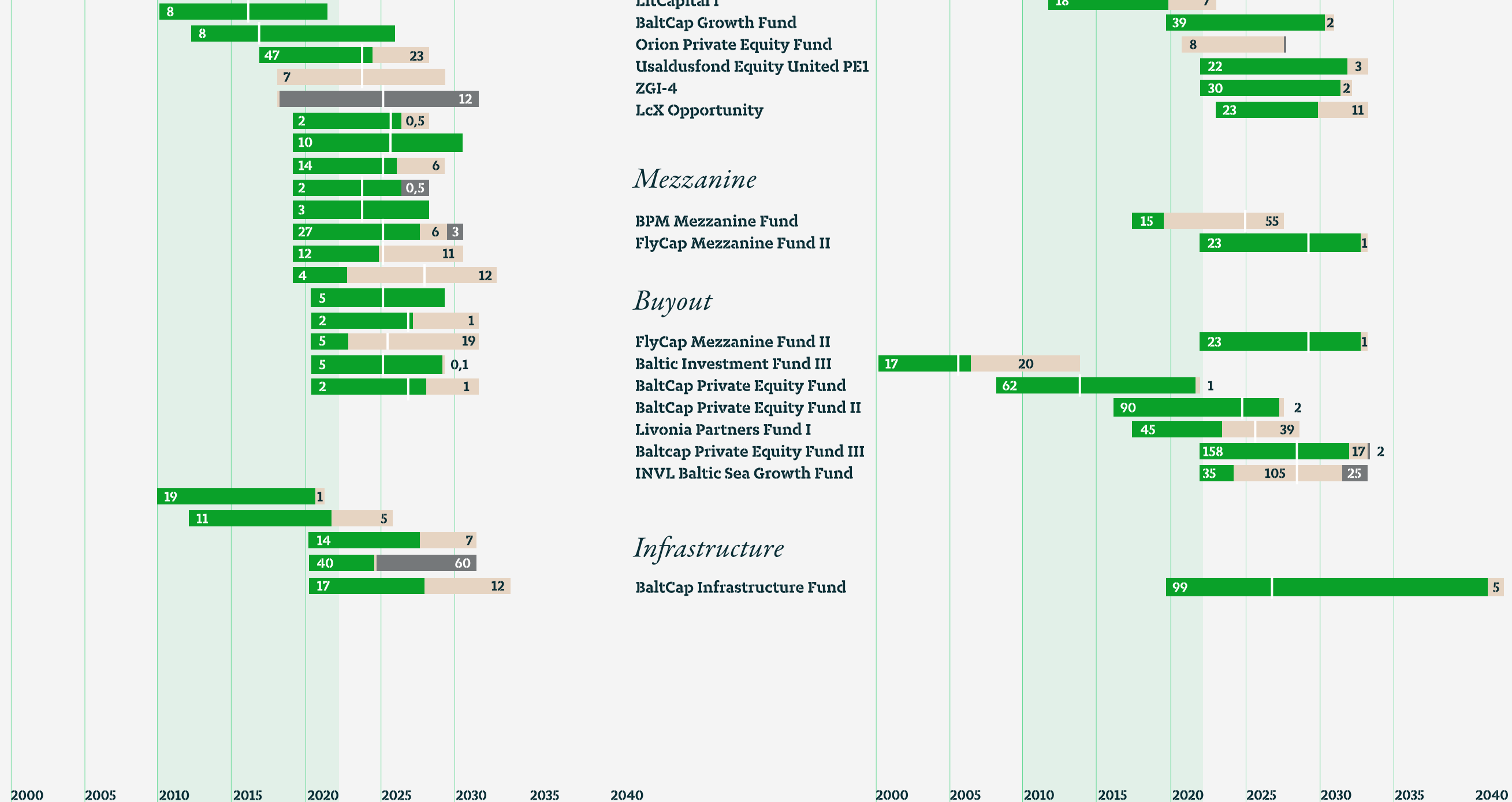
- BPM Mezzanine Fund
- FlyCap Mezzanine Fund II

## Buyout

- FlyCap Mezzanine Fund II
- Baltic Investment Fund III
- BaltCap Private Equity Fund
- BaltCap Private Equity Fund II
- Livonia Partners Fund I
- Baltcap Private Equity Fund III
- INVL Baltic Sea Growth Fund

## Infrastructure

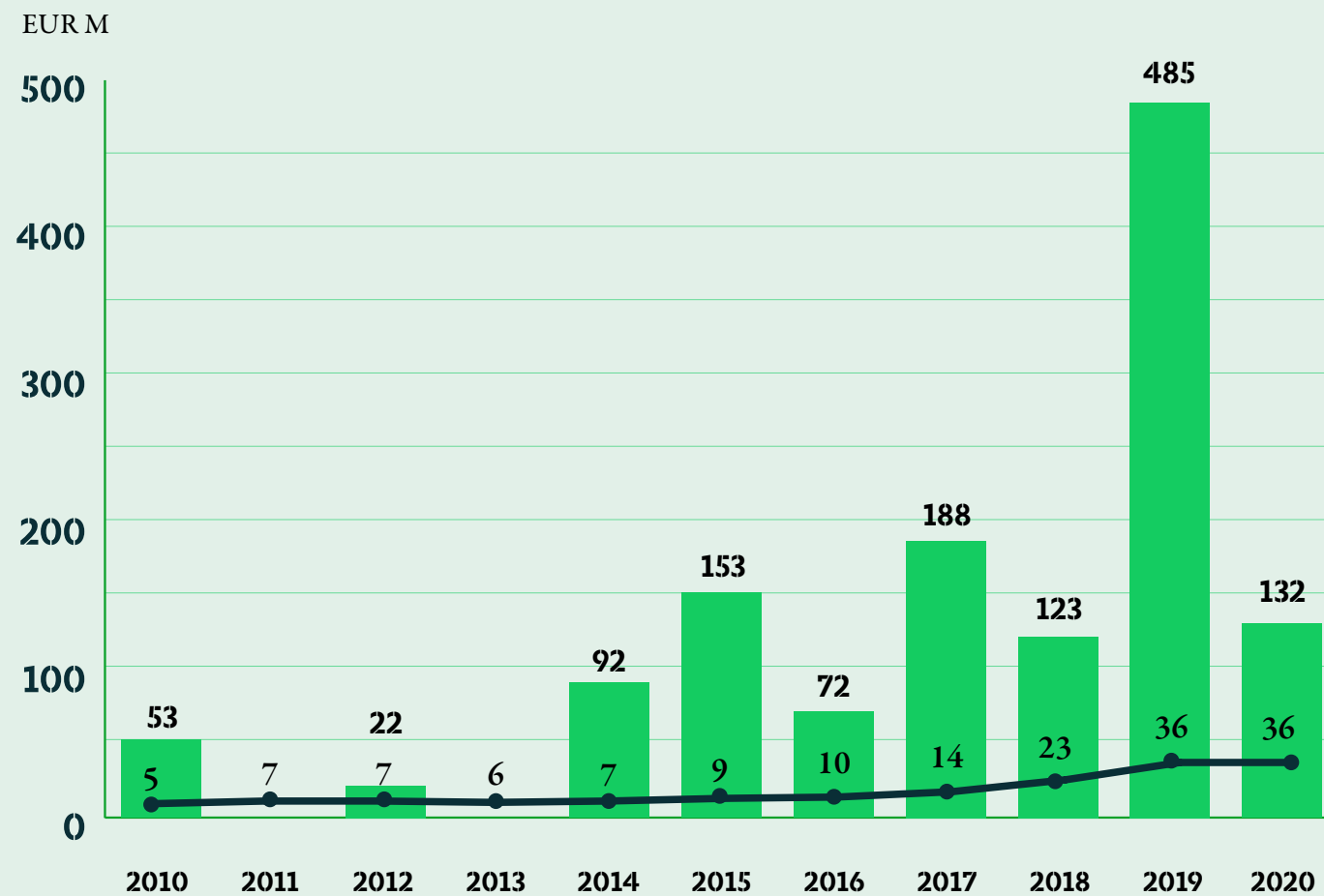
- BaltCap Infrastructure Fund



## Fundraising in Lithuania

# Fundraising during 2010-2020

Capital raised annually during 2010-2020

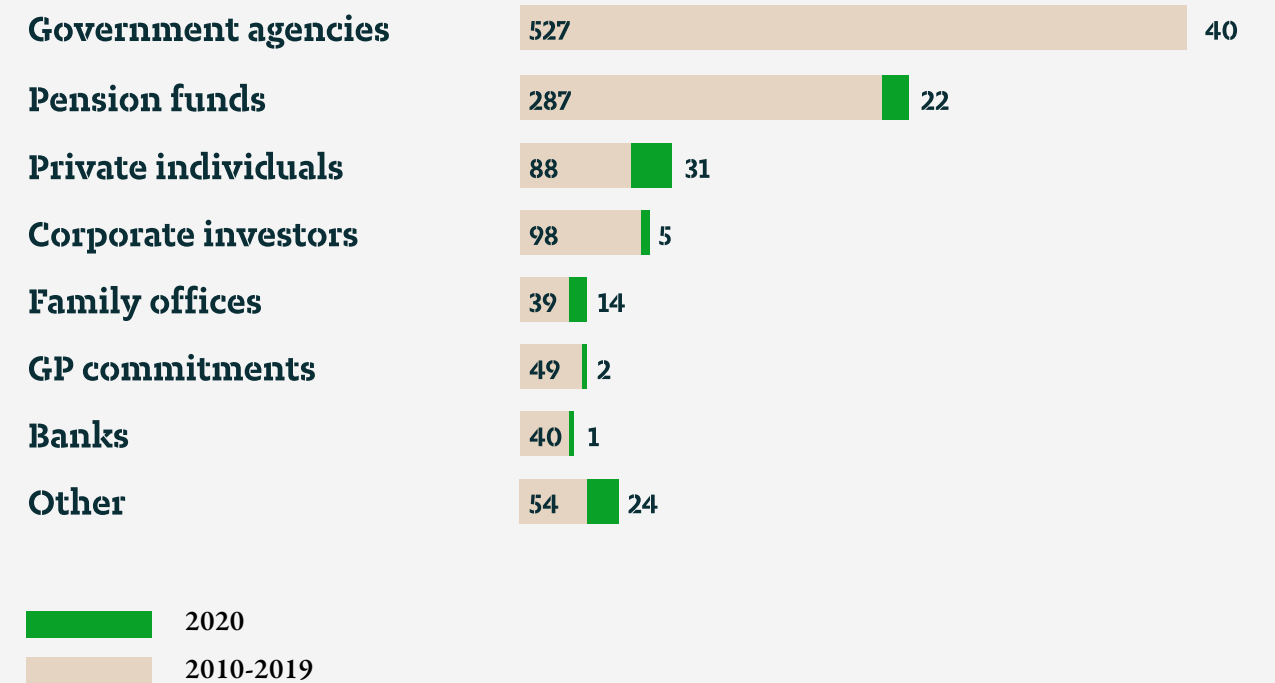


Capital raised  
Active fund count

After a record amount in 2019, mostly due to BaltCap and INVL Asset Management fundraising rounds amounting to EUR 227.4M and EUR 141.9M respectively, funding slowed down in 2020. The total number of active funds that invest in Lithuania has stayed at the same level.

## Capital raised *by investor type*

2010-2020, EUR M<sup>9</sup>



During 2010-2020, out of the funds that currently invest in Lithuania, the largest cumulative amount was raised by BaltCap (EUR 533.3M).

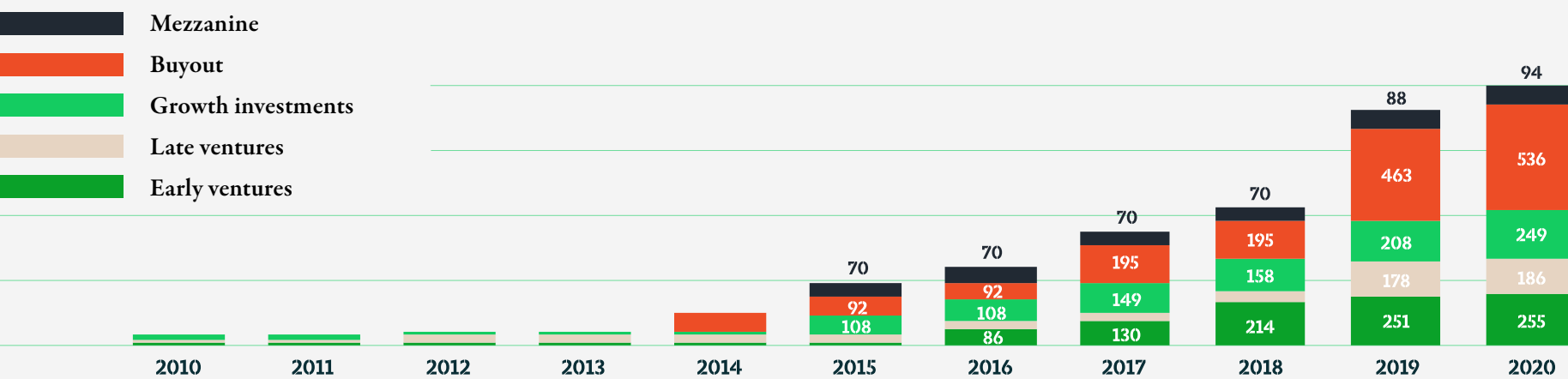
In 2020, for the first time EUR 0.3M of funds were raised from an endowment fund.

<sup>9</sup> Other sources include: International finance institutions, Fund of funds, Public sector, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors, Endowment funds.

## Fundraising in Lithuania

# Total capital raised by PE/VC funds by fund stage focus

Cumulative capital raised during 2010-2020, EUR M



Out of the cumulative EUR 1.3B capital raised over the period, 40.6% was attracted by buyout funds, followed by early venture stage (19.3%) and growth stage (18.9%). In 2020, buyout stage focussed funding dominated with 55.4% out of the total capital raised; however, growth investment stage funds managed to also attract a significant portion of total 2020 funding (31.3%).



**Swedbank Asset Management, the largest tier-II pension fund manager in Lithuania committed EUR 2M to the Practica Venture Capital II fund.**

**This was the first-time a Lithuanian pension fund has invested in an early-stage venture capital fund.**

Investors to funds by location in 2020:



## Investments in Lithuania

# Investments during 2010-2020

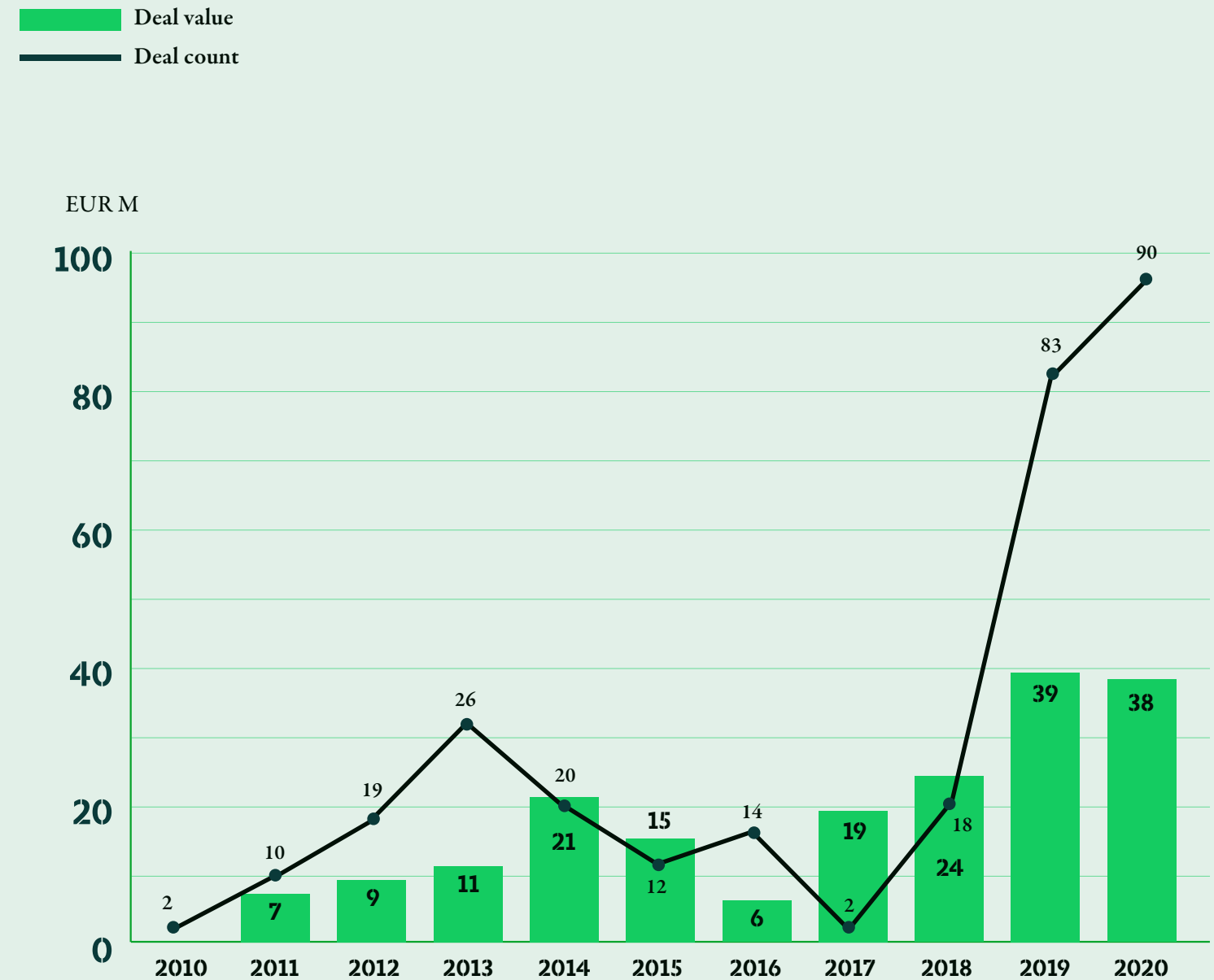
In 2020, amounts invested in Lithuanian companies were at a similar level to 2019. However, the number of investments, despite the pandemic outbreak, has increased.

## LitCap has won the Central and Eastern European Deal of the Year Award at the Private Equity Awards 2020.

It's the first time ever that a Lithuanian deal has won the award. The winning deal was LitCapital's July 2019 sale of its share in Baltik Vairas, one of Europe's largest manufacturers of bicycles and e-bicycles, to KJK Sports.

## Capital invested 2010-2020

In EUR M<sup>10</sup>



<sup>10</sup> Due to the unavailability of historical data, deal count prior to 2019 is reflects the number of companies that funds had invested in. 2019-2020 data shows the number of individual investments made by funds.

*Investments in Lithuania*

**Top PE investments**  
*by value* in Lithuania in 2020

**BaltCap Private Equity Fund III**

Acquired **KREKENAVOS AGROFIRMA AND MESA LT**  
(largest Lithuanian meat processing companies).



**Orion Private Equity Fund I**

Invested in an undisclosed Lithuanian  
company specializing in household furniture.



**BaltCap Growth Fund EuVECA**

Provided growth capital to **GEMMA**,  
a company providing private nursing home  
and rehabilitation services.



**Top VC investments**  
*by value* in Lithuania in 2020

**Practica Venture Capital II**

Invested in **ENEBA HOLDINGS LIMITED**  
(a gaming marketplace).



**JB Nordic Fund I SCSp**

Invested in **ZITICITY**  
(an urban logistics platform).



**Iron Wolf Capital**

Invested in **UAB INTEGRALI SKAIDULINE OPTIKA**  
(researcher and developer of innovative  
integrated fiber-optic components).



## Investments in Lithuania

# Sector, stage and type

During the period under review, the highest amount was invested in the consumer goods and retail sector (EUR 44M).

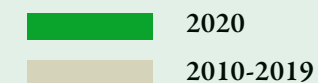
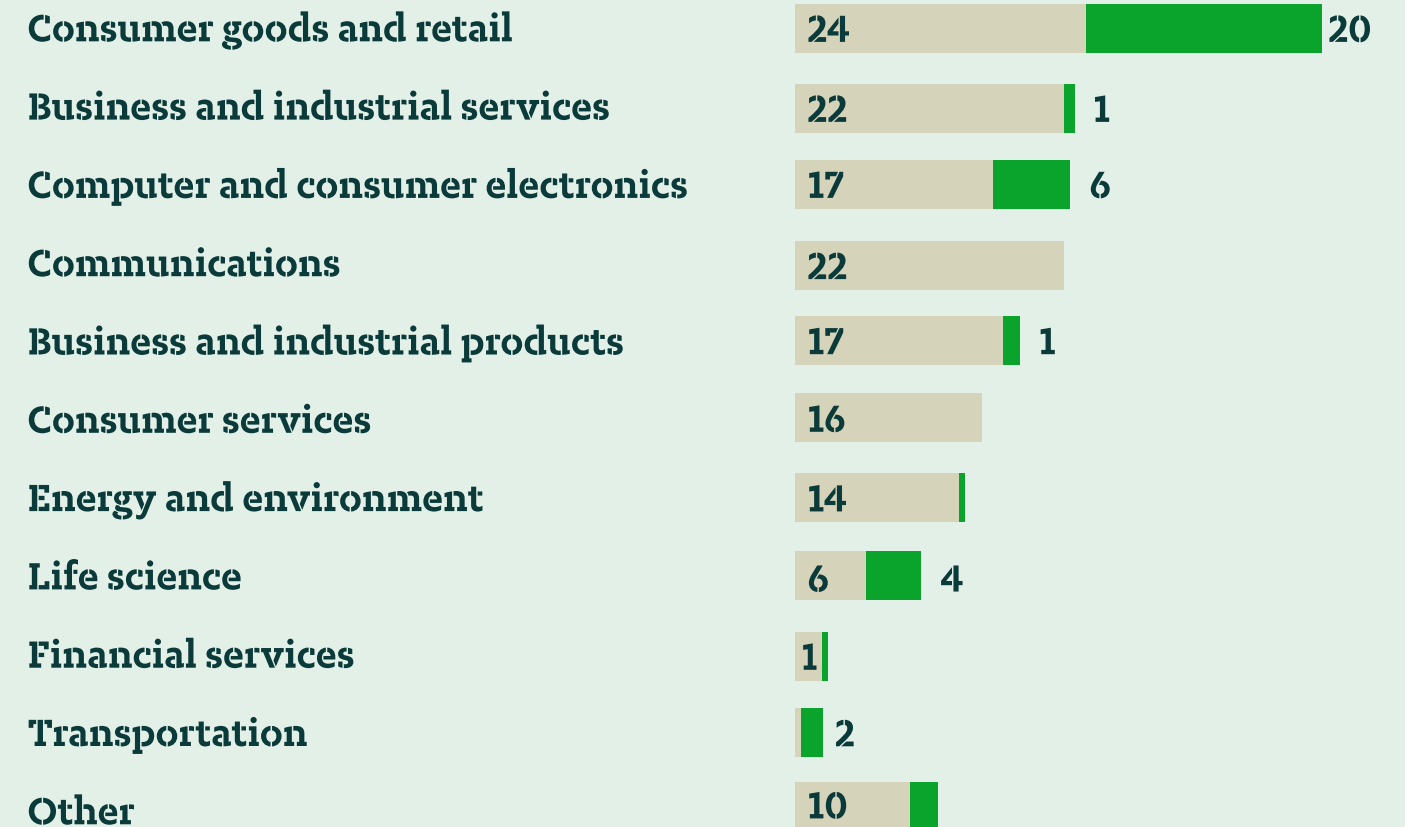
The significantly larger amount invested compared to other sectors is mainly attributable to the sizeable buyout of Krekenavos Agrofirma by BaltCap in 2020. The second and third most popular sectors by deal value were the computer and consumer electronics sector, and life science sectors, which received 17.2% and 11.8% of total 2020 investments, respectively.

In 2020, the highest number of investments (58.9% out of 90 investments) was made in the computer and consumer electronics sector.

They totaled EUR 6.5M (second largest investment sector by deal value in 2020) with the largest investments of EUR 1.95M.

## Investment *by sector*

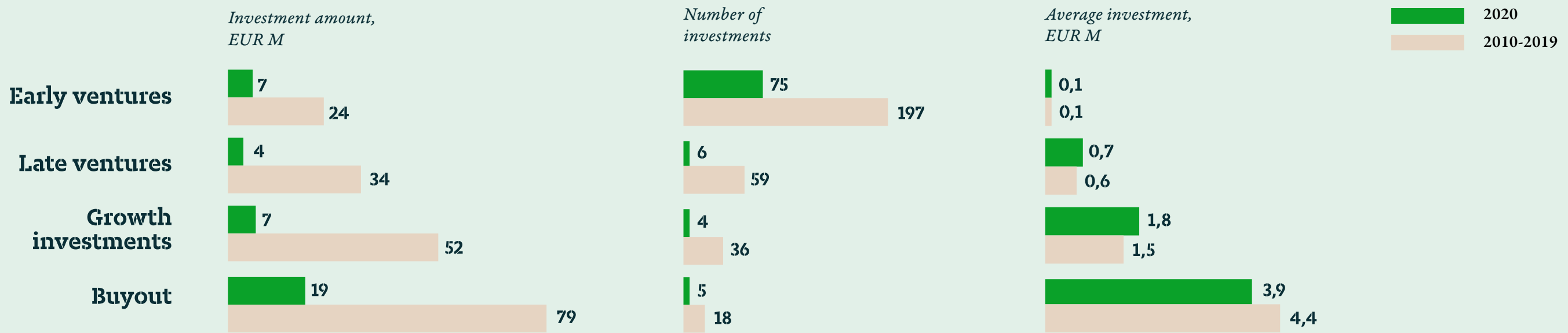
2010-2020, EUR M



# Sector, stage and type

Funds' investments in Lithuania 2010-2020

## Investments by stage <sup>11</sup>



In 2020, buyout deals comprised slightly more than half of the total deals value. Early and late ventures reached a relatively similar deal value to each other in 2020.

Comparing the average investment size against the whole period under review, in 2020 average investments increased for late venture and growth investments, while decreasing for buyout stage investments.

<sup>11</sup> Due to the unavailability of historical data, deal count prior to 2019 reflects the number of companies that funds had invested in. 2019-2020 data shows the number of individual investments made by funds.

## *Investments in Lithuania*

# Portfolio companies

### Reported information of Funds portfolio companies

As at 31st December 2020<sup>12</sup>

<i>Total turnover</i>	EUR 438M
<i>Number of active portfolio companies</i>	133
<i>Number of total employees</i>	6,478
<i>Taxes paid</i>	EUR 53.7M

Lithuania is the largest of the Baltic economies.

Historically, its GDP has shown a steady annual growth of around 4%. Despite enduring two COVID-19-related lockdowns in 2020, the Lithuanian economy experienced one of the smallest contractions in output in Europe, with GDP falling by just -0.8%.

**Dynamic talent, a competitive, growth-oriented business environment, a strong focus on continued innovation and EU-leading infrastructure, as well as ease of setting up a business contributes to a growing number of start-ups.**

<sup>12</sup> A significant amount of data (approximately 40%) relating to portfolio company specifics have not been provided by study participants. Information is compiled only from the data that has been available.



*Investments in Lithuania*

## **Portfolio companies**

**7,6%**

*of female CEOs in the  
Lithuanian companies of funds*

**12,1%**

*of female board members in  
the Lithuanian companies of funds*

## Invested capital in Lithuania

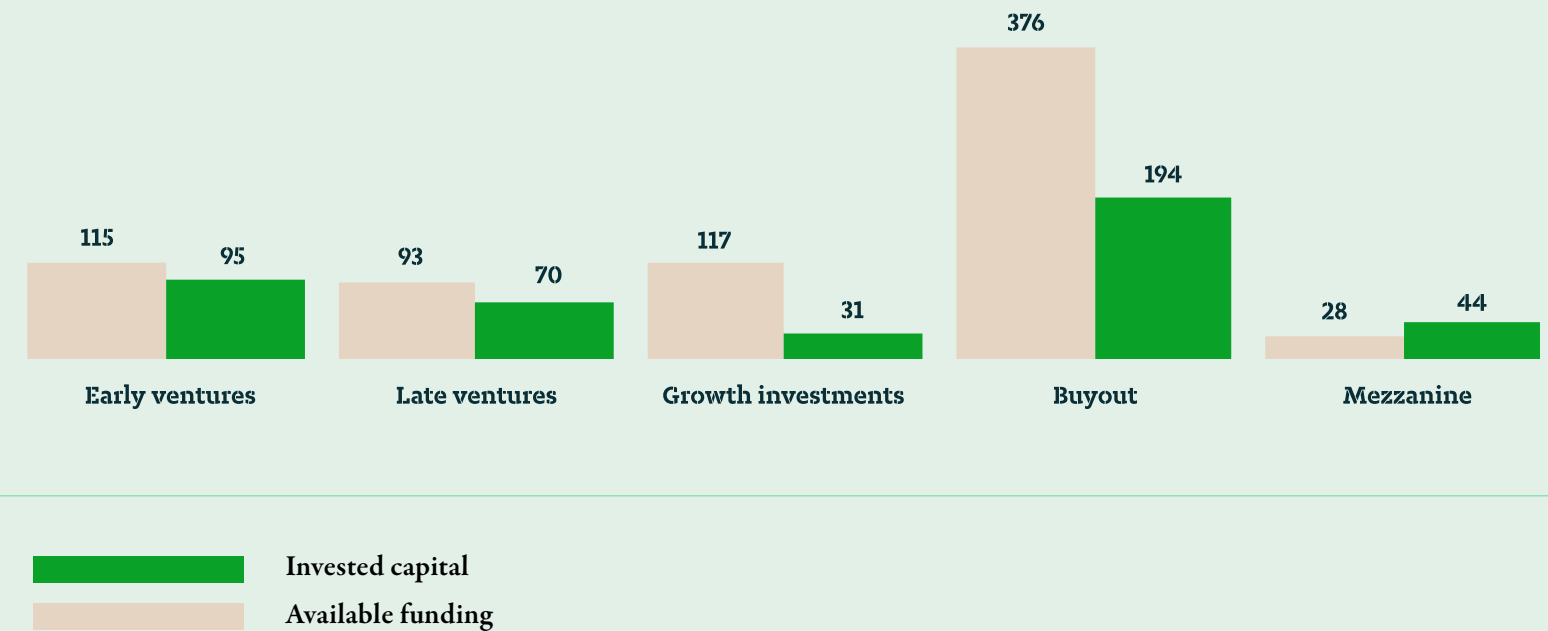
# Dry powder

At the end of 2020, 37.3% of total capital was already deployed, leaving funds with more than EUR 700M available for investment.

**The largest amounts of available and invested capital, just as at the end of 2019, were kept in and invested by funds focusing on buyout investment strategies.**

## Capital available for investments by fund's strategy

as at 31 December 2020 EUR M<sup>13</sup>

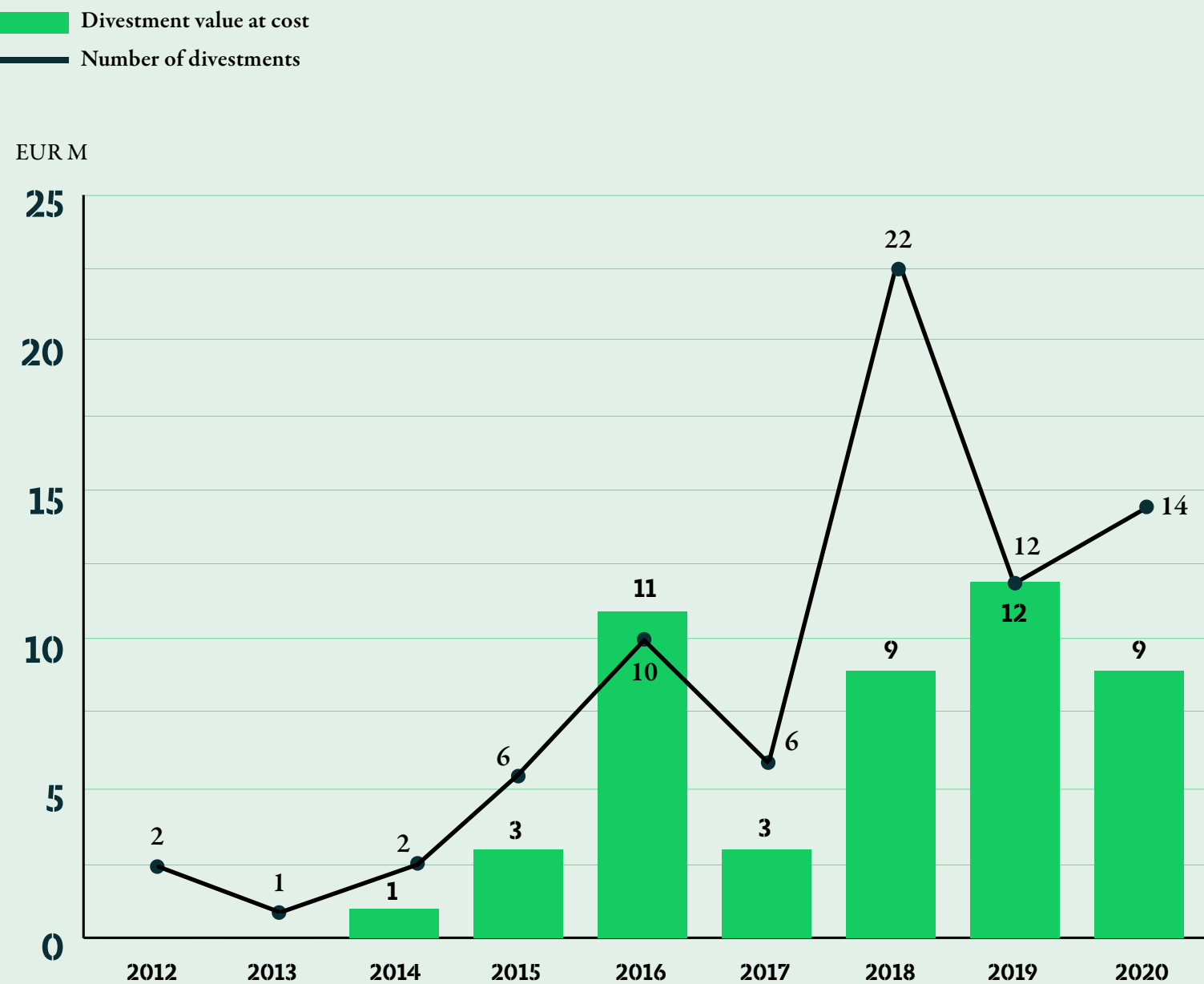


<sup>13</sup> Available funding describes total funds available in the Baltic countries by all funds, while invested capital represents the amount invested by all funds. These funds are not necessarily available exclusively to Lithuania. If the fund's focus is Pan-Baltic, it was assumed that funding is available in Lithuania. Figures are not directly comparable to 2019 figures, due to significant updates on data received from the funds for the previous years.

## Divestments in Lithuania

# Divestments, annual and cumulative during 2010-2020

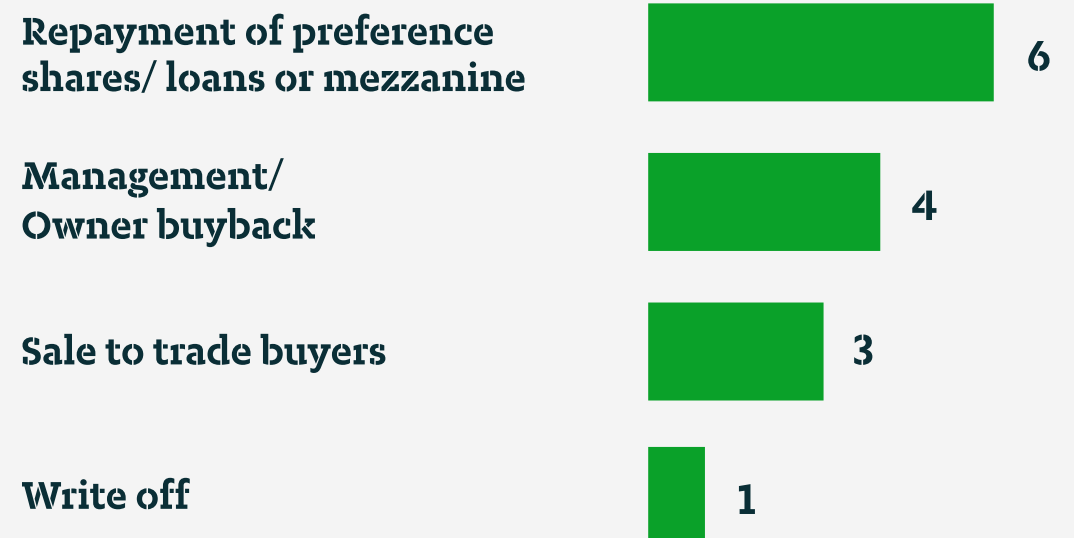
### Divestments at cost 2010-2020



In 2020, 14 divestments were made, which was a slight increase compared to 12 divestments made in 2019.

However, value at cost of total divestments decreased and in 2020 amounted to EUR 9M.

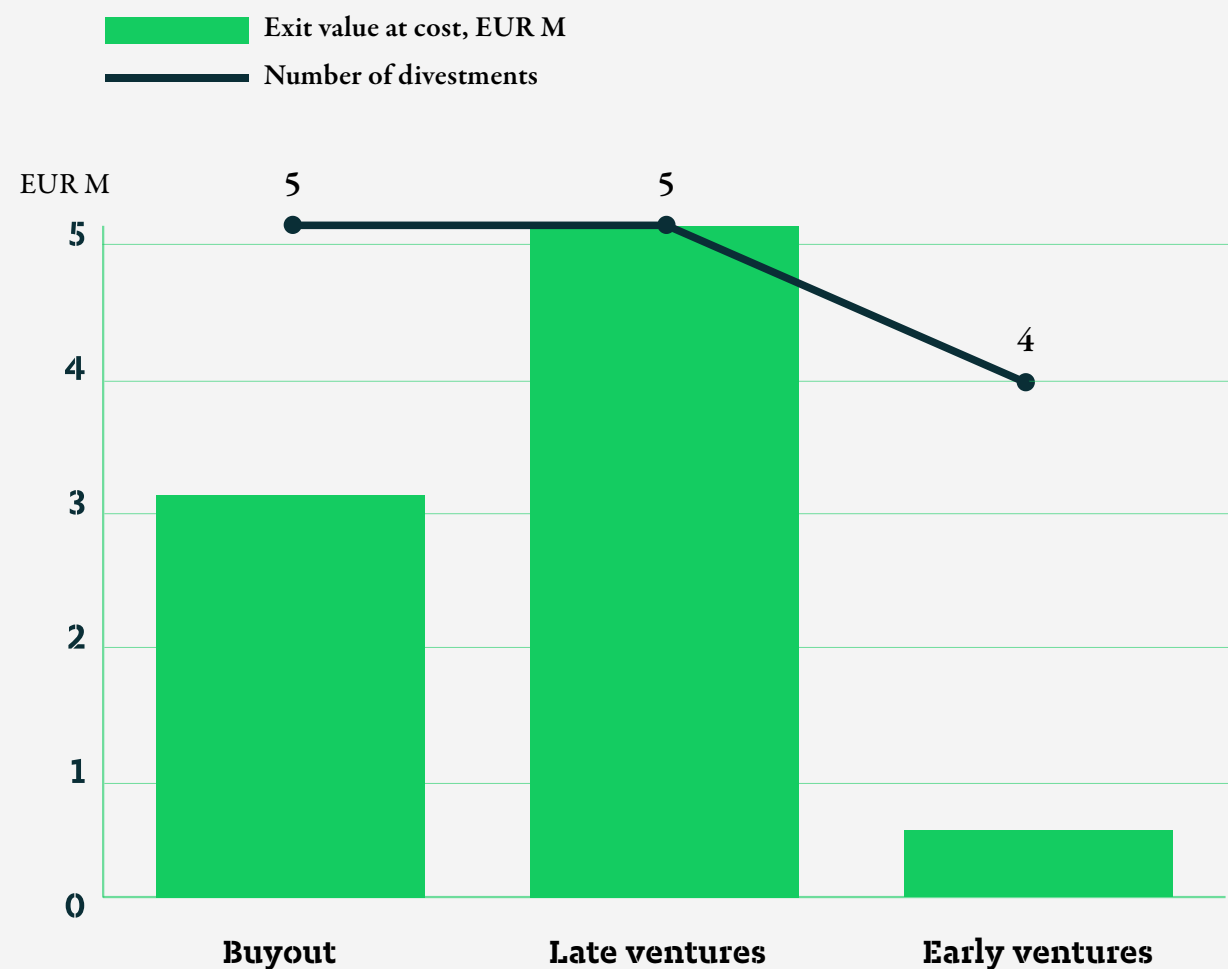
### Number of exits *by type* 2020



*Divestments in Lithuania*

# Divestments, annual and cumulative in 2010-2020

*Exit value at cost by investment stage 2020*



**○** During 2020, out of the total divested amount of EUR 9M, a significant portion was divested by Practica Venture Capital and Practica Seed Capital funds.

In 2020, late venture investments amounted to 58% of total divested value (at historical investment cost).

## Divestments in Lithuania

### Top PE divestments *by value* (at historical investment cost) in Lithuania in 2020

#### BaltCap Private Equity Fund II

Made a partial divestment of ECOSERVICE, a company providing waste management services.\*



#### BaltCap Infrastructure Fund

Made a partial divestment in FOREST INVESTMENT, a heat from biomass producer in Lithuania.\*



#### BaltCap Private Equity Fund III

Made a partial divestment of KREKENAVOS AGROFIRMA AND MESA LT (largest Lithuanian meat processing companies).\*



### Top VC divestments *by value* (at historical investment cost) in Lithuania in 2020

#### Practica Venture Capital

Sold its stake in TELEVIZIJOS IR RYŠIO SISTEMOS UAB, a company providing integration services of specialised professional audio and video systems.



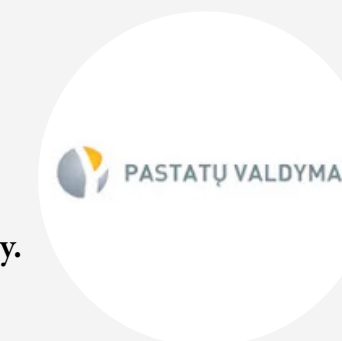
#### Practica Venture Capital

Sold its stake in EAST WEST AGRO UAB, a company specializing in agriculture machinery and spare parts distribution.



#### Lithuania SME Fund

Fully divested its remaining stake in YGLE PASTATU VALDYMAS, a building maintenance company.



\*The list of events treated as divestments in the analysis and report includes proceeds from investments which are distributed in the form of returning loans.

# Private equity and venture capital in *Estonia*

Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

# Estonian Market Overview 2010-2020

Out of EUR 1.2B capital raised, less than 2% was raised by funds investing solely into Estonian companies, while the major portion was raised by funds with an international focus.

Practically all of the pure Estonia-based funding came from institutional funding (94.6%). For internationally focused funds this number amounted to 63.9%. 2020 also witnessed the first fundraising from an endowment fund.

## ○ Estonian VCA members included in the survey



**SUPERANGEL**

**BaltCap**

**TERA  
VENTURES**

karma.vc



**CHANGE VENTURES**  
BACKING AMBITIOUS BALTIC FOUNDERS

**LIVONIA  
PARTNERS**

**UnitedAngelsVC**

**TRIND** VC

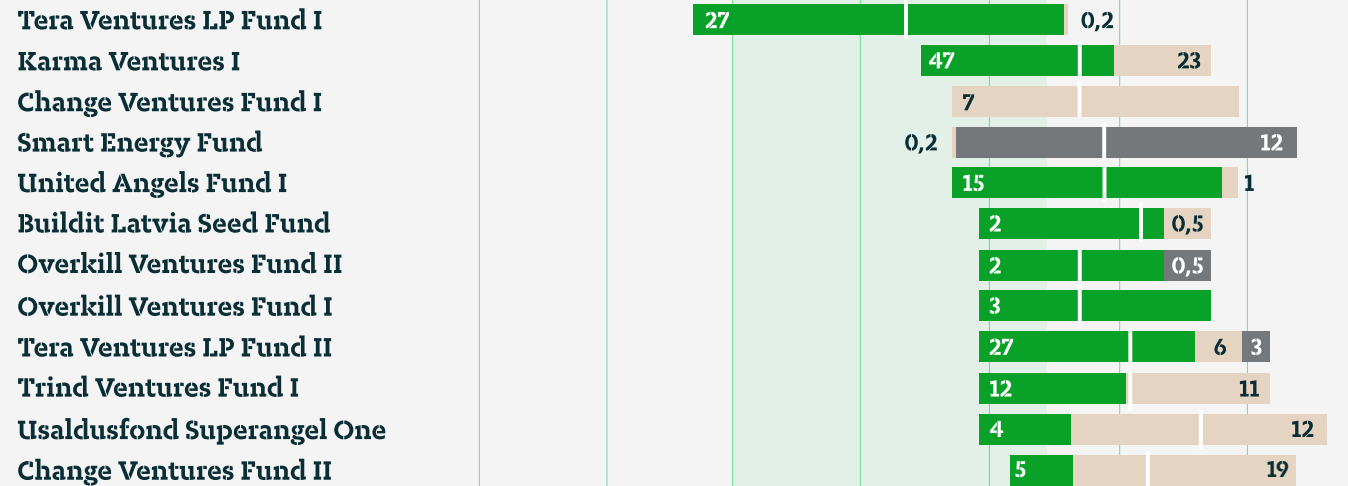


# Landscape of PE/VC funds that invest in Estonia

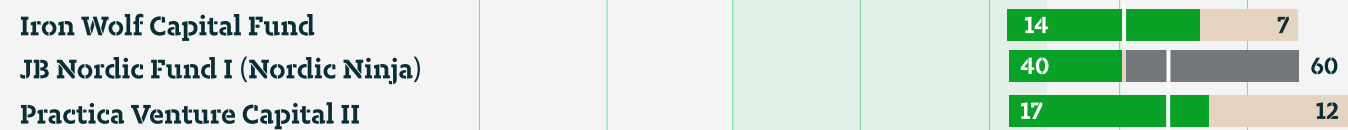
as at 31<sup>st</sup> December 2020

Funds raised by funding source and fund period, (EURM)

## Early ventures



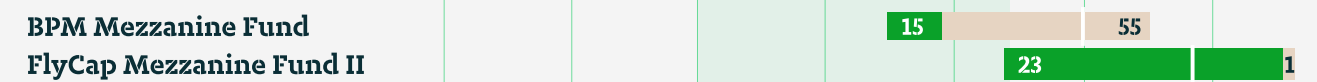
## Late ventures



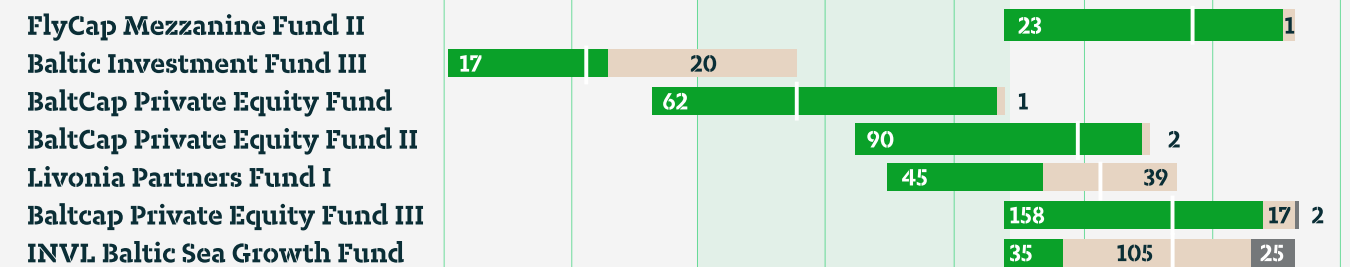
## Growth investments



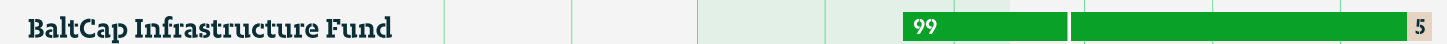
## Mezzanine



## Buyout



## Infrastructure



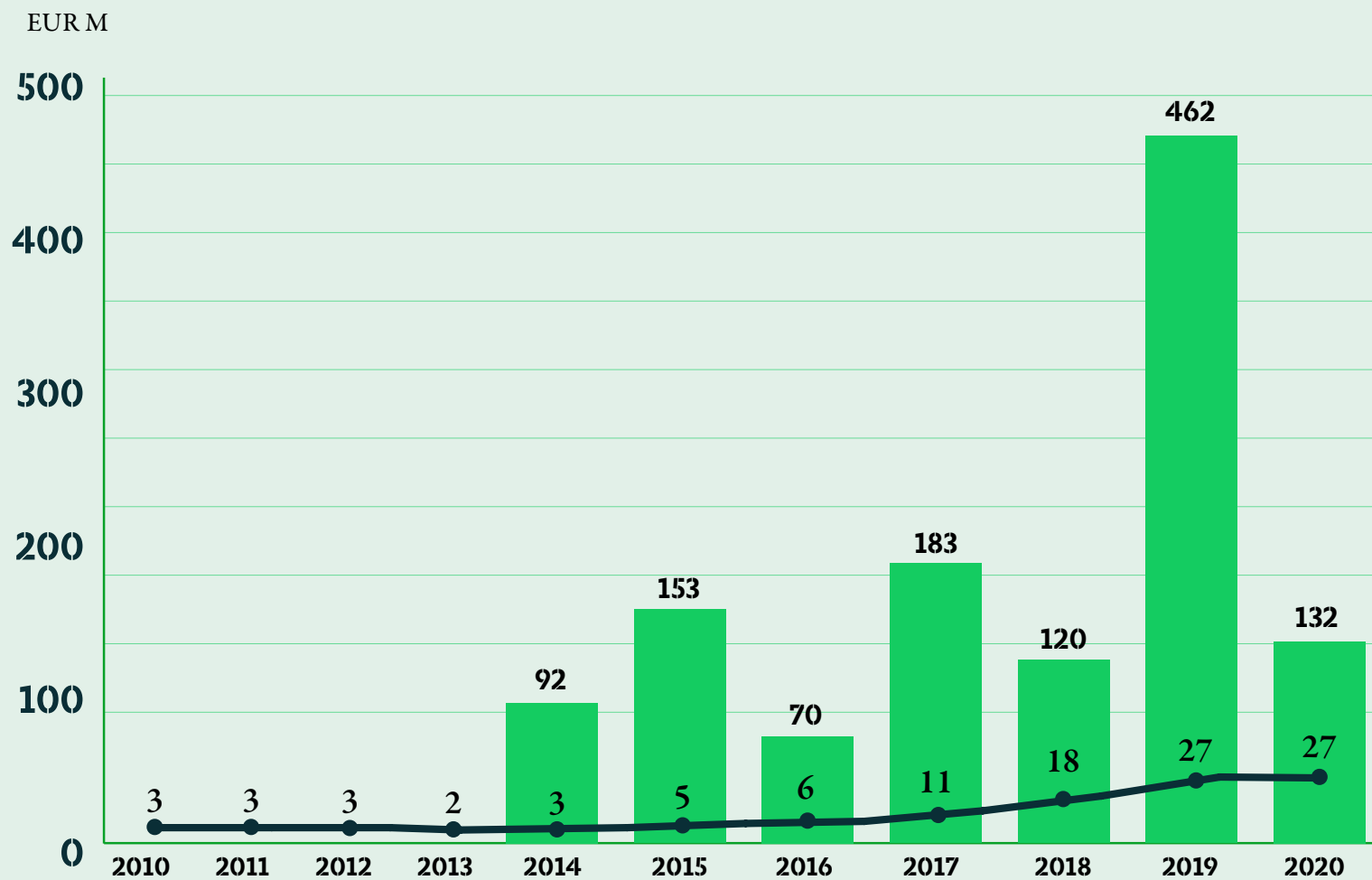
2000 2005 2010 2015 2020 2025 2030 2035 2040



## Fundraising in Estonia

# Fundraising during 2010-2020

Capital raised annually during 2010-2020



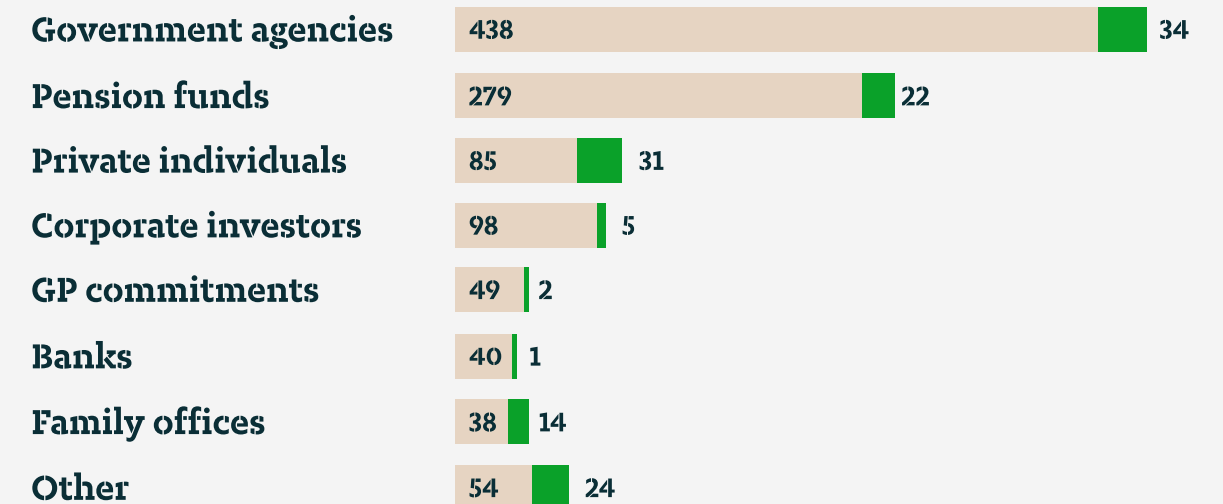
Capital raised  
Active fund count

After record fundraising volumes in 2019, mostly due to BaltCap and INVL Asset Management's rounds of EUR 227.4M and EUR 141.9M respectively, funding slowed down in 2020.

The total number of active funds, however, that invest in Estonia has stayed at the same level.

## Capital raised *by investor type*

2010-2020, EUR M<sup>14</sup>



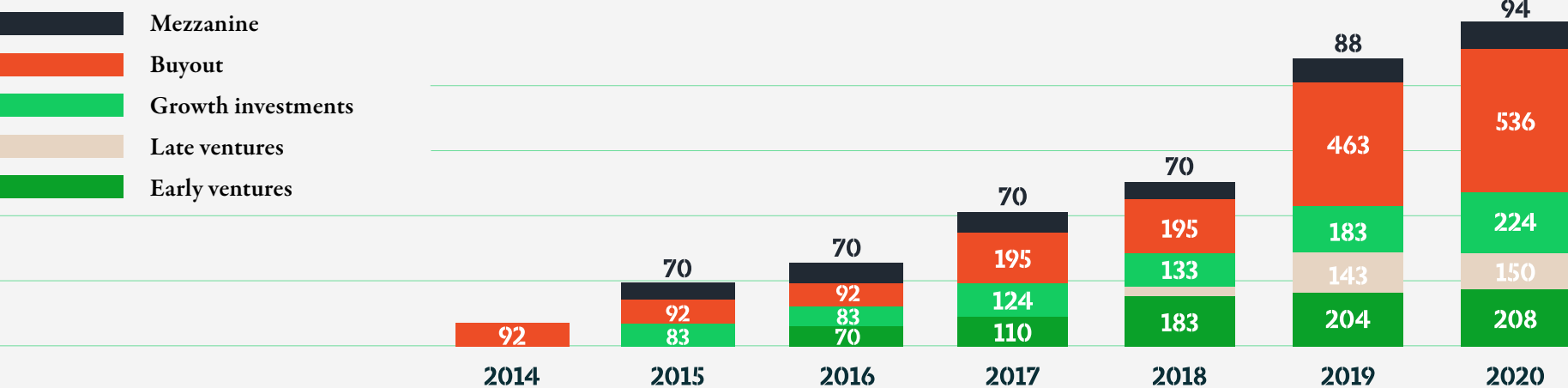
2020  
2010-2019

<sup>14</sup> Other sources include: International finance institutions, Fund of funds, Public sector, Sovereign wealth funds, Other asset managers, Insurance companies, Private investors, Endowment funds.

## Fundraising in Estonia

### Total capital raised by PE/VC funds by fund stage focus

Cumulative capital raised during 2010-2020, EUR M



Out of EUR 1.2B capital raised, almost half (44.2%) was attracted by buyout stage funds, followed by growth and early venture investors, which raised 18.5% and 17.2% of total capital respectively.

Similarly, in 2020, buyout stage focussed funding dominated with 55.5% of the total capital raised; however, growth investment stage funds managed to also attract a significant portion of total 2020 funding (31.4%).

**During 2010-2020, out of the funds that currently invest in Estonia, the largest cumulative amount was raised by BaltCap EUR 513.3M.**

**In 2020, for the first time EUR 0.3M of funds was raised from an endowment fund.**

Investors to funds by location in 2020:



## Investments in Estonia

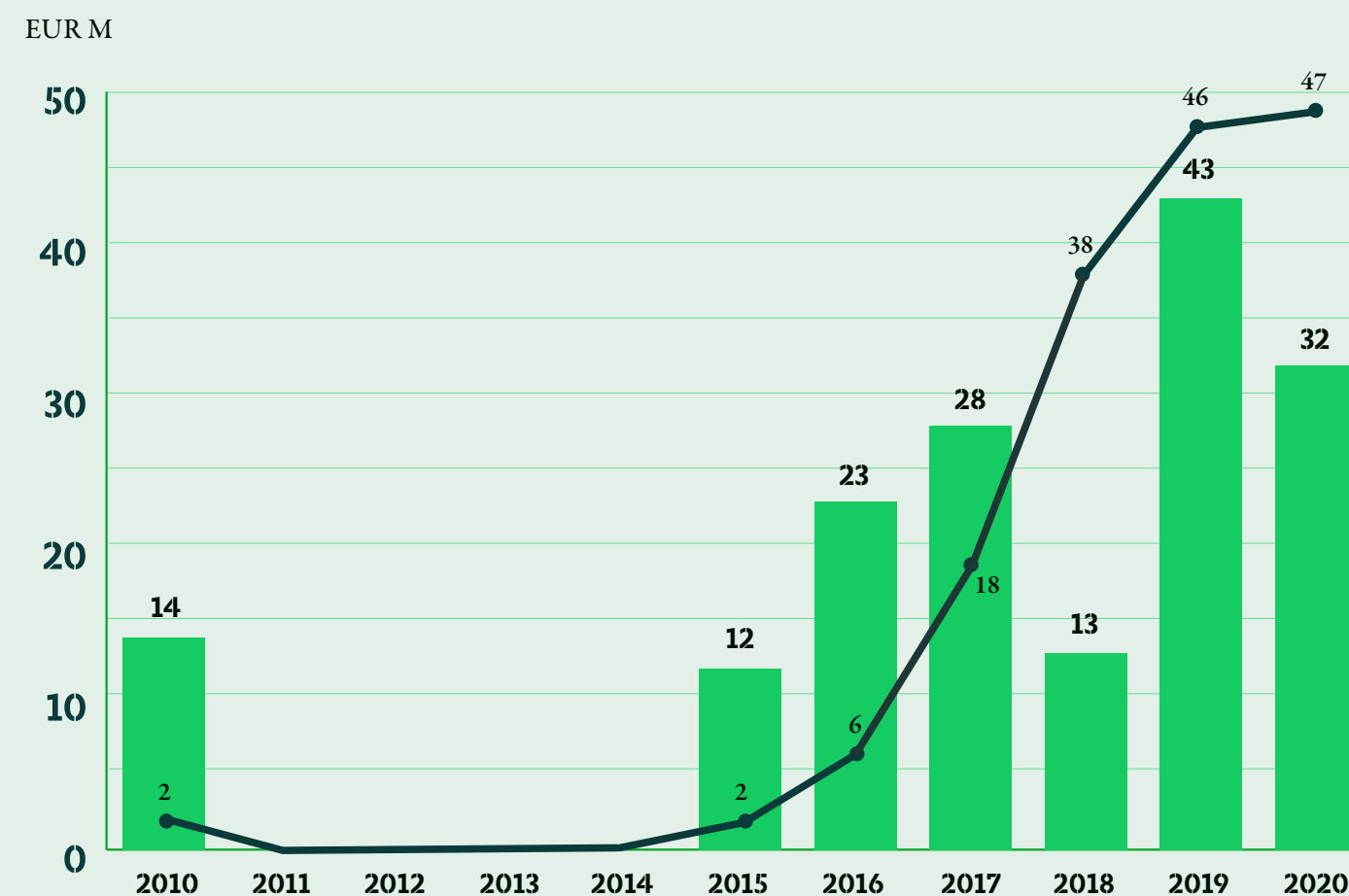
# Investments during 2010-2020

Comparing to 2019, in 2020 amounts invested in Estonian companies were 24.8% lower, while the number of investments stayed at a similar level.

## Capital invested

In EUR M

■ Deal value  
— Deal count



*Investments in Estonia*

**Top PE investments  
by value in Estonia in 2020**

**BaltCap Private Equity Fund III**

Acquired a controlling stake in **RIDANGO**  
(a public transport software solution provider).



**Equity United**

Invested in **PE HOLDING**  
(an alternative energy company).



**BaltCap Growth Fund EuVECA**

Invested in **VIRU HAIGLA**  
(a private ambulance business and elderly care chain).



**Top VC investments  
by value in Estonia in 2020**

**BaltCap's JB Nordic Fund I**

Invested in **VERIFF**, a company providing  
identity verification technology.



**Karma Ventures I SICAV-SIF, SCS**

Invested in **MODULARBANK**  
(a banking platform).



**Change Ventures Fund II**

Invested in **VERIFF**,  
a company providing identity verification technology.



## Investments in Estonia

# Sector, stage and type

During the period under review, the highest amount was invested in computer and consumer electronics (EUR 47M).

However, until 2020, consumer goods and retail was the most popular industry among the funds (41.8% out of the total 2010-2019 investments).

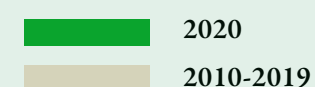
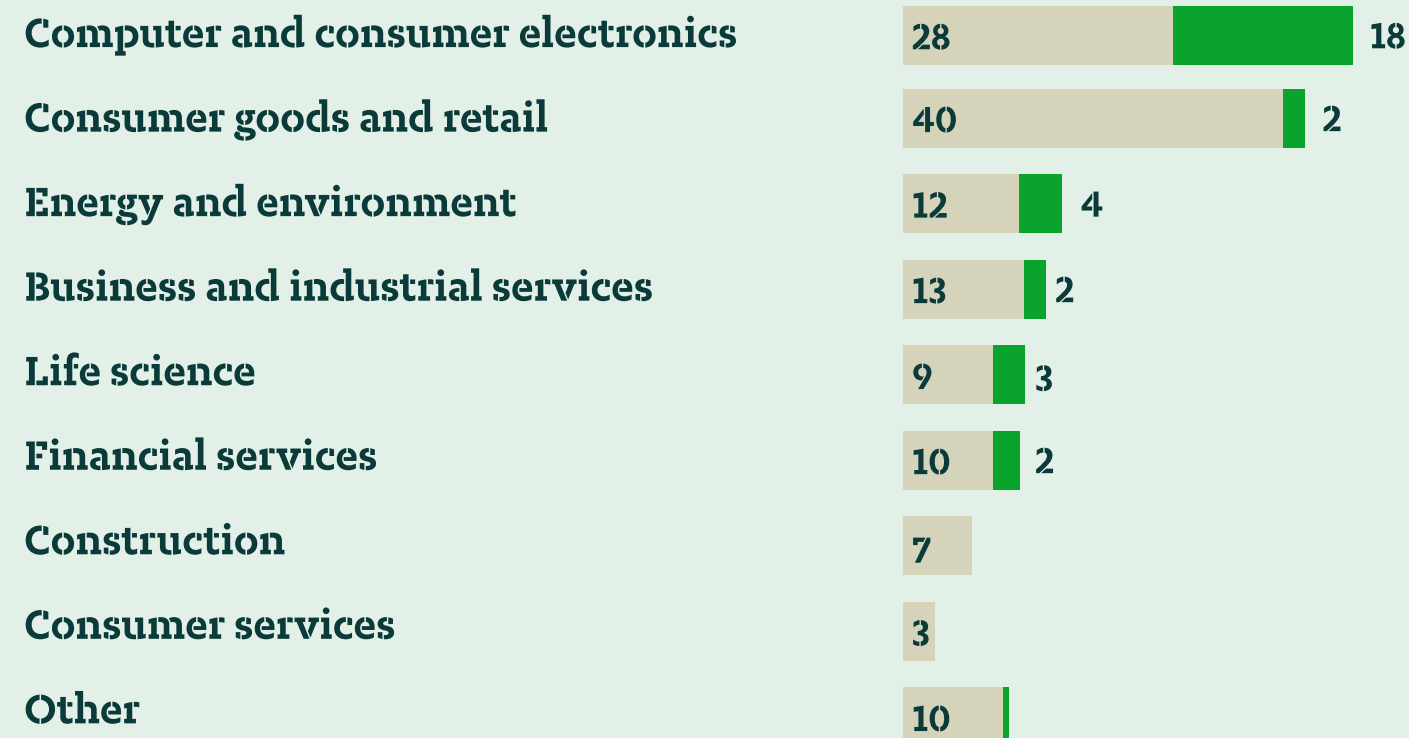
2020 was a record year by deal value for the computer and consumer electronics sector, mainly because of three large investments in Ridango (BaltCap), Veriff (BaltCap) and Modularbank (Karma Ventures).

In 2020, apart from computer and consumer electronics, the largest share of investments was made into the energy and environment, and life sciences sectors (13.1% and 9.4%, respectively).

The highest number of investments (23 out of 47) was made into the computer and consumer electronics sector, which totalled EUR 18.4M by value.

## Investment *by sector*

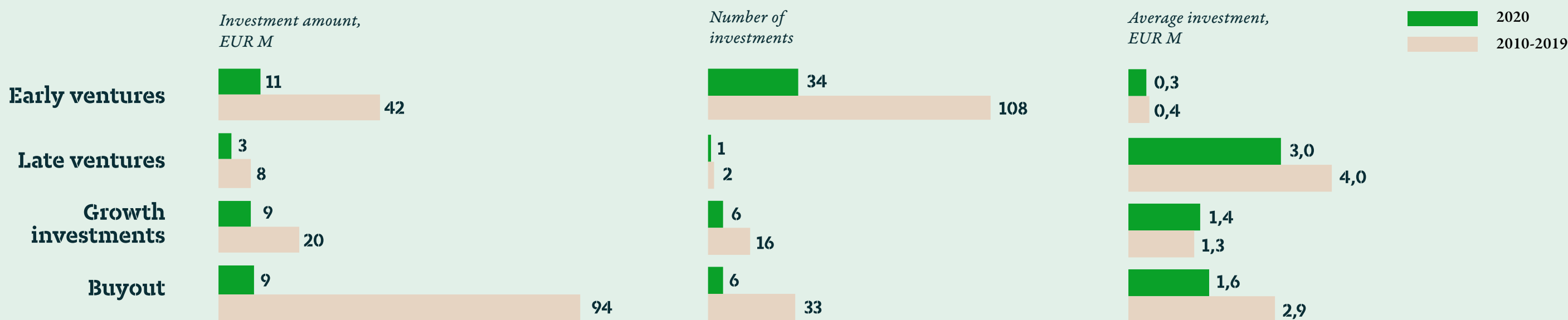
2010-2020, EUR M



# Sector, stage and type

Funds' investments in Estonia 2010-2020

## Investments by stage <sup>15</sup>



In 2020, early stage deals comprised the largest proportion of total investments. Growth and buyout investments reached relatively similar deal value to each other in the year.

Comparing the average investment size against the whole period under review, in 2020 average investments increased for growth ventures, while decreasing for all other stages.

<sup>15</sup> Due to the unavailability of historical data, deal count prior to 2019 is reflects a number of companies that funds had invested in. 2019-2020 data shows the number of individual investments made by funds.

## *Investments in Estonia*

# Portfolio companies

### Reported information of Funds portfolio companies

As at 31st December 2020<sup>16</sup>

<i>Total turnover</i>	EUR 737 M.
<i>Number of active portfolio companies</i>	82
<i>Number of total employees</i>	3,174
<i>Taxes paid</i>	EUR 45.1 M.

The Estonian economy has been showing solid growth. Since 2017 its real GDP grew on average by 5% each year.

The economy suffered a modest decline in 2020 (contraction of -2.9%) compared with the euro area average; however, it is set to rebound and reach close to pre-pandemic levels by the end of 2021.

**Estonia has well-developed electronics, telecommunications, information technology (IT) and wood industries.**

<sup>16</sup> A significant amount of data (approximately 40%) relating to portfolio company specifics have not been provided by study participants. Information is compiled only from the data that has been available.

*Investments in Estonia*

## **Portfolio companies**

**14,5%**

*of female board members  
in the Estonian companies of funds*

**14,5%**

*of female CEOs in the  
Estonian companies  
invested of funds*



## Invested capital in Estonia

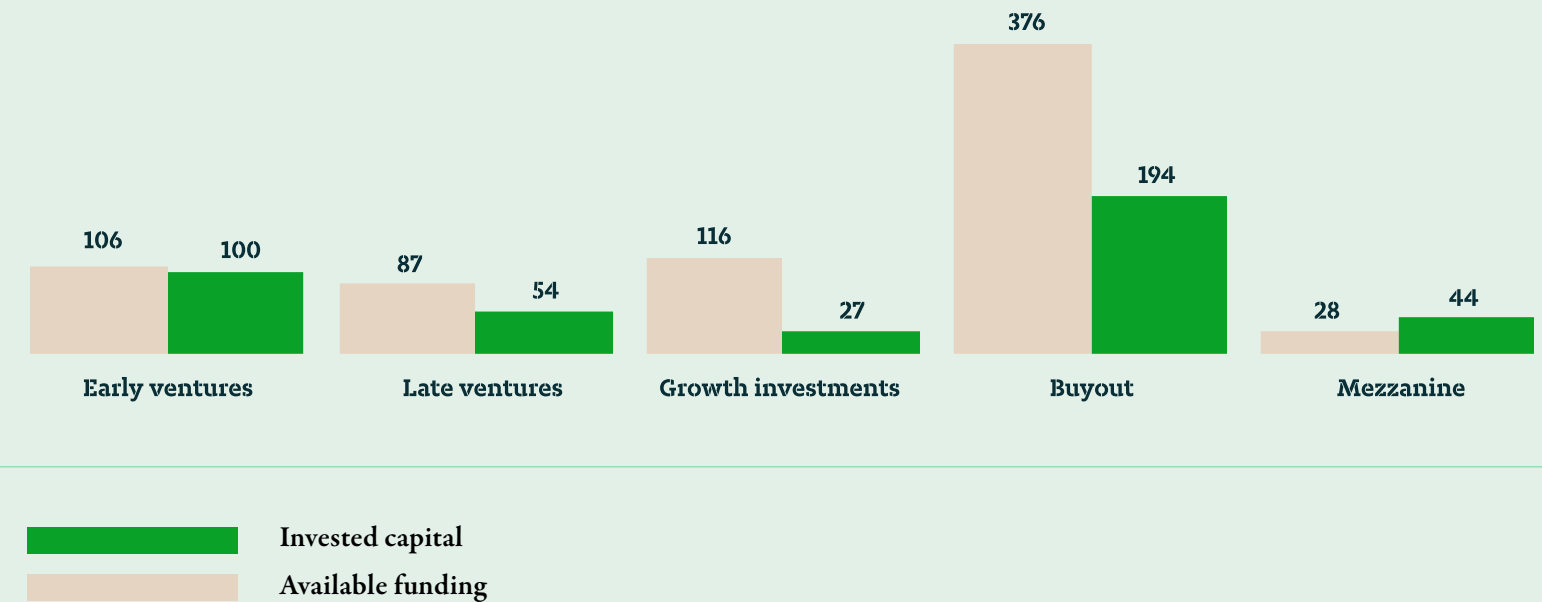
# Dry powder

At the end of 2020, 37.0% of total capital was already deployed, leaving funds with more than EUR 700M available for investment.

The largest amounts of available and invested capital, just as at the end of 2019, were kept in and invested by funds focussing on buy-out investment strategies.

## Capital available for investments by fund's strategy

as at 31 December 2020 EUR M<sup>17</sup>

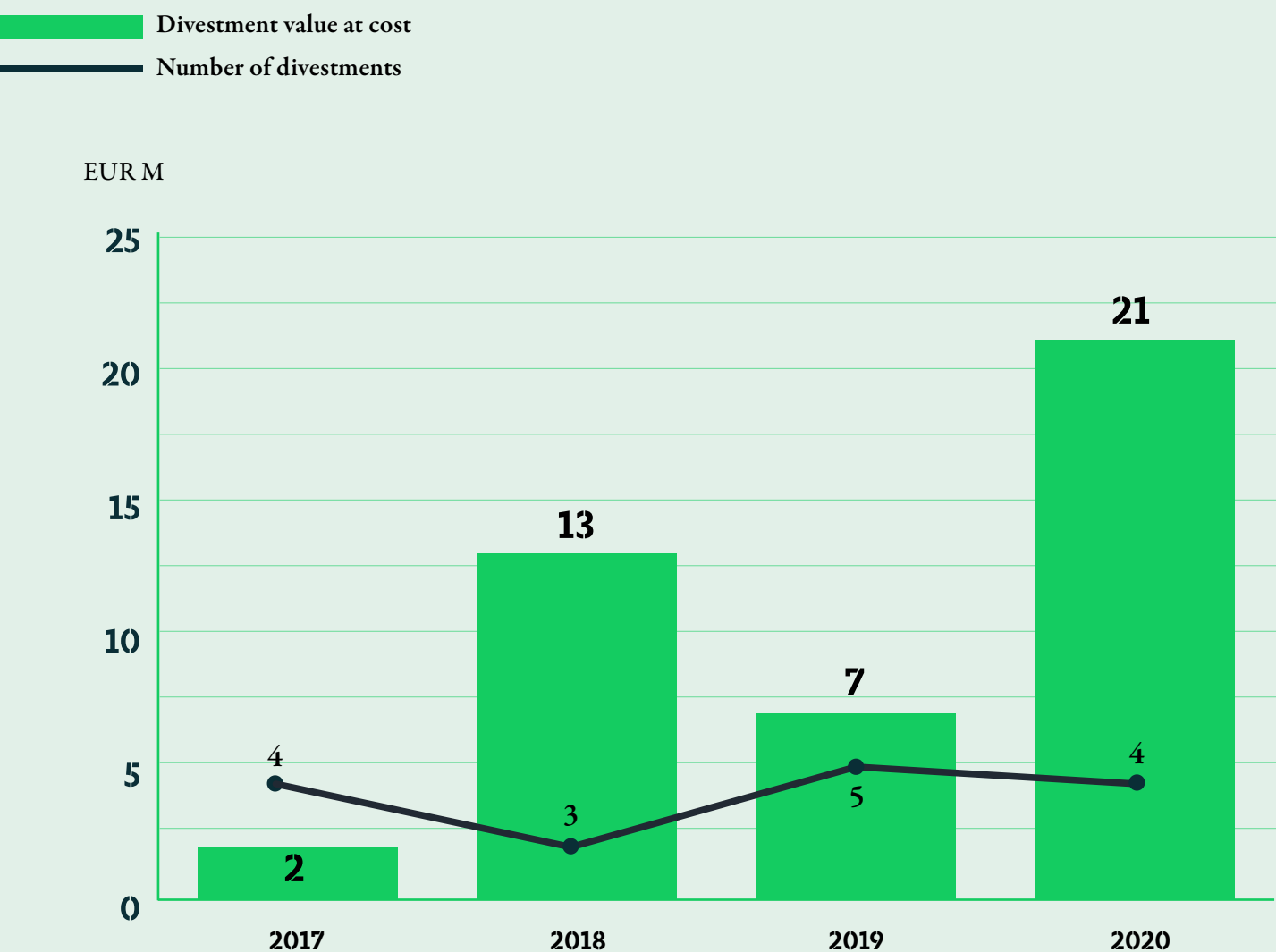


<sup>17</sup> Available funding describes total funds available in the Baltic countries by all funds, while invested capital represents the amount invested by all funds. These funds are not necessarily available exclusively to Estonia. If the fund's focus is Pan-Baltic, it was assumed that funding is available in Estonia.

## Divestments in Estonia

# Divestments, annual and cumulative during 2010-2020

### Divestments at cost 2010-2020

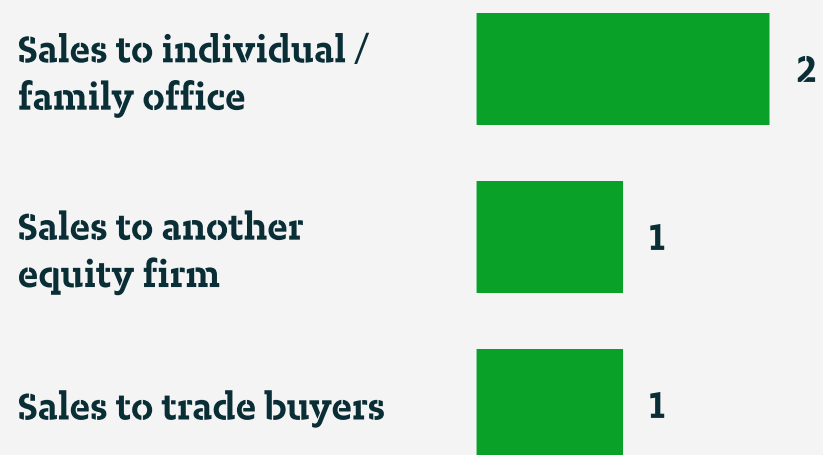


In 2020 four divestments were made, which is mostly in line with previous years.

However, the value at cost of total divestments significantly increased in 2020 and amounted to EUR 21M.

This is mostly attributable to Livonia Partners selling their stake in Thermory.

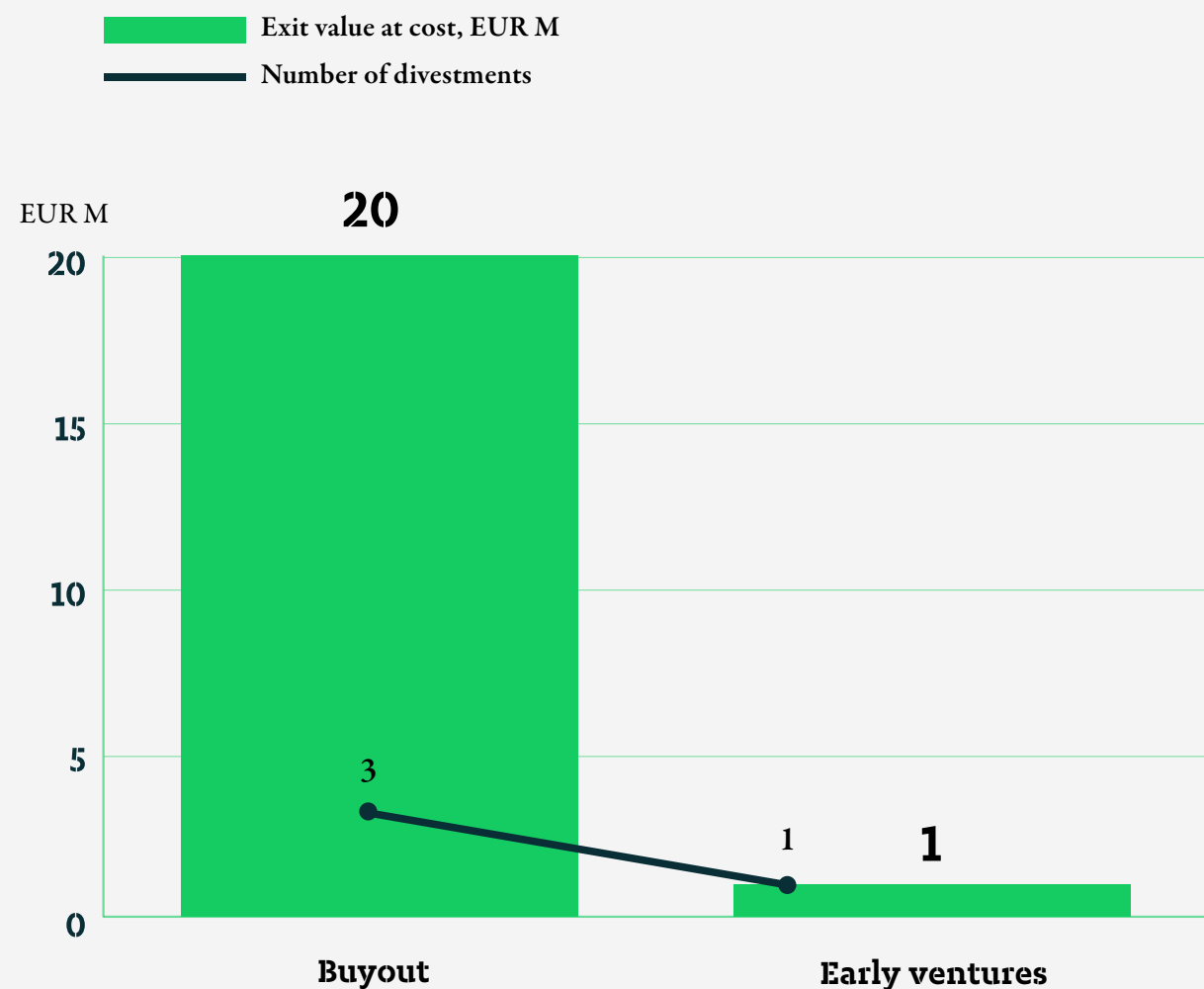
### Number of exits *by type* 2020



*Divestments in Estonia*

# Divestments, annual and cumulative in 2010-2020

*Exit value at cost by investment stage 2020*



○ During 2020, out of the total divested amount of EUR 21M, a major portion was divested by Livonia Partners and BaltCap.

There were a small number of divestments in Estonia during 2020, with the largest exit value concentrated in buyout divestments.

*Divestments in Estonia*

**Top PE divestments *by value*  
(at historical investment cost)  
in Estonia in 2020**

**Livonia Partners**

← Fully sold its stake in THERMORY,  
a producer of thermally modified wood.



**BaltCap Private Equity Fund II**

← Sold its stake in AUTO24,  
an automotive classifieds portal in Estonia.



**Top VC divestments *by value*  
(at historical investment cost)  
in Estonia in 2020**

**Karma Ventures**

← Sold its stake in PLUMBR,  
an Estonian software product company.



# Approach to Market Overview

Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

## *Approach to market overview*

# Scope of the Market Overview

This Market Overview was prepared by the Lithuanian Private Equity and Venture Capital Association (LTVCA), Latvian Private Equity and Venture Capital Association (LVVCA) and Estonian Private Equity and Venture Capital Association (EEVCA) (together Baltic VCAs), in cooperation with Deloitte Estonia, Deloitte Latvia and Deloitte Lithuania (together Deloitte).

The Market Overview presents the latest developments and historical trends of the Lithuanian, Latvian and Estonian (together Baltic States) Private Equity and Venture Capital (PE/VC) market.

*The key areas of the Market Overview are:*

- Capital raised by the PE/VC funds
- Investments made by PE/VC funds in their portfolio companies
- Realisation of investments previously made (Divestments) by PE/VC funds

## *Geographic definition*

As the Market Overview was focussed on the Baltics States PE/VC landscape, data was collected and analysed in relation to the PE/VC funds that in their investment mandate define at least one of the Baltic States as a primary investment location. Only PE/VC funds that had personnel dedicated to investments in the Baltic States were included in the Market Overview.

## *PE/VC fund definition*

Companies established at any legal form and incorporated in any jurisdiction were considered as PE/VC funds if their primary purpose was investing in or buying out companies from pre-seed to buyout stage that are engaged in operating activities or infrastructure investments (excluding real estate development companies or holding companies). Companies were defined as PE/VC funds only if they had an independent management which could independently select investments from the market. It was considered that a company's management was independent if the majority of the managed funds (assets) of the fund were not directly or indirectly owned by that fund's management. Publicly traded investment funds/companies were also excluded from the analysis.

Based on the PE/VC fund definition and geographic definition the following funds were excluded from the Market Overview: INVL technology, INVL Alternative Assets Umbrella fund, UTIB, four EfTEN Capital AS real estate funds, two Ambient Sound Investments funds, Mundus Bridge Finance fund, Capitalia, KŪB Koinvesticinis fondas and Modus Asset Management funds.

## *Approach to market overview*

### *Investment definition*

Investments by PE/VC funds in portfolio companies include direct equity investments, as well as debt and mezzanine types of instruments.

Investments were allocated to specific countries based on where the majority of operations were carried out, as well as the HQ and number of employees in a specific country.

Short-term financing (less than one year) is not included in divestment statistics. Add-on investments and deferred payments were included in the number of investments statistics as separate investments.

### *Divestment definition*

In this Market Overview, divestments from portfolio companies were defined at cost basis, meaning PE/VC funds divestments per portfolio company could not exceed cumulative investment amount in the same company. All cash received from portfolio companies to the fund in excess of cumulative investment amount made by the fund to the company were considered as fund gains and were not accounted as divestment inflows in this Market Overview.

Divestments were allocated to specific countries based on where the majority of operations were carried out as well as HQ and number of employees in a specific country.

Short-term financing (less than one year) is not included in divestment statistics.

### *Sources of data*

(members, non-members, public and Deloitte databases)

The majority of the data for this Market Overview was collected directly from the Baltic States PE/VC funds via survey, the majority of which were the members of Baltics VCAs. Some additional data was collected from public sources, as well as databases that the preparing parties had access to. The accuracy and completeness of the provided data was not verified or audited. No assurance for the quality or accuracy of the data can be provided.

### *Funding availability*

Some of the funds in the Baltic States have a clear national focus on one or two Baltic countries. In available funds for investments in a particular country we indicated funds as international if they indicated that their investment focus is all Baltic states and or wider region. In case a fund indicated that its focus is on a specific country – we indicated that this funding is available only in that particular country.

Numbers in graphs “Total capital raised by PE/VC funds” and “Capital available for investments by fund’s strategy as at 31 December 2020” do not reconcile due to different data sources. In “Total capital raised by PE/VC funds” the amounts provided by investors are considered, while in the later graph the total amount available and total amount invested could differ due to funds distributions to fund investors and realized investments returns.



## *Approach to market overview*

### *Previous period data*

Some data in the Market Overview for the periods prior to 2020 include data that was presented in the previous year's reports of Baltic VCAs. Past data in this Market Overview might be different as compared with data in the previous years' reports due to different PE/VC fund definitions, geographic funds operations definitions, updated information received from the funds for the previous years and other definitions that are used in this report.

### *Public financing related definitions*

- **BIF** – Baltic Innovation Fund is a Fund of Fund initiative launched by EIF in close co-operation with the governments of Latvia, Lithuania and Estonia to enhance equity investments made in small and medium sized enterprises. The initiative was financed by EIF committing EUR 52M, INVEGA (Lithuania), KredEx (Estonia) and Altum (Latvia) each committing EUR 26M.
- **EBRD** – European Bank for Reconstruction and Development.
- **EIB** – European Investment Bank.
- **EIF** – European Investment Fund supports Europe's SMEs.
- **INVEGA** – financial entity incorporated by the State of Lithuania with intent to provide support for SMEs. INVEGA financing also includes Co-Investment Funds (Co-Investment I, Co-Investment II, Co-Investment RDI) managed by UAB Kofinansavimas.

## *Other assumptions, disclosures and limitations*

Funding on the landscape graphs is classified as follows: Institutional funding - Government agencies, Public pension funds, Insurance companies, Fund of funds, Banks, Sovereign wealth funds, Other asset managers, Capital market, Public sector, International finance institutions, Endowment funds; Private funding - Private individuals, GP commitments, Family offices, Private pension funds, Private investor; Corporate funding.

Information about company revenue, number of employees and taxes of some of the investments were missing and may not be complete.

A limited amount of information was received from Open Circle Capital and is missing in this analysis. Some investments/divestments values were not disclosed by the funds and are missing from this analysis.

A few funds provided investments split by date, size and stage, but it could not be allocated according to the relevant sectors. A venture investments definition includes: pre-seed, seed, start-up, early stage venture and later stage venture investments. Generally, early venture investments are dedicated to prototype development and product/service market fit search, while late venture investments are more focussed on further product/service features development and first markets entry funding. Typically, in the Baltic market early venture investments would amount to less than EUR 0.4M and late venture investments would be – between EUR 0.4M and EUR 3M.

Capital available for investments by a fund's stage focus chart includes funds that were established prior to 2020. Historical data presented in fundraising sections is not comparable with data presented in the 2019 report due to: added historical figures from Superangel; Tera Ventures Limited Partnership Fund II and Practica Venture Capital II changing geographical focus from EE and LT, respectively, to pan-European;



## *Approach to market overview*

updated data figures received from the funds for the previous years. KS EuVECA Livonia Partners Fund I includes KS Livonia Partners EIF Co-Investment Fund, with EUR 10M financing raised from public sources.

BaltCap Private Equity Fund II and BaltCap Private Equity Fund III include BaltCap Co-Investment Fund, with EUR 10M and EUR 24M, respectively, financing raised from public sources.

Some data from other PE/VC funds was added to the analysis if provided or if available publicly.

Average investments and divestments may be understated due to some undisclosed investments/divestments amounts. Not all funds disclosed information on female/male board or committee members. Investments made by mezzanine funds were allocated to growth or buyout stages depending on the specific investment.

*Below is a list of PE/VC funds that provided data for the survey:*

- 
- BaltCap;
  - BPM Capital;
  - Buildit Latvia;
  - Change ventures;
  - Commercialization Reactor;
  - Contrarian Ventures;
  - Equity United;
  - Expansion Capital;
  - Fly cap;
  - Imprimatur Capital Fund Management;
  - INVL asset management;
  - Iron Wolf Capital;
  - Karma Ventures;
  - LitCapital;
  - Livonia Partners;
  - Open Circle Capital;
  - Orion asset management;
  - Overkill Ventures;
  - Practica Capital;
  - Startup Wise Guys;
  - Superangel;
  - Tera Ventures;
  - Trind Ventures;
  - Ühinenud Ingrid;
  - Verslo angelų fondas;
  - ZGI Capital;
  - 70 ventures.

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# About LT VCA

—→ <https://vca.lt>

**Lithuanian Private Equity and Venture Capital Association (LT VCA) was established by UAB LitCapital Asset Management, BaltCap UAB and UAB SEB Venture Capital in May 2009.**

Private Equity (PE) and Venture Capital (VC) investments have been present in Lithuania since the beginning of the 90s. Currently, we have 44 (14 full and 30 associate) active companies / members covering different types of venture capital business activities: fund management companies, consulting firms, lawyers, public institutions, etc., which support and advise investors and entrepreneurs in the structuring and management of their partnerships.

Apart from its services on behalf of members (monitoring of legal, regulatory and tax issues, research studies and statistics, training, development and communication, etc.), LT VCA serves as a central platform for representation and promotion of the VC business to institutional investors, opinion leaders, and public policy makers. The association helps to improve financing of the economy, for small business in particular, as well as promote economic growth and entrepreneurial spirit. LT VCA is open to cooperation with venture capital funds, asset management funds, investment funds, business angels, legal offices, financial consultants and all other players involved in the market of direct investments.

LT VCA unites private and venture capital market players, which during 2010-2020 invested EUR 188.2M into Lithuanian companies.



# About LV VCA

—→ <https://lvca.lv>

**Latvian Private Equity and Venture Capital Association (LVCA) is the oldest VC association in the Baltic region. It was established in 2003 by the then six largest companies operating in the venture capital industry in Latvia as well as Latvian public institution – the Investment and Development Agency of Latvia.**

The members of the association are fund management companies operating in Latvia and legal and financial consultants working for the industry. Currently, the association unites 39 organizations - the majority of participants in the country's venture capital industry.

LVCA represents the interests of the industry to state institutions and legislators. Additionally, the association is responsible for informing entrepreneurs and the public about the possibilities of receiving venture capital financing. LVCA promotes the exchange of knowledge and experience between the members of the association. The association also organizes and ensures cooperation with international and foreign venture capital associations.

LVCA unites private and venture capital market players, which during 2010-2020 invested EUR 128.3M into Latvian companies.



# About EE VCA

—→ <https://estvca.ee>

**EstVCA is the representative body of Estonian Private Equity & Venture Capital Industry and was established in 2009.**

Our membership comprises the most influential firms and decision makers across the industry, comprising leading Private Equity & Venture Capital funds, Mezzanine funds, Real Estate funds, Infrastructure funds and Family offices as well as institutional investors.

The goal of EstVCA is to develop a sustainable and attractive ecosystem for the benefit of entrepreneurs, fund managers and institutional investors and to increase the output of innovative and high growth potential companies in the Estonian economy. EstVCA has 23 members and 29 associate members. Combined assets of EstVCA members is EUR 2.4B.

EstVCA unites private and venture capital market players, which during 2010-2020 invested EUR 164.4M into Estonian companies.





Baltic Private Equity and  
Venture Capital Market

*Overview 2020*

2021