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January 2024

Investment trends in Spain 2023

Spanish Startup Ecosystem Observatory

Both the volume and number of investment rounds in Spanish startups have maintained their downward tren in 2023, compared to 2022 and 2021. This is mainly due to the sharp drop in mega-rounds usually led by international investors.

However, there are silver linings in this year's data, such as the fact that early stage rounds have suffered a much smaller decline than that of the mega rounds or that domestic investment has increased partly due to the funds raised in recent years and which are still being deployed.

The keys to 2023

1. The investment volumen shrinks in 2023 by 32.2%, and the number of deals by 10.3% compared to 2022. However, the data are better than those of the years prior to the record high of 2021.

2. The volume of rounds in which only foreign investors participate has dropped by 38% and mixed rounds, in which local and foreign investors co-invest, have dropped by 44%.

3. Investments involving only domestic investors grew by 31%, partly pushed by venture capital funds with a cumulative target size of €3.78 billion raised since 2021.

4. Investment is down across all stages with the exception of Series B, which has grown by 45.7%. Despite this, data are not that bad, since once the mega-rounds are eliminated from the equation, there is just a 7.4% difference with respect to previous years.

5. There has been a reduction in the size of rounds, probably due to a decrease in startup valuations.

6. The volume of rounds involving Corporate funds increases, as does public investment. VC funds, Family Office and Business Angels are less active in rounds.

7. In terms of sectors, Mobility&Logistics leads thanks to the Revel and Cabify deals, BigData&Analysis thanks to Denodo's round of more than €300M and Fintech/Insurtech, which has been influenced by Twinco's round of more than €60M.

8. With regard to divestments, the number of exits has decreased by 33%, from 80 in 2022 to 53 in 2023.

01

Investment volume

Evolution of investment in Spain 2023

The total investment volume fell by 32.2% compared to 2022, but the number of operations dropped just 10.3%.

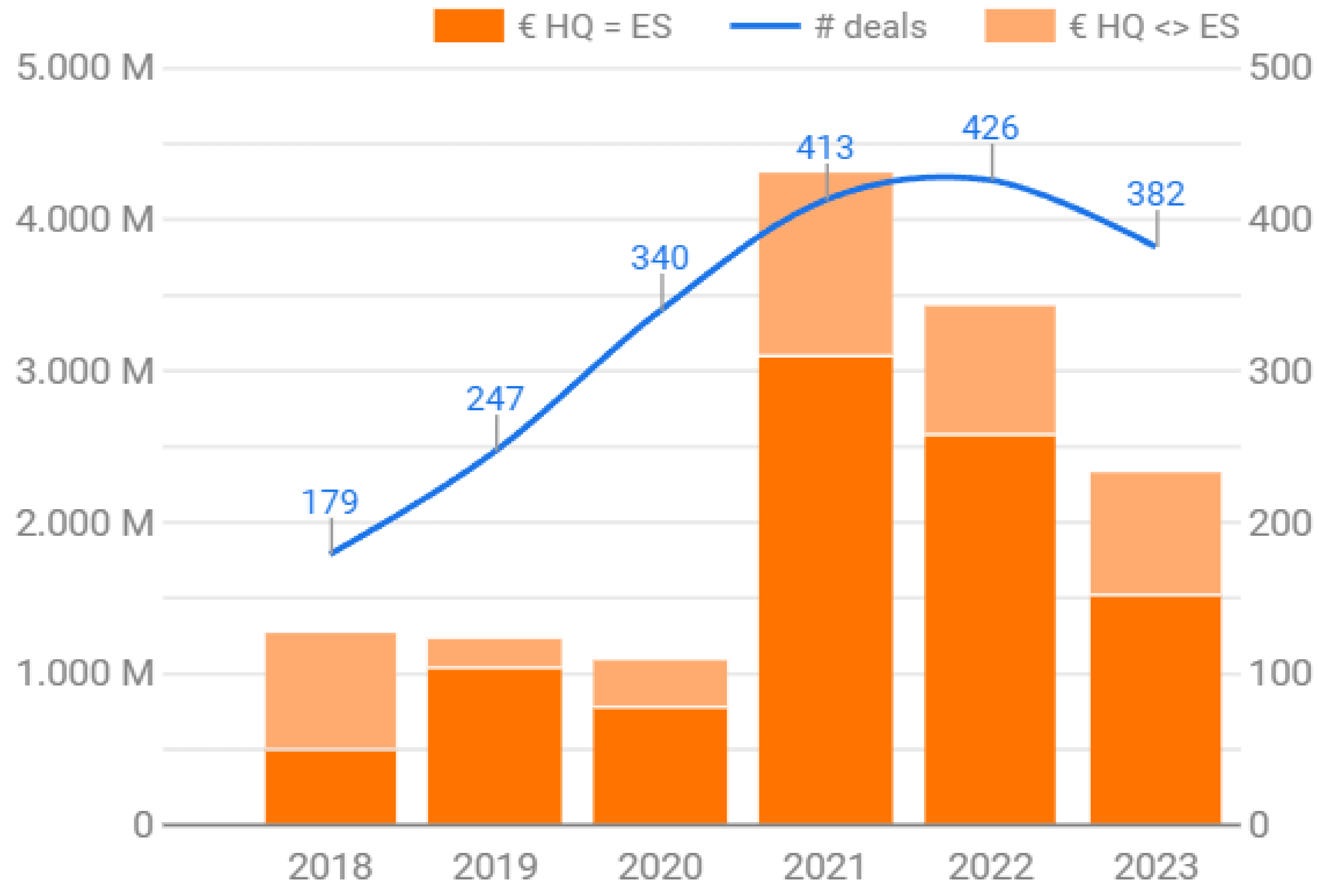
In 2023, 382 investment transactions totaling €2.33 B were closed in the Spanish entrepreneurship ecosystem compared to 426 transactions and €3.43 B in 2022, which confirms the slowdown of the ecosystem. However, 2023 has had a higher investment volume than the years prior to 2021, a sign of maturity of the ecosystem, since despite the rise in interest rates that has occurred in 2023 and that has derived capital flows towards other types of investments, the investment volume almost doubles the figure reached in 2018, 2019 and 2020.

The fact that there has been a 32.2% drop in investment volume is due to 41.6% less rounds involving foreign investors or mixed rounds, where local and foreign investors co-invest, and the corresponding lower volume of mega-rounds (deals of > €50M) in which foreign investors usually participate. If we remove the mega-rounds from the equation, investment volume has only decreased by 7.4% and the number of deals by 8.8% compared to 2022.

Total Investment 2022
€ 3.43 billion
↓ -20.4% YoY

Total Investment 2023
€ 2.33 billion
↓ -32.2% YoY

Year-on-year change in investment volume



Investment volume, excluding mega-rounds

Total Investment 2023	# Deals 2023	Average 2023	Median 2023
1.370,1 M €	373	3,62 M €	1,19 M €
-7.4% YoY	-8.8% YoY	6.0% YoY	19.0% YoY

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02

Foreign and local investment

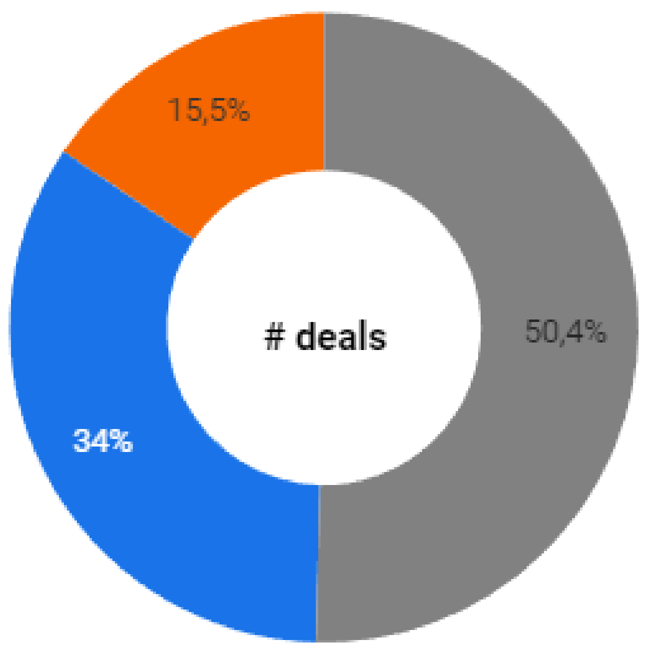
Evolution of foreign investment in 2023

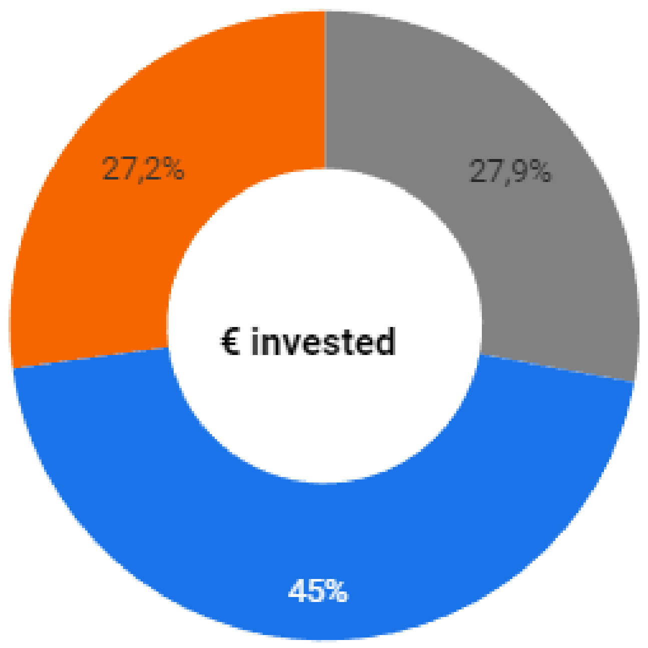
The participation of foreign investors, who tend to invest in more mature phases, has reduced in 2023, with a 38.3% drop in volume compared to last year. The volume of mixed rounds, where local and foreign investors co-invest, has also decreased by more than 40%. We observe an increase in the participation of local investors, which clearly makes up for the lack of foreign participation, reflected in a >30% growth in investment compared to 2022, which amounts to €582.8M.

The reduction in the participation of foreign investment is due to the complicated macroeconomic situation together with the increase in interest rates which, among other things, cause investment flows to move towards other less risky assets.

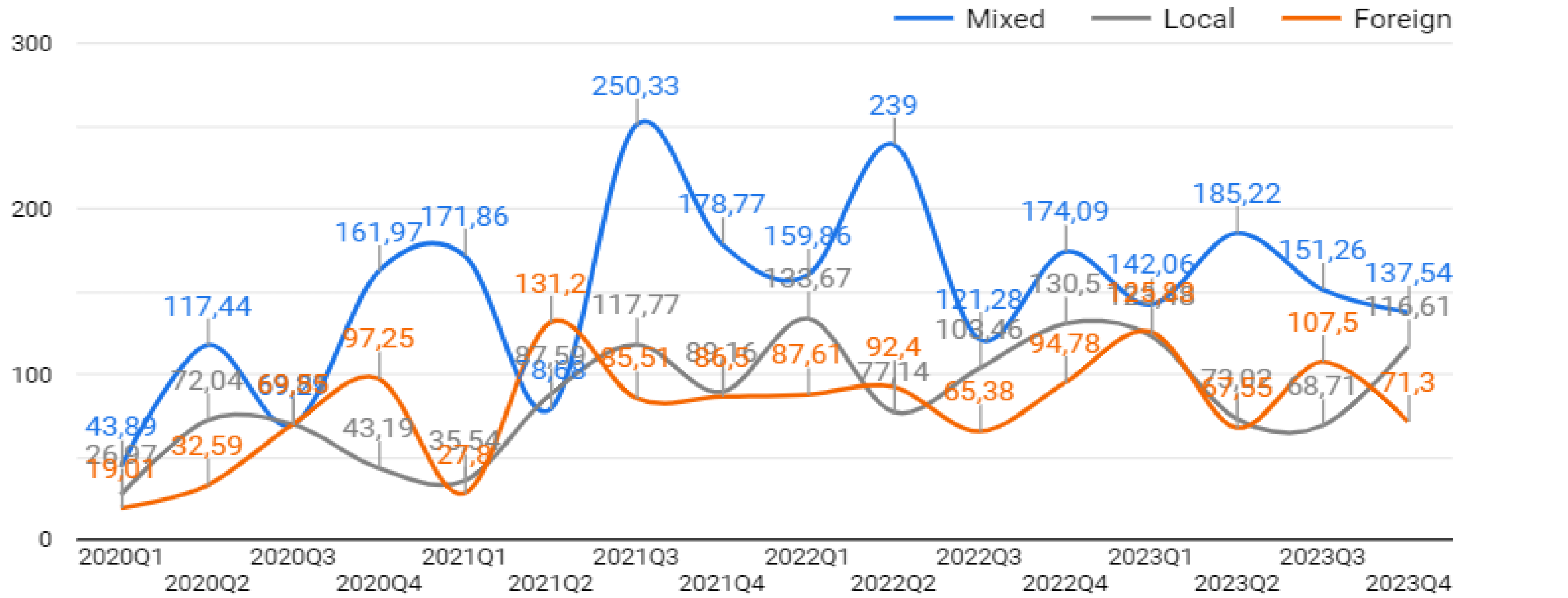
Foreign investment	Mixed investment	Local investment
61 ↑ +1.7% YoY	**130** ↓ -1.5% YoY	**191** ↓ -18.4% YoY
851.6 M ↓ -38.3% YoY	**896.6 M** ↓ -44.3% YoY	**582.8 M** ↑ +31% YoY

Foreign investment by operations and participation in rounds in 2023





Evolution of investment in Spain by origin of funds



03

Types of investment rounds

Investment analysis by maturity stages

The earliest phases (Pre Seed to Series A) declined. Large increase (>45%) in Series B and sharp drops of 40% in Series C and Growth.

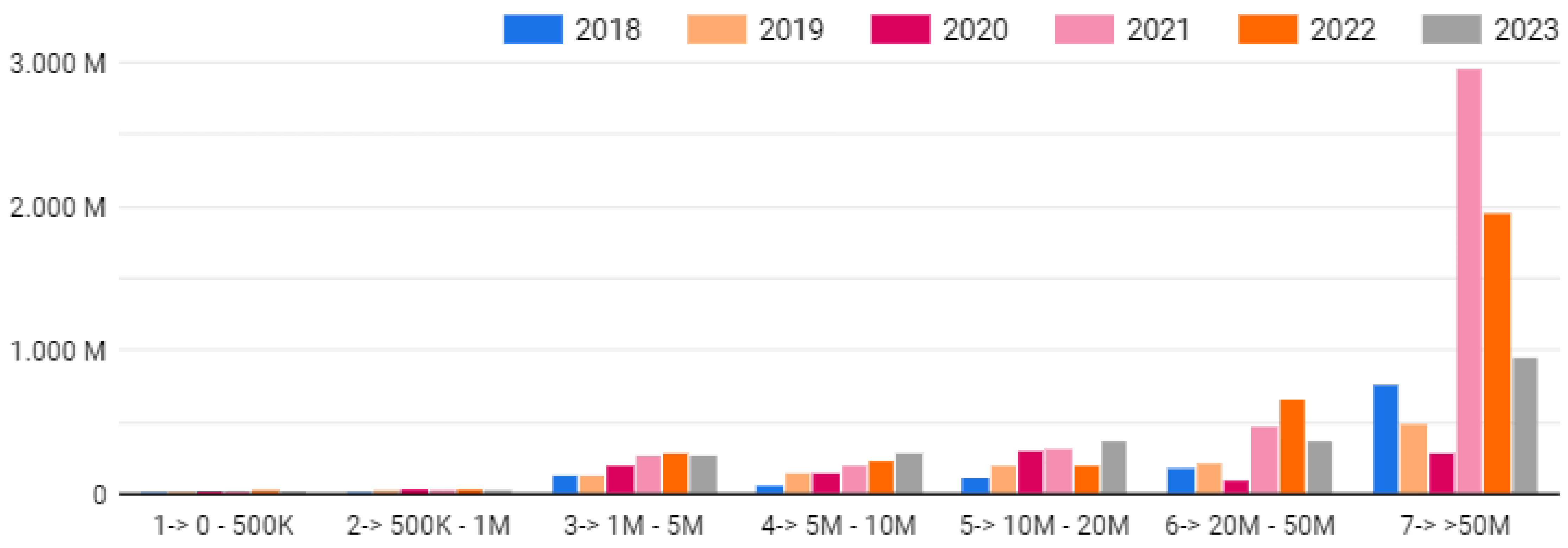
We completed the second consecutive year with a decline in the largest rounds: Series Growth was down by 50.9% and Series C down by 42.6% compared to 2022. This has occurred largely due to scarcer foreign investment, as historically they have invested heavily in mature stages.

However, the investment volume in Series B has increased significantly–up by 45.7%, or €658M in 2023 compared to €451.5M in 2022, and in number of transactions, 37% more than in 2022.

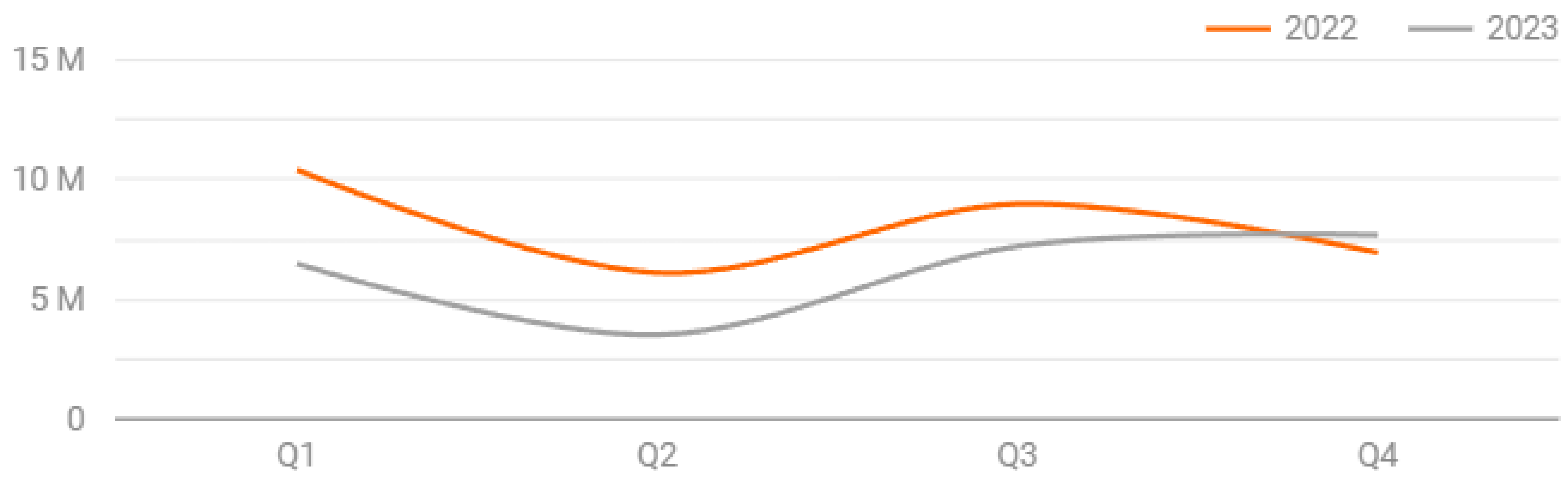
There is a slight 5.1% drop in Series A due to a reduction in the number of operations by 6.9%. However, despite a slight decrease, we see that there is still support for projects at this very early stage.

On the other hand, the very earlier stages (Pre Seed and Seed) have decreased by 25.7% compared to last year with a 25.9% drop in the number of operations, due to less active Business Angels.

Historical investment volume by round range



The average size per deal in 2023 has been lower than in 2022 but with a rebound in Q4 23:



Quarterly comparison of average transaction size (in €)

04

Types of investors

The total volume of rounds involving venture capital is significantly lower than in 2022, -39.8%, however, the number of deals has decreased less, -8.9%, indicating that valuations are lower than in previous years.

On a different note, the number of rounds in which a Corporate participates is increasing significantly, although the number of transactions is decreasing. In other words, the rounds with corporate stakes are increasingly larger. In addition, we observe that they are beginning to invest in more mature phases, since Series B, C and Growth have increased by more than 40% compared to last year. This increase in participation is driven by strategic rather than purely financial criteria.

Private Equity have slackened investments off considerably, from €622M in 2022 to €158.8M in 2023. Co-investment by Family Offices (€150M in 2022 to €27.2M in 2023) and Business Angels (€156M in 2022 to €30.7M in 2023) is also reduced.

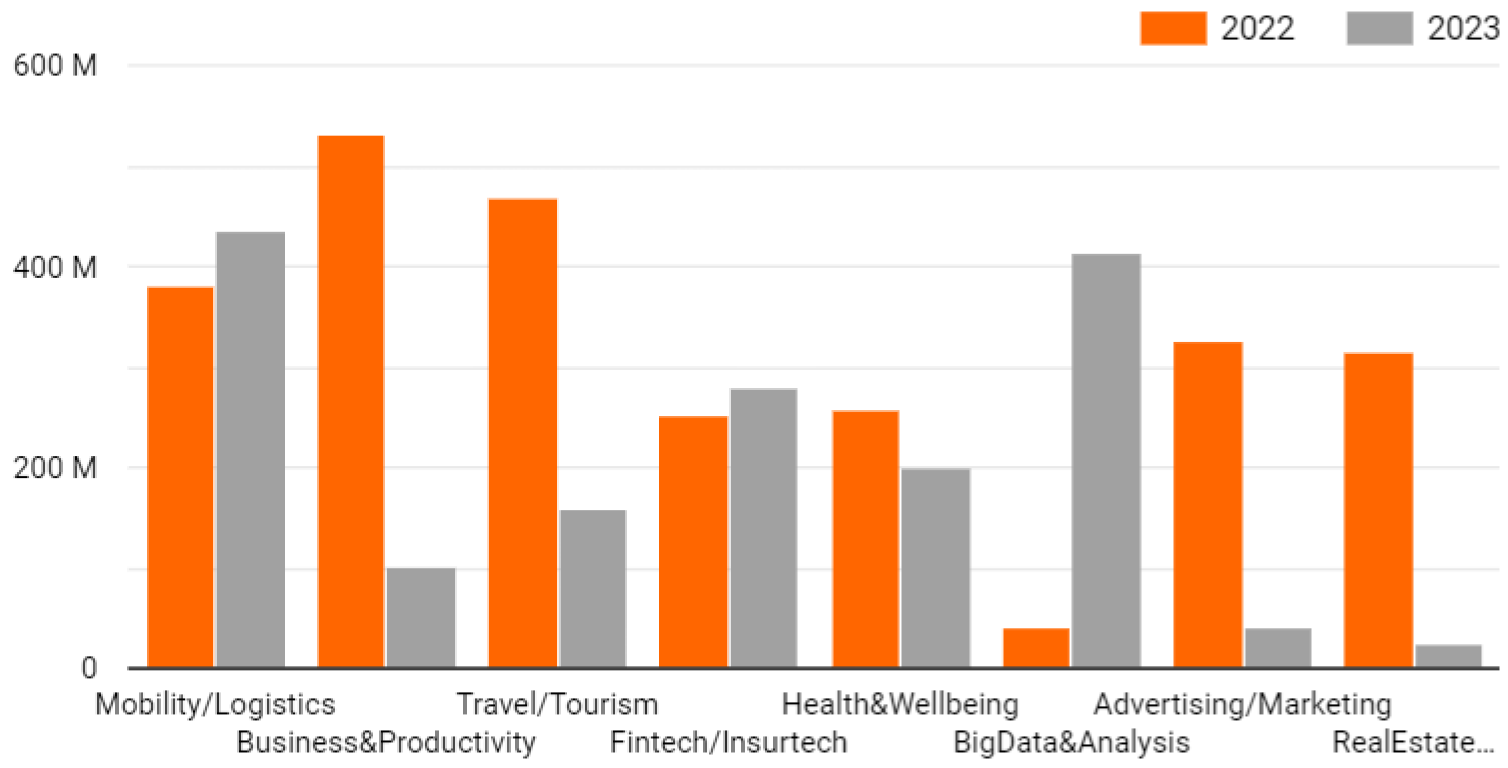
In addition, we note that public investment has taken the spotlight, from a participation in rounds worth €41M in 2022 it has jumped to €166.7M this year.

VC (€)	€ 1.16 billion	↓ -39.8% YoY
VC (# ops)	194	↓ -8.9% YoY
Corporate (€)	€ 646.4 M	↑ 32.7% YoY
Corporate (# ops)	54	↓ -21.7% YoY
Crowdfunding (€)	€ 10.5 M	↓ -37.2% YoY
Crowdfunding (# ops)	16	↓ -23.8% YoY
Private Equity (€)	€ 158.8 M	↓ -74.4% YoY
Private Equity (# ops)	8	↓ -12.5% YoY
Public investment (€)	€ 166.7 M	↑ 299.7% YoY
Public Investment (# ops)	50	↑ 85.19% YoY
Family Office (€)	€ 133.9 M	↓ 12.02% YoY
Family Office	15	↑ 53.3% YoY

05

Investment by sector

	Industry	Total investment...	% Δ	# deals	% Δ
1.	Mobility/Logistics	435.350.000 €	14.3% ⬆	30	-16.7% ⬇
2.	BigData&Analysis	414.500.000 €	910.0% ⬆	11	175.0% ⬆
3.	Fintech/Insurtech	278.271.000 €	10.4% ⬆	44	7.3% ⬆
4.	Health&Wellbeing	200.861.242 €	-21.9% ⬇	54	31.7% ⬆
5.	Travel/Tourism	159.006.500 €	-66.1% ⬇	14	-22.2% ⬇
6.	Business&Productivity	101.825.000 €	-80.8% ⬇	31	-40.4% ⬇
7.	Edtech	94.428.000 €	-29.8% ⬇	12	-53.8% ⬇
8.	Classifieds / Directory	90.470.000 €	1,487.2% ⬆	6	100.0% ⬆
9.	Energy&New Materials	81.620.000 €	81.5% ⬆	15	25.0% ⬆
10.	Software	58.785.939 €	-35.4% ⬇	30	25.0% ⬆



The sectors attracting the most investment are Mobility&Logistics and BigData&Analysis.

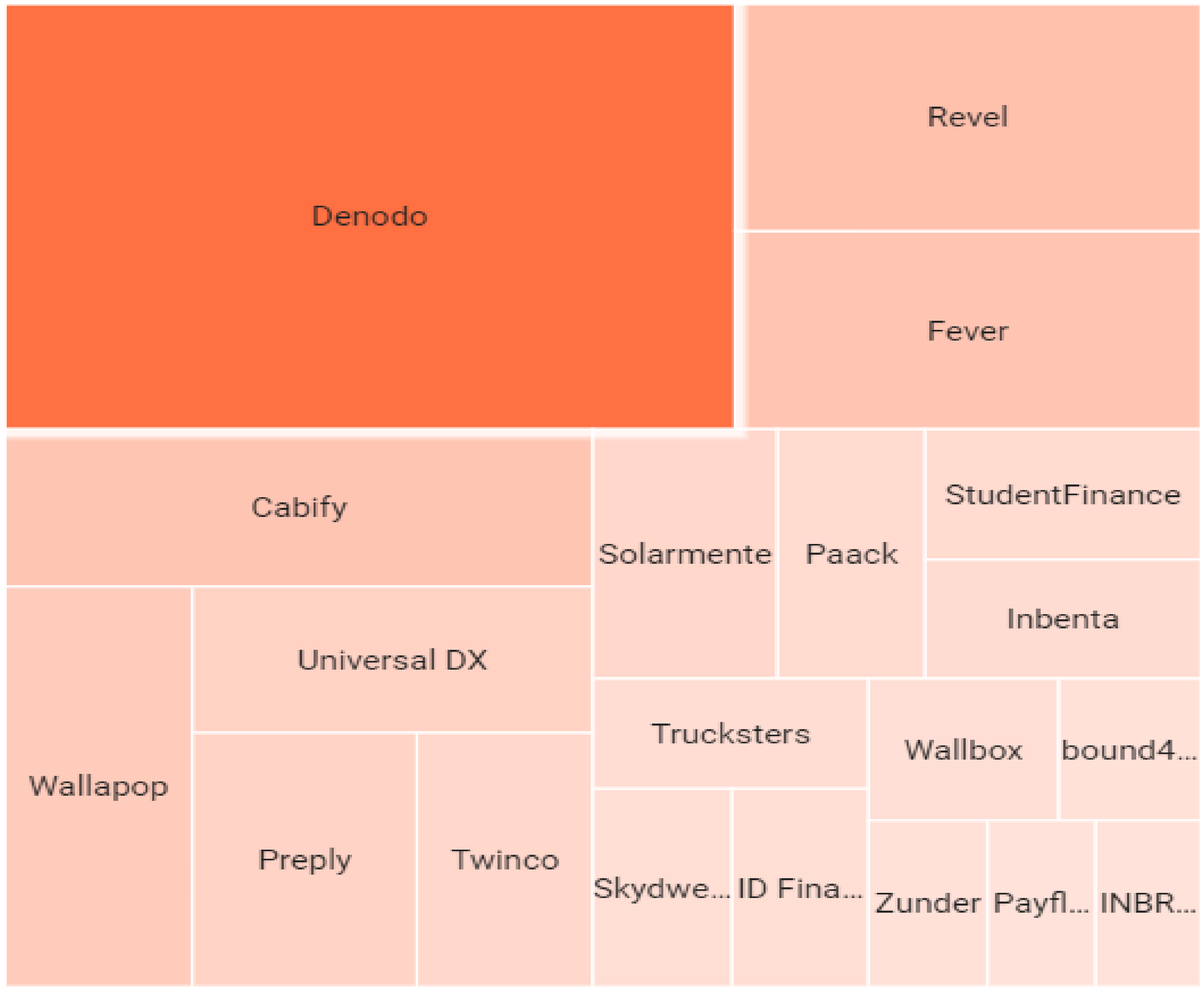
The Mobility&Logistics sector increased from €380.96M in 2022 to €435.35M in 2023, reducing the number of deals, at 36 in 2022 compared to 30 in 2023. In addition, BigData&Analysis has increased from €41M invested in 2022 to €414.5M in 2023, multiplying by 10.1 the investment volume, mainly due to the investment of €336M in Denodo, a Coruña-based startup with fiscal headquarters in San Francisco.

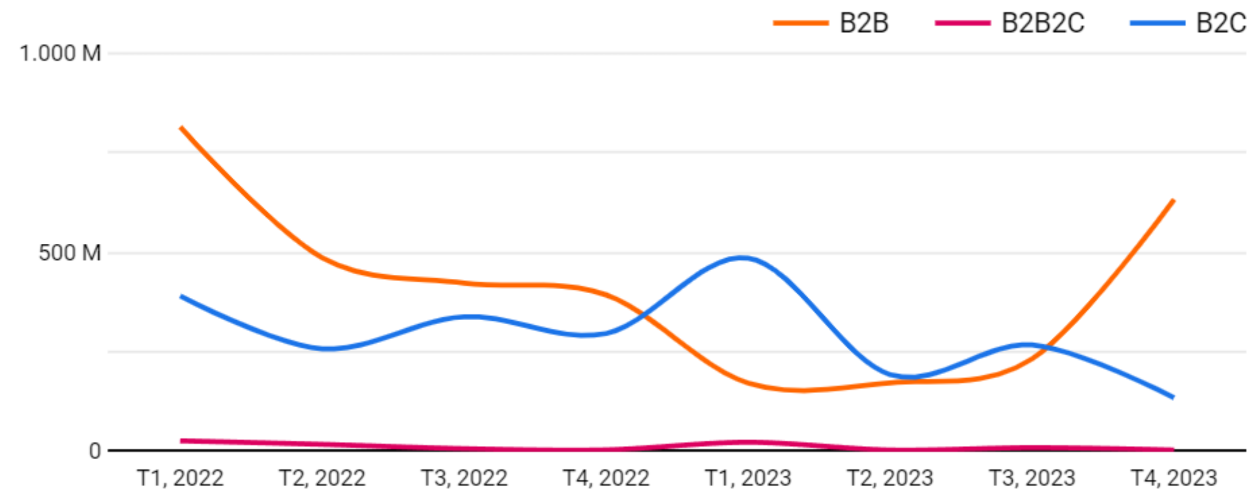
The two main sectors in 2022 have decreased: Business&Productivity from €530.23M invested in 2022 to €101.82M in 2023 and Travel/Tourism from €468.86M in 2022 to €159M in 2023.

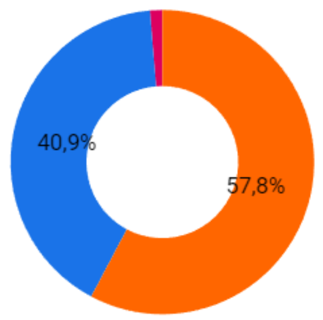
On a different note, if we analyze the sectors that have received the most investment in earlier phases (Pre Seed, Seed and Series A rounds), the most appealing sectors are Health/Wellbeing, Fintech/Insurtech, Business&Productivity, Software and BigData&Analysis.

Detail of invested companies

26 oct 2023	Denodo	BigData&Analysis	A Coruña	TPG	Link	336.000.000 €
15 sept 2023	Revel	Mobility/Logistics	Madrid	Banco Santander, KKR	Link	115.000.000 €
27 ene 2023	Fever	Travel/Tourism	Barcelona	Goldman Sachs, Atresmedia, Goodwater Capital, Alignment Growth, Accel Partners, Eurazeo, Vitruvian Partners, Philyra, Smash Capital	Link	101.381.500 €
28 mar 2023	Cabify	Mobility/Logistics	Madrid	Orilla Asset Management, Axis-ICO	Link	101.000.000 €
18 ene 2023	Wallapop	Classifieds / Directory	Barcelona	Naver, Korelya Capital, Accel Partners, 14W Ventures, Insight Venture Partners, GP Bullhound, Northzone	Link	81.000.000 €
23 nov 2023	Universal DX	Health&Wellbeing	Sevilla	Quest Diagnostics, CDTI	Link	64.160.000 €
20 jul 2023	Preply	Edtech	Barcelona	Horizon Capital, Reach Capital, Hoxton Ventures, Owl Ventures	Link	62.440.000 €
14 abr 2023	Solarmente	Energy&New Materials	Barcelona	GNE Finance	Link	50.000.000 €
27 oct 2023	Twinco	Fintech/Insurtech	Madrid	BBVA	Link	50.000.000 €







The €336M investment in **Denodo**, a startup with origins in A Coruña and fiscal headquarters in San Francisco, stands out in 2023.

Also noteworthy is the €115 million investment in **Revel in** the Mobility/Logistics sector.

In turn, **Fever** is positioned as the third best operation of the year, with a round of more than €101M.

Investment by source of funds

Investment analysis by location 2023

Barcelona leads the ranking of most attractive cities for investments, with more than €900M raised in 2023. It is followed by Madrid with €774.8M and A Coruña with €351.6M invested.

Barcelona
901 M €
↓ 43.6%

Madrid
774.8 M €
↓ 38.8%

Valencia
49.8 M €
↓ 38.6%

Basque Country
44.4 M €
↓ 38.1%

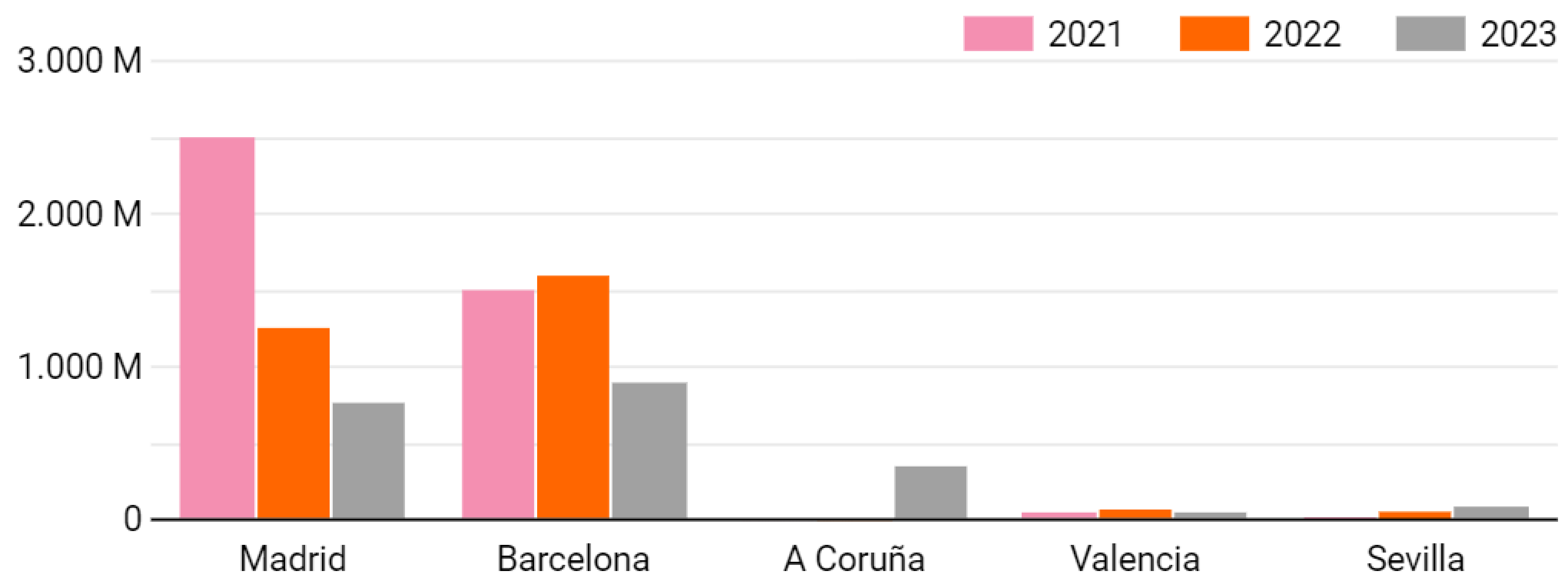
If we analyze the smaller rounds (Pre Seed, Seed and Series A rounds), there is a significant change in the ranking, since, despite Barcelona and Madrid being in the top two positions, Valencia appears third, followed by Bilbao, Gijón and Valladolid.

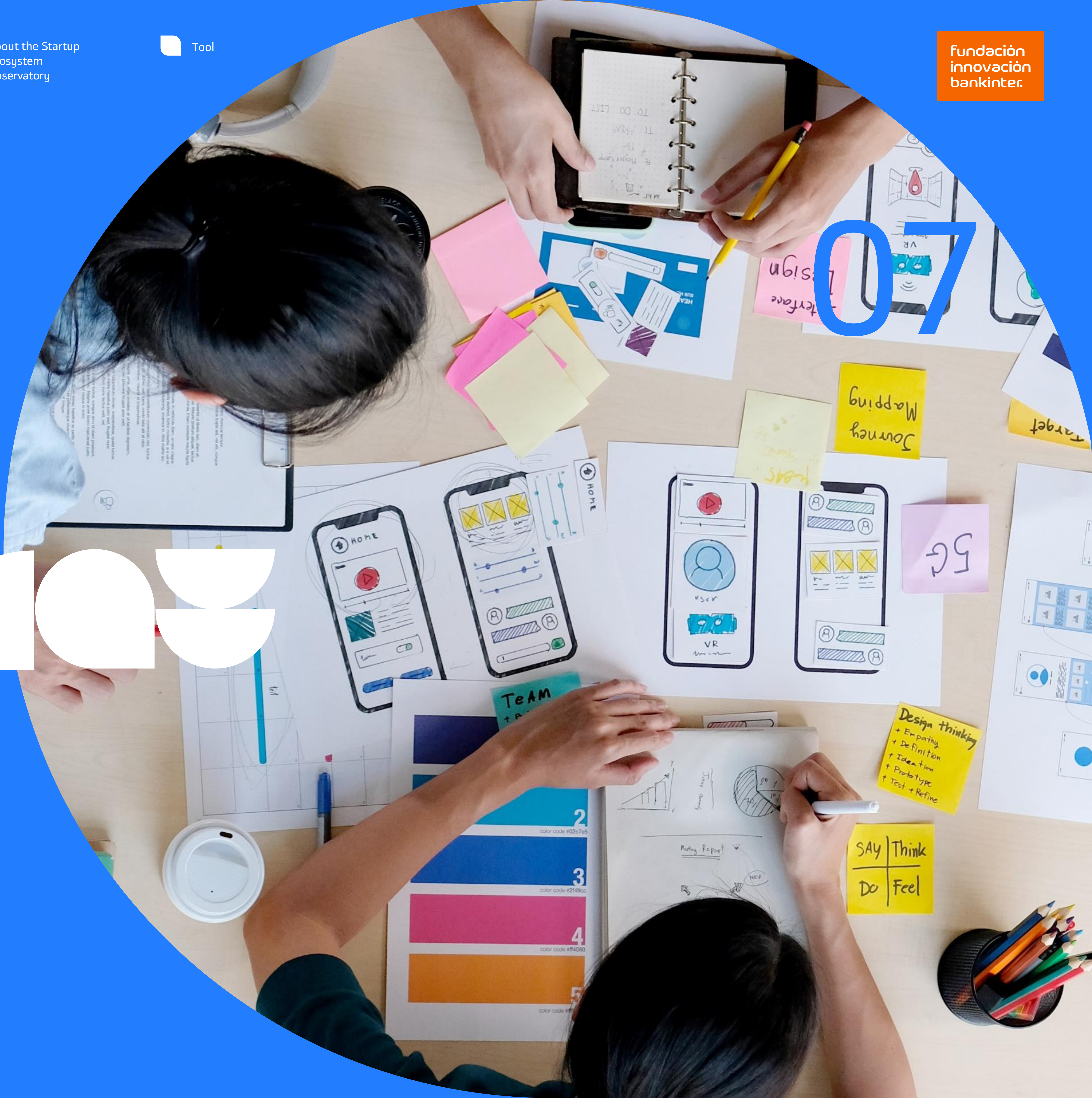
Barcelona is once again the main investment hub in Spain in 2023, attracting 43.6% less than in 2022, while Madrid remains in second place, attracting €774.8M, 38.8% less than last year. These reductions are due to the large drop in the volume of mega-rounds in 2023, with a 68.8% drop in Barcelona and a 64.8% drop in Madrid compared to 2022. If we remove these from the equation, there has only been a decrease of 6.9% and 0.4% respectively compared to last year.

Exceptionally, a new city that had never before been in the ranking appears in third position, A Coruña, riding on the wings of of Denodo, a startup with origins in A Coruña but already based in San Francisco for tax purposes.

Seville is in fourth place, with an investment volume of €90.4M compared to €64.8M in 2022. Alicante and Palencia move down, and Valencia falls back to fifth place, its investment volume decreasing from €81.1M in 2022 to €49.8M in 2023.

Investment by city - historical





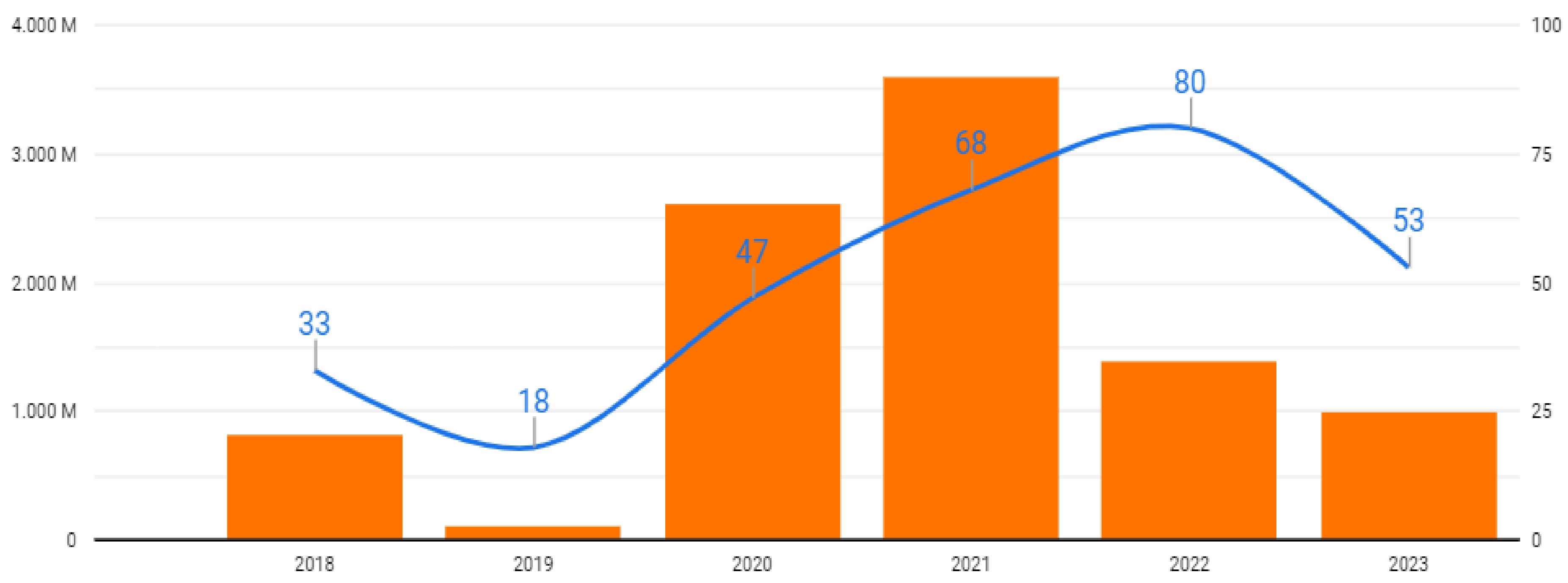
07

Divestments (Exits)

Divestments (exits) in terms of volume and number of transactions

Number of company sales declines

This year there have been 53 exits compared to 80 in 2022. Rising interest rates affect the number of transactions, making financing more expensive and making acquisition by potential buyers more difficult. The total amount of exits has gone from €1.4 billion in 2022 to €1 billion in 2023, representing a drop of 28.7%. It is important to bear in mind that in 44 of the 53 transactions, the price was not disclosed, so the total volume of sales is not very representative.



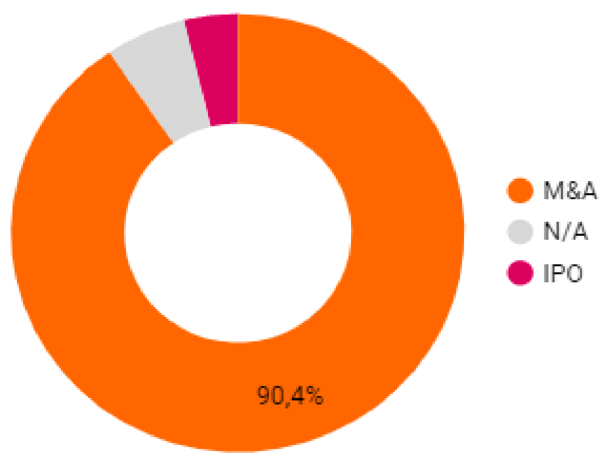
Exits
53
↓ 33.75 %

Total M€ exits
€1 billion
↓ 28.7%

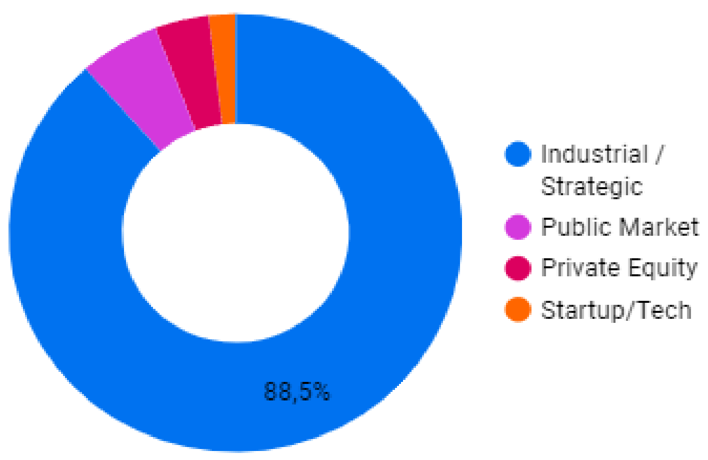
The H2B2 deal is the most significant this year as it went public on the NASDAQ for €750M. It is followed by two other deals above €100M, namely Quark and IsEazy.

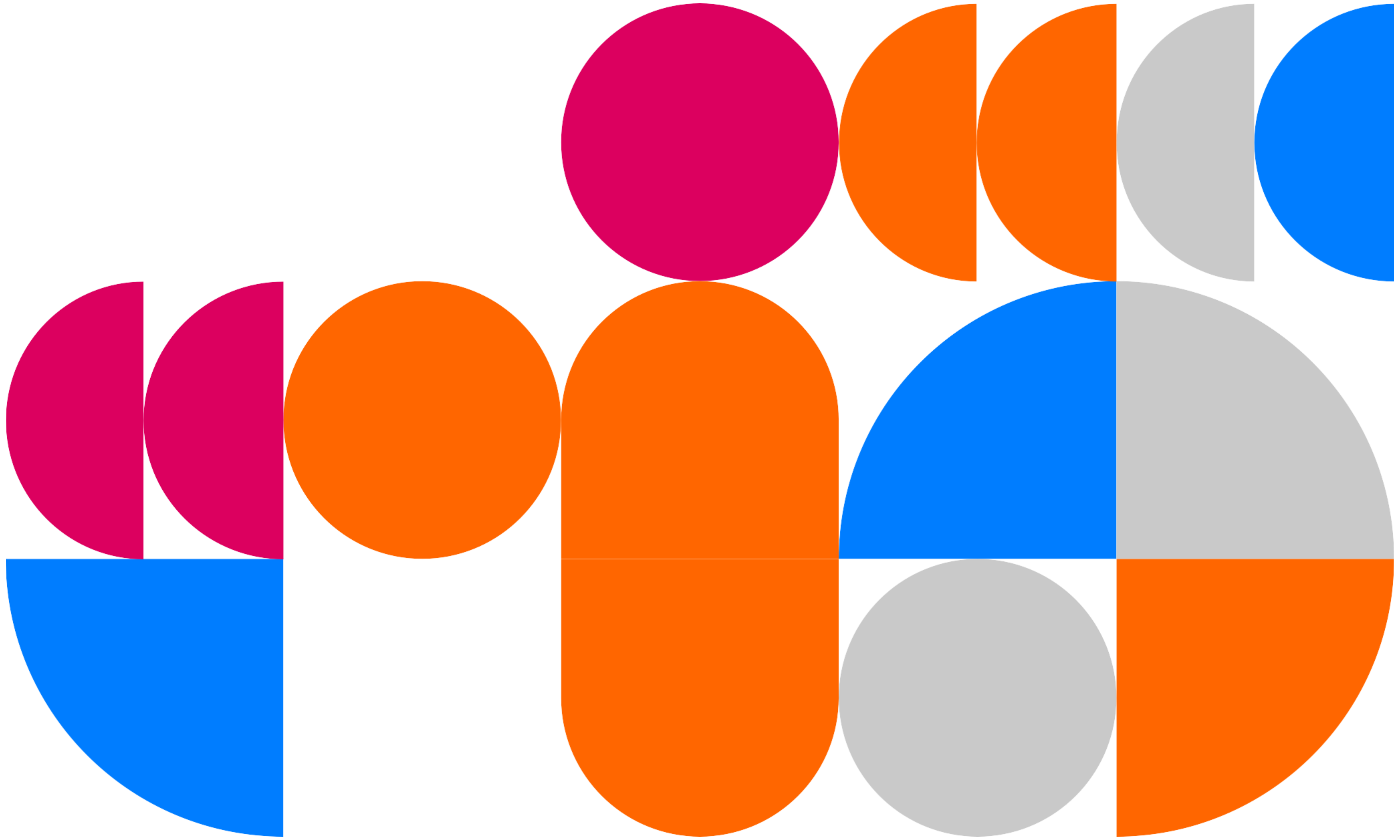
Date	Startup	Buyer	Type	Link	Value ▾
may 2023	H2B2	Nasdaq	IPO	Link	750 M €
may 2023	Quark	Sener	M&A	Link	100 M €
may 2023	IsEazy	ProA	M&A	Link	100 M €
sept 2023	Celeritas	Citibox	M&A	Link	21 M €
abr 2023	Sarpel	Energy Solar Tech	M&A	Link	19,5 M €
jun 2023	Arengu	Okta	M&A	Link	10 M €
oct 2023	ABL	Wallbox	M&A	Link	1,5 M €

Exits by type of deal
(by # exits)



Exits by type of buyer
(by # exits)





About the Startup Ecosystem Observatory

The Bankinter Innovation Foundation is committed to Spanish entrepreneurs. The Spanish Startup Ecosystem Observatory seeks to feel the heartbeat of entrepreneurship in the economy. It also seeks to provide a useful information and trend detection tool for entrepreneurs.

Methodology

What type of companies are included? The information collected relates to investment operations in startups headquartered in Spain, as well as those that are not headquartered in Spain but have a significant part of their team, especially founders, in the country. Rounds of *middle market* companies and *biotech* companies are not included.

Where does the data come from? The data used to build the Observatory are the different news about investment rounds of Spanish startups published in the media, i.e. unpublished operations are not included, and are manually entered by the Bankinter Innovation Foundation team.

What period does the data cover? The data includes the most relevant investment transactions since 2018 (although in the *exits* section the period included starts in 1999).

The Startup Observatory of the Bankinter Innovation Foundation is a tool that provides access to weekly updated interactive data and graphs on startup investment activity, beyond this report.

All the information compiled in the following report can be consulted and filtered in the following areas of the Startup Observatory:

- **Summary:**
  Key figures.
- **Year-on-year perspective:**
  Year-to-date performance of indicators.
- **Investment analysis:**
  Comparative study by type of investor, phase and source of funds.
- **Analysis by location:**
  Comparison of investment and figures by city.
- **Analysis by sector:**
  Comparison of investment and figures by sector/industry.
- **Investor activity:**
  A window into the most active ones, their investments, sectors, etc.
- **Activity detail:**
  Search and filter tool for last rounds.
- **Main exits:**
  Sales of the most relevant companies in Spain since 1998.

Tool

The **Startup Observatory** of the Bankinter Innovation Foundation works with weekly updated data of all investment operations in startups that are published in our country. Register and access a **public and free digital tool** with data on investment in startups, the main investors, the most active startups or the sectors or cities with the highest investment activity.

The Spanish Startup Observatory is part of the commitment of the Bankinter Innovation Foundation with Spanish entrepreneurs within its program Startups. It seeks to feel **the heartbeat of entrepreneurship** within the economy and become a useful tool for entrepreneurs to source information and detect trends.

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