Growth with purpose: German Tech start-ups changing society

Venture capital and start-ups in Germany 2019
Introduction

Growth with purpose: German Tech start-ups changing society

Digital transformation of traditional industry sectors is unstoppable. German Tech start-ups are disrupting incumbents and rising to become new market leaders.

2019 has reached new dimensions in terms of start-up funding with top funding rounds well above prior years. Whereas three-digit million USD fundings were rarely seen historically, this now becomes the new normal in the German Tech ecosystem albeit still being led by foreign investors. We see a clear trend towards B2B business models driven by a new generation of founders with a strong engineering background.

We observe an increasing awareness of founders and investors for climate and sustainability discussions. Founders, who have successfully built their first businesses, re-invest the exit proceeds and seek “purpose” along with traditional business metrics. „Doing the right thing“ is the overarching goal, balancing out the key investment criteria such as IRR with Environmental, Social and Governance considerations.

Berlin is accommodating the vast majority of German top funded start-ups. There is a huge opportunity for Germany to close the gap to other global Tech hubs if governmental support is accelerated and digital infrastructure is brought to the level it needs. Getting the German pension insurers as investors for venture capital would push the ecosystem going forward and help the local investors to catch up to their foreign competitors.

The German market is ready to scale and well positioned to compete with other regions.

Dr. Thomas Prüver  
Partner | EY  
Transaction Advisory Services

Max Turner  
Manager | EY  
Transaction Advisory Services
Content

<table>
<thead>
<tr>
<th>Trend</th>
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<tbody>
<tr>
<td>Trends</td>
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Executive summary

German entrepreneurs focus on B2B businesses, though paying higher attention to social and environmental impact of their activities. Climate and sustainability are becoming prevailing aspects in the German VC ecosystem.

Top 100 German start-ups account for an accumulated funding of USD11.1b in 2019, significantly exceeding the prior-year level by USD4.8b (on a like-for-like basis). Berlin remains the leading German start-up hub.

Corporate investors remain the driving force in the M&A market and represent the most relevant exit channel for innovative German businesses in 2019. M&A activities of domestic investors account for 52% of exits in the German start-up market.

The total volume of closed funds grew notably when compared to 2018. Increasing activities from domestic investors further strengthen the seed and early stage markets in Germany, albeit foreign investors remain the key force in late stage funding rounds.
Dashboards

Top 100 start-ups’ accumulated funding until 2019: USD11.1b

Top 10 start-ups’ new funding volume 2019: USD3.1b

German investors are increasing M&A activities and catching up to their foreign competitors

German investors are increasing M&A activities and catching up to their foreign competitors

Purpose driven venturing due to an increased awareness of social and environmental aspects

European, Asian and Middle Eastern investors increasingly emerge from the shadow cast by US investors

Selected new funds in 2019 (disclosed): USD7.9b

Largest fund raise of a German VC fund in 2019 (disclosed): USD1.0b

Exits 2019

Outlook for future M&A

Outlook for future trends
Breakdown of key terms

**Investments**
With investments we refer to (i) fundings and (ii) exits (IPOs and M&A deals), which relate to German start-ups operating a digital business model. Investments in life science, BioTech or non-digital start-ups have not been considered in this study. For this reason, deal numbers presented in the 2019 EY Start-up-Barometer (704) and in this study (671) are different.

**Funding**
We define funding as equity provided to a German start-up that operates a digital business model (with a change in ownership below 50%).

**M&A**
M&A activity comprises transactions with a change in ownership of more than 50%.

**IPO**
We define an initial public offering (IPO) as a public offering in which a German start-up sells shares for the first time.

**Exit**
<table>
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<th>Key players</th>
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<tr>
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</tr>
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<td>We define investors as market participants acquiring shares in a German start-up (&gt;50% = M&amp;A deal). An investor is considered a corporate when its primary business is non-finance related, e.g. industry or service provision. We define an investor as a financial investor when its primary activities are investing or financing related.</td>
</tr>
</tbody>
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| **Corporate** | **Financial** |
| Start-up |
| Start-ups are companies younger than 10 years operating a digital business model. Exceptions might apply for older companies that have digitally transformed their business model during the last 10 years. |
| The digital sector comprises companies mainly focused on the sectors consumer products and services, software and IT services, financial technology, mobility, media and entertainment. |
Trends
While AI remains the propulsive force, purpose driven ventures are gaining momentum in the start-up ecosystem

### Artificial Intelligence

Machine Learning (ML) & Artificial Intelligence (AI) remain hot topics across business segments in Germany. Several young AI ventures have flourished and become integral parts in a variety of industries, such as automotive, customer support and software development. AI and ML technologies offer disrupting solutions enabled through huge data volumes collected via collaboration with customers or partners. However, we still observe that ailing digital infrastructure and data protection concerns represent persistent obstacles to a comprehensive implementation in Germany.

### B2B Tech

During the last decade, big players such as Google, Amazon and Microsoft have developed operating systems and large scale technological solutions, such as cloud computing and AI. This evolution has raised the curtain for new business models leveraging available technologies and catering directly to countless sector specific and niche requirements for B2B applications and services.

### Mobility

Start-ups offering mobility-as-a-service, smart public and last mile transportation solutions have been trending in the recent years and still present a sweet spot for investors.

In the recent past, new types of power transmission and battery solutions have emerged, which provide further potential for start-ups and embody highly valued innovations in the near future. The large fundings for Volocopter and Lilium Aviation are strong signals underscoring the potential.

We deem autonomous driving and networked intelligent cars to be a long-term trend. It is necessary for the German government and industry to get into the driver’s seat and reduce deficits in the digital infrastructure to allow start-ups to take advantage of the momentum.

### PropTech

Fueled by both the prospering property market and ongoing demand for flexible work and living places, PropTech start-ups continue to be in the spotlight of investors’ attention. By combining traditional services with new web-based technology, innovative businesses strengthen their position in the conventional real estate market.

In addition to enhancing transparency in the real estate sector, smart home and building applications, space-as-a-service and digital connectivity were buzz words in 2019, which may reveal further potential.

### Purpose driven ventures

Rising awareness about climate change, environmental issues and social inequalities has brought a shift in corporate and consumer mindset. As a response, new ventures and business models have emerged that seek to cater to a growing market appetite for sustainable and socially responsible solutions. Start-ups focusing on CleanTech, sustainable mobility solutions and AgTech are eager to have a positive impact without forfeiting financial ambitions.
AI technology serves as a backbone for new business models

Artificial intelligence is in the spotlight of the start-up ecosystem and has shown a remarkably strong growth over the last years. The overview consists of the 450 leading German AI start-ups, which almost doubled by number compared to the beginning of 2017.

Comparing different publications, the number of AI start-ups in Germany fluctuates considerably. AI is not a product but a technology that can be used in any industry and some companies claiming to work with AI do so only for marketing purposes or only use existing technology developed by other AI companies.

Newly founded AI start-ups by founding year (2010–18)

Although Germany is one of the world’s industry powerhouses, there is still some lack of defined AI business models in the German market, also reflected in lower funding volume for AI, compared to the US and China.

Berlin, a melting pot for innovators and visionaries, is Germany’s AI capital. Munich is the second AI hub, benefiting from the infrastructure of universities and research institutions as well as large technology companies like Siemens.

The number of AI start-ups has risen significantly over the last years, following an international trend. The AI strategy of the German government is an important first step, but this has not yet resulted in a noticeable increase of newly founded AI businesses.

The industrial structure of Germany is not necessarily reflected in the AI start-up landscape. For example, only a few start-ups are active in the field of autonomous driving and robotics. Most of all available solutions in these areas still originate from the US or Israel.
The number of start-ups developing their own AI technology is growing, opening up new potentials for future Deep Tech AI in the German market

Landscape of German AI start-ups by segments and/or application area (in percentage distribution)

With regard to the application areas of the newly founded German AI ventures, the landscape paints a highly fragmented picture (see graphic above). The majority of AI start-ups offer services/solutions in segments such as Software Development or Data Analytics and represent the largest share of application areas of German AI start-ups, roughly 23% of the total market.

However, the strongest increase of newly founded AI start-ups is in the Image and Video segment with an increase of 155%. This segment is represented by ventures such as IDnow (AI-based identity verification) or Mobius Labs (visual AI), using gesture or image recognition for their solutions.

The AI-based Sales and Marketing application segment has also seen a significant growth in recent years (+74%), with start-ups providing solutions through predictive sales analytics or AI-based ad effectiveness.

We define “AI start-ups” as companies whose activities include the development of proprietary services based on artificial intelligence, rather than using existing technology from a third party service. This definition is subjective and excludes the certainly higher number of start-ups using externally developed AI technology in their business models.

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1 Growth in % of newly founded firms from the beginning of 2017 to the end of 2019
2 Others includes: Infotainment (+100%), FinTech (+64%), Human Resources (+80%), Infrastructure & Services (+75%), Audio & Voice (+83%), Retail & E-commerce (+150%), Text & Document (+150%), Agriculture (+100%) and Robotics (+50%)

Source: EY analysis based on 450 evaluated AI start-ups founded/headquartered in Germany
The German investment landscape for AI ventures is still in its infancy, but holds a promising future outlook. In 2019 alone, total funding for selected German AI ventures (as shown above) represented 9% of total new funding of the Top 100 start-ups.

The Munich-based process mining company Celonis received the highest funding in 2019. The company offers AI-driven technology solutions helping businesses to rapidly understand, visualize and improve operational process flows. The company built up a second headquarter in New York.

KONUX received USD13.0m in its Series B round from Alibaba Inc. and its current investors. The start-up offers smart sensor systems for predictive maintenance.

In June 2019, scoutbee, a provider of an AI-driven supplier discovery platform, raised USD12.0m in its Series A funding led by HV Holtzbrinck Ventures, 42CAP and Toba Capital.
Germany’s AI environment

AI engines are available to be licensed, so it is often not about rocket science but applying modern big data methodology. For example, in Real Estate, there is a huge opportunity for PropTech start-ups to build successful business models based on applying these existing technology building blocks.

Nikolas Samios | PropTech1

Success of AI based businesses is mainly a function of access to data. The best entrepreneurs obtain access to proprietary data to facilitate product innovation and improvement. In a B2B context, this often happens in partnership with customers and therefore the more users a start-up has, the stronger its product becomes.

Mark Schmitz | BVK
Climate and sustainability discussions gaining momentum in the start-up ecosystem

In 2015, the member states of the United Nations adopted the 2030 agenda for sustainable development. At its heart, there are 17 Sustainable Development Goals (SDG), which primarily deal with issues around energy, climate, urbanization, mobility and education. In this context, key factors for measuring the sustainability and societal impact of an investment in a company have evolved: Environmental, Social and Governance (ESG).

In the German VC ecosystem, we observe an increasing awareness for ESG related topics. We see a new wave of founders, who have successfully built their first businesses and now focus on social impact venturing. Along with the increasing relevance of climate change, the shift to e-mobility, clean energy and ethical considerations, founders try to combine social impact venturing with traditional business metrics.

In our view, this trend is also driven by shifting customer behavior, which is expected to change the prospects of traditional business models. We assume that there will be a negative selection going forward with certain business models increasingly struggling to acquire VC funding if ESG criteria are not met.

In Germany, funding of start-ups with a business model attributable to the UN SDGs has increased in recent years. Having analyzed the top 370 German start-ups by accumulated funding in 2016-2019, funding of these ventures increased by a CAGR of 111%.

However, the analysis is necessarily subjective, suffering from the lack of a clear definition of social impact venturing and missing quantitative criteria to measure the venture’s success. For this reason, traditional financial metrics such as IRR remain the key KPI for VC investments. Nevertheless, ESG will become an additional layer of investment decisions, and as such, affects the focus areas of newly founded ventures.

Politicians should support every effort in this regard, as issues around climate and sustainability cannot be solved by single governments but require the help of entrepreneurs.

### Purpose driven ventures accumulated funding

<table>
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<tr>
<th>Year</th>
<th>Funding (€)</th>
<th>% of Total Funding</th>
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<tbody>
<tr>
<td>2016</td>
<td>137</td>
<td>2%</td>
</tr>
<tr>
<td>2017</td>
<td>520</td>
<td>5%</td>
</tr>
<tr>
<td>2018</td>
<td>864</td>
<td>8%</td>
</tr>
<tr>
<td>2019</td>
<td>1,280</td>
<td>9%</td>
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**Definition “Purpose driven ventures”**

We define “Purpose driven ventures” as companies whose business purpose meets the Environmental, Social, Governance criteria and contributes to a sustainable future in line with UN Sustainable Development Goals, i.e. relates to Clean Energy and Climate Action, Good Health and Well-being, Responsible Consumption and Production, and Sustainable Cities.

### Number of Purpose driven ventures

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>2</td>
</tr>
<tr>
<td>2017</td>
<td>5</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
</tr>
<tr>
<td>2019</td>
<td>53</td>
</tr>
</tbody>
</table>

**Source:** Dealroom, Crunchbase, EY Venture Capital Studies 2016-2018, EY analysis
While the definition of Purpose driven ventures is subjective, Mobility, CleanTech and Health appear to be key trends.

Accumulated funding of Purpose driven ventures by category

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 in % of total</th>
<th>2019 in % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable mobility</td>
<td>28%</td>
<td>38%</td>
</tr>
<tr>
<td>CleanTech</td>
<td>43%</td>
<td>22%</td>
</tr>
<tr>
<td>Health</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>AgTech</td>
<td>4%</td>
<td>12%</td>
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<tr>
<td>Other</td>
<td>7%</td>
<td>7%</td>
</tr>
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</table>

Selected Purpose driven ventures in Germany, by accumulated funding in 2019

<table>
<thead>
<tr>
<th>Company name</th>
<th>City</th>
<th>Founded</th>
<th>Profile</th>
<th>Funding 2019 in USDm</th>
</tr>
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<tbody>
<tr>
<td>Infarm</td>
<td>Berlin</td>
<td>2012</td>
<td>Growing fresh farming products by the use of vertical farms</td>
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</tr>
<tr>
<td>Circ</td>
<td>Berlin</td>
<td>2018</td>
<td>Development of custom-made light electric vehicles</td>
<td>65</td>
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<tr>
<td>Sunfire</td>
<td>Dresden</td>
<td>2010</td>
<td>Systems for renewable industrial gas and fuel production</td>
<td>46</td>
</tr>
<tr>
<td>Amboss</td>
<td>Berlin</td>
<td>2012</td>
<td>Knowledge platform making medical knowledge universally accessible</td>
<td>41</td>
</tr>
<tr>
<td>Clue</td>
<td>Berlin</td>
<td>2012</td>
<td>Female health app</td>
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Selected ventures to watch out for

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<tr>
<th>Company name</th>
<th>City</th>
<th>Founded</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close2real</td>
<td>Halle</td>
<td>2018</td>
<td>Innovative, digital advanced training in the field of medicine</td>
</tr>
<tr>
<td>Legendairy Foods</td>
<td>Berlin</td>
<td>2018</td>
<td>Europe’s first cell-ag company producing real dairy products without animal agriculture</td>
</tr>
<tr>
<td>Vantik</td>
<td>Berlin</td>
<td>2017</td>
<td>Mobile retirement account, investing into social impact investments</td>
</tr>
<tr>
<td>Medbelle</td>
<td>Berlin</td>
<td>2016</td>
<td>Digital hospital that offers an end-to-end platform for medical procedures</td>
</tr>
<tr>
<td>Sirplus</td>
<td>Berlin</td>
<td>2016</td>
<td>Food saving and organization of “food rescue markets”</td>
</tr>
</tbody>
</table>

Source: Dealroom, Crunchbase, EY Venture Capital Studies 2016-2018, EY analysis
Social venturing as the up-and-coming trend in the German VC ecosystem

Interview with Partech Partners

EY: Can “social venturing” be seen as a new trend in the German ecosystem?

Otto Birnbaum, Partech Partners: There is an evident trend in the ecosystem that entrepreneurs are increasingly trying to solve pressing societal problems through technology. Data supports this clearly. At a recent Tech conference, for example, around 2/3 of thousands of participating start-ups were already addressing the UN Sustainable Development Goals. I think the rationale is obvious – the challenges of our society are very large markets and brilliant entrepreneurial opportunities.

EY: What do you consider as the drivers behind this trend?

Otto Birnbaum: Generational values have shifted together with the needs of the society we live in. The generation Y is motivated by other factors than previous generations. They want to contribute to communities and not only strive for personal wealth maximization.

Technology has amplified human potential exponentially since the start of the digital revolution. Today, we have to ask ourselves which problems do we want to solve with technology rather than simply do what the new technologies enable us to do. “Should this product exist?” has become a core question in many discussions around product innovation. The most talented entrepreneurs today ask themselves “How can I use this incredible toolset which we developed in the last 30 years to deliver good to humanity and make life more worthwhile for the wider community and society?”
EY: How will the social venturing trend develop? Impact investing is currently still a separate investment category, will this perception change?

Otto Birnbaum: In the course of the past years, venture capital funds have learned how to identify and finance scalable business models. They have supported entrepreneurs in building remarkable and sizeable organizations.

We already see that traditional funds are applying these learnings to companies that pursue a positive purpose and help these founders achieve scale to have an impact. This reaches beyond philanthropy or the historic “impact” investing: We have seen that purpose-driven founders are more resilient, have an easier time recruiting top talent and build enduring businesses.

We already observe that specialized funds arise with investing in such founder profiles. In the UK, Sweden and France there are already such funds. These funds need core competencies in supporting founders in this domain and need to understand how to measure the impact they create. These funds follow a traditional VC logic and, coming back to your question, we observe that making good investments and doing good for the world are not two separate things.

EY: What is the investors’ perception of „social venturing”? Can the social benefit of a company replace the IRR goal or will it be rather a “nice to have”?

Otto Birnbaum: Investors who invested in traditional VC funds will usually focus on IRR and would not appreciate an IRR trade-off for a social benefit. However, more and more LPs are actively requesting funds not to invest in specific categories, like gambling, weapons etc. Furthermore, LPs are increasingly keen to hear the “positive contribution” of the technology companies they indirectly invested in.

Finally, I believe that social impact will actually drive profits and vice-versa, which would be a win-win situation. To cut the answer short, IRR will still be one of the most important measures for an investment fund, but social responsibility will play a more and more important role in the future and can become a leading indicator for strong returns.
Funding
Top 100 German start-ups account for an accumulated funding of USD11.1b as per Dec19, up from USD6.3b in prior year

<table>
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<td>7-10 years</td>
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<td>2,430</td>
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<table>
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<th>Variable</th>
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<tr>
<td>#Firms</td>
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<td>63</td>
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<td></td>
<td>Munich</td>
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<td>Acc. Funding</td>
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<td>190</td>
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<td></td>
<td>4,810</td>
<td></td>
</tr>
<tr>
<td>Ø acc. Funding</td>
<td>116</td>
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<tr>
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<tr>
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<td>41</td>
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<td></td>
<td>63</td>
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<tr>
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</table>

Investment activities in the German start-up ecosystem have steadily increased in the last years. The trend of big new funding rounds continues, evidencing that young companies can gain sufficient capital by foreign VC funds instead of feeling the necessity of an early exit.

In recent years, Germany has become an increasingly mature and balanced start-up funding ecosystem. The pipeline of top funded businesses is well balanced and well diversified with a mix of innovative business models disrupting traditional market sectors.

We have analyzed the funding of the Top 100 start-ups, classified by company age, business sector, funding round and area. For comparison purposes, we adjusted the 2018 accumulated funding numbers for companies which exited the market or were older than 10 years as at December 2019 (like-for-like analysis). On this basis, we observed that a large number of start-ups attracted fresh money, leading to a significant rise of accumulated funding from USD6.3b in 2018 to USD11.1b in 2019.

The Top 100 list of start-ups ranges from well known market players like GetYourGuide and About You to new rising stars, such as digital insurance company Friday, which has received USD135m two years after foundation.

Innovative German companies employ a wide variety of business models, but trend patterns become apparent. While FinTech businesses are still prominent in the funding landscape, innovative B2B business models in Mobility and CleanTech are stepping into the spotlight. Businesses, such as Infarm, Tier Mobility, Circ and Sunfire managed to raise large capital rounds, which exceeded USD250m in 2019.
Mobility, FinTech and Software businesses show a strong rise in funding volumes in 2019

2018\(^{5}\) vs. 2019 development of Top 100 start-ups per Top business sectors: number of start-ups, new funding, accumulated funding

<table>
<thead>
<tr>
<th>Year</th>
<th>E-commerce</th>
<th>FinTech</th>
<th>Mobility</th>
<th>Software</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018(^{5})</td>
<td>2,000</td>
<td>1,443</td>
<td>1,022</td>
<td>564</td>
<td>1,235</td>
<td>6,264</td>
</tr>
<tr>
<td>2019</td>
<td>2,448</td>
<td>2,832</td>
<td>2,418</td>
<td>1,584</td>
<td>1,793</td>
<td>11,075</td>
</tr>
</tbody>
</table>

\(^{5}\) Like-for-like adjusted

Source: Newsletters, Thomson One, Mergermarket, Crunchbase, Press releases
Top 10 new fundings in 2019 received significantly higher tickets compared to prior year

In comparison to 2018, the Top 10 new funding rounds have notably increased to USD3.1b in 2019 (USD1.7b in 2018). This evolution has been accompanied by an overall increase of ticket sizes, leading to a lot of fresh money for a variety of innovative businesses. This trend underpins the promising development of the German start-up ecosystem and strengthens the global presence of the ecosystem compared to other start-up hotspots such as London or Paris.

We see that the majority of new funding is related to late stage investments led by international investors, largely located in the US and UK (e.g. TCV, Insight Partners, Index Ventures). There is still a significant lack of late stage funding granted by German investors. Only a hand-full of German investors participated in late stage fundings during 2019, indicating further investment potential for German players.

Similar to 2018, the Top 10 fundings in 2019 represent a diverse blend of companies, mainly focused on business models related to FinTech and Mobility as well as software solutions. European investors, excluding the UK and Germany, that backed those top funded ventures include among others Lakestar (CH), Heartcore Capital (DK), Eurazeo (FR) and Korelya Capital (FR).

---

**Top 10 new fundings in 2018 (USDm)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Funding USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto1 Group</td>
<td>560</td>
</tr>
<tr>
<td>About You</td>
<td>300</td>
</tr>
<tr>
<td>N26</td>
<td>160</td>
</tr>
<tr>
<td>Omio</td>
<td>150</td>
</tr>
<tr>
<td>Frontier Car Group</td>
<td>130</td>
</tr>
<tr>
<td>Deposit Solutions</td>
<td>100</td>
</tr>
<tr>
<td>Design Offices</td>
<td>74</td>
</tr>
<tr>
<td>Sonnen</td>
<td>71</td>
</tr>
<tr>
<td>Solaris Bank</td>
<td>67</td>
</tr>
<tr>
<td>Smava</td>
<td>65</td>
</tr>
</tbody>
</table>

**Top 10 new fundings in 2019 (USDm)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Funding USDm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flix-mobility</td>
<td>560</td>
</tr>
<tr>
<td>GetYour-Guide</td>
<td>484</td>
</tr>
<tr>
<td>N26(^a)</td>
<td>470</td>
</tr>
<tr>
<td>Frontier Car Group</td>
<td>400</td>
</tr>
<tr>
<td>Celonis</td>
<td>290</td>
</tr>
<tr>
<td>Wefox(^b)</td>
<td>235</td>
</tr>
<tr>
<td>Adjust</td>
<td>227</td>
</tr>
<tr>
<td>Signavio</td>
<td>177</td>
</tr>
<tr>
<td>Raisin(^b)</td>
<td>142</td>
</tr>
<tr>
<td>Friday</td>
<td>135</td>
</tr>
</tbody>
</table>

**Total top 10 funding USD1.7b**

**Total top 10 funding USD3.1b**

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\(^a\) Comprise two funding rounds  
\(^b\) Includes a mix of equity, secondary share acquisitions and existing business shares  
Source: Newsletters, Thomson One, Mergermarket, Crunchbase, Press releases

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*Venture capital and start-ups in Germany 2019* | 21
Top 10 accumulated funding in 2019 is slightly more concentrated than in 2018

Accumulated Top 10 start-up fundings show a slightly higher concentration than in 2018. This evolution mainly results from large late stage funding rounds for Flixmobility, GetYourGuide, N26 and Frontier Car Group.

The Top 10 accumulated funding list comprises innovative businesses, which either received a significant funding in the past or during 2019. Most of these companies are considered as market leaders in their segments and represent potential IPO candidates in the near future.

A comparison of the accumulated funding 2018 and 2019 makes apparent that the e-commerce segment displays a decreasing growth. Whereas this sector represented the driving force in the German market in past years, today, investors are more focused on B2B business models.

Accumulated funding Top 10 vs. other start-ups, 2018 vs. 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 start-ups</td>
<td>42%</td>
<td>47%</td>
</tr>
<tr>
<td>Other start-ups</td>
<td>58%</td>
<td>53%</td>
</tr>
</tbody>
</table>

*Like-for-like adjusted | Source: Newsletters, Thomson One, Mergermarket, Crunchbase, Press releases*

### Auto1 Group

Established in 2012, Auto1 operates one of Europe’s leading marketplaces for pre-owned vehicles. With a funding round of USD128m in April 2015, Auto1 gained the attention of the start-up scene. Further investments followed in 2017 (USD467m equity and debt financing lead by Princeville Global) and 2018 (USD560m from Softbank, valuing the firm at USD3.4b). As of today, Auto1 is one of the highest valued unlisted start-ups in Europe.

With a total funding of USD655m, GetYourGuide is considered as a potential IPO candidate in the near future.

### Flixmobility

The Munich based mobility venture operates as a long-distance mobility provider. Since its foundation in 2011, it raised a significant amount of funding. In 2016, Flixmobility collected an undisclosed amount between USD75m and USD100m in Series E from Silver Lake Partners and General Atlantic, followed by a Series F round of USD560m in 2019. Permira and TCV led the last funding round to further grow the business.

### N26

The Berlin based online banking provider received an investment of USD160m from Tencent and Allianz X in 2018 and an additional funding of USD470m in 2019. N26 is aiming to drive its international expansion with focus on the UK and the US market.

### Get Your Guide

Established in 2009, the tourism and online travel booking platform offers a variety of travel experiences through its global supplier network. In 2017, the company received a funding of USD75m led by Boston-based Battery Ventures. In 2019, the company raised additional USD484m.

Founded in 2016, the Berlin based company received a funding of USD130m and USD400m in 2018 and 2019, respectively. The venture develops, launches and operates used-automotive marketplaces in emerging markets such as Nigeria, Mexico, Pakistan and Indonesia. Amongst others, investors are Balderton Capital, Naspers and TPG Growth.
In 2019, Wefox, Celonis and Flixmobility are listed in the Top 10 for the first time

**Celonis**

Founded in 2011, the venture has collected a total amount of USD368m. Lead investor of Celonis is Arena Holdings, a New York based investment firm, which invested USD290m in 2019. Today, the firm is a worldwide leader in the area of process mining.

**Kreditech**

Established in 2012, the FinTech company operates an online platform offering consumer finance products by using machine learning technologies and online data. Kreditech received a total funding of USD322m, excluding a debt injection (USD200m in 2015, led by Victory Park) and including new equity funding in 2019 (USD22m, led by Runa Capital).

**About You**

The e-commerce fashion retailer is part of the German Otto Group and was founded in 2014. In 2018, the company received USD300m funding, which was led by the strategic investor Bestseller Fashion Group. The company became the first start-up unicorn in Hamburg.

**Omio**

Founded in 2012, the Berlin based venture acts as a meta search tool to compare and book travels by train, bus, plane and car in Europe. In 2018, the company raised USD150m supported by Temasek, Kinnevik and Hillhouse. With a total funding of about USD296m, Omio is currently one of the highest funded travel start-ups in Europe.

**Wefox**

The Berlin based digital insurance company Wefox was founded in 2015. The start-up operates the insurance carrier One and the insurance platform Wefox. In 2019, the company raised USD235m in two financing rounds. Investors include OMERS Ventures, a Canadian investor, and Mubadala Capital, an Abu Dhabi government-owned fund, which is also a limited partner of the SoftBank’s Vision Fund.

Top 10 start-ups in Germany by accumulated funding: Accumulated funding, new funding in 2019, company age

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**Source:** Newsletters, Thomson One, Mergermarket, Crunchbase, Press releases

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\[1\] Disclosed funding of USD560m in 2019. Prior funding in 2016 only disclosed in the range of USD75-100m: For presentation purposes the average of USD88m was used.
Total accumulated funding as at December 2019 increased by USD4.8b\(^{12}\) to USD11.1b compared to prior year

<table>
<thead>
<tr>
<th>#</th>
<th>Target name</th>
<th>Area</th>
<th>Target profile</th>
<th>Founding year</th>
<th>Total funding value USDm(^{13})</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AUTO1 Group</td>
<td>Berlin</td>
<td>Car retailing platform</td>
<td>2012</td>
<td>1,084</td>
</tr>
<tr>
<td>2</td>
<td>N26</td>
<td>Berlin</td>
<td>Banking technology</td>
<td>2013</td>
<td>683</td>
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<tr>
<td>3</td>
<td>GetYourGuide</td>
<td>Berlin</td>
<td>Travel recommendations</td>
<td>2009</td>
<td>655</td>
</tr>
<tr>
<td>4</td>
<td>Flixmobility</td>
<td>Munich</td>
<td>Long-distance mobility provider</td>
<td>2011</td>
<td>648(^{14})</td>
</tr>
<tr>
<td>5</td>
<td>Frontier Car Group</td>
<td>Berlin</td>
<td>Used-automotive marketplace</td>
<td>2016</td>
<td>552</td>
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<tr>
<td>6</td>
<td>Celonis</td>
<td>Munich</td>
<td>Process Mining Software</td>
<td>2011</td>
<td>368</td>
</tr>
<tr>
<td>7</td>
<td>Kreditech</td>
<td>Hamburg</td>
<td>Big data credit scoring</td>
<td>2012</td>
<td>322</td>
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<tr>
<td>8</td>
<td>About You</td>
<td>Hamburg</td>
<td>E-commerce (fashion)</td>
<td>2014</td>
<td>300</td>
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<tr>
<td>9</td>
<td>Omio</td>
<td>Berlin</td>
<td>Travel search engine</td>
<td>2012</td>
<td>296</td>
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<td>10</td>
<td>Wefox</td>
<td>Berlin</td>
<td>Insurance brokerage</td>
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<td>269</td>
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<tr>
<td>11</td>
<td>Adjust</td>
<td>Berlin</td>
<td>Analytics and BI platform</td>
<td>2012</td>
<td>256</td>
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<td>12</td>
<td>Signavio</td>
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<td>Business process management</td>
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<td>Berlin</td>
<td>Deposit brokerage platform</td>
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<td>210</td>
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<td>Hamburg</td>
<td>Open Banking platform</td>
<td>2011</td>
<td>203</td>
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<td>15</td>
<td>Friday</td>
<td>Berlin</td>
<td>Insurance platform for cars</td>
<td>2017</td>
<td>135</td>
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<td>16</td>
<td>Infarm</td>
<td>Berlin</td>
<td>Farm equipment supplier</td>
<td>2012</td>
<td>134</td>
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<tr>
<td>17</td>
<td>Dreamlines</td>
<td>Hamburg</td>
<td>Platform for ship cruises</td>
<td>2012</td>
<td>126</td>
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<td>SolarisBank</td>
<td>Berlin</td>
<td>Banking platform</td>
<td>2016</td>
<td>123</td>
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<td>19</td>
<td>Tado</td>
<td>Munich</td>
<td>Heating application</td>
<td>2011</td>
<td>109</td>
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<td>20</td>
<td>Movinga</td>
<td>Berlin</td>
<td>Moving services</td>
<td>2015</td>
<td>105</td>
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<tr>
<td>21</td>
<td>Lilium Aviation</td>
<td>Munich</td>
<td>Electric vertical take-off and landing jet</td>
<td>2014</td>
<td>101</td>
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<tr>
<td>22</td>
<td>Lesara</td>
<td>Berlin</td>
<td>Online retailer</td>
<td>2013</td>
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<td>23</td>
<td>ottonova</td>
<td>Munich</td>
<td>Private health insurance</td>
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<td>24</td>
<td>Sennder</td>
<td>Berlin</td>
<td>European shipping logistics company</td>
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<td>25</td>
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<td>Mannheim</td>
<td>Manned electric &amp; air taxis</td>
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<td>Household services</td>
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<td>Spotcap</td>
<td>Berlin</td>
<td>Lender for SME enterprises</td>
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<td>Tier Mobility</td>
<td>Berlin</td>
<td>E-scooter sharing platform</td>
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<td>McMakler</td>
<td>Berlin</td>
<td>Real estate agency</td>
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<td>Flaschenpost</td>
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<td>On-demand beverage delivery</td>
<td>2016</td>
<td>83</td>
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<tr>
<td>31</td>
<td>Tourlane</td>
<td>Berlin</td>
<td>Personalized travel</td>
<td>2016</td>
<td>81</td>
</tr>
<tr>
<td>32</td>
<td>eGym</td>
<td>Munich</td>
<td>Fitness products</td>
<td>2011</td>
<td>80</td>
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<tr>
<td>33</td>
<td>Contentful</td>
<td>Berlin</td>
<td>Content publishing technology</td>
<td>2013</td>
<td>78</td>
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<tr>
<td>34</td>
<td>Blacklane</td>
<td>Berlin</td>
<td>Driver services</td>
<td>2011</td>
<td>77</td>
</tr>
</tbody>
</table>

\(^{12}\) Like-for-like adjusted |
\(^{13}\) Based on publicly available information; could include secondary market transactions and venture debt
\(^{14}\) Disclosed funding of USD560m in 2019. Prior funding in 2016 only disclosed in the range of USD75-100m: For presentation purposes the average of USD88m was used.

Source: Crunchbase, Deutsche Start-ups, Gründerzene, Press releases, December 2019
Business models linked to CleanTech and Mobility are gaining momentum

Top 100 start-ups located in Germany (based on total funding value up until December 2019, excluding IPOs)

<table>
<thead>
<tr>
<th>#</th>
<th>Target name</th>
<th>Location</th>
<th>Target profile</th>
<th>Founding year</th>
<th>Total funding value USDm¹⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>Scalable Capital</td>
<td>Munich</td>
<td>Digital investment service</td>
<td>2014</td>
<td>75</td>
</tr>
<tr>
<td>36</td>
<td>Wunder Mobility</td>
<td>Hamburg</td>
<td>Mobility services</td>
<td>2014</td>
<td>70</td>
</tr>
<tr>
<td>37</td>
<td>Ada Health</td>
<td>Berlin</td>
<td>Personalized health technology</td>
<td>2011</td>
<td>69</td>
</tr>
<tr>
<td>38</td>
<td>Hoccer</td>
<td>Berlin</td>
<td>Messenger app</td>
<td>2009</td>
<td>69</td>
</tr>
<tr>
<td>39</td>
<td>Exporo</td>
<td>Hamburg</td>
<td>Crowdfunded real estate investment</td>
<td>2014</td>
<td>69</td>
</tr>
<tr>
<td>40</td>
<td>Simplesurance</td>
<td>Berlin</td>
<td>Insurance platform</td>
<td>2012</td>
<td>68</td>
</tr>
<tr>
<td>41</td>
<td>Price f(x)</td>
<td>Nuremberg</td>
<td>Price management and optimization</td>
<td>2011</td>
<td>66</td>
</tr>
<tr>
<td>42</td>
<td>Circ</td>
<td>Berlin</td>
<td>Development of custom-made light electric vehicles</td>
<td>2018</td>
<td>65</td>
</tr>
<tr>
<td>43</td>
<td>Thermondo</td>
<td>Berlin</td>
<td>Heat and power technology</td>
<td>2012</td>
<td>61</td>
</tr>
<tr>
<td>44</td>
<td>Holiday</td>
<td>Munich</td>
<td>Metasearch for vacation rentals</td>
<td>2014</td>
<td>59</td>
</tr>
<tr>
<td>45</td>
<td>Navabi</td>
<td>Other (Aachen)</td>
<td>E-commerce (fashion)</td>
<td>2009</td>
<td>58</td>
</tr>
<tr>
<td>46</td>
<td>CrossLend</td>
<td>Berlin</td>
<td>Digital debt marketplace</td>
<td>2014</td>
<td>58</td>
</tr>
<tr>
<td>47</td>
<td>Huuuge Games</td>
<td>Berlin</td>
<td>Mobile games</td>
<td>2014</td>
<td>57</td>
</tr>
<tr>
<td>48</td>
<td>Instana</td>
<td>Other (Ruhr area)</td>
<td>Performance management software</td>
<td>2015</td>
<td>57</td>
</tr>
<tr>
<td>49</td>
<td>Lamudi</td>
<td>Berlin</td>
<td>Real estate platform</td>
<td>2013</td>
<td>56</td>
</tr>
<tr>
<td>50</td>
<td>WeQ</td>
<td>Berlin</td>
<td>Mobile AdTech</td>
<td>2018</td>
<td>56</td>
</tr>
<tr>
<td>51</td>
<td>Uberall</td>
<td>Berlin</td>
<td>Marketing cloud services</td>
<td>2012</td>
<td>55</td>
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<tr>
<td>52</td>
<td>Personio</td>
<td>Munich</td>
<td>HR management solutions for SMEs</td>
<td>2015</td>
<td>54</td>
</tr>
<tr>
<td>53</td>
<td>XOLUTION</td>
<td>Munich</td>
<td>Reclosable beverage container solution</td>
<td>2011</td>
<td>53</td>
</tr>
<tr>
<td>54</td>
<td>FreightHub</td>
<td>Berlin</td>
<td>Digital freight forwarder</td>
<td>2016</td>
<td>53</td>
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<tr>
<td>55</td>
<td>Pitch</td>
<td>Berlin</td>
<td>Presentation software</td>
<td>2018</td>
<td>53</td>
</tr>
<tr>
<td>56</td>
<td>KONUX</td>
<td>Munich</td>
<td>Sensor solutions</td>
<td>2014</td>
<td>52</td>
</tr>
<tr>
<td>57</td>
<td>IDeaow</td>
<td>Munich</td>
<td>Online video identification</td>
<td>2014</td>
<td>52</td>
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<tr>
<td>58</td>
<td>Goggo Network</td>
<td>Berlin</td>
<td>Autonomous mobility</td>
<td>2018</td>
<td>52</td>
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<td>59</td>
<td>Billie</td>
<td>Berlin</td>
<td>Factoring FinTech</td>
<td>2016</td>
<td>51</td>
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<tr>
<td>60</td>
<td>Brillen.de</td>
<td>Other (Schönefeld)</td>
<td>E-commerce (glasses)</td>
<td>2012</td>
<td>50</td>
</tr>
<tr>
<td>61</td>
<td>Mambu</td>
<td>Berlin</td>
<td>Cloud banking platform</td>
<td>2011</td>
<td>49</td>
</tr>
<tr>
<td>62</td>
<td>ProGlove</td>
<td>Munich</td>
<td>Smart gloves producer</td>
<td>2014</td>
<td>49</td>
</tr>
<tr>
<td>63</td>
<td>Sunfire</td>
<td>Other (Dresden)</td>
<td>Renewable industrial gas and fuel optimization</td>
<td>2010</td>
<td>46</td>
</tr>
<tr>
<td>64</td>
<td>NavVis</td>
<td>Munich</td>
<td>Visualization software</td>
<td>2013</td>
<td>46</td>
</tr>
<tr>
<td>65</td>
<td>Taxfix</td>
<td>Berlin</td>
<td>Digital tax declaration assistant</td>
<td>2016</td>
<td>45</td>
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<td>66</td>
<td>Carmudi</td>
<td>Berlin</td>
<td>Car classifieds platform</td>
<td>2013</td>
<td>45</td>
</tr>
<tr>
<td>67</td>
<td>Freeletics</td>
<td>Munich</td>
<td>Digital fitness company</td>
<td>2013</td>
<td>45</td>
</tr>
</tbody>
</table>

¹⁵ Based on publicly available information; could include secondary market transactions and venture debt

Source: Crunchbase, Deutsche Start-ups, Gründerzene, Press releases, December 2019
Majority of top funded ventures located in Berlin

<table>
<thead>
<tr>
<th>#</th>
<th>Target name</th>
<th>Location</th>
<th>Target profile</th>
<th>Founding year</th>
<th>Total funding value USDm</th>
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<tbody>
<tr>
<td>68</td>
<td>Global Savings Group</td>
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<td>Content delivery platform</td>
<td>2012</td>
<td>45</td>
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<td>69</td>
<td>LIQID Investments</td>
<td>Berlin</td>
<td>Digital wealth management</td>
<td>2015</td>
<td>44</td>
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<td>70</td>
<td>Clark</td>
<td>Berlin</td>
<td>Insurance platform</td>
<td>2015</td>
<td>44</td>
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<tr>
<td>71</td>
<td>Amboss</td>
<td>Berlin</td>
<td>Medical knowledge universally accessible</td>
<td>2012</td>
<td>41</td>
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<tr>
<td>72</td>
<td>Coya</td>
<td>Berlin</td>
<td>Digital insurances</td>
<td>2016</td>
<td>40</td>
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<tr>
<td>73</td>
<td>LeaniX</td>
<td>Other (Ruhr area)</td>
<td>SaaS for IT Portfolio Management</td>
<td>2012</td>
<td>40</td>
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<tr>
<td>74</td>
<td>Enfore</td>
<td>Berlin</td>
<td>SaaS services</td>
<td>2009</td>
<td>38</td>
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<tr>
<td>75</td>
<td>Orderbird</td>
<td>Berlin</td>
<td>iPad POS system</td>
<td>2011</td>
<td>37</td>
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<tr>
<td>76</td>
<td>Klang Games</td>
<td>Berlin</td>
<td>Game development</td>
<td>2013</td>
<td>36</td>
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<tr>
<td>77</td>
<td>Cluno</td>
<td>Munich</td>
<td>Car subscription provider</td>
<td>2016</td>
<td>36</td>
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<tr>
<td>78</td>
<td>Grover</td>
<td>Berlin</td>
<td>Consumer electronics rental</td>
<td>2015</td>
<td>36</td>
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<tr>
<td>79</td>
<td>Staffbase</td>
<td>Other (Chemnitz)</td>
<td>Workforce app</td>
<td>2014</td>
<td>36</td>
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<tr>
<td>80</td>
<td>AEVI</td>
<td>Other (Ruhr area)</td>
<td>Cross-border payments</td>
<td>2015</td>
<td>35</td>
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<tr>
<td>81</td>
<td>Blinkist</td>
<td>Berlin</td>
<td>E-books technology</td>
<td>2012</td>
<td>35</td>
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<tr>
<td>82</td>
<td>Comtravo</td>
<td>Berlin</td>
<td>Travel booking platform</td>
<td>2015</td>
<td>34</td>
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<tr>
<td>83</td>
<td>EyeEm</td>
<td>Berlin</td>
<td>Photography community</td>
<td>2011</td>
<td>34</td>
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<td>84</td>
<td>Choco</td>
<td>Berlin</td>
<td>Messenger app for restaurants and suppliers</td>
<td>2018</td>
<td>34</td>
</tr>
<tr>
<td>85</td>
<td>CupoNation</td>
<td>Munich</td>
<td>Coupons</td>
<td>2012</td>
<td>33</td>
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<tr>
<td>86</td>
<td>Element</td>
<td>Berlin</td>
<td>Insurance products</td>
<td>2017</td>
<td>33</td>
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<tr>
<td>87</td>
<td>Stocard</td>
<td>Mannheim</td>
<td>Digital wallet provider</td>
<td>2012</td>
<td>31</td>
</tr>
<tr>
<td>88</td>
<td>Cleverciti Systems</td>
<td>Munich</td>
<td>Intelligent parking management</td>
<td>2012</td>
<td>30</td>
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<tr>
<td>89</td>
<td>Horizn Studios</td>
<td>Berlin</td>
<td>Smart luggage</td>
<td>2015</td>
<td>30</td>
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<td>90</td>
<td>Clue</td>
<td>Berlin</td>
<td>Female health app</td>
<td>2012</td>
<td>30</td>
</tr>
<tr>
<td>91</td>
<td>JobLift</td>
<td>Hamburg</td>
<td>Online aggregator of job proposals</td>
<td>2015</td>
<td>30</td>
</tr>
<tr>
<td>92</td>
<td>Geld-für-Flug</td>
<td>Other (Ruhr area)</td>
<td>LegalTech</td>
<td>2016</td>
<td>30</td>
</tr>
<tr>
<td>93</td>
<td>Moonfare</td>
<td>Berlin</td>
<td>Provides access to private equity funds through a platform</td>
<td>2016</td>
<td>30</td>
</tr>
<tr>
<td>94</td>
<td>Zeitgold</td>
<td>Berlin</td>
<td>Financial administration of small businesses</td>
<td>2014</td>
<td>28</td>
</tr>
<tr>
<td>95</td>
<td>G2 Esports</td>
<td>Berlin</td>
<td>Esports team</td>
<td>2014</td>
<td>27</td>
</tr>
<tr>
<td>96</td>
<td>Omnium</td>
<td>Berlin</td>
<td>AI-powered insurance technology</td>
<td>2015</td>
<td>27</td>
</tr>
<tr>
<td>97</td>
<td>door2door</td>
<td>Berlin</td>
<td>On-demand mobility solutions for cities</td>
<td>2012</td>
<td>27</td>
</tr>
<tr>
<td>98</td>
<td>HomeToGo</td>
<td>Berlin</td>
<td>Vacation rental platform</td>
<td>2014</td>
<td>27</td>
</tr>
<tr>
<td>99</td>
<td>Seven Senders</td>
<td>Berlin</td>
<td>Delivery platform</td>
<td>2014</td>
<td>27</td>
</tr>
<tr>
<td>100</td>
<td>Zenjob</td>
<td>Berlin</td>
<td>Full-service staffing platform</td>
<td>2016</td>
<td>26</td>
</tr>
</tbody>
</table>

\(^{14}\) Based on publicly available information; could include secondary market transactions and venture debt

Source: Crunchbase, Deutsche Start-ups, Gründerzene, Press releases, December 2019
There are two prerequisites for successful ventures: ambition and capital. German entrepreneurs have increasingly demonstrated the determination to succeed in building business at scale.

Olya Klueppel | Global Growth Capital

There is high potential for disruption in Germany’s traditional industries, which is increasingly addressed by a new wave of Tech founders building digital B2B business models.

Lukas Bennemann | Alstin Capital

The German VC ecosystem is still facing structural disadvantages in financing due to the governmental owned pension system as compared to private pension funds in other jurisdictions.

Jan Borgstädt | Join Capital
Berlin remains Germany’s largest start-up hub accommodating 63 of Top 100 most funded start-ups

Berlin is considered as the city of freedom.

Berlin consistently ranks among the top three European Tech hubs.

Berlin remains the main start-up hotspot in Germany and, based on a review of 12 Global and European studies\(^1\), is constantly highly ranked among the leading start-up hubs in Europe. Nevertheless, other cities are strongly gaining attractiveness for deep-tech technologies, especially Munich.

Germany’s, and therefore Berlin’s, biggest weakness is its digital infrastructure and poor access to broadband internet lagging behind countries with a lower degree of overall economic development. If 5G technology is not available and functioning like in other countries going forward, Berlin will lose relevance and momentum.

At the same time, Berlin has managed to attract a healthy mix of capital and talent mainly due to its creative and open culture enriched with low cost of living.

It is now the responsibility of German legislature to act as a backbone to businesses by promoting a digital-friendly environment so that Berlin can retain its unique position, keep traction with the growth of Paris and tighten the gap to London.

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\(^1\) Published between 2016 and 2019 based on different sets of criteria and methodologies
Germany’s start-up market compared to the international environment

“The German ecosystem with its best technical universities spread all over the country is much more fragmented than other European ecosystems.”
Robin Dechant | Point Nine Capital

“The venture capital ecosystem in Germany has become much more international, driven by cross border investments as well as the diversity of the founders’ educational backgrounds and prior experiences.”
Maike Haase | Project A
We see an IPO as a reasonable route towards an exit providing market conditions are buoyant and for businesses which meet certain thresholds. A key threshold is scale – to attract high quality investors and good research coverage, businesses ideally need a market capitalization greater than EUR500m.

Stuart Paterson | Scottish Equity Partners

Three key developments of the German M&A start-up environment can be observed

Key characteristics of the German M&A start-up market in 2019

1. More than half of the transactions in the German M&A start-up market relate to domestic investors.

2. The M&A market is clearly dominated by corporate investors, which represent by far the most relevant exit channel for young innovative companies.

3. Increasing investing activities in industry sectors such as deep-tech, e-commerce and energy.

Overview

Investment activities in the German Tech start-up market reached a new all time high in 2019. Accompanied by numerous exits, the German start-up landscape continues to attract the attention and capital of international and domestic investors, particularly for early stage ventures with innovative and sustainable solutions and proof of concept.

IPO activity in 2019 remained rather insignificant. Savedroid, a Frankfurt-based venture using AI algorithms for saving and spending, went public in October, however, the company opted for a reverse IPO instead of a regular listing.

Young ventures and venture capital investors do not consider an IPO as a primary exit channel. In the light of the new high fundings for late stage ventures such as Flixmobility or GetYourGuide, we expect IPOs to gain more relevance in the near future.

7 out of 120 disclosed start-up M&A deals in 2019 relate to insolvency cases. Nonetheless, it can be observed that in spite of business failures, investors consider employees, trademark rights or customer bases a significant added value, which can be acquired at a relatively low price.
Recent developments indicate that M&A activity keeps diminishing relative to new fundings driven by venture capital.

**Number of investment activities**

(German-based start-ups, based on disclosed data)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding/IPOs</th>
<th>M&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>481</td>
<td>138</td>
</tr>
<tr>
<td>2018</td>
<td>594</td>
<td>129</td>
</tr>
<tr>
<td>2019</td>
<td>671</td>
<td>120</td>
</tr>
</tbody>
</table>

**Target sector distribution**

- FinTech: 40%
- Software & Analytics: 20%
- E-commerce: 18%
- Mobility: 3%
- PropTech: 1%
- Other*: 18%

*Other includes AdTech, Health, Energy and other sectors

**Exemplary transactions of corporate investors**

<table>
<thead>
<tr>
<th>Investors</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visa</td>
<td>Payworks</td>
</tr>
<tr>
<td>Alibaba Group</td>
<td>Data Artisans</td>
</tr>
<tr>
<td>Outfittery</td>
<td>Modomoto</td>
</tr>
<tr>
<td>Royal Dutch Shell</td>
<td>Sonnen</td>
</tr>
</tbody>
</table>

M&A activity has slightly leveled off relative to new fundings in 2019, accounting for 18% of investment activity. M&A is more focused with a trend towards industry consolidation in the FinTech and e-commerce sectors, while energy and health care companies take advantage of market innovations.

Whilst financial investors are the key drivers of the observed increase in funding rounds, acquisitions by corporates remain by far the most important exit channel for start-ups. Approximately, 91% of all non-IPO exits in 2019 related to corporates, remaining on a relatively steady level since 2017.

In addition, acquisitions of innovative businesses increasingly become relevant for companies advancing their digital transformation. The observed trend of corporate acquisitions targeting young companies is underpinned by the following examples:

**Payworks**, a Munich-based company providing gateway payment software for point of sales, was acquired by Visa, strengthening Visa’s digital commerce payment solutions.

Berlin-based large scale data processing provider **Data Artisans** was acquired by Alibaba Group. The deal received wide-spread media coverage as a significant exit for the German deep-tech start-up landscape.

The merger of the online personal shopping services **Outfittery** and **Modomoto** illustrates the ongoing consolidation in the e-commerce sector.

**Sonnen**, a Bavaria based specialist in energy storage and home batteries was acquired by Shell. Shell intends to expand its clean energy solutions offering while supporting Sonnen to scale its production and sales.
Domestic investors increasingly strengthen their M&A activities in the German start-up market

Percentage of exits by origin of investor (Germany and rest of the world; based on the number of disclosed deals)

Accounting for almost half of the disclosed M&A deals in the German start-up market, cross-border transactions still provide a significant exit route for German start-ups. However, domestic investors have forced their local M&A activities and increasingly served as a relevant exit channel in 2019.

European investors have always played a dominant role in the venture M&A landscape and gained higher presence in 2019. As a result, a shift in investors' origin from the US to Europe has been observed. This trend underpins not only the rising firepower of European investors, but the willingness of companies to scale and reshape their businesses through acquisitions of Tech companies in order to keep pace in times of aggressive digitalization.

Investors from across the globe are keen to acquire German Tech assets as part of their global growth strategies. In particular, key players from Asia and the Middle East are expected to emerge from the shadows of other foreign investors and become major players in the German ecosystem. Domestic investors are spread all over the country, with more than one fifth of them being attributable to Berlin.
For B2C platforms, the US and China will most likely stay ahead due to very large, homogeneous home markets. In B2B, however, German start-ups are well positioned to become global players given the country’s strong industrial base. This can be promoted by the government’s and larger corporation’s willingness to buy from young companies.

Mark Schmitz | BVK

We urgently need to create a well working European IPO market for fast growing Tech companies.

Alec Rauschenbusch | Grazia Equity

Corporates are the most important exit channel for a start-up and the VC investors. In growth phases, however, corporate investors are not the optimal shareholders of a start-up.

Jan Borgstädt | Join Capital
Acquisitions by corporates remain the most dominant exit channel for German start-ups

Share of corporates and financials investors 2018 vs. 2019 (based on the number of disclosed deals)

Ventures with disruptive solutions in respective areas are acquired by market leaders to accelerate growth, reduce competition and drive innovation, primarily in sectors such as energy and B2B software. The trend towards consolidation in the German FinTech landscape is starting to gain speed.

The following exit examples underpin the aforementioned development:

**Penta**, the Berlin based banking platform targeting SMEs and fast growing young companies was acquired by Finleap in April 2019. The FinTech company builder aims to expand its portfolio.

German energy company innogy SE took over **Greenergetic**, an integrated energy services platform from Bielefeld.

In line with its growth strategy, innogy expands its presence in the energy service market by the vertical integration of Greenergetic.

Although we observe that private equity investors generally show strong interest in young German Tech companies, the share of acquisitions by financial investors lags far behind. Exits in 2019 involved mostly national and foreign specialized mid-cap PE funds with buy and build strategies, such as Oakley Capital, Riverside, Armira or Deutsche Beteiligungs AG.

A lingering trend to sell businesses to corporate investors at an early-stage, rather than supporting growth with the financial firepower of a private equity partner, still characterizes the market.

Source: Crunchbase, Deutsche Start-ups, Gründerzene, Press releases
Investors
The total new fund volume reached a ten-digit figure and exceeded the level of 2018

Multiple new funds were closed by German and international investors active in the German start-up scene. We observe a notable increase in the volume of funds closed by domestic investors, which more than doubled compared to previous year. This indicates an increasing attractiveness of the venture capital market for domestic investors looking for alternative ways to spend their excess liquidity. As in previous years, German investors mainly support companies in seed and early stages, whereas growth and later stage investments are dominated by international funds.

Selected national VC players

Rocket Internet incubated multiple successful ventures in the past, in particular in the e-commerce and marketplace sectors, and has strengthened its position among the leaders in the European risk capital market in 2019. The Berlin based venture capital firm has already raised USD1b for its second fund and aims to add another USD500m.

Project A, a venture capital investor based in Berlin focuses on European companies in the seed and Series A stage, raised its third fund of USD200m in 2019.

Cherry Ventures, a Berlin based venture capital firm backs companies from a wide range of industries, predominantly in the seed stage. In 2019, the firm closed its third fund of USD196m planned to be invested in European Tech companies.

42CAP, a Germany-based investment firm focused mostly on AI and software start-ups, raised USD56m to invest in B2B software companies in the seed stage.

Allianz X, the digital investment vehicle of Allianz Group, announced the increase of its second fund to USD1.1b. Their current portfolio includes companies such as the German FinTech firm N26 and US insurance service Lemonade. With the newly collected funds, Allianz X aims at further expansion in the insurance-related sectors worldwide.

Visionaries Club, a newly founded venture capital firm from Berlin, closed two micro-funds to back companies across Europe. With USD45m each, the funds will invest in B2B-focused innovators at seed and Series A stages.

Other German investors that raised new nine-digit volume funds in 2019 included High-Tech Gründerfonds, Deutsche Telekom Capital Partners, Robert Bosch Venture Capital, Linus Capital, Alstin Capital, Acton Capital Partners and BlueYard.

Selected international VC players

Creandum, a European venture capital firm that targets innovative companies at early stages, raised its fifth fund of USD300m. The track record of the Swedish investor includes successful ventures such as Spotify and iZettle.

E.ventures, a venture capital platform operating globally, announced that it collected USD400m for its new fund, out of which USD175m are planned to be invested into European ventures. E.ventures is based in San Francisco and the investment focus is primarily on consumer-oriented software and media start-ups.

Lakestar, a global investment fund from Switzerland, intends to invest into European Tech disruptors. The company raised USD700m to mainly invest in growth-stage ventures and plans to increase the fund volume to USD1b in the near future.

btov Partners, a European venture capital investor with an office in Berlin, already has a successful track record with online platforms such as Xing and Finanzcheck. With its eighth fund of USD112m, the firm aims to invest in early-stage industrial deep-tech companies.

Heartcore Capital, formerly Sunstone Capital, is a European venture capital firm with offices in Copenhagen, Paris and Berlin. With a new fund of USD179m, which combines two of their earlier investment vehicles, the firm will target early-stage B2C start-ups.

Salesforce Ventures, a US based corporate investment vehicle, raised its second fund that specifically targets European companies. The company will invest USD125m in fast growing Tech companies with business models based on cloud service applications.
Most new venture capital funds focused on early stage funding

Selected new institutional funds identified from Jan 2019 to Dec 2019

<table>
<thead>
<tr>
<th>#</th>
<th>Investor</th>
<th>Fund name</th>
<th>Location</th>
<th>Volume (USDm)</th>
<th>Announced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accel</td>
<td>Accel London VI</td>
<td>San Francisco</td>
<td>575</td>
<td>May 2019</td>
</tr>
<tr>
<td>2</td>
<td>Northzone</td>
<td>Northzone IX</td>
<td>Stockholm</td>
<td>500</td>
<td>Nov 2019</td>
</tr>
<tr>
<td>3</td>
<td>Balderton Capital</td>
<td>Balderton Capital VII</td>
<td>London</td>
<td>400</td>
<td>Nov 2019</td>
</tr>
<tr>
<td>4</td>
<td>Creandum</td>
<td>Creandum V</td>
<td>Stockholm</td>
<td>300</td>
<td>Jun 2019</td>
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<tr>
<td>5</td>
<td>Project A</td>
<td>Project A Ventures III</td>
<td>Berlin</td>
<td>200</td>
<td>Sep 2019</td>
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<tr>
<td>6</td>
<td>Cherry Ventures</td>
<td>Cherry Ventures III</td>
<td>Berlin</td>
<td>196</td>
<td>Jun 2019</td>
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<td>7</td>
<td>Heartcore Capital</td>
<td>Heartcore 2</td>
<td>Berlin</td>
<td>179</td>
<td>Feb 2019</td>
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<tr>
<td>8</td>
<td>Valar Ventures</td>
<td>Valar V</td>
<td>New York</td>
<td>150</td>
<td>Aug 2019</td>
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<td>9</td>
<td>Alistin Capital</td>
<td>Alistin II</td>
<td>Munich</td>
<td>130</td>
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<td>10</td>
<td>Blue Yard</td>
<td>Blue Yard Capital II</td>
<td>Berlin</td>
<td>120</td>
<td>Jan 2019</td>
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<tr>
<td>11</td>
<td>btov Partners</td>
<td>btov Industrial Tech I</td>
<td>St. Gallen</td>
<td>112</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>12</td>
<td>42CAP</td>
<td>Fund II: Edge Computing and Procurement Genius</td>
<td>Munich</td>
<td>56</td>
<td>Jun 2019</td>
</tr>
<tr>
<td>13</td>
<td>Visionaries Club</td>
<td>Micro Growth Fund</td>
<td>Berlin</td>
<td>45</td>
<td>Jul 2019</td>
</tr>
<tr>
<td>14</td>
<td>Visionaries Club</td>
<td>Micro Seed Fund</td>
<td>Berlin</td>
<td>45</td>
<td>Jul 2019</td>
</tr>
<tr>
<td>15</td>
<td>EQT Ventures</td>
<td>EQT Ventures II</td>
<td>Stockholm</td>
<td>739</td>
<td>Nov 2019</td>
</tr>
<tr>
<td>16</td>
<td>Lakestar</td>
<td>European VC Fund&lt;sup&gt;21&lt;/sup&gt;</td>
<td>Zurich</td>
<td>700</td>
<td>Sep 2019</td>
</tr>
<tr>
<td>17</td>
<td>E.ventures</td>
<td>e.ventures Europe VII/e.ventures US VI</td>
<td>San Francisco</td>
<td>400</td>
<td>Jul 2019</td>
</tr>
<tr>
<td>18</td>
<td>OMERS Ventures</td>
<td>OMERS Ventures European Fund</td>
<td>Toronto</td>
<td>336</td>
<td>Mar 2019</td>
</tr>
<tr>
<td>19</td>
<td>Acton Capital Partners</td>
<td>Acton V</td>
<td>Munich</td>
<td>215</td>
<td>Nov 2019</td>
</tr>
<tr>
<td>20</td>
<td>eCAPITAL</td>
<td>eCAPITAL Cybersecurity</td>
<td>Münster</td>
<td>56</td>
<td>Jan 2019</td>
</tr>
<tr>
<td>21</td>
<td>Deutsche Telekom Capital Partners (DTCP)</td>
<td>DTCPs Venture/Growth Fund II</td>
<td>Hamburg</td>
<td>350</td>
<td>Jun 2019</td>
</tr>
<tr>
<td>22</td>
<td>Robert Bosch Venture Capital</td>
<td>RBVC IV</td>
<td>Stuttgart</td>
<td>224</td>
<td>Feb 2019</td>
</tr>
<tr>
<td>23</td>
<td>Salesforce Ventures</td>
<td>Europe Trailblazer Fund</td>
<td>San Francisco</td>
<td>125</td>
<td>May 2019</td>
</tr>
<tr>
<td>24</td>
<td>Rocket Internet</td>
<td>Rocket Internet Capital Partners II</td>
<td>Berlin</td>
<td>1,000</td>
<td>Sep 2019</td>
</tr>
<tr>
<td>25</td>
<td>Linus Capital</td>
<td>Linus Capital</td>
<td>Berlin</td>
<td>392</td>
<td>Nov 2019</td>
</tr>
<tr>
<td>26</td>
<td>Idinvest Partners</td>
<td>Idinvest Digital Fund III</td>
<td>Berlin</td>
<td>350</td>
<td>Oct 2019</td>
</tr>
</tbody>
</table>

<sup>20</sup> Foreign funds were included only if they participated in funding rounds of German start-ups totaling >USD100m in 2019 (Crunchbase)

<sup>21</sup> Fund announced in 2018, closed in 2019

Sources: Deutsche Start-ups, Gründerszene, Press releases
Public or semi-public sources of capital are an important and, in our view, positive part of the early stage German venture ecosystem.

Tim Ankers | Scottish Equity Partner

Mobilizing funds from the German governmental pension system and insurance companies would boost the German ecosystem.

Alec Rauschenbusch | Grazia Equity

Late stage financing is dominated by foreign investors. There is not yet sufficient confidence in the local market that young businesses can be sold at USD1b and above.

Maike Haase | Project A
Key players active in the German start-up scene (1/4)

<table>
<thead>
<tr>
<th>Corporate Ventures</th>
<th>Incubators and Accelerators</th>
<th>Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allianz X Ventures</td>
<td>Accelerator Frankfurt</td>
<td>10x Group</td>
</tr>
<tr>
<td>AXA Innovation Campus</td>
<td>agile Accelerator - E.ON</td>
<td>42CAP</td>
</tr>
<tr>
<td>Axel Springer Digital Ventures</td>
<td>APX</td>
<td>About:seed GmbH</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>Atlantic Food Labs</td>
<td>Acton Capital Partners</td>
</tr>
<tr>
<td>Bayer Venture Partner</td>
<td>Atlantic Ventures</td>
<td>ActIn Capital</td>
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<tr>
<td>Bertelsmann Investments</td>
<td>Axel Springer Plug and Play</td>
<td>Anna Impact Ventures</td>
</tr>
<tr>
<td>Bilfinger Venture Capital</td>
<td>BASF New Business</td>
<td>Apex Group</td>
</tr>
<tr>
<td>BMW I Ventures</td>
<td>Berlin Hardware.Co Accelerator</td>
<td>Arcus Capital</td>
</tr>
<tr>
<td>Boehringer Ingelheim Venture Fund</td>
<td>Betafabrik</td>
<td>Armira</td>
</tr>
<tr>
<td>Burda Principal Investments</td>
<td>Black Forest Accelerator</td>
<td>Art-Invest Real Estate</td>
</tr>
<tr>
<td>CommerzVentures</td>
<td>BMW Startup Garage Incubator</td>
<td>Asgard Capital</td>
</tr>
<tr>
<td>Conde Nast Digital Germany</td>
<td>Breakthrough-Accelerator</td>
<td>Atlantic Labs</td>
</tr>
<tr>
<td>DBL Ventures - Deutsche Börse</td>
<td>CoLaborator (Bayer)</td>
<td>Aurelius AG</td>
</tr>
<tr>
<td>Deutsche Bahn Digital Ventures</td>
<td>Co-space Incubator - Continental</td>
<td>Avala Capital</td>
</tr>
<tr>
<td>Deutsche Invest Venture Capital (DIVC)</td>
<td>DB Accelerator</td>
<td>b10 Venture Capital</td>
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<td>Deutsche Telekom Capital Partners</td>
<td>Deutsche Bahn Mindbox</td>
<td>Bamboo Ventures</td>
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<td>Bayerische Beteiligungsgesellschaft (BayBG)</td>
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<td>Deutsche Bank Innovation Lab</td>
<td>Bellevue Investments</td>
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<td>European Pioneers Accelerator</td>
<td>Berlin Metropolitan Ventures</td>
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<td>FLUXUNITY - Osram Ventures</td>
<td>Fantastic Mr. Fox Ventures</td>
<td>Berlin Technology Holding</td>
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<td>Forum Media Ventures</td>
<td>Finconomy</td>
<td>Berlin Venture Partners</td>
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<td>Fresenius Medical Care Ventures</td>
<td>FinLeap</td>
<td>Berlin Ventures</td>
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<td>Friedenberg Venture</td>
<td>FinTech Hub - Deutsche Börse</td>
<td>BFJ Invest</td>
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<td>Fraunhofer Venture</td>
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<td>German Accelerator Life Sciences</td>
<td>BitStone Capital</td>
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<td>Grants4Apps - Bayer</td>
<td>BlueYard Capital</td>
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<td>BonVenture Management</td>
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<td>Bridgemaker</td>
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<td>hubraumIncubator - Telekom</td>
<td>capiton</td>
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<tr>
<td>Hydra ventures - Adidas</td>
<td>Ideation Hub - Volkswagen</td>
<td>Capnamic Ventures</td>
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<td>Innogy Ventures</td>
<td>Incubator Investments GmbH</td>
<td>Catagonia Capital</td>
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<tr>
<td>Kärcher New Venture</td>
<td>InnoWerft</td>
<td>Cavalry Ventures</td>
</tr>
<tr>
<td>Katjesgreenfood</td>
<td>ieAD Sports Accelerator - Adidas</td>
<td>CD-Venture</td>
</tr>
<tr>
<td>Kinvest</td>
<td>Life Science Incubator (LSI-Pre-Seed_Fonds)</td>
<td>Cherry Ventures</td>
</tr>
<tr>
<td>LeadX Capital Partners</td>
<td>Liquid Labs</td>
<td>CologneInvest</td>
</tr>
<tr>
<td>Lufthansa Digital Fund</td>
<td>Lufthansa Innovation Hub</td>
<td>Colonia Private Equity</td>
</tr>
<tr>
<td>Media + more venture</td>
<td>Magmatic Ventures</td>
<td>Commerzbank</td>
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<td>Mediengruppe Kiambt</td>
<td>Main incubator</td>
<td>Coparion</td>
</tr>
<tr>
<td>Mobile Ventures</td>
<td>MundiLAB Accelerator - Munich RE</td>
<td>Creathor Venture</td>
</tr>
<tr>
<td>MOMENI Digital Ventures</td>
<td>Next Big Thing</td>
<td>Crossantil Capital</td>
</tr>
<tr>
<td>MS Ventures</td>
<td>Next Commerce Accelerator</td>
<td>Crossventures</td>
</tr>
<tr>
<td>Next 47 (Siemens)</td>
<td>Next Logistics</td>
<td>Curious Capital</td>
</tr>
<tr>
<td>NWZ Digital</td>
<td>Next Media Accelerator</td>
<td>Deutsche Invest Capital Partners</td>
</tr>
<tr>
<td>Oetker Digital</td>
<td>NFQ Capital</td>
<td>Digital+ Partners</td>
</tr>
<tr>
<td>Peppermint Venture Partners</td>
<td>Pando Ventures (Taurusstein)</td>
<td>Digital Health Ventures</td>
</tr>
<tr>
<td>Phoenix Conax Innovation Ventures</td>
<td>ProSiebenSat.1 Accelerator</td>
<td>Digital Pioneers Germany</td>
</tr>
<tr>
<td>Robert Bosch Venture Capital</td>
<td>Rain Making</td>
<td>Dumont Venture</td>
</tr>
<tr>
<td>SAP Startup Focus</td>
<td>Retalltech-Hub (MediaMarktSaturn)</td>
<td>DyV Ventures</td>
</tr>
<tr>
<td>SAP</td>
<td>Rocket Internet</td>
<td>DWS Group</td>
</tr>
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<td>SALLA</td>
<td>SAP.io Foundry</td>
<td>Earlybird Venture Capital</td>
</tr>
<tr>
<td>Saxovent</td>
<td>ScaleUp (Microsoft)</td>
<td>eCAPITAL Entrepreneurial Partners</td>
</tr>
<tr>
<td>Scouting and Strategic CoInvestment - E.ON</td>
<td>Siemens Technology Accelerator</td>
<td>ECM Equity Capital</td>
</tr>
<tr>
<td>Seven Ventures (ProSiebenSat.1)</td>
<td>SpinLab - The HHL Accelerator</td>
<td>EMBL Ventures</td>
</tr>
<tr>
<td>Siemens Ventures Capital</td>
<td>Startplatz</td>
<td>Engage Ventures</td>
</tr>
<tr>
<td>Signals Venture Capital</td>
<td>TechFounders</td>
<td>Enjoyventure Management</td>
</tr>
<tr>
<td>Sixt Ventures</td>
<td>Universal Home</td>
<td>Enxium</td>
</tr>
<tr>
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<td>Venture Stars</td>
<td>Equistone Partners</td>
</tr>
<tr>
<td>TAKT Beteiligungsgesellschaft</td>
<td>VentureVilla Accelerator</td>
<td>Equity Seven</td>
</tr>
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<td>TRUMPF Venture</td>
<td>W1 Forward InsurTech Accelerator</td>
<td>eVentures Capital Partners</td>
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<td>United Internet Ventures</td>
<td>Xantera Venture Capital</td>
<td>Everpreneur Capital</td>
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<td>VNG Innovation</td>
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<td>Finala</td>
</tr>
<tr>
<td>Vodafone Uplift</td>
<td></td>
<td>First Momentum Ventures</td>
</tr>
<tr>
<td>Vogel Business Media</td>
<td></td>
<td>Fly Ventures</td>
</tr>
<tr>
<td>Vorwerk Direct Selling Ventures</td>
<td></td>
<td>Found Fair Ventures</td>
</tr>
<tr>
<td>W&amp;B brandpohl</td>
<td></td>
<td>Freigeist Capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
• FTR Ventures
• FundersClub
• Future Ventures
• Geocoin GmbH
• GENU Partners
• German Ventures
• Gilde/Maricot/Lifestyle
• Global Founders Capital
• GMPVC German Media Pool
• Golzern Holding
• GPS Ventures GmbH
• Grazia Equity
• GRENIKE Bank
• HCS Beteiligungsgesellschaft
• Heilbronn Capital
• Heidell Equity Partners
• Hevella Capital
• High Rise Ventures
• HRF Group
• Holistic Capital GmbH
• HR Alpha Venture Partners
• HW Capital
• Idee von Invest
• InsurTech.vc
• iVentureCapital
• J.C.M.B. Beteiligungsgesellschaft
• J.F. Müller & Sohn AG
• Jaja Investment
• Join Capital
• Kamran Capital
• K2CO (Karl Lagerfeld)
• LAFAM Holding
• Lakestar
• Laxx Venture Capital
• LEA Partners
• Linus Capital
• LittleRock
• MailiDuoMont Ventures
• Maxburg Capital Partners
• Media Ventures
• Menden Ventures
• Mercuria Capital
• MetacreW Ventures
• Mey Capital Matrix
• MGO Digital Ventures
• MIG AG
• MK Venture Capital GmbH
• Moacon Ventures
• Müller Ventures
• Monkfish Equity
• MoTu Ventures
• Moutain Alliance
• Move capital
• Muscan International Investments
• Müller Medien
• Munich Venture Partners
• Mutschler Ventures AG
• Muzzle Capital
• NABRU Ventures
• Neuhaus Partners
• Newten Ventures
• Nextatbusiness
• Nordwind Capital
• OHB Venture Capital
• Omnis Mundi
• Paaua Ventures
• pd ventures
• Perpetual Ventures
• Picus Capital
• PINOVA Capital
• Plutos Group
• Point Nine Capital
• Priority AG
• Project Ventures
• PropTech1 Ventures
• Redstone
• Reimann Investors
• Rheinland Founders
• RI Digital Ventures
• Richmond View Ventures
• Rocket Internet Capital Partners
• Saar.city
• SABIC Ventures
• Seed + Speed Ventures
• Seed Fonds Aachen
• SEK Ventures
• Senovo
• Shortcut Ventures
• SHS Gesellschaft für Beteiligungsmangement
• Signa Innovations
• Sirius Venture Partners
• 5-Kap Beteiligungen (Sparkasse)
• Smac Partners
• 5-REFIT
• Star Ventures Management
• Starstrike Ventures
• Start 2 Ventures
• Starkraft Ventures
• Steadfast Capital
• STS Ventures
• S-UBG Group
• Surplus Invest GmbH
• SVenture Capital Dortmund
• System.One
• Target Global
• Target Partners
• Team Europe
• TechnologieContor
• Technologiefonds OWL
• TecPier
• Tengelmann Ventures
• TII Investments
• Think.Health
• Tiburon Unternehmensaufbau
• THA Holding
• Triangle Venture Capital Group
• Triginta Capital
• TruvoVenture
• TVM Capital
• Unternehmerstiftung Venture Capital Partners
• VBW Beteiligungskapital
• VCDE Venture Partners
• Venista Ventures
• Visionaries Club
• Wissmann Ventures
• Wito One
• Wito Ventures
• VM Capital
• Vogel Ventures
• VR Equitypartner
• Wawaiaro GmbH
• WeFund
• Welser Venture Capital
• Wellington Partners
• Wessel Management
• WestTech Ventures
• WhiteStone Communication Networks
• Wirth Energie Beteiligungs GmbH
• WOLFMAN.ONE
• XAnge
• Yabo capital
• Yesss CAPITAL
• ZFHN

Public institutions, Platforms and Others

• Bayern Kapital
• Brandenburg Kapital
• Berlin Startup Academy
• Beteiligungsmangement Thüringen
• bm-B Beteiligungsmangement
• BTG Hamburg
• Business Angels Agentur Ruhr
• Business Angels Club Berlin
• Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK)
• Companisto
• Enpact
• ERF Schleswig-Holstein
• Factor10
• FIB Fonds
• Fundsters
• Genius Venture Capital
• German Startups Group
• Green Alley Investment
• Grow (Bosch)
• GTEC
• Hannover Beteiligungsfonds
• Hessische Landesregierung
• HighTech Gründerfonds
• Humboldt Innovation
• IBB Beteiligungsgesellschaft
• IBB Beteiligungsgesellschaft Sachsen-Anhalt
• IFB Innovationsservice
• Initiativekreis Ruhr
• Investitionsbank Brandenburg
• Investitionsbank Rhein-Pfalz
• Investitions- und Förderbank Niedersachsen (NBK)
• Investitionsbank Berlin
• ISB Rheinland-Pfalz
• Kapilendo
• KfW Bankengruppe
• L-Bank (Landeskrankenkasse Baden-Württemberg)
• LemonBlood
• mano.net
• Mittelständische Beteiligungsgesellschaft Baden-Württemberg
• Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern
• Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg
• Neufund
• Saarländische Wagnisfinanz.
• Seedmatch
• SBG Sachsen-Anhalt
• SVS Capital Partners
• StartUp VC Management
• TGFS - Technologiegründerfonds Sachsen
• The Angel Club
• VCF Fonds BW
• VC Fonds Technologie Berlin
• Wirtschaftskammer Hessen
Key players active in the German start-up scene (3/4)

International

- 360 Capital Partners
- 3i Group
- 3M New Ventures
- 500 Startups
- 77 Industries
- 7Percent Ventures
- 83North
- ABC Accelerator
- Bessisa Holding
- Accel
- Access Industries
- Activate Venture Partners
- AdaVentures
- Advancit Capital
- Advent Venture Partners
- Agate Medical Investments
- Agile Capital Partners
- A-Grade Investment
- Alma Mundi Ventures
- Altos Ventures
- Altipoint Capital
- Alven Capital
- Amadeus Capital Partners
- AME Cloud Ventures
- American Family Ventures
- Angel Capital Management
- Anthemis Group
- Antheria Holding
- AP Ventures
- Asia Pacific Internet Group
- Astanor Ventures
- Atlantic Bridge
- Atlas Venture
- Atomico
- aws Gründerfonds
- AXA Venture Partners
- Axivate Capital
- Baille Gifford
- Balderton Capital
- Banco Bilbao Vizcaya Argentaria
- Band of Angels
- Base10 Partners
- Battery Ventures
- Benchmark Ventures
- Beringea
- Bessemer Venture Partners
- BIP Investment Partners
- Black Sheep Capital
- BlackRock
- BlueChilli
- Blumberg Capital
- Bonnier Ventures
- Boost Heroes
- Boundary Holding
- Breed Reply
- Bridgepoint
- Bright Capital Digital
- ITOV Partners
- Careventures
- Cascara Ventures
- Causeway Media Partners
- CBC Investment Group
- Chernen Group
- Cherno Invest
- Cipio Partners
- Circularity Capital
- Citigroup
- Clever Leaves
- CME Ventures
- Coiler Capital
- Columbia Lake Partners
- Connect Capital
- Connect Ventures
- Corrugia Capital Fund
- Courtside Ventures
- Cowboy Ventures
- Creandum
- Creative Edge Ventures
- Credo Ventures
- CVG Capital
- Danone Manifesto Venture
- Dawn Capital
- Demeter Partners
- DNA
- Digital Currency Group
- Dima Ventures
- DN Capital
- Dragoner Investment Group
- Draper Esprit
- DST Global
- EVentures
- EASME - EU Executive Agency for SMEs
- EchoVC Partners
- Ecomobiity Partners
- Eight Roads Ventures
- EIT Digital Accelerator
- Electrovanova Capital
- Elysian Park Ventures
- Emerlad Technology Ventures
- Emerge Education
- enchanted
- Endelt Capital
- ENERN Investments
- ENIAC Ventures
- Entrée Capital
- EOS VC (Block.one)
- EQT Ventures
- Equinor Technology Ventures
- European Investment Bank (EIB)
- European Investment Fund
- Eurostars
- Evoco AG
- Evolution Media
- Felicis Ventures
- Felix Capital
- Firstar Financial Group
- Five Seasons Ventures
- FJ Labs
- FLOODGATE
- FMI Investment Partners
- Foresight Group
- Fosun Group
- Foundation Capital
- Four Rivers Group
- Frog Capital
- Frontline Ventures
- GE Ventures
- General Atlantic
- General Catalyst
- Generis Capital Partners
- German Accelerator Tech
- GGV Capital
- Gimv
- Global Growth Capital
- GMT Capital
- GoBeyond
- Goldman Sachs
- Google Ventures
- Green Bay Ventures
- Greybird Ventures
- Greycroft
- Greyhound Capital
- Greylock Partners
- Groupe Arnault
- Hangar 51
- Headway Capital Partners
- Heartcore Capital
- Heartland Bank
- Helvetia Venture Fund
- Hercules Capital
- Highland Capital Partners
- Highland Europe
- Hillhouse Capital Group
- Hiventures Investment Fund
- Horizon 2020
- HOWZAT Partners
- Hoxton Venture
- HPE Growth Capital
- Hummingbird Ventures
- Idinvest Partners
- iEurope Capital
- IFJ AG
- Illuminate Financial
- Index Ventures
- ING Ventures
- InnoEnergy (EIT)
- Innova Memphis
- Insight Partners
- Institutional Venture Partners
- Intel Capital
- International Finance Corporation
- Inven Capital
- Inventure Partners
- Iris Capital
- Ithaca Investments
- J.P. Morgan Digital Growth
- Jadeberg Partners
- JAM Capital Partners
- Jazz Venture Partners
- JME Ventures
- Johnson & Johnson Innovation
- K Fund
- KS Ventures
- Kennet Partners
- Kickstarter
- Kima Ventures
- Kinnevik
- Kite Ventures
- Klwoom Investment
- KKR
- Kleiner Perkins
- Korea Investment Partners
- KPN Ventures
- Kress Capital
- Kurma Partners
- Larnabel Ventures
- Lead Edge Capital
- leAD Sports Accelerator
- LG Technology Ventures
• LGT Capital Partners
• Life SRED
• LifeScience iHUB - Bayer
• Lightspeed Venture Partners
• Lilly Ventures
• LocalGlobe
• London Venture Partners
• Loric Ventures
• Lower Case Ventures
• M12
• Macquarie Capital
• Mærsk Growth
• March Capital Partners
• Marlin Equity Partners
• Martin Global
• Massa Investment
• MassChallenge
• MCI Capital SA
• Media and Games Invest
• Menlo Ventures
• Merck Ventures
• Mercury Capital Partners
• Meritech Capital Partners
• Merus Capital
• Meusinvest (Noshag)
• MFV Partners
• Michael Grabner Media GmbH
• Microsoft Accelerator
• Milano Investment Partners
• MMC Ventures
• Modern Times Group (MTG)
• Monks Hill Ventures
• Morgan Stanley Expansion Capital
• Mosaic Ventures
• Mountain Partners AG
• MFG
• Mubadala Capital
• M-VC Europe Ltd.
• Naspers
• Nauta Capital
• New Enterprise Associates
• New Ground Ventures
• New Science Ventures
• NGP Capital
• NJF Capital
• Northcap
• NorthEast Venture
• Northzone
• Notion
• Numa
• Obvious Ventures
• Octopus Ventures
• ODDO BHF
• OMERS Ventures
• Omnes Capital
• One Peak Partners
• OpenOcean
• Orkila Capital
• Qtum Venture
• P101
• Partech Partners
• Passion Capital
• Permira
• PHS Capital
• Pine Hill Capital
• Piton Capital
• Plug and Play
• PMatX Incubator - Merck
• Polar Light Ventures
• Ponooc
• PostFinance
• Powerplant Ventures
• Prime Ventures
• Princeville Capital
• PROfounders Capital
• Promus Ventures
• Proton
• Proxy Ventures
• Q Capital Ventures
• R/GA Ventures
• Radical Ventures
• Raine Ventures
• Rakuten Capital
• Randstad Innovation Fund
• Recruit Strategic Partners
• Red Stars
• Redalpine
• Redpoint Ventures
• Refex Capital
• REV
• Revo Capital
• Ribbit Capital
• Ringier Digital Ventures
• Rocketship.vc
• Route 66 Ventures
• RTA Ventures VC
• Runa Capital
• ru-Net
• Russmedia Group
• Saban Ventures
• Salesforce Ventures
• Samsung Next Ventures
• Santander InnoVentures
• Scania Growth Capital
• Schroder Adveq
• Scottish Equity Partners
• Seal Rock Partners
• Seaya Ventures
• Seedcamp
• Sequoia Capital
• SET Ventures
• SevenFort Partners
• Shell Tech Ventures
• Shenzhen Capital Group
• Sherpa Capital
• Silicon Valley Bank
• Silver Lake Partners
• Slack Fund
• Softbank
• Sonae IM
• Sound Ventures
• Spark Capital
• SPDG
• Spectrum Equity
• Speedinvest
• startup300
• Startupbootcamp
• Summit Partners
• Swiss Founders Fund
• Sycamore Partners
• Synapse Partners
• TA Associates
• TA Capital
• TA Ventures
• Talis Capital
• TCV
• Techstars
• Temasek Holdings
• Tenaya Capital
• Tencent Capital
• Tenderloin Ventures
• Texas Atlantic Capital
• The Macquarie VC Studio
• The Westly Group
• Thrive Capital
• Tiger Global Management
• Tiller Partners
• Time for Growth
• Toba Capital
• Toscafund Asset Management
• Total Ventures
• TPG
• Transamerica Ventures
• Trinity Ventures
• Troy Capital Partners
• Twitter Ventures
• Uncork Capital
• Unilever Ventures
• Union Square Ventures
• UNIQIA Ventures
• Up to Eleven
• Upheaval Investments
• Urban Us
• U-Start
• Valor Ventures
• Vantage Investment Management
• Värde Partners
• Ventech
• VentureEU
• Verdance Capital
• Version One Ventures
• VI Partners AG
• Victory Park Capital
• VisVires New Protein
• Vitamina K Venture Capital
• Vitruvian Partners
• Voila Ventures
• Vostok New Ventures
• VP Capital
• Warburg Pincus
• Warsaw Equity Group
• Westcliff LLC
• White Star Capital
• Wooi Technology Investment
• Xploration Capital
• Y Combinator
• Yuan Capital
• ZKB Start-up Finance
• Zobito
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Stating a value does not constitute a valuation as defined by the Institute of Public Auditors in Germany ("IDW") in the generally accepted standards for valuation engagements.

We define fundings as equity or debt financing provided to a German-based start-up (with a change in ownership below 50%) that operates in one of the digital sectors (e.g. consumer products and services, software and IT services, financial technology, mobility, media and entertainment). Investments (including M&A deals and IPOs) in start-ups falling into the life science sector or non-digital business models have been excluded. This explains the difference between the number of deals presented in the EY start-up Barometer in 2019 (704) compared to the number of investments presented in this study (671).

M&A activity comprises transactions with a change in ownership of more than 50%. Specifically, values and volumes used throughout this report are based on completion dates for transactions with a disclosed deal value and supplemented by additional independent research – sometimes based on rumors stated in public sources. We have used a standard exchange rate for EUR to USD of 1:1.18 for all conversions in this document if performed. We define initial public offering (IPO) as a public offering in which a German start-up sells stocks for the first time.

We define investors as entities that are acquiring the majority of shares in a German start-up (> 50% = M&A deal). A company is considered a Corporate when its primary business is non-financing related, e.g. industry or service provision. We define an investor as a financial investor when its primary activities are investing or financing related.

Start-ups are companies generally younger than 10 years old. Exceptions might apply for older companies that have digitally transformed their business model during the last 10 years. Information related to previous periods is updated periodically, based on new data collected for deals closed during previous periods but not reflected in previous data sets.

Information for start-ups, financing, funds and M&A activity includes information for companies belonging to one of the digital sectors. Certain adjustments have been made to the information to exclude transactions that are not specific to digital.

The activities according to which we sector-clustered the start-ups and investors are as follows:

- Software & Analytics: (mobile) applications, new digital) technologies for industries or services
- FinTech: (mobile) banking and insurance solutions
- Mobility: Smart logistics, ride sharing, travel & leisure
- E-commerce: (online) B2C retailers, food (delivery) and beverage
- Other: any (Tech-related) business activity not covered by the above classifications.
Insights and events

**EY Start-up Barometer (2019)**

EY and a market research institute ran a survey with a large number of start-up companies to gain representative insights into the current state of the German founders’ scene. The publication includes insights on funding volumes as well as regional distribution and focus areas of investments.

**Global IPO trends: Q1-Q4 (2019)**

EY Global IPO trends report is released every quarter and looks at the IPO markets, trends and outlook for the Americas, Asia-Pacific, Japan and EMEIA regions. The report provides insights, facts and figures on the 2019 IPO market year-to-date and analyzes the implications for companies planning to go public in the short and medium term.

**Germany FinTech Landscape**

The EY Germany FinTech study (Germany FinTech Landscape) is a flagship annual publication that gives insights into the key developments, trends and perspectives in the German FinTech market. The report covers such topics as investment flows, largest FinTech deals, banks’ response to FinTech activity, inter-FinTech cooperations and development of FinTech based ecosystems. The 2019 edition of the study will be published in early 2020.

**EY Start-up Academy (Germany)**

The EY Start-up Academy is a 6-week program in which selected start-ups are given the unique opportunity to improve their business model and its main components through structured help and advice from EY experts. The program is aimed at Tech or FinTech start-ups that have already completed the alpha phase, already have a Minimum Viable Product or a Proof of Concept and are looking for financing within the next 12 months.

**EY Entrepreneur of the Year (Global)**

The EY Entrepreneur Of The Year awards are a global competition that encourages entrepreneurship, and brings together EY EOY country winners, game changers and government leaders. The program helps and supports entrepreneurs in building successful and sustainable businesses in over 60 countries.

**EY Start-Up-Initiative/ EYnovation™ (Germany)**

Meet EYnovation™ is a partnership program to guide founders from the foundation of a business to market leadership. EYnovation™ is a tailor-made subscription, with all EY services a founder needs to grow its business. And it offers direct access to EY’s worldwide network.
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