



2022

Romanian Venture Report



in partnership with



&

KPMGLegal
— TONCESCU & ASOCIATI —

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Introduction

We can recall the excitement the global tech scene showed as it was entering 2022. Although the sentiment jumped on a rollercoaster ride going through the rest of the year, a reshuffle is now taking place throughout the industry. Such movement in a market also signifies that leaderboards are reset, new categories appear, and new winners are established. Somehow, it seems that turmoil is necessary for change and progress.

At How to Web, we're here to serve the tech industry's needs at every step of its journey. One way we do this is by analyzing the dynamics of the venture deals - in this instance involving Romanian startups. Through this endeavor, we're covering the evolution of the investment industry with regard to venture capital, going back to its early beginnings in 2017.

We invite you to enjoy reading this new edition of the report, the third edition so far.

Get your insights through the findings and draw a signal of your own by spreading the news to your network. The rules and principles for filtering and labeling the data are detailed at the end of the report, along with a link to the transactions list for 2017-2022 and the VCs' fundraising list for 2022. Let us know if you find anything that should be updated.

"Venture deals involving Romanian startups stood up to 2022's strong headwinds coming from the global tech scene and the global economy in general. Coming out of 2022 we see strong signals that deals involving Romania-born startups can actually turn into a much-wanted bet in one's portfolio, to say the least." Alexandru Agatinei, CEO How to Web

Mayday?

On the contrary...

The sustained growth in transaction volume involving Romanian startups comes as an interesting plot twist in a blurry 2022, considering the turmoil hovering over the global tech scene starting with the second half of the year.

This is a signal in itself, but instead of sending an alarm it sends the following message: “Mayday? On the contrary...”. The local industry worked in spite of some tough regional and global challenges in the technology space. With the global tech scene’s picture in mind, we’re not arguing that navigating the past year and beyond hasn’t posed any serious challenges for the broader Eastern European region, but it seems that Romanian-born startups and Eastern European startups in general might be well-equipped to weather the storms ahead.

These facts don’t come as a surprise given the credit that the CEE region has in terms of the VC funding’s growth, CEE being currently one of the fastest growing regions for VC funding in Europe, with a 7.6x growth since 2017.

“Becoming a successful tech company has more to do with perseverance and the founder’s character than about a big idea and inspiration. Founders, their teams, and their backers have to feed their thoughts, take risks with unconventional, creative approaches, and build and promote innovation. In turn, dynamics like the ones we see in the Romanian Venture Report are not just possible, but the successful continuation of an industry in our region on a steep rise.” René Schöb, Partner KPMG, Head of Tax and Legal

Key Findings



01. €102M Volume in 2022

The total volume of deals in 2022 rose near the level of the previous year's volume - €101.7M compared with €91.4M in 2021*.



02. 12X Growth 2017-2022

2022 also marked an impressive 12.3x increase over the last 6 years in the transactions volume compared to the industry's early beginnings of Romanian VC deals, back in 2017.



03. Unfreezing Series A

The volume of series A transactions almost tripled compared with the previous year, going from €15.3M in 2021 to €42.6M in 2022.



04. Seed Volume ↗ 29%

The total volume of seed transactions increased by 29%, reaching €56.4M compared to €43.4M in 2021*.



05. Pre-Seed ↘ 13%

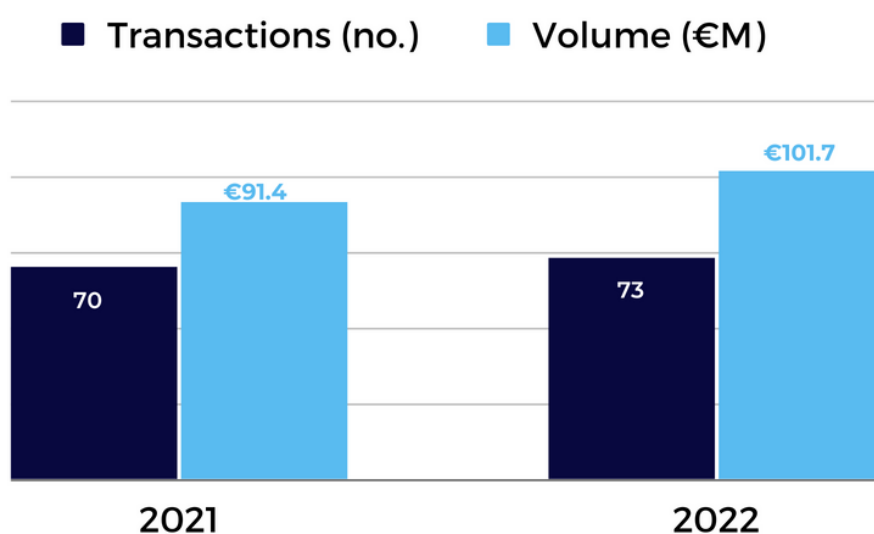
Pre-seed volume went down by 15.9%, reaching €2.7M compared to the previous year's €3.3M.

€102M Volume in 2022

And increased by 11% compared to 2021

The total volume of deals in 2022 rose near the level of the previous year's volume - €101.7M compared with €116.9M in 2021*. It's worth mentioning that 2021's transaction volume accounts for FintechOS €51M series B.

*For the purpose of this year's comparative analyses against the previous year, we've averaged the number of transactions as well as the transaction volumes for both scenarios of 2021 - accounting and discounting for the FintechOS €51M series B outlier we can average the overall 2021 annual volume to €91.4M and 71 transactions respectively. And when discounting such outliers, this actually means that 2022 outperformed 2021 by 54.3%, with €101.7M compared to €65.9M in 2021.



This supports Romania's 5th position in the top CEE countries by VC funding raised in 2022, mentioned in the CEE Startups 2022 report by Dealroom, coming right after Estonia, Czechia, Croatia, and Poland, which hold 70% of the total volume.

In terms of the total number of transactions, we could also see a slight increase on average by 3.5% from the 71 transactions recorded in 2021 to the 73 transactions in 2022. Moreover, as you'll find out going through the report, the market dynamic of 2022 was more homogenous, and had a better representation of all transaction types, from pre-seed to series A, while it did not showcase major outliers.

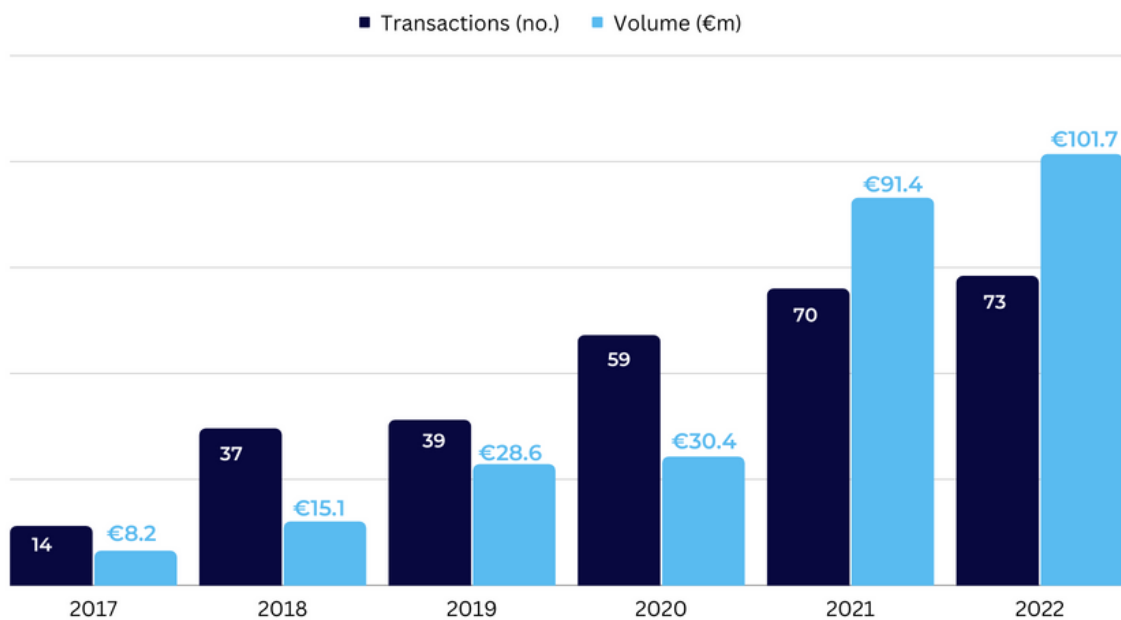
€102M

Total Transaction Volume 2022

12x Growth

Over the last 6 years (2017-2022)

2022 also marked an impressive 12.3x increase in the transactions volume compared to the industry's early beginnings of Romanian VC deals, back in 2017. Thus the yearly volume of venture deals involving Romanian startups went from a modest €8.2M in 2017 to a promising €101.7M in 2022.



Transactions & Volumes (€M) - 2017-2022

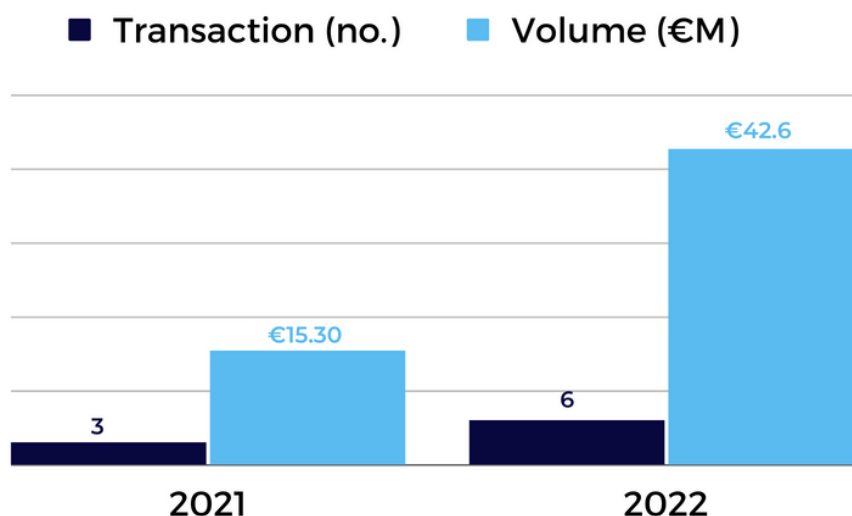
Unfreezing Series A

The volume almost tripled compared to 2021

in terms of the investment type breakdown and comparison with the previous year, we've got both good and bad news.

The good news is that 2022 was the most promising year so far in terms of series A transactions for the period going back to 2017 - both in terms of volume and in the number of transactions.

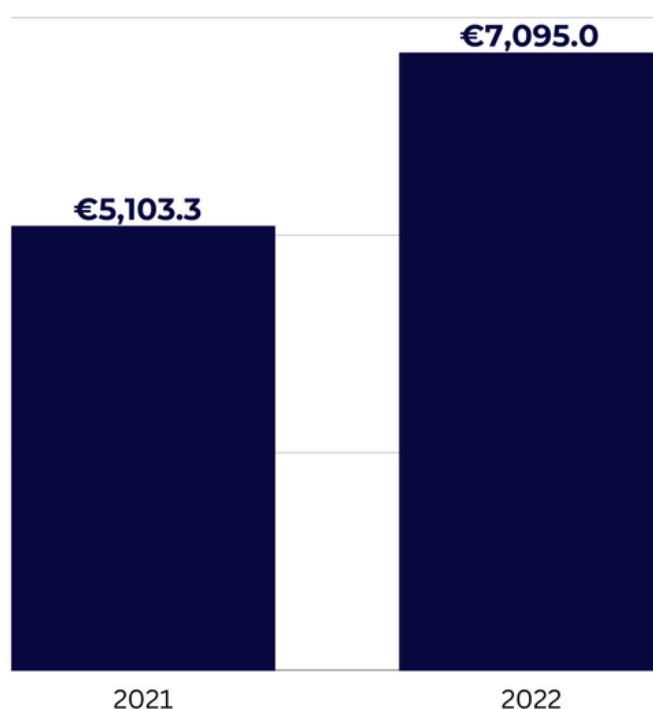
The volume of series A transactions almost tripled compared with the previous year, going from €15.3M in 2021 to €42.6M in 2022. The number of series A transactions doubled, going from 3 in 2021 to 6 in 2022. The first 3 transactions of 2022: Druid, Digitail, and Bware Labs account for 30% of the total transaction volume of 2022.



Series A transactions - 2021-2022

In effect, the average deal size of Romanian-based startups for series A deals increased by 39%, from €5,103.3K in 2021 to €7,095K in 2022.

This is again aligned with the CEE regional trends that showed resilience throughout 2022, especially in the early-stage investment landscape. The Dealroom CEE Startups report indicates that seed and Series A average round sizes continue to increase, with an average of €1.1M in 2022 from €0.8M in 2021 for seed rounds and of €12.5M in 2022 from €9M in 2021 for the Series A rounds.



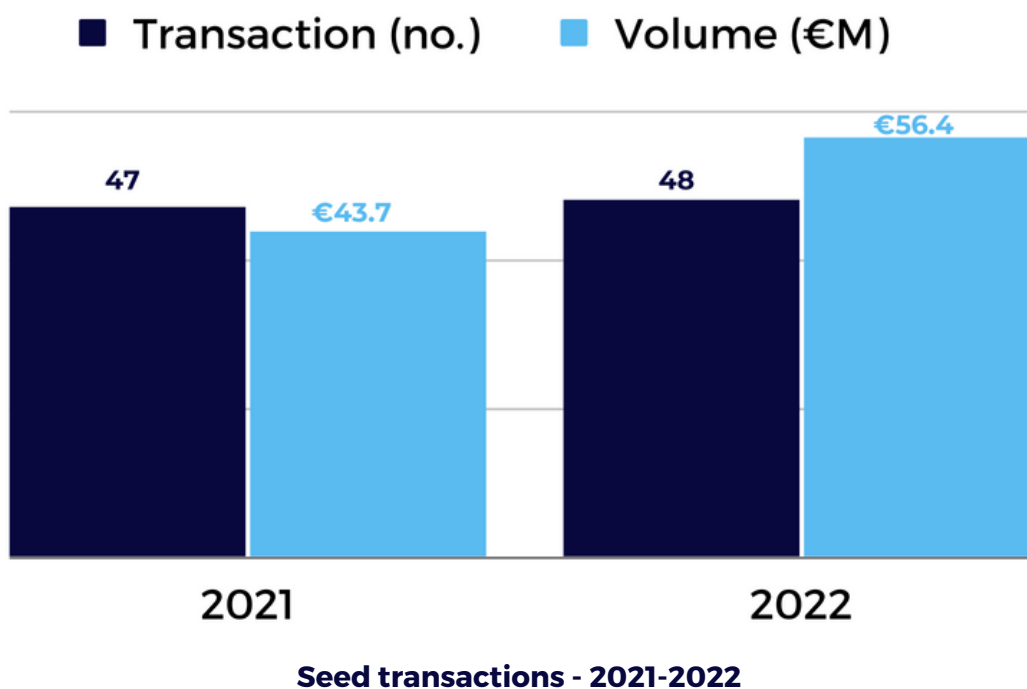
Average deal size in Romanian series A rounds - 2021-2022

Seed volume grew by 29%

Compared to the previous year

The total volume of seed transactions increased by 29%, reaching €56.4M compared to €43.4M in 2021*.

*Another mention worth making is that for the purpose of this year's comparative analyses against the previous year, we've averaged the number of transactions as well as the transaction volumes for both scenarios of 2021 - accounting and discounting for the FlowX €7M seed outlier (among the largest seed rounds in Europe at that time) - resulting thus in €43.4M transaction volume and 47 transactions respectively.



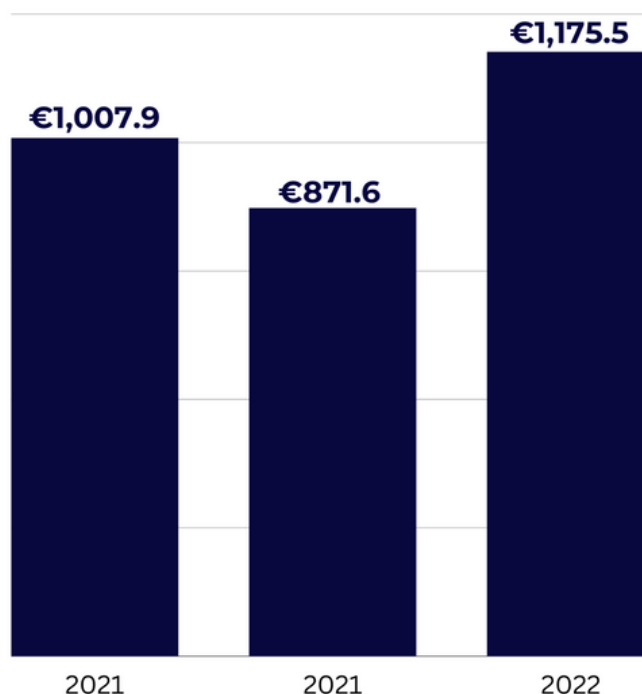
If we remove such outliers, this actually means that 2022 outperformed 2021 by 40.7% in terms of the seed transaction volume, with €56.4M compared to €40.1M in 2021.

In conclusion, when we analyze how the average deal size for seed transactions performed in 2022 compared to 2021 for both scenarios we have either:

- a 16.6% increase when we take into account the 2021 FlowX seed round, from €1,007.9K in 2021 to €1,175.5K in 2022

or

- an increase of 34.9%, when not taking into account the 2021 FlowX seed round, from €871.6K in 2021 to €1,175.5K in 2022

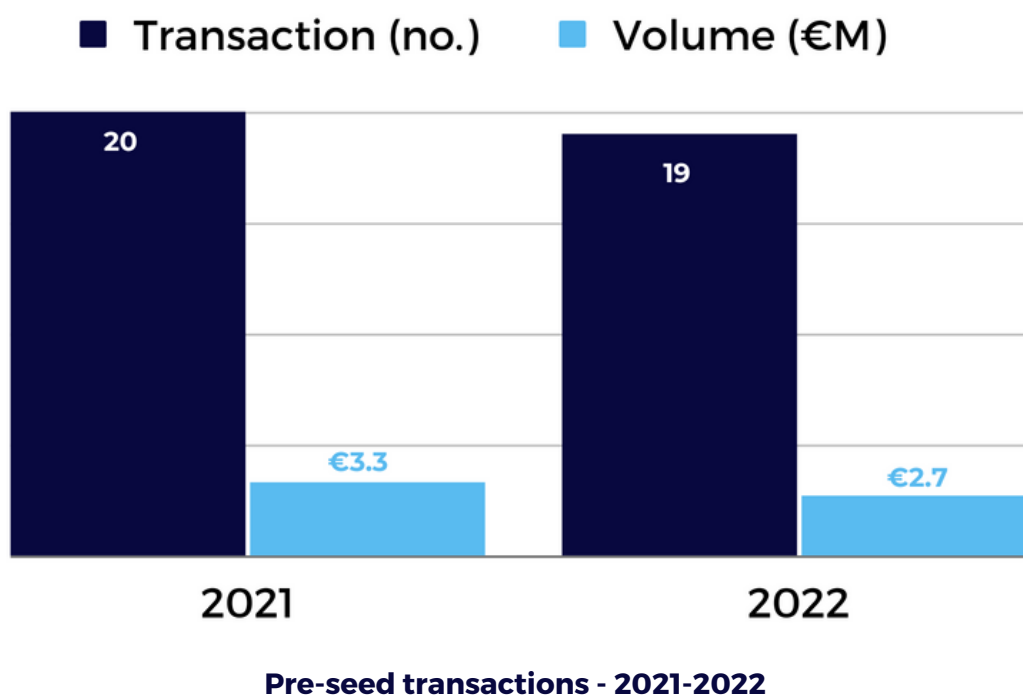


Average deal size in seed rounds (€K) - 2021-2022

Pre-seed volume went down by 13%

Compared to the previous year

Pre-seed volume went down by 15.9%, reaching €2.7M compared to the previous year's €3.3M. The number of pre-seed deals remained similar, from 20 transactions in 2021 to 19 transactions in 2022.

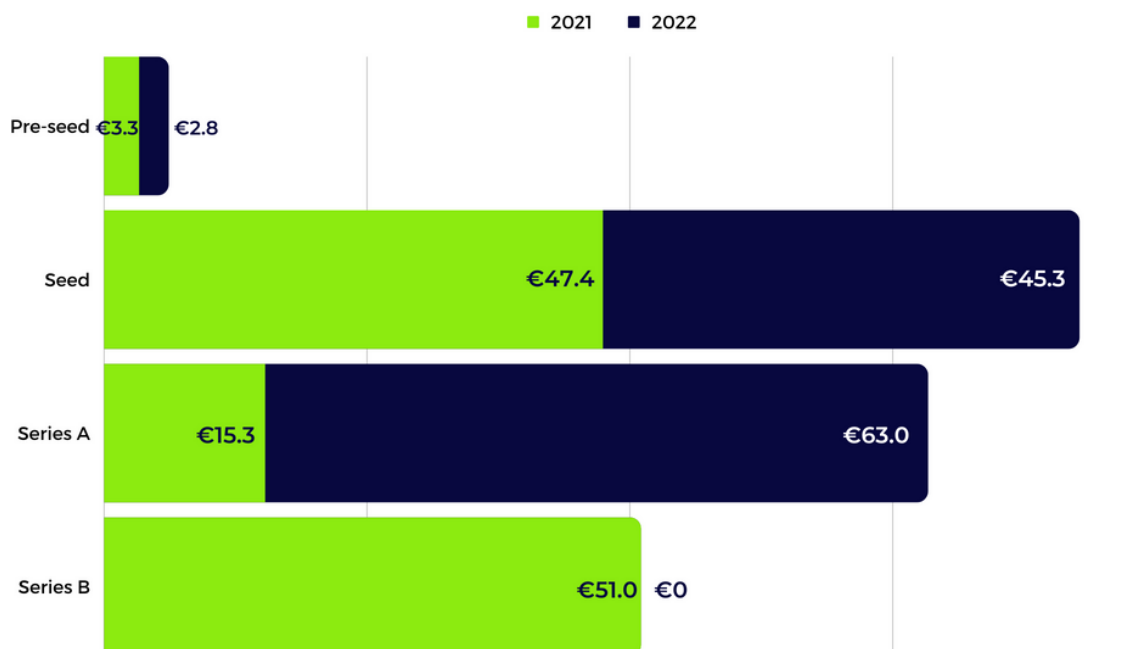


However, the average deal size for pre-seed transactions decreased by 11.5%, from €163K in 2021 to €144.3K in 2022.



Average deal size in pre-seed rounds (€K) - 2021-2022

For 2022 we did not record outliers as in 2021's FintechOS €51m series B round or FlowX €7M seed round, but rather bigger rounds and more diverse in terms of the investment type.



Total volumes by investment type (€M) - 2021-2022

Top Deals

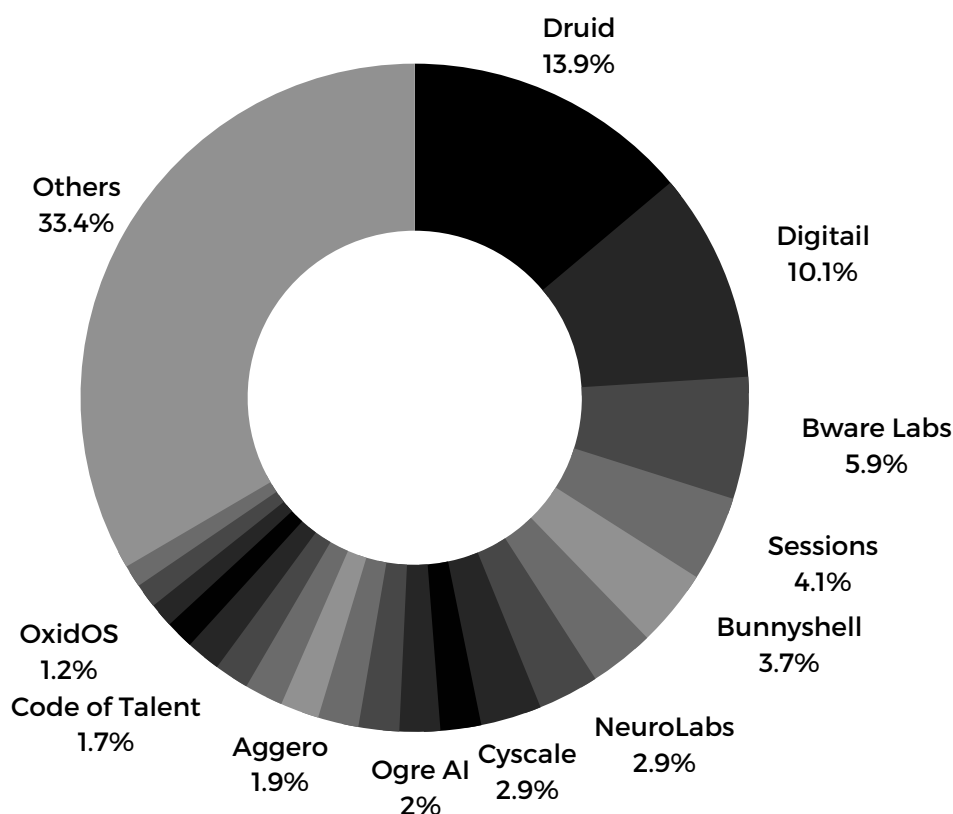
And **rising stars** of 2022

Wrapping up an overall challenging year with generous capital raised marks our list of companies that are worth keeping an eye on, so here are the top deals of 2022 and some of the rising stars in the Romanian startup ecosystem.

Romanian founders have kept on adding to their board of investors reputable names on the International and European VC scene, such as Atomico, Partech, byFounders, Credo Ventures, Gradient Ventures, Early Bird Digital East Fund, Hoxton Ventures, Hiro Capital, Karma Ventures, LAUNCHub, Eleven Ventures, which showed either continuous trust in follow-on and bridge rounds or invested for the first time in them.

Top deals of 2022 were Druid, Digitail, Bware Labs, Sessions, Bunnyshell, Machinations, NeuroLabs, Cyscale, AdServio and Ogre AI, making up €51.6M by raising serie A and seed rounds, and therefore adding up more than half (50.8%) of the total transaction volume of 2022.

Top Deals 2022



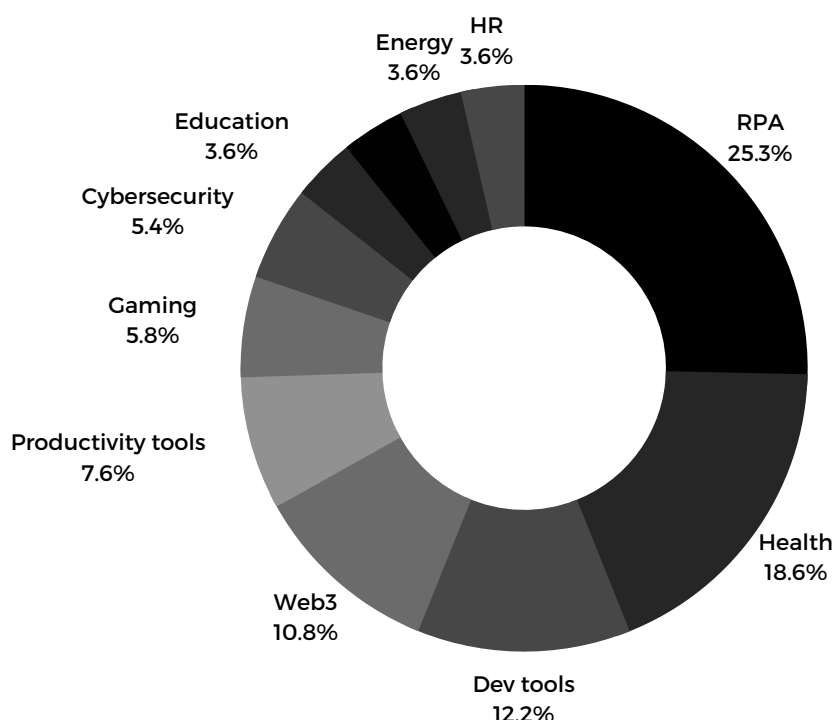
By looking at all the transactions of over €1M and breaking them down into intervals, it resulted in a total number of 29 transactions, and the following split:

- between €1-3M: 20 deals
- between €3-5M: 6 deals
- between €5-10M: 1 deal
- between €10-15M: 2 deals

“We founded Digitail with the pet parents in mind and wanting to also free up veterinarians’ time so they can focus on their patients. Our top priority with the newly raised round is to be the market leader in the US and Canada for cloud veterinary practice management systems (PIMS). We’ve been building the right team for this amazing journey and we’re now taking advantage of this timed opportunity!”
Sebastian Gabor & Ruxandra Pui, Co-Founders Digitail

Notable seed transactions involving evoMAG, Yarooms, Aggero, Nestor, Code of Talent, Tokinomo, Enabld, OxidOS, Goodlegal, Swisspod, brought an additional €16M to the yearly volume and can be seen as the rising stars of 2023 and beyond. Next to these top deals, there were another 3 companies that could not be disclosed, raising more than €12.6M in total.

The industries these top deals represent are very diverse and pose great potential for the years to come: RPA, Health, Dev tools, Web3, Productivity tools, Gaming, Cybersecurity, Education, E-commerce, Energy, HR, Retail, DeepTech, Legal, and Transportation.



These verticals are promising to invest and develop in, as they align with the common themes we have seen across CEE. The broader region is now home to promising startups in many other segments including disruptive technologies such as Security, Enterprise Software, E-commerce, and Fintech. Last but not least, Web3 and Gaming startups deserve close attention in 2023 as they are mutually reinforcing in CEE, leveraging the renowned expertise of the region. Although Estonia, Slovenia & Serbia concentrate over 70% of the combined value of Web3 startups in CEE, Romania finds itself in the top 5 hubs by enterprise value with approximately €253M in Web3. Finally, Gaming and Web3 startups are aiming for efficiency to deal with challenging times in 2023.

There is no secret by now that Romania (and Eastern Europe in general) is where diamonds in the rough appear more often than ever before.

Other Findings



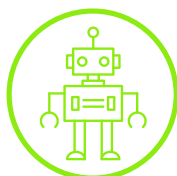
01. First Round ↗ 40%

First-round volume in 2022 grew by 40% compared to 2021. With €33M raised as first-round transactions in 2022, there is a 39.7% growth.



02. Follow-on rounds steady

Follow-on rounds volume of 2022 remained steady compared to 2021. With a volume of €68.8M raised as follow-on rounds in 2022, this represents a 26.3% compared to 2021.



03. The tech prodigies of 2022

Tech prodigies RPA, Health, and Dev tools are the leading industries in 2022's deals. Runner-ups: Gaming, Web3 and Education



04. The most active quarter

The total volume of seed transactions increased by 29%, reaching €56.4M compared to €43.4M in 2021*.



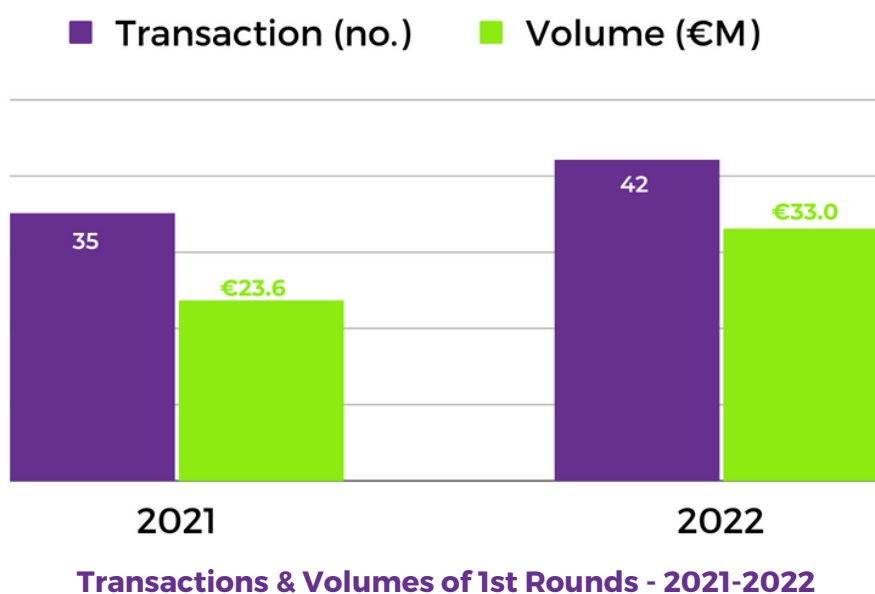
05. Mixt Capital Trans. ↗ 79%

Fewer transactions involving exclusively Romanian or international capital, while transactions involving mixt capital increased by 79%

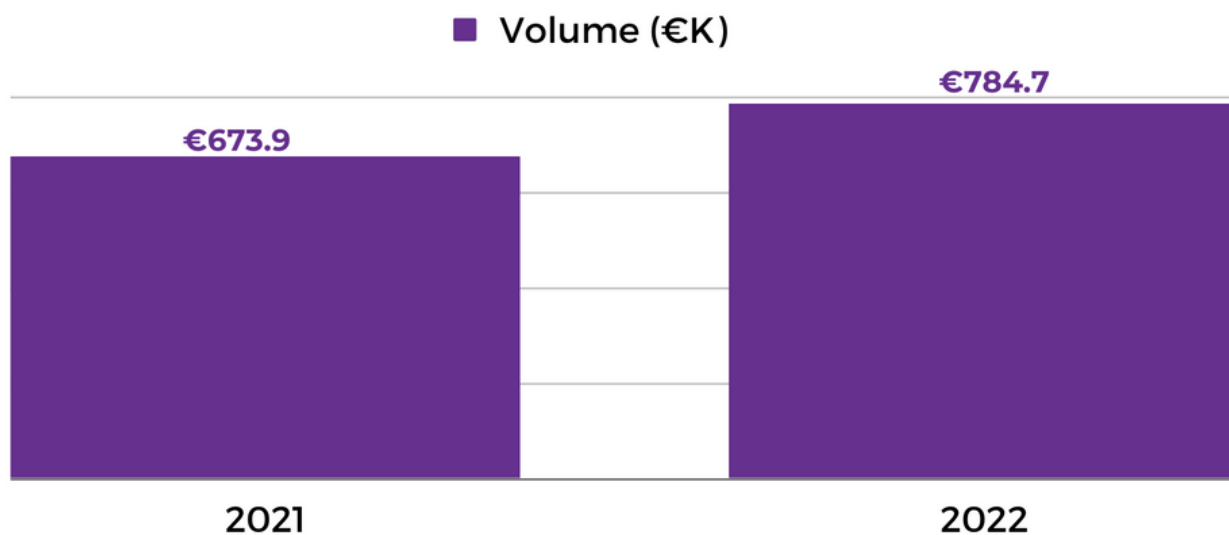
First-round transactions growth

First round volume in 2022 grew by 40% compared to 2021

We tracked €33M raised through first-round transactions in 2022, which represents a 39.7% increase in volume compared to €23.6M of 2021's first-round transaction volume.



Also, with a 20% increase in the number of first rounds transactions - from 35 in 2021 to 42 in 2022, this came along with an increase of the average deal size of first rounds by 16.4%, from €673.9K in 2021 to €784.7K in 2022.

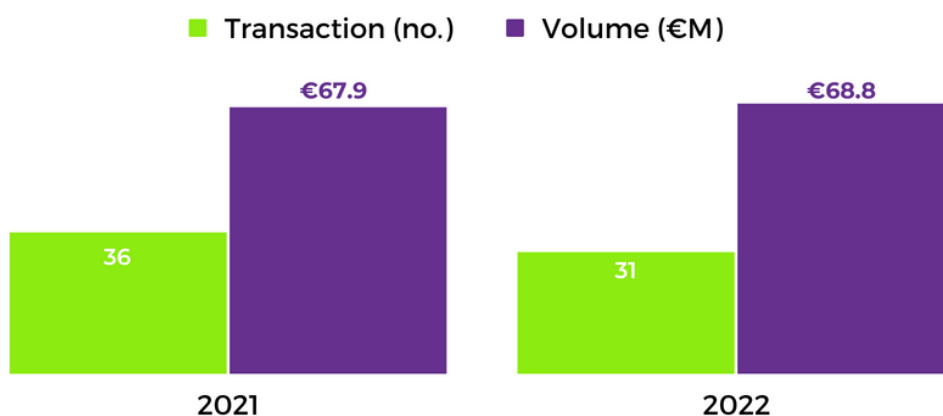


Average Deal Size in 1st Rounds 2021-2022

Follow-on rounds remained steady

Similar levels compared to 2021 in transaction volume

With a volume of €68.8M raised as follow-on rounds in 2022, this represents a 26.3% decrease in volume compared to €93.4M of the follow-on transaction volume of 2021. The main reason behind this lies in the fact that 2021's volume accounts for FintechOS €51M series B. Therefore, similar to some of the previous analyses, when looking at follow-on rounds we've averaged 2021's numbers for the two distinct scenarios - taking into account and removing the FintechOS €51M series B outlier - resulting in a €67.9M average transaction volume and 36 average transactions respectively and thus showing similar levels to 2022's evolution of follow-on transactions.



Transactions & Volumes (€M) of follow-on rounds - 2021-2022

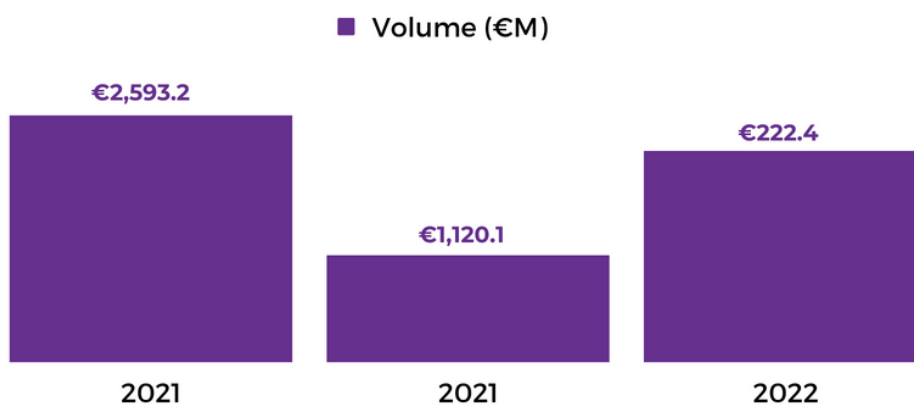
When removing such an outlier, this actually means that 2022 outperformed 2021 by 62.4% in terms of the follow-on transaction volume, with €68.8M compared to €42.4M in 2021.

In conclusion, when we analyze how the average deal size for follow-on transactions performed in 2022 compared to 2021 for both scenarios we have either:

- a 14.4% decrease when we take into account the FintechOS series B in 2021, from €2,593.2K in 2021 to €2,218.7K in 2022

or

- an 83.3% increase when not taking into account the FintechOS series B in 2021, from €1,120.1K in 2021 to €2,218.7K in 2022



Average deal size on follow-on rounds - 2021-2022

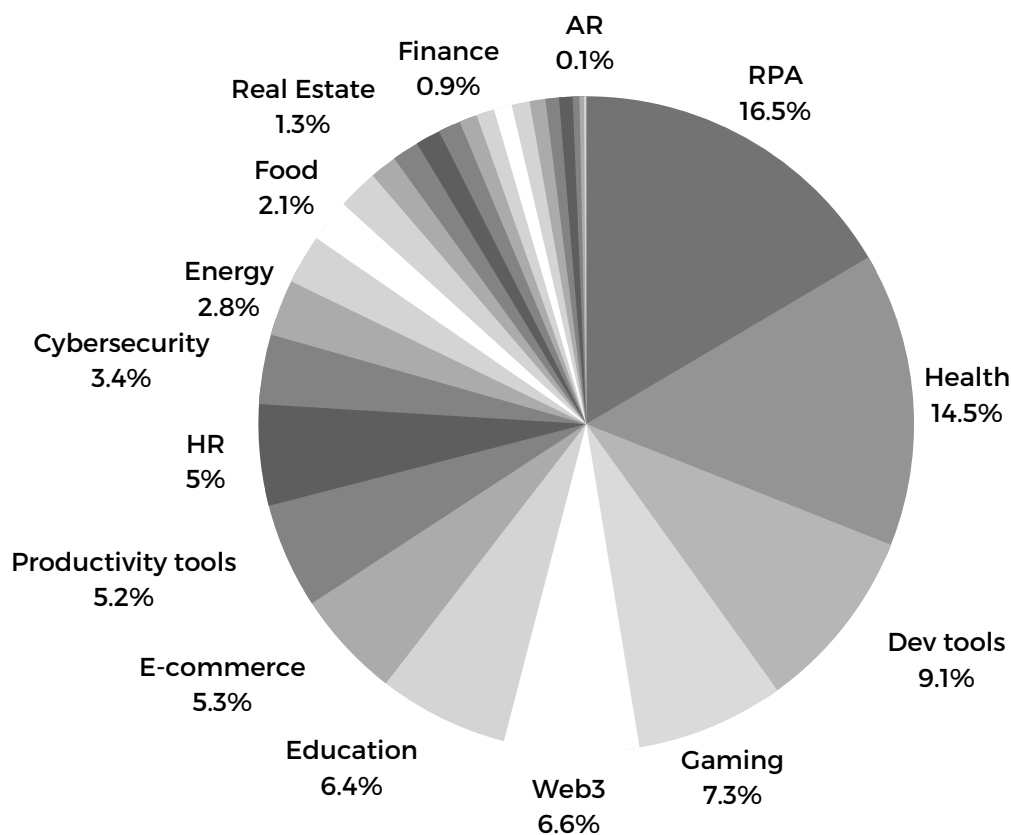
The tech prodigies

RPA, Health, and Dev tools are the leading industries in 2022's deals. Runner-ups: Gaming, Web3, and Education

From the total volume of 2022's transactions, a significant 35.6% was raised by startups addressing the industries such as RPA (€14.9M), Health (€13.1M), and Dev tools (€8.2M), totaling €36.2M and making them top industries of 2022's deals.

Not far from these stand industries such as Gaming (€6.6M), Web3 (€6M), and Education (€5.8M) for which startups raised another €18.4M.

The volume raised by startups addressing all industries mentioned beforehand already makes up more than half (53.7%) of the total transaction volume of 2022.



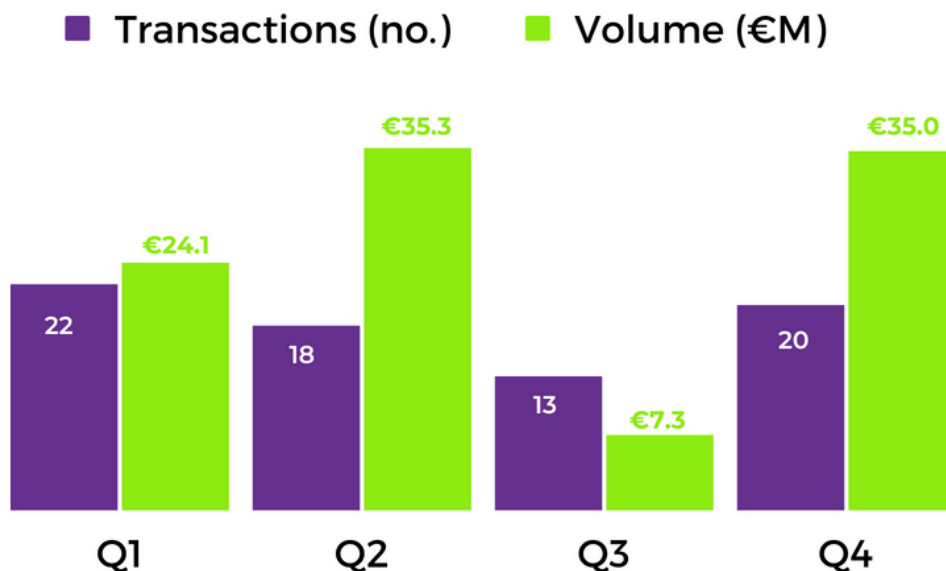
The most active quarter

More than 70% of 2022's transaction volume was recorded in Q2 and (wait for it...) Q4

With a transaction volume of €35.3M coming from 18 transactions, and with a 46.2% increase from the previous quarter, Q2 of 2022 stands out from the rest of the year's quarters. This comes somehow surprising in the light of a general political and economical uncertainty that was already rising up in Europe and followed by a bubble burst for the global tech scene.

But even more unexpected is that Q4 of 2022 was actually the second-best performing quarter in terms of transaction volume, with €35M, coming from 20 transactions, and a strong comeback increasing by 378.1% from the previous quarter.

And although there were these obvious peaks of transaction volume in 2022, we can also observe that there was a more even distribution of transactions throughout all the quarters, correlated with a more even distribution of the transaction volumes per quarter as compared with the previous year.

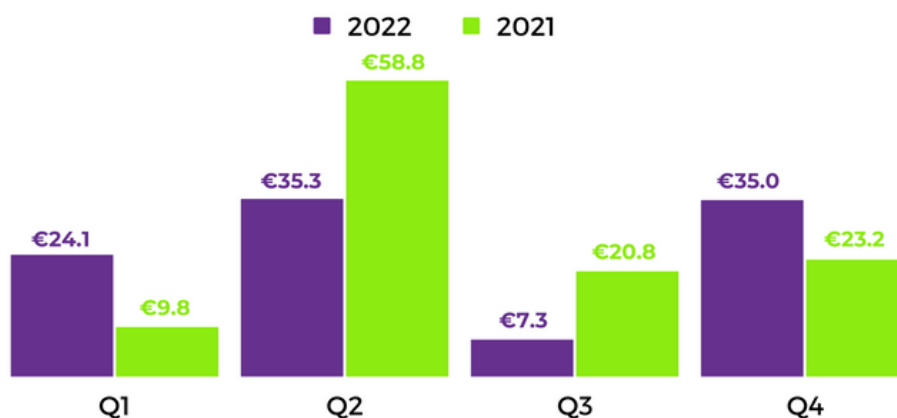


Transactions & Volumes (€M) by quarters - 2022

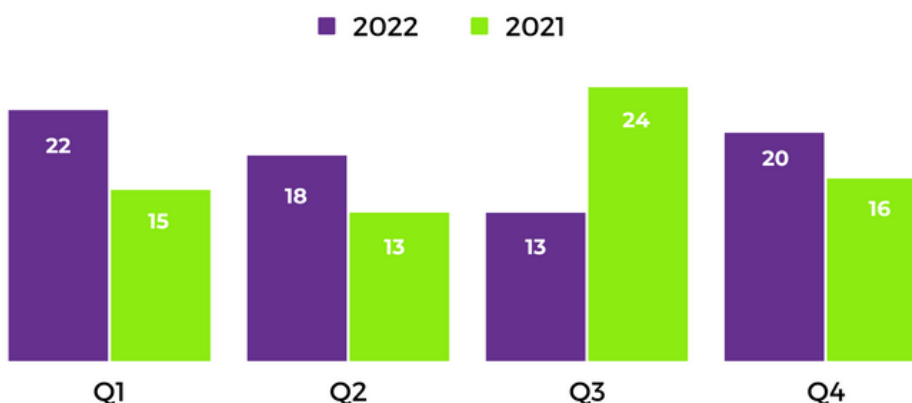
Q4 of 2022 also recorded a 51.1% increase in volume compared with the same period of the previous year, going from €23.2M to €35M. Moreover, Q1 of 2022 increased by 145.7% in volume compared with Q1 of 2021, going from €9.8M to €24.1M.

Q3 of 2022 recorded a 64.9% decrease in volume compared to Q3 of 2021 and had a significant 45.8% fall in terms of the transaction number - from 24 in Q3 2021 to 13 in Q3 2022.

Similarly, Q2 of 2022 had a 40% decrease in volume compared with Q2 of 2021, going from €58.8M to €35.3M. It's again worth noting that in 2021, Q2 recorded the peak in the volume of transactions and this is due to FintechOS €51M series B outlier. In this light, Q2 2022 was not bad after all.



Volumes (€M) by quarters - 2021-2022



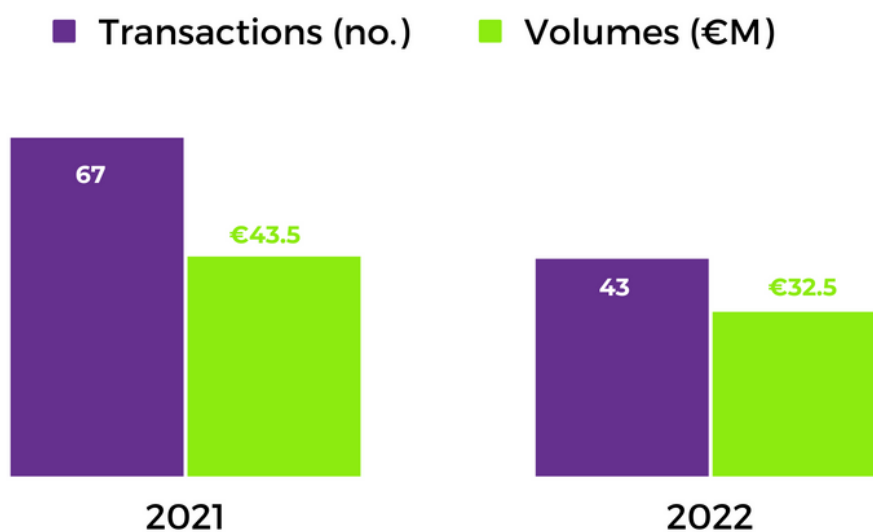
Transactions (no.) by quarters - 2021-2022

Mixt capital increased

Fewer transactions involving exclusively Romanian or international capital, while transactions involving mixt capital increased by 79%

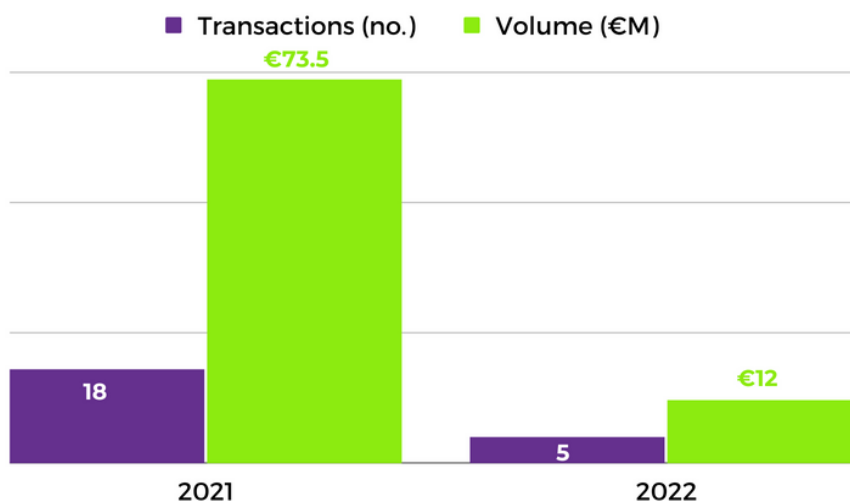
In 2022, the volumes split by the source of capital decreased in comparison with 2021 when looking at transactions with Romanian capital exclusive, international capital exclusive, or mixt capital.

With a volume of €32.5M coming from 43 transactions made exclusively with Romanian capital this represents a 25.2% decrease in volume compared to the previous year's €43.5M and a 35.8% decrease in the number of transactions compared to the previous year's 67 transactions.



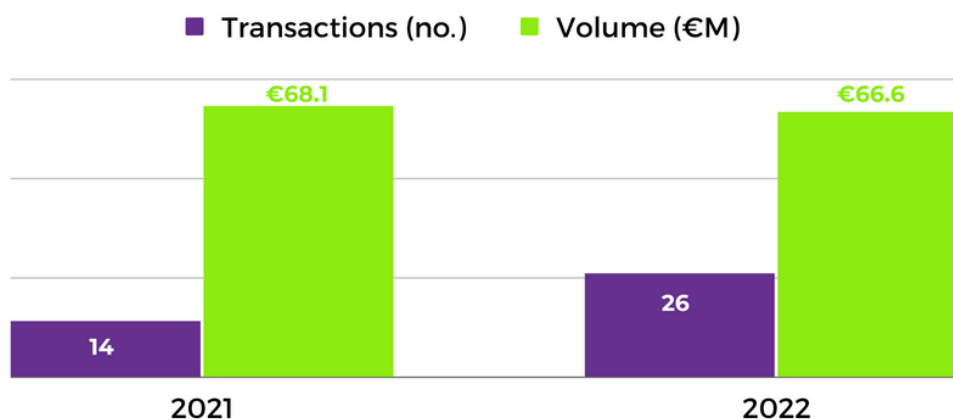
Romanian Capital 2021-2022

With a volume of €12M coming from 5 deals made exclusively with International capital this represents an 83.6% decrease in volume compared to the previous year's €73.5M and a 72.2% decrease in the number of transactions compared to the previous year's 18 deals.



International Capital 2021-2022

With a volume of €57.2M coming from 25 deals made exclusively with mixt capital (Romanian + international) this represents a 16% decrease in volume compared to the previous year's €68.1M but almost doubling (78.6%) the number of transactions from the previous year's 14 transactions to 2022's 25 transactions.



Mixt Capital 2021-2022

On this note, it again seems that there is an increased level of maturity in both startups as well as in the venture capital industry in Romania and in the broader region - more startups raising their rounds in which a syndicate of local and regional players is joining.

Now before jumping to this edition's conclusions, we've also compiled a few sections to walk you through about:

- what happened in the tech and investment scene at a macro level (Eastern Europe, Europe, and globally) by looking cherry picking insights from other relevant reports
- how does a benchmark ecosystem in the region performed in 2022 through a snapshot of the Polish transactions in 2002 with the contribution of our friends at PFR Ventures
- the newly raised VC funds in Europe
- venture investment opportunities in Romania with the contribution of The European Investment Fund

Have a look and see you back in the conclusions section.

European & global state of VC deals

According to Pitchbook's Annual European Venture Report, in 2022, €91.6Bn was invested into Europe-based startups, representing a 15.9% YoY decline from the record set in 2021.

Taking a look at the macro European level, €27Bn, equivalent to 29.4% of European deal value, was invested into UK & Ireland-based companies, whereas at the other end we can find Central and Eastern Europe that account for around 4.3% of the overall amount, and Southern Europe with 6%.

Narrowing down the lenses to CEE and to our local market, we are pleased to notice that the Romanian startup and VC ecosystem is year by year standing out more and more on the CEE and European economical landscape.

According to Dealroom's annual CEE report, the combined value of startups in the region has quadrupled in the last five years and amounted to €190Bn in 2022. Croatia, Lithuania, and Ukraine are recognized as the fastest growing counties in CEE. In this context, Romania is positioned in the 5th position, with a 6.8x growth rate from 2017, from €1.2Bn to €8.1Bn in combined enterprise value.

The highlights that put Romanian on "the map", such as UiPath - the first Romania-born unicorn, FintechOS - with its €51M series B raised in 2021 or successful companies such as eMAG and Bitdefender, have already been contributing to the organic and steady growth of the startup ecosystem, either by job creation or returning capital in direct investments.

Thus, each year brings out an increasing number of rising stars to keep an eye for, with Romanian founders that have stepped up their game in raising VC rounds, reached both local and international capital and added more speed to their growth timeframe in-between pre-seed / seed and now Series A rounds.

Dealroom's CEE report mentioned that when they are backed, CEE startups successfully graduate from seed to Series A at a similar pace and rate compared to the rest of Europe, even though slower overall last year; 74% of the VCs surveyed by the Atomico State of the market report considered that fundraising took longer in 2022 compared to 2021.

The average funding per startup is decreasing globally, but is increasing in CEE. With a steady growth of the average deal size, Romania aligned to the European (€470K) and global (€440K) amounts, and even closer to the CEE average of €260K.

The Romanian startup ecosystem tracks 2,500+ companies as we speak, and, despite the uncertainties of 2022, founders seemed not to have lost faith, as we've identified 42 companies of the overall 73 transactions announcing their first financing round in 2022, bringing around €33M to the table, which represents approximately 33% of the overall transaction volume of 2022.

With all the hype brought on the global and European unicorn hunt over the last years, it becomes a must for reports to look into the evolution of this aspect of the market. Fewer large-scale deals at lofty valuations closed in H2 2022. Also, the last year marked a 70% drop in the number of unicorns born out of Europe, from 105 in 2021 to "only" 31 in 2022, an effect that was to be expected and matched the high levels of the overall uncertainty, the decrease in mega-rounds as the European tech industry has lost about \$400Bn in value in 2022, being valued at \$2.7Tn now, according to the annual State of European Tech Atomico's report.

Still, according to Dealroom's CEE report, counting to date there are 44 unicorns born out of CEE, 8 of them from 2022, and the rounds of \$100M and above account for 52% of the volume invested in CEE, year to date. Startups with \$1Bn+ valuations included Bulgarian fintech Payhawk, Czech enterprise software company Productboard, Croatian automaker Rimac Automobili or the 9th Estonian unicorn, the AI-powered identity verification startup, Veriff.

Polish VC Deals

with the contribution of PFR Ventures

With the Polish ecosystem being among the best developed in the Eastern European region, we wanted to include here a snapshot of the Polish VC deals.

Therefore with the contribution of PFR Ventures, we're summarizing the evolution of the Polish VC deals over 2017-2022.

The largest investor for venture capital and private equity funds in Central and Eastern Europe, PFR Ventures has over €1Bn of commitments and acts as an investor in over 60 local and international VC and PE funds and indirectly in over 500 companies.

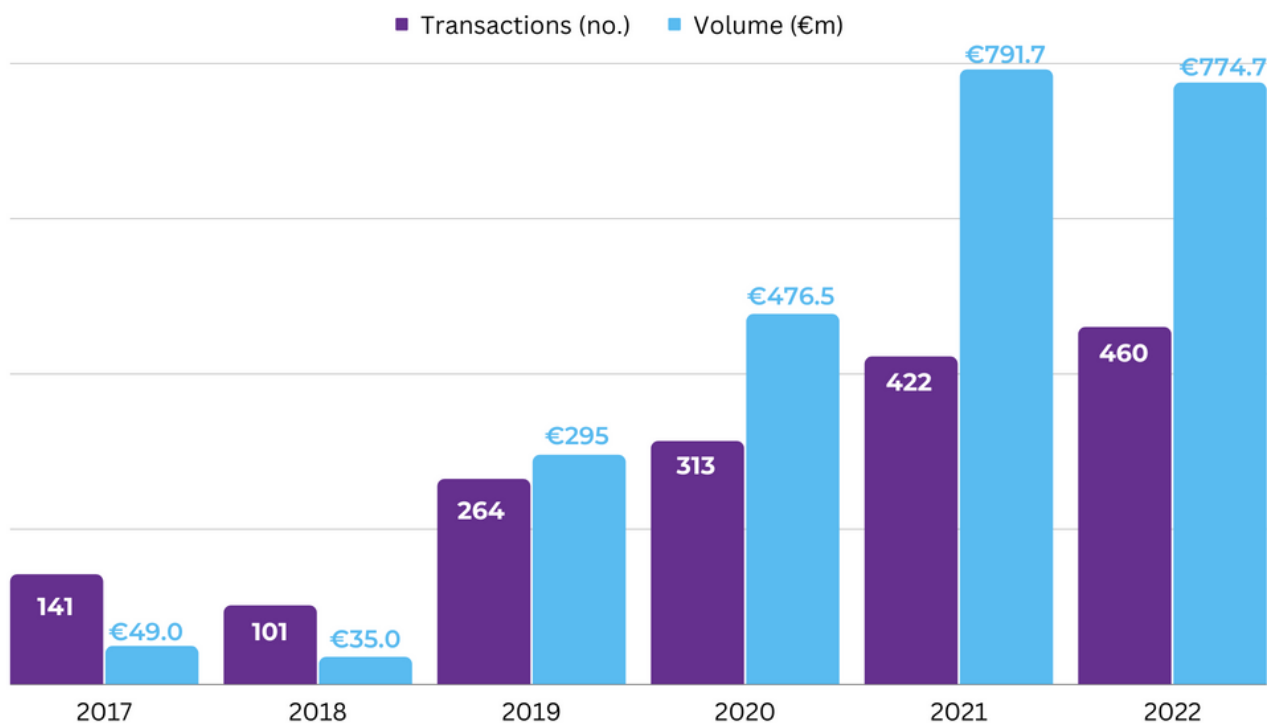
"In 2022, the Polish VC market slowed down and kept up the value of transactions from the previous year (denominated in Polish Zloty), which is still a good signal compared to global and regional downtrends. We have also recorded a new record in the number of investments, with capital going to 435 innovative companies, compared to 379 the year before and 300 the year before.

In 2023, new public funds will enter the market, which should strengthen the ecosystem and allow further development of VC funds. Regardless of the activities of PFR Ventures or NCBR, we are seeing increased activity from private investors, who are injecting new VC funds with their money. This is a good signal for the ecosystem." Aleksander Mokrzycki, Vice President of the Management Board, CFO, COO at PFR Ventures

The evolution of Polish transactions and volumes during 2017-2022

For the Polish VC industry, 2022 marked a 16x increase in the deals volume compared to 2017. Thus the volume went from €49M in 2017 to an impressive €774.7M in 2022, thus marking an increase of 1481.0%.

In terms of the total number of transactions, there was also an increase recorded, in this case by 226.2% from 2021's 141 transactions to 2022's 460 transactions.



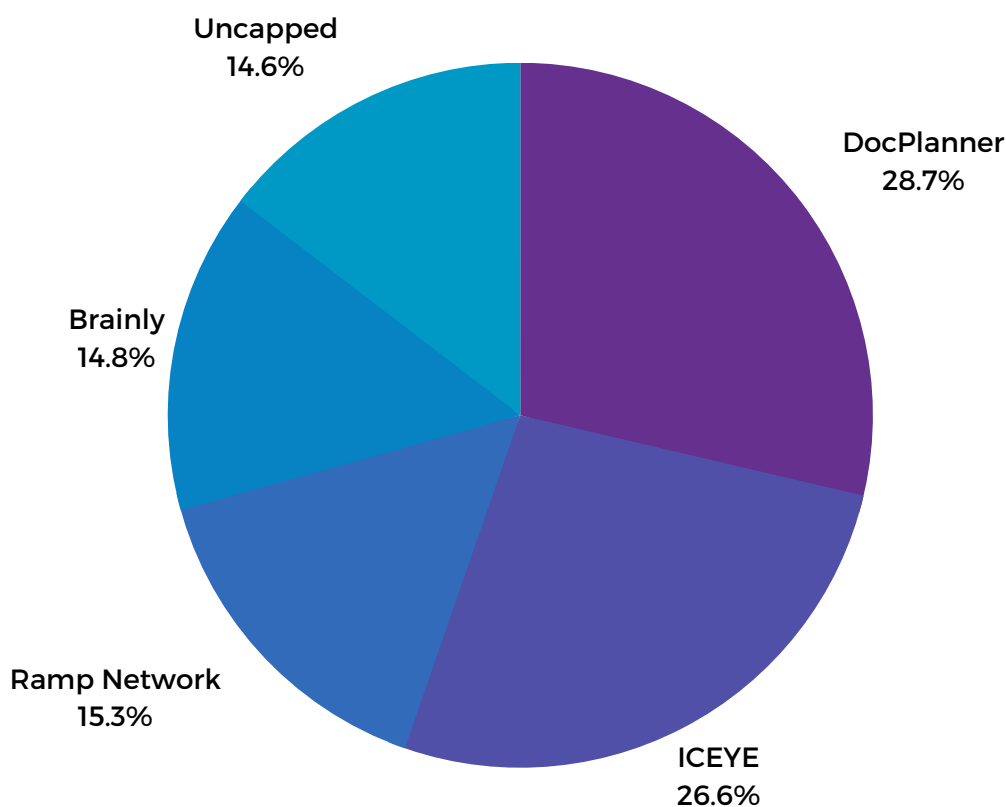
Polish Transactions & Volumes (€M) - 2017-2022

Polish top deals during 2017-2022

Wrapping up an overall challenging year with generous capital raised marks their list of companies that are worth keeping an eye on, so here are the top deals of 2017-2022 and some of the rising stars in the Polish startup ecosystem.

Top Polish deals during 2017-2022 were DocPlanner, ICEYE, Ramp Network, Brainly, and Uncapped, making up €454.9M in total, having the following split:

- DocPlanner (€130.4M in 2021)
- ICEYE (€121.2M in 2022)
- Ramp Network (€69.8M in 2022)
- Brainly (€67.1M in 2020)
- Uncapped (€66.4M in 2021)

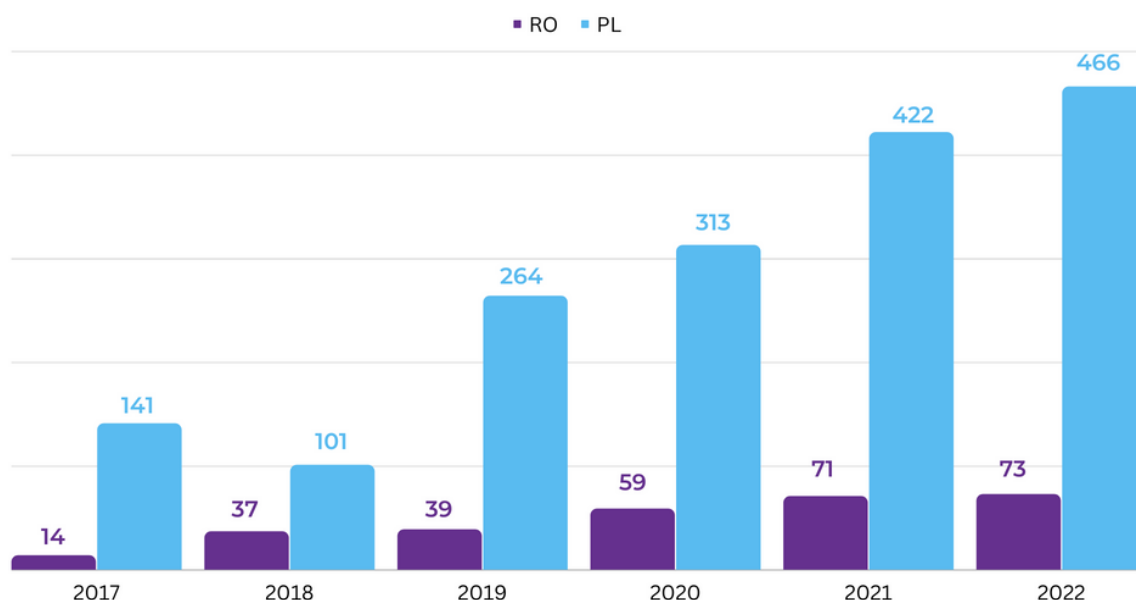


Polish vs Romanian deals comparison during 2017-2022

With the previous information at hand, we've performed a comparative analysis between the Polish and Romanian deals during 2017-2022. And although it is crystal clear that both transactions and volumes are far from being similar, we could spot similar growth curves between the two markets.

In terms of the number of transactions in 2022 compared to 2021, there was a slight 3.5% growth rate for the Romanian transactions - from 71 in 2021 to 73 in 2022, whereas the number of Polish transactions grew by 9.0% in 2022 compared to the previous year - from 422 in 2021 to 466 in 2022.

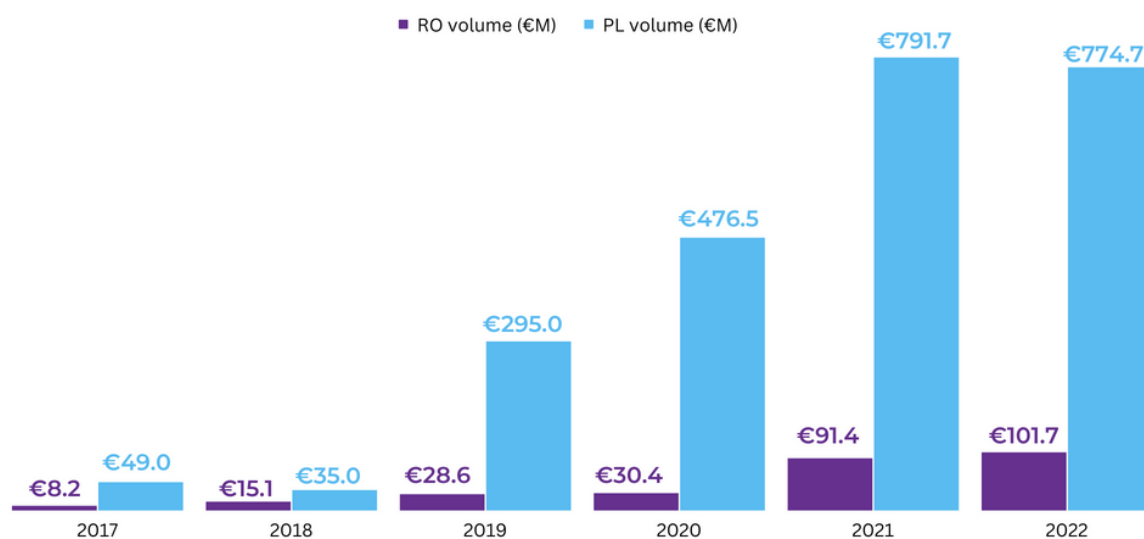
But when we look at the growth rate of the number of transactions during 2017-2022, Romanian transactions have increased by 421.4%, whereas Polish transactions grew by 226.2%.



Polish vs Romanian Transactions - 2017-2022

In terms of the transaction volumes in 2022 compared to 2021, there was an 11.3% increase in the volume of Romanian transactions, whereas the volume of Polish transactions went down by 2.1% in 2022 compared to the previous year.

Now when we look at the growth rate of the transaction volume during 2017-2022, Polish deals have increased by 1481.0%, whereas Romanian deals have increased by a not-so-different 1134.1%.



Polish-Romanian Volumes (€M) - 2017-2022

Once again all these findings don't seem surprising at all. And it's, therefore, no wonder that Romania ranks 5th in the region in terms of investment volume in 2022, with Estonia, Czechia, Croatia, and Poland leading this top.

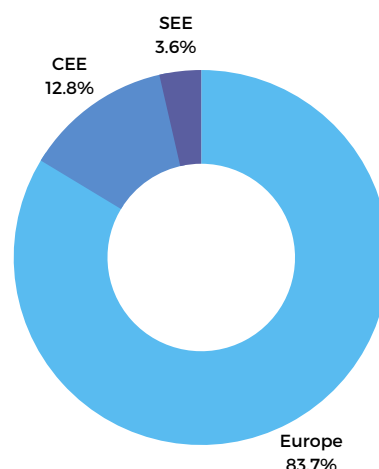
The potential of building amazing venture backed companies coming from the broader Eastern European region was here all this time. It's just that now more than ever the historical data can lay this narrative as clear as it can get.

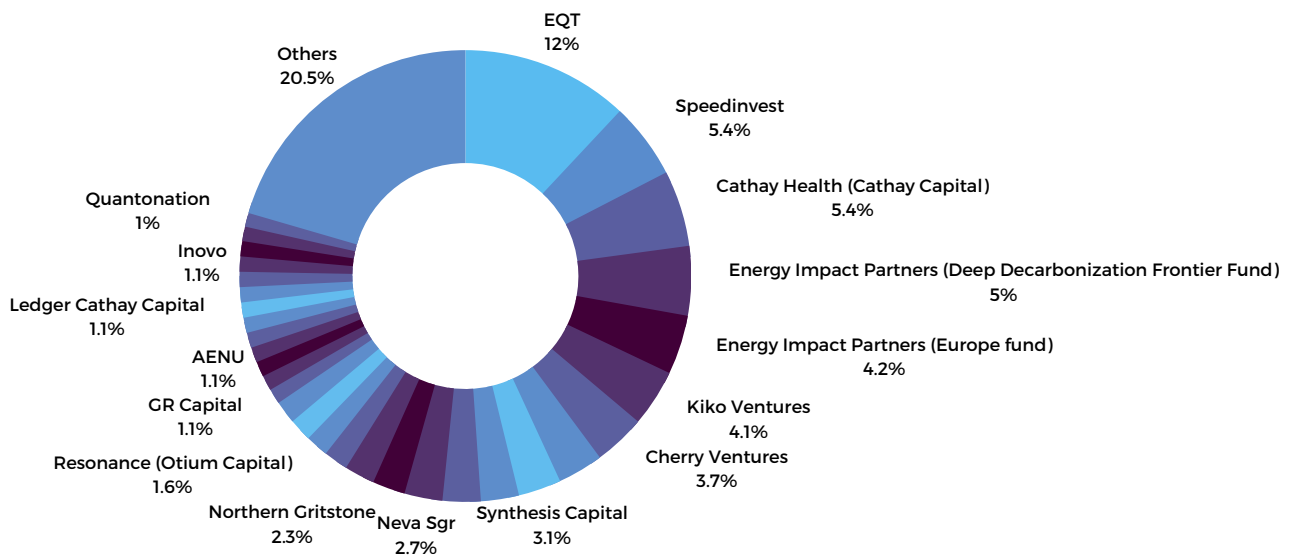
VC funds raised in 2022 targeting European startups

The data we've collected for this section of this edition of the report (included for the first time) stands more as a sample analysis of this dimension of the market – VC fundraising. We focused only on 94 fund closings that we've spotted in our research from public data, out of which 24 we attributed to CEE, 5 to SEE, and 65 to the rest of Europe, all adding up to €9.2Bn of capital raised by funds from their LPs.

We are thrilled that this actually accounts for only 40% of the overall amount stated by Pitchbook in their Annual European Venture report, which mentioned €25.4Bn of fresh capital raised by VCs in Europe in 2022, a flat rate to 2021 and an overall fund count of 212 funds closed, down from 305 in 2021 and 339 in 2020.

We've looked mainly at transactions that did not involve (or not majority) public or governmental capital, therefore some of the bigger European rounds or debt rounds for example are not part of this edition's list.





Out of our sample analysis of the VC funds raised in 2022, taking into account, as mentioned, around 40% of the overall capital raised, we can outline some key trends, more than core insights, that can portray an overview of this last year:

- Less traditional structures of the new funds launched, either having solo GPs behind, VCs turned angels or successful founders and operators turned VCs (such as Plural - UK, Acrobator - Netherlands, Underline VC - Romania, Cocoa VC - UK, Unruly Capital - Italy) showing a powerful example of how capital can be put to a cyclical use in the VC ecosystem.
- There was a great unblock of capital put towards Ukraine and crisis funds.
- The split of capital raised by funds founded in 2022 was almost equal to the one raised by more established funds during this last year. We've spotted 71 new funds emerging on the European VC market in 2022, with €4.7Bn ready to be deployed.



- We could also spot some interesting trends such as funds investing exclusively in niche sectors such as psychedelics (Leafy Tunnel - UK), university spinouts (QBIT Capital, Switzerland or Northern Gritstone - UK), diversity (Female Founders, Fund F, Austria, Sista, France or Cornerstone VC - UK), metaverse (FOV Ventures - UK) and overall a very high interest in Climate Tech, Food Tech, and Deeptech.

For institutional investment programs, we've compiled further a dedicated section with the contribution of The European Investment Fund (EIF) addressing the Romanian market in particular.

Investment programs for Romania's VC industry

with the contribution of
EIF

EIF is a specialist provider of risk finance to benefit small and medium-sized enterprises (SMEs) across Europe. EIF is part of the EIB Group. Its shareholders are the European Investment Bank (EIB), the European Union (EU), represented by the European Commission (EC), and a wide range of public and private banks and financial institutions. EIF carries out its activities using either its own resources or those provided by the EIB, the EC, EU Member States, or other third parties.

By developing and offering targeted financial products to intermediaries, such as banks, guarantee and leasing companies, micro-credit providers, and private equity funds, EIF enhances access to finance.

Until 2022 EIF in Romania backed 38 private equity and venture capital funds. In turn, these funds invested €840M in 137 Romanian SMEs and midcaps.

38

EIF backed
Private Equity &
VC Funds

€840M

Invested by those
funds

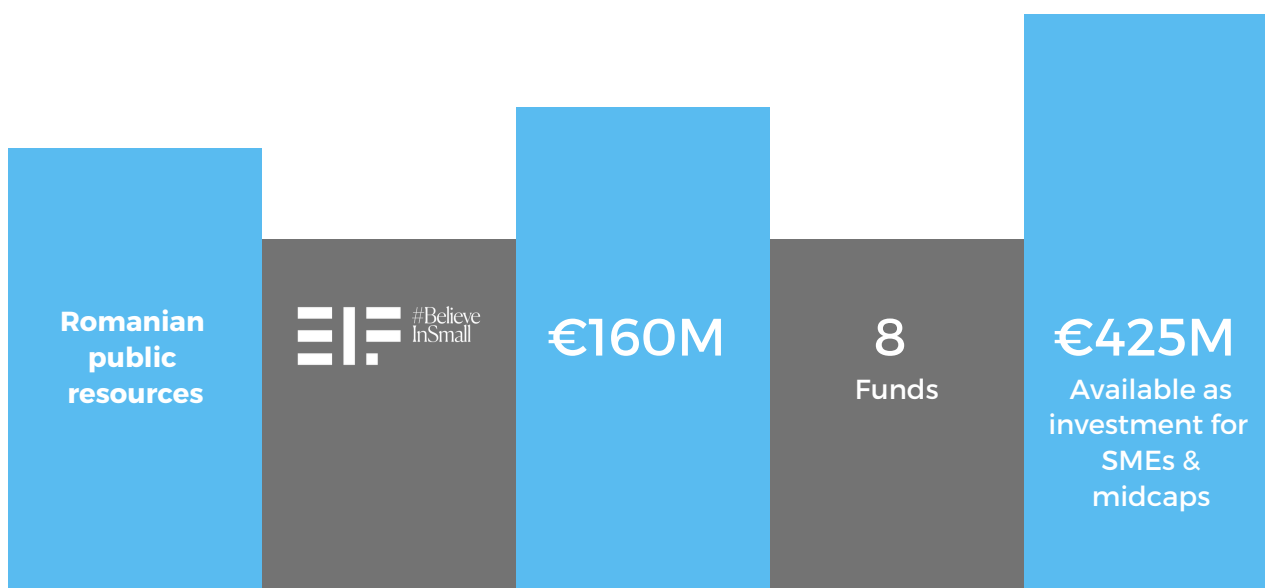
137

Romanian SME's &
midcaps
supported

Locally-Funded Impact

EIF's essential support for the Romanian market is born out of the strong cooperation between the EIF and the Romanian Government, resulting in the creation of global players, ecosystem growth and profits for investors.

EIF's impact via national resources since 2012



Notable Romanian startups financed by EIF-backed venture funds



The first Romanian-born Unicorn

Beyond 2022: Romanian Equity Fund and InvestEU

Two important flagship initiatives will bring further support to the Romanian ecosystem.

Recovery Equity Fund (REF)

A quantum leap in the Romanian venture ecosystem is expected from the launch of the REF, financed from Romania's Recovery and Resilience Plan and managed by EIF.

The program benefits from a total budget of €400M which can be allocated until 2026 to the full range of market players, including venture funds.

The first PE & VC funds financed from the REF are expected to become operational in 2023.

InvestEU

InvestEU exists to support sustainable investment, innovation, and job creation across Europe, as well as to promote recovery, green growth, employment, and well-being.

The EIF is charged with mobilizing €145Bn in investments benefiting SMEs, small mid-caps and mid-caps, infrastructure projects, and individuals.

The program will be available until 2027.

Conclusions

In order to draw some conclusions and help you draw yours based on the insights you got for the report so far, we've recapped below the good, and the not-so-good that came along with 2022.

The good that 2022 brought

- €101.7M volume in 2022 and an 11.3% increase compared to 2021, although 2022 had no outliers as in the case of 2021. And 12.3x growth over the last 6 years
- Tech prodigies RPA, Health, and Dev tools are the leading industries in 2022's deals; runner-ups are Gaming, Web3, and Education, aligning Romania-born startups with the regional and global promising industries of the future
- Seed volume grew by 29% compared to the previous year
- First round volume in 2022 grew by 40% compared to 2021
- Series A started to unblock. The volume almost tripled compared to 2021, and series A starting to catch up, both in terms of transaction number and volume
- More than 70% of 2022's transaction volume was recorded in Q2 and Q4
- Transactions involving mixt capital increased by 79%

The not so good that 2022 brought

- Pre-seed volume went down by 13% compared to 2021
- Follow-on rounds volume of 2022 remained steady compared to 2021

Through the lens of this edition's report we could see 2022's challenges being faced respectably by Romania-born startups. In turn throughout 2022 they managed to close venture capital investments in spite of the uncertainty in the market and that passed the threshold established a year prior. It's as if investors, founders and all those involved in these transactions said "hold my beer!".

Word goes that the past is a good predictor of the future and as it seems, the Romanian venture industry is on a growth spurt.

We don't know for a fact what 2023 will show us, but what we do know is that we're here to support the development of technology and innovation taking place in Eastern Europe at large.

Acknowledgements

Thanks to this edition's report partners KPMG and KPMG Legal for their trust and support in making this edition of the report happen.

More thank you's go to our industry fellows from The European Investment Fund and PFR Ventures for their valuable contribution brought to this year's edition of the report.

Precious thanks also go to all those whom we've collected from and/or cross-referenced our data with, namely: Activize, ROPEA, Gapminder VC, Early Game Ventures, Roca X, Catalyst Romania, SeedBlink, Hellen's Rock, Underline Ventures, Growceanu, Transylvania Angels Network, Bravva Angels, Sparking Capital, Simple Capital, Cleverage VC, V7 Capital, Fortech Investments, TechAngels, Credo Ventures, LAUNCHub Ventures, Eleven Ventures, Inovo VC, Smok Ventures & more.

And huge thanks goes to you for reading and sharing it with your network!

We are HTW

Supporting entrepreneurship and innovation is at the foundation of everything we do. Started as one of the most influential Eastern European startup conferences, How to Web has championed the regional tech entrepreneurship and innovation scene and has accelerated the adoption of the startup culture through leading events, programs, and knowledge.

Every year, through our initiatives such as How to Web Conference, Launch Community, HTW Institute, and more, we help thousands of founders and operators to create better startups, products, and teams, with the support of some of the leading tech companies, experts, and investors.

For more than a decade already, we've been organizing the How to Web Conference – Eastern Europe's leading startup & innovation conference. The How to Web Conference is a gathering of more than 2.500 startup builders, business leaders, and innovation explorers that relentlessly network and gather knowledge during the conference days. Find out more: howtoweb.co

In addition, we're building Launch Community, a founder-centric community as the place where Romania's next generation of founders and talent in technology grows. Find out more: launch.ro

Also, we're helping product companies to level up their product people's game. We do this through HTW Institute by providing live (default online) sessions on product-related topics delivered by the godfathers of the global tech scene - Bob Moesta (JTBD), Ash Maurya (Lean methodology), Bruce McCarthy (OKRs, Product roadmaps), Matt Lerner (Metrics, Growth). Find out more: htwinstitute.com

If you want to be at the center of innovation, building, and a like-minded community, join us for the 2023 edition of **How to Web Conference**.

Save the date and see you in Bucharest, on October 4-5.
It's going to be legen (wait for it...) dary!

The Data

There are no perfect reports and there is no perfect set of data. Please assume a 90-95% accuracy of the numbers presented. Our data verification and validation process is a process of human intelligence, complemented by input from How to Web's network.

In terms of positioning our report's data, it's also important to note that we combined several data collection and verification methods, including:

- aggregating public information about investment rounds
- data from trusted contributors such as angels, VCs, startups, accelerators, relevant organizations and institutions, other noteworthy reports etc.
- third-party sources for data points such as Crunchbase and LinkedIn profiles etc.
- informed assumptions

Here is how you should look at the data and stats and what were the main criteria for keeping a startup on our final list of transactions or not. The data was selected and labeled based on the following set of rules:

We tracked only equity investments of companies with either Romanian headquarters, Romanian founding teams (or strong representation of Romanian in the founding teams), or strong ties to the Romanian market. We did not include in the final list of transactions grants, loans, convertible notes, buy-outs (etc. We didn't include deals that are committed but not signed yet or still in progress (on crowdfunding platforms for example). We did add bridge rounds, but we tagged those as "follow-on".

All equity investments with no public value have been eliminated. Their number is small and, while it affects the totals, it does not affect them significantly.

Investments with no specified investors were also not included, as many of those are actually grants, service payments, or other similar financing instruments and not equity investments.

There's more capital to be added via grants, private and institutional undisclosed VC and angel rounds, or money committed but not wired. We didn't add these to the final analysis in order to keep the total volume accurate, but we did keep a raw version of all this data in the datasets to which you'll find a link at the end of the report.

We focused primarily on companies with Romanian headquarters, not only with Romanian founders. The list of transactions does not include investments in foreign startups with Romanian founders. However, we did make a couple of exceptions. All transactions are listed in EUR or converted into EUR if the original transaction was made in a different currency.

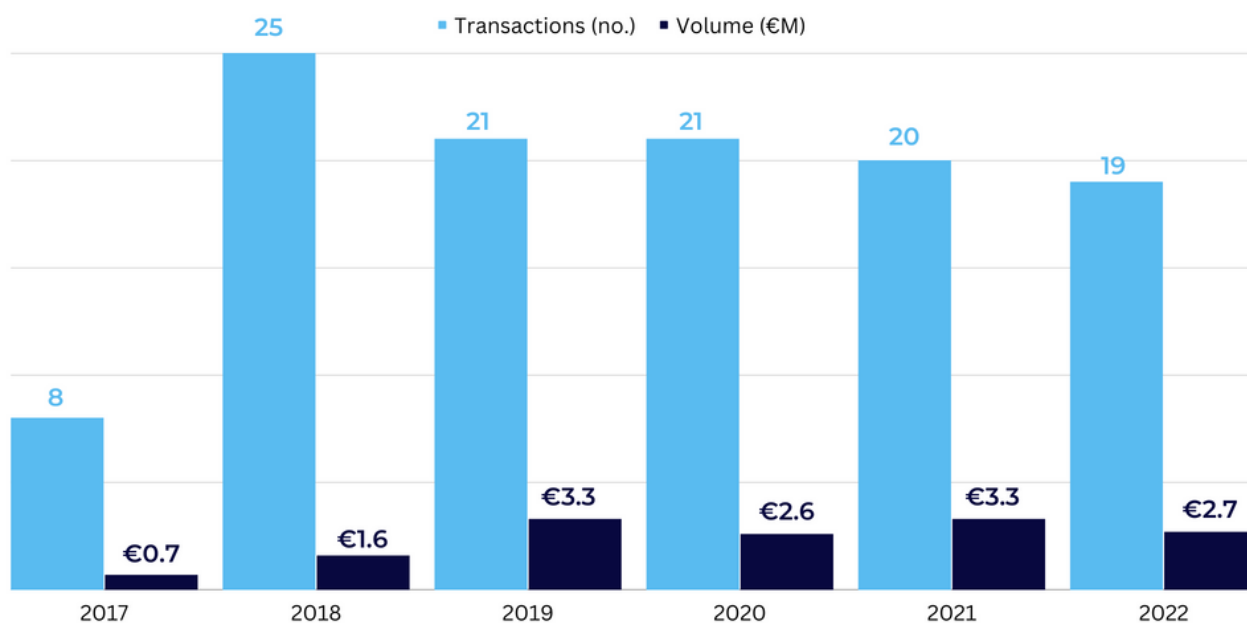
Transactions up to €300K were tagged as pre-seed rounds, all transactions between €300k and €3M were tagged as seed rounds, and everything above €3M was tagged as a Series A round. Exceptionally, some transactions above €300K were tagged as pre-seed based on the timing of the round and conversations with the founders about the objectives for the round. Also, investments smaller than €3M were tagged as Series A rounds as the companies were expanding on the regional market. Using this classification, some companies have raised multiple pre-seed and seed rounds, if the total capital raised was not over €200K, respectively €3M.

Splitting capital between investors in a transaction was made using the simple rule that the lead investor contributes 80% of the capital, while the co-investor with 20% of the capital. While this is in no way an exact approximation, it is definitely in the ballpark. We also made a split attribution of capital volume by Romanian exclusively / international exclusively or mixt.

Thanks once again for reading and big thanks to everyone who has helped us with putting this year's report, in particular to our partners KPMG Romania and KPMG Legal and our industry fellows from EIF, PFR Ventures, Activize, ROPEA, Gapminder VC, Early Game Ventures, Roca X, Catalyst Romania, SeedBlink, Hellen's Rock, Underline Ventures, Growceanu, Transylvania Angels Network, Bravva Angels, Sparking Capital, Simple Capital, Cleverage VC, V7 Capital, Fortech Investments, TechAngels, Credo Ventures, LAUNCHub Ventures, Eleven Ventures, Inovo VC, Smok Ventures, who either contributed to or with whom we've cross-referenced our data with. Do let us know if you find anything that should be updated.

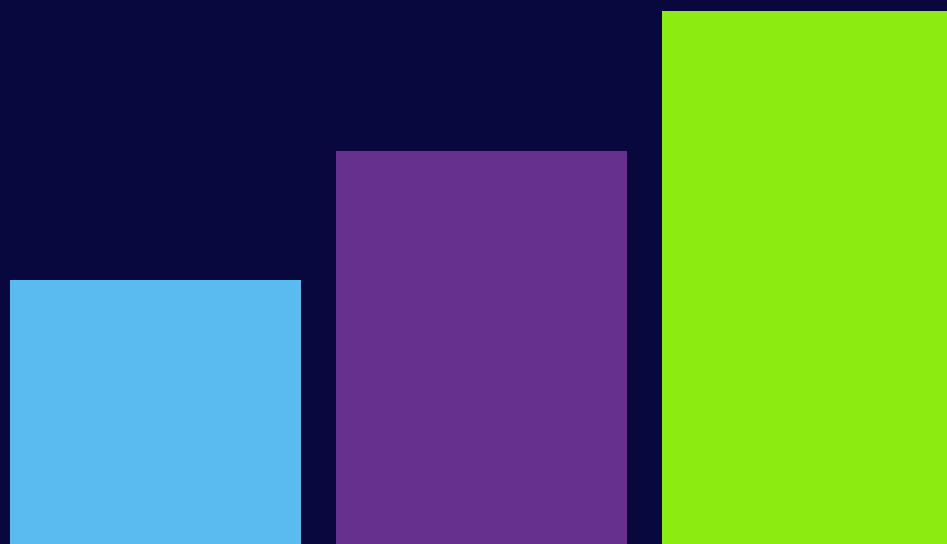
Other Assets

Historical Data & Extra Analyses



Pre-seed transactions - 2017-2022

Our historical data analysis contains the extended details that helped us put together this report. [Click here](#) to access the data document.



2022

Romanian Venture Report



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