

Conclusions

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INVEU-ICR-0021-2022 –SME and research, innovation and digitisation window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	Innova Capital sp. z.o.o
Countr(ies) of implementation	Poland, multi-country
Implementing partner	EIF

The Fund will target 10-12 investments in lower to mid-market companies active across many sectors primarily in Central and Eastern Europe. Their common denominator are tech driven companies benefitting from the acceleration of digitalisation of the economy and post-COVID recovery.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 12 May 2022 for the above-mentioned operation.

The strategy for creating value is based on upgrading operations, introducing new management when necessary, performing add-on acquisitions, and portfolio internationalisation.

The project will contribute to research, development and innovation in the sector of digital technologies and services. It also addresses SMEs and small mid-cap companies and is expected to contribute primarily to the Capital Market Union strategy.

The private equity industry in Central and Eastern Europe (CEE) remains underdeveloped compared to other European economies. In addition, the Ukrainian conflict is creating strong uncertainty on companies active in the CEE region and their capacity to attract financing for growth. In this context, the Fund aims at increasing alternative source of financing for promising companies active in CEE. More than 50% of the operation is expected to be implemented in Cohesion countries.

The Fund will target the CEE private equity market, which is still underdeveloped, compared to EU average. The Fund seeks to invest equity and quasi-equity investments at the level of each underlying company, promoting digitalisation of companies in Poland and in the broader CEE with a strong development potential.

The team has gained from predecessor funds significant sourcing experience and has established an extensive network and reputation within the Polish private equity market. Implementing Partner now stepping in will allow the fund to grow in size by creating fundraising momentum for a first closing at a viable fund size, thus providing a signalling effect. Its role as a stable and countercyclical investor will improve capacity for fundraising also in weaker economic cycles.

The Fund also invests in countries classified as Moderate and Emerging Innovator Countries (MEICs) such as Poland, where the supply of capital for companies with high grow potential has been traditionally weaker than in developed capital markets.

The Investment Committee considered the score for crowding and signalling effect to be very good instead of excellent.