

**BUSINESS
FINLAND**

RESULTS AND IMPACTS IN 2020

GROWTH AND INNOVATION DURING THE CORONAVIRUS YEAR

- 2020 was a year of changes and transformations: we renewed our strategy and our organization, learned new ways of working as a result of coronavirus restrictions, and launched funding for business disruptions.
- Our customers were active in changing their business operations – we granted a record amount of innovation funding for companies, totaling EUR 486.8 million*. Demand for our expert and financial services was very high in all of Business Finland’s operating areas, with demand for regular innovation funding being more than 20 percent higher than the year before.
- Supported by Business Finland’s new funding for leading companies, the creation of six international innovation ecosystems was launched. In exchange for EUR 120 million in public RDI funding, the leading companies are committed to investing hundreds of millions of euros and creating hundreds of new jobs in Finland by 2024.
- Due to travel restrictions, we digitized our export promotion services and actively supported the internationalization of Finnish companies throughout the year. Exports by our SME customers increased by one percent in the challenging circumstances, whereas the general trend in exports by Finnish SMEs was negative (-1%).
- We launched a new funding instrument for business disruptions to help Finnish companies to survive during the pandemic. We processed nearly 30,000 applications and provided funding for more than 20,000 projects. Some 30 percent of Business Finland’s full-time personnel working in Finland transferred temporarily to process funding for business disruptions.

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**EXPORTS BY OUR SME
CUSTOMERS INCREASED**

EXPORT PROMOTION WENT ONLINE

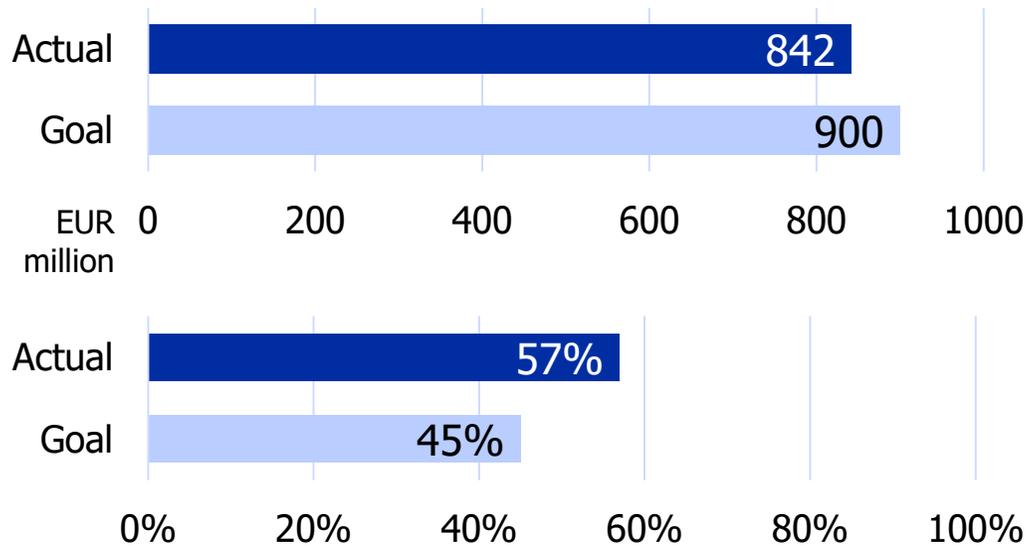
- In 2020, the coronavirus pandemic virtually halted economic growth and affected international demand and supply chains in many ways.
- While travel, an integral part of export promotion, came to a complete stop, we were quickly able to transfer our services to virtual channels. We supported our customers' internationalization by holding international webinars, virtual delegations, and new customer meetings, identified market opportunities, and built joint offerings.
- Last year, the average of customer feedback on growth and internationalization services was 4.5 on a scale from 1 to 5. Customer companies particularly value the practical support they receive from Business Finland, and the rating was as high as 4.7.
- While the total exports of Finnish SMEs decreased in 2020, the exports of Business Finland's SME customers increased by EUR 71 million (1%).
- The SMEs that had the biggest increase in exports experienced an increase of EUR 842 million (57%). Measured in percentage, this increase exceeded the target level, while euro-denominated growth was only slightly below the target of EUR 900 million.
- The annual export estimate based on funded projects nearly doubled from the previous year, also being nearly two times higher than the target level.

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EXPORT FIGURES

DESPITE THE PANDEMIC, BUSINESS FINLAND'S CUSTOMER COMPANIES INCREASED THEIR EXPORTS IN 2020

The SMEs that had the biggest increase in exports



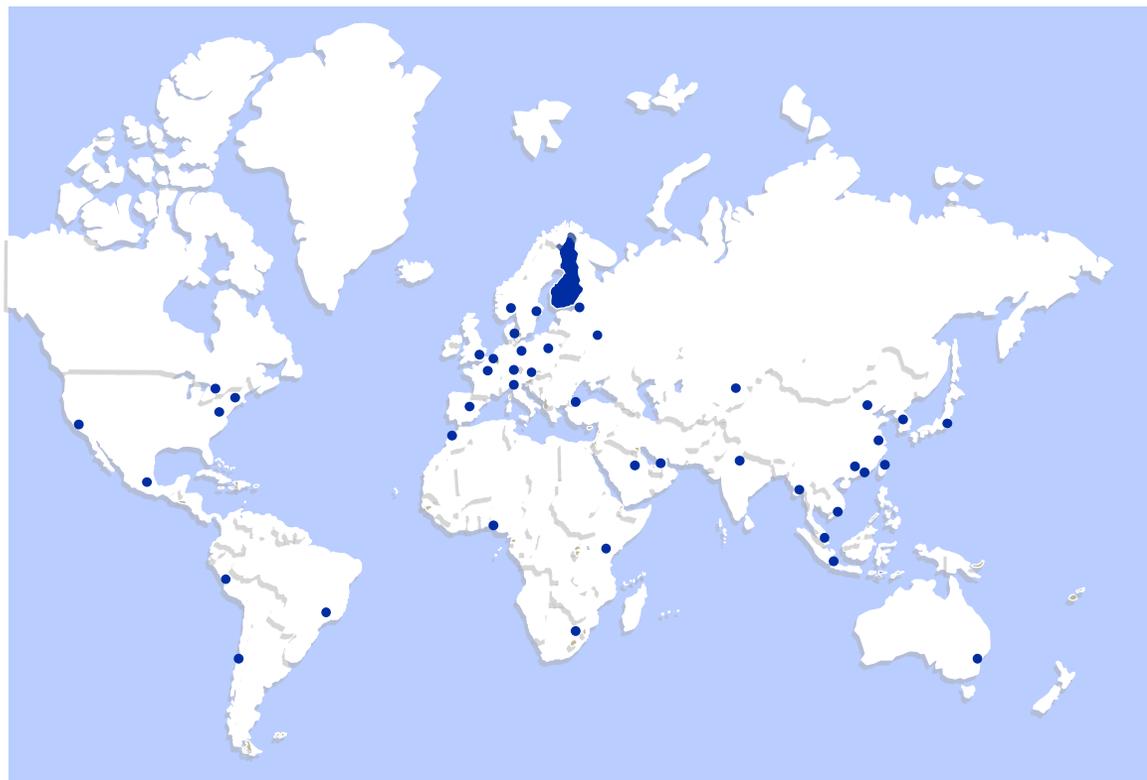
Measured in percentage, this increase exceeded the target level, while euro-denominated growth was only slightly below the target.

Exports by all Business Finland's SME customers increased by EUR 71 million (1%).

The relative share of projects that increase the RDI costs of Business Finland's SME funding customers from all funded projects increased from the previous year.

The annual export estimate based on funded projects nearly doubled from the year before. It is also nearly two times higher than the target level. Instead, the number of Business Finland's customers seeking growth and internationalization only increased slightly (1%).

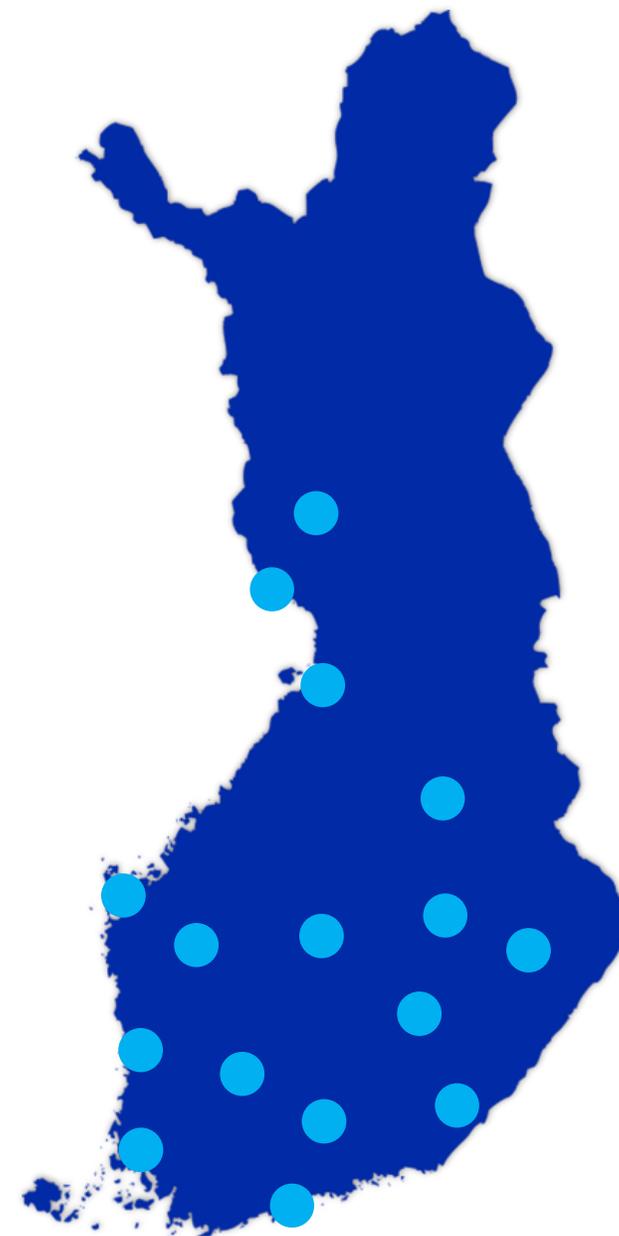
WE HAVE **INTERNATIONAL** **AND LOCAL** EXPERTISE



644
specialists

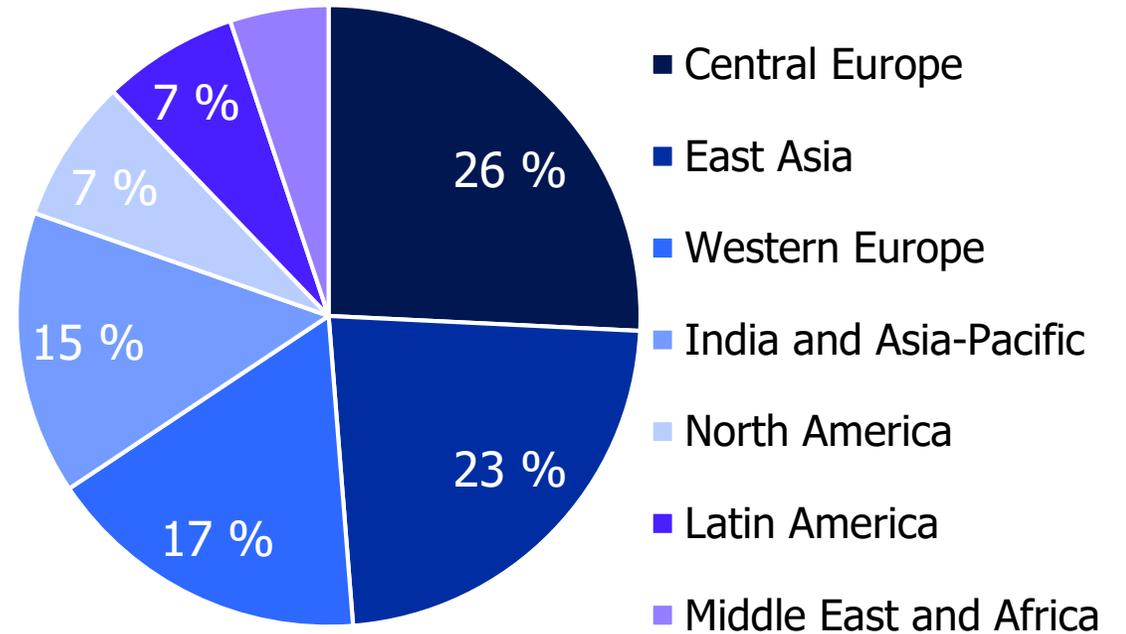
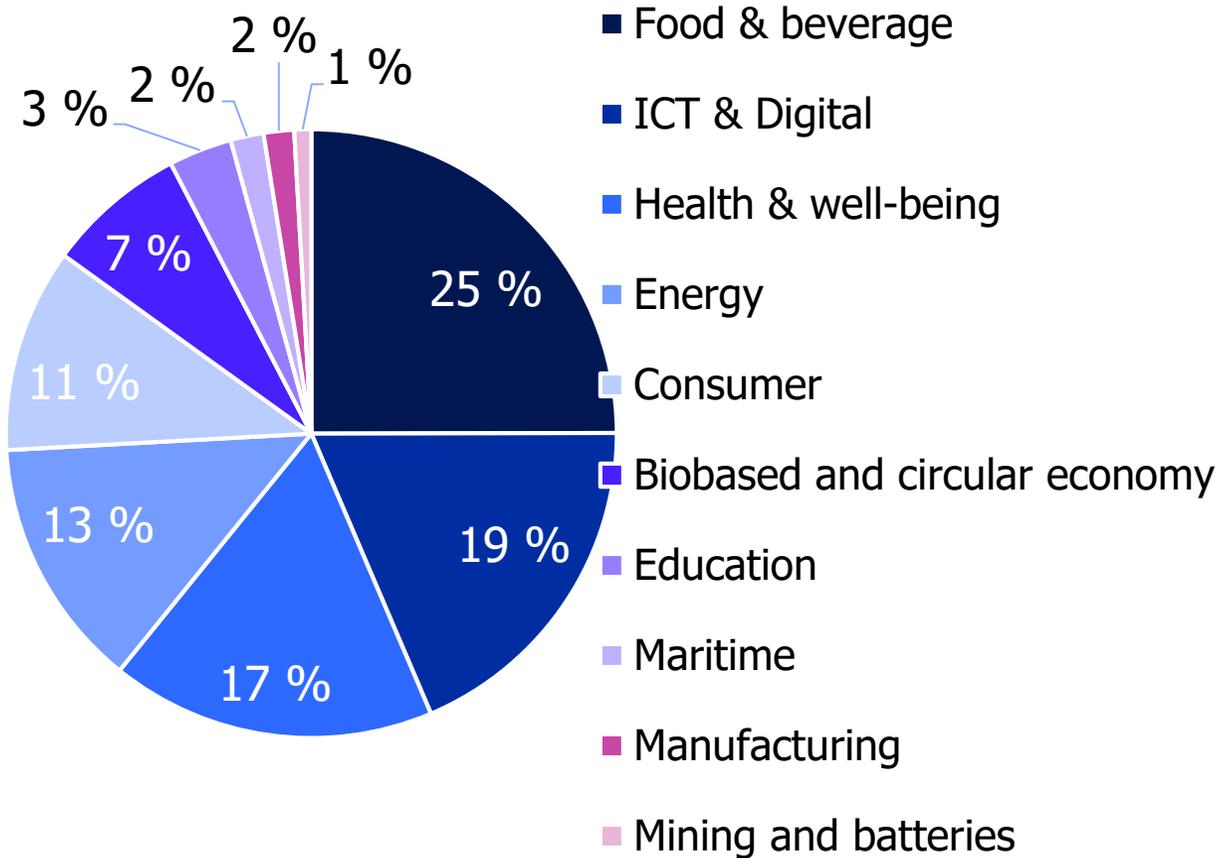
16
locations
in Finland

42
locations
round the world



COMPANIES ACTIVATED IN 2020

BY SECTOR AND REGION (qty)



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FOOD FROM FINLAND HIGHLIGHTS

FINNISH FOOD EXPORTS SHOWING AN INCREASE OF 7 PERCENT



- Exports in the food and beverage sector increased by seven percent* in January–October 2020 year-on-year. The most significant increase was achieved in China, roughly 78 percent.
- In practice, the increase in China came from significant increases in milk powder and pork exports. In other market areas, the situation remained fairly stable compared with the previous year.
- Key export categories include processed milk products, alcohol products, pork, cereal products – especially oats and processed oat products – with different health products expected to increase in the future.
- The food industry is Finland’s fourth largest sector, which employs some 38,000 people directly and up to 340,000 people indirectly. The value of food and beverage exports is expected to reach the level of nearly two billion euros in the near future. The goal is to reach three billion euros by 2025.
- In 2020, Business Finland granted a total of EUR 50 million for companies in the food and restaurant sector for surviving during the coronavirus pandemic, innovation, and internationalization.

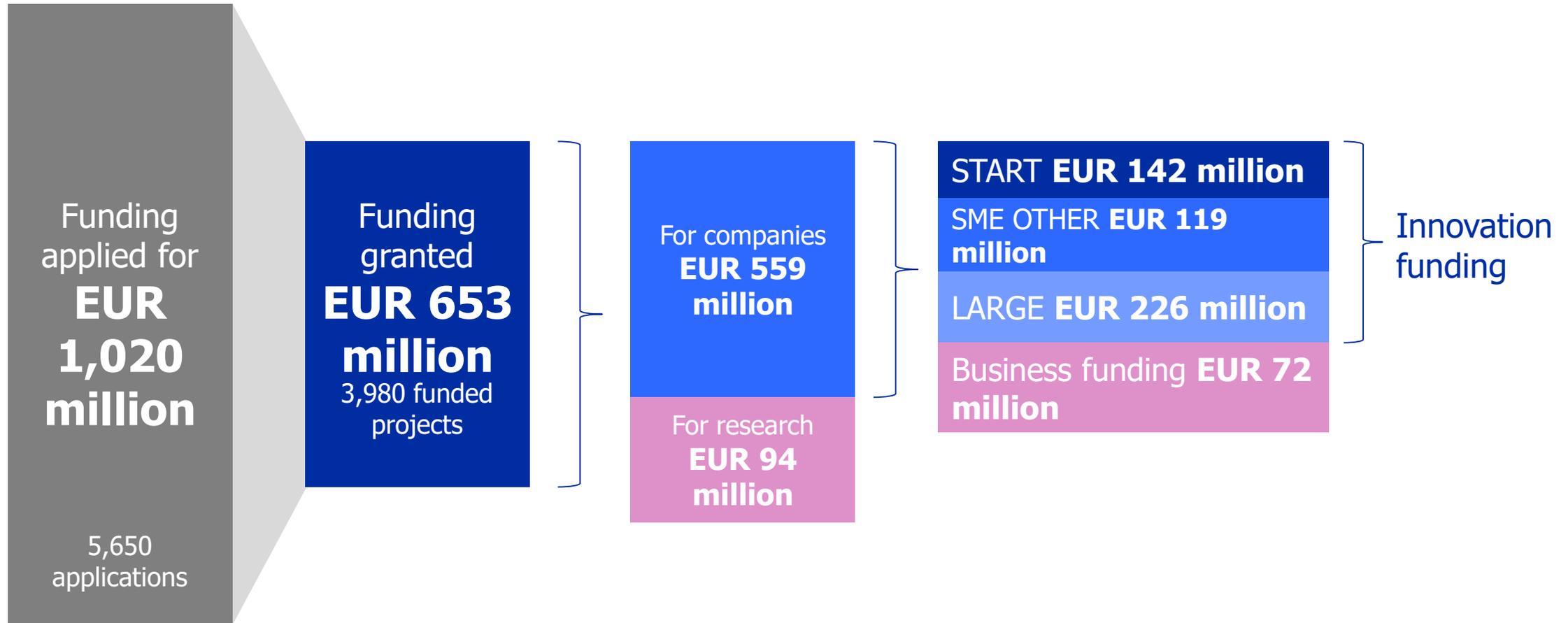
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INNOVATION FUNDING

HIGH DEMAND FOR INNOVATION FUNDING

- We granted a record amount of innovation funding for companies, totaling EUR 486.8 million.
- A total of EUR 653 million was granted for companies and research.
- In the funding figures, the gap between SMEs and larger companies narrowed from the previous year. SMEs accounted for 53% of funding and large companies for 47%.
- The proportion of SMEs decreased from the previous year's 68% because funding was particularly granted for large companies through the challenge competition for leading companies launched by Business Finland.

FUNDING VOLUME IN 2020 (excluding coronavirus)



KEY FIGURES OF BUSINESS FINLAND'S FUNDING AND RESULTS IN 2020

Funding for
companies and
research

**EUR 653
million**

5,650
funding applications

4,080
positive funding
decisions

Funding for
companies
**EUR 559
million**

Exports by SME
customers increased
in 2017–2020 by

14%

Revenue of SME
customers increased
in 2016–2019 by

22%

Number of jobs in
SME customers
increased in 2016–
2019 by

12,730
people

Projects completed
in 2020 created

657
patents or patent
applications

WHAT WAS FUNDING USED FOR?

Projects completed in 2020 created

2,044



new or improved
processes, products,
services or
applications

657



patents or patent
applications

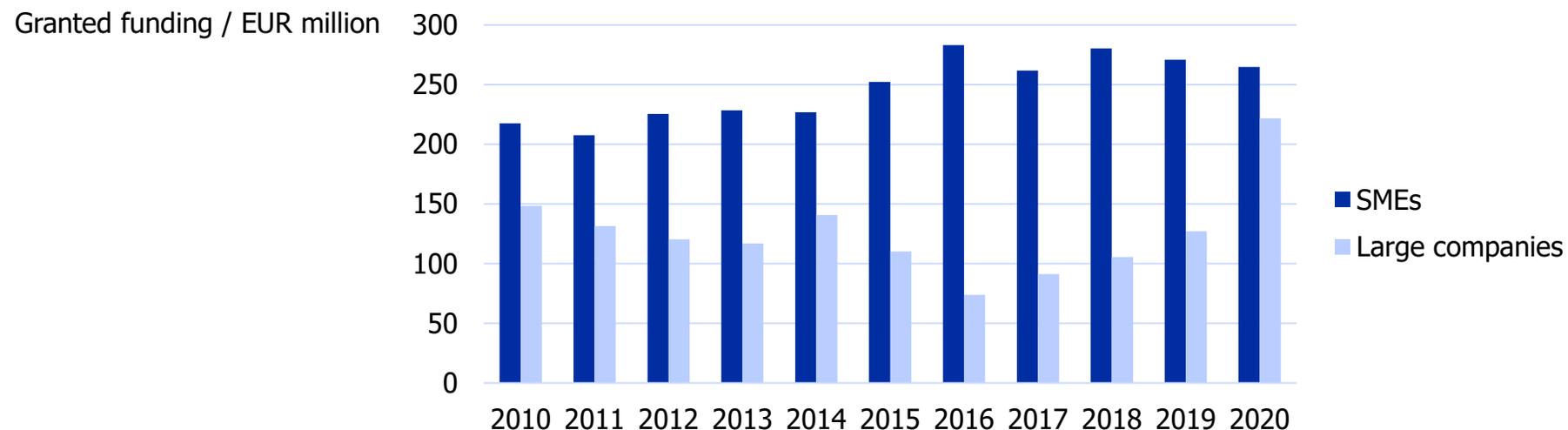
369



theses

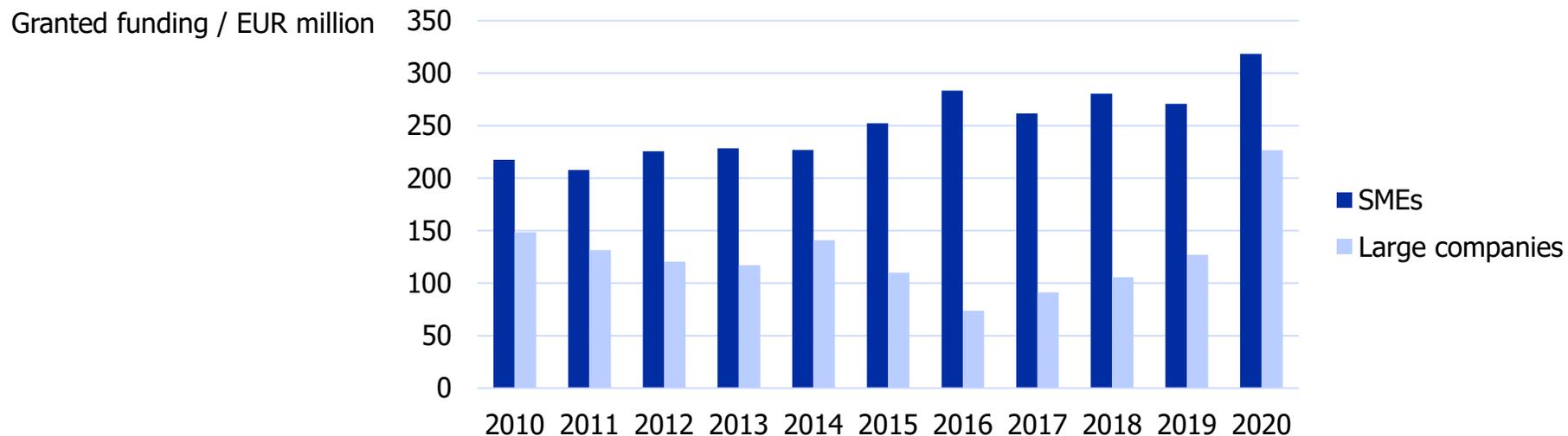
Figures calculated from total funding (business funding + innovation funding).

BREAKDOWN OF INNOVATION FUNDING IN 2010–2020 (excluding coronavirus)



Granted funding / EUR million	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	All in total
SMEs	217.6	207.8	225.6	228.5	226.9	252.3	283.3	261.8	280.5	270.9	260.4	2,715.60
Large companies	148.5	131.6	120.5	117.0	140.8	110.1	73.8	91.2	105.6	127.0	226.4	1,392.50
Total	366.1	339.3	346.2	345.6	367.7	362.4	357.1	353.0	386.0	398.0	486.8	4,108.20
Percentage of large companies	41%	39%	35%	34%	38%	30%	21%	26%	27%	32%	47%	33.9%
Percentage of SMEs	59%	61%	65%	66%	62%	70%	79%	74%	73%	68%	53%	66.1%

BREAKDOWN OF INNOVATION FUNDING IN 2010–2020 (including coronavirus loans)



Granted funding / EUR million	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	All in total
SMEs	217.6	207.8	225.6	228.5	226.9	252.3	283.3	261.8	280.5	270.9	318.5	2,773.7
Large companies	148.5	131.6	120.5	117.0	140.8	110.1	73.8	91.2	105.6	127.0	226.6	1,392.7
Total	366.1	339.3	346.2	345.6	367.7	362.4	357.1	353.0	386.0	398.0	545.1	4,166.5
Percentage of large companies	41%	39%	35%	34%	38%	30%	21%	26%	27%	32%	42%	33.4%
Percentage of SMEs	59%	61%	65%	66%	62%	70%	79%	74%	73%	68%	58%	66.6%

INNOVATION FUNDING CREATES JOBS

The RDI projects funded in 2020 are expected to create **38,900** new or reformed jobs.

With total RDI funding being roughly **EUR 486 million** in 2020, these expected results mean **80 jobs** per every million of additional funding. Correspondingly, costs per one new, reformed or maintained job are approximately **EUR 12,500**.



PUBLIC R&D FUNDING INCREASES COMPANIES' R&D INVESTMENTS IN THE LONG TERM

Public R&D funding increased the number of companies' R&D employees by **16%**, with the duration being six years.

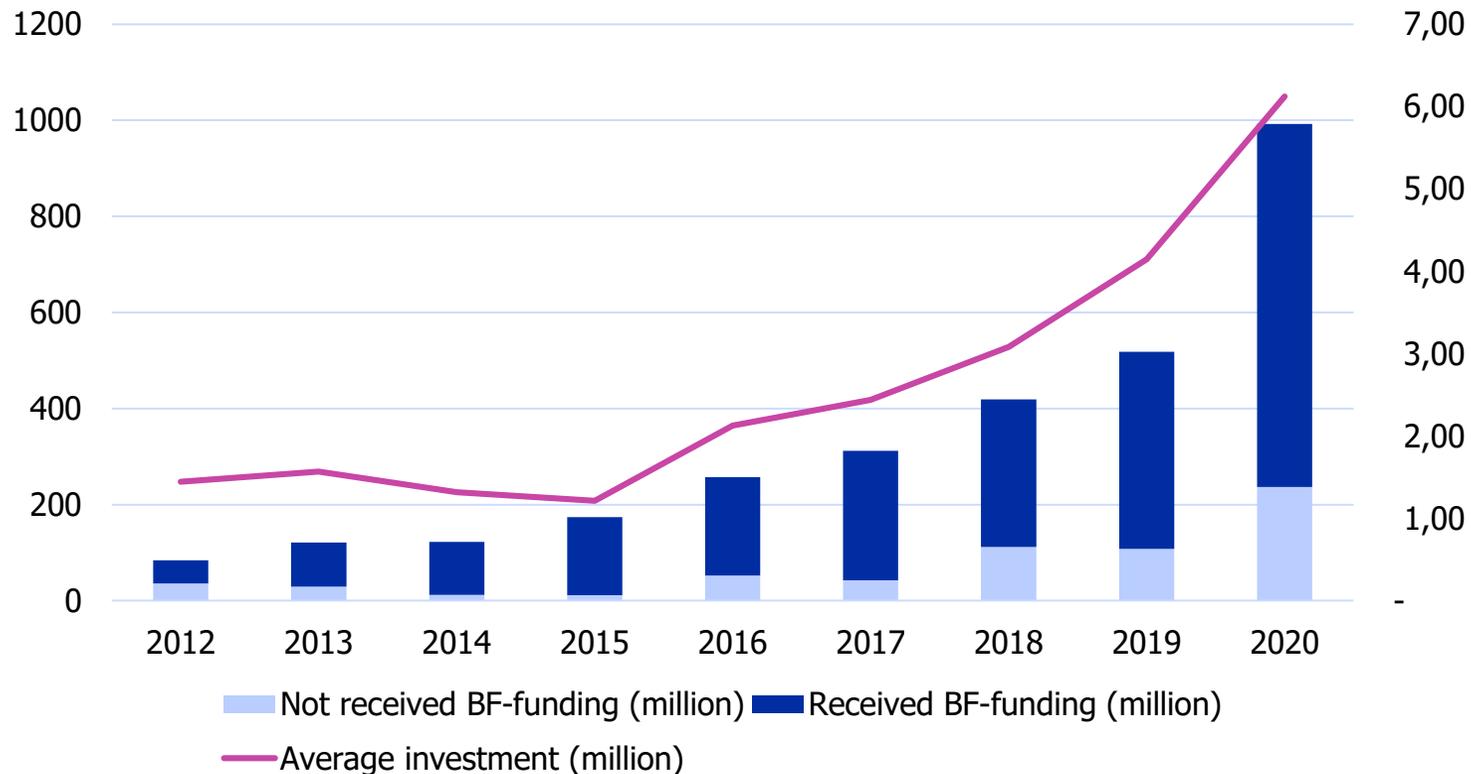
The R&D intensity of companies receiving public R&D funding increased by an average of **30%** in years following access to R&D support.

An increase of one percent in R&D support increased companies' R&D intensity by approximately **2.5 %**, with the duration being eight years.

BUSINESS FINLAND'S STARTUP CUSTOMERS SUCCEED IN INVESTOR MARKETS

The average investment size has increased since 2015

Startup – investments received in 2012-2020



year	Companies not received BF-funding (million)	Companies received BF-funding (million)	Average investment (million)
2012	35,6	48,2	1,5
2013	29,6	91,3	1,6
2014	12,1	110,6	1,3
2015	11,5	162,2	1,2
2016	52,5	204,7	2,1
2017	42,6	269,5	2,4
2018	111,8	307,1	3,1
2019	107,9	410,2	4,1
2020	237	755	6,1

**BUSINESS
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**CHALLENGE
COMPETITION FOR
LEADING COMPANIES**

LEADING PROJECTS STARTED IN 2020

NESTE

Sustainable and globally scalable solutions for the research and development of raw materials that reduce the use of crude oil

FORTUM & METSÄ GROUP

New fiber-based products for consumer markets to reduce the carbon footprint

NOKIA

Making Finland a pioneer in 5G networks

ABB

Platforms for the optimal generation and consumption of electricity in a carbon-neutral society

KONE

Mobility solutions for urban environments in line with the principles of sustainable development

SANDVIK

Globally competitive electric and digital solutions for heavy machinery

In exchange for funding provided by Business Finland, the leading companies are committed to increasing their research, development and innovation (RDI) operations in Finland by several hundred million euros combined, and to create hundreds of new RDI jobs by 2024.

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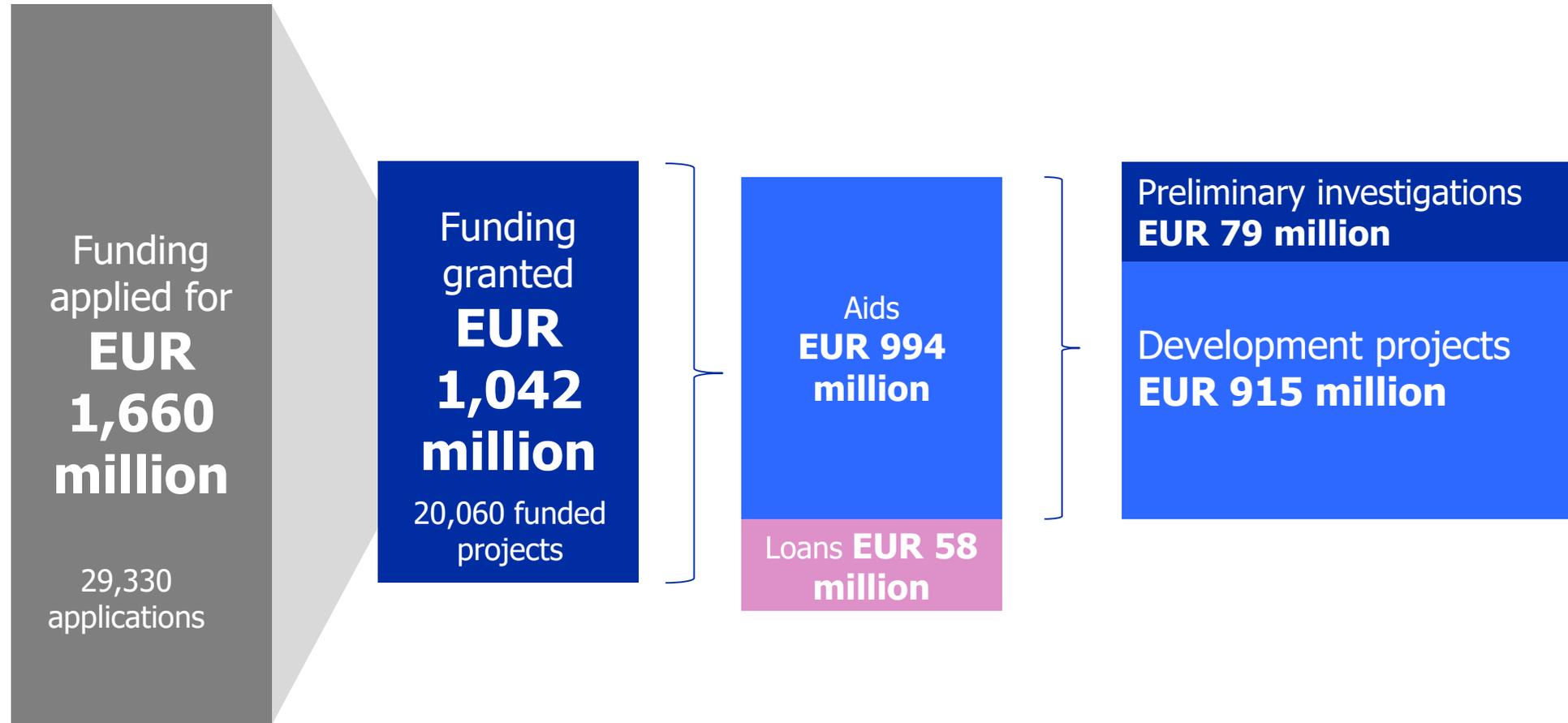
FUNDING FOR BUSINESS DISRUPTIONS

Coronavirus measures

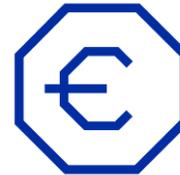
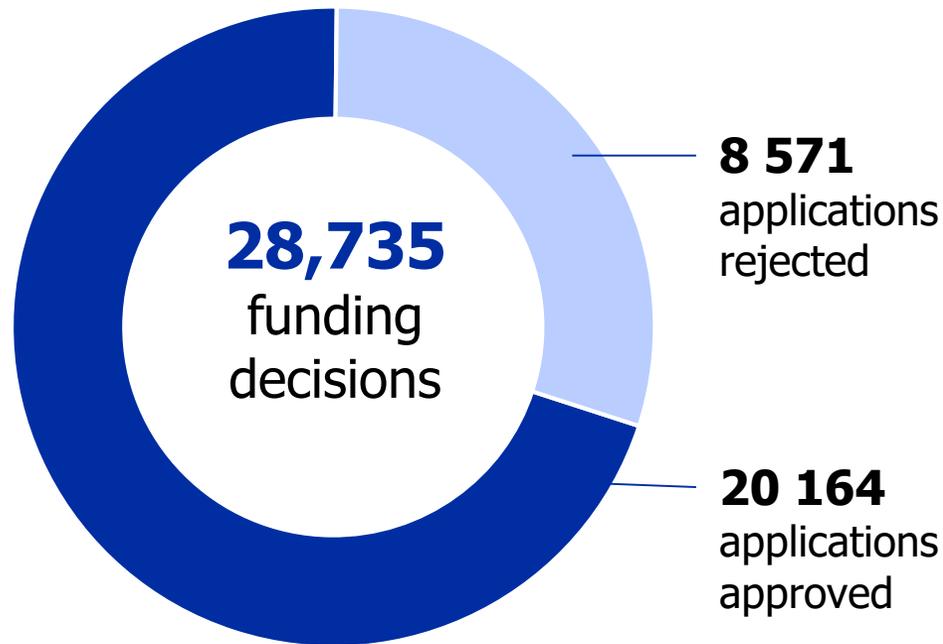
Business Finland's support helped companies during the coronavirus crisis

- When the coronavirus crisis hit with full force, Business Finland was among the first to support companies. Financial services opened in less than a week.
- Funding for disruptive circumstances was a real test that proved that Business Finland is able to respond quickly to the needs of society and operate effectively even under severe pressure.
- We worked hard to help our customers throughout the challenging year.
- During the year, specialists processed almost 30,000 applications. We also granted EUR 994.4 million of funding for more than 20,000 projects. Most funding was allocated to the retail sector, industry, and the tourism and hospitality industry. Approximately half of the companies use the disruption funding to develop digital solutions.
- At best, approximately 160 people, or about 30% of Business Finland's full-time personnel in Finland, processed funding for business disruptions.
- The processing of funding applications was an enormous project and required work to be reorganized. The large number of applications was a challenge in customer service. We recruited nearly 60 new employees to monitor projects and process final reports. Even ten retired employees returned to work to provide help during the crisis.
- Overall, we can be very satisfied.

FUNDING VOLUME IN 2020 (coronavirus)



DEVELOPMENT FUNDING FOR BUSINESS DISRUPTIONS



Funding granted **EUR 994.4 million**



7,162 completed projects



1,105 companies with a cancelled application
227 companies with returned funding

EXAMPLES OF BUSINESS FINLAND'S CORONAVIRUS MEASURES

New research and R&D themes in progress

- Covid diagnostics
- Virus deactivation solutions
- Resilience in production and supply chains
- Maintenance of an overview
- Reinforcement and management of remote meetings
- Virtual tourism and events
- Robotics and no-touch solutions

Routes and partners for commercialization and utilization identified, new Co-Innovation projects being prepared (Co-Creation)

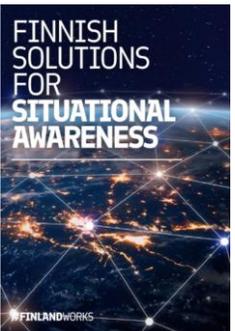
Development needs for solutions related to crisis management and the security of supply identified

- Production and availability of status data
- Housing, learning and healthcare solutions during crises
- Operation and reliability of energy and data networks, cybersecurity
- Secured competence in critical areas, even if not trendy (e.g. nuclear power and radiation)
- Partnerships and international cooperation

New Finnish offerings described

- Finnish Suppliers website, platform for presenting Finland's full offering
- Covid-19 offering
- Education campaign and EdTech offering
- Health at Sea offering
- Cybersecurity offering
- Situational awareness

Several other Finnish offerings completed and in progress



BUSINESS
FINLAND

GENERAL AND CURRENT
INFORMATION ON
BUSINESS FINLAND

**BUSINESS
FINLAND**

**WE GENERATE PROSPERITY
FOR FINLAND BY ACCELERATING
OUR CUSTOMERS' SUSTAINABLE
GROWTH GLOBALLY**



FINLAND DEFINING THE FUTURE

Our strategy for 2025



--- PURPOSE ---

We generate prosperity for Finland by accelerating our customers' sustainable growth globally.

--- VISION ---

We excel at developing and refining the best of Finnish potential and matching it with global opportunities. We create world-class success stories.

	CUSTOMER	SOCIETY
Economic Growth ▶	Globally thriving companies	Productive economy
Sustainability ▶	Developers of new sustainable solutions and operations	Superpower in sustainable development
Competitiveness ▶	Bold reformers of business	Attractive and resilient business landscape



Strategic priorities ▶

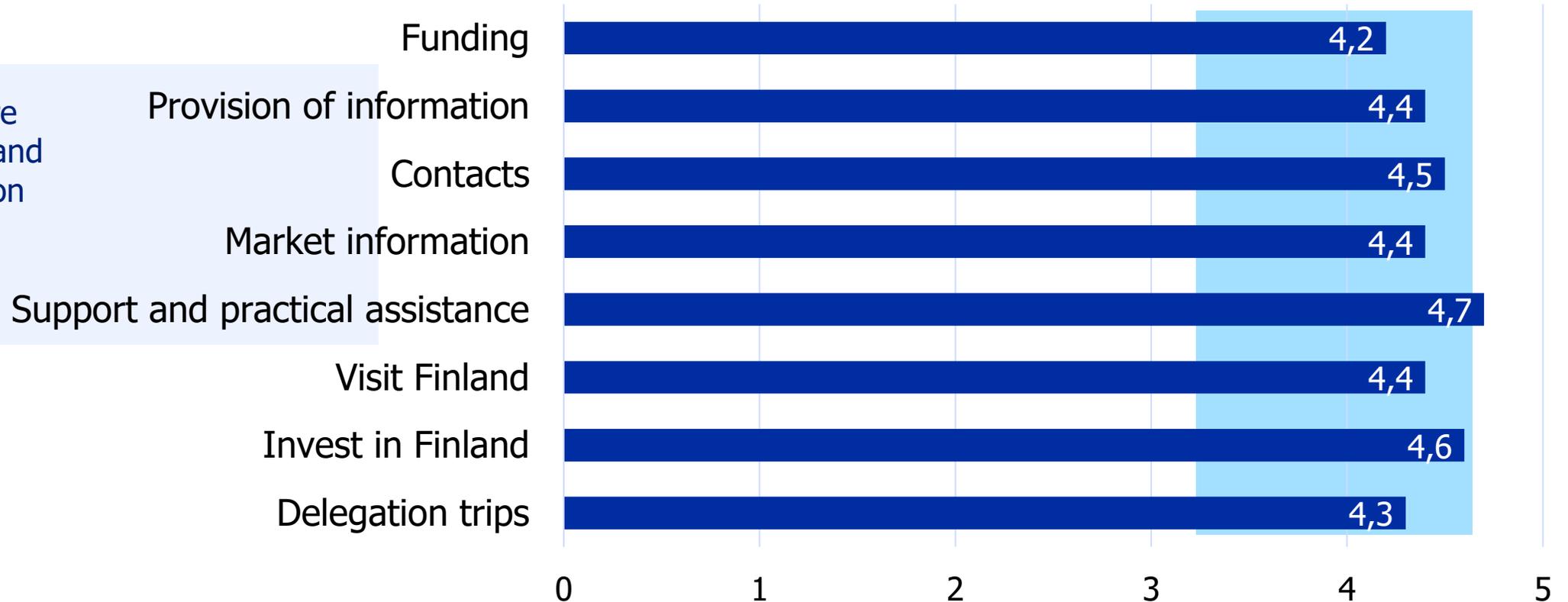
- Value-adding and proactive partner for our customers
- Strong and proactive actor in society
- Change agent for sustainable business
- Best workplace for leading-edge expertise
- Operationally excellent and agile organization

Values

- With passion
- All together
- Think big
- With sisu

CUSTOMER SATISFACTION BY SERVICE

The average score given to growth and internationalization services was 4.5.



OUR SERVICES

GUIDANCE FOR INTERNATIONALIZATION

Specialists in Finland and other countries guide Business Finland's customer companies in all phases of the internationalization process.

MARKET INFORMATION AND CONTACTS

We identify promising business opportunities on the market and help to find ideal partners and contacts.

FUNDING

We provide funding for research, R&D and business development, especially for SMEs. Large companies and research organizations can obtain funding for joint projects with SMEs.

PROGRAMS

Our programs offer Business Finland's internationalization and innovation funding services as packages that have been customized in accordance with the goals and target groups of each program.

ECOSYSTEMS

Ecosystems improve the ability of companies to innovate, grow and succeed in international competition. We provide SMEs, in particular, with tools for growth and larger companies, often acting as leading companies, with a boost to change.

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IT'S TIME TO THINK **BIG**

**BUSINESS FINLAND LEADS THE
WAY TO THE FUTURE**

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