

 PFR Ventures

INOVO | VENTURE PARTNERS

VC transactions on the Polish market 2019 summary



European
Funds
Smart Growth

European Union
European Regional
Development Fund



Authors

PFR Ventures

PFR Ventures manages 6 fund of funds that, together with private investors, business angels and corporations, invest in Venture Capital funds. Their goal is to provide capital to Polish, innovative enterprises at early stages of development. Currently, PFR Ventures has over 50 funds in its portfolio that have made total of 250 investments.

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INOVO | VENTURE PARTNERS

Inovo Venture Partners is a venture capital fund with PLN 200 million of assets under management, focused on late Seed and Series A investments across Poland and Central and Eastern Europe. So far, the fund has made 18 investments in European technology companies, with a perspective of another 15 over the next few years.

www.inovo.vc
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Overview

PFR Ventures

INOVO

VENTURE PARTNERS

Key data for 2019

▶ **269**

transactions executed

▶ **294**

EUR mln of provided capital

▶ **85**

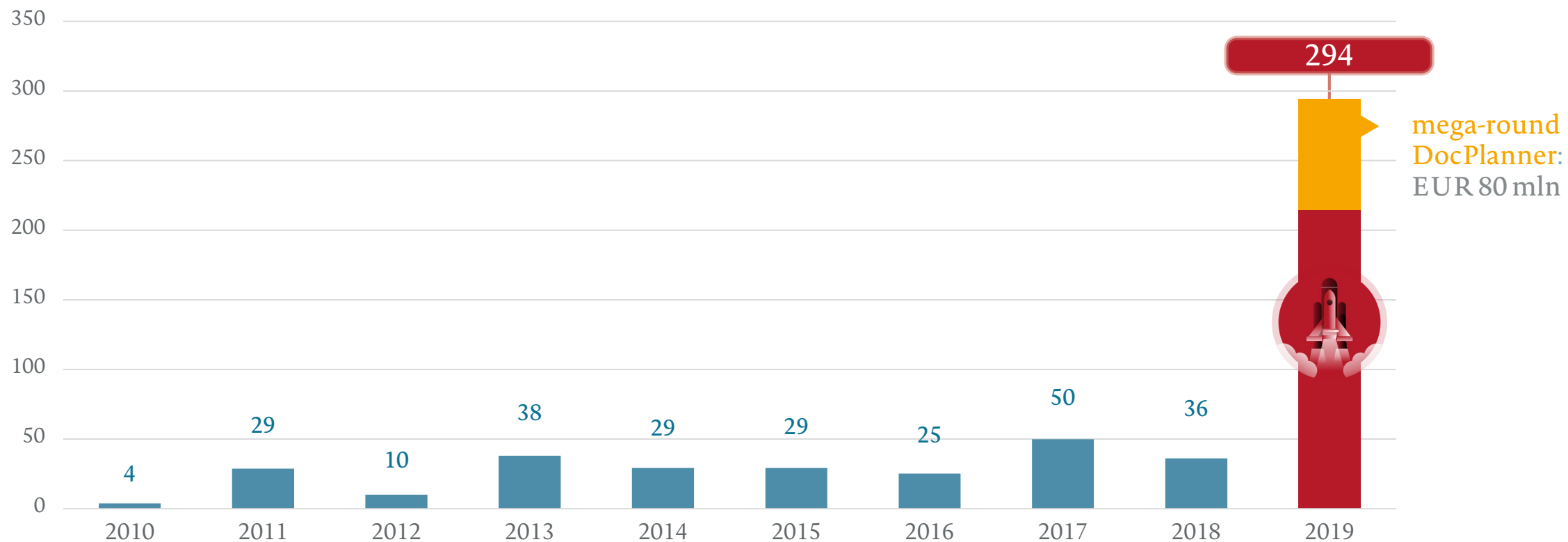
VC funds engaged

▶ **8x**

increase in transaction value from 2018

VC investments in Poland in 2010–2019

VC investments in mln EUR



Mega-round of the DocPlanner company is presented separately as it distorts the statistical overview (see: [outlier](#)).

Authors' comments



Aleksander Mokrzycki,
CFO/COO, PFR Ventures



2019 will go down in the history of the Polish Venture Capital market. For the first time in 10 years, we have managed to note a significant increase in capital invested by Polish and international funds that provided capital for Polish entrepreneurs. The money from the public sector played an important role – it motivated the involvement of private investors.

However, the number of those is still low in Poland. We hope that positive returns on VC funds launched by National Capital Fund (KFK)* will soon provide proof of the attractiveness of this asset class and will bring interest into investing in innovation.

*National Capital Fund, KFK was recently acquired by PFR Ventures



Tomasz Swieboda,
partner, Inovo Venture Partners

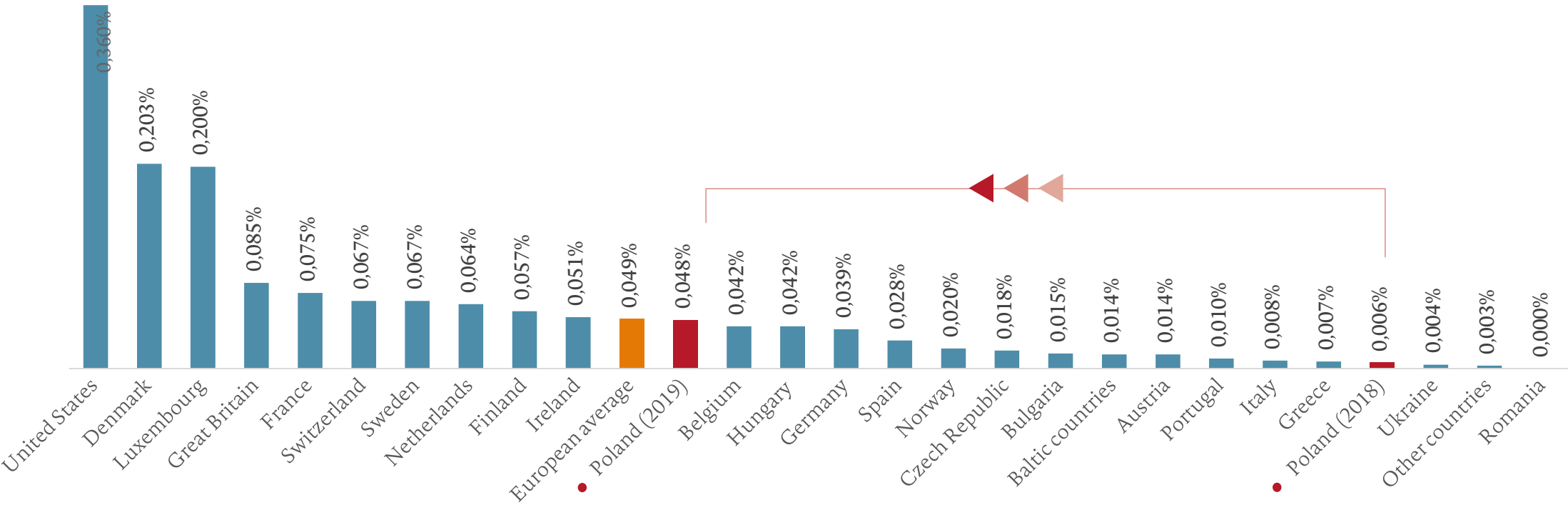


As Inovo, we've been on the market since 2012, and privately we follow the market even longer. Last year is by far the best we had pleasure to observe. The growing interest of the recognizable foreign funds, the presence of several rounds over PLN 100 million, new investment entities created, as well as raising more funds by existing funds are just a few of the points that have affected such a good result.

We are very pleased with the dynamic development of the Polish ecosystem, especially as Inovo Venture Partners we are still at the beginning of the investment period of our second fund - we still plan for about 15 more transactions in Poland and Central and Eastern Europe region.

Share of VC financing in GDP

2019 gave Polish VC ecosystem a significant boost. We are closer to the EU average, but still far from the leaders



The above data refer to 2018. The exception is the "Poland (2019)" bar, which presents current data. The chart was prepared in this way, due to the lack of complete information for 2019.

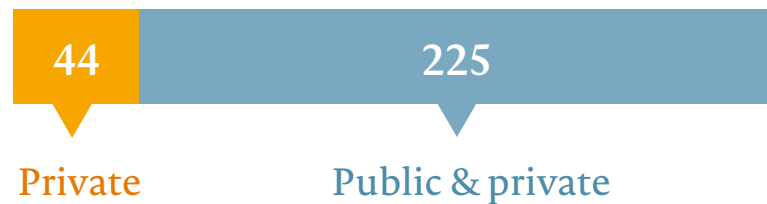
Financial data: sources of capital

% share of private and public-private financing

By transaction value



By transaction number



The transaction was allocated regarding to the dominant share of private or public-private capital



Public & private funds enable money access to larger number of companies, while **private capital** provides financing rather for companies seeking later-stage rounds.

Geographical data: location

% share of international and Polish funds in transactions

By transaction value



By transaction number



Transactions of international funds include all transactions in which at least one international fund has participated



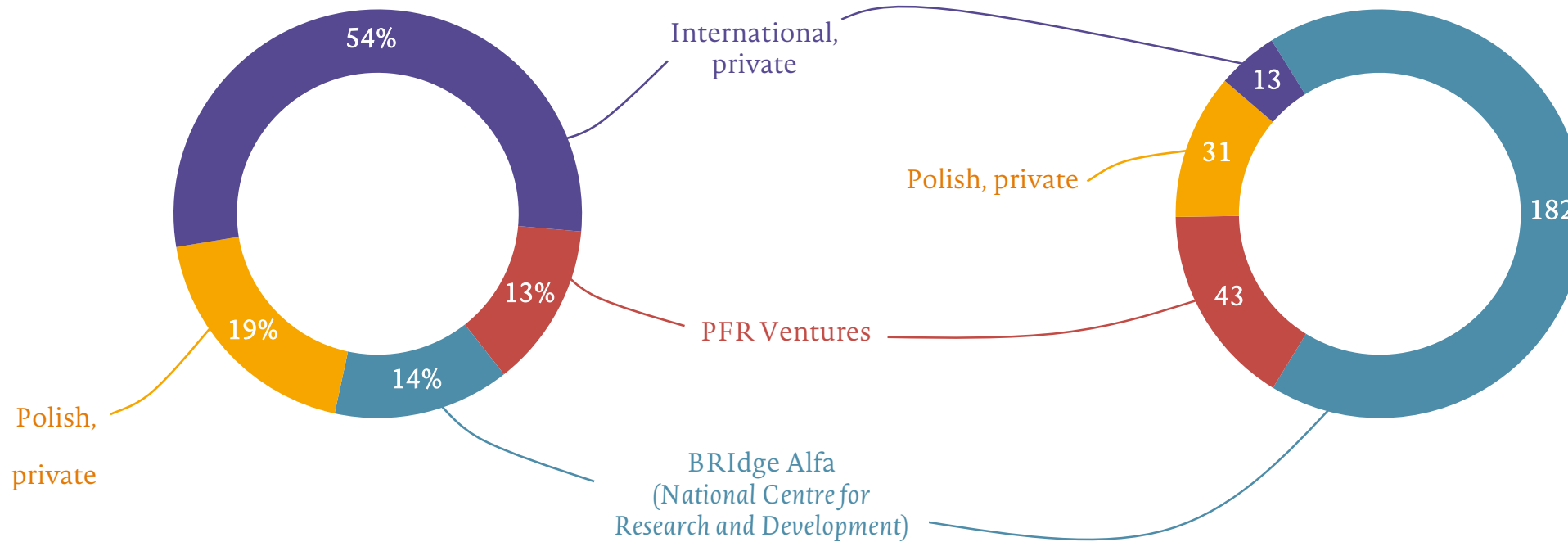
The high share in value of international funds in our market comes from the need for later-stage rounds. Polish funds are responsible for most transactions in terms of number.

Capital sources

Public programs, private capital

By transaction value

By transaction number



In the "PFR Ventures" category there are 2 transactions also matching the "foreign, private" set. The "Polish, private," category includes one round with the participation of TDJ Pitango Ventures fund, whose investor is NCBR.

Public institutions comments



Maciej Ćwikiewicz,
CEO, PFR Ventures



The VC funds launched by PFR Ventures became operational in mid-2019 (previously they had to meet many formal requirements of the Polish Financial Supervision Authority and the Office of Competition and Consumer Protection). We are glad that the first investments were made at such a fast pace. The state is still responsible for financing innovative projects at an early stage, but our teams are also starting to finance more developed companies. We can already observe the first transactions that exceed the classic PLN 1 million round.

In 2019, we were able to complete over 40 transactions that account for (in value) 14% of the market. However, when we look at the first rounds of financing among young companies, you can usually find NCBR or PFR Ventures funds there.



Przemysław Kurczewski,
Deputy Director of the National Centre for
Research and Development



2019 was particularly successful not only because of the record value of transactions on the VC market. The positive impact of public funds on market development has already been noted in previous years, especially in 2017, when BRIDGE program started to invest, but it is first time that we can also see more transactions for more than PLN 1 million (f.e. those realized by TDJ Pitango Ventures and Cogito I).

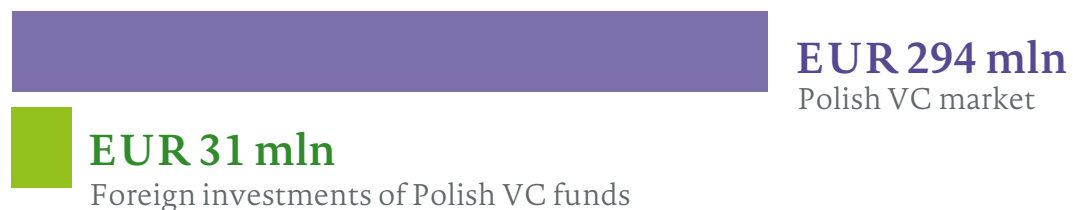
In the coming years, we will consistently support the development of the VC market and stimulate investments in R&D projects. BRIDGE Alfa has already provided financing in the amount of over PLN 435 million to over 400 young technology companies. In the pilot project BRIDGE VC, two funds launched by us carried out 14 investments with a total value of over 90 million PLN.

Activity of Polish funds

On the domestic market (by transaction value)



Outside the domestic market



Polish teams often co-invest with foreign funds.

Polish VCs are also investing **outside the country**: the value of their foreign investments is **EUR 31 million**, which represents about 8% of transactions on our market.

Market experts

 PFR Ventures

 INOVO | VENTURE PARTNERS



Patrick Gresko,
Head of Innovation and Technology
Investments in EIF



2019 has been a landmark year for the Polish VC market with two companies, Docplanner and Booksy, raising significant financing rounds lead by reputed international investors. These rounds are important milestones for the Polish VC ecosystem as they are the proof that Polish companies can grow to a point that they attract the interest of international VCs. Such potential successes (they're not exited yet!) are the foundation of any VC ecosystem: success generates experience and attracts talent, which will allow more capital being raised. With more capital, thinking bigger becomes possible, which in turn will allow more successful exits. The VC ecosystem flywheel is then launched.

In summary, the next milestone for the Polish VC market is now to demonstrate its ability to generate undisputable success, be it with a local Unicorn or a Dragon*. This would bring the necessary spotlight to set Poland as one of the European hubs not to be missed.

*A Dragon is a single exit in VC portfolio which allows the return of the entire fund



Barbara Nowakowska,
managing director, Polish Association
of Capital Investors



I think 2019 is a breakthrough year for the Polish venture capital industry. The number and value of investments increased rapidly, several companies carried out spectacular financing rounds, and accelerated the construction of market foundations. Finally, we have a domestic institutional investor, a fund of funds that professionally invests in VC and PE funds.

In 2019, we could see the effects of its activities in the form of 23 new VC funds, of which more than half have already started investing. This funds already provided money to 40 companies. 65 million from PFR Ventures attracted 58 million from private investors, and new funds and new fund managers give hope for rapid market growth in the coming years.

Market experts



Aman Ghei,
Principal, Finch Capital



Poland is one of the fastest growing countries in Europe and coupled with fantastic AI/ML talent to build disruptive enterprises, the local consumer market has sufficient scale to build large businesses across CEE and Western Europe. We believe in investing in founders and teams.

Over the last couple of years, we have seen a generational shift in the types of entrepreneurs coming from Poland with more emphasis on creating disruptive companies vs lifestyle companies. This is one of the main reasons we have backed Symmetrical and PerfOps. In terms of FinTech, Poland has one of the most sophisticated banking infrastructure in Europe, with 20+ banks having large portfolios and market values of \$1b+. This means a mature ecosystem exist when disruptive financial services need to be built on top of existing infrastructure.



Pavel Mucha,
partner, ENERN



ENERN has been committed to Polish startup ecosystem since 2015. Last year was clearly the most encouraging year of explosive growth in both start-up and scale-up investments. We expect this to seed a new pool of high growth businesses, as the new breed of entrepreneurs can grow faster beyond bootstrapped strategies. In ENERN, we look forward to seeing even more rising stars like our portfolio companies DocPlanner, Booksy or Intiario.

International funds

Top foreign funds (by number of transactions)

enern

Booksy,
DocPlanner



PerfOps,
Symmetrical

Si Speedinvest

Packhelp,
Depilacja.pl

SUNFISH
PARTNERS

PerfOps,
Molecule.one

In addition, each of below mentioned funds made at least one transaction on Polish market:

Karma, Seedcamp, One Peak, PROfounders, White Star Capital

Top transactions

Selected companies that raised > EUR 25 million

Investors	Company	Round size	Rund type
Goldman Sachs, One Peak Partners, Enern, Piton	Docplanner	EUR 80 mln	E
Manta Ray, Runa Capital	Brainly	EUR 27 mln	C
Piton Capital, Enern, Manta Ray, Industry Ventures, XG Ventures	 Booksy	EUR 26 mln	B

Selected companies that raised > EUR 4 million

Investors	Company	Round size	Rund type
OTB Ventures, TDJ Pitango	 Cosmose	EUR 11 mln	A
White Star Capital, SpeedInvest, Market One Capital, PROfounders Capital	Packhelp	EUR 9 mln	A
Aper Ventures	 Talent Alpha	EUR 4,5mln	Seed

 Also supported by PFR Ventures funds

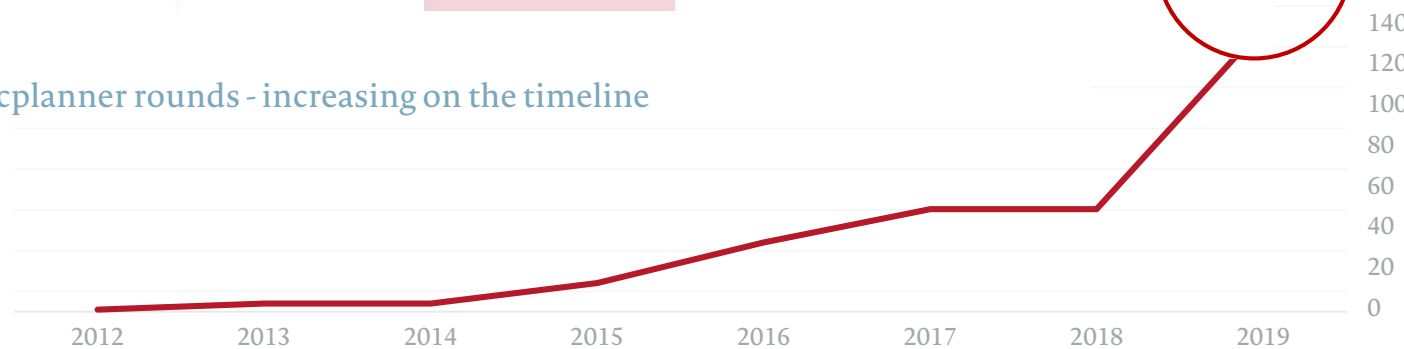
Overview: top transactions 2019

Case study: DocPlanner

Docplanner rounds - value and participants



Docplanner rounds - increasing on the timeline



ZocDoc for Eastern Europe - this is how DocPlanner described his aspirations in 2012. Today DocPlanner supports 1.5 million reservations in 15 markets (mainly Western Europe and South America). The company with initially local ambitions joined the global market for online medical visits.

DocPlanner, 3 years from round C (USD 20 million) and 2 years from round D (USD 17 million), raised USD 89 million as part of round E from global funds: Goldman Sachs Private Capital, One Peak Partners and ENERN Investments and Piton Capital.

In total, as part of six investment rounds, Mariusz Gralewski (CEO and founder) raised PLN 550 million, which places the Company on the first position in the ranking of funding and the number of rounds among Polish start-ups.

Considering the speed with which the company obtains subsequent financing rounds, we can talk about one of the fastest growing Polish start-ups, whose valuation may soon exceed the magic billion dollars

Łukasz Sabat
analyst, PFR Ventures

Booksy is one of the most popular applications for booking visits in the "beauty" segment. It is present in over 80 markets, and its services are used by 4.5 million users around the world. It has all started a few years earlier though, when serial entrepreneur and ultramarathonian, Stefan Batory, could not make an appointment with his physiotherapist via phone. The idea was born. Previously building several successful businesses (including iTaxi), the entrepreneur immediately got to work.

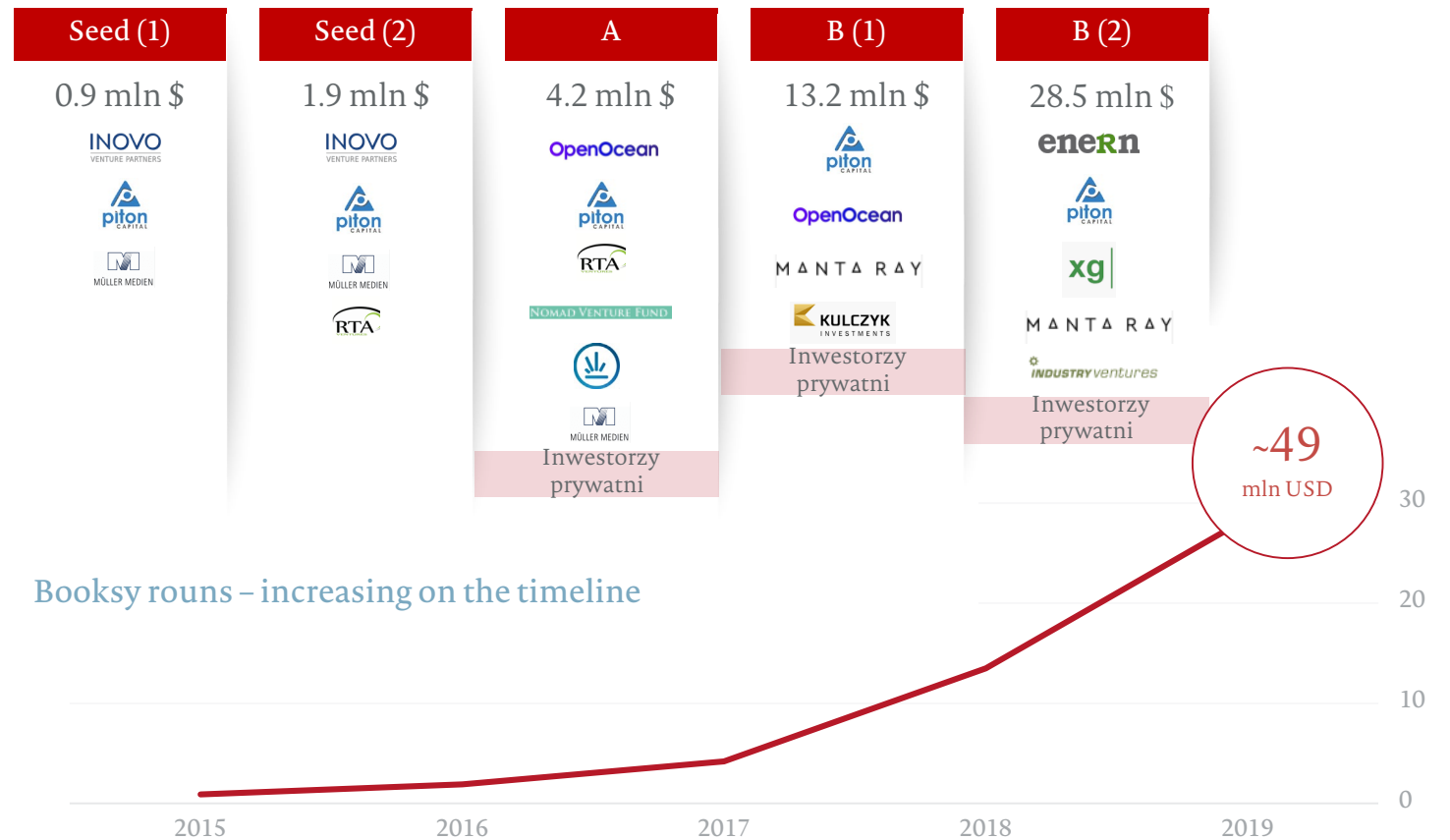
In 2015, the company has raised the first external financing, already attracting foreign investors like British Piton Capital and German Muller Medien, while the lead investor was the Inovo Venture Partners fund. It has quickly turned out that there was a huge demand for this type of solution. Half a year later, RTAVentures joined the next round with all previous funds following-on.

in the coming years, well-known international funds (i.a. OpeanOcean, XG Ventures, Enern, Industry Ventures) supported the company as well. The total amount of investment is almost 49 million dollars and surely this is not the end - at such a pace, the company has a high chance to cross the valuation of one billion dollars and reach the status of a unicorn.

 **Kacper Zambrzycki**
analyst, Inovo Venture Partners

Overview: top transactions 2019

Case study: Booksy



Overview: top exits 2019

7 years after the first investment, MCI funds sold shares in the e-grocery market leader in Poland - Frisco.pl

Seller

mci

Buyer

 **EUROCASH**
GRUPA

>EUR 28 mln
transaction value

2.8x CoC (Cash-on-cash)
average for MCI.TechVentures and Helix Ventures funds

40% of Warsaw market
is owned by Frisco.pl; the capital is responsible for nearly half of the
entire online grocery shopping market

After an analysis of the company, its market environment and examples of comparable investments from the Western markets, the business model appeared to be matching the investment strategy of the Helix Ventures Partners Fund ("Helix"), which invested in Frisco.pl in 2012.

The idea of building a new digital market segment in Poland and the intention to become the leader of that segment required further capital rounds. Following a positive verification of the business model by the management team, another fund from the MCI Group – MCI.TechVentures – became involved in the Frisco.pl project.

An industry investor – the Eurocash Group, one of the leaders of the FCMG market in Poland – was successfully obtained already in 2014. At the same time, cooperation between Helix Ventures Partners and MCI.TechVentures and the Eurocash Group was one of the first cases on the Polish market of CVC (Corporate Venture Capital) principle, i.e. cooperation of financial investors with strategic investors, who often become final owners of the project. This was also the case at Frisco.pl.

 **Łukasz Wierdak**
fund manager, Helix Ventures

ECC GAMES is a company specializing in the production of automotive sports games and simulators for all platforms.

Their first game, exclusively for mobile devices, was released in October 2011. In November 2013, the first game in the Tower Dwellers series premiered - this time also for desktops.

A year later, in October 2014, Inovo Venture Partners fund became the first investor, noticing the potential of the team, which has operated on the video game market, the fastest-growing entertainment sector in the world. The second investment tranche on the fund's side took place in April 2015, and the total value of the package held was PLN 1.8 million.

In the subsequent years, ECC Games continued to release new games, in the meantime signing a cooperation agreement with PlayWay S.A.

On February 14, 2019, the company's debut on NewConnect took place.

 **Kacper Zambrzycki**
analyst, Inovo Venture Partners

Overview: top exits 2019

ECC Games: 6 years in the portfolio and almost a year of listing on NewConnect



EUR 11 mln
company value at IPO

6.6x CoC (Cash-on-cash)
return for the Inovo Venture Partners fund, the fund still owns 42% of the original investment

Drift'20 - the flagship title of ECC Games for 2020
the first teaser was displayed several million times, over 95,000 people already declared to buy the game

Innovation ecosystem map

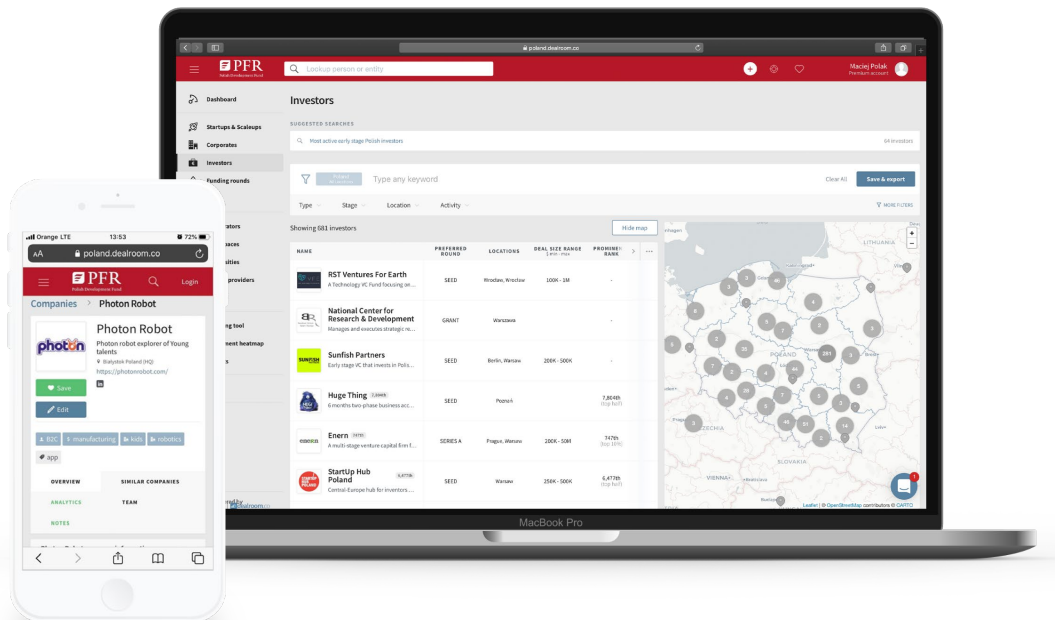
🔍 startup.pfr.pl/ekosystem-innowacji

+1500

startups

+120

VC funds



At the end of 2019, the Polish Development Fund together with PFR Ventures launched a cooperation with Dealroom, the owner of a tool providing data on innovation ecosystems. The interactive map, which we have developed together, allows users to easily browse innovative companies operating on the Polish market, and also provides information on the capital they raise, also from Venture Capital funds.

Until now, various data on the number of startups in our country were available on the market. Thanks to the ecosystem map, we can conclude that there are about 1500 innovative companies in our country. The tool that we have implemented allows to search through the most popular industries or the number of people employed in a given company. It is certainly not a complete list, but we think our current visibility is around 70-75%.

The map also provides information on other ecosystem elements, such as accelerators and universities. Users can check how graduates from different universities are developing their startups or for which they are working for. All this will definitely increase Polish market transparency.



Eliza Kruczkowska

director of the innovation development department at the Polish Development Fund

Summary

Appendix

International team/fund

We use "international fund" term to describe one that is managed by international partners or is based 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).

Investments of Polish funds in foreign companies are presented separately on page 11.

Sources

The data used for this study comes from the internal reports of PFR Ventures, Inovo Venture Partners and the National Center for Research and Development. Part of the information was obtained from InvestEurope researches as well as media reports and public data.

Illustrations and photos

unsplash.com
manypixels.co

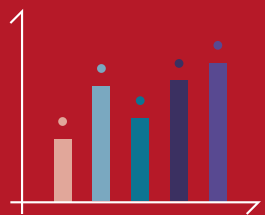
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