

 PFR Ventures

Transactions on the Polish VC market in Q2 2020



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



Authors

PFR Ventures

PFR Ventures is the manager of seven funds of funds which, together with private investors, business angels, and corporations, invests in Venture Capital and Private Equity funds. The objective is to use the capital to support innovative Polish enterprises at an early stage of their development.

At present, PFR Ventures has a portfolio of over 50 funds that have made more than 300 investments.

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Review

Key data from the 2nd quarter of 2020

▶ **56**
transactions

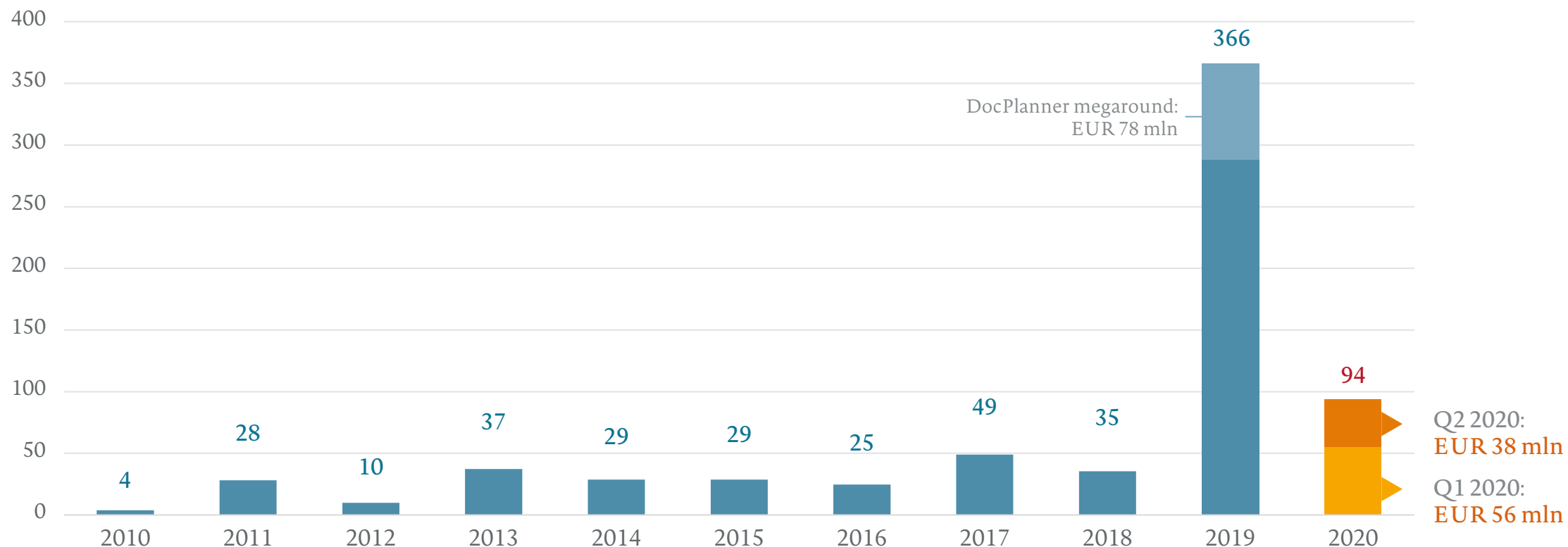
▶ **EUR 38 mln**
capital invested in Q2

▶ **38**
funds involved

▶ **EUR 94 mln**
was invested in H1'20
*for comparison, in H1 '19, excluding the DocPlanner round,
it was EUR 78 million*

VC investments in Poland 2010 – Q2 2020

Value of VC investments in EUR million



Source of the archival data for the years 2010-2018: Invest Europe;

We have updated data for Q1 2020 (more on the last page of this document);

The mega-round of the DocPlanner company is presented separately on purpose, as it distorts the statistical picture (see: [outlier](#)).

Experts' comments



Aleksander Mokrzycki
Vice-President of PFR Ventures



In the second quarter of 2020, the market made no radical moves. Funds have not ceased further investments, and the round of Symmetrical.ai proves that the Polish market still attracts the interest of international players.

On page 10 of the report, we present a quarterly overview of VC investments in Poland. Except for the three outlier rounds (DocPlanner, Booksy, and Brainly), it looks like the trend from the last periods has continued in Q2. Compared to 2019, first half of 2020 has even scored better. We assume that a high volume of transactions will also be observed in the third quarter.

We also expect that another round involving international funds will soon take place.



Przemysław Kurczewski
Deputy Director at the NCBR



We are observing a continuing trend of diversification of financing sources for high-risk projects (e.g. Symmetrical.ai and Biotts), which proves that more attractive projects will be successfully completed. We are happy to see further transactions of funds operating under the BRIDGE Alfa programme, which are often a fast track to next rounds of financing.

Market is experiencing further diversification of the new investments. Despite the COVID-19 pandemic, approx. 1/3 of new transactions concluded by beneficiaries of the BRIDGE Alfa programme are companies from industries other than IT. We have also maintained the same number of Investment Committees as in Q1. We remain optimistic about the development of the VC market in the next half year.

Financial data: capital type

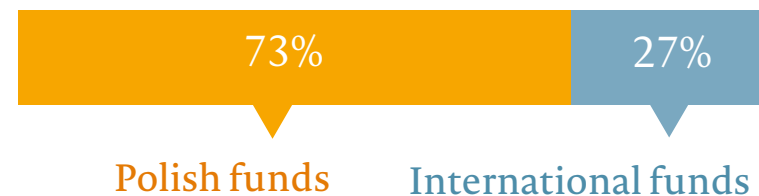
Percentage of private and public-private funding

Value of transactions



Percentage of funding from international and Polish funds

Value of transactions



Number of transactions



Number of transactions

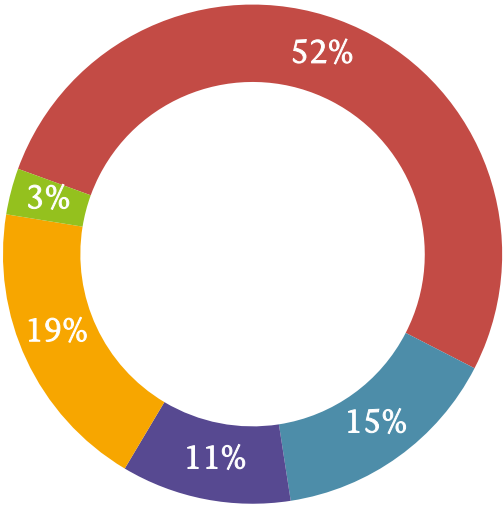


Transactions were classified based on the dominant share of private or public-private capital.
Transactions of international funds include all transactions in which at least one international fund was involved.

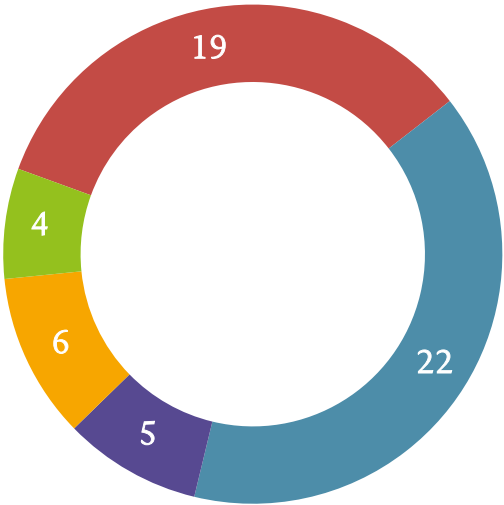
Sources of capital

Public programmes and private capital

Value of transactions



Number of transactions



- PFR Ventures
- NCBR (National Centre for Research and Development)
- BGK
- international, private
- Polish, private

Characteristics of the funds

On the domestic market

(based on the value of transactions)



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

In comparison with previous quarters, a major reduction in the investments of Polish funds outside the domestic market can be observed. Managing partners decided to invest "at home". The share of domestic funds in the transaction volume increased 1.5x.

[in](#) **Joanna Depta**,
Investment Associate at PFR Ventures

The summary covering the 2nd quarter does not take into account investments made by domestic funds in foreign companies (from outside the Polish ecosystem).

Largest transactions

 Supported by the PFR Group






Supported by the NCBR (National Centre for Research and Development)

 PFR Ventures

Selected companies that have obtained > EUR 2 mln

Investor	Company	Transaction amount	Round
Global Founders Capital, ParTech, Finch Capital, Market One Capital Plug&Play <i>classified</i>	Symmetrical.ai  	5.6 mln EUR	Seed
Robert Lewandowski, Krzysztof Pawiński, Cezary Pietrasik and others <i>classified</i>	Less 	3.5 – 4.5 mln EUR 2.8 mln EUR	A Angel/Seed
	<i>classified</i>  	2.3 – 2.7 mln EUR	B

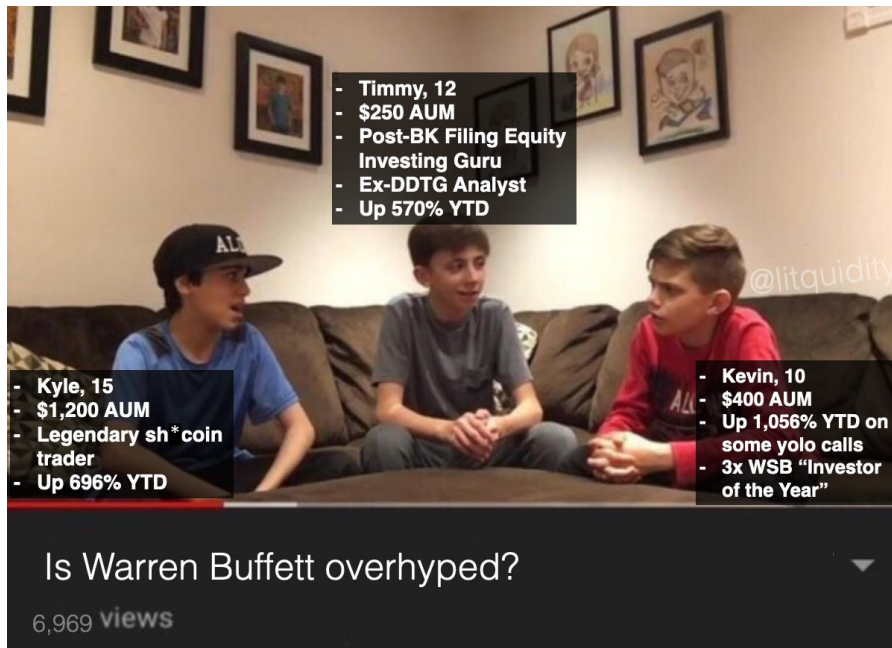
Selected companies that have obtained > EUR 1 mln

Investor	Company	Transaction amount	Round
<i>classified</i>	New Work Labs 	2 mln EUR	B
Telekom Innovation Pool	RemoteMyApp	2 mln EUR	Seed
Montis Capital	Biotts  	1.5 mln EUR	Seed
bValue Venture Capital, Rafał Brzoska, Dolnośląski Fundusz Rozwoju	Your KAYA	1.1 mln EUR	Seed
Grzegorz Krychowiak	System 3E	1.1 mln EUR	Angel/Seed

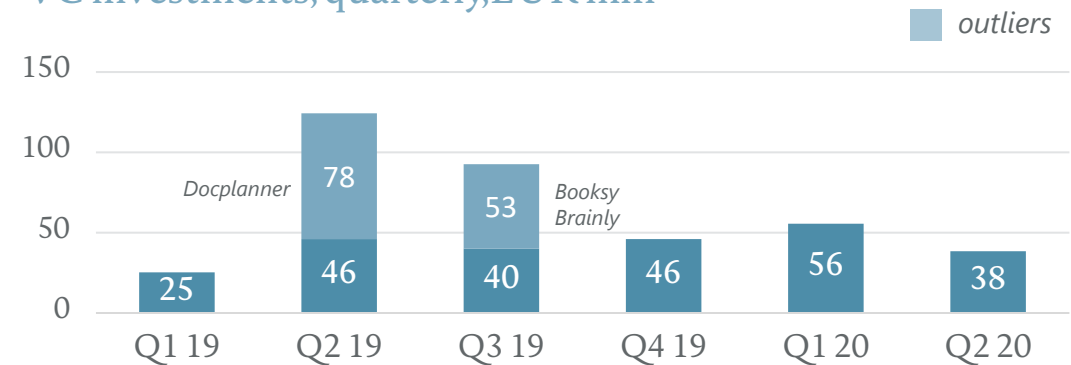
COVID-19 vs our VC market

There are many different voices...

... but ours is supported by data



VC investments, quarterly, EUR mln



Global reports indicate a slowdown in *early-stage* investments and stability in *late-stage* (2) investments after the outbreak of the pandemic. But what does this mean for the Polish market? Our ecosystem is dominated by seed funds, and so we do not anticipate a reduction in early-stage financing. The global trend concerning more mature transactions, in turn, leads us to believe that in 2020 we will still see very high rounds, exceeding EUR 11 mln.

[in](#) Joanna Depta, Investment Associate at PFR Ventures

Review: eye-catching transactions

Case study: symmetrical.ai

Company financing rounds

Founders	Grant	Seed	Seed
EUR 57k	EUR 57k	EUR 1.3 mln	EUR 5.7 mln
		  	    

We have completed a Seed financing round worth EUR 5.6 mln with leading global investors, the GFC and Partech funds. The round was finalised in the “eye of the cyclone”, during the complete lockdown of all economies. If it weren’t for the fact that we are headquartered in London, where it is possible to complete investments with e-signatures, this would never have happened! We have observed that the leading funds treat the pandemic not as an additional risk but as an opportunity for flexible start-ups to build their position on a given market at a time when everyone else is afraid to take risks.

For each experienced investor, the COVID-19 pandemic is an event involving a “change of paradigm” for many industries. This means that previous business models may lose value and may not adjust fast enough, which creates an opportunity for new models to promptly gain a large share in the market. It also needs to be added that at difficult times, investors prefer to invest in experienced founders (preferably having a history of success) to increase the probability that opportunities will be grasped. Fund-raising may be more difficult for inexperienced entrepreneurs.

Summary

Glossary

International/foreign fund

An “international fund” is one that has international partners in its team or is based on foreign capital.

Activity on the Polish VC market

“Activity on the Polish VC market” is understood as local investments (Polish fund–Polish company) and foreign investments (foreign fund–Polish company).

Sources

The data used in this report comes from internal reports of PFR Ventures, Bank Gospodarstwa Krajowego, and the National Centre for Research and Development. Some of the information was obtained from the studies of Invest Europe, media reports, and other publicly available data.

Graphics and illustrations

unsplash.com

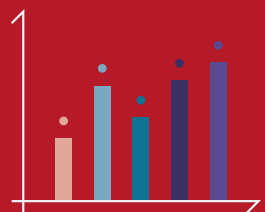
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Financing



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Corrections to the report for Q1 2020

Supplements

The following transactions were not included in the report for Q1 2020 and are included in Q1 2020 upon the publication of this report:

Investors	Company	Transaction amount
Rising Tide Fund, FIS, Wojtek Kostrzewa, Mencey Capital	Bilon	EUR 5.7 mln
Bird Capital	Coinfirm	EUR 5.7 mln
Investments of funds supported by BGK	-	~EUR 2.3 mln

Pages 10 and 11 – missing information on the participation of Innovation Nest and Black Pearls in another financing round for Autenti.

Pages 10 and 13 – missing information on the participation of Bitspiration Booster in the round gained by NoMagic.