

1 AI in the news: An American story?

## 2 **Surprising Truths About a Hidden Giant**

Talent Paradox: Europe on par in "Frontier" Minds

Usage Paradox: Europe as the World's AI "Trainers"

Startup Paradox: Europe Grows Them, America Owns Them

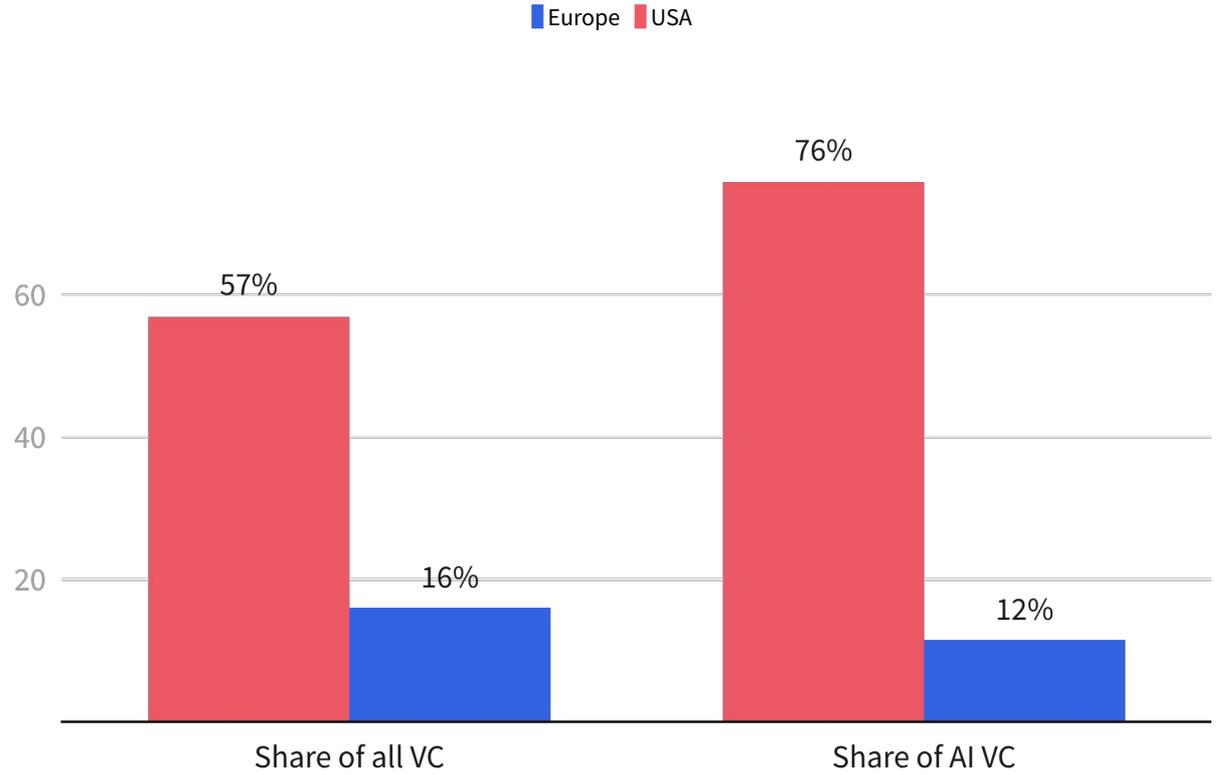
3 Where Europe can win: Picking the Right Battles

4 Way forward

## US is far ahead, in funding AI startups.

The US leads as hyperscalers, frontier-model labs, and deep capital markets concentrate funding at scale. Europe and the rest of the world are ramping quickly, driven by catch-up investment, sovereign support, and broader AI adoption across industries.

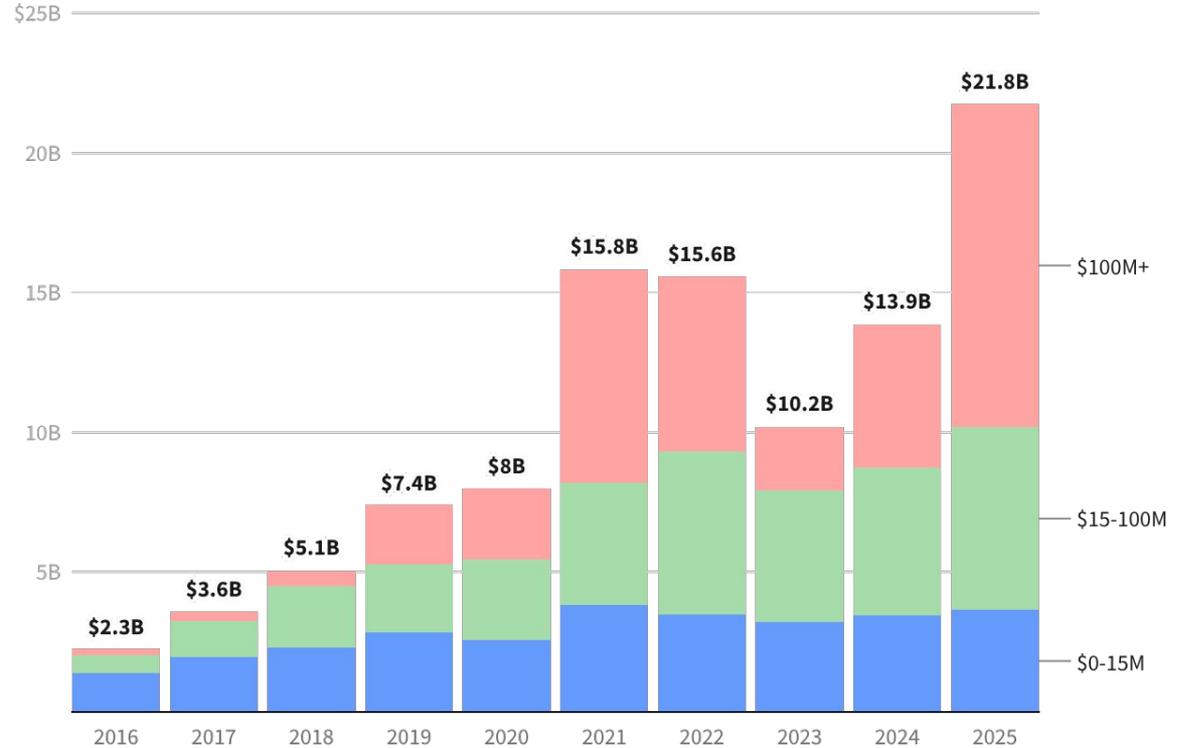
US vs. Europe: share of venture & AI, 2023-2025



# AI funding in Europe is at all-time-high.

Over \$21B invested in European AI startups in 2025, 58% more than in 2024

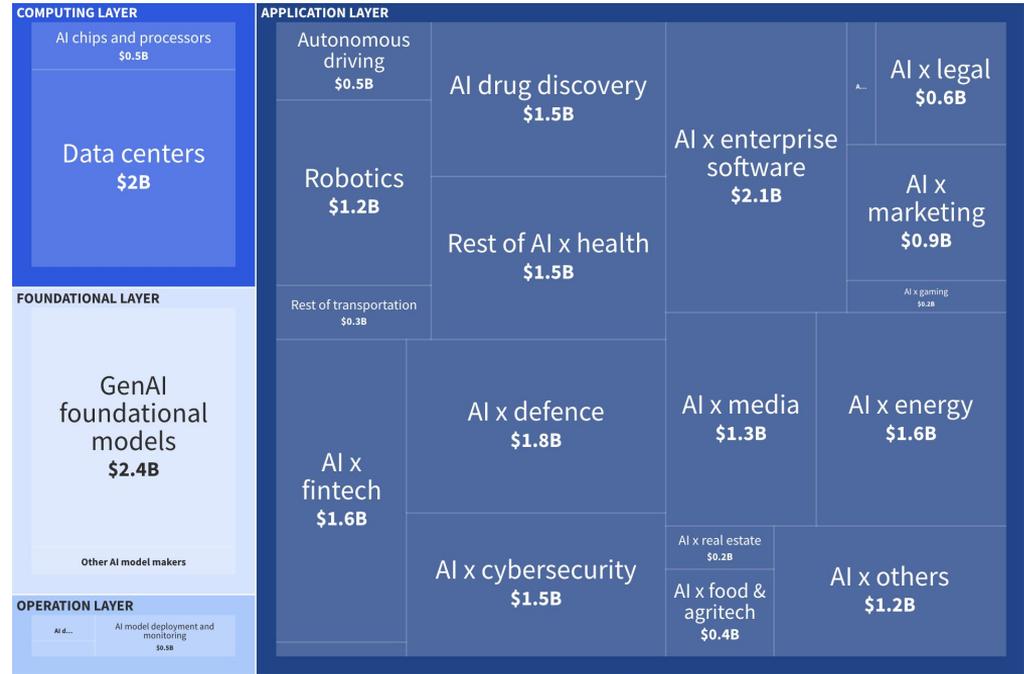
### VC funding in European AI startups



# While Europe trails in the first round of general-purpose Generative AI, it is positioning itself to lead the "Next Wave" of specialist, vertical applications.

- **Applications** dominate, making up three-quarter of the funding in Europe in 2025
- **Health, Enterprise software & Media, Defence & security, Robotics, Energy, and Fintech** are the largest application segments
- **AI Data centers** attracted significant funding (e.g. Nscale)
- **GenAI foundational models** attracted significant funding (e.g. Mistral AI)

AI VC funding in Europe by segment (2025)



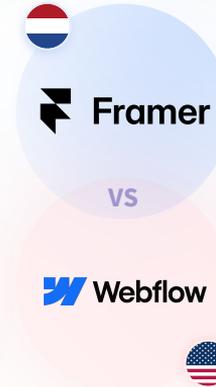
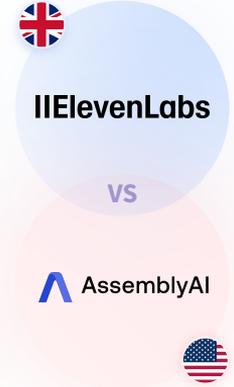
**European AI  
Champions are  
now competing  
head-to-head  
with American  
rivals.**

**112**

**\$1B+ companies**

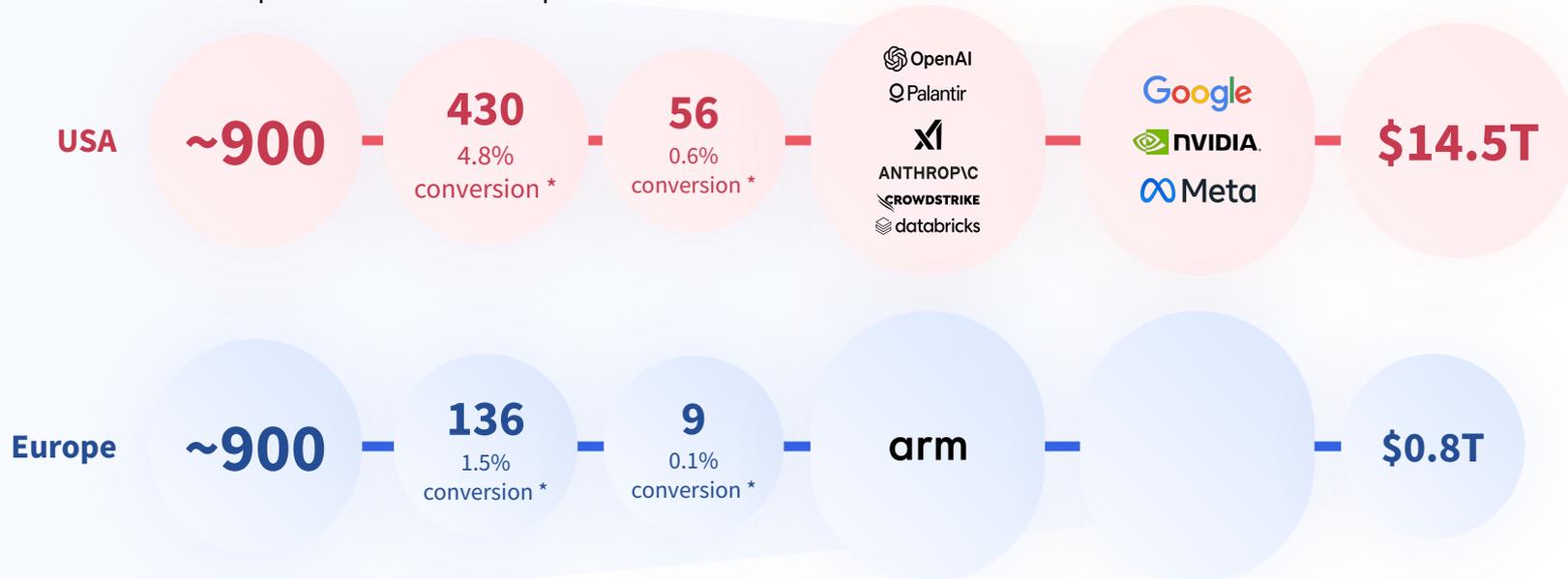
**135+**

**With \$100M+ revenue or \$1B+ value**



# Europe is insanely entrepreneurial: It has lots of AI startups, but lacks breakthrough, mega-scale companies

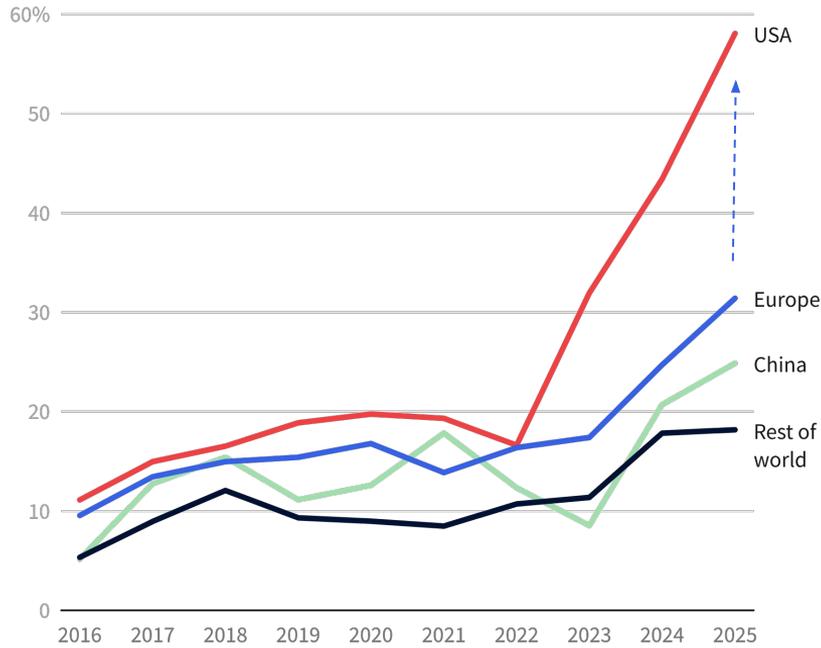
AI startup funnel for USA vs Europe



\* Note: Conversion rate of companies that received standardized seed rounds from 2015-2020 to unicorns and/or thoroughbreds, and decacorns. Arm is not VC-backed.

# European AI is on the verge of a break out

A record 30%+ of VC funding went into AI in Europe in 2025,  
2x more than 3 years ago



Record number of large seed rounds in Europe,  
8 out of 10 in AI alone

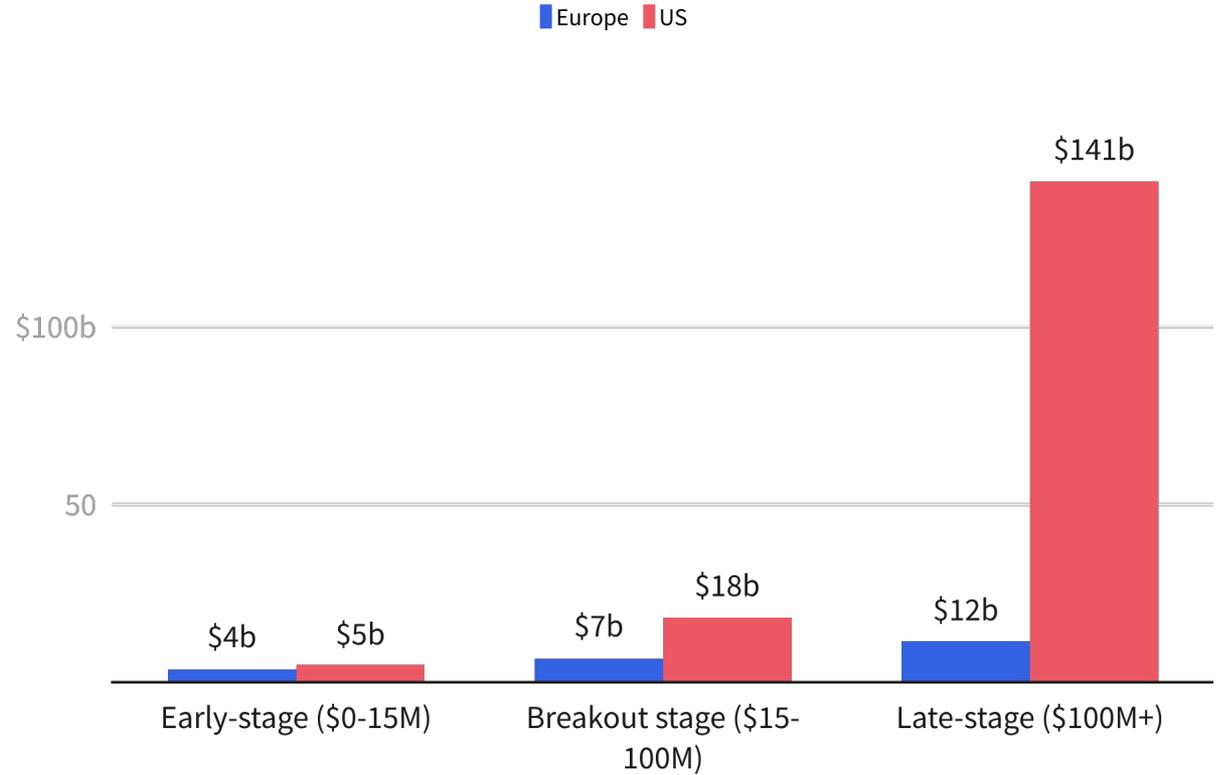
Company	Round Size	Date
 Advanced Machine Intelligence	<b>\$1.03B</b>	Mar 2026
Ineffable Intelligence	<b>\$1B*</b>	Feb 2026
 H	<b>\$220M</b>	May 2024
 BIONTECH	<b>\$150M</b>	Feb 2008
 general intuition	<b>\$134M</b>	Oct 2025
 newcleo <small>Puttable Energy</small>	<b>\$118M</b>	Aug 2021
 MISTRAL AI	<b>€105M</b>	Jun 2023
 Genesis AI	<b>\$105M</b>	Jul 2025
 GENERATIVE BIONICS	<b>€70M</b>	Dec 2025
 Gradium	<b>\$70M</b>	Dec 2025

## Europe lags growth capital.

Europe is almost on par in early-stage AI funding but invests nearly 3x less at breakout stage, and a staggering 12x less at Late stage.

Without a robust late-stage funding environment, early-stage funding merely serves as an incubator for companies that will eventually be acquired or funded by foreign capital.

AI VC funding by stage Europe vs US

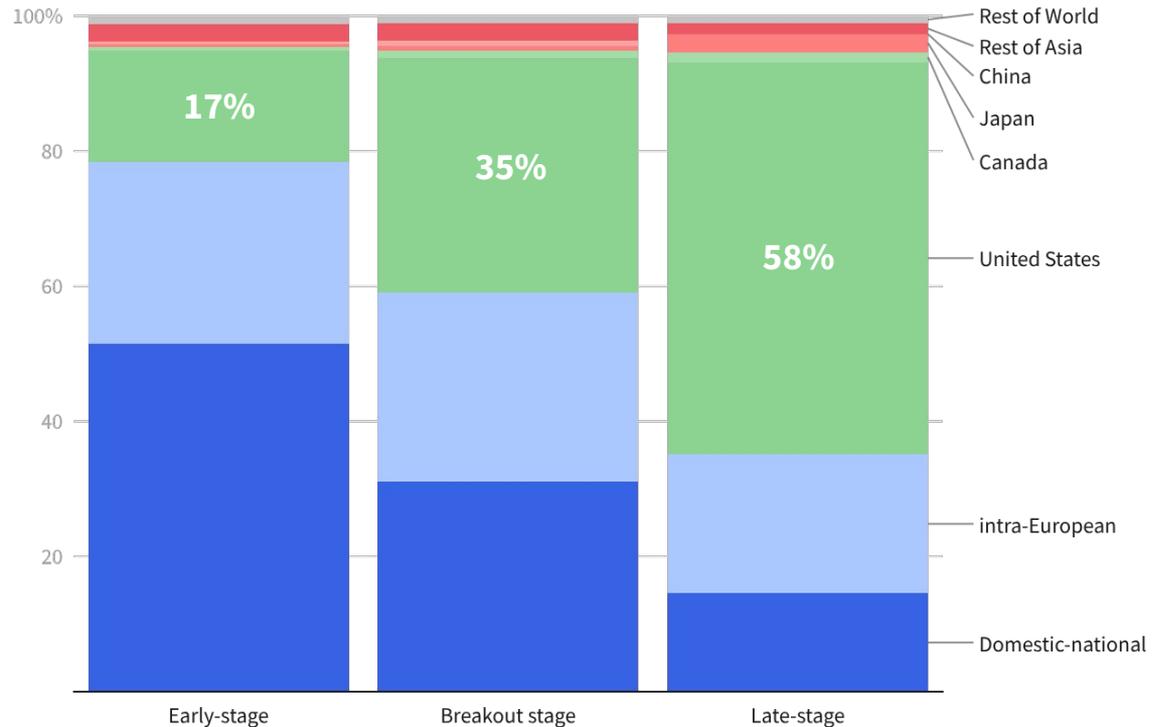


## Europe is reliant on overseas capital at the breakout and scaleup stage.

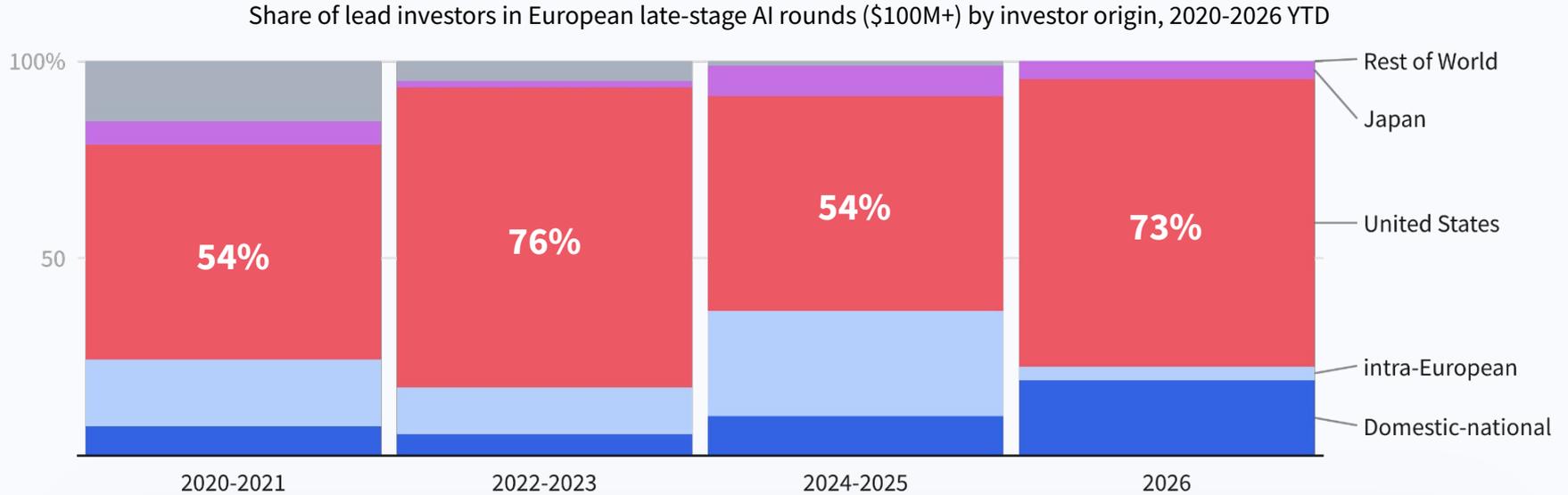
When European startups break through they tend to be commercialized and scaled by American firms.

The financial "value creation cycle" and long-term strategic control flow back to the USA.

Source of VC in European companies, 2024-2025



# Later-stage European AI investments is increasingly dominated by US VC firms



Selected US investors in \$100m+ AI rounds in Europe, 2024-2025

