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Polish VC Market Outlook Q3 2021



Fundusze
Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



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About the autors

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.

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Inovo Venture Partners is a first-choice VC for ambitious founders from Poland and the CEE region. We back early-stage, post-traction startups 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, Intiaro, Packhelp, Preply, Eyerim, Allset, SunRoof. Our second fund reached a total of €54M.

Additional data sources



Narodowe Centrum
Badań i Rozwoju



BGK
BANK GOSPODARSTWA
KRAJOWEGO



dealroom.co

Overview

Q3 2021 highlights

► 110
companies funded

► 105
funds involved

► 127
million EUR of invested capital

► 2x
more Series A, comparing to Q3 2020

VC investments in Poland 2011 – Q3 2021

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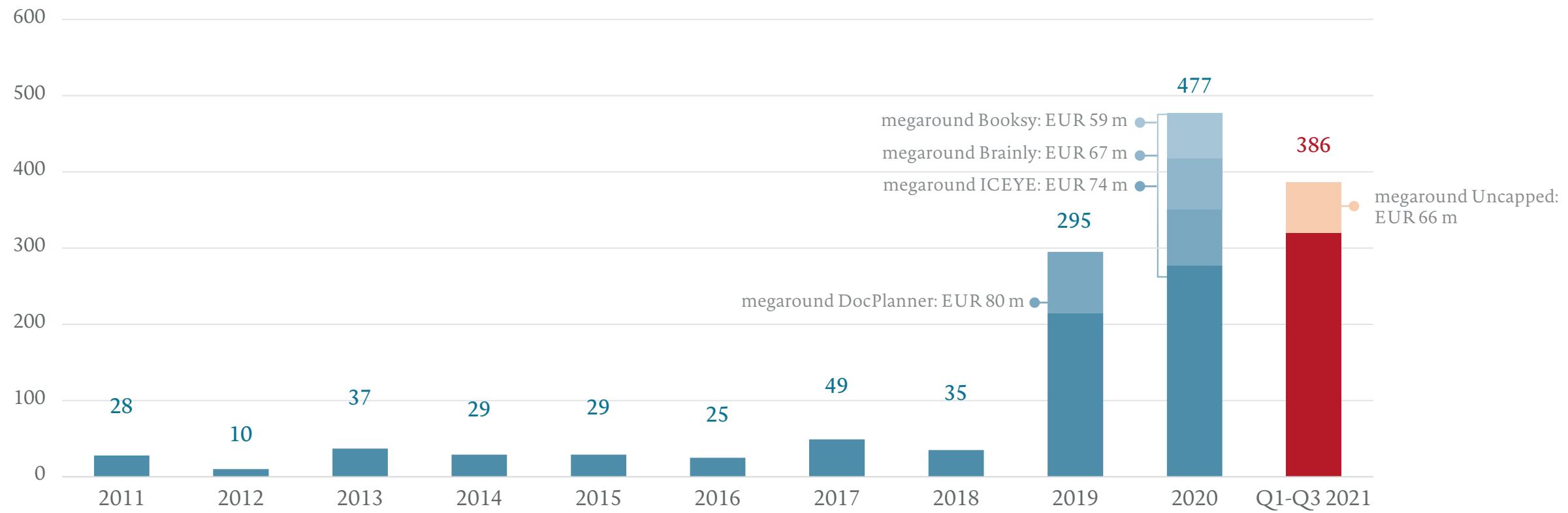
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Value of investments (EUR m)



The summary does not include SoftBank's investment in eObuwie and excludes speculations about DocPlanner's funding round. More information on pages 16 & 17.



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

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

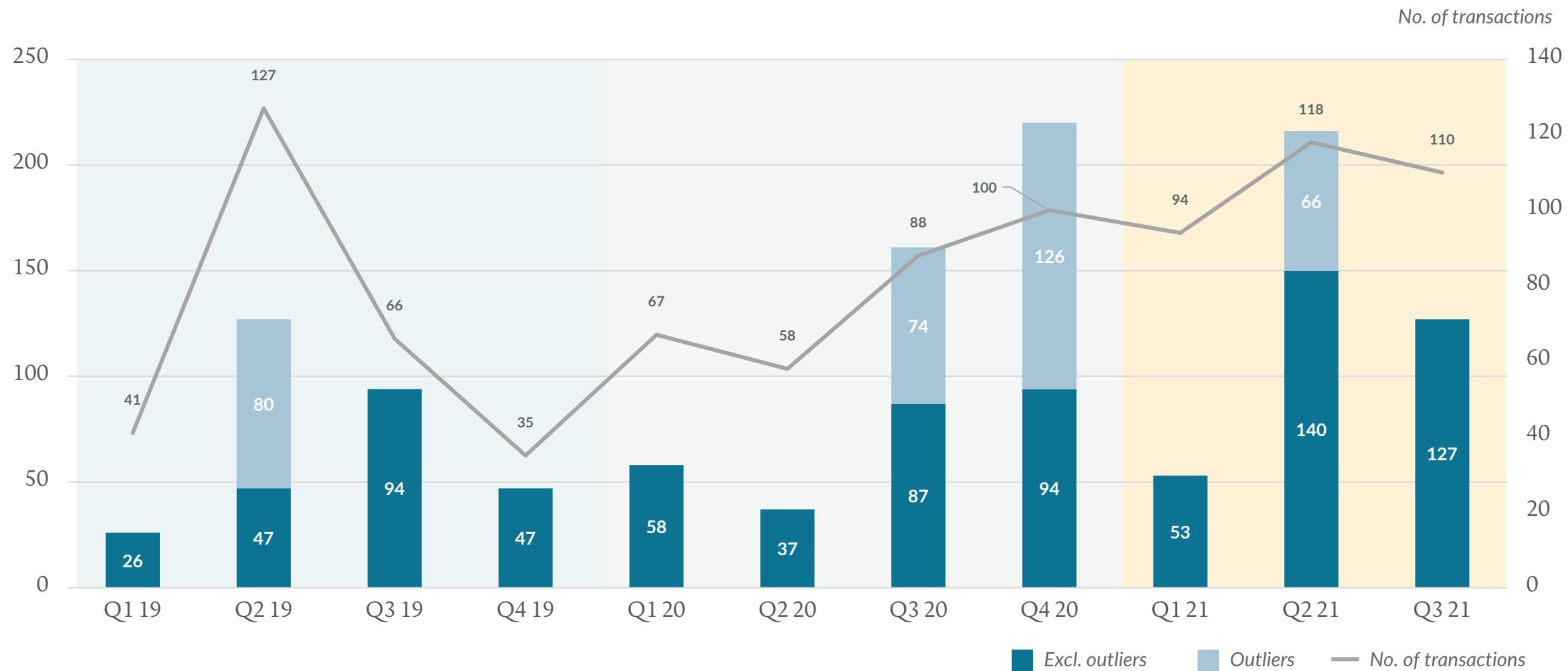
VC investments in Poland 2019 – Q3 2021

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Quarterly, value and number of deals (EUR m)



Authors' comments

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Aleksander Mokrzycki
Vice President, PFR Ventures



Tomasz Swieboda
Partner, Inovo Venture Partners



The third quarter of 2021 will be remembered for the significant increase of late-stage rounds, with 15 Series As and 2 Series Bs. It's remarkable, especially since Polish VC funds have been involved in majority of those rounds. It's also notable that a growing number of companies that attracted investors on the seed stage, remain interesting for investors as they grow. It's a positive trend that we hope will continue in the following months. The average value of Series A over the last couple of years is EUR 4 million. A single company can raise as much as EUR 10-20 million. With more late-stage rounds we also see an increase of median and average value of a single transaction for the whole market.

2021 will be a record-breaking year. After just three quarters, we are certain about that. Without taking the outliers into the account, the total value of transactions crossed EUR 320 m, comparing to EUR 277 m in 2020.

One of the biggest funding rounds was that of Jutro Medical. In just 7 months after the pre-seed round, the company has raised EUR 6 million in the seed round. It's our biggest investment to date. Adam Janczewski is one of the best founders in Poland. We believe in his vision and want to support him on his way to revolutionising healthcare in Poland and beyond.

Q3 was one of the best quarters for the market and we expect Q4 to be even better, with announcements of the upcoming investments of a significant value, circulating on the market. Including our portfolio companies. We might also see a official confirmation of the first Polish unicorn.

Authors' comments

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Przemysław Kurczewski
Deputy Director of R&D Investments, NCBR



Paweł Chorąży
Managing Director of European Funds Division, BGK



The third quarter results clearly indicate that unless the last 3 months of the year bring a slowdown, 2021 will be the best year in the history of VC market in Poland. We are glad to see exits of VC funds supported by NCBR's Bridge Alpha programme. The biggest returns of 8-10x (CoC) from investments in companies like PushPushGo, YesIndeed (both backed by bValue VC in 2018 & 2019) or KSME (Aligo VC in 2018) show, that seed investments, though of high risk, have a huge potential. It is, however, important, to carefully choose the more prospective startups, that have chances for rapid growth and international expansion.

Polish VC markets is steadily growing, with the most recent quarter keeping the high pace of the previous one.

Regional BGK Fund (managed by Netrix Ventures, Brave Seed Fund, BP VC GP1 and Bitspiration Booster), have proved stability both in terms of the number and the value of investments, comparing to Q2 2021, once again exceeding EUR 2 m. We have also noted higher diversification of investments (in sectors like Enterprise Software, Legal, Education). With a promising pipeline, we expect that our funds will step on the gas gas in the last quarter of 2021.

VC investments in Poland 2019 – Q3 2021

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Quarterly, average transaction value (EUR m)



Quarterly, median transaction value (EUR m)



The average transaction value in Q3 2021 is close to the one recorded in Q2 2021 and over 20% higher than in Q3 2020. At the same time, the median value has grown significantly, evening the record of EUR 0.5 m, which is 50% higher than in the previous quarter and 82% YoY. This increase is caused by the lower number of investments made by BRidge Alfa funds (down from 47 in Q2 to 31 in Q3), that usually lower them.

Polish startups raise higher and higher funding rounds and do it more and more often. The number of transactions in the first three quarters od 2021 has already exceeded the total number of 2020, and in the Q3 alone, it's 25% higher than last year. It's a clear indicator that Polish VC market that funds them is maturing.

Radosław Kuchar
Analyst, PFR Ventures

VC investments in Poland 2019 – Q3 2021

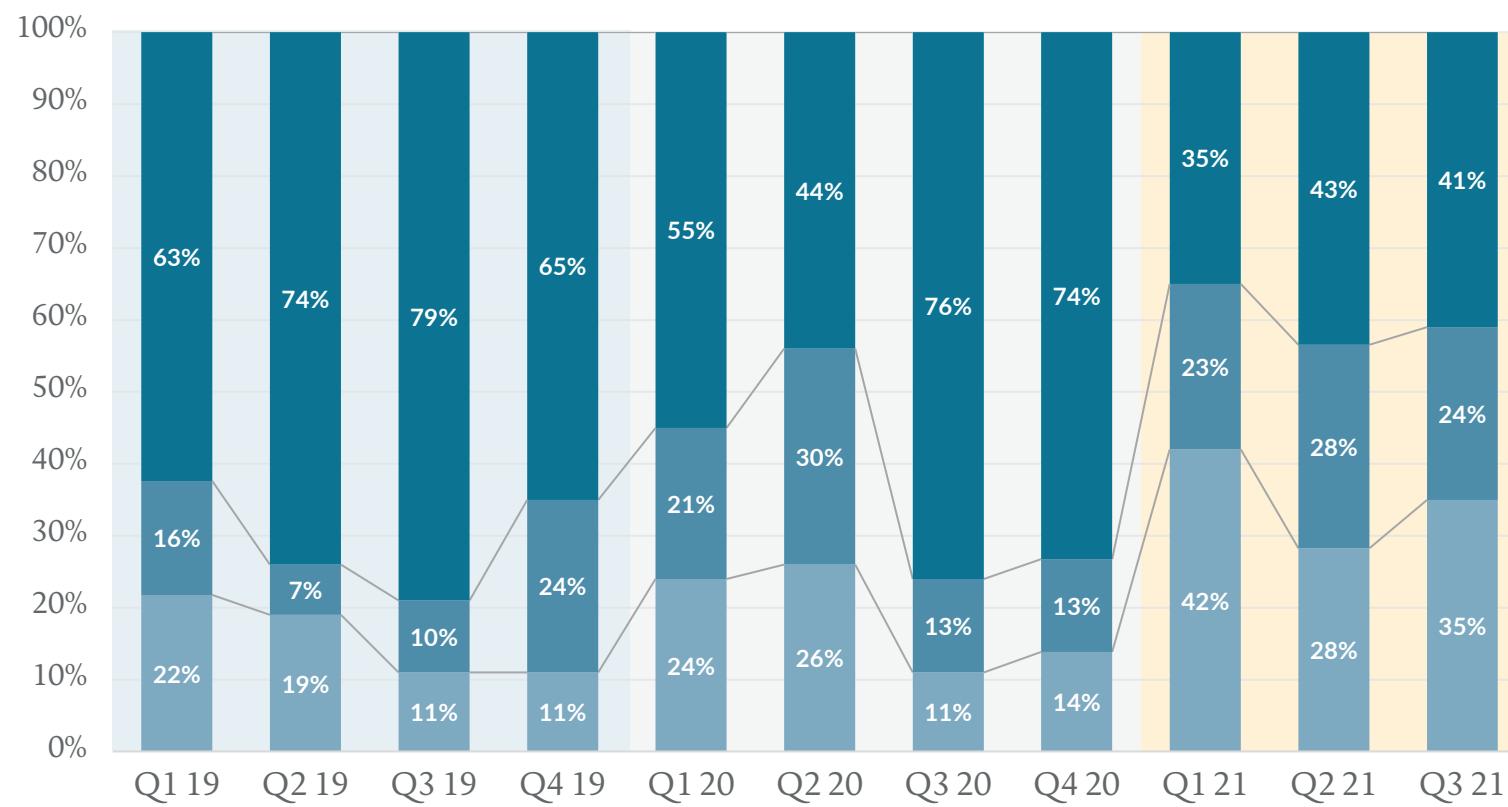
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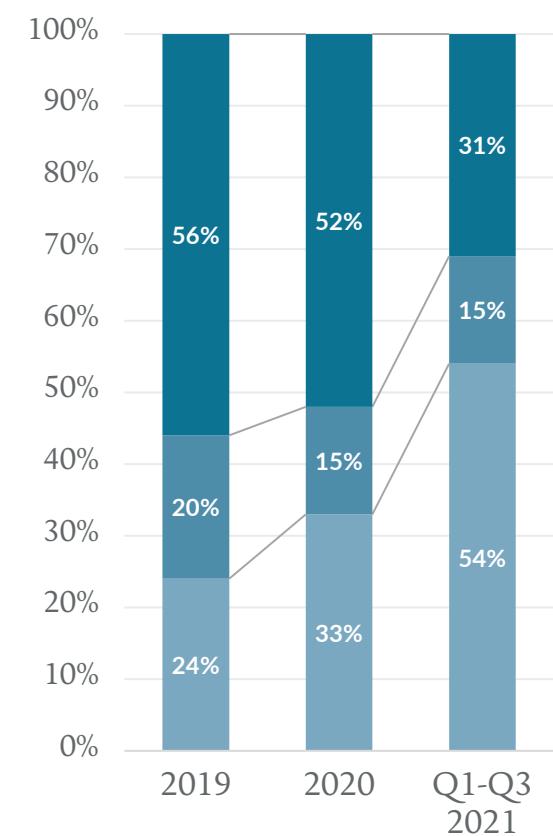
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Largest rounds distribution in 2019 – Q2 2021

Quarterly, % of value



Annually, % of value



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

VC investments in Poland 2019 – Q3 2021

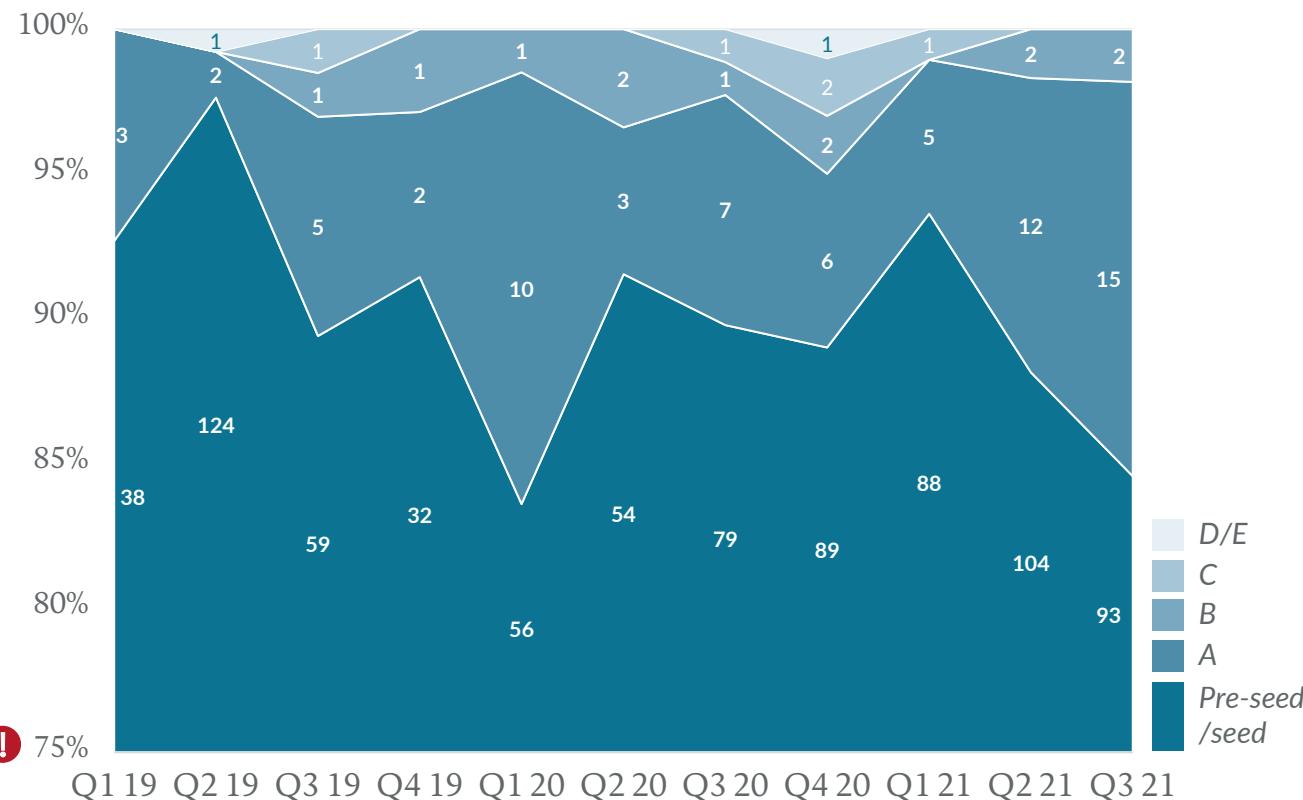
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Series distribution

Quarterly, number of transactions with a zoom on later rounds !



Polish funds have been seeding a lot this year – every quarter we count on average 95 companies with pre-seed or seed funding. It's 37% more than last year (69) and around 50% more than in 2019 (63). We also see more and more Series As – around 10 per quarter this year, which is 64% more than in 2020 (6.5) and 2.5x more than in 2019 (3).

The numbers show that our ecosystem is maturing: capital is easily accessible and the best founders raise funds from both Polish and international VCs. Entrepreneurs aren't afraid of founding new companies, but they can successfully grow them.

Maciej Małysz

Partner, Inovo Venture Partners

Sources of capital

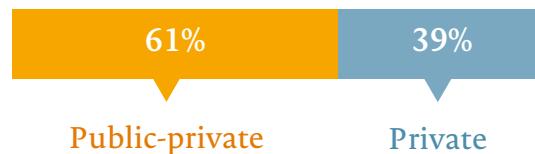
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Percentage of private
and public-private funding, Q3 2021

Value of transactions



Percentage of funding from
international and Polish funds, Q3 2021

Value of transactions



Number 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

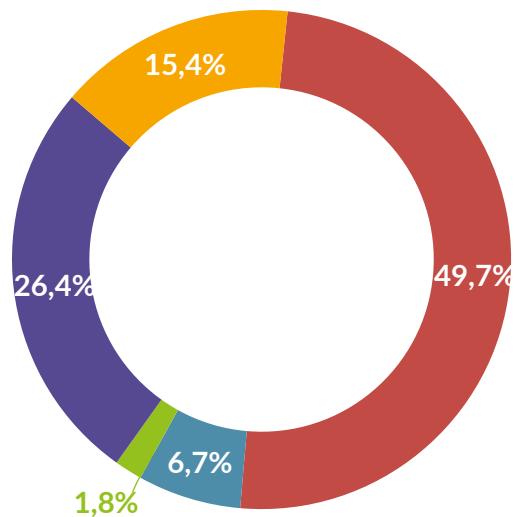
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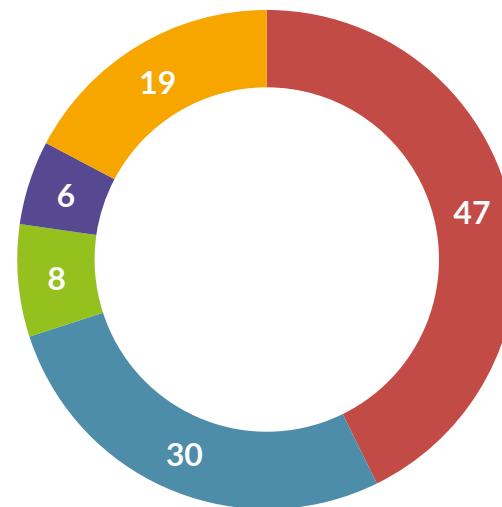
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Public programmes and private capital, Q2 2021

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

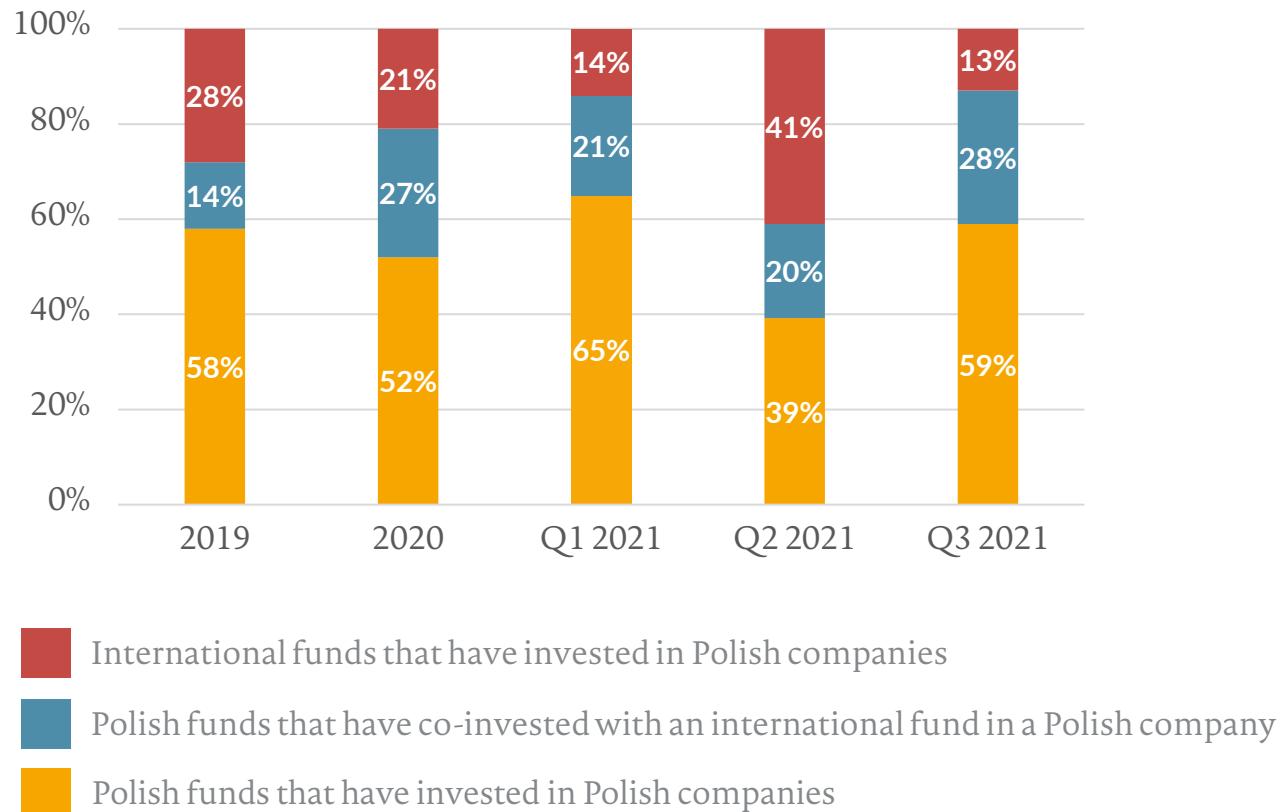
(3) Transactions of international funds include all transactions in which at least one international fund participated

(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

Investments and co-investments

2019 – Q3 2021

Percentage of share in overall transaction value



In Q3 2021 Polish funds single-handedly accounted for over 60% of invested capital. It's means a return to the trend from before Q2 2021, when solely Polish capital accounted for over 50% of VC investments in Poland. The share of international funds decreases by 28 percentage points comparing to Q2 2021, which is a result of a lack of late-stage rounds, typically dominated by international funds.

The share of co-investments of Polish and international funds increased by 8 percentage points, comparing to the previous quarter. This means is a result of growing significance of international relationships building by local teams. Stabilization of the trend might also mean that the yearly result will remain at the previous year's level.

Piotr Marszałek
Analyst, PFR Ventures

Polish funds' activity in Q2 2021

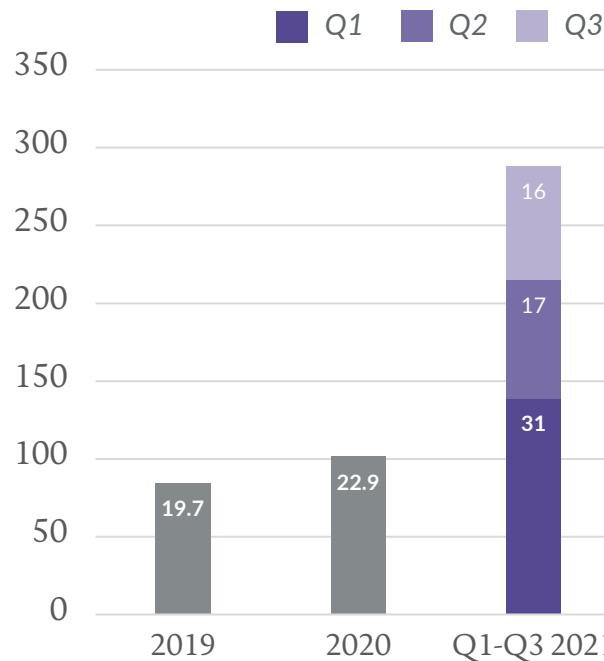
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Polish funds' investments in foreign companies

Transaction value, EUR m



Number of deals



International activity of Polish VC funds is gradually increasing. In the first quarters of 2021, local teams invested in 33% more foreign companies than in the whole 2020. We've also recorded a 2.8x growth of transaction value.

The best Polish funds for years had international ambitions. As remote work became a new normal, it's way easier to fulfil them. Increasing international presence of Polish funds is also a consequence of relationships with foreign VCs that have been built for years.

Inovo invests in the whole CEE region. This year, similar to the last one, we've invested in two companies outside of Poland – Archbee (Romania) and AhoyConnect (Czech Republic). We expect even more investments like those in the upcoming months.

Michał Rokosz

Partner, Inovo Venture Partners



Read about Inovo's investment
in AhoyConnect

The largest deals of Q3 2021

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Rounds by investment thresholds

 Supported by PFR Group

 Supported by NCBR

Investors	Company	Funding	Round
EUR 11m+	Proteon Pharmaceuticals	EUR 21 m	B
	Vue Storefront	EUR 15 m	A
	Undisclosed	EUR 11-14 m	A
EUR 3-10m	Jutro Medical	EUR 6 m	Seed
	Nethone	EUR 5,6 m	A
EUR 1m+	Sellintegro	EUR 4,7 m	A
	KittyHawk Ventures	EUR 4 m	Seed
	Undisclosed	EUR 3 – 4 m	Seed

The hunt for a Polish unicorn

The debate about Polish unicorn seems to be never-ending. It was fuelled by unofficial information from September 2021, about DocPlanner's funding round valuating it at over USD 1 billion. Various sources state that, an unicorn in Poland: (a) exists for a long time, (b) has just emerged, (c) hasn't been built yet. We can find a justification for each of those answers. Will we see the first official Polish unicorn this year, that no one will question?

Status of the Polish companies considered to be unicorns
(required meeting of both of the conditions)

	Valuation over USD 1 billion (pre-IPO)	Privately held company
DocPlanner	?	✓
eObuwie	✓	?
CD Projekt	✗	✗
InPost	?	✗

*publicly-listed company isn't a major shareholder

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Notable deals: Grupa CCC

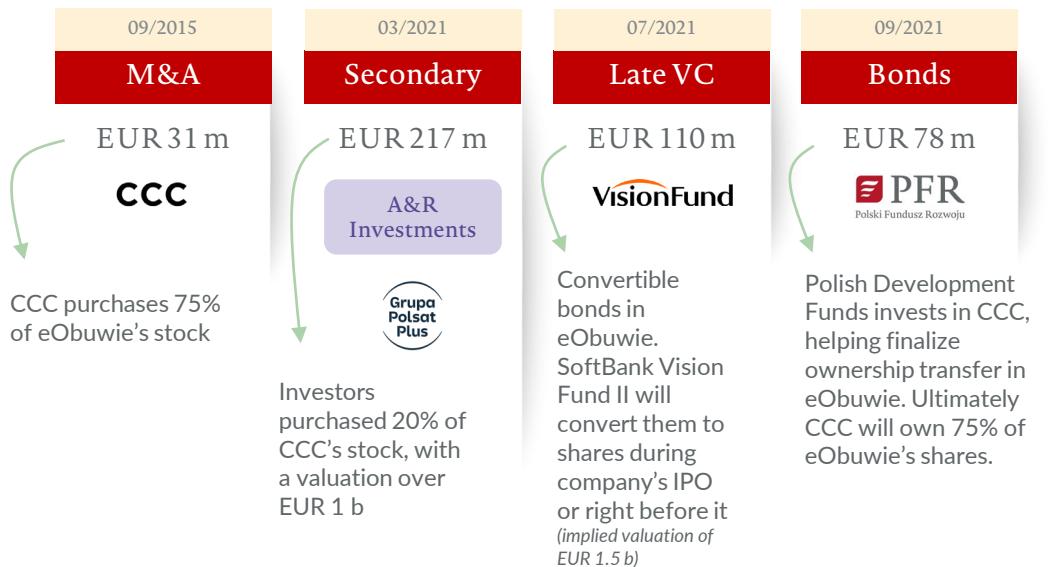
! This deal is not included in our statistics

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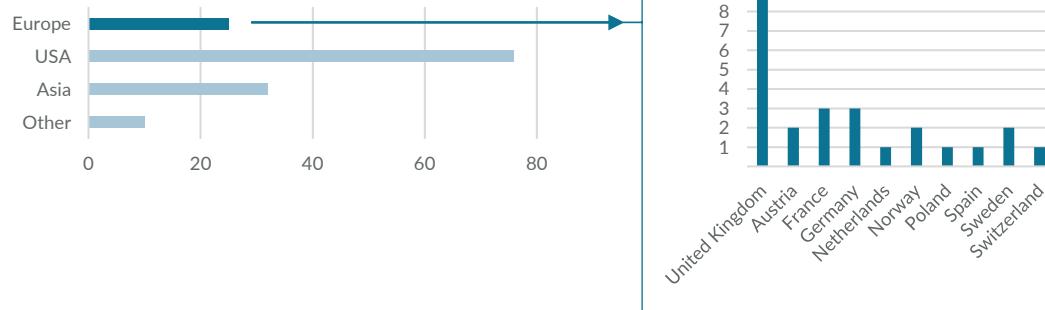
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Funding and company's activity



SoftBank VisionFund II's investments

(No. of transactions per region)



In 2020 Grupa CCC secured long-term funding for its further growth, especially the development of eObuwie. With investments from A&R Investments, Cyfrowy Polsat, SoftBank and PFR, the company was able to raise funds required to pursue the strategy of dynamic growth and international expansion. The priority for the upcoming months are expanding the consumer offer and making it more appealing and strengthening resources and tech team, as well as rapid and cost-efficient logistics, that are the foundations of a successful e-commerce.

Changes in the ownership structure and raising new funds for development, will help to strengthen eObuwie's position prior to the IPO, planned in 12-24 months.

Zofia Szewczuk

Investment Director, Polish Development Fund

Sources: Pitchbook, PFR Ventures analysis

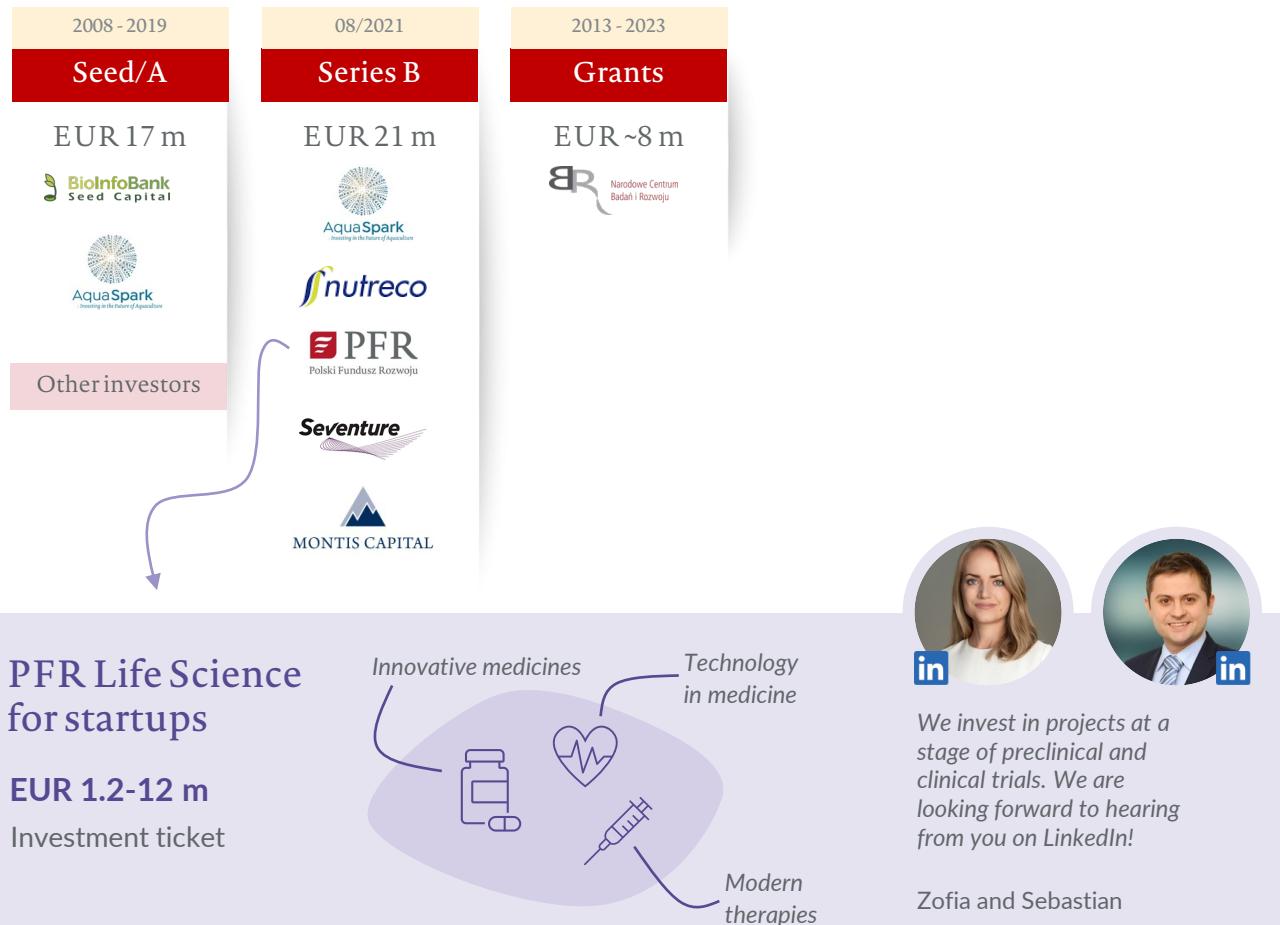
Notable deals: Proteon Pharmaceuticals

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Funding and company's activity



In August 2021, Proteon Pharmaceuticals closed a EUR 21 m funding round. The funds will accelerate commercialization of Proteon products in aquaculture, poultry and dairy as well as to further develop their unique phage development platform technology.

Proteon Pharmaceuticals technology reduces the risk of Anti-microbial resistance (AMR) and enables sustainable agriculture. The company has a robust product pipeline and has partnered in product development and distribution with global leaders like Skretting.

To date, Proteon Pharmaceuticals has raised approximately €38m in capital, attracting institutional investors and has additionally secured approximately €8m in non-dilutive grants.

Matthew Tebeau
COO, Proteon Pharmaceuticals

Source: Proteon, PFR Ventures analysis

Notable deals: Vue Storefront

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Funding and company's activity

2021	01/2021	09/2021
Acceleration	Seed	Series A
EUR - m	EUR 1.5 m	EUR 17 m
Y Combinator	SMOK VENTURES MOVENS CAPITAL	CREANDUM >_ EARLYBIRD pauaventures MOVENS CAPITAL
		Private investors

Top 5 above-average Series As in Poland

EUR 3,7 m

Average Series A value in Poland



EUR 24,7 m

uncapped

EUR 21,6 m



EUR 17 m



EUR 12,5 m



EUR 11,8 m

After we raised our Seed round in January 2021, we had a clear plan for monetizing the Open Source project, but we had to field-test our assumption regarding the Enterprise version. We upgraded Vue Storefront architecture, improving its flexibility while maintaining the acceleration aspects and outstanding developer experience, and it worked. A soft launch of our enterprise offering brought us 4x more customers than expected.

Then, we had no intention to get into funding matters any time soon, but VC funds started reaching for us. They already heard of Vue Storefront; they knew Headless Commerce potential, so Series A was significantly accelerated. We got to choose from the best global partners this time, and we signed a term sheet with our lead investor at the beginning of August 2021.

in Patrick Friday

Co-Founder & CEO, Vue Storefront

Source: Pitchbook, PFR Ventures analysis

Notable deals: Jutro Medical

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Funding and company's activity

12/2020	07/2021
Pre-seed	Seed
EUR 1.4 m	EUR 6 m
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KOGITO ventures	M MARKET ONE CAPITAL
M MARKET ONE CAPITAL	RHEINGAU FOUNDERS
RHEINGAU FOUNDERS	Private investors
Private investors	

Jutro Medical's activity (since 06/2021)

16 300

No. of visits

1340

Prescriptions and medical leaves issued online

362 000

Messages from patients to medics sent via chat

Jutro Medical's team



9 product development specialists



10 medical doctors
5 medical assistants
3 nurses

27 people revolutionising
public healthcare

In 18 months since the start of our work in January 2020, we have successfully tested a model of primary healthcare clinics based on technology, by building our own facilities, developing apps for patients and medics and taking care of a couple thousand patients, within a public healthcare system.

Our most recent funding round of EUR 6 million allows us to build more clinics in Warsaw and other Polish cities, thus providing access to Jutro to the broader population. We are constantly working on developing patients' experience and the quality of our healthcare.

Adam Janczewski
CEO & Founder, Jutro Medical



Read the article about Jutro Medical's participation in the PFR School of Pioneers

Sources: Pitchbook, Jutro Medical, PFR Ventures analysis

Notable exits: bValue VC

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bValue exits PushPushGo (PPG)

Seller

BVALUE

Company

PUSHPUSH 

Buyer

VERCOM

EUR 440k

bValue's investment in PushPushGo, in the years 2018-2019,
(seed round: EUR 90k private funds + EUR 350k NCBR grant)

8-10x CoC (Cash-on-Cash)

return for private investors in bValue Bridge

Satisfying return for the fund

ambitious and hard-working founders, funding and support from the fund in business development, resulted in a ROI of 8-10x. The new strategic investor will help further increase company's value

Our investment in PPG was done through bValue's investment vehicle co-financed by NCBR, as a part of BRIadge Alfa programme. PushPushGo, soon after bValue's investment, became the Polish leader of web push communication and gained significant traction on the CEE markets. The company partners with over 150 customers in Poland and worldwide. Over the span of our investment, the company has multiplied its MRR and grew the team and the product itself. Exit to a strategic investor, Vercom, that is also publicly listed on WSE, will help further growth. Vercom will expand its offer with PPG services. As a result, PPG will be able to continue its rapid growth and expansion on new markets. bValue has fulfilled its investment principles – the funding and close cooperation with the team on business development, resulted in a satisfying return on the investment.

 **Maciej Balsewicz**

Managing Partner, bValue

Notable exits: bValue VC

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bValue sells YesIndeed

Seller

B
VALUE

Company



Buyer



EUR 220k

bValue investment in YesIndeed (brand: WannaBuy) in 2019,
(seed round: EUR 45k of private investment + EUR 175k NCBR grant)

9-11x CoC (Cash-on-Cash)

return for private investors in bValue Bridge

Successful exit on an uncertain market changed by COVID

strong team of founders, proprietary technology, and ability to adapt to the rapidly-changing market environment, led to a successful exit 1.5 years after the investment

Our investment in YesIndeed was done through bValue's investment vehicle co-financed by NCBR, as a part of BRilodge Alfa programme. YesIndeed is a company that relies on consulting competencies and proprietary technology. The company develops comprehensive gamification and motivation systems and cafeteria platform WannaBuy. bValue investment helped accelerate technology development, including autonomous gamification mechanisms. The year 2020 was full of challenges, especially in the field of customer acquisition, due to the COVID pandemic and limited decisiveness among key customers. WannaBuy team managed to adjust its strategy and acquired as a customer Benefit Systems, that decided to acquire 100% of WannaBuy. As a result, they will expand their offer to be ready to fulfil market expectations.

Leszek Orłowski

Investment Director, bvalue.vc

Notable: Aligo VC

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Aligo sells KSME

Seller



Company



Buyer



EUR 90k + EUR 90k follow on

Aligo VC invested EUR 180k in KSME in an early-stage round in October 2018

9x CoC (Cash-on-Cash)

return for the Aligo VC fund

Green energy storages

development of the energy storage systems is one of the key technologies that enable transformation of energy industry worldwide

Increasing usage of renewable energy requires using on a wide scale energy storages, located in strategic points. They provide flexibility and safety for the whole energy systems. Creators of KSME, energy industry experts, are growing the company on the undergoing transformation of the energy markets and the need of building storage systems.

Aligo VC has supported the company on an very early stage, which helped the team get the first locations for their storages ready. Rapid development of the renewable energy sector helped the company gain industry partners. Together with Neo Energy Group and V-ridium the company will be able to continue the development of the technology and to further grow operations.

Łukasz Mańkowski

Managing Partner, Aligo Venture Capital

Summary

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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:

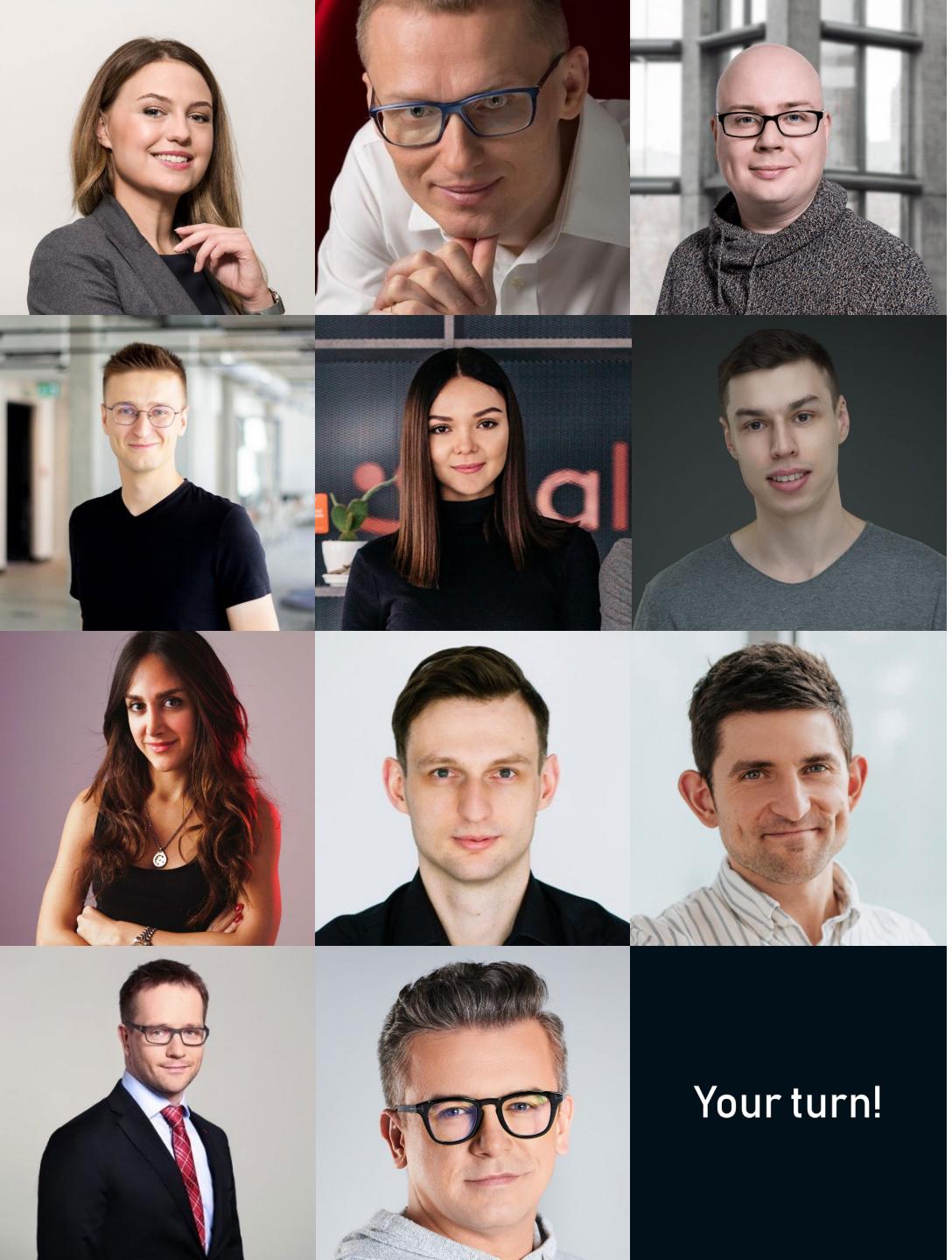
- % of employees working in Poland
- Presence of Polish founder/co-founder
- Presence of Polish capital
- Self-identification of the company

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.



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do społeczności najlepszych founderów
z Polski - daj nam znać.

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

+2700

Start-ups

+100

VC funds

