

## InvestEU Scoreboard<sup>1</sup>

### Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: Usaldusfond Trind Ventures Fund II ("Trind" or the "Fund")

Type of approval: Individual financing or investment operation

Name of the financial intermediary (for intermediated operations): Usaldusfond Trind Ventures Fund II

Country(-ies) of implementation: The Fund is expected to target predominantly investments in the Baltics (Estonia, Latvia, Lithuania) and Finland.

Short description of the financing or investment operation:

The Fund is expected to contribute in particular to the development of SMEs deploying innovative services in the areas of B2C and B2B focused business models, using emerging digital technologies, including but not limited to technologies for the connection and exchange of data with other devices and systems, financial technologies, software enhancing digitalization, etc.

The team has a particularly high exposure to business angel networks and individuals/founders due to the prominent roles played by the partners in the local ecosystems.

All partners have continued to actively animate the relationship with the business angel communities in Finland and the Baltics.

### Public Statement

Eligible areas for the operation in accordance with Annex II to the InvestEU Regulation:

#### Item 6 of Annex II of the InvestEU Regulation:

*the development, deployment and scaling-up of digital technologies and services, especially digital technologies and services, including media, online service platforms and secure digital communication, that contribute to the objectives of the Digital Europe Programme*

#### Item 7 of Annex II of the InvestEU Regulation:

*financial support to entities employing up to 499 employees, with a particular focus on SMEs, and small mid-cap companies, with particular focus on item (b), i.e. the provision of risk financing from seed to expansion stages to ensure their technological leadership in innovative and sustainable sectors including by enhancing their digitisation and innovation capacity, and their global competitiveness;*

In particular, the Fund's strategy is focused on the Target Areas under the **Digital and CCS Investments** Sub-Product.

The investment will be in a form of equity, which in turn will allow the Fund to promote equity and quasi-equity investments at the level of each underlying portfolio company and provide the Baltic start-up ecosystem with the necessary support enabling further build-up of the local institutional VC landscape. Whereas the Baltic has developed positive dynamics over the recent past, business angels and business angel communities will remain important to identify and foster the earliest stages of businesses, where

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<sup>1</sup> This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

the manager will continue to play an important role as one of the links between business angels and institutional investing.

The Fund will pursue investments, inter alia, in two countries classified as MEICs, where the supply of capital for companies with high innovative and high grow potential has been traditionally scarce. The Fund also receives deal flow from the CEE region.

The operation addresses clear market failures. Whilst the Baltic ecosystem matures further, there is still a limited number of seed investors in the market, especially those with the capacity to raise funds outside of EIF. Business angels and business angel communities will remain important to identify and foster the earliest stages of businesses, where the manager will continue to play an important role as one of the links between business angels and institutional investing. The graduation rate from business angels to institutional fund managers remains limited, whereas the link between both form the backbone of a startup ecosystem. At the same time, the Manager will take a higher financial exposure to the startup companies, thereby shouldering financial risks that individual business angels and family offices could not or would not want to take (alone), but which is necessary to scale the underlying businesses.

The scale of financing expected to be made available by the financial intermediary to final recipients (i.e. leverage) is estimated in the range of c. 4x factor, in accordance with the “InvestEU Leverage and Multiplier Effect Calculation Methodology” as approved by the InvestEU Steering Board.

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features: (i) the provision of equity financing; (ii) the longer holding period (within up to 12 years term of the fund); (iii) contribution to the diversification of funding sources for final recipients; (iv) the financing in local currencies, and (v) the transfer of experience, know-how and BA and institutional investor network by the financial intermediary to portfolio companies, therefore helping their internal & external growth, internationalization, digitalization and access to bank financing.

In relation to the impact of the operation on the ecosystem, the Fund will invest at the very early stages, where Business Angels are typically looking for strong partners with willingness to take on strong risks, to support the underlying investees in scaling the operations. While there is often financing available from Business Angels for the earliest rounds with small ticket sizes, reliable partners for companies and Business Angels that can open the world of institutional finance remain few. In addition, the Manager brings its own network of potential investors, which eventually will stabilise the financing situation in the companies on the medium term, and where traditional forms of financing are not existent.

**Pillar 3** - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Excellent**)

**Pillar 4** - Financial and technical contribution by the Implementing Partner (**Excellent**)

**Pillar 5** - Impact of the financing or investment operation (**Very Good**)

**Pillar 7** - Complementary indicators<sup>2</sup>

**Operation-specific indicators**, estimated on the “InvestEU Leverage and Multiplier Effect Calculation Methodology” as approved by the InvestEU Steering Board.

- (a.1) Leverage effect: Indicatively 4x
- (a.2) Multiplier effect: Indicatively 10x

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<sup>2</sup> The InvestEU methodology is used in order to calculate figures presented in this document. The financial intermediary’s estimates may differ.