

Venture capital and start-ups in Denmark

Capital matches opportunity

March 2020

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Introduction

In 2019, Danish start-ups showed the “proof of concept”

Venture capital (VC) is essential for financing companies at their early stages and is crucial for the growth of high-potential start-ups.

In 2019, the start-up scene in Denmark reached a new level of development. There were many funding rounds within the €5-10m bandwidth, with several deals over €10m at the top end. The funding activities were accompanied by an active M&A market, which indicates that many Danish business models have proven their viability. Liquidity follows smart business ideas and is as international as the companies themselves. However, breaking new ground and investing in innovative ideas requires the overcoming of information asymmetries. Investing without an assessment of risks and opportunities would not be advisable.

EY offers diverse platforms and insights into the Danish start-up and VC scene. With our initiatives like our Embryonic, an EY proprietary analytic AI tool we help our clients to dynamically analyse their ecosystems and to create added value and stimulate discussions.

It is with great pleasure that we present our first Danish edition of this yearly VC study, that provides useful insight to the Danish start-up scene by outlining market dynamics and developments. The study will be carried out on a yearly basis in line with similar EY studies within Europe and contains an overview of investments, M&A deals, top lists and key players.

We hope that you will find our observations interesting, and if you wish to discuss the current or future market developments, please do not hesitate to contact us.



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| Content

Funding

12-19

The top 100 Danish start-ups account for an aggregated volume of €1.3b, with most of the top start-ups being based in Copenhagen. The top 10 funding in 2019 exceeded the previous year's level.

Exits

20-25

In 2019, while the M&A activity is levelling off, investment in Danish start-ups is at the peak. While financial investors are the main drivers for funding rounds, corporates remain the main exit channels for Danish digital and life science start-ups.

Investors

26-29

Nordic venture capitalists with investment activities in the Danish start-up market, have launched new funds with a volume of about €2.8b in 2019.



Dashboard

The aggregated funding of top 100 start-ups until 2019 (2018)

€1.3b
(€0.7b)

M&A deals in 2019 (2018)

25
(33)

New funds in 2019 (2018)

€2.8b
(€0.7b)

New funding volume of the top 10 start-ups 2019 (2018)

€309m
(€269m)

Trending in M&A

Domestic investors offer an exit channel of increasing importance for the Danish start-up market

Biggest fund raised by a Nordic VC fund in 2019 (2018)

€0.7b
(€0.3b)

Breakdown of key terms

Investment

With investments, we refer to funding rounds, M&A deals, initial public offerings (IPOs) and exits related to Danish start-ups operating a digital business model or operate in life sciences. Non-digital start-ups have not been considered in this study.

Funding

We define funding as equity or debt financing provided to a Denmark-based start-up (with a change in ownership below 50%).

M&A

M&A activity comprises transactions with a change in ownership of more than 50%.

IPO

We define IPO as a public offering in which a start-up founded in Denmark sells shares for the first time.

Exit

Key players

Investors (Corporate and financial)

We define investors as market participants acquiring shares in a Denmark-based start-up (more than 50% = M&A deal). A company is considered a corporate when its primary business is non-finance-related, e.g., industry or service provision. We define an investor as a financial investor when its primary activities are related to investing or financing.

Corporate

Financial

Start-up

Start-ups are companies younger than 10 years that are operating a digital or life science business model.

The digital sector comprises companies mainly focused on the sector's e-commerce, software and IT services, media & entertainment or financial technology (FinTech).

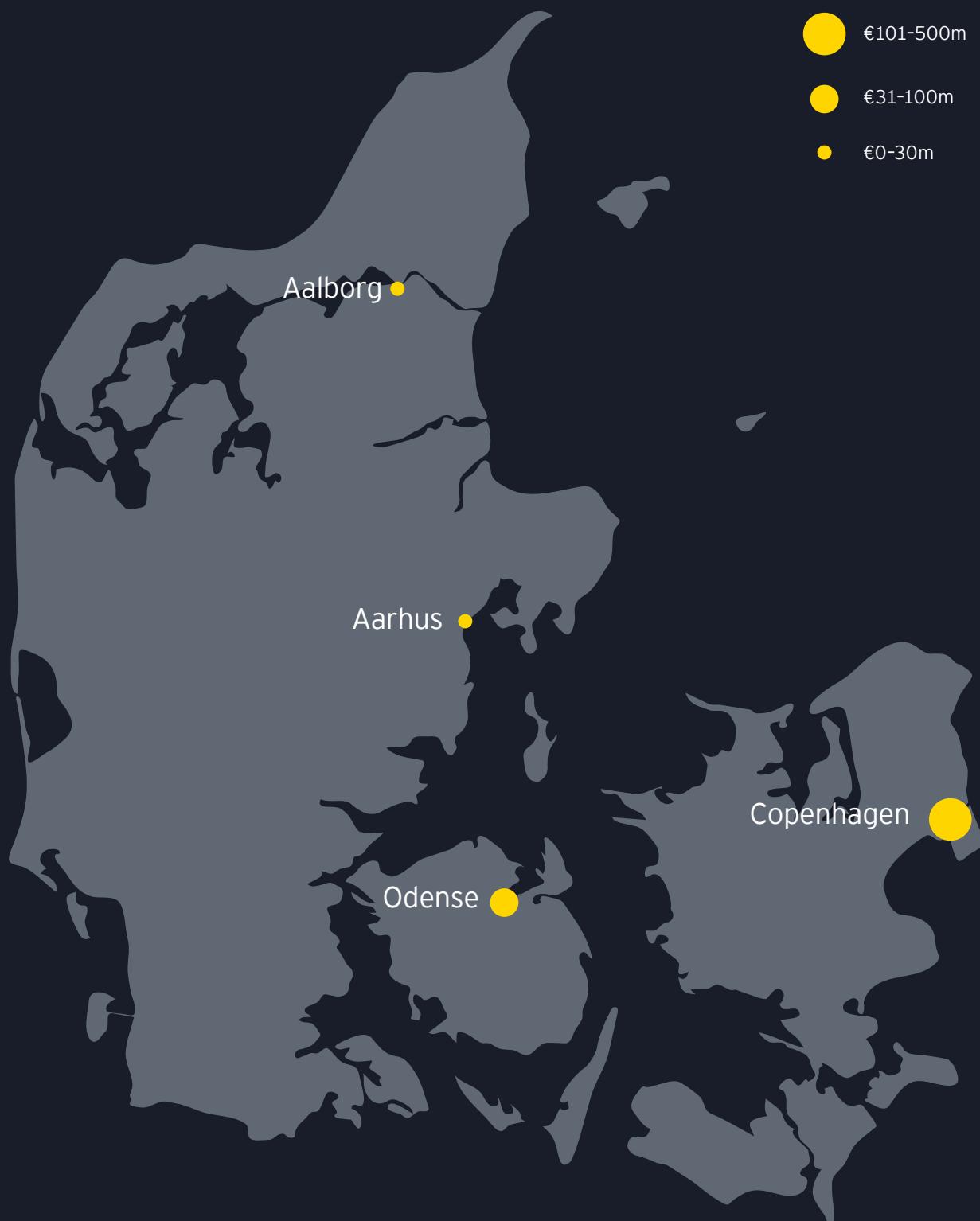
The life science sector comprises companies focused on pharmaceuticals, biotechnology, diagnostics or healthcare services.

Top 15 cities for VC funding in Europe in 2019

- €5-20b
- €1-5b
- €0.1-1b



Top regions for VC funding in Denmark in 2019



A strong and growing pipeline full of innovative digital ideas

The European landscape

The perception of the VC market in Denmark has improved significantly, both in terms of the number of VC firms now active in the market and the level of funding for young digital and life science ventures. Strong business ideas are not tied to just one place. Therefore, international investors are active in the most important technology centres where promising ideas are generated, either through offices or industry events.

The fact that Danish entrepreneurs are more attractive to investors than ever before is reflected in the funding commitments, which have increased in 2019 compared to the previous years. Fund managers have mainly invested in digital or life science start-ups, and from the growing figures, promising ideas are still flowing through the innovation pipeline.

Start-ups in Denmark

Copenhagen is the most important location for the digital economy in Denmark. The city has developed an entrepreneurial ecosystem with a unique pool of resources, a pool of highly skilled and talented people, great networking opportunities and strong integration with the Danish creative sector.

Business angels, i.e., wealthy individuals who provide capital or expertise to other entrepreneurs, are particularly active in the local scene and support young talents in developing their business ideas. Copenhagen

has managed to build a culture of entrepreneurship based not only on education but also on the ability to attract international talent.

In terms of investments, Copenhagen is well ahead of its regional competitors in the rest of Denmark. The large number of financing rounds for companies based in Copenhagen is an indicator of the city's innovation potential, with pioneering companies attracting attention on the international digital scene.

Danish epicentres

There are several successful start-ups from other Danish cities besides Copenhagen:

- ▶ Odense, in the centre of Denmark, has a track record with start-up exits, e.g., robotics start-up, Teradyne, Inc., in 2019.
- ▶ Aarhus, in the west of Denmark, is the place for several mid-cap ventures, e.g., ViaBill, Spiir, AutoUncle and GameScorekeeper.
- ▶ Aalborg, in the north of Denmark, has multiple workshops and events for start-ups through Aalborg University and their AAU incubator.

These examples underline the widespread digital literacy throughout the country.



Open

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FinTech and life science with strong average new funding

Top 100 start-ups by aggregated funding from 1 January 2009 to 31 December 2019

Top 100 start-ups by maturity, 2019

Variable €m	Maturity			Total
	0-3 years	4-6 years	7-10 years	
Numbers of firms	28	43	29	100
Agg. funding	249	769	266	1,284
New funding*	181	301	58	540
Avg. new funding**	6	7	2	5

* 52 of the top 100 start-ups received new funding during 2019

** Funding during 2019

Top 100 start-ups by business sector, 2019

Variable € m	Business sector						Total
	Life science	FinTech	Software & analytics	Media & entertain- ment	E-com- merce	Other	
Number of firms	18	16	29	15	7	15	100
Agg. funding	253	238	353	198	65	177	1,284
New funding*	127	122	129	64	16	82	540
Avg. new funding**	7	8	4	4	2	5	5

In the recent past, a few large companies represented the Danish start-up scene in terms of funding volume.

However, recently, a broad base in the national ecosystem has developed in the shadow of these companies. Fast growing and innovative companies operate successfully not only in mass markets, but also in newly created market niches.

We have analysed the digital and life science start-up ecosystem and identified the largest ventures in terms of total financing volume. We classified this group according to company age, business sector and financing round.

The overview is based on a proprietary analysis using the EY Embryonic AI tool supplemented with publicly available information including Crunchbase and Danish Venture Capital Association (DVCA).

Embryonic is a cloud based platform that utilises proprietary algorithms to read millions of data points, visualising financial and non-financial relationships between traditional and innovative disruptive business.

It's algorithms identifies and ranks relevant nodes, clusters them by their unique financial or collaborative relationship, mapping their dependencies to show the complete ecosystem.

The platform together with EY sector expertise is used to deliver insight on our clients major strategic questions, enabling clients to infer strategies and to draw insights, using a variety of network charts and analytics.

Key highlights:

Following the financial crisis in 2008, the Danish market has experienced a strong boost in the creation of companies. All start-ups in our top 100 list were founded in the period 2009-2019 and have since managed to gain market relevance.

The business models are diverse, but trend patterns can be observed. The market's trending towards FinTech or life sciences have been very prominent in recent years. This has been reflected in the material financing rounds that are fuelling competition on the Nordic and European soil.

Venture ideas are diverse with business models mainly linked to life science, software & analytics and FinTech

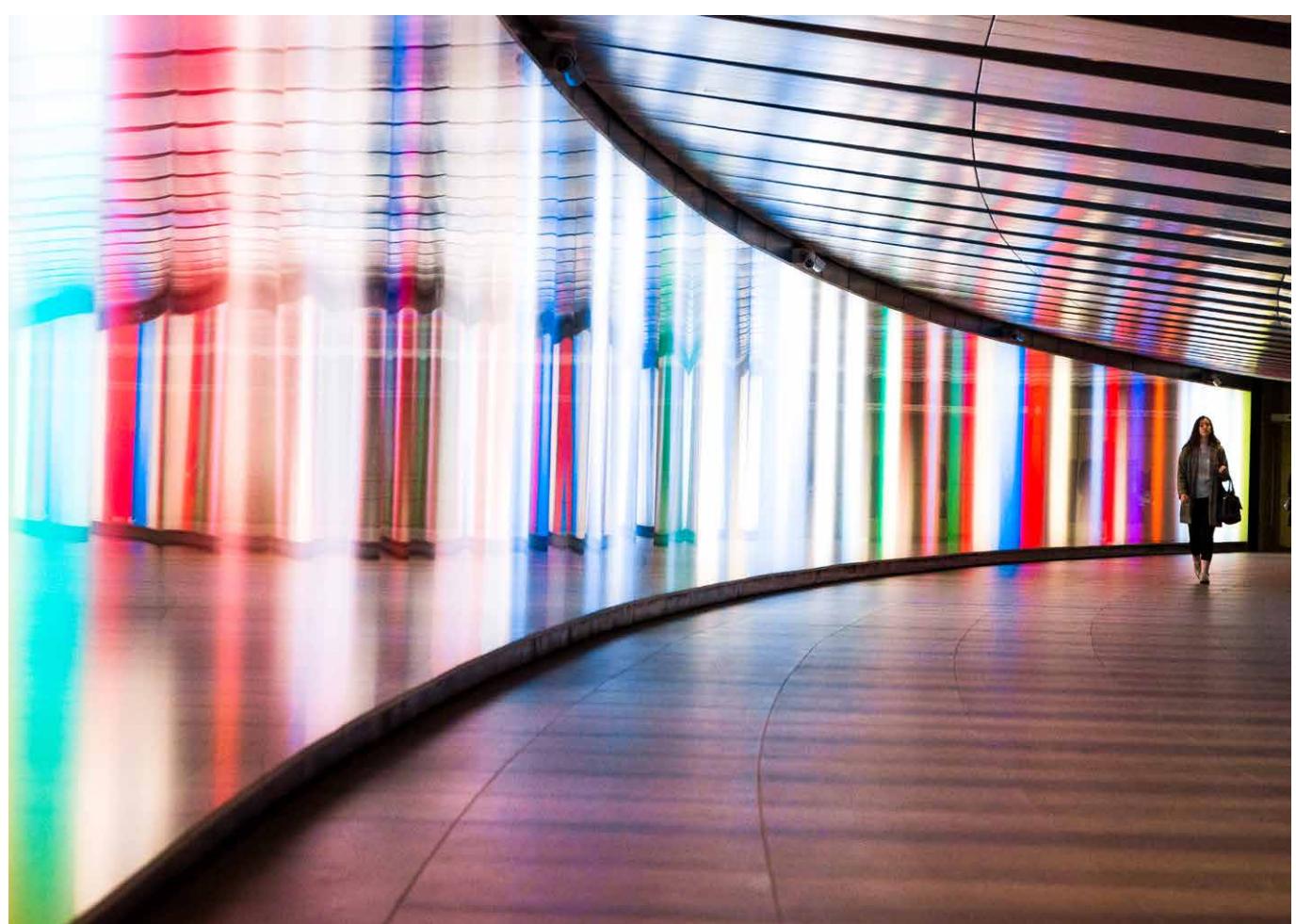
Top 100 start-ups

The top 100 start-ups (before exit or IPO) have achieved a funding volume of approximately €1.3b since their foundation. This ranges from the FinTech sector with start-ups such as Pleo (aggregate funding of €70m) to start-ups such as SNIPR Biome, NMD Pharma or Draupnir Bio in the life science industry, with a combined funding volume of €115m.

New funding for top 100 start-ups peaked in 2019 compared to the previous 9 years.

The start-ups in the software & analytics sector have received the most aggregated and new funding compared to other sectors.

FinTech and life science start-ups have received the most in terms of average funding.



2018 vs. 2019

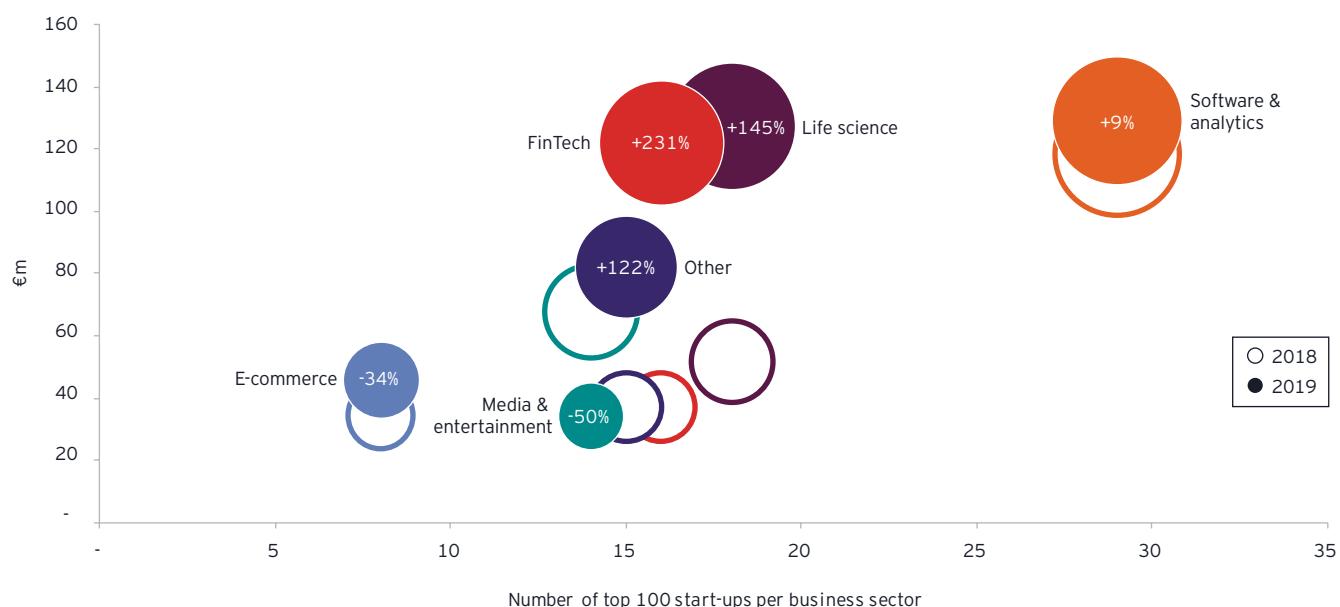
New funding for top 100 start-ups has increased by 56%, to €540m compared to 2018. The funding for the top 10 start-ups amounts to €309m (57%). Average funding for the remaining 90 start-ups in top 100 is €2.5m in 2019. FinTech and life science were the main drivers for the increase in funding of 56%. It becomes apparent that the media & entertainment segment attracts slightly less funding. While this sector represented a driving force of the market during the last years, it turns out that currently, investors are focusing on maturing start-ups from other industries.

New funding rounds

The new funding shows a persistent concentration on the top 10 start-up segment in both 2018 and 2019. This development mainly results from larger late-phase funding rounds for Pleo (FinTech, new funding of €50m), Peakon (software & analytics, new funding €31m) or SNIPR Biome (life science, new funding €44m) as these have established themselves in their respective niches.

2018 vs. 2019 funding by sector (sorted by 2019 aggregated funding)

Year/€m	Life science	FinTech	Software & analytics	Media & entertainment	E-commerce	Other	Total
2018	52	37	118	68	34	37	346
2019	127	122	129	34	46	82	540
% change	145%	231%	9%	(50)%	34%	122%	56%



New funding for top 10 increased by 31% in 2019 compared to 2018

2019	50	44	39	31	30	30	25	21	20	19
Company	Pleo	SNIPR Biome	Lunar Way	Peakon	Draupnir Bio	Simple Feast	OnRobot	Blue Ocean Robotics	Stipe Therapeutics	Labster
Industry	FinTech	Life science	FinTech	Software & analytics	Life science	E-commerce	Other	Other	Life science	Software & analytics
Age	4 years	2 years	4 years	5 years	2 years	4 years	4 years	6 years	1 years	8 years
2018	38	37	35	27	26	18	17	15	14	11
Company	NMD Pharma	RFRSH Entertainment	Planday	Templafy	Area9 Lyceum	Peakon	Blackwood Seven	Blue Ocean Robotics	Pleo	Mate.bike
Industry	Life Science	Media & entertainment	Software & analytics	Software & analytics	Software & analytics	Software & analytics	Media & entertainment	Other	FinTech	Media & entertainment
Age	4 years	5 years	6 years	5 years	2 years	5 years	6 years	6 years	4 years	9 years

Top 10 funding, aggregated

The market has gone through a transition phase over the last few years. The volume of funding and the number of individual tickets have increased steadily with a lot of fresh money flowing into seed and early-stage companies from domestic investors.

Growth and late-stage financing rounds are mostly led by international investors. Only a handful of Danish investors have

participated in late-stage financing in 2019, which indicates future potential for the growth of the Danish VC market.

Compared to 2018, the top 10 new funding rounds have increased significantly to €309m in 2019 (€236m in 2018).

The list of the top 10 start-ups in terms of aggregated total funding includes companies that have received significant

1 Pleo: €70m (Danish EY Entrepreneur of the Year winner, Start-up)

Founded in 2015, Pleo received Series-B funding of €50m in 2019 and Series-A funding of €14m in 2018. Pleo offers a company spending solution that reduces the administrative complexity, eliminates expense reports and simplifies bookkeeping. From its license with Mastercard, Pleo can issue virtual and plastic payment cards. Pleo accelerates product development towards servicing the entire purchase process for small and medium-sized enterprises (SMEs) and expects to employ staff of approximately 400 by the end of 2020. As of today, Pleo is one of the highest valued unlisted start-ups in Denmark. Pleo won the Danish EY Entrepreneur of the Year in the start-up category.

2 Peakon: €59m

Established in 2014, Peakon has created a platform for measuring and improving employee engagement by using data-driven industry benchmarks. Peakon received Series-B funding of €31m in March 2019; this was Atomico's first Danish financing round. Peakon has offices in five locations across three continents.

3 Planday: €51m

Founded in 2013, Planday has created a simplified employee scheduling software. Planday helps businesses in food service, hospitality and fitness to run more efficiently. Planday received Series-C funding of €35m in 2018, established a UK-based technology development hub and grew their salesforce in London.

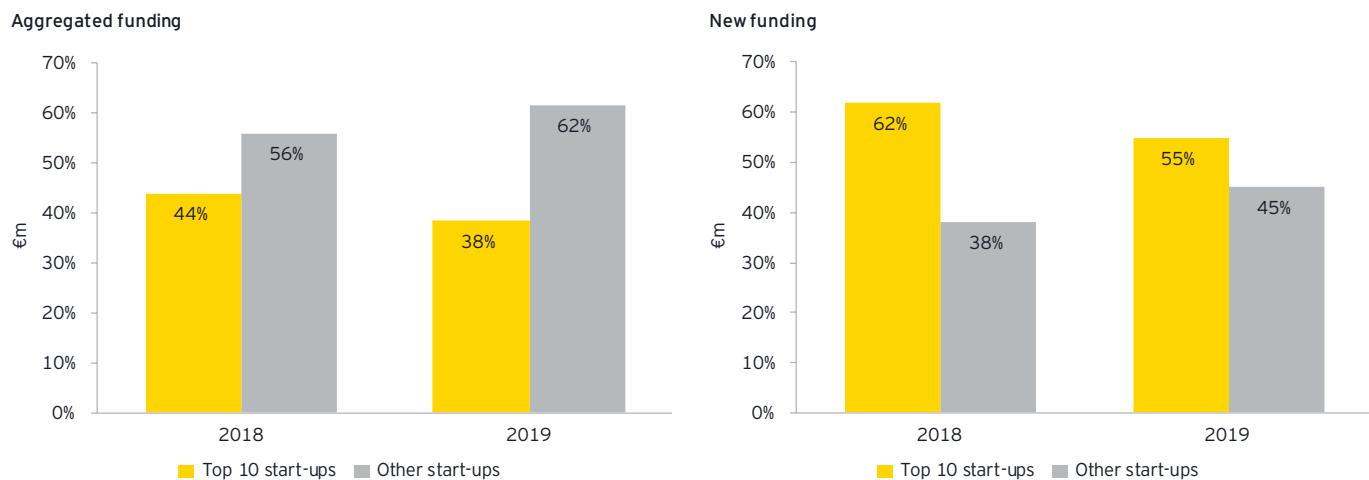
4 ViaBill: €49m

Since its founding in 2010, ViaBill has been on a mission to create a simple, transparent and hassle-free payment method. ViaBill offers shoppers the options to pay the full amount or in installments on more than 5,500 websites. ViaBill received debt financing of €40m in 2017. ViaBill now operates in Denmark, Norway and the US.

5 RFRSH Entertainment: €48m

Copenhagen-based RFRSH Entertainment was established in 2014 and received €37m in funding during 2018 by The Danish Growth Fund, Heartcore Capital and Creandum. RFRSH operates with esports media and is the home of the Counter-Strike tournament circuit, BLAST Pro Series. In 2019, RFRSH reached an agreement to sell its competitive branch, which includes Astralis (Counter-Strike) and Origen (League of Legends), to Astralis Group for an undisclosed fee.

Investors expand their focus to beyond the top 10 funded start-ups, generating a dynamic market



funding either in the past or in 2019. Most of these companies are considered market leaders in their segments and represent potential exit candidates.

The top list is characterised by a portfolio of top ventures backed by well-known international VC companies or investors such as Balderton Capital, Atomico, Kinnevik and EQT Ventures.

This trend underpins the promising development of the Danish start-up ecosystem and strengthens the Nordic presence of the ecosystem compared to other Nordic start-up hotspots such as Stockholm or Helsinki.

6 Lunar Way: €48m

Established in 2015, Lunar Way has, over its lifetime, managed to attract €48m in funding. The company has created a 100% digital mobile banking app and received a European banking license which enables Lunar Way to launch loans, insurance policies and multi-currency cards among other products. Lunar Way has over 130,000 users operating in Denmark, Norway and Sweden.

7 SNIPR Biome: €44m – Danish Entrepreneur of the Year, Life science

SNIPR Biome won the Danish Entrepreneur of the Year in the life science category. SNIPR Biome is a leading CRISPR microbiome company and was founded in 2017. SNIPR's mission is to develop CRISPR-based medicines that give hope for effective and safe treatment of difficult-to-treat diseases in the future. CRISPR is a precise genome editing tool that has reinvigorated the potential of

gene therapy as a treatment for human diseases. In January 2020, SNIPR Biome granted four additional patents covering the application of their CRISPR technology. SNIPR received Series-A funding of €44m in 2019.

8 Blue Ocean Robotics: €43m

Founded in 2013, Blue Ocean Robotics has created and commercialised robots. Together with investors and large pioneering end-user organisations, Blue Ocean Robotics develops, produces and sells professional service robots primarily within healthcare, hospitality, construction and agriculture. Blue Ocean Robotics received €21m in funding during 2018 by Nordic Eye Venture Capital among others.

9 NMD Pharma: €41m

Established in 2015, NMD Pharma received Series-A funding of €38m in 2018 by Lundbeckfonden Emerge and Novo Holdings. NMD Pharma is a small molecule drug discovery company that develops novel treatments for neuromuscular disorders. The recent funding has enabled NMD Pharma to advance two treatments of neuromuscular disorders through clinical proof-of-concept.

10 Simple Feast: €41m

The Copenhagen-based company, Simple Feast, was founded in 2015. Simple Feast offers various meal boxes for weekly delivery with both sustainable and organic plant-based food. The 2019 Series-B funding of €30m is expected to bring Simple Feast's services to the US early in 2020.



Total aggregated funding of top 30 start-ups increased by €415m year-on-year*

	Target name	Founding year	Main cluster	Target profile	New funding €m	Accumulated funding €m
1	Pleo	2015	FinTech	Smart payment cards	50	70
2	Peakon	2014	Software & analytics	Platform measuring and improving employee engagement	31	59
3	Planday	2013	Software & analytics	Platform to manage and schedule work	-	51
4	ViaBill	2010	FinTech	Flexible payment options	9	49
5	RFRSH Entertainment	2014	Media & entertainment	E-sport marketing and media rights	-	48
6	Lunar Way	2015	FinTech	Digital mobile-based banking app	39	48
7	SNIPR Biome	2017	Life science	Develops CRISPR-based medicines	44	44
8	Blue Ocean Robotics	2013	Other	Commercial robotics R&D	21	43
9	NMD Pharma	2015	Life science	Small molecule R&D	-	41
10	Simple Feast	2015	E-commerce	Meal boxes and online cookbook platform	30	41
11	Blackwood Seven	2013	Media & entertainment	Digital marketing	-	38
12	Templafy	2014	Software & analytics	B2B Software-as-a-Service	-	31
13	Labster	2011	Software & analytics	Online platform for teaching science	19	30
14	Draupnir Bio	2017	Life science	Develops cholesterol-lowering medicines	30	30
15	AFYX Therapeutics	2013	Life science	Develops innovative approaches to treat mucosal diseases	12	28
16	Area9 Lyceum	2017	Software & analytics	Develops adaptive learning modules	-	26
17	Miinto Holding	2009	E-commerce	Online shopping for clothing and accessories	10	25
18	OnRobot	2015	Other	Delivers innovative Plug & Produce end-of-arm tools	25	25
19	Liva Healthcare	2014	Software & analytics	Healthcare app	16	20
20	Stipe Therapeutics	2018	Life science	Develops medicines to target cancer	20	20
21	Minervax	2010	Life science	Develops novel vaccine against GBS	4	19
22	LifeX	2017	Other	Co-living services	15	19
23	Samlino.dk	2013	Software & analytics	Online comparison insurance, banking and tele	-	18
24	Tattoodo	2013	Other	Tattoo community providing connection to artists	5	18
25	Acesion Pharma	2011	Life science	Develops drugs for treatment of atrial fibrillation	-	18
26	Cardlay	2016	FinTech	Digital commercial bank transactions	9	17
27	Donkey Republic	2014	Other	Bike-sharing system	4	16
28	Dixa	2015	Software & analytics	Global customer service	12	15
29	Eloomi	2015	Software & analytics	Employee experience platform	11	15
30	Mate.bike	2010	E-commerce	Selling of eBikes	-	13
Total top 30					933	
Other					351	
Total top 100					1,284	

* Top 30 are the largest ventures in terms of total funding volume.

Outlook

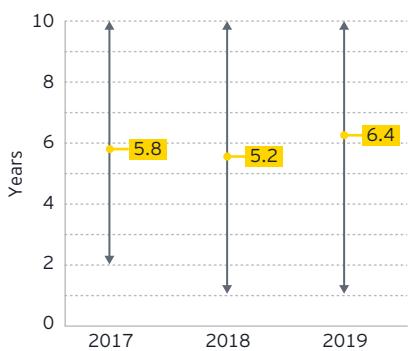
M&A activities in the Danish digital start-up market were decreasing in 2019 compared to the all-time high rate in 2018. Despite the small decrease, the Danish start-up landscape is continuing to attract attention and capital of international and domestic investors, particularly for early-stage ventures with innovation and sustainable solutions and proof-of-concept. Therefore, it is expected that 2020 will reach a new all-time high rate in terms of the number of transactions.

We identified three key developments which summarise the 2019 M&A start-up environment in Denmark

Highlights in Danish M&A start-up market in 2019

- 1** Foreign investors are no longer the key players in the Danish M&A start-up market as more national players have entered this market.
- 2** Acquisitions by corporates remain by far the most important exit channel for innovative and young companies.
- 3** While investment activity in the life science industry is increasing, software & analytics is still the predominant sector in the M&A market.

The average age for start-ups at EXIT*



* Refer to page 7 for definition of a start-up

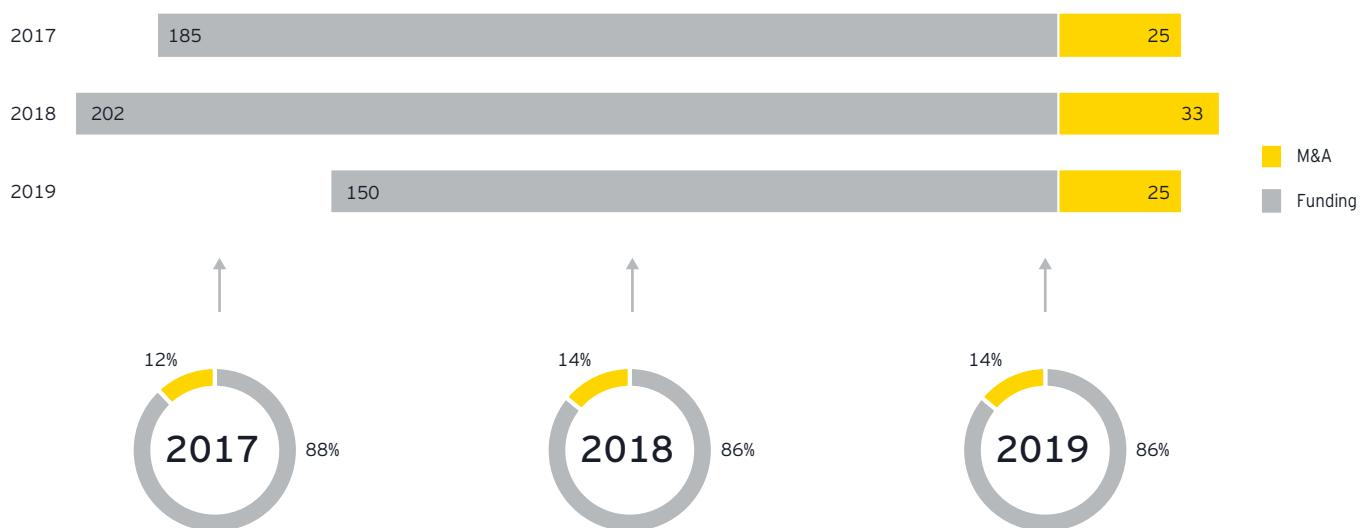


Selected M&A transactions in 2019

Target Company	Target Description	Target age	Sector	Acquirer	Type	Country
Billy Apps	Accounting software	9	FinTech	Ageras A/S	Corporate	Denmark
Falcon.io ApS	SaaS platform that allows marketing departments to create, launch and measure social media campaigns in real time	9	Software & analytics	Cision Ltd.	Corporate	USA
TivoliCasino.dk	Online gaming business	7	Media & entertainment	Danske Spil A/S	Corporate	Denmark
Down The Drain Holding ApS	Organizes and promotes music festivals and concerts	10	Media & entertainment	Superstruct Entertainment Ltd.	Corporate	UK
Gaest.com A/S	Online marketplace for meeting spaces	4	E-commerce	Airbnb, Inc.	Corporate	USA

Recent trends indicate that M&A activity keeps diminishing relative to new funding driven by VC

Number of funding activities and M&A deals (based on disclosed deals)



Source: EY Analysis; EY Embryonic; Crunchbase; DVCA; press releases and Mergermarket.

In recent years, M&A activities have increased steadily, reaching an all-time high in 2018. However, in 2019, M&A activity has decreased while funding reached an all-time high. Furthermore, it becomes apparent that M&A deals remain on a very low level relative to new fundings, which indicates that start-ups can fuel their burn rate with VC funds instead of striving for an exit.

Corporate acquisitions remain the most important exit channel for start-ups, and corporates still see acquisitions of start-ups as a supplement to internal R&D and internal development.

We see that financial investors have a higher focus on targeting young companies, which indicates that they are willing to take on more risk.

We see that the Danish IPO market for start-ups has not played any significant role again in 2019, which is driven by several factors, but is mainly due to an unmatured market.

Here, we present two examples of transactions from 2019:

Gaest.com A/S, an Aarhus-based e-commerce company, was acquired

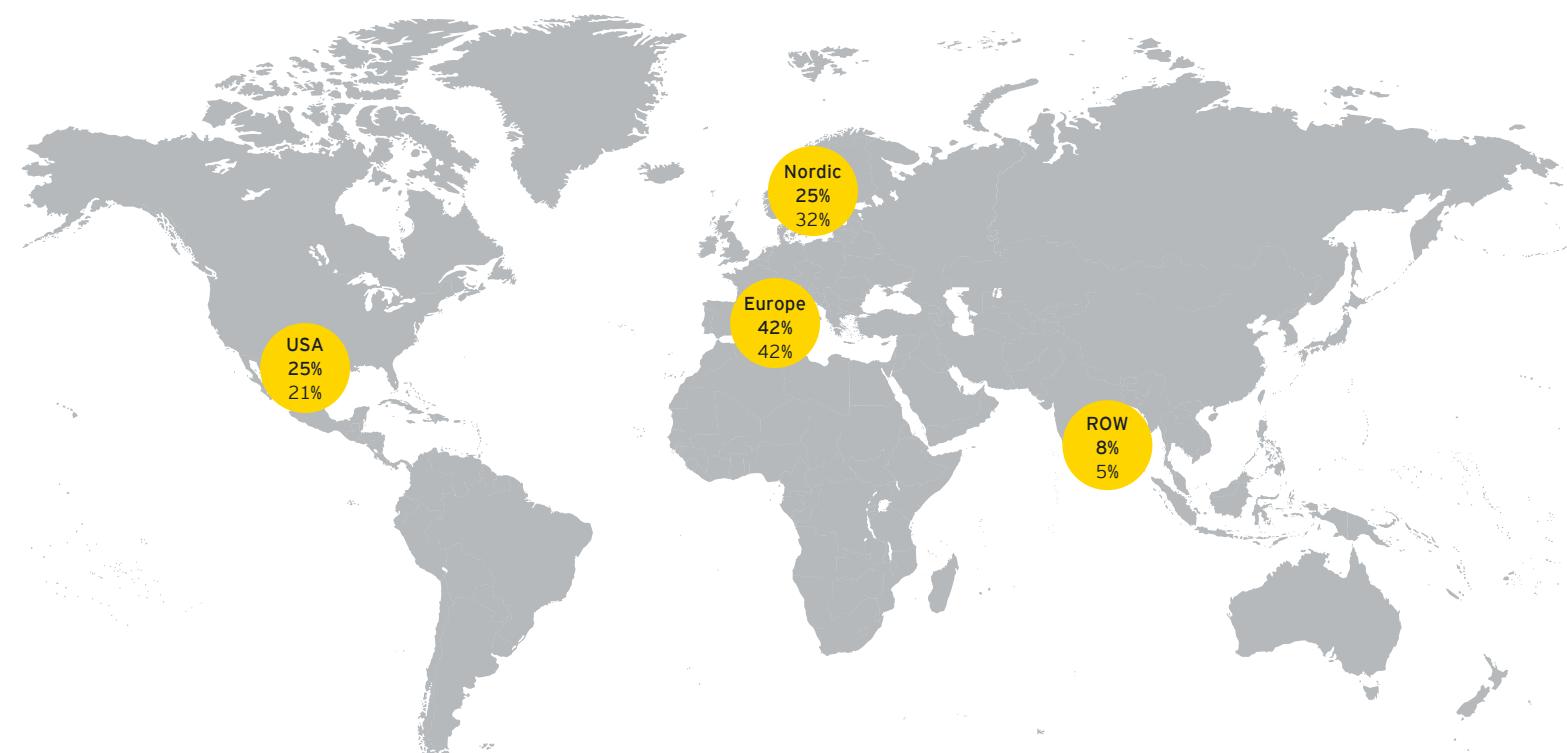
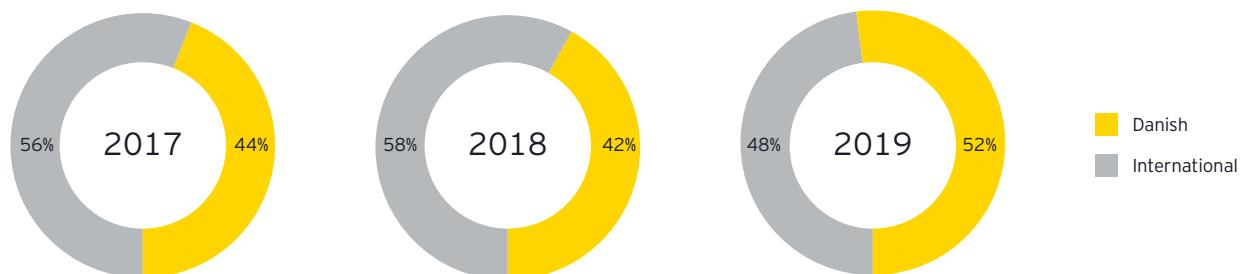
by Airbnb. The deal shows that large international corporations are willing to invest in start-ups and are searching for investments on a global level.

Falcon.io, founded in 2010, has created a simplified software as a service (SaaS) platform for social media listening, engaging, publishing, advertising, measuring and managing customer data. Falcon.io was acquired by Cision for €111m. The deal received wide media coverage as a significant exit for the Danish start-up landscape.



Domestic investors are increasingly strengthening their M&A activities in the Danish start-up market

Percentage of exits by origin of investor (Danish and rest of the world; based on number of disclosed deals)



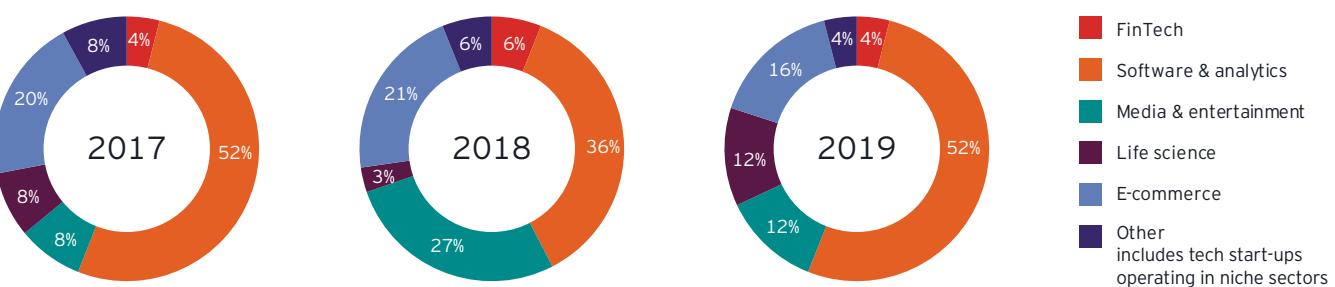
Domestic investors (corporates and financial investors) have enforced their local M&A activities and have served as a relevant exit channel in 2019. However, cross-border transactions still provide a significant exit route for Danish start-ups, accounting for almost half of the disclosed M&A transactions in 2019.

Within the international investor segment, Nordics and European investors have always played a dominating role in

the Danish M&A start-up landscape, but investors from across the globe are keen to acquire Danish start-ups as part of their global growth strategies. As a result, a shift in investors' origin from Europe to the US has been observed. We expect that this trend will continue over the next few years and both Asia and the Middle East are stepping into the spotlight with increasing frequency as well.

The software & analytics sector remains by far the largest contributor to the M&A market in Denmark

Target sector distribution (based on disclosed deals)



Source: EY Analysis; EY Embryonic; Crunchbase; DVCA; press releases and Mergermarket.

The software & analytics sector has been dominating the M&A market both in terms of the number of transactions and the accumulated value. The sector is mainly driven by robotics start-ups from the start-up hub, Odense Robotics, and computer software start-ups which are combining software development with consulting. Also, acquisitions of innovative businesses increasingly become relevant for both a domestic and international corporation to advance their digital transformation. This trend will also attract financial investors to the sector.

There has historically been little M&A activity in the life science sector. However, we have seen an increase in the activity and we are expecting this trend to continue in 2020. This trend is driven by life science corporations using Danish start-ups as a supplement to internal R&D and internal development. Also, a higher focus from financial investors towards life science has a positive impact.

Selected acquisitions by corporate and financial investors by sector:

► **Fertin Pharma acquiring MedCan Pharma**

MedCan Pharma A/S, a Vejle-based life science company specialised in cannabinoid products, was acquired by Fertin Pharma A/S. In recent years, there has been a high focus on new life science products within the cannabinoid area. The transactions show that larger life science companies are following this trend and have a high focus on cannabinoid products.

► **Teradyne, Inc. acquiring Mobile Industrial Robots ApS (MiR)**

MiR, an Odense-based manufacturer of autonomous mobile robots and software, was acquired by Teradyne, a US-based corporation focusing on automation. This transaction was the second made by Teradyne in robotics start-ups from Odense. Both transactions were covered in the media and brought a significant amount of focus to the robotic industry in Odense.

► **VækstPartner Kapital acquiring Webshipper**

Established in 2014, Webshipper has developed a freight and logistics platform for e-commerce. Webshipper's software is a classic example of new companies which are targeting the growing e-commerce sector with niche products and add-ons which is helping e-commerce companies with optimising their operations.

► **Ageras A/S acquiring Billy ApS**

Billy ApS, a Copenhagen-based provider of accounting software, was acquired by Ageras A/S. Ageras was bought by Investcorp, a Bahrain-based investment group, in 2017. Both companies are operating in the FinTech sector and are providing software solutions for the audit industry. We can see a high focus from audit firms towards the AI and automatization of their operations. This trend is expected to continue in 2020 and beyond, resulting in more transactions.

systems



Capital raised by Nordic VC's surge to all-time high in 2019

Multiple new funds were closed by Nordic investors that are active in the Danish start-up scene. The total fund capital raised by Nordic VCs active in Denmark amounted to €2.8b in 2019, about four times as much as the capital raised in 2018 (€0.7b)..

This indicates an increasingly attractive VC market for Nordic investors looking for alternative ways to invest excess liquidity.

Selected national VC players

- ▶ **byFounders**, a Copenhagen and San Francisco-based VC targeting start-ups in the Nordics and Baltics. They are backed by a collective of 50+ successful entrepreneurs, thus appropriately using the slogan “for founders by founders.” byFounders closed their first fund in April 2019, a €100m fund with the Danish Growth Fund as the largest investor.
- ▶ **Seed Capital**, Denmark’s largest VC fund within the seed segment managing €268m. The VC invests in 15-20 new companies annually in the Nordic region, with a primary focus on Denmark.
- ▶ **Novo Holdings**, the holding company of the Novo Group, invests in life science companies at all stages of development. Working out of Copenhagen, San Francisco and Boston, Novo Holdings is a world leading life science investor with a focus on creating long-term value.
- ▶ **Maersk Growth** is Maersk’s launchpad for new ventures. They build, partner and invest in transport start-ups. Their focus is mainly on nextgen logistics , reducing food waste and addressing core challenges in global trade. Maersk Growth has invested in 16 start-ups since its establishment in 2018.
- ▶ **Heartcore Capital**, formerly Sunstone Capital, a European venture capital, which raised €160m in 2017. The VC will target early-stage consumer start-ups.
- ▶ **Sunstone Life Science Ventures** is a European, early-stage investor based in Copenhagen, with a focus on investment opportunities based on novel therapeutics

for humans. Primarily investing in Europe, including the UK, with particular emphasis on the European life science hubs. Sunstone Life Science Ventures closed its fourth life science fund at €80m in February 2019.

- ▶ **VF Venture, Vækstfonden** is a VC specialising in direct and fund of funds investments. The VC makes direct investments in seed, growth start-ups, early-, mid- and late venture, and growth capital. The VC also invests in venture funds.
- ▶ **Nordic Alpha Partners** is a tech-focused VC firm with €127m under management. The fund was established in 2017 by five business executives.

Selected Nordic VC players

- ▶ **Creandum (SE)**, a European VC that targets innovative companies at early stages raised its fifth fund of €270m. The track record of the Swedish investor includes such successful ventures as Spotify and iZettle.
- ▶ **EQT Ventures (SE)**, a European VC fund with commitments of just over €660m and teams in Stockholm, London, Berlin, San Francisco, Amsterdam and Luxembourg. The fund has invested in successful ventures as Wolt and HackerOne.
- ▶ **Northzone (SE)** is an early-stage VC fund. Founded in 1996, Northzone has 8 funds and €1.0b under management. It has offices in Stockholm, Oslo, London and New York. The track record includes Spotify, Trustpilot, Klarna and Kahoot!
- ▶ **Verdane Capital (NO)** Verdane Capital (NO) is a private equity (PE) and VC fund that invests in Northern European digital companies with strong growth potential.
- ▶ **HealthCap (SE)** is a European VC fund investing globally in life sciences. The fund has raised more than €1.0b since 1996, invested in 143 companies and taken 43 of these public.

The four largest funds have raised 70% of the total capital raised in 2019

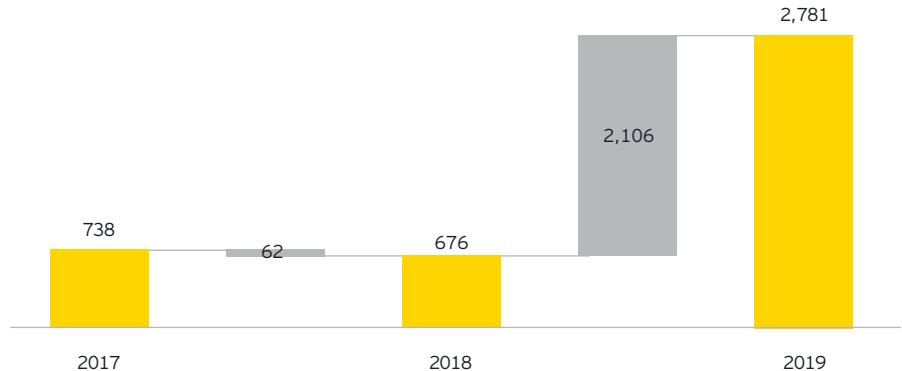
New funds identified in 2019

#	Investor	Fund name	Location	Volume (€m)	Announced	Year
1	EQT Ventures	EQT Venture fund II	Stockholm	660	Nov 2019	2019
2	Verdane Capital	Verdane Capital X	Oslo	570	Feb 2019	2019
3	Northzone	Northzone IX	Stockholm	452	Nov 2019	2019
4	Creandum	Creandum V	Stockholm	265	Jun 2019	2019
5	HealthCap	HealthCap VIII	Stockholm	189	Sep 2019	2019
6	Novo Holdings	Repair Impact Fund	Copenhagen	135	Jan 2019	2019
8	Juuri Partners	Juuri Rahasto II Ky	Helsinki	110	Nov 2019	2019
9	byFounders	byFounders Fund I	Copenhagen	100	Apr 2019	2019
10	NordicNinja VC	VC Fund	Helsinki	100	Feb 2019	2019
11	Sunstone Life Science Ventures	Life Science Ventures Fund IV	Copenhagen	80	Feb 2019	2019
12	Hadean Ventures	Hadean Capital I	Oslo	71	Jul 2019	2019
13	Voima Ventures	Deep Tech Fund	Helsinki	50	Apr 2019	2019

New fund volumes from 2017 to 2019

Fund development

We see a strong increase of new fund volumes in the Nordics in 2019. This is mainly due to four large VCs, all closing funds in 2019 totalling to €1.9b.



Corporates complement the investors' landscape

Financing is still the biggest constraint for emerging Danish digital and life science start-ups.

However, there are a lot of improvements and a general market shift that benefit the ventures. The supply of financing is steadily increasing, both due to macroeconomic factors and maturing market experience. Macro-economically, the unchanged, historically low interest rates will continue to provide further liquidity to the start-up sector.

Additionally, the investor side no longer consists of a small number of VC funds backed by state-supported institutions. The entry of foreign investors into the

Danish technology and life science start-up industry has given a significant boost to the market and intensified competition between investors for smart business ideas at a very early stage.

Moreover, the Danish start-up industry is increasingly attracting strategic investors (in the form of corporate venture capital (CVC)) who, in the more distant past, have not been involved in such early stages of development.

The companies are providing additional funds, putting some of the technology companies in a negotiating position that seemed unimaginable just a few years

ago. We see that the sector of CVC investors is expanding significantly, not only from the life science industry, but also from other industry segments.

The sharp increase in the activity of Danish corporates in the start-up market (see below table) will drive competition and thus lead to the release of further financial commitments.

For the young venture, the central challenge is to balance the different advantages and disadvantages when considering a corporate strategic investor on the one hand and a purely financial investor on the other.

Selected Nordic corporate venture capital arms

Denmark	Sweden	Norway	Finland
Novo Venture Partners	Volvo Group Venture Capital	Equinor	Fortum
The Velux Foundations	Ikea	Schibsted Growth	ngp capital
Lego Ventures	Husqvarna	Televenture	Nordea
Maersk Growth	Ericsson	DNB	Supercell
Lundbeckfond Ventures	Billerudkorsnäs	Orkla	Helen
Moelholm C&c	Scania		
KMD Venture A/S	H&M		
D-Ax	SEB Venture Capital		

CVC investors are lifting the Nordic, and thus the Danish, digital and life science start-up market to the next level.

We observe an increasing competition for the best investment opportunities.





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Methodology and disclaimer

This study has been prepared by EY with the purpose of providing the public with information about developments in the VC and start-up sector.

EY points out that the study does not represent an adequate basis for a final decision about the information shown in the study. The study is not comprehensive or complete in the sense of containing all the facts which might be of interest in connection with the information described.

The study has been prepared with the usual care required for such studies. Unless referring to EY itself, the information presented has not been reviewed by EY regarding its accuracy or completeness. The information has been gathered by desktop research (including public sources, disclosed information and acknowledged databases) and complemented by our own market knowledge (but includes no confidential information in any sense) as well as qualitative and quantitative research. Transactions published after 16 January 2020 are not presented.

EY is not responsible for incomplete or false information. Thus, readers are recommended to examine all information prior to making any decision. EY is not liable for any missing or false information and statements in this study or other oral or written remarks made in connection with the study.

The information in the study has been prepared for a certain target date, prior to the presentation. The main cut-off point for the research is 31 December 2019, with some exceptions relating to research and deals mentioned. Thus, the

accuracy at the date of the presentation cannot be guaranteed. Any statement regarding future developments is not binding and merely represents an expectation.

We define fundings as equity or debt financing provided to a Denmark-based start-up (with a change in ownership below 50%) that operates in one of the digital sectors (e.g., e-commerce, software and IT services, media & entertainment or FinTech) or in life sciences (comprising companies focused on pharmaceuticals, biotechnology, diagnostics or healthcare services). Investments (including M&A deals and IPOs) in start-ups with non-digital business models have been excluded.

M&A activity comprises transactions with a change in ownership of more than 50%. Specifically, values and volumes used throughout this report are based on completion dates for transactions with a disclosed deal value and supplemented by additional independent research – sometimes based on rumors stated in public sources. We have used, for all conversions in this document, the exchange rate from Danish krone to euros based on the day of announcement, if performed.

We define IPO as a public offering in which a Denmark-based start-up sells stocks for the first time.

We define investors as entities that are acquiring the majority of shares in a Denmark-based start-up (>50% = M&A deal). A company is considered a corporate when its primary business is non-financing-related, e.g., industry or service provision. We define an investor

as a financial investor when its primary activities are investing or financing related.

Start-ups are companies generally younger than 10 years old. Exceptions might apply for older companies that have digitally transformed their business model during the last 10 years.

Information related to previous periods is updated periodically based on new data collected for deals closed during previous periods, but not reflected in previous data sets.

Information for start-ups, financing, funds and M&A activities includes information for companies belonging to one of the digital or life science sectors. Certain adjustments have been made to the information to exclude transactions that are not specifically tech-related.

The activities according to which we sector-clustered the start-ups and investors are as follows:

- ▶ Software & analytics: (mobile) applications; new industry technologies or services.
- ▶ Media: (digital) marketing; (online) television; (online) advertising; (electronic) entertainment.
- ▶ FinTech: payment, (mobile) banking and insurance solutions.
- ▶ E-commerce: (online) business to consumer (B2C) retailers, food (delivery) and beverage.
- ▶ Life sciences: pharmaceuticals, biotechnology, diagnostics or healthcare services.
- ▶ Other: any digital business activity not covered by the above classifications.

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