

Investing in Sweden: Private Equity Activity 2023

Fundraising, Investments and Divestments

SVCA

Swedish Private Equity &
Venture Capital Association

Fundraising

Fundraising statistics explained

The monitored funds are direct private equity funds that primarily focus on investments in Europe. The funds raised are recorded in the country where the advisory team raises/manages the fund. The funds raised are the incremental amount of capital raised during the year.

The following funds are 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 1.3 trillion raised since 2007

SEK 108 billion raised in Sweden 2023

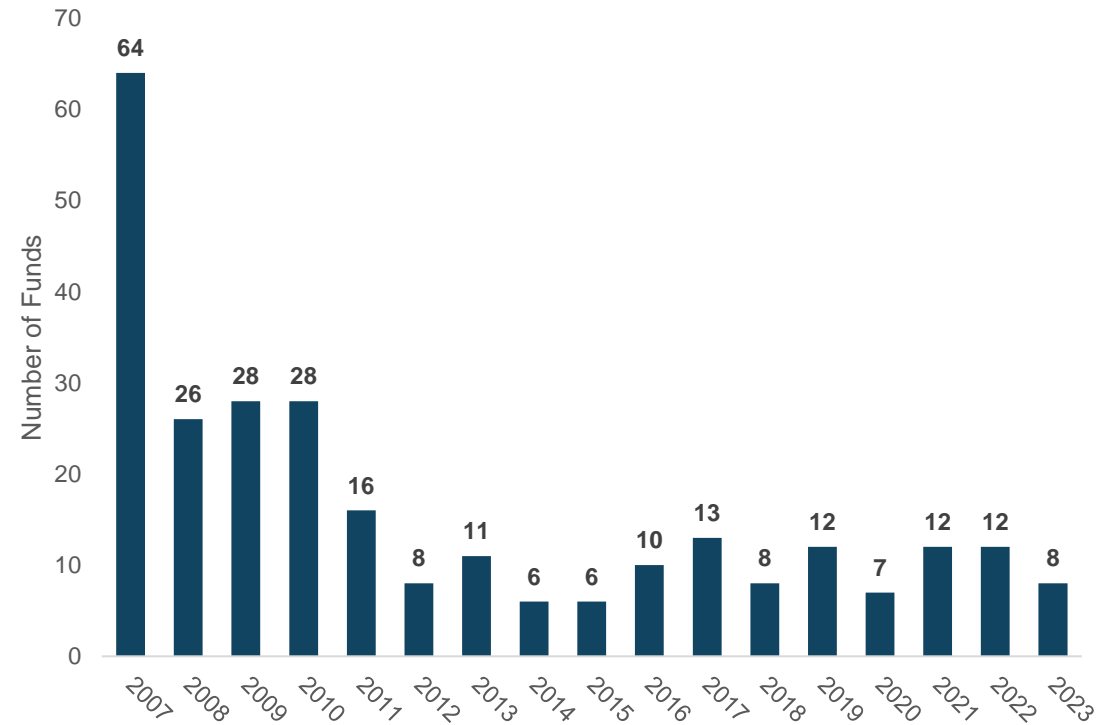
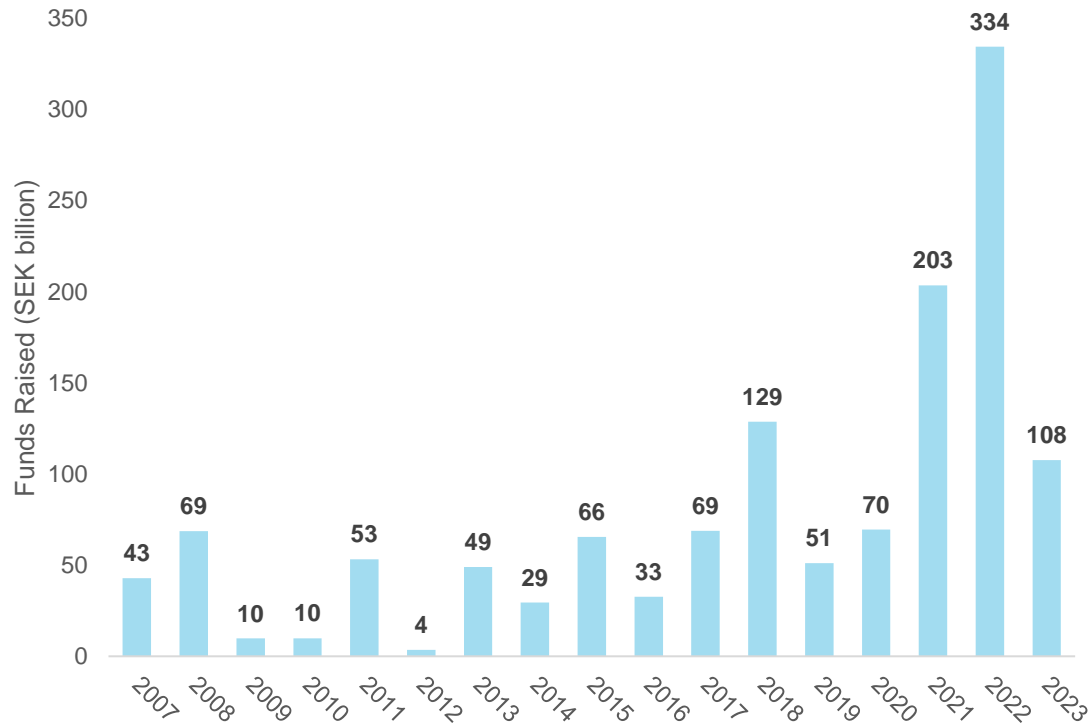
Institutional investors are the **largest investors**

88% of the funds **originate** from outside of Sweden

- SEK 108 billion was raised by funds with advisory teams in Sweden during 2023. A decrease of 68% compared to 2022. The total funds raised since 2007 amounts to SEK 1.3 trillion.
- Institutional investors are the largest investors in the funds. Pension funds (32%), asset managers (20%) and sovereign wealth funds (16%).
- 88.1% of the funds originate from outside Sweden:
 - The Nordics (7.6%), DACH (6.9%) and UK & Ireland (6.9%) are the largest sources of European funds.
 - North America (28.2%) is the largest source of non-European funds, followed by Australia and Asia (24.3%)

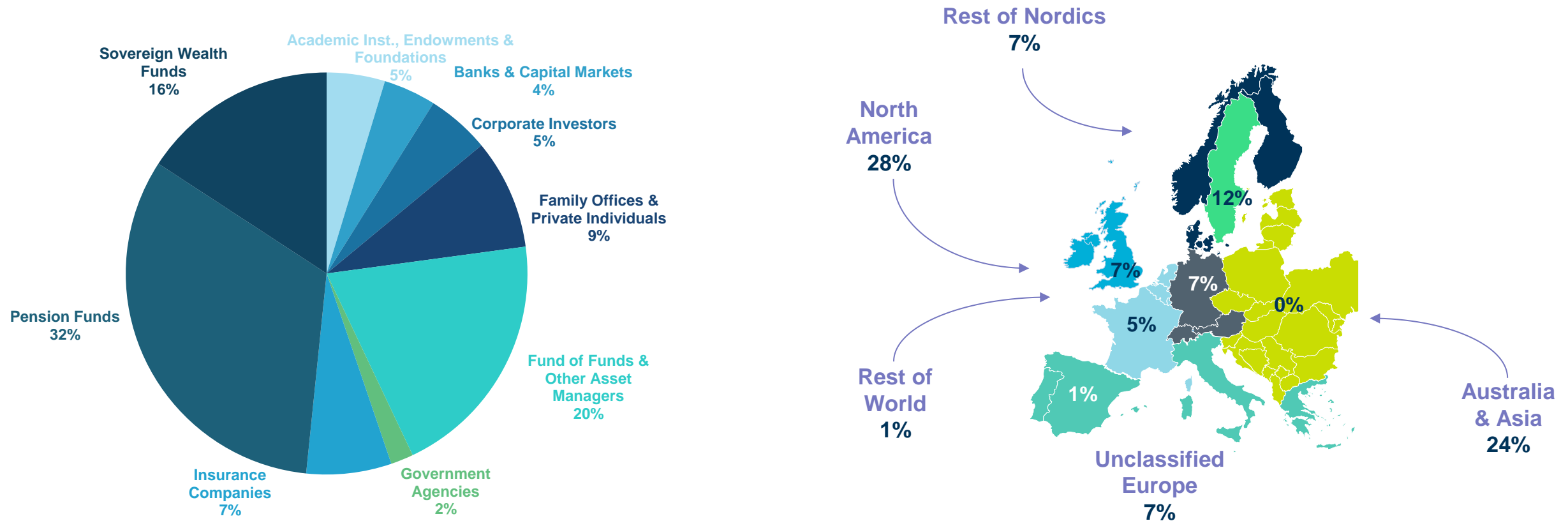
All Private Equity Fundraising

Funds raised by year 2007-2023



All Private Equity Fundraising

Funds raised by investor type and geography 2007-2023



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.

Investments Summary

All Private Equity

SEK 52 bn into 370 companies

Venture Capital

SEK 4.4 bn into 247 companies

Growth Capital

SEK 11.4 bn into 71 companies

Buyout*

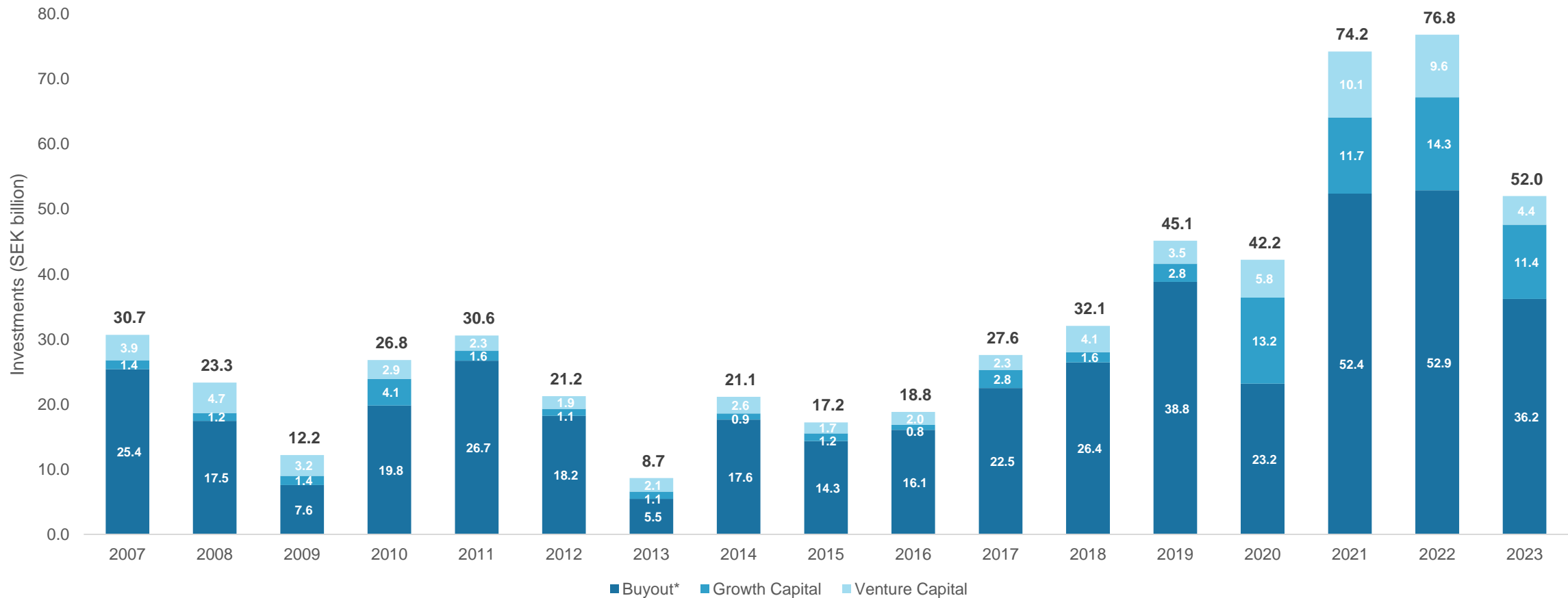
SEK 36.2 bn into 54 companies

- The total equity value invested by private equity amounted to SEK 52 billion, a 32% decrease compared to 2022 and a 10% decrease compared to the five-year average. The number of companies backed by private equity decreased to 370 (-18% from 2022). In 2023 Sweden had Europe's second largest share of private equity investments in comparison to GDP.
- Venture capital investments decreased 54% year-on-year to SEK 4.4 billion (-34% compared to the five-year average), 247 companies received venture capital funding in 2023. Investments into *Financial and insurance activities* were the highest to date with a 59% increase compared to the five-year average.
- Growth capital investments decreased 20.4% year-on-year to SEK 11.4 billion (+7% compared to the five-year average), 71 companies received growth capital funding in 2023. The *Biotech and healthcare* sector saw the largest investments to date, with a substantial increase of 267% compared to the five-year average.
- Buyout* investments decreased 31.4% year-on-year to SEK 36.2 billion (-11% compared to the five-year average), 54 companies received buyout funding in 2023. The *Business products and services* sector saw the largest investment to date with a 60% increase compared to the five-year average.

*Buyout includes Rescue/Turnaround & Replacement Capital

All Private Equity Investments

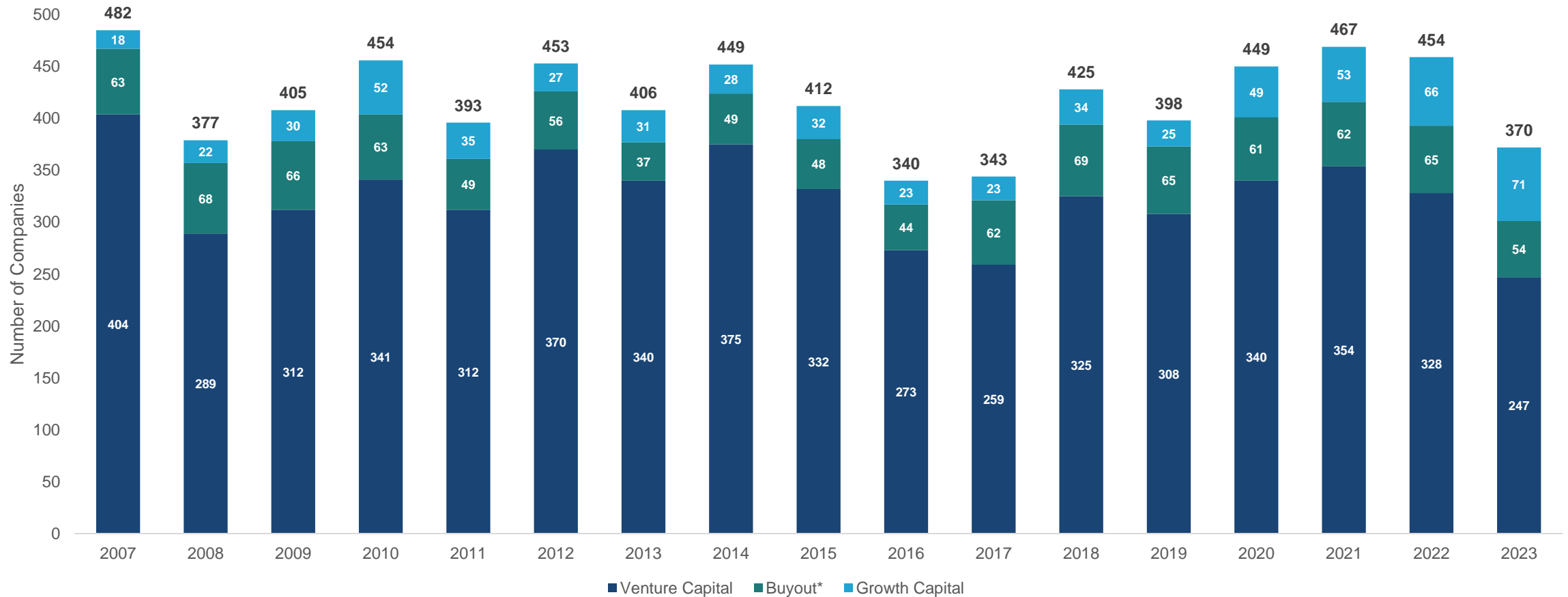
Amount by stage of investment 2007-2023



*Buyout includes Rescue/Turnaround & Replacement Capital

All Private Equity Investments

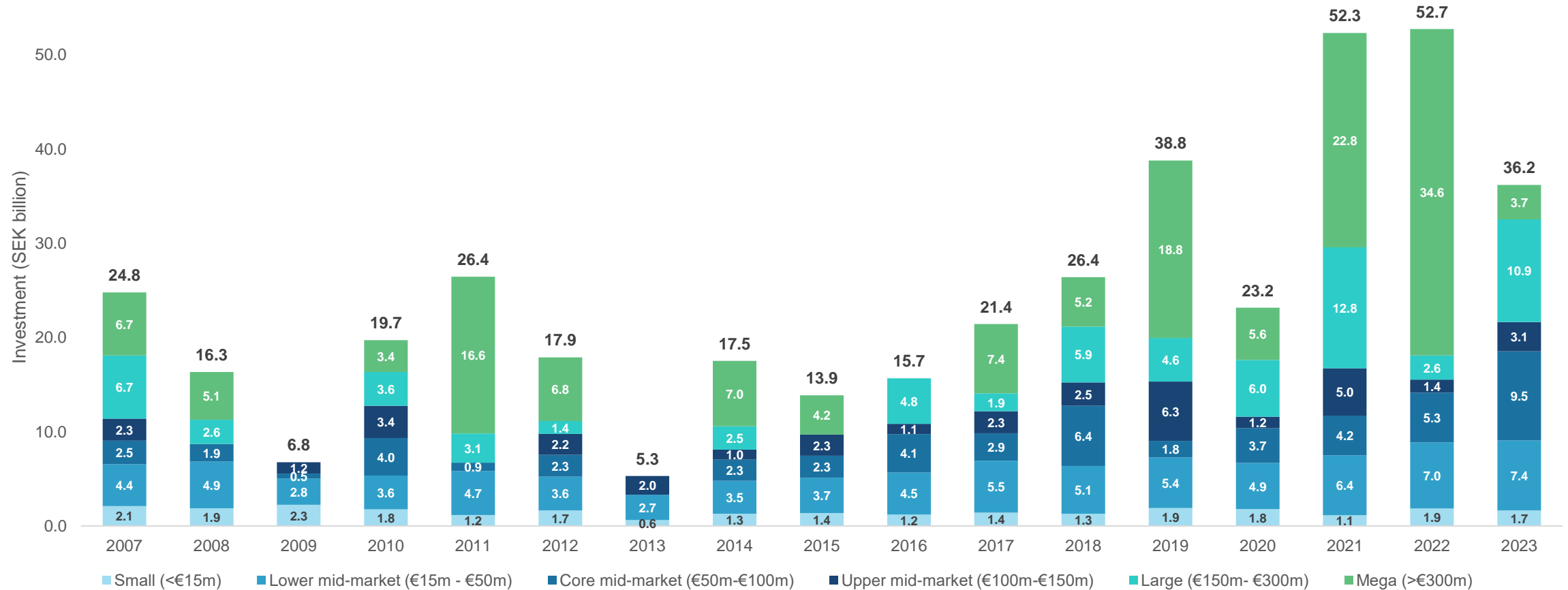
Number of companies invested in 2007-2023



*Buyout includes Rescue/Turnaround & Replacement Capital

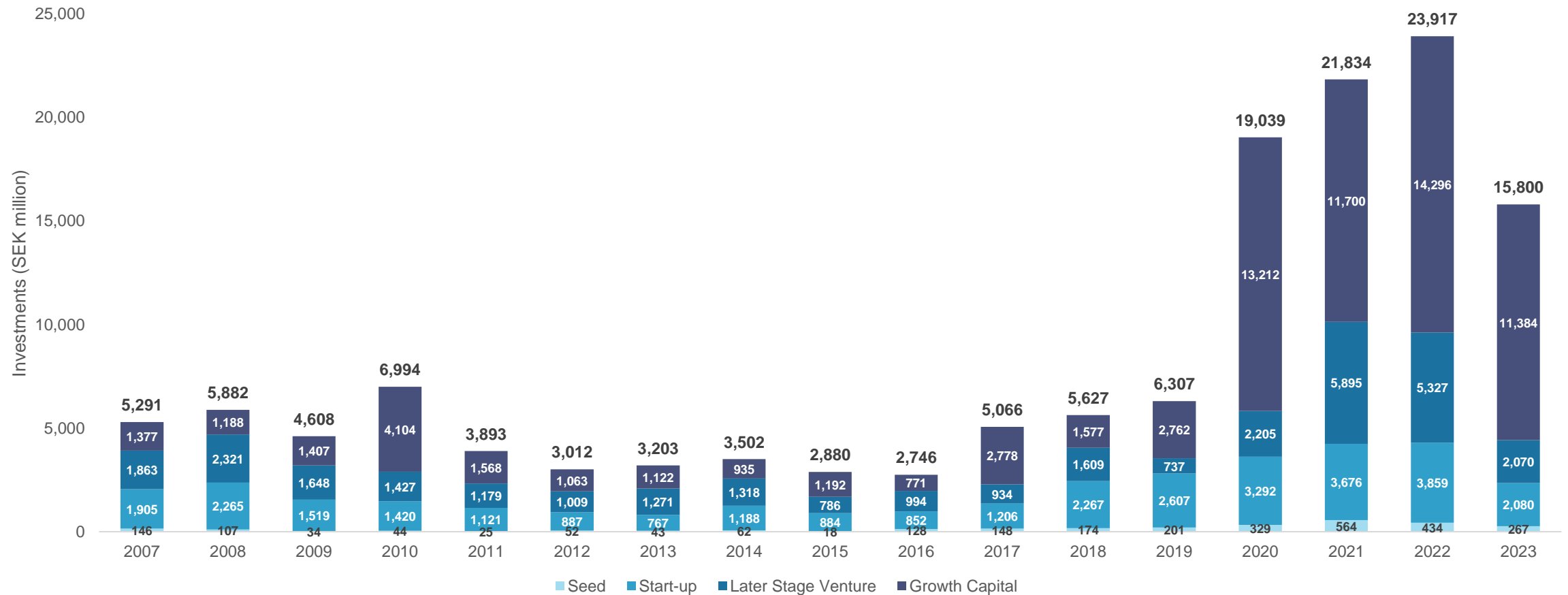
Buyout Investments

Investments by equity bracket 2007-2023



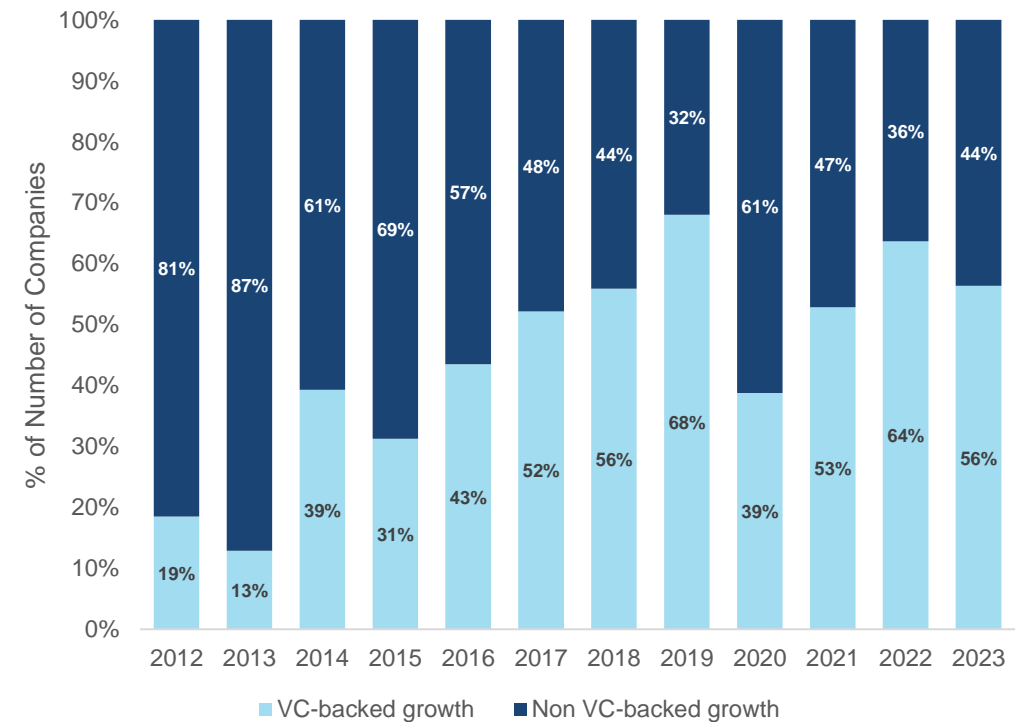
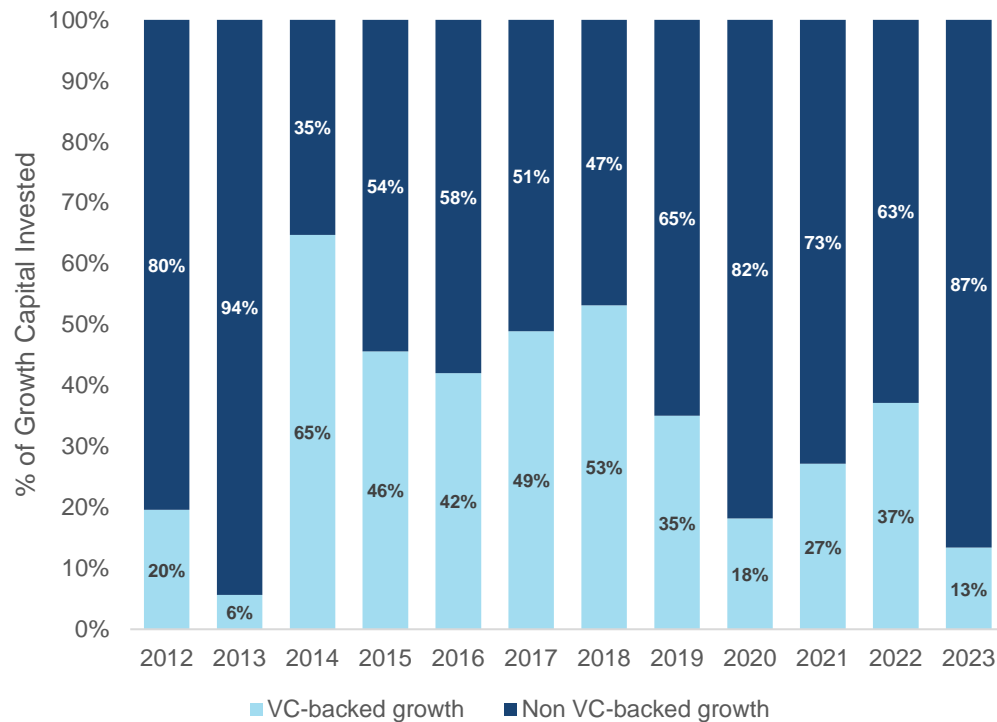
Venture & Growth Capital Investments

Investments by stage 2007-2023



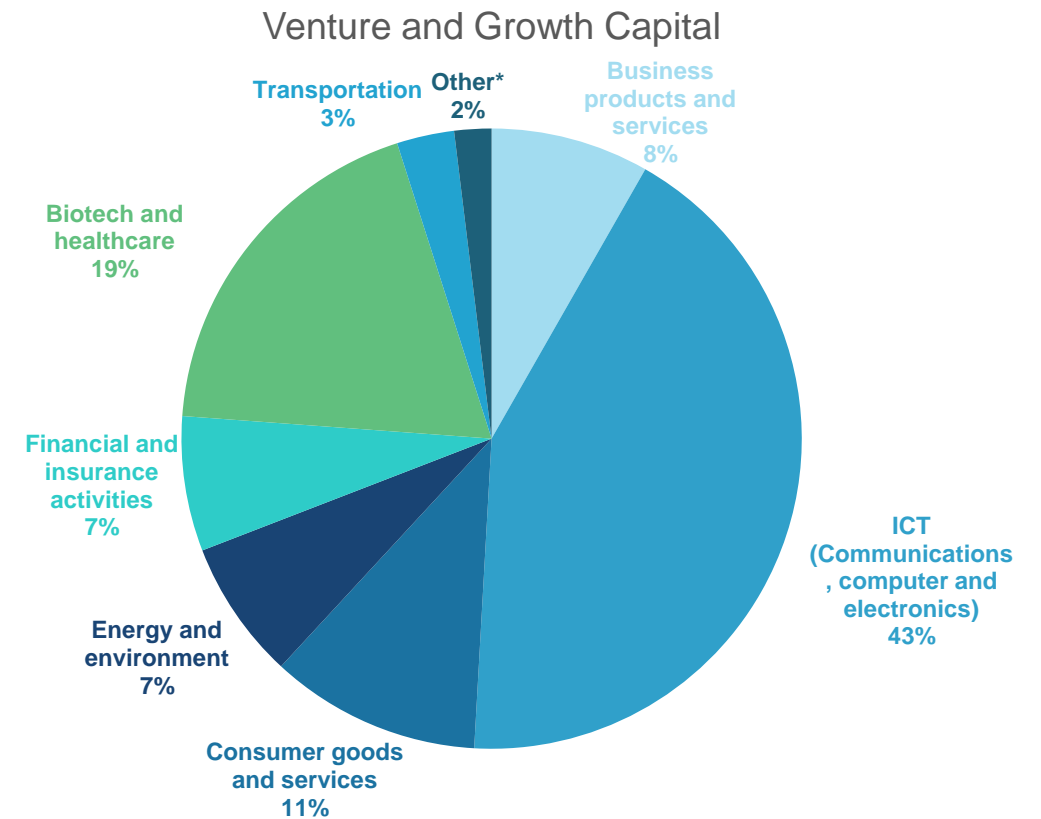
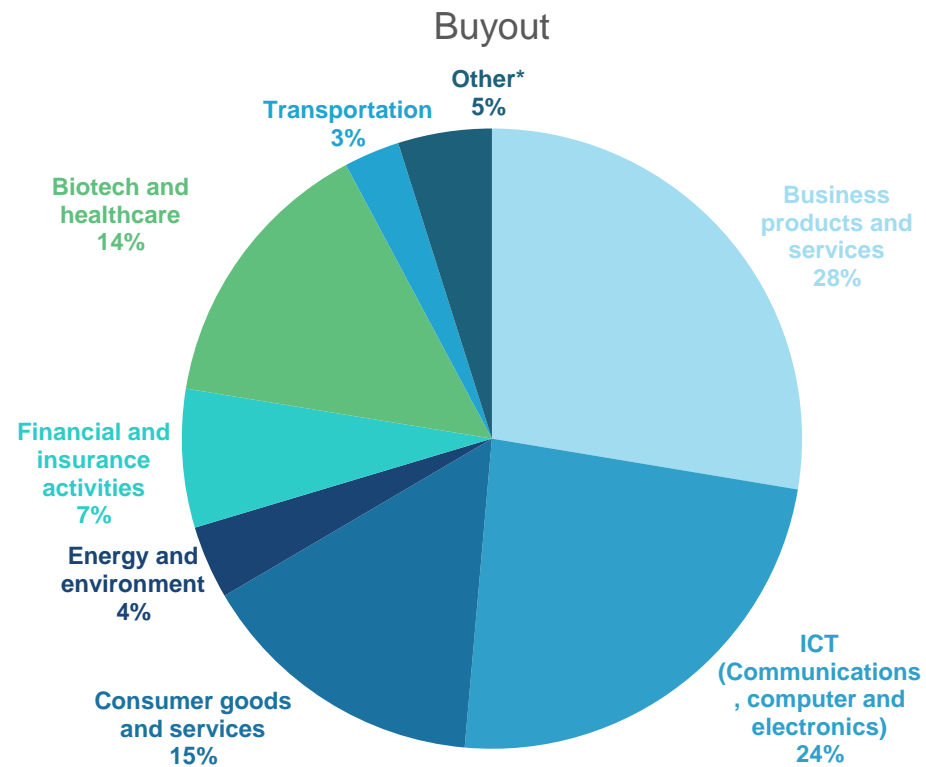
Growth Capital Investments

Type of backing 2012-2023



Buyout and Venture & Growth Capital Investments

Investments by sector 2007-2023

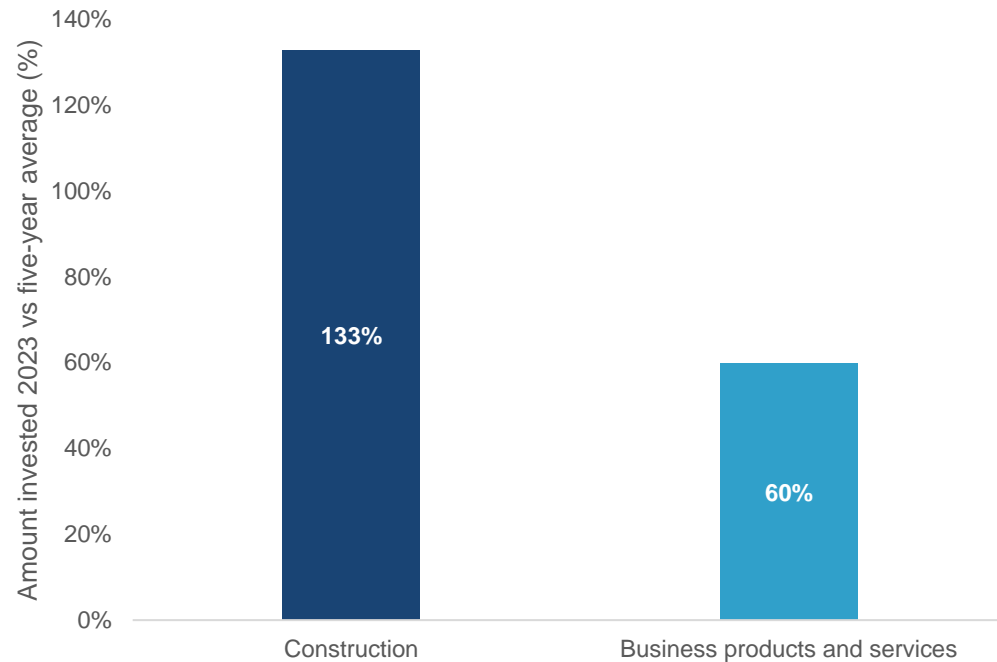


*Other also includes Agriculture, Chemicals & materials, Construction and Real estate

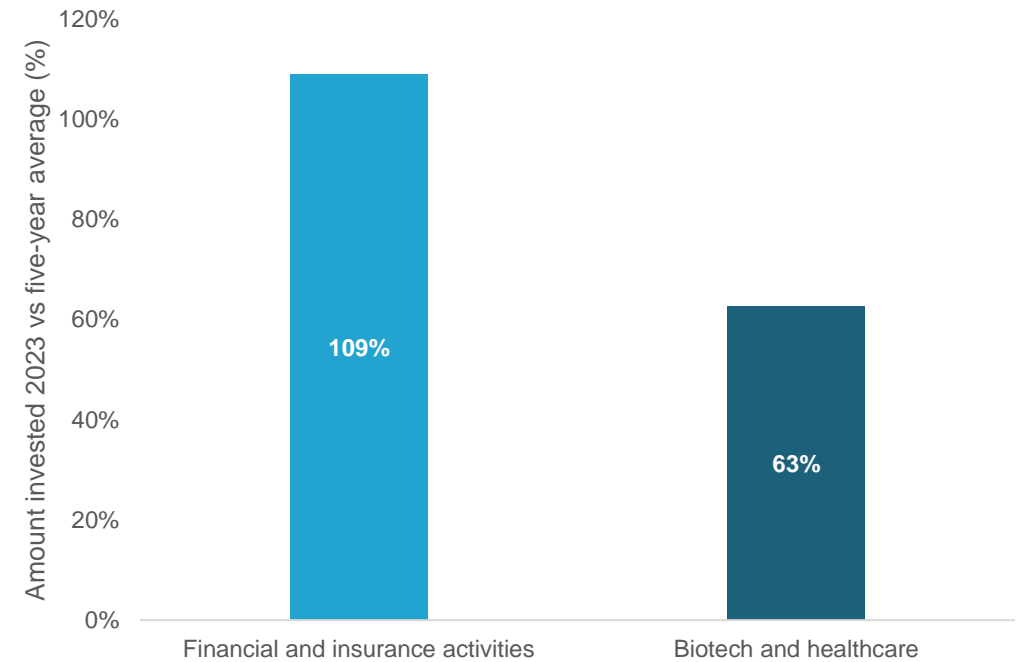
Buyout and Venture & Growth Capital Investments

Investments by sector highlights

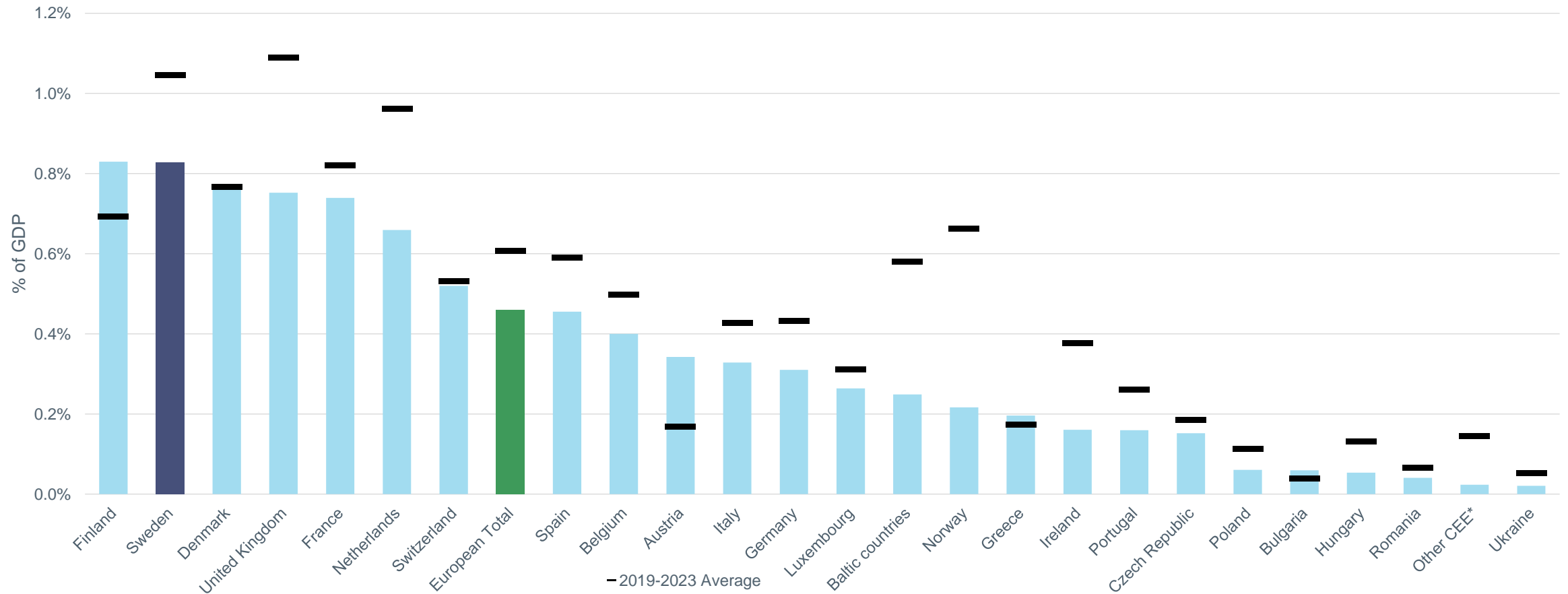
Buyout



Venture & Growth Capital

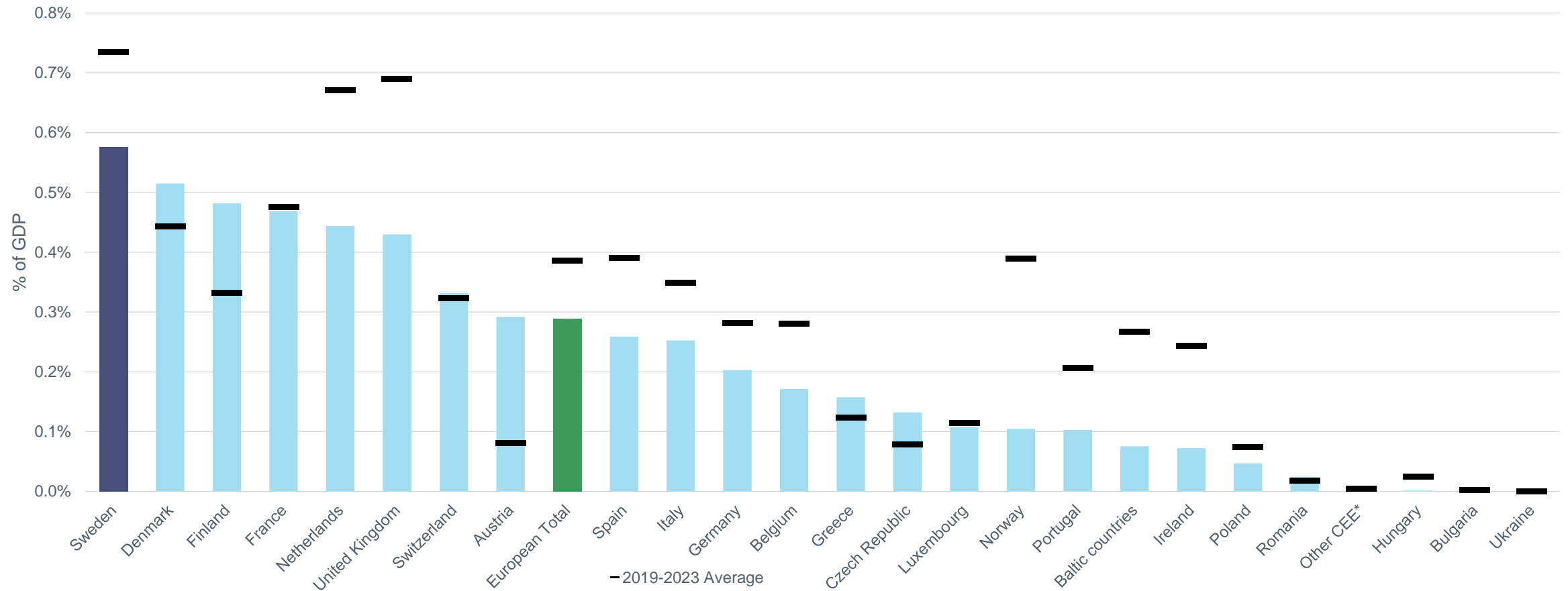


All Private Equity Investments as % of GDP 2023



Buyout

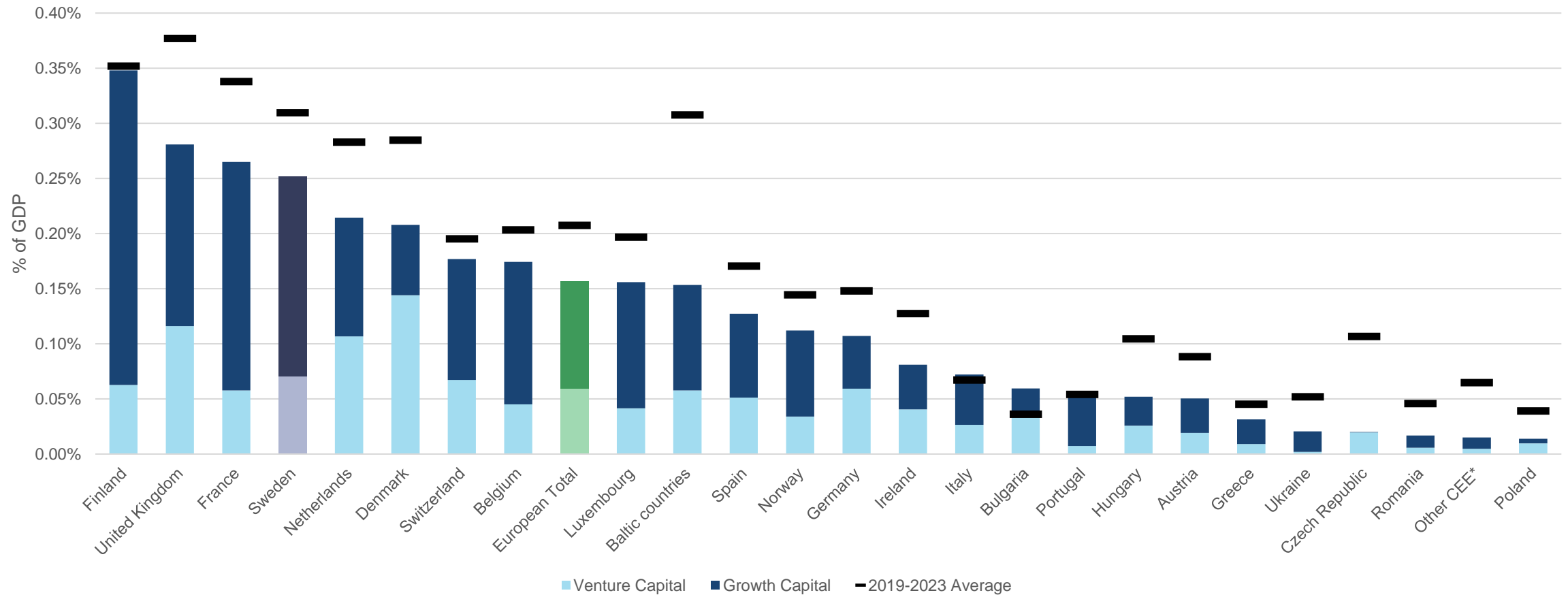
Investments as % of GDP 2023



*Other CEE consists of Ex-Yugoslavia and Slovakia

Venture & Growth Capital

Investments as % of GDP 2023



*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.

The following funds are 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 2007-2023

All Private Equity

SEK 16.09 bn from 145 companies

Venture Capital

SEK 708 mn from 107 companies

Growth Capital

SEK 2.36 bn from 12 companies

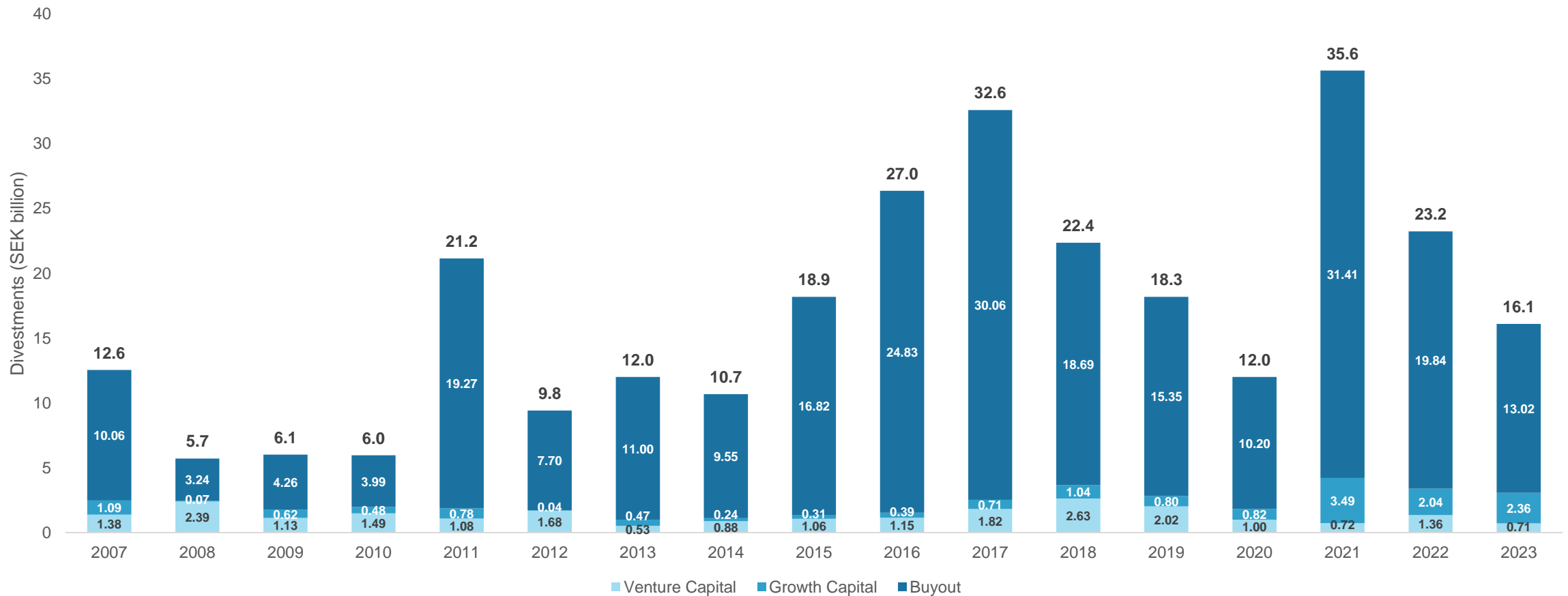
Buyout

SEK 13.02 bn from 26 companies

- In 2023 divestments at a cost reached SEK 16.09 billion (-31% compared to 2022) from 145 companies (+2% compared to 2022). For all private equity between 2007-2023, the main exit routes by value were *public offerings* (28%) and *sales to another PE firm* (27%). The main exit routes by number of companies were *sale to trade buyers* (25%) and *sale by other means* (16%).
- Venture divestments reached SEK 708 million (-48% compared to 2022) from 107 companies (+9% compared to 2022) in 2023. For venture capital between 2007-2023, the main exit routes by value were *sale to trade buyers* (33%) and *public offerings* (21%). The main exit routes by number of companies were *sale to trade buyers* (23%) and *divestment by other means* (22%).
- Growth divestments in 2023 reached SEK 2.36 billion (+16% compared to 2022) from 12 companies (+9% compared to 2022). For growth capital between 2007-2023, the main exit routes by value were *public offerings* (44%) and *sale to trade buyers* (25%). The main exit routes by number of companies were *sale to trade buyers* (34%) and *management/owner buy-back* (14%).
- Buyout divestments reached in 2023 SEK 13.02 billion (-34% compared to 2022) from 26 companies (+26% compared to 2022). For buyout between 2007-2023, the main exit route by value were *sale to another PE firm* (30%) and *public offerings* (27%). The main exit routes by number of companies were *sale to trade buyers* (27%) and *sale to another PE firm* (24%).

All Private Equity Divestments

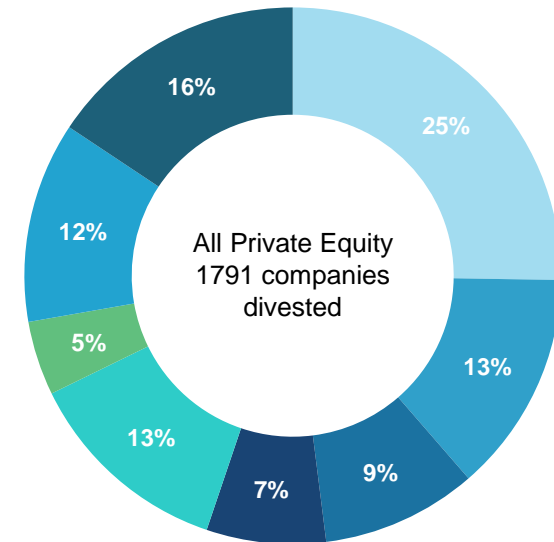
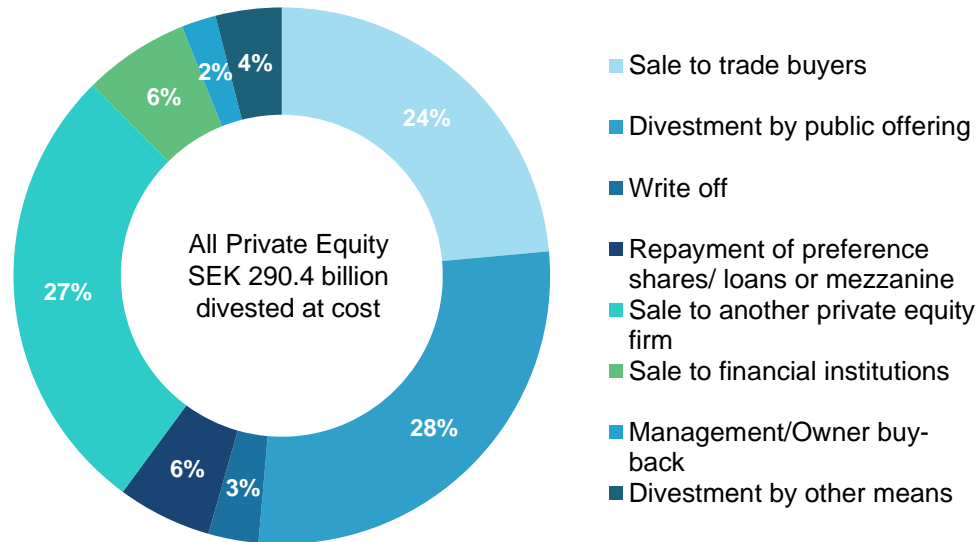
Amount by stage of divestment 2023



■ Venture Capital ■ Growth Capital ■ Buyout

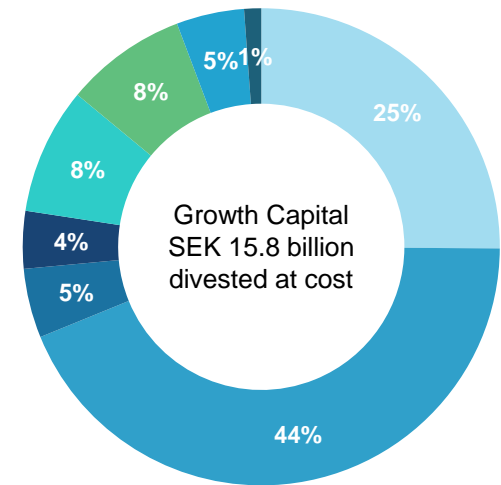
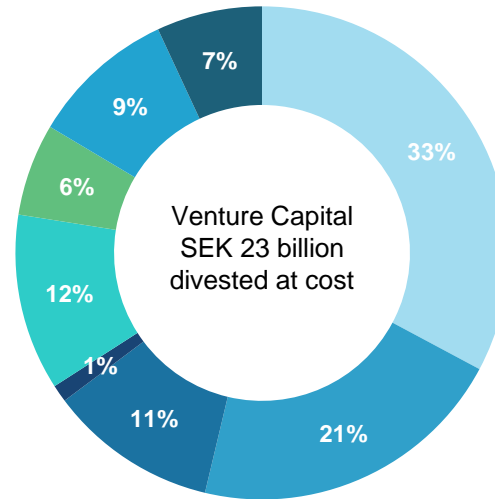
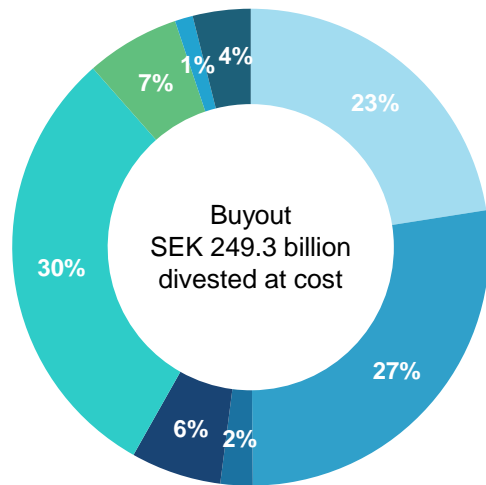
Divestments by Exit Route – All Private Equity

As % of total amount and number of companies 2007-2023



Divestments by Exit Route

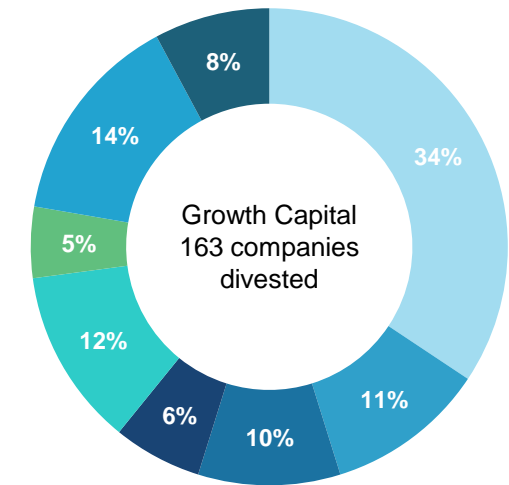
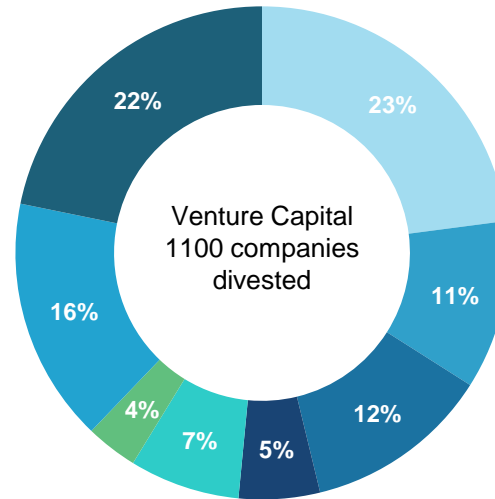
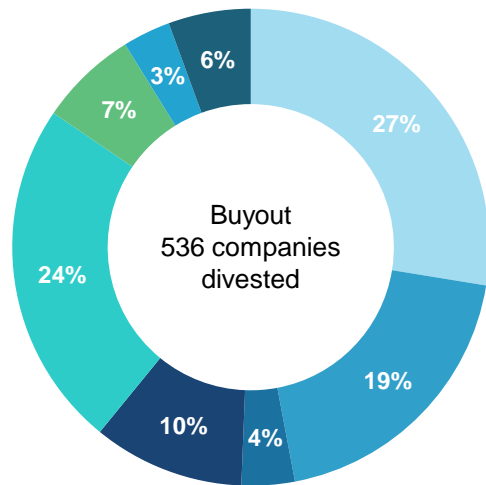
As % of total amount 2007-2023



- 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 2007-2023



- Sale to trade buyers
- Divestment by public offering
- Write off
- Repayment of preference shares/ loans or mezzanine
- Sale to another private equity firm
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- Management/Owner buy-back
- Divestment by other means

Fundraising

Investments

Divestments

Glossary

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.

Within Growth, type of investment is further split into “*VC-backed growth*” & “*Non-VC-backed growth*”. The former refers to Growth investments made with either continued participation by at least one VC fund at the time of the investment round, or else full divestment by the involved VC fund(s) at the time of the Growth round. The latter refers to Growth investments where VC funds had either fully divested prior to the Growth round, or else had never backed the company in question before.

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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