

PRESS RELEASE
30 JUNE 2017



BaltCap is the largest independent private equity firm focusing on small and midmarket buyout and growth capital investments in the Baltic States.

BaltCap has strong presence in all three Baltic countries with local offices and experienced team.

Since 1995, BaltCap has been managing private equity and venture capital funds with total capital of over EUR 260 million and has invested in more than 70 companies.

BaltCap is a member of Invest Europe (www.investeurope.eu), Estonian Private Equity and Venture Capital Association (www.estvca.ee), Latvian Venture Capital Association (www.lvca.lv) and Lithuanian Venture Capital Association (www.vca.lt).

BaltCap is a signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2008.

BaltCap launched a new EUR 50m regional growth fund

The largest Baltic private equity firm BaltCap launched a new regional fund, BaltCap Growth Fund (BGF) to provide growth capital to small and medium-sized companies in all three Baltic countries.

The new BGF with a target size of EUR 50m will provide growth capital to 15-20 companies to create regional market leaders and increase exports, being a brand-new instrument in a market with such an investment focus. BGF held its first close at EUR 40m and it is managed by the experienced pan-Baltic investment team, in which Heidi Kakko and Marek Kiisa are the newest additions to the BaltCap team in Estonia.

According to BaltCap's estimation, the demand for growth capital remains high in the Baltic states while the opportunities for growth are very good in both traditional and new industries of Estonia, Latvia and Lithuania. The SMEs of the region are in need of investments to maintain their competitiveness and increase their productivity.

BGF Partner and Investment Committee Member Heidi Kakko commented that demand for a new type of fund to enter the market is very high. "Until now, Estonia, Latvia and Lithuania have had scarce opportunities to finance the growth of companies with a turnover of 1-5m EUR per annum. At the same time, there has been a need for capital for further growth for such companies and this is where BGF will fill a significant gap," she said.

Another new Partner of BGF, Marek Kiisa added that the new fund will focus mainly on investments ranging from 0.5 to 3m EUR. "It is also important to mention that finally local pension funds will be able to make direct investments to small and medium-sized enterprises in the Baltics," Kiisa said.

Martin Kõdar, the Managing Partner of BaltCap admitted that one of BaltCap's biggest strengths is highly professional experienced team. "We are glad to welcome two new investment professionals – Heidi and Marek – to join our team and launch the new fund. Our dedicated growth investment team, led by Kornelijus Celutka in Lithuania and Martins Jaunarajs in Latvia in addition to the new team members in Estonia, is certainly one of the main reasons why pension fund investors have trusted BaltCap to manage this new fund. We are also grateful for EIF's continued support to BaltCap and BaltCap Growth Fund," he said.

BaltCap Growth Fund is a continuation of growth capital strategy for BaltCap. In 2001, BaltCap established its first growth strategy fund, the Baltic SME Fund, which was followed by two JEREMIE initiative funds in Latvia and Lithuania, established in 2010-2011.

BaltCap Growth Fund is the fifth fund introduced to the market by BaltCap with the support of the European Investment Fund within the framework of Baltic Innovation Fund's initiative, a programme supported by the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania and the EIF, as well as local pension funds.

Roger Havenith, Deputy Chief Executive of EIF, stated, "BaltCap's record and proven capabilities as investors in this region are unmatched and the establishment of the new fund would extend their reach further. This is the 5th commitment issued by EIF under Baltic Innovation Fund initiative and represents a significant milestone in the implementation of this unique pan-Baltic cooperation project. Being both the architect and key investor in the Baltic Innovation Fund alongside our National Promotional Institution partners, EIF is confident in the positive market impact the launch of this fund would have."

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About EIF

The European Investment Fund (EIF) is part of the European Investment Bank group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

About Baltic Innovation Fund

The Baltic Innovation Fund is an innovative investment initiative created by cooperation between the Republic of Estonia, the Republic of Latvia, the Republic of Lithuania and EIF that is unique in its nature across Europe. The Baltic Innovation Fund will invest EUR 130 million into private equity, mezzanine and venture capital funds focused on the Baltic States during 2013-2017. It is a key initiative with EIF partnering with three important national agencies – Altum (Latvia), KredEx (Estonia) and Invega (Lithuania). This unique trans-national process provides a real opportunity to further develop the Baltic PE & VC market.

Additional information:

Heidi Kakko

Partner and Investment Committee Member of BaltCap Growth Fund

Phone: +37256249959

heidi.kakko@baltcap.com

www.baltcap.com