

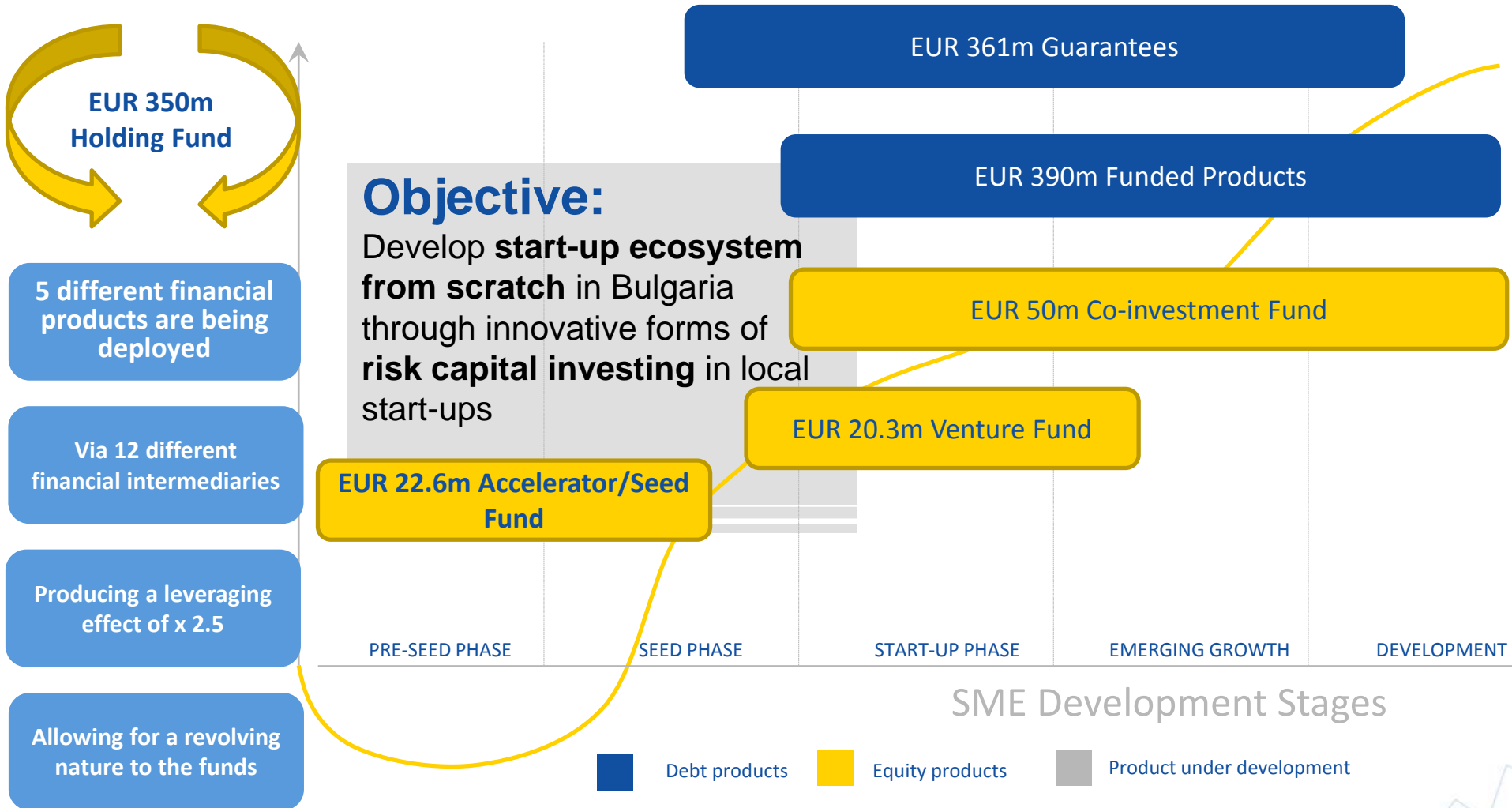


# Financial Instruments delivering ESI Funds: Risk Capital for Bulgarian start-ups

Prague, 10 November 2015

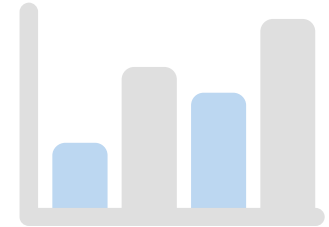


# JEREMIE Bulgaria: A portfolio approach



# Financing Start-ups in Bulgaria: The Missing Ingredients

“ The key goal of developing **private equity instruments** was to kick-start the development of unique entrepreneurial ecosystem in Bulgaria ”



## No start-up funds

**No existence** of private equity funds for start-up capital in Bulgaria prior to 2010

## Lack of angels

**The paradigm of angel investing** was developing, but in embryonic stage

## Unstructured mentorship

First-time entrepreneurs had limited access to **mentorship from industry captains**

## Limited VC capital

Only one 'classic' **Venture Capital fund** operating domestically

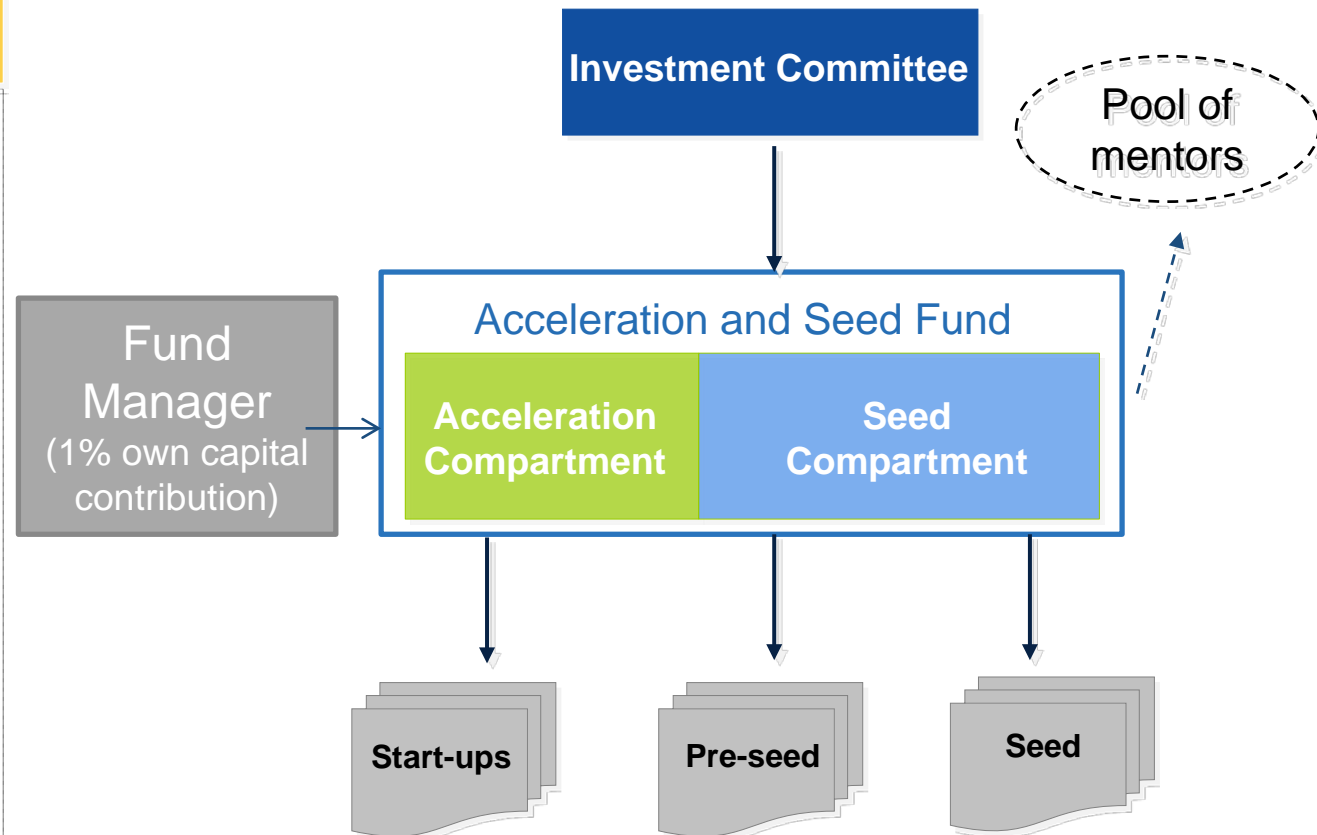
# Acceleration & Seed Funds

Unique financial instrument tested in Bulgaria

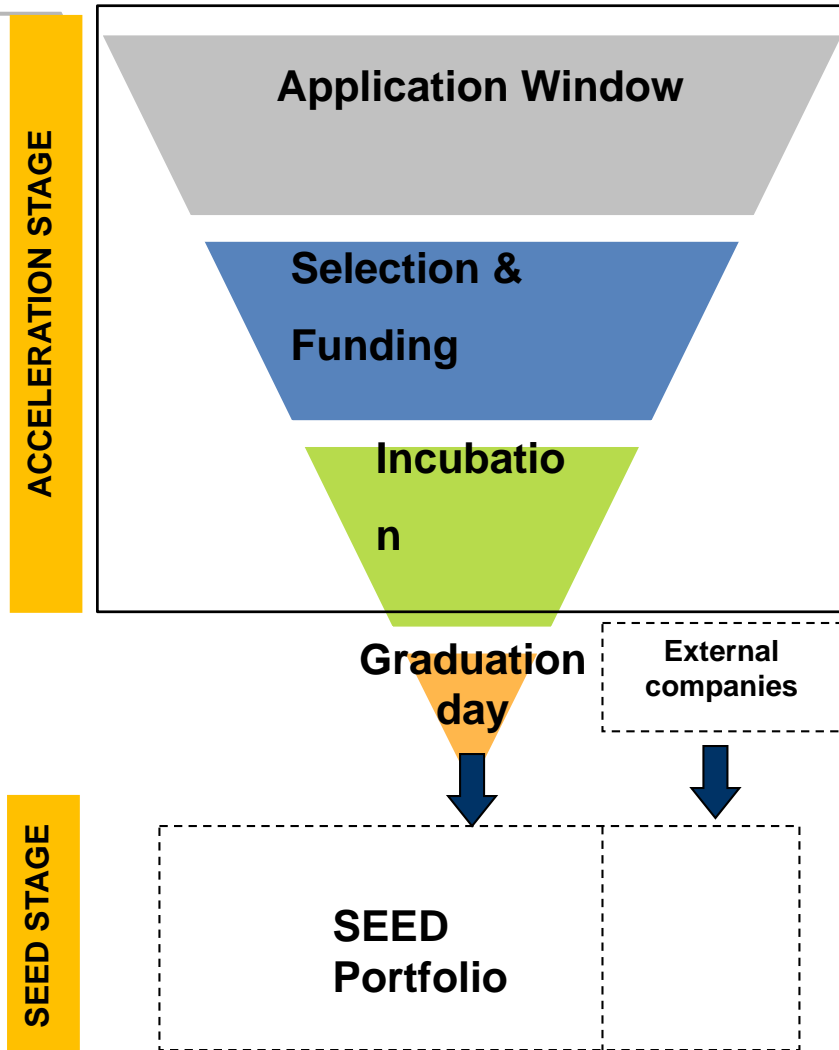


## Key Highlights

- A dedicated facility two-compartment structure: quasi-commercial accelerator and fully-commercial seed;
- Due to the very high risk no private support could be expected at the facility level;
- Investment limit capped at EUR 200k to allow private investor contribution in follow-on rounds
- Opened to entrepreneurs from the region to create competition and collaboration across the Balkans



# Acceleration & Seed Funds Process



- **Application process:** Fully online
  - **Investment:** EUR 25,000 – 50,000
  - **Equity share:** ~10-15%
  - **Stage term:** 3-12 months
  - **Graduation Goal:** Working prototype, beta version
- 
- **Investment:** up to EUR 200,000 (on aggregate)
  - **Equity share:** 30 - 49% (on aggregate)
  - **Stage term:** 12-24 months
  - **Goal:** Commercialization, internationalization

**JEREMIE Investment: 99%**

# Creating start-up ecosystem from scratch

- Two acceleration & seed funds were created in Bulgaria in Q4/2012 with a total budget of EUR 21m. Two and a half years later the developments are as follows:

## The Numbers

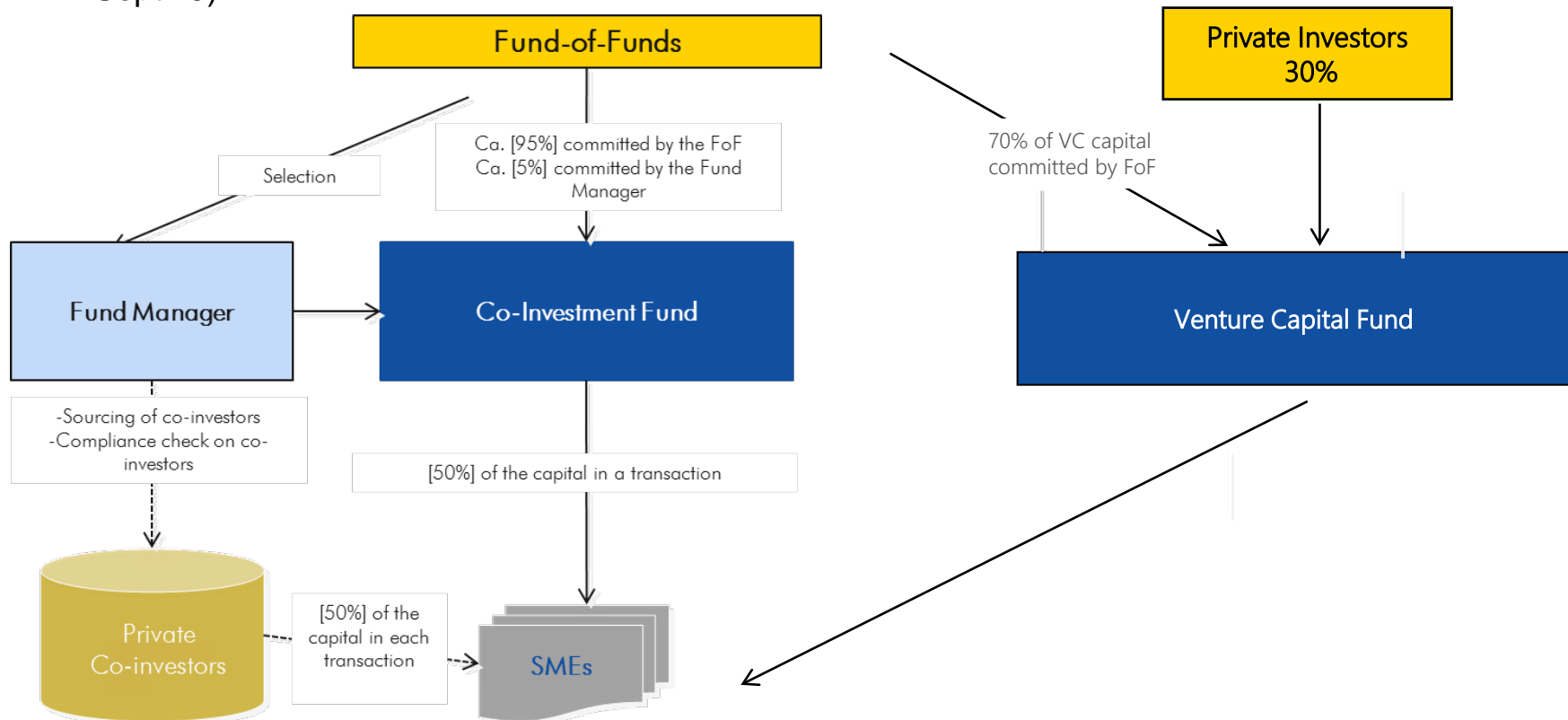
- More than 4,000 applications for funding mainly from BG but also from the entire Balkans;
- Investments in 170 start-up companies for a total of EUR 17m;
- 20-30% of start-ups are set-up by non-BG;
- Over EUR 10m invested as follow-on in successful companies by business angel, VC and other private investors;
- Over 700 high-paid jobs created;
- More than 50 entrepreneurial conferences and workshops were held in BG for three years

## The Details

- The majority of start-ups are in the ICT, digital, engineering and med-tech sectors;
- More than 50 of the companies are already revenue-generating;
- Follow-on investors in the companies include Earlybird, TechStars, Y-combinator, Tim Draper;
- Regional VCs are now looking onto Bulgaria much more opportunistically;
- Sofia is declared an emerging global start-up destination by **Wall Street Journal**, **Forbes Magazine**, **New York Times**, **TechCrunch** and other global media

# Follow-up investment capacity with 3 additional JEREMIE funds

- Two Co-Investment funds and one “classic” VC fund launched with additional EUR 39m JEREMIE budget and targeting equity investments in the range of EUR 500k to 5m
- EUR 59m growth capital injected in fast-growing SMEs, incl. EUR 36m from private investors (as of Sept’15)




# New Tech Risk Investors attracted in Bulgaria





# Now Sofia is among the top 3 cities in Europe for accelerated start-ups

Accelerated Startups by Cities



London	388
Dublin	211
Sofia	146
Paris	106
Amsterdam	89
Berlin	89

Cumulative number of investments by European accelerators since 2004 and by end of 2015