



EDITORIAL

Mangrove turns 10

Practicing venture capital in Europe for the past 10 years has been a privilege. Looking back, our partnership has had the opportunity to interact with so many great entrepreneurs, limited partners and people involved in making technology innovation possible. We recognise that without such partners, we would not have been able to follow our dream of building one of Europe's best firms – we take this opportunity to thank all that have made Mangrove I, II and III possible.

We have also come to realise that operating from Europe has the major constraint of being far from the important technology epicentres. While new ideas are more abundant than ever, buyers for our business are mostly not in Europe. As a result, European venture capitalists must find alternative ways of doing business development to gain a competitive advantage.

In this spirit, we are proud to announce our association with the Renault F1 racing team. This association will undoubtedly lead to new business development opportunities and play a role in helping us create the best business relationship network in the industry.

Mangrove goes Cleantech

It is undeniable that our planet and our world economy are increasingly challenged by global environmental problems. The “green impact” is becoming a key driver for many of our decisions, private and business. Awareness about our social responsibility towards environmental issues has reached a historic inflection point. Consumers realize more and more that green solutions can be good value on top of being environment friendly.

We attended the Copenhagen summit, and despite the lack of a final agreement, the very presence of all the world leaders shows their general acceptance that they have a responsibility to guide the world towards a more sustainable future. Government policy is changing. Dirty industrial processes are no longer acceptable. Businesses are choosing alternatives that are both cost effective and environment friendly.

Until recently, many businesses producing clean products depended on subsidies to survive. This has clearly changed. Politicians are responding to pressure, and introducing the necessary carrots and sticks that will motivate companies to produce in the most environmentally favorable way, and encourage consumers to buy more friendly products. These initiatives are rendering clean technologies much more desirable than their dirty counterparts.

Around the summit, we met a number of companies showing a huge range of new products and

technologies. It is clear that while the Green Revolution has begun, in fact it has hardly started.

Many of the known Cleantech successes have required massive amounts of capital, sales organisation and time. Yet, we are beginning to see young Cleantech companies that share the same fundamental business challenges and opportunities that we know from the IT industry.

- They offer a unique and cost-saving product, with a very clear value proposition and a simple sales process
- They are capital efficient and financially sound even without subsidies
- They have no barriers to achieving large scale
- They have short innovation cycles

Cleantech entrepreneurs do not share the same background as IT entrepreneurs. Many come from the industrial and research world, and our first experiences are showing that dealing with venture capital firms and raising venture capital

finance is often very new to them. Demystification and evangelization efforts are required in order to bring these entrepreneurs closer to the realities of venture capital. Conferences, blogs, magazines or contests are very useful towards that educational mission, but in general we believe that our hand-on approach is best. We also see that corporate finance houses are taking an even more strategic role when accompanying their start-ups through their fund raising process.

While early days for this category, we expect to make a few investments under the same objectives and guidelines as we have used to date at Mangrove. Of the many sectors under Cleantech, we believe the most suitable opportunities for us are found in categories such as Renewable Energy, Energy Efficiency, Water, Materials and Recycling & Waste Management. Of these, we will place special attention on Energy Efficiency. Throughout, we will continue to focus on early stage companies with global potential.

ABOUT MANGROVE

Mangrove Capital Partners is committed to turn entrepreneurial visions into realities as a means to drive capital appreciation for investors. Our hands-on philosophy in all areas of business and technological development is the cornerstone of our investment strategy and positions us as a true partner for growth.

Mangrove Capital Partners has invested in among other the following companies: Skype (www.skype.com), Lumension (www.lumension.com), Brands4friends (www.brands4friends.de), Zink (www.zink.com), Woome (www.woome.com), Nimbuzz (www.nimbuzz.com), SeatWave (www.seatwave.com), Dialcom (www.dialcom.com), KupiVIP (www.kupivip.ru), Jolicloud (www.jolicloud.com).

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For contact or information:
Mangrove Capital Partners
31, Bd Joseph II
L-1840 Luxembourg
Phone: +352 2625341
www.mangrove-vc.com

[PORTFOLIO
NEWS]

WWW.KUPIVIP.RU

KupiVip has announced a \$ 20 million funding round. This is one of the largest start-up funding rounds in Russia.



WWW.NIMBUZZ.COM

Nimbuzz reaches 15 million users and launches NimbuzzOut, a voip termination service.



WWW.BETTYMOVIL.COM

Bettymovil launches mobile betting in Africa for the CAN football competition.



WWW.JOLICLOUD.COM

After many months in closed Beta, Jolicloud launches its open Beta at CES.

[INTERVIEW]

Drimmi



Nikita Sherman, CEO, Drimmi

Could you describe Drimmi in a nutshell?

Drimmi is a Russian social gaming developer focused on building games integrated into social networks. Our team members have rich experience in working with social networks, games, online marketing and web analytics. Drimmi was founded in 2009 by Nikita Sherman, and is based in Moscow, Russia.

Nikita Sherman (also known as "the father of monetization in Russia") is the former President of Odnoklassniki.ru (the second largest Russian social networks) and Mamba.ru (largest Russian dating service). He was also VP of Strategy at IT Territory (Astrum) – Biggest Russian online gaming company - who led the company to extensive growth.

What is your vision for the social gaming market?

Social gaming is about people playing fun games in social networks where they can interact with their friends, i.e. their social graph. They can help and entertain each other, show off

their achievements and enjoy gameplay without having to spend much time on gaming, like they would do with conventional PC video games.

Worldwide social gaming has boosted during 2009 and will continue to dramatically expand in 2010 and beyond. There is strong competition on this market that leads to better user experience in games. This year game developers will have to enhance user interaction in games through innovation in game design.

Unlike mature western social gaming market, social gaming in Russia is young and quickly growing mostly addressed by a number of small boutiques game developers challenging each other. Drimmi is the first company that exclusively concentrates on social games in Russian internet.

It's worth emphasizing that the "free2play" model (which has proven successful in social games) that originates from Asia, became popular in Russia long ago

before eventually coming to the western market. So in Russia, we have big experience in monetizing the Internet audience, especially in social networks and games.

So having VKontakte (largest social gaming platform with 57 million registered users and continuing to grow), Mail.ru (which is 2nd largest social gaming platform) and possibly Odnoklassniki (which announced a near term launch of their API) there is a large potential in Russian Social Gaming market in the next years.

What is the outlook for Drimmi on this market?

As a Russian company we aim to become the leader in the Russian social gaming market. We intend to address the Russian speaking community worldwide but will also release multi-language social games and expand to international audience. In Russia the market shows high potential for growth. Russian internet users are highly addictive to a low number of sites compared to Western users, and they entertain themselves mostly on social network sites, and they are used to pay for playing games and buy virtual goods.

Could you describe your relationship with Mangrove?

We have known each other for a long time and we highly value the Mangrove team knowledge and experience. We hope to be friends and partners for a long time.

