



 digitalchampions

CEE 2024



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1.

Foreword



Warsaw, Poland

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Following macroeconomic turbulences, the digital economy in Central and Eastern Europe is now on a solid growth trajectory. This stabilization has allowed digital champions to reaffirm their positions and facilitated the emergence of several new champions. The valuation of the top 100 CEE digital champions has surged from USD 75,97 billions to USD 106,95 billions, a testament to the robustness of the Private Equity sector and the flourishing Venture Capital industry. This solid financial foundation has led to a rebound in the number of Digital Phoenixes (tech companies worth over USD 1 billion), from 20 in 2022 to 31 companies in 2023, demonstrating the resilience and growth potential of the digital economy in the region.

The war in Ukraine has increased focus on security, including cybersecurity and dual-use technologies, with 7 digital champions on the list addressing challenges in these areas. The growing prominence of the Software as a Service model, accounting for 28% of all digital champions, has also been a significant factor in the region's digital transformation. This includes variations of the SaaS model, including AI- and cloud-based SaaS tools to solve narrowly targeted challenges and broad inter-industry issues. Furthermore, AI has proved to be more than just a buzzword or a temporary fad and has played a crucial role in enabling growth and disruption across all industries, leading to new opportunities and challenges for digital champions. This has resulted in the emergence of 2 new Digital Phoenixes on the list.

In this time of significant change, the world rapidly evolves, and the rules constantly shift. Individuals, organizations, and societies are quickly adapting due to new technologies, increased connectivity, and merging ideas and industries. This disrupts current systems and markets and forms new ones, offering both challenges and opportunities. With a stable macroeconomic environment, robust investment activity, AI-driven growth, skilled talent, and emphasis on security and SaaS models, the CEE region's digital economy flourishes and narrows the gap with Western Europe. The continued success of these sectors showcases the transformative impact that digital champions have on the region's digital transition.

Arthur D. Little, a global management consulting firm with over 135 years of experience, is a key player in the digital economy of the CEE region. Renowned for its contributions to significant breakthroughs, the firm excels in strategy, technology, and innovation and has a proven track record in supporting investors throughout the entire investment lifecycle. With an entrepreneurial spirit, Arthur D. Little champions digital businesses that challenge the status quo and relentlessly pursue innovation, making a significant difference in the digital world.

 **Karim Taga**

Managing Partner, Head of Global Functional Practices, Arthur D. Little



In recent years, the CEE region has seen a significant increase in fintech startups and companies, transforming the financial industry and altering how people manage their finances. Both active and passive investing have become mainstream as investment apps have made market participation more accessible. On the other hand, new technologies and unlimited access to information have empowered customers and their expectations are now higher than ever. As a result, all fintech companies face challenges such as providing seamless experiences, quick problem resolution, user-friendly interfaces, and efficient, personalized customer support. To thrive in this ever-changing environment, rapid and responsible adoption of AI will be crucial.

I expect that in 2024 and beyond, the primary focus of Digital Champions representing fintech area will be to achieve the right balance between digital transformation and AI adoption while upholding a human-centric approach. At XTB, we started this journey last year. Currently, several of our teams, including technology, legal, HR, marketing, trading, and customer support, use AI-driven tools daily. We utilize AI and machine learning as tools to boost employee productivity, enhance data analytics, and improve overall performance. Simultaneously, we are continuously expanding our employee presence in the CEE region and beyond.

The future includes AI-powered chatbots, robo-advisors, and algorithms that analyze data to offer personalized financial services. Tailored experiences are crucial for customer loyalty, as they expect a seamless experience. The only aspect lagging behind this technological revolution seems to be the regulatory requirements. Once unified guidelines are in place, we can expect to see more Digital Champions thriving in the CEE's fintech scene.

 **Filip Kaczmarzyk**

Head of Trading, Member of the Management Board of XTB

2.

About Digital Champions CEE



Vilnius, Lithuania

Photo by Vadim Sadovski on Unsplash

The Digital Champions CEE ranking in brief

- CEE only**
 The broadest definition of the CEE region was used, including the Baltic States and non-EU countries like Albania, North Macedonia, Serbia but excluding Russia and Belarus, which build a closed legal ecosystem of companies. Highly developed countries such as Austria were also excluded.
- Top 100 tech companies**
 The ranking presents a list of the 100 most valuable technology companies in the hands of private investors but also listed on public markets.
- Strict criteria**
 Ranking of Digital Champions CEE is based on strict criteria. It is not enough to have only the citizenship of one country from the CEE region for the owner's company to be included in the potential list. Other criteria must be met.
- Everyone is invited**
 The ranking is done together with public and private funds, companies and institutions from over the world, but with a particular focus on the CEE region.
- Multiple data sources**
 Use of all reliable data sources - from financial reports and news to professional transaction databases: CB Insights, Crunchbase, Dealroom, Growjo, Tracxn, PitchBook, Preqin.
- Company Valuations**
 Company listings on public markets, valuations and market benchmarks are based on EBITDA, revenues and multipliers for the market sector or company type. Valuations are approved by the investment committee.
- Virtual meetings**
 Integration of the region at regular meetings during the year and sharing of practices by CEE champions.
- Periodicity of publications**
 Once per year

What motivated us to create the ranking

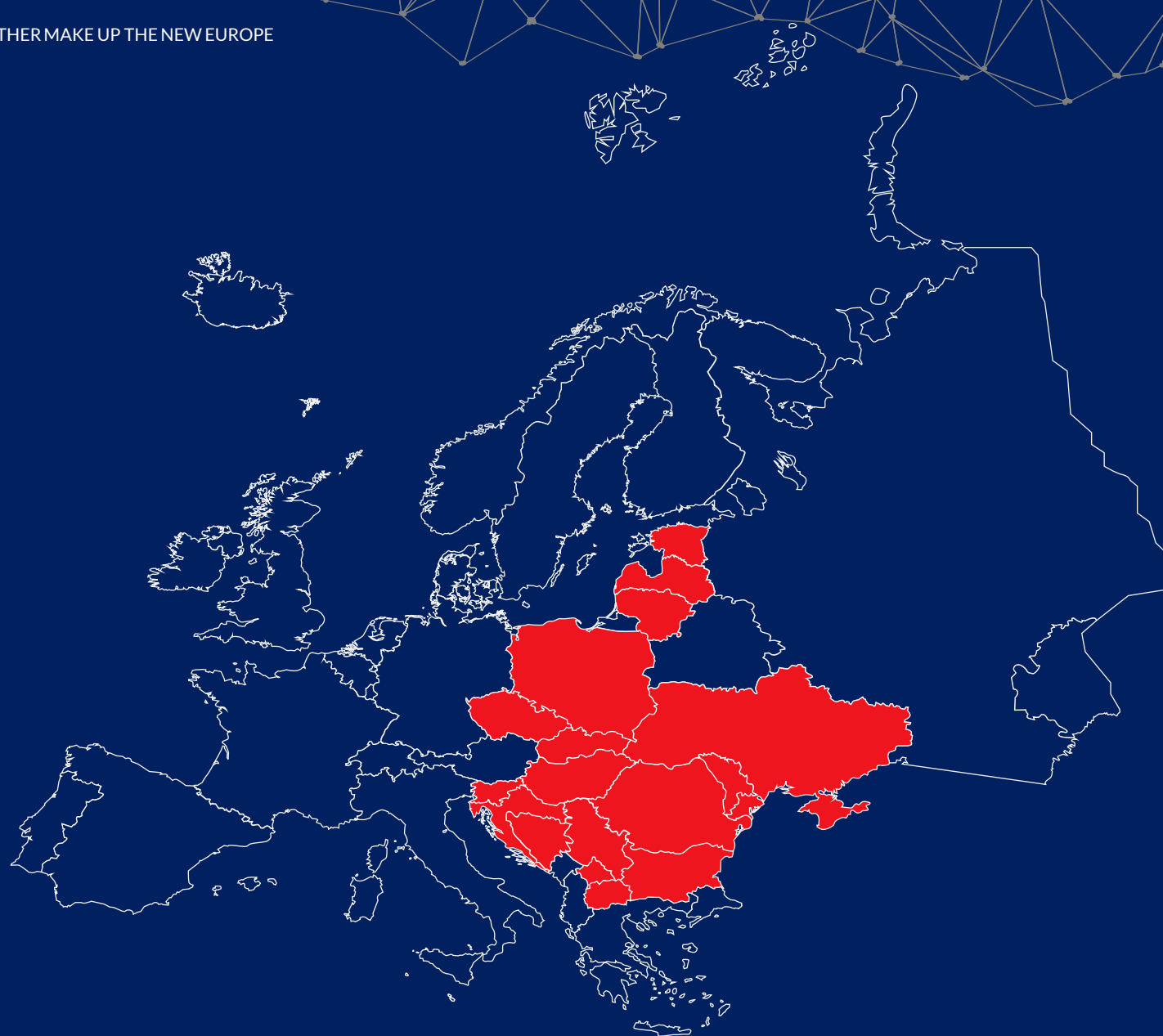
- Improved visibility of the CEE region**
 Presenting the entire region, where more than 15 languages are spoken. Many of the countries in the region are small, which means that global investors may not know what is happening around new technologies in a particular country.
- Greater transparency and reliability of data for the CEE region**
 Not all professional sources keep up with the scale of transactions in the region. Most often, only partial data is available. As a result of the publication of the ranking, more global investors will get access to reliable data and more data providers will publish data about the CEE region.
- Facilitate investment in companies in the CEE region**
 Many global investors and funds fail to invest in the region because they only know the top 10 largest companies. A wider list allows funds to value companies.
- Inspiration for the region's entrepreneurs**
 Presenting the champions, their stories, what they went through and how they achieved global success will inspire the next generation of entrepreneurs in the region.
- Better integration of the region and meaningful networking**
 There are thriving associations, funds or institutions in every country in the CEE region, but not all of them are well connected. Many companies and funds are also looking for credible contacts and meaningful meetings in the region. Our goal is to contribute to the full integration of our region.
- Raise the importance of digitalisation on the agenda of policy makers**
 In the CEE region, not every government sees digitalisation and deeptech as the key to a modern economy. Many countries adopt global or European regulations, thinking they only apply to global digital American or Asian companies. Our goal is to raise the visibility of the largest companies and the prominence of digitalisation on the agenda of those in power and to help shape European regulations so companies from CEE region could grow.
- Internationalisation of the region**
 We want to make it easier for anyone outside the region to find out about the best companies in CEE. Many investors are familiar with the various companies, but are unaware that these companies originate or are based precisely in the CEE region.

New Europe!

- From Estonia to Croatia and Albania
- From Czechia to Ukraine

Nineteen countries are covered

- Albania
- Bosnia and Herzegovina
- Bulgaria
- Czech Republic
- Croatia
- Estonia
- Hungary
- Latvia
- Lithuania
- Kosovo
- Moldova
- Montenegro
- North Macedonia
- Poland
- Romania
- Serbia
- Slovakia
- Slovenia
- Ukraine



Three types of companies

- Digital Phoenixes | Enterprise value above USD 1 billion
- Digital Dragons | Enterprise value above USD 250 mln and below USD 1 billion
- Digital Wolves | Enterprise value above USD 100 mln and below USD 250 mln

Note
Many of the largest companies featured in the ranking are already listed on the stock market. Therefore, we have not used the phrase unicorn when categorising companies, as a unicorn is a company that is in the hands of a private investor.

Five company categories

- Cybersecurity
- E-commerce & marketplace
- Fintech
- Media & entertainment
- SaaS

Note
To simplify the ranking and increase transparency, we have adopted a main five categories. We are aware of the consequences of simplifying the ranking, but we felt that reducing the number of categories has more advantages. The largest missing categories of companies are "ICT companies" such as telecom operators, IT developers (software houses), data centres or towers.



in **Fabian Bohdziul**

Executive Board Member,
Head of M&A, mInvestment Banking,
mBank Group



Are Central and Eastern European companies attractive to foreign investors, and what factors influence their attraction?

Central and Eastern European countries have become increasingly attractive destinations for foreign investors thanks to a combination of economic growth and strategic advantages. The private equity investors especially value the entrepreneurial character of local investors often building large, well-managed and competitive private businesses within the last 20 years. Those companies are in many cases ready for next phase of growth focused on global markets – private equity funds are from this perspective a valuable partner bringing not only additional funding but as well support to build strong international presence.

One of the most compelling attractions of CEE countries is their competitive advantage across various sectors such as manufacturing, IT services and business process outsourcing. Furthermore, CEE countries offer a highly educated and skilled workforce due to region's tradition of excellence in education, particularly in fields like engineering and IT, attracts technology companies and R&D centers.

This is especially valuable from the perspective of a strong nearshoring trend in Europe consisting in shortening value chains while locating a portion of strategic production capacity close within EU with minimal impact on the costs side.

Due to its size evidenced by above 30% share in the region GDP as well as demographic and strategic location Poland is for many investors a key country to build a strong CEE presence. The CEE-region investment success stories in the modern technologies sector include however both companies with a regional reach as well as global companies founded in Czech Republic, Baltic states, Hungary or Romania developing internationally through organic growth and acquisitions.

The key long-term drivers include market liberalization, structural reforms, and rising domestic consumption. Additionally, the accession to the European Union has significantly strengthened their attractiveness to foreign investors by providing stable legal framework and financial support in a form of funds which impacted regional development and infrastructure improvement, creating a more favorable environment for business operations. The region's emerging markets also offer a higher growth potential and the possibility of capturing significant gains across sectors as renewable energy and technology including software development, cybersecurity and digital innovation. However, investors must carefully navigate challenges such as political and geographical instability, regulatory complexities and to some extent some infrastructure gaps. By understanding and addressing these factors, investors can capitalize on the promising prospects offered by CEE countries in terms of investment opportunities.

What does it mean to be a digital champion? The company must meet several criteria

- Enterprise value of more than \$100 million at the end of 2023
- Most of the company's revenue comes from the CEE region or the company has a strong presence in the region (e.g. headquarters, core team)
- Most revenue through digital channels or is a successful high-tech company
- A fully digital company or a formerly traditional but now digital company that sells products or services primarily through digital channels

What companies did we not include in the ranking?

- Companies established in the CEE region, but moved out of the CEE region (e.g. to US) or no longer operate in the region
- Companies whose only regional affiliation is mainly the country of birth of the company's founder (e.g. Zygo, People.ai, Klarna)
- Companies that have made a successful digital transformation, but still conduct normal, non-scalable business operations
- Any company that only has its IT, service or telecommunications centers in the region (e.g., outsourcing or shell companies)
- Semiconductors, telecommunications companies, data centers or other utilities from the ICT sector

**All possible data sources were used to create a complete list of potential companies.
A total of 63,000+ companies were included.**

- **Direct call** - all regional associations of VC & PE funds (e.g. BCVA, CVCA, EstVCA, HVCA, LTVCA, LVCA, PSIK, ROPEA, SLOVCA, SPEA)
- **Direct call** - we sent a call for champions nominations to 163 PE/VC funds. We directed our inquiry to investment funds that are already active or interested in investing in the region
- **Direct call** - leading associations supporting startups
- **Open call** - announced an open call through social media, newsletters and our network of partners
- **Stock exchanges** - data from exchanges at the end of 2023
- **Own analysis** - used data from leading platforms



- **Own analysis** - desk research, including analysis of reports and financial news
- **Open call in leading media**













3.

**Digital Champions CEE
Ranking | TOP 100**



Bratislava, Slovakia

Photo by Lukáš Kulla on Unsplash

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
1	Digital Phoenixes	 UiPath™	ROMANIA	SaaS	Listed Company UiPath is a global software company that is developing a platform for robotic process automation (RPA).
2	Digital Phoenixes	 7wise	ESTONIA	Fintech	Listed Company Wise is a money transfer service allowing private individuals and businesses to send money abroad without hidden charges.
3	Digital Phoenixes	 allegro	POLAND	E-commerce & marketplace	Listed Company Allegro is one of the largest e-commerce platforms in CEE region.
4	Digital Phoenixes	 InPost out of the box	POLAND	E-commerce & marketplace	Listed Company InPost is a leading provider of logistics services who introduced the first network of self-service parcel lockers and streamlined the processes of parcel delivery and collection.
5	Digital Phoenixes	 NORD SECURITY	LITHUANIA	Cybersecurity	Venture Capital Nord Security operates as an internet privacy and security provider for individuals and businesses.
6	Digital Phoenixes	 CD PROJEKT™	POLAND	Media & entertainment	Listed Company CD Projekt specialises in the development of cutting-edge interactive entertainment (e.g. Cyberpunk, The Witcher) and worldwide digital distribution of video games (GOG).
7	Digital Phoenixes	 Vinted	LITHUANIA	E-commerce & marketplace	Venture Capital Vinted is an online marketplace for second-hand clothes.
8	Digital Phoenixes	 TECHLAND®	POLAND	Media & entertainment	Privately Owned Techland is worldwide AAA game developer and publisher. Company created e.g. Dying Light, Call of Juarez and Dead Island.
9	Digital Phoenixes	 playtech SOURCE OF SUCCESS	ESTONIA	Media & entertainment	Listed Company Playtech operates as an online gaming B2B software provider.
10	Digital Phoenixes	 productboard	CZECH REPUBLIC	SaaS	Venture Capital Productboard is a product management system that helps organizations get the right products to market faster.



in Michał Górecki











Senior Investment Partner,
MCI Capital

What factors are driving the rapid growth of CEE's tech champions, and how can investors capitalize on this trend?











CEE region remains key growth region of the Europe – when other main European economies struggle to come back on the growth trajectory, Poland and neighboring countries show economic resilience. One of the reason is flourishing local tech ecosystem and its rapid development backed both by access to strong pool of highly skilled and educated tech talent as well as labor cost advantage. Recent years also showed intensive support by local governments to promote tech ecosystem, especially in Poland with strong VC funding programs. On top of that we observe new wave of entrepreneurs that used to be early employees of well-established tech companies, and now look to build ventures on their own. We believe that all of these will cause emergence of substantial number of new tech companies in the coming years, especially later stage ventures. In turn it will attract more international capital that will look to drive further growth of these companies – currently we see gap in the funding by international investors at the growth stage, but it is hugely driven by not enough number of attractive tech companies born locally. All in all we are optimistic about CEE tech space, and once we look back at last decade we see enormous growth – we believe that everything is in place to continue this growth trajectory.

3. DIGITAL CHAMPIONS CEE 2024 RANKING / TOP 100






#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
11	Digital Phoenixes		CZECH REPUBLIC	E-commerce & marketplace	Venture Capital Rohlik is an on-demand grocery delivery startup that offers a 90-minute same-day delivery service.
12	Digital Phoenixes		HUNGARY	SaaS	Private Equity LogMeIn provides SaaS-based remote connectivity, collaboration, and support solutions for businesses and consumers. The company's products give users and administrators access to remote computers.
13	Digital Phoenixes		ESTONIA	E-commerce & marketplace	Venture Capital Bolt is transportation platform providing ride-hailing, micro mobility and food delivery services.
14	Digital Phoenixes		POLAND	E-commerce & marketplace	Venture Capital DocPlanner matches physicians with patients and vice versa, offering online chat and consultations with physicians and a free mobile app for patients with a visit calendar.
15	Digital Phoenixes		LITHUANIA	E-commerce & marketplace	Listed Company Baltic Classifieds Group is the leading online classifieds group in the Baltics, which owns and operates twelve leading vertical and generalist online classifieds portals in Estonia, Latvia and Lithuania.
16	Digital Phoenixes		SLOVAKIA	Cybersecurity	Privately Owned ESET's future-ready Internet Security protects your digital life every step of the way. Works on Windows, macOS and Android devices.
17	Digital Phoenixes		ROMANIA	E-commerce & marketplace	Strategic Player eMag is an e-commerce platform offering wide range of products.
18	Digital Phoenixes		POLAND	E-commerce & marketplace	Strategic Player Eobuwie is a company involved in the online sale of footwear, handbags and accessories in a multi-brand formula.
19	Digital Phoenixes		CZECH REPUBLIC	SaaS	Venture Capital Mews offers property management system designed to simplify and automate all operations for modern hoteliers and their guests.
20	Digital Phoenixes		POLAND	SaaS	Listed Company Benefit Systems provides non-wage employee benefits solutions in Poland and internationally.

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
21	Digital Phoenixes		POLAND	Fintech	Listed Company XTB is a global fintech offering online investing platform and mobile app. You can invest in 6,200+ instruments including stocks, ETFs, CFDs, create a personalized Investment Plan, and earn interest on uninvested funds.
22	Digital Phoenixes		POLAND	SaaS	Venture Capital ElevenLabs offers online tools to convert text to speech in 29 languages and 120 voices, with advanced AI and emotive capabilities. You can also create and share synthetic voices, dub videos, and edit audio with VoiceLab and Projects.
23	Digital Phoenixes		POLAND	Fintech	Strategic Player BLIK is a fast and secure way to pay with your phone, using a code from your bank's app. You can also withdraw, deposit, send and receive money, and shop online with BLIK.
24	Digital Phoenixes		POLAND	E-commerce & marketplace	Listed Company Pracuj.pl is a leading Polish recruitment group. The group includes pracuj.pl, the:protocol, robotaua, eRecruiter, softgarden, worksmile, absence.io services.
25	Digital Phoenixes		ESTONIA	Cybersecurity	Venture Capital Veriff is an online identity verification company that protects businesses and their customers from online identity fraud.
26	Digital Phoenixes		UKRAINE	Media & entertainment	Venture Capital Grammarly is a trusted and responsible AI partner that helps you write better, faster, and clearer across all your platforms
27	Digital Phoenixes		CROATIA	SaaS	Private Equity InfoBip specialises in omnichannel engagement powering a range of messaging channels, tools, and solutions for advanced customer engagement.
28	Digital Phoenixes		BULGARIA	Fintech	Venture Capital Payhawk is one of the leading spend management solutions for domestic and international businesses throughout Europe, the US, and the UK. Combine company cards, reimbursable expenses, accounts payable, and seamless accounting software integration.
29	Digital Phoenixes		CZECH REPUBLIC	E-commerce & marketplace	Privately Owned Alza.cz is one of the largest online consumer electronics retailers in Central Europe with a strong stance in the toys, hobby, media and entertainment, perfume, watches and beauty segments.
30	Digital Phoenixes		CZECH REPUBLIC	SaaS	Privately Owned JetBrains specialises in the creation of intelligent, productivity-enhancing tools for software developers and teams.

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
31	Digital Phoenixes	 netrisk group	HUNGARY	Fintech	Private Equity Netrisk is an online insurance broker operating in the one-stop-shop model, with the potential for dynamic development.
32	Digital Dragons	 ICEYE	POLAND	SaaS	Venture Capital ICEYE offers SAR data, satellite systems, and solutions for various missions, such as strategic site monitoring, natural catastrophe response, and insurance.
33	Digital Dragons	 WP	POLAND	Media & entertainment	Listed Company Wirtualna Polska is one of the largest Polish Internet portals and e-commerce companies.
34	Digital Dragons	 STS HOLDING	POLAND	Media & entertainment	Strategic Player STS Holding is a leading entity in the sports betting industry in Poland.
35	Digital Dragons	 EW EUROWAG	CZECH REPUBLIC	Fintech	Listed Company Eurowag offers fuel cards, toll services, fleet management, tax refunds, and more for commercial road transport across Europe.
36	Digital Dragons	 LiveChat	POLAND	SaaS	Listed Company LiveChat is a platform that helps you connect with customers, sell more, and offer a superb customer experience.
37	Digital Dragons	 Bitdefender	ROMANIA	Cybersecurity	Private Equity Bitdefender provides cybersecurity solutions with leading security efficacy, performance and ease of use to small and medium businesses, mid-market enterprises and consumers.
38	Digital Dragons	 AJAX	UKRAINE	Cybersecurity	Private Equity Ajax systems offer intrusion protection, fire detection, flood prevention, video surveillance, comfort and efficiency. All in one automated system.
39	Digital Dragons	 SiteGround	BULGARIA	E-commerce & marketplace	Privately Owned SiteGround offers fast, secure and reliable hosting solutions for small and medium sites and businesses
40	Digital Dragons	 ataccama	CZECH REPUBLIC	SaaS	Venture Capital Ataccama is a global software company delivering a next-generation, unified platform for automated data quality, MDM, and data governance.



#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
41	Digital Dragons	 RTBHOUSE	POLAND	Media & entertainment	Private Equity RTB House specialises in targeted advertising, including retargeting and real-time bidding strategies.
42	Digital Dragons	 PVCASE	LITHUANIA	SaaS	Venture Capital PVCASE offers AutoCAD-based and cloud-based software solutions for solar site selection, design, and yield estimation. It also provides a GIS platform for renewable development with injection studies and land analysis.
43	Digital Dragons	 SEZNAM.CZ	CZECH REPUBLIC	Media & entertainment	Privately Owned Seznam.cz is an internet portal offering search engine, e-mail, the latest news, weather, and useful links.
44	Digital Dragons	 PlayWay	POLAND	Media & entertainment	Listed Company Playway is producer and publisher of video and mobile games.
45	Digital Dragons	 PRINTFUL	LATVIA	E-commerce & marketplace	Private Equity Printful is an on-demand printing and fulfillment company that helps people turn their ideas into brands and products
46	Digital Dragons	 pipedrive	ESTONIA	SaaS	Private Equity Pipedrive is a powerful sales CRM (customer relationship management) software that makes winning deals easy.
47	Digital Dragons	 SEON	HUNGARY	Fintech	Venture Capital SEON is an online fraud prevention platform that detects and stops fraud in real-time through transactional data analysis
48	Digital Dragons	 NOTINO TODAY IS YOURS	CZECH REPUBLIC	E-commerce & marketplace	Privately Owned Notino is the largest online beauty retailer in Europe, operating in 28 countries and serving 20 million customers.
49	Digital Dragons	 COSMOSE AI	POLAND	Fintech	Venture Capital Cosmose is a shopping app that uses AI to help you shop offline and online, earn rewards, and access Web3 features.
50	Digital Dragons	 Packeta	CZECH REPUBLIC	E-commerce & marketplace	Private Equity Packeta Group in one of the leading European platforms for parcel delivery in the e-commerce industry.











#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
51	Digital Dragons	OUTFIT7	SLOVENIA	Media & entertainment	Strategic Player Outfit7 is a company that creates and publishes popular mobile games, such as Talking Tom & Friends
52	Digital Dragons	VERCOM	POLAND	SaaS	Listed Company Vercom creates global cloud-based communication platforms (CPaaS) that enable companies to build and develop lasting relationships with their audiences across multiple communication channels.
53	Digital Dragons	 LucidLink	BULGARIA	SaaS	Private Equity LucidLink is a cloud-based service that lets you work on creative projects in real-time with your remote team from any location and tool
54	Digital Dragons	 FINANCE	LATVIA	Fintech	Privately Owned 4finance is one of Europe's largest digital consumer lending groups with operations in 11 countries.
55	Digital Dragons	 monese	ESTONIA	Fintech	Venture Capital Monese is a digital banking alternative that provides mobile-only, multi-currency accounts.
56	Digital Dragons	HUUUGE	POLAND	Media & entertainment	Listed Company HUUUGE Games is a gaming company on a mission to build the world's largest real-time casual gaming platform connecting millions of players so that they can have fun, socialize & play awesome games.
57	Digital Dragons	ROSSUM	CZECH REPUBLIC	SaaS	Venture Capital Rossum is a cloud-native platform that automates data capture from scanned documents across all formats and channels.
58	Digital Dragons	 Creatio	UKRAINE	SaaS	Private Equity Creatio provides a no-code platform for process management, workflow automation and CRM.
59	Digital Dragons	 Ramp	POLAND	Fintech	Venture Capital Ramp's non-custodial, full-stack payment infrastructure accelerates adoption of crypto and builds trust for its partners.
60	Digital Dragons	 heureka!group	CZECH REPUBLIC	E-commerce & marketplace	Private Equity Heureka Group is CEE's largest price comparison and online shopping advisor, present in 9 Central and Eastern European countries, more than 23 million monthly visitors and a network of more than 55,000 online stores.

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
61	Digital Dragons	 bitrise	HUNGARY	SaaS	Venture Capital Bitrise is a mobile DevOps platform built to address mobile's challenges, empowering mobile teams to deliver their best work. Fully Hosted DevOps and CI/CD for Mobile.
62	Digital Dragons	 booksy	POLAND	E-commerce & marketplace	Venture Capital Booksy is a beauty marketplace for finding, scheduling and managing appointments.
63	Digital Dragons	VODENO	POLAND	Fintech	Venture Capital Vodeno is offering embedded banking solutions through technology, a fully compliant cloud-based platform and European banking licence.
64	Digital Dragons	 lokalise	LATVIA	SaaS	Venture Capital Lokalise is a cloud-based localization and translation management system for agile teams.
65	Digital Dragons	DODO	CZECH REPUBLIC	E-commerce & marketplace	Privately Owned DoDo is a same day last-mile delivery marketplace.
66	Digital Dragons	uncapped	POLAND	Fintech	Venture Capital Uncapped provides growth finance to companies for a flat fee.
67	Digital Dragons	 11 bit studios	POLAND	Media & entertainment	Listed Company 11 bit studios is a game developer and publisher.
68	Digital Dragons	cyber_Folks™	POLAND	SaaS	Listed Company Cyber_Folks operates in the fields of hosting, multi-channel communication in Poland.
69	Digital Dragons	 Zoidpay	ROMANIA	Fintech	Venture Capital ZoidPay is an app that combines traditional and Web3 financial services in one platform. You can manage multi-currency IBANs, virtual and physical cards, crypto wallets, staking, farming, and more with ZPAY tokens.
70	Digital Dragons	 MAXBET	SERBIA	Media & entertainment	Strategic Player MaxBet is a leading omni-channel sports betting and gaming operator in Serbia and the Balkans region, with an estimated 20% online market share in Serbia and 400 retail outlets across four markets

3. DIGITAL CHAMPIONS CEE 2024 RANKING / TOP 100

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
71	Digital Dragons	 transferGo	LITHUANIA	Fintech	Venture Capital TransferGo helps you send and receive money from over 30 countries with TransferGo, online or through our app. Send money cheaply, quickly and securely.
72	Digital Dragons	 airSlate	UKRAINE	SaaS	Venture Capital AirSlate provides no-code business process automation, e-signature, and document management solutions.
73	Digital Dragons	 PEOPLE CAN FLY	POLAND	Media & entertainment	Listed Company People Can Fly Group is a global video game development company operating in Poland, the UK and North America. PCF is the creator of the Painkiller, Bulletstorm, Gears of War: Judgment, Outriders.
74	Digital Dragons	 NEO BY E100	POLAND	Fintech	Privately Owned Neo by E100 is a white-label payment platform offers transaction services of an autonomous vehicle for charging, tolls, parking slots.
75	Digital Dragons	 AirHelp	POLAND	Media & entertainment	Venture Capital AirHelp is a company that assists passengers in the pursuit of their air rights, e.g. in the case of delayed or cancelled flights
76	Digital Dragons	 READY PLAYER ME	ESTONIA	Media & entertainment	Venture Capital Ready Player Me is a cross-game avatar platform for the builders, creators and residents of the metaverse
77	Digital Dragons	 IAI GROUP	POLAND	SaaS	Private Equity IAI offers shopping platform for mid & large size merchants (IDoSell).
78	Digital Dragons	 BaseLinker	POLAND	SaaS	Privately Owned BaseLinker is an e-commerce marketplace management tool for orders, shipments and pricing.
79	Digital Wolves	 shoper	POLAND	SaaS	Listed Company Shoper is software for setting up and managing online shop. It offers support, templates, integrations, payments, delivery, advertising and business financing.
80	Digital Wolves	 STARSHIP	ESTONIA	E-commerce & marketplace	Venture Capital Starship Technologies is a robotics company building fleets of self-driving delivery robots designed to deliver goods.

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
81	Digital Wolves	 Quantive	BULGARIA	SaaS	Venture Capital Quantive (formerly Gtmhub) is a cloud-based platform for strategy execution.
82	Digital Wolves	 BRAINLY	POLAND	Media & entertainment	Venture Capital Brainly is a free online platform where students and experts can collaborate to solve homework problems and prepare for tests.
83	Digital Wolves	 silent eight	POLAND	Fintech	Venture Capital Silent Eight offers tools for AI-enhanced economic sanctions enforcement and financial crime prevention.
84	Digital Wolves	 Printify	LATVIA	E-commerce & marketplace	Venture Capital Printify is a marketplace connecting online merchants to major print on demand and dropshipping manufacturers.
85	Digital Wolves	 nazwa.pl	POLAND	SaaS	Privately Owned nazwa.pl offers fast and reliable cloud hosting, domains, SSL certificates, email and backup.
86	Digital Wolves	 BITLEVEX	ESTONIA	Fintech	Venture Capital BITLEVEX is a cryptocurrency option trading platform.
87	Digital Wolves	 eSky	POLAND	E-commerce & marketplace	Private Equity eSky is a travel portal offering cheap flights, city break packages and holidays in various countries.
88	Digital Wolves	 symfonia	POLAND	SaaS	Private Equity Symfonia develops enterprise-wide management (ERP) software to support SME companies.
89	Digital Wolves	 KIWI.COM	CZECH REPUBLIC	E-commerce & marketplace	Private Equity Kiwi.com is a flight search engine that finds cheap flights that other search engines don't see.
90	Digital Wolves	 Change	ESTONIA	Fintech	Private Equity Change is an investment app chosen by 125,000 investors across the EU. This secure platform lets you invest in crypto and trade indices, oil, gold CFDs with leverage in one app.

#	TYPE	COMPANY	COUNTRY	CATEGORY	OWNER THE COMPANY AT A GLANCE
91	Digital Wolves	 3Commas	ESTONIA	Fintech	Venture Capital 3Commas is leading developer of crypto trading software, offering AI crypto trading bots without coding. From Dollar-Cost Averaging (DCA) to GRID and the Signal Bot with TradingView integration, 3Commas makes professional-level trading accessible to all.
92	Digital Wolves	 katana	ESTONIA	SaaS	Venture Capital Katana offers a manufacturing and inventory software for scaling businesses. Katana software will allow SMB manufacturers to manage D2C and B2B sales using a single software solution.
93	Digital Wolves	 Displate	POLAND	E-commerce & marketplace	Private Equity Displate is a global marketplace and a manufacturer specialising in the creation of metal posters mounted on magnets.
94	Digital Wolves	 WeNet <small>Twój Doradca Internetowy</small>	POLAND	E-commerce & marketplace	Private Equity WeNet are internet consultants dedicated to the online visibility of small and medium-sized businesses. The company specialises in building and maintaining websites, improving local marketing (including Google My Company business cards), positioning, and creating online shops.
95	Digital Wolves	 ten square games	POLAND	Media & entertainment	Listed Company Ten Square Games is a mobile and browser games developer specializing in 3D simulation hobby games production.
96	Digital Wolves	 cast	LITHUANIA	SaaS	Venture Capital CAST AI is the leading Kubernetes automation platform that cuts AWS, Azure, and GCP customers' cloud costs by over 50%. It is a multi-cloud management system.
97	Digital Wolves	 MANTA	CZECH REPUBLIC	SaaS	Venture Capital MANTA is a company developing a tool for data flow analysis in IT environments of large companies
98	Digital Wolves	 argyle	LITHUANIA	Fintech	Private Equity Argyle is a payroll connectivity platform for modern financial services. The company provides fast, cost-effective, consumer-authorized access to the most trusted network of real-time income and employment data.
99	Digital Wolves	 citybee	LITHUANIA	E-commerce & marketplace	Privately Owned CityBee is a one of the leading car, bike and electronic scooter sharing service.
100	Digital Wolves	 oponeo	POLAND	E-commerce & marketplace	Listed Company Oponeo.pl is a nationwide leader in the sale of tires and wheels via the Internet.



Alexander "Sasha" Galitsky

Co- Founder and Managing Partner, Almaz Capital Partners

Unlocking Innovation: Bridging Silicon Valley and Central Eastern Europe

CEE is a treasure trove of engineering talent and, in recent years, a generator of many innovative ideas and projects. Therefore, the bridge between Silicon Valley, the largest market for consuming innovation, and CEE is becoming an increasingly important trend for many VCs and entrepreneurs. I achieved my success as an entrepreneur in precisely this model, and Almaz Capital has been successfully working in this way for more than 15 years. It is especially in demand now, as the trend of generative AI will gain strength and disrupt many industries and even VC. Of course, European companies are strong in regulated markets such as fintech, health tech, but I expect a lot of innovation in CEE in the energy sector too. I personally recently invested in the fusion technology company Alfa Ring, which can spark a revolution in clean energy, as happened once during the transition from mainframe computing to the personal. I believe that they will be able to provide many nuclear scientists with personal reactors that can make fusion energy accessible to humanity soon.



Borys Musielak

Founding Partner, SMOK Ventures

Unlocking Global Funding: What CEE Startups Need to Attract Top Investors

US and Western European investors tend to skip CEE companies at the pre-seed level leaving their funding to local angels and small VC funds. There are exceptions from this rule in case of diaspora founders based in tech hubs with local networks or second-time founders after successful exits. Everyone else is better off raising their first round locally in the CEE region.

Once there is traction, it's easier to attract foreign capital as there are a lot of venture capitalists with a pan European investment mandate at seed and Series A levels. Foreign VCs still prefer to coinvest with local funds at this stage, given their expertise in the region, ability to perform reputational due diligence and fluency in the local legal matters.

In order to attract capital from a tier-1 foreign fund at seed stage or later, the founders usually need to show a combination of the following traits:

- Sales in the US or, if not there yet, in more than one market; only local traction in one of the CEE countries indicates the founders are not thinking global domination, thus not a fit for a VC fund.
- Excellent founding team. The core team should be complete at this stage and should include at least a strong CEO and CTO, and usually a few other key members in marketing, engineering and operations.
- Very fast growth. Revenues or other essential metrics should be growing at least 20% month over month for the last 6-12 months prior to the investment.
- Defensibility. Each startup needs MOAT, an unfair advantage over their competition, something that enables them to keep winning even if the competitors have bigger budgets, build the same product and lower their prices.
- Market needs to be big enough (or growing fast enough) to justify the investment in regards to the size of the VC fund investing. Assume the market should be at least 50x larger than the fund size so that dominating the market results in a fund returner for the fund.
- Awesome presentation skills. This is something a lot CEE founder lack at the beginning. Great founders tell great stories and are able to attract capital, customers and talent based on that skill. Every globally relevant company starts with a story told by its founder. The story needs to be compelling and sound realistic given the founders resumes, experience and size of the market. Every founder needs to learn to tell that story before thinking of raising an investment round.

Even fulfilling all those conditions does not guarantee funding from world's best investors in 2024, but it's a good start, a mere requirement to get subsequent rounds of funding for your company after you successfully raised locally from one of the funds in the CEE region. Good luck!

DIGITAL PHOENIXES \$1B+

DIGITAL DRAGONS >\$250M-1B

DIGITAL WOLVES >\$100M-250M

POLAND	BULGARIA	CZECH REPUBLIC	CROATIA	ESTONIA	HUNGARY	LATVIA	LITHUANIA	ROMANIA	SERBIA	SLOVAKIA	SLOVENIA	UKRAINE

katana



 **Oliver Musial**

Senior Vice President, Permira

CEE Tech: A Hotbed of Innovation and Entrepreneurship, Poised for Continued Growth

The CEE region continues to be a dynamic technology landscape and outpace Western Europe, driven by robust economic, educational and entrepreneurial fundamentals. The foundations are strong, with CEE countries maintaining high levels of secondary education and consistently producing some of the world's best coding talent. This talent pool, enriched by a strong emphasis on STEM education, is poised to continue innovating and disrupting global markets.

The combined enterprise value of CEE startups has grown 2.4 times over the past five years, now accounting for 6% of the European tech market, up from less than 5% a few years ago according to Dealroom. There is room for more and private capital has been a critical enabler of the region's tech growth, with 45% of CEE VC investment volume deployed into AI startups in Q1 2024, emphasizing the region's focus on cutting edge technologies and talent.

CEE founders display a distinctive entrepreneurial spirit, deeply ingrained in the region's culture. Surveys consistently demonstrate that a high percentage of CEE students are interested in starting their own businesses shortly after graduation, surpassing their Western European peers. Another characteristic of CEE start-ups in the region's smaller domestic markets, such as Estonia, is the necessity to build the business for a broader regional or global audience early on - Wise, Bolt, Mews, and Vinted are all prime examples.

The CEE region's tech ecosystem is poised for continued growth given its unique cultural, educational, and entrepreneurial attributes. It offers fertile ground for ambitious entrepreneurs and an investor community keen to support the next wave of global tech leaders.



DIGITAL PHOENIXES (\$1B+)

POLAND

allegro

Benefit Systems

blik

CD PROJEKT

Docplanner Group

ElevenLabs

eobuwie.pl

InPost
out of the box

pracuj.pl

TECHLAND

xtb

BULGARIA

CZECH REPUBLIC

CROATIA

ESTONIA

HUNGARY

LATVIA

Payhawk

alza.cz

JET BRAINS

infobip

Bolt

playtech
SOURCE OF SUCCESS

LogMeIn
Be Limitless.

MEWS

productboard

veriff

7WISE

netrisk
group

rohlik
group

LITHUANIA

ROMANIA

SERBIA

SLOVAKIA

SLOVENIA

UKRAINE

BCC
BALTIĆ CLASSIFIEDS GROUP

NORD
SECURITY

EMAG

eset

grammarly

Vinted

UiPath™



Filip Kaczmarzyk

Head of Trading, Member of the Management Board of XTB

Old but gold. Creating a thriving fintech company requires patience

As we entered the digital age, fintech companies have revolutionized how we pay, invest, transfer money, or buy goods online. It's no surprise that the capitalization of fintech companies featured in the report increased by nearly 44% year over year. Moreover, this is the only category that managed to outperform the record-high 2021 valuation by nearly 23%.

When considering the fintech sector, we often envision a new or startup company providing innovative solutions, as digitalization and new technologies are usually linked with younger firms. However, upon reviewing the leaders of the 2024 report, we realize that this perception is inaccurate. Establishing a successful digital company that is not capital-intensive but provides value to shareholders and investors takes time. In the long run, it demands resilience, flexibility, and adaptation to dynamically changing market conditions.

Shifting from the traditional business model to a technology-driven company is even more challenging. We are experiencing it at XTB as we progress in our transformation from a CFD broker to a multi-asset online investing platform. The continuous development of proprietary technology is undeniably demanding but it allows us to stay flexible. As customers are looking for tailored solutions, this strategy enables further growth and gaining competitive market advantage.

DIGITAL DRAGONS (>\$250M-1B)

POLAND



BULGARIA

CZECH REPUBLIC

CROATIA

ESTONIA

HUNGARY

LATVIA



LITHUANIA

ROMANIA

SERBIA

SLOVAKIA

SLOVENIA

UKRAINE





 **Wojciech Świercz**

Partner, Arthur D. Little

The Rise of SaaS in CEE: A Shift Towards Predictable Revenue and Scalability

Software as a Service (SaaS) has experienced rapid growth, with 28% of CEE Digital Champions adopting it in 2023, a 12% increase from 2022 and 47% from 2021. This is a part of a global trend as over the past decade, the number of SaaS unicorns has risen from ~15 to over 400. In turn, an increasing number of successful software companies attempt to pivot to the SaaS model. This shift is based on solid merits, as the SaaS offers multiple benefits for both vendors and investors.

First, the SaaS model provides long-term revenue predictability and stability compared to one-off purchases, with market leaders retaining over 89% of customers after the first year. Second, SaaS companies are typically highly profitable, aiming for 75%+ gross profit margins and often achieving high double-digit EBITDA margins. Finally, the model is easily scalable, enabling rapid growth and seamless international expansion, often fostering the born global approach. All of the above combined, SaaS companies are often highly attractive targets for VC and PE investors.

It is also crucial to mention that AI development presents new opportunities, potentially reshaping the \$0.6T software business and \$1T+ services industries. AI could lead to the emergence of SaaS variations such as the Service-as-Software model, which taps into a \$4.6T global services market as it shifts responsibility for achieving outcomes from customers to service providers. AI-powered solutions and SaaS models are likely to coexist, allowing businesses to choose between outsourcing or retaining functions in-house. This is exciting news for VC and PE investors as new solutions and technical advancements could boost the attractiveness of SaaS and SaaS-like models even further, leading to higher deal flow and better returns.

DIGITAL WOLVES (>\$100M-250M)

POLAND



BULGARIA

CZECH REPUBLIC

CROATIA

ESTONIA

HUNGARY

LATVIA



LITHUANIA

ROMANIA

SERBIA

SLOVAKIA

SLOVENIA

UKRAINE





 **Bartosz Lipnicki**

Managing Director, Endeavor Poland



Beyond Capital and Time: The Power of Personal Connections in Scaling Tech Companies

Private tech founders, especially those backed by venture capital, are the future. Their journey in scaling their companies is captivating, and they're not just thinking local—they're aiming global. These founders aren't just about capital and time; they place a high value on personal connections too, as highlighted in our study, "Mapping Poland's Tech Sector."

There's a lingering stereotype of tech founders being closed off, but our observations show that successful entrepreneurs are often those who actively help others (like founders of Docplanner, Booksy, Payhawk - in Endeavor we call them the multipliers). They're investing in the next generation of founders, building a supportive community.

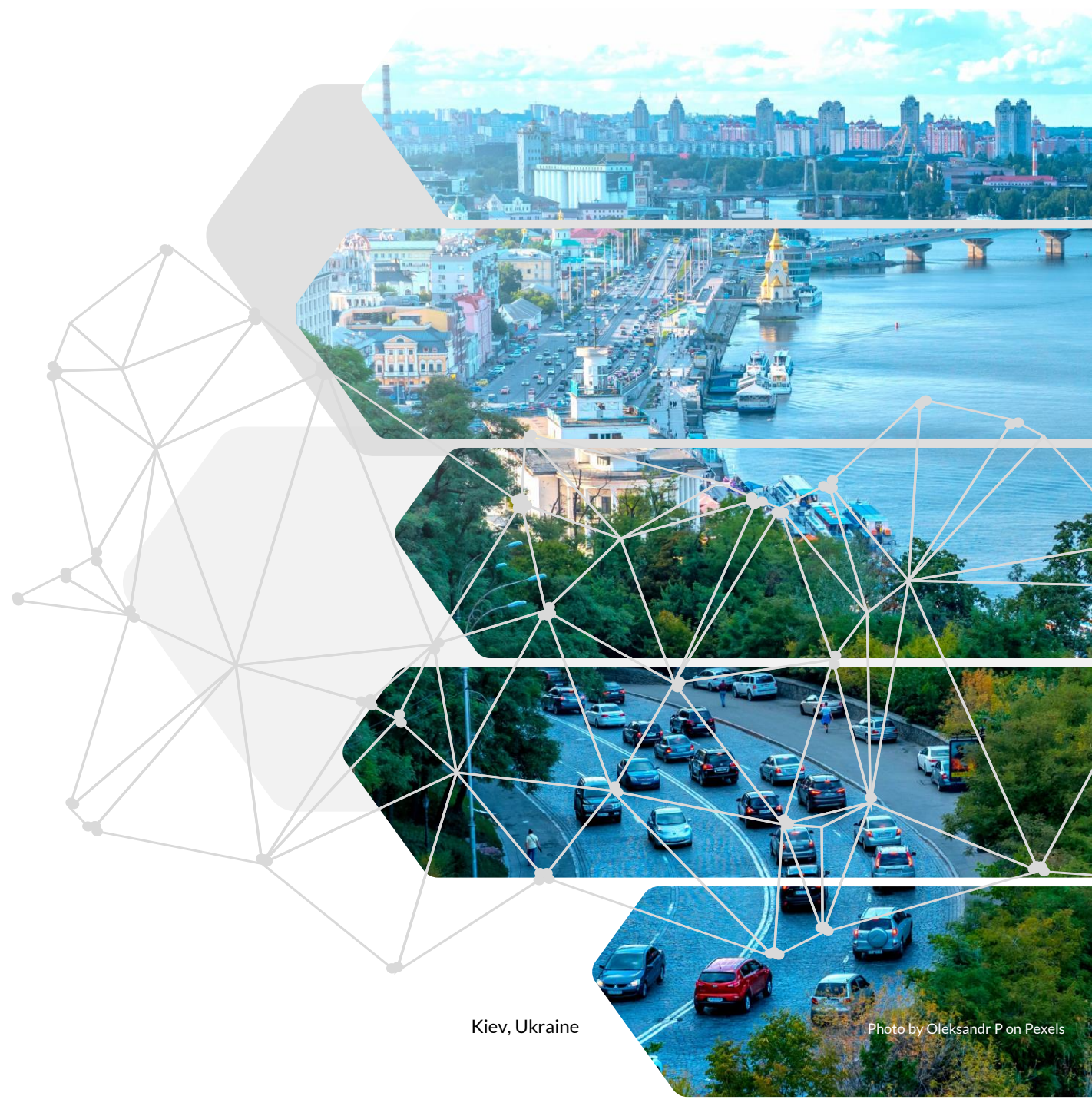
Many tech founders we speak with mention that they mentor others simply because they enjoy it. They value spending time with like-minded individuals, sharing their expertise and experiences. As Lucjan Samulewski from Docplanner puts it, mentoring is a two-way street. It's not just about giving; it's also a chance to gain new perspectives and learn something new.

However, there's a significant issue. While these founders are giving back to their local ecosystems, the CEE tech scene isn't quite mature enough to provide them with the space and platform they need for seeking advice and help. Even top-ranked founders need someone to turn to for guidance.

At Endeavor, we offer a platform where even the top digital champions can seek advice. We bring together over 2,500 founders, including future unicorns and decacorns, from 42 emerging markets. While there's a saying that it takes six degrees of separation to reach anyone in the world, at Endeavor, we've reduced it to just two for high-impact entrepreneurs. This ensures they have the opportunity to both give back and seek help from those who've been through similar journeys.

4.

Most interesting findings of the report



Kiev, Ukraine

Photo by Oleksandr P on Pexels

Total company capitalisation by company type

Company type	Total capitalisation In billions of USD	2024/2022 change (%)	2024/2021 change (%)
Digital Phoenixes	80,54	+ 55,09	- 31,70
Digital Dragons	22,09	+ 24,73	+ 112,22
Digital Wolves	4,32	- 31,75	- 14,93

- The total capitalisation of the 100 largest companies is USD 106.95 billion. Total capitalisation is up by as much as 40.78% year-on-year, but it is still 19.83% lower than the 2021 peak valuations. The main reason for this is that phoenix's capitalisation fell by US\$37.38 billion between 2023 and 2021.
- The capitalisation of Digital Phoenixes in 2021 was close to 90% of the total, and now stands at 75% of the total capitalisation of the ranked companies. At the same time, the capitalisation of Digital Dragons has increased significantly (by as much as 112%) while Digital Wolves valuations are still 14% lower compared to 2021.
- Almost 30% of the difference in valuations of Digital Phoenix between 2023 and 2021 is due to the valuation of one company - UiPath from Romania (lower by nearly USD 14 billion). Part of the total decline (30%) is also due to the still lower valuations of major companies such as Allegro, Inpost, CD Project and Bolt. Part of the lower total capitalisation of Digital Phoenixes is also due to success - we have removed Avast, valued at more than USD 6 billion (and USD 8.4 billion in 2021), from the ranking.
- Capitalisation also declined due to the exit of several companies from the CEE region, particularly from Ukraine. Several significant companies have completely relocated their operations (some have moved to the US or the UK).
- Due to the increase in company valuations, the number of Digital Phoenixes has increased by 55%, although there are still 20% fewer Digital Phoenixes in the ranking compared to 2021. Similarly, the number of Digital Dragons has increased by 17.50% compared to last year and by as much as 88% compared to 2021.

Number of companies by company type

Company type	Number of companies	2024/2022 change (%)	2024/2021 change (%)
Digital Phoenixes	31	+ 55,00	- 20,51
Digital Dragons	47	+ 17,50	+ 88,00
Digital Wolves	22	- 45,00	- 38,89

Note

- Digital Phoenixes | Above USD 1+ billion
- Digital Dragons | Above USD 250 mln but less than USD 1 billion
- Digital Wolves | Below USD 250 mln but more than USD 100 mln



 **Iván Gyurácz Németh**

Partner, Absolvo Consulting

Weathering the Storm: CEE Tech Sector Shows Resilience Amidst Global Turbulence

Some analysts say the best thing you can say about 2023 is that it is over. And it is partly true: we have seen a drastic, 63% fallback in the number of VC transactions globally, while the CEE region experienced an even more dramatic, 72% decrease, but M&A deals and the usually crisis-resistant tech sector has also suffered a decrease both in the number of deals and deal volumes, too. Valuations also fell in almost all segments. Given the turbulent macroeconomic circumstances, VC investors have become more cautious: the transactions that took place were preceded by a much longer process and at least a third of them were downround investments.

However, as in all crises, there were some positive signs, too: no more unreal valuation expectations, competitors disappear, and most importantly: the best of the best could leverage the momentum. There was (and still is) significant dry powder on the market, especially private equity funds were (and are) continuously looking for new targets.

After “taking a deep breath” in 2023, all parties expect that 2024 could be a better year globally. Especially CEE’s innovative tech companies will continue to be attractive targets with their globally competitive technology and talent pool, their relative cost advantage and their significant growth potential. All studies expect an increase of M&A and PE activity in the technology sector. Vertical AI is the next “big thing” - more than half of PE funds plan an AI acquisition! E-commerce technologies have been among the top sectors for years now and will continue to remain attractive, just like cyber security. A relative newcomer, however, is what we call defence-related technologies, a sector that has previously been avoided or explicitly excluded by many investors, but following the war in the Ukraine we have seen a radical shift of attitude, a trend also supported by the European Defence Fund and the NATO Innovation Fund from the investment side, but big defence and aerospace OEMs are also screening the market for new technologies and products.

All in all, it is worth keeping an eye on the CEE tech sector in 2024, too!

Total company capitalisation by category

Company category	Total capitalisation In billions of USD	2024/2022 change (%)	2024/2021 change (%)
E-commerce & marketplace	34,96	+ 56,56	- 6,92
SaaS	32,20	+ 61,16	- 14,66
Fintech	20,73	+ 43,86	+ 22,88
Media & entertainment	14,77	+ 71,35	- 16,74
Cybersecurity	4,29	+ 31,19	- 64,10

- The most valuable category in the ranking is e-commerce, which is a few percent ahead of SaaS. These two categories now account for 62.80% of the total capitalisation of the top 100 companies. The share of this type of company has increased from 55% to nearly 63%.
- Media & Entertainment (71.35%) and SaaS (61.16%) category saw the largest increases in value compared to the previous year, but their total valuations are still around 15% lower than in 2021. The only category that increased its total valuation compared to 2021 is fintech (+22.88%). The biggest decline continues to be in the cyber security category - this is partly due to success, as several companies were bought out and disappeared from the ranking (e.g. Avast at US\$8bn).

Number of companies by category

Company category	Number of companies	2024/2022 change (%)	2024/2021 change (%)
E-commerce & marketplace	27	+ 8,00	- 6,90
SaaS	28	+ 12,00	+ 47,37
Fintech	20	0,00	+ 17,65
Media & entertainment	20	+ 33,33	- 4,76
Cybersecurity	5	+ 25,00	0,00

- In terms of the number of company types, the SaaS category this year is the most numerous (28) and is like e-commerce & marketplace (27). However, the biggest increase was in the cyber security category (33%).
- Compared to the 2021 valuation peak, the largest number of companies came in the SaaS (47.37%) and fintech (17.65%) categories. The largest decline was in the e-commerce and marketplace category (7%) which is partly due to the changing nature of companies in the region - there are more and more companies with advanced business models using AI, for example.





 **Wojciech Walniczek**

Partner, OTB Ventures

Harnessing DeepTech in CEE: Unlocking the potential for long-term value creation

Looking at this year's Digital Champions CEE list, what makes me particularly optimistic and proud is the increasing number of DeepTech companies listed, including OTB Ventures' portfolio companies like Iceye, Silent Eight, Cosmose. We've been believers in and proponents of DeepTech investments since our inception. Not only does it offer a particularly interesting return profile, with high technological moats and long-term value creation potential, but also it can serve as an interesting portfolio diversification for LPs and GPs. Worth utmost praise and highlighting is the nature of problems dealt with by companies in this category, belonging predominantly to the most critical and burning problems of our generation.

When constructing a strategy for company, country, or region, one should not only consider emerging opportunities, but also key assets and advantages one possesses. In CEE, we've been following simple software "copy & paste" strategies for too long, while boasting extremely competent STEM talent, often at the cross-section of hardware and software with a tinge of industrial manufacturing as well as AI specialty. It's time to draw on those amazing talents and start courageously building DeepTech businesses tackling current structures and changing the paradigm in robotics, AI, manufacturing, agriculture, energy, spacetech, quantum, just to name a few areas with urgent challenges to address. I hope for, and OTB Ventures will incessantly contribute to, the accelerating growth of DeepTech companies in Digital Champions CEE list in the future, which will make us proud and better-off as societies, countries, regions, and continent. Challenges are plenty, but future belongs to the brave!

Total capitalisation and number of companies by year of establishment

Year of establishment	Total cap. In billions of USD	Percentage of total cap. (%)	2024/2022 change (%) in cap.	2024/2021 change (%) in cap.	Number of companies
2017-2023	6,37	5,96	+ 51,67	+ 131,64	15
2012-2016	19,82	18,53	+ 14,04	+ 50,95	31
2007-2011	23,03	21,53	+ 28,88	- 11,90	19
2002-2006	32,64	30,52	+ 57,45	- 35,99	17
1997-2001	19,21	17,96	+ 77,21	- 22,07	13
1992-1996	2,25	2,10	+ 8,70	- 45,78	3
1987-1991	3,63	3,39	+ 26,04	- 68,71	2

- Still the most valuable cohort is the group that emerged after the internet bubble (2002-2006). Its total capitalisation is close to 30% of the total capitalisation of the 100 largest companies, but its share is still lower in total capitalisation than in 2021. (38,22%). It is worth noting that the total capitalisation of the companies in this period has increased by almost 60% since last year (the second largest increase in the ranking).
- The youngest group of companies (2017-2023) achieved the third highest percentage growth in the ranking (above 51%) and its capitalisation represents 5.96% of the total capitalisation of all Digital Champions. The oldest companies in the ranking still remain the worst valued cohort of companies since the 2021 valuation peak (down nearly 70%).
- The youngest company with a capitalisation of more than USD 1 billion is ElevenLabs from Poland. The company was founded in 2022, showing that the trend of investment in artificial intelligence has reached the CEE region.
- The ranking includes the largest number of companies (31) founded between 2012 and 2016, followed by those founded between 2007 and 2011. The ranking includes the fewest companies from 1987-2001, showing that digitalisation and new technologies are the domain of younger companies that were founded after the bursting of the internet bubble. Interestingly, there are already more companies in the ranking that are the youngest (15) than those from the time of the internet bubble (1997-2001).



 **Edgar Kolesnik**

Vice President at Polish Private Equity and Venture Capital Association (PSIK), Partner at Abris Capital Partners

Central Europe Emerges as a Hub for Tech Investment and Innovation

For the first time in a decade, Poland has been listed among the leading 25 countries in the world for FDI investment – the only representative of Central Europe in the top 25 – according to Kearney's latest FDI Confidence Index. In addition to the obvious benefits of nearshoring and friendshoring, this is mainly a result of the country's technological and innovation potential.

One positive trend we have observed in the last few years is that major multinational tech companies are choosing this part of the world to make major investments in highly advanced sectors. These include a recent Intel commitment to a new semiconductor facility, worth close to USD 5bn, and R&D centers from Google (cloud tech center) and Microsoft (data center). Such investments are helping to drive a sustained period of healthy growth for private equity and venture capital players focused on technology and digitization in Central Europe.

Looking at M&A in the last 12 months, it is clear that leading Central European tech companies remain attractive for both international strategic players (e.g. SEMrush acquiring Brand24, following the purchase of Prowly a few years ago) and tech-focused global financial sponsors (e.g. Accel-KKR buying a majority stake at Symfonia). Additionally, we have observed more VC-backed companies looking for liquidity (e.g. WDX acquiring Versabox).

The technology sector in Central Europe remains one of the most attractive and active in terms of transactions. It has long been a high-growth sector, and was one of the few industries that showed strong resilience during the economic slowdown and pandemic-related turbulence. This growth results from rising demand for innovation and digital transformation across all industries, and is being further enhanced by the burgeoning development of AI.

Central Europe boasts an interesting group of tech companies in e-commerce (e.g. shopping platforms, logistics), vertical B2B software, and EdTech that remain on the radars of financial sponsors. For most of these businesses there is a strong agenda of international expansion, meaning cooperation with financial sponsors is attractive, as they bring buy-and-build expertise and additional investment to fuel growth.

Another trend we are seeing in the region is consolidation, which can supercharge a business's digital know-how through bringing in new talent and skills, and offering a ready-made route to digitally transform products and services. This type of consolidation is becoming ever more crucial to achieving longer-term value from deals, and will continue to grow in importance as AI becomes a key element of the investment thesis for more deals.

We believe companies will continue to use M&A to acquire IP and talent, rather than go through the expensive and time-consuming process of developing it in house. The vast number of smaller tech companies that achieve relatively weak margins provides a swathe of compelling M&A opportunities for top players seeking to gain access to technology and services. In addition, private equity has been playing an increasingly important role in consolidation, as many firms seek to achieve higher returns by rolling up software players.

With the rise of generative AI, more and more companies are prioritizing deals that enhance their tech stack and put them at the forefront of the AI revolution. This raises the stakes, driving companies to expand and reinvent their offerings as data becomes the new business currency.



Location of digital champions by total capitalisation

#	Country	Total capitalisation In billions of USD	Percentage of total cap.	2024/2022 change (%)	2024/2021 change (%)
1	Poland	40,67	38,03	+ 79,63	- 5,07
2	Estonia	17,91	16,75	+ 7,11	- 9,77
3	Romania	16,37	15,31	+ 82,02	- 46,89
4	Czech Republic	10,92	10,21	+ 27,35	- 32,16
5	Lithuania	8,24	7,70	+ 57,17	+ 21,16
6	Hungary	3,43	3,21	+ 187,37	- 31,17
7	Ukraine	2,39	2,23	+ 29,34	- 16,29
8	Bulgaria	2,36	2,21	+ 13,87	+ 45,84
9	Latvia	1,51	1,41	+ 6,55	- 28,02
10	Slovakia	1,39	1,30	0,00	- 36,90
11	Croatia	1,00	0,94	- 81,94	- 53,49
12	Slovenia	0,46	0,43	+ 100,00	- 54,06
13	Serbia	0,30	0,28	- 10,31	+ 204,12

- Polish companies significantly increased their share of total company capitalisation from 29.81% to 38.03%, making Poland first in the ranking in terms of total capitalisation. The other top positions are held by Estonia, Romania or the Czech Republic - the same as last year.
- The Baltic countries (Lithuania, Latvia, Estonia) decreased their share of the ranking from 30.78% to 25.86% mainly due to Estonia's declining share in the ranking (from 22.01% to 16.75%). The V4 region (Czech Republic, Hungary, Poland, Slovakia) accounts for as much as 52.74% of the total capitalisation with Poland (38.03%) and the Czech Republic (10.21%) contributing the most. Slovakia alone is insignificant in V4 region as it accounts for only 1.3% of the total capitalisation in the ranking.
- The share of the top 4 countries from the CEE region is crucial and amounts to more than 80%. It is Poland, Estonia, the Czech Republic and Romania that have the largest number of valuable technological companies from the region.

Location of digital champions by total number of companies

#	Country	Number of companies	2024/2022 change (%)	2024/2021 change (%)
1	Poland	41	- 2,38	- 8,89
2	Czech Republic	15	- 6,25	+ 50,00
3	Estonia	12	- 7,69	+ 50,00
4	Lithuania	8	+ 60,00	+ 33,33
5	Bulgaria	4	0,00	- 20,00
6	Hungary	4	0,00	- 20,00
7	Latvia	4	0,00	+ 33,33
8	Romania	4	0,00	- 33,33
9	Ukraine	4	+ 33,33	0,00
10	Croatia	1	- 50,00	- 66,67
11	Serbia	1	- 50,00	0,00
12	Slovakia	1	0,00	- 66,67
13	Slovenia	1	100,00	0,00

- Poland still has the highest number of champions (41%, but down from 45% in 2021). Second place is invariably held by the Czech Republic (15%). Just behind the Czech Republic, as in previous years, Estonia is ranked. It is worth noting that all three countries have seen a slight decrease in the number of champions in the ranking in the last year since 2021 (by 2.38%, 6.25%, 7.69% respectively).
- As many as six countries (Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, North Macedonia) still do not have any company appearing in the ranking.
- Despite the war in Ukraine, the country has several champions in the ranking and has even increased their share by 33% compared to the previous year (from 3 to 4). The country that stands out the most is the Czech Republic, with 5 more champions since 2021 (up from 10 to 15).



 **Greta Mieliauskaite**

Managing Director at Lithuanian Venture Capital and Private Equity Association

What is the next wave of CEE Tech Giants coming from the Baltics? Which technology sectors have the greatest growth potential in the Baltics region, and which may be challenging for investors?

The next wave of CEE Tech Giants coming from the Baltics is likely to be driven by key sectors such as enterprise software, security, energy, and healthcare. Venture capital investment verticals in 2023 reveal a strong focus on these industries, reflecting significant potential for growth and innovation. Notable funding rounds include PVcase's 89 million euro Series B round, emphasizing enterprise software and energy solutions, and Nord Security's 89 million euro growth equity funding, highlighting enterprise software and security technologies. Additionally, the healthcare sector is emerging, with startups like Sentante securing a 6 million euro seed round to advance robotic surgery equipment development. These trends suggest that the next generation of CEE Tech Giants from the Baltics will likely originate from companies innovating in these high-demand sectors, presenting promising opportunities for investors and indicating where future tech leaders may emerge.

The technology sectors with the greatest growth potential in the Baltics region include sustainability, enterprise software, security, fintech, dual-use products and of course AI. Sustainability is a key focus, evident in the success of companies like Vinted, which has become the first Lithuanian unicorn dominating the EU market in peer-to-peer clothes reselling. PVcase, offering a unique platform for solar park planning, also highlights the Baltics' potential in renewable energy technology. Additionally, with newly relaxed regulations on military investments and the geopolitical situation in Europe, military technology investments are gaining popularity.

Intensity of digital champions per country by total company capitalisation

#	Country	Intensity per 100k country population
1	Estonia	1328
2	Lithuania	291
3	Poland	110
4	Czech Republic	102
5	Romania	86
6	Latvia	80
7	Bulgaria	37
8	Hungary	36
9	Croatia	26
10	Slovakia	26
11	Slovenia	22
12	Ukraine	6
13	Serbia	5

- Estonia invariably leads the ranking of countries with the highest intensity of digital champions. It is worth noting that in terms of population, the country ranks second to last in the CEE region (1.35 million people, only just ahead of Montenegro). The country clearly outperforms other countries, as the intensity of champions in Lithuania, the second ranked country, is as much as 78% lower. It is worth bearing in mind that Estonia owes its high place in ranking to favourable legislation, digitalisation and the attitude of those in power towards digitalisation. Many companies from the region register in Estonia to then seek funding.
- The only Baltic country that has increased the saturation of champions since 2021 is Lithuania. In Poland, the level of intensity in terms of capitalisation remains unchanged.

Intensity of digital champions per country by total number of companies

#	Country	Intensity per 100k country population
1	Estonia	890
2	Lithuania	283
3	Latvia	213
4	Czech republic	141
5	Poland	111
6	Bulgaria	62
7	Slovenia	47
8	Hungary	41
9	Croatia	26
10	Romania	21
11	Slovakia	18
12	Serbia	15
13	Ukraine	11

- Estonia invariably leads the ranking of countries with the highest intensity of digital champions. It is worth noting that in terms of population, the country ranks second to last in the CEE region (1.35 million people, only just ahead of Montenegro). The country clearly outperforms other countries, as the intensity of champions in Lithuania, the second ranked country, is as much as 78% lower. It is worth bearing in mind that Estonia owes its high place in ranking to favourable legislation, digitalisation and the attitude of those in power towards digitalisation. Many companies from the region register in Estonia to then seek funding.
- The only Baltic country that has increased the saturation of champions since 2021 is Lithuania. In Poland, the level of intensity in terms of capitalisation remains unchanged.

The country's population and its share in the CEE region

#	Country	Population In millions	% of total
1	Ukraine	38,00	24,09
2	Poland	36,82	23,34
3	Romania	19,05	12,07
4	Czech Republic	10,67	6,76
5	Hungary	9,64	6,11
6	Serbia	6,66	4,22
7	Bulgaria	6,46	4,10
8	Slovakia	5,43	3,44
9	Croatia	3,86	2,44
10	Bosnia & Herzegovina	3,23	2,05
11	Lithuania	2,83	1,79
12	Albania	2,78	1,76
13	Moldova	2,54	1,61
14	Slovenia	2,11	1,34
15	North Macedonia	2,06	1,3
16	Latvia	1,88	1,19
17	Kosovo	1,77	1,12
18	Estonia	1,35	0,85
19	Montenegro	0,62	0,39



 **Maciej Ćwikiewicz**

CEO, PFR Ventures



How can State funds like PFR Ventures support innovative projects in the CEE region to accelerate their development and scaling?

Public funding is a vital component of the venture capital ecosystem in Europe, with state development institutions playing a crucial role in facilitating the growth and innovation of startups across the continent. These institutions, including PFR Ventures, play an even more pivotal role in bolstering innovative projects in Central and Eastern Europe, where access to capital can still be a major challenge for burgeoning enterprises. The need for efficient capital market mechanisms is critical, especially in a landscape where innovation and scaling capabilities significantly lag behind other regions such as the United States and Western Europe.

The capital market in Poland, and by extension in other CEE countries, shows a stark contrast in efficiency and capital availability when compared to more developed markets. According to the Global Innovation Index 2023, Poland ranks 41st in innovation, indicating considerable room for improvement. Furthermore, Invest Europe's data highlights that the private equity (PE) market's value in Poland compared to GDP is ten times smaller than the European average.

To bridge these gaps, local and regional public development institutions can focus on three strategic areas: enhancing innovation through improved academic-commercial partnerships, increasing capital availability with innovative financial vehicles, and importing best practices from successful international models.

1. **Enhancing Innovation:** Collaborations between universities, innovators and entrepreneurs need strengthening. Streamlining the commercialization of academic research could increase the rate at which innovative ideas become viable businesses. Initiatives like public-private accelerators could increase the number of good projects turning into good businesses. Moreover, boosting private research and development centers can provide the necessary infrastructure and expertise to nurture innovation. Also, increasing engagement of corporations, both private and publicly-owned, should produce more good start-ups as well.
2. **Increasing Capital Availability:** Establishing tax-neutral national vehicles for VC and PE funds could make CEE countries more attractive to investors. Involving national institutions managing pension funds in financing VC and PE funds can inject substantial capital into the ecosystem. Corporate Venture Capital (CVC) from local corporations could also provide additional capital and increase competitiveness of the market.
3. **International Best Practices:** Learning from successful models in more developed venture capital markets, CEE institutions often integrate best practices from across Europe and globally. This includes adopting successful funding frameworks and operational strategies that have proven effective elsewhere. For instance, Germany's KfW Capital has set up a 'Future Fund' exceeding 1 billion EUR, focused exclusively on VC funds. France's 'Plan Tibi 2' involves institutional investors dedicating substantial sums to nurturing the innovation ecosystem. French BPI's and British Business Bank's early stage programs are blueprints to copy, adjust and implement in all CEE countries (as is was done in Poland in 2018).



Tomasz Niewola

Head of mBank's Structured Finance and Mezzanine Department,
CEO of mInvestment Banking, mBank Group

How can investment banks support the development of CEE technology companies by providing investment loans, bond issues or M&A advice?

Investment banks play a crucial role in supporting the development of CEE technology companies through providing investment financing and offering mergers and acquisitions advice. These financial products and services help CEE technology companies overcome funding challenges, boost their market presence, achieve strategic objectives, and draw interest from international investors. They contribute to the growth and expansion of technology firms by providing growth and expansion capital which is essential for business activities such as R&D, product development, market expansion and scaling operations.

For the largest regional technology players, the support of global investment banks may be important to reach the largest global or US investors and/ or boost their presence on the global scale. A strong support is provided to technology companies as well by regional investment banks with excellent knowledge of local competition and regulations and good access to potential clients and investors. They can as well support the access to financing including mezzanine or subordinated loans and bonds enabling the expansion through investments or acquisitions to benefit from strategic growth opportunities.

The other sphere of activity are strategic partnerships in a form of M&A advice for tech companies which include identification of potential acquisition targets or buyers, participation in due diligence processes, and evaluation of the strategic fit. By leveraging their expertise and industry knowledge, investment banks can help tech firms navigate complex M&A transactions and structuring deals to achieve optimal outcomes. Investment banks can offer extensive market research and analysis services, providing tech companies with valuable insights into industry trends, competitive landscapes, and emerging opportunities. This information can guide strategic decisions and help tech firms position themselves more effectively in the market. Additionally, they can facilitate subsequent rounds of capital raising, including equity financing through initial public offerings or follow-on offerings.



Country position in terms of nominal number and intensity of Digital Phoenixes

#	Country	Number of Digital Phoenixes	Phoenix Intensity per 100k population	Country position in terms of intensity of champions per 100k population
1	Poland	11	29,87	4
2	Czech Republic	5	46,85	3
3	Estonia	4	296,55	1
4	Lithuania	3	105,95	2
5	Hungary	2	20,74	6
6	Romania	2	10,50	9
7	Bulgaria	1	15,47	8
8	Croatia	1	25,94	5
9	Slovakia	1	18,41	7
10	Ukraine	1	2,63	10

- The country with the highest number of most valuable companies is Poland. It is followed by the Czech Republic and the two Baltic countries of Estonia and Lithuania.
- From the point of view of digital phoenix intensity, again Estonia, Lithuania, the Czech Republic and Poland are high in the ranking.
- The country that closes the ranking is Ukraine, where the intensity of champions has declined somewhat as a result of the war.

Share of top 3 companies in total market capitalisation per country

#	Country	Top 3 companies Percentage of total capitalisation in the country	Top 3 companies
1	Poland	46,20	Allegro, Inpost, CD Projekt
2	Estonia	81,80	Wise, PlayTech, Bolt
3	Romania	98,11	UiPath, eMAG, Bitdefender
4	Czech Republic	40,59	Productboard, Rohlik, MEWS
5	Lithuania	83,26	Nord Security, Vinted, Baltic Classifieds Group
6	Hungary	88,94	LogMeIn, Netrisk, Seon
7	Ukraine	87,60	Grammarly, AJAX Systems, Creatio
8	Bulgaria	90,58	Payhawk, SiteGround, Lucidlink

- Of the eight most important countries in the CEE region, only Poland and the Czech Republic have a balanced ecosystem of champions as the share of the top three companies is below 50%.
- In most countries, and especially in the Baltics, the top 3 Digital Phoenixes account for more than 80% of the total capitalisation of the champions in the ranking. The highest share of the top 3 companies was recorded in Romania (due to UiPath) and Bulgaria.



 **Gabriel Mohr**

Partner, Arthur D. Little

The Gaming Industry: Navigating Trends, Technological Advancements, and Market Volatility

In the wake of the pandemic's peak, global gaming revenues experienced a downturn in 2022, followed by a modest resurgence in 2023. Newzoo reports that the global games market generated USD 184 billion in revenue in 2023, with mobile gaming accounting for nearly half of the market. Projections indicate a steady growth, surpassing USD 200 billion by 2026, with a compound annual growth rate (CAGR) of +1.3% from 2021 to 2026.

Esports continues its upward trajectory and is becoming more and more mainstream. Streaming platforms play a pivotal role in this expansion, alongside the adoption of localized league models by esports organizations and notable events like Saudi Arabia's announcement of an annual Esports World Cup. Revenue streams in esports encompass sponsorships, media rights, publishing fees and ticket sales among others.

The involvement of major tech players in gaming intensified, epitomized by Microsoft's acquisition of Blizzard, consolidating its market dominance. Streaming platforms are increasingly acting as digital distributors, offering game streaming services; for instance, YouTube introduced Playables for paid subscribers, while Netflix expanded its gaming portfolio to over 70 titles. Despite this, the success of media and telecom ventures in gaming remains uncertain, as evidenced by Google's closure of Stadia in 2023 (despite cloud gaming growing) and MagentaGaming in 2022. Factors contributing to these failures range from limited content libraries to issues with brand recognition and platform accessibility.

The volatility of the gaming industry underscores the importance of targeted go-to-market and monetization strategies across the value chain. Amidst increasing technical and creative demands in game development, AI integration emerges as a transformative force, promising to optimize production processes and dominate industry discourse in the coming years. However, as opportunities proliferate and AI tools evolve, the landscape of regulatory and ethical considerations continues to evolve.

In summary, the gaming market stands as a vibrant segment within the media and entertainment realm, offering abundant growth prospects amidst dynamic market forces.



**E-Commerce & Marketplace
Digital Champions per country**

#	Country	Number of companies
1	Poland	12
2	Czech Republic	6
3	Lithuania	3
4	Estonia	2
5	Latvia	2
6	Bulgaria	1
7	Romania	1

**SaaS
Digital Champions per country**

#	Country	Number of companies
1	Poland	8
2	Czech Republic	6
3	Lithuania	3
4	Bulgaria	2
5	Estonia	2
6	Hungary	2
7	Ukraine	2
8	Croatia	1
9	Latvia	1
10	Romania	1

**Fintech
Digital Champions per country**

#	Country	Number of companies
1	Poland	7
2	Estonia	5
3	Hungary	2
4	Lithuania	2
5	Bulgaria	1
6	Czech Republic	1
7	Latvia	1
8	Romania	1

**Media & Entertainment
Digital Champions per country**

#	Country	Number of companies
1	Poland	13
2	Czech Republic	2
3	Estonia	2
4	Serbia	1
5	Slovenia	1
6	Ukraine	1

**Cybersecurity
Digital Champions per country**

#	Country	Number of companies
1	Estonia	1
2	Poland	1
3	Romania	1
4	Slovakia	1
5	Ukraine	1



 **Maximilian Scherr**

Partner, Arthur D. Little

New Era for Cybersecurity with widespread AI adoption fueling attacks and sector growth

The rise of generative AI is transforming cybersecurity, impacting both hackers and companies. The past ~18 months have shown that we are at a turning point from highly specialized machine learning and other techniques that require high skills to develop and operate, to more versatile and user friendly techniques based on Generative AI – giving cybercriminals new tools to launch more sophisticated and targeted attacks. In addition, AI based tools introduced into corporate IT ecosystems became a source of potential vulnerabilities, if not integrated with stringent security measures. Currently, AI developments naturally provide a stronger advantage to hackers, enabling them to act quickly – while many large corporations and public sector institutions rely on legacy systems and struggle to keep the pace.

Growth in the cybersecurity market continues to outperform most other IT spending categories with double digit growth rates to reach USD ~280 billion by 2027 and the strongest growth within this segment coming from security solutions with a CAGR of ~14% according to Gartner and Statista respectively.

The Hack Effect: Data breaches drive valuations and will likely continue to be a long-term tailwind for growth. In 2022 NASDAQ analyzed the performance its cybersecurity Index NQCYBR versus the S&P 500 following a major data breach and showed an average ~100 base points outperformance.

IPO and M&A Activity: While there has been a cooling in the IPO and VC market for cybersecurity along with almost every other sector, there have been several interesting deals globally in the past months, notably Cisco's USD 28 billion acquisition of Splunk, a security information and event management software player, Zscaler's acquisition of Avalor, and Wiz's acquisition of Gem (both at USD ~350 million).

CEE: Not (yet?) at the forefront, but with interesting players like Avast, Bitdefender who show clearly the potential of the region. CEE has top talents in the IT space – and especially the Rise of GenAI reshuffles a few cards and enables new players in the region to compete against the traditional cybersecurity heavyweights USA and Israel. Consequently, venture capitalists look out for early stage investments in this growth sector.

5.

**Digital Champions CEE
case studies**



Skopje, Macedonia

Photo by Darko Cvetanoski on Unsplash



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SPEND WHILE YOUR MONEY WORKS

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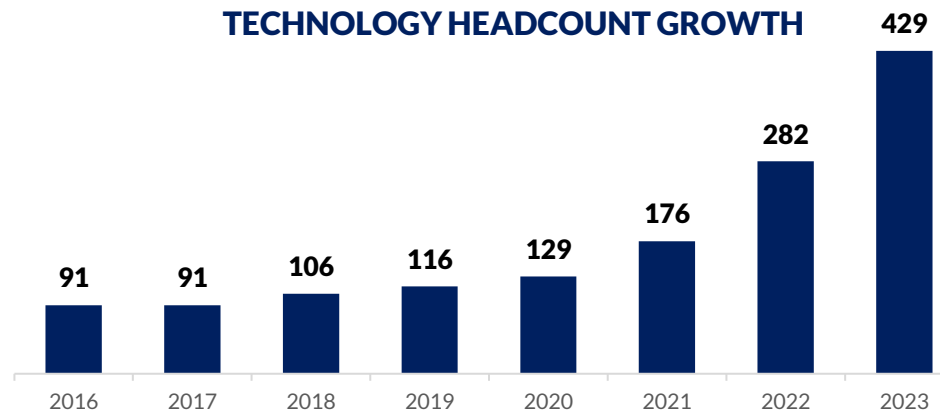


WHO WE ARE:

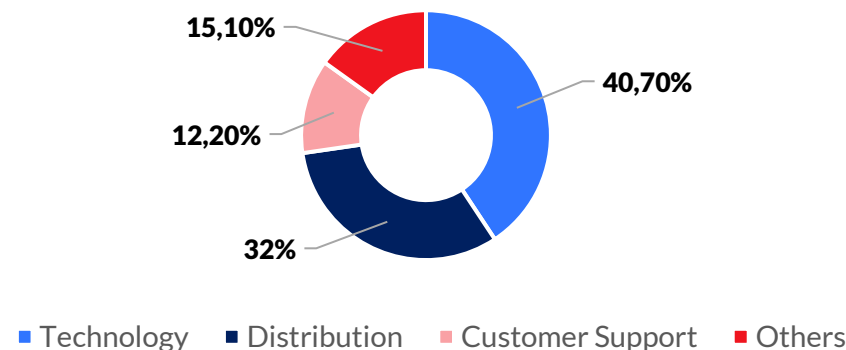
CUTTING-EDGE FINTECH COMPANY

- Agile methodology
- Domain-driven design
- Microservice architecture
- Data-based decision making
- AI-driven
- Ownership culture
- Efficient cost hub in Poland

TECHNOLOGY HEADCOUNT GROWTH



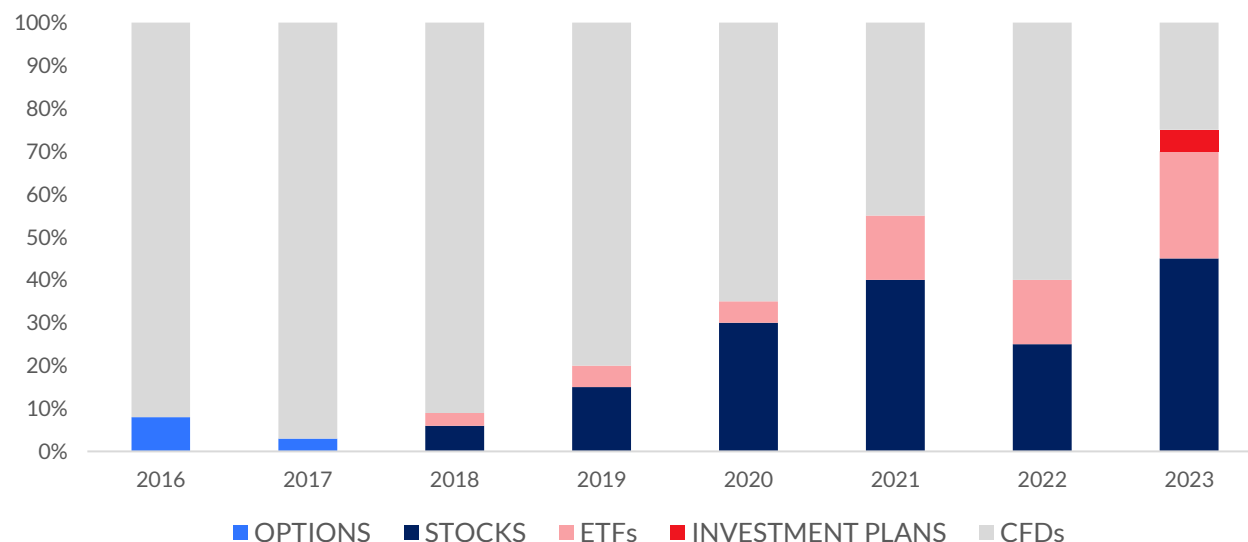
OVERALL HEADCOUNT SPLIT



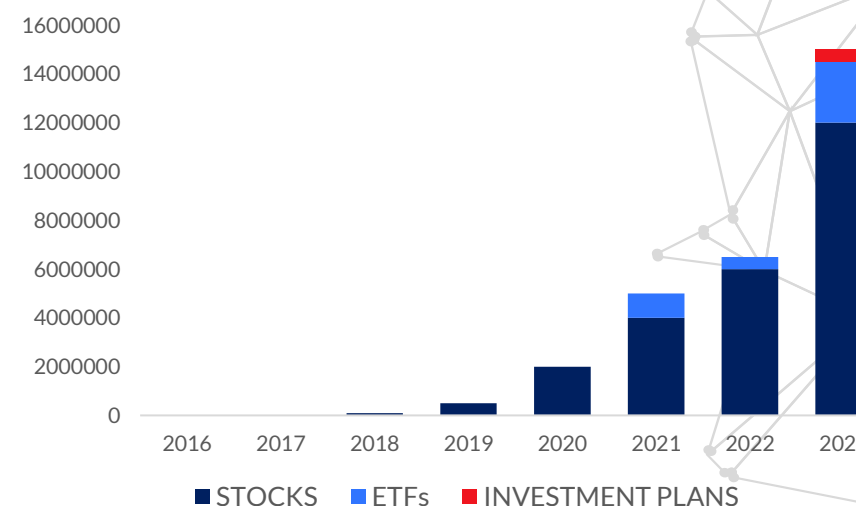
OUR JOURNEY:

FROM CFD BROKER TO UNIVERSAL INVESTMENT APP

CLIENTS BY FIRST (% EU ONLY)



NUMBER OF TRANSACTIONS IN STOCK, ETFs AND INVESTMENT PLANS



WELL-POSITIONED TO WIN THE SUPPER INVESTMENT APP RACE

- Robust product & technology team developing proprietary technology
- Rapid growth in active clients: 378.5K in Q1 '24, +45.5% Y/o/Y
- Solid profitability: PLN 302.7M (Q1 '24), revenues from 100+ countries
- Aggressive marketing strategy
- Global footprint: offices in 12 countries, Brazil & Indonesia in 2024
- Efficient monetization engine

WHILE COMPETITORS MAY SHARE SIMILAR STRATEGIES, XTB STANDS OUT WITH OUR CAPITAL STRENGTH AND EFFECTIVE MONETIZATION

WEBCON[®]

MEET THE ASPIRING CHAMPION

Webcon is a Polish aspiring digital champion, a leading Business Process management low code platform provider

Company introduction



Workflow automation

Allows seamless integration across different systems and design flexibility to address most important business needs



Multiple use cases

Platform addresses variety of use cases with document flow, HR processes and CRM solutions among key uses



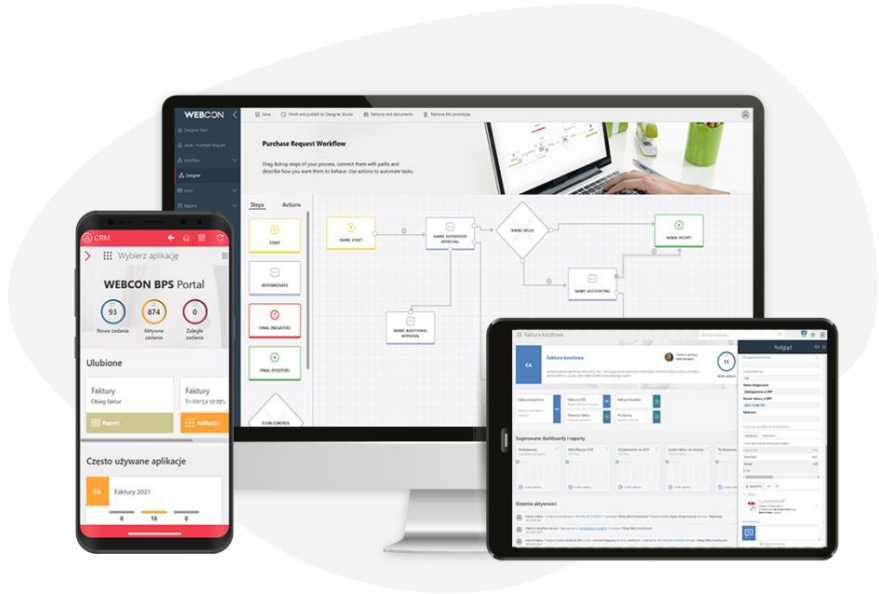
Industry agnostic

Solutions delivered across all industries, with heavy industries (manufacturing, energy, automotive) being top users



Intuitive and easy-to-use

Environment allows to create apps via graphic user interface featuring visual modelling, drag-and-drop and scalability



Partnership with MCI



Attractive company profile as well as growing low code market and its future potential have drawn interest of MCI Capital, which led to successful acquisition of majority stake in November 2023



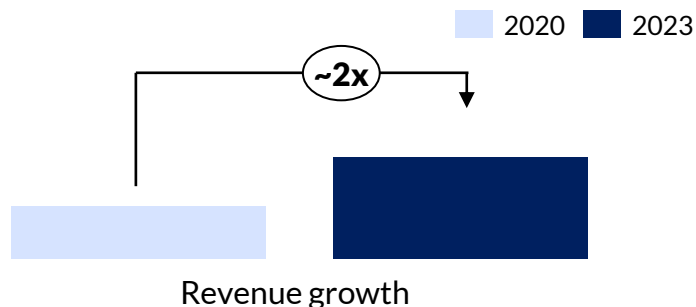
Arthur D. Little supported MCI Capital during due diligence process and in a design of initial value creation plan acting as a commercial advisor

Webcon has experienced rapid growth in recent years; partnership with MCI Capital and support from Arthur D. Little will only facilitate this development











← Arthur D. Little provided **support** to MCI Capital and Webcon to **accelerate company's growth** founded upon new engines of growth such as **new international markets** and **streamlined go-to-market strategy** →

Company positioning & growth



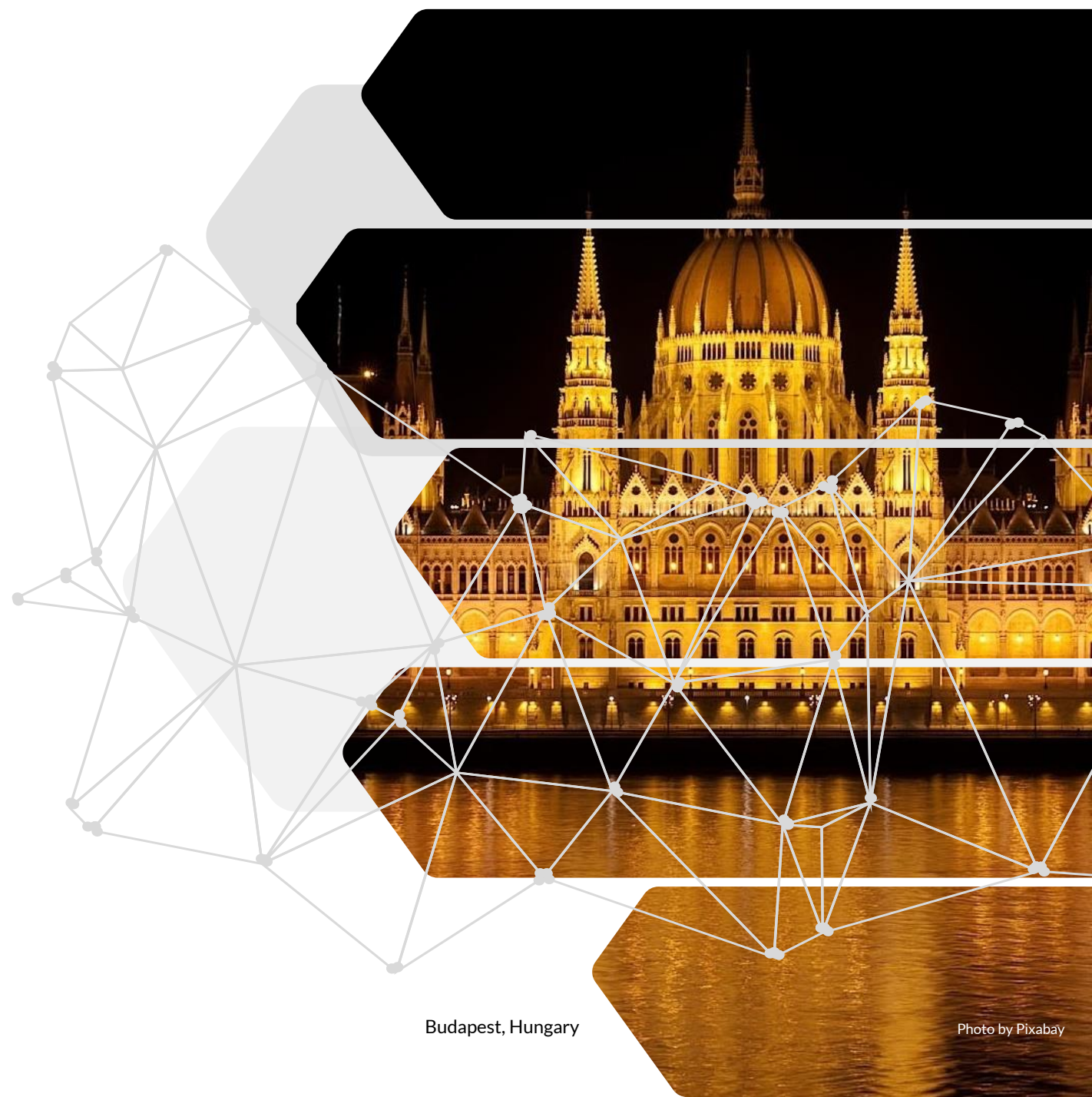
-  **Successful competition** against global players and continuous acquisitions of new major customers both locally and globally
-  **Highly appreciated value proposition** with **distinct competitive advantages**
-  **Rapidly growing market** with strong future perspectives

Future perspectives

Ambitions for the next wave of growth have been set...	...to support Webcon in next business multiplication
 Prioritization of the most promising markets	 Expansion into new international markets
 Assessment of go-to-market strategy (incl. pricing and partnership model)	 Development of new product applications
 Identification of growth enablers	 Pricing adjustment to address changing market needs
 Initial estimation of full potential for value creation	 Enhancement of the go-to-market strategy

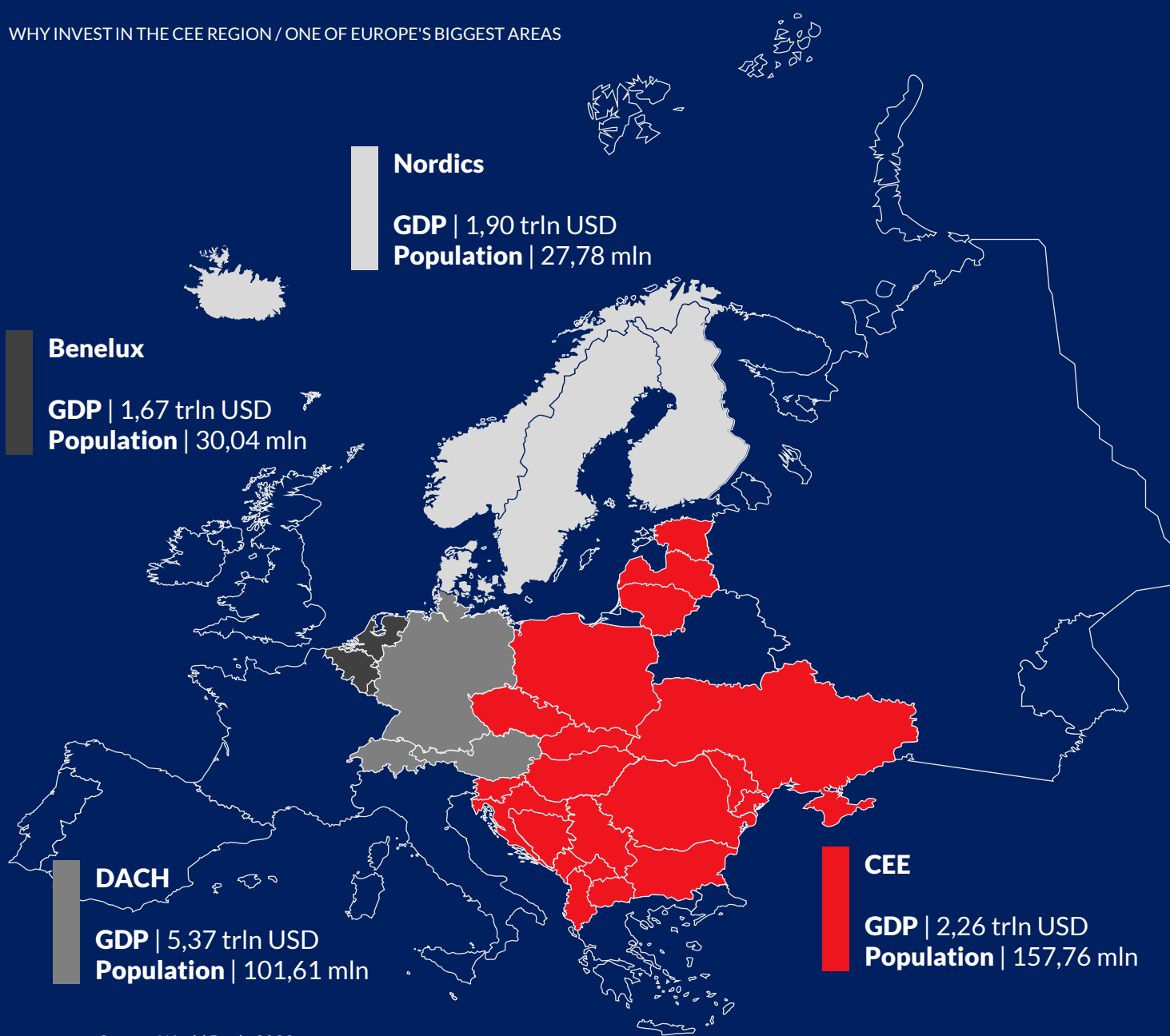
6.

**Why invest in the CEE
region?**



Budapest, Hungary

Photo by Pixabay



- The countries of Central and Eastern Europe, understood as the 19 countries of the former USSR, form one of the largest blocs in Europe in terms of GDP (USD 2.26 trillion) and population (157.76 million). Most countries underwent significant reforms after the fall of the Berlin Wall and the liberation of the region from communist domination. Most CEE countries are members of NATO and the European Union or have expressed their ambitions and intentions to join the EU. Some countries from the region, such as Estonia, Latvia, Lithuania, Slovakia, Slovenia and Croatia, have also adopted the common currency, the euro, further integrating into the euro area.
- From the point of view of the size of the economies, it can be noted that the SEE region had a higher total GDP in 2022 (USD 2.26 trillion) than the Nordic countries (USD 1.90 trillion) or the Benelux countries (USD 1.67 trillion). The CEE region is thus 19% and 35% larger in terms of GDP, respectively. The advantage is even greater in terms of population - the region is more than four times larger than the Nordic or Benelux countries.
- The main region of continental Europe that has a larger economy than the CEE countries is the DACH region of German-speaking countries. Their combined GDP is more than double, but their population is 35% smaller.
- In the last two years, the region's population has fallen by a couple of per cent, mainly due to the war in Ukraine - some Ukrainians have left Ukraine and the region as a whole.
- In terms of GDP, the five countries of the Central and Eastern European region account for as much as 71% of GDP. These are Poland (USD 688 billion), Romania (USD 300 billion), the Czech Republic (USD 290 billion), Hungary (USD 177 billion) and Ukraine (USD 160 billion).

Source: World Bank, 2022



Radzym Wójcik

Tech transactions lawyer, Baker McKenzie
Krzyżowski i Wspólnicy Sp.k

CEE Tech on the Rise: Talent, Deals, and Opportunities Abound

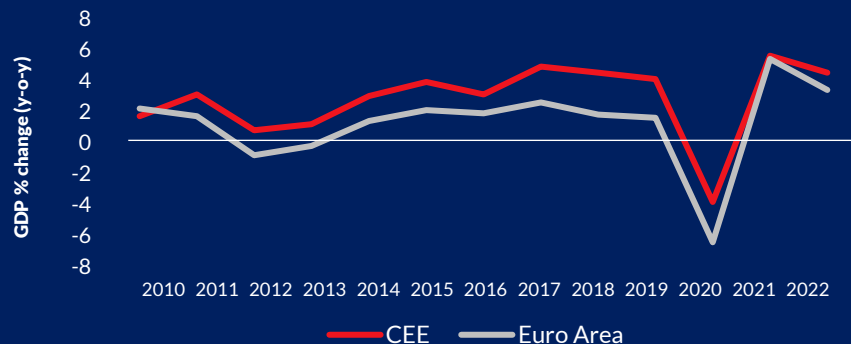
At Baker McKenzie, we are actively involved in the nascent tech deal landscape of the Central and Eastern Europe region, witnessing a steady growth in early-stage transactions and exits each year. While our insights may not encapsulate the entire economic spectrum—given our focus on the most international, intricate deals and those involving premier investors—they do highlight a visible trend. High-profile deals, often featured on the front pages of business media, not only enhance the region’s visibility but also catalyze subsequent transactions.

We are hopeful about what lies ahead, thanks to the tech talents from the CEE region, who have established a distinguished international presence. A very recent example to this is the appointment of Jakub Pachocki, a Polish national, as Chief Scientist at OpenAI. Whether it’s the triumphs of local enterprises like DocPlanner, Uncapped, or Bolt, or the remarkable careers of CEE natives in multinational corporations, such success stories are a beacon for international investment in the region. And this is far from mere wishful thinking. We have collaborated with globally recognized corporations that have CEE-rooted co-founders, dedicating significant effort to investments and mergers and acquisitions within this region. Moreover, we maintain consistent communication with some of the world’s top private equity investors, who have CEE origins and are vigorously seeking investment opportunities here, frequently in partnership with local private equity firms.”

While the CEE may still be overcoming an “experience debt” in establishing truly global enterprises and scaling businesses, I firmly believe that we will assimilate these skills on the international stage, drawing lessons from the vanguard of CEE’s major tech companies.

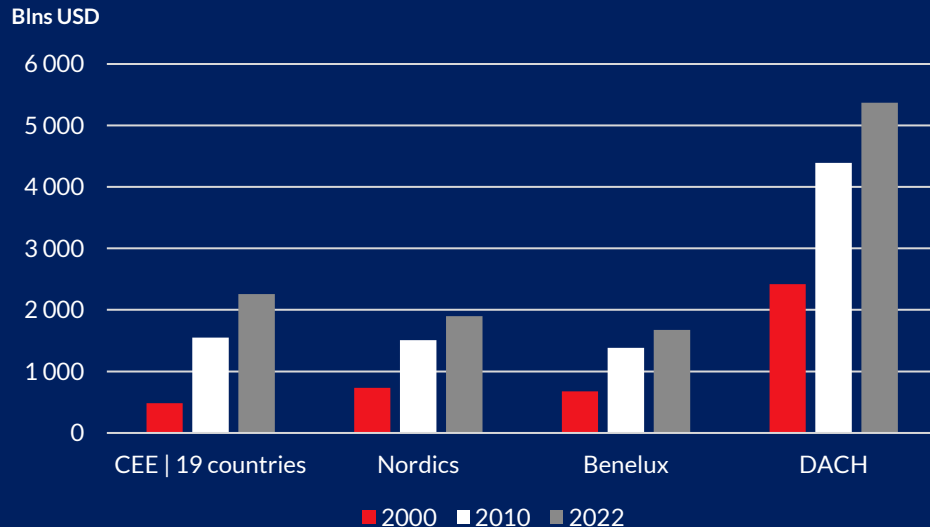
As a lawyer deeply immersed in servicing the electronic entertainment industry, I must highlight this vibrant subsector within the CEE tech ecosystem. To my knowledge, one of the largest seed-stage GameDev deals in Europe in 2023 took place in Poland (a deal I am proud to have been part of). It marked the second consecutive year that Polish developers secured substantial early-stage funding for a gaming project. Concurrently, at the other end of the growth spectrum, Tencent’s investment Techland stood out as one of the most substantial GameDev transactions worldwide and marked a major general M&A milestone in Poland for that year. Despite the recent challenges in the global gaming industry, there is a noticeable surge in investment interest regarding the prospects in the CEE region, and we anticipate a series of compelling transactions in the upcoming months.

Fastest-growing region of Europe



- If one looks at the CEE region more narrowly, as defined by the OECD or IMF (11 countries), one can see how dynamically it has developed over the past decades. Compared to other regions in Europe, CEE is the fastest growing market, with annual GDP growth in CEE exceeding GDP growth in the EU15 by at least 1%.
- Growth has been driven by the inflow of foreign capital, the reform package and liberalisation of economies, the inflow of EU funds, the transfer of know-how or the opening up to globalisation. As a result of the latter factor, factories began to be set up en masse in the CEE region, hence the region became a little Asia or the so-called China of Europe. This trend has intensified with so-called nearshoring and the return of manufacturing to Europe. It is in the CEE region that many cars, white and brown goods, chemicals and many other products sent to Europe and the rest of the world are produced.

Catching up and leapfrogging other regions in Europe in the last 20 years



- Back in the 1990s, but also in 2000, the CEE region had a lower GDP level than other regions in Europe (e.g. Nordic countries, Benelux or DACH). As a result of reforms or the location of research and development activities in the region by global corporations, but also due to the enormous human capital, the region has developed enormously. The region's advantage used to be lower education, but now it is mainly the large number of people with so-called STEM (Science, Technology, Engineering, Mathematics) competences. It is STEM that is driving the region's growth as, for example, according to fDI Markets, Poland was ranked 10th globally for new greenfield foreign direct investment in 2020 and 3rd in Europe. Four other markets in the region also made the top 15.

Source: World Bank



 **Inga Langaite**

CEO, Unicorns Lithuania

Defying the Odds: Lithuanian Startups Thrive Amidst Global Challenges

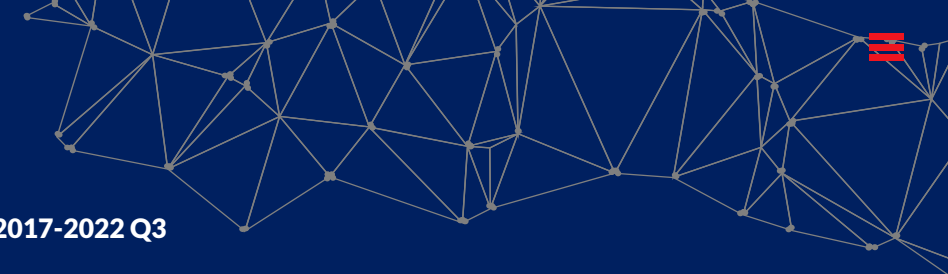
Let's all agree - navigating 2023 wasn't a walk in the park for startups, especially with the noticeable decline in investments across various regions. Despite these challenges, a consistent theme has emerged: startups that prioritize delivering tangible value to customers tend to attract necessary funding, even in a tough economic climate.

Take for instance, the startup PVcase, which secured a remarkable \$100 million in investment last year. This startup stands out in the solar engineering sector, a market that has not only expanded rapidly over the past few years but also become increasingly critical as the world shifts towards renewable energy sources. The intense competition among high-profile investors to fund PVcase underscores their strong market position and the robust growth prospects of the industry. Experts are now predicting that PVcase is on a clear path to becoming a unicorn within just a few years.

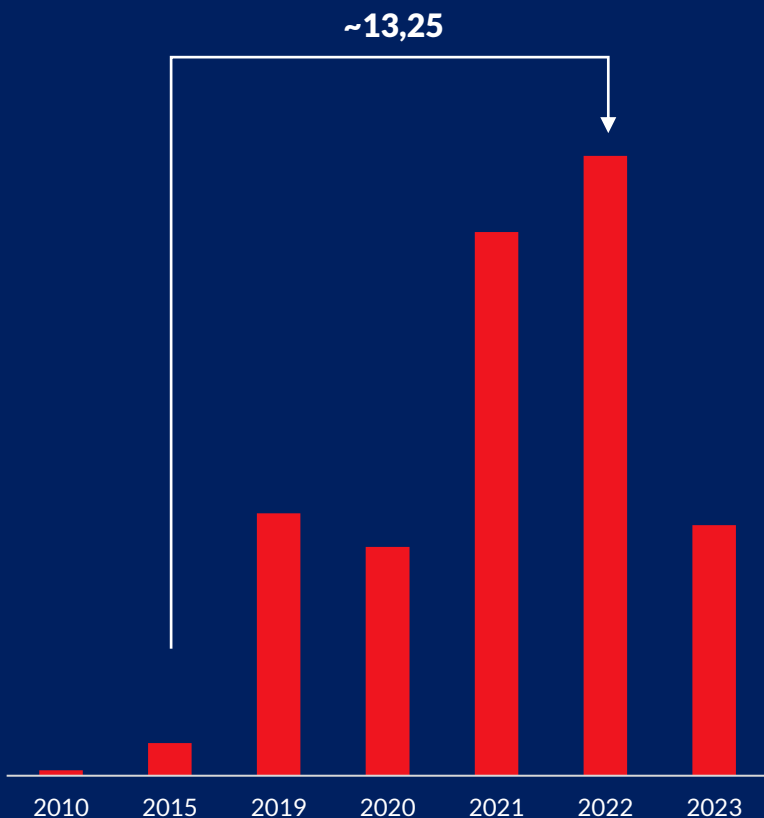
Similarly, Ovoko, a marketplace for used car parts, is following the path of Vinted—the first Lithuanian unicorn. Vinted has set a precedent by not only thriving within its niche but also achieving “unapologetically” profitability. Ovoko is riding this wave, with metrics surpassing expectations and positioning it as a potential unicorn in the next five years. This illustrates a pivotal startup lesson: timing and disruptive innovation are crucial for capturing market opportunities.

In Lithuania, the relatively small domestic market compels startups to adopt a global mindset from day one. This strategy has proven advantageous, enabling them to demonstrate impressive growth metrics while operating on lean budgets. This is in stark contrast to the situation in larger countries like Poland, where startups often face the 'big market trap.' Here, businesses that scale significantly within their large domestic market may find it daunting to replicate their success internationally due to varied market dynamics and increased operational complexities.

Looking ahead, I am optimistic about the prospects for Lithuanian startups over the next 2-5 years. The collaborative spirit within the ecosystem, where knowledge sharing is commonplace rather than fierce local competition, and successful entrepreneurs are actively investing in a new generation of startups, sets a fertile ground for innovation and success. Coupled with a hunger for achievement, Lithuanian startups are well-positioned to make significant strides on the global stage.

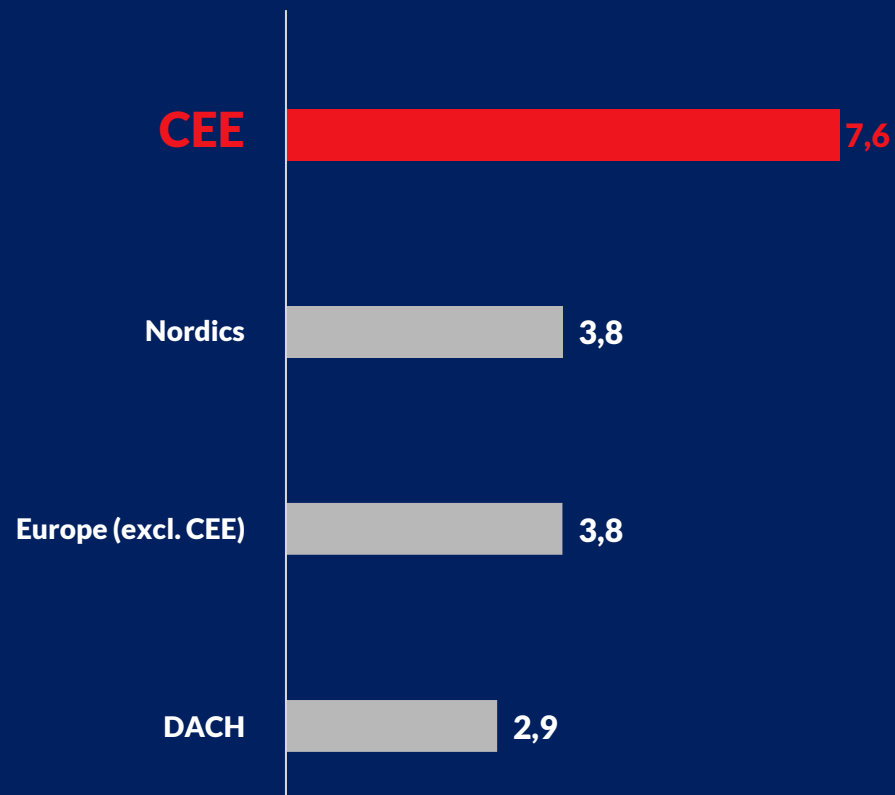


Total VC investment in CEE (€B, 2010–2023)



Source: Dealroom, Q1 2024

Growth in VC activity 2017-2022 Q3



- From 2015 to 2022, investment in startups in the CEE region increased more than 13 times. Such a high increase in fund activity makes the region one of the fastest growing in Europe. In 2023, there was a significant drop in fund activity, with the scale of investment falling by as much as 54%. At the same time, there was a 45% decline in Europe and a 29% decline in North America.
- One can also look at the region more broadly - at the companies that have migrated from Central and Eastern Europe and those that are still based here. Looked at this way, the value of investment has increased more than sevenfold in the last almost five years, making the region grow much faster than, for example, DACH or the rest of Europe.

Note: CEE included companies that are still headquartered in CEE and those that have migrated from the region to other countries (e.g. the U.S.)
Source: Dealroom, Q3 2022



DIANA is the Defence Innovation Accelerator for the North Atlantic, an organisation established by NATO to find and accelerate dual-use innovation capacity across the Alliance.

- NATO allies have launched an initiative to increase the Alliance's technological edge. In 2022, the Alliance Foreign Ministers approved the Defence Innovation Accelerator for the North Atlantic (DIANA for short) Charter. This initiative focuses on deep technologies - those emerging and disruptive technologies that NATO has identified as priorities, including: artificial intelligence, big data processing, quantum technologies, autonomy, biotechnology, new materials and space.
- DIANA connects defence personnel with the Alliance's best and brightest start-ups, scientific researchers and technology companies to solve critical defence and security challenges. Innovators participating in DIANA programmes will have access to a network of dozens of accelerators and test centres in more than 32 Alliance member states. NATO leaders agreed that DIANA will have regional offices in Europe and North America. The European DIANA regional office has been selected on the basis of a joint bid from Estonia and the UK. A number of accelerators are located in CEE countries: Poland, the Czech Republic, Hungary, Lithuania, Latvia and Estonia.
- The allies also agreed on the NATO Innovation Fund. This is a standalone venture capital fund backed by 24 NATO Allies, which allocates more than €1bn to deep technology. The fund itself is a financial partnership between the participating NATO Allies as limited partners and an investment management arm created specifically for the fund.



DIANA on the map

- Regional Offices (2)
- Test Centres (121)
- Regional Hub (1)
- Accelerators (25)

The United States intends to facilitate access to U.S. Test Centres and Accelerator Sites from across the U.S. innovation sector, across all seven EDT areas.

France intends to facilitate access to French entities, such as Test Centres and Accelerators Sites, drawn from across the very extensive and diverse French innovation sector.





 **Eliza Kruczkowska**

Innovation Director, PFR



Harnessing Dual-Use Technologies: A Catalyst for Innovation and Growth in Central and Eastern Europe

I am closely observing the transformative potential of dual-use technologies within Central and Eastern Europe (CEE). These technologies, which straddle both civilian and military applications, are not only pivotal for security but also stand to propel substantial economic and technological advancement across the region.

Strategic Role of Dual-Use Technologies in Fostering Innovation - The European Investment Fund (EIF) has recently committed €175 million in equity to venture capital and private equity funds that invest in European companies developing innovative technologies with dual-use potential. This initiative, known as the Defence Equity Facility, aims to catalyze additional private investments with the objective of mobilizing approximately €500 million in support of European technological innovation. This substantial financial injection underscores the significant role dual-use technologies play in driving forward the technological capabilities of the CEE region.

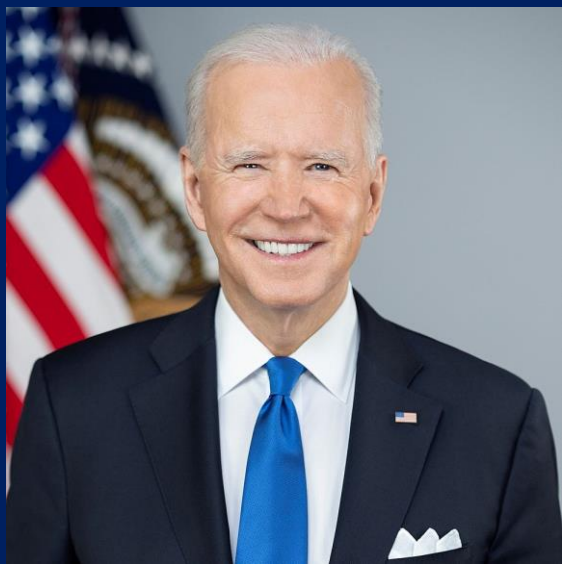
Emerging Ecosystem and NATO's Engagement - The burgeoning interest in dual-use technologies is evident from the civilian startup ecosystem's engagement with NATO's initiatives. Notably, the launch of pilot challenges by Diana in areas such as energy resilience, secure information sharing, and sensing and surveillance attracted over 1,300 applications from across the NATO alliance. This overwhelming response highlights the vast potential and keen interest within the tech community to engage in dual-use technology development.

Global Challenges and the Need for a New Social Contract - We cannot forget that the international community faces urgent challenges in managing the disruptive potential of new technologies, particularly artificial intelligence (AI). Issues such as deep fakes, the dark web, and the use of extensive surveillance technologies highlight the need for a new social contract that addresses the deployment of AI and other technologies within a framework of globally shared ethical standards.

Implications for CEE and the Role of State funds like PFR - The CEE region, with its robust growth in tech development and strategic position within Europe, is particularly well-placed to benefit from these investments in dual-use technologies. The Polish Development Fund is actively working to support this sector by facilitating investments, fostering partnerships, and providing platforms for innovation.

Our focus extends beyond funding to include building a supportive ecosystem for startups and established companies to navigate the complex landscape of dual-use technology. This includes regulatory support, intellectual property advising, and market access facilitation. Given the strategic importance of these technologies, the PFR is committed to ensuring that CEE not only keeps pace with global technological advancements but also plays a pivotal role in shaping them.

Investing in dual-use technologies is more than a security imperative; it is a significant economic opportunity that the CEE region and its stakeholders must leverage. The initiatives by entities such as EIF and NATO, coupled with the region's burgeoning tech landscape, provide a fertile ground for innovation that could see the CEE region emerge as a leader in the next wave of global tech advancements. As these technologies continue to evolve, the Polish Development Fund will remain at the forefront, championing and nurturing the growth of this vital sector.



We want to send an unmistakable message that the United States together with our allies will defend every inch of NATO territory and abide by the commitments we made to NATO.

Joe Biden, President of the United States

Sweden and Finland joining NATO will increase deterrence in the region because of the assets they will provide the alliance. And [because of] the ability to plan for Northern Europe's security in a comprehensive manner.

Anna Wieslander, Atlantic Council's Northern Europe director





Our critical infrastructure, energy supplies, financial information, logistics, healthcare, and so much more are dependent on the integrity and security of our networks and safety of our data. We, along with our allies, must ensure that these assets are protected against all attacks, physical and Digital.

Mark Brzezinski, Ambassador of the United States to Poland

7.

Acknowledgements



Sofia, Bulgaria

Photo by Valeri Terziyski on Unsplash

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8.

**About the editor and
report experts**



Sofia, Bulgaria

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Piotr has 19 years of experience in TMT - implementing or leading projects in the new technologies and media sector. Currently he is leading the work of the Digital Poland foundation which promotes digitalisation as an element of Poland's competitive advantage. He is also board member of the European AI Forum - the largest organisation of European AI companies, based in Brussels. Author or co-author of many reports and digital policies concerning new technologies, including artificial intelligence, IoT, 5G and cloud. Co-creator of the strategic AI programme "Infrostrateg", which supports the implementation of AI in Poland with the amount of PLN 840 million.

Piotr has practical experience in digital transformation, creating effective data-driven public policies, business processes, strategic consulting or designing ICT solutions. He has up-to-date knowledge on topics such as artificial intelligence, RPA, big data, cloud computing, internet of Things and 5G networks.

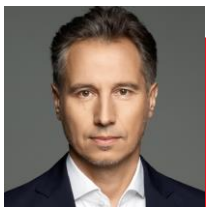
Piotr has previously worked at a global consulting firm (EY), an integrated media and telecommunications group (Polsat Plus Group), a mobile network operator (Orange) and a global energy company (Shell). He has successfully completed over 35 projects for clients such as Deutsche Telekom, E&, Liberty Global, Multimedia Polska, Netia, Orange, Telenor, T-Mobile, Saudi Telekom Company, Solutions by STC, UPC, Vodafone. Piotr has also worked for regulators in the CEE region, e.g. UKE, NMHH, GNCC, SPRK, RRT and key decision makers, e.g. Ministry of Digitalisation in Poland, industry chambers e.g. KIGEiT, PIIT or grant agencies e.g. NCBiR.

He is a graduate of the Faculty of Electronics and Information Technology at the Warsaw University of Technology and the Faculty of Management at the Warsaw University. He holds several specialist certificates.

Piotr's focus is on collaboration, building active communities and producing tangible results based on facts and data.

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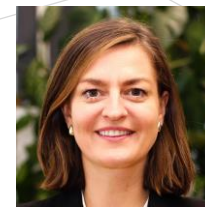
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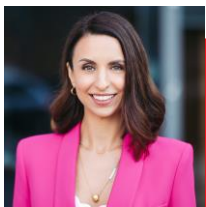
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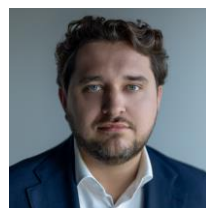
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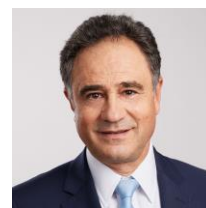
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9.

About Digital Poland Foundation



Warsaw, Poland

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digitalpoland

Digital Poland Foundation

As a non-profit organisation, the foundation works to make Poland one of the world's major centres of digital innovation. Through its activities, it transforms the digital challenges facing Poland into opportunities for the domestic economy. Without the active participation of society, the technological and digital development of our country will not succeed, which is why the founders of the foundation focus primarily on education, organising a number of events or educational campaigns, such as Digital Fitness Test, Digital Ars, SkillUp Academy, Digital Festival or Innovation Night, while promoting new technologies in everyday life and business. In the eyes of foreign investors, the foundation presents Poland as a place to conduct research and development activities and develop innovations with international reach, using the skills of our ICT specialists.

The foundation is widely active in digital policies analysis, co-authoring the largest set of recommendations in Poland, "Time for a Digital Economy". The Foundation also carries out a number of consumer and business surveys, publishing up to a dozen free studies a year, e.g. on Poles' knowledge of disinformation or subscriptions. The foundation is also one of the founders of the European AI Forum in Brussels - Europe's largest organisation bringing together companies and organisations in the field of artificial intelligence (more at eaiforum.org).

In all its activities, the foundation relies primarily on cooperation, creating a network of contacts and close relations, because only through cooperation and openness to others are we able to make Poland one of the world's leading centres of digital innovation. The Foundation invites all those interested in carrying out educational, innovative or public policy projects that will positively change the Polish economy to work together. Funders and strategic partners include such companies as Baker McKenzie Krzyżowski i Wspólnicy, Fujitsu in Poland, Lenovo Technology, MCI Capital, Microsoft in Poland, Polpharma Group, Play, Ringier Axel Springer Polska, Symfonia, T-Mobile Polska, TVN Warner Bros. Discovery and Visa. Partners of the Digital Poland Foundation include Next Technology Professionals, Prowly, Schneider Electric, Ströer and Techland.

Want to learn more? | info at digitalpoland.org | Visit digitalpoland.org/en

We are the Digital Poland Foundation



A cross-industry, nationwide initiative with focus on results



We share and lead digital initiatives, work together, create network of contacts and promote digitalisation in the leading media outlets



We help turn the digital challenges into opportunities for the Polish economy and society by creating best digital policies



We promote Poland as a leading digital innovation hub



We educate the public, present facts, dispel myths, advise on how to use new technologies

We've a proven track record. Example of our initiatives



Digital Festival



Digital Shapers



Digital Policies



Time for the digital economy



AI Hub



European AI Forum



Digital Seniors



Think Tank



Study Tours



Together against disinformation



Digital CEO



Digital Champions CEE



Digital Fitness Test



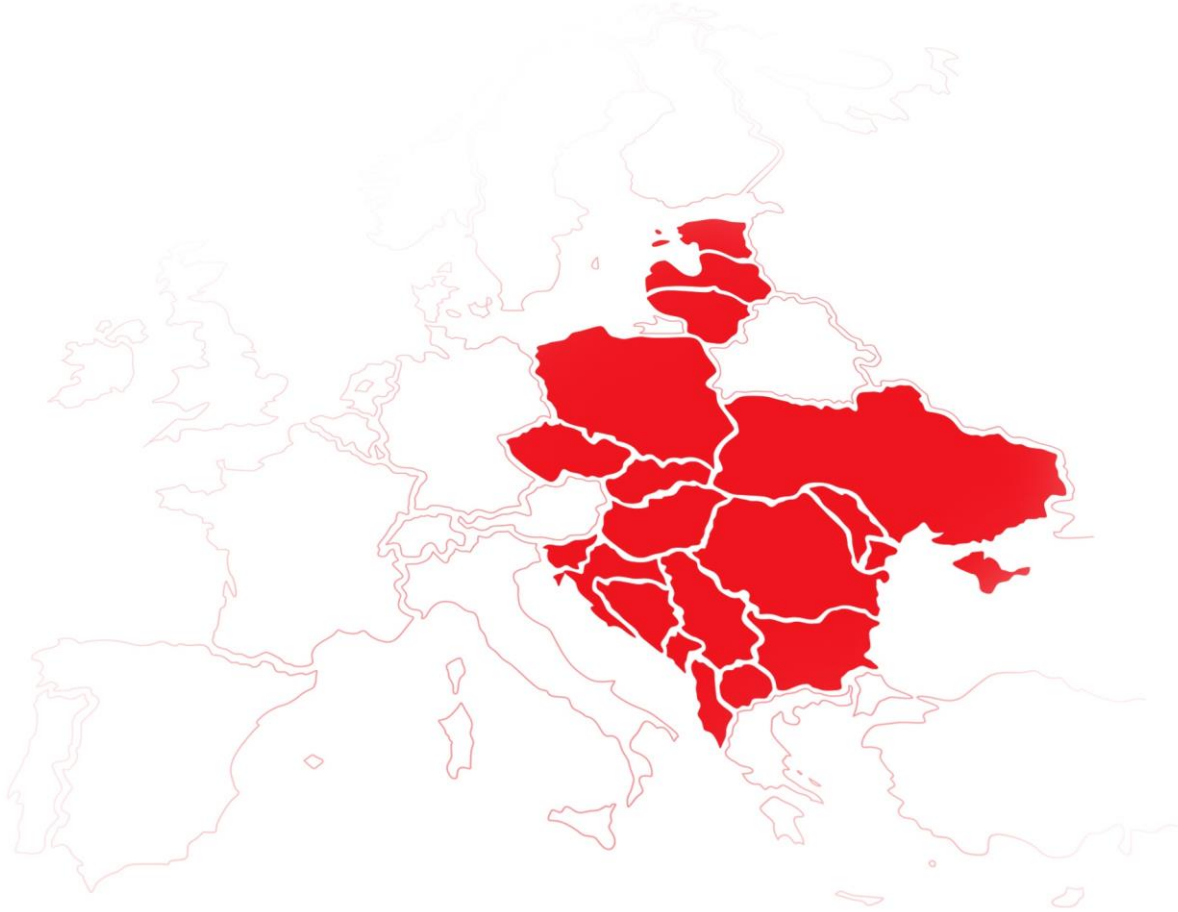
Digital Summit



Poland as a R&D Hub



SkillUp Academy



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