



Baltic Private Equity and Venture Capital Market Overview 2023

Executive Summary



Foreword



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KPMG Baltics Deals team and the Baltic VCAs are honoured to present the Baltic Private Equity and Venture Capital Market Overview 2023. The report has been prepared for the fifth year running, previously with Deloitte and now for the second year with KPMG Baltics.

This year's report marks the achievement of an important milestone as the total number of active funds reported surpasses 100 for the first time in the reports history and is a far cry from the 43 that were reported on in the very first report. In the same timeframe the number of fund managers has also close to doubled reaching 42, which enables us to provide an even better picture of the local Private Equity and Venture Capital (PE/VC) market.

Even though on a global scale 2023 will be remembered as a challenging year for the PE/VC space, the Baltic region showed strong resilience. Total cumulative capital raised by Baltic fund managers exceeded the €3 billion mark reaching a total of €3.4 billion, with close to €800m raised in

2023 alone. It was another strong year for VC fundraising as Baltic fund managers raised €542 million. By the end of 2023 the amount of dry powder still to be invested by Baltic PE/VC funds was close to €1.6 billion.

In these turbulent times Baltic fund managers continued investing into local companies with a total of 297 transactions taking place (YoY growth of over 30%) at a total at cost value of €239 million.

Furthermore, Baltic fund managers are also increasingly expanding their geographic focus, with annual outbound investments totalling €95 million over 147 deals and Baltic investments reaching countries as far as Kenya & Indonesia.

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.



Baltic Market Highlights

- 3.4B EUR** raised since 2010
- 778M EUR** raised in 2023
- 1.6B EUR** dry powder as at the end of 2023
- 297 deals** involving Baltic companies in 2023
- 239M EUR** amount invested into Baltic companies in 2023
- 147** investments outside of the Baltics in 2023
- 95M EUR** outbound investments in 2023
- 101** active funds as at end of 2023

Baltic Investor Universe



BaltCap

LIVONIA PARTNERS

EXPANSION CAPITAL

BaltCap

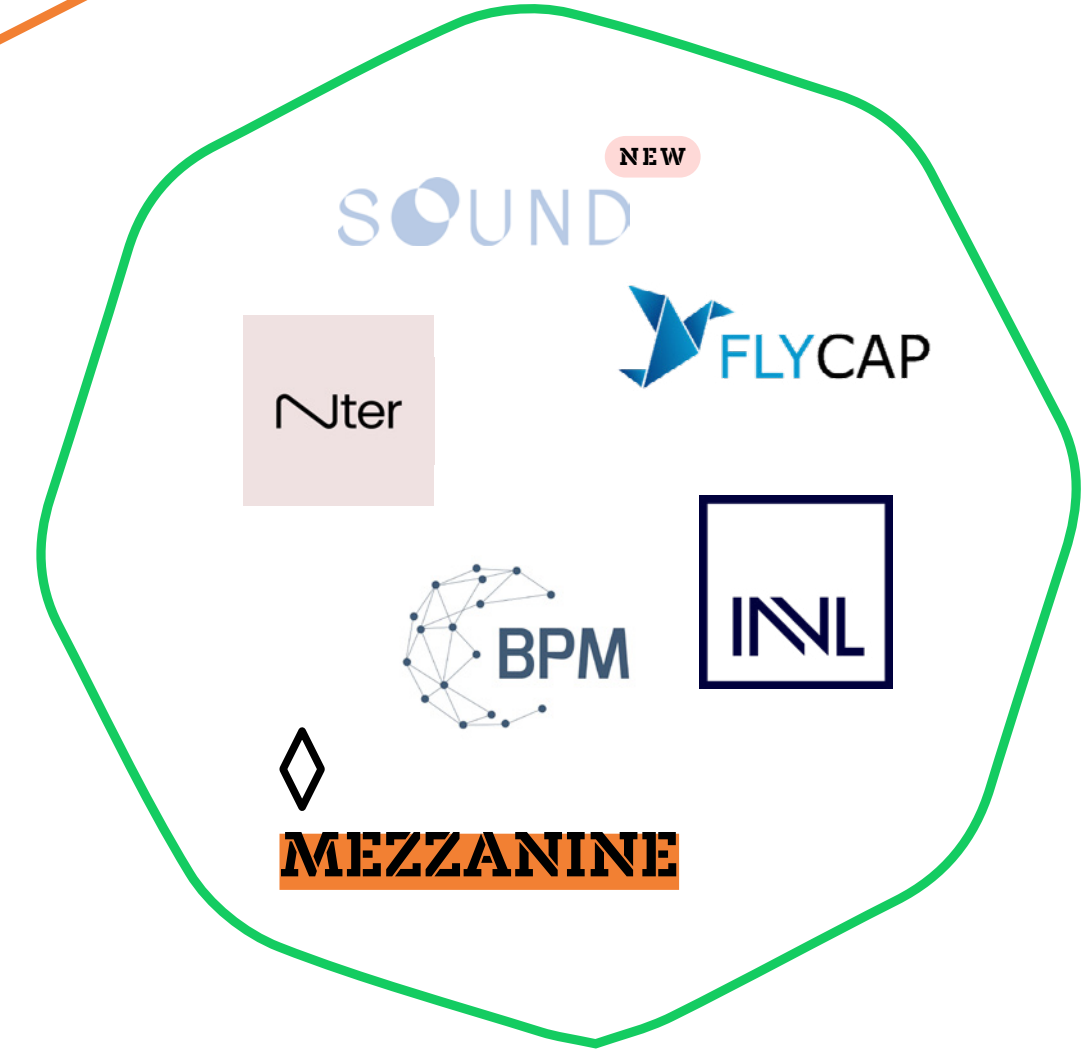
NordicNinja
by JB Nordic Ventures

BaltCap



LATE VENTURES

SIENA 2NDARY



OVERKILL VENTURES



TERA VENTURES



EARLY VENTURES

karma.vc



CHANGE VENTURES
BACKING AMBITIOUS BALTIC FOUNDERS

EXPANSION CAPITAL



BUSINESS ANGELS FUND

SUPERANGEL



firstpick

specialist VC

Practica Capital



TRIND VC

GROWTH INVESTMENTS

BaltCap



LITCAPITAL



EQUITE



INFRASTRUCTURE & REAL ASSETS

BaltCap



MODUS ASSET MANAGEMENT

New includes fund managers which shared their data for the first time in this report.

○ Estonia

Despite of challenging market conditions, 2023 saw a relatively high fundraising activity. The larger funds that have been established (either domiciled in Estonia, having a partner level Estonian team member or an office in Estonia) include Plural Fund II, NordicNinja Fund II & 2C Ventures Fund I. The state fund of fund SmartCap is also included in the report for the first time as it started direct investments strategy in 2023 to facilitate the growth of cleantech companies in Estonia. From the perspective of geographic spread, the year marked also considerable capital flow into funds from Asia and North America.

In 2023 Baltic PE/VC funds invested €53 million into Estonian companies over 100 transaction.

Investment activity was driven by VC funds who accounted for 56% of the total amount invested into Estonian companies.

2023 saw divestment activity decrease as increasing capital costs and decreasing valuations discouraged some investors to pursue exits.

○ Latvia

In 2023, Baltic funds' investments in Latvian companies reached an all-time high in terms of total amount (€65 million) and deal count (93 transactions). Most of the total amount invested was provided by PE funds. The deal count increase was due to early venture investments.

The business and industrial products sector received the most investments (36%), followed by the energy and environment sector (27%).

Divestment activity in 2023 decreased, similar to global tendencies, and there were fewer write-offs as in other Baltic countries.

○ Lithuania

In 2023, Lithuanian portfolio companies experienced a notable increase in divesting activity compared to previous years, distinguishing itself from its Baltic counterparts. The exit value surged by 64% year-over-year, reaching €20 million, despite a slight reduction in the number of exits, totaling 20. Early venture and growth divestments dominated, while PE funds led investment, contributing 78% of the total €111 million invested in Lithuanian companies. Consumer services attracted the most investment, reflecting confidence in the sector.

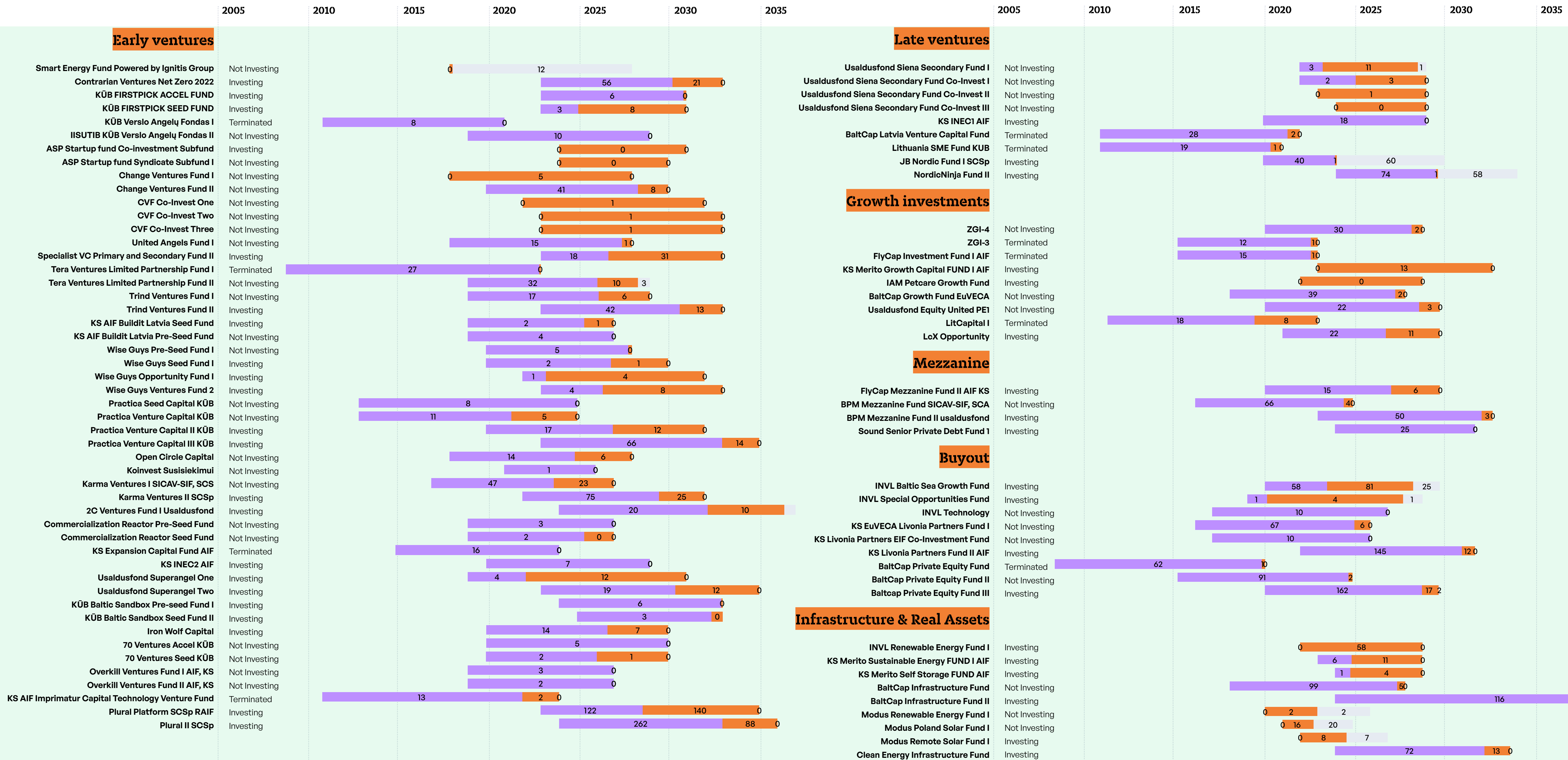
The local PE/VC space is evolving, with a shift towards diverse funding sources. Despite a decline in private individual investment, transaction volume surged, indicating a vibrant investment landscape in Lithuania.


Landscape of PE/VC funds that invest in the Baltics

as at 31st December 2023

Funds raised by funding source and fund period (vintage and termination year), EUR M¹

¹Excludes evergreen funds. Excludes funds which have not fundraised or disclosed fundraising





Methodology

Methodology

Scope of the market

The Baltic Private Equity and Venture Capital Market Overview 2023 (“report”) was prepared in collaboration by the Estonian Private Equity and Venture Capital Association (ESTVCA), Latvian Private Equity and Venture Capital Association (LVCA), Lithuanian Private Equity and Venture Capital Association (LTVCA) (collectively “VCAs”) and KPMG Baltics (“KPMG”).

Extensive data collection and analysis has enabled us to present thorough insights of the Baltic Private Equity and Venture Capital (PE/VC) market as a whole as well as the Estonian, Latvian and Lithuanian PE/VC markets individually.

THE KEY AREAS INCLUDE:

- * Capital raised by the PE/VC funds
- * Portfolio company data and gender statistics
- * Investments made by PE/VC funds
- * Dry powder and capital invested by the PE/VC funds
- * Realisation of investments previously made (Divestments) by PE/VC funds

Data collection

The scope of data collection was Baltic-based PE/VC funds with the majority of them being VCA members. In total 42 fund managers were included in the analysis (as stated on page 13). It includes data from funds that are members of the Baltic VCAs or have significant presence/direct link (Baltic founding partner) to the Baltics. The data was collected from the PE/VC funds as a survey, based on definitions and methodology prescribed by the European Data Collective. The data was not audited and KPMG cannot provide assurance to the accuracy, completeness or quality of the data.

Fundraising - Funds

FOR THE PURPOSE OF THIS REPORT, PE/VC FUNDS ARE DEFINED AS:

- * Companies incorporated in any legal form and in any jurisdiction
- * Primary purpose was investing from pre-seed to buyout stage
- * Large part of the advisory team was located in any of the Baltic countries
- * Can independently select investments from the market i.e. the majority of managed funds are not directly or indirectly owned by funds management
- * Not publicly traded

Assumptions were made regarding the classification of funds between Baltics, Estonia, Latvia and Lithuania. Fund managers were asked to indicate whether each of their funds had a fund geographic focus of ‘National’, ‘Pan-Baltics’, ‘Pan-European’ or ‘Global’. ‘National’ funds invested solely in one Baltic country. ‘Pan-Baltic’ funds invested in more than one Baltic country. ‘Pan-European’ funds invested in more than one European country. ‘Global’ funds invested in more than one country within different geographic regions. As part of the methodological approach it was assumed that Baltic funds included ‘Pan-European’, ‘Global’ and all ‘National’ funds as capital is deployable in the Baltics, which is consistent to last year’s report. Individual country (Estonian, Latvian, Lithuanian) funds included that individual country’s ‘National’ funds as well as ‘Pan-European’ and ‘Global’ funds as capital raised is not exclusive and is deployable in that individual country (in many cases capital is raised and invested cross-border in the Baltics). This explains why fundraising and capital under management is similar for the Baltics, Estonia, Latvia and Lithuania as the only difference is ‘National’ funds. If a different approach was to be used, the analysis and its outcomes would differ.

Methodology

Funds were categorized into one of the six following categories: early ventures, late ventures, growth investments, mezzanine, buyout or infrastructure & real assets (solely real estate funds are not included in this analysis) as well as either private equity (PE) or venture capital (VC).

THE FUNDS LANDSCAPE GRAPHS:

- * **Institutional funding contains:** academic institutions, government agencies, pension funds, insurance companies, fund of funds, banks, sovereign wealth funds, other asset managers, capital markets, endowment funds and foundations.
- * **Private funding contains:** private individuals, GP commitments and family offices.
- * **Corporate funding contains:** corporate investors.
- * **Exclude evergreen funds as there is no set end date for such funds. But were accounted for in the data analysis and outcomes.**
- * **Excludes funds which have not fundraised or disclosed fundraising.**

Not all data pertaining to funds was provided by the funds, therefore it might not be fully representative of the true values.

Baltic PE/VC funds through the lens of gender balance

Not all data pertaining to gender balance was provided by the funds as a result of which some simplified assumptions had to be made. Therefore the results presented might not be fully representative of the true values, but provide a good benchmark.

Fundraising - Source of Funds

To ensure consistency with last year's report, the same methodology of using vintage year as the fundraising year was adopted.

Five years (2018-2023) of the cumulative fundraising graph was displayed, however the cumulative values start from 2010, not 2018.

Evergreen funds had inflows and outflows as their sources of funds.

Of those submitted to us, amount per type of investor was entirely undisclosed by Capitalia. Not all data pertaining to source of funds was provided by the funds, therefore it may not be fully representative of the true values.

Fundraising - Capital under Management

Total amount of capital under management is equal to available capital and invested capital.

Not all data pertaining to capital under management was provided by the funds, therefore it may not be fully representative of the true values.

Investments

Investments in companies by funds include direct equity, quasi equity, debt and mezzanine investments. Investments were allocated to countries by their indicated country of headquarters.

Funds selected the types of investment as either early ventures, late ventures, growth investments, buyout, mezzanine, infrastructure & real assets or other. Other includes for example 'turnaround/rescue', 'replacement capital', 'secondaries', etc.

Funds could choose between 14 main company activity sectors for their portfolio companies which included the following - Business and industrial products, Business and industrial services, Chemicals and materials, Communications (services), Construction, Consumer

Methodology

goods and retail, Consumer services, Energy and environment, Financial services, ICT (Computer and consumer electronics), Infrastructure & Real assets, Life science (Biotech and healthcare), Transportation (Logistics and mobility) and Other.

A portion of invested company activity sectors were either not disclosed by funds or funds entered their own activity sector rather than choosing from the official categories. As a result, KPMG used judgement to fill in the missing ones.

The investment into Baltics and the total of Estonian, Latvian and Lithuanian investments do not match as a fund, Plural, did not provide per investment breakdown. This also impacts investments by sector and outbound investments.

Of those submitted to us, amount invested by fund was entirely undisclosed by BPM Capital. Not all data pertaining to investments was provided by the funds, therefore it may not be fully representative of the true values.

Investments - Company portfolio data and gender statistics

Duplicate investments as well as divested investments were removed to determine the number of active portfolio companies by HQ country.

Not all data pertaining to portfolio company data and gender statistics was provided by the funds, therefore it might not be fully representative of the true values.

Investments - VC deep dive

As part of our enhanced analysis, we also gathered data from a number of public & non-public sources to estimate the total value of funds raised by Baltic start-up and scale-up companies.

PUBLIC SOURCES INCLUDE:

- [Estonia](#)
- [Latvia](#)
- [Lithuania](#)

Non-public sources include Pitchbook and Mergermarket.

Significant judgement was used in distinguishing late ventures from PE growth investments. Factors such as overall funding journey and age of company were used.

A number of deals were identified for which investment amounts were not publically available and thus could not be added.

The split between part of this report and the rest of VC capital is an approximation as the sources for the two numbers differ.

Investments - ESG

For the first time a separate questionnaire was issued to all fund managers in order to get more insight on the role of and attitude towards environmental, social and governance (ESG) factors within the Baltics PE/VC investment space. At the time of writing of this report a total of 22 out of the 42 fund managers involved in the study replied to the ESG questionnaire.

Divestments

Divestments from portfolio companies were defined at historical investment cost. This is not a measure of performance as this survey does not factor in capital gains and thus the true value may be potential higher. Divestments were allocated to specific countries based on the company's country of headquarters.

Methodology

Divestment in the Baltics excludes divestments from outbound companies.

Partial divestments were included in the number of divestments as separate divestments.

Exit value at cost by type of divestment was detailed for the Baltics overall, but not for Estonia, Latvia and Lithuania separately as for some stages there were only 1-2 exits, which had the potential to disclose confidential information.

Of those submitted to us, amount divested at cost was entirely undisclosed by BPM Capital and Open Circle Capital. Not all data pertaining to divestments was provided by the funds, therefore it may not be fully representative of the true values.

Results & Comparability

The report follows a similar methodology to last year's report, Baltic Private Equity and Venture Capital Market Overview 2022, prepared by KPMG. However, it cannot be directly compared as there have been changes in approaches used in certain areas, changes in certain categorizations, revisions in prior data as well as enhanced data collection from the funds (follow up emails for missing information from last year's and this year's report).

Furthermore, ten new funds (as stated below) have been included in this year's report with both new and historical data. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

Additionally, three funds (as stated below) did not report to us for this year's report, meaning updated data was entirely undisclosed, however historic data was maintained.

Fund list

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

- * BaltCap;
- * BPM Capital;
- * Change Ventures;
- * Karma Ventures;
- * Siena Secondary Fund;
- * Superangel;
- * Specialist VC;
- * Tera Ventures;
- * Trind Ventures;
- * Startup Wise Guys;
- * Smartcap; NEW
- * 2C Ventures; NEW
- * Plural; NEW
- * Equity United; (historical only)
- * Contrarian Ventures;
- * INVL Asset Management;
- * Iron Wolf Capital;
- * LitCapital;
- * Modus Asset Management;
- * Open Circle Capital;
- * Practica Capital;
- * Firstpick;
- * Verslo Angelų Fondas;
- * 70 Ventures;
- * Equite; NEW
- * Coinvest Capital;
- * 1 Asset Management; NEW
- * Nter; (previously Orion)
- * Baltic Sandbox Ventures; NEW
- * Sound Asset Management; NEW
- * Capitalia; (historical only)
- * Buildit Latvia;
- * Commercialization Reactor;
- * Expansion Capital;
- * Fly Cap;
- * Livonia Partners;
- * Overkill Ventures;
- * ZGI Capital;
- * Merito Capital; NEW
- * BadIdeas Fund; (syndicate) NEW
- * Imprimatur Capital Fund Management; (historical only)
- * ASP Asset Management; NEW

Baltics

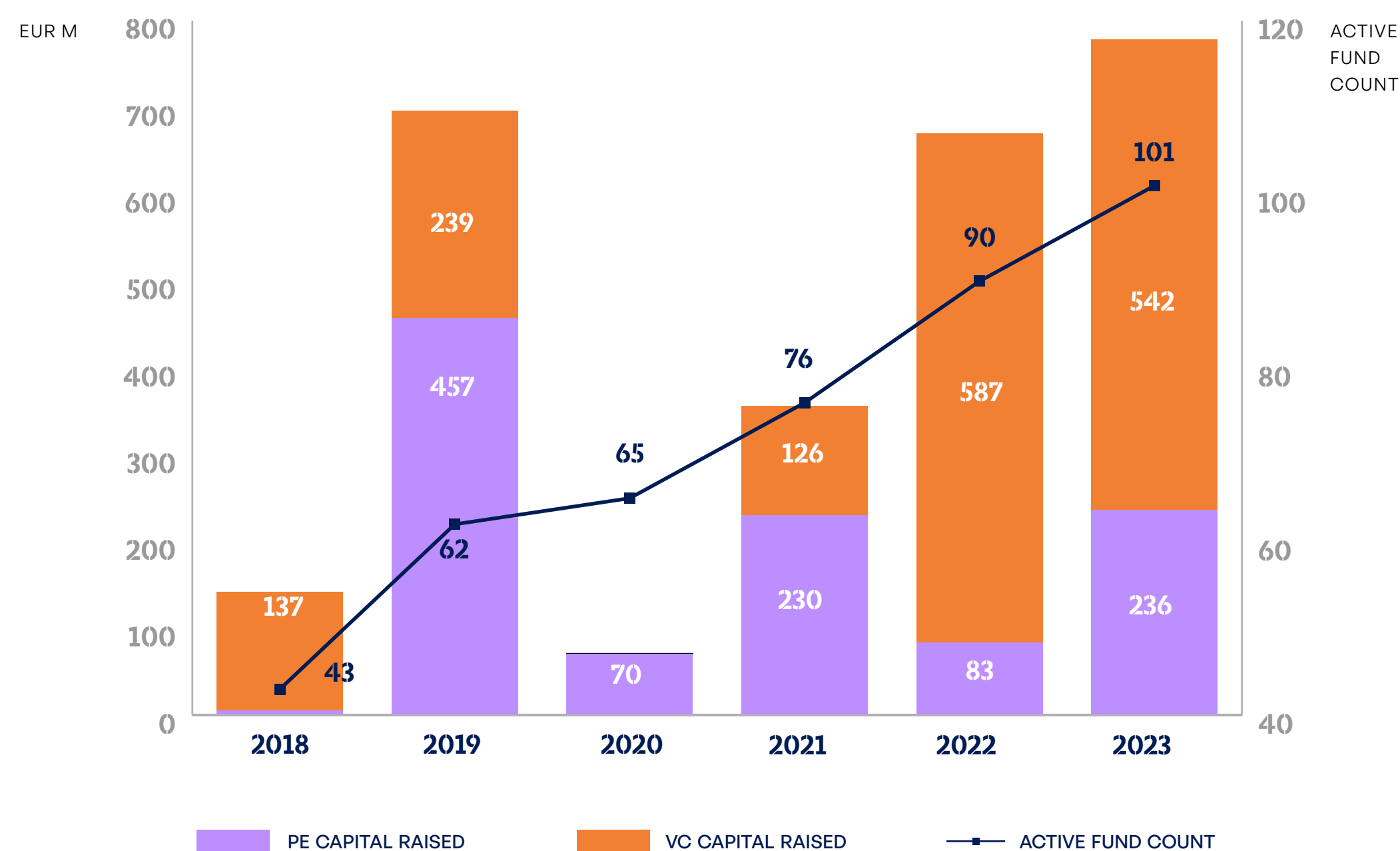
Fundraising



Fundraising in the Baltics 2018-2023

Total fundraising (split into VC & PE) incl. active fund count

Capital raised annually during 2018-2023, EUR M¹



“Baltic PE/VC fundraising reached new heights in 2023 as fund managers raised €778 million, with the number of active Baltic funds surpassing 100”

Baltic PE/VC fund managers successfully navigated a tumultuous year of macroeconomic and geopolitical uncertainty to record an exceptional year of fundraising activity, with €778 million raised in total by the end of 2023 achieving growth of 16% compared to 2022. Furthermore, the total number of active funds surpassed 100 for the first time, having grown at a CAGR of 18.6% over the period 2018-2023.

It was another exceptionally strong year for Venture Capital (VC) fundraising as a total of €542 million was raised in 2023, only slightly below the total for 2022. Overall VC fundraising made up 70% of the total capital raised by Baltic fund managers in 2023. A total of 9 new VC funds were established during the year of which six are managed by fund managers who are participating in the study for the first time. The larger funds that have been established include Plural Fund II, NordicNinja Fund II & 2C Ventures Fund I. Approximately 80% of the new funds have a multi-country investment strategy and have a pan-European or even global investment mandate.

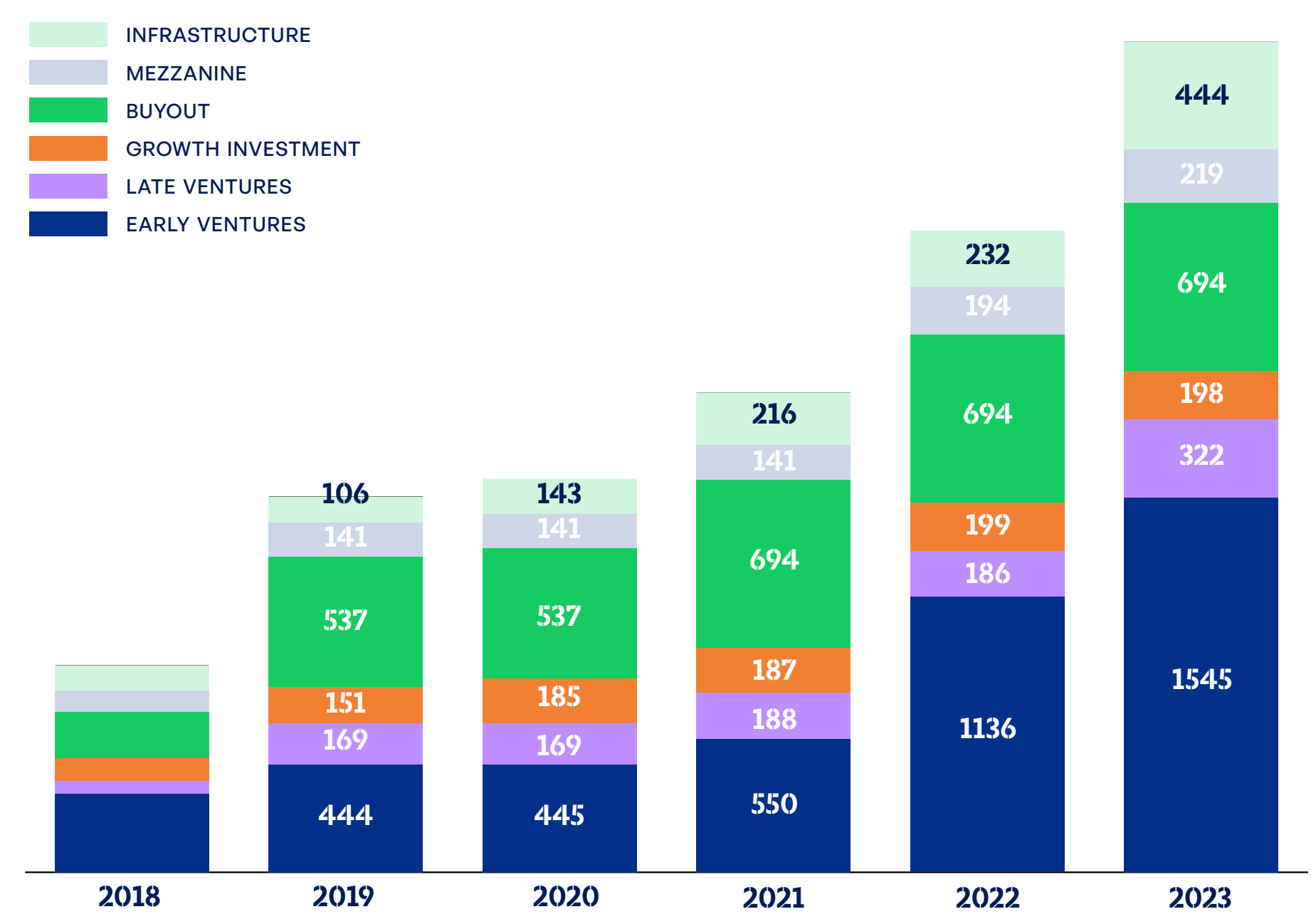
It was also a strong year for Private Equity (PE) fundraising as fund managers raised €236 million in 2023, which is €153 million more than in 2022. A total of 4 new PE funds were established during the year of which two are managed by fund managers who are participating in the study for the first time. Within the PE space fundraising was led by fund managers with alternative strategies such as infrastructure and private debt. For example during the year BaltCap’s Infrastructure Fund II and Sound Asset Management’s Senior Private Debt Fund I raised funding.

¹Fundraising date is by the fund’s vintage year. Please see methodology section for further information. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year’s report.

Fundraising in the Baltics 2018-2023

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

Cumulative capital raised in 2010-2023, EUR M¹



¹2018 includes the cumulative fundraising since 2010.

Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

“In 2023, total cumulative capital raised by Baltic fund managers surpassed €3.4 billion.”

By the end of 2023, the total cumulative capital raised by Baltic fund managers reached €3.42 billion. Funds focusing on early-stage VC investment are the largest single category for capital raised constituting 45% or €1.5 billion of the total cumulative capital raised. Funds raised by early-stage VC's have more than tripled since 2020. Buyout fundraising is the second largest category with close to €700m raised, but contrary to early-stage VC fundraising most of the fundraising activity dates back to the period 2018 – 2021.

“Since 2010 over €1.5 billion has been raised by early-stage VC funds, which makes up close to 50% of the total capital raised by Baltic fund managers.”

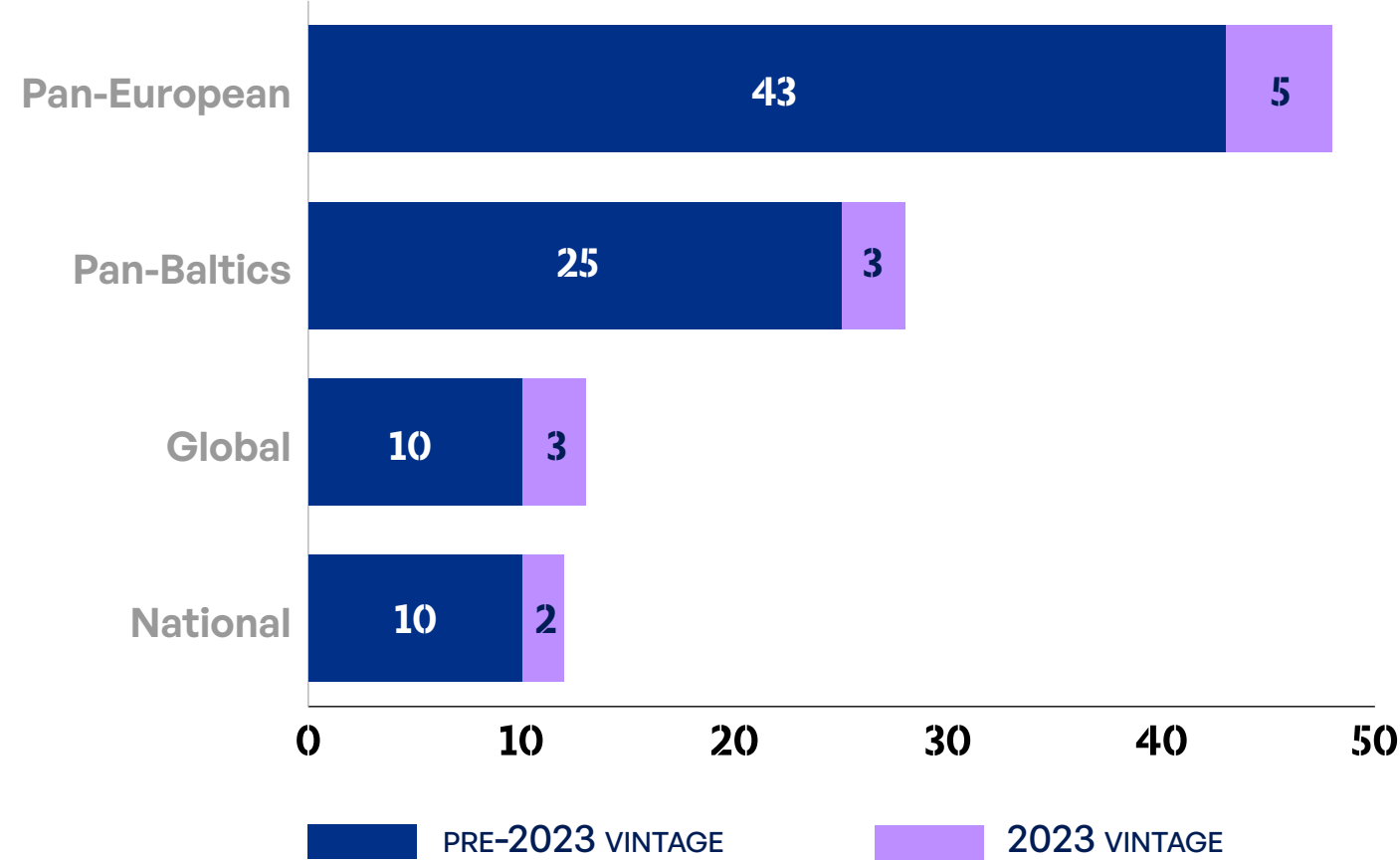
Funds focusing on infrastructure and real asset investing have increased their share of total cumulative capital raised to 13% reaching €444 million, growing by over 200% since 2020. Funds focusing on late venture, growth and mezzanine investments account for a similar proportion of total capital raised (9%, 6.5%, and 6% respectively).

On a fund level, Baltcap remains the largest fund manager having cumulatively raised the most capital to date. This is also the case when considering funds with a PE focus. In the VC space Plural has raised the most to date, with the fund manager also raising the most capital in 2023 for its Plural Fund II.

Fundraising in the Baltics 2018-2023

Number of active funds by geographic focus

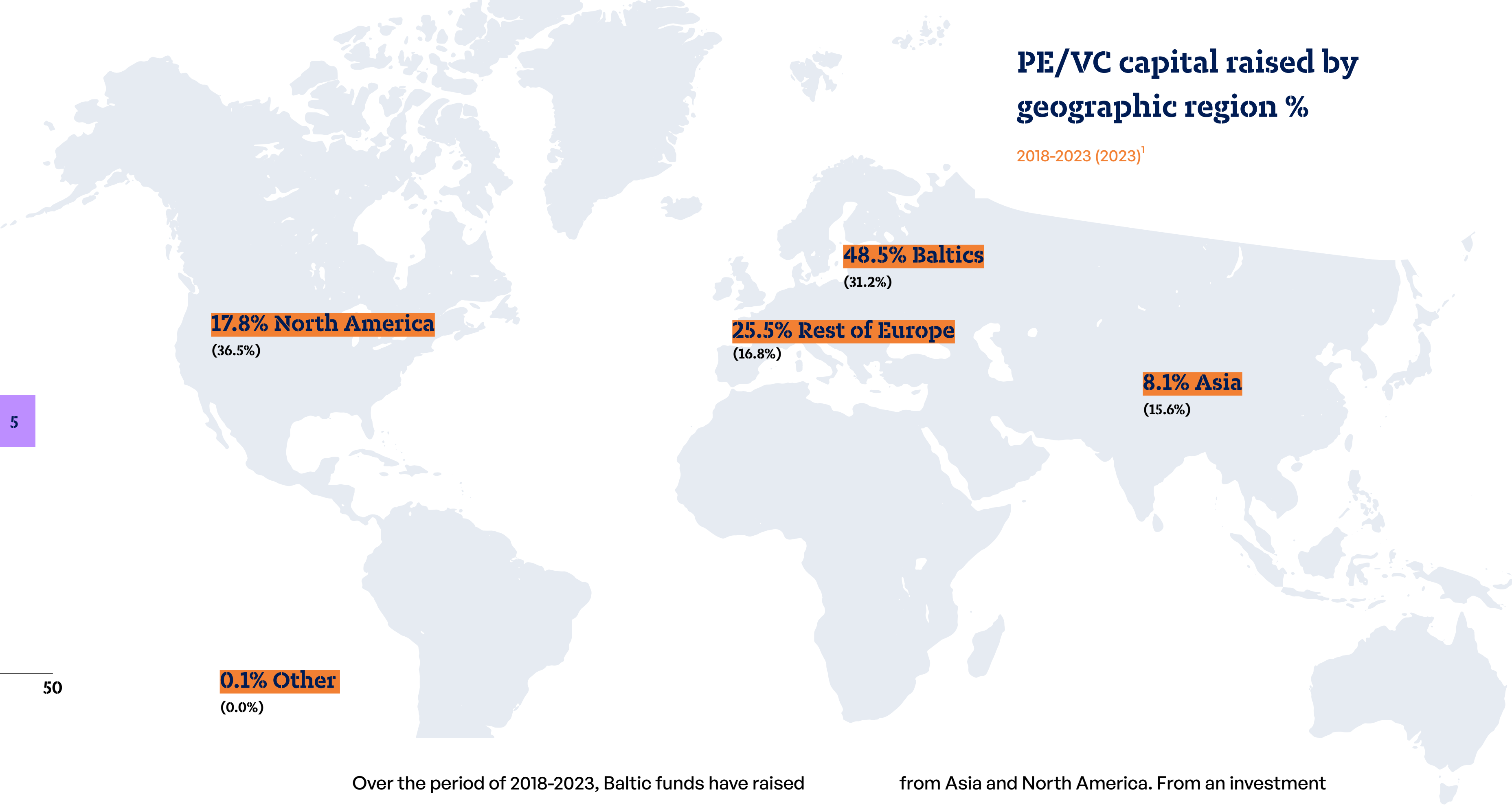
Split into Pre-2023 vintage and 2023 vintage



11 out of 13 of the 2023 vintage funds have a multi-country investment strategy as opposed to a national focus. Furthermore, an increasing number of funds are moving from pan-Baltic to pan-European and global coverage.

PE/VC capital raised by geographic region %

2018-2023 (2023)¹



Over the period of 2018-2023, Baltic funds have raised from 30 different countries. From a geographic coverage most of the funds are raised from the Baltics accounting for 48.5%, followed by 25.5% from the Rest of Europe (incl. EU institutions) and 17.8% from North America. Geographic spread of funding sources is increasing year on year as showcased by the 13 funds with a 2023 vintage, which raised considerable capital

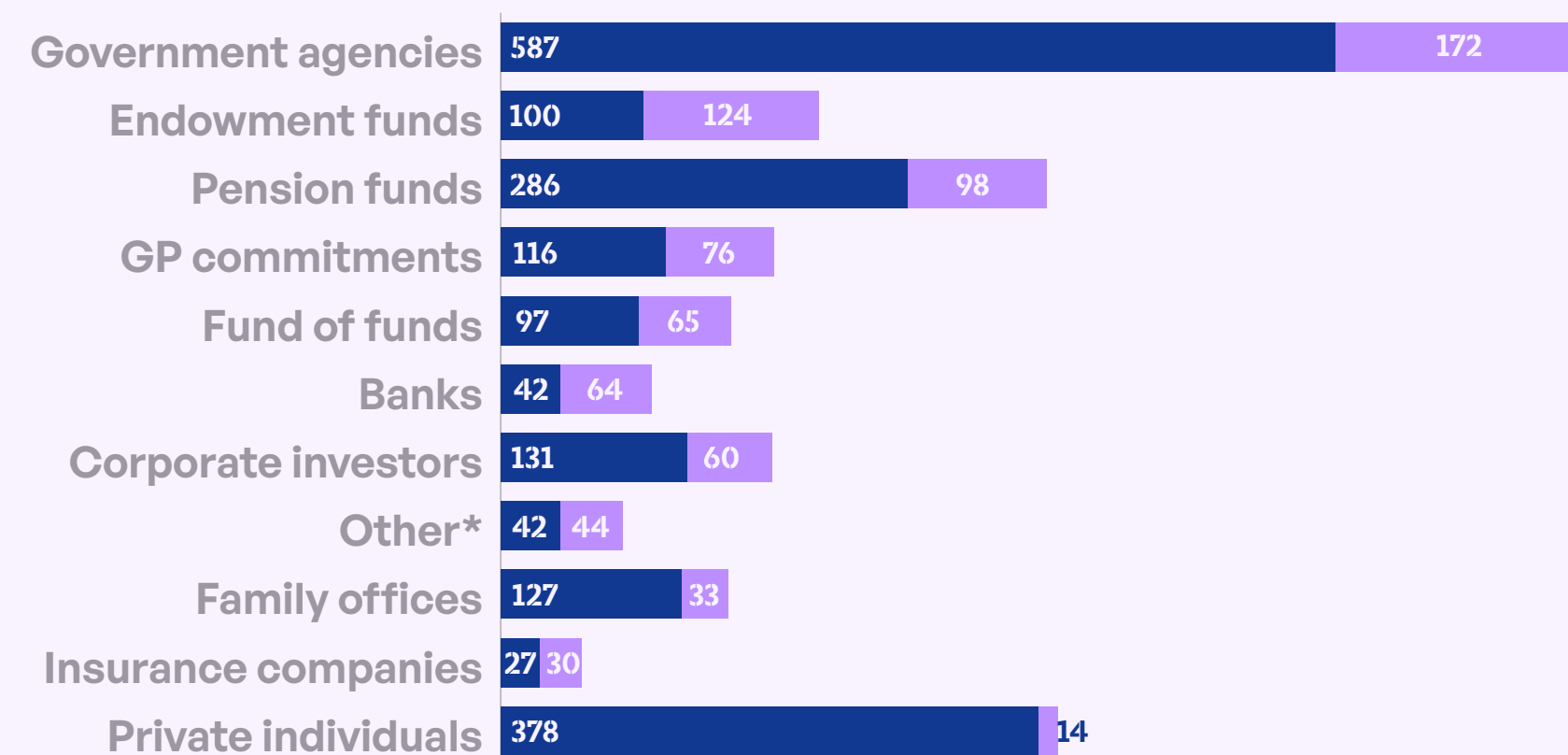
from Asia and North America. From an investment strategy perspective over the period 2018-2023, PE funds have raised a majority of their capital from the Baltics which accounted for 61.5%, while for VC fund managers the share was much lower at 34.5%.

¹Not all funds provided detailed data for their country of fundraising, therefore the results presented may not provide full representation.

Fundraising in the Baltics 2018-2023

Capital raised by investor type

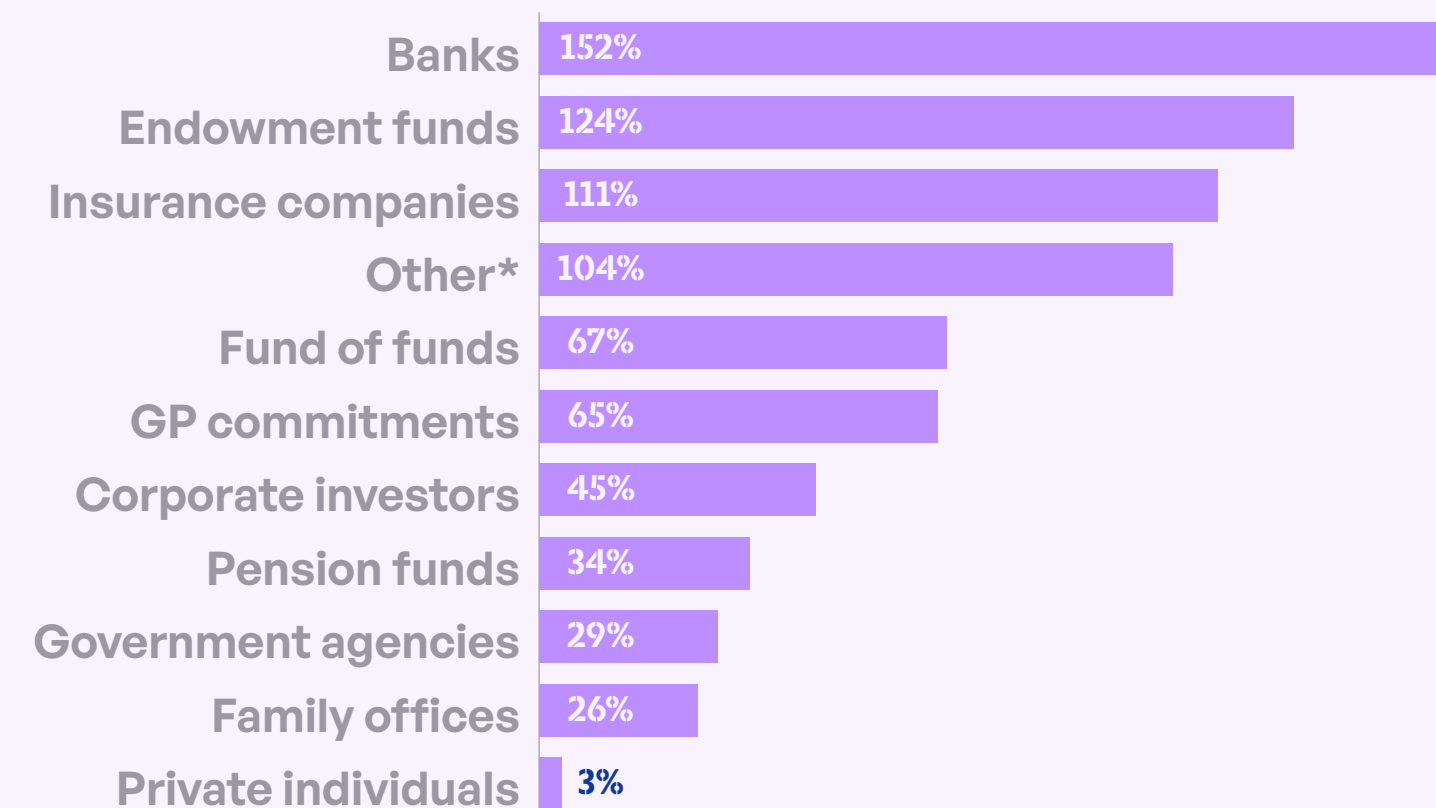
2018-2023, EUR M.



2018-2022
2023

*Foundations, sovereign wealth funds & other asset managers

PE/VC investment growth by investor type in 2023 comparing to 2018-2022 period:



*Foundations, sovereign wealth funds & other asset managers

Government agencies remain a key funding source for Baltic fund managers accounting for 28% of total capital raised since 2018, albeit in recent years diversity of capital sources has been increasing and in 2023 government funding made-up 22%.

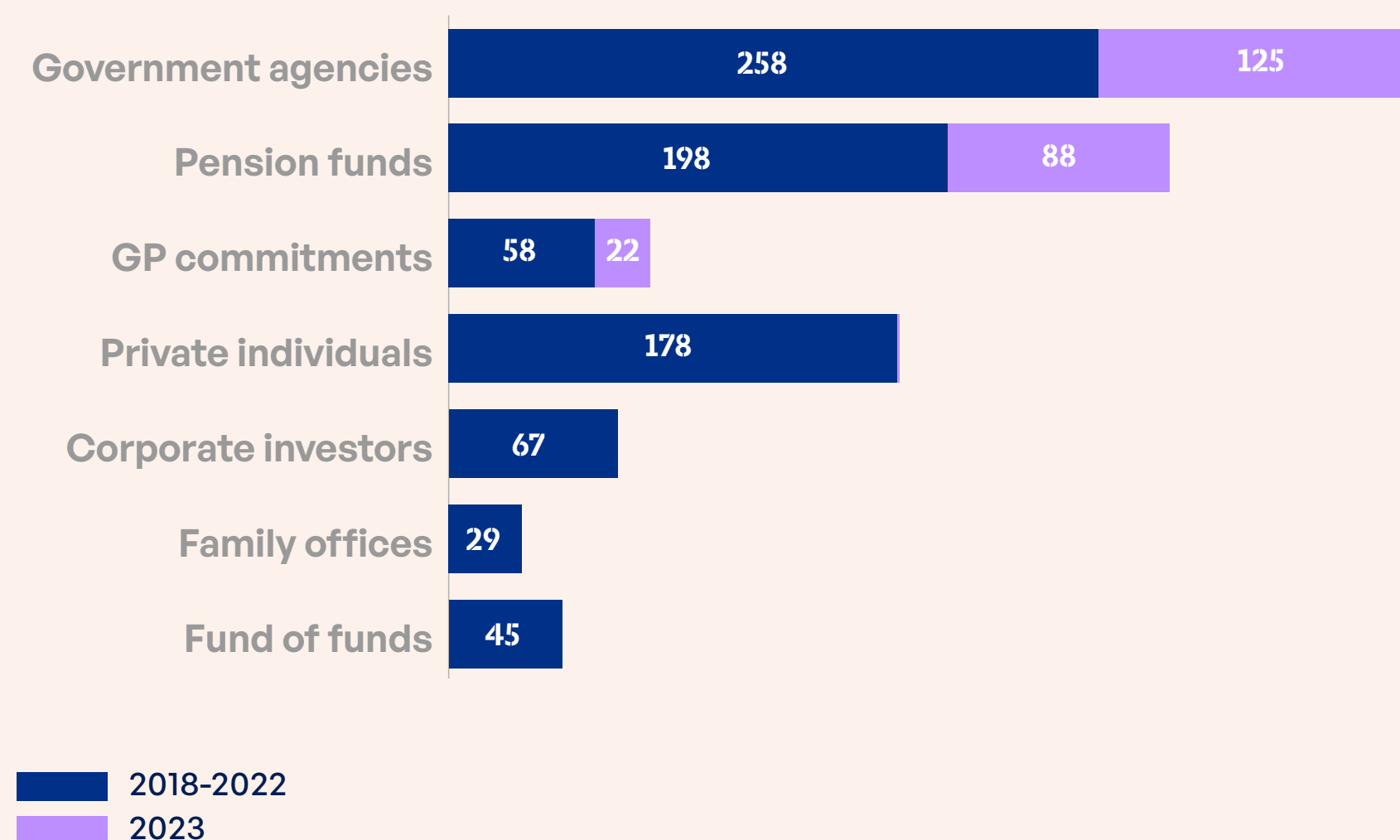
In 2023 significant amounts were raised from endowment and pension funds, as well as fund of funds and corporate investors. Furthermore, growth of 100% or more can be observed in funds being raised from insurance companies and other investors (incl. foundations, sovereign wealth funds, other asset managers). This increasing diversification of capital sources further exemplifies the Baltic PE/VC market is reaching a certain level of maturity.

Categories below a minimum threshold were left out. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

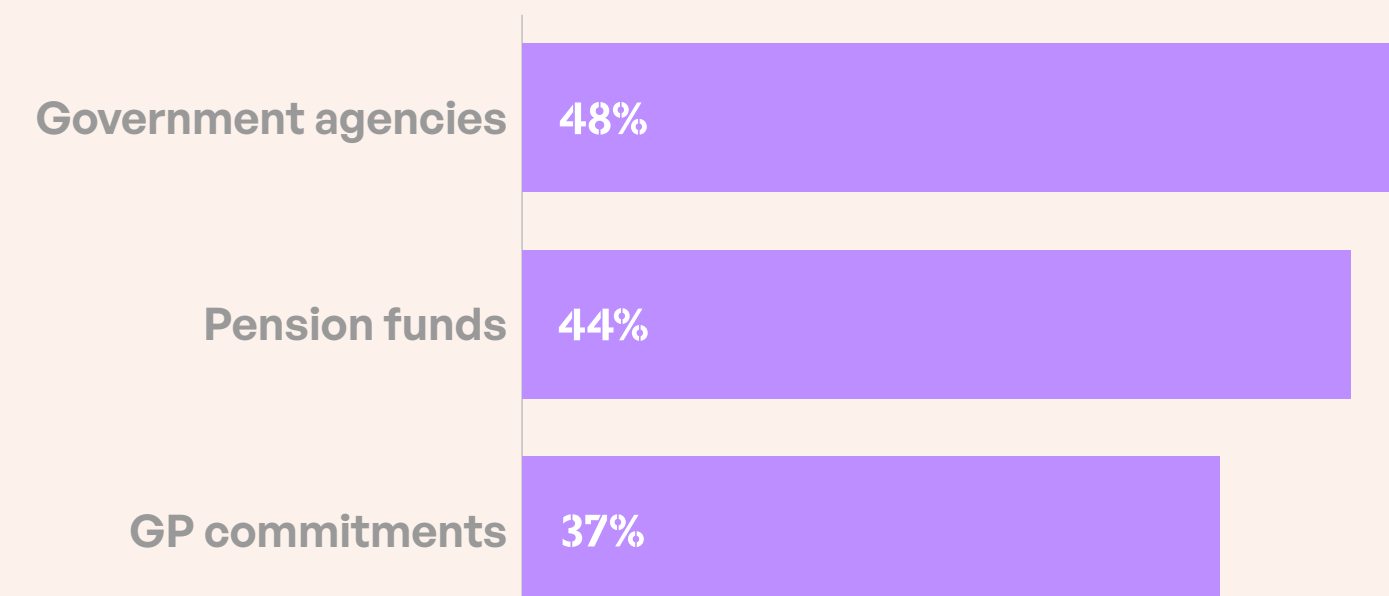
Fundraising in the Baltics 2018-2023

PE Capital raised by investor type

2018-2023, EUR M.



PE investment growth by investor type in 2023 comparing to 2018-2022 period:



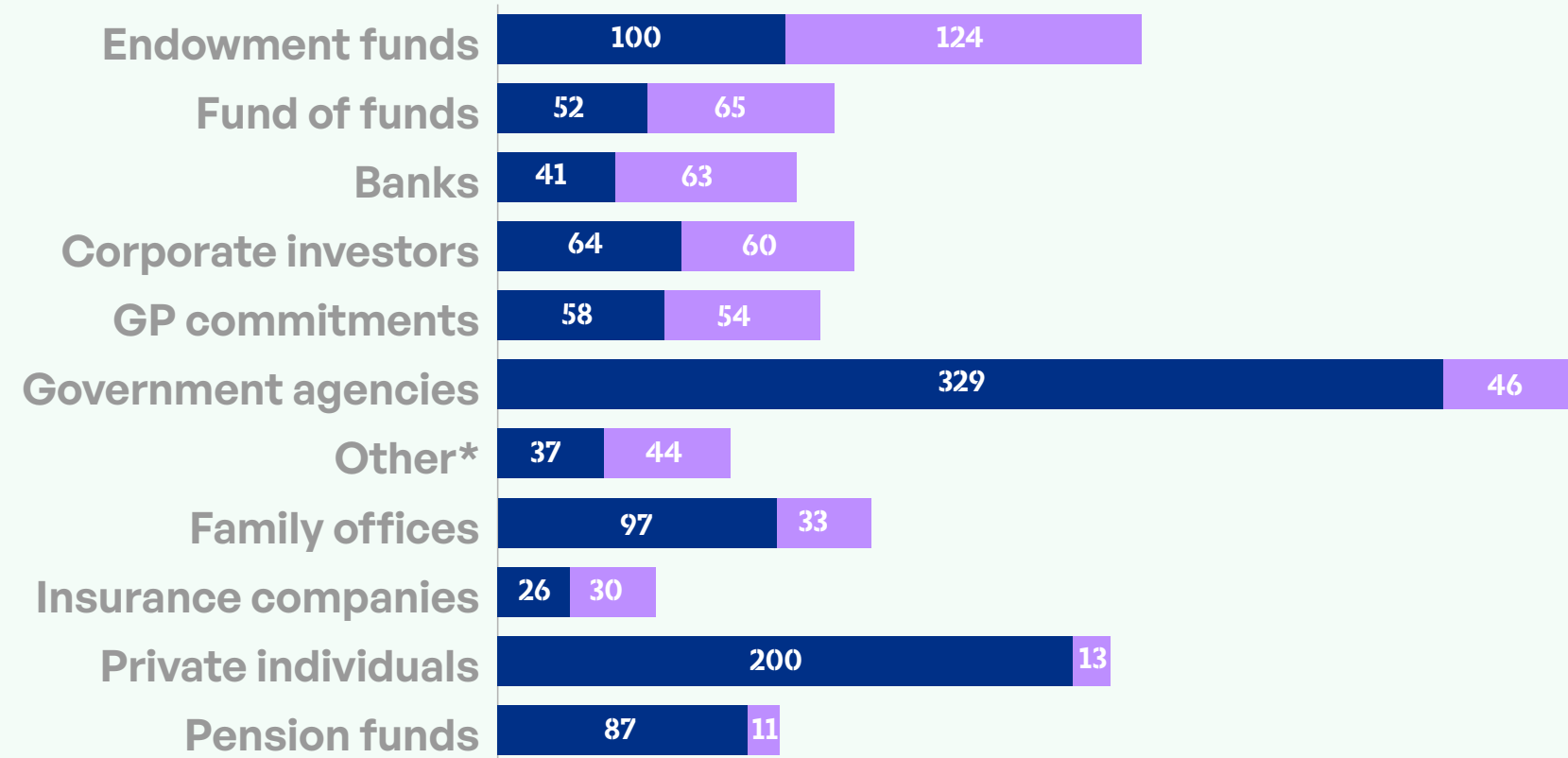
In the period from 2018 to 2023, PE funds raised capital mainly from three main investor types - government agencies, pension funds and private individuals, which accounted for 36%, 27% and 17% of the total capital raised in the period. Even though private individuals have been an important funding source for PE funds, this was not the case in 2023 as private individuals may have taken a more conservative investment approach given the more challenging market conditions observed in 2023.

Categories below a minimum threshold were left out. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

Fundraising in the Baltics 2018-2023

VC Capital raised by investor type

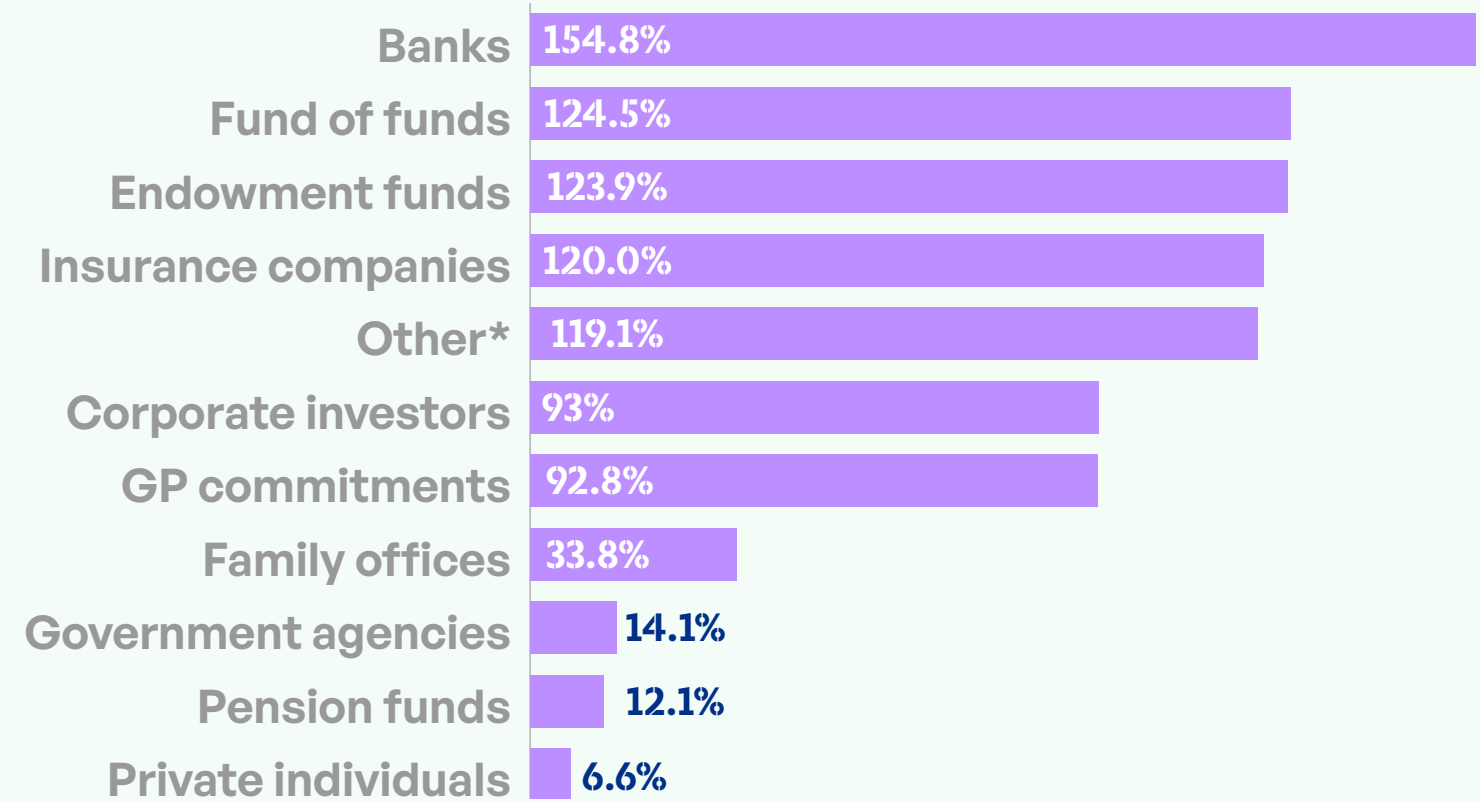
2018-2023, EUR M.



2018-2022
2023

*Foundations, sovereign wealth funds & other asset managers

VC investment growth by investor type in 2023 comparing to 2018-2022 period:



*Foundations, sovereign wealth funds & other asset managers

In 2023, VC funds raised over €540 million of which over 90% or €496 million was raised from non-government sources. Capital raised from endowment funds and private individuals remain the two largest non-governmental funding sources with €224 million and €213m raised from each investor category respectively in the period 2018 – 2023.

It is also worth noting that in comparison to prior years the capital raised from five investor categories increased by 100% or more in 2023, including banks, funds of funds and insurance companies. The growth of non-governmental funding is a strong sign of a maturing market and growing credibility of the Baltic VC fund managers.

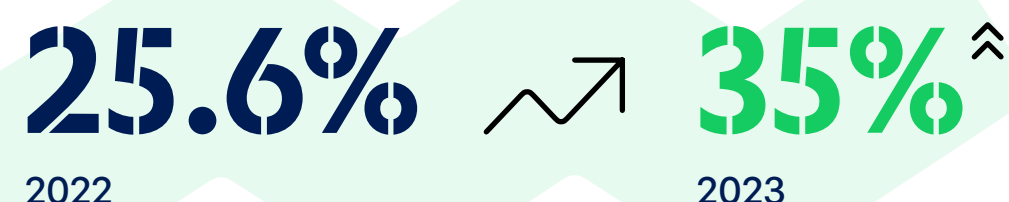
Categories below a minimum threshold were left out. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

Baltic PE/VC funds through the lens of gender balance

“While overall across fund managers representation of female employees has increased in 2023, the representation of female employees at the investment committee level has always been low and has slightly declined further in 2023 to 9%.”

Percentage of reported female employees in funds:

at the end of 2022



Percentage of female directly involved in analysing and executing investments¹



¹This was an additional question issued to funds separately at a later point and at the time of writing the report 22 responded.

Percentage of reported female investment committee members in funds:

at the end of 2022



Baltic PE funds through the lens of gender balance

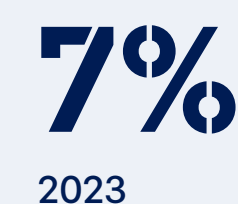
Percentage of reported female employees in funds:

at the end of 2023



Percentage of reported female investment committee members in funds:

at the end of 2023



Baltic VC funds through the lens of gender balance

Percentage of reported female employees in funds:

at the end of 2023



Percentage of reported female investment committee members in funds:

at the end of 2023



Baltic

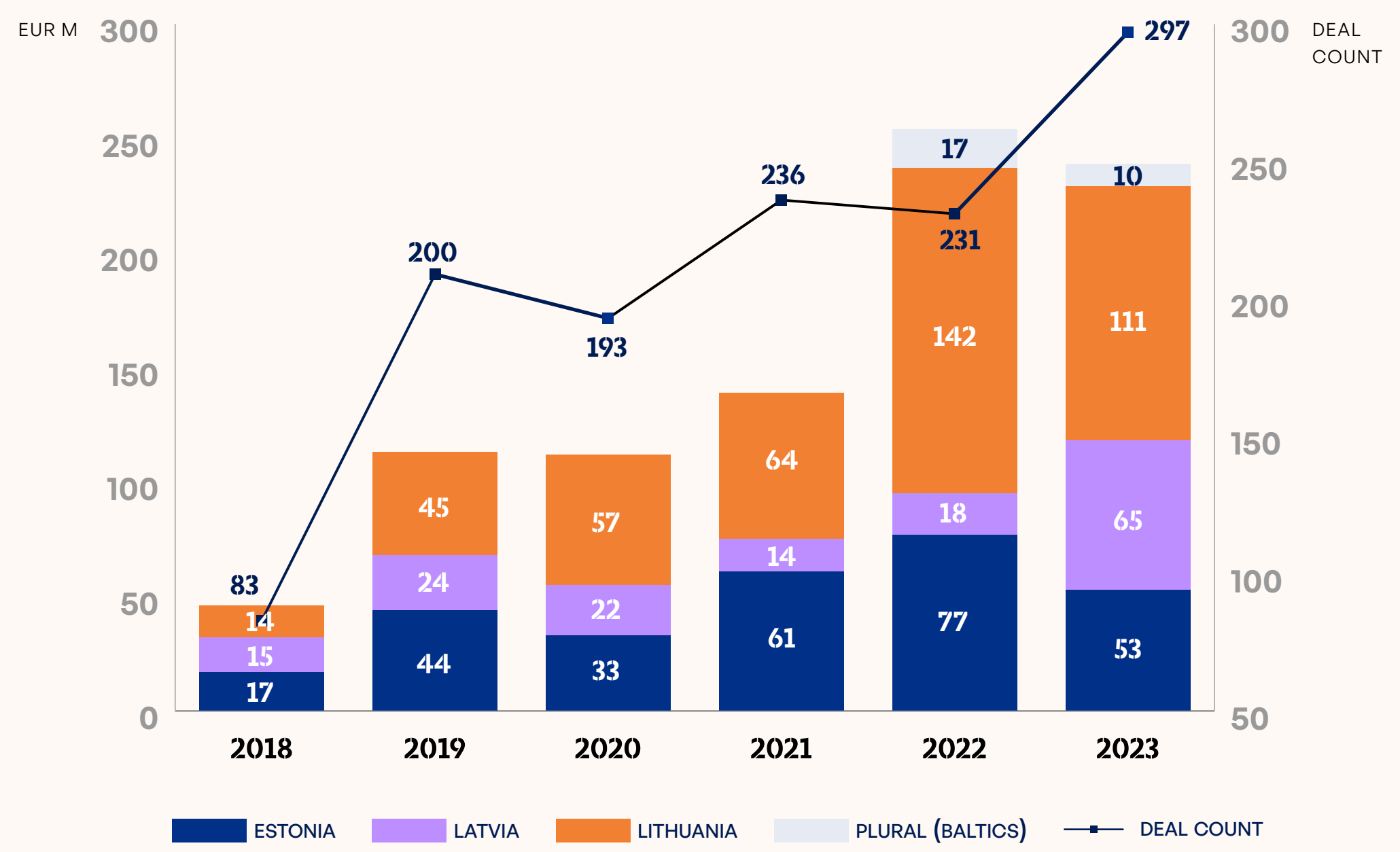
Investments



Investments

Funds' investments into the Baltics incl. count

2018-2023, EUR M

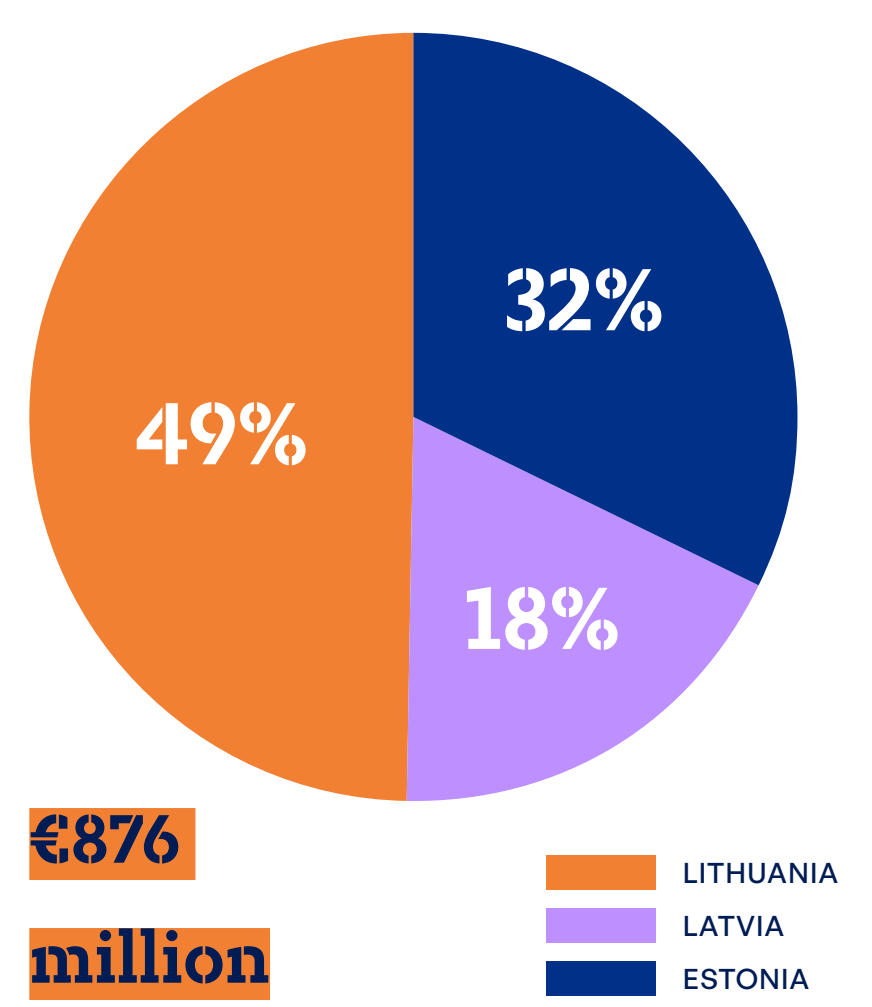


Plural did not provide a per country breakdown.

“Baltic PE/VC funds made a total of 297 investments into local companies at a total value of €239 million.”

% of capital invested by country 2018 - 2023

2018-2023, EUR M



Over the period 2018-2023, annual investments by Baltic fund managers into local companies has grown at a CAGR of 39% reaching €239 million in 2023. The average deal size was €0.75 million decreasing by over 30% YoY.

Lithuania has seen the most investment both in 2023 as well as in the last 6 years, €111 million and €433 million respectively. However, compared to last year investments decreased by 22%.

Historically lagging behind its Baltic neighbours, in terms of attracting investments, Latvia had a very good 2023 with €65 million invested into Latvian companies achieving YoY growth of 259%. This has been driven by particularly strong activity in the PE space. Investments into Estonia decreased by 31% YoY totalling €53 million in 2023.

Top PE investments by amount invested in the Baltics in 2023



Baltcap Private Equity Fund III

completed the take private of LSE listed Lithuanian logistics & freight company.



Baltcap Private Equity Fund III

acquired HansaMatrix, a manufacturer of electronic components in Latvia.

Hansab

Baltcap Private Equity Fund III

acquired Hansab, a provider of security and service automation solutions in Estonia.



Livonia Partners Fund II

made a growth investment into Bagfactory, a reusable and paper bag manufacturer in Lithuania.

Top VC investments by amount invested in the Baltics in 2023

∞ sentante

Practica Venture Capital III

invested in Sentante, a medtech company developing a robotic teleoperated system for endovascular interventions.

M

Changes Venture Fund II

ainvested in Monetizr, a Latvian adtech company looking to expand into the US.

heavyfinance

Practica Venture Capital III

invested in Heavy finance, a provider of sustainable finance and investment solutions for the agriculture sector.

Arbonics

NordicNinja Fund II and Plural

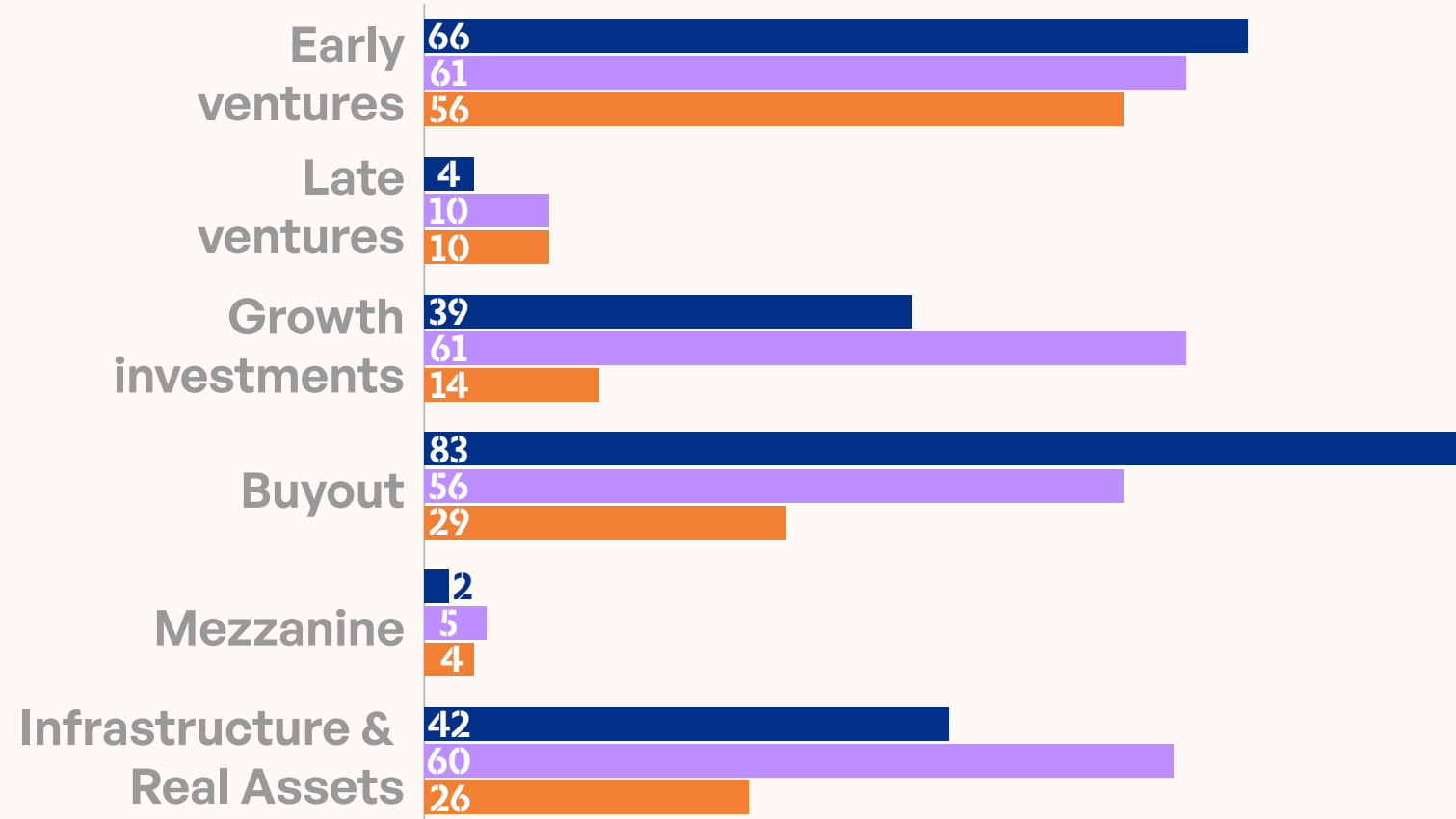
invested in Arbonics, a growing Estonian climatetech.

Investments by stage

2021-2023, EUR M

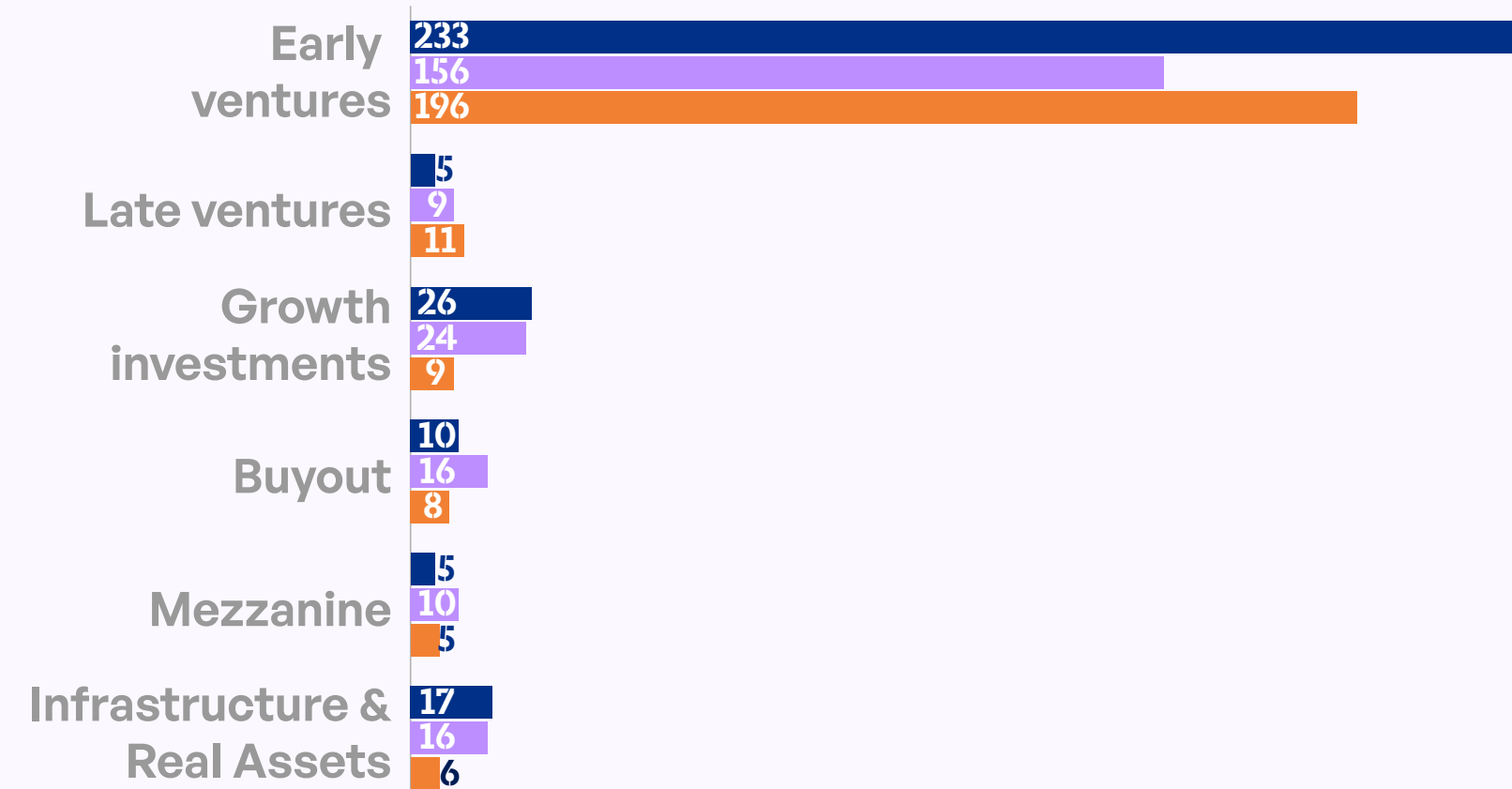
2023 2022 2021

Total investment amount, EUR M



- * Investment into the Baltics is continued to be driven largely by PE funds in 2023 with buyout, infrastructure and growth making up close to 70% of total funds invested during the year.
- * Buyout investments saw a 48% YoY increase, whilst growth and infrastructure investments decreased by 37% and 30% respectively.
- * Early venture investment had a strong year growing by 9% YoY reaching €66 million.

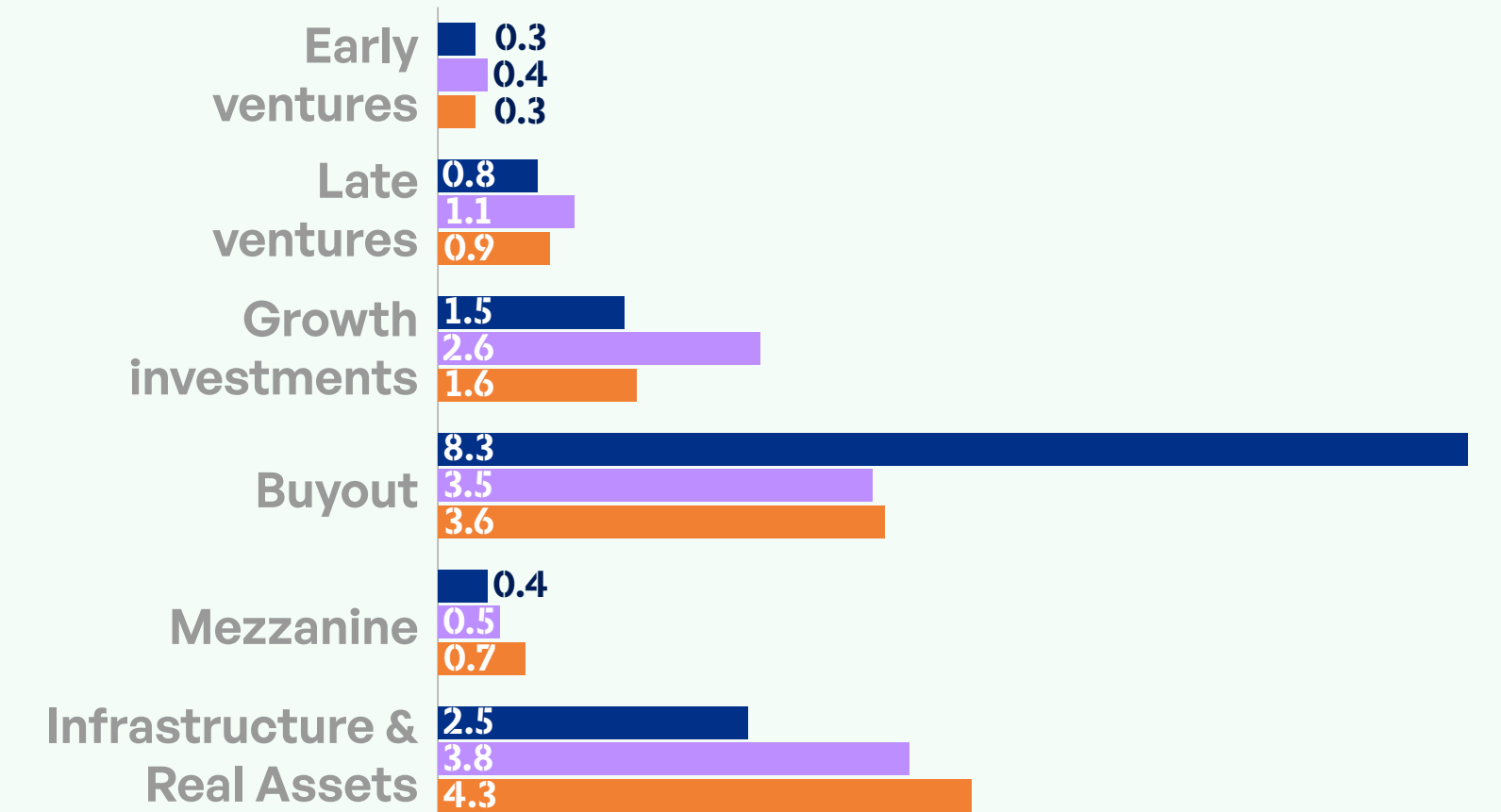
Number of investments



- * Interestingly, even though capital invested for infrastructure and growth investments decreased the number of investments increased slightly, which may point to transaction valuations decreasing as the challenging & uncertain market environment is being priced in by investors.
- * The number of buyout deals decreased by 38% with a smaller number of larger deals taking place.
- * Early venture deals rebounder compared to 2022 growing by close to 50%.

“2023 was a strong year for buyout and early-stage VC investments as both categories saw strongest performance.”

Average investment, EUR M



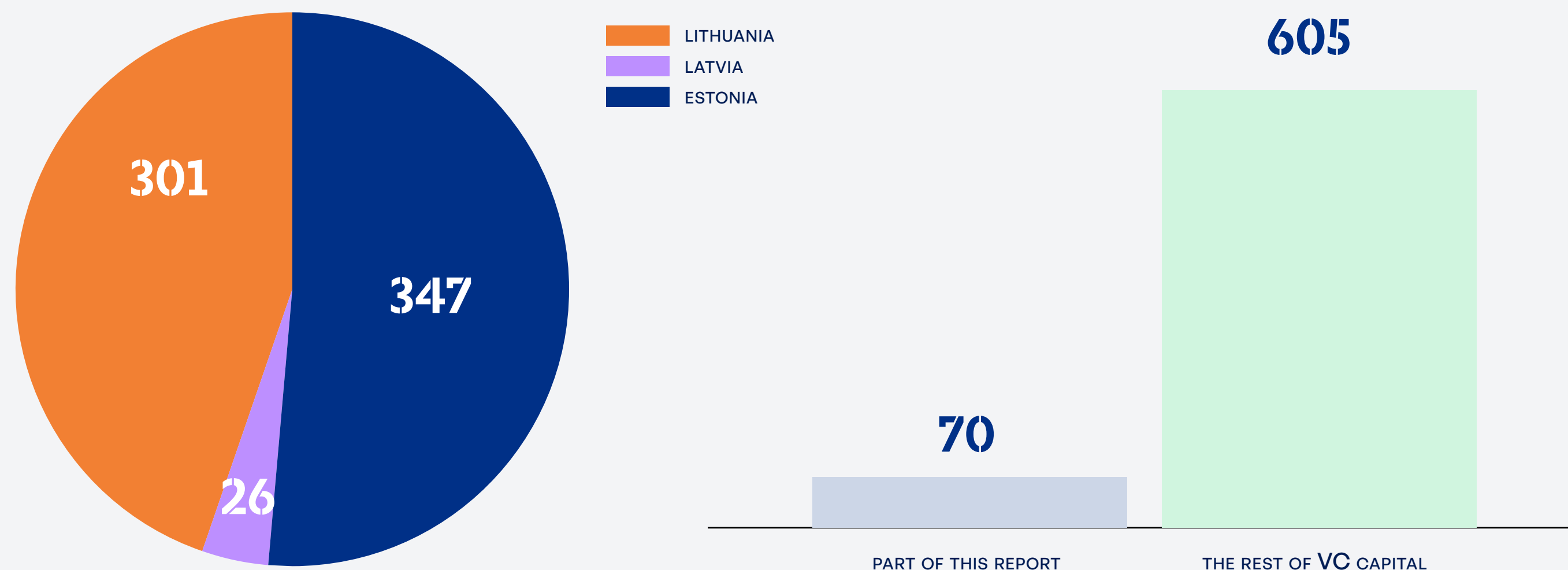
- * Average buyout investment size increased 2.5 times YoY from €3.5 million to €8.3 million.
- * Average investment value for growth reduced by 42% to €1.5 million, while it decreased by 34% for infrastructure to €2.5 million.
- * Early stage VC average investment has remained relatively stable at €0.3 million.

Investments

VC deep dive

Total VC capital raised by Baltic startups in 2023

EUR M



As part of our enhanced analysis, we also gathered data from a number of public & non-public sources to estimate the total value of funds raised by Baltic start-up and scale-up companies. Based on our analysis Baltic companies raised €675 million venture capital funding in 2023. Of this total, approximately 10% or €70 million was invested by VC funds that are part of this report. The remaining 90% was provided mostly by foreign investors, high-net worth individuals/angel investors as well as some Baltic funds not covered in this report.

However, in terms of participation in deals then Baltic funds invest in a larger proportion of deals compared to foreign investors, yet account for less deal value. This to a large extent can be explained by the fact that Baltic VC investors participate in earlier rounds, which are smaller in size, while foreign investors enter at later stages providing larger sums. For example in the top 5 VC fundraising for 2023 - Skeleton Technologies (Estonia), Nord Security (Lithuania), PVCASE (Lithuania), Elcogen (Estonia) and Cast.AI (Lithuania) – a very large part of the funding came from outside of the Baltics.

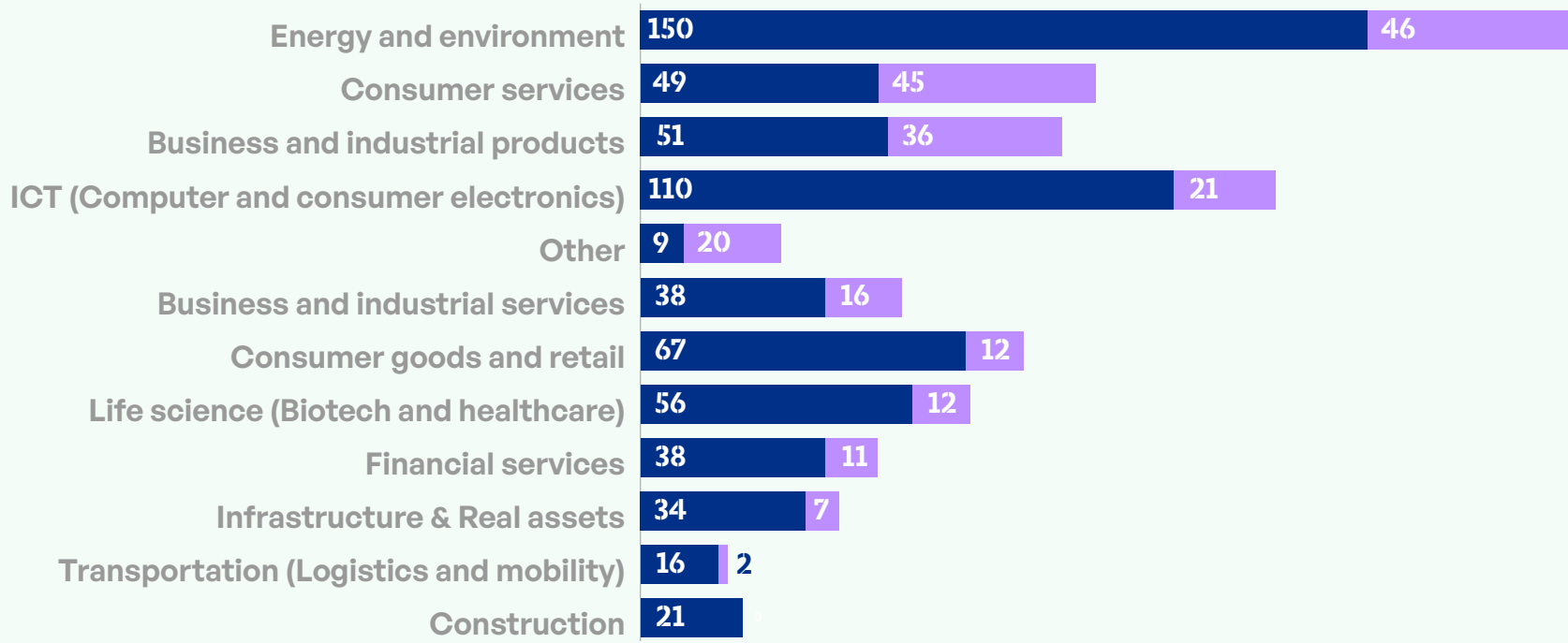
Significant judgement was used in distinguishing late ventures from PE growth investments. Factors such as overall funding journey and age of company were used. The split between part of this report and the rest of VC capital is an approximation as the sources for the two numbers differ.

Source: Pitchbook, Mergermarket, Estonia VC ecosystem data, Latvia VC ecosystem data, Lithuania VC ecosystem data

Investments by sector

2018-2022 2023

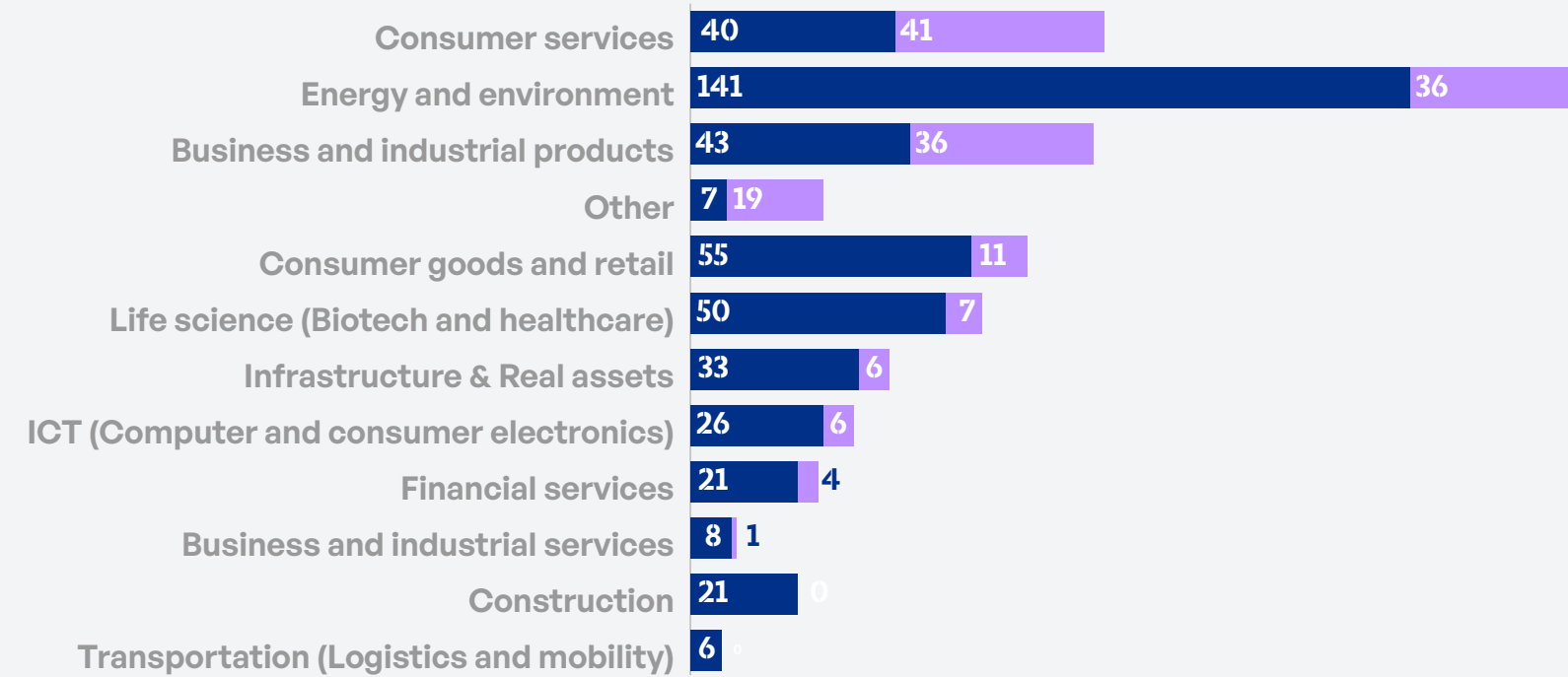
PE/VC Investment by sector



- * The Baltic energy and environmental sector continues to receive the largest share of total funds and 2023 is no different, attracting €46 million or 20% of total investments.
- * Large investments were seen in the consumer services and business and industrial product sectors which attracted €45 million and €36 million, respectively.
- * The ICT space continues to attract strong investment, especially on the VC side, with €21 million invested in the space.

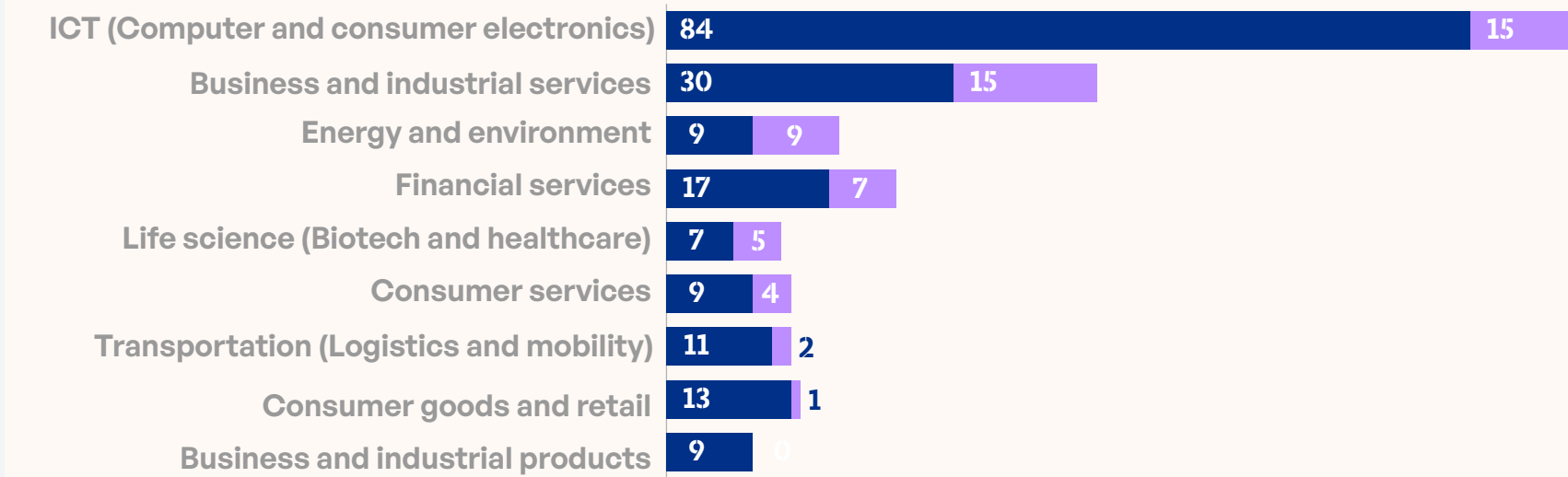
“From a sector perspective the focus in 2023 was on energy & environment, consumer & business services as well as industrial products.”

PE Investment by sector



- * Even though cumulatively PE firms have in the last few years invested most into the energy & environment space then in 2023 PE firms adjusted their focus to also increase activity in the consumer services as well as business & industrial products sectors (invested capital at €41 million & €36 million respectively).

VC Investment by sector



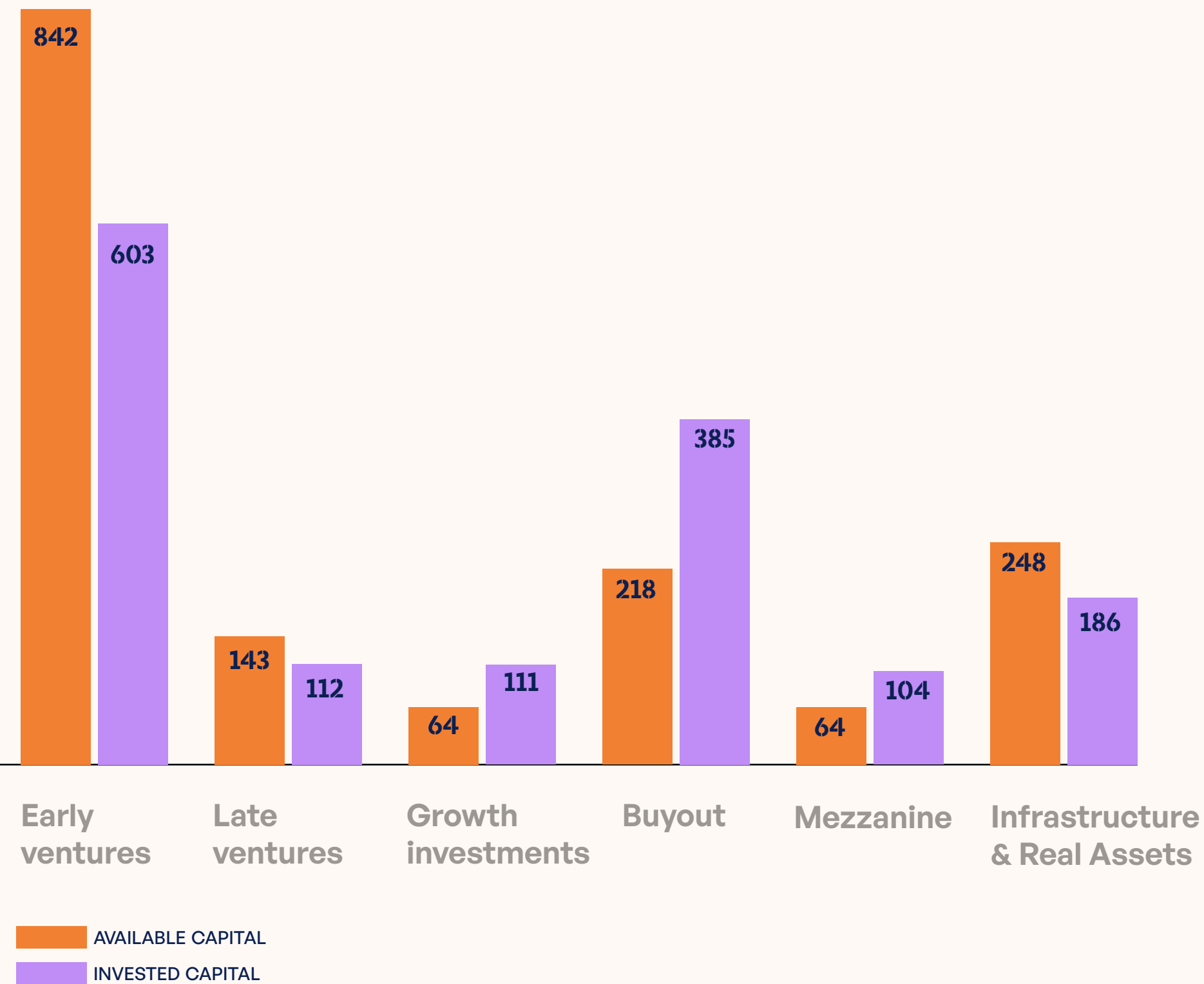
- * Computer and consumer electronics remains the sector attracting the most investments from Baltic VC's with €15 million of investment in 2023.
- * Other sectors which attracted Baltic VC funds include business and industrial services (€15 million), energy & environment (€9 million), financial services (€7 million) and life science (€5 million).

Investments

Dry powder

Capital available for investments by fund's strategy

as at 31 December 2023, EUR M



“There is close to €1.6 billion of capital available for deployment within Baltic PE/VC funds”

By the end of 2023 total dry powder for Baltic PE/VC funds stood at €1.58 billion indicating that there is sufficient capital available to invest in 2024 and beyond should opportunities arise.

Given 2023 was another exceptional year for VC fundraising it is not surprising that early ventures also hold the most dry powder, with €842 million available for investment. Deal activity is also forecast to stay buoyant in the infrastructure and real asset space as there is sufficient dry powder (close to €250 million) and positive political tailwinds as a result of the continued push towards transitioning to a less fossil fuel dependant economy.

Given the strong investment activity in the buyout space especially in 2023 with over €80 million invested, the expectation is that in 2024 we may see more fundraising activity for buyout strategies. One announcement was

already made as INVL is commencing fundraising for its Private Equity Fund II. For more novel strategies such as growth and mezzanine, capital availability is reducing as existing funds are nearing the end of their investment period, with some potentially making preparations to start fundraising perhaps as early as 2024.

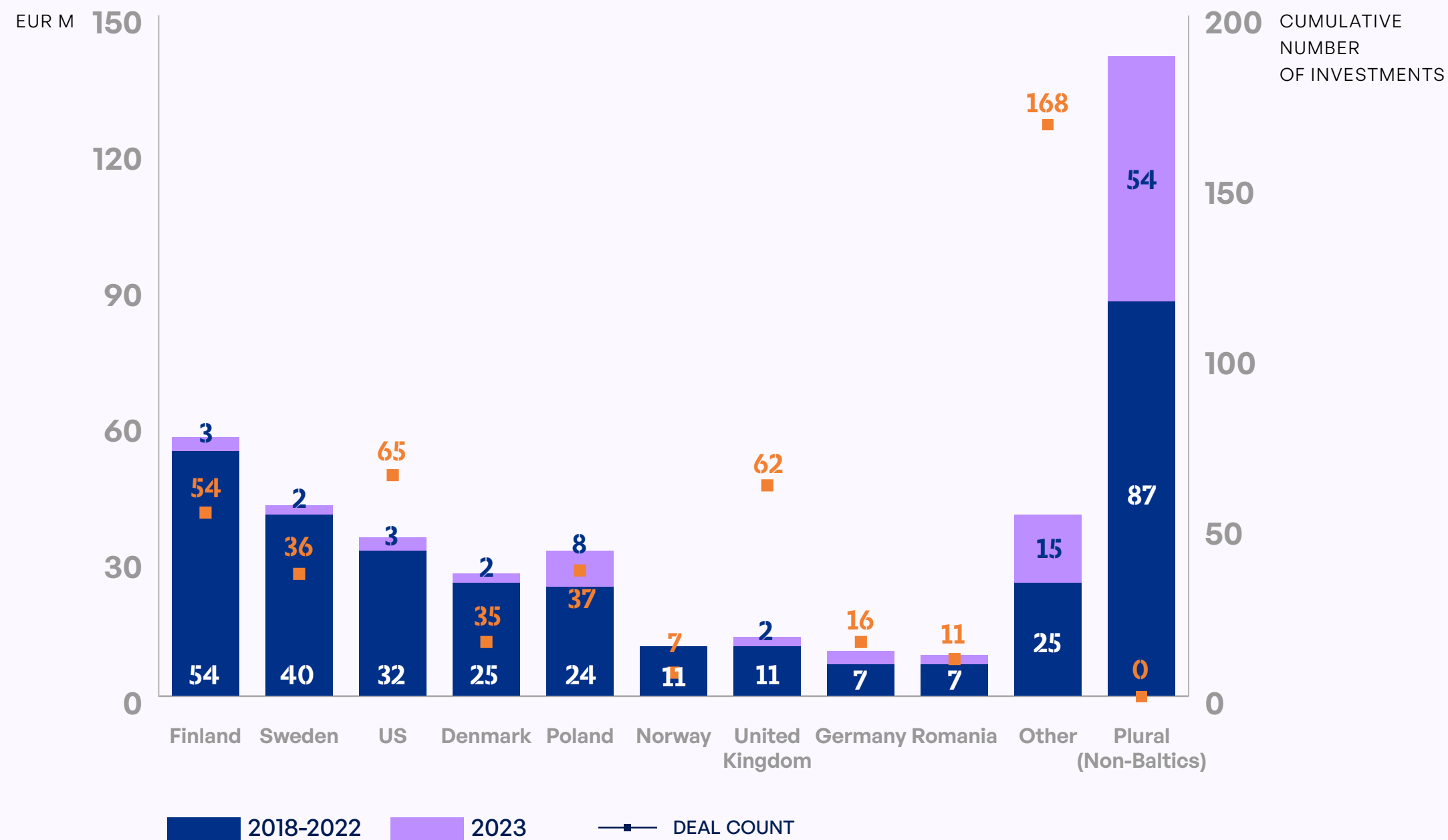
Of the 13 funds which raised capital this year, 9 had already made first drawdowns to deploy capital. However, most of these occurred in the latter half of 2023 and thus the total capital deployed by new funds amounted to less than 5% of the total capital raised in 2023, indicating that most of the capital deployment will take place in the upcoming years.

Investments Outbound

Outbound investments made by the Baltics PE/VC funds in 2018-2023

Investments by outbound country incl. count

2018-2023, EUR M

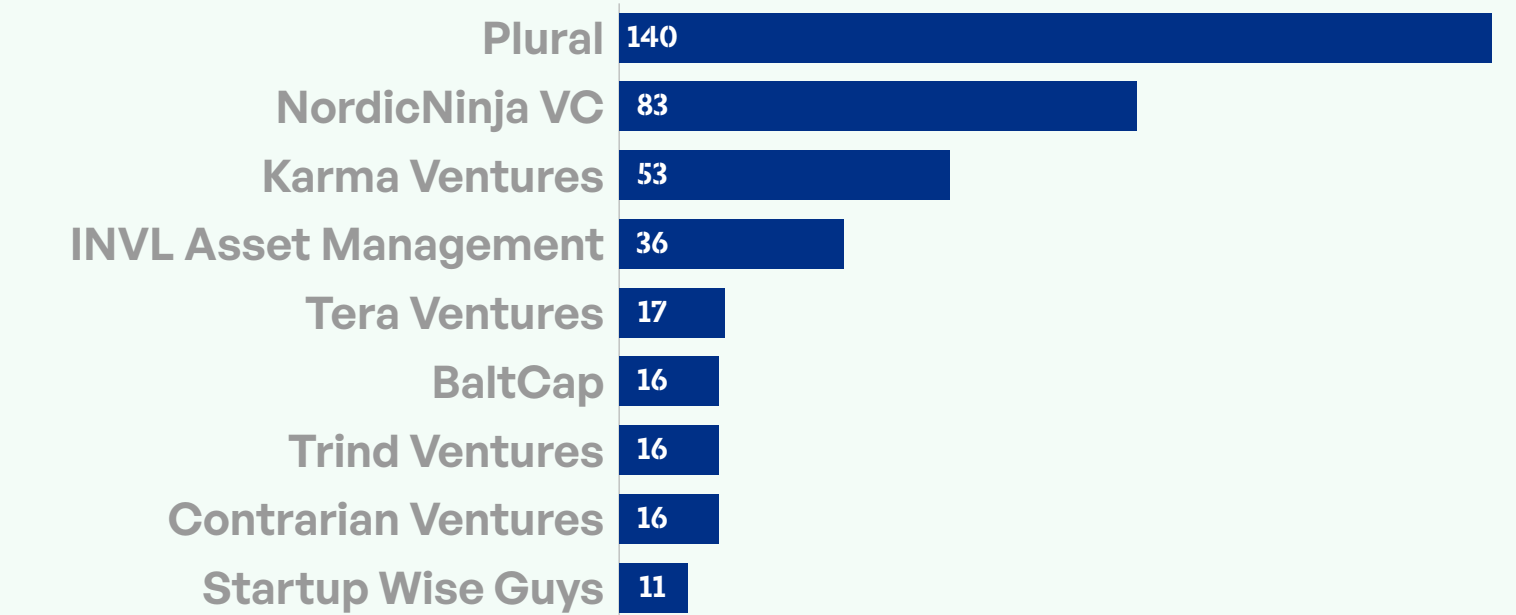


Outbound investment made up over a quarter of total Baltic fund investments reaching €95 million in 2023. This is no surprise as more and more fund managers expand their investment coverage to being pan-Baltic or even Global. In total over the period 2013-2023, Baltic funds have completed 472 (147 in 2023 alone) outbound investments totalling €419 million.

On a cumulative basis the most popular outbound investment destinations by investment amount include Finland (€ 57 million), Sweden (€ 42 million) and the US (€ 36 million), while Poland attracted most investment in 2023.¹ This year, 8 new countries have been added to the list including Australia, Croatia, Ghana, Indonesia, Iran, Kenya, Nigeria and Tanzania.

Investments by outbound country incl. count

2018-2023, EUR M



Since 2018 Baltic VC funds have made outbound investments of €214 million, with over 20 VC funds having made at least one investment outside of the Baltics. Plural has invested the largest amount of capital outside of the Baltics, with €140 million deployed by the end of 2023. Other active outbound investors include NordicNinja VC, Tera Ventures, Trind Ventures, Contrarian Ventures and Start-up Wise Guys.

Altogether Baltic PE funds have made outbound investments totalling €65 million in the period 2018 - 2023. From a PE perspective in the last 6 years, INVL has invested the most capital into companies originating outside of the Baltics, in total €36 million.

¹The U.S also includes companies, which may have a different origin, but have moved their headquarters to the U.S. Plural did not provide a per country breakdown

Investments **Outbound**

Outbound investments made by the Baltics PE/VC funds in 2018-2023



INVL Baltic Sea Growth Fund

invested in Metal-Plast, PVC recycling company based in Poland.



Karma Ventures Fund II

Invested in Hydrogrid, a software solution for optimizing hydropower plants based in Austria.



Contrarian Ventures Net Zero

invested in Delfos, developing software to optimize renewable energy assets, based in Spain.

Notable outbound investments

by Baltic fund managers in 2023



Siena secondary fund

Invested in Finnish healthtech company Oura health.



Superangel Two

Co-IDanish sustainability tech company BeCause.



Trind Ventures Fund II

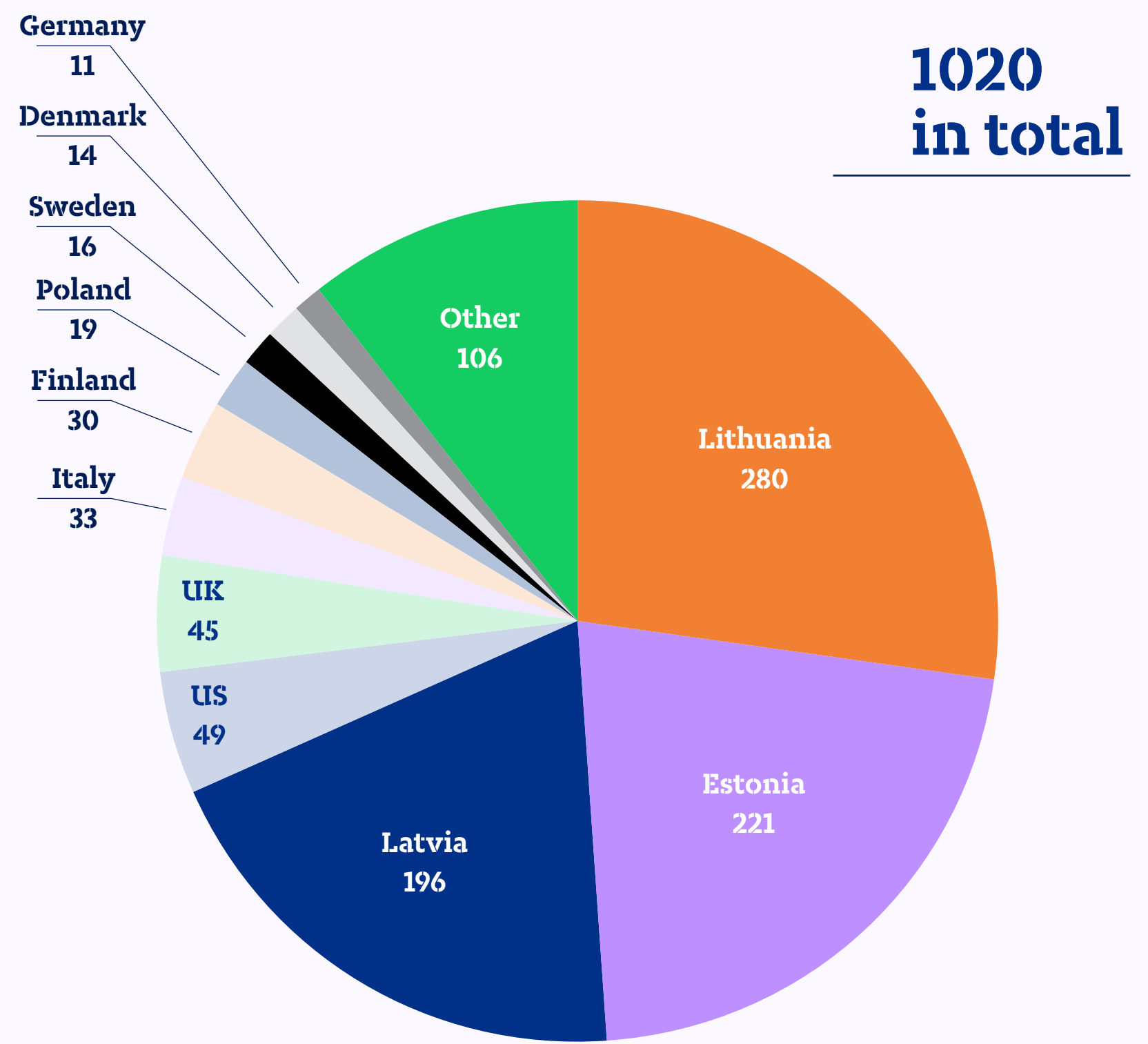
invested in Webel, a marketplace app for service providers, based in Spain.

Investments

Portfolio companies

Number of active portfolio companies by HQ

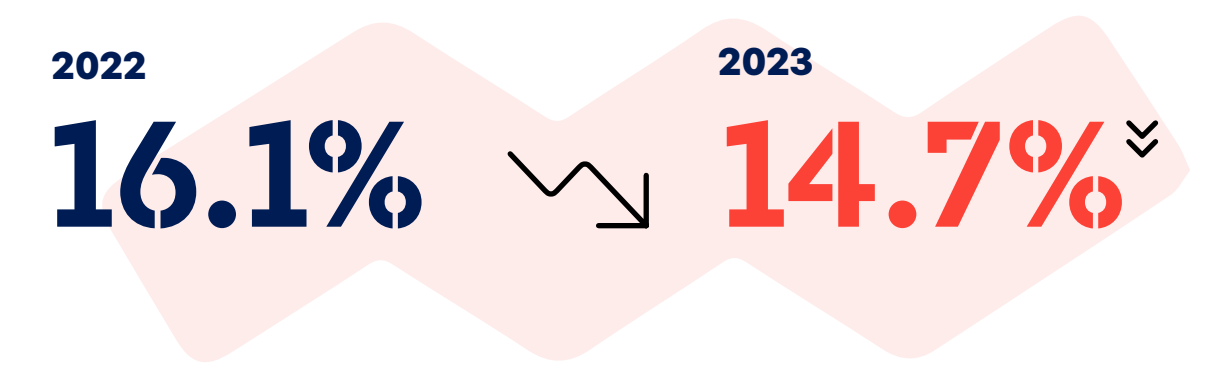
As at 31 December 2023, those which have not yet been divested



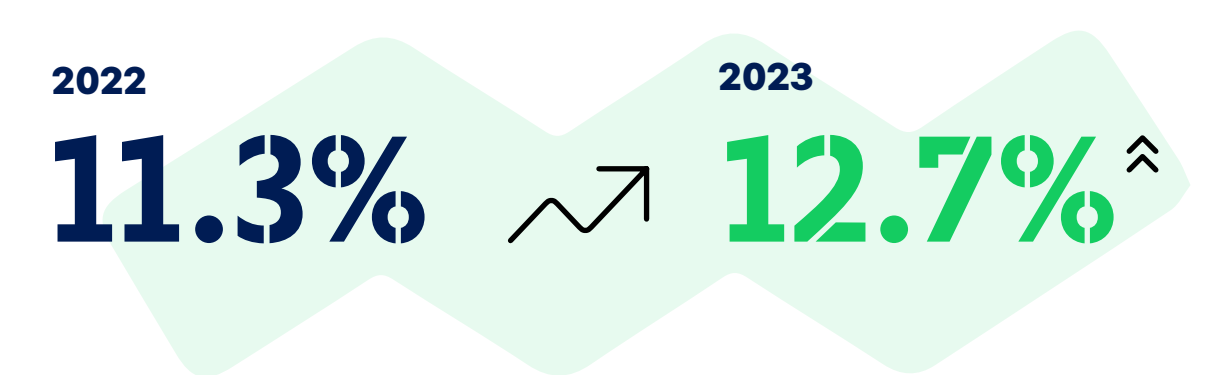
“Percentage of female participation in high level positions is higher in Baltic portfolio companies compared to outbound, but the gap is narrowing.”

The number of active portfolio companies held by Baltic funds as at the end of 2023 totalled 1,020. Of those 68% or 697 are headquartered in Baltics, with the highest number based in Lithuania (280 companies). Close to 170 companies are headquartered in the rest of Europe, with the top five destinations including UK (45), Italy (33), Finland (30), Poland (19), and Sweden (16). The remaining companies are spread around the globe with the U.S being the largest non-European destination, with 49 portfolio companies setting up their headquarters there. With regards to workforce then Baltic portfolio companies have an average workforce of approximately 84 employees, while it is slightly smaller for outbound companies at 64.

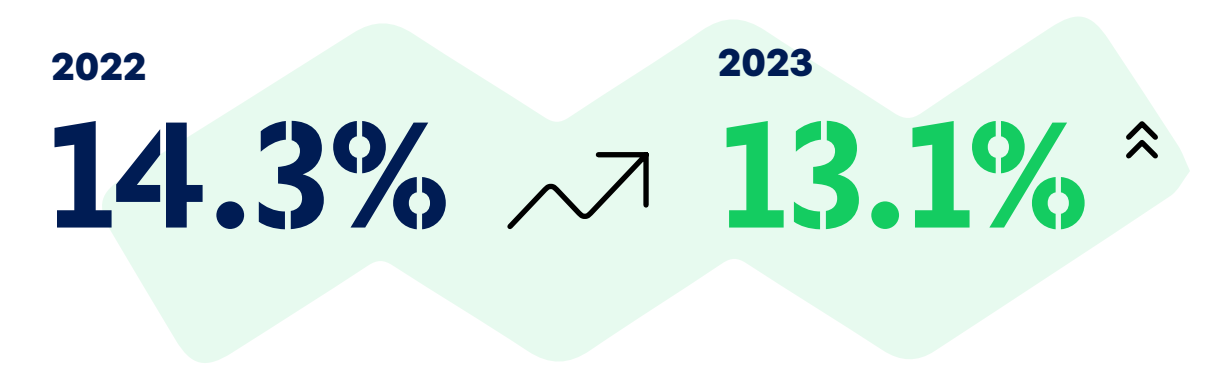
Percentage of female board members in Baltic portfolio companies as at the end of:



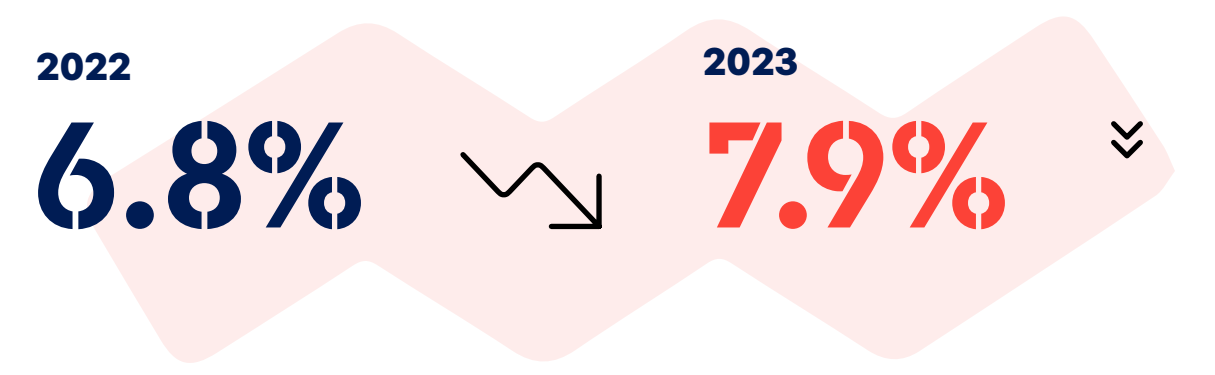
Percentage of female board members in outbound portfolio companies as at the end of:



Percentage of female CEOs in Baltic portfolio companies as at the end of:



Percentage of female CEOs in outbound portfolio companies as at the end of:

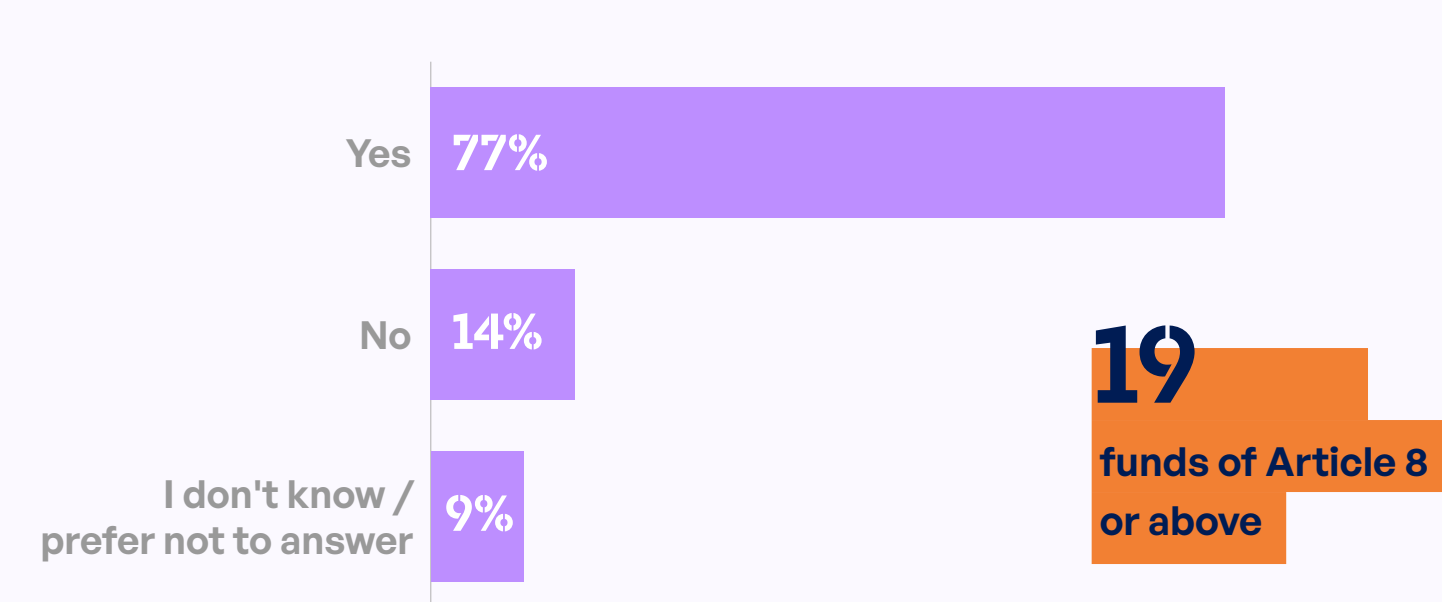


Not all funds provided detailed data for their portfolio companies, therefore the results presented may not provide full representation.

The nexus of Baltic PE/VC and ESG

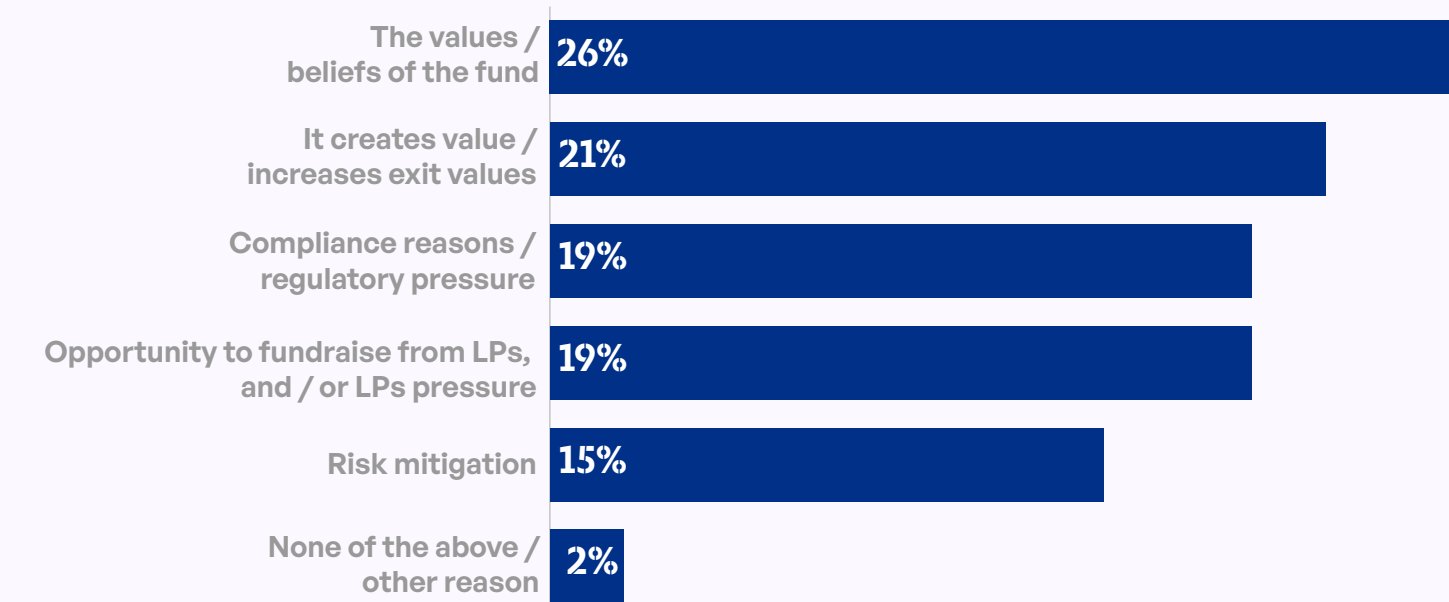
For the first time a separate questionnaire was issued to all fund managers in order to get more insight on the role of and attitude towards environmental, social and governance (ESG) factors within the Baltics PE/VC investment space. At the time of writing of this report a total of 22 out of the 42 fund managers involved in the study replied to the ESG questionnaire.

Are ESG considerations currently on your investment agenda?



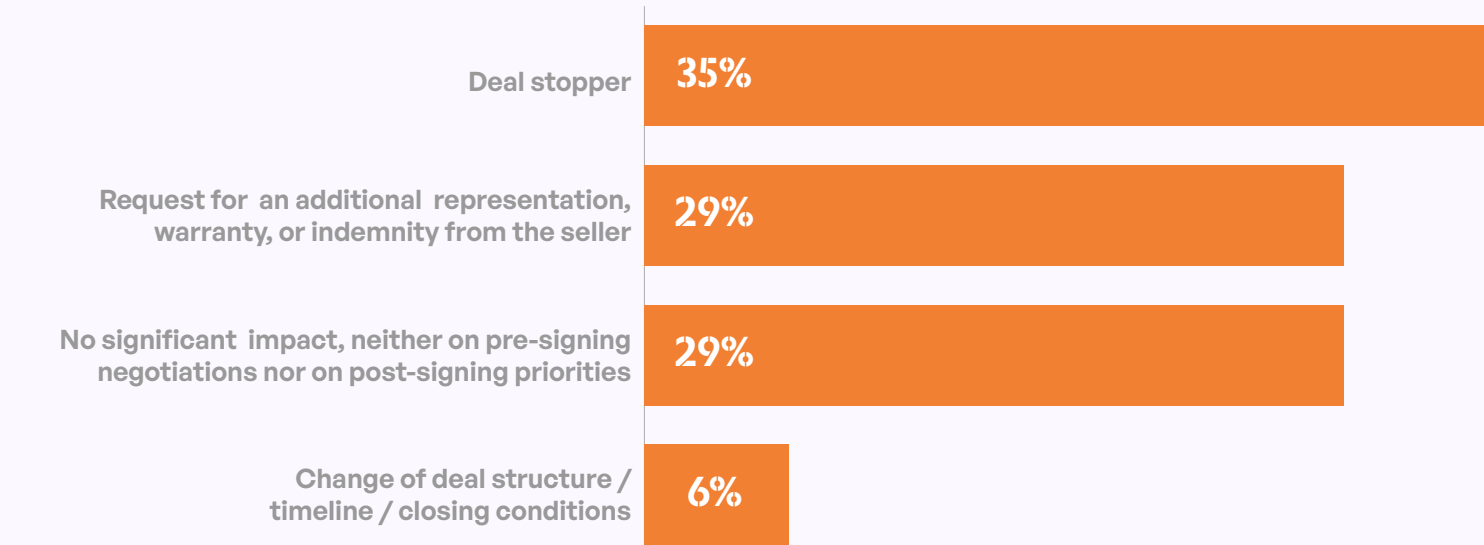
From those that replied to the questionnaire more than 3 out of 4 funds say that ESG considerations are now on their investment agenda. Further, out of those surveyed, 13 funds were Article 6, 9 were Article 8 and 10 were Article 9. In addition, several funds that were not yet Article 9 compliant noted that they were going through the process of achieving Article 9 status.

Rank the key motivations behind your fund placing more importance on ESG



With regards to key motivations for placing importance on ESG matters most funds seem to be driven by intrinsic motivators such as the values/ beliefs of the fund (25%), creation of value/increase in exit value (21%) and risk mitigation (15%) which outweigh the extrinsic motivations such as compliance/regulatory pressure (19%) and opportunity to fundraise/ pressure from LPs (19%).

What consequences did negative material ESG findings have on a potential investment?



The consequences of negative material ESG findings on a potential investment can be significant, with 35% of respondents suggesting it would be a 'deal stopper' for them, while another 29% said they would 'request for an additional representation, warranty, or indemnity from the counterparty'. However, another 29% of funds said that a negative material ESG finding would have 'no significant impact' on the deal.¹

¹This was a separate questionnaire issued to funds separately at a later point and at the time of writing the report 22 out of 42 responded.

¹Other contained the following options: reduction of valuation, change of deal scope, impact on post-signing integration priorities

Baltic

Divestments



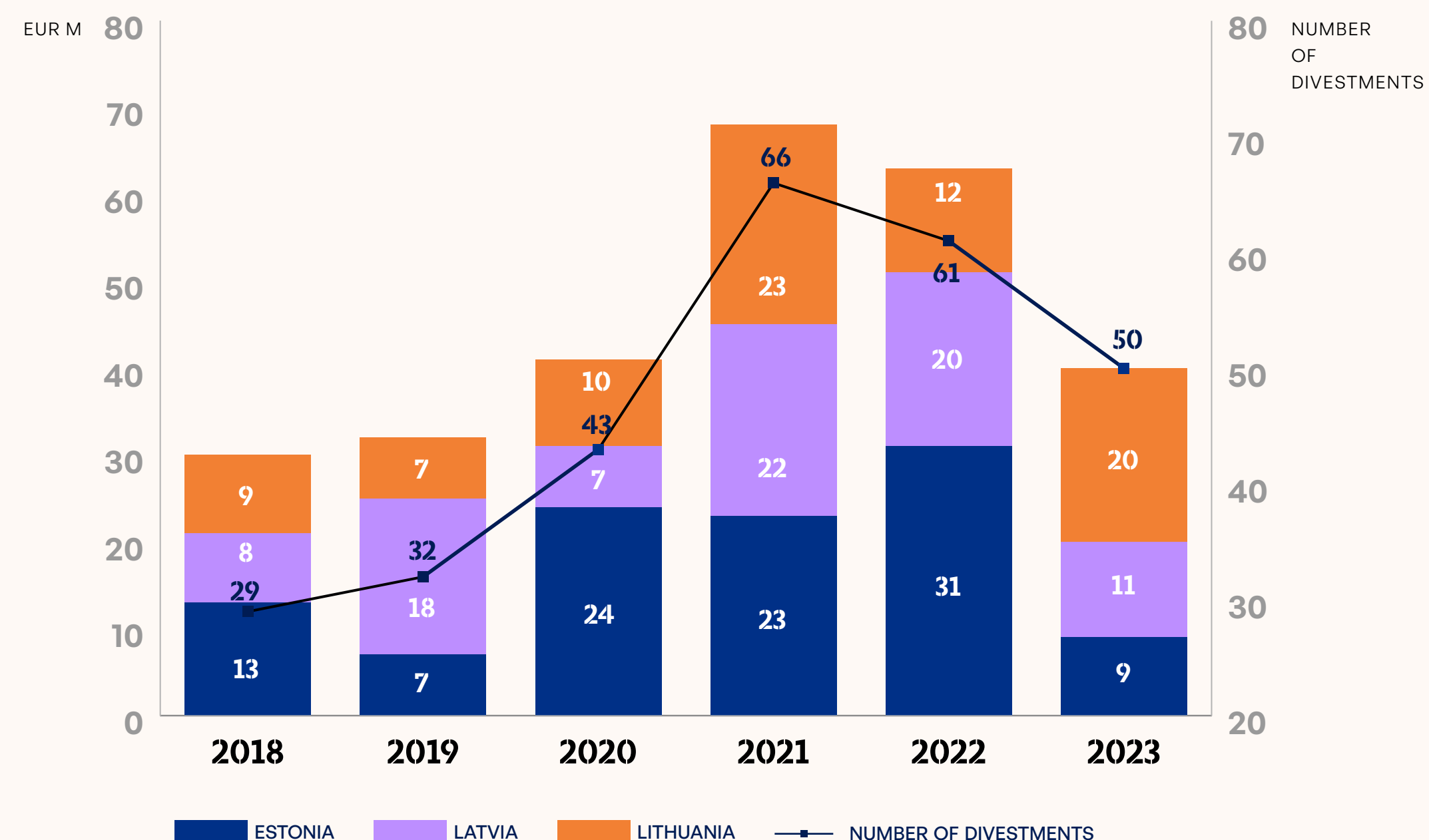
Divestments

“2023 saw divestment activity decrease as increasing capital costs and decreasing valuations discouraged some investors to pursue exits”

Divestments are at cost, they do not factor in capital gains/losses. There may have been outbound divestments, which are not presented in this report.

Divestments at cost in Baltics incl. count

2018-2023, EUR M

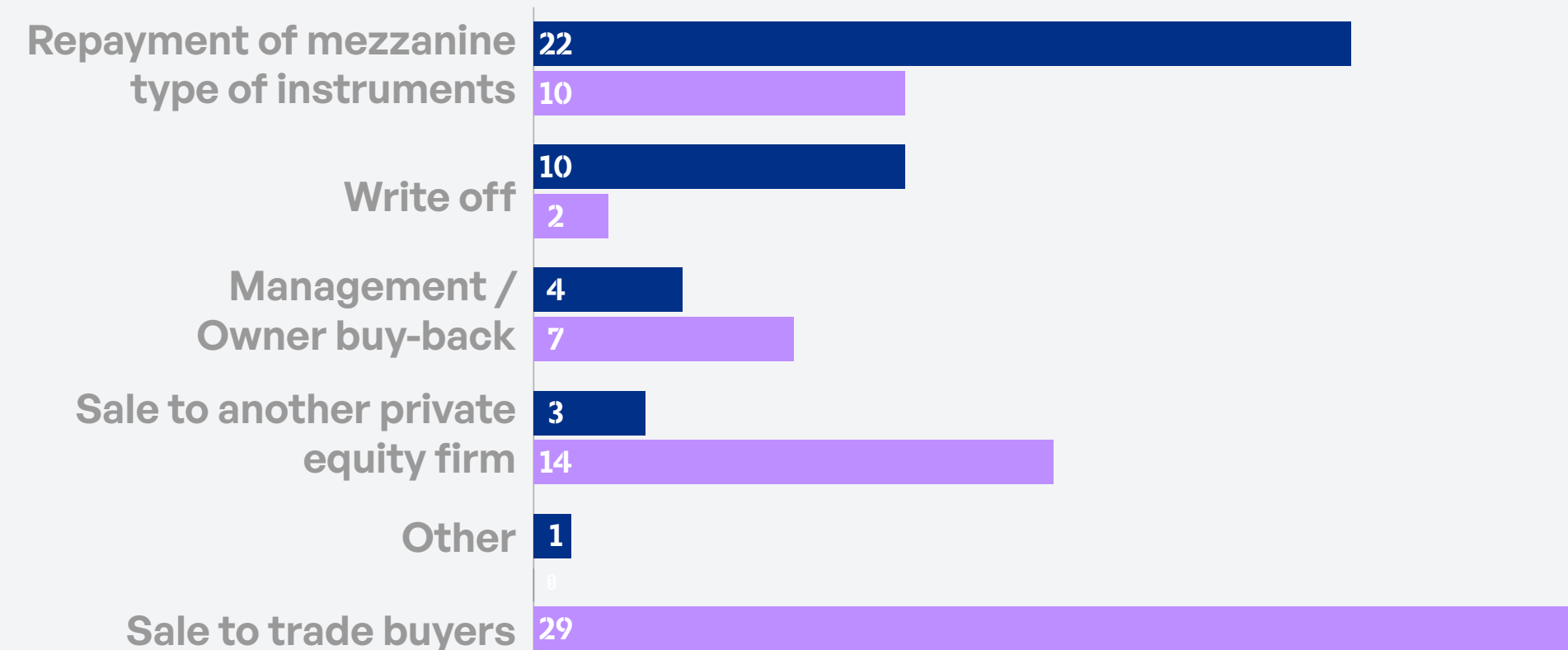


- * A more challenging economic backdrop and higher cost of capital put downward pressure on valuations, as a result of which a number of exits may have been postponed.
- * Overall for the year exit value at cost reduced by 36% to €40 million with the number of exits also decreasing by 18% to 50.
- * Most of the exit value at cost, approximately 63%, was accounted for by PE funds as part of 17 transactions.
- * Contrary to last year when close to 80% of divestments took place in the latter part of the year, in 2023 they were spread much more evenly throughout the year.

Exit value at cost in Baltics by type

EUR M

2023 2022



- * Contrary to prior years 2023 saw a considerable reduction in exits to trade buyers and other private equity firms, with there being no exits to a trade buyers for the first time since 2016.
- * Repayment of mezzanine type instruments (preference shares, loans, etc) was the most common exit route by exit value at cost of €22 million over 15 transactions.
- * Given the challenging economic backdrop, inflation pressures and higher cost of capital it was also no surprise that 2023 saw an increase in write offs.
- * With regards to fund strategy then most divestments were related to early venture companies.

Notable divestments by Baltic funds during 2023



ZGI 4 and FlyCap Investment Fund

sold their stakes in HansaMatrix, a manufacturer of electronic components in Latvia to Baltcap which took the company private.



BaltCap Latvia Venture Capital Fund

divested its shareholding in AMATEKS, a producer of metal components based in Latvia.



Expansion Capital

divested its shareholding in AS Puto, a carwash business in Latvia.



Expansion Capital

divested their shareholdings in SIA LGT Operators, a liquid food cargo terminal operator in Latvia.

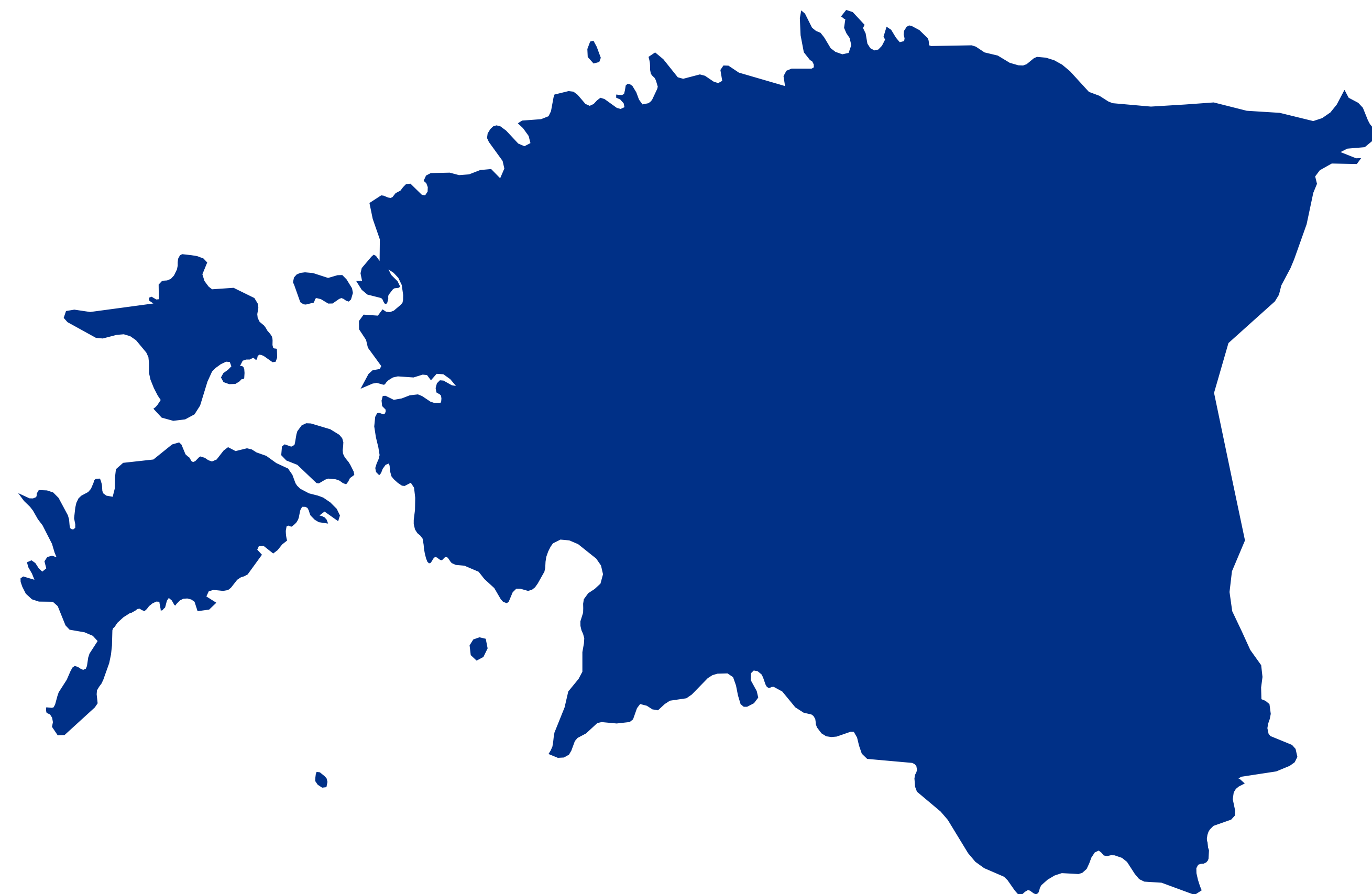
Private Equity & Venture Capital in Estonia



Estonian market

Key highlights

- * Over the period 2018 – 2023 Estonian Limited Partners have provided 17% or €438 million of the total capital raised by Baltic PE/VC funds that invest into Estonia.
- * In 2023 Baltic PE/VC funds invested €53 million into Estonian companies over 100 transaction.
- * Investment activity was driven by VC funds who accounted for 56% of the total amount invested into Estonian companies.
- * Similar to prior years in 2023 the computer and consumer electronics sector continues to attract the most capital in Estonia.



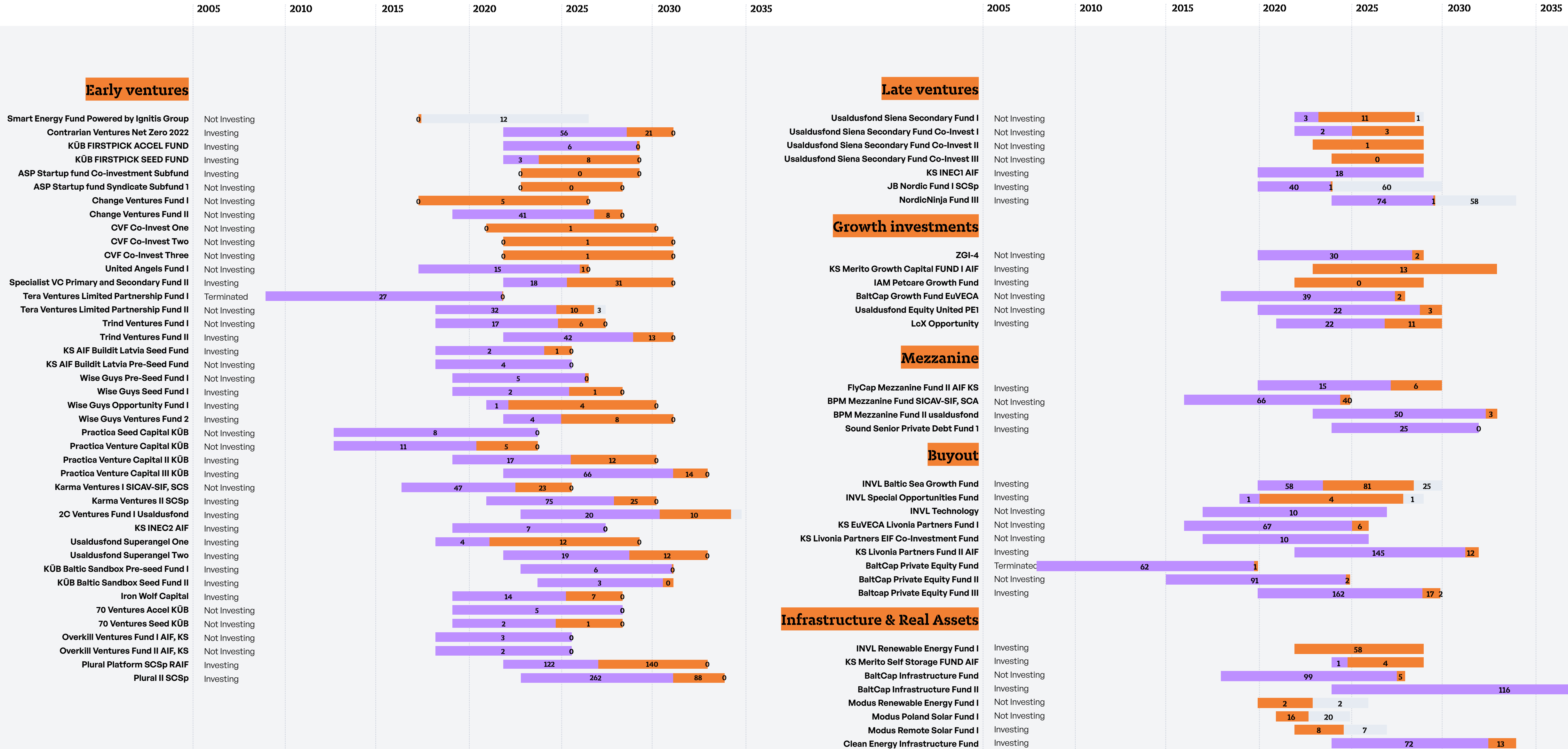
Landscape of PE/VC funds that invest in Estonia

as at 31st December 2023

Funds raised by funding source and fund period (vintage and termination year), EUR M¹

¹Excludes evergreen funds. Excludes funds which have not fundraised or disclosed fundraising

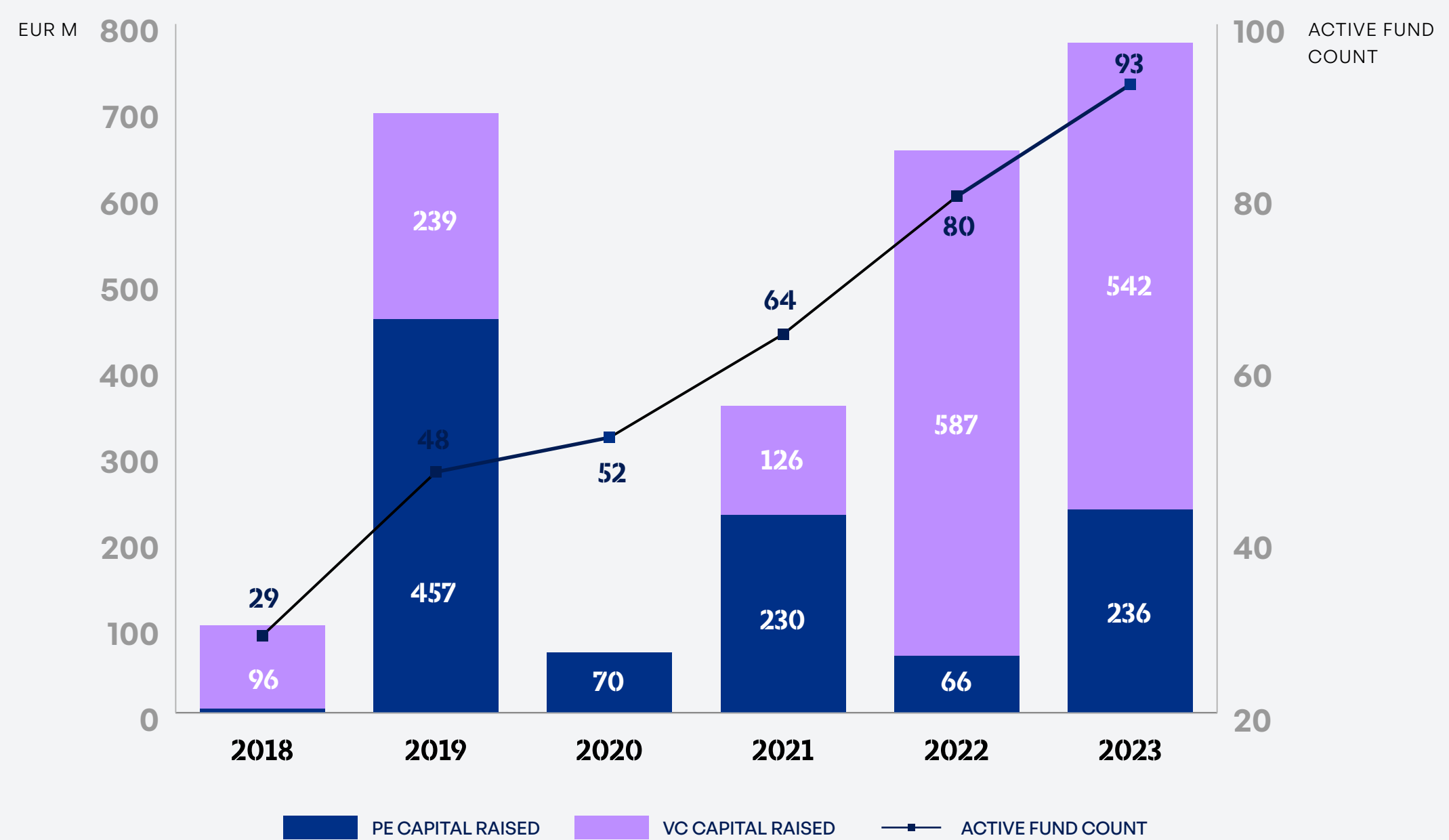
INSTITUTIONAL FUNDING PRIVATE FUNDING CORPORATE FUNDING



Fundraising in Estonia

Total fundraising (split into VC & PE) incl. total fund count

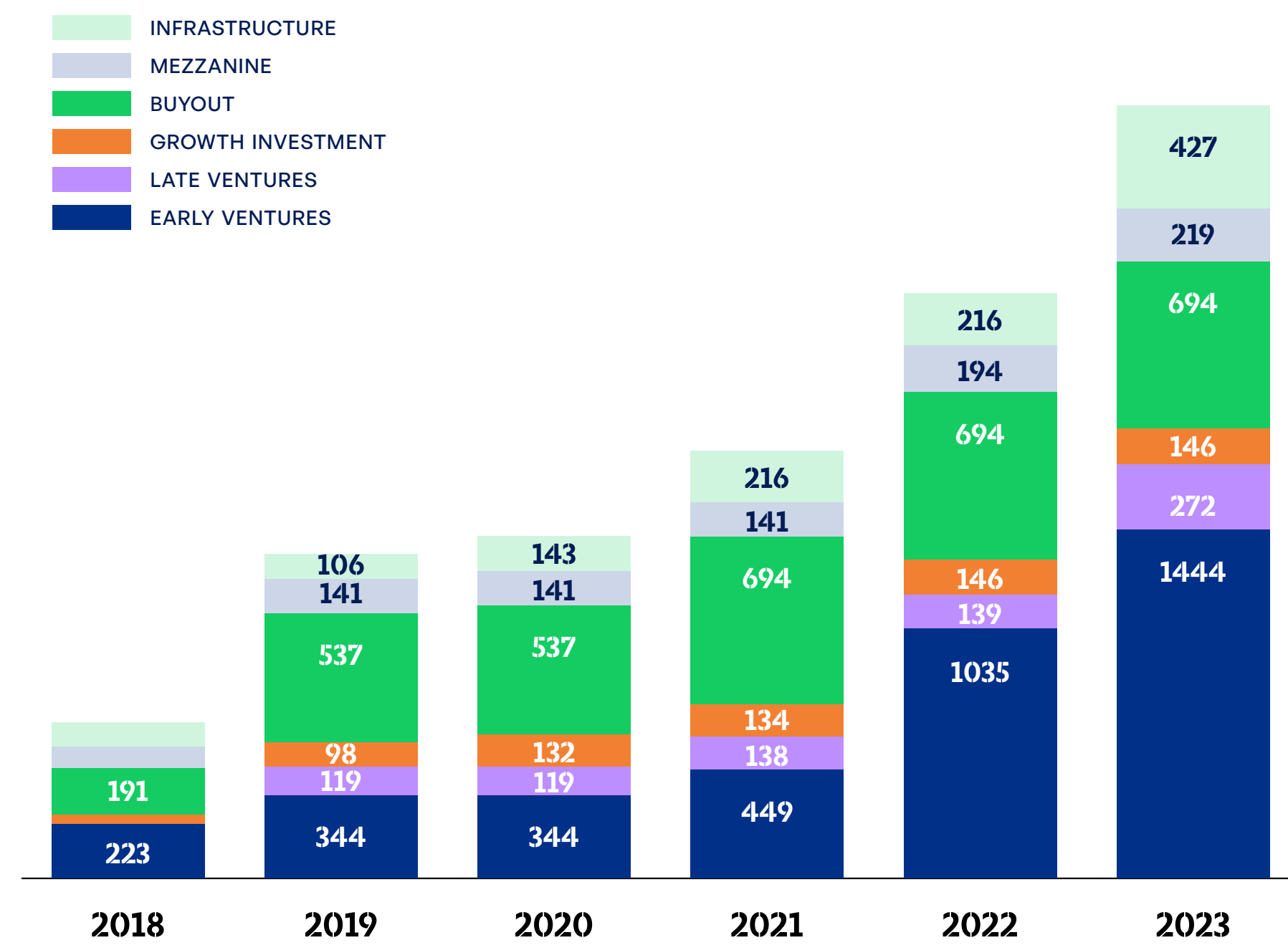
Capital raised annually during 2018-2023¹, EUR M



¹Fundraising date is by the fund's vintage year. Please see methodology section for further information.
²2018 includes the cumulative fundraising since 2010. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

“Over the period 2010 to 2023 Baltic funds whose mandate is solely focused on or includes investing into Estonian companies have cumulatively raised €3.20 billion”

PE/VC cumulative fundraising 2010-2023

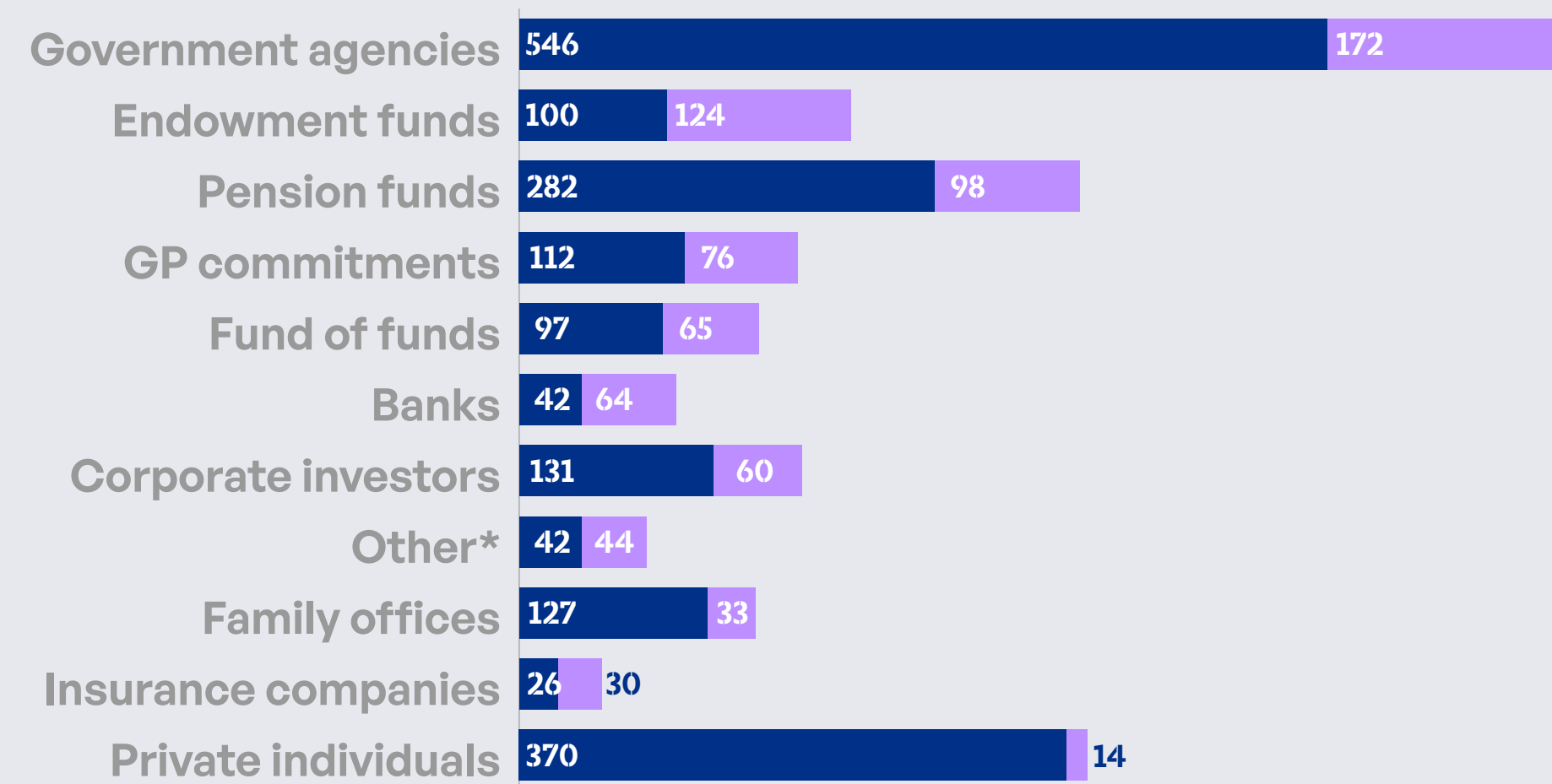


Of the 13 new funds established in the year, 11 have a Pan-Baltic, Pan-European or global focus, while two funds have a national focus, which includes for example the SmartCap Green Fund, which focuses on investing solely into Estonian companies. Funds focusing solely on investing into Estonian companies account for less than 5% of total capital raised during the last 6 years.

Fundraising in Estonia

Capital raised by investor type

2018-2023, EUR M.



2018-2022
2023

*Foundations, sovereign wealth funds & other asset managers

The local PE/VC space is maturing as the diversity of capital sources for funds is increasing and the reliance on government funding is reducing. In 2023, government funding accounted for 22% of capital raised, while in the period 2018-2023 it was 27%. Funds raised from pension funds have increased considerably, while capital is also being raised from less traditional sources such as endowment funds and GP commitments.

Even though private individuals have been an important funding source, this was not the case in 2023 as private individuals may have taken a more conservative investment approach given the more challenging market conditions observed in 2023.

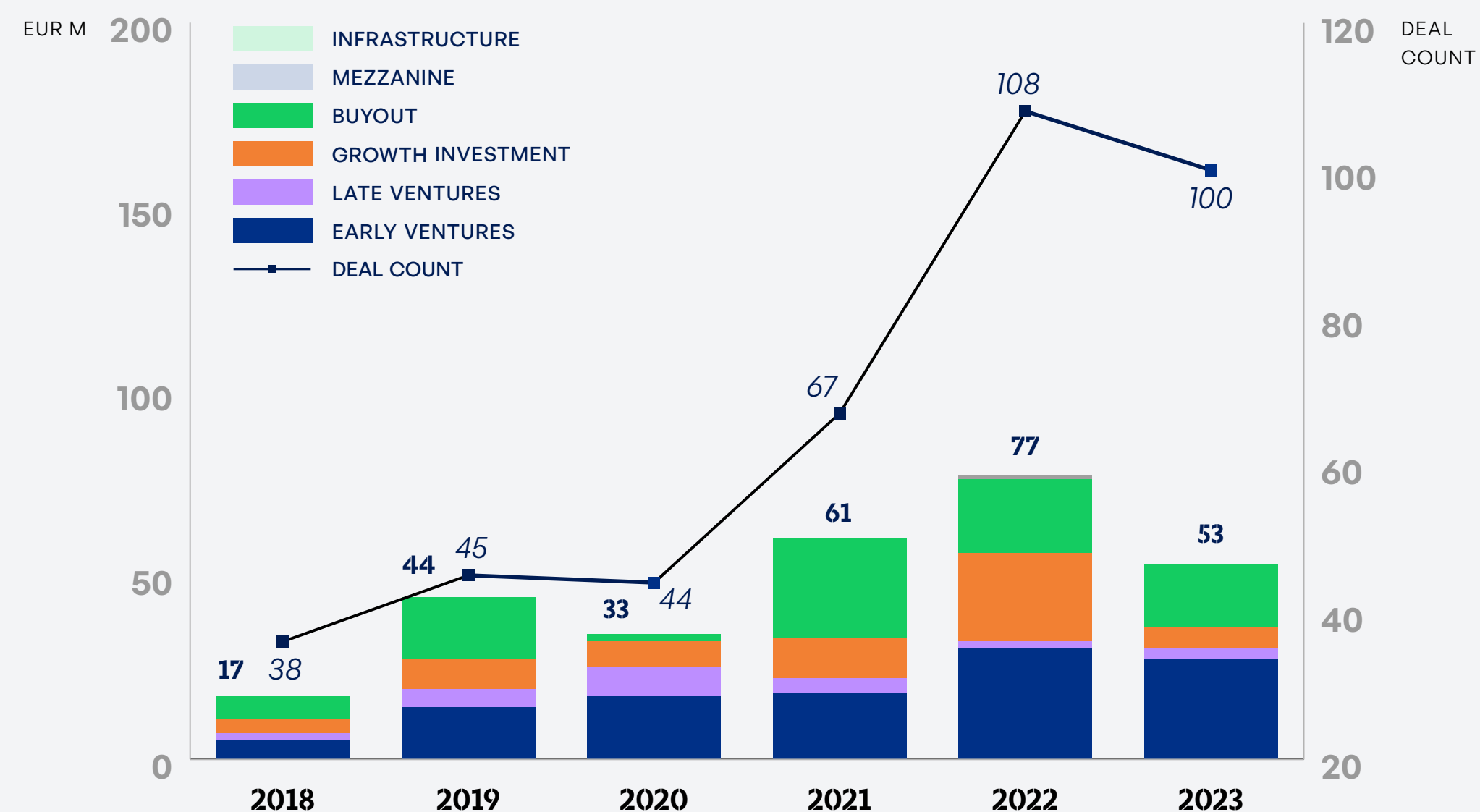
Of the total capital raised by funds in the last 6 years, 17% or €438 million has come from investors based in Estonia, while for 2023 the figure was 19% or €141 million.

¹Categories below a minimum threshold were left out.
The totals may not match as Plural did not provide per investment breakdown.

Investments in Estonia

Investments by stage incl. count

2018-2023, EUR M.



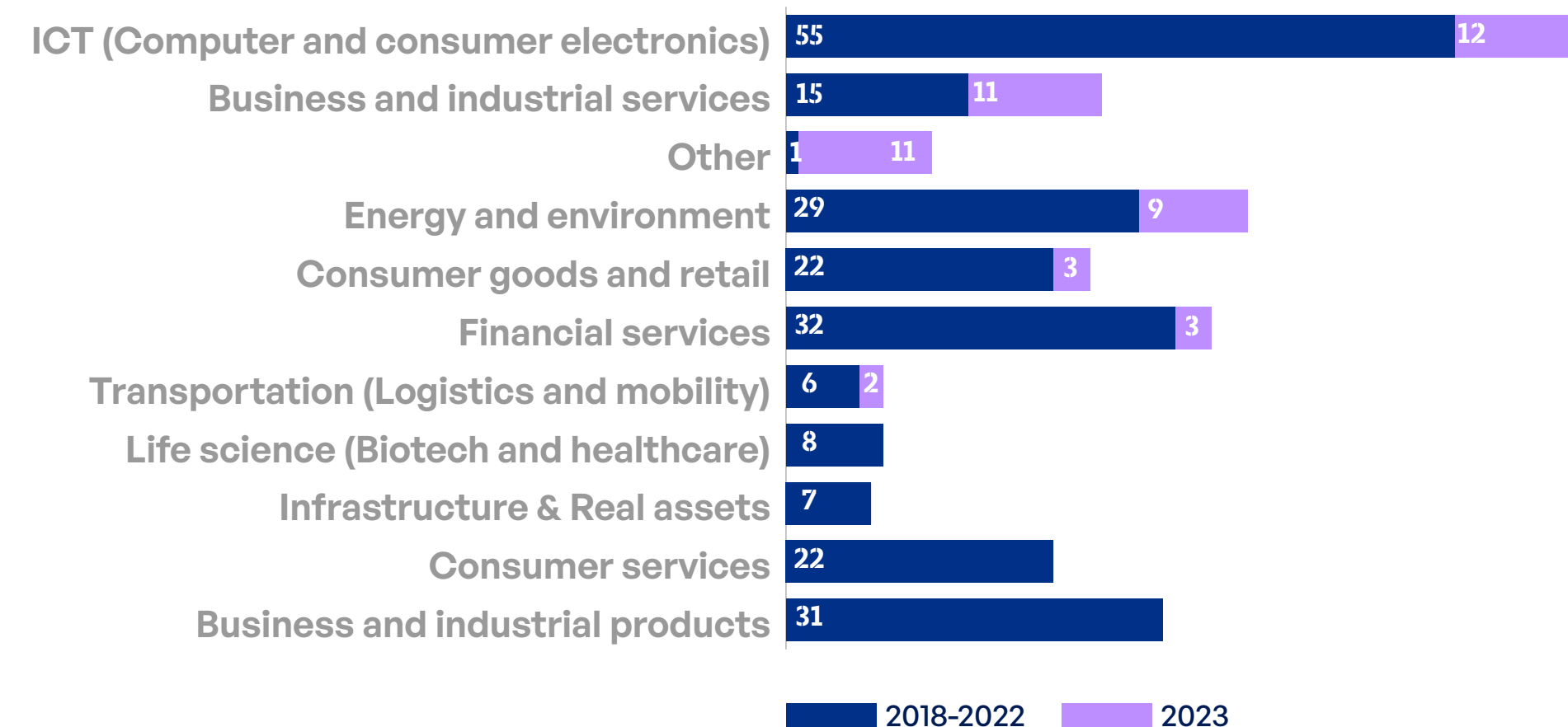
In 2023, the amount invested by Baltic funds in Estonian companies fell to €53 million, a decrease of 31% compared to 2022. Investment was led by VC funds who invested 56% of the total amount invested at cost in 2023. The number of transactions also decreased, but by a smaller amount approximately 7% (100 transactions), which was driven by a large number of smaller early venture investments.

¹Categories below a minimum threshold were left out. The totals may not match as Plural did not provide per investment breakdown.

“Investments in Estonian companies decreased 31% in 2023, with a total amount invested of €53 million over 100 transactions.”

PE/VC Investment by sector

2018-2023, EUR M.



* When investing into Estonia, Baltic funds were most interested in the ICT sector, which received 24% of the total funds invested in 2023, followed by the business and industrial services sector at 22%.

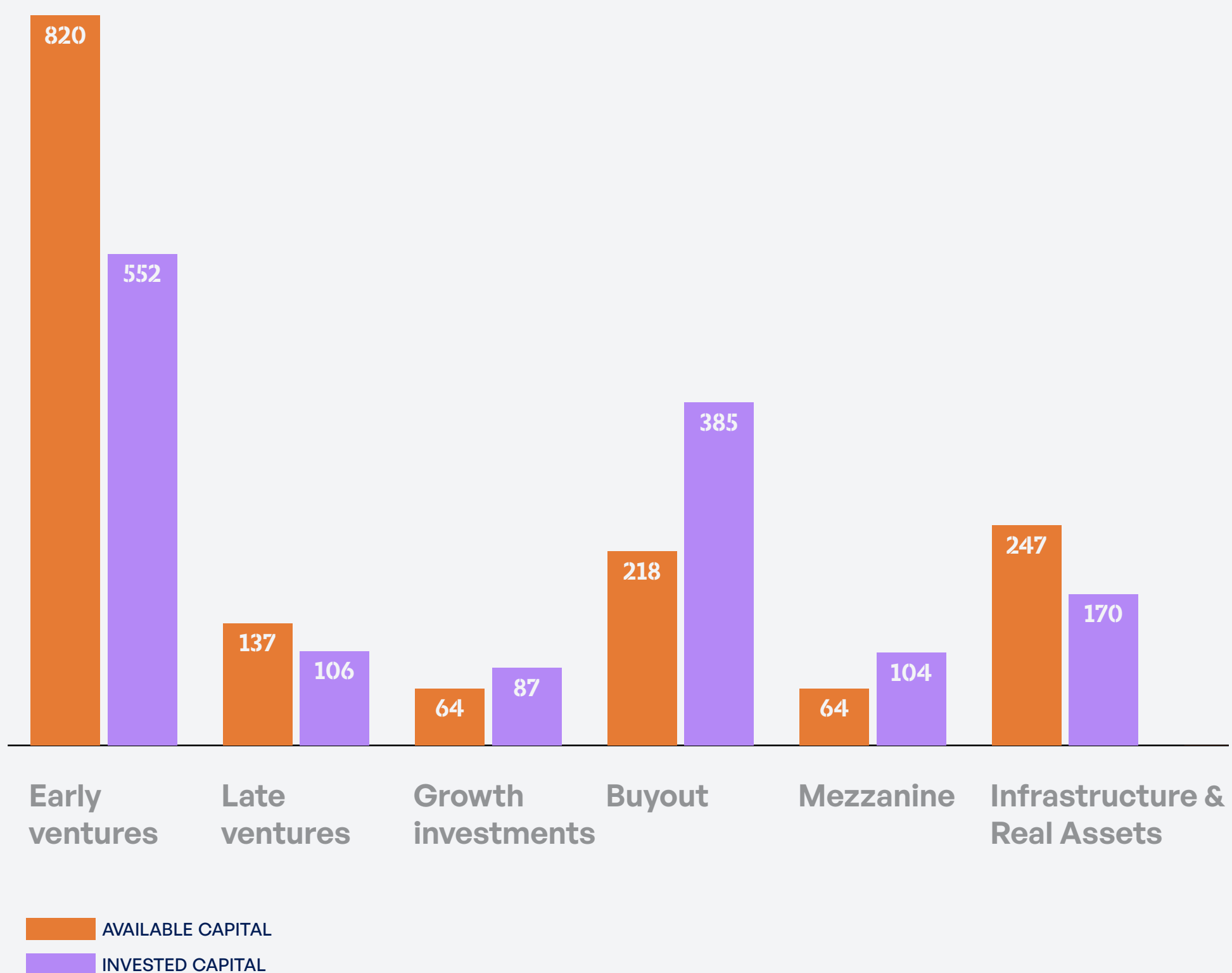
* If for the Baltic region overall investment into consumer services grew considerably in 2023 then for Estonia these sectors did not attract significant investment.

Invested capital in Estonia

Dry powder

Capital available for investments by fund's strategy

as at 31 December 2023, EUR M.



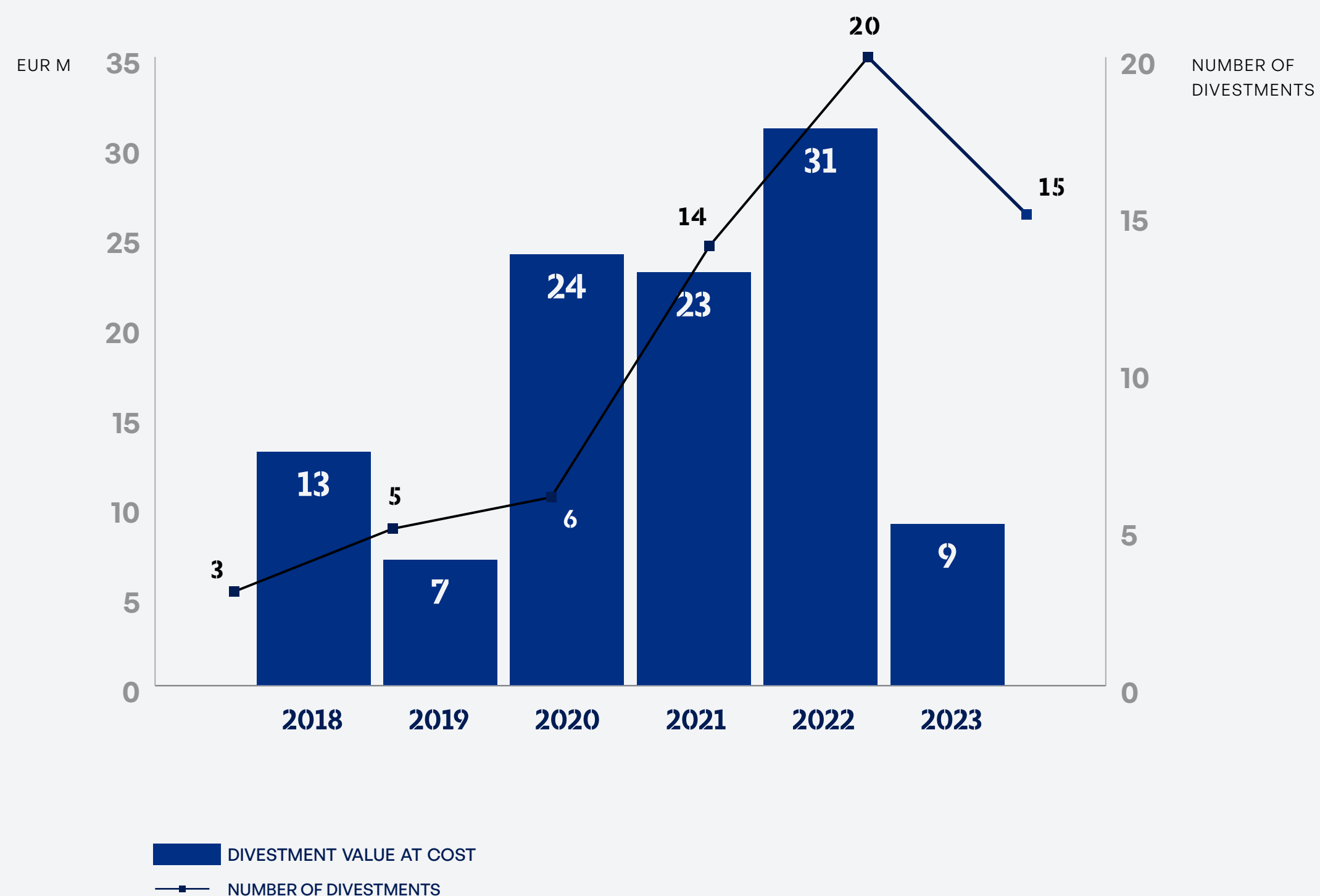
“Baltic PE/VC funds hold €1.55 billion of capital available that can be invested into companies based in Estonia.”

* At the end of 2023, 48% of total cumulative capital raised was already deployed, leaving funds with €1.55 billion available for investment into companies based in Estonia. The largest amounts of dry powder is held by funds with a focus on the early venture, infrastructure & real assets and buyout strategies.

Divestments in Estonia

Divestments by cost incl. count

2018-2023, EUR M.



Divestments are at cost, they do not factor in capital gains/losses.

“2023 saw divestment activity decrease as increasing capital costs and decreasing valuations discouraged some investors to pursue exits”

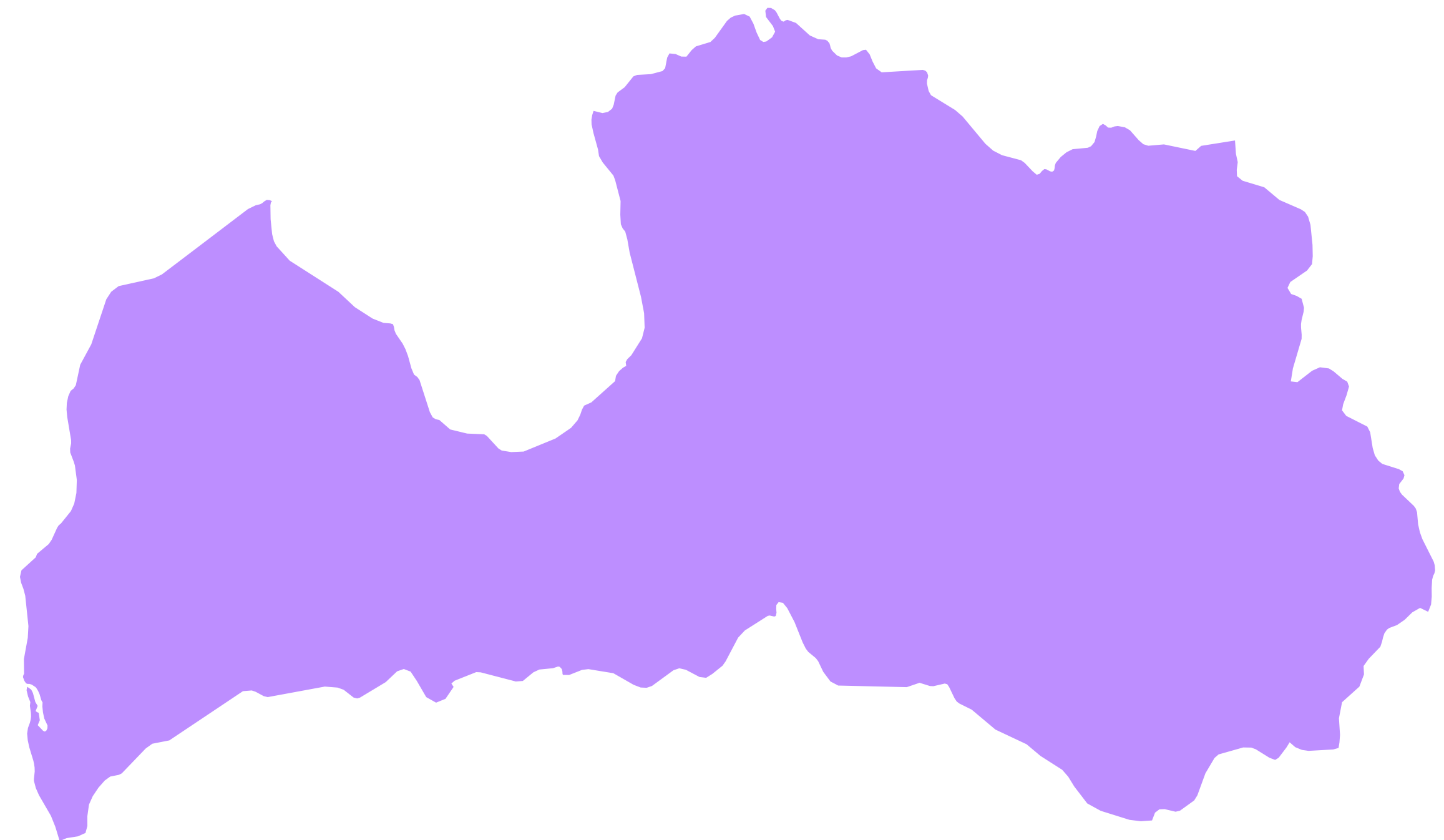
- * Overall divesting activity for Estonian portfolio companies decreased considerably in 2023 compared to prior years.
- * Exit value at cost reduced YoY by 70% to €9 million with the number of exits also decreasing, although by a smaller extent of 25% to 15.
- * 2023 was an active year for early venture divestments, which made up the majority of all exits for the year. While there were also exits from buyout and growth strategies.
- * The most common exit route by funds divesting Estonian portfolio companies was the repayment of mezzanine type of instruments and write offs.

Private Equity & Venture Capital in Latvia

Latvian market

Key highlights

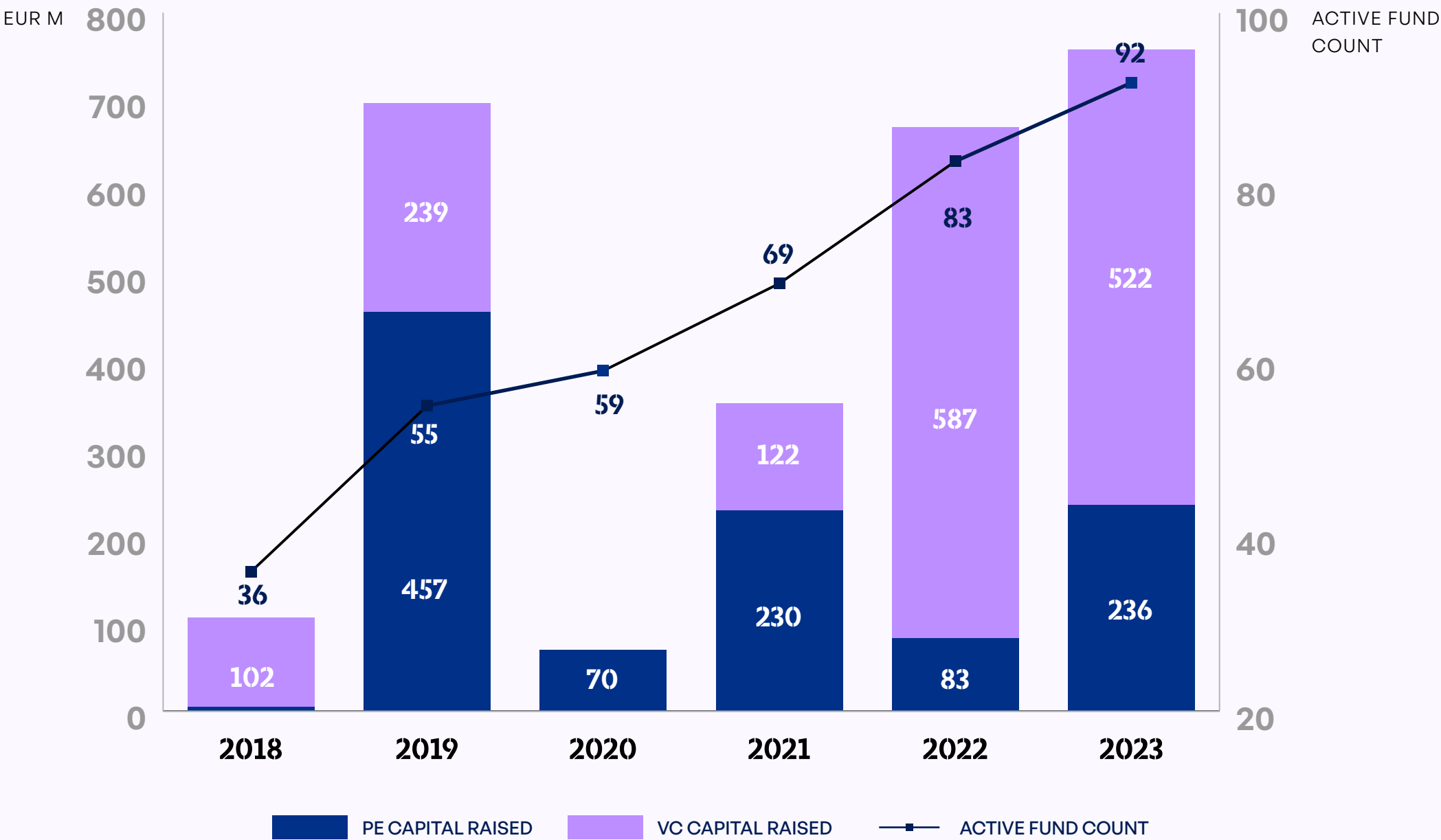
- * **Over the period 2018 – 2023 Latvian Limited Partners have provided 7% or €183 million of the total capital raised by Baltic PE/VC funds that invest into Latvia.**
- * **In 2023, the amount invested by Baltic funds in Latvian companies reached an all-time high of €65 million, an increase of 260% compared to 2022.**
- * **Investment activity was driven by PE funds who accounted for 91% of the total amount invested into Latvian companies.**
- * **With regards to sector preference 2023 saw most investment going into Latvian companies operating within the business and industrial products sector.**



Fundraising in Latvia

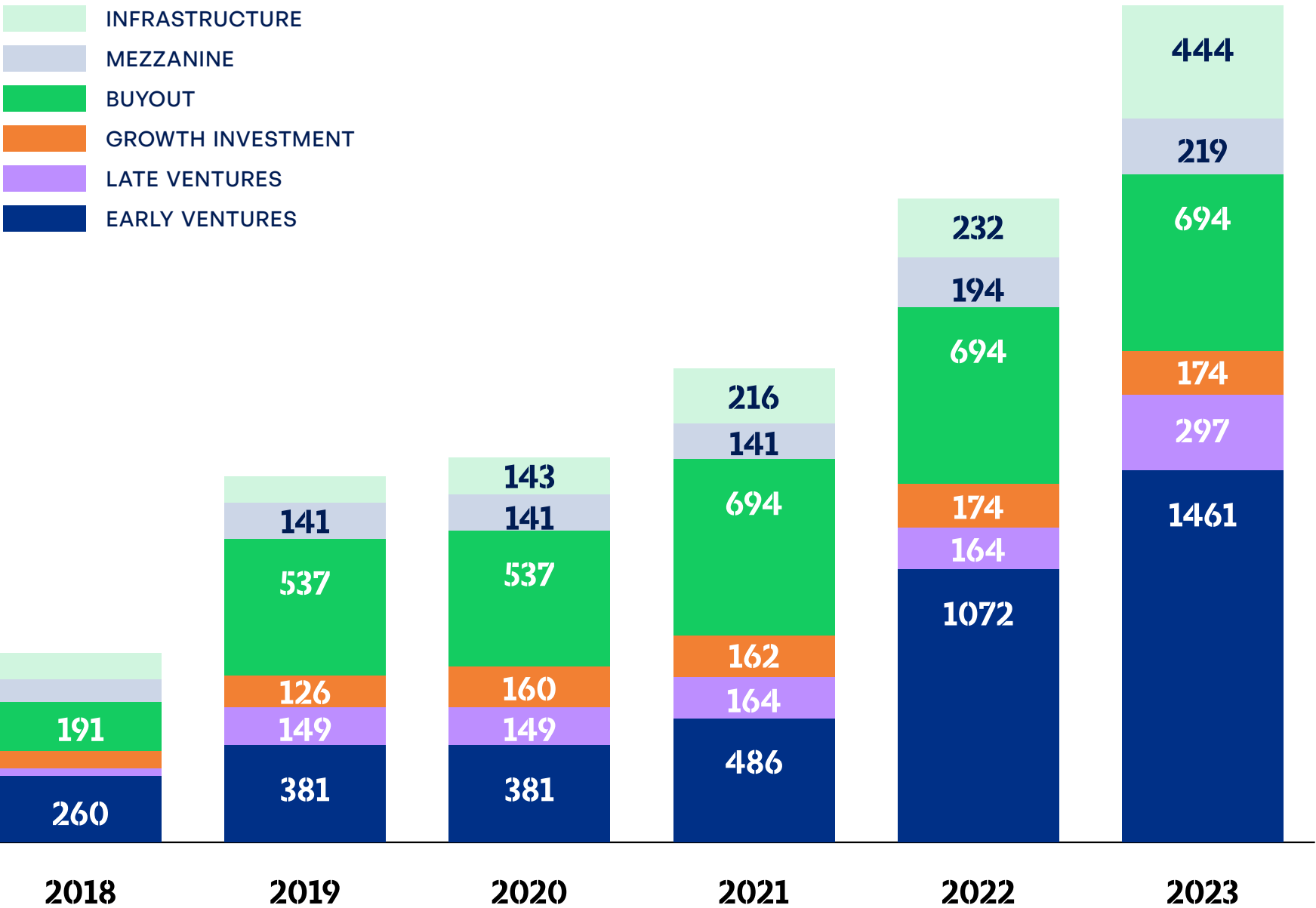
Total fundraising (split into VC & PE) incl. total fund count

Capital raised annually during 2018-2023¹, EUR M



“Over the period 2010 to 2023, Baltic funds whose mandate is solely focused on or includes investing into Latvian companies have cumulatively raised €3.28 billion.”

PE/VC cumulative fundraising 2010-2023



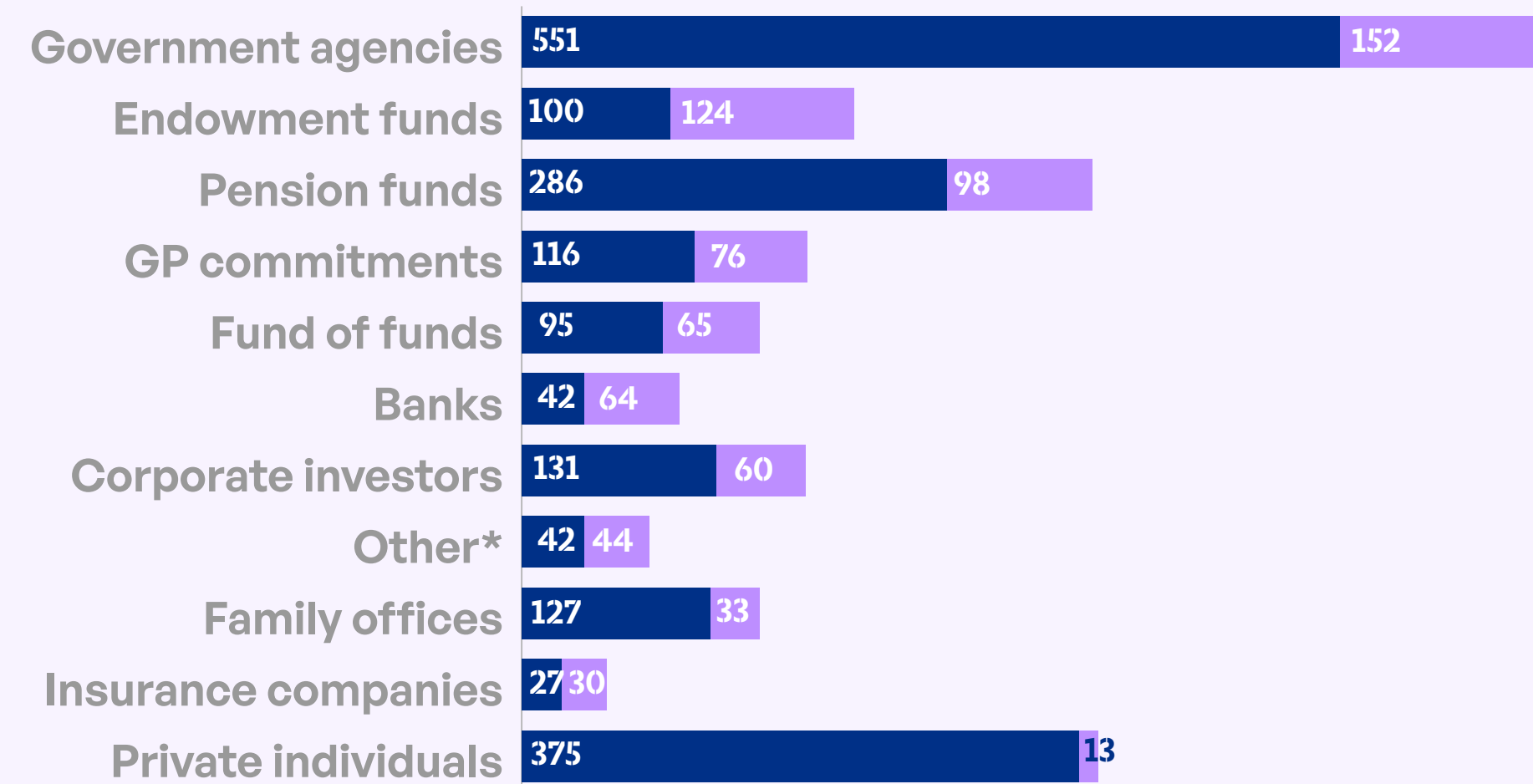
Of the 13 new funds established in the year, 11 have a Pan-Baltic, Pan-European or global focus, which means that their investment mandate also includes Latvian based companies.² Funds focusing solely on investing into Latvian companies account for less than 5% of total capital raised during the last 6 years.

¹Fundraising date is by the fund's vintage year. Please see methodology section for further information.
²There were also 2 national funds but these focused solely on Estonian companies and are not relevant for Latvia.
³2018 includes the cumulative fundraising since 2010. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

Fundraising in Latvia

Capital raised by investor type

2018-2023, EUR M.



2018-2022
2023

*Foundations, sovereign wealth funds & other asset managers

The local PE/VC space is maturing as the diversity of capital sources for funds is increasing and the reliance on government funding is reducing. In 2023, government funding accounted for 20% of capital raised, while in the period 2018-2023 it was 27%. Funds raised from pension funds have increased considerably, while capital is also being raised from less traditional sources such as endowment funds and GP commitments.

Even though private individuals have been an important funding source, this was not the case in 2023 as private individuals may have taken a more conservative investment approach given the more challenging market conditions observed in 2023.

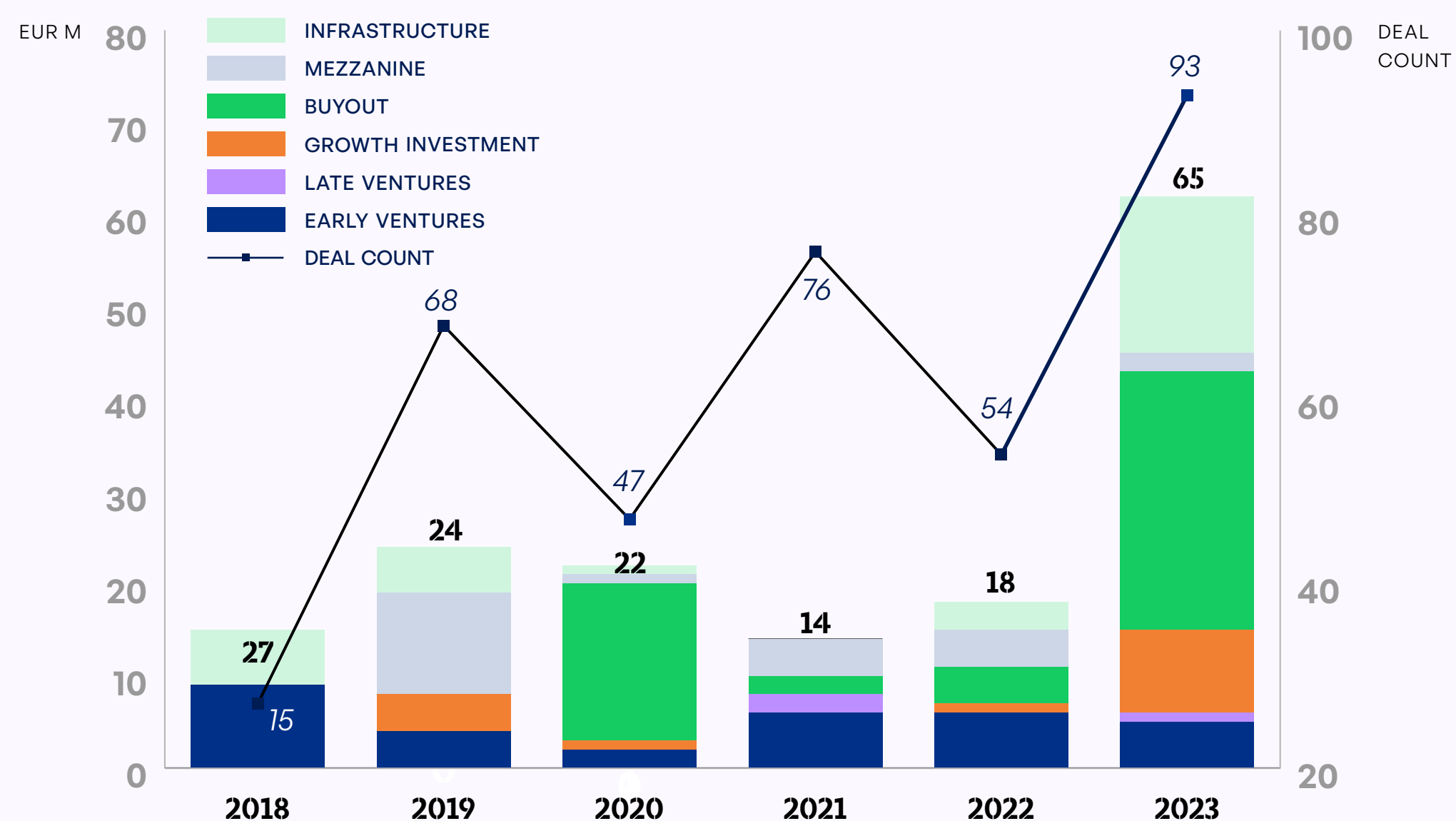
Of the total capital raised by funds in the last 6 years, 7% or €183 million has come from investors based in Latvia, while for 2023 the figure was 2% or €14 million.

¹Categories below a minimum threshold were left out.
The totals may not match as Plural did not provide per investment breakdown.

Investments in Latvia

Investments by stage incl. count

2018-2023, EUR M.



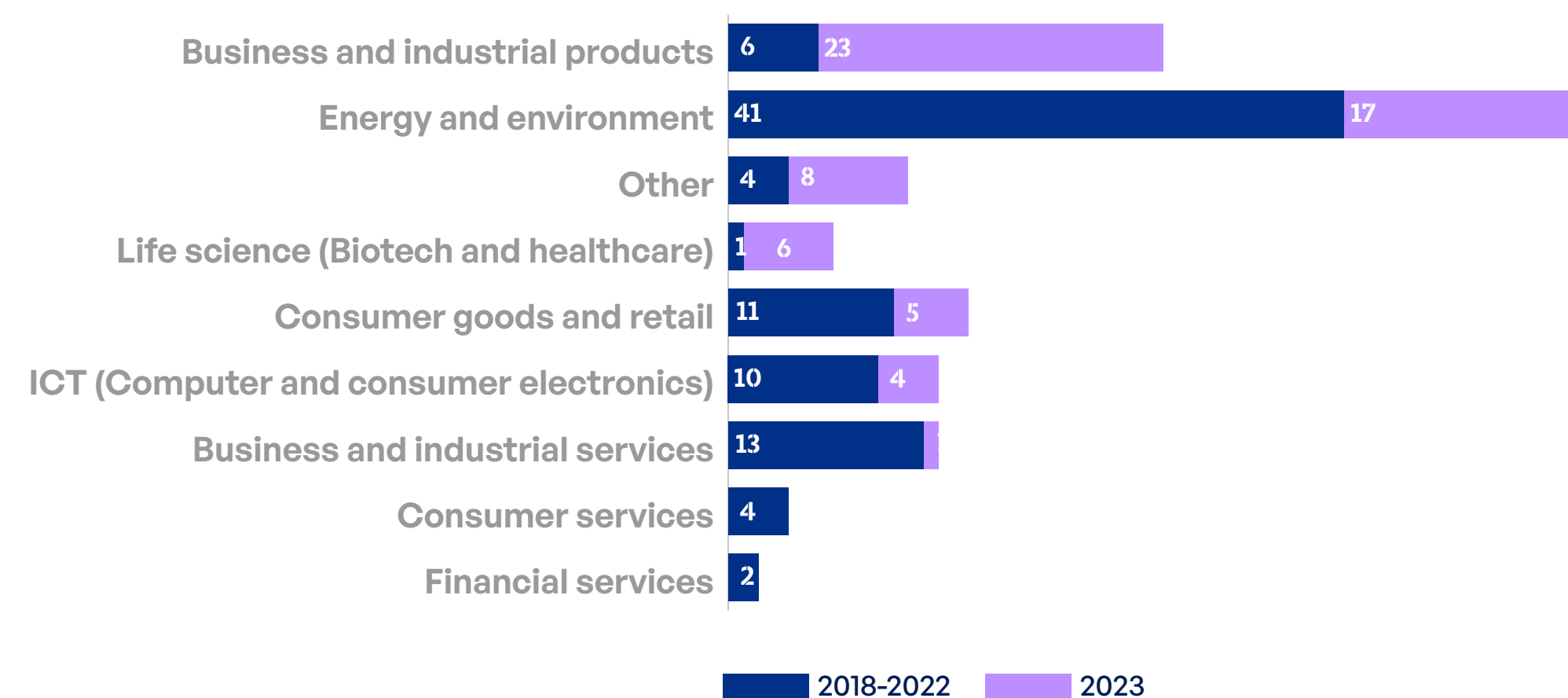
In 2023, the amount invested by Baltic funds in Latvian companies reached an all-time high of €65 million, an increase of 260% compared to 2022. Investment was led by PE funds who invested 91% of the total amount invested at cost in 2023. The number of completed transactions also reached a new record high with 93, over 90% more than in the previous year, which was as a result of a significant increase in early venture investments.

¹Categories below a minimum threshold were left out. The totals may not match as Plural did not provide per investment breakdown.

“Investments into Latvian companies increased 259% in 2023, with a total amount invested of €65 million over 93 transactions.”

PE/VC Investment by sector

2018-2023, EUR M.



* When investing into Latvia, Baltic funds were most interested in the business and industrial products sector, which received 36% of the total funds invested in 2023, followed by the energy and environment sector at 27%.

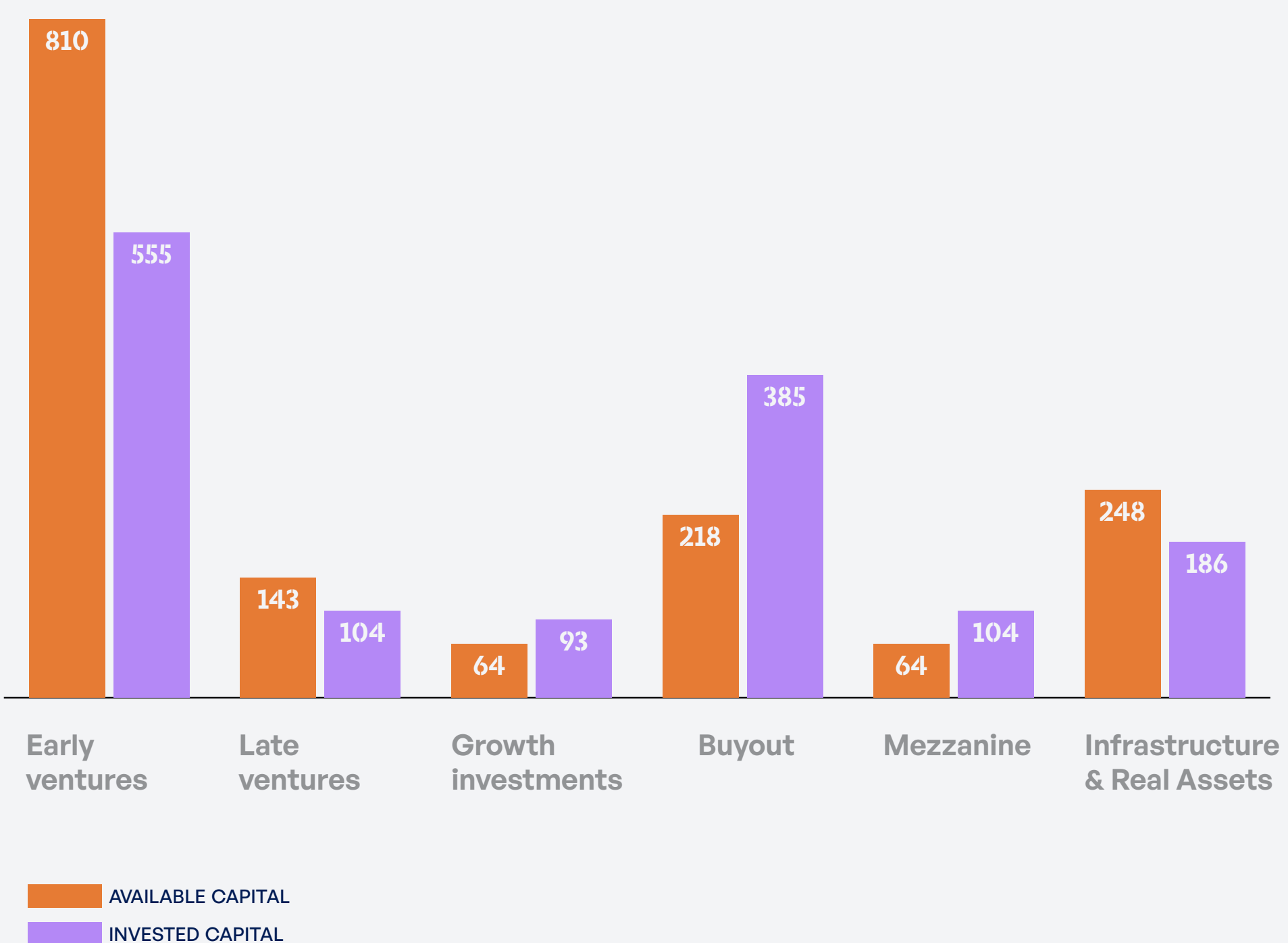
* If for the Baltic region overall investment into consumer services grew considerably in 2023 then for Latvia these sectors did not attract significant investment.

Invested capital in Latvia

Dry powder

Capital available for investments by fund's strategy

as at 31 December 2023, EUR M.



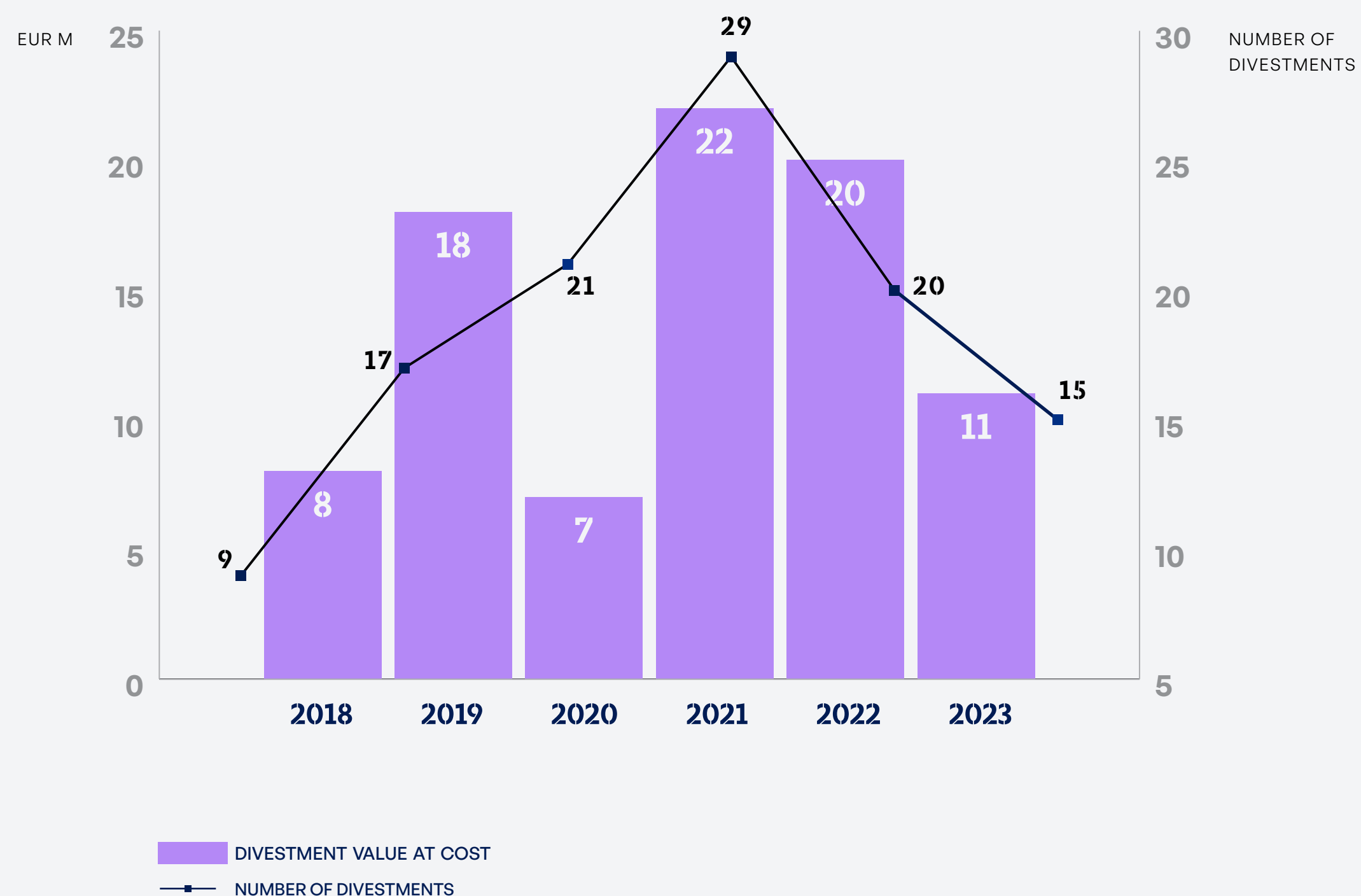
“Baltic PE/VC funds hold €1.54 billion of capital available to invest in companies based in Latvia ”

* At the end of 2023, 48% of total capital was already deployed, leaving funds with €1.54 billion available for investment into companies based in Latvia. The largest amounts of dry powder is held by funds with a focus on the early venture, infrastructure & real assets and buyout strategies.

Divestments in Latvia

Divestments by cost incl. count

2018-2023, EUR M.



Divestments are at cost, they do not factor in capital gains/losses.

“2023 saw divestment activity decrease as increasing capital costs and decreasing valuations discouraged some investors to pursue exits”

- * Overall divesting activity for Latvian portfolio companies decreased considerably in 2023 compared to prior years.
- * Exit value at cost reduced YoY by 47% to €11 million with the number of exits also decreasing albeit by a smaller share of 25% to 15.
- * Regarding activity based on strategy then both **early stage VC** as well as PE funds had divestment activity in 2023.
- * With regards to exit route then funds divesting Latvian portfolio companies used a mix of routes in 2023 including repayment of mezzanine type of instruments, management buy-back, sale to another PE firm and in some cases write offs.

Private Equity & Venture Capital in Lithuania



Lithuanian market

Key highlights

- * **Over the period 2018 – 2023 Lithuanian Limited Partners have provided 24% or €605 million of the total capital raised by Baltic PE/VC funds that invest into Lithuania.**
- * **In 2023 Baltic PE/VC funds invested €111 million into Lithuanian companies over 104 transaction.**
- * **Investment activity was driven by PE funds who accounted for 78% of the total amount invested into Lithuanian companies.**
- * **With regards to sector preference 2023 saw most investment going into Lithuanian companies operating within the consumer services sector.**



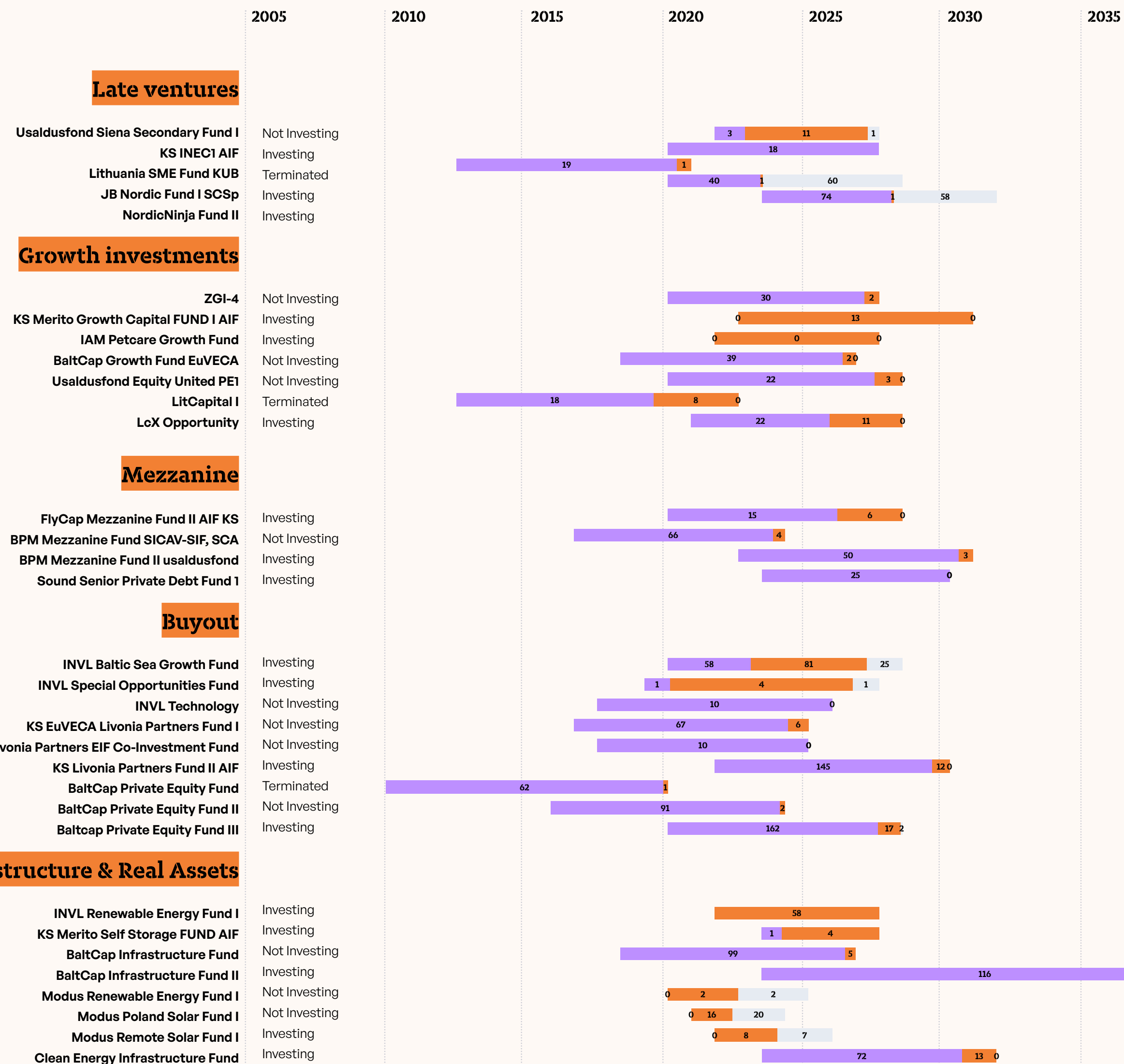
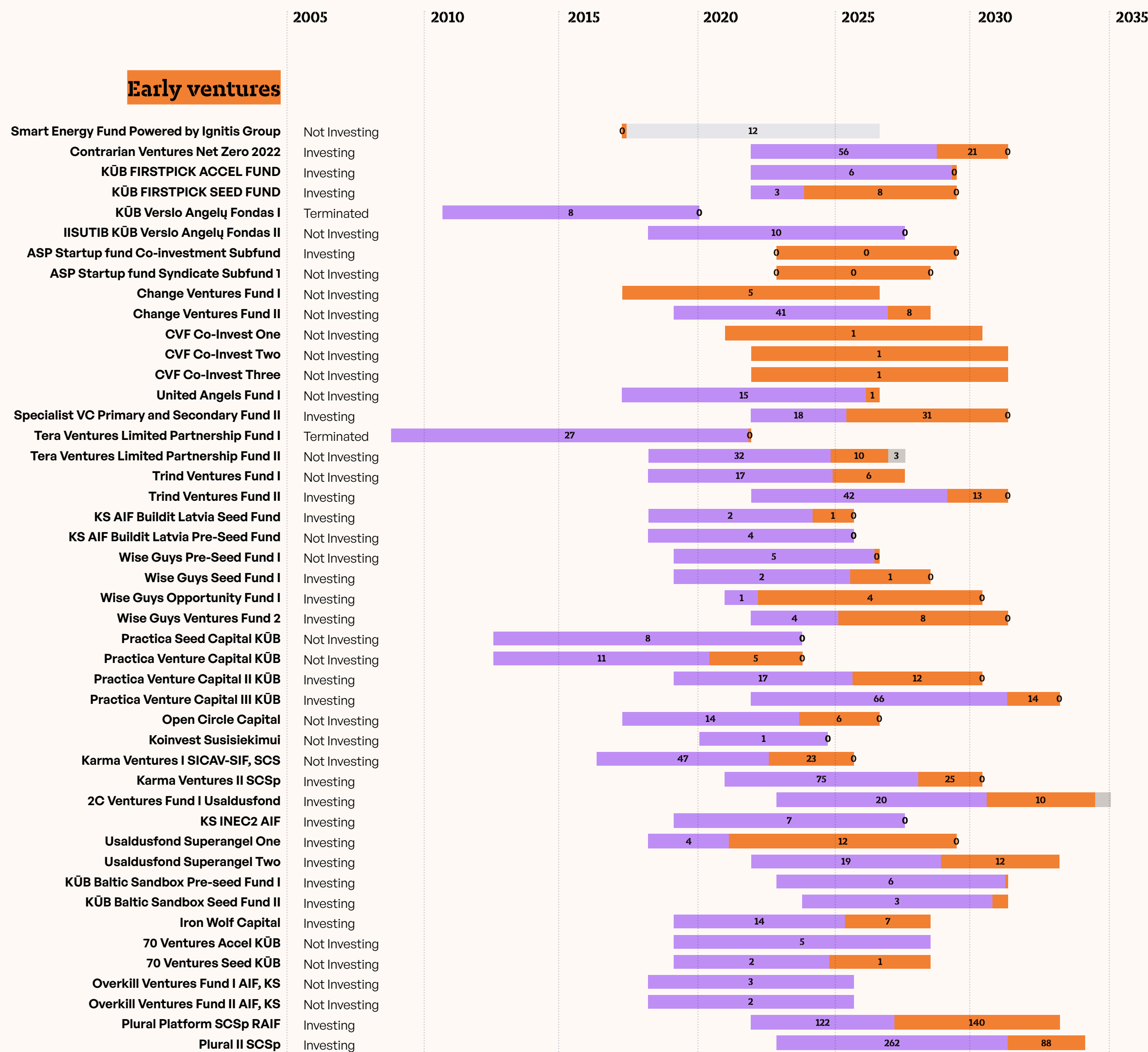
Landscape of PE/VC funds that invest in Lithuania

as at 31st December 2023

Funds raised by funding source and fund period (vintage and termination year), EUR M¹

¹Excludes evergreen funds. Excludes funds which have not fundraised or disclosed fundraising

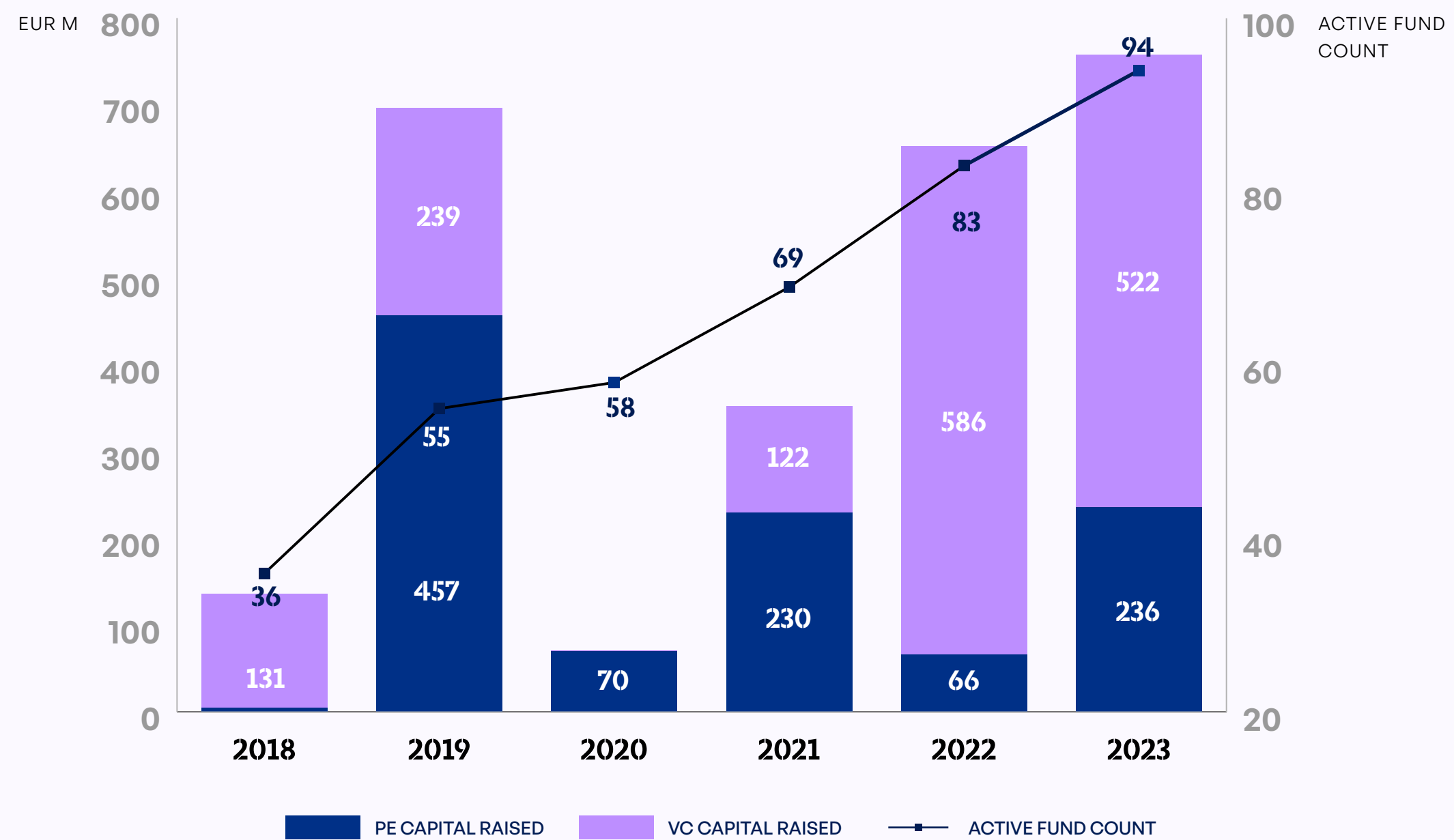
INSTITUTIONAL FUNDING PRIVATE FUNDING CORPORATE FUNDING



Fundraising in Lithuania

Total fundraising (split into VC & PE) incl. total fund count

Capital raised annually during 2018-2023¹, EUR M



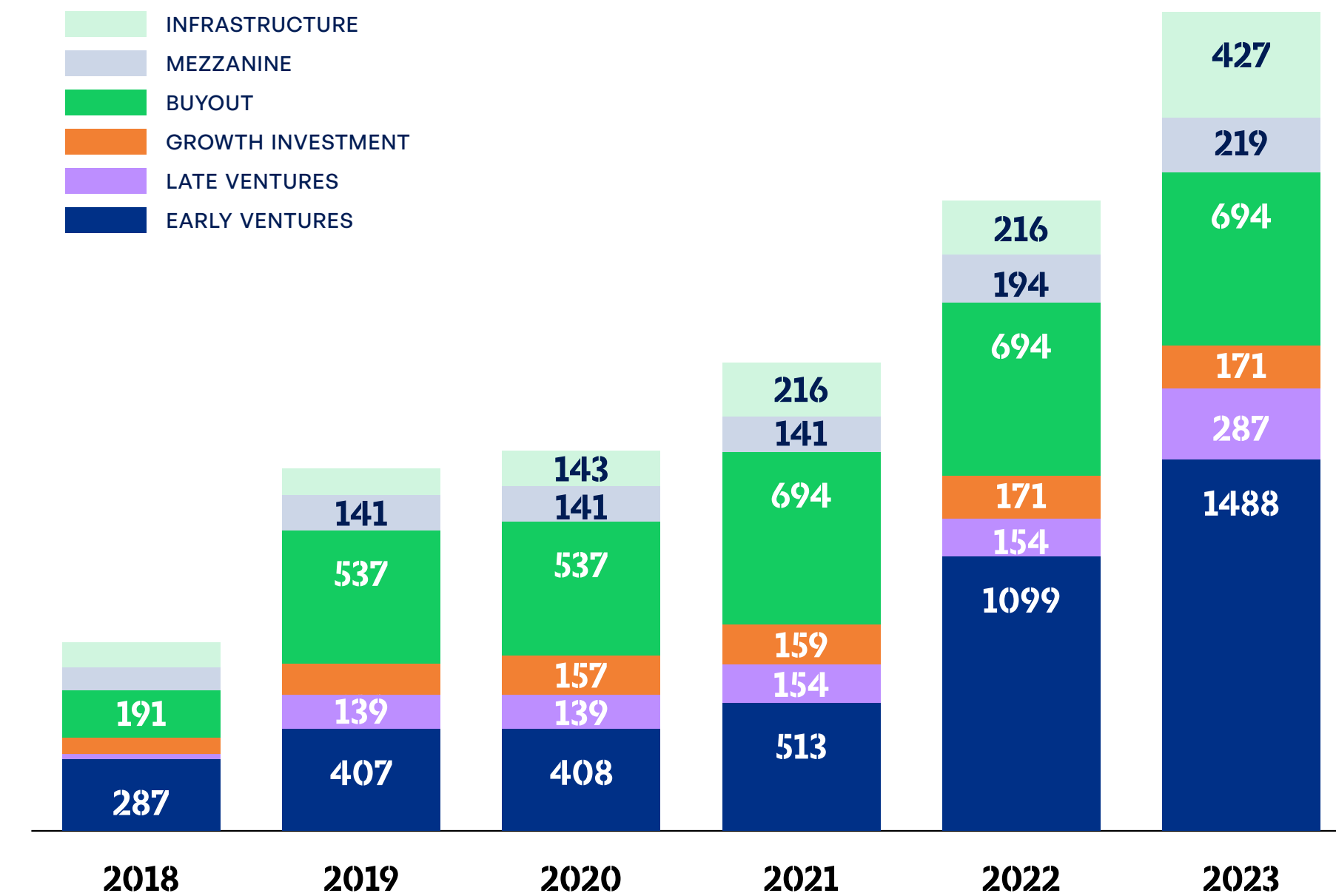
¹Fundraising date is by the fund's vintage year. Please see methodology section for further information.

²There were also 2 national funds but these focused solely on Estonian companies and are not relevant for Lithuania.

³2018 includes the cumulative fundraising since 2010. Given the addition of new fund managers which may have had historic funds, the historic numbers may have changed compared to last year's report.

“Over the period 2010 to 2023, Baltic funds whose mandate is solely focused on or includes investing into Lithuanian companies have cumulatively raised €3.285 billion.”

PE/VC cumulative fundraising 2010-2023

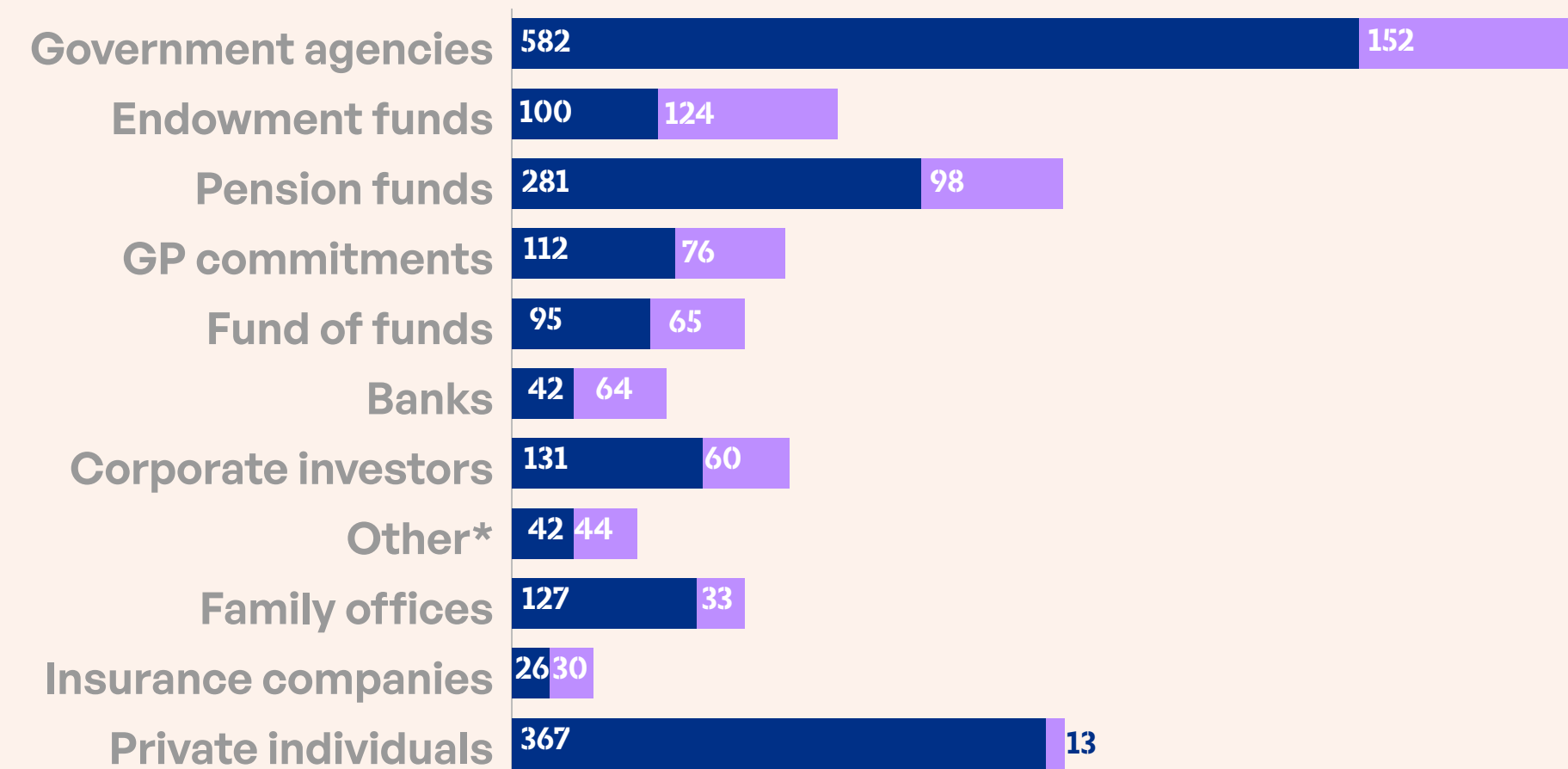


Of the 13 new funds established in the year, 11 have a Pan-Baltic, Pan-European or global focus, which means that their investment mandate also includes Lithuanian based companies.² Funds focusing solely on investing into Lithuanian companies account for less than 5% of total capital raised during the last 6 years.

Fundraising in Lithuania

Capital raised by investor type

2018-2023, EUR M.



■ 2018-2022
■ 2023

*Foundations, sovereign wealth funds & other asset managers

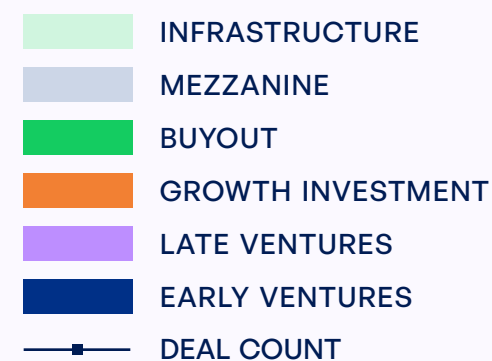
The local PE/VC space is maturing as the diversity of capital sources for funds is increasing and the reliance on government funding is reducing. In 2023, government funding accounted for 20% of capital raised, while in the period 2018-2023 it was 28%. Funds raised from pension funds have increased considerably, while capital is also being raised from less traditional sources such as endowment funds and GP commitments.

Even though private individuals have been an important funding source, this was not the case in 2023 as private individuals may have taken a more conservative investment approach given the more challenging market conditions observed in 2023.

Of the total capital raised by funds in the last 6 years, 24% or €605 million has come from investors based in Lithuania, while for 2023 the figure was 11% or €80 million.

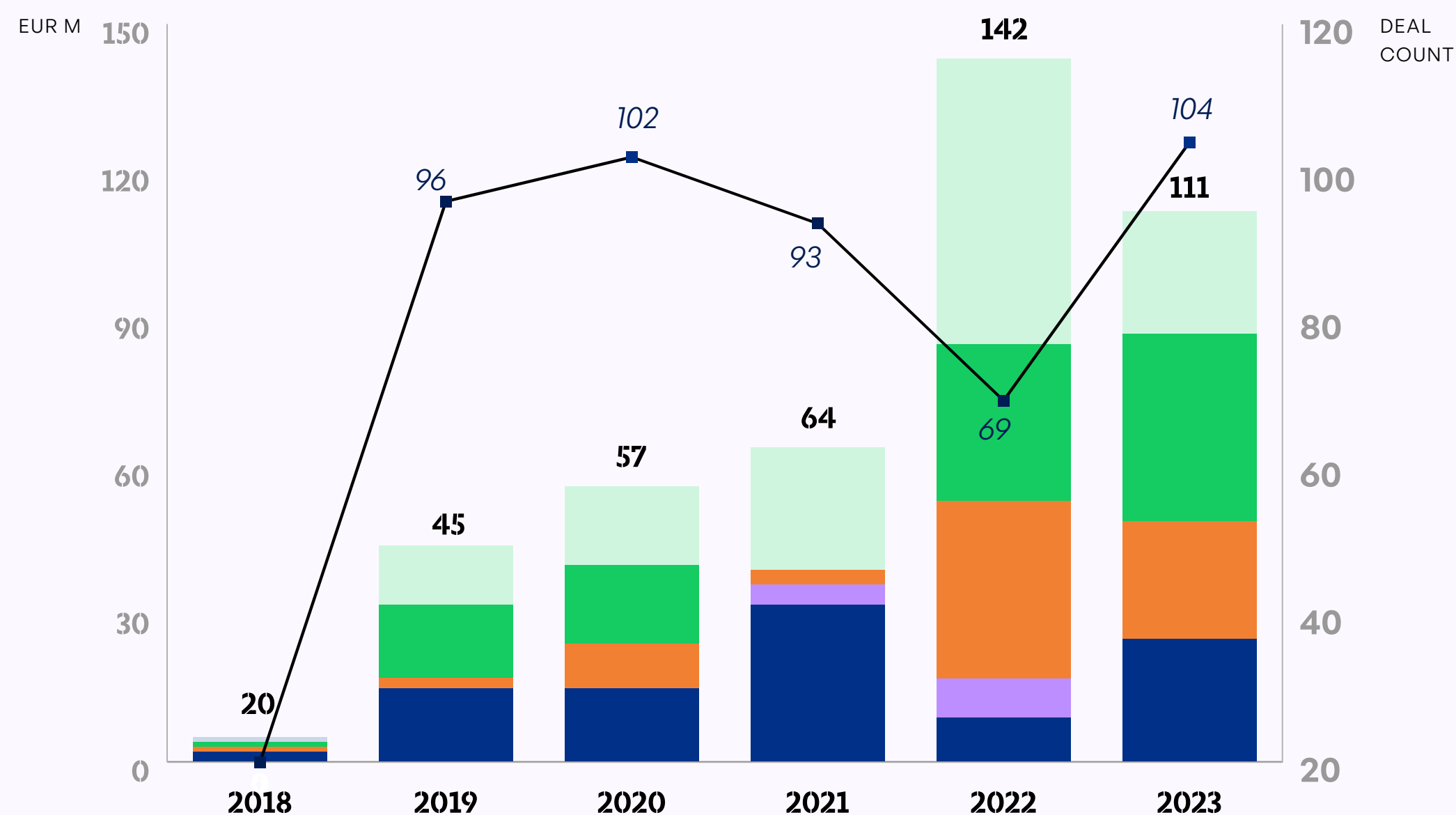
¹Categories below a minimum threshold were left out.
The totals may not match as Plural did not provide per investment breakdown.

Investments in Lithuania



Investments by stage incl. count

2018-2023, EUR M.



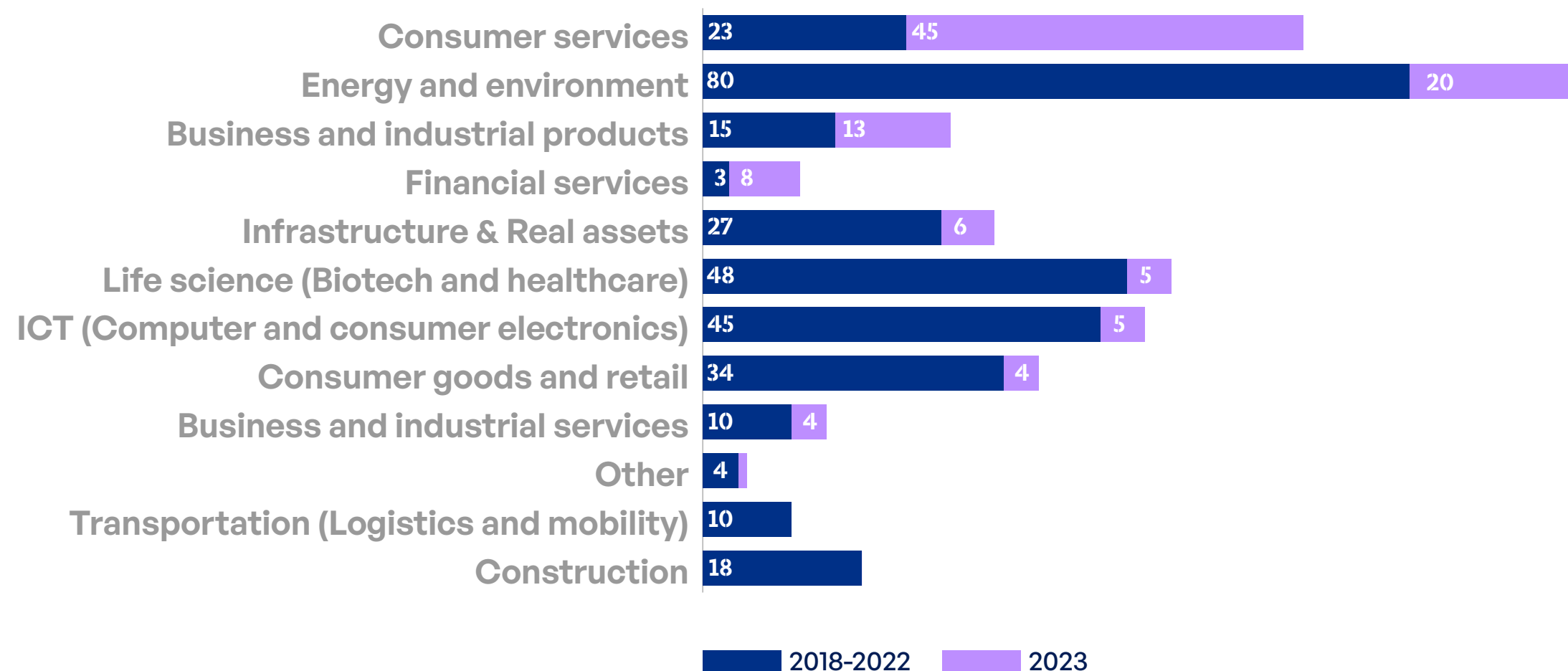
In 2023, the amount invested by Baltic funds into Lithuanian companies fell to €111 million, a decrease of 22% compared to 2022. Investment was led by PE funds who invested 78% of the total amount invested at cost in 2023. If transaction value decreased then the num of transactions completed reached a new record high of 104, which is a YoY increase of 51%. This was as a result of a significant increase in early venture investments.

¹Categories below a minimum threshold were left out. The totals may not match as Plural did not provide per investment breakdown.

“Investments in Lithuanian companies decreased by 22% in 2023, with a total amount invested of €111 million over 104 transactions.”

PE/VC Investment by sector

2018-2023, EUR M.



* When investing into Lithuania, Baltic funds were most interested in the consumer services sector, which received 40% of the total funds invested in 2023, followed by the energy and environment sector at 18%.

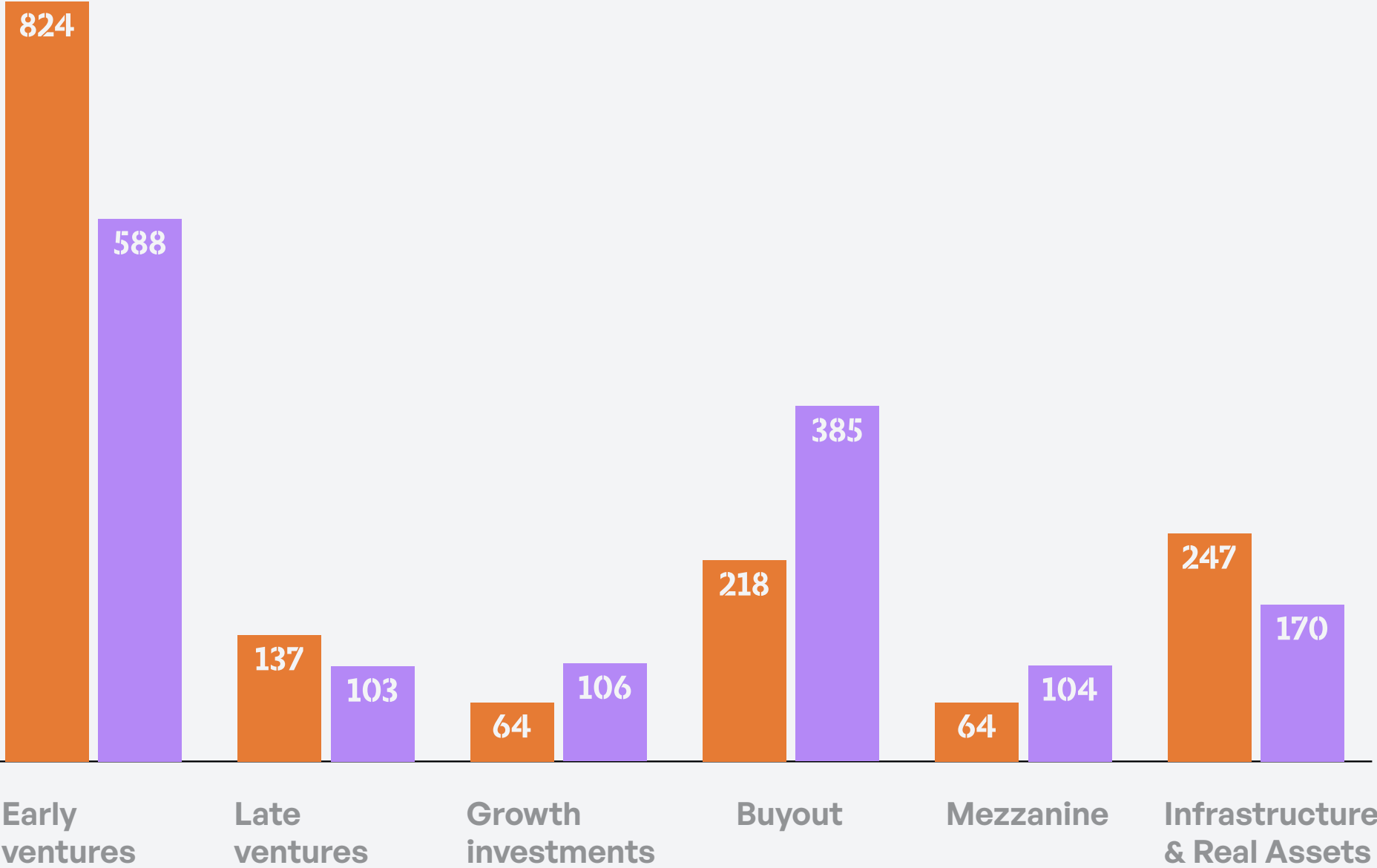
* Investment into consumer services had an exceptional year, with Lithuania making up most of the Baltic region’s overall investment into this sector.

Invested capital in Lithuania

Dry powder

Capital available for investments by fund's strategy

as at 31 December 2023, EUR M.



AVAILABLE CAPITAL
INVESTED CAPITAL

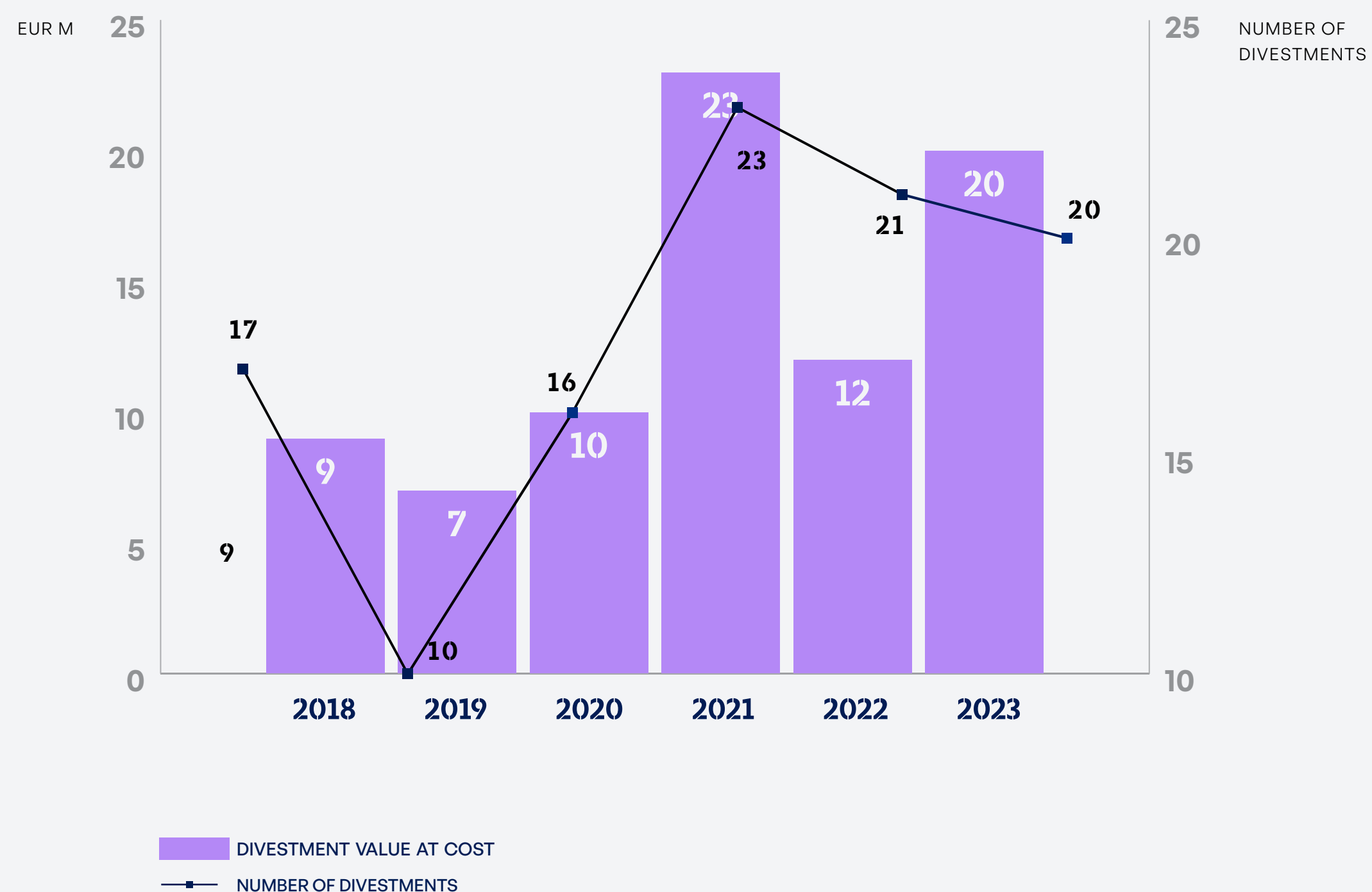
“Baltic PE/VC funds hold €1.55 billion of capital available to invest in companies based in Lithuania.”

* At the end of 2023, 48% of total capital was already deployed, leaving funds with €1.55 billion available for investment into companies based in Lithuania. The largest amounts of dry powder is held by funds with a focus on the early venture, infrastructure & real assets and buyout strategies.

Divestments in Lithuania

Divestments by cost incl. count

2018-2023, EUR M.



Divestments are at cost, they do not factor in capital gains/losses.

“Despite the challenging market environment divestment activity in Lithuania remained resilient, which stands out compared to its Baltic neighbors.”

- * In contrast to its Baltic neighbours overall divesting activity for Lithuanian portfolio companies increased in 2023 compared to prior years.
- * Exit value at cost rose YoY by 64% to €20 million with the number of exits just slightly reducing to 20.
- * 2023 was an active year for early venture and growth divestments, which made up the majority of all exits for the year, while there were also two infrastructure exits.
- * The most common exit route by funds divesting Lithuanian portfolio companies was repayment of mezzanine type of instruments, sale to another PE firm and in some instances write offs.

About

Authors



About KPMG

We help our clients grow, expand and become successful

We live in a world with a rapidly changing environment. The number of challenges and the speed with which they can be solved are what all companies face and have to deal with. Going in the wrong direction can have a significant impact on a company's performance and value.

KPMG is a global network of independent member firms offering audit, tax, legal and business advisory services with member firms in 154 countries employing a total of more than 236,000 professionals. KPMG has been operating in Estonia since 1992 and the company employs over 250 auditors and advisors. We have a strong Nordic network of more than 5,000 qualified specialists who work closely together to help a wide range of companies – from large Nordic listed companies to smaller companies.

Our experienced advisers help both private and public sector organizations understand their most important value drivers and risk exposures and based on that help achieve tangible and lasting improvements in the organization's performance.



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CONTACT

Long-term experience and in-depth knowledge in advising transactions



- * **Experienced team** – A team of experts with international work experience helps your business grow in both the Nordic and Baltic countries.
- * **Strong network delivers the best results** – We offer access that other market participants do not have – we bring to the table professional investors and the best business contacts from the Nordic and Baltic countries.
- * **We understand the transaction scope** – Regardless of the complexity or scope of the transaction, we can help you achieve the best result in carrying out the transaction. We offer support for both the first purchase and sale transaction and multibillion-euro projects.
- * **Integrated services** – The unique competencies and integrated approach of KPMG's Estonian and Finnish joint team – in addition to financial and tax due diligence services, we also help our clients with company evaluation, M&A services and IT due diligence.
- * **One partner from start to finish** – our approach is to support you on all key aspects throughout the transaction lifecycle from initial strategy development to transaction preparation and execution. We take a long-term view on value creation.

Along with KPMG's other areas and KPMG's experts from Finland, we form the largest team of professionals in the Nordic countries, combining knowledge of the local market and cross-border competence.

About VCAs

ESTVCA / ESTONIAN PRIVATE EQUITY
AND VENTURE CAPITAL ASSOCIATION

[VISIT WEBSITE](#)

The Estonian Private Equity and Venture Capital Association's membership comprises of the most influential firms and decision makers across the industry, including leading Private Equity & Venture Capital funds, Mezzanine funds, Real Estate funds, Infrastructure funds and Family Office's as well as institutional investors. The goal of EstVCA is to develop a sustainable and attractive ecosystem for the benefit of entrepreneurs, fund managers, institutional investors and to increase the output of innovative and high-growth potential companies in Estonian economy. EstVCA has 62 member organisations and the combined assets under management of Private Equity & Venture Capital houses is close to EUR 2 billion.

LVCA | LATVIAN PRIVATE EQUITY
AND VENTURE CAPITAL
ASSOCIATION

[VISIT WEBSITE](#)

Latvian Private Equity and Venture Capital Association (LVCA) is the oldest VC association in the Baltic region. It was established in 2003 by the six then largest companies operating in the Venture Capital industry in Latvia as well as Latvian public institution - 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 40 organizations - the majority of participants in the countries' 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. Association also organizes and ensures cooperation with international and foreign Venture Capital associations.

LTVCA | LITHUANIAN PRIVATE EQUITY
AND VENTURE CAPITAL
ASSOCIATION

[VISIT WEBSITE](#)

Lithuanian Private Equity and Venture Capital Association (LT VCA) was established in 2009. Currently, LT VCA unites 61 active companies / members covering different types of venture capital business activities: fund management companies, limited partners, consulting firms, lawyers, public institutions etc., who support and advise investors and entrepreneurs in the structuring and management of their partnerships.

The LT VCA has 4 main goals, which are as follows:

- > **Investment climate enhancement:** The association aims to improve the financing of the economy, particularly for small businesses, and to promote economic growth and entrepreneurial spirit.
- > **Education:** Providing industry-oriented education for students, institutions, and internship programs to attract young, motivated talents for hiring.
- > **Networking and collaboration:** Organizing local and international events to attract more investors to the region and promote Lithuania as a potential investment destination.
- > **ESG (Environmental, Social, and Governance):** Representing and educating on new sustainability standards, as well as highlighting gender diversity issues.

