



# Ukrainian Venture Capital and Private Equity Overview 2020















Presented by

**UVCA** | UKRAINIAN VENTURE CAPITAL &  
PRIVATE EQUITY ASSOCIATION

Research partner



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**Dmytro Kuzmenko**

Executive Director of UVCA

## FOREWORD

Despite quarantine restrictions in 2020, Ukrainian startups were able to spark interest of the investors – Creatio, Restream, 4A Games, YayPay, and Reface were able to attract 179 million USD combined.

World-renowned funds such as Andreessen Horowitz, General Catalyst invested in Ukrainian projects. There was also an increase in activity among Ukrainian investors – in addition to the top-ranked players such as TA Venture, Flyer One Ventures, and SMRK, five new funds joined the market and made several dozen investments in 2020.

The number of deals continues to grow, the majority of startups were software-related (FinTech, HealthTech, EdTech), as due to the COVID-19 pandemic, the whole world went online.

UVCA is aware of the importance of innovation ecosystem development and therefore strives to maintain and develop investment infrastructure in Ukraine. In 2020, together with the Ministry of Digital Transformation of Ukraine and Hacken CyberSecurity Services, a memorandum was signed providing the study of the virtual asset market in Ukraine, which will create the necessary conditions for the attraction of foreign investment.

Since the end of 2020, the startups looking for funding enjoy a new regular event – Investors Without Borders. In 2021, UVCA Investors Club was launched to popularise the principles and mechanisms of venture investment in Ukraine, develop the market, and promote Ukrainian technology companies as world-class investment targets.

Challenging times give a lift to new startups emerging to solve pressing issues. At UVCA, we continue to work hard to develop the Ukrainian investment market and form the brand of Ukrainian tech companies as reliable investment partners.



## FOREWORD

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In terms of investment, Ukraine is in a position that resembles a compressed spring effect.

Foreign investors crowd around projects in infrastructure, mining, agriculture, IT, etc. There are numerous discussions and studies of options for participating in projects. But high growth, profitability, and payback indicators are constrained by local barriers that are mentally insuperable for many. The corruption of executive authorities and courts, their inability and unwillingness to work with foreign investors without personal gain, and a weak corporate culture make the private equity investments environment insecure and constrained. There are many projects, investors, and successful cases in the private equity market. But there is a lack of new business drivers and new energy for such a blue ocean as Ukraine.

The venture capital market in Ukraine is fundamentally different from private equity. Though tremendous IT expertise has been created locally, there is still a scarcity of high-quality startups. Outsourcing and outstaffing models in Ukraine demonstrate steady growth and sustainability but consume almost all available IT specialists. In my opinion, there are high chances of creating a robust venture capital ecosystem in Ukraine when the focus of Ukrainian IT companies, following the example of Accenture, is shifted to the consulting area through investing in innovation centres and searching for new digital transformation solutions.

**Sergey Atamas**

Managing partner of Kreston Ukraine



# Venture market snapshot

Total funding amount

Total deals number

Share of top-5 companies  
in total funding

Share of USF  
in total deals number

**2020**

533.5 mln USD

188

69.1%

48.9%

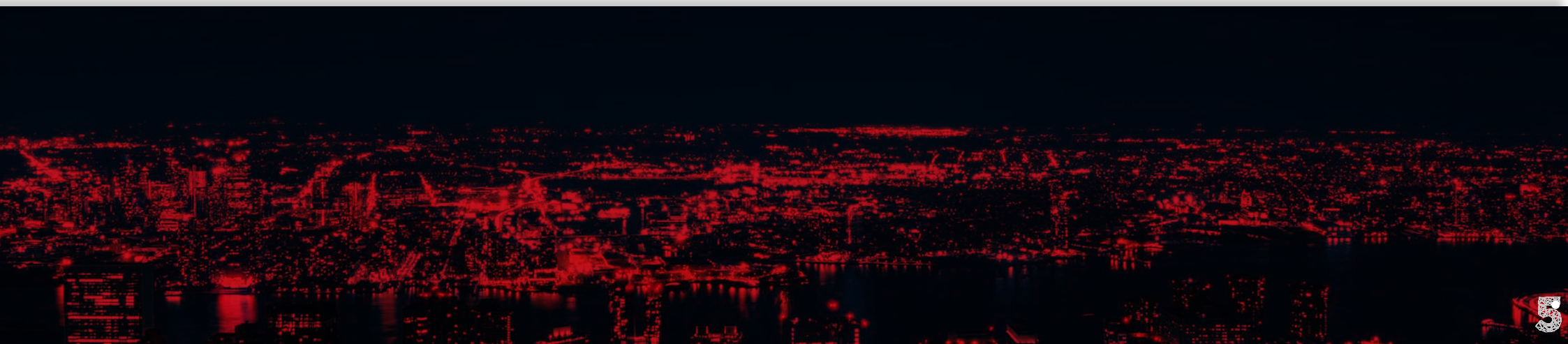
**2021**  
(YTD August)

381.9 mln USD

115

69.5%

53.0%



# Private equity vs. Venture capital

## Venture capital

Investment of equity into a new (so-called 'startup') company with high growth potential

Early-stage companies that have very high growth potential, such as some companies in high technology and biotechnology

Below 10 million USD

Depends on the type of fund — can help with marketing, hiring or even business modelling

Cash or equity investment or convertible debt that turns into equity

Minority investment, often among a group of minority investors

Management fee: 2%

Higher risk investment with a broader set of outcomes — from «home runs» to total loss of investment



Definition



Company types



Size of investment



Involvement



Structure of investment



Ownership profile



Fees for investors



Return profile

Investment in or acquisition of a stable firm using a combination of equity and debt, often dubbed a "Leveraged Buyout" or LBO

Stable, established companies across a wide spectrum of industries that are performing well

From 100 million to 10 billion USD

Increasing revenue streams, cost optimization, transformation of the supply chains, and/or hiring

A combination of equity and debt

Control investment, typically in excess of 50%

Management fee: 2%  
Performance Fee: 20% (typically)

More stable return profile with less volatility than venture capital

## Private equity

Source: Hadleycapital





1

Ukraine venture capital and private  
equity markets

Ukraine venture capital and private  
equity markets

# 1. Ukraine Venture capital and private equity markets

In 2020, Ukrainian technology companies attracted combined venture investments of 533.5 million USD, which is slightly below the same indicator of 2019. The number of deals is growing, foreign investors are demonstrating interest in Ukrainian projects, driven by the growth of their quality.

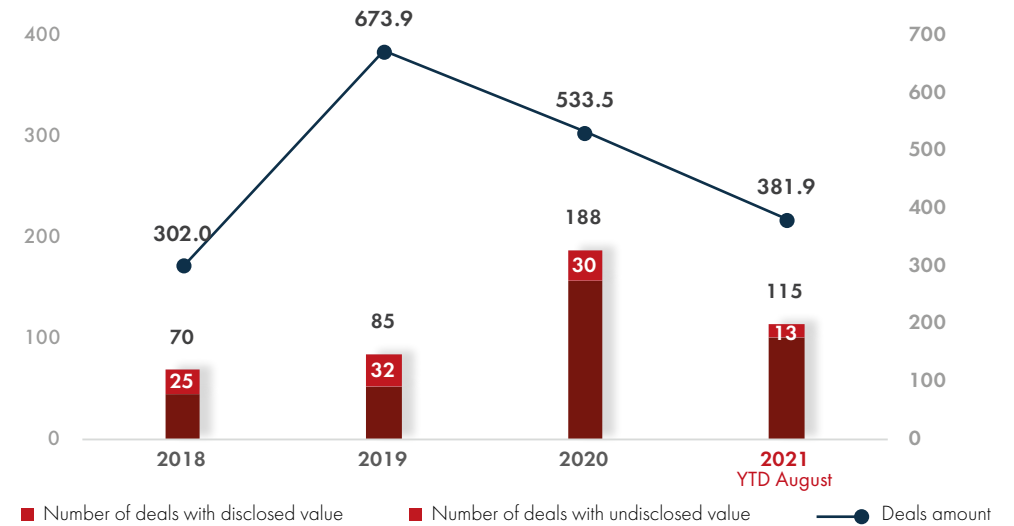
According to the market experts, the volume of investment capital in Ukraine is sufficient, and the amount of funds owned by investors and allocated to investing activities reaches 500 million USD.

The level of the Venture Capital market development outstrips Private Equity market due to a larger number of investment opportunities and players in the segment.

Ukrainian companies offer attractive and relevant high-quality solutions, as well as demonstrate stability and adaptability in the context of COVID-19.

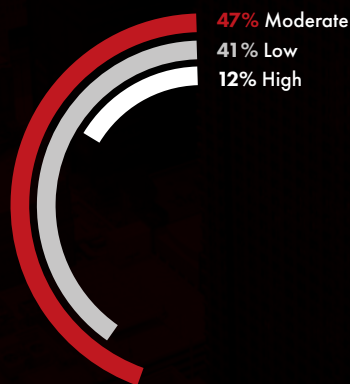
## Number and amount of venture deals

mln USD



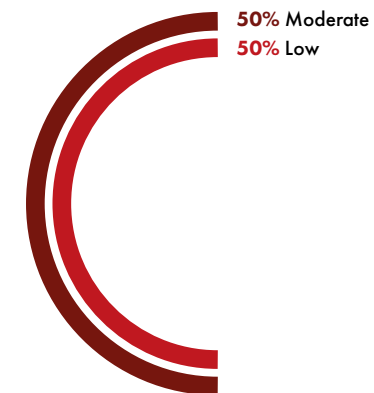
Source: Deals database by Kreston Ukraine

## Assessment of the current pace of development of the Venture Capital market in Ukraine



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

## Assessment of the current pace of development of the Private Equity market in Ukraine

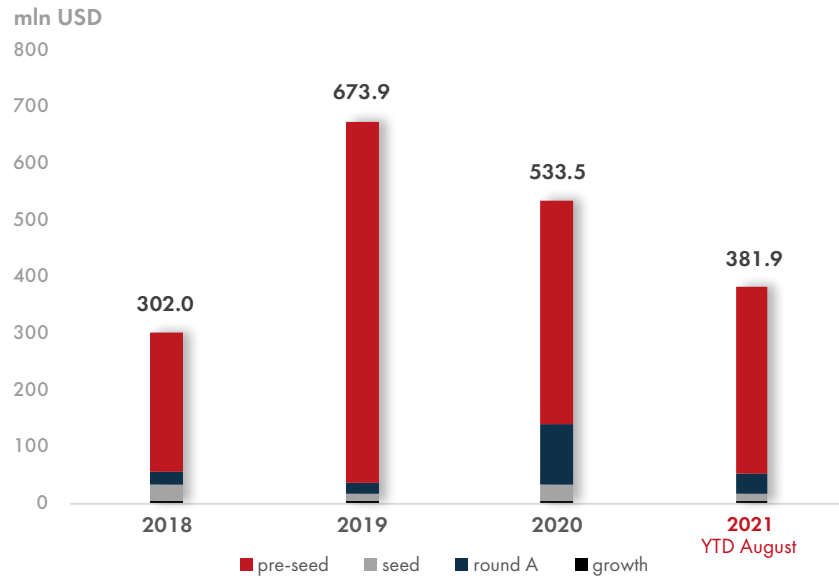


Source: Ukraine venture capital and private equity survey by Kreston Ukraine



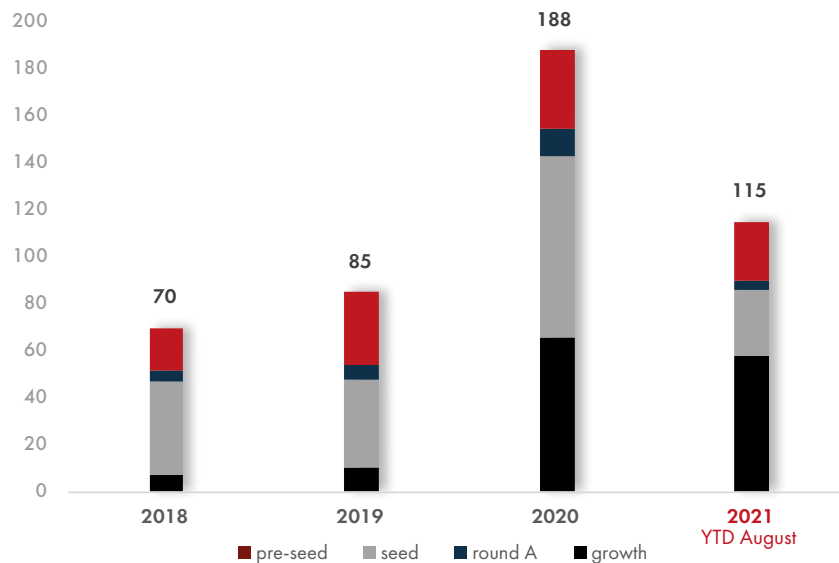
# 1. Ukraine venture capital and private equity markets

## Structure of the venture deals' value (deals with undisclosed amount are not included)



Source: Deals database by Kreston Ukraine

## Structure of the deals' number (including deals with undisclosed amount)



Source: Deals database by Kreston Ukraine

In Ukraine, as well as around the world, investments in startups prevail at later stages of financing, since pre-seed, seed, round A often require the investor to invest in the idea, and not in the existing business, which is riskier. There are only a few investment funds in the market that have the necessary experience and expertise to give such ideas an equitable assessment.

However, early-stage investment projects also grow, both in numbers and amount, mainly driven by activities of the Ukrainian Startup Fund, a state fund that provides grants to young and promising projects.

«Ukrainian investors prefer later stages because they do not possess sufficient industry expertise. By neglecting the early stages, they try to minimize their risks.»

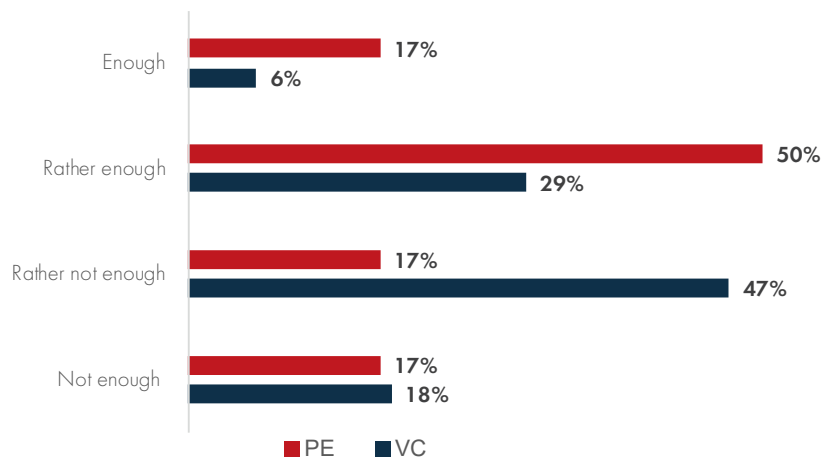


**Yuriy Sirotyuk**  
Innovation Project Manager

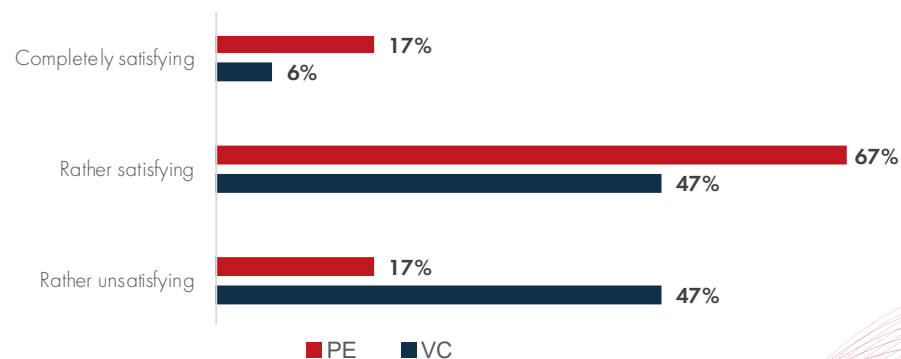


# 1. Ukraine venture capital and private equity markets

## Assessment of investment proposals number



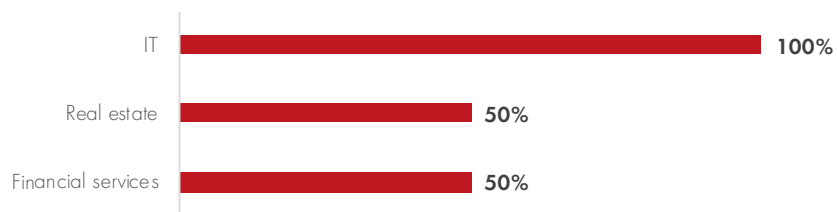
## Assessment of investment proposals quality



## Key venture investment industries



## Key industries for private equity investments



According to the market participants, the number of investment targets in the private equity market is rather sufficient, while in the venture capital market their scarcity is noted.

On the contrary, the private equity segment demonstrates the higher quality of investment proposals because the mature business provides much more information for its investment attractiveness assessment than the startup.

As expected, the majority of investment projects are presented in high-tech sectors.

«Compared to previous years, the quality of Ukrainian startups has increased, making them competitive on international landscape. But many are still lacking deep market analysis and customer research. Also, the majority of early-stage companies continue focusing on Ukraine as their main and only first testing market, which is a repeatable and most common mistake»

**Alexandra Balkova**

Investment Principal & Head, Startup Wise Guys



# 1. Ukraine venture capital and private equity markets

Top venture deals of 2020 (by the amount raised)

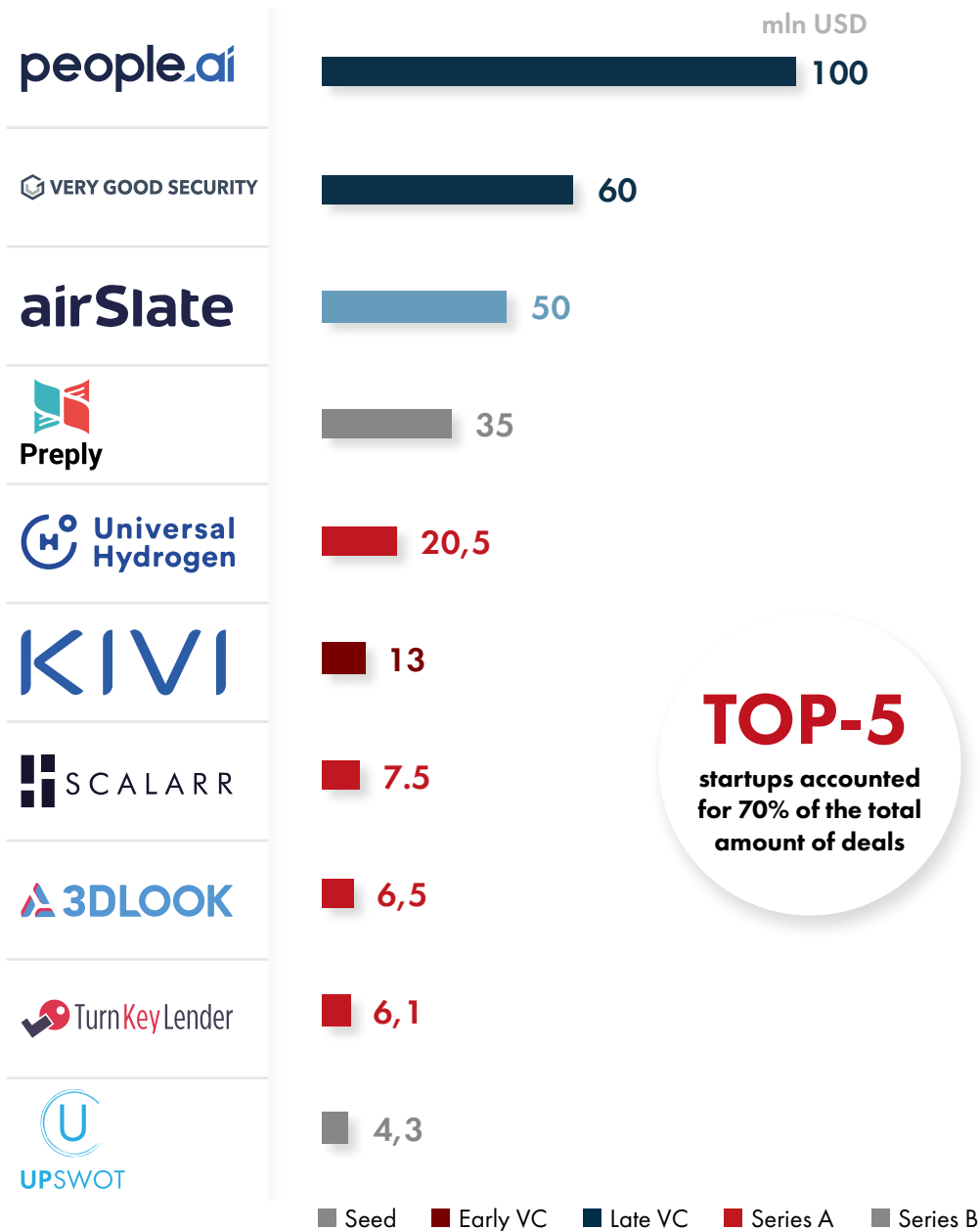


Source: Deals database by Kreston Ukraine

Description	Investors
Web-based open-source Git repository manager	Alta Park, HMI Capital, OMERS Growth Equity, TCV, Verition
Low-code platform for process management and CRM	Volition Capital, Horizon Capital
Distribution solution for the live video content	Insight Partners, Sapphire Ventures, Silverton Partners, Liquid 2 Ventures, Colopl VR Fund, Anorak Ventures, Mana Ventures, Iskra Ventures
Multicultural video game development studio	Embracer Group
Accounts receivable software that automates payment workflows	Quadient
eSports company for competitive gamers to analyse and improve their performance	Almaz Capital, CABRA VC
Private language tutoring platform	Point Nine Capital, Hoxton Ventures, Inovo Venture Partners, The Family, Educapital, All Iron Ventures, Diligent Capital Partners
On-demand dine-in technology platform	Andreessen Horowitz, Greycroft Partners, Inovo Venture Partners, European Bank for Reconstruction and Development (EBRD), SMRK VC
Exchange for buying, selling, and bartering virtual items from video games	Almaz Capital
Custom software development company	Recognize Partners

# 1. Ukraine venture capital and private equity markets

Top venture deals of 2021 (by the amount raised)



Source: Deals database by Kreston Ukraine

Description	Investors
A platform that tracks the performance of personnel and offers a solution to improve it using AI	Lightspeed Venture Partners, ICONIQ Capital, Mike Dinsdale, Abdulla AlBanna
Solution for big data processing for sensitive data. Clients get a processed result, not source data	Goldman Sachs (GS Growth), Andreessen Horowitz
Service for document flow automation	Morgan Stanley Expansion Capital, Highsage ventures, Silicon Valley Bank
The educational online platform that allows you to find teachers and tutors for distance learning	Point Nine Capital, Hoxton Ventures, Owl Ventures, All Iron Ventures, Full in partners
Developer of hydrogen fuel elements for aircraft that allow flights without the use of fossil fuel	Playground Global, Fortescue Future Industries, Coatue, Global Founders Capital, Plug Power, Airbus Ventures, Toyota AI Ventures, Sojitz Corporation, JetBlue Technology Ventures, Future Shape
International company, developer and manufacturer of smart TVs and TV services	Speedinvest GmbH, TMT Investments, European Bank for Reconstruction and Development (EBRD), OTB Ventures
Anti-fraud SaaS solution	Mindrock Capital
Solution that recognizes the size of clothes from photos of a person	Almaz Capital, TMT Investments, Zubr Capital
SaaS solution that automates all digital lending operations	KFW DEG
A service that provides banks with an overview of the financial position of the business using direct access to its accounting systems, CRM, etc.	Common Ocean, CFV Ventures, SpeedUp Group, First Southern National Bank, ICBA, and angels

# 1. Ukraine venture capital and private equity markets

## Unicorns

The Ukrainian market has the problem of national identification of start-ups — many successful projects were founded by Ukrainians, but legally structured abroad and no more positioned as Ukrainian, i. a. due to the unfavourable business environment for large-scale development and growth of the company.

Currently, five companies are widely recognized as Ukrainian unicorns — Gitlab, Bitfury, Ring, Grammarly, and People.ai. All of them are technology companies that had been operating from 5 to 10 years before they hit the valuation of 1 billion USD.

In 2018, Gitlab became the first Ukrainian unicorn. The startup attracted its first investment of 120 thousand USD in December 2014 from Y Combinator and FundersClub. Thanks to the investments, the project was successfully scaled. If in 2015 the team consisted of 10 people, then in 2017 it grew to 97, and in 2021 to 1300 employees. Around 100 thousand companies, including NASA, Alibaba, SpaceX, IBM, Expedia, CERN, and others, are Gitlab's customers.

In August 2021, the Ukrainian company People.ai raised 100 million USD and hit the valuation of 1.1 billion USD, soaring into a Ukrainian unicorn club in a record-breaking time of five years. In 2016, the startup passed the Y Combinator accelerator program, which recognized its potential and took the lead in the seed round of 1.1 million USD. Having received the first investments, the company kept up with the strict transparency requirements, weekly informing its investors about the state of the company and current challenges.

## Rising unicorns

Product companies

**airSlate**

**AJAX**

**GENESIS**

Software development

**softserve**

**5**

Ukrainian unicorns

**7 YEARS**

in average takes to become a unicorn

**1.3 BLN USD**

of funding raised by the Ukrainian unicorns

«Currently, Ukraine cannot independently grow a unicorn. Ukrainian venture investors lack capital under management and the legal framework is unfriendly to startups. The only way to become a unicorn is to integrate into the global ecosystem.»



**Sergey Petrenko**  
Founder, Terminal 42

# 1. Ukraine venture capital and private equity markets

## Unicorns



An open-source platform that allows multiple software developers to work on the same project, as well as to document and coordinate their work in parallel

### Description

434  
mln USD

### Funding raised

6,000  
mln USD

### Valuation



AI-powered service checking English grammar and style in real time, explaining how to avoid repeating mistakes in the future

200  
mln USD

2,500  
mln USD



Diversified blockchain company, the largest industrial cryptocurrency miner outside China, a developer of software and hardware for Bitcoin network

215  
mln USD

1,000  
mln USD



AI-powered platform tracking the personnel performance and offering solutions to improve it

### Description

200  
mln USD

### Funding raised

1,100  
mln USD

### Valuation



Developer and manufacturer of smart doorbells with object recognition using a neural network

252  
mln USD

1,000  
mln USD

«Ukrainian market offers enough high-quality startups which are the desirable investing targets. When such a company is concerned, the origin of the startup is not important for the investor.»

Pavlo Kuznyetsov  
Partner, Pragmatech Ventures





2

Major trends, drivers, and barriers  
to development

Major trends, drivers, and barriers  
to development

## 2. Major trends, drivers, and barriers to development

### Trends

#### Focusing on software

The key trend of 2020 is the focus on software-related projects, which is mainly explained by the pandemic restrictions. Such projects do not require physical presence and do not create bindings to physical assets (equipment, etc.), which made them convenient investment targets in the current circumstances.

#### Introduction of foreign funds in Ukraine

Interest in Eastern European countries (including Ukraine) is surging among foreign investment funds. As a result, they open their offices in such countries and assess the feasibility of investment targets, thus contributing to the development of regional venture capital and private equity markets.

«Ukraine is not ahead of world trends but still has a chance to break through and become the most promising IT hub in Eastern Europe in the near future»



**Volodymyr Kryvko**  
Managing partner,  
Chernovetskyi Investment Group

#### High concentration of the investments

The amount of investments attracted by startups is growing every year. However, the principal share of these investments (up to 70%) is accounted for the five startups that are at later investing stages already.

#### Growing quality of startups

Since 2019, the number of startups that have passed foreign accelerator programs has grown significantly. Such startups know how to build relationships with an investor and how to inspire their interest.

#### Growing interest in 'smart money'

In recent years, startups were mostly interested in fundraising. Nowadays they expect additional value from the investor since they understand that the expertise and networking of an experienced partner may facilitate the launch of their business and generation of sales.



## 2. Major trends, drivers, and barriers to development

Market experts made a special emphasis on the following factors, which favourably influenced the development of the market

### Availability of investment capital

Investors generally have enough resources available for investing in high-risk innovative projects.

### Exchange of experience

Large experienced investment companies can incubate several startups. Alumni of successful startups launch new projects and attract funding from the investors they know from previous experience.

### Introduction of the state fund

The introduction of the USF contributed to the growth of pre-seed and seed investment share in the market through minor grants (25 and 50 thousand USD), which supported startups' development, allowing them to reach a full-fledged investment round.

### Accessible educational materials

A plethora of educational materials and open databases of investment funds are available for startups without charge.

### Success stories

Numerous success stories of Ukrainian startups improve the Ukrainian market reputation and its investing attractiveness.

### International cooperation

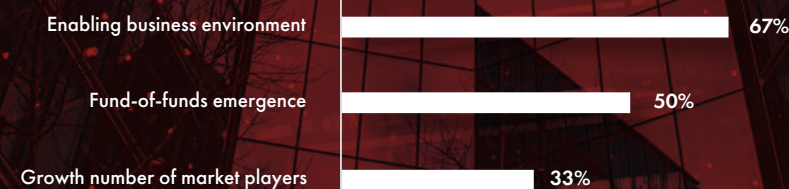
Startups participate in international accelerator programs, allowing them to gain experience, partners, and customers. In addition, an increasing number of international financing programs will contribute to the development of the market.

### Key drivers required for the further development of the Venture Capital market



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

### Key drivers required for the further development of the Private equity market



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

## 2. Major trends, drivers, and barriers to development

Market experts made a special emphasis on the following factors, which negatively influenced the development of the market

### Lack of quality elaborated startups

Though the number of startups constantly grow, high-quality well-elaborated investing projects attractive to the investors are still scarce.

### Poor startup ecosystem

Despite favourable development in recent years, Ukraine still has an insufficient number of investment funds, accelerators, incubators, educational programs for high-tech startups. Angel investments are almost absent — startups are reluctant to seek such investors, preferring state grants.

### Communication in the market is scarce

There are only a few events and platforms where startups and investors could share their experiences, discuss successes and failures, and set up new cooperation models

### Low interest in early-stage projects

Ukrainian investors prefer to invest in mature startups that have already made their names and operate in foreign markets. On the contrary, Ukrainian startups in the latter stages are not interested in local funds, leaning towards foreign ones.

### Key barriers of the Venture Capital market



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

«The key detrimental factors affecting the market are the tax burden, security and ease of doing business. The lower the tax burden and uncertainty in the regulatory environment, the higher the growth dynamics»



**Mykhailo Khaletskyi**

Investment analyst, USF expert

## 2. Major trends, drivers, and barriers to development

### Overall insecurity and complexity of doing business

The rights of investors and property rights are not adequately protected by the Ukrainian legislation and justice system. Startups are afraid of inspections from regulatory bodies, confiscation of equipment. In addition, burdensome tax policies, bureaucracy, and corruption encourage startups to incorporate a business in other countries (e. g. the USA, EU countries, etc.).

Foreign investors encounter similar problems. They may understand the mechanism of investing in Ukraine, but they have no proper safeguards for their business interests (including safe and transparent mechanisms to cash out from Ukraine).

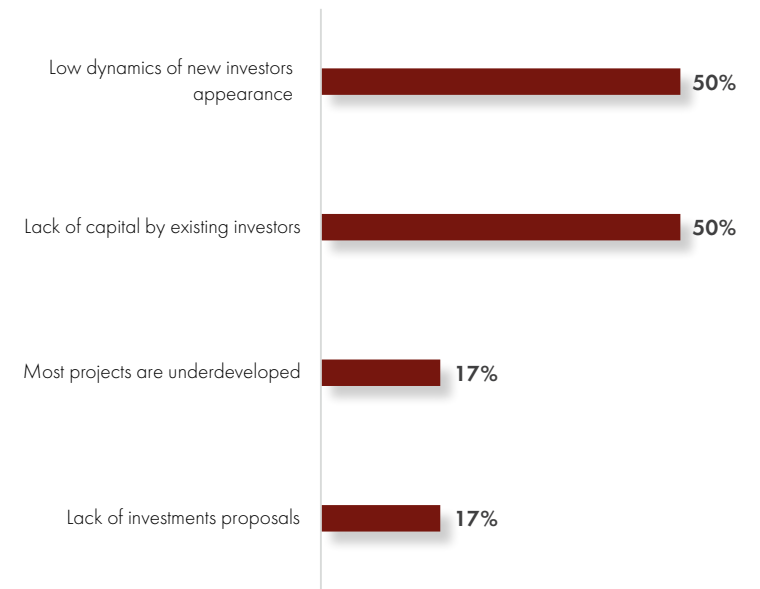
### Information about the Ukrainian market is scarce

It is difficult for foreign investors to find information about the Ukrainian investing market. The market is predominantly considered complex, incomprehensible, and rather closed still.

### Lack of business education

Some founders do not know the basic principles of entrepreneurship that affects the quality of investment materials. In addition, there is a lack of understanding of the venture capital market and the peculiarities of communication with potential investors. Insufficient English language skills bind the startup to the local market, reducing its investment attractiveness and growth potential.

### Key barriers of the Private Equity market



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

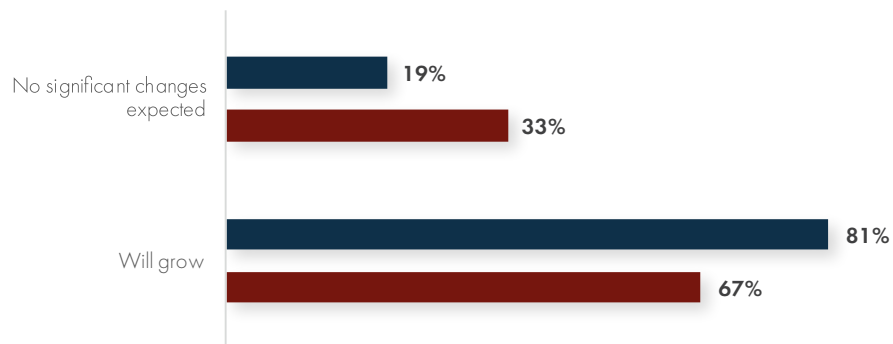
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Market outlook

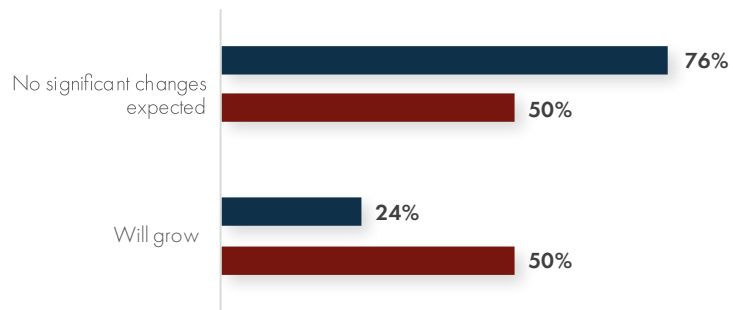
Market outlook

### 3. Market outlook

#### Overall forecast of the market development



#### The estimated changes in the number of investors



#### The estimated number of deals



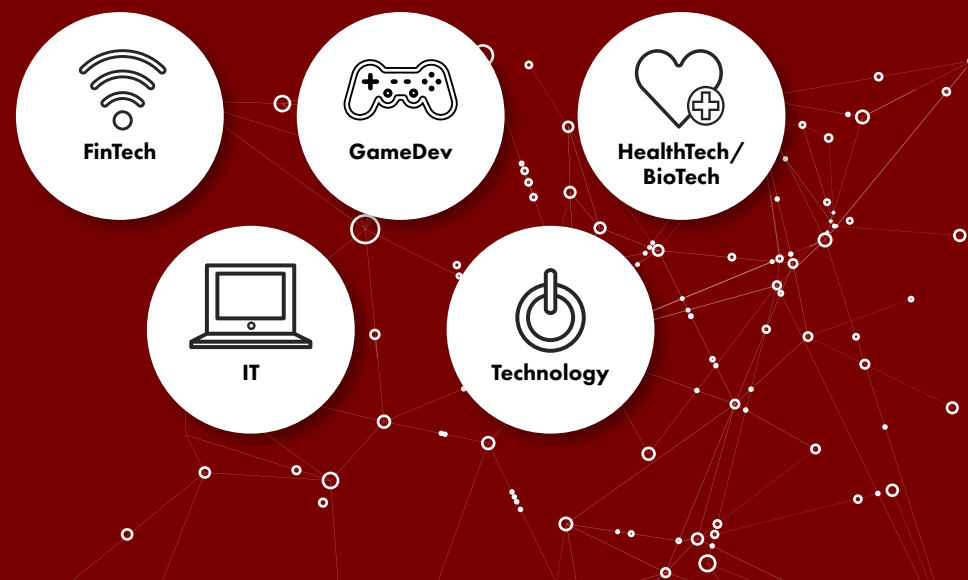
Source: Ukraine venture capital and private equity survey by Kreston Ukraine

Despite the large number of factors adversely affecting venture capital and private equity markets, most experts are optimistic about their future development.

According to the experts' estimates, both venture capital and private equity markets will demonstrate positive trends of development. However, experts gave rather cautious forecasts regarding the number of players, believing that significant changes should not be expected.

The total number of venture capital and private equity deals stands to exceed 200 in 2022. High-tech industries will remain the sources of the most promising investing targets.

#### Promising industries



«Now the Ukrainian market is developing, there are investors who are not afraid to invest in Ukraine. If the situation does not change, then in a year or two the number of deals in the market will increase dramatically»

**Serhiy Bryzhytskyy**

Innovation Project Manager, Farmak



### 3. Market outlook

#### Optimistic forecast

##### Qualitative growth

In 5 years, the Ukrainian investment market will reach the level of Western Europe and will form a positive reputation in the global market.

##### Market globalization

Ukraine is becoming a significant point on the world start-up map, looked upon as a region attractive for investment.

##### The inflow of foreign capital

New foreign investors are introduced in the market, bringing not only additional capital but also contributing to the competition development. Ukrainian and international funds will compete for investment opportunities improving fundraising conditions for startups.

#### Pessimistic forecast

##### No changes

The current lack of change in the business environment, legislation, and the lack of significant support for the innovative industries suggest there is no ground to expect a quantum leap in the market.

##### No significant inflow of foreign money into Ukraine

The lack of progress in mitigating major hindering factors to the industry development will shift investors' focus to other regions. As a result, the startups will increasingly leave for other countries that offer more funding and more diverse business opportunities.

«Due to the current recruitment problems, the IT sector will soon experience a surge of M&A transactions. Thus, company growth in this sector will be possible only through mergers, while small companies will either leave or be taken over. IT companies usually do not wish to negotiate mergers, so there will be no good transaction without a mediator.»

**Sergiy Shcherbyna**

Managing partner, Rada Capital



4

Top Ukrainian investment  
companies and funds

Top Ukrainian investment  
companies and funds

# 4. Venture capital and private equity investors in Ukraine

## Venture capital investor

### Profile of a Ukrainian investor

#### Capital under management

11–50 mln USD



up to 100 mln USD

#### Average deal amount

0.1–0.5 mln USD



1–5 mln USD

#### Preferred funds application

- Seed
- Series A



#### Preferred funds application

- Business expansion
- New market entry



#### Preferred sectors for investment

- HealthTech/BioTech
- FinTech



IT

#### Decision-making factors

- Team experience and qualification
- Market potential



Team experience and qualification

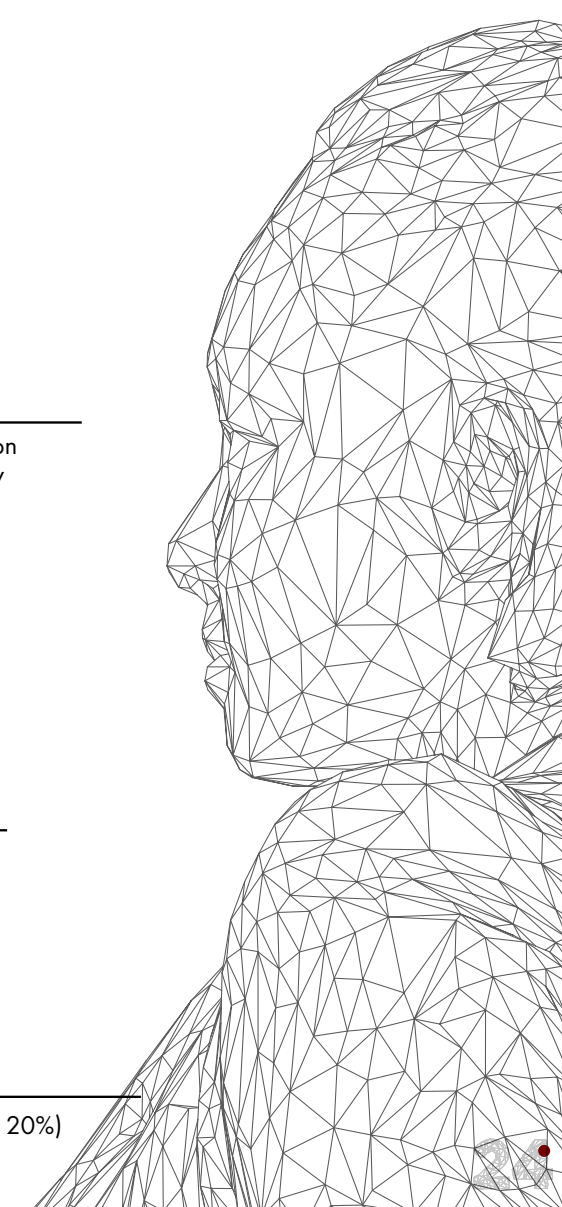
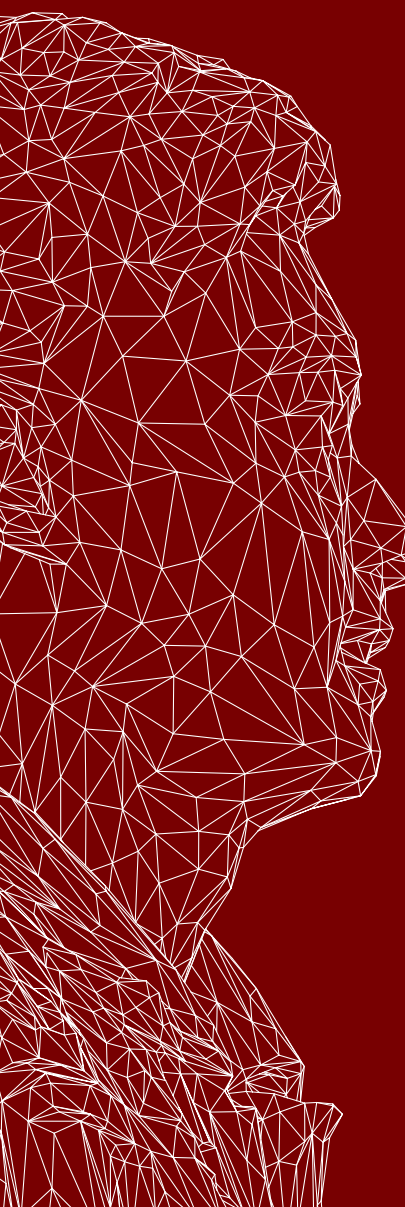
#### Preferred forms of investments

- Share acquisition
- SAFE agreement



#### Target acquisition share

Minority share (up to 20%)





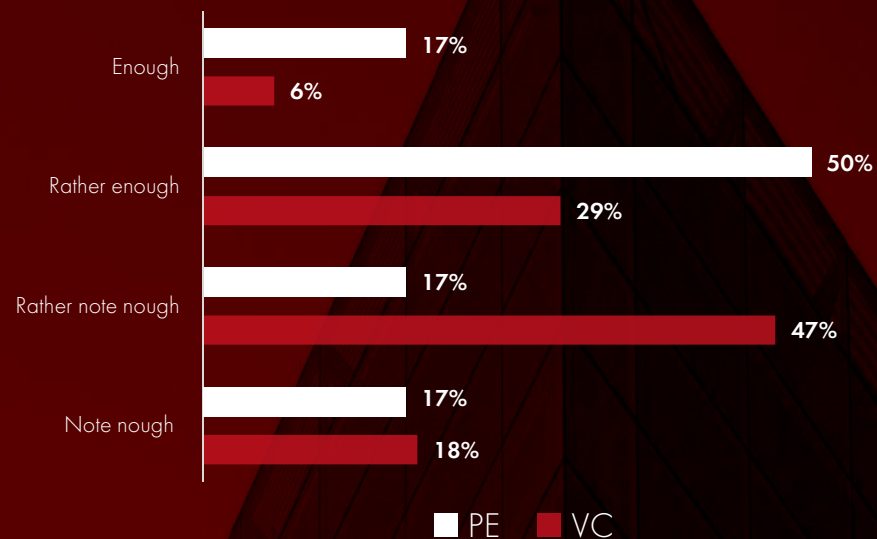
## 4. Venture capital and private equity investors in Ukraine

Experts and participants of venture capital and private equity markets agree that there are not enough investors in Ukraine — numerous funds have been established, but quite a lot of them are not active. Failed deals and low return on investment drive investors out of the market.

The problem of the market is the lack of investment culture as such. Investors are afraid to take risks, thus imposing inflated requirements on startups. Showing willingness to invest in mature startups in the latter stages, investors fail to offer 'smart money', thus, becoming irrelevant for such startups.

Investment clubs may become the solution to this problem, providing information to the players about the situation in the market and a platform to discuss feasible projects looking for financing.

### Is there enough investors in Ukraine?



Source: Ukraine Venture capital and private equity survey by Kreston Ukraine

«A few years ago, when I launching my previous startup, I talked to Ukrainian angel investors but eventually chose in favor American ones. In 2020, while working on a new startup which was focused on building a launch vehicle for nano and pico satellites I turned to Ukrainian investors. After our presentation they expressed great interest in our business. It was a quick match and long due-diligence. In the end we raised 500,000 USD funding round which allowed us to develop the engine. Soon we are going to close next round to build a fully functioning prototype and perform a test launches»

**Misha Rudominski**

CEO, Founder Promin Aerospace



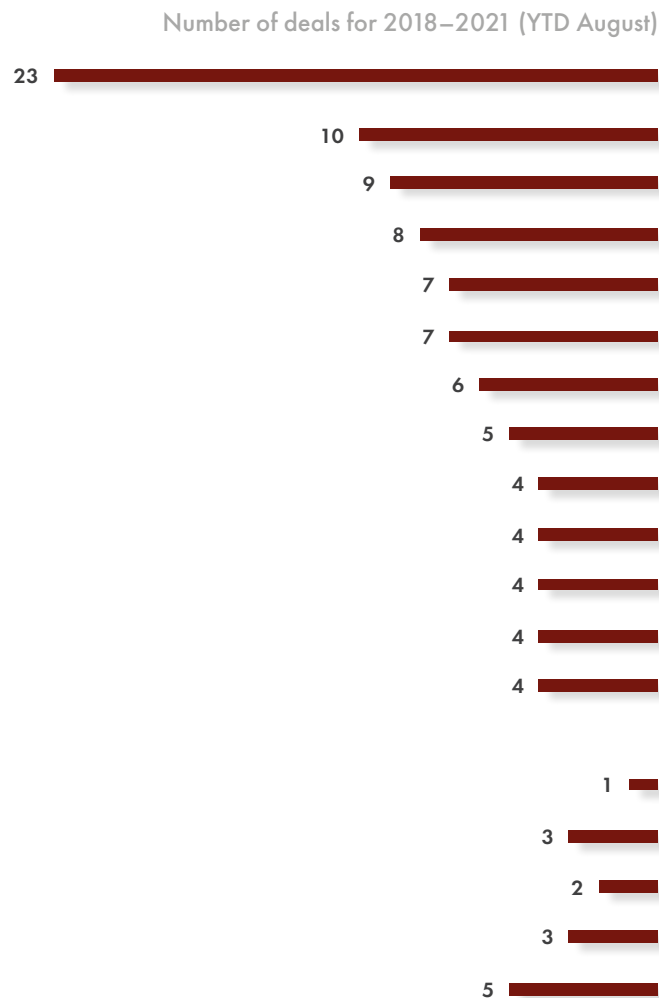
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Top Ukrainian investing companies and  
funds in Ukraine

Top Ukrainian investing companies  
and funds in Ukraine

# 5. Top Ukrainian investment companies and funds

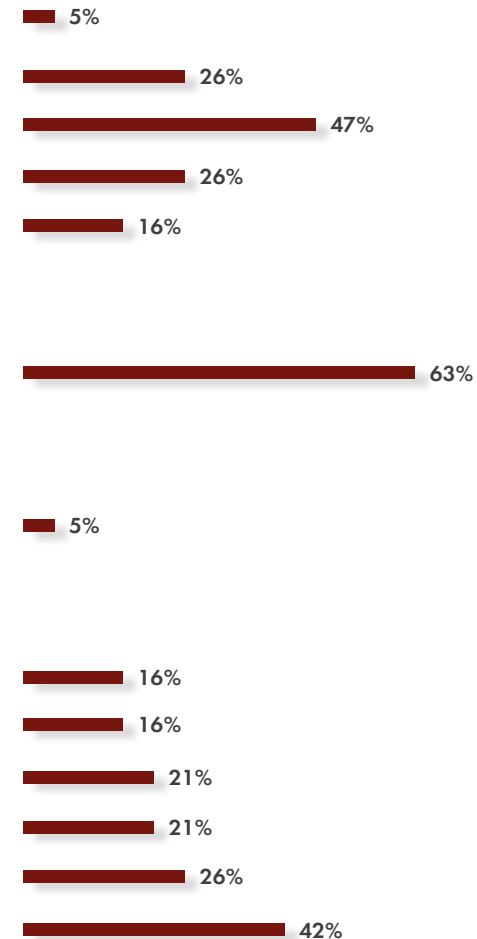
## Key players of Ukrainian Venture capital and Private equity markets



Source: Venture capital and private equity survey by Kreston Ukraine



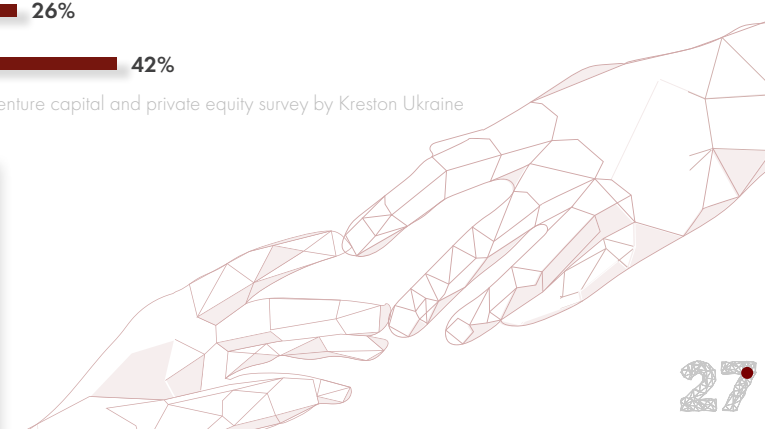
## Mentioned by market players as the most active



Source: Ukraine Venture capital and private equity survey by Kreston Ukraine

The definition of the 'top' or 'key' investors in the Ukrainian market will vary depending on the approach. Some companies and funds are more publicly recognizable, while others close most of the deals in the market.

Since Ukrainian investors are looking for projects viable in the international market, they are not tied to the geographical location and make strides towards foreign projects. Likewise, Ukrainian startups prefer to approach foreign investors, as they see them bringing more opportunities and prospects.



## 5. Top Ukrainian investment companies and funds

### Flyer One Ventures

- 10** mln USD Capital under management
- 190** mln USD Total value of current portfolio (not exited)
- 0.1–1** mln USD Average investment
- 18** Projects in portfolio

#### Selection criteria for investment targets



- Team competence
- Ukrainian origins
- Target market of at least 10 bln USD

#### Target sectors



- EdTech
- Digital health
- Mobile apps
- AdTech
- AI/ML

### TA VENTURES

- 69** mln USD Capital under management
- 69** mln USD Total value of current portfolio (not exited)
- 0.1–1** mln USD Average investment
- 130+** Projects in portfolio

#### Selection criteria for investment targets



- Scalable business model
- Confirmed revenue growth
- Addressing certain issue globally
- Startup experience

#### Target sectors



- Digital health
- Mobility
- Enterprise software
- FinTech
- Consumer & Retail
- Industrial Tech
- IoT
- PropTech

### A Ventures

- 30** mln USD Capital under management
- 757** mln USD Total value of current portfolio (not exited)
- 0.2–2.5** mln USD Average investment
- 22** Projects in portfolio

#### Selection criteria for investment targets



- Team competence
- Focus on the global market
- Innovative idea

#### Target sectors



- Software
- E-commerce
- Cloud services
- Mobile technologies
- IT outsourcing
- Big Data
- AR & VR

### CHERNOVETSKY

- 100** mln USD Capital under management
- 67** mln USD Total value of current portfolio (not exited)
- 0.1–1** mln USD Average investment
- 10** Projects in portfolio

#### Selection criteria for investment targets



- Competence and experience of the CEO and his team
- Focus on large and relatively unoccupied market niche with high entry thresholds
- A viable and profitable business model
- Own original technology

#### Target sectors



- Cloud computing
- SaaS
- Mobile apps
- CRM software
- E-payment
- Big Data
- Software and web services

## 5. Top Ukrainian investment companies and funds

### ICU

- 25** mln USD Capital under management
- 433** mln USD Total value of current portfolio (not exited)
- 0.5** mln USD Average investment
- 16** Projects in portfolio

#### Selection criteria for investment targets



- Team competence
- Scalable business model
- The solution addresses a specific issue
- Focus on global markets

#### Target sectors



- All, except gaming and gambling

### SMRK VS Fund

- 12.5** mln USD Capital under management
- 212** mln USD Total value of current portfolio (not exited)
- 0.1-1** mln USD Average investment
- 18** Projects in portfolio

#### Selection criteria for investment targets



- Goals to achieve are clearly defined
- Team competence
- The solution addresses a specific issue

#### Target sectors



- AdTech
- Mobile technologies
- FinTech

### QPDigital

- 100** mln USD Capital under management
- 1.5** mln USD Total value of current portfolio (not exited)
- 0.5** mln USD Average investment
- 9** Projects in portfolio

#### Selection criteria for investment targets



- Product has been tested by target users
- Business model description
- Focus on global markets

#### Target sectors



- Artificial intelligence
- Blockchain
- GameDev
- IT logistics
- Digital health

### DIGITAL FUTURE

- N/A** Capital under management
- 196** mln USD Total value of current portfolio (not exited)
- 50-500** mln USD Average investment
- 21** Projects in portfolio

#### Selection criteria for investment targets



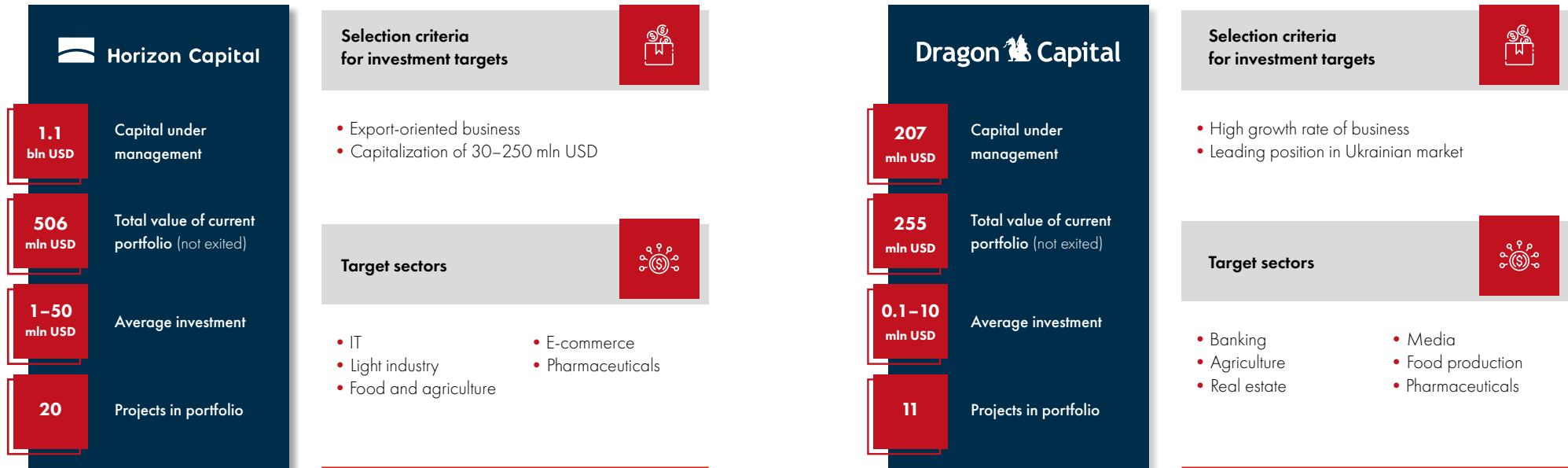
- Team competence
- Scalable business model
- Positive trend of the project KPIs
- Wide target market

#### Target sectors



- Digital marketing
- AdTech
- Artificial intelligence
- Security
- IoT
- SaaS
- Marketplaces

## 5. Top Ukrainian investment companies and funds



## 5. Top Ukrainian investment companies and funds

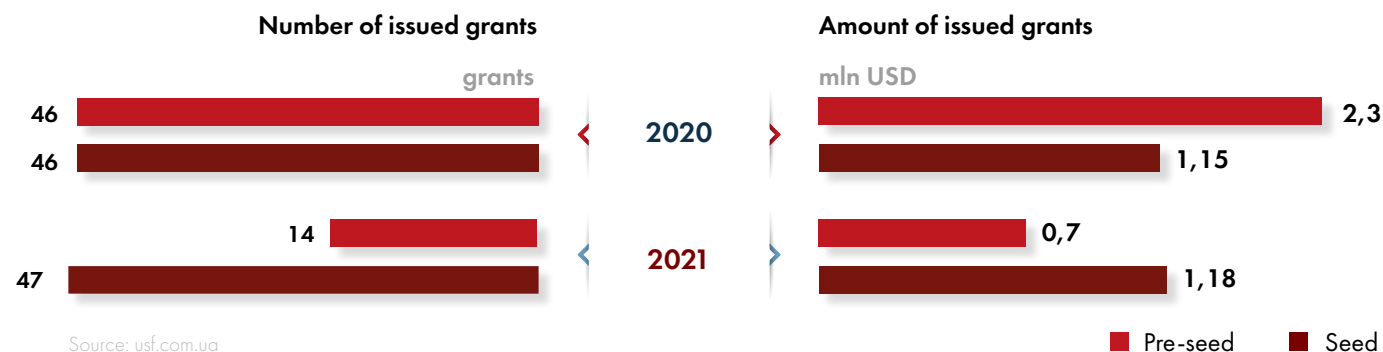


The Ukrainian Startup Fund is a state-funded grant programme established in 2018 to provide financial support for Ukrainian startups. Grants of 25 or 50 thousand USD are provided to the startups without any interest or claims for equity share.

### Selection criteria for investment targets:

- Incorporated in Ukraine
- Meets the requirements of the Regulations of the Fund
- Competence of the team
- Market analysis with a methodology description
- Substantiation for the amount of funding
- Defined strategy for the development

Capital under management	<b>15.2 mln USD</b>
Funding issued to date	<b>5.3 mln USD</b>
Startups financed to date	<b>150+</b>

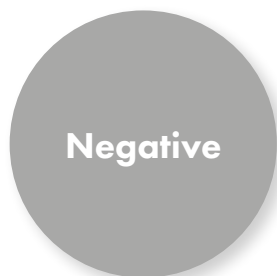


### The impact of USF on the investment market of Ukraine



Financial support for newborn startups allows them to develop and eventually attract the attention of a venture investor.

Educational function of training startups on the specifics of the market mechanisms, the peculiarities of entering into contracts, etc.



Startups voluntarily limit themselves in choosing an option to develop in favour of the easiest one. As startups have access to grants, they do not bother looking for other investors such as angels which, in addition to funding, can offer their experience and expertise.

«USF exerts a positive influence on the whole startup ecosystem and helps the market. These small grants they provide can be of great help for a startup at the initial stage.»



**Oleg Malenkov**  
Venture partner, TAventures



6

Startups case study

Startups case study



## 6. Startups case study

Startups implement various ideas in different sectors of the economy, still being participants of the single investment market. Most projects follow the same road to raise the funding, pursue similar goals, and encounter almost identical problems.

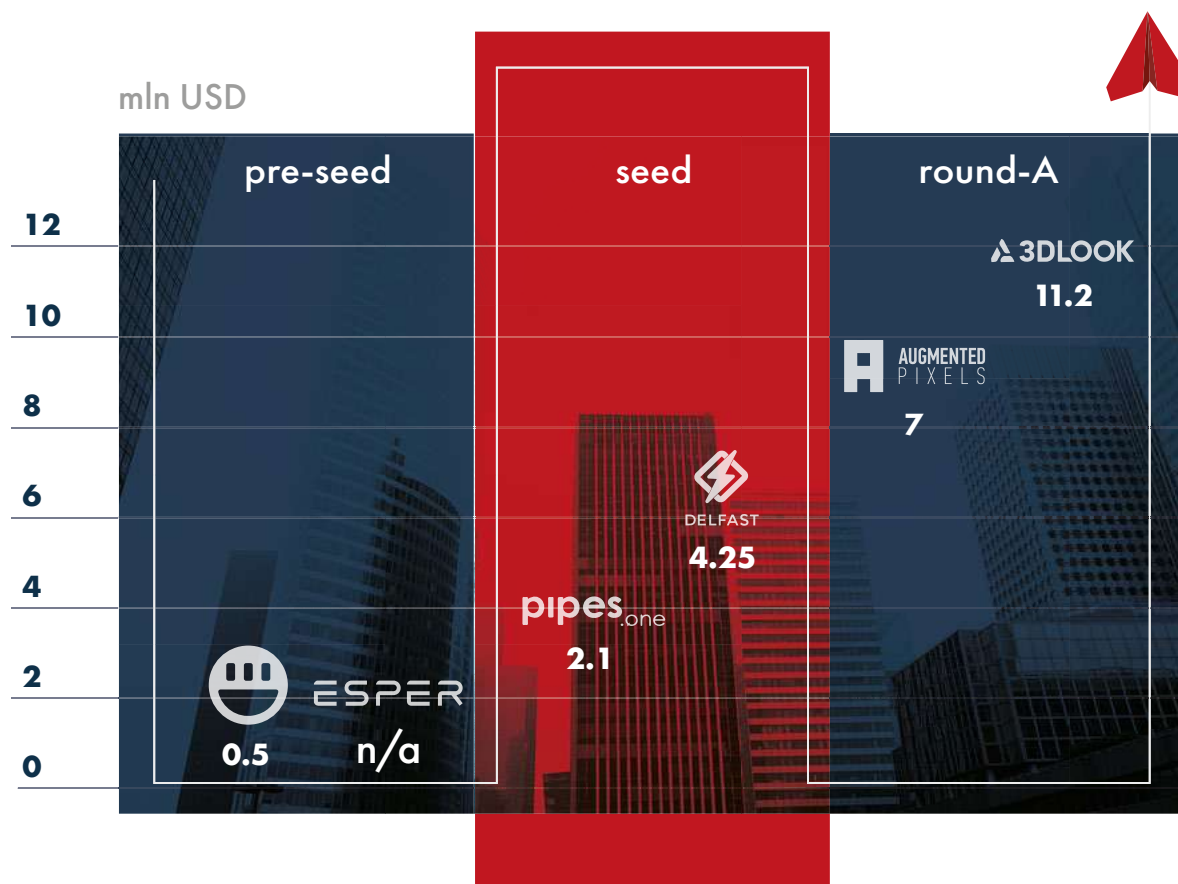
Investments are attracted for:

- product development and project launch;
- the team expansion, opening of new offices;
- modernization of technology, development of new products;
- sales increase.

While looking for investors, startups usually face such problems as:

- lack of investors with smart money
- lack of interest in investing in hardware projects;
- a prejudiced attitude of some foreign investors towards projects from Ukraine;
- failure to convince the investor of the prospects of the idea, its potential success;
- unfavourable investment conditions for startups.

Below is a presentation of case studies of Ukrainian startups of different sizes, sectors, stages of investment, and forms of fundraising.



Source: Deals database by Kreston Ukraine

«Today in Ukraine startups are created mainly by young people. The emergence of startups founded by experienced entrepreneurs should become a key driver of this market. Israel pass this way and now the average founder there is a professional with 20 years experience»

**Alexander Tsimerman**  
Managing partner, Solid5



## 6. Startups case study

# ESPER B I O N I C S

Esper Bionics is a developer of the IoT prosthetic hand. The product is developed using the Machine Learning approach (artificial intelligence including a set of sensors, ability to filter signals, and consistent updating of grips and signal processing algorithms).

The prosthesis recognises human activity and adjusts the grip to the appropriate situation, reduces the time required for training, increases control accuracy, and provides intuitive control of the prosthesis.



Year of foundation

2018



Headcount

16



Applications received

250



Items produced

10

## Investing story

Initially, the startup was looking for money to expand the team, obtain FDA approval for medical equipment, as well as to procure the equipment necessary for operation.

In 2019, the project won the Vernadsky Challenge of engineering startups and received a grant for 1 mln UAH. In 2020, Esper Bionics applied for investment in SMRK VC Fund — the review procedure took a month, and in August of the same year, the first investments were received. In the same year, a USF grant of 50 thousand USD was received.

The investments made it possible to procure the necessary equipment and begin to produce prostheses in small batches, as well as obtain FDA certification. The number of employees increased from 8 to 16.

In 2021, the company took part in the program of well-known Alchemist Accelerator, which helped to improve the efficiency of operational processes, document management, as well as expand the network of investors contacts..

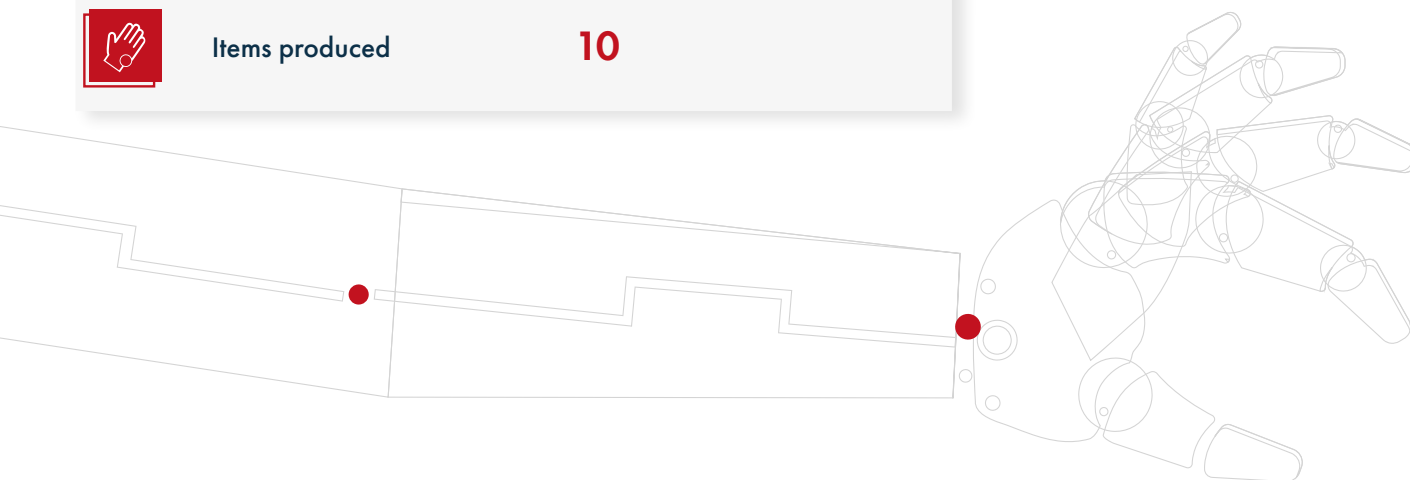
## Plans

The seed round, which planned at the end of 2021, is expected to bring 5–10 mln USD from American investors.

«To select an investor, we have created own database indicating the investors' activity in the market, their areas of interest, expertise — whether he can become not just a financing party, but the partner sharing its expertise»



Anna Belaventseva  
Co-Founder



## 6. Startups case study



Augmented Pixels is a developer of the navigation technologies used in virtual and augmented reality and robotics. These technologies enable spatial navigation for robots and drones without GPS navigation.



Year of foundation

**2013**



Headcount

**>30**



Company valuation

**20–40 mln USD**



Investments attracted

**7 mln USD**

### Investing story

The startup was founded in 2013 in Odessa, currently operating in Silicon Valley.

The first investments were made directly by the founder (Vitaly Goncharuk). In 2014, the goal was set to enter the American market, and to achieve it, the company joined the Plug&Play accelerator programme. After joining, the company held over 200 meetings within two months, expanding the contacts network.

In 2015, the startup attracted its first million USD, followed by the relocation of head office to California; at the same time, Ukraine remained the principal R&D centre with 30 employees.

The startup has attracted investments of 7 mln USD to date. The leading investors are the Ukrainian fund AVentures Capital, the California funds The Hive and Stelter Capital. Companies such as LG, Intel, Qualcomm, National Geographic, Jayman, Harkus, Zoom 3D use startup's solutions.

The investment of 2 mln USD received in 2021 was assigned to adapting navigation technology inside buildings.

### Future plans

To enter the market for in-building navigation solutions and to expand the share in this market.

«We were not looking for just an investor; we were looking for smart money. Unfortunately, there are not enough specialised investors in the market who can help develop the business.»



**Vitaly Goncharuk**  
CEO, Founder



## 6. Startups case study

# pipes.one

Pipes.one implementing the breakthrough mobile technology for the production of industrial plastic pipes right at the construction site to make polymer pipelines projects implementation more efficient: cheaper, faster, greener, with improved quality. The developed Game changing mobile factory on wheels technology does not have analogs in the world.

The solution allows to save up to 30% of the cost of polymeric materials, streamlines and improves the quality of the work.



Year of foundation

**2006**



Headcount

**<50**



Investments attracted

**2.1 mln USD**

## Investing story

In 2018, the startup received a 50,000 EUR grant from Horizon 2020 Phase 1 to conduct a feasibility study that allowed to hold numerous meetings with potential players and competitors. The adjusted business model resulting from the study contributed to the following development of the company.

In 2020, the startup hit the Ukrainian record when it attracted 1.8 mln EUR of mixed financing under the Horizon 2020 EIC Accelerator program. 1.3 mln EUR of this amount was a non-refundable grant, and 0.5 mln EUR were venture investments.

The startup allocated received investments to the upgrading of mobile plant, implementing commercial pilot projects, as well as passing the necessary certification. The technology is protected by a number of patents, including the patents in US and Europe.

## Plans

To attract 10 mln USD within the seed round to create a full-fledged production facility in Ukraine. Then, to build partnerships with local markets to penetrate the markets in most promising regions in the world, like US, Canada, UK and EU.

« It is difficult for industrial startups to make an entrance to the market with innovative products as it requires a significant capital investment to even build a working prototype. Besides start up should have a strong relations with major market players from the very beginning. To pass the dead valley of investments, a start-up needs both grant support and the support of corporations that could provide their services at a discount, thus supporting young businesses and nurturing future customers»



Sergey Sereda  
CEO



## 6. Startups case study



### Promin Aerospace

Promin Aerospace is a Ukrainian aerospace startup democratizing access to space by offering a light-weight solid-fuel rocket capable of deploying a payload to a low Earth orbit. The solution features smallest launch area and mobile spaceport. It provides shortens time to launch by 70-90% while also creating almost no space debris.



Year of foundation

**2021**



Headcount

**<10**



Investments attracted

**0.5 mln USD**

## Investing story

The team of engineers, including experts from the leading technical universities of Ukraine, performs a development. The critical problem for the startup was that the majority of investment funds were not interested in the space sector. The absence of similar successful Ukrainian cases aggravated the situation. Thus, the founders did not expect that they would succeed in attracting Ukrainian investors.

Nevertheless, at the end of 2020, the startup met the Ukrainian venture fund QPDigital resulting in the attraction of a 500 thousand USD investment in May 2021. The startup allocated much of this amount to the development of the rocket engine. Also, funding is used to expand the team and potential customer discovery.

## Plans

To obtain a grant for future development. To become an industry leader in launching nano- and pico-satellites into orbit in 5-6 years.

«Despite the long closing of the round, it was clear that the investor and we were equally interested in the deal from the very beginning.»



**Misha Rudominski**  
CEO, Founder



## 6. Startups case study



Delfast developed electric bicycles that can travel up to 380 km on one battery charge. In 2017, this electric bicycle was listed in the Guinness Book of World Records, as it covered 367 km in 16.5 hours without recharging.



Year of foundation

**2014**



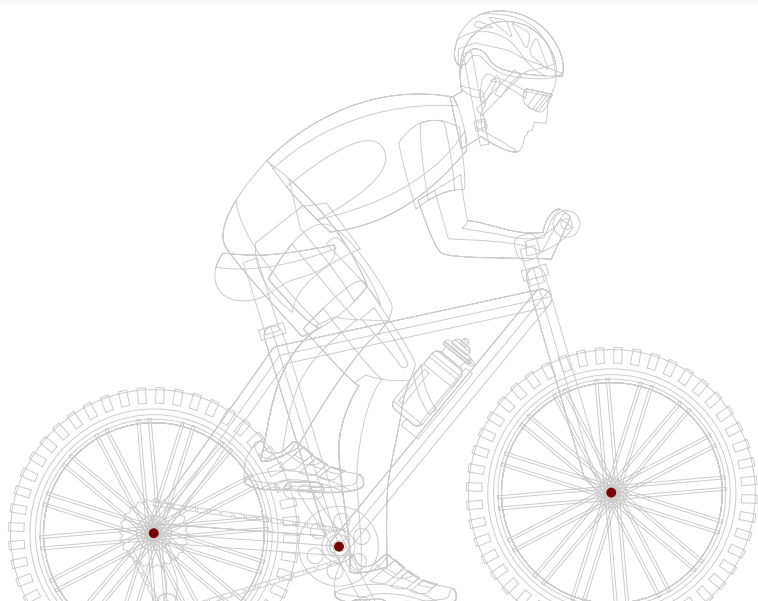
Headcount

**<50**



Company valuation

**4.3 mln USD**



### Investing story

Delfast Inc. was founded in 2014 as a courier service. In 2017 the brand new electro bikes sales unit was settled up, and the company turned to the Kickstarter community looking for funding. The crowd warmly accepted the company's product eBike and backed it with 166 thousand USD, well above the target of 50 thousand USD. The funds received were used to start production, open an office, financing marketing and operating expenses.

In 2020, Delfast decided to focus on electro bikes production and sells their courier service. Additionally, the company turned to a crowdfunding platform Fundable.com, to raise financing for R&D, working capital, and other operating expenses. The company managed to collect 3.4 mln USD from 300 individuals; 99% of investors were Ukrainians.

The startup received 4.3 mln USD to date, allowing it to expand production in Ukraine, recruit a team and launch sales.

### Plans

To enter the USA market. To achieve a 5–10-fold increase in sales annually. It is also planned to attract 20–30 mln USD to scale the business within the next round of financing in the USA.

«We spent a year and a half searching for an investor, conducted Due Diligence, talked to various investors, but all in vain. So we launched a crowdfunding campaign and raised 3.4 million USD.»



Serhii Dovhopolyi  
CTO



## 6. Startups case study

# 3DLOOK

3DLOOK — Virtual Try-On, fit and size recommendation solution.



Year of foundation

2016



Headcount

92



Company valuation

50–70 mln USD



Investments attracted

11.2 mln USD

## Investing story

For the first two years of operation, the startup had no customers, making it challenging to convince investors that the technology was promising and the market would grow.

In 2016, the team began to develop a new product. The first angel investments allowed to test assumptions and improve the technology; the next investments were attracted directly for the creation of the product and the increase of sales. In 2017, the startup joined the Boost VC accelerator program.

Since then, more than 100 customers worldwide, including Tailored Brands, 1822 Denim, Safariland, and Fechheimer Bros., became the users of 3DLOOK, improving their conversion rate by 4 times and cutting the return of merchandise by 30%.

In 2021, the company attracted investments of 6.5 mln USD. The principal investor was the venture fund TMT Investments, Almaz Capital became the lead investor, and Zubr Capital was the co-investor. The attracted investments aimed to expand the team, boost sales and improve product scalability.

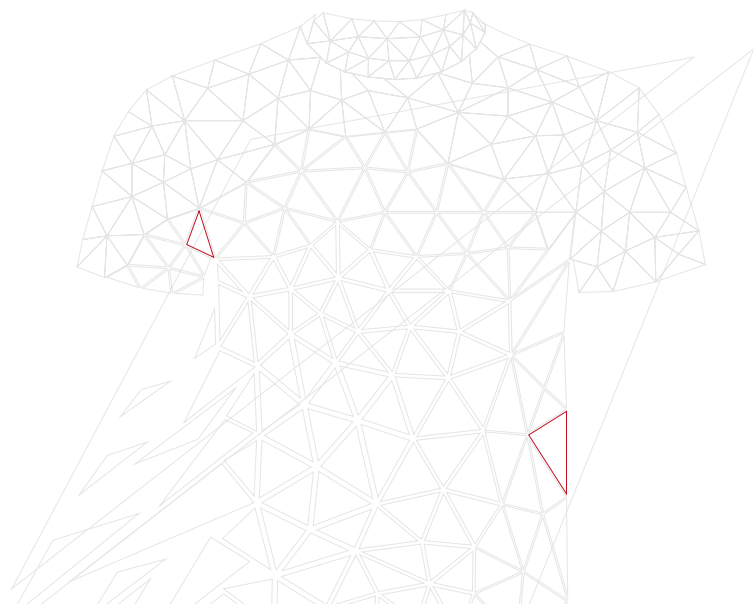
## Plans

To keep on scaling in the market of Fashion E-commerce, expanding the team further. To achieve the criteria for the transition to investing round B.

«The Boost VC accelerator program allowed us to expand the network of contacts. Some of its participants became our clients for a while.»



Aleksandr Arapov  
Co-Founder



An aerial night view of a city skyline, likely New York City, with a prominent red vertical bar on the left side. The bar contains a white number '7' in a red-bordered box at the top. The text 'Decision-making factors for investment' is written vertically on the bar and horizontally in the bottom right corner.

7

Decision-making factors for investment

Decision-making factors for investment



## 7. Decision-making factors for investment

### For investor

#### Industry affiliation

The startup belongs to the industry the investor has expertise in

#### Strong team

The competence of the team and its leader, their willingness to change and learn

#### Current product

The product is unique and relevant for the market, and it can address an identified problem.

#### High-quality business plan

A comprehensive business plan is developed, allowing the investor to understand how the startup will operate, what it requires, and what the investor will get as a result.

#### Scalable idea

The project has the potential of entering foreign markets to expand the financial opportunities and performance of the startup.

### For startup

#### Smart money

The investor is expected to provide expert advice, operational management assistance, and facilitation of entry into new markets in addition to financing itself

#### Industry expertise

The investor has projects from a relevant industry in his investment portfolio

#### Independence preservation

The investor abstains from interfering in operational decision-making

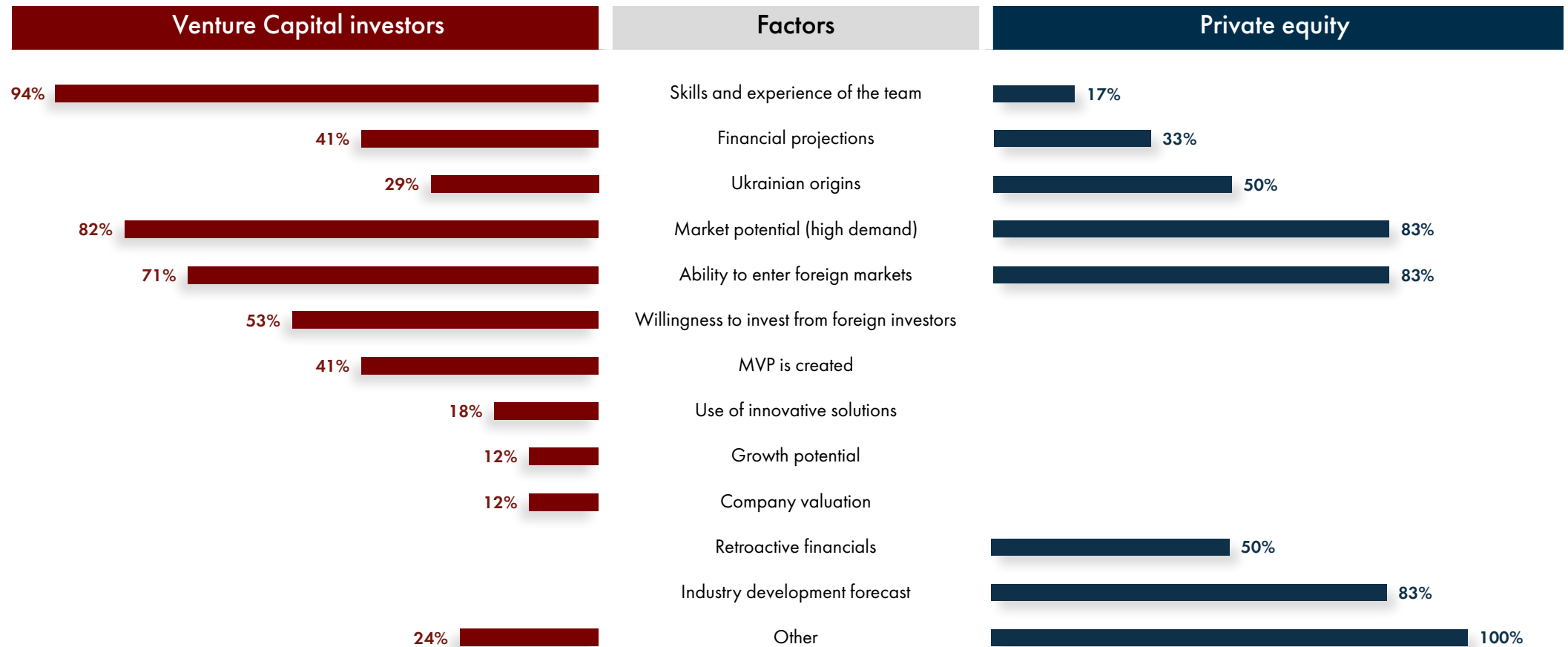
#### Long-term cooperation

The investor is eager to build long-term relations, willing to support and participate in future rounds of investment

#### International status of the investor

The investor has offices and representations around the world, which may help the startup enter new markets in the future

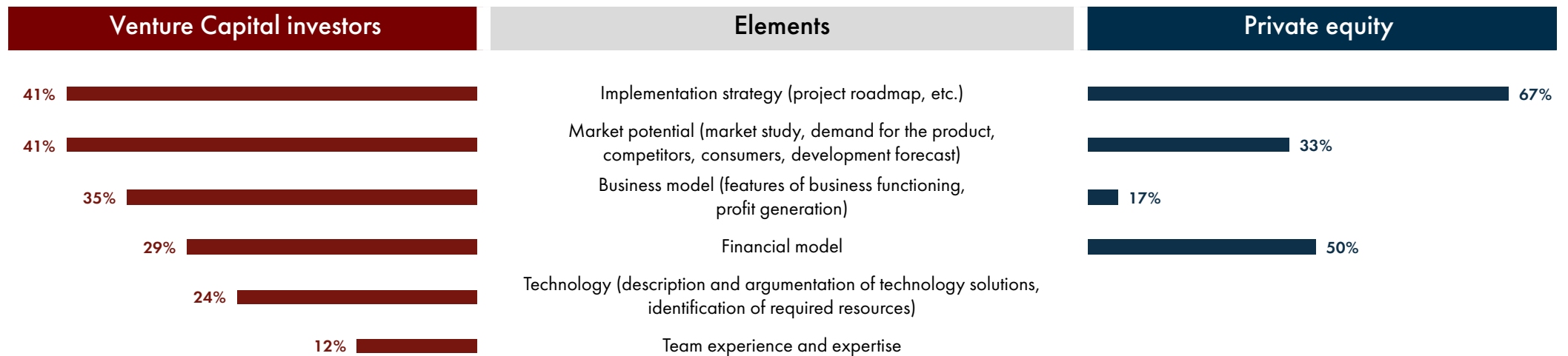
## 7. Decision-making factors for investment



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

## 7. Decision-making factors for investment

### Weak elements of investment materials (missing or insufficiently disclosed)



Source: Ukraine venture capital and private equity survey by Kreston Ukraine

Over the past five years, the quality of startups has significantly improved. The main driver of such improvement was the increase in founders' education, as public resources started to offer plenty of educational materials on entrepreneurial activity and the peculiarities of the investment market. In addition, emerging Ukrainian accelerators and the existing foreign ones played an important role.

However, the quality of investment materials of Ukrainian startups is usually inferior to the Western European and American examples. At the initial stage, startup teams do not devote enough time and effort to prepare the project presentation for the investor thoroughly.

The main weaknesses of Ukrainian projects remain:

- Market analysis and competitive environment assessment;
- Financial planning;
- Development strategy; and
- Approach to sales in the domestic and foreign markets.

«Startups usually have poorly elaborated strategy, business model, and suffer from operational mismanagement. However, ordinary companies also face these problems. Such deficiencies are not a feature of the industry or the country; they are innate to the business as a whole.»

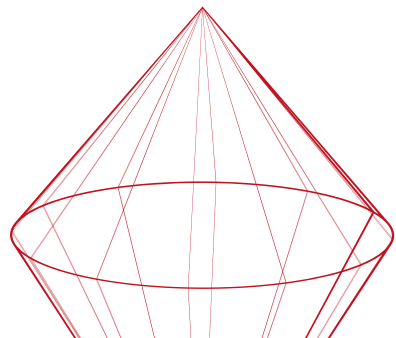
**Alexander Lobanov**  
Partner, USP Capital



# 7. Decision-making factors for investment

## What are Ukrainian startups lacking?

	ASSESSMENT BY MARKET PLAYERS:		
	Startups	Funds	Market experts
<b>EDUCATION</b>			
Understanding the peculiarities of the market, the basics of entrepreneurship	✓	✓	✓
Accelerators and mentors who, in addition to education, would share their experience and examples of practical cases, provide expert advice	✓	✓	✓
English language skills, which allows foreign partnership and entering the global market		✓	
<b>COLLABORATION WITHIN THE INDUSTRY</b>			
Exchange of experience between startups, discussion of problems, and feedback on cooperation with investors	✓	✓	✓
Support from major players through partnership programs, soft loans or discounted services	✓		
<b>GOVERNMENT SUPPORT</b>			
Changes in legislation — protection of foreign investors, reduction of the tax burden on entrepreneurship, cessation of unreasonable inspections from authorities	✓	✓	✓
Fair judiciary and rights protection system		✓	✓
<b>INFRASTRUCTURE</b>			
Developed investment market infrastructure with a large number of funds, angels, acceleration programs, incubators, and educational programs	✓		✓
In-house venture funds created by large corporations	✓		
The reputation of Ukraine as a source of high-quality and successful projects	✓	✓	



«Founders lack soft skills and mobility. Some startups are stuck in classic business planning. They cannot tell their story to the investor in a compelling manner and are not agile enough to adapt to the rapidly changing environment.»

**Jane Klepa**  
Executive Director, 1991 Open Data Incubator



A night cityscape with a red vertical bar and a red box containing the number 8. The background shows a city skyline with illuminated buildings, including the Freedom Tower on the right. A red vertical bar runs down the center, and a red box with a white number 8 is positioned in the upper left. The word 'Ecosystem' is written vertically in white on the red bar and horizontally in white at the bottom right.

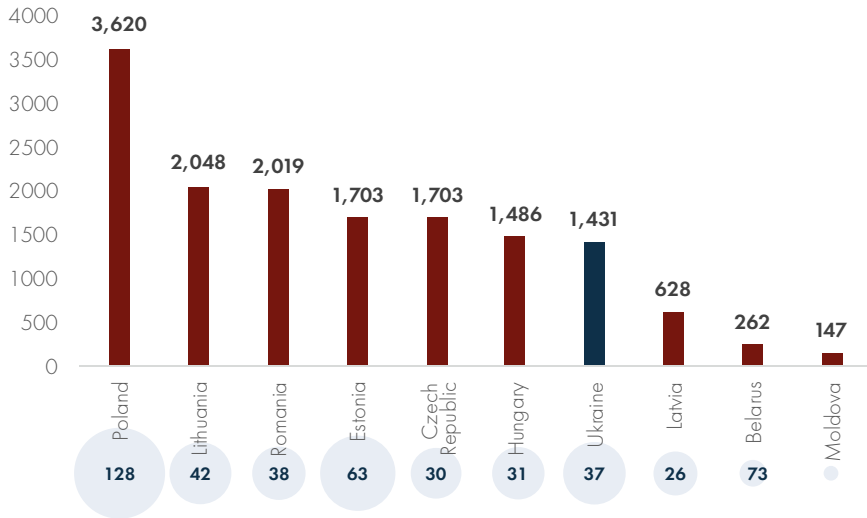
8

Ecosystem

Ecosystem

# 8. Ecosystem

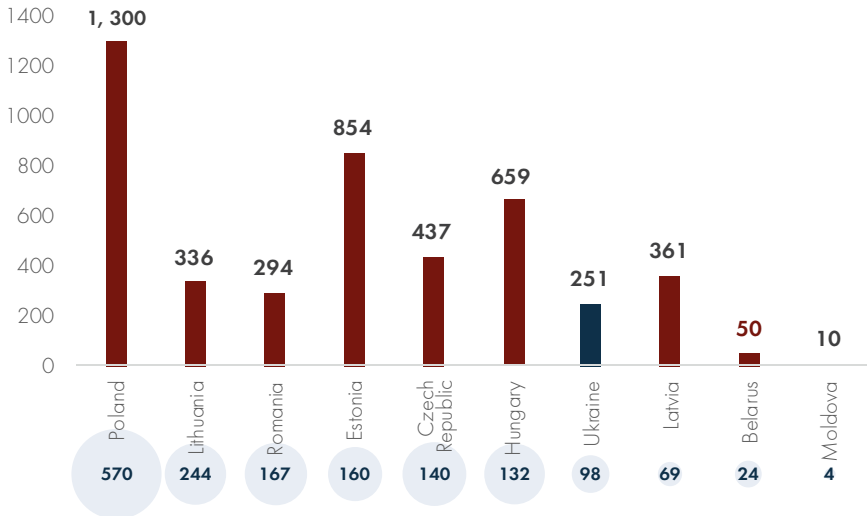
## Number of startups by country



■ Number of startups (as of July 2021)      ● Number of startups, launched in 2020-2021

Source: Dealroom

## Number of investors by country



■ Number of investors      ● Number of lead investors

Source: Crunchbase

## Ukraine in international ratings



## 8. Ecosystem

### Startup contests in Ukraine

	 #HackCorona in Ukraine	EASTC*DE 2021	 VERNADSKY CHALLENGE	 ARENA	 IT EUREKA
 <b>Organiser</b>	Ministry of Digital Transformation of Ukraine	UNDP and Ministry of Digital Transformation of Ukraine	Noosphere Ventures	Lviv IT Cluster	Sigma and Ministry of Education and Science of Ukraine
 <b>Dates</b>	<b>Apr. 10 – May 10, 2020</b>	<b>Oct. 12 – Nov. 23, 2020</b>	<b>June 15–16, 2021 (finals)</b>	<b>Oct. 8–10, 2020</b>	<b>Oct. 5–6, 2020</b>
 <b>Description</b>	Contest of IT projects that help people and businesses in Ukraine to handle the COVID-19 pandemic	The contest supports projects that help create a digital community of Ukraine	Engineering Startup Competition, aimed at promoting talented engineers.	IT-conference with startup contest	Contest of student startups for the development of innovative and entrepreneurial potential
 <b>Focus areas</b>	<ul style="list-style-type: none"> <li>• eHealth</li> <li>• E-business</li> <li>• eGov</li> <li>• Services to support citizens vulnerable to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Local governance</li> <li>• Environmental science</li> <li>• Social public services</li> </ul>	<ul style="list-style-type: none"> <li>• Space technologies</li> <li>• Active bioelectronics</li> </ul>	<ul style="list-style-type: none"> <li>• eHealth</li> <li>• EdTech</li> <li>• AgroTech</li> <li>• FinTech</li> <li>• Cryptocurrencies</li> <li>• Entertainment</li> </ul>	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Traffic processing</li> <li>• Advertisement</li> <li>• Information security</li> <li>• AR/VR</li> </ul>
 <b>Prize</b>	<b>5 mln UAH</b>	<b>5–10 ths USD</b>	<b>2 mln UAH</b>	<b>120 ths USD</b>	<b>100 ths UAH</b>

«The market lacks collaboration between players, platforms where they can communicate and share experiences. When pandemic restrictions are gone, the number of events will increase, resulting in the introduction of new ideas and players.»

**Oleksandr Yatsenko**  
Managing partner, BRISE Capital





Data methodology

Data methodology



# Data methodology

## Methodology overview

To conduct the research that formed the basis of this report, we applied the following quantitative and qualitative information collection techniques:

- **Desk research** — analysis of open sources statistical data and secondary information (e. g., business and industry periodicals, market reviews), websites of the market players;
- **Online survey** — a survey of market players using the interactive questionnaire posted on online survey platform;
- **Expert interviews** — obtaining information about the market from market players' representatives and industry analysts during personal and online discussions.

## Deals database by Kreston Ukraine

The basis for the formation of the Database of venture capital deals of Ukrainian startups for the period from January 2018 to August 2021 were the following primary information sources on startups and investors:

- TechUkraine
- DealBook of Ukraine. 2021 Edition. Aventures
- Ucluster
- InVenture
- Forbes.ua
- AIN.ua
- MC.Today
- Dealroom.co
- Crunchbase

The deal was included in the Database when the respective startup was considered Ukrainian by meeting at least one of the following criteria:

- Startup is incorporated in Ukraine;
- Startup's founders are Ukrainians, or
- At least 30% of the staff is located in Ukraine.

We have performed the following procedures while forming the Database:

1. We have drawn up a list of deals related to attracting investments and involving Ukrainian startups.
2. We have verified and analysed information about these deals based on alternative information sources (e.g. media).
3. When information in primary sources was missing or incorrect, we have amended or supplemented it based on reliable data from the alternative information sources..

# Data methodology

## Online survey



We have conducted Ukraine venture capital and private equity survey in July–September 2021 using online and phone methods. The survey covered 23 active Ukrainian venture capital and private equity investors for which there were confirmed deals in 2016–2021.

The survey has covered a wide range of investment market players in terms of:

- capital under management;
- the average deal amount;
- geography of investing (Ukrainian and/or foreign startups);
- focus sectors and industry expertise;
- preferred stages for investing.

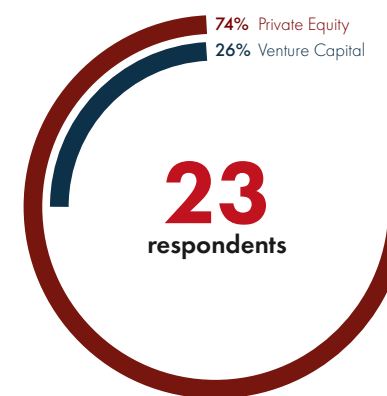
## Expert interviews



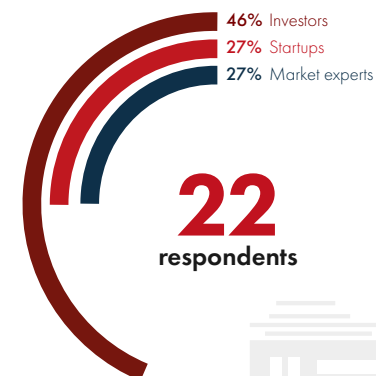
Expert interviews covered 22 market players' representatives and industry experts, including:

- Ukrainian startups in various sectors, with different amounts of attracted investments and current investment stages;
- top investors in the Ukrainian market in terms of the number of deals, investment volumes, as well as those mentioned most frequently in media and during the interviews with startups; and
- market experts — representatives of incubators, accelerators, USF experts, etc.

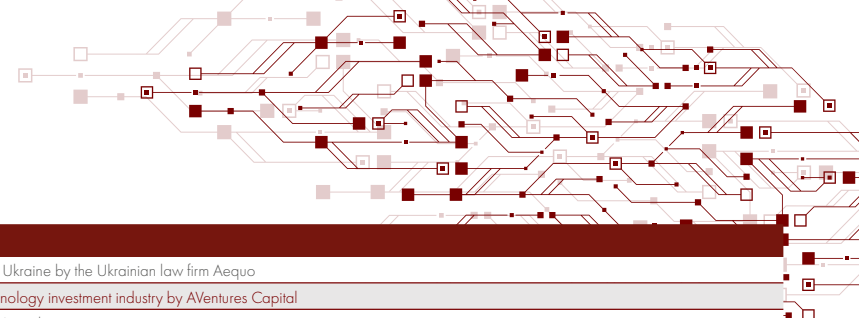
## Survey participants structure



## Structure of interviewed experts



# Data methodology

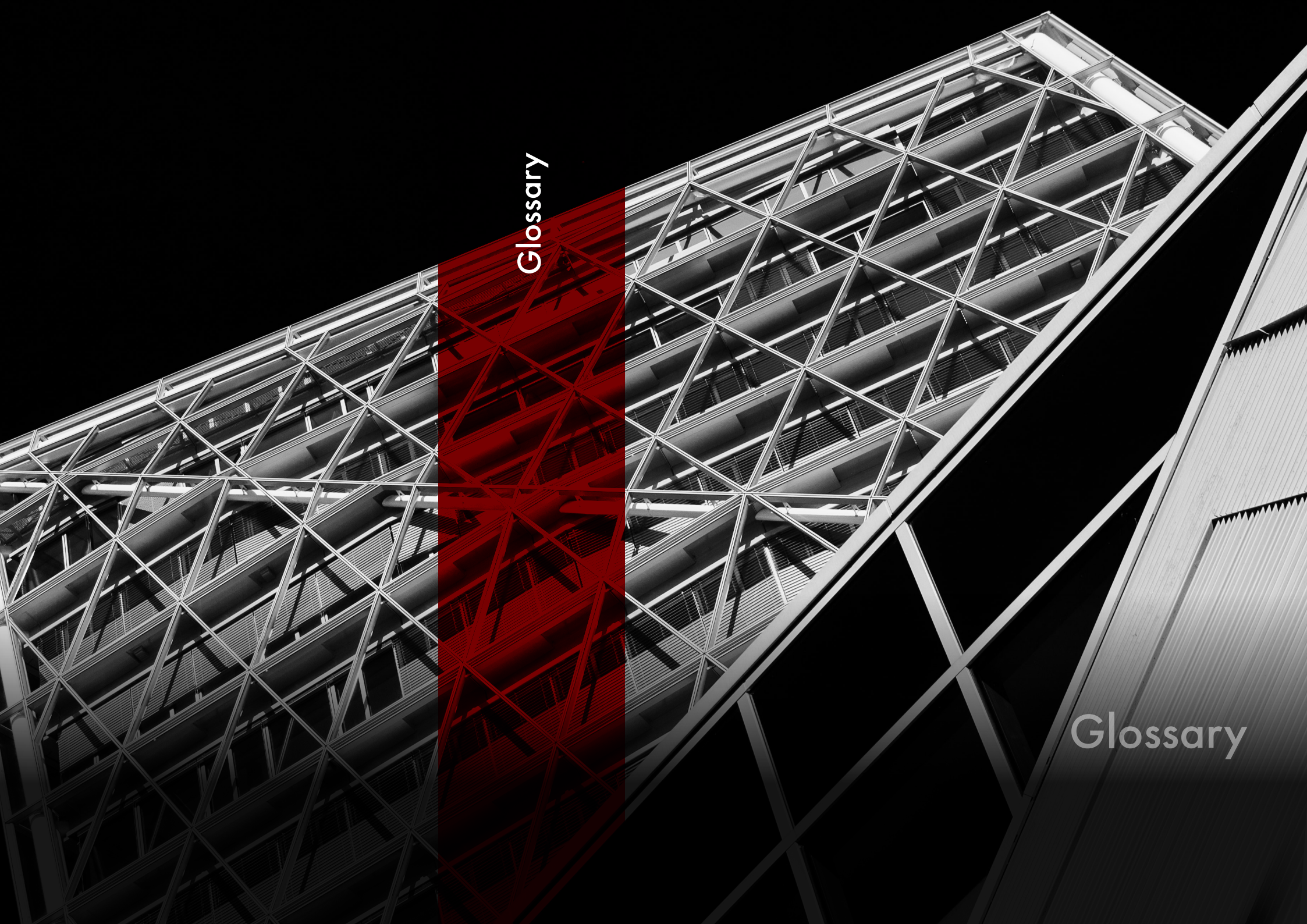


## Information sources used

#	Name	Website	Description
1	Catching the rebound: M&A in Ukraine by AEQUO	<a href="http://aequo.ua/en/analytcs/catching-the-rebound-m-a-in-ukraine">aequo.ua/en/analytcs/catching-the-rebound-m-a-in-ukraine</a>	Report on the key trends of M&A in Ukraine by the Ukrainian law firm Aequo
2	DealBook of Ukraine. 2021 edition by Aventures	<a href="http://bit.ly/2OSIU1O">bit.ly/2OSIU1O</a>	Annual review of the Ukrainian technology investment industry by Aventures Capital
3	M&A Radar: Ukraine by KPMG	<a href="http://home.kpmg.ua/en/home/insights/2020/02/ma-radar-ukraine.html">home.kpmg.ua/en/home/insights/2020/02/ma-radar-ukraine.html</a>	KPMG report on the Ukrainian M&A market
4	Global Cybersecurity Index 2020 by ITU	<a href="http://www.itu.int/en/ITU-D/Cybersecurity/Pages/global-cybersecurity-index.aspx">www.itu.int/en/ITU-D/Cybersecurity/Pages/global-cybersecurity-index.aspx</a>	Report of the International Telecommunication Union measures the commitment of countries to cybersecurity
5	Global Startup Ecosystem Index 2020 by SG & GEN	<a href="http://startupgenome.com/report/gser2020">startupgenome.com/report/gser2020</a>	Research by Startup Genome and Global Entrepreneurship Network on startup ecosystems
6	The Global Innovation Index 2020 by WIPO	<a href="http://www.wipo.int/global_innovation_index/en/2020">www.wipo.int/global_innovation_index/en/2020</a>	Report of the World Intellectual Property Organization on the latest global innovation trends and the annual innovation ranking of 131 economies
7	World Digital Competitiveness Ranking 2020 by IMD	<a href="http://bit.ly/3vyejA7">bit.ly/3vyejA7</a>	Report by the IMD World Competitiveness Center, measures the capacity and readiness of 64 economies to adopt and explore digital technologies
8	World's best countries to invest in or do business for 2020 by CEOWORLD	<a href="http://bit.ly/3BYzKNg">bit.ly/3BYzKNg</a>	Ranking and analysis of 80 countries according to their business and investment environment by CEOWORLD magazine
9	Aventures	<a href="http://aventurescapital.com">aventurescapital.com</a>	
10	Chernovetskyi Investment Group	<a href="http://cig.vc">cig.vc</a>	
11	Digital Future	<a href="http://digital-future.org">digital-future.org</a>	
12	Dragon Capital	<a href="http://dragon-capital.com">dragon-capital.com</a>	
13	Flyer One Ventures	<a href="http://flyerone.vc">flyerone.vc</a>	
14	Horizon Capital	<a href="http://horizoncapital.com.ua">horizoncapital.com.ua</a>	
15	ICU	<a href="http://icu.ua">icu.ua</a>	
16	QPDigital	<a href="http://qp.digital">qp.digital</a>	
17	SMRK VC Fund	<a href="http://smrk.vc">smrk.vc</a>	
18	TA Ventures	<a href="http://taventures.vc">taventures.vc</a>	
19	Ukrainian Startup Fund	<a href="http://usf.com.ua">usf.com.ua</a>	
20	InVenture	<a href="http://inventure.com.ua">inventure.com.ua</a>	Online media about private equity and venture capital market
21	AIN.ua	<a href="http://ain.ua">ain.ua</a>	Ukrainian online media about IT, startups, technologies and entrepreneurship
22	Crunchbase	<a href="http://www.crunchbase.com">www.crunchbase.com</a>	A platform for finding investments and funding information, mergers and acquisitions, news, and industry trends
23	Dealroom.co	<a href="http://dealroom.co">dealroom.co</a>	Global data platform for intelligence on startups, innovation, high-growth companies, ecosystems and investment strategies
24	TechUkraine	<a href="http://techukraine.org">techukraine.org</a>	Online information platform about Ukraine's tech sector
25	Ucluster	<a href="http://ucluster.org">ucluster.org</a>	Online platform connecting Ukrainian regional clusters of entrepreneurs, academia and local authorities, information portal about Ukrainian and foreign startups
26	Ukraine.Dealroom	<a href="http://ukraine.dealroom.co">ukraine.dealroom.co</a>	A platform for intelligence on Ukrainian startups, innovation, high-growth companies, ecosystems and investment strategies
27	Engineering Startup Competition Vernadsky Challenge	<a href="http://vernadskychallenge.com">vernadskychallenge.com</a>	
28	IT Arena	<a href="http://itarena.ua">itarena.ua</a>	IT-events for exchange of experience and discussion of new IT trends
29	IT_EUREKA	<a href="http://iteureka.com">iteureka.com</a>	Contest of startup projects in information technology
30	EastCode	<a href="http://eastcode.tech">eastcode.tech</a>	National contest of innovative solutions
31	#HackCorona	<a href="http://hack-corona.gov.ua">hack-corona.gov.ua</a>	National contest of IT-projects

## Best practice reports on venture capital and private equity considered

#	Name of the report	Description
1	2020 year in review. Canadian venture capital market overview by CVCA	Review of the venture capital market of Canada, prepared by Canadian Venture Capital & Private Equity Association
2	2020 year in review. Canadian private equity market overview by CVCA	Review of the private investment market in Canada, prepared by Canadian Venture Capital & Private Equity Association
3	CVCA private equity report. Deal activity in 2020 by CVCA & Deloitte	Review of the private investment market of the Czech Republic, prepared by Czech Private Equity & Venture Capital Association and Deloitte
4	Global private equity report 2021 by Bain	Private investment market report for 2020, prepared by Bain & Company
5	The insight: Europe's private equity industry during COVID-19 and beyond by Invest Europe	Market sentiment survey capturing the views of more than 350 GPs and LPs on the future of the private equity industry in the context of the COVID-19 pandemic
6	New Horizons. UK venture capital and private equity: creating public value by BVCA	Report by the British Private Equity and Venture Capital Association highlighting the ways in which the industry contributes public value to the United Kingdom
7	NVCA's 2021 Yearbook	National Venture Capital Association Yearbook documents trends and analysis of venture capital activity in the United States from the past year
8	Private equity and capital venture in Africa. Covid-19 response report by OBG & AVCA	A report produced by Oxford Business Group in partnership with the African Private Equity and Venture Capital Association provides insights into the investment impact of the pandemic
9	Private equity and venture capital market review 2020 by FVCA	Annual Report on the venture capital and private equity market for 2020, prepared by the Finnish Venture Capital Association
10	The Economic Impact of Venture Capital in Ireland 2016-2018 by IVCA	The study of the economic impact of venture capital on Ireland in 2016-2018 performed by Irish Venture Capital Association and DCU Business School
11	Venture capital: Fueling innovation and economic growth by IEF & BVK	German venture capital market research by Internet Economy Foundation and the German Private Equity and Venture Capital Association
12	Venture Pulse Q4 2020 by KPMG	KPMG Private Enterprise quarterly global report on venture capital trends



Glossary

Glossary

# Glossary

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**Accelerator** — an organisation that supports early-stage, growth-driven companies through education, mentorship, and financing.

**Acquisition** — the process when one company purchases most or all of another company's shares to gain control of that company.

**Business angel** — a person who invests their money in the initial phase of startups in exchange for participation in capital. They also usually carry out the role of a mentor and offer their consent and experience to entrepreneurs.

**Business climate** — the economic and professional environment surrounding industry or group of business enterprises.

**Business incubator** — an organisation that helps startup companies and individual entrepreneurs to develop their businesses by providing a fullscale range of services starting with management training and office space and ending with venture capital financing.

**Business model** — an outline of how an organisation creates, delivers, and captures value in economic, social, cultural or other contexts. The business model forms a part of business strategy.

**Business plan** — a formal document that describes in detail how a business (usually a startup) defines its objectives and how it is to go about achieving its goals. A business plan lays out a written roadmap for the firm from marketing, financial, and operational standpoints.

**Convertible note** — a type of convertible debt instrument commonly used to fund early- and seed-stage startups.

**Crowdfunding** — a fundraising approach that uses small amounts of capital from multiple individuals to finance a new business venture.

**Due Diligence** — the investigatory process performed by investors to assess the viability of a potential investment and the accuracy of the information provided by the target company.

**Early-stage startup** — the state of a company after the seed (formation) stage but before the middle stage (generating revenues). Typically, a company in the early stage will have a core management team and a proven concept or product but no positive cash flow.

**Exit** — the method by which a venture capitalist or business owner intends to get out of an investment that they made in the past (a way of "cashing out" an investment).

**Family office** — a private wealth management advisory firm that manages personal wealth, investments and trust services for high net-worth individuals and families.

**Financial model** — the summary of a company's performance, based on specific variables, helping forecast the future financial performance of the business.

**Founder** — the person who launches the business, often with co-founders.

**Fund of funds** — a pooled investment fund that invests in other types of funds.

**Grant** — a financial award given to startups without receiving equity or payment back.

**Growth equity** — is a type of investment in relatively mature companies undergoing transformational events in their lifecycles without changing business control.

**Growth stage** — the stage of a company when it has received one or more rounds of financing and is generating revenue from its product or service. Also known as "middle stage."

**Hardware startup** — a technology company focused on delivering products or services to its customers through physical electronic devices.

**Investment funds** — are investment products created with the sole purpose of gathering investors' capital and investing that capital collectively through a portfolio of financial instruments.

**Later stage** — the state of a company that has proven its concept, achieved significant revenues compared to its competition and is approaching cash flow break-even or positive net profit. Typically, a later stage company is about 6 to 12 months away from an IPO or buyout.

# Glossary

**Market capitalisation** — the value of a company determined by multiplying the number of outstanding shares by the current price per share.

**Mergers and acquisitions (M&A)** — the process through which businesses consolidate through acquiring other companies or merging with them.

**Minimum viable product (MVP)** — a product with enough features to attract early-adopter customers and validate a product idea early in the product development cycle.

**Networking** — establishing and developing long-term relations of mutual benefit with people you meet.

**Portfolio company** — a company that has received an investment from a fund.

**Pre-seed stage** — the state of a company when it has just been incorporated, and its founders are developing their product or service.

**Private equity** — investment class consisting of capital that is not listed on a public exchange. Private equity includes funds and investors that directly invest in private companies or engage in buyouts of public companies, resulting in the delisting of public equity.

**Research and development (R&D)** — the set of innovative activities undertaken by corporations or governments in developing new services or products and improving existing ones.

**SAFE (Simple Agreement for Future Equity)** — is an agreement between an investor and a company that provides rights to the investor for future equity in the company similar to a warrant, except without determining a specific price per share at the time of the initial investment.

**Secondary investments** — when investors purchase securities or assets from other investors rather than from issuing companies themselves.

**Seed stage** — formerly, the state of a company when it has just been incorporated, and its founders are developing their product or service. Nowadays, the stage of a company after the product development and often commercial launch, but before raising more significant amounts of capital for growth investments.

**Series A** — formerly the first “institutional” capital raised by a company. The “A” round is now typically the second institutional round of financing for a young company where venture capitalists are sufficiently interested in investing a considerable amount of capital after the “Seed” round to fund the company to the next stage of its development.

**Series B** — a financing event whereby venture capital investors who are sufficiently interested in a company provide the next round of funding after Series A.

**Series C** — typically, the last venture capital financing. The series C round primarily relies on raising capital through the sale of preferred shares. The shares are likely to be convertible shares. They offer holders the right to exchange them in the future for common stock in the company.

**Smart money** — an investment that will have an additional influence on the startup operations and strategy.

**Software startup** — a technology company focused on delivering products or services to its customers through programs (software) that operate on computers or mobile devices.

**Startup** — a company in the first stages of operations, usually innovative and with high growth potential. These companies generally start with high costs and limited revenue, so they look for capital from various sources, such as venture capitalists.

**Startup ecosystem** — a group of people, startups, and related organisations that work as a system to create and scale new startups.

**Unicorn** — Companies founded after 1990 that hit a valuation of USD 1 billion. It also includes companies that have since dropped below the USD 1 billion mark after going public.

**Venture capital** — investment class including investment of equity into a new (or startup) company with high growth potential.

**Venture fund** — a pooled investment fund that manages the money of investors who seek to invest in startups and small- to medium-sized enterprises with strong growth potential.



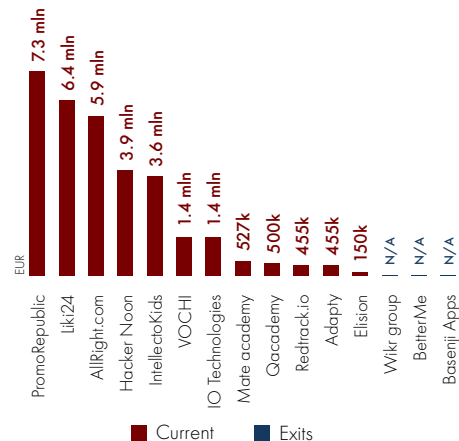
Appendices

Appendices

# Appendix 1. Top investors portfolio

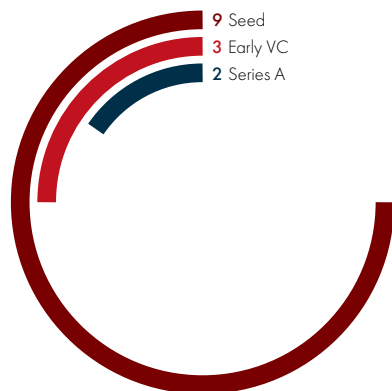
## Flyer One Ventures

Portfolio structure by startups



Source: DealRoom

Portfolio structure by funding round

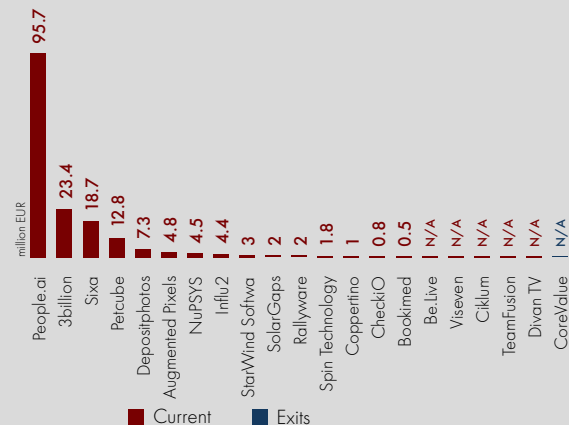


Portfolio structure by region



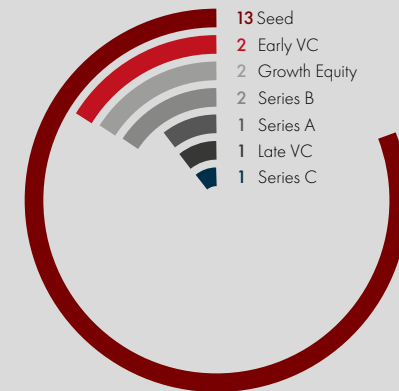
## Aventures

Portfolio structure by startups



Source: DealRoom

Portfolio structure by funding round



Portfolio structure by region

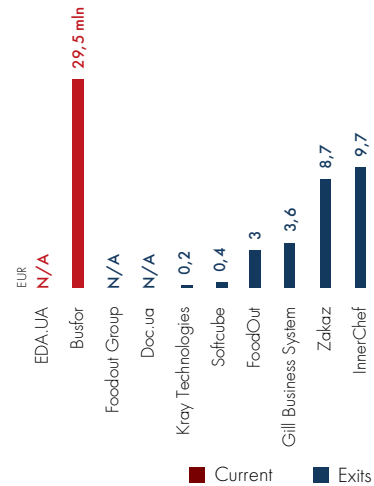




# Appendix 1. Top investors portfolio

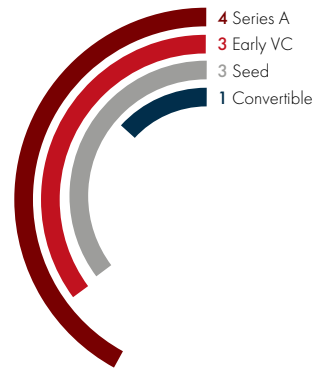


## Portfolio structure by startups

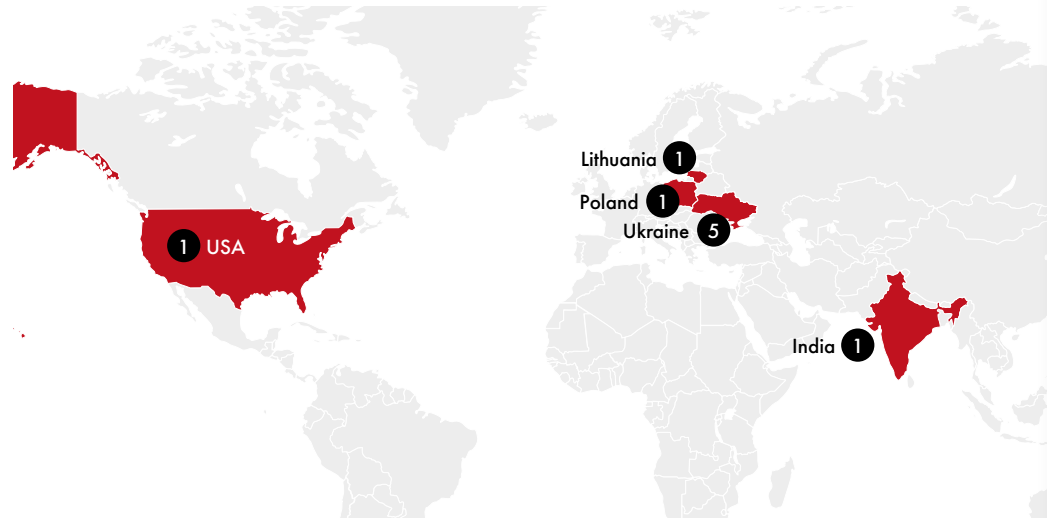


Source: DealRoom

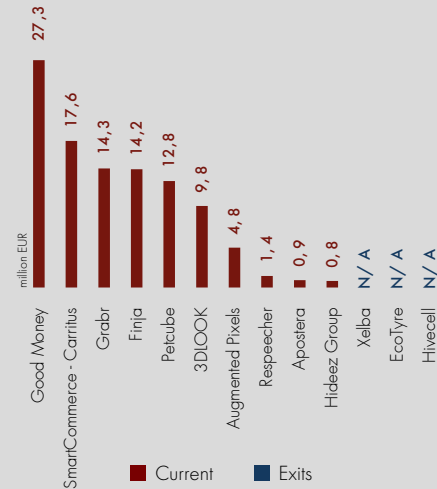
## Portfolio structure by funding round



## Portfolio structure by region

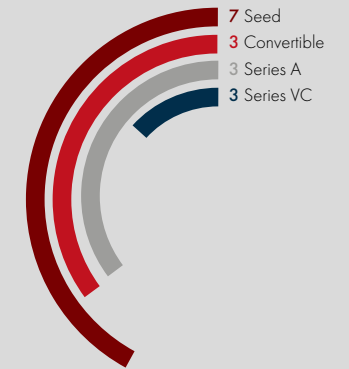


## Portfolio structure by startups



Source: DealRoom

## Portfolio structure by funding round



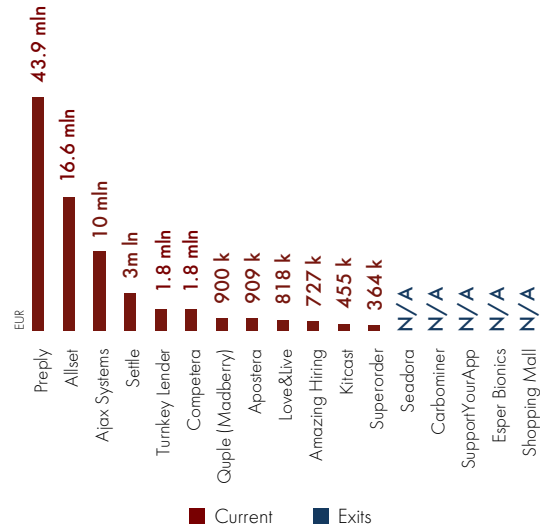
## Portfolio structure by region



# Appendix 1. Top investors portfolio

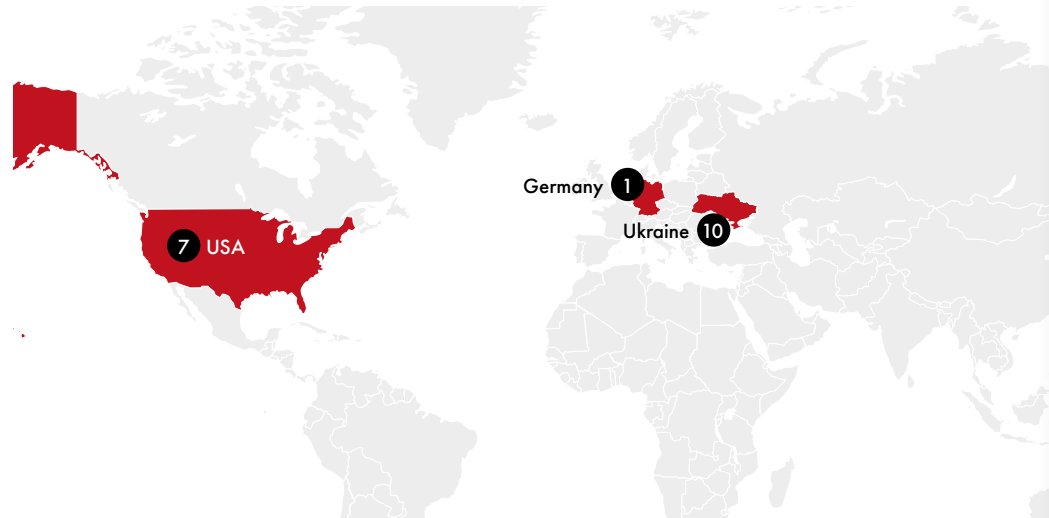
## SMRK VS Fund

Portfolio structure by startups

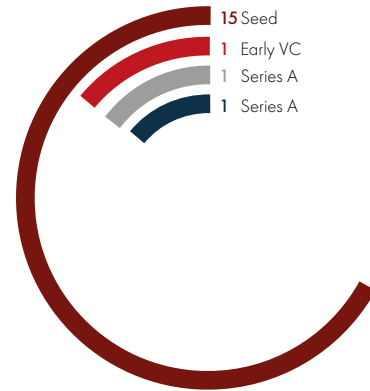


Source: DealRoom

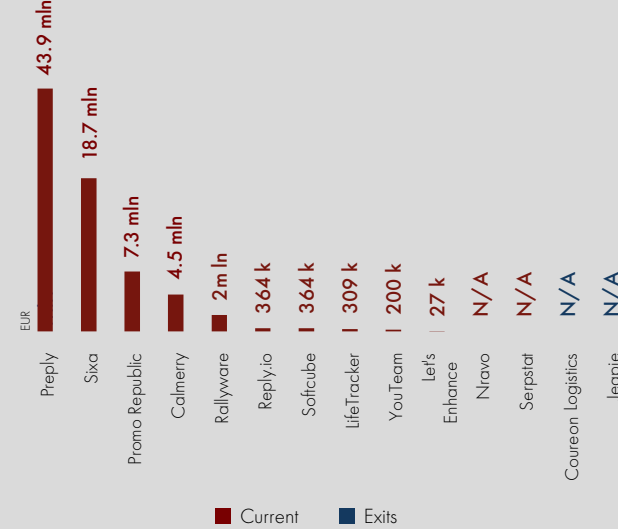
Portfolio structure by region



Portfolio structure by funding round



Portfolio structure by startups



Source: DealRoom

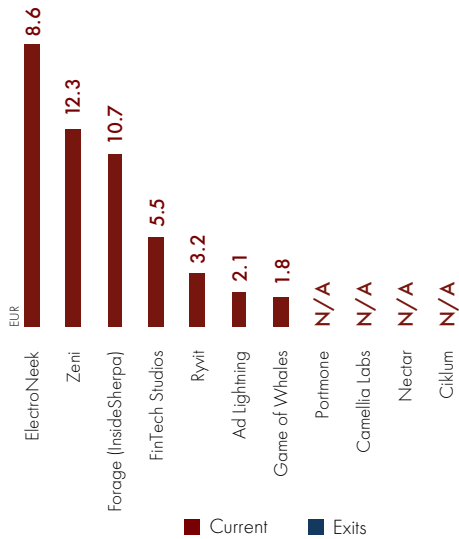
Portfolio structure by region



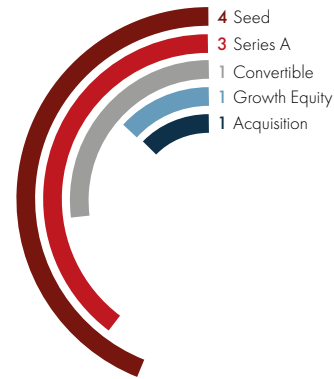
# Appendix 1. Top investors portfolio



Portfolio structure by startups

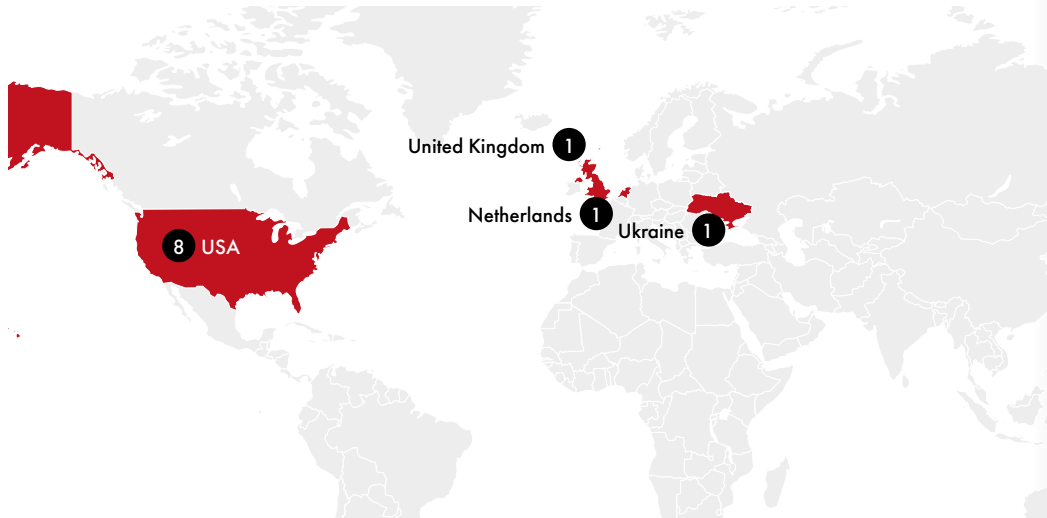


Portfolio structure by funding round

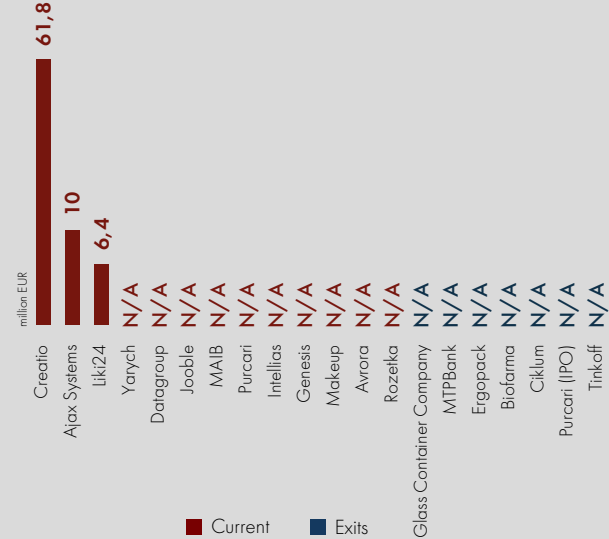


Source: DealRoom

Portfolio structure by region

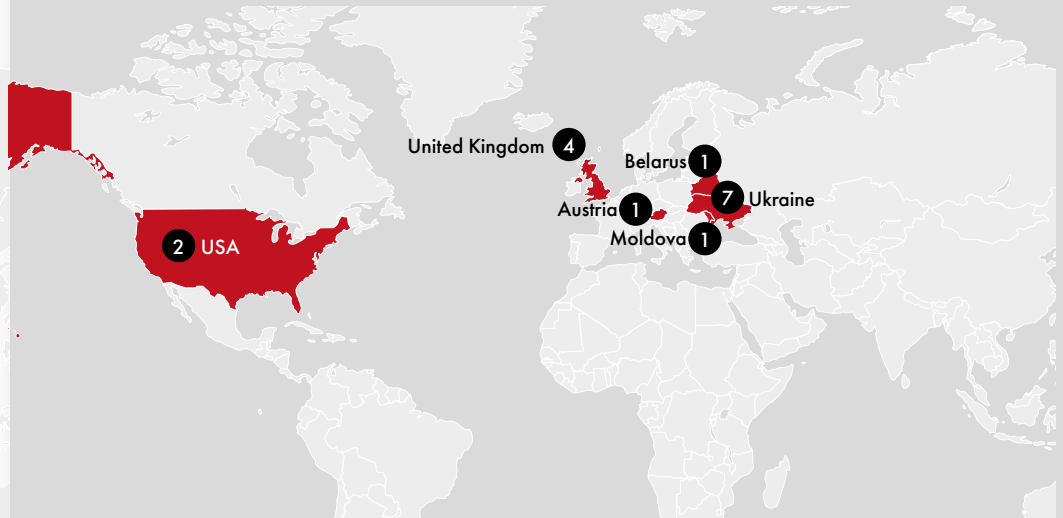


Portfolio structure by startups



Source: DealRoom

Portfolio structure by region



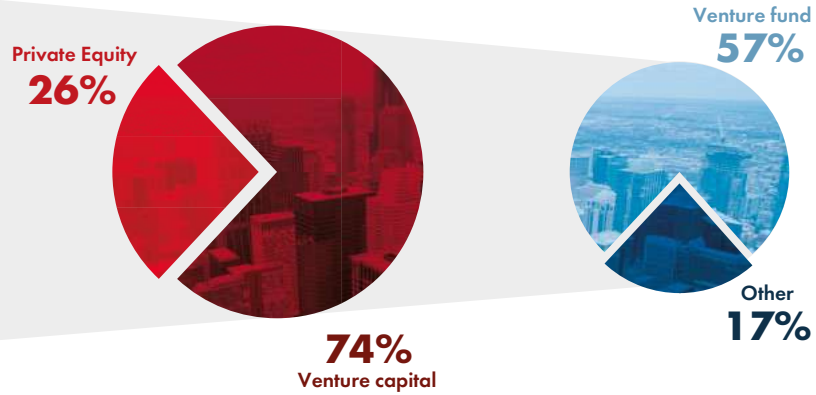
## Appendix 2. List of respondents



Company	Type	Respondent	Position	Survey	Interview
Almaz Capital	Venture Capital fund			☑	
<b>BRISE Capital</b>	Venture Capital fund	Oleksandr Yatsenko	Managing partner	☑	☑
Chernovetskyi Investment Group	Venture Capital fund	Volodymyr Kryvko	Managing partner	☑	☑
<b>Digital Future</b>	Venture Capital fund			☑	
Farmak	Venture Capital fund	Yuriy Sirotyuk	Innovation Project Manager	☑	☑
Farmak	Venture Capital fund	Serhiy Bryzhytskyi	Innovation Project Manager		☑
<b>GR Capital</b>	Venture Capital fund			☑	
ICU Ventures	Venture Capital fund			☑	
<b>JKR</b>	Venture Capital fund			☑	
Network.VC	Venture Capital fund			☑	
<b>Pragmatech Ventures</b>	Venture Capital fund	Pavlo Kuznyetsov	Partner	☑	☑
QPDigital	Venture Capital fund			☑	
<b>Solid5</b>	Venture Capital fund	Alexander Tsimerman	Managing partner		☑
TAventures	Venture Capital fund	Oleg Malenkov	Venture partner	☑	☑
<b>TMT Investments</b>	Venture Capital fund			☑	
u.ventures	Venture Capital fund			☑	
<b>Ukrainian Startup Fund</b>	Venture Capital fund			☑	
USP Capital	Venture Capital fund	Alexander Lobanov	Partner	☑	☑
<b>AVentures Capital</b>	Private Equity fund			☑	
Concorde Capital	Private Equity fund			☑	
<b>Diligent Capital Partners</b>	Private Equity fund	Andrew Shpakov	Private Equity Associate	☑	☑
Horizon Capital	Private Equity fund			☑	
<b>Rada Capital</b>	Private Equity fund	Sergiy Shcherbyna	Managing partner		☑
Soul Partners	Private Equity fund	Igor Verkhogliad	Managing partner	☑	☑
<b>3DLOOK</b>	Startup	Aleksandr Arapov	Co-founder		☑
Augmented Pixels	Startup	Vitaly Goncharuk	CEO, Founder		☑
<b>Delfast</b>	Startup	Serhii Dovhopolyi	CTO		☑
Esper Bionics	Startup	Anna Belaventseva	Co-founder		☑
<b>Pipes One</b>	Startup	Sergey Sereda	CEO		☑
Promin Aerospace	Startup	Misha Rudominski	CEO, Founder		☑
<b>1991 Open Data Incubator</b>	Incubator	Jane Klepa	Executive Director	☑	☑
Sector X	Accelerator	Viacheslav Maiakin	Head of partnership at Sector X	☑	☑
<b>Simpact VC</b>	Venture Capital fund	Mykhailo Khaletskyi	Investment analyst, expert at USF		☑
Startup Wise Guys	Accelerator	Alexandra Balkova	Investment Principal & Head of Portfolio		☑
<b>Yep</b>	Incubator	Andriy Zaikin	CEO, Founder		☑
Terminal 42	Coworking	Sergey Petrenko	Founder		☑

# Appendix 3. Profile of the survey participants

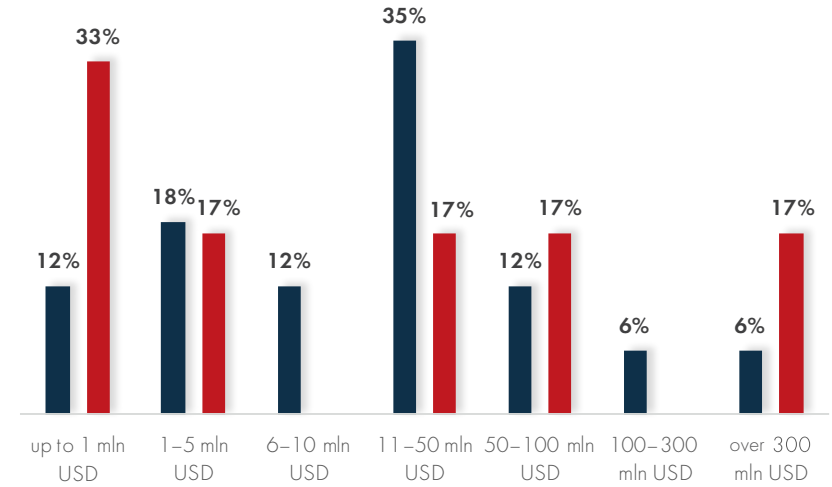
## Types of participants



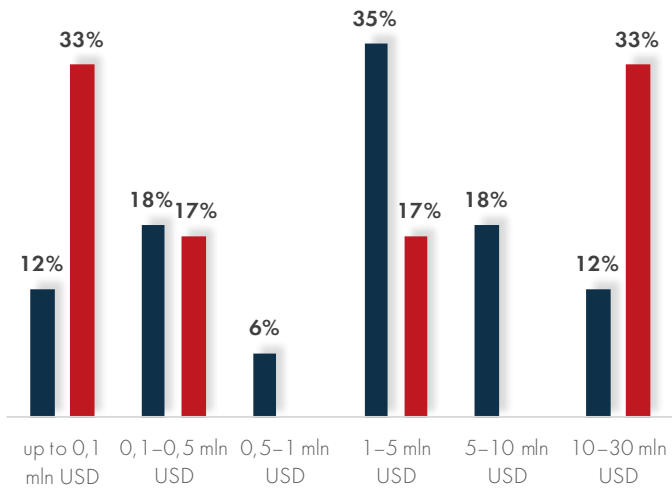
**Other types of VC-related participants:**

- **Family office** (an organization managing the family's investment portfolio).
- **State Fund** (provides financial support to startups in the form of a non-refundable grant).
- **Accelerator/Family office.**

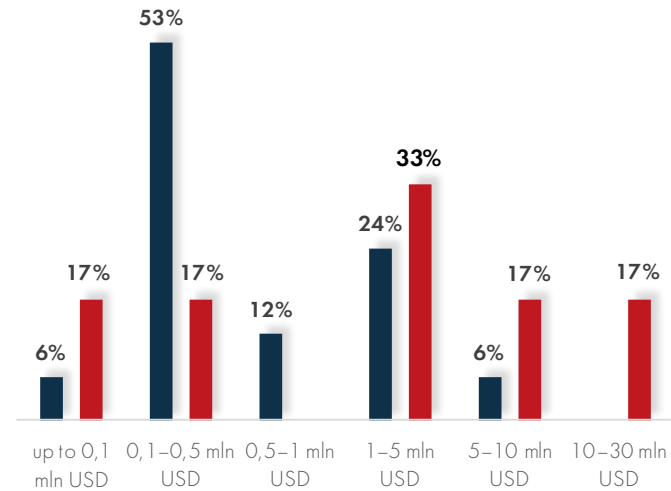
## Capital under management



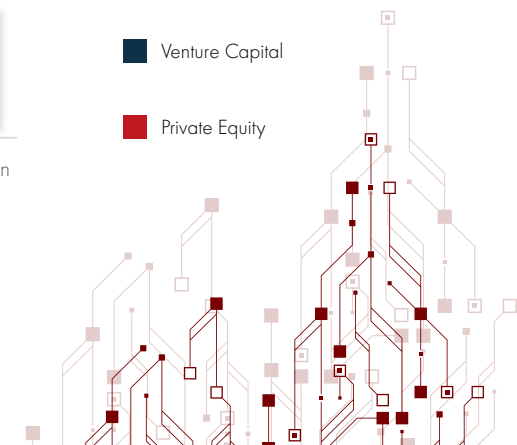
## Amounts invested in 2020



## Average investment

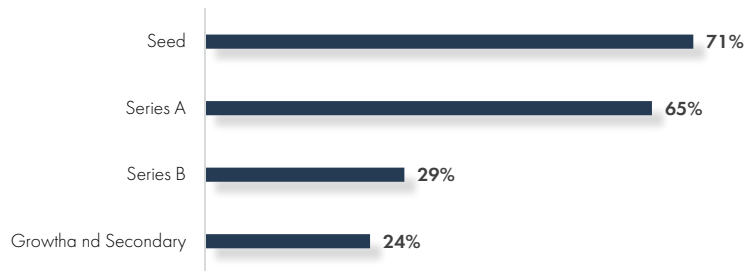


Source: Ukraine venture capital and private equity survey by Kreston Ukraine

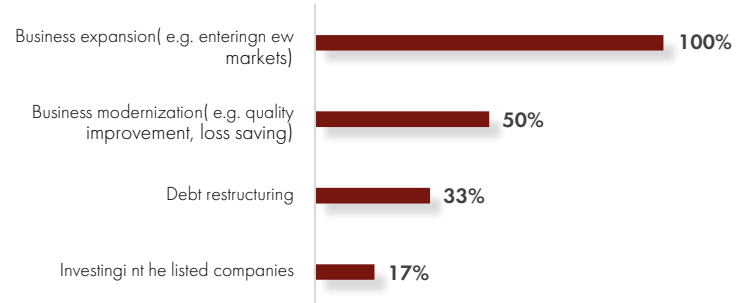


# Appendix 3. Profile of the survey participants

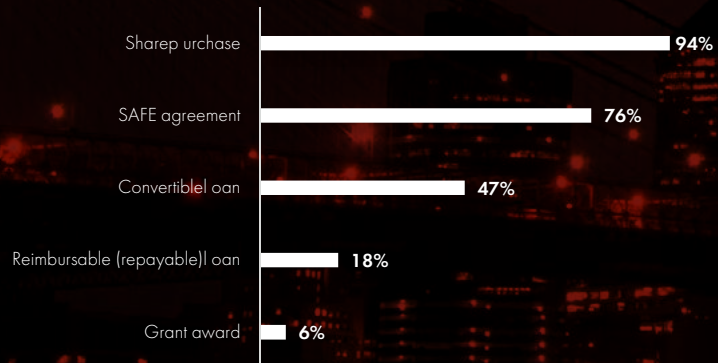
### Preferred stages of investments by Venture Capital funds



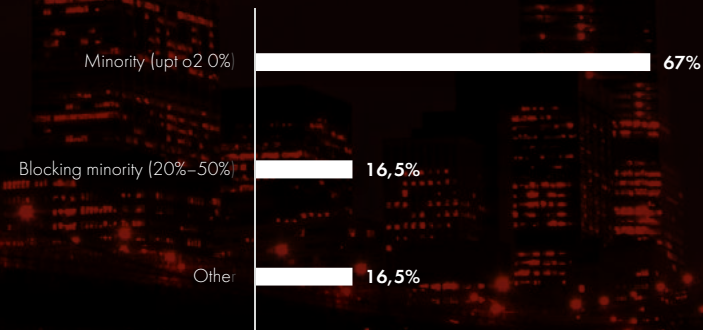
### Preferred areas of investments by Private Equity funds



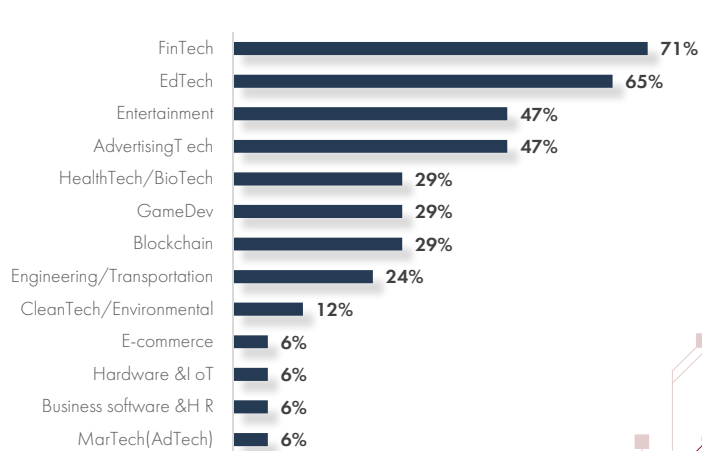
### Preferred forms of investments by Venture Capital funds



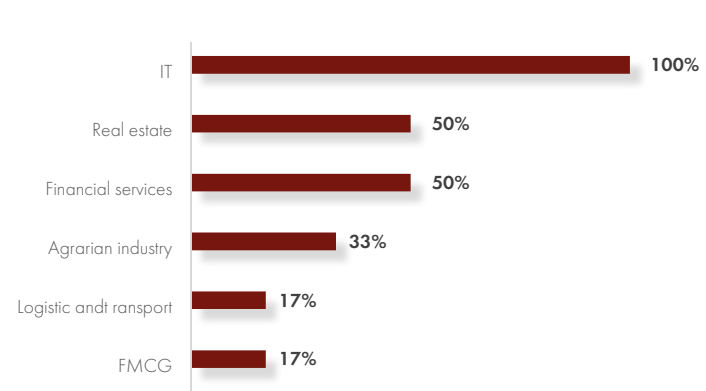
### Target acquisition share by Private Equity funds



### Preferred industries for investments by Venture Capital funds



### Preferred industries for investments by Private Equity funds



■ Venture Capital ■ Private Equity

Source: Ukraine venture capital and private equity survey by Kreston Ukraine

# About us



**20**  
years

**Experience  
in the market  
of consulting  
services**



**150+** Professional staff



**200+** Loyal clients



**2000+**  
**Portfolio  
of successfully  
completed audit  
and consulting  
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Ukrainian exclusive representative of Kreston Global – one of the worldwide leading networks in the area of audit and business advisory services. The network currently comprises 650 member firms in more than 120 countries, uniting more than 22,000 professionals and support staff.

Kreston Ukraine offers venture investors and startups the next professional services:

- Strategic Consulting
- Innovation consulting and tech advisory
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- Due Diligence and risk mitigation
- Business and financial modeling
- Investor Relationship Counselling

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PRIVATE EQUITY ASSOCIATION



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years

**Experience  
in the Venture  
Capital and Private  
Equity markets**



**50+** Members



**1.5 bln  
USD** Invested over  
the past 8 years



**150+** International  
partners

Nonprofit organization with the head in Kyiv, Ukraine, and members from all across Europe, USA, Ukraine. UVCA was established to support investors in every aspect, from providing reliable information to establishing international connections at the industry and government levels.

Established by the example of Invest Europe, UVCA currently unites over 50 members – leaders of the international and Ukrainian investment markets. Members invest not only capital, but also expertise and innovation, providing strong and sustainable growth to portfolio companies – from startups to established business.

UVCA shapes the future direction of the venture capital and private equity industry in Ukraine by promoting its investment opportunities, advocating the interests of private equity investors to policymakers, and improving the local investment and business climate.



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