

 PFR Ventures

INOVO

VENTURE PARTNERS

# Polish VC Market Outlook Q2 2021



European  
Funds  
Smart Growth

European Union  
European Regional  
Development Fund



# Authors

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## About the authors

### PFR Ventures

PFR Ventures is a company managing funds of funds that invests – together with private investors, business angels, and corporations – in Venture Capital and Private Equity funds. The objective of PFR Ventures is to use this capital to support innovative Polish enterprises at various stages of development. At present, PFR Ventures has a portfolio of over 50 funds that have made more than 350 investments.

### INOVO | VENTURE PARTNERS

Inovo Venture Partners is a first-choice VC for ambitious founders from Poland and the CEE region. We back early-stage, post-traction startups with up to €3M of initial investment, and help them build global brands while driving growth of the local startup ecosystem. We take great pride in being close to top founders who think big. We're investors in: Booksy, Restaumatic, Sotrender, Infermedica, Spacelift, Tidio, AI Clearing, Zowie, Jutro Medical, Intiario, Packhelp, Preply, Eyerim, Allset, SunRoof. Our second fund reached a total of €54M.

## Additional data sources



# Overview

PFR Ventures

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## Q2 2021 highlights

▶ **118**

companies funded

▶ **936**

million EUR of invested capital

▶ **109**

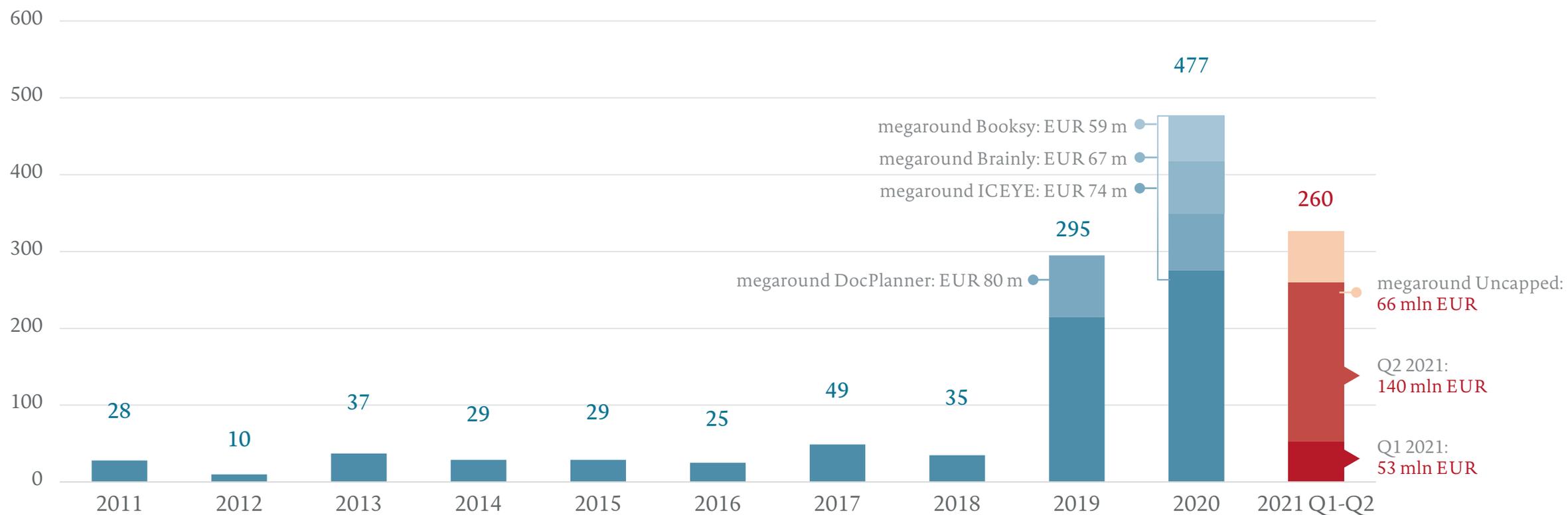
funds involved

▶ **55%**

the first half of 2021 accounts for over 50% of capital invested in the whole year 2020

# VC investments in Poland 2011 – Q2 2021

## Value of investments (EUR m)

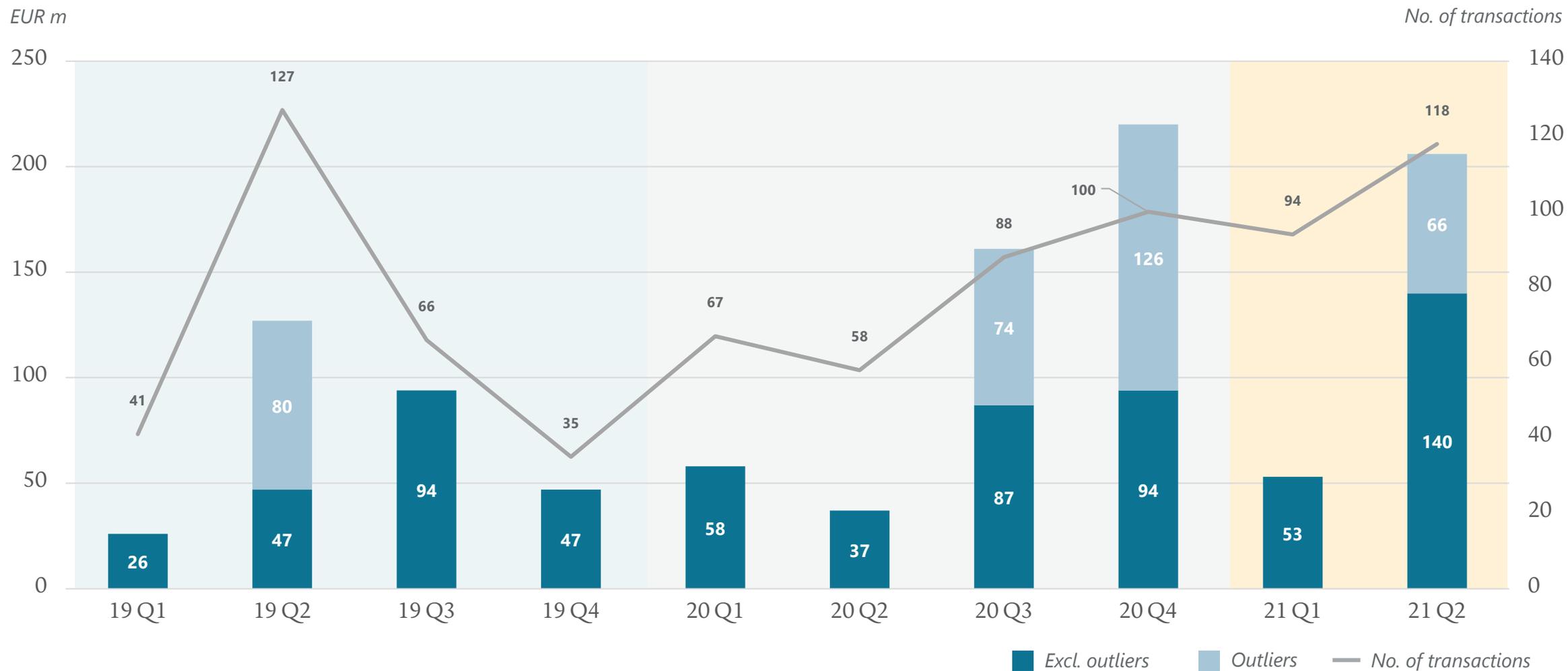


(1) Source for the 2011-2018 data: Invest Europe

(2) We intentionally present rounds of Booksy, Brainly, DocPlanner, and ICEYE separately as they distort the statistical overview (see: outlier)

# VC investments in Poland 2019 – Q2 2021

## Quarterly, value and number of deals



# Authors' comments



**Aleksander Mokrzycki**  
Vice President, PFR Ventures



In the first half of 2021, the VC market already reached the level of the entire 2019. It seems that the third quarter will be even stronger, which will allow pursuing another record and exceed EUR 477 million in transaction value.

The growing number of rounds exceeding EUR 2-5 million looks optimistic. Among them, you can see both international and local investors. When it comes to the pace of the next rounds, startups raise them quicker than ever before. Both these trends allow us to conclude that the Polish ecosystem for financing innovation has not only stabilized but is also now accelerating.

There is also a good signal for investors: VC pays off, as proven by the exits made by Black Pearls and Innovation Nest.



**Tomasz Swieboda**  
Partner, Inovo Venture Partners



The Polish VC market is clearly accelerating. The number of transactions is growing, and above all — so is their value. The EUR 207 million that we jointly invested in startups is almost 4 times more than in the previous quarter and over 5 times more than in the same period last year. This year will end with another record.

Polish technology companies are raising more capital and it is happening faster than before. Subsequent rounds are now raised in less than a year from the previous ones, and record holders do it in 4–8 months. A great example is Uncapped. In May, the company raised EUR 66m, just 8 months after the previous round. Piotr Piszcz, one of the founders, next to running his own business also invests as a Business Angel in other Polish startups (e.g. Ramp). This way the capital returns to Poland and stimulates the ecosystem.

# Authors' comments



**Przemysław Kurczewski**  
Deputy Director of R&D  
Investments, NCBR



After a very good first quarter, we see that the Polish VC market is not slowing down. The number of investments, their scale and the number of financing sources are growing. The market is undoubtedly maturing and has shown strength in the face of the pandemic.

We are observing a lot of interest from foreign investors. The sale of skyrise.tech by Black Pearls VC to the Finnish company Etteplan, which was made possible through participation in the BRIDGE Alfa program, resulted in the private capital return of 18.6x CoC. For the first time on the Polish market, a VC exit from one company returned all the private capital investments undertaken to the fund. In the coming years we expect further spectacular transactions as the divestment process in BRIDGE Alfa funds, among others, will only gain in strength.



**Paweł Chorąży**  
Managing Director of European  
Funds Division, BGK

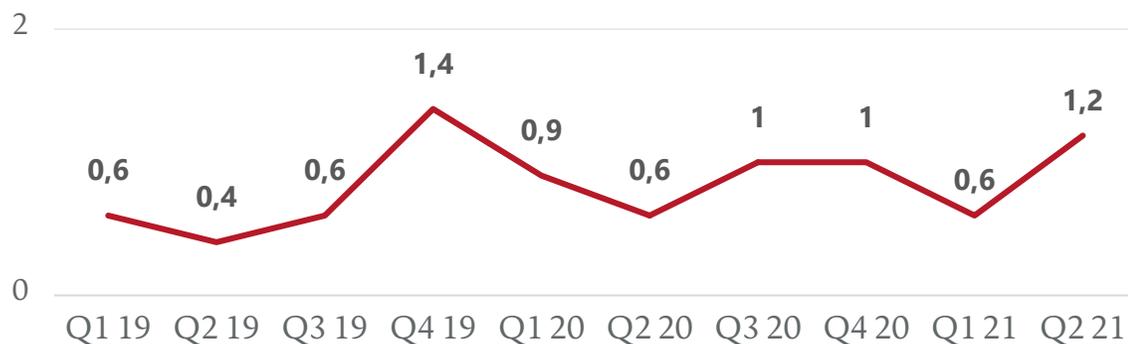


Another quarter showed that business drew breath in times of the pandemic. The quantitative and valuable progression of the investments on the VC market is significant when compared to the Q2 2020, with 2-fold and over 5-fold increase, respectively.

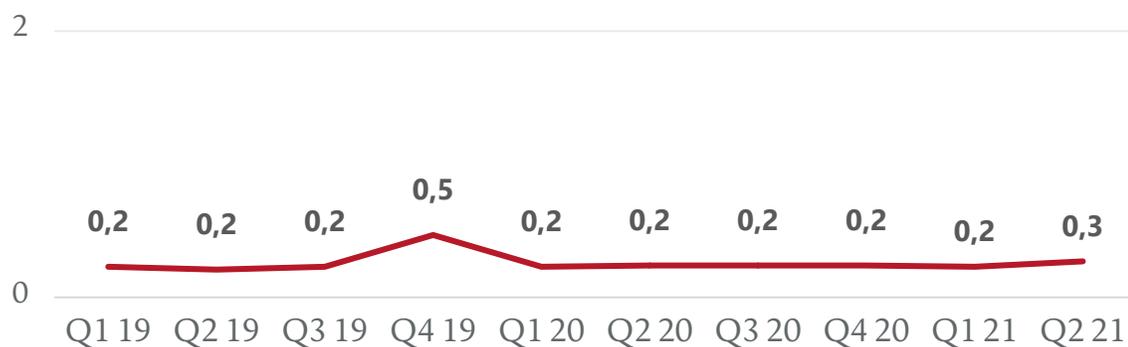
When it comes to the BGK funds (managed by Netrix Ventures, Brave Seed Fund, VC GP1 and Bitspiration Booster) financed from regional operational programs, the results will be seen to a greater extent in the next quarters. The second quarter was a time of increased analysis of investment projects, with the Health sector still dominating.

# VC investments in Poland 2019 – Q2 2021

## Quarterly, average transaction value (EUR m)



## Quarterly, median transaction value (EUR m)



Q2 2021 is a quarter with a large injection of cash from international funds, which translated into an increase in the average and median value of transactions compared to previous quarters. Compared to Q1 2021, the average increased more than 2-fold to EUR 1.2 million. The outlook for the following quarters looks very optimistic and the potential impact of COVID appears to be minimal - concerning the most affected quarter Q2 2020, the average in Q2 2021 increased by over 85%. Polish startups mature and raise bigger rounds of financing. In addition, it is happening more and more often - the number of transactions compared to the previous quarter increased by over 25%, and compared to Q2 2020 by over 103%. Interestingly, despite the increase in the number of transactions made by BRIDGEAlfa funds, from 33 in Q1 to 47 in Q2 2021, the number of which usually determined the median value at around EUR 0.2 million, we recorded an increase to EUR 0.3 million.

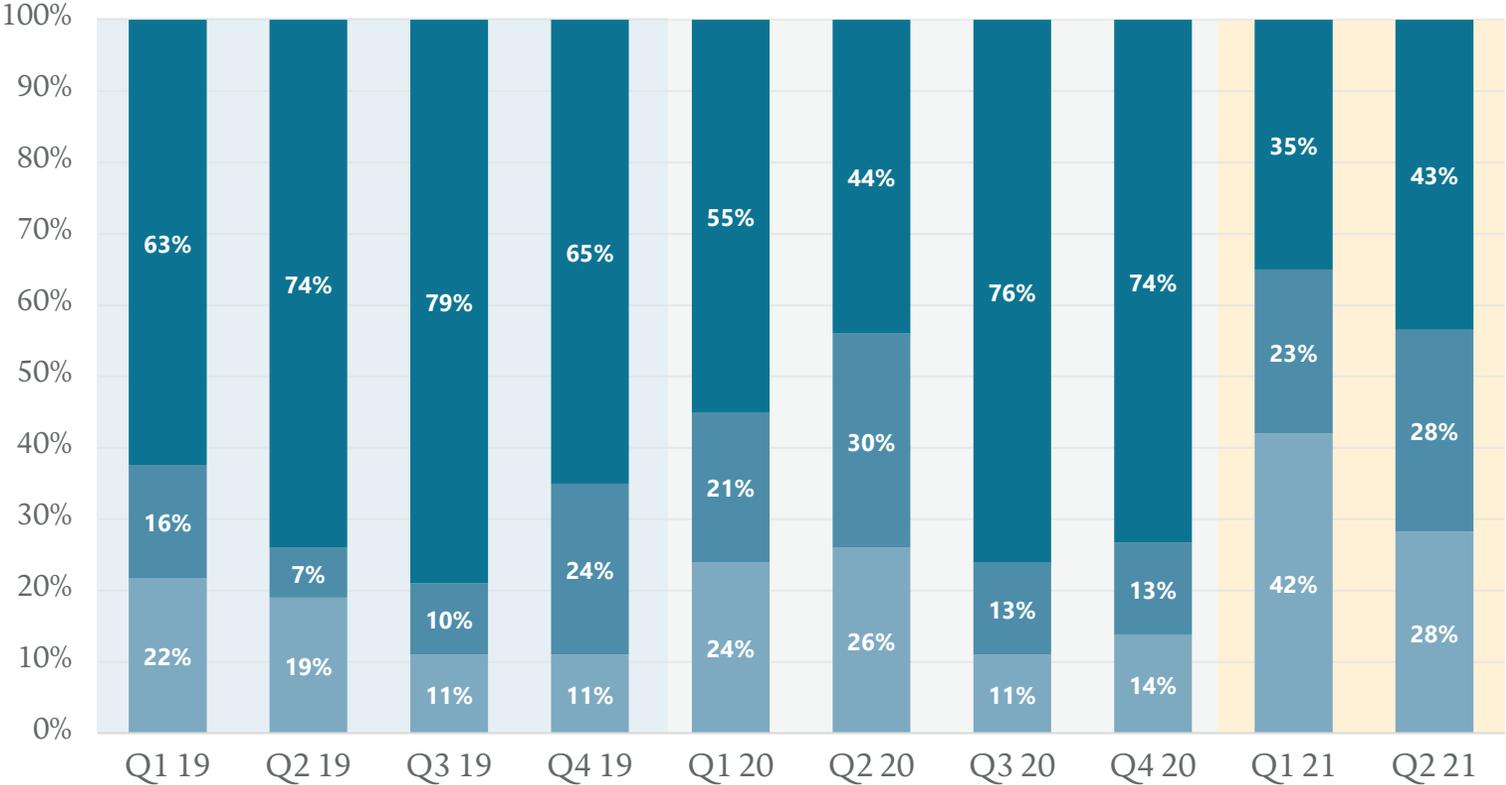
 **Andrzej Daniluk**  
Analyst, PFR Ventures

# VC investments in Poland 2019 – Q2 2021

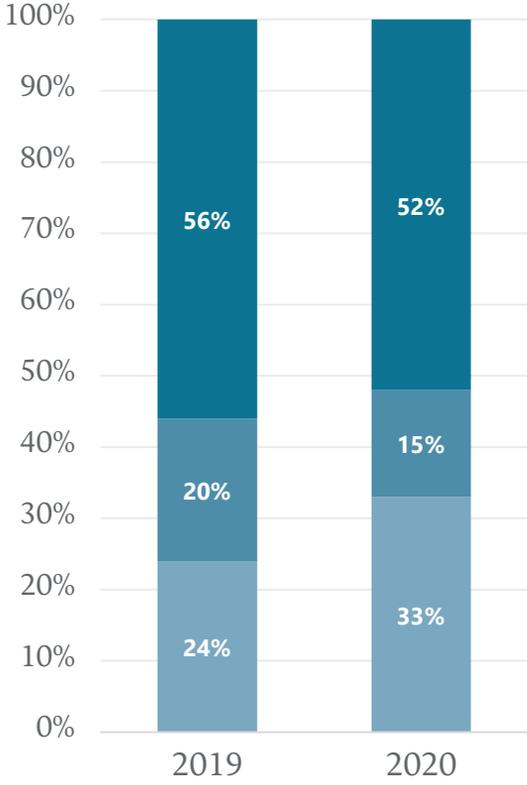
## Largest rounds distribution in 2019 – Q2 2021

■ Top5 ■ Mid10 ■ Other

Quarterly, % of value



Annually, % of value

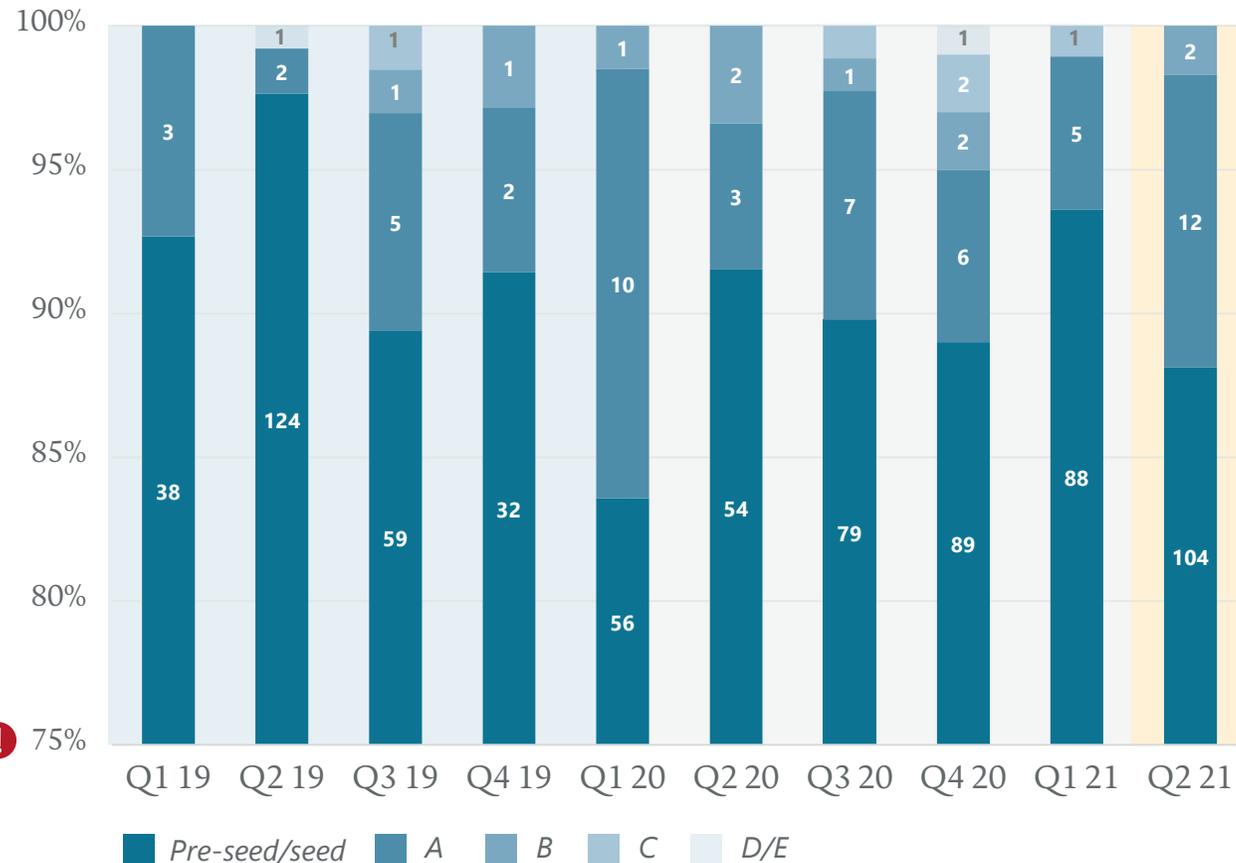


Mid10 is the 10 largest deals after Top5, excl. outliers

# VC investments in Poland 2019 – Q2 2021

## Series distribution

Quarterly, number of transactions with a zoom on later rounds



The increase in the value of the transaction is visible at every stage of companies' development. Although the vast majority (approx. 88%) are still the Pre-Seed and Seed rounds, even at this early stage the companies raise more and more capital. For example, SunRoof, supported by us, raised over EUR 4.4 million in the Seed round, which was one of the largest transactions in the last quarter. The largest rounds resulted in a more than twofold increase in the average value of transactions (from EUR 0.6 million to EUR 1.2 million).

The increases are also the result of the growing involvement of foreign investors. In the last quarter, Polish VC funds, including Inovo, made 20 co-investments in Polish companies with international investors, and their value exceeded 60% of the market value. This shows that startups from Poland are becoming increasingly attractive to foreign investors, who provide capital for their further global development.

**Maciej Małysz**  
Partner, Inovo Venture Partners

# Sources of capital

## Percentage of private and public-private funding, Q2 2021

### Value of transactions



### Number of transactions



## Percentage of funding from international and Polish funds, Q2 2021

### Value of transactions



### Number of transactions



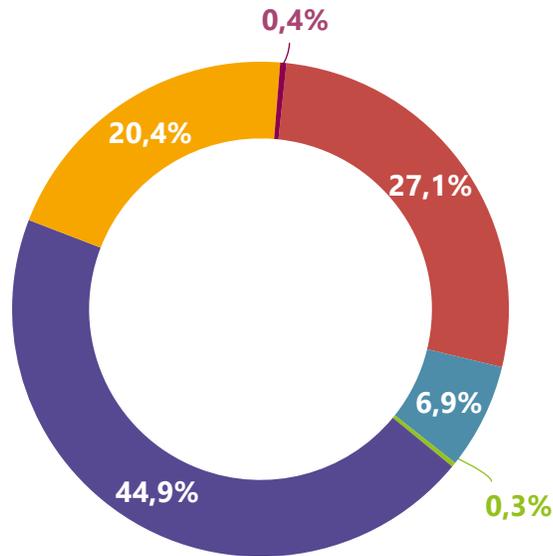
(1) A particular transaction has been allocated based on predominant private or public-private financing.

(2) International funds transactions include all transactions in which at least one international fund participated

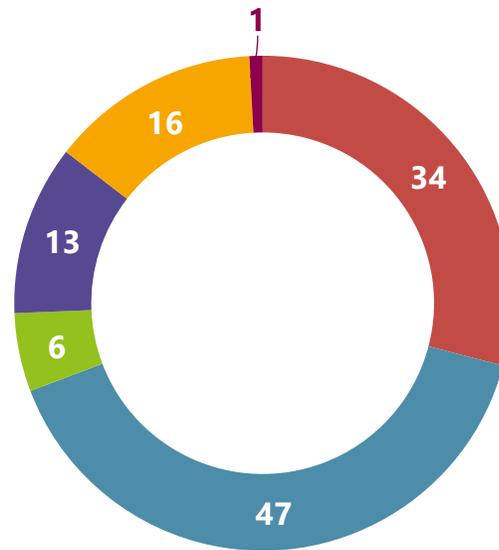
# Sources of capital

## Public programmes and private capital, Q2 2021

### Value of transactions



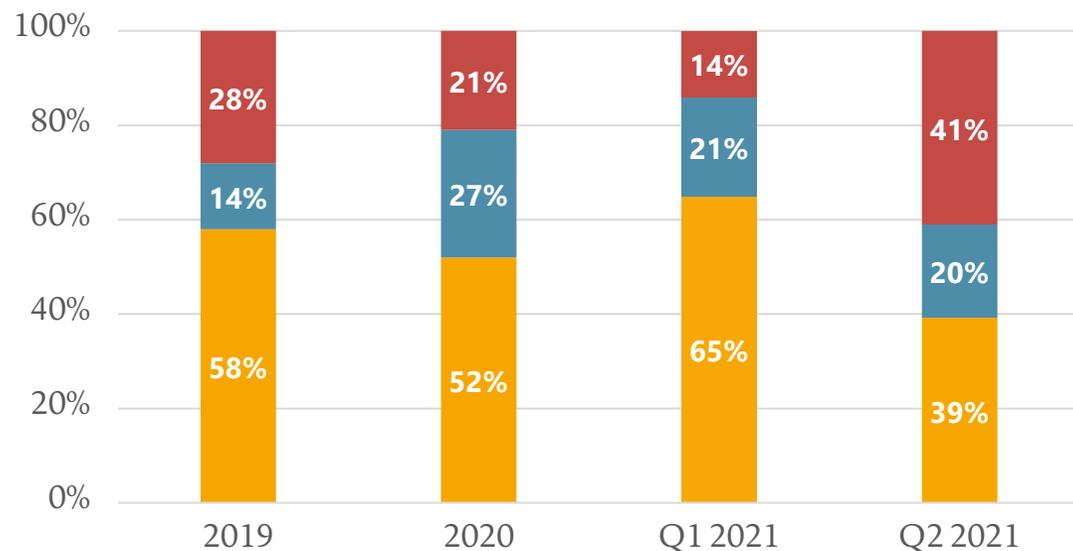
### Number of transactions



- (1) The charts do not include outliers
- (2) A particular transaction has been allocated based on predominant private or public-private financing
- (3) Transactions of international funds include all transactions in which at least one international fund participated
- (4) Part of the transactions classified as "PFR Ventures" came from the PFR NCBR CVC program co-developed with the National Centre for Research and Development
- (5) Some of the transactions in the "PFR Ventures" category were also co-financed by BGK funds

# Polish funds' activity in 2019 – Q2 2021

## Investments and co-investments



- International funds that have invested in Polish companies
- Polish funds that have co-invested with an international fund in a Polish company
- Polish funds that have invested in Polish companies

In Q2 2021, foreign funds confirmed that they are increasingly interested in the Polish market. They are willing to invest in local startups, not even necessarily in co-investments with Polish partners. Over 40% of the capital provided in this quarter came exclusively from international players. This is a significant reversal of the trend that we have observed over the last six months. In Q4 2020 and Q1 2021, the dominant source of capital at the level of nearly 65% was financing provided only by Polish funds.

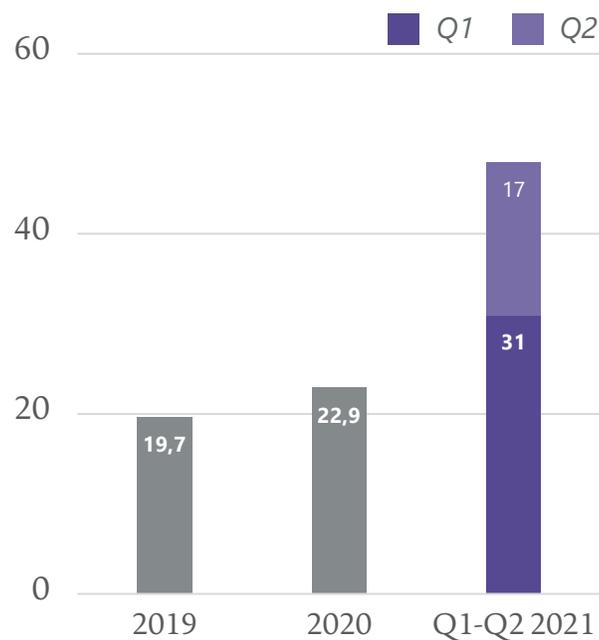
Compared to Q2 2020, the share of purely international capital increased by more than 28 percentage points. It does not mean that Polish funds invested less capital. In terms of value, the total value these investments increased from EUR 35 million in Q1 to EUR 55 million in Q2 2021. The share of Polish funds co-investment with international funds remained at the level of around 20%, and in terms of amounts increased 2.5 times quarter on quarter to EUR 28 million.

[in](#) **Andrzej Daniluk**  
analityk w PFR Ventures

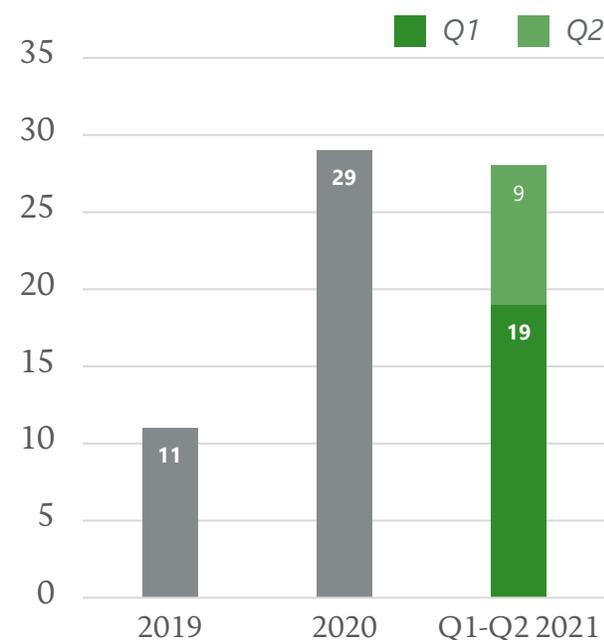
# Polish funds' activity in Q2 2021

## Polish funds' investments in foreign companies

Transaction value, EUR m



Number of deals



The pandemic changed the field of play for VC funds. Entrepreneurs looking for funding began to pay less attention to the origin of the funds they talk to. Local presence is still important, but the knowledge, skills and experience contributed by the investor to the company have relatively increased. When all meetings become virtual, the world becomes smaller. In light of this, it is not surprising that Polish funds are increasingly active in investing in foreign companies.

At Market One Capital, we have been working on our brand in Europe from the very beginning. More than half of our portfolio comes from outside Poland. These efforts pay off with access to interesting investments, for example the recent JOKR round, where the leading investors are Tiger Global and SoftBank (this is our second joint investment). We are convinced that with the growing maturity of the Polish market, domestic funds will gradually become more visible on the continent.

 **Piotr Łupiński**  
Associate, Market One Capital



Read more about Market One Capital's investment in JOKR

# The largest deals of Q2 2021

## Rounds by investment thresholds

 Supported by PFR Group

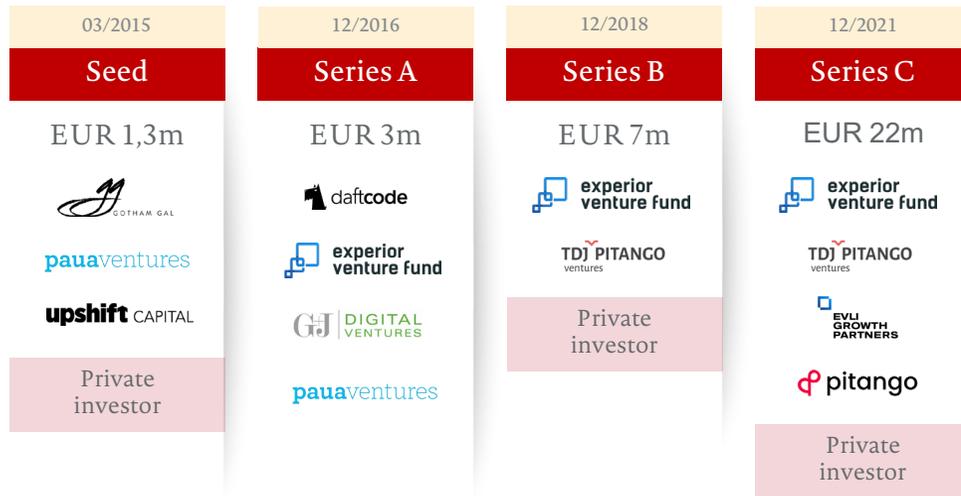
 Supported by NCBR

	Investors	Company		Funding	Round
EUR 11 m +	Kennet Partners, Digital+ Partners	eStoreMedia		25 mln EUR	A
	DialCom24	Booste		11,9 mln EUR	A
EUR 3 – 10 m	Tar Heel Capital Pathfinder, Bumble Ventures, JuJu Smith-Schuster, Agileo Ventures, Alinea Capital	Grid Esports		8,3 mln EUR	A
	NfX, Galaxy Digital, Seedcamp, Firstminute Capital, Mozilla, aniołowie biznesu	Ramp		8,3 mln EUR	Seed
	Undisclosed	Undisclosed		5-9 mln EUR	A
	Market One Capital, Kogito Ventures, aniołowie biznesu	SonarHome		5,5 mln EUR	Seed
	ffVC Tech & Gaming, Immofinanz, BeyondBuild, Rsquare	SpaceOS	 	5 mln EUR	A
	Inovo Venture Partners, SMOK Ventures, LT Capital, EIT InnoEnergy, FD Growth Capital, KnowledgeHub	SunRoof	 	4,5 mln EUR	Seed
	FinTech Ventures	Spoko.app		4 mln EUR	A
	SMOK Ventures, aniołowie biznesu i inwestorzy branżowi	Omnipack		4 mln EUR	Seed
	Cherubic Ventures, AME Cloud Ventures, Inventures, Sunfish Partners, Luminous Ventures, Atmos Ventures, aniołowie biznesu	Molecule.one		4 mln EUR	Seed
	Undisclosed	Undisclosed		3-4 mln EUR	A

# Most Interesting Deals: Tylko

! Transaction closed in Q4 2020, publicly unveiled in Q1 2021

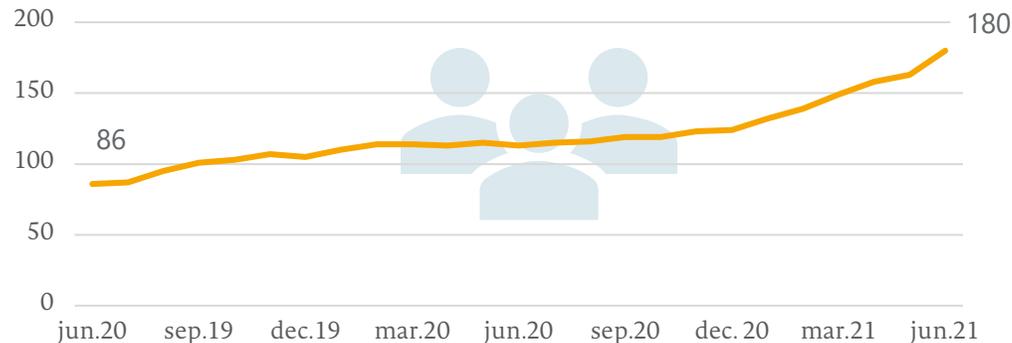
## Financing of the company



Tylko in 2020 grew by 2.4x YOY, reaching sales at the level of EUR 36m and serving over 30 thousand customers. 99% of the company's sales come from Western Europe.

In 2020, the company also managed to close an investment round of EUR 22m, the main investors of which are Israeli Pitango and Finnish EGP. The financing will allow the company to develop technology and product portfolio, as well as further internationalize. New investors are so called Impact Investors - they will help Tylko in a long-term sustainable development strategy.

## Employee count from June '19 to June '21

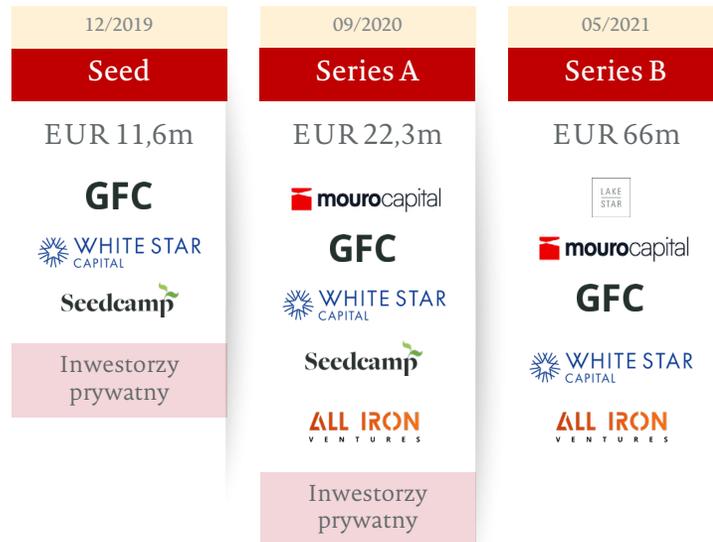


Tylko's team from June 2019 to June 2021 has grown from 86 to 180 people and is still actively looking for talent in many areas.

Benjamin Kuna  
CBO, Tylko

# Most Interesting Deals: Uncapped & Booste

## Uncapped funding



## Booste funding



Revenue-based financing (RBF) is a self-explanatory direction for funding innovative companies. Global RBF market is projected to grow up to \$42 billion by 2027. Booste is the first fully Polish company in this industry. Registered in Poland and oriented at Polish customers. And yet keen on fast expansion to other markets and is already present in Ireland, the Netherlands, and the UK. DialCom24 found here a perfect investment: fintech with a product designed for rapidly growing e-commerce companies, experienced team, excellent product-market fit, potential for process automation and synergy with its own companies. Booste has it all to become the market leader and support from industry investors will definitely help them achieve that.

We are just getting started

**Piotr Piszczak**, Co-Founder, Uncapped

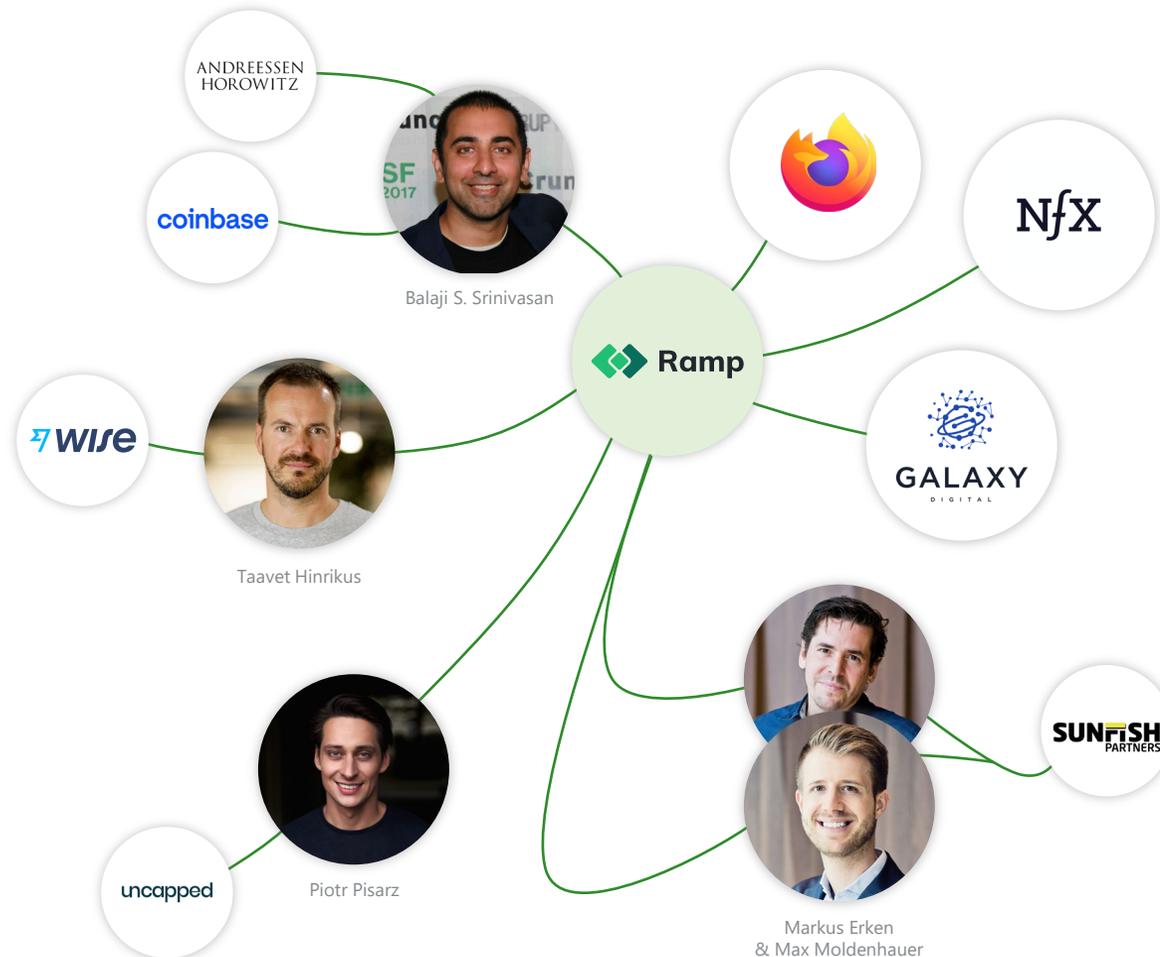
Forecast for Booste: further growth

**Jakub Pietraszek**, Co-Founder & CEO, Booste

**Michał Wrzołek**  
Senior Investment Director,  
Tar Heel Capital Pathfinder

# Most Interesting Deals: Ramp

## Selected investors and business angels



NFX stands for "network effects" which have been responsible for more than 70% of all the value created in technology since 1994. Now we have entered a new era of networks, where next generations of products will be crypto-native. It is crucial to reduce the barrier to entry to crypto for both non-crypto-native users and non-crypto native developers. Ramp makes this a reality. We believe that Ramp's vision and team will help onboard the next generation of users and products into crypto. Moreover, Ramp's unique mix of grit and expertise, makes us believe they have a potential to become a massive business.

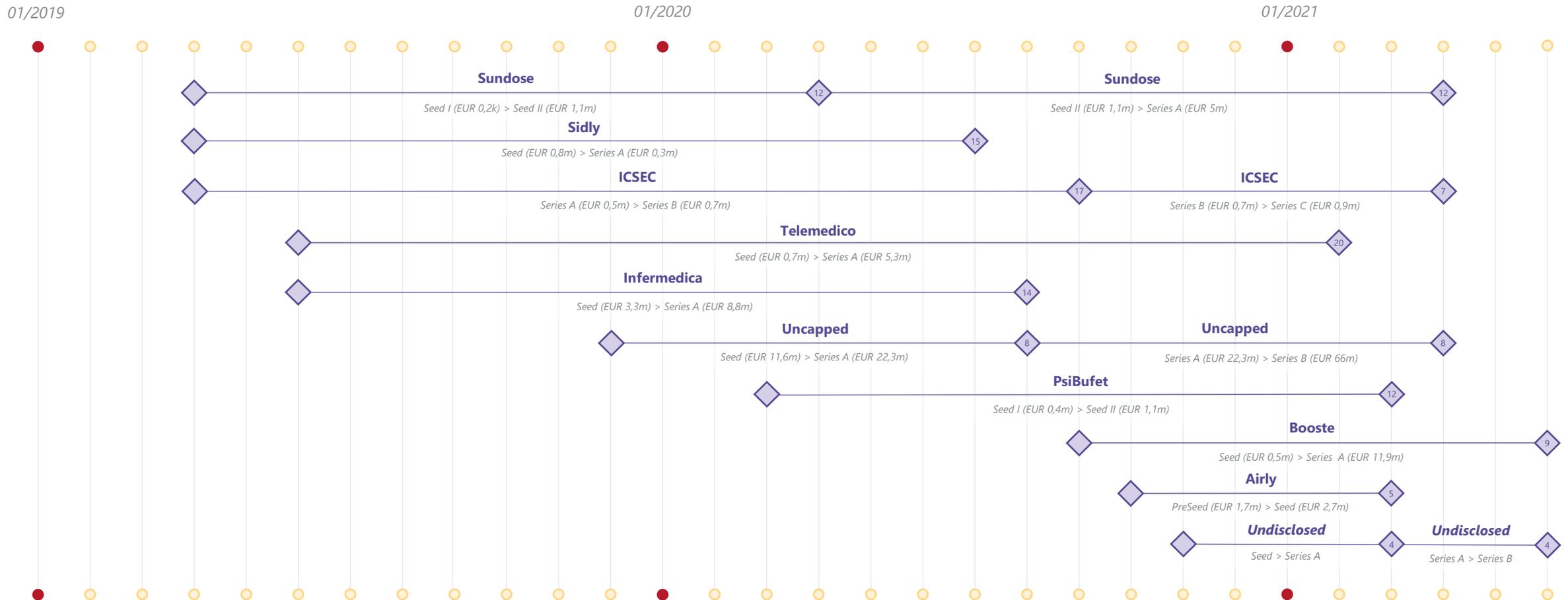
 **Morgan Beller**  
General Partner, NfX

Sources: Pitchbook, Wise, Uncapped, Sunfish Partners, PFR Ventures analysis

# From funding to funding

## Examples of multiple funding rounds of startups since 2019 to Q2 2021

 Zoom in to see details



 Months between subsequent rounds

# Selected startup accelerators

## Polish Agency for Enterprise Development (PARP)

[More information about PARP's programs](#)

**+70**

EUR m  
for acceleration

### Poland Prize (2 editions)

Accelerators: 16  
Supported companies: +500

### Scale UP (2 editions)

Accelerators: 20  
Supported companies: +800

### Elektro Scale UP

Accelerators: 1  
Supported companies: 25

We have been developing startup accelerators since 2016, starting with the pilot edition of Scale UP – the first state-backed programs that connected startups with enterprises. Each of the programs run by PARP is designed to meet the needs of participants. We are constantly exploring new areas, which resulted in Elektro ScaleUP focused on electromobility, or Poland Prize for foreign founders. PARP programs are all equity-free, offering participants up to PLN 300k and a chance to work together with matured corporate partners and VC funds.

**Mikołaj Różycki**  
Vice-President, PARP

## Google for Startups Accelerator

[More information about Google's program](#)

Editions: 3 (#4 in 10/2021)      Mentors: +70  
Supported companies (PL): 27

## InCredibles Academy

[More information about Incredibles' programs](#)

Editions: 5 (yearly)      Applications to date: 921  
Supported companies: 32      Mentors: 105

Other notable acceleration programmes:  
ReaktorX, FoodTech.ac, HugeThing

# A new tax relief for Polish VC investors

## Up to 50% deduction for limited partners in VC funds and business angels

### Investment in a PFR Biznest portfolio fund

Amount of investment	EUR 1m
Participation of Business Angels	50%
Number of Aniołów Biznesu	10
<b>Amount invested by 1 Business Angel</b>	<b>EUR 50k</b>
Tax relief	50%
Deduction from the tax base resulting from the tax relief	EUR 25k
Income tax rate	32%
<b>Amount saved with the tax relief</b>	<b>EUR 8k</b>

### Investment in a PFR Starter portfolio fund

Amount of investment	EUR 1m
Udział inwestorów prywatnych	20%
Number of LPs who are natural persons	10
<b>Amount invested by 1 LP</b>	<b>EUR 20k</b>
Tax relief	50%
Deduction from the tax base resulting from the tax relief	EUR 10k
Income tax rate	32%
<b>Amount saved with the tax relief</b>	<b>EUR 3.2k</b>

As a business angel myself, I'm glad that Poland is working on tax reliefs for startup investors. Such incentives have been already working in other countries and we have seen their effects. I hope that in the near future such tax reliefs will include not just the investments made with the participation of the EU funds, but also the ones made solely by private investors in funds. Only the development of investment ecosystem can increase the scale of high-risk investments in innovative companies.



Maciej Noga

Business Angel, Managing Partner of Pracuj Ventures

(1) Assumption: LP/Business Angels achieve income above PLN 250k per annum, which puts them into the second tax bracket of 32%

# Notable exits: Black Pearls VC

## Black Pearls VC sells Skyrise.Tech

Seller

**Black Pearls**·vc

Company

**skyrise.tech**  
part of Etteplan

Buyer

 **Etteplan**

### EUR 125k

Black Pearls VC investment in Skyrise.Tech in 2015  
(seed round: EUR 125k + EUR 400k R&D grant)

### 18,6x CoC (Cash-on-Cash)

ROI for private investors in Black Pearls VC

### Not yet an unicorn, definitely dragon

This single exit means a full return of investors' shares in the fund

Skyrise.tech develops applications and software in the cloud for TSL, healthcare and other large enterprises. In 2020 alone, 90% of the revenue has been generated outside of Poland, and the team grew to 80 people. Since our investment, we have been focused on supporting Skyrise.tech CEO and founder, Jarosław Pilarczyk, as well as the whole team, in their development, international expansion, and, most recently, in their exit to Etteplan, the company listed in NASDAQ Helsinki.

 **Marcin P. Kowalik**  
Managing Partner, Black Pearls VC



# Notable exits: Innovation Nest

## Survicate buys back its shares from Innovation Nest



### EUR 40k

Innovation Nest has invested in the seed round in 2015

### 11x CoC (Cash-on-cash)

return for Innovation Nest

### Brainly, Pizza Hut, Sonos, Castorama, HP

Survicate has over 1,000 paying customers

Survicate is one of the seed investments of the Innovation Nest F1 fund. In 2015 we have invested EUR 40k in a EUR 125k Seed round. From the beginning, Survicate has been a SaaS business. The company offered a tool for surveying website users, offered in a subscription model. Kamil, Survicate CEO, convinced us of his vision of building the best customer experience platform in the world. Over the last couple of years, the team managed to acquire over 1,000 paying customers. Survicate has been used by global brands like Pizza Hut, Sonos, Atlassian or Hubspot. We are happy to see the company on a path of solid growth and has been joined by a new investor. Innovation Nest earned an 11x return on this investment.



**Marcin Szela**

Partner, Innovation Nest



Survicate has over 1,000 paying customers

# VC investments in CEE – Q2 2021

## Selected deals and events



IPO

Romania



IPO

Estonia



€250M – Series F

Lithuania



€100M – Runda C

Czechia



\$72M – Runda C

Czechia

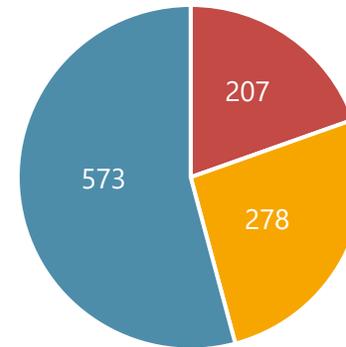


\$69M – Runda B

Estonia

## Value of the deals in CEE – Q2 2021 (EUR m)

■ Top 5 CEE (excl. PL) ■ Poland ■ Other CEE countries



Poland is one of the largest markets in the CEE region. EUR 207M invested in Q2 in Polish companies accounts for approx. 20% of the value of the CEE startup ecosystem. Although we're still waiting for a UiPath-level of success, catching up with Rohlik, that has just achieved unicorn status, is totally within reach.

 **Tomasz Swieboda**  
Partner, Inovo Venture Partners

# Summary

## Glossary

### International/foreign fund

We consider an "international fund" to be one that has international partners on its team or relies on foreign capital.

### Activity on Polish VC market

As "activity on the Polish VC market" we interpret local investments (Polish fund-Polish company) and foreign investments (foreign fund-Polish company).

### What is a Polish company?

Selection is determined by meeting 3 out of 4 criteria:

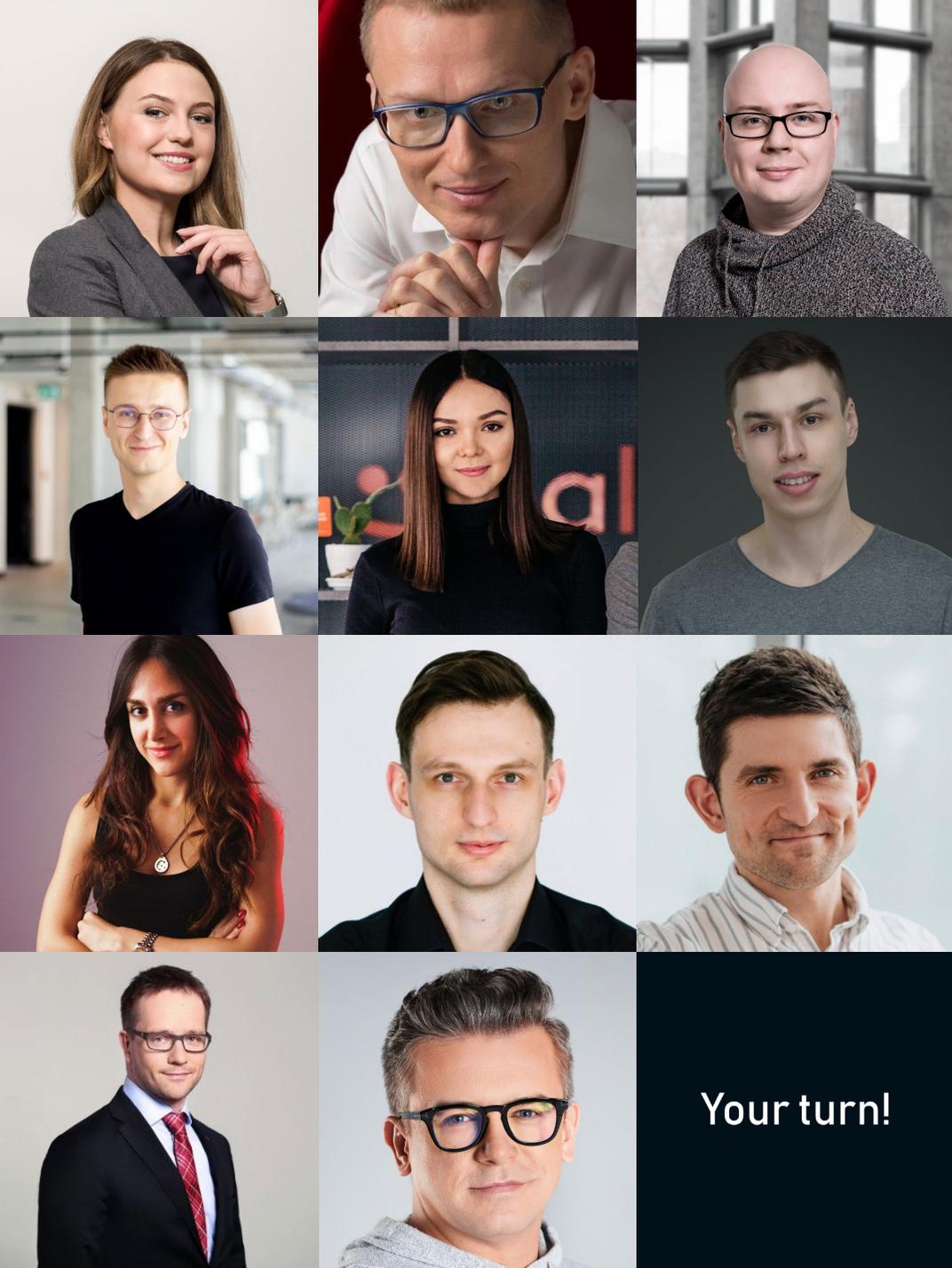
- % of employees working in Poland
- Presence of Polish founder/co-founder
- Presence of Polish capital
- Self-identification of the company

## Sources

Data used for this study comes from internal reports of PFR Ventures, Bank Gospodarstwa Krajowego (BGK), National Centre for Research and Development (NCBR) and Inovo Venture Partners. Some of the information was obtained from Invest Europe research as well as media reports and public data.

### USD to EUR exchange rate

We took an average 3-month exchange rate for most statistics. The exceptions are the pages concerning most notable deals, where we have presented the amounts that appeared in media reports.



INOVO

# Stay ambitious, we have your back.

If you're early stage, building something great, and we want to join the community of top founders from Poland – let us know.

[pitch@inovo.vc](mailto:pitch@inovo.vc)

Your turn!





# Map of the Polish Innovation Ecosystem

Together with Dealroom.co we prepared a map of the Polish innovation ecosystem. We encourage all funds and start-ups to be part of it.

If you have not yet added information about yourself, please add your organization at this address:

 [startup.pfr.pl/ekosystem-innowacji](https://startup.pfr.pl/ekosystem-innowacji)

+2700

Start-ups

+100

VC funds

