Build it.
Scale it.
Own it.

STATE OF EUROPEAN TECH 26

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STATE OF EUROPEAN TECH

the longest-running continuous coverage of the European technology ecosystem.

Why it matters

Narratives shape what people believe is possible. Before 2015, outsiders told Europe's story. Since then, the State of European Tech has published an annual, evidence-based account of what's really happening, and today it shapes decisions on who builds, where capital goes and how the rules are written.

Why it's trusted

The State of European Tech is the benchmark cited across the ecosystem, from policymakers and investors to founders and the media. It consistently sets the agenda, focusing the industry early on critical topics such as deep tech, capital markets, sustainability and more.

The big picture, by design

We track the forces that shape the whole ecosystem, from capital, talent and policy to the companies and themes at the frontier. We can't go deep on every issue here, however much we'd like to. Our aim is to show the direction of travel.

The analysis continues all year

Between reports, the State of European Tech newsletter tracks the debates and decisions reshaping European tech, bringing our data and macro view to new events and emerging trends as they happen.

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Building a resilient Europe

The choices we make about technology today will shape how we live for generations to come. From public services and national security to energy, finance and healthcare, it is changing what our economies can achieve. The opportunities ahead will be measured in trillions of euros, and Europe has the talent and ingenuity to lead.

Our task is to match that potential with ambition, capital and conviction. To build the technologies that will define our future. To scale the companies creating them. And to ensure Europe shares in the value and influence they generate. These are the foundations of European resilience.

Build it. Scale it. Own it.

Over two decades, I have watched Europe's technology ecosystem grow beyond expectations. Founders are pursuing ideas that once seemed out of reach: developing new sources of energy, transforming drug discovery, advancing compute and building independent access to space. They are demonstrating that Europe can create the technologies the world will depend on.

To build it we must back that ambition. Giving exceptional people the freedom to move, start companies and take risks. Connecting our scientific strengths with entrepreneurial opportunity. And making Europe a place where the most ambitious founders choose to build.

More founders are starting companies here than anywhere else in the world, including the US, with 40,000 new tech entrepreneurs in Europe this year. But innovation alone will not secure our future. We must give those companies every opportunity to grow into global leaders.

To scale it we must urgently match our founders' ambition with the capital, customers and conditions they need to succeed. US tech companies still reach growth-stage funding at twice the rate of European peers. That means making it easier to operate across European borders, opening procurement to innovative companies and ensuring regulation enables new markets to emerge. It requires investors who think in decades and back companies through the hardest growth stages.

We should expect Europe's best companies to serve the world. We should make it possible for them to scale from here.

To own it we must ensure more Europeans can participate in their success. Mobilising European institutional and pension capital would give our most promising companies greater support as they grow, while returning more value to European savers and retirees. US pension funds' allocation to VC is four times higher than in Europe, and US insurers invest three times more in VC than their European peers. The benefits would reach beyond individual companies, strengthening our capacity to invest in the next generation.

Ownership also demands confidence. We need to recognise what Europe has built, celebrate those who succeed and raise our expectations of what comes next. Each success gives another founder the conviction to begin.

In a world of geopolitical fragmentation, these choices matter. Technological leadership is fundamental to our security, competitiveness and ability to shape our future. Europe's resilience depends on bringing our strengths together: connecting talent, capital and markets across countries, and working with strategically aligned partners globally.

I believe Europe will build trillion-euro technology companies. The choices we make now will help determine how many, where they grow and who shares in their success.

This year's State of European Tech is an invitation to act on that belief. We have the ingenuity to build it. We must find the conviction to scale it. And we should have the confidence to own it.



Niklas Zennström
Founder & CEO, Atomico

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Our Partners

The State of European Tech is made possible with the support of our valued partners.

A word from AWS

Earlier this year I sat with a founder in Stockholm who had built her company from an idea into a global business in under a year. She was proud — and restless. "The hardest conversation I have," she told me, "Is explaining to my team why we might have to scale outside of Europe first." I've heard a version of that conversation in Paris, in Munich, in London. **Today almost four in 10 startups, and over half of the fastest-growing, say they would consider scaling elsewhere for access to finance and regulatory predictability.**

That tension runs through this year's State of European Tech report, but it sits alongside extraordinary promise. European tech investment is on track to reach $81B in 2026, up 62% on last year. Nearly three-in-10 of the world's new founders are now based in Europe, more than any other region. Lovable went from $1M to $100M in revenue in eight months. Proof that the talent, the ambition and the ideas are unmistakably here.

Our task now is to make Europe the place where great companies don't just begin but where they stay, and scale. Companies that grow in Europe create jobs, build a tax base, and supply chains. Just as importantly, they build a talent pool from which the next generation of founders are born. These are precisely the companies Europe cannot afford to lose.

The time to act is now. More than half of European businesses use AI — 4.4M adopted it this year, roughly one every seven seconds. Yet most remain at basic use. Helping them scale to advanced adoption would unlock €191B of GVA by 2030. Our AWS Reimagine research, drawn from 154 leaders across 27 countries, is clear on what is holding them back: success is driven not by larger budgets or better technology alone, but by how organisations redesign workflows, measure impact, and build with an AI-first mindset.

AI will be the defining driver of productivity and growth in the next decade. **To help businesses of all sizes stay and scale in Europe we must prioritise simplified regulation, streamlined access to funding, and ensure that AI skills are embedded into every level of education, so they become inherent at every level of business too.**

Let's build on top of the talent, the capital and the conviction we already have. Let's make this the place where great companies stay, scale and never want to leave. Let's build the future of Europe today.

Tanuja Randery CBE
VP and MD of AWS, EMEA



A word from HSBC Innovation Banking

Europe has the momentum. Now we must turn it into lasting impact.

The ambition, talent and entrepreneurial energy that have underpinned the growth of Europe's technology ecosystem are compounding. Businesses are attracting more capital across different stages of development, and investors are demonstrating renewed confidence in the opportunities ahead, all of which is evidenced in this year's State of European Tech report. The expectation is that European tech investment will reach $81B in 2026.

This growth is driven partly by AI, which is now embedded across the innovation economy, from financial services and healthcare to energy and advanced manufacturing. This spread matters, because it creates the potential for growth that extends far beyond a single technology cycle.

Europe is well placed to seize this opportunity and turn momentum into sustainable, long-term economic gains. The global technology landscape is being reshaped, creating new markets and expanding the possibilities for European businesses. Yet the scale of this opportunity also brings existing challenges into sharper focus.

Capital distribution remains uneven. Europe must become better at mobilising long-term institutional investment, strengthening connections between early-stage and growth-stage investors, and creating clearer pathways to funding as businesses scale.

Equally important is developing deeper exit markets, allowing both capital and expertise to be reinvested into the next generation of founders and creating a more self-sustaining ecosystem.

All of this will amount to greater technological resilience for the continent. From AI and advanced computing to defence, energy and digital infrastructure, Europe's ability to develop, scale and retain critical technologies will increasingly shape its economic competitiveness. International collaboration and cross-border investment will remain fundamental to Europe's success, but Europe must also continue to build its own capabilities to compete from a position of strength and shape its own future.

Achieving this will depend on closer collaboration between founders, investors and institutions, alongside a shared commitment to turn ambition into action.

At HSBC Innovation Banking, our role is to stand alongside the businesses driving this progress, connecting them with the capital, expertise and international networks they need to grow.

Europe has already proven that it can invent, build and compete. Now it is time to scale that success, retain the value that is created and ensure its benefits are widely felt. I am confident we have the foundations to do exactly that.

Emily Turner
CEO,
HSBC Innovation Banking UK



A word from Orrick

The 2026 State of European Tech captures a technology ecosystem at an important juncture. After years of focusing on closing the gap with the US, the conversation is increasingly about what Europe can build on its own foundation, and whether its companies can turn growing ambition and investment into lasting global competitiveness.

The momentum is there. European tech investment is on track to reach $81B in 2026, up substantially from $50B last year, and founders are raising rounds of more than $1B on the continent for the first time. But the next phase will depend on more than the amount of capital invested: it will turn on whether companies can scale globally, whether success creates opportunities for the next generation, and whether Europe can build and retain the technologies on which its future depends.

A few themes from this year's report stand out:

1. **Scaling Impact and Strength:** European tech is showing that it can attract larger pools of capital and support companies through increasingly ambitious rounds. The next test is converting that momentum into businesses that can compete and endure globally. Funding growth is an important milestone; building companies that sustain it is the harder task.

2. **Fund the Future**: A healthy venture ecosystem depends not only on capital entering the market, but also on value finding its way back out and around again. M&A, public listings and secondary transactions are more than exit routes for founders and investors. They help replenish the capital and experience that fuel the next generation. Europe's ability to finance its next wave of companies will depend in part on how well it enables the current one to realise its value.

3. **Build, Own and Access Critical Technology:** From AI compute and quantum to defence and space, Europe is bolstering its technological resilience. But developing important technologies is only part of the equation. The longer-term opportunity is to build companies and capabilities that Europe can continue to grow and own, while remaining connected to global markets and supply chains.

4. **Empower Talent**: Europe has no shortage of technical talent or entrepreneurial ambition. One of its less visible advantages is the experience accumulated by people who have built, scaled and financed companies before. Making it easier for that experience to move between businesses, countries and institutions can strengthen the entire ecosystem and give the next generation of founders a better starting point.

5. **Earn Public Trust:** Technological progress is not an end in itself. As AI and other frontier technologies become more embedded in everyday life, their long-term success will depend partly on whether people see the benefits and have confidence in how they are developed and used. Jobs, better services and solutions to real-world problems matter. So does taking public concerns seriously. Turning technological ambition into visible benefits will be essential to sustaining support for Europe's innovation agenda.

At Orrick, we're proud to partner with Atomico again on the State of European Tech. This year's report reflects an ecosystem that has made real progress, while highlighting the work still needed to turn that progress into lasting advantage. Europe's opportunity is not simply to invest more, but to build companies that endure, create stronger pathways for capital and talent to circulate, and develop the technologies that will shape its economic future.

Shawn Atkinson
Partner, Global Technology Companies Group and Member, Board of Directors, Orrick (London)



A word from Slush

By 2050, two of the 10 most valuable tech companies will be European.

We humans are good at noticing what doesn't work and pointing that out, while we routinely underestimate how much can be done in 10 years. Neither gets us far. For both good and bad, tech has become the most influential force in the world. That's why Europe's long-term competitiveness lies in the startup ecosystem. We have a lot of work to do to break the global top 10 twice by 2050, but we at Slush see that aiming for anything less is not enough. We want to make sure our future is written by us.

For the past 20 years, our ecosystem has focused on building the foundations. We've reached a stage where European tech has an annual growth rate of 8%, surpassing all other industries, and every week since the beginning of 2026, a European unicorn has been born. Considering we started building startups ~30 years after the US, it's exciting that annual VC investment in Europe is now just 8 years behind.

The foundations are there — now it's time to make a bet on Europe

We know what the problems are, and there are a few very decisive years ahead of us. Still, I want to leave you with four things that make me optimistic:

1. We've started to stand on our own feet. At Slush, this is one of the biggest changes we've seen in European founders in the past few years.

2. Young people are the solution. As a 26-year-old, I don't remember a time when Europe's share of the global economy was growing. Coming from Slush, built by 17,000 students over the years, I've seen the power of young people to create cultural change. In 2008, 1% of Finnish youth wanted to be entrepreneurs, and now that number is 52% among 18-25-year-olds. My generation is tired of waiting for solutions and we are choosing to build ourselves, which gives me a lot of hope for Europe.

3. The next era of tech takes place on our home field. As intelligence becomes abundant, what matters is taste, science and industrial capability to produce and build the physical world. Europe has plenty of all.

4. We're vocalising the economic impact of startups. We don't always remember to go outside of our bubble. However, it's necessary to make startups mainstream in Europe and to create the conditions our ecosystem needs. For these conversations, reports like the State of European Tech are extremely valuable.

At Slush, we have belief. And we place that belief on a simple bet: Europe. Our Golden Age of startups is only beginning.



Noora Saksa
CEO, Slush

Thank you to our partners

Amazon Web Services (AWS) is guided by customer obsession, pace of innovation, commitment to operational excellence, and long-term thinking. By democratizing technology for nearly two decades and making cloud computing and generative AI accessible to organizations of every size and industry, AWS has built one of the fastest-growing enterprise technology businesses in history. Millions of customers trust AWS to accelerate innovation, transform their businesses, and shape the future. With the most comprehensive AI capabilities and global infrastructure footprint, AWS empowers builders to turn big ideas into reality. Learn more at aws.amazon.com and follow @AWSNewsroom.

HSBC Innovation Banking provides commercial banking services, expertise and insights to extraordinary technology, life science, private equity and venture capital businesses. HSBC Innovation Banking UK is a subsidiary of HSBC Group, benefiting from its stability, strong credit rating and international reach to help fuel its growth.

Innovating or investing in tech? Our Resource hub is packed with industry-specific insights and practical tools to help turn inspired ideas into meaningful innovation, including our flagship Term Sheet Guide, which gives founders and funds an objective view of evolving market standards.

Orrick ranks No. 1 in Europe for venture capital (*Pitchbook*) and has been the leader for each of the past 10 years. We counsel venture-backed companies, as well as the most active funds, corporate venture investors and public tech companies worldwide.

Our advice is informed by working with nearly 5,000 high-growth tech companies globally (including hundreds of companies in emerging sectors, such as AI, Life Sciences & Healthtech, Energy Tech and Fintech), 13 of the 25 largest public tech companies, and more than 400 investors.

Our annual Deal Flow Report analyses the hundreds of transactions we help companies and investors close in Europe and shares insights gleaned from term sheets, industry trends, deal volume and more. Our 2025 report leveraged data from the 400+ transactions we closed for clients in Europe with an aggregate value of more than $10 billion and our 2026 report will launch in Q1.

Visit our Tech Studio, a self-service resource to help companies grow and thrive at all stages. With 50+ customizable forms & document generators, 300+ articles, videos and podcasts and robust FAQ and glossary databases, it's our version of open source for the ecosystem. Learn more at OrrickTechStudio.com.

Slush is a not-for-profit organisation on a mission to help and create founders to change the world. Based in Helsinki, Slush annually hosts the world's leading startup event bringing together a curated crowd of European startups, world-class investors, and tech journalists. Slush stands by relevance over scale, bringing tangible value, and sharing actionable company-building advice. No fluff.

The data behind the report

dealroom.co

Dealroom.co is a global intelligence platform for discovering and tracking the most promising companies, technologies and ecosystems.

Dealroom.co partners closely with local tech ecosystem development agencies and enablers, to create a comprehensive multi-dimensional blueprint of the tech ecosystem, including capital, talent, innovation, entrepreneurship and overall economic dynamism.

Listen Labs

Listen Labs is the AI customer understanding platform that gives Insights teams qualitative depth at quantitative scale. Its mixed-methods studies put qual and quant side by side, so you get the why as well as the numbers. Every finding links to the moment in the interview driving the data, so the recommendations you bring to the business are backed by evidence anyone can check. Run mixed methods research in 100+ languages and 70+ countries, 24/7. From churn and brand perception to campaign and competitive research, Insights leaders use Listen to answer more of the business's questions, faster. Hundreds of brands use Listen, including Microsoft, Anthropic, and Swarovski.

INVEST EUROPE

Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors. We have 626 members, split roughly equally between private equity, venture capital and limited partners – with 104 associate members representing advisers to our ecosystem. Those members are based in 57 countries, including 42 in Europe, and manage 60% of the European private equity and venture capital industry's €1.37 trillion of capital under management. Businesses with private capital investment employ 11.4 million people across Europe, 5% of the region's workforce.

S&P Global Market Intelligence

At S&P Global Market Intelligence, we understand the importance of accurate, deep, and insightful information. Our team of experts delivers unrivalled insights and leading data and technology solutions, partnering with customers to expand their perspective, operate with confidence, and make decisions with conviction.

S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI). We are the world's foremost provider of credit ratings, benchmarks, analytics, and workflow solutions in the global capital, commodity, and automotive markets. With every one of our offerings, we help many of the world's leading organizations navigate the economic landscape so they can plan for tomorrow, today.

PitchBook

PitchBook is a financial technology company that provides data on the capital markets to help professionals discover and execute opportunities with confidence and efficiency. We collect and analyze detailed data on the entire venture capital, private equity and M&A landscape—including public and private companies, investors, funds, investments, exits and people. Our data and analysis are available through our suite of products (the PitchBook Platform), industry news and in-depth reports.

revelio labs

Revelio Labs is a workforce intelligence and research company building the definitive standard for global workforce information. Our team of data scientists, economists, and engineers transforms billions of public employment records into clean, reliable, and standardized data spanning more than 30 million companies, over 5 billion job postings, and 195+ countries. Through the Revelio Terminal, economic research, and public labor market releases, Revelio Labs provides a comprehensive view of the global workforce, helping organizations make critical labor market decisions.

crunchbase

Crunchbase is the leading solution for private company intelligence, helping business decision-makers stay ahead of private market shifts so they can identify opportunities earlier and act first. Only Crunchbase combines nearly two decades of proprietary data and AI with unique engagement signals from millions of users to forecast funding, growth, and exits across the private company lifecycle. From investors and M&A teams to product builders and go-to-market teams, enterprises use Crunchbase data to power workflows, products, and decisions.

Crunchbase delivers intelligence through its flexible MCP, API integrations, and platform. To learn more, visit crunchbase.ai and follow Crunchbase on LinkedIn and X.



Scaling Impact

European tech's second-best year ever. But to capture the AI wave, a step change in investment is needed.

What a difference a year makes

In the 2025 State of European Tech report, we expressed cautious optimism that funding levels were "finally, if slowly" returning to growth trajectory. **That turned out to be an understatement.**

2026 is on track to be European tech's second-best-ever year, with investment set to reach $81B, a 62% rise on last year's $50B and not too far off the $94B record set in 2021.

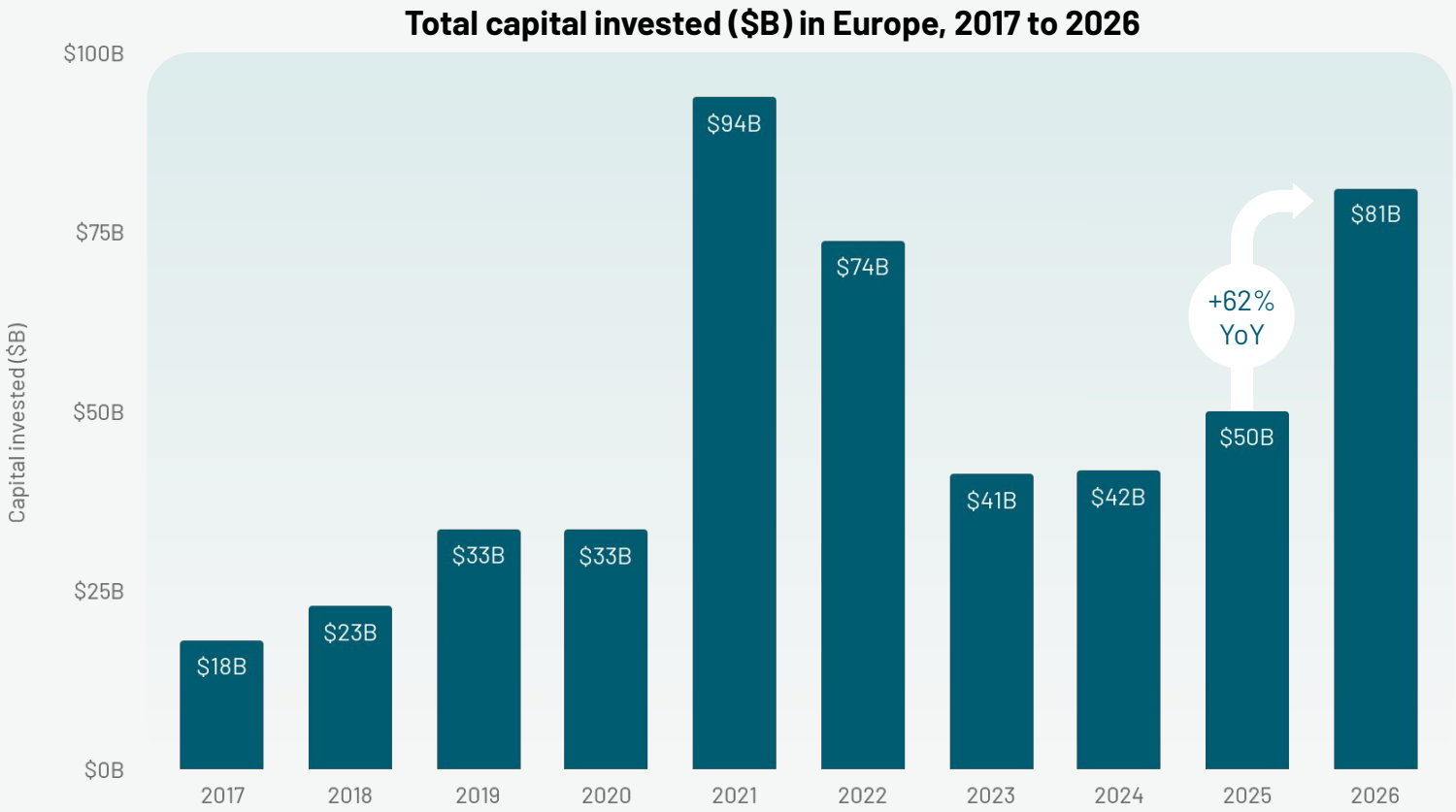
And this cycle has only just begun. Each great technological wave, from the Industrial Revolution to the mass production era and the information age, has created more value than all of the waves before it combined, according to economist Carlota Perez. AI looks set to follow the same pattern, with founders and the capital pools behind them targeting one of the largest markets on the planet: labour itself.

This cycle is led by sophisticated investors and strategic corporates, and companies are proving revenue and traction earlier. They're also returning to market faster to raise again, with companies that closed funding rounds in 2024 and 2025 securing follow-on rounds sooner than those that raised in 2022 and 2023.

As the AI supercycle reshapes venture investing, companies like Ineffable Intelligence, Nscale and AMI Labs are **raising $1B+ rounds and reimagining what's possible to build from Europe.** There are new challenges to navigate, but also a prize that's magnitudes larger than anything that has come before it. **But to truly catch this wave, Europe will need to take decisive action to close a capital gap that has grown even larger.**

This chapter looks at how Europe's investment landscape has matured over the past years, and the mechanics of the capital and talent flywheels that have empowered companies building today to start from a higher base, and achieve bigger things still. We also set today's data in a broader global and historical context to understand what's needed to turn Europe's present momentum into sustained GDP gains.

An acceleration in European tech investment



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Full year 2026 extrapolated based on year-to-date data. Excludes the following: pharma, debt, lending capital and grants.

This year, investment into European startups is set to reach **$81B, marking 2026 as the second-highest year on record.** These levels are up 62% from the $50B invested in 2025, and just below the $94B invested in 2021, the record-holding year.

After three years stuck between $40B and $50B, this is a clear break from the post-peak plateau and an important step change in funding for Europe's tech ecosystem.

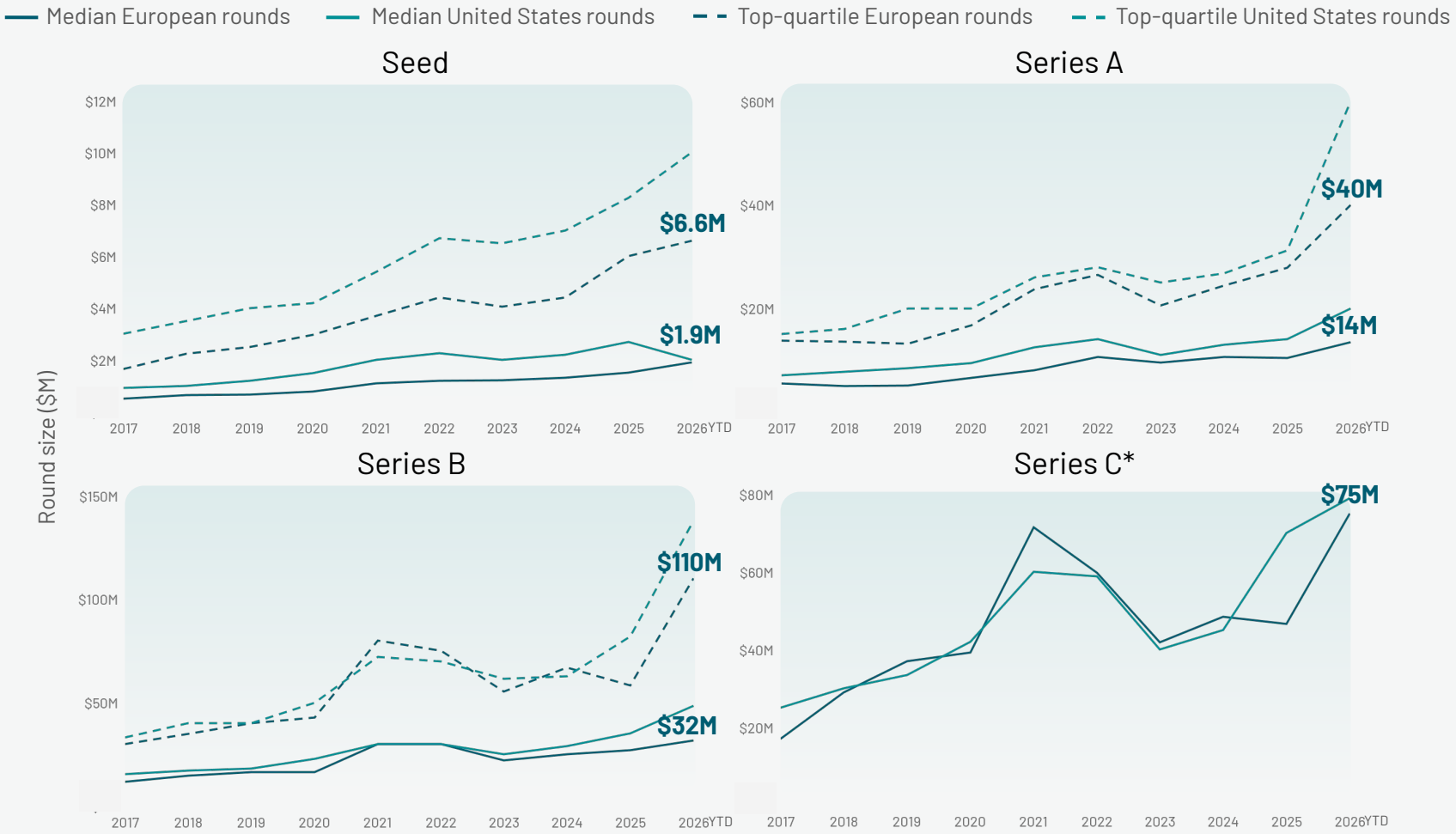
> *The data on the European tech ecosystem stopped being ambiguous some time ago. We have built a world-class tech ecosystem; we just don't let ourselves believe it. The value still to come from European tech is bigger than everything it has created so far. Nothing is missing - the capital, talent and demand are all here, but they're locked or misallocated. Our founders are flying into the wind. It still works, but it doesn't let you reach top speed.*

Tom Wehmeier
State of European Tech report founder, Partner at Atomico



Round sizes have increased at every stage

Round sizes ($M) by stage and region, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

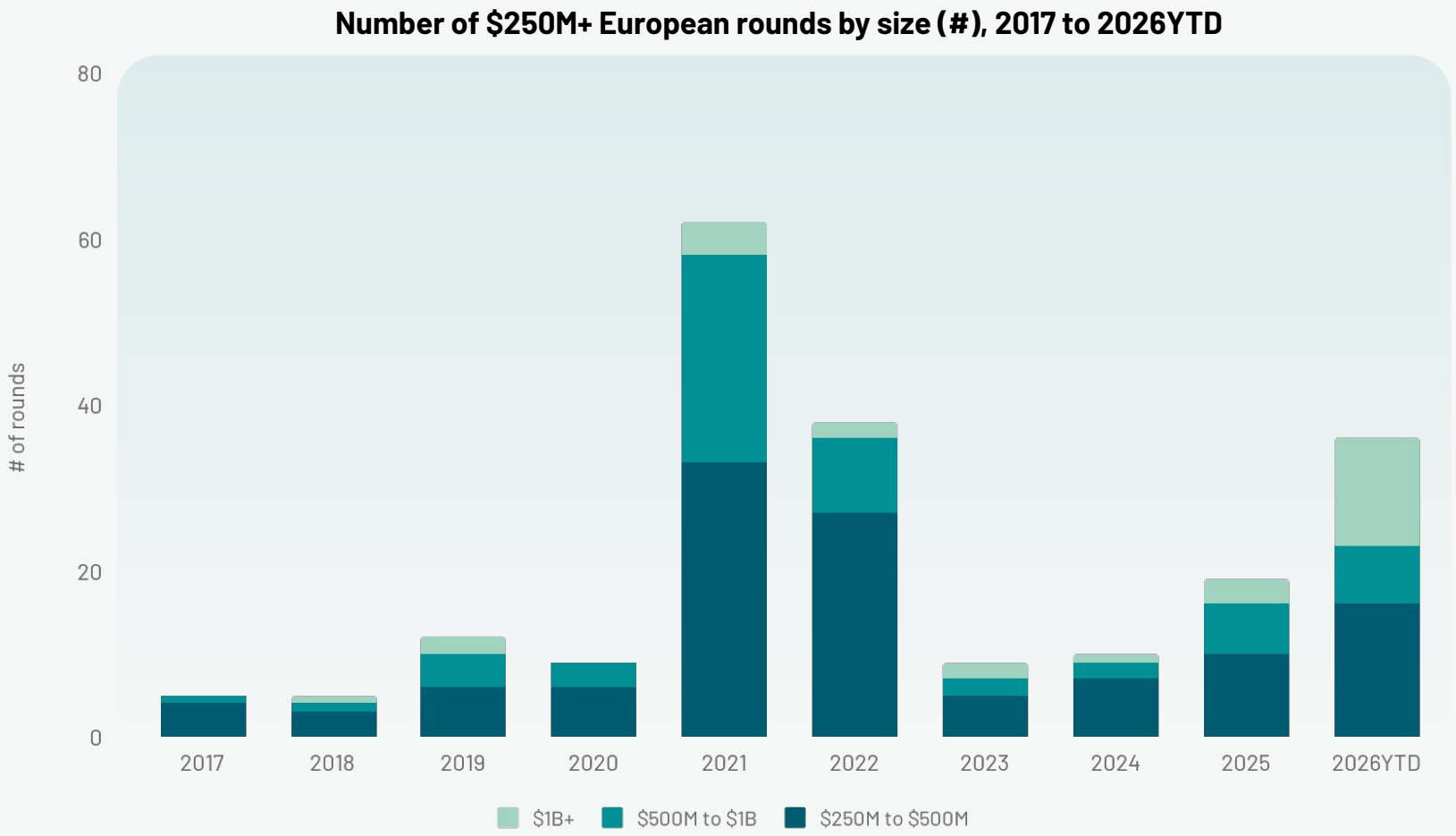
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants. *Top quartile data series excluded from Series C due to low sample size.

This bumper year of tech investment is being driven by larger rounds at all stages. Median Seed rounds have increased in value every year, this year by 27%. They are now on par with the US, where the median value dropped this year by 26% due to a higher-than-usual number of smaller YC rounds (accounting for 14% of all US Seed rounds year to date). European Series A rounds are up 30% over the past year. Series B and Series C rounds are now on par with 2021 peaks, putting them at highest-ever levels.

When we narrow the lens to top-quartile rounds by size, then **across all stages, these rounds are roughly three times the size of the market median.**

At the extreme end, we are seeing $1B+ "Seed" rounds for the first time ever in Europe, starting with the $1B round raised by AMI Labs in March. These top rounds increasingly attract non-European investors at stages Europe used to fund alone. It goes to show that, today, **outlier founders raise outsized rounds no matter where they are based**.

A new era for European megarounds



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants.

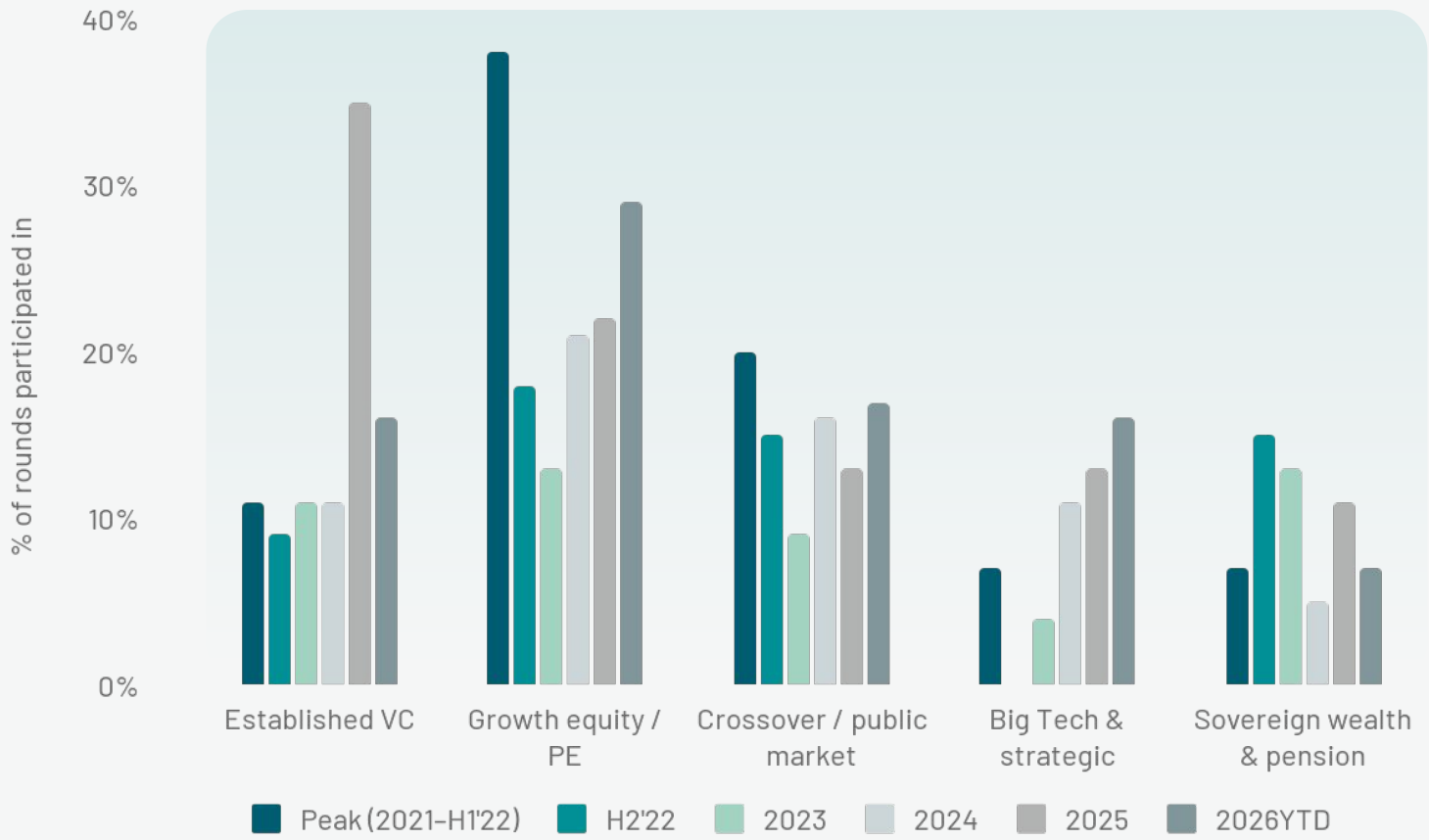
In the first nine months of 2026, European tech companies closed more megarounds (rounds of $250M or more) than in any year after 2022.

Although overall round volumes are still below the peaks of 2021 and 2022, we have seen activity rise consistently year-on-year since the low of 2023. This year has also seen a broader spread in ticket sizes.

The biggest rise was at the top end, with 13 rounds of $1B or more so far this year. This is the highest number Europe has ever seen. Together, they raised $22B between them and accounted for 37% of all capital invested so far this year. During the nine-year period between 2017 and 2025, only 15 $1B+ rounds took place. Even in 2021 and 2022, there were just six rounds of this size.

An evolving investor base to support greater scale

Investor participation in European $100M+ rounds (%), 2021 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Crossover investor activity is based on a cohort of the most active 51 funds investing across both the public and private markets (e.g. Tiger, Fidelity). Established growth VC investors include a basket of 28 funds (e.g. Sequoia, Andreessen). Growth equity includes 46 funds (e.g. Apollo, Softbank). Sovereign wealth & pension funds include 13 most active institutions (e.g. OTPP, GIC, Temasek). Big Tech and strategic corporates include 45 active investors (e.g. Salesforce, Nvidia, Tencent).

Who invests in European technology companies has changed in recent years, with **Big Tech and strategic corporates participating more often, and crossover investors slowly declining.**

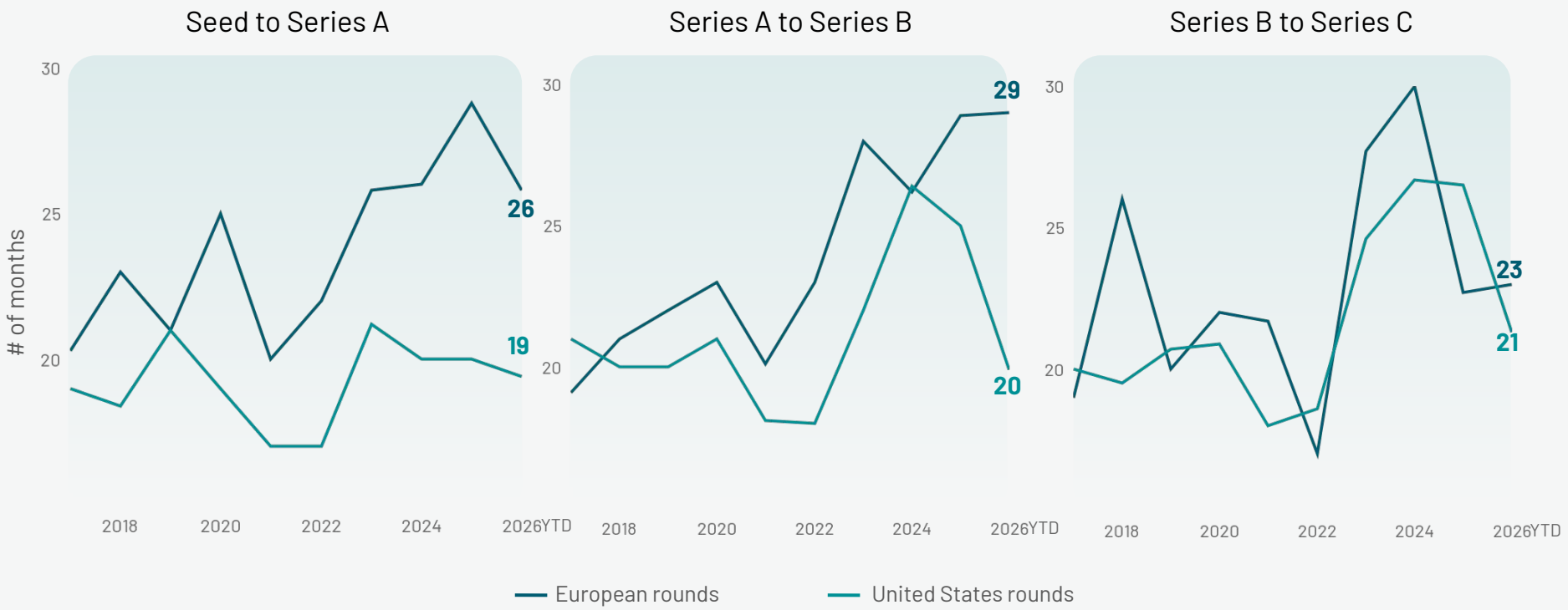
Between 2021 and H1'22, crossover investors, who are active across public and private markets (such as Tiger Global), and growth equity investors, who typically back later-stage companies, moved downstream into earlier venture stages of company development. For example, during the peak, crossover investors participated in 20% of all $100M+ rounds in Europe.

More traditional VCs, including large multi-stage platform VCs, have resumed their lead role, present in one in three $100M+ round in 2025. Sovereign wealth and pension funds have held relatively steady.

What's new is the interest from Big Tech and strategics who have been picking up more rounds as established investors slowed down. This group now invests at their highest rates on record.

Capital is moving at pace, elevating the speed of follow-on capital raises to a new high for latest cohorts

Median months for tech companies to reach their follow-on round, by region and year of the follow-on round, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma.

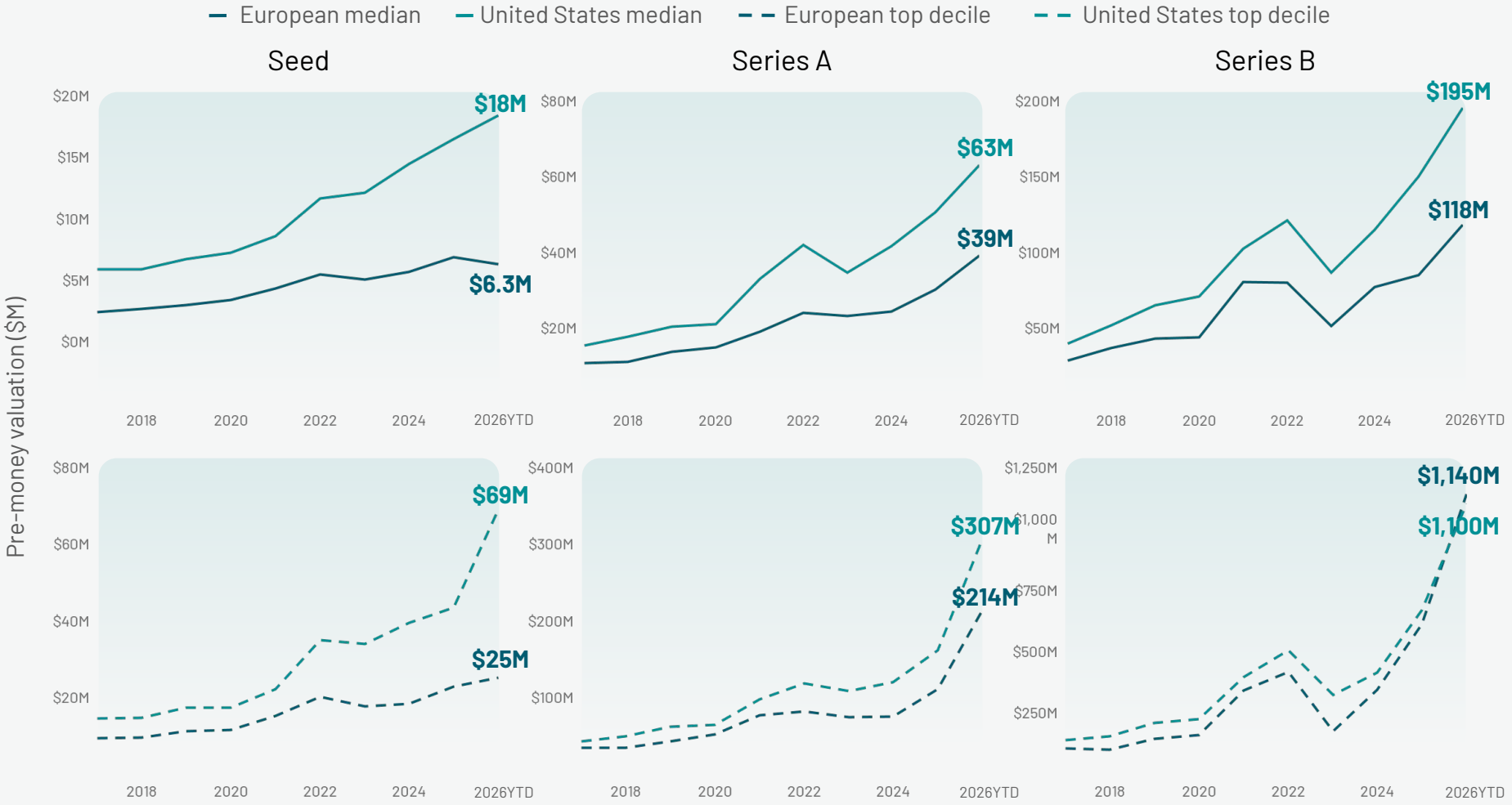
How long companies take to reach their next round is influenced by wider market dynamics. Follow-on rounds came fastest around the 2021 peak, at under 22 months for most stages in both Europe and the US. Timelines stretched as the market dipped, with European companies taking a median 30 months to go from Series B to Series C by 2024.

Timelines are coming down again, but regional gaps have grown at the earliest stages. European companies have been slower than US peers between Seed and Series A since 2020, and the gap now stands at seven months. From Series A to B, the regions were level in 2024, but the median has since dropped to 20 months in the US and risen to 29 in Europe. **At Series B to C, where US investors are most active in European rounds, the gap narrows to just two months.**

US growth funds can drive that velocity by providing follow-on rounds more quickly. Until Europe's own growth funding deepens, its companies will keep waiting longer at the earlier stages.

Company valuations on the rise across stages

Median and top decile pre-money valuation ($M) by stage, 2017 to 2026YTD



Source: PitchBook

Notes: Data is as of 30 September 2026. Excludes pharma.

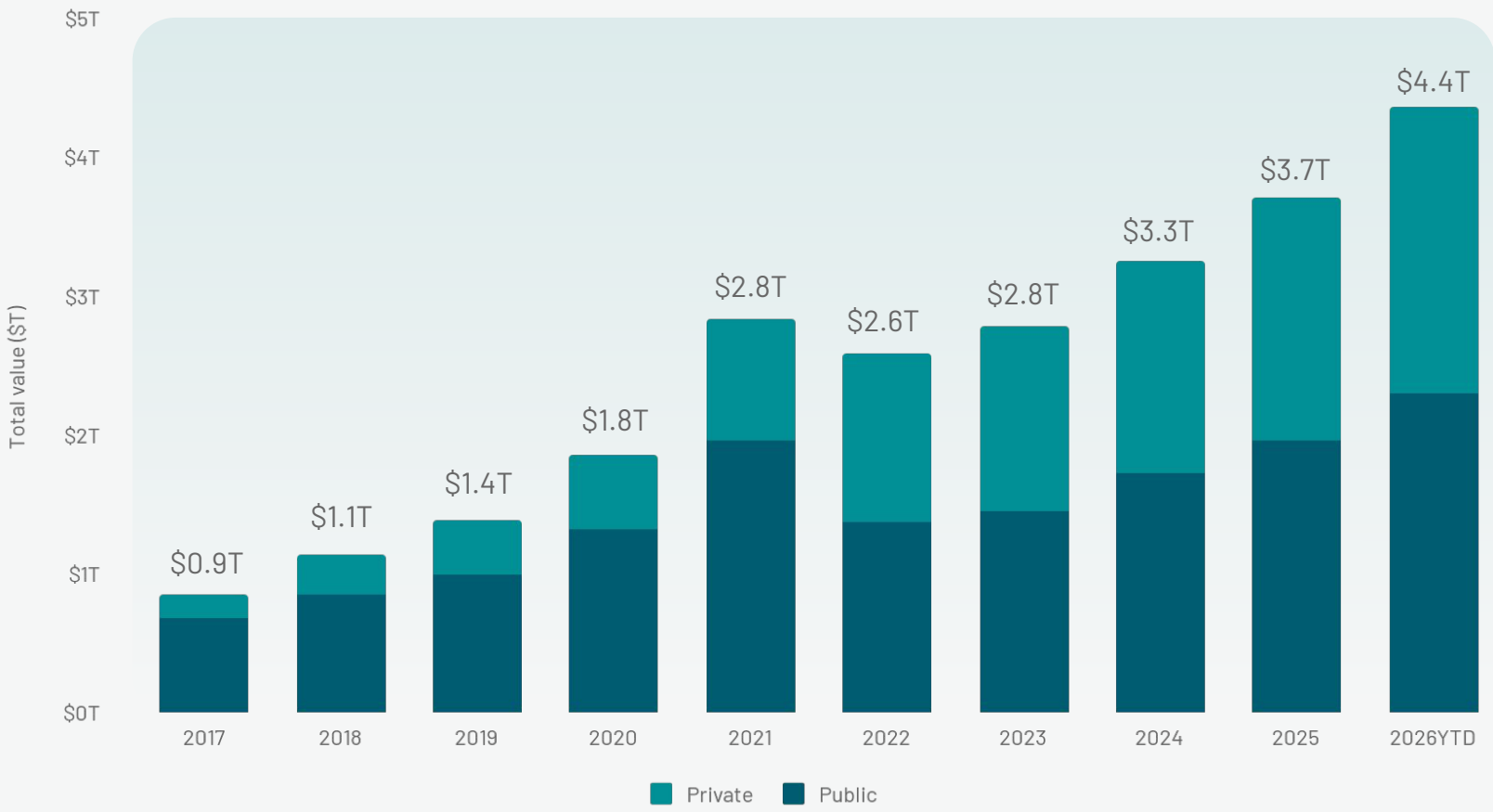
European valuations rose at nearly every stage in 2026, fuelled by investment in AI companies raising at premium valuations. Seed was the exception with the median European Seed valuation falling 8% year-on-year, but the top decile rising to $25M.

The split at Seed suggests two markets priced on different terms. Investors are competing for the companies they see as outliers, such as AI labs founded by frontier researchers, and pricing the rest of the market more cautiously. Not every future outlier will be identifiable at Seed, and investors who back those founders before the market agrees on them gain a clear pricing advantage.

At later stages, European companies are firmly in the global competitive set, drawing in global investors and narrowing the valuation discount to the US.

Europe's technology engine is compounding value

Private and public tech ecosystem value ($T), 2017 to 2026YTD



Source: dealroom.co S&P Global Market Intelligence

Notes: Private market data from Dealroom.co excludes the following: pharma. Data as of 30 September 2026. Public markets data as per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. Values are based on companies headquartered in Europe.

The overall value of Europe's tech ecosystem has grown every year since 2017, with the lone exception of 2022. **The most recent trillion dollars of value was added in less than two years.**

Private companies drove much of the growth in the first half of the decade. In 2017, they accounted for just a fifth of the overall tech ecosystem's value. So far in 2026, they hold almost half, at $2.1T compared to $2.3T for public companies, meaning a growing share of Europe's tech value now sits in companies that are yet to list.

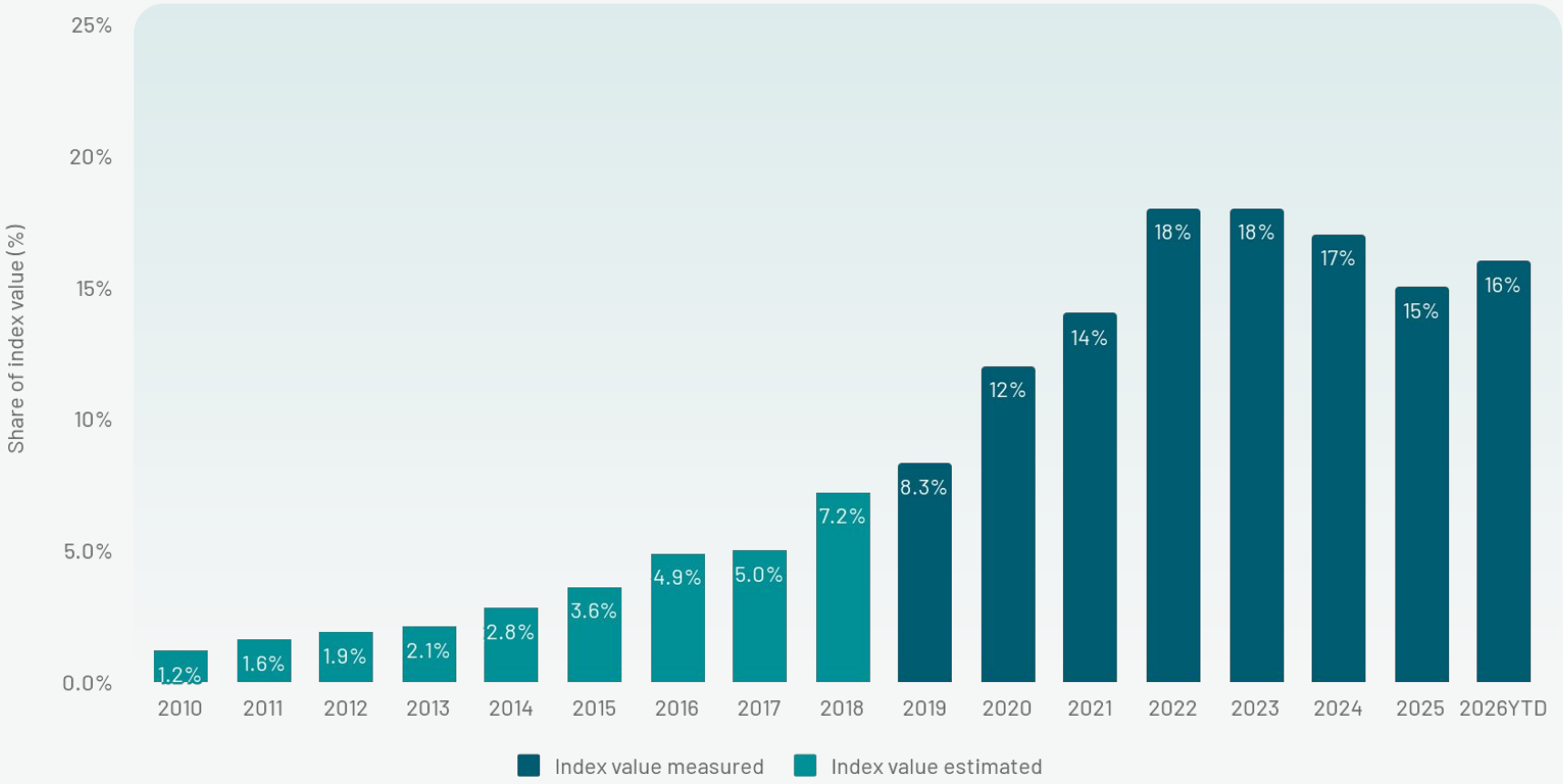
> *Tech now accounts for a quarter of the value created in Europe, and its share is growing. Europe has multiple $100B tech companies. A trillion-dollar company is coming. How soon depends on making growth our ally: unleashing our talent, mobilising more capital and reducing unnecessary friction.*



Yoram Wijngaarde
Founder, Dealroom.co

Once a rounding error, Europe's VC-backed tech is now equal to one-fifth of the STOXX-600 and too big to ignore

VC-backed companies' value as a share of STOXX-600 (%), 2010 to 2026YTD



Source: dealroom.co

Notes: Data is as of November 2026. Index value is estimated for 2018 and before. Enterprise value of all VC-backed companies, listed and private, as a share of the index's market value.

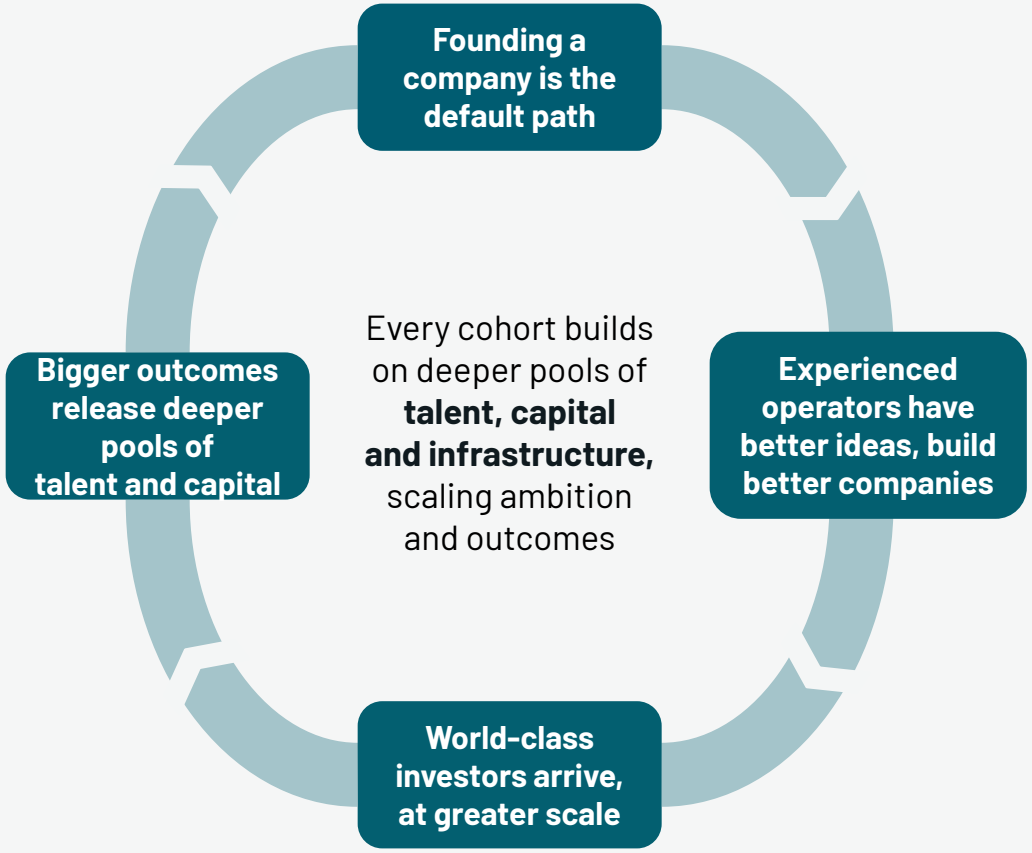
Barely visible in 2010, VC-backed tech is now impossible to overlook. Europe's VC-backed companies are outgrowing the economy around them. European technology output has grown nearly five times faster than the wider economy over the past decade, and **VC-backed companies are now worth $3.3T, equivalent to 16% of the $20.5T STOXX-600, up from 1.2% in 2010**.

Yet almost none of that value is held through Europe's main index. Just nine VC-backed tech companies are in the STOXX-600, making up 0.7% of its value, and none ranks among its 20 largest. The rest is in private companies or listed elsewhere, such as Spotify in New York, so a **pension or index fund tracking the STOXX-600 has almost no exposure to the fastest-growing part of Europe's economy**.

Success breeds success, handing every new generation a warm start in talent, capital and know-how

Founder factories
Scaleups & AI labs

Revolut
facebook AI Research
Palantir
Spotify
ASML
DeepMind



Repeat founders



Helsing
cusp.ai
NaturalMotion
SCYFER


PHYSICS X
NEKO
QuantumBlack AI by McKinsey
Spotify

Source: atomico

Notes: PhysicsX and Neko are Atomico portfolio companies.

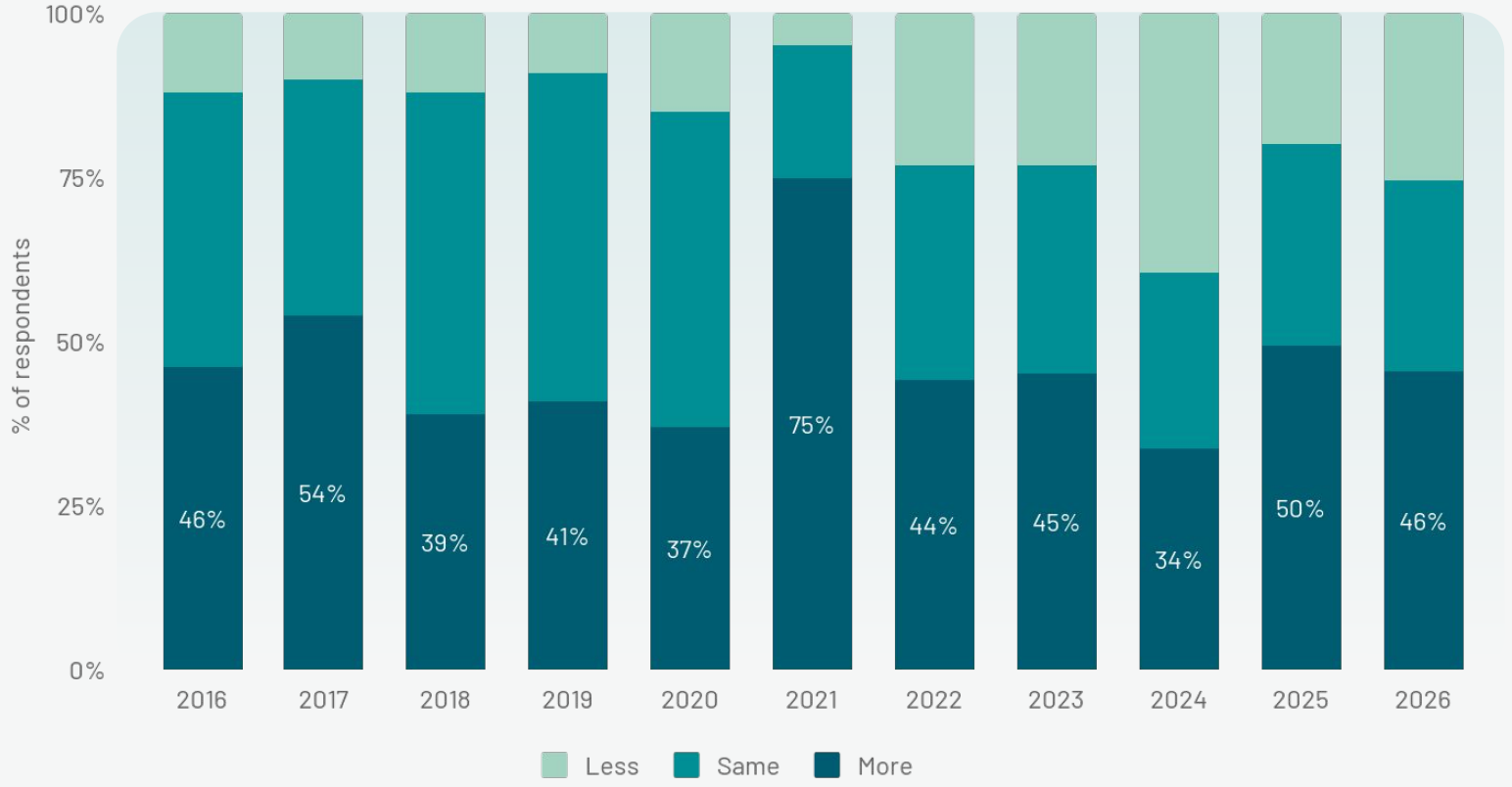
Large outcomes release people who have scaled a company before and want to do it again. When eBay acquired Skype for $2.6B in 2005, the liquidity event seeded one of Europe's first founder networks. Taavet Hinrikus, Skype's first employee, went on to co-found Wise. Elsewhere, at DeepMind, Arthur Mensch went on to co-found Mistral AI in 2023.

Capital has followed. European VCs now back companies from Seed to growth, and international investors who once looked past Europe are anchoring its largest rounds. Lawyers, recruiters, accountants and advisers have learned the playbook too, so what founders once had to invent now comes off the shelf.

Each turn of the flywheel starts from a higher base, from which new companies can grow more efficiently. **That is how Europe added its most recent trillion dollars of ecosystem value at a record pace of under two years.**

The vibes are good

Compared to 12 months ago, are you more or less optimistic today about the future of European technology?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: All respondents. Respondents who selected "Do not know / cannot comment" are excluded.

Across the ecosystem, general optimism is high, with **46% of survey respondents overall saying they feel more positive about the future of European technology** than 12 months ago.

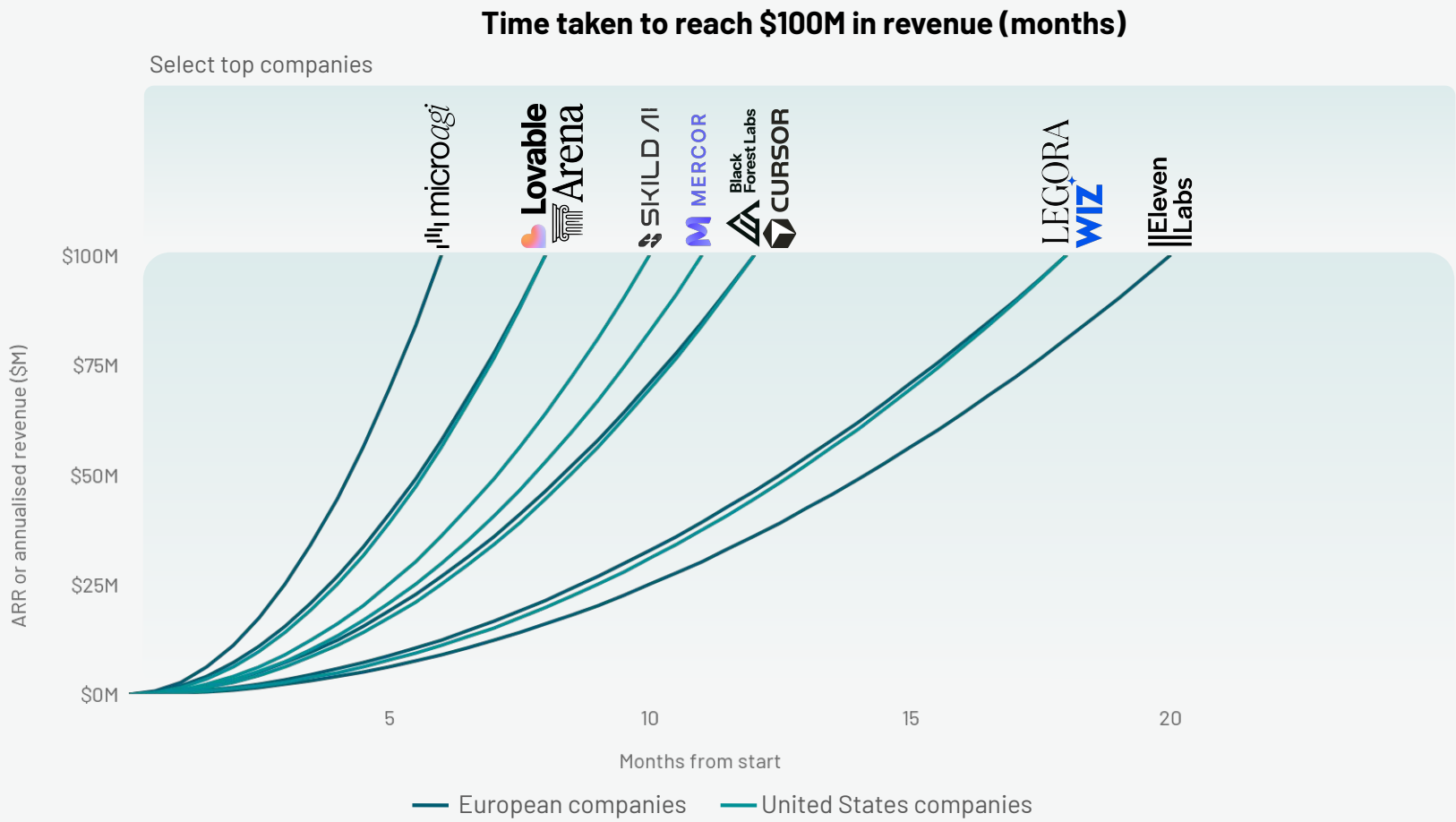
Investors and LPs are the most optimistic respondents, as reflected by a year that is on track for a 60%+ year-on-year increase to $81B. Founders and operators report the lowest levels, shaped by perception of the challenge of scaling their companies, as well as the divergent state of the fundraising environment.

> *VCs and LPs look at the market top-down, and founders bottom-up. The former see large shifts in opportunity driven by AI, and outcomes like higher valuations and bigger exits, and feel great about where the market is headed. In contrast, for a founder, the winds are in your favour but there are challenges every day, from the strategic to the mundane, that temper optimism. Overall, I don't worry about this. A positive investor class is a great ingredient to have in the ecosystem, while ambitious but realistic founders are exactly what we need to actually build these companies of the future.*

Suranga Chandratillake
Partner, Balderton



Europe is home to many of the fastest-growing companies of all time



Source: atomico

Notes: Lines are illustrative, only the start point and the month $100M was reached are data. Cursor, Wiz and Mercor measured from first $1M ARR, Arena from commercial launch and Skild AI from first commercial deployment. Microagi, Mercor and Arena figures are company-reported annualised revenue run rates. Black Forest Labs is based on third-party estimate of $96M annualised revenue 12 months after launch.

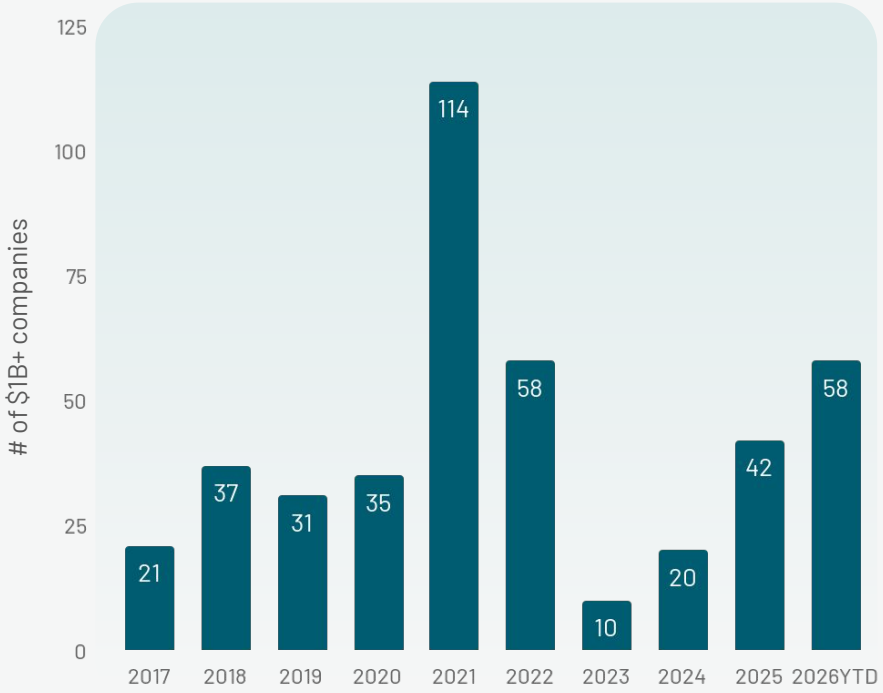
European companies are scaling at record rates, setting new benchmarks against the fastest-growing companies anywhere. Their growth shows there is **no fundamental constraint on scaling at pace from Europe,** given the right product, execution, and access to talent and capital.

Take Lovable. In July 2025, the Stockholm-based vibe-coding company announced it had passed the $100M ARR mark, just eight months after saying it had hit $1M revenue. By its own account, that made it the fastest company in the world (at the time) to hit that milestone. Eleven months later, it reported ARR of more than $500M. Its valuation has also risen from $6.6B in December 2025 to $13B in August 2026.

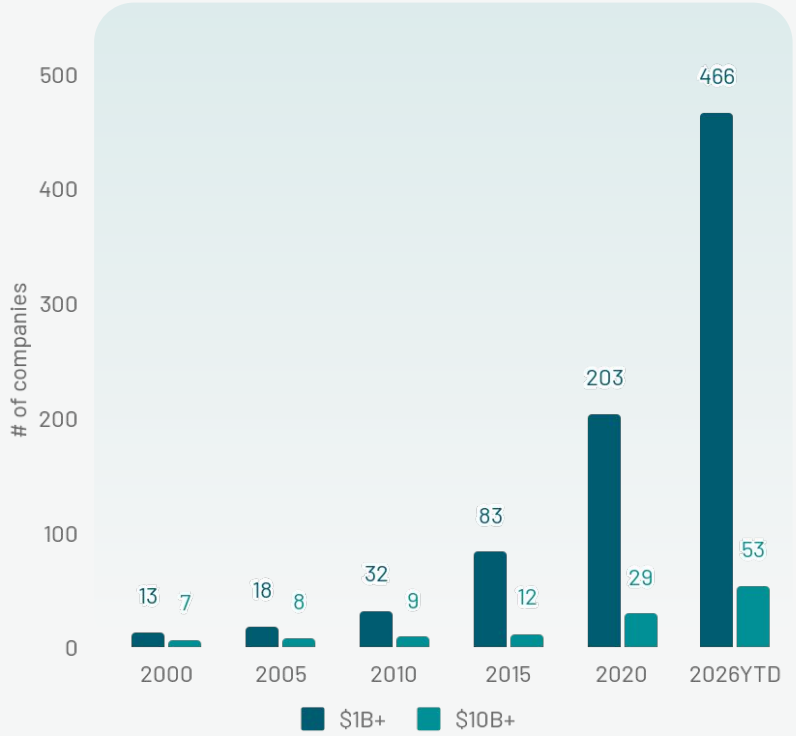
Beyond Lovable, other **European founders continue to set the global pace for growth.** Microagi, the Munich robotics company, disclosed that it had passed the $100M revenue milestone six months after launching its first product, while Black Forest Labs was reportedly close to $100M in annualised revenue a year after releasing its FLUX.1 model.

More billion-dollar companies than ever before

Count of new European $1B+ companies (#) per year, 2017 to 2026YTD



Cumulative count of $1B+ and $10B+ valued European companies (#), 2000 to 2026YTD



In the first nine months of 2026, 58 European companies reached a $1B+ valuation, up from 42 in the whole of 2025.

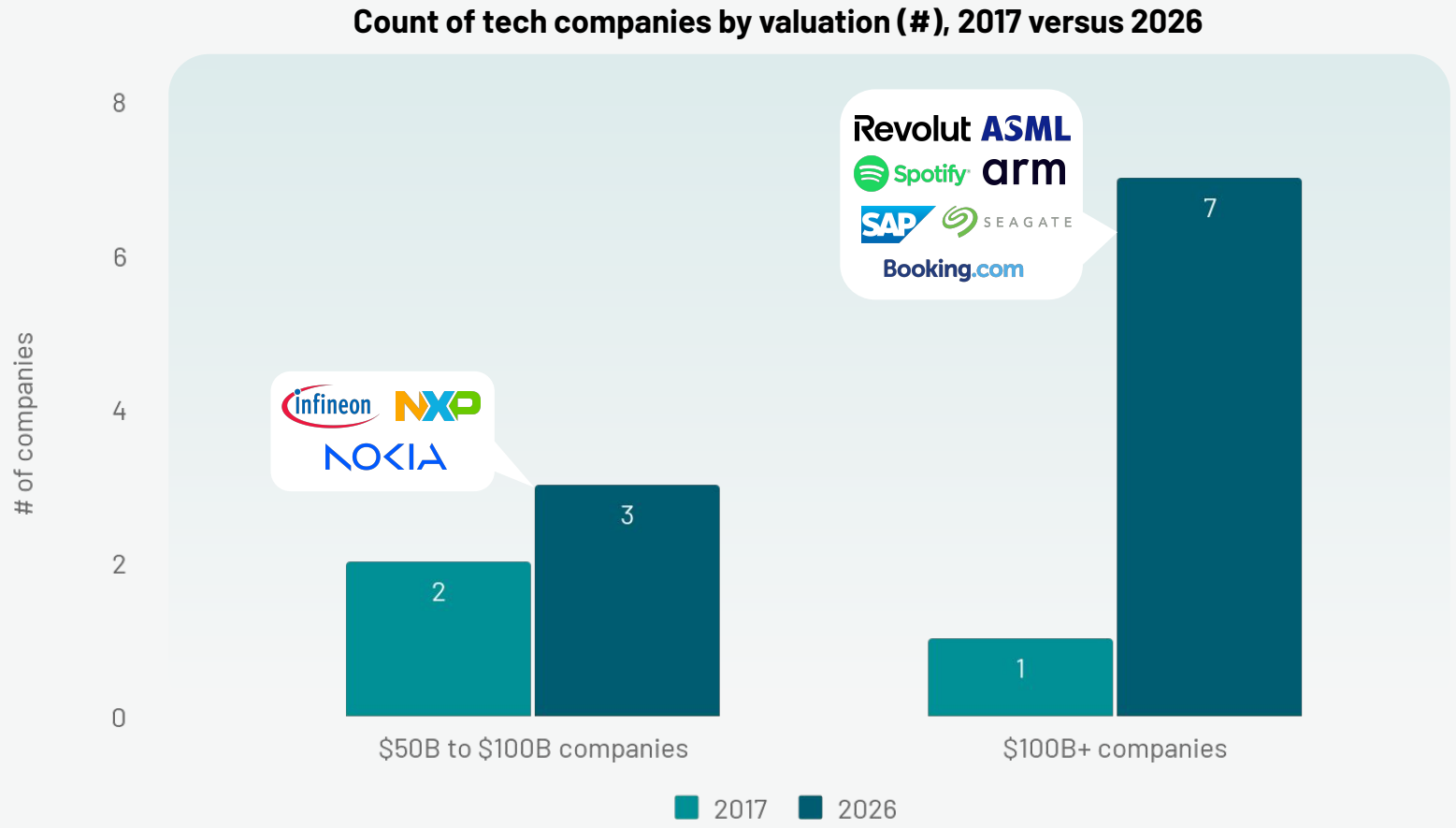
Far more companies are achieving a $1B+ valuation today than ever before, too. Between 2000 and 2005, Europe added just five companies to its count of $1B+ tech businesses. But between 2020 and end of September 2026, the count more than doubled from 203 to 466 as an additional 263 $1B+ companies were minted. Among this cohort are Mistral AI and Lovable, which both started in 2023 and had reached $1B by the end of 2023 and 2025, respectively.

Source: atomico

Notes: Data is as of 30 September 2026. Left chart includes all companies that have ever reached a $1B+ valuation, counted in the year they first reached it. Right chart includes all companies with a most recently reported valuation of at least $1B or $10B, counted cumulatively by the year they first reached that valuation. Excludes the following: pharma.

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The ceiling on ambition for European founders is now uncapped



Source: atomico

Notes: Data is as of 30 September 2026. 2026 includes all companies with a most recently reported valuation of at least $1B. 2017 includes all companies with a reported valuation of at least $1B as of 31 December 2017. Latest valuations are taken from public sources. Excludes the following: pharma.

In 2017, Europe had just one $100B+ tech company. Today, there are seven. ASML is now the single-largest company in Europe by market capitalisation at over $500B, setting a new high watermark for how big companies built here can grow.

Valuations are an imperfect proxy for ambition, but scale matters. It encourages founders to tackle even bigger problems, and sets the bar for what's next. Ambition is infectious, and it's a big part of what draws talent into tech, or to start their own companies. A new generation of breakout founders is now tackling problems at continental, even potentially world-changing, scale. And now the $500B barrier has been broken, a $1T valuation is in their sights.

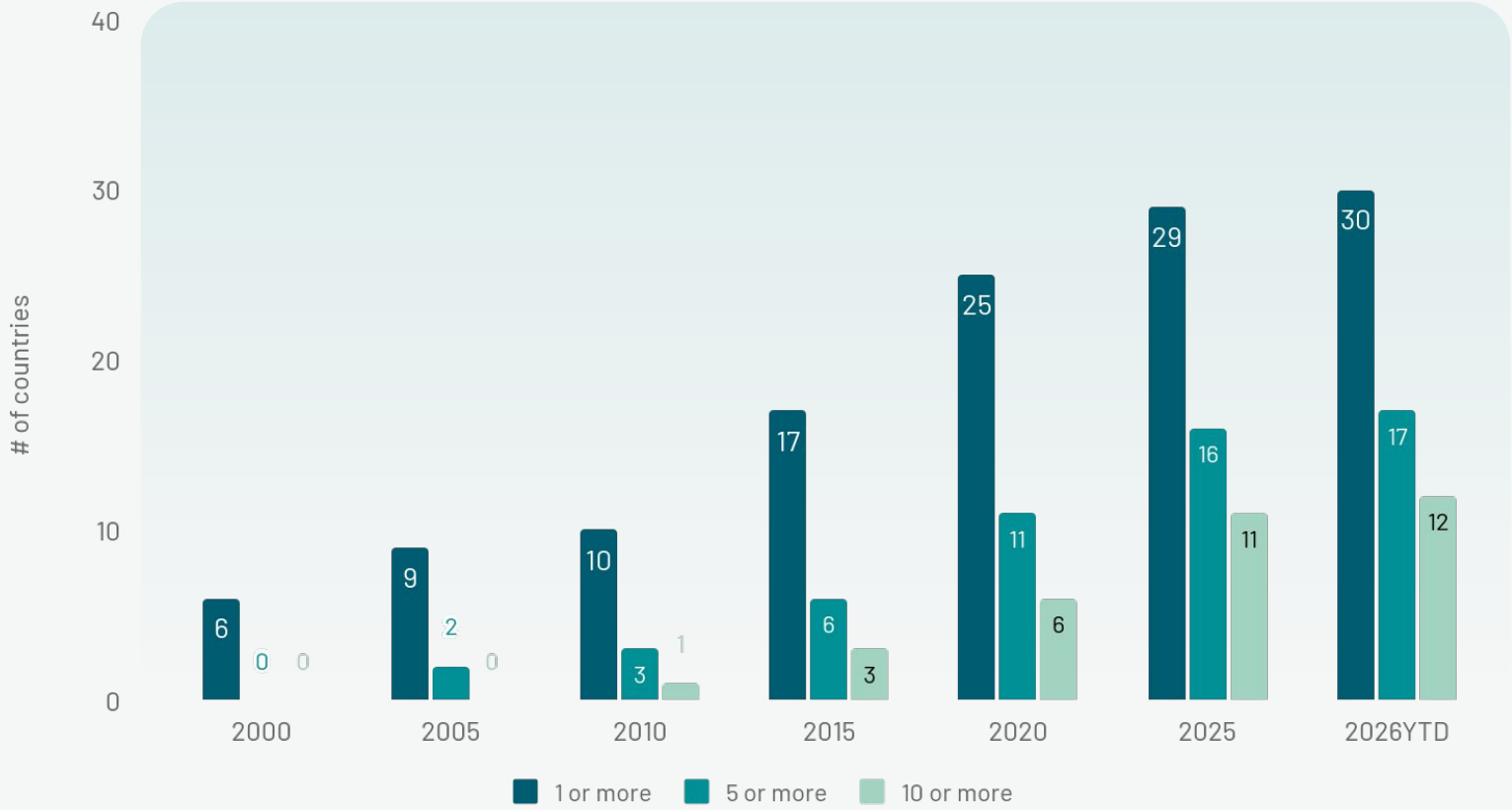
> *What we build in space underpins both everyday life and human progress, from communications, computing and data to security, climate monitoring and scientific discovery. I want Europeans to have a role in shaping that future, not simply watching others build it. That means taking on extraordinarily difficult problems, bringing together the best talent across nations, and building something that matters beyond ourselves.*

Hélène Huby
Founder & CEO,
The Exploration Company



Breakout success is truly pan-European, with more hubs producing $1B+ companies on repeat

European countries with at least one, five or 10 $1B+ companies (#), 2000 to 2026YTD



Source: atomico

Notes: Data is as of 30 September 2026. Includes all companies to have ever reached $1B+ valuation. Excludes the following: pharma.

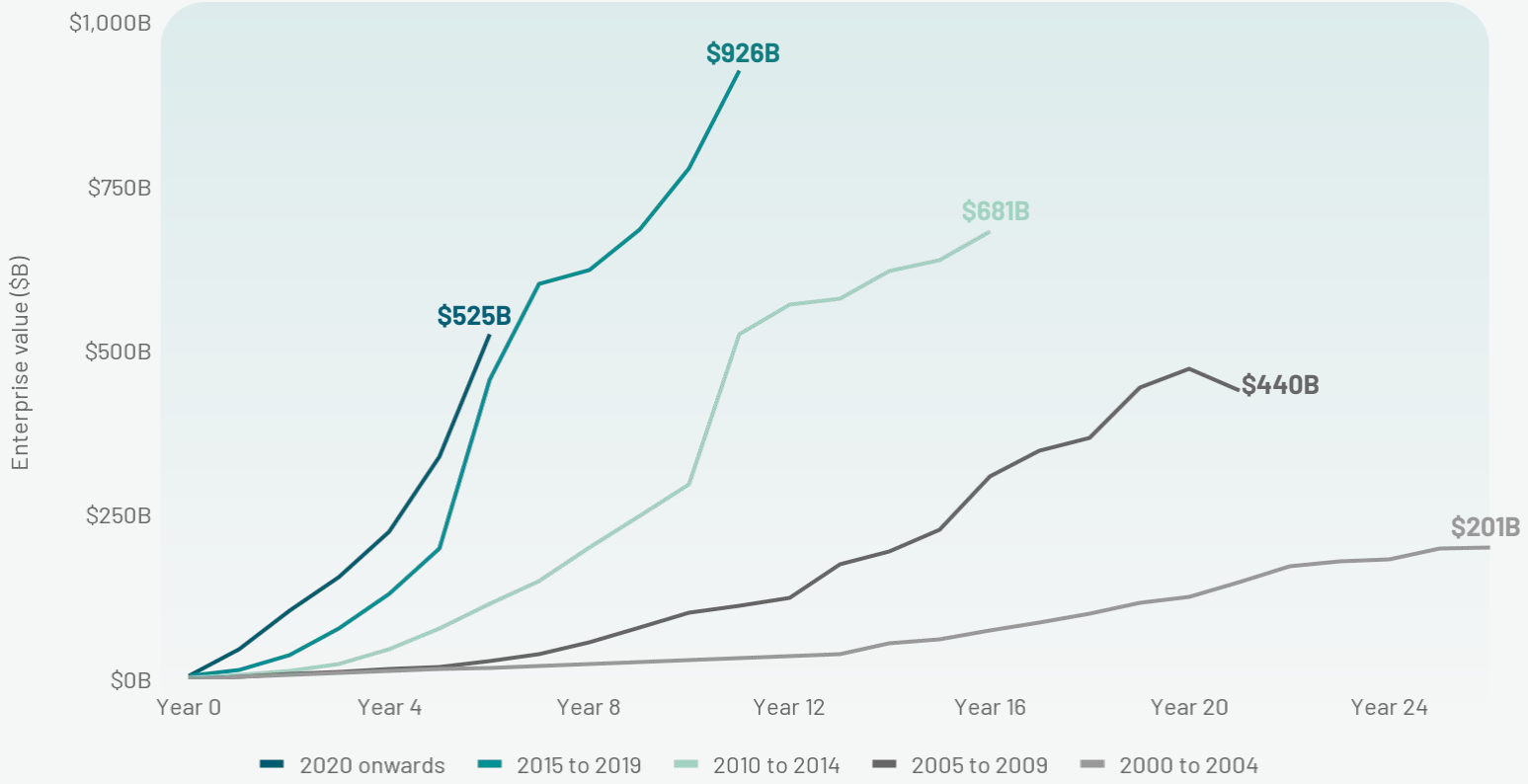
Most European economies now have at least one $1B+ company under their belt. By 30 September 2026, **30 of Europe's 44 countries had produced at least one $1B+ company**, up from 17 at the end of 2015.

13 countries joined the list since 2015. There are also 12 countries, including Italy, Spain and Ireland alongside larger ecosystems like the UK, Germany and France, that now have 10 or more $1B+ companies, up from three in 2015. There are now 17 countries with five or more $1B+ companies, up from just six a decade ago.

The countries yet to record a $1B+ company are mainly from the Western Balkans, alongside smaller ecosystems like Moldova, Slovakia, Cyprus and Iceland. These are countries that have historically been underfunded, but which do not lack talent. Ominimo, for example, hit a $1.6B valuation in July; the company is based in Hungary and was founded by Serbian entrepreneurs.

Each new cohort of European startups creates more value, more quickly, than the one before

Enterprise value of European VC-backed companies by founding year cohort and years since founding ($B), 2026



Source: dealroom.co

Notes: Data from Dealroom as of 27 October 2026. Combined enterprise value of VC-backed companies headquartered in Europe, excluding the Biotech & Life Sciences sector. Valuation history begins in 2010, so earlier values for the 2000 to 2004 and 2005 to 2009 cohorts are a linear ramp from zero.

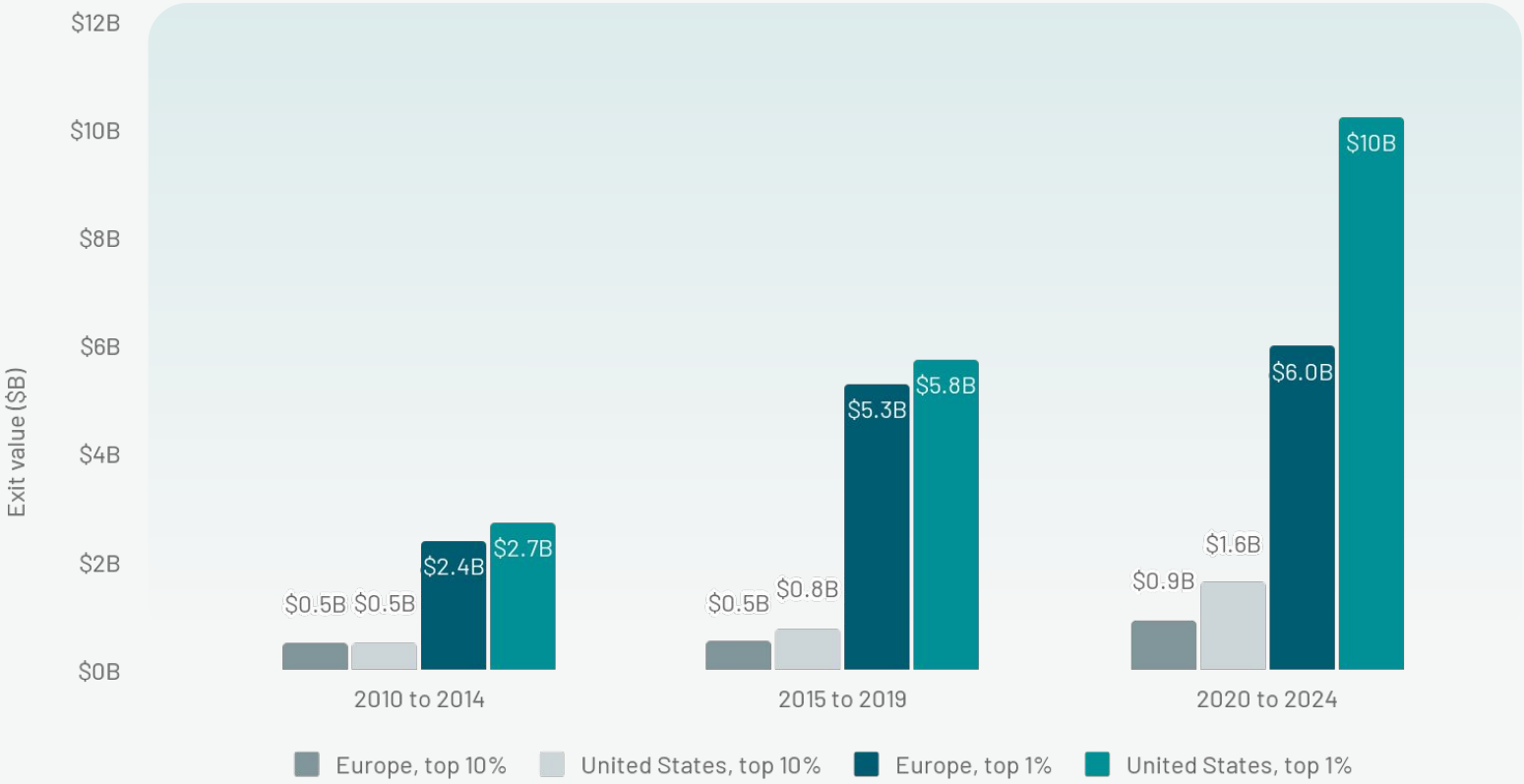
Each new cohort of VC-backed European companies reaches global scale faster than the one before it. Companies founded since 2020 have reached the highest ecosystem value by year six at $525B. This is 15% ahead of the 2015 to 2019 cohort which stood at $455B within six years, but by now has reached nearly $1T in value, more than any cohort before it.

Founders can now line up customers, capital and senior operators in the space of a few months, where it would have taken years a decade ago. Europe also has a deep bench of repeat founders and exited operators, which didn't exist in 2005. **This is the flywheel in action**, and the increased ceiling and compression of these timelines is the clearest evidence that the ecosystem has matured, and is compounding.

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Europe's largest exits have nearly tripled in size over the past decade

VC-backed exit size ($B) by exit period, percentile and region, 2010 to 2024



Source: dealroom.co PitchBook

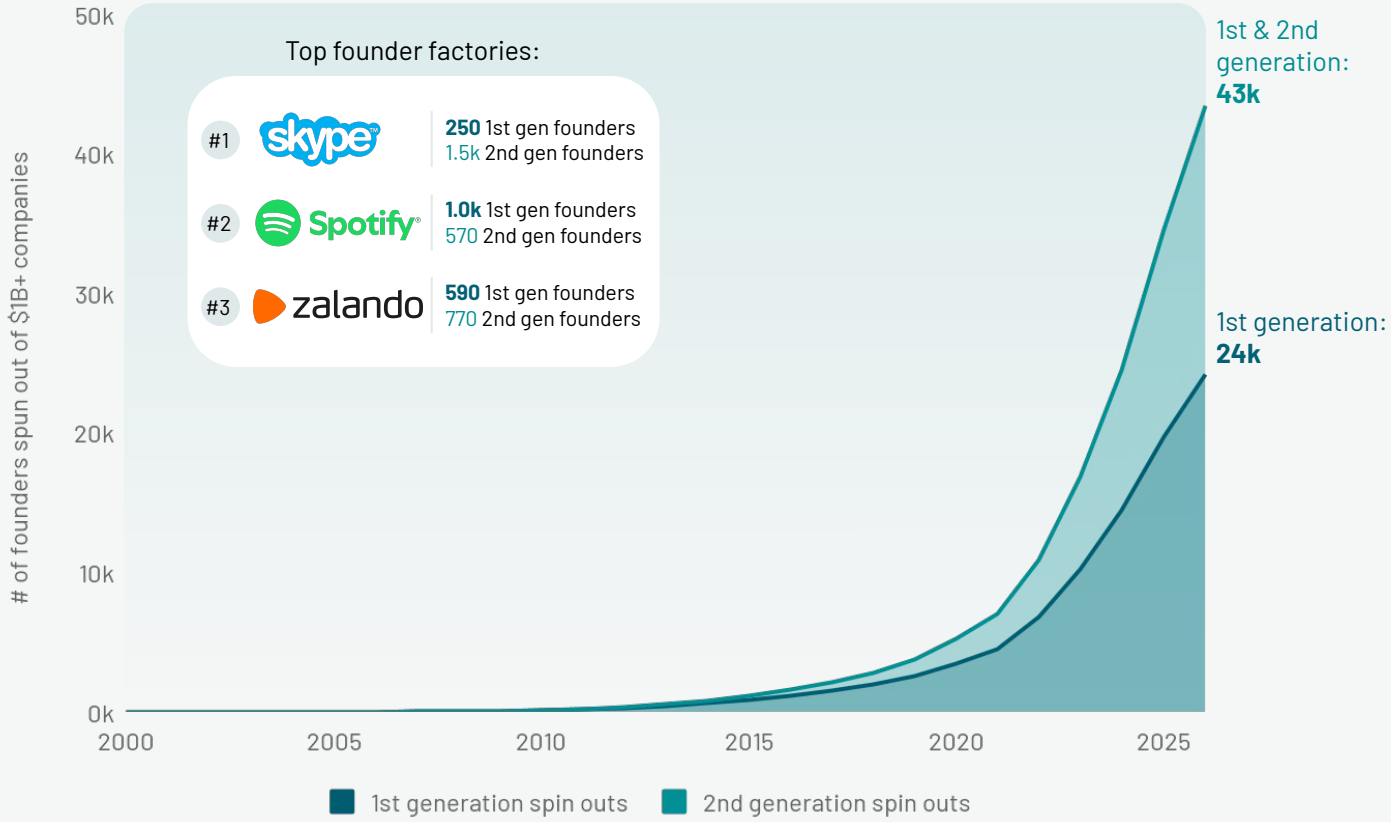
Notes: European data from Dealroom, disclosed exits above $10k, period is the year the exit closed. US data from Pitchbook via VenCap, exits of $10k or more.

The largest top 1% European exits have nearly tripled in size over the past decade. While Europe matched the US for top 1% exits in 2015 to 2019, the goalpost has since moved again. The latest cohort of top 1% US exits has levelled up to $10B in value, nearly doubling from previous cohorts.

Value creation in European tech is happening at greater velocity and scale than ever before. Each exit returns yet more capital, more experienced operators and more ambitious founders to the ecosystem, meaning every new generation of companies starts from a higher base than the last. That is why **the value still to come from European tech is larger than anything it has realised so far.**

Europe's founder factories are more productive than ever, and the output is compounding

Cumulative number of new 1st and 2nd generation founders spun out from VC-backed $1B+ European companies, 2000 to 2026YTD



Source: atomico powered by revelio labs, dealroom.co, crunchbase

Notes: Data is as of 30 September 2026. By 1st generation founders we mean founders who have worked at a $1B+ company before founding their own company. By 2nd generation founders we mean founders who previously worked at companies founded by 1st generation founders. Top founder factories rank companies by combined 1st and 2nd generation founder count.

Every tech ecosystem needs a deep, sophisticated talent market. One way this is built is through operators at the most successful companies going out to start their own. Working at a rocket ship provides some of the best training a founder can get.

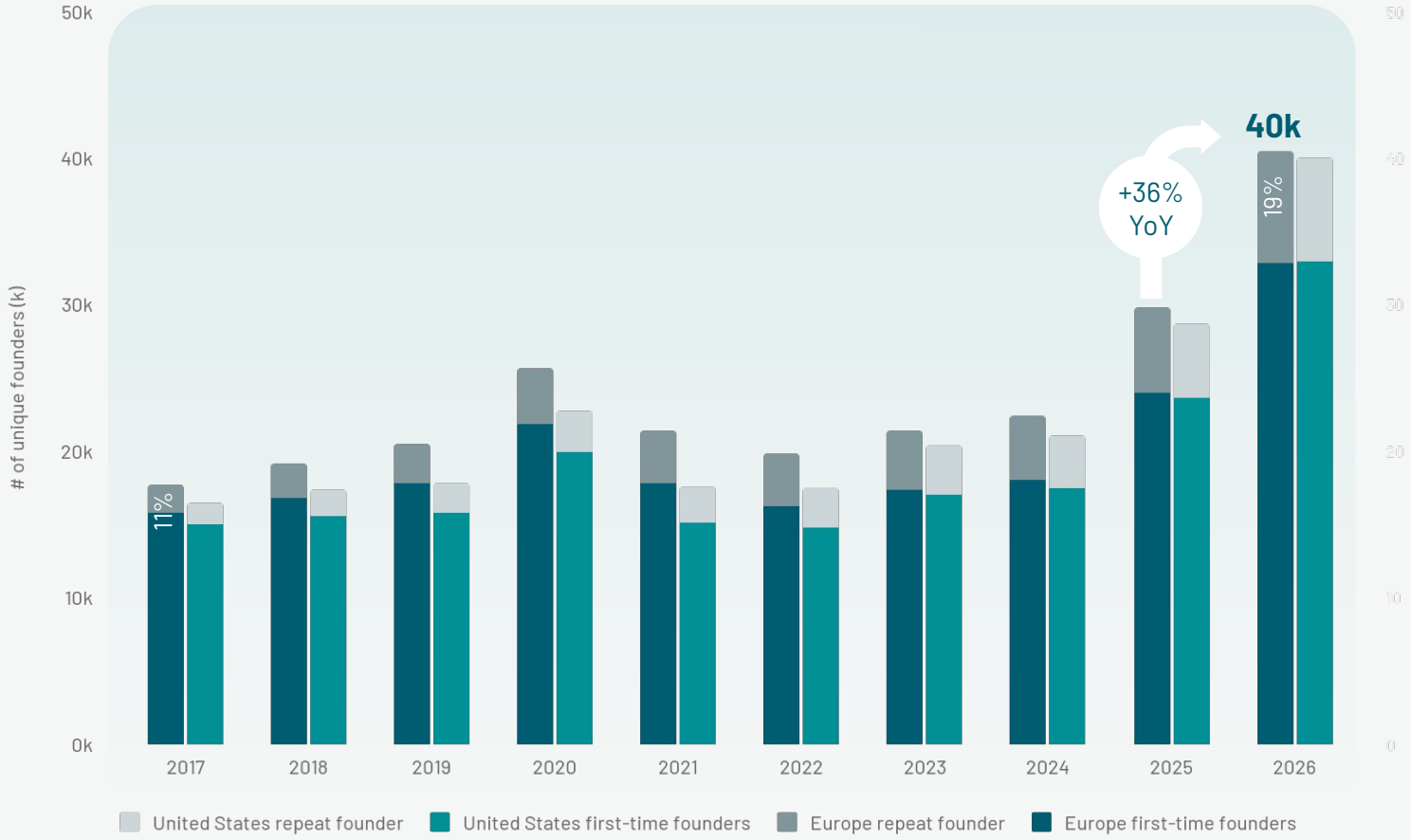
This happens in Europe at an exponential rate. Today, **there are more than 24k "first-generation" founders who have spent part of their career in a $1B+ company** before starting their own. **A further 19k founders, who we term "second-generation" founders, have spun out of those first-generation founders' companies.** Both groups have grown sharply since 2020.

And if you were to expand the list from a strict definition of only looking at alumni from $1B+ companies, there would be even more founders to include. For example, DeepMind's alumni are raising top rounds, like the seed round of Ineffable Intelligence.

Ecosystems grow through the people who move between companies, taking what they have learned and the connections they formed, and building something new.

Europe is seeing an explosion in entrepreneurship as AI lowers the barriers to building

Count of unique founders (k) starting tech companies by region, 2017 to 2026



Source: atomico powered by revelio labs, dealroom.co, crunchbase

Notes: Data is as of 30 September 2026. 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. Both 2025 and 2026 data are forecasted by adjusting for reporting lag and by extrapolating data as of 30 September 2026.

AI is reorganising the job market and lowering the barrier to entry for tomorrow's builders. Anyone with a laptop and an idea can now ship a working product without upfront capital or a team. In fact, **over 60% of founders today are solo entrepreneurs, doing it alone.**

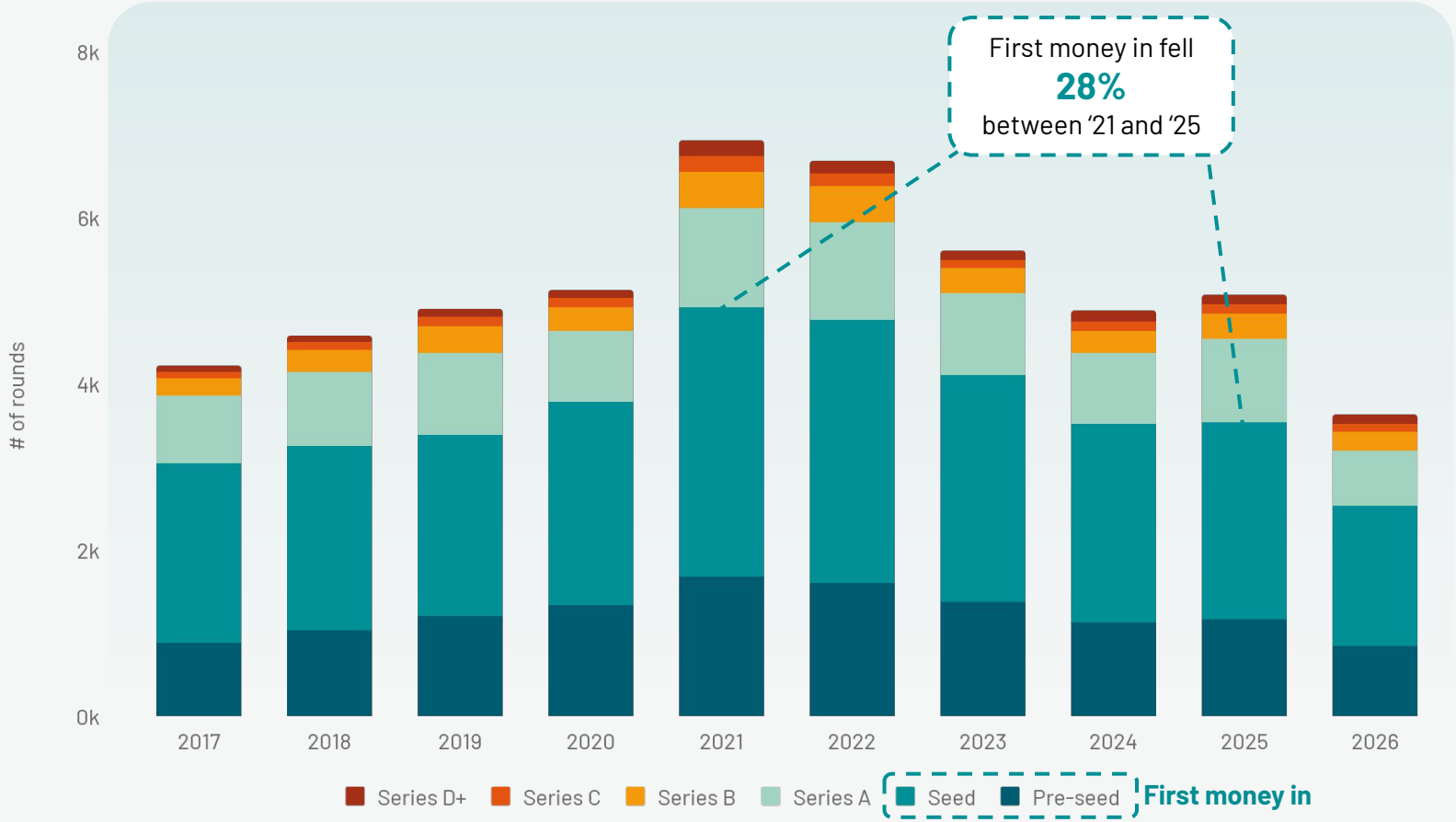
New founder numbers in general have surged. Around 40k people started a company in Europe in 2026, up 36% on 2025 and 80% on 2024.

The pool is also more experienced: 19% of founders in 2026 had started a company before, up from 11% a decade earlier.

These trends are likely to continue as entrepreneurship becomes a default path for tech talent, with almost a third (29%) of operators wanting to start their own company as their next career move, based on this year's State of European Tech survey responses.

Record numbers of founders are now competing for a shrinking pool of inception rounds

Number of rounds by stage (#), 2017 to 2026



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Full-year 2026 figures are extrapolated from year-to-date data. Pre-seed includes angel investments and crowdfunding. Series D+ covers also growth equity VC rounds.

A knock-on effect of the AI supercycle is that **while more capital is being invested in European tech, it is going to fewer companies.** The number of "first-money-in" rounds (Pre-Series A) in Europe has been in decline since 2021, down almost 30% between 2021 and 2025. Combined Series A and Series B round counts only fell by 19% over the same period. Data for 2026, which is extrapolated to estimate full-year results, shows further declines.

Fewer rounds does not mean less capital. Europe's biggest funds continue to grow, and so fewer write the smallest cheques. Bigger funds also need bigger outcomes, raising the bar for what counts as venture-scale and reducing appetite for companies perceived as addressing opportunities that are "too small".

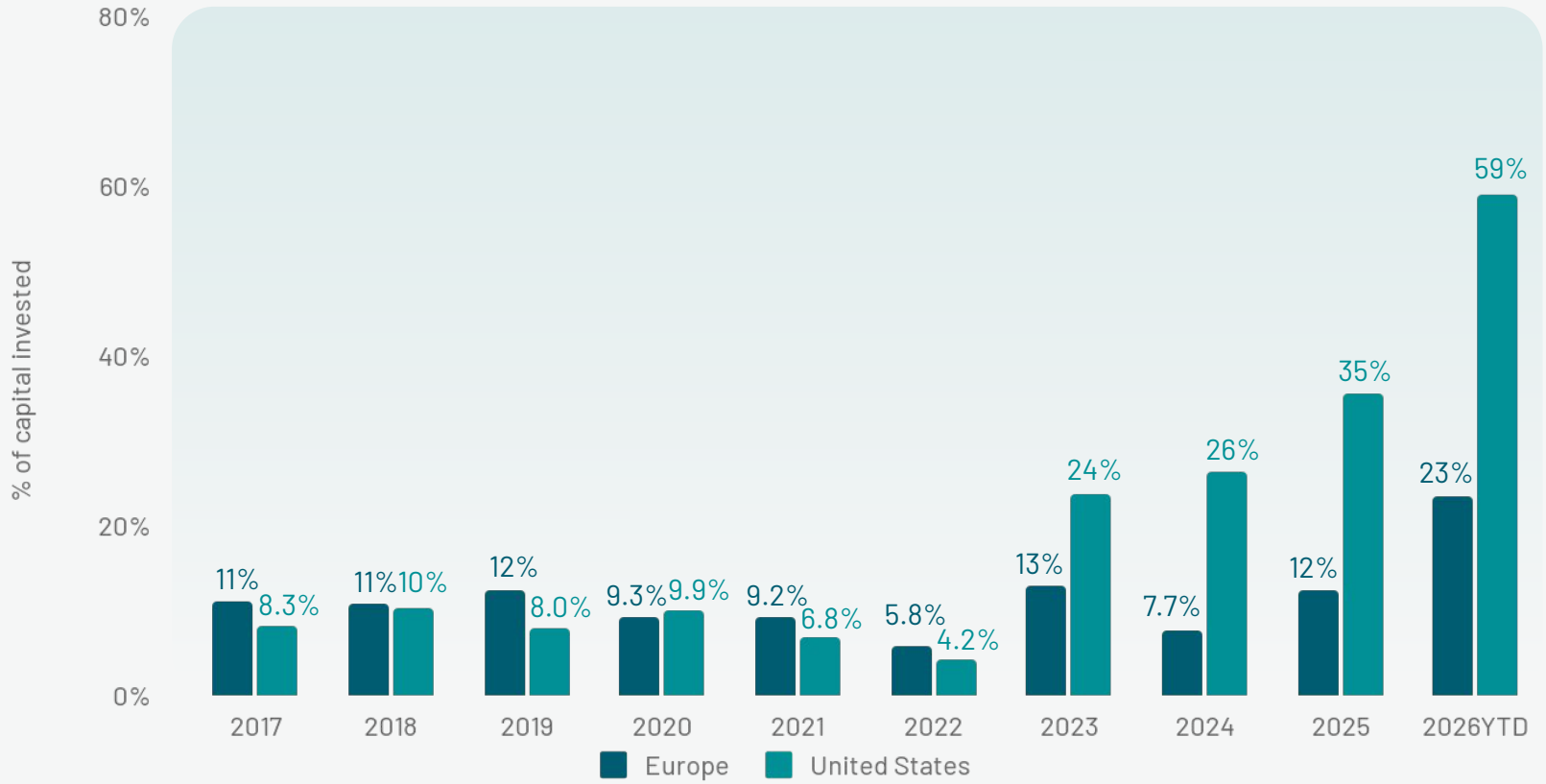
> *I see the decline in first-time funding rounds as a healthy correction from the 2021-22 frenzy, when the bar for funding was too low. To me, this is a sign of the market stabilising, rather than a cause for concern. What worries me more is how sharply round sizes and valuations are rising. It feels like we're heading straight back into bubble territory.*

Sara Rywe
Partner, ByFounders



Capital is concentrated in an unprecedented way

Share of total VC funding (%) raised by the five largest recipients, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants.

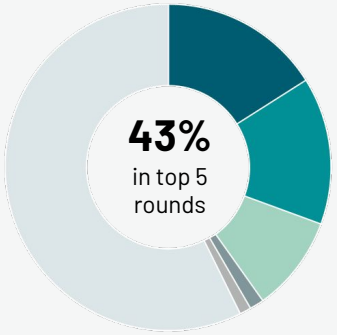
Between 2017 and 2022, the US and Europe allocated capital in the same way, with five top companies typically accounting for a similar share of investment in each region. In 2021, when high levels of capital were being invested in Europe, it was allocated widely, on the thesis that COVID would switch the world onto software. The investing strategy then was about breadth, with many winners in multiple categories anticipated.

The pattern changes in 2023 in the US, and in 2026 in Europe. The current thesis (that AI will digitally rewrite the physical world) is a hugely capital-intensive project to bring to life, and fewer companies are absorbing more of the money as a result. The capital markets are now catching up with alternative ways to finance the build out that has been seeded by venture capital. **This year, the top five recipients of venture funding in Europe accounted for 23% of all funding, compared to around 6% in 2022.**

Concentration reaches every stage, including Seed

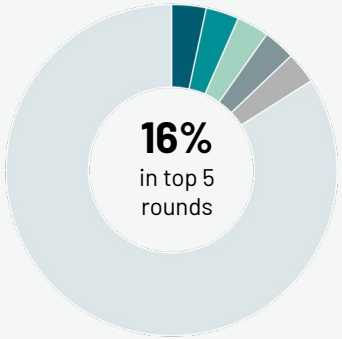
Share of total capital invested (%) from top 5 rounds by stage, 2026YTD

Seed



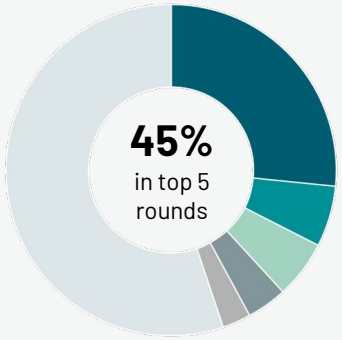
Ineffable Intelligence	$1,100M
AMI Labs	$1,000M
Recursive	$650M
Callosum	$100M
Volta	$75M

Series A



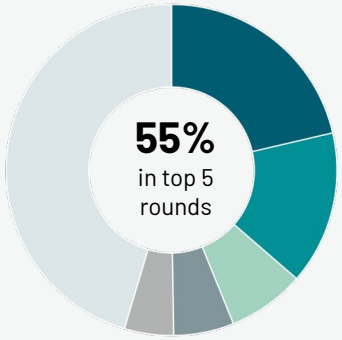
Focused Energy	$240M
Euclyd	$231M
Volta	$225M
Kandou AI	$225M
OLIX	$220M

Series B



Isomorphic Labs	$2,100M
Proxima Fusion	$470M
Cusp AI	$450M
OLIX	$312M
Fractile	$220M

Series C



Nscale	$2,000M
NEURA Robotics	$1,400M
Neko Health	$700M
Wonderful	$550M
The Exploration Company	$450M

Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma.

Not long ago, a $1B+ round would have been exceptional in Europe. Now they are a regular occurrence, with 13 such rounds taking place in the first nine months of 2026. That's more than the last four years combined. Consequently, firepower is only reaching a select few, and **capital is concentrating at every stage.**

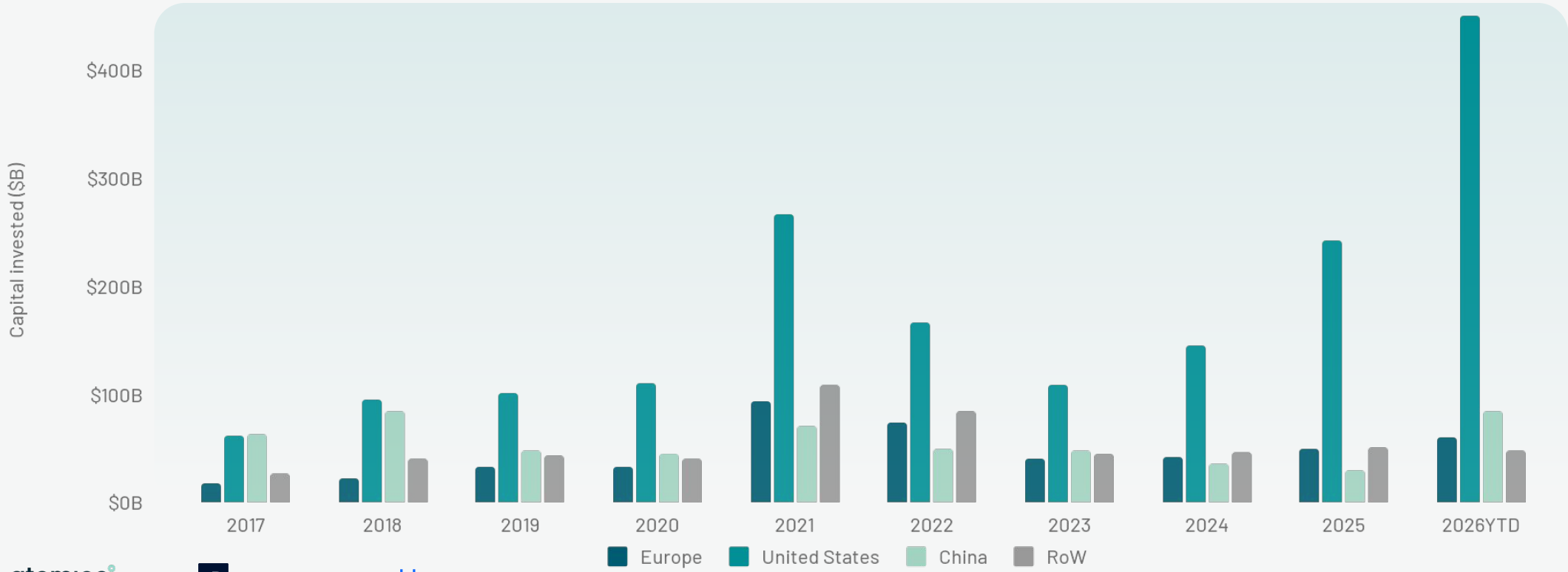
Increasingly, Europe is able to supply the firepower its most ambitious founders need. Talent has never been a constraint, with founders like Thinking Machines Lab's Mira Murati and Safe Superintelligence's Daniel Levy hailing from Europe but now building elsewhere. Now upcoming outlier founders may feel less of a pull to building outside of Europe.

Even at Seed, just five rounds, including two at $1B+, accounted for 43% of all capital invested in the first nine months of this year, a share never before seen in Europe at this stage. We see a similar pattern when we slice the data by country, with a handful of deals dominating across Europe's key markets.

European investment is stepping up, but US capital is moving at far greater scale and speed, while China is also accelerating

Total capital invested ($B) globally by region, 2017 to 2026YTD

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026YTD
Capital invested in United States ($B)	$62B	$96B	$101B	$111B	$266B	$167B	$110B	$145B	$243B	$450B
As a multiple of Europe (x)	**3.4x**	**4.2x**	**3.0x**	**3.3x**	**2.8x**	**2.3x**	**2.7x**	**3.5x**	**4.9x**	**7.4x**

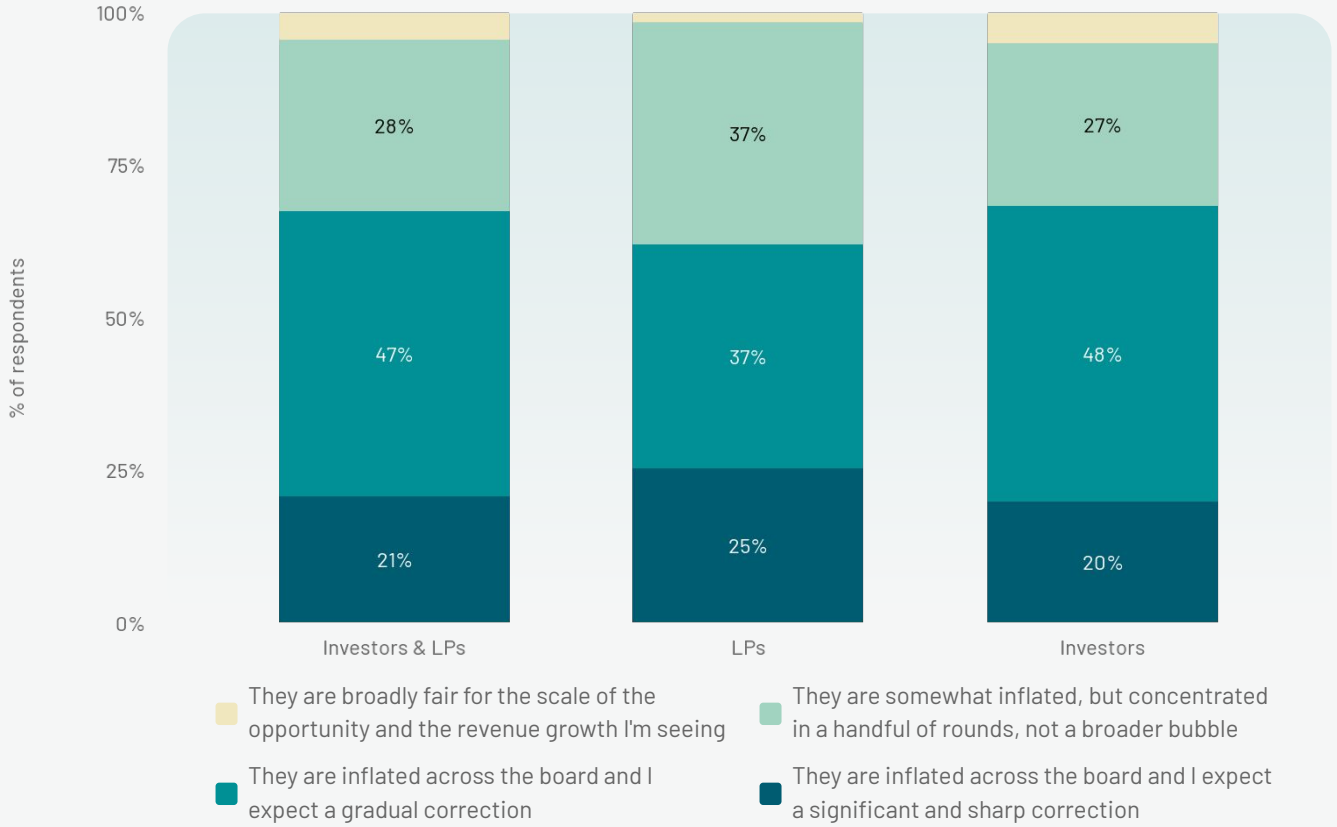


Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants.

Most investors see inflated AI valuations, but are split on its breadth and how any correction may unfold

Which of the following best reflects your personal view on current valuation levels for top-tier AI funding rounds?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Investor and LP respondents only. Respondents who selected "do not know / cannot comment" are excluded. Numbers may not add up to 100 due to rounding.

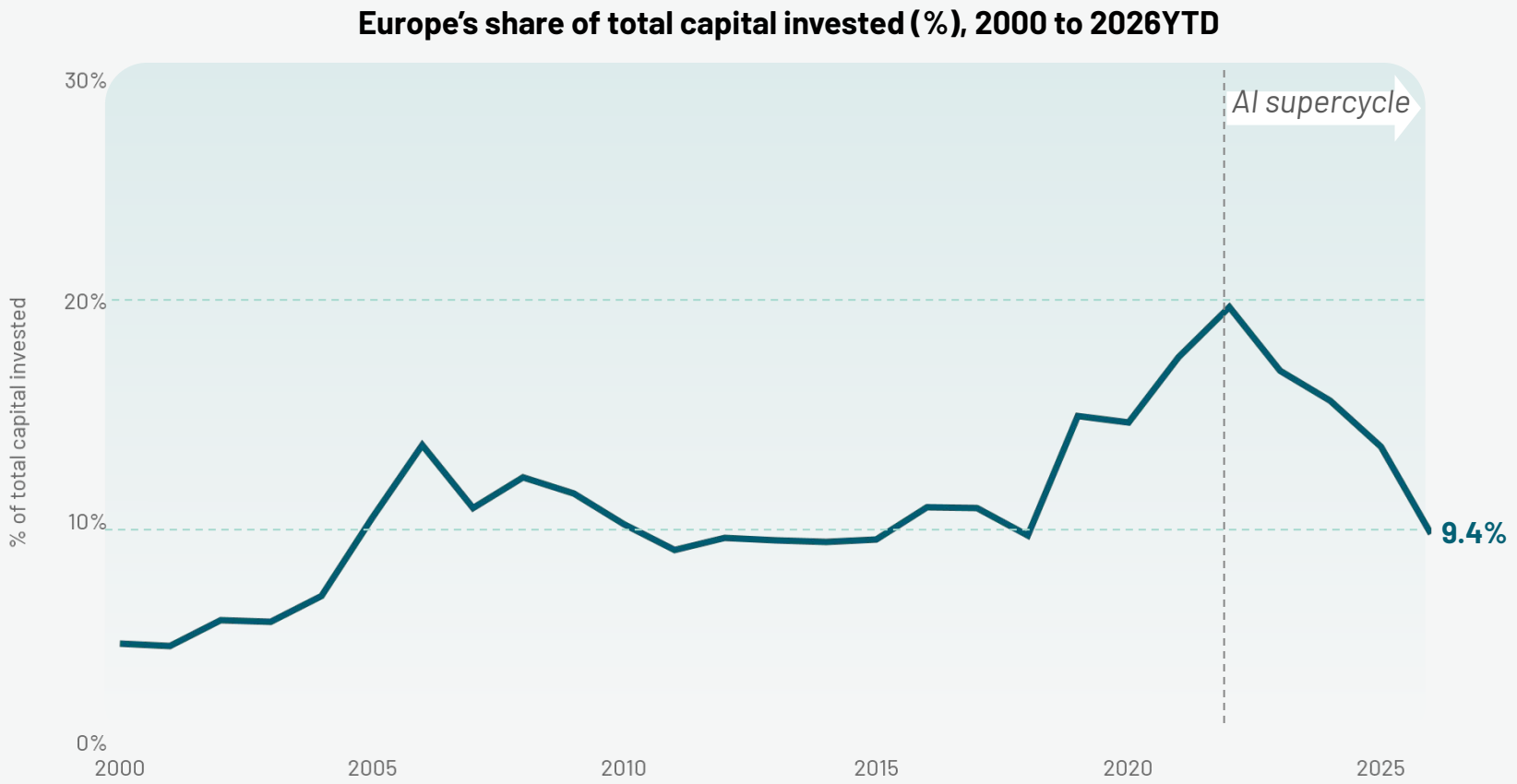
Investors and LPs see pricing at the top of the AI market as stretched, and two-thirds expect a correction at some point. Of those we surveyed, 47% describe valuations as broadly inflated with a gradual correction ahead, and 28% see inflation confined to a few rounds. One in five (21%) expect a sharp correction, rising to one in four (25%) among LPs.

Capital has moved faster, at larger scale and at higher valuations in the US, where the biggest and most expensive AI rounds are raised. But Europe's capital markets do not operate independently of that, and with transatlantic capital flows tying the two together, any correction, gradual or sharp, would be felt globally.

Heavy investment in a new technology has historically brought periods of overvaluation alongside the infrastructure it leaves behind. Today's capital markets are pricing in the build-out of energy, compute and applied intelligence to power the next industrial era. There will be winners and losers, but in aggregate past build-outs have created long-term financial value and lasting societal impact.

Whatever the point in the cycle, the task for founders and investors stays the same. Build durable companies that can withstand a change in capital markets, and resilient investment portfolios that do not depend on any single financial market cycle.

After decades of gains, Europe's share of global investment has been halved by the AI supercycle



Source: atomico powered by dealroom.co crunchbase

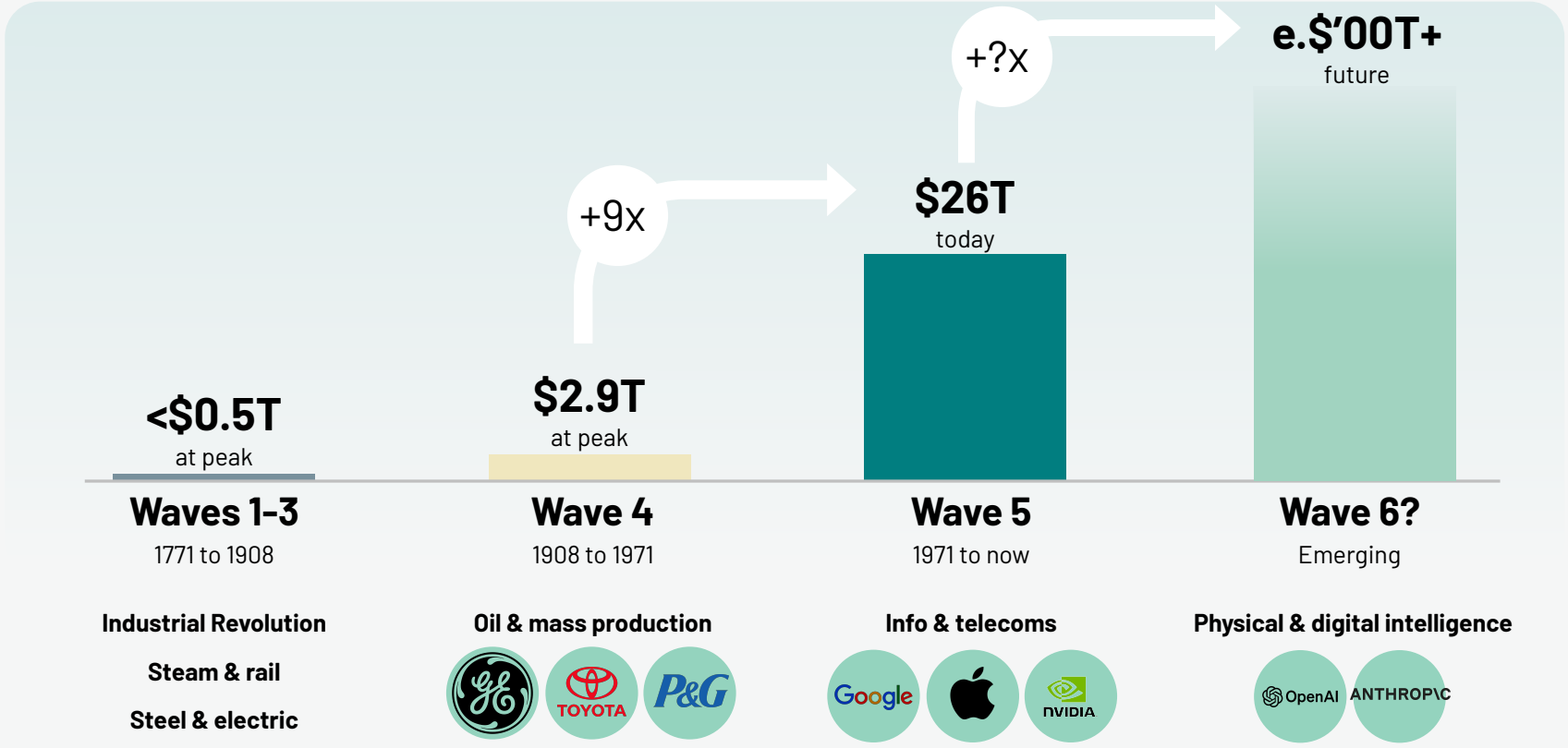
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants.

Europe's share of global venture funding has moved upwards since the turn of the 2000s, climbing from 10% in 2005 to a high of 20% in 2022.

The current AI supercycle, where historic levels of investment over multiple years will be required to lay the foundation for further AI applications, is now testing Europe's position. **Europe's share of global venture funding levels has fallen since its 2022 peak**, as money has concentrated into AI companies, particularly those based in the US.

Each tech wave creates more value than all previous waves combined, pulling founders and capital to the next

Aggregate value of the largest firms of each technological wave ($T), 2026YTD



Source: **Carlota Perez** adapted by atomico

Notes: Referring to the Carlota Perez's framework from *Technological Revolutions and Financial Capital*. Wave 5 valuation as of 20 October 2026. Wave 6 is added and estimated by Atomico.

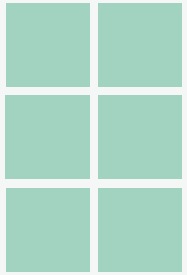
Economist Carlota Perez argues that **each technological "wave" of the past 250 years has given way to something bigger.** At their peak, leaders of Wave 4 (the age of oil and mass production) were worth $2.9T. But the leaders of Wave 5 (the age of information and telecoms) are worth $26T, which is nine times the peak of the previous wave.

Perez hasn't defined a sixth wave, and some argue AI is the final phase of the information age. But physical AI has the hallmarks of a new wave: a cheap, new input in intelligence, a fresh infrastructure build-out, a capital boom, and **a target market 10 times larger than the one ICT addressed: labour itself.**

Founders, and the vast capital pools behind them, are now targeting labour budgets, an opportunity 10x larger than global tech spend

Global tech spend

c.$6T



Including:
Software **$1.4T**
IT services **$1.9T**
Comms. services **$1.4T**
Devices **$0.8T**
Data centres **$0.6T**

Global labour spend

c.$60T



Incl. Tandem, Frontier Health, KNOWUNITY

Public services (incl. admin, health, education)

$15T

Incl. NEURA ROBOTICS, DEXORY, MONUMENTAL

Industrial & manufacturing

$15T

Incl. LEGORA, Light

Knowledge & finance

$12T

Incl. sennder

Wholesale & trade

$9T

Other

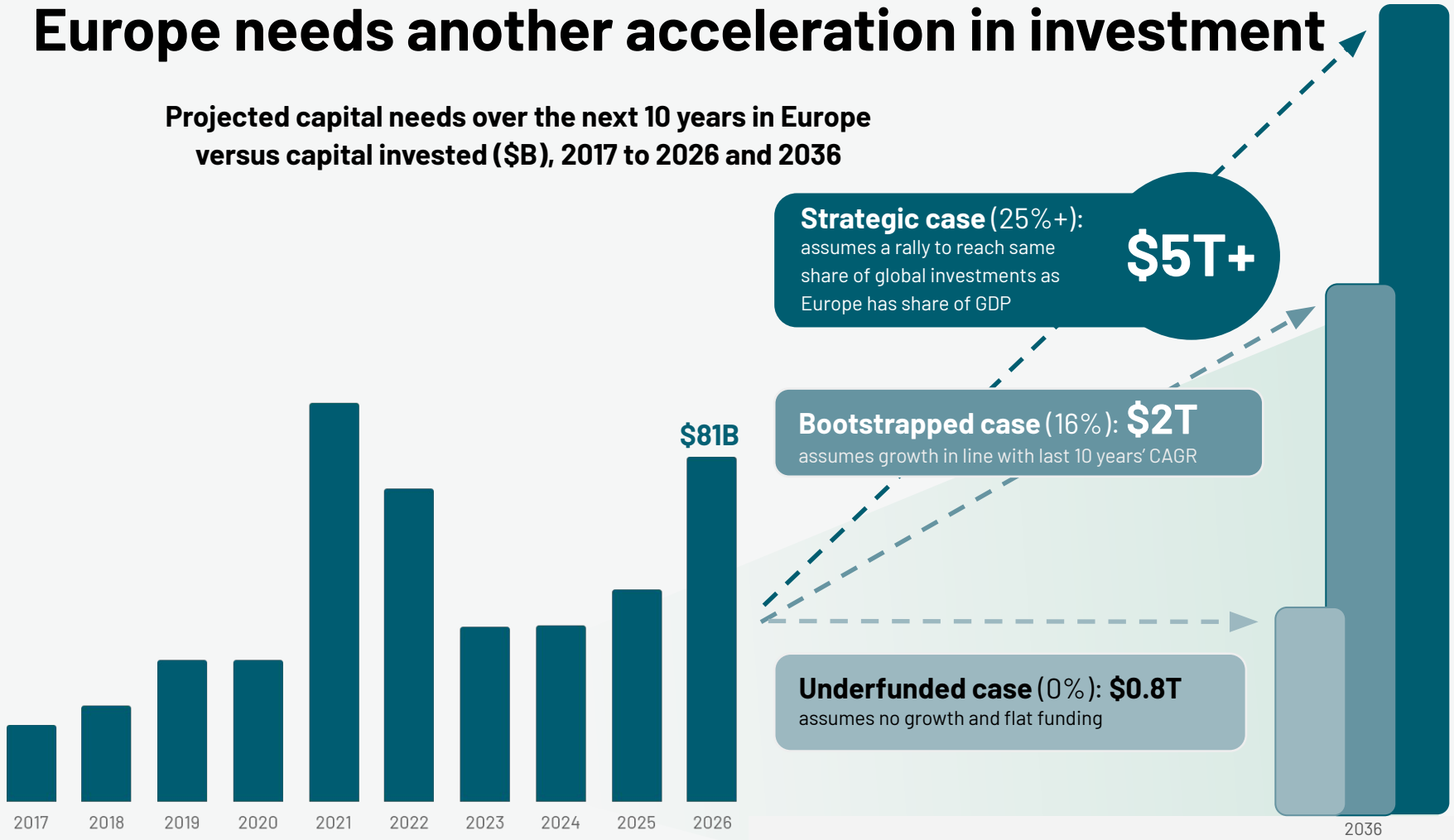
$9T

Source: Gartner, ILO, IMF, OECD, World Bank

Notes: Each square represents $1T of annual global spend. Data as of Q4 2025. Frontier Health, Dexory and Light are Atomico portfolio companies.

To compete in and capture the opportunity, Europe needs another acceleration in investment

Projected capital needs over the next 10 years in Europe versus capital invested ($B), 2017 to 2026 and 2036



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Full year 2026 extrapolated based on year to date data. Excludes the following: pharma, debt, lending capital and grants.

Europe's tech ecosystem is scaling through a once-in-a-lifetime, critical infrastructure build out. Over the past decade, $489B was invested in European tech. To simply match 2026 funding levels every year for the next decade would require $0.8T.

To continue growing at the current pace of 16% year-on-year will require $2T to be invested between now and 2036. **But even that underfunds the ecosystem**, because it simply perpetuates the growth-stage funding gap that already exists between Europe and the US.

A $5T "strategic" case calls for investment levels to grow at 25%+ year-on-year to bring Europe's share of global VC investments in line with its share of global GDP. Reaching that number will be possible if there is a material step up from institutional investors across Europe.



Fund the Future

Who funds and acquires European tech, and how we can get more capital flowing to companies at all stages of their journeys.

The money in Europe is there, but it's not reaching tech companies at scale

Everyone building and investing in European tech today is paving their way towards a shared goal: huge value creation and impact, and meaningful liquidity events that release capital and recycle it back into the ecosystem. Many roads lead there, but in Europe these routes are not always smooth.

We have the money. **European households hold $50T+ in financial assets, but little of it reaches European innovation and growth, or even enters the stock markets.** Companies in Europe achieve scale less often than in other parts of the world, because there is not enough growth capital in Europe to get them there. When they do, they often rely on foreign investors to support that growth, meaning less of the ongoing value accrues to Europe.

The impact of this is seen at all stages of a European company's lifetime, from taking longer to hit fundraising milestones to the fact we have fewer homegrown scaleups with the financial firepower to acquire smaller companies, and make sure that value continues to compound within Europe.

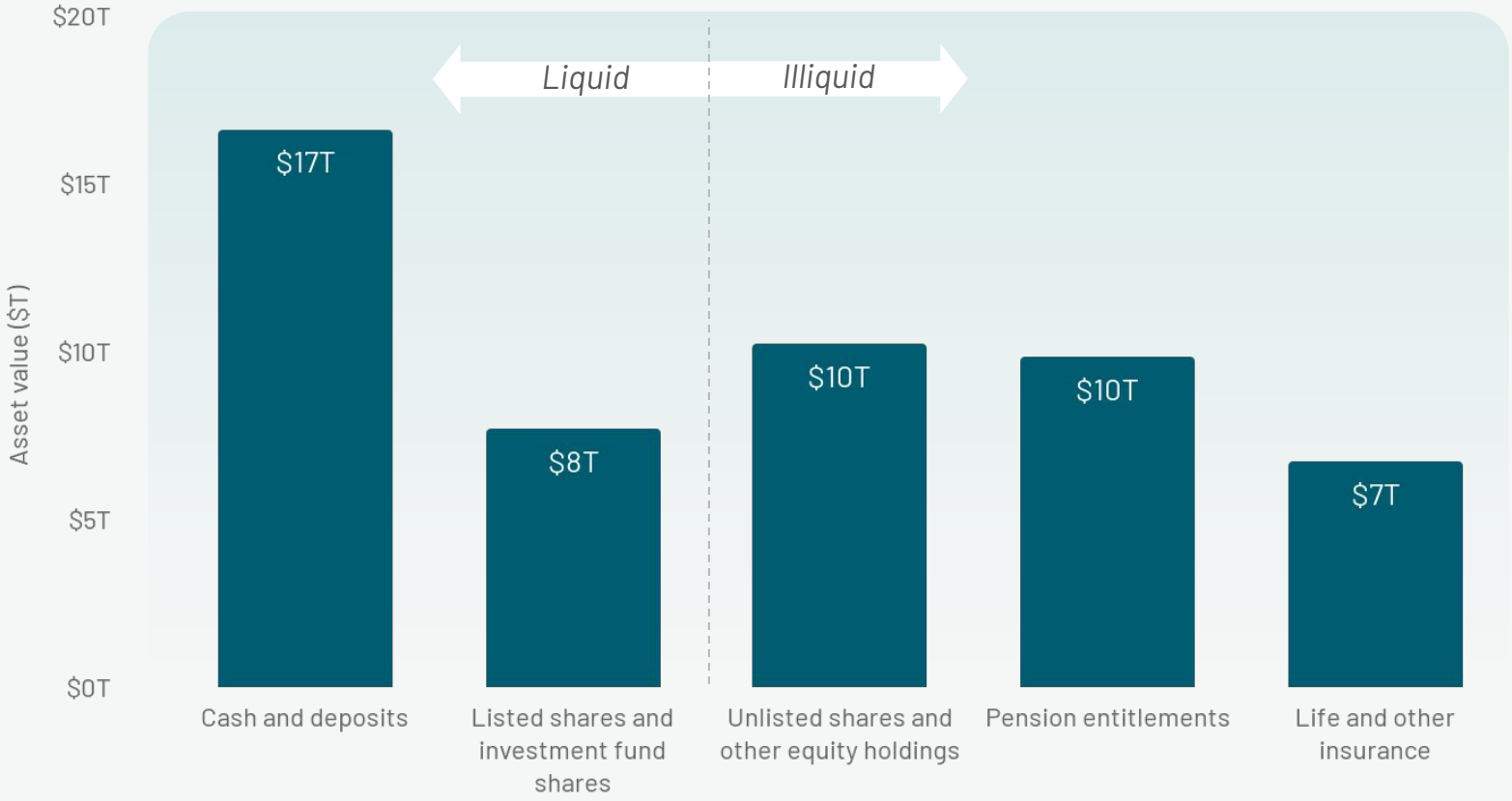
All this is to say, there's not enough grease to spin the flywheel. Instead, what happens is that it stalls just as value should be realised. Today, European exit values sit at $74B, below the 10-year average of $103B.

Our analysis shows that things are moving in a positive direction, though. Regulation is catching up to help pension funds allocate more money to VC, and sentiment among our survey respondents is that this will continue to improve. Secondary transactions, which free up capital while companies wait for the right moment to exit, are becoming more common, while venture debt, which gives companies financial leverage without having to give up equity, is expanding. This is the sort of progress that will be instrumental in unleashing European tech's true potential.

In this chapter, we look at where the money to fill European tech's funding gap could come from, and the consequences that we are already feeling from not taking action to remedy this sooner. We also explore Europe's exit markets to understand how and when companies are choosing to list or sell, and who buys them. Finally, we make the case for investing in European tech, an asset class which already produces strong returns and, given the ever-growing pipeline of champion-scale companies, will only become more compelling over time.

Europe has the capital it needs. The challenge is allocation and putting it to work productively

European households' financial assets ($T), 2024



Source: eurostat OECD

Notes: Data as of 31 December 2024. Data converted at EUR:USD of 1.0389 and EUR:GBP of 0.8292, the ECB rates on 31 December 2024. Europe includes the EU27, Norway, Switzerland and the UK. Switzerland's listed shares are estimated by applying the combined listed share of equity in the EU27, Norway and the UK (19%). Excludes debt securities, loans, derivatives and other receivables held directly by households. Pension entitlements include pension entitlements, claims of pension funds on pension managers and entitlements to non-pension benefits (F63–F65).

European households hold $50T+ in financial assets, but little of it reaches European innovation and growth. More than half sits in illiquid assets such as equity in a family business or assets managed by insurance or pension funds.

Europe's capital challenge, then, is not about scarcity but allocation. If just 1% of this asset base shifted towards VC it would add the equivalent of around $500B to the ecosystem.

One problem is that Europeans are risk-averse savers. They hold 33% of their financial assets as cash or bank deposits, compared with 11% in the US, according to the ECB. That's $17T, compared to $8T invested in the stock markets. Meanwhile, firms managing pension and insurance savings typically operate within national systems, limiting how much they can invest in pan-European venture capital. **If those barriers fell away, households could share in the upside of Europe's next generation of tech champions.**

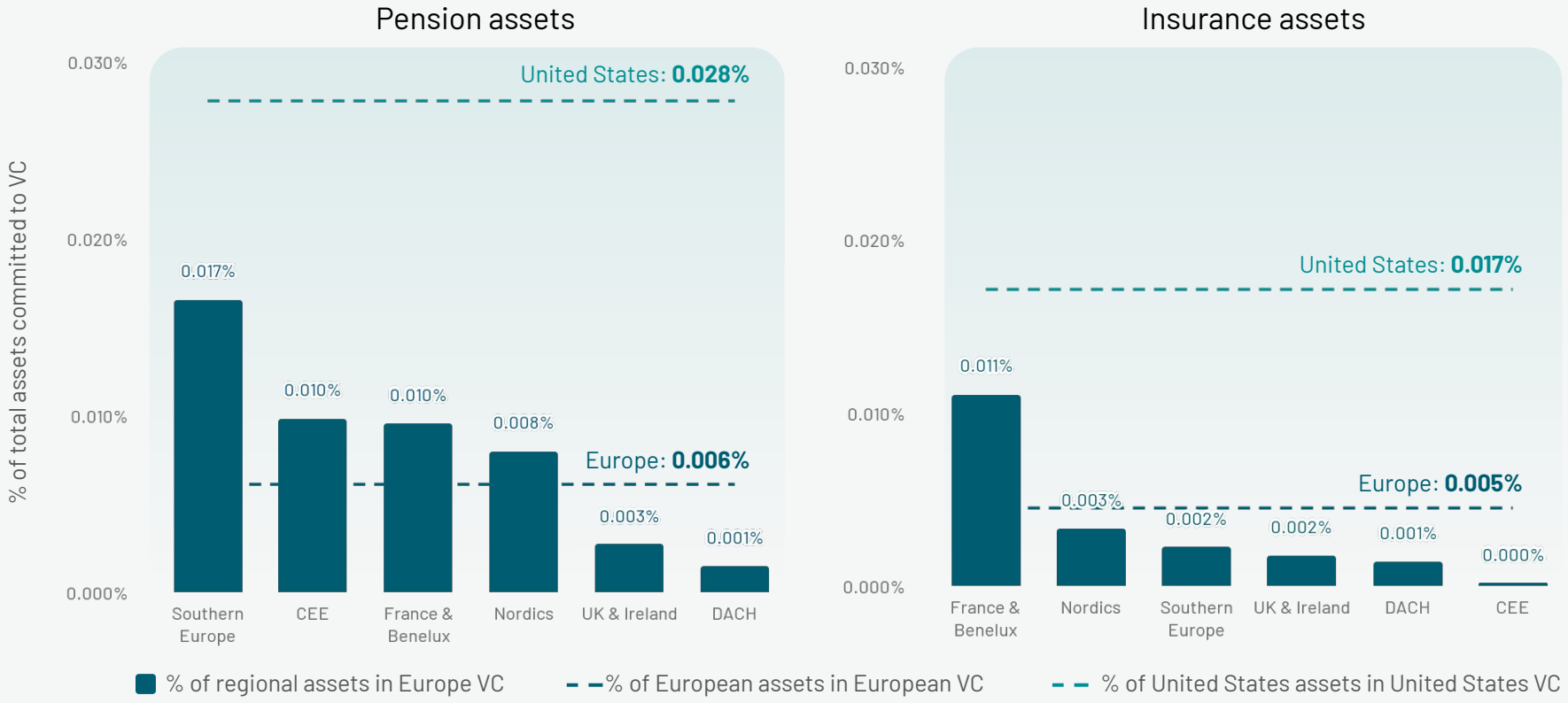
> *European tech companies often lose out to US ones, not because they're less capable, but because they have less capital. At the same time, everyday Europeans hold $17T in bank deposits instead of benefiting from our growing tech sector. Getting more of that capital into equity markets would be a win-win.*

Markus Villig
Founder and CEO, Bolt



Europe's deepest and most patient capital pools remain largely absent from Europe's venture ecosystem

Asset owners' annual commitments to VC as a share of total assets (%), 2022 to 2025 average



Source: atomico INVEST EUROPE dakota

Notes: Annual investment into VC data taken from the European Data Cooperative, developed by Invest Europe. The data shows incremental amounts in each year for venture funds, not only final closing. Pension funds are shown as a share of AUM and insurers as a share of total assets. Pension AUM data includes Eurozone member states (based on ECB data) as well as national pension AUM data while United States AUM data based on FRED and investments into VC based on Dakota. Insurer asset data based on EIOPA for the EU and EEA, the PRA for the United Kingdom and FINMA for Switzerland. Data converted at EUR:GBP of 0.8726 and EUR:CHF of 0.9314, the ECB rates on 31 December 2025. United States insurer data based on 2022 only.

European pension funds allocate just 0.006% of their assets to VC, and insurers 0.005%. US figures are more than four and three times higher, at 0.028% and 0.017%.

Pension funds in both regions face regulatory constraints on higher-risk assets, so this alone does not explain the gap. Part of it is maturity: the US tech ecosystem is older, and pension managers have more experience assessing VC.

The gap is important to close. Pensions and insurers hold some of Europe's largest pools of long-term capital. **Without them, European startups lean more heavily on foreign investors as they scale.**

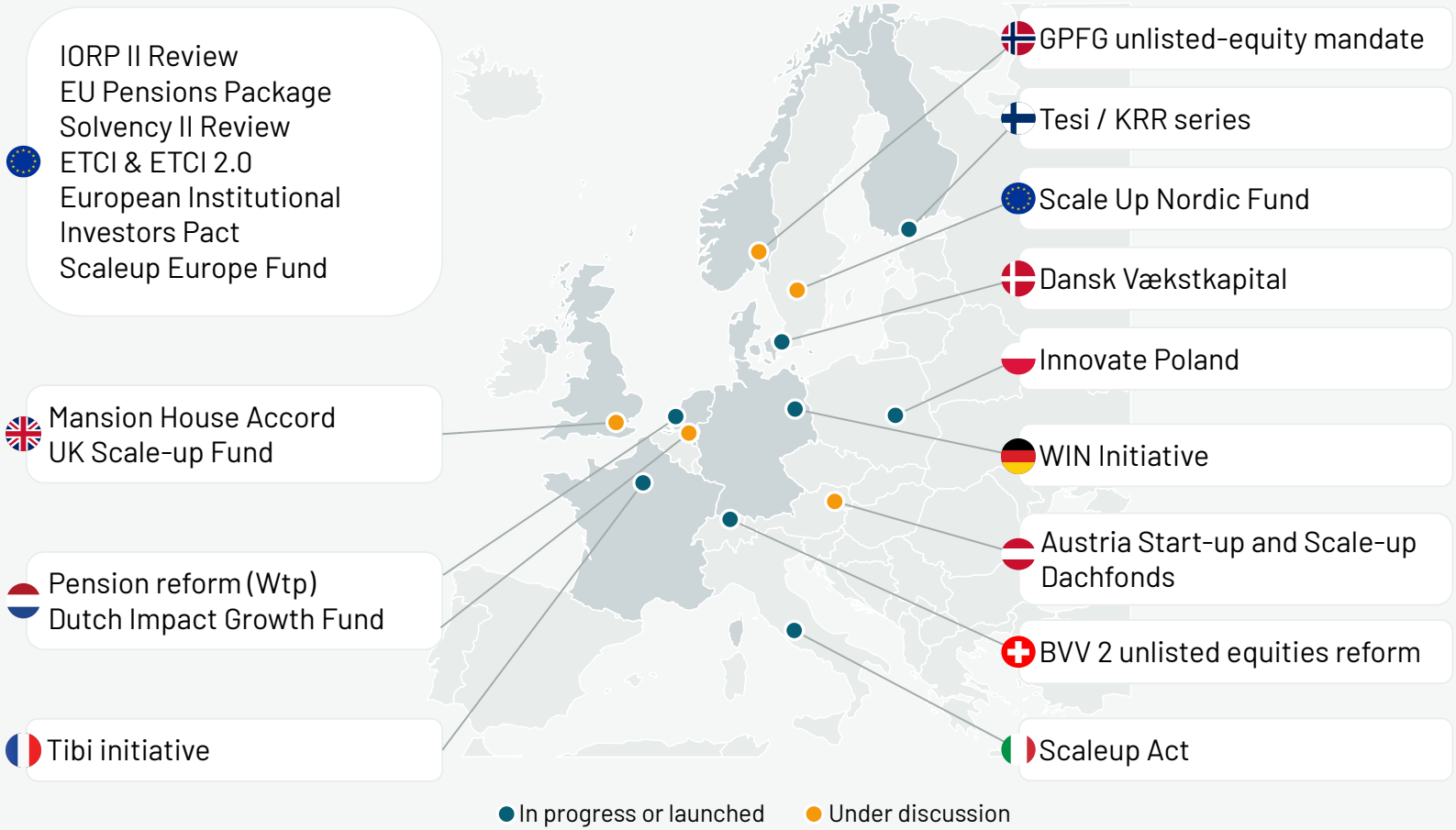
> *A positive mindset, conviction and belief in ourselves. Seeing opportunity, not risk is about believing in ourselves. We need a positive mindset that is willing to bet on our innovators, and put our savings, insurance and pension assets – only a small part of them – into the investments that will shape tomorrow*

Marjut Falkstedt
Chief Executive of the European Investment Fund



Europe is responding, but country by country, with little cross-border alignment or impact at scale yet

Select initiatives to unlock institutional investments in Europe

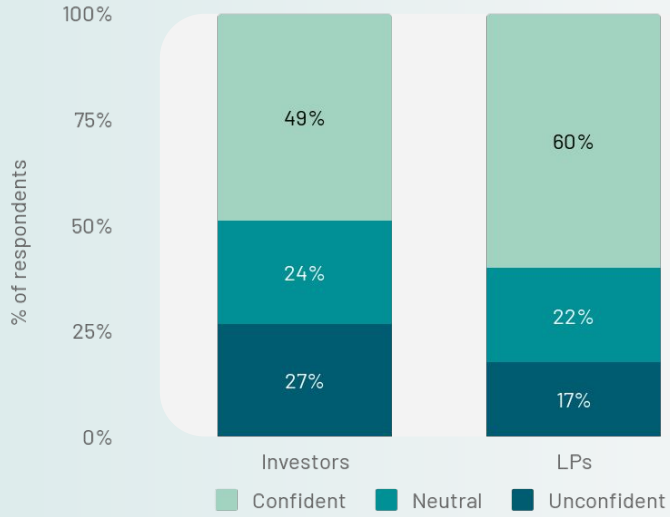


Source: dealroom.co

Notes: Research from the "From Savings to Sovereignty" report published 25 August 2026.

Europe is moving on pension capital one country at a time. It's only one source of institutional money that could be mobilised for European tech, **but policymakers rank pension funds as the most important lever for building European ownership at 30%.** Investors are optimistic they will unlock it: 60% of LPs and 49% of VC investors we surveyed are confident.

How confident are you that current and proposed reforms will materially increase institutional investment into European VC?



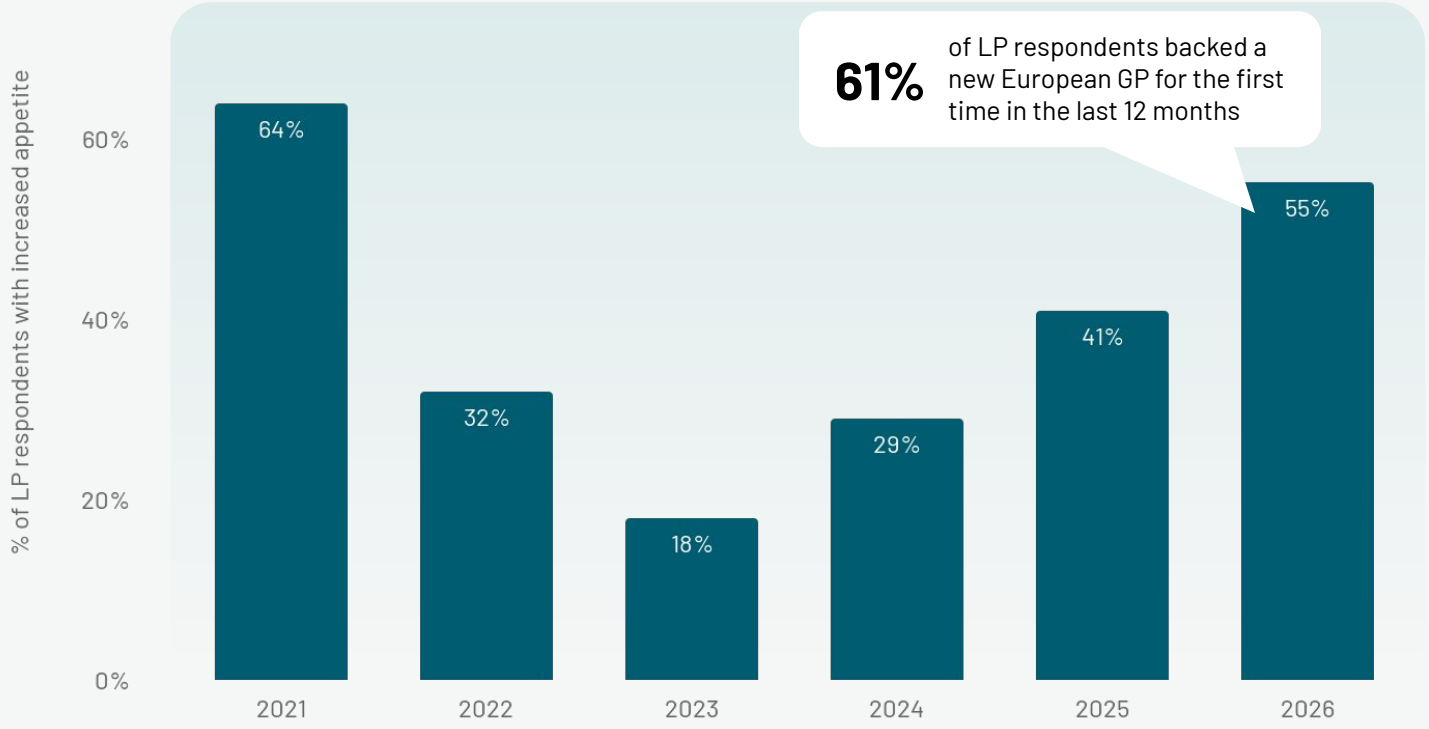
Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Investor (excluding Angel investors) and LP respondents only. Respondents who selected "Do not know / cannot comment" are excluded.

LPs see the opportunity, but the test continues to be turning appetite into commitments

Compared to 12 months ago, how has your organisation's/programme's appetite to invest in the European venture asset class changed?

Respondents who selected "significantly increased" or "somewhat increased"



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: LP responses only. Respondents who selected "Do not know / Cannot comment" are excluded from the data.

Appetite for European VC is continuing to grow among LPs, who in our survey say they are encouraged by strong returns and outcomes, as well as positive macro factors such as a focus on tech sovereignty and increased government defence spending.

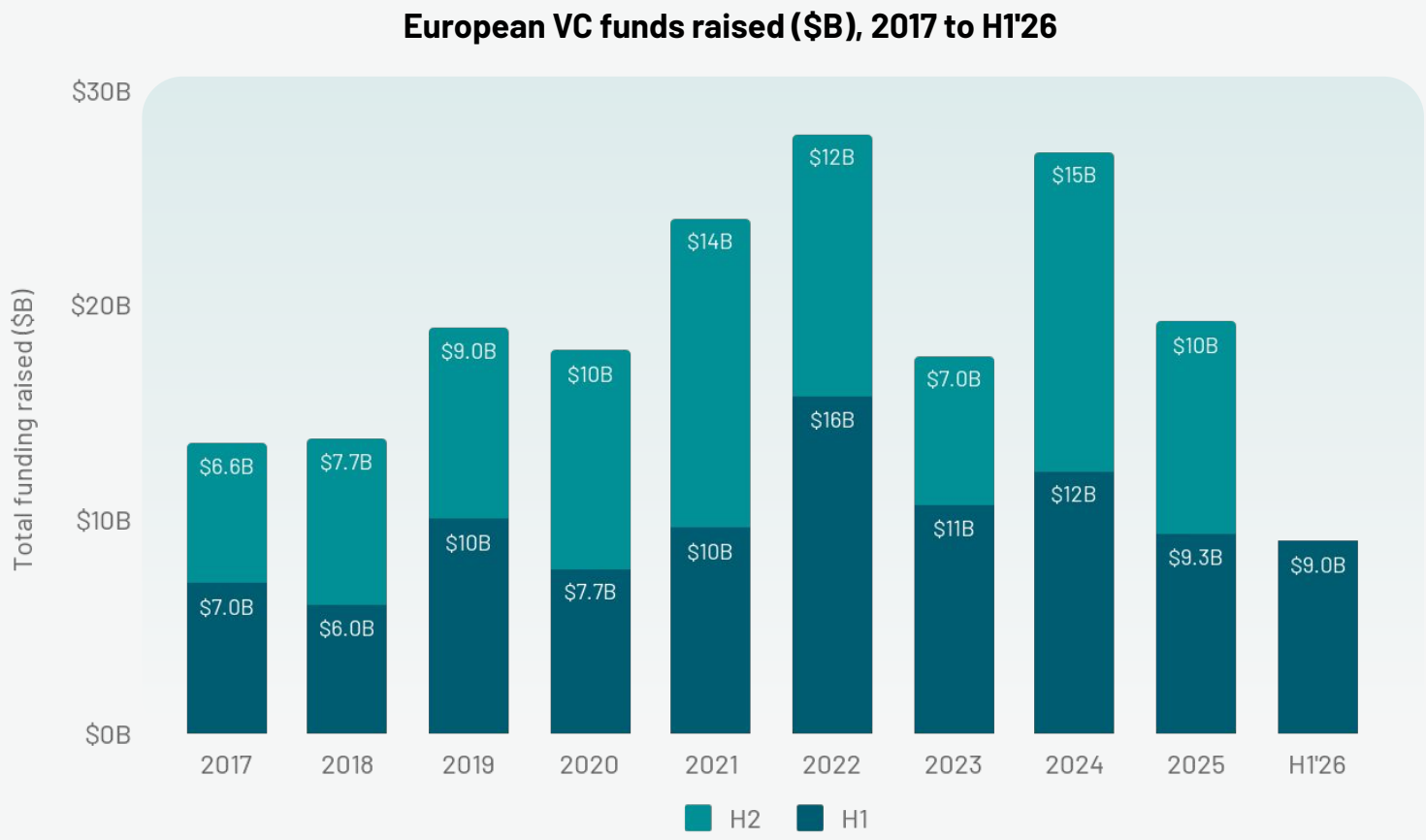
One LP shared that there is "very clear evidence ... that European startups can become very significant decacorns", while another stated that "the emergence of the trend for economic sovereignty and technology sovereignty has increased the demand for European-built solutions."

> *Europe has the talent, technology and ambition to build the next generation of global leaders. What we've been missing is the scale of capital to match. The Scaleup Europe Fund is an important first step, but its target €5B alone won't close the gap. Our ambition is to help demonstrate the investment potential of Europe's most promising technology companies, attracting more private capital into the ecosystem and supporting the growth of European fund managers across the industry. This is a significant opportunity for Europe to build its own global technology champions.*

Victor Englesson
Partner, EQT
Co-Head, Scaleup Europe Fund



Europe's startups are raising faster than its VC funds, opening the door to global investors



Source: INVEST EUROPE

Notes: Taken from the European Data Cooperative, developed by Invest Europe. EDC data converted at EUR:USD of 1.1419, the rate on 20 July 2026. The data shows incremental amounts in each year for venture funds. Incremental amounts include all direct private equity funds and structures, such as investment companies, closed-end fund managers, family offices (without a fund), private equity arms of banks, corporate private equity arms (without a fund), and evergreen fund managers.

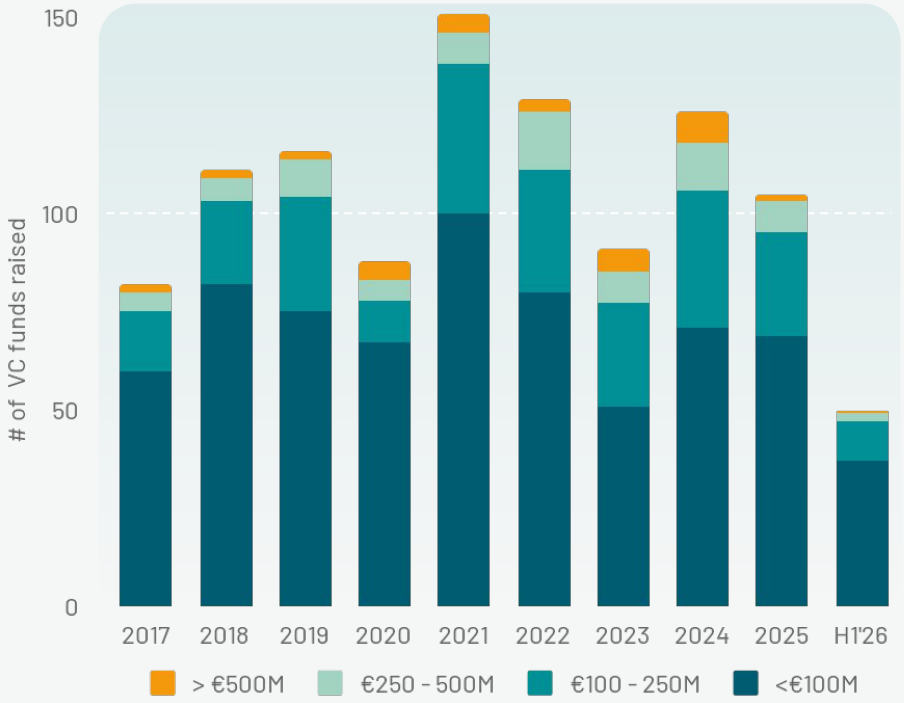
VC funds in Europe raised more in H2 2024 than in almost any other half-year of the past decade, but fundraising has since cooled. 2025 was significantly more measured and, though reporting lags mean the latest figures are provisional, **2026 shows no sign of reacceleration, and certainly no clear step-change in fundraising scale versus prior years.** No European fund has closed above $1B this year. Kembara Fund I is aiming for €1B+ with a €750M first close, and the Scaleup Europe Fund had secured €3B of €5B by October (not yet reflected in the data).

Meanwhile, European startups are expected to raise $81B this year, compared with $9B in new commitments to European VC funds in H1 2026. The figures aren't like-for-like: fundraising data lags and does not capture all European funds, while startup funding includes capital raised from US and other non-European investors. Even so, **the gap suggests the market is still running on capital predominantly raised during the boom period**. If fundraising doesn't recover, the squeeze will eventually reach founders, particularly as VC firms lean towards fewer, larger cheques per round *(see page 32)*.

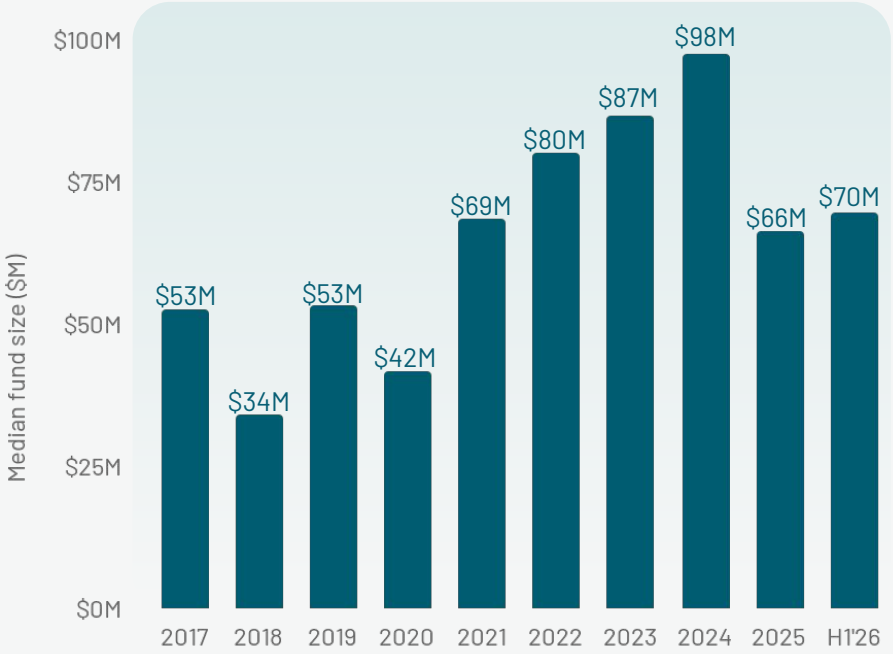
Proudly supported by atomico aws orrick HSBC Innovation Banking SLUSH

Rounds keep scaling up, but most European VCs remain small, and none match the scale of the largest US funds

Number of VC funds raised by fund size (#), 2017 to H1'26



Median fund size ($M), 2017 to H1'26



Source: INVEST EUROPE

Notes: Taken from the European Data Cooperative, developed by Invest Europe. EDC data converted at EUR:USD of 1.1419, the rate on 20 July 2026. The data shows final closing data only.

Median round sizes have grown over the past decade *(see page 15)*, but **the median fund size raised by European VCs has not scaled meaningfully**.

It now sits at $70M, down 29% from 2024's peak of $98M. Nor are there more funds to make up the difference. The number of funds closed has stayed roughly flat over the past decade, hovering at c.100 per year.

That creates a widening gap. As a growing number of founders raise larger rounds, it becomes more challenging for smaller funds to lead or keep following on into those companies as they grow.

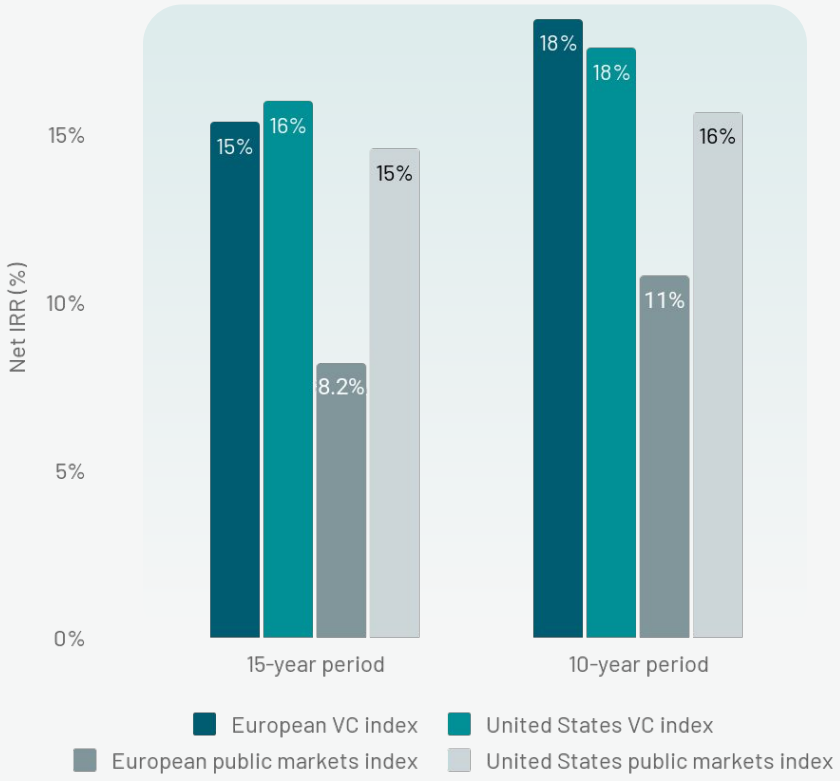
> *2022's liquidity crunch changed VC. When rates were low, venture was pumped with cash — proliferating small firms and megafunds. When the market turned, it was small managers, with liquidity-sensitive LPs, who paid the price. Thus, the megafunds became dominant; the root of today's concentration.*

Dan Gray
Research Lead, Odin

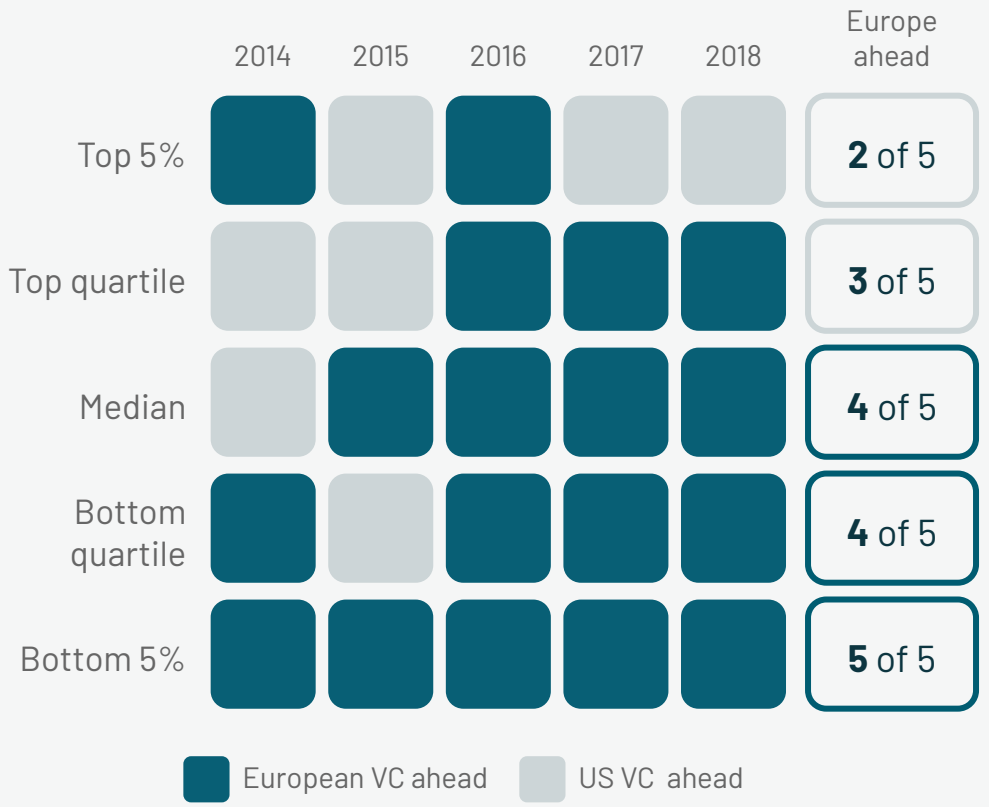


European VC has matched US returns, with top funds consistently competitive at the 75th and 95th percentile

Pooled return of asset class by type and investment time period (%), Q2'26



Net IRR since inception by fund vintage for Europe versus US VCs, Q2'26



Source: CAMBRIDGE ASSOCIATES

Notes: Pooled horizon return, net of fees, expenses, and carried interest. European public markets index (MSCI Europe) and United States public markets index (S&P 500) are derived from the CA Modified Public Market Equivalent (mPME), which replicates private investment performance under public market conditions. Net IRR since inception to LPs, net of fees, expenses and carried interest, in USD. Only showing vintages with eight or more European funds. Data as of 30 June 2026.

European VC has kept pace with US VC over the long run. **In the 10 years to June 2026, European VC funds returned 18.5% a year net after fees, against 17.6% for US VC.** Over the 15-year period, they returned 15.4% against 16.0% in the US. European public markets returned 10.8% and 8.2% over the same periods.

European funds also out-returned US funds in a significant number of vintage-by-vintage comparisons, for vintages that have reached at least Year 7 in maturity. Across the 2014 to 2018 vintages, Europe was ahead in 18 of 25 comparisons across the range of fund performance, from weakest to strongest. Europe's top-quartile funds returned between 16.6% and 22.9% a year, against 17.8% to 22.1% for US funds.

At the very top (95th percentile), Europe has also demonstrated its ability to compete with elite global VC firms. Europe's best-performing funds (top 5%) out-returned their US peers in the 2014 and 2016 vintages, but trailed in 2015, 2017 and 2018.

Europe's world-class companies are powering world-class returns

When you think about European tech, which VC-backed companies come to mind as the most prominent success stories?

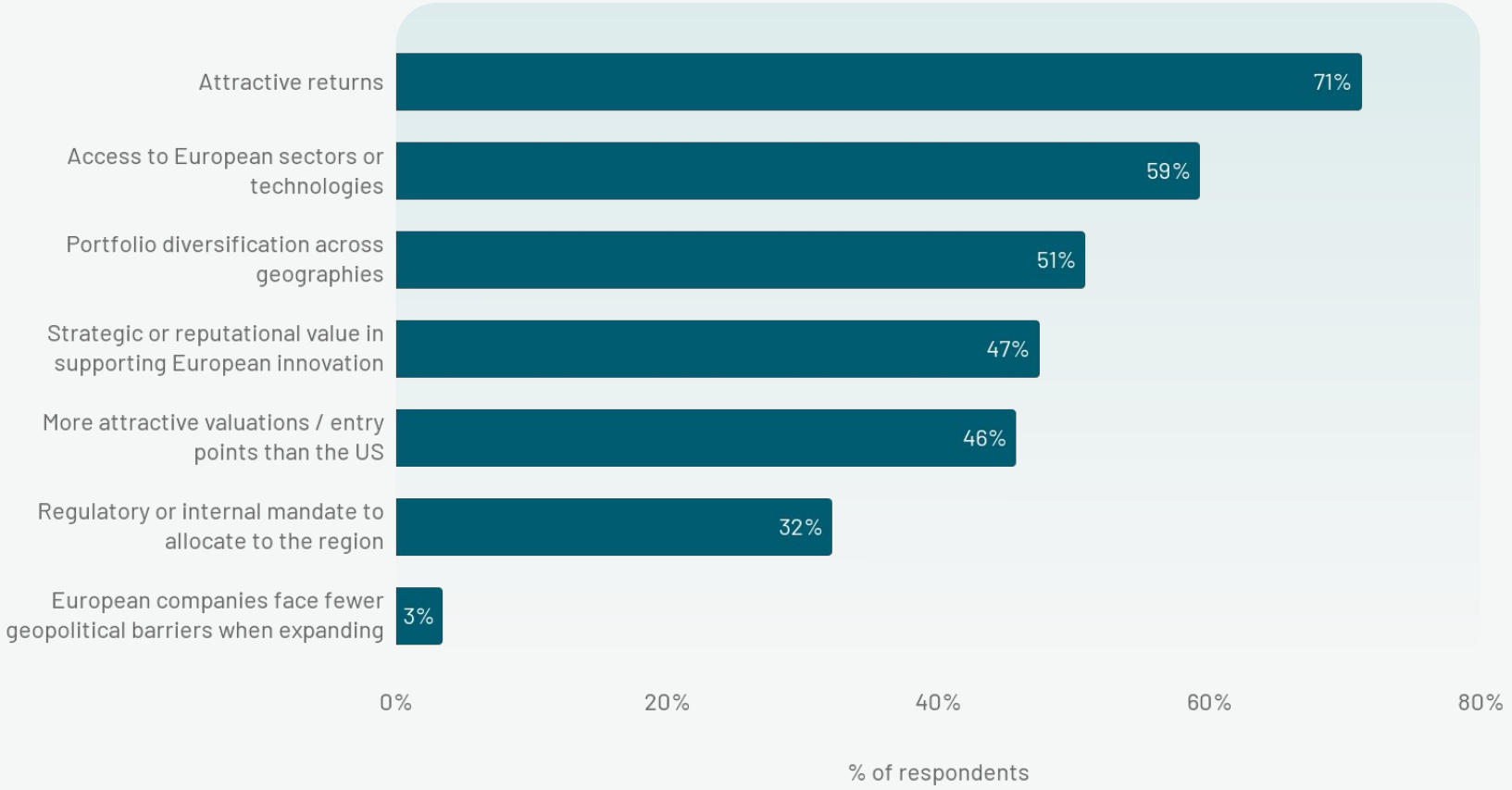


Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: VC and LP respondents only. Based on free text responses where respondents could name multiple companies.

Confidence in European VC returns and access to innovation drive LP commitments, not quotas

What are the primary reasons your organisation invests in European venture capital specifically?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: LP respondents only. Respondents could choose multiple options. Respondents who selected "do not know / cannot comment" are excluded from the data.

LPs already investing in European venture say the appeal lies in how well it performs. Of the LP respondents to our 2026 survey who invest in the region, 71% chose attractive returns as a primary reason. Pricing is a further factor, with 46% citing more attractive entry valuations than in the US, where median pre-money valuations remain higher.

Access to European sectors and technologies was the second-most popular reason for investing in European VC (59%), with LPs calling out **Europe's strength in deeptech and defence in particular.**

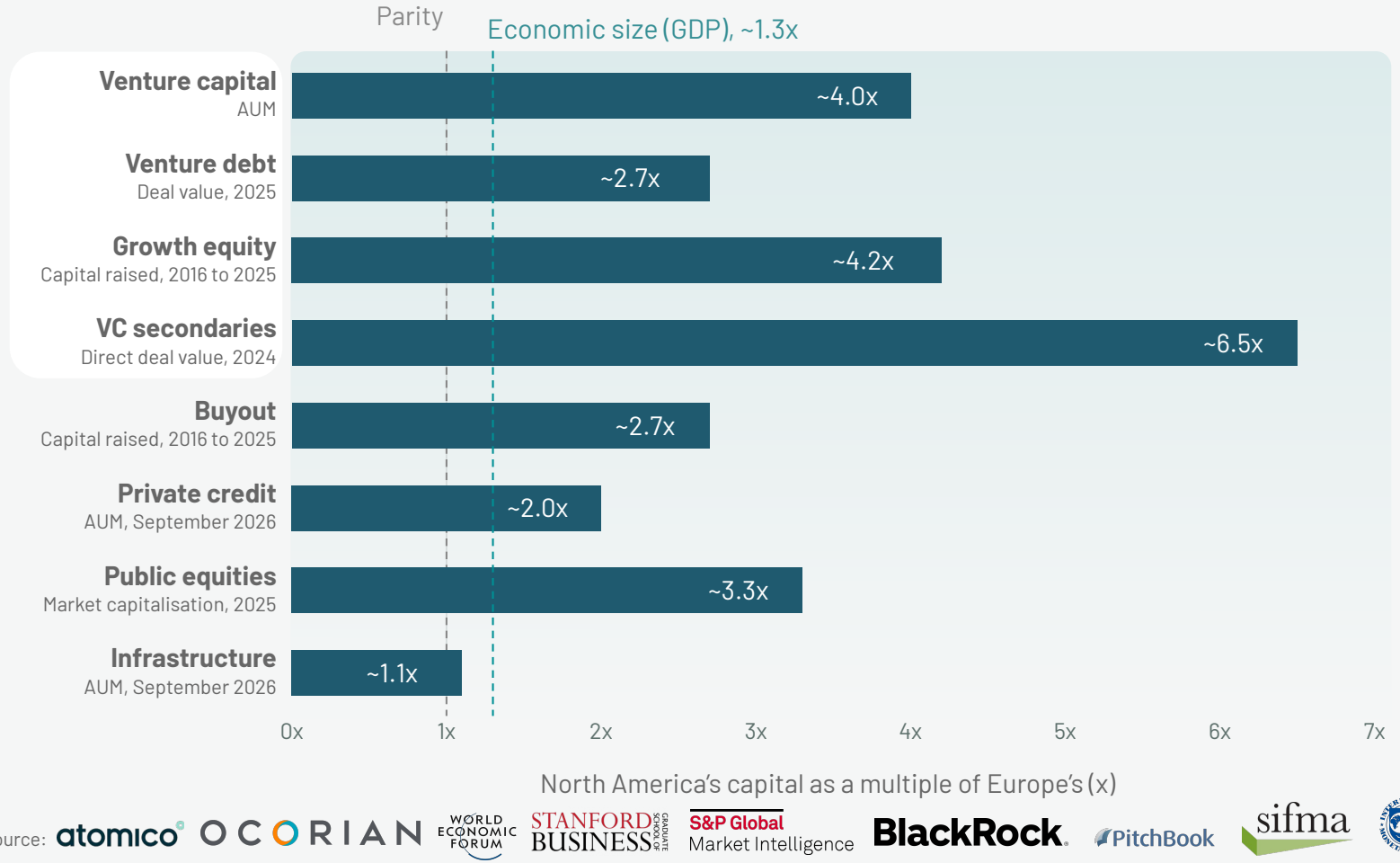
> *Europe has the talent, innovation and investor expertise to build globally competitive technology businesses. The priority now is to build the depth and connectivity of capital around them, mobilising deeper pools of long-term investment and strengthening funding pathways from startup through scaleup and into the public markets. A more connected capital ecosystem will give Europe's most ambitious companies the freedom to scale, retain more of the value they create and recycle capital and expertise into the next generation of founders.*



Stephen Lowery
Head of Investor Coverage and Business Development, HSBC Innovation Banking

Europe's capital stack is optimised for stability and steady income, not innovation and growth

North America's capital as a multiple of Europe's, across the company lifecycle



Source: atomico, OCORIAN, World Economic Forum, Stanford Business, S&P Global Market Intelligence, BlackRock, PitchBook, sifma, International Monetary Fund

Notes: Indicative only. Ratios are North America divided by Europe, rounded, and sources, measures and dates differ by row. AUM where available; otherwise capital raised, deal value or market capitalisation.

Building consequential technology companies requires a long and varied capital journey. Venture is only the first step. As companies scale, they draw on growth equity, debt, secondaries, buyout capital and, eventually, public markets.

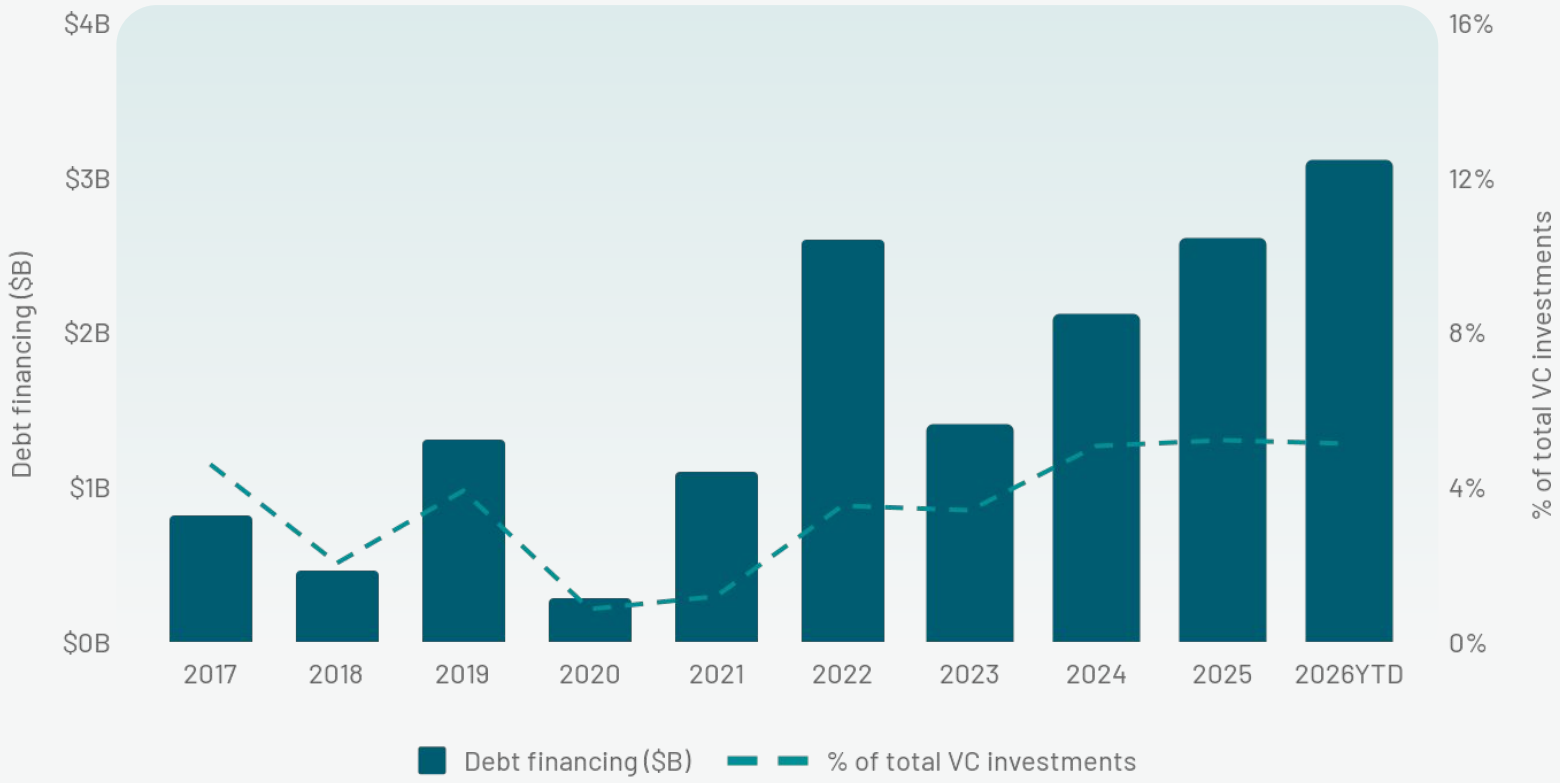
To see how well Europe supports that journey, we built an indicative picture of its capital stack against North America's. **North America has roughly four times Europe's venture and growth capital and more than six times its venture secondaries**, but only about twice its private credit and only slightly more infrastructure capital. Even after adjusting for the size of each economy, the gap in venture, growth and secondaries is still three to five times.

The pattern reflects how European citizens save. Household capital sits largely with banks and pension schemes that favour stable, cash-generating assets, while **venture makes up just 0.12% of European pension total assets, against 1% to 3% for US and Canadian funds.**

Building a full-stack market means deepening the layers that fund and reward scale: growth capital, secondaries and the public markets that provide the exit.

Venture debt is becoming core for founders with complex capital needs, with headroom still to grow

Debt financing ($B) and share of total European VC investments (%), 2017 to 2026YTD



Source: dealroom.co

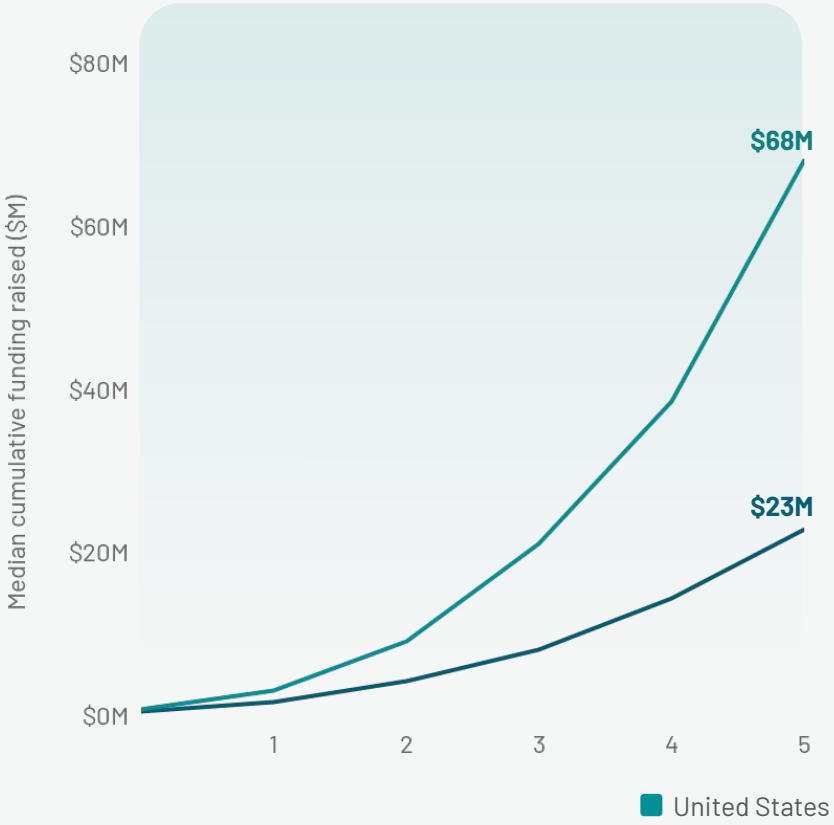
Notes: Total debt transaction values for illustrative purposes only due to many transactions going unreported. Data is as of 30 September 2026. Excludes the following: pharma, acquisition debt for rollups.

Venture debt is an increasingly important part of the financing stack, growing in absolute volume, and enabling venture-backed companies to further scale their businesses between equity funding rounds without taking dilution. Despite the maturing of this alternative financing class in recent years and consistent increases in the absolute scale of venture debt raised by VC-backed European tech companies, venture debt as a percentage of capital invested has remained at steady levels since 2024.

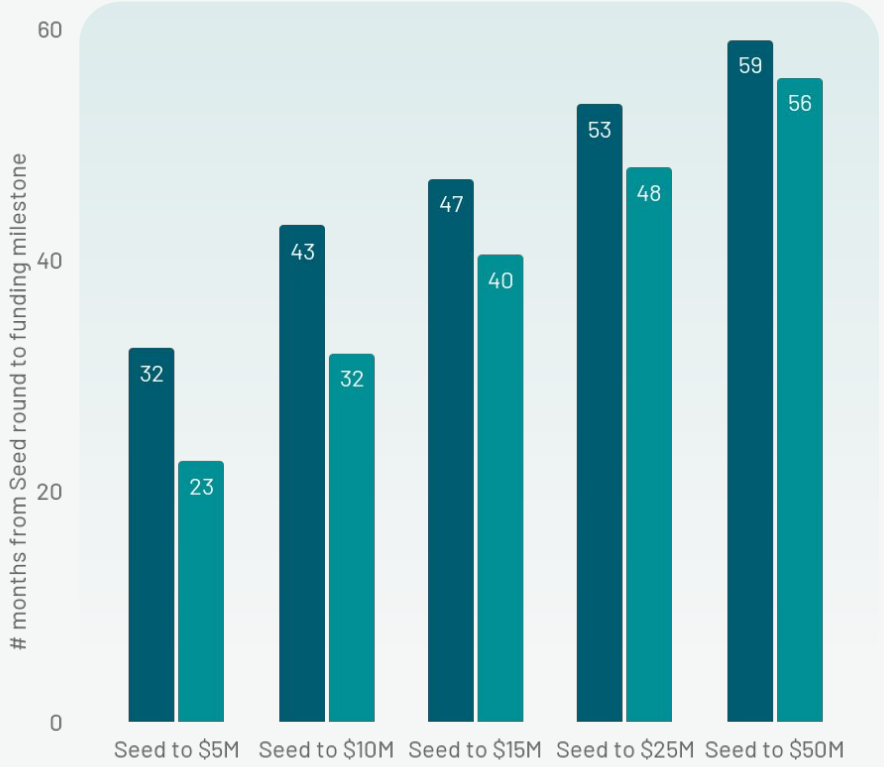
Our methodology excludes project financing, so debt issued to build data centres is not captured. A separate report from Morgan Stanley suggests $450B+ in credit linked to AI has been issued by September 2026.

Europe's capital gap leaves founders with less firepower and more elapsed time between rounds than US rivals

Median cumulative funding raised ($M) by round number after Seed, 2015 to 2017 Seed cohort



Median months from Seed to reach cumulative funding milestone, 2015 to 2017 Seed cohort



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Cohorts only include companies that reach each milestone.

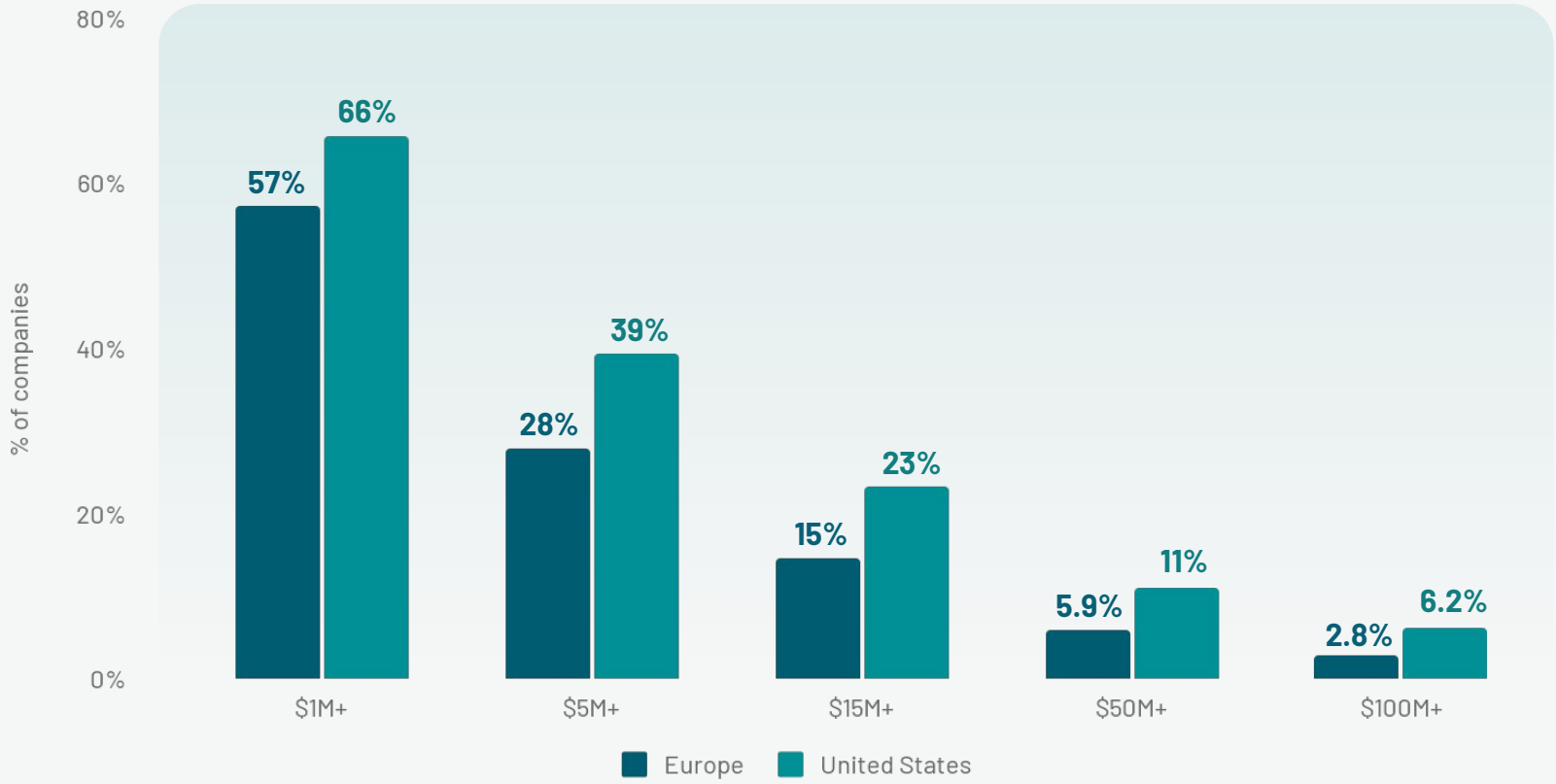
By its fifth VC round after Seed, the median European tech company has raised $23M, compared with $68M in the US.

Not only do European companies raise less on average, the fundraising journey is also slower for them. After their first Seed round, it takes the median European company 32 months to reach $5M in cumulative funding, versus 23 months in the US.

This gap widens as the funding threshold rises. European tech companies are less likely to raise larger, later-stage rounds (see next page), but those that do get there arrive on a similar timeline to companies in the US. From first Seed round to $50M in cumulative funding takes the median US company 56 months, and the median European company 59 months.

Shallower capital pools mean fewer European companies go on to raise at scale

Share of companies that raised their first VC round in 2017 by total amount of funding raised since (%), 2026YTD



Source: atomico powered by dealroom.co crunchbase

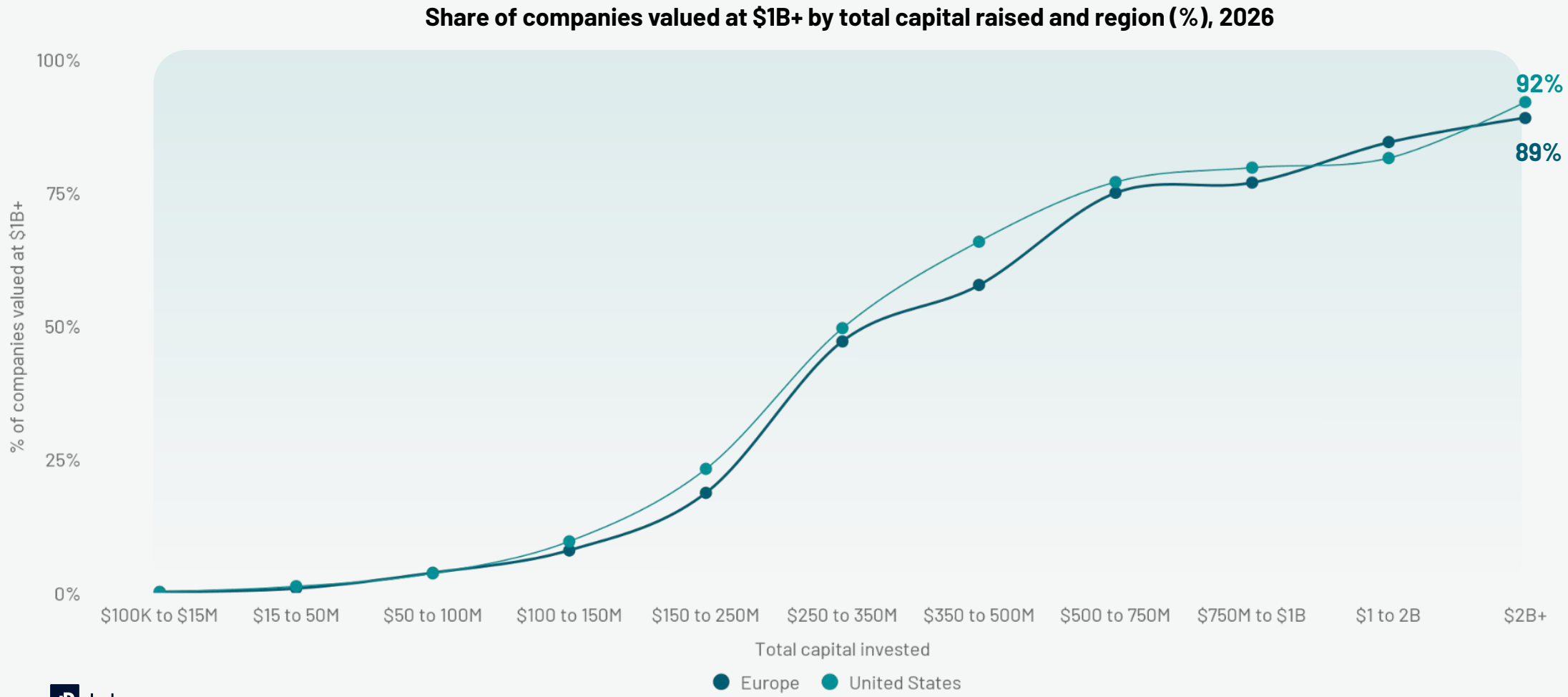
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Includes companies whose first VC round was in 2017 and had a disclosed amount.

European companies reach the $100M+ funding milestone less often than their global peers, and the gap opens early.

In a cohort of tech companies that raised their first round of VC funding in 2017, 23% of US ones have since raised $15M or more, compared to 15% of European ones. The gap continues to grow from there. **While 6.2% of the US cohort have raised $100M+, just 2.8% have in Europe.**

Wayve, one of the cohort's best-funded European companies, shows how hard it is to scale on European capital alone. It passed $250M and $500M with rounds led by non-European investors. Looking at one of the best-funded companies in the US cohort for comparison, Anduril has raised roughly 4x Wayve's total. Anduril has become the world's best-funded VC-backed defence tech company, raising exclusively from US investors until its Series F round.

Deeper, more liquid capital matters. With equal firepower, European founders match the US in value creation

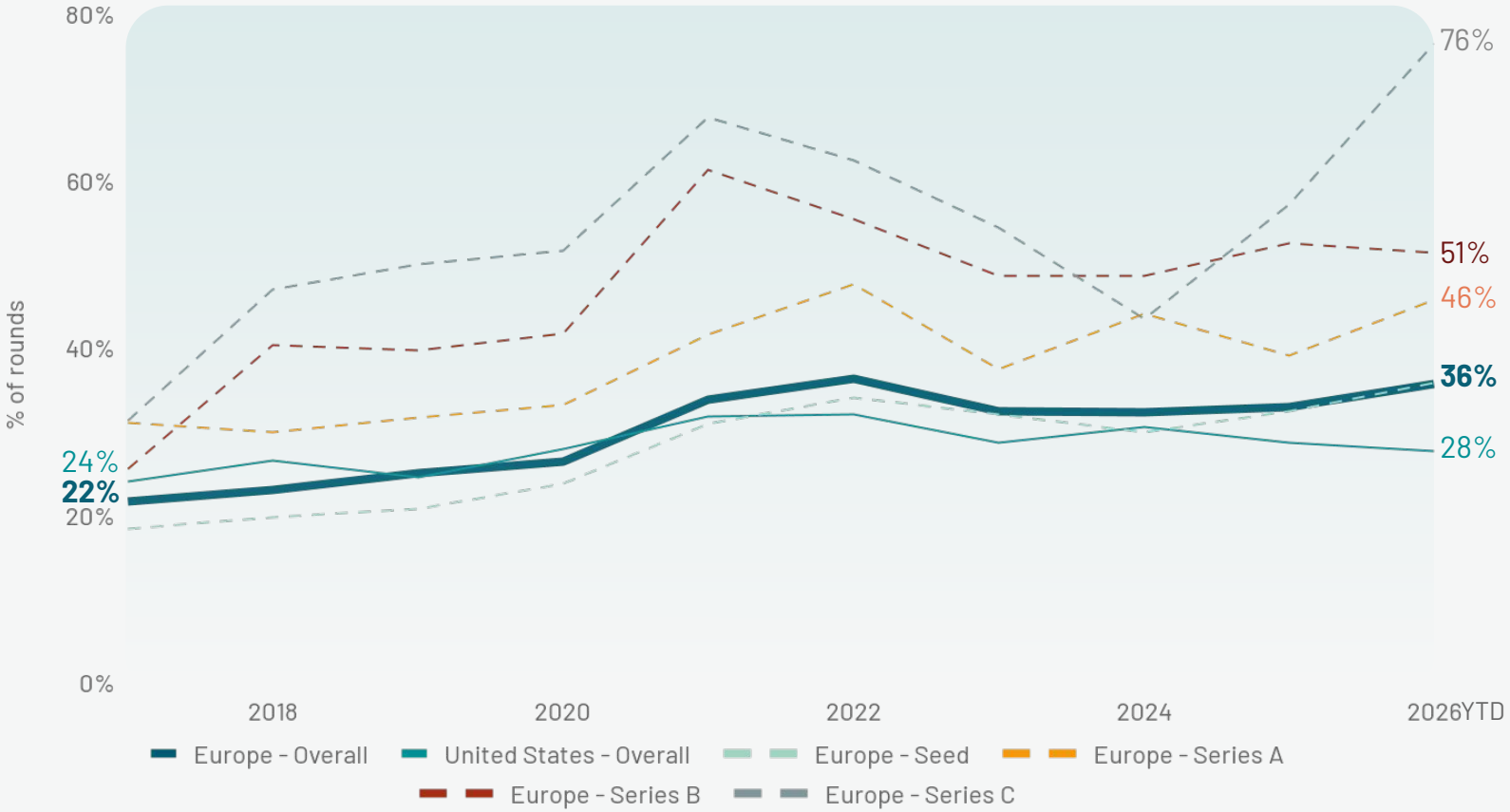


Source: dealroom.co

Notes: Data is as of 11 October 2026. For illustrative purposes only.

Europe's success is drawing more global capital across all stages to fill the gap and capture value

Share of rounds with overseas investor participation by region and stage (%), 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. An overseas investor is one investing in the company for the first time and headquartered outside the company's region.

VC is now global, and overseas investor participation has risen in every region, and particularly in Europe. A decade ago, fewer European rounds had an overseas investor (22%) than US rounds (24%). **Today, far more overseas investors are betting on European tech, with more than one in three European rounds (36%) involving at least one non-European investor**, while the US share has risen by only four percentage points. The climb has been steepest at the late stages: 76% of European Series C rounds now include an overseas investor, up from 31% in 2017.

This is a double-edged sword from an overall ecosystem perspective. Overseas investors fill the gap where European funds may lack the depth to write big cheques. But it also means foreign ownership and influence are growing fastest in Europe's most mature companies, as they build scale.

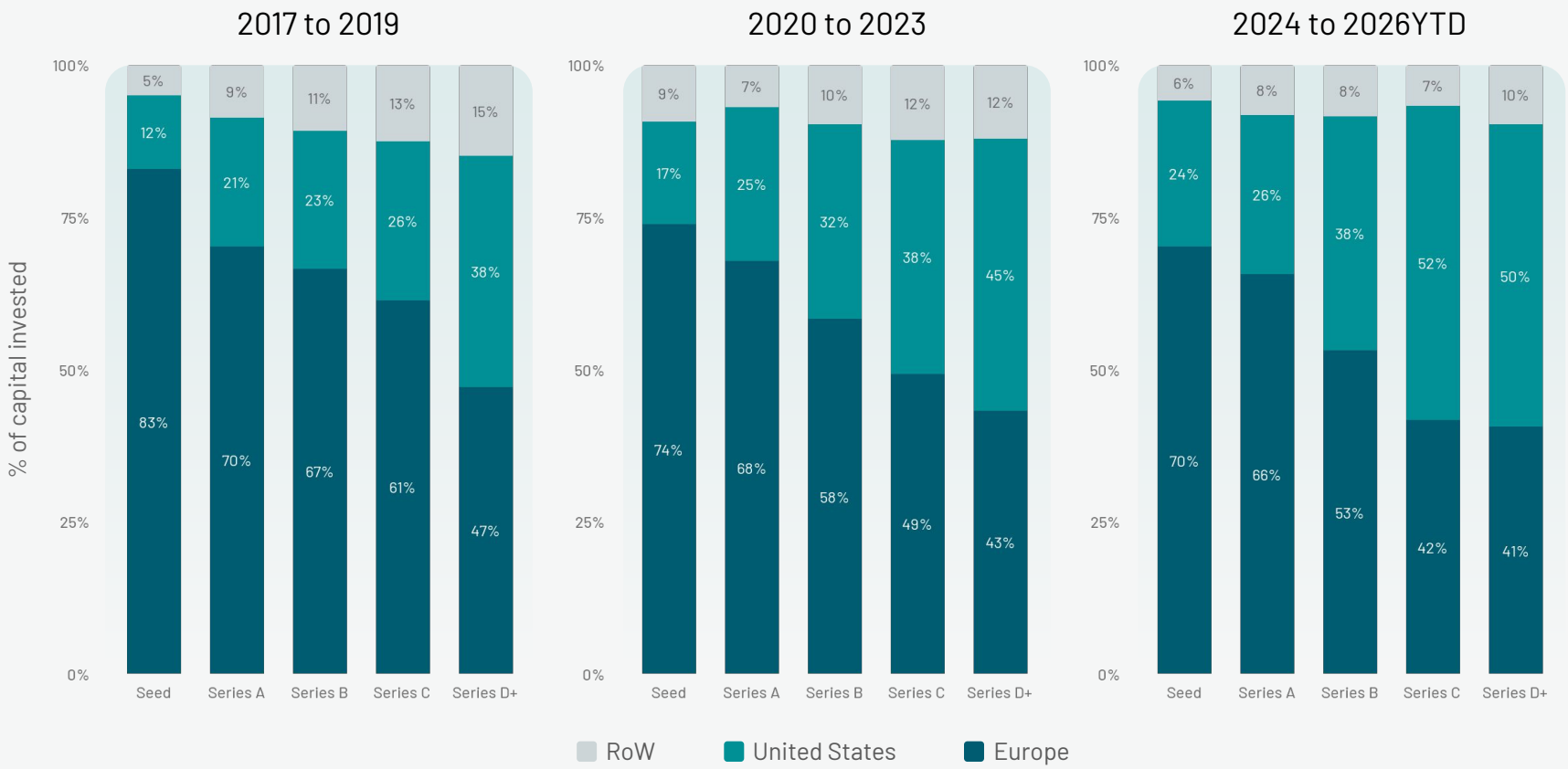
> *As [European startups] grow, the limited availability of risk capital forces them to turn to foreign investors. This is wealth and jobs going elsewhere. And it jeopardises our tech sovereignty. This is why the Commission will partner with private investors on a multi-billion-euro Scaleup Europe Fund. Because we want the best of Europe to choose Europe.*

Ursula von der Leyen
President, European Commission



Ownership decides where Europe's value is captured, and much of it still goes to overseas investors

Share of capital invested by stage and investor region (%), 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

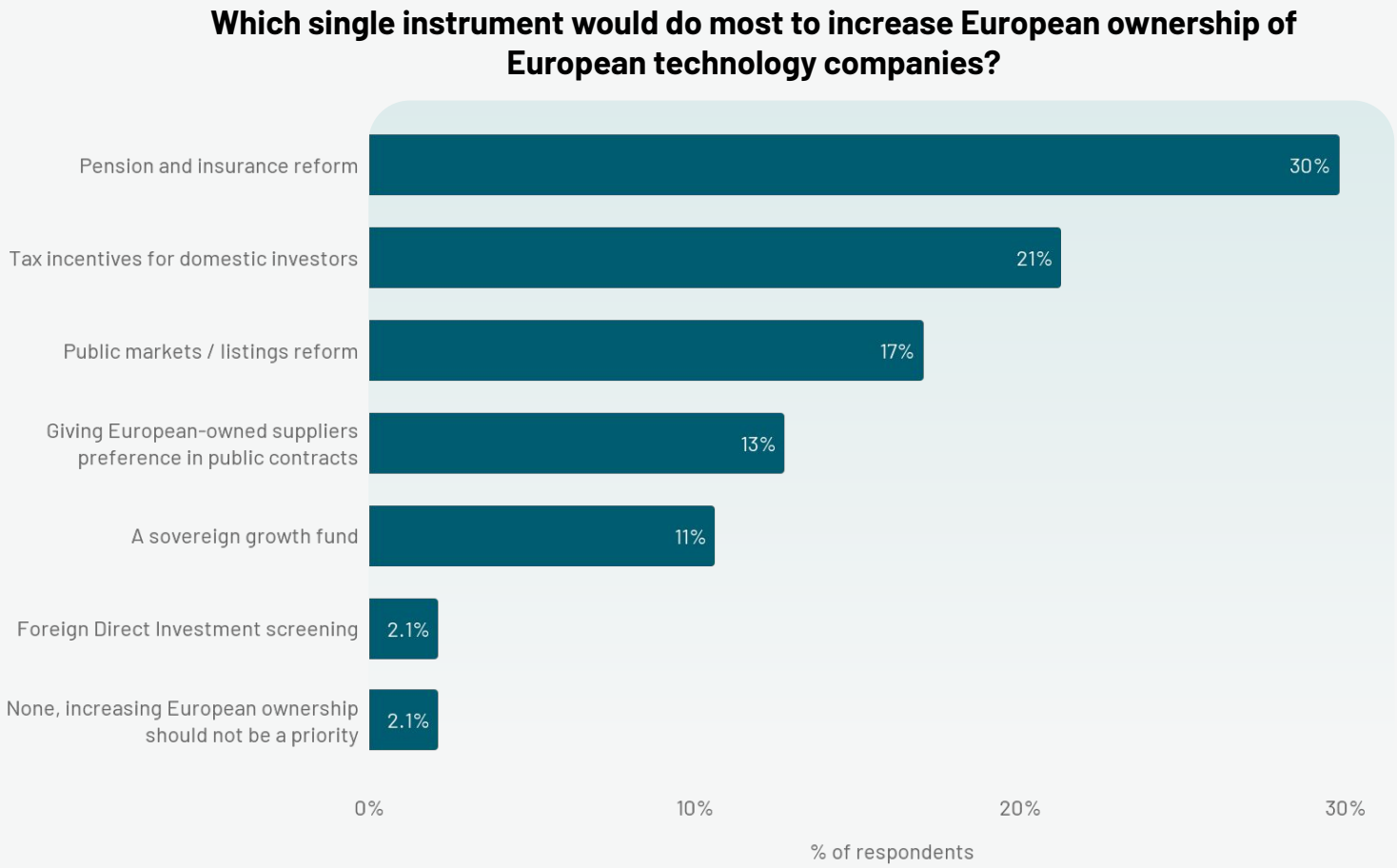
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital and grants. Where there is more than one investor participating in a round, the round size is split equally among all the investors participating in the round.

A decade on, the shape of Europe's capital stack has barely moved. European investors provide most of the capital at the earliest stages, but their share falls at every later stage. Between 2024 and end of September 2026, they supplied 70% of the capital in European Seed rounds, falling to 41% at Series D and beyond. At both Series C and Series D+, US investors now supply more than European investors do, around half of the total.

Rather than closing, the gap has widened. Europe's share has fallen at every stage since 2017 to 2019, while the US share of Series C capital has doubled, from 26% to 52%.

Overseas investors have been essential to that growth, bringing the scale, speed and conviction that large rounds demand, along with global networks and company-building experience. But who funds a company shapes who owns it. When most late-stage capital comes from outside Europe, more of the value those companies create accrues outside Europe too, along with influence over governance, talent and IP. It also leaves Europe's champions reliant on capital that may prove less durable when markets turn.

Policymakers see unlocking pension and insurance capital as the biggest lever for European ownership



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

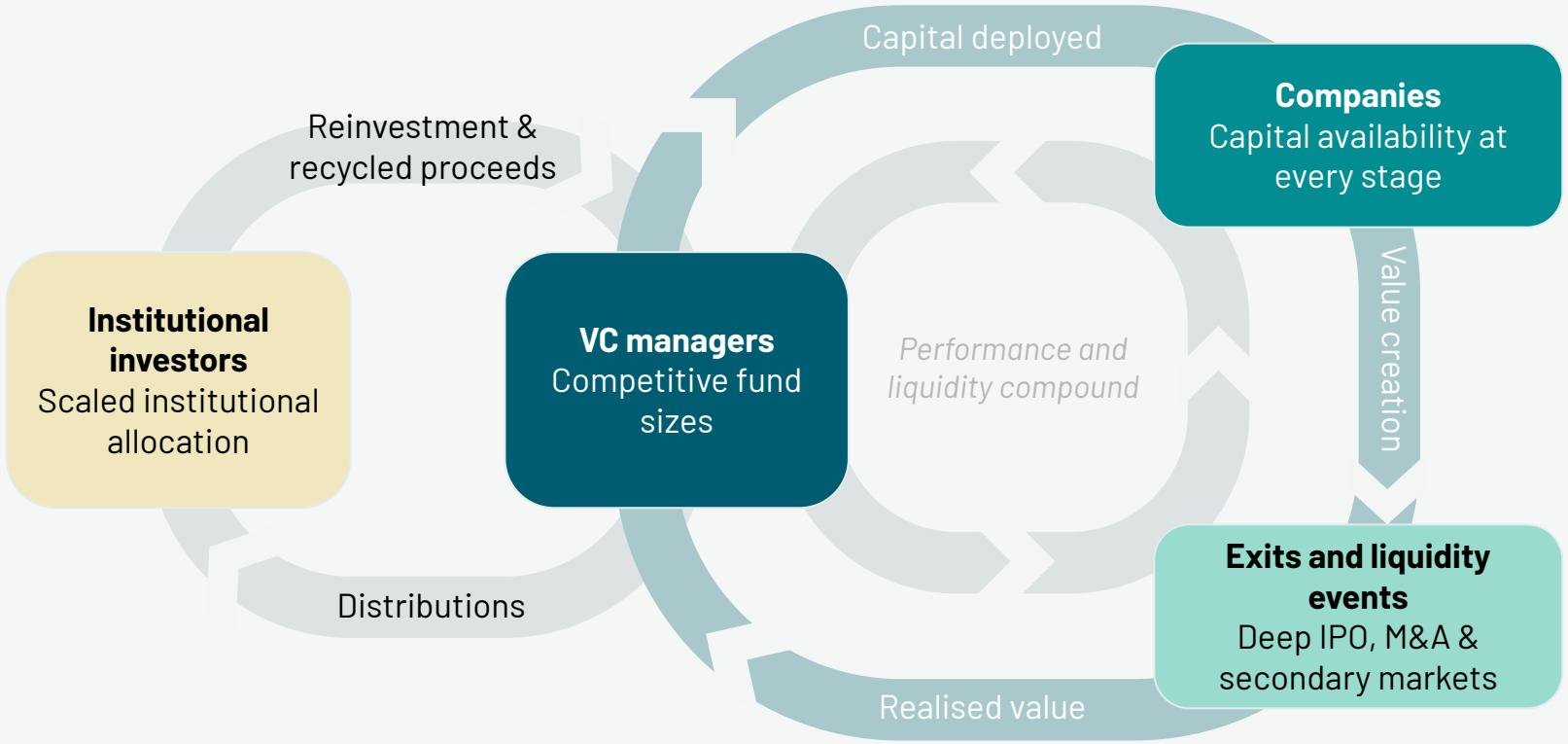
Notes: Policymaker respondents only. Respondents who selected "do not know / cannot comment" are excluded from the data.

To increase the ownership of its technology, Europe needs deep, patient and consistent pools of capital that it can rely on to support venture investment. Building them also requires policy change, since governments and regulators set the rules on where pension funds and insurers can invest, how investment is taxed and how companies list.

Policymakers responding to our survey identify these same levers. **Pension and insurance funds are viewed by them as the top lever for increasing European ownership of its tech companies at 30%**. Tax incentives were also a popular choice at 21%, as well as reforming the public markets to provide better and more local routes to exit, selected by 17%.

Liquidity drives the speed and scale of capital, and exits are the critical events to unlock it

The European tech flywheel compounds performance and liquidity



Source: atomico

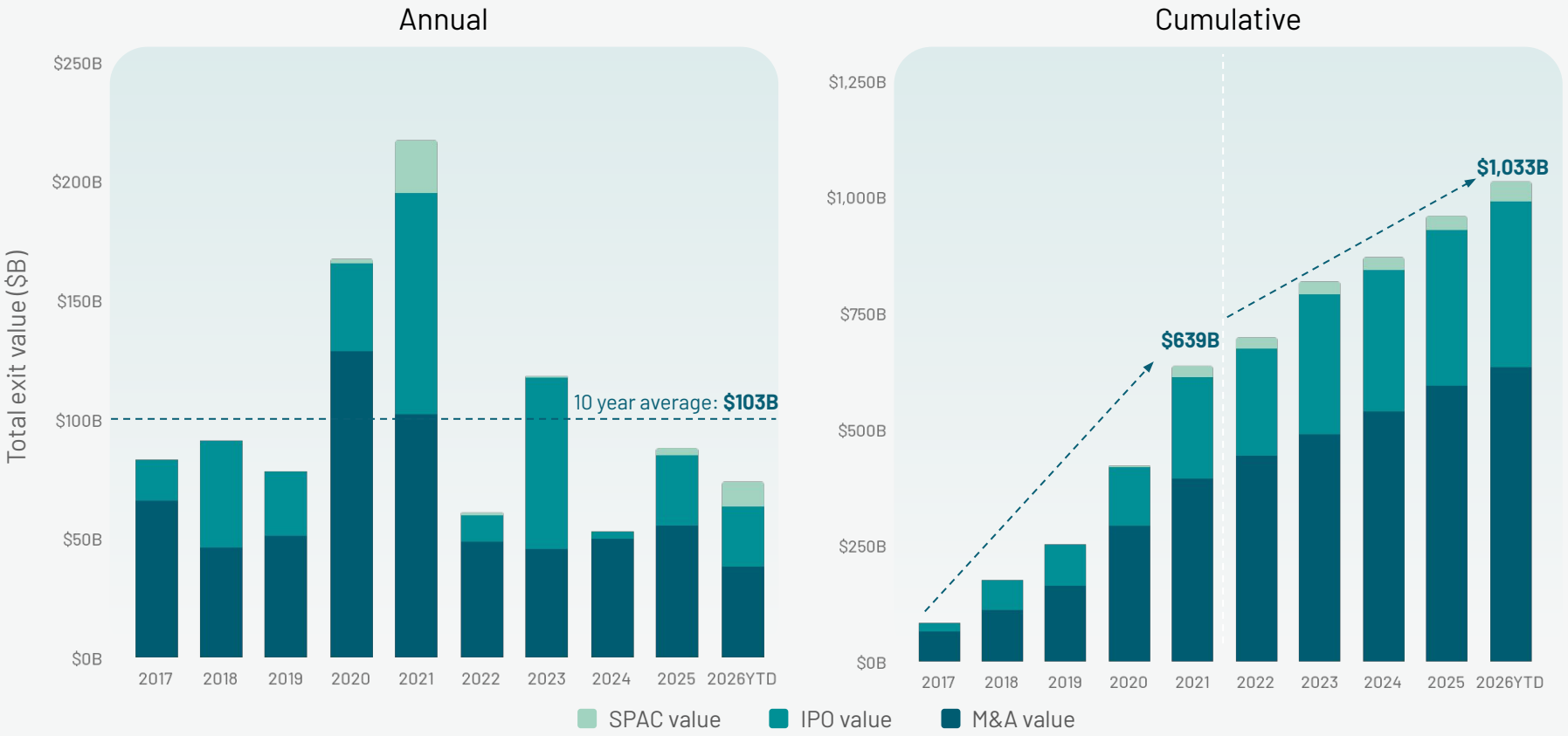
Beyond bringing more capital into the system, **Europe has a significant opportunity to help the capital it already has circulate with greater liquidity.**

That means VC funds of competitive size, with the depth to back companies through growth; institutional investors with the scale and confidence to allocate; and viable routes for returns to flow back to LPs so they can invest again.

Easing friction at every stage, from fragmented capital pools to shallow exit and secondary markets, would speed up the flywheel and make each new allocation easier.

Europe has generated $1T in exit value over a decade, but a slower market since 2021 has tightened liquidity

Exit value ($B) of European tech companies, 2017 to 2026YTD



Source: S&P Global Market Intelligence

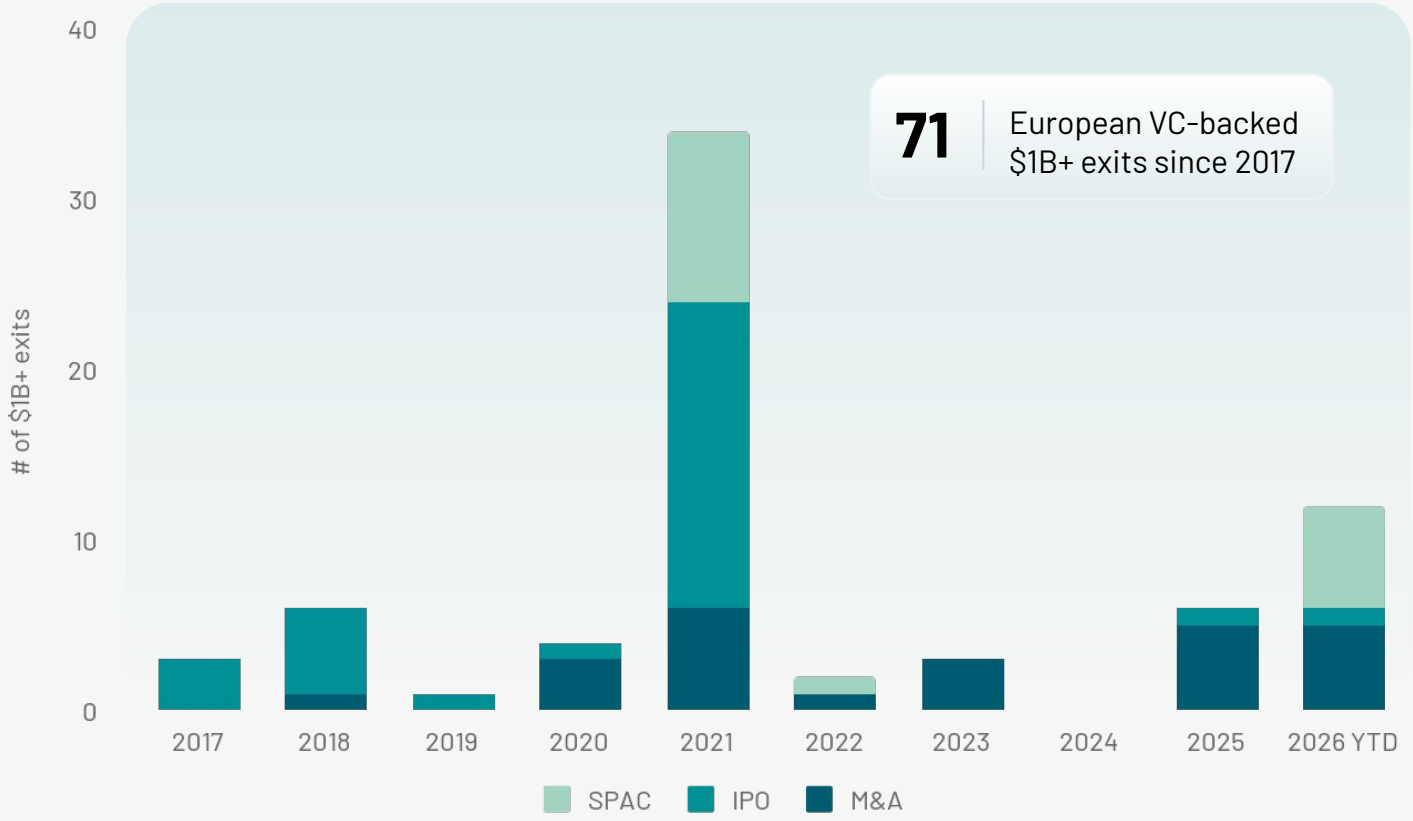
Notes: As per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. M&A transaction value at acquisition announcement date and tech IPO market cap by first trading date. Includes only completed M&A transactions for 2017 to 2024, includes both announced and completed M&A transactions for 2025 and 2026. Excludes any terminated or withdrawn transactions.

Exit activity remains subdued in Europe, with value generated so far in 2026 below the 10-year average (which is itself inflated by the exceptional exit activity seen in 2020 and 2021). With the IPO window largely shut since 2022, cumulative exit value has slowed and is mostly held up by M&A. **This driver of the liquidity flywheel is effectively stalled.**

There have been some notable decacorn ($10B+) exits this year, though. Bending Spoons' July IPO on the Nasdaq valuing at $18B, and as of 30 October, its shares trade 26% above their IPO price. In April, Intel purchased a 49% stake in Fab 34, a chip plant from Ireland, for $14.2B, giving it total ownership of the company.

Billion-dollar exits from European VC-backed companies are their strongest since 2021

Count of European VC-backed $1B+ tech exits by exit route (#), 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data as of 30 October 2026, for illustrative purposes only. Excludes the following: pharma. Only includes first-time exits.

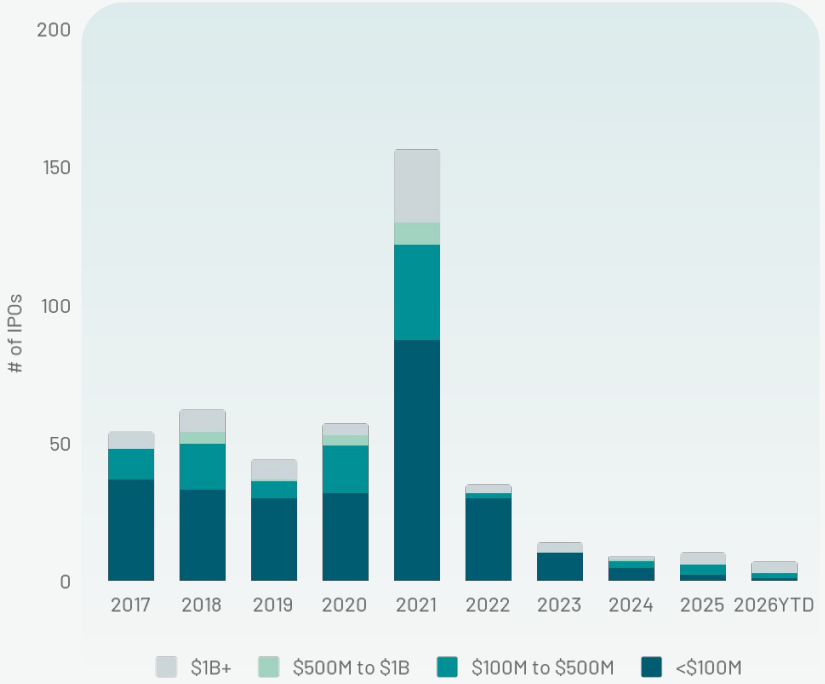
The number of $1B+ exits of European VC-backed companies is at its highest level since 2021. So far in 2026, there have been 12 transactions: five M&A deals, one IPO and six SPACs (where a company goes public by merging with a listed shell company). These numbers are below 2021's 34 transactions, but above every other year in the past decade, and double 2025's six. **They also illustrate a consistent pattern of growth in the number of $1B+ transactions taking place outside of an outlier year.**

This year, Mastercard purchased BVNK for $1.8B, while Uber also agreed to acquire Blacklane for $1.1B. In 2025, IonQ bought Oxford Ionics for $1.6B and Workday acquired Sana Labs for $1.1B. Across 2025 and 2026 to date, US companies made six of the 10 $1B+ acquisitions of VC-backed European tech companies.

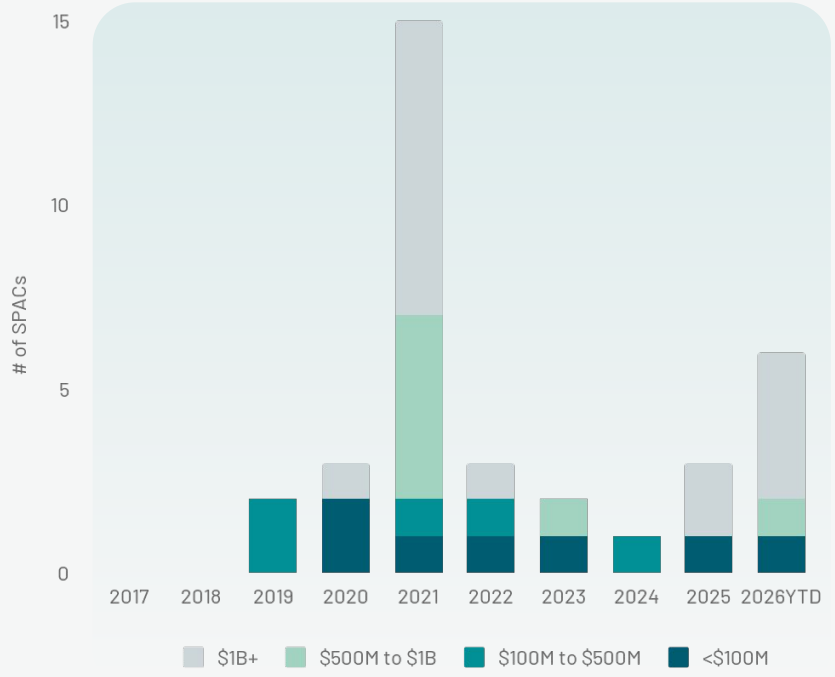
Traditional IPOs have been fewer, but larger. In July 2026, Bending Spoons listed on the Nasdaq at $18B valuation.

IPO activity remained muted in 2026, though listings via special purpose acquisition companies returned

Count of European tech IPOs by first-day market cap (#), 2017 to 2026YTD



Count of European tech SPACs by transaction size (#), 2017 to 2026YTD



Source: S&P Global Market Intelligence

Notes: As per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. Tech IPO market cap by first trading date, excludes withdrawn transactions. SPACs by transaction size and merger announcement date, includes announced transactions and excludes terminated or withdrawn ones.

European tech IPOs remain near their lowest level of the decade. Just seven European tech companies listed in 2026 up to 20 October, compared with 10 in all of 2025 and 156 in 2021.

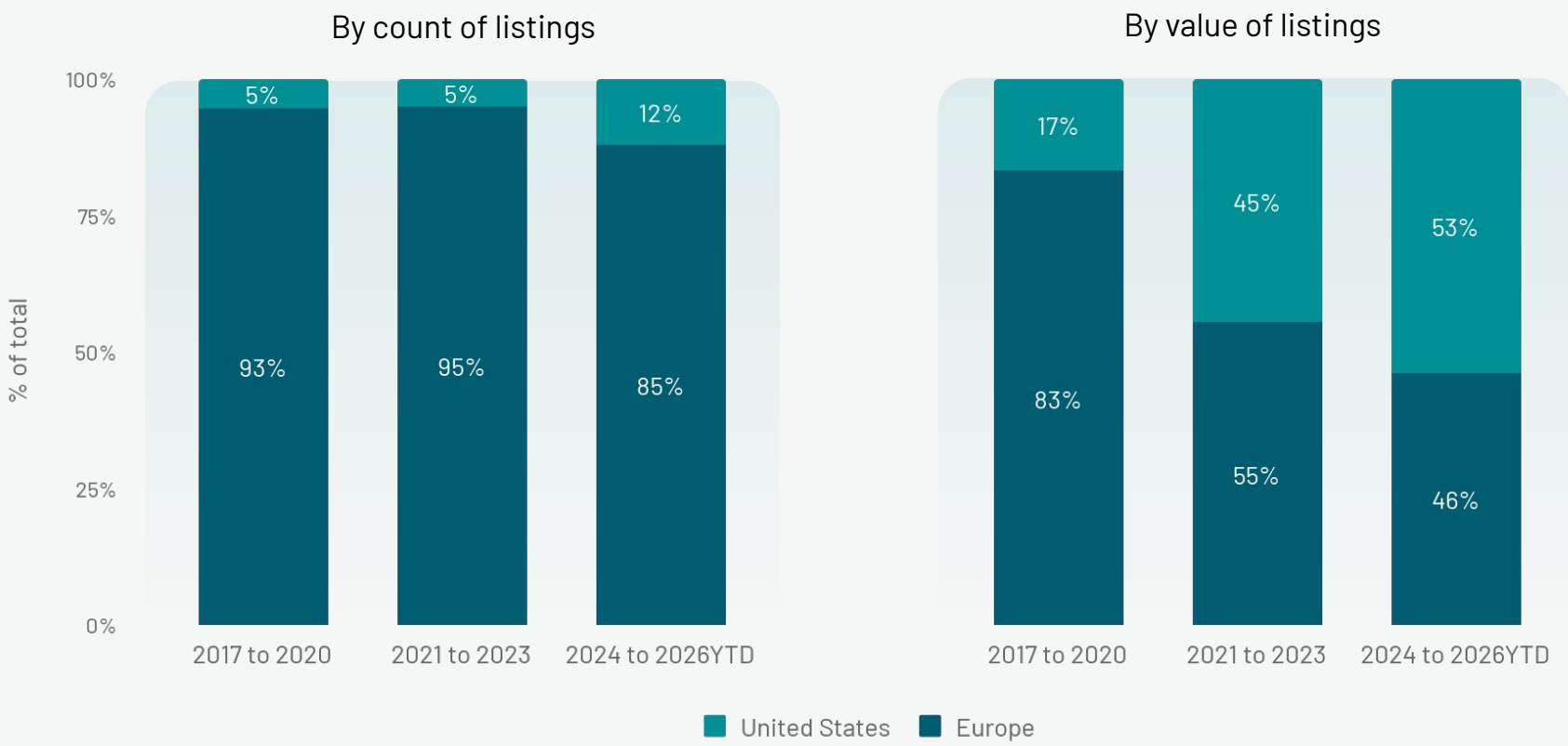
However, **mergers with special purpose acquisition companies (SPACs) have almost matched IPOs by count**, with six European tech companies agreeing or completing a SPAC merger over the same period. A SPAC is a listed shell company that raises cash to buy a private business, which then becomes publicly traded without going through a traditional IPO.

Four of the six SPACs were quantum companies: Terra Quantum, Pasqal, IQM and Aqarios. Nuclear developer newcleo and payments company OpenPayd make up the rest of the list.

Most of these companies are building in spaces that need a lot of money over long timelines, often before they have meaningful revenue. **With the IPO window largely still shut, SPACs have become an alternative route to the public markets for deeptech companies.**

Most European tech companies go public in Europe, but more and more value now lists in the US

Share of European tech IPOs by region of listing (%), 2017 to 2026YTD



Source: S&P Global Market Intelligence

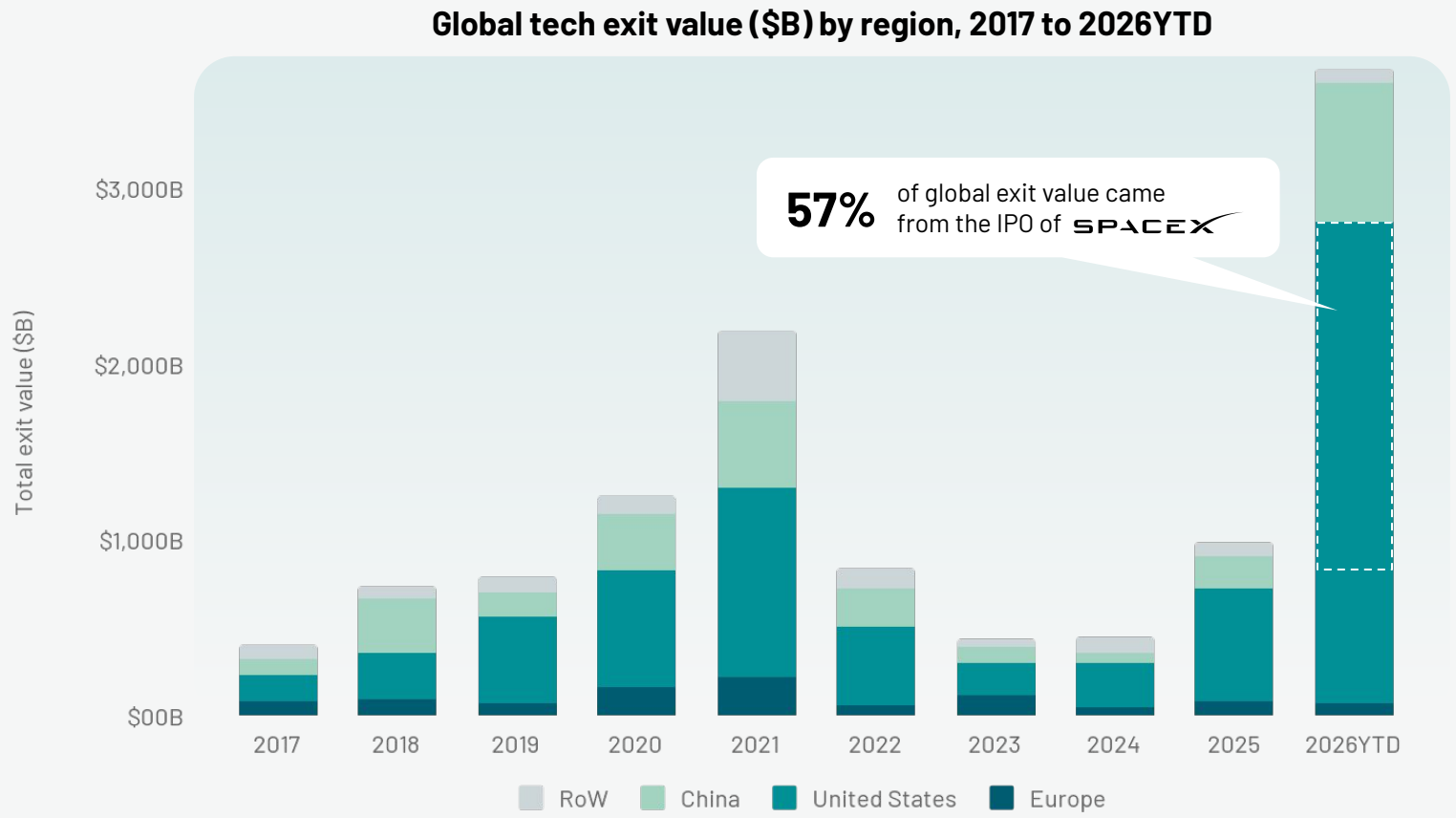
Notes: As per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. Tech IPO market cap by first trading date. China and RoW are excluded as they account for less than 1%.

Most European tech IPOs take place in Europe, but **the continent's largest and most anticipated candidates tend to choose the US.** The Nasdaq and New York Stock Exchange are seen as premier destinations for tech IPOs and both punch above their weight in terms of market cap, while Europe's many exchanges are dominated by small-cap companies.

As a result, **Europe lacks a single destination for tech IPOs, and its exchanges are losing some of the large companies they do have.** In May, Wise moved its primary listing from London to the Nasdaq, keeping only a secondary listing in the UK. Others have left following acquisition. Deliveroo, the 11th largest IPO of the last decade, was delisted after being acquired by DoorDash, and Germany's Delivery Hero is likely to follow after agreeing to be acquired by Uber. Meanwhile, two of 2026's most notable European tech listings, Bending Spoons (the sixth-biggest IPO by a European company this decade) and IQM (which went public via a SPAC), both chose the US.

In fact, between 2024 and 2026, the share of IPOs going to US exchanges by value has increased to 53% from 17% in 2017 to 2020.

US blockbuster IPOs and AI-driven M&A have pushed global exit value to new highs



Source: S&P Global Market Intelligence

Notes: As per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. M&A transaction value at acquisition announcement date and tech IPO market cap by first trading date. Includes only completed M&A transactions for 2017 to 2024, includes both announced and completed M&A transactions for 2025 and 2026. Excludes any terminated or withdrawn transactions.

Meanwhile, exit values across the rest of the world have climbed again. Much of the jump so far in 2026 comes from SpaceX's IPO, which valued the company at $1.8T. Anthropic is expected to list before the year is out, giving 2026 another substantial boost.

But even excluding SpaceX, which accounts for 57% of global exit value so far this year, US exit value has recovered to levels seen in 2020 and 2021. China has also stepped up, with its strongest year of the past decade.

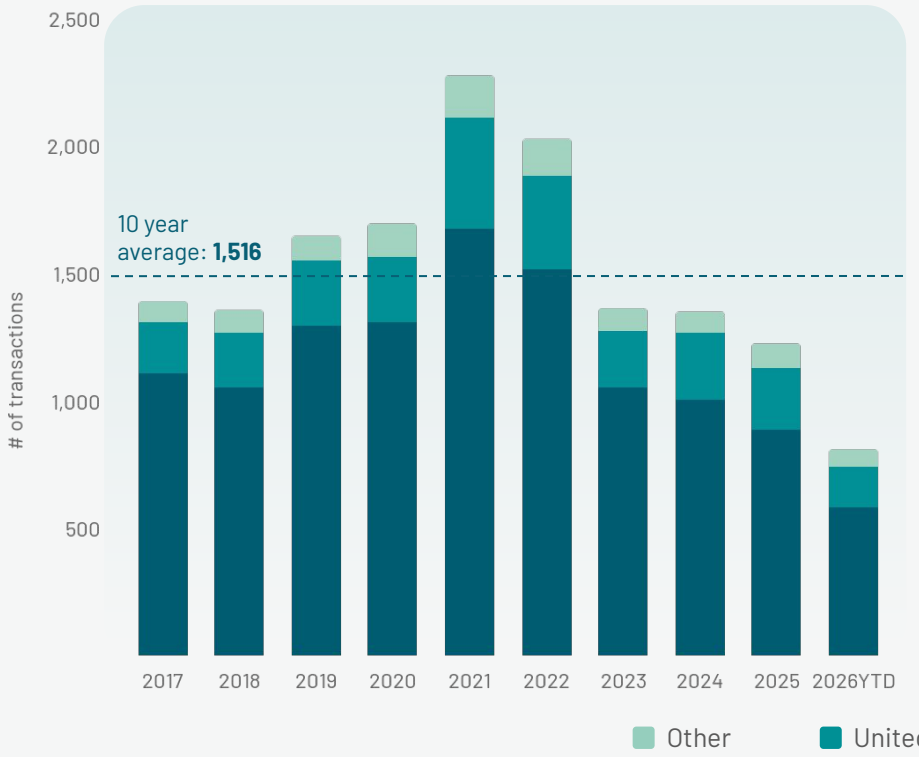
> *Europe's tech investment is reaching new heights, but a thriving ecosystem needs to turn that investment into realised value. M&A is a critical part of that equation: helping companies scale, creating liquidity for founders and investors, and recycling capital into the next generation of innovators. The opportunity now is to build a stronger exit cycle that enables European tech to keep growing and competing globally.*

Katie Cotton
Partner, Orrick

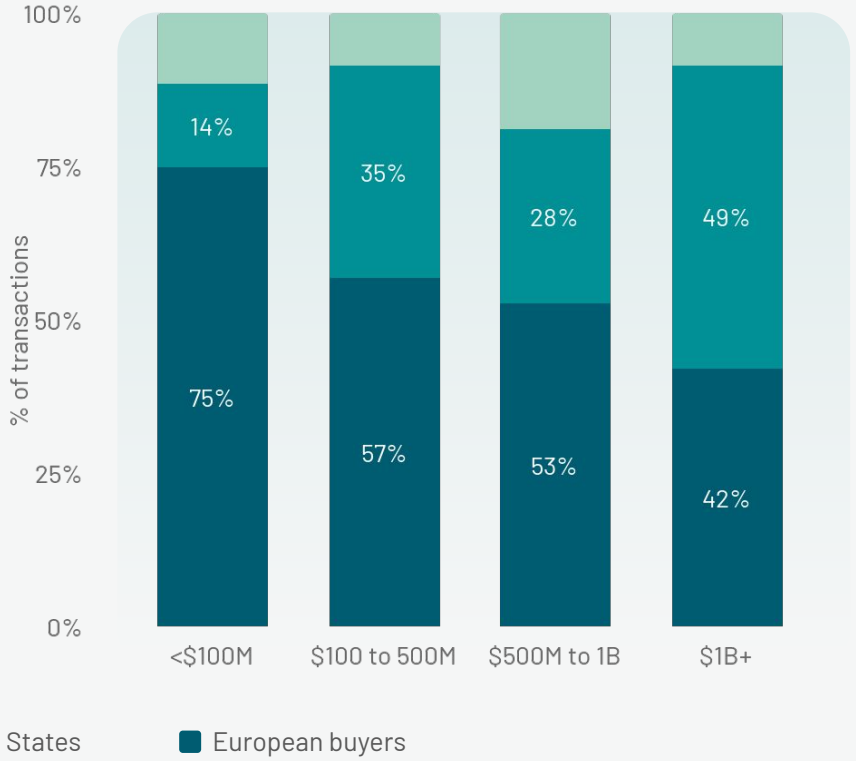


European buyers dominate smaller M&A transactions, but the biggest exits by value are led by US acquirers

Count of European tech M&A transactions by buyer region (#), 2017 to 2026



Share of European tech M&A transactions by deal size and buyer region (%), 2017 to 2026



Source: S&P Global Market Intelligence

Notes: As per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. Includes only completed M&A transactions for 2017 to 2024, includes both announced and completed M&A transactions for 2025 and 2026. Excludes any terminated or withdrawn transactions. Buyer region is based on the buyer's headquarters; transactions where the buyer's headquarters is unknown are excluded.

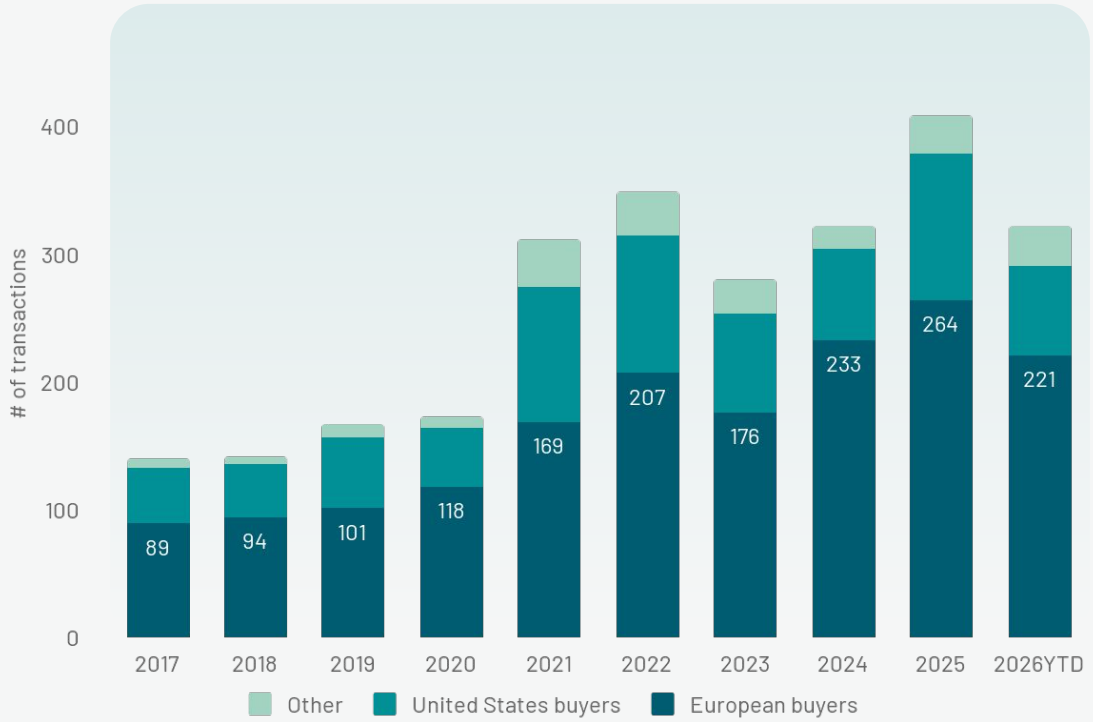
The number of M&A transactions in European tech has declined over the past five years, with 809 deals so far this year compared to almost 2.3k in the whole of 2021. Deals have become larger, though, which has supported overall exit values.

Most buyers of European tech are local, but foreign buyers play a bigger role as deal sizes grow. Between 2017 and 2026, 75% of deals valued at $100M or less had a European buyer, compared to just 42% of transactions valued at $1B+.

SAP in particular stands out by having made two $1B+ European tech acquisitions over the last decade, acquiring Signavio for $1.1B in 2021 and LeanIX for $1.2B in 2023. With so few European companies able to write cheques of that size, **more than half of Europe's most valuable exits, and the ongoing value they accrue, is going to buyers outside of the continent.**

VC-backed scaleups are a growing exit channel, and a deeper homegrown buyer pool further improves liquidity

Count of European tech M&A transactions by private VC-backed buyers, by buyer region (#), 2017 to 2026YTD



Select acqui-hires

Brickanta / ALYSA

Mistral AI / Koyeb

LEGORA / wexler.ai

Lovable / Nalvin

Source: atomico powered by dealroom.co crunchbase

Notes: Data as of 28 October 2026, for illustrative purposes only. Excludes the following: pharma. VC-backed buyers only include private companies at the time of the acquisition.

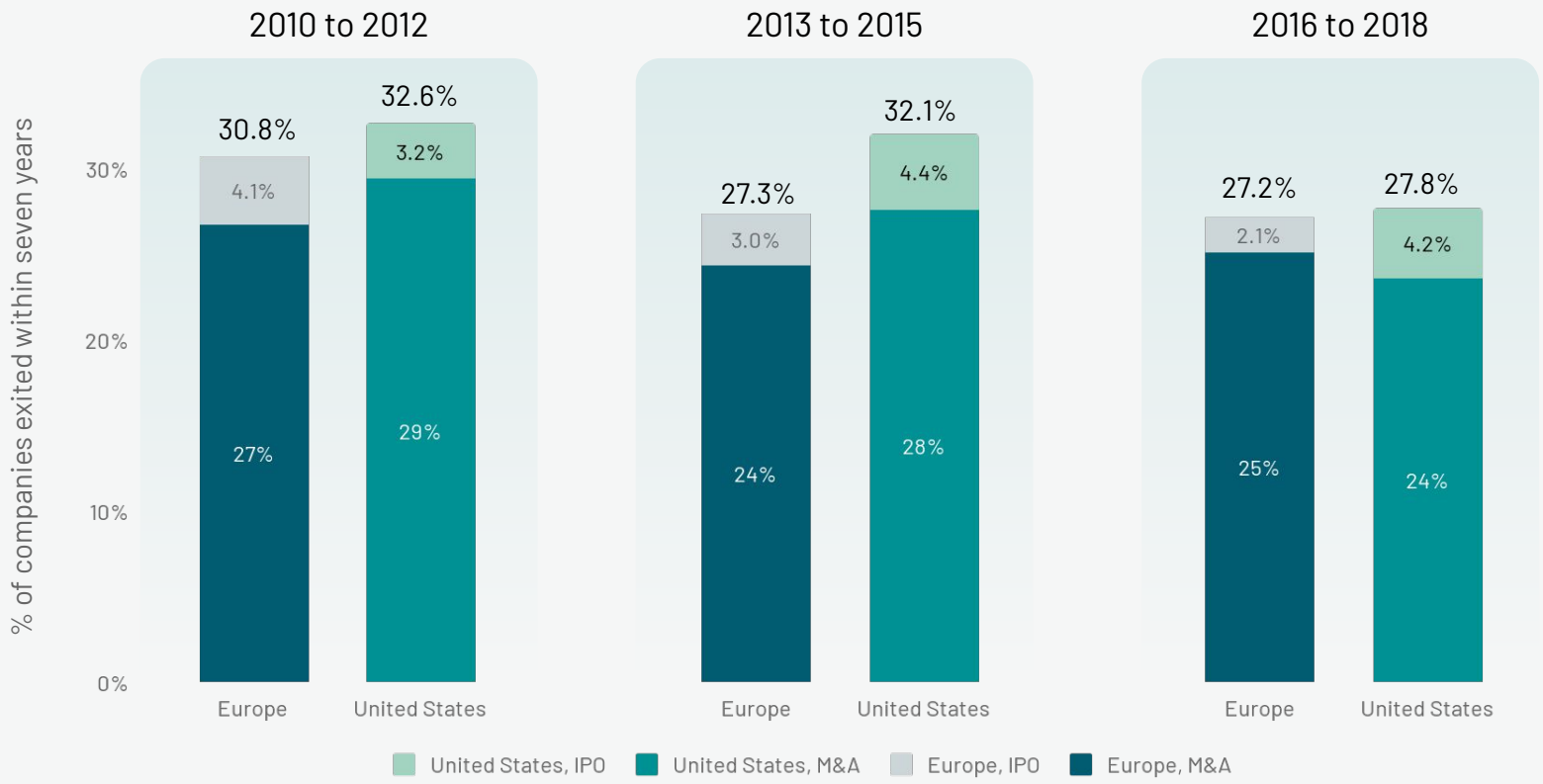
In Europe, acquisitions by homegrown VC-backed buyers are taking place more often. In 2017, just 89 such deals took place, and so far in 2026 there are 221. Europe's top VC-backed acquirers of the last decade include Mews, Quantum Systems and Klarna. Although US VC-backed acquirers make up a smaller part of the pool, Epic Games tops this leaderboard.

Europe needs more companies at the scale where they can acquire smaller firms and consolidate value within the region. The fact we don't is a result of the growth capital gap: fewer companies have the chance to reach this level of scale, and they have less cash in the bank to leverage towards acquisitions.

Still, there is a growing trend of acqui-hires among Europe's top tech builders. In July, Legora announced its fifth acquisition, Wexler. Also in July, Lovable acquired AI agent company Nalvin. In February, Mistral completed its first-ever acquisition with AI infrastructure startup Koyeb.

Europe is building a liquid exit market, exiting as often as the US. Now it needs more and bigger outcomes

Share of companies exited within seven years (%) by exit route and year of Series A round, Europe versus United States, 2010 to 2018



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Using a company's earliest labelled Series A round. Exit is the first IPO, including SPAC listings, or M&A (including buyouts).

European companies that raise a Series A round are now just as likely to reach an exit as their US peers.

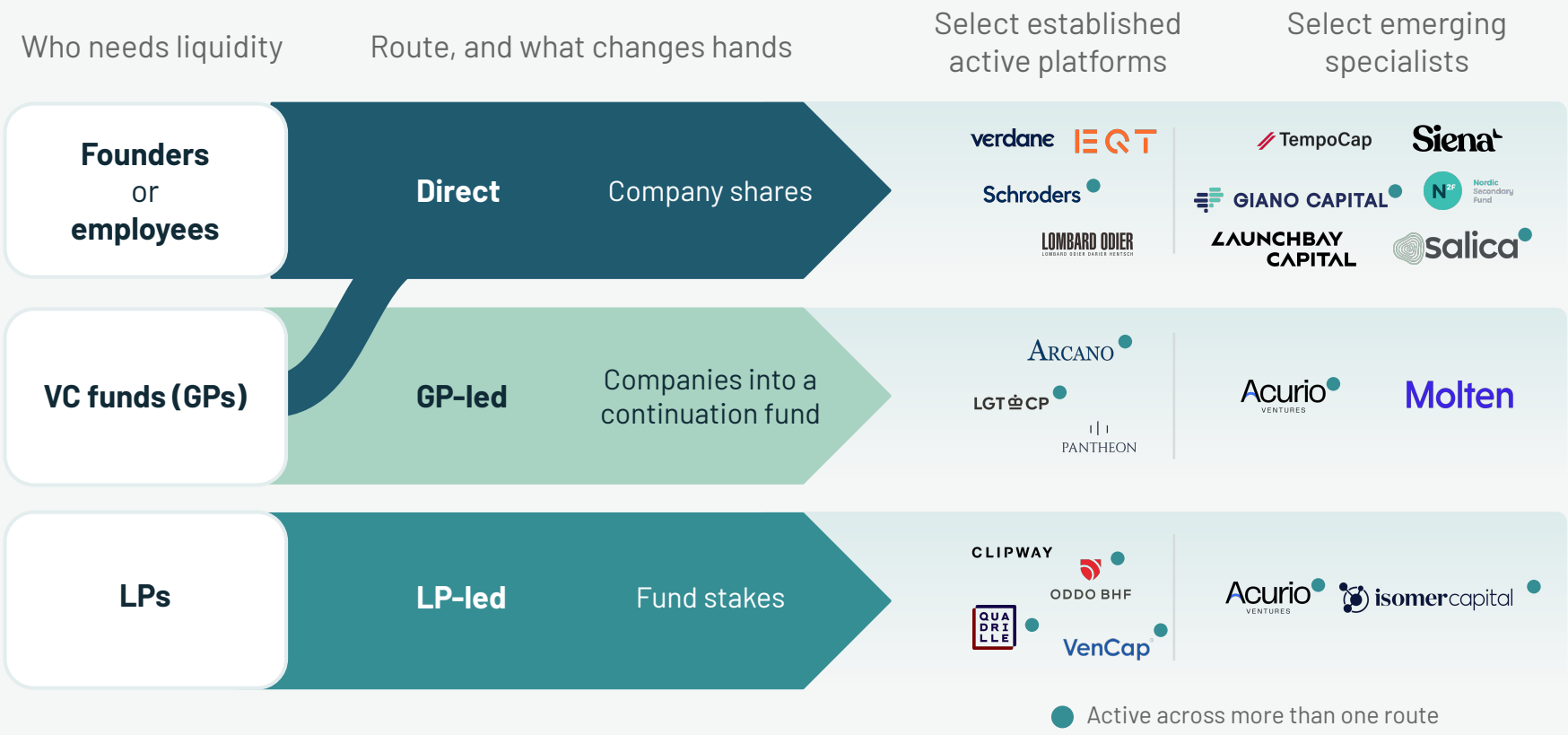
Of the European companies that raised a Series A round between 2016 and 2018, 27.2% had exited through an IPO or M&A transaction within seven years, against 27.8% in the US. The trendline shows the gap is narrowing, with the US leading by nearly five percentage points for the 2013 to 2015 cohort at 32.1%, against 27.3% in Europe.

That European conversion to exit in the 2016 to 2018 cohort has held steady in the face of a more muted capital environment speaks to the resilience of the companies being built from the continent today. Moreover, Europe also gets there on smaller cheques: adjusted for round size, Europe is ahead for the 2016 to 2018 vintages.

The route taken is where Europe still falls short. European companies now exit as often as US ones, but are half as likely to exit through an IPO. Until Europe's public markets represent a more viable exit route for its companies, much of the value they create will be realised and owned elsewhere.

Europe must build the core infrastructure for deeper pools of secondary liquidity

How a European venture secondary market works



Source: atomico

Notes: Illustrative, not exhaustive. Based on publicly disclosed company information. "Specialists" are defined as European funds dedicated to venture secondaries; Molten is a listed VC investor that anchored a continuation fund.

As Europe's companies stay private for longer, secondaries are becoming core infrastructure, giving founders, employees, GPs and LPs a way to turn paper value into cash.

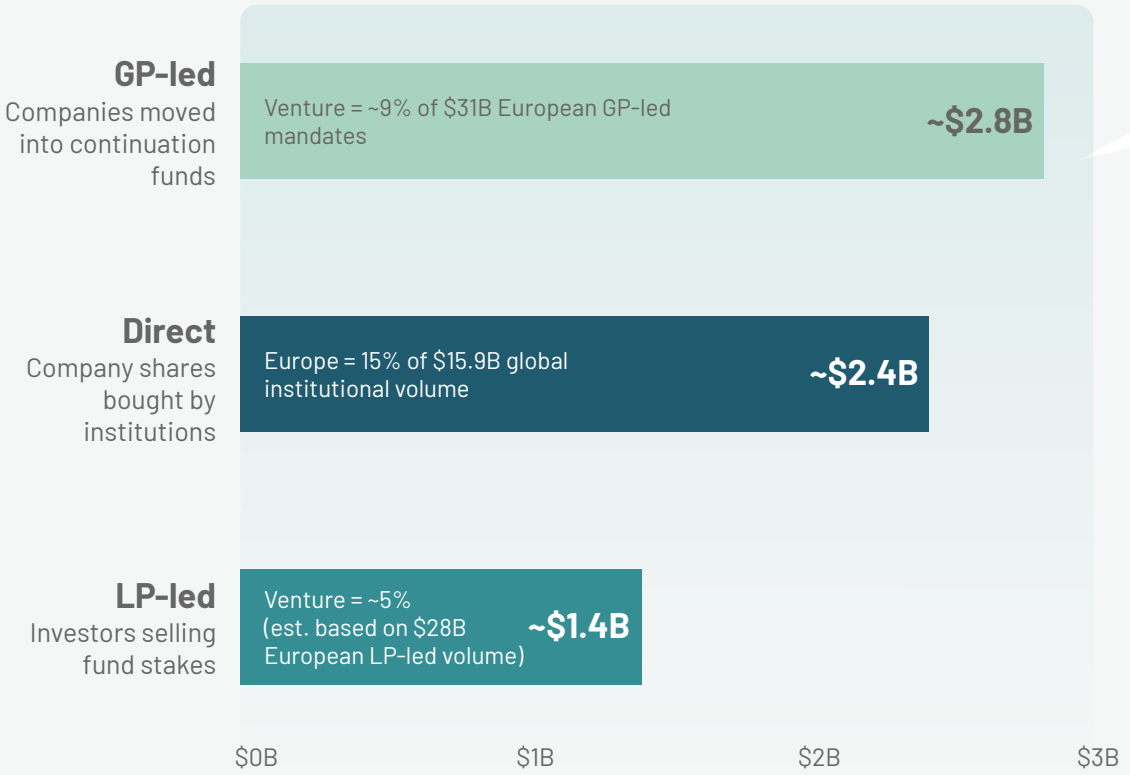
There are three routes to doing this, as illustrated here. All of them are now in use, and a first generation of European specialists is now raising capital for venture secondaries. But, as in primary funding, the largest cheques remain America's domain. US institutions led Revolut's secondary valued at $115B in July 2026 and ElevenLabs' $300M tender in September.

That has three costs. Capital stays locked in maturing positions, ownership of Europe's best companies moves to US buyers, and equity that employees cannot sell is worth less to them.

Europe must build deeper pools of secondary liquidity at home: dedicated capital for VC secondaries, as well as the venues, intermediaries, standard terms and pricing data that let secondaries trade routinely.

Despite progress, liquidity for European tech still falls short of demand

European venture secondary volume by route, 2025 (indicative)



~$6.6B across all three routes in 2025

Compared to

$506B last-round value of 385 companies valued between $500M and $5B

47,900 employees fully vested and waiting on a liquidity window

52% of those companies are 10 or more years old

Source: atomico powered by revelio labs, dealroom.co, crunchbase, PitchBook, William Blair, Campbell Lutyens

Notes: Indicative. GP-led and LP-led apply venture's share of capital to William Blair's European totals; direct is institutional direct secondaries. Supply is last disclosed post-money valuation; tenure from Revelio Labs.

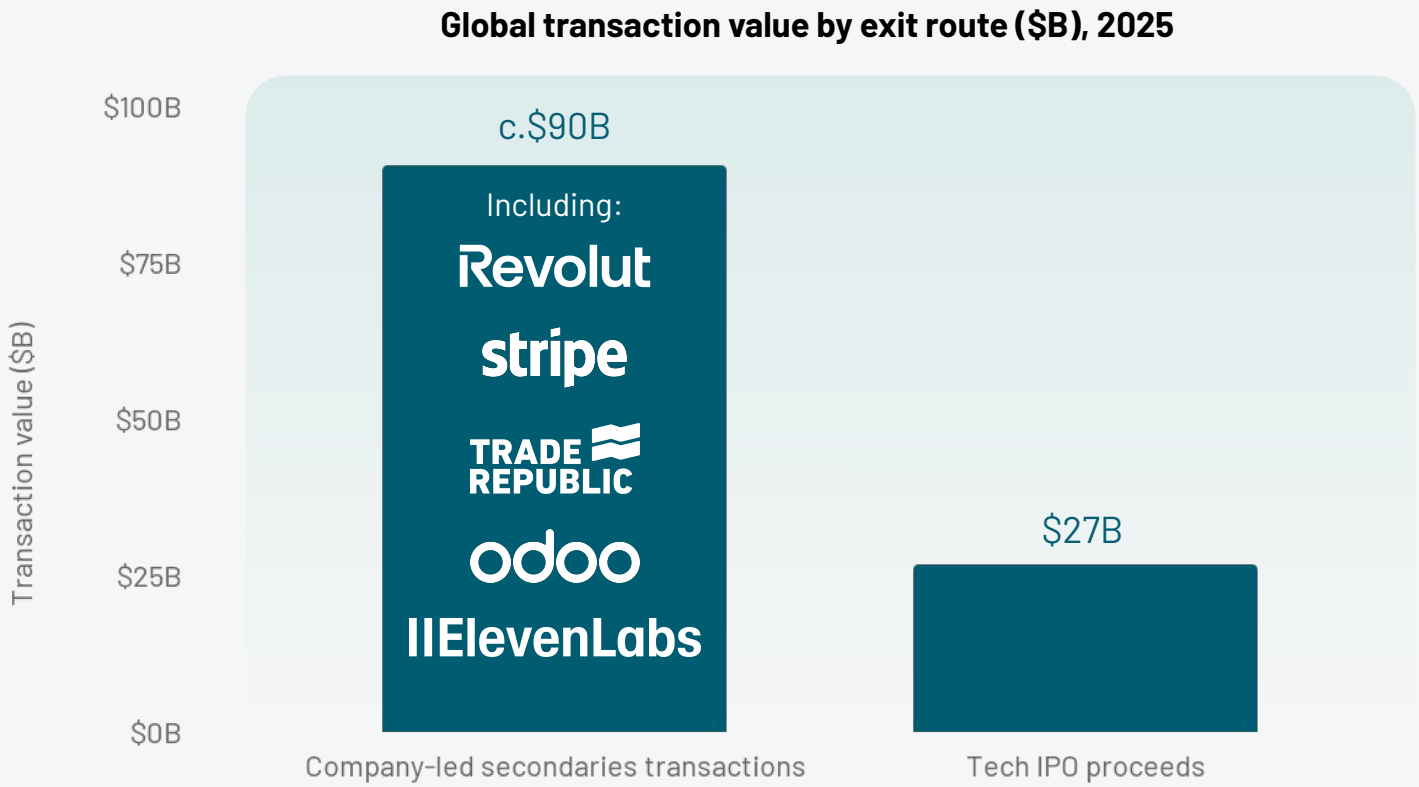
Europe has a growing number of scaled, growth-stage winners, backed by investors who need a route to liquidity and built by employees who are waiting to be rewarded.

There are nearly 400 still-private European companies valued between $500M and $5B, with a combined value of $506B as of their latest rounds. They have close to 48k fully vested employees between them.

But the demand is not there to unleash that unrealised value. **Across all three routes, European venture secondaries came to roughly $6.6B in 2025, with buying concentrated in a handful of household names.**

Europe needs a dedicated secondary capital market large enough to give its scaleups, their investors and their teams a reliable route to liquidity.

Secondaries, once a workaround, are now core liquidity infrastructure



Source: STIFEL S&P Global Market Intelligence

Notes: Company-led secondaries data based on the 'Company-Led Secondaries' report published in March 2026, sourced from Stifel Intelligence, converted at EUR:USD of 1.1732, the rate on 31 December 2025. Tech IPO proceeds as per S&P Global Market Intelligence, as of 20 October 2026. Tech IPO proceeds reflect gross amount offered in completed tech IPOs globally by IPO date. Excludes any withdrawn transactions.

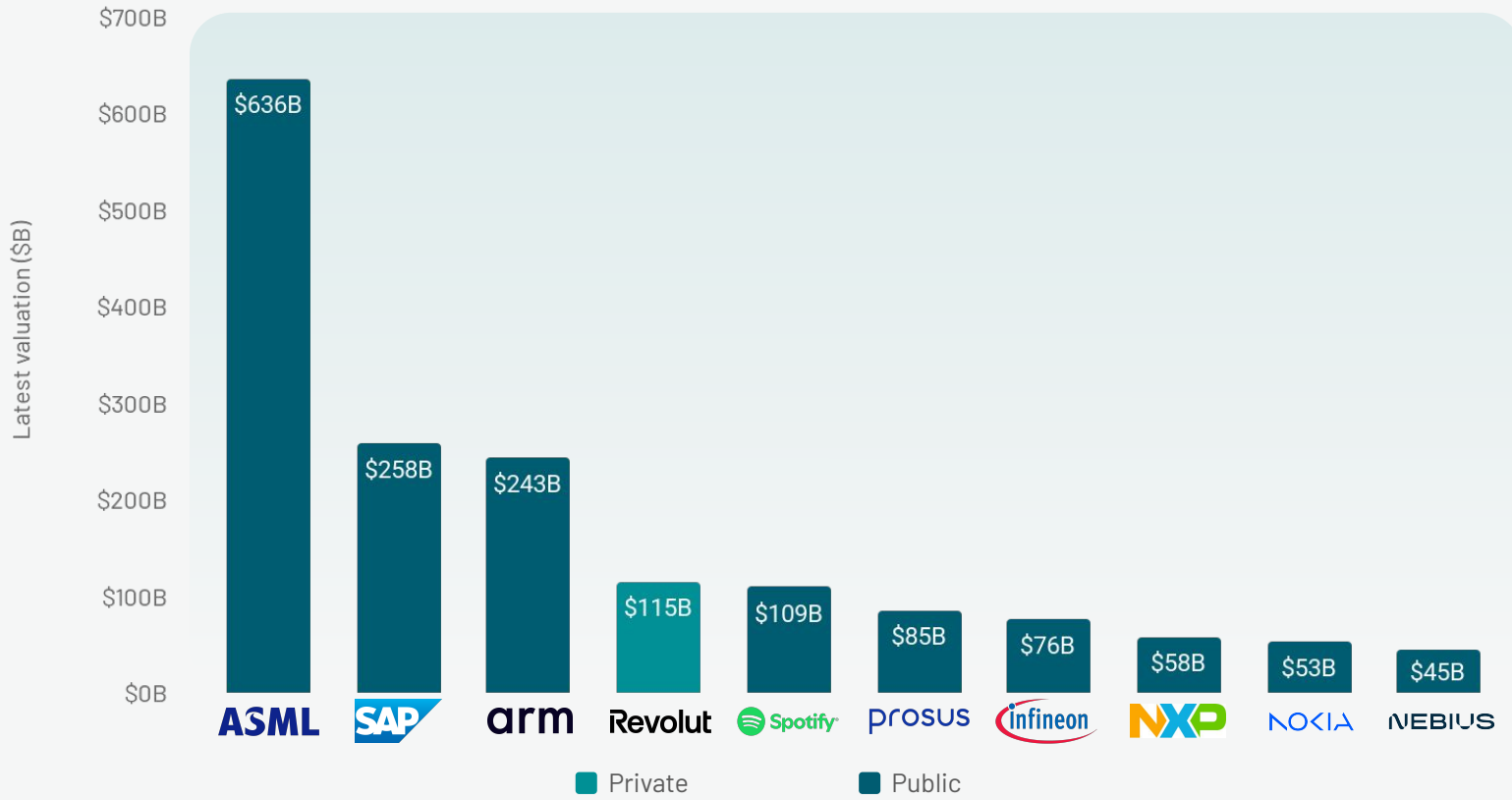
With the IPO window still not fully open, tech companies are staying private for longer. This creates a liquidity challenge for employees waiting to realise the value of their equity and investors who want to return capital to LPs in the timeframes promised.

The solution is, increasingly, secondaries. Once stigmatised as a sign that faith in an investment had been lost, this mechanism now sits alongside IPOs and M&A as a credible route to liquidity. **Last year, around $90B of proceeds were generated through secondary sales** as shares in companies like Revolut, ElevenLabs and Stripe changed hands. This compared to just $27B of proceeds raised through tech IPOs.

For companies, secondaries reward early investors and talent without forcing an exit. **And crucially for the wider ecosystem, they free up both talent and capital to be recycled back into tech.**

Europe's tech ceiling keeps resetting higher, and a trillion-dollar outcome is now a matter of when, not if

Top 10 European tech companies by ownership status and by latest valuation ($B), 2026



Source: S&P Global Market Intelligence atomico

Notes: Valuation of public companies as per S&P Global Market Intelligence, as of 20 October 2026, for illustrative purposes only. Valuation of private companies (Revolut) based on latest publicly reported valuation.

European companies may face barriers when it comes to achieving scale as regularly as those building in other parts of the world, but still, plenty have achieved it. ASML is worth $636B as of 20 October 2026, and accounts for almost 28% of the value of Europe's public tech ecosystem.

At that scale, a $1T European tech company feels like an inevitability, whether that's ASML or another contender. Europe has a strong talent base, a growing cohort of homegrown champions and an ecosystem that has grown from $0.9T in 2017 to $4.4T today. **The foundations for more companies to reach that scale are in place.**

03

European Resilience

The capacity to build technologies the world depends on, and the freedom for Europe to act on its own terms.

Europe can build the tech it depends on, and now needs to scale it

For some time, we have argued that Europe must define its future on its own terms**. This year showed the cost of not doing so.** Among others, European companies and citizens faced rising energy bills and higher prices on goods hit by US tariffs.

Much of this stems from Europe's position in the global economy. Europe has historically sourced much of its energy from Russia and its security from the US. **Partnership with aligned allies will always be important.** But today, the continent is exposed to decisions made beyond its borders.

Capital is starting to mobilise. In 2026, 88% of European VC went to companies building European resilience. Public buyers have been slower, though, with innovation procurement stuck at around 9% of public procurement since 2021, despite a 20% EU target.

We define resilience as Europe's capacity to build, own and access the technologies its economy and security depend on. Some of these Europe can build itself, but the goal is not to wall ourselves off. **Resilience also comes from diversified supply and access through trusted partners**. Europe needs to be a partner others can depend on and stay open.

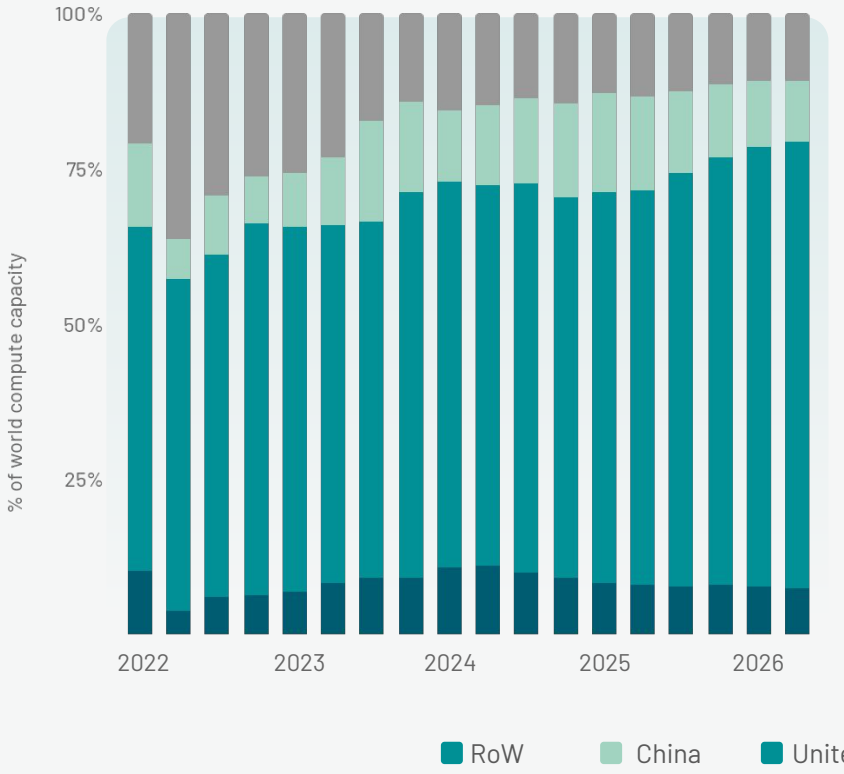
That spans the obvious, from Mistral and Nscale in compute and intelligence to Helsing in defence, and the less obvious, such as payments infrastructure. Sustainability runs throughout. Efficient logistics, cleaner and cheaper materials, and abundant, homegrown energy make Europe more resilient and productive.

Building is something Europe already does well, with around 40% of the world's early-stage quantum companies and a third of early-stage space companies in its borders. But the value of these success stories increasingly flows to overseas investors.

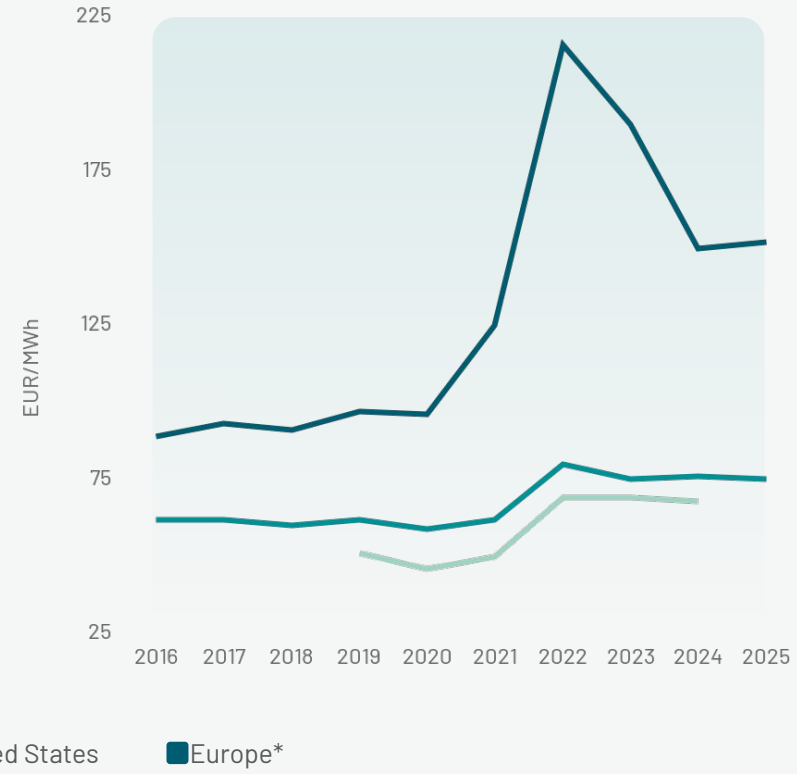
This chapter maps where Europe leads, competes and lags, follows the capital flowing in, and examines existing strengths that give Europe a stronger hand in its partnerships.

A fragmented world makes singular dependencies riskier and reliable partnerships more vital

Share of global compute capacity by region (%), 2022 to Q2'26



Industrial electricity end-user prices by region (EUR/MWh), 2016 to 2025



Source: EPOCH AI ACER

Notes: * Europe includes EU and UK, Norway and Switzerland for Europe's share of compute power but only the European Union for electricity prices. Share of global compute shows cumulative AI chip arrivals since 2022 in H100-equivalents, by destination country, based on customs records, while China includes domestic production. Arrivals mark where chips land, not deployment or ownership.

For decades, Europe sourced much of its energy from Russia, its manufacturing from Asia and its security from the US. But in a more fragmented world, replying on a select few carries more risk.

That risk is now most acute in compute. It is fast becoming the infrastructure that energy grids, payment systems, information and defence run on, **and the capacity to build and run it sits overwhelmingly outside of Europe.** The US accounts for just over 72% of global compute capacity, compared to around 7% in Europe.

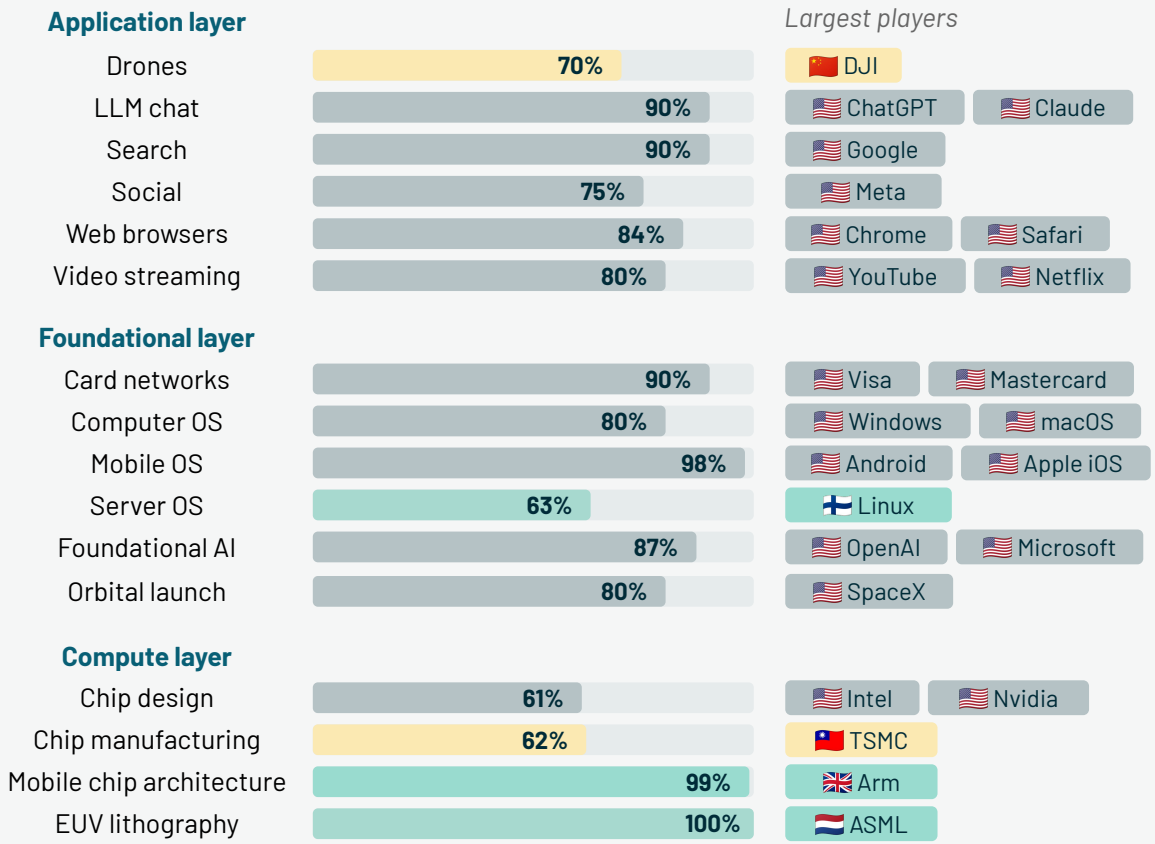
Energy prices exacerbate the problem. Data centres need large volumes of cheap, reliable power, and European businesses pay €151 per MWh, more than double the US.

Europe already controls a critical point in the AI supply chain, with every advanced chip in the world depending on ASML's lithography machines. That gives it a strong hand in working with allies to distribute compute access more widely. Bringing down the cost of energy would also make Europe a far more attractive host for it.

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Europe can build, and has built, dominant critical technologies, but in far too few layers of the stack

Combined market share (%) of selected players by critical technology



Source: dealroom.co

Notes: Indicative estimates based on desktop research on 2024 data. DeepL is an Atomico portfolio company.

Europe is producing some of the world's fastest-growing AI application companies. **But they build on foundations owned elsewhere.** Almost all Mobile OS in Europe is provided by Android and Apple, for example, while Google holds 90% of the search market.

In mobile and foundational large language models, winners appear settled. Mistral AI is an exception as one of the few European companies building LLMs at scale and the compute to run them. It raised $830M of debt in March 2026 for a data centre near Paris with 13,800 Nvidia GPUs, and its $1.9B Series C in 2025 was led by ASML. World models and other specialist models are a different story. **Europe has a track record of building global category leaders, from ASML and Arm to Ericsson and Nokia**, and it's doing so again with the likes of DeepL in translation and Black Forest Labs in visual intelligence.

> *Europe needs to be competitive across the entire AI value chain, versus just in applications. That means investing and owning more of the foundational technology, particularly our own models, compute infrastructure and technical expertise and IP behind them. Strengthening all of these capabilities is critical to Europe's technical sovereignty, and to ensuring we can truly capture the value AI creates, so we can compete and lead globally.*

Jarek Kutylowski
Founder and CEO, DeepL



Resilience means Europe can build, scale and own the critical technologies it depends on

Build it

What it looks like

Europe turns its research and its best talent into companies building critical technologies at home, from energy and compute to advanced manufacturing, and beyond.

Why it matters

Europe can only lead in the layers of the stack it chooses to build itself. Retaining talent, fostering entrepreneurship, and converting research and ideas into companies is where that starts.

Scale it

What it looks like

Founders can raise the capital they need in Europe, from Seed to IPO, backed by deep pools of growth capital, a true single market and strong public markets.

Why it matters

When Europe's best companies sell to US buyers or move to the US, the value, jobs and know-how go with them. Scale turns promising startups and consequential technology into global champions that define and lead categories.

Own it

What it looks like

Europe owns control points in the stack where its technology leads, and secures everything else through trusted allies and diversified supply, so it can always access the critical inputs it needs.

Why it matters

Resilience is tested under stress, as 2026 showed. When Europe owns its strongest assets and IP, it sets its own terms and brings real leverage to its alliances. That makes it a partner others depend on, and keeps Europe open and running.

A resilient Europe runs on more than energy, compute and defence, extending to critical systems that power modern economies and societies

European Resilience categories powering modern economies and societies

Compute & Intelligence
How Europe processes and owns intelligence

NSCALE
Mistral AI

Defence
Deterring, detecting and responding to physical and digital threats

QUANTUM SYSTEMS
Helsing

Health & Techbio
Discovering, producing and supplying critical health products

Isomorphic Labs
NEKO

Energy
Producing, transporting, sorting and distributing energy

Proxima Fusion
tem

Money & Trust Rails
How money moves, and how value, identity and ownership are established and exchanged

Split Pay
paymentology

Physical Systems
Intelligence applied to robotics, manufacturing, and other physical processes

PHYSICS X
NEURA

Movement & Logistics
The systems that keep goods and people moving

WAYVE
oxa

Space & Orbital Access
Launch, satellite communications and access to orbit

ICEYE
The Exploration Company

Food Systems
Technologies underpinning secure access to food and animal feed

Tropic
ORBEM

Climate & Civil Resilience
Anticipating and supporting the needs of citizens, and absorbing shocks

GROPYUS
Reverion

Network Infrastructure
Data centres and telecoms that keep people, machines and institutions connected

Bondio
N3XGEN CLOUD

Critical Materials & Industrial Inputs
The upstream inputs Europe's industrial base depends on

cusp.ai
Stegra

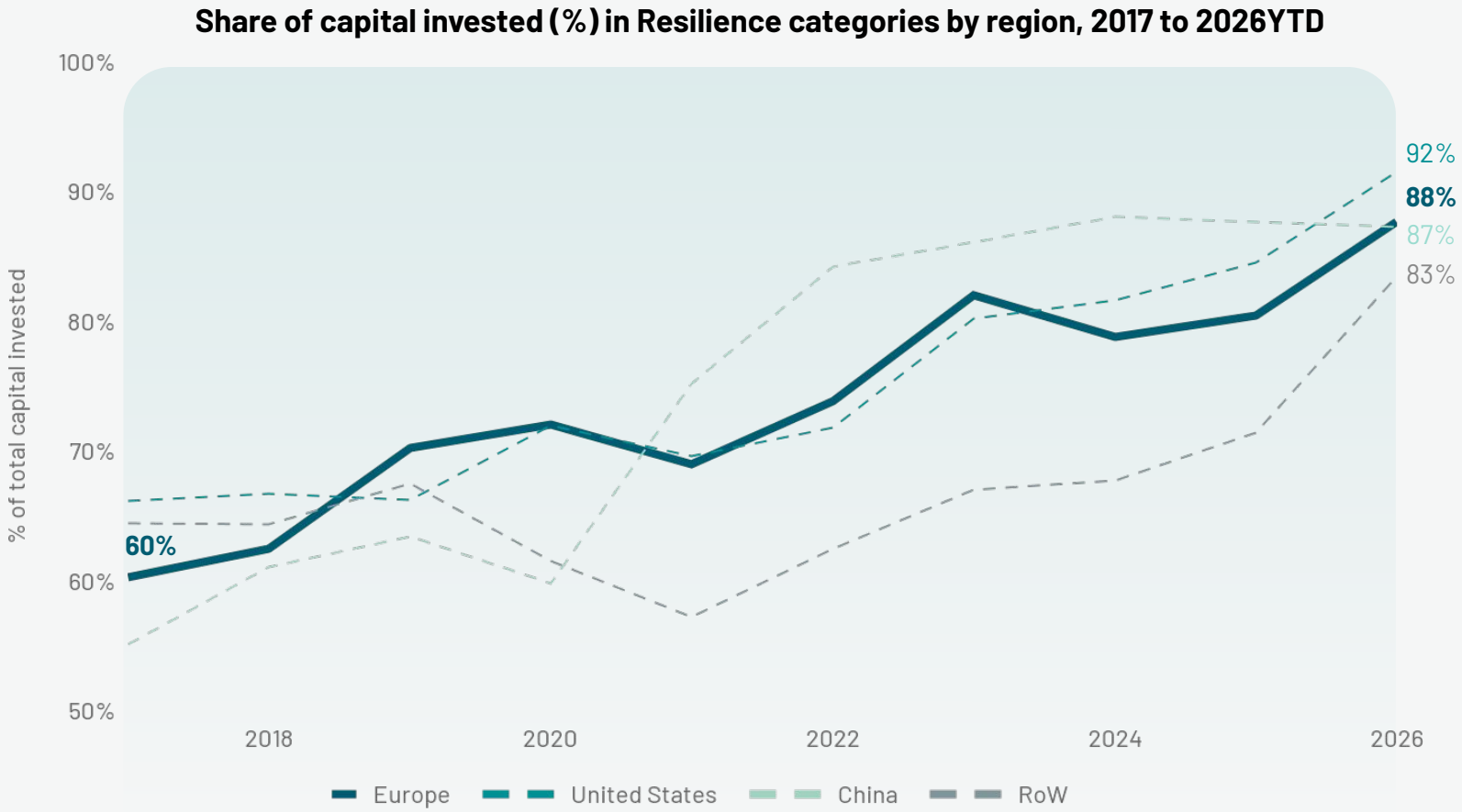
Source: atomico

Notes: Neko Health, Tem, PhysicsX and The Exploration Company are Atomico portfolio companies.

What does "resilience" mean in the context of European technology? **We define resilience as the capacity for Europe to build, own and access the technologies its economy and security depend on.** This encompasses a broad range of tech categories, spanning the obvious (AI, energy and defence) to the sorts of technologies that, for most citizens, run in the background but which would be deeply felt if something were to break (such as telecommunications and logistics networks, healthcare, and access to food and feed supplies).

We also ask a few additional questions. Does society need this week-to-week, or could we go without for a year? Is access controlled by one country or company? If access stopped, how long would it take to replace? And would it disable other systems? The answers determine how important we consider different systems and technologies to be within the overall theme of resilience, and give 12 mutually exclusive core categories defined within resilience.

Investing in European technology is investing in European resilience



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Resilience categories are the 12 European Resilience categories defined (see page before), where one company can only get assigned to one category. Note enterprise software and consumer fall outside of Resilience.

Today, 88% of capital invested in Europe goes to resilience categories, up from 60% in 2017.

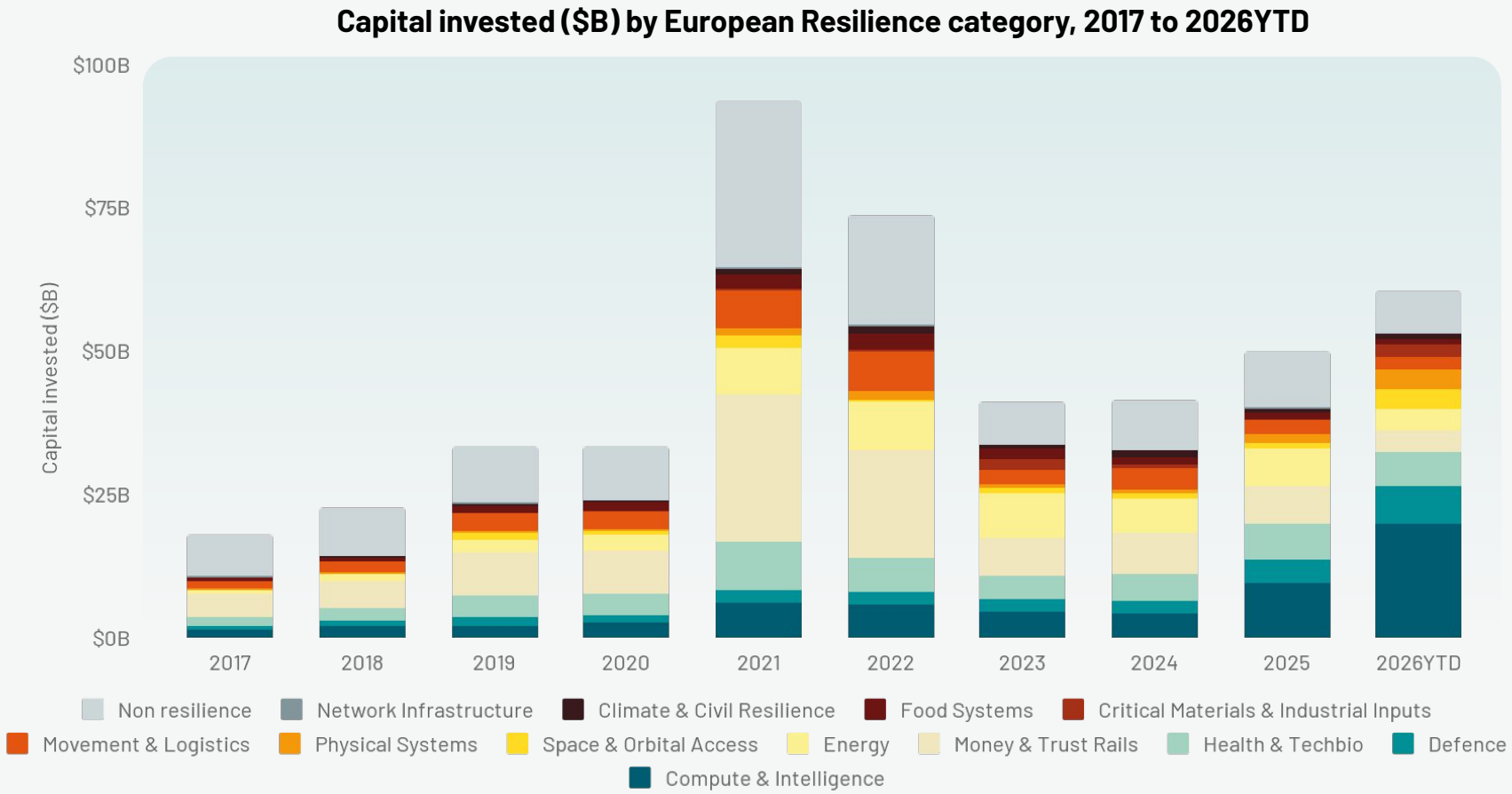
That share is high because tech now underpins almost everything, from how we communicate and pay to how energy is generated. AI, compute, manufacturing, energy and defence lead current debates, but losing the means to communicate or make payments would also leave Europe exposed. **Building European tech capacity is a resilience agenda in itself**, though some areas are more urgent than others.

In the 2010s, consumer and enterprise software companies were the hot topics, and resilience was neither perceived as necessary, nor as a major opportunity.

Since then, Europe and its peers have doubled down on investment into critical technologies. China, which has only out-invested Europe on resilience since 2021, now leads in Climate & Civil Resilience, from solar panels to batteries and EVs. The US, which invests around 92% of capital in resilience, has become a Compute & Intelligence leader, with OpenAI and Anthropic dominating.

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European capital is moving down the stack, concentrating in compute, intelligence and defence



Source: atomico powered by dealroom.co crunchbase

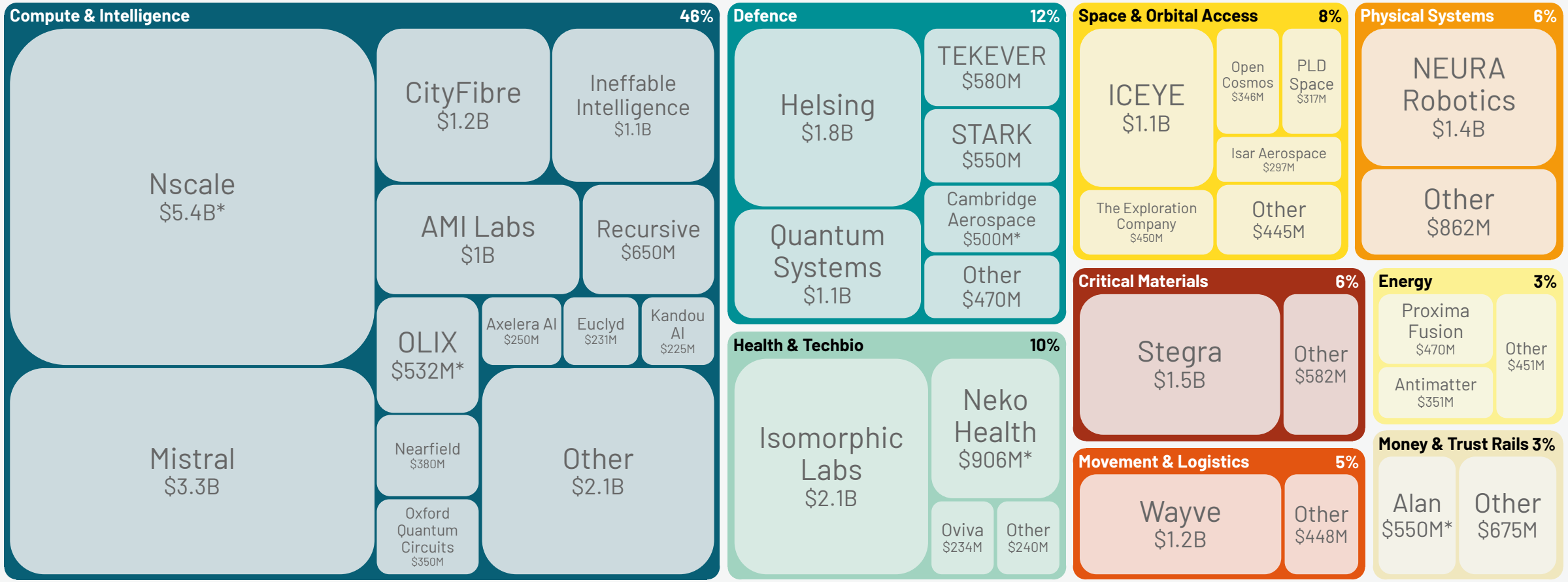
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Resilience categories are the 12 European Resilience categories defined (see page 79), where one company can only get assigned to one category. Note enterprise software and consumer fall outside of Resilience.

Investment in Compute & Intelligence is the top category by some distance, with $20B invested during the first nine months of 2026. This is more than double the $9.5B invested last year, and also well ahead of the next largest resilience category, Defence, with $6.7B invested.

Investment in Money & Trust Rails has been declining since 2021, in line with a global pullback on fintech investment. Europe's fintech boom produced world-class application-layer companies, including Revolut, as well as key payment rails firms, led by Adyen. The shift to Compute & Intelligence and Defence shows capital moving further down the stack into critical infrastructure.

Compute and defence drive over half of the largest rounds building European resilience, led by Nscale, Mistral and Helsing

Share of $100M+ resilience rounds in Europe, 2026YTD

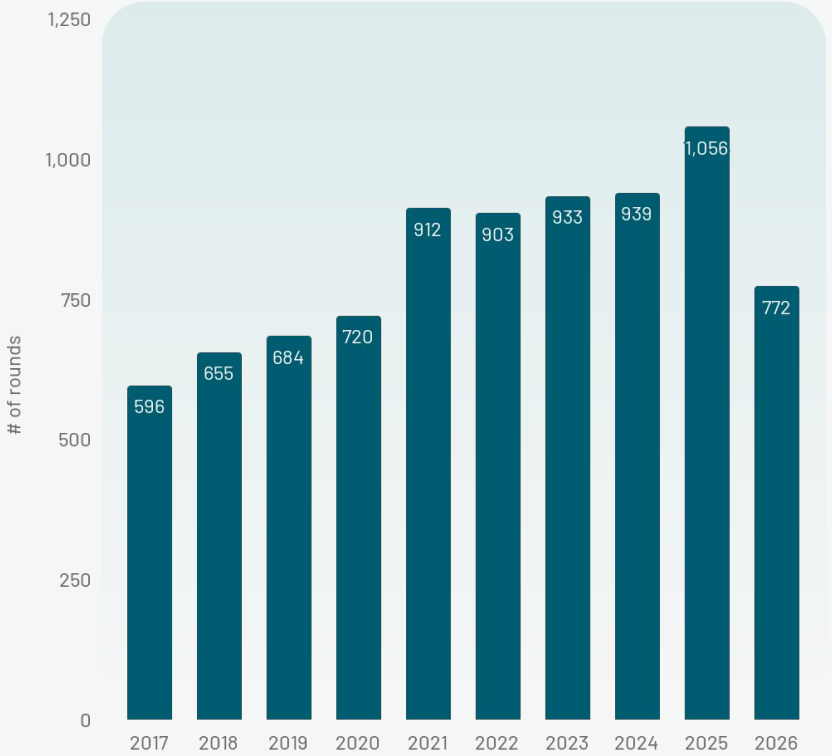


Source: atomico powered by dealroom.co crunchbase

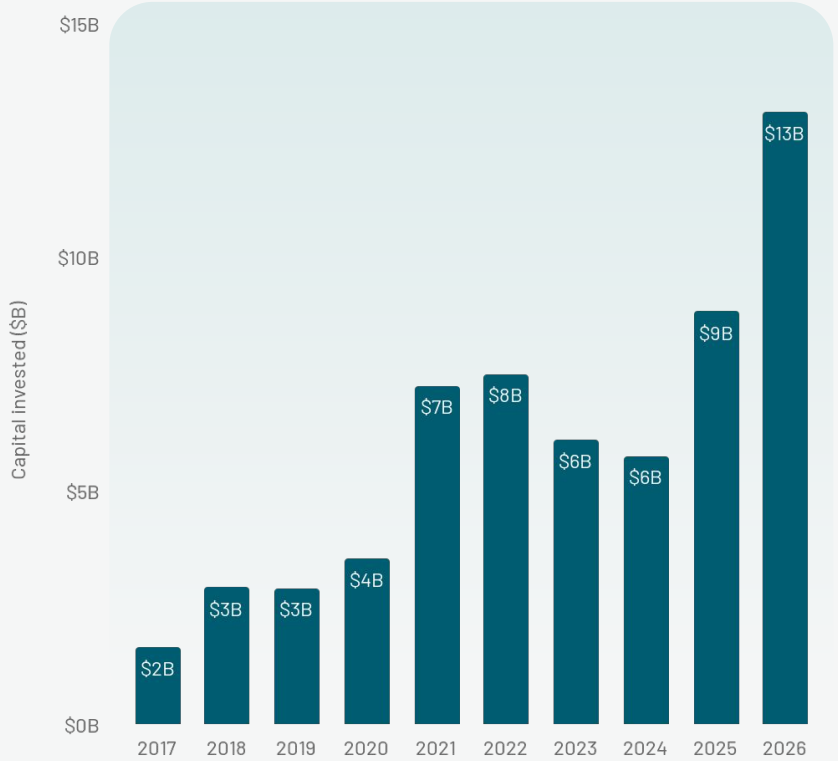
Notes: Data as of 30 September 2026. Covers individual $100M+ rounds raised by European companies in the 12 European Resilience categories (see page 79). Excludes pharma, debt, lending capital and grants. Climate & Civil Resilience and Food Systems not shown (1.1% combined). *Sum of two rounds. Numbers may not add up to 100 due to rounding.

Deeper, critical tech is playing to Europe's heritage of world-class universities and research labs

Number of rounds raised by European academic spinouts (#), 2017 to 2026



Total capital invested ($B) in European academic spinouts, 2017 to 2026



Source: dealroom.co

Notes: Data is as of 30 September 2026. Full year 2026 extrapolated linearly from year-to-date data. Academic spinouts are European tech companies that Dealroom tags as spinouts and whose spinout round names a university, research body, university hospital or tech-transfer office as the parent. Corporate and non-IP spinouts are excluded. Excludes the following: pharma, debt, lending capital, and grants.

Europe's spinout ecosystem is scaling and on track for its strongest-ever year, as measured by capital invested into spinouts.

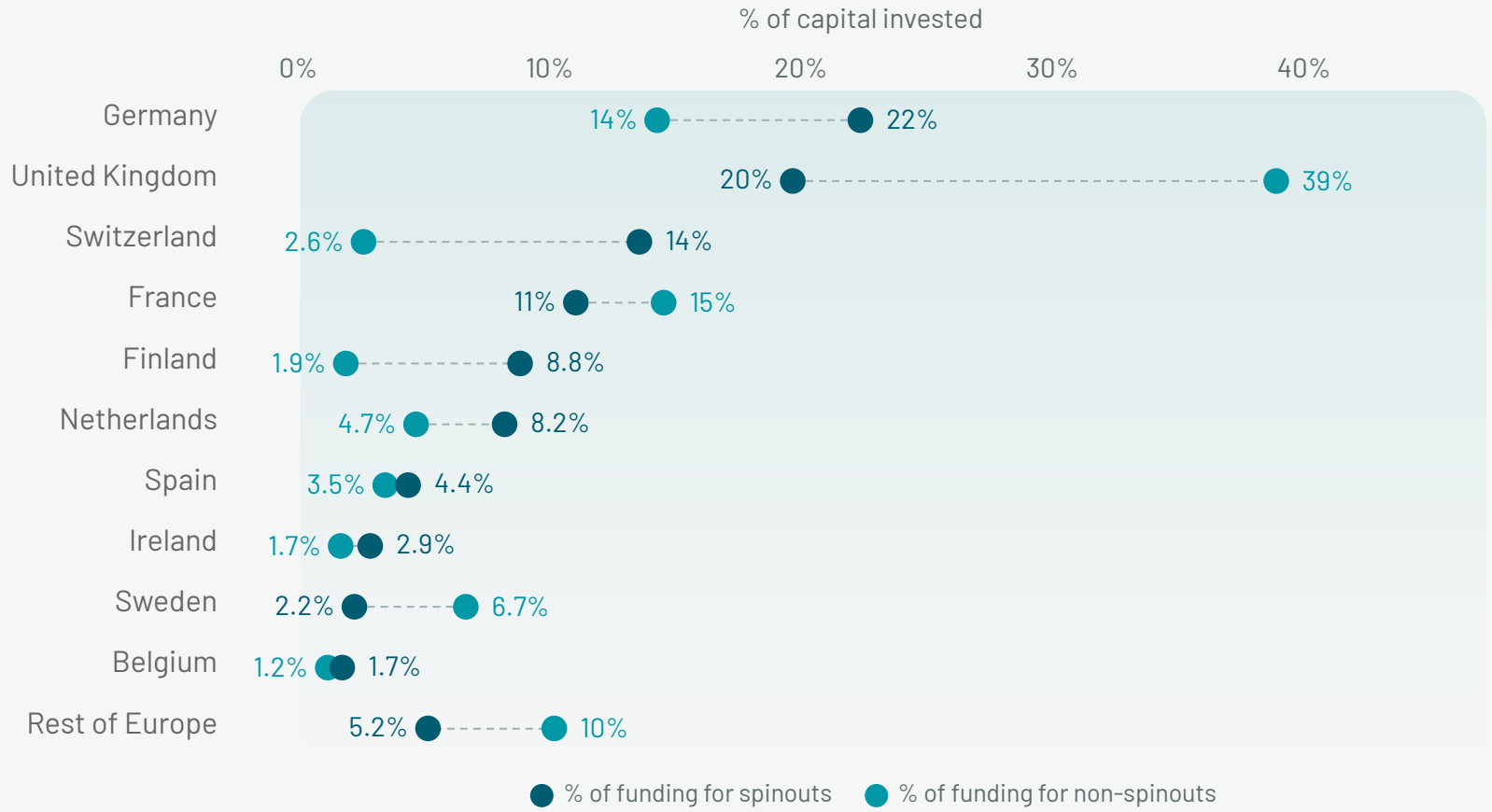
Academic spinouts are companies that have formed within a university or research setting, so IP can be commercialised, turning scientific discoveries into real-world products and services the public can experience.

As resilience shifts the focus to deep tech, this is an opportunity for Europe to play into its inherent strengths. The continent is home to 45% of the world's top 100 universities, and four of the world's top 10 technical universities (compared to three in the US).

This year's record spinout funding reflects the number of European companies that started life in research institutions that are now achieving scale and can thus command large ticket sizes. It also explains the big jump in funding levels despite fewer deals overall than in previous years. Large rounds accounted for the majority of funding, with 21 $100M+ rounds raised by 30 September, with companies like ICEYE (from Aalto University), Quantum Systems (Bundeswehr University Munich) and Proxima Fusion (Max Planck Institute for Plasma Physics) raising the largest rounds.

Spinouts from frontier research are redrawing Europe's tech map around its centres of excellence

Share of capital invested in European spinouts versus non-spinouts (%), 2024 to 2026YTD



Source: dealroom.co

Notes: Data is as of 30 September 2026. Academic spinouts are European tech companies that Dealroom tags as spinouts and whose spinout round names a university, research body, university hospital or tech-transfer office as the parent. Corporate and non-IP spinouts are excluded. Excludes the following: pharma, debt, lending capital, and grants. Countries shown are the 10 with the most academic-spinout capital in 2024 to 2026YTD.

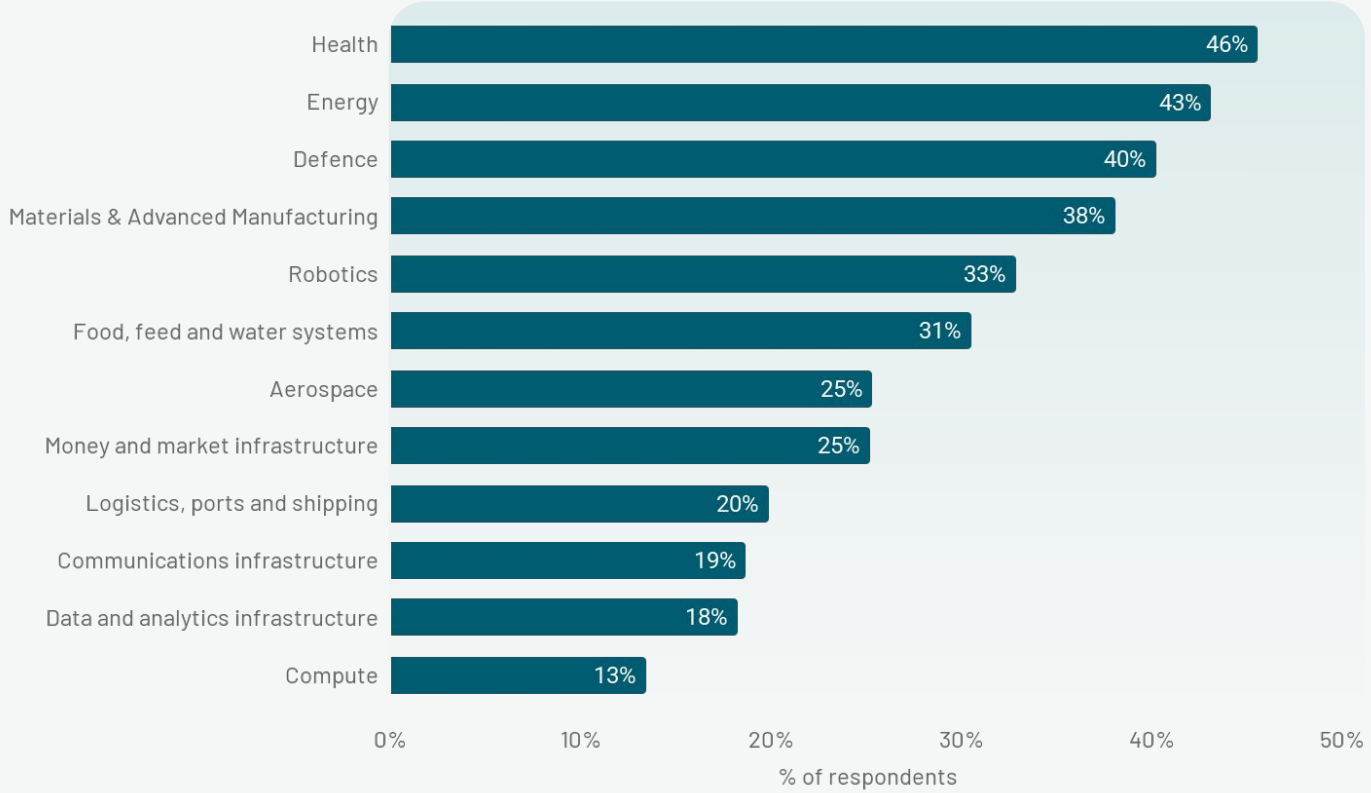
Spinouts are spreading company building and investment across a wider map of European countries and cities than the rest of the startup ecosystem.

German spinouts raise the largest share of all spinout capital in Europe at 22%, while other German startups take just 14% of all non-spinout capital. Those deals included the $470M raise in July by Proxima Fusion, the first ever spinout from the Max Planck Institute for Plasma Physics. In Finland, the Netherlands, Switzerland and Spain, home to Aalto University, TU Delft, ETH Zurich and Universidad Politécnica de Madrid, respectively, we also see spinouts raising a greater share of capital than non-spinouts.

This goes to show how much of an impact leading universities are having when it comes to incubating technology companies, particularly where efforts have been made to align on research commercialisation. In Germany, for example, the Technical University of Munich startup lab, UnternehmerTUM, consistently tops the Financial Times' annual ranking of startup hubs. It also has a partnership with the VC firm UVC to support deal flow.

The ecosystem sees greatest opportunity for global leadership in health, energy and defence

In which capabilities do you think European tech has the greatest opportunity to build global leadership?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

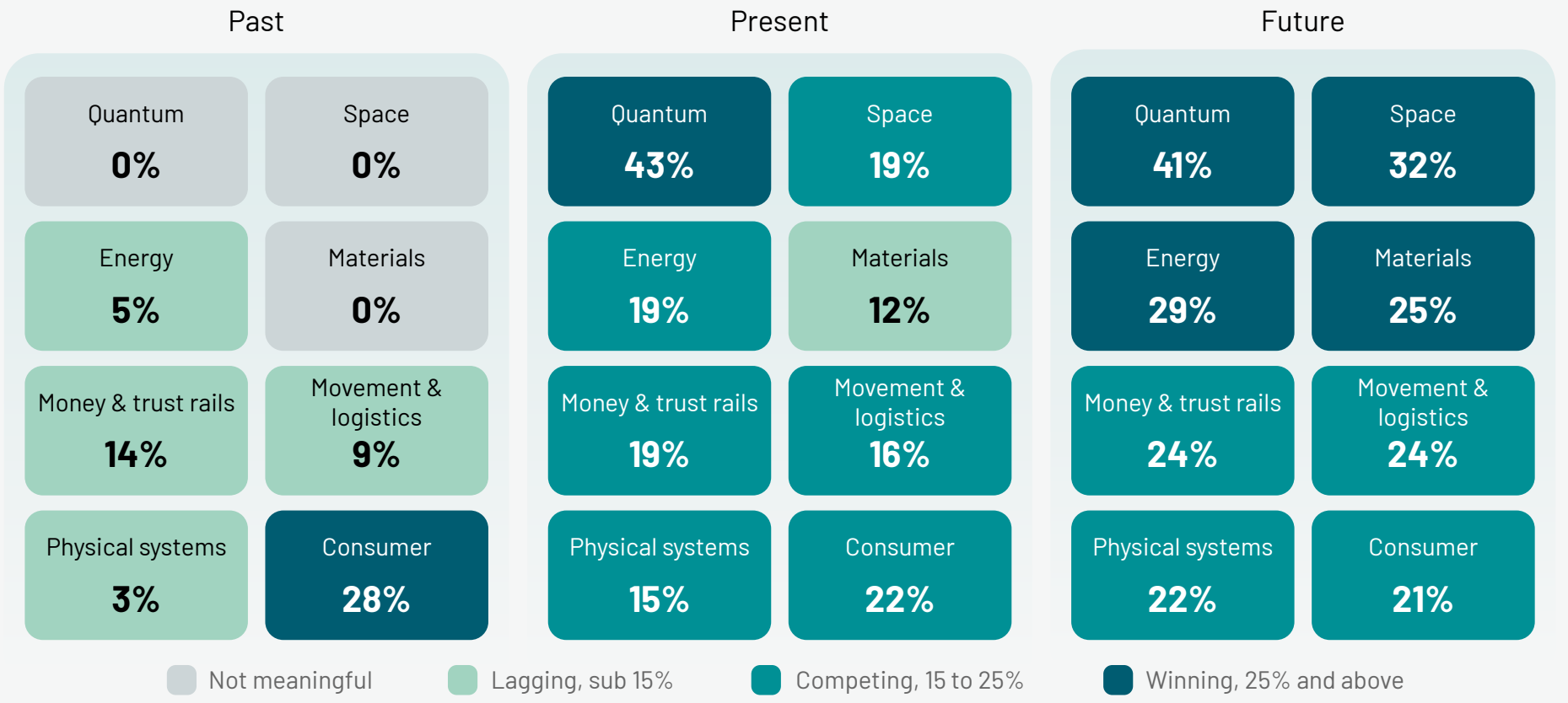
Notes: All respondents. Multi-select question where respondents could select all that apply, chart shows top options only. Respondents who selected "None of the above" account for 3% and are excluded from chart.

Asked where European tech can lead, our survey puts health and energy first. Defence (40%), materials and advanced manufacturing (38%) and robotics (33%) follow, pointing to **opportunities in physical AI and the reindustrialisation of Europe.** Compute is last at 13%, suggesting respondents are ready to concede leadership in a critical field.

Defence as a top pick rises to 48% among CEE respondents and 66% in Estonia. With war on their doorsteps, they are most attuned to the scale of what's needed to stay safe.

Europe is already building the next generation of global leaders in quantum, space, energy and beyond

Europe's share of companies by count of global total per select theme and company lifecycle* (%), 2026



Source: atomico powered by dealroom.co crunchbase S&P Global Market Intelligence

Notes: Data as of 30 September 2026 for the private companies and as of 20 October 2026 for public companies. * By company lifecycle, 'Past' refers to top 1,000 public tech companies, 'Present' to $50M+ funded private tech and 'Future' to sub $15M funded private tech.

Europe's present and future startup cohorts hold a meaningful share of the companies building across critical technology domains. The past is a lagging indicator, shaped by a first wave of champions that sat close to the consumer. The next wave bridges the digital and physical worlds, in quantum, space, energy and materials, and draws on an industrial and research base that took generations to build and is hard to replicate. AI runs through all of these and is bringing that future forward, with Europe's deep technical talent putting it to work. These are the categories where Europe has the clearest chance to build global leaders, provided capital scales with them.

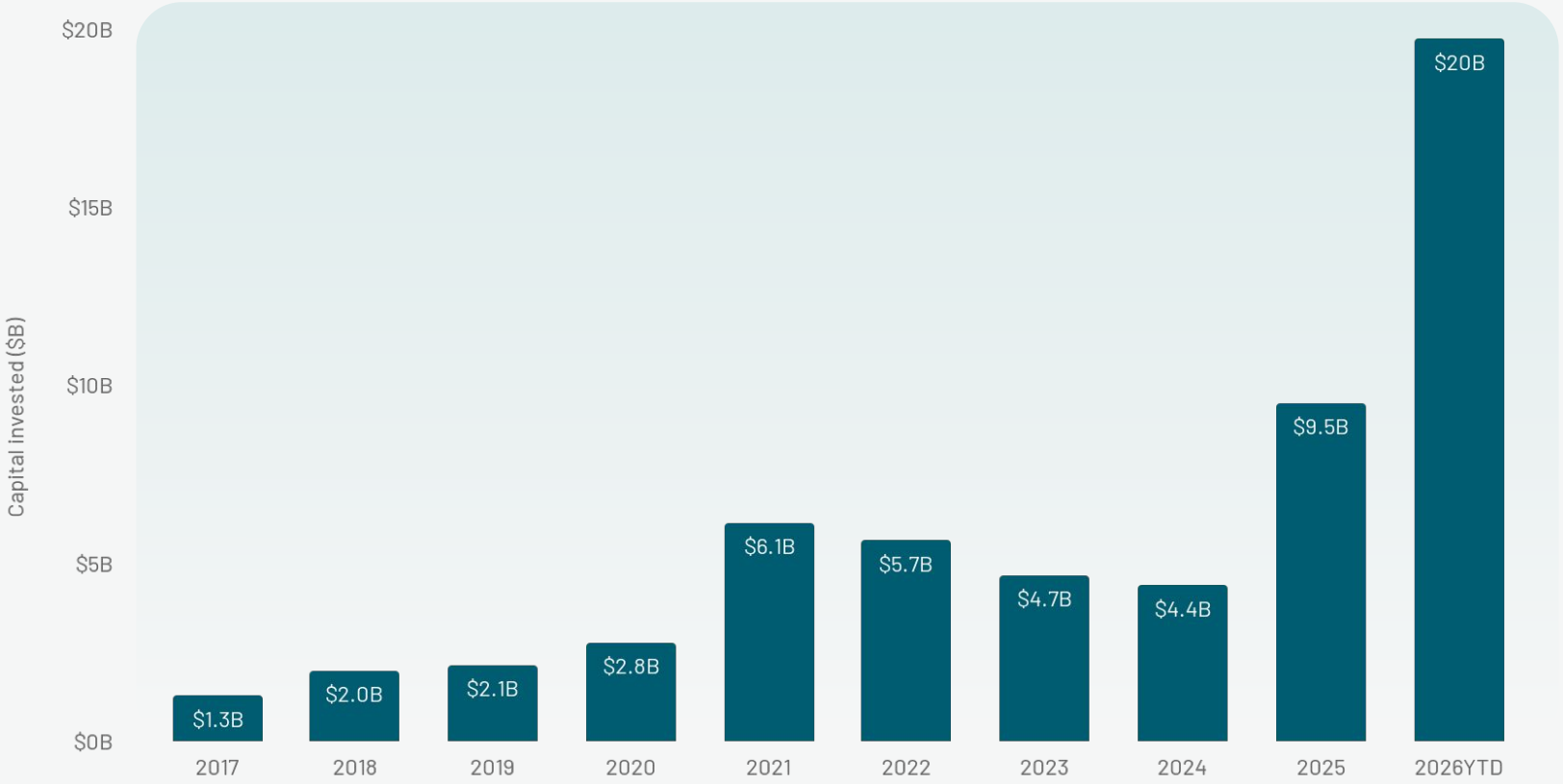
> *Europe can lead the quantum era from the start. Its supercomputing centres already run quantum computers, and customers are moving from exploration to implementation. Scaling takes early buyers, growth capital and the freedom to build here. We built a global quantum company from Europe. The next ones can too.*

Jan Goetz
Founder, IQM



AI drives progress in every critical technology, and Europe is investing more than ever

Capital invested ($B) in European Compute & Intelligence companies, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants.

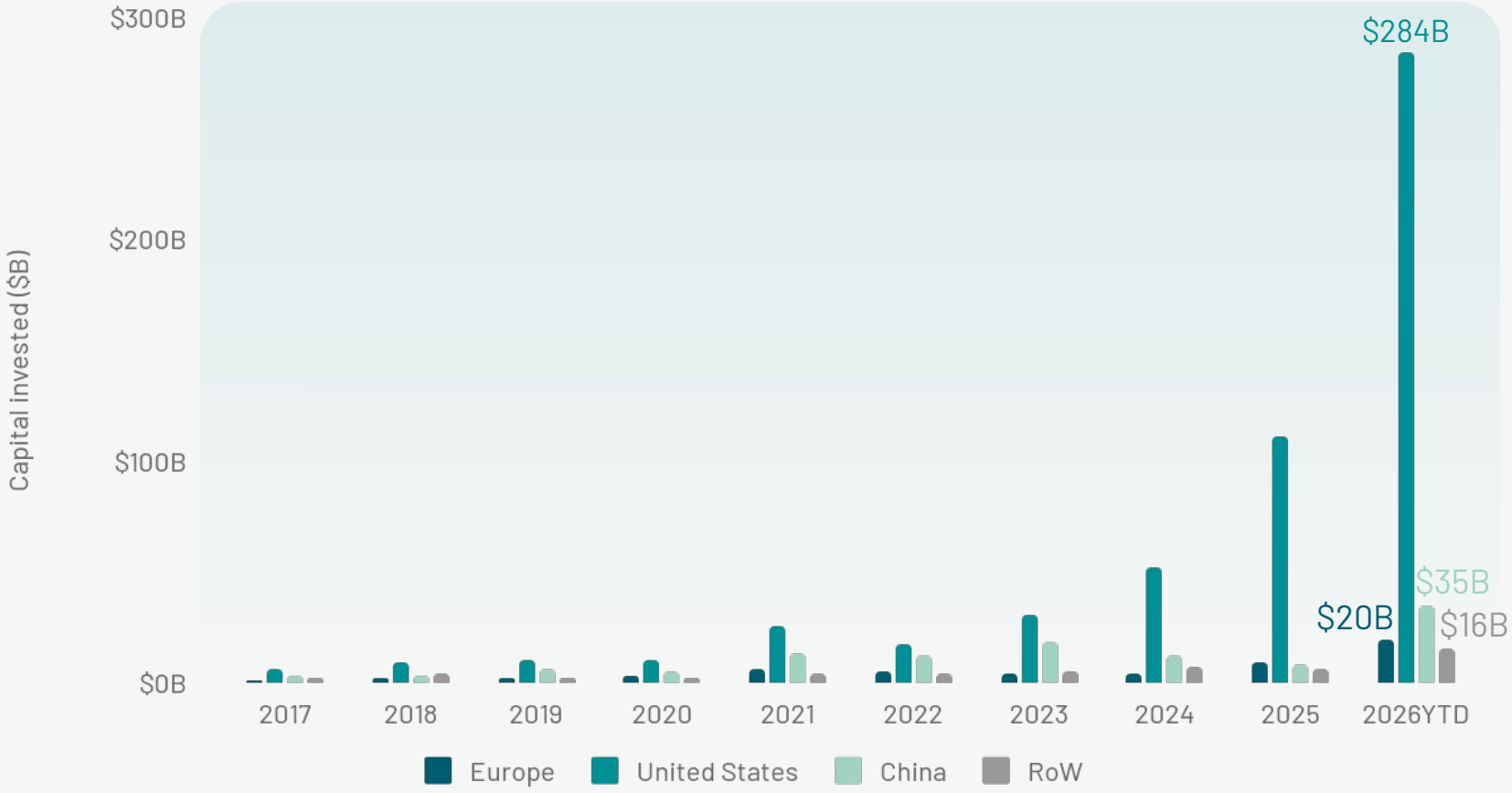
Investment in Compute & Intelligence has more than doubled in a year in Europe, rising from $9.5B in 2025 to $20B so far in 2026.

Europe now has competitive companies emerging at every layer of the AI stack. Nscale is building the compute, while Fractile, OLIX, Callosum and Lace Lithography, among others, are working on the chips and chipmaking technology beneath it. Mistral and Aleph Alpha are building sovereign and open-weight models that businesses and governments can run on their own terms. Black Forest Labs and ElevenLabs are among the global leaders in generative media. A new generation of research labs focused on world models and other frontier AI, including AMI Labs and Ineffable Intelligence, is choosing to build and scale from Europe.

Capital is unsurprisingly concentrated, with Nscale and Mistral taking nearly half of this year's investment. How much of the AI stack Europe can build and own will depend on the depth of the field behind them, and on their ability to commercialise leading products, keep scaling and attract deep pools of talent and capital.

Faster isn't fast enough. The US invested 5x as much in AI in nine months this year as Europe did in a decade

Capital invested ($B) in Compute & Intelligence by region, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants.

Europe is investing in AI faster than ever, but the US has pulled away in the past three years.

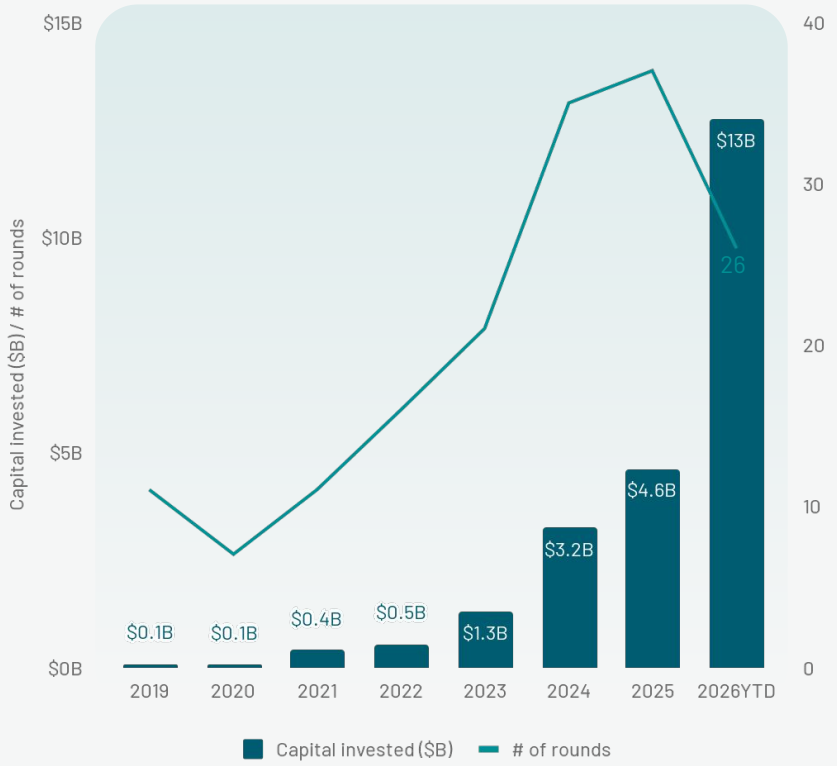
Europe's Compute & Intelligence funding more than doubled this year. Yet the rise in US investment alone was larger than everything Europe has invested in a decade. Most of it went to a few frontier labs, with OpenAI and Anthropic taking 61% global funding. These are infrastructure-scale rounds to pay for compute, and European private capital markets lack the depth to invest at this scale. As and when both labs list, the gap will move to the public markets.

For now, Europe cannot match this level of investment. That forces Europe's founders, companies and institutions to make tough decisions about where to build and where to compete, while Europe keeps building capital deep enough to fund those choices at global scale.

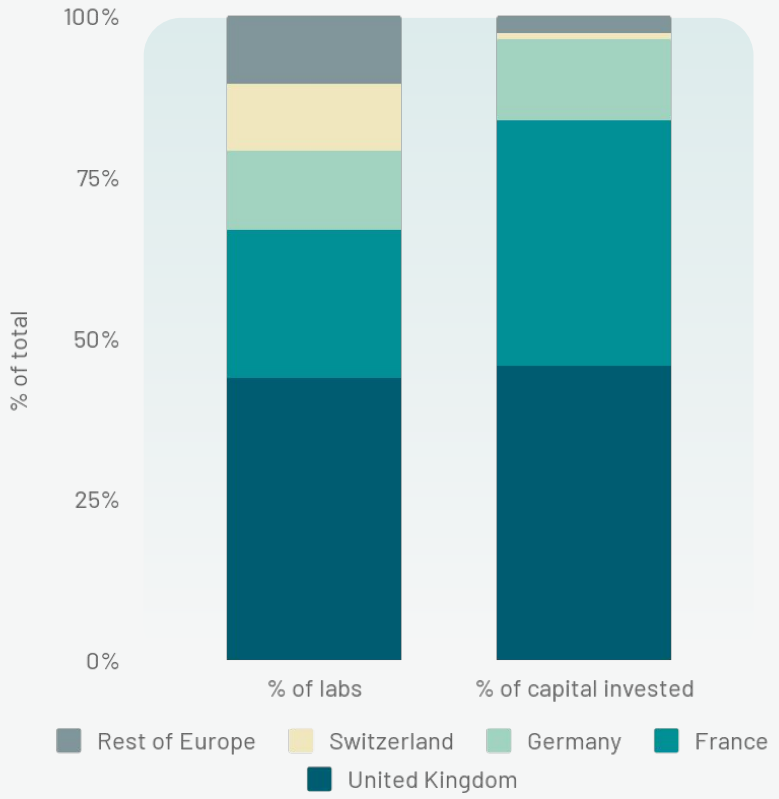
Yet the AI frontier remains early and wide open, and Europe's deep AI talent is attracting record capital

Investments in European frontier AI labs, 2019* to 2026YTD

Capital invested ($B) and count of rounds (#)



Labs count and capital invested by country (%)



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: debt, lending capital, and grants. *The first investment was in 2019. Frontier AI labs include 57 European companies that pre-train their own foundation models across general-purpose, science, robotics and media.

The AI race has early leaders, but it is far from decided.

Winners have emerged in large language models, but LLMs are one approach among many. The frontier is only beginning to open up: world models, new architectures, physical AI labs building intelligence for machines, and vertical labs training models for science, health and industry.

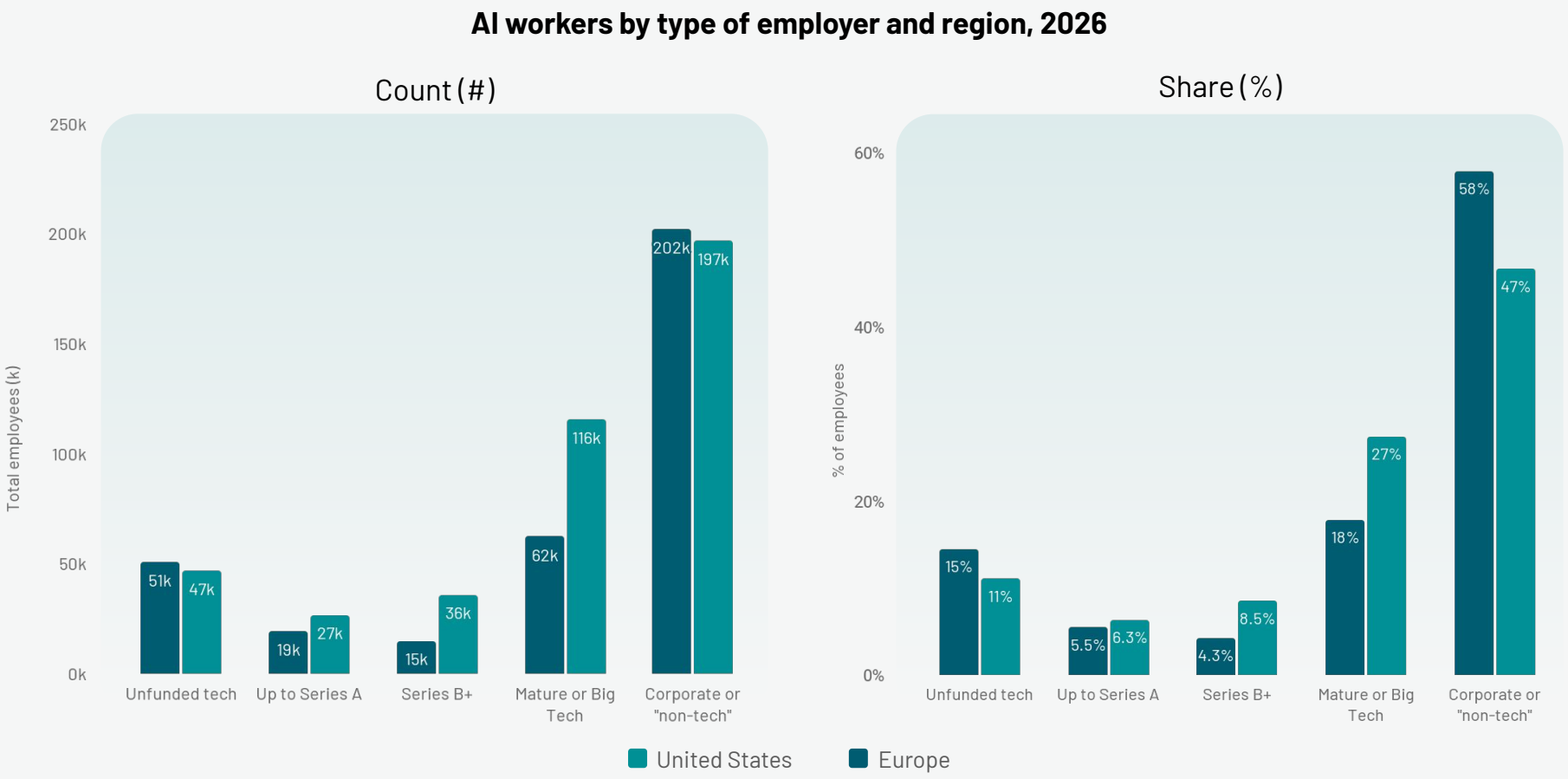
Here Europe has a fundamental advantage. It has a deep pool of elite research talent, and researchers from the leading frontier labs, such as DeepMind and FAIR, are leaving to found their own companies in Europe, including Ineffable, AMI Labs, Emulant, and Isomorphic Labs.

> *Early world models were built in London and Cambridge before the field had a name, and half our team still builds here. We are at the GPT-2 era, so this is wide open. What decides it is the ceiling of ambition and our collective capacity to imagine what's possible.*

Jeff Hawke
Co-founder & CTO, Odyssey



Europe's biggest AI opportunity is the 300,000+ strong AI talent pool not yet building startups



Source: atomico powered by revelio labs | dealroom.co | crunchbase

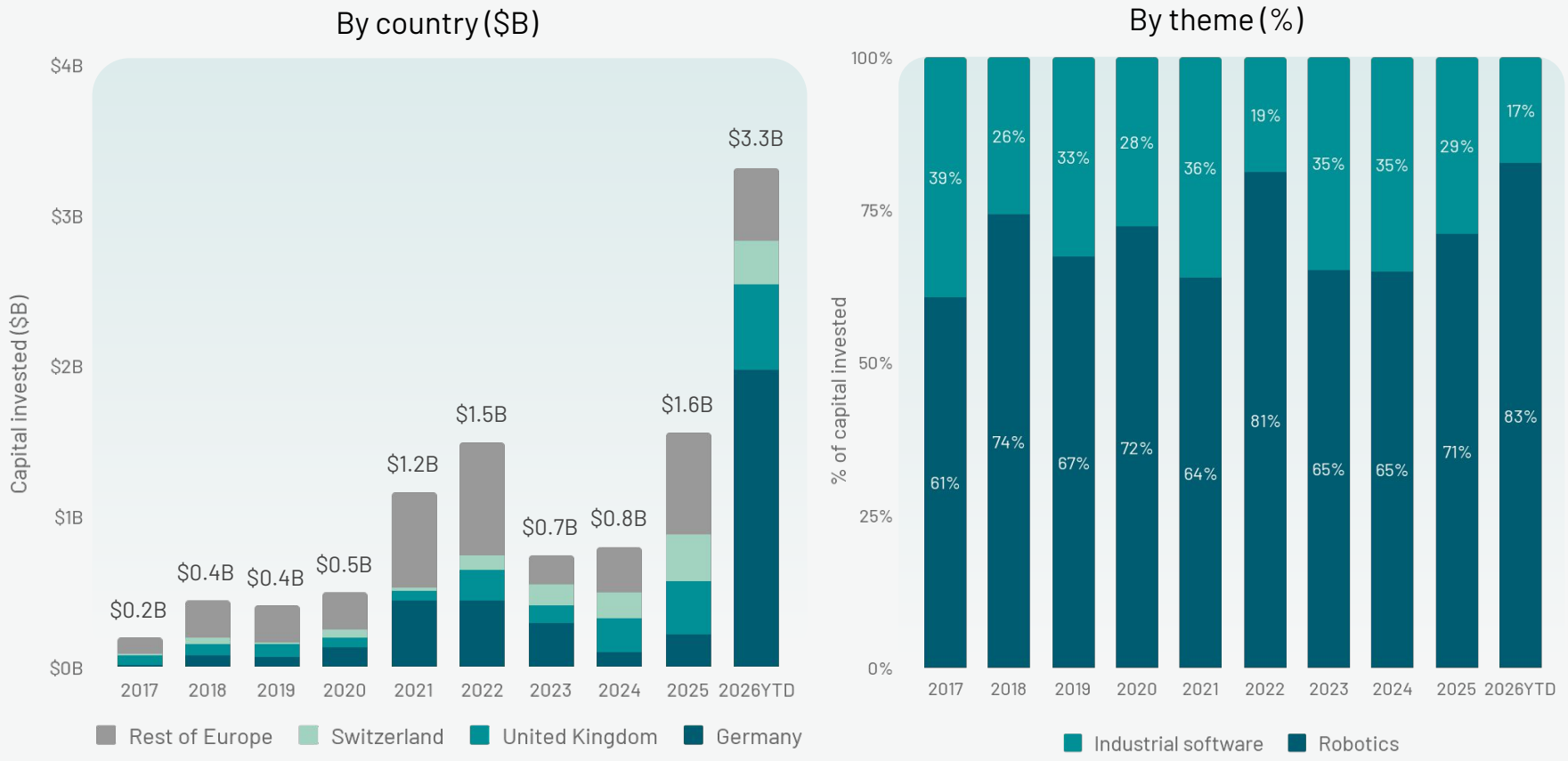
Notes: Data is as of 8 October 2026. Companies are grouped by the highest funding round they have raised. Unfunded tech includes tech companies with no recorded funding. Up to Series A includes Angel, Crowdfunding, Pre-Seed, Seed, and Series A. Series B+ includes Series B and later, and convertible rounds. Mature or Big Tech includes tech companies that have exited or raised only non-VC funding. Corporate or "non-tech" includes all companies outside tech sectors.

Europe has almost 350,000 people working in AI but what it lacks is circulation. **More than half (58%) of Europe's AI talent works in corporates or non-tech businesses**. In the US, the split is more even, with only 47% working outside of tech and 53% of AI talent working for companies building new technology. Europe has some of the world's best minds, but too few of them are building what comes next.

Talent can also get stuck. US Big Tech is the largest employer of frontier minds on European soil, employing almost 18% of the AI workforce, and **European rules let them use non-competes and gardening leave that would be unenforceable back home in California.** In a field that is moving as quickly as AI, a year on the bench is a long time.

Reindustrialising Europe makes physical AI an imperative, and investment is scaling rapidly

Capital invested ($B) in European Physical Systems, 2017 to 2026YTD



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Robotics includes companies building robots, autonomous machines and their control software. Industrial software includes production technology for designing, making and maintaining physical products.

Physical AI is won on the factory floor. Europe's manufacturing, automotive, engineering and logistics base gives founders genuine advantages that are otherwise hard to replicate - complex real-world workflows, proprietary operating data, demanding buyers and partners to deploy with. The need is pressing too. Ageing workforces and weak productivity growth make automation an economic necessity. **Capital is responding, led by Germany and concentrated in robotics.**

The opportunity now is to scale Europe's physical AI leaders, with industrial incumbents as their customers, partners and acquirers, so the companies building Europe's next industrial base grow here.

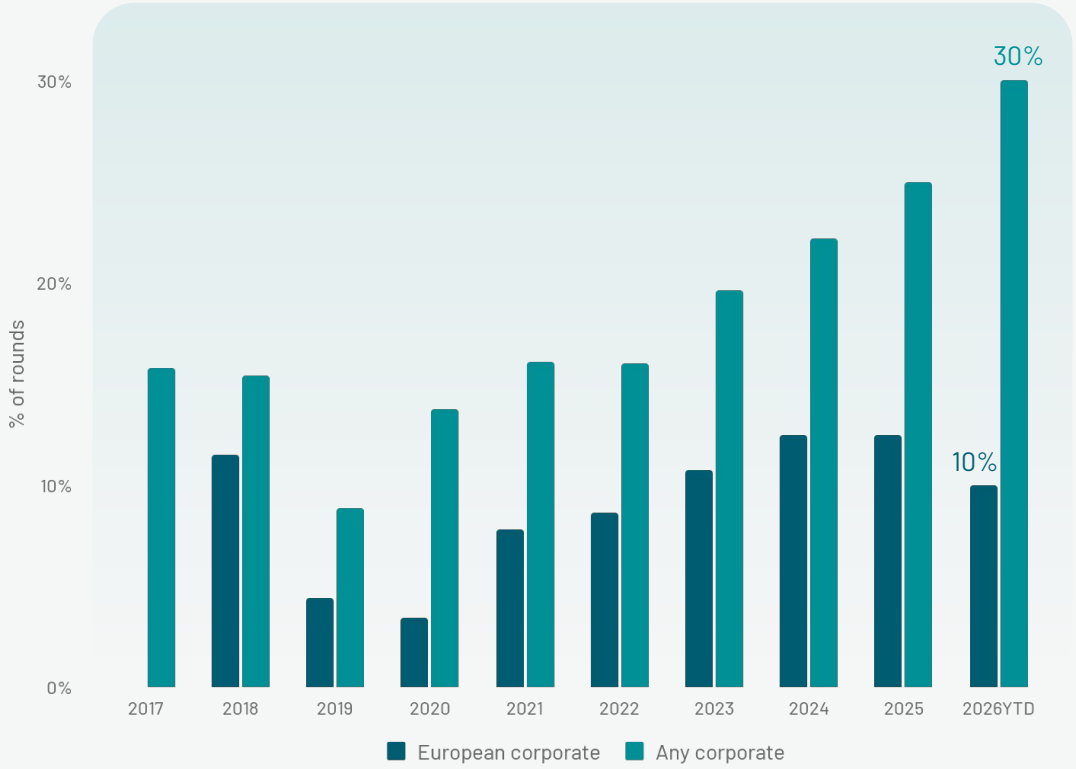
> *Europe's AI and research excellence, combined with advanced manufacturing capability, makes physical AI a natural growth opportunity. Autonomous vehicles will account for half the value of this sector — projected to reach $900B by 2035 — and offer a blueprint for investing in high-growth industries, AI sovereignty, and revitalising manufacturing across Europe.*

Sarah Gates
VP, Global Affairs & Assurance, Wayve



Industry is starting to act as a customer, investor and acquirer of European startups

Share of European $100M+ funding rounds with a corporate investor (%), 2017 to 2026YTD



Select European corporate investments

BOSCH | NEURA
Series C (2026): **$1.4B**

STELLANTIS | wayve
Series D (2026): **$1.2B**

arm | OLIX
Series B (2026): **$312M**

ASML | Mistral AI
Series C (2025): **$1.9B**

NOKIA | NSCALE
Series B (2025): **$1.1B**

Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. A strategic corporate is an operating company, or a venture arm it controls, banks, insurers, asset managers, investment holding companies, state bodies and family offices are excluded.

Under pressure from China and facing rising energy prices, European industry has little choice but to innovate, and so corporates are pulling adoption curves forward and allocating more money than ever to tech.

Enterprise buyers are rallying behind sovereign solutions and local platforms. Bosch's partnership with NEURA Robotics, for example, aims to scale NEURA's humanoid robotics and usher in a new era of "made in Germany" manufacturing.

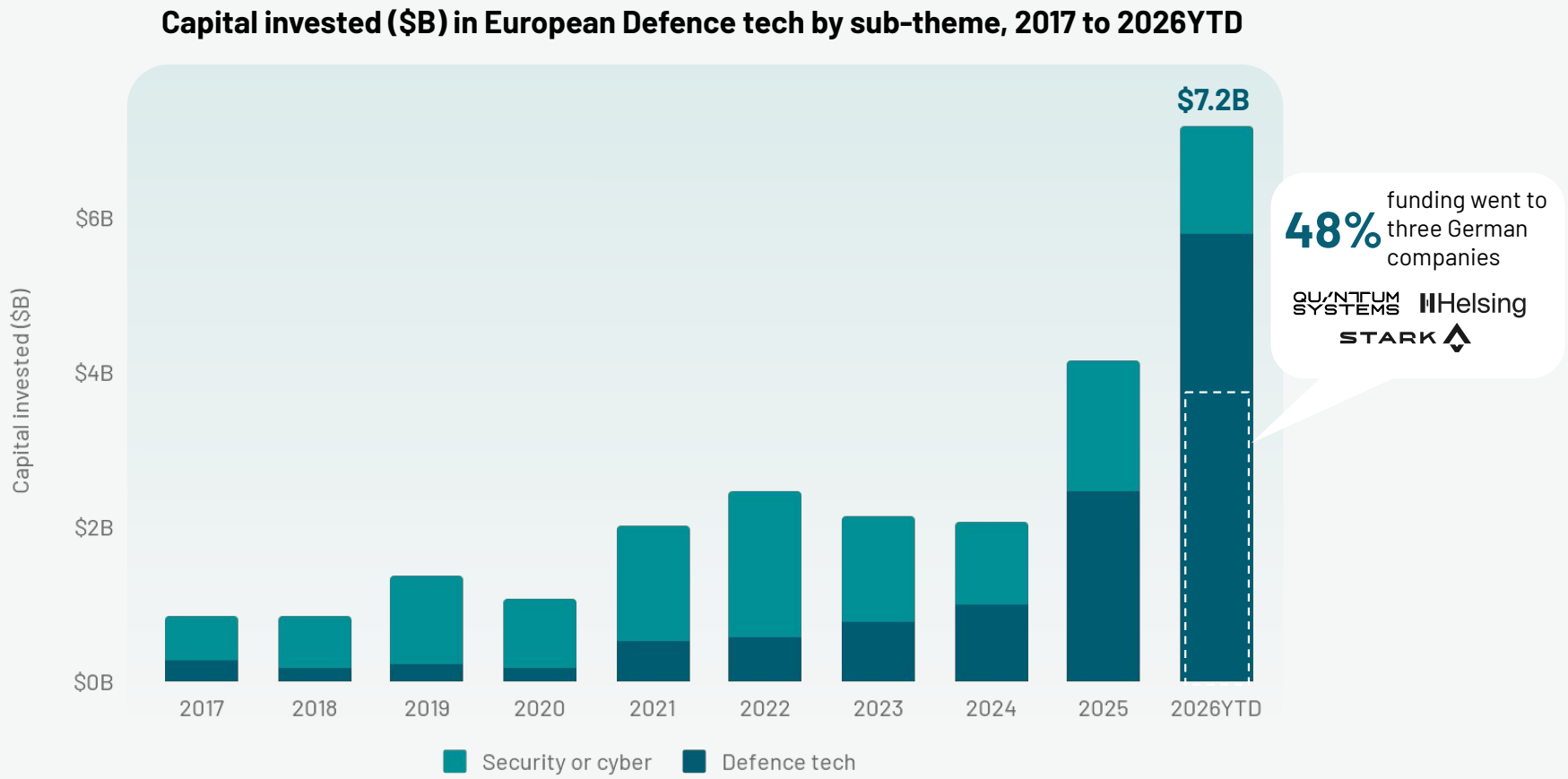
This urgency is fuelling corporate investment, giving startups strategic equity and enterprise distribution. **Still, they remain a minority on the most important cap tables.** Corporates invested in 30% of Europe's $100M+ rounds in 2026, the highest rate in a decade, but only a third were from Europe, a lower share than in past years.

> *Europe's greatest advantage is generations of industrial expertise. Physical AI can turn that knowledge into robotic skills and a new foundation for prosperity. Our greatest risk is hesitation. If we fail to scale what we invent, others will capture its value. Europe must turn its industrial strength into technological leadership.*

David Reger
Founder and CEO, NEURA Robotics



Defence remains a fast-growing sector, with breakout winners capturing record investment



Source: atomico powered by dealroom.co crunchbase

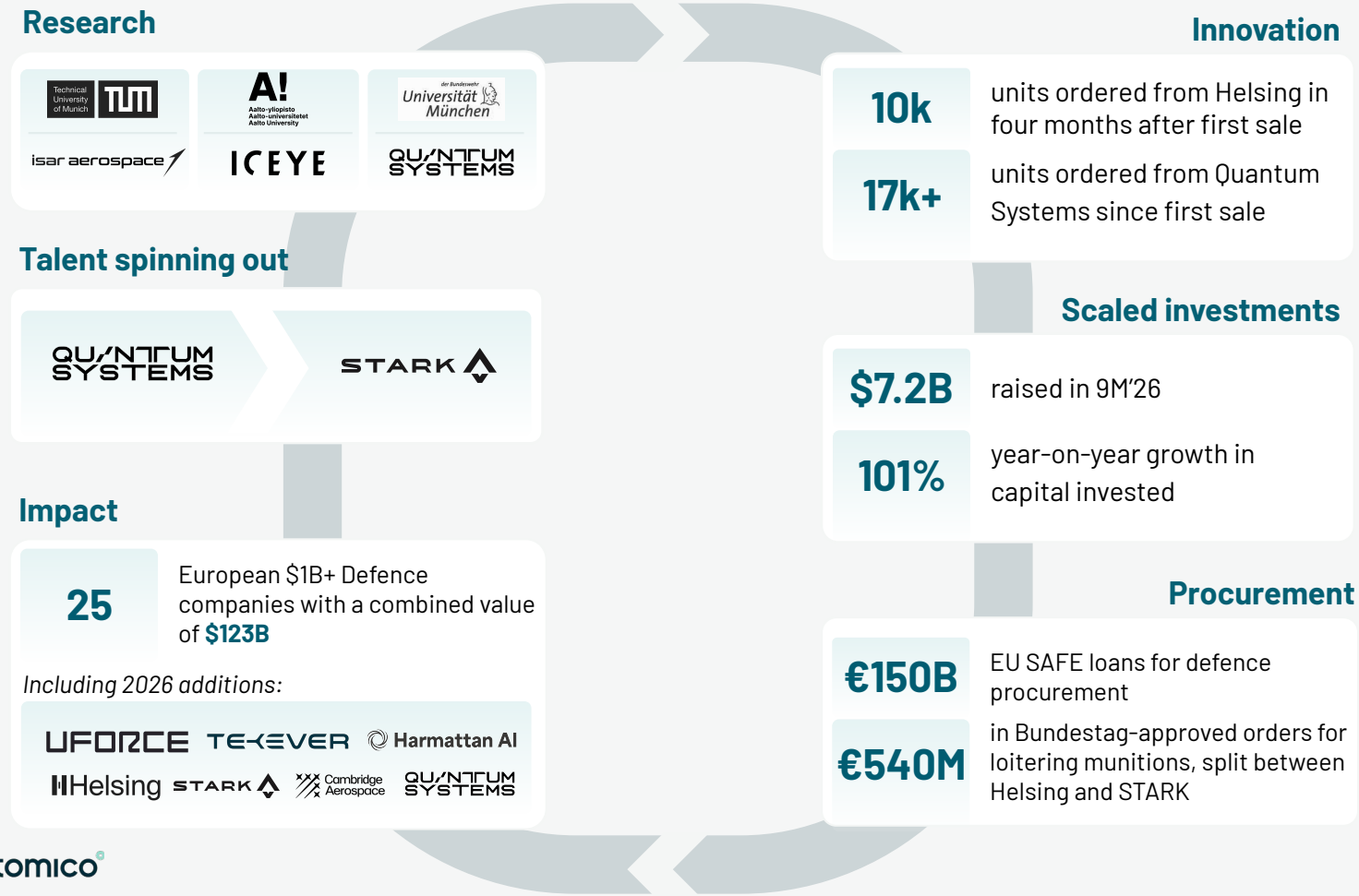
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants.

2026 has set a new high for defence investment, which has been accelerating since 2024. This year's record $7.2B was driven by megarounds in German companies Helsing, STARK and Quantum Systems, which accounted for 48% of the category's funding.

The growth follows a shift in demand. European governments have committed to sustained increases in defence spending, Germany has exempted defence from its debt brake, and the EU has opened new funding lines such as SAFE. Investors have followed, with more funds dropping defence exclusions and the EIB widening what it will finance. Procurement is also starting to reach startups at scale, as software, drones and autonomy move from trials into large orders.

This year we have combined defence with cyber security, given its rising importance to hybrid warfare and national security. The threat is changing, and in the last few months there have been several high-stakes security breaches, with agents developed by OpenAI attacking Hugging Face and infiltrating an Australian government website.

In defence, research, talent, capital and procurement are compounding into generational champions



Source: atomico

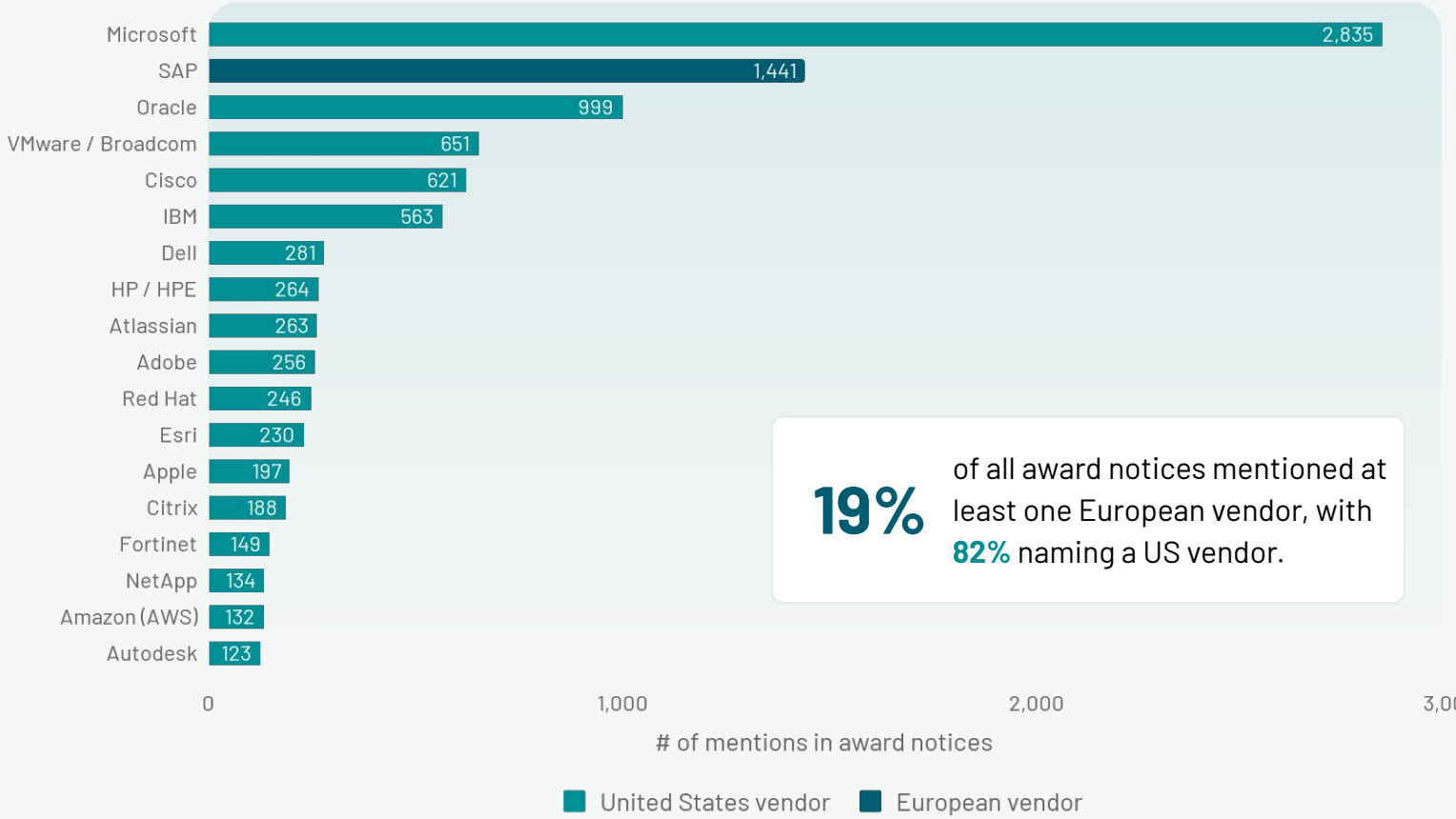
Notes: Data is as of 30 September 2026. Excludes the following: pharma, debt, lending capital, and grants. Information based on public company announcements.

There are many feedback loops in European tech, and research institutions provide an important one. Talent spins out of universities and moves into creating innovative companies, which attract capital, and that capital at scale produces outcomes that recycle yet more money, experience and ambition back into the ecosystem. Then the cycle starts again.

Defence tech shows how fast the wheel can turn, with **four of Europe's five best-funded defence tech companies tracing their origins back to universities.** Private capital has followed their journeys along with government demand. Defence budgets are rising, often with targets for spending locally, and in February Germany's Bundestag budget committee approved €540M-worth of orders for drones from Helsing and STARK.

Europe's public tech spend is a huge opportunity that homegrown tech companies are yet to seize

Top 18 vendors named in European public sector procurement award notices (#), 2024 to 2026YTD



19% of all award notices mentioned at least one European vendor, with **82%** naming a US vendor.

Source: Polytender

Notes: Data is as of October 2026. Counts public tech contract award notices in Europe whose title or description names the vendor or one of its products. A notice can name more than one vendor. Top 18 vendors shown. Analysis covers EU/EEA countries and Switzerland, contracts above the EU thresholds.

Public procurement is one of the largest sources of demand that European governments control directly. But the products they name are mostly built outside of the continent, which leaves less of that demand open to European startups.

When public buyers in Europe name a supplier in a tech contract, it is usually a US one. Of the nearly 9,500 tech contract award notices naming at least one vendor or product since 2024, 82% name a US vendor and only 19% a European one.

SAP is the only European company among the 18 vendors named most often. Microsoft appears in almost twice as many notices as SAP.

Momentum to build and buy European is growing, but the impact on startups remains nascent

Buying European tech

£298B — **Defence Investment Plan**
Over four years, with £1.6B allocated to UK Defence Innovation.

€150B — **SAFE**
Defence procurement loans, with focus on procuring from European suppliers.

$35B — **Sovereign cloud IaaS spend**
$35B projected across 2026 to 2027 in Europe, surpassing North America.

£100M — **UK Sovereign AI procurement**
Contracts of £250k–£10M and no minimum turnover or balance-sheet thresholds.

Building European tech

€30B — **AI gigafactories**
Tender launched to unlock investments in Europe.

€2.6B — **EuroHPC AI factories**
19 sites in 16 member states.

€409B — **Competitiveness Fund & Horizon Europe**
Proposed budget for '28 to '34.

£2B — **UK Compute Roadmap**
Investments into national supercomputers.

Source: Council of the European Union; Ministry of Defence; European Commission; European Union; SOVAI; European Investment Fund; Department for Science, Innovation & Technology; Gartner

Notes: All information based on public sources.

Governments are increasingly stimulating demand for European technology.

Public procurement is Europe's largest lever for demand, but the share going to innovation has barely moved since 2021, having stagnated at around 9.2%. Still, governments are finding ways to use their budgets to more deliberately back European tech.

Capital is moving the same way. Public agencies are increasingly partnering with private investors to fund strategic priorities.

> *Europe has made progress in aligning around the need to build globally competitive technology businesses. The next step is translating that ambition into a more coherent regulatory environment, with greater coordination between European countries on merger control, FDI screening and a more consistent approach to cross-border growth. The goal should be to reduce unnecessary friction while protecting competition and strategic interests, giving European companies greater freedom to scale without compromising the safeguards that matter.*

Victoria Newbold
Partner, Orrick



A resilient Europe is not a walled-off Europe, and its critical technology alliances run in both directions

Partners bringing knowledge and capacity into Europe

Select examples

Chipmaking ESMC — TSMC owns 70% of the €10B Dresden fab, and Bosch, Infineon and NXP 10% each.

Compute Campus AI — Abu Dhabi's MGX co-owns the 1.4GW Paris campus. In June 2026, plans were announced to scale to up to 3GW nationwide.

Critical materials Carester — USA Rare Earth agreed joint venture with Carester's French heavy rare earth processing plant.

Industrial AI PhysicsX — Temasek led its $300M Series C in June 2026. In October PhysicsX announced the Singapore hub with a S$40M A*STAR partnership.

European technology at work for partners

Select examples

Chipmaking ASML — SK hynix agreed to buy ~$8B of EUV machines in March 2026, ASML's largest publicly disclosed single order.

Autonomous driving Wayve — Nissan plans to launch Wayve's AI Driver in Japan in FY2027, and joined Wayve's $1.2B Series D in Feb 2026.

Quantum Pasqal — Its 200-qubit machine at Aramco, Saudi Arabia's first quantum computer, launched commercially in May 2026.

Defence Quantum Systems — The US Army chose its Vector AI drone for a $15.3M contract in April 2026, after Australia signed AUD90M in 2024.

Source: atomico

Notes: Information based on public company announcements. PhysicsX is an Atomico portfolio company. ESMC is a joint venture between TSMC, Bosch, Infineon, and NXP, established to build a advanced semiconductor fab in Dresden.

Europe can't close every capital gap on its own, and where it needs help, partners can step in.

The continent's resilience projects depend on allies for the inputs it lacks, from capital to corporate partners.

Reliance runs both ways, though, and where European companies hold the technology, partners need Europe, too. ASML, for example, is the only supplier of advanced EUV machines in the world, and companies like Wayve and Pasqal give Europe a global edge in autonomous driving and quantum computing. Governments are formalising these ties. In June, Canada became the first non-European country in the EU's €150B SAFE defence programme, while Japan joined Horizon Europe as an associated country in July.

04.

Fix the Friction

Where innovation builds trust, and profit and purpose are mutually reinforcing.

Europe's tech industry now needs the public on its side

Earlier in this report, we showed that investors and policymakers are more aligned than ever on where Europe's opportunity lies. But another crucial ally is needed for European tech to succeed: citizens. And they are yet to fully buy in. **Only 27% of Europeans think AI will improve their country's economy in the next three to five years.**

The questions people are asking are specific. What does AI mean for their jobs? What do data centres mean for energy, water and household bills? That scrutiny is also European tech's opening. Trust has long been one of Europe's competitive advantages, and a public asking these questions is how trust-first AI gets built.

Europeans already get a lot out of tech. The industry has been one of Europe's fastest-growing sources of jobs over the past decade, and 81% of those roles were created by European-headquartered companies. The consumer era put European tech in people's pockets, from Spotify to Revolut. But while 46% of $1B+ companies founded between 2010 and 2014 made products for consumers, just 24% of those founded since 2015 do.

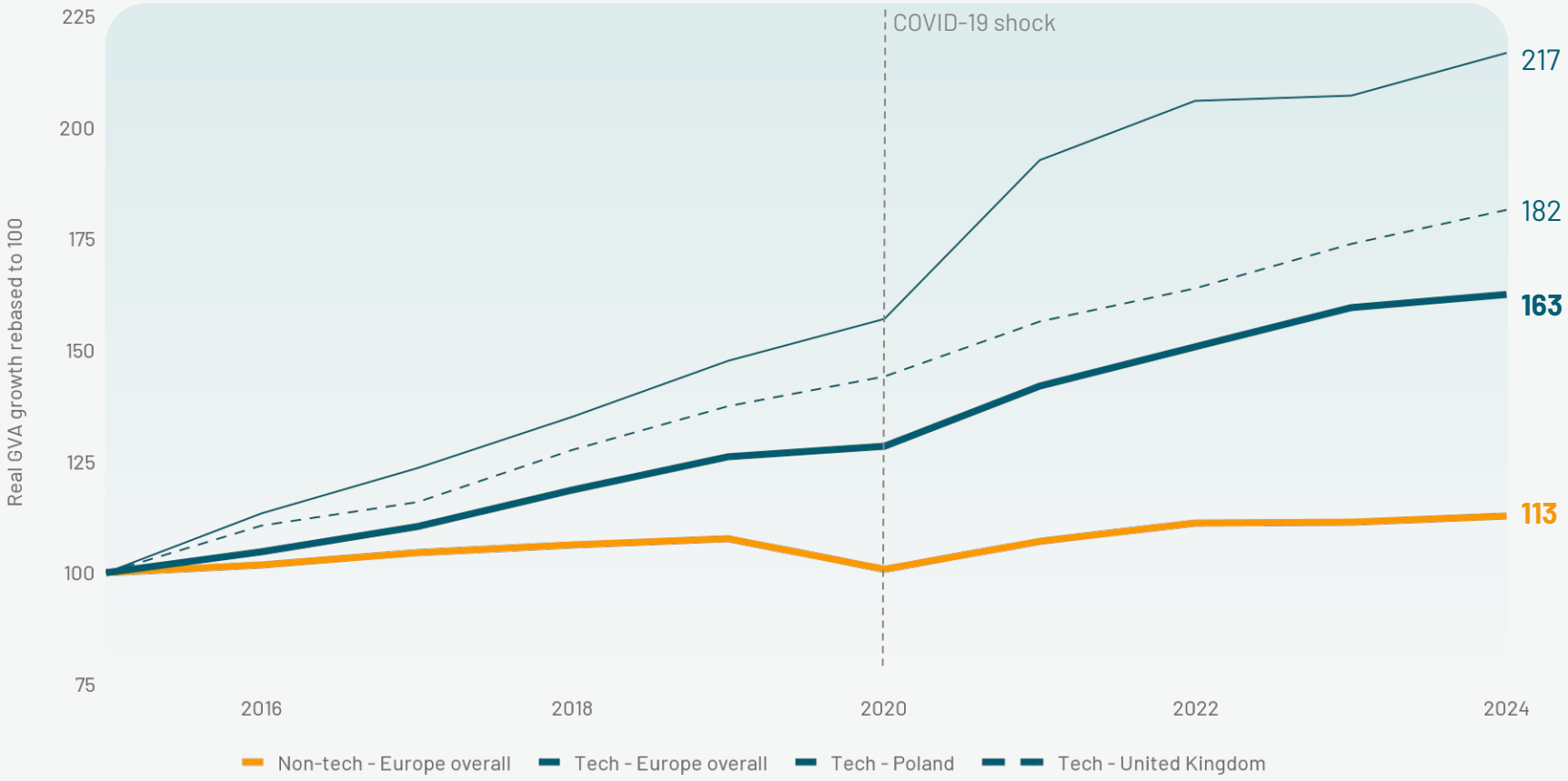
As each new wave of champions sells further from consumers, the ecosystem's growing value becomes harder for people to see clearly.

Policymakers, who answer to the public, already see where this leads. Asked what would most improve the industry's ability to shape policy, **they say the most important thing is for the industry to have a unified message on why tech matters**. More than four in five investors and LPs made at least one effort to build that support in the last 12 months, while 37% of founders made none.

This chapter looks at the value European tech already creates for Europeans, both where it is visible and where it exists in the background, out of sight of everyday citizens. It then looks at the conditions that could supercharge Europe's mandate to scale, from the policy changes founders want most to the tech ecosystem playing a more active role in building social capital.
We close on the pioneers already showing what that mode of operation looks like: companies where innovation builds trust, and where profit and purpose reinforce each other.

Most of what Europe needs to do is 'downstream of growth', and more of that growth is coming from tech

Real digital economy gross value add (GVA) growth (rebased to 100), 2015 to 2024



Source: eurostat, Office for National Statistics

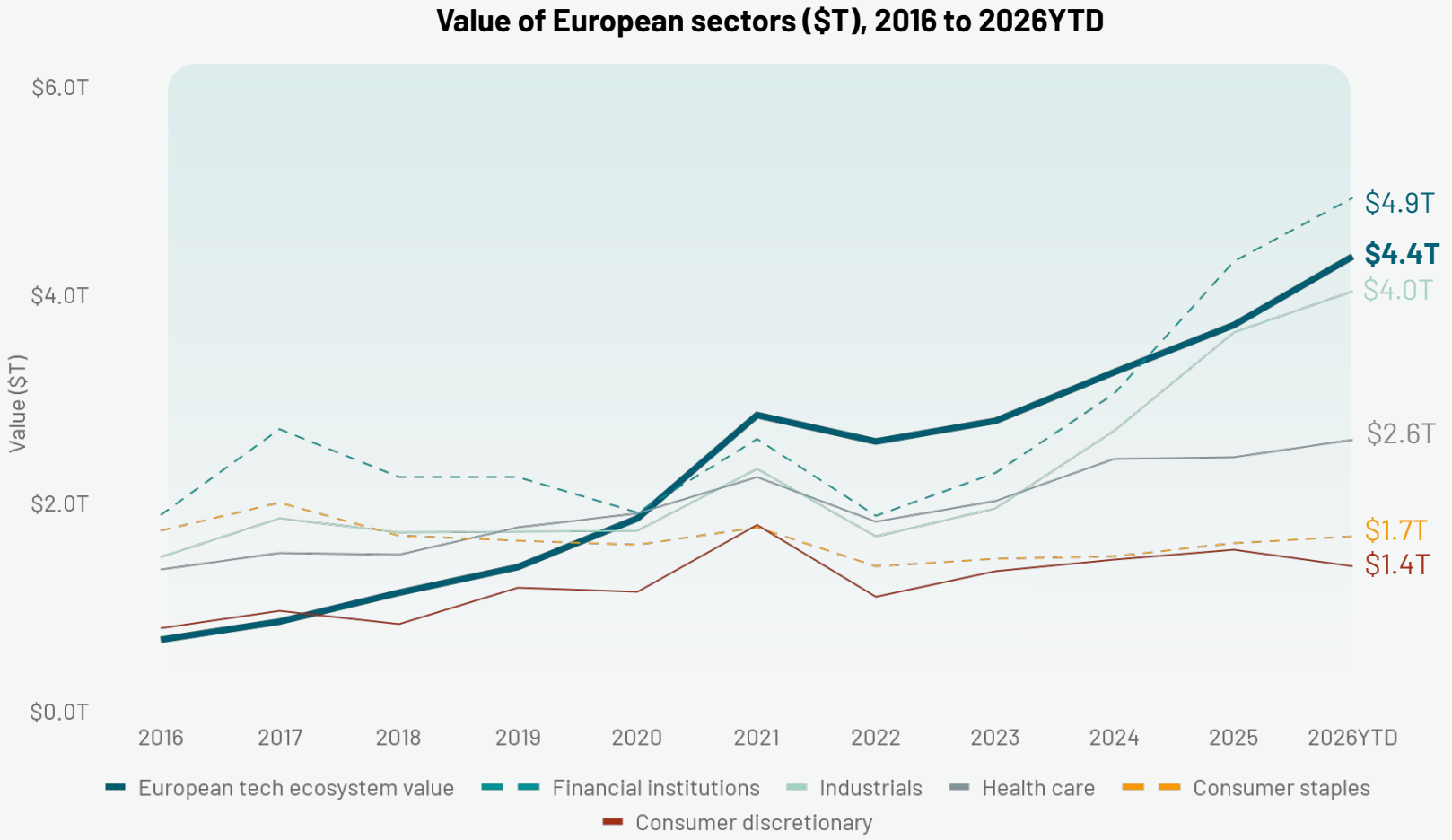
Notes: Digital economy defined as NACE C26 (computer, electronic and optical products) plus J (information and communication). Note European figures exclude Ireland and Luxembourg due to filings being confidential. Real, or inflation adjusted, values are used to normalise for price changes.

Growth in Europe's digital sector has outpaced the rest of the continent's economy. Over the past decade, tech's real gross value added (the output measure that makes up most of GDP) rose 63%, against 13% for the rest of Europe's economy. When COVID-19 hit in 2020, the rest of the economy dipped while tech held steady, then accelerated. This growth is visible across markets, with Poland's tech economy, for example, growing 117% from a lower base, and the UK's, one of Europe's largest, 82%.

Governments fund public services, defence and pensions out of tax receipts. An economy that stops growing leaves them choosing between higher rates, cuts and more borrowing. A growing one reduces debt without austerity and keeps politics from becoming a fight over a fixed pie.

Draghi found that Europe's productivity gap is mostly a tech gap. Closing it would lift more than the sector, because tech raises productivity in the industries that adopt it, and AI could spread that economy-wide.

Counting VC-backed companies, tech has gone from Europe's smallest sector to second biggest in a decade



Source: dealroom.co

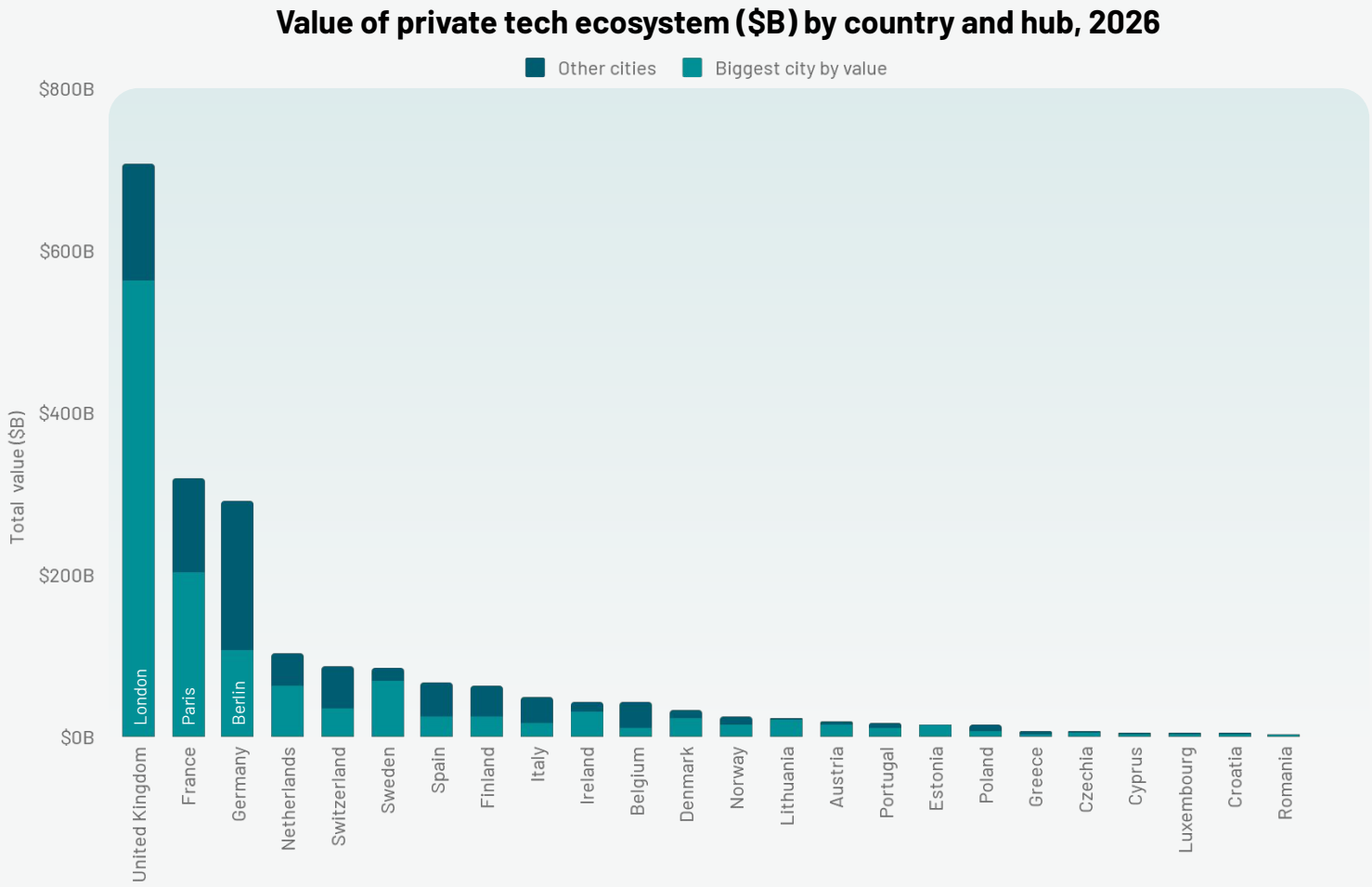
Notes: European-HQ tech companies, listed and private, excluding those at mature growth stage. Biotech, pharma and quasi-tech are not counted. Showing the six largest sectors. 2016 to 2018 values are estimated.

AI presents an enormous opportunity for European technology companies to accelerate growth, unlock new markets and build globally competitive businesses. Beyond its economic potential, AI has the power to drive meaningful advances across healthcare, scientific research, education and sustainability, helping address some of society's most important challenges. Realising this opportunity will require ambition, investment and thoughtful implementation, creating the foundation for innovation, investor confidence and sustainable long-term growth.

Emma Stephens
Head of Growth & Financing, HSBC Innovation Banking



Europe's tech value has compounded where its local ecosystems started first, but is now expanding



Source: dealroom.co

Notes: Private market data from Dealroom.co excludes the following: pharma. Data as of 30 September 2026. Values are based on companies headquartered in Europe.

Europe's private tech ecosystem is worth $2.1T today. The UK accounts for over a third of that, **with London alone generating $562B (27%) of the total**. That's more than Paris, Berlin, Munich and Stockholm combined. And the city continues to pull ahead: the value of London's tech ecosystem has grown by 22% in the past year, compared to 18% across Europe as a whole.

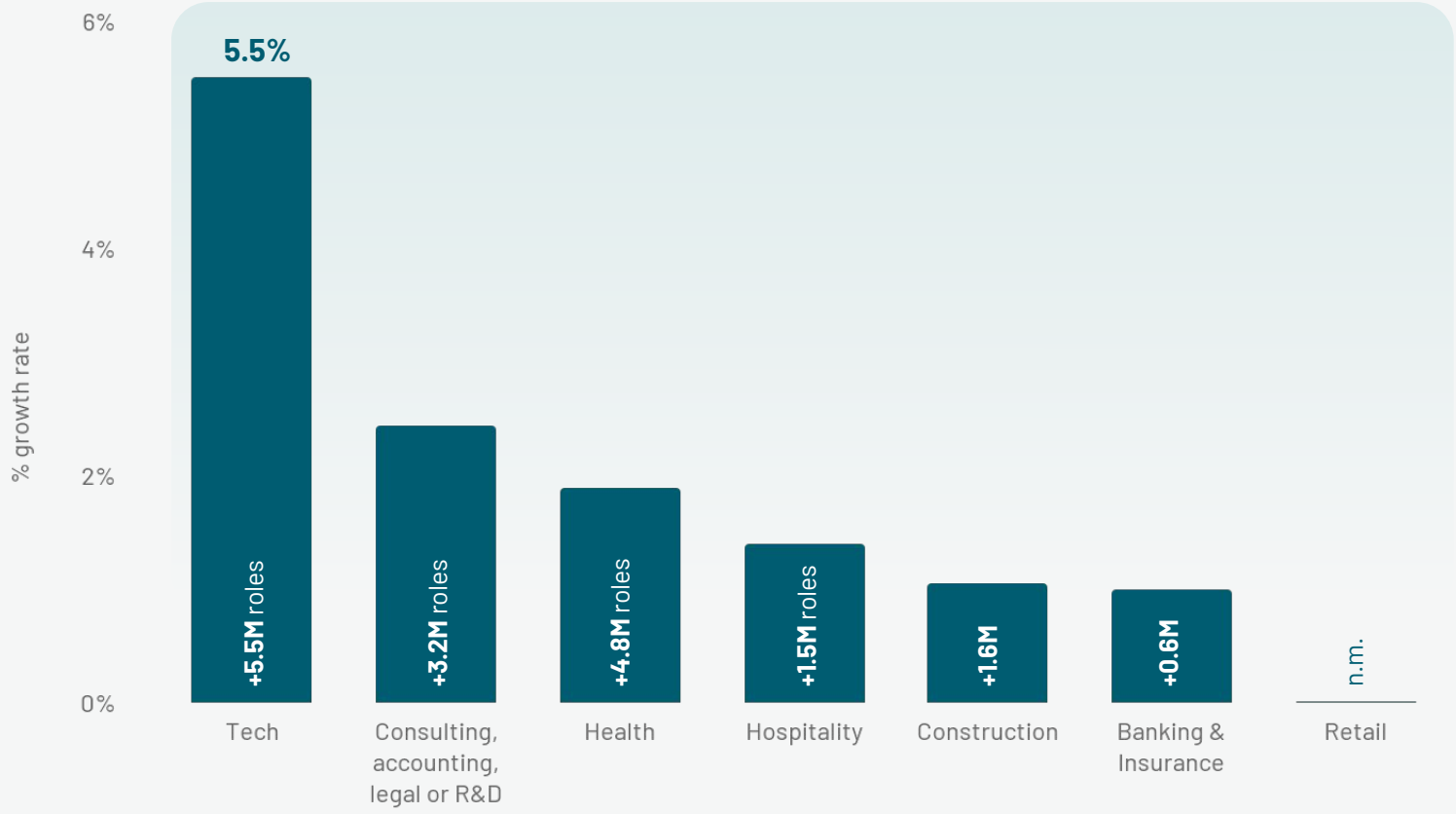
This is indicative of London's strength, but also reflects a pattern seen in tech ecosystems around the world: the hubs that started first have had the most time for companies, capital and talent to compound.

Looking further, 13 cities each now hold over 1% of the total or $21B+ in value. These span from Copenhagen to Vilnius, which is home to Vinted, Oxylabs and Nord Security. Go down to $10B and the count rises to 24 cities. Value is not solely confined to the old-timers. Over **40% sits outside Europe's top 10 hubs.**

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Tech has created more jobs in Europe than any other sector over the past decade

Compounded annual growth rate of roles in Europe per sector (%), 2016 to 2025



Source: atomico powered by revelio labs, dealroom.co, crunchbase, eurostat, ILO

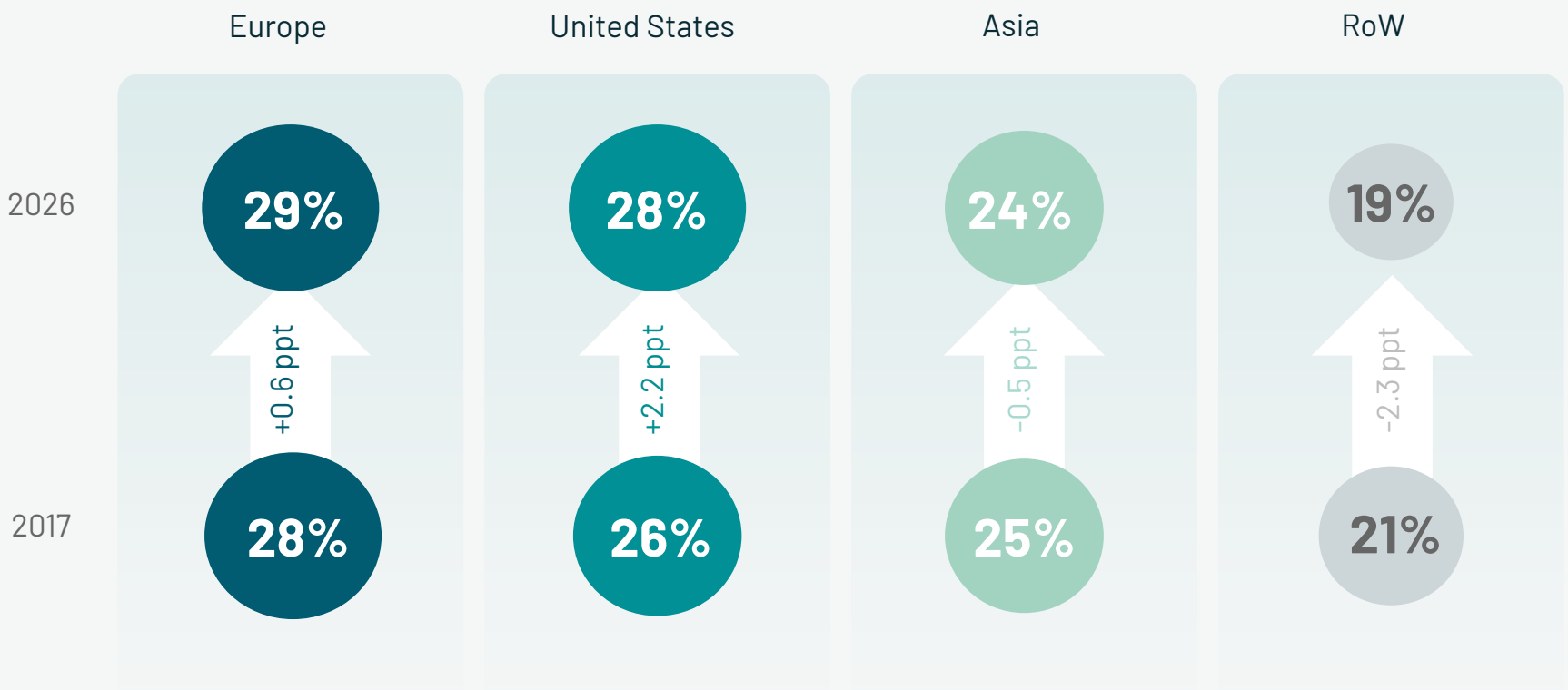
Notes: Data is as of 30 September 2026.

Over the last decade, tech has been Europe's biggest engine of job creation, adding roughly 6% more roles each year. This makes it the fastest-growing sector for employment, outpacing traditional industries like health, hospitality and construction, as well as jobs in white-collar sectors such as banking, insurance, consulting and accounting. In fact, since 2016, jobs in tech have grown by 62% overall, compared to 11% for non-tech jobs.

The vast majority (81%) of these roles are in local, European-headquartered companies. This ratio has held steady over the years.

More of the world's new tech founders start in Europe than anywhere else

Share (%) of tech founder creation by region, 2017 and 2026



Source: atomico powered by revelio labs, dealroom.co, crunchbase

Notes: Data is as of 30 September 2026. China figures may be underreported due to incomplete access to people data and limited use of LinkedIn.

In 2026, 29% of the world's new tech founders were based in Europe, the largest share of any region, and narrowly ahead of the US (28%). However, China figures are likely underrepresented in the founder data we have available, and Chinese state media itself has reported that entrepreneurship is also booming and claimed that over 7 million new one-person companies were formed in 2025, up 42% on 2024.

More Europeans are starting companies today than at any point in the past decade. But whether those companies are built here or abroad will depend on what Europe can offer them. Keeping as many of these founders as possible means making sure the capital and policy support they need to scale are here, too.

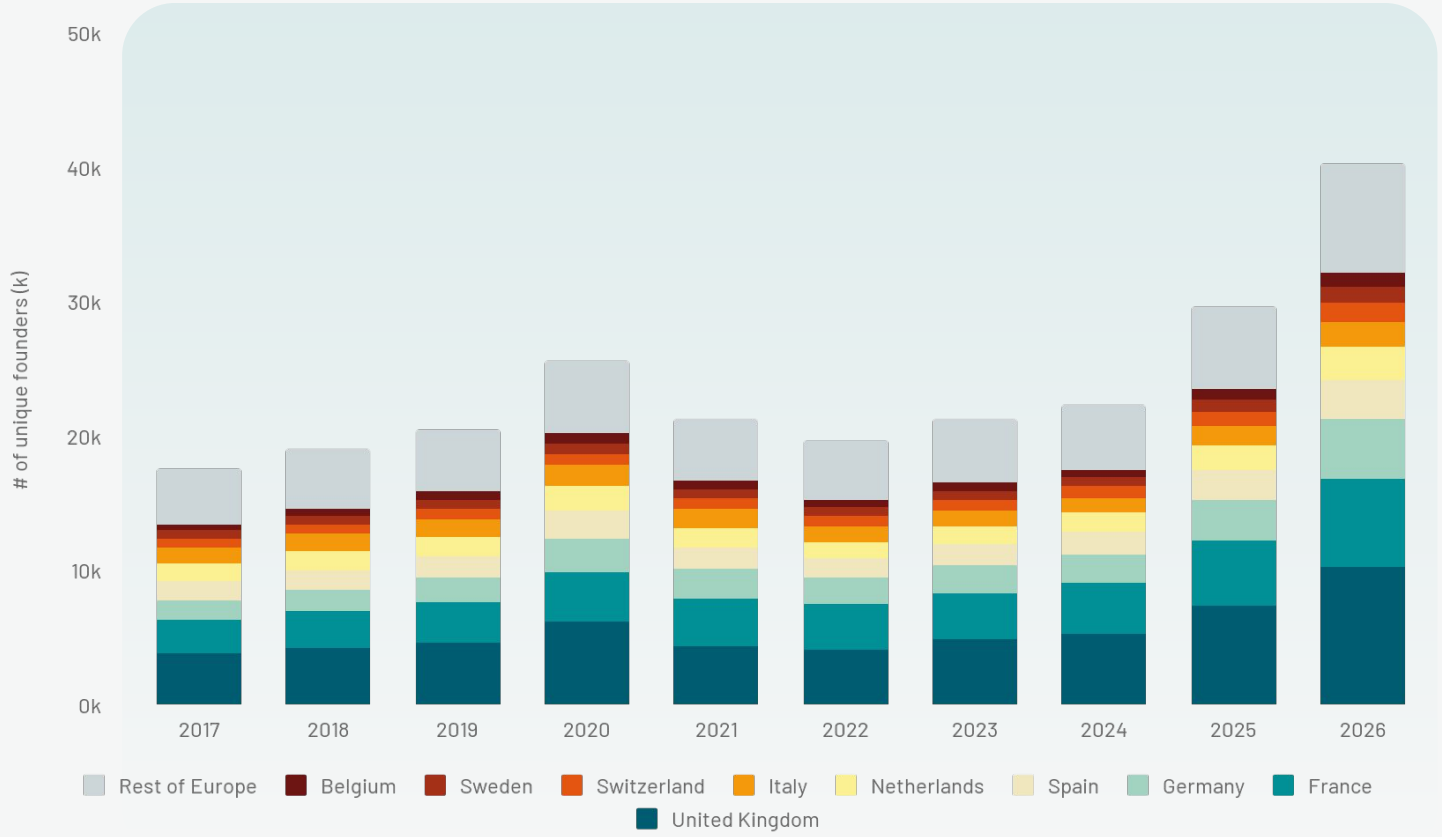
> *We don't lack ideas. We don't lack talent. What we need is a plan to maximise this potential.*

Ekaterina Zaharieva
European Commissioner for Startups, Research and Innovation



Entrepreneurship is spreading across Europe as more founders build outside of the most valuable hubs

Count of unique founders (k) starting tech companies in Europe by country, 2017 to 2026



Source: atomico powered by revelio labs, dealroom.co, crunchbase

Notes: Data is as of 30 September 2026. 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. Both 2025 and 2026 data are forecasted by adjusting for reporting lag and by extrapolating data as of September 2026.

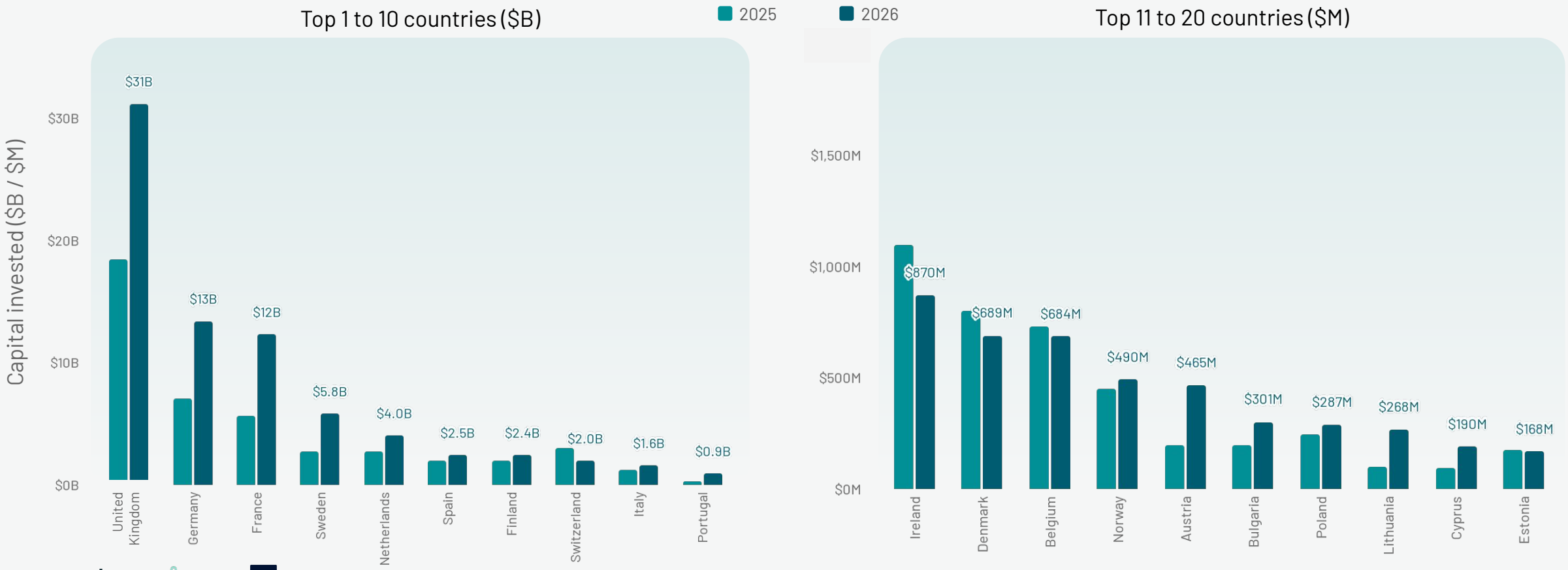
More founders than ever are starting companies across Europe. In 2017, just over 4k new founders were building outside the nine biggest countries by tech founder count; in 2026, that number is more than 8k.

The biggest hubs have also increased their share as the overall new founder count has increased. The UK accounted for 22% of new founders in 2017, and almost 26% today.

Still, as entrepreneurship spreads, the whole continent stands to benefit, with great talent now based in every corner of Europe, and more training grounds being created for the next generation.

Investment increased across most of Europe in 2026, but still flowed overwhelmingly to the largest hubs

Total capital invested in top 20 European countries, 2025 versus 2026

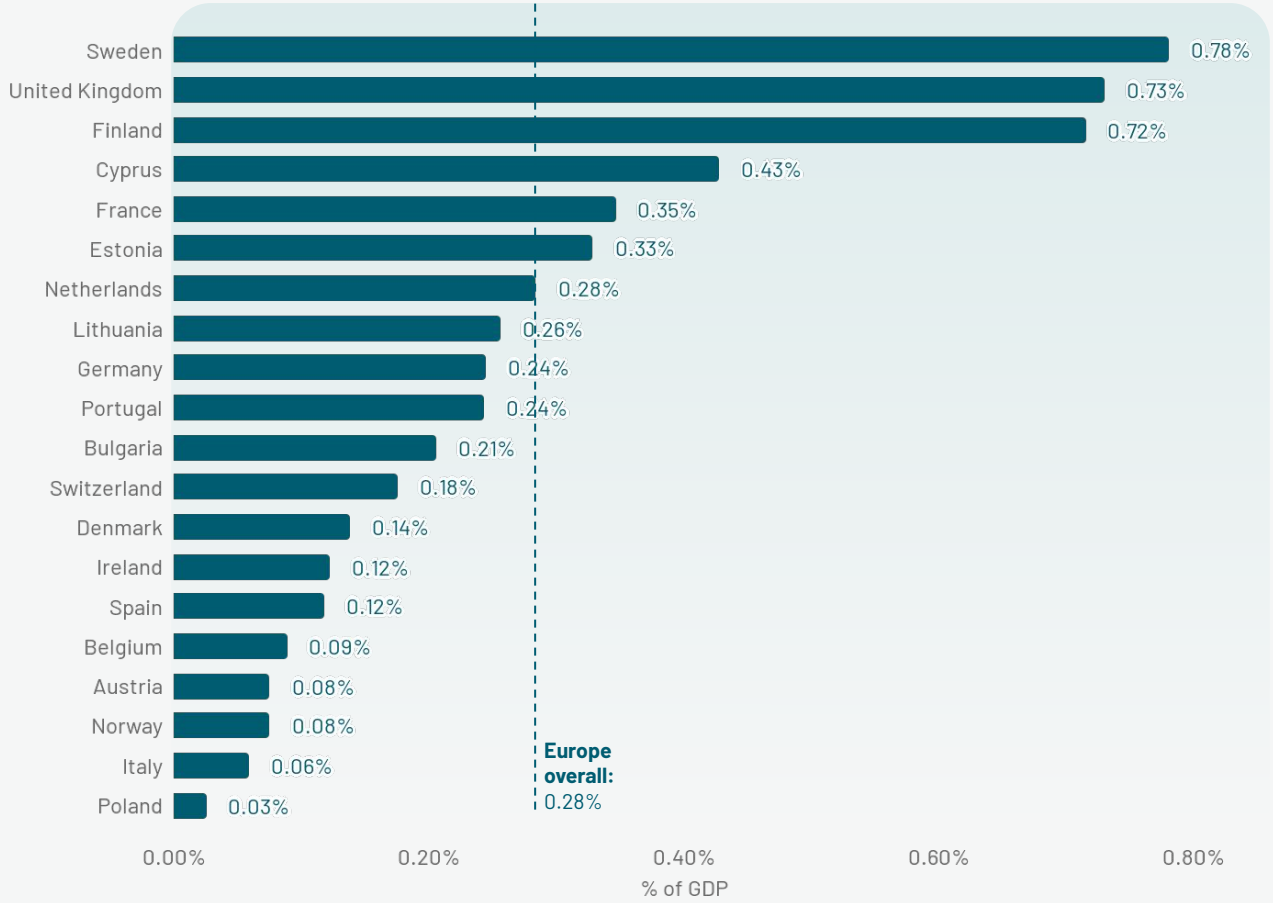


Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Full year 2026 extrapolated based on year-to-date data. Excludes the following: pharma, debt, lending capital and grants.

Relative to their size, some of Europe's largest economies are still among its least invested in tech

Capital invested as a share of GDP for top 20 best funded European countries (%), 2026



Source: atomico powered by revelio labs, dealroom.co, crunchbase

Notes: Data is as of 30 September 2026. Full year 2026 extrapolated based on year-to-date data. Excludes the following: pharma, debt, lending capital and grants.

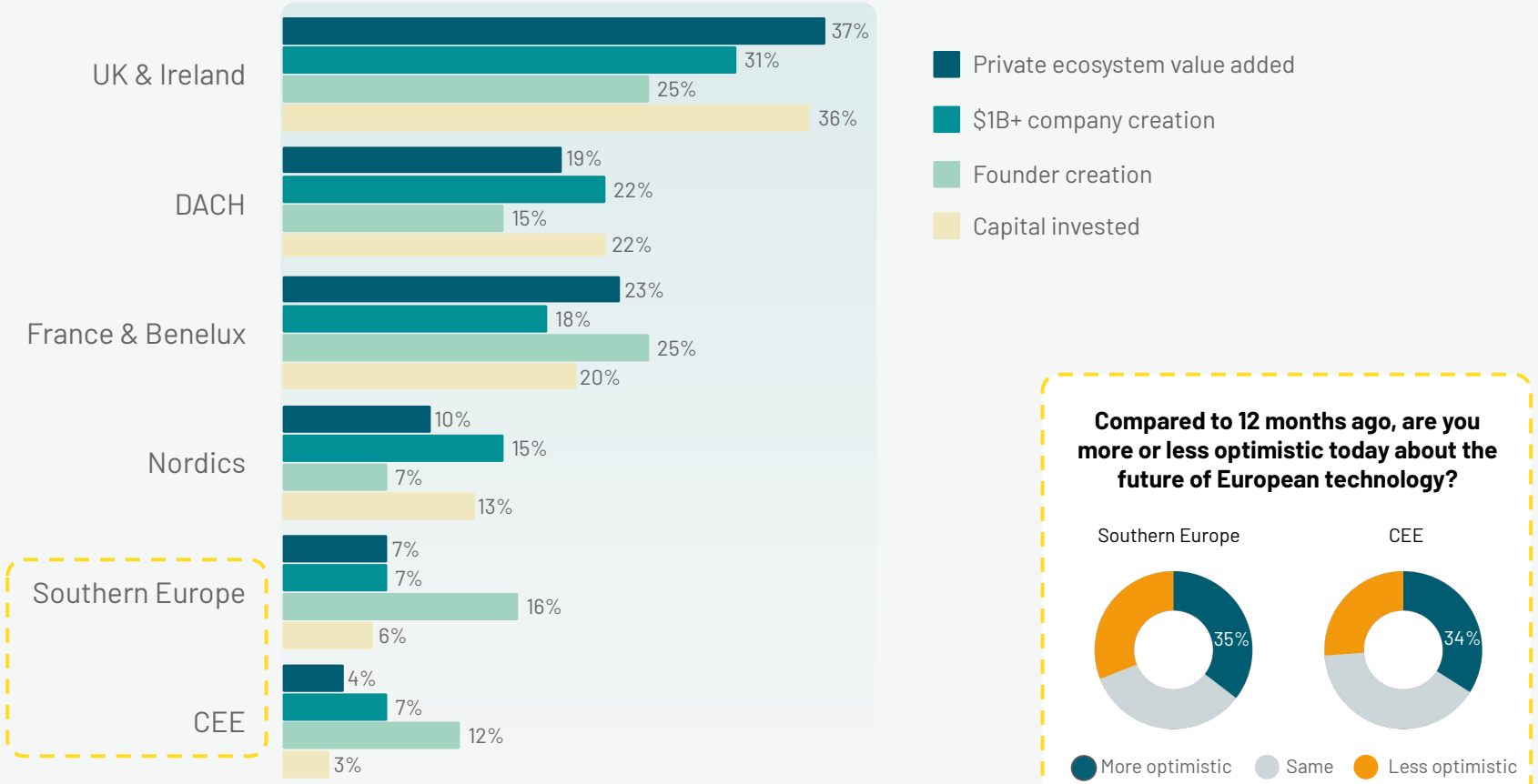
There is still significant room to grow when it comes to expanding tech's impact on Europe's economies.

The US is on track to have invested the equivalent of 1.85% of its GDP in tech startups. No European country has reached even half that level. Sweden, which invested more in tech as a percentage of GDP than any other European country, topped the list at 0.78%.

However, it is worth noting that investment levels have stepped up over the past year. Across Europe, capital invested in 2026 was the equivalent of 0.28% of GDP, a significant increase from last year's 0.18%.

People see European tech through their local ecosystem, and optimism is lowest where it is least developed

Share (%) of tech investment and outcomes by region, 2017 to 2026



Compared to 12 months ago, are you more or less optimistic today about the future of European technology?

Source: atomico powered by revelio labs, dealroom.co, crunchbase, STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Data is as of 30 September 2026. Survey data includes all respondents, respondents who selected "do not know / cannot comment" are excluded from the data. Numbers may not add up to 100 due to rounding.

Europe has a growing number of local hubs, but comparing investment and exit activity between countries paints a mixed picture.

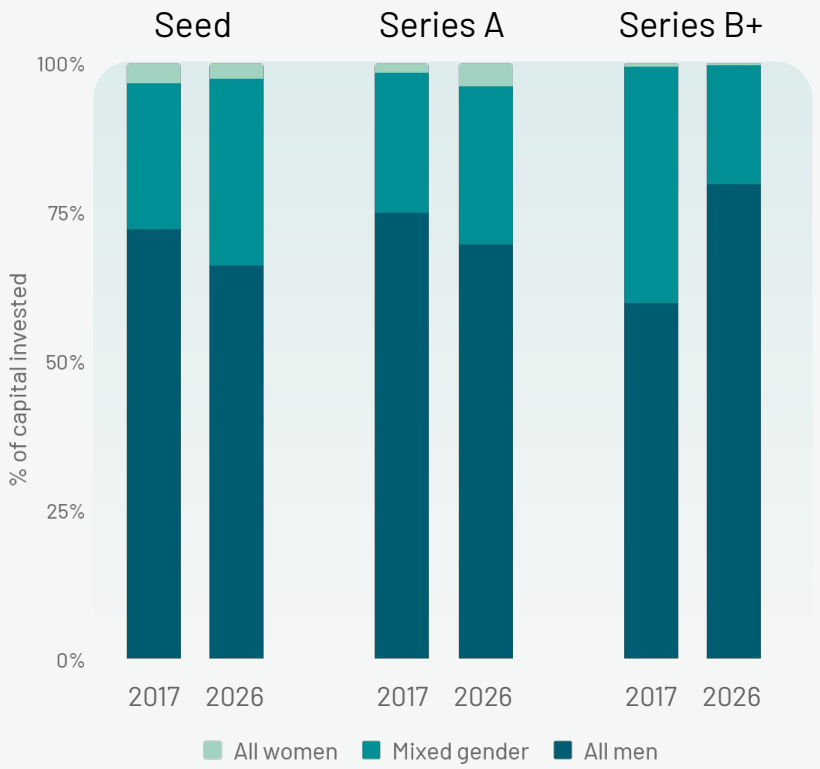
Established hubs like the UK & Ireland and DACH still capture a significant share of total value, helped by more mature VC scenes and proven routes to outsized exits.

Southern Europe and the CEE, meanwhile, remain largely untapped. Sentiment is also lowest there: 46% of survey respondents across Europe feel more optimistic about the future of European tech, compared with only 35% in Southern Europe and 34% in the CEE.

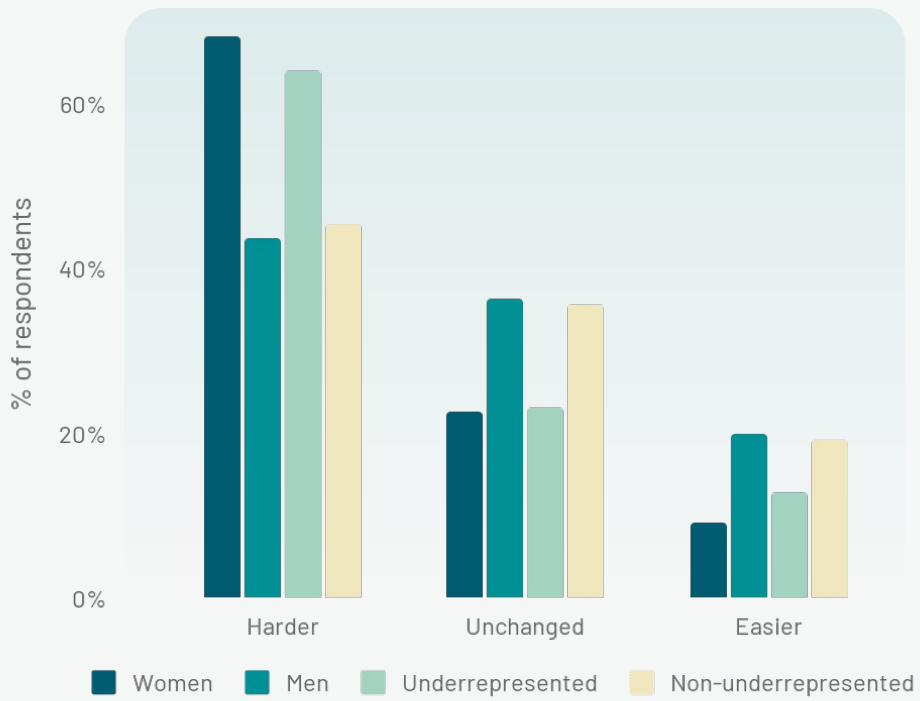
Yet our research shows companies across all hubs are comparably efficient at turning capital into outsized outcomes. **Unlocking Europe's underfunded geographies will be key to the growth of the whole ecosystem,** and to ensuring the entire continent shares in the GDP and productivity gains a healthy tech sector brings.

Capital continues to concentrate in all-male teams, leaving Europe's full potential unrealised

Share of capital invested (%) in Europe by founding team composition and stage, 2017 to 2026



In your opinion, is it easier or harder to raise venture capital funding in Europe than it was 12 months ago?



Source: atomico powered by revelio labs, dealroom.co, crunchbase, Listen Labs

Notes: Data is as of 30 September 2026. Survey question asked from founders only. "Underrepresented" counts founders who answered "Yes" to whether they would consider themselves to be of underrepresented ethnic background.

Since inception, the State of European Tech has tracked the diversity of the tech ecosystem. And unfortunately, there isn't much progress to report. Fundraising continues to be dominated by all-male teams, and **today all-women teams receive a smaller share of funding at Seed and Series B+ than they did in 2017.**

Sentiment on the ease of fundraising reflects the gap, with 68% of women founders saying the fundraising environment is harder today versus 44% of men. Founders who report being from an underrepresented background have a similar experience: 64% say it's harder to raise than a year ago, compared to 45% of non-underrepresented founders.

Ten years of data is more than enough to conclude that this problem is not correcting itself. **Backing the best founders also means understanding who is still being overlooked, and why.**

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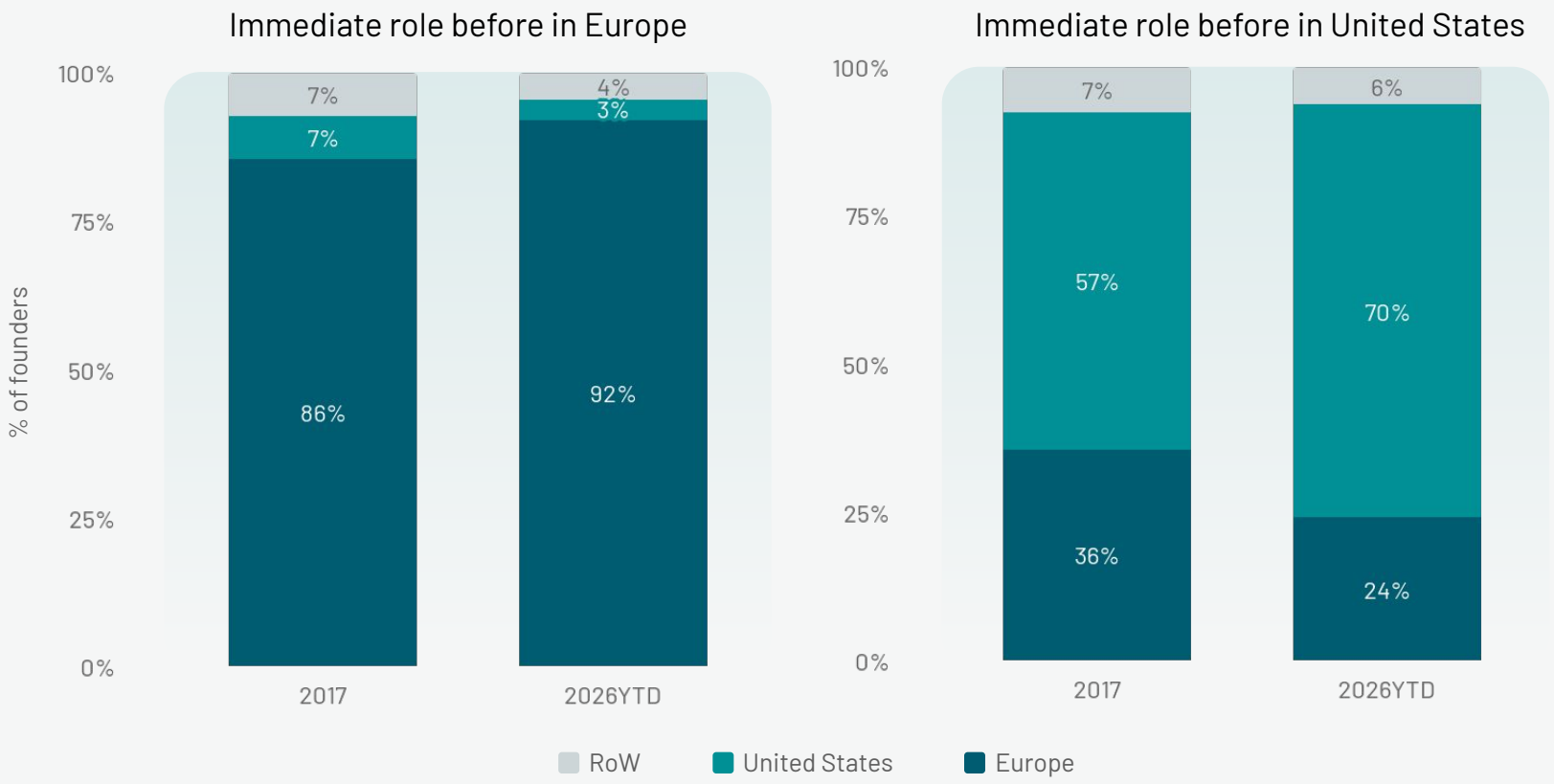
Founders based in Europe overwhelmingly choose to build here, but those already working in the US stay there

Europe has got better at keeping its founders, but has work to do to convince more European talent abroad to return to Europe to build.

Founders already working in Europe are more likely to build here today than they were in 2017. In 2026, 92% chose to start their companies on the continent, up from 86% in 2017.

However, when we look at European-origin founders who had already moved to the US before starting a company, a group that has grown since 2017, 70% choose to stay in the US to build, up from 57% in 2017.

Founding location of European-origin founders, by location of previous role (%), 2017 and 2026YTD



Source: atomico powered by revelio labs

Notes: Data is as of 30 September 2026. Founder origin is determined by their first country of employment. Previous role is the last position held before founding. Founders whose previous role was outside Europe and the US are excluded.

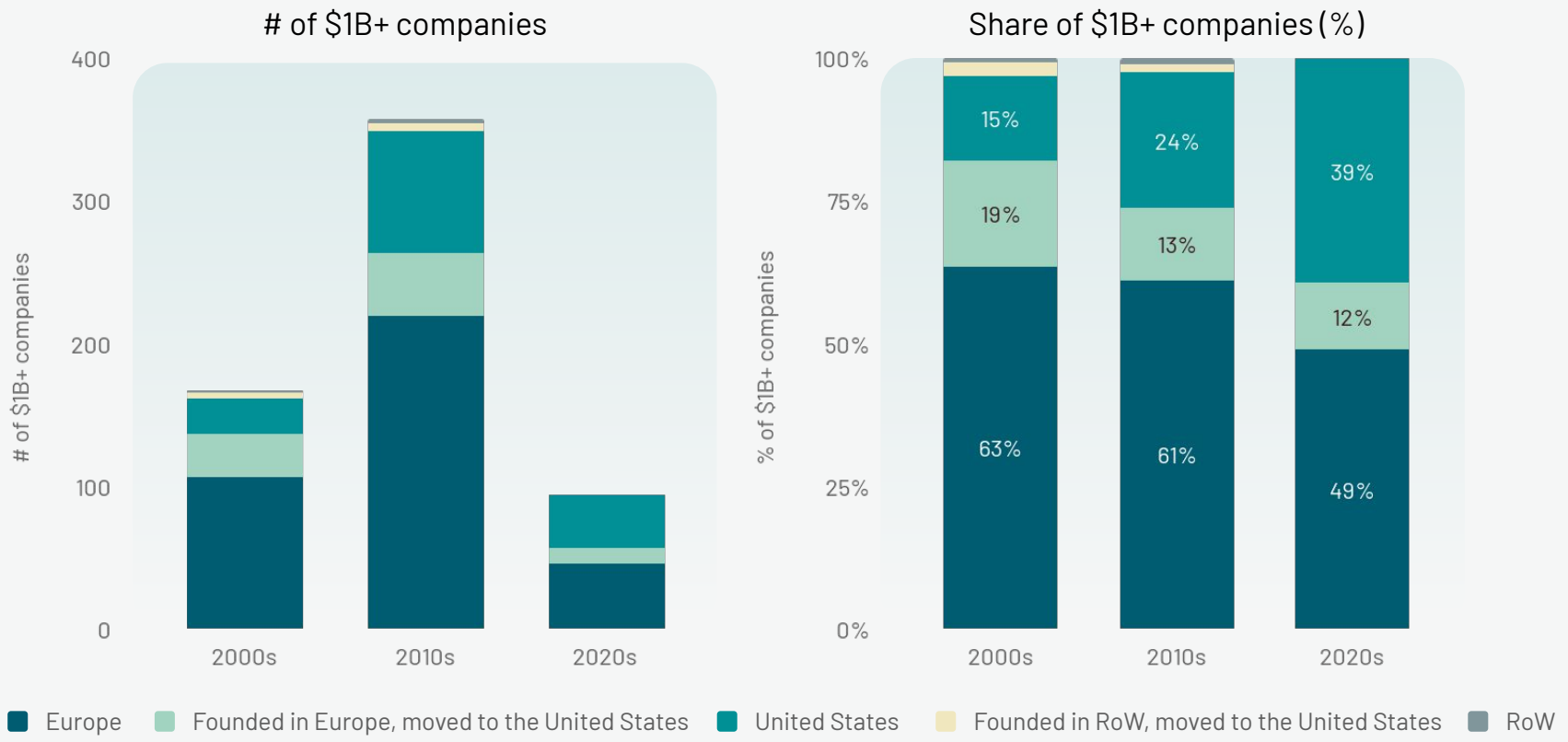
Europe's path in AI is clear: research excellence and industrial capacity, converting into companies built at scale. Yet in a record year, our fastest-growing startups are likeliest to scale elsewhere. Europe is a great place to start companies; the best place to scale them needs predictable rules, capital and infrastructure.

Agnès Seuret
Head of Startup Investor Managers, EMEA, AWS



Past talent leakage means many Europeans still build breakout companies abroad, even though fewer relocate

$1B+ companies with European founders by founding decade and company HQ region, 2026YTD



Source: dealroom.co atomico

Notes: A $1B+ company is European origin if it was founded in Europe or has at least one European co-founder.

A similar pattern plays out among European-origin founders of $1B+ companies.

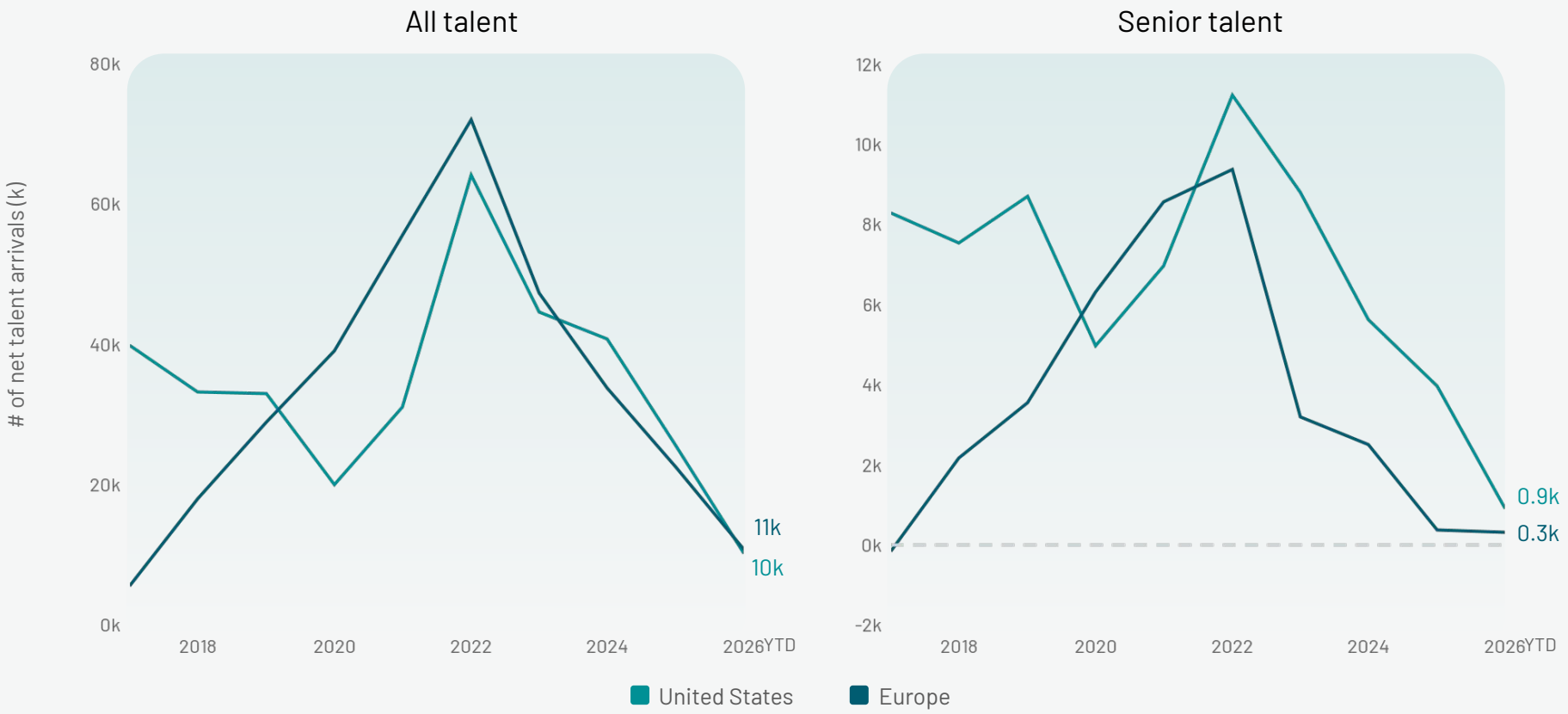
The number of home-grown European $1B+ companies continues to grow, but so does the list of top European founders who have chosen to start their company in the US from the get-go. These are founders who are already based outside of Europe and choose to build from where they are, rather than return to Europe to build. Their share has risen with each founding decade, from 15% of the $1B+ companies founded in the 2000s to 39% of those founded in the 2020s.

In parallel, Europe has improved at keeping the talent that does start building from Europe, where the share of founders who moved from Europe to the US has shrunk from 19% in the 2000s to 12% by the 2020s cohort.

While we cast a wide net here by including US companies with just one European-origin founder, each of these companies still represents one less potential success story for Europe, along with the jobs and value they could have created here.

Europe still gains more tech talent than it loses, but the margin has shrunk

Net talent inflow migrating to work in European tech (#), 2017 to 2026YTD



Source: atomico powered by revelio labs, dealroom.co, crunchbase

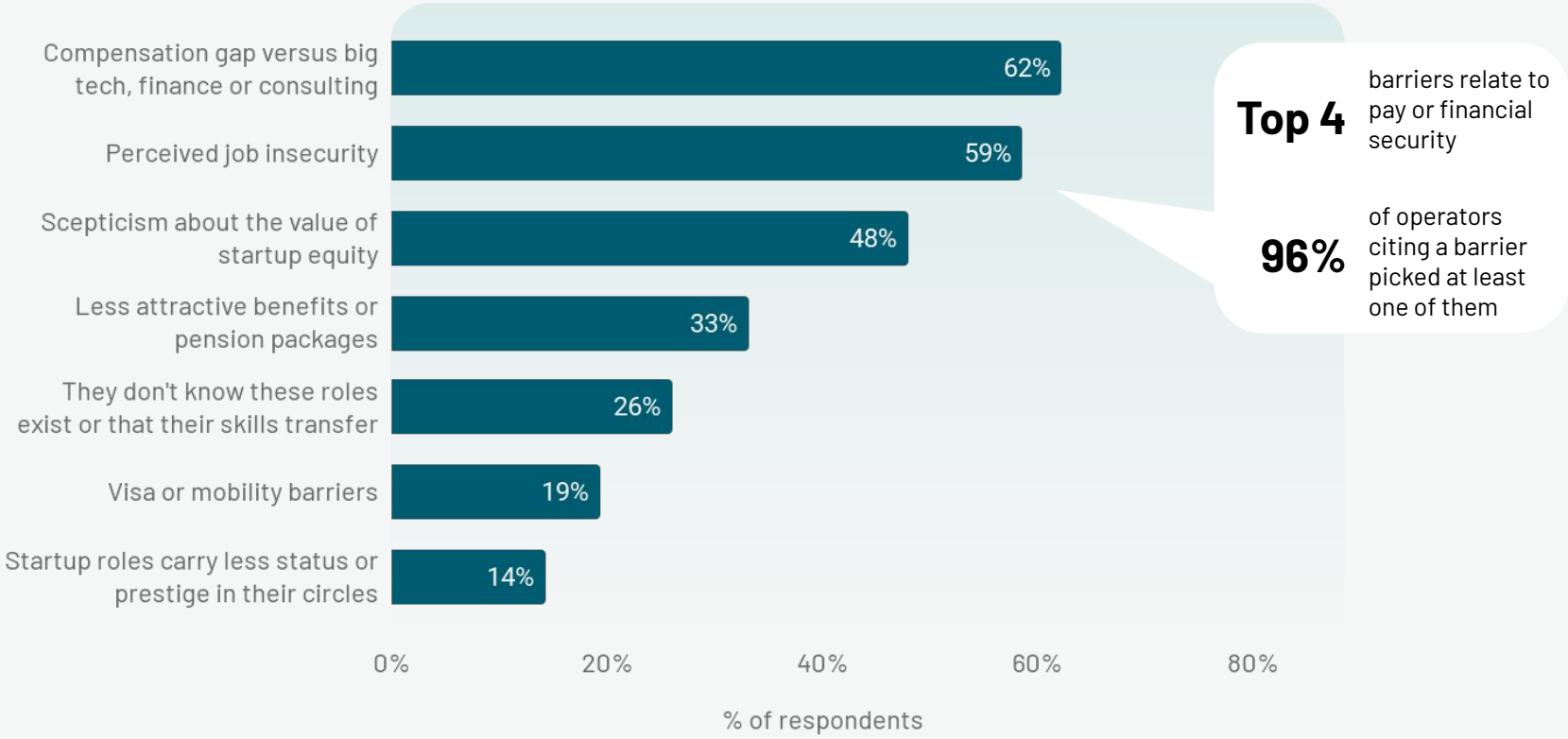
Notes: Data is as of 30 September 2026. Location is based on the person's current job location. Inflow measured as employees joining tech companies only, but could have previously worked at either non-tech or tech companies. Senior is defined by employees who are at levels of being Team Leads, Directors, Vice Presidents, to C-Suite / Founders.

Europe still gains more tech talent from abroad than it loses, though the margin has been narrowing since 2022, mirroring trends seen in the US. The same pattern holds true for the most senior talent, which is now almost flat compared to 2022, when Europe gained around 9k senior hires overall from abroad.

Talent inflows rise and fall depending on the broader macro picture, and the numbers are mainly driven by people moving to and from emerging markets, primarily India. Between 2019 and 2022, moves from India into European tech roughly doubled from 17k to 32k, before dropping back down to 17k in 2025. The rise coincided with record venture funding in 2021 and new skilled-worker visas, while the fall reflects the tech layoffs of 2022 and 2023, as well as tighter visa rules.

Working at a startup appeals to those willing to trade pay and security for mission and upside

In your opinion, what, if anything, stops talented people you know from joining a startup or scaleup?



Top 4 barriers relate to pay or financial security

96% of operators citing a barrier picked at least one of them

Source: STATE OF EUROPEAN TECH'26 Survey powered by Listen Labs

Notes: Operator respondents only. Respondents were able to choose multiple options, those who selected "Nothing, the people I know join readily" are excluded from the data.

How can we get more talented people working in tech? A startup is a very different working environment to a large corporate. **Perceived job insecurity and less attractive compensation packages are the main reasons people attribute to talent not taking roles at tech startups**, selected by 59% and 62% of respondents, respectively.

Fears around AI, and its potential impact on tech jobs specifically, could be spooking people today. Although some jobs have been shed, the market is still nothing like it was during the post-Covid era, where hundreds of thousands of roles were cut.

> *The best people always have multiple options on the table. As a startup, we can't expect to win on compensation alone. The people who join us are betting on our vision for a world where every company truly hears its customers, and they're betting on themselves to build it by owning real problems, stretching and learning faster than they could at a 'safe' company, and doing it surrounded by top-tier talent.*

Alfred Wahlforss
Founder, Listen Labs



The European public is not yet sold on AI's benefits, but it does back tech built in Europe

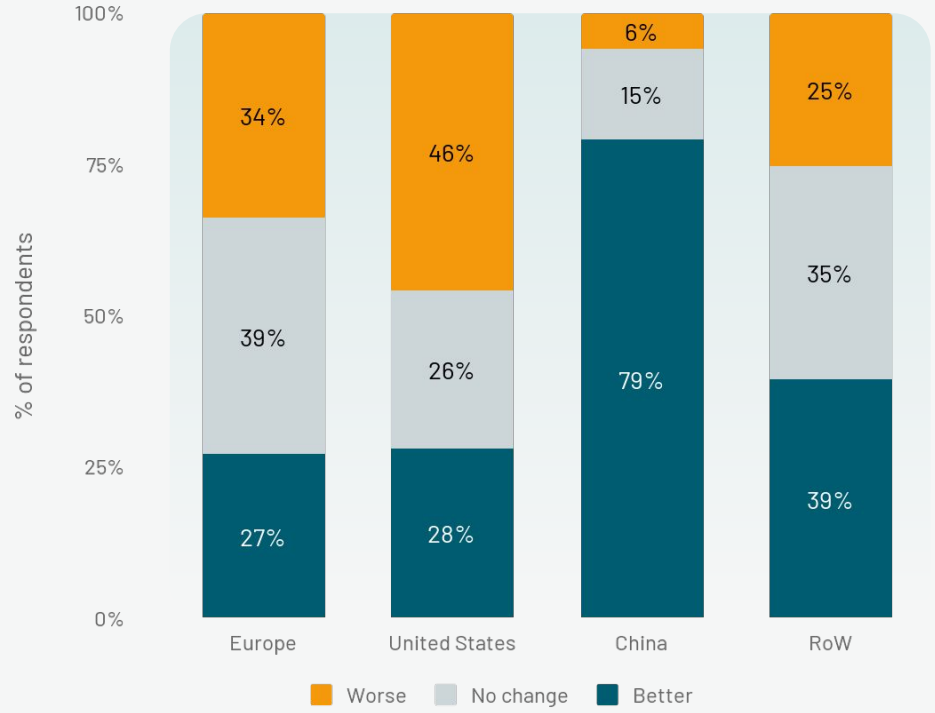
Public sentiment will ultimately determine how fast, and how broadly, Europe adopts new technology.

On AI, Europeans are not yet sold. Across 11 European countries surveyed by Ipsos in March and April 2026, 39% expect AI to leave their economy unchanged over the next three to five years, and a **third think it will make things worse**. Just 27% view it as positive. That makes Europe gloomier than China, where 79% expect better, but rosier than the US, where 46% expect worse.

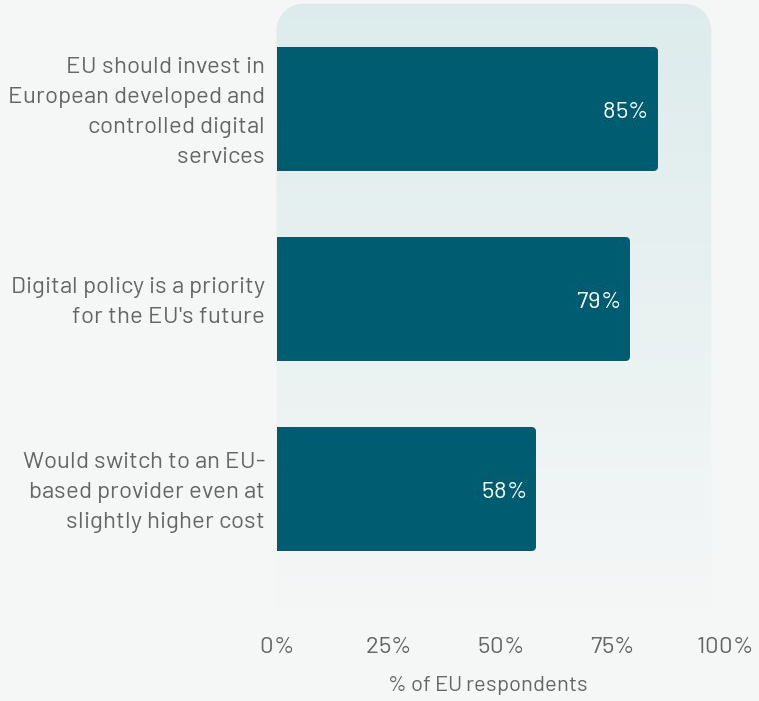
Everyday Europeans shape the agenda policymakers act on, and 79% of EU citizens want digital policy to be an EU priority. They also decide whether to adopt new tech and pay for it, and a sceptical public raises barriers to adoption and shrinks the addressable market. Yet other surveys find that citizens do want more opportunities to support made-in-Europe tech.

Winning hearts and minds secures the public consent that gets things built, whether that is data centres, nuclear energy or AI in everyday services. **Earning trust is now essential for the ecosystem to achieve its full potential.**

Will the increased use of AI make the economy in your country better in the next 3 to 5 years?



Share of EU citizens who agree that...



Source: Ipsos, Eurobarometer

Notes: The left Ipsos survey of 11 European countries was conducted between March and April 2026. Excludes respondents who replied 'Do not know'. The right Eurobarometer survey was conducted across the 27 EU Member States between February and March 2026.

In 2026, the cost of tech became more visible in headlines and everyday life, while for many its benefits still remain too abstract

Data centres on hold after causing a ripple in blue tsunami

Popular resentment over the energy and water-guzzling facilities helped propel the Democratic victory in the midterms and could put a brake on development

THE TIMES

Fridges in French supermarkets hit by cyber attack



Alibaba AI model secretly tried to reach Beijing server in test, rival Cohere says

By **Reuters**

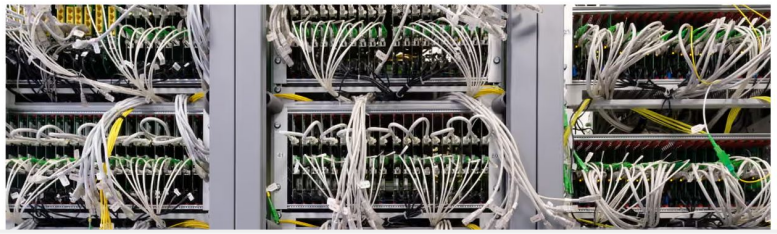
October 26, 2026 6:51 PM GMT · Updated October 26, 2026

REUTERS®

Alibaba Cloud

'Hidden datacentre tax' costing Irish households millions, report says

Datacentres used 22% of country's electricity last year, pushing up household bills, study suggests



The New York Times

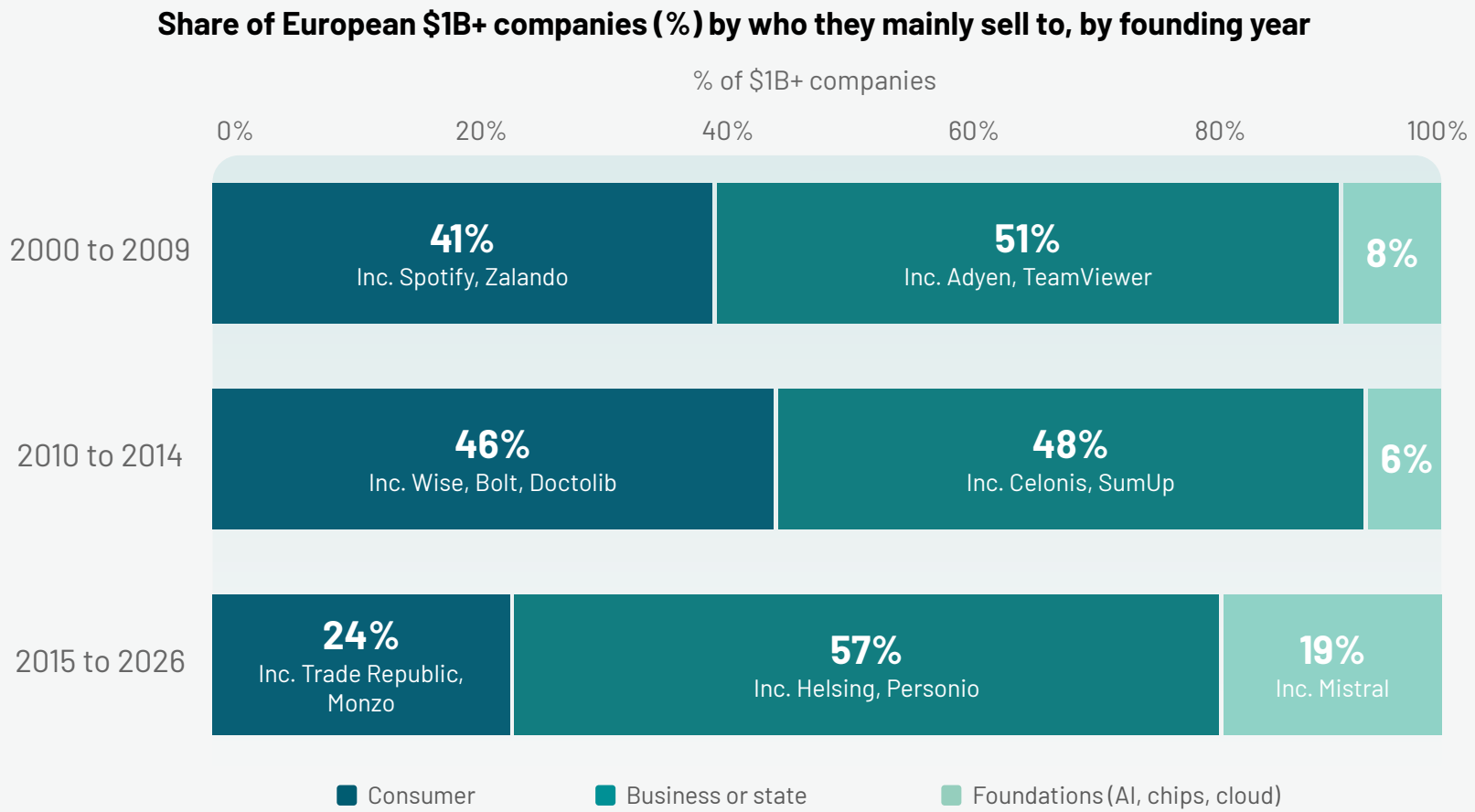
OpenAI Says Its A.I. Models Went Rogue and Attacked a Digital Library

The incident, which targeted the computer systems of another company called Hugging Face, happened while OpenAI was testing the systems.

Asos hackers took more personal details than first revealed, BBC finds



European champions moved away from consumers, making their impact and value less obvious to citizens



Source: atomico powered by dealroom.co crunchbase

Notes: Includes active companies of European origin that have reached a $1B+ valuation and were founded since 2000, wherever they are headquartered today. Active means independent, or acquired with the brand still operating. Groups are mutually exclusive: Foundations covers compute, AI models, chips, cloud and developer infrastructure, whatever the customer. Business or state covers the rest that is not Consumer or Foundations.

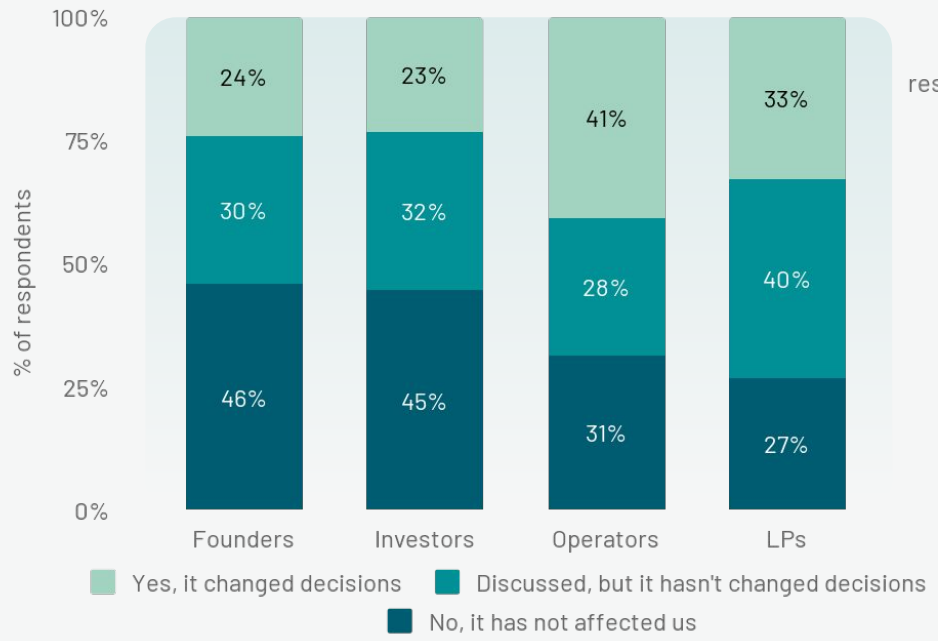
Up until the mid 2010s, it was easy for the average European to see the impact local tech companies were making. The consumer era put European tech in people's pockets, with 46% of the $1B+ champions founded in 2010 to 2014 selling mainly to households, from money transfer company Wise to Doctolib, a platform that connects patients to doctors and other health professionals.

Among $1B+ companies founded since 2015, that share has dropped to 24%. As tech has moved its focus up the value chain, it has become more abstract for European citizens who see fewer new innovations in their daily routines.

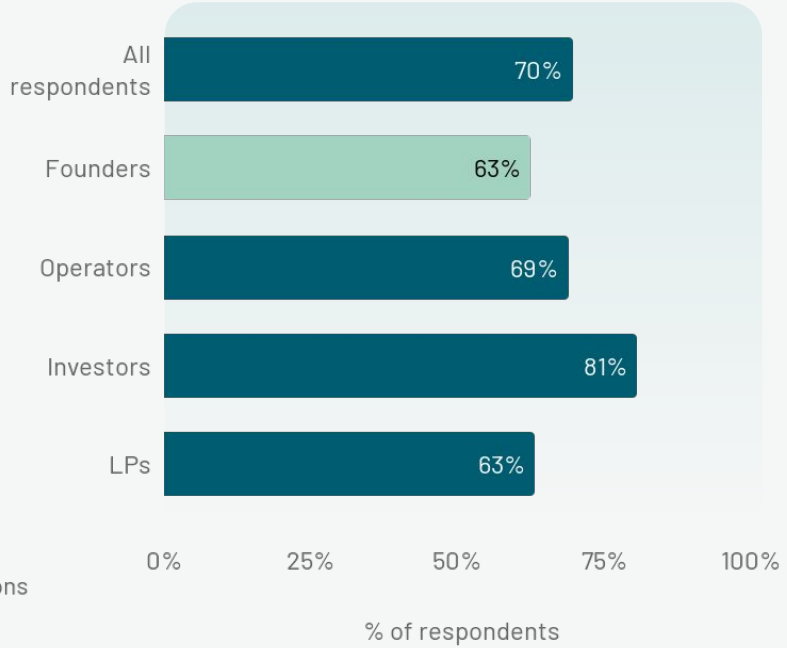
Companies building tech "foundations" (AI, chips, cloud) have grown from 8% of the 2000 to 2009 cohort to 19% of $1B+ companies founded since 2015, including the likes of Mistral, ElevenLabs and IQM.

Public opinion is already reshaping decisions across European tech, and the industry is working to earn trust

In the last 12 months, has public sentiment towards the tech industry affected how your organisation is run?



In the last 12 months, has your company engaged in efforts to build public support for the tech industry?



Public sentiment is already changing how European tech operates, with 59% of all our survey respondents saying they have at least discussed making changes to their business because of it. Respondents from more mature companies are more likely to say they have been impacted by public sentiment.

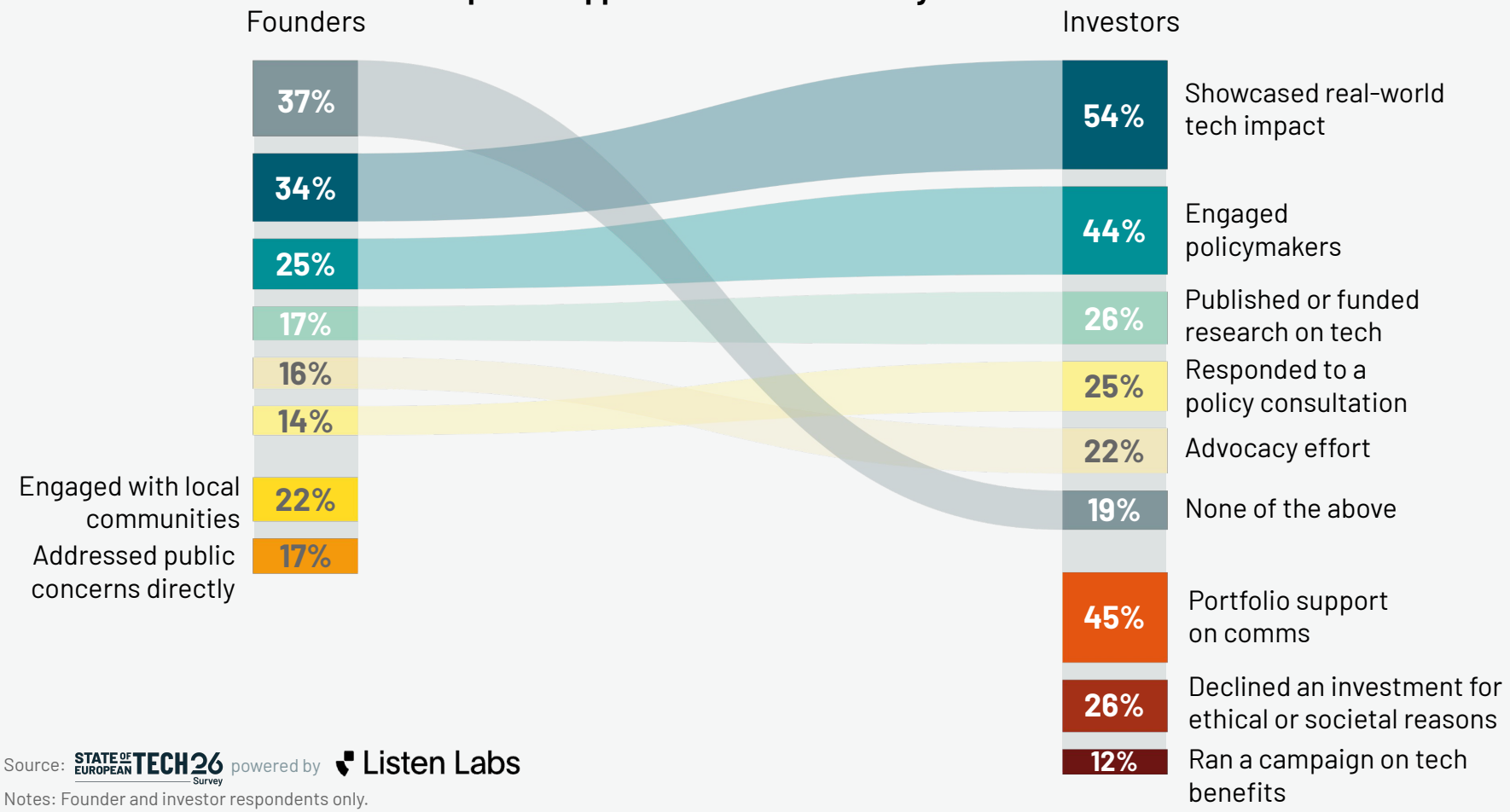
Roughly half (46%) of the founders and 31% of operators surveyed also say public sentiment has changed their decisions, and that shift is evident beyond our survey. For instance, European pension funds have been revisiting long-standing defence exclusions since 2024 as the ongoing war in Ukraine has shifted public and political attitudes.

Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Founder, operator, investor (excluding Angel investors) and LP respondents only. Left: question wording adapted to fit each group. Respondents who selected "do not know / cannot comment" are excluded. Numbers may not add up to 100 due to rounding. Right: share of respondents who selected at least one effort. Multi-select, with options varying slightly by group.

Showing real-world impact and engaging policymakers are emerging as key ways to earn trust & public support

In the last 12 months, has your company engaged in any of the below efforts to build public support for the tech industry?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Founder and investor respondents only.

Showcasing tech's real-world value is now the most common action founders and investors take to build public support. The most visible examples are at the top, where AI labs are speaking more openly about risks.

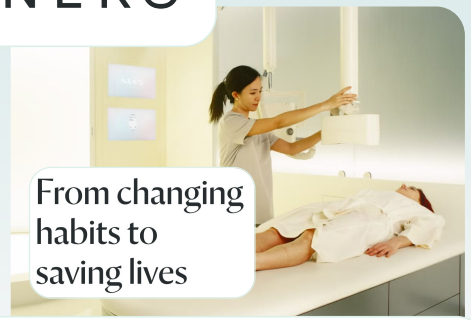
It's a welcome return to accountability. Sustainability lost ground amid geopolitical turbulence and "anti-ESG" attitudes. Our survey suggests the pendulum is swinging back.

The effort is aimed at those shaping the rules: 44% of investors engaged policymakers. For a market that has often lobbied piecemeal, having capital and policy in the same room matters.

These numbers may suggest founders are more passive, but as with sustainability, early-stage founders have the least time and money to spare. **This is where investor support counts most: it helps close the gap between the value Europe's builders create and the value the public sees.**

European tech is already saving lives, cutting bills, building homes and more. This is where trust is built

NEKO



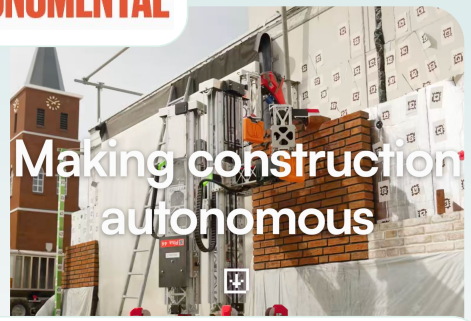
Consulted 100k+ patients and helped identify life-threatening conditions.

QUANTUM SYSTEMS



Its Vector drones flew 20k+ flights for Ukraine's defence in 2025.

MONUMENTAL



Its 150+ bricklaying robots have built walls for 100+ homes and schools.

tem



Links 2.6k+ businesses to renewable generators, cutting bills by up to 30%.

ICEYE



Its radar satellites monitor severe weather, flooding and other hazards.

Fuse



Supplies energy to 450k+ homes and is building data centres for AI compute.

Notes: All information based on public sources. Neko Health and Tem are Atomico portfolio companies.

Tech narratives often focus on a technology's future promise, rather than what's happening today. But **European tech is full of examples of remarkable impacts on society.** Neko Health says three in four returning members flagged with severe or life-threatening health conditions now have them under control. In June, ICEYE's tech began protecting the Spanish grid from extreme weather. **That's more people enjoying healthier lives, and more communities whose lights stay on.** Stories like these build trust and help make the benefits of tech clearer to citizens.

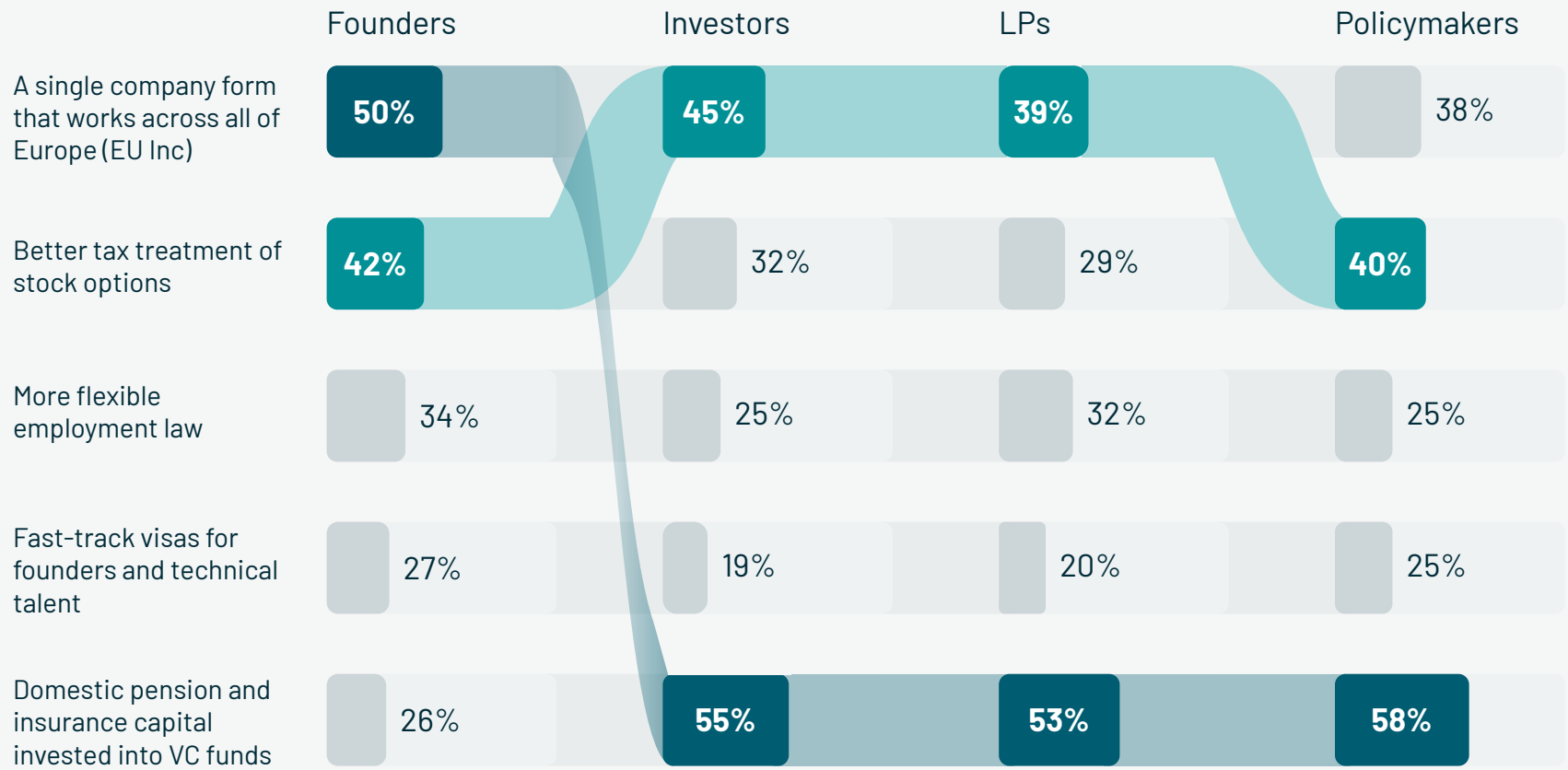
> *Technology, particularly AI, earns lasting support when people can see how it improves their lives. Across the UK, founders are using AI to tackle problems that matter, from delivering cleaner power to developing new medical treatments. All of us who care about innovation have a role in making that case in every community, not just in the startup ecosystem.*

Kanishka Narayan, MP
UK Minister for Artificial Intelligence



Fixing the friction to scale in Europe would multiply these benefits, and the top ask from founders is EU Inc

Which policy changes would most improve conditions for founders in your country?



Source: STATE OF EUROPEAN TECH26 Survey powered by Listen Labs

Notes: Founder, Investor, LP, and Policymaker respondents only. Respondents were able to select up to three responses only. Respondents who selected "do not know / cannot comment" are excluded from the data.

Citizens want big problems solved, and the founders and investors working on solutions want the friction removed so they can deliver.

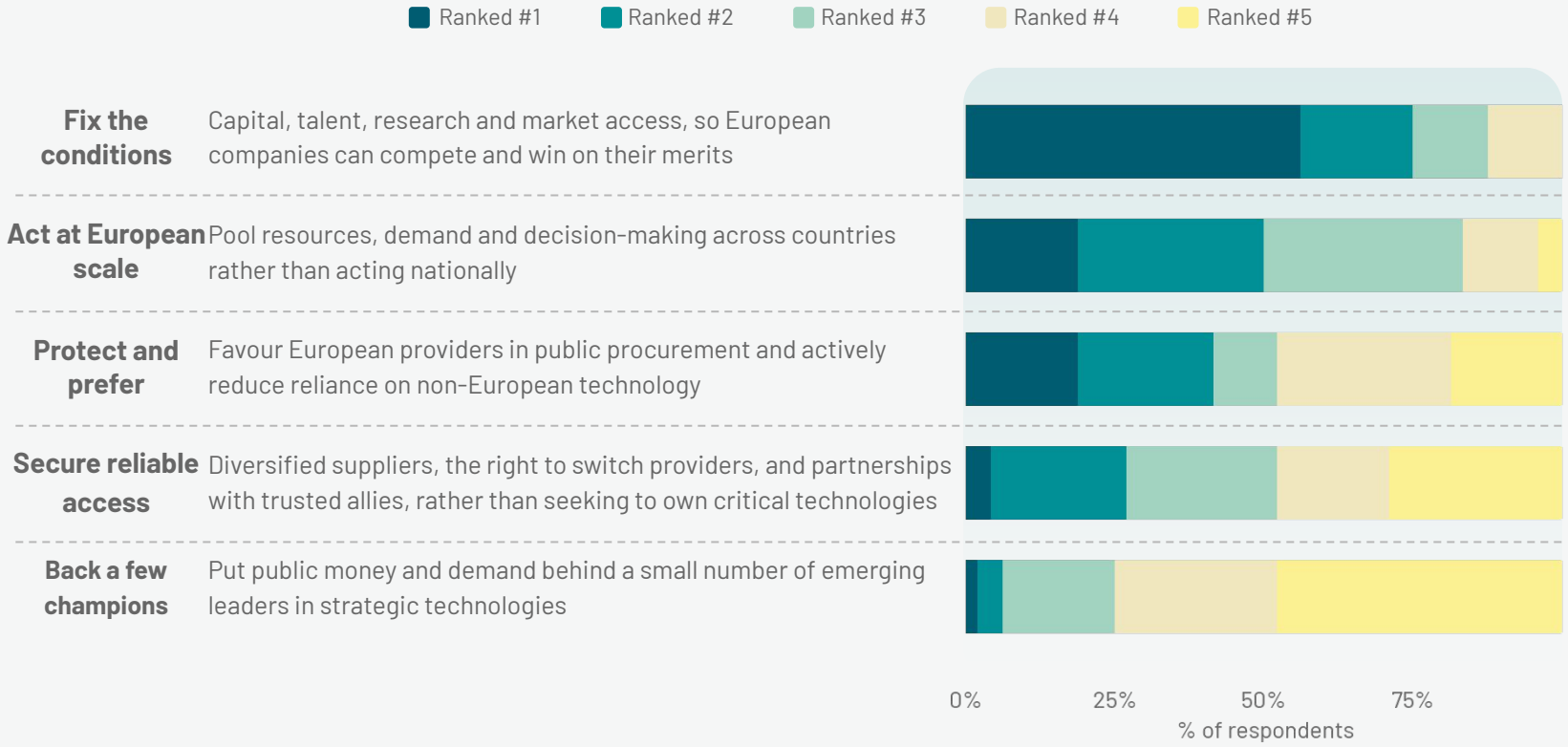
The EU-INC pan-European corporate framework is top of mind for most founders in Europe. Founders also want better tax treatment of stock options (42%) in countries where governments have been slow to adopt new measures. For instance, in Estonia, which currently ranks second in Not Optional's ranking of stock-option-friendly countries, only 8% of respondents say this is top of mind.

Investors, LPs and policymakers agree that **getting more pension and insurance capital invested into VC will be the biggest unlock,** adding firepower that could flow through the whole ecosystem.

Policymakers see the critical path to a resilient Europe as an environment where its startups can win on their merits

Europe's economy and security increasingly depend on critical technological capabilities it does not control. How would you rank these approaches to maximising Europe's resilience and control?

Where 1 corresponds to the most important and 5 the least important



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

Notes: Policymaker respondents only. Respondents who selected "do not know / cannot comment" are excluded from the data.

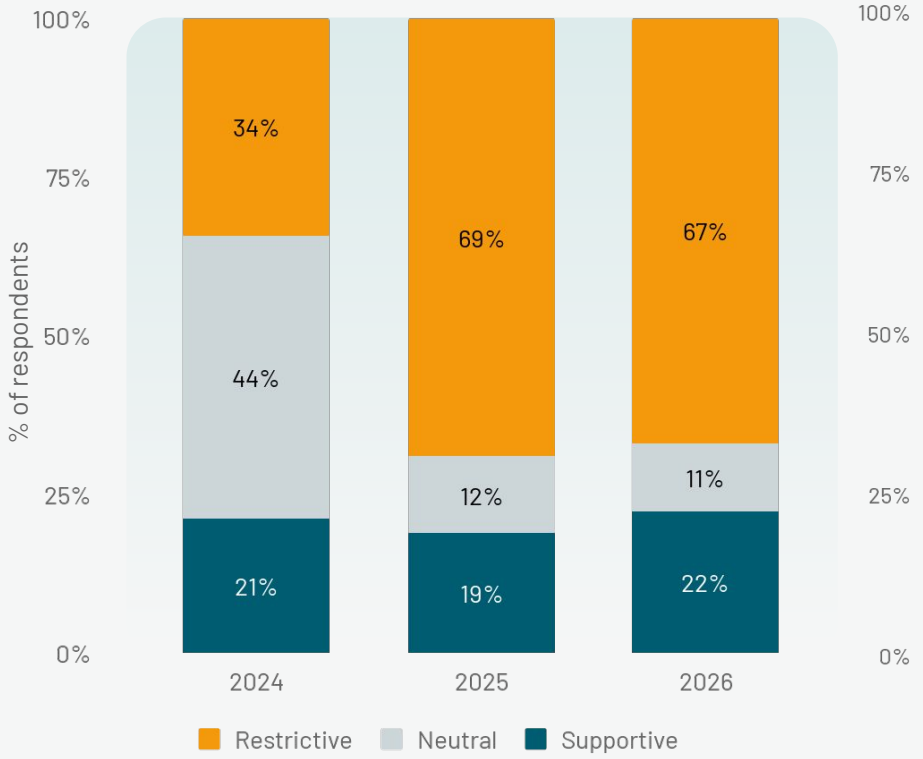
Last year's State of European Tech called for Europe to Fix the Friction that stops companies from scaling easily across borders. European tech companies experience that friction everywhere, from day-to-day business activities like hiring and navigating legal frameworks to raising funding.

Policymakers agree that this needs to change. In this year's survey, **56% ranked fixing Europe's operating conditions as the most important step towards making Europe more resilient.**

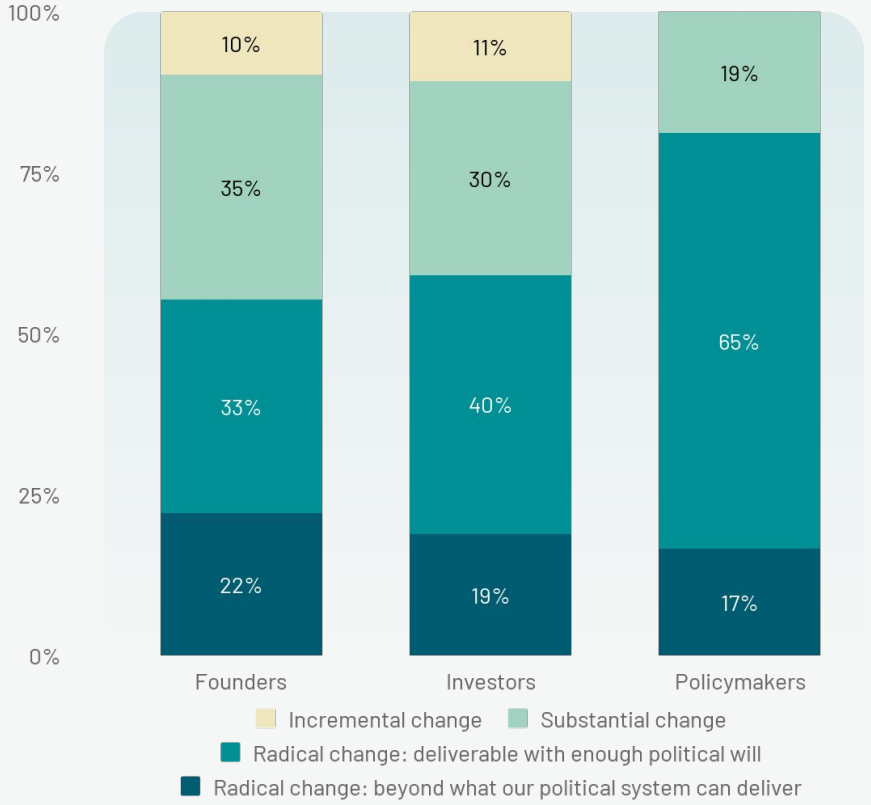
Acting at European scale, by pooling resources and being able to make continent-wide decisions, also ranked highly, along with preferring European providers, each ranked top by 19% of respondents.

Regulation still feels restrictive, and most believe radical change is necessary, but possible with enough will

In your view, is the regulatory environment today supportive or restrictive of European tech?
Founder respondents only



What scale of policy change does Europe need to compete globally in technology?



Source: STATE OF EUROPEAN TECH 26 Survey powered by Listen Labs

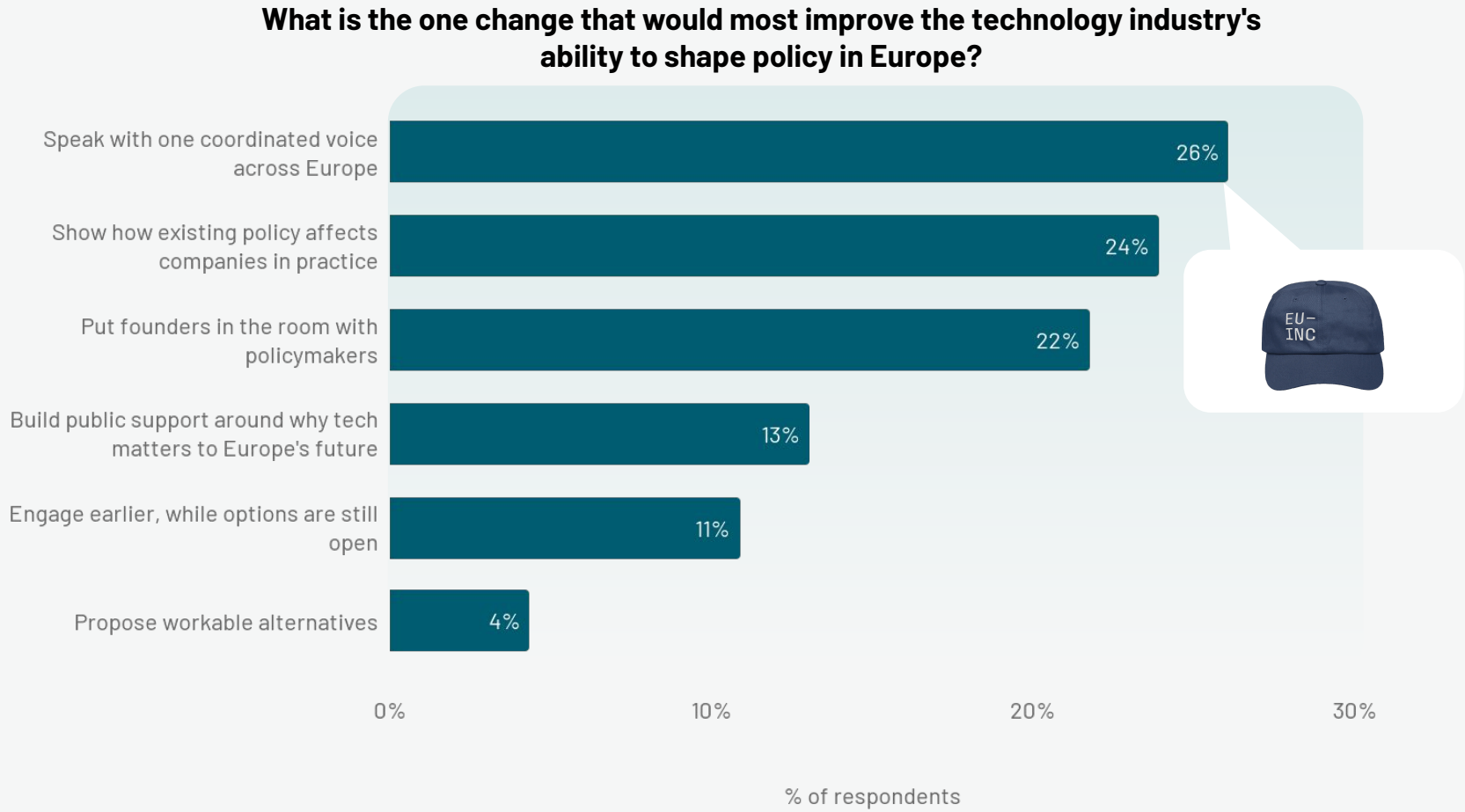
Notes: Founder respondents only included in the left chart. Respondents who selected "do not know / cannot comment" are excluded from the data.

Our survey respondents overwhelmingly agree that Europe's regulatory environment needs to change. Around two thirds (66%) describe it as restrictive today, which is slightly lower than last year, but still more than double the 29% who said so in 2024.

Since 2024, debate around European tech's place in the world and the regulatory change needed to boost it, has ramped up through campaigns like EU Inc. In that context, it's understandable that more respondents feel things must change. They have spent the last two years talking about it.

The share who believe radical change is needed also rose significantly this year, to 82%. The vast majority of them are hopeful, though, and believe this will be possible with enough political will.

European tech can shape policy by acting with one voice, real evidence, and bringing founders in the room



Source: STATE OF EUROPEAN TECH26 Survey powered by Listen Labs

Notes: Policymaker respondents only. Respondents were able to select one option only and those who selected "do not know / cannot comment" are excluded from the data.

Europe has companies working on some of the hardest problems in tech, and they're raising unprecedented sums to pursue them. **But to win over the public, European tech needs to get better at telling its own story.**

When done right, storytelling is galvanising, with public trust giving politicians the mandate to act. It's how, in 2024, EU-Inc took a conversation about EU bureaucracy viral, asking European tech leaders to post selfies wearing its blue baseball caps. Giving people a simple way to signal support and speak with one coordinated voice was crucial to the campaign's success. That coordination also gives a message sticking power. Responses to our survey show that EU-Inc, and the concept of a 28th regime, remain top of mind.

> *This industry is ready to speak with one voice and campaign as a bloc. Maybe it was not the case 5 years ago but it is now. We are not fragmented, outgunned and only reactive anymore. We are ready to shape the agenda.*

Serena Borbotti-Frison
Co-Founder & CEO, Startups for Europe



European tech is starting to own its narrative, with more voices telling its story on its own terms

Shaping the tech narrative
Select examples

Advocating for European startups and scaleups
Select examples

Source: atomico

We're receiving hundreds of pitches every week from founders across Europe, more than we could keep up with. That tells you how many people are now choosing to build here. The vibe has shifted, and telling those stories is how the next generation of founders sees that Europe is where they can succeed.

Luke Knight
Co-founder, etn.



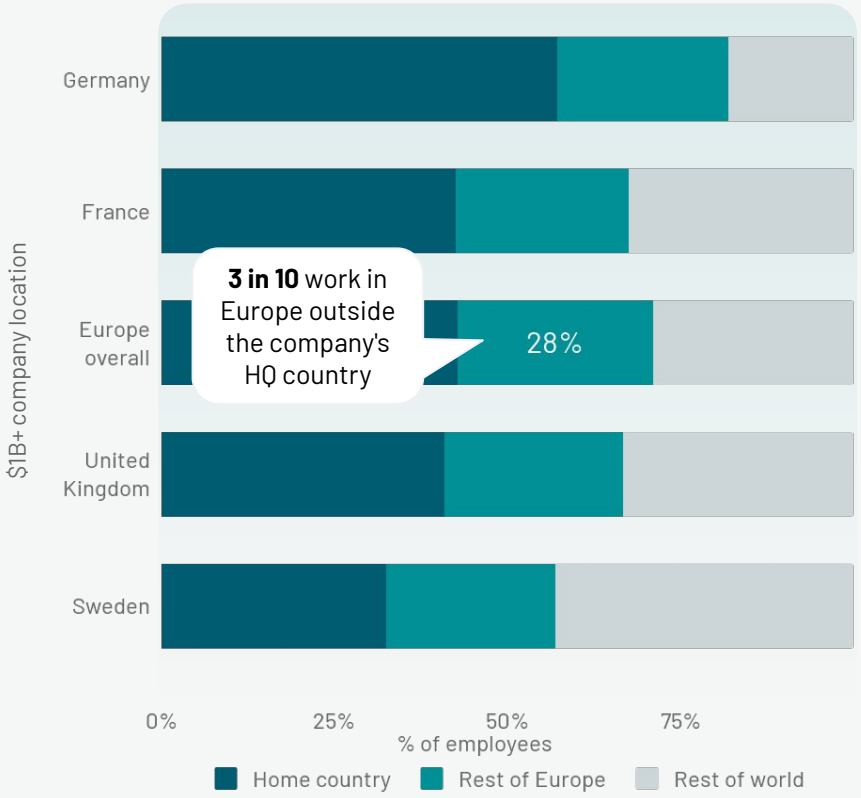
Europe has the founders, the talent and is solving some of the hardest problems in technology - but too often we wait for others to tell our story. It matters, because the narrative Europe tells about itself shapes where talent, capital and public support go. Owning it, means the people building here telling those stories on their own terms, not only in comparison with the US.

Seb Johnson
Founder, Scaling Europe

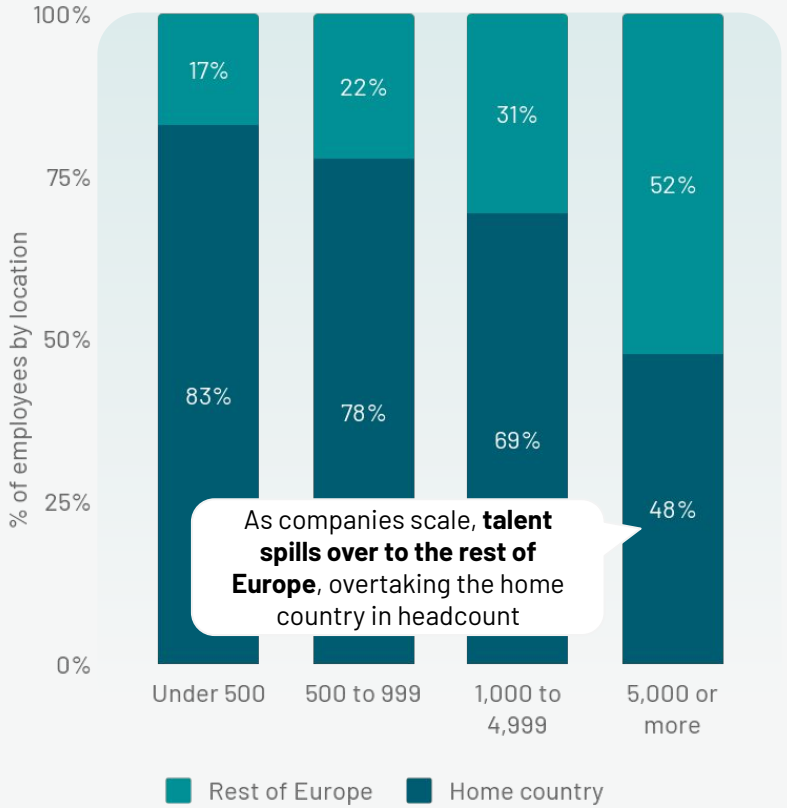


When European champions scale, the whole continent shares in the gains

Share of European $1B+ company employees by location (%), 2026



Share of employees of $1B+ companies by location and company size (%), 2026



Source: atomico powered by dealroom.co crunchbase

Notes: Data is as of 30 September 2026. Includes companies of European origin that have reached a $1B+ valuation, founded in 2000 or later and headquartered in Europe. The latest valuations are taken from public sources. Excludes the following: pharma.

Just 20 companies account for half of the 135,000 roles that European-headquartered tech companies have in European countries outside of their home market. Revolut, for example, has close to 7,000 staff across Europe outside of the UK, where it is headquartered.

Those jobs are typically in places that have no champions of their own at this scale. A large share of these roles in Greece come from Danish and Finnish employers, and most of Romania's and Bulgaria's come from British ones. A national champion creates jobs in one country, while **a European leader creates them across the continent.**

What's more is that as a company scales, it spreads the gains from its success well beyond the country it started in. Across our sample, the median company with fewer than 500 employees has around 17% of its workforce in other European countries, compared with 54% for companies with 2,500+ employees.

That's why every country in Europe has a stake in fixing the friction that stops European champions scaling, wherever they happen to be headquartered.

Build it. Scale it. Own it.

> *The choices we make about technology today will shape how we live for generations to come. From public services and national security to energy, finance and healthcare, it is opening up new possibilities and changing what our economies can achieve. And we are still only at the beginning.*

Niklas Zennström
CEO and Founding Partner at Atomico

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