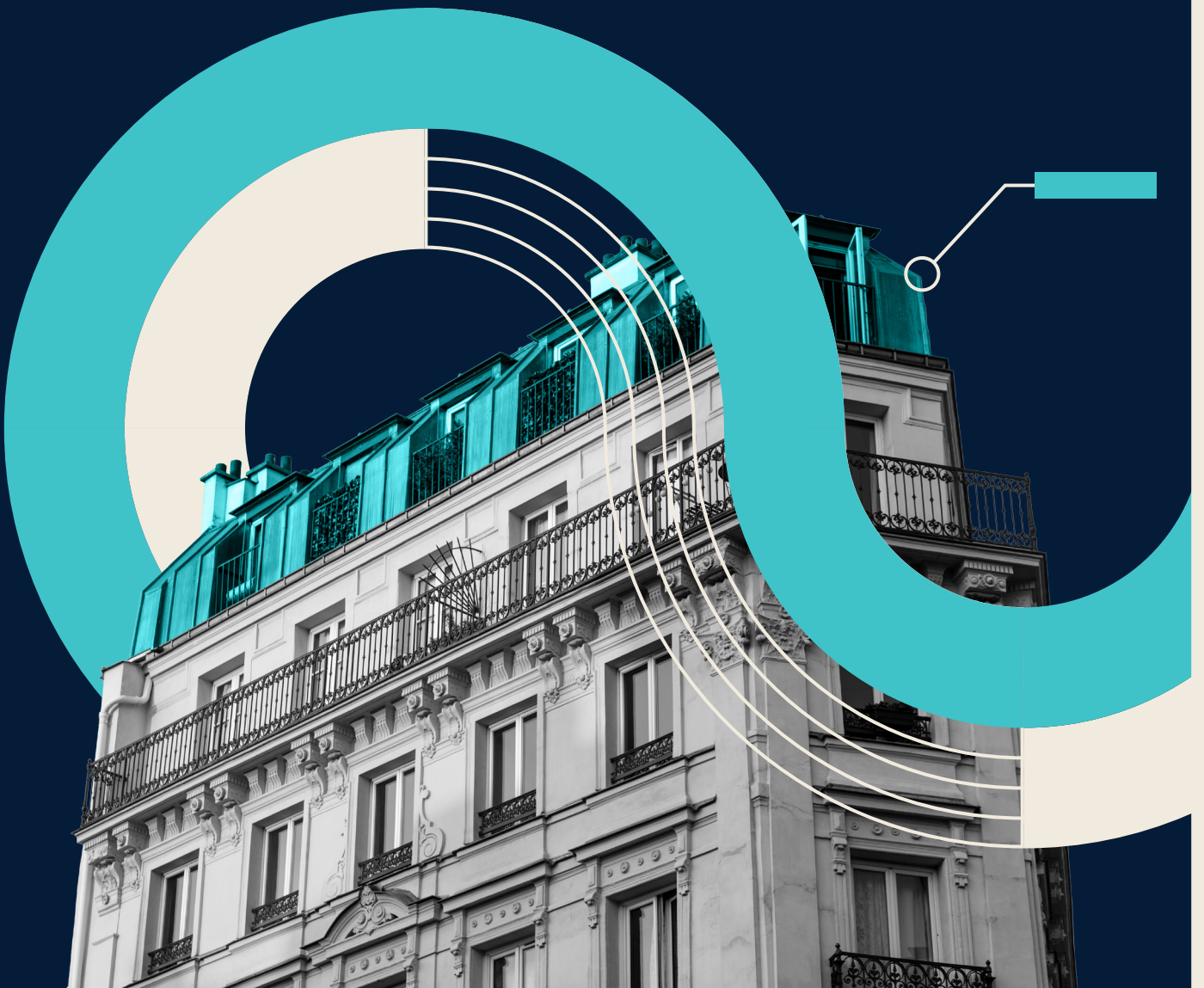


EUROPEAN
VC Valuations
Report



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Introduction

Venture capital (VC) valuations and deal values displayed robustness across financing stages in 2022 despite mounting uncertainty across the VC ecosystem and broader financial markets. As 2022 progressed, reports of down rounds, valuation haircuts, and layoffs emerged with increasing regularity. Valuations, deal values, and step-ups, particularly at mature financing stages, cooled and fell from the peaks of the past two years. Early signs of lower valuations surfaced in H2 2022, and with top deciles and quartiles dropping, it appears depressed valuations have filtered into the VC ecosystem amid wider public market struggles.

The median deal value for the information technology (IT) sector, which dominates almost half of all VC deals, increased across most financing stages (seed, early stage, and late stage). The energy sector experienced similar increases. It was the centre of attention in Europe in 2022 due to the energy crisis stemming from the war in Ukraine as well as the push into renewables, which has attracted a lot of VC capital. The median late-stage deal value in the energy sector increased the most of all the stages, going from €4.2 million in 2021 to €7.2 million in 2022.

VC deals in the France & Benelux region have been on the rise since Brexit. In the past five years, the median pre-money valuation in France & Benelux has grown at a higher compound annual growth rate (CAGR) than that of the UK & Ireland. In 2022, the median pre-money valuation for France & Benelux increased 23.0% year-over-year (YoY) for the angel and seed stage, 44.9% for the early stage, 21.2% for the late stage, and 16.7% for the venture-growth stage. This is in contrast with the UK & Ireland region, which saw the median venture-growth pre-money valuation drop 27.8% from €26.0 million to €18.7 million amid political and economic turmoil in the UK. In 2022, the median venture-growth VC step-up in the UK & Ireland dropped from 1.2x to 1.1x while the same figure in France & Benelux increased.

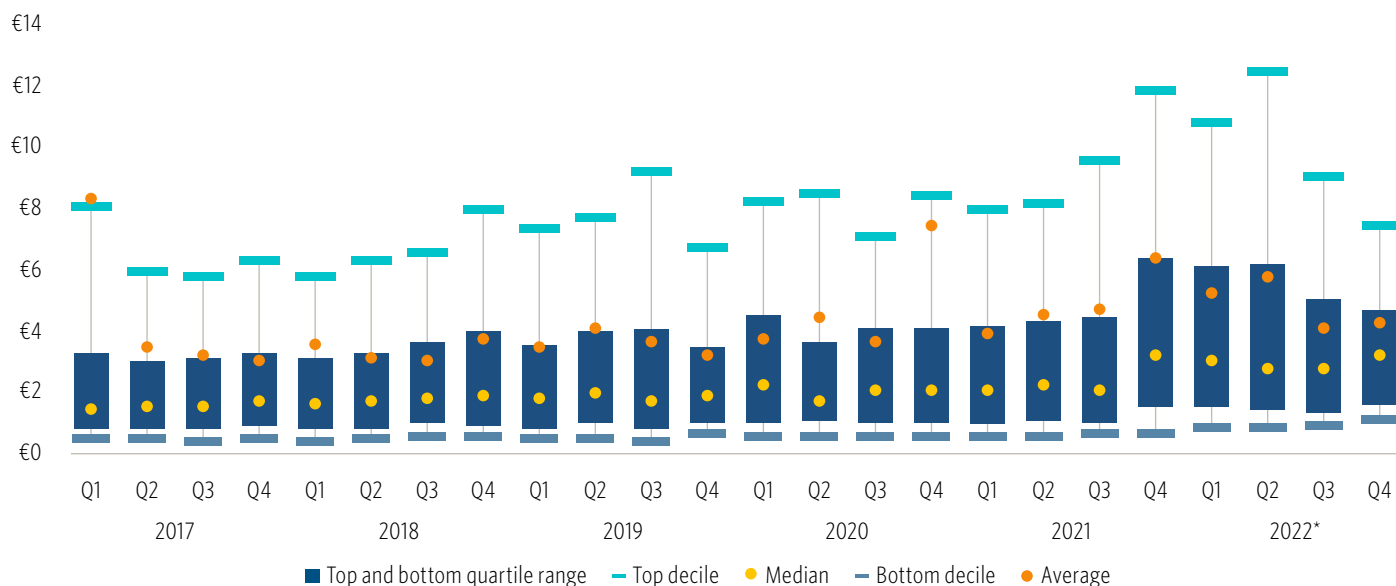
The trend of nontraditional investors on portfolio companies' capital tables continued in 2022, as the median value of deals with nontraditional investors increased across all financing stages. The median deal value for venture growth went from €8.0 million in 2019 to €24.0 million in 2022. Corporate VC (CVC) arms participated in more deals than any other nontraditional investor type, but they tended to be smaller in terms of median deal value. Private equity (PE) firms participated in fewer deals, but they tended to be larger in terms of median deal value.

2022 saw 47 new unicorns emerge in Europe, the second-highest figure on record, taking the cumulative unicorn count to 129 in Europe. Aggregate unicorn post-money valuations increased 46.3% YoY, going from €287.3 billion to €420.2 billion. However, there were notable signs of a slowdown in 2022. Average unicorn valuations dropped sequentially, starting from a record-high €3.6 billion in Q1 and slowly dropping to €3.3 billion in Q4 as the macroeconomic picture worsened through the year. The median unicorn rolling four-quarter step-up also dropped sequentially from its record high of 2.8x in Q1 2022 to 1.8x in Q4 2022 as unicorn valuations experienced a reality check.

In 2022, European VC exit valuations retreated from the record highs of 2021. Exit appetite was fervent in 2021 as investors and founders rushed to take advantage of conducive market conditions. 2022, however, reflected a muted exit market, with recessionary fears and previously VC-backed public companies faltering. Exit markets have been unpredictable for the past two years, and we expect more of the same in 2023. Recalibrated public market valuations are filtering into the VC ecosystem and will impact future exit valuations in the near term. A healthy amount of exits still took place in 2022, and corporate acquisitions could become the favoured exit route in 2023 instead of public listings.

Overview

Angel pre-money valuation (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

VC valuations and deal values displayed robustness across financing stages in 2022 despite mounting uncertainty across the VC ecosystem and broader financial markets. As 2022 progressed, reports of down rounds, valuation haircuts, and layoffs emerged with increasing regularity. Valuations, deal values, and step-ups, particularly at mature financing stages, cooled and fell from the peaks of the past two years. Early signs of lower valuations surfaced in H2 2022, and with top deciles and quartiles dropping, it appears depressed valuations have filtered into the VC ecosystem amid wider public market struggles.

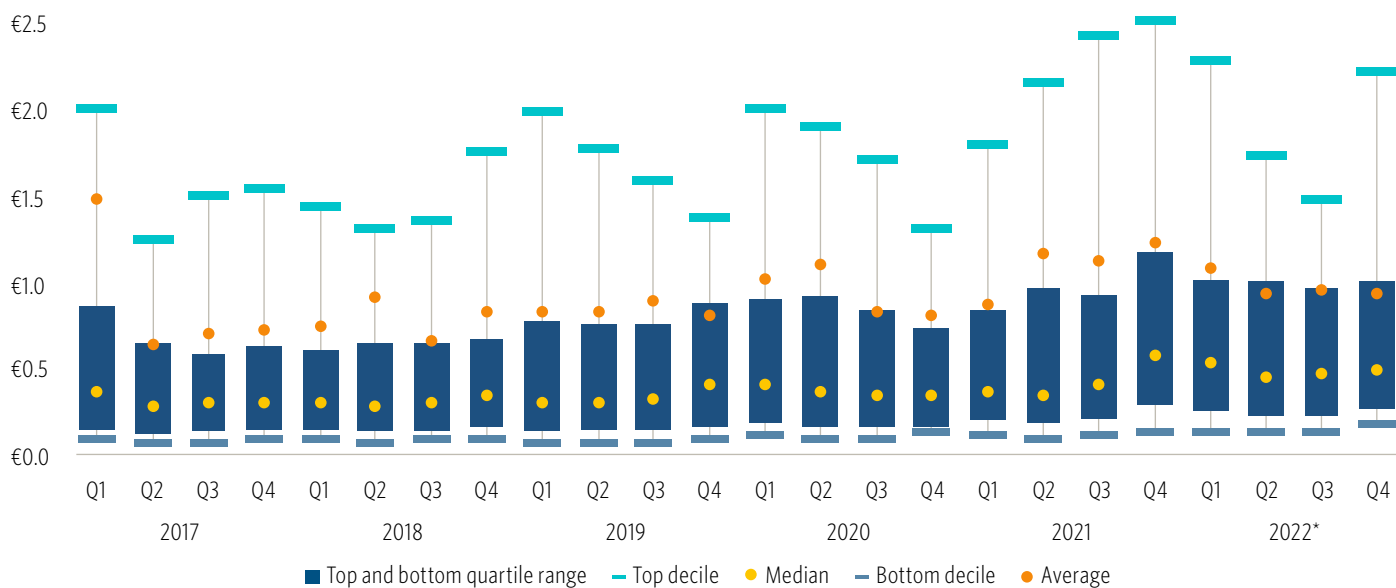
As dealmaking slowed in Europe in 2022, VC deal value dipped from the record set in 2021. The global macroeconomic landscape changed in 2022, with inflation and rising interest rates impacting growth prospects. Startups seeking funding faced one of the most challenging periods in recent years, with business traction, revenue multiples, and investor appetite plateauing in certain sectors. Investors will become increasingly prudent about where they deploy capital, as the fear of missing out on VC investments has subsided after the past two years. Nonetheless, the pivot from founder-friendly deal terms and decreasing valuations could trigger GPs with significant dry powder to deploy it in the current climate.

Angel and seed

Angel and seed pre-money valuations remained strong in 2022 despite the top decile fluctuating across quarters. The median angel valuation reached €2.9 million, and the median seed valuation reached €5.8 million, representing 29.2% and 42.7% YoY increases, respectively. Given the maturity of companies seeking angel and seed financing, we expect less-developed businesses to be shielded from the turmoil facing international companies with large cost bases. Angel and seed startups will be at a conceptual stage, likely loss-making, and several years from an exit. Therefore, investors will be focusing on long-term growth potential, rather than near-term financial success, when assessing investment opportunities.

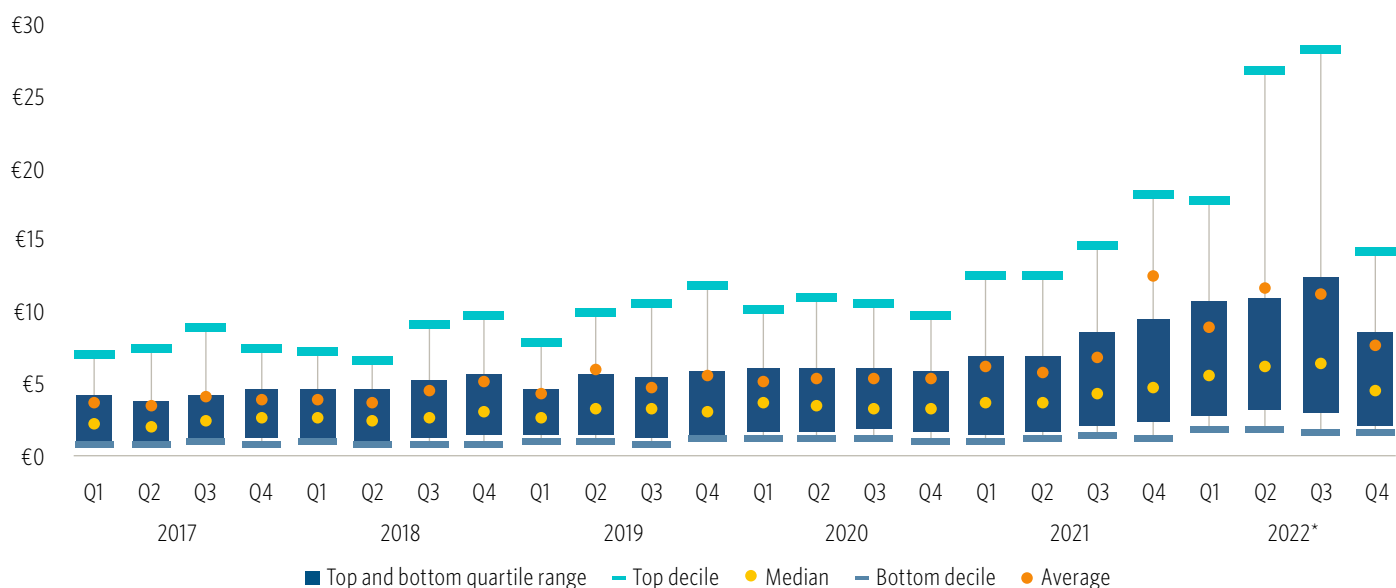
Moreover, with funding becoming tougher and investment enthusiasm shifting in 2022, investors can now dictate deals terms in their favour, which could create a dichotomy between the best ideas that get funding and those that struggle to remain afloat. In 2022, the median angel and seed deal values were €0.5 million and €1.6 million, respectively, with the latter rising 60.0% YoY. As backers become more selective in the current climate, they may increase their capital deployment to companies they firmly believe in and that have the very best chance of success.

Angel deal value (€M) dispersion by quarter



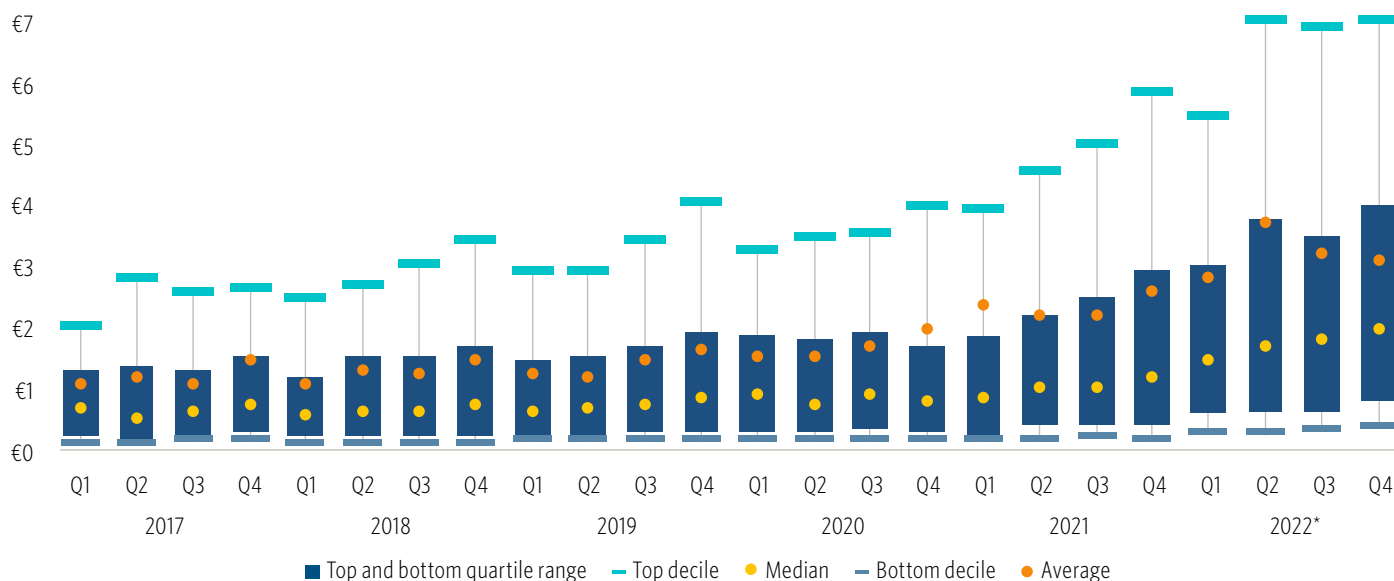
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Seed pre-money valuation (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Seed deal value (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Early-stage VC

Valuations at the early stage reflected a cooler market in 2022. Although the median early-stage valuation was €7.1 million (a 23.4% increase YoY), quarterly figures suggest declines are on the horizon. Valuations have begun to be recalibrated for external financing rounds to ensure they are closer to realistic expectations of revenue multiples and achievable growth rates. For example, the median early-stage valuation was €7.7 million in Q2 and fell to €5.2 million in Q4. The drop in valuations indicates that VC-backed companies can no longer command the premium available at the start of 2022. Moreover, the top-decile valuation

swelled to a record €78.6 million in Q1 but fell 44.2% to €43.8 million in Q4. The rolling four-quarter median early-stage VC valuation step-up dipped slightly to 2.1x in Q4, further indication of slowing valuation growth.

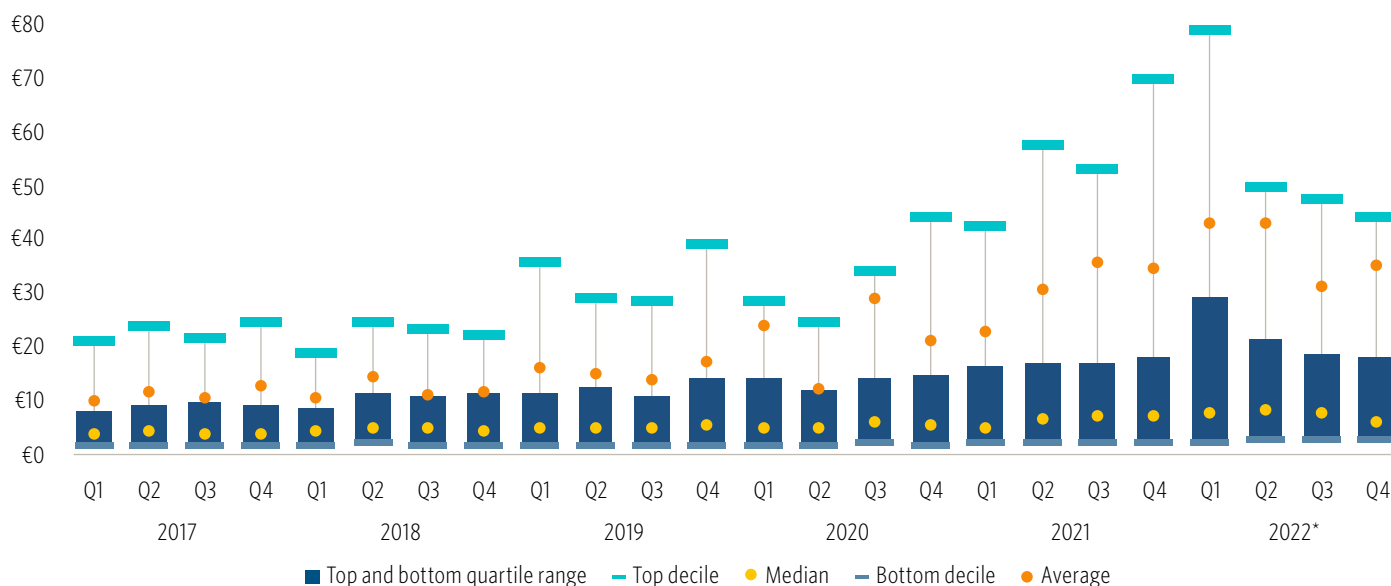
In 2022, the median early-stage VC deal value increased 23.9% YoY to €2.0 million. Outsized rounds tend to skew figures, and it appears the hockey-stick growth associated with the European VC ecosystem is flattening. The expanding breadth of competing investors at the early stage has helped deal values increase in recent years. But dealmaking slowed in 2022, and we could see further declines in deal activity that could hamper deal value growth in 2023.

Rolling four-quarter median and average early-stage VC step-up



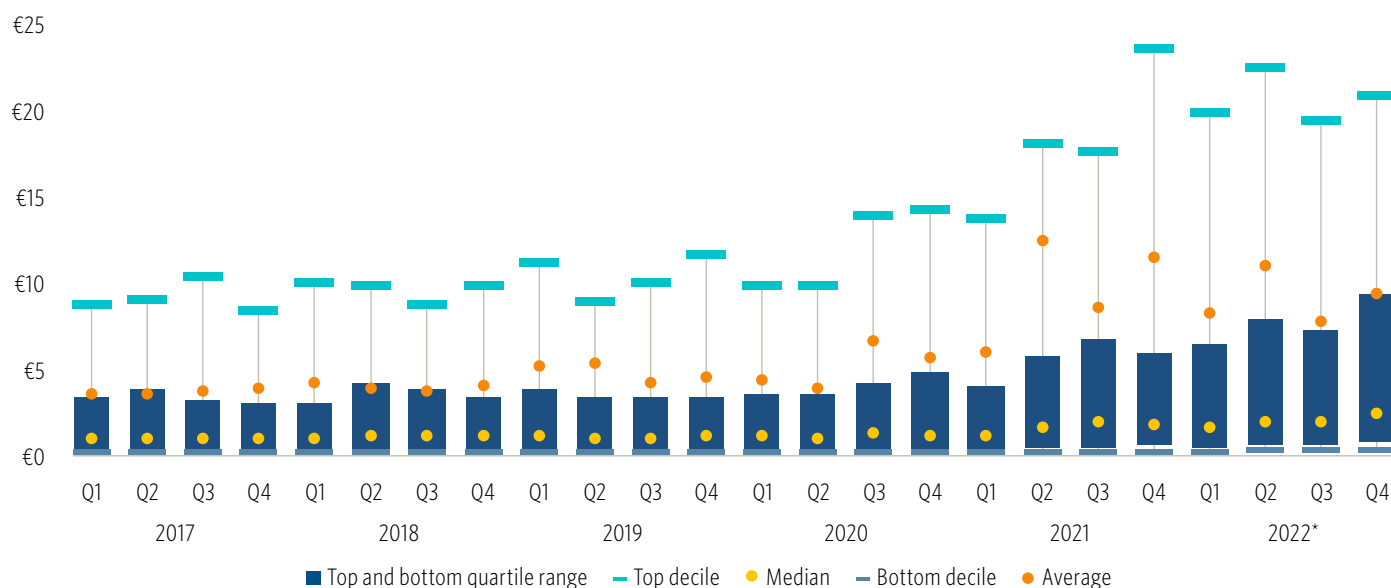
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Early-stage VC pre-money valuation (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Early-stage VC deal value (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Late-stage VC

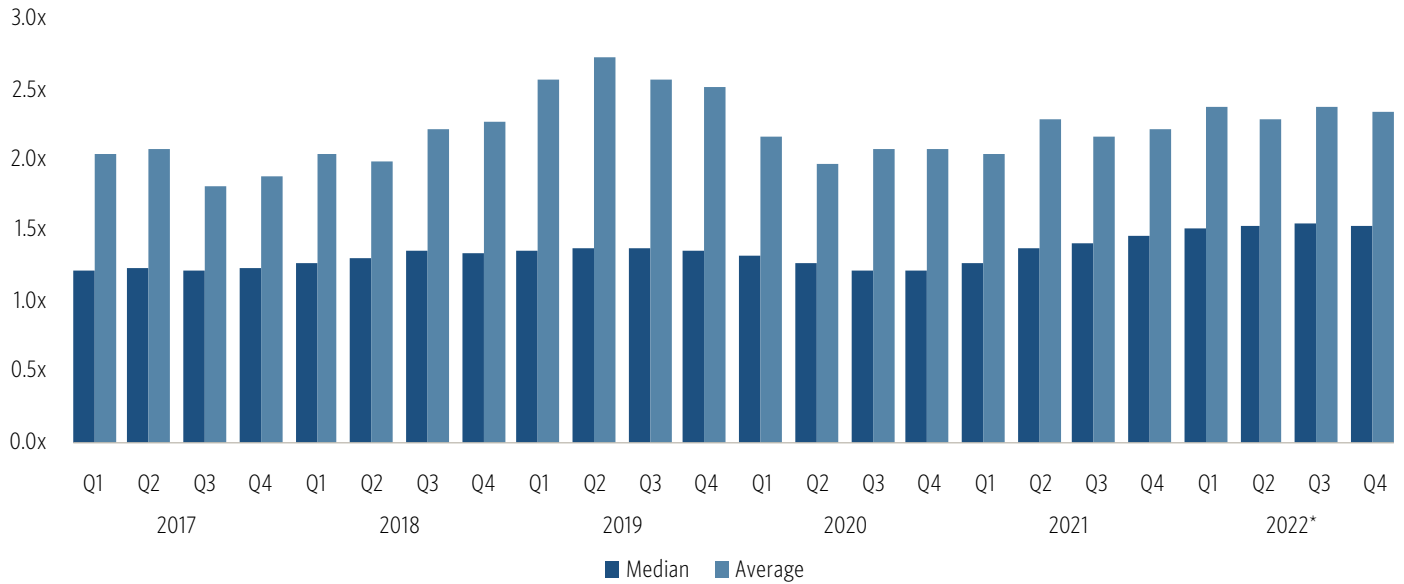
In 2022, the median late-stage VC pre-money valuation grew to €14.0 million, representing a 13.8% YoY uptick. Looking further back, late-stage valuations have increased aggressively in Europe. In 2018, the median late-stage valuation was €7.5 million and has nearly doubled in four years. Capital infusions at the late stage have fuelled growth

in valuations, and now there are more mature companies in the European VC ecosystem. Nonetheless, growth appears to be slowing: The top-decile late-stage valuation decreased 12.9% YoY to €140.2 million in 2022. Outlier companies tend to boost figures upwards, and with a major haircut for Klarna in 2022, it is likely that additional valuation haircuts will be announced in 2023.

VC-backed companies that secured financing amid the boom in capital deployment during the past two years will expect conservative deal terms and modest valuations in the current environment. Despite aggregate European VC deal value

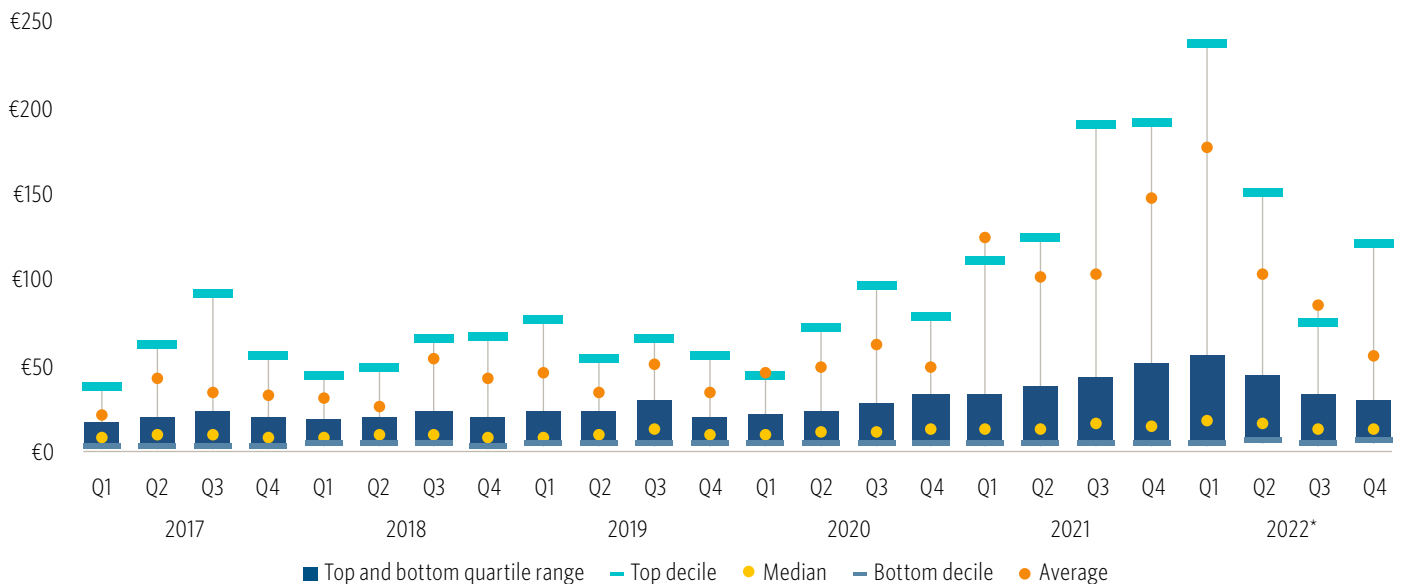
falling for the first time in the past decade, the median late-stage deal value increased 30.4% YoY to €4.6 million in 2022.

Rolling four-quarter median and average late-stage VC step-up



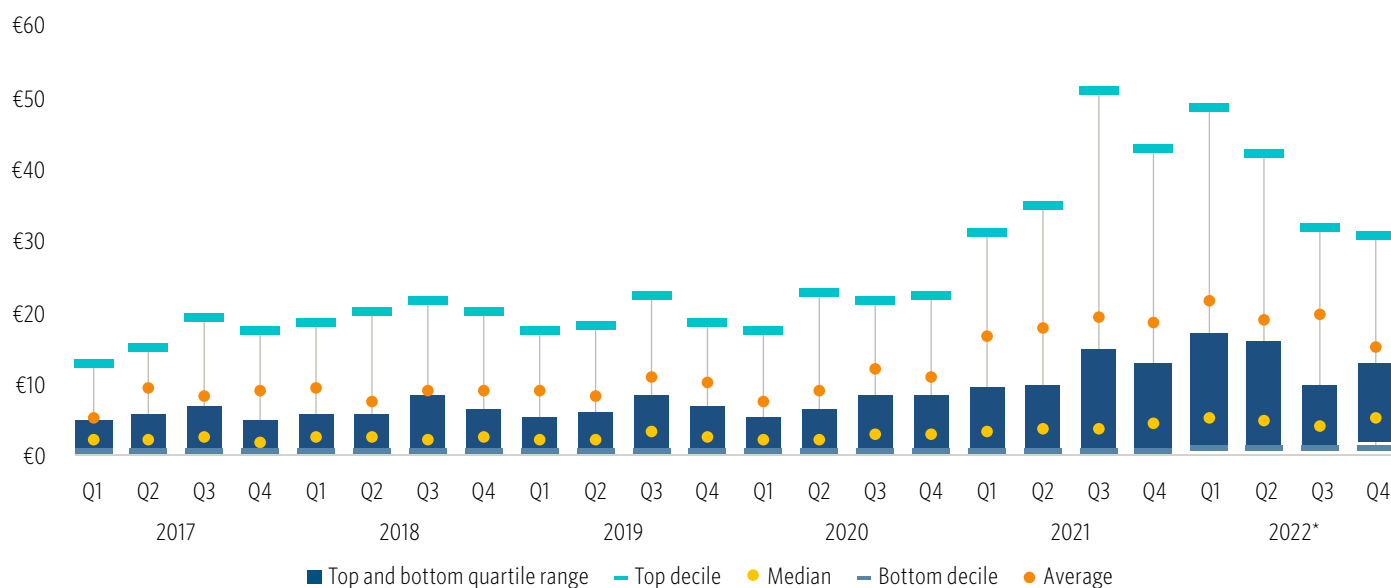
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Late-stage VC pre-money valuation (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Late-stage VC deal value (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Venture growth

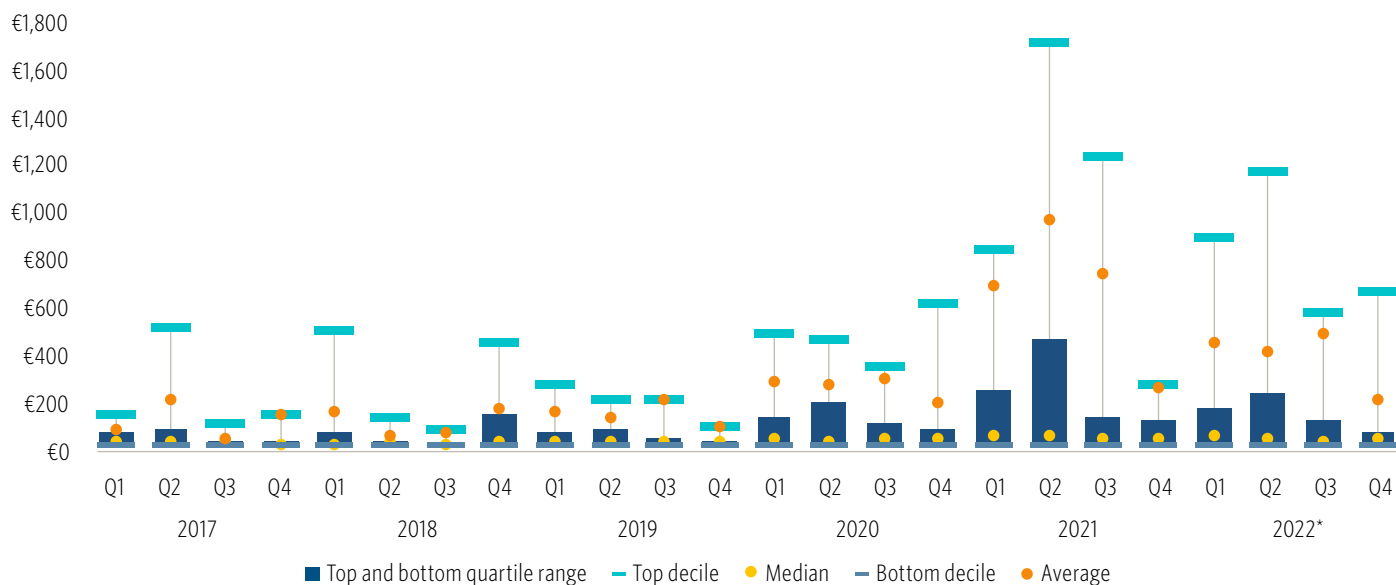
As a consequence of late-stage capital dominating deal value figures, resulting in inflated valuations and larger rounds, we have introduced a new VC funding stage called venture growth.¹ Venture-growth companies are at the top of the VC ecosystem and will be closest to an exit event. Therefore, we expect businesses that fall into the venture-growth bucket to highlight how larger entities are remaining in the ecosystem for longer and maximising their VC funding runways.

In 2022, the median venture-growth pre-money valuation declined 16.8% YoY to €27.9 million. Meanwhile, the median

venture-growth deal value dropped 10.3% YoY to €7.9 million. Both figures justify opinions that 2021 was an outlier year for European VC, and with worsening investor sentiment and looming recessions, further declines may take place. With venture-growth companies being closest to public markets and tech heavyweights such as Amazon, Microsoft, Salesforce, and Meta cutting jobs, further layoffs could be announced amid what is being dubbed the “tech-cession.” VC-backed companies are intrinsically linked to technological development, and those at the venture-growth stage that have high burn rates may be forced to conduct layoffs and down rounds in the coming months.

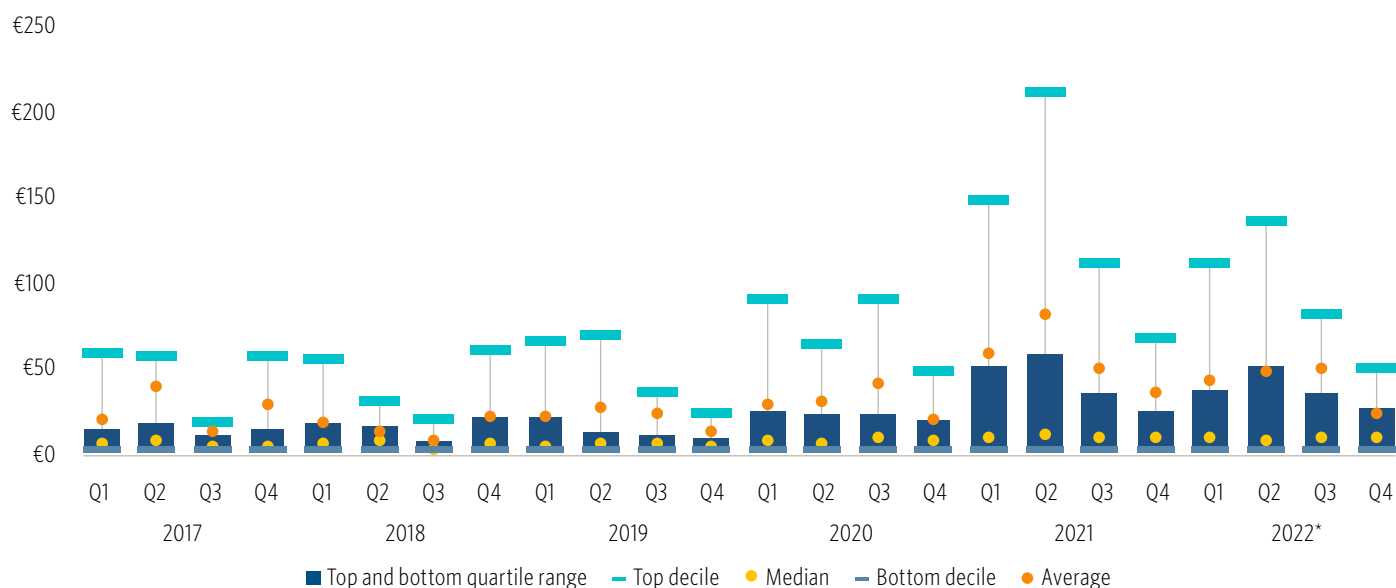
1: The venture-growth category will include rounds tagged as Series E or later as well as deals involving companies that are at least seven years old and have raised at least six VC rounds. For more information, please see our recent analyst note [Introducing Venture Growth](#).

Venture-growth VC pre-money valuation (€M) dispersion by quarter



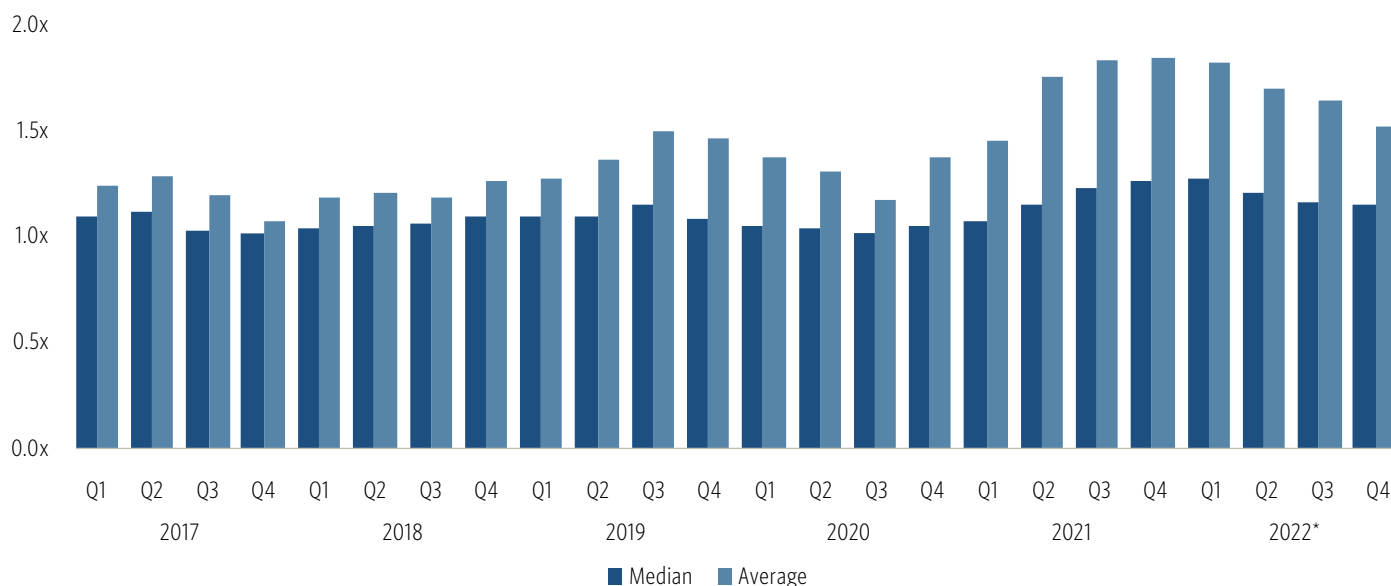
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Venture-growth VC deal value (€M) dispersion by quarter



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Rolling four-quarter median and average venture-growth VC step-up



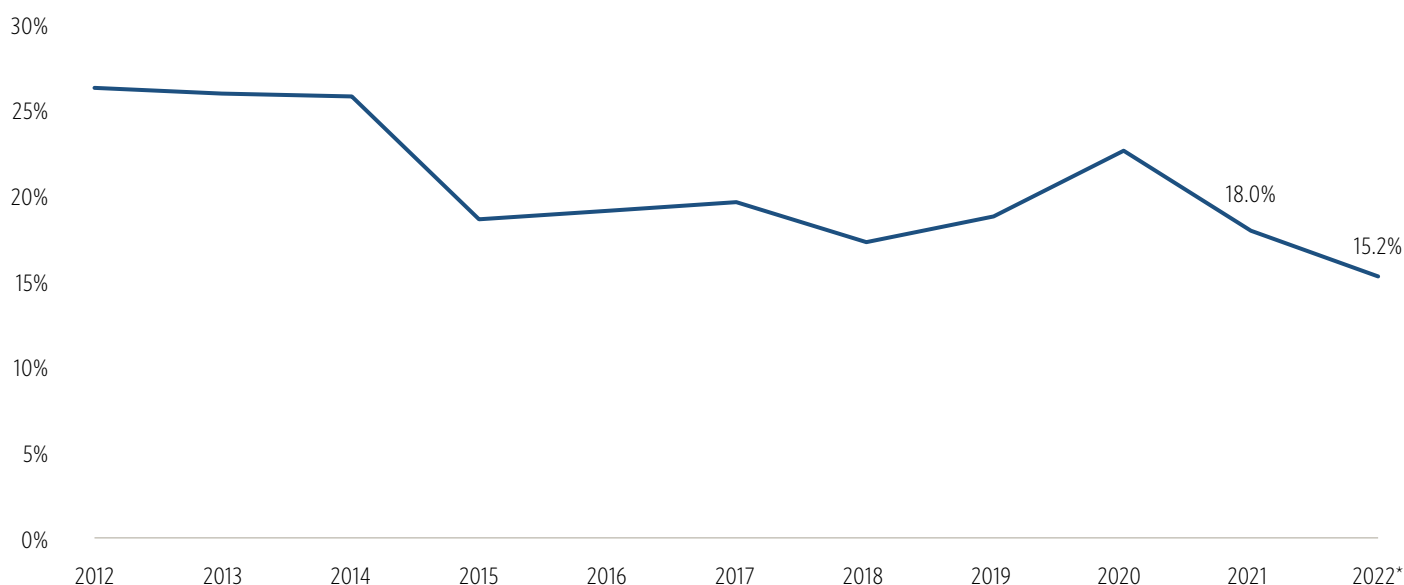
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Up, down, and flat rounds

The occurrence of down rounds during the current downturn has been a focal point for investors and operators. Valuation drops between financing rounds are not ideal, but they are not damning for companies looking to stay afloat and remain in business in the long run. Valuations may have become overheated due to a mismatch in the supply and

demand for capital in 2021. In 2022, the proportion of down rounds dipped slightly to 15.2%.² Despite this, we are seeing broader market corrections and re-evaluated valuations. Negative press surrounding a down round can be harmful in the short term, but founders and investors may opt for a straightforward down round rather than securing a heavily structured funding round littered with covenants that could hinder long-term economics and control.

VC down rounds as a share of all VC deals



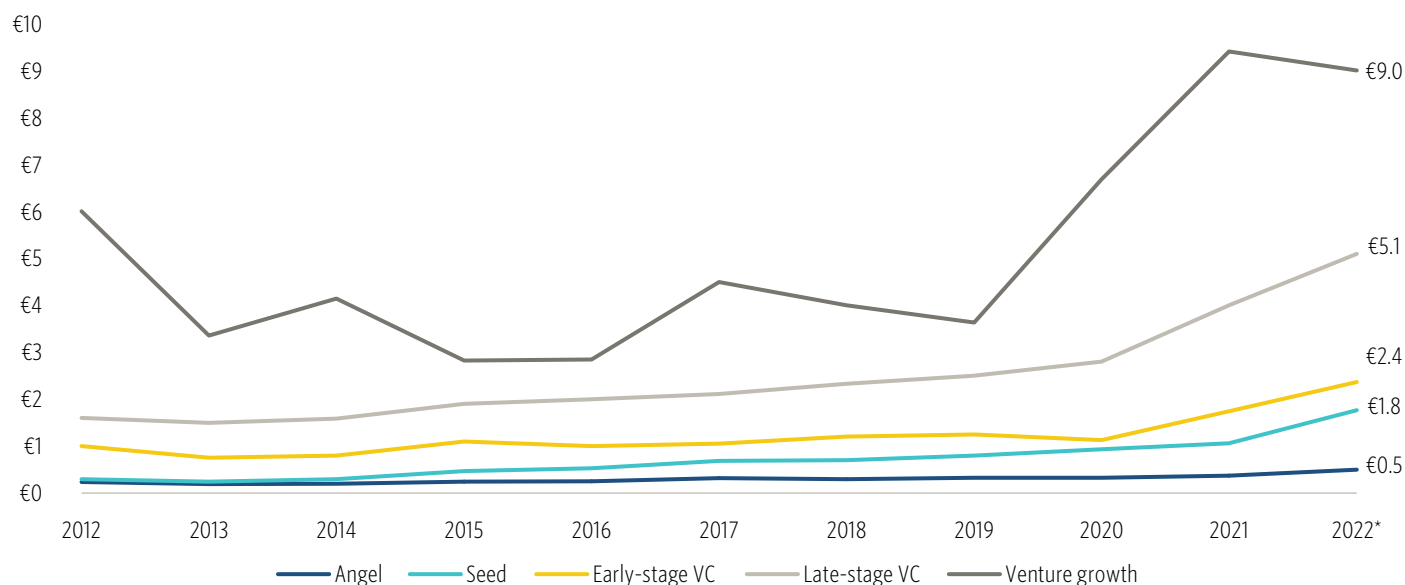
Source: PitchBook | Geography: Europe
*As of December 31, 2022

2: We calculated this percentage with data from 1,974 completed deals.

SECTORS

Information technology

Median IT VC deal value (€M) by stage

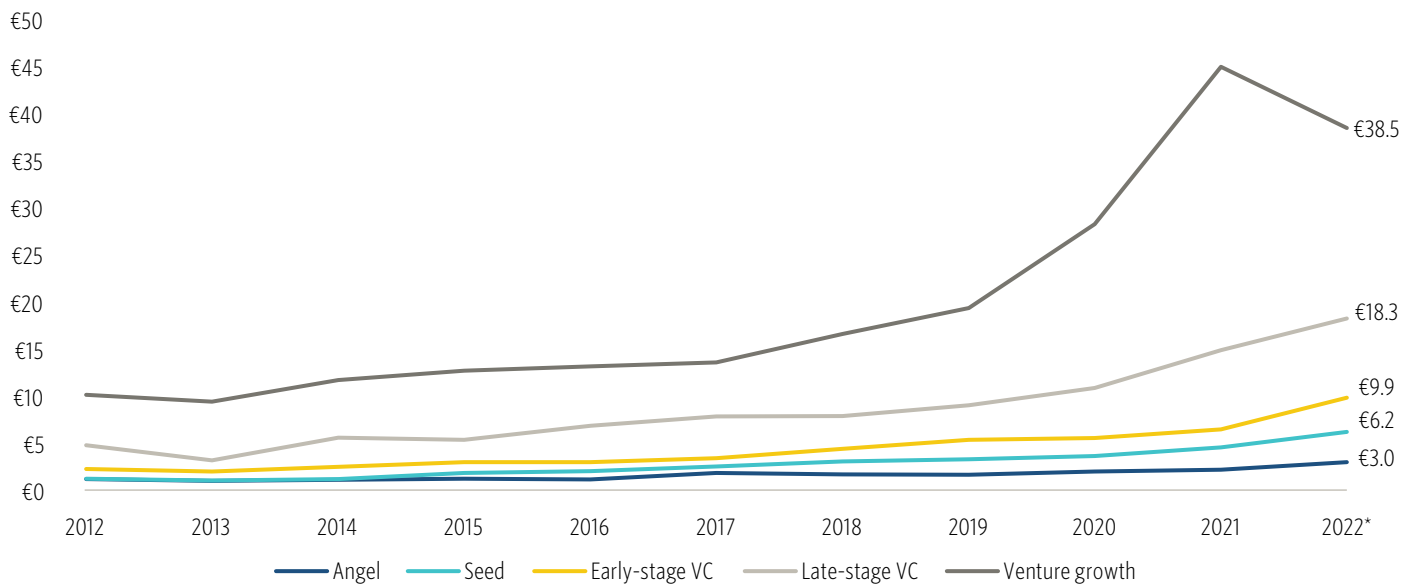


Source: PitchBook | Geography: Europe
*As of December 31, 2022

IT continued to dominate deals in Europe, especially the software subsector, which counted 4,348 deals, more than three times as many deals as any other subsector. This has been an underlying theme of the VC asset class, as software deals tend to account for roughly half of all VC deals. And as such, looking at IT as an industry will help understand the underlying dynamics of the VC ecosystem. The IT median deal value continued to increase across most financing stages. The seed median deal value increased 66.7% YoY; the early stage, 35.9%; and the late stage, 27.4%. However, 2022 saw fewer IT deals than the previous year. 2022 was a year of fewer but larger deals in the overall European VC ecosystem as well. When looking at IT pre-money

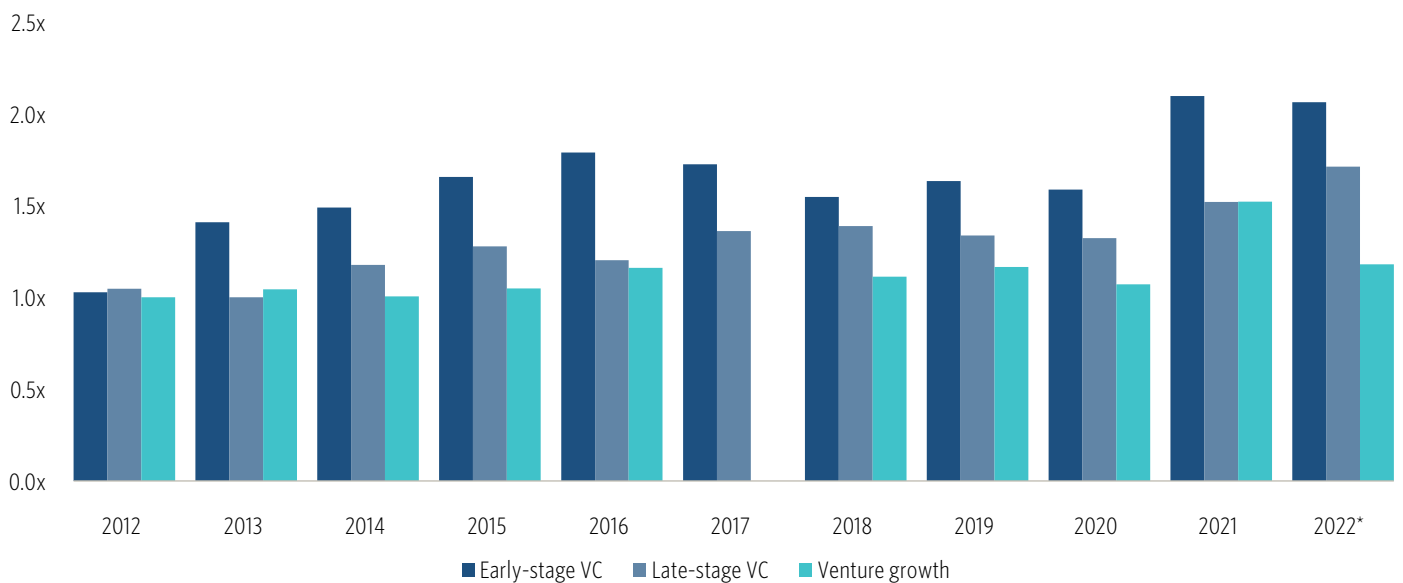
valuations by stage, the same trend appears, with angel, seed, early stage, and late stage all fetching a higher median pre-money valuation than they did in 2021. However, the median venture-growth deal value declined 4.3% YoY, and the median venture-growth pre-money valuation declined 14.4%. The venture-growth valuation step-up also decreased from the 2021 high of 1.5x to 1.2x in 2022. This simply reflects how the global macroeconomic environment and its tumultuous 2022 affects the VC ecosystem at its different stages. The closer a VC company is to public markets, the closer it will behave as one; and as such, the venture-growth stage has seen lower median deal values and pre-money valuations due to the sharp fall in public markets.

Median IT VC pre-money valuation (€M) by stage



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Median IT VC step-up by stage

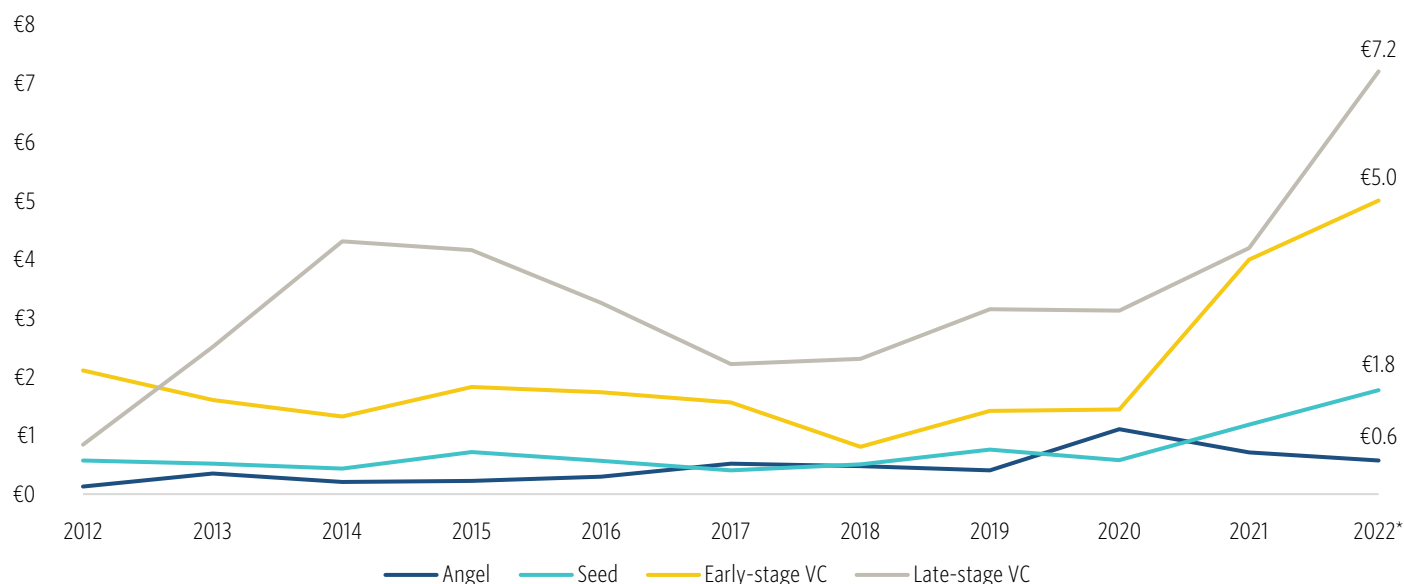


Source: PitchBook | Geography: Europe
*As of December 31, 2022

SECTORS

Energy

Median energy VC deal value (€M) by stage



Source: PitchBook | Geography: Europe
*As of December 31, 2022

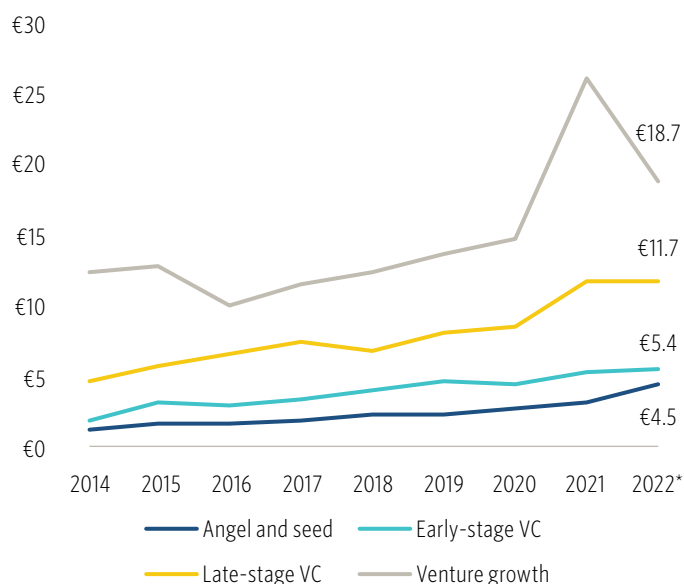
In Europe, the energy sector has been growing in terms of median deal value as well as median pre-money valuation across all financing stages. The median late-stage deal value increased the most, going from €4.2 million in 2021 to €7.2 million in 2022. The reason for this is twofold. On the one hand, the Russia-Ukraine war has rocked the energy sector, elevating commodity prices and encouraging dealmaking across the entire industry: from the nationalisation of public companies,

as we have seen in Germany, to PE's attempted disruption of legacy energy providers,³ all the way down to VC. On the other hand, we have seen large investments within the VC industry into renewables in a push to move away from fossil fuels and, as a byproduct, away from the reliance on Russian energy. For instance, German-based Sunfire, a global leader for green hydrogen technologies, raised €210.0 million in their Series D in Q2 2022, taking their post-money valuation to €1.6 billion.

³: As seen with Octopus Energy, noted in our [2022 Annual European PE Breakdown](#) published on January 13, 2023.

Regions

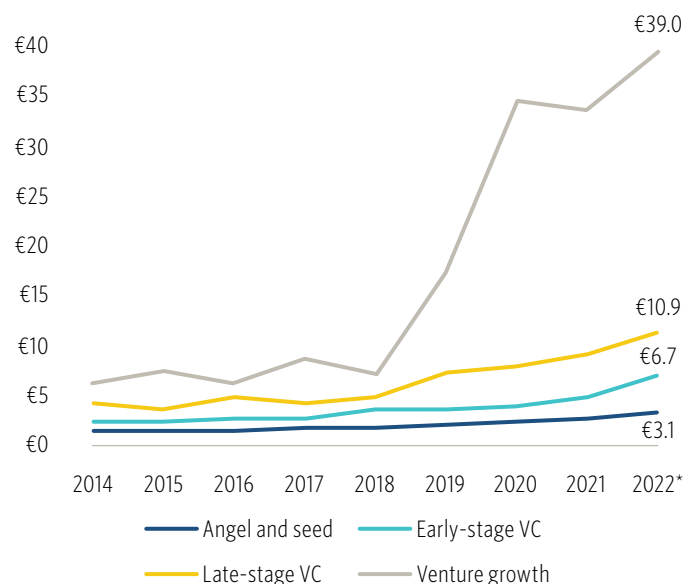
Median UK & Ireland VC pre-money valuation (€M) by stage



Source: PitchBook | Geography: UK & Ireland
*As of December 31, 2022

As referenced in our [2023 European Private Capital Outlook](#), the VC ecosystem in Europe has been concentrated in three cities: London, Paris, and Berlin. The French & Benelux region in particular has been on the rise since Brexit: In the past five years, the median pre-money valuation in France & Benelux has grown at a higher CAGR than it has in the UK & Ireland, for both the early stage (22.0% versus 10.4%) and the late stage (23.2% versus 9.5%). In 2022, the median pre-money valuation for France & Benelux increased 23.0% YoY for the angel and seed stage, 44.9% for the early stage, 21.2% for the late stage, and 16.7% for the venture-growth stage. This is in contrast with the UK & Ireland region, which saw

Median France & Benelux VC pre-money valuation (€M) by stage

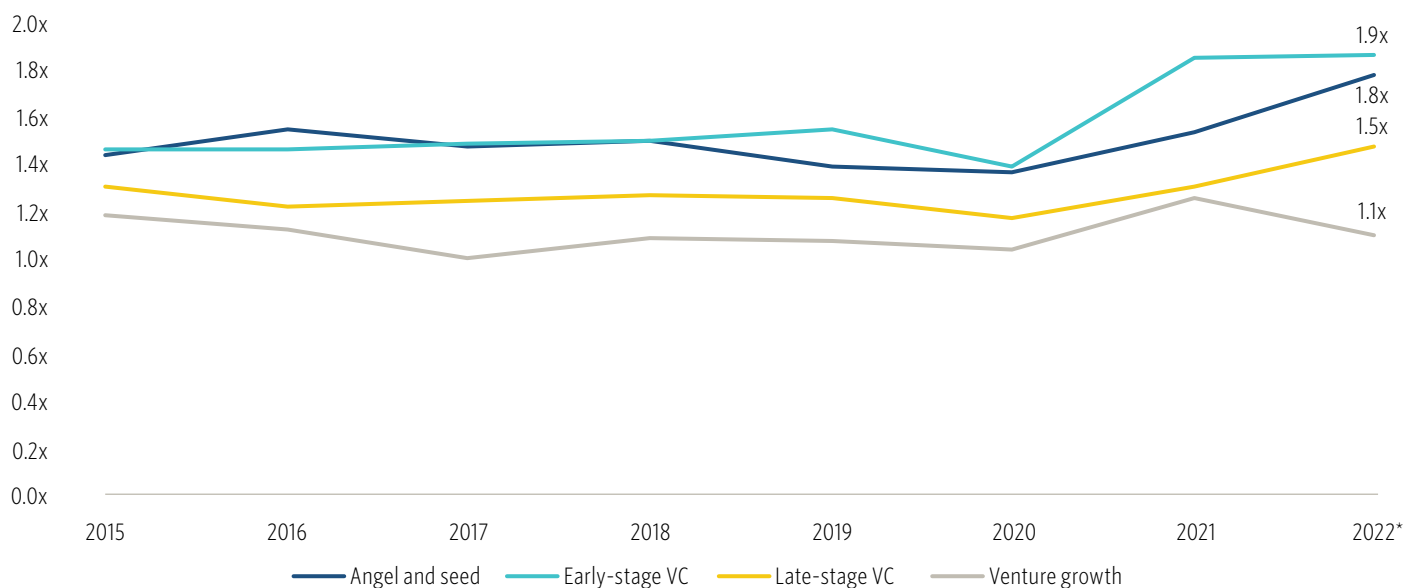


Source: PitchBook | Geography: France & Benelux
*As of December 31, 2022

Note: Between 2012 and 2019, data counts for venture growth are below 30.

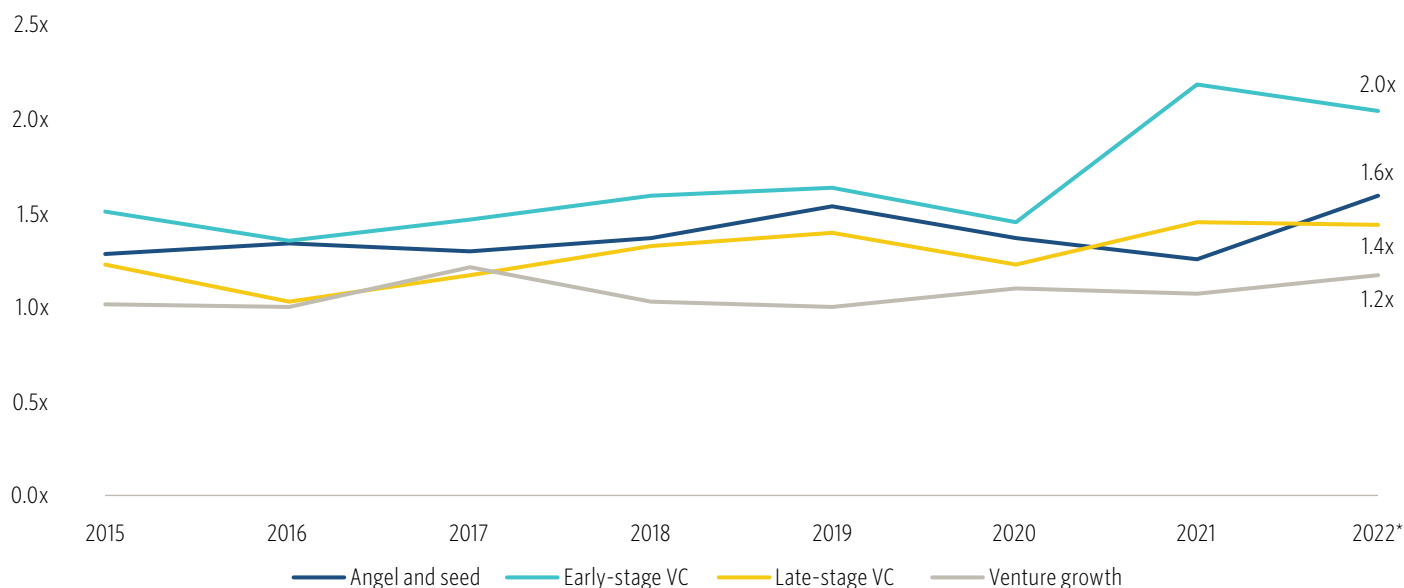
the median pre-money valuation for venture growth drop 27.8% from €26.0 million to €18.7 million amid political and economic turmoil in the UK. In 2022, the UK went through three prime ministers and four chancellors of the Exchequer, the pound sterling fell to an all-time low compared with the US dollar, the Bank of England increased interest rates eight times, and inflation spiralled to a 40-year high. All this instability led to fewer deals in the UK, a cooling in valuations, and some down rounds and layoffs. In fact, the median venture-growth VC step-up in the UK & Ireland dropped from 1.2x to 1.1x in 2022. In France & Benelux, however, the median venture-growth step-up increased YoY.

Median UK & Ireland VC step-up by stage



Source: PitchBook | Geography: UK & Ireland
*As of December 31, 2022

Median France & Benelux VC step-up by stage

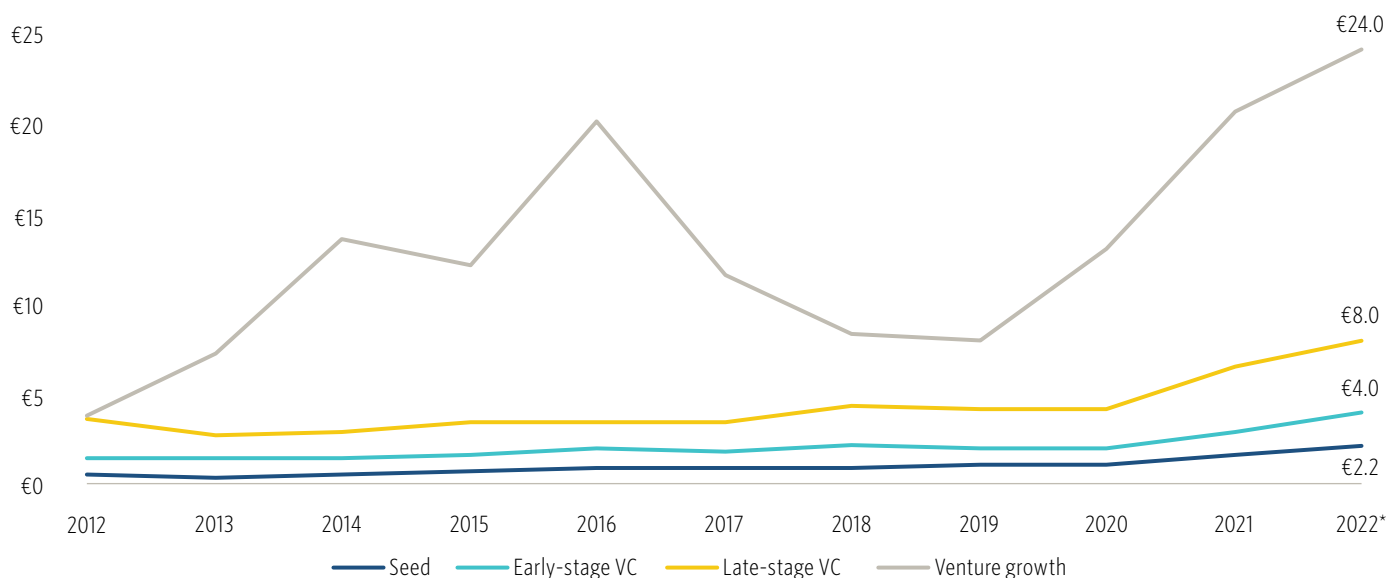


Source: PitchBook | Geography: France & Benelux
*As of December 31, 2022

Note: Between 2012 and 2019, data counts for venture growth are below 30.

Nontraditional investors

Median VC deal value (€M) with nontraditional investor participation by stage



Source: PitchBook | Geography: Europe
*As of December 31, 2022

The rise of nontraditional investors⁴ within the VC ecosystem in the past few years has allowed portfolio companies to diversify their capital tables. It has also allowed them to leverage the experience and reputation associated with nontraditional investors and secure larger cheques. Indeed, deals involving nontraditional investors tend to have a higher pre-money valuation than those that do not. Finally, the rise of nontraditional investors has allowed companies to flourish within the VC ecosystem for longer, thanks to extended funding runways. However, nontraditional investors are happy to diversify their portfolios into the VC asset class, seeking higher returns and following the power law that characterises the distribution of VC returns as opposed to most other asset classes.

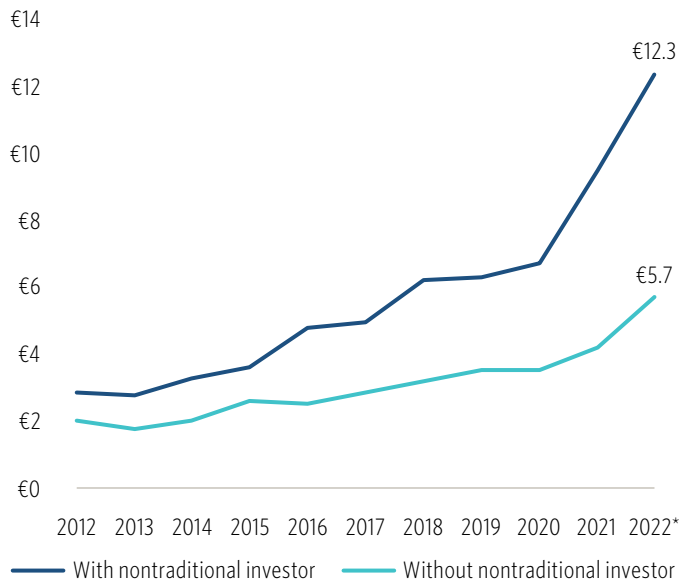
In 2022, the total value of deals with nontraditional investors was down 15.8% YoY in Europe, but the median deal value has increased in the last four years in all financing stages,

including venture growth, which has been the stage most affected by the economic downturn. The median deal value for venture growth went from €8.0 million in 2019 to €24.0 million in 2022.

VC arms of large corporations have historically been the most active investors within the nontraditional investor group, participating in 41.2% of deal count in 2022. The median pre-money valuation for companies securing rounds involving CVCs increased from €12.9 million in 2021 to €16.7 million in 2022. PE investors, which are the second-largest type of nontraditional investor, tend to participate in larger deals. Companies securing rounds involving PE investors saw their median pre-money valuation increase from €25.0 million in 2021 to €26.2 million in 2022. To summarise, CVCs participate in more deals, but they tend to be smaller, while PEs participate in fewer deals, but they tend to be larger.

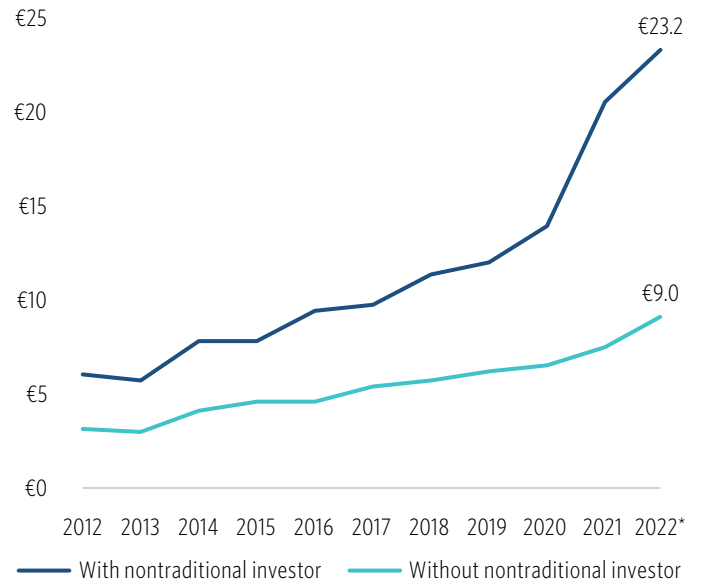
4: We define nontraditional investors as CVC arms, PE firms, asset managers, investment banks, pension funds, sovereign wealth funds, and hedge funds, among others, that are not primarily VC funds.

Median early-stage VC pre-money valuation (€M) with nontraditional investor participation



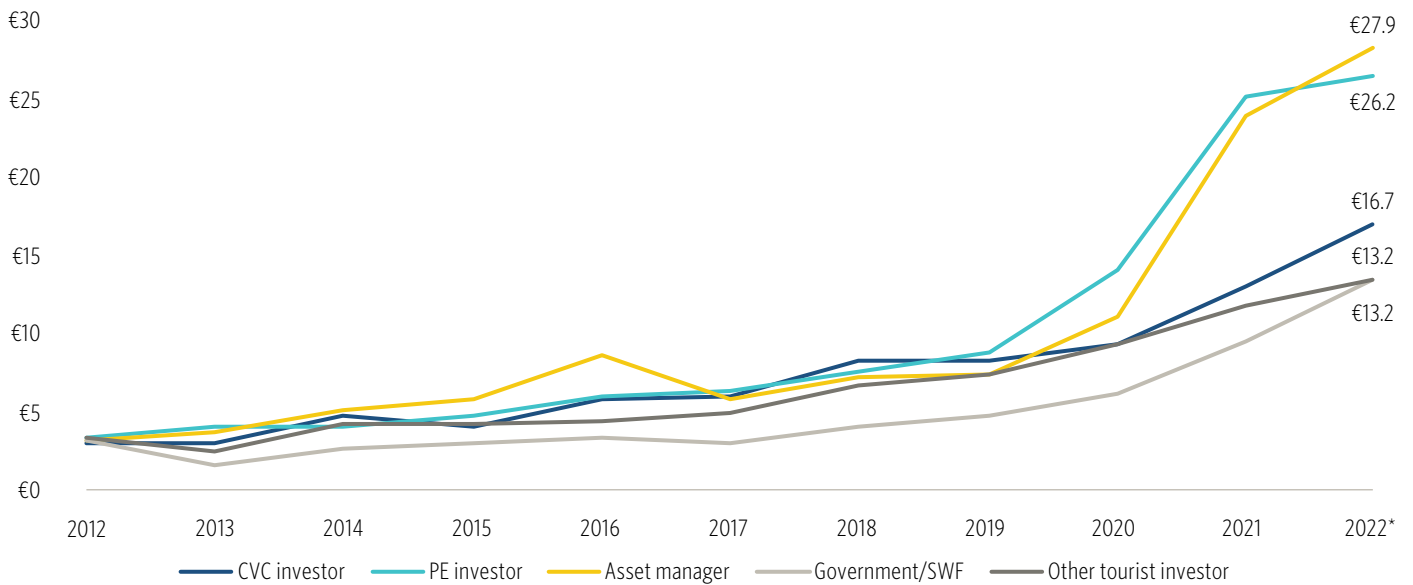
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Median late-stage VC pre-money valuation (€M) with nontraditional investor participation



Source: PitchBook | Geography: Europe
*As of December 31, 2022

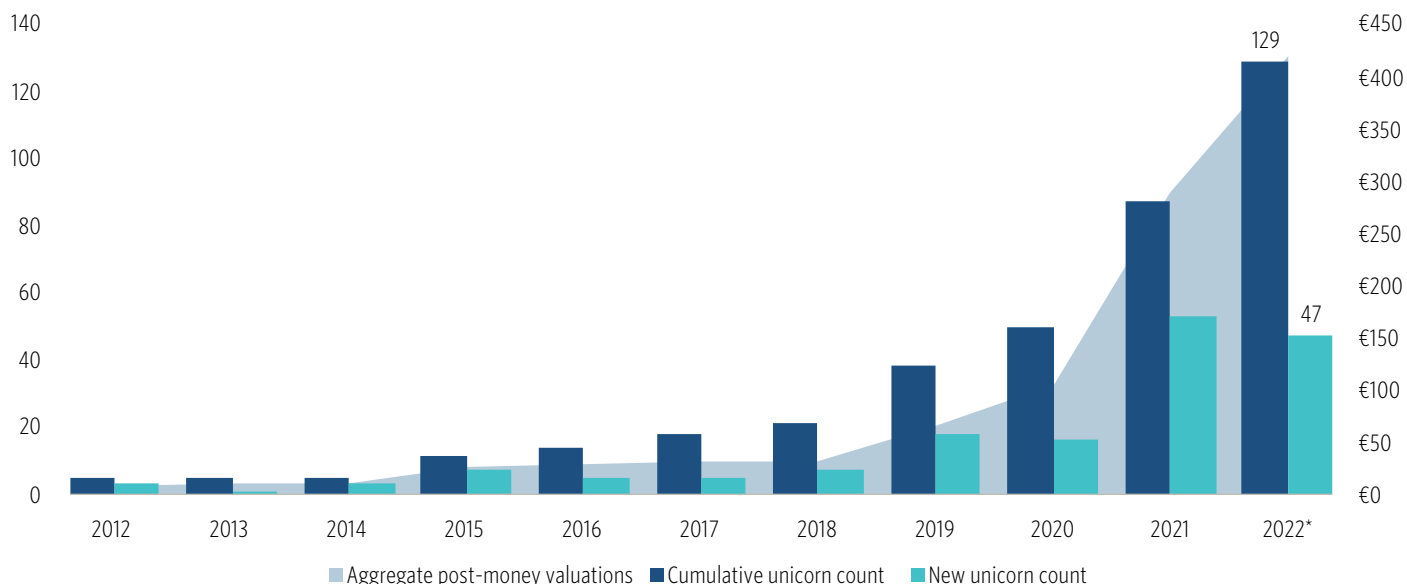
Median VC pre-money valuation (€M) by nontraditional investor type



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Unicorns

New and cumulative unicorn count and aggregate post-money valuations (€B)



Source: PitchBook | Geography: Europe
*As of December 31, 2022

2022 saw 47 new unicorns⁵ emerge in Europe, the second-highest figure on record, taking the cumulative unicorn count to 129. The rise of unicorns in the past decade is the result of several factors. First, VC as an asset class has grown from roughly €60 billion assets under management in 2013 to more than €300 billion in 2022, as described in our [2023 European Private Capital Outlook](#), which has led to VC companies extending their stay within the VC ecosystem before exiting through an initial public offering (IPO), acquisition, or buyout. In parallel, the asset class has attracted more capital from different types of investors, namely nontraditional investors, which have increased their participation over time. Finally, the entire financial system has benefitted from an era of quasi-free money, with interest rates oscillating around zero in Europe for the best part of the last decade. The unicorn status has allowed late-stage and venture-growth companies to be in the sweet spot between VC and public markets, whereby their valuations do not move hand in hand with public markets but are not fully insulated from the volatility either. For instance, there is less administrative reporting necessary for unicorns as compared with public companies. It has been encouraging for the industry to see the number of new unicorns rise despite the macroeconomic headwinds the global economy has faced in 2022. Indeed, aggregate unicorn

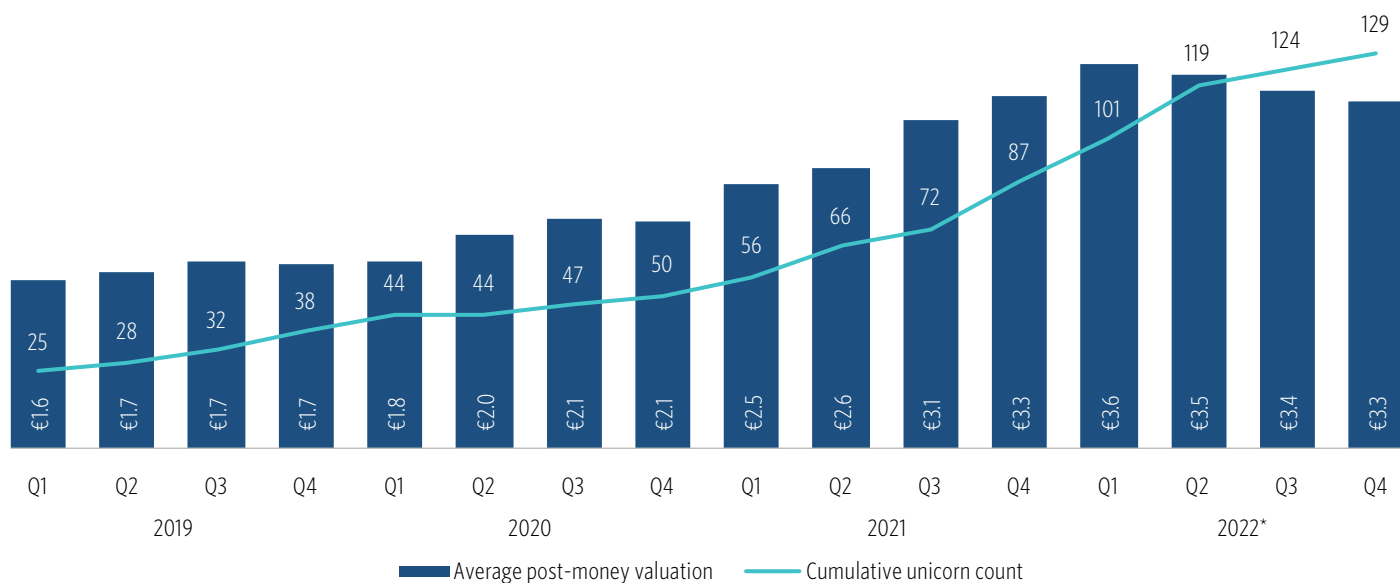
post-money valuations have increased 46.3% YoY, going from €287.3 billion to €420.2 billion.

However, because unicorns are not fully insulated from public markets, there were notable signs of a slowdown. Average unicorn valuations dropped sequentially in 2022, starting from a record-high €3.6 billion in Q1 and slowly dropping to €3.3 billion in Q4 as the macroeconomic picture worsened through the year. With interest rates rising across Europe, valuations have come down, especially for companies operating in the IT sector, which represent 59.7% of unicorns. Borrowing became increasingly more expensive in the new environment, and lenders tightened conditions accordingly. 2022 also saw many portfolio companies experience down rounds: Swedish buy now, pay later business Klarna saw its valuation drop 82.8%, while UK fintech SumUp took a 60.0% valuation haircut. Down rounds are usually accompanied by layoffs, and indeed, the tech sector announced more than 200,000 job cuts globally in 2022, with Europe accounting for 7% of those layoffs,⁶ making it difficult for certain unicorns to continue demanding record-high valuations when fundraising. The median unicorn rolling four-quarter step-up also dropped sequentially from its record high of 2.8x in Q1 2022 to 1.8x in Q4 2022 as unicorn valuations experienced a reality check.

5: VC-backed companies valued at €1 billion or more.

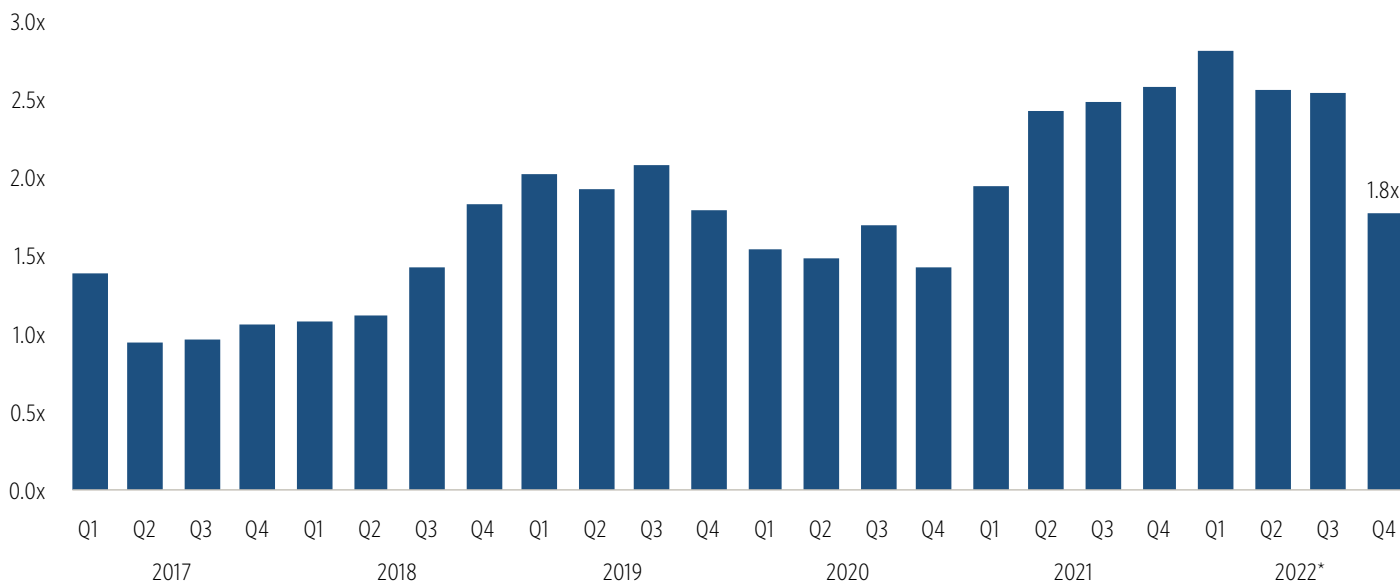
6: "The Tech Slowdown Has Started to Bite in Europe: Less Cash, Dwarfed Fundraising, and Fewer Unicorns," *Fortune*, Sophie Mellor, December 6, 2022.

Cumulative unicorn count and average post-money valuation (€B) by quarter



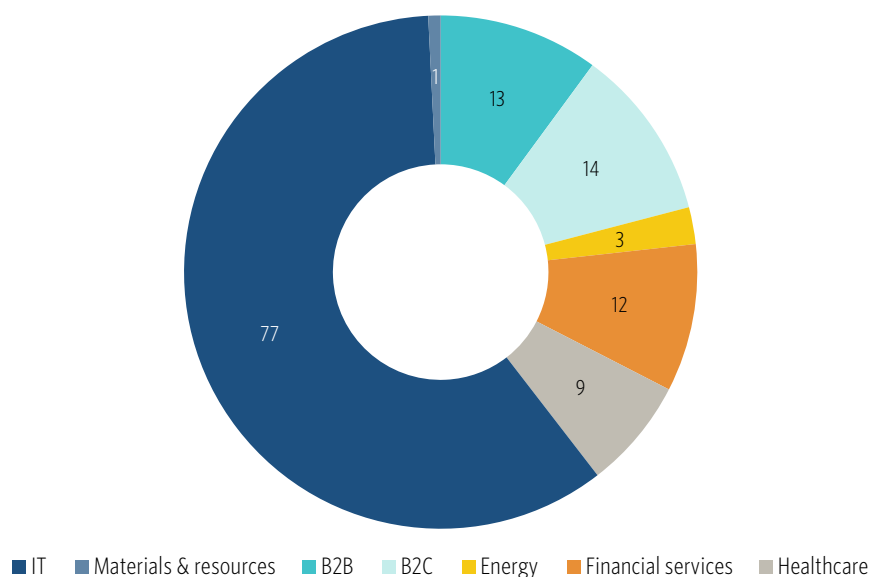
Source: PitchBook | Geography: Europe
*As of December 31, 2022

Median unicorn rolling four-quarter step-up



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Share of unicorn count by sector in 2022*



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Exits have been particularly tough for unicorns: there were no unicorn exits through public listings in 2022, as opposed to 13 in 2021. The shutoff of the public listing market plays on the recency bias of founders and their management teams, as they have seen what happened to the companies that went public in 2021. From the 13 unicorns in Europe that went public in 2021 at the height of the bull market and IPO frenzy, none have had a positive share price return since their public debut.⁷ No wonder that unicorns have opted to stay private in this environment. 2022 saw a selection of unicorn exits via acquisition, and all were within the food delivery space. Finland-based Wolt was acquired by US operator DoorDash for €2.7 billion, Spain-based Glovo was acquired by German giant Delivery Hero for €800.0 million, and Germany-based

Gorillas was acquired by Turkish operator Getir for €1.2 billion. Seemingly, food delivery has seen a consolidation after growth and valuations of those businesses peaked during the COVID-19 pandemic.

In summary, the cumulative number of unicorns continued to increase in 2022 as VC continued to expand as an asset class, but we have seen the start of a correction in valuations, with the median step-up and the average valuation dropping sequentially all year as the macroeconomic environment deteriorated for unicorns. With exit routes increasingly less attractive and costlier, unicorns have preferred to remain within the VC ecosystem.

⁷: ironSource went public in 2021 but was acquired in 2022, so we omitted it from the following table.

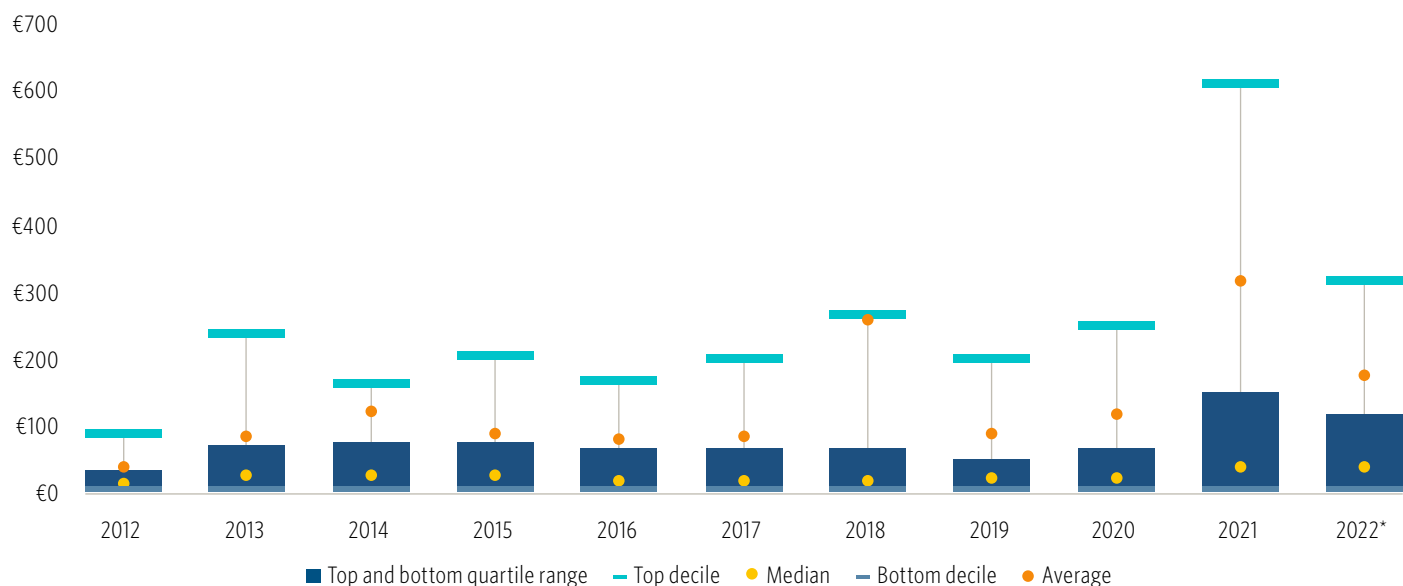
All European unicorn public listings in 2021

Company	Ticker	Deal type	IPO date (2021)	Current market cap (€M)*	Performance since public listing	Working days since listing	HQ location
Arrival	ARVL	Reverse merger	March 24	€95.5	-98.1%	463	UK
ATAI Life Sciences	ATAI	IPO	June 18	€413.9	-79.8%	401	Germany
AUTO1 Group	AG1	IPO	February 4	€1,675.5	-79.5%	497	Germany
Bird Rides	BRDS	Reverse merger	November 5	€50.0	-97.5%	301	Netherlands
Cazoo Group	CZOO	Reverse merger	August 26	€112.3	-98.2%	352	UK
Darktrace	DARK	IPO	April 30	€2,101.3	-22.9%	436	UK
Deliveroo	ROO	IPO	March 31	€1,798.6	-78.7%	458	UK
Monday.com	MNDY	IPO	June 10	€5,160.3	-10.1%	407	Israel
Oxford Nanopore Technologies	ONT	IPO	September 30	€2,300.6	-43.8%	327	UK
VTEX	VTEX	IPO	July 21	€674.2	-78.0%	378	UK
WalkMe	WKME	IPO	June 16	€886.4	-58.8%	403	Israel
Wise	WISE	IPO	July 7	€9,060.9	-38.1%	388	UK

Source: PitchBook | Geography: Europe
*As of December 31, 2022

Liquidity

VC exit valuation (€M) dispersion

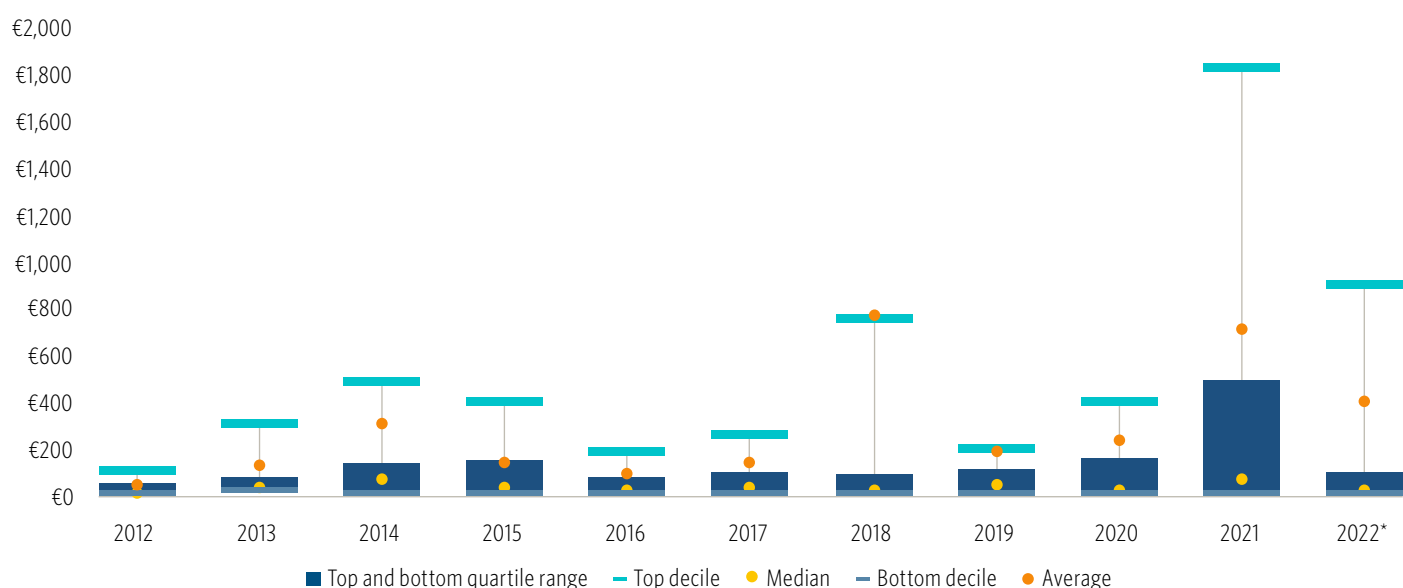


Source: PitchBook | Geography: Europe
*As of December 31, 2022

In 2022, European VC exit valuations retreated from record highs in 2021. Exit appetite was fervent in 2021 as investors and founders rushed to take advantage of conducive market conditions, leading to a glut of public listings for major VC-backed companies. 2022, however, reflected a muted exit market, with recessionary fears and previously VC-backed public companies faltering. As we enter 2023, capital efficiency rather than growth at all costs is the priority for

startups. In 2022, the median exit valuation remained flat at €38.0 million, while the average and top-decile exit valuations were nearly half the 2021 figures. If we disregard exit valuation figures from 2021, 2022 has been a strong year for European VC exits compared with the past decade. Therefore, cause for optimism remains as the current downturn is navigated by stakeholders.

VC public listing valuation (€M) dispersion



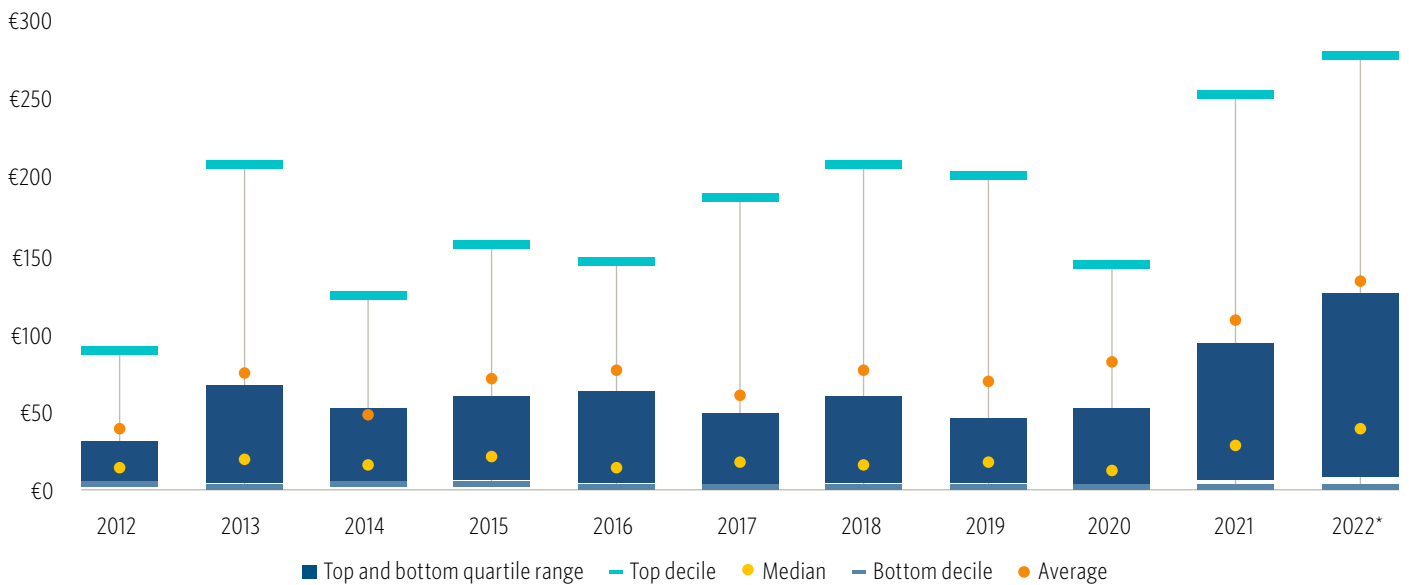
Source: PitchBook | Geography: Europe
*As of December 31, 2022

The acquisition exit route for VC-backed companies could benefit from the lacklustre showing from publicly listed companies in recent quarters. Notable multi-billion-euro exits for financial platform Tink (bought by payments specialist Visa) and gene therapy company Gyroscope (bought by Big Pharma firm Novartis) demonstrate that substantial exit valuations can be generated via corporate acquisitions. Both exits helped the median VC acquisition valuation rise 33.6% YoY to €38.4 million in 2022. Despite broader exit valuations cooling in 2022, acquisitions have proven resilient and may continue to do so in 2023. Mature VC-backed companies may seek corporate backers for exits in 2023 as volatility and scrutiny persists in public markets. Corporate acquisitions could benefit both parties as established firms look to grow their presence in nascent industries and startups realise

returns to investors, share intellectual property, and leverage the existing assets an international firm can offer.

Exit markets have been unpredictable during the past two years, and we expect more of the same in 2023. Recalibrated public market valuations are filtering into the VC ecosystem and will affect future exit valuations in the near term. Moreover, external factors such as evolving geopolitical tensions and weak macroeconomic statistics will impact broader financial markets and subsequent VC exit valuations. Internal factors such as business, financial, and engagement metrics are likely flattening for several hypergrowth companies. Thus, how cash flows, targets, and funding rounds are managed could determine how viable an exit is in the coming quarters.

VC acquisition valuation (€M) dispersion



Source: PitchBook | Geography: Europe
*As of December 31, 2022

Additional research

Private markets



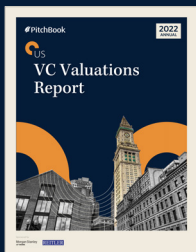
Q3 2022 European VC Valuations Report

Download the report [here](#).



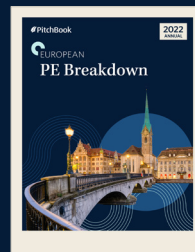
2022 Annual European Venture Report

Download the report [here](#).



2022 Annual US VC Valuations Report

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