

Venture capital in Europe

Q1 2023 update

April 2023

1. Global

2. Europe

3. EMEA

4. Country spotlight: UK

5. Supercluster spotlight: New Palo Alto

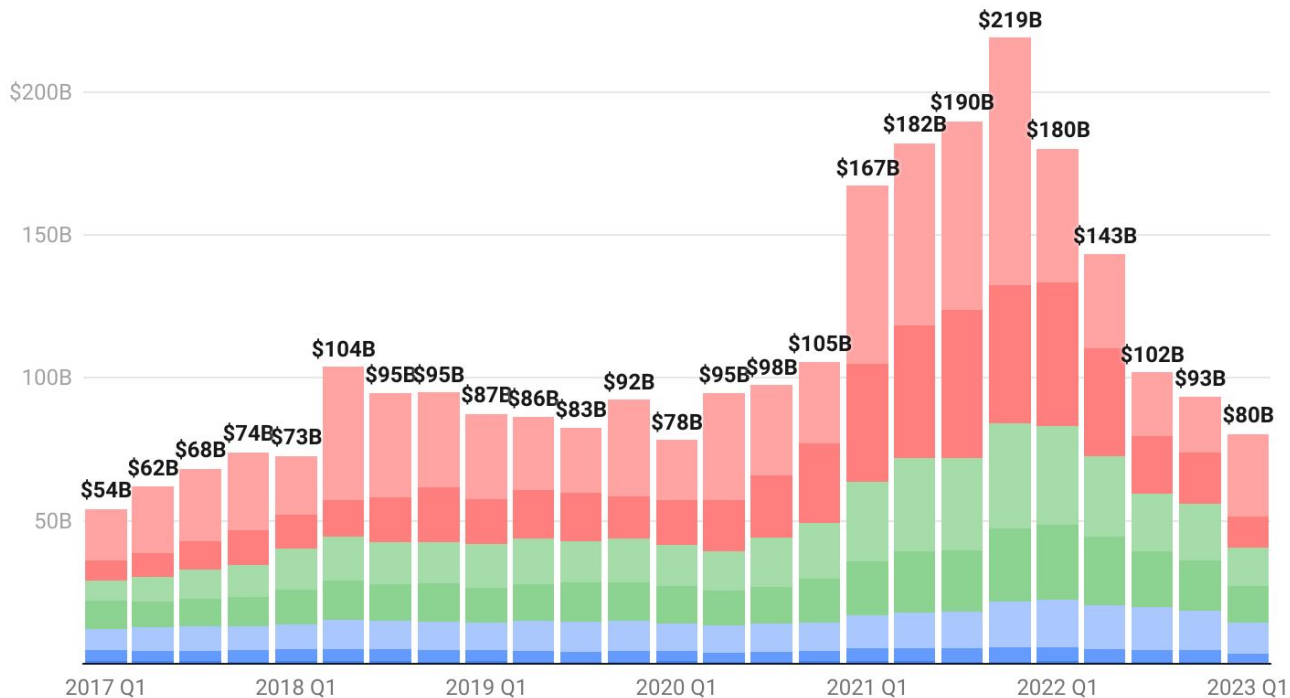
In Q1 2023, \$80 billion was invested, down 64%.

Early stage startups that raised big rounds in Q1 include [Remp People](#), [Almentor](#), [Tané](#), and [Meshini](#).

[View all rounds »](#)

Global Quarterly Venture Capital investment

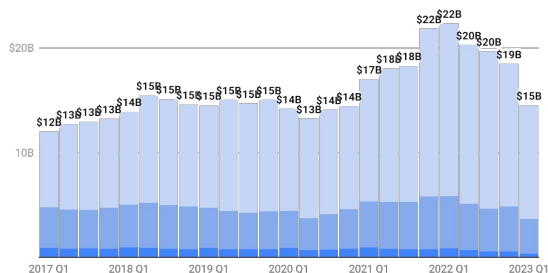
Legend: \$0-1m (Pre Seed) | \$1-4m (Seed) | \$4-15m (Series A) | \$15-40m (Series B) | \$40-100m (Series C) | \$100-250m (Mega rounds) | \$250m+ (Mega+)



In early stage, \$15 billion was invested in Q1 2023, down 32% from the peak.

Quarterly VC Global startup-stage investment (\$0-15M rounds)

■ \$0-1m (Pre Seed) ■ \$1-4m (Seed) ■ \$4-15m (Series A)



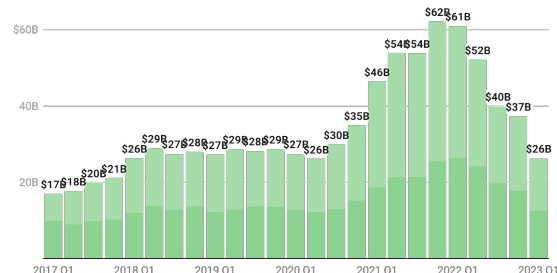
Source: Dealroom.co · Created with Datawrapper

[View interactive VC guide»](#)

In breakout stage, \$26 billion was invested, down 51% from the peak.

Quarterly VC Global breakout stage investment (\$15-100M rounds)

■ \$15-40m (Series B) ■ \$40-100m (Series C)

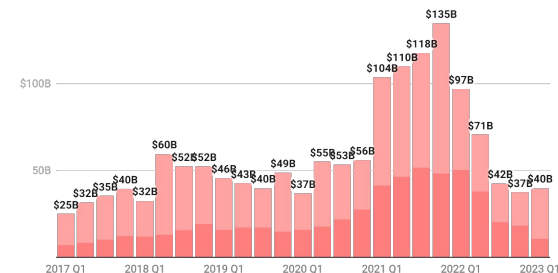


Source: Dealroom.co · Created with Datawrapper

In late stage, \$40 billion was invested in Q1 2023, down 71% from the peak.

Quarterly VC Global scaleup-stage investment (\$100M+ rounds)

■ \$100-250m (Mega rounds) ■ \$250m+ (Mega+)

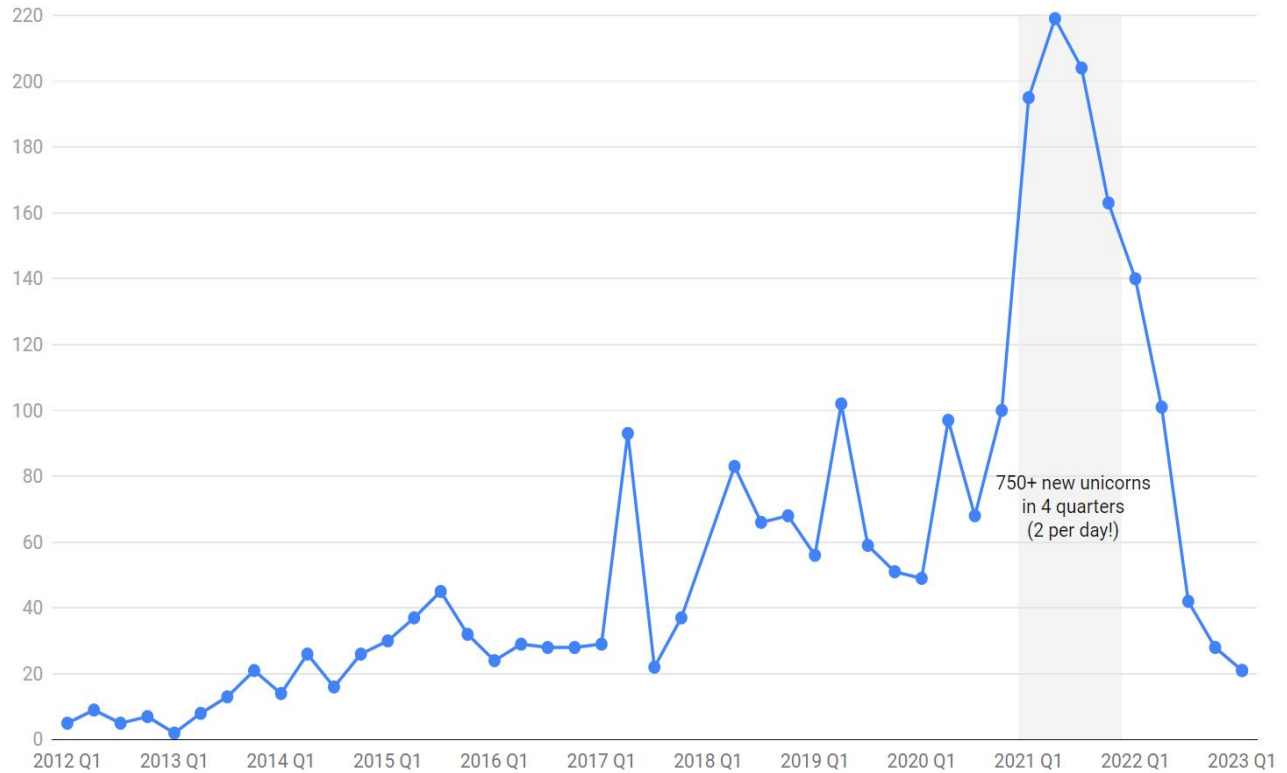


Source: Dealroom.co · Created with Datawrapper

The unicorn bonanza is over.

[View all unicorns](#)

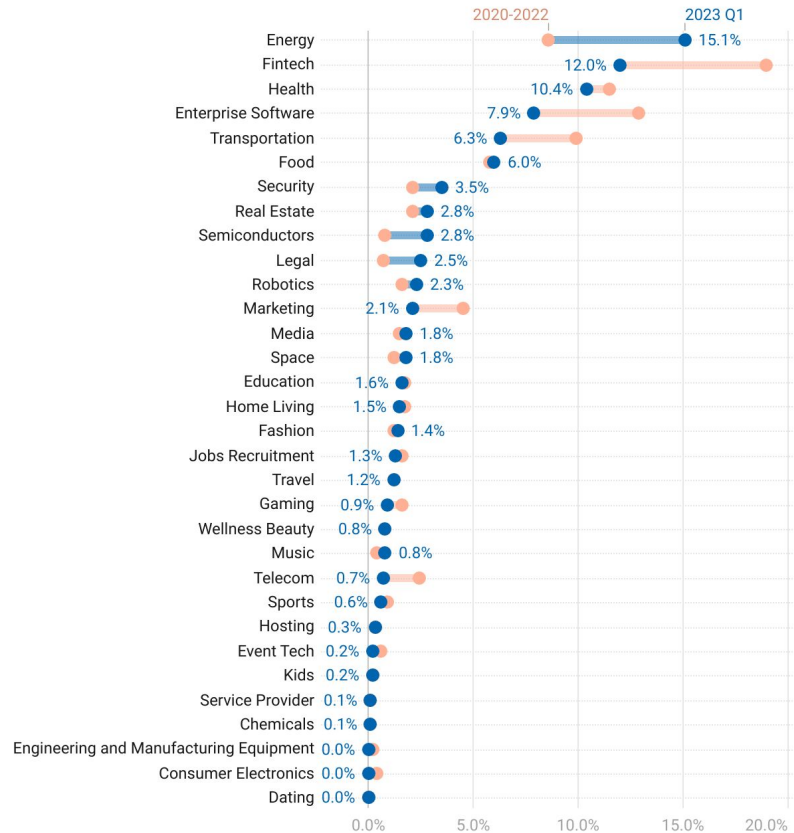
Number of new unicorns (global)



The gainers in 2023 are Energy, Cybersecurity, Semiconductors, LegalTech.

[View all rounds »](#)

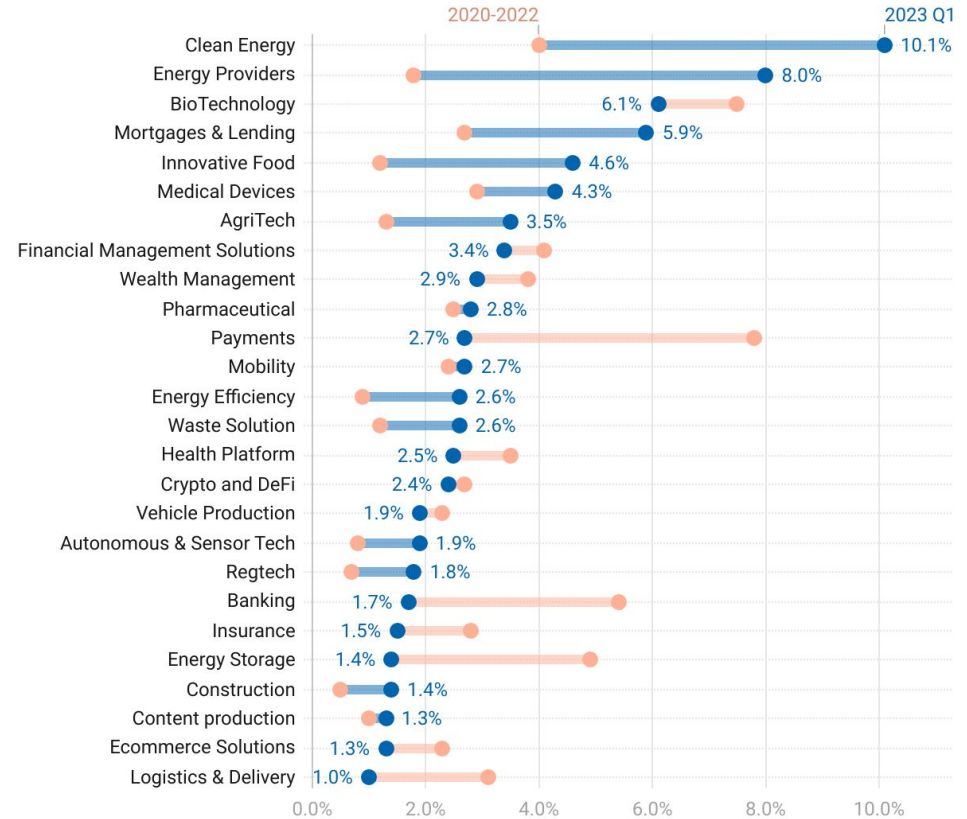
Global VC investment per industry (2020-2023)



On a more granular level, clean energy, innovative food, agritech, waste, autonomous, regtech.

[View all rounds »](#)

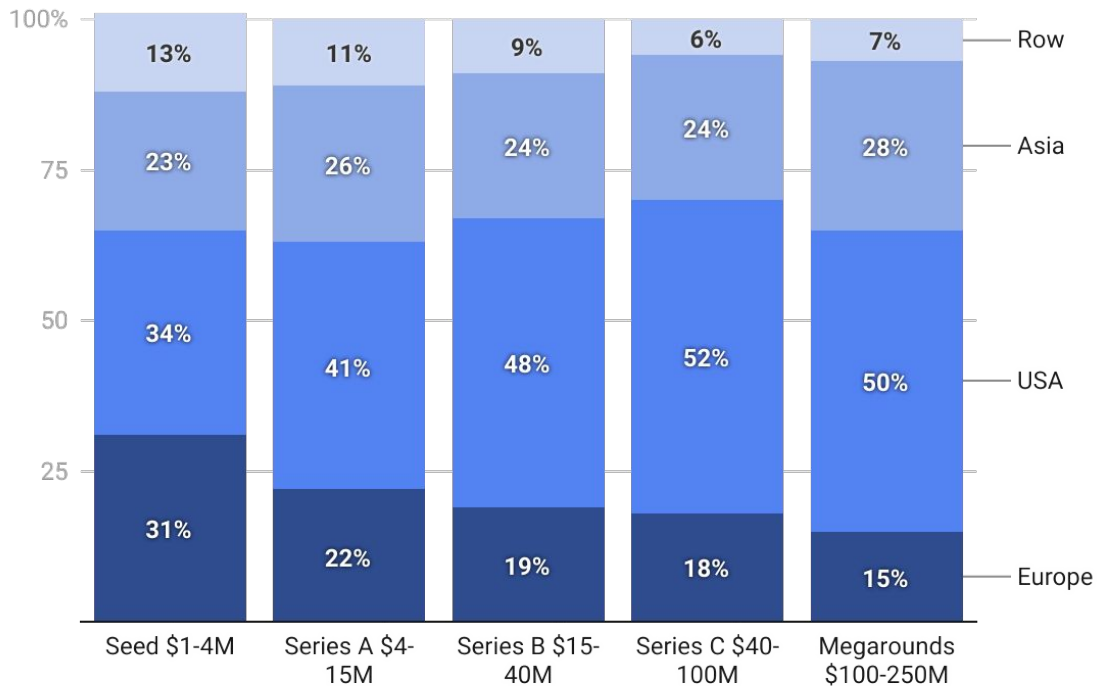
Global VC investment per sub industry (2020-2023)



A third of all Seed-stage venture capital is invested in Europe. The US still dominates at mid/late-stage.

[View interactive VC guide»](#)

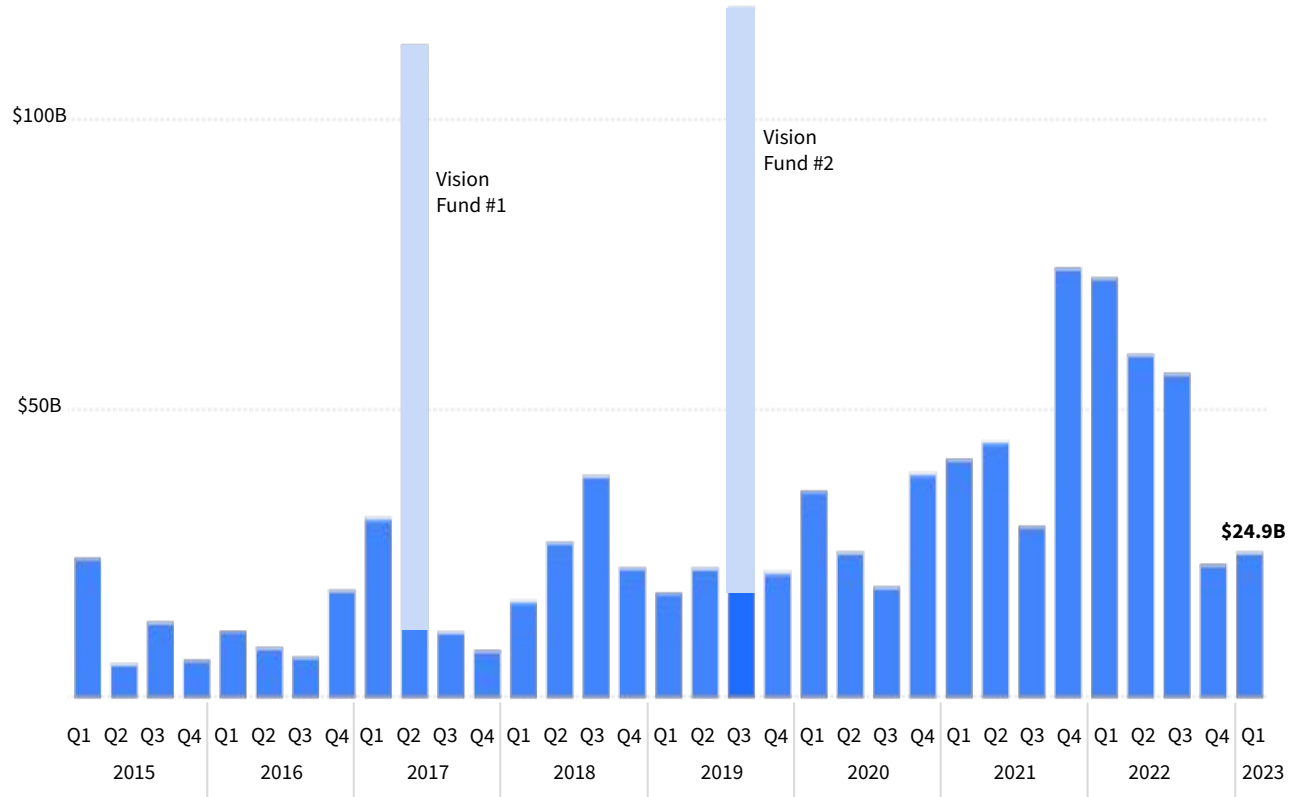
Venture capital by destination and by stage (2020-Q1 2023)



Global VC investors raised \$400B in dry powder in 2021 and 2022. Plus a further \$24.9B in Q1 2023.

[View all funds »](#)

New venture capital funds raised, global

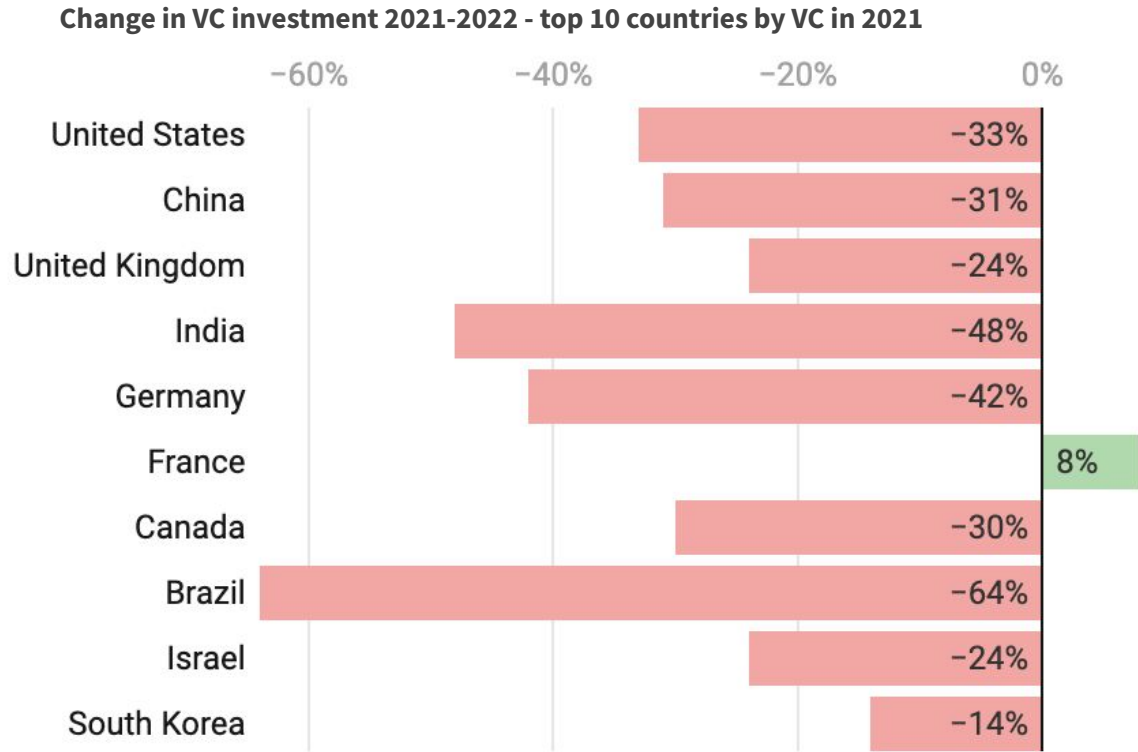


Unicorns are increasingly globally distributed.

North America 52%	Europe 18%	China 12%	Rest of Asia 8%	RoW 10%
Bay Area 592	London 105	Beijing 139	Bengaluru 37	Tel Aviv 98
New York 217	Paris 43		Singapore 33	São Paulo 24
Greater Boston Region 121	Berlin 35		New Delhi 26	Melbourne 19
Greater Los Angeles 90	Stockholm 32		Seoul 24	Sydney 10
Seattle, WA 48	Amsterdam 21	Shanghai 81	Hong Kong 17	Dubai 5
Chicago 36	Munich 15	Shenzhen 27	Tokyo 12	Lagos 5
Austin 36	Copenhagen 14	Hangzhou 25	Rest 60	Rest 91
Washington DC 33	Zurich 12	Guangzhou 12		
San Diego 29	Cambridge 12	Nanjing 12		
Toronto-Waterloo 20	Kyiv 5	Rest 27		
Montreal 10				
Rest 263	Rest 200			

Of the top VC-raising nations, only France raised more investment in 2022 than 2021.

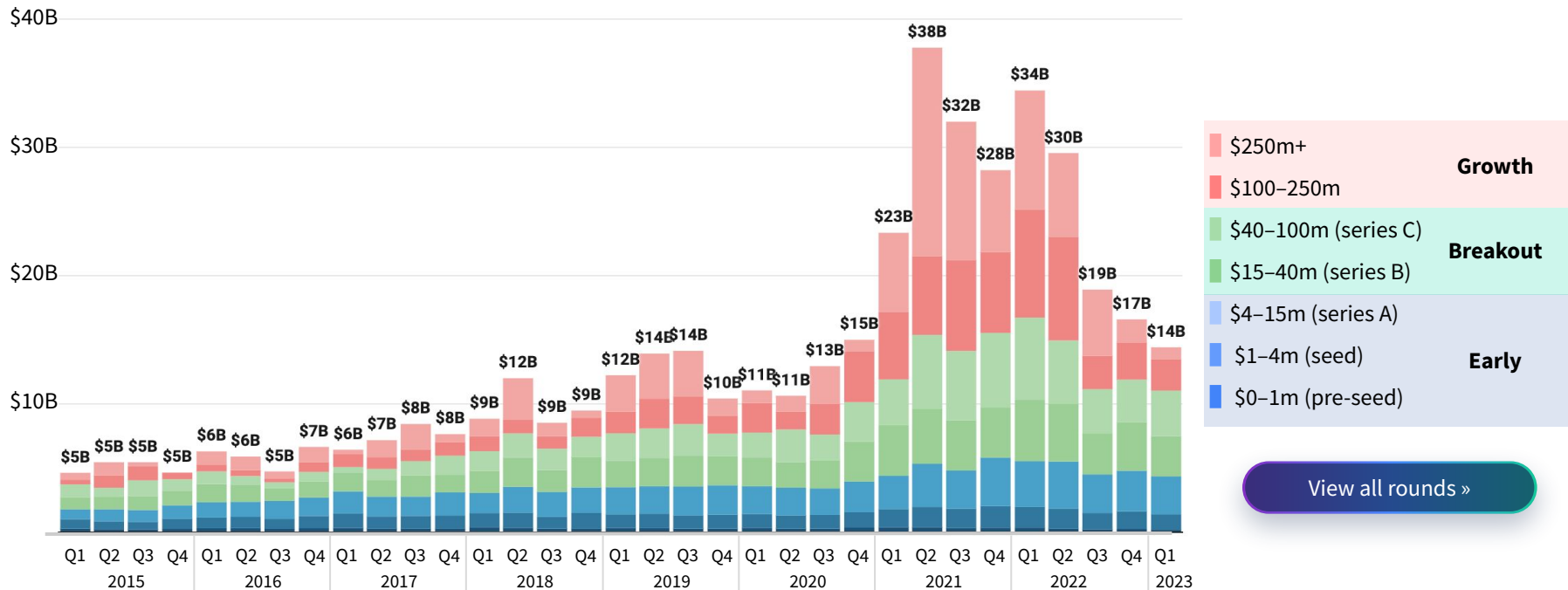
[View data »](#)



1. Global
- 2. Europe**
3. EMEA
4. Country spotlight: UK
5. Supercluster spotlight: New Palo Alto

In Q1 2023, European venture capital investment dropped by 58% year on year, to \$14B.

VC investment in European startups



[View all rounds »](#)

Almost all the fall in European venture capital has been at late-stage. More was raised from Seed to Series A rounds in Q1 than from all \$100M+ rounds.

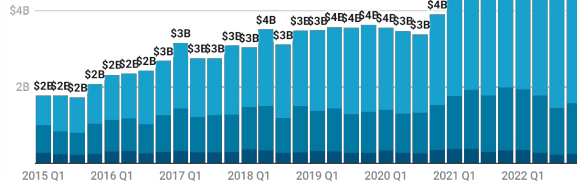
In early stage, \$5 billion was invested, down 17% from the peak.

In breakout stage, \$7 billion was invested, down 13% from the peak.

In late stage, \$3 billion was invested, down 86% from the peak.

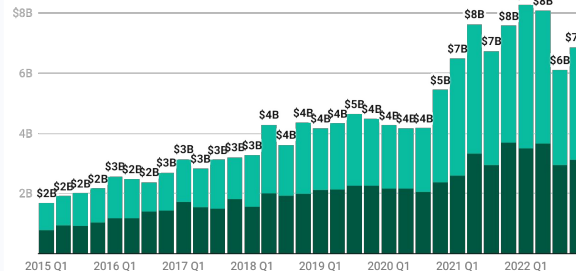
Quarterly VC Europe startup-stage investment (\$0-15M rounds)

■ \$0-1m (Pre Seed) ■ \$1-4m (Seed) ■ \$4-15m (Series A)



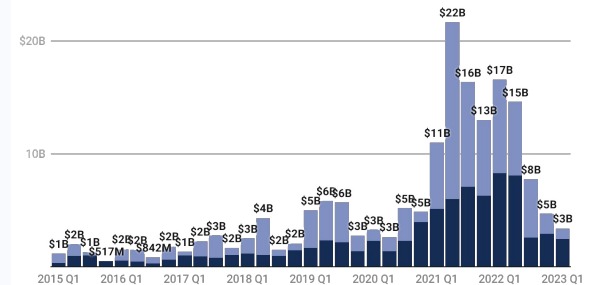
Quarterly VC Europe breakout stage investment (\$15-100M rounds)

■ \$15-40m (Series B) ■ \$40-100m (Series C)

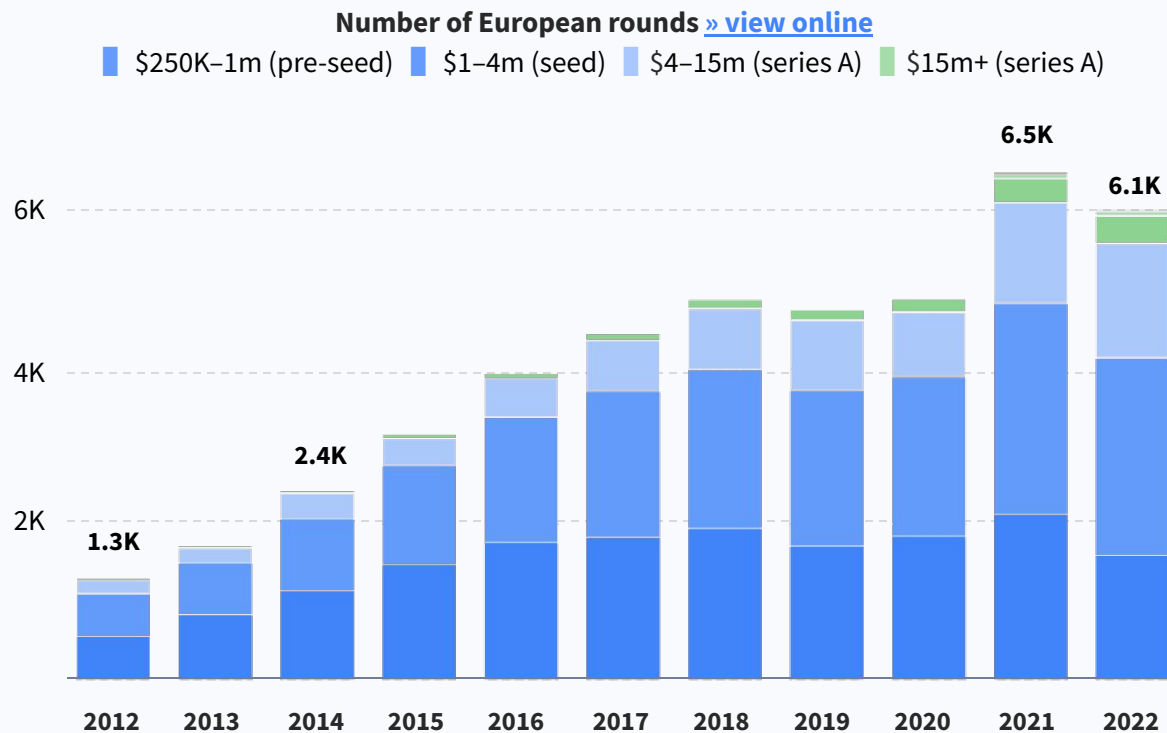


Quarterly VC Europe scale-up-stage investment (\$100M+ rounds)

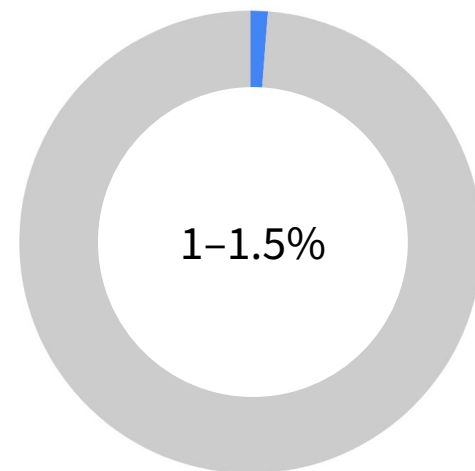
■ \$100-250m (Mega rounds) ■ \$250m+ (Mega+)



The number of Seed and Series A rounds has also grown 4.7x since 2012.

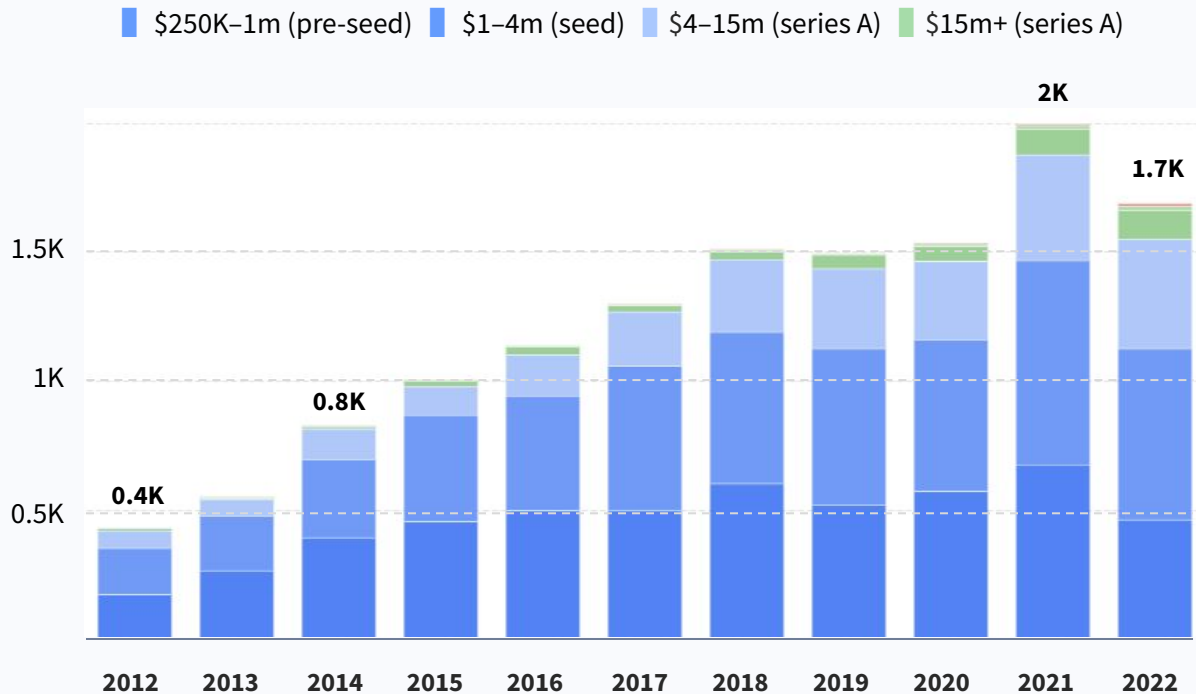


Depending on the cohort, roughly 1–1.5% of (pre)seed funded companies turn into unicorns.

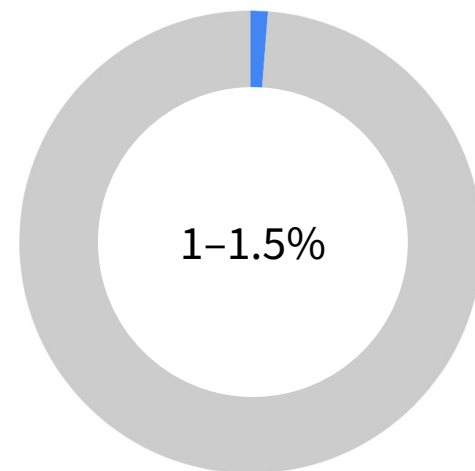


The number of Seed and Series A rounds has also grown 5x since 2012.

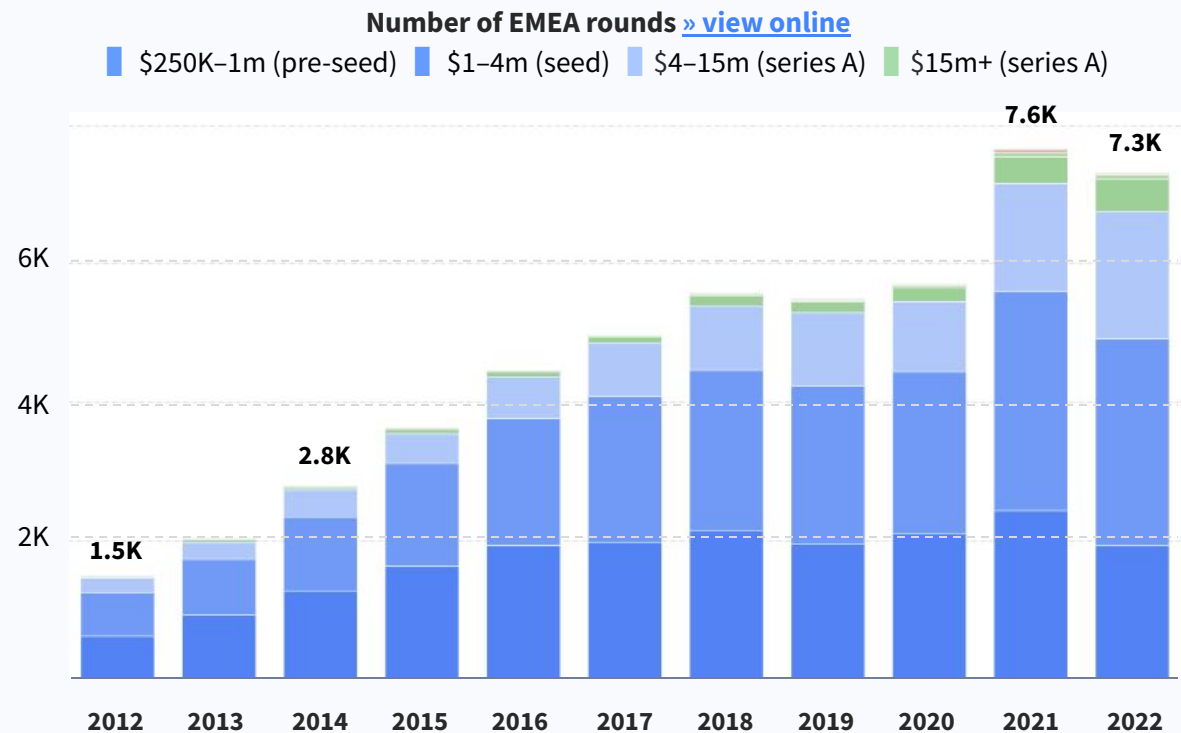
Number of UK rounds » [view online](#)



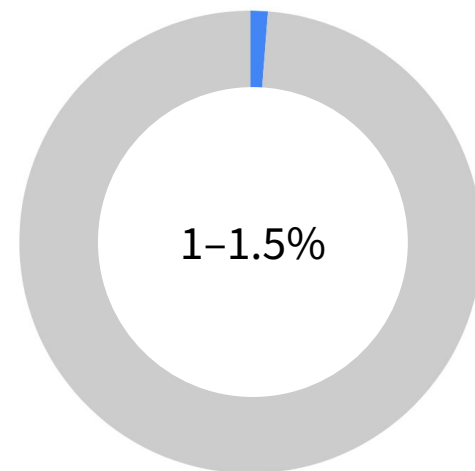
Depending on the cohort, roughly 1–1.5% of (pre)seed funded companies turn into unicorns.



The number of Seed and Series A rounds has also grown 5x since 2012.

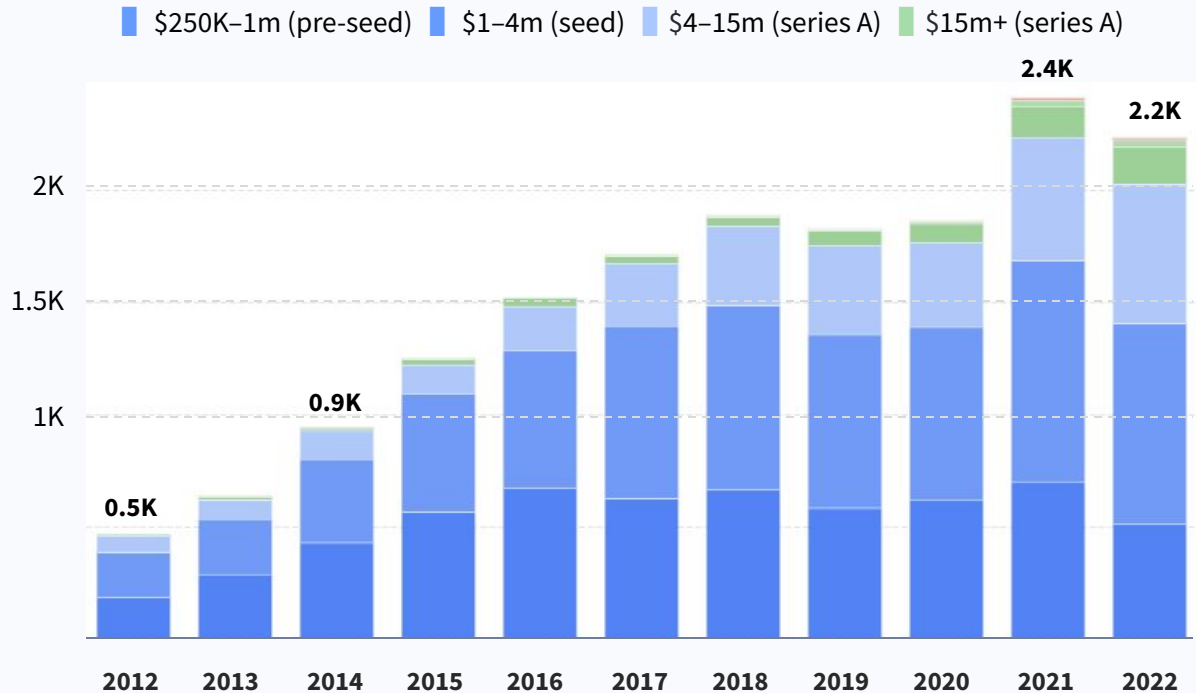


Depending on the cohort, roughly 1–1.5% of (pre)seed funded companies turn into unicorns.

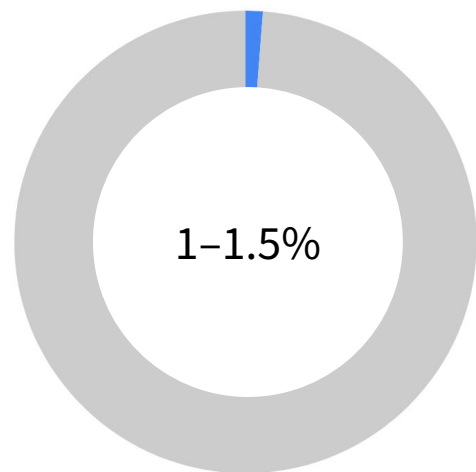


The number of Seed and Series A rounds has also grown 4.8x since 2012.

Number of NPA rounds [» view online](#)



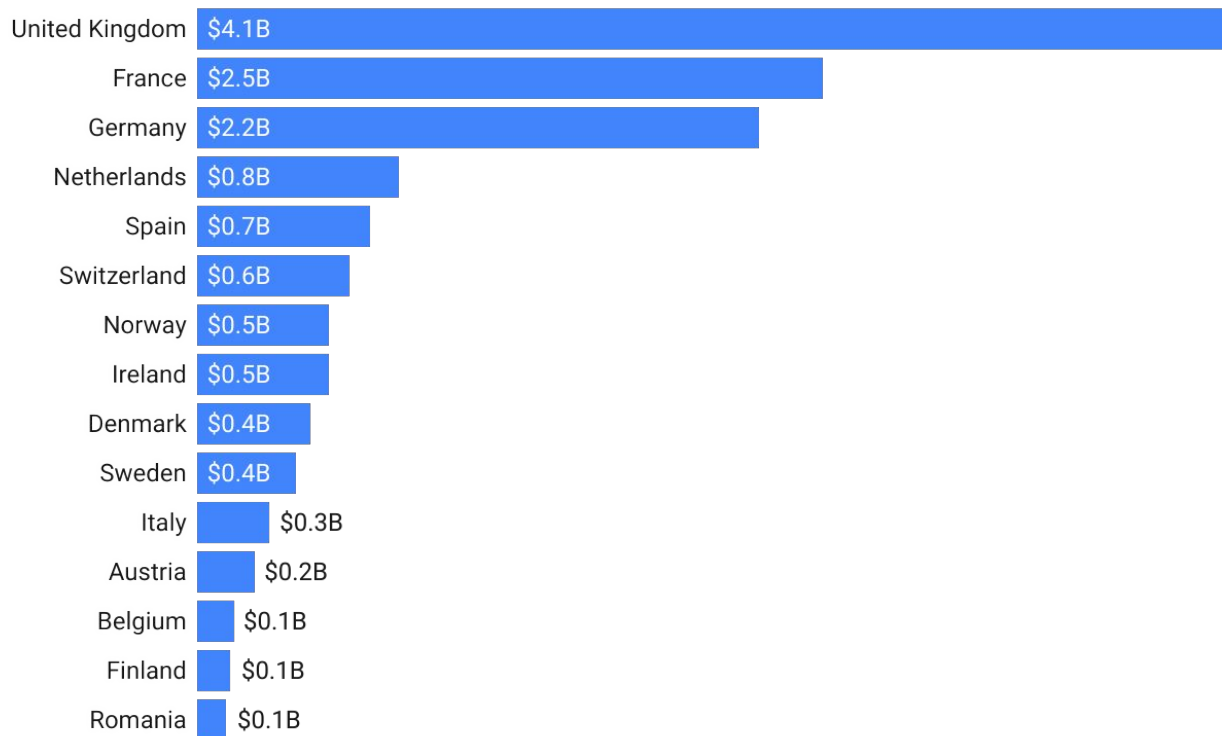
Depending on the cohort, roughly 1–1.5% of (pre)seed funded companies turn into unicorns.



The UK, France and Germany raised the most investment in Europe in Q1 2023.

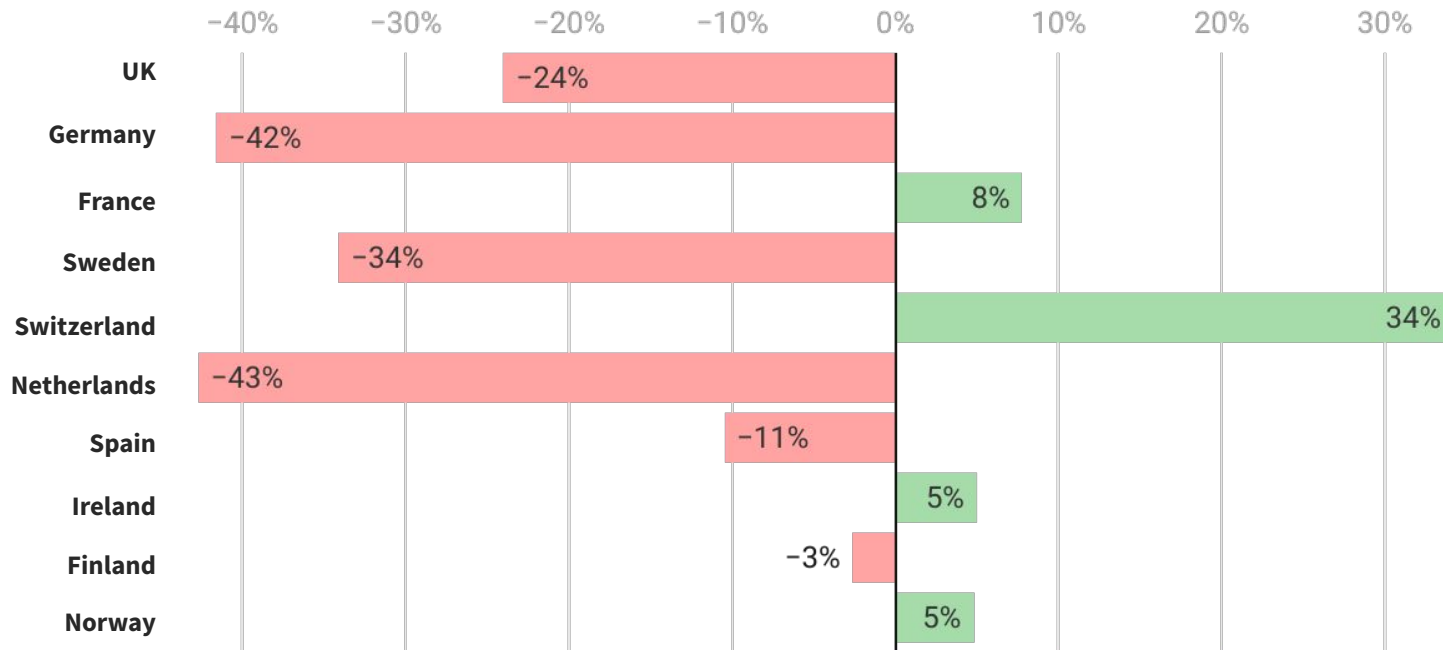
[View data »](#)

VC investment in Q1 2023

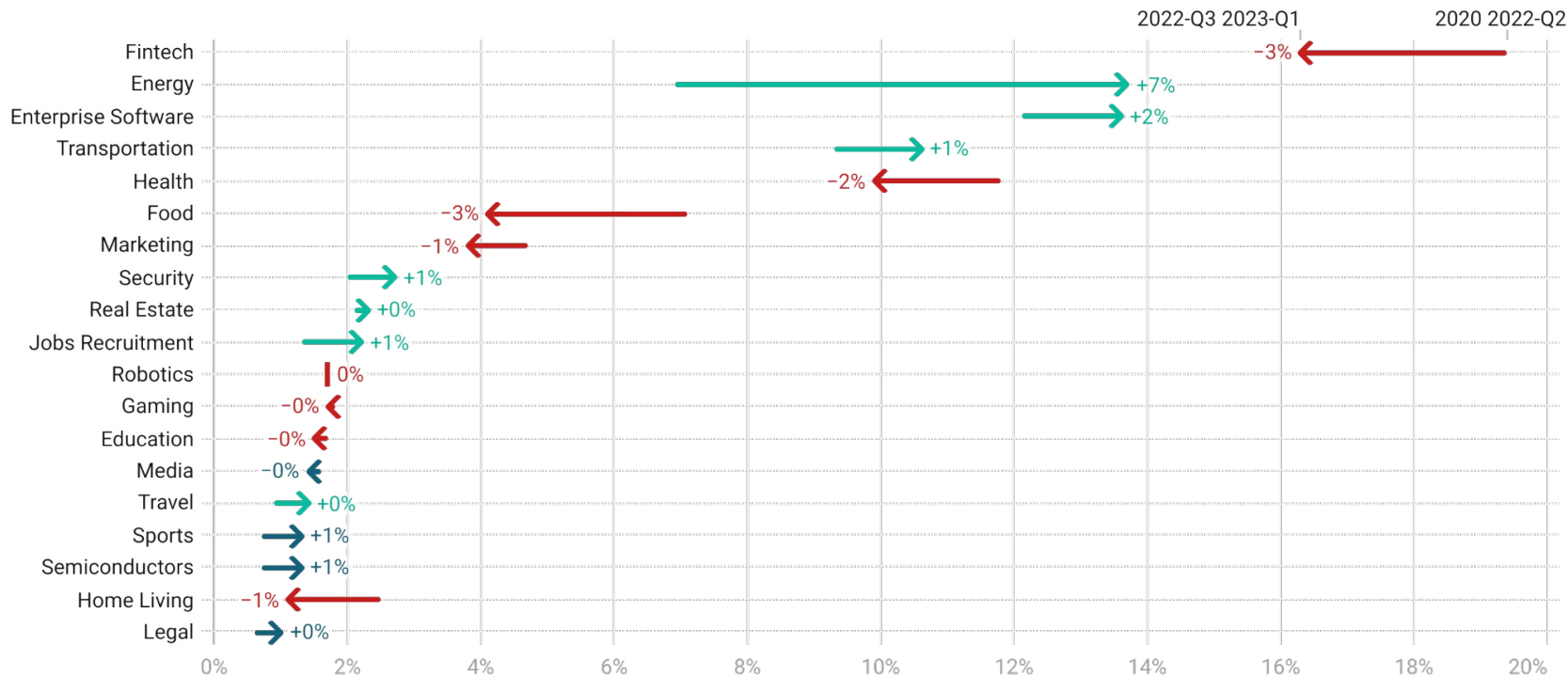


Of the biggest European startup ecosystems, Switzerland most bucked the global trend, raising 34% more VC investment in 2022 than 2021.

Top 10 European countries by VC funding in 2021, year-on-year VC investment (2021-2022)

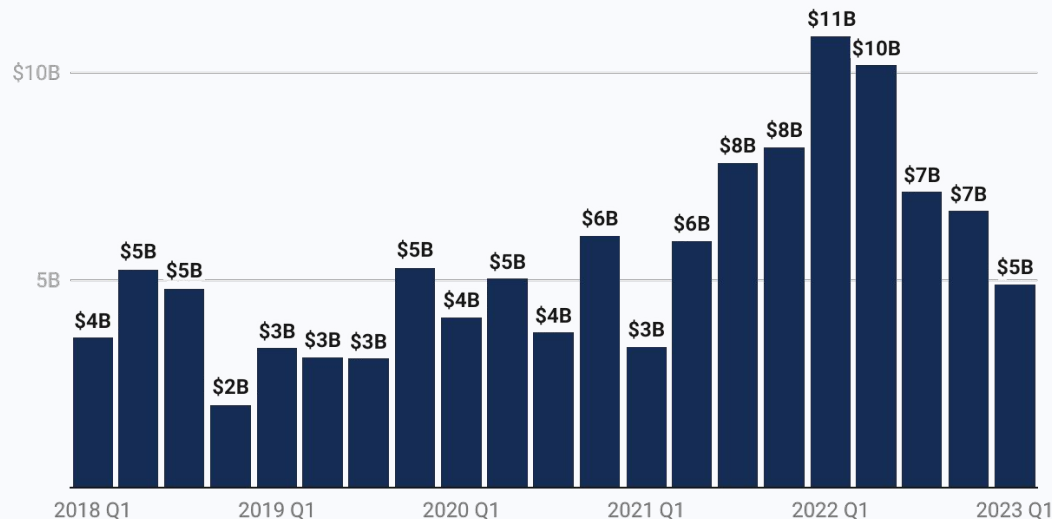


In the last 9 months, Energy startups have been the biggest gainers by share of venture capital.



The rate of new funds raised by investors has slowed. Though record levels of dry powder raised in the last two years are largely still at VCs' disposal.

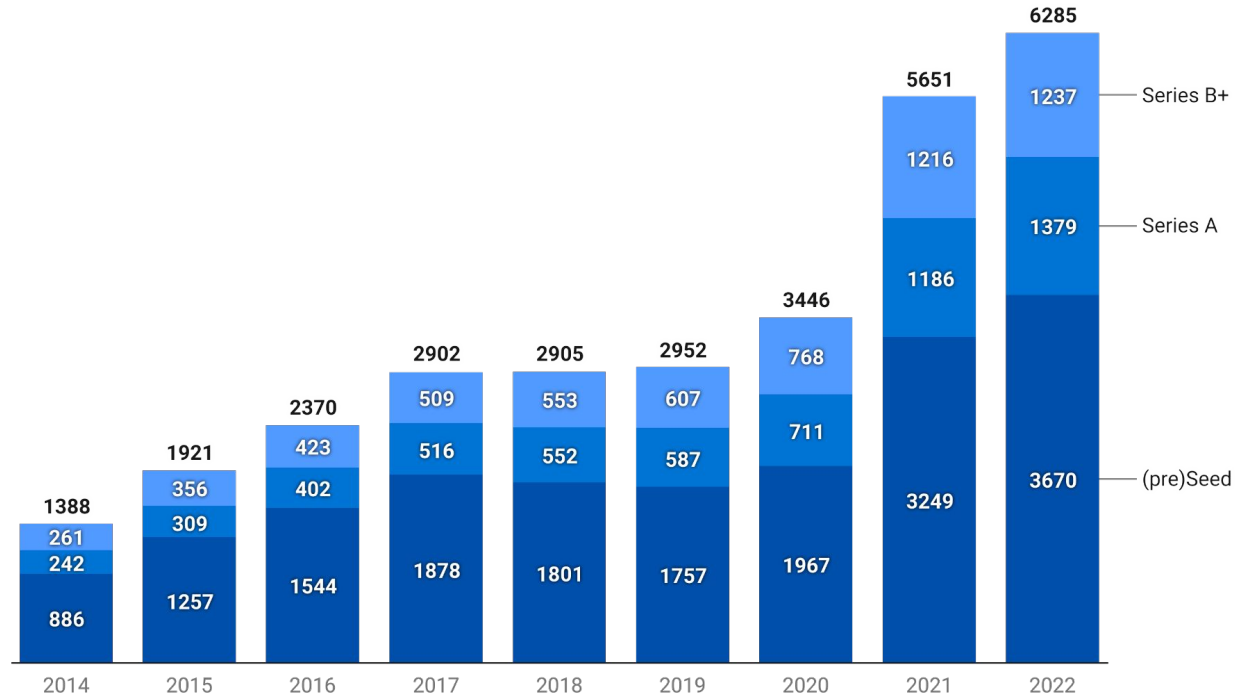
New venture capital funds raised by European VCs [» view online](#)



Biggest funds raised in Q1 2023

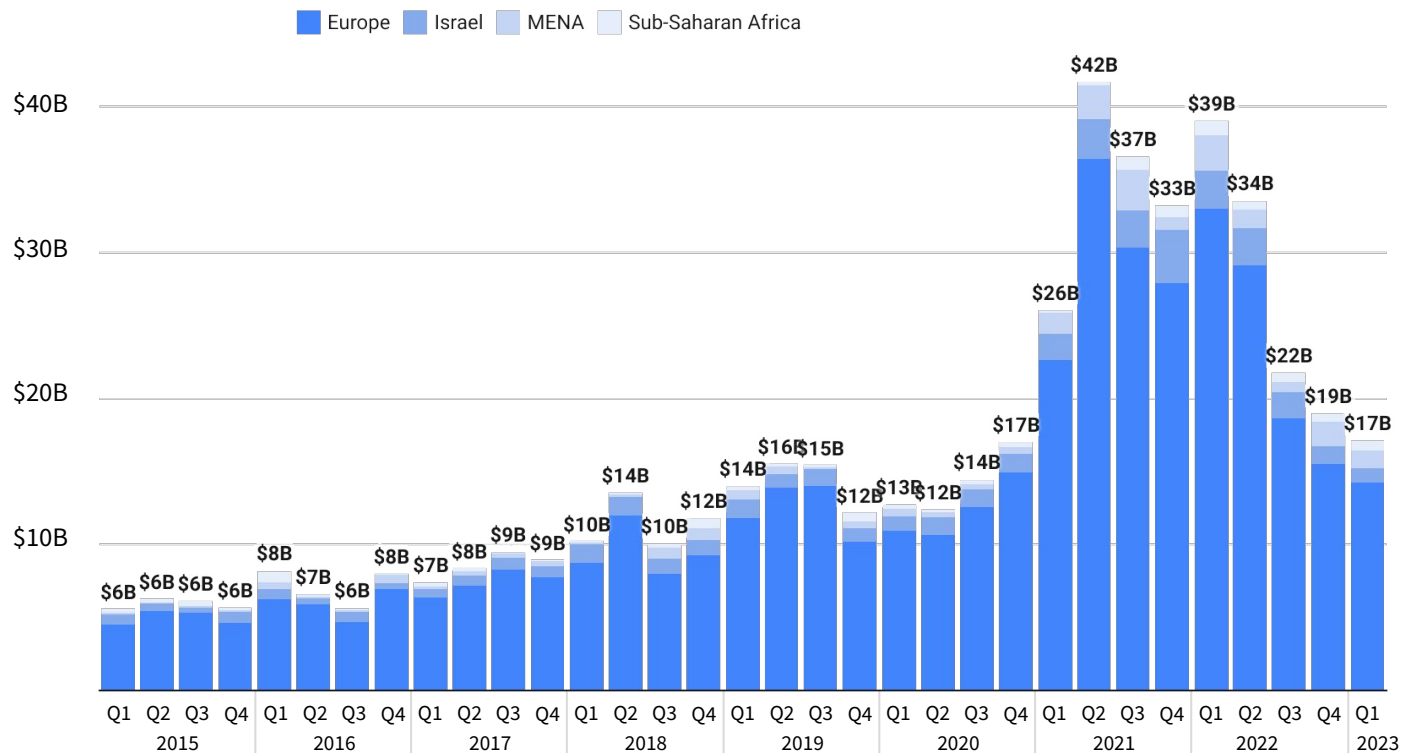
NAME	FUND TYPE	FUND NAME	NEW FUND	ROUND TYPES
Highland Europe Growth-stage technology fund with...	Venture Capital	Highland Europe Growth Fund V	€1.00	SERIES A, B, C, D, E, F, LATE VC, EARLY VC, GROWTH EQUITY VC, BUYOUT, SECONDARY, SEED
High-Tech Gründerfonds Seed investor for start-ups in the E...	Venture Capital	HTGF IV	€494M	SERIES A, B, C, D, SEED, EARLY VC, LATE VC, ANGEL, GRANT, CONVERTIBLE, GROWTH EQUITY VC
Arta Capital A growth-greater equity firm focus...	Venture Capital	Arta Capital Fund III	€300M	GROWTH EQUITY VC, BUYOUT, GROWTH EQUITY, NON VC
EQT Life Sciences (Formerly LSP Life Sciences Partners) Investing in health care companies	Venture Capital	LSP Dementia Fund	€260M	SERIES A, B, C, D, E, LATE VC, EARLY VC, POST IPO EQUITY, DEBT, GROWTH EQUITY VC, SEED, SPAC PRIVATE PLACEMENT
Partech A global venture capital firm that i...	Venture Capital	Partech Africa II	€245M	SERIES A, B, C, D, E, F, SEED, EARLY VC, LATE VC, DEBT, GROWTH EQUITY VC, CONVERTIBLE, POST IPO EQUITY, ACQUISITION
Elia Partners European top-tier VC firm with a st...	Venture Capital	Elia D4	€200M	SERIES A, B, C, D, E, SEED, EARLY VC, LATE VC, GROWTH EQUITY VC
Panakés Partners VC investor that finances medical c...	Venture Capital	Panakés Fund II (Purple Fund)	€170M	SERIES A, B, C, D, SEED, EARLY VC, LATE VC
Sven Capital Partners A subsidiary of OI AM and Federal...	Venture Capital	Blue Ocean Fund	€170M	SERIES A, B, C, E, EARLY VC, LATE VC, SEED, DEBT, GROWTH EQUITY VC
La Familia Early stage VC backing tech found...	Venture Capital	La Familia Seed Fund III	€165M	SERIES A, B, C, D, E, SEED, EARLY VC
Planet A Ventures Planet A Ventures supports early s...	Venture Capital	Planet A Ventures Fund I	€160M	SERIES A, SEED, EARLY VC
Monterro Investing in and developing softwa...	Venture Capital	Monterro Fund V	€150M	BUYOUT, ACQUISITION, GROWTH EQUITY VC, EARLY VC
IBB Ventures Berlin's governmental VC firm help...	Venture Capital	VC Fonds Impact Berlin	€120M	SERIES A, B, C, EARLY VC, SEED, LATE VC, GRANT, GROWTH EQUITY VC, ANGEL, SECONDARY, ACQUISITION

European venture capital is increasingly competitive. The number of unique investors active in Europe doubled between 2020 and 2022.



1. Global
2. Europe
- 3. EMEA**
4. Country spotlight: UK
5. Supercluster spotlight: New Palo Alto

EMEA startups raised \$17.1B in Q1 2023, a 56% fall year on year.

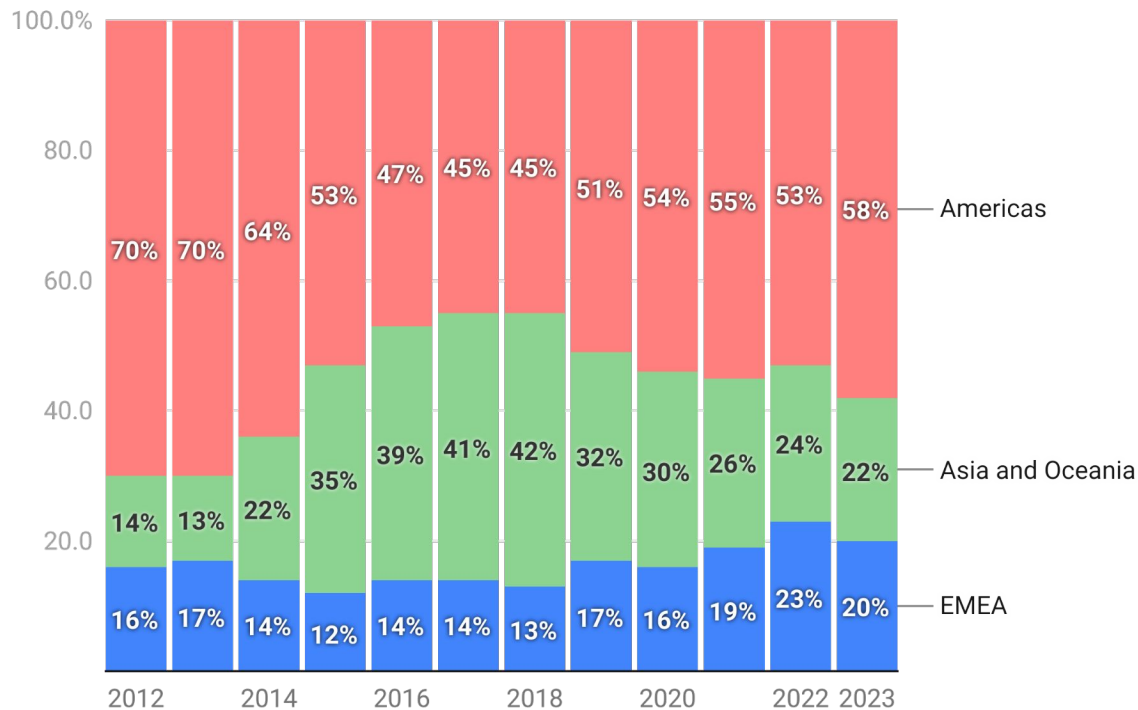


[View all rounds »](#)

EMEA's share of global VC investment has been creeping up in recent years.

[View interactive VC guide»](#)

Global venture capital by destination (\$B)



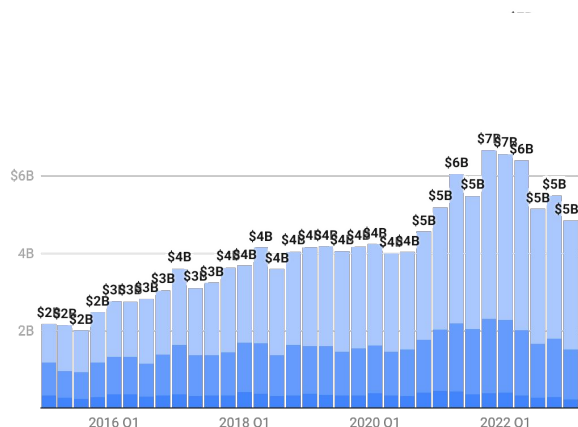
In early stage, \$5 billion was invested in Q1 2023, down 30% from the peak.

In breakout stage, \$8 billion was invested, down 43% from the peak.

In late stage, \$5 billion was invested, down 79% from the peak.

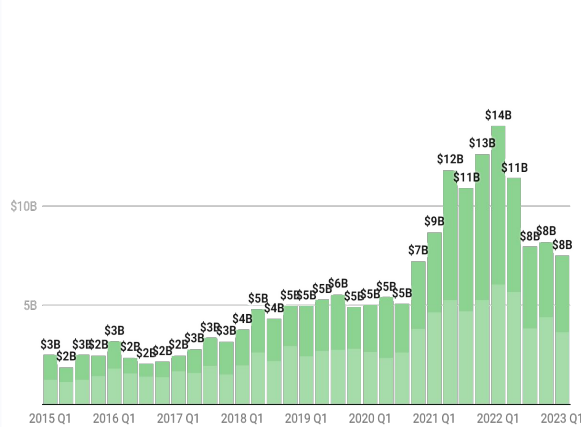
EMEA startup-stage quarterly investment (\$0-15M rounds)

■ \$0-1m (pre seed) ■ \$1-4m (seed) ■ \$4-15m (series A)



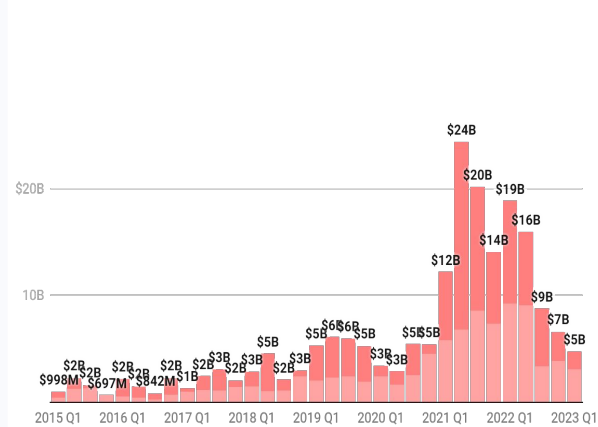
EMEA breakout stage quarterly investment (\$15-100M rounds)

■ \$15-40m (Series B) ■ \$40-100m (Series C)



EMEA scaleup-stage quarterly investment (\$100M+ rounds)

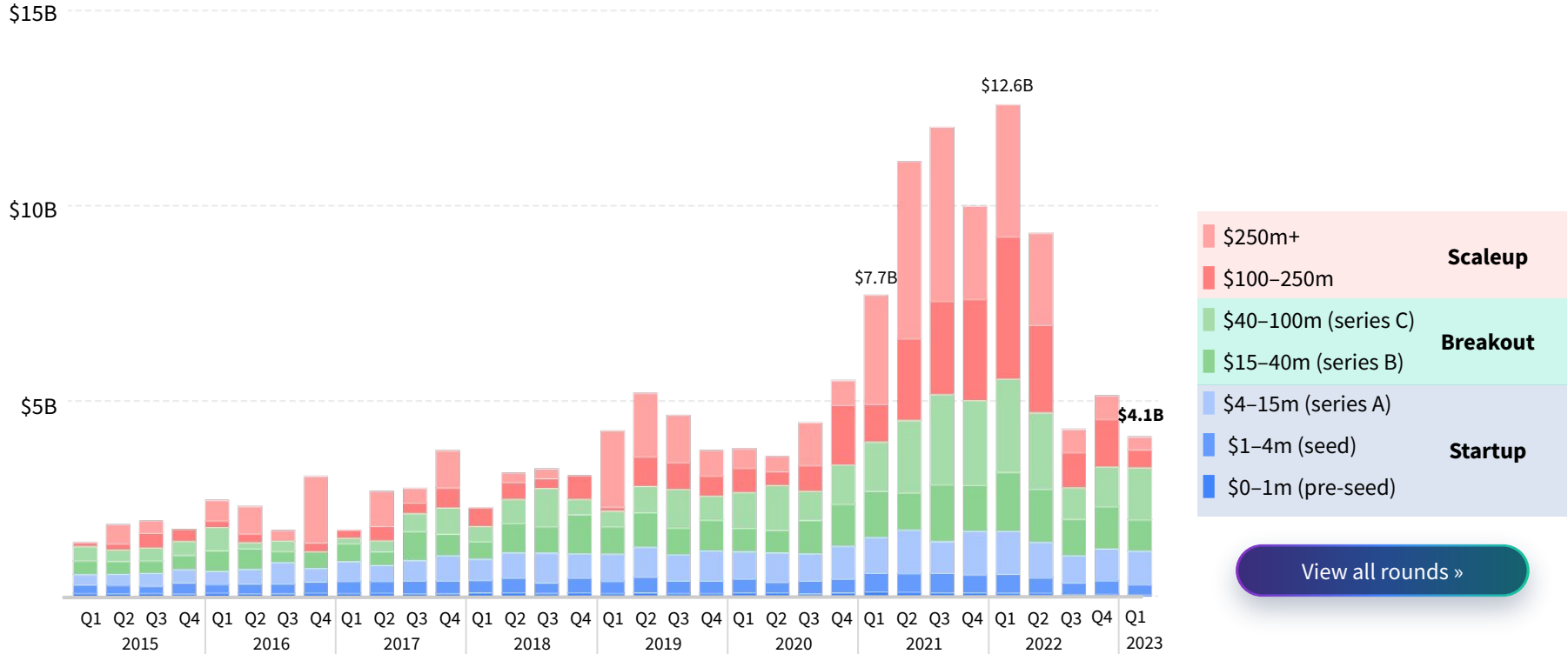
■ \$100-250m (Mega rounds) ■ \$250m+ (Mega+)



[View interactive VC guide»](#)

1. Global
2. Europe
3. EMEA
- 4. Country spotlight: UK**
5. Supercluster spotlight: New Palo Alto

\$4.1B was invested into UK startups in Q1 2023, 67% less than in the same period in 2022.



Most of the fall in UK startup funding is due to the disappearance of megarounds. Early-stage investment is still active and competitive.

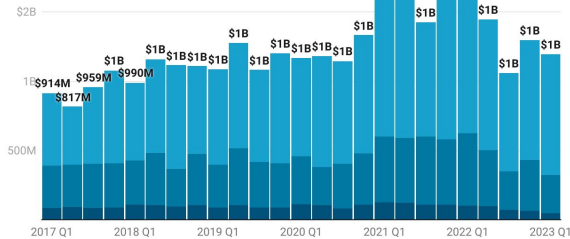
In early stage, \$5 billion was invested, down 17% from the peak.

In breakout stage, \$7 billion was invested, down 13% from the peak.

In late stage, \$3 billion was invested, down 86% from the peak.

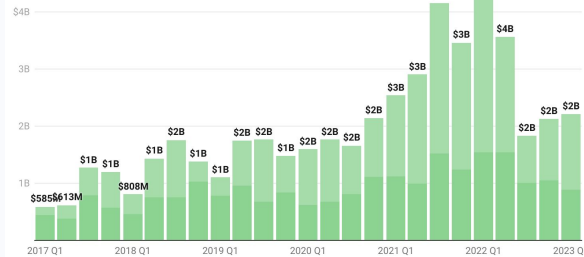
UK Quarterly VC startup-stage investment (\$0-\$15M rounds)

■ \$0-1M (Pre-seed) ■ \$1-4M (Seed) ■ \$4-15M (Series A)



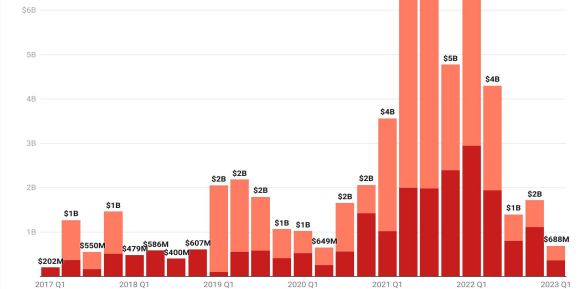
UK breakout stage quarterly investment (\$15-100M rounds)

■ \$15-40M (Series B) ■ \$40-100M (Series C)



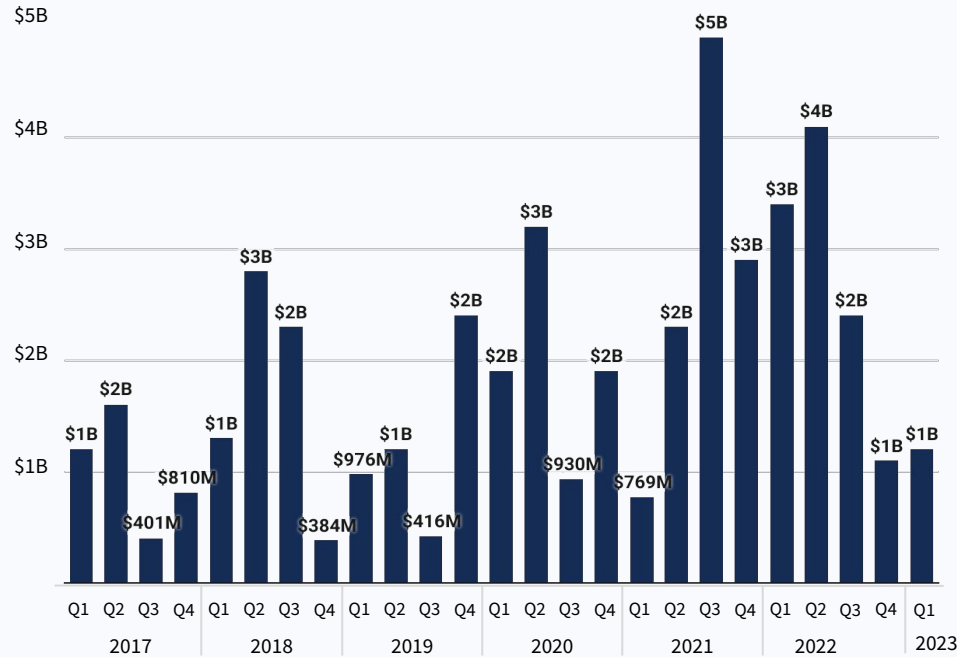
UK quarterly scaleup-stage investment (\$100M+ rounds)

■ \$100-250M+ (Megarounds) ■ \$250M+ (Megarounds+)








UK-based venture capital investors raised \$21.7B in 2021 and 2022, 36% of all European capital.

New venture capital funds raised by VCs in the UK



Biggest funds raised in Q1 2023

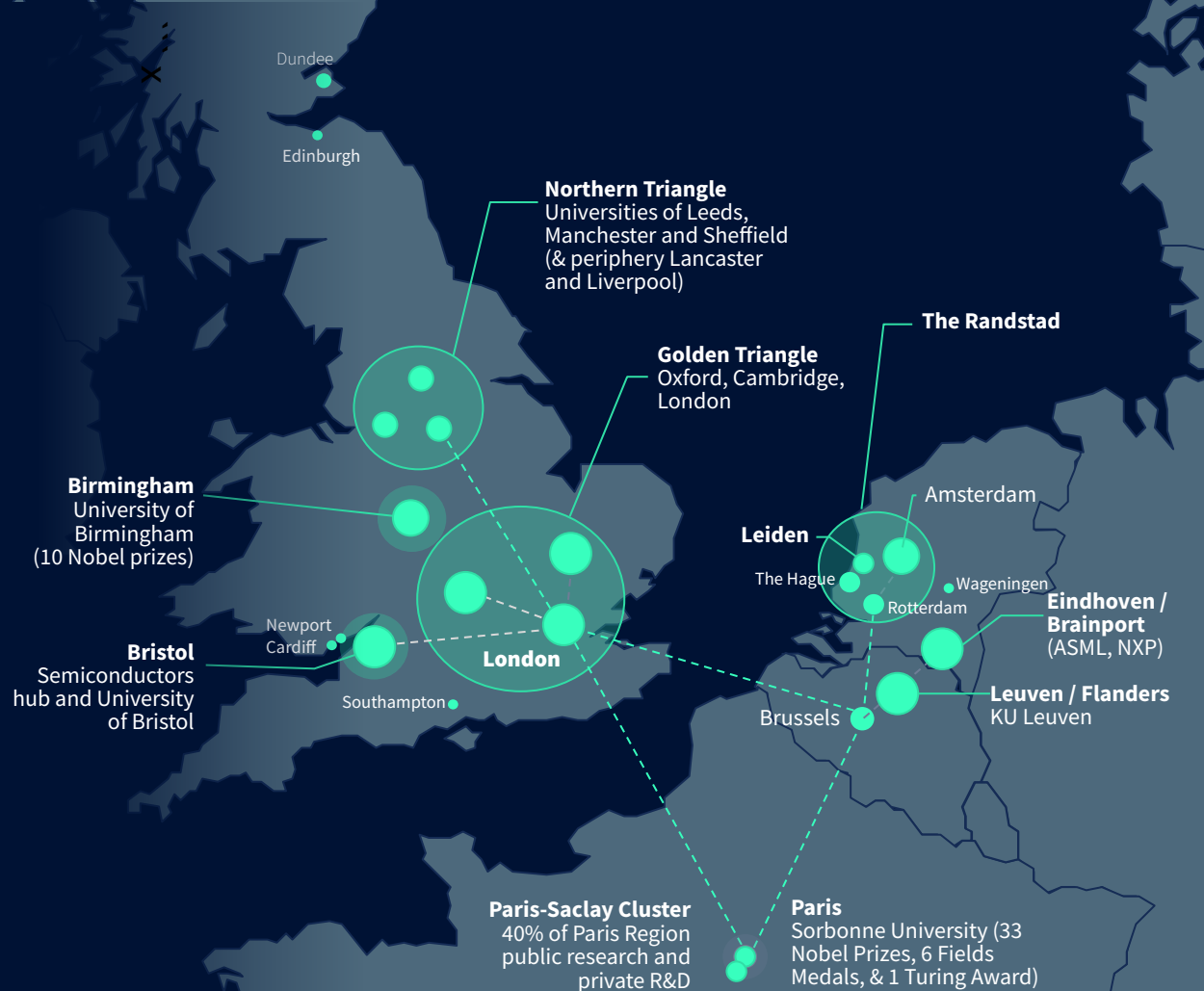
NAME	FUND TYPE	FUND NAME
 Highland Europe Growth-stage technology fund wit...	Venture Capital	Highland Europe Growth Fund V
 Playfair Capital Playfair is a generalist VC fund wit...	Venture Capital	Playfair Capital Fund III
 Counteract Combating the climate crisis throu...	Venture Capital	The Counteract Carbon Removal Fund
 Anamcara Capital	Venture Capital	Anamcara Fund I
 Milltrust International Milltrust International Investmen...	Venture Capital	Milltrust Alternative Protein Fund

1. Global
2. Europe
3. EMEA
4. Country spotlight: UK
5. **Supercluster spotlight: New Palo Alto**

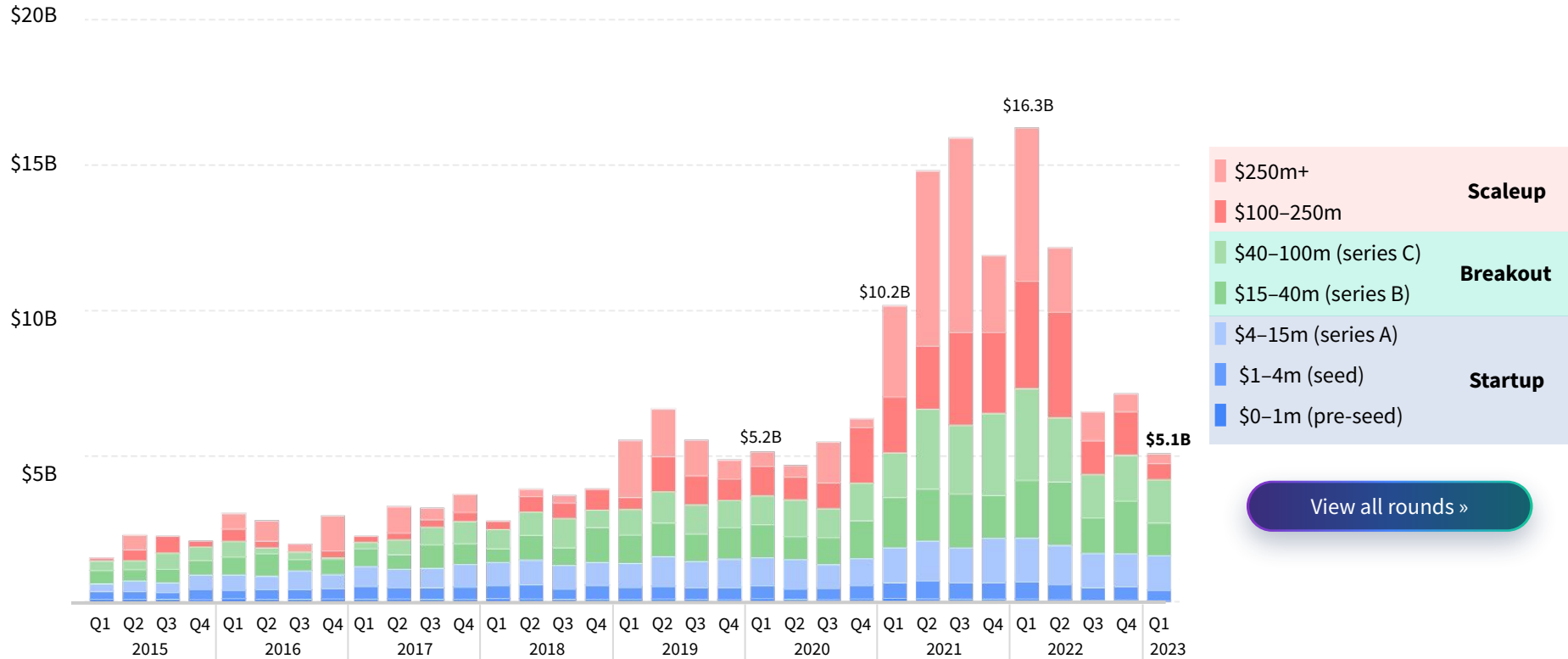
New Palo Alto is a Science Supercluster: three out of the top 10 science clusters within 4 hours commuting distance.

A good example of an ecosystems that can combine science, entrepreneurship, capital, and frontier R&D.

[Explore New Palo Alto »](#)



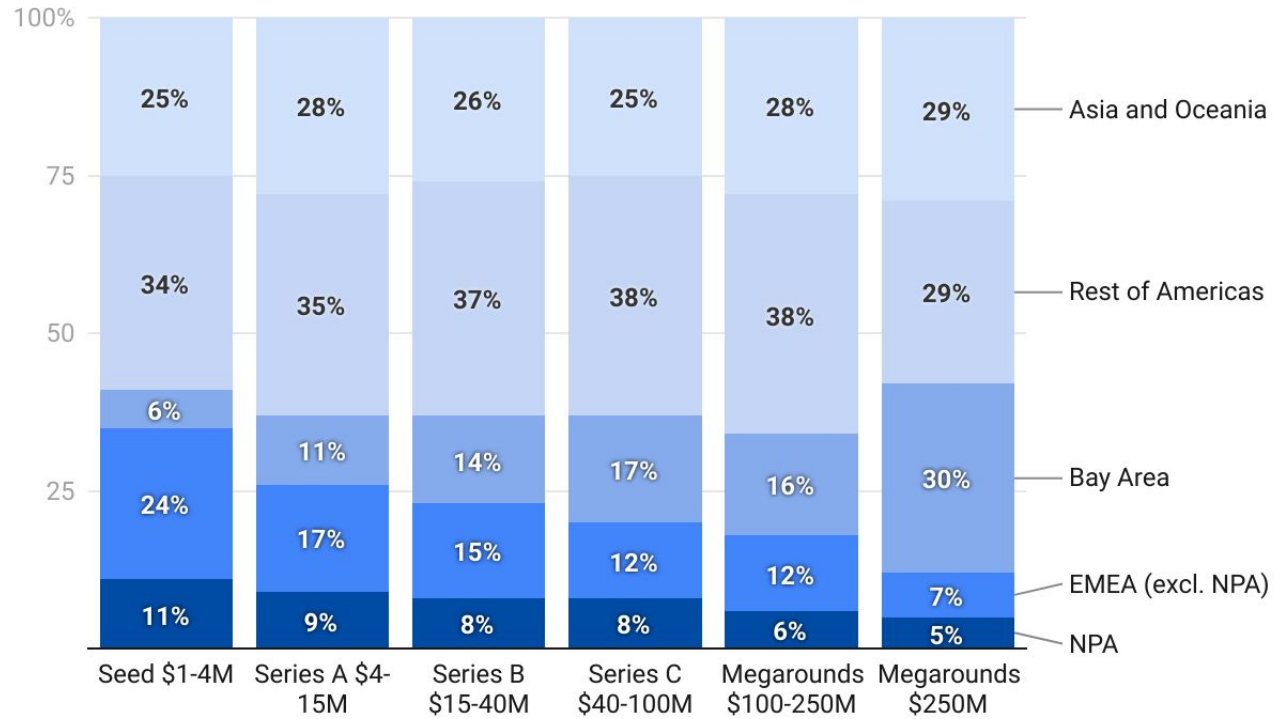
Startups in the New Palo Alto supercluster raised \$5.1B in Q1 2023, returning to 2020 levels of investment.



New Palo Alto startups have caught up with the Bay Area for Seed investment, now accounting for 11% of the global Seed funding.

[View interactive data »](#)

Share of global VC investment by destination (2020-Q1 2023)



New Palo Alto is overperforming, yet undercapitalized.

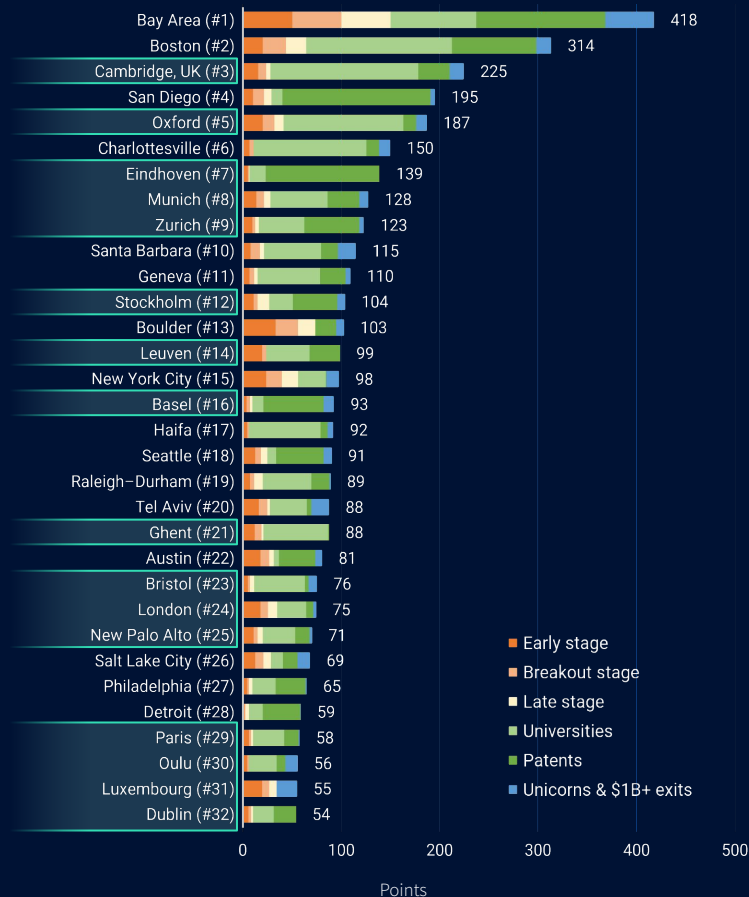
Ecosystem	Enterprise Value	Unicorns founded and HQ'ed	Future unicorns	VC funding since 2015	New funds since 2015
Bay Area	\$ 7.4T	582	739	\$ 504B	\$ 225.3B
Beijing	\$ 1.7B	139	141	\$ 202B	\$ 19.2B
New Palo Alto	\$ 1.4T #3	216 #2	333 #2	\$ 190B #3	\$ 79.1B #3
New York City	\$ 1.2T	204	271	\$ 189B	\$ 132.4B
Boston	\$ 981.9B	120	240	\$ 128B	\$ 61.3B
London	\$ 624.7B	105	158	\$ 103B	\$ 2.8B
Los Angeles	\$ 944.6B	89	167	\$ 114B	\$ 15.7B
Shanghai	\$ 639.6B	80	150	\$ 115B	\$ 24.8B
Shenzhen	\$ 848.3B	28	56	\$ 31B	\$ 3.2B
Singapore	\$ 345.0B	31	59	\$ 40B	\$ 8.2B
Amsterdam	\$ 228.2B	20	25	\$ 12B	\$ 6.4B
Paris	\$ 243.9B	43	84	\$ 42B	\$ 15.6B
Berlin	\$ 156.3B	35	41	\$ 35B	\$ 10.1B

Half of the world's top science clusters are in Europe.



Science clusters

Density & innovation lens





Startups and job creation myths, debunked.

8 myths about startup jobs, the Nordics case.

Startups are too small to contribute significantly to job creation. Startup jobs are going to vanish as the downturn bites. Unicorns create the bulk of startup jobs. And once startups grow and expand globally, they take jobs with them. And other myths...

The truth is that the vast majority of jobs (87%) created by Nordic companies are spread across a long tail of startups and scaleups. These companies are creating jobs across the region and beyond!

If you've ever wondered what startup jobs bring to your local economy, why VC funding is so significant, and what impact international unicorns have on job creation in your region, this report is for you.

[Access the full report](#)

But also...

Early-stage investment is holding up

Early-stage investment into European startups is holding up far better than late-stage, up 22% from the same period last year.



Early-stage investment into European startups is holding up better than late-stage. Read our comprehensive deep-dive into European early-stage investment, presented at the European Business Angels Summit in Brussels hosted by European Business Angels Network (EBAN).

Get the latest bi-weekly insights, with the ecosystem newsletter.

[Sign up »](#)

Methodology.

Startups, scaleups, grownups and tech

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. \$1B+ valuation).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies, like Klarna or Coinbase.

Only companies founded since 1990 are included in this report.

Venture capital investment

Investment numbers refer to rounds such as Seed, Series A, B, C, late stage, and growth equity rounds.

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

Investment rounds are sourced from public disclosures including press releases, news, filings and verified user-submitted information.

Valuation

The combined valuation of the tech ecosystem is based on their market cap or latest transaction value.

Transaction value is realized from exit or implied unrealised valuation from the latest VC round, which is either announced or estimated by Dealroom based on benchmarks.

