

ARKimedes

PMV  kmo

Growth capital for your entrepreneurial talent

You have developed an INNOVATIVE PRODUCT you want to COMMERCIALIZE?

You and your company would like to TAKE A NEW DIRECTION?

You would like to reinforce the GROWTH of your company?

You are planning to EXPAND you activities into new markets?

Success in business starts with a good idea and a great deal of ambition. But that is not all. Every start-up and growth requires finance for research and product development, hiring properly trained staff, purchasing raw materials, market development, widening the distribution network, acquiring more machinery ... All costs which weigh heavily on a growing enterprise.

ARKimedes for growth companies

In your search for financing you may consider the classic bank loan or you may opt for more permanent venture capital. Venture capital consists of share capital or capital-linked equity which professional funds invest in unlisted companies with attractive growth potential. Several risk capital funds operate in Flanders. However, it seems that young growth companies find it difficult to get access to these.

Enterprises showing strong growth are the dynamo of innovation, employment and quality of life. For this reason, at the instigation of the Flemish Government and with the approval of Europe, more risk capital is being made available for this particular group of enterprises. This is known by the name ARKimedes. ARK stands for the Activation of Risk Capital

ARKimedes wants to double the supply of risk capital by matching euro for euro, any investments these funds make in a Flemish SME.

How does ARKimedes work?

1. The ParticipatieMaatschappij Vlaanderen NV (PMV) [Participation Company Flanders Plc], the investment company of the Flemish region gathers available finance in the market and puts them into ARKimedes funds. For this purpose PMV founded a subsidiary (ARKimedes Management NV) with the specific task to manage these ARKimedes funds.
2. The ARKimedes funds invest this capital with professional risk capital providers or investment funds. ARKimedes Management NV selects the funds it expects to perform best. These selected funds are called ARKIV's. An ARKimedes-fund is - only one - of the financiers of such an ARKIV.
3. The brief of the ARKIV's is to invest in those SMEs it deems most likely to give a good return. An investment by an ARKIV is called an ARK-investment.

ARKimedes and your company

An ARK-investment always goes hand in hand with an increase in capital: once ARKIV invests in your company, it becomes a shareholder in your company, alongside the existing shareholders. ARKIV acquires a minority stake: it holds less than 50% of the shares. The investment need not entirely consist of share capital, but can be topped up with a loan, warrants or other means.

Important is the fact that new money is injected into the company. Other types of transactions, such as a pure buy-out of existing shares, do therefore not qualify as an ARK-investment.

ARKIV offers you financing so that you can realize your expansion plans, and in return, receives shares in your company, in other words, participation. Usually the existing and new shareholders draw up an agreement which clearly regulates matters such as reporting, transfer of shares, rules on decision-making...

The success of the ARKIV-injection is dependent on the success of your growth project. The investor will therefore not only inject capital but also bring you valuable contacts, know-how and experience. In order to properly follow-up their investments, the directors of the ARKIV may take a seat on your board.

Realizing your expansion plans will take a few years. Therefore, ARKIV investments are mid- to long-term investments. Afterwards ARKIV will wish to sell its shareholding, either to the other shareholders or to a third party. So, ARKIV is only a temporary shareholder, during a particular phase in the growth of your company. At the time of sale or exit, ARKIV wants to realize a profit, which is after all the ultimate goal of any investor.

What are the criteria your company must meet?

Summarized, your company must meet 2 criteria:

1. Your company is a **SME**.
SMEs are defined as companies:
 - with **less than 250 employees** and a turnover not exceeding 40 million euro; or with a balance-sheet total not exceeding 27 million euro; and
 - who meet a **set independence criterion**, which means that no more than 25% of your company may be in hands of a non-SME.
2. Your company has an **exploitation seat in the Flemish Region** (or has every intention to locate one there).

Criteria for an ARK-investment

The ARK-investment must also meet 2 criteria:

1. The SME will use the new funds to make investments in the Flemish region or to create employment or added value.
2. The maximum amount of any ARK-investment in a company is limited to 1 million euro per year. However, this does not prevent the company from seeking additional investment funds from other risk capital providers.

Whom should you contact?

Does your company meet the criteria and do you wish to attract venture capital to realize your growth plans? Simply take your business plan to ARKIV. ARKIV will examine and evaluate your business plan and will autonomously decide whether or not to invest ARKIMEDES funds in your company. ARKIV's have their own investment criteria dependent on investment focus, the composition of the investment portfolio and other factors.

The list of ARKIV's and further information may be found on www.arkimedes.be or www.pmv-kmo.be.

ParticipatieMaatschappij Vlaanderen, at the service of entrepreneurs

You can find more information on these and other interesting financing products for investors on the website www.pmv-kmo.be, the public financing guide for SMEs.

Other brochures on PMV-kmo products for entrepreneurs have been published. You may download these brochures from our website or simply request a printed copy.

PMV-kmo is a business unit of ParticipatieMaatschappij Vlaanderen (PMV), the investment company of the Flemish Region.

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