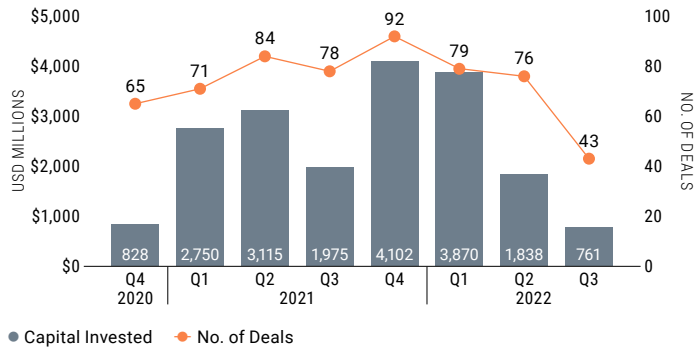


CEE Private Capital Investment, Q4 2020-Q3 2022



Investors deployed nearly **USD6.5b** into CEE in the first three quarters of 2022, driven by **tech, energy transition and buy-and-build platform deals**.

IT and tech-enabled businesses are driving private capital momentum in the region

Since the onset of the COVID-19 pandemic, **tech-enabled consumer platforms and IT businesses** have driven overall private capital activity in CEE. Investors have backed platforms with **global growth potential** developed by the region's **high concentration of engineering talent**. In March 2022, QIA led a USD121m Series D for Insider, a Turkey-based marketing software developer with a presence across 28 countries in Europe, the U.S. and Latin America. In June, Bain Capital provided USD150m in growth equity to Ataccama, a Czech Republic-based data management platform serving enterprise clients across Europe, the U.S. and Australia.

While tech opportunities are accounting for a growing share of overall investment, brick-and-mortar businesses have attracted **global PE and private credit investors** in 2022. CVC Capital Partners acquired Cyprus-based Ethniki Insurance from the National Bank of Greece for a reported USD505m, and Oaktree Capital Management invested USD150m in Czech Republic-based specialty chemical business Draslovka. South Africa-based Vantage Capital completed its first deal in the region, investing USD106m into the CEE operations of Canada-based education group Maple Bear.

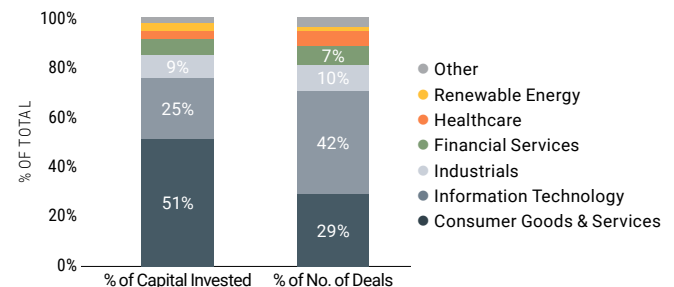
This report contains GPCA data and analysis through September 30, 2022. For the purposes of this report, CEE also includes Russia and other CIS countries.

After a period of record investment in CEE, dealmaking declined in Q3 2022 amidst a global slowdown and the ongoing Russia-Ukraine war

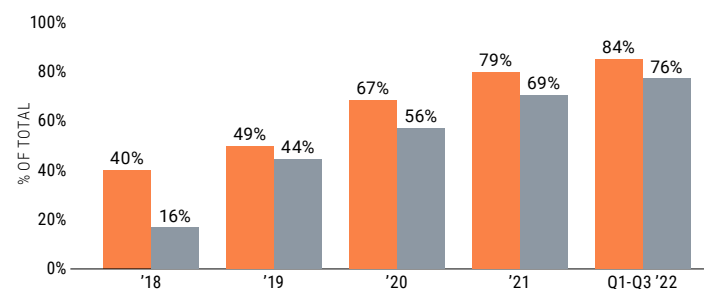
After a record-high eighteen months of investment activity, private capital investors deployed just USD761m across 43 deals in Q3. Nevertheless, established **fund managers continue to raise vehicles dedicated to opportunities in the region**: Innova and Ukraine-focused Horizon Capital reached first closes for their latest funds at USD227m and USD125m, respectively, in Q3.

Public listings of tech companies helped propel CEE exit value to a record USD8.6b in 2021, bolstered by the USD1.3b IPO of Romania's UiPath valuing the company at USD35b. However, aggregate exit value dropped to just USD413m in Q1-Q3 2022, with global uncertainty and monetary tightening prompting investors to postpone exit plans. As public markets corrected from a year of unprecedented liquidity, exits in CEE have been **led by strategic sales this year**: Innova sold Slovenia-based construction services company Trimo Group to Recitel for USD173m, generating a reported 4.5x return, and Investcorp exited Turkey-based logistics tech company Arvento to Brisa for USD24m.

CEE Private Capital Investment by Industry, 2020-Q3 2022



Tech as % of Total Private Capital Investment in CEE, 2018-Q3 2022



● % of Total No. of Private Capital Deals ● % of Total Private Capital Invested

Note: Includes all tech investment and is not restricted to VC deal activity.

Despite a global tech slowdown, VC deal count this year is already the second highest on record, exceeded only by 2021

Investment into CEE’s startups has surged since the onset of the pandemic and into 2022. Seed and early-stage investors continued to close deals in the third quarter, but a correction in tech valuations across global markets stalled funding to late-stage startups. After 12 CEE-based startups raised a record USD3.1b for Series C or later rounds in 1H 2022, including eight rounds of USD100m+, no late-stage startups reported new funding rounds in Q3.

Mega rounds for consumer platforms, namely Getir (USD768m) and Estonia-based mobility app Bolt (USD712m), in Q1 represent the largest private capital transactions recorded so far in 2022. Still, **enterprise software and IT startups** have accounted for over one-third of deals and one-quarter of capital invested, led this year by rounds for digital security companies Veriff (Estonia, USD100m) and Seon (Hungary, USD94m).

Turkey and Estonia have emerged as the leading tech hubs in the region, together accounting for half of capital invested since 2020, especially as the knock-on effects of the Russia-Ukraine war have shaken other key startup ecosystems. The Ukrainian refugee crisis and skyrocketing energy prices have dampened activity in markets like Romania, and global investors have abandoned investment plans in Russia amidst war-related sanctions.

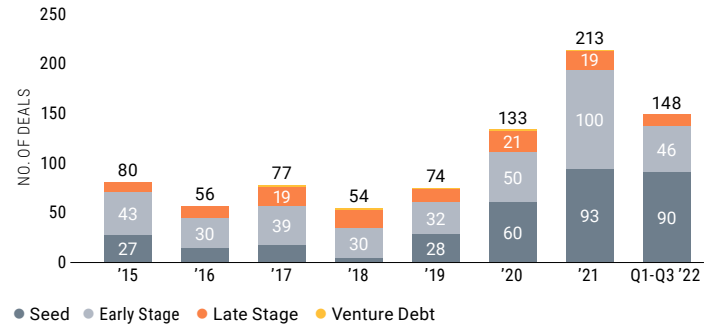
The Estonian government has long prioritized promoting the local IT industry, dating back to initiatives such as Tiger Leap and Principles of Estonian Information Policy in the late 1990s. Turkish government initiatives include the recent establishment of the USD300m Turkish Technology Fund by the Turkish Wealth Fund in partnership with ADQ.

Turkey-based startups have attracted global VCs like 500 Global, Endeavor Catalyst and Sequoia Capital, drawn by the country’s low entry multiples compared to neighboring markets that use the euro. Other major players in the ecosystem include local country-dedicated managers such as idacapital, Boğaziçi Ventures and 212, as well as Turkish corporates, including crypto exchange Paribu and QNB Finansbank, that have set up dedicated venture arms to back local startups.

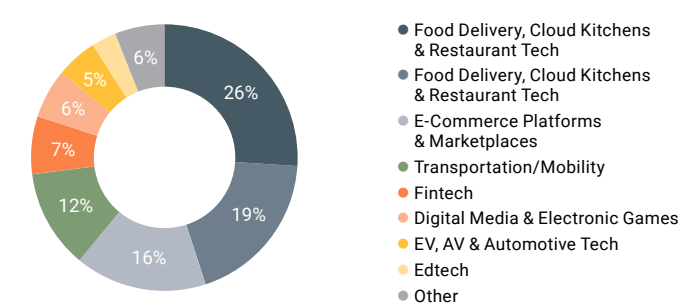
Top tech verticals for VCs in Turkey include:

- **Gaming:** Balderton Capital, BlackRock, Index Ventures, IVP, Kora Management and Makers Fund invested USD255m in a Series C for Dream Games; Spyke Games raised USD55m from Griffin Gaming Partners.
- **E-commerce:** Alarko Ventures, Atempo Growth and others invested USD23m in e-commerce aggregator company RubiBrands to facilitate the acquisition of seven brands; Islamic clothing retailer Modanisa raised USD20m from EBRD, Goldman Sachs, Re-Pie and Wamda.
- **Adtech & Marketing:** Insider reached unicorn status through its USD121m Series D led by QIA.
- **Fintech:** Payments platform Param raised USD29m from CEECAT, EBRD, Alpha Associates and Revo Capital at a USD200m valuation. As Visa and Mastercard have restricted use by Russian citizens, several fintechs that welcome Russian capital have also raised significant funding rounds.

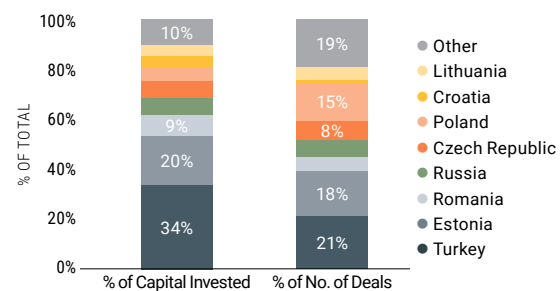
CEE VC Investment By Stage, 2015-Q3 2022



CEE VC Investment by Tech Vertical, 2020-Q3 2022



CEE VC Investment by Company Headquarters, 2020-Q3 2022



Global and local investors have poured into Turkey-based startups, concentrating on verticals such as gaming, e-commerce, adtech & marketing and fintech.

Investors have already deployed nearly USD1.3b into new energy deals in 2022

The **mounting energy crisis in Europe** has driven investment into energy transition businesses in CEE to record levels in 2022, up from just USD362m combined in the ten years prior. Private capital investors have played a critical role in funding the energy transition in GPCA’s markets, particularly Africa, where 12% of all private capital deal value since 2018 has gone to clean energy investments.

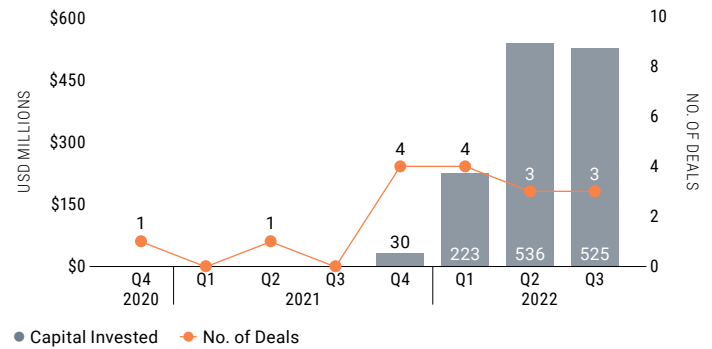
Investors are targeting opportunities in CEE’s energy transition through generalist vehicles rather than dedicated climate funds, with INVL Renewable Energy Fund I (USD41m) representing the only climate-focused private capital vehicle raised for CEE in recent years. Fund managers marketing sustainability-focused vehicles are facing increased scrutiny under the European Union’s expansive Sustainable Finance Disclosure Regulation (SFDR).

Energy transition investments in 2022 fell into two areas:

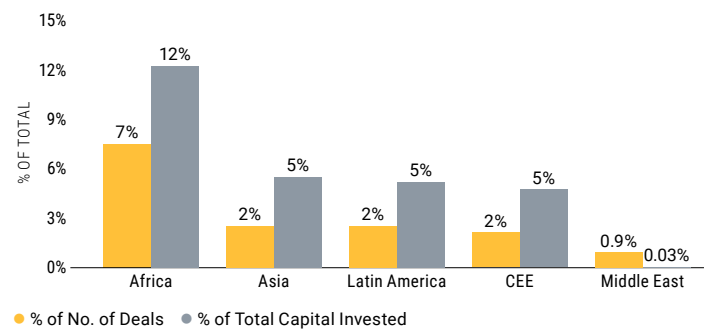
- **Renewable Power:** In 2022, Actis invested USD509m to establish Czech Republic-based commercial and industrial clean energy platform Rezolv Energy, and RGREEN INVEST committed USD73m to construct a 90MW solar project in Parau, Romania.
- **Green Transportation:** In the largest private capital deal in CEE in Q2 2022, electric sports car and auto parts manufacturer Rimac raised a USD535m Series D led by SoftBank and Goldman Sachs. Helios Energy Investments, janom and Neulogy Ventures also invested USD97m in Slovakia-based EV charging company Greenway in January. Similar EV deals closed this year in India, Brazil and Egypt, as EV investment activity has expanded beyond China.

Circular Economy: Other sustainability-focused deals in 2022 have included Abris-backed GreenGroup and Decomer Technology, an Estonia-based eco-friendly food packaging developer.

CEE Energy Transition Investment, Q4 2020-Q3 2022



Energy Transition Deals as % of Total Private Capital Investment by Region, 2018-Q3 2022



Note: The two charts above include investments in renewable energy, electric vehicles and related technologies facilitating the energy transition.



Investors are executing bolt-on transactions to expand portfolio companies into integrated regional platforms

Fund managers have already backed nine bolt-on deals to date in 2022, reflecting an important trend developing in the region. In the consumer segment, Enterprise Investors completed three bolt-on transactions in the span of six months for Croatia-based retailer Studenac, acquiring local chains Duravit Trgovina and Kodun, along with Lonia, whose operations span six eastern European countries. Also in 2022, Abris committed new capital to acquisitions for its Romania-based dental products group Dentotal, Romania-based recycling company GreenGroup and Poland-based logistics tech platform Alsendo. Investors report to GPCA that a **buy-and-build strategy** allows them to **consolidate their market position and leverage regional expansion** to generate returns for investors. The ongoing Russia-Ukraine war has increased the need to build **export-oriented and diversified business models** that are not primarily exposed to one country’s geopolitics.

Largest CEE Funds Achieving a Close, Q1-Q3 2022

FUND MANAGER(S)	FUND	FUND TYPE	GEOGRAPHIC FOCUS	FUND CURRENCY	CAPITAL RAISED TO DATE (USDM)
Innova Capital	Innova/7*	Buyout	CEE	EUR	227.0
Genesis Capital	Genesis Private Equity Fund IV	Buyout	Austria; CEE; Czech Republic; Hungary; Poland; Slovakia	EUR	161.0
BlackPeak Capital	BlackPeak Southeast Europe Growth Equity Fund	Growth	Bulgaria; CEE; Croatia; Romania; Serbia; Slovenia	EUR	131.0
Horizon Capital	Horizon Capital Growth Fund IV*	Growth	CEE; Ukraine	USD	125.0
Flashpoint Venture Capital	Flashpoint Fund III	Early-Stage	CEE; Israel	USD	102.0
Accession Capital Partners	ACP Credit Fund I*	Direct Lending (Senior Debt)	CEE	EUR	92.3
Eleven Ventures	Eleven Fund III	Seed	Bulgaria; CEE	EUR	69.6

*Fundraising as of 30 September 2022.

Most Active PE Dealmakers in CEE, 2021-Q3 2022

Enterprise Investors	Innova Capital
Abris Capital Partners	CEECAT Capital
Baring Vostok Capital Partners	

Most Active VC Dealmakers in CEE, 2021-Q3 2022

500 Global	Boğaziçi Ventures
Earlybird Digital East	Change Ventures
Lighthouse Ventures	Specialist VC
Startup Wise Guys	Index Ventures

Largest Investments in CEE, Q1-Q3 2022

INVESTOR(S)	COMPANY	COUNTRY	SECTOR	INVESTMENT TYPE	DEAL VALUE (USDM)	INVESTMENT DATE
ADQ, Alpha Wave Global, Mubadala Investment Company, Revo Capital, Sequoia Capital, Tiger Global Management	Getir	Turkey	Consumer Goods & Services	Late-Stage	768.0	Mar-22
Blue Owl, D1 Capital Partners, Fidelity Management and Research Company, G Squared, Ghisallo Capital Management, Sequoia Capital, Tekne, Whale Rock	Bolt	Estonia	Consumer Goods & Services	Late-Stage	711.6	Jan-22
Goldman Sachs Merchant Banking Division, Investindustrial, Porsche Ventures, SoftBank Group	Rimac	Croatia	Industrials	Late-Stage	535.4	Jun-22
Actis	Revolv Energy	Czech Republic	Renewable Energy	Growth	508.9	Aug-22
CVC Capital Partners	Ethniki Insurance	Cyprus	Financial Services	Buyout	504.6	Mar-22
Balderton Capital, BlackRock, Index Ventures, IVP, Kora Management, Makers Fund	Dream Games	Turkey	Consumer Goods & Services	Late-Stage	255.0	Jan-22
Index Ventures, Sofina, Tomáš Čupr	Rohlik	Czech Republic	Consumer Goods & Services	Late-Stage	230.7	Jun-22
Mubadala Capital, Russian Direct Investment Fund, SBERINVEST Asset Management	IXcellerate	Russia	Information Technology	Late-Stage	190.0	Jan-22
Bain Capital	Ataccama	Czech Republic	Information Technology	Growth	150.0	Jun-22
Oaktree Capital Management	Draslovka	Czech Republic	Basic Materials	Growth	150.0	Feb-22
212, Endeavor Catalyst, Esas Holding, Qatar Investment Authority, Riverwood Capital, Sequoia Capital, Wamda	Insider	Turkey	Information Technology	Late-Stage	121.0	Mar-22
20VC, Access Industries, Eldridge, Lightspeed Venture Partners	Tripledot Studios	Belarus	Consumer Goods & Services	Early-Stage	116.0	Feb-22

Notable Exits and IPOs in CEE, 2021-Q3 2022

COMPANY	COUNTRY	SECTOR	INVESTOR(S)	YEAR(S) OF INVESTMENT	CAPITAL INVESTED (USDM)	EXIT DATE	EXIT AND RETURN DETAIL
Noriel Group	Romania	General & Specialty Retail	Enterprise Investors	2016	26.7	Jul-22	Strategic sale of 100% stake to Turkey-based toy producer Sunman Group
Trimo Group	Slovenia	Cement & Building Materials	Innova Capital	2016	N/A	Apr-22	Strategic sale to Recitel for EUR164m (USD173m), representing a 4.5x MOIC
Merkur Trgovina	Slovenia	General & Specialty Retail	HPS Investment Partners	2017	34.0	Apr-22	Secondary sale to Alfi Private Equity for EUR50m (USD54m)
Arvento	Turkey	Software	Investcorp	2015	N/A	Mar-22	Strategic sale as part of acquisition by Turkey-based tire company Brisa for TRL334m (USD24m)
Patent Co	Serbia	Agribusiness	Abris Capital Partners	2015	N/A	Jan-22	Strategic sale to Austria-based agricultural goods wholesaler Rwa
Grupa Pracuj	Poland	Software	Technology Crossover Ventures	2017	95.0	Dec-21	IPO on WSE raised PLN1.1b (USD276m); TCV returned PLN807m (USD199m)
Elif Holding	Turkey	Containers & Packaging	Turkven	2018	N/A	Sep-21	Strategic sale to Finland-based packaging company Alpha Flexibles for cash consideration of EUR358m (USD421m)
UiPath	Romania	Software	Accel Partners, CapitalG, Coatue Management, Credo Ventures, Earlybird Digital East, Harmony Partners, IVP, Kleiner Perkins, Meritech Capital Partners, Seedcamp	2015-2021	1,952.6	Apr-21	IPO on NYSE valued the company at USD35b and raised USD1.4b
InPost	Poland	Logistics & Delivery Services	Advent International, Franklin Templeton Asia Pacific Alternatives, Powszechny Zakład Ubezpieczeń	2015-2018	451.5	Jan-21	IPO on XAMS valued the company at EUR8b (USD9.7b) and raised EUR3.2b (USD3.9b)



Methodology

GPCA's reporting covers activity by long-term, private direct investment funds that are backed by institutional investors — along with their co-investors — across the following asset classes: private equity, venture capital, private credit, infrastructure and natural resources. For more information on research methodology, please refer to the Data Methodology webpage or contact research@GPCCapital.org.



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