

3.0226

67.9929

3.8511

 PFR Ventures

INOVO

VENTURE PARTNERS

Polish VC Market Outlook 2020

25.754

91.9426



European
Funds
Smart Growth

European Union
European Regional
Development Fund



Authors

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Report development

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 300 investments.

INOVO | VENTURE PARTNERS

Inovo VC partners with ambitious founders to build future unicorns together. Our experience in international scaling, network leading VCs, and our help in attracting top talent make Inovo the fund of choice for founders like Stefan Batory (Booksy), Maja Schaefer (Zowie), and Marcin Wyszynski (Spacelift).

Extra data sources:



Overview

PFR Ventures

INOVO

VENTURE PARTNERS

2020 Highlights

▶ **300**
companies funded

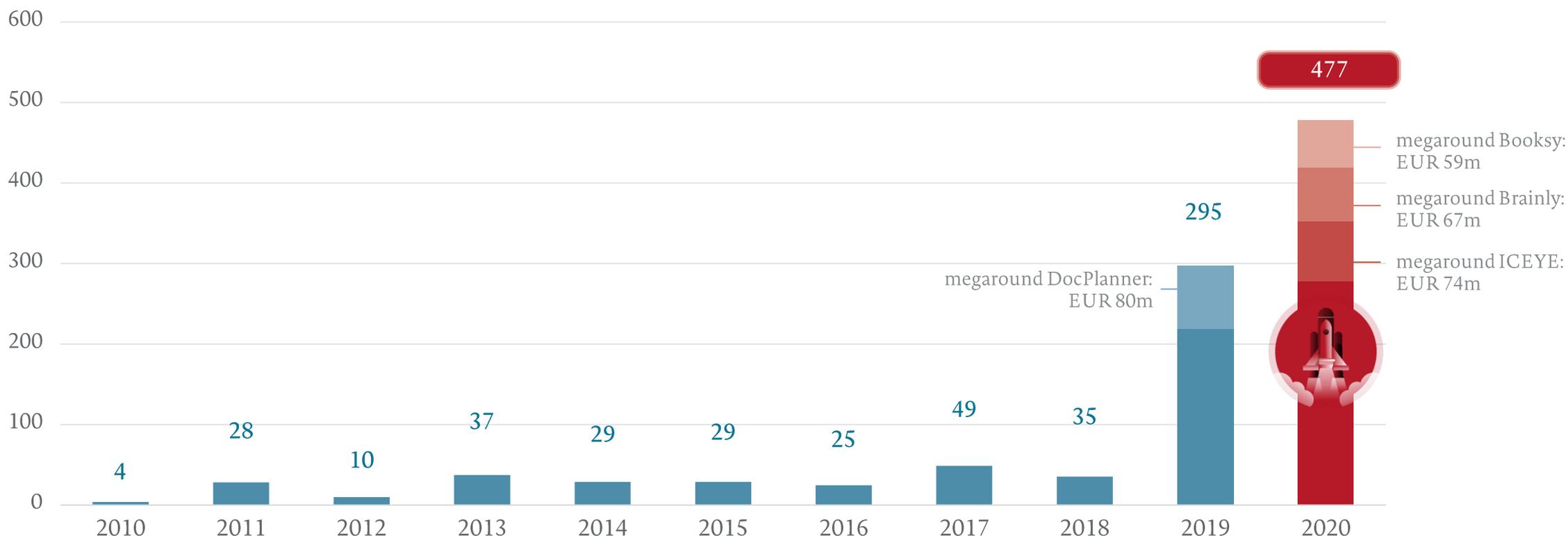
▶ **477**
EUR m of invested capital

▶ **158**
Funds involved

▶ **x1,7**
2019 value

VC investments in Poland 2010 – 2020

Value of investments (EUR m)



(1) Source for the 2010–2018 data: Invest Europe

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

(3) The mentioned in the document 70% year-to-year growth calculation was based on polish zloty (PLN) value (2019: PLN 1,26b; 2020: PLN 2,12b)

Authors' comments



Aleksander Mokrzycki
Vice President, PFR Ventures



2020 marks the year in which we have reported another record on the Polish venture capital market. Three transactions in the range of EUR 60 to 80 million have created the main candidates trying to claim the title of the first Polish unicorn. However, it does not mean that there will not be a „dark horse” in 2021.

The largest transactions account for just over half of the total capital provided by the VC funds. Nevertheless, excluding the 2019 and 2020 outliers, we can still talk about a 30% year-on-year growth of the Polish venture capital market (or 70% if we include them). The average value of investment rounds is also growing. This growth is driven by higher investment tickets, increasing value of startups and the growing presence of international capital.



Tomasz Swieboda
Partner, Inovo Venture Partners



Despite the uncertain market environment, 2020 was undoubtedly the best year in the Polish startup scene. A 70% increase in the investment value compared to 2019, shows that both our local ecosystem and the overall tech sector play a significant role in the economy and are often resistant to the macroeconomic environment.

Also, on the micro-scale, for us as Inovo, it was a very successful period. It is worth highlighting the increase of our fund size to over \$50m, 8 new investments in Poland and the region in early-stage projects, as well as securing further financing by Infermedica (Series A, \$10m) and Booksy (Series C, \$70m and the merger with Versum). Within the Booksy's round, we made a partial exit – the return on that stake was over 10x while retaining over $\frac{3}{4}$ of our equity stake.

Authors' comments



Przemysław Kurczewski

Deputy Director of R&D Investments,
NCBR



Surprisingly, the Polish VC market remains resilient to the coronavirus. The amount invested is almost a EUR 200m more than a year ago. NCBR funds generated 21% of this sum. In terms of the number of transactions, it looks even more favorable – we were "behind" almost half of them. Perhaps the crisis caused by the pandemic has made VC funds even more attractive, and investments in innovation – a way to leap „forward”.

The Polish State, regardless of the epidemic situation, has not given up on supporting good projects. Within the BRIDGE programs, we have already transferred around EUR 200m to the Polish ecosystem. The new EU perspective is ahead of us, and it will put great emphasis on the development of instruments financing innovations. We have ambitions, capabilities, and facilities to use this opportunity to the fullest.



Paweł Chorąży

Managing Director of European Funds Division,
BGK



Despite the ongoing pandemic in 2020, the VC market itself came out of it unscathed – the value of completed deals increased by 70% YoY.

It is worth noting that despite the regional nature of BGK Funds (managed by Netrix Ventures, Brave Seed Fund, BP VC GP1 and Bitspiration Booster) financed by regional operational programs, they have already executed one in every 10 deals in the VC market. Despite their relatively small size, by focusing on providing capital for unique, innovative seed projects (including ICT, FinTech and MedTech), they develop the local startup ecosystem and attract innovative companies to the region that want to develop their business in a favorable environment.

Market experts' comments



Artur Kurasiński
Funder, Aula Polska



We are still a very small, even a frontier market (growing, that's a fact), funded mostly with public money without a single startup-like entity valued at 1 billion USD (the industry's favorite „unicorn”). As many as four such entities have managed to emerge in Estonia (Skype, Playtech, Transferwise and Bolt) and even one in Lithuania (Vinted).

I am not saying that we should pump up the valuation of companies, but we should think about what we are doing (yes, all of us in the Polish startup ecosystem) fundamentally wrong.

PS Congratulations to all the companies that have raised funding and are growing but to one in particular: Booksy, which got an Euler prize in 2016.



Yoram Wijngaarde
Founder and CEO, Dealroom.co

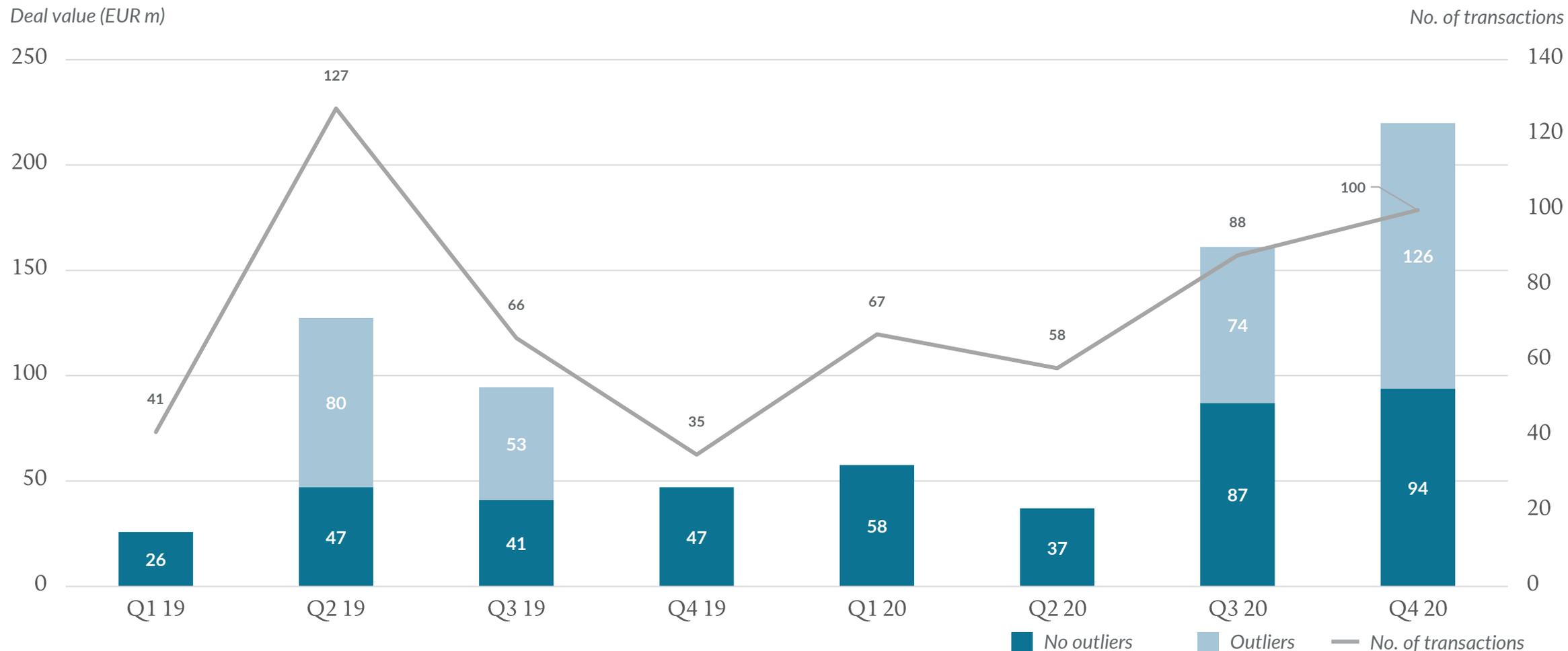


Poland has a longstanding track record in tech and software development, but in the last to years alone, investment in Poland has eclipsed that of the previous ten years.

Tech ecosystems are becoming more global and distributed. Venture capital can be invested anywhere. Poland has an advantage here: it has one the world's largest pools of talented developers, favorable cost of living, and thus capital efficiency. This has resulted in a high concentration of world-class Enterprise Tech and Deep Tech, for instance.

VC investments in Poland 2019 – 2020

Quarterly, number and value of deals (EUR m)

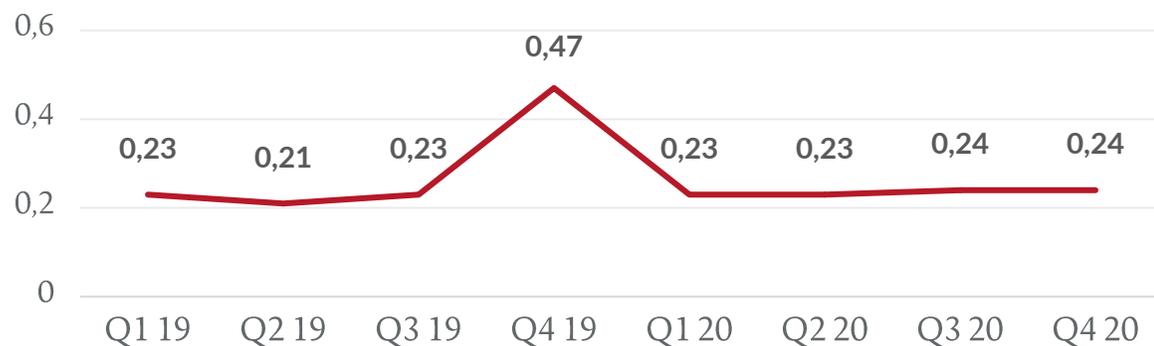


VC investments in Poland 2019 – 2020

Quarterly, average transaction value (EUR m)



Quarterly, median transaction value (EUR m)



In 2020, we reached a record in terms of the average value of VC investment ticket in our market, achieving a jump of 52% compared to 2019. This demonstrates the unrelenting optimism in investors' perception towards the Polish start-up ecosystem. The second half of 2020 was characterized by stable growth, rebounding from the 2Q20 bottom caused by the COVID-19. In 4Q20, the average value of VC deals in Poland was slightly below EUR 1m, a modest decrease compared to 3Q20.

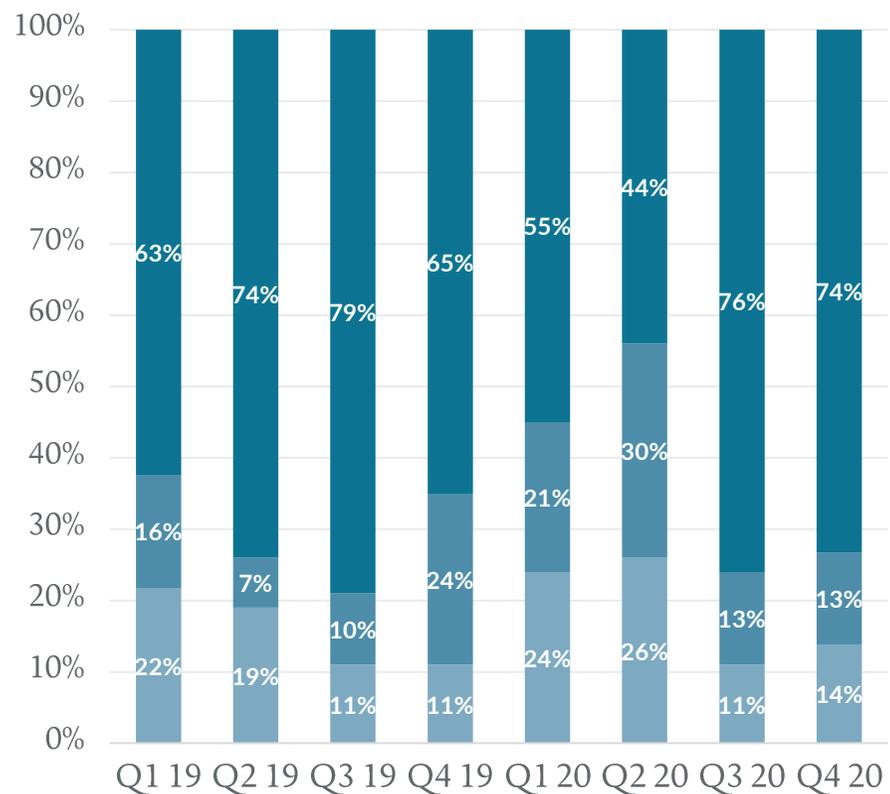
On the other hand, the median value of VC deals in the last quarter of 2020 increased slightly after 3Q20. Due to the multitude of preseed/seed deals and the investment ticket of funds from NCBR programs, it remains around EUR 0,2m.

[in](#) **Klaudia Babraj**
Analyst, PFR Ventures

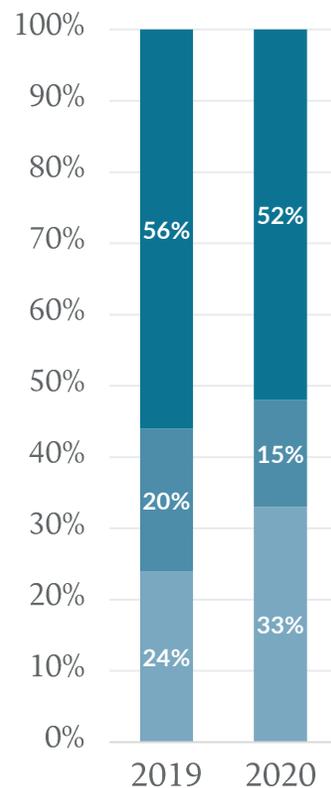
VC investments in Poland 2019 – 2020

Largest rounds distribution in 2019 – 2020

Quarterly, % of value



Annually, % of value



■ Top5 ■ Mid10 ■ Other

Mid10 is the 10 largest deals after Top5

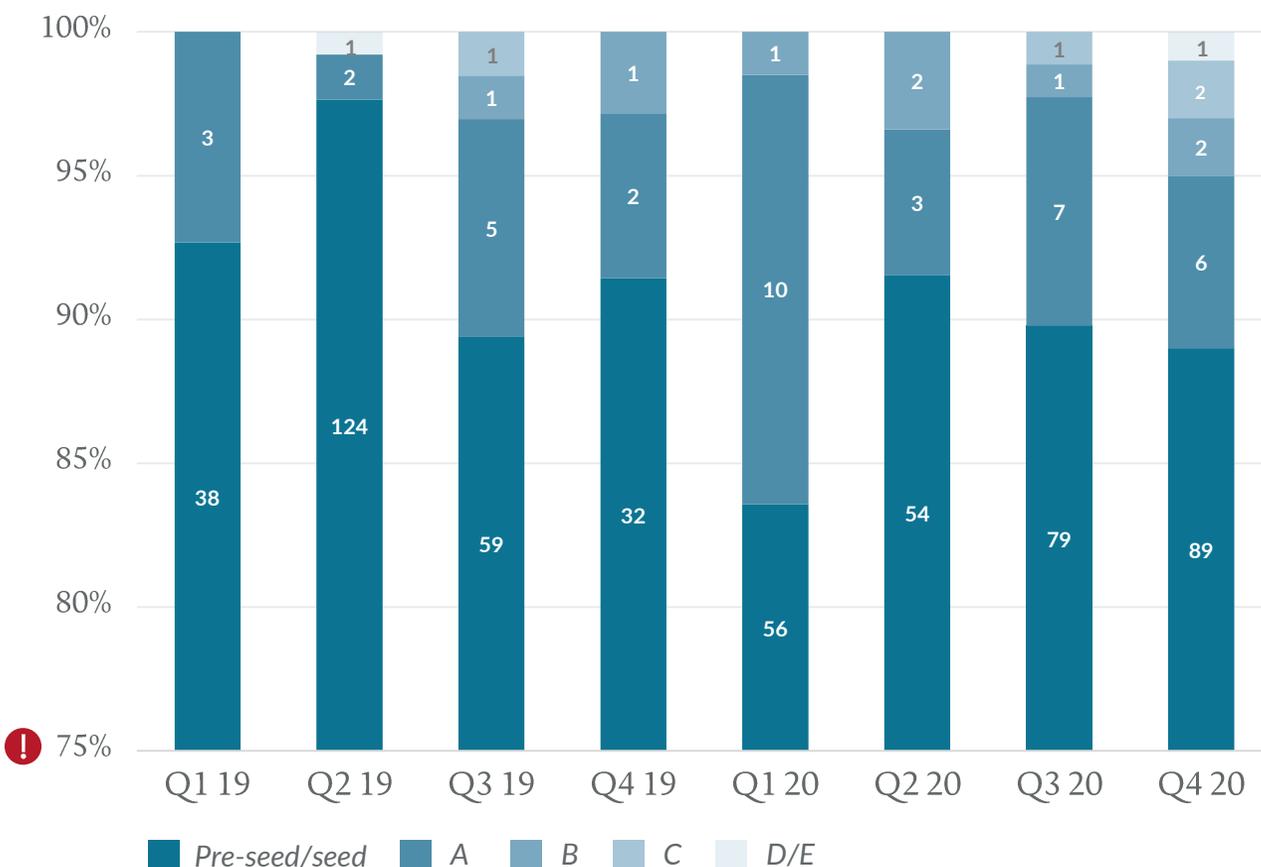
Top5 rounds in 2020

ICEYE	EUR 74m Series C	Q3 20
BRAINLY	EUR 67m Series D	Q4 20
booksy	EUR 59m Series C	Q4 20
? TBA	EUR 25m+ Series ?	Q4 20
uncapped	EUR 22m Series A	Q3 20

VC investments in Poland 2019 – 2020

Series distribution

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



The data for the last 2 years draws a clear picture of Poland as a growing startup ecosystem – year-over-year growth occurred at every stage of funding, while particularly noteworthy is the doubling in size of the Series A financing (26 deals in 2020) and the tripling of Series B financing (6 such investments in 2020). This is a result of the increased number of the earliest Pre-Seed and Seed rounds – 2019 saw a significant increase when 244 'Seed' deals took place. Moreover, this trend continued a year later when, despite the pandemic, we saw as many as 278 such rounds.

Looking at these figures, I am confident that this year will be even more abundant in both early investments and larger rounds (B+) that will also be discussed abroad. At Inovo, we are investing early, so we have a lot of work ahead of us!

 **Maciej Małysz**
Partner, Inovo Venture Partners

Sources of capital

Percentage of private and public-private funding

Value of transactions



Percentage of funding from international and Polish funds

Value of transactions



Number of transactions



Number of transactions



(1) The charts do not include outliers

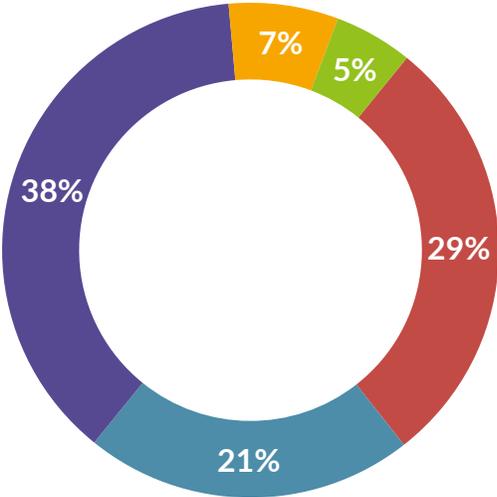
(2) A particular transaction has been allocated based on predominant private or public-private financing

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

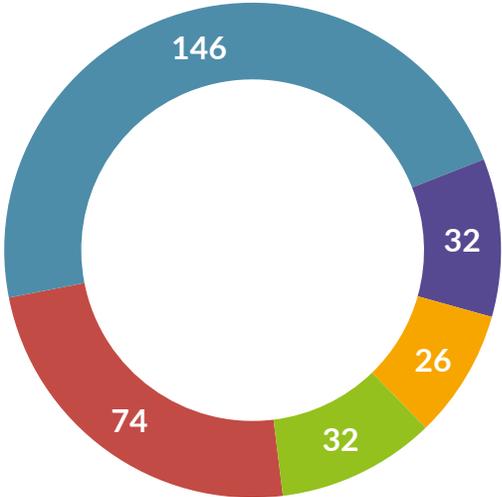
Sources of capital

Public programmes and private capital

Value of transactions



Number of transactions

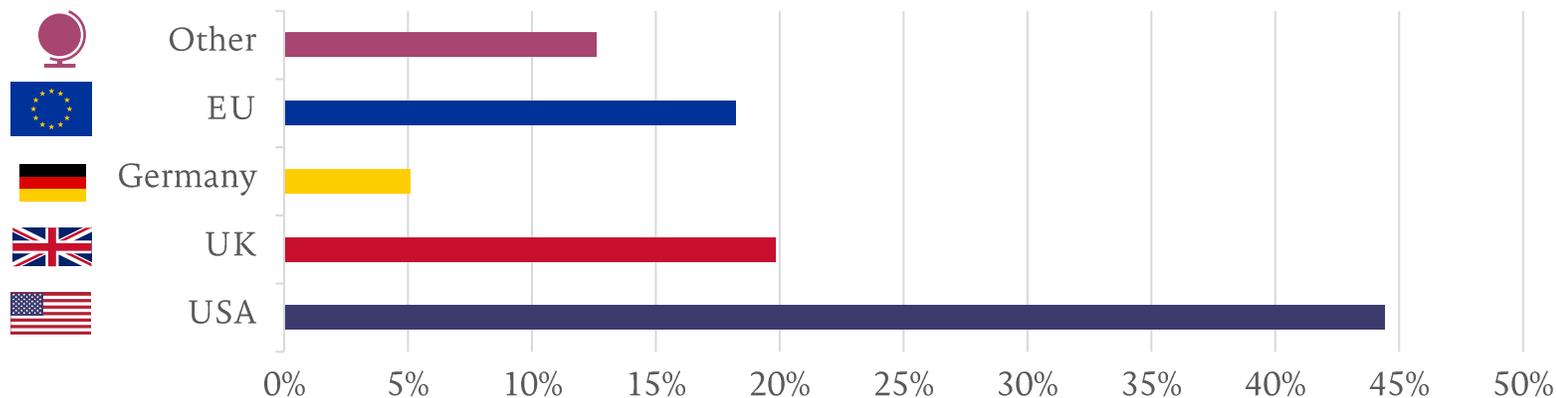


(1) The charts do not include outliers (2) A particular transaction has been allocated based on predominant private or public-private financing (3) Transactions of international funds include all transactions in which at least one international fund participated (4) Part of the transactions classified 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

Sources of international capital

Participation of individual countries in financing rounds of Polish start-ups

Value of foreign fund transactions in 2020, %



PFR's strategy in the Polish market has enabled the ecosystem to become more aware of nuances that come with venture and attracted talent and funding across the world.

We are also starting to see a number of companies graduating from the pre-seed/seed stages to series A/B companies, which is a sign that the ecosystem is starting to flourish and we expect an increase of larger rounds to take place in 2021. Finch remains very enthusiastic about Poland and recently invested into SMEO a Polish factoring company.

Most active foreign funds

enern



GFC

hoxton ventures



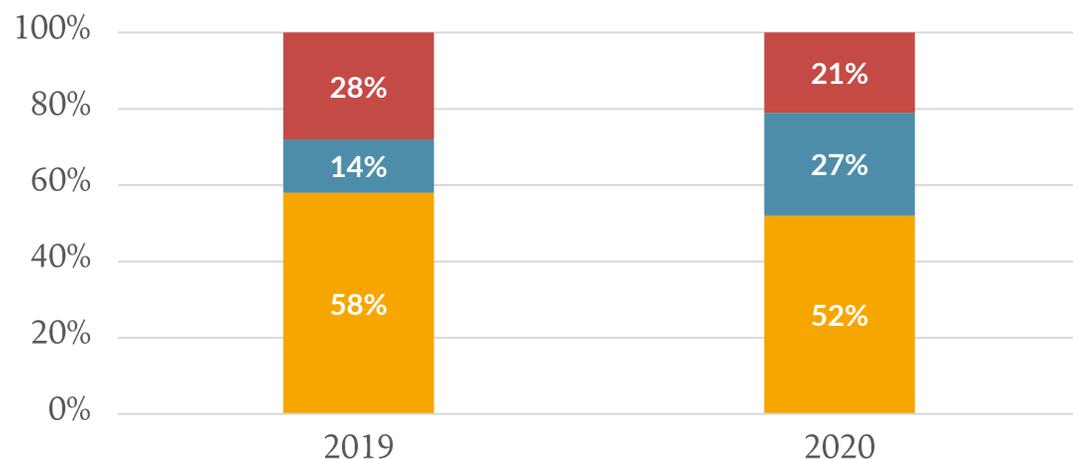
[in](#) Aman Ghei
Partner, Finch Capital

"EU" category does not include Germany. Financing from this country is presented separately.

Polish funds activity in 2020

Investments and co-investments

By share in the transaction value



- 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

Local financing plays the largest role in our market. In 2020 its share in the value of transactions decreased from 58% in 2019 to 52%. However, it was accompanied by a significant increase in the total value of investments – from EUR 161m to EUR 276m*. In Q4, Polish funds provided as much as 65% of capital. This may be the result of the successful closure of many transactions, which were delayed due to the pandemic situation in previous quarters.

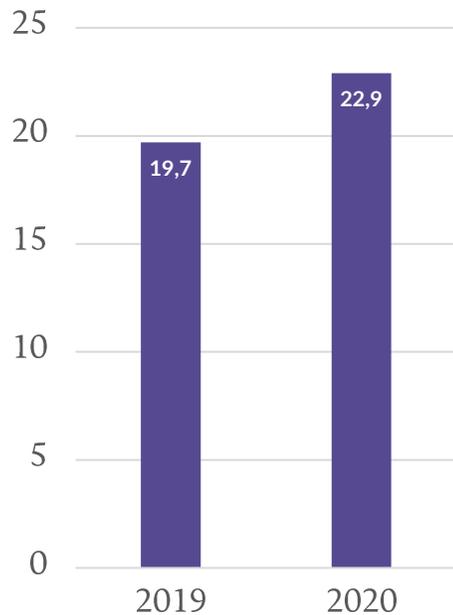
Local funds have deepened cooperation with foreign partners – the share of co-investments with international funds increased from 14% in 2019 to 27% in 2020. Quantitatively speaking, it accounted for an increase by more than EUR 50m. This is a very good sign for Polish startups, which will be able to receive more support from existing shareholders when raising capital abroad in future financing rounds.

[in](#) **Andrzej Daniluk**
Analyst, PFR Ventures

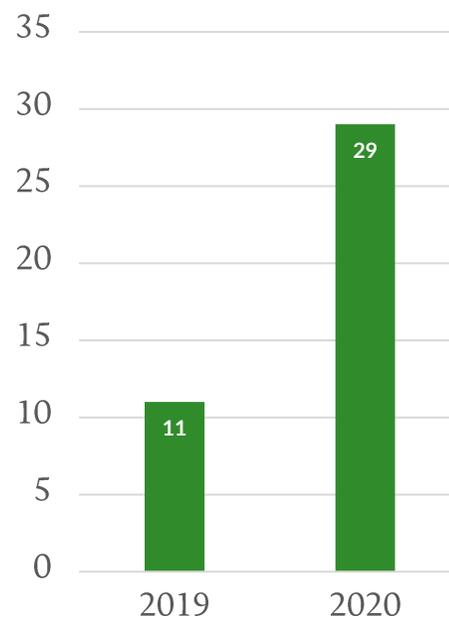
Polish funds activity in 2020

Polish funds' investments in foreign companies

Transaction value, EUR m



Number of deals



Over the last five years, the European market has changed dramatically. Two distinct trends can be noticed. First, Polish funds started to invest without looking at geography. Second, many teams started investing earlier. Both trends increase competition in the market. Every investor is faced with a choice: invest in the best companies regardless of geography and stage or operate in a local ecosystem.

Managers of funds that have made foreign investments are looking for companies all over Europe. They want to invest not only in the best companies but also with the best investors. The increase in the number of foreign investments by Polish funds is comforting. I expect that in the coming years there will be more of these investments. The key to further growth will be the Polish funds' access to resources that do not impose geographical restrictions.

[in](#) **Marcin Szeląg**
Partner, Innovation Nest



Learn more about Market One Capital's investment in Tier



Learn more about Manta Ray's investments

CVC investments in 2020

Who was active?



CVC investments are growing in Poland for two reasons. First, corporations have access and the opportunity to invest long-term. Second, technological change in many industries is becoming a challenge even for the largest companies enjoying the privilege of being market leaders. CVC funds are a good way to multiply capital, but mostly they are a way to the world of radical innovation that is difficult to develop by internal units of a corporation. At today's pace of change caused by technology, mini-enterprises may replace current leaders within a few years. That is why it is so important to keep your finger on the pulse of this innovation. A CVC fund is amongst the most effective ways to do this.

[in](#) **Bartłomiej Gola**
General Partner, SpeedUp Group, Managing Partner, SpeedUp Energy Innovation

? Question marks have been placed on funds or corporations that participated in investment rounds that have not yet been disclosed

Who is seeding the most?

Review of funds that invested up to EUR 1m per transaction in 2020

≥10 deals



CZYSTA3.VC



6-9 deals



BVALUE

IMPERA ALFA

invento

KOGITO ventures

PLATINUMALFA

Entrepreneurs are increasingly demanding – and rightly so! Among them, there is no shortage of people from consulting or ex-employees of top startups. It is a challenge for many local funds that are unable to provide founders with anything but money.

The long-term winners will be the funds that not only "do no harm" but give value to the entrepreneurs and help to step on the gas like Y Combinator or Andreessen Horowitz-level investors. The founders who have raised SMOK Ventures funding include many serial entrepreneurs, and 75% of them have successful exits in their careers, which gave profits for the fund. Now they are working on new projects and want to grow with a partner who has an international network to help them go global.

 **Borys Musielak**
Managing Partner, SMOK Ventures

Largest deals

Rounds by investment thresholds

 Supported by PFR Group

 Supported by NCBR

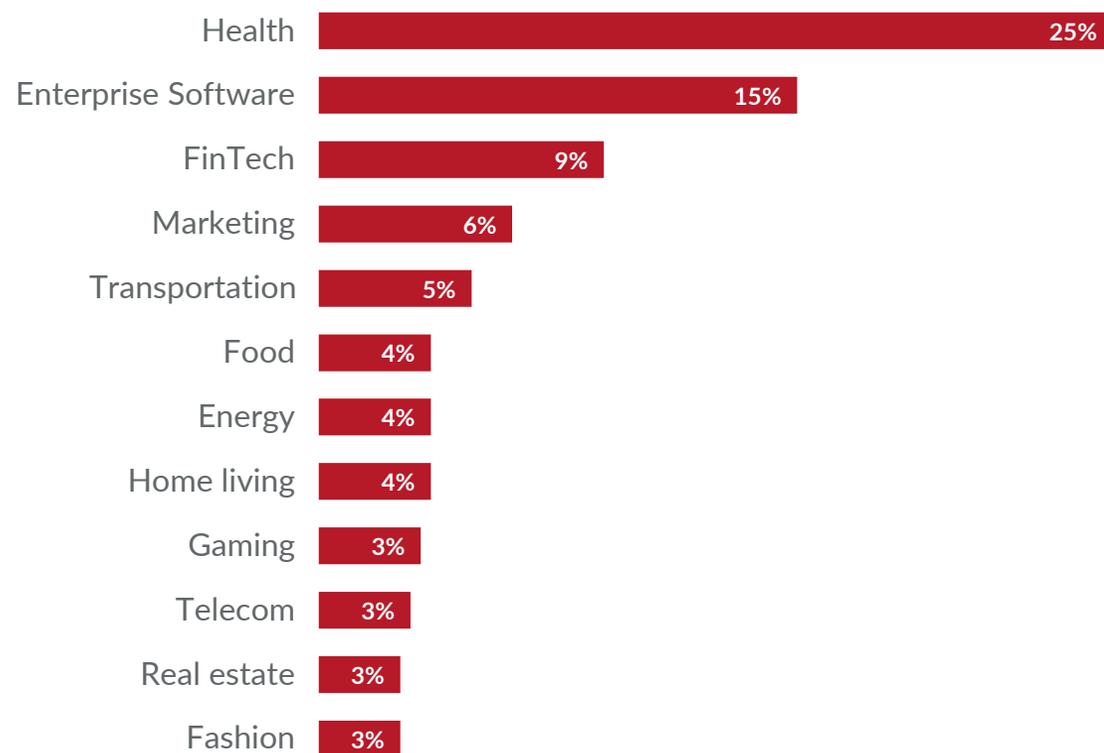
	Investors	Company		Funding	Round
EUR 10 – 20M	Undisclosed	Undisclosed	 	EUR ~25m	?
	Mouro Capital, Iron Ventures, Global Founders Capital, Seedcamp, White Star Capital, BA	Uncapped		EUR 22m	A
	Oxx, Kennet Partners	Codility		EUR 20m	A
	OTB Ventures, TDJ Pitango Ventures, Tiga Investments	Cosmose.AI	 	EUR 13m	B
	Karma Ventures, Heal Capital, Inovo, European Bank for Reconstruction and Development, DreamIt Ventures	Infermedica		EUR 9m	A
EUR 5 – 10M	OTB Ventures, S.C. Ventures, Koh Hwee	Silent Eight		EUR 7m	A
	Manta Ray, Khosla Ventures, Hoxton Ventures, DN Capital, Capnamic	NoMagic		EUR 7m	A
	Global Founders Capital, ParTech, Finch Capital, Market One Capital, Plug&Play	Symmetrical.ai		EUR 6m	Seed
	Rising Tide Fund, FIS, Mencey Capital, Wojciech Kostrzewa	Billon		EUR 5m	A
	Undisclosed	Undisclosed		EUR 4 – 7m	?

We describe the largest deals above, not including outliers: Booksy, Brainly, ICEYE

Funded companies' industries

Industry distribution

% share of transaction number among industries that exceeded 3%

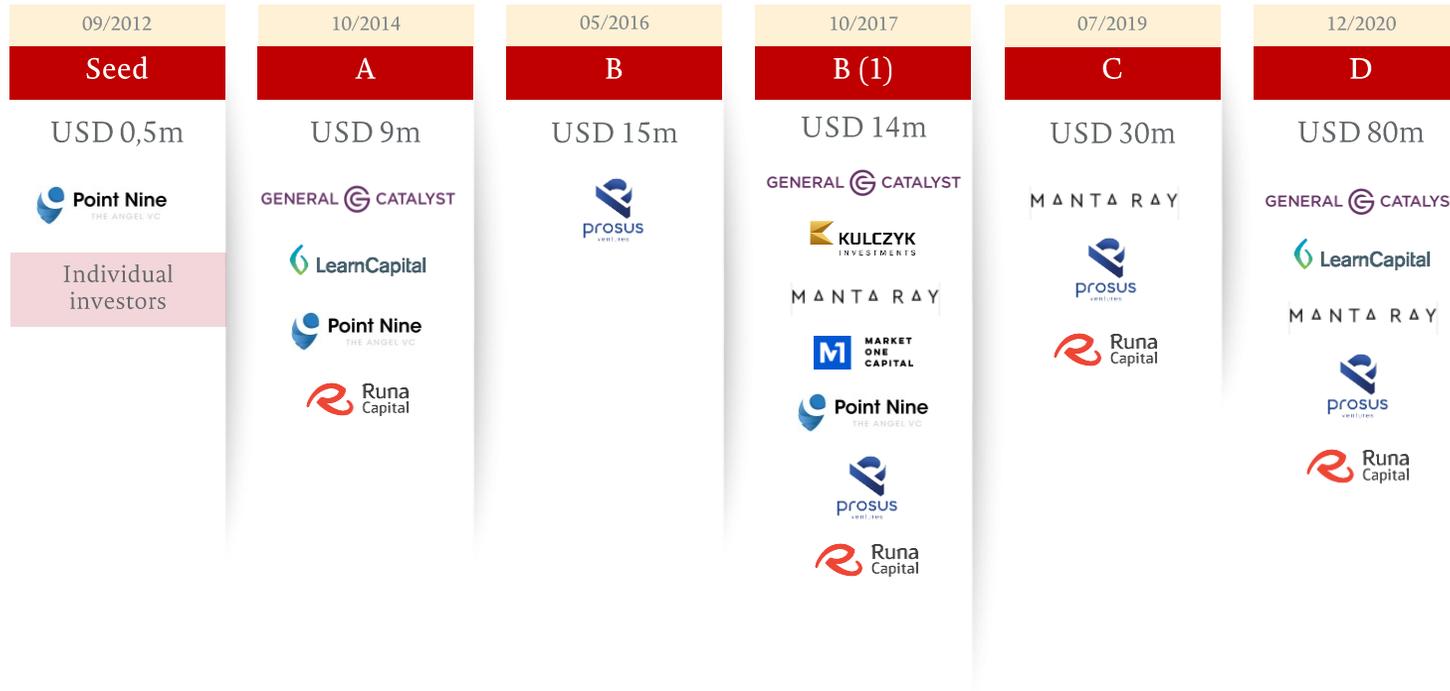


One out of four startups that has received VC funding is involved in developing innovations in the area of health. These are not only scientific projects (such as BioMed Academy graduate Biotts), but also ventures that aim to revolutionize the current system of healthcare (such as Jutro Medical, founded by a graduate of PFR's Pioneer School educational program) or increase our awareness of the condition of loved ones (such as SiDLY). It is unclear how COVID-19 affected the funding of these projects because a significant number of them was already in the development before the epidemic and was attracting investors' attention. Although the coronavirus pandemic has crippled parts of the economy, many HealthTech startups are booming. It's also possible that the sudden security lapse has mobilized some funds to make quicker decisions.

 **Eliza Kruczkowska**
CIO, PFR

Most Interesting Deals: Brainly

Company financing



In 2020, we have seen an unprecedented rise in the popularity of online education. Remote learning has forever changed how students, parents, and teachers use learning resources and has allowed the market to grow by about 2-3 years in just a few months. Large investments in products offering online education, such as Brainly, have followed suit. With its 2020 D round and raising USD 80m in it, Brainly will be able to grow even faster in international markets and accelerate the deployment of new educational products for the 350 million students and their parents worldwide who already use our services.

 **Michał Gwiazdowski**
General Manager PORURO, Brainly

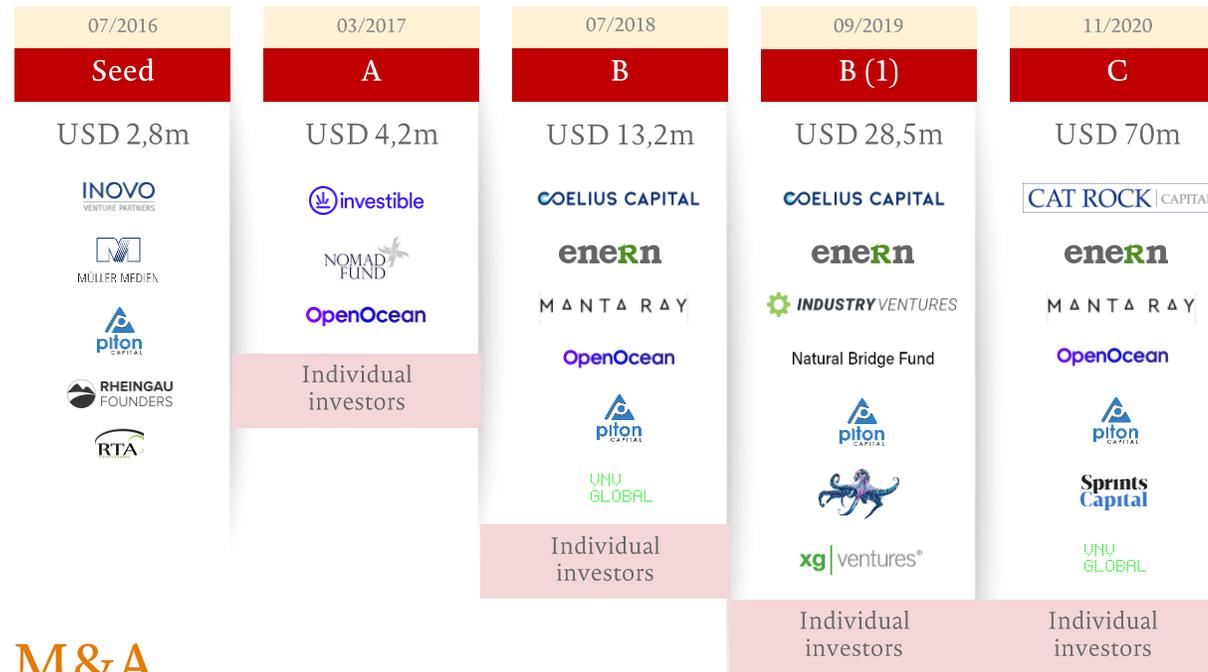


See Brainly's story at „Now Go Build with Werner Vogels”

Source: dealroom, Pitchbook, media reports, PFR Ventures analysis

Most Interesting Deals: Booksy

Company financing



M&A



2020 was a landmark year for us, even though it wasn't the easiest one. The global wave of strict restrictions also affected the beauty & wellness market to a large extent, and a significant part of the revenues was drifting away from our every week. We quickly decided to cut costs while developing additional sources of income at the same time. Hence, for already some time now, Booksy has been able to arrange appointments in e.g. financial institutions or at mechanic shops.

As economies started to return to normal, many service providers appreciated the ability to manage their calendar and visits easily, and we quickly recovered and even outperform pre-pandemic levels. We end 2020 with two significant events – we raised over USD 70m in a Series C led by Cat Rock Capital, as well as merged with Versum, making us the world's largest marketplace in our sector. Let's hope this year is even better!

Stefan Batory
CEO, Booksy

Learn more about Booksy's merger with GoPanache

Learn more about Booksy's merger with Versum

Most interesting exits: Inovo

Inovo has sold ~20% of its stake in Booksy

Seller

INOVO

Buyer

Sprints
Capital

USD 1,2M

Inovo Venture Partners invested in Booksy's Seed round

10.5x CoC (Cash-on-cash)

return for Inovo Venture Partners fund from partial sale of the shares held

Make an appointment remotely!

Booksy is used by about 20% of beauty & wellness salons in Poland. They serve about 40% of the entire population

When we became the lead investor in Booksy's Seed round at the end of 2015, the leading method of making appointments in the beauty & wellness sector was a phone and a piece of paper. Today Booksy is the largest and most popular appointment booking app in this segment worldwide, and in our country, it is used by up to 40% of Poles.

During our recent Series C round, we decided to liquidate a portion of our package to guarantee a payout to our investors. We earned over 10x on the part of our initial investment we sold. It is worth noting that we still own almost 80% of our shares and we believe that in the coming years' Booksy will surpass the unicorn status and win the online appointment market.

in Michał Rokosz

Partner, Inovo Venture Partners

Summary

Glossary

International/foreign team

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

Activity on the 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:

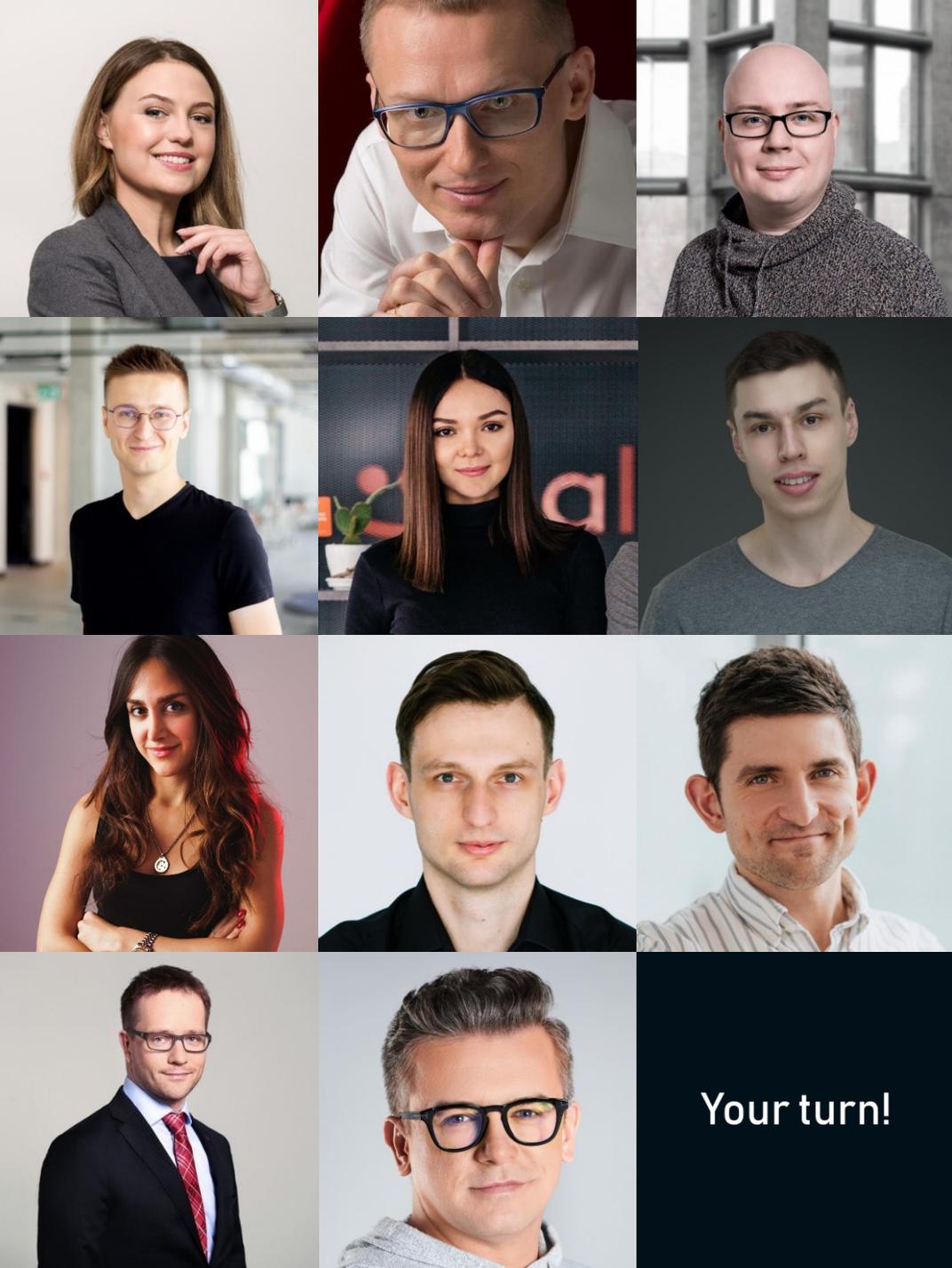
- % of employees working in Poland
- Presence of Polish founder/co-founder
- Presence of Polish capital
- Self-identification of the company

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.

EUR/USD to EUR exchanges rate

We took an average 3-month exchange rate for most statistics. The exceptions are the pages concerning Brainly and Booksy, 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 want to join the community of top founders from Poland – let us know.

pitch@inovo.vc



Your turn!

Map of the Polish ecosystem



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

If you have not yet added information about yourself, please do so at this address:

 startup.pfr.pl/en/innovation-ecosystem

+2700

Start-ups

+100

VC funds

