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## Venture funding for Irish early-stage businesses plummets

**Ireland is becoming no country for start-ups and early stage indigenous companies, the latest figures from the [Irish Venture Capital Association](#) reveal.**

While overall investment into Irish SMEs grew record levels in 2020, the reality is start-ups and early stage companies are attracting less funding.

Despite challenges caused by Covid-19, venture capital funding into Irish SMEs grew by 13pc to €925m in 2020, compared to €820m the previous year, according to the Irish Venture Capital Association VenturePulse survey published today in association with William Fry.

However, deals under €5m, which represent start-ups and early stage indigenous companies, fell by almost a third (32pc) to €194m in 2020 from €285m the previous year.

### **Early stage firms deprived of funding**

“Despite the positive overall figures in a difficult year, the data highlights a concern that early stage companies are finding it increasingly difficult to raise funds,” said Irish Venture Capital Association chair Gillian Buckley (pictured).

She said that the trend had accelerated in the fourth quarter of 2020 when deals under €5m fell by 50pc to €41m compared to €82m in the same period the previous year.

“It is vital that we nurture the pipeline and indigenous stars of the future. We won’t have successful high growth firms raising €5m plus in three years if entrepreneurial companies are starved of early funding now.”

The overall growth in 2020 was accounted for by deals over €5m. Funding in the €5-10m range doubled to €204m in 2020 from €102m the previous year. In addition, deals above €10m were up by almost a third (31pc) to €568m from €433m.

The balance of funding in 2020 was made up of fintech (12pc); environmental (5pc); agtech (3pc) and other (16pc).

There was an increase in the value of deals over €30m. Six firms in 2020 raised over €30m or a total of €353m compared to three firms in 2019 which raised €147m.

Reflecting the fall off in early stage funding, the overall number of rounds fell by 18pc to 233 in 2020, from 285 in 2019.

## **There is still life in the market**

Sarah-Jane Larkin, director general of the IVCA (pictured), pointed to a significant softening in the market overall in the fourth quarter. Funding overall fell by 45pc to €139m from €253m in 2019.

Larkin said it was a good year for life sciences companies which raised €332m, or over a third (35pc) of 2020 funding followed by software (29pc).

“Life sciences has topped the funding league for the second time in three years and has grown from just 4pc of the total in 2004,” commented Sarah-Jane Larkin.

“This reflects Ireland’s growing reputation as a global centre of excellence in this sector.”

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