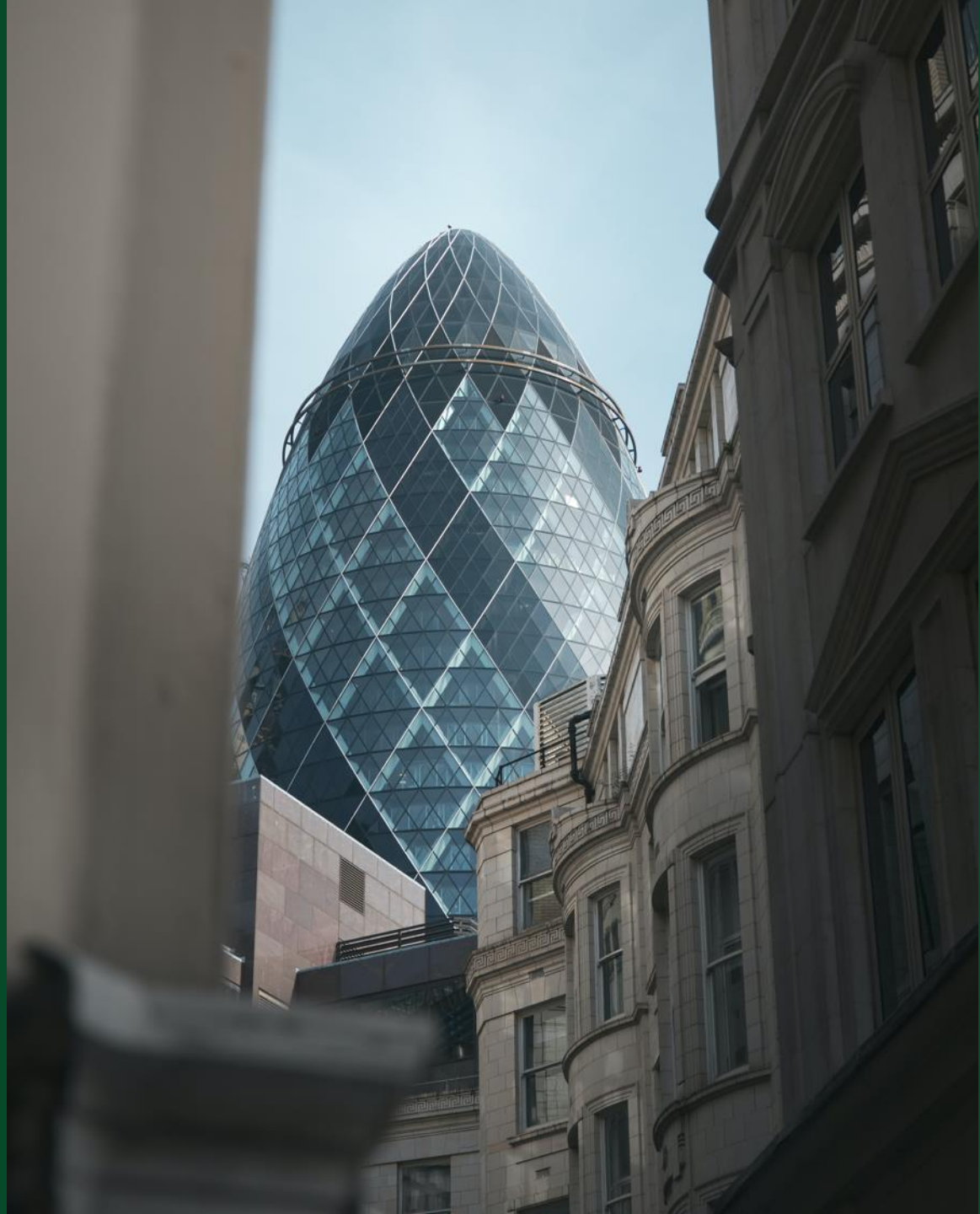


Best Places to Start Business in Europe

NGP Capital Analysis
17th November 2021



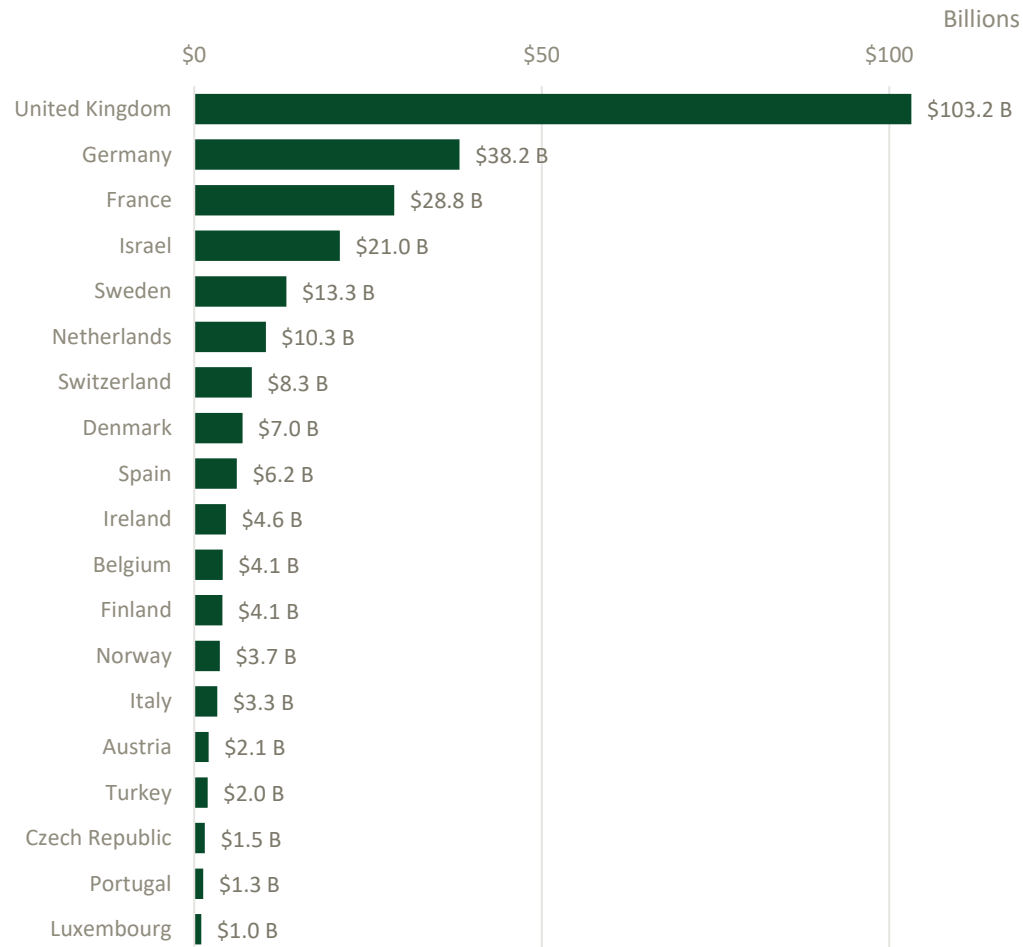
Background

- Best place to start a business in Europe is a country that:
 - Has a good availability for Seed and Growth funding, and
 - Shows success in companies converting from Seed stage to Early VC stage
- The research looks at companies' ability to raise venture funding per country, split to:
 - Seed funding, including Angel and Seed rounds
 - Early VC funding, including Series A and B rounds
- Also, we look at companies' ability to convert from Seed round to Series A round, being a signal of success rates for start-up companies in a country
 - As a specific cohort, we look at companies that raised their Seed round during 2019
- Funding data is collected from 2019Q1 to 2021Q3 (previous full quarter)
- The analysis includes European countries, and Israel and Turkey for reference
- Source: NGP Capital AI platform Q

Key Findings

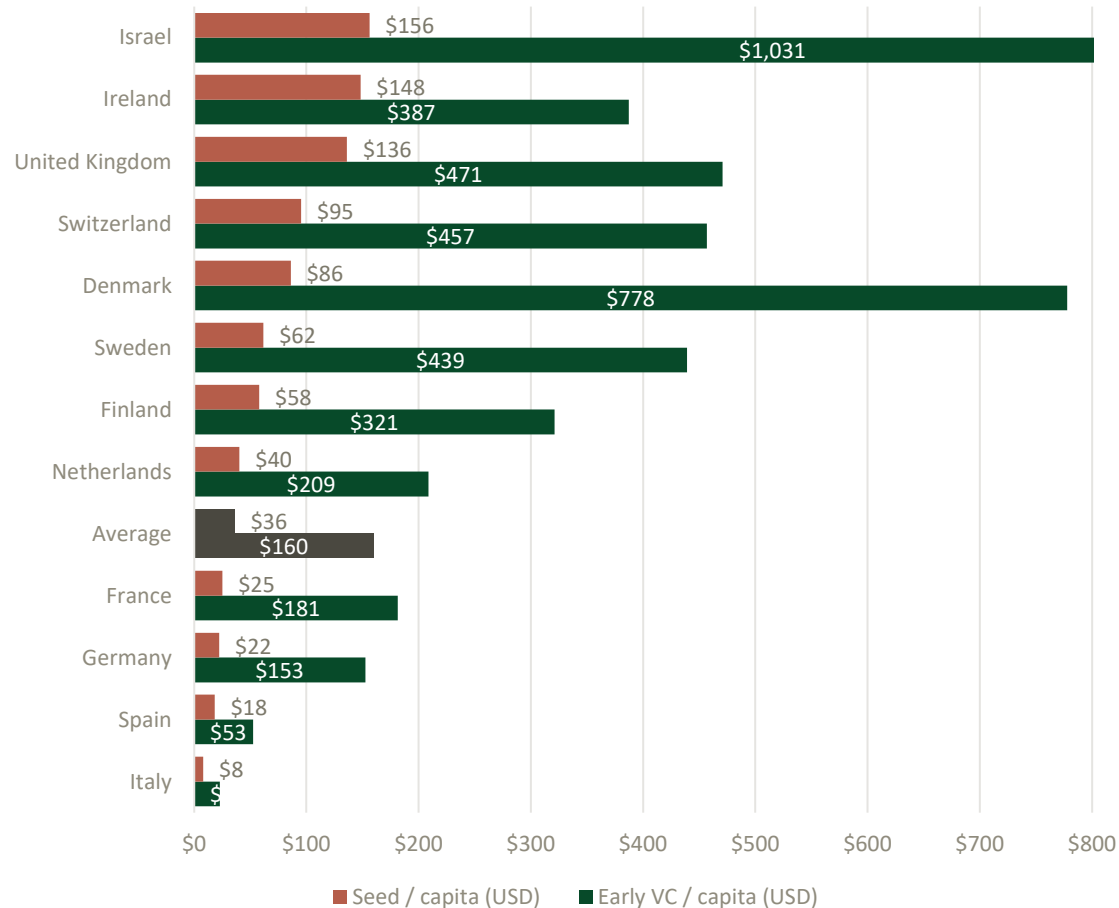
- **The best places to start business are Israel, United Kingdom and Ireland.** Israel tops all 3 measures:
 - **\$156 of Seed funding per capita, with average at \$36**
 - **\$1 031 of Early VC funding per capita, with average at \$160**
 - **22,2% of seed stage companies converted to Series A, with average at 16,1%**
- UK comes second with corresponding values at \$136, \$471 and 21,4%
- Ireland is at third position with \$148, \$387 and 15,0% correspondingly
- For large markets, France and Germany show lower per capita funding at Seed (\$25 for France, \$22 for Germany) and Early VC (\$181 and \$153) stages
- European averages are brought down by large, underperforming markets such as Italy, Spain and Turkey

Venture funding per country: In absolute terms, UK leads by a far margin. Germany and France are above the rest of the pack, but Israel and Sweden are surprisingly close



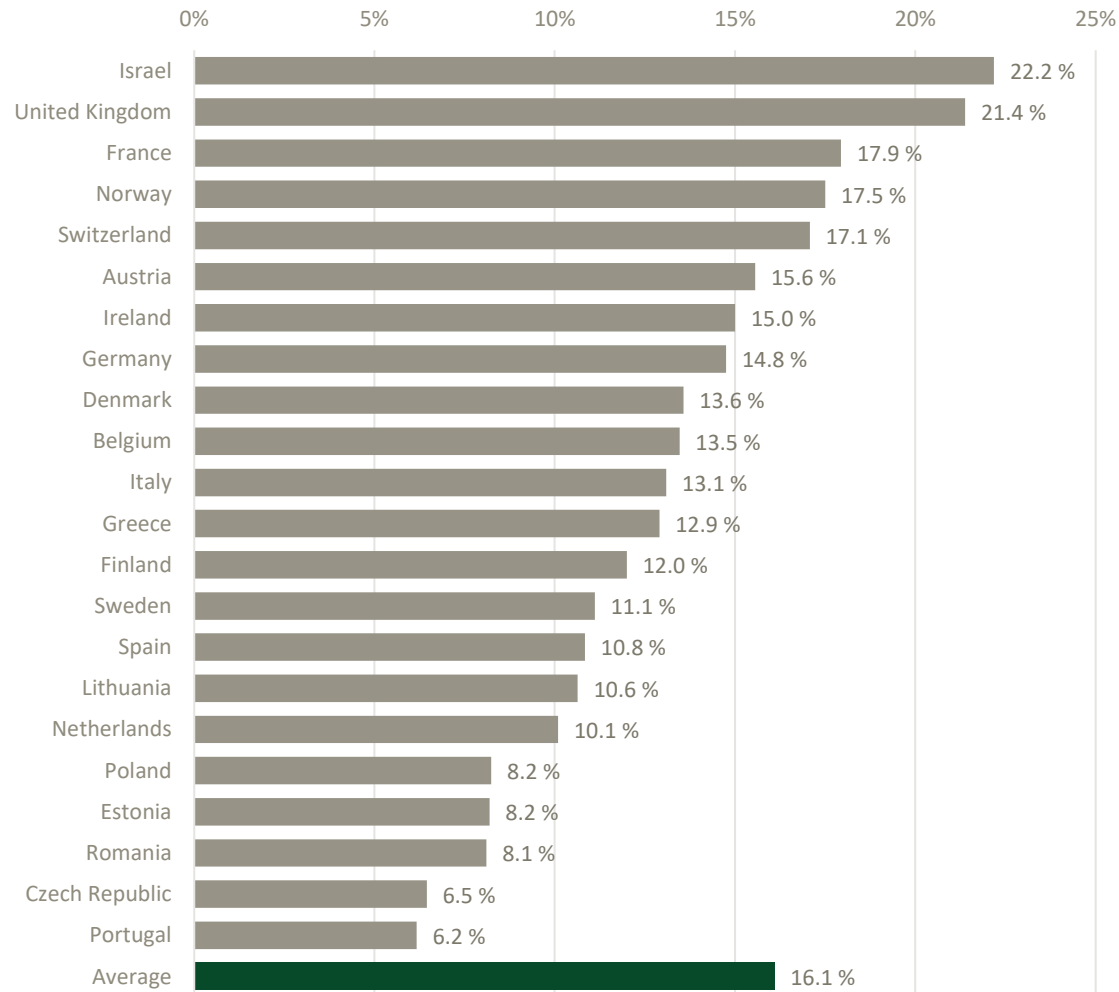
- Looking at availability of VC Funding per country over the period, top 5 countries are:
 - United Kingdom (\$103,2 B)
 - Germany (\$38,2 B)
 - France (\$28,8 B)
 - Israel (\$21,0 B)
 - Sweden (\$13,3 B)
- Also Dutch, Swiss, Danish, Spanish, Irish, Belgian, Finnish, Norwegian and Italian markets show at least \$3 B of VC funding
- This includes all VC Funding, without paying attention to stage. Numbers are most affected by large, late rounds
- In the later analysis, we want to focus on companies with more VC funding in general

Seed and Early VC funding per capita per country: Both lists are topped by Israel, Ireland, UK, Switzerland and Denmark, Germany and France lag.



- In order not to skew the analysis towards larger countries, we've standardized analysis per capita
- The countries with most Seed funding per capita include Israel (\$156), Ireland (\$148), UK (\$136), Switzerland (\$95) and Denmark (\$86)
 - All these countries have also a large amount of Early VC funding per capita, at least nearly at \$400
- Among the largest markets, both France (\$25) and Germany (\$22) are below average at \$36 of seed funding per capita
- Spain (\$18) and Italy (\$8) have also low Seed funding, though the VC market is smaller as well
- Sweden and Finland place in the middle of the pack both in terms of Seed and Early VC funding

Conversion rates from Seed to Series A stage per country: Israel and UK top the list, France performs surprisingly well, Scandinavia lags



- We analysed conversion rates from Seed to Series A by using companies that raised Seed in 2019 as a cohort
- This was a dataset with a total of 4 543 companies, with 731 moving forward to Series A (16,1 % on average)
- The top 4 countries in terms of Seed funding per capita (Israel, Ireland, UK, Switzerland) all perform at or above average in moving companies forward to Series A
- French companies seem to convert better than average at 17,9% conversion rate, whereas German ones are behind at 14,8%
- Scandinavia is below average, with Denmark at 13,6%, Finland at 12,0% and Sweden at 11,1%
- Most smaller markets place behind average

Countries ranked by funding per capita: Israel and United Kingdom top all stages, Switzerland, Ireland and Denmark show focus in early funding

All VC

#1 Israel

#2 United Kingdom

#3 Sweden

#4 Denmark

#5 Switzerland

#6 Ireland

#7 Netherlands

#8 Germany

#9 France

#10 Spain

Early VC

#1 Israel

#2 Denmark

#3 United Kingdom

#4 Switzerland

#5 Sweden

#6 Ireland

#7 Netherlands

#8 France

#9 Germany

#10 Spain

Seed

#1 Israel

#2 Ireland

#3 United Kingdom

#4 Switzerland

#5 Denmark

#6 Sweden

#7 Netherlands

#8 France

#9 Germany

#10 Spain