

J.P.Morgan

Innovation Economy Update:

**EMEA**

H1 2024



# Executive summary

It is pleasing to see many positive signs of improvement across the EMEA venture capital ecosystem, which has returned to pre-pandemic levels in most aspects. This is after a significant decline over the prior two years since the “peak” in 2021. We are seeing the largest Series A deals exceed peak levels, as well as more frequent equity rounds over \$100 million, including the \$1.05bn round for Wayve.ai and \$4.0bn round for H2 Green Steel.

UK, EU, and US-based venture capital firms continue to invest, as well as corporations and CVC funds. We have seen a decline in activity by "crossover" funds, hedge funds, and asset managers. Unfortunately, there has only been a marginal increase in the number of female (co-) founders being funded. In 2023, 23% of EMEA-based companies who raised a round had a female (co-) founder, representing 17% of invested capital.

One bright spot is the return of “successful” exits, such as ARM’s IPO in 2023 at a \$53bn market cap. This is coupled with an increase in M&A activity, notably US acquirers of EMEA-based software startups. This activity has helped bolster sentiment, with many Venture Capital firms raising new funds, including several new "megafunds" (over \$1bn).

We are pleased to see the EMEA venture ecosystem thriving once again.

- J.P. Morgan Innovation Economy Team, EMEA

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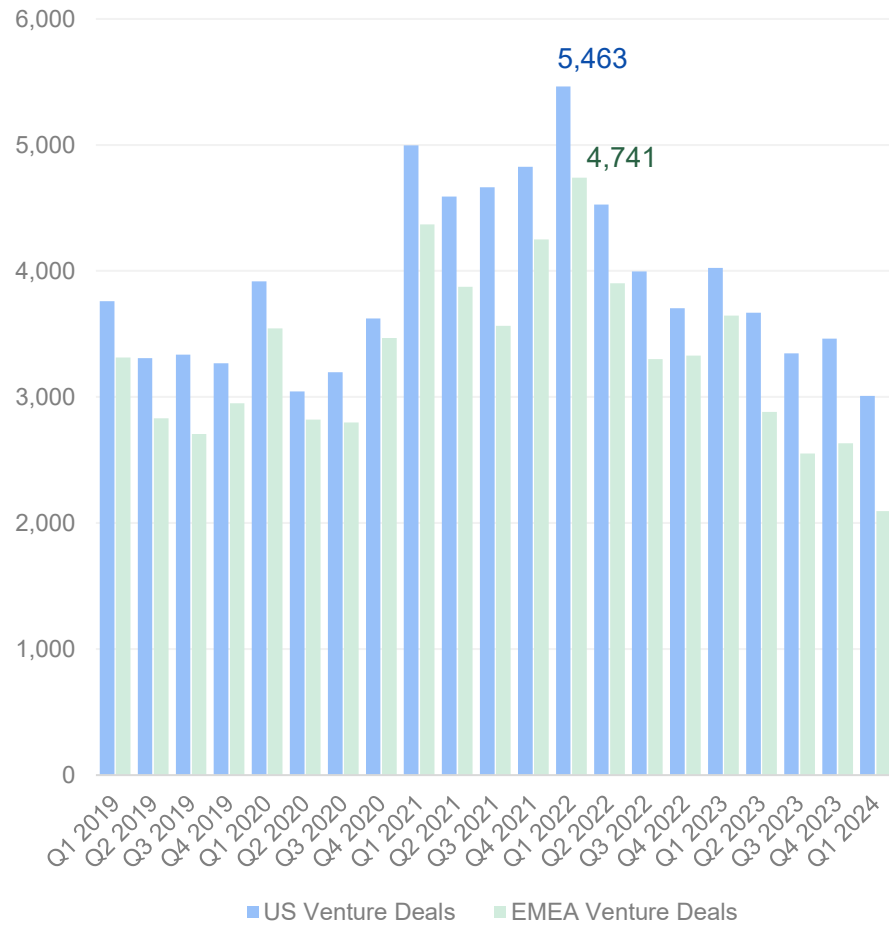
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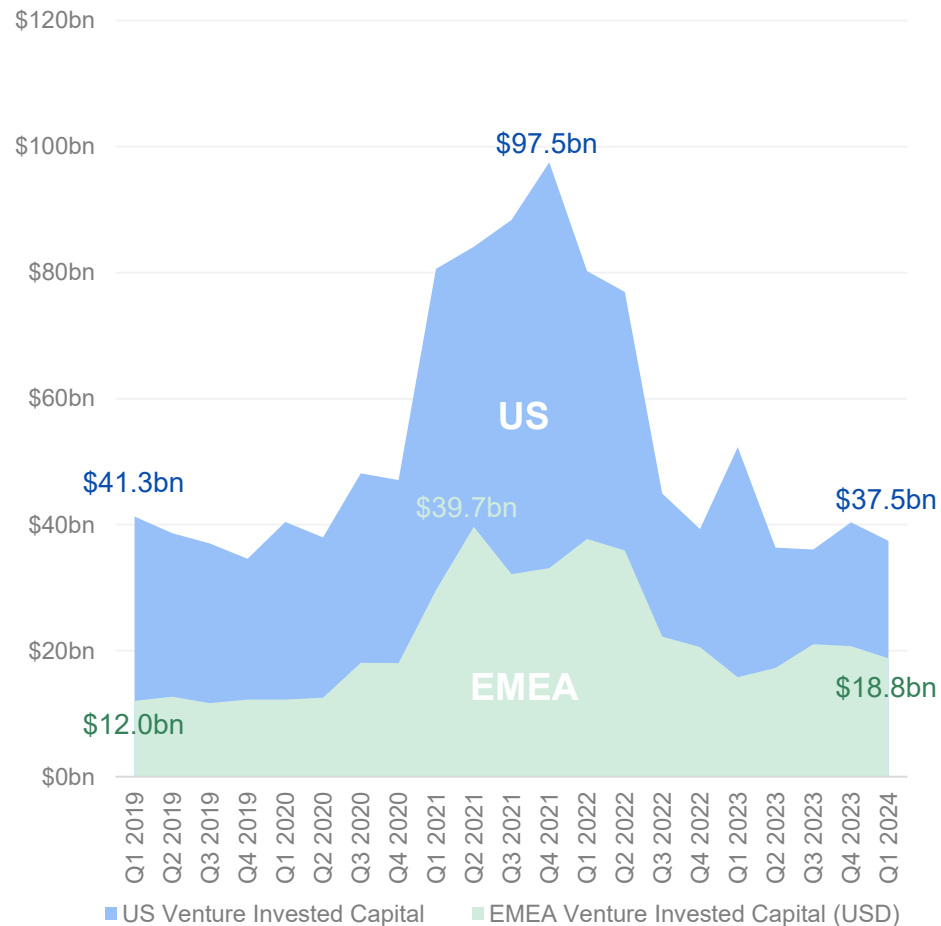


# EMEA Venture Capital is now back to pre-Covid levels

Venture Deal Volume Comparison: US vs. EMEA



Venture Investment Activity Comparison: US vs. EMEA



The number of venture deals in EMEA per quarter is approximately 85% of the number in the US.

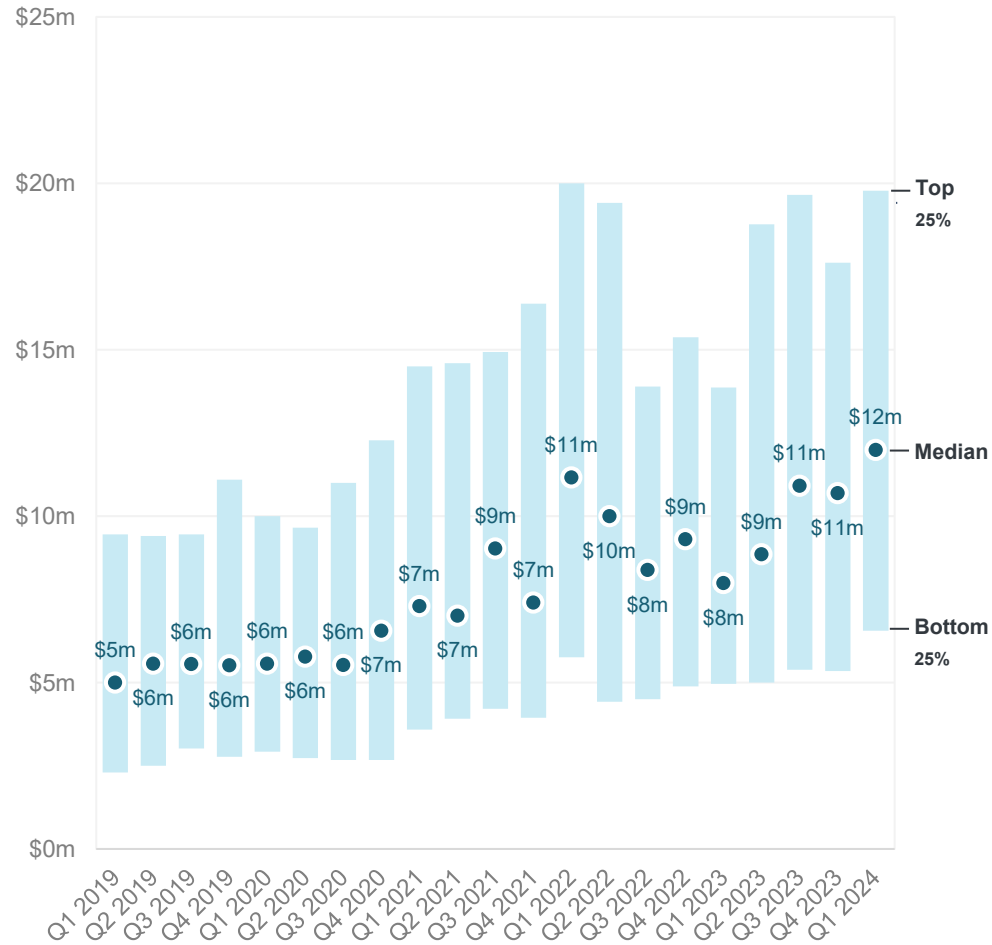
Venture investment in EMEA dropped 53% from its peak in 2021, a smaller decline than the US (62%).

In Q1'24, EMEA venture investment rose above pre-pandemic levels.

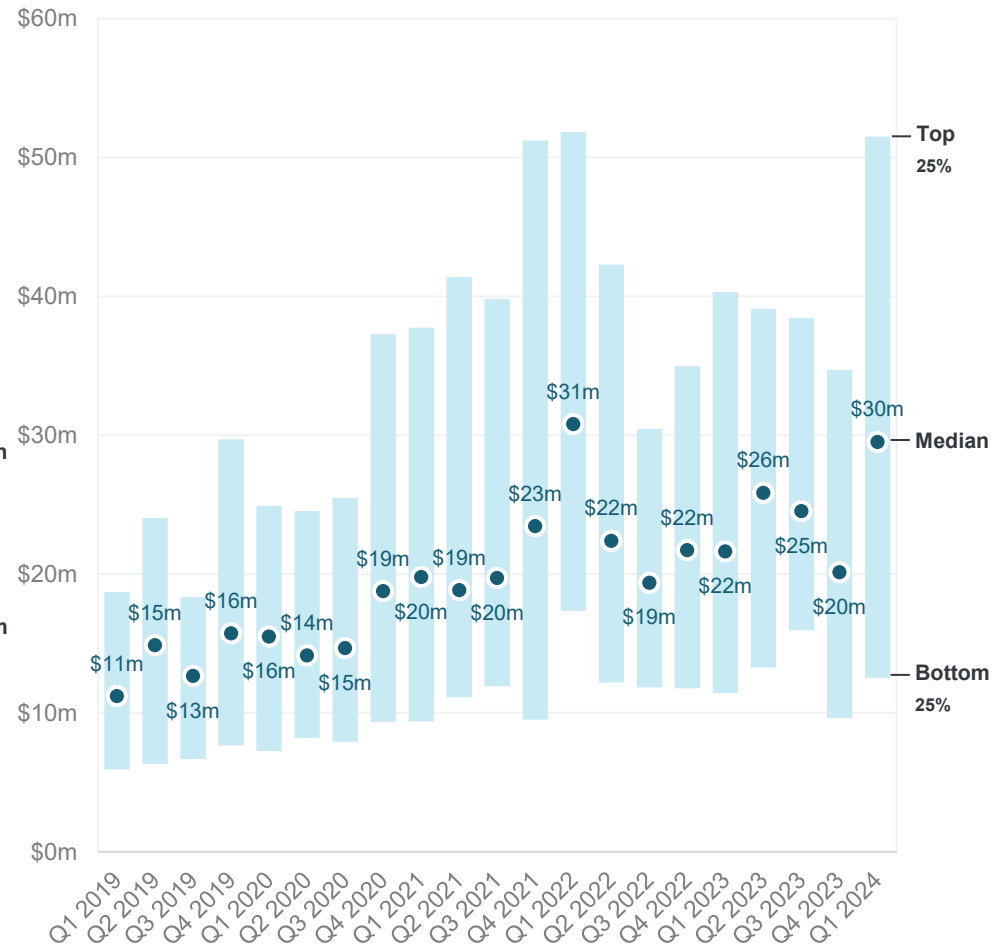
In Q1'24, EMEA venture investment reached 50% of the US total of \$37.5bn (up from 32% in 2019).

# Series A deal sizes and valuations are now back above 2021 peaks

EMEA Series A Deal Sizes  
(Top/Median/Bottom Quartiles)



EMEA Series A Pre-Money Valuations (PMV)  
(Top/Median/Bottom Quartiles)



Series A deal sizes and valuations are now back to peak (2022) levels.

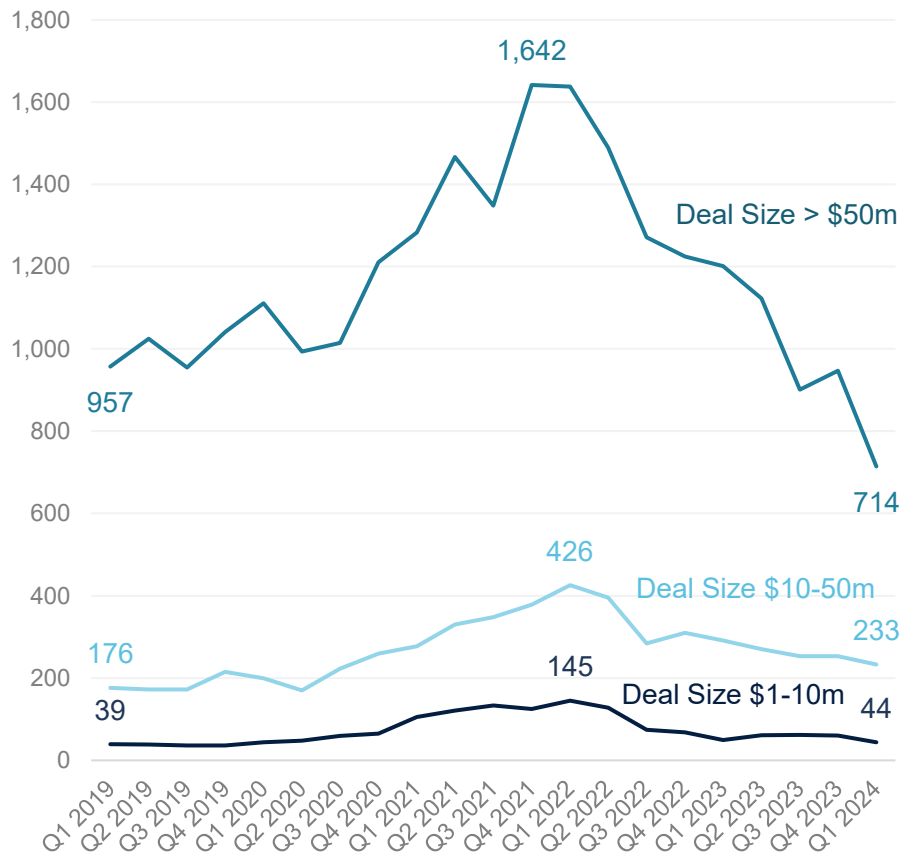
In Q1'24, top quartile companies achieved a \$50m PMV at Series A, compared to \$10m for the bottom quartile.

The median valuation step-up in Q1 2024 was 2x.

The median time between rounds in Q1'24 was 21 months, compared to 15 months in 2019.

# Later-stage deals have slowed, but large rounds (€300m+) are still happening

Number of EMEA Venture Deals by Size



Largest Venture Deals  
Q3 2023 to Q1 2024

Company	Deal size	Sector	HQ
<b>H2 Green Steel</b>	€4.75bn incl. €4.2B in debt	CleanTech	Stockholm, Sweden
<b>Wayve</b>	\$1.1bn	Artificial Intelligence	London, UK
<b>Tabby</b>	\$950m incl. \$700m in debt	FinTech	Dubai, UAE
<b>Aleph Alpha</b>	€459m	Artificial Intelligence	Heidelberg, Germany
<b>Mistral AI</b>	\$431m	Artificial Intelligence	Paris, France
<b>Monzo</b>	\$431m	FinTech	London, UK
<b>Picnic</b>	€355m	E-Commerce	Amsterdam, Netherlands
<b>Tamara</b>	\$340m	FinTech	Riyadh, Saudi Arabia
<b>Electra</b>	€304m	CleanTech	Paris, France

Large deal sizes (\$50m+) saw the greatest slowdown in deal volume since 2021.

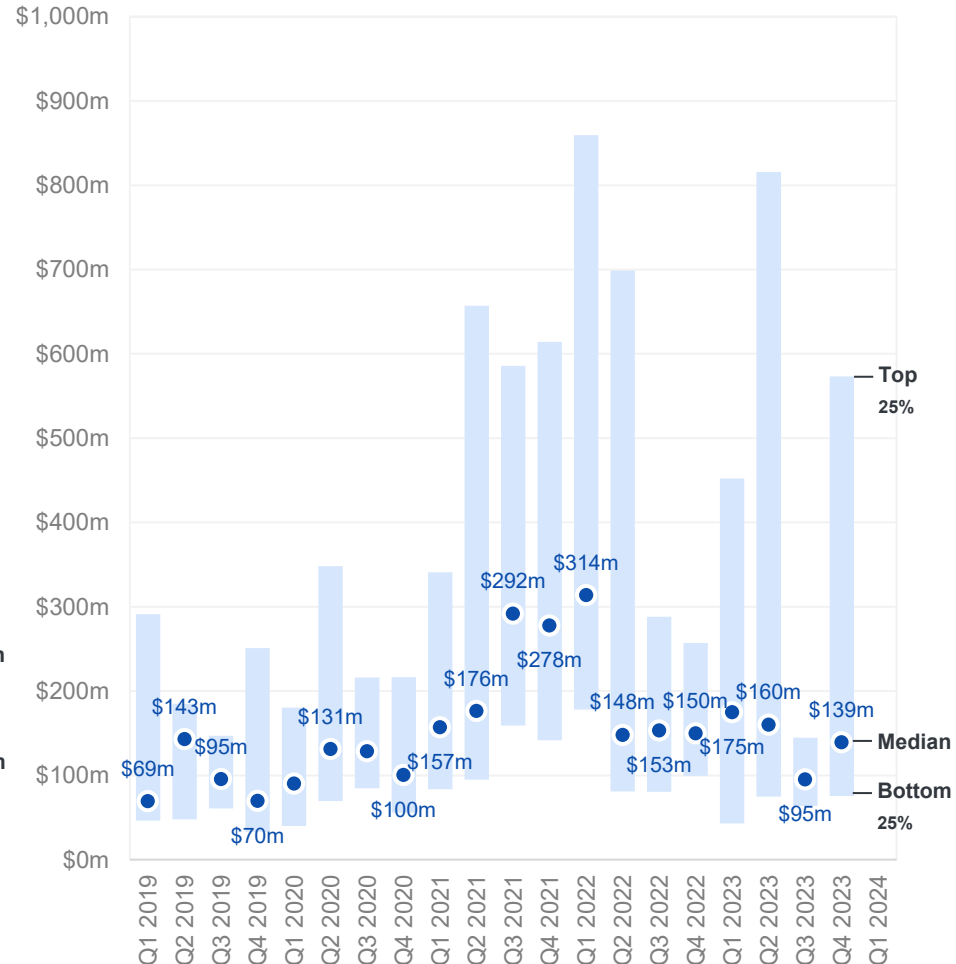
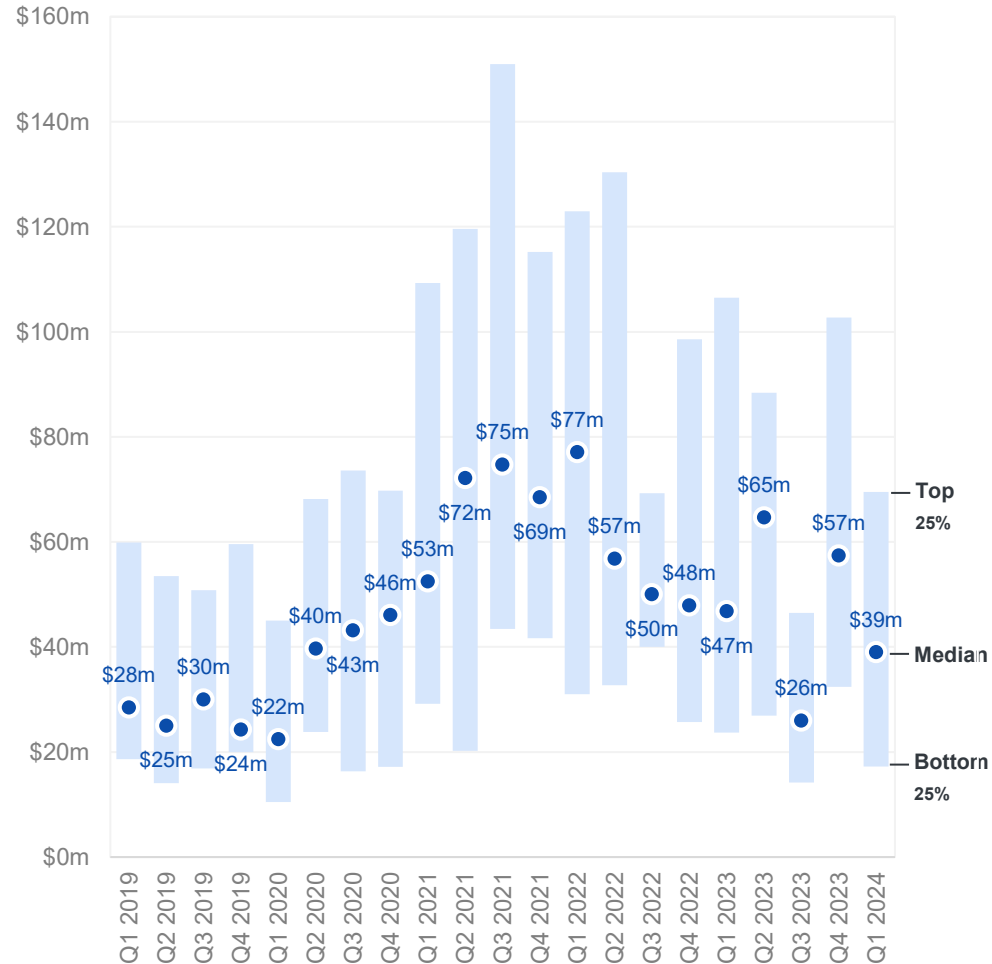
However, larger rounds are still occurring across a range of different sectors and multitude of countries.

The top sectors for companies that raised \$50m+ were Clean/Climate Tech, AI, Fintech, Life Science, Software, and SAAS.

# Top quartile Series C deal sizes and valuations are still well below 2021

EMEA Series C Deal Sizes  
(Top/Median/Bottom Quartiles)

EMEA Series C Pre-Money Valuations (PMV)\*  
(Top/Median/Bottom Quartiles)



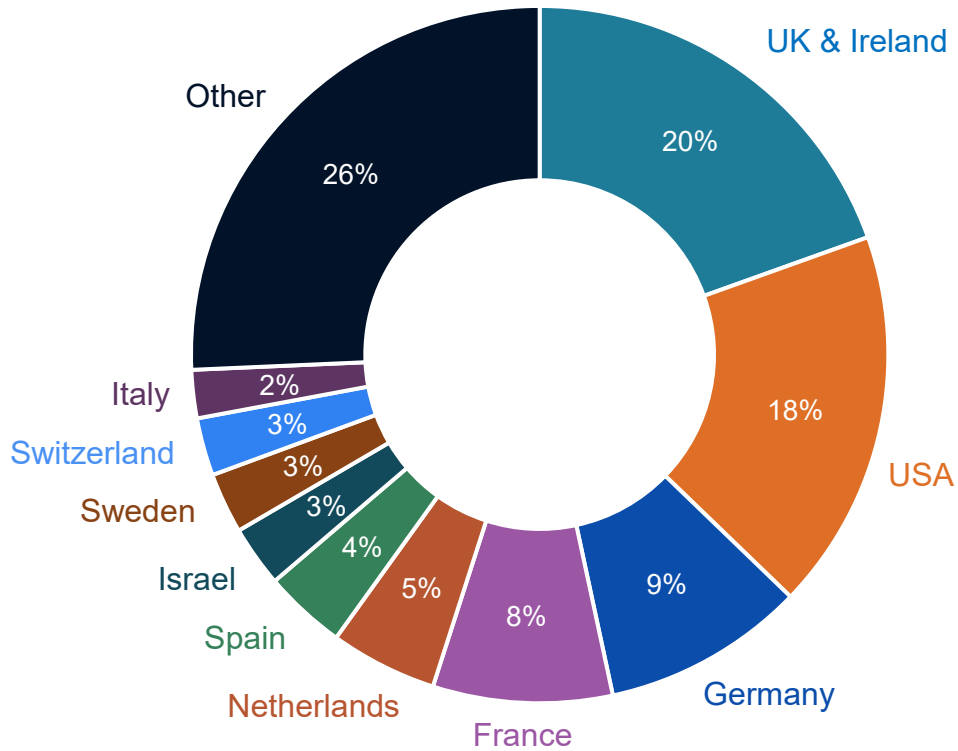
Top quartile Series C deal sizes and valuations are well below the 2021-2022 peak.

For comparison, deal sizes are around 2020 levels.

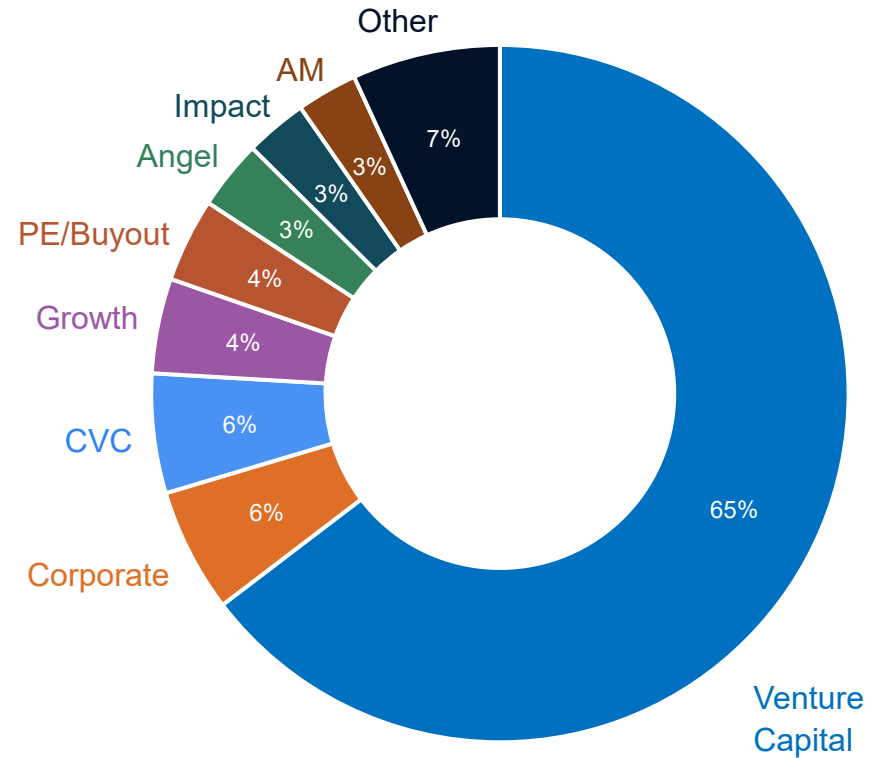
The median time between rounds in Q1'24 was 19 months.

# UK and US VCs still lead in the EMEA venture ecosystem

Lead Investors in EMEA Venture Deals by Investor HQ in 2023



Lead Investors in EMEA Venture Deals in 2023 by Investor Type



Companies based in EMEA rely on investors based in the UK, Ireland, and the US.

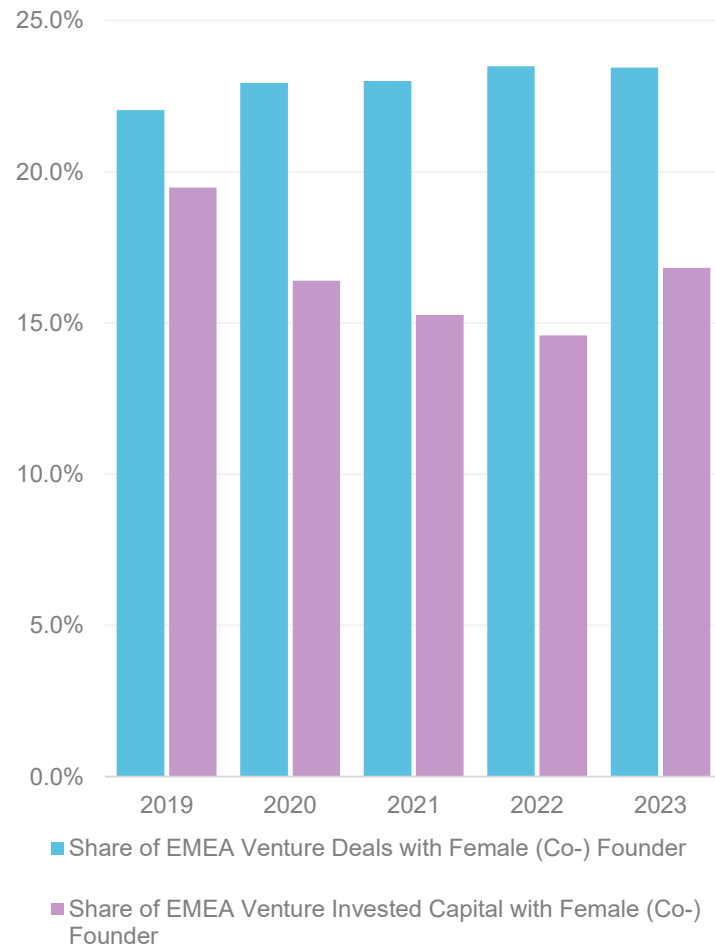
Bar these regions, all other countries had a single digit share, however most were based in Europe. The most active investor was Enterprise Ireland.

The most common investor type was Venture Capital with 65%, followed by Corporate and CVC with a combined 12%.



# Heading in the right direction for female founder representation

Female (Co-) Founder Share of Venture



Sectors Ranked by Number of Female (Co-) Founders

Rank	2019	2020	2021	2022	2023
1	SaaS	SaaS	SaaS	SaaS	SaaS
2	TMT	E-Commerce	AI & ML	AI & ML	AI & ML
3	Mobile	AI & ML	E-Commerce	E-Commerce	HealthTech
4	E-Commerce	Mobile	Mobile	Mobile	E-Commerce
5	AI & ML	TMT	LOHAS & Wellness	LOHAS & Wellness	LOHAS & Wellness
6	LOHAS & Wellness	LOHAS & Wellness	TMT	HealthTech	CleanTech
7	HealthTech	HealthTech	HealthTech	FinTech	Mobile
8	Life Sciences	Life Sciences	Life Sciences	Life Sciences	Life Sciences
9	FinTech	FinTech	FinTech	CleanTech	FinTech
10	Big Data	CleanTech	CleanTech	TMT	TMT

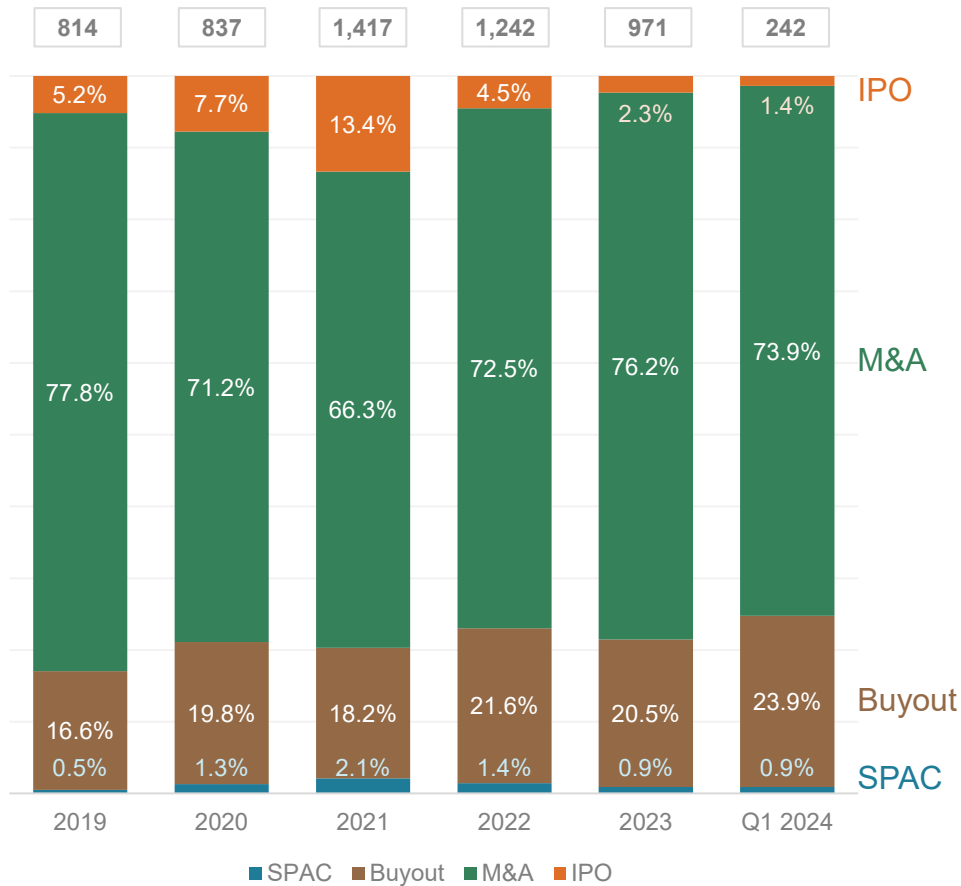
23% of venture-backed (co-) founders in EMEA are female, a marginal increase from five years ago.

The share of capital invested in female-led startups increased to 16% in 2023, halting a 4-year decline.

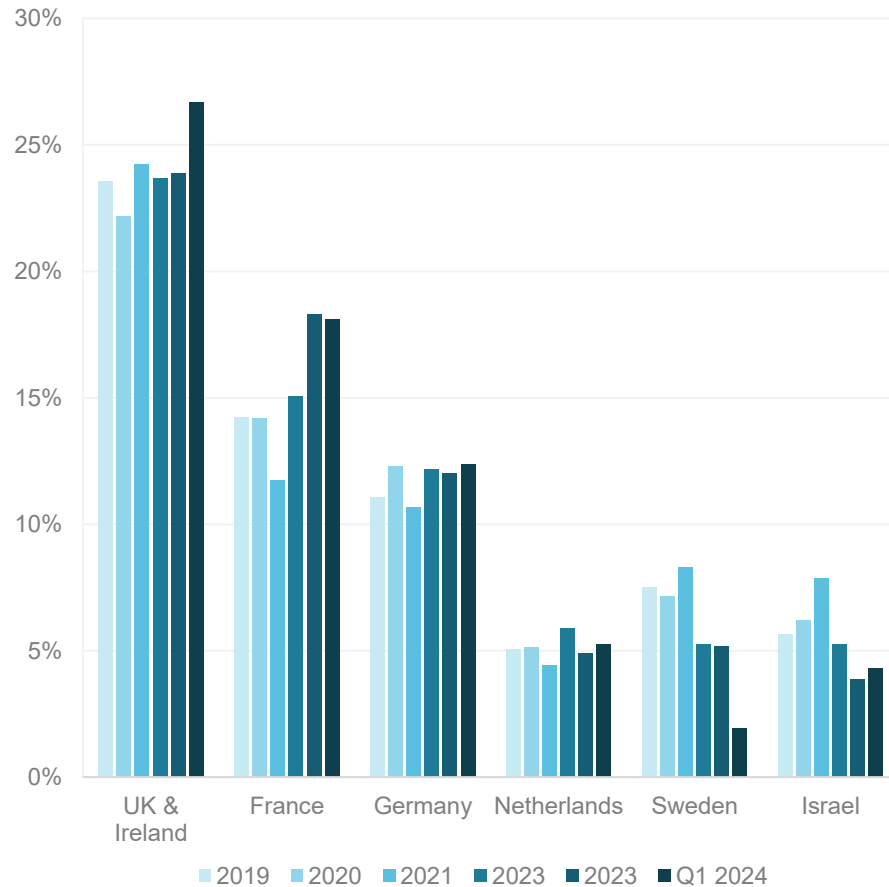
SaaS remains the lead industry sector for female founders, with AI & ML also key.

# M&A increases in importance as IPO markets remain subdued

Venture-Backed, EMEA-Based Company Exits by Type



Share of Venture-Backed Company Exits by Select Countries



Typically, M&A represents 70% of exits, which increases when the IPO market is challenged.

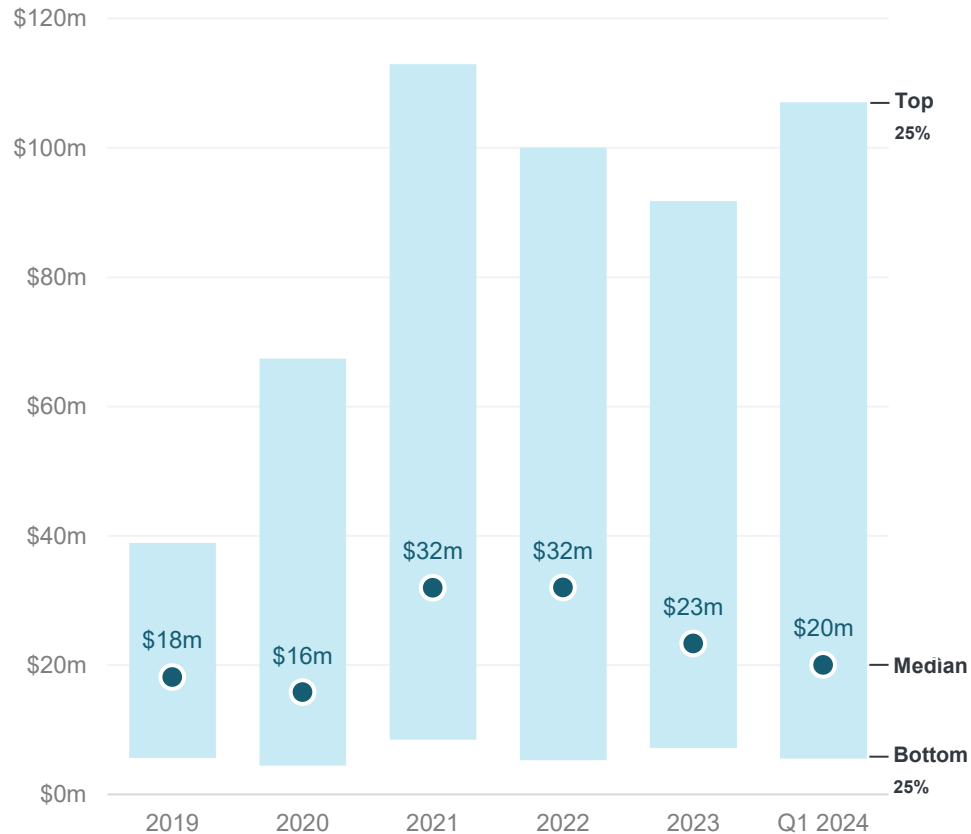
UK-based companies account for the largest number of total exits.

The largest M&A transaction was UAE-based Careem, acquired in 2020 by Uber (NYS: UBER) for \$3.1bn.

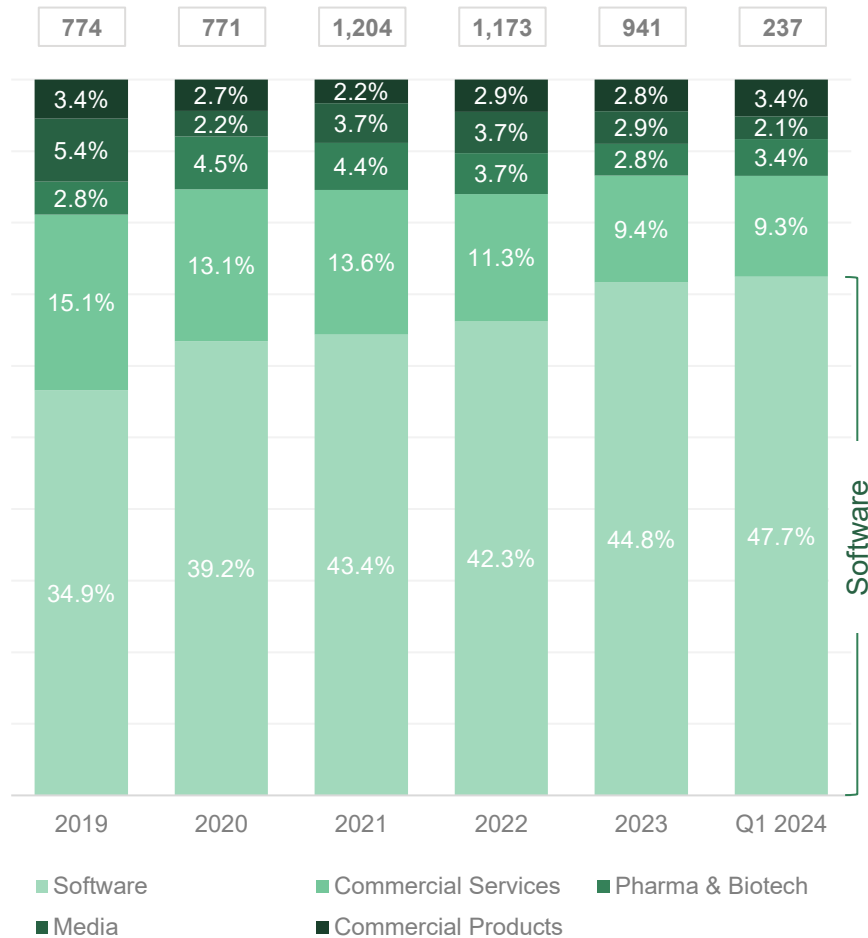
The largest IPO was ARM (NAS:ARM) in 2023, valuing the company at \$52.7bn.

# US firms are the top buyers of EMEA-based startups

EMEA-Based M&A (Target) Deal Sizes  
(Top/Median/Bottom Quartiles)



Share of EMEA M&A by Industry



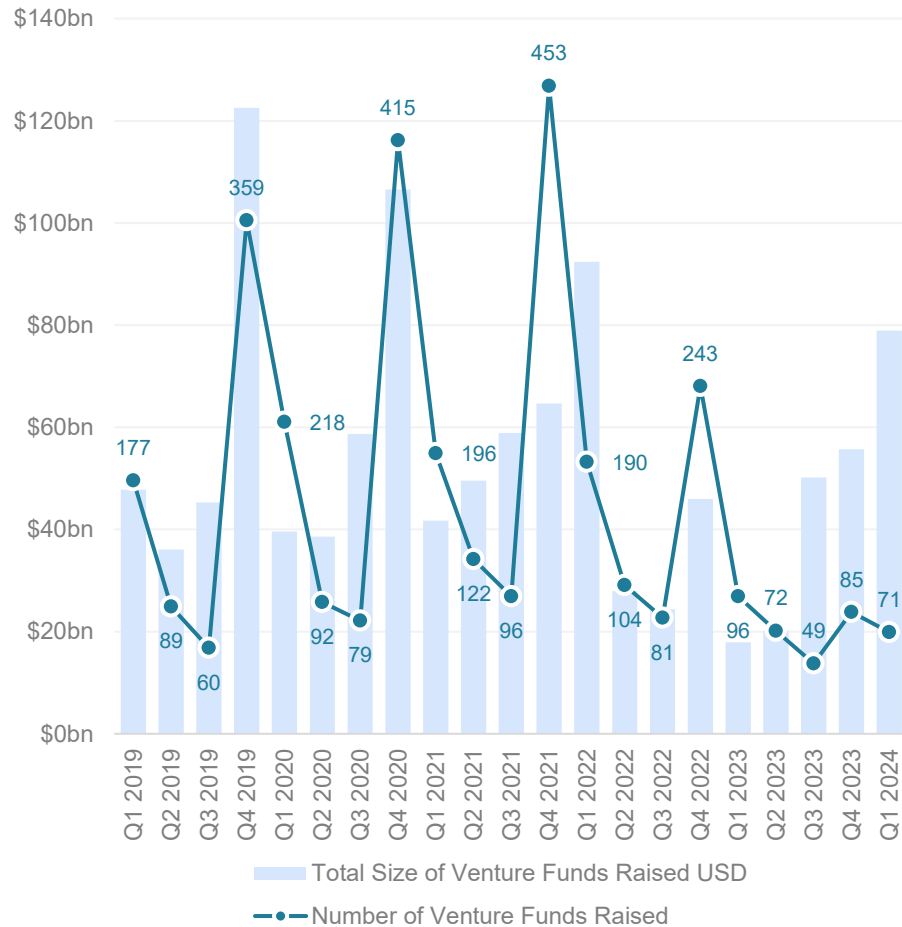
Top quartile companies in EMEA exit for >\$100m, with the majority being Software (47.7%) then Commercial Services (9.3%), and Pharma & Biotech (3.4%).

Of the top 30 acquirers, 47% were US-based, 20% UK-based, and 13% Norway-based.

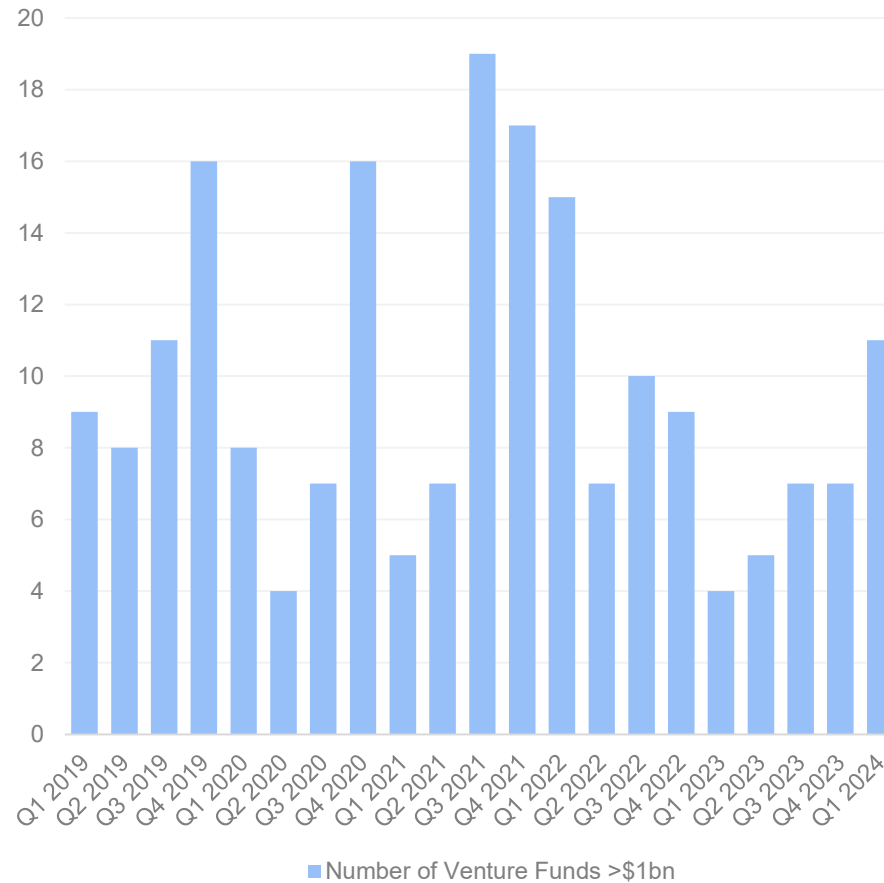
In Q1'24, the largest transaction was the acquisition of Germany-based Cardior by Novo Nordisk for €1.0bn.

# Fundraising by EMEA venture investors is recovering

Fundraising Activity for EMEA-Headquartered Investors



EMEA “Mega-Fund” Fundraising \$1bn+ Fund Sizes



The number and amount of venture funds raised has increased since Q1'23, implying a return to better times for EMEA venture investors.

The number of “mega” venture funds (>\$1bn) based in EMEA has also increased since Q1'23.

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