

EUROPEAN
Venture Report



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Published on July 17, 2024

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Introduction

As valuations recover, venture capital (VC) deal activity continues to improve. We expect further improvement throughout the year as interest rates continue to decrease. Larger transactions have been gaining share, and out of the top 10 largest deals in Q2, a significant proportion were domiciled in the UK and were from artificial intelligence (AI) companies. It is of little surprise that the vertical attracted €6.3 billion in deal value in H1 2024, pacing above last year. Q2 deal value specifically doubled quarter over quarter (QoQ) to €4.2 billion. AI & machine learning (ML) has thus become the second-most-active vertical in Europe so far this year, behind software as a service (SaaS) but ahead of cleantech. Whilst investment in the AI startup system continues to grow in Europe, adequate infrastructure and regulatory frameworks will be key deciding factors. In May, the European Union (EU) approved the EU AI Act, the first major legislation for AI globally.

We introduce our venture debt dataset in this report, with the asset class having grown significantly in Europe over the past five years. Growth during 2024 has been the highest on record, with the year-to-date (YTD) venture debt value of €17.6 billion already considerably higher than 2023's €12.6 billion. There have been 153 venture debt deals in Europe so far in 2024. 65.4% fall in the more mature areas of the market, with 34.0% of them in venture growth.

This quarter we spotlight the VC ecosystem in France as well as AI investment across Europe. In our [2024 France Private Capital Breakdown](#) published in Q1, we noted resilience within France deal activity driven in part by the country's skew towards AI. However, France's AI & ML deal value, deal volume, and company count still lag those of the UK. The UK has the highest number of VC-backed AI & ML companies with 1,319 startups, more than twice that of France, which has the second-highest number at 520, followed by Israel. Our spotlight also looks at the proportion of AI & ML companies out of all VC-backed firms in each country. Israel has the highest proportion

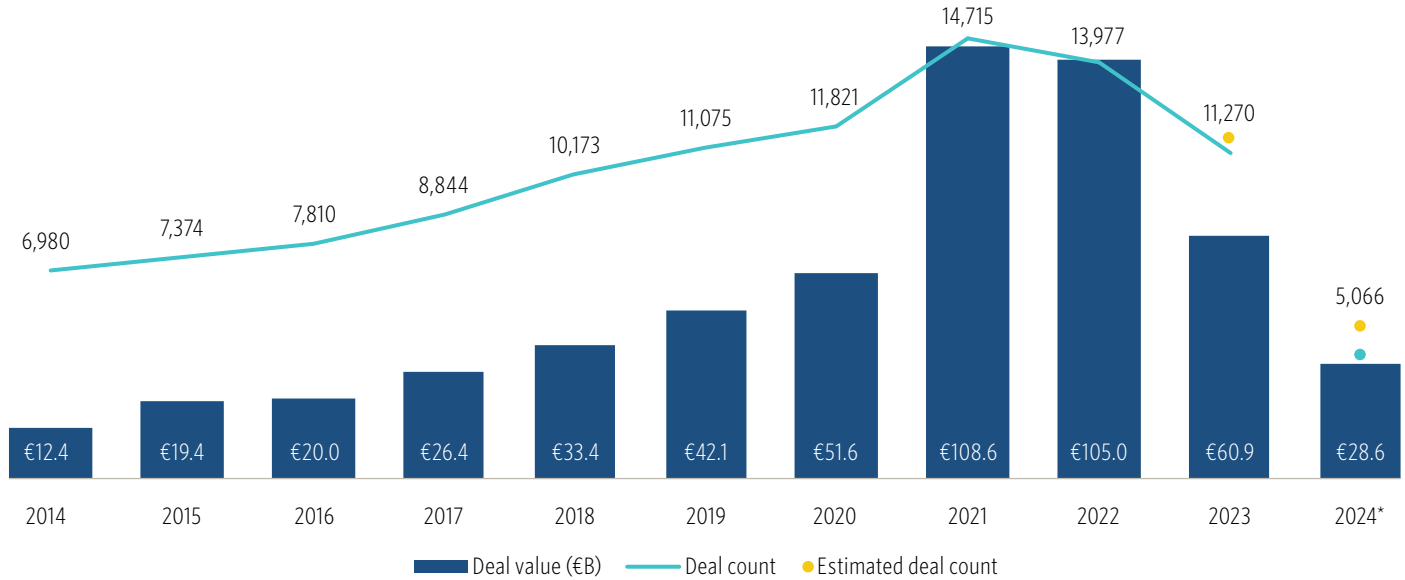
with one-third of its VC-backed companies in AI & ML. It is followed by Luxembourg, Estonia, and Romania. In Western European VC ecosystems, AI & ML companies represent 10.0% to 15.0% of company counts. Apart from AI, political developments in France in the past month have been front and centre of financial markets.

Q2 exits in Europe were buoyed by the listing of luxury player Puig. Excluding this listing, the market showed little sign of recovery. So far in 2024, 85.6% of VC-backed exit value has come from acquisitions, the highest proportion that acquisitions have held in the past 10 years. Overall, within the top exits, we are encouraged to see a peppering of public listings in the league, including cleantech robotics firm RanMarine Technology in the Netherlands and Swedish fintech company GreenMerc. The few initial public offerings (IPOs) that trickled through in Q2 indicate a warm-up of IPOs within Europe, providing proof points for public market sentiment towards new listings. However, the most meaningful IPOs in Europe have mostly been PE backed, and the landscape remains mixed. Although we witnessed some green shoots of recovery in Q2, [as we have written previously](#), we believe the IPO market still points towards more of a vent than a fully open window at this point in the year.

As of H1, capital raised has reached €9.4 billion, leaving a €12.3 billion gap to fill in H2 for fundraising to stay flat year over year (YoY). The current top 20 open VC funds already amount to €15.6 billion and could technically close the gap. Given there are other funds outside the top 20 that will also close through the course of the year, we think it is probable that 2024 levels could match last year's total. Trends show that smaller funds and emerging managers are taking share of capital raised. The top closes so far this year have spanned a broad range of regions and strategies. For the first time since 2018, the UK & Ireland has been knocked off its position of most capital raised in Europe, losing share to France & Benelux.

Deals

VC deal activity



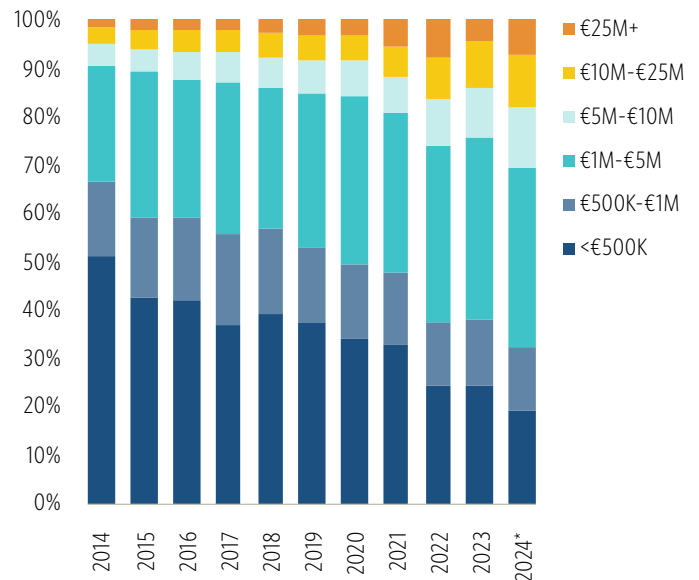
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Deal activity recovery continues

The run rate of deal value in H1 implies 2024 will end 6.2% lower than last year. Note that we have adjusted the deal value for the H2 Green Steel deal in Q1 to include only the equity portion, as the deal comprised €4.1 billion in debt and €300.0 million in equity. Despite this, sequential trends show signs of recovery, with Q2 value up 24.4% QoQ and 9.3% YoY. We expect further improvement throughout the year as valuations recover and interest rates continue to decrease. Volume trends are less resilient, however, with deal counts declining in H1 as fewer deals took place but at higher valuations. Transactions larger than €25.0 million are therefore gaining share of deal count at 7.1% in 2024, close to 2022’s peak levels. Stage-level trends in deal activity echo this, as the proportion of venture-growth deals in H1 2024 increased to its highest level in the past 10 years as valuations have shown some signs of recovery.

The top 10 deals in Q2 spanned a variety of verticals and stages. The UK made up half of the rounds, including the largest rounds of €980.3 million for AI startup Wayve and €933.2 million for fintech business Abound. These were followed by Mistral AI’s €600.0 million round in June, valuing the company, which was founded just a year ago, at a €5.2 billion pre-money valuation, making it the highest-valued company that has closed a deal in 2024. We note

Share of VC deal count by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

that several of the highest-valued companies in Europe have valuations attached to 2021 or 2022, posing the question of whether such companies will witness a haircut when marking to current market conditions.

Top 10 VC deals by deal value in Q2 2024*

Company	Close date	Deal value (€M)	Deal type	Industry	Country
Wayve	May 7	€980.3	Late-stage VC	IT	UK
Abound	May 7	€933.2	Early-stage VC	Financial services	UK
Mistral AI	June 11	€600.0	Early-stage VC	IT	France
Monzo	May 8	€579.9	Venture growth	IT	UK
Highview Power	June 13	€352.2	Late-stage VC	Energy	UK
DeepL	May 22	€278.5	Venture growth	IT	Germany
Black Semiconductor	June 12	€254.4	Early-stage VC	IT	Germany
HarperCrewe	April 24	€233.3	Early-stage VC	B2B	UK
H Company	May 9	€205.5	Pre-seed/seed	IT	France
Elcogen	April 3	€155.0	Late-stage VC	Energy	Estonia

Source: PitchBook • Geography: Europe • *As of June 30, 2024

Top 20 verticals by VC deal value ranking

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
SaaS	4	2	2	2	2	1	1	1	1	2	1
AI & ML	14	11	8	6	6	5	5	5	5	4	2
Cleantech	10	14	11	15	11	11	11	6	7	3	3
Fintech	6	6	5	4	5	4	3	2	2	5	4
Mobile	2	3	3	3	3	3	4	3	3	6	5
Climate tech	18	18	12	16	14	10	8	9	6	1	6
Life sciences	3	5	4	5	4	6	6	8	13	9	7
Manufacturing	8	10	7	10	13	12	13	16	8	8	8
LOHAS & wellness	15	17	16	13	15	15	14	15	9	10	9
Healthtech	16	13	14	12	8	8	7	11	10	11	10
TMT	1	1	1	1	1	2	2	4	4	7	11
Oncology	9	9	13	18	16	14	16	20	20	18	12
Mobility tech	7	7	10	8	9	9	10	14	12	17	13
Big Data	17	16	15	9	10	13	9	13	11	13	14
E-commerce	5	4	6	7	7	7	12	7	14	12	15
Cryptocurrency/ blockchain	20	20	20	20	17	20	20	17	16	16	16
Industrials	11	8	9	11	12	17	15	18	17	14	17
Foodtech	12	12	18	14	20	18	19	12	19	20	18
Supply chain tech	13	15	19	17	18	16	18	10	15	19	19
Cybersecurity	19	19	17	19	19	19	17	19	18	15	20

Source: PitchBook • Geography: Europe • *As of June 30, 2024
Note: Verticals are ordered by 2024 ranking.

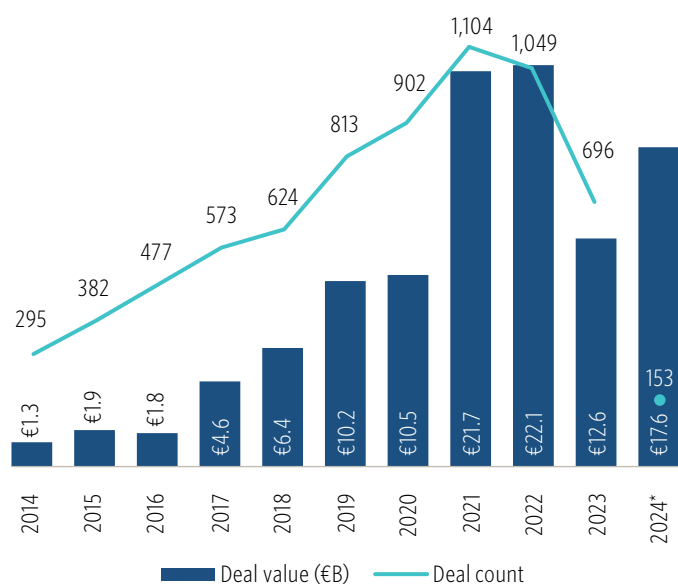
AI at centre of deals and regulation

It was of little surprise that AI companies dominated the top 10 deals in Q2 and held the highest valuations (of companies that have had valuations in the past year). In Q2, half of the top 10 deals were attached to AI-related players, including DeepL, Black Semiconductor, and H Company. The vertical attracted €6.3 billion in deal value in H1 2024, pacing above last year. Q2 deal value specifically doubled QoQ to €4.2 billion. The peak level of activity has been Q1 2022 at €4.7 billion. These days, fewer deals are taking place but at higher valuations.

AI & ML has thus become the second-most-active vertical in Europe so far this year. We rank the top 20 verticals over time by deal count and value. So far in 2024, the ranking of verticals by deal value has shifted, with AI & ML entering the top three, having ranked fourth last year. It comes behind the top vertical, SaaS, which placed second last year. Cleantech kept its third-place ranking YoY. On the other hand, climate tech specifically has fallen behind, being the highest-ranked vertical in 2023 but now placing sixth. Technology, media & telecommunications (TMT) has also lagged to 11th place, and cybersecurity is now the lowest-ranked vertical, having been 15th place last year.

Whilst investment in the AI startup system continues to grow in Europe, adequate infrastructure and regulatory frameworks will be key in determining the rate and nature of adoption. In May, the EU approved the EU AI Act.¹ This represents the first major legislation for AI globally and

Venture debt deal activity



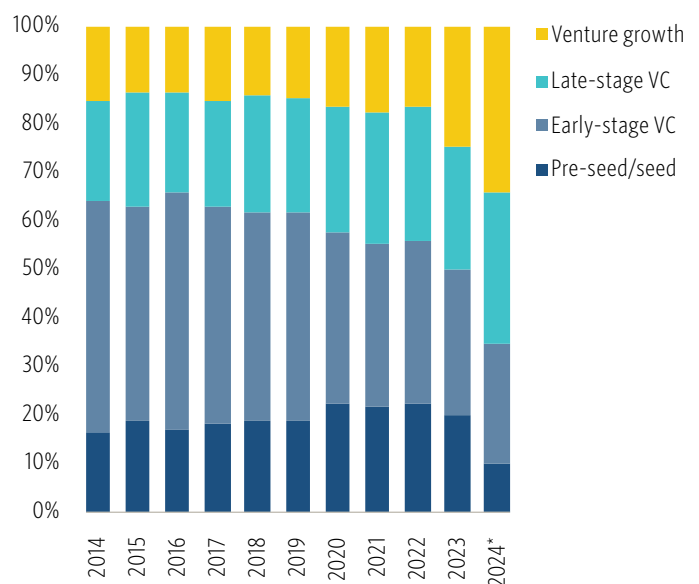
Source: PitchBook • Geography: Europe • *As of June 30, 2024

provides a much-anticipated framework for these rapidly developing technologies that are raising several concerns about copyright, privacy, and algorithmic bias. However, lawmakers in Europe have been criticised for being at risk of restricting development by being more focused on regulating the technology than on fostering innovation.² As often is the case with new technologies, infrastructure will be just as critical as regulation, if not more so, in the development of the ecosystem.³ This includes datacentres to train AI models and access to diverse datasets.

Venture debt continues to rise

We introduce our European venture debt dataset in this report, with the asset class having significantly grown in Europe over the past five years. Growth during 2024 specifically has been the highest on record, with the YTD venture debt value of €17.6 billion already considerably higher than 2023's €12.6 billion. There have been 153 venture debt deals in Europe so far in 2024, which significantly paces below last year, evidencing that a value-over-volume trend is driving the resilience of the asset class. 65.4% fall in the more mature areas of the market, with 34.0% of them in venture growth. 57.4% of venture debt value in H1 2024 came from venture-growth companies, followed by 38.1% from early-stage companies. Top deals that have driven these trends include two large deals for H2 Green Steel, which has raised €7.9 billion of cumulative debt within the span of two years. The largest deal was also Europe's largest green loan, from Swedish cleantech firm Northvolt, amounting to €4.6 billion.

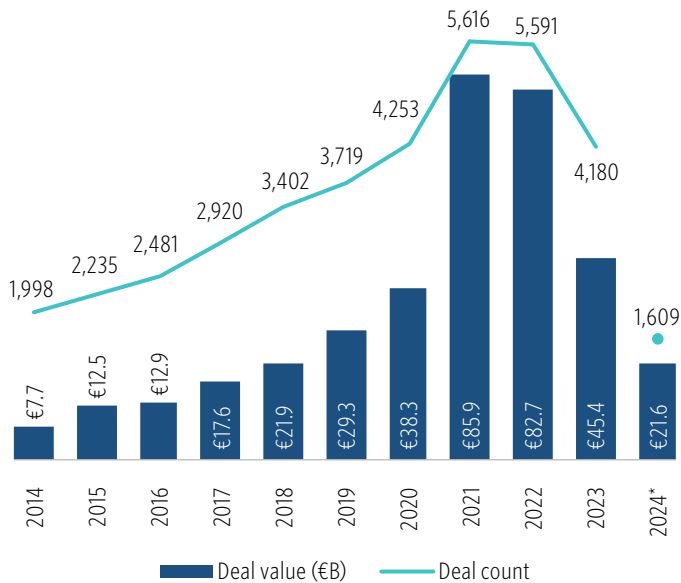
Share of venture debt deal count by stage



Source: PitchBook • Geography: Europe • *As of June 30, 2024

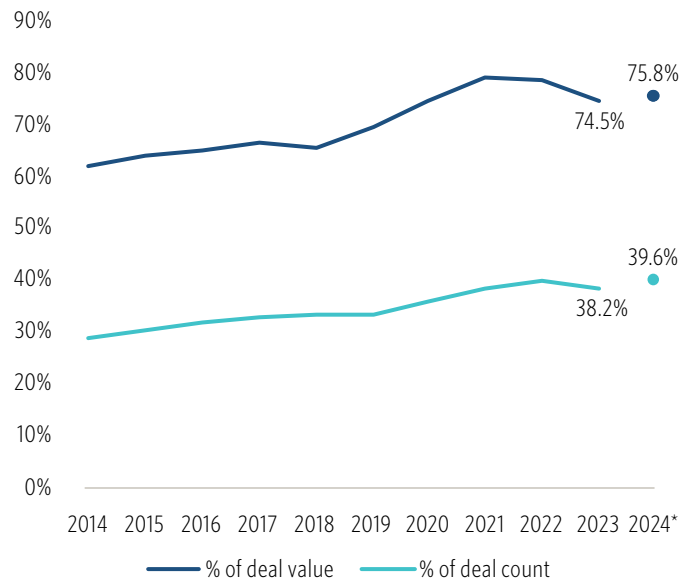
1: "EU AI Act: First Regulation on Artificial Intelligence," European Parliament, June 8, 2023.
 2: "Europe Is at Risk of Over-Restricting AI and Falling Behind U.S. and China, Dutch Prince Says," CNBC, Ryan Browne, June 26, 2024.
 3: "Mistral AI Warns of Lack of Data Centres and Training Capacity in Europe," Euronews, Cynthia Kroet, June 14, 2024.

VC deal activity with nontraditional investor participation



Source: PitchBook • Geography: Europe • *As of June 30, 2024

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



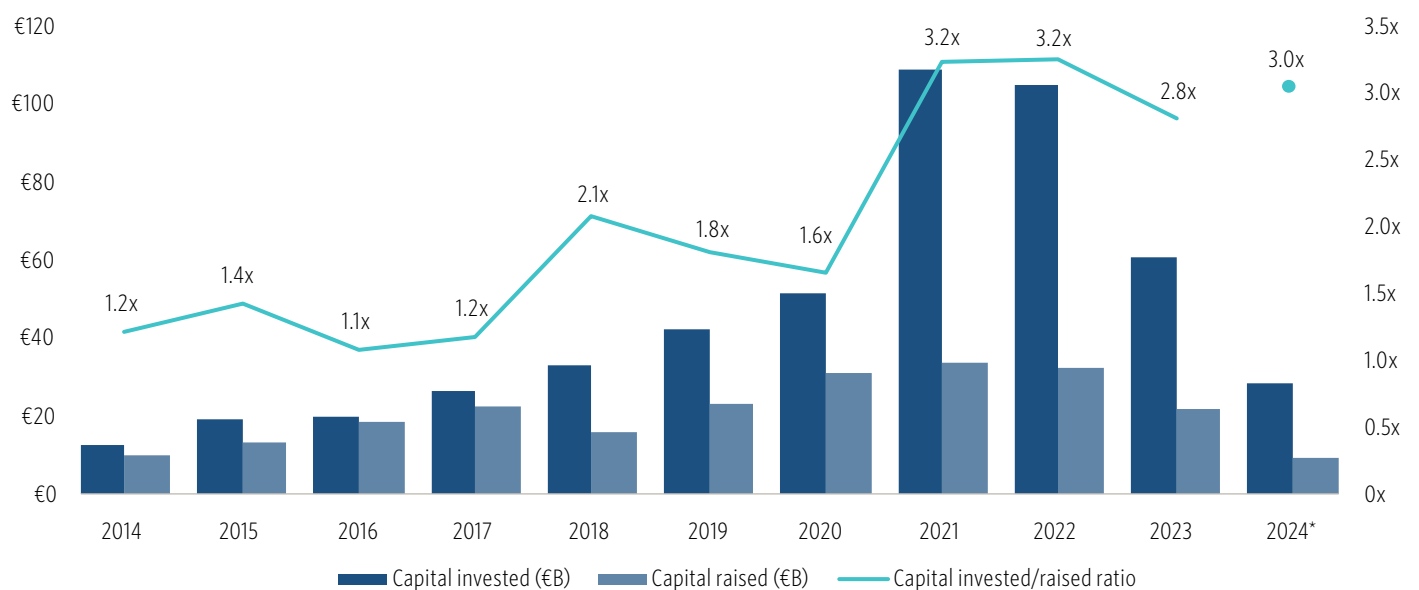
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Nontraditional investors

Nontraditional investor deal value in H1 2024 shows similar trends to the rest of the venture ecosystem. If maintained for the rest of the year, the run rate of €21.6 billion implies that nontraditional investor deal value will end the year 4.7% lower YoY. Despite promising signs for VC fundraising, which we discuss later in this report, the capital invested/raised ratio continues to increase, sitting at 3.0x in H1. This highlights the disparity between the rates of deal activity and fundraising activity but also shows the role that nontraditional (and cross-border) investment has in supporting the growth of

venture deal activity in Europe. So far in 2024, 75.8% of deal value in Europe has included some form of nontraditional participation. Large well-known rounds from startups such as Monzo, Mistral AI, and Wayve also attracted US investors in Q2. Outside of these top three, the largest rounds with nontraditional investor participation included industrial energy storage player Highview Power, backed by corporates such as Centrica and Rio Tinto. Government involvement also continues; the next-largest corporate-backed deal, from German deep tech spin-off Black Semiconductor, received funding from the German government and the likes of Porsche Ventures in Q2.

VC capital invested versus capital raised



Source: PitchBook • Geography: Europe • *As of June 30, 2024

A WORD FROM J.P. MORGAN

Our views on venture

Europe's economic outlook is improving just as elections are stirring up market volatility.

Most macroeconomic indicators in Europe point to some improvement after muted growth in late 2023 and early 2024. In June, the European Central Bank (ECB) made its first rate cut in almost five years, lowering policy rates by a quarter point to 3.75%. Even though inflation is likely to remain above target into next year and visibility is low, we expect two additional cuts in 2024 and five next year as the ECB has entered the "dialling back" phase of its restrictive stance on monetary policy.

Unexpected election outcomes are a larger-than-usual risk to the outlook this year. The recent political developments in France caused French sovereign bond spreads to experience historic widening. While the flow-through into economic growth is likely to be limited, it is a recent reminder to founders and investors to be prepared for a wide range of market events and scenarios. This could take the form of higher rates, a commodity or foreign exchange shock, or politically or geopolitically induced volatility.

Signs of recovery are emerging across the Europe venture capital ecosystem.

Following a significant pullback over the past two years, it is encouraging to see improving activity across the Europe, Middle East & Africa (EMEA) venture capital ecosystem. In most aspects, conditions have returned to pre-pandemic levels. Deals occurring at the Series A level are looking robust, with both sizes and valuations back above 2021 peaks. On the other hand, later-stage companies are attracting less funding and challenged to maintain valuations attributed at previous rounds.

UK-, EU-, and US-based venture capital firms remain focused on deploying capital as well as nontraditional venture capital, such as corporate venture capital (CVC) funds. This activity will be important to watch within the deep tech and AI space as these sectors appear to be attracting a more diverse investor base. Corporates are keen to understand which technologies may enhance or disrupt their business models, and investing in those technologies may serve as a natural hedge.



Ginger Chambless

Head of Research, Commercial Banking

Ginger Chambless is a Managing Director and Head of Research for JPMorgan Chase Commercial Banking. In this role, she produces curated thought leadership content for commercial banking clients and internal teams. Her content focuses on economic and market insights, industry trends, and the capital markets.

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Overall, as venture investment activity continues to recover, funding for EMEA venture funds is following suit. The number and size of venture funds raised have been on an upward trend since the first quarter of 2023, implying a return to better times for EMEA venture investors. Furthermore, the number of venture megafunds (funds over \$1 billion) has also increased over the same time period.

From a regional perspective, it is notable that startups out of the Nordic region have consistently performed well. Despite the Nordics being a relatively small section of EMEA's venture ecosystem, the quality of what has been created, commercialised, and globalised in the region has been as good as anything in Europe. With the rise of climate tech, this trend should continue. Outside of the Nordics, we have seen city centres with strong universities such as Manchester, Edinburgh, and Zurich also produce companies rich in intellectual property.

The exit environment is on the road to recovery with IPOs restarting and mergers & acquisitions (M&A) remaining integral.

IPOs have had their strongest start to the year since the heights of 2021. In Europe alone, issuance has been more than double the same period in 2023. Strong global investor demand and supportive aftermarket performance have helped create momentum for IPOs. In combination with a clearer outlook for interest rates and regional stock markets

hitting all-time highs, there has been increased engagement from sponsors and founders on exit opportunities within the public markets.

In addition to IPOs, equity capital markets continue to be very busy in general. There has been a surge of activity in blocks, rights issues, and convertibles over the past four to six months. At the same time, M&A activity is solid, with notable cross-border demand. In the first few months of the year, nearly half of the top 30 acquirers of EMEA-based startups were US based.

When evaluating an equity raise or public listing, important considerations for founders include where the relative comparable set trades best and where the deepest pools of capital are found. US markets have the deepest pools of capital and trading liquidity, so it is natural that the number of conversations with international companies to list on US exchanges has increased with the US IPO market restarting. In some cases, the best option could be closer to home. Europe and other listing venues are fully viable to complete a deal; for example, both Puig and CVC listed well and have traded positively.

Private capital markets remain active.

The trends observed across private capital markets in the US are carrying over to Europe, as Q2 2024 saw a higher dollar volume of deals than Q2 2023 even though deal counts were lower. This relates to late-stage AI & ML startups, which saw sizeable raises in Q2. The quarter has also seen a pickup in activity from fintech companies, which we expect to accelerate throughout the year.

Investors remain focused on paths to profitability, although unique and strong growth stories are still being well rewarded.

European companies continue to attract global investors with strong participation from US venture capitalists.

Venture debt as a potential source of capital should be considered carefully and in a long-term context.

More venture debt providers have come into the European market, including both debt funds and banks that have widened their debt aperture. This has increased awareness and availability of nondilutive capital such as venture debt. The ongoing pressure on prior-round valuations has increased its attractiveness as a potential source of capital.

But like equity partners, it is important for founders to consider venture debt providers as a long-term relationship. It is critical to choose a partner you can trust over time and one that is vested in the long-term success of your company—not just in securing the best terms available at this point in the cycle.

Regulatory developments remain top of mind, especially in fast-growing sectors.

The fastest-evolving sectors are those receiving the highest level of investment: AI and climate tech. Within AI, we are beginning to see real applications within verticals, and soon enough, the word “AI” will be akin to “software.”

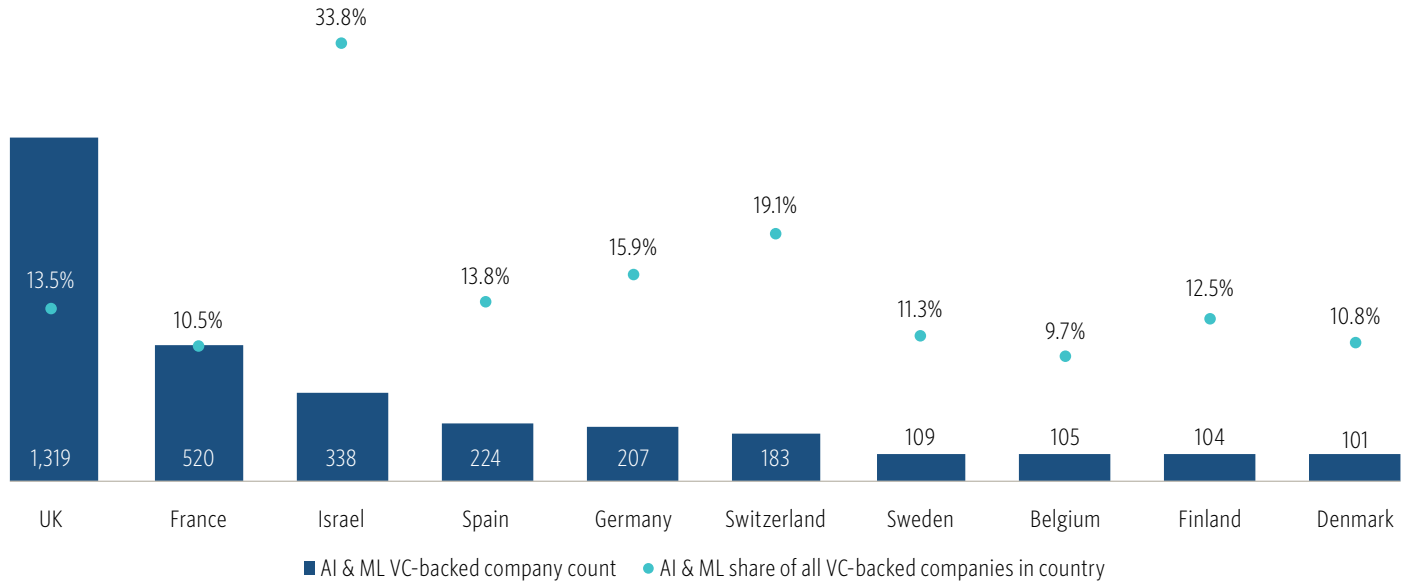
To effectively regulate AI in real time, legislators need to be fluent in the industry and part of the change, or there will be a consistent lag, which presents risks for unintended consequences. In the near future, we expect large corporations across industries to start incorporating the latest developments in AI & ML. This will likely test the applicability and suitability of existing AI regulation, leading to a further refined take on the subject and likely closer regulatory alignment across geographies.

Outside of AI, fraud continues to be a growing concern with regulators and tech companies alike. Reducing friction for customers is a key element in growing market share and encouraging adoption of new technologies; yet at the same time, it attracts bad actors who exploit weaknesses.

SPOTLIGHT

France and AI across Europe

AI & ML VC-backed company count by country*



Source: PitchBook • Geography: Europe • *As of June 30, 2024

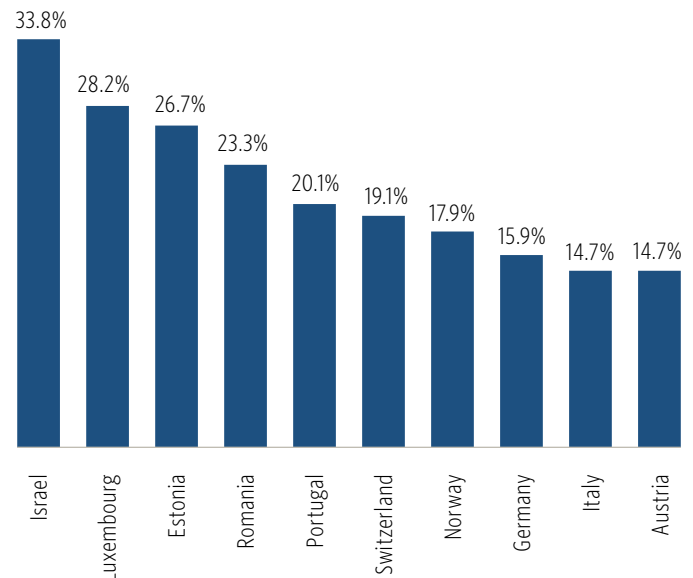
France focused on AI

In our [2024 France Private Capital Breakdown](#) published in Q1, we noted resilience within France VC deal activity. We believe part of this was driven by the country’s skew towards AI. As previously noted in the [“Deals” section](#), the vertical is proving to house some of the largest rounds and valuations seen in Europe. But with several engineering universities, France’s strong academic background can drive homegrown talent, which will foster the development of the industry in the country. Furthermore, the French government has emphasised “digital sovereignty” and aims to encourage the development of a domestic AI industry, especially through startups developing and using AI technology.

The AI ecosystem across Europe

France’s AI & ML deal value, deal volume, and company count, however, still lag those of the UK. As we look at the nuances of how the AI ecosystem is developing across Europe, we see that the UK has the highest number of VC-backed AI & ML companies with 1,319 startups, more than twice that of France, which has the second-highest number at 520, followed by Israel. The league table roughly parallels the development of the broader VC ecosystems in each country. We therefore look at the proportion of AI & ML companies out of all VC-backed firms in each country, where a different ranking emerges. Israel has the highest

Top 10 countries by AI & ML share of all VC-backed companies in country*



Source: PitchBook • Geography: Europe • *As of June 30, 2024
Note: This ranking includes only countries with at least 50 VC-backed companies.

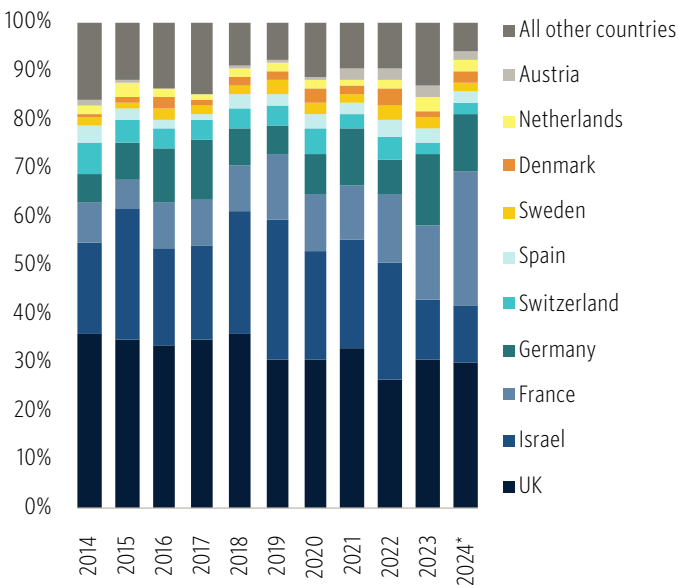
proportion with one-third of its VC-backed companies in AI & ML. It is followed by Luxembourg and Estonia. Whilst these are smaller ecosystems, they demonstrate the important role that the vertical is playing in fostering venture ecosystems across Europe. In Western European VC ecosystems, AI & ML companies represent 10.0% to 15.0% of company counts.

The trends in AI & ML deal value and volume diverge by country. Overall VC deal activity in France somewhat plateaued in Q2, with H1 deal value totalling €4.2 billion, pacing below last year. 42.6% of this deal value came from AI & ML deals. As a proportion of all AI & ML deal value in Europe, France held a 28.1% share in H1 2024. The country's share was marginally beaten by the UK, which held 30.1% of AI & ML deal value in Europe. The development of France's AI hub, and Paris in particular, has been noteworthy, with the country's share of European AI & ML deal value doubling in the past year, significantly catching up to the UK. Both countries continue to widen the gap between other key countries in Europe, with Germany the third-largest ecosystem at an 11.9% share. However, the deal volume discrepancy between these countries is much larger: In H1, France represented only 8.6% of AI & ML deal count in Europe, holding a smaller share than the UK and Germany.

Politics at the centre

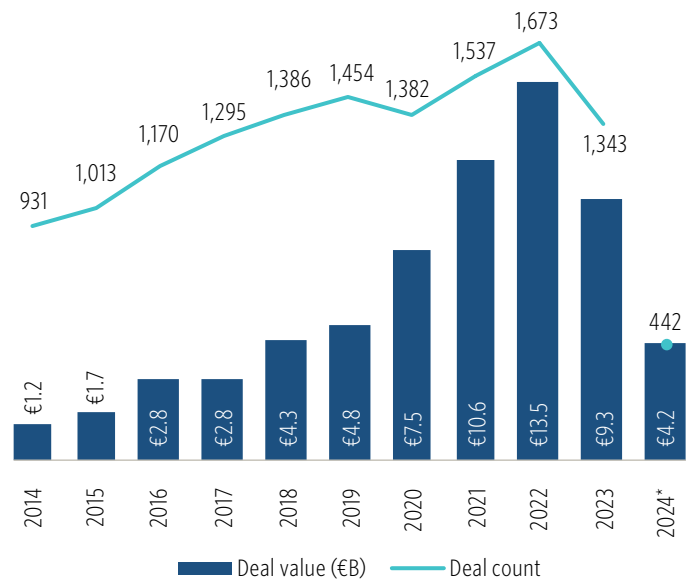
For France, political developments in the past month have been front and centre of financial markets. On June 9, French president Macron called for a snap general election. The momentum towards the far-right party, National Rally (RN), has weighed on public markets, with the CAC 40 down 7.0% over the past month (as of June 27). France has been a large hub for venture capital in Europe with the current government providing several tech initiatives in the form of investments and the French Tech Visa. The diversity of talent and data is key for the development of AI technologies specifically, with the RN's hard line on immigration likely

Share of AI & ML VC deal value by country



Source: PitchBook • Geography: Europe • *As of June 30, 2024

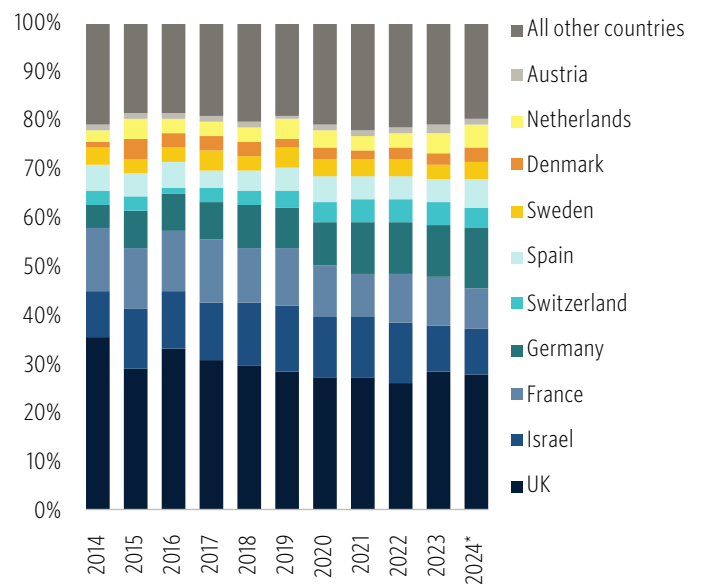
France VC deal activity



Source: PitchBook • Geography: France • *As of June 30, 2024

to hinder progress.⁴ Such political uncertainty has wider ramifications, with volatility metrics in Europe spiking over the past few weeks due to the elections. This has caused other European firms to delay capital market activity, such as the listing of Italian luxury brand Golden Goose and Spanish retailer Tendam. At the beginning of the year, we noted favourable geopolitics/politics to be one of the [five "handles" to open an IPO window](#). Such events are clear examples of how volatility can dictate activity despite more favourable valuations.

Share of AI & ML VC deal count by country

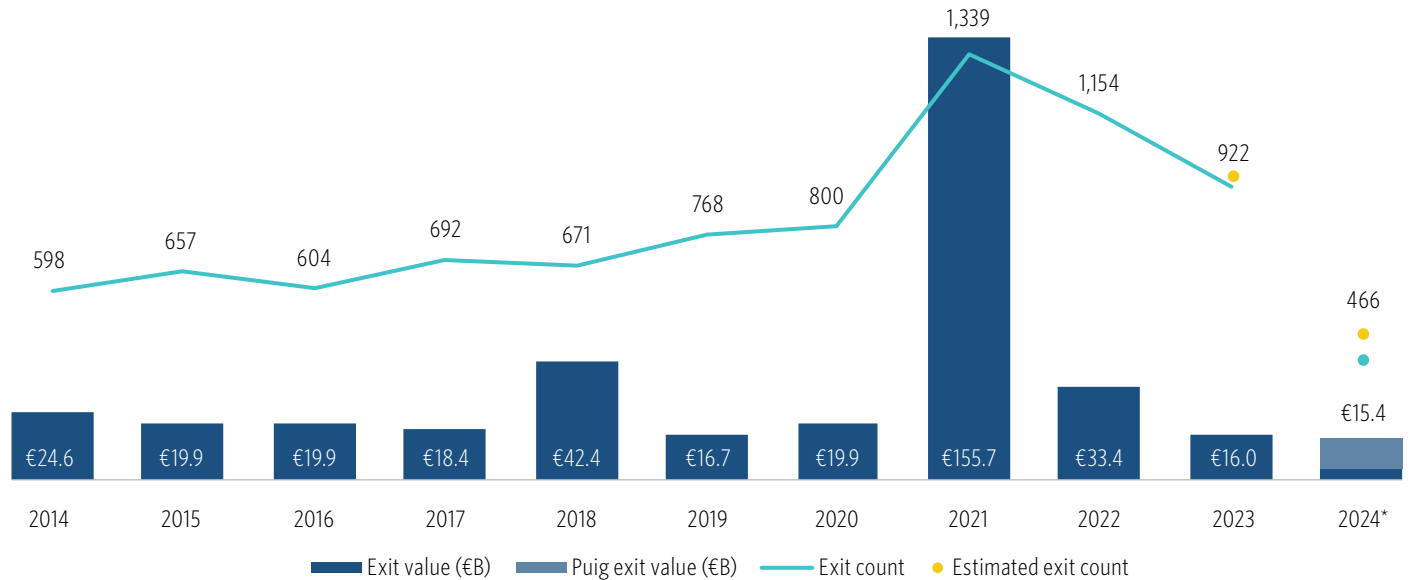


Source: PitchBook • Geography: Europe • *As of June 30, 2024

4: "Very Bad News: Why French Tech Is Worried About Emmanuel Macron's Snap Election," Euronews, Pascale Davies, June 24, 2024.

Exits

VC exit activity



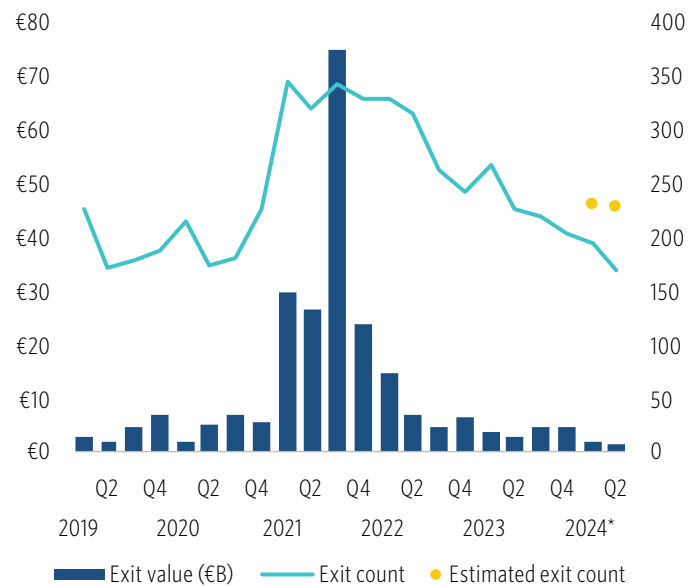
Source: PitchBook • Geography: Europe • *As of June 30, 2024

Exits are happening but at more distressed valuations

At €15.4 billion, headline exit value in venture appeared to be recovering in H1, nearing 2023 levels. However, looking beneath the surface, €11.3 billion of this exit value was from the IPO of Spanish luxury player Puig. We therefore strip this listing out from the following analysis given the significant skew it has on the underlying market dynamics. Excluding the Puig listing, both value and volume trends in H1 2024 exit activity continue to imply YoY decreases if extrapolated for the rest of the year. The H1 exit value of €4.1 billion came in 39.3% below the same period last year, whilst the H1 exit count was 6.0% lower. The first half of the year saw rather evenly weighted quarters, slightly decreasing QoQ in Q2. Despite green shoots within listing markets (detailed in the following section), the disparity between M&A and public listings remains large, with 85.6% of VC-backed exit value in 2024 coming from acquisitions. This was up from an 80.3% share in 2023 and is the highest proportion that acquisitions have held in the past 10 years.

Given the distressed nature of several exits that are occurring in the market, the rate of undisclosed exit values stands at a decade high in 2024, with 89.5% of exits not stating a size. Of those known, smaller exit sizes of less than €25.0 million have always held the majority share within VC and continued to do so through H1. Of the top 10 exits by size in the quarter, the largest was the listing of Puig with an exit size of €11.3 billion. Outside of this, the acquisition

VC exit activity by quarter



Source: PitchBook • Geography: Europe • *As of June 30, 2024
Note: This chart excludes the Puig public listing.

of social media platform BeReal was the largest at €500.0 million, bought by apps and games publisher Voodoo. A string of large exits in Israel followed this top exit, including the acquisitions of BELKIN Vision for €307.9 million and AI startup Deci for €279.2 million and the IPO of nanotech manufacturer Gauzy, which raised €229.6 million.

Top 10 VC exits by exit value in 2024*

Company	Close date	Exit value (€M)	Exit type	Industry
Puig	May 3	€11,290.8	IPO	B2C
BeReal	June 11	€500.0	M&A	IT
BELKIN Vision	May 5	€307.9	M&A	Healthcare
Deci	May 2	€279.2	M&A	IT
Gauzy	June 7	€229.6	IPO	B2B
Qwak	June 26	€213.3	M&A	IT
Gett	May 9	€162.1	M&A	IT
RanMarine Technology	April 23	€49.0	IPO	IT
P2X Solutions	April 12	€47.0	M&A	Energy
Unnax	April 24	€40.0	Buyout	IT

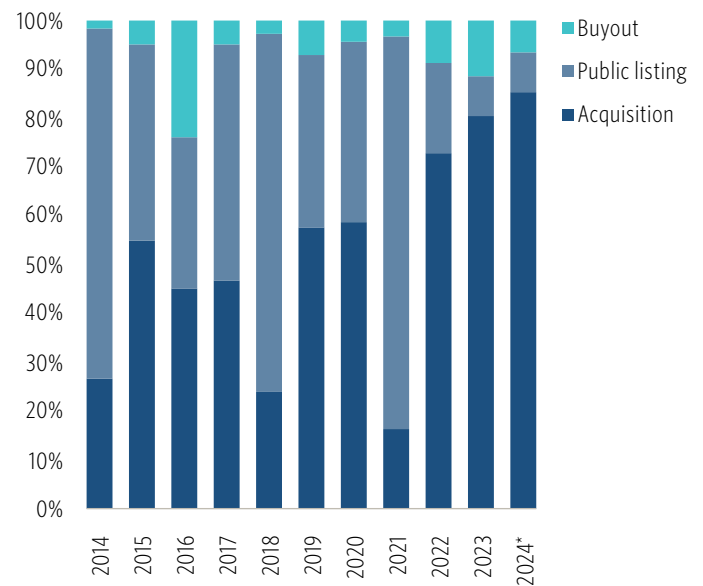
Source: PitchBook • Geography: Europe • *As of June 30, 2024

We continue to view 2024 as more of an IPO vent than a window

Overall, within the top exits, we are encouraged to see a peppering of public listings in the league, outside of Puig's listing. These include listings of cleantech robotics firm RanMarine Technology in the Netherlands and Swedish fintech company GreenMerc. The few IPOs that trickled through in Q2 indicate a warming of the IPO market in Europe, providing proof points for public market sentiment towards new listings. However, the most meaningful IPOs in Europe have mostly been PE backed, and the landscape remains mixed. The VC-backed listing count increased in Q2 as the ECB's rate cut was triggered, providing a brighter macroeconomic backdrop for stock markets. However, although valuation metrics have recovered recently, volatility metrics have increased, causing companies such as Golden Goose and Tendam to delay listing.^{5,6}

As mentioned, in Q2 we witnessed some green shoots of recovery, but we believe the IPO market still points towards more of a vent than a fully open window at this point in the year. Whilst VC-backed public listing value (excluding the Puig listing) reached €0.3 billion in Q2, the highest quarter since Q1 2023, this is still below pre-2021 averages. Furthermore, the H1 run rates of listing value and volume imply a 56.8% and 24.1% decline, respectively, YoY. Whilst this does not account for a recovery in H2, current trends suggest that we would need an extra three or four listings

Share of VC exit value by type



Source: PitchBook • Geography: Europe • *As of June 30, 2024
Note: This chart excludes the Puig public listing.

per quarter through the rest of the year for listing counts to match 2023 levels, which sat at a decade low. Given more rate cuts are expected in H2 and valuations are recovering in VC (in Q1 2024, venture-growth valuations were up QoQ for the first time, by 5%), we believe the market is warming up and setting the stage for a bigger window to open in 2025.

5: "Permira's Last-Minute Decision to Kill the Golden Goose IPO," Financial Times, Silvia Sciorilli Borrelli, Ivan Levingston, and Kaye Wiggins, June 19, 2024.

6: "Spanish Fashion Retailer Tendam Delays IPO to After the Summer, Source Says," Reuters, Corina Pons and Inti Landauro, June 19, 2024.

Top 20 verticals by VC exit value ranking

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Life sciences	3	2	2	5	6	1	1	5	3	2	1
SaaS	4	3	7	9	7	7	9	2	5	1	2
Mobile	8	7	13	1	4	6	4	6	2	11	3
AI & ML	11	15	4	17	16	5	11	10	8	6	4
Oncology	5	4	3	11	8	3	3	16	17	10	5
Manufacturing	9	6	6	10	10	4	5	11	9	8	6
Big Data	12	13	5	18	14	15	17	13	11	7	7
Mobility tech	17	19	11	4	13	12	8	4	13	17	8
Fintech	16	11	17	15	3	13	12	7	7	4	9
Cleantech	10	9	14	14	17	8	10	8	14	13	10
Foodtech	6	14	12	6	19	18	19	12	6	15	11
Cybersecurity	15	10	18	13	11	14	15	15	15	3	12
E-commerce	1	5	9	3	5	9	6	3	10	14	13
TMT	2	1	1	2	1	2	2	1	1	5	14
Industrials	14	8	10	12	9	11	7	9	18	19	15
Audiotech	19	17	20	19	2	20	20	17	19	20	16
Healthtech	18	12	19	16	12	16	13	14	12	12	17
Esports	20	20	15	20	20	17	18	20	20	18	18
Supply chain tech	7	16	8	7	18	19	16	18	4	16	18
Gaming	13	18	16	8	15	10	14	19	16	9	18

Source: PitchBook • Geography: Europe • *As of June 30, 2024
Note: This table excludes the Puig public listing. Verticals are ordered by 2024 ranking.

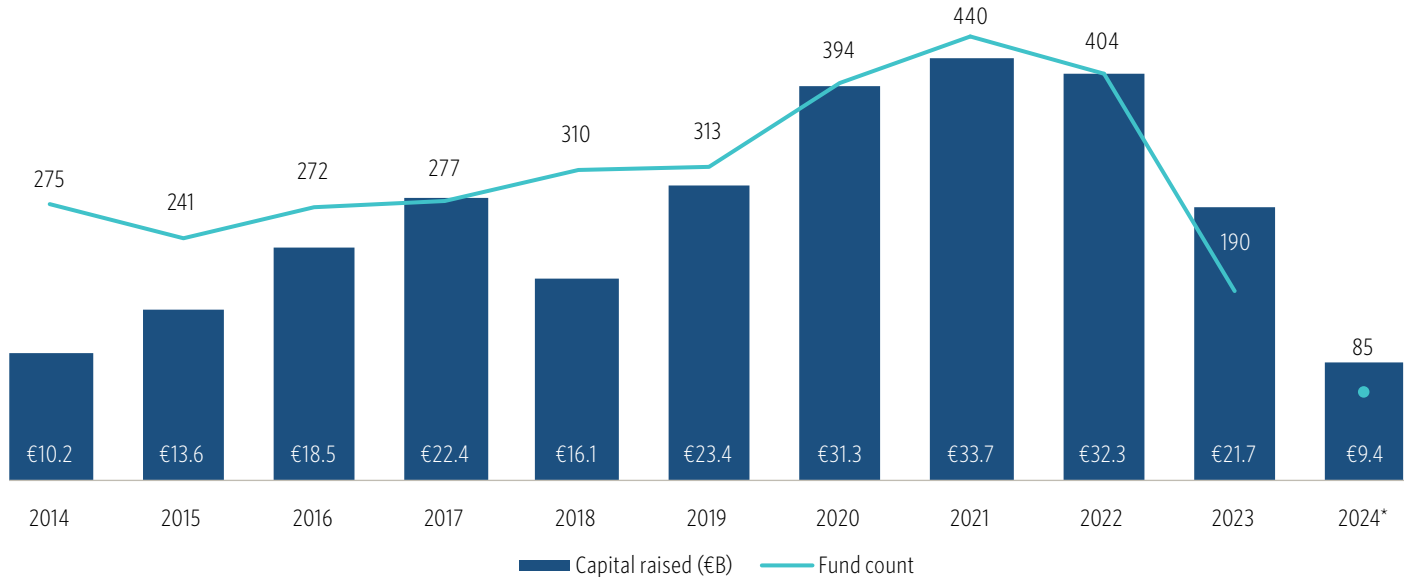
Exit activity rankings by vertical

We rank the top 20 verticals in Europe over time by exit count and value. In H1 2024, the ranking of verticals shifted, with mobile entering the top three industries for exit value, having ranked 11th last year. This came behind the top

vertical, life sciences, which was second place last year, and SaaS, which came in second this year. On the other hand, TMT and cybersecurity have lagged, sitting in the bottom half despite being the fifth- and third-ranked verticals, respectively, last year. Fintech also fell from fourth position to ninth this year.

Fundraising

VC fundraising activity



Source: PitchBook • Geography: Europe • *As of June 30, 2024

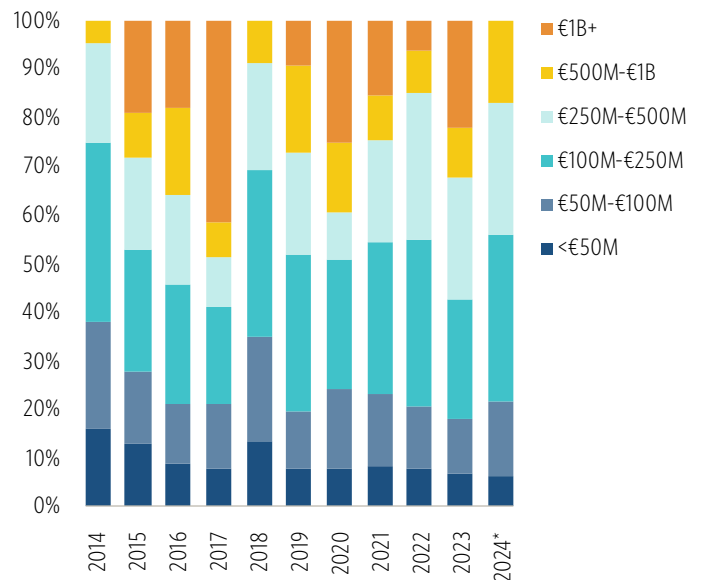
H1 fundraising trends in line with outlook

The run rate of activity for European VC fundraising so far this year implies capital raised could decrease 13.1% YoY, down from €21.7 billion in 2023. Capital raised as of H1 2024 reached €9.4 billion, leaving a €12.3 billion gap to fill for fundraising to stay flat YoY. The current top 20 open VC funds already amount to €15.6 billion and could technically close the gap. Given there are other funds outside the top 20 that will also close throughout the course of the year, we think it is probable that 2024 levels could match last year's total.

Our prediction that larger vehicles will support fundraising totals, however, is not being proven by current trends, where funds under €250.0 million have gained share. These smaller funds now represent 55.8% of capital raised in Europe so far in 2024, compared with the 42.3% share at the end of 2023. This tracks with trends in emerging and experienced managers, with emerging managers taking share of fundraising volume and value, making up 70.6% of closes so far in 2024 and over half of capital raised. Overall, the median fund size in VC continued to increase, sitting at €75.0 million in H1 versus €63.0 million in 2023.

The top closes in H1 spanned a broad range of regions and strategies. 12 of the top 20 closed in Q2. Seven were disclosed as early-stage vehicles specifically and two as late stage. The largest close was an early-stage fund from Accel

Share of VC capital raised by size bucket



Source: PitchBook • Geography: Europe • *As of June 30, 2024

London for €606.7 million. This was followed by Creandum VII in Stockholm at €500.0 million and Innovation Industries Fund III in the Netherlands, also at €500.0 million. All three of the top players closed in May and June, demonstrating that in the current market, larger firms are still able to secure capital.

Top 10 closed VC funds by fund value in 2024*

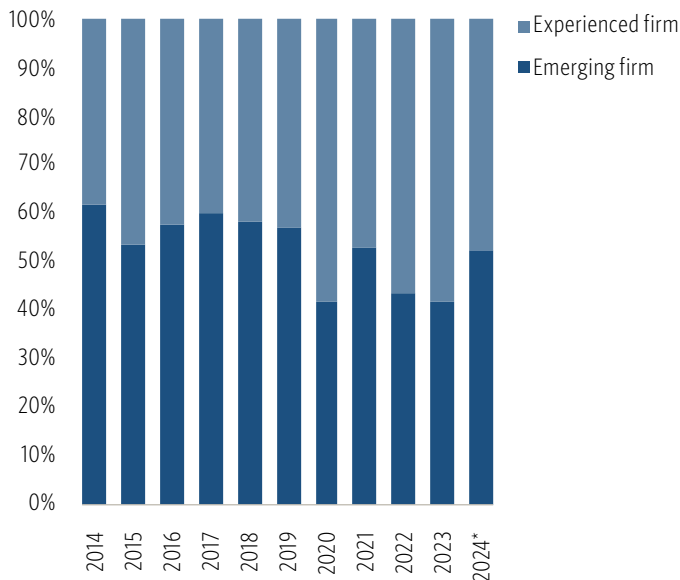
Fund	Close date	Fund value (€M)	Fund type	City	Country
Accel London VIII	May 14	€606.7	Early-stage VC	London	UK
Creandum VII	June 3	€500.0	VC	Stockholm	Sweden
Innovation Industries Fund III	May 15	€500.0	Late-stage	Amsterdam	Netherlands
Partech Venture Fund	January 9	€360.0	VC	Paris	France
Speedinvest IV	January 31	€350.0	Early-stage VC	Vienna	Austria
GREENPEAK Continuation Fund I	April 16	€350.0	VC	Munich	Germany
Norrskan VC Fund II	May 14	€320.0	Early-stage VC	Stockholm	Sweden
imec.xpand II Fund	June 18	€300.0	Early-stage VC	Leuven	Belgium
imec.xpand Global Venture Capital Fund	May 2	€300.0	VC	Leuven	Belgium
WF World Fund I	March 22	€300.0	VC	Berlin	Germany

Source: PitchBook • Geography: Europe • *As of June 30, 2024

For the first time since 2018, the UK & Ireland has been knocked off its position of most capital raised, ousted by France & Benelux, losing share from 38.7% in 2023 to 23.2% in H1 2024. On the flip side, the largest gainer was the Nordics, doubling its share of capital raised to 12.4% in H1 from 6.5% in 2023, supported by the closes from

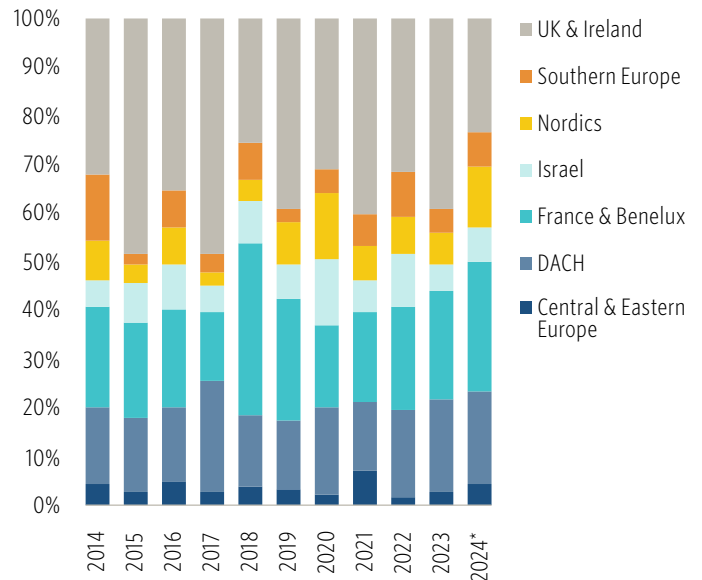
Creandum and Sandwater. The H1 2024 run rates of activity imply that only Germany, Austria & Switzerland (DACH) and the UK & Ireland are on track to end 2024 lower YoY (-12.3% and -47.9%, respectively). Regions that are pacing the highest above last year include the Nordics and Central & Eastern Europe.

Share of VC capital raised by manager type



Source: PitchBook • Geography: Europe • *As of June 30, 2024

Share of VC capital raised by region



Source: PitchBook • Geography: Europe • *As of June 30, 2024

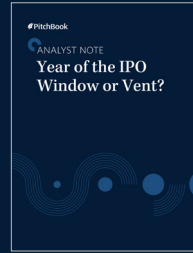
Additional research

Private markets



2024 European Private Capital Outlook: Midyear Update

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Q2 2024 Analyst Note: Year of the IPO Window or Vent?

Download the report [here](#)



Q1 2024 UK Market Snapshot

Download the report [here](#)



Q1 2024 Italy Market Snapshot

Download the report [here](#)



Q3 2023 Global Fund Performance Report (with preliminary Q4 2023 data)

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Q1 2024 European VC Valuations Report

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