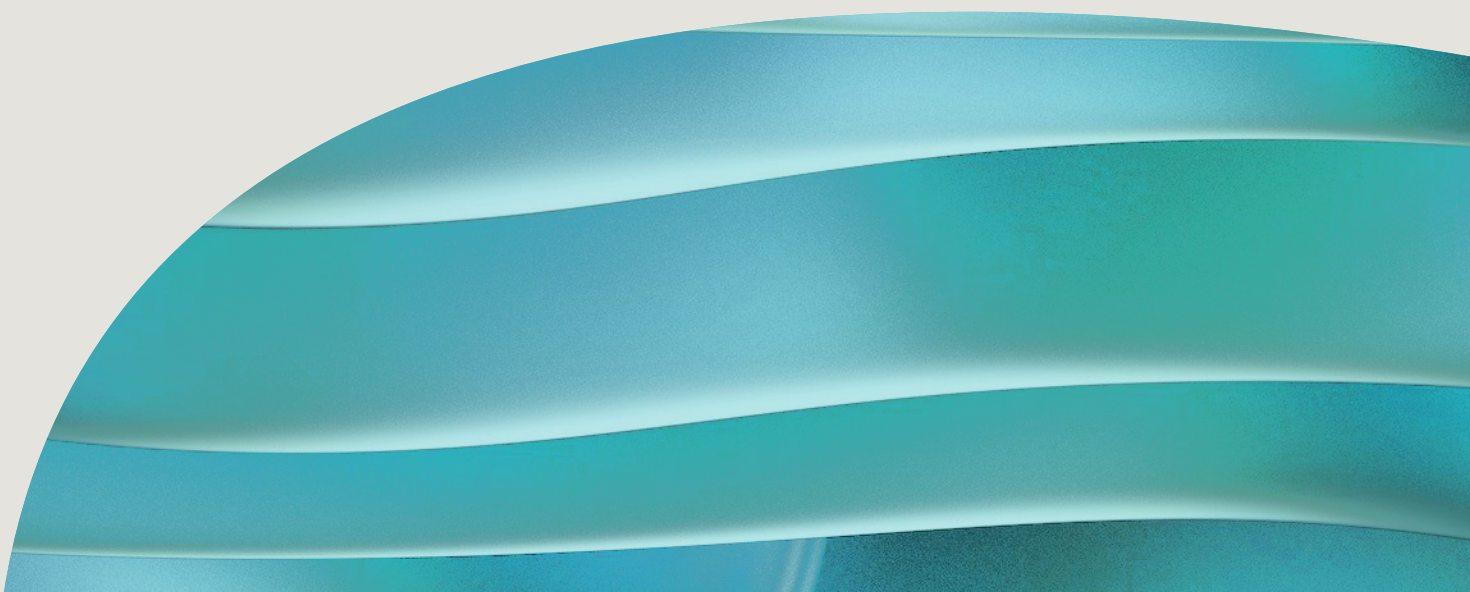




In collaboration with KPMG, April 2024

# Startup funding

2023 in numbers



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

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

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## Definition

### Mixed teams

Companies in which the VC and angel funds have invested that include both male and female founders.

### Female teams

Companies in which the VC and angel funds have invested that include solely female founders.

### Male teams

Companies in which the VC and angel funds have invested that include solely male founders.

### Angel funds

The angel funds that provided information for this report are: Tennin, Nordic Ignite, MGMT Ventures, Pretium, Investa and Brekkubbyggð.

### VC funds

The VC funds that provided information in making this report are: 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 a report on venture capital investments in Iceland for the third consecutive year. This report aims to increase transparency concerning VC and angel fund investments, demonstrate the extent of investments in innovation and startups in Iceland, and provide real-world data for ongoing discussion on investment and innovation\*.**

In 2023 the innovation environment was characterized by global economic uncertainty. Inflation and rising interest rates have had a negative impact on startups in Iceland and abroad. In a year of few exits two landmark events took place in the Icelandic startup scene, the sale of Kerecis to Coloplast for USD 1,3 billion and the listing of Oculis on the Nasdaq stock exchange in New York. These significant events marked a turning

point in Icelandic innovation since the new beginning of the Icelandic VC scene in 2015 with the introduction of three venture capital funds financed primarily by Icelandic pension funds in 2015. A decade of sustained grassroots efforts in the Icelandic environment scene has resulted in this positive development. Building a successful innovation environment takes time, and unicorns are not created overnight.

\* The data only includes members of Framvís

The number of investments in Icelandic startups decreased last year. Some investors held back due to expectations of a worsening market outlook following the historic upswing in 2021 and 2022. During this period, investors became more cautious and investment terms more restrictive. Startups have generally postponed seeking investors for additional capital, as can be seen from the fact that fewer startups were seeking funding in 2023. This caution and the wait for more balance has caused new companies to find new ways of advancing without relying solely on investments from VC and angel funds.

Icelandic VC funds invested in 31% fewer startups in 2023 than in 2022, or 33 compared to 48. The total amount invested was ISK 4 billion, compared to ISK 10 billion in the previous year, which represents a 60% decrease. Despite this reduction, foreign investors increased their investment in Icelandic startups. Last year, foreign co-investors with members in Framvís invested nearly ISK 28 billion, which

is almost a threefold increase from the previous year. In total, foreign co-investors of Framvís members are nearly 200, and they have invested more than 70 billion ISK in Icelandic startups from the year 2015.

The main upgrade in this year's report is the addition of angel fund data, exit data, foreign co-investor data, the division of investment by stage and the division of ownership by gender in mixed teams.

Detailed descriptions of angel fund investments, company sales by Icelandic entrepreneurs, foreign investment in Icelandic innovation companies, stage-based investments, and gender-based ownership divisions of founders in mixed teams are included in the 2023 report.

Changes have been made to the presentation of data in order to enhance transparency and understanding of the venture capital investment environment in Iceland.



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<b>05</b>	VC funds in Framvís
<b>06</b>	Comparison with previous years
<b>07</b>	Portfolios of VC and angel funds
<b>08</b>	Investment managers and boards

# 01 2023: Investments in numbers

In the year 2023 more than 4 billion was invested in Icelandic startups

## Total amount invested

### VC funds:

# 3.883.699.377

### Angel funds:

# 617.907.377

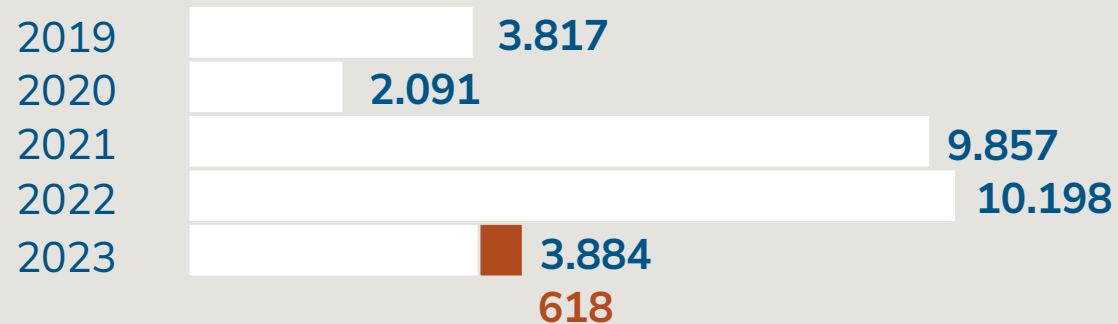
The chart below shows the aggregate sum of the VC funds' total investments in the years 2019 through 2023. In the 2023 data investments from angel funds have also been included. The number of investments made in 2023 were 33 by VC funds and 28 by angel funds. Taking into consideration the figures from angel funds, it is important to note that this is raw data and only investments led by angel funds are included. Therefore, any investments made by angel funds and VC funds together are not included in the angel fund data.

Number of companies invested in:

# 33

# 28

Total investment (million ISK)



## Total investment by VC and angel funds 2023

	Amount	Number
--	--------	--------

### Pre - Seed <100 m.isk

New investments	252.752.500	8
	25.121.518	8
Follow-on investments	80.525.850	4
	186.733.225	12
Total	333.278.350	12
	441.854.743	20

### Seed >100 m

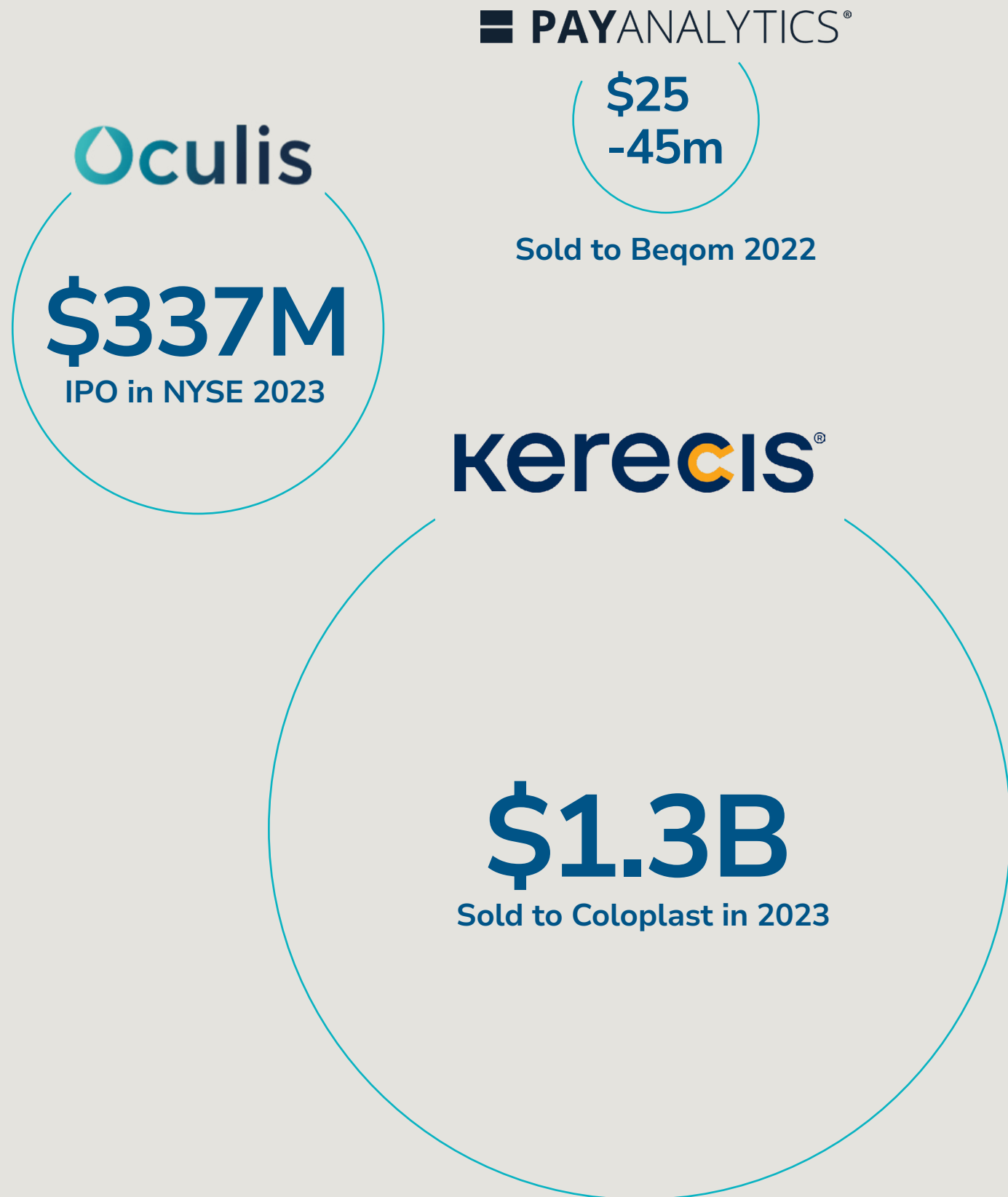
New investments	527.384.402	5
	796.337.126	6
Follow-on investments	69.914.000	4
	1.323.721.528	11
Total	69.914.000	4

### Series A and above

New investments	1.082.000.000	3
	50.588.634	2
Follow-on investments	1.144.699.499	7
	55.550.000	2
Total	2.226.699.499	10
	106.138.634	4

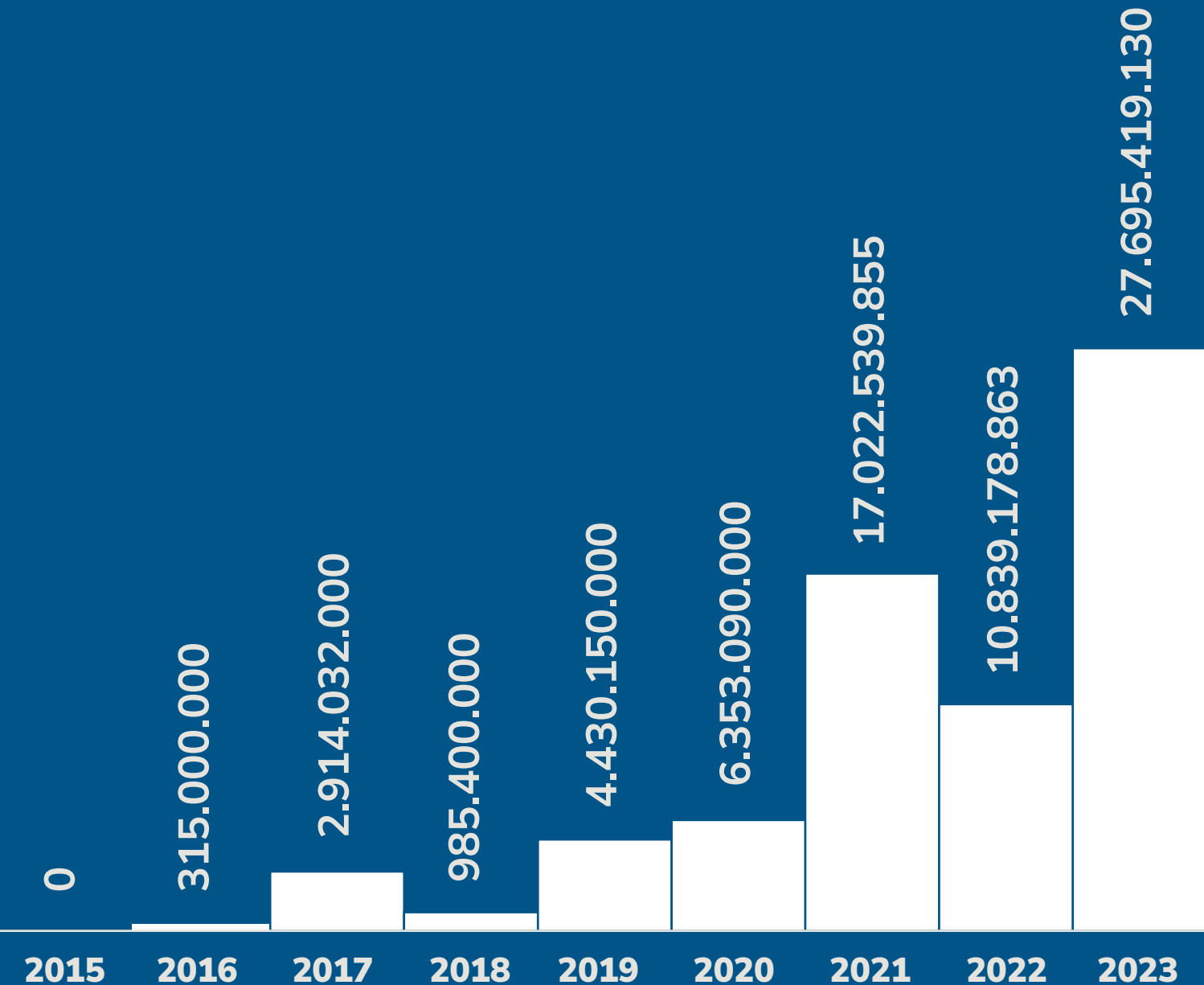
VC funds  
Angel funds

## Icelandic startup EXITS in 2023



## Foreign co-investments in Icelandic startups 2015-2023

# Total investments: 70.554.809.848 ISK



VC funds



# 02

# 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.

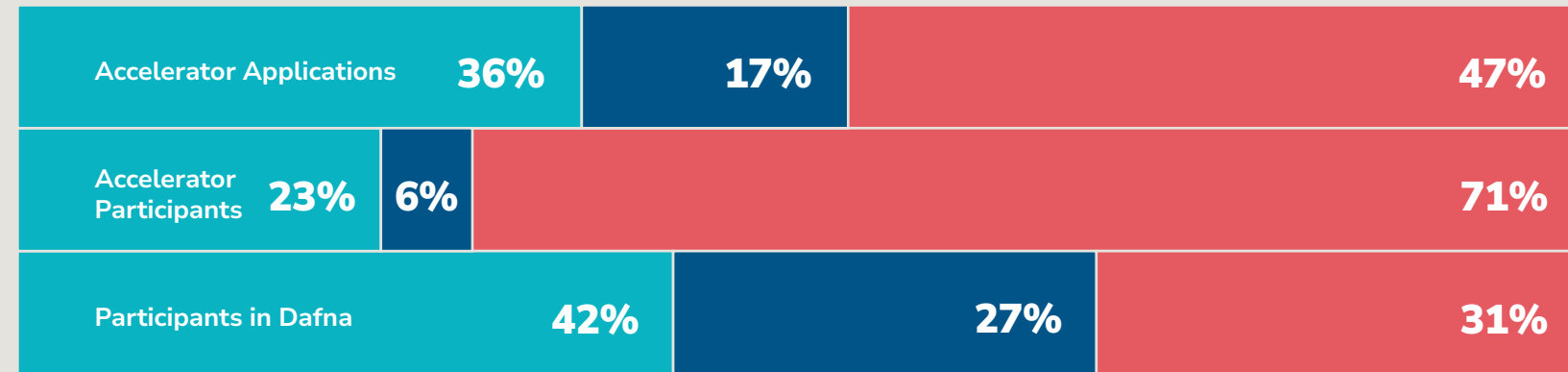
In the category support we consulted with KLAKE - Icelandic Startups, which is the largest supporter of entrepreneurs in Iceland. KLAKE led the business accelerators Startup Supernova and Hringiða last year as well as the support project Dafna, in collaboration with Rannís, which supports entrepreneurs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

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

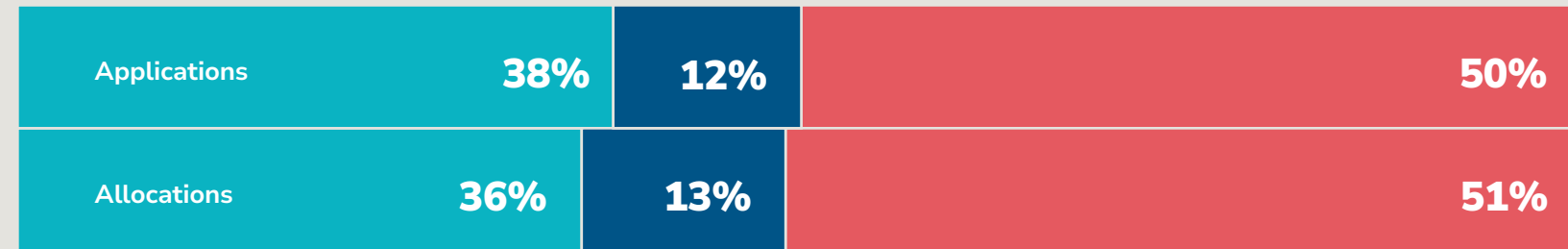
Data from angel funds is analyzed by the ratio of male, female and mixed teams in deal flow and number of investments.

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

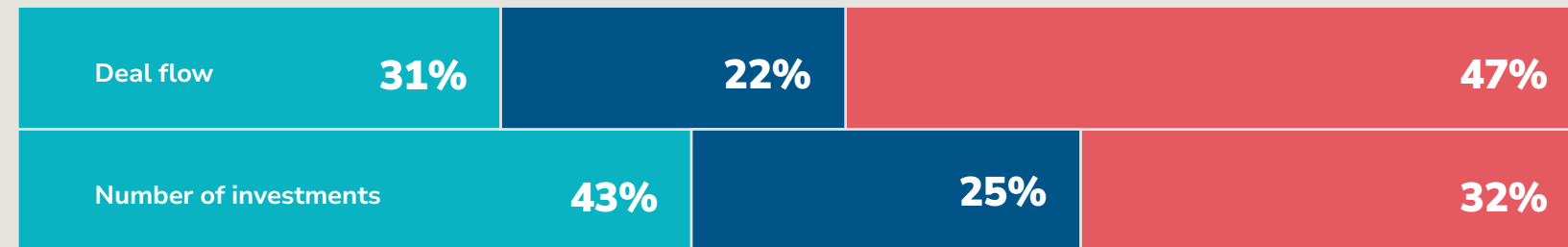
## Support



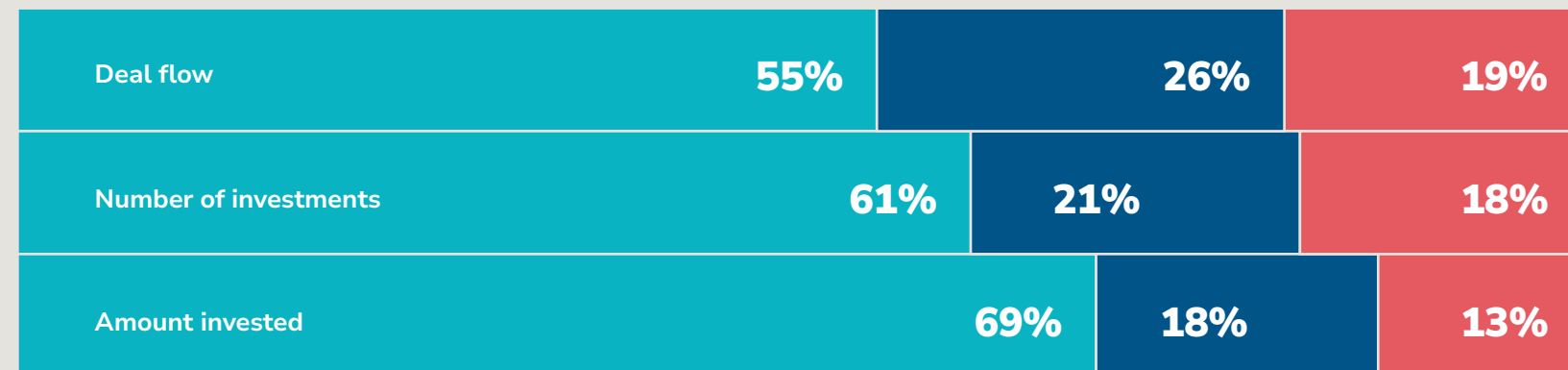
## Grants



## Angel funds



## VC funds



# 03

# Insights from the support environment

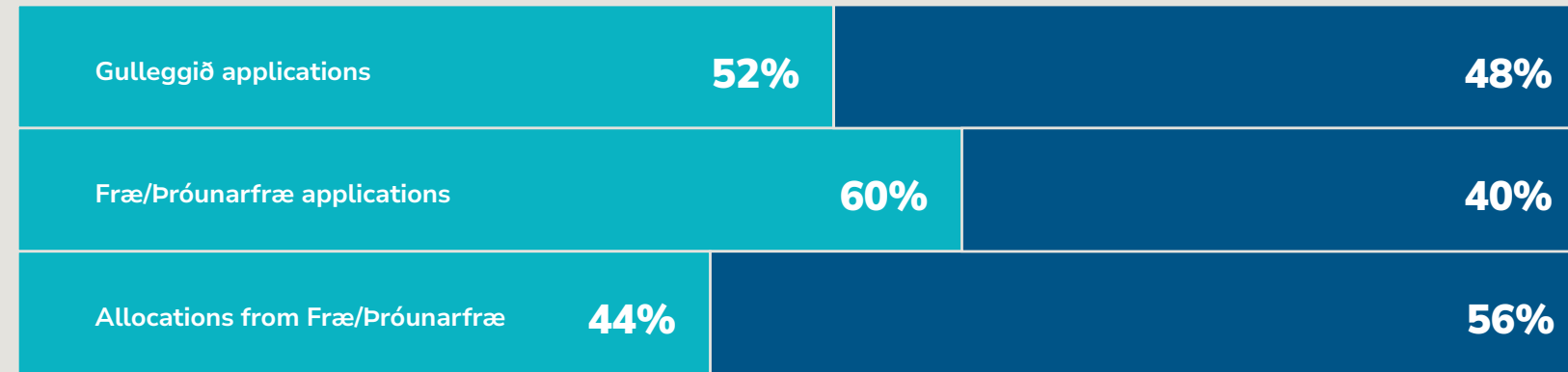
Here is a further analysis of gender ratios from data provided by KLAK and the TDF, both of which are important pillars of the Icelandic innovation support system.

Gulleggið is the oldest entrepreneur competition in Iceland and is aimed at early-stage founders. Fræ/Próunarfræ is a grant from the TDF for entrepreneurs in the concept stage.

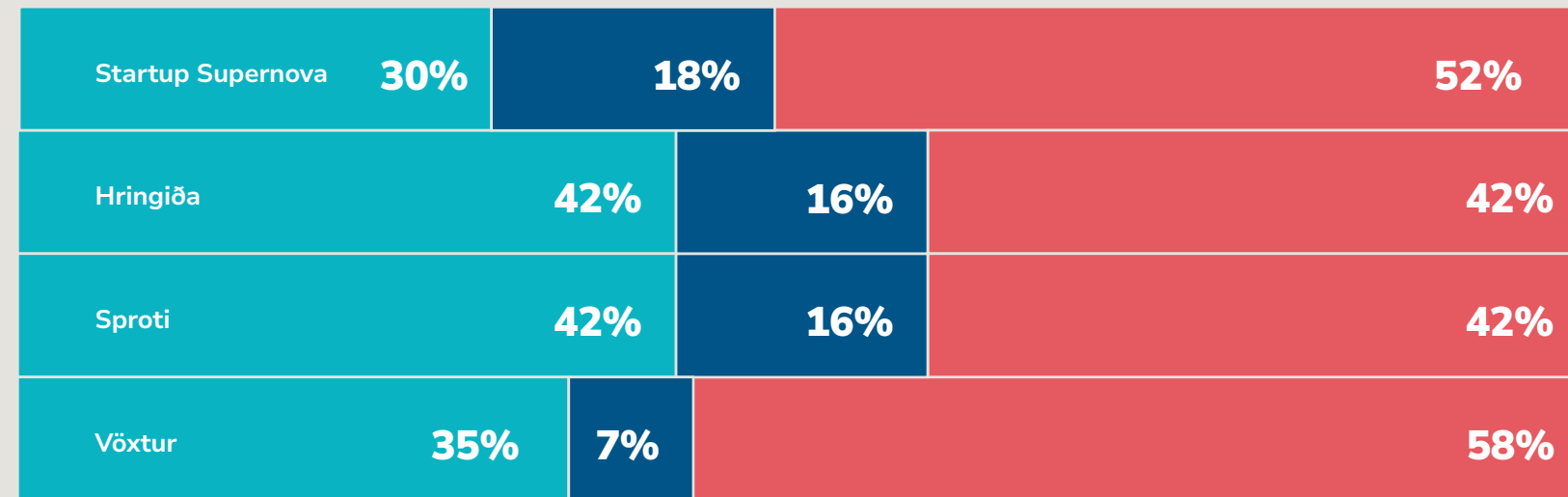
Sproti and Vöxtur are grants from the TDF for startups that have advanced past the concept stage.



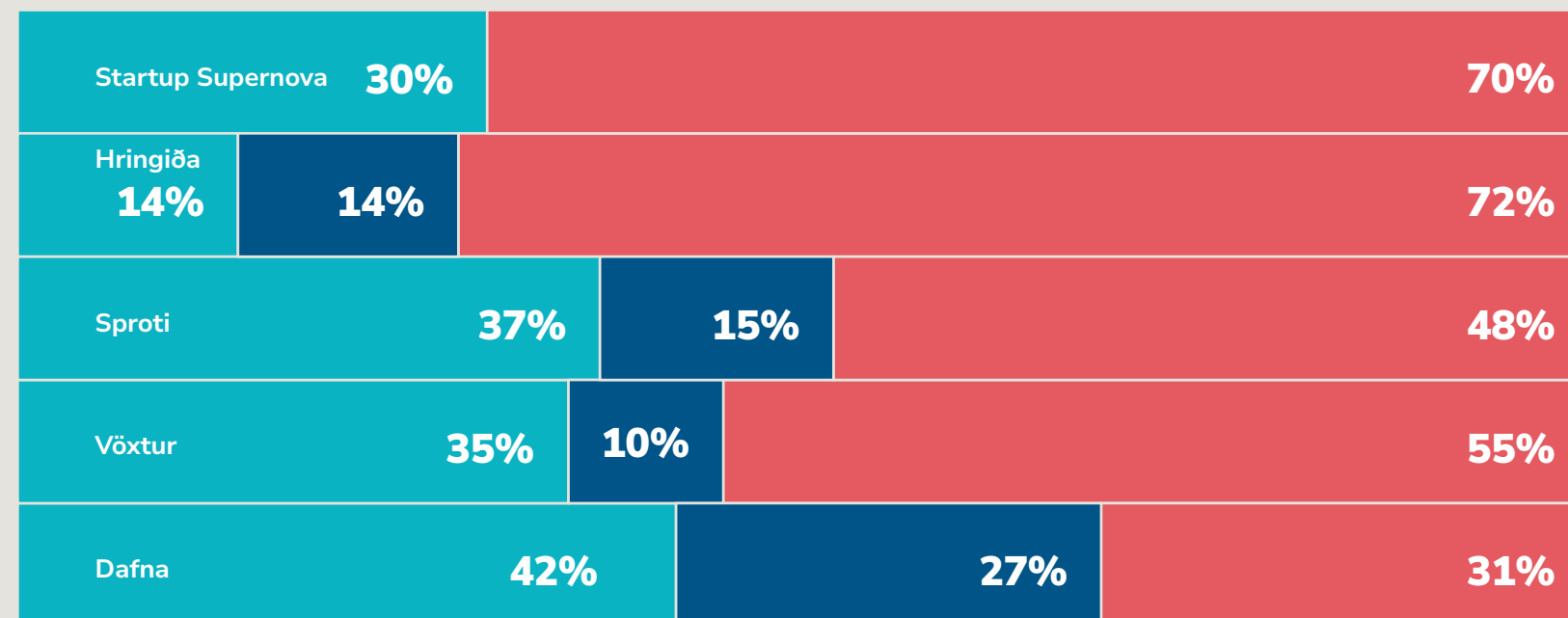
## Individual applications at the concept stage



## Applications to Accelerators and TDF grants



## Projects accepted by accelerators and TDF





# Angel funds in Framvís

This is an updated report based on the one prepared by KPMG for Framvís in 2022. The purpose of this report is to demonstrate the extent of investments in startups in Iceland by angel and VC funds. Framvís also seeks to provide a foundation for further dialogue that can accelerate enhanced equality in investments.

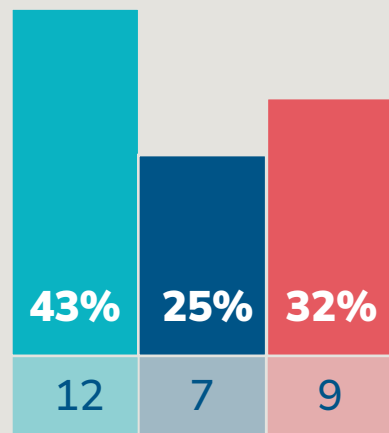
This analysis on gender equality in venture capital financing in Iceland is based on taxonomy which collects binary gender data. In the future the aim is to expand the coverage to be inclusive of other gender identities for more accurate reporting.

Furthermore, it is important to review equality from a broader perspective and include factors other than gender. In future reports work will be undertaken to collect a broader set of data with the aim of increasing equality overall.

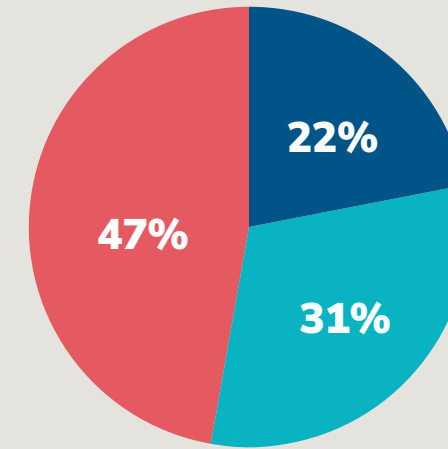
## Total investment by Angel funds: 617.907.377

Number of companies invested in:

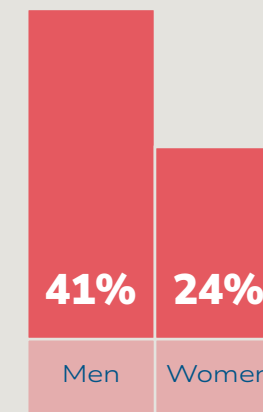
28



### Deal flow to Angel funds



Investments by angel funds in mixed teams. Average ownership of male and female founders.



# VC funds in Framvís

This is an updated report based on the one prepared by KPMG for Framvís in 2022. The purpose of this report is to demonstrate the extent of investments in startups in Iceland by angel and VC funds. Framvís also seeks to provide a foundation for further dialogue that can accelerate enhanced equality in investments.

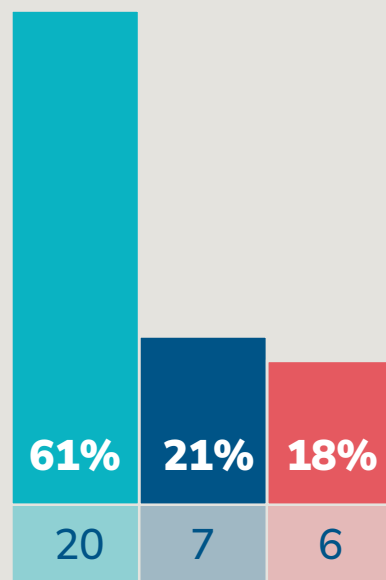
This analysis on gender equality in venture capital financing in Iceland is based on taxonomy which collects binary gender data. In the future the aim is to expand the coverage to be inclusive of other gender identities for more accurate reporting.

Furthermore, it is important to review equality from a broader perspective and include factors other than gender. In future reports work will be undertaken to collect a broader set of data with the aim of increasing equality overall.

# Total investment by VC funds: 3.883.699.377

Number of companies invested in

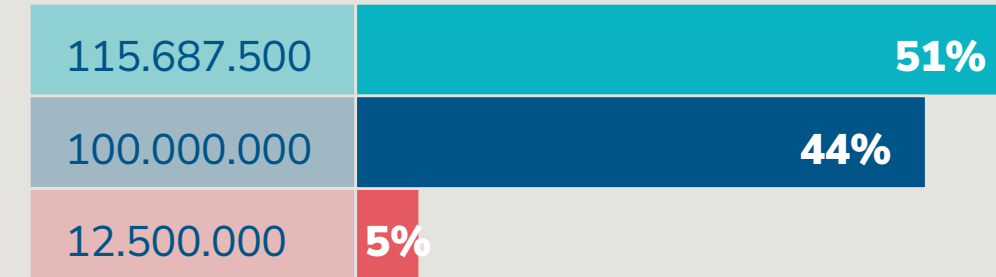
# 33



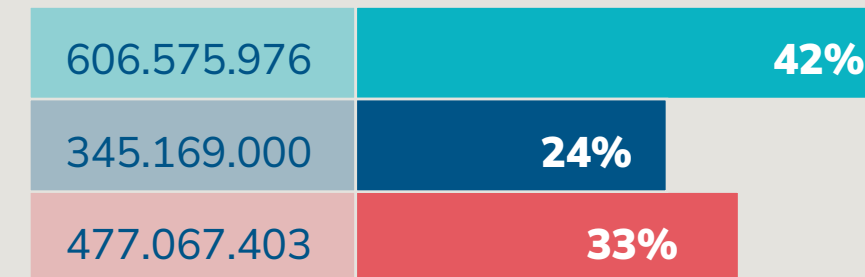
## VC funds

Amount	Ratio
--------	-------

### Pre-Seed <100 m



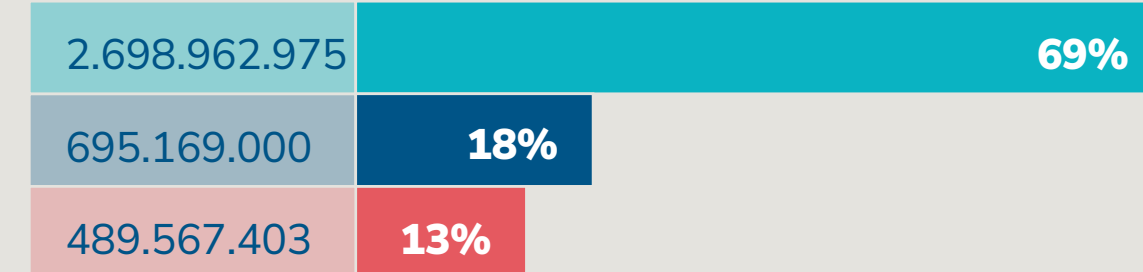
### Seed >100 m



### Series A and above

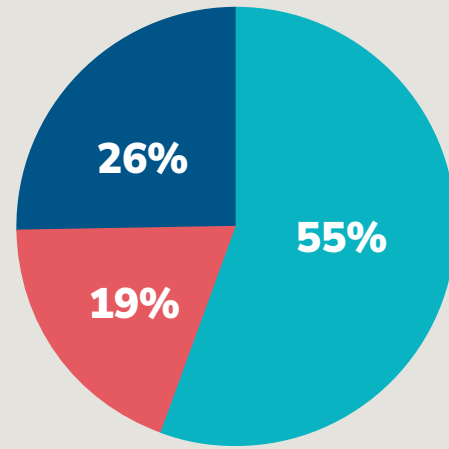


### Total

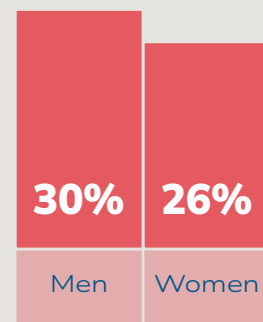




## Deal flow to VC funds



Investments by VC funds in mixed teams.  
Average ownership of male and female founders.





# Comparison with previous years

Here is a comparison of the gender ratio of VC fund investments by year. It considers the number of investments made, amount invested, and the deal flow.

There is little change between the years 2022 and 2023, apart from amount invested which shows that female teams received 11% more in 2023 at the expense of mixed teams. The amount received by male teams increased by 1%.

In 2023 mixed teams made up 19% of the deal flow and they received 13% of the amount invested. Male teams made up 55% of deal flow, 5% decrease from previous year, but received 69% of the investment amount. Female teams represented 19% of total dealflow, 5% increase from previous year, and received 18% of funding, compared to 7% in 2022.

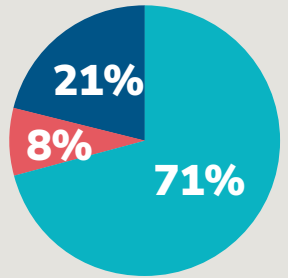
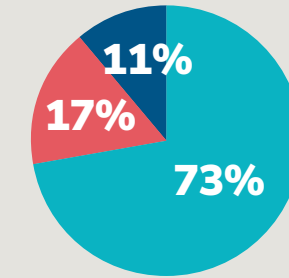
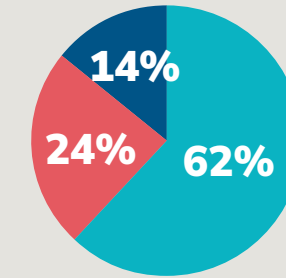
## Investments by VC funds

## Number of investments

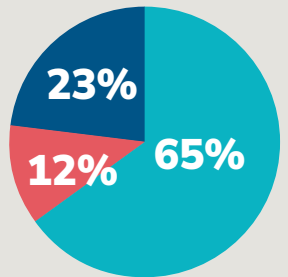
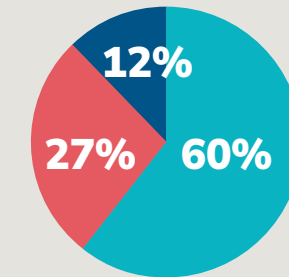
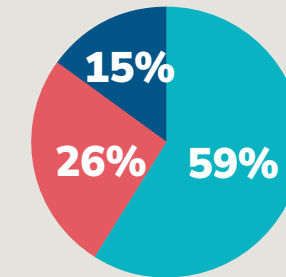
## Amount invested

## Dealflow

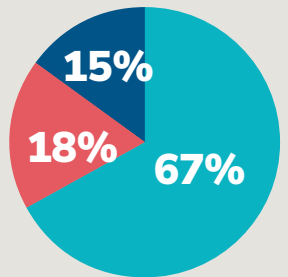
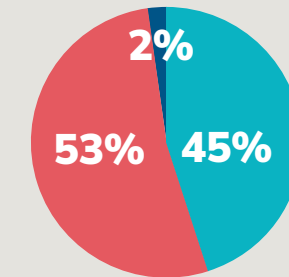
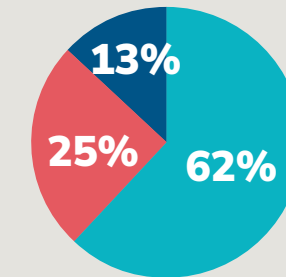
2019



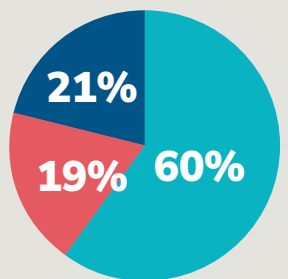
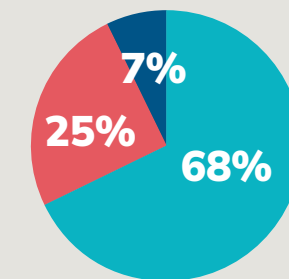
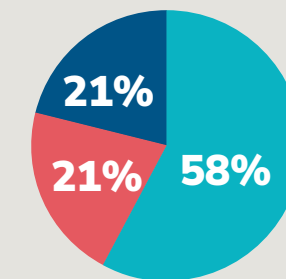
2020



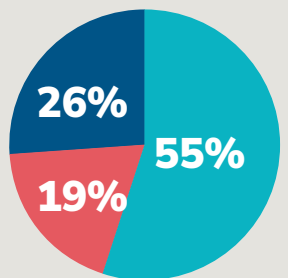
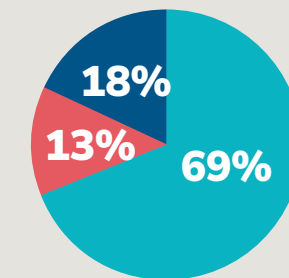
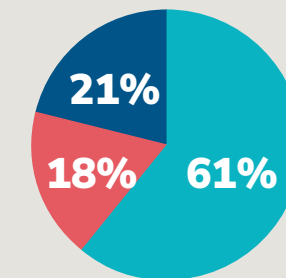
2021



2022



2023

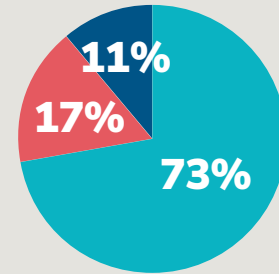


## VC investments: Europe vs. Iceland

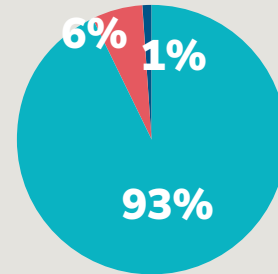
Comparing the gender ratios of VC fund investments in Iceland to the Nordics and Europe provides interesting results. Even though there is still a long way to go in terms of equality in investments in Iceland, the numbers suggest the situation is much better here than in neighboring states. In 2023, only 1% of the total amount invested by Nordic VC funds was invested in female teams compared to 18% in Iceland. Mixed teams received 4,5% of the amount invested by Nordic funds in 2023, 'but 13% in Iceland.

# 2019

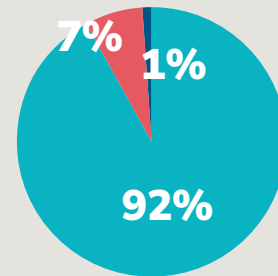
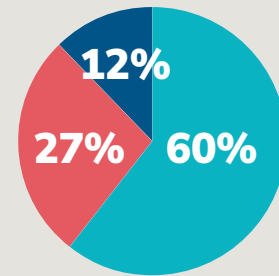
Iceland



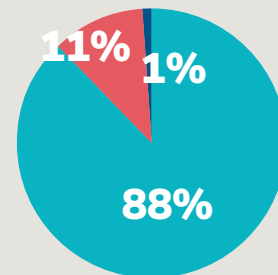
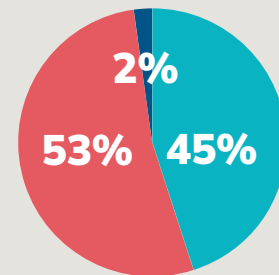
Europe 2019-2022\*  
Nordics 2023\*



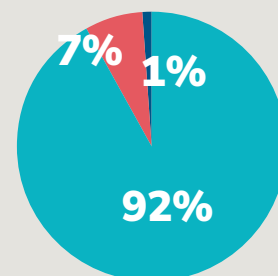
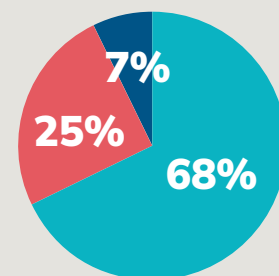
# 2020



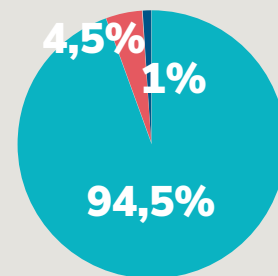
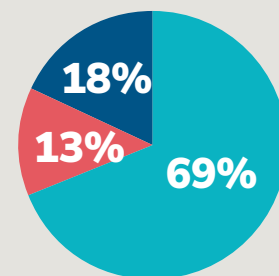
# 2021



# 2022



# 2023



\*Source: <https://report2023.unconventional.vc/>

# 07 Portfolios of VC and angel funds

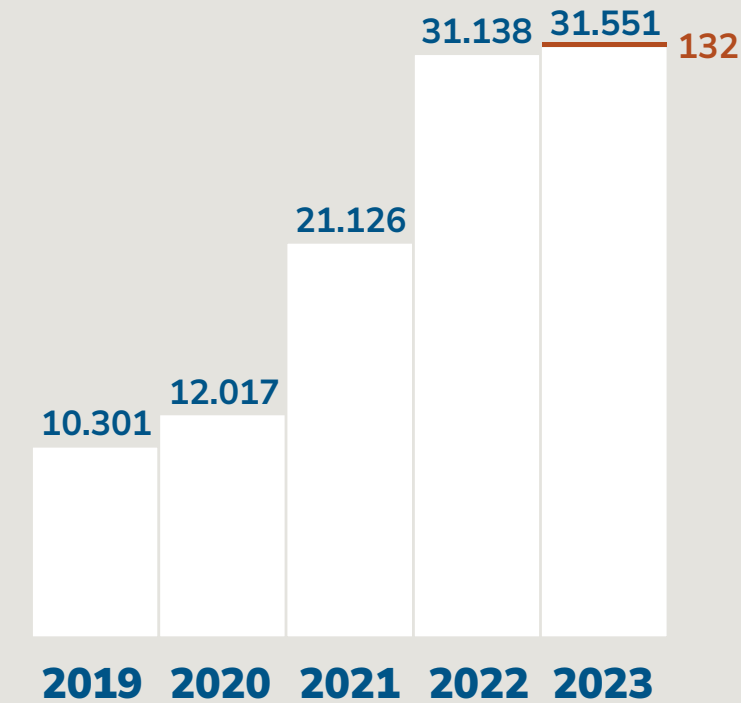
Here is an overview of income and number of employees of the VC funds' portfolio companies for the period 2019-2023, and for 2023 the angel funds' portfolio companies are added. According to the data, total income amounted to ISK 31.7 billion during the year 2023, which is a small increase from 2022 compared to previous years' growth.

It is important to note that the VC and angel funds primarily invest in companies that develop solutions and products based on Icelandic ingenuity. Typically, the solutions and products of these companies are intended for export and sale on foreign markets, and the majority of their revenues are derived from foreign markets.

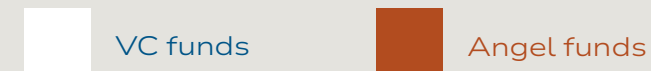
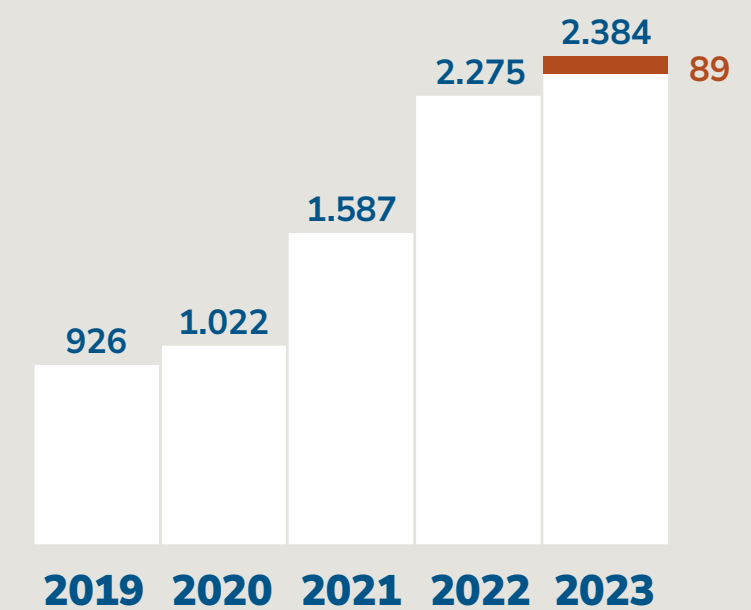
2,473 individuals were employed by the portfolio companies by the end of the year 2023. This number represents the number of employees working at companies where the VC and angel funds held ownership at the year-end and does therefore not include FTEs in companies sold by the funds in 2023.

## Total income and number of employees in portfolio companies:

Total income (m.ISK)

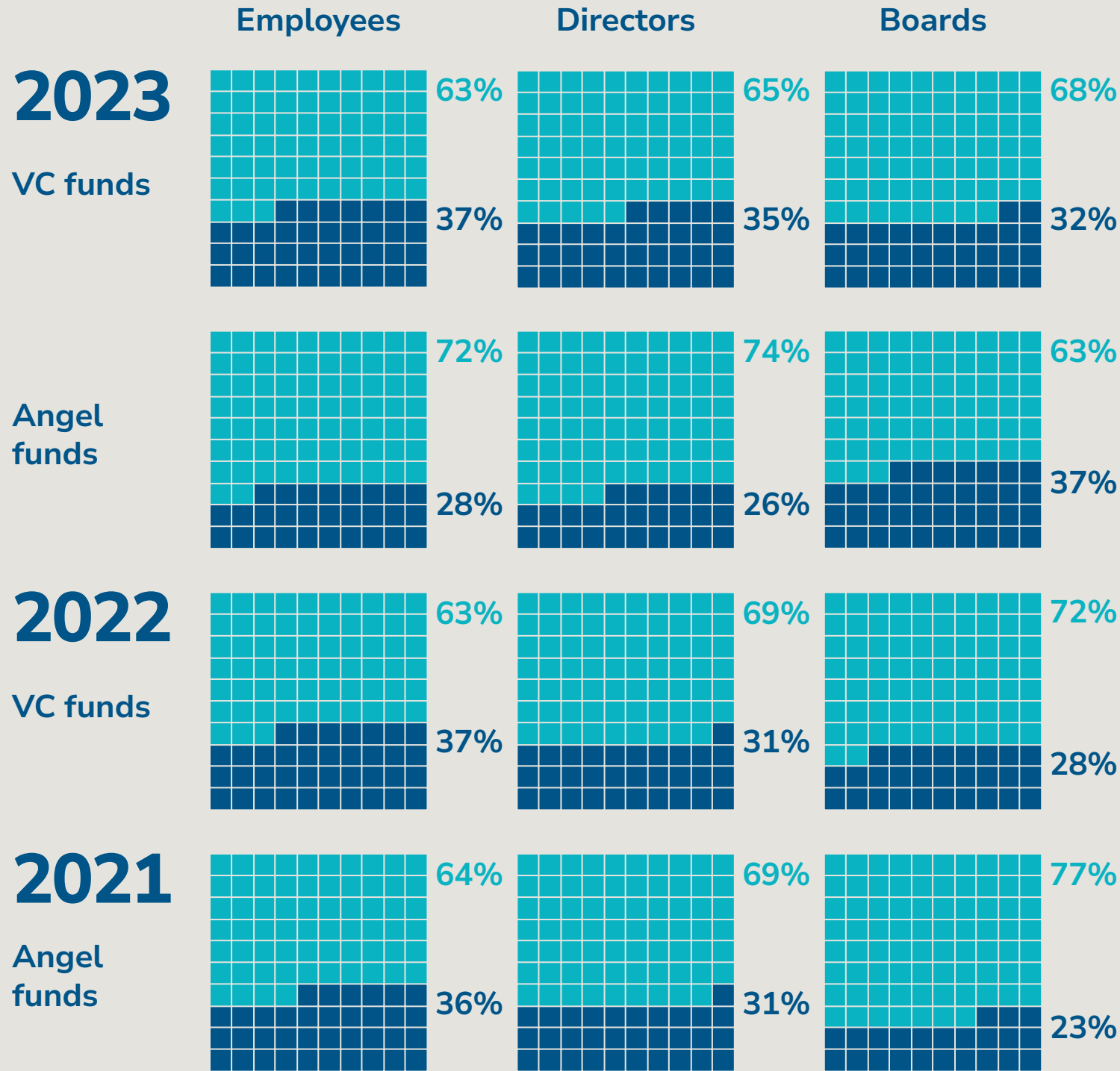


Employees



## Employees, directors and boards of the funds' portfolios:

Hér að neðan má sjá tölfræði um kynjaskiptingu starfsfólks, stjórnenda og stjórna félaga í eignasöfnum engla- og vísisjóðanna á árinu 2023. Til samanburðar er lítið aftur til ársins 2019 en taka skal fram að tölur frá englasjóðum eru einungis frá árinu 2023.

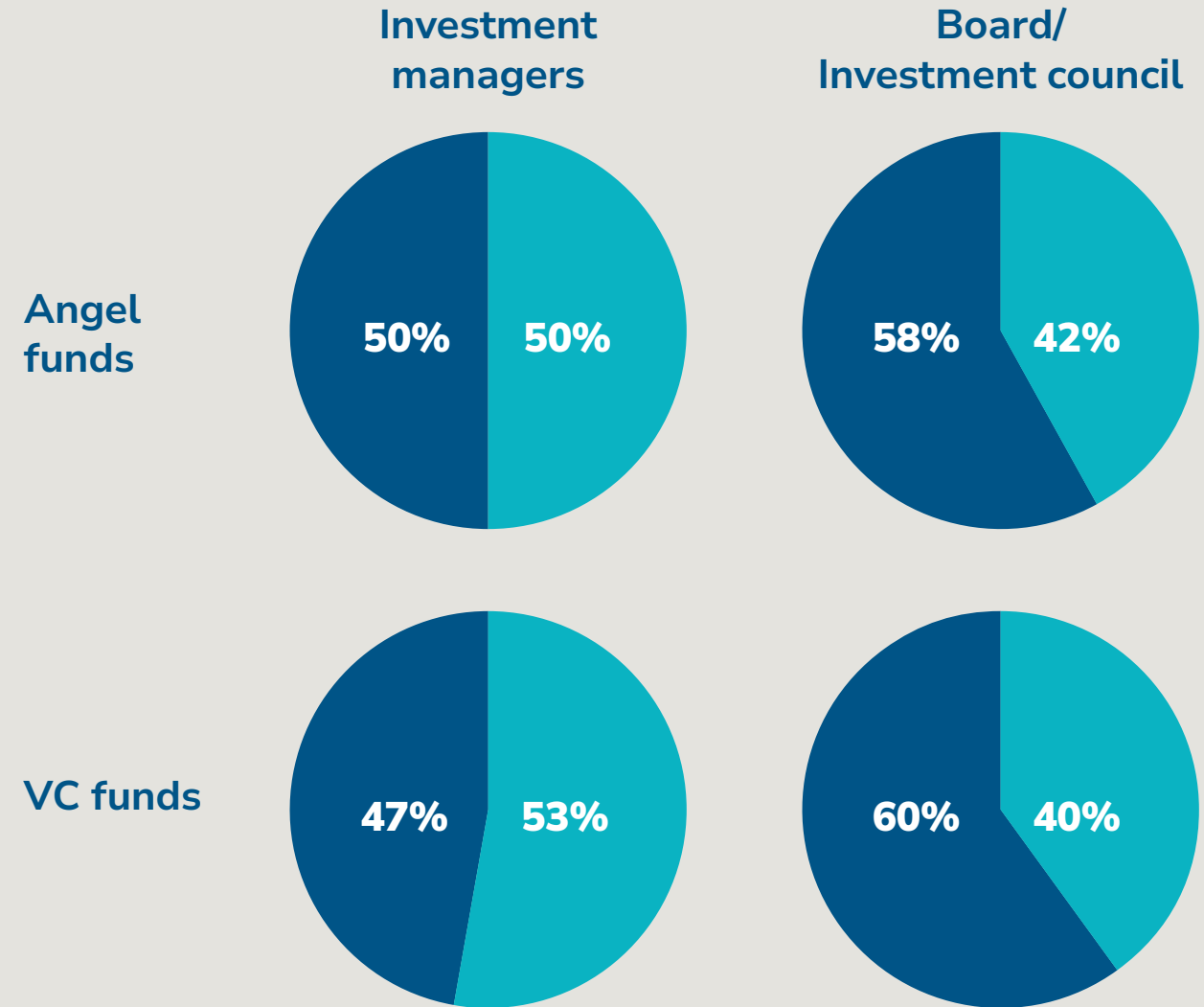


Men Women

# 08 Investment managers and boards

Below are the gender ratios of the angel and VC funds' investment managers and boards/ investment councils in 2023. The group investment directors consists of the funds' FTEs that make investment decisions. Investment opportunities chosen by the investment directors are then presented by 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.

The data indicates that the gender ratio at angel and VC funds is fairly equal and that women make up the majority of those making the final investment decisions.



Men Women





**FRAMVÍS**  
SAMTÖK VÍSIFJÁRFESTA

