



The European TrustTech Report

H1 2024 | G+D Ventures

This report delves into the European TrustTech startup ecosystem. TrustTech refers to technologies dedicated to securing digital ecosystems and fostering trust across various digital interactions and transactions.

What you can expect in this report:

Investment Landscape: Insights into venture capital activities, funding rounds, and the overall growth of investments in TrustTech companies.

Regional Analysis: Geographical distribution of TrustTech initiatives across Europe, showcasing where the most significant developments and investments are happening.

Investor Insights: Types of investors involved in the sector and the geographical distribution of these investors, highlighting the regions attracting the most interest and investment activity.

Exits: Review of the major exits in the TrustTech space.

G+D Ventures

Backed by the G+D Group and the European Investment Bank, G+D Ventures is a financially-oriented VC, focusing on early-stage TrustTech companies.



G+D Ventures

G+D Ventures is active since 2018 and founded by experienced Venture Capitalists. We are a theme-driven investor focusing on growth-oriented companies, whose innovations promote and protect trust in our society. With this goal in mind, we established a €50m co-investment vehicle with the European Investment Bank and G+D, dedicated to investing in early-stage European TrustTech startups. We designed this fund to move quickly, driven by financial returns, while leveraging the support of G+D's business units. With the G+D Group's backing and decades of venture capital investing experience in both financial and corporate settings, we leverage our unique, global trust network to open doors for our portfolio companies.



**Michael
Hochholzer**

Managing Director



**Assaf
Shamia**

Investment Partner



**Andreas
Barthelmes**

Investment Manager



**Alberto
Pérez Arranz**

Investment Manager



**Ena
Beširević**

Investment Analyst



TrustTech secures the digital ecosystem across four layers

TrustTech refers to technologies aimed at **securing digital ecosystems** and promoting trust across all layers of the Trust Backbone.

The Trust Backbone is the foundational framework that plays a crucial role in ensuring the security and reliability of digital transactions and interactions. It comprises four layers: Digital Infrastructure, Identity, Regulatory, and Ethical.

	Digital Infrastructure	Identity	Regulatory	Ethical
Description	Enables secure exchange, storage and processing of data between parties by proactively addressing vulnerabilities	Ensures secure and trustworthy data exchange by verifying and managing the identities of authorized parties	Embodies all efforts to enforce regulatory frameworks protecting the rights of the transacting parties	Serves as a safeguard to observe and maintain societal values
Trends	Secure Data Collaboration Digital Asset Security	Identity and Access Management Know Your Customer (KYC) Self-Sovereign Identity (SSI)	AML ¹ Automation Solutions Privacy Enhancing Technologies	Fake News Detection Responsible AI Practices
Impact	\$13.82 Tn² <i>Expected cost of cybercrime in 2028</i>	\$23 Bn³ <i>Projected synthetic identity fraud losses by 2030 (just in USA)</i>	\$24.2 Bn⁴ <i>Cryptocurrency value involved in money laundering activities in 2023</i>	85%⁵ <i>Ratio of people worrying about online disinformation</i>



Notable European TrustTech startups

 In G + D Portfolio € xx m Total raised

SHIFT

HQ: Paris, France
Cloud-based data security platform

€266.6m

ZAMA

HQ: Paris, France
Open-source cryptography making
protecting privacy easy

€112.1m

eye

HQ: The Hague, Netherlands
SME cybersecurity solutions

€57.5m

HOKODO

HQ: Tallinn, Estonia
Safe B2B trade platform

€155.2m

SEON

HQ: Budapest, Hungary
Fraud detection software that employs
transactional data analysis

€97.5m

GitGuardian

HQ: Paris, France
DevOps Code Security Platform

€51.7m

IDnow.

HQ: Munich, Germany
Identity verification-as-a-Service platform

€150.0m

sosafe

HQ: Cologne, Germany
Cybersecurity training platform

€64.6m

resistant.ai

HQ: Prague, Czech Republic
Fraud prevention software for automated
financial systems

€37.3m



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Source: Pitchbook Data, Inc.
Data has not been reviewed by PitchBook analysts.

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European **TrustTech** Deals

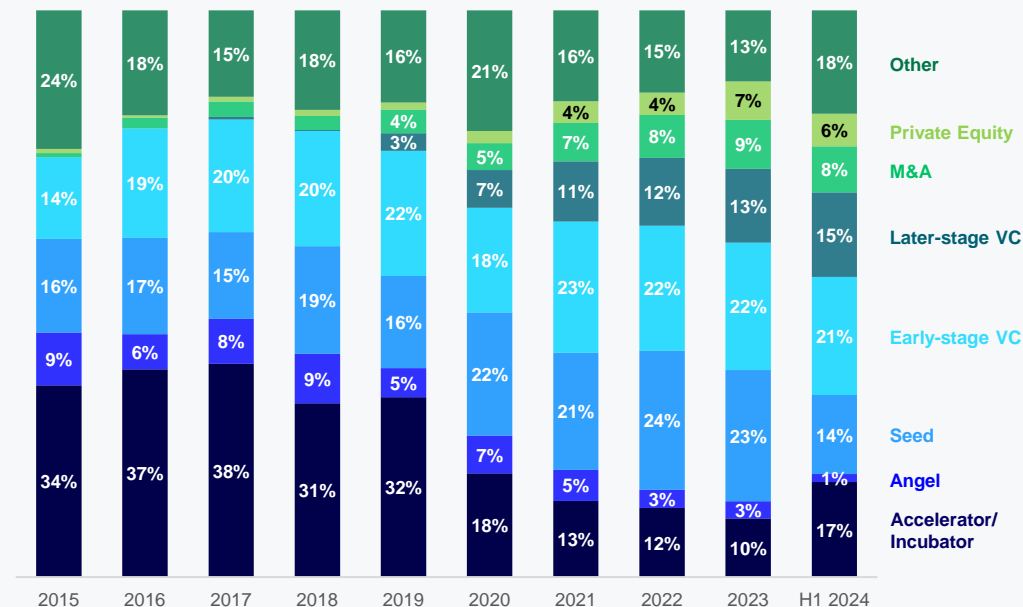
Proportion of TrustTech deal types by number per year | Number of deals per deal category and overall average deal size per year | Capital invested and deal count per year | Median pre-money valuations | Number of VC deals per deal category for each European region | Cumulative deal growth in the European Regions



The number of early-stage deals is falling in favor of later-stage deals, indicating the maturing of the ecosystem

Proportion of TrustTech deal types by number per year

Source: PitchBook Data, Inc.



Data has not been reviewed by PitchBook analysts.

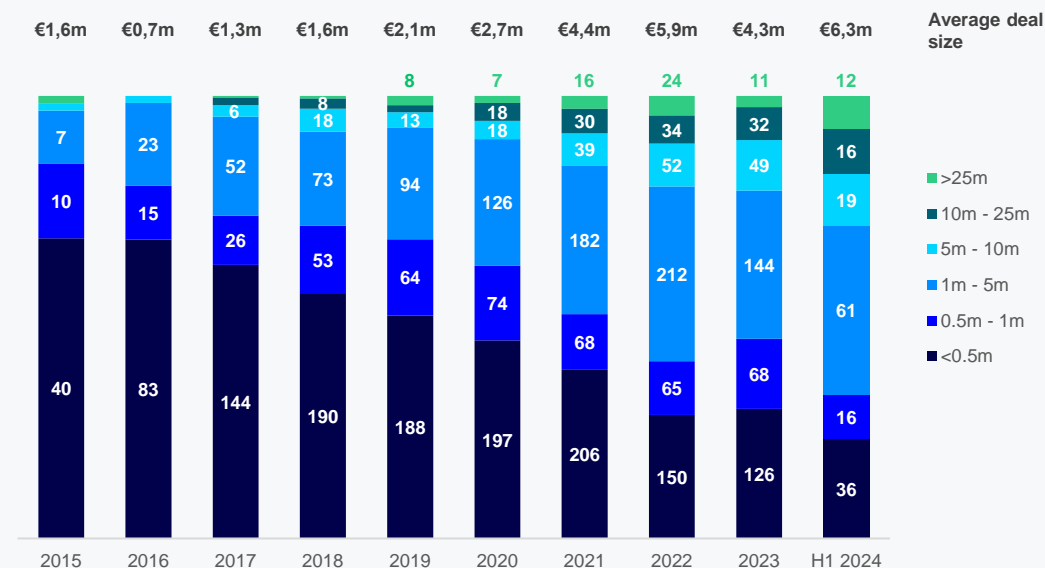
- The share of **accelerator/incubator-backed deals** saw a notable decline between 2020 and 2023, indicating maturity in the sector as companies moved beyond incubation stages. However, in the first half of 2024, there was a resurgence to 17%, suggesting a new wave of early-stage startups entering this stage.
- The increase in **seed and early-stage deals** suggests the establishment of an early-stage TrustTech ecosystem, with VC funds taking a bigger role in funding these startups. We expect to see seed rounds taking a larger share by the end of 2024 as the early-stage VC market recovers and we gain more visibility into the deal landscape of this year.¹
- The slow rise in **late-stage VC, M&A, and PE deals** from 2015 to 2023 indicates that TrustTech companies are slowly scaling up and reaching more advanced stages of development, attracting larger and more established investors.



The ecosystem is maturing as round sizes increase

Number of deals* per deal category and overall average deal size per year

Source: PitchBook Data, Inc.



*Only known deal sizes

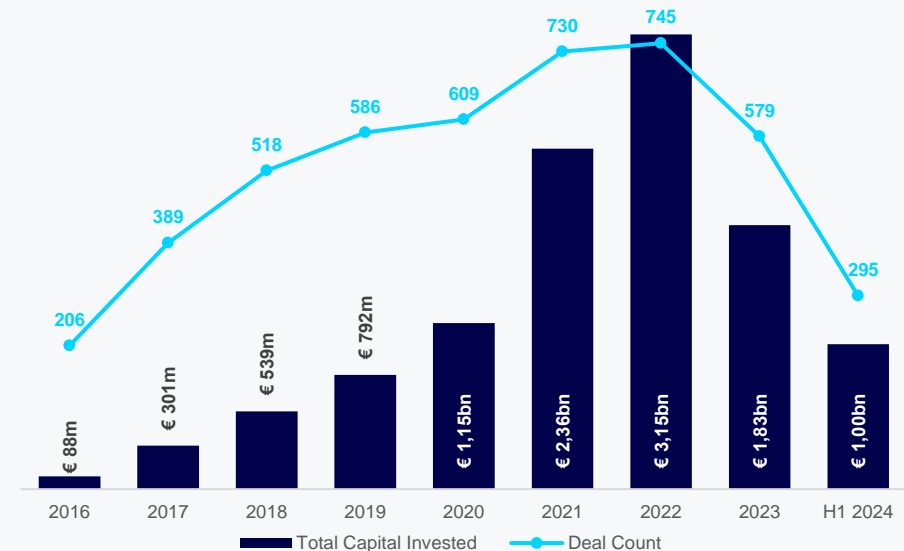
Data has not been reviewed by PitchBook analysts.

- The number of pre-seed rounds is falling in favor of seed and early-stage rounds.
- However, the number of rounds larger than €5m is not yet significant, pointing to a still nascent ecosystem.
- Interestingly, pre-seed rounds (€ <0.5m) are still the most prevalent in the cohort of all B2B deals in Europe. TrustTech startups, on the other hand, most often raise rounds between €1m and €5m.
- The average deal size in 2023 has decreased due to the drop in number of rounds larger than €25m, a phenomenon observed for all European B2B deals.
- The first half of 2024 has seen the average deal size recover, and exceed 2022 and 2021 values.
- These developments are in line with the general VC market developments in Europe.

Despite the market-common decrease in investment levels in 2023, TrustTech still shows strong overall growth

Capital invested and deal count* per year

Source: PitchBook Data, Inc.



*Also includes deals for which the deal size is unknown

Data has not been reviewed by PitchBook analysts.

- € 11.3bn were invested into TrustTech since 2015.
- While the number of deals may have dipped, overall VC funding in 2023 remains well above its pre-2021 values.
 - Capital invested in Europe across various industries and sectors grew by 38% from 2019 to 2023.¹
 - The growth rate for capital invested into TrustTech is almost 150% for the same period. This signals resilience and continued interest in TrustTech ventures.
- The drop in capital invested is partly due to a significant decrease in the amounts raised in later-stage rounds in 2023 compared to 2022.
- The decline in the prevalence and size of late-stage rounds is a phenomenon observed not just in TrustTech but across Europe.²
- The first half of 2024 has shown supportive signs that point towards a recovery in the market, with Pitchbook predicting that fundraising levels in 2024 will at least match 2023 totals.³
- 8 mega rounds (€ 100m+): Snyk (UK), Matter Labs (DE), Shift Technology (FR), Quantexa (UK), Aztec (UK)



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1 Pitchbook 2023 Annual European Venture Report, 2 Atomico State of European Tech 2023,
3 Pitchbook Q1 2024 European Venture Report

Early-stage pre-money valuations are still on the rise

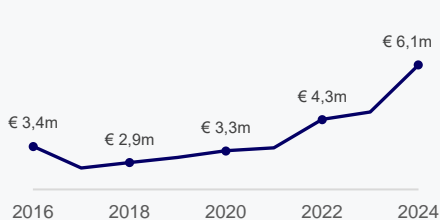
Median pre-money valuations

Source: PitchBook Data, Inc.

Deal sizes €<0.5m



Deal sizes €0.5m – €1m



Deal sizes €1m - €5m



Deal sizes €5m - €10m



Deal sizes €10m - €25m



Deal sizes >€25m*



*Based on valuations of 45 deals with known valuation

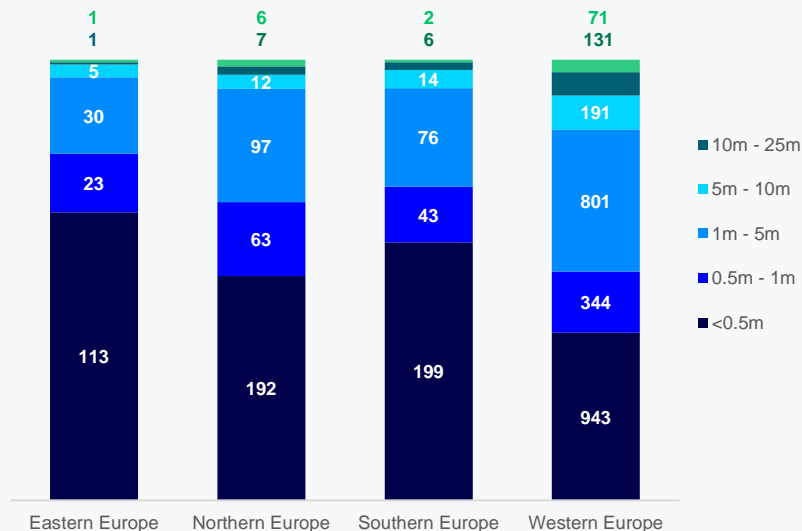
Data has not been reviewed by PitchBook analysts.

- Larger rounds were more severely impacted by the recent market conditions in terms of pre-money valuations.
- Valuations of early-stage rounds up to €10m remained relatively resilient and on an upward trajectory up to 2023. We expect to see these pre-money valuations in 2024 stabilize by the end of the year as more deal information becomes available.¹
- The valuation trends of TrustTech startups are comparable to those of all European B2B startups.¹

While Western Europe dominates in funding, other regions are growing faster

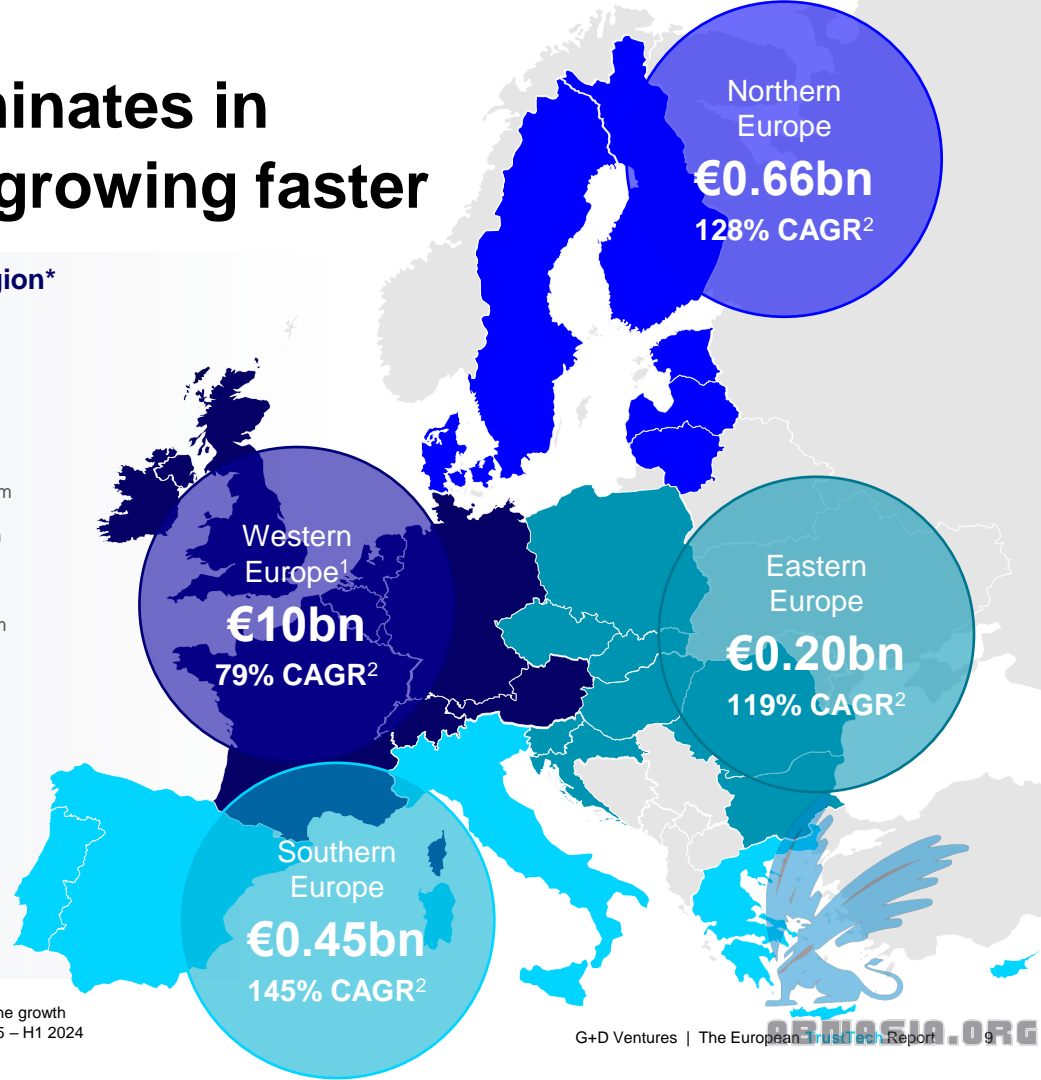
Number of VC deals per deal category for each European region*

Source: PitchBook Data, Inc.



*Only known deal sizes

Data has not been reviewed by PitchBook analysts.



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¹ ~60% of total funding in Western Europe can be attributed to the UK. Funding without the UK is €3.6bn

² CAGR shows the growth total funding 2015 – H1 2024

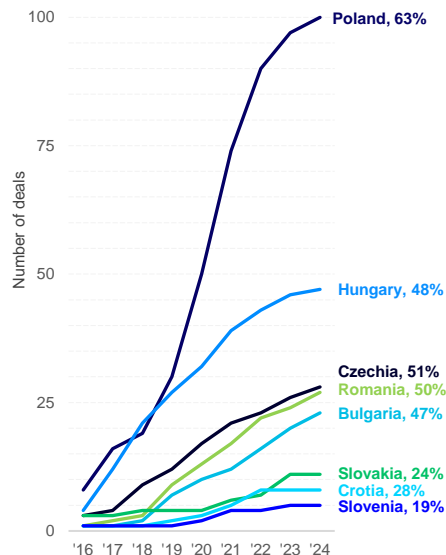
Poland, Sweden, Spain, and the United Kingdom have had the most TrustTech deals in their respective regions

Cumulative deal growth in the European Regions

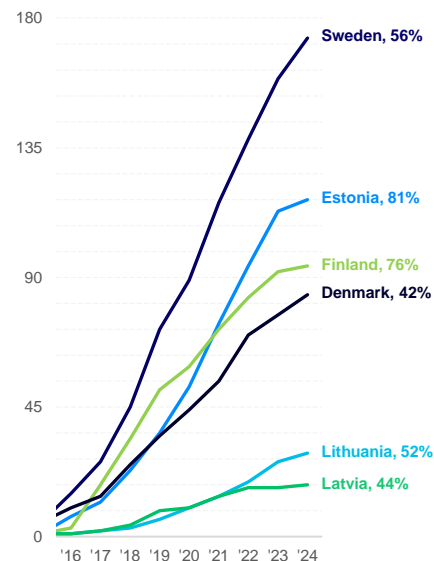
Country, CAGR (2016 – 2024)

Source: PitchBook Data, Inc.

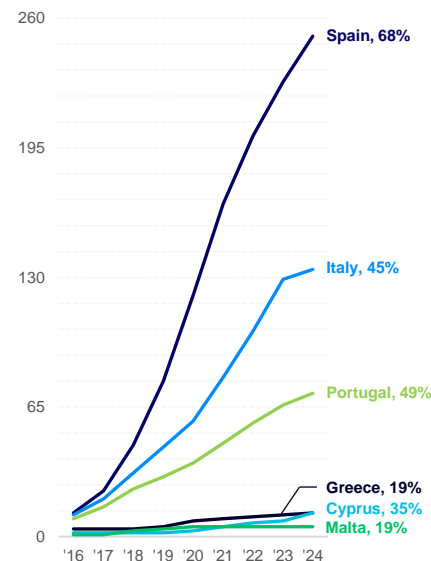
Eastern Europe



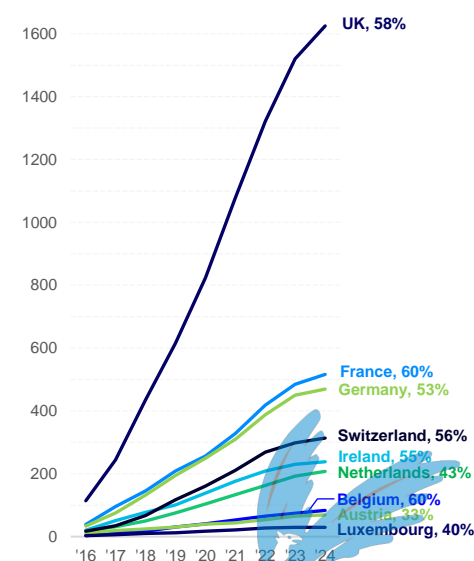
Northern Europe



Southern Europe



Western Europe



Data has not been reviewed by PitchBook analysts.

Normalized* deal counts unveil the emerging TrustTech hubs

Eastern Europe:

- Hungary, despite having fewer total deals than Poland, boasts **2.4 times** more deals per capita annually.

Northern Europe:

- In Northern Europe, Estonia has distinguished itself as the top TrustTech hub by achieving a normalized* deal count that exceeds Sweden's by roughly **five times**, highlighting its exceptional performance.

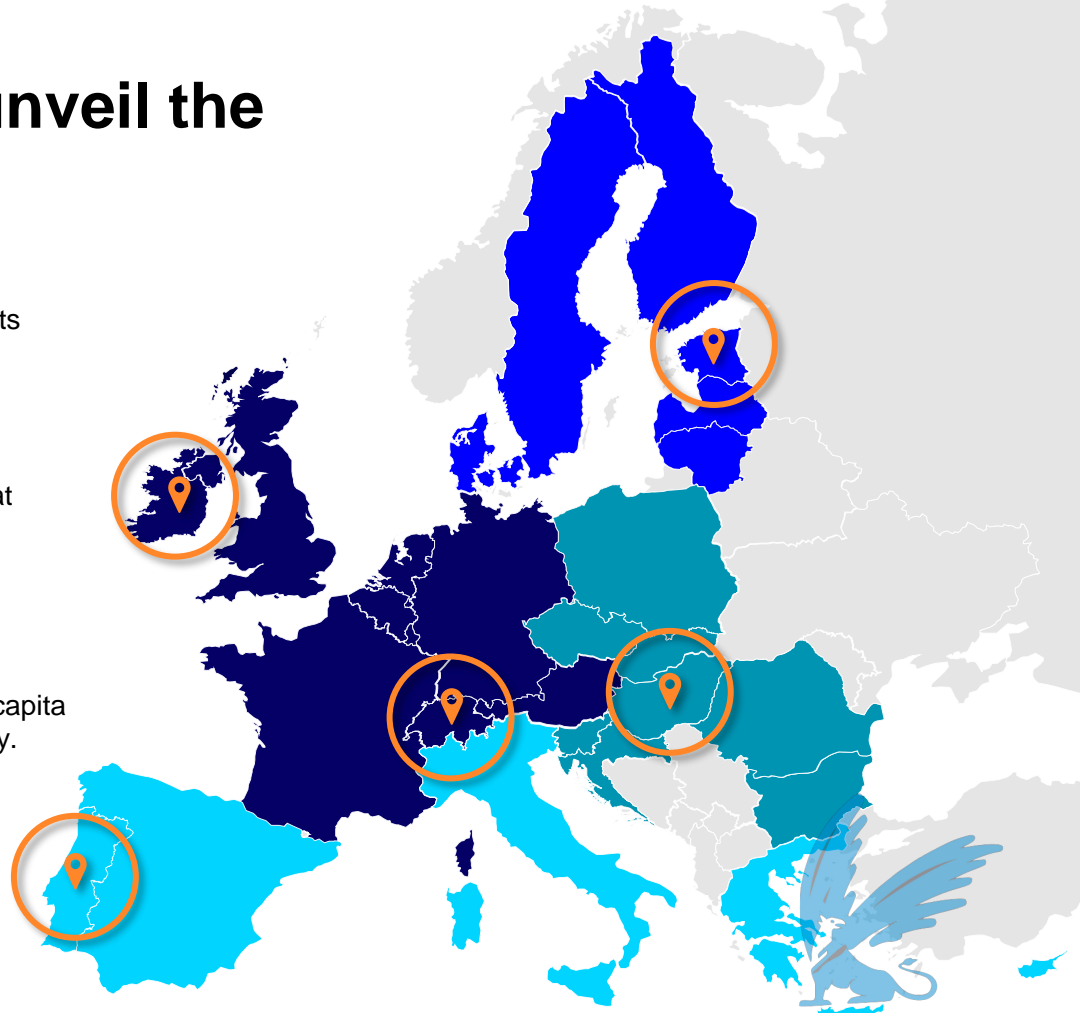
Southern Europe:

- Ranked third in Southern Europe in total number of deals, Portugal features a dynamic startup ecosystem, with its per capita deal count being **1.5 times** higher than that of Spain annually.

Western Europe:

- In the mature ecosystem of Western Europe, Ireland and Switzerland are outperforming UK by **2.2 times** and **1.5 times** respectively in normalized* deal count.

* Normalization is based on respective countries' population.



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Source: Pitchbook Data, Inc.
Data has not been reviewed by PitchBook analysts.

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European **TrustTech** Startups

Newly founded startups per year in each European region | Most active TrustTech hubs

STARTUPS

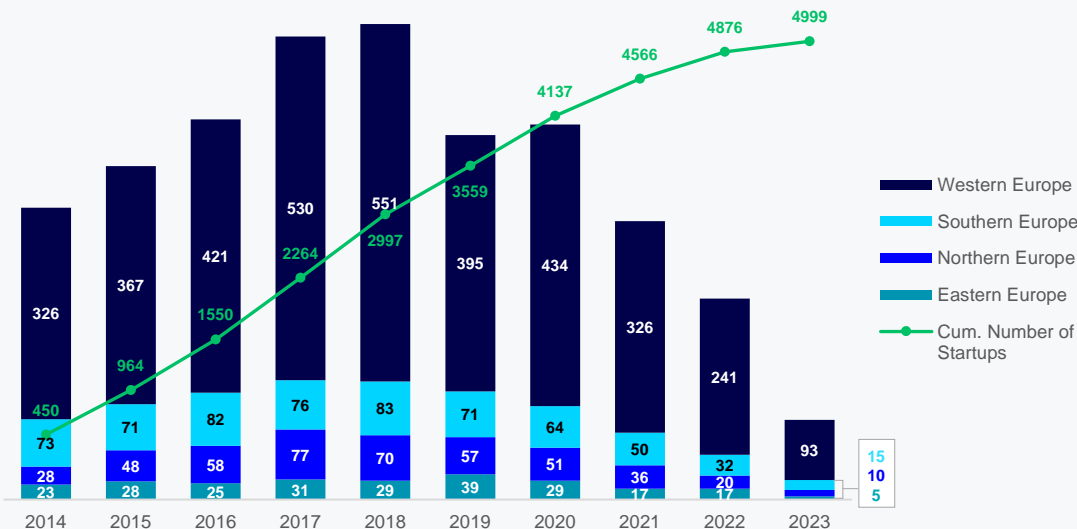


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The YoY growth in TrustTech startups founded is slowing down across all regions

Newly founded* startups per year in each European region

Source: PitchBook Data, Inc.



*Only known founding dates, 2024 excluded due to low market visibility into companies founded at this point in the year

Data has not been reviewed by PitchBook analysts.

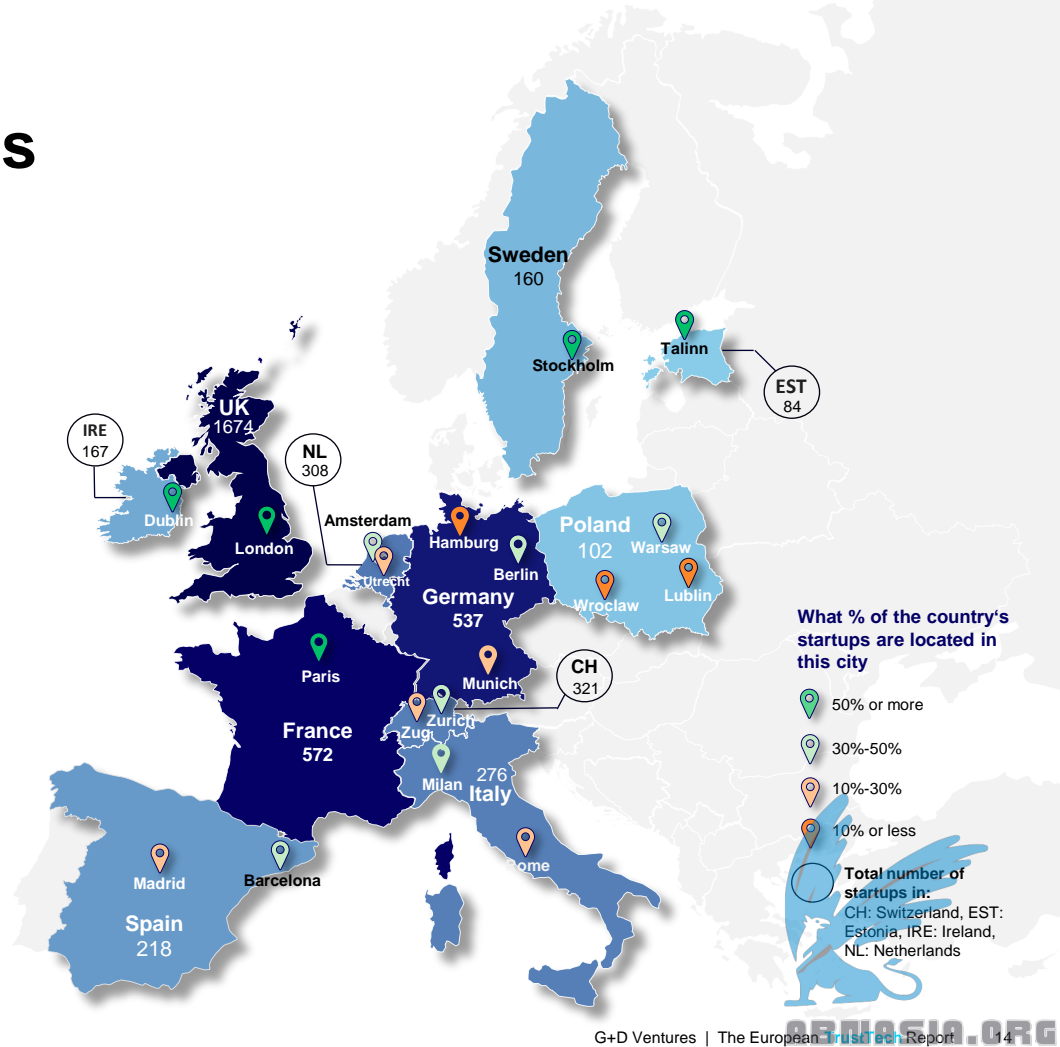
- Western Europe seems to have the most favorable conditions for entrepreneurship such as access to capital, a supportive regulatory environment, and a large pool of skilled workers.
- The number of TrustTech startups in Europe grew from 964 in 2015 to 4999 in 2023 with a CAGR of 31%.
- Compared to the growth rates of B2B SaaS startups and all startups founded in Europe, the growth rate of new TrustTech startups founded remains consistently higher.
- The decrease in the number of newly founded startups is a global trend, with Atomico reporting a 30% drop in the rate at which founders are starting new tech companies between 2020 and 2023.¹

Most active TrustTech hubs

- Most startups founded in the UK (1674), France (572) and Germany (537).
- The top cities are London, Paris, Berlin, Stockholm, Dublin, Tallinn, Zurich and Amsterdam.
- Interestingly, most UK and French startups are located in London (~65%) and Paris (~50%) respectively, whereas German startups are somewhat evenly spread out throughout the country (~30% Berlin, 13% Munich, ~8% Hamburg, 5% Cologne).

Source: PitchBook Data, Inc.

Data has not been reviewed by PitchBook analysts.



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TrustTech Investors

Investor types investing in European TrustTech by number of deals | Percentage of deals by investor and startup location | Number of new / unique investors in European TrustTech

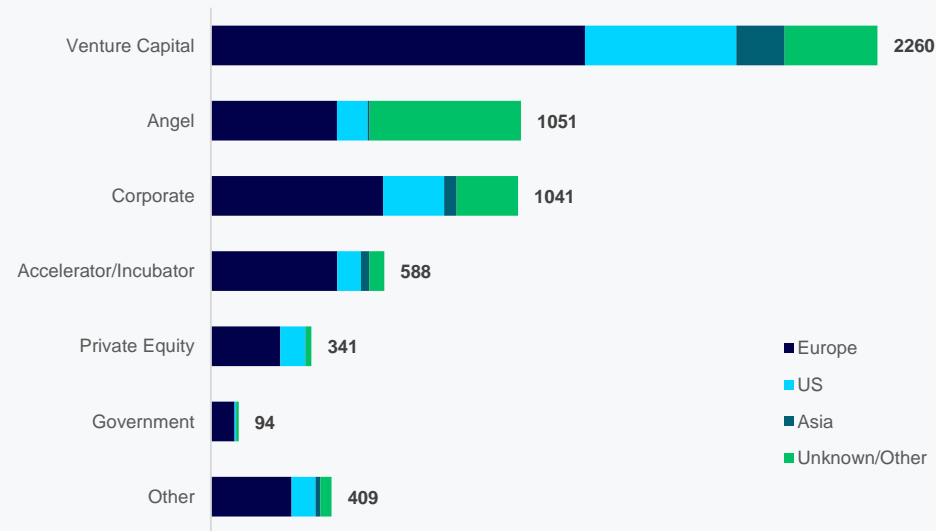
INVESTORS



European institutional investors most active in European TrustTech deals, foreign investors a distant second

Investor types investing in European TrustTech by number of deals

Source: PitchBook Data, Inc.



Data has not been reviewed by PitchBook analysts.

- Most investors in European TrustTech are VC investors, followed closely by angels.
- ~60% of investors into European TrustTech are domestic European investors.
- The majority of investors across all categories are headquartered in Western Europe (40%), with 8% located in Southern Europe, 7% in Northern Europe and only 3% in Eastern Europe.
 - The top investor locations are UK (22%), Germany (13%), France (13%), Spain (6%), The Netherlands (6%) and Switzerland (5%).
- ~60% of all foreign investors are coming out of the United States, followed by Singapore (6%).

Cross-border investments within the EU are limited while most foreign investments go to Western Europe

Percentage of deals by investor and startup location

Source: PitchBook Data, Inc.

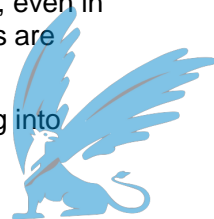
Investor Location	Startup Location			
	Western Europe	Southern Europe	Northern Europe	Eastern Europe
Western Europe	93%	3%	3%	1%
Southern Europe	18%	78%	3%	1%
Northern Europe	12%	2%	84%	2%
Eastern Europe	24%	2%	8%	66%
US	84%	7%	7%	2%
Asia	82%	3%	12%	3%

Data has not been reviewed by PitchBook analysts.

- European investors typically invest in their own respective region, with only 7% of non-regional deals on average.
- This observation is even more pronounced on the country level; investors typically invest into startups headquartered in the same country, especially in more developed entrepreneurial ecosystems.
 - In developed ecosystems such as UK, Germany, France, or Ireland, the supply of startups is high enough so that local investors don't have to look to other countries to find investment targets.
 - In more nascent ecosystem (Czechia, Estonia) or smaller countries (Belgium, Luxemburg, Croatia) investors tend to look beyond the country border for investment opportunities. However, even in this case the cross-border investments are typically localized to the same region.
- Most of the foreign investors are investing into Western Europe.



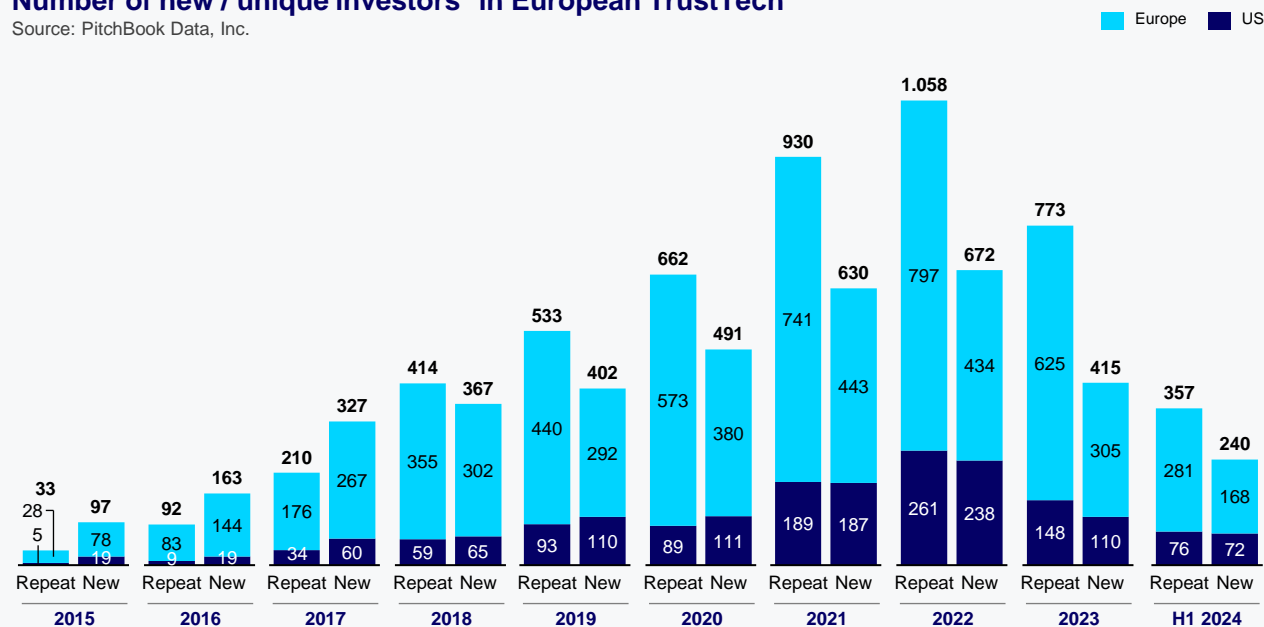
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More and more investors are taking an interest in European TrustTech startups

Number of new / unique investors* in European TrustTech

Source: PitchBook Data, Inc.



*Excluding Angel investors

Data has not been reviewed by PitchBook analysts.

- The interest of US investors into European TrustTech has been steadily increasing, barring the market-wide dip in VC activity in 2023. This indicates that US investors are seeing the opportunities in the European TrustTech market while also benefiting from a significant valuation gap compared to US startups.
- The rising number of repeat investors, both Europe- and US-based, indicates investors' confidence in the long-term potential and viability of TrustTech startups.



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European **TrustTech** Exits

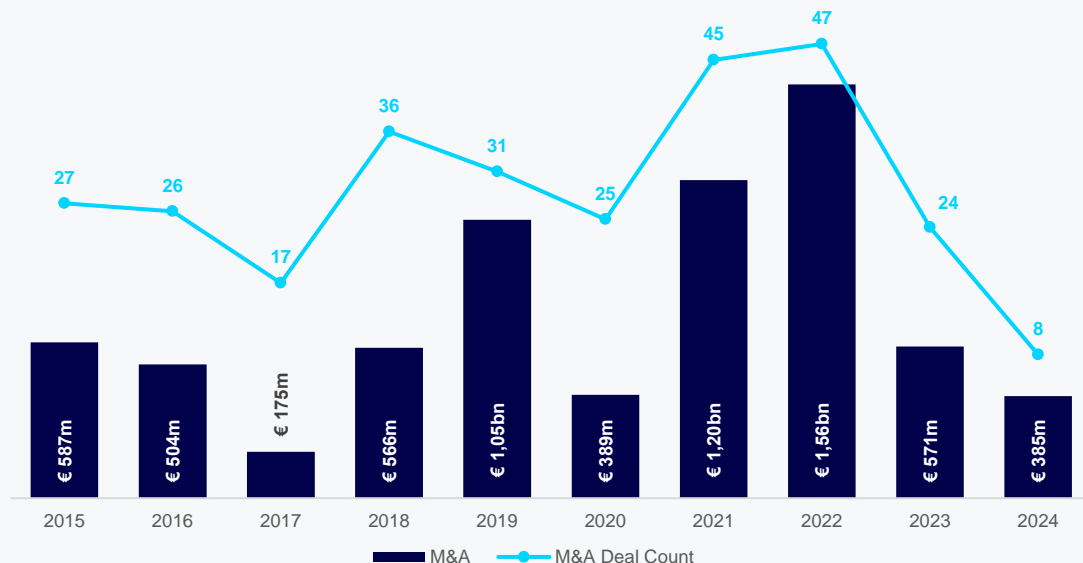
M&A exit size and deal count | Notable exits | Top buyer locations



Despite its nascency, the European TrustTech ecosystem has seen a couple of substantial exits

M&A exit size and deal count*

Source: PitchBook Data, Inc.



*Only exits with known exit size. Does not include buyouts. Does not include exits of companies which have moved their headquarters outside of Europe

Data has not been reviewed by PitchBook analysts.

- M&As peaked in 2022 with the acquisitions of:
 - Ava Security (€ 341m),
 - Applica (€ 174m),
 - HooYu (€ 116m)
 - Maxive Cybersecurity (€ 100m).
- IPOs are a less common exit channel for European TrustTech startups, totaling less than 60 since 2015. Notable recent IPOs include the IPOs of:
 - Exclusive Networks (€ 365m),
 - Darktrace (€ 191m).



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Notable Exits

	Company	Date	Country	Description	Buyer	EV	Rev. Multiple
M&A	Darktrace (LBO)	04.2024	UK	Cyberattack preventing AI for enterprises	Thoma Bravo	€4.9bn	8.7
	SecureLink	07.2019	BE	Cybersecurity infrastructure and managed services	Orange	€515m	8.8
	Ava Security	03.2022	UK	Video security platform for retail and corporate clients	Motorola Solutions	€341m	136.8
	Apical	05.2016	UK	Imaging and embedded computer vision technology security systems	ARM	€308m	12.3
	Metaco	05.2023	CH	Crypto-custodian	Ripple	€227m	n.a.
	Applica	09.2022	PL	Documentation automation platform	Snowflake	€174m	n.a.
	Retail Decisions	08.2014	UK	Fraud prevention and payment-processing software	ACI Worldwide	€152m	n.a.
	Asavie	10.2020	IE	Mobile security platform	Akamai Technologies	€152m	6.0
	PassFort	11.2021	UK	Compliance check platform	Moody's Investors Service	€138m	36.3
	SecureData Europe	01.2019	UK	Network security systems and services	Orange	€137m	3.1
	HooYu	03.2022	UK	Identity verification and fraud investigation platform	Mitek Systems	€116m	n.a.
	ID Quantique	04.2018	CH	Quantum-safe crypto services	SK Square	€105m	n.a.
	REDSCAN	03.2021	UK	Security assement and managed detection and response services	Kroll	€104m	n.a.
	Maxive Cybersecurity	10.2022	PT	Cybersecurity service provider	Thales Group	€98m	n.a.
	Business Keeper	07.2021	DE	Whistleblower system that prevents and combats white-collar crime	EQS Group	€97m	9.8
	SecurityMatters	11.2018	NL	Instant visibility and cyber threat detection products & services	ForeScout Technologies	€95m	n.a.

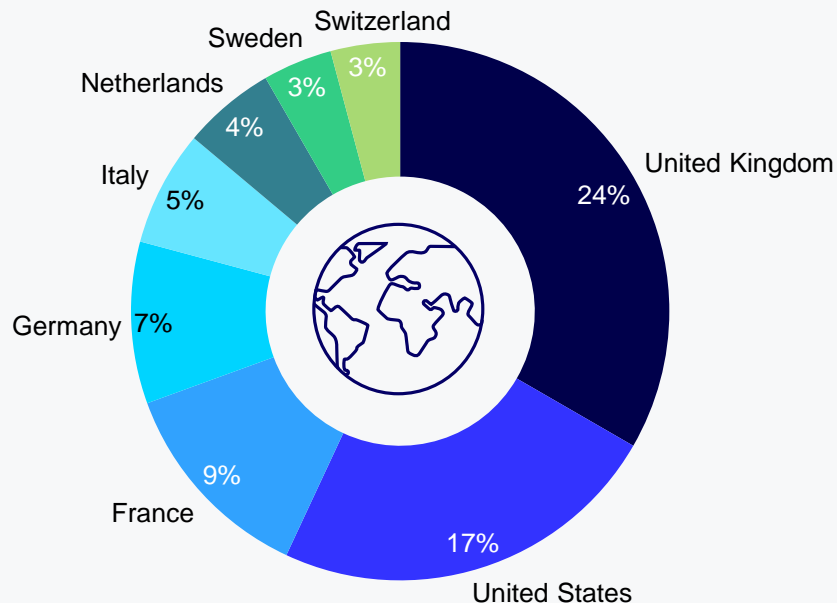
	Company	Date	Country	Description	Deal Size	Valuation	Rev. Multiple
IPO	Exclusive Networks	09.2021	FR	Cybersecurity and cloud computing solutions for digital infrastructures	€365m	€1.8bn	0.9
	WISeKey	03.2016	CH	Integrated security solutions for IoT and digital identity ecosystems	€347m	€750m	363.4



Most acquirers of European TrustTech companies are located in the UK and the US

Top buyer locations

Source: PitchBook Data, Inc.



Data has not been reviewed by PitchBook analysts.

- The US being the one of the top acquirers¹ with 17% shows strong international demand for European TrustTech companies, although most acquisitions are made by Europe-based buyers (69%).
- The presence of consulting companies such as Accenture, Deloitte, and PwC among the acquirers suggests that TrustTech is becoming a strategic focus in business consulting services.
- The most significant acquisitions were made by: Snowflake, Thales Group, Orange, EQS Group, Tenable, Darktrace, and Forescout.
 - These companies are likely investing in TrustTech to advance their existing products or services, or to venture into new, promising areas of technology.



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¹ We cannot track companies which moved their headquarters to the US before being acquired. Consequently, the real number of US buyers is likely larger than the number we saw in this report.



Methodology

Our analysis of TrustTech startups in Europe, including their deal specifics (deal size, data, valuation...), investors (type, origin...) and exits (exit amount, type, buyer...) was conducted using data sourced from PitchBook, Inc., and further supplemented by G+D Venture's own research. The selection and analysis of startups, their deals, and investors were based on the following criteria:

- Location: Startups were included if their official headquarters were located in the EU, UK, or Switzerland as defined by PitchBook, Inc. US startups with offices in Europe were not considered.
- Founding Date: The analysis focused on startups founded between January 1, 2014, and June 30, 2024.
- Deal Types: Only venture capital (VC) deals—including accelerator/incubator, seed, early-stage VC, and later-stage VC—and private equity growth/expansion deals were considered.
- Sector: TrustTech was defined according to G+D Ventures, combining PitchBook, Inc. industries and specific keywords found in startup descriptions.
- Investors: No restrictions were placed on the type or origin of investors.
- Exits: Founding date restrictions on startups were lifted. Only exits that occurred between January 1, 2014, and June 30, 2024, were included.

All figures on the graphs are in EUR.

Data has not been reviewed by PitchBook analysts.

