

 PFR Ventures

inovo^{vc}

Polish VC Market Outlook 3Q24













Fundusze Europejskie
dla Nowoczesnej Gospodarki

Dofinansowane przez
Unię Europejską



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About the Authors

PFR Ventures

PFR Ventures oversees funds of funds, which, in collaboration with private investors, business angels, and corporations, invest in Venture Capital and Private Equity funds. The primary goal of PFR Ventures is to use this capital to bolster Polish innovative companies at different stages of development. Presently, PFR Ventures manages a portfolio of over 80 funds that have collectively made over 900 investments.

inovo^{vc}

Inovo.vc is a venture capital fund dedicated to supporting the most ambitious entrepreneurs from Poland and the CEE region. We invest in early-stage startups, providing funding of up to EUR 4 million to help them establish global brands. Over the past decade, we have backed over 80 entrepreneurs from 35 startups, including Booksy, Infermedica, Spacelift, Tidio, and Zowie. Additionally, we have co-invested with leading global VC funds such as Insight Partners, a16z, Gradient Ventures, and Tiger Global, among others. With our three funds, Inovo.vc will oversee more than EUR 160 million in capital.

Local data sources:



3Q24 highlights

> **45**

businesses received funding

> **118**

EUR m invested

> **60**

funds involved

> **+14%**

above the average quarterly investment value in 2023

(excluding outlier, calculation based on statistics in PLN)

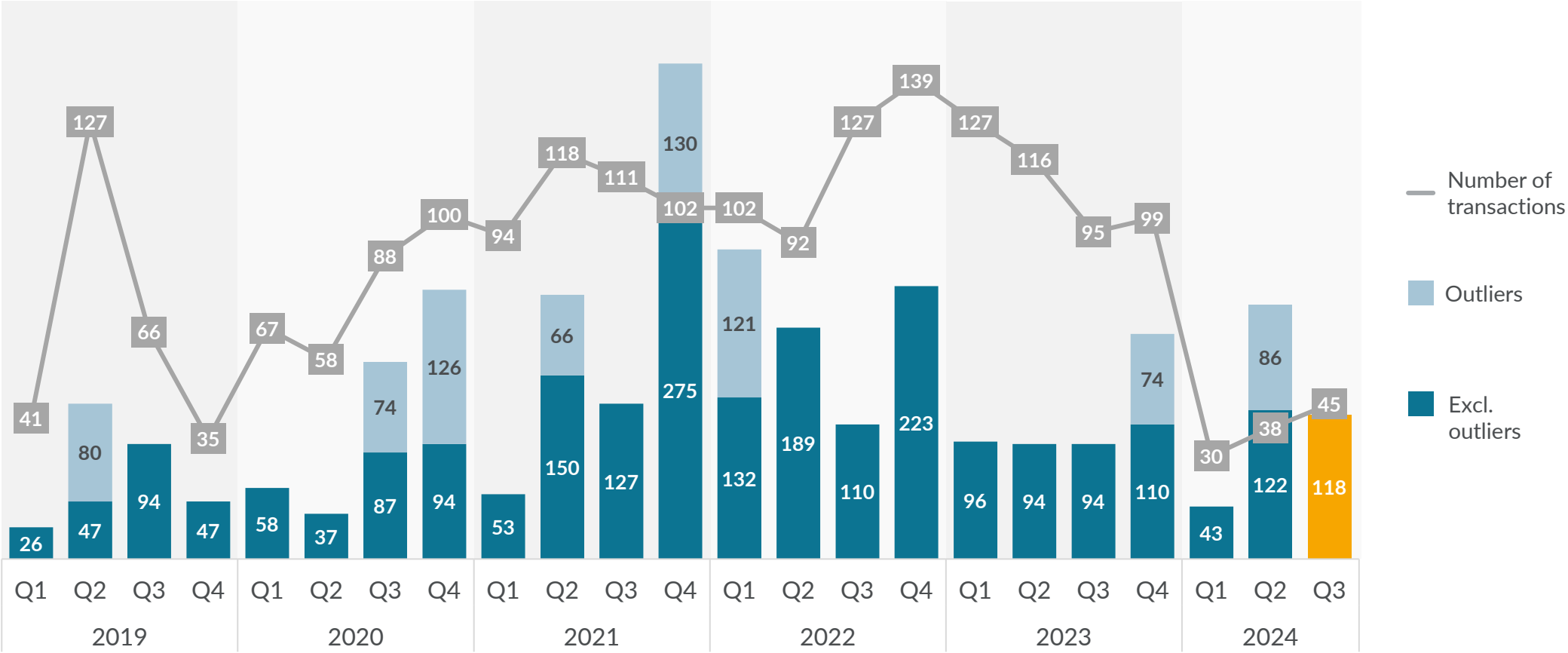
Section 1

Market Outlook



VC investments in Poland 2019 – 3Q24

Quarterly, value and number of transactions (EUR m)



Authors' comments



Aleksander Mokrzycki

Vice-President of the Board,
PFR Ventures

The value and number of transactions are the key indicators used to assess the health of the venture capital market. While the total capital invested in the third quarter remains consistent with the previous year, there is a significant decline in the number of rounds. This drop is particularly notable in seed rounds, which we consider essential for the development of the ecosystem.

However, this is likely a temporary situation, as we signed the first agreements with VC funds under EU funding (FENG) in the third quarter. The new teams have EUR 60 million available to finance early-stage start-ups. These funds are expected to provide capital for around 85 innovative companies in the coming years.

We will soon announce investments in additional funds.



Karol Lasota

Principal, Inovo.vc

In the third quarter, the market saw a range of notable transactions, surpassing the 100 million EUR threshold. The Polish VC market is back on a growth path, and I believe there is a real opportunity to reach the record levels of previous years. I anticipate that by the end of 2024, the Polish VC market will achieve results between 2.5 and 3 billion PLN.

There is also a growing presence of ambitious, experienced teams in the market. This is clearly demonstrated by the increase in rounds led by global funds, which this quarter supported the growth of companies like Rift and Authologic.

For strong teams in a thriving market, investors will always be available, and observing the current investment activities, it's hard not to feel optimistic!

Authors' comments



**Prof. Jerzy Małachowski, PhD,
Eng.**
Director of the National Centre
for Research and Development

Many companies financed through the Bridge Alfa/Bridge VC (Smart Growth Operational Programme) programmes and other initiatives are securing additional funding in subsequent rounds, whether through M&A transactions or on the Warsaw Stock Exchange (GPW). Support provided by the NCBR and PFR programmes has not only fostered the success of startups but has also helped to develop skills, creating a strong foundation for the continued growth of the domestic market.

The pace of change following the launch of FENG funds in Q3 has been slower than expected, meaning the financial impact will take longer to materialise. From a broader perspective, the Polish market is in line with global trends, including a decline in both the number and value of transactions, particularly in seed funding.

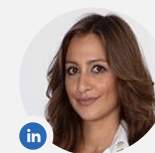


Paweł Chorąży
Managing Director of the
European Funds Division, BGK

In the third quarter of 2024, the Polish venture capital market saw investments totalling EUR 118 million across 45 companies, with a significant portion of the funds coming from private sources. Compared to 2023, the number of transactions is noticeably lower; however, the total investment value remains at a similar level. This could be attributed to the increasing value of individual transactions, particularly in more advanced rounds (Series A+), where private funds play a larger role.

As part of the FENG programme, the first four agreements were signed with teams managing venture capital funds. We anticipate that these funds will soon commence their investment processes, which will undoubtedly lead to an increase in the number of transactions in the coming quarters.

We are also pleased that investments carried out under the ROP (eAgronom, Proteine Resources) have secured additional funding rounds.

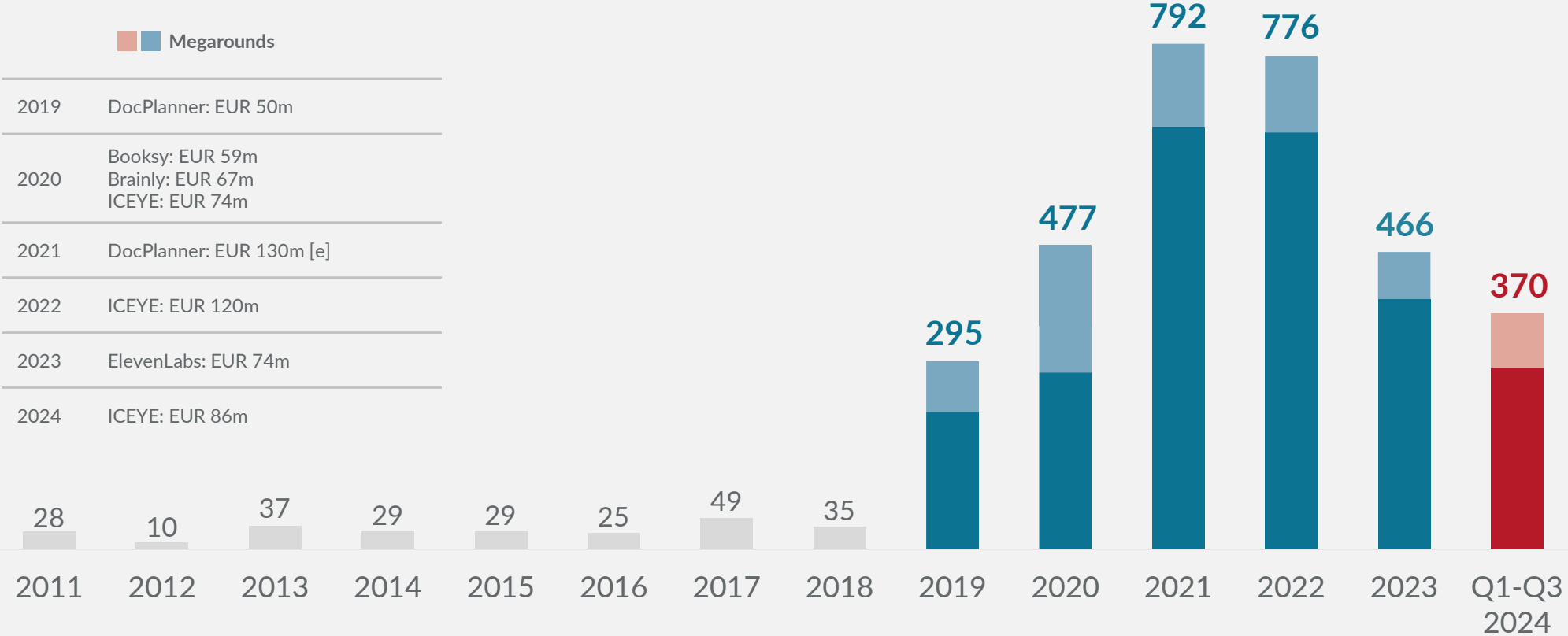


Luiza Nowacka
Investment Manager,
Vinci

Q3 2024 brought some optimistic news for the VC market. Both the number and value of investments have been rising this year (quarter-on-quarter). New, long-awaited funds from the FENG programme have been launched. There has been increased engagement from international funds in investments in Poland (accounting for 40% of the transaction value), thus enhancing the attractiveness of our market. However, there remains a lack of pre-seed and seed investments, which could be attributed to a deficit of funds investing at this stage, as well as a reduced number of new and promising projects. Investment at the Series A round and growth VC levels is encouraging, as the capital provided at this stage allows Polish companies to increase their value and enhances their chances of making a mark on international markets.

VC investments in Poland 2011 – 3Q24

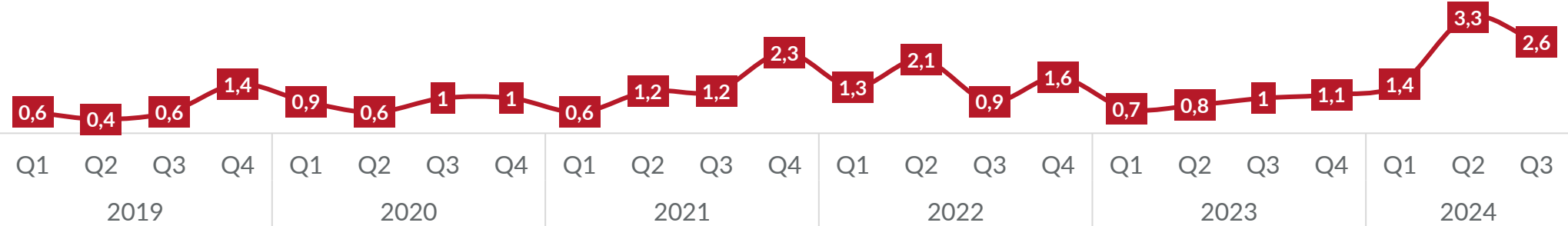
Value of investments (EUR m)



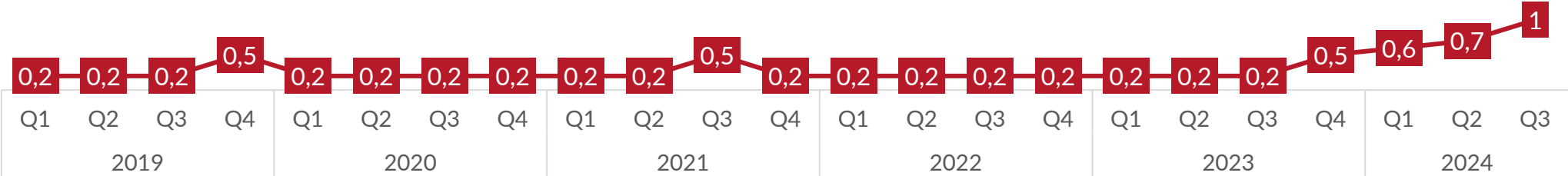
(1) Source of archive data 2011-2018: Invest Europe;
 (2) Megarounds that distort the statistical picture are intentionally presented separately (see: [outlier](#));
 (3) A megaround is considered to be a transaction that exceeds 10% of the value of all investments in a given year.

VC investments in Poland 2019 – 3Q24

Quarterly, average transaction value (EUR m)





Quarterly, median transaction value (EUR m)



The calculations of the average transaction value do not take into account the outliers. For the median, all rounds are included.

VC investments in Poland 2019 – 3Q24

Breakdown by type of round (quarterly, number of transactions, fewest   most rounds of a given nature)

	2019				2020				2021				2022				2023				2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Seed	37	124	59	32	56	54	79	89	88	104	93	82	86	76	120	123	113	103	78	84	26	25	29
A	3	2	5	2	10	3	7	6	5	12	15	13	12	10	5	10	8	11	14	13	3	10	12
B			1	1	1	2	1	2		2	2	5	3	5	2	6	4	2	3	2	2		4
C			1				1	2	1					1								1	
D/E		1						1				2	1									2	



Maciej Małysz
Partner,
Inovo.vc

The most notable news this quarter is the solid number of Series A and B rounds. Sixteen such transactions were completed, which is very close to the record quarters that saw a maximum of 17 rounds. Globally, the number of Series A/B rounds is decreasing, so it is especially encouraging that Poland's figures remain stable. Securing a Series A/B round (~\$10M+) from global investors requires solid traction (\$1-2M+ ARR), appropriate growth, sound unit economics, and the validation of many hypotheses. It's positive that more and more entrepreneurs in Poland are reaching this level.

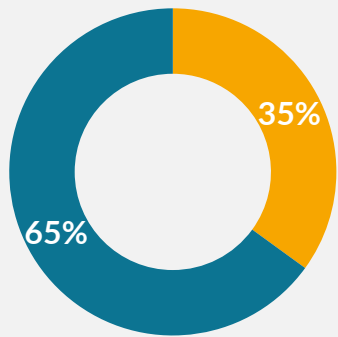
On the other hand, the number of seed-stage transactions is low (~25), resulting from the end of the investment period for funds supported by the public sector. However, new funds backed by PFR Ventures launched in the third quarter. An increase in seed-stage investments can be expected in the coming quarters, which should restore momentum and support the growth of early-stage startups in Poland.

In cases where a startup/fund does not define the round at the time of announcing a transaction, we rely on data from Dealroom, PitchBook, or Crunchbase, taking into account (a) the company's financing history; (b) the investor's profile; (c) the size of the funding obtained. The seed category also includes pre-seed transactions. Categories A-E may include individually assigned growth VC transactions.

Sources of capital

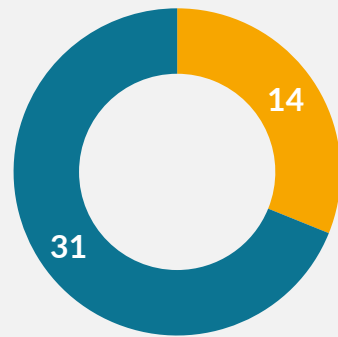
Share of private and public-private funding in 3Q24

Value of transactions



Public-private

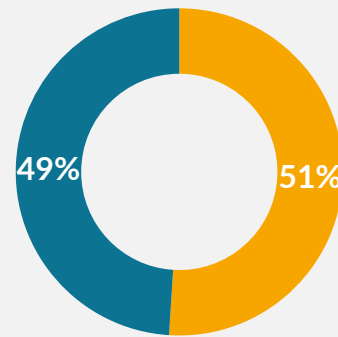
Number of transactions



Private

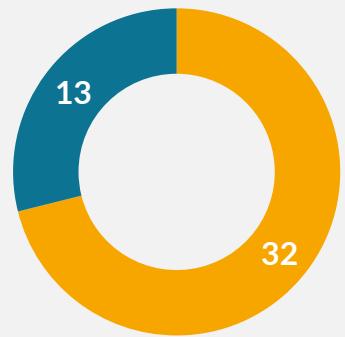
Share of funding from international and Polish funds in 3Q24

Value of transactions



Polish funds

Number of transactions



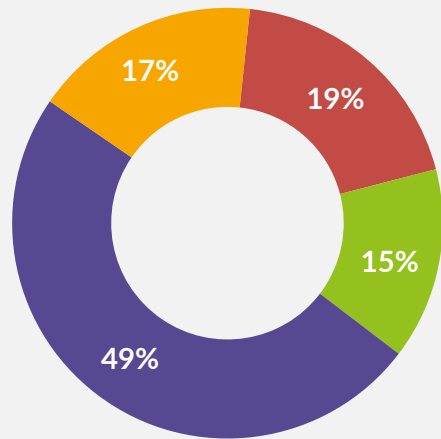
International funds

- (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.

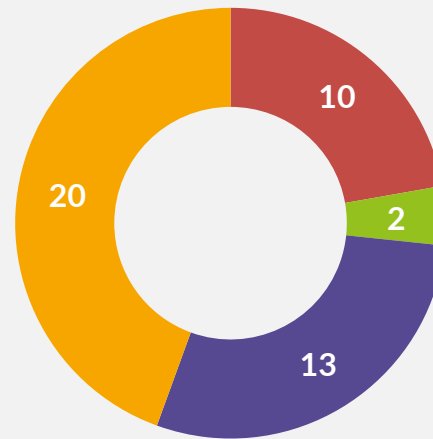
Sources of capital

Public programmes and private capital in 3Q24

Value of transactions



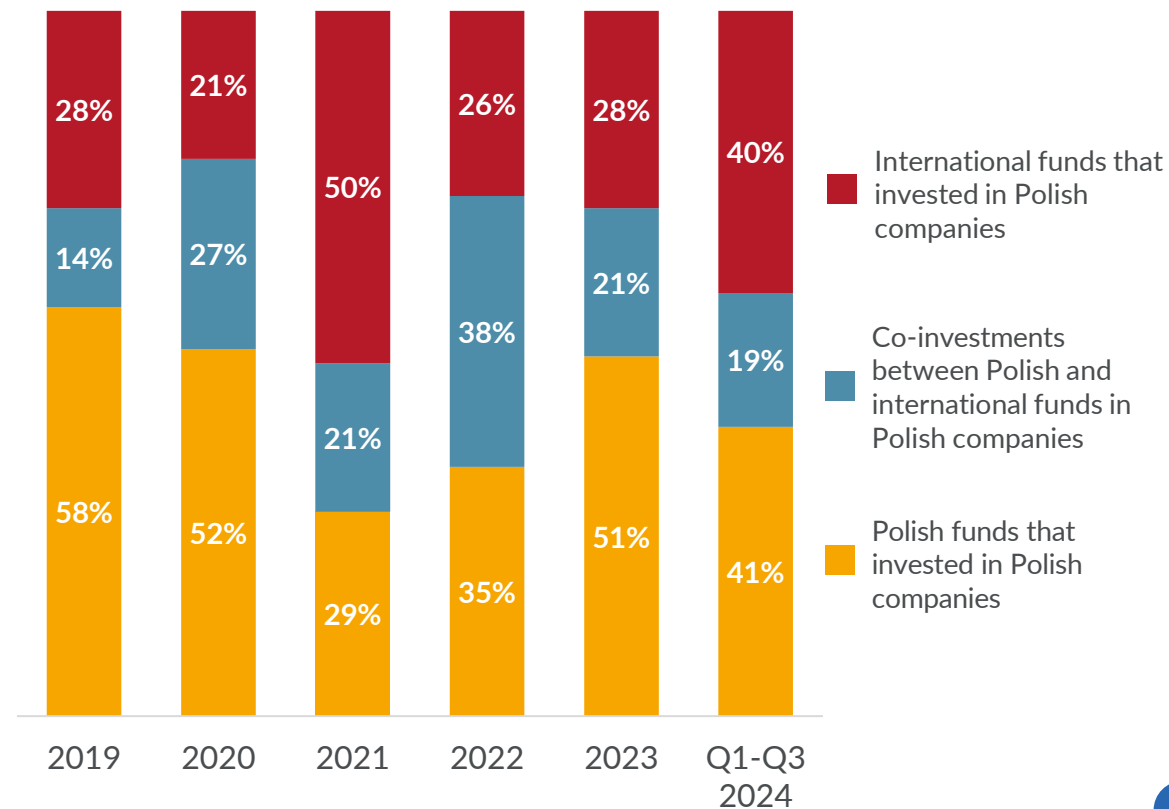
Number of transactions



(1) Individual transactions have been allocated on account of the predominant share of private or public-private capital involved;
(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 or State Treasury Companies (e.g. Orlen).
(5) Vinci Transactions are included in the "BGK" category.

Investments and co-investments 2019 – 3Q24

Share in the total transaction value



The above summary does not include outlier transactions. The statistics above also include co-investments between business angels and funds.

In the first three quarters of 2024, investments by international funds made up 40% of the total transaction value in Polish startups, slightly below the record level of 2021, when foreign capital provided half of the funding. This marks a significant increase from the 21-28% range observed over the past two years, highlighting a major trend in the current year—the growing influence of international funds.








Polish funds maintain a 40% share of transaction value, with co-investments between Polish and international funds remaining close to last year's levels. This is a positive indicator, suggesting that the Polish VC market has matured enough to withstand the end of the investment period for funds backed by the Smart Growth Operational Programme (POIR) without disruption. We are optimistic that newly established funds will help increase the share of Polish capital in the domestic market in the coming year.



Martyna Zwierzchowska
Investment Associate, PFR Ventures

Most notable transactions 3Q24

Rounds by investment thresholds

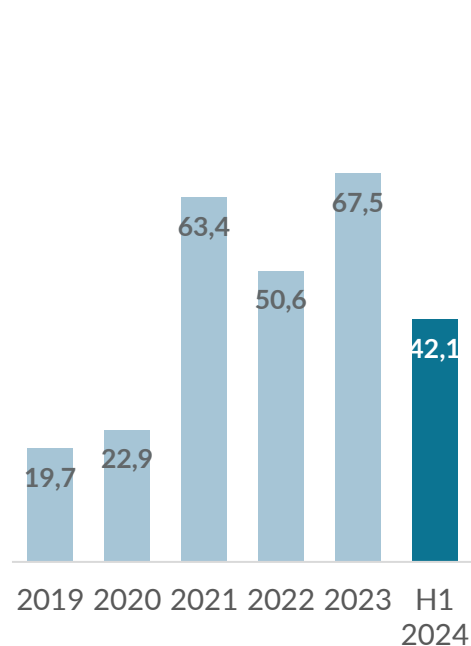
	Investors	Company		Funding	Round*
EUR 5 m+	White Star Capital, Kraken Ventures, Huobi Ventures, Protagonist VC, SevenX Ventures, IOSG Ventures, The Spartan Group, Amber Group, Arrington Capital, angel investors	Redstone		EUR 13.7 m	A
	TQ Ventures, Lead Ventures, 4Growth, Warsaw Equity Group	Oxla		EUR 9.7 m	Seed
	Vinci (BGK)	Kodano		EUR 9.3 m	Growth VC
	Undisclosed	Undisclosed		EUR 9.1 m	A
	VTEX	Synerise		EUR 7.7 m	B
	Vinci (BGK)	MMI		EUR 7.7 m	A
	Open Ocean, Y Combinator, SMOK VC, Peak Capital	Authologic		EUR 7.5 m	A
EUR 2.5-5 m	Warsaw Equity Group, angel investors	Xopero Software		EUR >5 m	Growth VC
	Sequoia Capital, SOMA Ventures, Y Combinator	Rift		EUR 4.6 m	Seed
	4growth VC, Plug&Play, Sher Ventures, Hub71, NIF, angel investors	Digital First AI		EUR 3.5 m	Seed
	The Games Fund, Blite Fund	Dark Passenger		EUR 3.2 m	Seed
	Carpathian Partners	SIMLAB		EUR 3.1 m	A
	OnDean	Pergamin	 	EUR 2.6 m	A
-	bValue Growth	Sportano		Undisclosed	Growth VC

*Individual classification based on the value of capital raised in the absence of information or disturbed order of rounds.

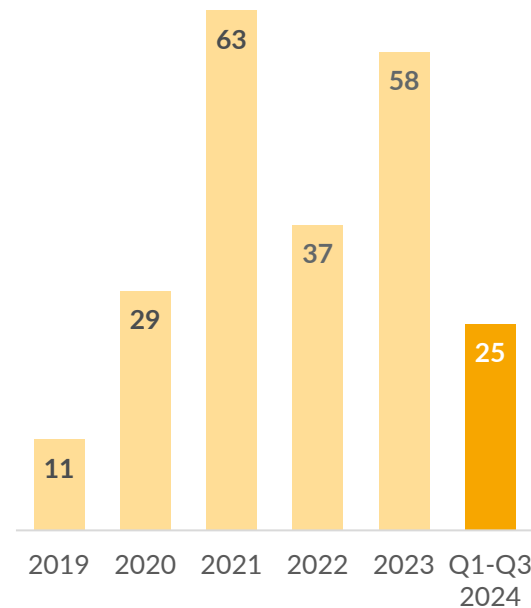
Foreign investments 2019 – 3Q24

Investments by Polish teams in foreign companies

Value of transactions EUR m



Number of transactions



Data on foreign investments made by Polish funds is not included in the statistics on the previous slides. The transaction value is an estimate of the Polish fund's contribution in the round.

In the third quarter of 2024, Polish VC funds invested EUR 5 million in 4 foreign start-ups. This result is below our forecasts from the previous quarter. We anticipate that the total number of transactions in 2024 will likely not match the record years of 2021 and 2023, although, in an optimistic scenario, it could approach the 37 investments recorded in 2022. In terms of value, we also do not expect to exceed the EUR 67.5 million achieved in 2023, let alone the record EUR 80.5 million from 2021. Historically, the fourth quarter has delivered the largest transactions, so the outcome is still yet to be seen.

At the same time, the average value of a single investment dropped from EUR 1.7 million in the first half of 2024 to EUR 1.6 million in the third quarter, suggesting that the year-end results may be lower than in the previous three years.



Piotr Marszałek

Investment Associate, PFR Ventures

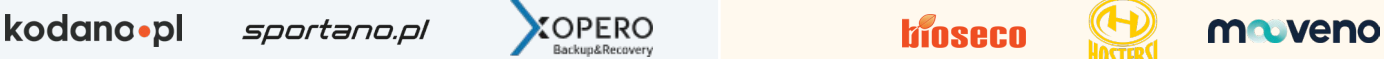
Section 2

Case studies

The background features a faint, light-colored candlestick chart. The chart shows several candlesticks with vertical lines extending above and below them, representing price movement. A dashed white line is overlaid on the chart, following an upward trend from left to right. The overall aesthetic is clean and professional, with a focus on financial data visualization.

Growth Equity transactions

Differences in Growth VC and Growth PE transactions

Classification of selected transactions		
	Growth VC	Growth PE
Key difference		
% ownership	Minority	Majority
Other quantifiers, which can vary depending on the fund's strategy and specific transactions		
Most common entry form	New capital	Buyout of existing investors and shareholders
Fund strategy (closer to VC/PE)	There are funds on the market that pursue both strategies, as well as those focused on one as the leading strategy	
Profitability	Most often before achieving profitability	Usually profitable
Expected growth rate	Analogous to the VC sector	Analogous to the PE sector



Robert Ditrych

Managing Partner,
Momentum Capital
Partners

Growth equity is an investment form that combines features of venture capital (VC) and private equity (PE). It most commonly involves minority investments in companies that have already validated their business models but need additional capital to accelerate their growth. In the Momentum fund, besides capital, we offer operational support to entrepreneurs to help them build the organisational maturity necessary for further growth stages.

An additional aspect of growth equity transactions can be a partial cash-out (purchase of shares) for founders, allowing them to gain financial liquidity and a certain level of financial security. From an investor's perspective, we see this category as one of the most attractive, offering a favourable return on capital in relation to the risk involved.

Growth PE transactions are not included in the statistics within this Market Outlook report.

New VC funds



Dofinansowane przez
Unię Europejską




 PFR Ventures





HARD2BEAT

 Tar Heel Capital
path_f/nder

PFR V/FENG Allocation

45 EUR m

which is equivalent to over one-third of the total PFR Starter/SGOP allocation.

Fund Capitalisation

60 EUR m

expected to finance approximately 85 startups.

Private Contribution

15 EUR m

contributed by 51 investors and management teams.



Recording of the press conference

Watch the full press conference, where we summarised the status of the FENG programme, and the managers presented the newly announced funds in detail.



pfrventures.pl/fundusze-feng

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

Data sources

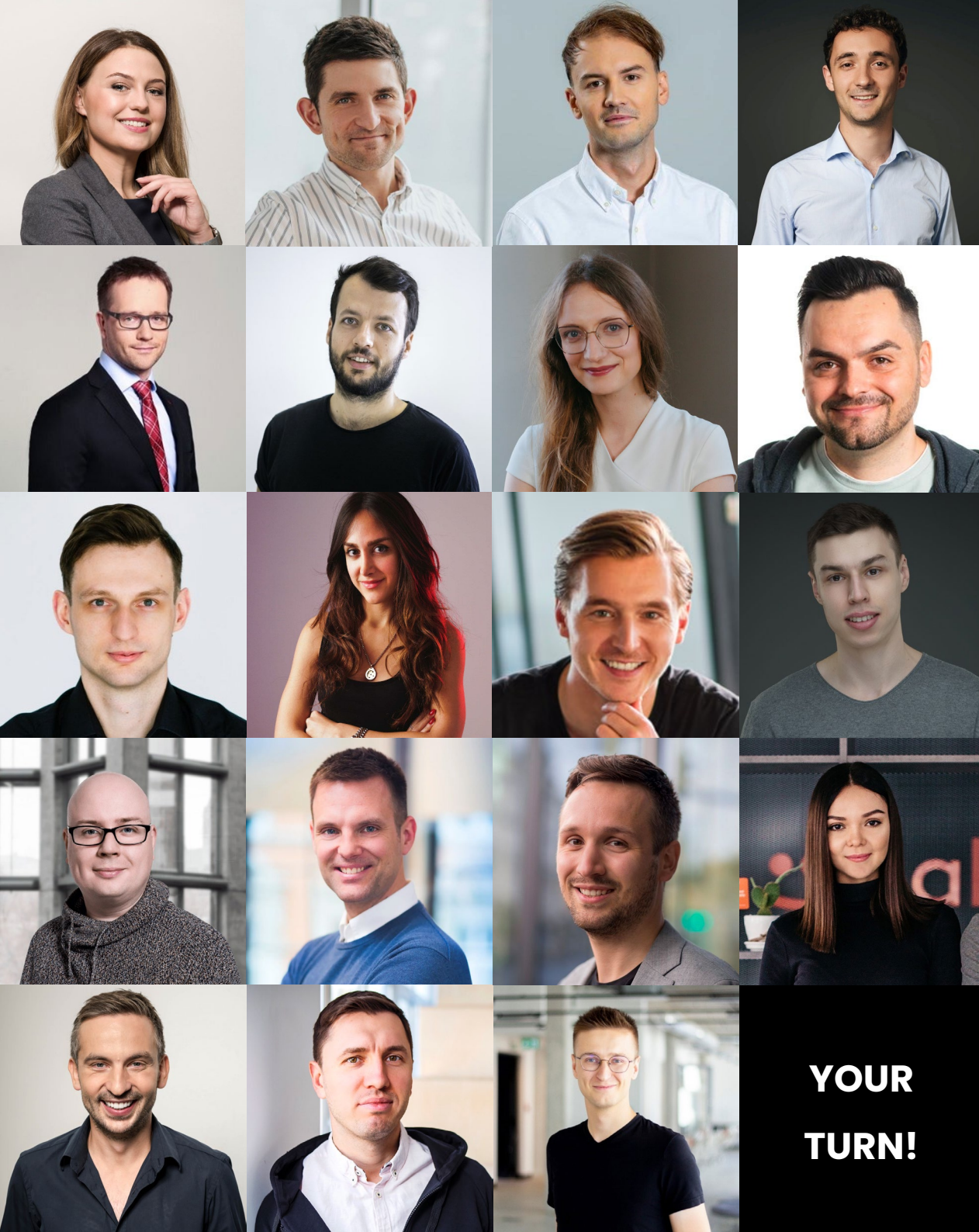
The data used for this study were taken from internal reports of PFR Ventures, Bank Gospodarstwa Krajowego (BGK), National Centre for Research and Development (NCBR) and Inovo.vc. Some of the information was obtained from Invest Europe research as well as media reports and publicly available data.

EUR/USD to PLN exchange rates

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

More info:

kontakt@pfrventures.pl | 800 800 120




inovo^{vc}

Stay ambitious,
we have your back

If you are looking to build something great and want to join the community of the best founders in Poland – let us know!

Find us here:

 inovo.vc/team

**YOUR
TURN!**



Polish Innovation Ecosystem

PFR Ventures

inovo^{vc}



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

Here you can add information on your organisation:

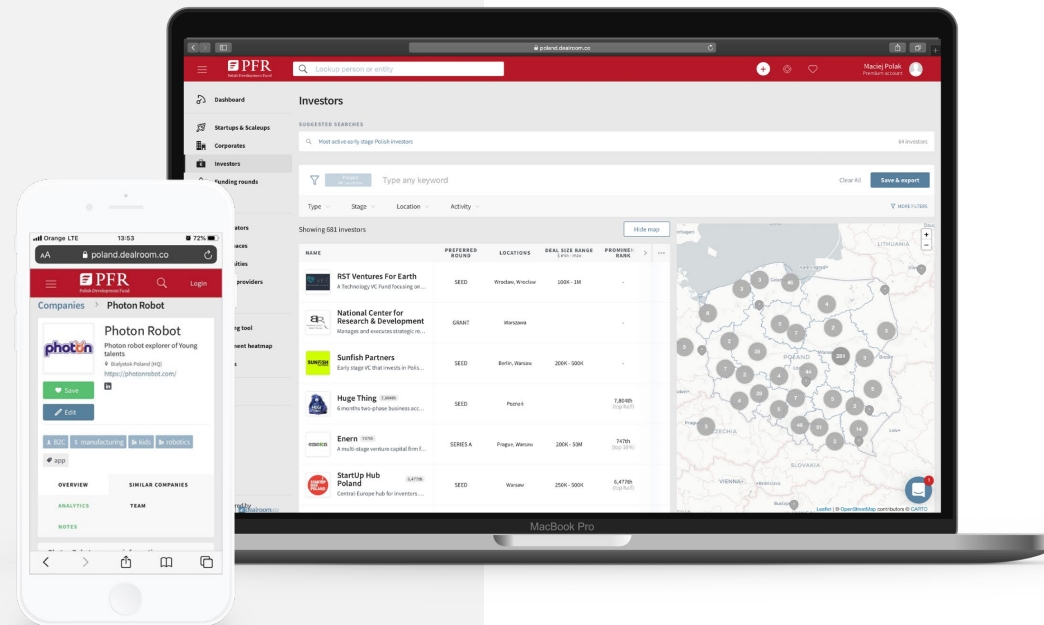
 startup.pfr.pl/ekosystem-innowacji

+3,000

startups

+100

VC funds



dealroom.co



startup.pfr.pl

