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RVC is a state fund of funds and a development institution in the Russian venture capital market, one of the key state instruments for building a national innovation system.

RVC’s mission is to create a mature venture capital market through the consolidation and development of resources, competencies and initiatives on the part of investors, investment portfolio managers and entrepreneurs so as to create and promote innovative products and technologies in priority technology areas, making Russia a leader in the global technology market.

RVC’s strategic goal is to become, by 2030, an important player in the international venture capital market comparable to European funds of funds in terms of its scope of operations, to support Russian entrepreneurs operating in priority technology areas, and to efficiently transform potential in various fields of science and technology into innovative technologies, products and services.

RVC’s key performance indicators as of the end of 2017

26 FUNDS operating as of 2017

35.28 RUB BILLION the total value of RVC-backed funds as of the end of 2017

221 PORTFOLIO COMPANIES approved for investment during RVC’s operation

18.1 RUB BILLION of approved investments into portfolio companies

≈5,000 EMPLOYEES work in project companies that have received investments from RVC-backed funds

671 PATENTS obtained by portfolio companies of RVC-backed funds as of the end of 2017

302 PORTFOLIO COMPANIES approved for investment during RVC’s operations as of the end of 2017 (taking into account exits projects)

USD 44.61 MILLION the export value of portfolio companies of RVC-backed funds in 2016

13 NEW PORTFOLIO COMPANIES were approved for investment by RVC-backed funds in 2017

46 EXITS as of the end 2017
Dear friends and colleagues,

We live in an age of wonders, a time of truly great changes. Advanced technologies are rapidly transforming the global economy: new markets are emerging, old ones are being modernized and companies are competing for demanding consumers by offering ever more sophisticated products.

These global trends also have a significant impact on Russia’s technological development. The commodity-based economy is currently being transformed into a “smart” economy. Coming to the fore are intellectual resources, which are essential for the development of high-tech industries and for the creation of new products. I believe that Russia has already the infrastructure needed for a qualitative technological breakthrough. Russian companies are ready to enter new markets and compete with global leaders. Our task is to provide comprehensive support for their efforts and to help them in developing new technological advances and putting together research teams.

While remaining an institution whose aim is the development of the venture capital market, RVC today has also has a broader mandate. We are the project office for the National Technology Initiative (NTI), and we have at our disposal a whole range of instruments aimed at the development of technology business and the digital economy in Russia. The NTI concept is focused on overcoming the various barriers—financial, technological, regulatory—that are faced while creating the segments that will underlie the new economy of the future: driverless vehicles, neurotechnologies, new sources of energy, biomedicine, artificial intelligence. RVC, together with other development institutions, has worked hard to reduce the number of such barriers, and this was one of our main activities last year.

At the same time, advanced technologies need not only ideas and solutions but also people with sufficient skills to bring such ideas and solutions to life, which is why we apply such great importance to education. In a variety of formats—from the ambitious and experimental NTI University to traditional programs involving comprehensive cooperation with universities—we continued to build a system for training future leaders of technological change. This part of business will remain one of RVC’s priorities in the future.

Finally, one of our key tasks remains the shaping of the national venture capital market, which is one of the most important sources of funding for leading technology companies worldwide. In 2017, RVC approved its development strategy to 2030, which establishes our new mission as the creation of a mature venture capital market in Russia. Acting as a fund of funds, RVC keeps on providing state support to private investors. At the same time, it is extremely important to use RVC investment effectively, so that the market become less dependent on the state and that new standards of quality and professionalism be introduced in the venture industry. RVC is not only a source of needed financial resources, but also an integrator of best market practices and a platform for the development of highly professional capable representatives of the venture industry.

All of RVC’s initiatives that were implemented in 2017 were in some way future-oriented, related to improving the systems and processes that are shaping the country’s economic and social development. Both the technology industry and the world in general are changing, and it is important to respond to such changes timely. Thus, we are not only shaping the present but also creating opportunities for the future. The idea of creating new opportunities is the keynote of RVC’s Annual Report 2017. I hope you will find it interesting.

Best regards,

Alexander Povalko
2017 marked an important milestone for RVC: a new strategy for the Company’s development to 2030 was approved, and strategic objectives and key lines of business were identified.

RVC’s mission is to develop a mature and stable venture capital market in Russia, since a successful venture market is necessary condition to realize the country’s potential in the areas of technology and innovation.

RVC, in partnership with other development institutions and state corporations, worked on the development of new instruments for venture investments in 2017. With the addition of four new funds last year, 26 funds have now been created operating with the total of RUB 35 billion of RVC-backed funds as of the end of 2017. Their investment focus fully corresponds with the state’s priorities, i.e. knowledge-intensive industries that need to be developed for the technological revitalization of the Russian economy. In 2017, there were also six new exits from portfolio companies in the RVC-backed funds.

Another important area covered in the new strategy is the integration of all RVC instruments with the goals and objectives of the National Technology Initiative (NTI). In 2017, two new NTI roadmaps were within this area in 2017, and 21 projects received state support. To overcome the significant barriers to technology development, NTI technology competitions were launched. In cooperation with the Agency for Strategic Initiatives, RVC founded Russia’s first NTI University 20.35, which will shape a new generation of professionals for global markets.

In 2017, RVC provided financial and administrative support for the implementation of two projects run by Russia’s Ministry of Economic Development: “Development of leading innovation clusters: in securing investments at the global level” and “Support for private high-tech leaders”. In particular, RVC facilitated administrative and analytical support for the projects.

To encourage interaction between representatives of the venture investment industry and the state, RVC and the Ministry of Economic Development set up a Venture Capital Market Council in 2017.

Promoting technology entrepreneurship and supporting medium-sized innovative businesses remain most important activities among RVC. In 2017, within the framework of GenerationS, Russia’s largest accelerator, RVC brought together entrepreneurs for the fifth time, this time from 237 cities and 13 countries representing 3,470 start-ups.

I believe that the implementation of these initiatives in 2017 will serve as the foundation for the successful implementation of RVC’s new strategy.

Best regards,
Oleg Fomichev
In 2017, the Russian venture capital market showed positive growth for the first time over the five past years: the significant outflow of funds from the market stopped, and the number of new funds continued to increase. The total capital volume of existing venture capital market also grew.

**Funds**

In 2017, a number of new players entered the market: 22 new venture capital market funds were created, four of which involved the participation of state-owned funds. At the same time, the significant outflow of existing funds from the market stopped. From 2013, 17 funds disappeared from the market every year, on average, while only five funds left the market in 2017. In addition, the total number of venture capital market funds increased by 10% in 2017 to 194 funds.

A positive change could also be seen in the funds’ capital volume. After experiencing a continuous drop from 2013, the venture capital market funds were created, four of which focus on investments in the real sector of the economy or have mixed industry preferences. Private venture funds, on the contrary, prefer information and communication technologies. The majority of new venture capital funds operating in the market created by state corporations are expected to begin operating and investing in small, innovative companies in 2018.

22 NEW VENTURE CAPITAL MARKET FUNDS entered the market in 2017

The state remains an active player in the venture capital market, accounting for 28% of the total number of the active funds. At the same time, the capital share of venture capital market with state participation in the total number of funds has gradually decreased since 2013.

Venture funds with state capital remain the dominant source of venture capital market for start-ups outside the information and communication technology sector: 95% of these funds focus on investments in the real sector of the economy or have mixed industry preferences. Private venture funds, on the contrary, prefer information and communication technologies. The majority of new venture capital funds operating in the market (over 80%) are also interested in the information and communication technology sector and mixed industries.

The number of corporate venture capital funds, as well as their total capitalization, has not changed significantly over the past five years. However, special divisions and venture capital market created by state corporations are expected to begin operating and investing in small, innovative companies in 2018.

**INVESTMENTS**

The average amount of investment has stabilized and ranges from 0.6 to 0.8 USD million.

The situation in the venture capital market has changed significantly since 2013 due to capital outflow and revised investment strategies on the part of funds. Caution on the part of investors could be seen in both their preference for more mature companies and in their average investment: whereas funds invested an average of USD 2.7 million and USD 1.5 million in 2012 and 2013, respectively, this figure had decreased to USD 600,000-800,000 by 2016-2017.

Investors’ search for new growth points also became common. In 2017, the information and communication technology sector, the traditional leader in terms of investors’ industry preferences, significantly weakened: its share in the total amount of investment decreased by 21% comparing to 2016, and reached 85%. In second place was the industrial technology sector, with the share of 22% of the investment volume. Investments in biotechnology accounted for 7% of the total investment amount.

Key Indicators in the Russian Venture capital market

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<tr>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Active VC Funds</td>
<td></td>
<td></td>
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<tr>
<td>Volume of VC funds, USD mln</td>
<td>3,834</td>
<td>3,781</td>
<td>4,071</td>
</tr>
<tr>
<td>Number of VC funds</td>
<td>183</td>
<td>177</td>
<td>194</td>
</tr>
<tr>
<td>VC funds’ industry preferences, %</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Information and communication technologies</td>
<td>51.4</td>
<td>53.4</td>
<td>53.4</td>
</tr>
<tr>
<td>Mixed</td>
<td>23.9</td>
<td>33.5</td>
<td>33.5</td>
</tr>
<tr>
<td>Real</td>
<td>14.8</td>
<td>13.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Volume of VC funds by fund type, %</td>
<td></td>
<td></td>
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<td>Volume of VC funds with government-share</td>
<td>28</td>
<td>24</td>
<td>22</td>
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<tr>
<td>Volume of private VC funds</td>
<td>72</td>
<td>76</td>
<td>78</td>
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<tr>
<td>Volume of corporate VC funds</td>
<td>11</td>
<td>11</td>
<td>13</td>
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<tr>
<td>Volume of seed VC funds</td>
<td>11</td>
<td>11</td>
<td>11</td>
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<tr>
<td>Distribution of VC investments by sector, %</td>
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<tr>
<td>Information and communication technologies</td>
<td>77</td>
<td>77</td>
<td>58</td>
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<td>Biotechnologies</td>
<td>15</td>
<td>9</td>
<td>7</td>
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<tr>
<td>Industrial technologies</td>
<td>5</td>
<td>8</td>
<td>22</td>
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<tr>
<td>Other</td>
<td>3</td>
<td>6</td>
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In total in 2017, venture capital funds invested USD 125 million in 178 companies, compared to USD 125 million in 204 companies the year before.

There were 22 exits in 2017, down from 50 the year before. The decrease in the number of exits was the result of work carried out by a number of funds with state participation. The largest number of exits was seen in companies operating in the information and telecommunication sector. The most popular method for exit is selling to a strategic investor.
DEVELOPMENT OUTLOOK

Ministry of Economic Development of Russia, in cooperation with RVC, is currently working on a venture capital market development strategy that is to be submitted to the Government of the Russian Federation by the end of 2018. The vision for the strategy was largely the result of the dialogue that took place among 250 experts and investors invited by RVC to take part in the annual forum Ecosystem of Innovations.

The more than 250 experts and investors invited to the dialogue by RVC formed a vision of a venture capital market strategy that was presented to the Ministry of Economic Development.

Key trends in 2017 included the engagement of corporations in the venture industry, increased interest to the international markets and the emergence of opportunities to secure investments from institutional investors.

The strategy’s objectives include ensuring the availability of venture financing and expanding the selection of venture support instruments. The strategy will comprise the three areas described below.

Shaping the Stable Venture Capital Market Institutions

Objectives:

- improved information transparency;
- improved regulatory framework to make Russia more attractive for investment;
- establishment of regulations for new investment mechanisms (ICOs, crowdfunding).

This should result in open access to information about key players and market indicators and an increase in the number of small, innovative companies in Russia and in the volume of venture support for start-ups, including due to new investment mechanisms.

Increased Availability of Venture Capital Market

Objectives:

- removal of restrictions on venture investments for institutional investors;
- creation of conditions to include corporations in the venture industry, and incentivising the creation of funds for projects at stages A and B.

Annual investments as a percentage of GDP are expected to be comparable to those of European countries. In addition, a significant percentage of venture investments with private pension funds is expected, and the percentage of investments with foreign capital is also expected to increase.

Tech Entrepreneurship Development

Objectives:

- promotion of venture support instruments on an industry basis;
- improvement of acceleration instruments;
- support of regional programs.

An important focal point will be the development of exit mechanisms: pre-IPO, exchange markets and the engagement of corporations.

Expected Results of Strategy Implementation:

- emergence of new technology entrepreneurs;
- increase in the volume of investments in priority areas by up to 50% of the total amount of venture investments;
- increase in the number of successful IPO start-ups;
- partnership with small technology businesses as an important source of innovations for corporations.

The inclusion of large business in the venture ecosystem will create not only exit opportunities for start-ups but also competition for private venture funds.

Private pension funds can become a new source of capital in the venture capital market. The removal of barriers and the development of mechanisms for using venture instruments by private pension funds will secure additional revenue while maintaining an acceptable level of risk.
ACTIVITIES OF THE NTI PROJECT OFFICE

22  FINANCIAL SUPPORT FOR NTI PROJECTS
24  DEVELOPMENT OF NTI ROADMAPS
25  KEY PROJECTS
33  IMPROVEMENT OF THE NTI’S REGULATIONS
33  WORK WITH NTI REGIONS
The National Technology Initiative (NTI) is a comprehensive long-term program aimed at the creation of fundamentally new markets and the creation of conditions for Russia to become a global technology leader by 2035. Implementation of the NTI is one of the priorities of Russia’s state policy.

The Russian Venture Company (RVC) was authorized to perform the function of the NTI Project Office by Decree No. 317 of the Government of the Russian Federation of April 18, 2016, on Implementation of the National Technology Initiative.

RVC carries out project management, provides organizational, technical, expert and analytical support, and also provides information and finance for the development and implementation of NTI roadmaps and projects.

NTI roadmaps, including measures for the development and promotion of advanced technologies, products and services, are the key instrument for the creation of new global markets in the long term.

NTI Management System

INTERDEPARTMENTAL WORKING GROUP

RVC JSC subsidiary funds

Support

Banks and companies with state participation

Venture capital funds

NTI service operators and development institutions

NTI Expert Council

NTI Project Committee

Public authorities

NTI University

NTI Foundation

Working groups

Lawmaking Working Group

NTI infrastructure centers

Performance Results of the NTI Project Office in 2017:

- Roadmaps for the NTI TechNet and Club Movement were approved;
- 21 NTI projects were approved by the Interdepartmental Working Group Under the Presidium of the Council for Economic Modernization and Innovative Development of Russia (IWG);
- Roadmaps for NTI implementation were developed in seven regions of Russia;
- Seven working groups were set up to improve legislation and remove administrative barriers, and seven normative roadmaps were submitted for approval;
- NTI University 20.35 was established;
- Six NTI centers of excellence based at universities and scientific organizations were selected;
- NTI technology contests were launched by RVC, the Skolkovo Foundation and the Agency for Strategic Initiatives (ASI);
- NTI Contest: the annual high school student team tech competitions for the 2017-18 academic year was launched in partnership with leading Russian universities;
- Cybathletics competitions were supported in cooperation with Russia’s Ministry of Industry and Trade;
- RVC became a general partner for Russia’s first Goldberg Cup.
- NTI projects were presented to Russian President Vladimir Putin at the Innoprom 2017 international trade fair.

It’s worth noting that the project office is now supporting more in-depth expert evaluations of NTI projects. As a result of this work, projects are more mature than they were two or three years ago. In 2017, RVC carried out a great deal of work that, while not immediately visible, ensured the uninterrupted financing of NTI projects. RVC is performing its functions as the NTI project office in an efficient and effective manner. One of the most important results of this activity was the establishment of three venture capital market with Skolkovo.

A development strategy was adopted that takes into account the numerous difficulties we faced in previous years.

Dmitry Peskov,
Director of the Young Professionals division of ASI
FINANCIAL SUPPORT FOR NTI PROJECTS

RVC supports selection and implementation of NTI projects and develops a system for their life-cycle management. Priority is given to platform projects that develop their own ecosystem and promote the creation of new market niches, to start-ups and innovative business projects by reputable companies capable of forming global products for a global market and to execute pilot projects that comply with NTI’s roadmaps.

In 2017, 21 NTI projects with financing of RUB 6.3 billion to be allocated over five years were approved for implementation. As of December 2017, the total portfolio of NTI projects included 32 projects with financing of RUB 8.7 billion to be allocated by 2021.

21 NTI PROJECTS
were approved for implementation in 2017

6.3 RUB BILLION
to be allocated for financing approved projects over five years of this amount

3.5 RUB BILLION
was allocated for project support in 2017

32 PROJECTS
in the NTI’s total portfolio as of December 31, 2017

8.7 RUB BILLION
financing for all projects in the portfolio by 2021

A second NTI Development competition based on the technological barriers outlined in five NTI roadmaps was held in cooperation with the Foundation for Promoting Innovation.

- In 2017, 745 bids worth a total of RUB 13 billion were received.
- Based on the results of the second competition, 130 bids worth a total of RUB 2 billion were supported.

21 NTI Projects Approved by the IWG for State Support in 2017

<table>
<thead>
<tr>
<th>Project Roadmap</th>
<th>Purpose of the project</th>
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<tbody>
<tr>
<td>Roborized passenger transportation AutoNet</td>
<td>Creation of technologies for unmanned passenger transport</td>
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<tr>
<td>Engineering tenders and competitions ManNet</td>
<td>Development of a system for educational and competitive programs for the creation of innovative solutions in the shipbuilding industry</td>
</tr>
<tr>
<td>MPRE-2D (Multipurpose Hardware Software Complex) ManNet</td>
<td>Development of a 3D system for geophysical mapping of the seabed</td>
</tr>
<tr>
<td>Digital model of the Republic of Tatarstan AeroNet</td>
<td>Development and pilot implementation of a cloud-based 4D geoinformation platform in the Republic of Tatarstan</td>
</tr>
<tr>
<td>Mentoring at Kvantorium technoparks Club Movement</td>
<td>Creation of an innovative educational space for children interested in technical and natural sciences based at Kvantorium children’s technoparks</td>
</tr>
<tr>
<td>Remote monitoring of certain chronic non-communicable diseases HealthNet</td>
<td>Introduction of remote medical services for supervision of chronic patients using personal telemedicine devices and artificial intelligence systems</td>
</tr>
<tr>
<td>Model for an unmanned aircraft capable of performing long-duration and long-distance flights</td>
<td>AeroNet</td>
</tr>
<tr>
<td>Universal unmanned platform with a high cargo-carrying capacity</td>
<td>AeroNet</td>
</tr>
<tr>
<td>NTI University 20.25 Club Movement</td>
<td>Design and approval of the NTI University model</td>
</tr>
<tr>
<td>NTI Contest Club Movement</td>
<td>Holding the 2017-2018 NTI National Engineering Competition for schoolchildren</td>
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<td>NTI Venture Fund Total portfolio</td>
<td>Venture support for the growth of NTI companies</td>
</tr>
<tr>
<td>Living Breath HealthNet</td>
<td>Creation of a medical and technological platform for personal treatment and health management</td>
</tr>
<tr>
<td>Economic neurobarometer NeuroNet</td>
<td>Development and organization of production of mini neuromarketing laboratories</td>
</tr>
<tr>
<td>NeuroCar NeuroNet</td>
<td>Creation of machine hearing algorithms for artificial intelligence</td>
</tr>
<tr>
<td>IskN Architecture EnergyNet</td>
<td>Creation of a network for the exchange of electrical power and the development of software and hardware for modeling options for energy systems management</td>
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<tr>
<td>HealBe HealthNet</td>
<td>Development of a portable device for weight control</td>
</tr>
<tr>
<td>EXODATLET BAMBINI NeuroNet</td>
<td>Development of a new method for neurorehabilitation using an exoskeleton for small patients, including children and teenagers</td>
</tr>
<tr>
<td>Energy Content EnergyNet</td>
<td>Creation of a solid state storage power plant to reduce energy rates</td>
</tr>
<tr>
<td>ATOM Small telecommunications space satellite platform AeroNet</td>
<td>Development of a small telecommunications space satellite platform to support the operation of multipurpose communication satellites</td>
</tr>
<tr>
<td>Sevastopolenergo Digital Regional Electricity Grid EnergyNet</td>
<td>Creation of a modern business model and standards for the operation of a network energy company based on a new technological model</td>
</tr>
<tr>
<td>Driver Activity Support System NeuroNet</td>
<td>Creation of a comprehensive system of transport safety controlled by artificial intelligence to prevent accidents due to loss of concentration by drivers or by violations of traffic rules</td>
</tr>
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</table>
DEVELOPMENT OF NTI ROADMAPS

NTI roadmaps outline the conditions necessary for the creation and development of technologies, products and services that will enable Russian companies to take priority positions in new markets. In 2017, two new roadmaps were approved: TechNet and Club Movement. In total, eight NTI roadmaps had been approved by the end of 2017.

TechNet
Introduction of advanced manufacturing technologies and the creation of “Factories of the Future”.

The modern economy has established new requirements for industrial production: it is becoming increasingly technology-based all the time. Enterprises using digital solutions for their system of business management are more efficient. In 2017, the NTIs TechNet roadmap was approved, which calls for the development of advanced manufacturing technologies.

The TechNet roadmap provides for the creation of infrastructure for the development of so-called Factories of the Future, supported by modern technologies (information enterprise management systems, robots, additive technologies, etc.). Factories of the Future will ensure the ultra-fast design and production of new-generation products that are competitive on a global basis.

The introduction of new technologies will accelerate the manufacturing process, improve its economic viability and reduce dependence on imports in various areas of Russian industry.

Factories of the Future will ensure the ultra-fast design and production of new-generation products that are competitive on a global basis.

Club Movement
Creation of an environment of opportunities for gifted individuals that will promote the establishment of research teams and the development of new businesses.

The Club Movement unites technological enthusiasts (creators) interested in research, innovation and independent production. This movement promotes a creator culture as a production model that will ensure access on the part of inventors/manufacturers to consumers without the mediation of industrial enterprises or public institutions.

The Club Movement will provide companies operating in new technological markets with personnel and technologies and will strengthen emerging associations of technological enthusiasts in the country, first of all among the young. Young creators will be able to master professions of the future, such as data processing specialist, neurointerface designer, marine infrastructure system engineer, precision agriculture management specialist or automated transport system operator.

At the same time, due to the digital management system employed, members of the association will be able to build their own development pathways and select fields for their education. Schoolchildren at resource centers will have at their disposal equipment needed for the implementation of technological projects, and experts will share their knowledge with them. It is expected that, by 2025, the Club Movement will bring together some 500,000 members, including schoolchildren, project leaders, moderators, consultants and trainers.

In 2017, RVC supported measures aimed at updating two other roadmaps – AeroNet and NeuroNet – by engaging experts and ASI, while also taking part in a broad expert discussion of six new roadmaps: FoodNet, SafeNet, FashionNet, FinNet, CapitalNet and FinNet.

KEY PROJECTS

In 2017, RVC continued to implement projects to involve talented young people in innovative activities, including in the area of the NTI. The following educational projects were implemented as part of the Club Movement roadmap: the NTI Contest, NTI University 20.35 and Mentoring Based at Kvantomir Children’s Technoparks. In addition, seven competitions in the Umnik-NTI program were held in cooperation with the Innovation Promotion Foundation.

NTI Contest
The NTI Contest is a unique type of engineering competition for schoolchildren aimed at identifying and developing talented children who are capable of carrying out complex interdisciplinary tasks.

In 2017, RVC and ASI were the official organizers of the NTI Contest. Competitions are held among senior schoolchildren in fields corresponding to the NTIs industrial priorities under conditions that are as close as possible to reality: teams complete development projects under tight deadlines using modern technologies from 3D modeling to computer-aided learning, and they have to present a working program or a product as the result. The winners and runners-up of the NTI Contest can enter participating universities without taking entrance exams or get additional credit upon entering university.

The 2016-2017 NTI Contest was held in three stages in partnership with Russia’s leading universities. More than 12,000 Russian schoolchildren, who had to undertake tasks remotely, took part in the first distance qualification stage. The tasks in the second stage were more difficult, involving both engineering and construction. The on-site final at the Sirius Educational Center was held in the form of team engineering competitions with an individual theoretical part, where the participants had to demonstrate the results of their engineering development in an area of advanced technology. The tasks for the participants were developed by NTI Contest partners, including Russnano, R-Pharm and other Russian corporations.

Some 360 schoolchildren from 85 regions took part in the final stage of the NTI Contest in 12 different fields. Of these, there were a total of 49 prize winners, including 17 first-place winners. On a regional basis, Moscow, Kazan and Nizhny Novgorod enjoyed the most success, with participants from Ufa, Kursk, Yoshkar-Ola, Kaliningrad, Krasnoyarsk, Rostov-on-Don and Tyumen also performing well.

As part of an internship program, the finalists from the first NTI Contest and the Heads of Centers for Youth Innovation Creativity familiarized themselves with the infrastructure of Fab Labs and MakerSpaces of Tel-Avi, and the finalists from the NTI Contest took part in practical training on robotics and molding.

2016-2017 Contest Finals:

360
SCHOOLCHILDREN
from 85 regions

12
FIELDS

49
PRIZE WINNERS,
including 17 first-place winners

The Contest is becoming more and more popular: in 2017-2018, the number of bids more than doubled compared to the previous year, from 7,900 to 20,036.
So as not to slow down, but to accelerate during the next ten to fifteen years, NTI is laying the foundation for working with talented young people, developing the Club Movement roadmap since 2015. Our key task is to establish an association of talented, technology-focused schoolchildren and students, to create an environment where children will be able to demonstrate their abilities and fulfill their potential. The most difficult thing is not to get children to take part in a technology competition once, but to establish a development pattern for them: children’s technopark—summer school—NTI Contest—NTI University. Our resources are sufficient to support an association of tens of thousands of schoolchildren with similar experiences and dreams, and the target of the roadmap is to create an association that includes up to 500,000 talented young people by 2025. We have already achieved serious results: In 2017-18, the third NTI Contest was held, a team engineering competition for schoolchildren from eighth to eleventh grades in 17 fields corresponding to the NTI’s key areas of activity. Since 2016, the NTI Contest has been on the List of Competitions for Schoolchildren. Winners in nine fields will receive perfect state examination scores to enter universities in 2018-19. In other fields, leading universities take individual achievements into account in portfolios. More than 37,000 people have taken part in the Competition during the three years that it has been held. We have great plans for 2018: the launch of a national network of project placements for young engineers called Practical Training of the Future, the national WORK festival for technology enthusiasts and the creation of the Talent digital platform, which will allow schoolchildren from groups with a shared login to use all services for group members and to create a digital portfolio that they can use for acceptance into University 20.35. The Mentor Academy, a joint project run by Skolkovo Open University and the Circle Movement, has been providing mentoring since 2017 to help schoolchildren with their technology projects. Some 12,000 mentors have taken part in the project, which has involved five mentoring sessions in Skolkovo, Sochi, Tatarstan and Yekaterinburg, as well as two more online courses.

Dmitry Zemtsov, co-director of the NTI Club Movement, Pro-rector for Development at Far Eastern Federal University.

NTI University 20.35

NTI University 20.35 is Russia’s first university for professional development in the digital economy.

In November 2017, ASI and RVC presented a concept for NTI University 20.35. The university will focus on training company leaders, NTI participants and specialists operating in new global markets. All the educational modules that a student requires can be taken at different educational institutions offering the best courses, which will make the university a really network-based project. Each student’s program will be developed by selecting the optimal courses based on the student’s abilities.

NTI University 20.35 will offer both full-time and correspondence studies, and graduates will be awarded a digital competency profile that reflects their achievements instead of diplomas.

Priority areas of activity:

- training of technological leaders, members of NTI project teams;
- training of leaders and teams to solve problems related to the digital economy;
- preparation of new types of activity for which there are currently no educational standards.

The following leading Russian universities are taking part in NTI University 20.35: ITMO, Peter the Great St. Petersburg Polytechnic University, MIPT, Novosibirsk State University, Tomsk State University, Far Eastern Federal University, the Federal Agency for Scientific Organizations and commercial companies.

NTI University 20.35 will focus on training company leaders, NTI participants and specialists operating in new global markets.

| 75,000 | EMPLOYEES | NTI companies will need by 2025 |
| >3,000 | STUDENTS | study at university every year |
| 6.6 | RUB BILLION | planned to be allocated to support NTI University by the end of 2020 |
NTI Technological Competitions

NTI technological competitions are a form of open engineering competitions that is new to Russia, where teams have to find breakthrough solutions to the most complex technological tasks on a global scale.

In 2017, RVC, the Skolkovo Foundation and ASi announced the launch of NTI technological competitions aimed at removing technological barriers preventing the emergence of new products in prospective NTI markets. The competitions were developed in accordance with best practices for global technological competitions: XPrize, Darpa Grand Challenge, etc. The winner receives a large cash prize for the presentation of an operational device, i.e., a solution to the competition task, that is easy for the expert jury and general public to understand and that is easily reproducible. The prize fund for each competition amounts to RUB 200 million.

There are plans to hold at least six technological competitions by 2020, and the topics for three of them have been already determined: “Winter City” (to develop a driverless car adapted for movement during the winter season); “First Element – Earth” (the creation of hydrogen fuel cells for ground transport); and “First Element – Air” (the creation of hydrogen fuel cells for unmanned aircraft). In addition, the regulations and legal basis for the competitions are being developed.

A conference on NTI technology courses was attended by more than 150 experts, potential participants, visionaries, representatives of universities and corporations interested in participation in the technological competitions and development of the project.

NTI Technological Competitions: “First Element – Earth” and “First Element – Air”

Mission

The removal by Russian developers and equipment manufacturers of global technological barriers in the field of hydrogen fuel cells, which will allow high-tech companies from Russia to become leaders in this field in the global market in the future.

Purpose

The development of an efficient alternative to traditional fuel for various means of transport.

Task

To develop and demonstrate the operation of energy plants based on hydrogen fuel cells for small unmanned aircraft and for ground transport with technical parameters that are better than those of similar innovations elsewhere in the global market.

“Winter City” NTI Technology Competition

Mission

The removal of global technological barriers in the operation of autonomous vehicles in unfavorable weather conditions

Purpose

Development of technologies for safe automatic driving of unmanned ground vehicles under Russian climatic and road conditions.

Task

To develop software and hardware (high-capacity sensors, on-board computers, driving mechanisms) to operate driverless vehicles during winter and at different times of the day considering the possible lack of road markings and low visibility on the roadway, with the achievement of a level of driving safety comparable to the level of the average driver.
NTI Centers of Excellence

The NTI centers of excellence integrate the capabilities of universities, scientific organizations and business to promote comprehensive research and to develop high-tech products for new markets.

The purpose of the program to support NTI centers of excellence is to develop a network of engineering educational consortiums based on Russian universities and scientific organizations to develop innovative solutions in the area of cross-cutting technologies: key areas of scientific, technical and innovative activity approved by the IWG. The centers are being established in partnership with the Russian and foreign entities involved in determining the research tasks.

In 2017, RVC developed a concept for creating and supporting the centers and prepared proposals on regulatory procedures for the provision of grants. Subsequently, Decree No. 1251 of the Government of the Russian Federation of October 16, 2017, made RVC the NTI Project Office and tasked it with the competitive selection of the centers, as well as supporting and monitoring their activity.

In 2017, the competition committee set up by the Ministry of Education and Science of the Russian Federation identified the first recipients of state grants to support NTI centers of excellence. The funds will be allocated for comprehensive scientific research and experimental designs, the important condition being the implementation of these projects in cooperation with leading organizations in the corresponding markets. Consortium participants are engaged in the centers’ activities by, for example, determining which projects and areas of activity have commercial prospects.

Seventy bids were received for participation in the first competitive selection for the development of centers in 10 cross-cutting technologies, and there were more than 570 total consortium participants in the bids, with about 2/3 of them representing business, including such companies as ABBYY, SberTech, Yandex, Intel Technology and the Speech Technology Center, among others. In 2017, grants were given to six organizations, with RUB 7.8 billion to be allocated for state support for NTI centers of excellence.

Results of the First Competitive Selection for the Establishment of NTI Centers of Excellence:

- 70 BIDS in 10 cross-cutting technologies
- >570 CONSORTIUM PARTICIPANTS
- 2/3 OF THE PARTICIPANTS represent business
- 6 ORGANIZATIONS received grants
- 7.8 RUB BILLION is to be allocated for state support for NTI centers of excellence by 2020

NTI centers of excellence that received grants in 2017:
- The National Technology Initiative Center for Artificial Intelligence at MIPT;
- The Center for Quantum Technologies at the Lomonosov Moscow State University;
- The Center of Excellence for Technologies for New and Mobile Energy Sources at the Russian Academy of Sciences Institute for Problems in Chemical Physics;
- The NTI New Production Technologies Center at the Institute of Advanced Production Technologies at the Peter the Great St. Petersburg Polytechnic University (SPbPU);
- The Center for Technologies for the Management of Biological Facilities at the Russian Academy of Sciences Shemyakin-Ovchinnikov Institute of Bioorganic Chemistry;
- The NTI Center in the Field of Neurotechnologies, Virtual and Augmented Reality at the FEDU.
The need to eliminate the gap between science, education and industry has been frequently discussed in recent years. Various theoretical models have been offered as a solution: the Triple Helix, University 4.0, etc. The establishment of NTI centers of excellence at universities allows us to take an extremely important practical step in this direction, and this is promoted by a number of system-forming differences characteristic of NTI centers: consolidation of universities, high-tech corporations and companies, small and medium-sized enterprises at the level of national champions into a single consortium, implementation of joint scientific and technical projects concentrated on global markets of the future, the focus of educational programs on training leaders in the area of cross-cutting technologies. Thus, NTI centers might become a bridge over the valley where projects die, establishing the missing link between all participants in the chain from the development to the release of advanced technologies in the global market.

Alexey Borovkov, Pro-rector for Prospective Projects, SPbPU

IMPROVEMENT OF THE NTI’S REGULATIONS

In 2017, amendments were made to legislative initiatives to eliminate administrative barriers preventing the efficient implementation of roadmaps.

In cooperation with state authorities, NTI working groups developed seven regulatory roadmaps providing for the improvement of laws and the removal of administrative barriers in NTI markets: AutoNet, AeroNet, MariNet, NeuroNet, TechNet, HealthNet and EnergyNet.

On December 31, 2017, a draft regulation on approval of the AutoNet roadmap was submitted to the Government of the Russian Federation, and draft regulations on approval of the other regulatory roadmaps were submitted in February 2018.

In April 2018, action plans for AeroNet, AutoNet, NeuroNet, MariNet and TechNet were approved.

WORK WITH NTI REGIONS

In 2017, RVC and ASI, in cooperation with regional administrations, promoted the NTI agenda at the level of the Russian Federation's constituent entities. For example, a number of development institutions and regional authorities developed their own NTI roadmaps. In addition, the regional agenda included the implementation of the digital economy in the Russian Federation's state program.

During the reporting year, strategic sessions were held in 14 regions of Russia, which was a breakthrough in terms of promoting NTI tasks within the country; just two years earlier, most NTI projects and members were concentrated in Moscow and St. Petersburg. Following the results of these strategic sessions last year, however, six roadmaps were developed for the implementation of NTI projects in the Kaluga Region, the Krasnoyarsk Territory, the Republic of Tatarstan and the Tomsk, Ulyanovsk and Chelyabinsk Regions.

The NTIs regional policy focuses primarily on identifying proper pilot areas in various constituent entities of the Russian Federation to test scenarios for the application of the NTIs most promising products and services. In 2017, these pilot areas included the Skolkovo Innovation Center and the Novgorod Region. Solutions covered by the AeroNet, HealthNet, NeuroNet and EnergyNet markets were among the initial pilot projects in the Novgorod Region.
NTI Pilot Projects Implemented in the Novgorod Region

1. Typical Region Digital Model (AeroNet)

Unmanned aerial photographic equipment, photogrammetric software and software for the visualization and analysis of aerial photography data.

2. SleepAlert Driver Activity Support System (NeuroNet)

A neurointerface to monitor a driver’s awareness while driving.

3. Young Neuromodel Designer Neuromodeling Set (NeuroNet)

An educational construction set for the study of human bioneurosignals (muscle activity, pulse, skin resistance and brain activity).

4. Remote Monitoring of Chronic Non-communicable Diseases (HealthNet)

A combination of personal telemedicine devices, medical decision support systems and a data analysis service for continuous supervision, monitoring and remote notification of the relevant physician about a patient’s condition, as well as the remote prescription of medications by a physician.

5. Digital Regional Electricity Grid (EnergyNet)

A scalable business model fora network company that surpasses similar companies in the United States, Europe and Asia by at least 25% in terms of aggregate technical and economic indicators.

6. UAS Training Construction Set (AeroNet)

A module construction set for an unmanned aviation system, educational stands and a training methodology for teaching at schools, colleges, Centers for Youth Innovation Creativity and centers for children’s continuing education.

The Novgorod Region, besides its beneficial geographic location, has developed telecommunications infrastructure that includes federal communication channels, a regional fiber-optic network, practically full coverage of Veliky Novgorod with high-speed Internet and the presence of a regional university with well-developed information and communication technologies. Training personnel for the digital economy is of particular importance for us. Talent and knowledge are formed early, while studying at school. Early professional orientation and mastering basic skills in the NTI’s cross-cutting digital technologies is being supported by the development of a technical network at Kvantorium in Novgorod that about 1,500 children are currently taking part in. The opening of a new digital school in Veliky Novgorod in 2017 was a success. Most of its working processes are based on information systems. The children can work on high-tech equipment in new school laboratories based on the Internet of Things, aeronet, neuronet, robototechnics, geoinformatics. The whole education process is focused on the development of skills in children that will be in demand in new technological markets. In 2017, our task was to lay the foundation for movement towards the digital economy. To promote the efficiency of NTI projects and of our digital economy program, we set up Russia’s first piloting factory for NTI projects on the basis of our university. Companies from various regions were able to test their technologies. In many cases, reference is made to products and services that significantly improved quality of life and the ease of conducting business. These are not just nice words: 12 projects have been tested at the piloting factory in less than a year. The first large project was the development, using unmanned aerial photography, of a 3D digital model of Veliky Novgorod in two districts of the region. Use of this accurate model significantly improves the quality and speed of land control, monitoring of the environmental situation, forests, natural resources; and creates the basis for tourism development. This enables us to receive economic benefits, such as an increase in our tax base of 10% by establishing order throughout the entire territory. A pilot project for dispatching energy resources demonstrated that expenses for communal services can be reduced by 15%. At the moment, we are planning to share this successful experience with all state institutions. Our work has attracted the attention of an increasing number of IT companies in the Novgorod Region, hoping to quickly test their products in the real economy, under the favorable production conditions of the piloting factory and without bureaucratic barriers. This year, we are planning to launch another 20 new projects to solve urgent problems in healthcare, education, communal services and safety.

Andrey Nikitin, Governor of the Novgorod Region.
Cybathletics

In 2017, Moscow hosted the Russian Cybathletics Championship, a competition for disabled individuals, who use various technologies to perform household operations. The event was organized by the Ministry of Industry and Trade of the Russian Federation, RVC, ASI and the Skolkovo Foundation.

Cybathletics is a Russian follow-up to the Cybathlon international competition. Participants move along a course while using technologies to perform household operations. The course for cybathletes includes elements that simulate tasks faced by disabled individuals in their everyday lives. Starting this year, the course will include a new element, i.e., a computerized race controlled by brain signals.

Eighty participants from 37 cities and 20 regions of Russia took part in the competition. Fifteen teams and participants from Moscow and the Moscow Region, St. Petersburg, Kaliningrad, Novosibirsk and Kemerovo were selected as the winners or runners-up in such disciplines as Tibial Prosthesis, Hip Prosthesis, Arm Prosthesis, Electric Wheelchairs and Neurorace.

Russia’s first Cybathletics was held in Moscow on June 15, 2017, within the framework of the Integration 2017 exhibition. Twenty-three people from seven regions of Russia took part in the competition. There is a similar worldwide competition called Cybathlon, an international competition for people using high-tech assistance devices. The competition was held for the first time in Zurich in 2016. The Russian team was represented by five teams at Cybathlon, with support from RVC, ASI and Skolkovo.

The competition in Russia was initiated by a graduate of the GenerationS startup accelerator of Motorika, a company that is developing upper limb prostheses.

Goldberg Cup

In 2017, RVC acted as the general partner for the Goldberg Cup, Russia’s first competitions for the development of Goldberg machines. The competitions among student teams were held within the framework of the World Festival of Youth and Students. A Goldberg machine is a composite construction made from ordinary materials that are used in an unusual manner. They are built in such a way as to create a chain of actions on the basis of the domino effect so as to perform a simple task, e.g., switching on a lamp or launching a firecracker. Each action follows the previous one in the chain without stopping; their diversity and spectacular finales depend solely on the engineer’s imagination.

Eleven teams from six Russian regions were finalists in the 2017 Goldberg Cup. Their unusual mechanisms comprised not only an engineering design and a set of components, but also a project on a particular theme. The winners received a prize of RUB 50,000 and a trip to the Fab14 International Conference in France in 2018. This forum brings together over a thousand participants every year from various countries who share their experience, develop cooperation and establish associations at the local and global levels on digital production, innovation and technologies.
According to the Company’s new strategy approved in 2017, RVC’s mission is to shape a mature venture capital market through the consolidation and development of resources, competencies and initiatives on the part of investors, investment portfolio managers and entrepreneurs so as to develop and promote innovative products and technologies in priority technology areas that support Russia’s leading position in the global technology market.

RVC carries out its investment activity by creating funds based on public-private partnerships, paying particular attention to knowledge-based sectors with a lack of private capital, which are important for the balanced development of innovation in Russia.

RVC implements best global practices in fund management and provides consultations to market players. In this regard, the Company takes part in developing concepts for funds, establishes procedures for selecting their management teams and provides methodological and expert support for funds’ operations.

RESULTS OF RVC INVESTMENT ACTIVITY IN 2017

RVC’s investment activity is aimed at expanding the venture capital market by setting up of new funds in cooperation with a variety of partners: private, institutional and foreign investors, as well as large corporations.

As of today, 26 backed funds operating as of the end 2017 (including two funds in foreign jurisdictions). In 2017, 4 new funds were established with a total capitalization of RUB 6.63 billion: special-purpose funds created jointly with the Skolkovo Foundation in the form of investment partnership agreements, including the Venture Fund of Skolkovo – IT I, the Venture Fund of Skolkovo – Industrial I, the Venture Fund of Skolkovo – Agro-technological I and the Tomsk State University Seed Fund.

RVC today...

In addition, RVC laid the foundation during the year for the further implementation of its investment policy. In cooperation with the Far East Development Fund and RUSNANO, RVC created a special-purpose fund (the Far Eastern IF, the Venture Fund of Skolkovo – Industrial I, the Venture Fund of Skolkovo – Agro-technological I and the Tomsk State University Seed Fund).

Venture Fund of Skolkovo – IT I

Venture Fund of Skolkovo – IT I, managed by Skolkovo Ventures (Skolkovo – Venture Investments LLC), was set up on June 5, 2017, in the form of an investment partnership. The fund is co-managed by Tech Capital, one of the leaders of the Russian market for early-stage investments in IT companies. During the fund’s first closure, RVC acted as an anchor investor.

The fund invests in IT start-ups at the venture and growth stages, focusing on financial technologies, the Internet of things (IoT), artificial intelligence (AI), virtual and augmented reality (AR/VR), Big Data, cybersecurity and other areas.

Main parameters:

- target volume: up to RUB 3 billion (declared capital of RUB 2.2 billion);
- RVC’s share: RUB 1.5 billion;
- investment period: 4 years;
- volume of investment in one project: up to 10% of the fund.

Mandate:

- to invest in companies engaged in the commercialization of developments by Skolkovo residents;
- to invest in companies that meet the goals, areas, indicators and/or important benchmark results of National Technology Initiative (NTI) roadmaps.

Venture Fund of Skolkovo – Industrial I

The Venture Fund of Skolkovo – Industrial I, managed by Skolkovo Ventures, was set up on June 5, 2017, in the form of an investment partnership. The fund’s co-manager is GIB-Global Ventures, an international venture capital market fund focused on investments in breakthrough technologies since 2006. During the fund’s first closure, RVC acted as an anchor investor.

The fund invests in high-tech start-ups at the venture and growth stages, focusing on Industry 4.0 technologies, including digital design, additive technologies, industrial Internet, robotics, sensor studies, intellectual power systems, unmanned technologies and new materials.

Main parameters:

- target volume: up to RUB 3 billion (declared capital of RUB 2.2 billion);
- RVC’s share: RUB 1.5 billion;
- investment period: four years;
- volume of investment in one project: up to 10% of the fund.

Mandate:

- to invest in companies engaged in the commercialization of developments by Skolkovo residents;
- to invest in companies that meet the goals, areas, indicators and/or important benchmark results of NTI roadmaps.

Venture Fund of Skolkovo – Agro-technological I

Venture Fund of Skolkovo – Agro-technological I, managed by Skolkovo Ventures, was set up on June 5, 2017, in the form of an investment partnership. During the fund’s first closure, RVC acted as an anchor investor.

Main parameters:

- target volume: up to RUB 3 billion (declared capital of RUB 2.2 billion);
- RVC’s share: RUB 1.5 billion;
- investment period: 4 years;
- volume of investment in one project: up to 10% of the fund.

Mandate:

- investment in companies engaged in the commercialization of developments by Skolkovo Foundation participants;
- investment in companies that meet the goals, areas, indicators and/or important benchmark results of NTI roadmaps.

Tomsk State University Seed Fund

The Tomsk State University (TSU) Seed Fund was set up in July 2017 in the form of an investment partnership. The investment committee includes representatives of the RVC Seed Fund, D1 Group and TSU. This is Russia’s first venture capital market fund in which a university is a party to the investment partnership agreement. The fund’s managing partner is D1 Group.

The fund invests in early-stage projects in the area of hardware 2.0 and projects based on TSU’s scientific and technical developments with a lot of commercial potential international markets. Early-stage projects go through an accelerator program that enables the following development from prototypes to finished products, advancement to the stage of mass production or the launch a pilot batch of production, entry into the global market and testing of consumer demand through crowdfunding on indieGoGo.

Main parameters:

- declared capital: RUB 33.4 million (pre-capitalization by the fund is permitted before the end of the investment period);
- share of the RVC Seed Fund: RUB 25 million;
- investment period: 2 years;
- maximum investment permitted in one project: RUB 8 million.

The TMSU Seed Fund participates in projects to launch and support technologies in the following areas: robotics, sensor studies, intellectual power systems, unmanned technologies and new materials.
Far Eastern Fund for Developing and Implementing High Technology

RVC, the Far East Development Fund (FEDF) and RUSNANO signed an agreement to set up the Far Eastern Fund for Developing and Implementing High Technology, which has the legal form of an investment partnership. RUSNANO was selected as the general partner.

The fund’s objective is to develop innovation in Russia’s Far East and to expand the implementation of advanced technologies. The fund plans to invest in Russian companies that are developing promising technologies, products and services.

Areas of investment activity on the part of the Far Eastern Fund for Developing and Implementing High Technology:

- high-tech projects with a nano component;
- projects related to one of the NTI roadmaps;
- funding projects related to technology transfer from abroad, including those focusing on import substitution;
- funding projects for the expansion and modernization of the manufacture of technological products and the provision of services in the Russian Federation, including those with export potential;
- launching the manufacture of new products with a great deal of added value;
- localization of the production of high-tech equipment.

Main parameters:

- volume of the fund at the first stage: RUB 4.9 billion (FEDF, RUB 1.7 billion; RVC, RUB 1.5 billion; RUSNANO, RUB 1.7 billion; MP, RUB 500,000); RVC’s share: 30% (the remaining 70% is invested in equal parts by FEDF and RUSNANO);
- investment period: up to 4 years;
- the average amount of one investment in venture-stage projects may not exceed RUB 100 million, and it can be no more than RUB 1 billion in growth-stage projects;
- period of the fund’s existence: seven years.

NTI Fund

The NTI Fund is going to be created in the form of an investment partnership with the participation of RVC.

The procedure for selecting the managing partner will be conducted by RVC’s Infrafund, which will be an ordinary partner in the future, i.e., an investor in the fund to be set up in line with the NTI project “Venture Support for the Growth of NTI Companies”.

The fund’s technology priorities are going to be aimed at the development of end-to-end technologies in key areas of scientific, technical and innovative activity.

Main parameters:

- size of the fund and the amount of co-investors’ investments directly into the capital of the fund’s portfolio companies: at least RUB 3 billion; NTI subsidies will amount to RUB 1.5 billion;
- NTI subsidiaries will amount to RUB 1.5 billion;
- funds from the managing partner: at least 1% (the rest will be funds from co-investors secured by the managing partner, including in the form of co-investments in the fund’s portfolio companies); investment period: 5 years; period of the fund’s existence: 10 years.

In addition, RVC, Roscosmos and VEB Innovations announced in 2017 the creation of a venture fund in the form of an investment partnership agreement. The venture capital market will finance small, innovative companies in the areas of Roscosmos’s activities. The creation of this venture fund will also ensure efficient integration with NTIs’ areas of interest and projects.

The parties plan to seek approval from their governing bodies of a draft investment partnership agreement and other documents describing the fund’s operating procedures.

BACKGROUND

In 2017, RVC continued to build effective partnerships with foreign management companies in an effort to increase Russia’s venture capital market through the creation of new funds. The Company established cooperation with foreign general partners through its membership in a number of investment associations, such as the BVCA, IVC, ILPA, Invest Europe and the IATI, as well as through its activities at various business events, including IVC Smart Capital (Portugal), the Asia PE-VC Summit (Singapore) and the Investors’ Forum (Switzerland).

In addition, RVC, together with its Chinese partners, the Venture Committee of the Chinese National Association for the Financial Promotion of Science and Technology and the Torch Center, organized the second Russia-ChinaForum “Investments in Innovations” in Harbin in 2017. Forum participants discussed cooperation opportunities for the creation of new joint funds under conditions of toughened financial regulation in China, successful cases of Russian companies entering the Chinese market, investment deals, as well as opportunities for promoting technology companies in Russian and Chinese markets with the support of the partner country. RVC presented strong technology companies from its portfolio and partner funds, while Chinese representatives, in turn, demonstrated their readiness for mutually beneficial cooperation.
RVC's investment activity in 2017:

44.61 USD MILLION
volume of exports by portfolio companies in RBC-backed funds for 2017

≈5,000
EMPLOYEES
work at portfolio companies with investments from funds created with RVC capital

35.28
RUB BILLION
total amount of RVC-backed funds operating as of the end of 2017

22.5
RUB BILLION
RVC's share of funds created as of the end of 2017

18.1
RUB BILLION
amount of approved investments in portfolio companies as of the end of 2017

671
PATENTS
(including 214 foreign patents) as of the end of 2017

RVC-Backed Funds as of the End of 2017¹

<table>
<thead>
<tr>
<th>Short name of the fund</th>
<th>Fund amount as of the end of 2017, RUB million</th>
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</tr>
<tr>
<td>Russian Venture Capital Market I LP</td>
<td>2,779.6</td>
</tr>
<tr>
<td>RVC IVHT LP</td>
<td>1,381.7</td>
</tr>
<tr>
<td><strong>Funds established in the form of closed-end funds (CEF)</strong></td>
<td></td>
</tr>
<tr>
<td>Bioprocess Capital Ventures CEF for HR(V)I</td>
<td>3,000.0</td>
</tr>
<tr>
<td>VTB Portfolio Investments CEF</td>
<td>3,061.0</td>
</tr>
<tr>
<td>Maxwell Biotech CEF for HR(V)I</td>
<td>1,224.4</td>
</tr>
<tr>
<td>Leader Innovations CEF for HR(V)I</td>
<td>3,000.0</td>
</tr>
<tr>
<td>S-Group Ventures CEF for HR(V)I</td>
<td>1,800.0</td>
</tr>
<tr>
<td><strong>IPA funds (industry funds and the Russian-Belarusian Venture Investment Fund)</strong></td>
<td></td>
</tr>
<tr>
<td>RusBio Ventures</td>
<td>2,070.7</td>
</tr>
<tr>
<td>Finematica Air-cosmic IPA Fund</td>
<td>1,515.0</td>
</tr>
<tr>
<td>Da Vinci Pre-IPO Fund</td>
<td>3,787.9</td>
</tr>
<tr>
<td>North Energy Fund I Seed</td>
<td>890.5</td>
</tr>
<tr>
<td>PhysTech Ventures II</td>
<td>935.0</td>
</tr>
<tr>
<td>Russian-Belarusian Venture Investment Fund</td>
<td>1,400.0</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – IT I</td>
<td>900,700</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – Agro-technical I</td>
<td>700,700</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – Industrial I</td>
<td>700,700</td>
</tr>
<tr>
<td><strong>IPA funds (microfunds)</strong></td>
<td></td>
</tr>
<tr>
<td>Softline Seed IPA Fund</td>
<td>136.0 (including RUB 36.0 million)³</td>
</tr>
<tr>
<td>High Technologies Seed IPA Fund</td>
<td>133.6 (including RUB 33.6 million)³</td>
</tr>
<tr>
<td>Seed Fund ACP IPA</td>
<td>33.4 (including RUB 8.4 million)³</td>
</tr>
<tr>
<td>Venture Fund Accelerator IPA</td>
<td>133.4 (including RUB 33.4 million)³</td>
</tr>
<tr>
<td>Life Sciences Seed Fund IPA</td>
<td>133.6 (including RUB 33.6 million)³</td>
</tr>
<tr>
<td>Tomsk State University Seed Fund IPA</td>
<td>33.4 (including RUB 8.4 million)³</td>
</tr>
</tbody>
</table>

¹ To calculate the total volume of funds, RVC only considers funds from private investors in order to avoid double counting since microfunds are created with the participation of capital from RVC Seed Fund LLC, a subsidiary of RVC. Therefore, the total volume of RVC funds comprises RUB 32,999.7 million.

² From this point onward, the procedure for calculating fund size, including denomination in a foreign currency, will be carried out as follows: For completed investments for fund creation, calculations were made in rubles according to the Bank of Russia rate as of the date of investment. For non-implemented obligations for fund creation, calculations were made according to the Bank of Russia rate as of December 31, 2017 (RUB 57.6002 to USD 1.00).

³ Private investor funding.
KEY PERFORMANCE INDICATORS OF RVC-BACKED FUNDS

- RUB 18.1 billion: amount of approved investments in portfolio companies as of the end of 2017;
- Investments in 302 projects approved for investment during RVC’s operations (as of December 31, 2017, including projects that RVC has exited);
- The portfolio of RVC funds included 221 portfolio companies as of the end of 2017;
- 46 exits from portfolio companies.

Subsidiary Funds

RVC Seed Fund (RVC Seed Fund LLC)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>46</td>
<td>56</td>
<td>64</td>
<td>62</td>
<td>64</td>
<td>48</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>1,980.00</td>
<td>1,980.00</td>
<td>1,980.00</td>
<td>1,980.00</td>
<td>1,980.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>565.00</td>
<td>790.00</td>
<td>902.36</td>
<td>1,045.95</td>
<td>1,223.48</td>
<td>1,170.46</td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>1,081.70</td>
<td>1,311.50</td>
<td>1,496.60</td>
<td>1,545.94</td>
<td>1,618.50</td>
<td>1,415.27</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td>12</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rvc.ru/investments/affiliated_funds/fpi/1.

RVC Infrastructure Investments Fund (RVC Infrafund)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>9</td>
<td>15</td>
<td>21</td>
<td>25</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>499.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>136.00</td>
<td>212.00</td>
<td>297.00</td>
<td>435.00</td>
<td>496.00</td>
<td>417.38</td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>301.00</td>
<td>675.00</td>
<td>987.00</td>
<td>1,185.40</td>
<td>969.00</td>
<td>874.28</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/infrafund/about/

RVC Biopharmaceutical Investments Fund

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>4</td>
<td>8</td>
<td>13</td>
<td>15</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>470.00</td>
<td>770.00</td>
<td>770.00</td>
<td>770.00</td>
<td>770.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>16.74</td>
<td>314.86</td>
<td>494.99</td>
<td>610.25</td>
<td>644.54</td>
<td></td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>336.94</td>
<td>769.11</td>
<td>978.11</td>
<td>724.29</td>
<td>743.71</td>
<td>1,053.68</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/biofund/about.php

Civilian Technologies from the Military-Industrial Complex (RVC Civilian Technologies)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>–</td>
<td>–</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>–</td>
<td>350.00</td>
<td>350.00</td>
<td>350.00</td>
<td>350.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>–</td>
<td>63.70</td>
<td>88.00</td>
<td>150.01</td>
<td>127.91</td>
<td></td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>–</td>
<td>30.00</td>
<td>215.80</td>
<td>234.68</td>
<td>217.18</td>
<td>189.18</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/opk/

1. Actual commitments are shown (approved transactions for which investments are made or planned to be made this year; the fund’s obligations are excluded for projects that will not be implemented due to the refusal on the part of private investors to fulfill preliminary conditions).

REGIONAL VENTURE CAPITAL
received expert support with the expansion of their services, including through the development of new investment instruments

RVC Infrastructure Investments Fund (RVC Infrafund)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>9</td>
<td>15</td>
<td>21</td>
<td>25</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>499.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td>1,099.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
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<td>212.00</td>
<td>297.00</td>
<td>435.00</td>
<td>496.00</td>
<td>417.38</td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
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<td>675.00</td>
<td>987.00</td>
<td>1,185.40</td>
<td>969.00</td>
<td>874.28</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/infrafund/about/

RVC Biopharmaceutical Investments Fund

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>4</td>
<td>8</td>
<td>13</td>
<td>15</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>470.00</td>
<td>770.00</td>
<td>770.00</td>
<td>770.00</td>
<td>770.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>16.74</td>
<td>314.86</td>
<td>494.99</td>
<td>610.25</td>
<td>644.54</td>
<td></td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>336.94</td>
<td>769.11</td>
<td>978.11</td>
<td>724.29</td>
<td>743.71</td>
<td>1,053.68</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/biofund/about.php

Civilian Technologies from the Military-Industrial Complex (RVC Civilian Technologies)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>–</td>
<td>–</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, RUB million</td>
<td>–</td>
<td>350.00</td>
<td>350.00</td>
<td>350.00</td>
<td>350.00</td>
<td></td>
</tr>
<tr>
<td>Amount of invested funds, RUB million</td>
<td>–</td>
<td>63.70</td>
<td>88.00</td>
<td>150.01</td>
<td>127.91</td>
<td></td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>–</td>
<td>30.00</td>
<td>215.80</td>
<td>234.68</td>
<td>217.18</td>
<td>189.18</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

For more information about the fund, see: http://www.rusventure.ru/ru/investments/opk/

1. Actual commitments are shown (approved transactions for which investments are made or planned to be made this year; the fund’s obligations are excluded for projects that will not be implemented due to the refusal on the part of private investors to fulfill preliminary conditions).
Funds in a Foreign Jurisdiction

**Russian Venture Capital Market I LP**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of project companies in the fund</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, USD million</td>
<td>33.25</td>
<td>38.35</td>
<td>38.70</td>
<td>45.69</td>
<td>60.795</td>
<td>60.80</td>
</tr>
<tr>
<td>Amount of invested funds, USD million</td>
<td>33</td>
<td>38</td>
<td>38.35</td>
<td>45.35</td>
<td>60.36</td>
<td>60.36</td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>33</td>
<td>38</td>
<td>38.35</td>
<td>45.35</td>
<td>60.36</td>
<td>60.36</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td>–</td>
</tr>
</tbody>
</table>

For more information about the fund, see: [http://www.rusventure.ru/ru/investments/foreign_funds/capital_i.php](http://www.rusventure.ru/ru/investments/foreign_funds/capital_i.php)

**RVC IVFRT LP**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of portfolio companies in the fund</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Actual amount of RVC equity in the fund, USD million</td>
<td>12.56</td>
<td>12.56</td>
<td>13.84</td>
<td>13.84</td>
<td>13.84</td>
<td>13.84</td>
</tr>
<tr>
<td>Amount of invested funds, USD million</td>
<td>17.69</td>
<td>23.90</td>
<td>28.45</td>
<td>32.20</td>
<td>32.70</td>
<td>32.70</td>
</tr>
<tr>
<td>Approved investments, RUB million</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
<td>35.00</td>
</tr>
<tr>
<td>Number of exit transactions from companies invested in previously</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>


**Funds in the form of an Investment Partnership**

<table>
<thead>
<tr>
<th>Short name of the fund</th>
<th>Year of the fund’s establishment</th>
<th>The fund’s objective (investment focus)</th>
<th>Short name of the management company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Softline Seed IPA Fund</td>
<td>2015</td>
<td>Russian companies that specialize in solutions in the field of cloud technologies, mobile applications, data security systems, digital marketing with Russia being their primary sales market</td>
<td>Softline Internet Projects LLC</td>
</tr>
<tr>
<td>High Technologies Seed IPA Fund</td>
<td>2013</td>
<td>Innovative companies in IT, biotechnology, new materials, energy efficiency</td>
<td>TONAP Venture LLC</td>
</tr>
<tr>
<td>RusBio Ventures IPA</td>
<td>2014</td>
<td>Companies in the biomedical industry, including in biomedicine and biomedical services, bioinformatics, biotechnology, medicine and healthcare, pharmaceuticals</td>
<td>RusBio Ventures LLC</td>
</tr>
<tr>
<td>Finematica Air-cosmic IPA Fund</td>
<td>2014</td>
<td>Investments in promising inventions in the aerospace and related industries</td>
<td>Finematica LLC</td>
</tr>
<tr>
<td>Seed Fund ACP IPA</td>
<td>2014</td>
<td>B2B software, hardware and software packages</td>
<td>Management Company ACP LLC</td>
</tr>
<tr>
<td>Venture Fund Accelerator IPA</td>
<td>2014</td>
<td>Innovative companies in the field of Hardware 2.0, wearable technology, IoT, medical</td>
<td>DI Group LLC</td>
</tr>
<tr>
<td>Life Sciences Seed Fund IPA</td>
<td>2015</td>
<td>Innovative companies in the field of pharmaceuticals, biotechnology, medical equipment and agrobiotechnologies</td>
<td>KSI Ventures LLC</td>
</tr>
</tbody>
</table>

**Russian Venture Capital Market II LP**

<table>
<thead>
<tr>
<th>Short name of the fund</th>
<th>Year of the fund’s establishment</th>
<th>The fund’s objective (investment focus)</th>
<th>Short name of the management company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Da Vinci Pre-IPO Fund</td>
<td>2015</td>
<td>Companies engaged in the development of technology start-ups, companies that are ready for their initial public offering (IPO) and are able to be included on a list of projects for a specialized fund that allows technology companies to enter Russian and global stock markets</td>
<td>Da Vinci Capital Management GP LLC</td>
</tr>
<tr>
<td>North Energy Fund I Seed</td>
<td>2015</td>
<td>Clean tech in regard to non-subsidized industries in the existing market in Russia, traditional power industry, renewable energy sector</td>
<td>North Energy Ventures LLC</td>
</tr>
<tr>
<td>PHYSYTECH VENTURES II</td>
<td>2015</td>
<td>Target companies that are at the seed stage and that are implementing projects in the following technology areas of the National Technology Initiative: new materials, additive technologies, sensors, new energy sources, energy efficiency, Big Data, IT in security, decentralized financial systems</td>
<td>Physotech Ventures LLC</td>
</tr>
<tr>
<td>Russian-Belarusian Venture Investment Fund</td>
<td>2016</td>
<td>Target companies that have a product/service based on innovative technology and design, development and/or are commercializing the technology themselves</td>
<td>Infrafund RVC LLC</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – IT I</td>
<td>2017</td>
<td>Innovative IT companies: quantum communications and computations, Internet of things, operating systems and applications, software and hardware for medicine and pharmacology, engineering software, neurowebnets and systems based on such software, electronics, robototechnics, IT security</td>
<td>Skolkovo – Venture Investments LLC, IBS IT Services JSC</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – Agro-technological</td>
<td>2017</td>
<td>Innovative companies in the area of: agro-technology, including digital and drone technologies for agriculture, precision farming, alternative farms, biofertilizers and biopesticides, innovative feed, storage and processing technologies</td>
<td>Skolkovo – Venture Investments LLC</td>
</tr>
<tr>
<td>Venture Fund of Skolkovo – Industrial I</td>
<td>2017</td>
<td>Innovative companies in the following areas: engineering software, engineering, energy efficiency, additive and hybrid technologies, control, management and warning systems, technologies and equipment for industrial and medical diagnostics, sensor studies, Internet of things, clean technologies, software and hardware solutions for infrastructure protection, Big Data, unmanned systems, navigation, mechanical engineering</td>
<td>Skolkovo – Venture Investments LLC</td>
</tr>
<tr>
<td>Tomsk State University Seed Fund IPA</td>
<td>2017</td>
<td>Any innovative companies carrying out activities in accordance with the list of priority areas and/or critical technologies of the Russian Federation</td>
<td>National Research Tomsk State University Federal State Autonomous Educational Institution of Higher Education (TSU RI)</td>
</tr>
</tbody>
</table>
### Closed-End Funds

RVC owns a share of five Russian closed-end funds run by professional management companies. RVC representatives on CEF investment committees act in a consultative capacity only.

<table>
<thead>
<tr>
<th>Short name of the fund</th>
<th>Year of the fund’s establishment</th>
<th>The fund’s objective (investment focus)</th>
<th>Short name of the management company</th>
<th>RVC’s share in the fund (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bioprocess Capital Ventures CEF for HR(V)I</td>
<td>2007</td>
<td>Healthcare and technologies for life and health/living systems, new materials and chemical compounds (fine chemistry)</td>
<td>Management Company Bioprocess Capital Partners</td>
<td>49.00%</td>
</tr>
<tr>
<td>VTB Portfolio Investments CEF</td>
<td>2007</td>
<td>New materials and chemical compounds, information technology, network technology and services, alternative energy technologies, industrial equipment, agriculture, forestry and raw material processing</td>
<td>VTB Capital Asset Management JSC</td>
<td>49.00%</td>
</tr>
<tr>
<td>Maxwell Biotech CEF for HR(V)I</td>
<td>2008</td>
<td>Healthcare and technologies for life and health/living systems</td>
<td>Maxwell Asset Management LLC</td>
<td>49.00%</td>
</tr>
<tr>
<td>Leader Innovation CEF for HR(V)I</td>
<td>2008</td>
<td>Power industry and energy efficiency, alternative energy technologies, new materials and chemical compounds, network technology and services</td>
<td>Leader C.JSC</td>
<td>49.00%</td>
</tr>
<tr>
<td>S-Group Ventures CEF for HR(V)I</td>
<td>2008</td>
<td>Information technology, alternative energy technologies, power industry and energy efficiency, new materials and chemical compounds, healthcare and technologies for life and health/living systems, consumer market</td>
<td>Management Company S-Group Capital Management LLC</td>
<td>49.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Actual size of the fund as of December 31, 2017 (RUB million)</th>
<th>Actual amount of invested funds as of December 31, 2017 (RUB million)</th>
<th>Actual amount of RVC’s investment in the fund as of December 31, 2017 (RUB million)</th>
<th>Number of project companies in the fund as of December 31, 2017</th>
<th>Approved investments as of December 31, 2017 (RUB million)</th>
<th>Amount of investment funds as of December 31, 2017 (RUB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bioprocess Capital Ventures CEF for HR(V)I</td>
<td>3,000.00</td>
<td>3,000.00</td>
<td>1,470.00</td>
<td>8</td>
<td>3,223.14</td>
<td>3,144.01</td>
</tr>
<tr>
<td>VTB Portfolio Investments CEF</td>
<td>3,061.00</td>
<td>3,061.00</td>
<td>1,499.89</td>
<td>8</td>
<td>1,715.26</td>
<td>1,702.86</td>
</tr>
<tr>
<td>Maxwell Biotech CEF for HR(V)I</td>
<td>1,224.40</td>
<td>1,224.40</td>
<td>599.96</td>
<td>9</td>
<td>380.80</td>
<td>372.84</td>
</tr>
<tr>
<td>Leader Innovation CEF for HR(V)I</td>
<td>2,100.00</td>
<td>2,100.00</td>
<td>1,028.00</td>
<td>12</td>
<td>2,081.99</td>
<td>1,899.65</td>
</tr>
<tr>
<td>S-Group Ventures CEF for HR(V)I</td>
<td>1,800.00</td>
<td>1,800.00</td>
<td>882.00</td>
<td>7</td>
<td>1,544.65</td>
<td>1,542.94</td>
</tr>
</tbody>
</table>
VENTURE CAPITAL MARKET COUNCIL

In 2017, the Venture Capital Market Council was created at the initiative of RVC and in partnership with the Ministry of Economic Development. The Council is a standing advisory body within RVC ensuring interaction with the investment community of Russia. The Council consists of experienced professional venture investors, representatives of private and corporate venture funds and associations of business angels.

The Council's objective is to develop the Russian venture market by, for example, preparing programs and initiatives for RVC's investment policy, improving RVC's strategic decisions, developing standards, regulating relations between, and supporting the interests of, venture investors in the Russian Federation.

In addition, the Council will help secure additional capital resources for the venture market, increase the transparency of operating procedures, determine the current needs of professional market participants and support their implementation, and will also secure co-financing and expert support for RVC's initiatives approved by the professional investment community.

In this regard, one of the Council's key activities is the development and launch of initiatives for securing new limited investment partners the market among pension funds, state corporations and individuals.

The Council's legislative initiatives are aimed at improving the legal and economic climate in the venture capital market. In particular, attention is paid to establishing tax deductions for business angels and to enabling individuals to act as limited investment partners.

The Council is also planning to develop certification procedures for management companies and to create a new system for statistics and disclosure of information about exits, revenue and investments. In addition, the Council will provide recommendations on adjusting the instruments and capabilities of the NTI for the benefit of venture capital market participants.

The Council's main presidium includes 10 heads of venture funds, Russian companies and investor associations.

Composition of the Venture Capital Market Council

**Council Chairman**

Alexander V. Galtisky, general partner for the Almaz Capital Partners

**Council Members**

- Alexey N. Basov, Deputy CEO and Investment Director, member of RVC's Management Board
- Alexey L. Konov, GP for the RIV Capital Venture Fund
- Alexander P. Lupachen, Director of Russia Partners
- Vitaly A. Polekhin, President of the National Association of Business Angels
- Alexey S. Soloviev, Partner, Managing Director of iTech Capital
- Sergey M. Kerber, GP for the FPI Partners venture fund
- Albina I. Nikkonen, Executive Director of the Russian Venture Capital Market Association
- Andrey N. Romanenko, CEO and shareholder of Evotor

The Venture Capital Market Council may include up to 30 members. New candidates are nominated by current Council members. For a candidate to be approved, two recommendations from current members are needed, and every member has the right to veto any candidate. The Council's main presidium, which consists of 10 members, is elected on an annual basis by a vote among all current members.

TAKING INVESTMENT DECISIONS

RVC's investment unit continuously monitors its process of investing in funds, portfolio companies and management companies, as well as its compliance with established norms and principles of investment activity, including by assessing the investment appeal of innovative projects and developing voting recommendations for members of investment committees of RVC-backed funds, in view of the identified risks. RVC representatives take part in discussions about projects and make decisions about voting at meetings of funds' investment committees based on the recommendations presented.

The monitoring of an investment portfolio consists of:

- Monitoring the current state of funds created with RVC's capital, as well as their portfolio companies;
- Conducting a post-investment analysis of funds and portfolio companies that includes monitoring of the achievement of key performance indicators; the implementation of business plans, investment memorandums and financial models; and also assessing the value of assets and the potential recoverability of funds;
- Developing methodological recommendations for management companies to improve the performance of funds and their portfolio companies;
- Providing expert and methodological support for funds created with RVC capital and for regional venture funds supported by RVC on issues related to the use of various investment instruments.

STAR DEALS

The Leader innovations venture capital fund, created with RVC capital and managed in trust by Leader CJSC, as well as private investors in the project's early stage, sold their shares in CDNvideo. The shares were bought by China's Wangsu Science & Technology Co., Ltd. (ChinaNetCenter and Quant), the size of the transaction was not disclosed.

The Da Vinci Capital Venture Capital Market Association successfully closed the deal for the sale of the Grid Dynamics project in the VTB Portfolio investments CEP venture fund. The buyer was Automated Systems Holdings Limited (ASL), a Chinese IT company. The total amount of the deal exceeded USD 128 million, with the fund's share accounting for 22.4%, and after its full repurchase by ASL, the fund earned almost USD 29 million, a return 15 times greater than the fund's initial investment.

The RIV Capital venture fund created with capital from RVC and R-Pharm Group transferred a first financing advance to Advanced Genie & Cell Technologies (AGCT). The total amount of the investment was RUB 44 million. Implementation of the project will enable Russia to use genome correction technology clinical practice for the first time for the treatment of serious diseases that are having a high impact on society.

INTERESTING FACTS ABOUT THE FUNDS

- Da Vinci Capital, the manager of the Da Vinci Pre-IPO fund created with RVC capital, won in the Best Direct Investments Team category at the 2017 PREQ/FECA Awards.
- Gazprom Neft RAS signed a memorandum with Physotech Ventures and North Energy Ventures, both created with RVC's capital. The companies agreed to exchange information about start-ups in the oil and gas industry, carry out monitoring and expert analysis of new technologies, discuss prospective market needs and interact with funds' portfolio companies.
- Physotech Ventures and North Energy Ventures signed a cooperation agreement with the Ufa State Oil Technical University. The university's developers will be provided with venture financing and the support of funds for cooperation with corporations. The partners also organized a joint competition for oil and gas technology projects and opened a new site for the G1000 project—an international accelerator for oil and gas start-ups—in Ufa, the first round of which took place in the spring of 2017 at Gubkin University in Moscow.
DEVELOPMENT OF INNOVATIVE INFRASTRUCTURE: ACCELERATION OF TECHNOLOGY PROJECTS

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60 TECHUP
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66 DEVELOPMENT OF REGIONAL INNOVATIVE ECOSYSTEMS
68 EDUCATIONAL PROGRAMS
70 DEVELOPMENT OF COMMUNITIES, MEDIA AND COMMUNICATIONS
74 2017 NATIONAL REPORT ON INNOVATIONS IN RUSSIA
RVC has been developing, step by step, a stable ecosystem for innovation in Russia: putting a structure in place for efficient interaction between players in the venture capital market, promoting technology entrepreneurship, supporting regional infrastructure and facilitating the globalization of innovative Russian infrastructure. Venture investors, expert associations, research institutions, universities, accelerators and other infrastructure organizations are involved in the Company’s activities aimed at the development of this ecosystem. For its part, RVC establishes cooperation between ecosystem participants, promotes best industry practices, and contributes to the development of new instruments to support high-tech business.

**GENERATIONS**

RVC has been managing GenerationS, a federal platform that develops tools for corporate acceleration, since 2013. GenerationS addresses challenges related to finding projects and technologies for industry partners and developing companies’ competencies in implementing projects based on the ideology of open innovations. The GenerationS partnership network currently comprises more than 250 state organizations and commercial companies. Based on the results of a multi-stage expert evaluation, GenerationS participants are offered wide-ranging opportunities to develop their business and secure investments, as well as access to the resources and infrastructure of the accelerator’s partners.

In 2017, GenerationS brought together technology manufacturers for the fifth year in a row. In total, 3,470 start-ups from 237 cities in 13 countries aspired to take part in the accelerator, with 30% of all Russian projects coming from Moscow and the remaining 70% of applications originating from entrepreneurs in other regions. In the end, more than 100 start-up teams were selected to take part in the final stage of GenerationS 2017. During the acceleration program, many of them reached cooperation agreements with companies partnering with GenerationS and were able to secure investments.

In 2017, GenerationS operated a pre-accelerator for early-stage start-ups, with 237 project teams taking part in this federal development program. GenerationS 2017 ran seven accelerators in parallel, whose partners included Gazprom Neft PSUC, SSTS Media, Faberlic, NKZK GC, CDK-Saturn PSUC, VoenTelecom JSC, Ruselectronics JSC and Ilyushin Aviation Complex PSUC, among others.

In 2017, the GenerationS project improved its international relations by establishing partnerships with several foreign corporations, state agencies, infrastructure facilities and venture funds. Fifteen finalists from the various accelerator tracks were selected to take part in a number of international exhibitions, including the Singapore Week of Innovation & TeCHnotogy (SWITCH), SLUSH, Hannover Messe and the Germany Startup Tour. In addition, a number of accelerator participants were given opportunities for internships that immersed them in the innovative infrastructure of Silicon Valley. RVC supported the initiative of the German-Russian Chamber of Commerce to organize a tour for start-ups to Germany called Startup@Germany. Three companies finalists of the GenerationS accelerator presented their products to potential partners from German corporations and investors and are now developing various forms of further cooperation.

**Goals of GenerationS:**

- to promote the development of the corporate accelerator system;
- to increase the number of high-tech projects that are of interest to players in the venture market;
- to support the use of open innovation instruments in Russian corporations;
- to enhance the quality of technology projects and their potential to secure investments;
- to help start-ups develop professional contacts with Russian and foreign experts, corporate customers, entrepreneurs and investors.

As part of an educational program for technology start-ups, called Regional Practical Consulting Sessions, implemented by RVC in coordination with the Ministry of Economic Development and the Ministry of Education and Science of the Russian Federation, 12 sessions were held in Yekaterinburg, Khabarovsk, Almaty, Barnaul, Krasnoyarsk, Arkhangelsk and other Russian cities. During these intensive courses, about 300 entrepreneurs were trained in the commercialization of technology projects.

**GenerationS 2017 Industry Sectors**

- AGRO & MEDTECH: improvements in agricultural efficiency, creation of new foods, biocconversion, solutions in the area of new medical products and diagnostic systems.
- CREATIVE: fashion, design, media, urban solutions, entertainment industry and education.
- POWER & ENERGY: new energy sources and storage systems, advanced solutions for the extraction, conversion, transportation, distribution and consumption of energy resources.
- FINTECH – advanced technologies in the area of banking and financial services and products.
- MINING & METALS: metal processing, new technologies for ore mining, remote and automated control of mining equipment, enrichment and quality control of raw materials.
- TECHNET: implementation of smart manufacturing and systems, additive technologies.
- DUAL-USE TECHNOLOGIES: dual-use technologies with potential for development in both the military sphere and in the civilian market.

**Data on GenerationS Start-up Participants**

In 2017, GenerationS partnered with more than 250 COMMERCIAL COMPANIES, universities, corporations and state organizations to complete the accelerator program received investments from private and state funds.

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More than 30 high-tech projects are currently being implemented by the Digital Innovation Center. We began working with partners and the innovative ecosystem to look for like-minded individuals as early as last year, realizing that the use of an open innovation instrument would allow our company to accelerate the solution of tasks in the area of business digitalization. Due to GenerationS, we gained prompt access to the latest innovative solutions. Despite the large number of various start-ups operating in the market, we had some difficulties finding teams engaged in the tasks we’re interested in and in informing the market about the new technological challenges facing our company. We relied completely on RVC’s abilities: the company provided access to its pool of start-ups and shared our objectives with the innovation community. Since this was our first partnership with GenerationS, we had an opportunity to learn about the specifics of work in the open innovation market and to adjust our expectations. At the initial stage, for example, we set the ambitious goal of finding partners that would fit into our platform right away. Of course, it’s hardly likely to achieve this goal after going through the process just once because of the specific nature of the platform and the peculiarities of our business processes. However, we were able to select several finalists who, if they cooperate closely with us, have every opportunity to become one of the first users involved in our project. I would also like to note the value of the PR support we received as partners: using materials developed jointly with the Rusbase portal as part of the special project with RVC, we received dozens of letters offering cooperation, and there were two companies that seemed rather promising to me in terms of the further joint development of projects. As a result of our cooperation with GenerationS, we gained a clear understanding of the improvements needed, and the most important thing is that several promising start-ups caught our attention. I believe we have achieved good results at this stage, and we are planning to develop our partnership.

Vladimir Vorkachev, Head of the Digital Innovation Center at Gazprom Neft
RVC has been producing its TechUp rating since 2012 in partnership with the Higher School of Economics National Research University and PwC. The rating provides an effective means of searching for, monitoring and promoting promising, fast-growing national companies with great potential for leadership in both the domestic and global markets.

At the same time, the rating helps improve the environment for innovative business by making it more transparent and identifying best practices that could provide the basis for a concept for further market development. The rating methodology is based on the international experience of PricewaterhouseCoopers in conducting similar studies, as well as on an analysis of the most up-to-date and authoritative international studies and ratings of innovative companies.

The TechUp rating covers private high-tech companies that have existed for at least four years with average annual revenue growth of at least 10-20% over the previous five years, and with revenue in the year preceding the rating of RUB 100 million to RUB 30 billion. Each company’s R&D expenditures for the last three years must amount to at least 5% of a company’s revenue, and expenditures on technological innovation to at least 10%. In addition, new or significantly improved products must account for 20-30% of the company’s total revenue.

In 2017, the winners of the sixth annual national rating of fast-growing Russian high-tech companies, TechUp, were announced at the fourth “Innovative Practice: Science plus Business” congress.

The TechUp rating covers private high-tech companies that have existed for at least four years, with average annual revenue growth of a minimum of 10-20% over the last five years, and with revenue in the year preceding the rating of RUB 100 million to RUB 30 billion.

Objectives of the rating:

- to find promising, fast-growing Russian high-tech companies and NTI projects;
- to improve the quality and accessibility of information about the average Russian technology business, including: business indicators, information about products, an assessment of their ability to be manufactured and their potential in domestic and foreign markets;
- to establish plans for companies to enter global markets.

Results of the 2017 TechUp Rating

Profile of the winning tech company:

- **285 RUB BILLION**
  total amount of company revenue
- **24% OF THEIR REVENUE**
  the companies allocate for technological innovation
- **14% OF ANNUAL TURNOVER**
  R&D expenses
- **19 YEARS**
  on average, the companies have been in the market
- **700 HEADCOUNT IS**
- **5.4 RUB MILLION**
  revenue per employee
- **57% OF THE COMPANIES’ REVENUE**
  is attributable to new products
- **76% OF THE COMPANIES**
  believe that their developments can be used in NTI markets
- **53% OF THE COMPANIES**
  either already have such a product or are developing one
Top-5 large companies with revenue of RUB 2 billion to RUB 30 billion

- JSC Concern Kalashnikov;
- SKTB Katalizator JSC;
- Angstrem NPO OJSC;
- BIОCAD CJSC;
- NOVOMET-PERM JSC.

Top-5 medium-sized companies with revenue from RUB 800 million to RUB 2 billion

- Perm Chemical Company LLC;
- InfoWatch JSC;
- Chemical Diversity Research Institute JSC;
- Inertial Technologies of Technocomplex JSC;
- INGEO SERVICE LLC.

Top-5 small companies with revenue up to RUB 800 million

- Optosense LLC;
- CompMechLab LLC;
- Dashboard Systems OJSC;
- Russian Quartz LLC;
- Inversion-Sensor LLC.

The TechUp national rating provides the basis for the National Champions priority project implemented by the Ministry of Economic Development of Russia. Since 2017, the rating has been the basis for a mechanism for searching for promising companies for NTI global markets.

Global leadership

10% OF RATING PARTICIPANTS are ranked among the leaders in their segment

44% OF THE COMPANIES believe they can become leaders

37% OF THE COMPANIES possess the required potential but need resources

7% OF THE COMPANIES are working on this issue and consider their resources sufficient

Russia’s TechUp national rating provides an excellent incentive for companies to develop and enter high-tech markets not only in Russia but also worldwide. Participation in the rating helped us better understand state support mechanisms and establish closer collaboration with state organizations, including Russia’s Ministry of Economic Development. The rating’s most effective motivational tool is, of course, its export revenue indicator. Our main objective is to improve in this area, since competing in global markets is a worthy challenge for any company. The TechUp rating has proved to be an effective tool in terms of looking for, monitoring and promoting promising companies with high potential. Without modern civilian high-tech products, however, it’s impossible to enter foreign markets. Therefore, our third-place finish in the TechUp rating undoubtedly gave us a huge boost in motivation to develop new products and use advanced technologies for the Russian and international markets in order to compete for recognition as a global high-tech company.

Vladislav Kazak,
Acting CEO of JSC Angstrem
NATIONAL CHAMPIONS

The TechUp rating is the official instrument used to select companies to take part in a priority project of the Ministry of Economic Development called “Support for Leading Private High-Tech Companies” (“National Champions”). The project supports companies that have the potential to make gains in both national and foreign markets.

During the selection, participating companies that meet the criteria of the National Champions project take part in face-to-face expert sessions aimed at assessing the development potential of the companies over the next 5-10 years.

The selected participants will receive support in terms of accessing existing state instruments, including within the framework of development institutions. Leading companies will be provided with information and support for their projects aimed at developing their operations both in Russia and in the global market.

OPEN INNOVATIONS

The Open Innovations Forum is Russia’s major and one of the world’s largest events showcasing the main trends and key achievements in innovative areas of the economy.

The Forum’s primary goal is to develop and commercialize advanced technologies, to popularize global technology brands and to create new instruments for international cooperation in the area of innovation. Held since 2012, the Forum is organized by Russia’s leading development institutions. RVC is one of the co-organizers, as well as an intellectual partner for a large section of the program and for several panel discussions.

In 2017, RVC organized the Global Corporate Venture Conference, where representatives of five state corporations presented for the first time the strategies of their venture funds and discussed cooperation with small innovative companies. The situation in the Russian venture market and effective measures for its development were discussed by experts, including State Secretary and Deputy Minister of Economic Development of the Russian Federation Oleg Fomischev and RVC CEO Alexander Povalko, during a panel discussion called “National Report on Innovation: When Will the Venture Market Mature?” RVC also organized a round table called “Digital Economy: Creation of Technological Reserves,” where, along with the request of leading Russian companies in the digital economy for the creation of a digital technological reserve, the development of new competencies and the efficient integration of universities into the digital economy were also discussed.

The Sixth Open Innovations Forum set a number of records, bringing together 18,200 participants from 98 countries. During the three days of the event, which was dedicated to business, the state and society, 650 speakers participated. Forty-two agreements were signed as part of the Forum’s business program and in the press center. World-renowned futurists, public officials, professors from the world’s largest business schools, technology promoters and leading experts in the area of management, start-ups and the IT business were among the guests at the Forum.

BACKGROUND

In 2017, RVC and the Association of Innovative Regions of Russia (AIRR) decided to develop their cooperation in the areas of technology and innovation. As a result, they will undertake joint efforts to promote innovative activities in Russia’s regions, support technology companies and engage regional businesses in the TechUp rating. Promising regional companies will be invited to take part in state support programs. In addition, educational, business and communication events will be held in various regions of Russia to popularize technological entrepreneurship and technical creativity.

RVC and the AIRR have agreed to work together on issues of high-tech development, technology transfer and securing investments. Joint analytical studies are planned.

At the same time, RVC will be one of the partners for Russia’s first competition in technology entrepreneurship organized by the AIRR and the National Research Tomsk State University.

In 2017, the winners of the National Champions project included 32 companies selected from among the winners of the 2017 TechUp rating.

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BACKGROUND

The RVC stand was a place for lively discussion at the Forum. In addition, finalists of the GenerationS start-up accelerator presented their projects at the stand. Representatives of corporations partnering with the accelerator and investors told guests about cross-cultural communications that are contributing to the success of tech start-ups, about the experience of working in Silicon Valley, about how tech companies can enter foreign markets, and also about the role of intellectual property in Russia’s innovative development. In addition, RVC’s stand provided an interactive demonstration of neuro-gadgets and hosted round tables about the NTI’s HealthNet and FoodNet roadmaps.

On the last day of the Forum, the stand hosted a presentation of the case for educating personnel for the venture capital market at the RVC department at the Moscow Institute of Physics and Technology, as well as a discussion titled “Building Your Career in the Technology Business,” which was moderated by the head of the Antirabstvo, Alena Vladimirskaya. The discussion ended with a game that simulated the selection of candidates for technology companies and venture funds.

Guests at the RVC stand also learned that technology entrepreneurs from developing countries fight for visibility in the global information field.

The selected participants will receive support in terms of accessing existing state instruments, including within the framework of development institutions. Leading companies will be provided with information and support for their projects aimed at developing their operations both in Russia and in the global market.

The Forum’s primary goal is to develop and commercialize advanced technologies, to popularize global technology brands and to create new instruments for international cooperation in the area of innovation. Held since 2012, the Forum is organized by Russia’s leading development institutions. RVC is one of the co-organizers, as well as an intellectual partner for a large section of the program and for several panel discussions.

In 2017, RVC organized the Global Corporate Venture Conference, where representatives of five state corporations presented for the first time the strategies of their venture funds and discussed cooperation with small innovative companies. The situation in the Russian venture market and effective measures for its development were discussed by experts, including State Secretary and Deputy Minister of Economic Development of the Russian Federation Oleg Fomischev and RVC CEO Alexander Povalko, during a panel discussion called “National Report on Innovation: When Will the Venture Market Mature?” RVC also organized a round table called “Digital Economy: Creation of Technological Reserves,” where, along with the request of leading Russian companies in the digital economy for the creation of a digital technological reserve, the development of new competencies and the efficient integration of universities into the digital economy were also discussed.

The Sixth Open Innovations Forum set a number of records, bringing together 18,200 participants from 98 countries. During the three days of the event, which was dedicated to business, the state and society, 650 speakers participated. Forty-two agreements were signed as part of the Forum’s business program and in the press center. World-renowned futurists, public officials, professors from the world’s largest business schools, technology promoters and leading experts in the area of management, start-ups and the IT business were among the guests at the Forum.

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DEVELOPMENT OF REGIONAL INNOVATIVE ECOSYSTEMS

In 2017, the Development of Innovative Clusters project implemented by RVC in cooperation with the Ministry of Economic Development of Russia was successfully realized. Within the framework of the project, analytical and organizational support was organized for innovative infrastructure facilities, including innovative territorial clusters that participated in a priority project of the Ministry of Economic Development called "Development of Innovative Clusters: Global Leaders in Investment Attractiveness."

Results of the Development of Innovative Clusters Project

- support for the activities of the thematic working groups on applied issues of cluster development in the form of communities of practice;
- analysis of the management systems of 11 Russian innovative clusters that were winners of a competitive tender;
- development of recommendations for improving innovative cluster management systems, as well as for state support for innovative clusters on the part of federal development institutions;
- development of a number of methodological recommendations for innovative clusters;
- holding communications events, including a general strategic session for the management teams of innovative territorial clusters.

Today, RVC’s network of foreign partners consists of more than 2,000 representatives of innovation ecosystem organizations in 40 countries and includes state agencies, corporations interested in new technologies, universities and technology transfer centers, as well as state development institutions and venture funds.

BACKGROUND

In 2017, RVC, as a development institution, continued to support Russian innovations in the global market. In particular, the company promoted the expansion of the partnership among players in the Russian venture market in Europe, Asia and North America and the integration of Russian companies into international technology chains.

In support of exports from Russian technology companies, RVC and the Skolkovo Foundation held an annual seminar on how these companies can enter foreign markets, with a focus on the Brazilian, German and Japanese markets. Technology entrepreneurs at the Open Innovations Forum discussed the advantages of international business development, existing support measures and reasons why there has been such a small number of successful Russian start-ups in the global market. Forum participants learned about the specifics of the Irish and Swiss markets and about existing support instruments available in such markets from representatives of Swiss Business Hub and Enterprise Ireland state agencies. Russian entrepreneurs also shared their experience of working in those markets.
EDUCATIONAL PROGRAMS FOR THE VENTURE CAPITAL MARKET AND TECHNOLOGY ENTREPRENEURSHIP

Training Specialists in Innovation Management

Russian innovative companies are often lack of qualified specialists capable of managing scientific research and development and delivering and promoting new products and technologies. To resolve this issue, RVC established a Technology Project Management Department that has been in operation at the Faculty of Innovation and High Technology at the Moscow Institute of Physics and Technology since 2008.

Through a unique master’s program called “Venture Investments and Technology Entrepreneurship” in the discipline of Knowledge-Intensive Technologies and Innovation Economics, the Department trains personnel to work in the innovation and R&D divisions of technology companies and universities, the project units of technical brokering and the analytical units of venture funds. The program is aimed at graduates of bachelor’s programs and specialists in engineering, computer, technical and natural sciences, and it enables students with business training to supplement their studies. The main clients interested in the personnel trained at the Department are venture funds.

Given the scientific and educational foundation of the Moscow Institute of Physics and Technology, graduates of the Department have solid technical and analytical skills. RVC’s expert resources, advanced training practices and teaching staff who are participants in the venture market allow students to form an extensive base of financial and economic knowledge. The master’s program is conducted in the form of projects that are based on real issues from the fields of technology and venture business.

More than 90 people have completed the master’s program since 2014. Graduates have been employed as analysts at venture funds, technology entrepreneurs and technology project managers. RVC is planning to update the program content in 2018 in line with market needs, revise the methodology and supplement the curriculum with online courses run by the world’s leading universities. In addition, issues related to the development of similar programs will be analyzed jointly with a number of Russian universities, including Bauman Moscow State Technical University, ITMO, TSU, FEFU and others.

In 2018, the Department will launch a new master’s program called “Project Management in the Field of Artificial Intelligence Technologies” in the discipline of Applied Mathematics and Physics. The program will be run jointly with the Neural Networks and Deep Learning Lab (Pavliv project) and the Siberbank Laboratory of Applied Studies, both part of the Moscow Institute of Physics and Technology. During the program, business projects and start-ups will be established under the supervision of scientists from the above-mentioned laboratories, as well as teachers and business mentors from RVC’s Technology Project Management Department.

In the near future, the Department is planning to expand its pool of educational programs for the venture market, launch advanced professional training programs, develop international cooperation with leading universities and introduce distance education.

RVC’s CEO, Alexander Povalko, has been the Head of the Department since 2017.

In 2017, RVC also developed and promoted technology entrepreneurship in other leading Russian universities. For example, RVC plans to develop through existing agreements cooperation in this area with MEPhI, TSU, TPU, NSU and other universities.

Enrollment in the Master’s Program

- In May, submit an application on the website http://www.rvc-mipt.ru. Next, complete a questionnaire, solve several problems remotely.
- In June, take part in an interview (face to face or via Skype).
- In July, take examinations in applied mathematics and in the area of specialization; for more details on the dates of the entrance examinations and about the program, visit http://www.rvc-mipt.ru/exam.

Educational Programs for Technology Entrepreneurship

In 2017, RVC initiated an advanced training course for teachers in St. Petersburg called “The Innovation Economy and Technology Entrepreneurship.” Course development was led by RVC in cooperation with ITMO and the Faculty of Economics at Lomonosov Moscow State University. Its purpose is to develop business skills among students majoring in the natural sciences and technical disciplines.

Participants learned about advanced methods for the acceleration of high-tech start-ups and worked with real projects in the area of the commercialization of scientific developments. Program participants—52 specialists from 23 regions of Russia—plan to use the knowledge they gained at their own universities.

RVC was also a partner for the Program for the Development of an HR Reserve organized by the Russian Presidential Academy of National Economy and Public Administration. As part of the program, RVC presented a training module called “New Management Methods in a Digital World.” The program’s purpose is to train business leaders of federal agencies, deputy governors, mayors and members of parliament.

In addition, a draft national roadmap for the development of technology entrepreneurship at universities was developed in 2017 in accordance with an order from the Presidium of the Council for Modernization under the President of the Russian Federation.
Nowadays, universities tend to be called ‘entrepreneurial,’ i.e. meaning they have established an infrastructure for supporting entrepreneurship and for developing entrepreneurial skills in students. The course developed with the participation of the Economics Faculty of Lomonosov Moscow State University is, first of all, a practice-oriented training course, as it is impossible to teach entrepreneurship in theory. In essence, it is ‘fieldwork,’ the creation of a project business model, communication with potential clients and the constant testing of hypotheses. It includes work with a mentor, who might be a teacher or a representative of the business community. Another feature of the course is that it provides an open platform that will be supplemented with methods and practices used by Russian and foreign universities. This is the reason why it is necessary to increase the number of such courses, to engage a greater number of universities in them. In essence, as a result of the course, an entire ecosystem is created involving universities, development institutions, the business community, teachers and students. This ecosystem helps involve active, engaged instructors whose aim is not just to give lessons, but who are interested in the development of students’ projects, who look at them from the point of view of potential partnership. At the same time, a community is created of students who are proactive and have a desire to develop their projects. They start communicating with one another, discussing ideas and forming teams. Educational programs are important, of course, but they are not the only factor in the development of technology entrepreneurship. The necessary environment should be created at universities. This includes educational programs, infrastructure and instructors, as well as active students.

Alexander Auzan,
Dean of the Economics Faculty at Lomonosov Moscow State University

DEVELOPMENT OF COMMUNITIES, MEDIA AND COMMUNICATIONS

In 2017, RVC supported the development of the Russian media environment specializing in publishing information about innovations, the venture business, scientific and technological developments and educational initiatives in the area of advanced technologies.

Tech in Media

The Tech in Media Russian national contest for innovative journalism supports journalists’ activities in the mass media covering innovative processes in Russia, attracts public attention to the venture industry and technological development in the country, improves the image of scientists and promotes examples of the successful commercialization of scientific developments.

Tech in Media engages professional journalists from both central and regional mass media, including TV channels, radio, print and online media, as well as blogs. In 2017, journalists from 30 regions of Russia presented the jury with over 500 submissions on the four themes of Venture Business, New Energy, Artificial Intelligence and Life Sciences. The most outstanding submissions, as has traditionally been the case, were in the following categories: publication in the federal print media, regional print media, online media, and best television or radio broadcast.

The Expert Council for the competition selected three finalists in each category, and the jury selected the winners, who received cash prizes and an opportunity to visit the production facilities of the partners for each theme.

The Tech in Media Expert Council includes industry experts, representatives of innovative companies and well-known journalists, while the jury consists of representatives of the media community.

In 2017, the key objective of Tech in Media was to expand and strengthen the community of journalists writing about science and innovation: journalists from 30 regions of Russia presented over 500 submissions to the jury.

Today, the amount of material that journalists are producing on scientific and related topics is increasing, and it is important for me to learn about new projects on a timely basis, projects that I might otherwise miss. However, recommendation services and the focus on popularity are not guarantees of quality: everyone knows that light reading is still in much higher demand among audiences than popular-scientific literature. That’s why the Tech in Media competition is of such great importance: it promotes only new projects that are worth being called scientific and technical. If a journalist is able to independently assess the quality of the material, this could be a good benchmark for the reader.

Alexander Baulin,
Editor of the Technology section, Forbes

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Editor of the Technology section, Forbes
Media Accelerator

The media accelerator is an RVC initiative for the development of niche media sites producing popular-scientific, technological and educational content. Since 2014, the media accelerator has been supporting special projects and organizing internships for mass media publishers, master classes and workshops for media managers and industry conferences on innovative media and digital formats (MediaMakers).

Work with specialized media is carried out in five key segments that are considered the thematic priorities of RVC’s activities in the medium term: venture markets, the popularization of science and technology, the maker culture, new professions and technology entrepreneurship.

Through the media accelerator, at least 15 projects have been launched with the aim of promoting engineering and technical creativity, science and new technologies in the media.

Media Accelerator 2017:

- >50% OF FORMATS achieved commercial success
- 7 COMMERCIAL sponsors supported projects
- ≈200 JOURNALISTS and media managers took part in educational initiatives

Communication Laboratory

The Communication Laboratory—an RVC educational networking project—is aimed at strengthening connections in information ecosystem chains: science–education–mass media–public and science–business.

Project Goal

To develop common standards for sharing information between the scientific and research communities, mass media and the general public, as well as to identify a new class of specialists acting as communicators in the field of science.

Project Mission

- to determine the condition of scientific communication in Russia and priorities for its development;
- to initiate a dialogue between representatives of the scientific community and the public through the mass media in order to overcome barriers preventing communication between them;
- to promote the development of a culture and infrastructure for sharing information sharing between the science community and the mass media.

Project Objective

To help the scientific, educational and media communities establish effective interaction, learn to understand one another and meet common communication standards.

Scientists; communications officials from European and US universities and research organizations; journalists and editors of scientific, popular-scientific and public media; science promoters; creators and organizers of projects for the promotion of science; representatives of the press services of universities and research institutes; owners of knowledge-intensive businesses; professional communications associations and participants in ecosystems interested in the development of scientific communications in Russia are invited to take part in the project.

In 2017, the Communication Laboratory published an assessment of the condition of scientific communication in Russia in 2016-2017 and a compilation of best practices in the area of scientific communication. In addition, as part of the project, Russia’s first Communication Laboratory award for specialists in the field of scientific communication was established during the reporting year in an effort to establish quality standards for scientific communication in Russia. Prior to the creation of the award, a review of communication practices at more than 1,500 scientific-research and educational organizations was performed, 15 of which were included on the shortlist for the award and five of which were named as winners.
2017 NATIONAL REPORT ON INNOVATIONS IN RUSSIA

RVC, the Ministry of Economic Development of Russia and the Expert Council under the Government of the Russian Federation have been publishing the “National Report on Innovations in Russia” on an annual basis since 2015. The report’s authors assess the current environment for innovation in Russia, review innovative policy instruments and make recommendations for changes and improvements.

In 2017, staff from the Higher School of Economics took part in preparation of the third annual report, helping create a so-called panel of indicators used to measure innovation and a panel of instruments for innovation policy. Specialists from the Higher School of Economics suggested a number of changes to improve the study’s methodology and to expand the innovation assessment indicators.

When preparing the materials in 2017, the experts assessed the condition of the national innovation environment in Russia based on the dashboard methodology. They analyzed the key areas of state policy and measures taken to support innovation from May 2012 until October 2017 and assessed their impact on the changes in the dashboard indicators as of 2017, as well as the potential for future impact taking into account the delayed effect. State policy measures related to the key groups of the initiatives proposed in the first National Report on Innovations in 2015 were also reviewed.

The main theme of the 2017 National Report on Innovations in Russia was securing investments in the innovation sector of the Russian economy through venture market instruments. With this in mind, a decision was taken to conduct a survey among various players in the venture capital market, which helped assess their mood, planning horizons, specifics of their behavior strategy and perception of existing conditions. The results of the survey helped identify measures for the development of a mature venture capital market in five to seven years.

The next stage in the preparation of the 2017 National Report on Innovations in Russia involved expert discussions of the materials at major Russian forums by representatives of the business, scientific and research communities, state corporations and publicly owned companies, development institutions and innovative infrastructure facilities, as well as regional authorities.
CORPORATE GOVERNANCE OVERVIEW

RVC is a state institution for innovative development, fund of venture funds that acts as the Project Office for the National Technology Initiative (NTI). RVC’s wide range of objectives and diversified operations have a significant impact on its corporate governance, which is critical for the efficient implementation of RVC’s strategic goals.

RVC’s sole shareholder is the Russian Federation, represented by the Federal Agency for State Property Management (Rosimushchestvo). Representatives of the Russian Federation’s interests are elected every year to RVC’s Board of Directors, which ensures that the state’s interests are protected and that RVC’s objectives are met. To achieve a synergistic effect from activities aimed at the development of Russia’s innovation infrastructure and venture-capital industry, the Board of Directors includes representatives of other Russian state development institutions, as well as representatives of the scientific and business communities.

RVC’s corporate governance is based on the requirements of Russian laws and recommendations Rosimushchestvo, and it complies with the recommendations set forth in the Bank of Russia’s Code of Corporate Governance.

While RVC is not a public company, it meets the highest standards of corporate governance. In 2018, RVC will continue to work to improve transparency, to develop its disclosure practices, and to improve its legal framework as well as the performance of its risk management and internal control systems, etc.

Corporate Governance OVERVIEW

CORPORATE GOVERNANCE SCHEME

General Meeting of Shareholders

RVC’s supreme governing body is the General Meeting of Shareholders, whose competence includes passing resolutions on the Company’s most important issues, including approval of the Company’s Charter and material transactions, as well as election of the Board of Directors and executive bodies (collective and sole).

Board of Directors

RVC’s Board of Directors is the Company’s collegial management body, which establishes its priority lines of business and development strategies, performs overall management for the Company’s operations (excluding issues reserved for the General Meeting of Shareholders) and oversees operations of RVC’s Management Board and sole executive body.

Board of Directors Committees

To ensure preliminary analysis of materials and to prepare recommendations on the most important issues, RVC’s Board of Directors has established the following committees:

- The Strategic Planning Committee;
- The Personnel and Compensation Committee; and
- The Audit and Integrity Committee.

These committees include not only members of the Board of Directors but also representatives of other development institutions, federal ministries, business, and innovation and venture markets. This composition ensures the most effective analysis of issues related to all lines of RVC’s business and enables the development of optimal solutions in coordination with other development institutions and market players.

The committees are headed by members of RVC’s Board of Directors.

Auditor

RVC’s financial statements are audited by an independent external auditor approved by the General Meeting of Shareholders following the results of an open tender (conducted in compliance with the applicable legal requirements).

Internal Audit Commission

The Internal Audit Commission is responsible for oversight over RVC’s financial and economic operations so as to increase their efficiency and protect state interests. The commission is elected by the General Meeting of Shareholders.

Management Board

The Management Board is RVC’s executive body, which manages the Company’s day-to-day operations, performs strategic coordination and oversight over its subsidiaries, and ensures implementation of RVC’s main strategic documents and resolutions passed by the General Meeting of Shareholders and Board of Directors. The Management Board’s activities are governed by RVC’s Charter and Regulations on the Management Board. The Management Board reports to the Board of Directors and the General Meeting of Shareholders.

CEO

Alexander Povalko

(elected by a resolution of RVC’s Extraordinary General Meeting of Shareholders of December 22, 2016, Rosimushchestvo Order No. 1046-p)

RVC’s CEO is elected by the General Meeting of Shareholders for a period of three years.

Since April 26, 2017, RVC has had only one sole executive body, i.e. the CEO.

From June 30, 2016, through April 26, 2017, RVC used a system of two sole executive bodies: the CEO and the Director of the NTI Project Office. The post of the Director of the NTI Project Office from July 11, 2016, through April 26, 2017, was held by Pavel Bulavin (elected by a resolution of RVC’s Extraordinary General Meeting of Shareholders of July 11, 2016, Rosimushchestvo Order No. 577-p) By a resolution of RVC’s Board of Directors of February 6, 2017 (meeting Minutes No. 3), Pavel Bulavin’s authority as the Director of the NTI Project Office was suspended, and Alexander Povalko was appointed as the interim sole executive body and the interim Director of the NTI Project Office.

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GENERAL MEETING OF SHAREHOLDERS

100% of RVC shares are held by the Russian state. Rosimushchestvo exercises the rights to these shares on behalf of the Russian Federation.

In 2017, seven General Meetings of Shareholders (one annual and six extraordinary) were held. According to Federal Law No. 208-FZ on Joint Stock Companies and RVC’s Charter, resolutions on the following issues were adopted by the General Meeting of Shareholders:

- approval of the annual report, annual financial statements and the allocation of profit for 2016;
- election of the members of RVC’s Board of Directors, Management Board and Internal Audit Commission;
- approval of the auditor for RVC’s financial statements for 2017;
- approval of amendments to RVC’s bylaws governing the operations of RVC’s management bodies.

RVC’s share capital consists of 300,113,207 ordinary shares with a nominal value of RUB 100.

BOARD OF DIRECTORS

Formation of the Board of Directors

Members of the Board of Directors are elected by the General Meeting of Shareholders for the period until the subsequent annual meeting. The Board of Directors must be made up of no fewer than five members.

The procedure for nominating candidates to RVC’s Board of Directors is determined by the sole shareholder, i.e., they are selected by a Rosimushchestvo commission. The Board of Directors consists of representatives of the Russian Federation’s interests (designated representatives, civil servants) and independent directors.

Independent directors are elected to RVC’s Board of Directors through the procedure and according to the criteria established by Government Decree No. 738 on Management of Joint-Stock Companies’ Shares that are under Federal Ownership and Utilization of the Special Right of the Russian Federation to Participation in the Management of Joint-Stock Companies (golden share).

The members of RVC’s Board of Directors as of the end of 2017 were elected at the Annual General Meeting of Shareholders on June 30, 2017 (Rosimushchestvo Order № 385-p on Resolutions of the Annual General Meeting of Shareholders). The Board of Directors includes nine members, one of whom is an independent director, while the remaining eight members represent the interests of the Russian Federation (three civil servants and five designated representatives).

The Chairman of the Board of Directors is elected by the members of the Board of Directors by a simple majority of votes and may be re-elected at any time.

The members of RVC’s Board of Directors do not own any shares in RVC.

Report of the Board of Directors

In 2017, 23 meetings of the Board of Directors were held, 18 of them in the form of absentee voting. On average, meetings were held six times per quarter, with a total of 107 issues considered.

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<td>Creation of venture funds with RVC’s capital according to the Regulation on the Procedure for Selecting Management Companies for Trust Management of Funds from the Russian Venture Company Open Joint Stock Company</td>
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<td>Approval of transactions reserved for RVC’s Board of Directors</td>
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Composition of the Board of Directors

Composition of RVC's Board of Directors since June 30, 2017 (elected in accordance with Rosimushchestvo Order No. 385-p of June 30, 2017):

Oleg Fomichev
State Secretary, Deputy Minister of Economic Development of the Russian Federation

The function of the Chairman of RVC's Board of Directors is performed by Oleg Fomichev.

The composition of RVC's Board of Directors in the first half of 2017 (prior to the Annual General Meeting of Shareholders held on June 30, 2017) was exactly the same except for one director: on June 30, 2017, Vasily Belov (the CEO of Skolkovo- Venture Investments LLC, and before that the Senior Vice President for Innovation at the Skolkovo Foundation) was replaced on the Board of Directors by Igor Drozdov, Chairman of the Skolkovo Foundation’s Management Board.

Key resolutions adopted in 2017 included:

- the approval of a new RVC Development Strategy for 2017–2030;
- resolutions to improve the operations of funds created with RVC’s capital, as well as on a set of three new funds (in the form of an investment partnership);
- a package of resolutions to implement and finance NTI projects in accordance with NTI road maps.

Information about the current composition of the Board of Directors and CVs of its members are available at: http://www.rvc.ru/en/about/governance/directors/.
Board of Directors Committees

Strategic Planning Committee
The Strategic Planning Committee assists the Board of the Directors in preparing resolutions on the Company’s strategic goals and priority lines of business, and preparing RVC’s development strategy and annual business plans. The Committee also advises the Board of Directors on the adoption of resolutions on RVC’s strategic development and on its assessment of RVC’s performance with a long-term outlook. In addition, the Committee has been authorized since 2015 to review action plans related to RVC’s role as the NTI Project Office, to supervise the implementation of said plans and to recommend amendments to the plans.

Composition of the Strategic Planning Committee
Composition of the Committee as of the end of 2017 (elected in accordance with a resolution of RVC’s Board of Directors of July 26, 2017, Minutes No. 13)
Chairman of the Committee: Dmitry Peskov, Director of the Young Professionals Division at the Agency for Strategic Initiatives.

Members of the Committee: 
- Alexander Auzan, Dean of the Faculty of Economics at Lomonosov Moscow State University, Doctor of Science (Economics), Professor, member of RVC’s Board of Directors, independent director;
- Alexey Basov, Deputy CEO, Investment Director at RVC, member of RVC’s Management Board;
- Alexey Borovkov, Deputy Rector for prospective projects at the St. Petersburg State Polytechnic University;
- Alexander Galtisky, Managing Partner at Almaz Capital Partners;
- Sergey Generalov, President of Industrial Investors LLC;
- Pavel Gudkov, Deputy CEO of the Foundation for Assistance to Small Innovative Enterprises;
- Andrey Ivanichenko, Chairman of the Board of Directors at ChemRar High-Tech Center;
- Ekaterina Inozemtseva, Vice President for Strategy and Investments at the Skolkovo Foundation;
- Evgeny Kovyrev, CEO of Digital Economy ANO;
- Boris Ryabov, Managing Partner at Bright Capital;
- Mikhail Sarsimov, Director of the Medical Department, R-Pharm JSC;
- Oleg Teplov, Officer in the Expert Department at the Administration of the Russian President;
- Oleg Khorokhordin, Deputy Head of the Administrative Service of the Deputy Prime Minister of the Russian Federation;
- Artem Shadrin, Director of the Strategic Development and Innovation Department at the Ministry of Economic Development of the Russian Federation;
- Alexander Shumsky, CEO of the Artefact Communications PR agency.

Activities of the Strategic Planning Committee in 2017
In 2017, the Strategic Planning Committee held five in-person meetings.

During the year, the Committee considered the following issues:
- RVC’s Development Strategy for 2017–2030;
- RVC’s Business Plan and budget for 2017 and for the 2018–2019 period;
- RVC’s KPIs for 2017;
- issues related to the operations of the NTI Project Office; and
- other issues.

Personnel and Compensation Committee
The Personnel and Compensation Committee assists the Board of Directors with the development of systems for staff incentivization (including for members of the Management Board) and bylaws describing the bonus system, as well as recommendations for amending the system.

Composition of the Personnel and Compensation Committee
Composition of the Committee as of the end of 2017 (elected by the Board of Directors on July 26, 2017, Minutes No. 13)
Chairman of the Committee: Alexander Auzan, Dean of the Faculty of Economics at Lomonosov Moscow State University, Doctor of Science (Economics), Professor, independent director.

Members of the Committee: 
- Sergey Borisov, Chairman of the Board of Trustees of the OPORA RUSSIA All-Russian Non-governmental Organization for Small and Medium-Sized Business;
- Sergey Polyakov, CEO of the Foundation for Assistance to Small Innovative Enterprises, member of RVC’s Board of Directors.

Activities of the Personnel and Compensation Committee in 2017
In 2017, the Personnel and Compensation Committee held three in-person meetings and two meetings in the form of absentee voting.

Audit and Integrity Committee
The Audit and Integrity Committee assists the Board of Directors with issues regarding the approval of non-financial reporting, verification of the calculation of KPIs, as well as internal control, audit, risk management and ethics.

Composition of the Audit and Integrity Committee
Composition of the Committee as of the end of 2017 (elected by the Board of Directors on July 26, 2017, Minutes No. 13)
Chairman of the Committee: Yuri Udaltsov, Deputy Chairman of the Management Board, RUSNANO MC LLC, member of RVC’s Board of Directors.

Members of the Committee:
- Sergey Borisov, Chairman of the Board of Trustees of the OPORA RUSSIA All-Russian Non-governmental Organization for Small and Medium-Sized Business;
- Sergey Polyakov, CEO of the Foundation for Assistance to Small Innovative Enterprises, member of RVC’s Board of Directors.

Activities of the Audit and Integrity Committee in 2017
In 2017, the Audit and Integrity Committee held three in-person meetings and two meetings in the form of absentee voting.

The following issues were considered during the meeting:
- the composition of RVC’s Management Board;
- the amount of remuneration to paid to members of RVC’s Management Board.

Corporate Governance Committee
The Corporate Governance Committee was abolished by a resolution of RVC’s Board of Directors of July 26, 2017 (Minutes No. 12).

No meetings of the Committee were held in 2017.
**MANAGEMENT BOARD**

The members of RVC’s Management Board are elected from among RVC employees by resolution of the General Meeting of Shareholders on the basis of a recommendation from the Board of Directors. The Management Board must be made up of no fewer than five members. The term of office of members of the Management Board is determined by resolution of the General Meeting of Shareholders and may not exceed three years.

- **Alexander Povalko**
  - CEO, Chairman of the Management Board, member of RVC’s Board of Directors

- **Sergey Abdukerov**
  - Chief Operations Officer at the NTI Project Office

- **Mikhail Antonov**
  - Deputy CEO and Director for Innovative Infrastructure Development at RVC

- **Alexey Basov**
  - Deputy CEO and Investment Director at RVC

- **Ekaterina Kumanina**
  - Director for Strategic Communications at RVC

- **Elena Mikheeva**
  - Director of the Risk Analysis and Internal Control Department at RVC

- **Anna Romanenko**
  - Deputy CEO and Executive Director at RVC

- **Mikhail Fedotov**
  - Deputy CEO and Financial Director at RVC

The function of the Chairman of the Management Board is performed by RVC’s CEO.


Activities of the Management Board in 2017

**CONTROL, AUDIT AND RISK MANAGEMENT**

RVC’s main control, audit and risk management bodies are the Internal Audit Commission, the Risk Analysis and Internal Control Department and the Internal Audit Department. RVC’s financial statements are also audited by an independent external auditor selected through an open tender and approved by the General Meeting of Shareholders.

The internal control, audit and risk management system is represented by RVC’s structural units. RVC undertakes comprehensive efforts to develop its internal control, audit and risk management system in compliance with best corporate governance practices.

**Internal Control and Audit**

The internal control and audit system ensures that RVC and its subsidiaries are in compliance with the operating procedures established by Russian laws and RVC’s bylaws.

During the reporting period, RVC implemented measures to improve the organizational and legal basis for the operation of the internal control and audit system:

- RVC’s Internal Control Policy and Internal Audit Policy were updated.
- A Code of Ethics for RVC’s internal auditors was developed and approved.
- Based on the results of the self-assessment carried out by the Internal Audit Department, measures were taken to improve the performance of internal audit at RVC.
- An assessment of the performance of RVC’s risk management and internal control system was carried out, based on the results of which an action plan to improve its performance was developed.

In 2017, the Internal Audit Department carried out 15 audits, including an audit of the quality of the corporate governance system and planned audits of the financial and economic operations of RVC’s subsidiaries. No evidence of theft, embezzlement or the misuse of property was uncovered during these audits.

**Internal Audit Commission**

The Internal Audit Commission, which is elected by the General Meeting of Shareholders, must have between three and five members. Commission members may not simultaneously be members of the Board of Directors or occupy other positions in RVC’s management bodies.

Composition of the Internal Audit Commission (elected in accordance with a resolution of the Annual General Meeting of Shareholders of June 30, 2017):

- Viktor Bort, independent expert;
- Konstantin Lukoyanov, independent expert;
- Alexey Priyatkin, independent expert;
- Nikolay Starchenko, independent expert;
- Evgeny Chutkin, independent expert.

The function of the Chairman of the Internal Audit Commission is performed by Nikolay Starchenko (elected by Resolution No. 1-2017 of the Internal Audit Commission of July 13, 2017).
External Audit

According to the applicable legal requirements, RVC conducts an annual mandatory audit of its financial statements. The auditor is selected through a tender in accordance with Federal Law No. 307-FZ of December 30, 2008, on Audit and through the procedure established by Federal Law No. 44-FZ of April 5, 2013, on the Contractual System for the Purchase of Goods, Works and Services for State and Municipal Needs.

In 2016, Intercom-Audit Limited Liability Company was selected as RVC’s auditor for three years.

Fighting Corruption

RVC’s Anti-corruption Policy is the main document aimed at preventing, identifying, suppressing and minimizing possible corruption at RVC.

RVC’s Anti-corruption Policy reflects the commitment of RVC and its employees to high ethical standards of business conduct, concern for RVC’s business reputation, as well as the Company’s desire to improve its corporate culture and use the best corporate governance practices.

RVC, within its competence, initiates the introduction within its subsidiaries of Anti-corruption policies similar to RVC’s Anti-corruption Policy, makes efforts to ensure that the operations of joint ventures and associations, as well as those of counterparties, comply with this policy.

RVC takes Anti-corruption measures on a continuous basis and in coordination with state bodies in accordance with the requirements and procedures established by Federal Law No. 273-FZ of December 25, 2006, on Combating Corruption and RVC’s Anti-corruption Policy.

Since 2015, RVC has been registered in the consolidated register of participants of the Anti-corruption Charter of Russian Business, the Russian Union of Industrialists and Entrepreneurs (RUIE), which confirms its commitment to the principles of preventing and combating corruption.

In 2017, RVC declared for the first time that it was in compliance with the Anti-corruption Charter of Russian Business, after which the RUIE amended the consolidated register of participants of the Anti-corruption Charter of Russian Business and re-issued its Certificate of Accession to the Anti-corruption Charter of Russian Business.

RVC’s key Anti-corruption activities in 2017 included the following:

- updating the ‘Combating Corruption’ section of its official website;
- setting up a hotline for Anti-corruption issues (Order No. 76/17 of August 2017);
- participating in official inspections and consulting commission members about such inspections;
- developing and approving the Regulation on the Identification and Regulation of Conflicts of Interest Involving RVC Employees (Order No. 36/16 of April 5, 2016);
- updating the register of individuals required to disclose information about their interest in transactions carried out by RVC;
- ensuring the inclusion of Anti-corruption provisions in all agreements with counterparties (when initialising draft agreements or concluding agreements);
- Anti-corruption monitoring (analysis of RVC’s statutory and operational activities);
- analysis of claims and negative publications in the mass media about RVC’s activities.

Risk Management

Part of RVC’s corporate governance practice includes identifying and responding to risks. Risk management is a systematic, continuous process that affects all of RVC’s operations.

The organizational structure of RVC’s risk management system includes the Board of Directors, the Audit and Integrity Committee, the CEO, the Risk Analysis and Internal Control Department, and RVC’s standing Risk Committee.

In 2017, work was undertaken to improve the performance of the Company’s risk management and internal control systems, which included:

- updating RVC’s Internal Control Policy and adopting a new version of RVC’s Risk Management Policy;
- updating RVC’s Plan for Minimizing Material and Moderate Risks; information was brought to the attention of the Audit and Integrity Committee of RVC’s Board of Directors;
- a risk register was developed that includes an assessment of risk level as of the end of 2017;
- tasks and goals related to risk management are specified in RVC’s Development Strategy for 2017–2030.

An integral part of RVC’s risk management involves the provision of methodological assistance and monitoring the performance of the risk management and internal control systems at its subsidiaries.

DISCLOSURE

As it is not a public company, RVC discloses information on a voluntary basis. The disclosure procedure is governed by RVC’s Regulation on Disclosure, which requires the publication of:

- annual reports and annual financial statements, including the auditor’s opinion;
- RVC’s Charter and regulations on its management bodies; and
- lists of affiliates.

DIVIDENDS

According to a decree of the Government of the Russian Federation and directives from Rosimushchestvo, RVC allocates 25% of its net profit at year end for the payout of dividends. If there is no profit, dividends are not paid out.

RVC did not pay out any dividends in 2017 since it had incurred losses in 2016.

This information is disclosed on RVC’s website: http://www.rvc.ru/en/about/results-of-operations/.

In addition, RVC, in accordance with legal requirements, discloses information in the unified federal register of information about the activities of legal entities.
**FINANCIAL RESULTS FOR 2017**

In 2017, RVC's revenue amounted to RUB 2.072 billion.

As of December 31, 2017, RVC had RUB 36.245 billion in capital and reserves.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
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<tbody>
<tr>
<td>2.072 RUB BILLION</td>
<td>RVC's revenue</td>
</tr>
<tr>
<td>36.245 RUB BILLION</td>
<td>RVC's capital and reserves as December 31, 2017</td>
</tr>
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**PROCUREMENT ACTIVITIES**

When procuring goods, works, or services, RVC follows Federal Law No. 223-FZ of July 18, 2011, on the Procurement of Goods, Works and Services by Certain Types of Legal Entities, and RVC JSC Procurement Provisions.

Key principles of procurement:
- Accessibility of procurement information;
- Procurement transparency that enables monitoring at any stage of the procurement process;
- Application of preferential competitive procedures for selecting suppliers, executors and contractors: competitions, auctions, requests for commercial proposals, competitive negotiations, requests for quotations/prices;
- Equality, fairness, absence of discrimination or unwarranted restrictions on competition toward parties to the procurement process, including the prohibition of coordination of the procurement process by RVC or the creation of beneficial conditions thereto;
- Cost-effective expenditure of monetary funds for the procurement of goods, works and services, and for cost-cutting arrangements;
- Establishment of measurable requirements for participants in the procurement process.

In 2017, the volume of purchases amounted to RUB 1,111,158,000.49, while the volume of competitive procedures amounted to RUB 525,942,000, or 47.33% of the total volume of purchases; in 2016, the volume of competitive procedures amounted to RUB 527,163,000.

The portion of procurements from small and medium-sized enterprises in 2017 amounted to RUB 454,522,000, or 40.91% of the total amount of procurement.

Information on the company’s procurement activities is available in the unified information system in the field of public procurement (www.zakupki.gov.ru), on RVC’s official website (https://www.rvc.ru/about/purchase) and, in the case of online procurement, on the electronic trading platform of the unified trading system (www.otc.ru).

**INTRODUCTION OF INFORMATION TECHNOLOGIES**

To ensure the strategic management of information technologies, a digital committee with the CEO of RVC was set up in 2017 that approved the Program for the Development of Digital Technologies at RVC in 2018-2020.

RVC’s digital strategy provides for the digitization of the company’s investment and ecosystem activity and of the management of NTI projects. An open digital society will be set up at RVC.

The new program also provides for the development of the company’s process management, accounting and budgeting, as well as the creation of various analytical IT instruments.

In addition, during the reporting year, RVC completed several infrastructure tasks for the development of information technologies, in particular a system for cloud-based file storage was created where all of the company’s internal IT services were transferred. In 2017, the RVC office was moved to the Skolkovo Innovation Center.

**HR MANAGEMENT**

RVC’s human resources policy is aimed at ensuring the implementation of projects and initiatives and the achievement of key performance indicators, while also balancing the Company’s interests with those of its employees.

Main areas of RVC’s human resources policy in 2017:

1. Ensuring a balance in the processes of updating and optimizing the size and qualitative composition of our workforce in accordance with the organization's needs on the basis of compliance with the requirements of existing legislation.
2. Maintaining a high level of professional competence on the part of our workforce.
3. Maintaining and strengthening the positive working environment in the company.
Business Accelerator
A model for supporting innovative start-up companies at an early stage, which involves an intensive development of the project in the shortest possible time. The project is provided with investment, infrastructure, expert and information support to facilitate its prompt entry to the market.

Business Angel
A private investor who provides financial support to an innovative company at an early stage of its development, as well as the occasional advisory support in exchange for a certain share of ownership in the share capital.

Business Incubator
An entity that helps to develop innovative start-up companies at early stages by providing them with premises, technical assistance, legal, financial and other consultations on preferential terms.

Venture Investments
Investments in particularly high-risk projects.

Venture Fund
Property complex whether incorporated or unincorporated, formed (being formed) by the combination of deposits (in cash, unless otherwise provided by the transaction structure) by a legal entity (a group of legal entities) or an individual (a group of individuals) in any form stipulated by the current legislation of the Russian Federation, as well as funds established in accordance with foreign legislation or managed by a legal entity established in accordance with foreign legislation. The investment strategy of a venture fund involves the acquisition of securities (stakes) of exclusively innovative companies.

General Partner (GP)
A legal entity or an individual who manages a partnership and/ or a venture fund established abroad and/or in accordance with the requirements of foreign legislation.

Investment Partnership Agreement (IPA)
Association of two or more persons (partners) who undertake to combine their deposits and carry out joint investment activities to make profit without establishing a legal entity.

CEF
Closed-end funds, whose funds are managed by a professional management company.

CEF for HR(V)
Closed-end funds for high-risk (venture) investments.

Investments
Long-term financial and/or property and/or non-property investments in any form permitted by applicable law into the capital of innovative companies and/or venture funds.

Investment Transaction
The actions of physical and/or legal entities aimed at establishing, changing or terminating of civil rights and obligations in the framework of investments.

Innovative Company
A company of any organizational and legal form, whose activities correspond with the priority areas of development of science, technology and equipment, and/or whose products are included in the list of critical technologies of the Russian Federation. The structure of the owners of the innovative company includes persons possessing rights for the results of intellectual activity, which are the basis of the business model of the society, and who transferred them as a contribution to its authorized capital.

Development Institution
An agent of state influence acting in the interests of the efficient development of the most important aspects of social and economic life and performing its function as one of the market participants.

RVC-Supported Company
A company in respect of which a decision to invest is taken (a decision of the investment committee) and at the time of reporting the fund owns a stake in this company.

Development of Innovative Infrastructure: Acceleration of Technology Projects
RVC
Russian Venture Capital Market Association. RVC is a member of this association.

Russian Company
A legal entity that satisfies one or more of the following conditions:
- The parent company (which owns a controlling interest and / or has the authority to manage its subsidiaries / affiliates) is registered in the territory of the Russian Federation, at least 50% of employees work at the territory of the Russian Federation;
- The parent company is registered in the territory of the Russian Federation; at least 50% of the expenses are borne by the company at the territory of the Russian Federation;
- The parent company is registered in the territory of the Russian Federation; at least 50% of the company’s revenues are generated at the territory of the Russian Federation.

RCPS (Regional consulting practice sessions)
Specialized Financial Instrument (Specialized Fund) - venture fund, or a subsidiary or affiliate of RVC, whose investment declaration provides for investment in securities/stakes in the authorized capital of Russian and/or foreign innovative companies with a certain industry specialization, being at different stages of development and/or carrying out activities related to the development of innovative infrastructure for specialized services and services for innovative companies of the appropriate technology cluster.

Start-up
A newly established company that is in the process of developing or researching promising markets. Investments in start-ups are characterized by a particularly high risk.

Management Company
A legal entity established in accordance with the applicable law at the territory of the Russian Federation or of another state whose employees (management) have an experience and competences required to manage the venture fund and/or have a license to conduct trust management of investment funds, mutual investment funds and non-government pension funds.

Managing Partner
A partner under an investment partnership agreement that is obliged to manage the investment partnership funds independently or jointly with other managing partners.

Seed capital
Is the initial capital used for project financing on the early stage of development.

Ecosystem of Venture Industry and tech Entrepreneurship
A favorable self-organizing environment that provides the resources necessary for creation and growth of innovation and technology companies, the participants of which have well established and balanced relations.

IPO (INITIAL PUBLIC OFFERING)
The first public sale or distribution of the company’s shares on the stock market. IPO of shares of portfolio company is one of the ways out for the venture capital market fund.

LIMITED PARTNER (LP)
An investor-partner with a limited liability in a private equity fund or in a venture fund.
ABOUT THE REPORT

This annual report has been prepared for the period from 1 January 2017 through 31 December 2017, using information available to Russian Venture Company JSC (RVC). Financial results are based on the Company’s audited accounts in accordance with Russian Accounting Standards.

Operating parameters are reflected in accordance with the requirements of:

- Bank of Russia Regulations No. 454-P of December 30, 2014, on Disclosure of Information by Issuers of Equity Securities;
- The Corporate Governance Code (recommended to be applied by Letter No. 06-52/2463 of April 10, 2014, of the Central Bank of the Russian Federation); and
- The GRI guidelines for reporting on sustainable development.

Limitation of Liability

RVC’s public annual report for 2017 was prepared using information available to the Company at the time of its compilation. The report contains information on the results of the Company’s activities in 2017, as well as forecasts and statements regarding the Company’s intentions, opinions and current expectations related to the results of its operations, financial position, liquidity, outlook, strategy and development of the industry in which RVC operates.

There are certain risks and uncertainties with any forward-looking statements, as they depend on circumstances that could change in the future. RVC does not provide any explicit or implicit assurances or guarantees nor does it bear any responsibility in the event of any losses that legal entities or natural persons might incur as a result of using the forward-looking statements contained in this annual report, for any reason, directly or indirectly. The above-mentioned entities should not rely only on the forward-looking statements contained in this document, as they are not the only possible scenario for future events.

Unless it is envisaged by the laws of the Russian Federation, RVC undertakes no obligation to revise or confirm its expectations and estimates or to publish updates and amendments to the forward-looking statements presented in this annual report that are the result of subsequent events or that come to light after the receipt of new information.

CONTACTS

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Website: www.rvc.ru

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Address: 8 Eu Tong Sen Street #14-94 The Central Singapore 059818
Tel: +65 6524 9574
Fax: +65 6524 9574
E-mail: info@abilityfactors.com
Website: www.abilityfactors.com

South Korea

Andrey Tsygankov
Address: 4F, Dokseodang-ro, Yongsan-gu, Seoul, South Korea (140-888)
Tel: +82-10-5319-53-54
E-mail: westlakeitckorea@gmail.com

RVC JSC Subsidiary Funds

RVC Seed Fund Ltd.

Address: 1 Bolshoy Gnezdnikovsky Lane, Bldg. 2, Moscow, Russia, 125009
Tel: +7 (495) 729-64-59
E-mail: partner@rvcseed.ru
Website: www.rvcseed.ru

RVC Biopharmaceutical Investments Ltd.

Address: 1 Bolshoy Gnezdnikovsky Lane, Bldg. 2, Moscow, Russia, 125009
Tel: +7 (495) 729-64-59
E-mail: partner@rvcseed.ru
Website: www.rvcseed.ru
Infrastructure Investments RVC LLC
Address: 1 Bolshoy Gnezdnikovsky Lane, Bldg. 2, Moscow, Russia, 125009
Tel.: +7 (495) 729-64-59
E-mail: office@rvcinfra.com
Website: www.rvcinfra.com

Civil Technologies of the Military-Industrial Complex LLC
Address: 1 Bolshoy Gnezdnikovsky Lane, Bldg. 2, 125009, Moscow, Russia
Tel.: +7 (495) 729-64-59

Funds with the Participation of RVC JSC Capital in a Foreign Jurisdiction

Russian Venture Asset Management Ltd.
Address: 14 Hannover St., 3rd Floor, London, W1S YH, UK
E-mail: invest@russventure.ru

Volga Venture Management Inc.
Address: 420 Boylston Street, 6th Floor, Boston, MA 02116, USA
E-mail: invest@russventure.ru

Managing Companies Carrying out Trust Management of Funds Created as Closed-End Funds (CEF)

Management Company Bioprocess Capital Partners LLC (Bioprocess Capital Ventures CEF for HR(VI))
Address: 6 Stolyovsky Lane, Moscow, Russia, 121061
Tel.: +7 (495) 974-74-01
Fax: +7 (495) 974-74-02
+7 (495) 974-74-01 (ext. 222)
E-mail: capital@bioprocess.ru
Website: www.bcvf.ru

JSC VTB Capital Asset Management (VTB Venture Fund CEF for HR(VI))
Address: 10 Presnenskaya Emb., Moscow, Russia, 123317
Tel.: +7 (495) 725-55-40
Fax: +7 (495) 725-55-38
E-mail: arm@vtbcapital.com
Website: www.vtbcapital-arm.ru

Maxwell Asset Management LLC (Maxwell Biotech CEF for HR(VI))
Address: 12/19 Verkhnyaya Radischevskaia St., Bldg. 1, Moscow, Russia, 109240
Tel.: +7 (495) 726-52-53
E-mail: info@ammaxwell.ru
Website: www.ammaxwell.ru

CJSC LEADER (Leader Innovations CEF for HR(VI))
Address: 95 Varshavskoye Road, Bldg. 1, Moscow, Russia, 117556
Tel.: +7 (495) 280-05-60
+7 (495) 280-05-62
Fax: +7 (495) 280-05-61
E-mail: info@leader-invest.ru
Website: www.leader-invest.ru

Management Company S-Group Capital Management LLC (S-Group Ventures CEF for HR(VI))
Address: 2 Clara Tsentkin St., Moscow, Russia, 127299
Tel.: +7 (495) 662-70-20
Fax: +7 (495) 783-56-27
E-mail: info@sgrp.ru
Website: www.uk-sgrp.ru

Managing Companies Carrying Out Trust Management of Funds Created as an Investment Partnership Agreement

RusBioVentures LLC (RusBio Ventures IPA)
Address: 10, Testovskaya St., Moscow City, North Tower, Moscow, Russia, 123317
Tel.: +7 (495) 782-23-42
E-mail: info@tbcapital.com
Website: www.tbcapital.com

Finematika LLC (FINEMATIKA Air-Cosmic Fund IPA)
Address: 26 Pravdy St., Moscow, Russia, 125040
Tel.: +7 (495) 542-58-58
E-mail: info@finematika.ru

Da Vinci Capital LLC (Structure of parallel funds: Da Vinci Pre-IPO Fund IPA and DA VINCI PRIVATE EQUITY FUND II L.P.)
Address: 8 Presnenskaya Emb., Bldg. 1, City of Capitals Tower, North Block, Moscow, Russia, 123317
Tel.: +7 (495) 775-62-22
E-mail: pr@dvicap.com
Management Company ACP LLC (Seed Fund ACP IPA)
Address: 1 Leninskie Gory St., Bldg. 77, Moscow, Russia, 119992
Tel.: +7 (495) 930-69-59
E-mail: box@amacap.ru
Website: www.amacap.ru

Tonap Venture LLC (High-Tech Seed Fund IPA)
Address: 49 Leningradsky Prospect, Moscow, Russia
Tel.: +7 (495) 744-84-72
E-mail: info@tonap.ru
Website: www.tonap.ru

Softline Internet Trade LLC (Softline Seed Fund IPA)
Address: 7 Derbenevskaya Emb., Bldg. 8, Moscow, Russia, 114115
Tel.: +7 (495) 232-00-23
E-mail: info@ssf.vc
Website: www.ssf.vc

DI Group LLC (Venture Fund Accelerator IPA)
Address: 4a Poymenny Lane, Tomsk, Russia, 634009
Tel.: +7 (3822) 979-890
Website: www.di-group.info

KSI Ventures LLC (Life Sciences Seed Fund IPA)
Address: 5 Pervomaiskaya St., Dolgoprudny, Moscow Region, Russia, 141700
Tel.: +7 (495) 408-42-00
E-mail: project@ksiventures.ru
Website: www.ksiventures.ru

North Energy Ventures LLC (North Energy Fund I Seed IPA)
Address: 3 Stolyarny Lane, Bldg. 18, Moscow, Russia, 123022
Tel.: +7 (495) 710-08-07
E-mail: team@northenergyventures.com
Website: www.northenergyventures.com/ru

Phystech Ventures LLC (Phystech Ventures II IPA)
Address: 11 Tsvetnoy Blvd., Bldg. 6, Moscow, Russia, 127051
E-mail: startup@phystechventures.com
Website: www.phystechventures.com

RVC Infrastructure Investments LLC (Russian-Belarusian Venture Investment Fund IPA)
Address: 1 Bolshoy Gnezdnikovsky Lane, Bldg. 2, Moscow, Russia, 125009
Tel.: +7 (495) 729-64-59
E-mail: info@rvcinfra.ru
Website: www.rvcinfra.com

DI-Group LLC (TSU Seed Fund IPA)
Address: 4a Poymenny Lane, Tomsk, Russia, 634009
Tel.: +7 (3822) 979-890
Website: www.di-group.info

Skolkovo Venture Investments LLC (Skolkovo Venture Fund – Industrial IPA)
Address: 42 Bolshoy Blvd., Bldg. 1, Skolkovo Innovation Center, Moscow, Russia, 143026
Tel.: +7 (495) 956-00-33
Website: sk-venture.ru/

Skolkovo Venture Investments LLC (Skolkovo Venture Fund – IT IPA)
Address: 42 Bolshoy Blvd., Bldg. 1, Skolkovo Innovation Center, Moscow, Russia, 143026
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