

Company profile

Bayern Kapital GmbH was founded in 1995 on the initiative of the government of Bavaria as a **wholly owned subsidiary of LfA Foerderbank Bayern** (Bavaria's development bank). As the venture /growth capital company of the State of Bavaria, Bayern Kapital provides founders of innovative high-tech companies as well as innovative young technology companies with equity capital financing.

More than 30 Bayern Kapital employees currently manage **13 investment funds** with a total investment volume of approximately **700 million euros**. The funds partner with the German venture capital fund Coparion established by the KfW bank and High-Tech Gründerfonds (HTGF).

Investment objectives

Innovative companies create the jobs of the future. These companies engage in high-risk research and development projects, and therefore depend on venture capital to develop successfully.

From each of its **specialty structured funds**, Bayern Kapital invests in young companies – working closely with private venture capital companies from home and abroad, business angels and corporates. The network surrounding Bayern Kapital provides the young companies, in which it invests, with fresh capital as well as additional **business know-how and targeted market contacts**. This has served to sustainably create **8000 jobs** in future-oriented companies.

Investment target groups

With its funds, Bayern Kapital provides **young technology SMEs** (small and medium-sized enterprises) with investment capital to help them realize their promising innovative products and production methods, bringing that into international markets and grow thus as a company. The innovation projects have to be primarily conducted in Bavaria by the companies themselves. Furthermore, the projects should provide a technological opportunity with calculable risks and hold the promise of economic success for the investee company.

Investment reasons

With its funds, Bayern Kapital participates in the **financing** of investments and working capital required for **innovation projects** in three phases:

- **The research and development phase** – the investee company develops a new product or procedure up to the manufacturing and testing of prototypes.
- **Set-up phase** – the investee company prepares for production within the framework of adaptation development. This also includes the market launch of technically new products, processes or services.
- **Expansion phase** – the investee company extends its product range, enters foreign markets (after achieving a approval if necessary) and thus increases its market shares
- **Growth phase** – the investee company is rapidly expanding and needs large-volume financing rounds (EUR 20 to 50 million and more)

Investment models

As a basic principle, Bayern Kapital's funds only invest **in cooperation with a private investor**, who supports the investee company with the technical and business aspects of its project throughout the investment period. The funds remain minority shareholders and do not

seek participation in company management. The investment period is usually five to ten years.

As a management company, Bayern Kapital manages the following funds among others:

- **Seedfonds Bayern**
Seedfonds Bayern provides young technology companies with equity capital in the seed phase up to 250,000 euros at the start.
- **Bayern Kapital Innovationsfonds / EFRE**
Bayern Kapital Innovationsfonds provides young technology companies with equity capital of up to 2,5 million euros to finance innovations. The fund always invests in cooperation with a private investor, who provides the investee company with the same amount of capital as Bayern Kapital Innovationsfonds. Bayern Kapital can invest together with business angels according to the 30/70 financing model. In such cases, Bayern Kapital provides up to 70 percent of the total financing amount.
In these situations, Bayern Kapital Innovationsfonds EFRE primarily invests in the European Union's funding areas and offers special conditions in several constellations.
- **Wachstumsfonds Bayern**
Wachstumsfonds Bayern provides technology-oriented start-ups (SMEs) in Bavaria with equity capital for growth financing as a co-investor. To be eligible for investment from this fund, the start-up has to have a successful business model, which has already received seed and series-A financing and is looking to expand. The amount invested in each start-up ranges from 2 to 10 million euros (also in several rounds of financing).
- **ScaleUp-Fonds Bayern**
ScaleUp-Fonds Bayern finances SMEs with a demonstrably successful, scalable business model based on an innovative technology, ideally protected by intellectual property rights and with unique selling points as well as clear competitive advantages. The volume per investment can be between 10 and 25 million euros.

Investment portfolio

Bayern Kapital's portfolio currently comprises around 85 companies. Thus far, Bayern Kapital has invested approximately 350 million euros of equity capital in over 300 innovative technology-oriented companies from various industries including life sciences, software & IT, medical technology, new materials, nanotechnology and environmental technologies. Among others, the company has invested in voxeljet AG, EOS Elektro Optical Systems, eGym GmbH, (industrial technologies); Definiens AG, FTAPI Software GmbH, congatec AG, Parcellab GmbH, crealytics GmbH, cunesoft GmbH; Propertybase GmbH (software, IT, communications); SuppreMol GmbH, TNI AG, Corimmun GmbH, Micromet AG, GeneArt AG, MorphoSys AG, numares AG, Pieris AG, GNA Biosolutions, Sirion Biotech (life sciences).

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