

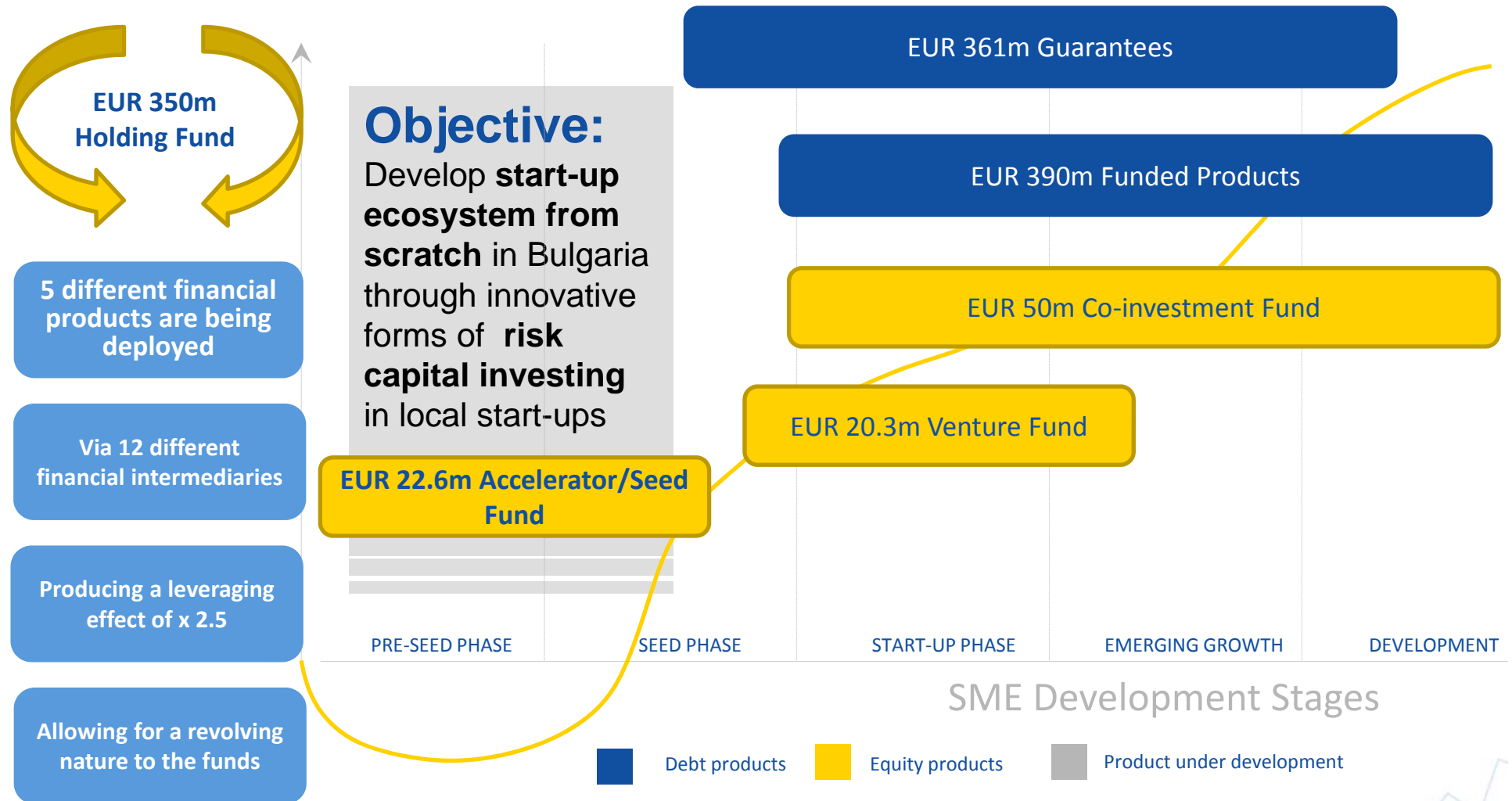


**Financial Instruments delivering ESI
Funds:
Risk Capital for Bulgarian start-ups**

Sofia, 6 October 2015



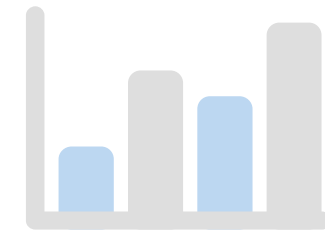
JEREMIE Bulgaria: A portfolio approach



Financing Start-ups in Bulgaria: The Missing Ingredients



The key goal of developing **accelerator & seed capital instrument** 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

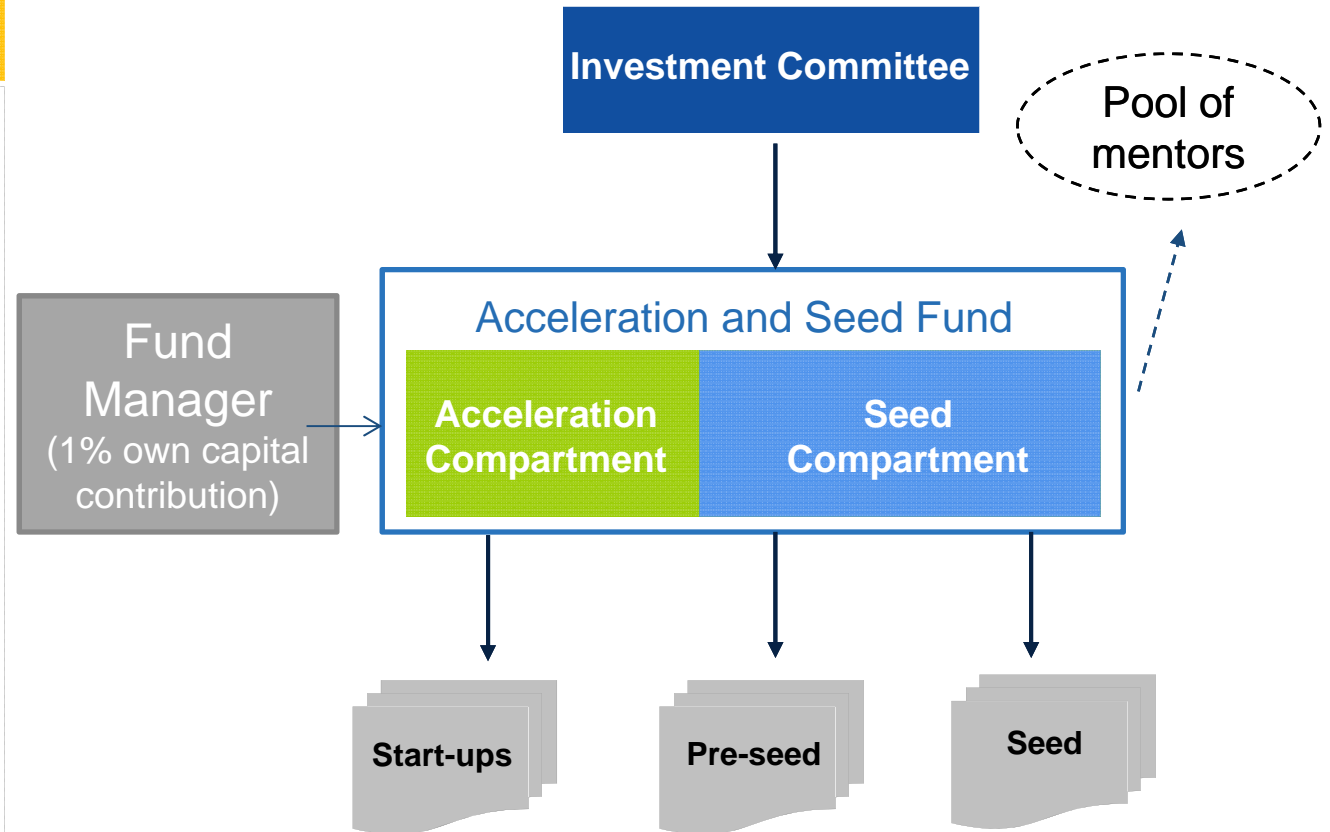
Acceleration & Seed Funds

Unique financial instrument tested in Bulgaria

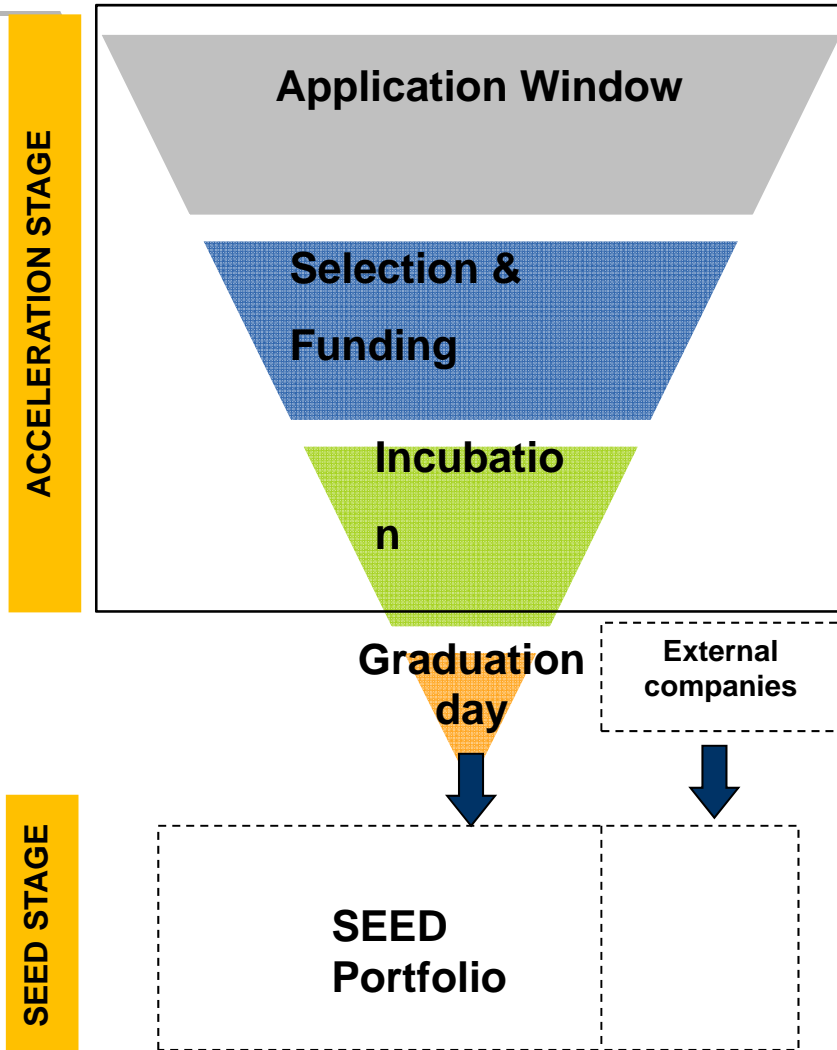


Key Highlights

- 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:

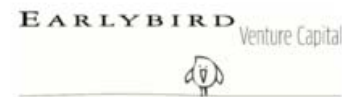
The Numbers

- 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

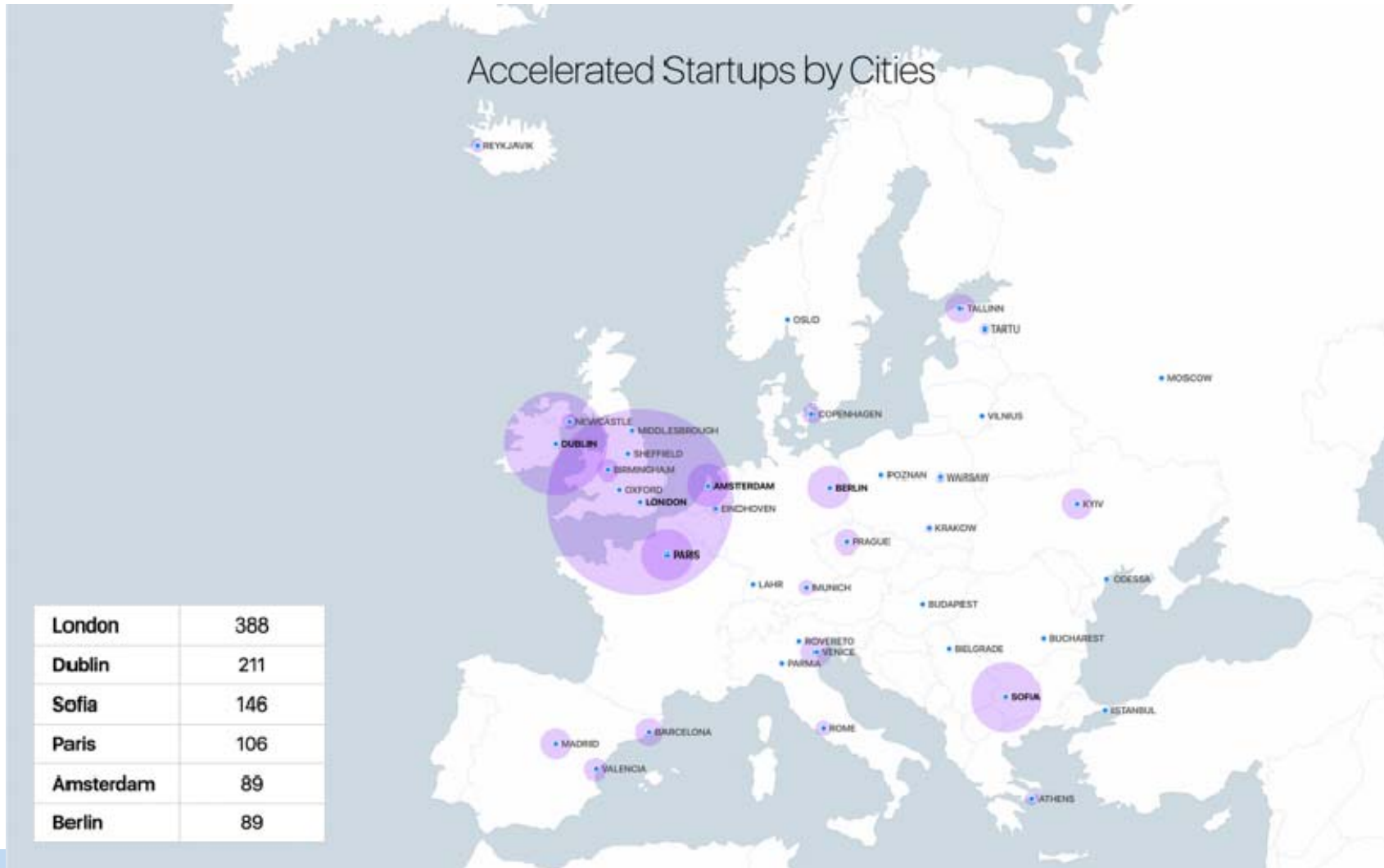
The Details

- 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

New Tech Risk Investors attracted in Bulgaria



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



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