

EUROPEAN  
Venture Report





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## J.P.Morgan

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Published on April 17, 2024

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# Introduction

What is the new normal? Is 2023 the trough, or will there be further correction in 2024? The answer to these questions depends on the area of the ecosystem. The tone that Q1 set for 2024 has been mixed. There was strength in deal activity, with the Q1 run rate implying the 2024 deal value could end up higher than 2023's. This is contrasted with exits, where we have seen more weakness, and with fundraising, where there have been signs of resilience. Given that we are still in the early stages of the year and there is low market visibility, we cannot determine if such trends will continue towards new norms for activity levels. However, we are most optimistic on deal activity and expect fundraising will show some resilience. Exit markets will continue to be tepid, as mentioned in our [2024 private capital outlook](#).

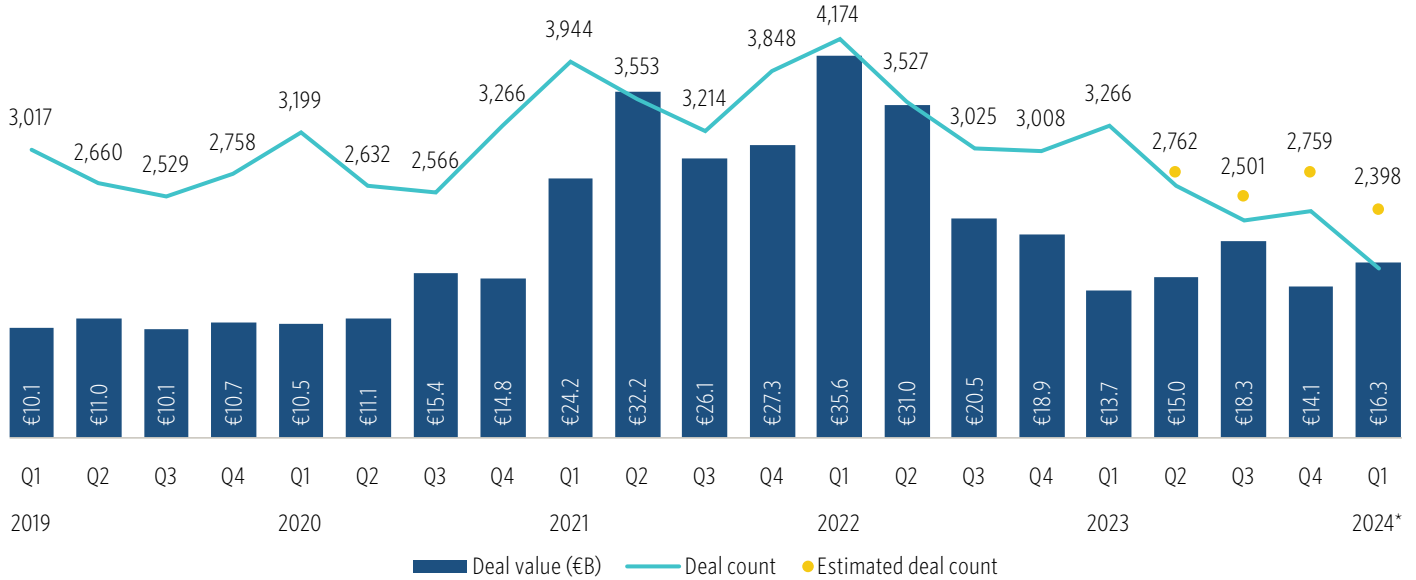
In Q1 2024, total deal value came in at €16.3 billion, increasing of 19.1% YoY and higher sequentially by 16.2%. Deal count decreased in Q1, however, both YoY and QoQ. This could evidence a move to quality in the market, where fewer deals take place but valuations are more resilient. By region, deal value in the UK fell behind that of other geographies, but the region still held its share of deal count in Q1. In the UK, several deals fell into the biotech & pharma space in relation to drug discovery. For other verticals in Europe, cleantech deal value is already more than half of 2023's total, sitting at €6.8 billion in Q1 2024 versus €11.6 billion for 2023 as a whole. We spotlight female-founder activity in Q1 within this report.

There was little sign of respite for exits in Q1 2024, with "more of the same" from 2023. This namely meant no sequential recovery in activity and most exits being acquisitions while European public listing markets remain dormant. Significant IPOs from private-backed entities so far in 2024 have been PE-backed companies. IPO activity this year also continues to follow a tale of two continents. Listings markets in the US appear to be showing more resilience and less of an aversion to unprofitable tech. Profitability still appears to be front and centre of public equity markets in Europe and part of the narrative for bellwethers, such as Monzo and Klarna.

Fundraising in Q1 supports our outlook predictions for resilience. In Q1 2024, capital raised amounted to €4.6 billion. This run rate of activity implies 2024 could end with levels matching those of 2023. Capital raised in Q1 closed over 47 vehicles, a run rate that implies the 2024 fund-close rate could also exceed 2023's levels. Most of the funds closed in Q1 were smaller than €250 million, which shows that smaller vehicles are driving totals, contrary to our expectations. By region, 27.7% of closes occurred in the UK & Ireland with France & Benelux also showing significant gains. Fundraising was dominated by emerging firms in Q1 2024 but time-to-close metrics still increased. Returns in VC lagged those of other private assets, which could weigh on activity through the year.

# Deals

## VC deal activity by quarter



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

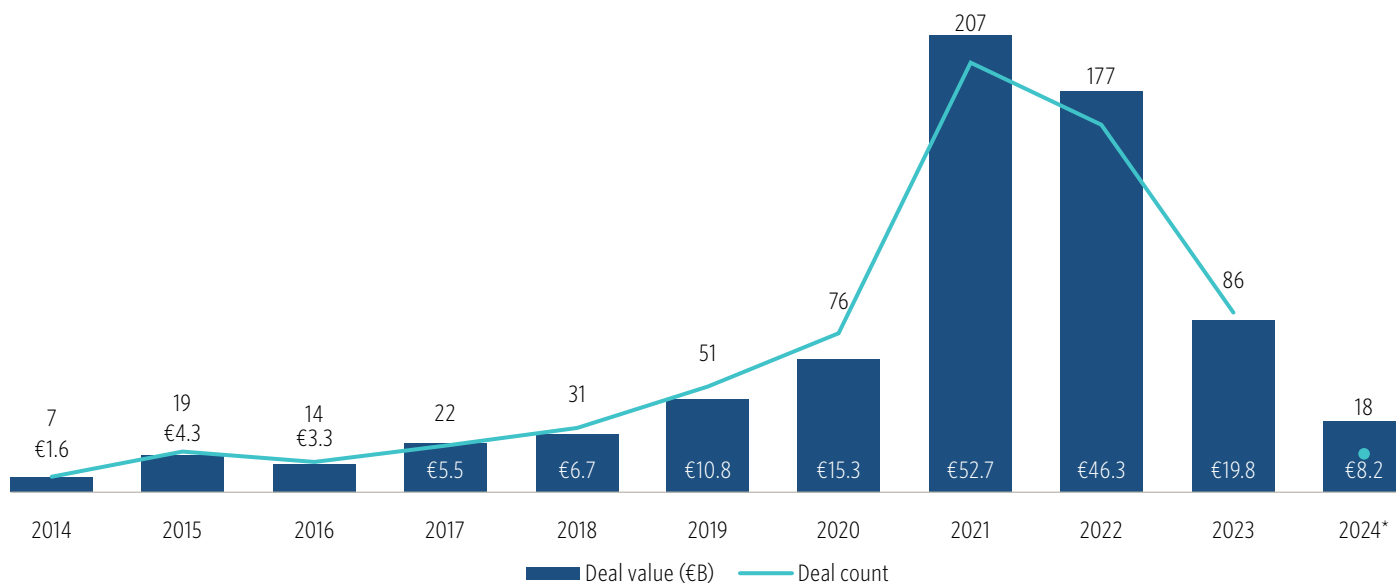
The first quarter of the year showed signs of continued strength. In Q1 2024, the total deal value of €16.3 billion marked an increase of 19.1% YoY and 16.2% sequentially. We therefore think there is cause for these factors to continue, supporting deal activity in the years to come. The number of deals taking place decreased, however, both YoY and QoQ. This perhaps evidences some move to quality in the market, where fewer deals are taking place but valuations are more resilient.

The reset in valuations has led to more rationality in the market. It is harder for companies to attract GP capital. Overall, the time between VC rounds increased by around four months over the past decade, sitting at a decade peak of 1.7 years in Q1 2024. A combination of these factors led to higher-quality companies (those with margin growth and sustainable, proven business models) being the ones to secure GP capital, leading to some resilience in valuations since we hit trough levels in 2023. Deal value from megarounds (deals with a size of €100 million or more) has therefore been robust in Q1 2024, sitting at €8.2 billion,

already nearly half the levels of total mega-round value in 2023. This sum occurred over 18 transactions.

The top deal in the quarter was H2 Green Steel’s large financing round following the company’s recently raised round last year. As a caveat, the equity portion of the deal amounted to €300 million, with €250 million also from an EU Innovation Fund grant. The rest was raised from debt, evidencing the magnitude of investment needed to build industrial-scale renewable operations and the growing use of venture debt financing in Europe. This round followed a previous round last year of €1.5 billion and several rounds prior to that, accumulating to a total of €10.7 billion raised to date. Elsewhere in Q1, Monzo’s well-documented deal of nearly €400 million and Mistral AI’s raise were among the largest rounds in the quarter, sitting at either end of the maturity spectrum (venture growth and early-stage VC, respectively). For Europe as a whole, early-stage deals made most of the deal count and value in the first quarter, supported by the large transactions stated above as well as three other megadeals.

## VC megadeal activity



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

By region, deal value in the UK fell behind that of other geographies in Q1, but the region still held a leading share of deal count. In Q1 2024, the UK maintained its share of roughly a third of deal count in Europe. However, its share of deal value decreased to 17.3% as large deals were captured in regions such as the Nordics (namely H2 Green Steel’s round in Sweden) as well as France & Benelux. These two regions have subsequently showed the most resilience YoY as deal value increased in the quarter compared with Q1

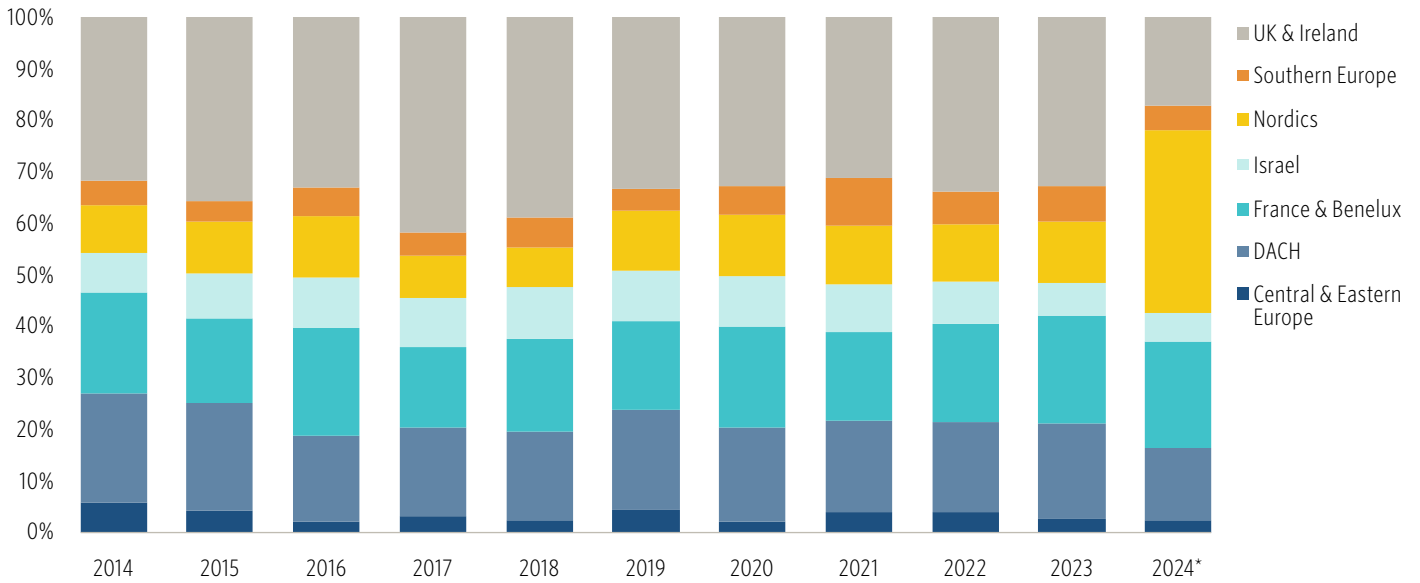
2023. Within France & Benelux, resilience was driven by the prevalence of deals within steadfast verticals, namely AI, fintech, and cleantech. These industries were supported in 2023 due to high-growth businesses finding opportunity from structural demand supported by regulation. As a result, these sectors, as well as the region, housed some of Q1’s top 10 transactions, such as rounds from Mistral AI, Picnic, and Electra.

## Top 10 VC deals by deal value in Q1 2024\*

Company	Close date	Deal value (€M)	Deal type	Industry	Country
H2 Green Steel	January 22	€4,750.0	Early-stage VC	Materials & resources	Sweden
Monzo	March 5	€399.2	Venture growth	IT	UK
Mistral AI	March 5	€384.4	Early-stage VC	IT	France
Picnic	January 9	€355.0	Late-stage VC	B2C	Netherlands
Electra	January 15	€304.0	Early-stage VC	Energy	France
Everphone	January 17	€270.0	Venture growth	B2B	Germany
Apollo Therapeutics	January 2	€237.9	Late-stage VC	Healthcare	UK
Sunfire	March 20	€215.0	Venture growth	Energy	Germany
TravelPerk	January 23	€201.4	Late-stage VC	IT	Spain
Aqua Security	Januart 3	€178.4	Venture growth	IT	Israel

Source: PitchBook • Geography: Europe • \*As of March 31, 2024

### Share of VC deal value by region

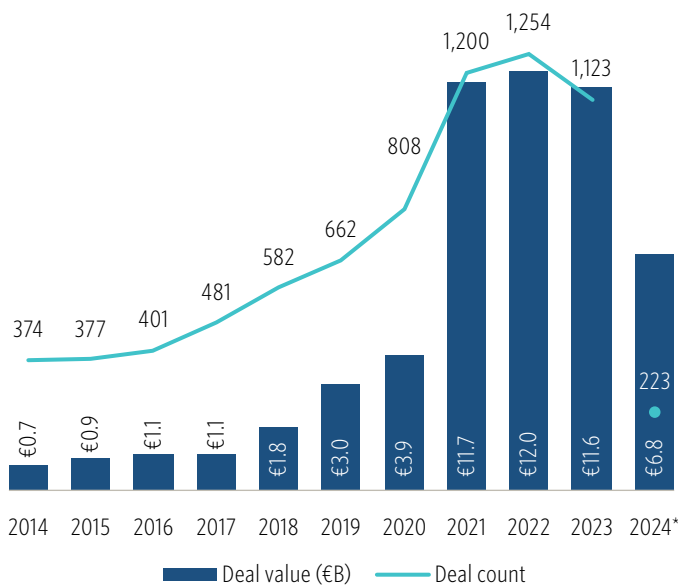


Source: PitchBook • Geography: Europe • \*As of March 31, 2024

In Europe as a whole, cleantech deal value is already more than half of its 2023 total, sitting at €6.8 billion in Q1 2024 versus €11.6 billion for all of 2023. For context, this is significantly more robust than totals in other verticals due to the H2 Green Steel deal. However, even excluding this deal, cleantech deal value was higher than verticals such as AI & machine learning (AI & ML), where we have seen a wider range of deal values. In cleantech, where there have been fewer deals than in AI, more deals have achieved a

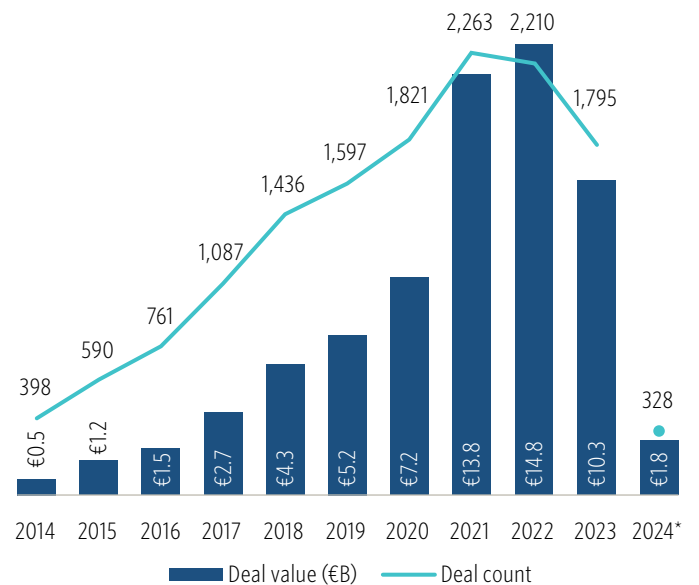
larger size, with five in Q1 above €100 million. AI deal value amounted to €1.8 billion in Q1 2024, pacing below 2023's levels of €10.3 billion. In the UK, several deals fell into the biotech & pharma space in relation to drug discovery. These rounds have tended to be smaller compared with deals in other verticals, which explains the value-versus-volume dynamic when it comes to the UK share of deal activity in Q1 2024.

### Cleantech VC deal activity



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

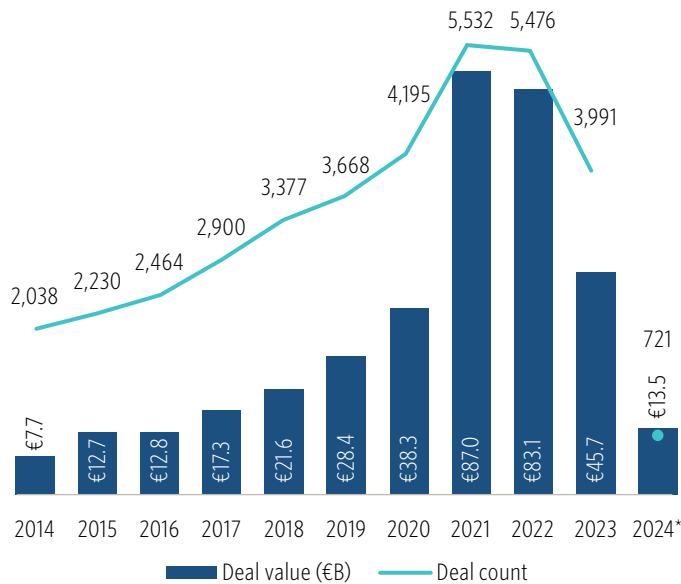
### AI & ML VC deal activity



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

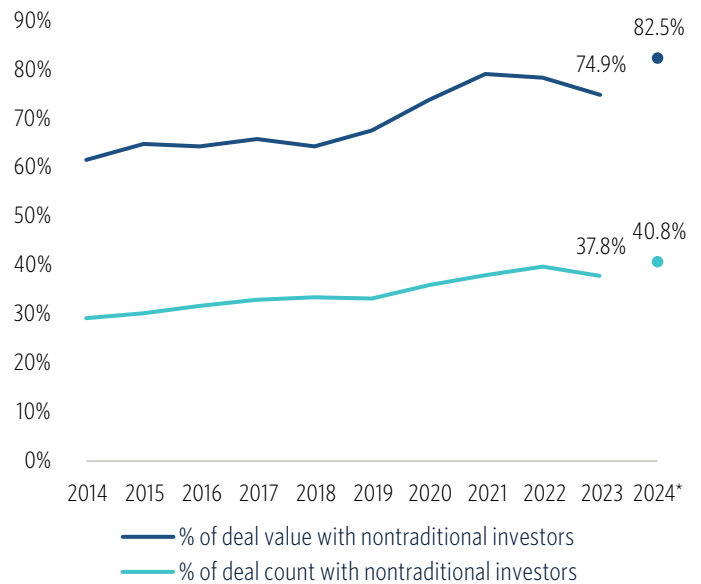
# Nontraditional investors

VC deal activity with nontraditional investor participation



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

VC deal activity with nontraditional investor participation as a share of all VC deal activity



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

**Nontraditional deal activity showed greater growth than the market overall.** In Q1 2024, deal value with nontraditional investor participation amounted to €13.5 million, a 37.6% increase versus Q1 2023 and a sum 37.0% higher than the total for Q4 2023. Median deal sizes for the category also increased to €4.9 million in Q1 compared with €3.8 million in 2023, with pre-money valuations for companies with said participation increasing. This resilience was driven by nontraditional investor participation on some of the previously mentioned biggest deals in the quarter. Nontraditional investor participation therefore sits at an all-time high of European deal value at 82.5%, as CVCs, PE firms, and sovereign wealth funds capitalize on more favorably valued companies.

**CVC participation drove investments in a cleaner future.** Corporate venture capital arms have been a key part of the VC ecosystem, taking stakes in new technologies that are either adjacent or complementary to their current offering. Given the rise of environmental, social & governance issues over the past decade, this has been a popular route to new markets. However, weaker markets over the past year also saw some companies become more conservative in

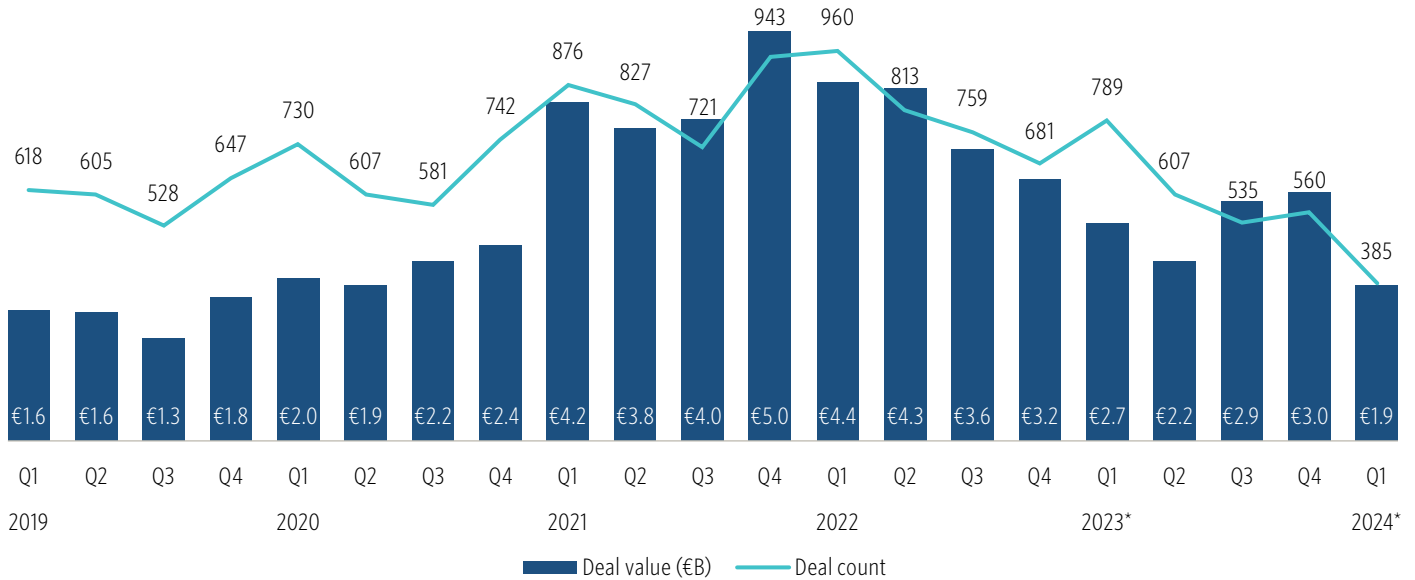
their investments, with the likes of TotalEnergies closing its climate-focused corporate venture arm in May 2023. Recently, we have seen CVCs add to their investments in existing technologies through follow-on rounds. In Q1 2024, adidas and H&M added investment to circular-fashion textiles group Infinited Fiber Company. Elsewhere in consumer, L'Oréal's strategic venture capital fund, BOLD, took a stake in Swiss longevity biotech company Timeline. Timeline has developed a proprietary molecule, Mitopure, that recycles and rejuvenates aging cells, which L'Oréal will be able to use in the future. Finnish green energy company Gren Group has also followed on from its initial investment in electric-vehicle charging player Eleport, which raised a €120 million round in March 2024. Eleport operates in Eastern Europe. Also in energy, INERATEC raised €117.4 million from various investors, including the corporate arms of ENGIE and Safran. INERATEC is a German startup specialized in carbon-neutral synthetic fuels.



SPOTLIGHT

# Female-founded activity

VC deal activity for female-founded companies by quarter



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

Note: This spotlight is an excerpt from our [2023 European All In Report](#) launched in Q1 2024. Please see the full report for additional analysis.

The All In report examined deal value and count for three groups: female-founded companies that have at least one female founder (and may also have male founders), all-female-founded companies (a smaller subsection of the female-founded group), and all-male-founded companies. Here we look at how female-founded activity has trended in Q1 2024.

Deal activity for female-founded companies in Q1 2024 had a weaker start to the year. Deal value amounted to €1.9 billion, 28.6% lower YoY and also lower versus Q4 of 2023. The greater declines versus the market meant that the female-founded share of European deal value also slightly declined in the quarter, sitting at 21.8%. As expected, for all-female founders the numbers are even smaller, with just 4.1% of deal value in Q1 2024 attributed to such companies.

Deal sizes for all-female-founded companies tend to be a fraction of female-founded ones, making totals significantly smaller. For instance, the largest female-founded deal, which occurred in Q1 2024, was hardware device management provider Everphone’s €270 million round. This is compared with the top all-female-founded deal of €15.8 million from

Swiss biotech startup Stalicia. There are obviously other variables at play, such as the industry and stage of each company, but overall in Q1, the top 10 all-female-founded deals range from €2.5 million to €15.8 million, compared with €41.4 million to €270.0 million for female-founded startups.

Female-founded exits look more buoyant. In Q1, the disparity between investments and exits narrowed, with a total of €1.3 billion in exit value, pacing at half of 2023’s full-year level. This was driven by the aforementioned large biotech exits. Whilst volumes are small compared with the ecosystem overall, the gap between the number of exits for female-founded companies versus the number of overall deals narrowed. In Q1, the exit/investment ratio sat at 0.9x compared with 0.6x in 2023.

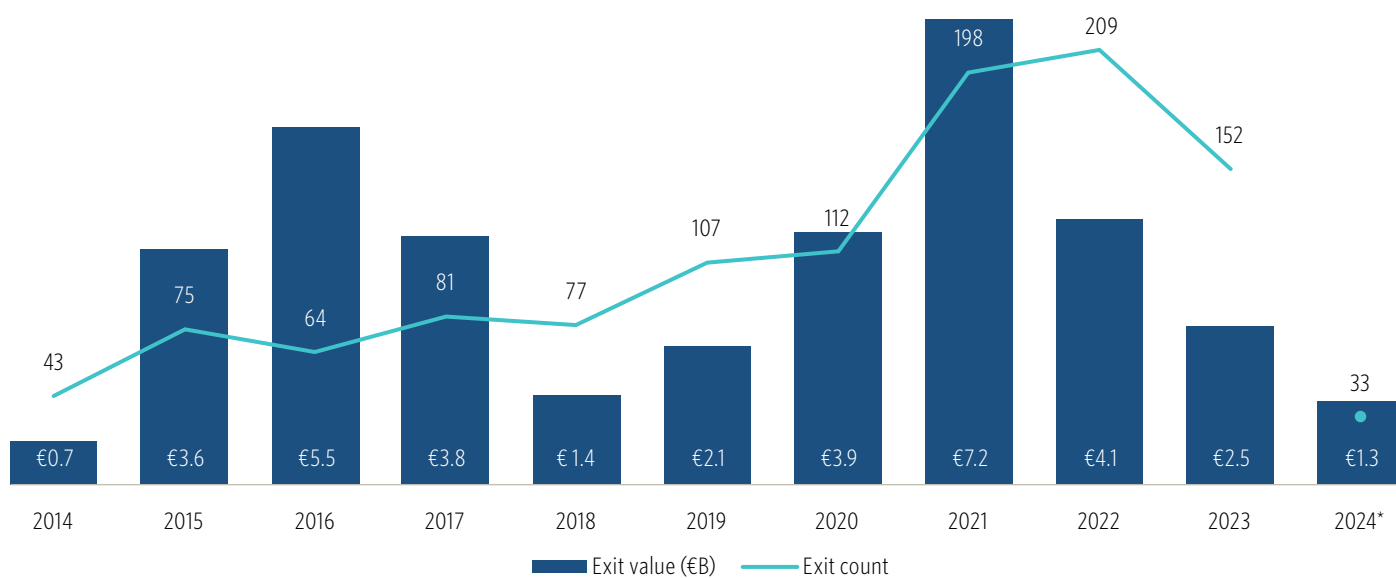
Overall, the disparity between female-founded activity and the wider ecosystem remains large. Whilst the range of industries in which female founders operate is vast, verticals such as femtech are good gauges of all-female-founded activity. Where all-female-founded activity is much lower than female-founded activity in general, this aligns with trends within femtech activity where deal value in 2024 amounted to just €224.7 million. However, this is higher YoY, and we believe growth in female-led industries and technologies will be a key driver for growth in female-founded companies.

### Top 10 female-founded VC deals by deal value\*

Company	Close date	Deal value (€M)	Deal type	Industry	Country
Everphone	January 17	€270.0	Venture growth	B2B	Germany
Medical Microinstruments	February 21	€101.8	Late-stage VC	IT	Italy
Razor Group	March 4	€92.6	Late-stage VC	B2B	Germany
Nouscom	March 21	€75.8	Late-stage VC	Healthcare	Switzerland
Vico Therapeutics	January 5	€54.0	Late-stage VC	Healthcare	Netherlands
Infinite Roots	January 25	€52.9	Late-stage VC	Healthcare	Germany
Mission Therapeutics	March 14	€51.5	Late-stage VC	Healthcare	UK
Finom	February 13	€50.0	Late-stage VC	IT	Netherlands
Beckley Psytech	January 3	€45.7	Late-stage VC	Healthcare	UK
Blueground	March 28	€41.4	Venture growth	B2C	UK

Source: PitchBook • Geography: Europe • \*As of March 31, 2024

### VC exit activity for female-founded companies



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

## A WORD FROM J.P. MORGAN

# Our views on venture

*"We're committed to being the best partner for founder-led, venture-backed companies with high-growth potential around the world in innovative industries like disruptive commerce, technology, life sciences, healthcare IT, and climate tech—and as a full firm, we're uniquely positioned to serve the entire innovation economy ecosystem because we can be there for founders from the earliest stages through IPO and beyond."*

- Andrew Kresse, Head of Corporate Client Banking & Specialized Industries International Banking, J.P. Morgan

**The long-term growth story for the European venture ecosystem is bright even though near-term challenges persist as pandemic era excesses work through the system.**

Venture activity and valuations across Europe continue to reset to more sustainable levels experienced before the 2020-2021 surge. While there are some signs that liquidity is less challenged than it was a year ago, valuations remain a hindrance to deal activity. Many founders of later-stage companies have been successful in reducing cash burn to extend runway, postponing difficult discussions around valuations. We expect more bridge rounds and down rounds this year as cash runways dwindle and/or investor support wanes.

Along these lines, we sense some building pressure for VCs to realize value from their portfolios and generate liquidity via traditional and nontraditional means. Short of a realistic path to IPO or M&A, we are seeing increasing investor appetite to sell stakes in companies or entire VC portfolios via secondary markets. Meanwhile, some initial thawing of US IPO markets so far this year should drive optimism for the strongest companies and push the conversation forward about getting "exit ready."

Despite near-term challenges, we are optimistic about growth trends for the European venture ecosystem. The respective governments of the UK, France, and Germany continue to show increased support for the sector. For example, because of the UK Mansion House Act, we expect more inflows into UK VC funds from large pension funds and asset managers. In a January speech, UK Tech Secretary Michelle Donelan outlined the goal to make the UK home to more than 50% of European Union tech unicorns by 2030.



**Ginger Chambless**  
Head of Research, Commercial Banking

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Germany saw similar positive sentiment with the €1 billion fund of funds launch in November, with capital from the federal government, KfW, and more than 20 key institutional investors. France continues heavy investments in the tech space, including the €6 billion announcement made by President Emmanuel Macron last year to invest in French startups and scale-ups.

As this develops, US investors and other investors searching for yield are increasingly looking at the European market. We expect this could translate into more growth funds being raised to invest in the region.

**Macroeconomic cross currents and geopolitical developments are likely to influence venture activity.**

While there is confidence that interest rates in Europe have peaked, central bank easing is contingent on continued progress on inflation, which has slowed in recent months. Nonetheless, we do expect the Federal Reserve, the European Central Bank, and the Bank of England to initiate rate cuts at a gradual pace around mid-2024. This could have positive implications for valuations and in turn catalyze activity in venture.

Outside of policymakers' control, the outlook is clouded by a greater-than-normal degree of unpredictability around global trade, commodities markets and ongoing military conflicts in Europe and the Middle East. US election

rhetoric is heating up, however that is only one piece of the puzzle—77 elections across markets comprising 60% of global GDP means there are a lot of political and economic variables still to play out. A proactive strategy that anticipates potential policy outcomes as a result of associated elections will favor the prepared.

### **One year after market disruption, the dust is settling in the startup banking landscape.**

VCs and founders have spent significant time on treasury and cash management best practices in the wake of Silicon Valley Bank's collapse. The lens through which startups and VCs evaluate banking partners has shifted such that it is best practice to ensure banking counterparty risk is mitigated with a minimum of two banking partners. Access to and safety of funds are no longer taken for granted, while earning a competitive yield on excess cash and a simplified onboarding experience remain important. Consideration is being given to longer-term treasury management because treasury needs become more complex as a company grows and scales.

Venture lending is another area that has experienced some shifts. While activity has generally slowed due to reduced venture activity overall, several new venture debt providers have emerged over the past year. Many have not been tested through a market cycle, which prompts the question of how these providers may behave in a downturn, even if they have attractive commercial terms today.

Startups are increasingly looking to their banking partners for insights and networks, including the important US market. It is helpful for founders to leverage data analytics and sector insights to navigate varying market conditions and make informed decisions about how much capital to raise, at what valuation, and with what terms. Access to investor networks can create opportunities for capital raising, while introductions to larger companies—that could become customers or provide operating expertise—can deliver a competitive edge.

### **Choosing the right investors can provide value beyond funding.**

Having investors that can bring value to startups beyond capital is critical in today's environment, according to Luke Sikora, Partner of J.P. Morgan Growth Equity Partners. Last year, this group closed a \$1 billion technology-focused late-stage venture and growth equity fund. Similar to the desirable qualities of a banking partner, partnering with investors that can provide insights, data capabilities, and access to global networks can be a key differentiator for founders looking to scale and position their businesses for long-term success.

Sikora also believes that young companies benefit from a value-added approach from investors. Times have changed from the 2020-2021 period when investor speed and passiveness commanded a premium. As founders see more challenges on the horizon, they are preferring to work with investors who can help prioritize strategic initiatives for their companies. Many founders in today's ecosystem lack the scar tissue of prior downturns and can gain invaluable perspective from the experience and expertise seasoned investors bring to the table. This is especially impactful when investors proactively leverage their own core competencies, adding strategic value to their portfolio companies.

While there has been a retreat of nontraditional venture capitalists since 2021, significant dry powder, coupled with resetting valuations, provides an opportunity for disciplined investors to prudently deploy capital. J.P. Morgan Growth Equity Partners' fund recently led an investment round in a European cybersecurity startup, as rising incidence of ransomware attacks and recent regulatory changes have increased interest in the space. As the NIS2 Directive puts a lot more accountability on companies to strengthen their defenses of systems and data, cybersecurity providers with innovative models are best positioned to meet that need.

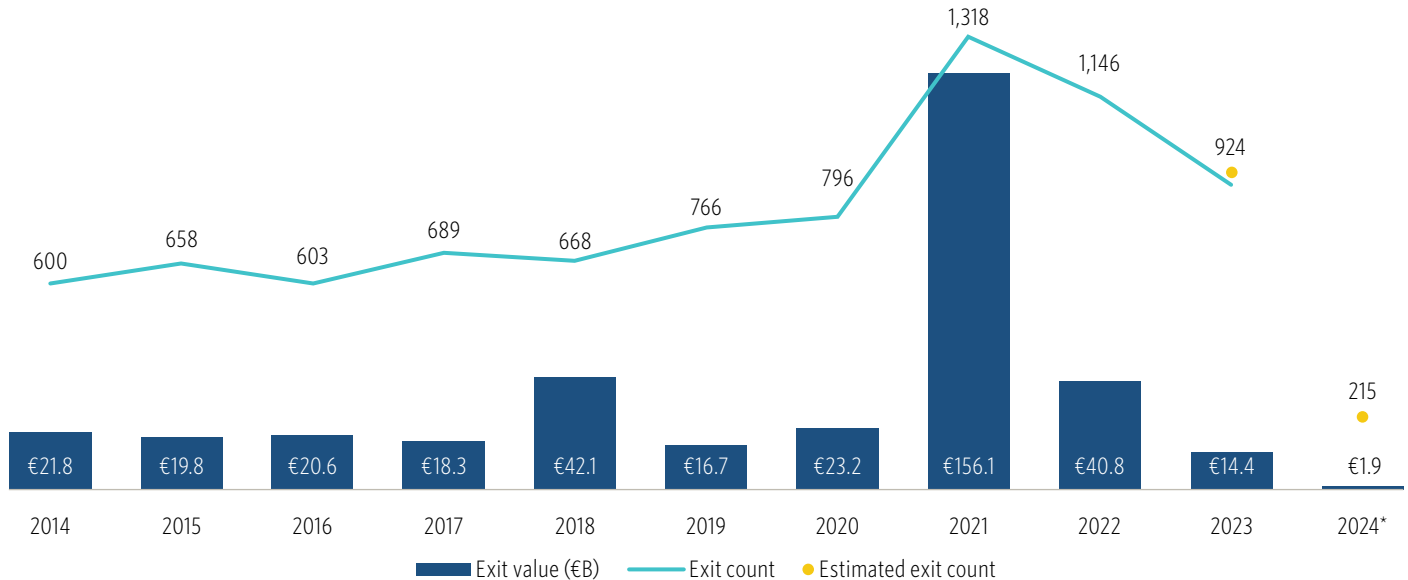
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# Exits

## VC exit activity



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

**There was little sign of respite for exits in Q1 2024.** The start of 2024 has shown “more of the same” from 2023 when it comes to exit activity. Activity levels showed little sign of sequential recovery—most Q1 exits were acquisitions and European public listing markets remained dormant. The run rate of total exit activity in Q1 2024, if maintained, implies 2024 would sit 46.4% lower YoY. Whilst this is a smaller decline than seen in 2023, it is not the recovery that several market participants will be looking for. It is still early in the year, and there are several moving parts that could lead to more robust activity in 2024, namely if we get faster and deeper interest-rate cuts. However, as covered in our 2024 European Private Capital Outlook, we are more cautious regarding this and any impending impact it will have on IPO markets.

IPO activity so far in 2024 continues to follow a tale of two halves. Within venture capital, activity has been close to nonexistent. Significant IPOs from private-backed entities have fallen within PE-backed companies. These have included Athens International Airport and Renk Group, a German defense supplier, where the latter has posted gains in excess of 39.0% since listing (as of April 3, 2024). However, activity in the venture space has been sparse, with only four listings since the start of the year. The most

meaningful potential listing on the horizon appears to be VC-backed transportation startup Flix in Germany, however this was reported in July 2023.<sup>1</sup> Again, we see the disparity between private equity and venture capital, with the former showing more resilience in periods of market weakness. This is perhaps due to the more mature, profitable nature of companies intending to list.

Profitability still appears to be front and centre of public equities in Europe. It has been part of a continued narrative regarding the path to such for several European private bellwethers, such as Monzo, Klarna, and Revolut. We also note a much-debated disparity between the US and Europe, where listings markets in the US not only appear to be showing more resilience but also less of an aversion of unprofitable tech. One of the highest-profile exits so far this year was the IPO of Reddit, which made strong gains after listing but has faded since (as of April 3, 2024). The performance of listings that test the waters provide confidence or caution to other market players. In Reddit’s case, this has spurred other US companies, such as Rubrik, to also list.<sup>2</sup>

1: “Greyhound Owner Flix Picks JP Morgan, Goldman Sachs, BNP Paribas for \$4.4 Billion IPO,” Reuters, Emma-Victoria Farr, July 25, 2023.

2: “Rubrik Becomes Latest Tech Darling to File for an IPO After Successful Offerings From Astera Labs and Reddit,” Fortune, Maria Soledad Davila Calero, April 2, 2024.

Outside of public listings, it appears that the exits taking place—acquisitions and buyouts—are being done at lower valuations. The dispersion of exit sizes in our top 10 for Q1 2024 is evidence of this, with only four of the transactions sitting above €100 million and two each falling into biotech & pharma and software. The former exits were acquisitions of life science oncology players, CellmAbs Biopharma and Calypso Biotech, by larger public incumbents for €912.3 million and €388.1 million, respectively. Following software, biotech & pharma has comprised the most meaningful part of exit value in Europe, holding an average of 22.0% over

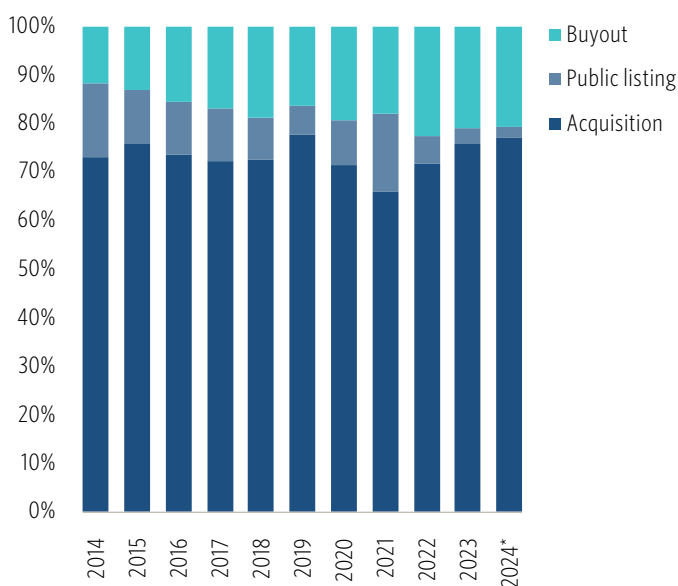
the past decade. The aforementioned transactions have grown this share so far in 2024. Big Pharma is of marked significance in the European equity landscape, with such mature industries fostering innovation within high-growth, nascent areas of the sector. Public equities within the industry have rallied through the year, providing perhaps more favorable valuation benchmarks for private players exiting, which could lead to the sector gaining share of exit value. We are keen to see how the sector progresses through the year given its dominance in the continent.

### Top 10 exits by exit value in Q1 2024\*

Company	Close date	Exit value (€M)	Exit type	Exit type	Industry
CellmAbs Biopharmaceuticals	January 9	€ 912.3	Acquisition	M&A	Healthcare
Calypso Biotech	January 7	€ 388.1	Acquisition	M&A	Healthcare
Gem	March 13	€ 322.9	Acquisition	M&A	IT
Voxel	March 11	€ 118.0	Acquisition	M&A	IT
Cubicure	January 3	€ 79.0	Acquisition	M&A	B2B
Pento	February 13	€ 36.9	Acquisition	M&A	IT
Everli	February 21	€ 22.7	Acquisition	M&A	B2C
Zavvy	February 12	€ 18.4	Acquisition	M&A	IT
Metry	January 22	€ 13.0	Buyout	Buyout/LBO	IT
Quad Industries	March 20	€ 10.0	Buyout	Buyout/LBO	IT

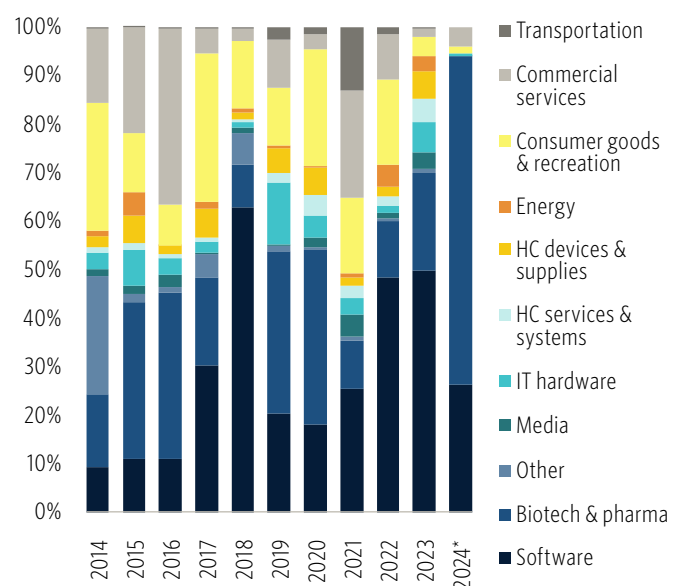
Source: PitchBook • Geography: Europe • \*As of March 31, 2024

### Share of VC exit count by type



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

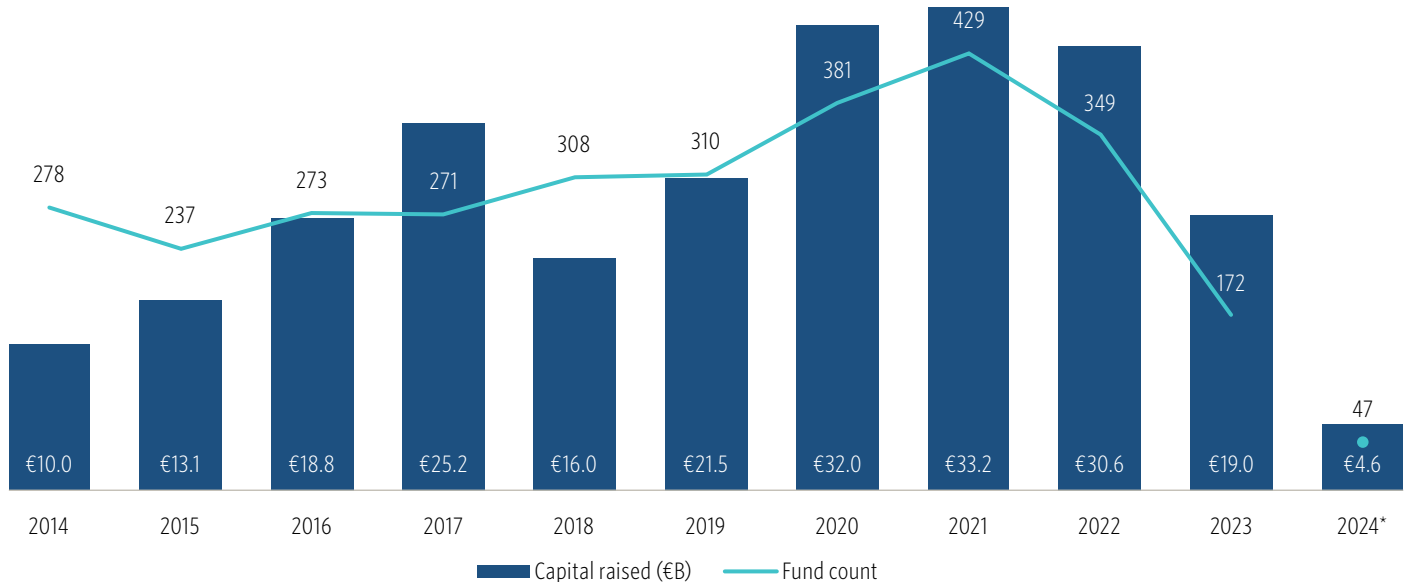
### Share of VC exit value by sector



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

# Fundraising

## VC fundraising activity

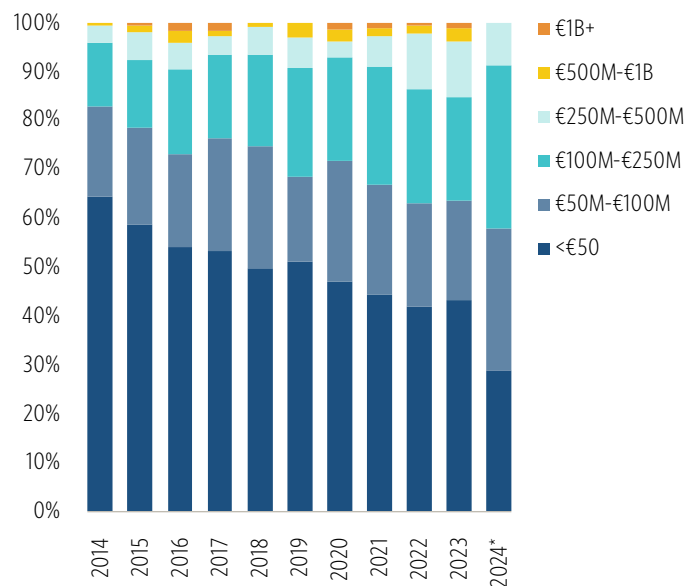


Source: PitchBook • Geography: Europe • \*As of March 31, 2024

Q1 fundraising trends support our predictions for resilience. In Q1 2024, capital raised amounted to €4.6 billion. This run rate of activity implies that, if maintained, 2024 could end the year with levels matching those of 2023. Furthermore, Q1 capital was raised over 47 vehicles, a run rate that implies the number of funds closed could exceed the total from 2023. The first quarter of the year has therefore shown supportive signs that point towards a recovery in the market, where earlier last year we predicted that fundraising levels will at least match 2023 totals as recovery from trough levels begins.

However, most of the funds that have closed were lower than €250 million in size, which shows that smaller vehicles are driving totals, unlike what we expected. This could change through the year, but it is encouraging that activity is not being driven by a select few large firms—a trend that continues to occur in other asset classes such as private equity. Of the top 10 closes, four vehicles were higher than €300 million in size. The largest close occurred in London: Plural’s Fund II at €400 million. This was followed by Partech’s fund in Paris of €360.0 million and then Octopus Apollo’s VCT Fund of €307.6 million in London. For more on VC trust funds, see our [Q1 2021 Analyst Note: Venture Capital Trusts Overview](#).

## Share of VC fund count by size bucket



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

## Top 10 funds closed by fund size in Q1 2024\*

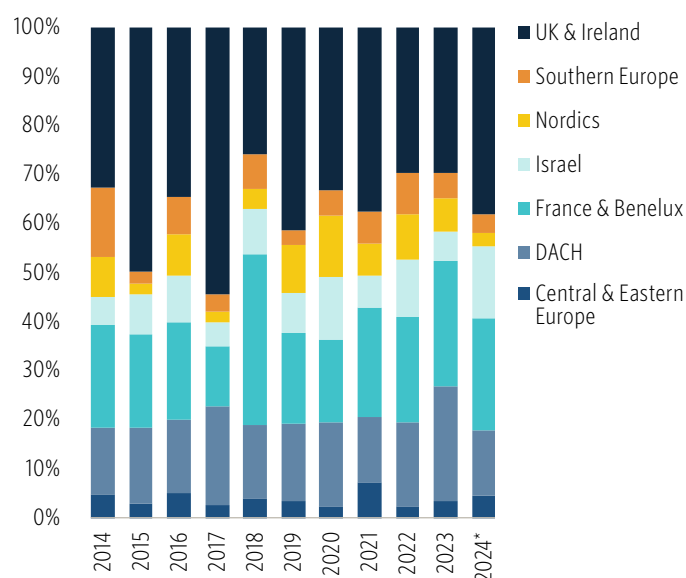
Fund	Close date	Fund size (€M)	Fund type	Fund status	City	Country
Plural II	January 23	€400.0	VC	Closed	London	UK
Partech Venture	January 9	€360.0	VC	Closed	Paris	France
Octopus Apollo VCT	March 19	€307.6	VC	Closed	London	UK
WF World I	March 22	€300.0	VC	Closed	Berlin	Germany
OTB II	March 21	€185.0	Early-stage VC	Closed	Amsterdam	Netherlands
Vintage Growth IV	January 11	€183.8	VC	Closed	Herzliya	Israel
Earlybird Health II	February 14	€173.0	Early-stage VC	Closed	Berlin	Germany
The Lince Innovation III	January 12	€146.0	VC	Closed	Lisbon	Portugal
North East	January 1	€139.1	VC	Closed	Newcastle upon Tyne	UK
Giant Ventures Climate-Focused Growth	February 6	€137.8	VC	Closed	London	UK

Source: PitchBook • Geography: Europe • \*As of March 31, 2024

By region, most of the closes in Q1 occurred in the UK & Ireland, which accounted for 27.7%, with France & Benelux also showing some significant gains in number of vehicles at 25.5%. The trends are similar when looking at capital raised, but with Israel gaining share since the start of the year. In Q1 2024, 8 vehicles closed in the region, the largest being Vintage Growth Fund IV at a size of €183.8 million. Despite geopolitical uncertainty in Israel, it is encouraging to still see inflows into the venture ecosystem and investment to foster technologies. Taking Vintage Investment Partners as an example, technology investment has covered a wide range of industries. Of the firm's active portfolio as a whole, our data shows 26.1% of the GP's capital was invested into software-as-a-service businesses; 12.6% was invested in fintech; and 12.1% was invested in mobile tech. Full investments and vertical breakdowns are available on the PitchBook Platform. As of Q1 2024, Israel comprised 14.6% of capital raised, compared with 38.1% for the UK & Ireland.

Fundraising was dominated by emerging firms in Q1 2024. In 2022 and 2023, we saw the majority share of capital raised go to experienced firms, as managers with more experience and a proven track record were preferred in times of volatility and market weakness. Since then, we have seen emerging firms come more to the fore, accruing 57.6% of capital raised in Q1. This is also in step with what we have seen regarding trends in vehicle size, where such funds tend to be smaller. Furthermore, 14 of the 47 closes in Q1 2024 were by first-time funds, evidencing that new firms are still emerging despite harder financing conditions.

## Share of VC raised by region



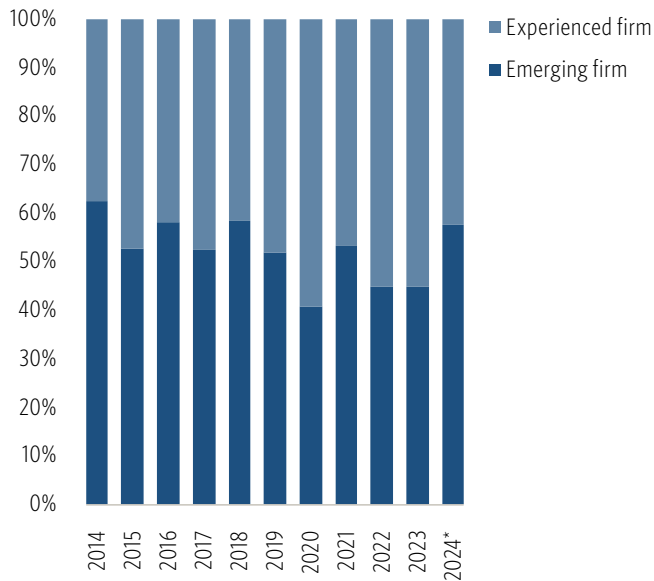
Source: PitchBook • Geography: Europe • \*As of March 31, 2024

More emerging fund closes are partly a function of smaller fund target sizes, which have been easier to meet in tougher market environments. For instance, Tiger Global closed its Internet Fund VII in April at €2.0 billion, nearly a third of its initial €5.5 billion target.<sup>3</sup> Large players with higher targets have therefore had to rebase expectations as allocations to the strategy have diminished. Whilst the presence of megafunds is less common in venture, if large industry GPs struggle to raise, this could impact 2024 totals in Europe.

<sup>3</sup>: "Tiger Global Closes \$2.2bn Fund Well Below Its Original Target," Financial Times, George Hammond and Antoine Gara, April 1, 2024.



### Share of VC raised by emerging and experienced firms



Source: PitchBook • Geography: Europe • \*As of March 31, 2024

Conditions are still tough and asset class returns remain the biggest question. Despite signs of resilience within venture fundraising, we would still highlight that we are not out of the woods yet when it comes to an easier environment for GPs. We hope that momentum in Q1 continues to build through the year, but the continued impact of tepid exit markets and weak returns could weigh on allocations to the industry. Median closing times continue to lengthen at 20.7 months in Q1 2024 compared with 16.8 months in 2023.

### Median and average time (months) to VC fund close

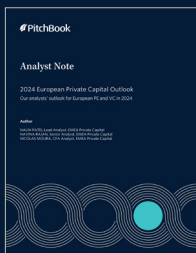


Source: PitchBook • Geography: Europe • \*As of March 31, 2024

This is a record high. Regarding returns, on the shorter-term horizon of one year, IRRs in European VC as of Q3 2023 were -4.0% compared to 14.4% for PE and even higher in public markets. In the longer-term, return profiles are more level, but the large correction in markets either signals an opportunity or more caution for investors. Sentiment does not appear to be favourable for risk-on assets yet.

# Additional research

## European private markets



### 2024 European Private Capital Outlook

Download the report [here](#)



### 2023 Annual European Venture Report

Download the report [here](#)



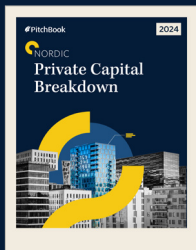
### 2023 Annual European PE Breakdown

Download the report [here](#)



### Q4 2023 Netherlands Market Snapshot

Download the report [here](#)



### 2024 Nordic Private Capital Breakdown

Download the report [here](#)



### Q4 2023 France Market Snapshot

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