



EUROPEAN VENTURE SENTIMENT INDEX

Quarterly Report
Q4/2025

January 7, 2026

RESILIENCE PROVES STRONGER THAN EXPECTED AMID MACRO CONDITIONS.

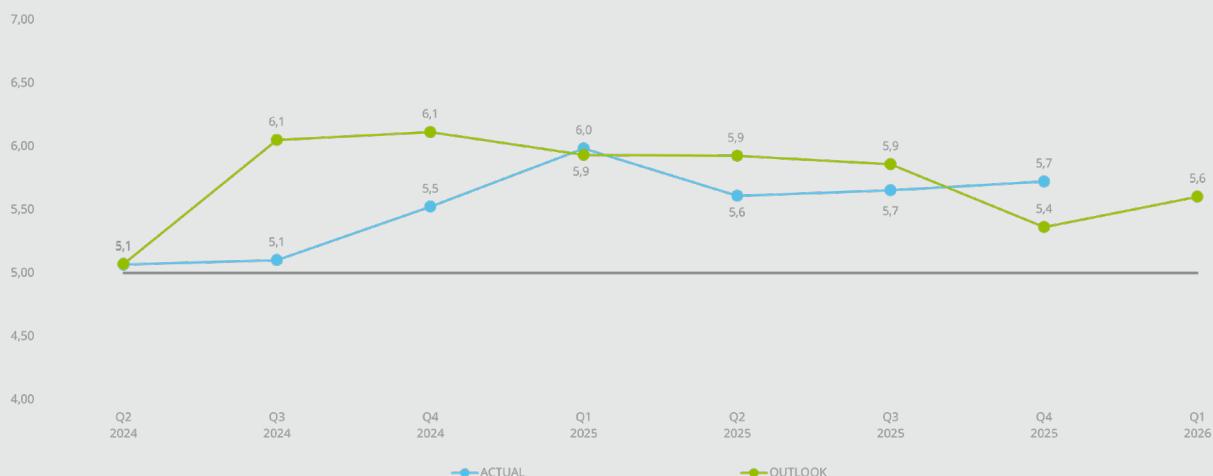
The global economy remained resilient in Q4 2025, shaped by three key developments: expansionary fiscal policies across several major economies, inflation persisting above historical norms in most markets, and significant AI-driven investment accompanied by uncertainty regarding its productivity impact. Reflecting this development, the IMF raised its 2025 real GDP growth to 3.2%, compared to the 3.0% in the previous quarter (IMF, 2025). Looking ahead, the global growth is expected to slow from 3.2% in 2025 to 2.9% in 2026 due to higher tariffs, policy uncertainty, and cooling demand, but expected to firm later in 2026 with improving conditions (OECD, 2025).

In the United States, growth remained stronger than expected in Q4 2025, with GDP projected growth of 1.9% in 2025 and 1.8% in 2026, slightly higher than its prior forecast, but still below the recent trend (S&P, 2025). This was driven by strong AI-related investments (technology sector outperformed all other industries) and steady consumer spending. In addition, the Federal Reserve delivered its third rate cut of the year, lowering rates by 25 basis points and bringing the target range to 3.5% - 3.75% (CNBC, 2025). While growth has stayed stronger than expected the inflation in the US remains difficult to reduce. Headline inflation in the US averaged 2.8% in 2025, while

core inflation remains close to 3%, with tariffs now an important driver (Deloitte, 2025). The effective US tariff rate has increased to about 17% in 2025, up from 2.3% in 2024 (The Guardian, 2025). As a result, goods prices, which previously lowered inflation, are now increasing price rising again.

Similarly to the US, during the last quarter of 2025 the Eurozone economy proved resilient despite a challenging global environment, particularly visible via its strong "Euro" currency. Annual average real GDP growth in the Eurozone at the end of 2025 was projected at 1.4%. These figures were revised up from the previous quarter, reflecting stronger-than-expected data, reduced trade policy uncertainty, firmer foreign demand, and lower energy commodity prices. The ECB kept its key policy rates unchanged as of Q4 2025 for the fourth consecutive meeting, keeping policy tight as inflation gradually declines. Headline inflation ended 2025 at 2.1% and is expected to decrease to 1.9% in 2026, with the early-2026 decline largely reflecting an energy-related base effect, while non-energy inflation continues to moderate. The core inflation in the Eurozone at the end of 2025 stood at 2.4%, holding steady at the level since September 2025 (ECB, 2025). The main driver of overall inflation in the euro area remains services inflation, with an annual rate of 3.5%, reflecting the delayed impact of earlier cost increases and continued tightness in labour markets.

Public investment in infrastructure and defence is expected to support Eurozone growth in 2026 and add resilience. However, uncertainty around potential new US tariffs could



weigh on exports and trigger capital outflows, contributing to a slight slowdown in real GDP growth to 1.2% in 2026 (ECB, 2025). Easing tariff uncertainty should help stabilise price pressures, but risks of renewed global inflation remain, particularly if commodity prices rise due to climate shocks or escalating geopolitical tensions. Over the medium to long term, increasing trade protectionism and supply-chain shifts could further raise production costs and consumer prices in the Eurozone.

In this context, labour markets showed a mixed picture in late 2025. In the US, the unemployment rose to a four-year high of 4.6% in November 2025, driven by temporary distortion from the federal government shutdown and slower hiring amid economic uncertainty (BBC, 2025). In contrast to the US, in the Eurozone the unemployment rate remained stable in majority of the eurozone countries, standing at 6.3% in Q4 2025 (ECB, 2025). This largely reflects continued labour shortages and firms retaining workers despite weaker growth. For European companies, stable unemployment near historic lows implies continued competition for talent and sustained wage pressures, which continue to hold services costs at high levels even as headline inflation declines. In Europe all eyes are on Germany, an economy highly dependent on the automotive industry which struggles to manage a slowdown in demand. The European Union shows some signs of recovery, politicians keep saying while industrial leaders' flag bureaucratic hurdles, shrinking competitive levels, after a few years of a poly-crisis.

INDEX ACTUAL EXCEEDS ITS PROJECTION. INDEX OUTLOOK REMAINS MODEST.

In Q4 2025, the index actual stood at 5.7, exceeding the 5.4 of the projection. The figure reflects the improvement from Q3 (QoQ +1.2%; YoY +3.6%). However, beating expectations in Q4 2025 suggests sentiment is recovering faster than projected and that investor confidence is building again. Overall, it narrows the expectations gap and supports a more constructive start to 2026.

The composition of the index actual in Q4 2025 in general showed a broadly positive picture. The current startup valuations increased by 3.9%, deal flow quality improved by 8.6%, competition for deals rose by 14.6%, and the fundraising environment strengthened sharply by 42.5%.

The only negative trend was noticed in the investor activity, which declined by 18.4%, indicating that despite improving confidence and funding availability, investors remain selective in deploying capital as the market moves into 2026.

This shift is clearly reflected in the index movement. In Q4 2025, the index exceeded its prior projection, indicating that confidence improved faster than expected, while measured investor activity continued to decline. This divergence underscores a structural change in behaviour: improving sentiment is no longer accompanied by broader risk-taking, but by more targeted capital allocation. Investors are moving from pure risk management toward selective conviction, concentrating capital in fewer opportunities that combine operational efficiency, strategic relevance and credible scaling paths. The EVSI thus points to a market becoming more constructive yet remaining firmly selective as it enters 2026.

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SHIFTING CAPITAL ALLOCATION, SELECTIVE GROWTH IN EUROPE.

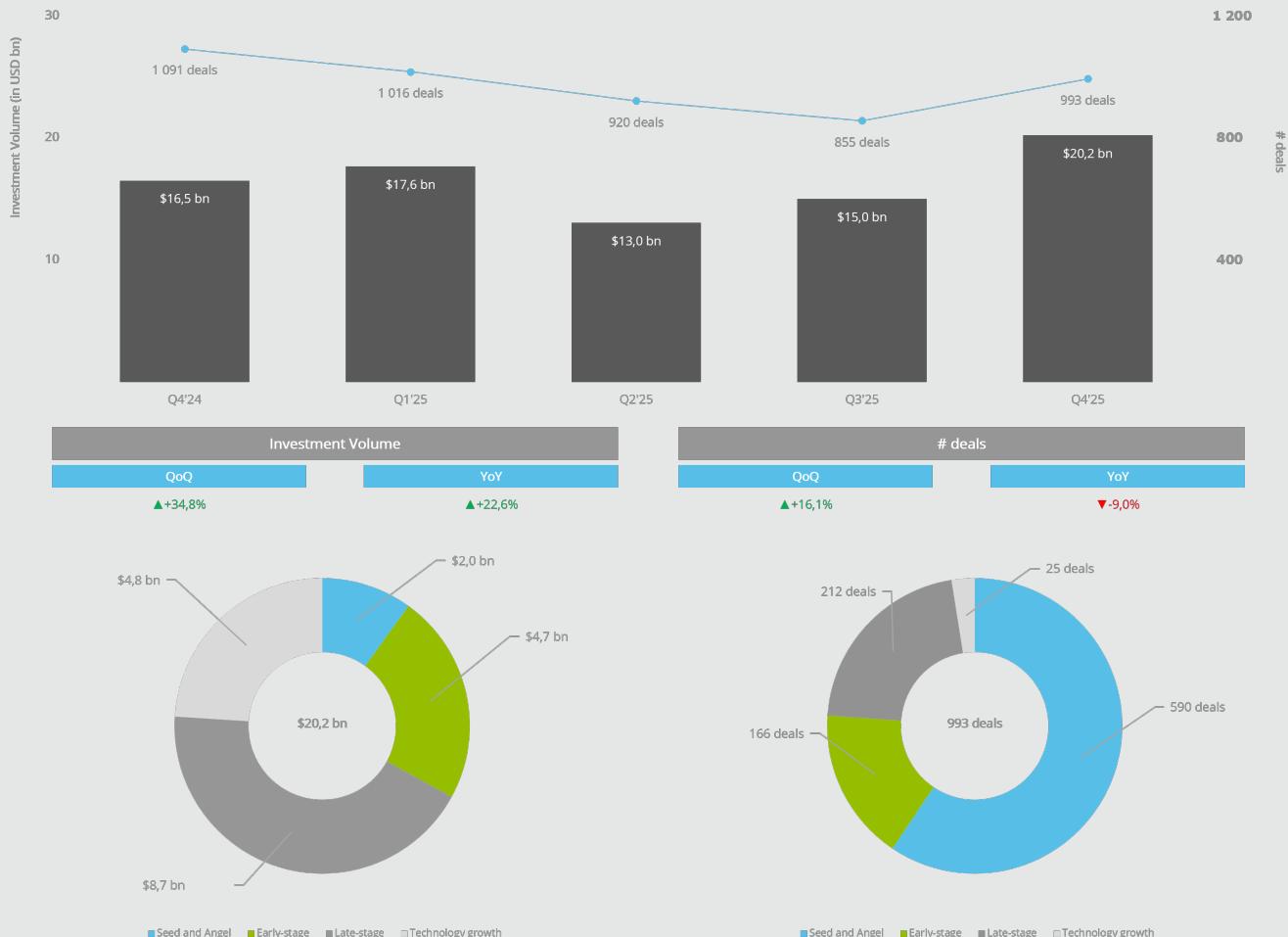
By the end of 2025, Europe's venture market had become more polarised. Mega-rounds clustered around AI and later stage scale-ups (incl. roll-up acquisition activity), while private equity pushed further into the mid-market, making many traditional small- and mid-sized VC rounds less visible.

Venture Capital for AI (Software and Hardware) drove most of the deal activity. Investors backed companies in deep-tech, as well as strong sustainable business models, with a solid growth trajectory, highly efficient teams, at quite favorable valuations. As a result, capital went into fewer categories (more selective) and fewer deals.

2025 also showed a rising activity in defence and dual use technology transactions across Europe. With geopolitical tensions still high, interest and investment accelerated, supported by both private capital and public funding.

Berthold Baurek-Karlic
CEO @ Venionaire Capital
President European Super Angels Club

EUROPEAN VENTURE CAPITAL DASHBOARD



The recovery strengthened in Q4 2025, with resilience proving stronger than expected despite inflation staying above historical norms and persistent policy uncertainty. Improved macro signals and easier financial conditions supported confidence, while capital continued to concentrate in AI and other high-conviction themes. In Europe, funding rebounded sharply in value terms, making Q4 the strongest quarter since Q2 2022, even as deal-making remained selective and skewed toward larger, later-stage rounds. As a result, capital was deployed more decisively, but across fewer opportunities. This points to a market moving from caution toward conviction, setting a more constructive backdrop for early 2026.

By the end of 2025, the European VC market is showing clear signs of transition. The prolonged phase of defensive

positioning is easing, but the recovery does not resemble a return to the broad-based risk appetite of previous boom cycles. Instead, capital availability has improved alongside more disciplined deployment, with investors applying higher thresholds for quality, scalability and economic substance. Supported by a more resilient macro backdrop, easing financial conditions and sustained investment in strategic areas such as AI and technology-driven infrastructure, confidence has recovered without fully resolving uncertainties around exits, liquidity and long-term value creation. The result is a market that is re-engaging, but on structurally different terms.

Although the Q4 2025 index actual remained above the neutral line for the eighth consecutive quarter, signalling continued positive territory, momentum appears to be

stabilising rather than accelerating. Looking ahead, the Q1 2026 outlook of 5.6 suggests a slight moderation and is 4.5% higher the Q4 2025 projection, yet 5.6% lower than the Q1 2025 outlook, indicating that while sentiment has improved and remains resilient, caution continues to shape the European VC ecosystem at the start of the new year.

Looking ahead to Q1 2026, respondents in general anticipate further improvement across most index components. Investor activity is projected to increase by 11.0% QoQ, startup valuations are expected to improve by 4.9%, the quality of deal flow is also set to improve by 6.6%, and the fundraising environment is forecast to strengthen by 3.1%. In contrast, competition for deals is expected to decline by 13.6%. Overall, the outlook points to a more constructive start to 2026, with broad-based gains suggesting improving confidence, even as lower competition indicates investors remain selective in how and where they deploy capital. In Q4 2025, the key concerns raised in the in-depth interviews shifted again, with a challenging exit environment ranking as the top issue. This was followed by geopolitical and regulatory risks, then fundraising and liquidity constraints, while macroeconomic uncertainty remained a concern but ranked last among the main themes. Overall, the focus stayed firmly on venture-specific frictions, particularly exits and liquidity, suggesting that despite improving sentiment, investors continue to prioritise downside risks and pathways to realisations.

Among the challenges expected in Q1 2026 are higher

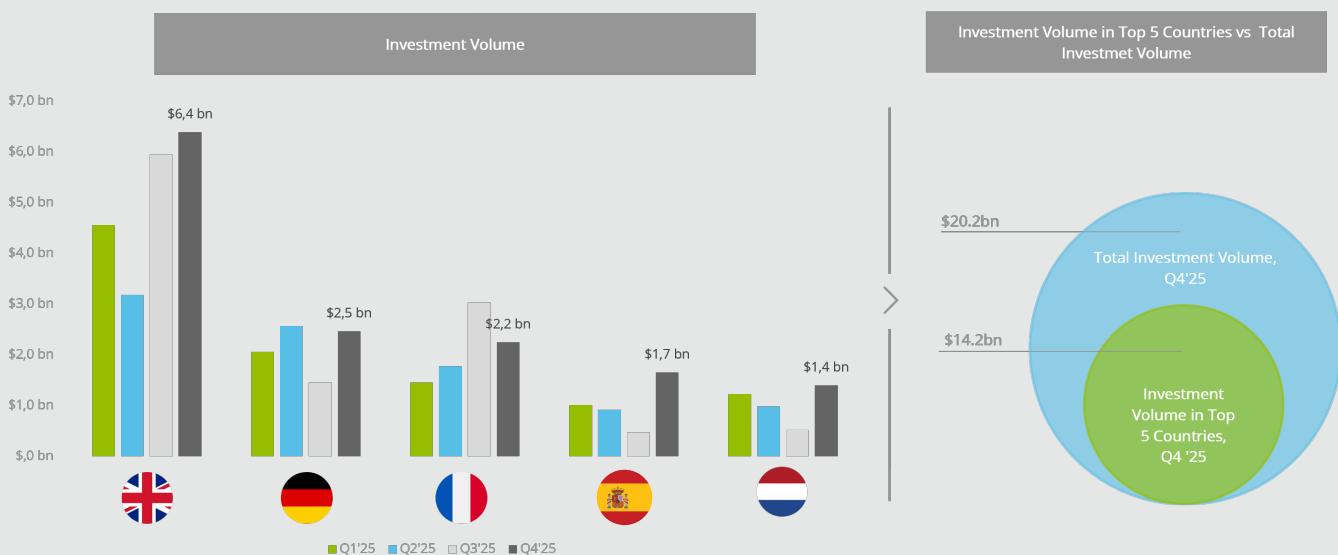
demands on traction and team execution, a still-tight exit market, and tougher Series A fundraising conditions. If the sell-off in US large-cap tech deepens, a risk-off shift could make fundraising harder and shorten runway even for solid startups. With investors favouring more mature, lower-risk deals, early-stage rounds will face a higher bar, and weaker companies will have less time to recover. Overall, startups, especially in AI, will need to be more investable than two years ago, turning promise into defensible products and real revenue.

The Q4 2025 results confirm a more constructive turn in the European VC market. With valuations, deal flow quality, competition, and fundraising all improving, sentiment strengthened beyond expectations even as investors stayed selective, reflected in weaker activity. Overall, the market appears to be shifting from prolonged caution toward renewed conviction, with capital deploying more decisively into fewer, higher-quality opportunities rather than returning to broad-based risk-taking.

ECOSYSTEM REBOUNDS, REACHING 2022 INVESTMENT LEVELS.

In the fourth quarter of 2025, the European Venture Capital ecosystem accelerated sharply in volumes while remaining selective in execution. Total invested capital amount reached USD 20.2bn, marking a significant step-

INVESTMENT VOLUME ACROSS THE EUROPEAN VC ECOSYSTEM



up compared with recent quarters. Deal activity totalled 993 transactions, underscoring a market characterised by substantial capital deployment concentrated in fewer, larger rounds rather than broad-based volume growth.

Seed and Angel investments amounted to USD 2.0bn, representing 9.9% of total funding. With 590 deals, this stage accounted for 59.4% of all transactions, highlighting its continued role as the entry point for new companies. The average deal size at this stage stood at USD 3.4m. Early-stage investments reached USD 4.7bn, or 23.0% of total funding, across 166 deals, corresponding to 16.7% of the total deal count. The average Early-stage deal size was USD 28.0m, reflecting sustained investor appetite for companies with validated products and early traction. Late-stage investments dominated the quarter in value terms, totalling USD 8.7bn and accounting for 43.0% of total investment volume. This capital was deployed across 212 deals, or 21.3% of all transactions, with an average deal size of USD 41.0m. Technology Growth investments contributed USD 4.8bn, representing 24.0% of total funding, but across just 25 deals, or 2.5% of total deal activity. The average Technology Growth deal size surged to USD 193.8m, underlining the concentration of capital into a small number of large, later-stage rounds.

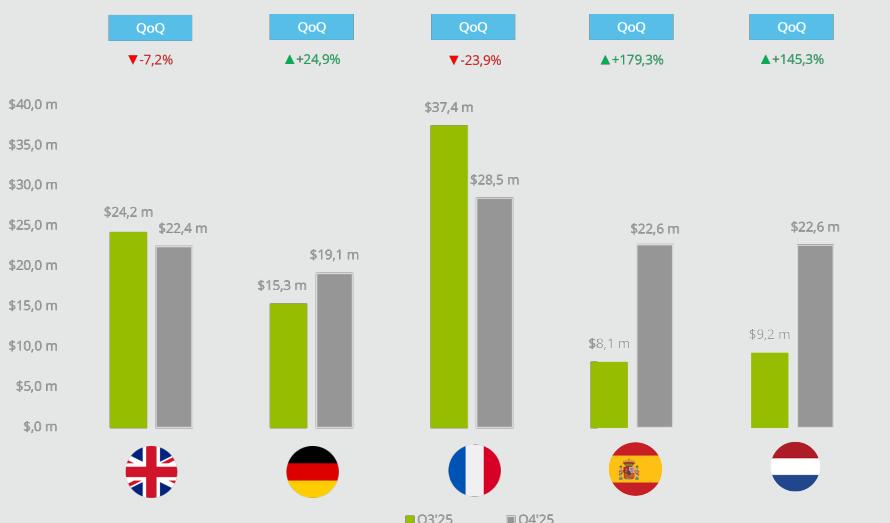
Across all stages, the data points to a clear bifurcation of the market: Seed and Angel stages continue to carry the bulk of deal flow, while the majority of capital is absorbed

by Late-stage and Technology Growth transactions. Overall, Q4 2025 stands out as the largest quarter by investment volume since Q2 2022. The quarter confirms a European VC market that has regained momentum in capital deployment, with investors prioritising fewer, larger, and more conviction-driven rounds. While this supports near-term stability and capital efficiency, the long-term health of the ecosystem will continue to depend on sustained funding at the Seed and Angel levels, where the next generation of scale-ups is formed.

UK, FRANCE AND GERMANY END THE YEAR AS EUROPEAN POWERHOUSES, WITH GERMANY SURGING ON MEGA ROUNDS.

In Q4 2025, the United Kingdom, France and Germany continued to anchor Europe's venture capital landscape. Combined, they attracted USD 11.1bn in investment volume, accounting for 55.0% of total European VC funding for the quarter. Together, the three countries recorded 493 deals, representing 49.6% of total deal activity. QoQ, their combined investment volume increased by 6.5%, while deal activity rose by 16.8%. The United Kingdom remained the clear leader, raising USD 6.4bn, up 7.5% QoQ, across 285 deals, a 15.9% increase QoQ. France followed with

AVERAGE DEAL SIZE PER COUNTRY AND BIGGEST DEALS ACROSS THE EUROPEAN VC ECOSYSTEM



Spain
\$1.2bn

Environmental Consulting



United Kingdom
\$1.0bn

Enterprise Software
Energy Value Chain



Finland
\$900m

Health Care
Consumer Electronics

USD 2.2bn in investment volume, down 25.8% QoQ, but recorded 129 deals, up sharply by 59.3% QoQ. Germany secured USD 2.5bn, marking a strong 69.5% QoQ increase in invested capital, while deal count declined to 79 transactions, down 16.8% QoQ, signalling a shift toward fewer but materially larger rounds.

During Q4 2025, the European venture ecosystem was shaped by three headline transactions that highlighted continued investor appetite for large-scale financings across infrastructure-linked services, energy, and consumer health. Spain-based FCC Medio Ambiente led the quarter, raising USD 1.16bn in a Private Equity round in October 2025, underscoring sustained capital interest in essential services and environmental infrastructure. The United Kingdom followed with London-based Alphagen, which secured USD 1.0bn in a Private Equity round in October 2025, signalling strong backing for large platforms in the energy value chain. Rounding out the top deals, Finland's Oura raised USD 900m in a Series E in October 2025, reinforcing momentum behind consumer health technology and wearable-driven wellness. Taken together, these transactions point to a market still willing to deploy significant capital behind scaled assets with clear demand drivers, spanning critical services, energy, and health innovation.

METHODOLOGY

Over 4000 highly experienced investors (business angels, (corporate) venture fund managers and family offices) from 8 European countries were invited to participate in October, November and December 2026 in the European Venture Sentiment Survey, conducted by Venionaire Capital. Venionaire Capital collects answers from a focus group in computer-assisted personal interviews and a much smaller control group to assess the indices based on a quarterly recurring survey.

Those datasets are collected in two waves and finally merged. In both groups, Venionaire has aligned similar sets of investors, ranging from business angels to large corporate venture units as well as early- to later-stage venture capital funds from all over Europe (incl. Switzerland and the UK).

The indices for current sentiment and projected outlook are weighted indices, with emphasis on the ability/willingness of investors to invest, the perception of startup valuations and the quality of deal flow.

COMPARABILITY

Sentiment surveys and indices are nothing new. They have been around for decades to quantify how a specific group of people feel about a market or economy. One of the most notable examples is the Consumer Confidence Index (CCI), which provides an indication of future consumption and saving of households. There are also surveys that focus on a specific market, or even an individual security. How can the results of these market sentiment surveys help market participants?

Let's look at the venture capital industry. This general economic information can greatly benefit both the investor and start-ups within a market. Investors can compare their own views and opinions to those of the general market or across different geographical regions and industry verticals. This will help them to adjust their investment behavior. Start-ups can use this information when growing their business internationally, when they prepare for fundraising or to slow down their business (return to bootstrapping - ahead of time) if the economic environment worsens. Market sentiment indicators are important for us in all industries and markets. Nevertheless, there is a limited number of market sentiment indices for the venture capital or start-up market available, which we found useful to work with.

Most indices available focus on a specific region, investors group or industry. Take EIF's VC Survey, which targets a highly professional group of regulated investors across Europe, but does not take accelerators or business angels into account. Our partners of Deutsche Börse Venture Network conducted a great

report on market sentiment during the COVID-19 pandemic. It offers great insights, but it was a onetime publication.

We have developed our own "European Venture Sentiment Index", which shows in one simple number the general state of sentiment today and shows the current outlook in a second number.

THE EUROPEAN INVESTOR SENTIMENT INDEX

The index is based on feedback from different economic regions, as well as start-up sectors and reflects the general European Venture Sentiment. The methodology of the index was designed by Venionaire Capital in mid-2019. The project was led by its founder and managing partner, Berthold Baurek-Karlic, a serial entrepreneur and leading venture capital expert from Vienna, Austria. Berthold started his career in the statistics department of the Austrian Central Bank (OeNB).

"We attach great importance to providing our investors with an actual overview of the current investment climate in the European start-up sector. After this index has proven to be an important tool for our clients - including start-ups as well as investors - we have decided to make the results available to the public for the first time during the COVID-19 pandemic in the first quarter of 2020. Our aim was to draw public attention to the threatening situation of innovative young companies in Europe", explains Berthold Baurek-Karlic.

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AUTHORS



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CEO & FOUNDER, VENIONAIRE CAPITAL

Berthold is the founder and CEO of Venionaire Capital, which specializes in M&A and venture capital. The Venionaire Group also includes the software provider DEALMATRIX (dealmatrix.com).

He is also founder and secretary general of the Business Angel Institute (businessangelinstitute.org), board member of the European Super Angels Club (superangels.club), former board member of Homepl (homepl.com), Flotec (floytec.com), Unmanned Life (unmanned.life) and chairman of the supervisory board of Blockpit (blockpit.io). Furthermore, he is an expert partner of various accelerators and consultants of various venture funds, as well as external consultant in the EU programs Horizon2020 (today Horizon Europe) and Innovation Radar.



DENIS VOLDMAN
LEAD INVESTMENT ANALYST, VENIONAIRE CAPITAL

Denis manages the dealflow, analyses intricate business models, and prepares investment decisions. He is accountable for spotting, screening, and evaluating startups, with an added focus on financial modelling, aiding Venionaire's clients with financial engineering and valuations. Additionally, Denis is responsible for evaluating the development of portfolio startups. He has gained professional experience working on international projects between Russia and China. Holding an undergraduate degree in International Business Administration with a finance major from Lauder Business School, he currently pursues a graduate degree in Strategic Finance & Business Analytics from the same institution.



SOFIYA LYN
ANALYST, VENIONAIRE CAPITAL

Sofiya is responsible for the preparation of information for reports and manages various dealflow tasks, which encompass fundraising efforts and the ongoing updating of startup information. She is also actively involved in assisting with the identification, evaluation, and consideration of potential startups. Sofiya earned her Bachelor of Arts degree in the "Ethics Politics Economics" program from the Ukrainian Catholic University in Lviv, Ukraine, achieving the distinction of magna cum laude. Recently, she has achieved her Master of Arts degree in Economic Policy in Global Markets at the Central European University. Additionally, she possesses valuable experience in international cooperation, garnered during her tenure at the Economic Department of the Ukrainian Embassy in Austria.



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Makar focuses on screening and evaluating startups. He contributes to the team by preparing quarterly reports and supporting fundraising efforts. He is also responsible for conducting risk monitoring for the Venionaire Web3 fund. Makar is currently pursuing bachelor's degrees at two universities in Vienna: at Wirtschaftlicheuniversität Wien (WU) and Lauder Business School, maintaining strong academic performance. He holds the FMVA certification (Financial Modeling and Valuation Analyst). Prior to Venionaire, Makar worked as a Business Analyst, conducting business performance evaluation, legal and market research, and bearing accounting responsibilities.

Outside of work, Makar enjoys coding and runs a blog where he publishes interesting reports and articles from the financial world.

ABOUT

The European Venture Sentiment Survey is conducted with the lead of Venionaire Capital. Venionaire is a entrepreneurial partner for investors, founders and institutions. Our partners and team are specialized in venture capital and private equity investments, with an extensive over a decade-long track-record. We offer transaction and corporate advisory services – from due-diligence, valuation, deal structuring, (ghost) negotiating to alternative fund management – for investors, corporates, public entities and growth companies (startups / scaleups). Our track-record as entrepreneurs, advisors and investors shows deals in fields of corporate finance (M&A), (Corporate) venture capital, corporate startup engagement (CSE), digital transformation and high-tech innovation with a total volume of more than a billion Euros. In addition we serve as trusted partners for scouting, screening, technology-, market- and competitive analysis and valuation for bespoke investors and accelerators in Europe. We are proud of our performance within managed portfolios and increase our high-tech footprint everyday to support a future-proof economy.

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