

2021 Swedish Private Equity Activity

Fundraising, Investments, Divestments and Performance

SVCA

Swedish Private Equity &
Venture Capital Association

Fundraising

Fundraising statistics explained

Funds monitored are direct private equity funds that primarily focus on investments in Europe.

Funds raised are recorded in the country where the advisory team raises/manages the fund.

Funds raised are the incremental amount of capital raised during the year.

Funds included in the statistics: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnaround funds.

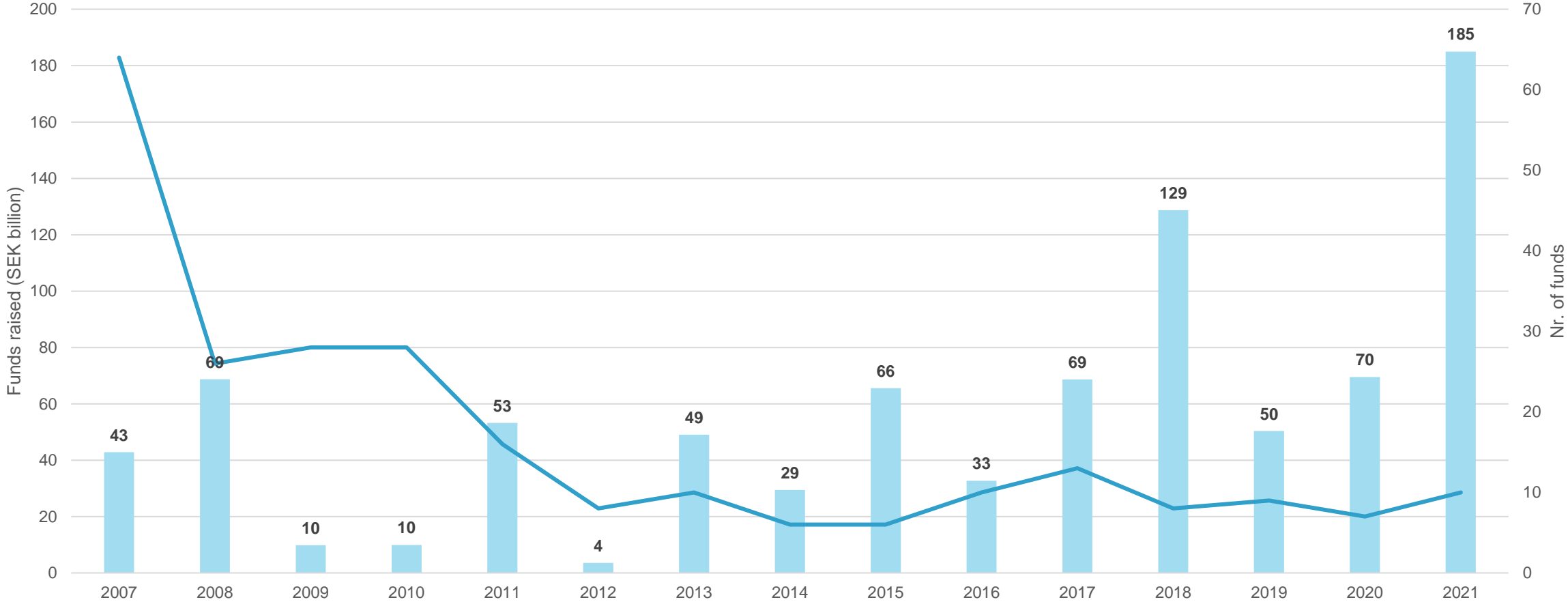
The following funds are excluded from the statistics: infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, and secondary funds of funds.

Fundraising Summary

- SEK 185 billion was raised by funds with advisory teams in Sweden during 2021. An increase of 166% compared to 2020 and the largest fundraising to date.
- Total fundraising since 2007 amounts to SEK 867 billion.
- Institutional investors are the largest investors in the funds. Pension funds (33%), asset managers (21%), sovereign wealth funds (12%).
- 85% of the funds raised originate from investors outside of Sweden:
 - The Nordics (9.2%), UK and Ireland (7.8%), and the DACH region (8.7%) are the largest sources of European funds.
 - North America (27.5%) is the largest source of non-European funds, followed by Australia and Asia (18.7%).

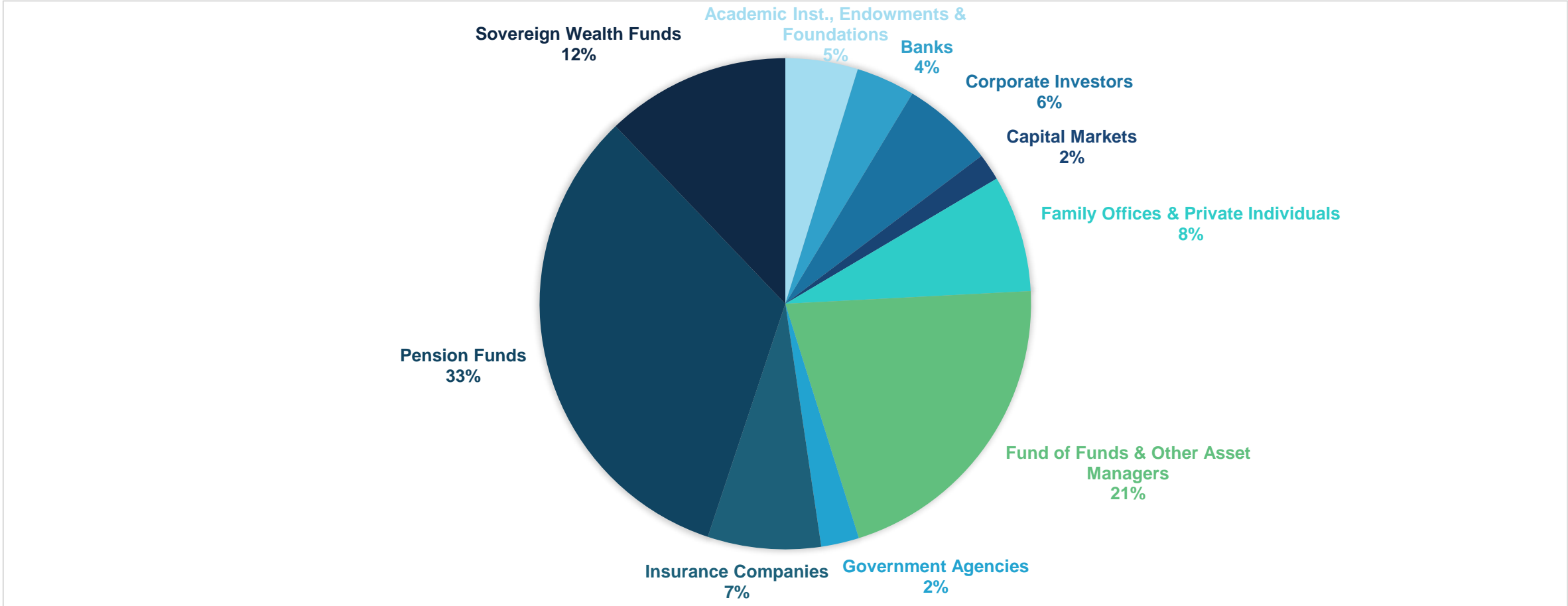
All Private Equity Fundraising

Funds raised by year 2007-2021



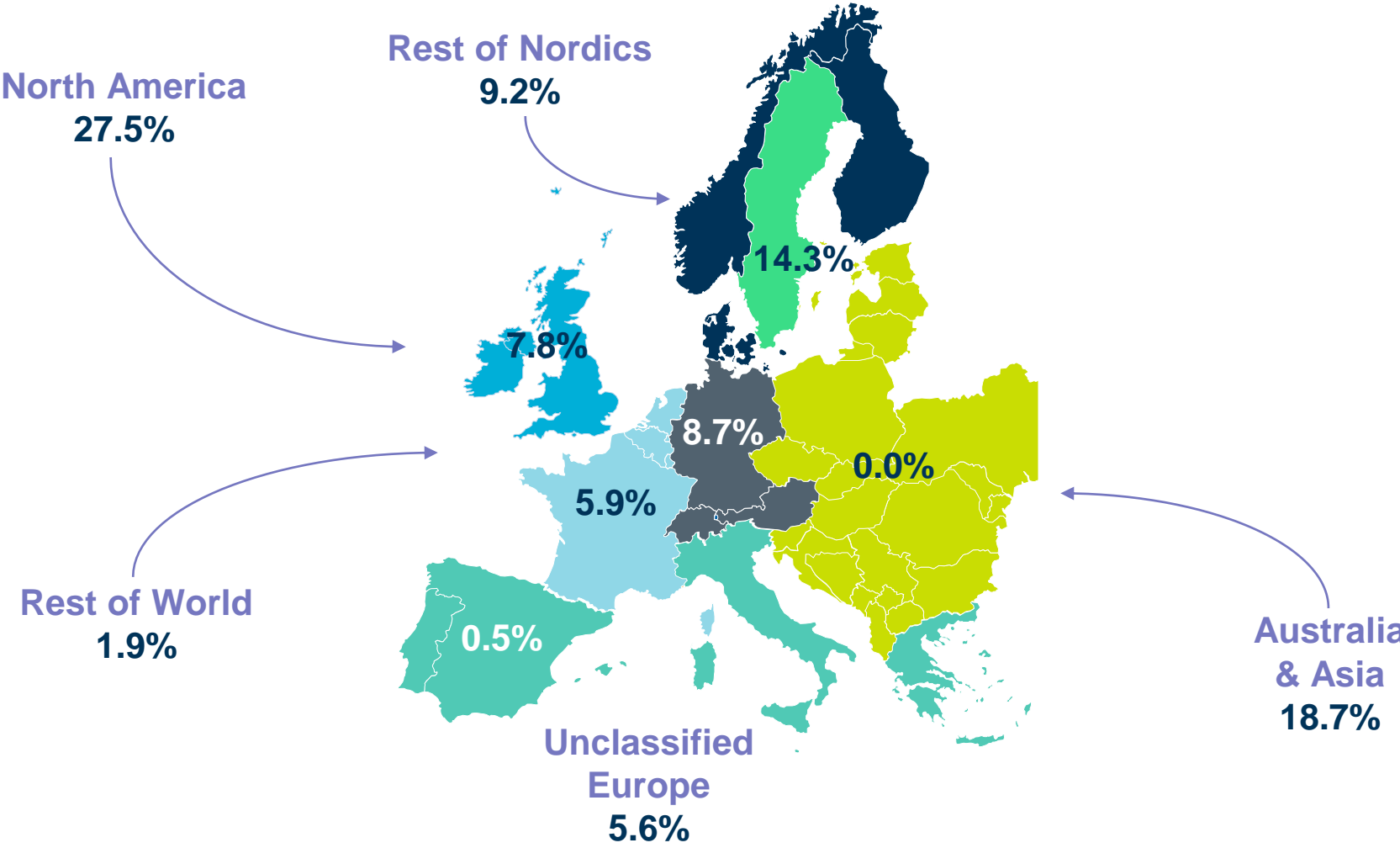
All Private Equity Fundraising

Funds raised by investor type 2007-2021



All Private Equity Fundraising

Funds raised by geography 2007-2021



Investments

Investments statistics explained

Market statistics are an aggregation of figures according to the location of the portfolio company. At the Swedish level, this relates to investments in Swedish companies irrespective of the location of the private equity firm.

Equity value: the amount of capital invested when acquiring shares in an enterprise. The equity value includes equity, quasi-equity, mezzanine, unsecured debt and secured debt provided by the private equity firm.

Funds included in the statistics: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnaround funds.

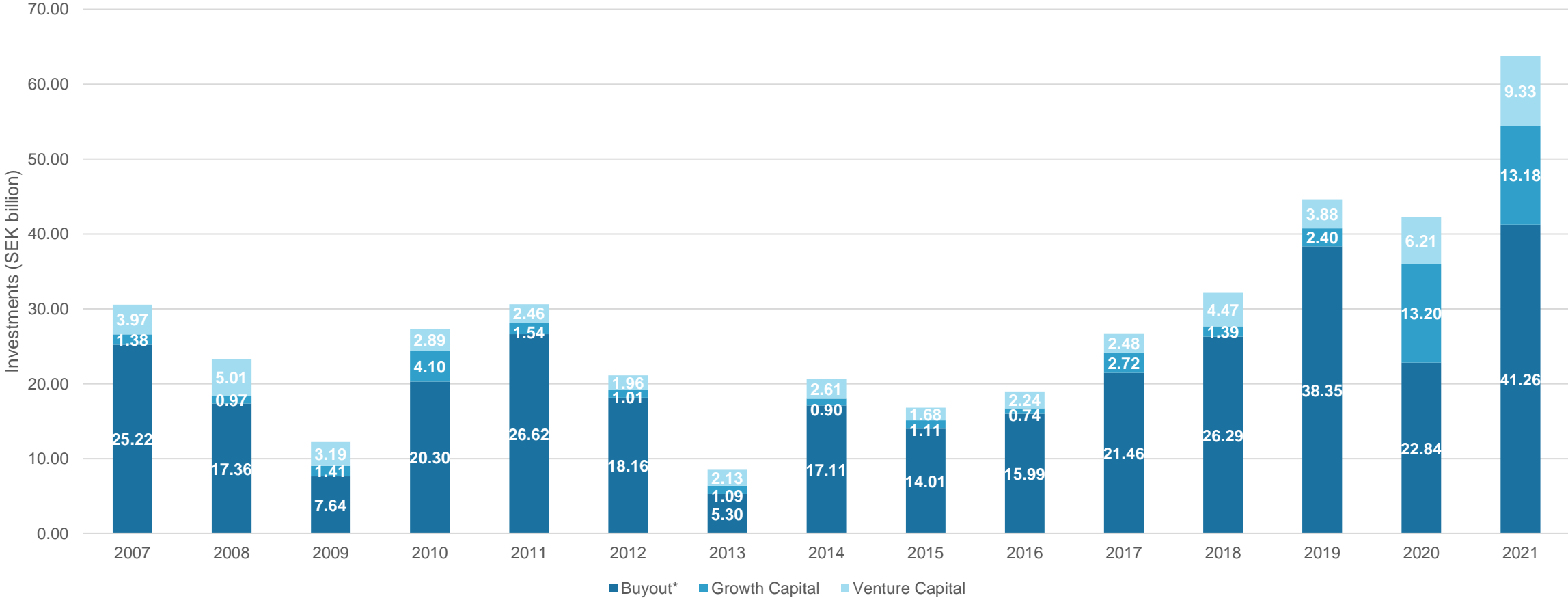
The following funds are excluded from the statistics: infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, and secondary funds of funds. **SVCA**

Investments Summary

- The total equity value invested by private equity was SEK 63.76 billion, an all-time high with record amounts for both venture capital and buyout investments.
- The number of companies backed by private equity increased to 455.
- Venture capital investments increased 50% year-on-year to SEK 9.33 billion, 354 companies received venture capital funding in 2021.
- Growth capital investments decreased 0.17% year-on-year to SEK 13.18 billion, 48 companies received growth capital in funding 2021.
- Buyout investments increased 81% year-on-year to SEK 41.26 billion, 56 companies received buyout funding in 2021.
- *Business Products & Services, ICT and Consumer Goods & Services* attracted the most buyout investments.
- *ICT, Biotech and Healthcare and Consumer Goods & Services* attracted the most venture and growth capital investments.
- Comparing investments to GDP, Sweden had the third highest amount of private equity investments in Europe.

All Private Equity Investments

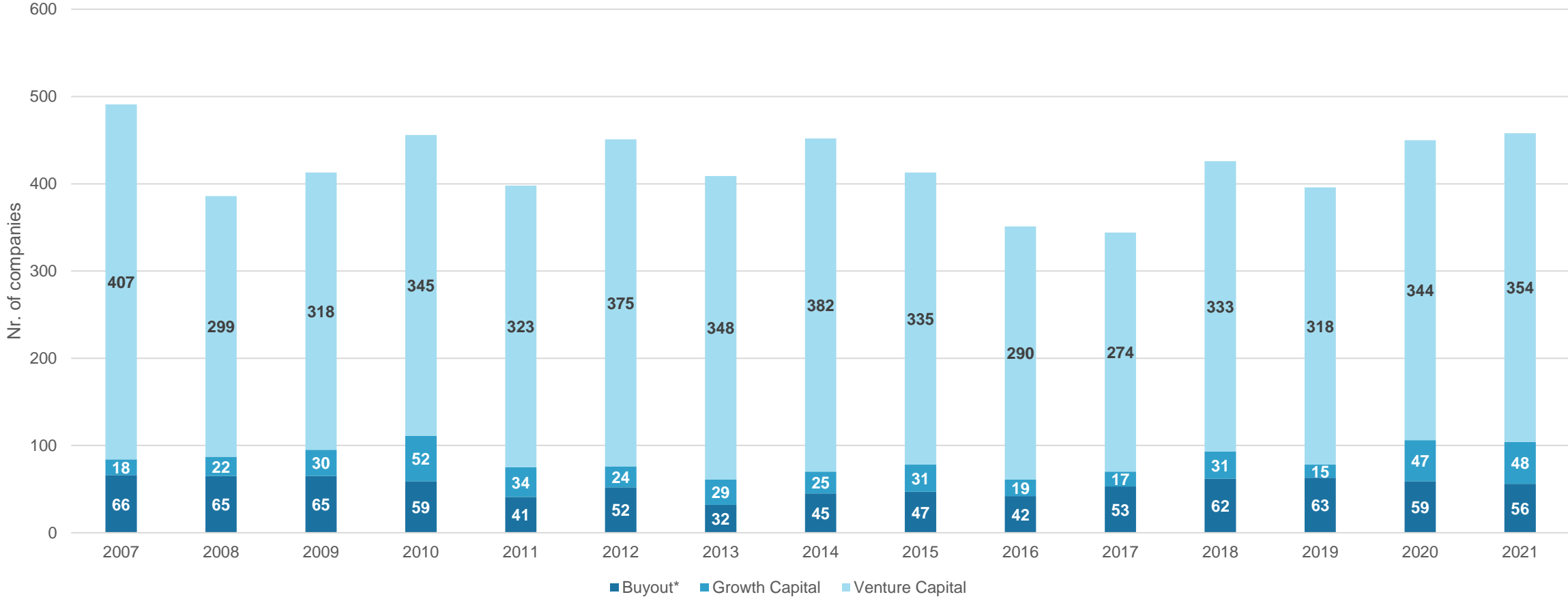
Amount by stage of investment 2007-2021



*Buyout includes Rescue/Turnaround & Replacement Capital

All Private Equity Investments

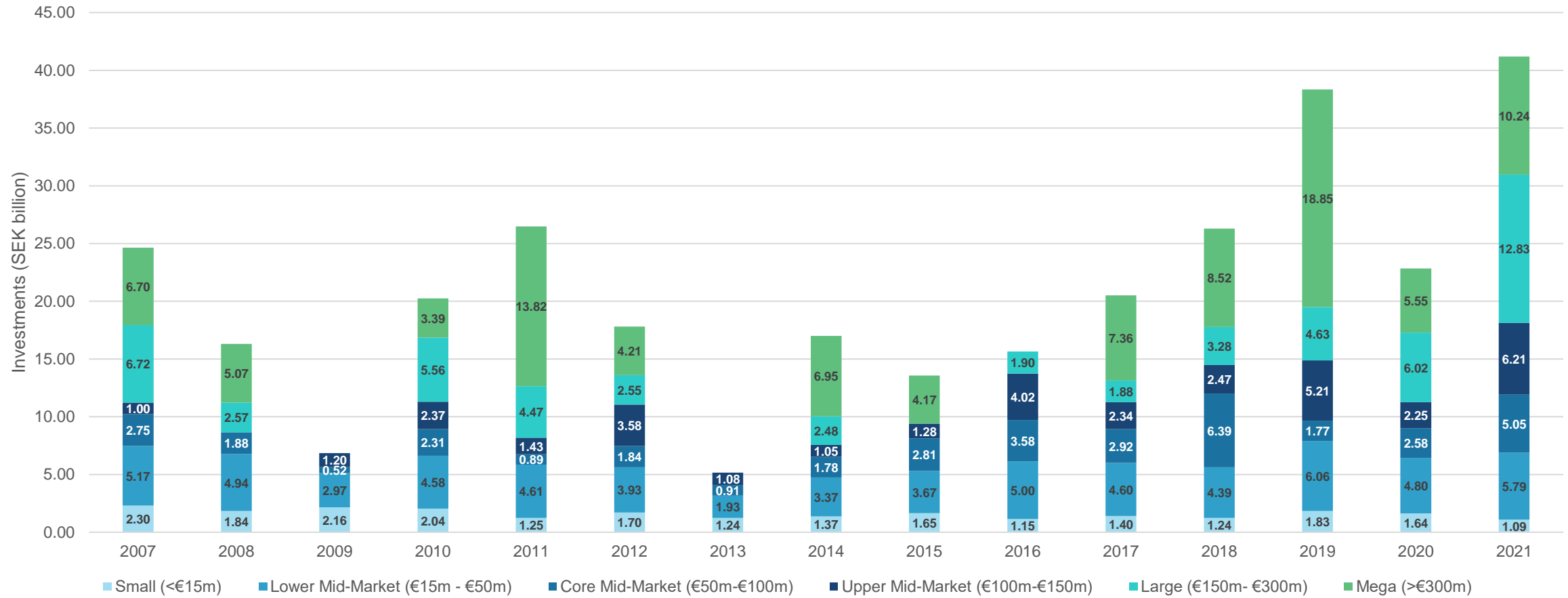
Number of companies 2007-2021



*Buyout includes Rescue/Turnaround & Replacement Capital

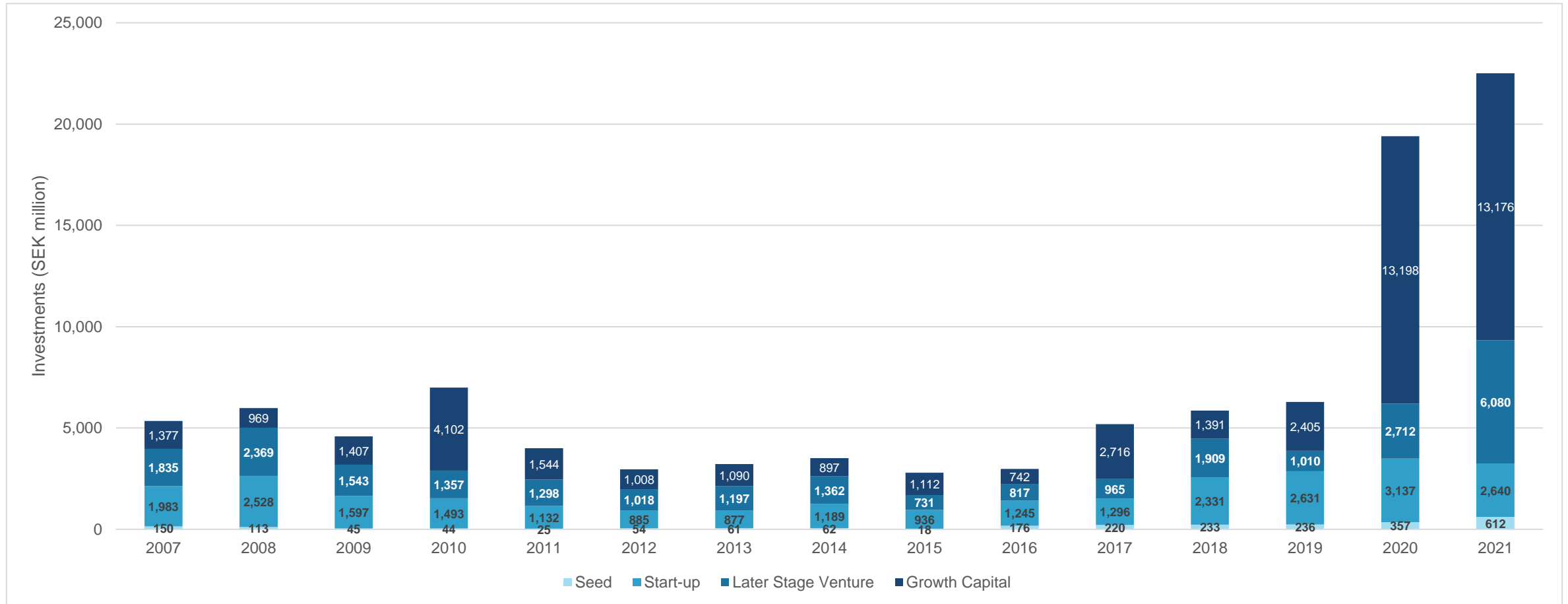
Buyout Investments

Investments by equity bracket 2007-2021



Venture & Growth Capital Investments

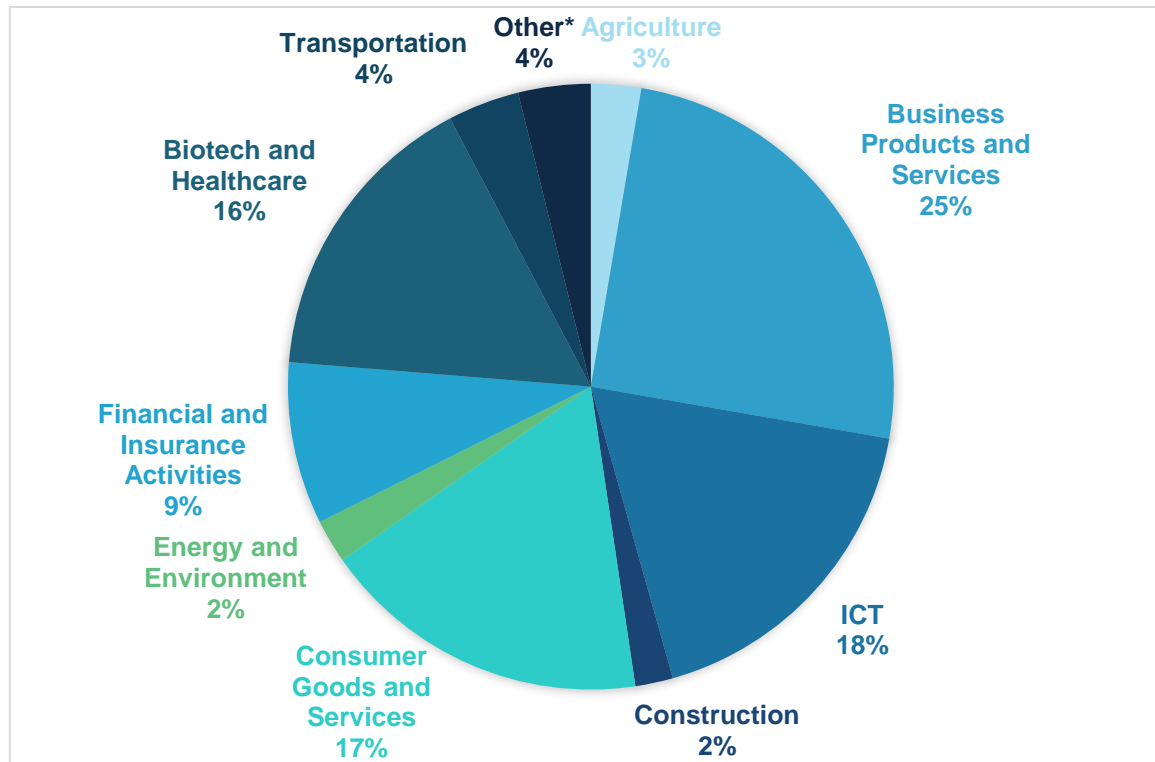
Investments by stage 2007-2021



Buyout, Venture & Growth Capital Investments

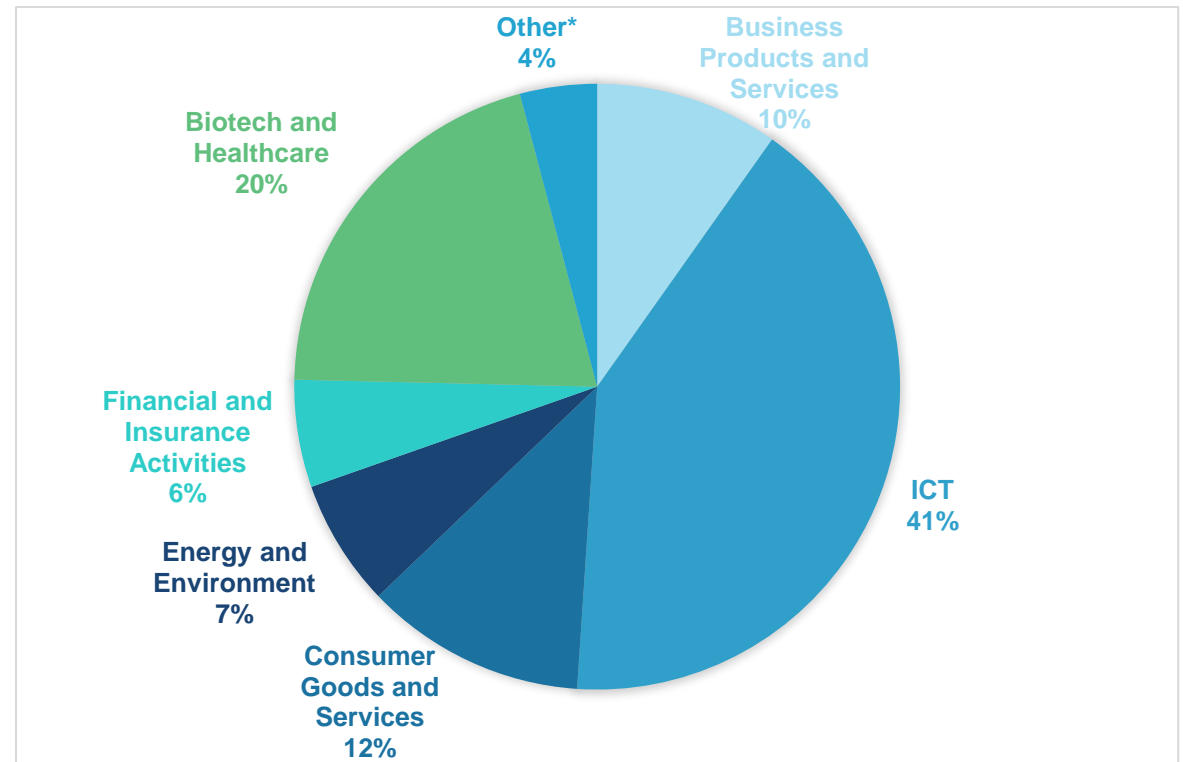
Investments by sector 2007-2021

Buyout investments by sector



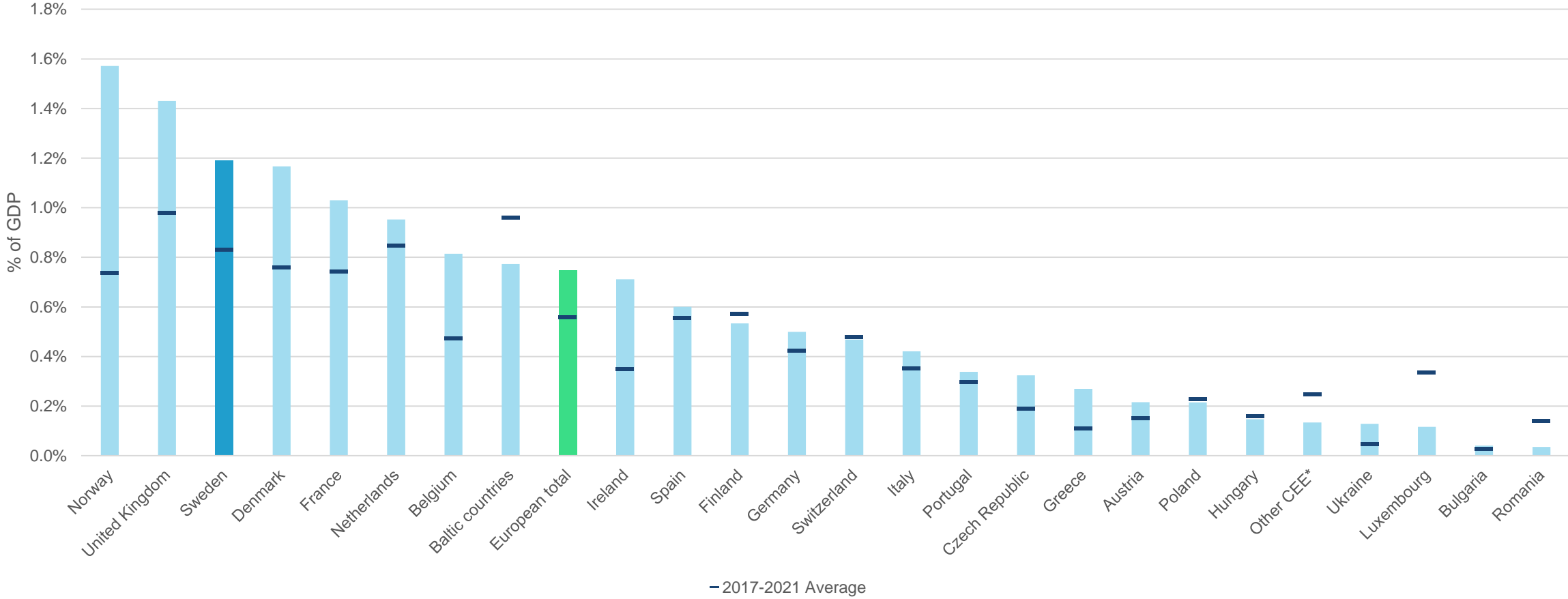
*Other also includes Chemicals and materials, Construction, Real estate

Venture & Growth capital investments by sector



*Other also includes Agriculture, Chemicals and materials, Construction, Real estate, Transportation

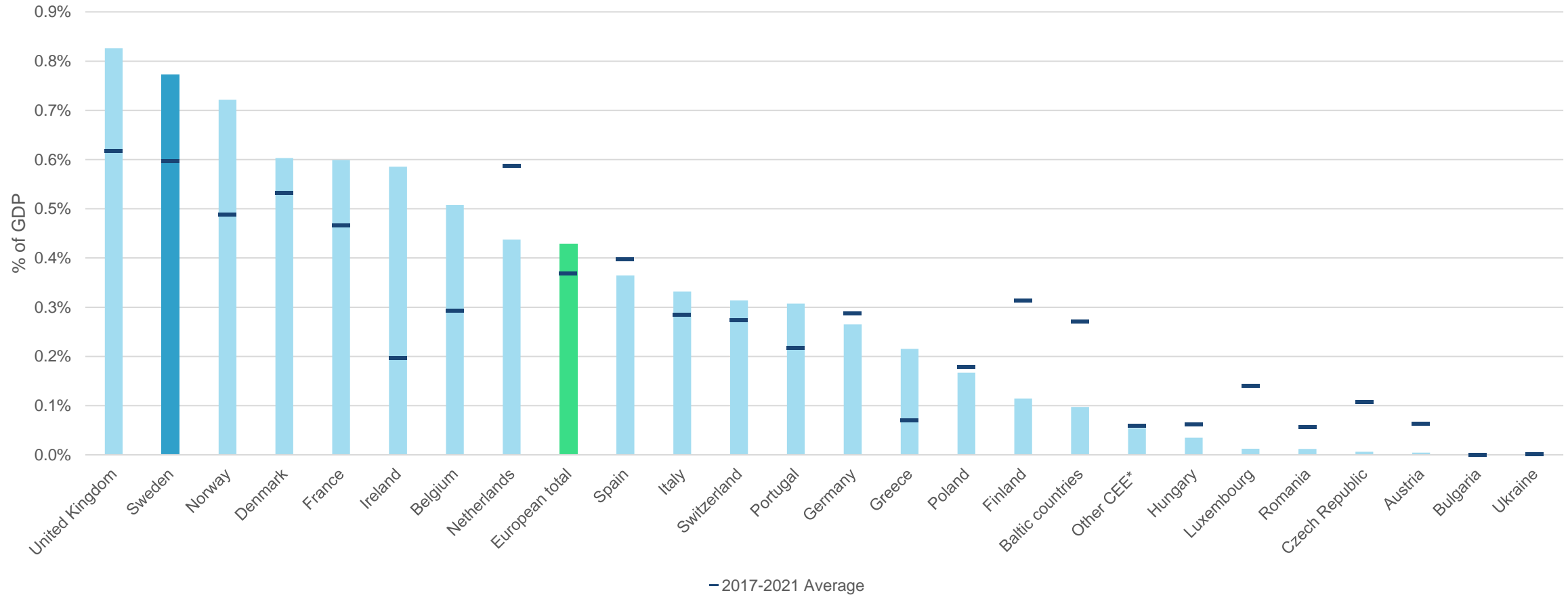
All Private Equity Investments as % of GDP 2021



*Other CEE consists of Ex-Yugoslavia and Slovakia

Buyout

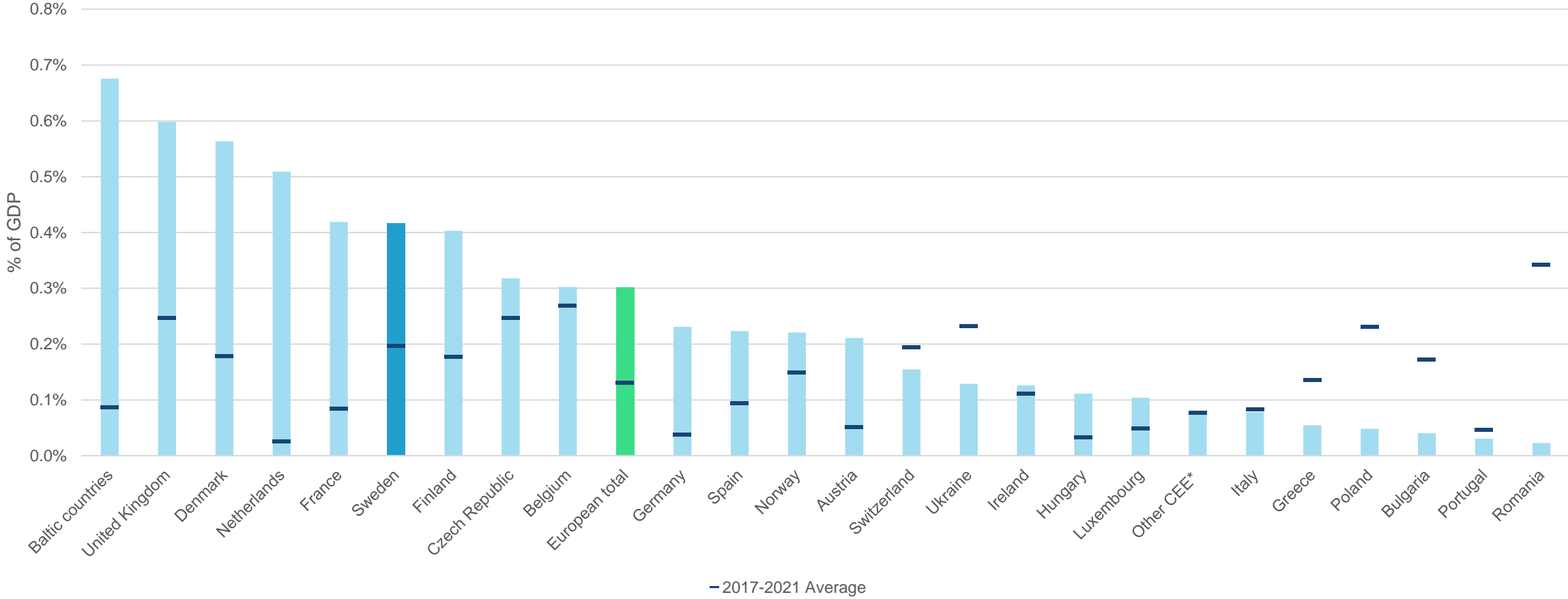
Investments as % of GDP 2021



*Other CEE consists of Ex-Yugoslavia and Slovakia

Venture & Growth Capital

Investments as % of GDP 2021



*Other CEE consists of Ex-Yugoslavia and Slovakia

Divestments

Divestments statistics explained

Market statistics are an aggregation of figures according to the location of the portfolio company. At the European level, this relates to divestments of European companies irrespective of the location of the private equity firm.

Funds included in the statistics: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnaround funds.

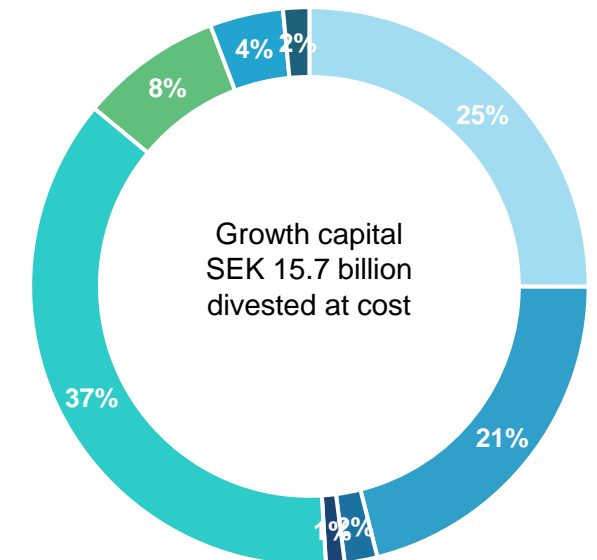
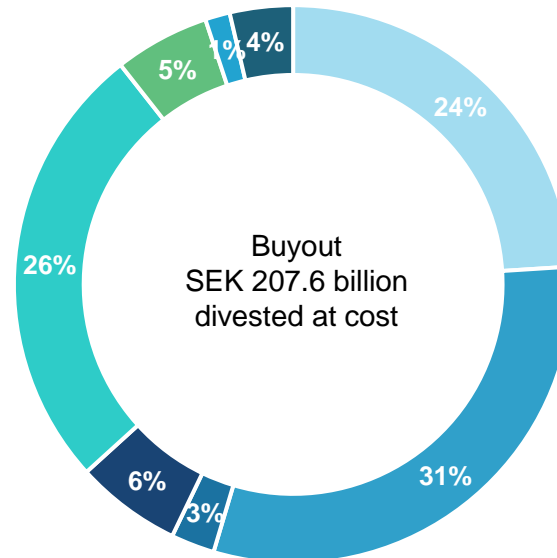
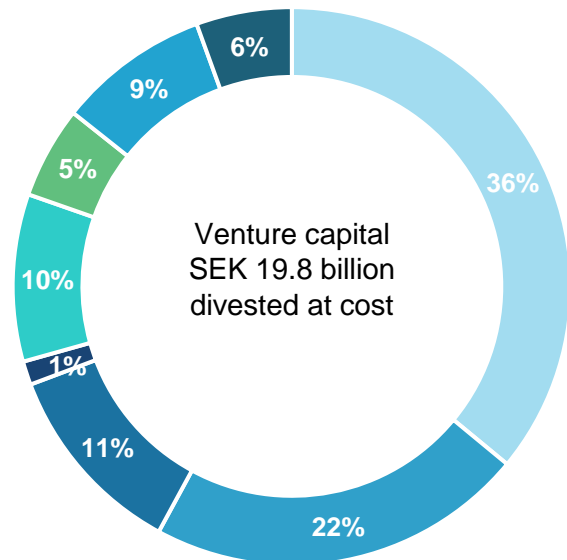
The following funds are excluded from the statistics: infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, and secondary funds of funds.

Divestments Summary

- For buyouts between 2007-2021, the main exit routes by value were public offerings (31%), sales to other private equity firms (26%), and trade sales (24%).
- For venture capital between 2007-2021, the main exit routes by value were trade sales (36%), public offerings (22%), and write-offs (11%).
- For growth capital between 2007-2021, the main exit routes by value were sales to other private equity firms (37%), trade sales (25%), and public offerings (21%).
- For buyouts between 2007-2021, the main exit routes by number of companies were trade sales (29%), sales to another private equity firm (22%), and public offerings (20%).
- For venture capital between 2007-2021, the main exit routes by number of companies were divestments by other means (25%), trade sales (22%), and management/owner buy-backs (13%).
- For growth capital between 2007-2021, the main exit routes by number of companies were trade sales (41%), sales to another private equity firm (13%), and management/owner buy-backs (12%).

Divestments by Exit Route

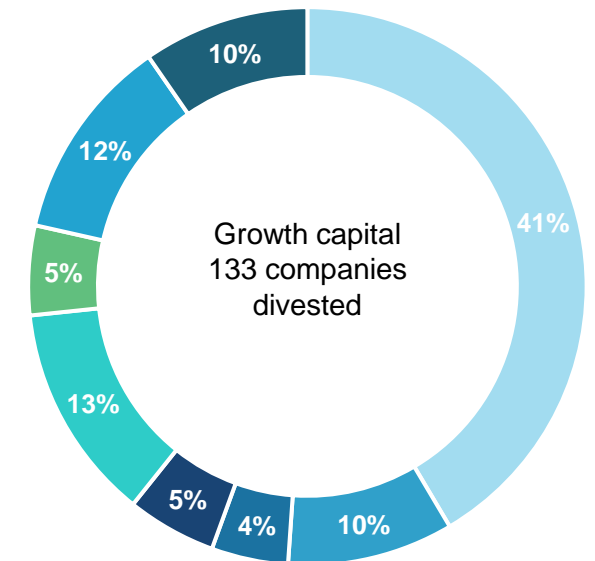
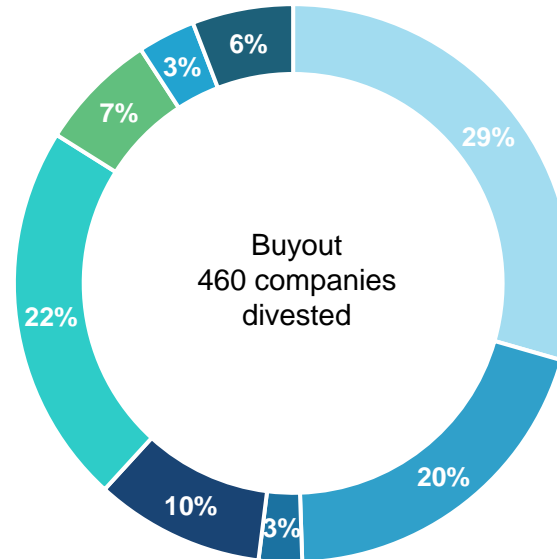
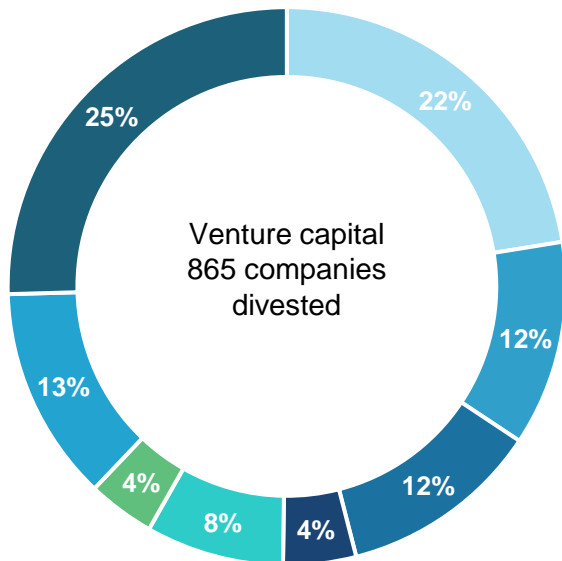
As % of total amount 2007-2021



- Sale to Trade Buyers
- Divestment by Public Offering
- Write-off
- Repayment of Preference Shares/Loans or Mezzanine
- Sale to Another Private Equity Firm
- Sale to Financial Institutions
- Management/Owner Buy-back
- Divestment by Other Means

Divestments by Exit Route

As % of total number of companies 2007-2021



- Sale to Trade Buyers
- Divestment by Public Offering
- Write-off
- Repayment of Preference Shares/Loans or Mezzanine
- Sale to Another Private Equity Firm
- Sale to Financial Institutions
- Management/Owner Buy-back
- Divestment by Other Means

Performance of European Private Equity

Performance statistics explained

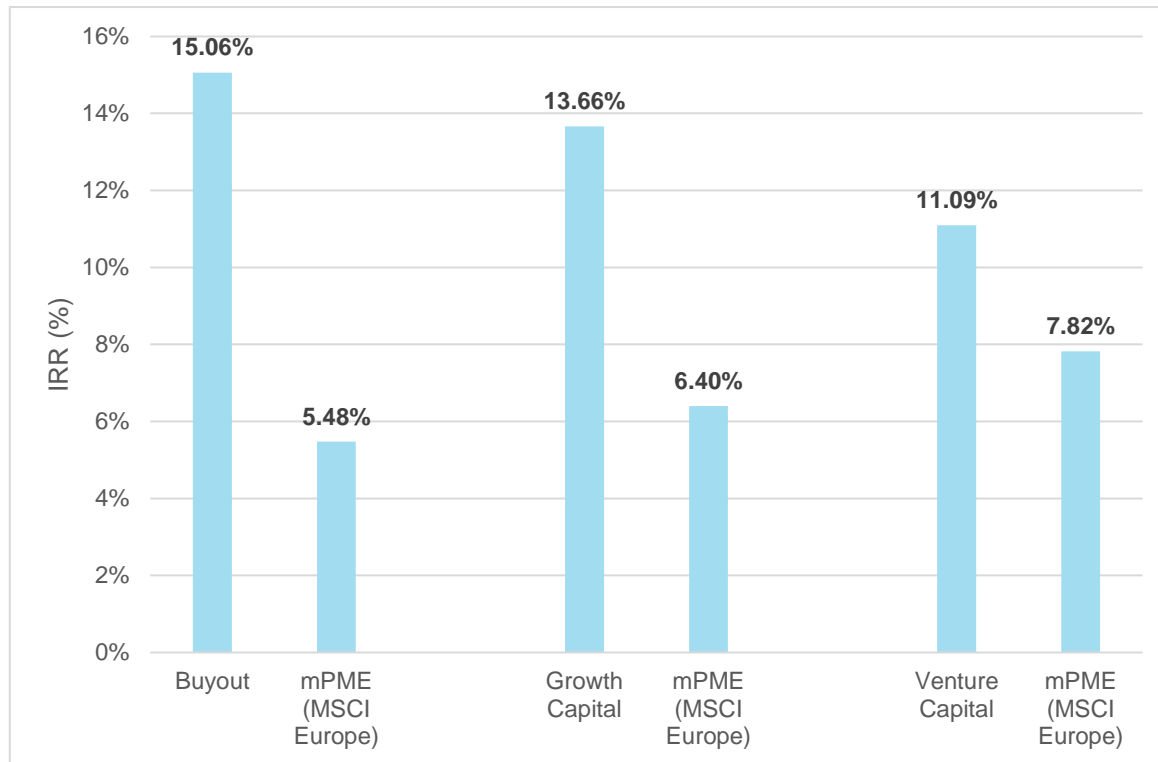
Statistics on private equity performance are taken from Invest Europe's 2020 benchmark report *The Performance of European Private Equity*, with data from *Cambridge Associates's Optica Benchmarks*.

Performance of European Private Equity

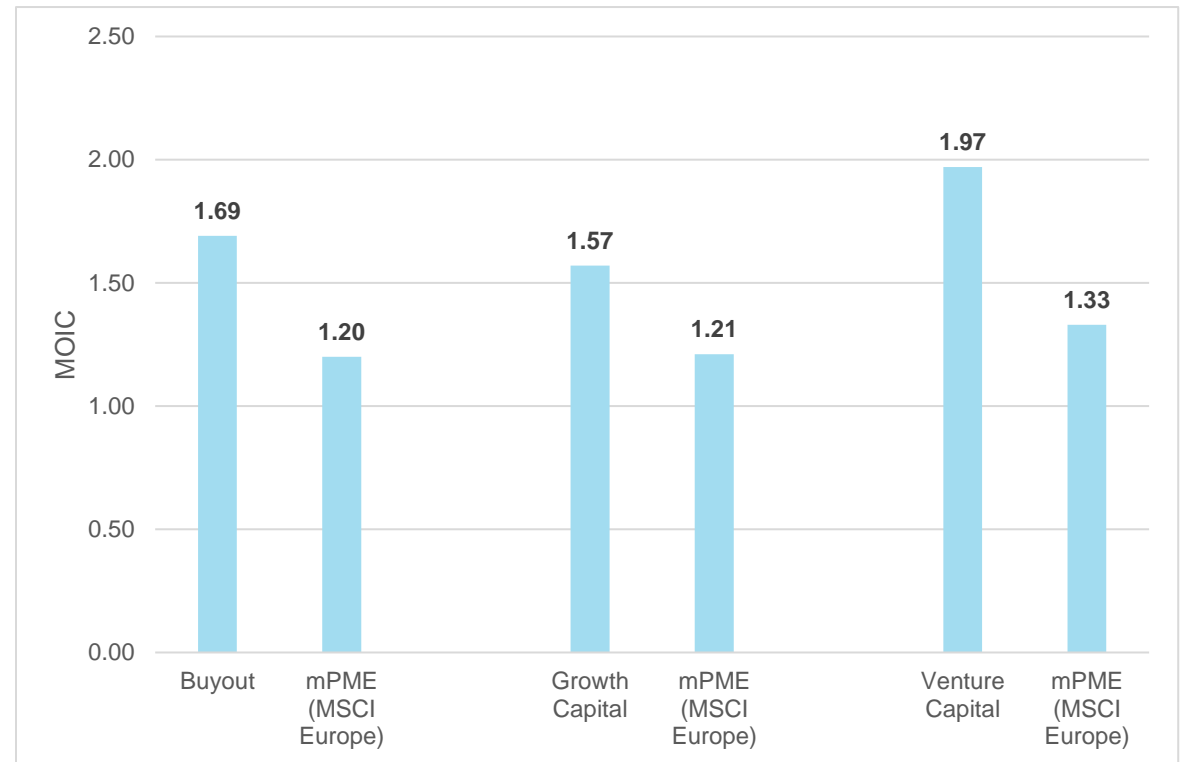
- Invest Europe's 2020 benchmark report *The Performance of European Private Equity* shows that the asset classes associated with private equity (buyout, growth capital, venture capital) clearly outperformed listed equities:
 - Buyout has delivered a net internal rate of return (IRR) of 15.06% vs. 5.48% for the MSCI Europe and a multiple of invested capital (MOIC) of 1.69x vs. 1.20x.
 - Growth capital has delivered a net IRR of 13.66% vs. 6.40% for the MSCI Europe and a MOIC of 1.57x vs. 1.21x for the MSCI Europe.
 - Venture capital has delivered a net IRR of 11.09% vs. 7.82% for the MSCI Europe and a MOIC of 1.97x vs. 1.33x for the MSCI Europe.
- Relative performance compared to listed equities is calculated using the mPME methodology as explained in Invest Europe's research report *Benchmarking Public & Private Markets with the Public Market Equivalent (PME)*.

Performance of European Private Equity

IRR and mPME of European private equity funds



MOIC and mPME of European private equity funds





Glossary

Fundraising Glossary

Types of investors

Corporate Investor: Corporations manufacturing products or delivering non-financial services.

Endowment: An investment fund established by a foundation, university or cultural institution providing capital donations for specific needs or to further a company's operating process. Endowments are generally structured so that the principal amount invested remains intact, (for perpetuity, for a defined period of time, or until sufficient assets have been accumulated to achieve a designated purpose).

Family Office: An entity that provides services to one or more affluent families, including investment management and other services, (accounting, tax, financial and legal advice etc.).

Foundations: A non-profit organization through which private wealth is distributed for the public good. It can either donate funds and support other organizations or provide the sole source of funding for their own charitable activities.

Fund of Funds: A private equity fund that primarily takes equity positions in other funds.

Government Agencies: Country, regional, governmental and European agencies or institutions for innovation and development.

Other Asset Manager: A financial institution (other than a bank, endowment, family office, foundation, insurance company or pension fund) managing a pool of capital by investing it across different asset classes with the purpose of generating financial returns. It may include private equity direct funds that occasionally make indirect investments but excludes fund of funds that are a standalone option.

Pension Funds: A pension fund that is regulated under private or public sector law.

Sovereign Wealth Funds: State-owned investment funds investing in foreign direct private equity funds to diversify their portfolio.

Investments Glossary

Venture Capital

- **Seed:** Funding provided before the investee company has started mass production/distribution with the aim to complete research, product definition or product design, also including market tests and creating prototypes. This funding will not be used to start mass production/distribution.
- **Start-up:** Funding provided to companies, once the product or service is fully developed, to start mass production/distribution and to cover initial marketing. Companies may be in the process of being set up or may have been in business for a shorter time but have not sold their product commercially yet. The destination of the capital would be mostly to cover capital expenditures and initial working capital.
- **Later-stage Financing:** Financing provided for an operating company, which may or may not be profitable. Late-stage venture tends to be financing into companies already backed by VCs, typically in C or D rounds.

Growth Capital

A type of private equity investment (often a minority investment) in relatively mature companies that are looking for primary capital to expand and improve operations or enter new markets to accelerate the growth of the business.

Buyout

Financing provided to acquire a company. It may use a significant amount of borrowed capital to meet the cost of acquisition. Typically, by purchasing majority or controlling stakes.

Rescue/Turnaround

Financing made available to an existing business, which has experienced financial distress, with a view to re-establishing prosperity.

Replacement Capital

Minority stake purchase from another private equity investment organization or from another shareholder or shareholders.

Divestments Glossary

Exit route

Management/Owner Buy-back: The buyer of the company is its management team.

Public Offering:

- First divestment following flotation (IPO): The sale or distribution of a private company's shares to the public for the first time by listing the company on the stock exchange.
- Sale of quoted equity post flotation: It includes sales of quoted shares only if connected to a former private equity investment, e.g., sale of quoted shares after a lock-up period.

Repayment of Preference Shares/Loans or Mezzanine: If the private equity firm provided loans or bought preference shares in the company at the time of investment, then their repayment according to the amortization schedule represents a decrease of the financial claim of the firm into the company, and hence a divestment.

Sale to Another Private Equity Firm: The buyer of the portfolio company is a private equity firm.

Sale to a Financial Institution: A financial institution is an entity that provides financial services for its clients:

- Depository institutions: deposit-taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies, and mortgage loan companies.
- Contractual institutions: Insurance companies and pension funds.
- Investment institutes other than direct private equity firms.

Trade Sale: The sale of a company's shares to industrial investors.

Write-off: The value of the investment is eliminated, and the return to investors is zero or negative.

Note: Recapitalizations are not considered in the divestment statistics.

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