



EY Startup Barometer Switzerland – Update H2 2023

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Introduction

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Enhancing transparency with insightful data - the updated EY Startup Barometer Switzerland captures Swiss startup financing trends.



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The EY Startup Barometer

We are pleased to present you with an update to the EY Startup Barometer Switzerland, first published last July. This edition provides information on startup funding during the second half of the previous calendar year.

The EY Startup Barometer, which is also published regularly across diverse European nations, seeks to foster in-depth comprehension of financing in the varied sectors of the Swiss startup scene. Our mission is to bolster market transparency, utilizing data gathered from essential platforms, with specifics about our methods and definitions located on the following page.

Although we strive for comprehensiveness in the EY Startup Barometer Switzerland, we cannot guarantee absolute completeness.

Feedback and input from the industry is appreciated and highly welcomed.

Methodology and definitions

SCOPE



This study encompasses startups at various development stages, from early-phase companies to those experiencing growth. Businesses founded over ten years ago were excluded. The focus was specifically on companies registered in Switzerland.

TYPE OF FINANCING



We adopted a comprehensive view of startup financing, incorporating a variety of financing methods into our analysis.

The types of funding considered in our research included venture capital, private equity, grants, convertible loans, and debt financing.

Generally, we did not set a minimum investment level for the capital included in the study.

INVESTORS



In the EY Startup Barometer Switzerland, we included a diverse spectrum of investors, encompassing angel investors, institutional entities such as venture capitalists, corporate venture capital firms, and private individuals backing entrepreneurial ventures.

FEMALE FOUNDERS



Fostering diversity and inclusion, startups with female-led teams are increasingly spearheading innovation. We aim to acknowledge this by emphasizing investments in startups that are distinguished by their female-driven leadership and vision.

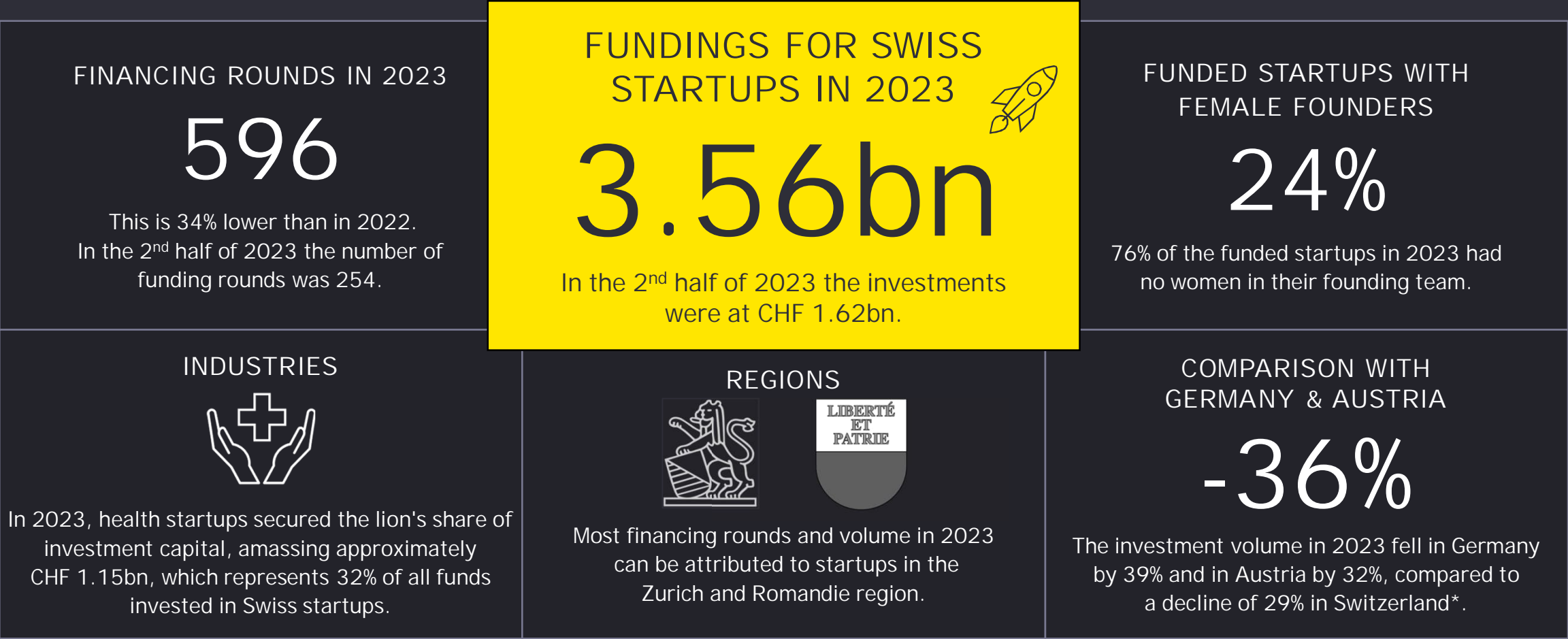
INDUSTRIES



These industry sectors are used by EY in startup-related activities and have been applied in this study:

AdTech, AgTech (AgrarTech), ClimateTech/Green Tech/CleanTech, E-commerce, Education, FinTech / InsurTech, Hardware, Health, Media & Entertainment, Mobility, Professional Services, PropTech, Recruitment, Software & Analytics

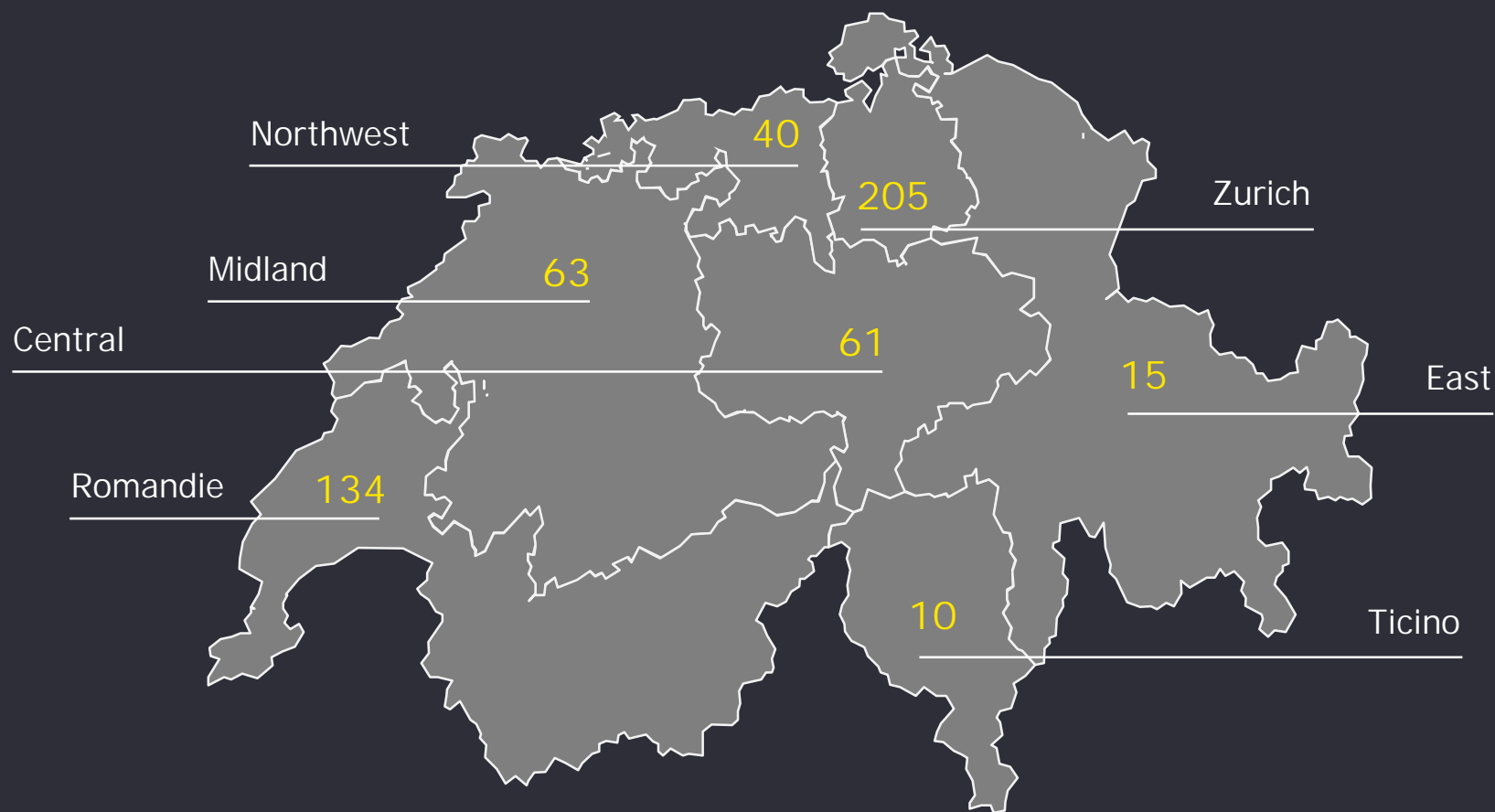
Executive summary



* excluding debt financing and post-IPO transactions for reasons of comparability

Regional distribution

The figure below represent the number of startups and scale-ups that received financing in 2023, by region.



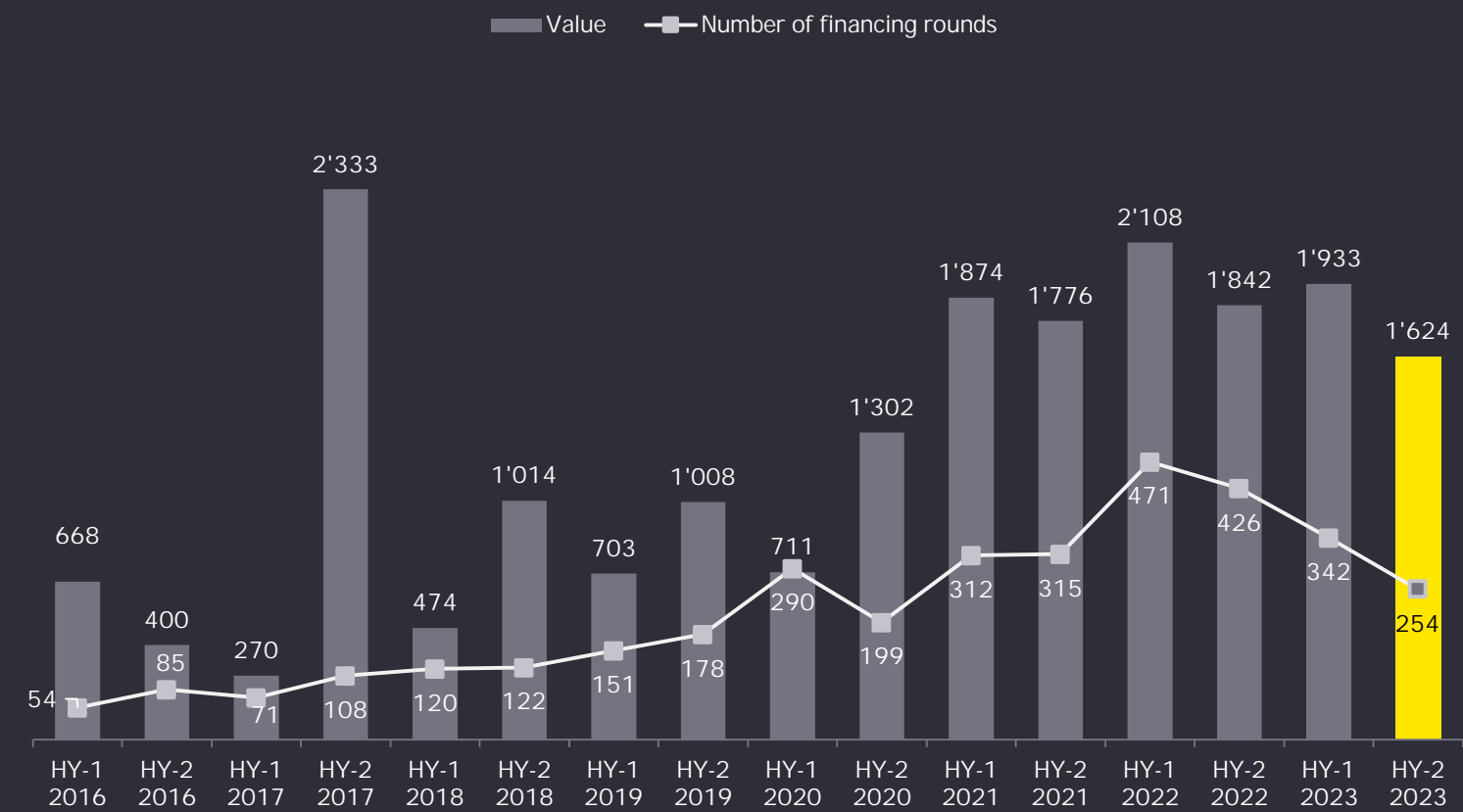
Second half of 2023 with the lowest number of financing rounds over the last three years – downward trend continues

Startup financing from 2016 to 2023

Number and volume of financing rounds by half-year

- ▶ The number of financing rounds in Switzerland declined for the third consecutive half-year.
- ▶ 254 deals represent the lowest figure since the second half of 2020, when only 199 deals were counted.
- ▶ The total financing volume in the second half of 2023 exceeded the CHF 1.5 billion mark for the sixth consecutive half-year. However, CHF 1'624 million is also the lowest volume since the second half of 2020.

Number of financing rounds and volume (CHF million)



12-month overview: almost half of the total funding volume in H2 2023 was realized in July – declining investment volumes for the last three months in a row

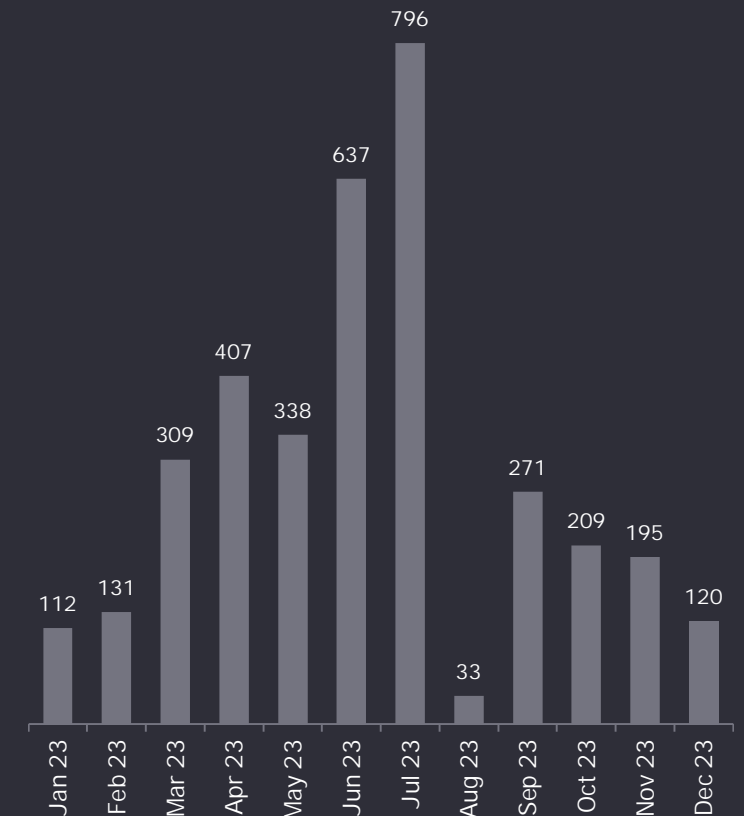
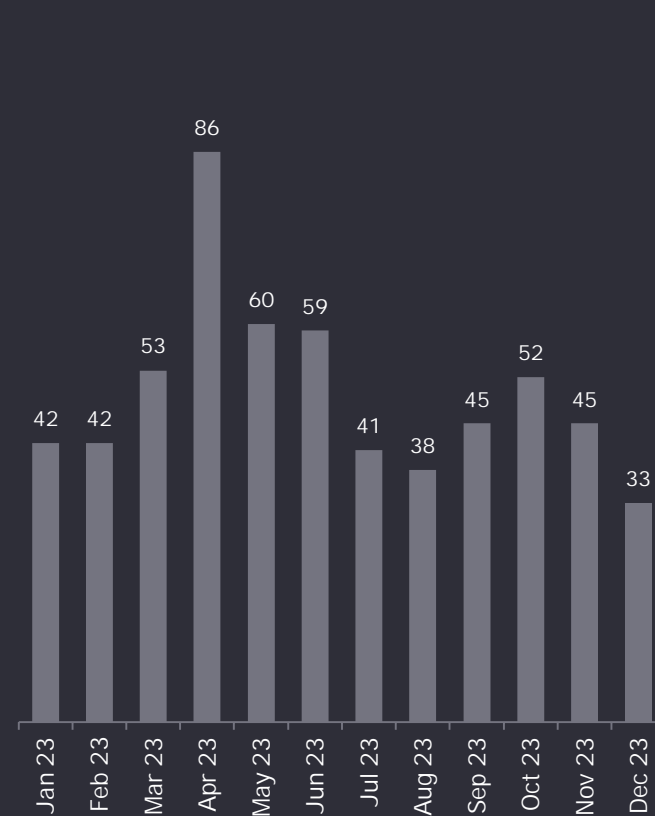
Startup financing in 2023

Number of financing rounds

Volume (in CHF million)

Number and volume of financing rounds in the past 12 months

- ▶ Monthly financing volumes recently fell for three months in a row - from CHF 271 million in September to CHF 120 million in December 2023.
- ▶ The financing volume peaked at CHF 796 million in July 2023, driven by significant deals with TP24 and Atlas Agro, but declined to CHF 33 million a month later.
- ▶ Recently, there was a two-month consecutive decline in monthly deal numbers, hitting the year's lowest at 33 in December 2023.



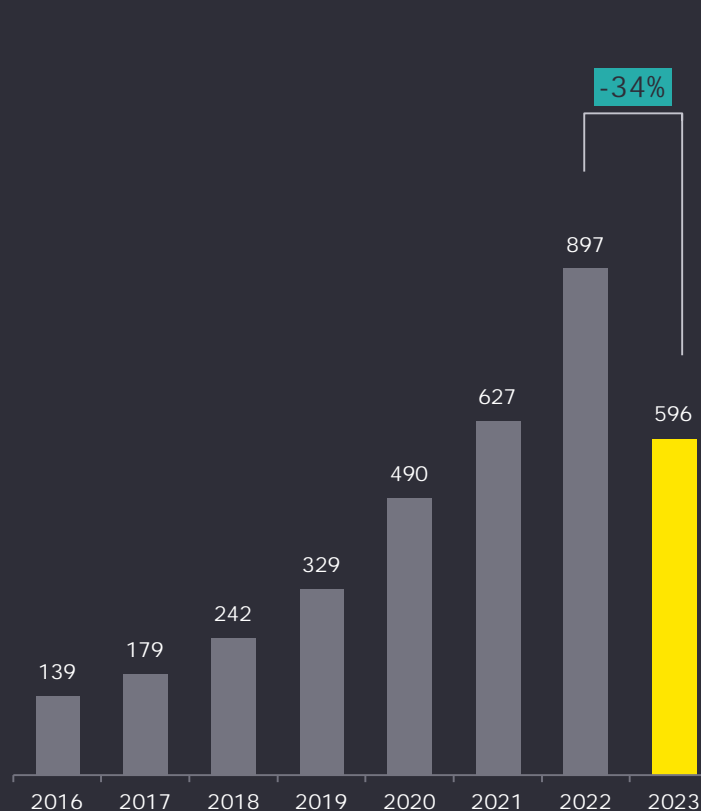
Even with a significant drop in financing rounds, the total investment volume has surpassed CHF 3.5 billion, but marking a 10% decrease from 2022

Startup financing from 2016 to 2023

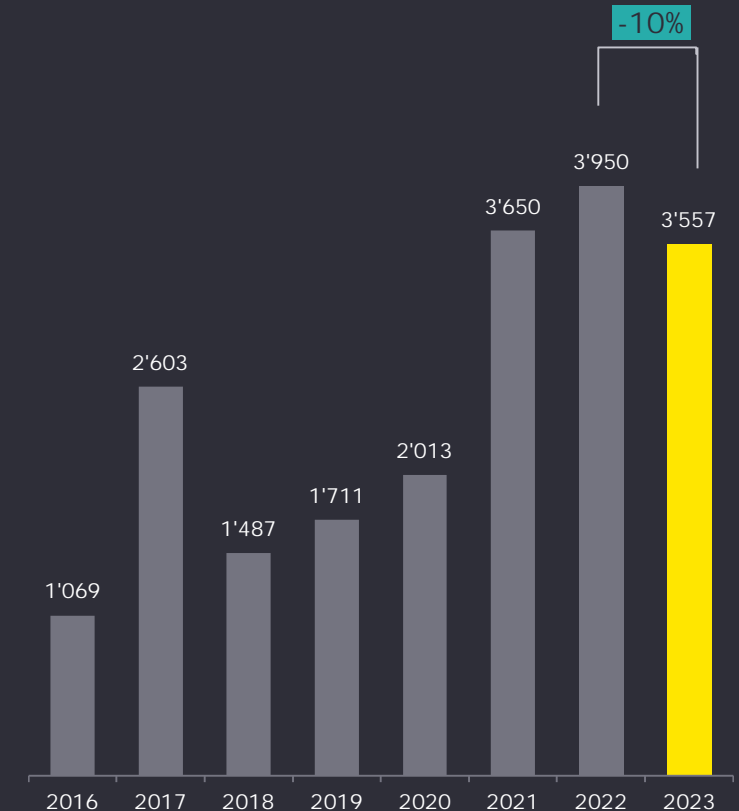
Number and volume of financing rounds by half-year

- ▶ In 2023, there was a considerable reduction in financing rounds, with 301 fewer deals, a decline of 34%, resulting in only 596 deals for the year. This was a sharper drop than in 2021, which saw 627 financing rounds.
- ▶ Due to an increased count of financing rounds exceeding CHF 100 million, the total financing volume in 2023 didn't decrease as sharply as the deal count: it was just 10%, or CHF 393 million, shy of the previous year's peak of CHF 3.95 billion, ranking as the third-highest in the observed period.

Number of financing rounds



Volume (in CHF million)



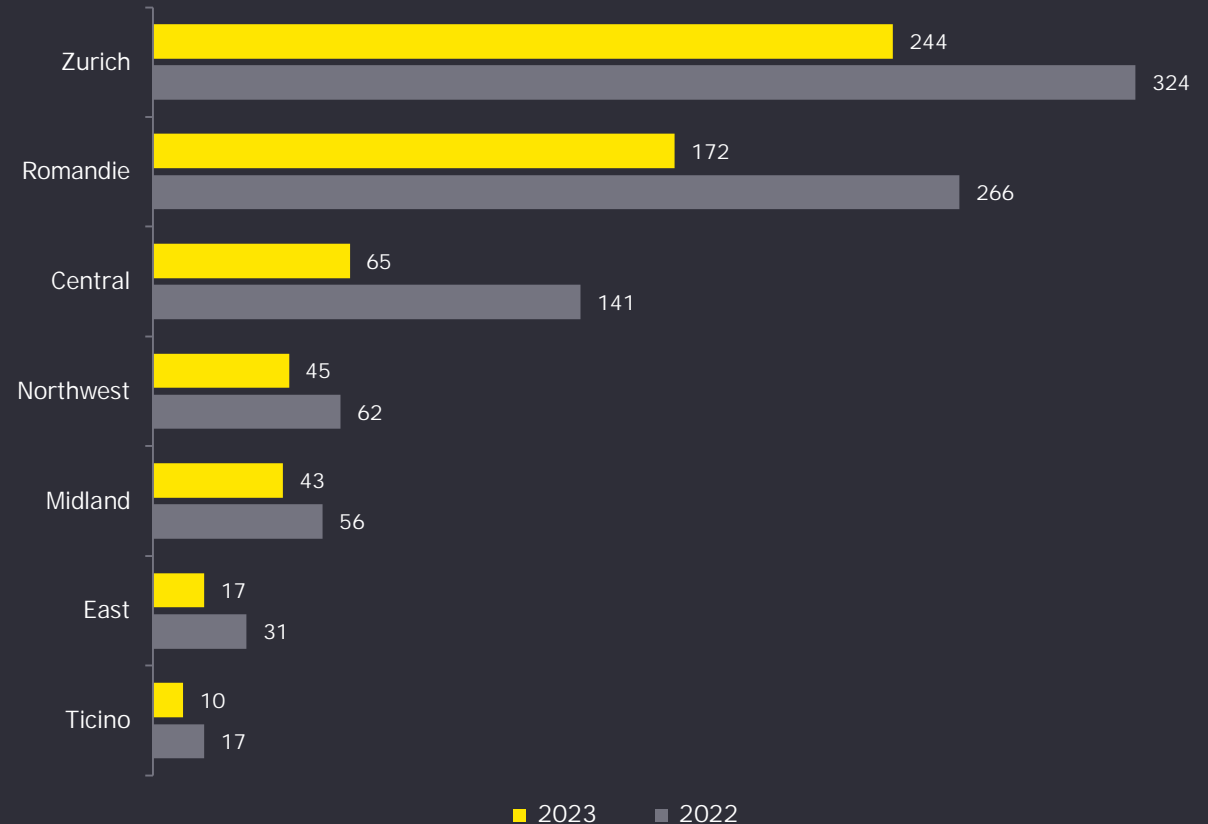
All regions experienced a decline in financing rounds, with Zurich and Romandie maintaining their status as focal points, collectively holding 70% of the market share

Financing rounds in 2022 and 2023

Number of financing rounds per region

- ▶ Similar to last year, the Greater Zurich Area led in financing rounds with 244 completed deals, while the Romandie came in second with more than 172 deals.
- ▶ Nonetheless, both regions, along with all others, saw a decrease in financing rounds from the previous year.
- ▶ Continuing the trend from the prior year, Ticino and East reported the fewest financing rounds.

Number of financing rounds



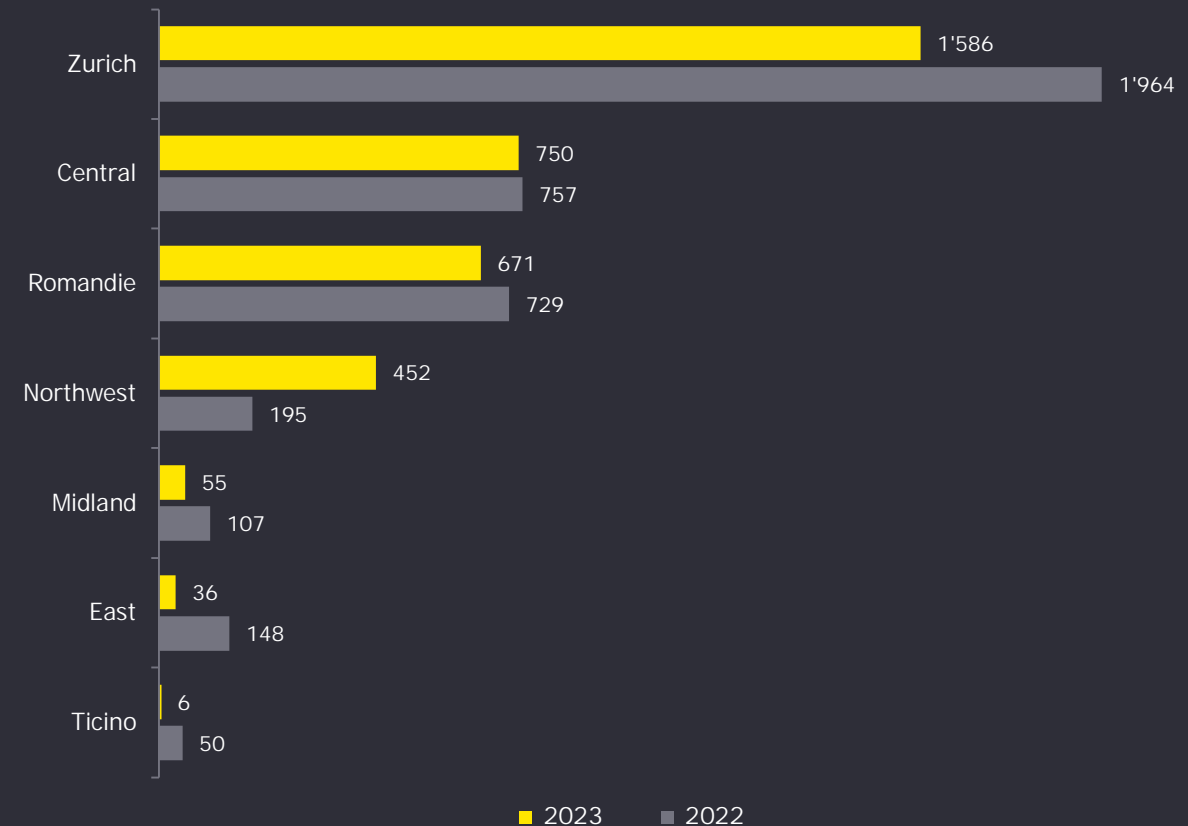
In 2023, startups in the Zurich region received 45% of the total financing volume, while Central and Romandie accounted for 21% and 19% of the market shares, respectively

Startup financing in 2022 and in 2023

Volume of financing rounds per region

- ▶ In 2023, startups in the Zurich region nearly reached a total financing volume of CHF 1.6 billion, capturing 45% of the market. The prior year saw them with a 50% share.
- ▶ Central region startups were the runners-up, with their market share rising to 21% from 19% in 2022, and a funding volume of CHF 750 million.
- ▶ The Northwest region was the exception, where, due to three substantial deals of approximately CHF 100 million each, the financing volume surpassed that of 2022; elsewhere, most regions saw a significant decrease from the previous year.

Volume (in CHF million)



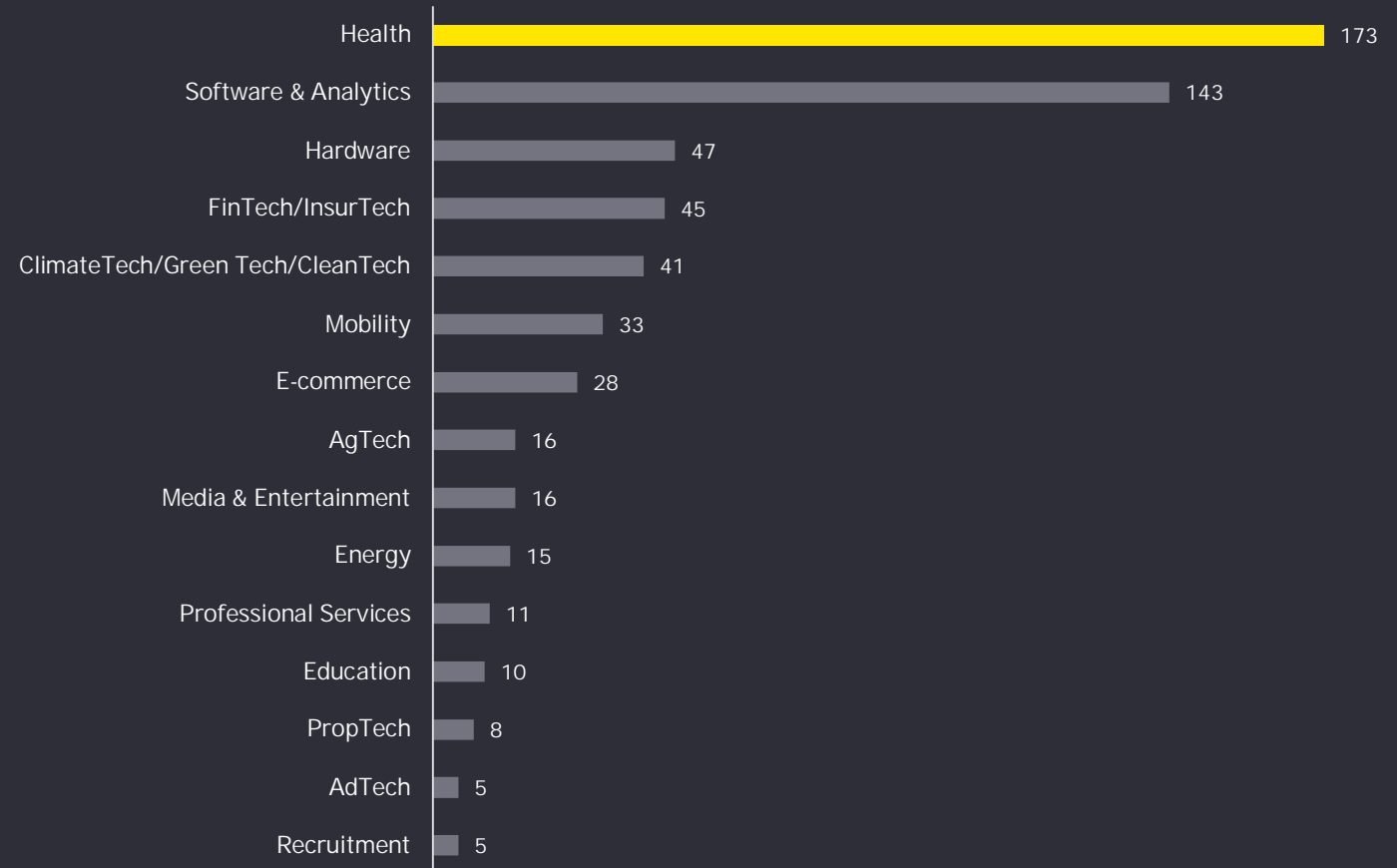
Industry sectors: Health and Software & Analytics represent over half of all financing rounds, with CleanTech achieving 41 rounds

Startup financing in 2023

Number of financing rounds per sector

- ▶ In 2023, the Health sector led in financing rounds with 173 deals, while the Software & Analytics sector came in second with 143 deals, collectively comprising 53% of all financing rounds for the year.
- ▶ Hardware and FinTech/InsurTech sectors trailed significantly, ranking third and fourth, respectively.

Number of financing rounds



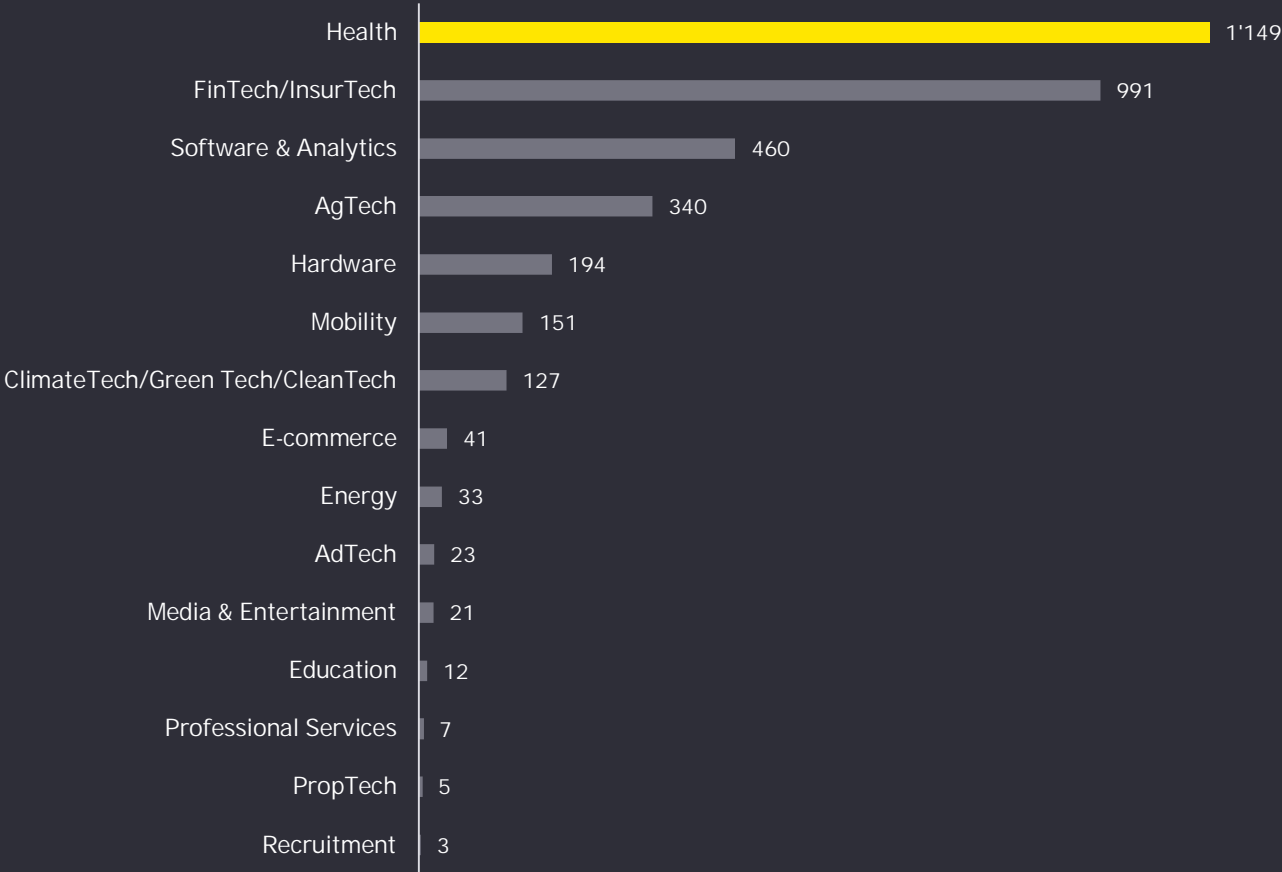
In the sector breakdown, Health is at the forefront, with FinTech, Software & Analytics coming in next, and CleanTech securing CHF 127 million

Startup financing in 2023

Volume of financing rounds per sector

- ▶ In 2023, health sector startups secured the lion's share of investment capital, amassing approximately CHF 1.15 billion, which represents 32% of all funds invested in Swiss startups.
- ▶ The FinTech/InsurTech sector was not far behind, drawing nearly CHF 1 billion in capital, equivalent to a 28% market share.
- ▶ Additionally, seven sectors each garnered upwards of CHF 100 million, including the ClimateTech/GreenTech/CleanTech sector, where startups fetched as much as CHF 127 million in investment.

Volume (in CHF million)



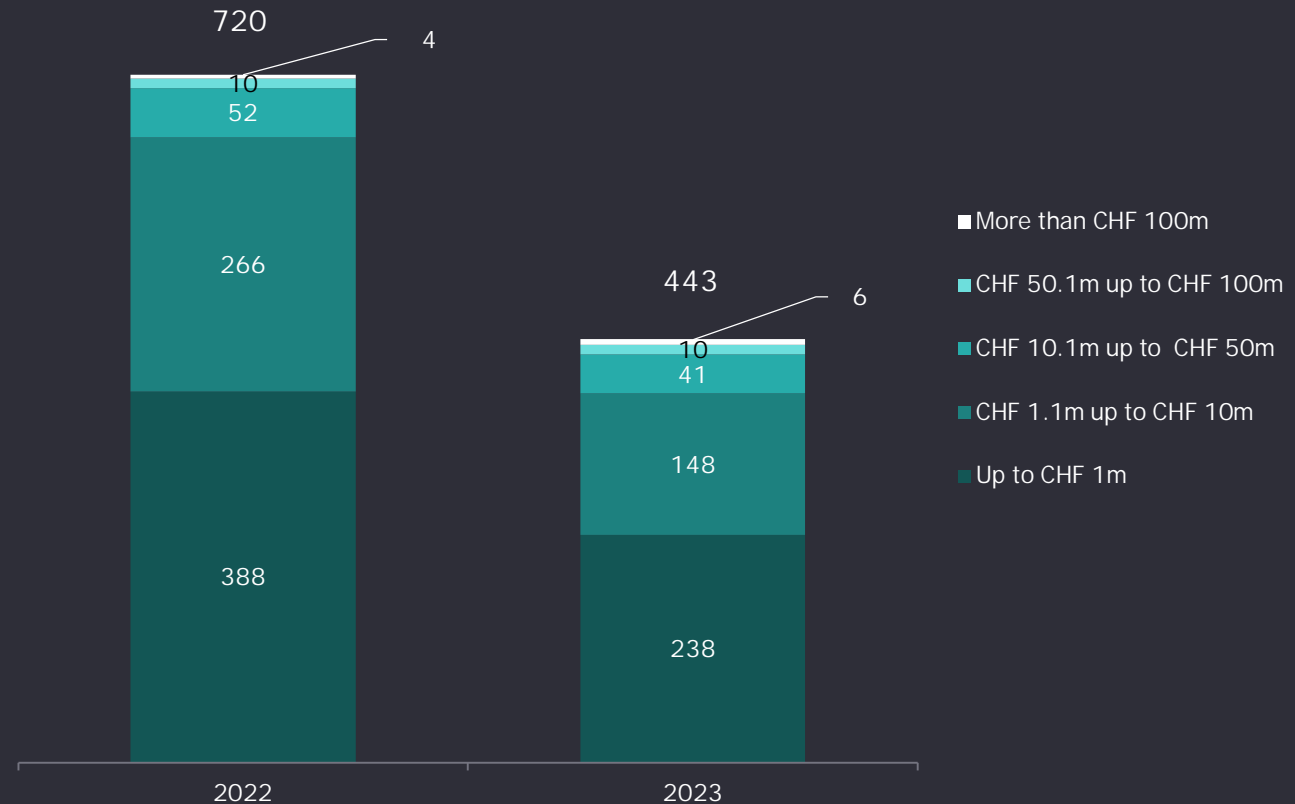
Number of large deals of more than CHF 50 million increased slightly in 2023 – but significantly fewer mid-sized and smaller deals

Startup financing in 2022 and 2023

Number of financing rounds by size

- ▶ There were 596 financing rounds in 2023, a decrease from 897 rounds in 2022. Financing volume data was available for 443 of these transactions, down from 720 in the previous year.
- ▶ Transactions up to CHF 50 million saw a notable reduction in 2023 compared to the year before. However, the count of deals within the CHF 50 to 100 million range remained steady at 10 for both years.
- ▶ Notably, in 2023, there was an increase in larger deals over CHF 100 million, with 6 recorded, up from 4 in 2022.

Number of financing rounds where information on volume was available



Top 10 financing rounds in 2023: TP24, Atlas Agro and Teylor with the largest volumes

Top 10 financings in 2023

| Startup | Sector | Month | Financing volume (in CHF million*) | Region |
|------------------------------------|----------------------|-----------|------------------------------------|-----------|
| TP24 | FinTech/InsurTech | July | 412 | Zurich |
| Atlas Agro | AgTech | July | 288 | Central |
| Teylor | FinTech/InsurTech | June | 272 | Zurich |
| Haqq Association (Islamic Coin) | Software & Analytics | June | 182 | Central |
| Distalmotion | Health | April | 135 | Romandie |
| Noema Pharma (Series B) | Health | March | 103 | Northwest |
| Alentis Therapeutics (Series C) | Health | April | 96 | Northwest |
| Alentis Therapeutics (Grant) | Health | April | 96 | Northwest |
| Rejuveron Life Sciences (Series B) | Health | September | 66 | Zurich |
| Nouscom (Series C) | Health | November | 65 | Northwest |

* Foreign currencies were converted into CHF based on the respective half-year average exchange rates.



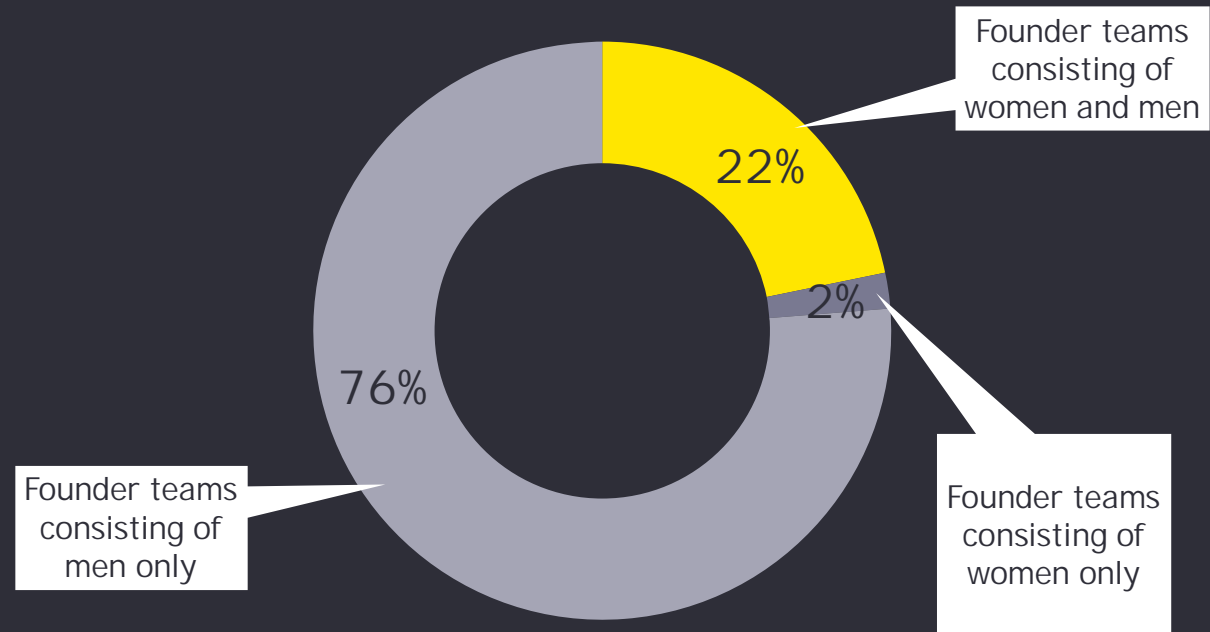
Focus on
female
founders

In 2023, 76% of all startup founding teams consisted exclusively of men. There were 10 startups established with all-female founding teams

Startup financing in 2023

Composition of founding teams by gender in percent

- ▶ Out of 484 Swiss startups that secured funding in 2023, which were not corporate ventures, 10 had founding teams composed entirely of women. Additionally, 108 startups included at least one woman on their founding team.
- ▶ Yet, the overwhelming majority, with 366 startups, were founded exclusively by male teams in 2023.



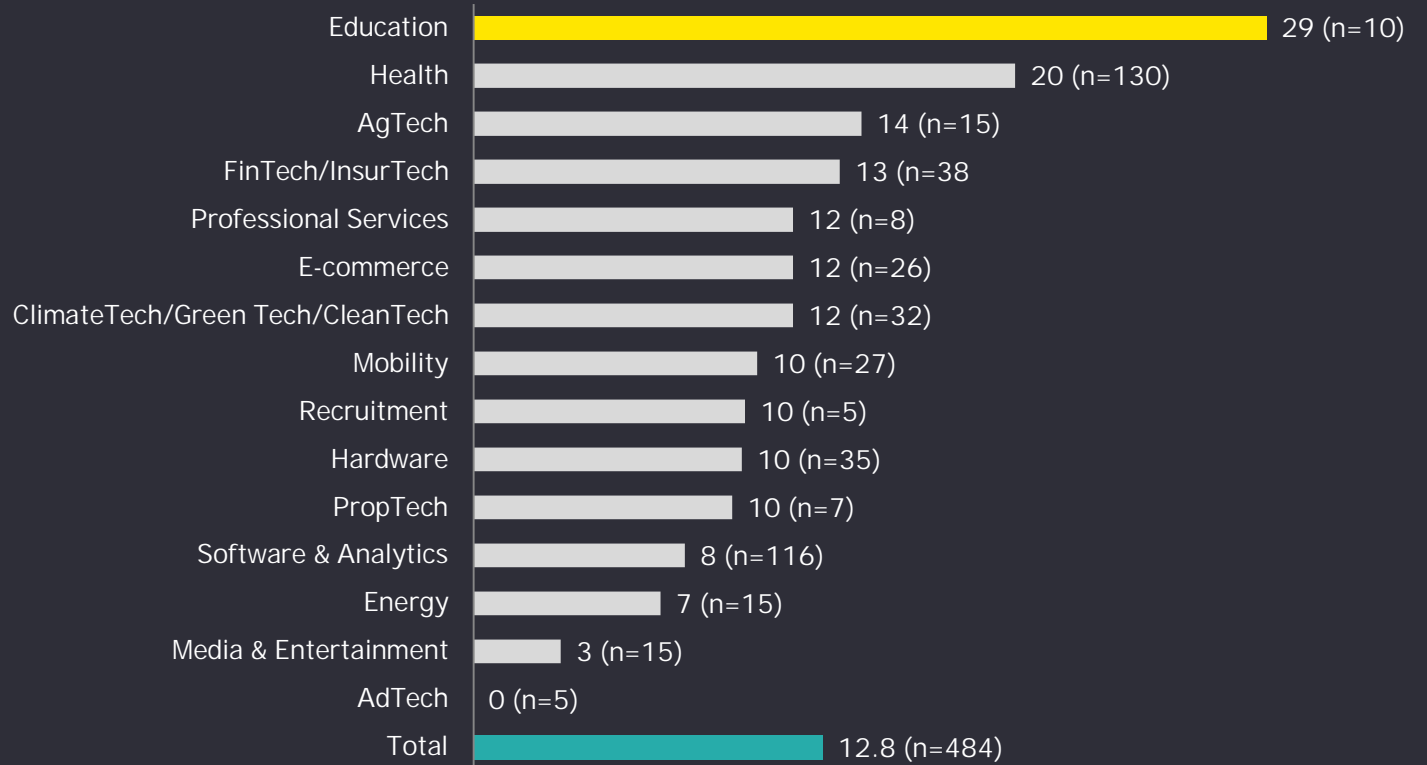
Figures in percent | sample: startups with at least one financing round in 2023 that are not corporate startups and whose founders are known, n = 484

Startups with financing rounds in 2023: One in every eight founders was female, with the education sector having the highest percentage of female founders, followed by the health sector

Startup financing in 2023

Share of female founders per sector in percent

- ▶ Out of 1,090 Swiss startup founders who secured venture capital in 2023, 140 are women, making up 12.8% of the total.
- ▶ The education sector boasts the largest share of female founders at 29%, with 7 out of 24 founders being women.
- ▶ Following close behind are the Health sector with 59 of 296 female founders and the AgTech sector with 5 of 35.
- ▶ The AdTech sector stands out as the only one without any female founders in the funded startups.



Figures in percent | in brackets number of startups with financing rounds in the respective sector | sample: startups that are not corporate startups and whose founders are known, n = 484

A person's hands are holding a tablet that displays various financial charts, including a candlestick chart with moving averages and a volume bar chart. The background is a blurred city night scene with bokeh lights. The text 'Comparison Switzerland, Germany, Austria' is overlaid on the right side of the image.

Comparison Switzerland, Germany, Austria

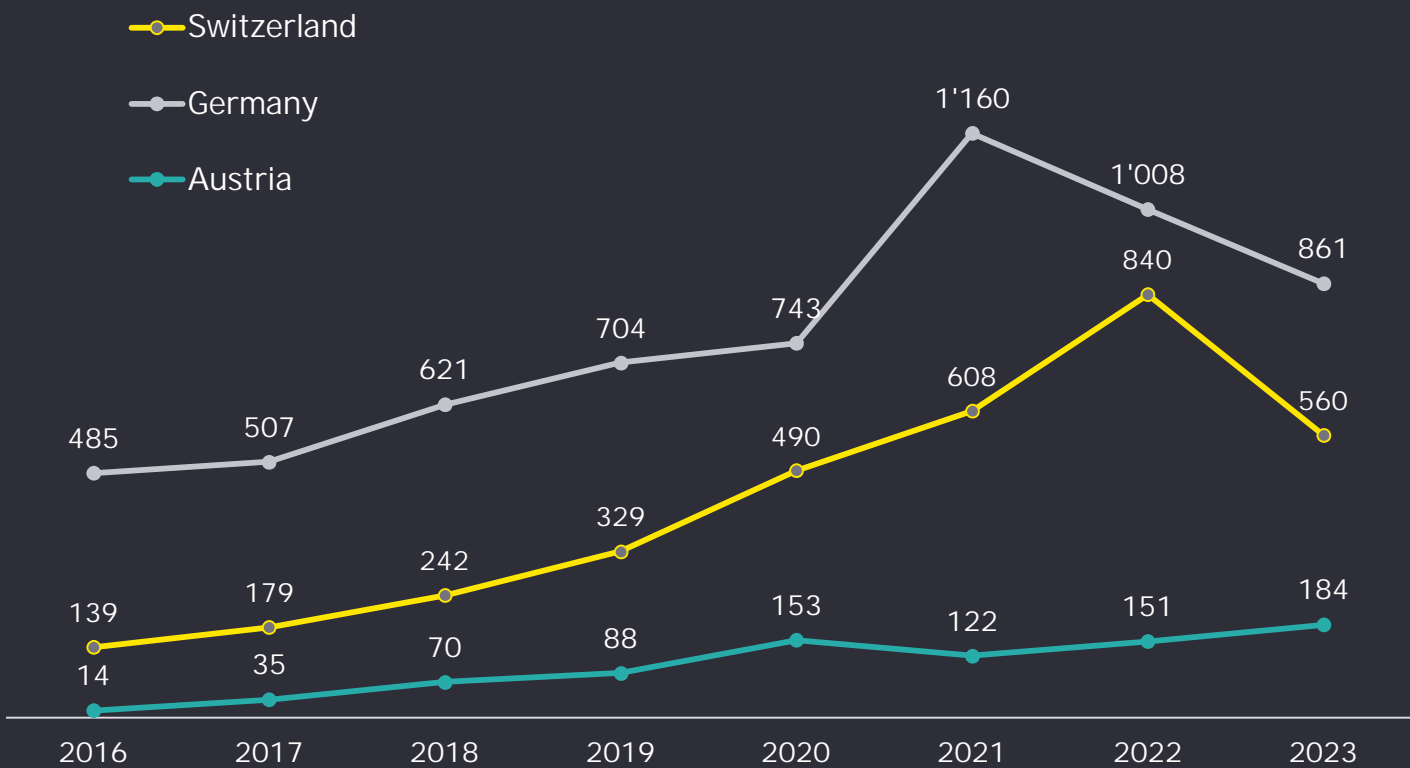
Number of financing rounds in 2023 in Germany and Switzerland significantly fell below the levels of the previous year, while Austria reached a new record high in closures

Startup financing in 2023

Number of financing rounds in Switzerland, Germany, Austria

- ▶ Switzerland saw a 33% drop in closures compared to the previous year, with 560 registered deals in 2023, the third-highest since 2016.
- ▶ Germany experienced a second consecutive year of decreasing financing rounds in 2023, with 861 closures, marking a 15% decline from 2022, yet still the third-highest in the study period.
- ▶ Austria recorded 184 financing rounds in 2023, the highest within the study period and a 22% increase from 2022.

Number of financing rounds



In contrast to the financing figures for Switzerland on the previous pages, the numbers on this page do not include the following forms of financing for reasons of comparability with Germany and Austria: debt financing, post-IPO

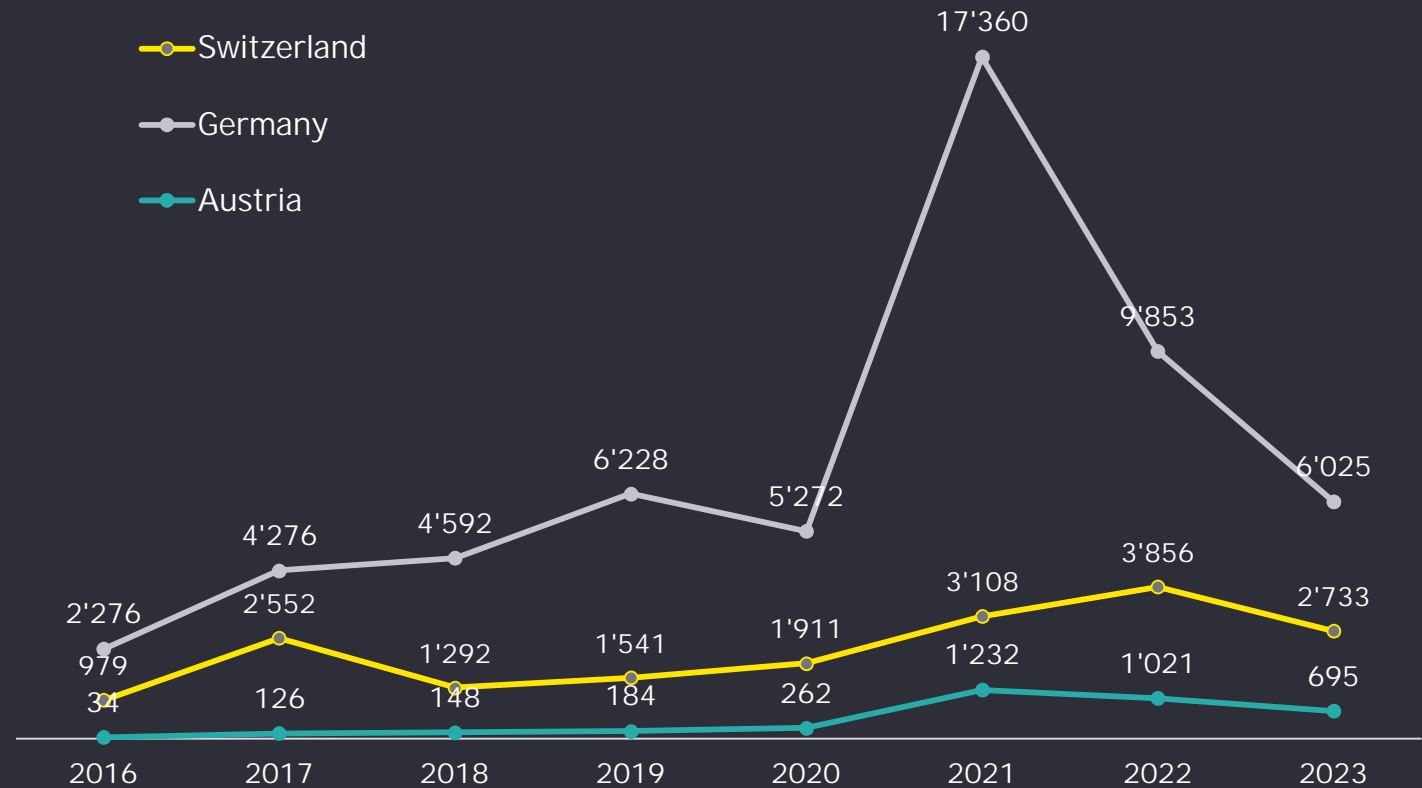
Total volume of venture capital financing in 2023 across all three countries significantly below previous year's levels, with Germany experiencing the most significant decline

Startup financing in 2023

Volume of financing rounds in Switzerland, Germany, Austria

- ▶ In Switzerland, venture capital investments in 2023 dropped by €1.1 billion, marking a 29% decrease to €2.7 billion compared to the previous year.
- ▶ Germany witnessed a substantial decline in investment volume in 2023, plummeting by €3.8 billion, or 39%, from the previous year, and a staggering €11.3 billion, or 65%, below the peak value of 2021.
- ▶ Similarly, Austria experienced a notable reduction in investments in 2023 compared to 2022, with a volume of €695 million, down by €326 million, or 32%, from 2022. This decline marked the second consecutive year of decreasing investment totals.

Volume (in € million)



In contrast to the financing figures for Switzerland on the previous pages, the numbers on this page do not include the following forms of financing for reasons of comparability with Germany and Austria: debt financing, post-IPO

In the DACH Region's top 10 funding rounds of 2023, Germany accounted for eight of the deals, while Switzerland had two

Top 10 financings in 2023

| Startup | Sector | Month | Financing volume (in € million*) | Country |
|----------------|----------------------|-----------|----------------------------------|-------------|
| Aleph Alpha | Software & Analytics | November | 463 | Germany |
| Atlas Agro | AgTech | July | 296 | Switzerland |
| 1Komma5° | Energy | June | 215 | Germany |
| Enpal | Energy | Januar | 215 | Germany |
| Helsing | Software & Analytics | September | 209 | Germany |
| Islamic Coin | FinTech | Juni | 188 | Switzerland |
| Enpal | Energy | December | 160 | Germany |
| Isar Aerospace | Mobility | March | 155 | Germany |
| Flink Food | E-Commerce | May | 150 | Germany |
| Jolt Energy | Energy | May | 150 | Germany |

* Foreign currencies were converted into Euros using the annual average exchange rate.

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