STATE OF BELGIAN TECH REPORT 2024

SYNDICATE ONE

BAIN & COMPANY

SOFINA

STATE OF BELGIAN TECH REPORT 2024

1	Foreword	03
2	Executive Summary	07
3	Start-up And Scale-up Investment	12
4	Signs Of A Maturing Ecosystem	31
5	The Path To Growth	43
6	Impact Of Ecosystem Network Effects	49
7	Founder Pain Points	55
8	Report Authors	66
9	Methodology	69

Foreword

LAURENS DE POORTER 04

GIULIA VAN WAEYENBERGE 05

CÉDRIC BOVY 06

1

SYNDICATE ONE

LAURENS DE POORTER

Founder, Syndicate One

Start-ups are risky. Entrepreneurs try to shape the world according to their vision and bring the future closer to today, oftentimes by trying things no one has ever tried before. The odds are stacked against them.

But start-ups don't exist in a vacuum, and the ecosystem in which their founders operate has a tremendous impact on their undertakings. Ecosystems benefit from strong network effects. Success makes them denser, and therefore breeds more success. It becomes a self-reinforcing cycle.

We believe that the Belgian Tech ecosystem, while still relatively immature compared to other European ecosystems, has found critical mass. Any metric is up and to the right. It will only continue to get better from here.

Pushing the Belgian tech ecosystem further to that next level is Syndicate One's *raison d'être*. Besides strengthening the connective tissue in our ecosystem by uniting existing players and investing in new ones, we provide tools for anyone who aims to improve it. We believe this report can be a map of the ecosystem for entrepreneurs, investors and policymakers to make better, more informed decisions. We are honored to partner with Sofina and Bain & Company to present it to you.

SOFINA

GIULIA VAN WAEYENBERGE

Managing Director, Sofina

To build a successful tech ecosystem, three ingredients are essential: network, talent and capital. As investors, we know that capital finds a way to the most promising projects, and Sofina's purpose is to play its role in the process. Belgium possesses raw talent thanks to our universities and research centers, many built by multinationals. Networks exist, but from the ground up, in a humble Belgian fashion; creating among these informal networks the awareness of how they are part of a promising, emerging scene is the purpose of this report.

At Sofina, we back entrepreneurs with patient capital and supportive advice. We have done this across cycles and across generations of business leaders, in our home country and globally, in technology and other growth sectors. Today, we're happy to bring our experience and our networks to bear for the success of tech entrepreneurs in Belgium. Watch this space: they're just getting started. The Belgian tech ecosystem has potential and we are thrilled to support the "Belgian State of Tech Report", together with Syndicate One and Bain & Company.

CÉDRIC BOVY

Senior Partner, Bain & Company

The Belgian Tech ecosystem stands at a pivotal stage in its growth trajectory. The successes of the past 5 to 10 years have laid the groundwork for a new wave of larger, more impactful fundraises and exits that will benefit all stakeholders. While challenges remain, as highlighted in this report, we are confident that Belgian Tech will continue to evolve and strengthen, driven by its expanding base of innovators, investors and supporters.

The rise of Belgian Tech can benefit everyone: founders and leadership teams have the opportunity to innovate, learn, and deliver solutions that are cheaper, better, or greener for consumers. Investors, in turn, are increasingly drawn to the ecosystem, bringing in capital that accelerates growth. Most importantly, Belgian society as a whole stands to benefit from this momentum, creating a virtuous cycle of innovation and progress.

It has been an honor to collaborate with Syndicate One and Sofina on this inaugural State of Belgian Tech Report. We trust that you will find the insights within thought-provoking, just as we enjoyed the journey of bringing them together.

Executive Summary

INTRODUCTION 08

STABLE GROWTH IN INVESTMENT VOLUME, SIZE OF DEALS, VC FUNDS AND MORE 09

BELGIUM'S TECH ECOSYSTEM IS ENTERING ITS MATURATION PHASE 09

ROOM FOR FUTURE GROWTH (AND POTENTIAL PITFALLS) 10

TAKING THE NEXT STEP 10

KEY FINDINGS 11

2

INTRODUCTION

Belgium is a small, fragmented country, but that hasn't stopped it from becoming fertile ground for innovation and home to a healthy and growing, albeit developing technology start-up and investment ecosystem.

Syndicate One, Bain & Co and Sofina joined hands to produce an extensive report that combines current facts and figures with input from many of the ecosystem's leading entrepreneurs and investors, in order to bring to light the opportunities and challenges for advancement for the Belgian Tech ecosystem.

With this report, we aim to provide a solid, annual benchmark on the 'State of Belgian Tech', enabling all ecosystem stakeholders to leverage the insights it contains.

Based on comprehensive Dealroom data, the results of a nationwide survey with 130+ founder responses, and a series of in-depth interviews, we trust this report provides valuable information on what is moving and shaking within the ecosystem, and how we can collectively take it to the next level.

Above all, we hope this report helps raise awareness, both domestically and abroad, for the Belgian Tech ecosystem as it continues its maturation journey, and that it will generate a positive impact among all its readers.

STABLE GROWTH IN INVESTMENT VOLUME, SIZE OF DEALS, VC FUNDS AND MORE

There are several encouraging signs to conclude that the Belgian start-up and investment ecosystem is expanding in a healthy and sustainable way.

Those include an overall consistent increase in financing for - particularly early-stage - tech start-ups and scale-ups, notwithstanding a global reset that brought us 'back to normal' after a low interest rate-fueled frenzy in the post-pandemic years. With close to €500 million in capital already injected in Belgian start-ups in H1 2024, the recovery is happening even swifter than in Europe as a whole.

Furthermore, the Belgian Tech ecosystem is experiencing material increases in:

- Early-to-late-stage VC funding
- Average deal sizes (which tripled at seed and Series B stage in recent years)
- Foreign investor participation (66% on average since 2020)
- Continued fundraising by local VCs
- Home-grown 'unicorns' such as Odoo, Collibra, team.blue and Deliverect

Crucially, this comes alongside increased optimism from entrepreneurs and investors alike.

This report aims to provide insights into the trends with regards to the sectoral and geographical diversity that characterizes the country.

Looking at the regions, Flanders-based start-ups historically receive a larger share of total investment volume (52%), while Brussels start-ups attract a weighty 31% of the cumulative capital despite contributing only 17% to Belgium's GDP.

The global rise in artificial intelligence funding trickles down to Belgium, too; AI companies accounted for more than 70% of the capital invested in the first half of 2024.

BELGIUM'S TECH ECOSYSTEM IS ENTERING ITS MATURATION PHASE

Belgium is seeing an unmistakable rise in value-adding angel investors, incubators, accelerators, start-up studios, physical hubs, industry events, network initiatives, support programs, sector-specific communities, ambassadors, and more.

The flywheel is clearly starting to spin faster across the board, and the pace is bound to accelerate further in the coming years.

ROOM FOR FUTURE GROWTH (AND POTENTIAL PITFALLS)

The research brings clarity on another level: the Belgian Tech ecosystem is still small compared to its peers in Europe and the US, and plainly early in its maturation journey.

One statistic to demonstrate this: early-stage financing rounds accounted for around 77% of capital raised by Belgian tech start-ups, compared to only 42% in Europe in the same period.

And while growth is proving to be resilient compared to Europe as a whole, there is still room for acceleration. Notably, larger late-stage funding rounds and exits - which remain thin on the ground with 22 recorded transactions in H1 2024 - will need to significantly increase in both volume and size to really take things to the next level.

Exits and scale-ups typically massively boost ecosystems of any size, as evidenced by other small European countries with more mature ecosystems such as Sweden and Estonia, and thus need to be encouraged and stimulated as a source of liquidity, experienced talent, angel investment capital, etc.

TAKING THE NEXT STEP

Aside from the lack of an environment that can trigger more growth-stage financing rounds and exits, a number of other factors also risk slowing down the ecosystem's further development: in our survey, Belgian start-up founders indicate clearly that talent scarcity is their biggest concern at the moment, and that the ability to recruit, retain and reward (especially senior) talent is of key importance to them.

In that regard, it is important to recognize that Belgium still has room for growth. One of the main focus points of future forward-looking discussions is the compensation of operators that help founders scale their companies. This includes areas such as employee stock ownership plans (ESOPs), support mechanisms, and instruments like start-up visas that enables companies to attract international talent.

On the above fronts, Belgium has ample room to learn from more mature technology and investment ecosystems and support programs, including its neighbors France (e.g. La French Tech), the UK (Tech Nation), Germany (Future Fund) and The Netherlands (Techleap).

There is a clear, unmet need for alignment of currently fragmented support structures and public funding opportunities, and a more active role of e.g. pensions funds in fueling Belgium's capacity for innovation.

KEY FINDINGS

1 In H1 2024, the total amount invested into Belgian tech start-ups is **close to surpassing €500 million**, compared to €424 million in the full year 2023, setting up the ecosystem for a potential record year.

2 **The average amount invested per round per stage has increased;** tripling at seed and Series B stage, and more than doubling at Series A stage from 2018 to 2024 to date.

3 The global post-pandemic funding drop was more pronounced in Belgium compared to Europe (-59% in 2022 to -39% in 2023, respectively), but **the Belgian Tech ecosystem managed to recover faster** in 2024 to date.

4 Zooming in on the type of Belgian tech companies attracting funding in recent years, the total investment volume comes in at **52% for the software category**, compared to 48% for hardware (slightly more exposed to the latter in comparison to Europe).

5 The global rise in artificial intelligence funding trickles down to Belgium, too; **AI companies accounted for more than 70% of the capital invested in H1 2024**, while AI funding was only a minor share up until 2022.

6 Flanders, which made up about 60% of Belgium's GDP in 2022, receives a proportionate share of tech start-up investment, with **52% of the total invested capital.** Brussels, despite contributing only 17% to GDP, attracts 31% of the cumulative capital over the 2018 to 2024 H1 period, whilst Wallonia comes in at 17%.

7 So far, **four 'unicorns'** (companies with a $1 billion valuation or higher) have emerged in Belgium: team.blue, Collibra, Odoo and Deliverect.

8 In the period 2018 to H1 2024, **early-stage financing rounds accounted for around 77% of capital raised** by Belgian tech start-ups, compared to only 42% in Europe in the same period. This difference remained consistent in the last five years.

9 **The number of exits remains small, but has steadily grown** from only 13 in 2018 to 31 in 2022, 36 in 2023. In the first half of 2024, 22 exits were recorded.

10 The share of **foreign investor participation has been greater than that of Belgian investors for every year analyzed** between 2018 and H1 2024, and has amounted to 66% on average since the year 2020.

11 Belgian VCs are currently **on track to clock fundraising at more than €400 million** by the end of this year (extrapolating the current data). While only two Belgian VC funds were raised in 2018, eight funds were raised in just the first half of 2024 alone, foreboding a record-breaking year.

12 A survey held by Syndicate One in the summer of 2024, which recorded responses from 130+ Belgian tech start-up founders, clearly identified **the war for talent (recruitment and retention) as the main challenge, by a margin.** Approximately 25% of respondents highlighted it, with 'Revenue Growth & Scaling' second at 13%.

13 According to the same survey, just **north of 50% of respondents currently offer employee stock ownership plans (ESOPs) to their employees**, with 13% indicating they are planning to offer plans soon.

Start-up And Scale-up Investment

FUNDING	14
COMPARISON TO EUROPE	16
INDUSTRIES	18
GEOGRAPHICAL TRENDS	25
FLANDERS	27
BRUSSELS	28
WALLONIA	28

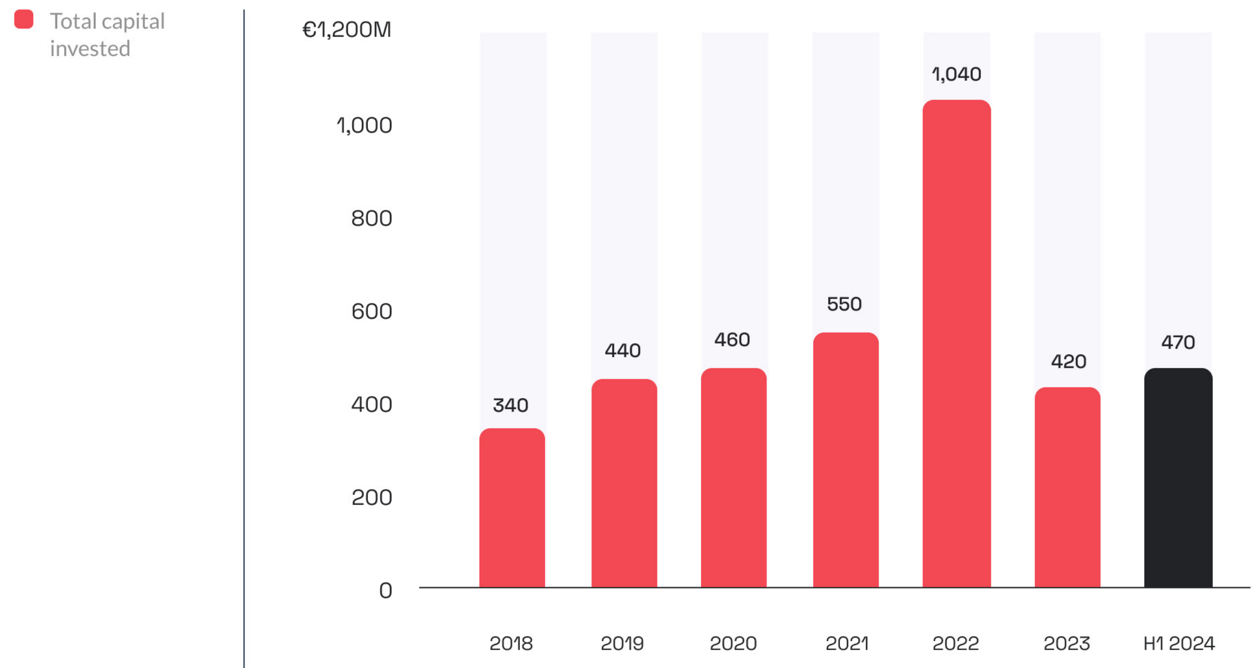
3

Capital invested in Belgium is growing with a post-dip recovery stronger than rest of Europe and money flowing primarily to consumer goods/ services, professional/ financial services and healthcare, and mostly to Flanders and Brussels

The Belgian Tech ecosystem as a whole is experiencing a growth spurt in recent years, in large part due to an increase in private capital injected into early-stage start-ups and new VC funds, which in turn support rising ambitions among entrepreneurs and investors.

CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM

in millions of euros



Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

FUNDING

Dealroom data shows that the total amount invested in Belgian technology start-ups in the first half of 2024 has already surpassed the full years 2019, 2020, and 2023 when the ecosystem experienced a significant slowdown compared to the year prior.

In the first half of 2024 (with data analyzed up to the end of June 2024), the total amount invested into Belgian technology start-ups exceeded €470 million, compared to €424 million in the full year 2023.

The Belgian Tech ecosystem is on track for a record year in terms of total investment volume, not taking into account the globally ‘overheated’ post-COVID years - particularly 2022 - when it comes to funding.

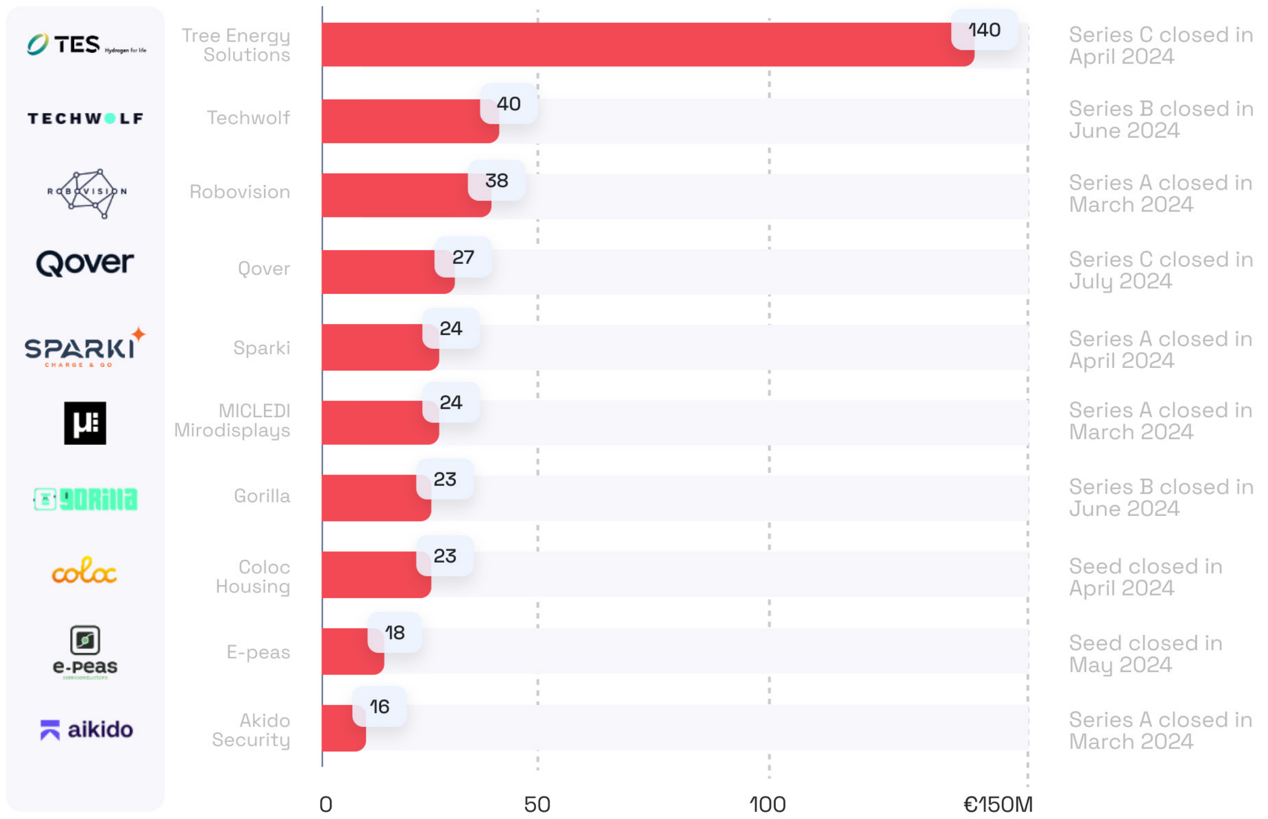
Around the world, 2021 and 2022 were marked by an abundance of cheap capital, driven by historically low interest rates and vast liquidity injected into the economy through various stimulus measures. Together with a rapid digitalization during the pandemic, for example in areas like remote work, this drove up the demand for tech solutions and pushed an unprecedented amount of capital to tech start-ups with valuations at an all-time high.

As 2022 progressed, increasing interest rates and economic uncertainty started to cool down the market and slowed down the capital flowing into the start-up ecosystem, creating a significant global decrease in capital invested and lower valuations in 2023. Despite this reset, there are several reasons to remain optimistic.

Notably, the average funding deal size in Belgium has for the first time ever reached double-digit millions of euros in 2024 to date; €10.8 million compared to €4.1 million in 2019 (pre-COVID), €6.2 million in 2022 and €3.9 million in 2023.

10 LARGEST FUNDING ROUNDS IN H1 2024

in millions of euros



Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

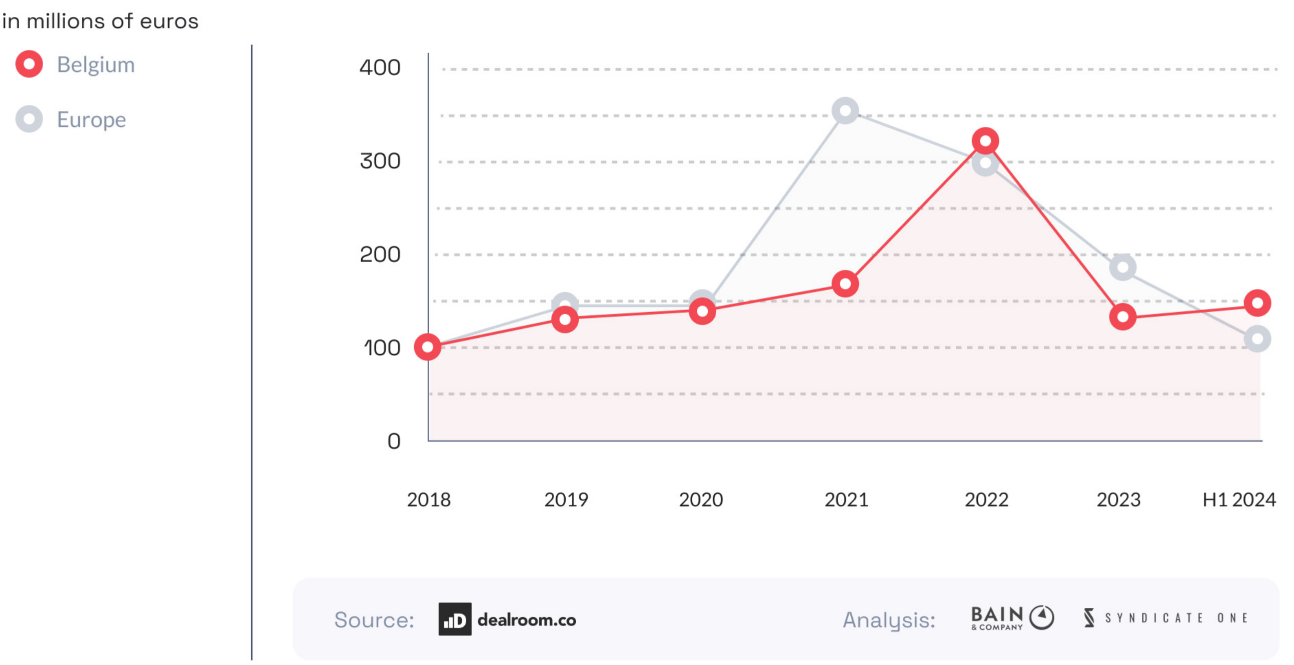
This evolution comes despite the fact that the number of rounds is on the (very) low side in 2024 to date, with 49 announced financing deals compared to a total of 259 and 128 in the full years 2022 and 2023, respectively.

The number of financing rounds for Belgian tech companies passed the 250 mark for the first time in 2022, when highly divergent funding behavior was monitored in start-up ecosystems across the globe, and dropped by more than half just a year later.

For the Belgian Tech ecosystem, this trend translates into fewer but larger deals for high-growth companies in 2024, with notable Series B rounds for the likes of TechWolf, Gorilla and Robovision or Series C round for Tree Energy Solutions ("TES").

COMPARISON TO EUROPE

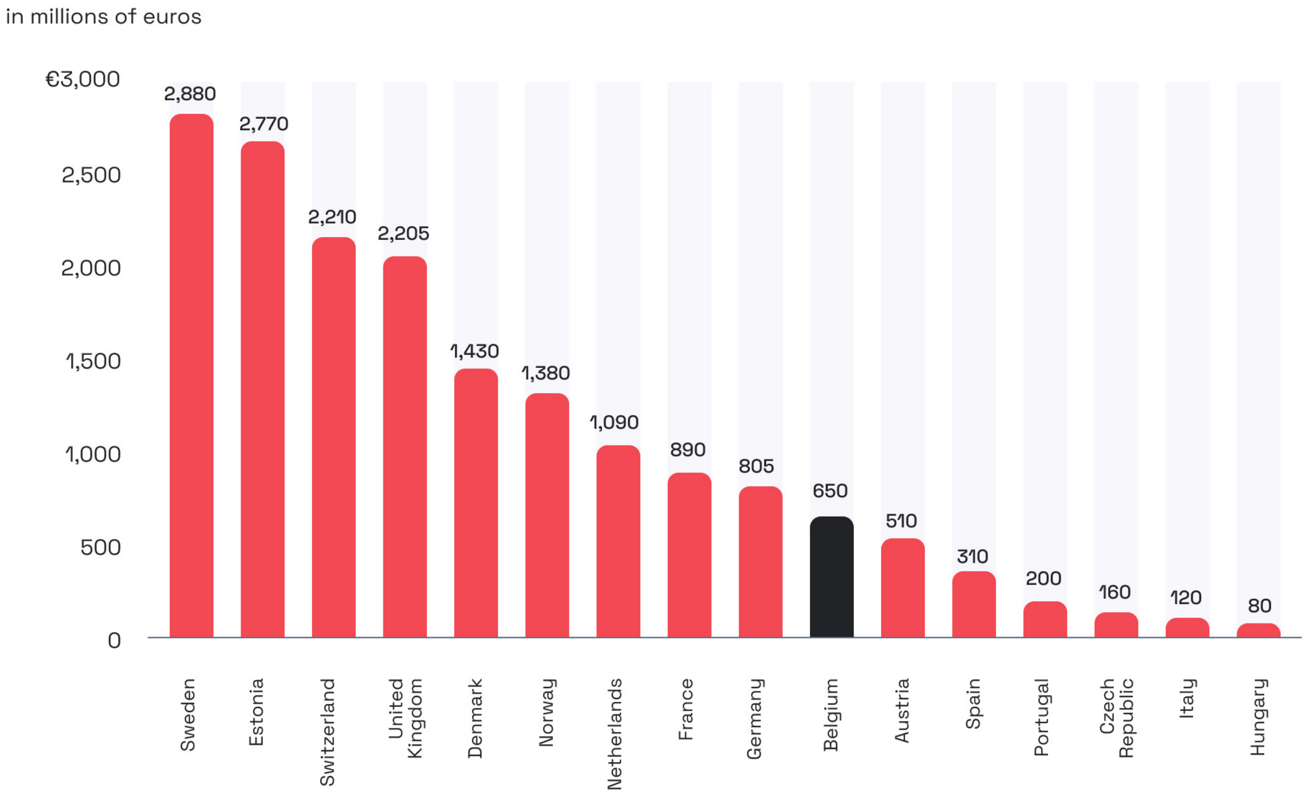
EVOLUTION OF CAPITAL INVESTED (INDEX 2018 = 100)



When comparing the evolution of capital invested with all of Europe, Belgium experienced similar growth over the period 2018 to 2020, saw its peak only in 2022 lagging on the rest of Europe, but proved more resilient since 2023.

The drop from 2022 to 2023 was more drastic in Belgium vs. Europe (-59% compared to -39%), but in spite of that the Belgian Tech ecosystem managed to recover faster in 2024 in comparison to all of Europe.

CAPITAL INVESTED PER CAPITA IN EUROPE BETWEEN 2018 AND H1 2024



Source: dealroom.co eurostat Analysis: BAIN & COMPANY SYNDICATE ONE

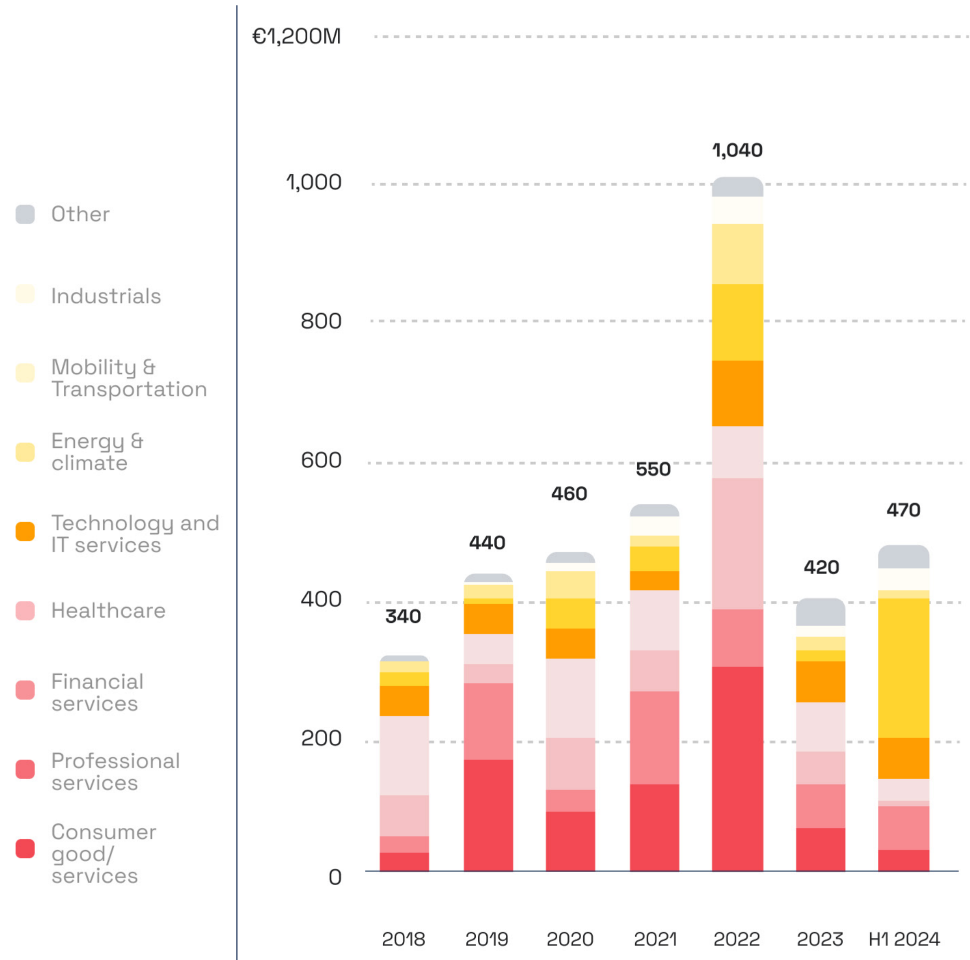
Although the Belgian Tech ecosystem is growing, it is still trailing behind its neighboring countries in terms of capital invested per capita in recent years.

The United Kingdom is the leading neighbor nation with more than double the capital invested per capita compared to Netherlands, France and Germany. Compared to the UK, Belgium sees about 3.5 times less capital invested per capita.

In Europe, Sweden and Estonia are clear leaders, given their small population while being the home of a couple of large tech successes such as Klarna and Bolt.

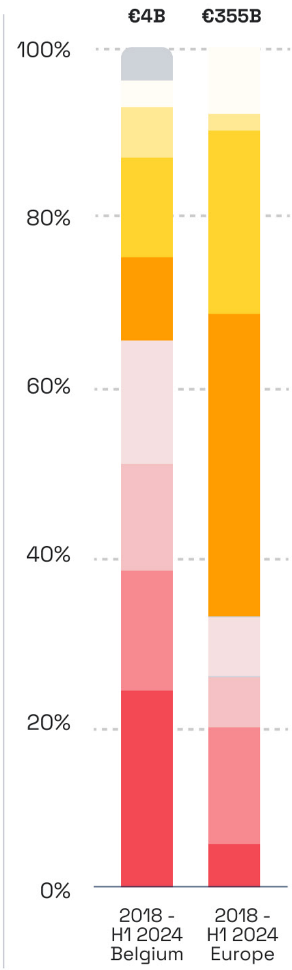
CAPITAL INVESTED IN BELGIAN TECH ECOSYSTEM PER INDUSTRY

in millions of euros



CUMULATIVE CAPITAL INVESTED

in millions of euros



Source: dealroom.co   Analysis: BAIN & COMPANY, SYNDICATE ONE

INDUSTRIES

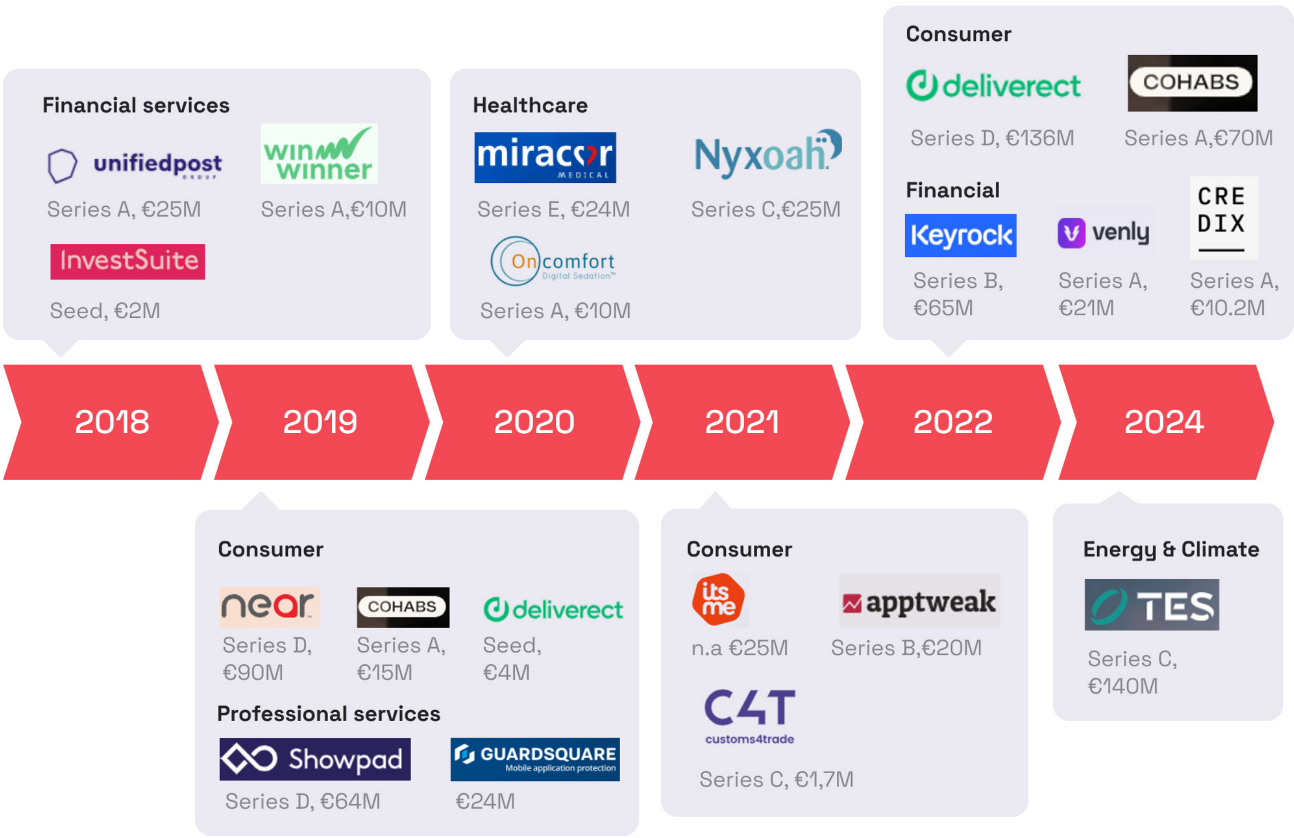
Looking at industry-specific data, Belgium demonstrates a solid history in sectors such as consumer goods & services, professional services, financial services and healthcare; combined, these account for 60% or more of the capital invested every year.

No particular trend emerges from the historical data, as swings in the contribution from certain sectors are driven primarily by a limited amount of outsized rounds in any given year.

Compared to Europe, where over 50% of capital invested in recent years went to 'Technology & Business Services' and 'Energy & Climate', Belgium has a more diversified split across industries.

However, several initiatives have the ambition to increase the exposure to the Energy & Climate sector, as acknowledged by Giulia Van Waeyenberge, Managing Director at Sofina and board member at the Port of Antwerp-Bruges: "At the Port of Antwerp-Bruges, we are paving the way for climate and energy transition by focusing on innovation and collaboration with the ecosystem. Our commitment to these efforts highlights our dedication to fostering sustainable growth and building a greener future."

SIGNIFICANT FUNDING ROUNDS RAISED BETWEEN 2018 AND H1 2024



Source: dealroom.co Analysis: BAIN & COMPANY SYNDICATE ONE

More recently, TES (Tree Energy Solutions) has raised €140 million in Series C funding to further develop their solution to produce electric natural gas by combining hydrogen with recycled CO2. As a result, the 'Energy & Climate' sector makes up for almost 50% of the capital raised in H1 2024.

Belgium plays a significant global role in biotechnology innovation. The biotech sector, however, is often considered an industry of its own, and for the purpose of this report we have opted not to include data for this industry as such (with exceptions made for distinct hardware, software, AI and/or big data-driven businesses in the health tech/med tech sphere).

Biotech companies typically require longer R&D cycles and regulatory approval processes, and are usually funded and supported by stakeholders other than the ones this report delves into.

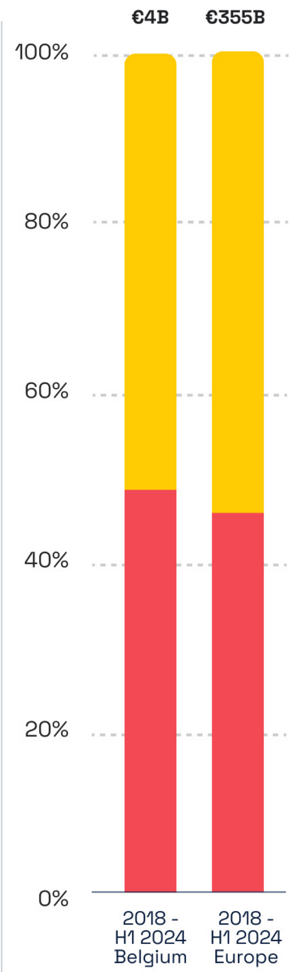
CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM BY TECHNOLOGY

in millions of euros

Data based on a subset of Dealroom data where information on technology was available

CUMULATIVE CAPITAL INVESTED

in millions of euros



Source: dealroom.co Analysis: BAIN & COMPANY SYNDICATE ONE

Zooming in on the type of Belgian tech companies attracting funding in recent years, the data shows Belgium at 48% for the hardware category compared to 52% for software, which is only slightly more exposed to hardware in comparison to the mix for all of Europe over the period 2018 to H1 2024.

We caught up with Jürgen Ingels, both an accomplished entrepreneur (as co-founder of Clear2Pay) and investor (as founder of SmartFin), to weigh in on the sectoral trends:

“There’s a clear shift towards highly skilled, low-overhead start-ups in both hardware and software. These early-stage companies leverage advanced technology and small, agile teams to achieve rapid growth with minimal resources, redefining how businesses are built.”

Adrien Roose, co-founder and CEO of Brussels-based e-bike maker Cowboy, acknowledges that raising funding for hardware start-ups is ‘typically more challenging’.

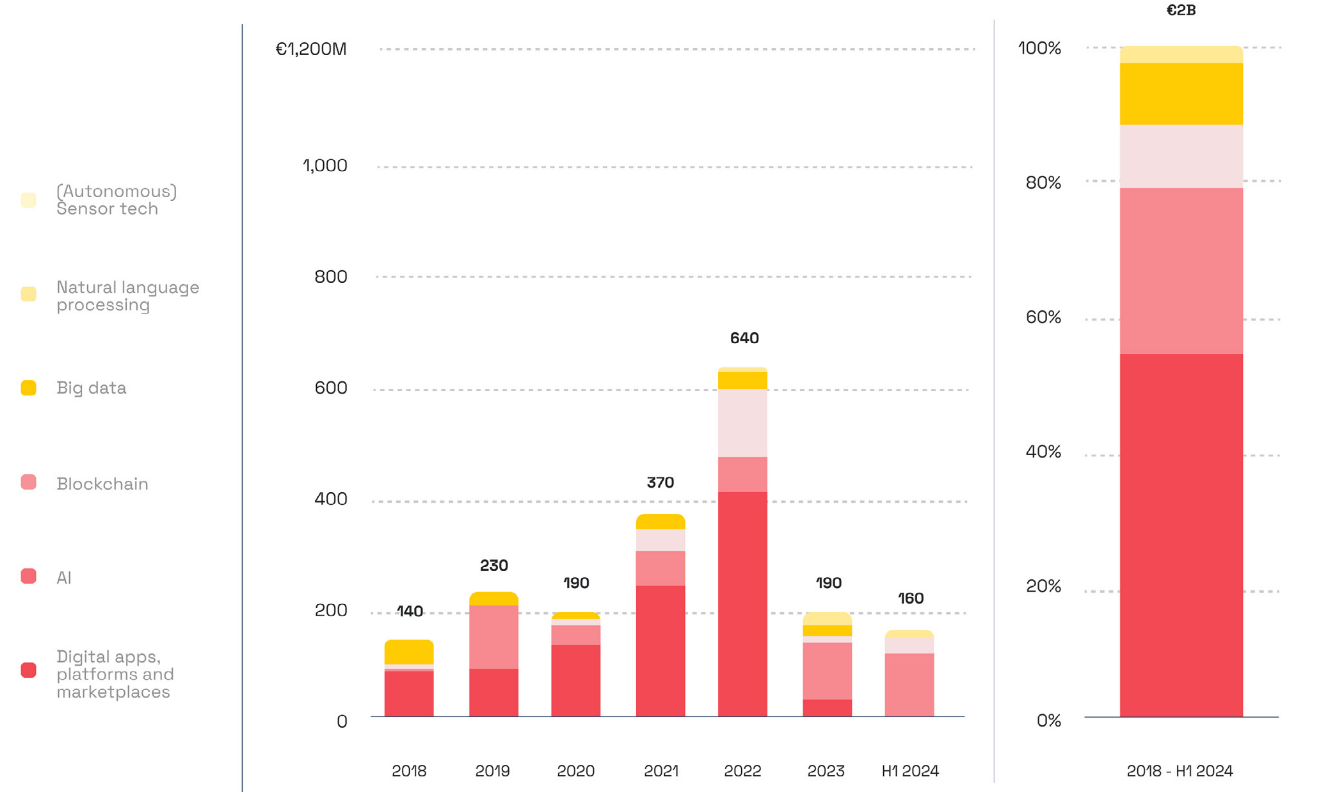
Those (hardware) businesses generally have lower margins, longer development cycles and higher resource requirements. International funds have more appetite for B2B SaaS companies nowadays. We believe that in a world captivated by apps and chatbots, it’s bold investments in hardware that drive true positive change.

Adrien Roose
co-founder and CEO, Cowboy

CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM BY SOFTWARE TECHNOLOGY TYPE

CUMULATIVE CAPITAL INVESTED

in millions of euros



Data based on a subset of Dealroom data where information on technology was available

Source: dealroom.co Analysis: BAIN & COMPANY SYNDICATE ONE

Within the software category, the rise of AI investments on a global level trickles down to the Belgian Tech ecosystem as well.

This only happened recently, with AI funding driving more than 70% of the capital invested in H1 2024 while it was a minor share in 2022 and before. The recent rise of AI start-up funding is driven by a few larger rounds secured by the likes of TechWolf and Robovision.

We can also assume that, on par with the rest of the world, many tech/SaaS businesses have moved to (re-)categorize themselves as ‘AI’ or ‘AI-powered’ to capture the current momentum.

Supporting this trend, a comprehensive survey conducted by Syndicate One in the summer of 2024, which gathered insights from more than 130 Belgian tech start-up founders, revealed that over 30% of start-ups are now self-reportedly active in the AI field. Notably, for start-ups founded in 2024, this figure jumps to over 60%, underscoring the rapid rise of AI.

Quentin Nickmans, co-founder of the Hexa start-up studio, commented on the future ahead for Belgian AI tech start-ups: “AI companies in Belgium are growing fast, but are focused on building great applications with AI rather than developing the underlying technology, with the focus on outperforming competitors in execution like sales and marketing instead of pure tech.”

Aside from the apparent growth of AI, there is no real trend emerging from the historical data on software, with the majority of capital invested over the last years going to Digital apps, platforms and marketplaces and consistently so throughout the years. Blockchain funding went through a growth spurt through 2020 to 2022 alongside a general boom in investments, but has since slowed down.

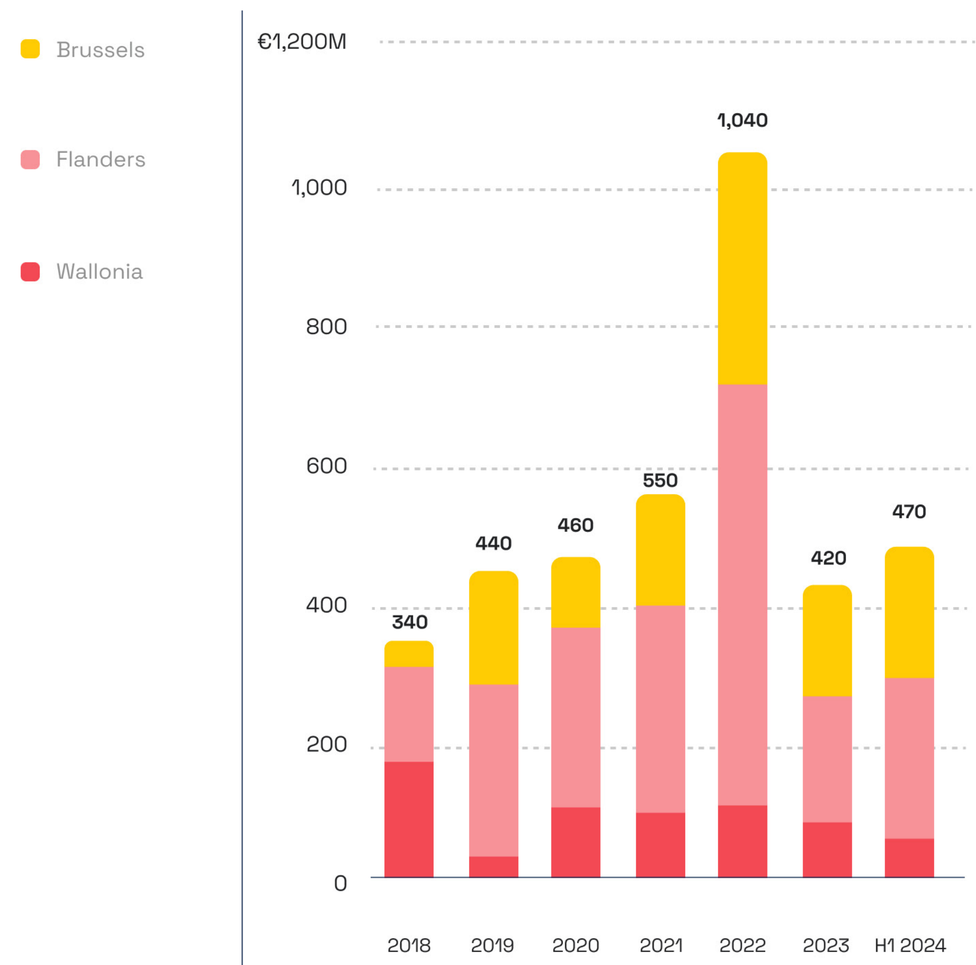
For the hardware category, referred to often as ‘deep tech’, Olivier Rousseaux, Director of Venture Development at Belgium-based R&D powerhouse Imec, sees a bright future ahead:

When we first ventured into the deep tech scene in Belgium, the funding landscape was extremely limited. Raising just €1-3 million for a seed round was the norm, far below what was needed for success. Today, we’re seeing a significant shift, with seed rounds now attracting €10-15 million, which is a crucial step towards building successful deep tech ventures.

Olivier Rousseaux
Director of Venture Development, Imec

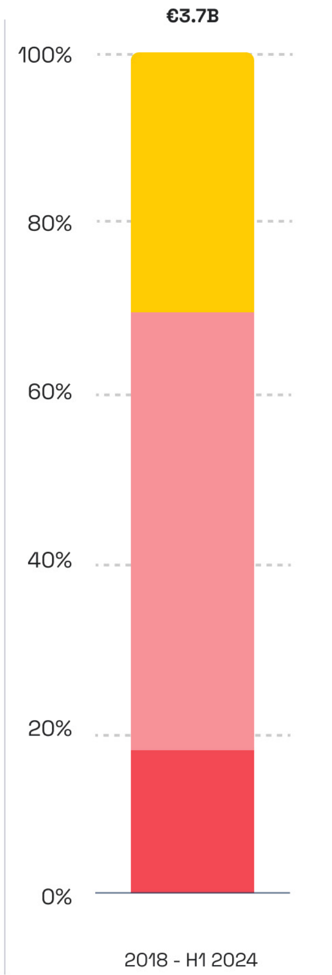
CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM BY REGION

in millions of euros



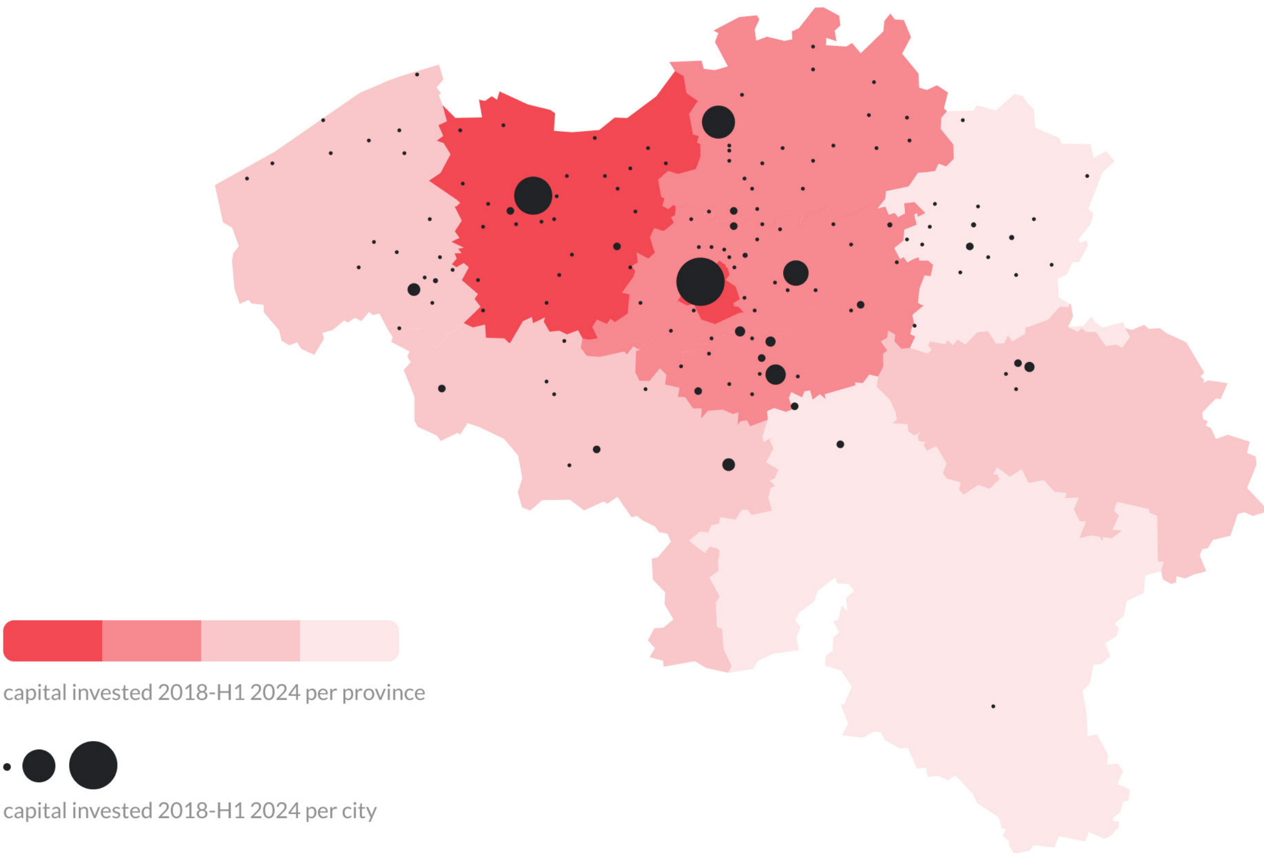
CUMULATIVE CAPITAL INVESTED

in millions of euros



Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

CAPITAL INVESTED BY REGION — BELGIAN TECH HEATMAP



Source: dealroom.co eurostat

Analysis: BAIN & COMPANY SYNDICATE ONE

GEOGRAPHICAL TRENDS

Zooming in on the difference in geographical distribution of investment within Belgium, a couple of things stand out.

According to the Dealroom data, Flanders, which makes up about 60% of Belgium's €550 billion GDP in 2022, receives a proportionate share of tech start-up investment, with 52% of the total cumulative capital over the 2018 to 2024 H1 period.

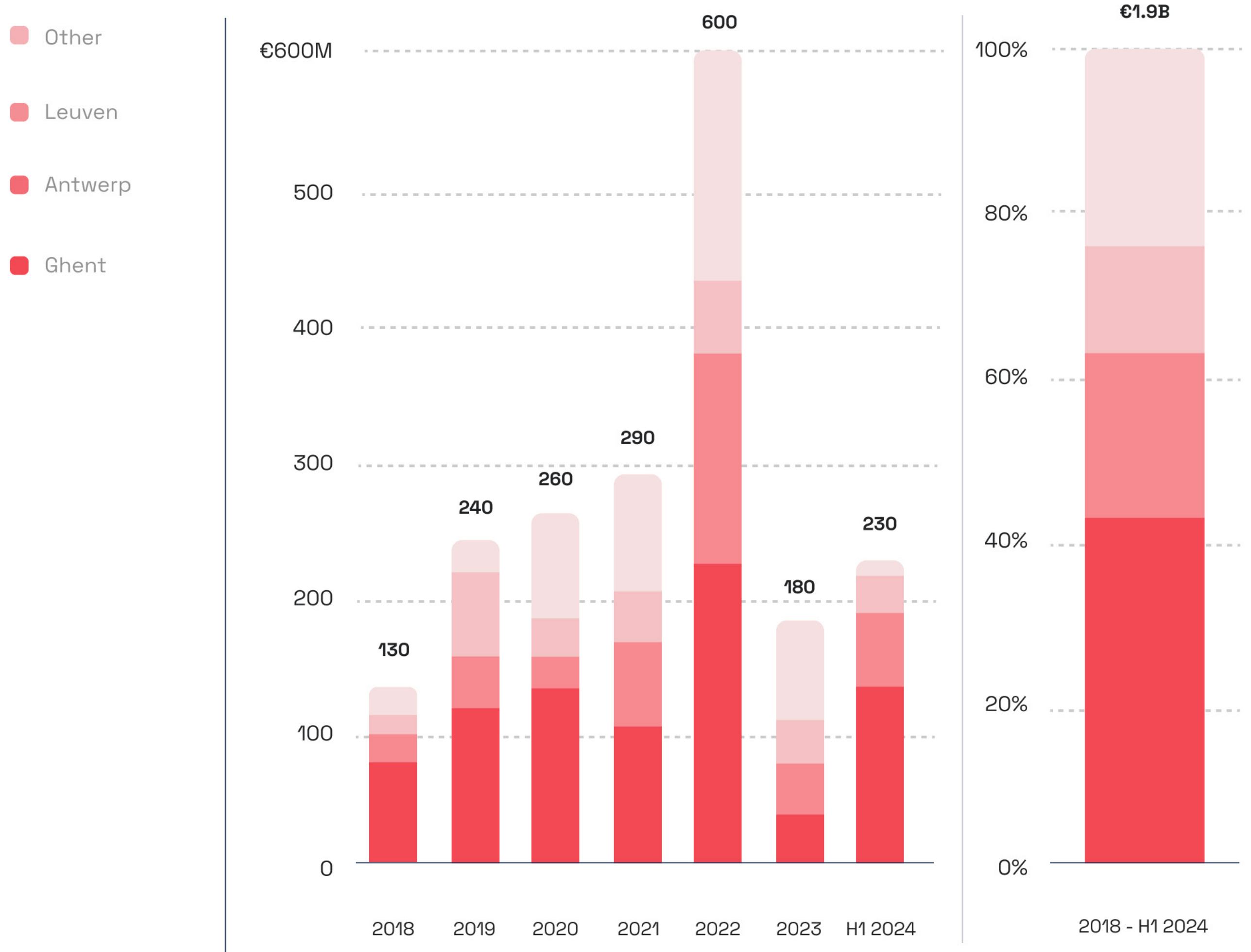
Brussels, despite contributing only 17% to GDP, attracts a significant 31% of the cumulative capital over the 2018 to 2024 H1 period, reflecting its role as the capital city and a central hub for founders and start-ups. Wallonia, which accounts for 23% of GDP, receives a smaller share of around 17% of the cumulative investments.

CAPITAL INVESTED IN THE FLANDERS TECH ECOSYSTEM BY CITY

in millions of euros

CUMULATIVE CAPITAL INVESTED

in millions of euros



Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

FLANDERS

Within Flanders, the cities of Ghent and Antwerp are stand-outs, together consistently accounting for more than half of capital invested in the region, and 63% of the total in Flanders in record year 2022.

Their leading position is driven mostly by a handful of larger transactions compared to other cities, including notable rounds for companies like Deliverect, Showpad and Intigriti.

In turn, Ghent has been performing exceptionally well in 2024 so far, with the ecosystem recording significant financing rounds from TechWolf, Robovision and Aikido, among others, accounting for almost 60% of the entire Flanders ecosystem.

"In Flanders, and especially in Ghent, you are starting to see network effects from success stories boosting the ecosystem. For example, the founders of Showpad are actively promoting and investing in the local ecosystem. The Wintercircus project is an illustration of ambition. In Wallonia, capital from previous successes typically does not reenter the ecosystem, at least not yet," commented Quentin Nickmans.

The 'flywheel' is emerging in places like Ghent, where successful founders are reinvesting in the local ecosystem, but we need more successes to truly scale this effect across Belgium,

Sven De Cleyn
Program Director, Imec.istart

BRUSSELS

Also worth highlighting is that the Brussels region has consistently grown in share, both as a result of growing faster over the period 2018 to 2022 and proving more resilient in the drop observed in the last two years. This growth in share has mainly been driven by large rounds for the likes of Cowboy, Qover and itsme, while the number of rounds has notably remained flat over the period.

Based on data for the first half of 2024, Brussels is tracking alongside the Flanders region with a share of capital invested hovering around 40%. This growth is fueled by significant rounds for the aforementioned TES, and scale-ups such as Cowboy and Qover.

WALLONIA

Focusing on the data for Wallonia, the region's share has been relatively low throughout the years, reaching lows of 7% in 2019 and only 12% in 2024 H1.

We should note that, as mentioned earlier in this report, this is also the result of our decision not to include biotech industry-specific data for the purpose of this research. Wallonia has a strong track record, promising companies and strong investors in this category.

To get more color on the region's potential to grow that number in the future (outside of biotech innovation), we spoke with Thibaut Claes, Investment Manager at Wallonie Entreprendre, the largest fund in the region investing exclusively in Walloon companies.

According to Claes, Wallonia has a few notable success stories such as Odoo and the I-care Group, with an opportunity to truly establish the start-up and investment "mafia" that has started to emerge in other regions and that could fuel a higher number of qualitative start-ups and financiers down the line.

"Unlike Flanders and Brussels, Wallonia has yet to benefit from a generation of successful entrepreneurs with exits to their name, who then re-invest time, capital and other resources back into the ecosystem(s). "There are gradually more initiatives creating a fertile ecosystem, however, such as the B2B SaaS Club which is an informal group of around 50 B2B SaaS entrepreneurs based around Louvain-la-Neuve."

Thibaut Claes
Investment Manager, Wallonie Entreprendre

Governmental, cultural and linguistic fragmentation in Belgium creates challenges for the ecosystem.

“The downside of Belgium is that we have fragmented regions. This also means that funds are divided, and that we don’t have one centralized institution like France that benefits from the presence of Bpifrance tremendously.”

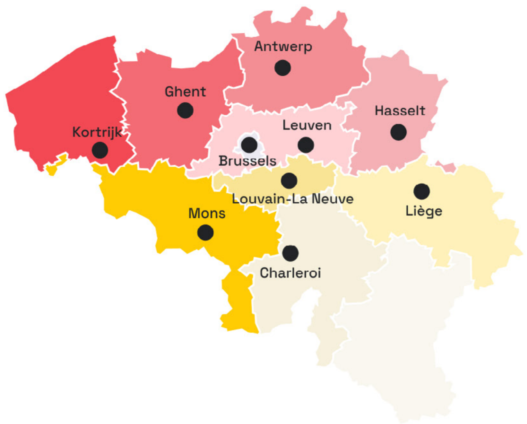
However, Quentin Nickmans, notices a growing interconnectivity between the regions.

The ecosystem in French-speaking Belgium is small but closely connected, driven by Walloon founders moving to Brussels to build and promote their start-up. This connectivity is beneficial for both the Walloon and Brussels ecosystem.

Quentin Nickmans
Founder & Partner, Hexa

Cowboy’s Adrien Roose adds: “Linguistic and cultural barriers exist indeed, however, I feel that there is a growing sentiment of entrepreneurs who are willing to help each other across regional borders to create a flourishing ecosystem.”

BELGIAN TECH = A COLLECTION OF ECOSYSTEMS IN MOTION



Ghent
- Key start-ups: teamblue, deliverect, Showpad
- Investors: Miles Ahead, qbic fund, entourage
- Community: Winter Circus, Start it @KBC
- Universities & spinouts: Ghent University; Coscale, Tengu.io, esave

Antwerp
- Key start-ups: loop earplugs, Unifly
- Investors: Pitchdrive, Fortino, Junction
- Community: The Beacon, Start it @KBC
- Universities & spinouts: University of Antwerp; D-CRBN, Digitrans, IoSA
- Others: Port of Antwerp

Leuven
- Key start-ups: Guardsquare, datacamp
- Investors: Capricorn, imec istart
- Community: Leuven Mindgate, Start it @KBC
- Universities & spinouts: KU Leuven; materialise, runeasi, Protealis

Hasselt
- Investors: corda INCubator, Inc Uba Thor, Greenville
- Community: LSU, Start it @KBC

Brussels
- Key start-ups: Collibra, Cowboy, Qover, TES
- Investors: Syndicate One, Smartfin, Sofina, Tioga Capital
- Community: BeCentral, Start it @KBC
- Universities & spinouts: VUB Vrije Universiteit Brussel; Collibra

Kortrijk
- Community: Hangar K, Start it @KBC

Charleroi
- Community: A

Mons
- Key start-ups: I-care

Ramillies
- Key start-ups: odoo ~€3.4B

Louvain-La Neuve
- Start-ups: CluePoints, qualifio
- Community: B2B SaaS Club

Liège
- Start-ups: EVS
- Investors: Faktory Fund, fmx ventures
- Community: Start it @CBC

Analysis:
Bain & Company
Syndicate One

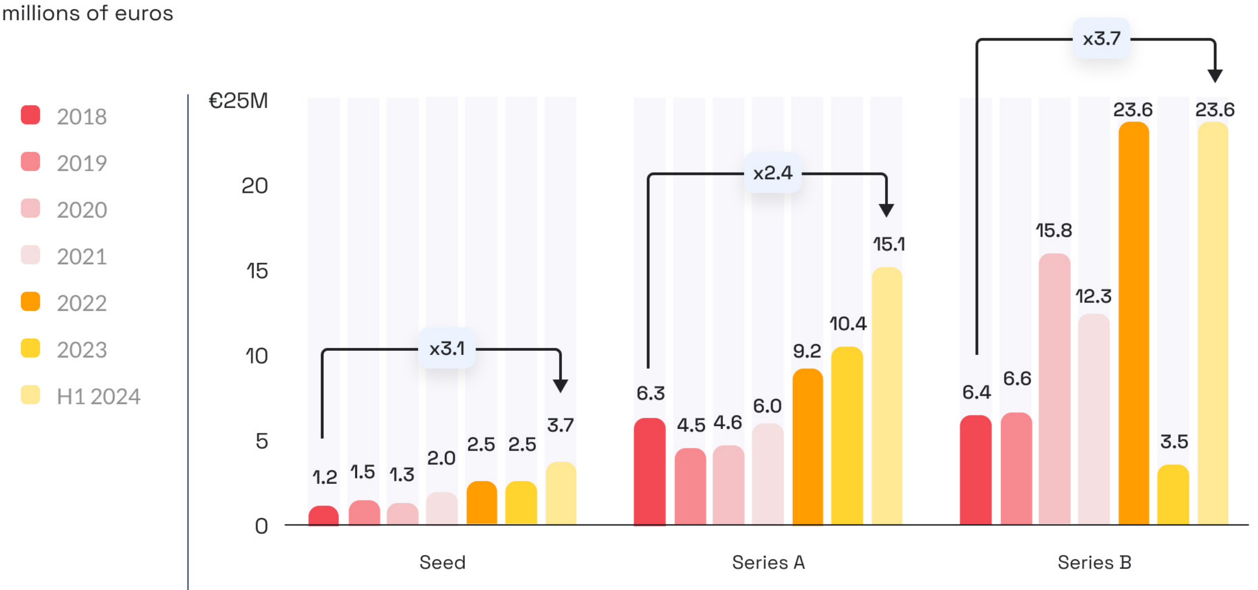
Signs Of A Maturing Ecosystem

4

There are signs of a maturing Belgian ecosystem such as higher rounds, the rise of 4 unicorns, more exits, sustained fund raises by Belgian VCs but also continued inflow of foreign capital

AVERAGE CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM PER FUNDRAISING ROUND PER STAGE

in millions of euros



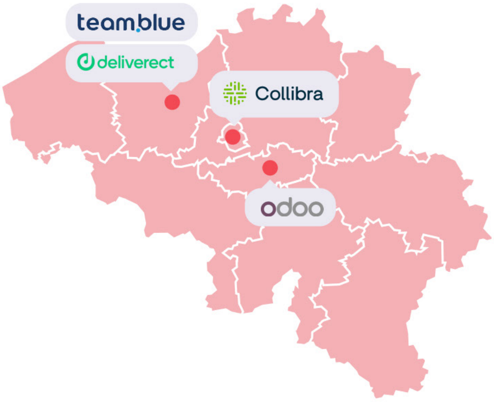
Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

While the headlines have understandably focused on the rise of a quartet of technology unicorns in Belgium, the underlying trend is that round sizes are generally on the rise.

According to Dealroom, capital invested per round has steadily increased from 2018 to date, tripling at seed stage and more than doubling at Series A stage.

At the growth stage, four unicorns have emerged in Belgium so far: team.blue (valued at €4.8 billion in July 2024), Collibra (€4.8 billion in November 2021), Odoo (€3.7 billion in June 2023) and Deliverect (€1.3 billion in Jan 2022).

BELGIAN TECH'S FOUR UNICORNS (SO FAR)



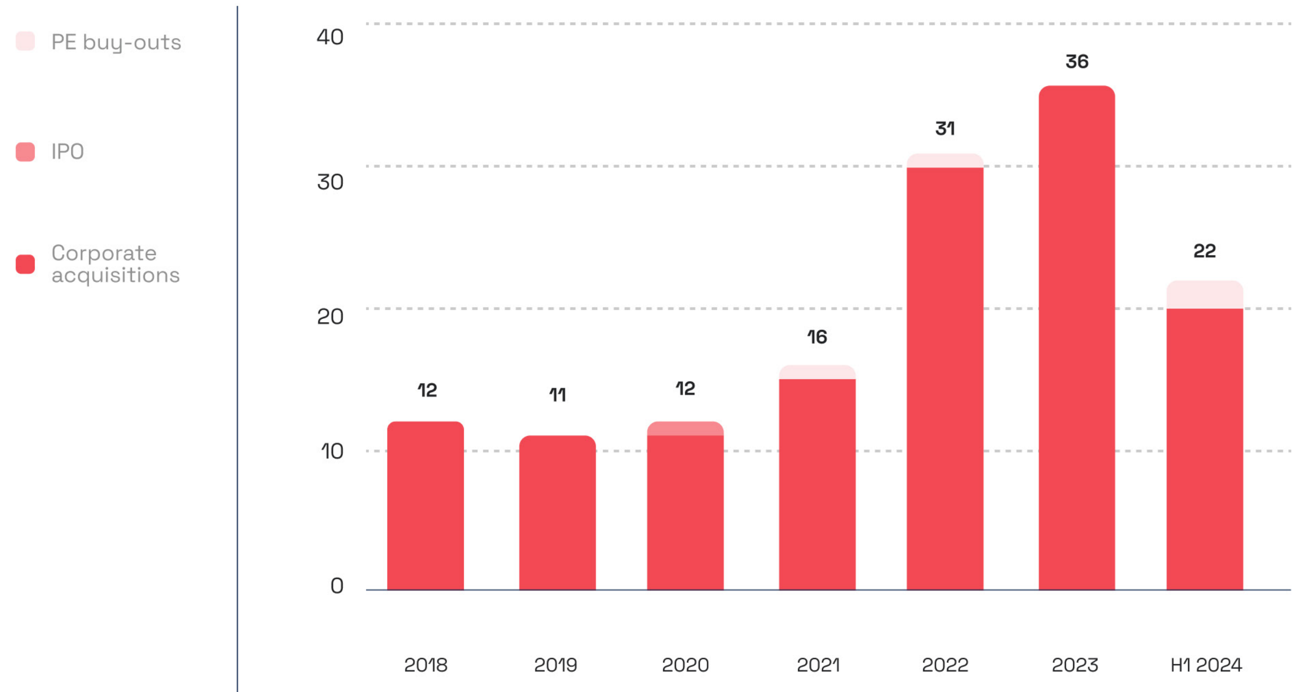
	teamblue	Collibra	odoo	deliverect
Description	Provider of mass hosting services e.g., domain names, web hosting and solutions for online presence and e-commerce	Developer of data intelligence software to observe, analyse and protect data	ERP and CRM software developer to enable integrated business management	Provider of online food delivery management systems
Customer segments	B2B and B2G with more than 3.3M customers	B2B and B2G, focused on financial services, healthcare, public, retail, insurance and life sciences	SME	B2B incl. single restaurants, chain restaurants, dark kitchens, FMCG and food delivery companies
Valuation (€M)	4 800 (2024)[3]	4 700 (2021)[3]	3 750 (2023)[3]	1 300 (2022)[3]
Revenue (€M, '23)	430[2]	300[2]	370	40
# FTEs	~2 700	~1 200	~1 100	~500
Founding year	1999	2008	2002	2018

Note:
(1) Collibra moved its top holding to Amsterdam in 2022,
(2) Revenue from 2022;
(3) Year of latest disclosed valuation

Source: dealroom.co **Annual reports, De Tijd, Lit. Search** Analysis: BAIN & COMPANY SYNDICATE ONE

Celebrating successes in the ecosystem is important, not only to give recognition to the entrepreneurs but also to fuel the ecosystem, says Quentin Nickmans: "There is an absolute need for Belgium to celebrate its tech entrepreneurial successes; that has been the blackspot for the ecosystem in the past and can unlock tremendous value going forward."

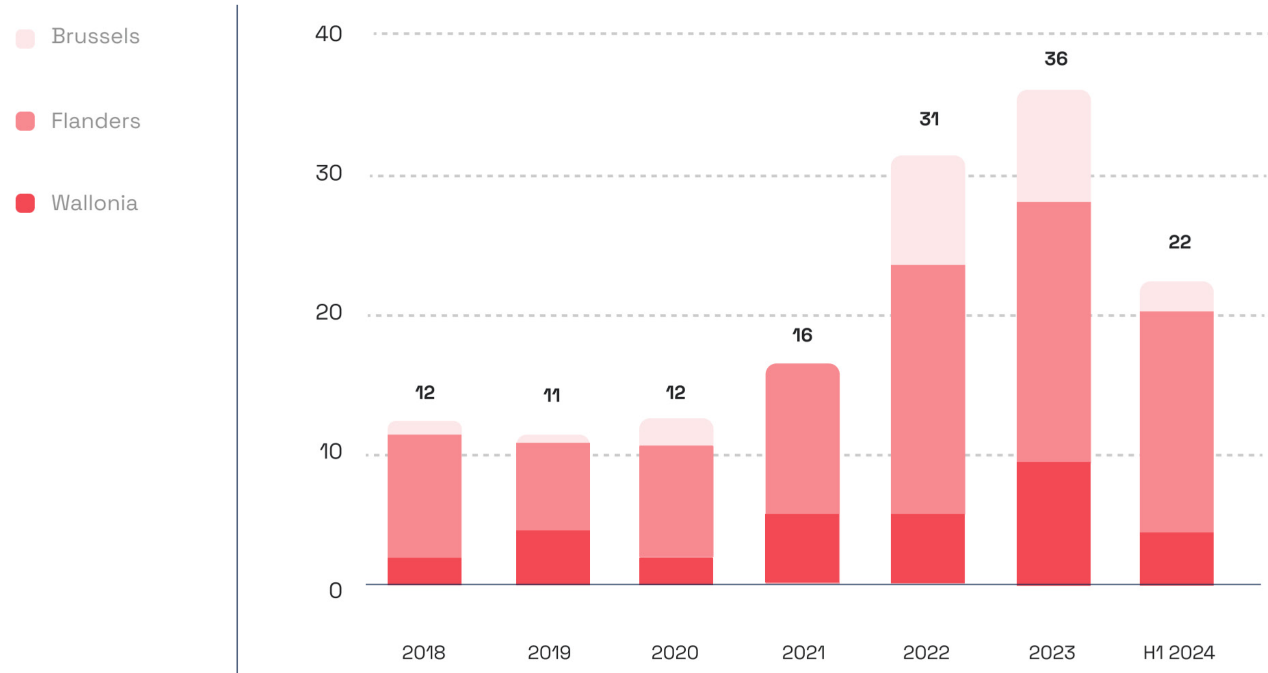
NUMBER OF BELGIAN TECH EXITS BY TYPE



Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

Despite still being few in absolute terms and almost only corporate acquisitions, the number of exits has steadily grown, from only 13 in 2018 to 31 in 2022 and 36 in 2023. If the current trend demonstrated by the Dealroom data persists, with 22 recorded exits in the first half of 2024, this year will likely be a record year on that front with approximately 40 exits.

NUMBER OF BELGIAN TECH EXITS BY REGION INCL. IPO, PE BUYOUTS AND CORPORATE ACQUISITIONS



Source: dealroom.co Analysis: BAIN & COMPANY SYNDICATE ONE

In correlation with total capital invested, the majority of exits are happening in Flanders (versus Brussels or Wallonia), and most of them are corporate acquisitions. The number of PE buy-outs remains very limited, especially when compared to the European mix.

Outsized exits are also relatively rare, but are starting to make an appearance. Louis Opsomer, Head of Finance and Operations at Henchman, the Belgian legaltech start-up acquired in June 2024 by LexisNexis for a reported $160 million, nevertheless sees a brighter future ahead for venture-backed exits: “Henchman’s acquisition shows investors that large exits in Belgium are possible,” Opsomer commented for this report.

CAPITAL INVESTED IN THE BELGIAN TECH ECOSYSTEM BY FUND LOCATION

in millions of euros

CUMULATIVE CAPITAL INVESTED

in millions of euros

Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

Foreign investors have increasingly found their way to the Belgian Tech ecosystems in recent years, according to Dealroom data.

While the investment share of foreign VCs in Belgian tech financing rounds remained stable at 57% in 2019 and 2020, it grew to 67% in 2022 and just south of 70% in 2023.

In the year to date, the share has dropped back to 2021 levels at 64%, with Belgium-based VCs' share rising again to 36% (still down from 43% in 2019 and 2020).

More international GP's are investing in Belgian companies, providing international expertise and network to homegrown companies.

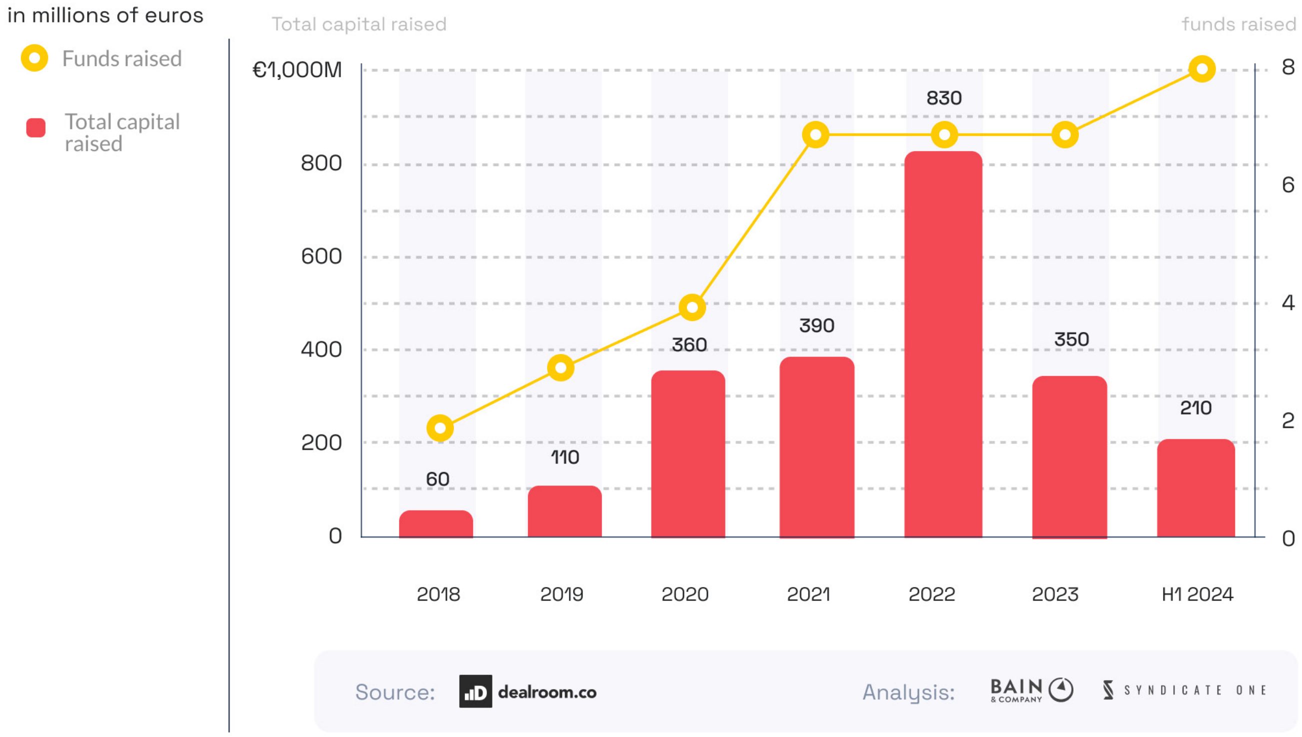
Giulia Van Waeyenberge
Managing Director, Sofina

The share of foreign investor participation has been greater than that of Belgian investors for every year analyzed between 2018 and H1 2024, and has amounted to 66% on average since the year 2020.

Belgium is establishing at a pretty nice pace with the emergence of unicorns and mid-sized companies growing rapidly. The majority of the best-performing companies we see are those that think internationally from day one, which is something you often see in Belgium due to its smaller domestic market.

Kamil Mieczakowski
Partner, Notion Capital

CAPITAL RAISED BY BELGIAN VC FIRMS



Alongside the growth in capital raised by start-ups, there is clear renewed momentum among Belgian investment firms and funds, according to the Dealroom data.

In the year to date, Belgian VCs have raised more than €200 million in new funds, compared to around €360 million in total on average in 2020, 2021 and 2023.

An exceptional total of €830 million, more than twice the average of other recent years, was raised by Belgian investment firms in 2022.

While 2023 marked a return to 2021 levels, Belgian VCs are currently on track to raise more than €400 million by the end of this year (extrapolating the data for H1 2024). Also in terms of the number of funds raised, there's been a noticeable and steady upward trend. While only two VC funds were raised in 2018, eight funds were raised in just the first half of 2024 alone, foreboding a record-breaking year.

Stakeholders interviewed also see this change in Belgian VC landscape, as notes serial entrepreneur and current CTO & founder of Aikido Willem Delbare, "In 2012, there were only two VCs available for early-stage funding. Now, there are over ten options, which has led to greater capital availability and increased competition between VCs, resulting in better terms and higher valuations."

We see a clear rise in venture capital and business angels stepping in, where it used to be mostly family and friends. This shift is bringing more expertise and capital into the ecosystem, which is essential for driving the growth of new start-ups.

Jürgen Ingels
Managing Partner, Smartfin

10 LARGEST BELGIAN FUNDS RAISED UP TO H1 2024

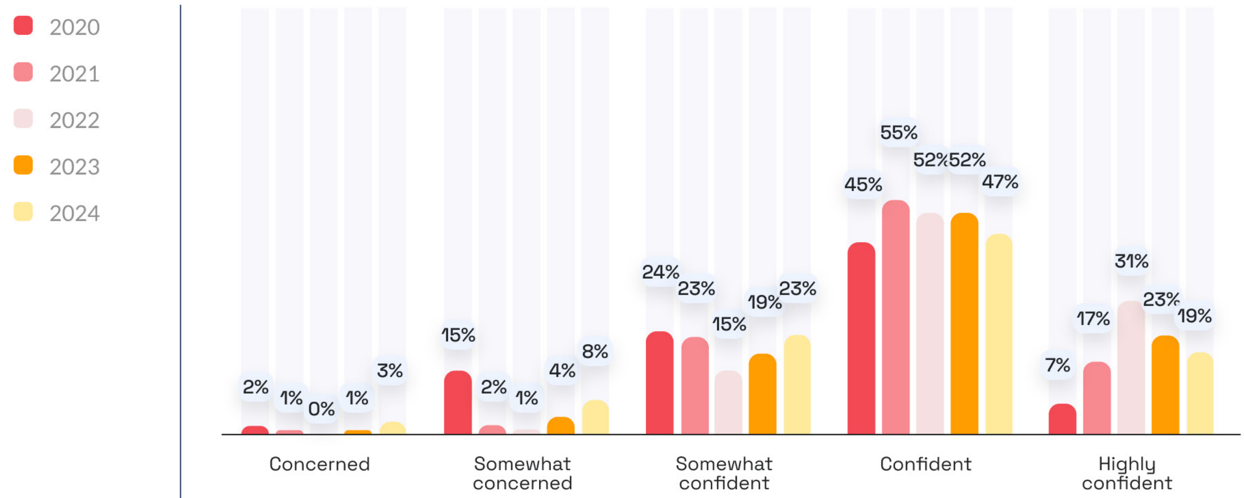
in millions of euros

VC fund	Sector focus	Cumulative fundraises between 2018 and H1 2024	Last fundraise
Smartfin	European B2B technology companies	458	€103M, 2023
IMEC.xpand	Semiconductor and nanotechnology innovations	417	€300M, 2024
Tioga capital	Web 3.0 (e.g. Blockchain, AI, Machine learning)	149	€85M, 2023
V-Bio	Healthcare & agriculture	110	€110M, 2022
Fortino	B2B SaaS	105	€105M, 2021
Junction	Energy transition	100	€100M, 2022
Qbic	Software, Deep Tech, Health Tech; focus on university spin-offs	89	€89M, 2023
Capricorn	Cleantech, Digital, and Health Tech	87	€87M, 2019
Pitchdrive	EU Tech companies	73	€40M, 2024
VIVES	Liefe sciences, Agri Tech and Hard engineering; focus on university spin-offs	70	€70M, 2024

Source: dealroom.co

Analysis: BAIN & COMPANY, SYNDICATE ONE

HOW CONFIDENT ARE YOU THAT YOUR BUSINESS CAN CONTINUE OR EVEN ACCELERATE ITS GROWTH TRAJECTORY?



Source: **Deloitte's 2024 Scale-ups Confidence Survey** Analysis: BAIN & COMPANY, SYNDICATE ONE

According to Deloitte's 2024 Scale-ups Confidence Survey, the confidence levels of founders in their ability to maintain or even accelerate their growth trajectory remain elevated, with 66% of respondents expressing (high) confidence. The survey highlights that the ecosystem continues to mature in spite of challenging market conditions, allowing scale-up founders to sustain a high level of optimism and determination.

WHAT WAS THE LEAD INVESTOR'S LIQUIDATION PREFERENCE FOR THAT ROUND?
(BY SIZE AMOUNT AND YEAR OF LAST FUNDING ROUND)

DID YOUR INVESTOR REQUIRE A BOARD SEAT?

Includes 100 respondents that disclosed funding rounds; only showing as of 2022 due to low n before; n excludes 'others' who did not share information on this specific question

Source: Syndicate One - 2024 Founder Survey (N-134)
Analysis: BAIN & COMPANY, SYNDICATE ONE

In addition, this high confidence is reflected on the investors' side, where there's a clear trend toward softening investment terms, particularly regarding liquidation preferences and board seat requirements.

The liquidation preference dictates how assets are distributed in the event of a company's exit. Typically, a 1x liquidation preference ensures investors retain their full investment before other shareholders receive returns. In later-stage rounds, investors might secure 2x or more, guaranteeing them a multiple of their original investment before others are paid.

A 1.5x liquidation preference wasn't rare in the past, now 1x has become standard. VCs are also increasingly thinking about the consequences of the terms for follow-on rounds, therefore they more and more go for vanilla terms, fewer board seats and so on.

Willem Delbare
CTO & founder, Aikido

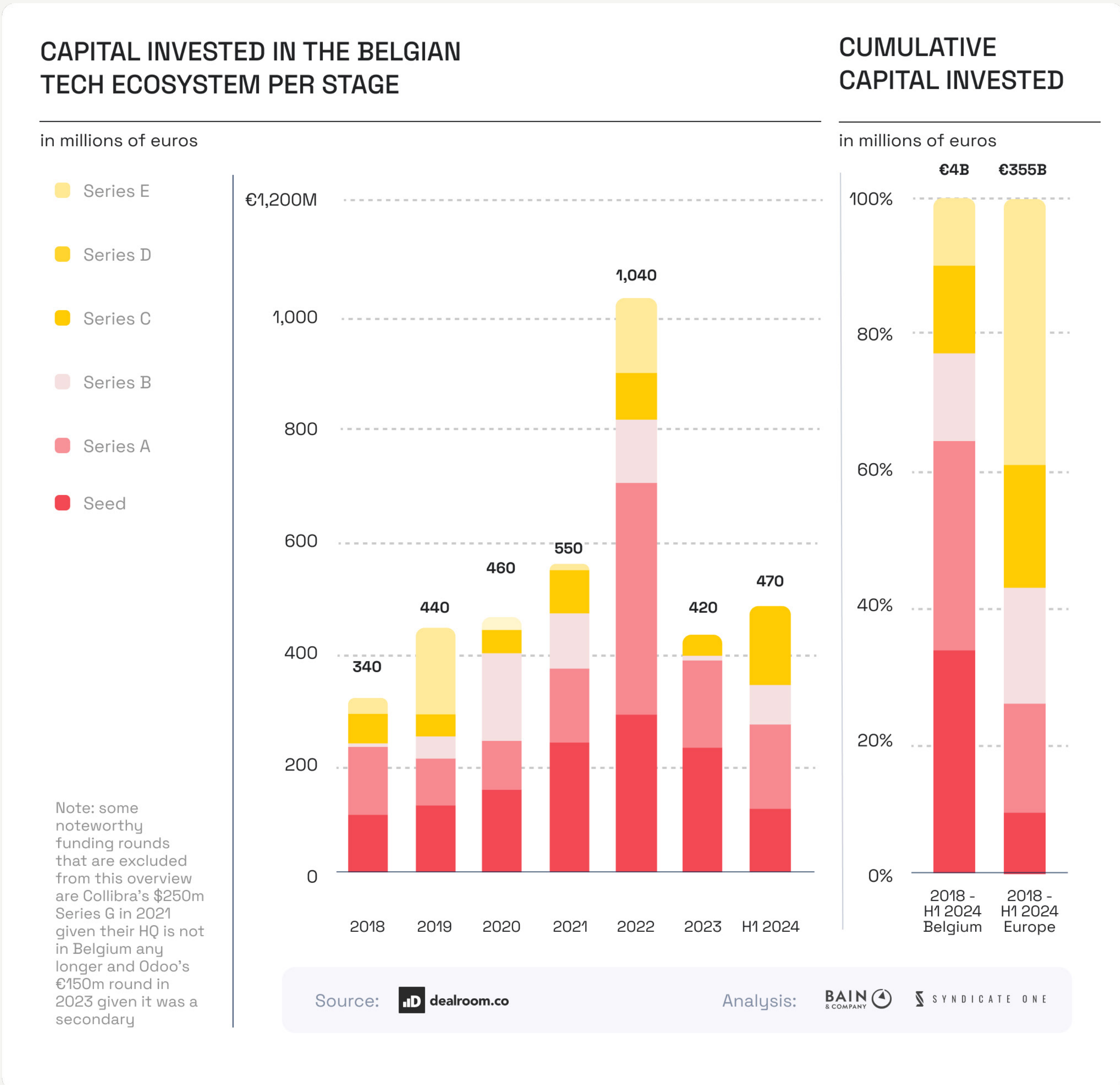
The aforementioned Syndicate One survey reveals a shift in liquidation preferences for smaller funding rounds (under €3 million). In 2022, only 20% of deal terms included no liquidation preference, while this figure jumped to 61% in 2024.

Similarly, the requirement for board seats in smaller funding rounds (under €3 million) has declined from 80% of investors obtaining a board seat in 2022 to 52% in 2024, according to the survey's 130+ respondents.

The Path To Growth

5

Belgium is still in its early journey to maturation as reflected in a disproportionate share of capital going to early stage



Note: some noteworthy funding rounds that are excluded from this overview are Collibra's $250m Series G in 2021 given their HQ is not in Belgium any longer and Odoo's €150m round in 2023 given it was a secondary

While experiencing clear growth, the Belgian Tech ecosystem is still firmly in its early maturation phase. Underscoring that there's still plenty room for growth is the fact that the ecosystem remains highly skewed towards early-stage capital rounds (Seed to Series B), with the main growth being driven from Series A and B rounds.

In the period 2018 to H1 2024, early-stage financing rounds accounted for around 77% of capital raised by Belgian technology start-ups, compared to only 42% in Europe in the same period. This difference remained consistent in the last five years.

ANNUAL BREAKDOWN OF LARGEST INVESTMENTS

Source: dealroom.co Analysis: BAIN & COMPANY, SYNDICATE ONE

Notably, a couple of larger late-stage deals occurring every year in Belgium typically drive between 30% and 50% of total capital invested.

Exceptions were monitored in 2019 (due to Showpad's Series D) and H1 2024 (with TES' Series C round bending the numbers). Other notable late-stage rounds over the years include the Series B and C rounds of Deliverect in 2021 and 2022, the 2022 rounds of Cowboy, Cohabs and Keyrock, and the Series B of TechWolf in 2024.

SIGNS OF GROWTH

Among the key Belgian Tech stakeholders interviewed for this report, there is a clear consensus that it has become less challenging for high-potential early-stage start-ups to raise capital and obtain support in recent years.

The European tech ecosystem as a whole - which doesn't operate in a vacuum - has continued to mature steadily over the last decade, particularly in cities like London, Paris, Berlin, Stockholm and Amsterdam.

While smaller start-up and investment ecosystems, including Belgium's, will require more time, forward-looking policymaking, exits, increased media attention and other elements to reach the next level, there are a number of indicators that bode well for the future.

There is a growing appetite in start-up investment from business angels, incubators, accelerators and early-stage VC funds alike, along with deepened and broadened access to government subsidies and other types of support.

While early-stage funding in belgium has gotten easier, a series of interviews with leading entrepreneurs and investors - in combination with the Syndicate One founder survey - show there are a number of root causes for the current lack of later growth-stage or scale-up funding in Belgium, including but not limited to:

- **The best predictor for future success is past success, and Belgium needs more of it:** foreign growth-stage investment firms will pay more attention to the Belgian Tech ecosystem when there is a consistent perceived success rate (i.e. unicorn valuations, large financing rounds, sizable cash exits, public listings etc.)
- **Success for growth companies is defined on a broader geographical basis, and the numbers don't lie:** growth-stage investors show signs of being materially more risk-averse than early-stage start-up backers, and generally more demanding with tech scale-ups when it comes to investment requirements (e.g. positive EBITDA and a sustained revenue growth trajectory, profitability etc.) with nuances based on the sector (e.g. less challenging for B2B SaaS companies than B2C hardware firms). Stefanie Broes, co-founder and CEO at Moonbird, notes that "whilst the investment ecosystem is generally supportive in the early stages of the businesses, things tend to become increasingly difficult when trying to raise growth funding (Series B-C and after)".
- **Belgium's successes need to be celebrated:** the Belgian Tech ecosystem lacks the visibility enjoyed by its closest mature neighbors, which include London, Paris, Amsterdam and Munich, which can be fueled by increased media attention, international event organization and participation, cross-

border pitching competitions and innovation missions, and more. As an example, The Netherlands has the 'Techleap' initiative championed by Prince Constantijn of the Netherlands, France has a mission called 'La French Tech' that's often marketed and publicly supported by President Macron. Fragmentation within the country in Belgium does not make this any easier. As more start-ups emerge, and more investment follows, it is safe to assume media attention will grow, too. A quick look at the Belga.press database, which tracks press releases and mentions over time, shows approximately 18,000 results for the word (start-up) between 2012 and 2018, or roughly 2,600 per year on average. From 2019 to 2023, that figure has grown to more than 38,300 results in total, which translates to a tripling of the average amount of press mentions to about 7,700 per year. Initiatives like Yaka! by L'Echo and WAW! by De Tijd, two newspapers run and owned by Mediafin, aim to increase the attention to entrepreneurship. These are big strides in the right direction and will surely further boost those numbers.

THE PATH FORWARD

Belgium also grapples with the same issues experienced by any market that's inherently small-sized: promising founders from such ecosystems and operators will often look to larger markets like the United States and the United Kingdom to start and scale their businesses.

Losing entrepreneurial and technical talent to more mature ecosystems, and established scale-ups such as Collibra and DataCamp building large parts of their operations in other countries, will be part of Belgium's reality for some time to come.

Ecosystems tend to need time to develop and grow even in the best of conditions, and there are few shortcuts, if any. Like any start-up ecosystem, the Belgian operating environment for tech start-ups will evolve gradually, rather than suddenly.

That this trend is set in motion is already reflected in the rise in early-stage investments, particularly from foreign VC firms, the emergence of Belgium's first unicorns, the unmistakable formation of physical hubs and network clusters around tech scale-ups success stories, notable exits, and upscaled ambitions from the next generation of entrepreneurs.

Showpad CEO Hendrik Isebaert concurs: “I’ve noticed increased competition in the market. Today’s start-ups can raise more capital while giving away less equity compared to the early days of Showpad. Additionally, cap tables are becoming increasingly crowded with names, a trend that wasn’t as prevalent just a few years ago, indicating that founders have the possibility to choose with whom they work.”

But funding in the early stages is easier to get than in later stage.

Belgium has a strong early stage funding landscape, while only a few scale-ups manage to raise growth capital in their own market. Local LPs often favor PE and limited pension fund money flows into the ecosystem, leading to VC funds with limited firing power creating a gap in later stage funding and hence, Belgian companies looking for growth capital abroad.

Katrin Geyskens
Managing partner , Capricorn Partners

Jürgen Ingels echoes this by mentioning that “Big VCs often overfly the country in favor of hubs like Berlin, Amsterdam, Paris, and London. That’s why events like SuperNova are crucial—they bring international investors to Belgium, helping to bridge the gap and accelerate growth-stage opportunities.”

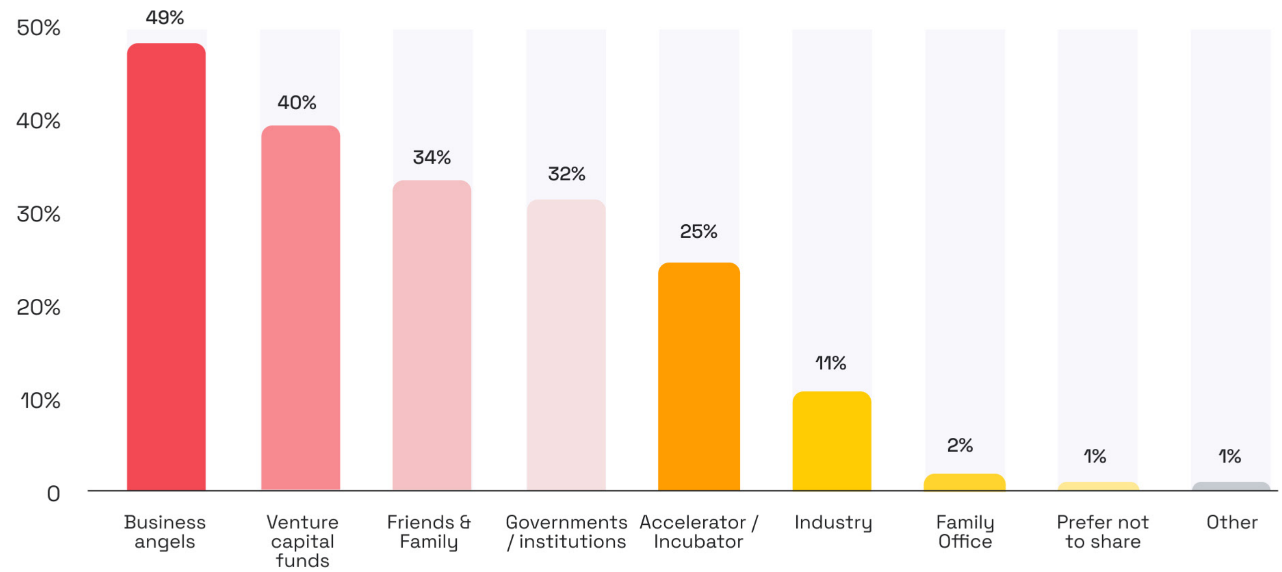
Impact Of Ecosystem Network Effects

6

There is an opportunity to further develop the emerging 'mafia' of entrepreneurs and accelerate its network effects

Consistent with the prevalence of early-stage investment within the Belgian Tech ecosystem, there has been a notable increase in the number and activity of business angels on the one hand, and accelerators/incubators on the other hand, albeit both more pronounced in Flanders and Brussels compared to the Wallonia region.

WHO HAVE YOU RAISED FROM?



Source: dealroom.co Syndicate One - 2024 Founder Survey (N=134)
Analysis: BAIN & COMPANY SYNDICATE ONE

Note: Multiple answers possible (262 total answers)

According to the respondents of the Syndicate One survey, around 49% indicated one of their funding rounds was participated in by business angels, and another 34% by 'friends & family'. Consequently, a significant portion of capital in the early start-up stages is provided by non-institutional investors.

There are also regional differences in sources of funding, whereby Flanders relies more on accelerators and incubators (36%) compared to Brussels and Wallonia (12% and 21%, respectively), while the latter two rely more on government funding (34% and 57%, respectively, vs. 26% in Flanders).

This trend tracks with a rise in technology hubs and incubators, such as Wintercircus, La Grand Poste, BeCentral and others, as well as accelerators such as imec.istart (ranked the world's #1 incubator in 2023 by UBI Global), Start it @ KBC, Birdhouse, SportUp and others. Most of these incubators also provide funding, especially in the early stages.

Notably, Flanders' three largest business accelerators—NOA, imec.istart, and Start it Accelerate @KBC—have joined forces to create "The Growth Collective". Supported by VLAIO, this new initiative aims to build a vibrant ecosystem to maximize founders' success rates, making it as likely as possible for both start-ups and scale-ups to achieve their full potential.

The initiatives mentioned above are driven by local entrepreneurs, but would have not been possible without the support of local government. Regional government funds remain important LPs in most Belgian VC funds.

Also noteworthy is the emergence and growth of venture studios such as Entourage, 1105, Miles Ahead, Lab Box and Hexa/eFounders, as well as programs for internalization of up-and-coming tech scale-ups, such as BEyond, a 12-month acceleration program established by the Pulse Foundation that helps high-potential Belgian tech start-ups achieve rapid international growth.

There is a consensus among respondents that there is growing positive encouragement from the community to "give back", particularly through the programs mentioned above, which encourages entrepreneurs to become active members of the ecosystem and contribute to the growth and success of others.

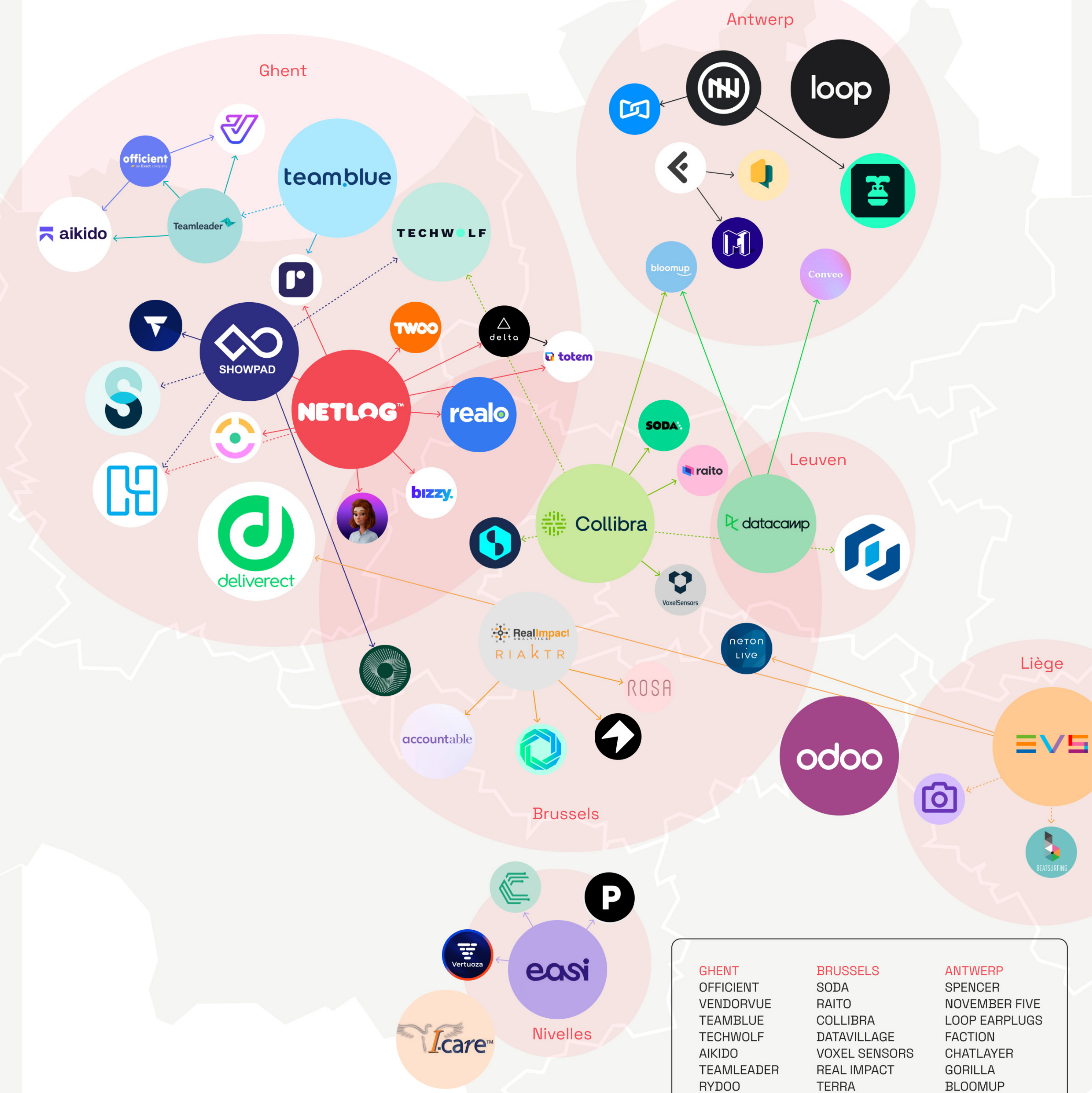
There's a strong sense of community in the Belgian start-up ecosystem, with a growing emphasis on paying it forward. Programs like imec.istart and BEyond are not just about funding; they're about building a supportive network that helps entrepreneurs contribute back to the ecosystem

Stefanie Broes
Founder, moonbird

Adding on the above, Hendrik Isebaert also observes a growing number of entrepreneurs investing back in the ecosystem: "Every passionate founder tends to reinvest in the ecosystem. For them, sourcing attractive deals becomes easier because people seek their advice. They also frequently leverage their networks, which naturally helps to build and strengthen local ecosystems."

Several examples of this dynamic can be seen across various cities in Belgium, where previous success stories have encouraged founders, employees and investors to create, join or back new companies. With the visual below, we attempt to showcase the expanding network of interconnected tech companies forming across Belgium, with additional start-ups entering the arena on a constant basis.

NETWORK VISUALISED



Co founder relationship

Board / significant investment relationship

note:
Non-exhaustive list of digital startups in Belgium founded by former employees of other startups

GHENT
OFFICIENT
VENDORVUE
TEAMBLUE
TECHWOLF
AIKIDO
TEAMLEADER
RYDOO
TWOO
SILVERFIN
TEKST
SHOWPAD
NETLOG
DELTA
TOTEM
REALO
INTROW
HENCHMAN
DELIVERECT
DONNA
BIZZY

BRUSSELS
SODA
RAITO
COLLIBRA
DATAVILLAGE
VOXEL SENSORS
REAL IMPACT
TERRA
ROSA
NETON LIVE
ACCOUNTABLE
SIRONA
JETPACK AI

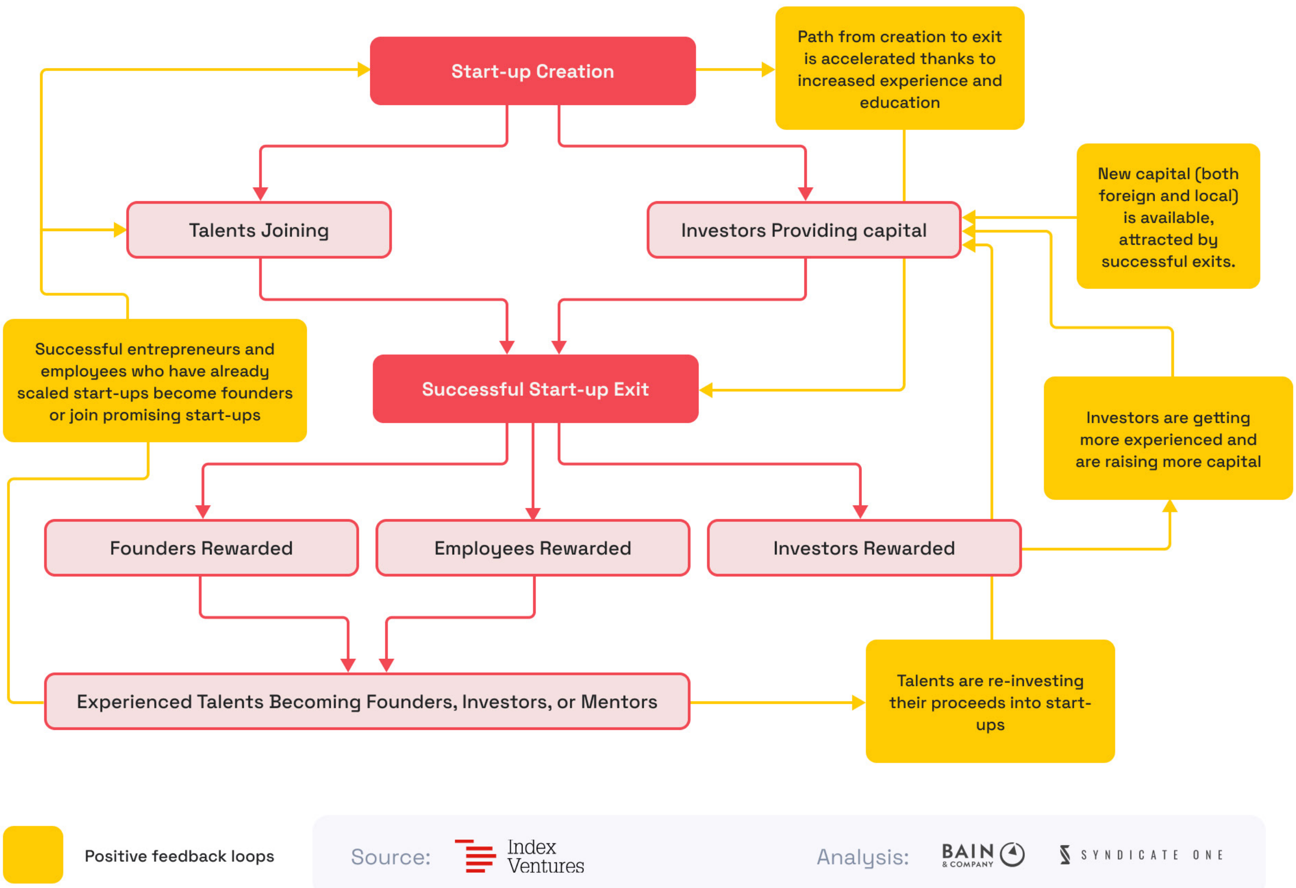
LEUVEN
DATACAMP
GUARDSQUARE

LIÈGE
EVS
FOTOSTUDIO
BEATSURFING

ANTWERP
SPENCER
NOVEMBER FIVE
LOOP EARPLUGS
FACTION
CHATLAYER
GORILLA
BLOOMUP
METAMAZE
CONVEO

WALLONIA
ODOO
CHIFT
PLURIELL
VERTUOZA
EASI
I-CARE

IDENTIFYING THE POSITIVE FEEDBACK LOOPS IN A START-UP ECOSYSTEM



Source: Index Ventures   Analysis: Bain & Company, Syndicate One

Belgium's start-up ecosystem is on a positive trajectory, marked by increasing support from business angels, incubators, and a growing network of public and private investments. However, this support structure is notably fragmented across the country's regions. Public funding is dispersed across multiple regional entities, each with its own focus and priorities (non-exhaustive):

- **Flanders:** VLAIO (Flanders Innovation & Entrepreneurship), PMV (Participatie Maatschappij Vlaanderen), LRM (Limburgse Reconversie Maatschappij)
- **Wallonia:** Wallonie Entreprendre with WING (Wallonia Innovation and Growth fund), Noshaq
- **Brussels:** finance&invest.brussels
- **German-speaking Community:** Ostbelgien Invest

In contrast, Belgium's only federal investment vehicle is the Federal Holding and Investment Company (SFPIM), which plays a more limited role compared to the robust, centralized agencies in other countries, such as Bpifrance in France, KfW in iiGermany, and Enterprise Ireland. These entities provide a nationwide strategy for supporting start-ups, which creates a more unified start-up ecosystem, with sometimes even the option of non-dilutive funding.

While regional investments are vital, the internal competition among Belgian cities and regions can be counterproductive. More nationwide coordination and speaking with one voice could help integrate these efforts and present Belgium as a unified, competitive force in the global tech landscape.

Sven De Cleyn
Program Director, Imec.istart

There is also an opportunity for Belgian pension funds to play a much more active role. More limited involvement from pension funds has been true for all of Europe for many years. In 2022, just 0.010% of pension fund AUM was invested into European VCs.

However, we do see some positive trends. The UK has recently taken steps to encourage pension fund investments in venture capital, such as adding flexibility to a fee cap and initiating the Venture Capital Investment Compact, which aims to increase collaboration between pension funds and venture firms. Similarly, Germany and France are also taking action: Germany is discussing ways to boost pension fund commitments to VC, and France has launched “Tibi 2” to attract up to €7 billion in institutional capital for early-stage and tech investments. While other European countries are revising and implementing those strategies, there has been no significant movement in Belgium so far.

Public funds in Belgium aren’t as dynamic as they need to be. If you plug some of the ventures struggling in Belgium into ecosystems like France or the Netherlands, where public capital is more supportive, they would likely have a better chance of survival.

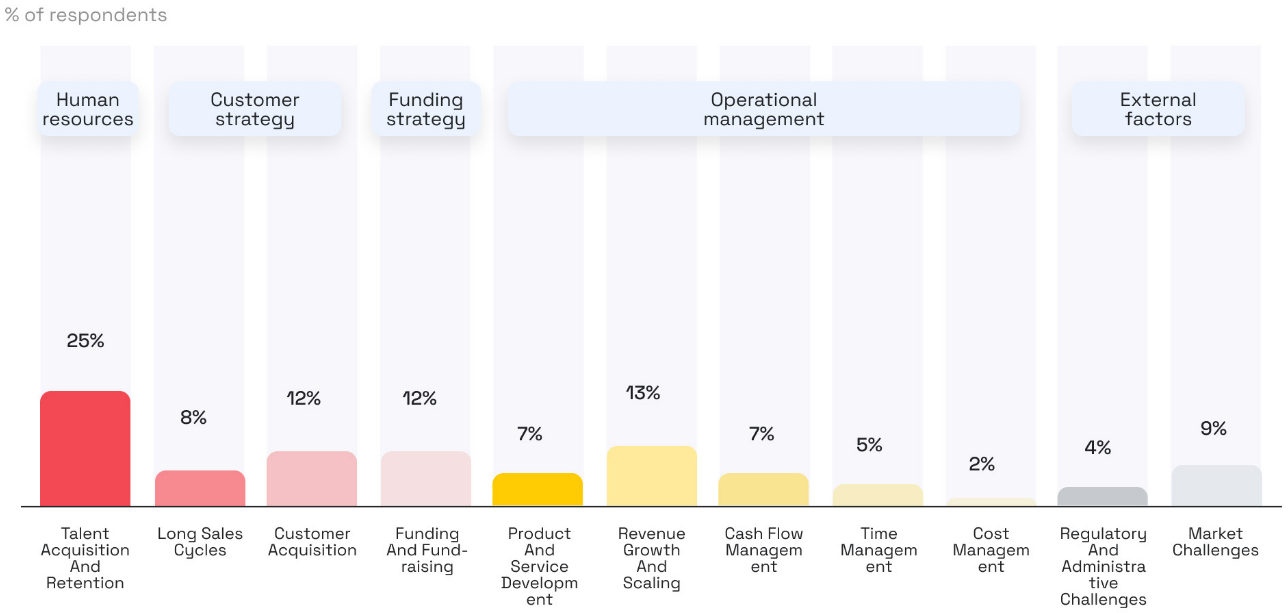
Olivier Rousseaux
Director of Venture Development, Imec

Founder Pain Points

7

Talent and ESOP schemes are the main pain points of Belgian founders: both have a negative impact on founders' ability to scale their business and the latter limits the reinvestment power of operators in successful start-ups

WHAT IS YOUR BIGGEST PAIN AS A START-UP?



Note:
Excludes uncategorized answers (13%)

Source: Syndicate One - 2024 Founder Survey (N134)

Analysis: BAIN & COMPANY, SYNDICATE ONE

Syndicate One's survey indicates that by far, the biggest challenge for start-up founders is related to talent (recruitment and retention), with 25% of respondents indicating this as one of the biggest pain points.

Notably, this is true regardless of the start-up's stage, while other challenges are more specific to the relative maturity of the business. Later-stage start-ups pinpoint as other prominent issues 'Revenue Growth & Scaling' (13%) and, related to this, 'Customer Acquisition' (12%).

This demonstrates talent far outweighing any other issues felt by the Belgian Tech ecosystem, although we should note a broader context of the Belgian economy in general struggling to attract talent; according to a recent European study by SD Worx, 42% of European employers struggle to attract employees, and this number is significantly higher in Belgium (65%).

Just outside the top three self-identified pain points, entrepreneurs point to 'Funding & Fundraising' as a problematic point (12%).

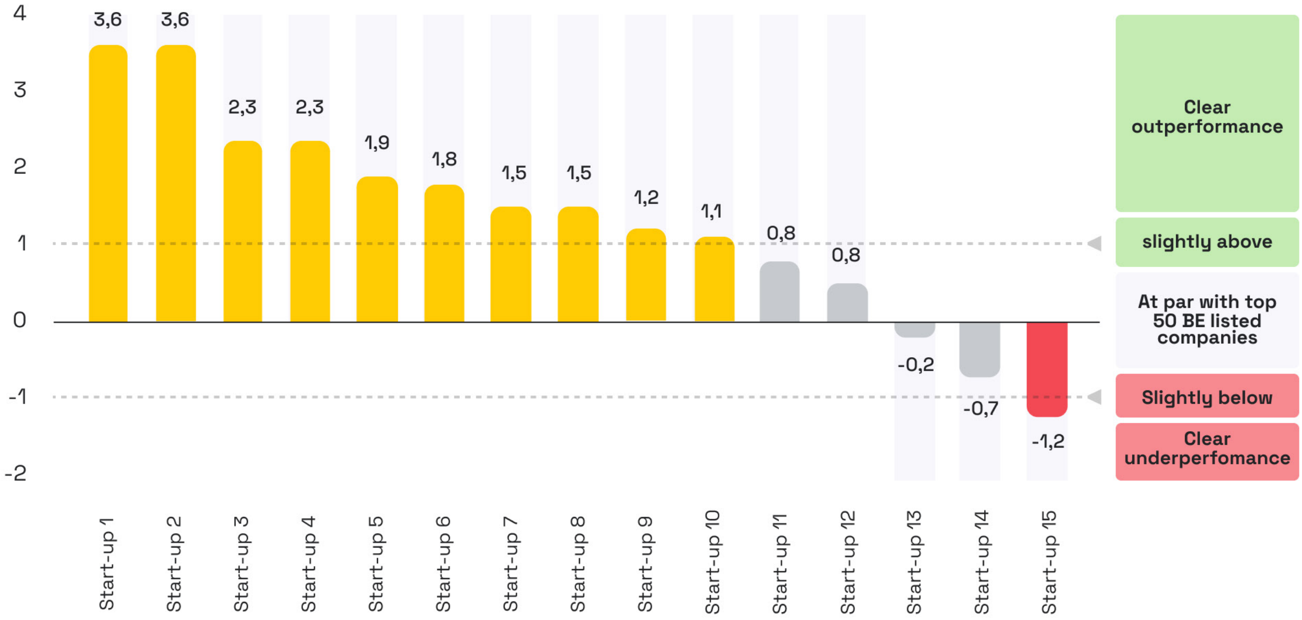
Further down the list, Belgian start-up founders grapple with issues like 'Market Challenges' (9%), 'Cash Flow Management' (7%) and 'Regulatory & Administrative Challenges' (4%). The latter can be mitigated by simplifying legal and administration, explains Jurgen Ingels: "One of the key pain points for start-ups is navigating the complex legal and financial landscape. Governments can play a crucial role by continuing efforts to simplify these processes, making it easier for entrepreneurs to focus on the growth of their business."

While talent scarcity remains a prominent challenge for Belgian start-ups, the data indicates that once employees are hired, they tend to value their employers highly compared to their counterparts in larger Belgian corporations.

According to an employee sentiment scoring performed using Glassdoor data and Bain's Stakeholder Value System, which benchmarks employee sentiment across various criteria such as culture, compensation, and leadership, around 65% of the Belgian start-ups analyzed scored significantly higher than the top 50 publicly-listed Belgian companies.

(Note that 15 start-ups were carefully selected based on their total capital raised, the size of their last funding rounds, and the availability of Glassdoor data.)

EMPLOYEE SENTIMENT SCORING ACROSS 15 BELGIAN START-UPS



Note: Scores are standard deviations (z-scores) relative tot top 50 publicly listed compagnies in Belgium; 15 start-ups selected based on largest amounts of capital raised, largest funding rounds in L12M, and Glassdoor availability; n is minimal 10

Source: **Stakeholder Value System integrations of Glassdoor ratings (overall, recomemend, CEO, outlook, culture, work life balance, career opportuniteis, comp & benefits, DEI)**

Analysis: BAIN & COMPANY, SYNDICATE ONE

This finding underscores that the issue of talent scarcity is not driven by employee dissatisfaction within start-ups, but is more likely due to external factors. One of the most critical external factors is the limited pool of experienced professionals, particularly when it comes to senior leadership roles. This challenge is not unique to Belgium; it is prevalent across Europe and particularly in ecosystems in development.

As highlighted by industry experts, Europe in particular lacks a robust culture of seasoned leaders transitioning into leadership roles within start-ups, a trend similarly observed in the US. The difficulty in attracting experienced leaders, who are essential for steering start-ups through scaling and strategic challenges, poses a significant hurdle for the Belgian tech ecosystem's further development.

For a scale-up, finding experienced executives within Belgium can be extremely challenging. At this level, a manager must know how to prioritize effectively. Attracting talent without the necessary experience often doesn't work, as they would need to figure things out on the go, and in a scale-up environment we simply don't have the luxury of time for that.

Hendrik Isebaert
CEO, Showpad

According to Deloitte's 2024 Scale-up Confidence survey, the primary challenge in talent acquisition and retention is the scarcity of specific profiles in the market, with 69% of respondents indicating this as the main hurdle. Additionally, 43% of respondents highlight the ongoing talent war that has significantly raised candidate expectations, particularly with regards to financial rewards.

Talent becomes a significant challenge at the growth stage, largely due to the scarcity of large Belgian tech companies that can produce experienced professionals at this level. However, Belgium has strong tech talent and excels in sales and marketing, giving it a competitive edge in the early stages of start-ups.

Quentin Nickmans
Founder & Partner, Hexa

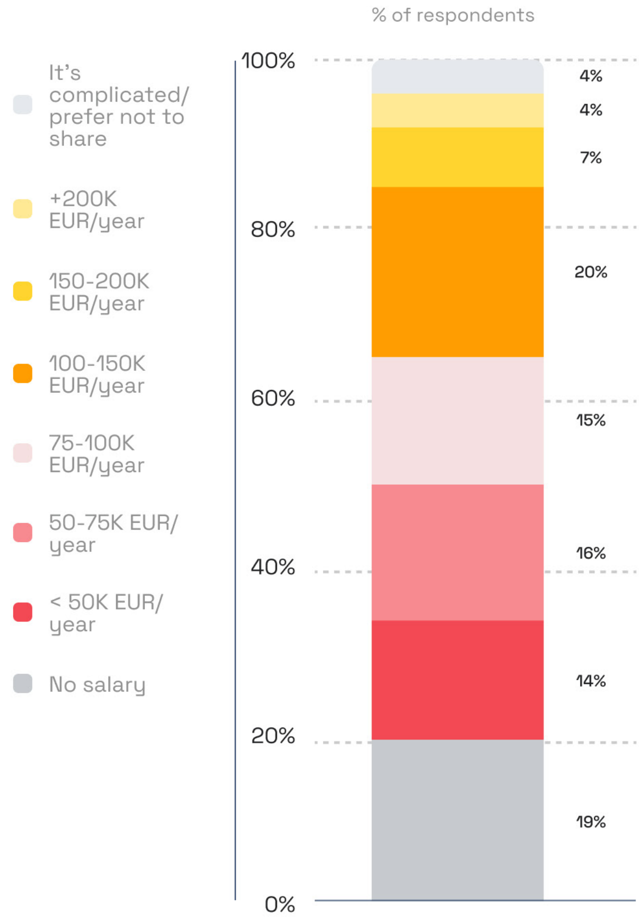
Attracting senior talent abroad is necessary, confirms Adrien Roose, but whilst Belgium has a high standard of living and a strategic location, it's is not always the first choice destination of foreign talent: "For our CMO and CFO roles, we were able to secure great candidates from overseas who believed in our proposition and flexible working; they spend a lot of time in Belgium but haven't relocated."

Brussels is often seen as a second-tier city by international talent when compared to London, Paris or Berlin, increasing the difficulty to convince people to relocate.

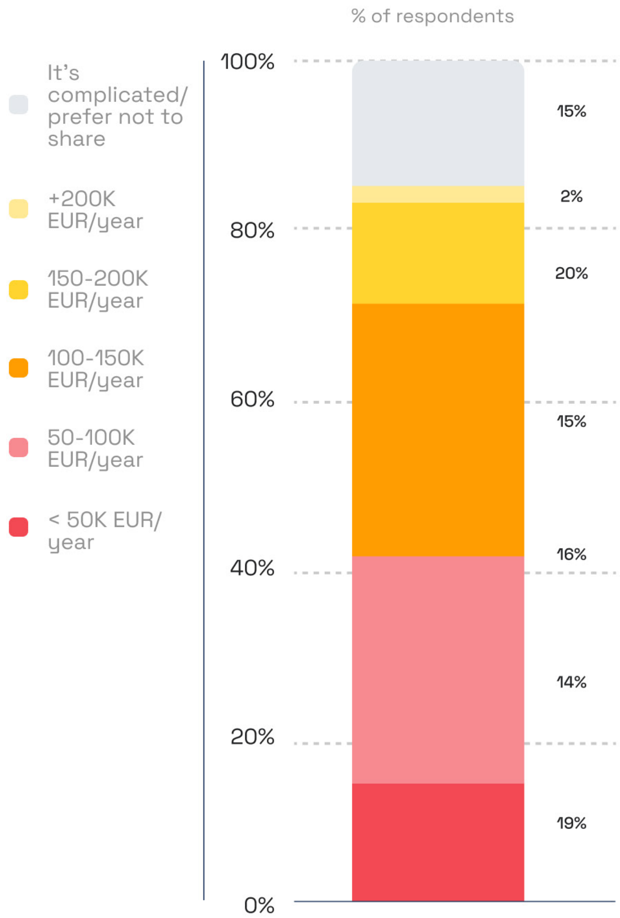
Thoralf Gutierrez
Co-Founder & CEO, Sirona Technologies

COMPENSATION:
SALARY, ESOPS AND OTHER BENEFITS.

WHAT IS THE SALARY RANGE (COMPANY COST, NOT STOCK) FOR THE FOUNDERS IN YOUR START-UP?



WHAT IS THE SALARY RANGE (GROSS CASH, INCLUDING BONUS BUT EXCLUDING STOCK OPTIONS) FOR THE KEY LEADERSHIP ROLES WHO ARE NOT FOUNDERS (CTO, CMO, ETC...) IN YOUR START-UP?



Source: **Syndicate One - 2024 Founder Survey (N=134)** Analysis: BAIN & COMPANY, SYNDICATE ONE

According to the Syndicate One survey, start-up founders typically pay themselves around the €75k mark in gross cash on an annual basis, indicated as the median in the survey. Notably, around a fifth of respondents said they do not pay themselves a salary, while around 45% pay themselves less than 100k EUR annually. These figures exclude founders' stock.

When asked about the annual salary for non-founder key leadership roles (CTO, CMO, etc.), the median lies between ~€100k and 150k gross cash (including bonus, but excluding stock options). This is broadly in line with the averages for other Belgian companies according to public Glassdoor data: CTO €100-150k; CMO €100-150K; CFO €150-250K and COO €100-150K.

Employee stock ownership plans (ESOPs), giving employees ownership in their employer through shares or options, are not yet common practice in the Belgian Tech ecosystem(s).

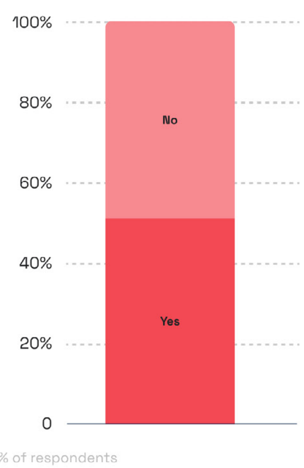
ESOPs generally give employees the right to purchase company stock at a predetermined strike price after a certain period of time, which aims to foster a culture of ownership and enhanced engagement as employees share in the company's success, and provide significant financial benefits for both employees and employers.

The current social and fiscal approach in Belgium increases the risk for employees and companies and the administrative regulation puts Belgian companies at a disadvantage.The significant challenges for the implementation of ESOPs were raised by many entrepreneurs and investors interviewed for this report.

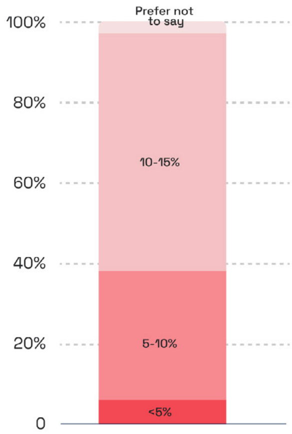
The ESOP system is currently our biggest challenge. Employees face two unfavorable options: The first is to pay taxes immediately upon receiving the grant, which is risky because the stock options could ultimately become worthless. The second option is to pay taxes when they exercise and sell, at the regular income tax rate. In contrast, the U.S. taxes capital gains, which does not require employees to take any risk and offers a lower tax rate.

Thoralf Gutierrez
Co-Founder & CEO, Sirona Technologies

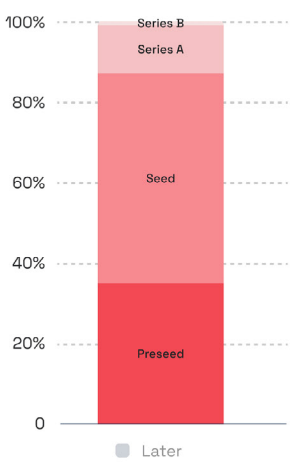
DO YOU HAVE AN ESOP IN PLACE?



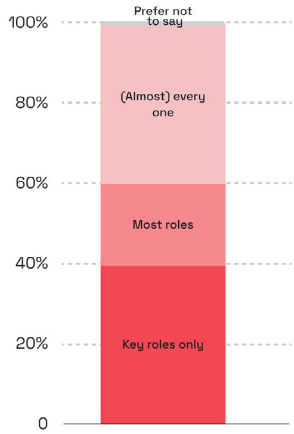
WHAT % OF YOUR CAP TABLE (SHARES) IS ALLOCATED TO THE ESOP?



AT WHAT STAGE DID YOU PUT THE ESOP IN PLACE?

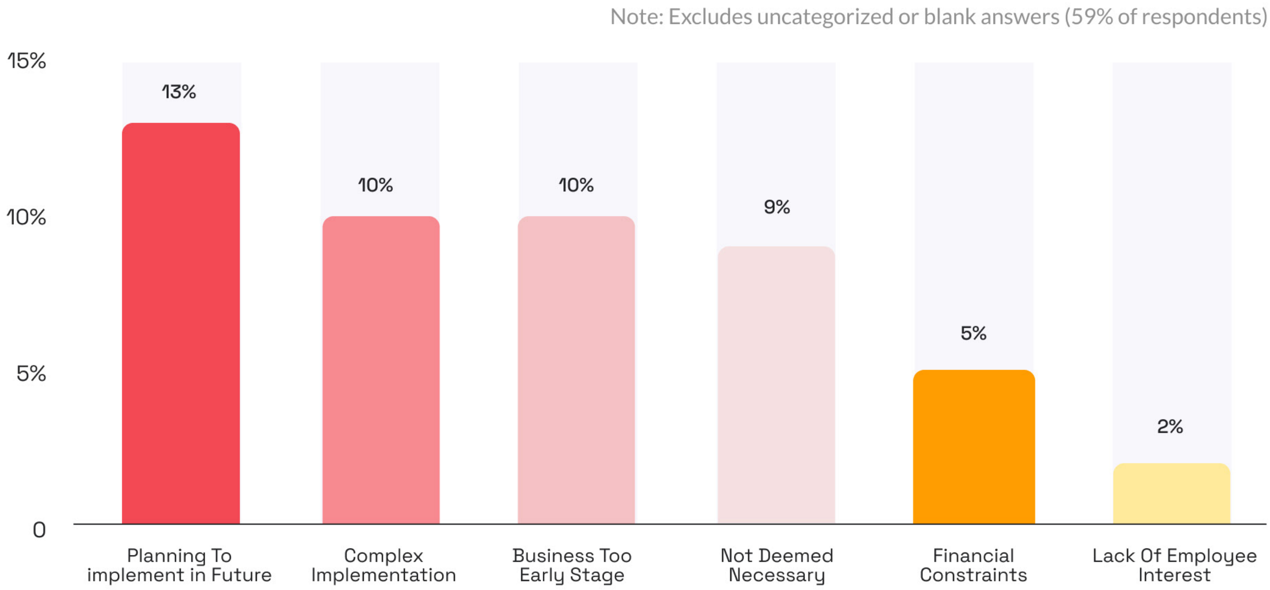


WHO GETS ACCESS TO THE ESOP?



Source: **Syndicate One - 2024 Founder Survey (N134)** Analysis: BAIN & COMPANY SYNDICATE ONE

WHY DON'T YOU OFFER AN ESOP?



Source: **Syndicate One - 2024 Founder Survey (N=134)** Analysis: BAIN & COMPANY SYNDICATE ONE

According to the aforementioned survey, only ~60% of key executives (excluding the start-up's founders) systematically get stock options, but those often receive 1% or more.

Just above 50% of respondents currently offer ESOPs to their employees in general, with 13% indicating they are planning to offer plans soon.

The majority of those who already offer ESOPs today (~51%) allocate between 10 and 15% of their shares to benefit employees. Approximately ~40% offer it exclusively to key leaders, while another ~40% offer it to all employees.

The respondents who indicated they currently don't offer ESOPs shared various rationales, such as the current complexity in implementing them, the business being too early-stage (even though ~87% of respondents who implemented employee stock ownership plans did so at pre-seed/seed stage), and financial constraints.

Notably, only 9% of respondents deem ESOPs 'unnecessary', demonstrating that there is an outspoken intention for the Belgian Tech ecosystem to align with the global trend of increased employee ownership.

The potential benefits, exemplified by successful implementations in other countries, make a compelling case for ESOP-friendly reforms in Belgium.

The current system is suboptimal, with a lot of elements creating friction: short exercise windows, uncertainty at the moment of exit, limited information, upfront payment which can force people to take loans, ... it's a lose-lose-lose. While having employees benefit from company growth, results in more people reinvesting in the ecosystem, creating an additional growth driver.

Willem Delbare
CTO & founder, Aikido

The proposed tax reform in 2023 by the Belgian Ministry of Finance went in the right direction by creating a possibility for taxation upon the realization of a gain. At the same time, the proposal deviated significantly from the international norm by creating important differences between the treatment of share and option grants - effectively putting Belgian companies with international ambitions or companies coming to Belgium at a disadvantage compared to foreign competitors.

The current tax framework is incoherent and does not support the needs of start-ups. It is expensive and complex, and does not allow us to attract the right talent. We should look at other countries (e.g. France) and implement similar legislation.

Adrien Roose
co-founder and CEO, Cowboy

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ACKNOWLEDGEMENTS 68

8

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Methodology

FILTERING PROCESS 70

INDUSTRY FOCUS 70

EXCLUSIONS 71

ADJUSTMENTS 71

DEFINITIONS 72

SOFTWARE TYPES 74

9

The primary source of data is Dealroom, from which transaction data specifically for start-up companies with headquarters located in Belgium is extracted for the period from 2018 to 2024 H1.

FILTERING PROCESS

To refine the dataset, several filters were applied:

- **VC Backed Tag:** Only transactions tagged as “VC Backed” were included. This filter ensures that the dataset is limited to investments involving venture capital only.
- **Investment Rounds:** Following types of investment rounds are included
    - Early VC
    - Late VC
    - Seed
    - Series A
    - Series B
    - Series C
    - Series D
    - Series E

Transactions associated with the following tags were excluded to maintain the focus on relevant VC-backed rounds: acquisition, angel, bankruptcy, buyout, convertible, corporate spinout, debt, grant, growth equity non-VC, growth equity VC, ICO, IPO, lending capital, media for equity, merger, not set, post-IPO convertible, post-IPO debt, post-IPO equity, post-IPO secondary, private placement non-VC, private placement VC, project, real estate, infrastructure finance, secondary, Series F, Series G, Series H, Series I, SPAC IPO, SPAC private placement, spinout, support program and venture debt.

INDUSTRY FOCUS

To further refine the dataset, companies tagged under the “biotech” sub-industry are excluded, while those classified under “medtech” were retained. The distinctions are as follows:

- **Medtech:** Companies in this category produce devices, tools, software, and machines typically used to diagnose, treat, care for, or monitor people’s health. These products are primarily utilized in hospital settings and are generally regulated.
- **Biotech:** Companies classified as biotech engage in research and product development rooted in biology, often for medical or agricultural purposes. Products from these companies are typically found in pharmacies or laboratories and are subject to strict regulatory oversight.

EXCLUSIONS

Following a thorough review of the remaining companies, several companies were incorrectly categorized as non-biotech but which should have been classified under biotech. These companies were excluded from the analysis. These companies had a cumulative fundraising total of €261M during 2018-2024 H1. The excluded companies are:

- Full-life Technologies (majority of operations in China)
- Novadip Biosciences
- Eyed Pharma
- iStar Medical
- Rejuvenate Biomed
- MRM Health NV
- Trince
- Montis Biosciences

ADJUSTMENTS

To ensure the accuracy of the dataset, datapoints have been cross-checked with Agoria. The following adjustment were made:

- **Micledi:** Missing round size of €23.5M ('24) in Series A added to our dataset.
- **Sparki:** This company was recategorized from "Growth Equity VC" to "Series A" after a literature search, resulting in the addition of €24M to the total raised.
- **Entropia:** This company was excluded from the dataset due to its €60M round being classified as a later stage investment, with the company having been founded in 2002.
- **Cohabs:** Due to the absence of its latest round in Dealroom and other public sources, we excluded the latest Cohabs round, which was €80M.

DEFINITIONS

Industry	Description	Top 3 most valuable companies
Consumer good/service	B2C business models delivering services and products across a variety of sectors e.g., consumer electronics, sports, food, travel, fashion, home living, gaming	Deliverect, Near, Cohabs
Professional services	B2B businesses focusing on professional services and SG&A functions, e.g., legal, marketing, education, compliance, HR	Showpad, Techwolf, Customs4Trade
Healthcare	Start-ups developing services and products to improve delivery, diagnostics, accessibility, and quality of healthcare services with products ranging from digital healthcare platforms to wearables and surgical robots.	Nyxoah, Icometrix, Cognivia
Financial services	Fintech companies providing services and solutions across various sectors within the financial industry, including payments, lending, insurance, wealth management, and personal finance.	Keyrock, SilverFin, Qover
Technology and IT services	Start-ups developing advanced technologies with applications across sectors or selling B2B services typically managed by tech and IT teams, like cloud solutions and enterprise software.	Cluepoints, Robovision, Vaultspeed
Energy & Climate	Companies focused on energy efficiency, renewable energy, and climate change mitigation, both through software and hardware solutions.	Tree Energy Solutions, Energyvision, Qpinch

DEFINITIONS

Industry	Description	Top 3 most valuable companies
Mobility & Transportation	Businesses aiming to make movements of people and goods more efficient, sustainable, and accessible through services and products in EVs, ride-sharing platforms, autonomous driving, urban mobility.	Cowboy, Shippr, Optimile
Industrials	Companies applying advanced technologies across industrial sectors, from chemicals to semiconductors, to enhance manufacturing, construction, and industrial processes through new approaches, automation, monitoring, or improved sustainability.	Spectricity, I-care, Swave Photonics

SOFTWARE TYPES

Industry	Description	Top 3 most valuable companies
Digital apps, platforms and marketplaces	Software applications powered by basic technologies, providing users access to specific services or capabilities, e.g., social networks, marketplaces, collaboration tools, and digital platforms.	Deliverect, Skipr
Artificial intelligence	Enhanced intelligence of machines enabling them to perform tasks such as reasoning, learning, decision-making, and automated learning, excl. NLP.	Techwolf, LegalFly
Blockchain	Decentralized, distributed ledger technology that records transactions across multiple computers in a way that is secure and transparent.	Keyrock, Venly
Big Data	Analysis and management of vast volumes of data to uncover patterns, trends, and insights.	Riaktr, Gorilla
Natural language processing	Capability of machines to understand, interpret, and respond to human language	Flowchase
(Autonomous) sensor software	Software for sensors to enable autonomous decision-making and actions, often used in robotics and vehicles.	OTIV, ALX Systems

SYNDICATE ONE

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