STATE OF EUROPEAN TECH 23

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01

Sentiment

Funding

Valuations

Talent

Navigating the downturn

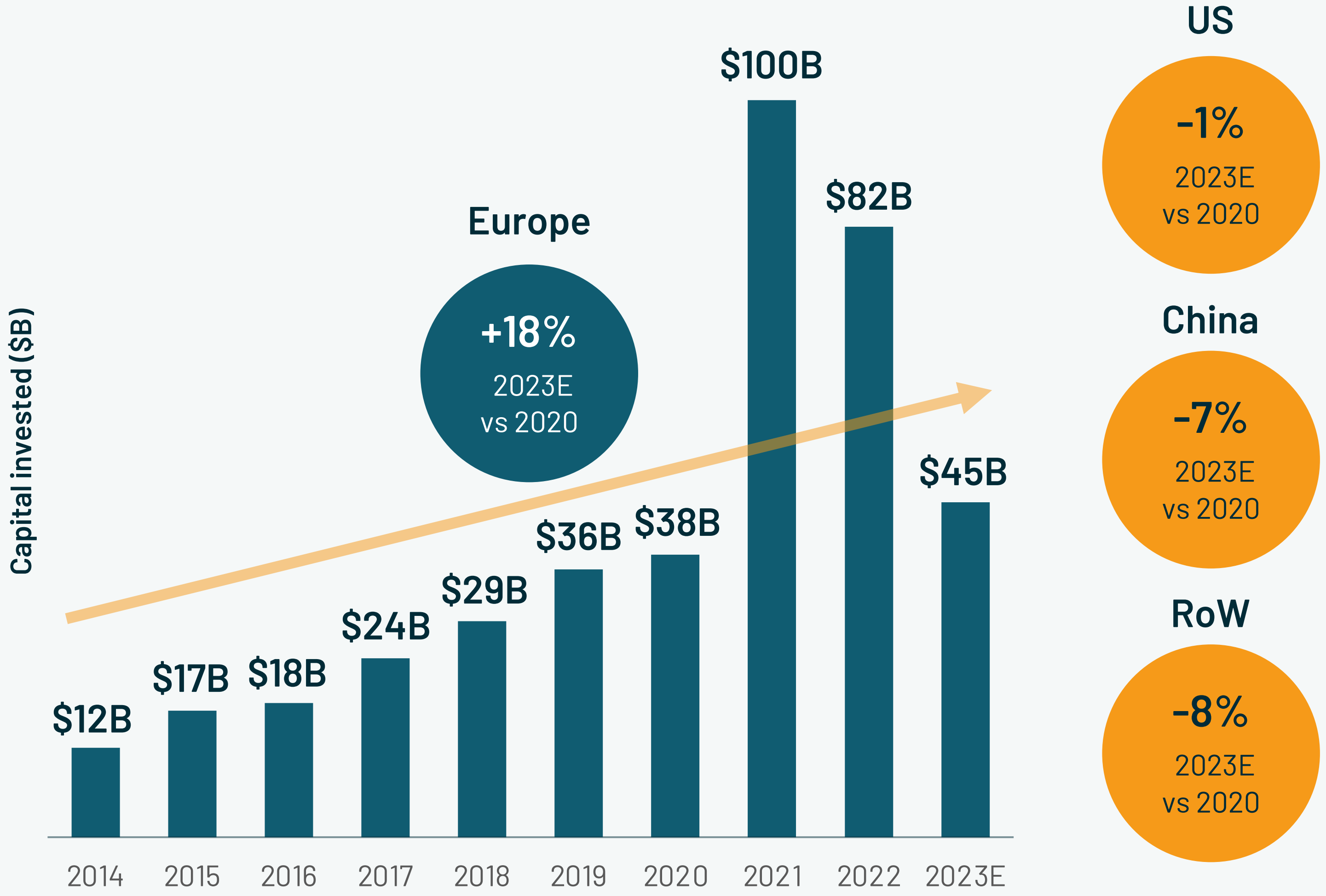
A global phenomenon

Source: atomico

powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2023. Full year extrapolated based on year to date data. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Change in capital invested (%) by region, 2020 vs 2023



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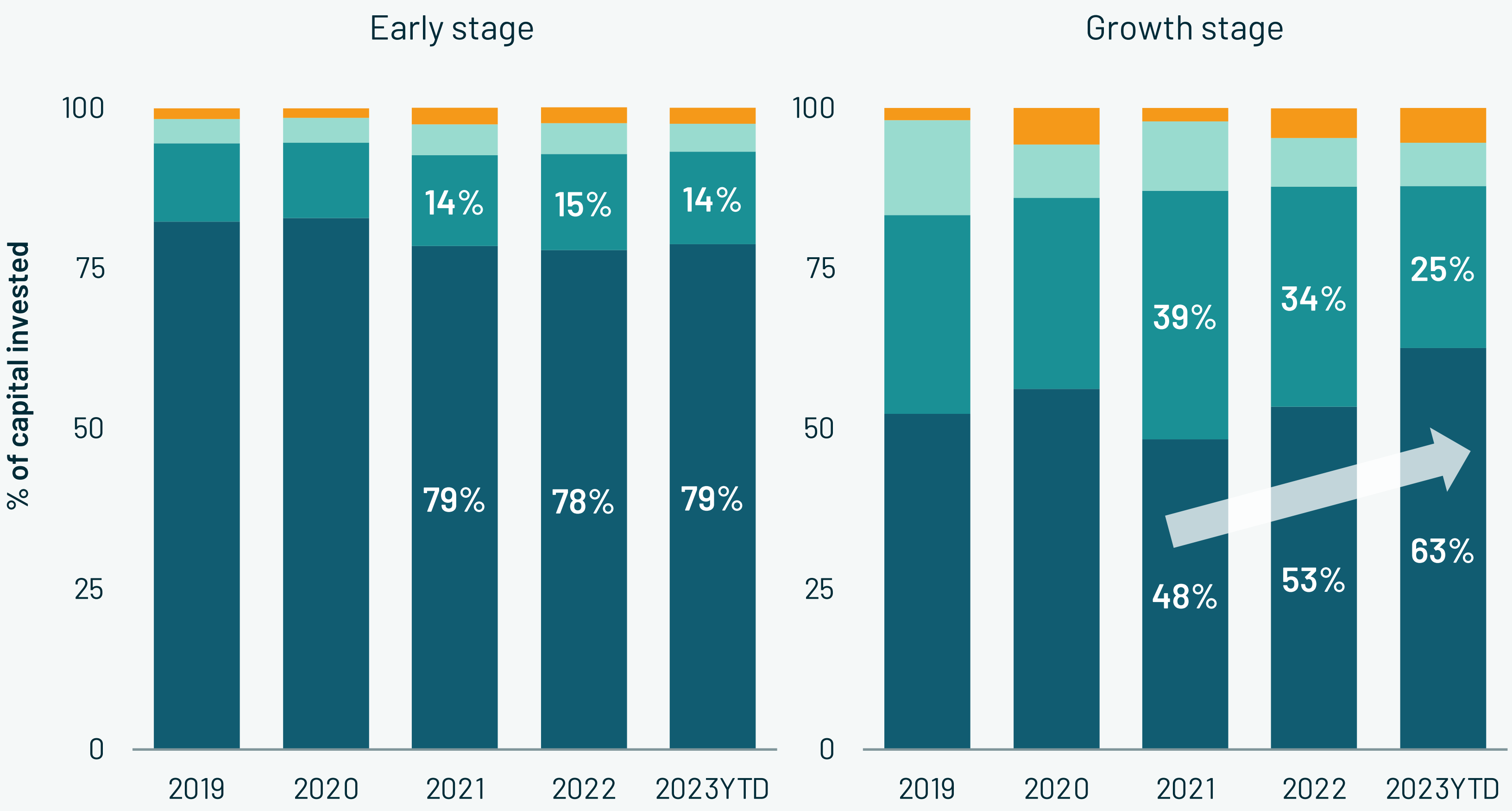
Local capital needs to step up and step in

- Europe
- North America
- Asia
- RoW

Capital invested in Europe by geographic source region (%), 2019 to 2023



Source: dealroom.co

Notes: Data is as of 30 September 2023. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

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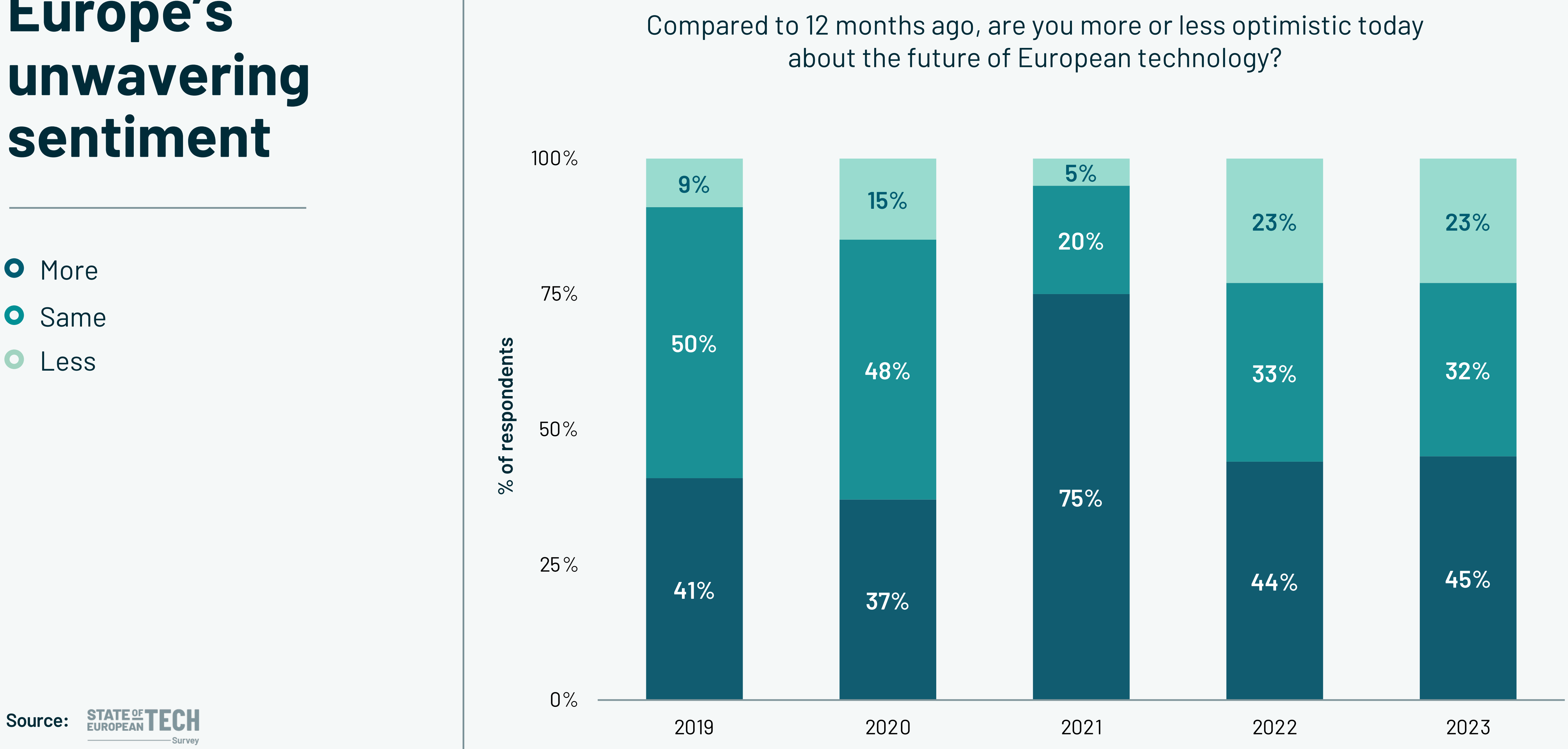
Europe's unwavering sentiment



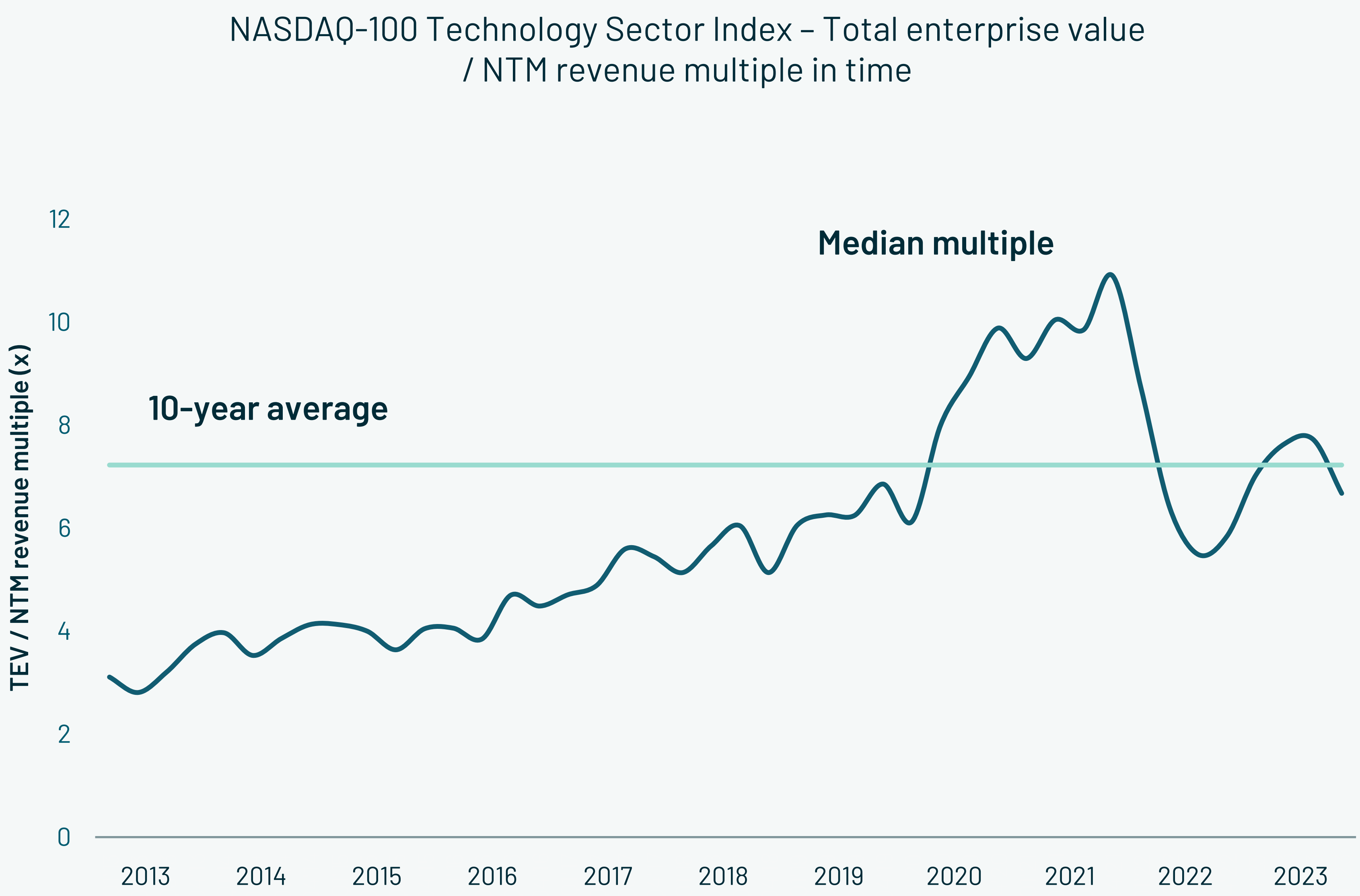
Source: State of European Tech Survey

Notes: Numbers may not add up to 100 due to rounding.

Publicly-listed tech showing signs of recovery

Source: S&P Global

Notes: S&P Capital IQ Platform, as of date 31 October 2023, for illustrative purposes only.



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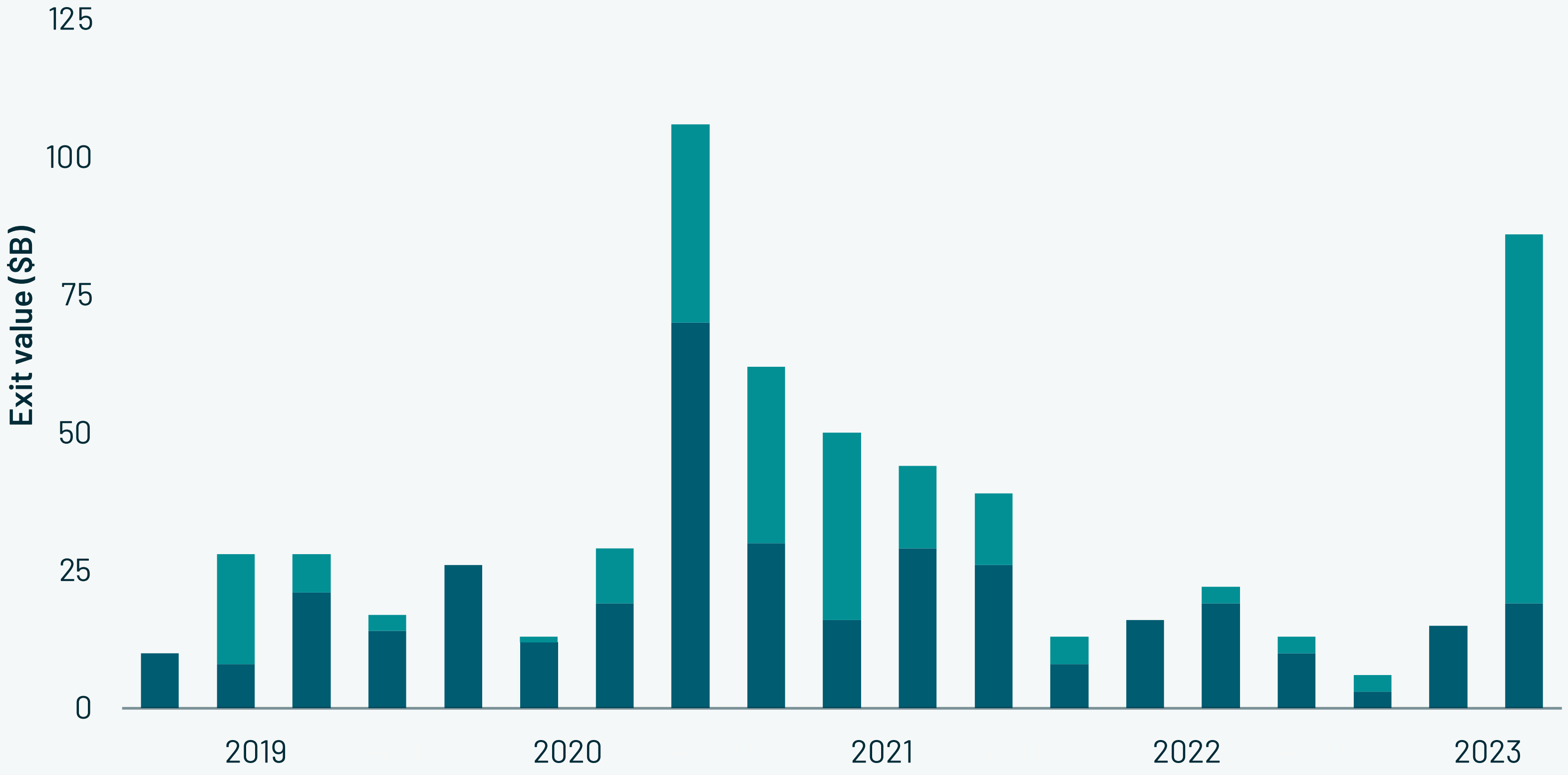
Exit landscape stirs after extended quiet period

- M&A
- IPO

European tech M&A transaction value and tech IPO market cap at close of first trading day ($B) by announcement quarter, 2019 to 2023



Source: S&P Global

Notes: S&P Capital IQ Platform, as of date 30 September 2023, for illustrative purposes only. 2023 figures extrapolated linearly based on year to date figures. Includes announced and completed M&A transactions only (excluding since terminated/withdrawn).

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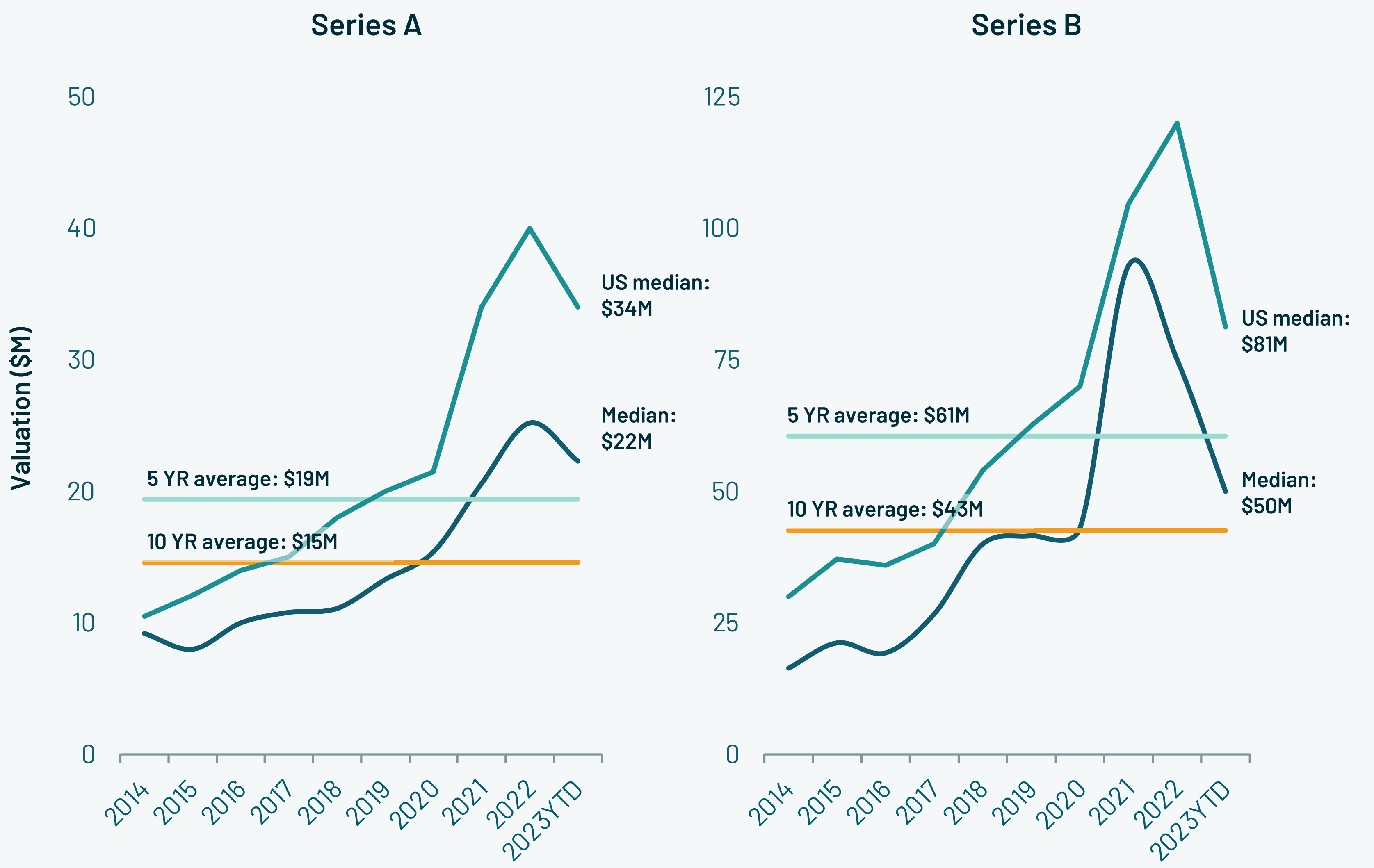
Valuations back at 5 and 10 year averages

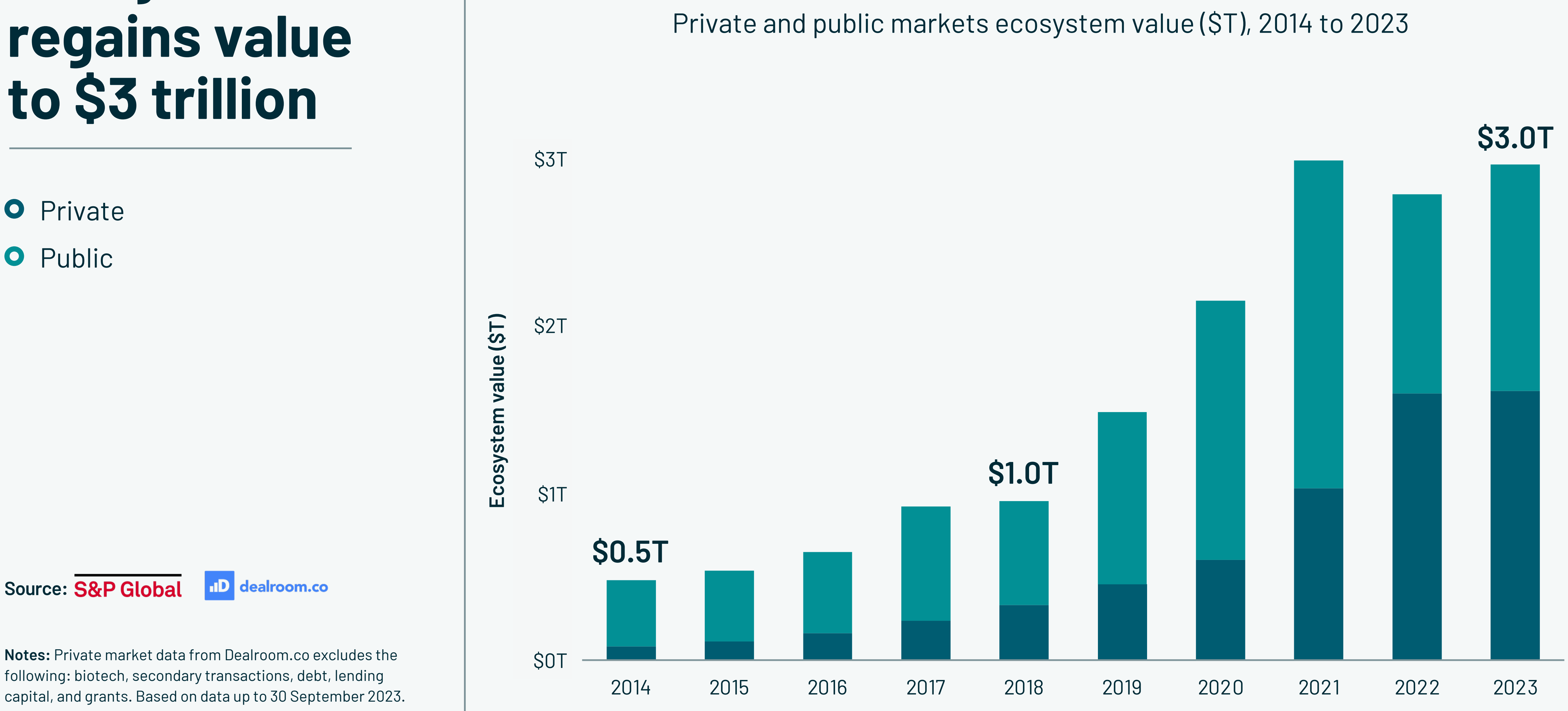
Median pre-money valuation ($M) by stage, 2014 to 2023



Source: PitchBook

Notes: Data is as of 30 September 2023. Excluded biotech & pharma firms.

Ecosystem regains value to $3 trillion



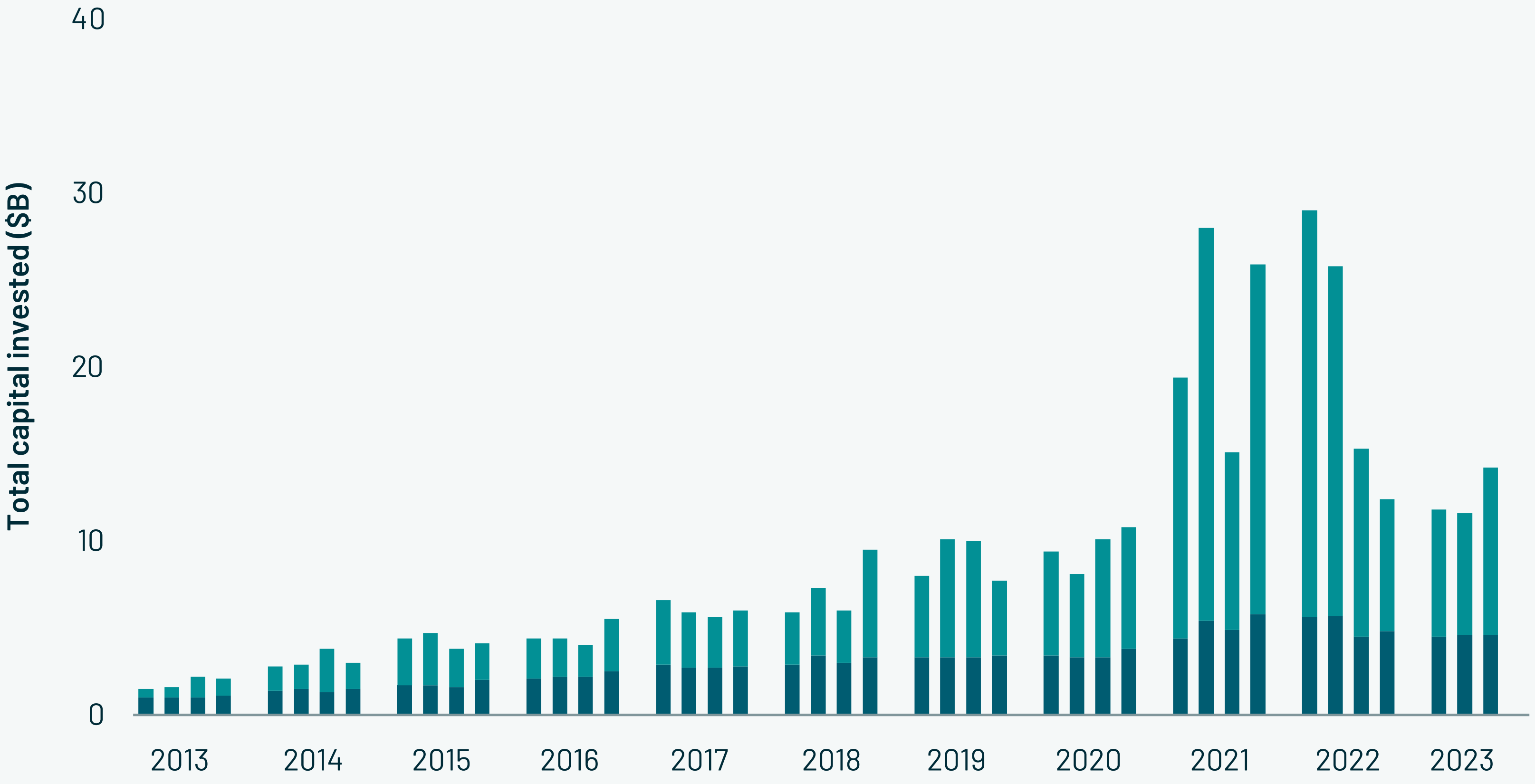
Source: S&P Global dealroom.co

Notes: Private market data from Dealroom.co excludes the following: biotech, secondary transactions, debt, lending capital, and grants. Based on data up to 30 September 2023. Public markets data as per S&P Capital IQ Platform, as of date 31 October 2023, for illustrative purposes only.

Beyond the slowdown, a funding equilibrium

- Early stage
- Growth stage

Total capital invested ($B) in Europe by stage and by quarter, 2014 to 2023



Source: atomico

powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2023. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Some progress, but needle not moving perceptively yet

- At founding
- Pre-Seed
- Seed
- Series as
- Series B and beyond

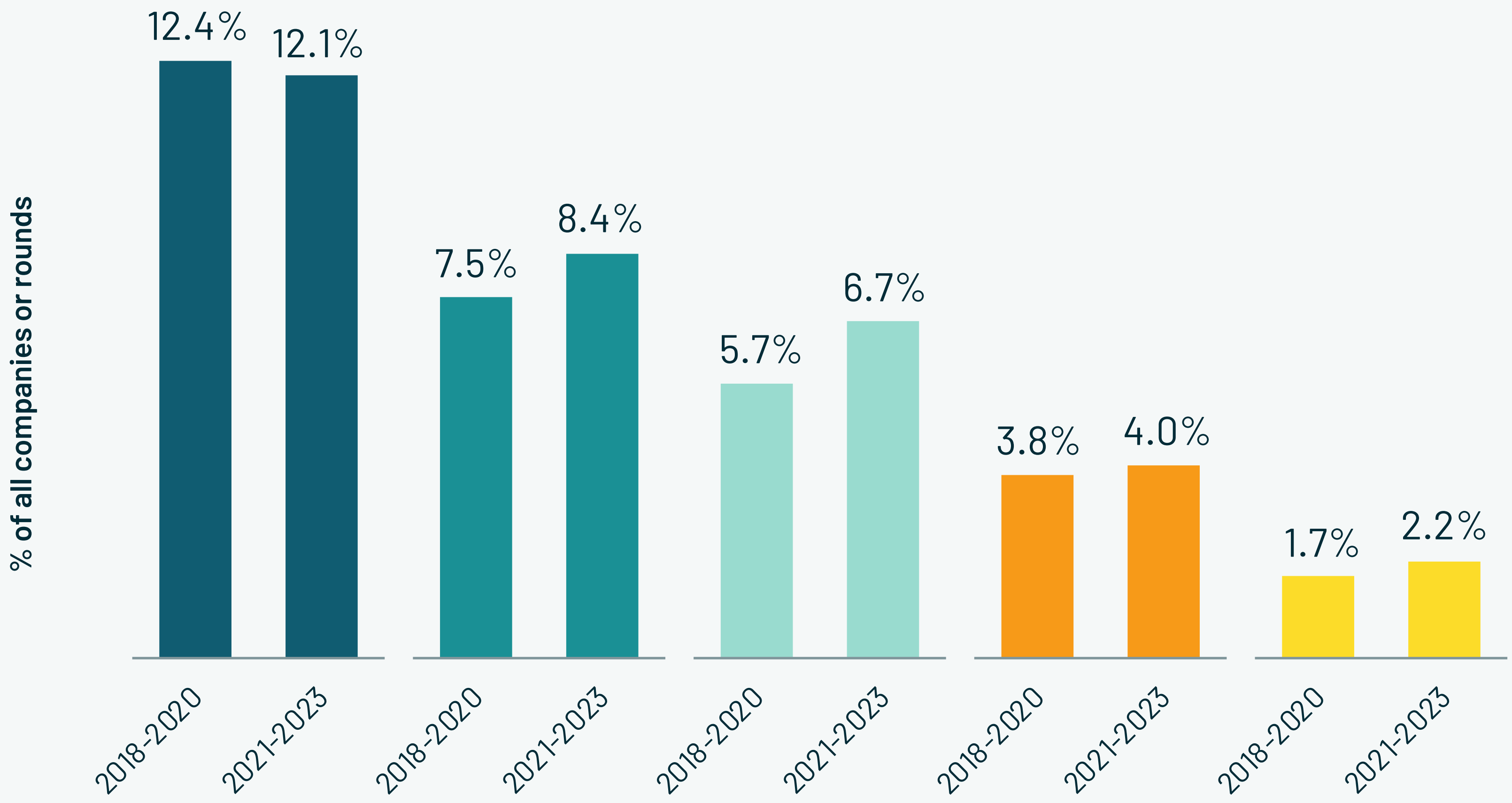
Source: atomico

powered by

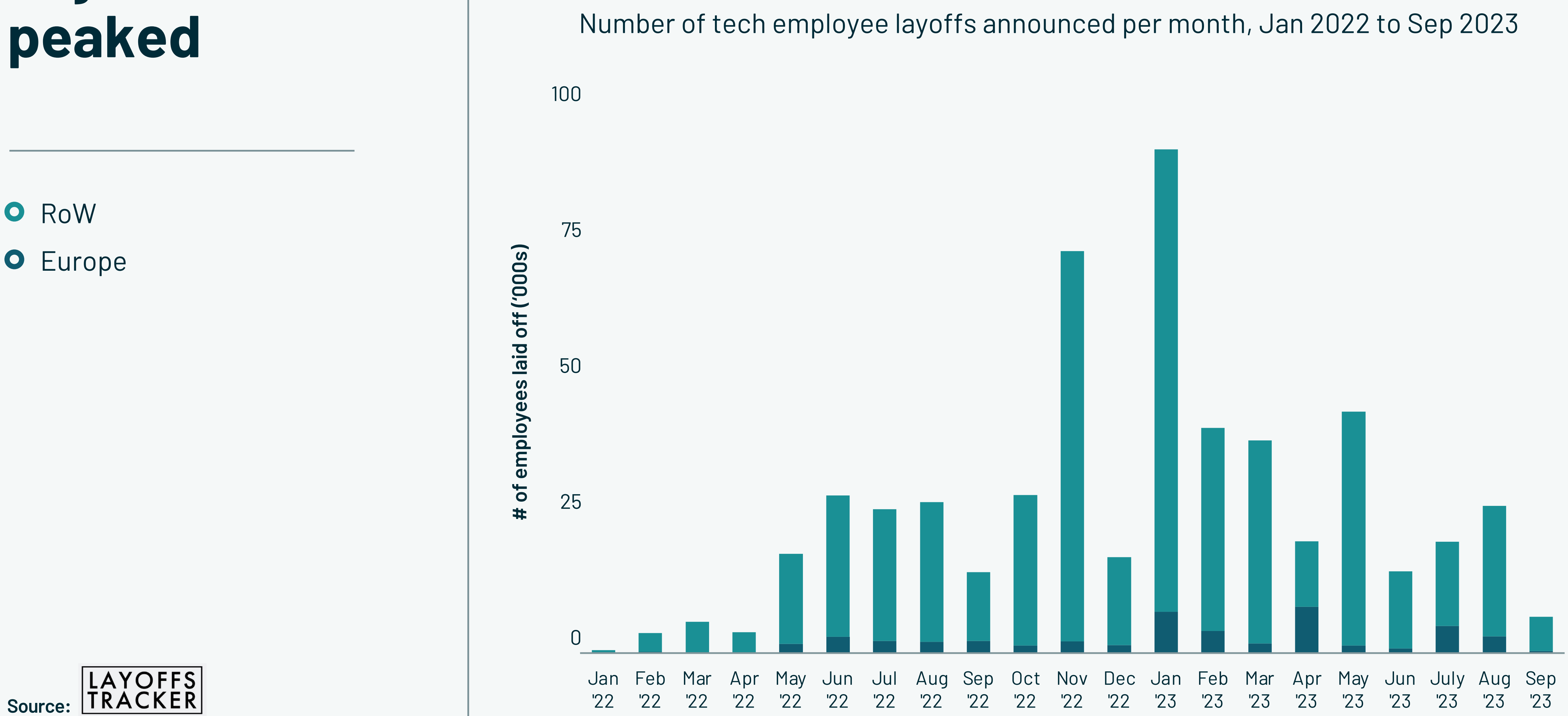
dealroom.co crunchbase revelio labs

Notes: Data is as of 30th September 2023.
Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Share of total count (%) captured by women-only founding teams by company stage



Layoffs have peaked



Source: LAYOFFS TRACKER

Notes: Data as of 30 of September 2023.

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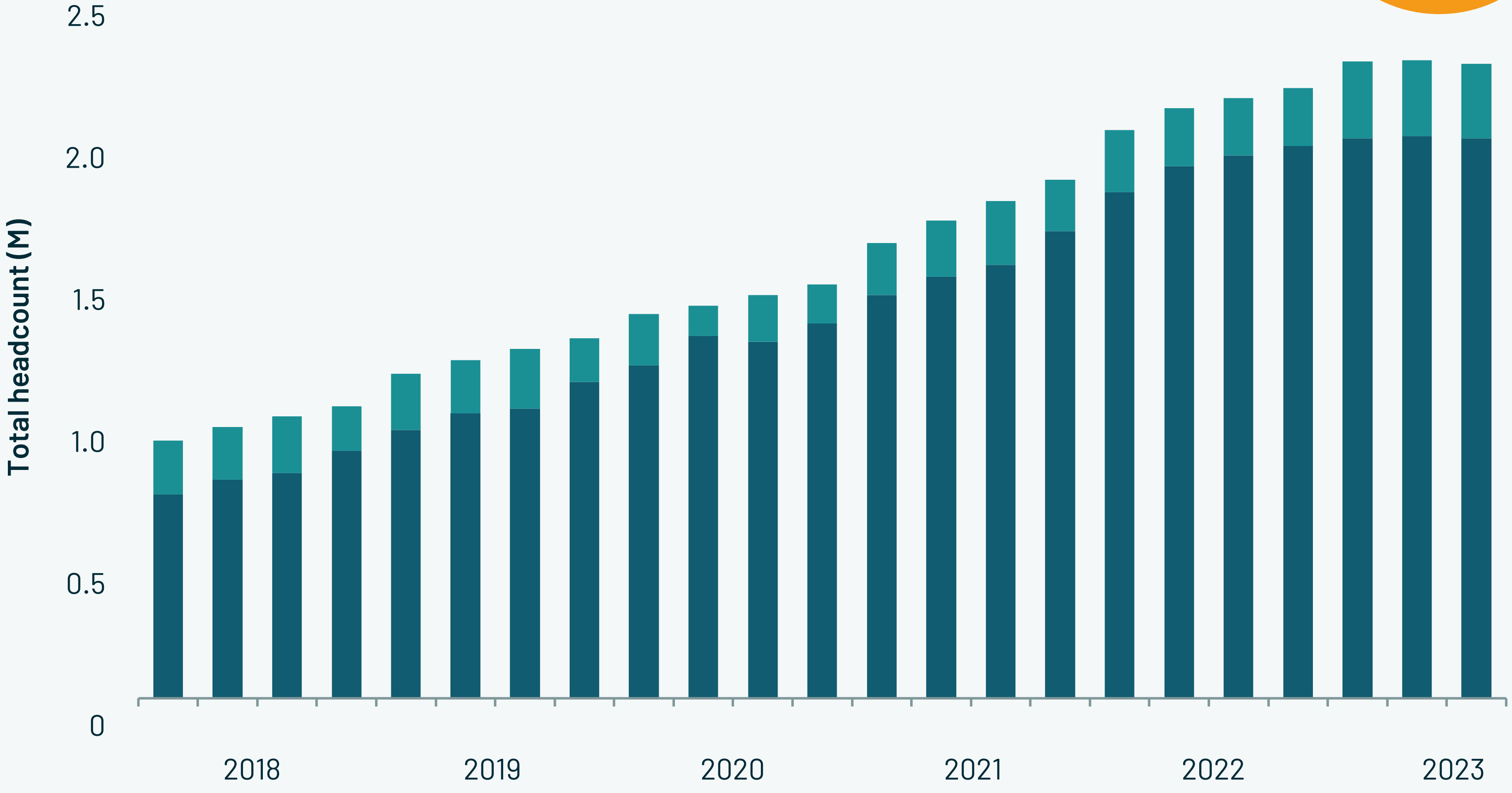
Tech continues to draw in talent

- New non-tech joiners
- Headcount
  (excl. new non-tech joiners)

Total European tech industry employees by quarter, 2019 to 2023YTD

2.3M+ tech employees in Europe



Source: atomico

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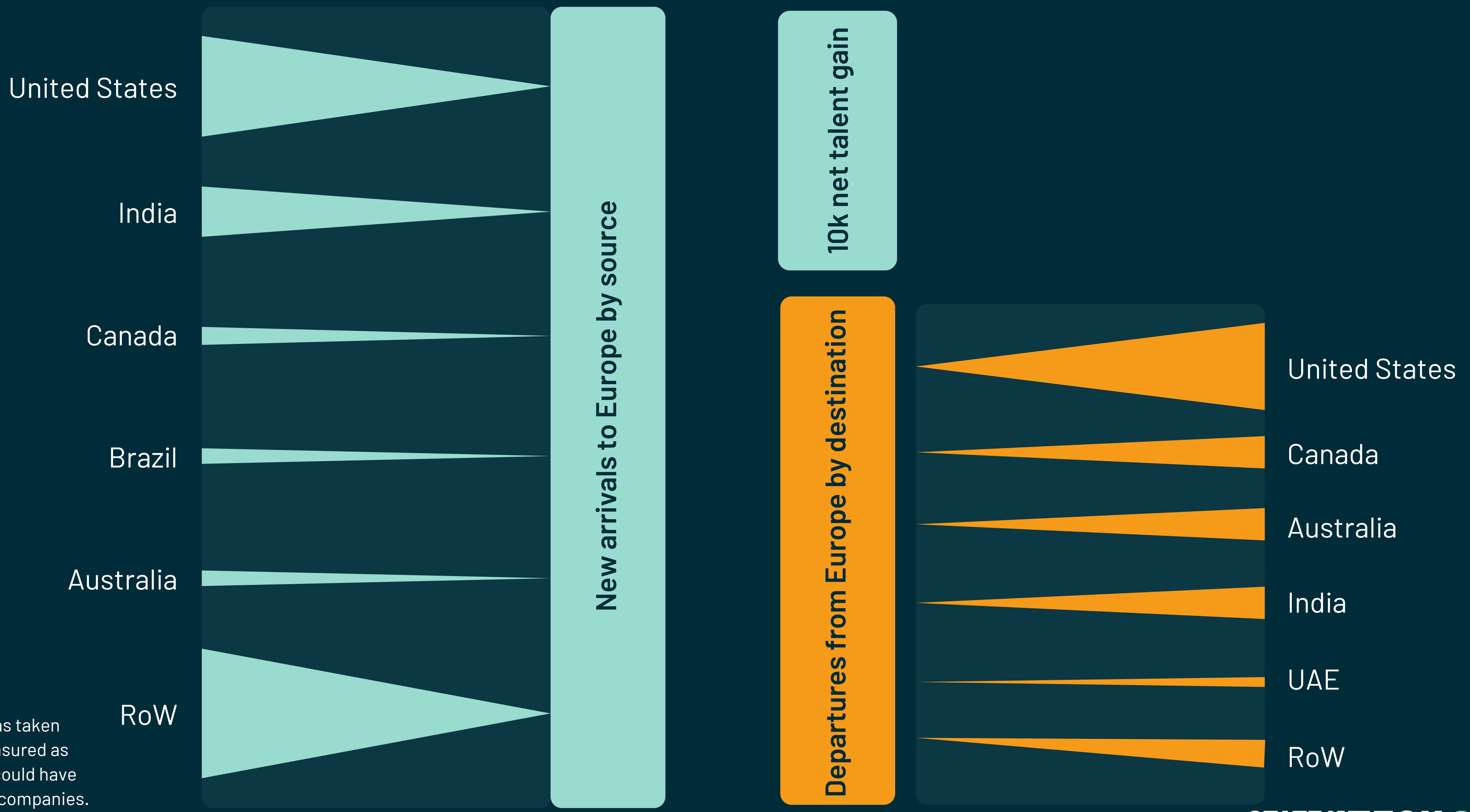
Notes: To adjust for lags in reporting, we compare snapshots of data at different points in time, which allows us to estimate future growth of current figures by extrapolating differences between time points. Data is as of 20 September 2023, thus Q3 is incomplete.

Europe winning over international talent

Global tech employee arrivals to and departures from Europe, 2023



Source: atomico°

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Notes: Data for 2023 only, where an arrival has taken place on or after 1 January 2023. Arrivals measured as employees joining tech companies only, but could have previously worked at either non-tech or tech companies. Data is as of 20 September 2023.

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02

New startup formation

Thematic trends

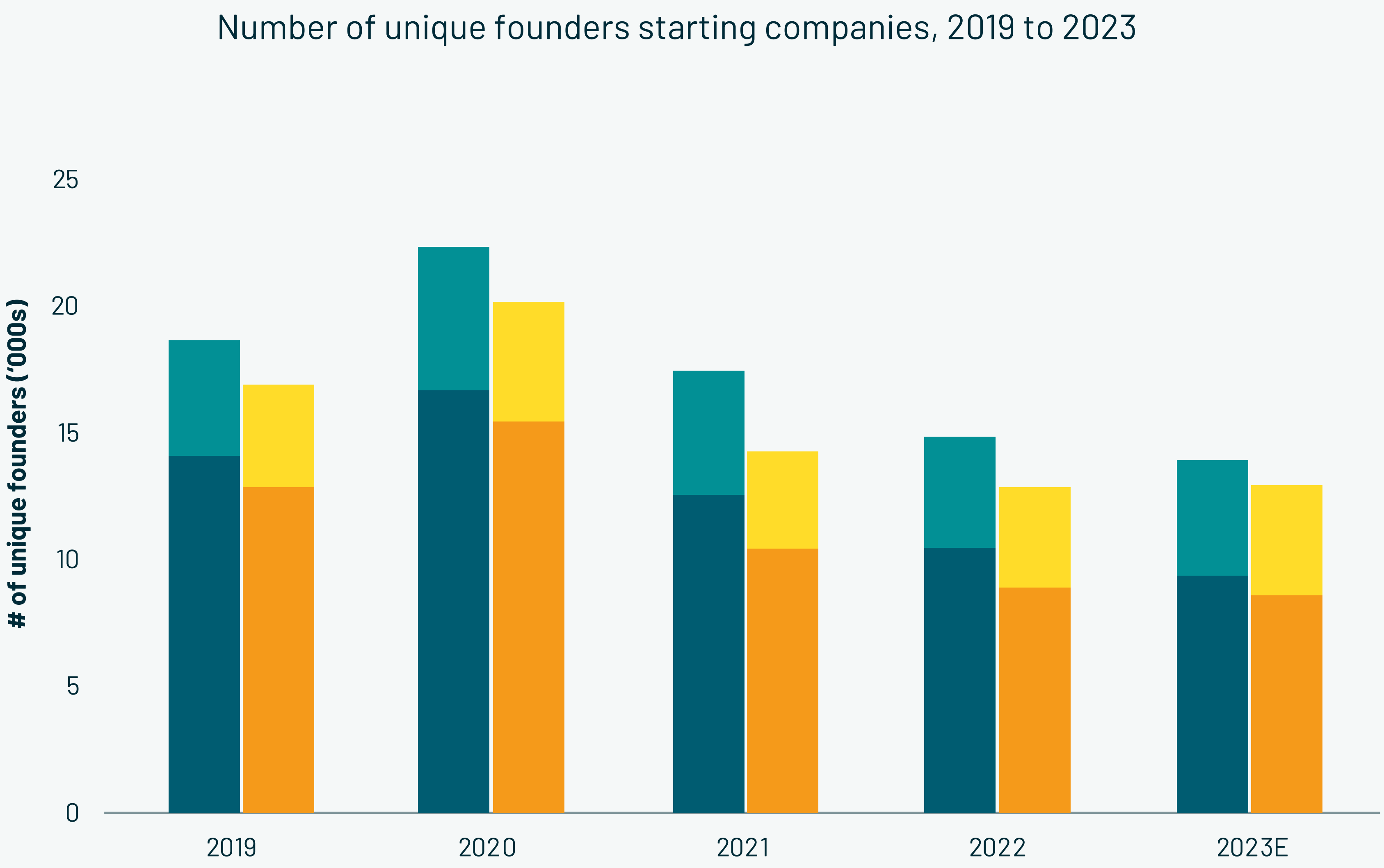
Funding innovation

Embracing risk

The imperative of backing innovation

Europe outpacing US in new tech startup formation

- Europe repeat founders
- Europe first-time founders
- US repeat founders
- US first-time founders



Source: atomico

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Notes: 2023F is based on data adjusted for lag effect and extrapolated based on data as of 20 September 2023.

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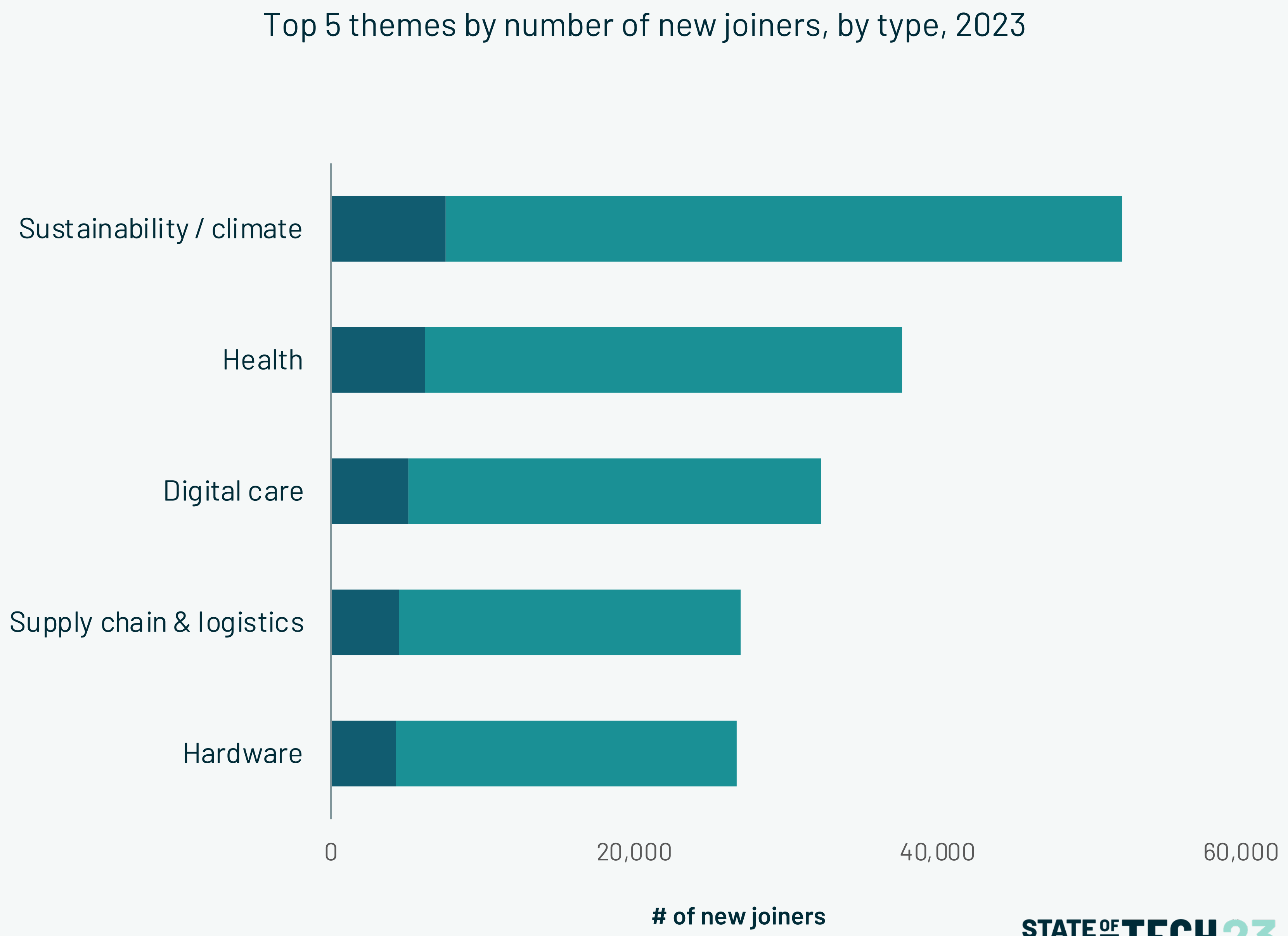
Talent is flowing to the hardest problems

- Net new-tech joiners
- New joiners from within tech



Source: atomico

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Notes: Data as of 20 September 2023 and extrapolated for full year. Companies may be assigned to multiple themes, causing talent to also being assigned to more than one theme.

Climate tech dominates overall capital flows

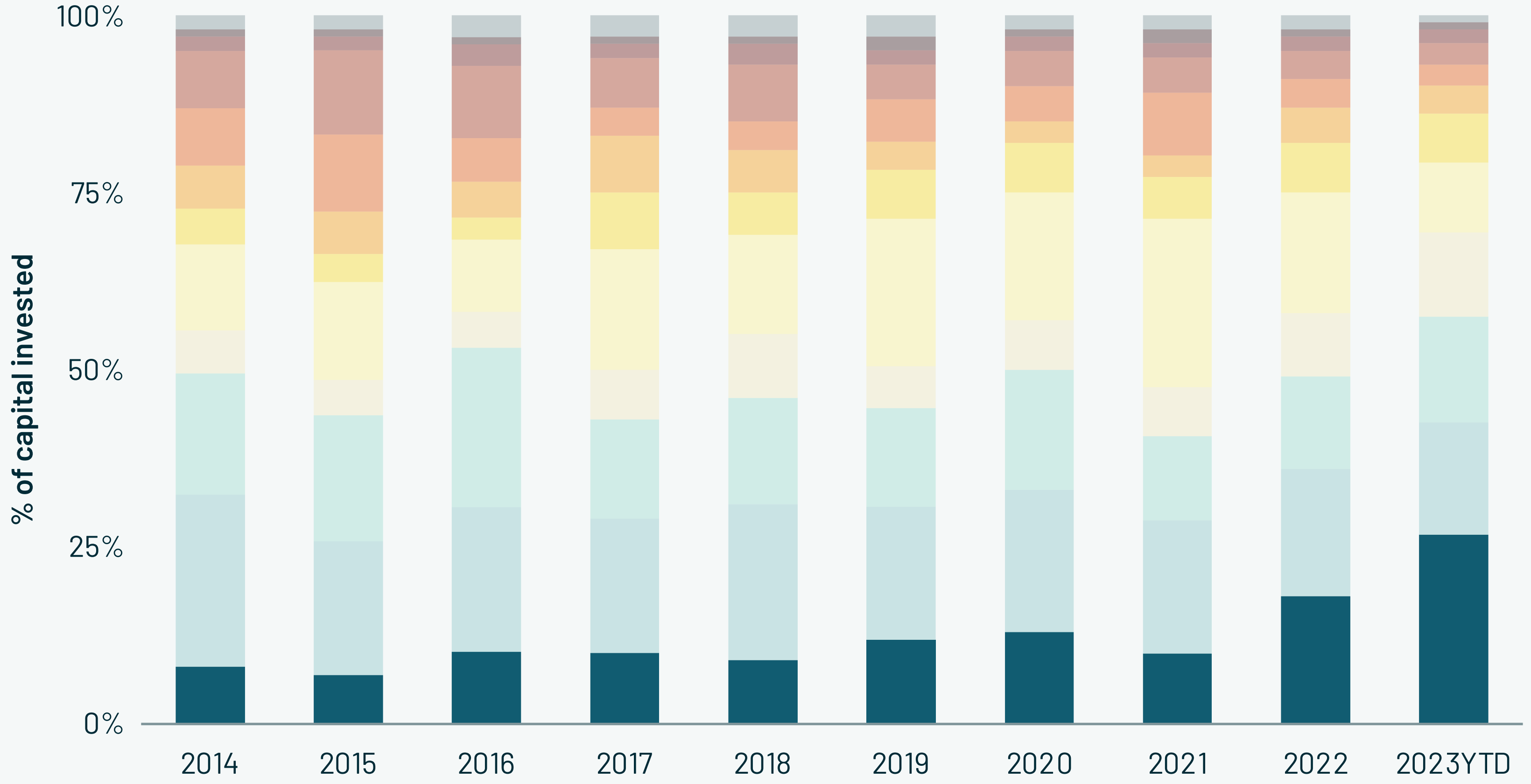
- Transportation
- Food & Drinks
- Education
- Wholesale & Retail
- Warehousing & Manufacturing
- Social, Arts, Entertainment & Recreation
- Digital Infrastructure
- Finance & Insurance
- Enabling Technologies
- Health
- Software
- Carbon & energy

Source: atomico

powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2023. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Distribution of capital invested by sector (%), 2014 to 2023



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AI takes over at Seed

Top themes at Seed in 2023 by capital invested

AI	Sustainability/Climate	Health
#1	#2	#3

Source: atomico

powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2023. Rounds of less than $5M only. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Investors betting big on AI

Europe
- $250M - $1B
- $100 - 250M

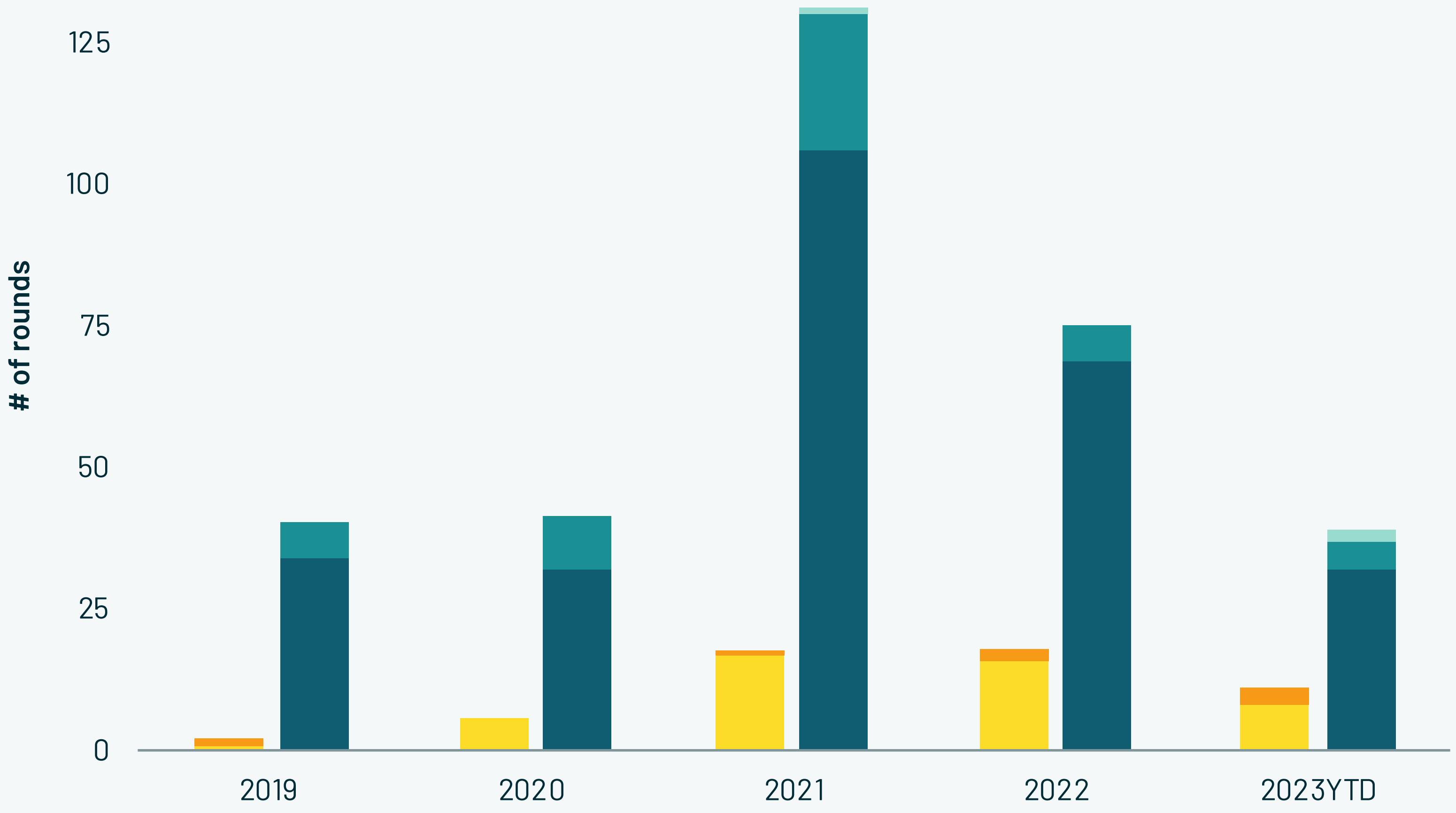
US
- $1B+
- $250M - $1B
- $100 - 250M

Source: atomico

powered by dealroom.co crunchbase

Notes: Based on data to 30 September 2023. Excludes the following: biotech, secondary transactions, debt, lending capital, and grants.

Number of $100M+ rounds in AI, 2014 to 2023



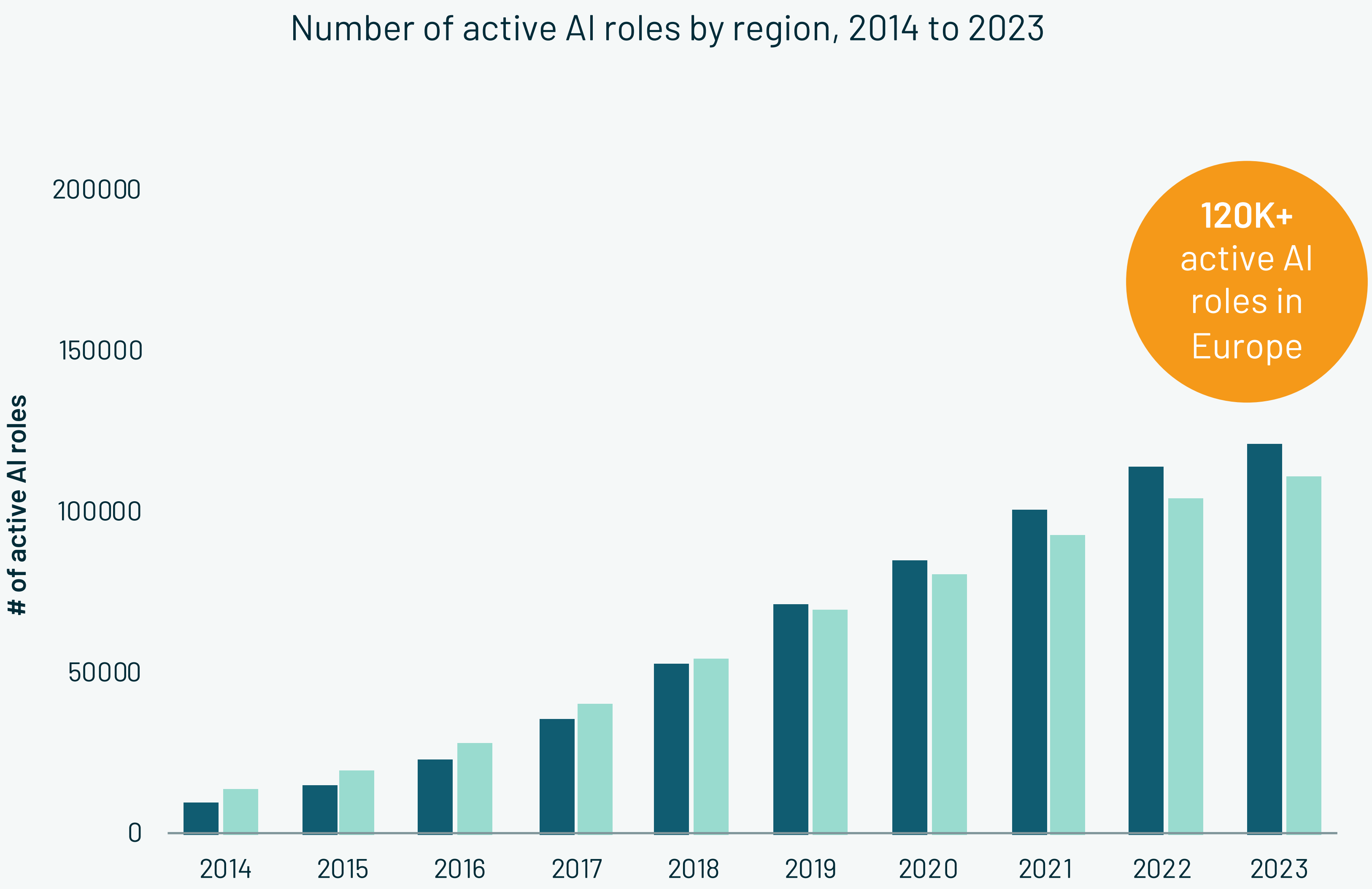
Europe has more AI talent than US

Europe
United States

Source: atomico

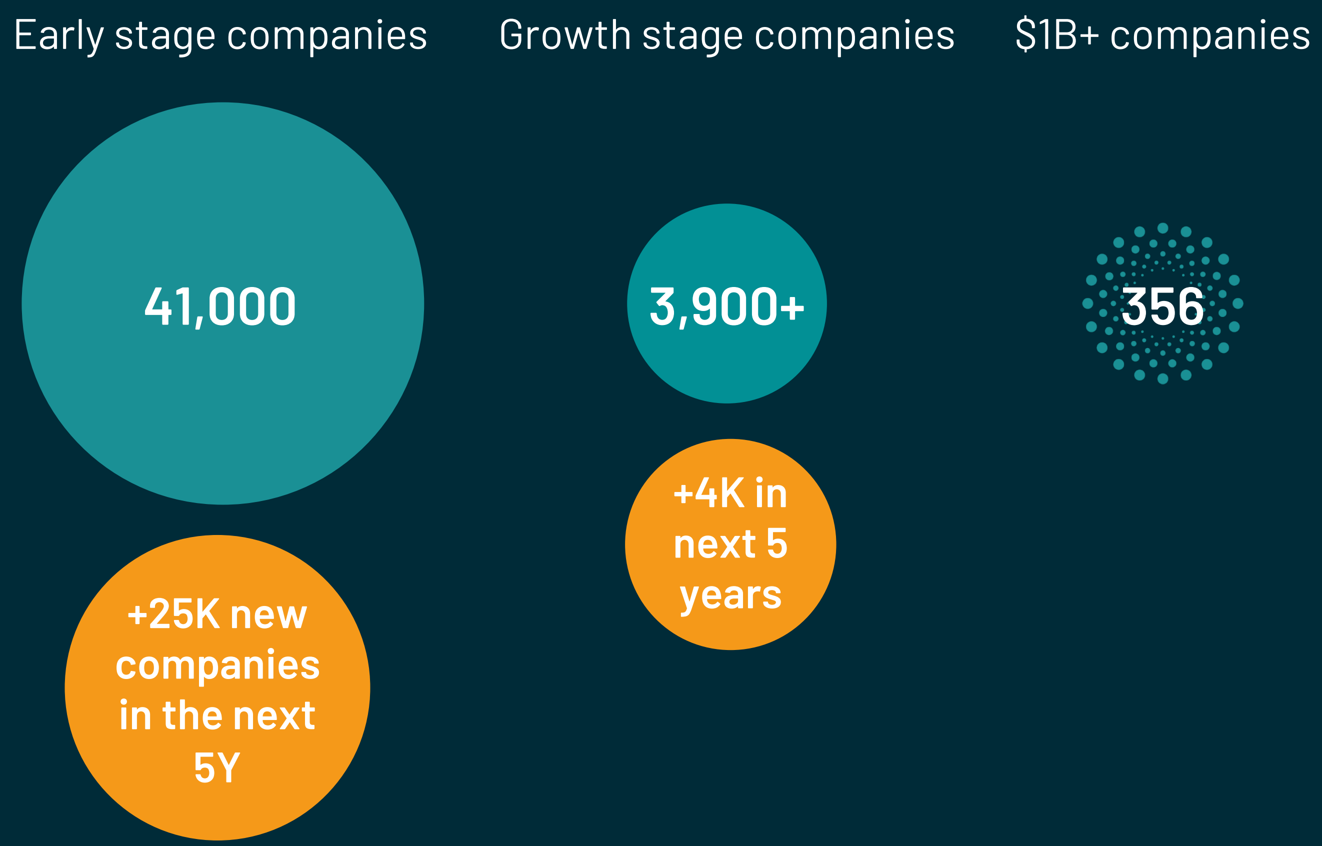
powered by revelio labs

Notes: 2023 is extrapolated based on data as of 20 September 2023. Data consists of all companies, including non-tech. To track the development of people working in AI roles over time, we filter the universe of roles to those with the most common job titles in the field, e.g. AI Researcher, ML Engineer, as well as key phrases in job titles like 'Deep/Reinforcement Learning'. Based on our experiences and understanding of the current work/tools of data scientists, we include these in our definition of an AI/ML role.



Meteoric rise of tech entrepreneurship

Count of venture-backed European startups by stage



Source: atomico

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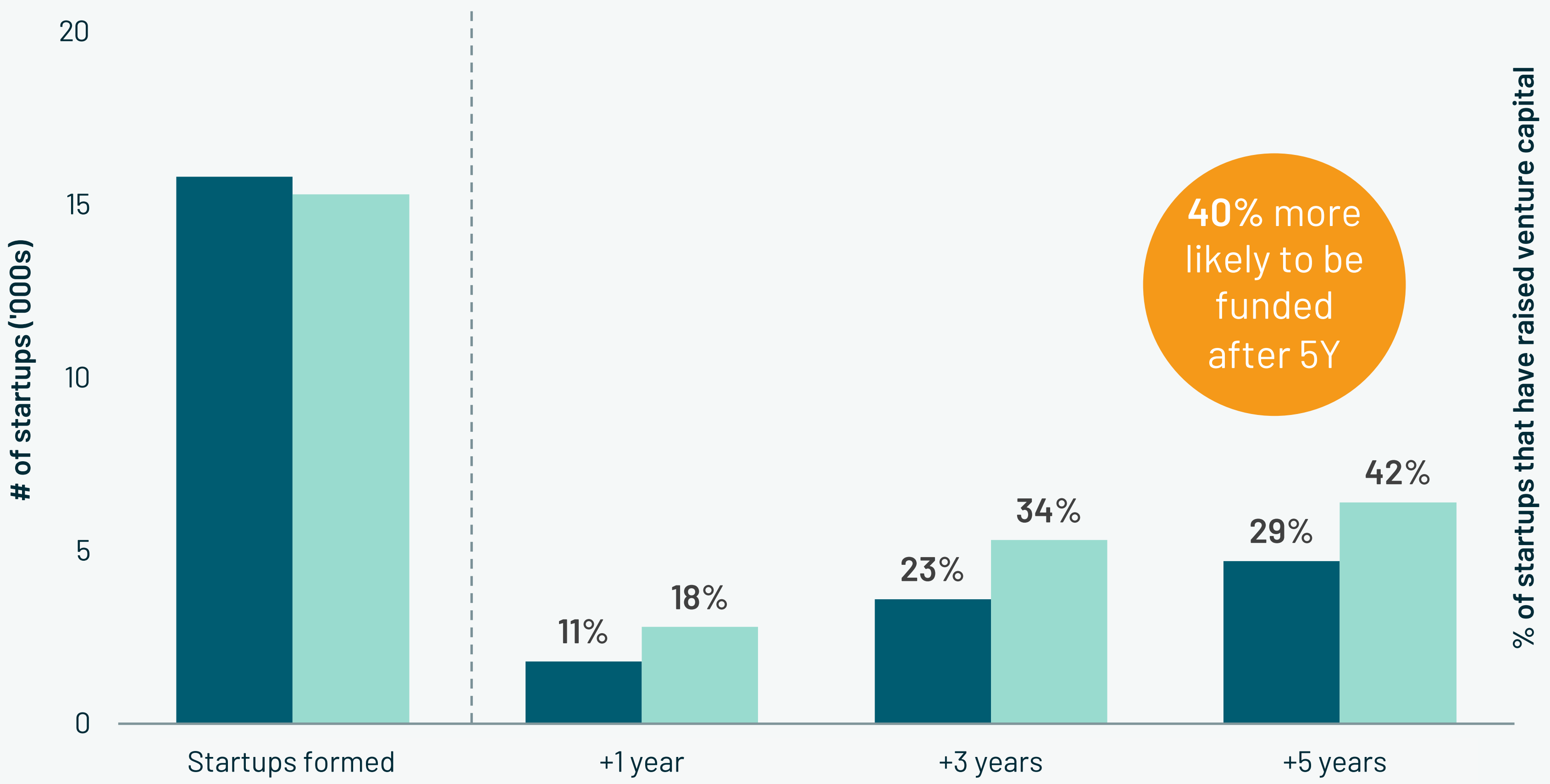
Notes: Data as of 20 September 2023. Based on historical analysis of conversion rates: 15% of Seed stage companies convert to Series A on average and 33% of Series A convert to Series B (for the majority of those converting, it takes place within 2 years); these rates have been applied to the current cohort of Seed and Early stage companies for illustrative purposes.

US startups benefit from greater access to capital

Europe
United States

Share of tech startups that raise venture capital by region and time since founding



Source: atomico

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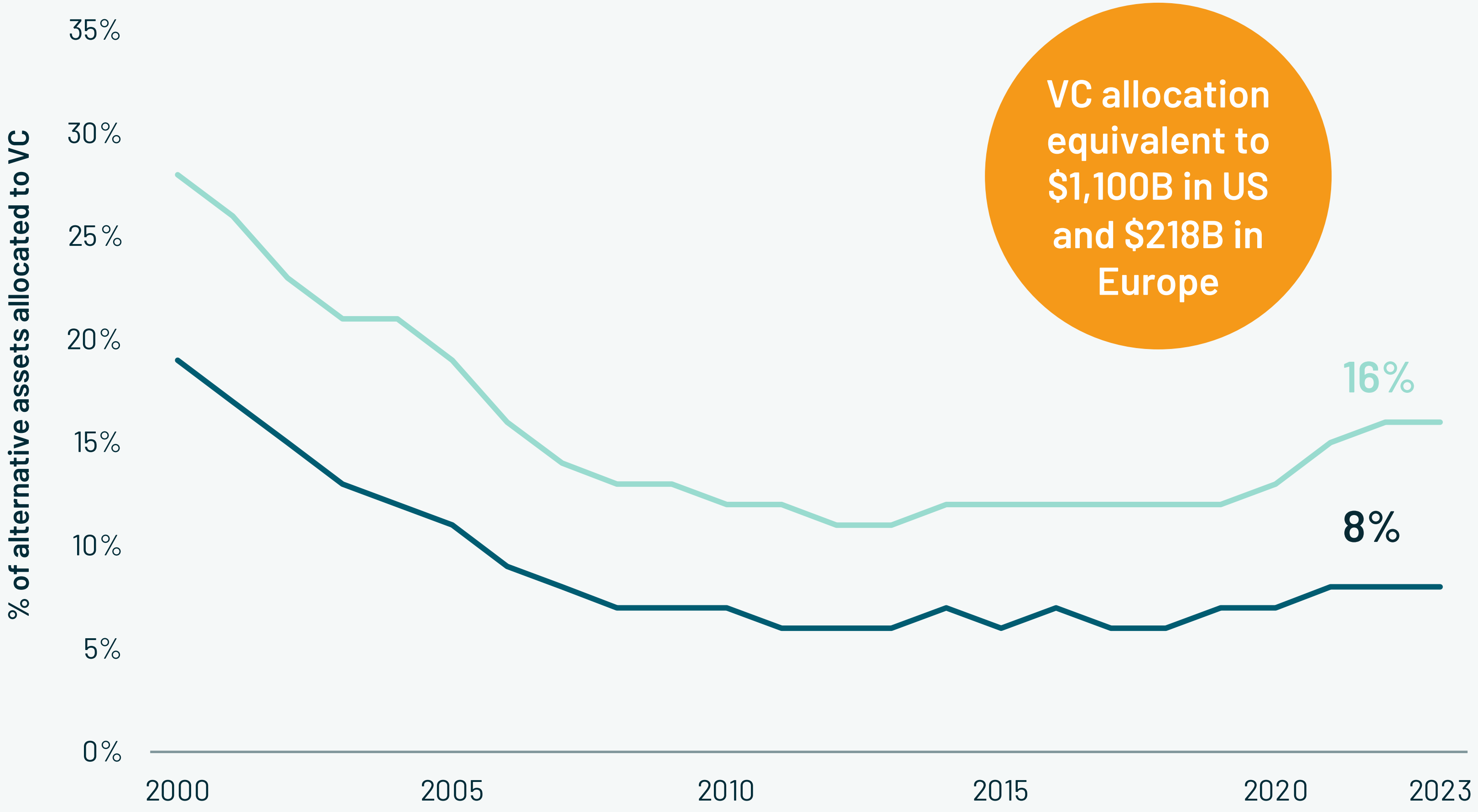
Notes: Data as of 20 September 2023. Based on historical analysis of conversion rates: 15% of Seed stage companies convert to Series A on average and 33% of Series A convert to Series B (for the majority of those converting, it takes place within 2 years); these rates have been applied to the current cohort of Seed and Early stage companies for illustrative purposes.

European asset managers underweight in VC versus US asset managers

- Europe
- United States

Share of AUM by alternative asset class based on manager HQ region, 2000 to 2023



Source: PREQIN

Notes: Numbers may not add up to 100 due to rounding. 2023 data is as of 31 March 2023.

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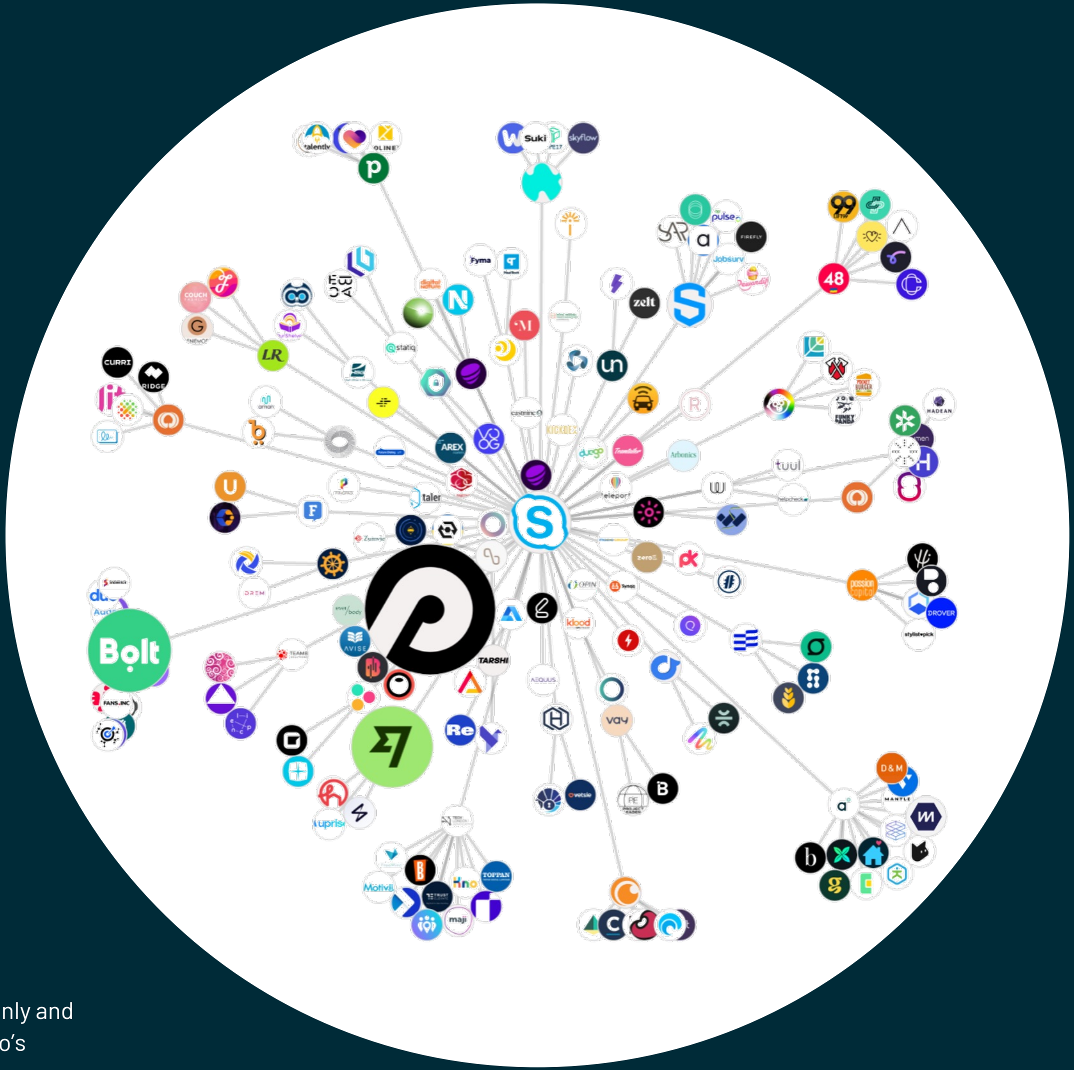
The Skype network effect



950 companies

50 countries

65K employees

$3T ecosystem value

Source: atomico

Notes: Based on public LinkedIn profiles only and companies defined as "tech" as per Atomico's proprietary taxonomy model. Nodes' size represent total capital raised by companies, VC funds are not sized according to their AuM.

03

Co-authors and partners

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