



*Moving the European
XR tech industry forward*

KEY FUNDING TAKEAWAYS

Total Funding in 2018 and Total Number of Deals

€ 233.26 million and 74 deals

Change in Total funding: -62.21% over 2017*

Change in Number of deals: -26.7% over 2017

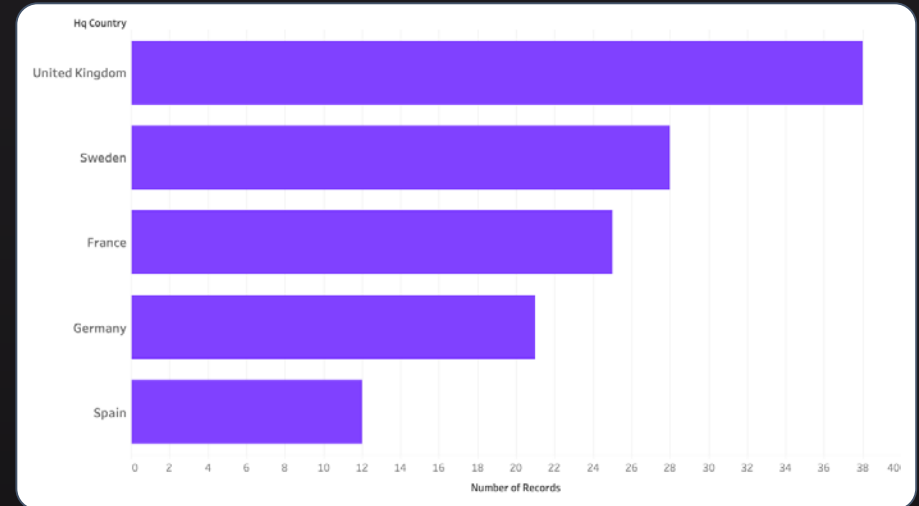
Top Funding Rounds (Q1 2015 - Q2 2019)



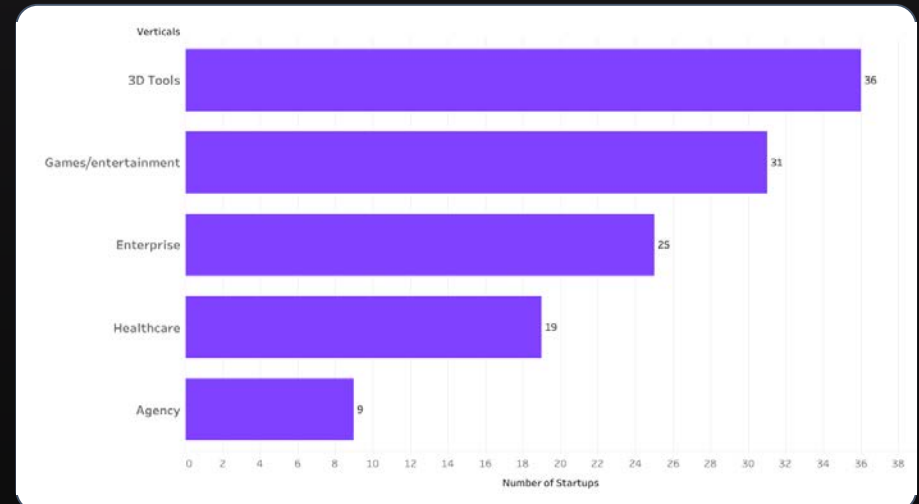
Top Investors (Q1 2015 - Q2 2019)



Top countries by number of deals
(Q1 2015 - Q2 2019)



Top categories by number of deals
(Q1 2015 - Q2 2019)



*Not including Improbable: -13.45% over 2017

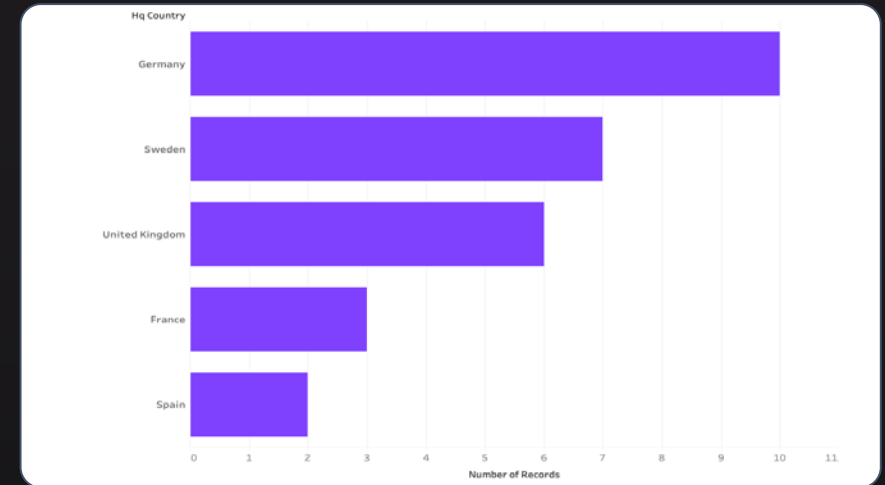
KEY EXIT TAKEAWAYS

Total Exit Volume in 2018

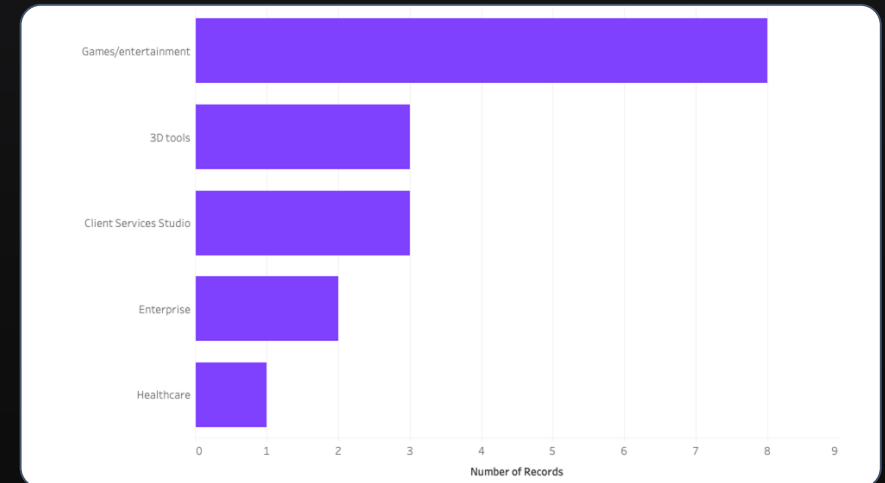
€ 395.8 million

+4.22% over 2017

Top countries by number of exits
(Q1 2015 - Q2 2019)



Top categories by number of exits
(Q1 2015 - Q2 2019)



Top XR Exits
(Q1 2015 - Q2 2019)



Top Acquirers
(Q1 2015 - Q2 2019)



VR/AR INVESTMENT ANALYSIS

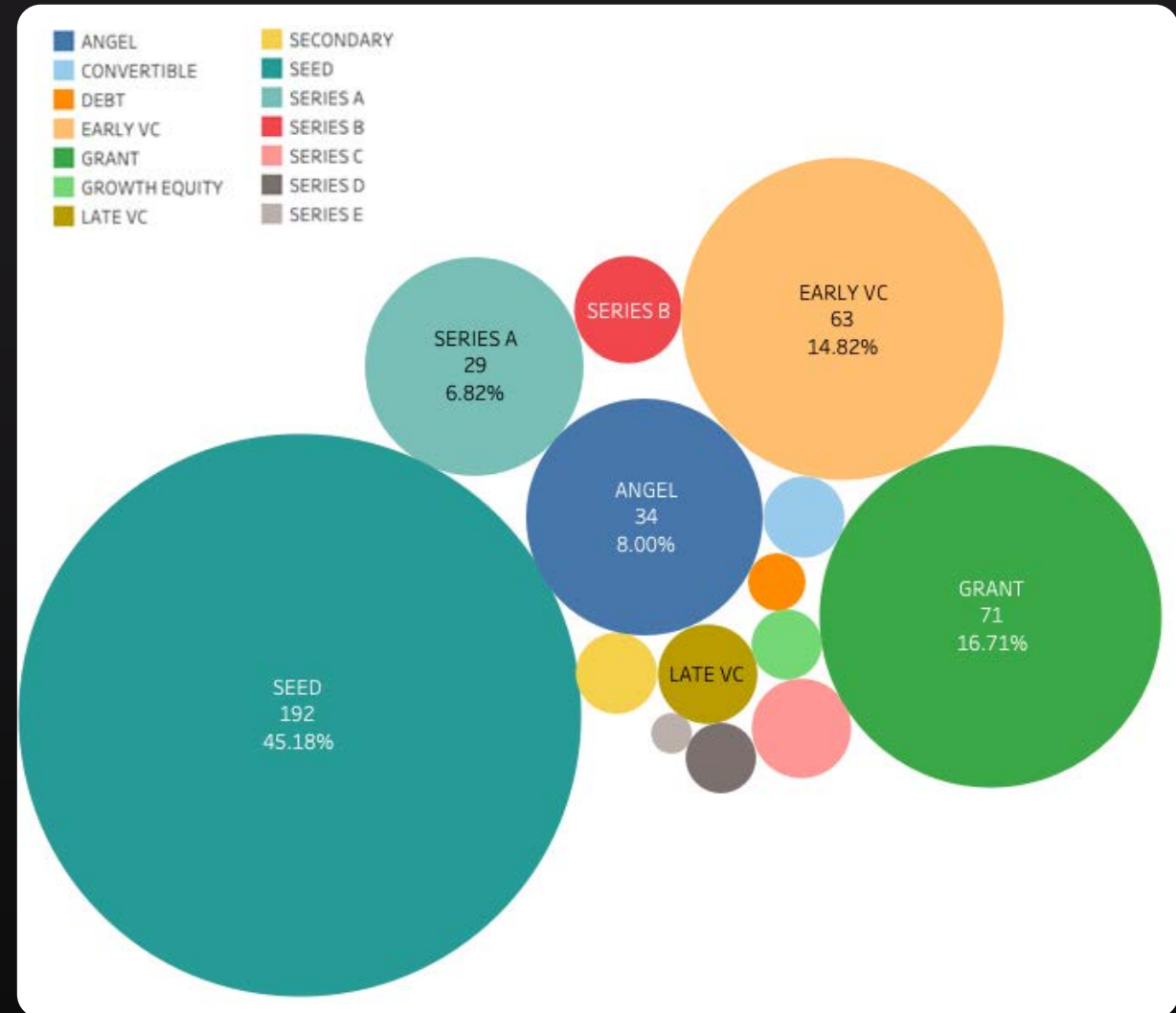
QUANTITATIVE ANALYSIS

Total investment rounds (q1 2015 - q2 2019)

- In total 357 investment rounds have been identified.
- In Europe, XR startups are most likely to raise funds at Seed stage. However state support mainly from through grants is key for the industry.

Dealroom's classification:

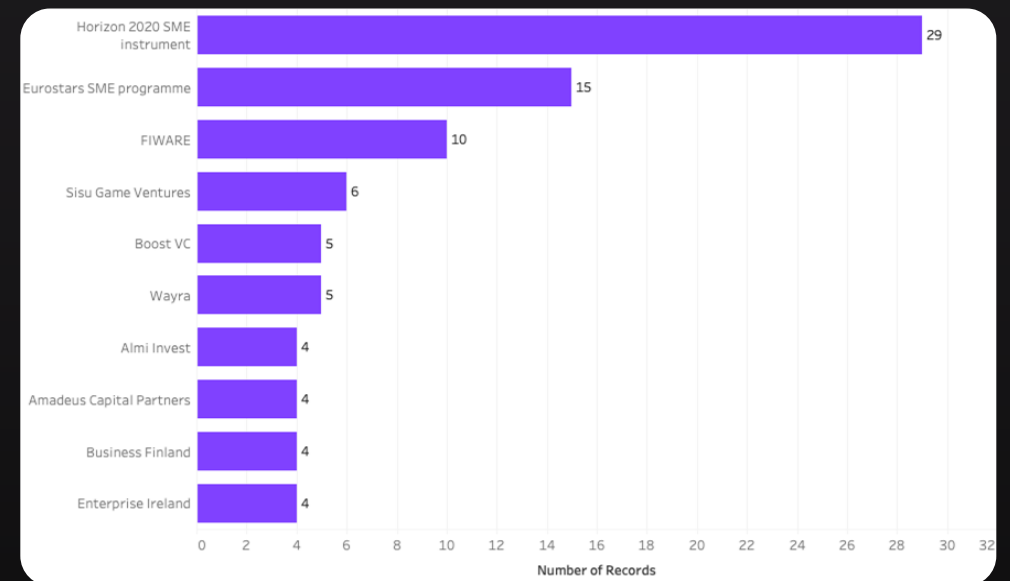
- **Angel:** When an angel investor made the investment.
- **Early VC:** When the round type is not mentioned and the amount is between 2 & 20 €Million.
- **Grant:** Government grant, Incubator grant or University Grant.
- **Growth Equity:** Investment made by the private equity firms (round >20 €Million).
- **Seed:** 0-2 €Million Deals. When the round happened 0-2 years of the foundation.



QUANTITATIVE ANALYSIS

Top 10 investors by number of transactions (Q1 2015 - Q2 2019)

- Two European initiatives rank first and second as top investors: Horizon 2020 and the Eurostar SME program.
- The Eurostar SME program is a European Joint Programme dedicated to stimulating R&D performing SMEs, follows Horizon 2020 with 15 deals less. A startup worthy to mention in which they invested is Labster.
- Sisu Games Ventures follows with 6 investments. Important investments to highlight are Varjo and in Vizor.



Location	Investor
EU	Horizon 2020 SME instrument
	Eurostars SME programme
	FIWARE
Finland	Sisu Game Ventures
	Business Finland
United States	Boost VC
United Kingdom	Wayra
Sweden	Almi Invest
UK	Amadeus Capital Partners
Ireland	Enterprise Ireland

QUANTITATIVE ANALYSIS

Geography of startups that received funding (Q1 2015 - Q2 2019)

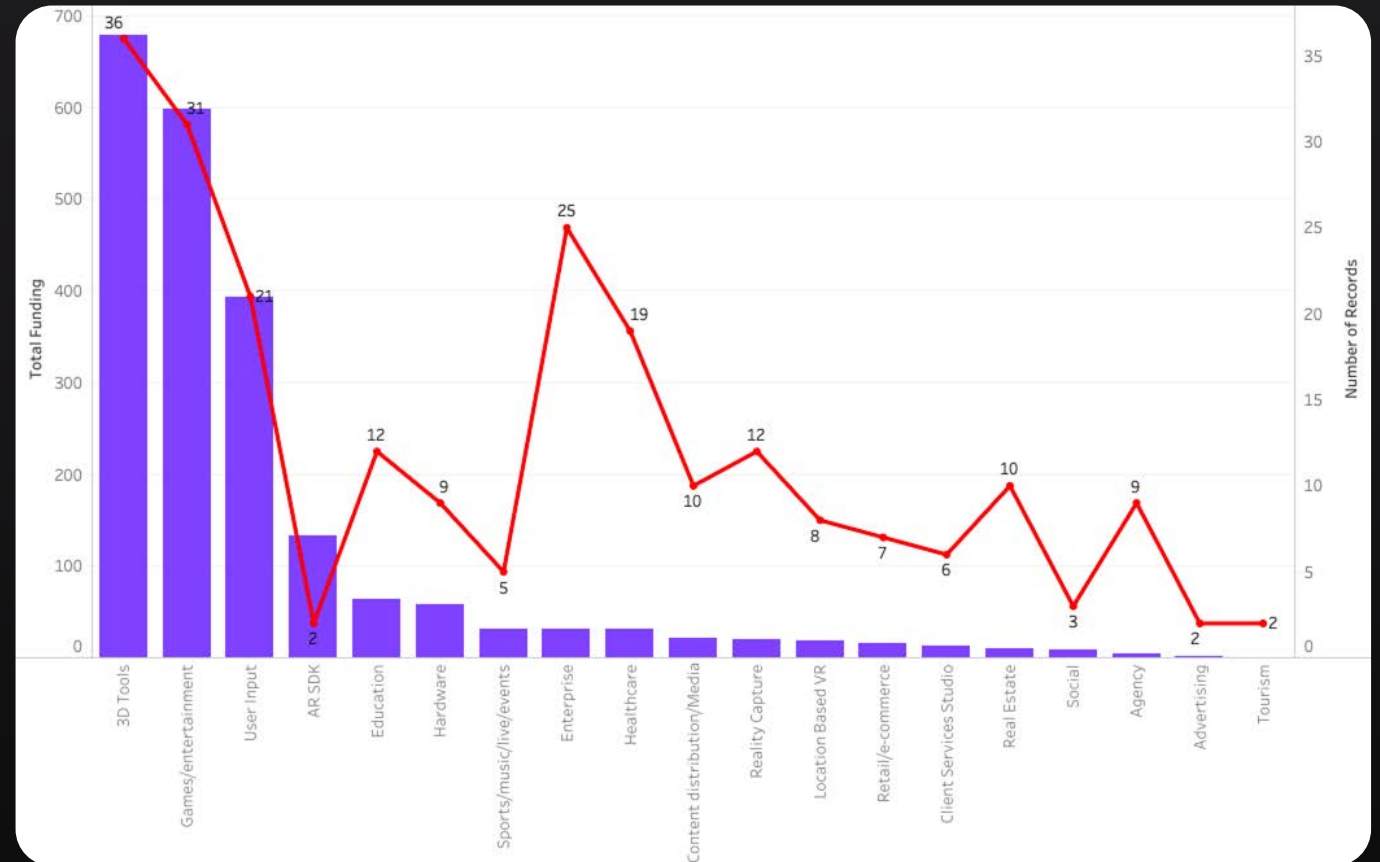
- The total number of startups that received funding is 232.
- The United Kingdom and Sweden rank number 1 and 2 respectively. Many important XR startups are based there: Improbable (UK), Ultrahaptics (UK), Starbreeze (SE) and Tobii Technology (SE). All of them recently secured large amounts of funding.
- Although a high number of startups are based in Germany (99), those companies were relatively less successful in securing funding.



QUANTITATIVE ANALYSIS

Top verticals in terms of funding (Q1 2015 - Q2 2019)

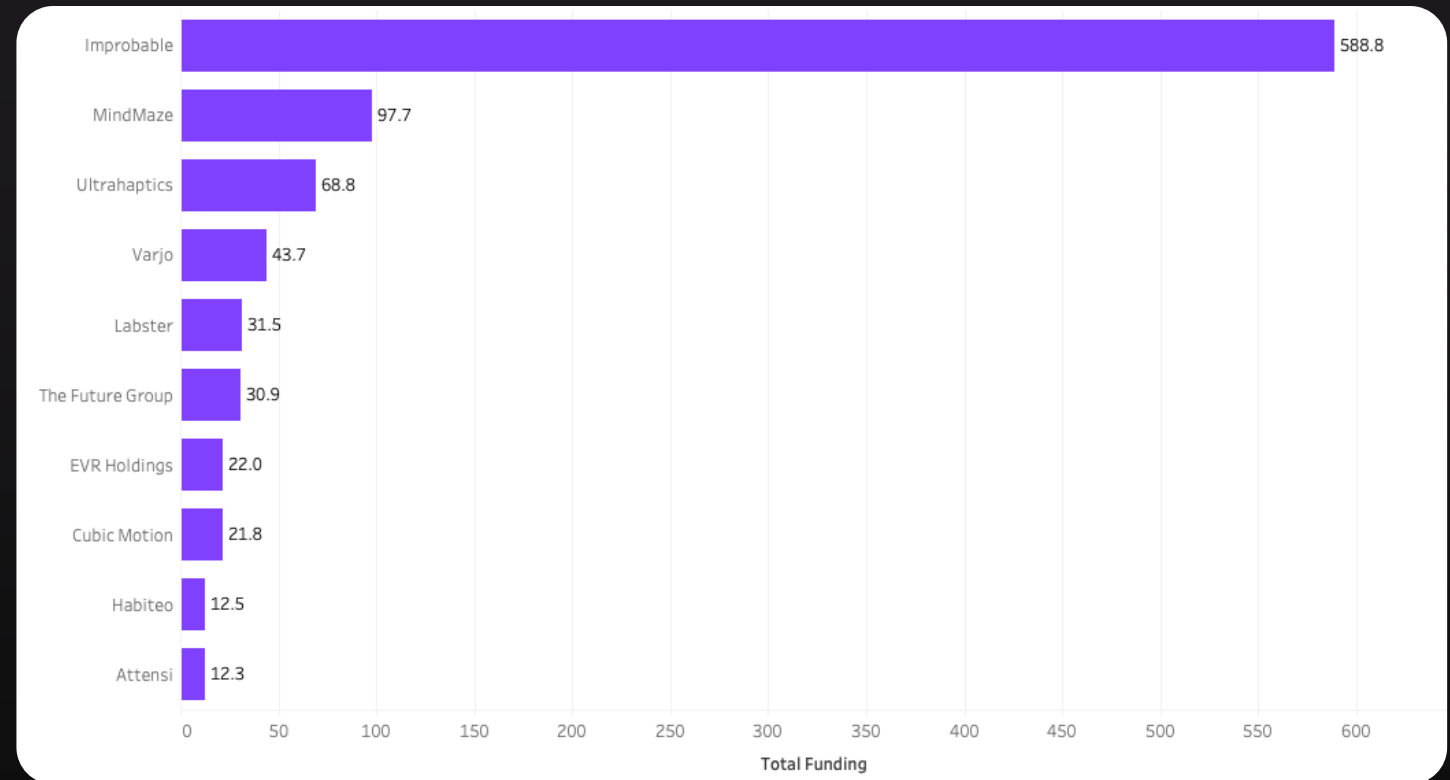
- Among the verticals that rank high in terms of funding is “3D Tools” and ‘User input’. However the data is biased due to the large funding received by Improbable and Mindmaze.
- The verticals “Enterprise”, “Healthcare” and “Content distribution/media”, comparatively show a low amount in total funding compared to the number of records.
- As for ‘Agency’ it is important to note that these businesses are less relevant for investors. An assumption that can be made is that the 9 transactions were linked to a company that originally had a product focus. In this way, they attracted funding, but due to market challenges they pivoted to a service oriented business.



QUANTITATIVE ANALYSIS

Top startups with the highest funding (Q1 2015 and Q2 2019)

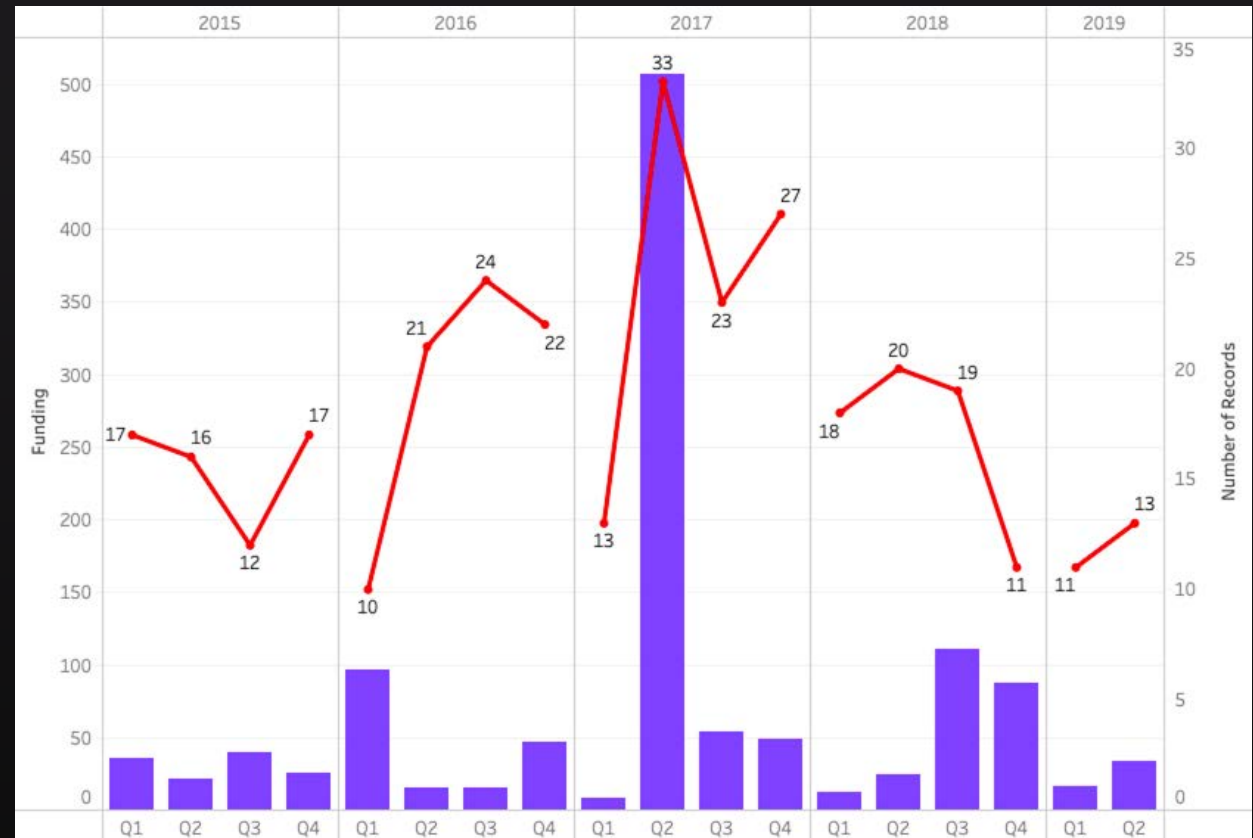
- Improbable, the UK based startup, had the largest total funding amount, with a staggering €588.8 million in total.
- The Swiss user input startup MindMaze comes in second with €97.7 million.
- The UK user input startup Ultrahaptics follows with a total funding close to €68.8 million in the given period.



QUANTITATIVE ANALYSIS

Funding by quarters (Q1 2015 and Q2 2019)

- Because of the record-breaking round of funding by the UK based company Improbable in Q2 2017, this quarter takes the lead with a total of €500 million. It is remarkable that this quarter also leads in terms of number of deals i.e. 33.
- Q1 2017 on the other hand, knows the lowest amount in funding at €20 million. Nonetheless, this quarter recorded 13 deals which is not the lowest amount of deals compared to the other quarters.
- The lowest number of deals took place in Q1 2016 with 10 deals in total, however the overall funding amount was relatively high i.e €100 million.



NOTABLE XR FUNDING ROUNDS



Total Funding

€ 547.27 million



Name of the Company	Improbable
Location	London, UK
VR type	3D Tools
Founded in	2012
Employees	243
Total Funding	€ 547.27 million
Main investors	Andreessen Horowitz LocalGlobe, Conversion Capital, SoftBank, Horizons Ventures, Amadeus Capital Partners, David Rowan, Temasek, NetEase
Most recent funding round	€ 45.45 million (July 2018)

NOTABLE XR FUNDING ROUNDS



Total Funding

€ 98.61 million

Name of the Company	MindMaze
Location	Lausanne, Switzerland
VR type	User Input
Founded in	2012
Employees	584
Total Funding	€ 98.61 million
Main investors	Hinduja Group, Leonardo DiCaprio, Venture Kick
Most recent funding round	September 2017

NOTABLE XR FUNDING ROUNDS



Total Funding

€ 42 million



Name of the Company	Ultrahaptics
Location	Bristol, UK
VR type	User Input
Founded in	2013
Employees	100
Total Funding	€ 78.89 million
Main investors	Woodford Investment Management, IP Group PLC, Dolby Family Ventures, Cornes, Horizon 2020 SME instrument, Horizon 2020 FET (Future and Emerging Technologies), Mayfair Equity Partners, Hostplus.
Most recent funding round	€ 42 million (December 2018)

NOTABLE XR FUNDING ROUNDS



Total Funding

€ 38.01 million



Name of the Company	Varjo
Location	Helsingfors, Finland
VR type	Hardware
Founded in	2016
Employees	250
Total Funding	€ 38.01 million
Main investors	Presence Capital, EQT Ventures, Sisu Game Ventures, John Lindfors, Bragiel Brothers, Lifeline Ventures, The Venture Reality Fund (The VR Fund), Foobar Technologies, Business Finland, Horizon 2020 SME instrument, Atomico;Next47
Most recent funding round	€ 28.18 million (October 2018)

NOTABLE XR FUNDING ROUNDS



Total Funding

€ 24 million



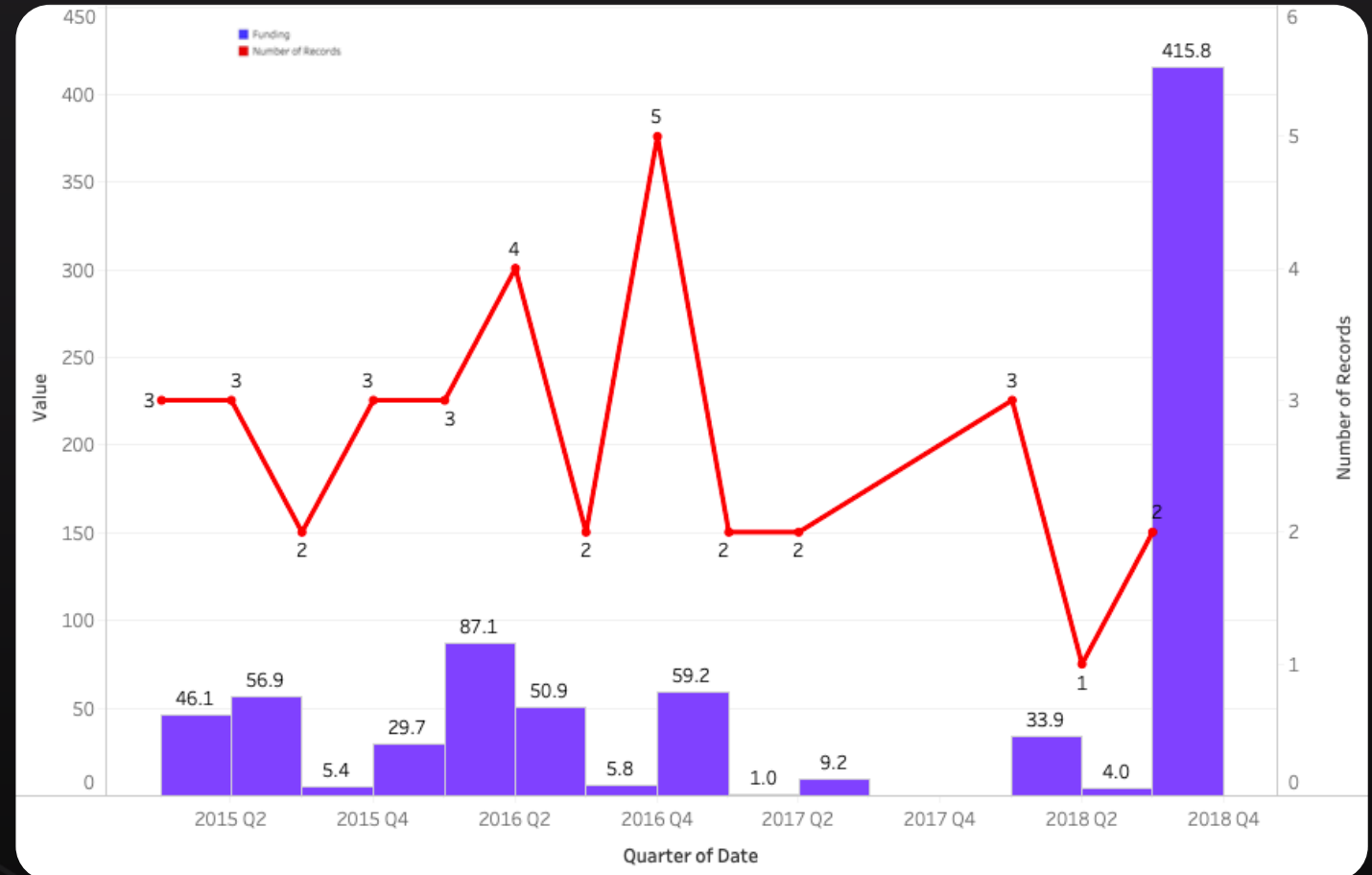
Name of the Company	Cubic Motion
Location	Manchester, UK
VR type	Games/entertainment
Founded in	2009
Employees	50
Total Funding	€ 24 million
Main investors	NorthEdge Capital
Most recent funding round	€ 21.8 million (September 2017)

VR/AR EXIT ANALYSIS

EXIT ANALYSIS

Exit by quarter (Q1 2015 and Q2 2019)

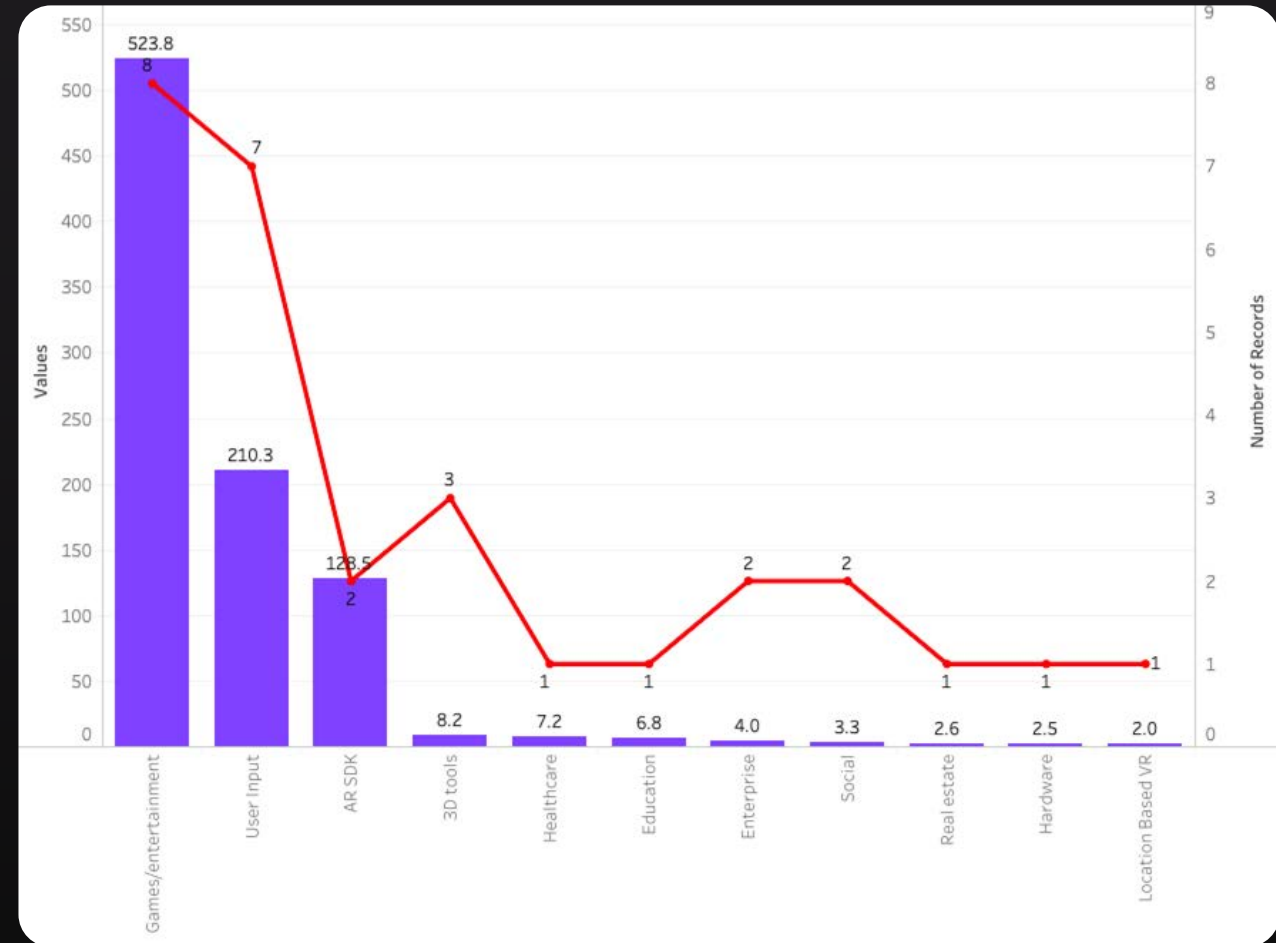
- Before Q3 2018 exit values were fairly constant with exits values not greater than €100 million.
- Q3 2018 saw the greater exit in terms of value. This is due to CCP games €386.36 million acquisition by Pearl Abyss.
- 2016 saw the exit of 14 startups, while in 2017 there were only 8.



EXIT ANALYSIS

Exit by category (Q1 2015 and Q2 2019)

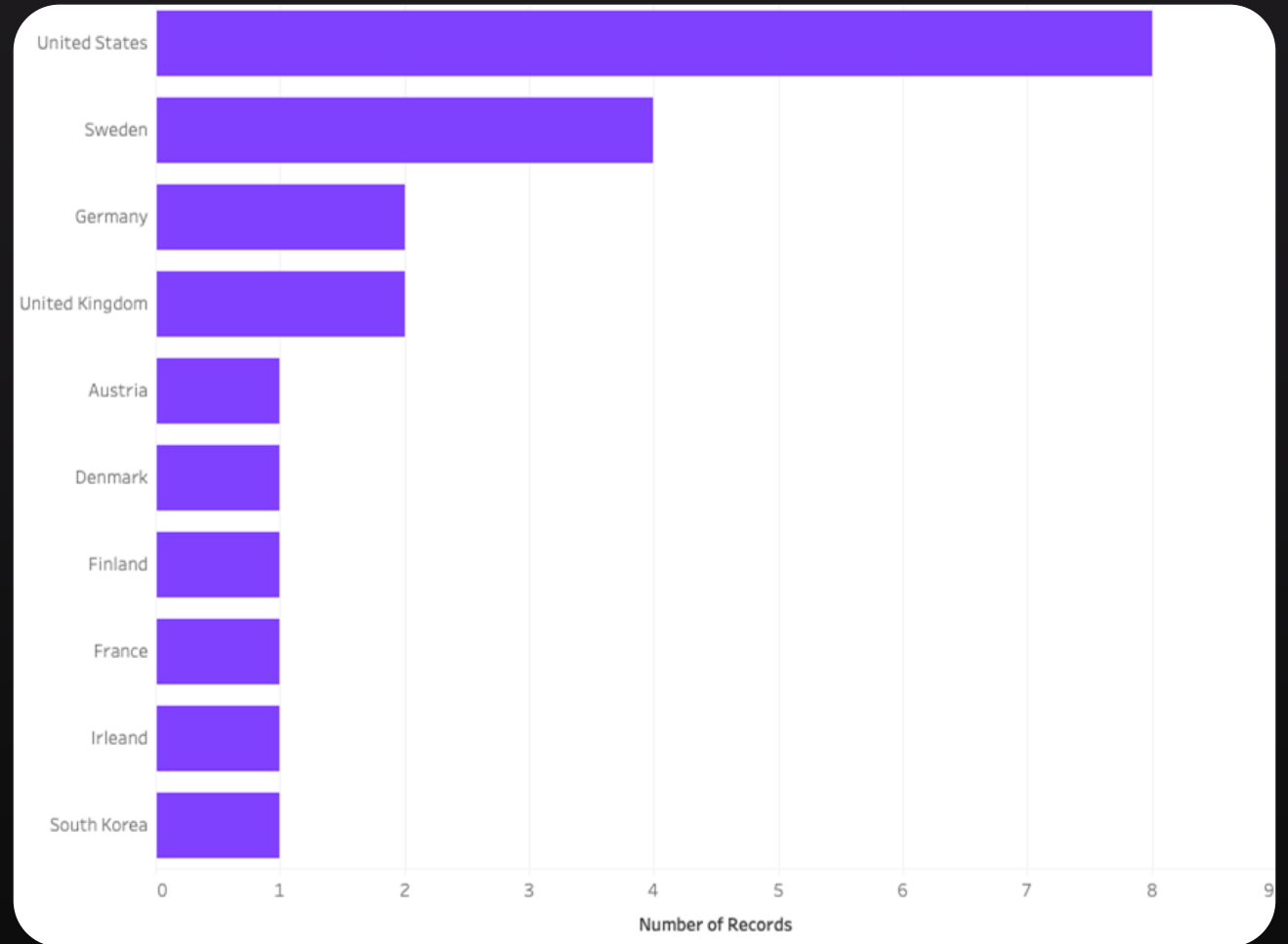
- Games/entertainment ranks first largely due to acquisition of CCP Games. This category is also the one with the highest number of exits: 8.
- User input is the second vertical in terms of exits value: in this category Obvious Engineering and Tobii Technology are found.
- 3D Tools has a low disclosed exit value, then again the number of recorded acquisitions is relatively high.



EXIT ANALYSIS

Location of acquirer company (Q1 2015 and Q2 2019)

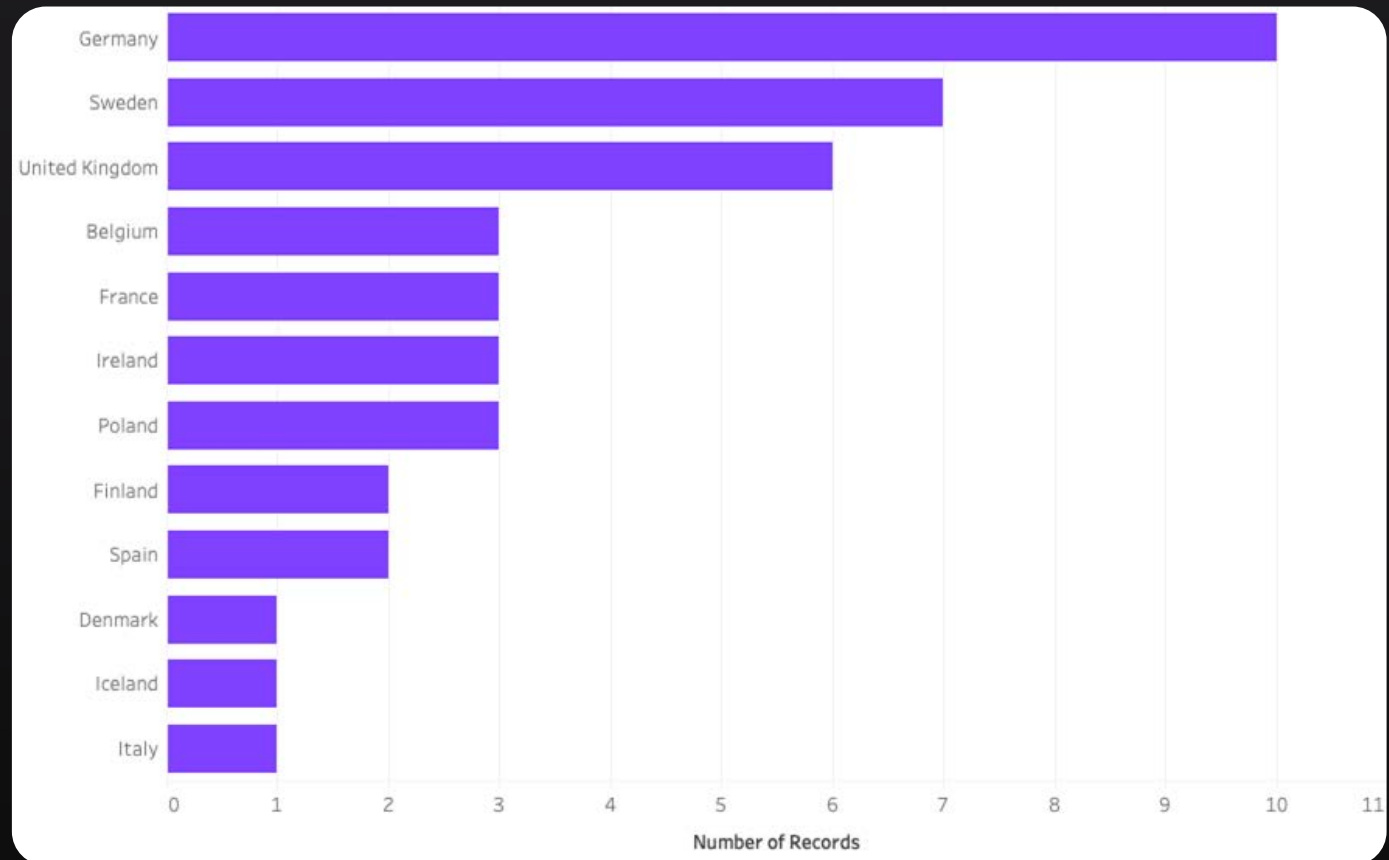
- Institutions based in the United States acquired the highest number of EU XR startups: 8. Top corporations such as Oculus, Apple and Google make up the roster of American tech giants buying innovative European companies.
- Institutions based in Sweden acquired 4 companies.
- Institutions in United Kingdom and Germany acquired two.



EXIT ANALYSIS

Location of acquired companies (Q1 2015 and Q2 2019)

- Germany is home to the largest number of startups that exited at 10, while Sweden is closely behind with 7.
- United Kingdom closely follows Sweden with the disclosure of 6 companies, among which is interesting to recall Blippar and Obvious Engineering.
- Italy, Iceland and Denmark each saw only 1 exit since 2015. However, Iceland saw one of the most remarkable exit given the fact that CCP games had the HQ in this country





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