

IN ASSOCIATION WITH



Russian Venture Capital Market Overview

2Q 2014

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Welcome

Dear friends!

We are pleased to present the latest issue of the Russian Venture Capital Market Overview by RMG Securities and East-West Digital News, offering a detailed analysis of Russia's VC market in 2Q 2014. We are introducing a new feature in it – List of deals.

First half of the year was quit enough for Russia's venture capital market: we saw decline in public institutes' investment activity, while there were some new private funds and accelerators launched. New business models and forms of syndicated deals appeared.

Despite on the little contraction in value and number of deals, we didn't see solid ups and downs in the 2Q14. Appearing interest in co-investments from angels and micro funds could be named as a positive trend. "Young" investors started to look for like-minded partners to finance their own projects at the early stages. Besides, there should be mentioned that launching of special studying programs for investors which will positively influence on managers' work.

Letdown in political situation wasn't remained unmarked and would affect on the market in coming months. Processes of taking decisions to enter into projects are slowing down. Estimates of the existing companies will be changed under the macroeconomic forecasts and business-plans of certain companies. We consider that there will be a slight capital deficit for early stages that can be compensated by the government and inflow of new angel money. Later stages will be financed by current and new funds in new economic realities. Foreign funds will stand in a waiting position.

Overall, despite on the local market cool, we see a huge perspective on the venture capital market and we expect it to grow in coming years



Arseniy Dabbakh
Director, Corporate Finance
RMG Securities

About RMG Securities

Rye, Man and Gor Securities (RMG) is an independent Russian investment company. RMG has been on the market for 20 years, in which time it has earned an excellent reputation among both clients and peers as a reliable partner.

RMG provides a wide range of services to Russian and foreign clients in the venture capital market, including:

- search for promising target assets;
- capital raising through public or private offerings;
- search for strategic investors and M&A deal support;
- venture project support, including strategy development and measures to increase capital-raising potential;
- advisory on deal structuring and financing, deal processing, negotiations, and due diligence of target companies.

Rye, Man & Gor Securities is a member of the National Alternative Investment Management Association (NAIMA). NAIMA is a non-profit partnership representing alternative investment firms and service providers committed to the growth of long-term capital in Russia. Its major targets are:

- raising awareness of the alternative investment sector among asset allocators, regulators and entrepreneurs;
- creating a more favorable legal environment for direct investments;
- promoting Russian private equity and venture capital in the global limited partner/general partner community and setting professional standards for further development of this market.



About East-West Digital News

Dear Readers,

When I arrived in Russia five years ago to work in a Western venture fund, the local venture capital market had only just been born. There were no more than 20 funds, Russian and foreign, active in the country. Skolkovo was still no more than a field on the outskirts of Moscow (the project was announced in late 2009), and I can remember just one startup incubator in Moscow.

Since then, with government encouragement, startups, funds, technoparks, incubators and accelerators of all kinds have sprung up like mushrooms after rain – not only in Moscow, but also in a range of other major cities such as Kazan, St. Petersburg, Nizhny Novgorod, Novosibirsk and in Russia's Far East.

To illustrate the progress: more than 1000 projects from all over Russia now compete every year at BIT, Russia's largest startup contest, compared with 70 when the contest was created in 2003 and 200 in 2009.

In 2010-2012, the volumes on Russia's venture market became significant, approaching one billion dollars – far behind China and India, but comparable to the US market in segments like e-commerce.

The recent decrease in total investment volumes can be seen as a step towards maturity, as investor interest in later-stage investments increases and exits multiply.

Meanwhile, this opportunity-rich market knows remarkably little about itself. Analytical reports on the Russian venture market are few in number and of varying quality, and international venture databases miss many of the transactions, which in fact occur. As a result, Russia remains terra incognita for most global investors.

We at East-West Digital News found RMG's coverage of this market to be the most complete and accurate among available sources. That is why we decided to lend our support to RMG's initiative, in line with our mission of informing the global business community objectively and reliably of developments in Russia's innovative industries.

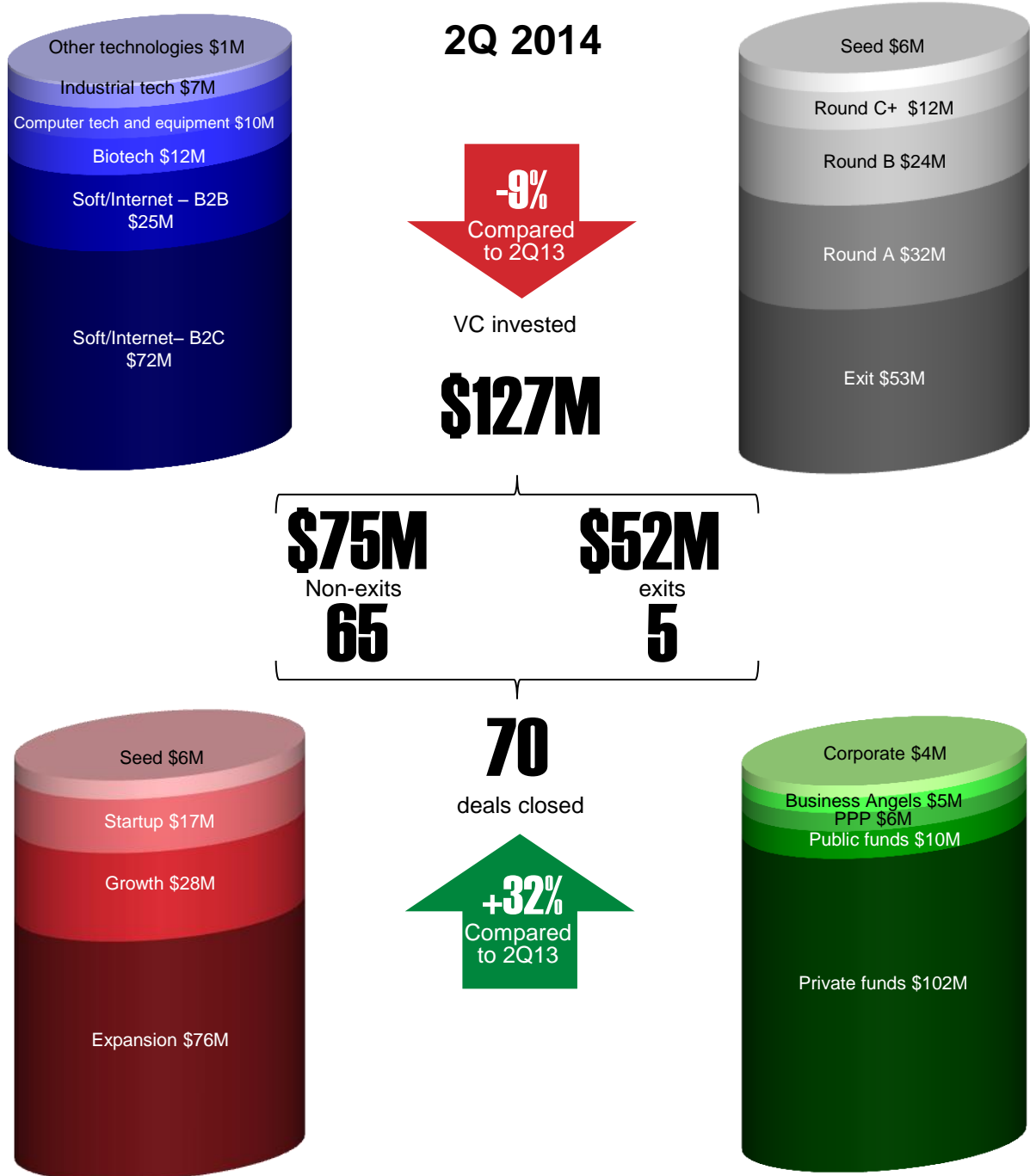
We will do all we can to ensure that this groundbreaking effort helps to increase investment efficiency, mutual trust and transparency for the global business community, as well as helping to develop business ties between two worlds that are sometimes tempted to turn away from each other.

East-West Digital News is the first international information company dedicated to Russian digital industries. Its website EWDN.COM provides news, market data, business analysis and updates on the Internet, e-commerce, mobile and telecom markets, software and hardware innovation, as well as coverage of investment activity and the institutional environment. The company also provides in-depth industry reports on these topics. A consulting branch, East-West Digital Consulting, helps international players to develop their business in Russia and advises Russian companies on their international strategies.



Adrien Henni
Editor-in-Chief
East-West Digital News

Russia's venture capital market: the 2-minute tour

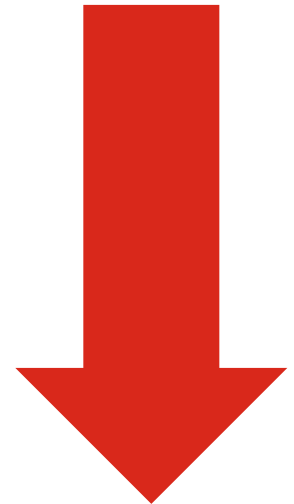


Trends on the VC Market



- Many signs of maturity could be seen on the Russian venture capital market in 2Q14. The market contracted by 9%, while the number of deals increased by 32% compared to the previous quarter, entailing a significant decline of average deal value. The market was strongest at the growth and expansion stage.
- The Fund for Development of Internet Initiatives, founded in 2013, continues to account for a large share of the market in value terms (39%).
- Private funds dominated the VC market in 2Q: their investments in technology alone exceed overall investments by any other type of investors.
- Five new venture funds were announced in 2Q14.

- The decline, which we have found to be a regular occurrence on the VC market the first half of the year, continued in 2Q14.
- There was only the one large exit in 2Q14: AddVenture sold its interest in Delivery Club for estimated \$40M). Consolidated value of the remaining four exits is only \$12M.
- The Russian VC market stayed heavily weighted towards IT. The long term ratio between IT and all other sectors is 80:20.
- There was growth in B2B soft and Internet, while B2C soft and Internet saw a shift of focus from e-commerce projects to search and recommendation projects.



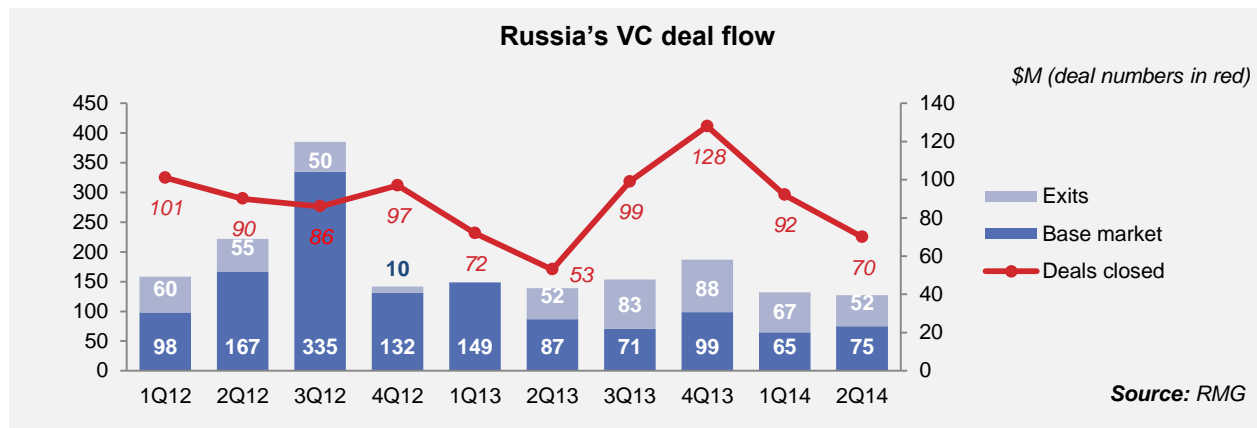
Geopolitical fall-out

“There will be fall-out for both investors and investees. Russian venture structures cannot expect to draw capital from Western LPs in the near future: this source of capital has been limited in the past and it will be even more scant now. It will also be harder for Russian funds to enter Western companies, and young teams will find it harder to enter international markets for their products. We would like to believe that the common sense of politicians will win out and the confrontation will not last for long.”

**Alexei Solovyev, Managing Director,
Prostor Capital**

VC Market Overview

Seasonal fluctuations fully explain the market decline



The traditional 1H stagnation, which we detect on the Russian VC market, was visible in 2Q as in 1Q14. The number of deals closed contracted by 47% and 45% in 1H13 and 1H14, respectively, compared with the preceding 2H periods. Russian venture projects attracted \$75M in 65 deals and a further \$52M were raised in five exit deals. So the total value of deals declined by 9% and the number of deals increased by 32% compared to 2Q13, signaling a decline in average deal value. It is important to note that about 39% of deals were made by the Fund for Development of Internet Initiatives (FDII), which helped to prevent a more serious market decline. However, positive impact of FDII action was on deal numbers rather than value, since the Fund invests in seed-stage projects.



“When we decided to launch the Starta Capital Accessor fund a year ago, it was already clear that there would be a sharp change in political course globally and locally (in Russia) soon after the Sochi Olympics, i.e. in spring 2014. The venture capital market was the first to feel this cold wind at the end of 2013. We are now in a new era, which I refer to as “post-Moreynis”: at the time Arkady Moreynis admitted in an interview that his venture investment model, which had been the paradigm for other VC investors, wasn’t working. We discussed the situation last week and noted that nearly all the seed funds we knew were selling up or had already left the Russian market. These are previous-era funds, geared to “good”, “easy” or “fast” projects (preferably all three at once). What we are seeing now is not a lack of projects or investments, but the failure of certain views and methods. It’s time to shift the emphasis from project hunting to selection and nurture.”

**Lyudmila Golubkova, Managing Partner,
Starta Capital**

Exits and Large Deals

2Q 2014 results

Company	Description	Investor	Exiting stakeholder	Deal value, \$M	Sector
Exits					
Delivery Club	Food ordering service	FoodPanda	AddVenture	40	Soft/Internet – B2C
Large deals					
Ostrovok.ru	Hotel booking service	Vaizra Capital		12	Soft/Internet– B2C
Yell.ru	Search for reviews of goods and services on the Russian market	Kinnevik, Vostok Nafta		11	Soft/Internet– B2C
MFMSolutions	Corporate mobile operator	iTech Capital		10	Soft/Internet– B2B

Source: RMG

Five exit deals were closed in 2Q14, but only one of them was large: AddVenture, a venture fund, and its partners fully sold the Internet food ordering service, Delivery Club, to the company FoodPanda. Delivery Club has been very successful, processing about 12,000 orders per day. Deal value is estimated at \$40M

There were three substantial capital-raising deals in the second quarter. Vaizra Capital invested \$12M in the Internet hotel booking service, Ostrovok.ru. Kinnevik and Vostok Nafta invested \$11M in Yell.ru, which searches for reviews of goods and services on the Russian market. This was the first deal by Vostok Nafta in several years and matches the company's strategic focus on network Internet business.

In the third major capital-raising deal, iTech Capital fund invested \$10M for a minority stake in MFMSolutions, which specializes in SMS-message shots, systems integration and software design. The company has 40% market share in its telecom niche.

All of the above-mentioned deals were made by private investors.

New VC Funds in 2Q



Starta Capital Accessor Fund I (seed fund)

Founders: Starta Capital

AUM: \$3M

Sectors: Platform and integrated software solutions, hardware and software solutions

Investment range: Under \$200,000

Stages: Seed

Planned number of projects: 5-6 projects annually

Investment horizon: 2-3 years

Key feature: Own accelerator programme.



Runa Capital II

Founders: Runa Capital

AUM: \$200M

Fund managers: Dmitry Chikhachev, Sergei Belousov, Ilya Zubarev, Andrei Bliznyuk and a venture partner in the USA

Sectors: Cloud calculation, virtualization, mobile applications and IT solutions for education, healthcare, financial and public services;

Investment range: Under \$10M

Geographical focus: Europe, Turkey, Israel (less focused on United States and Asia).

FinSight Ventures

FinSight Ventures

Founders: Finam Investment Holding and Skagit Investments

AUM: \$20M

Expected AUM: \$50-100M

Sector: Financial technologies

Priority sectors: P2P-platforms, payment systems and program solutions for the financial sector

Investment range: Under \$20M.



Ocean Ventures

Founders: Ocean Group

AUM: \$10M

Sector: Financial technologies

Investment range: Under \$1M

Stages (rounds): Pre-seed, seed.



Run Capital

Founders: Andrei Romanenko, Nikolai Romanenko, Andrei Muravyev, Sergei Feduchenko and Igor Mikhailov

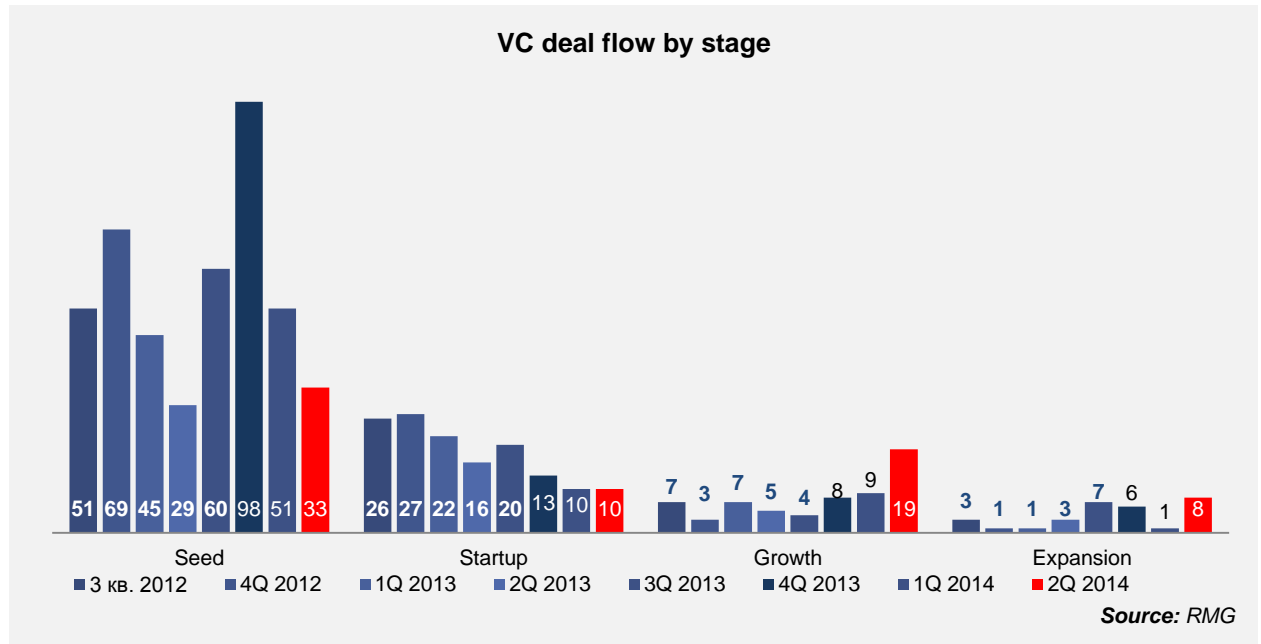
AUM: One billion rubles

Managing partner: Andrei Romanenko;

Stages (rounds): Pre-seed, seed.

VC Market Structure: Stages

Clear signs of market maturity



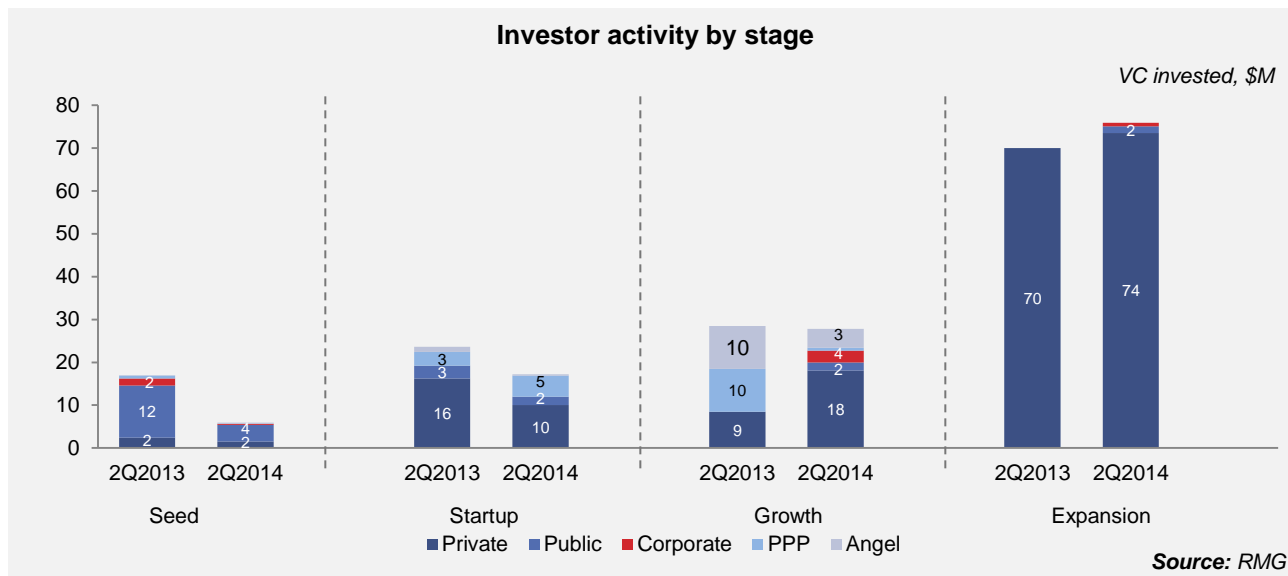
The current distribution of deal numbers at different development stages is explained by progress of the market towards maturity. Many funds are nearing the end of their investment cycles, and are preparing to exit projects. Experience, which investors obtained during the venture investment boom, is reflected in more stringent demands made on projects, and that entails deficit of quality projects, since the most attractive projects have already been financed. Figures also reflect the move to maturity: the number of projects financed at seed and startup stages stagnated (the number of seed-stage projects grew slightly, by 14%, and the number of startup projects declined by 38%), while the number of projects at growth and expansion stages increased by 280% and 166%, respectively. So investors are paying more attention to the later stages of development.

“If Russian funds are deprived of the opportunity to invest in Western projects, their money will flow to alternative regions, such as Israel and India. There will also be a decline of investor interest in small niches inside Russia: the only financing will be for local projects with a huge market or projects with a significant and visible international potential that can minimize all the risks. The number of business angels, their share in total capital invested and in all deals on the venture market will grow as financing problems arise. And we are seeing a positive trend (I hope it will persist, whatever happens) as investment gaps are overcome to give more continuity from pre-seed to seed and round-A stages, thanks mainly to efforts by the Fund for Development of Internet Initiatives.”

**Alexey Solovyev, Managing Director,
Prostor Capital**

VC Market Structure: Stages

Average deal value much reduced

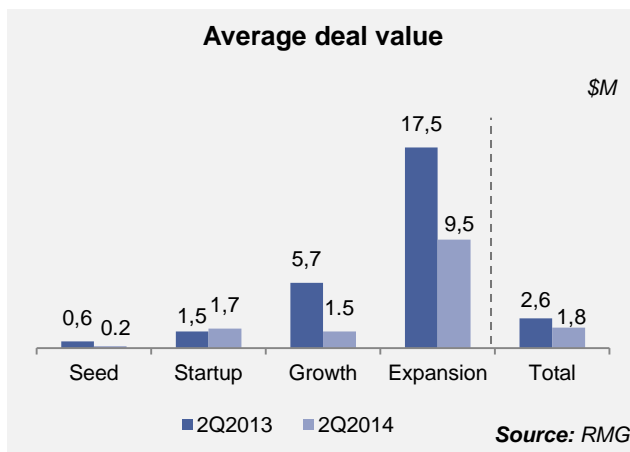


Total investments at the seed stage contracted by 71% y-o-y and average deal value fell by 67% y-o-y. Reduction of investor interest in this segment reflects the maturing of the market, described above: there are fewer attractive seed investment opportunities and investors are sifting them more carefully as they gain experience.

Investment in startup projects also decreased by 29%, but average deal value increased, which points to a change of strategy by investors: they have become more demanding, but they are ready to invest more in chosen projects.

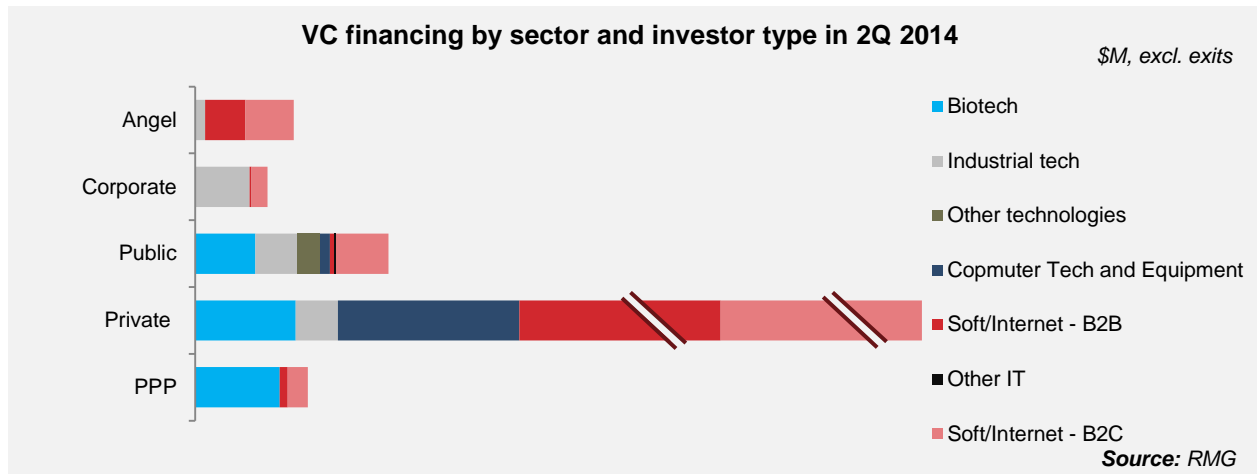
There was a major increase during 2Q in the number of deals at growth and expansion stages (by 280% and 166% y-o-y, respectively) and decline of average deal value (by 74% and 46%). The two trends compensated each other to give sustainability of investment volumes at the growth and expansion stages.

Average deal value declined (-31%) in comparison with the same period in 2013.



Market Structure: Investors

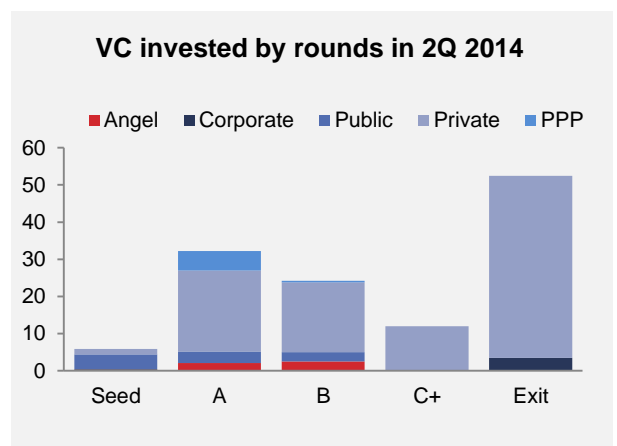
Private funds dominated in 2Q



The second quarter was marked by the dominance of private funds, which invested more in technology alone than any other type of investors in all segments. There was also a surge of interest in the mobile application segment at the expense of industrial tech. All types of investors, except PPP, have shown strong interest in industrial tech during 2014. We also note greater diversification in the investments made by public funds, including B2C soft/internet.

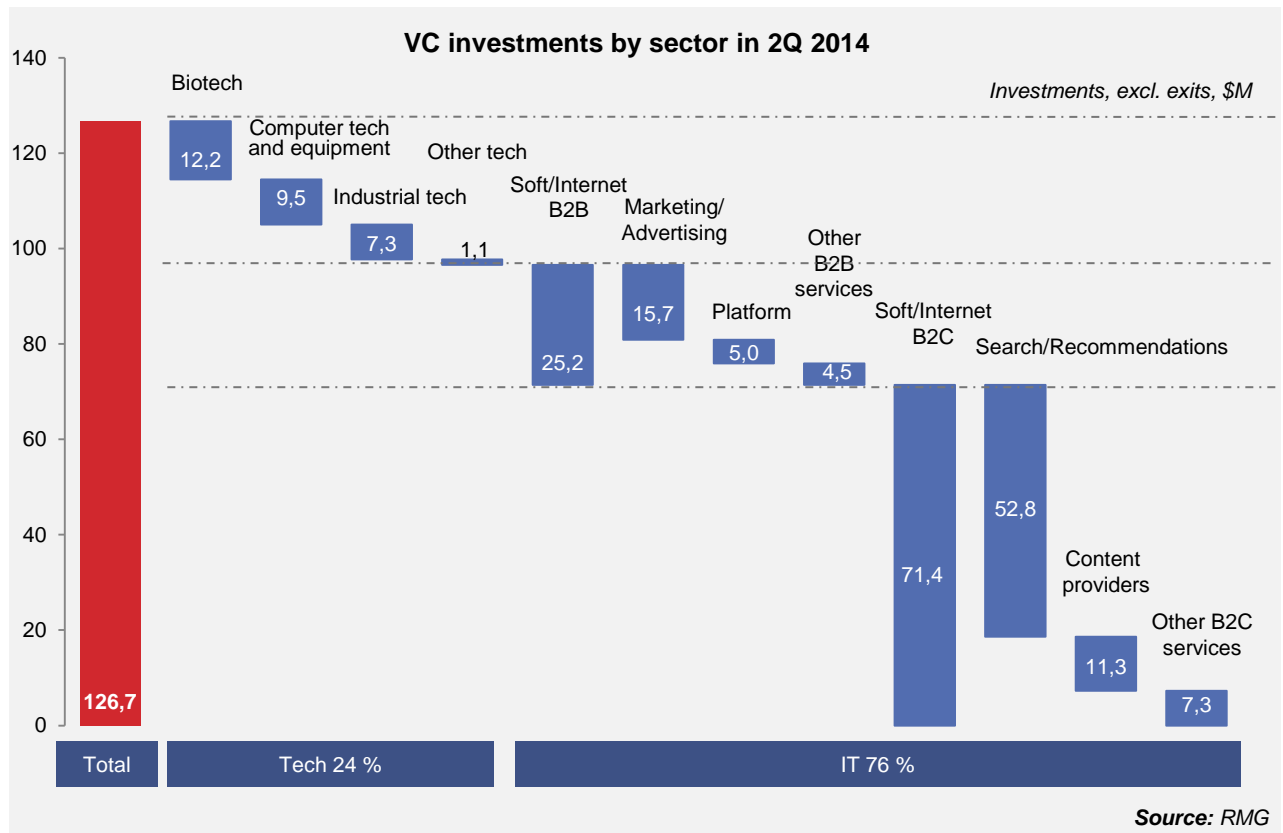
Investments in biotech were spread quite evenly between government (public funds and public-private partnerships) and private funds.

Private funds accounted for the greater part of venture investments at all rounds, except for seed capital, where public funds still dominate. Business angels remained active in both round A and round B. The government still has to shoulder the investment burden at the earliest stages (seed, A and B) to compensate the shortage of other early-stage financing.



VC Market Structure: Segments

Technologies bounce back to average values

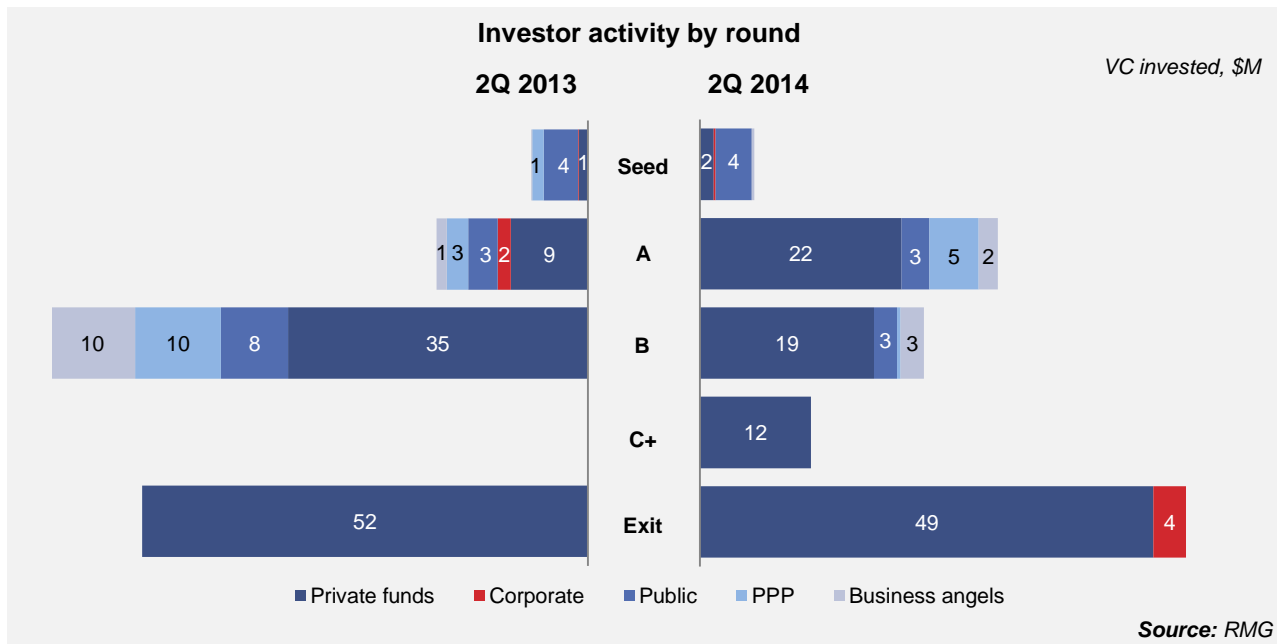


The tech segment made a major comeback to 24% of the market compared with a disappointing performance in 2Q13, when its share sank to 10%. Investment in all tech segments grew in 2Q14: biotech (+90%), industrial tech (+11%) and investments in PC technology and equipment grew from \$0.2 to \$9.5M. The sector thus regained its average market share of the last two years (around 20%).

The B2C segment continued to lead IT (74%), but the scale of B2B grew compared to 2Q13. Deals in search and recommendations (74%) and content provision (16%) prevailed in the B2C segment, while marketing and advertising (62%) led the B2B sector.

VC Market Structure: Rounds

Resurgence of Later Rounds



Value of investments contracted at seed and B rounds (-11% and -62%, respectively), but increased at rounds A (+82%), C+ (from \$0 to \$12M) and exits (+1%).

Contrary to 2Q13, when only private funds made investments later than the B round, corporate funds invested in some exit deals in 2Q14. There was a striking shift by private funds from B to C+: presumably, their projects have moved to the next investment round during the last year. Growth of deal value in the A round was also driven by private funds. Private funds, business angels, PPP and even public funds all reduced their investments in the B round.

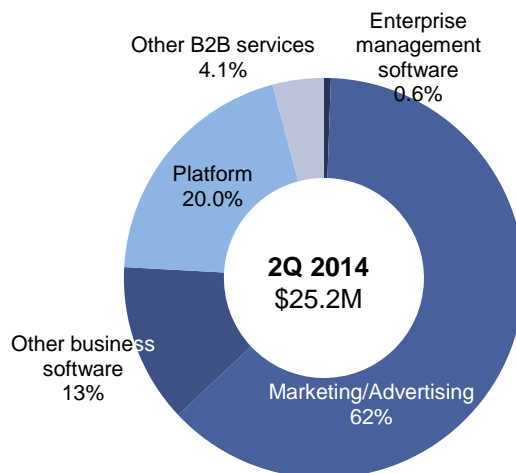
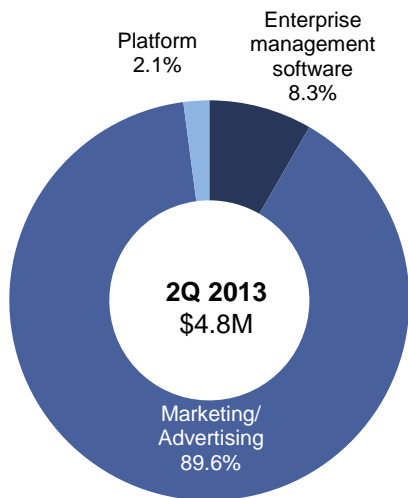


“New venture funds are still being set up, but the state remains the only major player on the seed market and there are hardly any investment exits. I think that the market badly needs early-stage investors from private business, who are well connected and have an understanding of the real problems of investees. The situation with corporate funds and M&A has started to improve, though progress is slow. This should increase the number of exits in the mid-term.”

**Alexei Filimonov, Director of
GVA Launch Gurus Venture Academy**

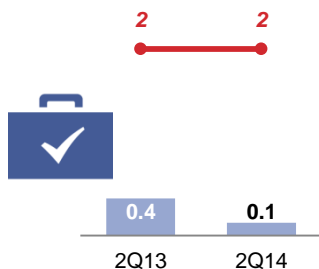
Soft/Internet – B2B

Marketing and advertising less dominant

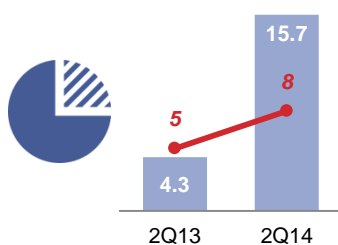


VC invested, \$ m. Deal count

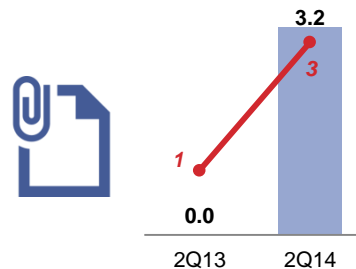
Enterprise management software



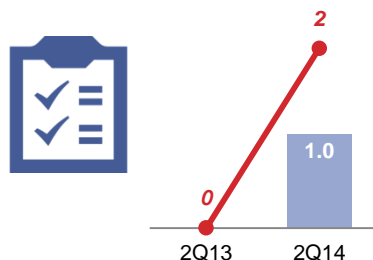
Marketing/Advertising



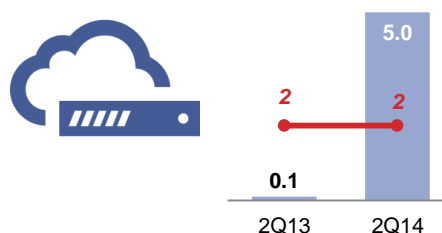
Other business software



Other B2B services

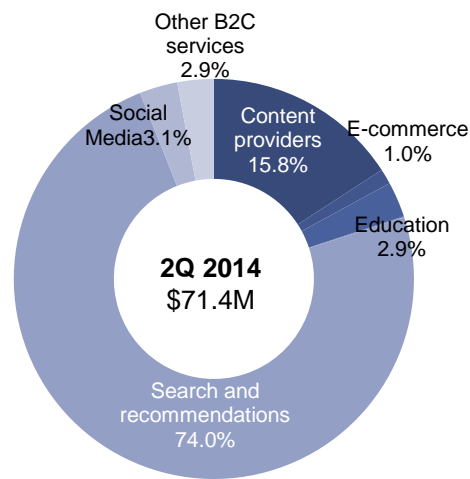
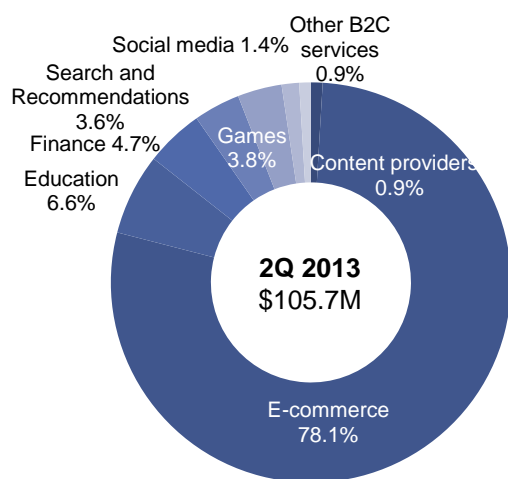


Platform



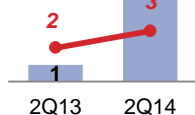
Soft/Internet – B2C

Market focus has shifted from e-commerce to search and recommendation projects

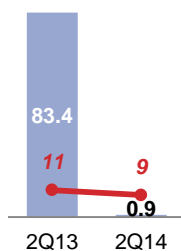


VC invested, \$ m. Deal count

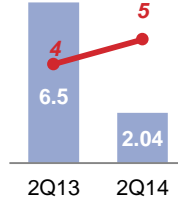
Content providers



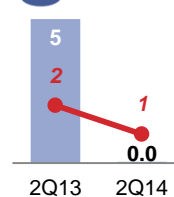
E-commerce



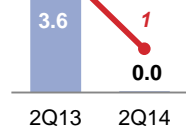
Education



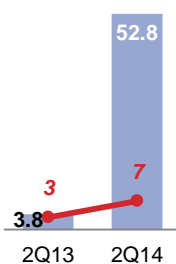
Finance



Games



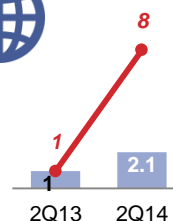
Search and recommendations



Social media



Other



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What brands, entrepreneurs and investors need to know
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MORE THAN 120 PARTICIPATING EXPERTS AND COMPANIES

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Launching in 3Q 2014

1. What infrastructure changes (legislation, etc.) does the Russian venture capital market need most?

Shortcomings of Russian corporate law are a serious impediment to the venture capital market, especially at the seed stage. In particular, it does not allow the use of effective financing instruments such as convertible loans, option agreements and priority rights in case of liquidation, which are standard practice on other VC markets in the early investment stages. Work is now underway to devise legal mechanisms that can ensure a balance of interests on the market between those who benefit most from working under international law and those who prefer Russian jurisdiction.

2. Statement of position

Competition between funds for LP money and for the best teams was on the increase long before sanctions were imposed. It will drive venture structures to find new ways of developing and diversifying their investment strategy to become more efficient. We are all facing the same dilemma today: whether to become the 51st fund looking for money or to seek some alternative to the classic model and find new growth opportunities. Some will pursue club deals, while others will set up venture projects inside a fund (the business accelerator model), etc. We have chosen the “media for equity” model, which we are now using alongside traditional venture investment, and we don’t exclude other approaches. Media for equity helps us to manage our money and our media assets efficiently. It gives more flexibility, broadens our deal stream and reduces risks through diversification of the portfolio .

**Aleksey Solovyev, Managing Director,
Prostor Capital**

Deal list

No	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
1	Jun	Delivery Club	FoodPanda	Private	40*	Expansion	Exit	Software_Internet_ B2C	Search/Recommendations
2	Jun	Ostrovok.ru	Vaizra Capital	Private	12	Expansion	C+	Software_Internet_ B2C	Search/Recommendations
3	Jun	Yell.ru	Kinnevik, Vostok Nafta	Private	11	Expansion	B	Software_Internet_ B2C	Content Providers
4	May	MFMSolutions	iTech Capital	Private	10	Growth	A	Software_Internet_ B2B	Marketing/Advertising
5	Jun	Macroscop	Allianz Investments	Private	5.5*	Expansion	Exit	Computer_ Technologies_ Hardware	Computers & Computer Systems
6	May	Ecwid	iTech Capital, Runa Capital	Private	5	Expansion	B	Software_Internet_ B2B	Platform/Middleware
7	Jun	Semiotik	RVC Biofund, IC RUSS-INVEST	PPP	4.2	Startup	A	Biotechnology	Medical Equipment
8	Apr	Medel	Axioma Capital Partners	Private	4	Startup	A	Biotechnology	Healthcare
9	Jun	Intech	Inmedia	Private	3.5*	Growth	Exit	Computer_ Technologies_ Hardware	Communications, Networking & Storage
10	Jun	Gill Business Systems	InVenture Partners, Intel Capital and Finsight Ventures	Private	3	Startup	A	Software_Internet_ B2B	Other business software
11	Apr	Genetico	RVC Biofund	Public	2.94	Seed	Seed	Biotechnology	Healthcare
12	Jun	NPC Springs	United Wagon Company	Corporate	2.7*	Growth	Exit	Industrial_Tech	Other industrial Tech
13	Apr	ANF Technology	FPI Partners	Private	2.08	Startup	B	Industrial_Tech	Nanotech
14	Apr	Solomoto.ru	Socialist, Hasso Plattner Ver Angel	Angel	2	Growth	B	Software_Internet_ B2B	Marketing/Advertising

* Estimate

Deal list

No	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
15	Apr	SailPlay	Flint Capital	Private	1.5*	Growth	A	Software_Internet_B2B	Marketing/Advertising
16	Apr	Relevant Media	Private investors	Angel	1.4	Growth	A	Software_Internet_B2C	Social Media
17	Jun	Life Button	IIDF	Public	1.3	Growth	B	Software_Internet_B2C	Other B2C Internet services/software
18	Jun	Bisant	Skolkovo Fund, RVC Venture Fund	Public	1.16	Expansion	B	Industrial_Tech	Other Industrial Tech
19	Apr	Mics	Skolkovo Fund	Public	1.07	Startup	A	Other_Technologies	Other Technologies
20	Apr	GoBe	Indiegogo.com (crowdsourcing)	Private	1	Seed	Seed	Biotechnology	Healthcare
21	May	CrowdSystems	InVenture Partners	Private	1	Growth	A	Software_Internet_B2B	Other B2B software
22	Jun	Revalon	Online Venture	Private	0.9*	Startup	A	Software_Internet_B2B	Marketing/Advertising
23	May	Technologies and Innovations Center	Skolkovo Fund	Public	0.89	Startup	A	Industrial_Tech	Nanotech
24	Apr	eLama	Impulse VC	Private	0.8	Growth	A	Software_Internet_B2B	Marketing/Advertising
25	May	Finparty	Banki.ru	Corporate	0.75*	Expansion	Exit	Software_Internet_B2C	Social Media
26	Apr	Netologiya	InVenture Partners	Private	0.6*	Growth	A	Software_Internet_B2C	Education
27	Jun	Coursmos	Imperious group, Евгений Медведников	Private	0.53	Growth	B	Software_Internet_B2C	Education
28	Apr	Dreamrooner	415x Inc. San Francisco	Private	0.5*	Seed	Seed	Software_Internet_B2C	Search/Recommendations

* Estimate

Deal list

No	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
29	Jun	Easy ten	IIDF	Public	0.45	Growth	A	Software_Internet_B2C	Education
30	Jun	Hot wi fi	IIDF	Public	0.45	Expansion	A	Computer_Technologies_Hardware	Communications, Networking & Storage
31	May	RTB-Media	Moscow Seed Fund, ImpulseVC	PPP	0.44	Startup	A	Software_Internet_B2B	Marketing/Advertising
32	Jun	Second pilot	Moscow seed fund, Pavel Glushenkov	PPP	0.35	Growth	B	Software_Internet_B2C	Other B2C Internet services/software
33	Jun	Chefmarket	AddVenture, Moscow Seed Fund	PPP	0.35	Growth	A	Software_Internet_B2C	E-commerce
34	Apr	MixUpload	Moscow Seed Fund, Altair Capital	PPP	0.3	Startup	A	Software_Internet_B2C	Content Providers
35	Jun	Kidbook	Vladimir Kanin and other private investors	Angel	0.29	Growth	A	Software_Internet_B2C	Education
36	Apr	Ticket2Date	Konstantin Kuzmin	Angel	0.25	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
37	Jun	Weatlas.com	Sergey Vatutin	Angel	0.25*	Startup	A	Software_Internet_B2C	E-commerce
38	Jun	GoAndStudy	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Search/Recommendations
39	Jun	iBuildApp	Starta Capital Accessor Fund I, Николай Бельх	Private	0.2	Growth	B	Software_Internet_B2B	Other business software
40	Apr	Mersibo	Moscow Seed Fund	Public	0.17	Growth	A	Software_Internet_B2C	Education
41	Jun	Gdezapchast	Nazim Gasanov	Angel	0.17	Growth	A	Software_Internet_B2C	Search/Recommendations

* Estimate

Deal list

No	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
42	Jun	EQ	Microsoft Seed Fund	Corporate	0.104	Seed	Seed	Software_Internet_B2B	Enterprise management software
43	Jun	Remoto	Microsoft Seed Fund	Corporate	0.045	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
44	Jun	UNIM Histology	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
45	Jun	Vseveda	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Finance
46	Jun	wowworks	IIDF	Public	0.04	Seed	Seed	Other_IT	Other IT
47	Jun	GoAndStudy	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Search/Recommendations
48	Jun	RentMania	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
49	Jun	ShopPilot	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Search/Recommendations
50	Jun	MoneyHero	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Search/Recommendations
51	Jun	FlowWow	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
52	Jun	Antikvarius	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
53	Jun	Funfrom.me	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
54	Jun	VeeRoute	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2B	Other business software

* Estimate

Deal list

No	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
55	Jun	Servicefon	IIDF	Public	0.04	Seed	Seed	Other_IT	Other IT
56	Jun	LetMart	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
57	Jun	PocketDJ	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
58	Jun	+Voice	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Other B2C Internet services/software
59	Jun	PetsFerma.ru	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
60	Jun	Oppty	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2B	Marketing/Advertising
61	Jun	ImageAiry	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
62	Jun	Umnaya Zagrantsa	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Content Providers
63	Jun	Youmely	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	Social Media
64	Jun	Gavbox	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2C	E-commerce
65	Jun	The first online accounting	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2B	Enterprise management software
66	Jun	SiteSecure	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2B	Other B2B software
67	Jun	AppCoins	IIDF	Public	0.04	Seed	Seed	Software_Internet_B2B	Marketing/Advertising

* Estimate

Deal list

№	Deal date	Company / Project (Target)	Investor*	Investor type	Deal value, \$M	Company development stage	Investment round	Sector	Sub-sector
68	Jun	EcoVision	Investment and Venture Fund with Ministry of Economics of the Republic of Tatarstan	Public	0.04	Seed	Seed	Biotechnology	Diagnostics & Research
69	Jun	AppCraft	Microsoft Seed Fund	Corporate	0.03	Seed	Seed	Software_Internet_B2B	Platform/Middleware
70	Jun	Pilgrim XXI	Microsoft Seed Fund	Corporate	0.03	Seed	Seed	Software_Internet_B2C	Gaming

* Estimate



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Наталья Царевская-Дякина, Управляющий директор Synergy Innovations

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Methodology

For the purposes of this report, “venture capital investments” stand for investments of up to \$100M in high-risk and potentially highly profitable technological projects. Only VC investments in companies whose operations are focused on the Russian market were included in calculation of market size. Companies financed by Russia-based investors, but oriented to foreign markets are not included in the analysis.

Corporate or corporate investors shall be understood to mean corporate funds in this report.

We do not consider investments in infrastructure and exits in total value of the venture market. By investments in infrastructure we mean investments in venture funds, business incubators, business accelerators, technopolises and other institutions that work on the venture market but are not venture companies.

Grant financing was included in the calculation of market size as, although grants are non-repayable, they are used to finance commercial VC projects and thus represent an inflow to the VC economy.

Seed is the first round of investments, in which financing is arranged for the flotation of a company. It is followed by rounds A, B, C, etc., when additional financing is arranged. We refer to rounds after C as C+. An exit deal is one in which no additional financing is arranged, but one or two current shareholders sell their stake in a deal with a strategic investor or via an IPO.

Four stages of VC project development are distinguished for the purposes of this report:

1. Seed: the project exists only as an idea or laboratory research.
2. Startup: a company is being set up or has been operating for some time, but sales have been minimal or zero.
3. Growth: launch of marketing and regular sales of a new product.
4. Expansion: expansion of sales, market share, output ,etc.

We distinguish seven sectors: Biotech; Industrial Tech; Computer Tech and Equipment; Other Tech; Software/Internet B2B; Software/Internet B2C; Other IT. The first four sectors comprise the Tech macrosector and the rest comprise the IT

macrosector.

Biotech: healthcare, pharmaceuticals, diagnostics and medical equipment development.

Industrial tech: laser, energy, green, aerospace technologies, robotics and other technologies designed for industrial use.

Computer tech and equipment: telecommunications, data storage, mobile technologies and computer equipment.

Software/Internet B2B: applications and web services whose clients are mostly businesses. The sector includes enterprise management, marketing, product development solutions etc.

Software/Internet B2C: applications and web services whose clients are mostly individual consumers, including e-commerce, content providers, search and recommendation engines, consumer finance solutions, educational services, games, social networks etc.

Contacts

We are very interested in the opinion of our readers, so if you are an investor, a venture entrepreneur or otherwise interested in Russia's venture capital market, we will be most glad to receive your feedback and suggestions to help us improve our reports.

Please send your feedback and suggestions to **vc@rmg.ru**

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