From Startup to Scaleup

Status on the Danish Capital Markets for Startups and SMEs, August 2025

A Word from the Authors

Welcome to the latest edition of From Startup to Scaleup, which provides an overview of the Danish capital markets over the past 18 months, covering 2024 and the first half of 2025. This report offers a comprehensive analysis of key trends across various financing segments and examines how these developments are impacting Danish startups and SMEs' access to risk capital.

During the period under review, Danish capital markets have been influenced by a combination of favorable macroeconomic and adverse geopolitical factors. In 2024 and the first half of 2025, moderating inflation and gradual interest rate reductions helped ease the cost of capital, offering some relief to SMEs seeking debt financing. However, these developments have been offset by persistent geopolitical instability, particularly the ongoing war in Ukraine, and renewed US trade tariffs, both of which have heightened uncertainty and weigh on investor sentiment across most market segments.

However, the Danish startup ecosystem continues to show strong deal flow, inflation has stabilized, and interest rates are anticipated to continue their decline, lowering financial costs and fostering a more favorable economic environment. This shift could help restore investor confidence and potentially enhance access to growth capital for Danish startups and SMEs.

The findings in this report highlight both the challenges and opportunities that lie ahead, hopefully providing valuable insights for entrepreneurs and investors navigating this evolving landscape.

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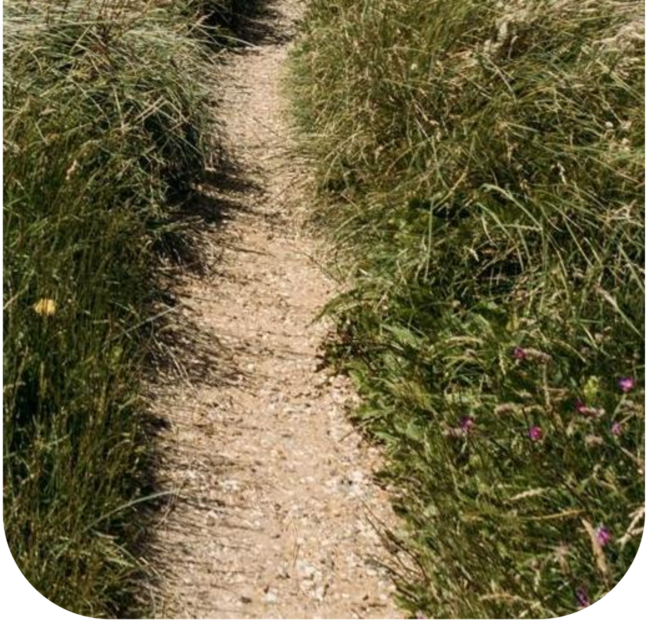
Key Takeaways

1.

Equity financing activity has slowed as market volatility increased, and investor risk appetite declined

Venture capital and buyout activity in Denmark declined in the first half of 2025, in line with a broader slowdown observed across European markets. Meanwhile, Danish IPO activity has remained on hold, financial market volatility has increased, and investors' risk appetite has declined, due to increased geopolitical tensions.



3.

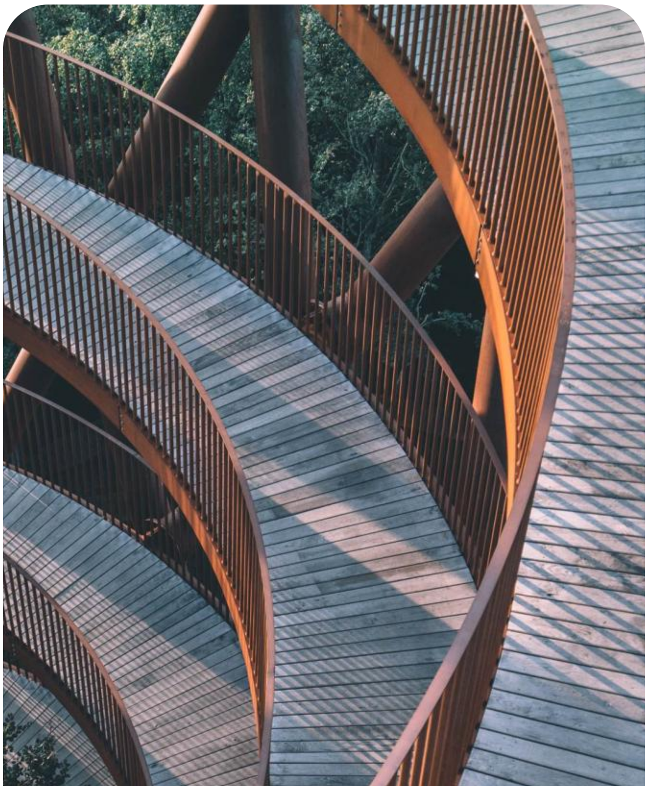
The Danish startup ecosystem continues to show strong dealflow but at smaller volumes and earlier stages

Despite the overall drop in total equity financing volumes, Denmark's startup ecosystem continues to demonstrate strong dealflow and attract interest from international investors, particularly within core sectors such as Life Science and Software technologies. This suggests that while risk appetite has moderated, confidence in Danish innovation remains solid – though investors are more selective and activity is increasingly concentrated in the earliest stages, resulting in smaller average round sizes.

2.

Lower interest rates and improved credit access led to increased corporate lending, shifting the relationship between debt and equity

Declining interest rates and the easing of Danish banks' credit standards for SMEs have made debt financing more accessible and attractive for growth companies. In parallel, EIFO has experienced a slight uptick in lending and guarantee activity to SMEs in the first half of 2025, compared to the subdued levels of 2023 and 2024.



01

Macroeconomic Background

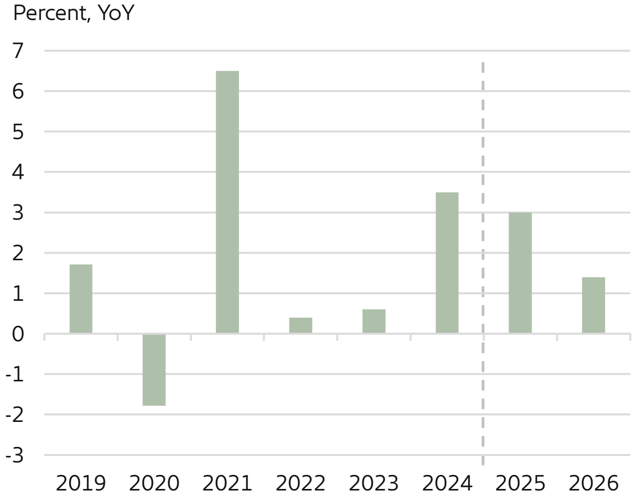
Prospects of 3 percent growth in the Danish economy in 2025

Following a sharp decline in real GDP growth in 2022 and 2023, primarily triggered by the war in Ukraine, disruptions to global value chains, and increasing inflation rates, Danish real GDP growth rebounded and reached 3.5 percent in 2024, with approximately half of the growth in 2024 estimated to stem from the pharmaceutical industry, cf. chart 1.1. This recovery occurred despite persistent geopolitical tensions, increasing uncertainty, as well as continued elevated interest rates and tightened credit standards, though these macroeconomic factors started to improve during 2024.

Danish real GDP growth is expected to conclude at 3.0 percent in 2025. Although this represents a slight decline compared to last year, it reflects a strong and resilient Danish economy considering the current geopolitical tensions. GDP projections would have been even stronger if not for the anticipated impact of the newly introduced US trade tariffs, expected to dampen global economic activity. However, there remains considerable uncertainty regarding the extent of their impact, both globally and domestically.

Chart 1.1

Real GDP Growth



Source: Danish Ministry of Economic Affairs, Economic Survey, May 2025.
Note: Vertical line indicates a transition to forecast.

Inflation is expected to remain at around 2 percent throughout 2025

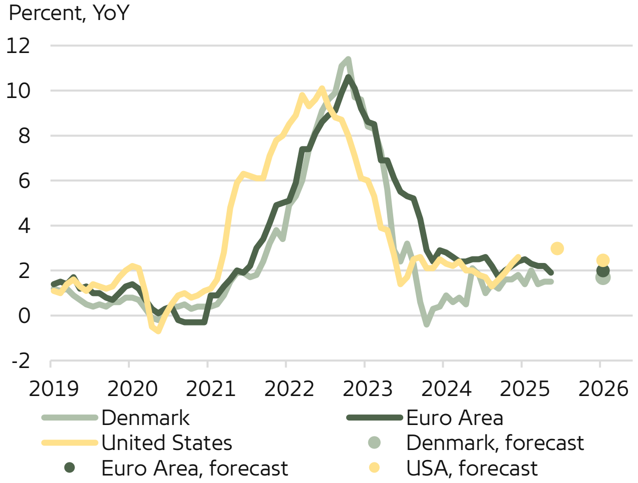
Following the high inflation rates experienced in 2022 and 2023, global inflationary pressures have declined. Since the autumn of 2023, inflation has stabilized at a more moderate level between 2.0 and 2.5 percent in both the Euro Area and the United States, marking a return to levels broadly consistent with central bank targets, cf. chart 1.2.

In Denmark, inflation fell more sharply, reaching approximately 0.5 percent in late 2023. However, strong labor market conditions, characterized by rising real wages and high employment growth, have gradually put upward pressure on prices. As a result, Danish inflation increased to around 2.0 percent by mid-2024 and has since remained at that level.

Looking ahead, inflation in the United States is expected to rise slightly to around 3.0 percent by the end of 2025, driven primarily by recently implemented trade tariffs. The tariffs are anticipated to raise the cost of imported goods and contribute to upwards pressure on domestic prices. In contrast, inflation in the Euro Area and Denmark is projected to remain stable, near the 2.0 percent mark.

Chart 1.2

Consumer Price Index



Source: OECD, Eurostat, and Danish Ministry of Economic Affairs, Economic Survey May 2025.

While the direct inflationary impact of U.S. trade measures on the European and Danish economies is expected to be limited, secondary effects may materialize over time. These could include weaker global demand, altered trade flows, and oversupply of goods from economies most affected by the tariffs. Such developments could influence inflation trajectories indirectly, though current forecasts suggest continued price stability in both Denmark and the broader Euro Area throughout 2025.

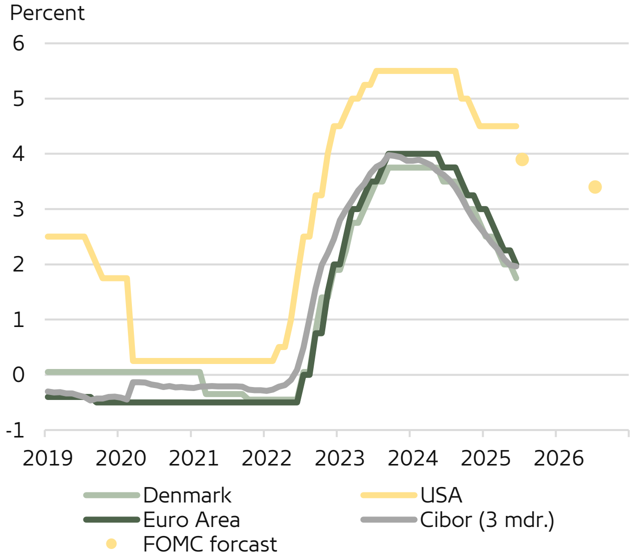
Continued decline in monetary policy rates

As inflation rates began to stabilize in late 2023 and early 2024, the European Central Bank and The Federal Reserve adopted a more expansionary monetary policy. Throughout 2024, both the European Central Bank (ECB) and the Federal Reserve implemented a series of interest rate cuts totalling 100 basis points, with Danmarks Nationalbank following suit, cf. Chart 1.3.

In Europe, rate cuts continued into the first half of 2025. By June, both the ECB and Danmarks Nationalbank had lowered their key policy rates by an additional 100 basis points, bringing rates down to 2.0 percent and 1.75 percent, respectively.

Chart 1.3

Development in Leading Monetary Policy Interest Rates



Source: Danmarks Nationalbank, ECB, Federal Reserve

Note: Leading monetary policy interest rates: Danmarks Nationalbank, CIBOR. United States Federal Reserve, Federal Funds Target Rate. ECB, Main Refinancing Operations Rate, Effective Rate. Forecast for 2025 is based on Federal Open Market Committee's (FOMC) "projected appropriate monetary policy", March 2025.

In contrast, the Federal Reserve has taken a more cautious approach. Following its initial rate cuts in 2024, the Fed opted to pause further easing during the first half of 2025. This decision was primarily influenced by persistently low unemployment levels in the U.S. and a renewed uptick in inflationary pressures, particularly considering new trade tariffs.

Nonetheless, projections from the Federal Open Market Committee (FOMC) suggests that interest rates in the U.S. are expected to resume a gradual decline of approximately 60 basis points during the remainder of 2025, followed by a further 50 basis point decrease in 2026.

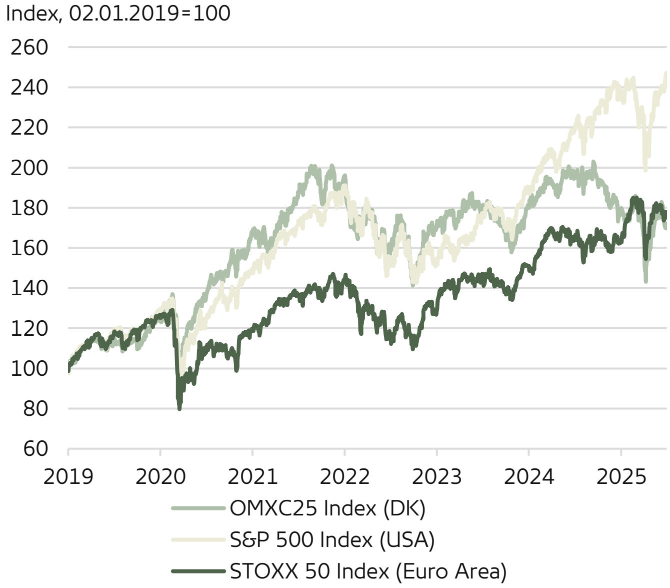
Equity markets rebounded in 2024, but faced increased volatility in early 2025

Following the decline in inflationary pressures and interest rate cuts by major central banks, global equity markets experienced a notable recovery throughout 2024. The rebound was particularly strong in the US, where the S&P 500 rose by 23 percent, while in Europe, the STOXX 50 gained 8 percent. In contrast, the Danish C25 index declined by 2 percent during the same period, primarily due to the underperformance of a few large-cap companies with significant weighting in the index.

However, the positive momentum was disrupted in the first quarter of 2025, as global equity markets saw a sharp downturn triggered by the escalation of the US trade war. Both the S&P 500 and the STOXX 50 dropped by over 16 percent, while the Danish C25 index dropped by 22 percent within a little more than a month.

Chart 1.4

Financial Market Development



Source: Nasdaq OMX Nordics, S&P Global, STOXX, Macrobond.

As the US trade war has partially de-escalated and US tariffs have been postponed, the global equity markets have partially recovered. However, ongoing uncertainty surrounding the long-term consequences of the trade war, along with the risk of retaliatory actions by affected countries, continue to affect global equity markets, increasing overall uncertainty and volatility.

In summary, the Danish economy has performed well during 2024 and the first half of 2025, with stable inflation, falling interest rates, and projected GDP growth of 3.0 percent. While these conditions point to a mild economic upturn, ongoing uncertainty from the US trade war, and the war in Ukraine continue to weigh on global markets and clouds the outlook.

02

Early Stage Capital

For many entrepreneurs, the funding journey begins with grants from both public and private sources. These grants can act as a springboard, helping startups transform their ideas into businesses and reach "proof of concept" or "proof of business", which are often prerequisites for attracting future investments.

At the early stages of a startup's development, private investors play a crucial role by providing entrepreneurs with essential funding opportunities. These opportunities include crowdfunding, where capital is raised from a large base of individual investors, or from Business Angels, providing both capital and valuable expertise in exchange for equity. In addition, several venture funds are active in the early stages.

EIFO is actively engaged in supporting startups through its 'Early Stage' initiative, which includes matching loans, where EIFO e.g. matches business angel-investments with equivalent loans, and convertible loans in collaboration with private investors.

Key Insights

1. Public grants provided non-dilutive early stage funding to over 500 Danish startups and SMEs in 2024, supporting innovation and product development.

2. Danish crowdfunding activity declined by 45 percent in 2024, but upcoming regulatory changes may revive equity crowdfunding from 2025.

3. Business Angels in Denmark were more selective in 2024, focusing on fewer but larger investments.

More than 500 entrepreneurs and SME's received State-backed grants for EUR 44 million in 2024

Grants represent a non-dilutive form of capital, unlike loans or equity financing, they do not require repayment or ownership stakes. Grants are typically issued by government entities, foundations, or corporates with the purpose of providing financial support to projects or businesses that align with the entities' own values or objectives.

For entrepreneurs and early stage startups, grants can serve as a vital source of early funding for, among other things, product development and demonstration facilities. This early support allows founders to test and refine their business models without any immediate financial burden. Moreover, securing a grant can enhance a startup's credibility since grant programs are often competitive, requiring applicants to demonstrate the potential impact and viability of their business ideas. As such, receiving a grant can act as a signal of quality and viability to future investors, acting as a steppingstone towards attracting private capital from business angels or venture capital firms.

In Denmark, the Danish Foundation for Entrepreneurship and Innovation Fund Denmark are the two primary institutions providing state-backed grants to early stage startups and SMEs. The Danish Foundation for Entrepreneurship is focused on supporting entrepreneurship among students, while Innovation Fund Denmark is focused on supporting innovative startups and SMEs.

The Danish Foundation for Entrepreneurship

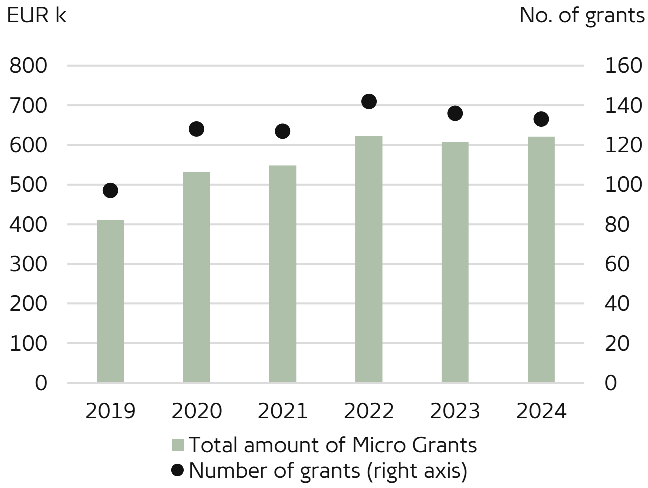
The Danish Foundation for Entrepreneurship supports entrepreneurship in the Danish education system in various ways. Among other initiatives, the foundation awards grants of up to EUR 6,700 to entrepreneurs in youth education, higher education and to recent graduates through the Micro Grant and Kickstart Micro Grant programs, which are funded by the Danish Foundation for Entrepreneurships ministerial partners and supported by partners such as The Tuborg Foundation, The Lundbeck Foundation, The Danish Maritime Fund, Bristol-Myers Squibb, and Chr. Augustinus Fabrikker. The purpose of the Micro Grant initiative is to strengthen growth and employment in Denmark through supporting young entrepreneurs that are driven by solving major global challenges.

Since the launch of these programs in 2011, a total of 1,144 Micro Grants amounting to around EUR 4.8 million have been awarded up to and including 2024. In 2024 alone, students with entrepreneurial ambitions received 133 Micro Grants totalling EUR 620 thousand, cf. Chart 2.1.

In addition, all applicants receive feedback from the Evaluation Committee, which includes successful entrepreneurs and investors, aiding in the improvement of their proposals.

Chart 2.1

Micro Grants Through The Danish Foundation for Entrepreneurship



Source: Danish Foundation for Entrepreneurship.

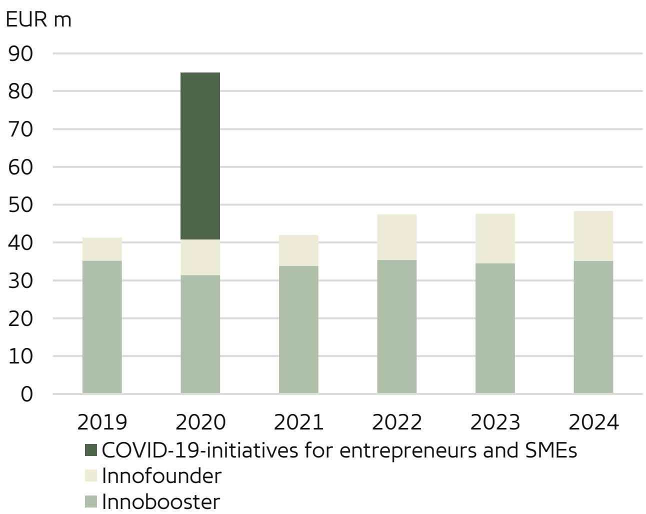
Innovation Fund Denmark

The Innovation Fund Denmark provides financial support to Danish entrepreneurs and SMEs through grants with the aim of strengthening Danish research, innovation, and entrepreneurship, and turning promising innovative ideas into new solution that have the potential to help solve some of society's challenges.

Since 2019, Innovation Fund Denmark has issued a total of EUR 267 million in grants through its Innobooster and Innofounder programs, supporting more than 3,000 entrepreneurs. In 2024 alone, Innovation Fund Denmark issued a total of 392 grants amounting to EUR 48.3 million through the two programs, cf. chart 2.2. Furthermore, IFD played a central role in providing extraordinary support for Danish startups and SMEs during the COVID-19 pandemic, where EUR 43.8 million was channelled to Danish startups and SMEs through COVID-19 additions to the Innobooster program.

Chart 2.2

Grants Through Innovation Fund Denmark



Source: Innovation Fund Denmark

Crowdfunding activity in Denmark has slowed since 2022, but recent policy changes may boost equity crowdfunding

Crowdfunding is a financing method that enables businesses to raise capital from a large number of investors through online marketplaces. There are several forms of crowdfunding, each distinguished by the nature of the financing obtained: loan-based, equity-based, reward-based, donation-based, and real estate crowdfunding.

Crowdfunding offers numerous benefits for businesses seeking financing and is especially suited for early stage startups and small businesses that may struggle to secure traditional financing. Through crowdfunding platforms, startups can access a large and diverse pool of potential investors who are willing to contribute smaller amounts of capital. This allows startups to bypass traditional financing hurdles and receive funding directly from interested backers, facilitating early stage growth and development without the need for extensive collateral or established credit history. Furthermore, successfully raising funds through crowdfunding can serve as proof of market demand and validation of the business idea.

Crowdfunding activity in Denmark has generally been on the rise over the past decade. However, following a significant increase leading up to 2022, there was a noticeable decline in both 2023 and 2024. In 2024, the total amount raised was just above EUR 24 million across 292 projects, corresponding to a decrease of 45% and 16%, respectively, compared to 2023, cf. chart 2.3. This represents a significant decline in the average invested capital per project, which fell from EUR 127 thousand to EUR 83 thousand.

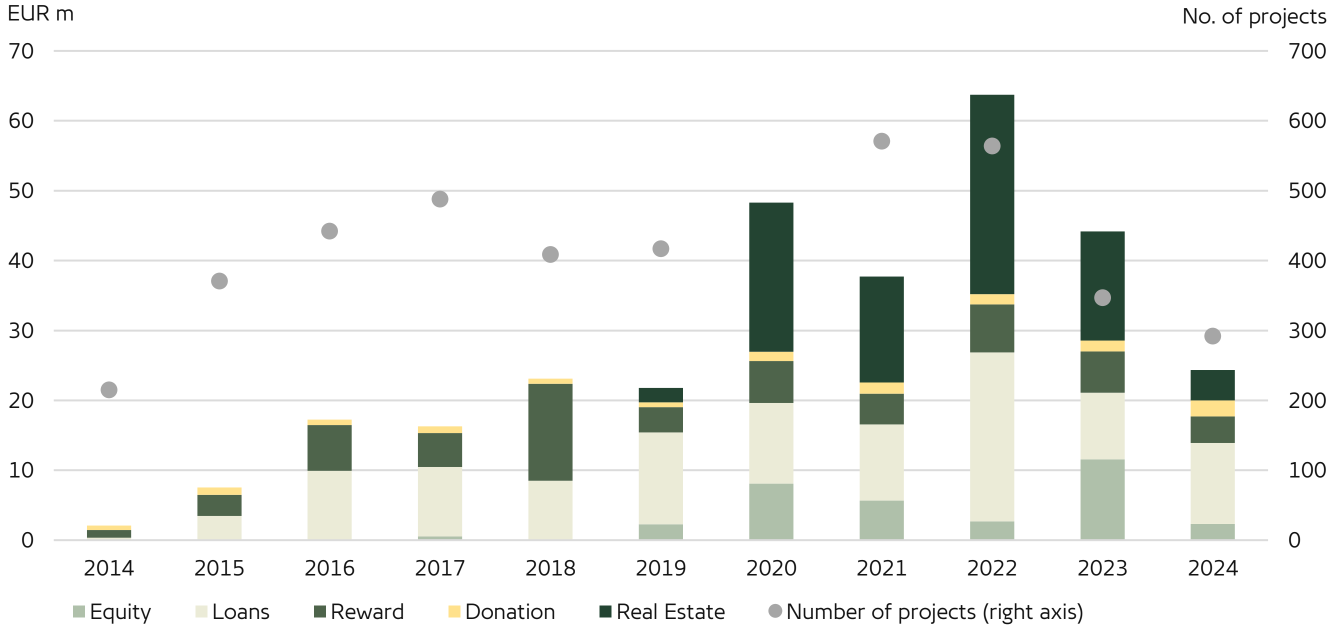
Real estate and equity crowdfunding, which accounted for the majority of the Danish crowdfunding market in 2023, experienced the largest declines in 2024. In contrast, loan-based crowdfunding improved slightly and became the prevalent crowdfunding type in Denmark, accounting for nearly half of the total capital raised.

Since November 2023, EU regulations require companies to obtain approval from national financial authorities before facilitating new loans. This has specifically affected real estate crowdfunding, as one of the larger platforms in Denmark didn't reach approval. In contrast, loan-based crowdfunding was mostly unaffected by the regulation, as the largest loan-based crowdfunding platforms on the Danish market all reached approval.

A recent political agreement, as part of the Danish Entrepreneurial Act, has lifted existing restrictions on private limited companies (ApS), allowing them to sell ownership stakes to the Danish public from 2025 going forward. This change is expected to ease the access to equity crowdfunding, potentially stimulating growth in Danish equity crowdfunding in the years to come.

Chart 2.3

Danish Crowdfunding Activity 2014-2024



Source: EIFO, Dansk Crowdfunding – tendenser fra 2024.

Note: Loans related to Real Estate crowdfunding were first included in 2019, with a single platform contributing data to this category. Since 2020, the number of platforms within Real Estate has increased by 2-3, which explains the significant rise from 2019 to 2020. It has not been possible to obtain data from Boomerang, 10er app, and Indiegogo, which are some of the larger platforms within reward and donation crowdfunding. This has had a negative effect for those categories in 2024.

Business Angels became more selective in 2024, focusing on fewer but larger investments

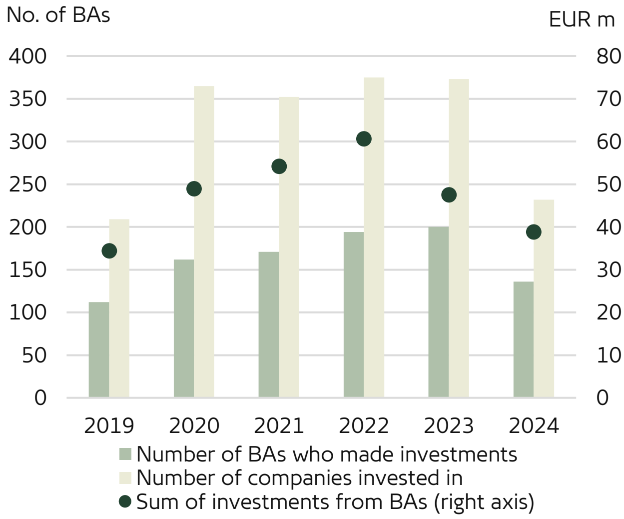
A Business Angel (BA) is a private individual who invests directly in unlisted companies during their early stages, thereby becoming a co-owner of the business. These investments benefit young startups not only by providing the necessary capital for growth but also by offering business experience as Business Angels often have a background as founders themselves and actively participate in the company's development.

The Danish Business Angels Network (DanBAN) is a network of private investors in Denmark that play a central role in connecting investors with early stage startups. According to the 2024 annual member survey, 136 of their members made new investments in 2024, corresponding to 48 percent of the member base, compared to 65 percent in 2023. Total investments amounted to EUR 38.8 million distributed across 232 investments, representing a decrease of 18 percent in invested capital and 38 percent in the number of investments compared to 2023, cf. chart 2.4. As a result, the average investment per active business angel and per company increased significantly to EUR 280,000 and EUR 160,000, respectively, in line with historic levels, cf. chart 2.5.

The downturn in investment activity among DanBAN members in 2024 can be linked to several factors. Interest rates remained high throughout 2024 despite multiple interest rate reductions throughout the year. Meanwhile, credit institutions continued to tighten credit standards, which made it harder to obtain cofinancing for BA-investments. Moreover, rising geopolitical uncertainty and public market turbulence may have caused business angels to postpone new investments and focus on existing portfolio companies.

Chart 2.4

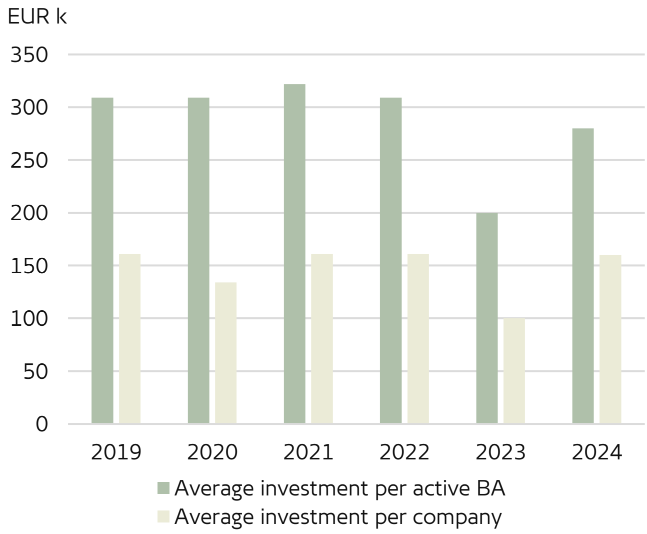
Investment Activity by DanBAN Members 2019-2024



Source: DanBAN Annual Member Survey 2024.

Chart 2.5

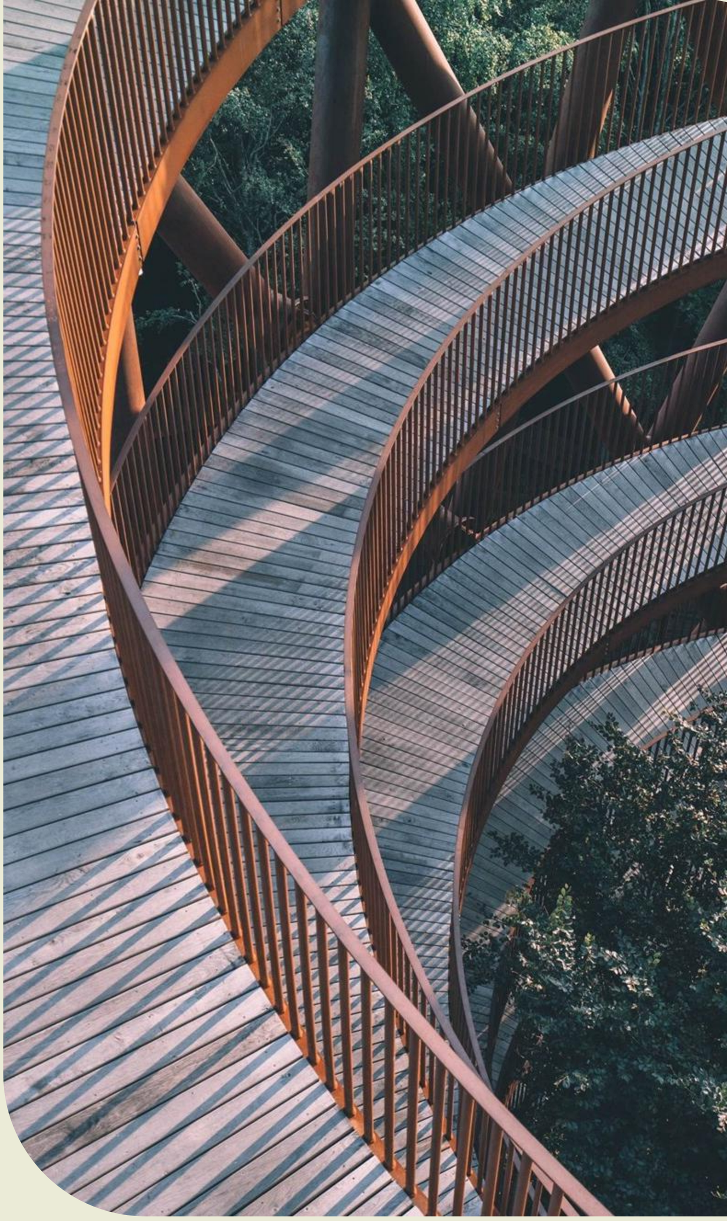
Average Investment Size by DanBAN Members 2019-2024



Source: DanBAN Annual Member Survey 2023.

03

Venture Capital



Venture capital is often a good fit for startups and SMEs with high growth potential and a scalable business model. Companies that are eligible for venture capital investments have typically already secured some form of early stage financing, such as grants, business angel investments, or other early risk capital, and are beginning to generate revenue.

Venture investments are primarily made through venture funds, which include both traditional independent venture capital funds and corporate venture capital (CVC) funds. These funds may be generalists investing across multiple sectors or highly specialized, focusing on single areas such as Life Science, Fintech, or Quantum technologies.

Investments are typically categorized by the company's maturity and capital needs: from pre-seed and seed rounds through early stage, late stage, and growth capital. Investments at the earliest stages carry higher risk and require longer time horizons, while later stage investments tend to involve more mature companies with stable operations and clearer paths to scale.

Venture capital can be particularly attractive for high growth companies because investors not only provide capital but also bring strategic guidance, sector expertise, and valuable networks that support the companies' development.

EIFO's activities in the Danish venture market span the entire funding lifecycle – from seed to growth – and include both indirect investments as a limited partner in established venture funds and direct investments in promising startups and scaleups.

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Key Insights

1. Danish VC activity slowed significantly in the first half of 2025, with a 44% drop in capital invested compared to H1 2024, as investors became more cautious amid geopolitical and economic uncertainty.

2. Denmark remains one of Europe's leading VC markets relative to GDP, with over EUR 3 billion invested from 2022–2024 and a continued strong focus on early-stage funding.

3. Biotech continues to dominate Danish venture capital by investment volume, driven by large funding rounds, underscoring the sector's central role in the VC landscape.

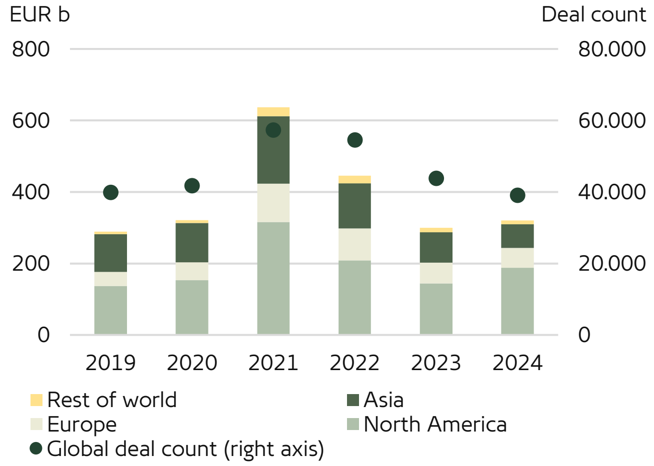
Deal count

Denmark remains among Europe's largest VC markets relative to GDP, despite diverging regional trends

Following two years of declining global venture investment activity from the 2021 peak, global venture capital investments rebounded slightly in 2024, cf. chart 3.1. Total global venture investment volumes reached EUR 320 billion in 2024, a 7 percent increase compared to 2023. However, this recovery was highly regionalized. The North American VC market was the only one to experience growth, with investment volumes increasing by 23 percent, while volumes in Europe and Asia dropped by 3 percent and 30 percent, respectively.

Chart 3.1

Global VC Activity by Region, 2019-2024

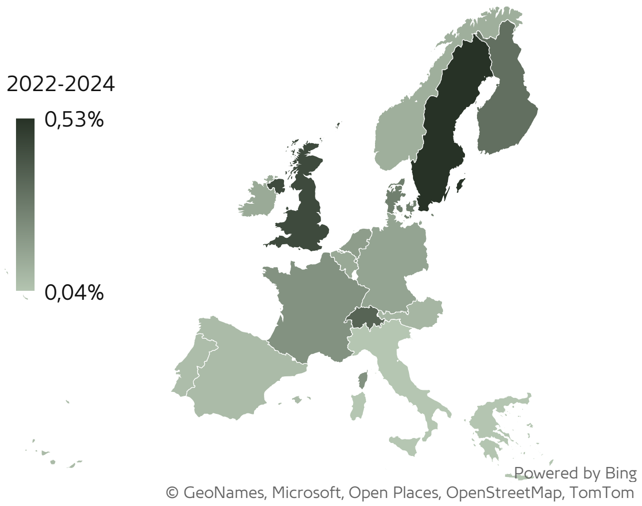


Source: Pitchbook, EIFO.

During the period from 2022-2024, Danish venture capital investments totalled more than EUR 3 billion, placing Denmark as the fifth-largest European venture capital market relative to GDP, cf. chart 3.2. During this period, venture capital investments in Denmark represented 0.28 percent of GDP – a level only surpassed by Sweden, the United Kingdom, Switzerland, and Finland. Measured by relative investment volumes in 2024 alone, Denmark retained its fifth-place position.

Chart 3.2

VC Investments Relative to GDP by Country, 2022–2024



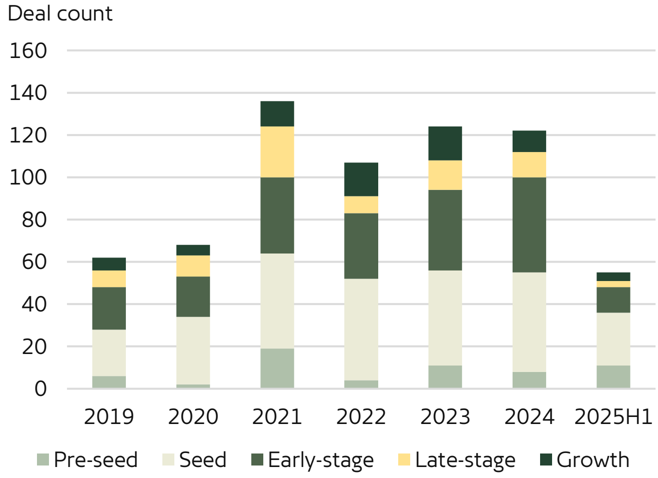
Source: PitchBook, OECD Stat.

Investment activity stabilized in 2024 but slowed in the first half of 2025

While total European venture investments declined in 2024, the Danish venture capital market remained relatively stable. In 2024, Danish companies attracted EUR 1.15 billion in venture capital across 122 transactions, in line with the previous year. Most investments were concentrated at the earliest stages, with pre-seed, seed, and early stage rounds accounting for more than 80 percent of all funding rounds in 2024, slightly higher than the previous year, cf. chart 3.3 and chart 3.4.

Chart 3.3

Venture Capital Investments in Danish Companies by Venture stage, 2019–2025H1



Source: EIFO.

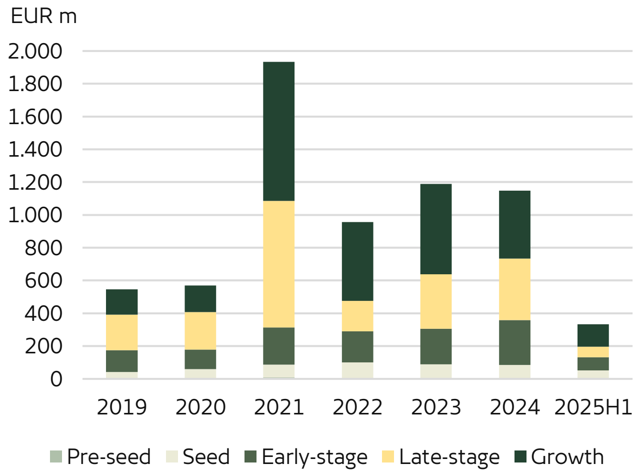
The relative stability in the number of deals contrasts with a moderate decline in invested capital volumes, with a growing share of capital also flowing to seed and early stage ventures. However, market activity slowed in the first half of 2025. By mid-year, only 55 investments had been completed, marking a 19 percent drop compared to H1 2024. Capital volumes declined even more and concluded at EUR 332 million, down 44 percent compared to the first half of 2024.

These developments reflect a more cautious venture market, driven partly by increased geopolitical uncertainties and the prospect of new trade conflicts. This is a global trend, especially prominent in Europe, with a 28 percent decline in deal count and 6 percent decline in capital volumes in the first half of 2025 relative to the first half of 2024. Despite lower interest rates and improved macroeconomic conditions, investors appear to be adopting a wait-and-see approach, while companies may postpone equity rounds and seek alternative forms of financing, including bank lending and venture debt, to complement or replace new equity raises, to strengthen runway without diluting ownership or compromising the valuation of the company.

If activity levels in the second half of 2025 mirror those seen in the first half, the Danish venture capital market could end the year at its lowest total investment volume in five years, around the levels seen prior to 2021.

Chart 3.4

Venture Capital Investment Volumes in Danish Companies by Stage, 2019–2025H1



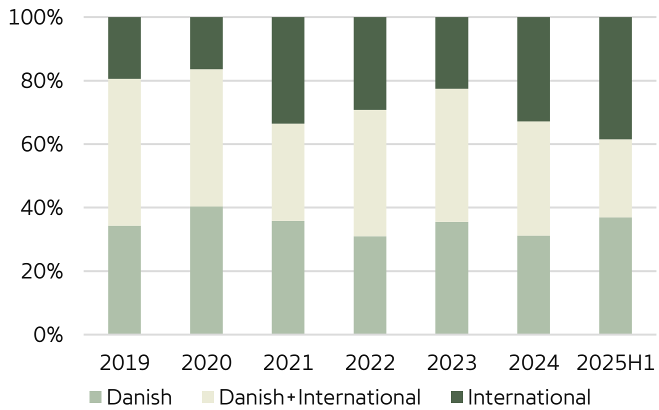
Source: EIFO.

Investor composition and funding round sizes reflect a shift to earlier stage focus

The composition of investor syndicates has shifted over the past 18 months. In 2024, the share of rounds conducted solely by foreign investors increased markedly – from 23% in 2023 to 33% in 2024 - reversing the trend from previous years, cf. chart 3.5. This trend continued into the first half of 2025, as the share of rounds by foreign investors alone reached a record level of 38 percent. At the same time, VC rounds by Danish investors alone also increased, reaching 37 percent – the highest share since 2020. This causes the share of syndicates between domestic and foreign investors to decline, accounting for 25 percent of rounds in the first half of 2024.

Chart 3.5

Share of Investment Rounds by Danish, International and Mixed Investor Syndicates



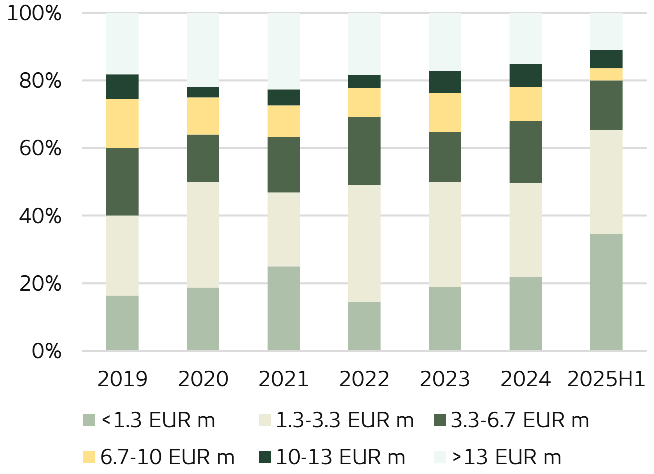
Source: EIFO.

This shift is closely linked to the increased concentration of activity at the earliest maturity stages. In H1 2025, the share of smaller funding rounds (below EUR 1.3 million) increased significantly, to 35 percent in H1 2025, cf. chart 3.6. In contrast, the share of large funding rounds (above EUR 10 million) dropped from 22 percent to 16 percent over the same period. As smaller rounds are more likely to be led by single investors, this caused investor syndicates to become less common.

This development underscores the combined effect of increased early stage focus and more cautious capital deployment by both domestic and international investors.

Chart 3.6

Share of Venture Capital Investments in Danish Companies by Investment Size Intervals, 2019–2025H1



Source: EIFO.

Biotech remains dominant in venture capital volumes while software rounds account for the largest number of rounds

Danish Biotech companies have continued to attract the largest sums of venture capital since the beginning of 2024 through the first half of 2025, cf. chart 3.7. Biotech was followed by Fintech and Enterprise Solutions in terms of total capital raised during the period. This pattern reflects a combination of strong investor appetite for innovative health technologies and sustained interest in scalable, digital business models.

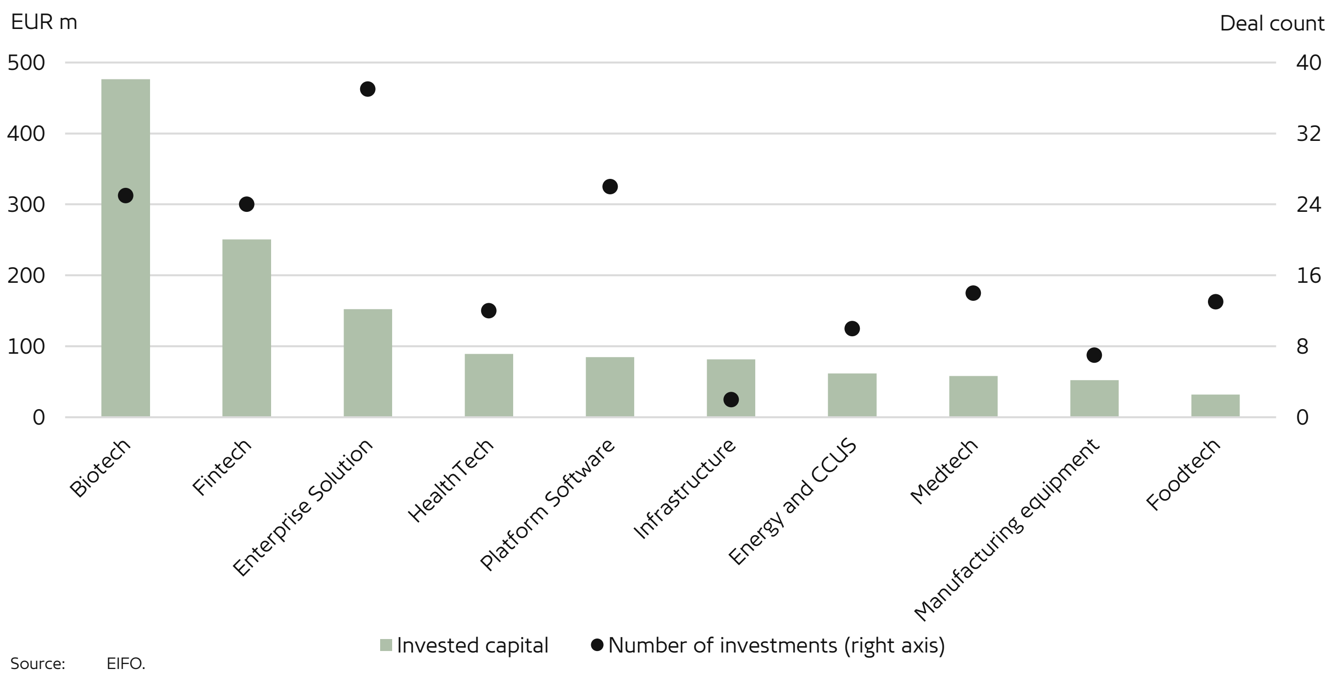
The largest number of funding rounds, however, have taken place within Enterprise Solutions and Platform Software, illustrating Denmark's broad base of software-driven startups and scaleups, and the capital-light nature of early stage SaaS models.

The observed distribution of capital is closely in line with patterns seen in previous years, indicating a persistent sectoral concentration in the Danish VC landscape, underlining the Life Science and Software industries' continued role as cornerstones of the Danish VC market.

Notably, the first half of 2025 highlights the dominant position of Biotech in particular, as Investment volumes in Biotech companies reached EUR 147 million, accounting for 44% of total Danish venture capital investment volumes in H1 2025 alone. This significant share is partly driven by a few large rounds – particularly the EUR 90 million funding round by Orbis Medicines in January 2025 – which continue to anchor Denmark's strength as a leading biotech hub in Europe.

Chart 3.7

Venture Investments by Top 10 Verticals, 2024-2025H1



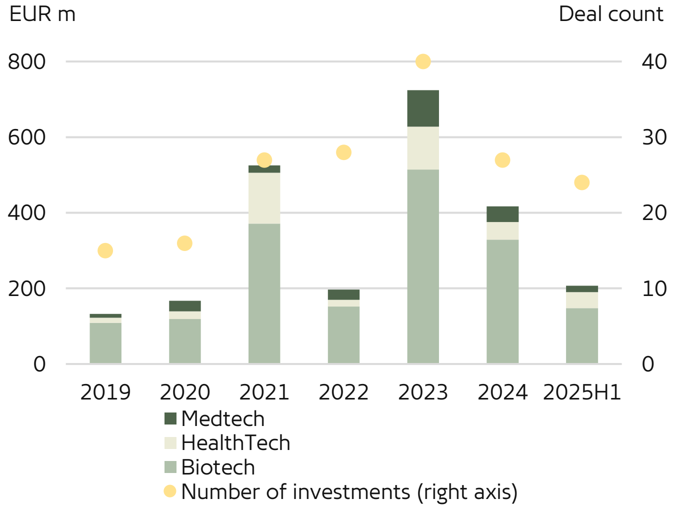
Source: EIFO.

Life Science sees strong rebound in early 2025, led by renewed Biotech momentum

Following the historic high in 2023, venture capital investments in Danish Life Science companies declined by 42 percent in 2024, totalling EUR 417 million across 27 rounds, cf. chart 3.8. Despite this drop, Life Science remained one of the strongest verticals in the market and has maintained that position entering 2025.

Chart 3.8

VC Investment Volumes and Number of Investments in Danish Life Science Companies by Vertical, 2019–2025H1



Source: EIFO.

In the first half of 2025 alone, Life Science companies attracted EUR 207 million across 24 funding rounds, accounting for 62 percent of all venture capital invested during the period, the highest share to date, and makes up 34 percent of funding rounds, the second-largest share across industries, just behind Software at 41 percent.

The Biotech vertical continues to anchor Denmark's position as a Life Science hub, but the distribution of deals within the sector is gradually diversifying. In H1 2025, Biotech companies raised EUR 147 million across 10 funding rounds, representing 42 percent of Life Science rounds and 71 percent of capital invested in the sector. These shares are slightly lower than in 2024, suggesting a modest rebalancing within Life Science.

Meanwhile, Healthtech's share has increased notably. In H1 2025, Healthtech companies closed 6 funding rounds, raising a total of EUR 43 million, accounting for 25 percent of Life Science rounds and 21 percent of invested capital, up from 15 percent and 18 percent, respectively, in 2024.

Medtech's share of funding rounds also rose in early 2025, accounting for 33 percent of funding rounds, while its share of invested capital remained largely unchanged. Medtech companies closed 8 funding rounds totalling EUR 17 million.

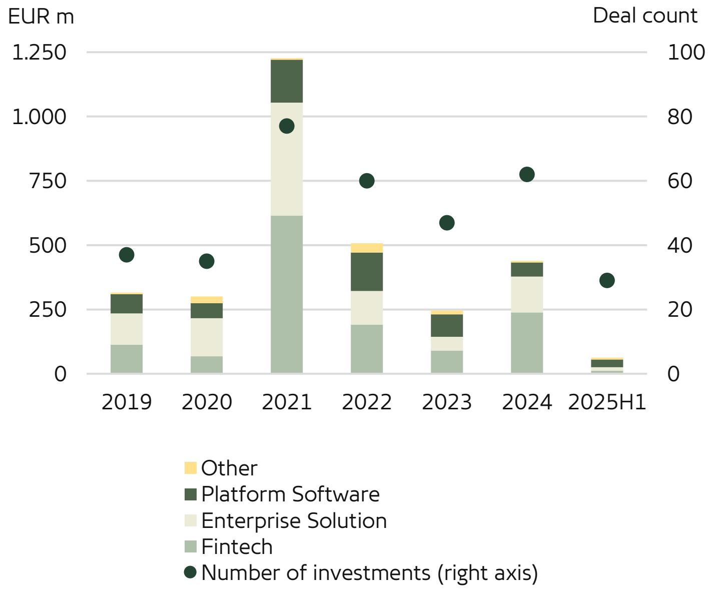
Overall, these developments point to continued investor confidence in Danish Life Science, supported by Biotech's strong foundation and a broader spread of innovation across Healthtech and Medtech sub-sectors.

Software remains strong but early 2025 signals slower growth and smaller rounds

Software-based technologies continue to play a defining role in the Danish VC landscape, supported by their capital-light nature at early stages. Compared to hardware-intensive sectors such as Biotech or deep-tech industrial solutions, Software companies often require lower upfront investment to reach commercial scale. As a result, they have broader options for financing growth, including venture debt or bank lending, which can complement or even replace new equity rounds, particularly in mature SaaS models.

Chart 3.9

Venture Capital Investments in Danish Software Companies by Vertical, 2019–2025H1



Source: EIFO.

Following two consecutive years of decline since the 2021 peak, Software investments grew strongly in 2024. Total capital raised in Software reached EUR 438 million across 62 funding rounds, representing a 78 percent increase in capital and a 38 percent increase in deal count compared to 2023, cf. chart 3.9. The largest growth was in Fintech and Enterprise Solutions, growing by 164 percent and 159 percent, respectively, compared to 2023 levels.

The outlook for Software in 2025 appears more cautious. In the first half of the year, only EUR 62 million was raised across 29 funding rounds, compared to EUR 320 million in the first half of 2024. This marks a steep drop, with H1 2025 volumes equal to just 14 percent of the 2024 total. Lower interest rates and easier access to non-dilutive financing options may partly explain this trend, as some companies choose to extend runway with venture debt or bank loans rather than raising new equity, while others might postpone investments entirely, given current market conditions and uncertainty.

AI investments set to hit record deal count but focus remains on early stage rounds

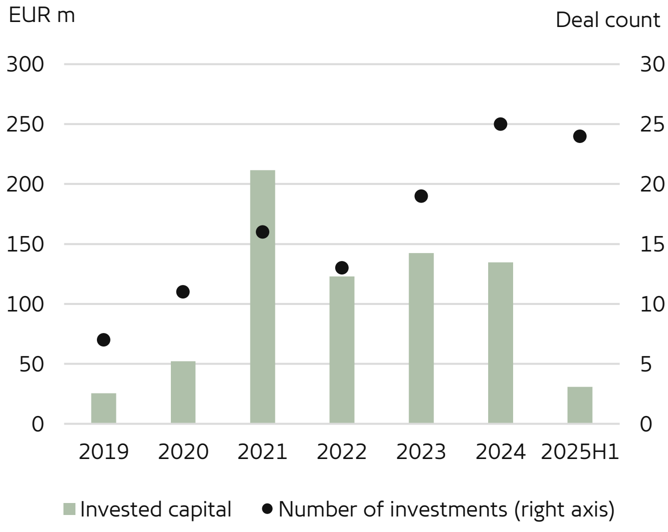
Investor appetite for AI-based technologies has grown markedly in recent years, fuelled by advancements in generative AI, large language models, and the rapid adoption of AI applications across traditional tech verticals. As AI capabilities continue to evolve at an unprecedented pace, Danish startups have increasingly embedded AI into their core business models.

Most Danish VC-backed AI companies remain relatively early stage, but the sector is expected to mature further as more applications reach commercial viability. While the majority of Danish AI investments so far have been concentrated in Software verticals, applications within Life Science, particularly Healthtech, are also on the rise.

In 2024, VC investments in Danish AI-based companies reached a record high in terms of deal count, with 25 funding rounds totalling EUR 135 million. The strong momentum has carried into the first half of 2025, with 24 funding rounds already completed, almost matching the 2024 total, cf. chart 3.10. However, invested capital in H1 2025 has been relatively modest at EUR 31 million, just 34 percent of the H1 2024 volume. This is partly because many rounds are at the pre-seed and seed stage (and seven rounds in H1 2025 have undisclosed sizes, meaning the actual invested capital may be somewhat underestimated). If current trends hold, 2025 could see a record number of AI rounds by year-end, underlining the sector's rapid growth.

Chart 3.10

VC Investment Volumes and Number of Investments in Danish AI Companies, 2019–2025H1



Source: EIFO.

Green investments remain on VCs' radar, but funding round sizes are shrinking

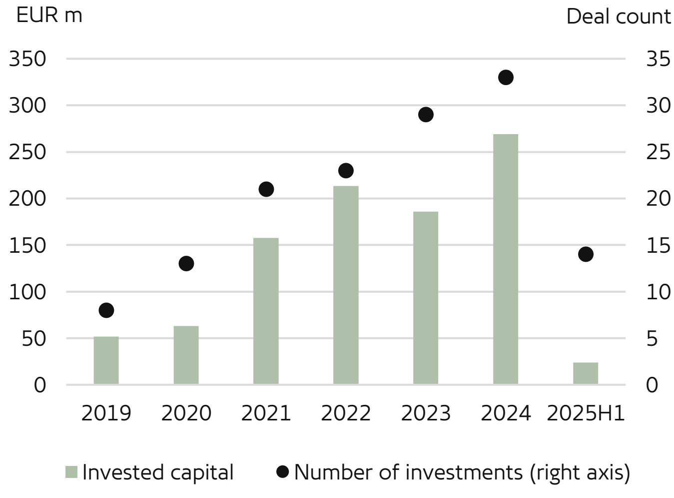
The Danish green venture capital market peaked in 2024, with total investments reaching EUR 269 million across 33 funding rounds, the highest annual volume on record and a 40 percent increase from 2023, cf. chart 3.11. This reflects the sustained importance of green business models to Danish VCs as they respond to climate and sustainability-driven innovation.

However, activity has slowed sharply in 2025. In the first half of the year, only EUR 24 million was invested across 14 funding rounds, equivalent to just 8 percent of the 2024 total. This decline signals continued investor interest in green technologies, but with more caution and a clear preference for smaller, earlier stage investments. This heightened scrutiny likely stems from challenges faced by prominent green scaleups, such as Northvolt and Green Hydrogen Systems, as well as broader macroeconomic uncertainty. Although Better Energy is not VC-backed, its recent difficulties have also added to investor caution in the green space.

As a result, VCs appear more focused on supporting early stage green technologies, spreading risk while continuing to back the development of solutions critical for the green transition.

Chart 3.11

Venture Capital Investment Volumes and Number of Investments in Danish Green Technology



Source: EIFO.

Spotlight:
Venture Capital Investments in Defence, Security, and Resilience (DSR)

Amid heightened geopolitical tensions and a renewed focus on security, venture capital investments in defence, security, and resilience (DSR) technologies have gained significant momentum. The war in Ukraine and broader concerns about critical infrastructure and national sovereignty have pushed DSR from a niche to central topic of European and Danish venture capital.

European venture capital investments within DSR have more than tripled over the last decade.

During the past decade, DSR-focused VC-activity in Europe has experienced significant growth, reaching EUR 4.9 billion across 467 deals in 2024, corresponding to 12x and 3.6x the volume and deal count seen in 2015, respectively.

The security segment attracted the largest share of capital, reaching EUR 1.8 billion in 2024, while defence stood out as the fastest growing vertical with a 62% annual increase from 2015-2024, reaching EUR 1.4 billion.

The momentum in venture capital investments within the DSR space has carried into the first half of 2025, though at a slightly lower pace, reaching EUR 2.7 billion with a total deal count of 150. Thus, DSR investments accounted for more than 7 percent of total European venture capital and more than 3 percent of all deals, a moderate decline compared to the sectors 2024 market share.

Definition: Defence, Security, and Resilience

DSR is a broad term with numerous definitions and various methods for classifying DRS investments. DSR in this report is defined and categorized in accordance with the Nato Innovation Fund report on European defence, security, and resilience, 2025. It includes dual-use technologies within the three subsectors, defence, security, and resilience.

***Defence** includes solutions that enhance situational awareness, decision-making, and mobility in complex operational environments – such as autonomous battlefield systems, space sovereignty infrastructure, and threat detection tools.*

***Security** focuses on energy independence, climate adaptation, and protection of critical infrastructure – ranging from energy storage and nuclear technologies to quantum computing and AI hardware.*

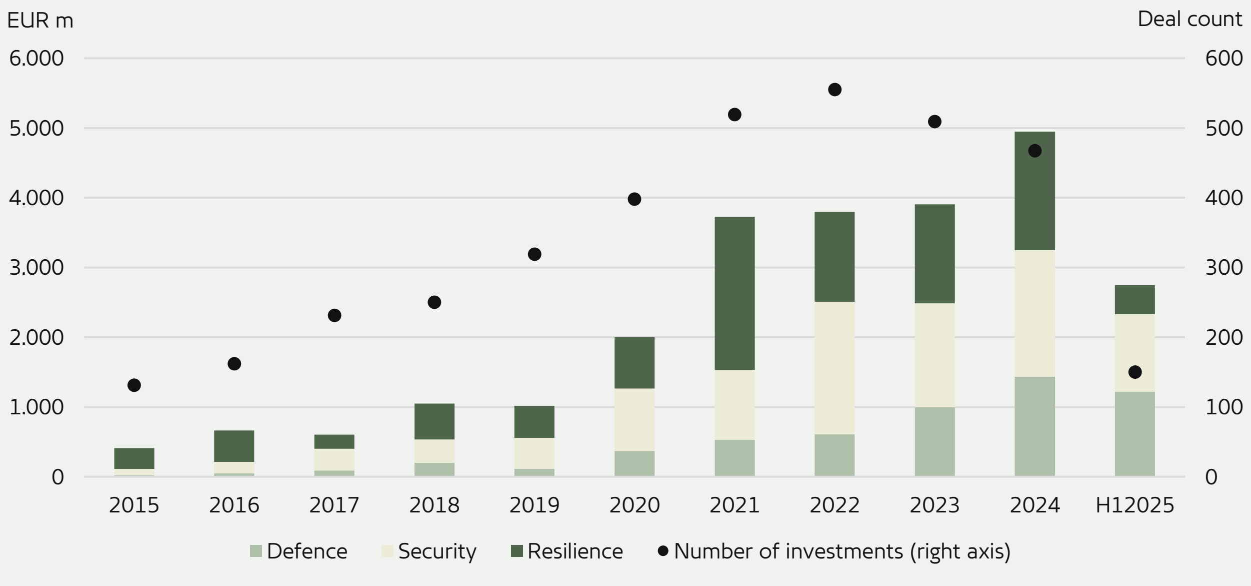
***Resilience** targets supply chain robustness and health crisis preparedness, encompassing areas such as biotech, semiconductor materials, and critical resource management.*

Note that investments in weapons, ammunition, and other technologies with a sole military purpose are not accounted for in this report.

Source: NIF report on European defence, security, and resilience, 2025.

Chart 3.12

Venture Capital Investments in European Defence, Security, and Resilience Companies



Source: Dealroom and EIFO analysis.

More than 8% of Danish venture capital was invested in defence, security, and resilience in the first half of 2025

Danish venture capital investments in defence, security, and resilience (DSR) have grown significantly in recent years, measured by invested capital. In 2024, total Danish venture capital allocated to DSR reached EUR 87 million. Meanwhile the number of transactions remained relatively modest at 7.

Growth has primarily been driven by the resilience segment, which has consistently accounted for the majority of Danish venture investments within DSR since 2021. This segment includes technologies aimed at enhancing supply chain robustness and health crisis preparedness. Unlike the broader European market, Denmark has yet to see any defence-related investments (according to the definition used in this report), a marked contrast, given the sector's rapid growth across Europe.

Developments in the first half of 2025 closely align with broader European trends. DSR investments totalled EUR 47 million across 3 transactions, representing 7,4 percent of total Danish venture capital invested, the highest share to date, and 3 percent of total deal activity during the period. This is a considerable increase compared to 2015, when DSR accounted for less than 1 percent of invested capital and 3 percent of deals.

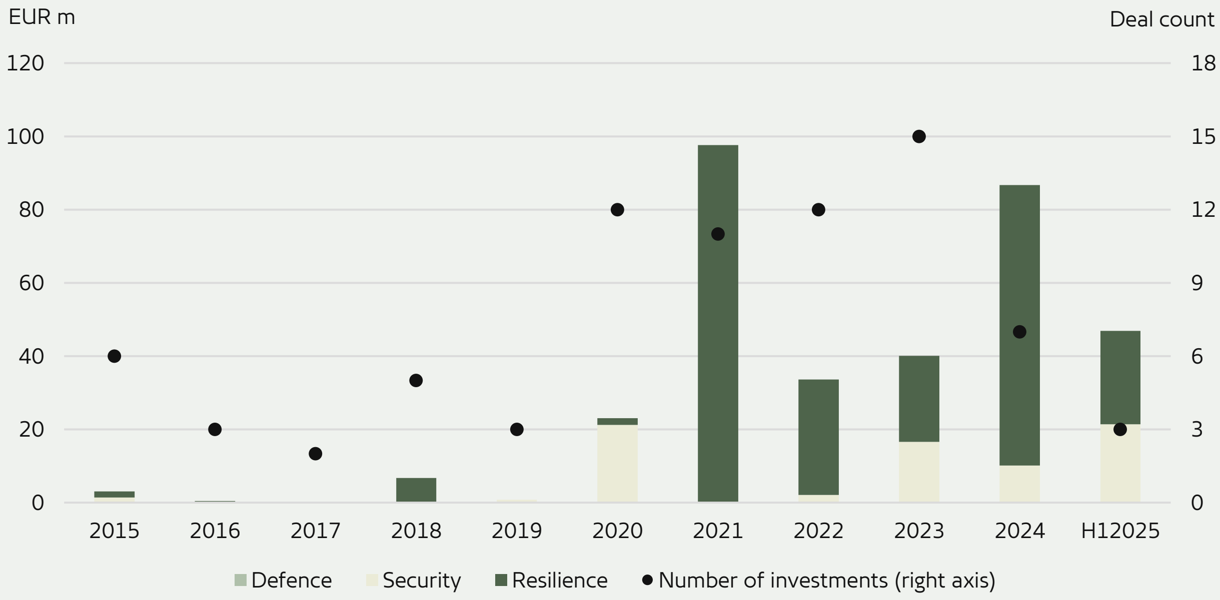
While annual fluctuations in both capital volumes and deal count reflect that DSR is a relatively young segment within Danish venture capital, its expanding market share underscores a growing strategic focus among investors.

DSR-related venture capital investments in the first half of 2025 include a EUR 12 million funding round by the Danish BioSolutions company Enduro (Resilience), a EUR 14 million funding round by the advanced manufacturing company Atlant 3D (Resilience), and a EUR 21.5 million funding round by the Danish quantum technology company Sparrow Quantum (Security).

EIFO has a strong strategic focus on DSR and have participated in several investments in both Danish companies and foreign companies with Danish activities within the DSR space over the last years. One example of the latter is EIFO leading a EUR 51 million funding round in US-based Saildrone in May 2025, which will establish its European headquarters in Denmark.

Chart 3.13

Venture Capital Investments in Danish Defence, Security, and Resilience Companies



Source: Dealroom and EIFO analysis.

04

Buyout Capital

Buyout capital refers to the funds used by private equity firms to acquire companies. This usually involves the acquisition of a majority or controlling stake in target companies. As with venture capital, the goal is to improve the company's performance and profitability over the investment horizon, eventually selling the company at a higher value. Buyout targets are typically more mature companies that are profitable and have debt capacity, and therefore buyout investments typically do not entail product risk, as opposed to venture capital.

When building portfolios of buyout investments, private equity firms primarily raise capital from institutional investors, which is often used in combination with bank debt to acquire target companies in leveraged buyout transactions. The investment horizon generally spans 3 to 7 years, culminating in an exit, usually through sale to another private equity firm or an IPO. Private equity firms receive fees for managing investments, while the investors realize potential returns on investment at the time of exit.

Buyouts play a central role in the Danish entrepreneurial and SME ecosystem, providing an exit strategy for earlier investors looking to sell their portfolio companies. Investments are typically targeted at medium-sized and larger unlisted SMEs that are well-established and can support a high level of debt while continuing to grow. Private equity firms often collaborate closely with existing owners and management, bringing in know-how and industry expertise from prior investments. In addition to the replacement capital injected at the time of the takeover, private equity firms often inject growth capital, enabling successful businesses to reach their full growth potential through focused active ownership.

Moreover, private equity firms usually have access to more favorable loan financing from banks and can offer guarantees for their portfolio companies' credit lines. This may improve access to loans and other banking products that might otherwise be challenging for the companies to obtain – hence broadening the palette of financing possibilities.

Finally, through so called buy and build strategies, private equity firms can enhance their portfolio companies' capabilities, market reach, or product lines through add-on investments, where the investor acquires additional companies in order to integrate them into an existing portfolio company.

Key Insights

1. Buyout activity in Denmark saw a modest recovery in 2024, but H1 2025 activity is pointing to a potential full-year decline.

2. Add-on investments continued to account for the majority of buyout investments in 2024, indicating that private equity firms prioritized scaling existing portfolio companies.

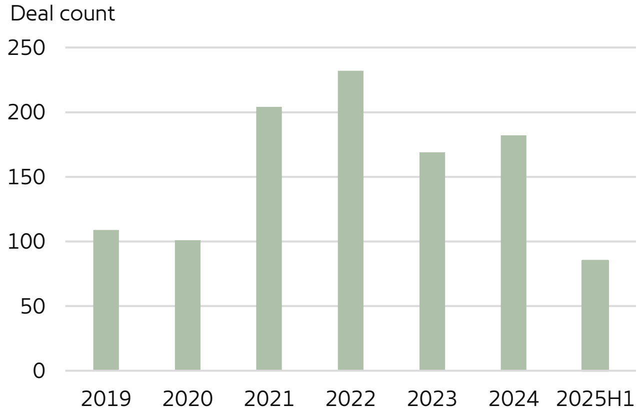
3. Danish buyouts are increasingly funded by foreign investors, with international capital involved in 80% of deals in H1 2025 — raising concerns about exposure to global market volatility.

2024 brought modest recovery to the Danish buyout market, but momentum slowed again in early 2025

Buyout activity in Denmark increased by 8 percent from 2023 to 2024 but remained below the historically high levels seen in 2021 and 2022, cf. Chart 4.1. During the first half of 2025, 85 buyout transactions were completed. If this pace continues in the second half of the year, the total number of deals will be on par with 2023, indicating a potential slowdown.

Chart 4.1

Buyout Investments in Danish Companies



Source: PitchBook.

This development is broadly in line with trends observed in other markets. In both Europe and the United States, buyout activity increased modestly by 6 percent and 5 percent, respectively. However, preliminary figures from the first half of 2025 suggest that total annual activity may decline by approximately 15 percent in both markets if current trends continue.

The moderate uptick in buyout activity from 2023 to 2024 can be linked to a gradual decline in interest rates, which has somewhat alleviated the liquidity constraints experienced in recent years. This has improved the ability of private equity firms to finance transactions and has contributed to a temporary increase in market activity. However, despite some improvement in macroeconomic indicators, geopolitical developments, particularly the ongoing trade tensions, continue to affect both private and public capital markets, creating uncertainty around exit opportunities and valuations.

These market dynamics are also reflected in the number of exits in Danish PE-backed companies. From 2023 to 2024, the number of exits increased by 15 percent, cf. Chart 4.2. However, based on activity during the first half of 2025, the total number of exits may decline by 20 percent for the full year if current activity levels persist.

Chart 4.2

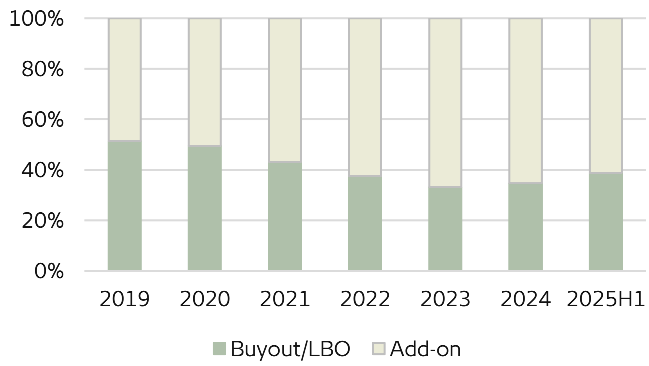
Private Equity-Backed Exits of Danish Companies

Source: PitchBook.

The share of buyout transactions undertaken as add-on investments remained at a record high level of 65 percent in 2024, cf. Chart 4.3. This indicates that private equity firms continue to prioritize scaling existing portfolio companies. The high share of add-on transactions is likely driven by reduced interest in large, debt-intensive deals, which have become less attractive in recent years due to elevated interest rates. As a result, smaller transactions, such as add-ons, have gained prominence as a more feasible strategy under current market conditions. During the first half of 2025, the share of new buyout investments has increased slightly. Nevertheless, add-on investments continue to account for most transactions in the Danish buyout market.

Chart 4.3

Share of Buyout Investments in Danish Companies by Investment Type



Source: PitchBook.

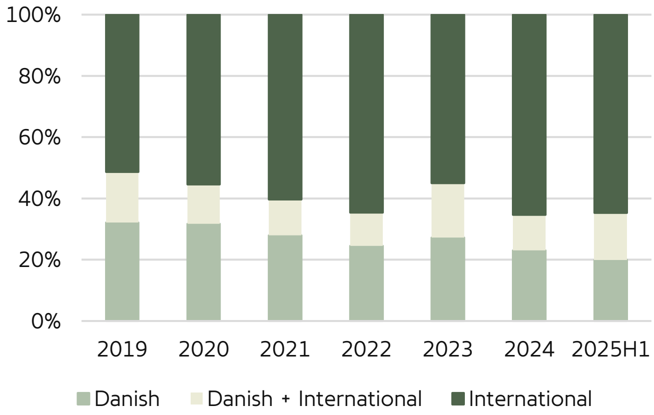
Danish scaleups are becoming increasingly dependent on foreign buyout capital

Compared to the venture capital market, Danish buyout transactions rely more heavily on foreign capital, partly due to the larger capital requirements of buyout transactions.

Since 2019, the share of Danish buyout transactions involving foreign investors has steadily increased, reaching 77 percent in 2024. Furthermore, 65 percent of buyout transactions were completed without participation from Danish investors, cf. chart 4.4. This development suggests that Danish companies remain attractive to international investors, and that access to foreign capital is playing an increasingly important role in supporting the growth and scaling of Danish businesses.

Chart 4.4

Buyouts in Danish Companies by Share of Investments from Danish Investors, international Investors, and Syndicates of the Two



Source: PitchBook.

However, a strong reliance on international capital also introduces risks. In periods of heightened uncertainty, international investors often reduce their exposure to foreign markets and refocus on domestic opportunities. This was evident in 2023, when rising inflation, interest rate hikes, and increased geopolitical instability led to a 30 percent decline in the number of foreign-backed buyout transactions in Denmark, compared to a 7 percent decline in transactions with Danish investors. Moreover, a high dependance on foreign capital can also increase the risk of domestic companies moving abroad, either as a condition for receiving foreign investments or to increase access to future investments.

During the first half of 2025, the participation of foreign investors in Danish buyout transactions increased further to 80 percent of buyouts.

05

Debt Financing

Debt financing remains a critical component at every growth stage of SMEs, serving either as a primary source of capital or as a supplement to equity investments, for example from business angels, venture capital funds, or private equity firms. An optimal financing structure often consists of a combination of both debt and equity, allowing companies to balance capital costs, ownership dilution, and financial flexibility.

Debt financing can take various forms, with traditional bank loans being among the most common. These loans typically require positive cash flows or other forms of security, making them well-suited for startups and SMEs that have begun generating steady revenue. In recent years, alternative forms of debt, such as crowdlending and venture debt, have become more accessible – and are often relevant at a stage where companies do not yet have positive cash flows. These instruments enable earlier-stage or rapidly growing companies to secure capital earlier in their development, particularly when traditional bank financing is out of reach.

Credit demand and availability is dynamic and sensitive to macroeconomic conditions. During the recent inflation and interest rate hike of 2022 and 2023 companies were faced with higher costs increasing the need for debt financing. Meanwhile, the increased costs and higher interest rates caused credit institutions to tighten credit standards as credit and liquidity risk in the market rose. This tightening made it more difficult for early-stage companies to obtain financing, particularly for those that lacked the historical performance or collateral required by traditional lenders, leading to a notable contraction in SME lending. However, recent developments indicate that credit conditions have started to ease again – offering renewed opportunities for Danish companies to access debt.

EIFO provides debt financing solutions to Danish SMEs across a wide range of industries and development stages. Through direct loans and guarantees, EIFO plays a central role in enabling companies to access financing that might otherwise be unavailable through commercial banks, particularly in periods of tightened credit or elevated financing costs.

Key Insights

1. Corporate lending in Denmark has rebounded, growing 6.2% year-on-year by May 2025, driven by improved macroeconomic conditions.

2. Stabilizing inflation and decreasing interest rates has eased access to and demand for debt financing, as Danish companies start to resume postponed investment plans.

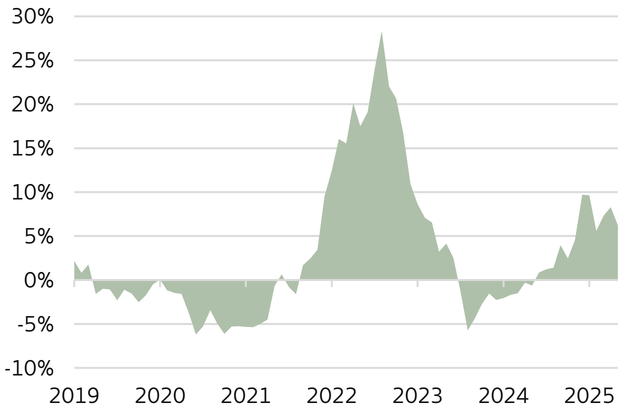
3. EIFO's total lending and guarantee activity increased slightly during the first half of 2025, following a decline in 2024. If current trends continue, EIFO's total lending and guarantee volumes are on track to exceed previous years, reflecting an improvement in access to credit for Danish SMEs.

Signs of stabilization and renewed growth in bank lending following easing of credit standards

After a prolonged period of subdued lending activity, Denmark's corporate credit market has shown clear signs of recovery. Since mid-2024, year-on-year growth in lending to Danish companies has turned positive, reaching 6.2 percent by May 2025, cf. chart 5.1. This marks a significant rebound from the contraction observed throughout 2023 and the beginning of 2024.

Chart 5.1

Year-on-Year Growth in Corporate Lending From Danish Credit Institutions



Source: Danmarks Nationalbank.
Note: Year-on-year development in national loan issuance from credit institutions to Danish non-financial companies.

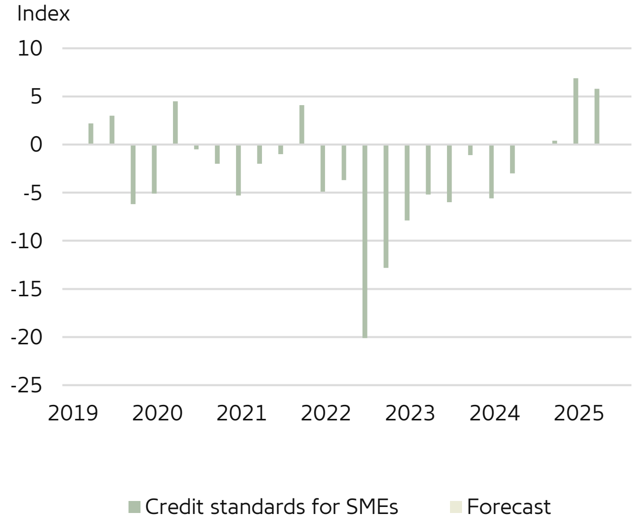
The recent uptick in corporate lending coincides with a gradual easing of credit standards among Danish banks and mortgage institutions. Danmarks Nationalbank's lending survey shows that banks began loosening their credit policies for small and medium-sized enterprises (SMEs) in the fourth quarter of 2024, a trend that continued through the first half of 2025. In the third quarter of 2025, Danish banks expect to keep credit standards to SMEs unchanged compared to the second quarter of 2025, cf. chart 5.2.

While easing credit standards have improved access to financing, the growth in corporate lending also reflects a gradual strengthening of the underlying demand. Over the course of 2024, inflationary pressures began to ease, and macroeconomic indicators improved, contributing to a more stable and predictable business environment. Against this backdrop, many companies that had previously postponed or scaled back investments due to uncertainty and tight financing conditions began resuming their plans. This reactivation of investment activity has likely played a role in driving lending growth during the first half of 2025.

At the same time, monetary policy has shifted in a more expansionary direction, as both Danmarks Nationalbank and the European Central Bank started cutting interest rate in late 2024. The resulting decline in borrowing costs has made debt financing more attractive and affordable, thereby reinforcing the recovery in lending volumes.

Chart 5.2

Danish Credit Institutions' Credit Standards for SMEs



Source: Danmarks Nationalbank.
Note: positive index values indicate easing credit standards; negative values indicate tightening. Based on Danish banks' weighted responses each quarter.

While overall corporate lending has not returned to the extraordinary growth rates seen in 2022, the recent developments suggest a more balanced and resilient trajectory, supported by both improving credit supply and a gradual return of demand from Danish businesses.

Demand for EIFO's loans and guarantees picked up in early 2025, in line with developments in the wider market

EIFO provides loans to Danish SMEs that face challenges accessing sufficient bank financing on standard market terms, for example, due to limited collateral, short operating history, or disproportionately high growth, increasing the company's burn rate and challenging liquidity. These direct loans help viable growth companies secure the capital needed to invest and scale when traditional bank loans alone are not available.

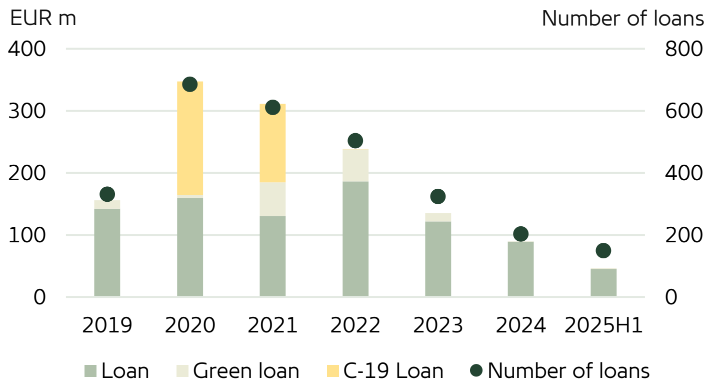
The development in EIFO's total lending volume have closely mirrored the overall Danish corporate lending market. EIFO's total lending volume decreased by 34 percent from 2023 to 2024, with total lending amounting to EUR 89 million across 203 loans, cf. Chart 5.3. During the first half of 2025 EIFO issued new loans totalling EUR 46 million across 149 loans, corresponding to 51 percent of last year's total. If this trend continues, total lending volumes is likely to match the level of 2024 by the end of the year.

Besides providing loans, EIFO also issues guarantees, enabling companies to access bank loans by guaranteeing the company's ability to service its debt. By covering a portion of the bank's risk, EIFO's guarantee solutions may help SMEs secure financing that might otherwise not be possible.

As with EIFO's lending volume, EIFO's total guarantee volume for SMEs declined from 2023 to 2024, but by a more moderate 2 percent, totalling EUR 164 million, while the number of guarantees issued fell by 27 percent, cf. chart 5.3. However, during the first half of 2025, guarantee volume increased slightly to a level corresponding to roughly 60 of the total activity last year measured by both volume and number of guarantees issued. Should this trend persist through the rest of the year, guarantee volumes could surpass both 2023 and 2024 levels.

Chart 5.3

EIFO's SME Lending Volume by Product Type

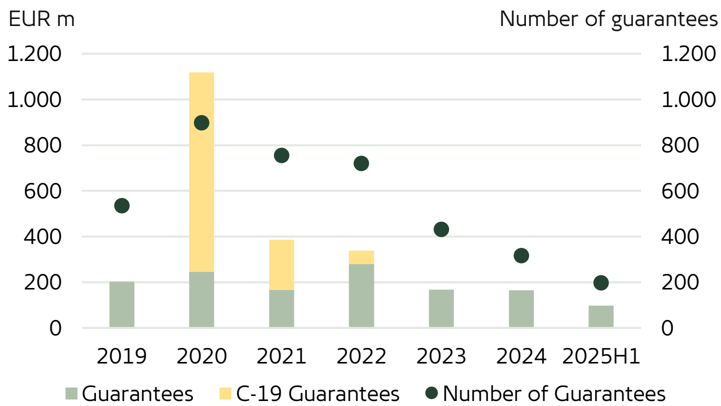


Source: EIFO.

The moderate uptick in EIFO's combined loan and guarantee activity coincides with the broader rebound in corporate lending volumes from Danish credit institutions and a period of easing credit standards for SMEs. Lower interest rates have made debt financing more accessible and affordable for Danish companies, that seem to have resumed postponed investment plans.

Chart 5.4

EIFO's Guarantee Activity to Danish SMEs by Product Type



Source: EIFO.

Venture debt as a flexible complement to equity financing

Venture debt is a specialized form of loan financing designed for growth companies, often in the startup and scaleup phase, that may not yet qualify for conventional bank loans. Unlike traditional loans, which rely on stable cash flows and tangible collateral, venture debt is typically underwritten based on the company's future growth potential and the backing it has from existing investors.

A key feature of venture debt is that it combines interest and fees with the option for the lender to benefit from the company's success through so-called warrants – a right to purchase shares at a later stage. This means venture debt can help extend a company's cash runway or finance expansion without the same level of ownership dilution that comes with new equity rounds.

In Denmark, several market participants provide venture debt. Private actors such as Danske Bank Growth and Gillion are active in the market, primarily focusing on larger loans, often above EUR 5 million, and usually require that the company has already raised significant equity funding from established venture capital funds.

EIFO is also an active venture debt provider, but contrary to most other venture debt providers, EIFO does not have a fixed minimum loan size and is flexible regarding the type of investors it can finance alongside. In addition to co-financing with venture capital funds, EIFO can provide venture debt in partnership with business angels, family offices, strategic investors, or even in connection with listed companies. This flexibility enables EIFO to support a wider range of innovative Danish startups and scaleups than traditional market players alone.

By offering venture debt, EIFO aims to help Danish founders limit equity dilution, strengthen their capital structure, and support the retention and growth of high-potential companies in Denmark.

06

Initial Public Offering

An Initial Public Offering (IPO) is the process through which a private company offers shares to the public for the first time, allowing it to raise capital from public investors. This marks the company's transition from a private entity to a publicly traded one, with its shares listed on a stock exchange.

An IPO serves as an exit opportunity for both venture capital and buyout funds, while also providing a channel for raising capital to support a company's further growth.

The Nasdaq stock exchange in Copenhagen includes both mature and established companies, traded on the Main Market (Large, Mid, and Small Cap), and smaller, often younger, growth companies traded on First North. Companies on the Main Market are generally stable in both operation and potential, whereas companies on First North involve higher risk but offer the potential for greater returns. Additionally, the Spotlight exchange offers an alternative to First North, featuring companies that are also characterized as relatively young growth ventures.

Key Insights

1. Danish IPO activity has come to a near halt, with no new listings completed since 2023. Despite periods of recovery in equity markets, elevated volatility and cautious investor sentiment continue to deter companies from going public, and cause VCs to seek alternative exit paths.

2. All Nordic countries have experienced sharp declines in IPO volumes since 2021, but Denmark has recorded the lowest level of activity, with no IPOs completed in 2024 or the first half of 2025.

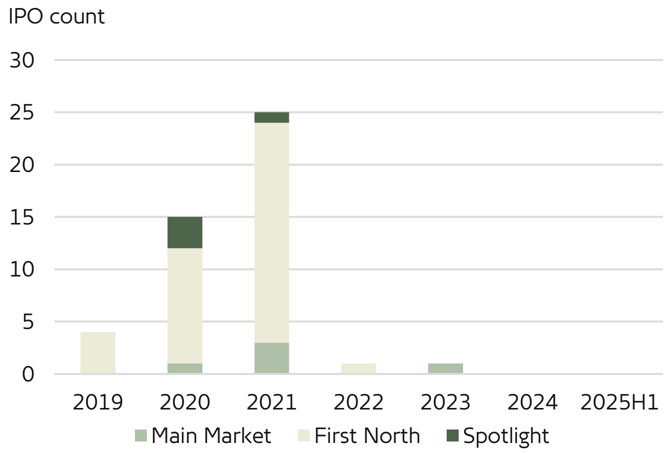
3. New Danish tax incentives, including deferred taxation on IPO-related capital gains may help attract more growth companies to the public markets over time.

Danish IPO activity remains muted despite recovering stock market performance

Danish IPO activity rose steadily from 2019 until reaching a record high in 2021, when 27 companies went public, the highest level seen in recent years, cf. Chart 6.1. This surge was driven primarily by listings on the growth market exchange, First North, which accounted for 80 percent of all Danish IPOs in 2021.

Chart 6.1

Number of Danish IPOs by Exchange, 2019-2025H1



Source: Nasdaq OMX Nordic, Sportlight Stock Exchange, FBV, PWC Nordic IPO Watch.
Note: Data for IPOs on Spotlight is based on currently listed companies.
Source: EIFO.

This momentum reversed sharply from 2022 onwards. IPO activity dropped to just two listings in 2022, one on First North and one on the Main Market, and remained subdued in 2023, with only one company going public on the Main Market. This low activity persisted in 2024, as market sentiment stayed cautious and no new listings were completed, mirroring trends seen across many European exchanges. In the first half of 2025, no new IPOs were completed in Denmark, underlining that market conditions have continued to deter companies from going public.

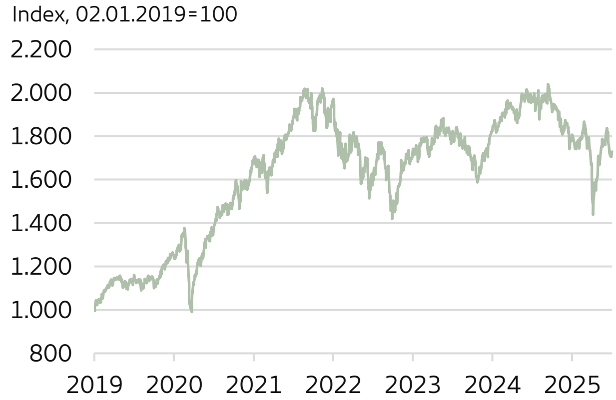
Developments in the Danish stock market and associated investor confidence play a central role in understanding the current IPO activity. The stock market strongly affects a company's sentiment to launch an IPO. In bullish markets, higher valuations and investor confidence make raising capital easier, encouraging companies to go public. In downturns, volatility and lower prices deter IPOs, as companies risk undervaluation and weak investor demand.

During the period of very low interest rates, Danish equities rose by more than 60 percent from early 2020 to a peak in November 2021, creating favourable conditions for IPOs, cf. chart 6.2. This trend reversed sharply, triggered by the emergence of the Omicron variant of Covid-19 and later exacerbated by the war in Ukraine, causing a surge in overall geopolitical uncertainty, inflation, and widespread supply chain disruptions, contributing to a roughly 30 percent decline in the Danish OMX C25 index by late 2022.

The C25 index has remained highly volatile since then, with alternating periods of recovery and decline. While easing inflation and renewed optimism have supported temporary gains, recurring downturns, most recently intensified by US trade tariffs in 2025, have fuelled renewed uncertainty and kept market volatility elevated.

Chart 6.2

Development in the OMXC25 Index, 2019–2025H1



Source: Nasdaq OMX Nordic.

This sustained volatility continues to discourage companies from launching new IPOs.

Slowed IPO activity has been a Pan-Nordic trend, but new conditions may support future Danish listings

The decline in IPO activity has not been unique to Denmark. IPO volumes across the Nordic markets have dropped sharply since peaking in 2021, cf. chart 6.3. The Swedish IPO market, historically the region's largest, saw the number of IPOs fall from 122 in 2021 to 10 in 2023, with a limited recovery in 2024. With 11 listings in the first half of 2025, Swedish IPO activity looks to remain on par with 2024 levels.

In Norway, a similar pattern has played out, as the number of IPOs dropped from 55 in 2021 to 11 in 2024, and only three new listings were completed in the first half of 2025, indicating that 2025 could mark a historic low for Norway.

In Finland, IPO activity fell from 27 in 2021 to just one IPO in 2023, two IPOs in 2024, and another two IPOs in H1 2025.

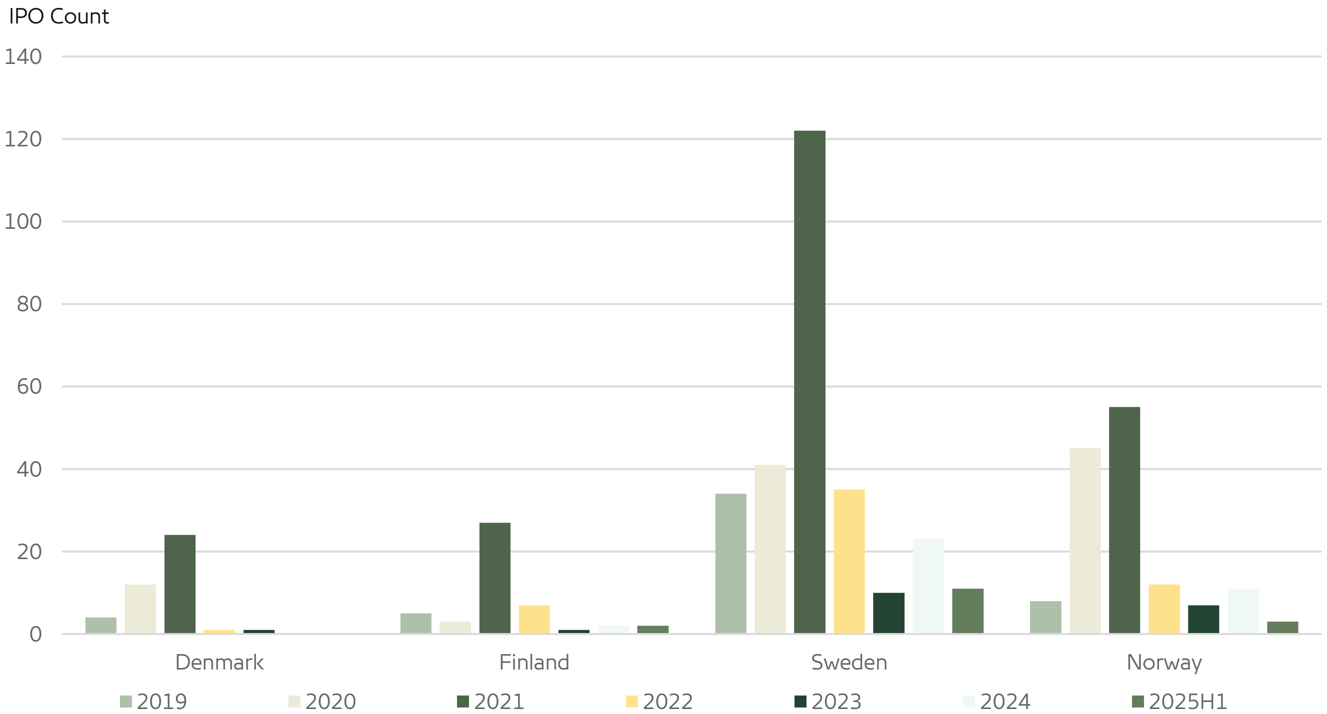
Thus, these developments reflect a broader global trend, fuelled by more volatile equity markets, higher borrowing costs, and a shift in investor appetite towards safer assets, factors that have all contributed to fewer companies choosing to list in recent years.

Despite weak IPO activity being a common issue throughout the Nordics, Denmark stands out with the lowest level of activity and remains the only market with no new IPOs since the single listing in 2023.

The Danish market has traditionally represented a small share of total Nordic IPO activity. This partly reflects differences in regulation and tax rules that have historically deterred smaller Danish companies from listing and favoured IPOs by larger, more mature companies in Denmark. Meanwhile, markets like Sweden have a strong culture of taking smaller, growth stage companies public as an alternative to raising further venture capital. However, recent tax reforms in Denmark aim to encourage more entrepreneurs and growth companies to consider listing. These include the option for founders to defer taxation on unrealised gains for up to seven years post-IPO, a higher progressive tax threshold for capital gains, and simplified rules for employee share schemes. Over time, these changes could help strengthen Denmark's position as a more attractive IPO destination for scaling startups and SMEs.

Chart 6.3

Number of IPOs Across the Nordics, 2019–2025H1



Source: Nasdaq OMX Nordic, FBV, PWC Nordic IPO Watch.

Thank you for reading!

More analyses available at:
eifo.dk/viden/videnshub