

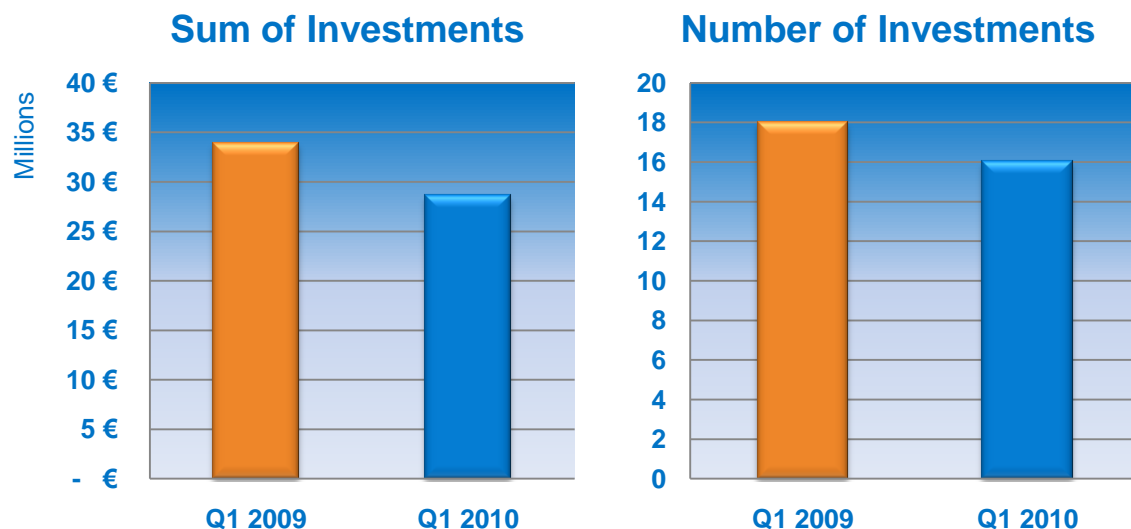
## SUMMARY OF FINNISH HIGH-TECH CAPITAL RAISING ACTIVITY – Q1 2010

*Technopolis Online Reports: Finnish high-tech growth companies announced that they have raised €28,6 million of risk capital during Q1 of 2010. The amount is slightly less than Q1 2009, when Finnish high tech companies were able to attract €33,9 million.*

Below are the findings of the Quarterly Survey conducted by Technopolis Online, which is at the forefront of high-tech venture capital research in Finland. This Survey reviews capital raised by private Finnish high-tech companies from Finnish and foreign venture capital funds, as well as angel investors. The Survey is based on both reported and proprietary information regarding over 270 Finnish and foreign investors, and almost 1,600 Finnish high-tech firms.

### Overview

The total number of investments made in Q1 2010 was 16, worth 28,6 million Euro. Compared to the first quarter of 2009, the number of investments declined by two and the value of investments declined by 5,3 million Euro (-16%). The biggest investment of the quarter was made by the Swedish venture capital firm Scope Capital Advisory, which invested 7 million Euro into Footbalance Systems Ltd. The case was managed and advised by Technopolis Fundraising Services team. Besides being the largest round of the quarter, it was the single largest foreign first round venture capital commitment since the techno-bubble burst in the early 2000's



During the quarter, the first Vigo-originated investments were recorded by Technopolis Online. Vigos are investors that have been approved by the Finnish government to use public sector incentives and to involve leading Finnish serial entrepreneurs to transform startups into growth companies. Investments were reported by both LOTS (Love of Technology Strategies) and Veturi Growth Partners.

#### **Technopolis Advised Footbalance in Raising Financing**

*Technopolis played a central role in helping Footbalance to raise financing. Footbalance contracted Technopolis in the spring 2009 to help create an investor presentation, prepare a financial plan and contact investors. Once the key investors had been identified, Technopolis set up the investor meetings and helped Footbalance to negotiate better terms for the financing, bridging gaps between the needs of venture capital investors and entrepreneurs.*

Other key highlights:

- The vast majority of investments were made into first rounds (64%)
- Helsinki Metropolitan Area received 63% of all investments, and 65% of all invested capital
- The most successful industry in fundraising in terms of Euros was life sciences, with 9,5 million Euro in investments
- Domestic investors were more active than in Q1 2009 (12 investments vs. 9 investments a year ago), but invested less capital (16,9 million Euro vs. 19,4 million Euro) -> The average investments size dropped from 2,2 million Euro to 1,4 million Euro
- Foreign investors were slightly less active than in Q1 2009 (3 investments vs. 4 investments in 2009) and invested less capital overall (11,3 million Euro vs. 12,4 million Euro)

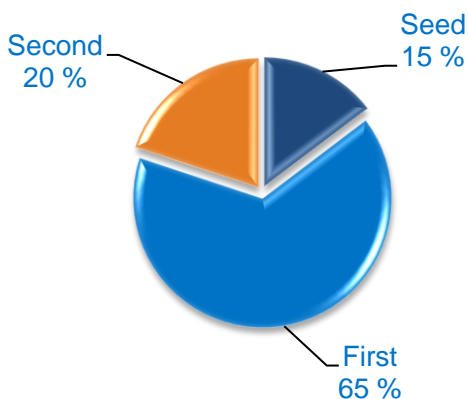
Technopolis Development Services Director Will Cardwell: “Domestic investors continue to pick up most of the slack given the lack of foreign investors. The biggest concern is that the median investment is far too small to support significant internationalization, which is something that must be addressed. The Footbalance investment is a landmark and shows that it is possible for a Finnish company to be financed for significant growth already in the first round. In addition, life sciences and health-related investments are starting to pick up some momentum.”

The quarterly report is based on information from the Technopolis Online service, and can be found entirely at [www.technopolisonline.com](http://www.technopolisonline.com).

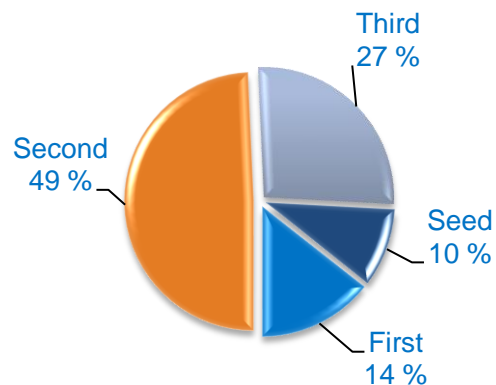
## Stage Distribution

In terms of stage distribution, there were significant changes from Q1 2009. While seed stage investments remained approximately at the same level (15% in Q1 2010 vs. 10% in Q1 2009), the vast majority of investments (63%) were first round investments. The number a year ago was only 14%. The second round investments constituted 20% of all investments while the number a year ago was 49%. There were no third round investments, while a year ago 27% of investments were in the third round. This disparity raises concerns that there is a declining amount of real “internationalization” growth finance entering the market.

Stage Distribution Q1 2010



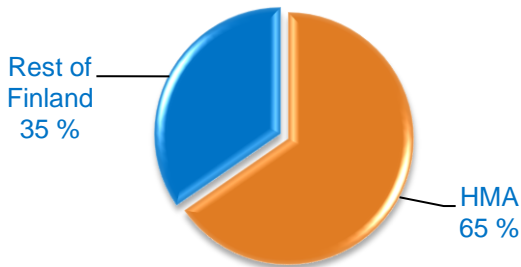
Stage Distribution Q1 2009



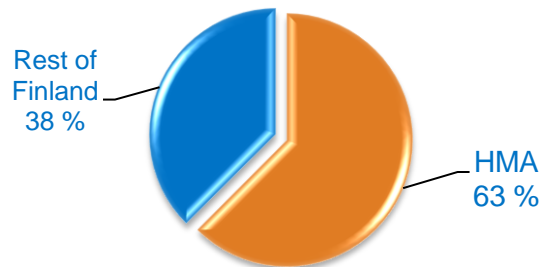
## Geographical Distribution

The geographical distribution of investments was surprisingly similar to the numbers from a year ago. Helsinki Metropolitan Area (HMA) received 63% of all investments, while a year ago the number was 61%. The similar trend was seen in the value of investments where 65% of all capital was committed to HMA located companies; a year ago the number was 64%.

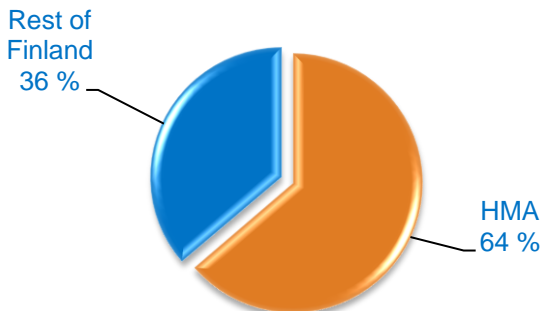
**Geographical Distribution of Value of Investments Q1 2010**



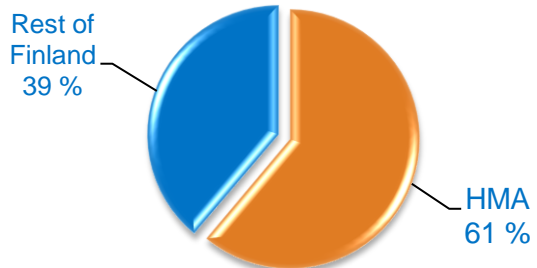
**Geographical Distribution of Number of Investments Q1 2010**



**Geographical Distribution of Value of Investments Q1 2009**



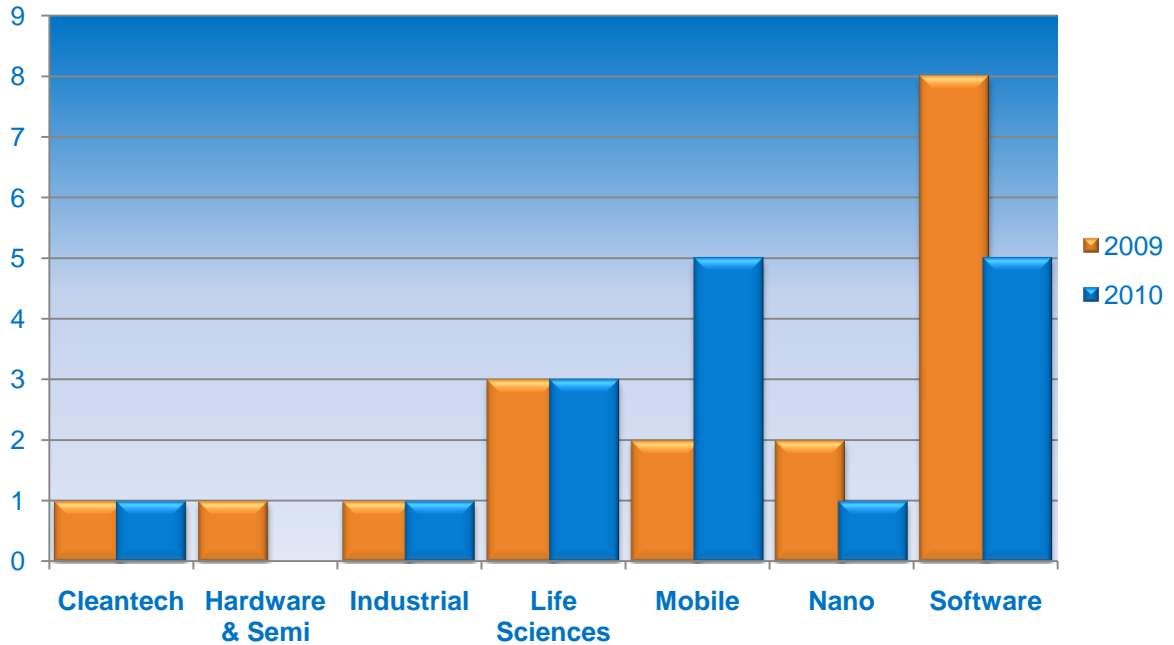
**Geographical Distribution of Number of Investments Q1 2009**



## Industry Distribution

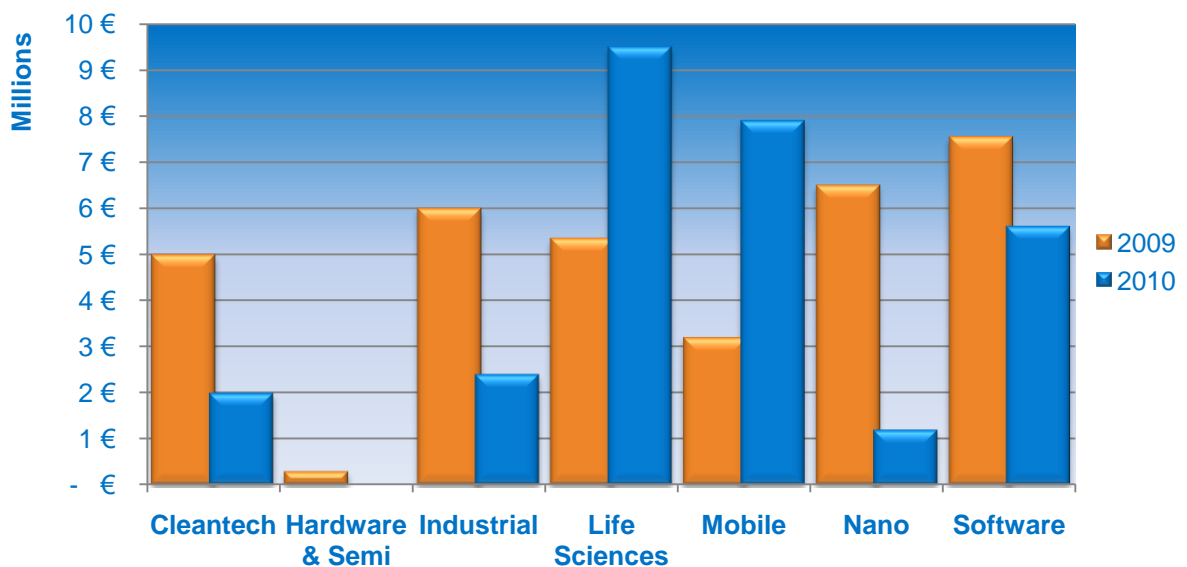
The mobile and software were the most active industry segments, both receiving five investment rounds. Last year, the mobile segment received only two investments while software received eight investments, showing mobile is increasing while software is declining. The life sciences industry received three investments, while nano, cleantech and industries each received one investment. No investments were reported in the hardware and semiconductor segments.

## Number of Rounds by Industry (Q1 2010 vs Q1 2009)



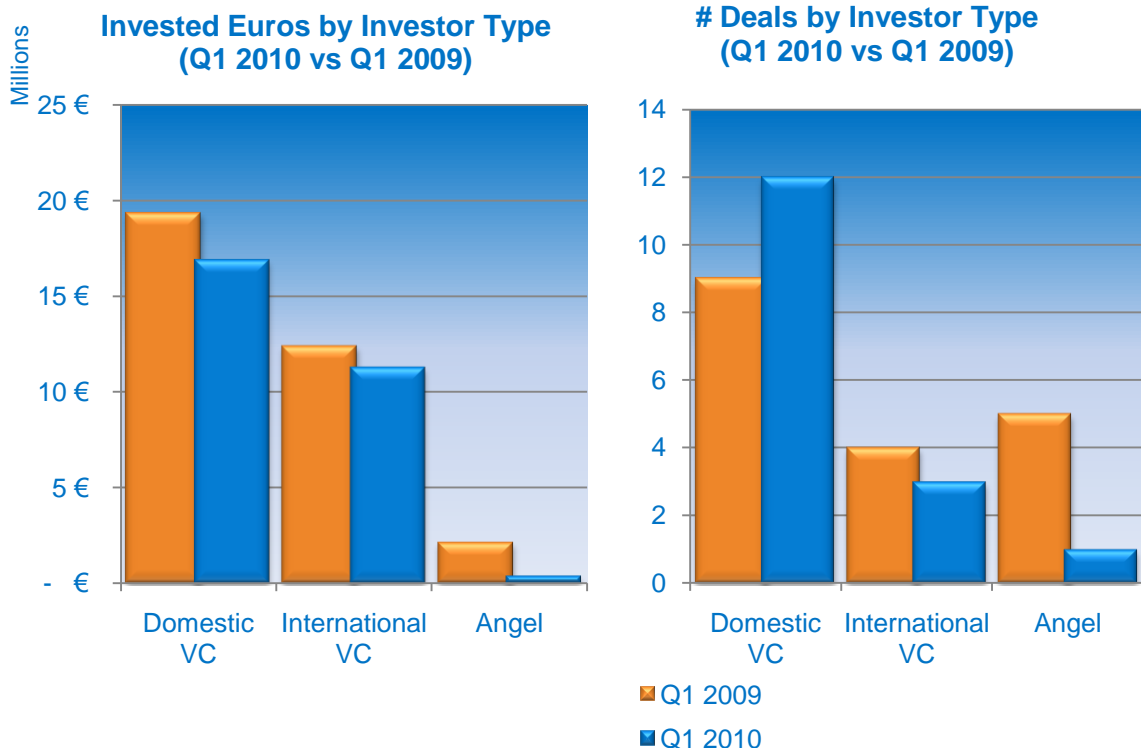
When analyzing industry distribution by the value of investments, the clear leader was the life sciences industry 9,5 million Euro (78% increase from a year ago), despite having only three investment rounds. The second biggest euro recipient of investments was the mobile industry with 7,9 million Euro, a 147% increase from a year ago. The biggest percentage drop from last year was in the nano industry, which received investments worth 1,2 million, down from 6,8 million Euro (-82%). Cleantech and industrial also witnessed significant drops, both industries receiving 60% less investments than a year ago.

## Value of Rounds by Industry (Q1 2010 vs Q1 2009)



## Investments by Investor Type

In the first quarter of 2010, Finnish investors made 12 investments worth 17 million Euro. From Q1 in 2009, the number of investments rose by four investments, but the value of total investments declined by 2,5 million Euro. This means that Finnish investors were more active, but made smaller deals, than a year ago. The number of international investments declined from four investments to three investments and the value declined slightly, from 12,4 to 11,3 million Euro. Angel activity declined significantly – in Q1 2009 there were five angel investments and in Q1 2010 there was only one according to Technopolis Online information.



## Our Methodology

We begin with investments reported in the press, using the assumption that a round is completed on the day when it is announced in the press. We then add all investments that are recorded by the teams in Technopolis' 6 locations around Finland. We then make any necessary estimates regarding to the sizes and distribution of investment among investor classes, based on the known characteristics of the investors in question. Finally, we use primary information sources - i.e. interviews of the entrepreneurs and/or investors - to confirm our estimates to the degree that they will provide us information. While these estimates have drawbacks, we believe that our information is the best available given the relatively secretive nature of venture capital investing in Finland. Using the announcement date as the "completion date" is a strong assumption, and we believe that it may create a significant lag in the results, but our goal here is to have a consistent methodology that allows year-on-year and international market comparisons.

## About Technopolis Online

Technopolis Online is the most comprehensive investment database of Finnish high tech industry that combines validated company data and the latest financing rounds to provide a platform for

visibility, business intelligence and transparent market information. By offering an unparalleled depth of market information in Finland and enabling the first national, real time statistical process and validation, Technopolis Online is the foremost information tool for all high-tech financing activities. Technopolis Online is operated by Technopolis Plc. The service will be publicly launched in September 2009.

For further details, please contact:

**Will Cardwell**, Director of Technopolis Development Services ([will.cardwell@technopolis.fi](mailto:will.cardwell@technopolis.fi))

**Karri Hautanen**, Head of Technopolis Development Services & Technopolis Online ([karri.hautanen@technopolis.fi](mailto:karri.hautanen@technopolis.fi)).