



EUROPEAN Venture Report



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Introduction

Five key themes that shaped 2025:

1. AI: The dominant force in European tech.
2. Depressed liquidity: The new normal?
3. Secondaries: Moving from niche to necessity.
4. Fundraising: Entered its most constrained year on record.
5. Geopolitical themes: Tariffs, defence reshoring, and macroeconomic policy end the year with a mixed outlook.

The landscape for venture in Europe has been mixed through 2025, with increasing divergence between different ecosystems and sectors. European deal value grew in 2025, where deal counts continued to contract. Activity was driven by fewer, larger later stage rounds. By sector, it is clear that AI has driven the major bifurcation in dealmaking areas of the market this year. AI-related deals now account for 35.5% of deal value in Europe, making the ecosystem more delicately balanced between AI and non-AI-related sectors. Therefore, the big questions looking into 2026 are: Is there an AI bubble? And if so, could we see it burst next year in 2026?

Any shift in sentiment towards AI valuations could reverberate across the broader venture landscape, testing the resilience of non-AI sectors that have only recently begun to regain momentum. Therefore, we also wonder how resilient the European venture market would be without the dependence on bubble-like valuations. In 2025, excluding AI, the underlying market showed more muted dynamics, as several verticals lost momentum and core regions saw flatter growth, whilst peripheral markets benefited from concentrated, larger deals.

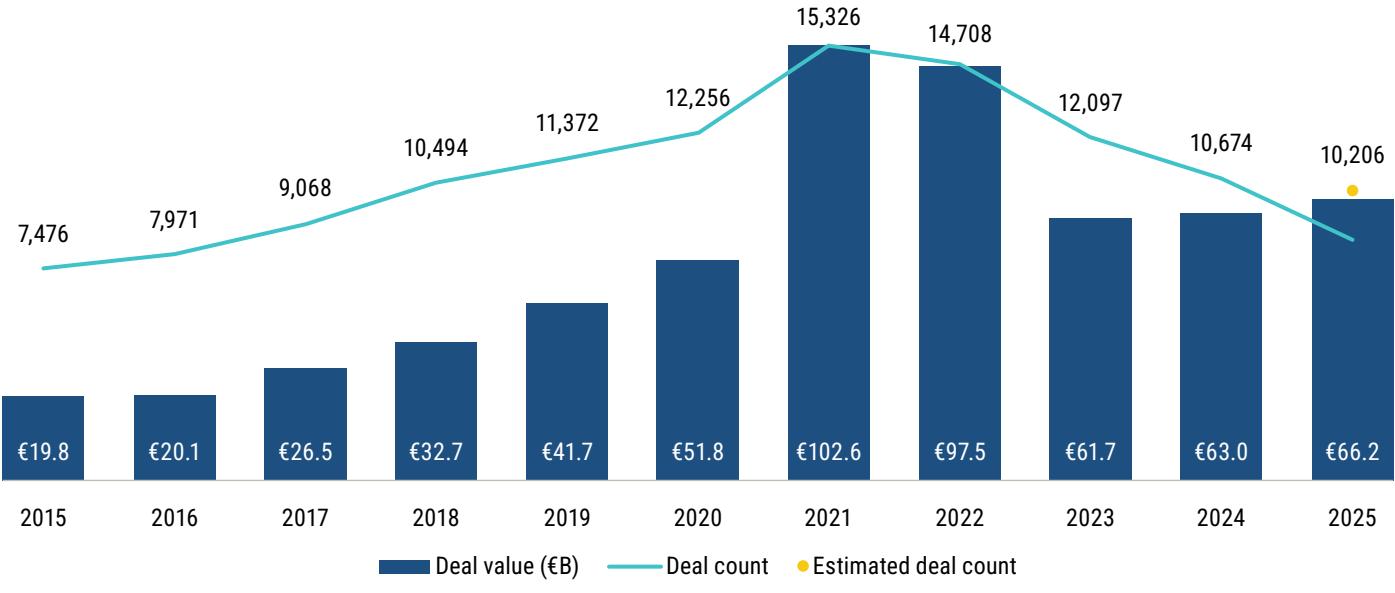
Elsewhere, trends within fundraising and the rest of the ecosystem have also been divergent, with fundraising sitting at a record low, whilst deals and exit value were more resilient YoY. Within exits, a handful of large IPOs and acquisitions drove headline value whilst broader liquidity conditions remained weak. Beneath the surface, exit volumes continued to trend lower, and M&A dominated activity highlighted the ecosystem's ongoing dependence on a small set of transformative transactions to sustain momentum.

As liquidity remains depressed, and the underlying exit market (excluding Klarna) has shown little growth, constrained distributions for LPs have continued, reinforcing a tough environment for allocations into the sector. Fundraising sat at a record low, as allocations gravitated towards smaller vehicles and emerging managers, resulting in compressed fund sizes and slower closes. Regional leadership shifted as traditional hubs lost ground, and despite a significant amount of open capital, subdued returns and limited distributions raise questions over how quickly fundraising can recover without a meaningful improvement in liquidity.

Stepping even further back, the above has taken place amidst a more uncertain geopolitical and macroeconomic backdrop, with rumours of rate hikes in Europe in 2026, following a dovish 2025. A lower rate environment could be beneficial for deal activity in asset classes such as venture debt, as companies seek more favourable financing rates and the cost of financing decreases. Venture debt deal value has already proved relatively robust in 2025 despite declining volumes, supported by larger transactions and a growing share of later-stage borrowers raising financing. The resilience in activity comes despite an improving IPO window and easing monetary conditions.

Deals

VC deal activity

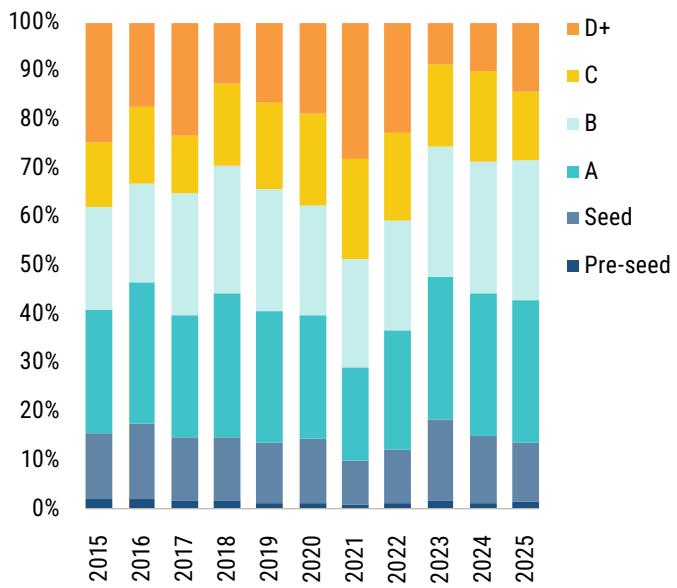


Source: PitchBook • Geography: Europe • As of 31 December 2025

Venture deal value grows in 2025

2025 deal value sat at €66.2 billion, pacing 5.1% above 2024, as Q4 activity strengthened through the end of the year. 2025 has been a story of value versus volume: European venture markets have continued to see a significant step down in deal volumes (20.6% decline YoY), yet value has been resilient as deal sizes have increased. By series, the landscape has also been mixed: Both the seed and Series C stages saw the largest YoY declines in value, dropping by double digits, whilst the late stages—Series D and onwards—saw the greatest step-up, increasing by 45.2% as cheque sizes have increased. In Q4 2025, specifically, the largest deals included a megadeal from Revolut and Oura's €775 million round in October, a rare position for a pure consumer firm to have, especially a non-AI-related one. Similarly, there was also a rare appearance among the quarter's top 10 deals from a foodtech startup: German online grocer Picnic's €430 million round followed other popular sectors such as AI startup Brevo. Revolut's €2.6 billion round, which closed in November and involved a secondary share sale, proved to be the largest deal of the year. Overall, in 2025, the largest deals following Revolut, included AI incumbents Mistral AI and Nsale, both raising more than €1 billion in a single round.

Share of VC deal value by series



Source: PitchBook • Geography: Europe • As of 31 December 2025

Top 10 VC deals by value in Q4 2025

Company	Close date (2025)	Deal size (€M)	Deal type consolidated	Verticals	Country
Revolut	24 November	€2,592.3	Venture growth	Cryptocurrency/blockchain, fintech, mobile, SaaS	UK
Ōura	14 October	€774.7	Venture growth	Digital health, e-commerce, IoT, wearables and quantified self	Finland
Brevo	03 December	€500.0	Venture growth	AI&ML, marketing tech, SaaS	France
Picnic	21 November	€430.0	Venture growth	E-commerce, foodtech, mobile	Netherlands
Tubulis	14 October	€308.0	Late-stage VC	Life sciences, oncology	Germany
Spotawheel	06 November	€300.0	Venture growth	N/A	Greece
Black Forest Labs	01 December	€259.4	Early-stage VC	AI&ML, SaaS	Germany
Iceye	05 December	€200.0	Venture growth	Manufacturing, space technology	Finland
Iceye	05 December	€200.0	Venture growth	Manufacturing, space technology	Finland
Quantum Systems	22 December	€200.0	Venture growth	Advanced manufacturing, agtech, AI&ML, robotics and drones	Germany

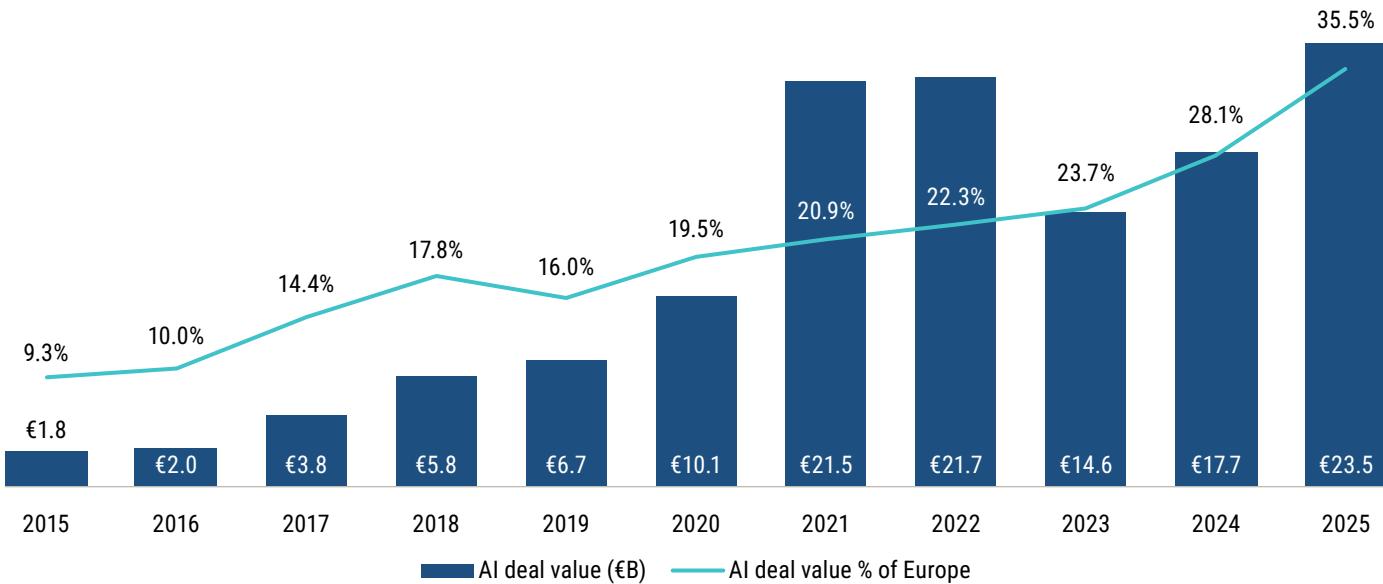
Source: PitchBook • Geography: Europe • As of 31 December 2025

Top 10 VC deals by value in 2025

Company	Close date (2025)	Deal size (€M)	Deal type consolidated	Verticals	Country
Revolut	24 November	€2,592.3	Venture growth	Cryptocurrency/blockchain, fintech, mobile, SaaS	UK
Binance	12 March	€1,897.9	Venture growth	Cryptocurrency/blockchain, fintech	Malta
Mistral AI	09 September	€1,300.0	Late-stage VC	AI&ML, mobile, SaaS	France
Nscale	25 September	€1,268.7	Late-stage VC	AI&ML, big data, cloudtech & DevOps	UK
Revolut	30 August	€858.7	Venture growth	Cryptocurrency/blockchain, fintech, mobile, SaaS	UK
Ōura	14 October	€774.7	Venture growth	Digital health, e-commerce, IoT, wearables and quantified self	Finland
Helsing	17 June	€600.0	Late-stage VC	AI&ML, TMT	Germany
Reneo (Real Estate Services (B2C))	20 February	€600.0	Early-stage VC	Cleantech, real estate technology	Germany
Isomorphic Labs	31 March	€536.0	Early-stage VC	AI&ML, life sciences	UK
Brevo	03 December	€500.0	Venture growth	AI&ML, marketing tech, SaaS	France

Source: PitchBook • Geography: Europe • As of 31 December 2025

Share of AI deal value in Europe



Source: PitchBook • Geography: Europe • As of 31 December 2025

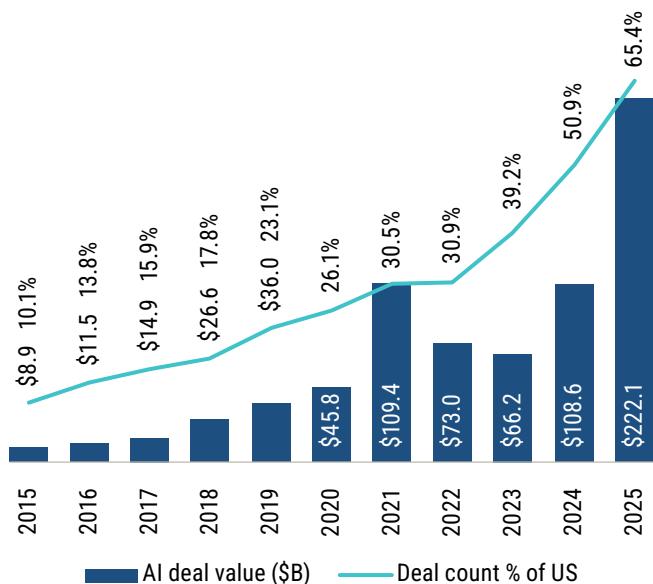
How does European venture look without AI?

AI has been the dominant force in venture markets during 2025. In Europe, a third of deals during the year comprised AI companies, with 35.5% of European deal value sitting in the sector. In absolute terms, this has resulted in €23.5 billion of investment within the sector, surpassing historical peaks of sector investment in 2021-2022, when market conditions and macroeconomic factors were in very different places compared to today. The rate of investment in the space is therefore evidence of the sheer level of demand the vertical has shown. Deal value has grown 32.6% in an environment where financing conditions are tough and non-AI-related verticals are being crowded out.

Although AI's continued resilience in Europe may be unsurprising, its share of European deal value is still roughly a third of the share it holds in the US (65.4%). It is rare for a single vertical to dominate the market for an extended period. There is clearly more room to grow within Europe, as we believe this trend is one of, if not the largest, structural shifts in global tech markets [and will remain here to stay in the long term](#). However, questions remain around valuations and how closely the fundamental business propositions of AI-related startups are being vetted. We believe AI startups must be distinguished by the proportion of their assets that are in pure AI software, meaning the core of their businesses' IP sits within AI tech, versus startups employing AI for more functional add-ons in legacy software.

The big questions looking into 2026, therefore, are: Is there an AI bubble and a rationalisation to come in the number

Share of AI deal value in US



Source: PitchBook • Geography: Europe • As of 31 December 2025

of AI players in Europe? If so, when will it burst and a rationalisation take place? And how resilient is the European venture market without the crutch of bubble-like valuations? On the latter question, excluding the "AI effect" in Europe, we estimate that the underlying venture market will show a decline, decreasing 5.7% YoY in investment, totalling €42.7 billion in 2025. It is not just this year, either, in which the vertical is supporting the market. AI investment in 2024 was also strong, at 28.1% of deal value. However, when AI's impact is excluded, the underlying deal value in European venture decreased YoY by low single digits in 2024 as well.

Top 20 verticals by VC deal value

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AI & ML	7	7	5	4	5	2	4	3	1	2	1
SaaS	2	2	2	1	1	1	1	1	2	1	2
Fintech	6	5	4	6	3	4	3	2	5	5	3
Mobile	3	3	3	3	2	3	2	4	6	3	4
Life sciences	4	4	6	5	6	6	6	11	7	6	5
Clean tech	14	11	15	9	9	12	9	6	3	4	6
Crypto/blockchain	20	20	20	17	20	20	17	14	14	16	7
Manufacturing	11	8	8	11	12	8	14	8	8	8	8
Healthtech	12	10	9	7	8	7	10	9	9	9	9
Big Data	15	14	10	12	13	9	12	10	13	12	10
Climate tech	17	13	17	14	11	10	8	5	4	7	11
LOHAS & wellness	16	16	13	16	15	14	16	13	10	10	12
TMT	1	1	1	2	4	5	7	7	12	13	13
E-commerce	5	6	7	8	7	11	5	12	11	15	14
Oncology	9	15	16	15	14	16	18	20	16	11	15
Digital health	18	18	18	19	18	15	19	17	19	17	16
Industrials	8	12	12	13	19	17	20	19	17	18	17
Supply chain tech	19	19	19	18	17	19	13	16	18	19	18
Mobility tech	10	9	11	10	10	13	15	15	15	14	19
Foodtech	13	17	14	20	16	18	11	18	20	20	20

Source: PitchBook • Geography: Europe • As of 31 December 2025

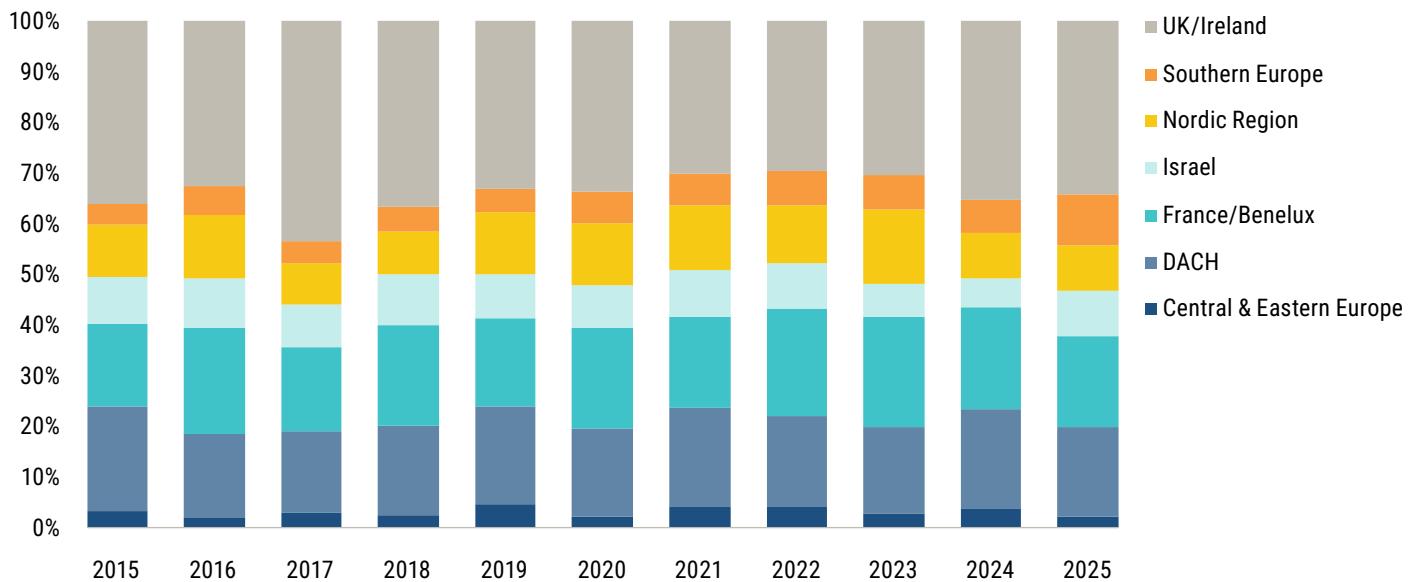
How is the rest of the ecosystem doing?

This highlights the question of resilience for a non-AI-related European ecosystem. YTD in Europe, we have seen a crowding out of capital for other sectors. Performance has been mixed in other areas of the ecosystem and is also challenging to track, given that our verticals are not mutually exclusive, and therefore, AI will overlap with others. We have seen key areas such as fintech notably recover through the end of the year, with investment of €13.4 billion, 29.3% higher YoY, albeit helped by a mammoth financing round of €2.6 billion from Revolut. Excluding Revolut's round, investment in the vertical still was resilient, showing that the sector continues to be a core hub of dealmaking for European markets and a potential beneficiary of AI tailwinds. The vertical sat as the third-highest in terms of deal value last year, up from fifth place.

Other, less AI-associated areas such as life sciences are faring worse, with investment of €8.4 billion (a 6.2% decline YoY), lower than the underlying market. Elsewhere, deal activity in clean tech continued to decline in ranking, dropping to sixth place by year's end, compared to fourth place in 2024. Climate tech also fell from seventh to eleventh place in 2025.

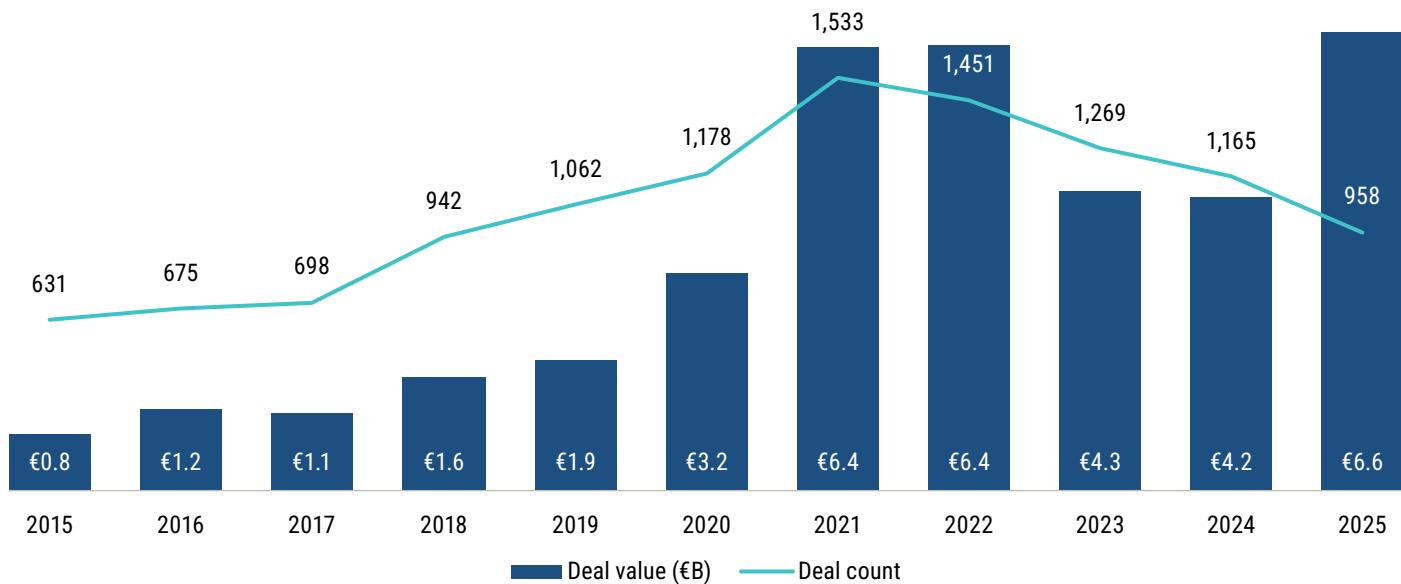
Whilst sector bifurcation persists, we believe that by the end of 2026, 50% of deal value in Europe will comprise AI deals (nearly a 10-percentage-point increase YoY). The ecosystem, therefore, remains delicately balanced. Any shift in sentiment towards AI valuations could reverberate across the broader venture landscape, testing the resilience of non-AI sectors that have only recently begun to regain momentum. We see this as a risk to our outlook for the development of the ecosystem in Europe going forward.

Share of VC deal value by region



Source: PitchBook • Geography: Europe • As of 31 December 2025

Southern Europe deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

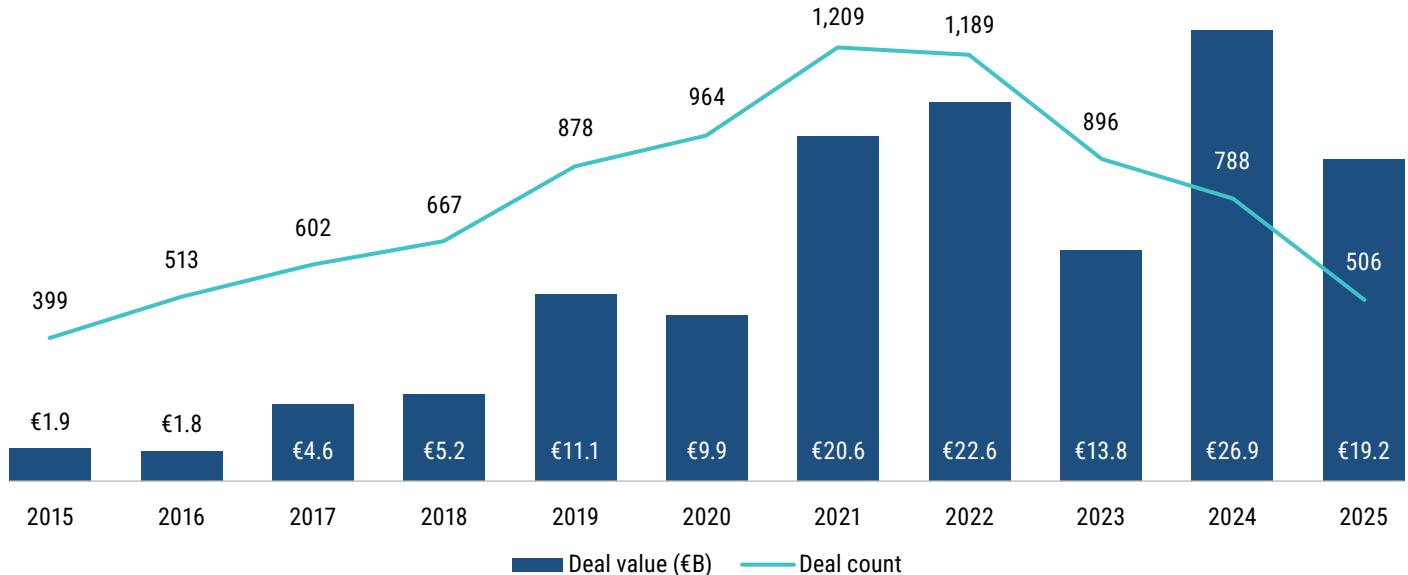
Regional dynamics—Year of the periphery

In 2025, we saw noncore regions take a share of European deal value. Specifically, Southern Europe and Israel gained shares of deal value, with the former recording its largest share of deal value on record at 10%. Resilient activity was helped by transactions from TEKEVER and Spotawheel, based in Portugal and Greece, respectively. Top deals in Southern Europe are normally dominated by Spanish companies. Israel saw the largest growth in deal value

out of all the regions YoY, albeit on a small base, with €5.8 billion of investment in 2025. This was buoyed by large deals from Cato Networks and AI 21 Labs, followed by a flurry of AI companies as the region continued to be at the fore of sectoral development. Half of the deal value in Israel came from AI deals in 2025. Core regions, such as France & Benelux and Germany, Australia & Switzerland (DACH), lacked momentum and lagged behind other regions, where incumbent leaders, the UK and Ireland, experienced a year of flat growth, resulting in €22.7 billion of deal value this year.

Venture debt

Venture debt deal activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

Resilient deal activity on tough comparables

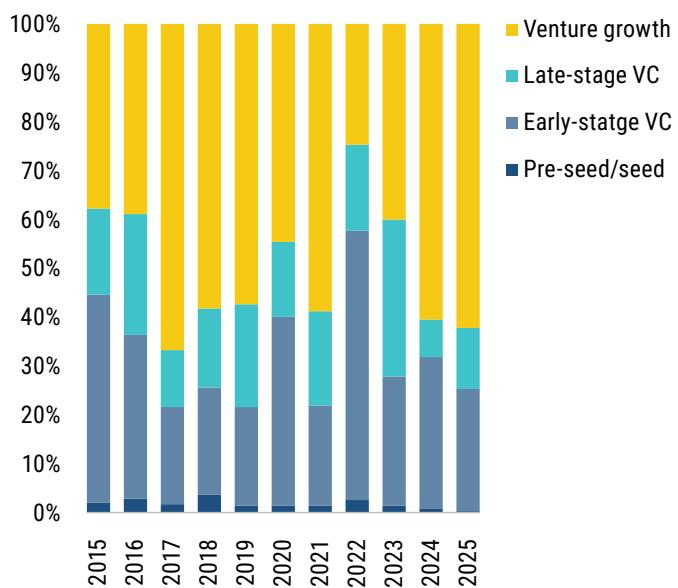
Venture debt deal value came in at €19.2 billion, marking a fairly resilient year of activity. This was a step down from a record year in 2024, but as expected, we did not anticipate YoY growth this year, given the absence of key players such as Northvolt, which buoyed deal activity last year. In 2025, value-over-volume dynamics continued to play out as well, with significantly fewer deals (506), near historical lows (and a 35.8% decline YoY), but deal value compensated for the decline.

By stage, later stages continue to take a share of the count, with venture growth gaining the most share of value as well, now accounting for 37.2% of the debt deal count in this area of the ecosystem. This is to be expected given the value of volume dynamics seen in headline activity, as larger deal sizes gain a share of activity and are therefore likely to be raised by larger companies. Furthermore, the nature of companies that raise debt has shifted towards late-stage companies as the European ecosystem has matured. For instance, five years ago, the proportion of debt deals coming from venture growth players was just 16.3%.

However, growing cheque sizes keep activity resilient

In Q4 specifically, the top deals included a €758 million raise from real estate company Vivion, followed by €500 million by clean tech player Elvy, and then €250 million from French

Share of venture debt deal value by stage



Source: PitchBook • Geography: Europe • As of 31 December 2025

Insurtech startup, Groupe Covea. Overall, 2025 saw rounds exceeding €1 billion from United Petfood, Flix, and FINN, with a significant number of deals exceeding €100 million in the year. This resulted in median deal sizes continuing to rise significantly, with larger-sized deals gaining a share of deal value. As valuations in Europe increased through 2025, cheque sizes within the venture debt market also increased.

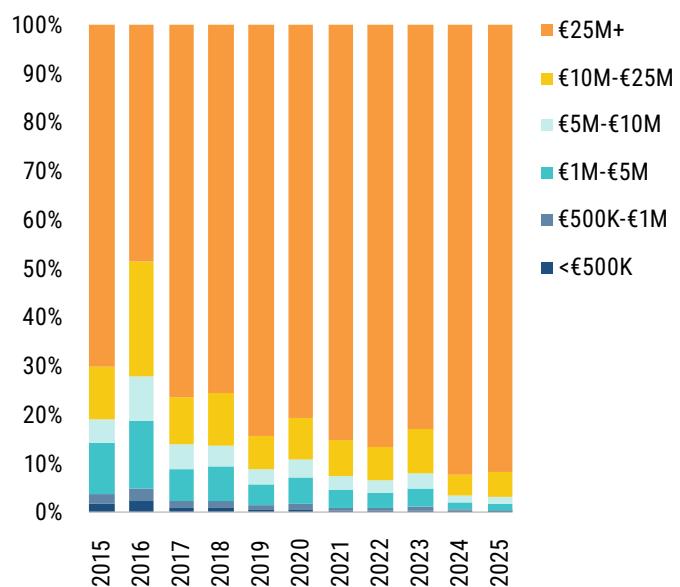
Top 10 venture debt deals by value in 2025

Company	Close date	Debt size (€M)	Deal type	Industry sector	Country
United Petfood	5 February	€1,425.0	Debt refinancing	Business products & services (B2B)	Belgium
Flix	27 May	€1,064.0	General	Consumer products & services (B2C)	Germany
FINN	10 February	€1,000.0	Capital spending	B2C	Germany
Capital on Tap	20 February	€898.0	General	IT	UK
Vivion	20 November	€758.0	Debt refinancing	Financial services	Luxembourg
Job&talent	05 August	€556.0	Debt refinancing	B2B	Spain
Bees & Bears	20 January	€500.0	General	Financial services	Germany
Elvy Energy	12 December	€500.0	General	Energy	Sweden
Ardersier Port Authority	23 January	€479.0	General	B2B	UK
Ferovinum	30 June	€478.0	General	IT	UK

Source: PitchBook • Geography: Europe • As of 31 December 2025

IPOs in Europe continued to remain depressed compared to historical levels of activity. We have previously noted that venture debt, as an asset class, has experienced significant growth in Europe, as mature startups seek financing options outside of equity markets. Despite the downturn in 2025, deal value remained resilient compared with historical peaks. Whilst IPO markets have started to warm through H2 2025, we believe a more dovish environment developing across macroeconomic policies will also likely foster debt refinancing, which would boost our deal activity data. The US Federal Reserve cut rates by 25 basis points in September, its first rate cut since December 2024. The Federal Reserve's rate cutting has been much slower than that of the European Central Bank and the Bank of England, which have made four rate cuts this year.

Share of European venture debt deal count by size

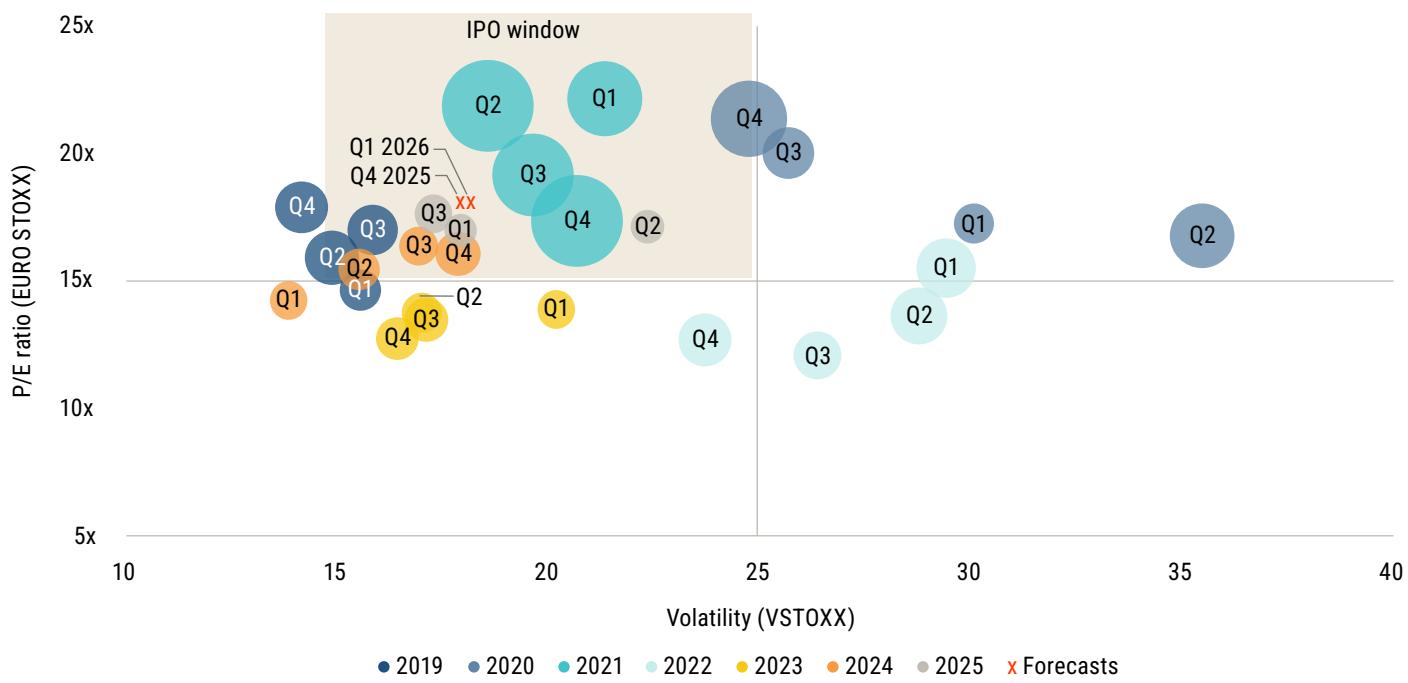


Source: PitchBook • Geography: Europe • As of 31 December 2025

SPOTLIGHT

Europe's IPO window to stay open

Quarterly IPO count by select metrics (Q1 2019-Q3 2025)



Note: This section is abbreviated from our recent analyst note, [Private Capital Outlook](#).

Outlook: Europe's IPO window will stay open, with mostly profitable listings.

Rationale

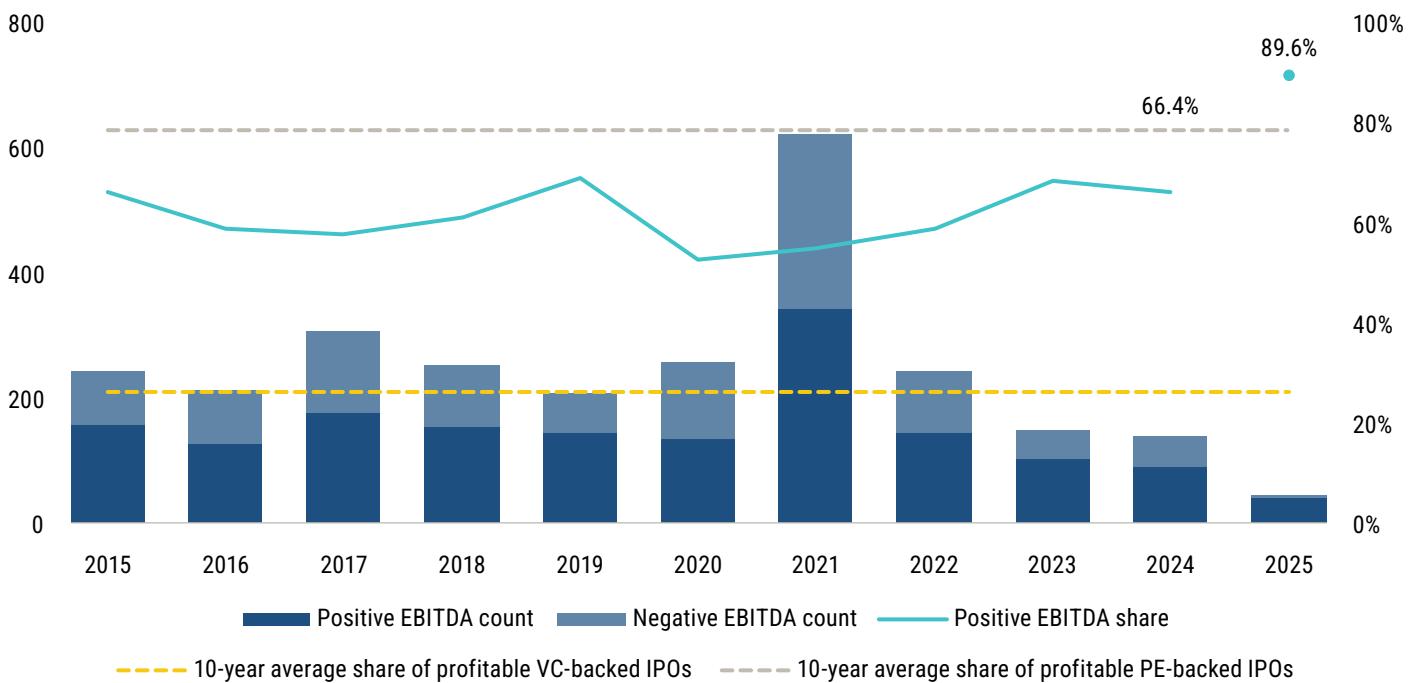
Our IPO window framework shows that valuations and volatility through 2025 have stayed at favourable levels for an IPO window. This has resulted in several listings throughout the year (although mostly from companies without private backing) as companies made use of favourable conditions after the volatility caused by President Donald Trump's "Liberation Day" subsided. However, the year's IPO counts have yet to catch up to historical levels, even outside of 2021 and 2022. In 2024, 181 IPOs took place in Europe, versus just 115 so far this year. [We previously anticipated that the IPO window would open wider in H1 2026](#), and our forecasts suggest that favourable conditions are still set to continue

into next year, *ceteris paribus*. We therefore expect IPO counts to pick up.

However, we also note that the nature of listings has significantly changed over the past few years, and lower listing counts may be the result of a quality-versus-quantity dynamic. Profitable IPOs have continued to gain share of listings since 2022, with their share now sitting at nearly 90% YTD versus 66.4% in 2024. As capital becomes more constrained, the appetite for cash-generating companies has grown. We see this trend continuing in 2026, specifically among tech companies. Fewer VC-backed players, which are often unprofitable even at later stages, are looking to public markets for financing.

Furthermore, more private companies are staying private for longer, meaning those that do not have the favourable metrics that public investors seek, such as strong and growing unit economics, may not list, leading to a higher quality of companies that do.

IPO count by profitability



Source: PitchBook • Geography: Europe • As of 31 October 2025

Risks

There are risks and nuances to our thesis depending on the sector, region, and asset class. The most direct impact on the IPO window will involve any changes to its two pillars: valuations and volatility. If tech valuations correct, such as through the bursting of an AI bubble, this may cause a wider sell-off in tech stocks. Furthermore, outside of equity markets, if exogenous macro-specific factors such as geopolitics and unexpected changes in macro policy cause volatility to increase, this will weigh on listings yet again.

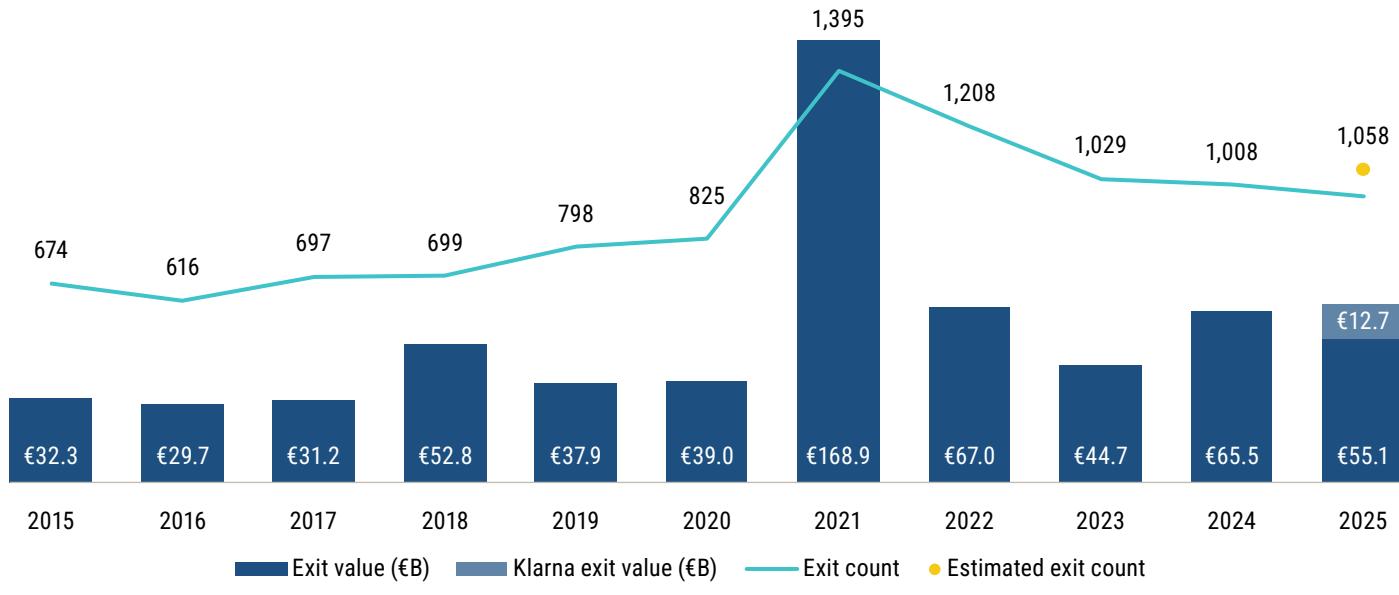
Our thesis centres around the European market, but in the US, the dynamics have been and will be very different. In the US, the appetite towards growth companies is higher because of its more established ecosystem of public tech companies,

given large indexes such as the S&P 500. In Europe, company type will shape the appetite for public financing and profitability, with AI companies expected to continue their bifurcation in exit markets and find a more favourable appetite when listing compared with non-AI-related firms. Furthermore, the profitability standard will likely be lower if listings are more weighted towards AI.

Lastly, risks to our thesis may involve differences between asset classes. We have seen more PE-backed listings historically, and from a profitable pipeline, but VC-backed listings have been fewer and less profitable. Each asset class's exit environment and IPO pipeline is therefore a determinant of the level and nature of listings that we could see next year. As VC-backed listing markets improve, we may see fewer, profitable listings, like Klarna's.

Exits

VC exit activity



Source: PitchBook • Geography: Europe • As of 31 December 2025

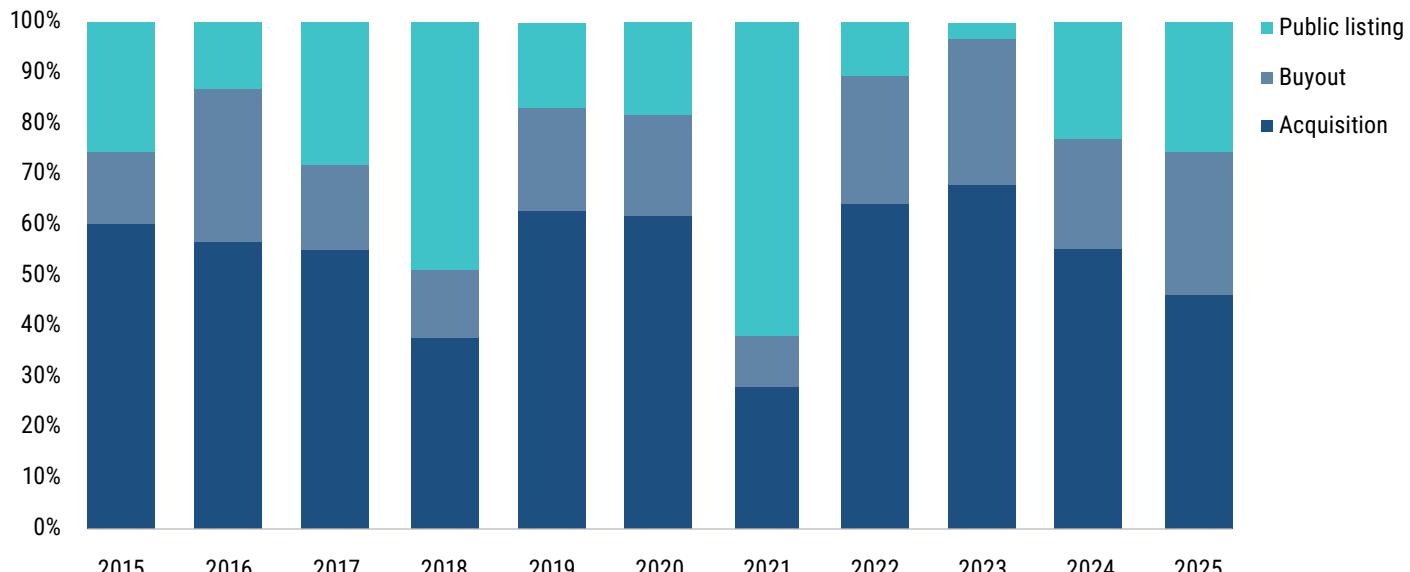
A resilient year buoyed by mega-exits

Headline exit activity in 2025 came in at €67.8 billion, a flat year given 2024's resilience (exit value of €65.5 billion). Activity has therefore matched historical highs (excluding 2021 hype) seen in 2022, as the long-awaited, large IPOs of Klarna and eToro finally came to market. €16.2 billion of total exit value came from these two listings. We have therefore seen public listings take a share of value, sitting

at roughly a quarter of European totals. By sector, this has also led fintech, as a vertical, to rank highly in terms of exit value, moving from fifth to third place. Other sectors, such as AI and broader software as a service, also showed robust activity.

Over the years, we have seen a concentrated recovery of exit activity in Europe. Such trends have continued, with the top 10 transactions accounting for nearly 40% of

VC exit value by type



Source: PitchBook • Geography: Europe • As of 31 December 2025

Top 10 VC exits by value in Q4 2025

Company	Close date	Exit size (€M)	Exit type consolidated	Verticals	Country
Nexthink	27 October	€2,572.8	Buyout	Advanced manufacturing, AI&ML, big data, SaaS	Switzerland
ViceBio	5 December	€1,368.3	Acquisition	N/A	UK
Sana	4 November	€940.9	Acquisition	AI&ML, SaaS	Sweden
Showpad	28 October	€206.3	Buyout	AI&ML, marketing tech, SaaS, TMT	Belgium
Subgen	17 November	€200.0	Public listing	AI&ML, SaaS	UK
Signal AI	6 November	€140.8	Buyout	AI&ML, big data, SaaS	UK
Gojob	2 October	€120.0	Acquisition	HR tech, SaaS	France
Libra	19 November	€90.0	Acquisition	AI&ML, legal tech, SaaS	Germany
Arctic Falls	11 December	€59.5	Public listing	Mobility tech	Sweden
N-Dream	18 November	€28.8	Acquisition	Gaming, IoT, mobility tech	Switzerland

Source: PitchBook • Geography: Europe • As of 31 December 2025

activity. However, unlike in previous years, when exit volume had consistently declined, counts were fairly resilient, demonstrating a broader resilience among activity. Outside of listings, we note several M&A transactions exceeding €1 billion in size—which is seldom seen in European VC markets. The largest amongst these was the buyout of Nexthink for €2.6 billion. Last year, buyout strategies demonstrated the most resilience within exit markets, gaining a share of exit value and volume. Whilst acquisitions still hold the largest share of exit value, at 46.4%, the gap between them and buyouts is narrowing, with the latter now at 28.1% as PE sponsors have weighed in on cheaper asset valuations, and dealmaking in the space was robust in 2025.

Listings look lower for longer

Looking ahead to 2026, there is still room for momentum in public listings to continue to grow. Despite volatility and valuations remaining at favourable levels throughout 2025, IPO counts in Europe have still not recovered. In 2025, only

19 VC-backed listings took place, a record low. Of course, we acknowledge that other parts of the IPO market have been more robust, such as PE-backed listings and non-PE-backed IPOs; however, as stated above and in our outlook for the IPO window, we believe counts have yet to recover meaningfully to historical levels. Therefore, a structural question arises here as well, given the multiyear downturn in listings, of whether going public remains an attractive exit option for venture-backed firms. However, for the VC ecosystem, it appears that listings, structurally, are now becoming a less viable option for generating liquidity as companies choose to stay private for longer.

Lower liquidity for longer leading to the rise of alt strategies

Prolonged lower liquidity in the market has given rise to other asset classes such as venture debt (as noted above) and secondaries. Secondaries have been a significant theme in recent years, growing to a high penetration of VC exit value in 2024. Our [inaugural report on the direct secondaries market](#),

VC exit value by sector

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SaaS	2	2	2	2	2	2	2	2	1	1	1
AI&ML	17	13	11	9	6	5	4	3	3	2	2
Mobile	3	3	3	3	3	3	3	4	4	4	3
Fintech	10	9	8	8	7	4	5	5	5	5	4
Big Data	15	12	9	10	10	9	9	7	7	6	5
TMT	1	1	1	1	1	1	1	1	2	3	6
Manufacturing	4	5	4	5	5	7	6	6	6	9	7
Health tech	16	13	14	12	14	12	12	12	13	10	8
Clean tech	8	8	13	14	9	11	10	14	11	6	9
LOHAS & wellness	11	17	17	16	11	13	14	13	9	10	10
E-commerce	7	6	7	7	4	8	8	9	8	8	11
Marketing tech	13	9	10	11	12	15	13	10	10	12	12
Life sciences	5	6	5	6	13	6	7	8	12	13	13
Cybersecurity	14	16	16	15	17	17	17	15	14	15	14
Mobility tech	11	13	12	13	15	14	14	16	15	17	15
Climate tech	18	19	18	19	16	17	16	17	15	14	16
Industrials	6	4	6	4	8	10	11	10	17	15	17
Oncology	9	11	15	17	18	16	18	18	18	18	18
Mobile commerce	20	18	19	18	19	19	19	19	19	19	19
Beauty	19	20	19	20	20	20	20	20	20	20	20

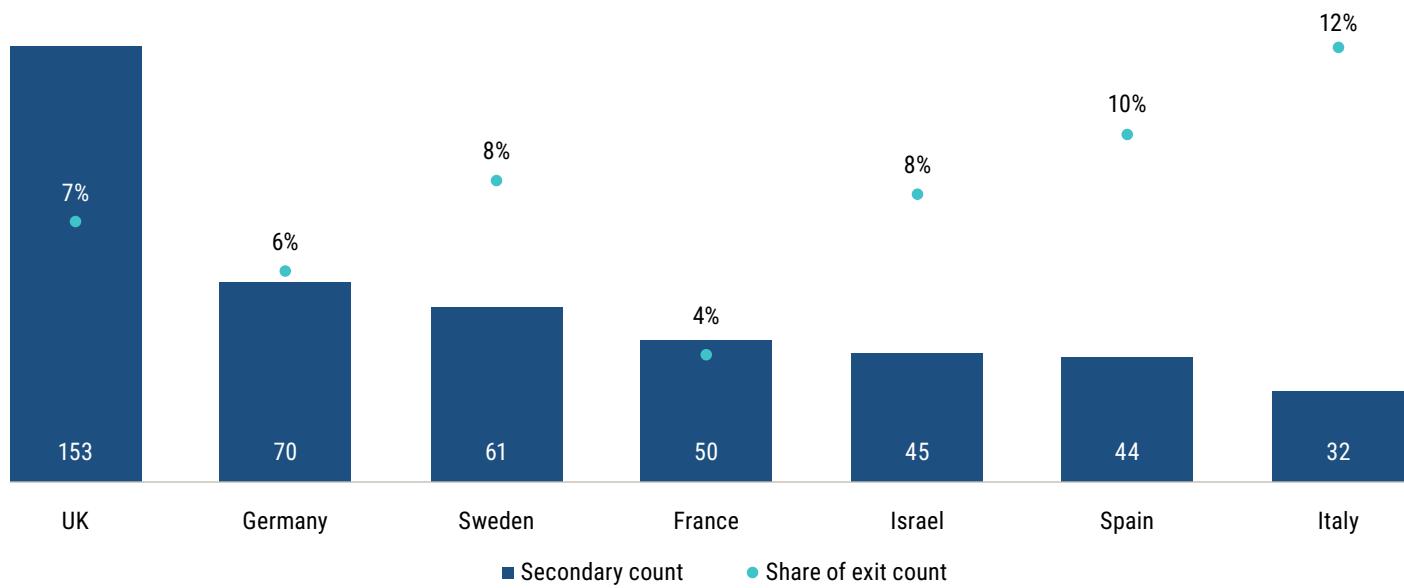
Source: PitchBook • Geography: Europe • As of 31 December 2025

which launched this year, provides a comprehensive look into the evolution of venture direct secondaries and how the strategy is becoming a more meaningful liquidity channel across global VC markets. Activity has shifted across regions, where we explored the increasing role of institutional buyers and the factors shaping deal flow in Europe's still-emerging ecosystem.

Through a new framework, we also sized the European direct market, outlining how investor- and founder-led sales

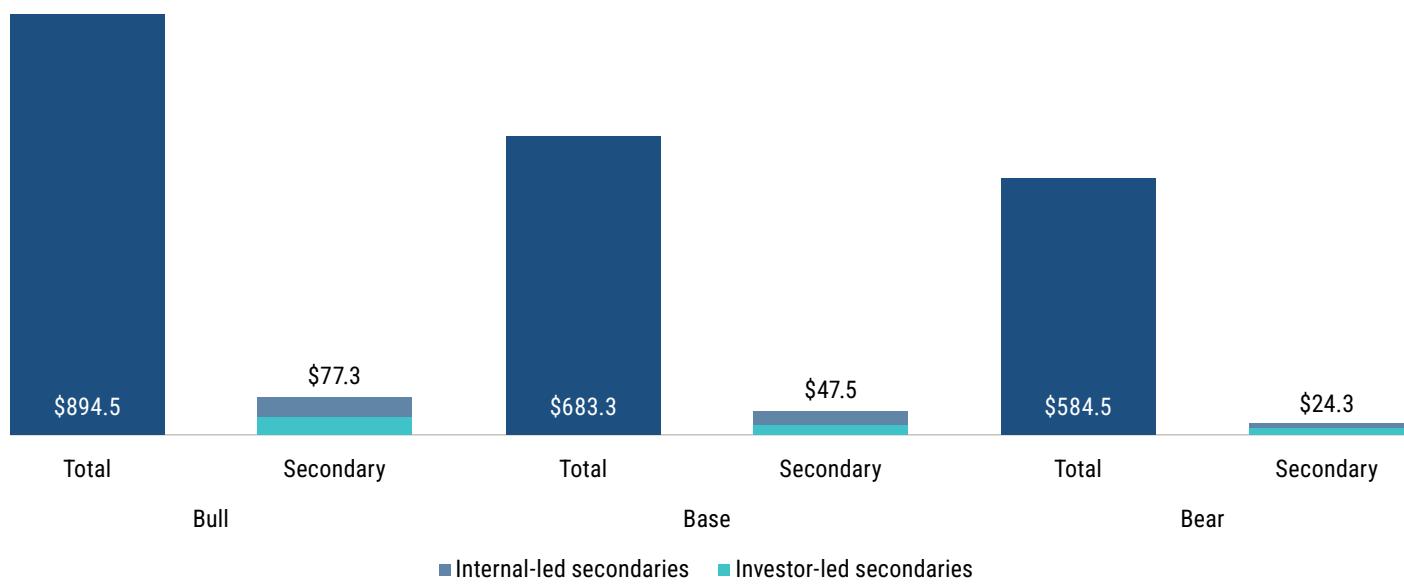
could develop under different market scenarios. In our base case, we estimate the European institutional VC direct secondaries market to be \$47.5 billion, equivalent to 7% of the aggregate market cap of the companies included in our data. We also examined potential upside and downside scenarios using various inputs. Whilst there are barriers to market development—the structural frictions, governance constraints, and market infrastructure that will influence how quickly this segment matures—we believe the asset class will continue to gain momentum in 2026 and beyond.

Secondary activity as a share of all Europe VC exit activity by country (2015-2025)



Source: PitchBook • Geography: Global • As of 12 June 2025

Secondary activity as a share of all Europe VC exit activity by country (2015-2025)



Source: PitchBook • Geography: Europe • As of 30 June 2025

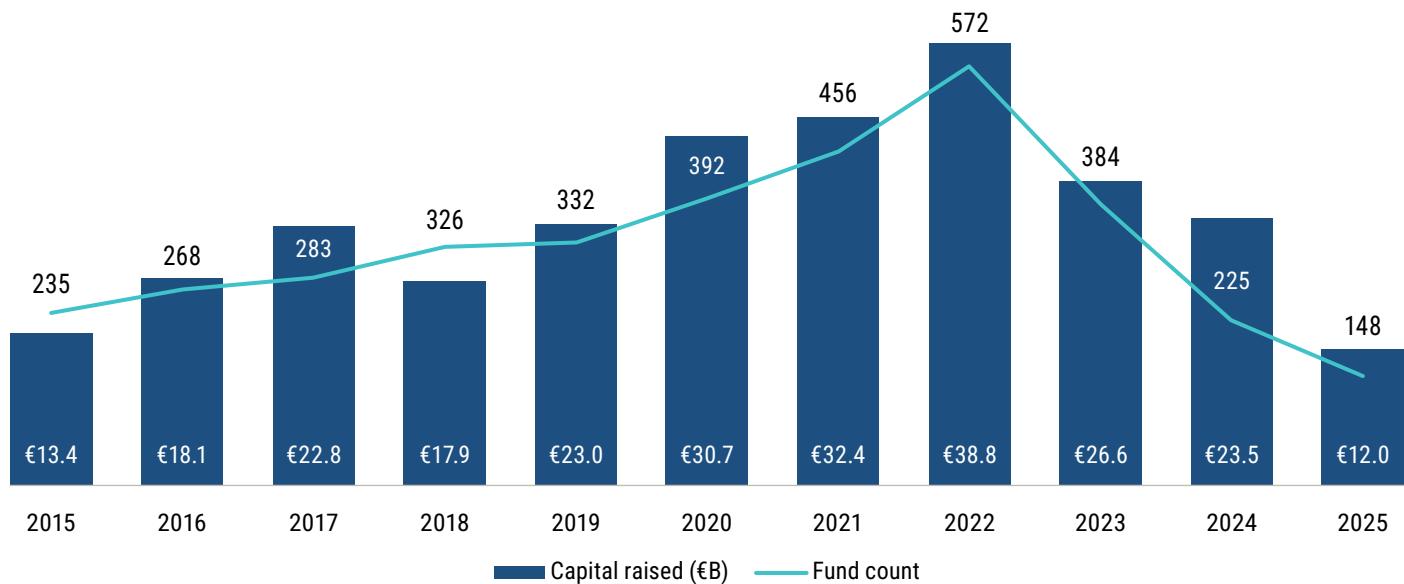
Europe VC secondary market size estimates by valuation bucket

Europe secondary market size by valuation bucket		Internal-led secondaries	% of total market	Investor-led Secondaries	% of total market	Total secondaries market	Secondaries % of total market	Total market aggregate value (\$B)	Company counts
Bull	\$100M+	\$35.9	4.0%	\$41.3	4.6%	\$77.2	8.6%	\$894.5	1,414
Base	\$500M+	\$20.6	3.0%	\$26.9	3.9%	\$47.5	7.0%	\$683.3	351
Bear	\$1B+	\$11.7	2.0%	\$12.5	2.1%	\$24.2	4.1%	\$584.5	204

Source: PitchBook • Geography: Europe • As of 30 June 2025

Fundraising

VC fundraising activity



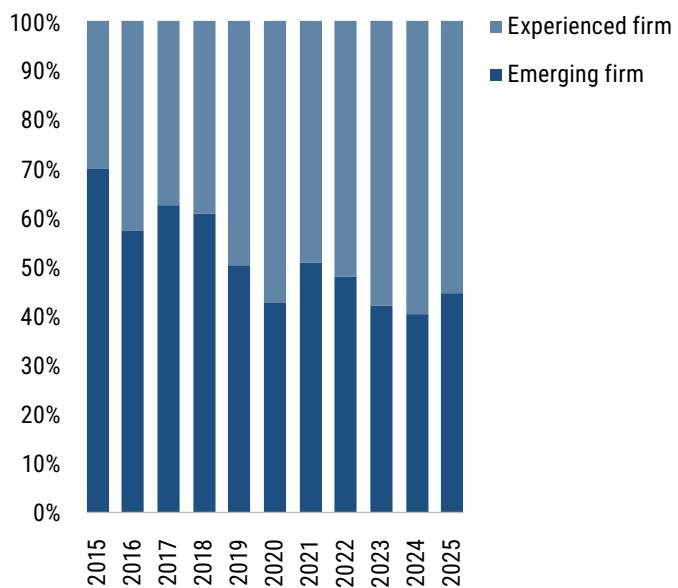
Source: PitchBook • Geography: Europe • As of 31 December 2025

Record low fundraising the critical point for Europe

Fundraising in Europe ended the year at €12 billion across 148 vehicles, which fulfilled our expectations for the weakest level of activity on record, both in terms of value and volume. Fundraising trends this year have been driven by a reduction in median fund size, which is now 16.3% lower than in 2024, when megafund closes and a skew towards experienced firms resulted in a record high median fund size.

Dynamics in 2025 were very different. Emerging managers gained a significant share of capital raised, at 44.7% compared with 40.3% in 2024, although such managers maintained their share of count at 67.6%. Despite this, fewer first-time funds closed, with only 27.7% of vehicles raising capital for the first time. However, as expected, smaller vehicles gained share of count, as 2025 saw no closes in excess of €1 billion and only three closes were larger than €500 million. These included Sofinnova Capital, which raised €650 million in November; Medicxi's fifth fund, which raised €500 million in the same month; and Cherry Ventures, which raised €500 million earlier in the year. All three closes represent the largest regions for capital in Europe, with Paris, London, and Berlin, respectively, continuing to dominate the fundraising landscape in Europe—although their ranking appears to have shifted this year (more below).

Emerging versus experienced capital raised



Source: PitchBook • Geography: Europe • As of 31 December 2025

Top 10 fund closes

Fund	Close date (2025)	Fund size (€M)	Experienced/emerging firm	Fund type	Fund city
Sofinnova Capital XI	17 November	€650.0	Experienced firm	Early stage-VC	Paris
Medicxi V	14 November	€500.0	Experienced firm	VC	London
Cherry Ventures Fund V	4 February	€500.0	Experienced firm	Early stage-VC	Berlin
Hitachi Ventures Fund IV	4 February	€386.6	Emerging firm	Early stage-VC	Munich
Greenfield Partners Fund III	18 February	€384.6	Experienced firm	VC	Tel Aviv
Cyberstarts Opportunity Fund II	30 September	€326.5	Experienced firm	Early stage-VC	Mikhmoret
Project A Ventures V	24 June	€325.0	Experienced firm	Early stage-VC	Berlin
Red Dot Capital Partners III	7 July	€275.8	Experienced firm	VC	Tel Aviv
Adams Street European Venture Fund 2023	12 May	€270.0	Experienced firm	Early stage-VC	London
Picus Venture Fund II	23 May	€250.0	Emerging firm	Early stage-VC	Munich

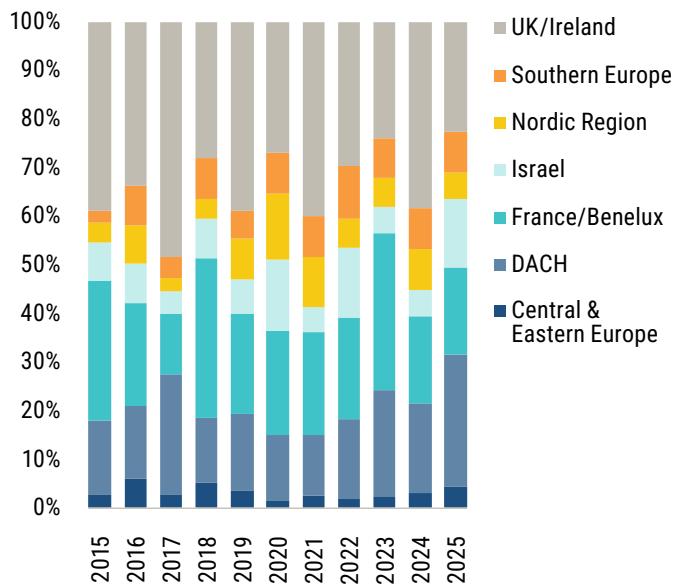
Source: PitchBook • Geography: Europe • As of 31 December 2025

UK & Ireland loses top spot to DACH for the first time

Capital-raised dynamics by region saw the UK and Ireland lose their leadership in share of capital raised to the DACH region. Fundraising in the UK experienced a significant increase in 2024, driven by various megafunds, resulting in nearly a 40% share of capital raised. As fundraising cycles are longer than a year, this did not recur in 2025. The UK's share of capital decreased, but to levels much lower than historical norms in the region, sitting at 22.5% in 2025—the lowest on record. However, at the same time, we have seen the DACH region gain capital share, reaching 26.9% in 2025, helped by large closes from Hitachi Ventures in Munich (€386.6 million) and Project A Ventures V in Berlin (also above €300 million in size). Four of the top 10 closers this year were based in Germany, and only two in the UK, indicating wider trends between the broader regions.

2025 is the first time we have seen an incumbent region, the UK, not at the top of capital raised in Europe. The other dominant region, France & Benelux, only maintained its share of capital raised in 2025. As other regions, such as Central & Eastern Europe and Israel, gain share of capital amidst a continued muted backdrop in Europe, questions arise as to the makeup of activity between regions going forward. Could other regions outside of France, Germany, and the UK continue to overtake these incumbents in other areas of the ecosystem? We examine this further in our [Outlook](#).

Share of VC capital raised by region



Source: PitchBook • Geography: Europe • As of 31 December 2025

Cyclical or structural downturn?

The debate over whether cyclical or structural factors will drive capital raised in Europe going forward remains. On one hand, capital raised in Europe has been fairly resilient since the market correction in 2021 and 2022, where several megafund closes, which buoyed activity last year, are unlikely to repeat within a minimum of 18 months. On

the other hand, the cyclical argument loses momentum when comparing capital-raised levels to the pre-2021 hype of 2020. Furthermore, given that the venture market has significantly grown since COVID-19, yet capital raised since the correction is at similar levels, it could be argued that European fundraising has not kept pace with growth in the rest of the ecosystem.

Outlook uncertain

Irrespective of the camp in which you sit, it is clear that venture returns in Europe have lagged other geographies and asset classes within the continent, making it a tough place for LP allocations looking into 2026. Nevertheless, there is capital on the table to be closed, with the top 20 open venture funds as of the end of 2025 amounting to €14.9 billion. It is uncertain when these funds will close, but if we see them come through in 2026, this would buoy fundraising totals this year.

However, the bottom line is that distributions will need to pick up before fundamental factors behind capital raised will drive funding, as well as other areas of the ecosystem. LP net cash flows for VC globally have recovered from trough levels in previous years but remain below historical averages. The capital invested in European startups, therefore, sits at increasing multiples of capital raised by European funds, at 6.3x in 2025 versus just 3.2x in 2024. For capital raised to recover in 2026, it is critical that returns and distributions improve. Our [funds research team estimates Q1 2025 returns](#) to be 0% in Europe, especially compared to low single digits in North America, but in the middle of the pack versus other private asset classes.



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