

Summary: New investment strategy and financial framework of Finnish Industry Investment Ltd for 2025–2029:

Tesi to become an even stronger promoter of growth, renewal and investment

The basic principles of Tesi's investment activities are:

- Market-based financing activities
- Tesi does not compete with private operators
- Tesi invests together with private investors
- Investments are made based on market needs
- Countercyclicality
- Financial return and effectiveness
- Strengthening domestic ownership

In order to boost economic growth in Finland, the investment strategy of Tesi (Finnish Industry Investment) will be renewed and the financial framework of operations will be strengthened. The industrial policy role of Tesi will be enhanced by allocating more direct investments to companies operating in strategically important sectors with market gaps in funding. The premise is that half of the investments will be direct investments and half will be fund investments, but the split is not binding and may differ depending on the market situation.

New target areas will include financing of industrial-scale investments and companies in the scale-up phase where the amount of private funding available is not sufficient. The new investment strategy will also consider changes in the operating environment, such as trends in the capital investment market and geopolitical developments.

With the help of its own investment activities (around EUR 1.8 billion), Tesi aims to channel nearly 12 billion of growth capital into the market together with private investors for the investment and growth of Finnish companies in the next few years. The aim of the larger investments is to increase their effectiveness. In cooperation with private operators and those in the administrative branch of the Ministry of Economic Affairs and Employment, Tesi aims to actively strengthen the growth sectors and ecosystems in areas where Finland is estimated to have technological strength and to benefit from growing market demand.

In future, Tesi will make more and larger direct investments in the most promising domestic technology companies with scalable growth as well as industrial-scale projects. Tesi also strives to establish new high-quality funds of international scale in Finland that can participate in larger funding rounds of companies. The goal is to improve the availability of growth funding in the international growth phase, which has been identified as a shortfall area in Finland. The final investment allocations will be adjusted according to the market situation and need.

Tesi will continue to act as a market-based minority investor, i.e. it will invest together with private investors on the same terms as them. Instead of crowding out private

investors, Tesi will create opportunities for them to become part of growth company financing. Another objective is to channel private capital and EU funding as efficiently as possible.

Stronger industrial policy role for Tesi

In accordance with the Government Programme, Tesi's new investment strategy will direct capital to areas where the policies of the Government Programme and other industrial policy decisions are being implemented and where the amount of private funding is insufficient considering the Government's objectives.

Tesi aims to strengthen new technologies and clean transition investments and exports by improving the conditions for growth financing of growth companies. Through its investments, Tesi will speed up the commercialisation, scaling and export of innovations and contribute to innovation and business ecosystems.

Tesi will continue to develop the capital investment market and its fund investment activities. More money than in the previous five-year period will be used for fund investments. The investment strategy does not categorically exclude any types of funds. Tesi's investment activities emphasise market gaps and the implementation of the strategic objectives set for the company. The current type of fund investment activities for subsequent rounds will continue to be possible in future, but management teams are encouraged to create and expand the investor base at an early stage. Tesi will be also able to make wider use of different types of investment.

In exceptional cases and on strategic grounds, Tesi may act as a lead investor if no private lead investor exists. Tesi will step aside from any lead investor role if a private investor becomes available for the role.

The activities of Tesi Group will continue to focus on market-based activities. Tesi Group has not previously made investments involving state aid. In future, these will be possible by a separate subsidiary called Teollisuustuki. As a rule, the activities of Teollisuustuki will focus on managing the portfolio containing state aid which will be transferred to it from Business Finland Venture Capital Oy.

The investment strategy for Tesi is based on the objectives set in the Government Programme, the EUR 300 million direct investment programme for Tesi outlined in the spring 2024 spending limits discussion and the changes in the operating environment.

The government proposal to reform the activities of Tesi was approved on 17 January 2025 and will enter into force by a separate decree during spring 2025. A decision of the European Commission will be necessary for the state's additional capital injection of EUR 300 million in 2025–2027 and for corporate restructuring before the Act and corporate restructuring can enter into force.