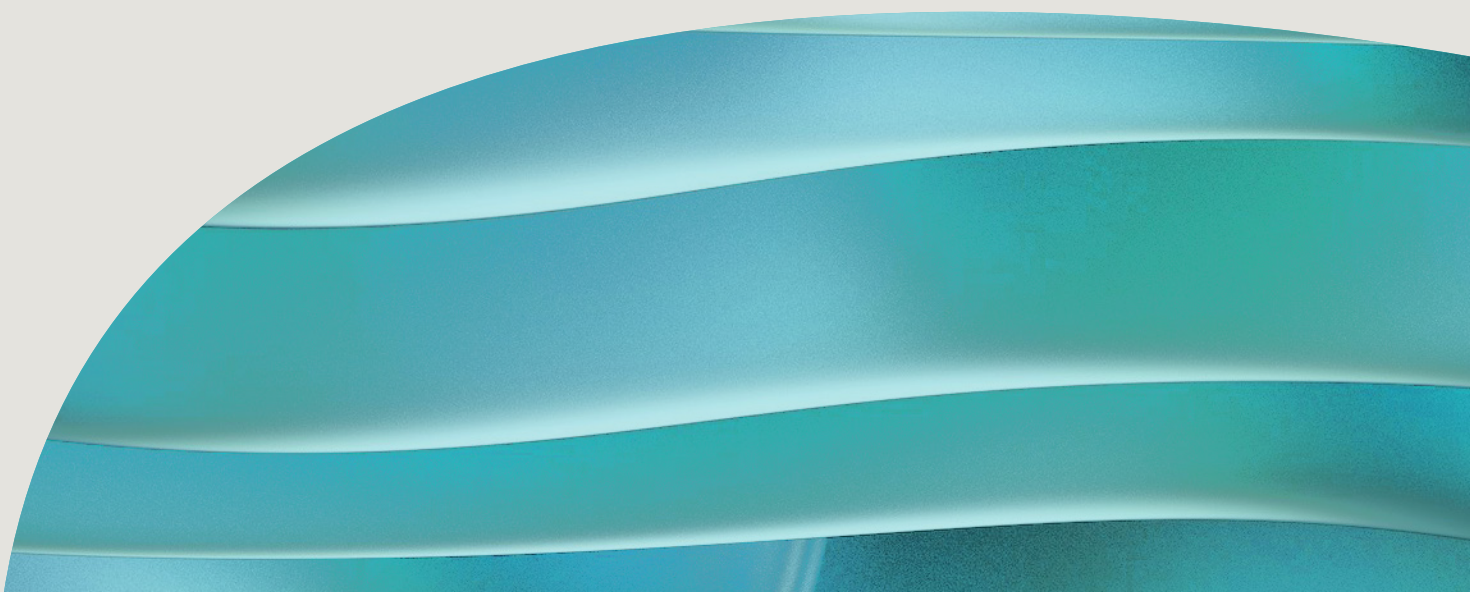




In collaboration with KPMG, May 2025

Startup funding

2024 in numbers



This report is prepared by the board of Framvís, the Icelandic Angel & Venture Capital Association, in collaboration with KPMG, KLAK - Icelandic Startups and Rannís.

Framvís - The Icelandic Angel & Venture Capital Association Framvís is an association that works to strengthen the ecosystem of angel venture capital and private equity firms in Iceland. Through education, information and data collection, Framvís works with the public sector to formulate policies and promote quality work. More information about Framvís can be found at: www.framvis.is.

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Definition

Mixed Teams

Companies in which VCs and angel investors have invested that have male and female founders.

Female Teams

Companies in which VCs and angel funds have invested that have entirely female founders.

Male Teams

Companies in which the VCs and angel funds have invested that include entirely male founders.

Angel Funds

The following angel funds provided information for this report: Tennin, Nordic Ignite, and Pretium. Investors in Framvís invested moderately in the year 2024.

VC Funds

The following VCI funds provided information for this report: Brunnur, Frumtak, Crowberry Capital, Nýsköpunarsjóður atvinnulífsins, Eyrir Venture Management, and Iðunn.

From the Chairman of Framvís



Sigurður Arnljótsson

Founding Partner at Brunnur
and Chairman of Framvís

Framvís is publishing its fourth report on the investment environment for startups in Iceland. This report is intended to increase transparency regarding investments by angel and venture capital funds and to demonstrate the scale of investments in Icelandic startups in order to facilitate discussions about innovation*.

Venture capital investments aim to support companies with the potential to deliver outstanding growth, thereby increasing returns for investors. The associated benefit of such investments is fostering innovation, creating valuable enterprises, and promoting growth in the national economy in Iceland.

Last year, the total revenue of companies in the portfolios of Icelandic venture capital funds amounted to 34 billion ISK, employing 2,807 people, all in knowledge-based jobs

Global economic uncertainty in 2024 impacted the startup environment. High inflation and rising interest rates reduced funding opportunities for startups both domestically and internationally. There was limited activity in exits or sales of startups.

Two major events marked the year. Brunnur Growth Fund I paid its shareholders 5.6 billion ISK in the form of shares in Oculis, which is listed on the Nasdaq stock exchange in New York. This is the largest single payout from an Icelandic venture capital fund since the establishment of the first three funds in 2015, which are largely supported by Icelandic pension funds. Additionally, the funding of Frumtak IV, amounting to 12 billion ISK. This success is the result of a decade of building the Icelandic innovation environment and highlights that success in startups and innovation takes time.

In 2024, investments by Icelandic venture capital funds increased. They invested in 40 startups, compared to 33 the previous year. Total investments amounted to almost 5 billion ISK, a 23% increase from previous year. As before, a larger portion of investments went into follow-up funding (57%) rather than new investments (43%).

Foreign investment, on the other hand, decreased significantly. Foreign investors contributed 1.6 billion ISK

during the year, compared to 27.7 billion ISK the previous year, which was a record year. The number of foreign investors participating in investments with Icelandic venture capital funds was sixteen last year. Since 2015, foreign investment has totaled almost 72 billion ISK. Despite this decline, foreign investment has been significant, with almost 200 foreign investors contributing a total of nearly 72 billion ISK.

The decline in foreign investment is partly explained by the fact that international venture capitalists pulled back due to expectations of deteriorating market conditions following the strong growth in 2021 and 2022. At the same time, Icelandic venture capitalists increased their investments.

Angel investors who are members of Framvís significantly reduced their investments in 2024, compared to 700 million ISK in the previous year.

As we look forward to Iceland's innovation environment, we are optimistic. Despite ongoing challenges, the groundwork for future growth and success has already been laid.

* The data only includes members of Framvís

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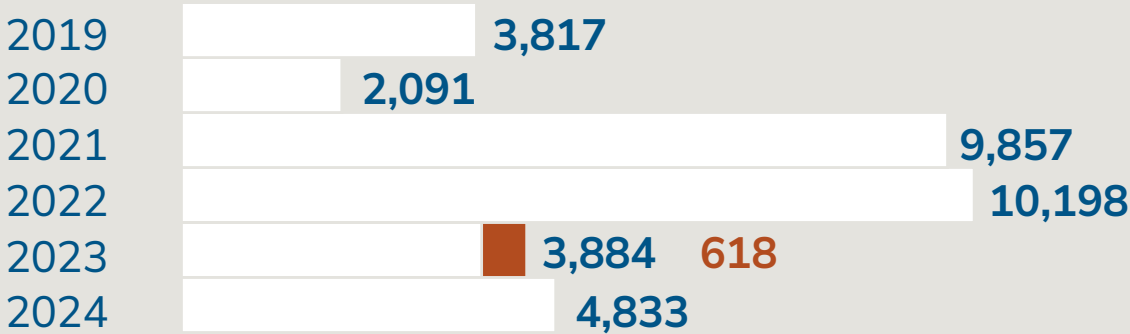
07 Insights from the support environment

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01 Investments in numbers in 2024

In this graph, the total capital and total investments of venture capitalists are shown from 2019 to 2024. In 2023, data from angel investors in Framvís were added. Venture capital investments in 2024 were a total of 40, but angel investors in Framvís invested moderately in the year 2024.

Total investment (m. ISK)



In 2024, investments totaling almost 5 billion ISK were made in startups.

Total Investment Venture Capitalists: 4,832,670,164

Number of investments by years

| | 2021 | 2022 | 2023 | 2024 |
|-----------------------|------|------|------|------|
| New Investments | 20 | 21 | 16 | 13 |
| Follow-up Investments | 27 | 27 | 17 | 27 |
| Total | 47 | 48 | 33 | 40 |

Number of companies invested in:

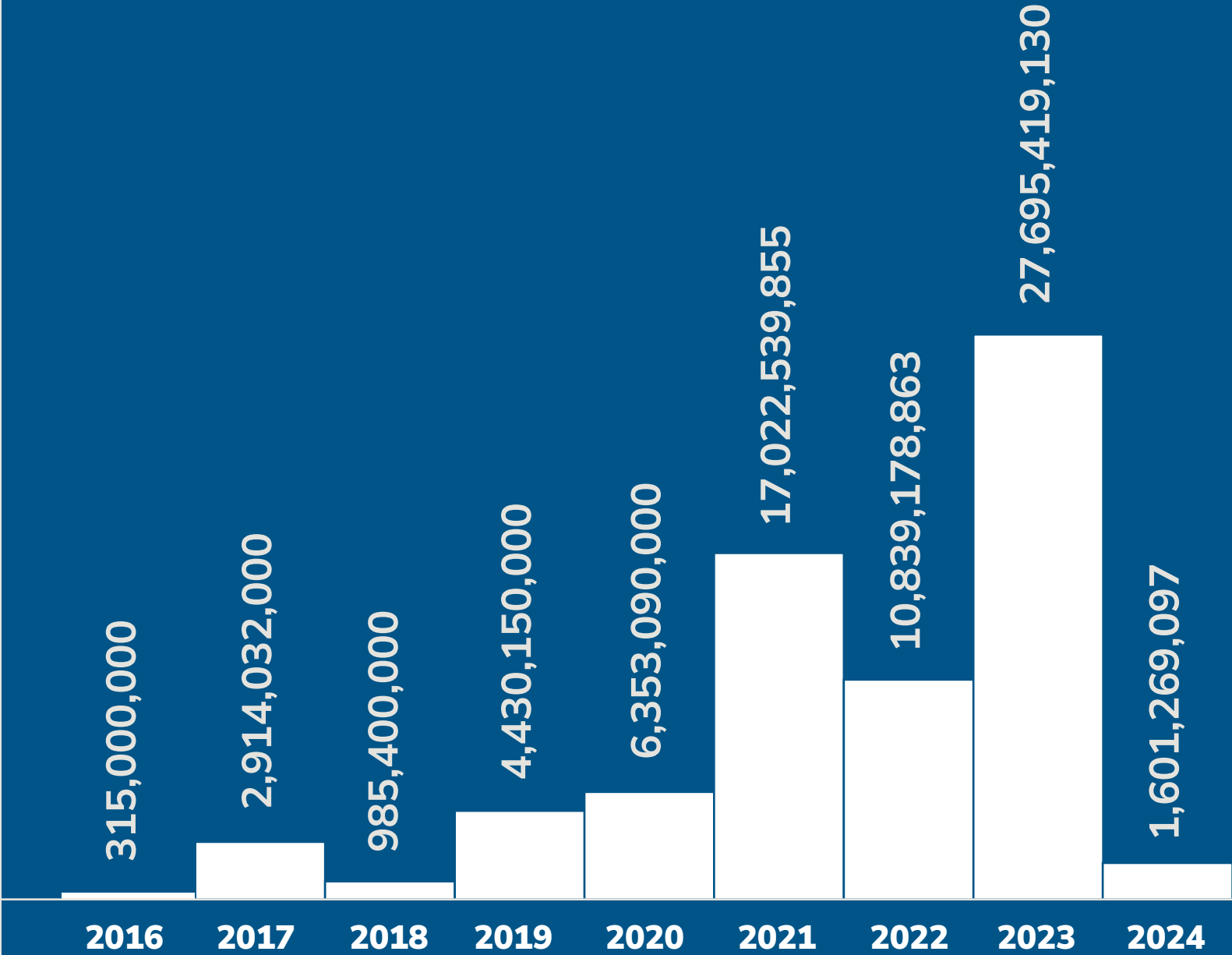
40

Total investment by VC funds 2024

| | Amount | Number |
|-----------------------|---------------|--------|
| Pre - Seed <100 m.isk | | |
| New-Investments | 174,000,000 | 7 |
| Follow-up Investments | 194,500,000 | 6 |
| Total | 368,500,000 | 13 |
| Seed >100 m | | |
| New-Investments | 640,000,000 | 3 |
| Follow-up Investments | 1,541,454,821 | 15 |
| Total | 2,181,454,821 | 18 |
| Series A and above | | |
| New-Investments | 1,318,000,149 | 3 |
| Follow-up Investments | 964,715,194 | 6 |
| Total | 2,282,715,343 | 9 |

Foreign co-investments in Icelandic startups 2016-2024

Total investments:
72,156,078,946 kr

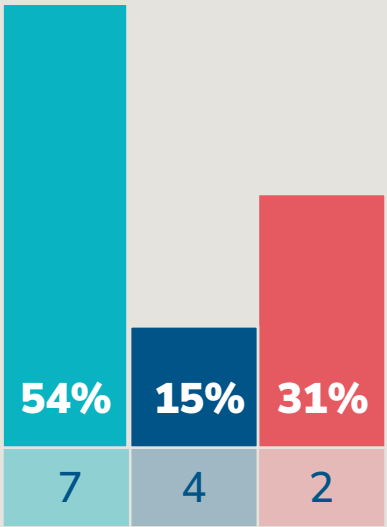


02 VC funds in Framvís

Total investment
by VC funds
4,832,670,164

Number of companies
invested in

40



This report is an update to the report that KPMG prepared for Framvís in 2023. The aim of the report is to increase transparency about investments by angel and venture capital funds and to show the scope of investments in startups in Iceland. Framvís also wants to open up the discussion to facilitate changes towards increased equality in investments.

This analysis of equality in startup investments in Iceland only includes two genders, i.e., women and men. The data does not extend to other genders, i.e., non-binary people. This is a dimension that is important to include in the future. Equality is a broader concept than just gender equality, and therefore, it will be important to collect more data and information for the future to increase equality in a broader context. The data, however, is limited to the response within this category in the report.

*Here the focus is only on new investments.

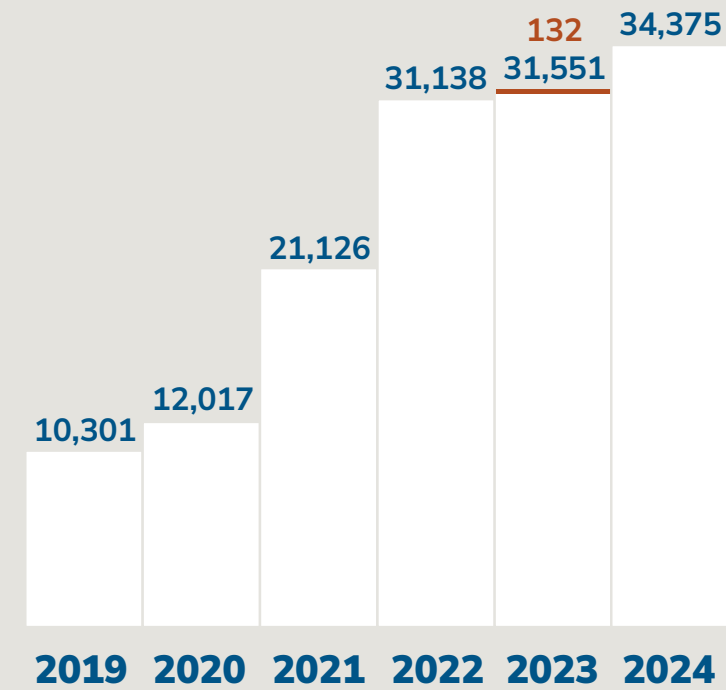
VC funds

| Amount | Ratio |
|--------------------|-------|
| Pre - Seed <100 m | |
| 474,500,000 | 50% |
| 64,000,000 | 7% |
| 410,000,000 | 43% |
| Seed >100 m | |
| 946,709,644 | 58% |
| 290,445,177 | 18% |
| 401,363,455 | 24% |
| Series A and above | |
| 1,670,067,943 | 73% |
| 269,947,51 | 12% |
| 342,700,149 | 15% |
| Total | |
| 3,091,277,587 | 63% |
| 624,392,428 | 13% |
| 1,154,063,604 | 24% |

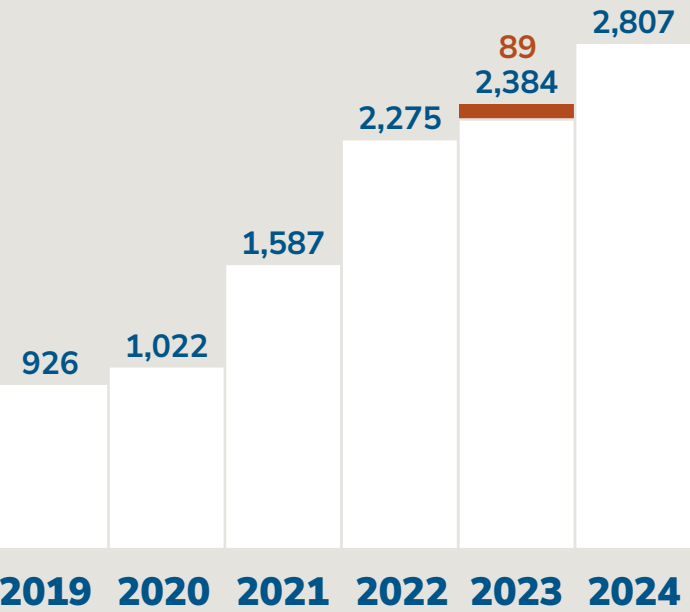
03 Portfolio of Venture Capitals

Company revenues and employee numbers in the portfolio of the funds:

Total revenue (m.ISK)



Employees



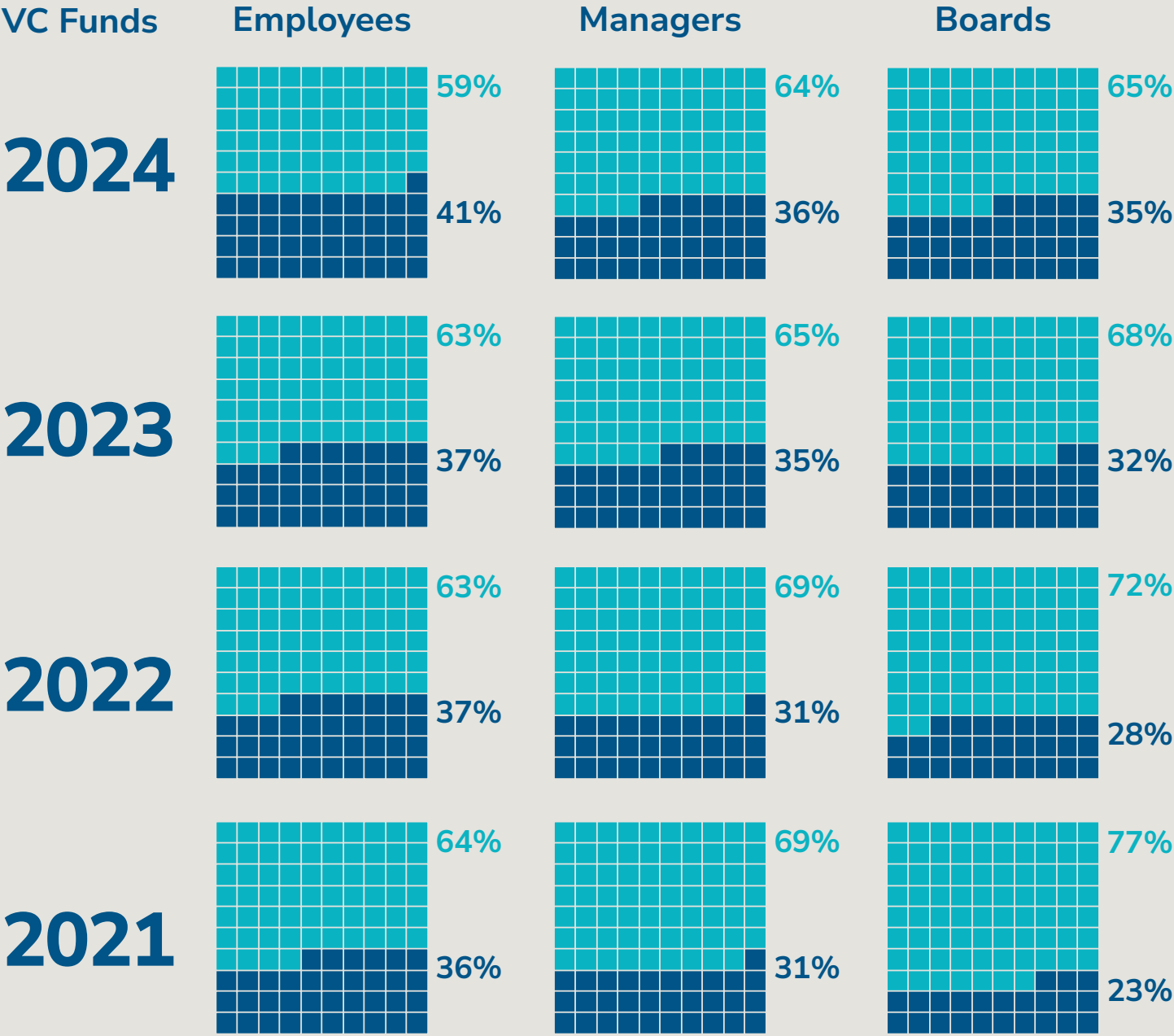
Here are the combined total revenues and number of employees of the companies in the venture capital funds' portfolios from 2019 to 2024. In 2023, figures from the angel funds were also included.

The statistics show that the total revenues of the companies in the portfolio amounted to approximately 34.3 billion ISK in the year, which is a significant increase from the previous year. It should be noted that the VC funds primarily invest in companies that develop solutions and products based on Icelandic intelligence. The solutions and products of these companies are usually intended for esport and sale on foreign markets, and a large portion of their revenues are foreign earnings.

At the end of 2024, 2,807 individuals were employed by the companies in the venture capital funds' portfolios. This reflects the number of employees in those companies in which the venture capital funds held a stake by the end of the year.

Employees, managers and boards in the portfolio of the funds:

Below are statistics on the gender distribution of employees, managers, and boards of companies in the portfolios of the venture capital funds in 2024. For comparison, data from 2021 is also included, but it should be noted that figures from the angel funds are only available in the year 2023.



04

Comparison with previous years

Male teams

Female teams

Mixed teams

Here is a comparison of the investments of the venture capital funds over the past years based on gender ratios. The focus is on the number and value of investments, along with presentations to the funds. A comparison with the previous year shows that the proportion of mixed teams has increased significantly, especially for female teams.

In 2024, 28% of the pitches from new companies to the venture capital funds came from mixed teams, which received 24% of the total capital invested by the funds. Male teams accounted for 55% of the pitches and received 63% of the capital. The proportion of female teams in pitches to the funds decreased by 9% from the previous year and is now 17%, receiving 13% of the capital.

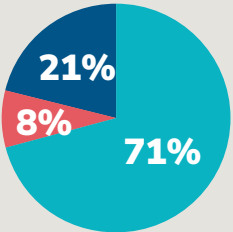
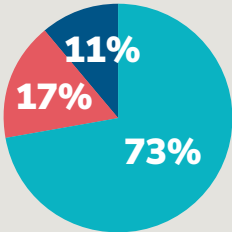
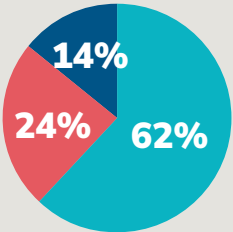
Investments by VC funds

Number of investments

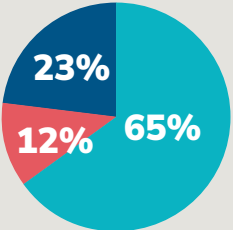
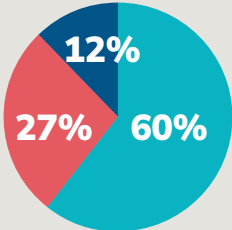
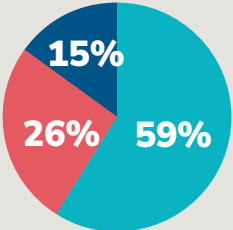
Amount invested

Dealflow

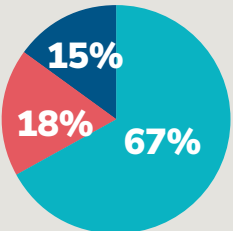
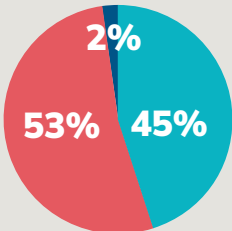
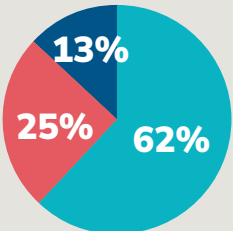
2019



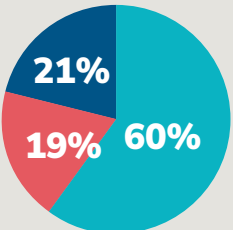
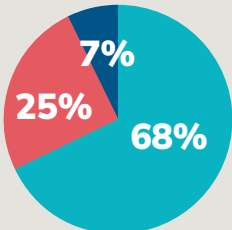
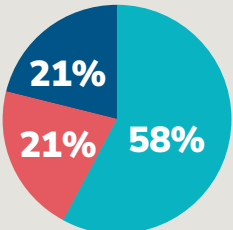
2020



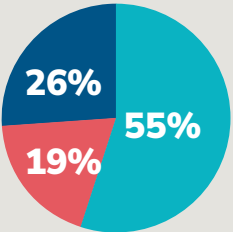
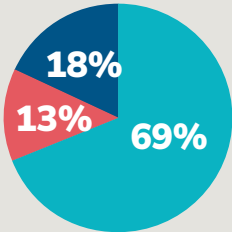
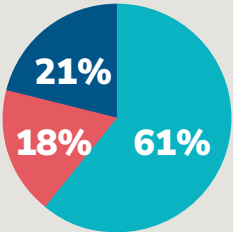
2021



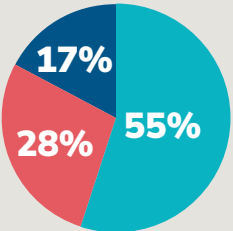
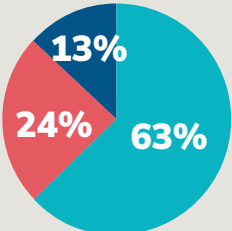
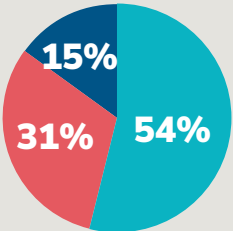
2022



2023



2024

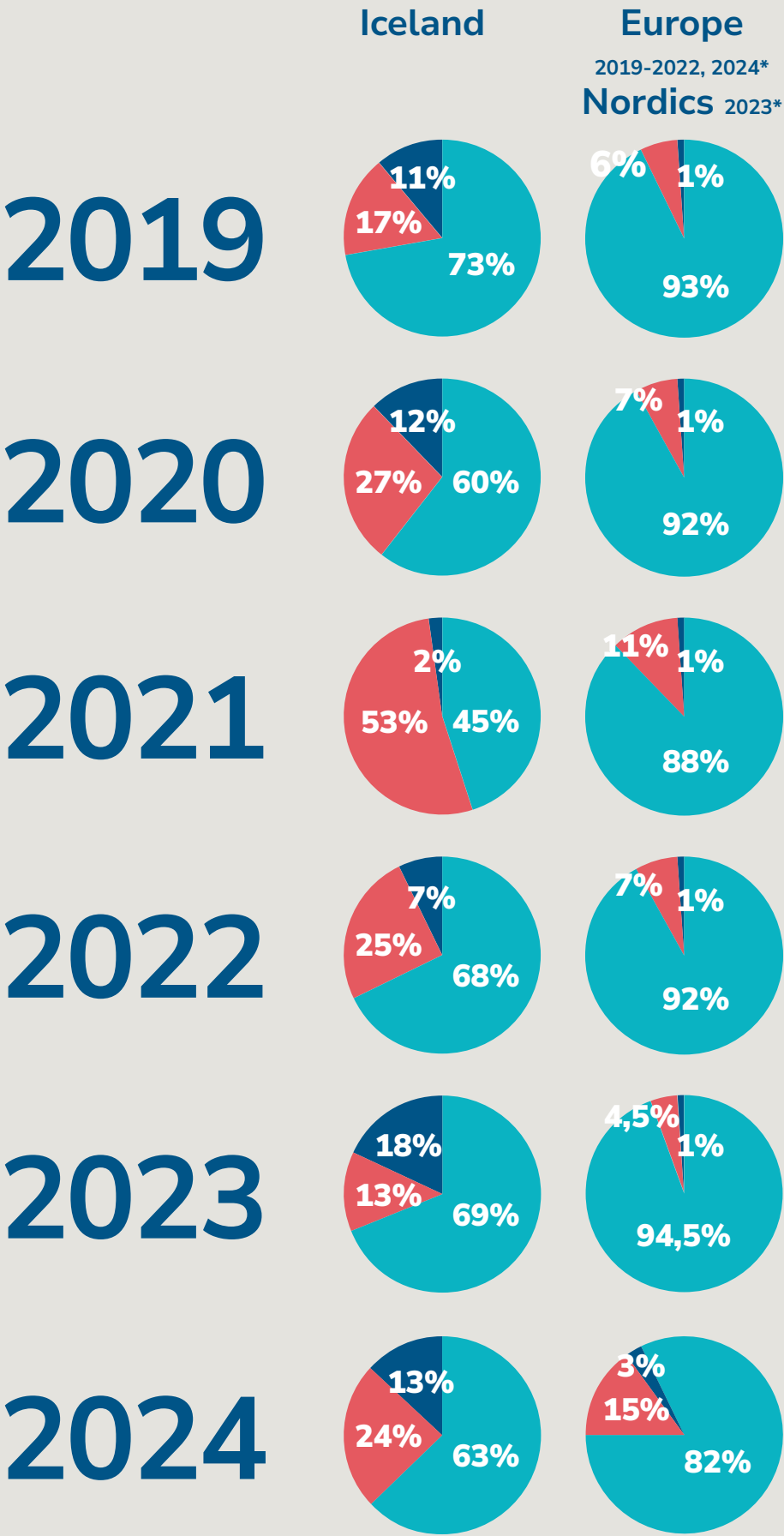


VC investments:
Europe vs. Iceland

When comparing the gender ratios of Icelandic VC fund investments to the Nordics and Europe it becomes clear that Iceland is significantly ahead in terms of gender equality, although there is still a long way to go.

Female teams received 3% of the capital invested by European VC funds in 2024, which is 10% lower than in Iceland. Mixed teams accounted for 15% compared to 24% in Iceland.

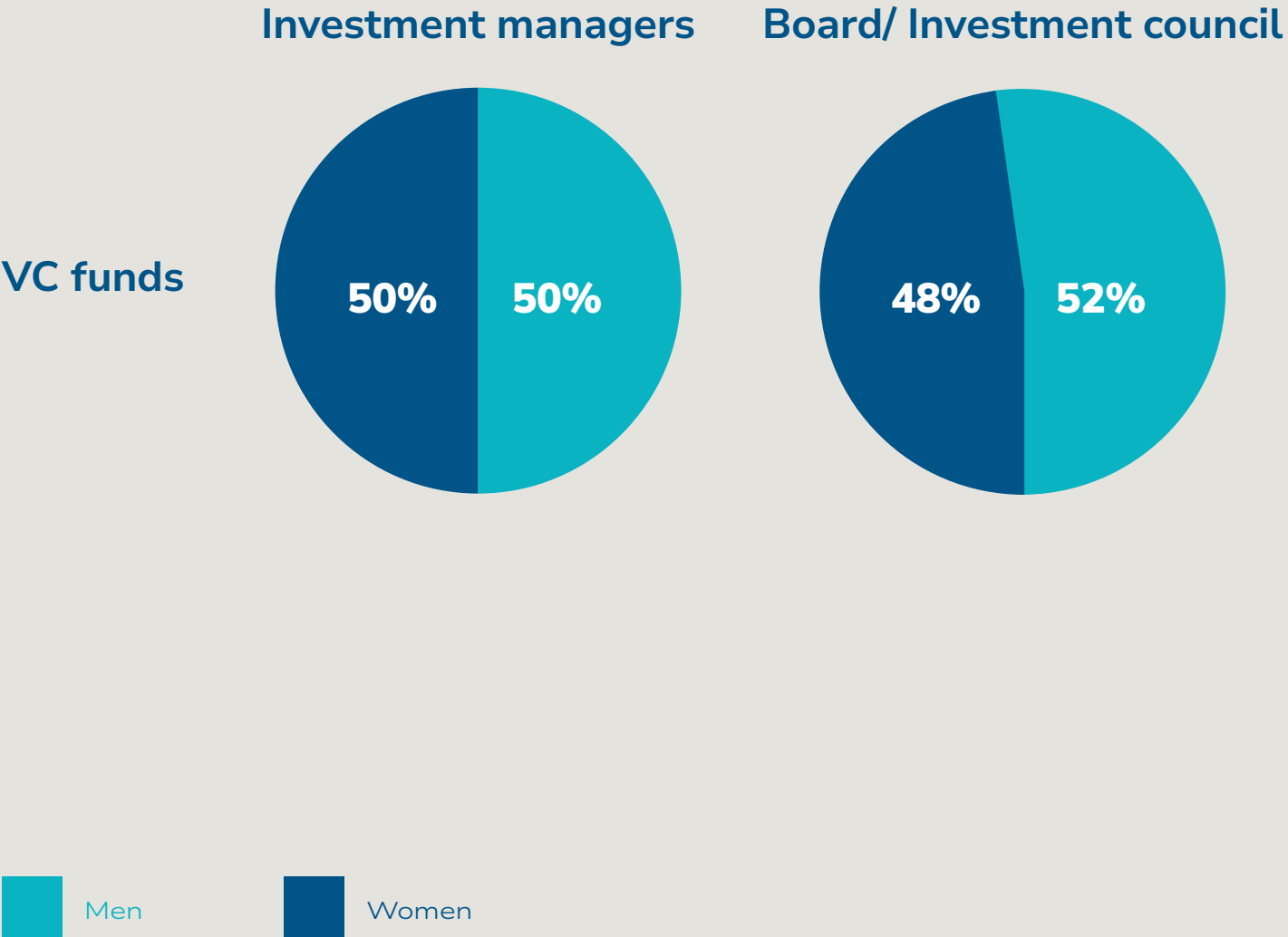
*Source 2019-2023: <https://report2023.unconventional.vc/>
2024: <https://drive.google.com/file/d/1NIT9fyQn24Fndi4foAw9-ll1oFBGL6/view>



05
Investment
managers
and boards

Below are the gender ratios of VC funds' investment managers and boards/ investment councils in 2024. This refers to both the average among investment managers and the average among boards or investment councils.

The group investment managers consist of the funds' FTEs that make investment decisions. Investment opportunities chosen by the investment managers are then presented to a board of directors or an investment council for approval. Hence, the final investment decision is made by either a board of directors or investment council, depending on the fund. Angel funds did not provide data for this session, so only VC funds are included in this analysis. The statistics show that the gender ratios are quite balanced.



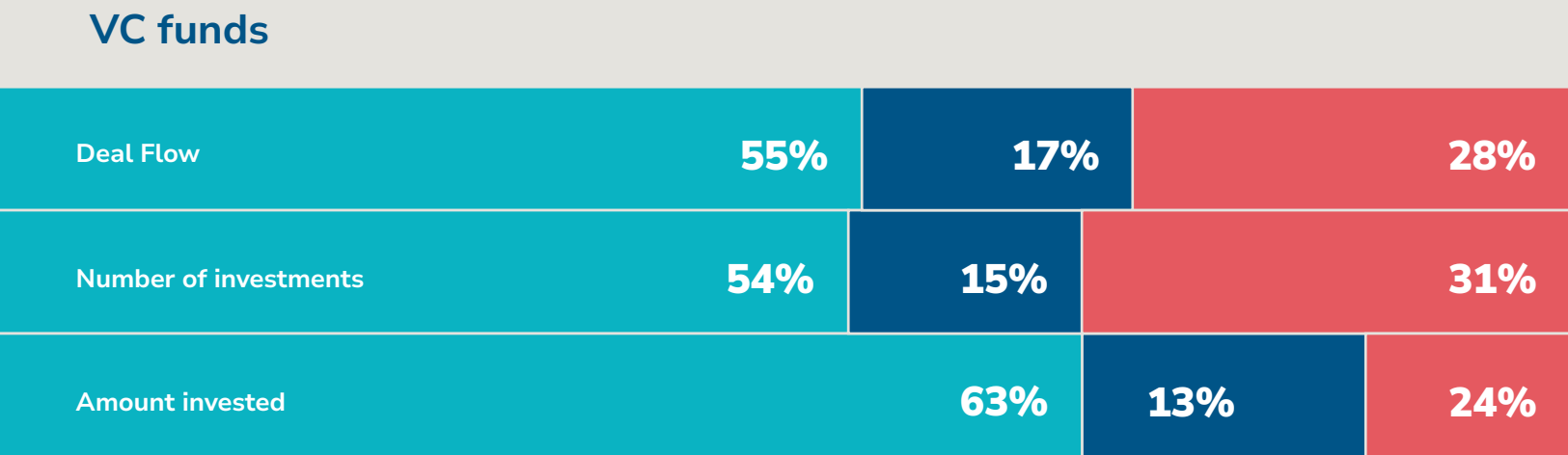
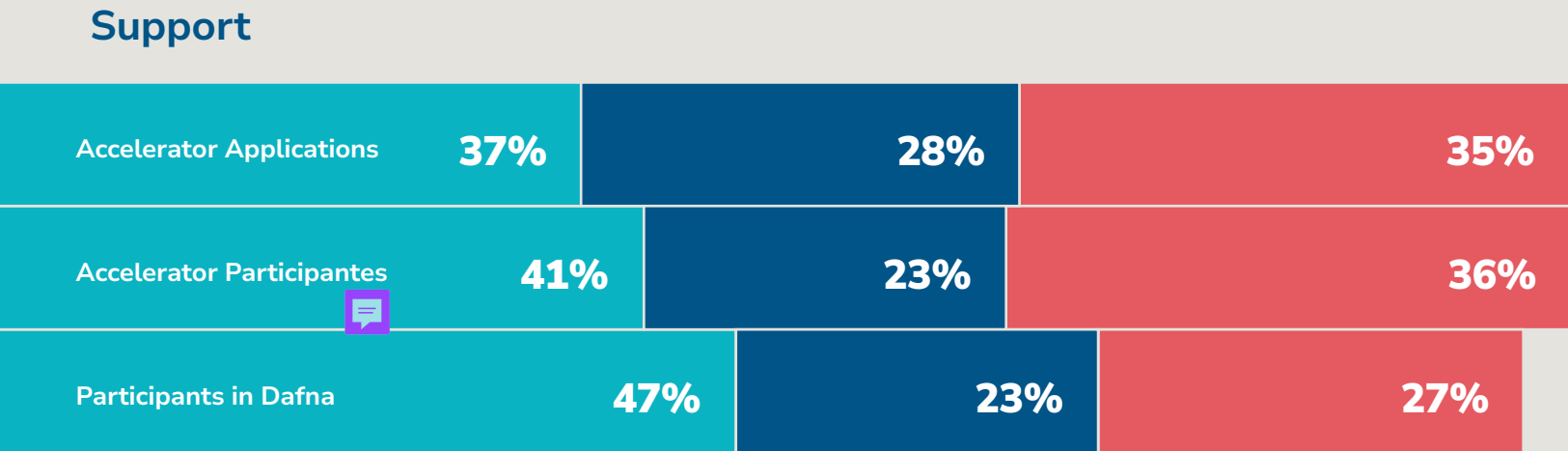
06 Snapshot of the innovation landscape

Here is a snapshot of the Icelandic innovation environment with regards to the gender ratio of applicants for support and funding.

In the category support we consulted with KLAK - Icelandic Startups, which is the largest supporter of entrepreneurs in Iceland. KLAK led the business accelerators Startup Supernova and Hringiða last year as well as the support project Dafna, in collaboration with Rannís, which supports entrepreneurs that have received allocation from Tækniþróunarsjóður (e. Technology Development Fund, TDF).

In the category of grants we consulted with Rannís and used data from TDF applications and allocations for Sproti and Vöxtur.

Data from VC funds is analyzed by the ratio of male, female and mixed teams in deal flow, number of investments and amount invested.



07 Insights from the support environment

Here is a further analysis of gender ratios from data provided by KLAk and the TDF, both of which are important pillars of the Icelandic innovation support system. Gulleggið is the oldest entrepreneur competition in Iceland and is aimed at early-stage founders.

Fræ/ Þróunarfræ is a grant from the TDF for entrepreneurs in the concept stage.

Sproti and Vöxtur are grants from the TDF for startups that have advanced past the concept stage

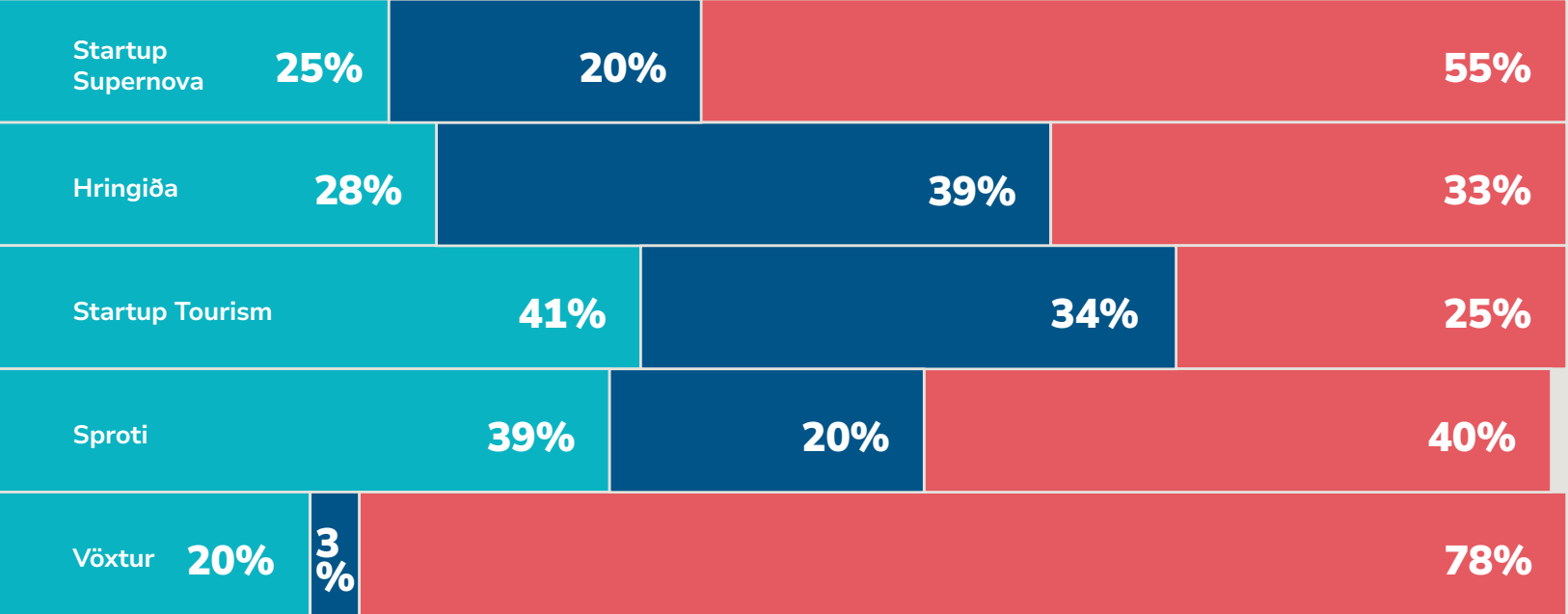
KLAk Icelandic
Startups



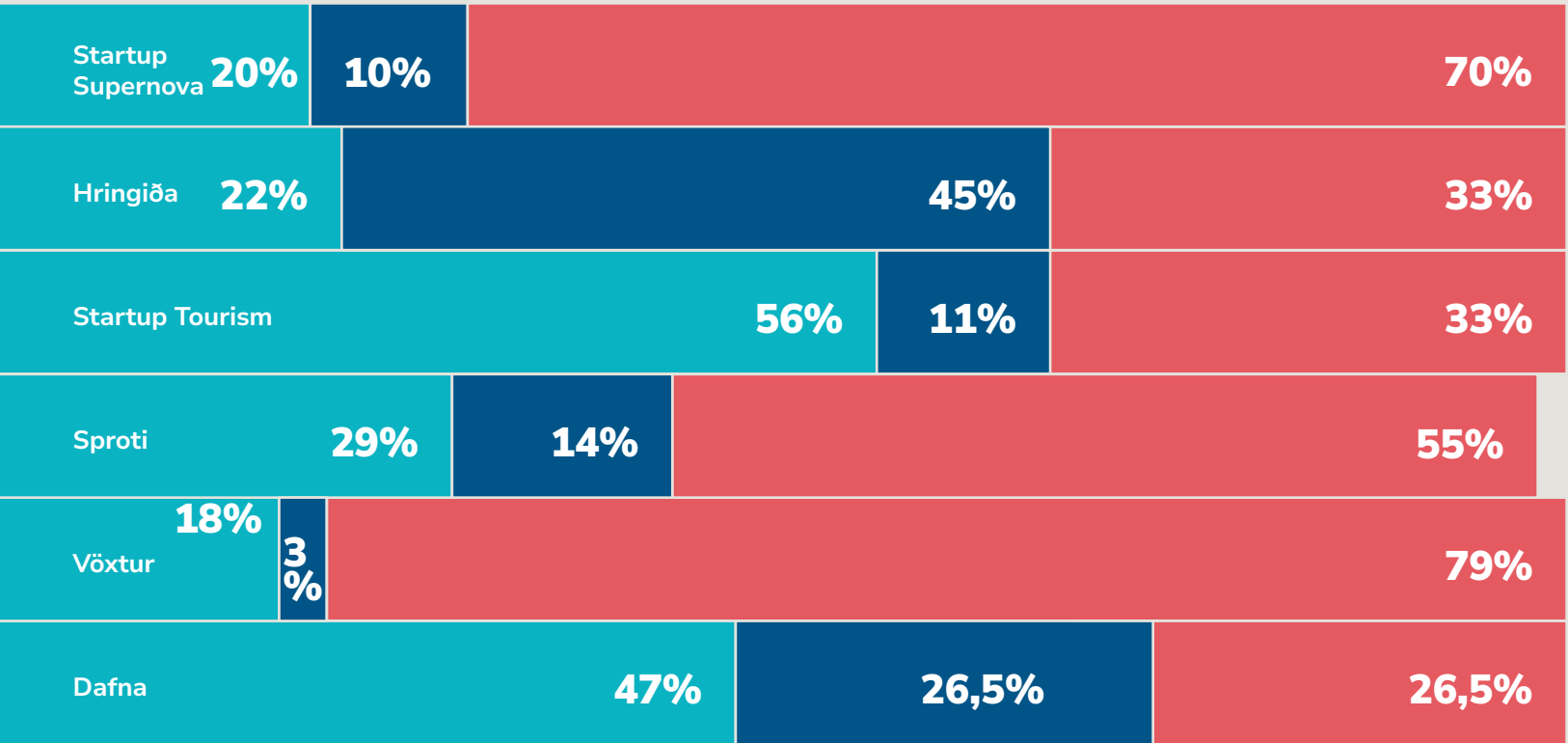
Individual applications at the concept stage



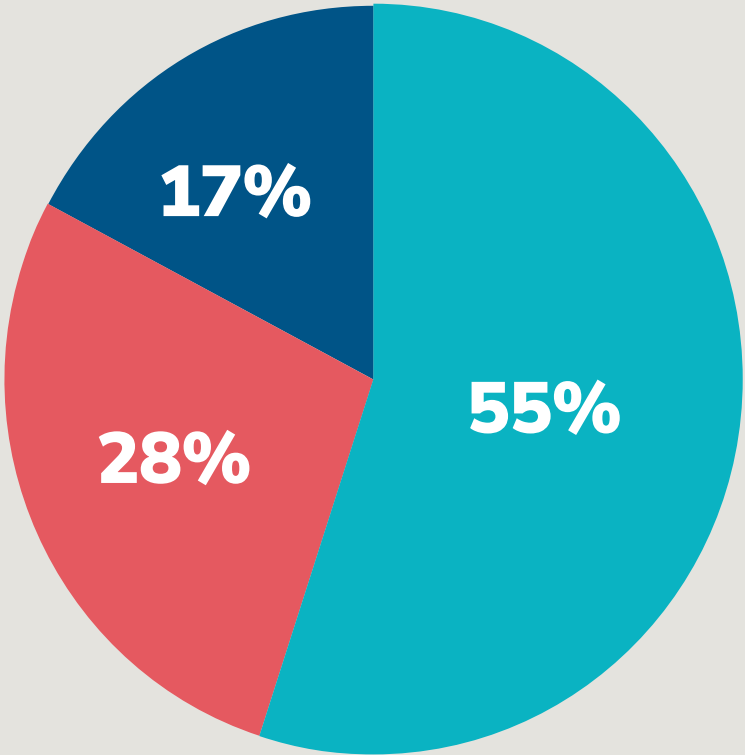
Applications to Accelerators and TDF grants



Projects accepted by accelerators and TDF



Deal flow to VC funds

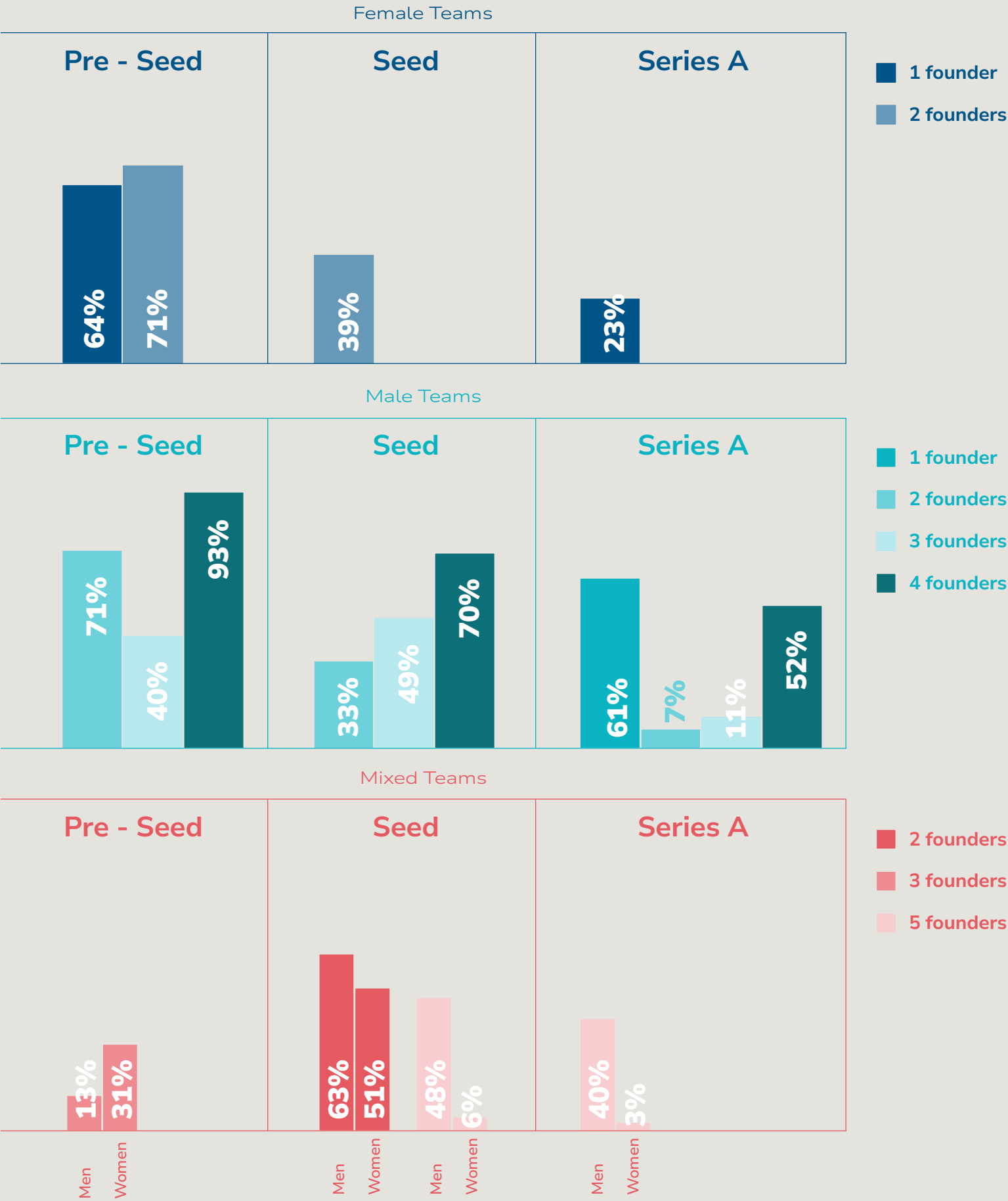


Male teams

Female teams

Mixed teams

Average founder ownership after investment in %



08

Employee development of innovation companies

Here you can see figures regarding the number of people employed by innovation companies in the portfolio of venture capital funds in Framvís. We also compile a plan for increasing the number of employees in this area. It should be noted that not all venture capital funds provided information for this section of the report.

2024

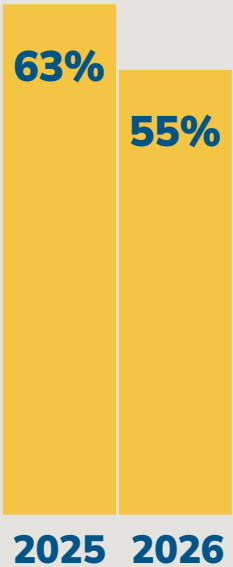
Distribution of employees by nationality and location



2025-2026

Estimated employee development in 2025-2026

Employee increase in Iceland



Employee increase abroad

