



# REPORT

Research of business angels  
in the Czech Republic

2021

# Introduction

“ For the third time in a row, we tried to map the Czech angel investment environment. It should be emphasized that the survey took place at the end of 2021 and the respondents probably had no idea what was going to come. Rapidly rising inflation was already a fact, but only few of us were probably expecting a war in Europe. And the associated sense of danger.

The reaction to the Covid outbreak that was 2 years ago was to stop further investment for most investors. However, the following period was the period of the largest investments in startups in Europe. European investors seem to understand the importance of technology investment. And perhaps they understand it even more now. New technologies are needed not only to save the planet, but also to save freedom.

Europe is breathing and waking up. By that I mean the entrepreneurial spirit that has always been in Europe, but it has disappeared in the last few decades. There is a growing feeling that we must take care of ourselves. That it's better than relying on the help of the US, the state or large corporations. The start-up ecosystem plays a crucial role in this. We see successful entrepreneurs, beginning entrepreneurs have role models and they also have an investor background. And angel investors are important for the entire ecosystem.

I have been trying to bring in new angel investors for a long time. And right now, is the time to increase investments to technology, our future and to support entrepreneurs. Startups as an investment category are risky, but the most profitable in the long run. They also have excellent inflation protection. In addition, they have the potential to change the world for the better.

I apologize for the slight detour; you can read about the results of our survey in the following lines. I had to share with you my optimistic vision of the future. Because an angel investor must be a life optimist in the first place.



**Petr Šíma**  
Partner at DEPO Ventures

# Summary

The aim of the research was to map the environment of angel investing in the Czech Republic. To find out how angel investors invest and what their problems are. The report presents the results of a quantitative research survey, which was conducted in the form of an online questionnaire on a sample of 122 respondents. The questionnaire was sent to angel investors in the Czech Republic and was further distributed organically among non-start-up investors. Data collection took place during January and February 2022.

The results of the survey suggest that the year 2021 was not very different in the world of angel investors from the pandemic year 2020. However, until this year, investors stay optimistic. More than a quarter of respondents want to significantly increase the amount of venture capital in 2022. Roughly half said that they plan to invest around the same amount of money in startups as last year.

Half of investors plan to invest in startups in 2022 at the same level as last year. The survey also showed that the share of investors who exited the startup is increasing. The investment was usually appreciated. Investors like to associate in syndicates. They often combine them with a fund investment or a direct investment.

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# About Czech business angels

01

**4 years** The average number of years devoted to angel investing

**6 investments** Average number of investments per investor

**0-5 hours** Time that 72% of investors spend weekly on venture capital

The following numbers will help us better understand the average Czech venture capital investor. Fig 1.1 shows what motivates them the most to invest in startups. The main reason is financial motivation for Czech investors, followed by the opportunity to meet interesting people, and to learn something new. The last place is investing for fun.

- 1 Financial motivation
- 2 To meet interesting people
- 3 To support innovation
- 4 Learn something new
- 5 Give something back to society
- 6 For fun

Fig. 1.1 Investment motivation

Nearly three-quarters of survey respondents spend up to five hours a week on angel investing. 13 percent of investors deal with it more than ten hours a week.

The time devoted to investment activities increases with the total number of investments and the age of the investor. The more they invest, the more time they spend managing their portfolio.

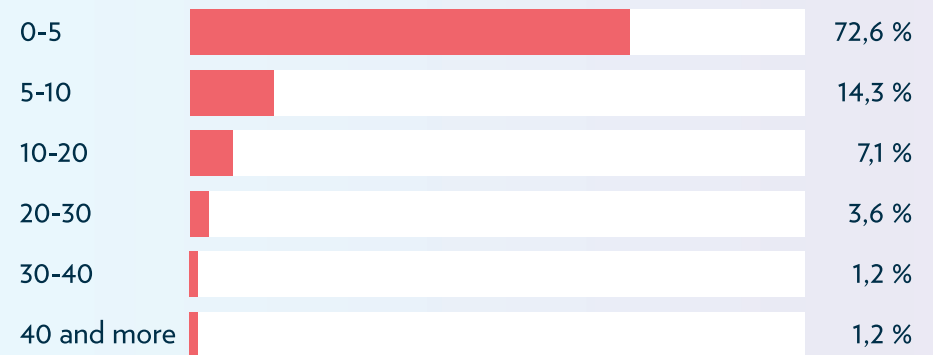


Fig. 1.2. The average number of hours spent per week on angel investing

Most surveyed investors (58%) are not members of any Czech or foreign community (network, club, syndicate). This may be related to the most common problems faced by investors, such as a lack of investment opportunities or a lack of co-investors.



Fig. 1.3. Memberships in investor community

# Investment by sector and technology

02

The survey sought an answer to the question of which areas investors invest in most often. As in the previous two years, FinTech (49%) remains the most popular area, followed by e-commerce (37%). In terms of technology, Czech investors are most looking for startups with artificial intelligence (AI) and blockchain. An overview of all areas and technologies is shown in Fig. 2.

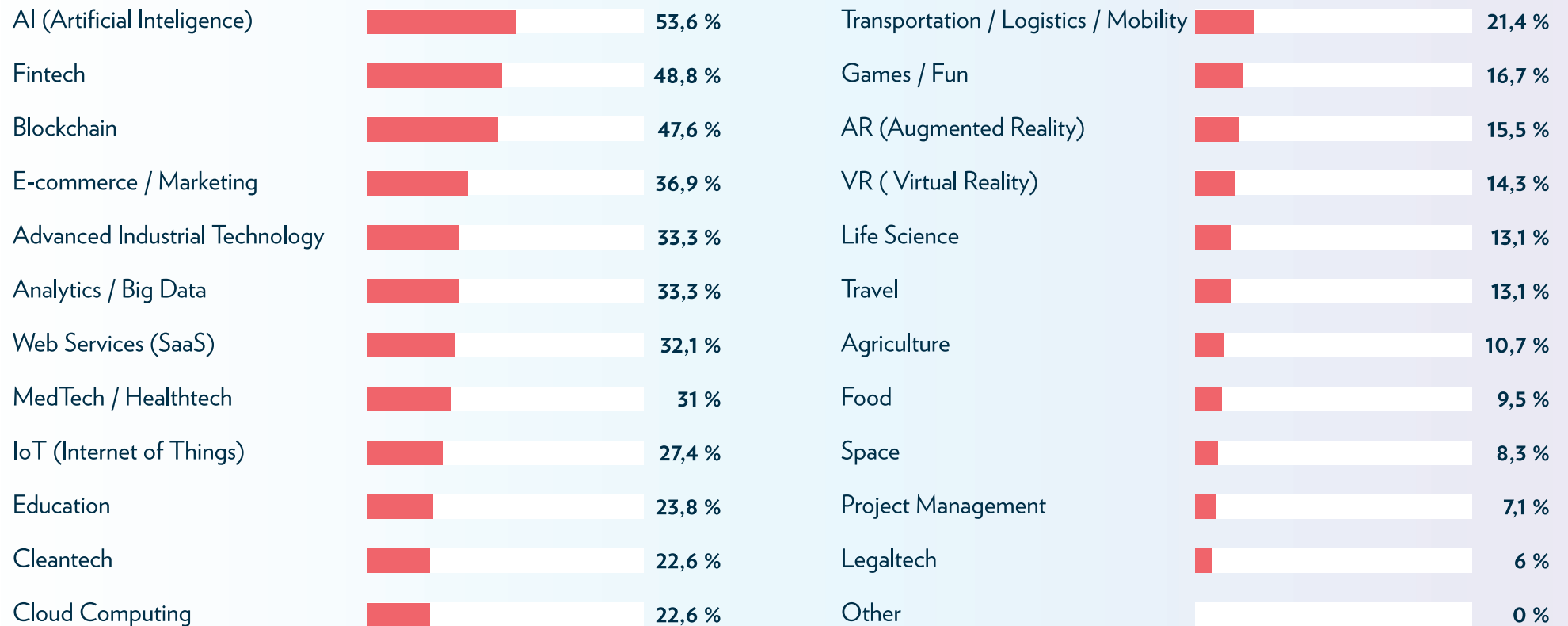


Fig. 2. Areas and technology

# The way of investing

Angel investing is usually perceived as individual. This was indicated by last year's survey and, as Fig. 3. shows, this is confirmed by this year's data. 77% of respondents invest directly. However, investors combine ways. 43% of respondents invest through the fund and 42% have sometimes used the syndicate with other angel investors.

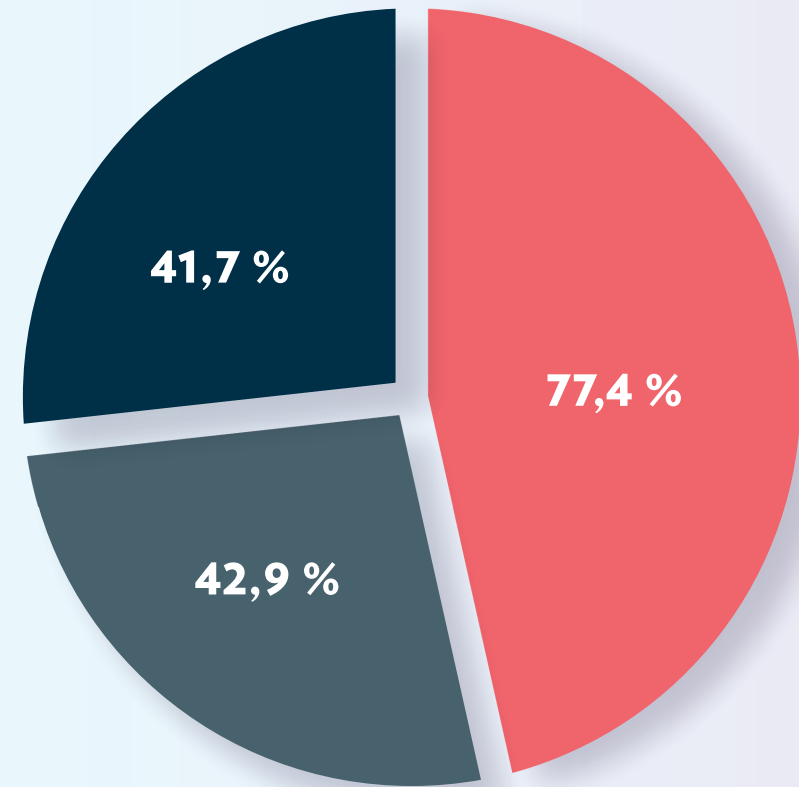
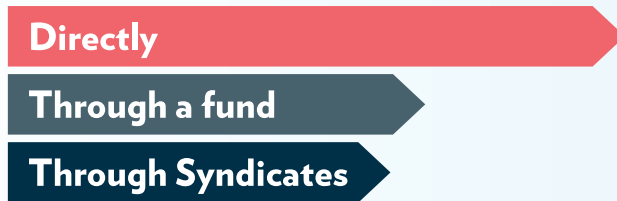


Fig. 3. The way of investing

# Average investment

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The average investment of a Czech angel investor in a startup at an early stage is CZK 80,000. Less than half invest up to EUR 25,000 and another 21% of respondents invest over EUR 100,000.

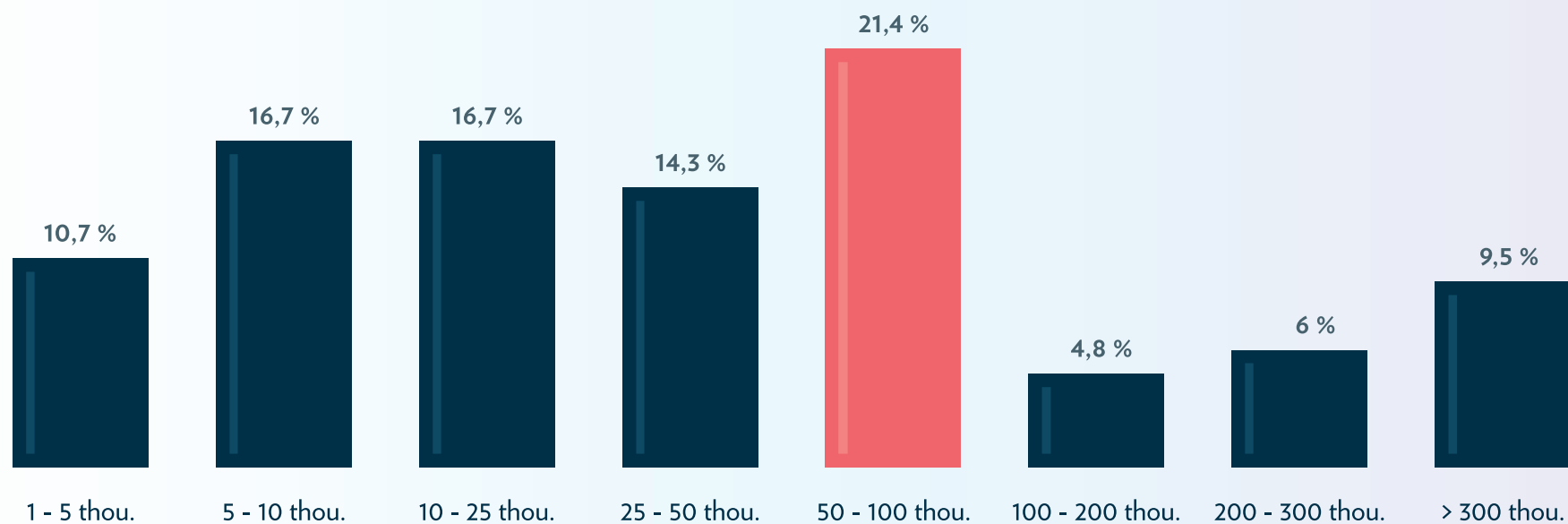


Fig. 4. Average investment of business angel in EUR



# Areas of investment

Over 38% of respondents do not have a preference in terms of startups being from any area. Another 18% is focused on the Central and Eastern Europe region and 15% is focused on Europe only. The broader horizon allows them to access global opportunities. However, there is still less than a third of investors who are interested in purely domestic startups.

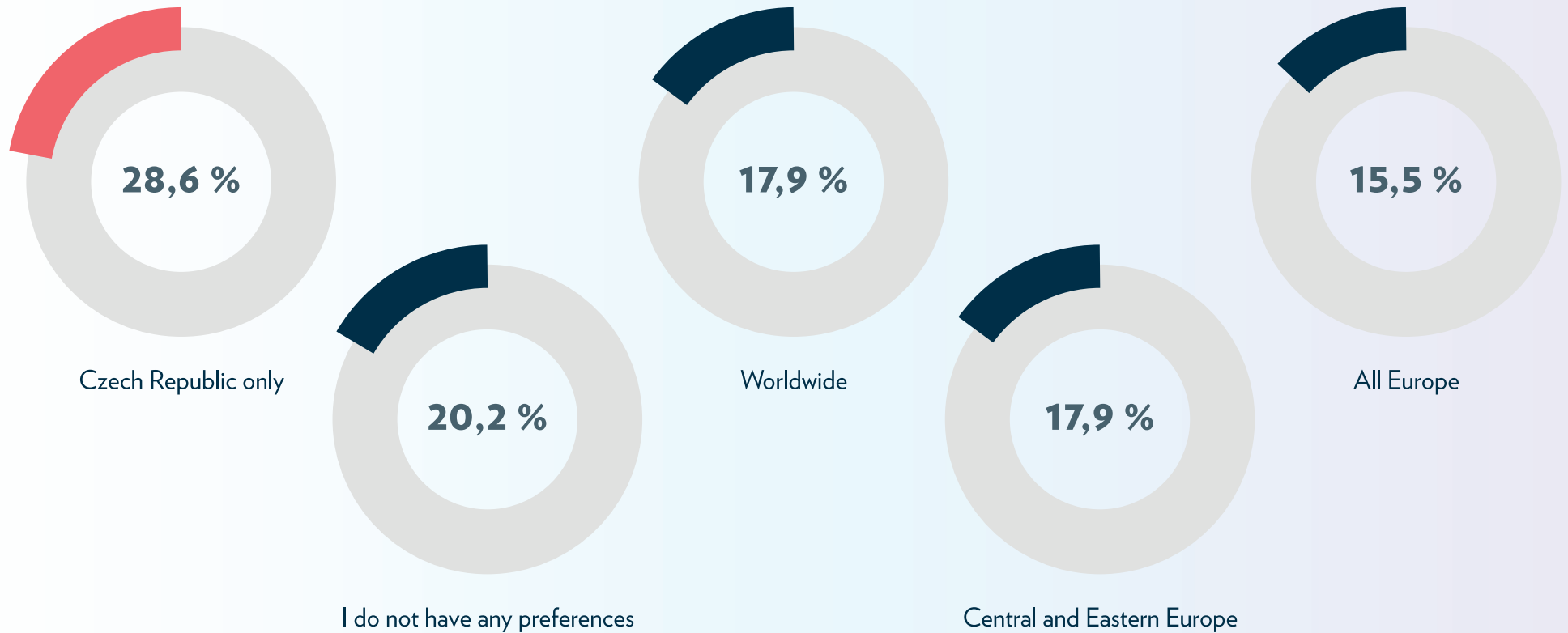


Fig. 5. Areas of investment

# Number of investments

06

Although investors faced the economic consequences of a global pandemic in 2021, an in-depth analysis of research data revealed the following statements.

**17%**

Of investors made their first investment in 2021

**2**

Average of investments made per person in 2021 - of those who reported some

**42%**

In 2021, 42% of investors made more than half of the investments in their portfolio. The number of investments was stated by 84 investors. Of these, 35 in 2021 made more than 50% of investments in their entire portfolio.

# Comparison with other assets

The surveyed investors were also asked to compare the performance of venture capital investments with other assets, such as securities, shares, real estate. The results summarized in the table below showed that less than half of investors are still unable to compare investments. Venture capital is a long-term investment and can only be evaluated after exiting the company. However, 41% of investors said that the performance of investments in startups significantly exceeds or is higher. Only 12% consider the performance of risk capital to be lower or identical to other assets.

- I do not know yet
- Performance is higher
- Performance significantly exceeds
- Performance is lower
- Performance is the same as other asset classes

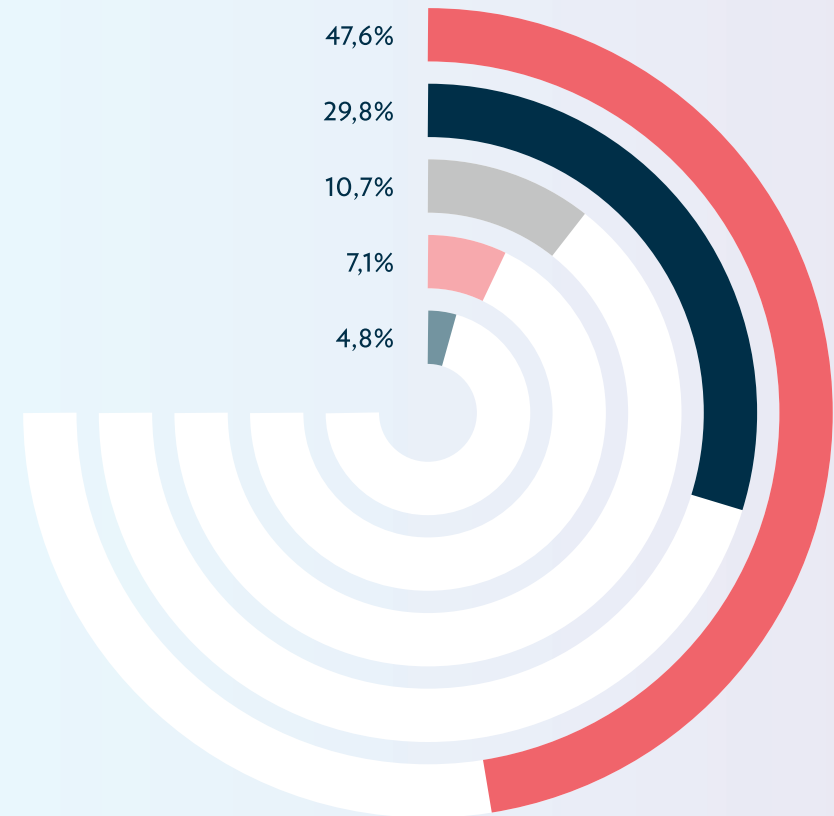


Fig. 7. Comparison of investments with other classes such as securities, shares, real estate.

# Investing in 2022

08

The following figure shows the expected plans of investors for the next year. More than a quarter (22%) want to significantly increase the amount of venture capital investment in 2022. 51% of surveyed investors then plan to invest in startups to the same extent as in 2021.

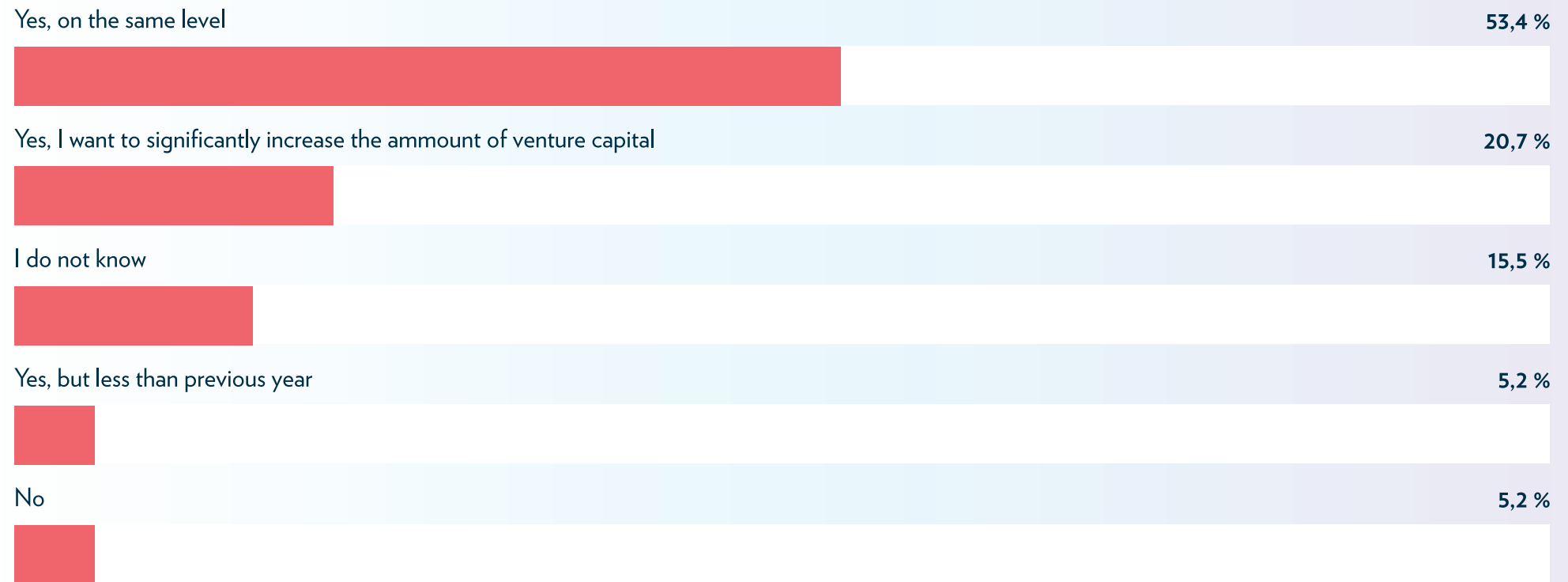


Fig. 8. Investing in 2022

# Exit and ROI

Three quarters of respondents have not yet evaluated their investment. As Figure 9.1 shows, the proportion of investors who have exited the startup and those who have not is the same over the last three years.

The research shows that out of the mentioned investors who exited, a total of 88% appreciated the investment in the startup. Only 13% don't. In 2021, there was an average of one startup in terms of exited startup.



Fig. 9.1. Exit

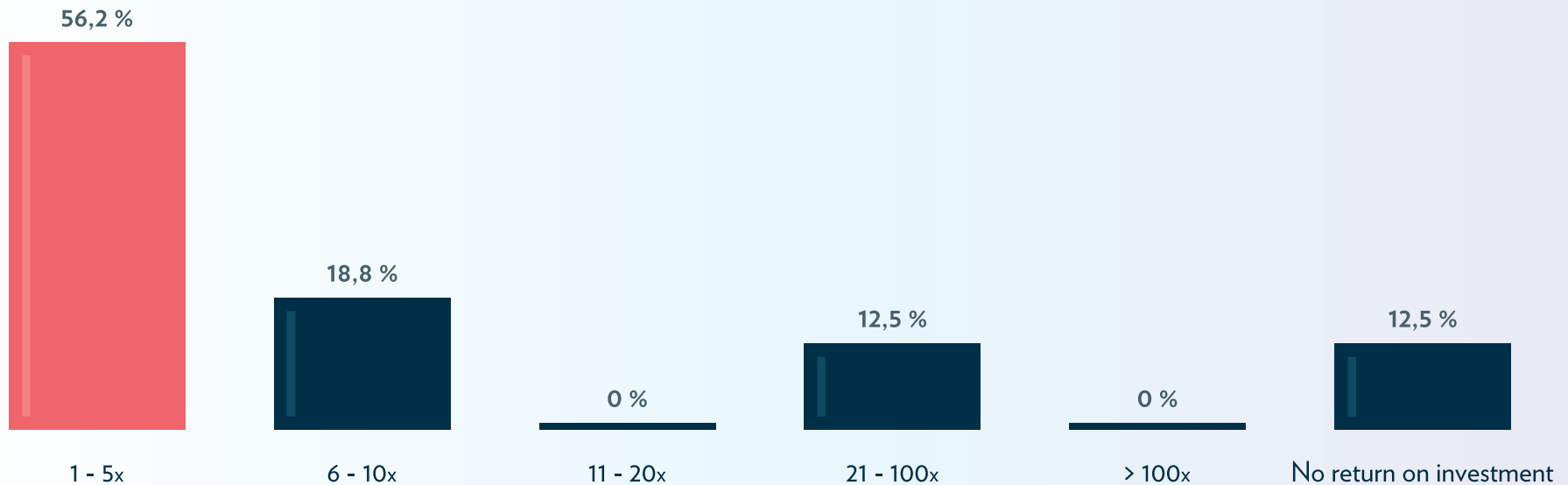


Fig. 9.2. ROI

# Challenges

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The survey also identified the main challenges that are investors facing. The biggest problem in the world of Czech venture capital is the lack of quality startups (34%). 31% of investors don't have time to look for startups, the valuation seems high by another 31% and poorly set legislation is a problem for another 31% of respondents.

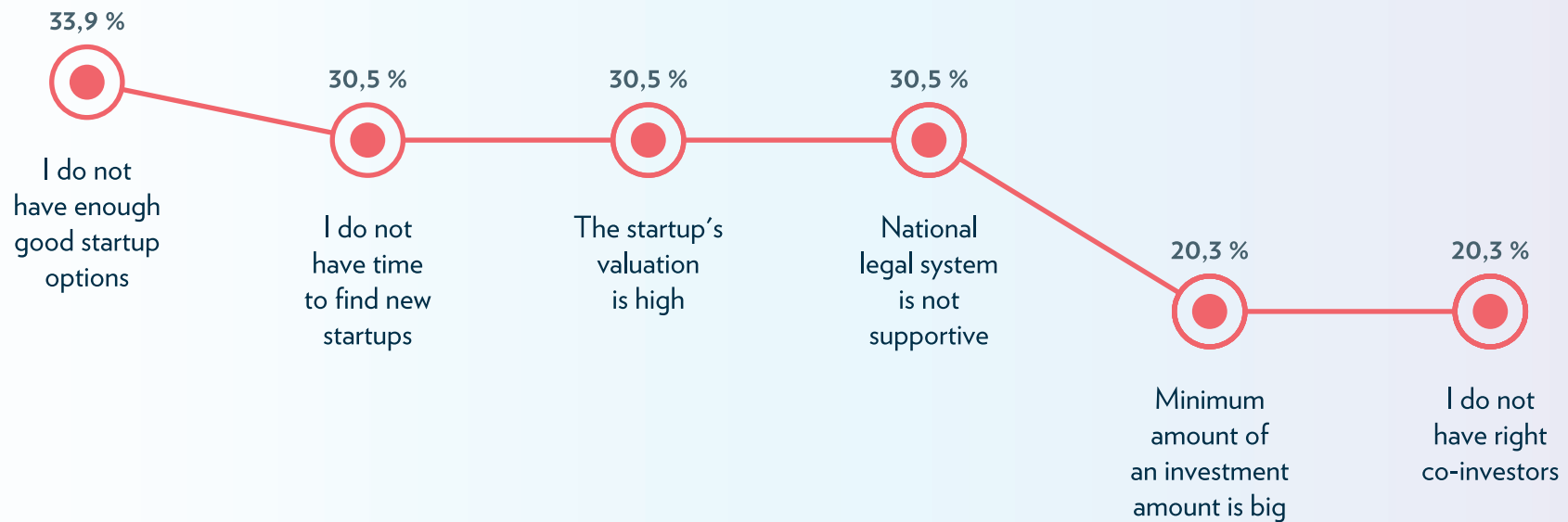


Fig. 10. The most common problems for investors

# Investors that haven't invested yet

The survey also considered the views of people who routinely invest in stocks, bonds, or real estate, for example, but have never invested in a technology startup. This was one third of the respondents (30%). As Figure 11 shows, the main reasons are lack of time, high risk and high investment amount. None of the respondents cited lack of interest in investing as a reason.

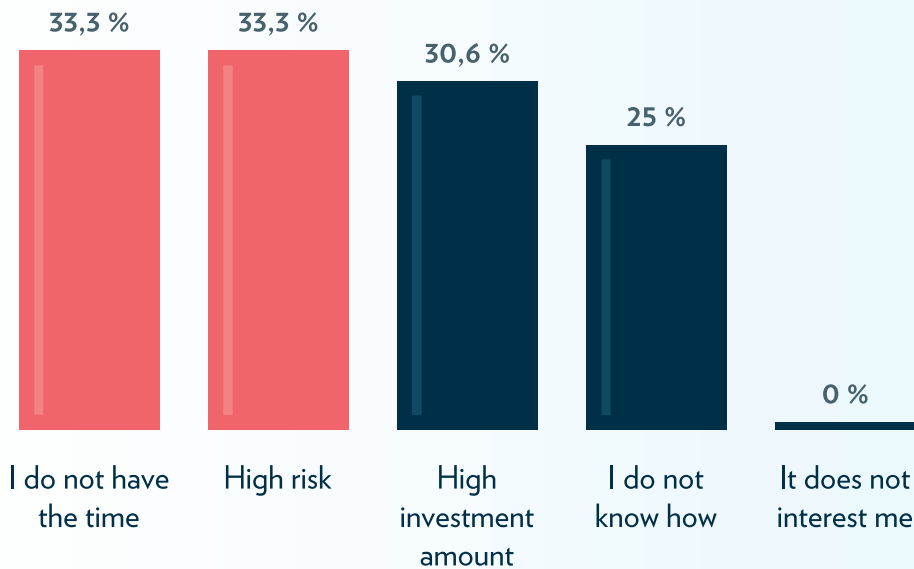


Fig. 11.1 Reason why respondents haven't invested in technology startups

Three-quarters of respondents answered the question of whether they would invest if they were more aware of the startup environment. Compared to last year, interest has increased.

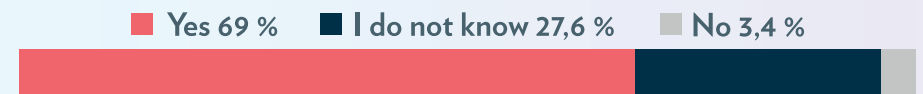


Fig. 11.2. The answer to the question of whether respondents would invest if they were more aware of the startup environment.

The survey also shows that these people would need advisory services to help them find quality startups and more experienced investment partners. Sufficient education would also bring new investors into the world of startups. The results don't differ from last year.

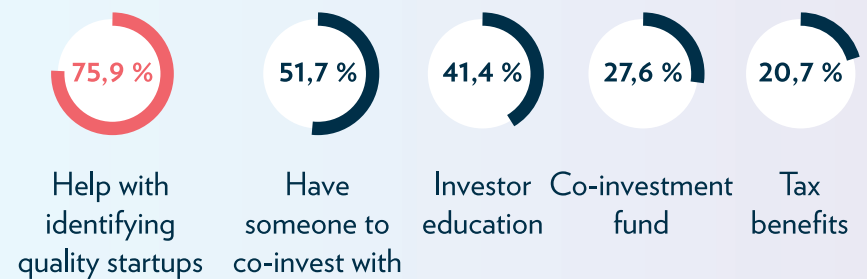


Fig. 11.3. What help would the respondents appreciate the most

# Demographic data

The data below shows demographic data of investors who have already invested in startups. Most of the respondents were men between the ages of 25 and 54. Their most common professional focus is a business owner or an active investor.

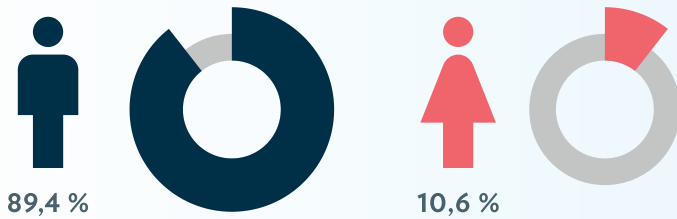


Fig. 12.1. Gender

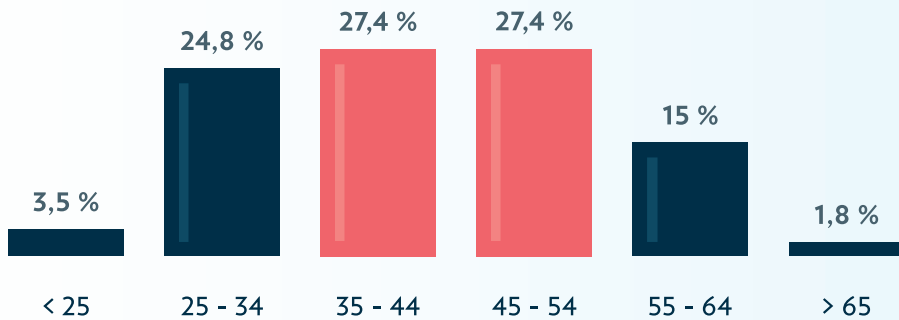


Fig. 12.2. Age

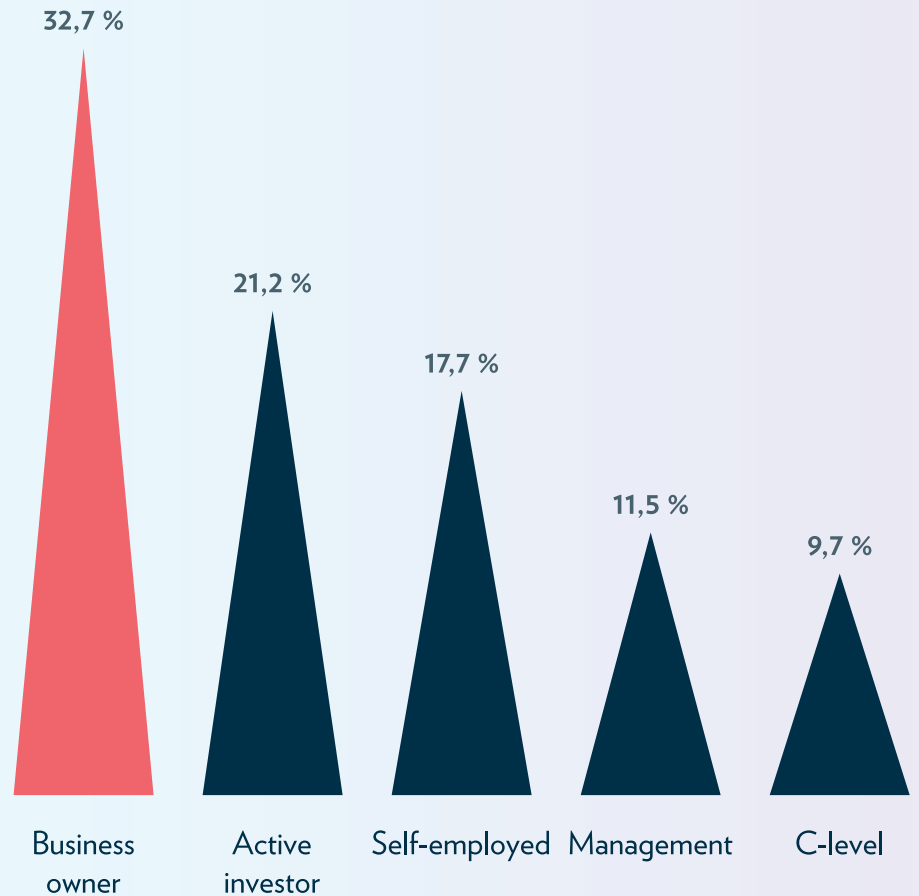


Fig. 12.3. Occupation



# Dictionary

## Angel Fund

A fund that allows engaged investor access. Suitable for investors who are starting out in venture capital or for those who want to diversify their investment portfolio.

## Angel investor/business angel

Private investor who invests in both financial and “smart” capital in a startup.

## Angel network

A network of angel investors, which will gain access to startups, other investors as well as support and professional advice.

## Exit

Sale of a share in an invested company.

## ROI

Return on Investment.

## Syndication

Investing in a startup with more investors in the form of SPV (Special Purpose Vehicle) that allows you to enter a startup company under one entity.

## Deal flow

In the startup world, this term is used in terms of the quality and quantity of startups that the investor receives.

## VC

Venture capital fund, which focuses on investments in startups most often before the expansion and growth phase.

# Conclusion

” In total, an estimated 4 billion Czech crowns were invested in pre-seed and seed investment rounds in the Czech Republic, a billion more than in the previous year. It seems that even the covid pandemic did not slow down the investment appetite and therefore an investment boom in startups can be expected in the coming years.



**Tomáš Sohlich**

CzechLink StartUp Project Manager  
CzechInvest



The survey was created by DEPO Angels

An international syndicate of angel investors, which helps simplify the investment process and reduce investment risk. It is registered within the European Association of Angel Investors (EBAN) and the Czech Business Angel Association (CBAA). The syndicate falls under the DEPO Ventures investment group, which is building a comprehensive and extensive investment ecosystem for early-stage startups from Central and Eastern Europe.

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