

 PFR Ventures

INOVO

VENTURE PARTNERS

# Polish VC market outlook Q1 2022



European  
Funds  
Smart Growth

European Union  
European Regional  
Development Fund



# Authors

## Analytics Team



**Radosław Kuchar**

Investment Associate, PFR Ventures



**Piotr Marszałek**

Analyst, PFR Ventures



**Karol Piotrowski**

Analyst, PFR Ventures



**Łukasz Kajdas**

Investment Manager, PFR Ventures



**Karol Lasota**

Principal, Inovo Venture Partners



**Łukasz Nikitiuk**

Chief Specialist, Capital Funds Department, NCBR



**Filip Milewski**

Head of Unit, Financial Instruments Department, NCBR



**Łukasz Soliński**

Capital Markets Expert, BGK

## About the authors

### PFR Ventures

PFR Ventures manages funds of funds, which – together with private investors, business angels and corporations – invest in Venture Capital and Private Equity funds. The objective of PFR Ventures is to use this capital to support Polish innovative companies at various stages of development. PFR Ventures currently holds a portfolio of more than 60 funds that have made over 550 investments.

### INOVO | VENTURE PARTNERS

Inovo Venture Partners is a venture capital fund providing financing to the most ambitious entrepreneurs from Poland and the CEE region. We support early-stage start-ups and help them build global brands, while simultaneously boosting the development of the local start-up ecosystem. We have invested in ventures such as Booksy, Restaumatic, Sotrender, Infermedica, Spacelift, Tidio, AI Clearing, Zowie, Jutro Medical, Intiaro, Packhelp, Preply, Eyerim, Allset, SunRoof, Archbee, AhoyConnect and uPacjenta. As part of its second fund, Inovo Venture Partners manages capital worth PLN 245 million (EUR 54 million).

## Additional data sources



# Overview

## 1Q22 highlights

 PFR Ventures

INOVO

VENTURE PARTNERS

▶ **98**

companies received funding

▶ **251**

EUR m invested

▶ **101**

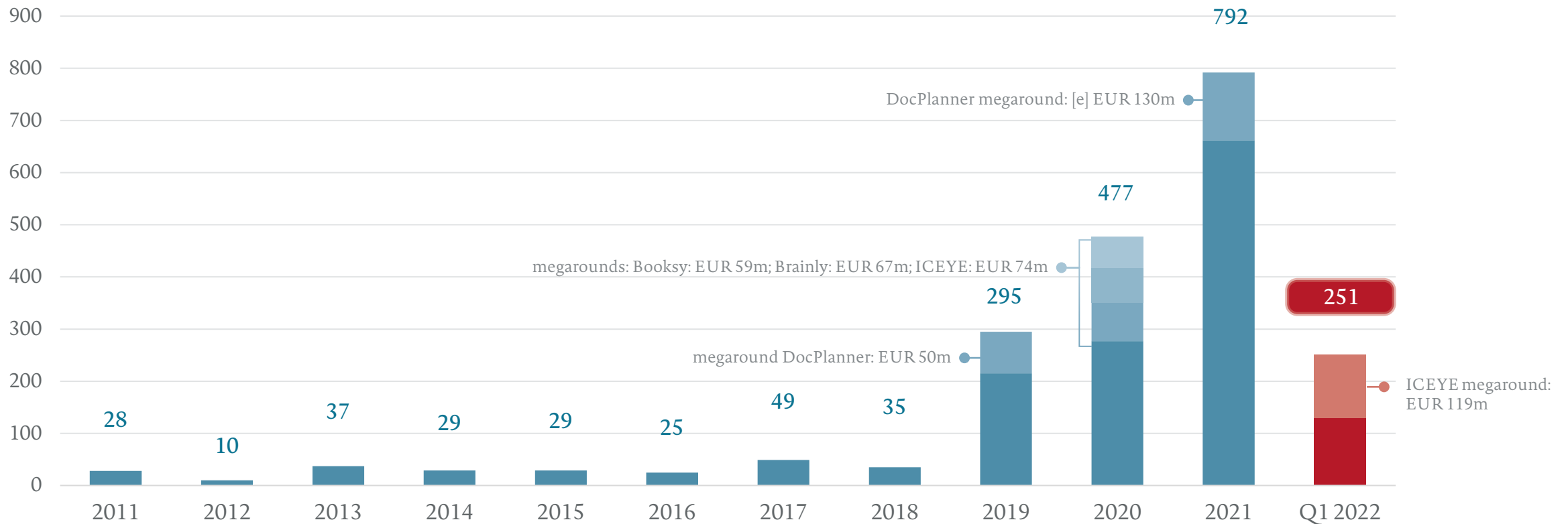
funds involved

▶ **45%**

of the capital came from transactions involving Polish and international funds

# VC investments in Poland 2011 – 2021

## Value of investments (EUR m)



(1) Source of archive data 2011-2018: Invest Europe;

(2) Megarounds that distort the statistical picture are intentionally presented separately (see: [outlier](#));

(3) A megaround is considered to be a transaction that exceeds 10% of the value of all investments in a given year.

# Authors' comments



**Maciej Ćwikiewicz**  
CEO, PFR Ventures



We have recorded the strongest start to the year in the entire history of the Polish VC market. Even with the largest transaction separated, we can talk about a more than twofold increase relative to 1Q21. If this rate is maintained, by the end of the third quarter we will be able to look at the previous record from the rear-view mirror perspective.

It is impossible at this point to assess how the war in Ukraine will affect the Polish market. There are many realistic scenarios. In the positive ones, we can assume relocation of Ukrainian start-ups and feeding the programmer base. Negative scenarios, on the other hand, may lead to fundraising problems or limited inflow of foreign capital. At this point, however, these are just scenarios. Looking only at the numbers, the prospects remain very good.



**Tomasz Swieboda**  
Partner, Inovo Venture Partners



The value of investments in Q1 amounted to as much as in all of 2019. In 3 years, the Polish VC market has made tremendous progress. Thanks to the global funds we work with, Poland is no longer perceived as an emerging market but a mature one that is not so different from Germany in terms of potential.

The ability to reach the EUR 250m mark, despite the fact that we have been facing war since the second half of February, is another sign of stability and strength. The eyes of the whole world are on Ukraine, and Poland - including the start-up community - has been very involved in the aid effort from the beginning, placing it high on the priority list. I am hoping for a return to peaceful times and for a quick victory of Ukraine. Slava Ukraini!

# Authors' comments



**Włodzimierz Kuc**

Director at the Department  
for Financial Instruments, NCBR



The current macroeconomic situation carries much uncertainty. On the one hand, the war waged by Russia increases investment risks also in our country, but on the other, many tech companies active until now in Ukraine are moving to Poland. Dedicated support for these start-ups by public sector institutions would enable the development of interesting investment projects in our country. In addition, current and expected interest rate levels and inflation are likely to alter start-up valuations.

In terms of NCBR programmes, Q1 resulted in many promising deals. Given the imminent prospect of the OP Smart Growth coming to an end, I expect an increase in the number of investments in the subsequent quarters of 2022.



**Paweł Chorąży**

Managing Director of European  
Funds Division, BGK

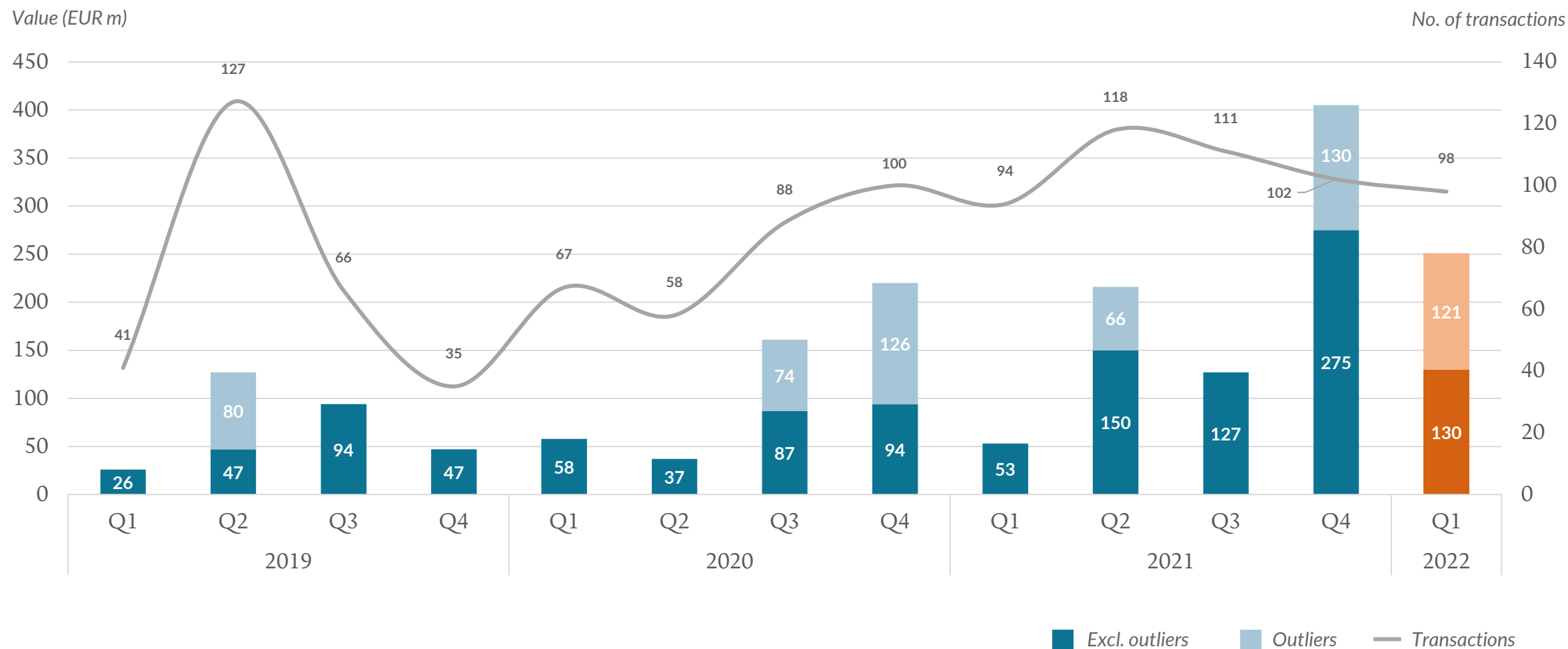


As 4Q21 showed the strength of the VC market in times of the pandemic, the first quarter of this year, despite a very optimistic transaction volume at around EUR 130 million (excluding the ICEYE megaround), brought some stability, which may herald the market's anticipation of further developments across our eastern border.

On the other hand, BGK's regional funds (managed by Netrix Ventures, Brave Seed Fund, BP VC GP1 and Bitspiration Booster), maintained their high value from 4Q21, reaching the investment ceiling of approximately EUR 5 million. However, we observed a shift of interest towards the Finance and Data & Analytics industries, at the expense of the previous leader, the Health sector.

# VC investments in Poland 2019 – 1Q22

## Quarterly, value and number of transactions (EUR m)



# VC investments in Poland 2019 – 1Q22

## Quarterly, average transaction value (EUR m)



The first quarter of 2022 saw a record, over 150% increase in the capital invested, compared to 1Q21 with a similar number of transactions, which translated into a 140% increase in the average value of investment rounds (from EUR 0.6 million to EUR 1.3 million). This follows from the rising valuations of start-ups in the Polish ecosystem and the increased importance of later-stage funding rounds.

## Quarterly, median transaction value (EUR m)



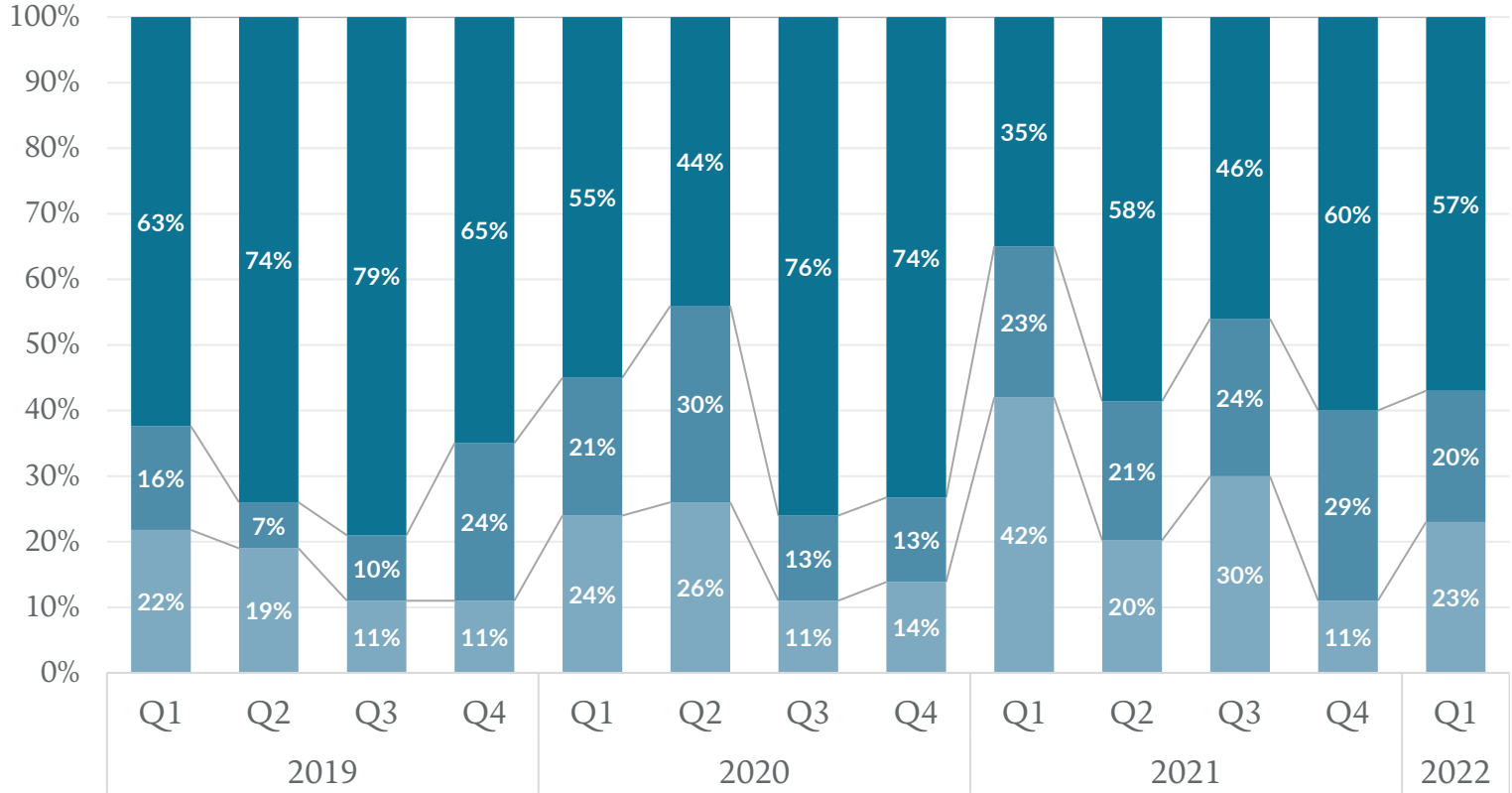
The median transaction value remains around EUR 0.2 million, indicating that BridgeAlpha funds as well as the funds in which PFR Ventures participates still play a major role in the Polish ecosystem, providing funds to early-stage start-ups.

 **Radosław Kuchar**  
Investment Associate, PFR Ventures

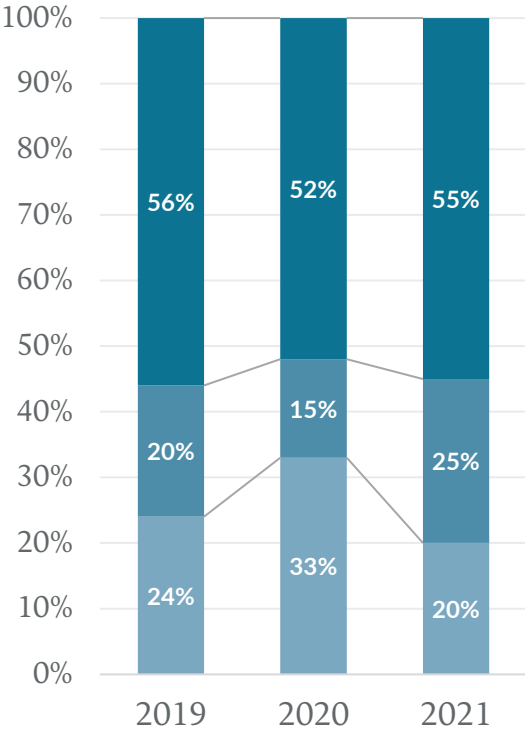
# VC investments in Poland 2019 – 1Q22

## Share of major rounds

Quarterly, % of the value



Annually, % of the value

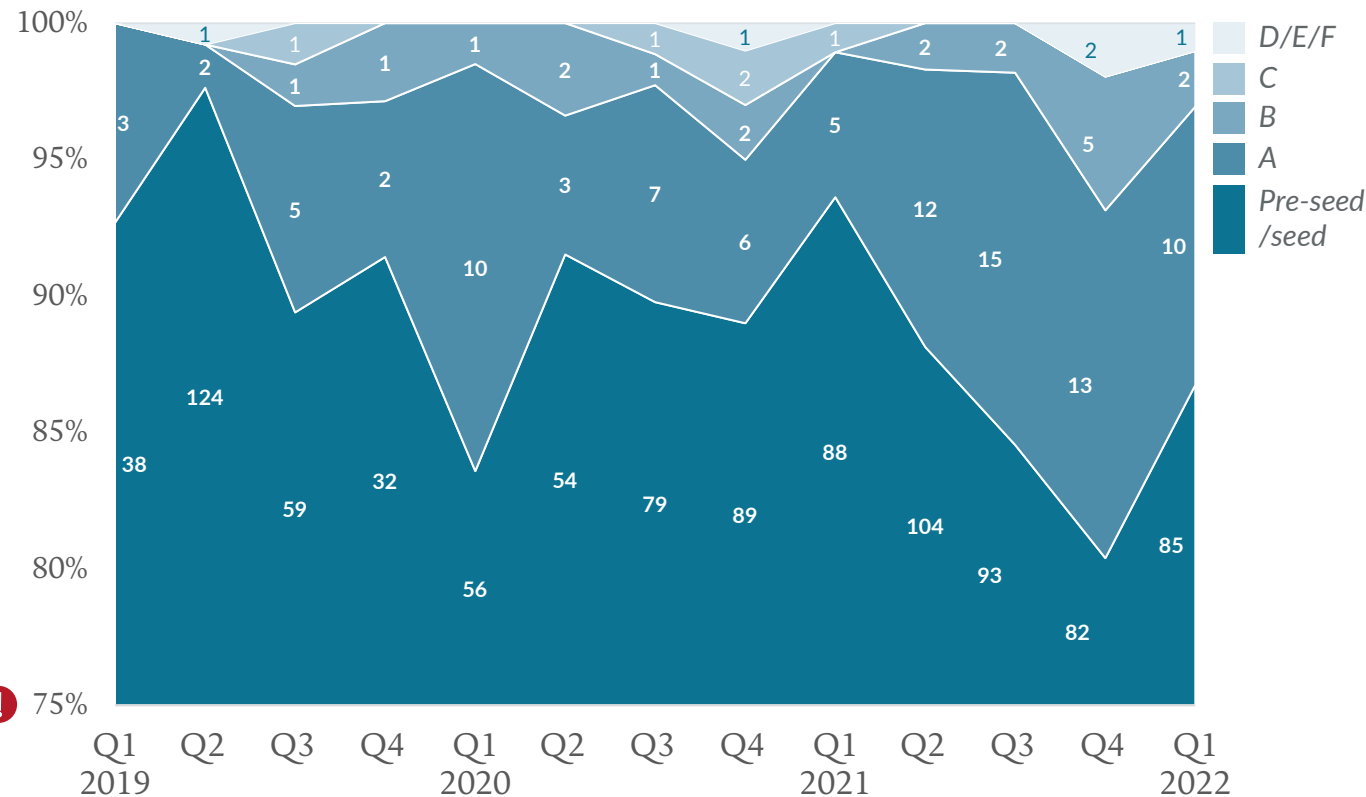


Mid10 is the 10 largest transactions below Top5, excl. outliers

# VC investments in Poland 2019 – 1Q22

## Series distribution

Quarterly, number of transactions with a focus on later rounds



The Polish VC market operates like a well-oiled machine. For a long time, we have seen that the number of rounds remains stable at around 100 per quarter. There is a lot of activity at the early stage with as many as 85 Pre-seed/Seed rounds in Q1. Of these, the largest amounted to EUR ~7 million (Omnipack and Mindgram).

Also encouraging is the stable number of Series A rounds – 10 in this quarter – and the fact that the later, large Series B and D rounds were held (Silent Eight, Iceye). Q2 looks to be just as successful with some impressive rounds announced, including some from our portfolio.

**Maciej Małysz**  
Partner, Inovo Venture Partners

In the case a round is undefined by a start-up/fund at the time the transaction is announced, we use data from Dealroom, PitchBook or Crunchbase, taking into account (a) the company's funding history; (b) the investor's profile; (c) the value of the funding round.

# Sources of capital

## Share of private and public-private funding in 1Q22

### Value of transactions



## Share of funding from international and Polish funds in 1Q22

### Value of transactions



### Number of transactions



### Number of transactions

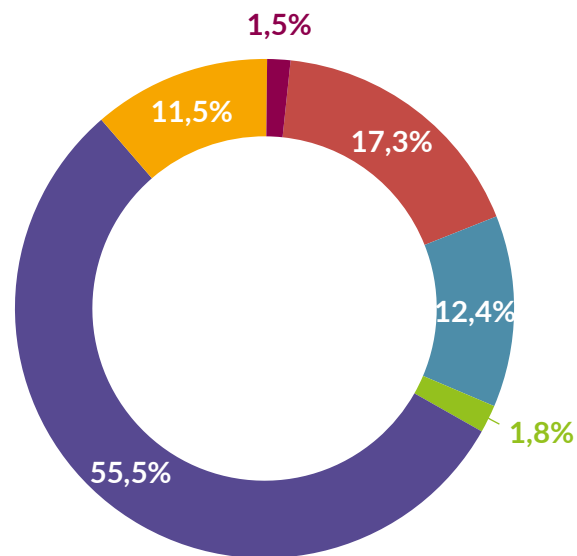


(1) Individual transactions have been allocated depending on the predominant share of private or public-private equity funding;  
(2) International fund transactions include all transactions with at least one international fund involved.

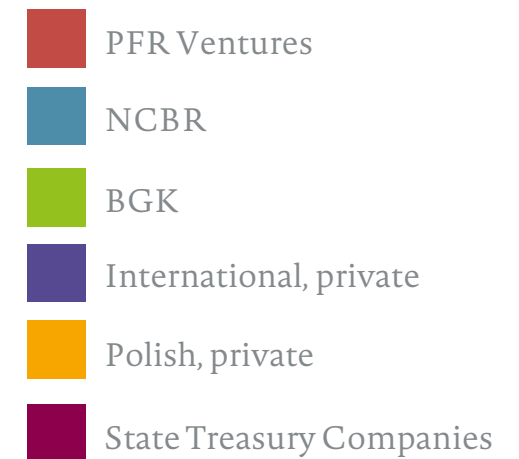
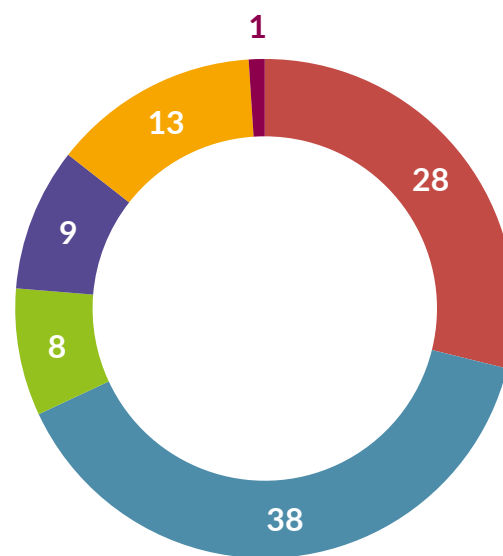
# Sources of capital

## Public programmes and private capital in 1Q22

### Value of transactions



### Number of transactions



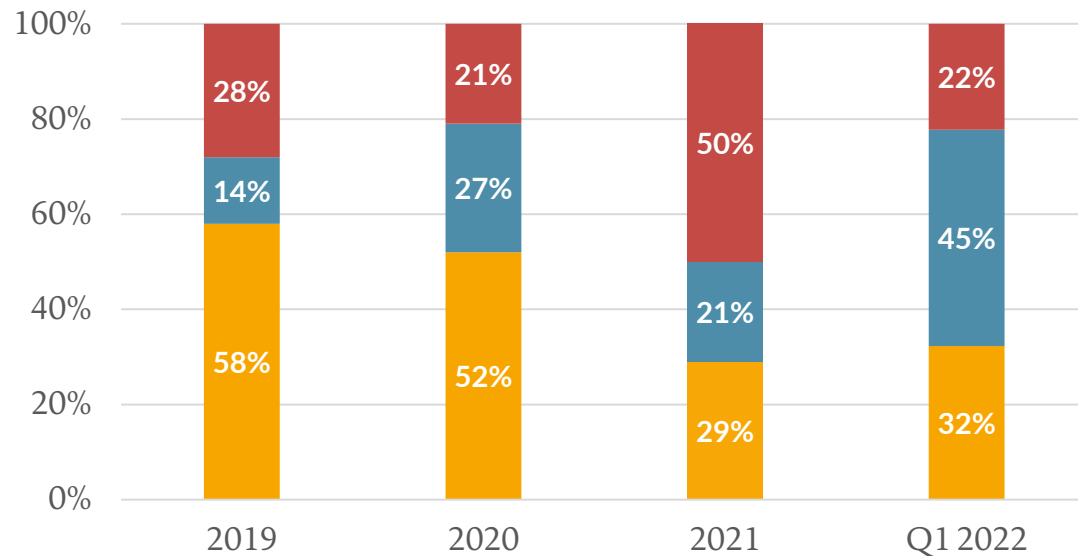
(1) Individual transactions have been allocated depending on the predominant share of private or public-private equity funding;

(2) International fund transactions include all transactions with at least one international fund involved;

(3) Some of the transactions classified as "PFR Ventures" come from the PFR NCBR CVC programme co-developed with the National Centre for Research and Development; (4) Some of the transactions classified as "PFR Ventures" were also co-financed by BGK funds.

# Investments & co-investments

## Share in the total transaction value, 2019 – 1Q22



- 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

1Q22 shows an increase in the importance of the Polish funds' co-investments with foreign investors, which were responsible for providing 45% of the capital. This is more than double the share compared to 21% in 1Q21. This is the first quarter since 2019 when the value of co-investments exceeded one-third of the value of all transactions in the Polish market.

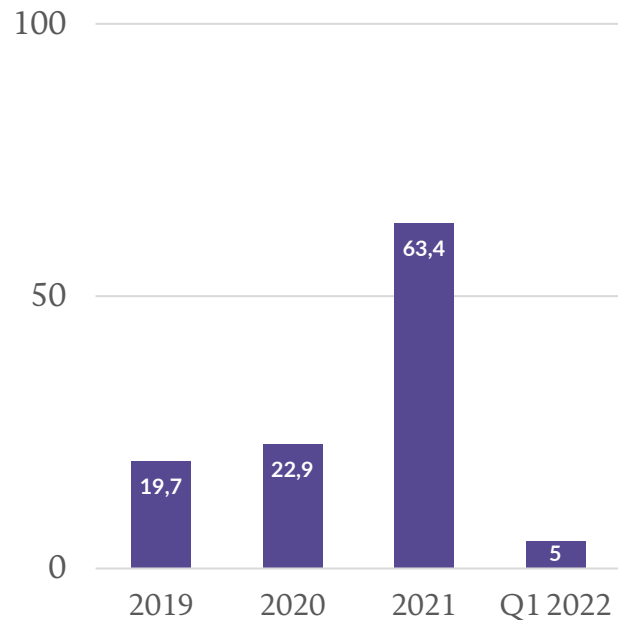
The share of start-ups funded exclusively by local funds decreased significantly, from 65% to 32% compared to 1Q21. It is worth noting, however, that the low share of start-ups being funded by Polish funds is due to the high value base of investments in the current quarter – in quantitative terms, the total value of investments by Polish funds increased from EUR 34 million in 1Q21 to 41 million in 1Q22.

 **Piotr Marszałek**  
Analyst, PFR Ventures

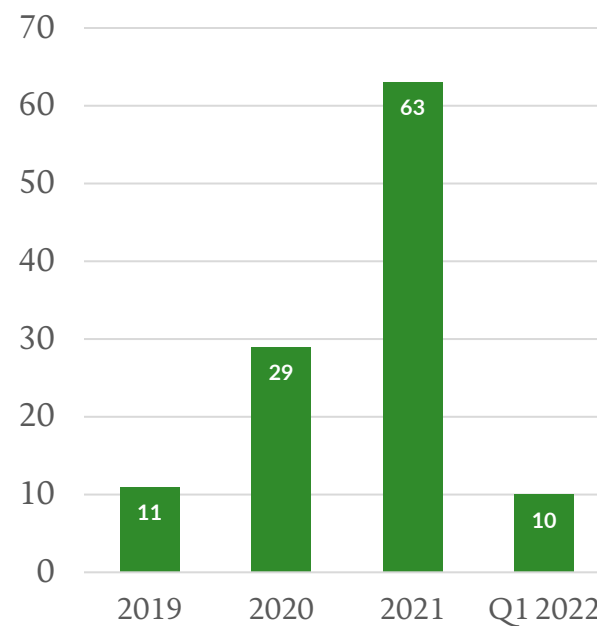
# Activity of Polish funds in 1Q22

## Investments of Polish funds in foreign companies

Value of transactions, EUR m



Number of transactions



The Tech & Venture Capital industry is transformed, compared to the one we've seen pre-pandemic. Entire investment processes are happening on Zoom. Start-ups from anywhere in Europe can (and do!) talk to dozens of investment funds from equally spread-out locations. Access to the market is much improved, for everyone.

That change is shown by the numbers in the graph. They also show that Polish funds have found their feet in this new reality, which is a positive signal of market development. However, I wouldn't treat this data as evidence of unqualified success in global conquest. The real picture of our competitive position, as investors from Poland, in the entire European VC industry will be clear in some time, only after this overseas portfolio has time to mature into success stories. This is what I wish us all!

 **Piotr Łupiński**  
Associate, Market One Capital

# Major transactions 1Q22

 PFR Ventures

 INOVO | VENTURE PARTNERS

## Rounds by investment thresholds

 Supported by the PFR Group

 Supported by NCBR

	Investors	Company	Funding	Round (Series)
5 - 40 EUR m	HSBC, Wavemaker Partners, Standard Chartered, Boon Hwee Koh, OTB Ventures, Aglaia, TYH Ventures	Silent Eight	EUR 35,5m	B
	Accel, Northzone, Nicolas Dessaigne, Roman Schumacher, Emmanuel Schalit, Andrey Kushing	Stonly	EUR 19,4m	A
	Smok Ventures, Flashpoint Venture Capital	Omnipack 	EUR 7,5m	Seed
	Credo Ventures, PortfoLion, Nunatak Capital, Market One Capital, Pamoja Capital	Mindgram	EUR 7 m	Seed
2 - 5 EUR m	Warsaw Equity Group, Movens Capital	Nethansa 	EUR 4m	A
	Ravensburger Next Ventures	Gamefound	EUR 4m	A
	undisclosed	GamerHash	EUR 3,6m	Seed
	[three transactions] undisclosed	undisclosed 	EUR 2,2 - 3,1m	A-B
	4growth VC, NCBR Investment Fund	Saventic Health 	EUR 2,2m	Seed

# How to save your business when missiles are falling from the sky

**Ukrainian tech businesses, had they found at least some safe space for themselves, are looking for a way to keep their companies afloat with some dramatic stories in the backdrop.**

In a safe world, people concentrate on personal happiness, family, education, professional development, business success, etc. But when war breaks out, the focus shifts to protecting lives, one's own and those of loved ones, and defending the independence of the state. In this brutal reality, where you cannot be sure of tomorrow, or even the next few hours, people still have the strength to save at least a piece of their everyday life. And the results of their work over the years.

## **To be continued in Poland**

Maciej Sadowski, president of the Startup Hub Poland Foundation, admits that in recent weeks he alone has been contacted by representatives of several dozen technology companies from Ukraine. They asked about the possibility of evacuating people to EU countries, including Poland, but also about moving their operations. They were asking for support and information especially in the first days of Russia's aggression against Ukraine, although there are similar messages now. While Startup Hub Poland – which normally attracts start-ups from abroad – has focused exclusively on supporting humanitarian efforts in the face of the war, without announcing a special program for innovators, it has been working closely with the technology community from Central and Eastern Europe for many years.

*'In the circumstances we are facing today, the most important thing is the safety of people. Only when it is assured, you can think about preserving and developing business,'* Sadowski emphasizes.

The founder of Scalarr, a company specializing in cyber protection, is safe today. Up until the outbreak of war, she lived and operated a business in Kharkov, the city that had to fend off Russian armed attacks from the first days of the invasion. A few days ago she learned that her apartment had been destroyed in the bombing of the city's residential areas.

*'She is trying – to the extent possible – to reintegrate Scalarr's employees and resume operations. Of the team of about 30, most remained in Ukraine – they moved to smaller towns and villages in the somewhat safer western part of the country, and four remained in Kharkov to actively defend the city. Some people and their families moved abroad, including to Poland,'* say the representatives of OTB Ventures, the fund whose portfolio includes Scalarr (the fund finances the company through co-investments with international VC entities).

*'In cities bombed and shelled by the Russians, priorities are clearly set. What matters is the safety of civilians. In other parts of the country, people are still trying to work, although this is not possible on the same scale as before,'* says Marcin Hejka, managing partner of OTB Ventures.

## **Priorities in times of war**

OTB Ventures is also investing in a Singapore-based company, TurnKey Lender, operating from several countries around the world. The company had part of its R&D division located in Kharkov. As with the Scalarr team, only those who decided to join the fight for the city remained in the city. The rest of the company's employees and their families were evacuated. They had already been prepared for this several weeks before the war broke out.

*'The TurnKey Lender staff had a very detailed action manual in place in the event of an armed Russian invasion. It included an action plan, starting with the simplest things, like a list of phone numbers of employees active at any time of day or night, which could be used to coordinate evacuation and indicate when and where to wait for transport, or a list of things that each person leaving had to have on them. The plan was prepared in great detail and to a large extent we managed to execute it,'* says Adam Niewiński, co-founder and general partner of OTB Ventures.

# How to save your business when missiles are falling from the sky

He adds that TurnKey Lender's quick return to operational efficiency due to the organization's high degree of internationalisation is easier than for smaller companies operating solely in Ukraine. Nevertheless, tech companies are inherently more agile in this regard than traditional businesses or manufacturing companies.

*'Recovery to full organisational efficiency is easier today for two reasons. The past few years have seen the rise of the cloud, so technology businesses are no longer chained to physical, in-house servers. In the wake of the pandemic, companies have also learned to work efficiently remotely. For deep-techs that operate globally, it is therefore important to maintain a team of key employees and access to the Internet. This enables them to quickly and smoothly resume operations and maintain customers without having to remodel their strategies,'* Niewiński says.

*'The venture capital market in Poland is more developed than in Ukraine. Nevertheless, many interesting technologies have been developed in this country. I would categorize them into two branches: digital solutions developed by programmers, which are very mobile, and advanced, deep-tech scientific projects, which cannot be "moved on a laptop" to another country. The potential of the Ukrainians in both branches can be proved by the fact that they are the ones behind such global successes as GitLab, Grammarly or Preply,'* comments Maciej Sadowski, CEO of Startup Hub Poland Foundation.

## Hope remains

Pracuj Ventures Fund, an entity operating within Pracuj Group and investing in technology companies, has recently decided to expand its operations into Ukraine. Two transactions have been put on hold due to the war – the fund has already decided to invest in a company developing a SaaS system for handling HR processes in medium-sized companies and in a company operating in the field of employee benefits and wellbeing. In both cases, the investment processes were already at the stage of drawing up paperwork.

*'The war has put us in a very difficult situation. It forced us to suspend our investments because the companies we spoke to did not know how the ongoing war in Ukraine – their core market – would affect the possibility of further growth and their long-term strategies. Our decision met with a great deal of understanding from Ukrainian entrepreneurs. We can already see that Ukrainian tech companies are mobilising despite the dramatic situation that the country is in. Obviously, the priority was to leave cities besieged by Russians, such as Kyiv, and move to the western part of the country or beyond. And it was easier for companies that had a team of founders scattered around the world to regroup,'* says Paweł Leks, managing partner of the Pracuj Ventures Fund.

*'We should remember, however, that there are dramatic stories behind them, unimaginable for people who have not experienced war. The co-founder of one of the companies in which we planned to invest, together with his family was sheltering in a house on a plot of land for several days. Without access to running water. They relied on the brine from the preserves stored in the house for the winter. For these people it was a moment of struggle for survival,'* adds Magdalena Trąba, investment manager at Pracuj Ventures.

Paweł Leks says that Pracuj Ventures will not discontinue its investments in Ukrainian companies.

*'If Ukraine maintains its independence, the country will need to be rebuilt. There will be much room also for technology companies which will increase the efficiency of their operations. I strongly believe that the worst-case scenario, which would make us turn away from this market, will not materialise,'* Leks adds.

# Most notable transactions: ICEYE

## Funded businesses

11/2015	05/2018	09/2020	02/2022
<b>A1</b>	<b>B</b>	<b>C</b>	<b>D</b>
EUR 2,5m	EUR 28m	EUR 73m	EUR 119m
<b>A2</b>			
EUR 12m			

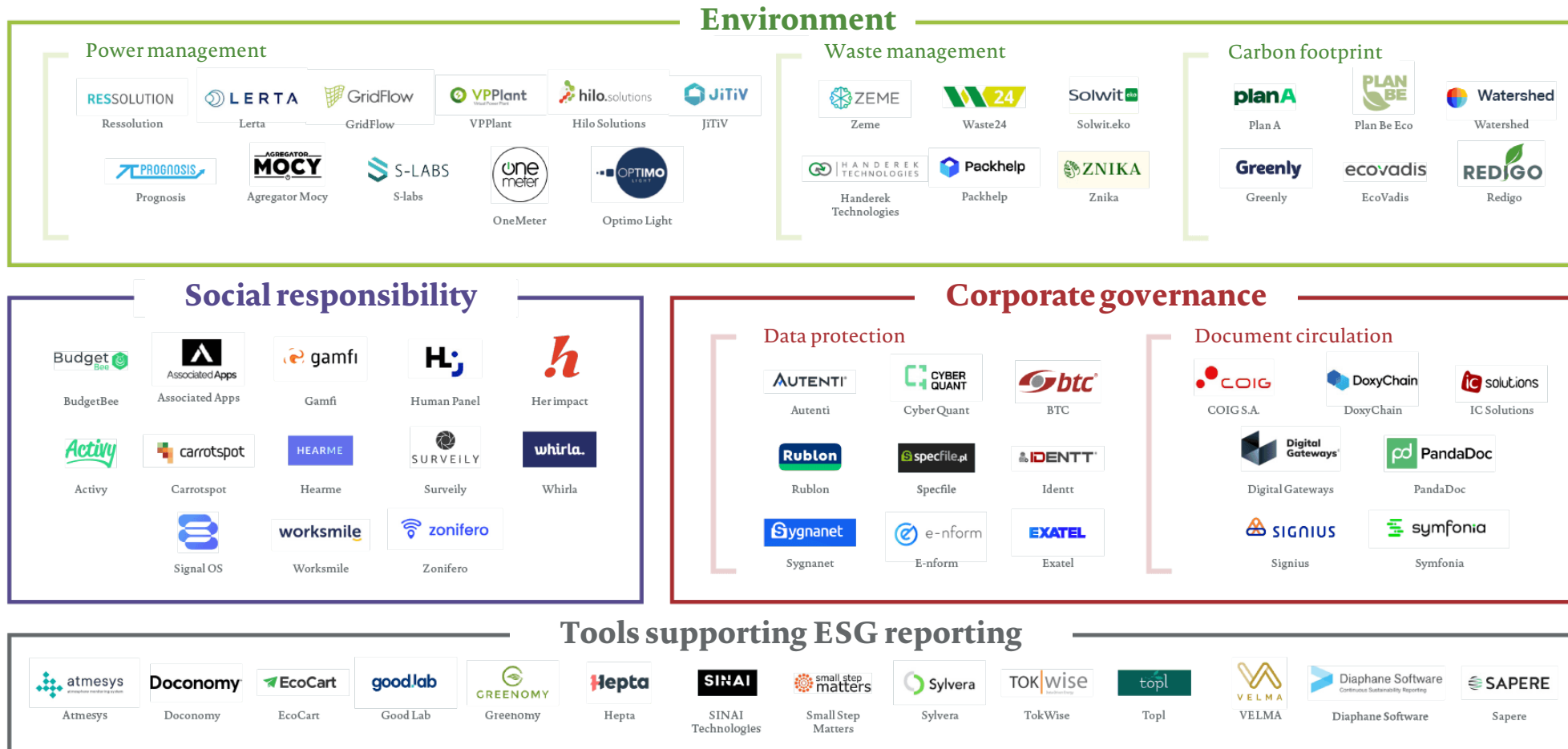
ICEYE raised a sizable financing round of EUR 120 million in 1Q22. According to unofficial information, the valuation at this funding round was around EUR 600m. This Polish-Finnish company is currently leading the way in the field of small radar satellites. The company's first satellite, equipped with synthetic aperture radar (SAR), was launched in January 2018. The current round aims to expand the existing constellation, as well as develop analytical systems. Through autonomous production and operation, ICEYE leads the way among systems that provide information on natural disasters, for example.

The Series D round was led by an existing investor involved in space-tech, Seraphim Space. Major public institutions are also engaged in financing ICEYE: European Investment Fund (EIF), Finnish Industry Investment (Tesi), and British Business Bank. Among the investors, there is also a Polish partner - OTB Ventures.

**Karol Piotrowski**  
Analyst, PFR Ventures

# Map of ESG-supporting technologies

## Which organisations support the ESG reporting process?



Read more about the ESG map and methodology. Join the list

Sign up for the course ESG Reporting in Practice  
Date: 25/04/2022

Sign up for the workshop Calculating the organization's carbon footprint  
Registration by: 11/05/2022

# Wirtualna Polska on a shopping spree

PFR Ventures

INOVO | VENTURE PARTNERS

## WP Group's investments in start-ups from VC fund portfolios



We see a greater than before readiness for M&A transactions from companies in VC fund portfolios. Invariably the most important investment criteria of Wirtualna Polska are strong business foundations, its perspectives and the team creating it.





VC funds support these key areas, they put emphasis on work on strategy and optimisation of operations. We value the role of venture investors very much, both in the professionalisation of companies' operations and at the stage of transactions with strategic partners, such as Wirtualna Polska. We prefer direct investments, although entering Restaumatic through Supercharge Capital demonstrates our flexibility in this area.

**Adam Rogaliński**

 VP Corporate Development,  
Wirtualna Polska Holding S.A.

# Fuel and energy for start-ups

## Examples of activities by corporations in the oil, power and gas sector

	<b>Funds</b>	<b>Capitalisation (total)</b>	<b># of companies in the portfolio (total)</b>	<b>Accelerator</b>
	Orlen VC	EUR ~100m	None, as announced in 1Q22	Orlen Skylight
	PGE Ventures, Energy Research Capital & SpeedUp Energy Innovation	EUR ~40m	28	as part of PGE Ventures
	PGNiG Ventures	EUR ~20m	2	InnVento
	EEC Magenta (2 funds)	EUR ~40m	12	Tauron Progres

# Conferences for start-ups and funds

## Who is talking about start-ups, where and when

### National events (international exposure)

**EUROPEAN  
TECH AND  
START-UP  
DAYS**

KATOWICE  
25-27.04.2022

**impact'22**

POZNAŃ  
11-12.05.2022

**infoShare**

GDAŃSK + ONLINE  
6-7.10.2022

**Wolves  
Summit**

WROCLAW + ONLINE  
24-27.05.2022

### National events

**beta**

RZESZÓW  
14-16.09.2022

**Founders  
Mind**

WARSAW  
20.10.2022

### Cyclical events

**AULA**

**VENTURE  
CAFÉ**

**Catch the Tornado  
dots**

WARSAW and more

Currently, we are witnessing a post-pandemic return of events for the start-up ecosystem to a stationary or hybrid format. The biggest international conferences, like Wolves Summit, Impact CEE, or our Infoshare, have returned to this form. At the same time, many smaller, cyclical initiatives addressed to start-up founders appeared, including the reactivated Aula Polska, Venture Cafe, or the new initiative Catch the Tornado. And it is exciting as these in-person meetings allow start-ups to present themselves to a wider audience, establish business relationships with customers, as well as initiate fundraising conversations with investors.

The feedback we receive from start-ups confirms that meeting potential business partners in person increases the chances of building a valuable relationship.

 **Grzegorz Borowski**  
CEO, Infoshare

+ a number of local initiatives

# Summary

## Glossary

### International/foreign fund

An international fund is considered to be one that has international partners on its team or relies on foreign capital.

### Activity on the Polish VC market

Activity on the Polish VC market is interpreted as 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:

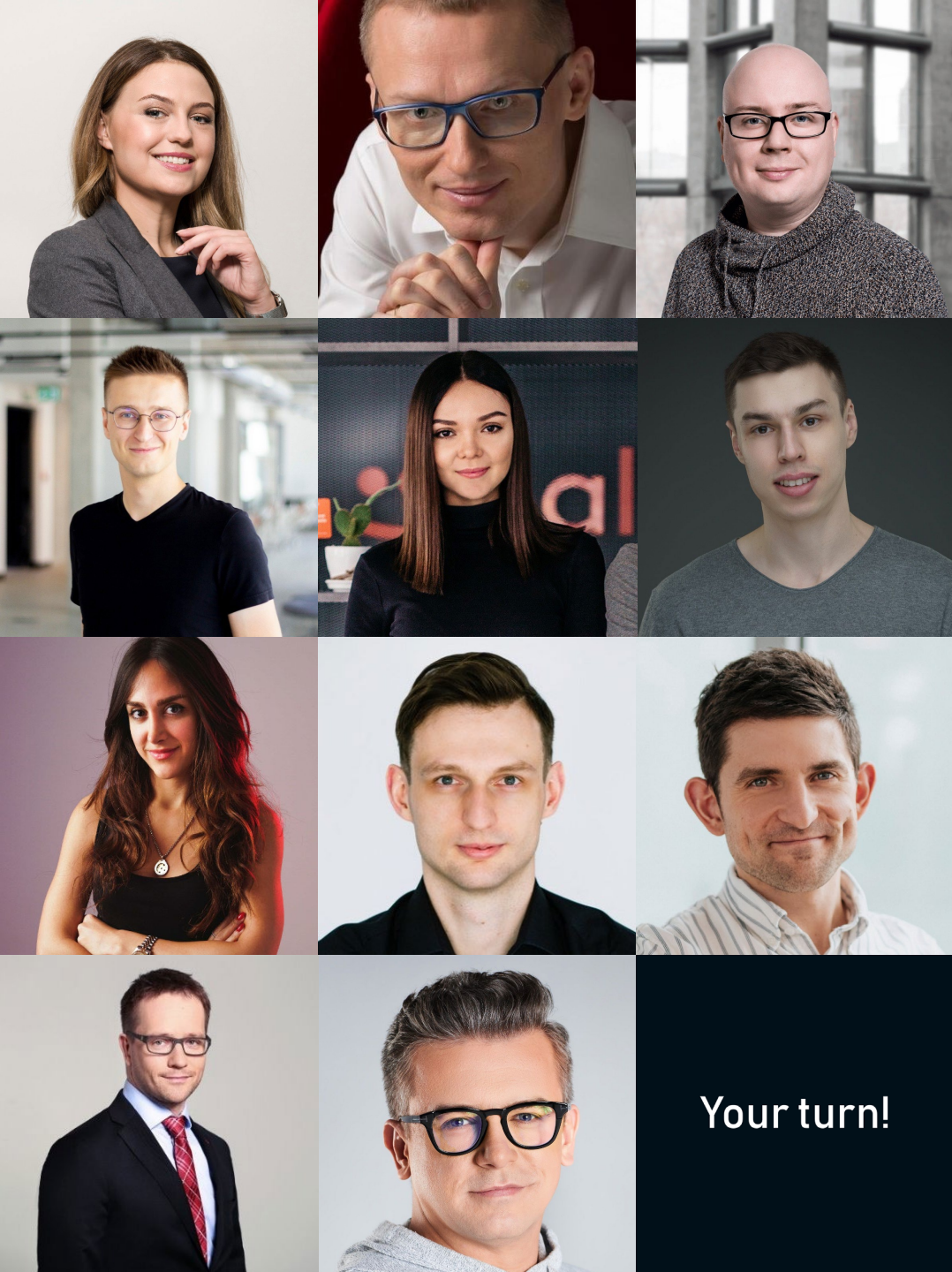
- % of employees working in Poland
- Polish founder/co-founder
- Polish capital
- Self-identification

## Sources

The 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 PLN exchange rates

We have applied a 3-month average rate to most statistics. The exceptions are the pages devoted to the most notable transactions, where we presented the amounts as reported in the media.



INOVO

Stay ambitious,  
we have your back.

If your organisation is in the early stages of development, you're building something great and want to join the community of the best founders from Poland – let's talk.

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



Your turn!



# Polish Innovation Ecosystem

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

Here you can add information on your organisation:

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

+3000

start-ups

+100

VC funds

