

MAPPING PORTUGAL'S STARTUP LANDSCAPE



INFORMA

 Startup
& Entrepreneurial
Ecosystem
REPORT 2024

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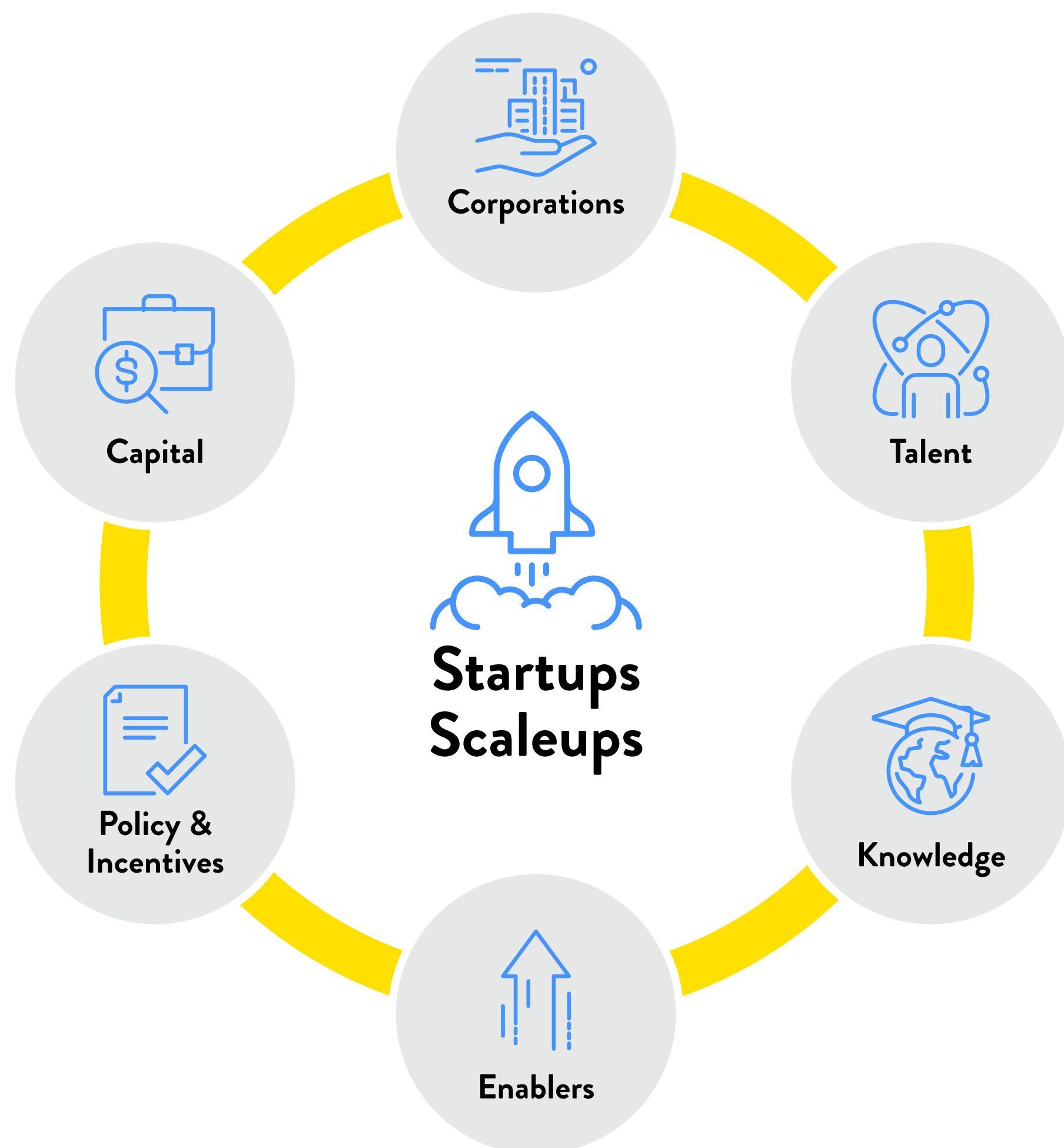


INDEX

About This Report	3
Foreword Startup Portugal	4
Executive Summary	5
Portugal's Place in the Global and European Startup Ecosystem	12
Ecosystem Snapshot	
Startups	22
Talent	39
Knowledge	45
Enablers	51
Corporations	58
Policy & Incentives	62
Capital	67
Gaps in Portugal's Startup Ecosystem and Areas for Action	72
A Path Forward for Portugal's Startup Ecosystem	77



ABOUT THIS REPORT



Welcome to the 2024 edition of the Portuguese Startup Ecosystem Report – “Mapping Portugal’s Startup Landscape”.

This report aims to provide an updated and comprehensive overview of the ecosystem’s key metrics, providing analysis of emerging trends and growth patterns.

As in previous editions, the report breaks down the ecosystem into its core components: startup profiles, talent, knowledge, capital, corporations, enablers, and policies & incentives. Each section offers critical insights into its respective domain.

As with last year, the report provides an in-depth analysis of the number of startups in Portugal, in accordance with the definition established by Law 21/2023. This considers the official company size, sector classifications, turnover, company creation details, and more, developed in collaboration with Informa D&B.

The section on capital includes key data from Dealroom, presenting a six-year overview of capital raised involving startups and scaleups in Portugal.

Other sections of the report draw on data from prominent and internationally recognised secondary sources, such as INE, Eurostat, OECD, Startup Genome, Startup Blink, ESNA, and others.

An innovation introduced this year is the inclusion of three original case studies from Portuguese municipalities (Barreiro, Fundão, and Porto), which, among others, have signed a Memorandum of Understanding with Startup Portugal to develop and promote supportive environments for startups within their respective city limits and surrounding areas. The case studies include valuable contributions from Rui Braga (Vice-President, Barreiro City Council), Ricardo Gonçalves (Head of Innovation, Investments and Strategic Planning Division, Fundão Municipality), and Ricardo Valente (City Councilor for Economy, Employment and Entrepreneurship, Porto Municipality).

FOREWORD STARTUP PORTUGAL

Welcome to the 2024 edition of the Portuguese Startup Ecosystem Report.

Every year, this report provides an in-depth analysis of how Portugal is shaping its economic landscape to support the growth of the innovation economy. We explore how key players in the ecosystem have evolved over the past year, adapting to new challenges and opportunities.

Portugal has made significant strides in the last few years by creating public policies that aim to attract and retain top talent. The introduction of a favorable Stock Options regime, tax incentives for talent hiring, supportive tax structures, and digital-first public services has made and will continue to make the ecosystem more attractive, streamlining business setup and driving innovation across multiple sectors.

These recent policy initiatives have played a crucial role in shaping today's thriving startup environment. We're pleased to witness a notable increase in the number of startups now approaching the goal established by the recovery and resilience plan of 5.000 startups by the end of 2025, their contribution to economic growth is by itself growing, and the average monthly salary in this type of companies is ramping up compared to SMEs.

Despite this progress, challenges remain. Ignition and Early-stage funding, access to capital, bureaucracy/regulatory barriers, and international scaling to strategic distant markets, like the USA, continue to be areas where improvement is needed, and we cannot forget that we are competing with other countries that are aware. Strengthening ignition and early-stage incentives, funding opportunities, and enhancing regulatory support will be vital for maintaining Portugal's momentum in the coming years.

This report also highlights the importance of enablers - Municipalities and Incubators. We dive into the experience of the regional ecosystems of Fundão, Barreiro, and Porto, showcasing exemplary cooperation between public and private stakeholders in fostering technological development and innovative business ventures, but also the 6 incubators showcased in Europe's Leading Startup Hubs Ranking, published by Financial Times.

This report provides valuable insights and serves as a catalyst for continued collaboration across Portugal's startup ecosystem. As the country continues to refine its regulatory, access to capital, and internationalization strategies, we are excited to witness the further evolution and success of the ecosystem.

António Dias Martins

Executive Director @ Startup Portugal



EXECUTIVE SUMMARY



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INTRODUCTION

Portugal is increasingly recognised as a significant European startup hub. Its high quality of life and government initiatives to support innovation and business development make it an attractive destination for both international talent and foreign investment.

The Portuguese startup ecosystem continues to evolve, and while substantial progress has been made, several key areas still require further attention to ensure sustainable, long-term growth.

Portugal's highly educated talent pool is facing a slow decline in the number of tertiary graduates, and talent gaps and qualification levels may hinder the retention of skilled professionals within the country. The proportion of STEM graduates is aligned with the EU average, but there are notable talent gaps in critical areas like IT, raising concerns about the ecosystem's future development.

Capital investment in Portugal increased in 2024, though it remains below the peak levels of 2021-2022. As the overall economic environment improves, diversifying funding sources and offering the right fiscal and administrative incentives to attract both local and foreign investors will be essential to helping startups grow and scale.

Key enablers, such as high-quality education, strong digital infrastructure, and increasing investment in R&D and patenting, are further supported by a growing presence of government policies and incentives aimed at fostering a favourable business environment for startups. In 2024, new measures were introduced, including the *Vouchers for International Programme Applications* and the *Fast Track Programme for Startups*, while existing schemes like SIFIDE II were revised.

Local ecosystems beyond traditional hubs, such as Fundão and Barreiro, are also experiencing growth. However, challenges persist at multiple levels. The lack of collaboration between academia and business can limit the development of startups. Additionally, regulatory hurdles and complex bureaucracy at the government level can discourage entrepreneurship and deter foreign investment. Given these factors, Portugal's position in international innovation rankings has either remained stable or seen a slight decline this year.

Portugal has introduced several initiatives, including legislative changes, to support the startup ecosystem. However, key factors remain essential for its growth—such as encouraging entrepreneurship and innovation among highly skilled talent, and creating conditions that ensure confidence and security for entrepreneurs and investors.

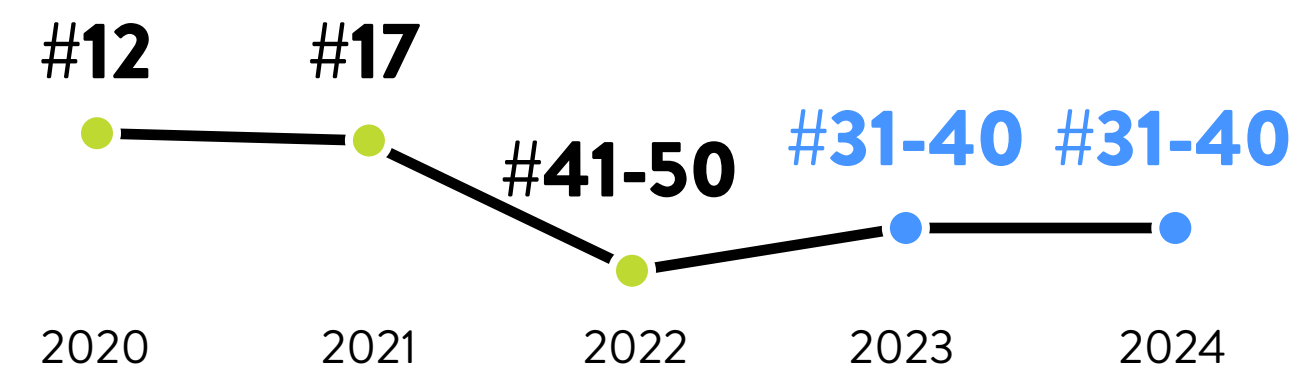
PORTUGAL IN GLOBAL RANKINGS

Global startup ecosystem index out of 100 countries / 1000 cities

	2020	2021	2022	2023	2024
↓ Portugal	#31	#27	#28	#26	#29
↓ Lisbon	#85	#82	#83	#62	#86
↓ Porto			#136	#147	#167
↓ Braga			#432	#424	#495
↑ Coimbra			#441	#557	#545
↑ Leiria			#965	#639	#606
↓ Aveiro			#667	#739	#806

Fonte: StartupBlink

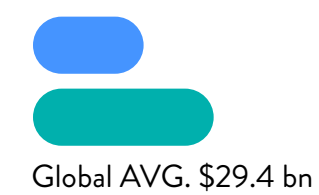
Top 100 emerging ecosystems



Fonte: Startup Genome

ECOSYSTEM VALUE (H2 2021 - 2023)

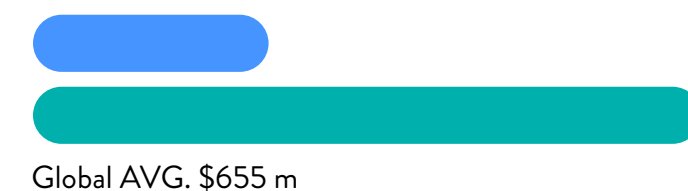
\$18.38 bn



Economic impact, calculated as the value of exits and start-up valuations

TOTAL EARLY-STAGE FUNDING (H2 2021 - 2023)

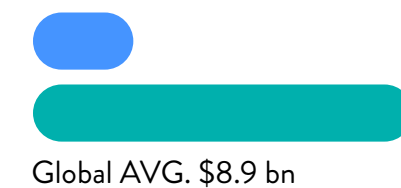
\$231 m



Total seed and series A funding in Tech startups

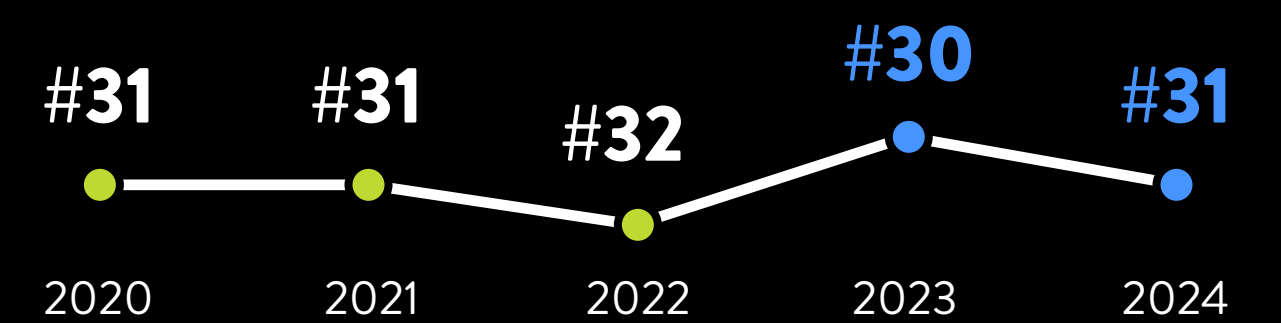
EXIT AMOUNT (2019 - 2023)

\$0.52 m



The cumulative value of exits in the ecosystem

Global Innovation Index out of 133 countries



Fonte: WIPO

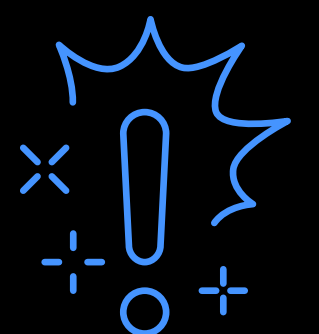
STRENGTHS IN 2024

- Education
- Researchers
- Domestic industry diversification
- Software spending
- Trademarks by origin





WEAKNESSES IN 2024



- Policy stability for doing business
- Investment
- State of cluster development






KEY METRICS

KEY METRICS		YEAR	YEAR -1	TREND
	STARTUPS Number of startups in 2024, Informadb	4719	4073	↑
	Startups's turnover in 2023, Informadb	2602 M€	2232 M€	↑
	Number of employees in startups in 2023, Informadb	26K	25K	↑
	Startups's exports in 2023, Informadb	1502 M€	1273 M€	↑
	Number of Unicorns in 2024	6	7	↓
	TALENT Rank of Portugal in World Talent Ranking 2024 (67 countries), IMD	#25	#25	=
	Rank of Portugal in Global Talent Competitiveness Index 2023 (134 countries), Insead and others	#27	#26	↓
	Rank of Portugal in English Proficiency Index 2023 (113 countries), Education First	#8	#9	↑
	% of population in Portugal with tertiary education aged 25–34 in 2023, OECD	42%	44%	↓
	Graduates in tertiary education, in STEM , per 1000 of population aged 20-29 in 2023, INE	23%.	23%.	=
	% of Foreign students graduated in Portugal 2023, INE	10.1%	9.7%	↑
	Median income of people with tertiary education 2023, Eurostat	17172 €	15704 €	↑
	Portugal position in talent scarcity Around The World 2024, Manpower Group	#5	#4	↑

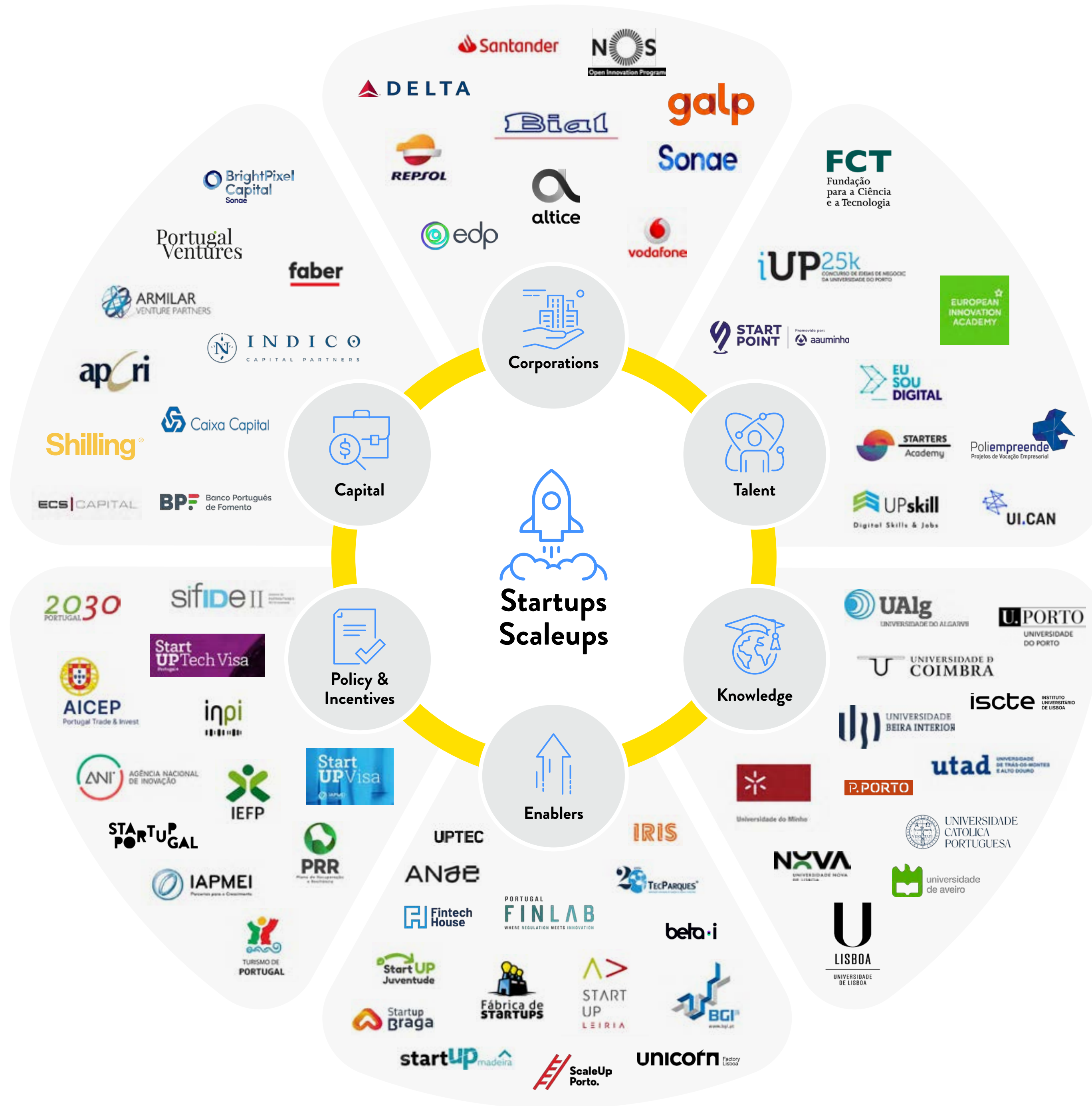
KEY METRICS

	KEY METRICS	YEAR	YEAR -1	TREND
	KNOWLEDGE Times Higher Education University Ranking 2025 (2000 universities)	17 institutions ranked Best rank: #401-500	15 institutions ranked Best rank: #401-500	↑ =
	Shanghai University Ranking 2024 (2500 universities)	6 institutions ranked Best rank: #201-300	6 institutions ranked Best rank: #201-300	= =
	QS World University Ranking 2025 (1500 universities)	8 institutions ranked Best rank: #260	8 institutions ranked Best rank: #253	= ↓
	Research & development expenditures (% of GDP) 2023, DGEEC	1.7%	1.7%	=
	Portuguese patent applications at the EPO in 2023, European Patent Office	329	312	↑
	University Education indicator in World Talent Ranking 2024 (64 countries), IMD	#17	#19	↑
		ENABLERS Global Peace Index 2023 (163 countries)	#7	#7
Quality of Life Index 2023 (53 countries), Expat Insider		#7	#7	=
Quality of Life Index 2024 (84 countries), Numbeo		#26	#20	↓
Portugal position in Attractiveness for foreign investment in 2023, EY		#7	#6	↓
Infrastructures indicator in World Competitiveness Ranking 2024 (67 countries), IMD		#26	#32	↑

KEY METRICS

KEY METRICS		YEAR	YEAR -1	TREND
CORPORATIONS 	Expenditure in R&D by enterprises in 2023, DGEEC	2834M€	2572M€	↑
POLICY & INCENTIVES 	Institutions indicator in Global Innovation Index 2024 (132 countries), WIPO	#37	#35	↓
	Entrepreneurship policies and culture indicator in Global Innovation Index 2023 (132 countries), WIPO	#30	#32	↑
	Policies for doing business indicator in Global Innovation Index 2023 (132 countries), WIPO	#82	#72	↓
	Government efficiency indicator in World Competitiveness Ranking 2024 (63 countries), IMD	#41	#43	↑
CAPITAL 	Capital raised by startups with HQ or Founded in Portugal 2024 YTD, Dealroom	231M€	169M€	↑
	Capital raised by startups & scaleups with HQ or Founded in Portugal 2024 YTD, Dealroom	306M€	240M€	↑

KEY PLAYERS IN THE PORTUGUESE STARTUP ECOSYSTEM



PORTUGAL'S PLACE IN THE **GLOBAL AND EUROPEAN STARTUP ECOSYSTEM**



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THE GLOBAL LANDSCAPE

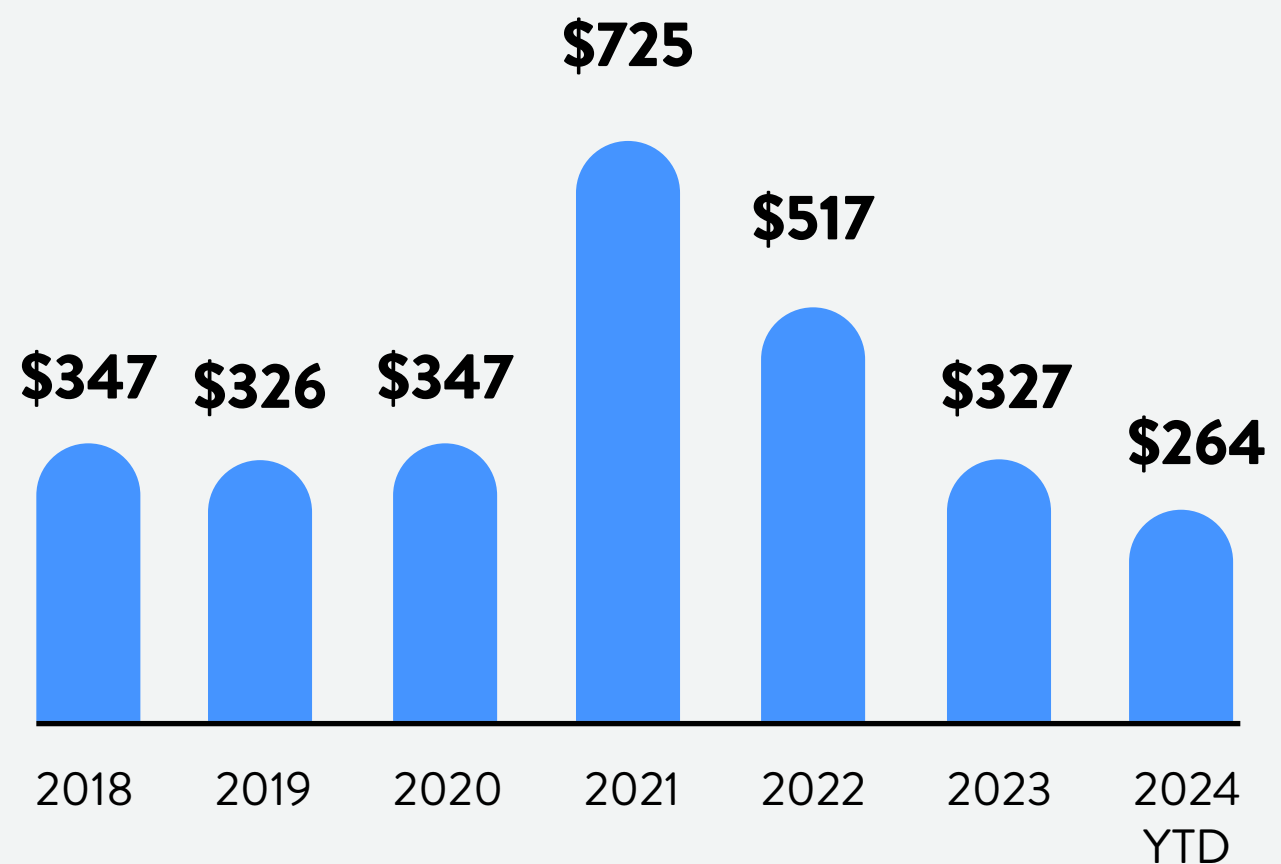
In 2023, the global startup ecosystem experienced mixed outcomes. While inflation slowed and global GDP grew more than anticipated, the expected recovery in tech sectors did not materialize, with exits and funding still far below pre-pandemic levels.

Despite some control over inflation, high interest rates persist, creating a tough funding environment. This shift has forced startups to prioritize profitability over rapid growth, with many opting for self-financing due to the limited availability of capital.

2024 shows cautious optimism, as investor sentiment appears to be improving. While the funding highs of 2021 are unlikely to return soon, strategic investments in emerging technologies, particularly in AI, could lead to a gradual recovery.

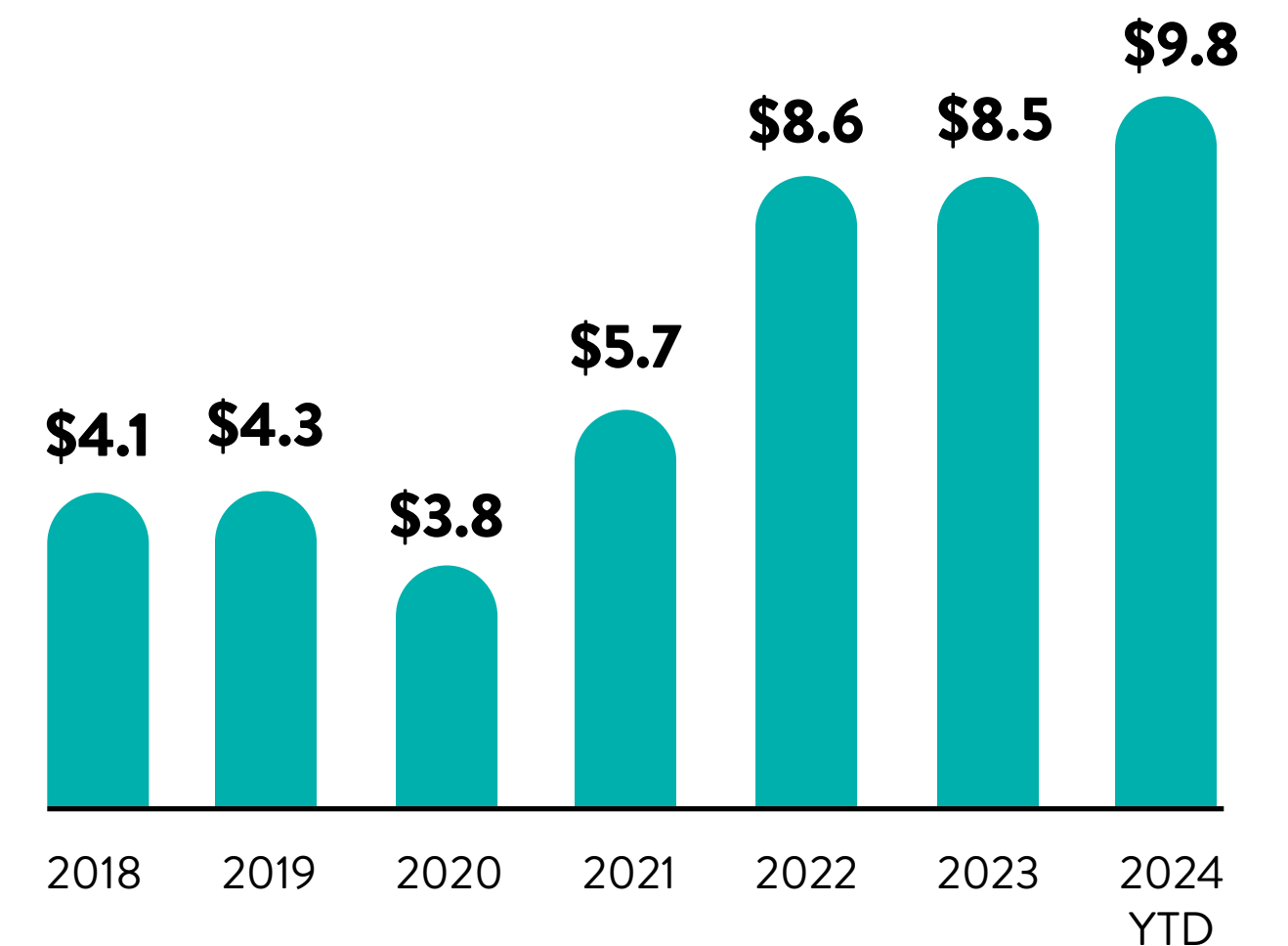
Artificial intelligence (AI) is proving to be a standout sector, showing continued growth and attracting substantial investment. However, there is a divergence in approach across regions. While the U.S. is focusing on AI innovation, the European Union is prioritizing regulation with frameworks like the Artificial Intelligence Act.

Funding Rounds Worldwide, billions



Source: Dealroom, October 2024

AI Seed Rounds Worldwide, billions



Source: Dealroom, October 2024

ECOSYTEM



		GLOBAL STARTUP ECOSYSTEM INDEX – COUNTRIES	GLOBAL STARTUP ECOSYSTEM INDEX – CITIES	ECOSYSTEMS RANKING	GLOBAL INNOVATION INDEX	NUMBER OF UNICORNS PER MILLION OF INHABITANTS
PORTUGAL		#29	#86 (Lisbon)	Emerging #31-40 (Lisbon)	#31	0.6
SPAIN		#15	#49 (Madrid)	Emerging #1 (Madrid)	#28	0.4
IRELAND		#17	#54 (Dublin)	Emerging #4 (Dublin)	#19	3
UK		#2	#3 (London)	Mature #2 (London)	#5	2.6
CZECHIA		#32	#89 (Prague)	Emerging #31-40 (Prague)	#30	0.6
SOUTH KOREA		#20	#21 (Seul)	Mature #9 (Seul)	#6	0.6
ISRAEL		#3	#9 (Tel-Aviv)	Mature #4 (Tel Aviv)	#15	11.9
BRAZIL		#27	#23 (São Paulo)	Mature #26 (São Paulo)	#50	0.2
CANADA		#4	#22 (Toronto)	Mature #18 (Toronto)	#14	1.6

Source: Startup Blink 2024

Source: Startup Blink 2024

Source: Startup Genome, 2024

Source: WIPO 2024

Source: Dealroom Nov/2024 HQ or Founded in the country



KNOWLEDGE AND TALENT

		RESEARCH & DEVELOPMENT EXPENDITURES (% of GDP)	GLOBAL TALENT COMPETITIVENESS INDEX	WORLD TALENT RANKING	ENGLISH PROFICIENCY	GRADUATES IN ICT, Engineering, Math and Natural Sciences Ranking	STUDENT MOBILITY INBOUND RANKING (Foreign Tertiary-Level Students per 1,000 Inhabitants)	POPULATION WITH TERTIARY EDUCATION (% of population from 25 to 34 years old)
PORTUGAL		1.7%	#27	#25	#8	#17	#20	42%
SPAIN		1.4%	#29	#34	#35	#39	#46	52%
IRELAND		1.0%	#12	#11	-	#27	#21	63%
UK		2.9%	#10	#27	-	#36	#5	60%
CZECHIA		2.0%	#23	#30	#26	#25	#16	34%
SOUTH KOREA		5.2%	#24	#26	#49	#8	#40	70%
ISRAEL		6.0%	#25	#16	#54	#19	#47	46%
BRAZIL		1.2%	#69	#66	#70	#54	#59	24%
CANADA		1.6%	#13	#19	-	#22	#7	67%

OECD, World Bank, 2022, UK (2021), Brazil(2020)

Source: Insead, Portulans, HCLI, 2023

Source: IMD World Competitiveness Center, 2024

Source: Education First, 2023

Source: IMD, World Competitiveness Center, 2024

Source: IMD, World Competitiveness Center, 2024

OECD, 2023

ENABLERS



		GLOBAL PEACE INDEX	QUALITY OF LIFE	INTERNATIONAL INVESTMENT	FIXED BROADBAND SUBSCRIPTIONS (per 100 people)	MOBILE CONNECTIVITY INDEX (score)	INFRASTRUCTURE
PORTUGAL		#7	#7	#29	44%	86	#26
SPAIN		#23	#1	#14	38%	87	#27
IRELAND		#2	#51	#6	32%	91	#17
UK		#34	#41	#12	42%	91	#22
CZECHIA		#12	#14	#27	38%	85	#28
SOUTH KOREA		#46	#10	#35	47%	87	#11
ISRAEL		#155	-	#26	30%	84	#13
BRAZIL		#131	#35	#18	23%	81	#58
CANADA		#11	#36	#4	43%	89	#16

Global Peace Index 2024

Source: Expat Insider 2024, Internations

Source: IMD, World Competitiveness Center, 2024

Source: World Bank 2023

GSMA, 2023

Source: IMD, World Competitiveness Center, 2024

POLICIES & CAPITAL



		INSTITUTIONS	GOVERNMENT EFFICIENCY	CAPITAL INVESTED IN STARTUPS FOUNDED OR WITH HQ IN THE COUNTRY, AS % OF GDP 2023	% OF CAPITAL INVESTED IN STARTUPS WITH HQ IN THE COUNTRY 2023	CAPITAL INVESTED IN STARTUPS FOUNDED OR WITH HQ IN THE COUNTRY, AS % OF GDP 2024
PORTUGAL		#37	#41	0.1%	90%	0.1%
SPAIN		#49	#58	0.2%	81%	0.1%
IRELAND		#11	#6	0.2%	100%	0.2%
UK		#26	#31	0.6%	98%	0.4%
CZECHIA		#30	#25	0.1%	85%	0.1%
SOUTH KOREA		#24	#39	0.5%	100%	0.2%
ISRAEL		#34	#29	1.3%	68%	1.1%
BRAZIL		#103	#65	0.1%	90%	0.1%
CANADA		#14	#19	0.4%	100%	0.3%

Source: Global Innovation Index 2024

Source: IMD, World Competitiveness Center, 2024

Dealroom October

Dealroom October

Dealroom October

STRENGTHS AND KEY CHALLENGES

Portugal demonstrates several strengths within the global and European startup ecosystems but also faces notable challenges. On the positive side, the country is recognized for its **high quality of life**, which makes it an attractive destination for both talent and investment. Its **education system**, especially regarding research and development, is improving, and the country's **infrastructure** for digital and mobile connectivity supports a growing tech sector. Additionally, Portugal benefits from an emerging yet promising startup environment, particularly in Lisbon.

However, Portugal also struggles with **insufficient levels of capital investment** compared to leading countries, which limits the ability of startups to scale effectively. While **talent quality is high**, particularly in terms of English proficiency and ICT skills, there is a **shortage of graduates in key technical fields**, and talent retention remains a challenge due to lower salary levels compared to other countries.

In terms of **policy and government efficiency**, there is room for improvement. The bureaucracy and complex regulations sometimes hinder business growth, and the government's efficiency in implementing

supportive measures is rated below that of more established ecosystems. Overall, while Portugal shows potential, **increased investment, policy refinement, and talent development** are essential for the ecosystem to reach a more competitive global standing.



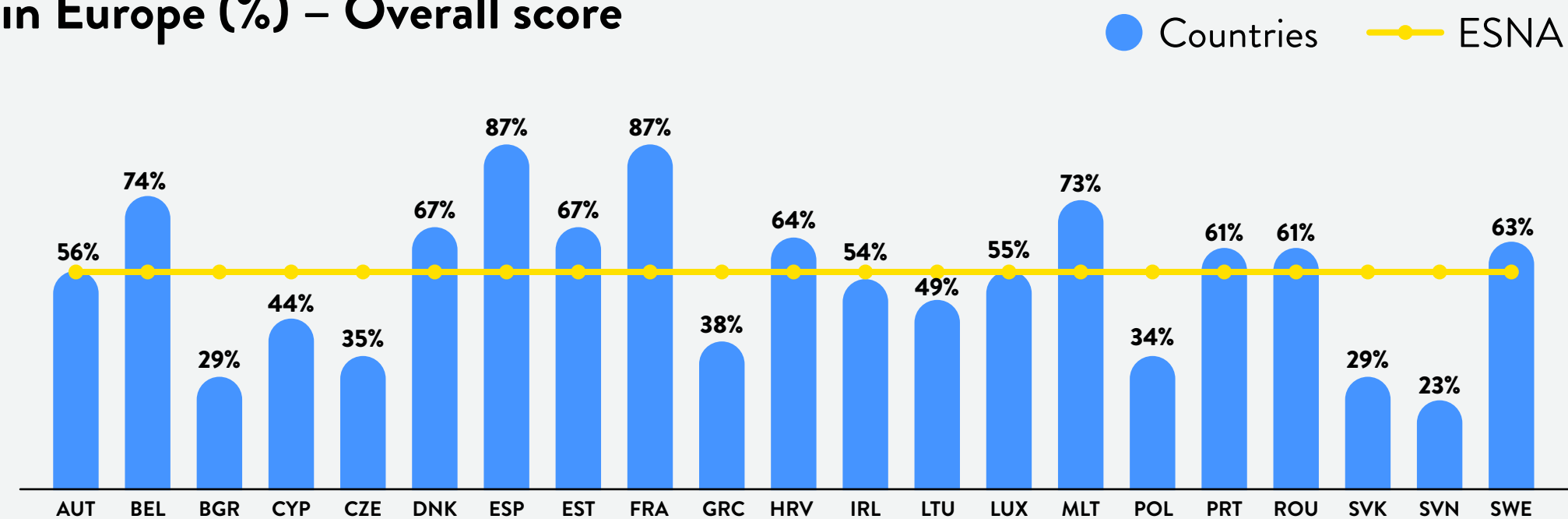
THE EUROPEAN STARTUP ECOSYSTEM AT GLANCE

Top 10 European Ecosystems

RANK	ECOSYSTEM	COUNTRY
1	LONDON	United Kingdom
2	THE NETHERLANDS	The Netherlands
3	PARIS	France
4	BERLIN	Germany
5	STOCKHOLM	Sweden
6	ZURICH	Switzerland
7	MUNICH	Germany
8	COPENHAGEN	Denmark
9	GREATER HELSINKI	Finland
10	MADRID	Spain

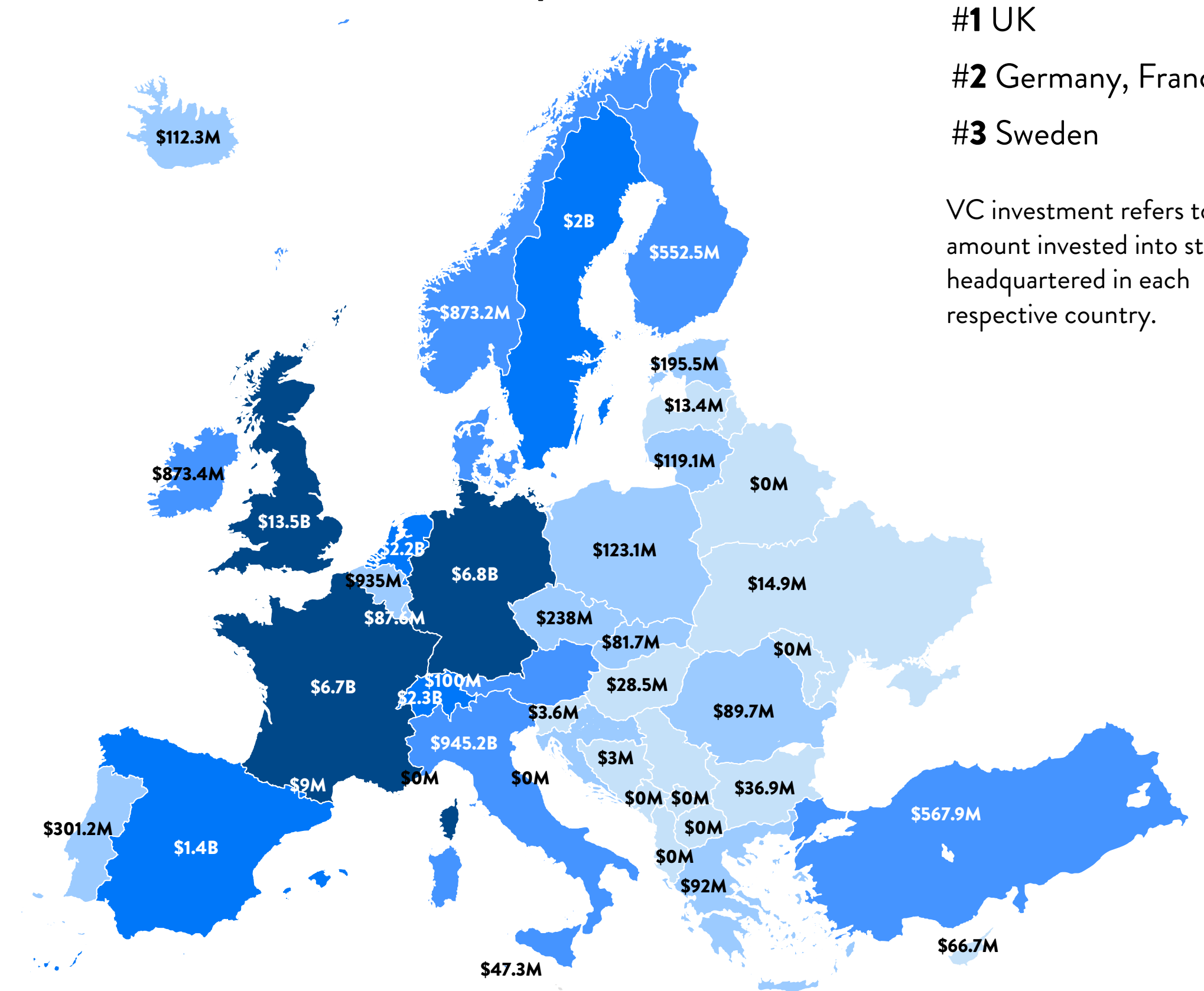
Source: Startup Genome, 2024

Startup Nation Standards Implementation Level in Europe (%) – Overall score



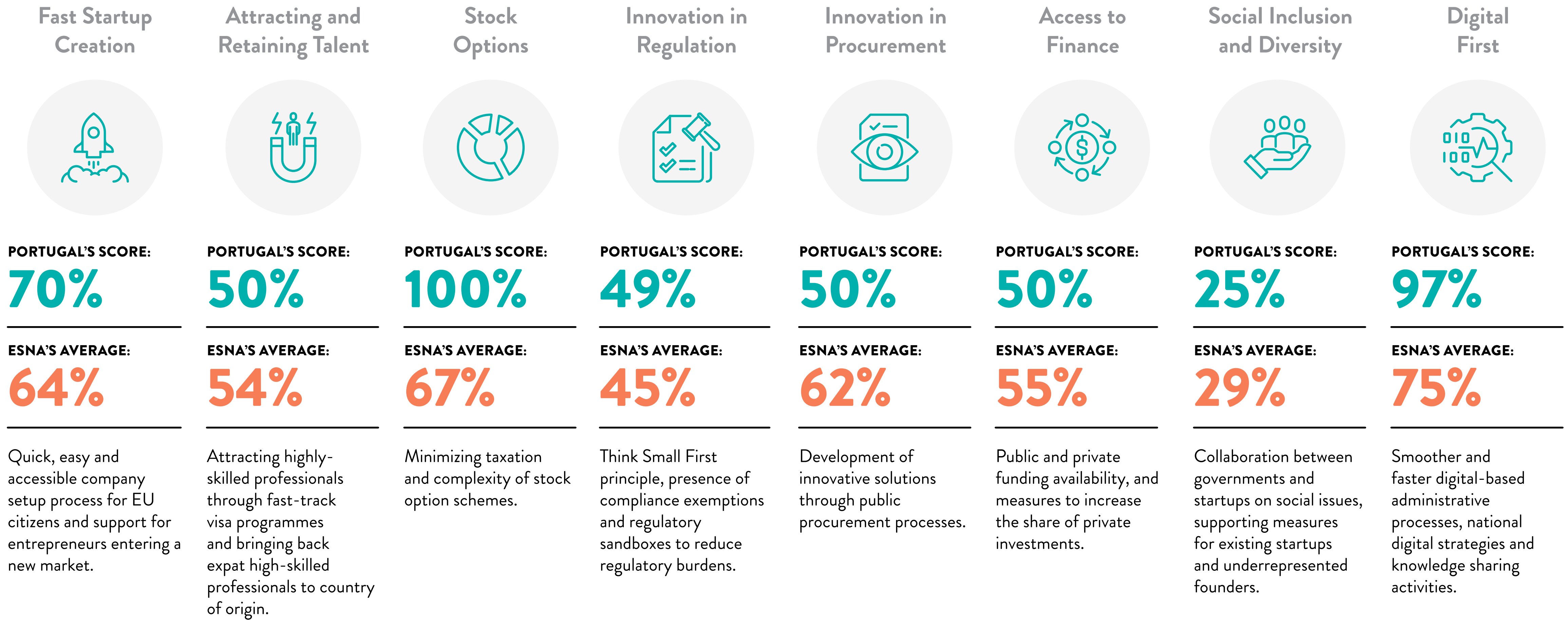
Source: ESNA analysis, 2024

2024 VC Investments across Europe



Source: Dealroom, 2024

PORTUGAL IN STARTUP NATION STANDARDS (SNS)



Source: ESNA analysis, 2023 Startup Nation Standards Report, March 2024

PORTUGAL IN STARTUP NATION STANDARDS (SNS)

- Overall, Portugal is well-positioned in the eight Startup Nation Standards compared to other European countries.
- **Portugal scores particularly well on the Stock Option (SO) Standard**, thanks to the introduction of a favourable tax regime for stock options and the ability for minority shareholders to issue stock options without voting rights. The country also has a special legal framework for employee stock options. Additionally, Portugal excels in its **digital-first national policies and processes**, offering digital public services such as business registration, tax filing, participation in public procurement, and established practices for sharing digital knowledge across stakeholders.
- However, **Portugal faces challenges in innovating the regulatory landscape to actively promote innovation within the country**, even in controlled environments. This is particularly relevant given that new regulations, such as the EU AI Act, could hinder the development of AI startups and scaleups in Portugal. One potential solution is adopting compliance exemptions and alternatives for startups, as well as including startups in regulatory sandboxes through mechanisms such as quotas and grants.

- **Access to funding remains a persistent issue for Portuguese startups.** Implementing tax relief measures for investors, such as Business Angels, could be instrumental in stimulating early-stage investment. Additionally, initiatives aimed at increasing the amount and diversity of private capital available for co-investing in high-growth startups could improve access to funds.
- Lastly, **social inclusion and diversity should not be overlooked.** A more diverse workforce and greater opportunities for underprivileged individuals to start businesses not only increase innovation and societal participation but also enhance Portugal's attractiveness to foreign investors.

Source: ESNA analysis, 2023 Startup Nation Standards Report, March 2024

ECOSYSTEM SNAPSHOT **STARTUPS**



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TO BE CLASSIFIED AS A STARTUP, THE COMPANY MUST MEET CERTAIN CONDITIONS

At least one of the conditions

All of the conditions

COMPANY SIZE AND AGE



- In business for less than 10 years.
- Employs fewer than 250 workers.
- Turnover less than €50M.
- Has no direct or indirect links to a large domestic company¹.
- Has its head office or permanent representation in Portugal.

FUNDING AND RECOGNITION



- Recognised by ANI (Agência Nacional de Inovação) for its R&D activities or operations within the technology sector.
- Includes at least one venture capital company, venture capital fund partner, or Business Angel funding entity within its shareholder structure.
- Received investment from the public financial entity - Banco Português de Fomento.

TYPE OF ACTIVITY



- R&D expenses or staff.
- Registered patents.
- Has received funds to strengthen R&D, technological development and innovation.
- Its main activity falls within the set of CAE Rev.3 activities classified as technological by INE – Statistics Portugal.

¹ Not a spin-off of a large company and ownership structure does not include any direct or indirect majority share of a large company

NUMBER OF STARTUPS GROWS 16% IN 2024

~1% of GDP¹



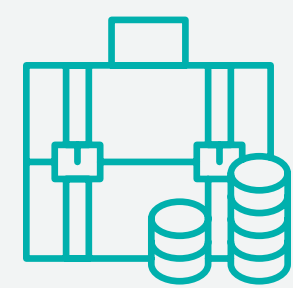
4719

Companies

0.9% of total active companies

16% YoY Growth

(4073 in 2023)



€2602 M

Turnover

0.5% of total companies' turnover

17% YoY Growth

(€2,232M in 2023)



>26 k

Employees

0.7% of total employees

4% YoY Growth

(25k in 2023)



6

Average Number of Employees

Compared to the average of 8 employees across all companies



~€2000

Average Monthly Wage²

72% higher than the average across all companies

18% YoY Growth

(€1,700 in 2023)



€1502 M

Exports

1.4% of total exports

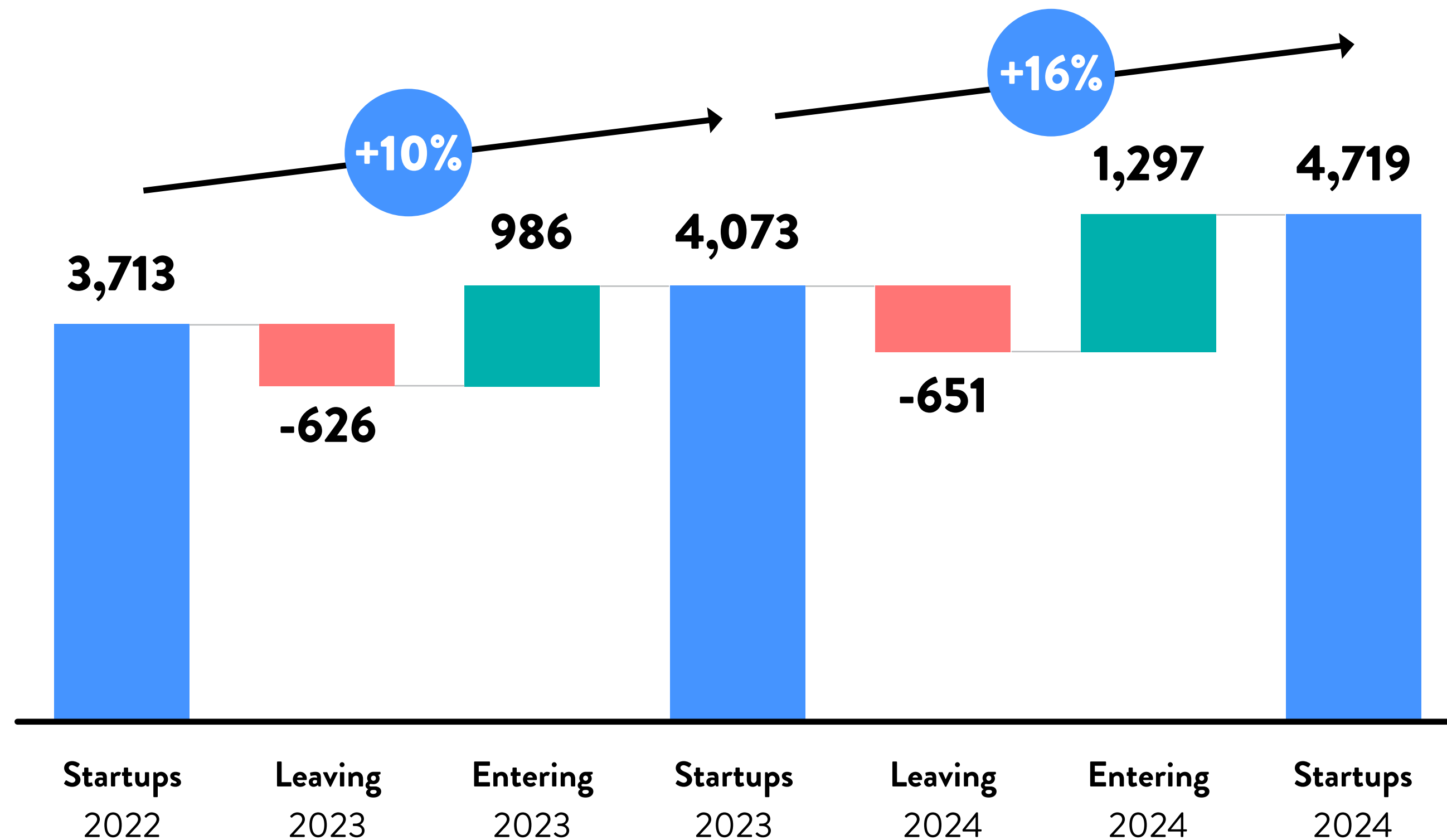
18% YoY Growth

(€1,273M in 2023)

¹ Startup total turnover as % of GDP in 2023

² Average startup annual wage divided by 14 months

NUMBER OF STARTUPS IN PORTUGAL



2024 VC Investments across Europe

LEAVING

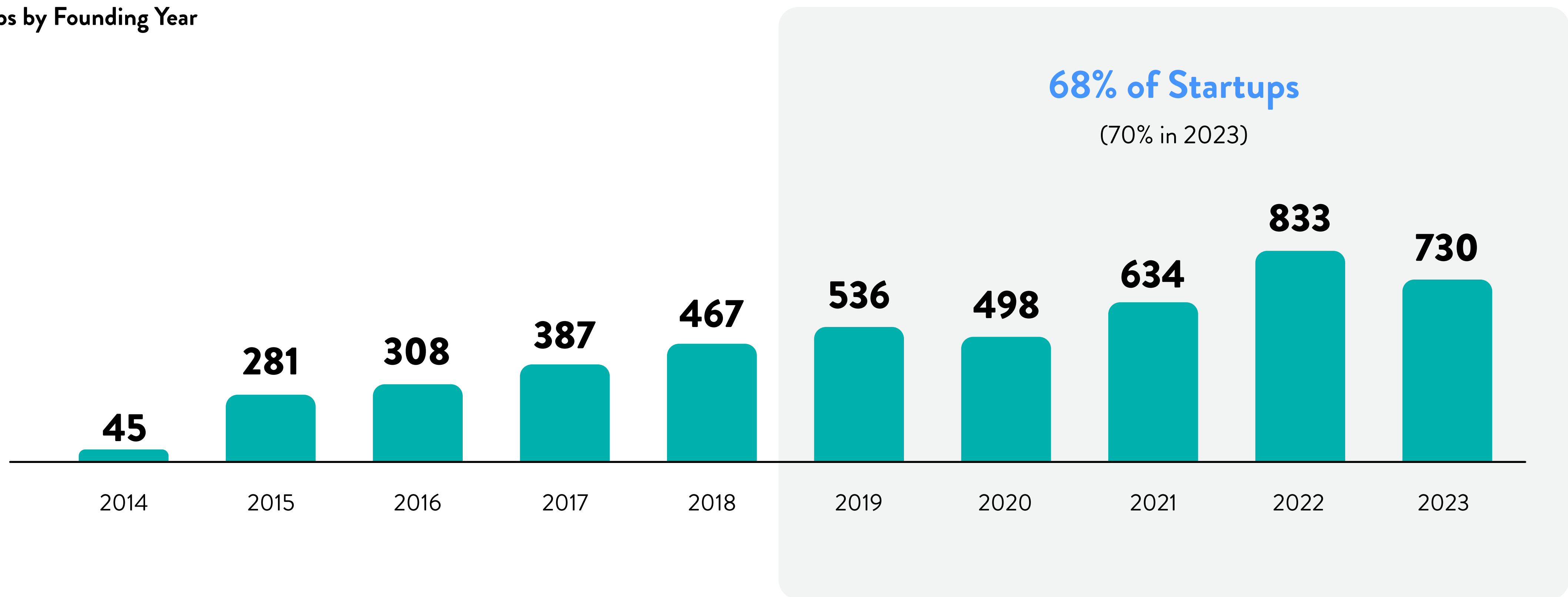
- Company is no longer active
- Has been running for 10 years or more since foundation
- Became Large company – Turnover > 50 M€ or more than 249 employees

ENTERING

- New or existing that meet the criteria outlined under the Startup definition (technological and/or innovative company)

MORE THAN TWO THIRDS OF STARTUPS WERE ESTABLISHED IN THE LAST 5 YEARS

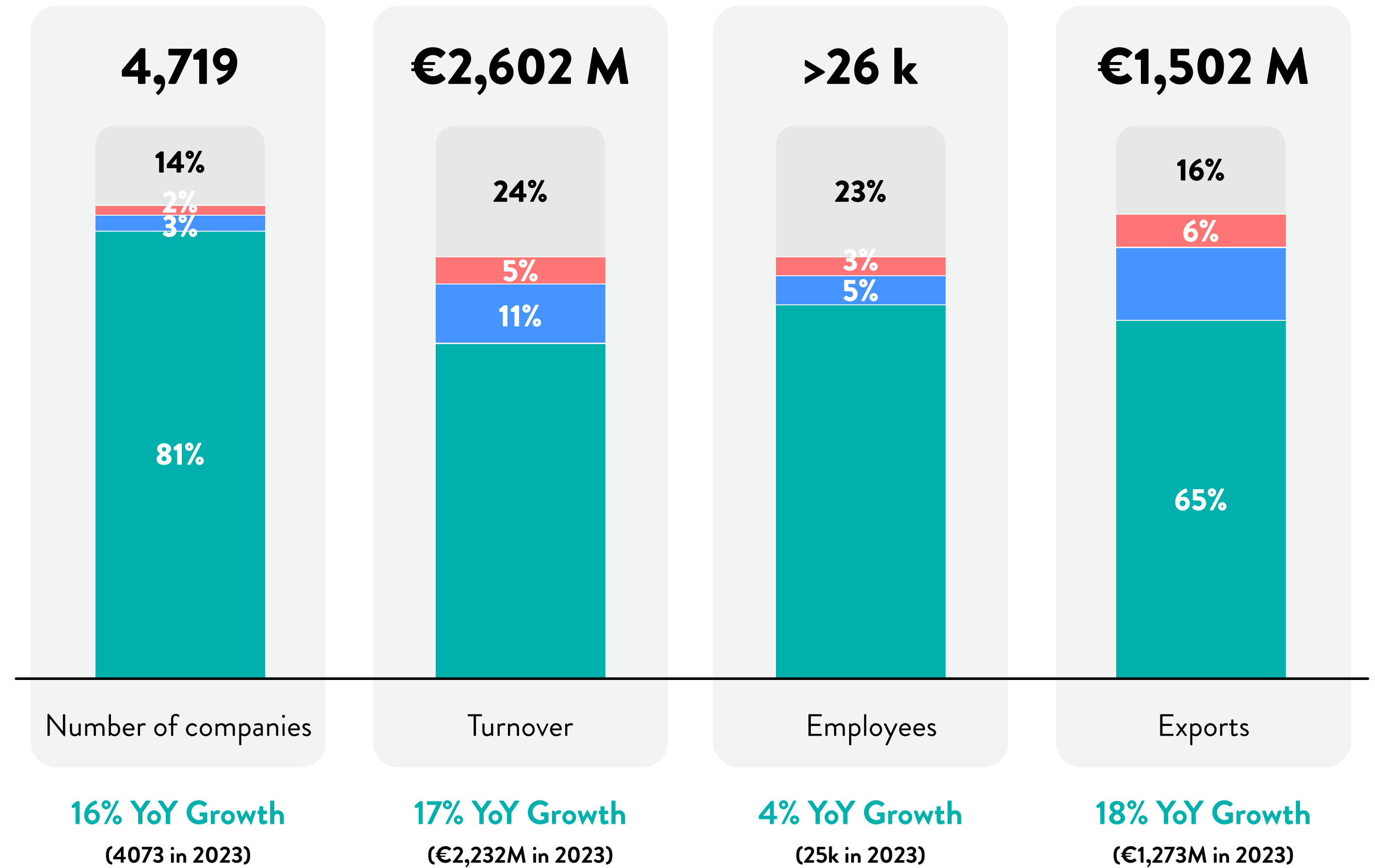
Startups by Founding Year



FOCUS ON KNOWLEDGE-INTENSIVE AND HIGH-TECH SERVICES

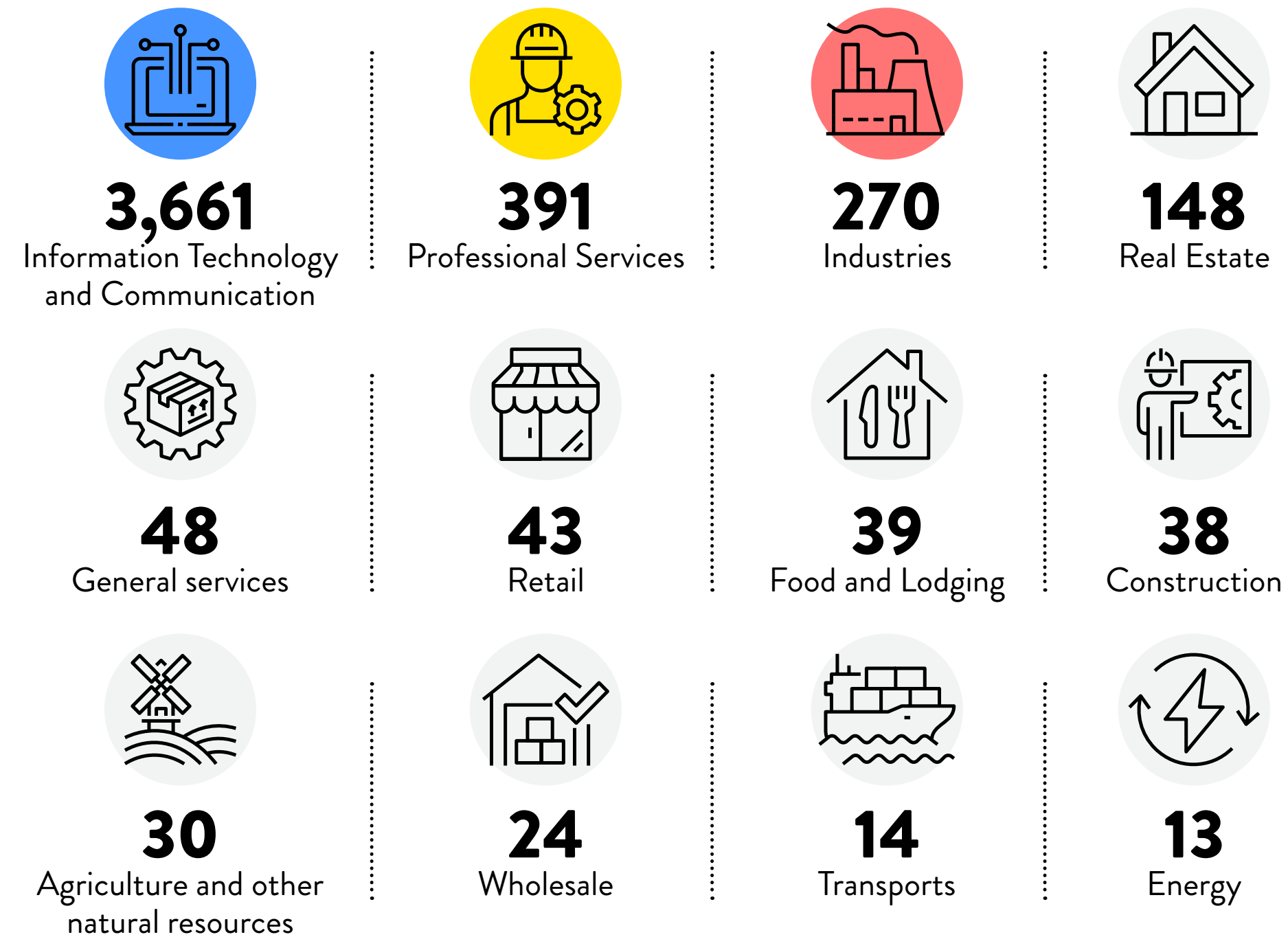
Startup Metrics by Activity

- Non-technological activities
- High-technology industries
- Medium-high technology industries
- Knowledge-intensive high-tech services

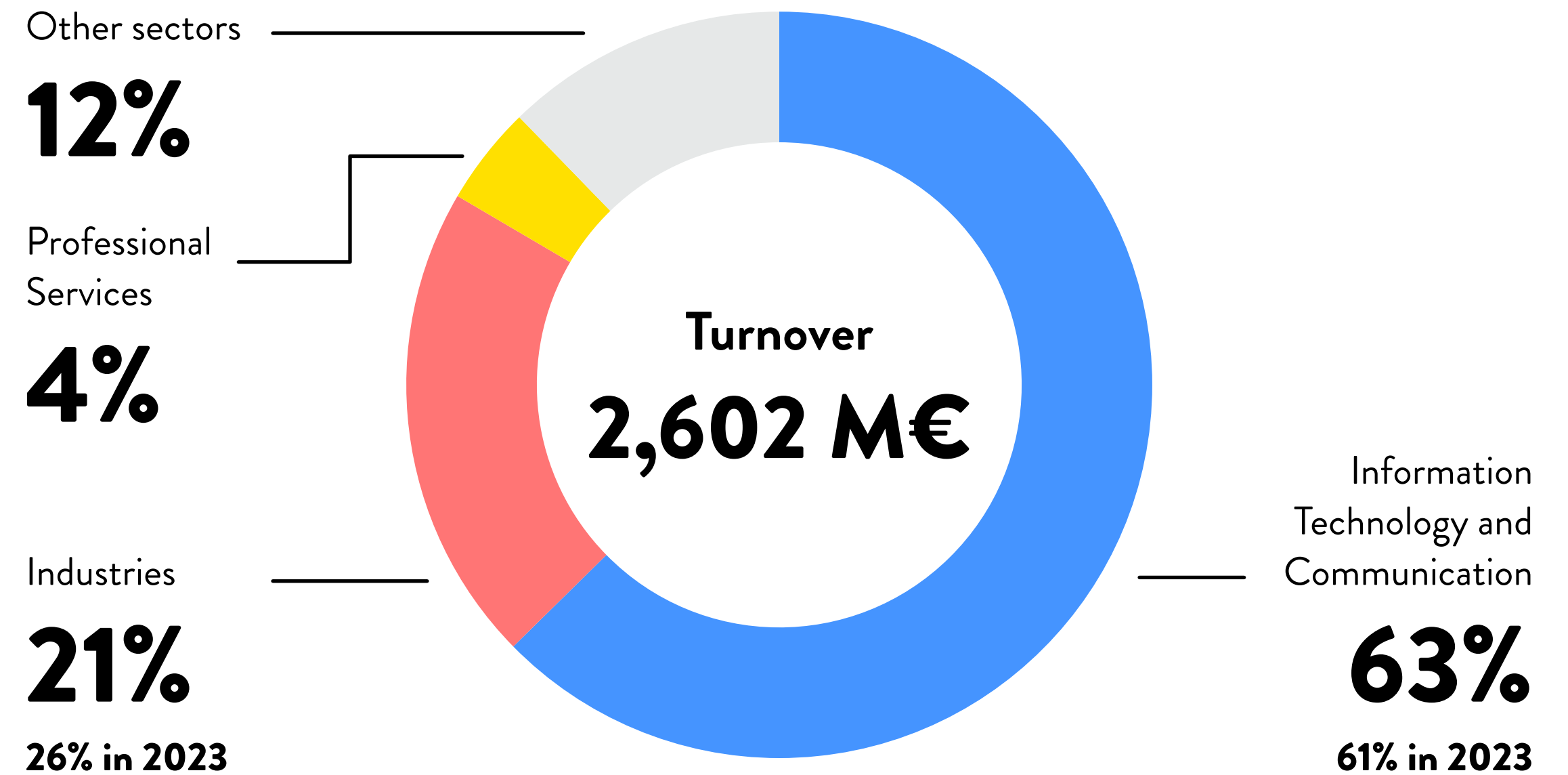


THE INFORMATION TECHNOLOGY AND COMMUNICATION SECTOR DOMINATES AND REPRESENTS 63% OF REVENUES

Number of Startups by Industry Sector



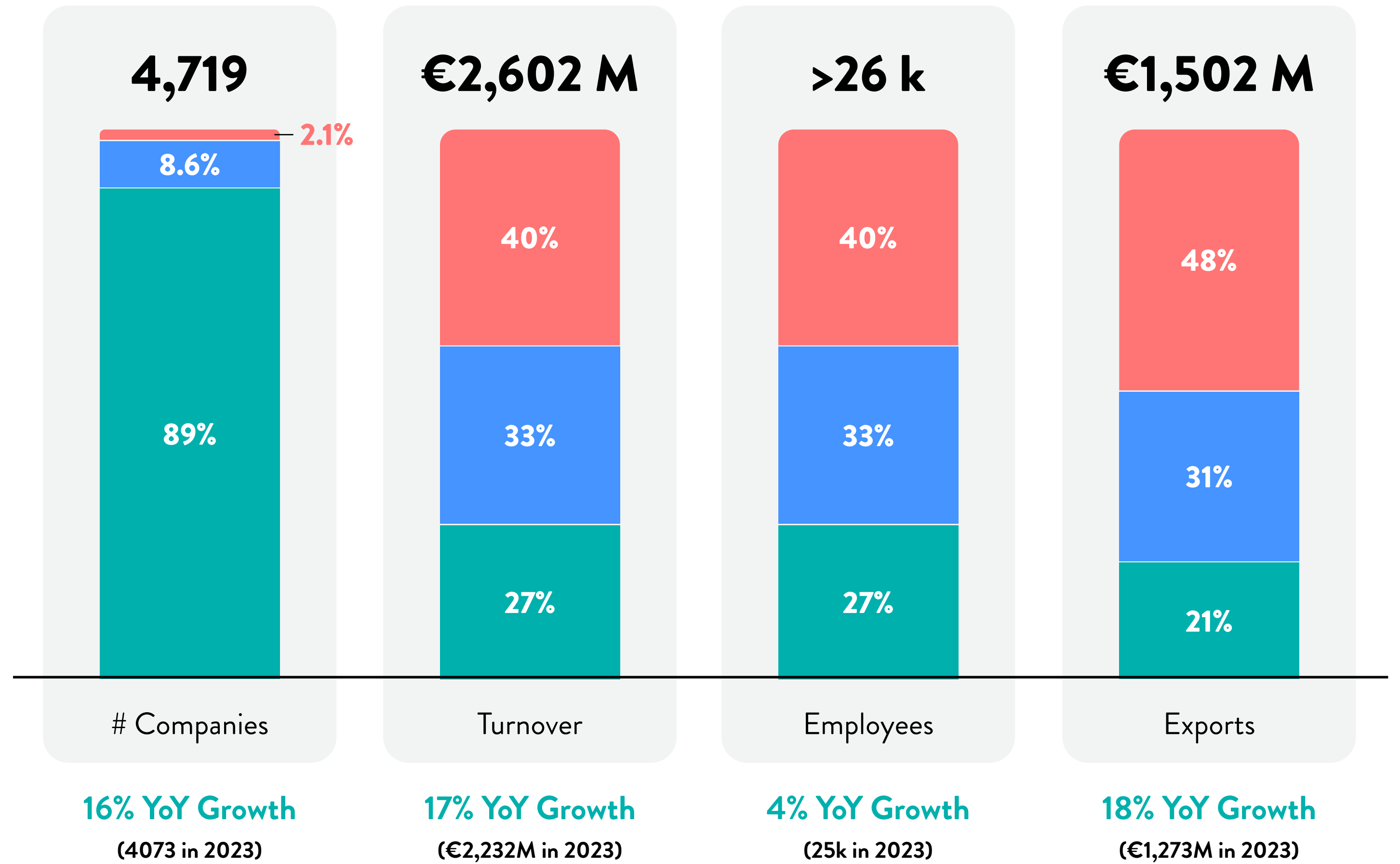
Percentage of Startup Turnover by Industry Sector



THE MAJORITY OF STARTUPS ARE MICRO BUSINESSES REPRESENTING 89% OF THE MARKET

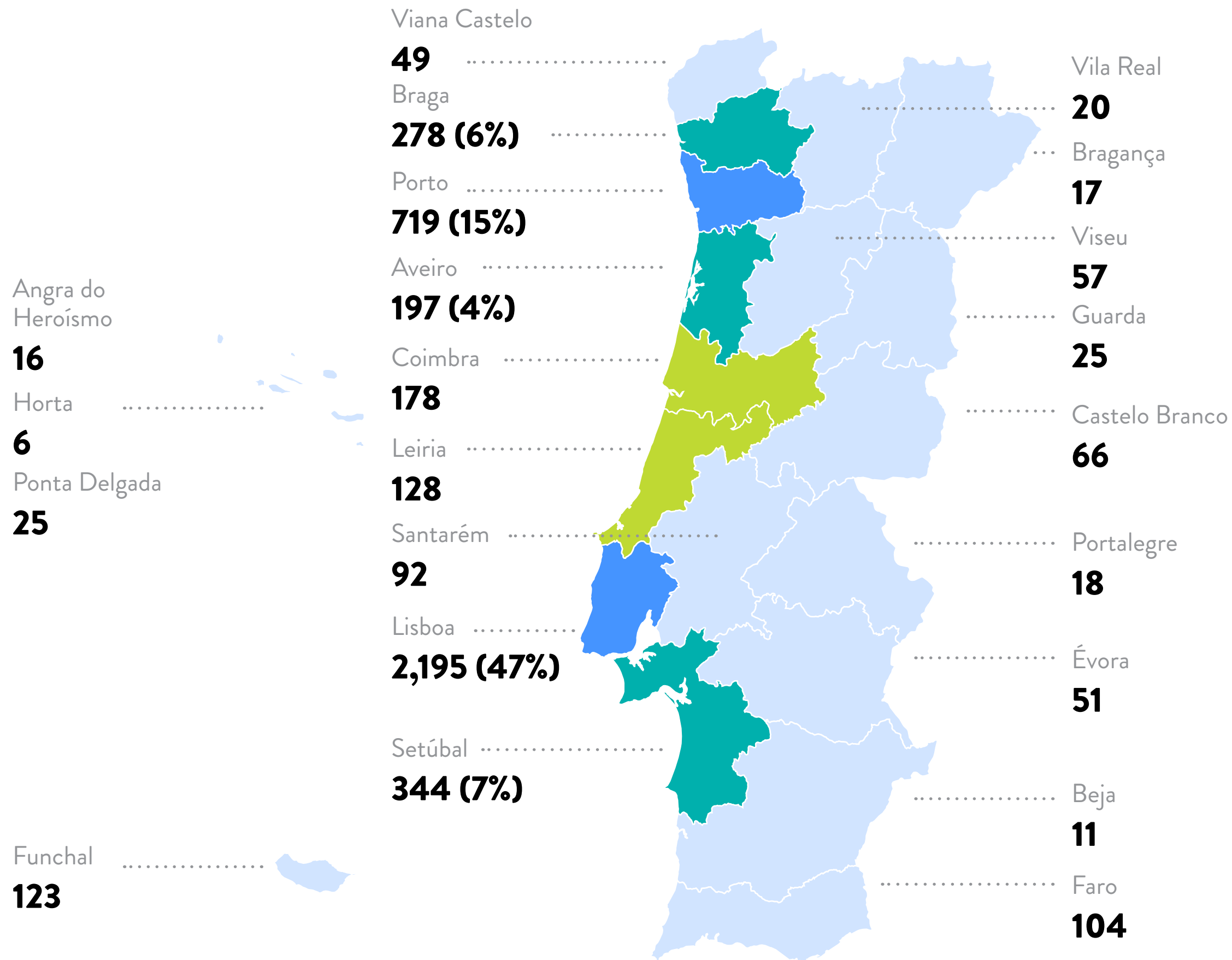
Startup Metrics by Company Size
(Number of Employees)

- **MEDIUM**
50-249 employees
- **SMALL**
10-49 employees
- **MICRO**
Up to 9 employees

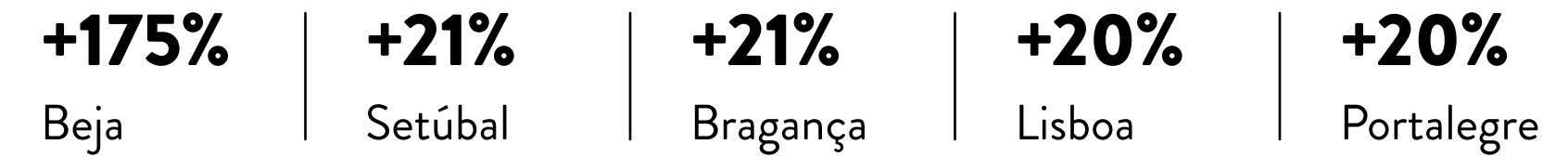


HIGH CONCENTRATION IN LISBOA AND PORTO

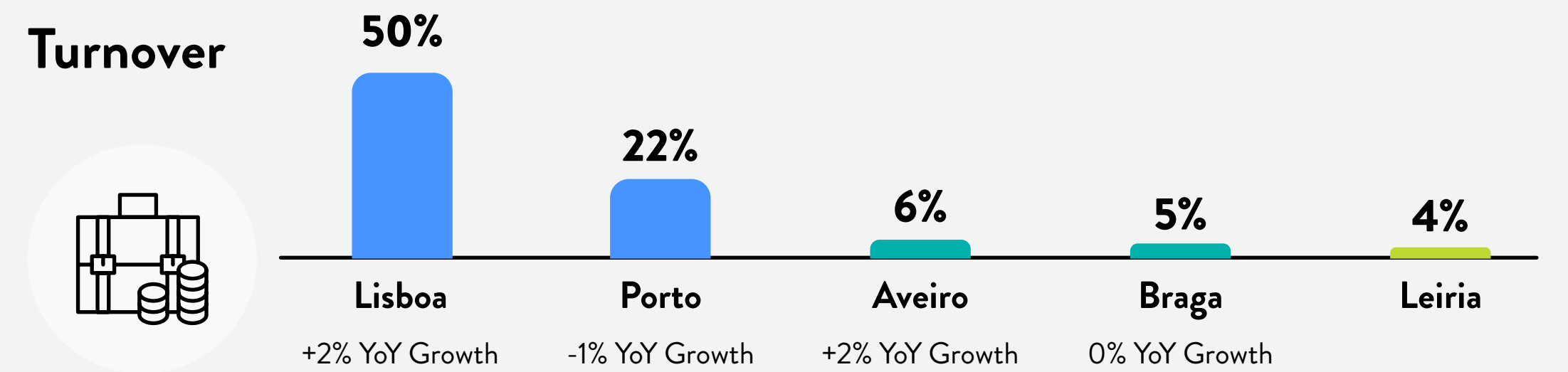
Number of Startups by District



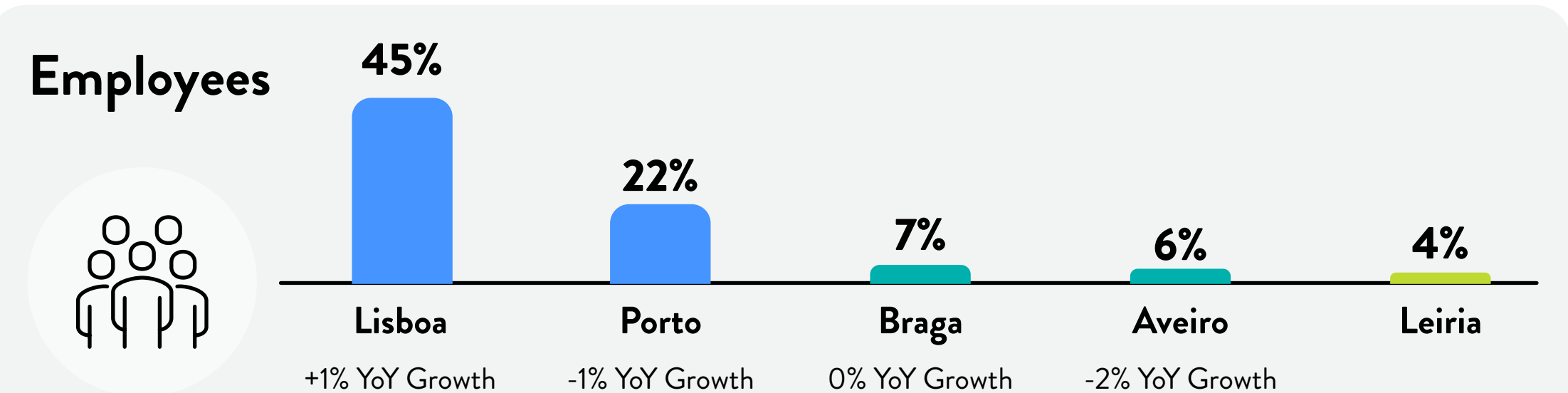
Top 5 Districts of growth in the number of startups



Turnover

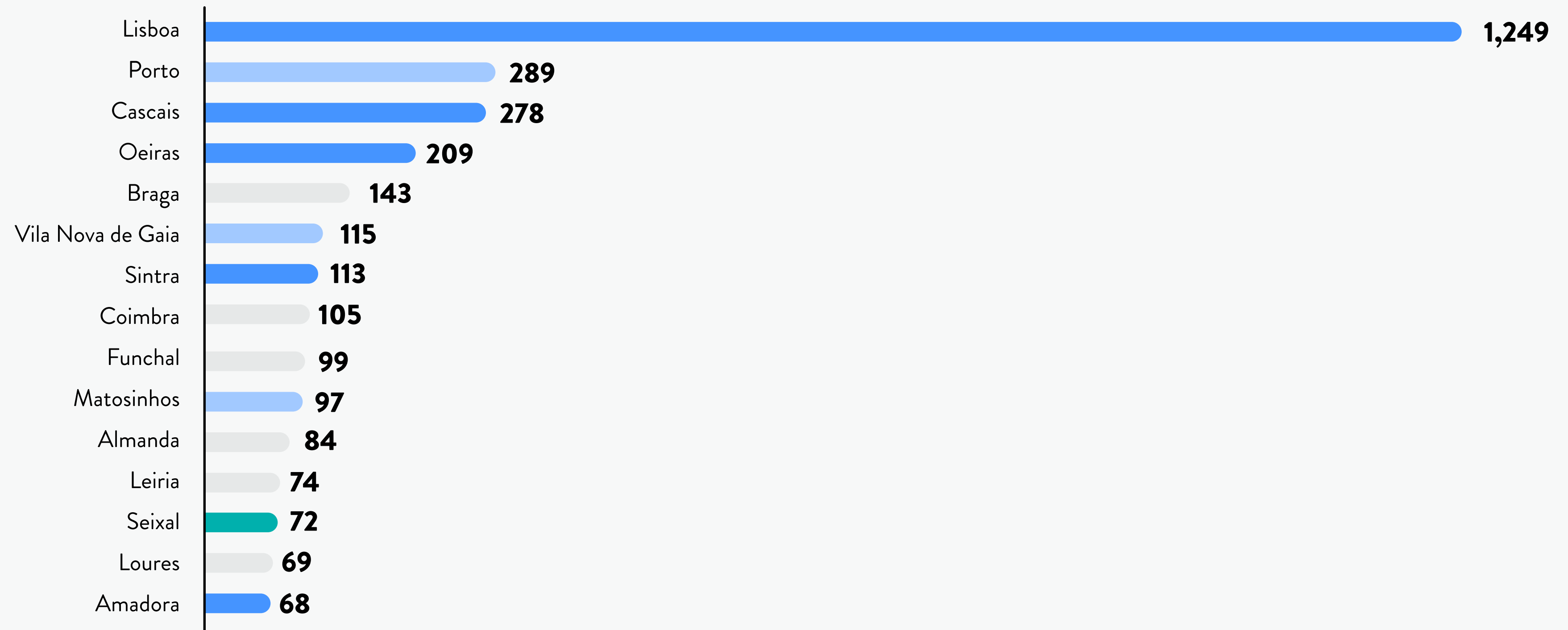


Employees



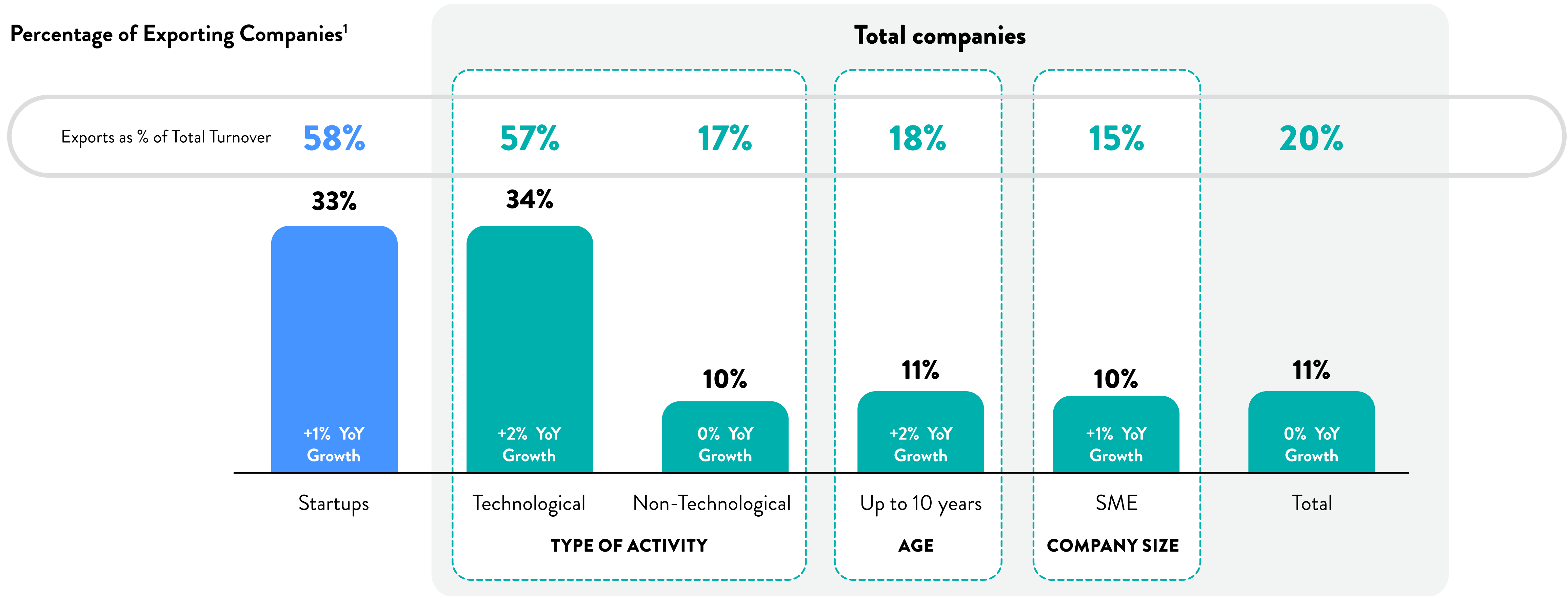
ALMOST 30% OF STARTUPS ARE LOCATED IN LISBOA

Top 15 Municipalities by Number of Startups



EXPORT MARKETS ARE A FUNDAMENTAL COMPONENT OF A STARTUP'S BUSINESS

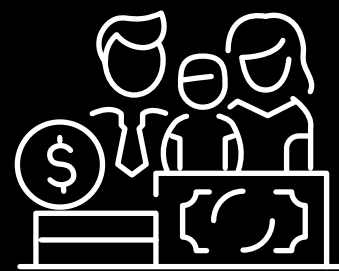
Percentage of Exporting Companies¹



¹ Exporting companies: Companies with exports representing at least 5% of total turnover or more than 1 million euros in a given year

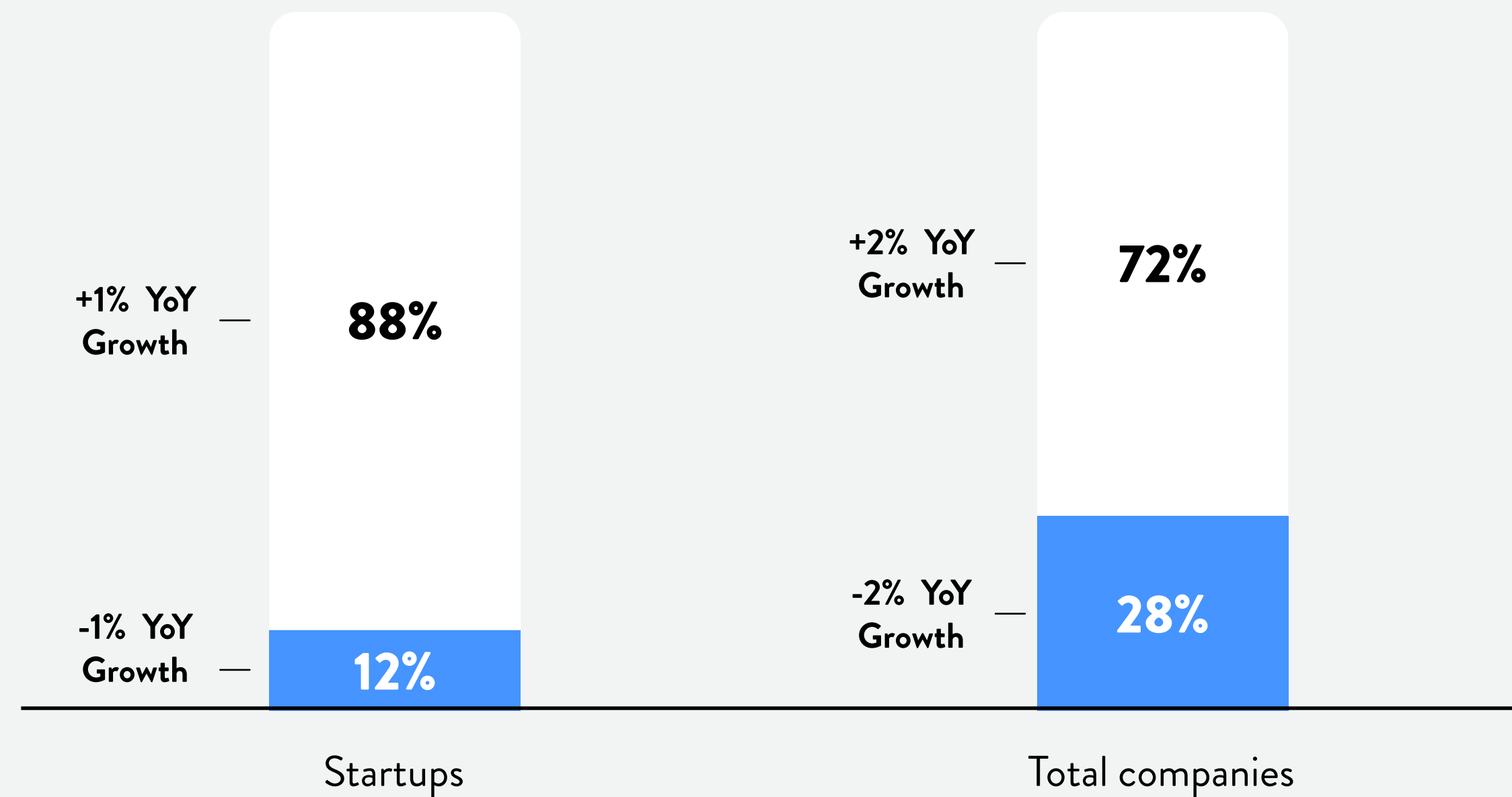
ONLY 12% OF STARTUPS ARE FAMILY-OWNED BUSINESSES

Percentage (by Number of Companies) of Family Owned Businesses - 2024



Family-owned businesses

Companies in which most of the capital is held by individual(s) who own the company's share capital, or is held by their spouses, parents, children or children's direct heirs; and at least one representative of the family is involved in the company's governance.



STARTUP CAPITAL IS MOSTLY OWNED BY PRIVATE INDIVIDUALS AND PORTUGUESE COMPANIES

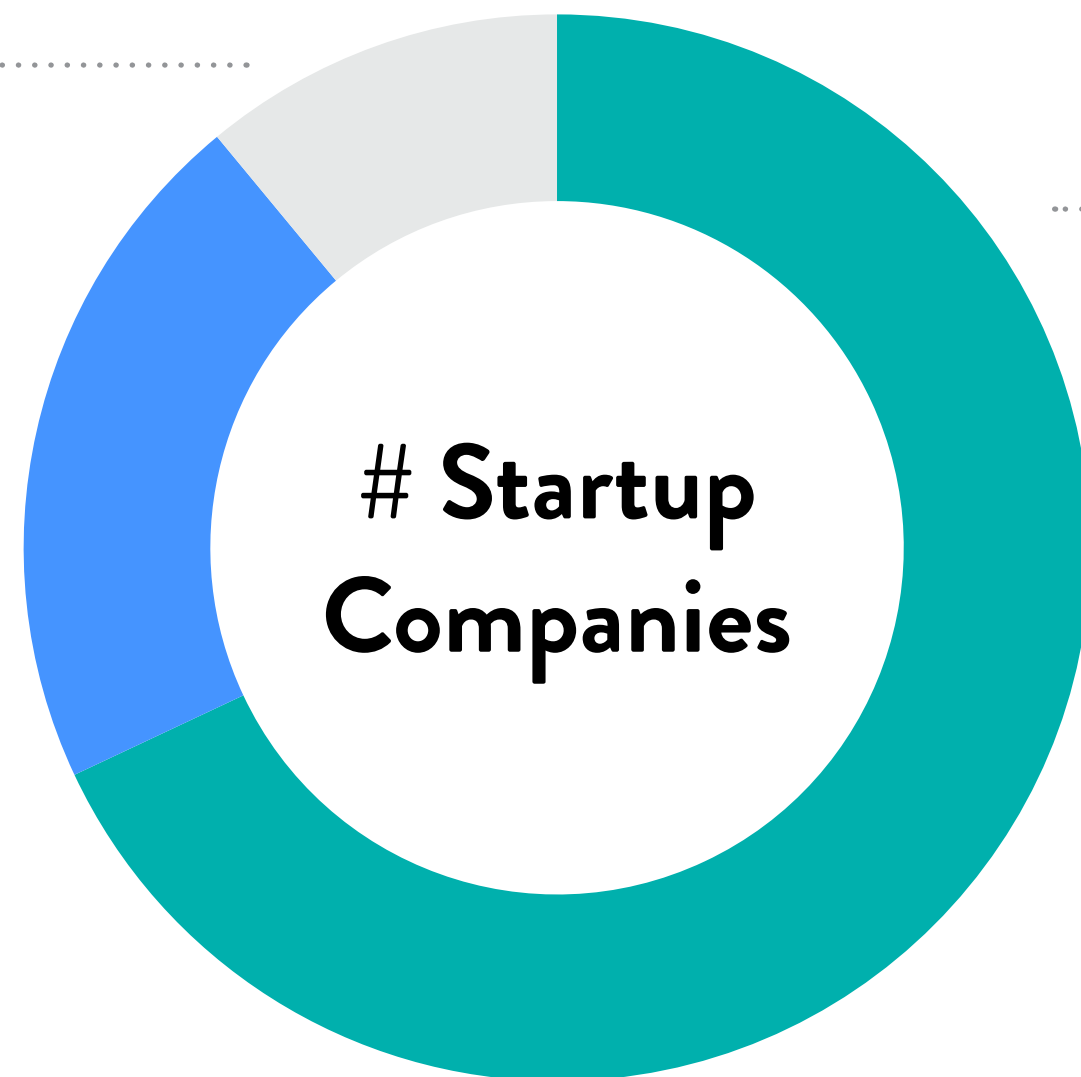
% of Startups by Shareholder Type

Startups owned by individuals and companies

11%
+3.5% YoY Growth

Startups owned exclusively by companies

21%
+11.5% YoY Growth



Startups owned exclusively by individuals

66%
-15% YoY Growth

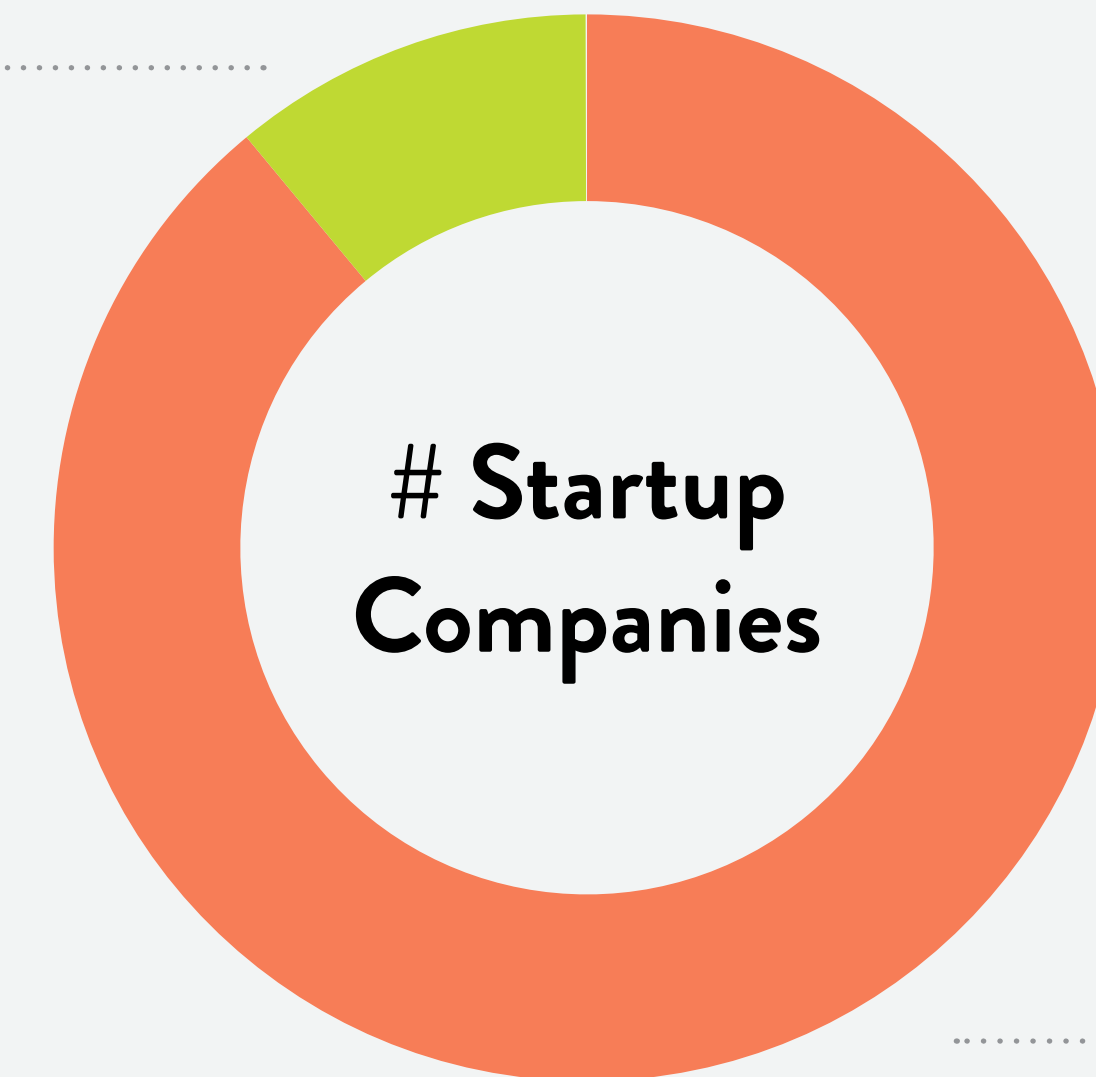
% of Startups by Ownership Nationality

Foreign capital

11%

Capital dispersion

0.04%



Startup Companies

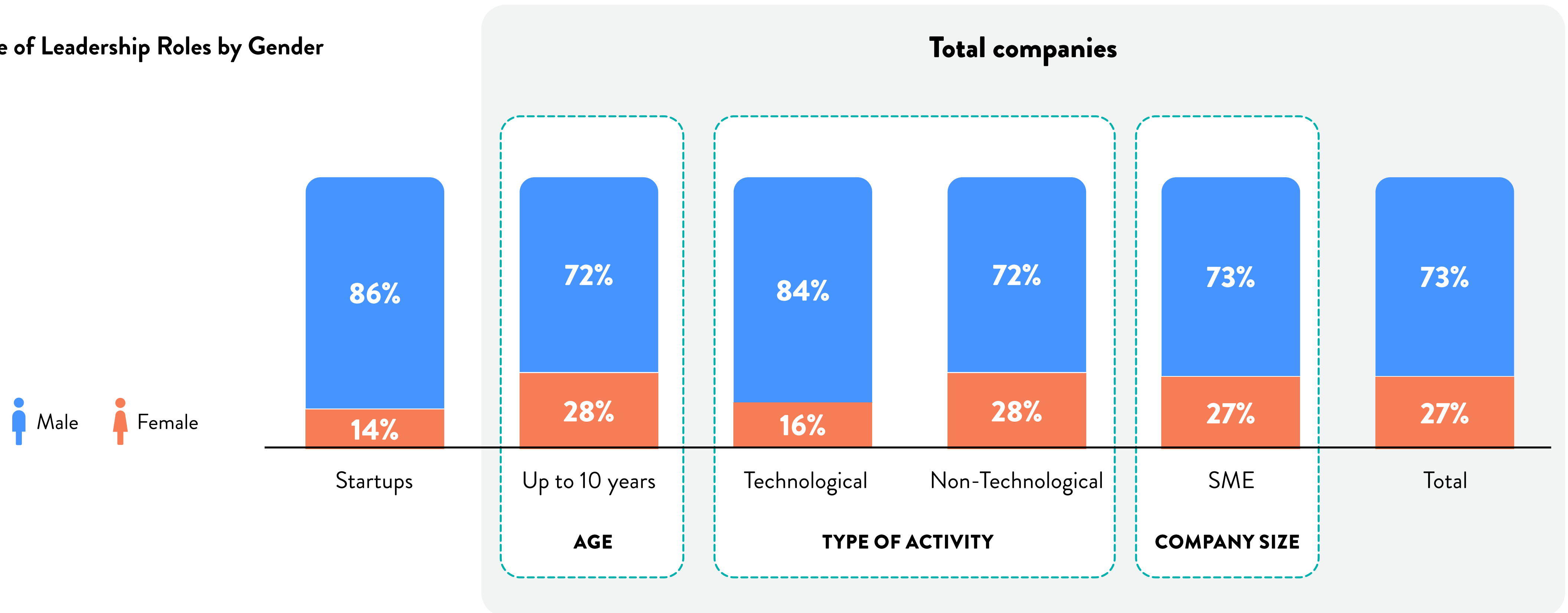
Portuguese capital¹

89%

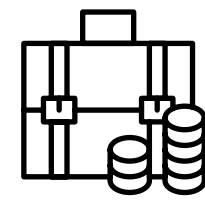
¹ Includes startup owned by Portuguese companies and all startup held exclusively by individuals' (not possible to identify individuals' nationality)

STARTUPS AND OTHER TECH COMPANIES HAVE A PREDOMINANTLY MALE MANAGEMENT AND LEADERSHIP STRUCTURE

Percentage of Leadership Roles by Gender

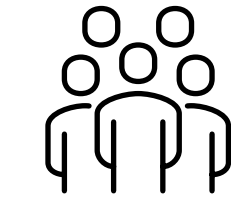


STARTUP COMPANIES HAVE GROWN FASTER IN TERMS OF TURNOVER AND EMPLOYEES THAN THE TOTAL MARKET AVERAGE



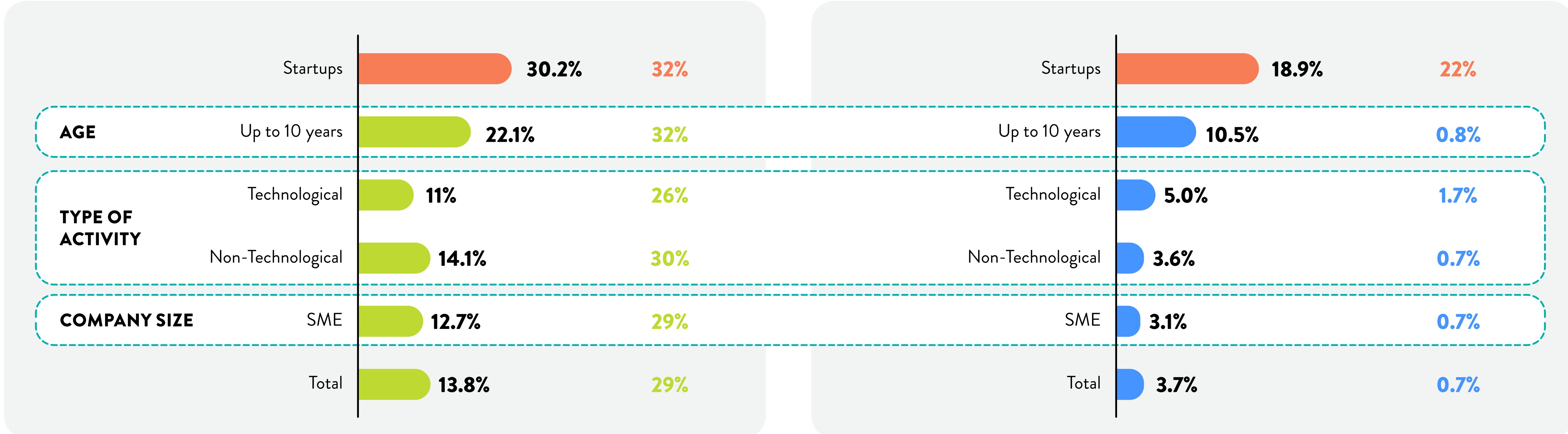
Turnover
CAGR 2020-2023

% of companies that grew 3 years in a row



Employees
CAGR 2020-2023


% of high-growth companies¹



¹ High-growth companies: Companies with average annual organic employee growth of more than 20% over a period of 3 consecutive years

ALMOST THREE QUARTERS OF STARTUPS HAVE MINIMUM OR REDUCED FAILURE RISK

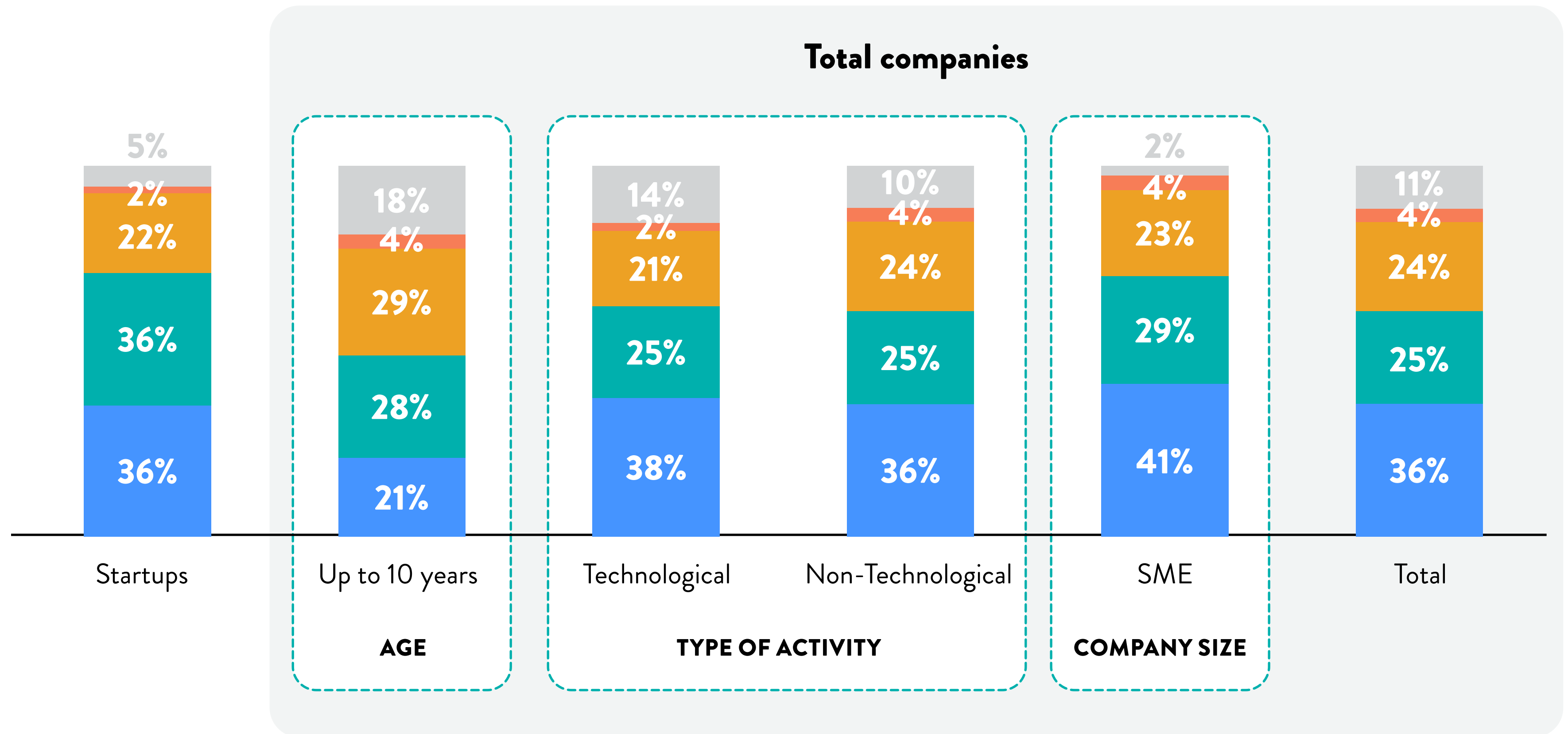
Percentage of Companies by Failure risk



Failure Risk

Indicates the probability of a company ceasing activity with outstanding debt in the following 12 months.

- Minimum
- Reduced
- Moderate
- High
- Not assigned



START-UPS HAVE A FINANCIAL RESILIENCE LEVEL IN LINE WITH THE TOTAL BUSINESS COMMUNITY

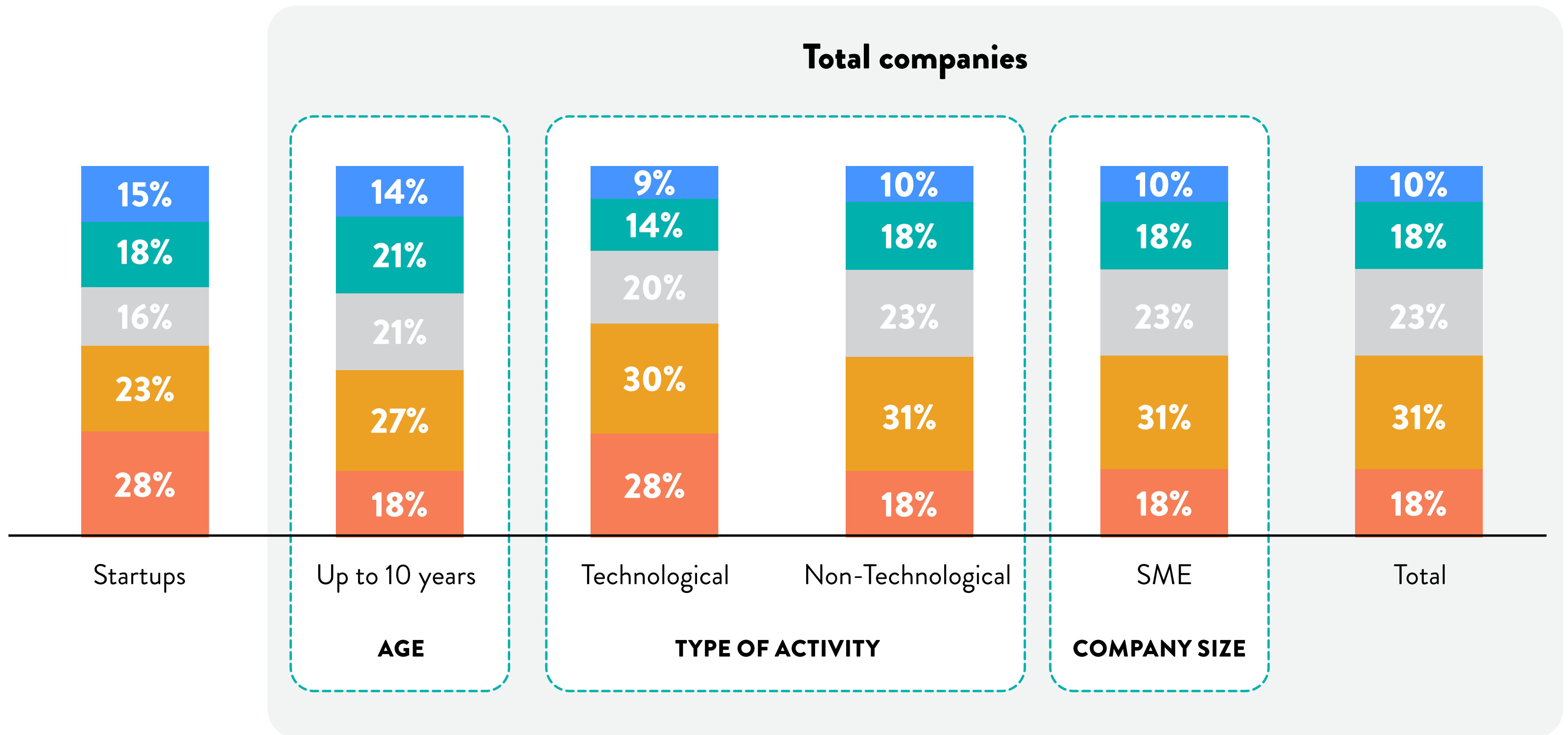
Percentage of Companies by Financial Resilience Level¹



Financial Resilience

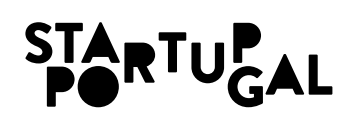
Assesses a company's ability to cope with an exceptional and unforeseen shock with a significant impact on its production and commercial process.

- High
- Medium-high
- Medium
- Reduced
- Minimum



¹ Excludes companies with unassigned resilience

ECOSYSTEM SNAPSHOT **TALENT**

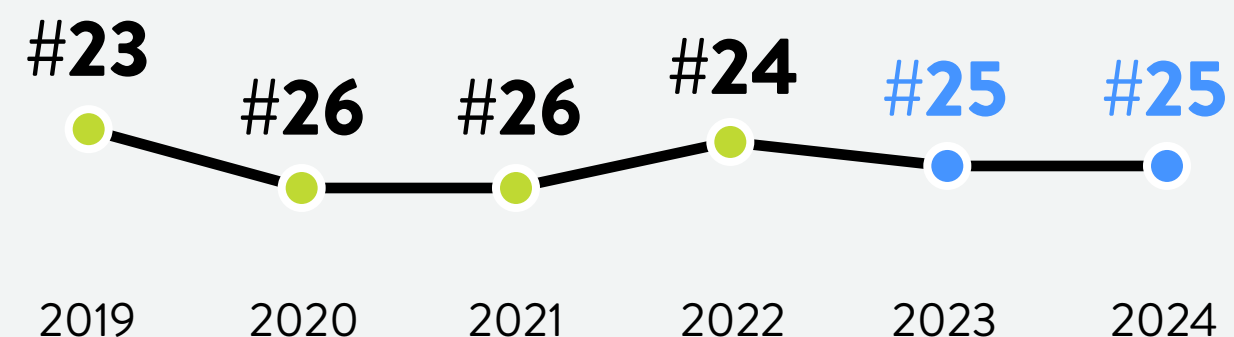


INFORMA

PORTUGAL MAINTAINS A STABLE POSITION IN TALENT RANKINGS WHICH ARE ABOVE THE GLOBAL AVERAGE

IMD World Talent Ranking 2024

out of 67 countries



Source: IMD – Institute for Management Development

STRENGTHS IN 2024

- Female Labour Force (#5)
- Language Skills (#9)
- Management education (#11)



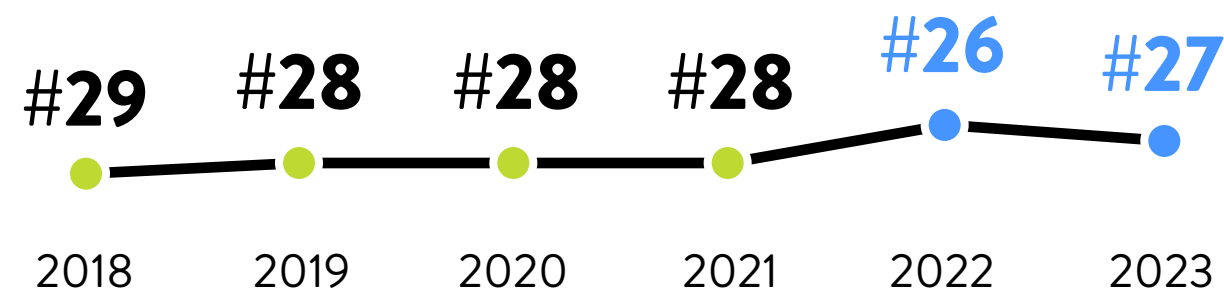
WEAKNESSES IN 2024

- Employee training (#61)
- Justice (#62)
- Brain Drain (#64)



Global Talent Competitiveness Index

out of 134 countries



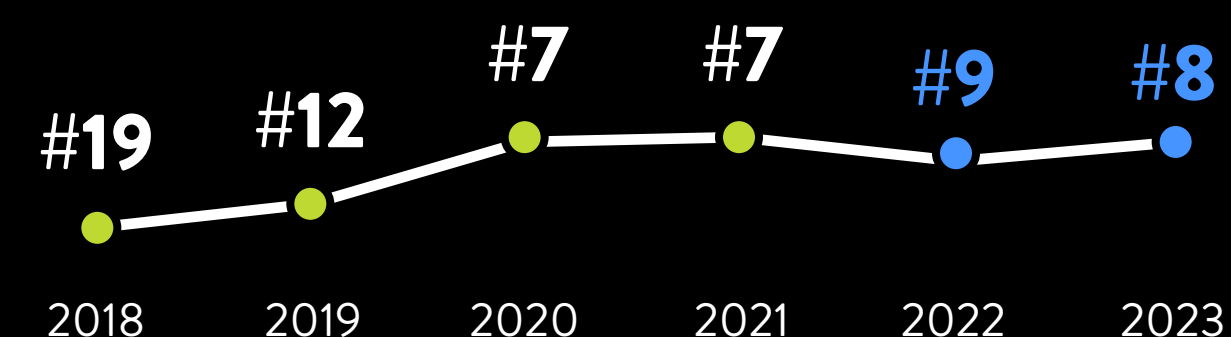
Source: Insead, Human Capital Leadership Institute, Portulans Institute

Higher scores in lifestyle (ranks 2) and internal openness (ranks 13) and **Lower scores** on mid-level skills (ranks 61)

Portugal is very well positioned in global talent rankings, consistently performing considerably above the average. Over the past few years, Portugal has maintained a relatively stable position in these rankings, which, although reflecting little movement, is not necessarily a negative outcome. Stability in talent rankings suggests that Portugal continues to offer a highly competitive environment for talent, marked by factors such as strong education systems, high English proficiency, and a growing reputation as an attractive destination for international talent.

English Proficiency Index

out of 133 countries



Source: Education First

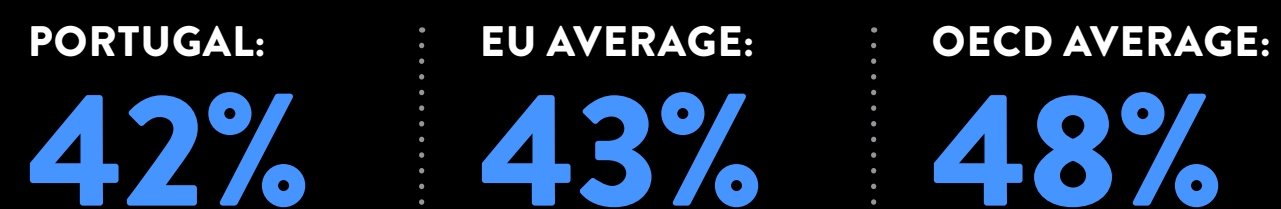


HIGH-QUALITY TALENT, BUT INSUFFICIENT SUPPLY AND BELOW-AVERAGE COMPENSATION

Population with tertiary education

(25 to 34 year-old), 2023

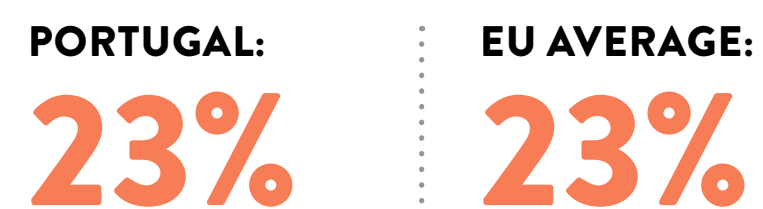
In Portugal, the share of 25 to 34 year-olds with tertiary attainment increased substantially from 2016 to 2021 (from 35% to 46%). However, a drop has occurred in the last 2 years (from 46% in 2021)



Source: OECD Data, % in same age group; Eurostat - Tertiary educational attainment by sex

Graduates in tertiary education, in STEM, per 1000 of population aged 20 to 29, 2023

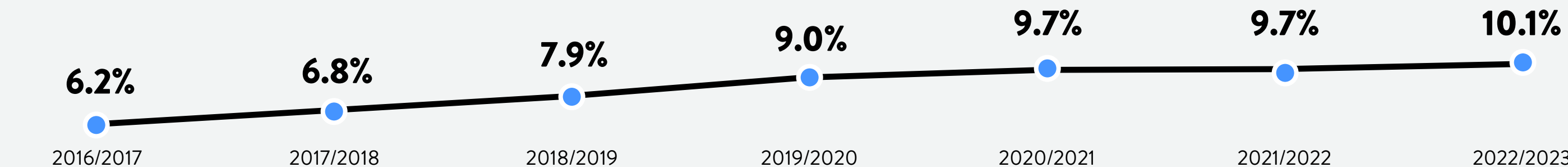
Portugal aligned with the European Union average. The country with the highest percentage is Ireland with 40%.



Source: Eurostat (data for 2022); INE (data for 2023): STEM = science, math., computing, engineering, manufacturing, construction

Foreign student graduates in Portugal

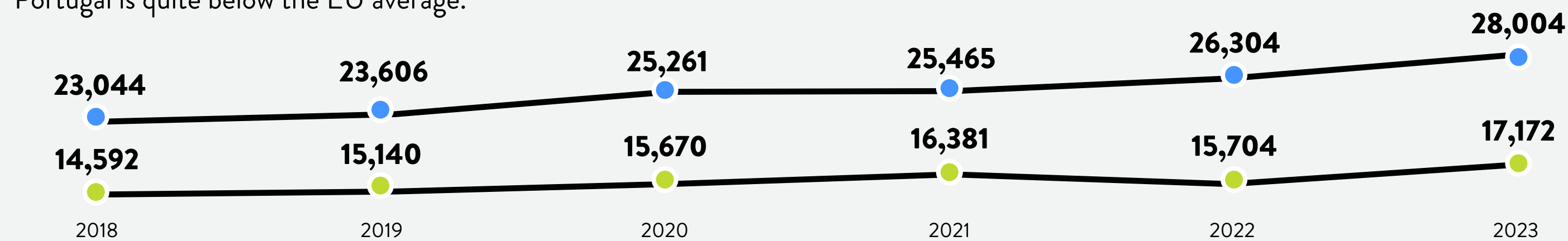
The percentage of foreign graduates in Portugal has been growing but has plateaued in recent years.



Source: INE

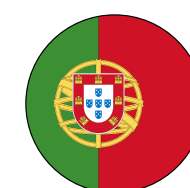
Median income of people with tertiary education

Portugal is quite below the EU average.



Source: Eurostat, Mean and median income by educational attainment level - EU-SILC survey, Median equivalised net income, From 18 to 64 years, Euros

Global 2024 Talent Shortage out of 41 countries



Portugal is the 5th country with the largest talent shortage

IT and Data functions are the most sought after by Portuguese companies, while Collaboration and Teamwork are the human skills most in short supply.

KEY TAKEAWAYS

- Portugal maintains a stable, **above-average position in international talent rankings**. Despite the lack of significant improvements, the country continues to provide a strong foundation for attracting talent.
- Portugal's recognized strengths include **high female labour force participation** and **proficiency in the English language**. Both factors contribute to a favourable environment for strengthening the country's innovation ecosystem, from talent development to investment. Additionally, Portugal enjoys a strong and positive international brand image, widely known for its high quality of life, which further enhances the flow of international talent.
- While Portugal has seen a **slight increase in the number of international graduates**, the overall share of young people with a tertiary education degree has decreased over the past two years. Meanwhile, the average income for tertiary-educated individuals, although increasing, remains below the EU average. This advantage, however, poses a challenge in retaining highly skilled talent. The relatively low wages may pose a threat to Portugal's competitiveness in attracting and retaining talent, as the

“**brain drain**” remains one of the country's main challenges, as noted in international rankings.

- The **availability of STEM talent in Portugal, in terms of university graduates, aligns with the EU average**. Portugal has made significant progress in STEM education in recent years. However, the country faces several specific challenges. For example, there are regional disparities in STEM education and a mismatch between the skills acquired in education and the needs of the labour market. Strengthening the links between academia and businesses is essential to ensure that STEM graduates are adequately prepared for the workforce.
- This situation is compounded by the fact that **Portugal continues to face a severe talent shortage**, particularly in **technological fields such as IT and data science**. Without specific measures to increase the availability of technically skilled talent, this shortage could pose a long-term threat to the development of startups in the country. Attracting international talent and fostering an environment conducive to entrepreneurship will be crucial to ensuring sustained growth.

A STRATEGIC APPROACH TO STARTUP SUCCESS: PORTO'S BLUEPRINT FOR INNOVATION



Thanks to:

Ricardo Valente

City Councilor for
Economy, Employment
and Entrepreneurship,
Porto Municipality

The ecosystem by the numbers

Porto boasts a thriving startup ecosystem with significant economic value, despite its relatively small size. The ecosystem is home to around 900 startups and hosts 11 unicorns (4 Portuguese and 7 international). Its primary focus is on technology, health, and fintech, and it provides employment for over 50,000 people. The city has 18 incubators, including well-known centres such as UPTEC (University of Porto Business and Innovation Centre). Capital investment in Porto's ecosystem exceeded €1 billion between 2018 and 2022, and it has been recognised as one of the top 100 emerging startup ecosystems in the world, according to Startup Genome.

Key factors attracting national and international talent and businesses

One of the key growth trajectories for Porto's ecosystem is linked to **infrastructure and the availability of space**. The strategic plan of the Municipality of Porto is addressing the shortage of space by redeveloping urban spaces - one notable project is the redevelopment of the old

slaughterhouse in the area of Campanhã - with €40 million in private investment to create office spaces, startup/co-working spaces, and other multifunctional areas outside the historic city centre.

Urban development and enhanced connectivity, such as the high-speed train linking Porto with Lisbon and Galicia in Spain, are crucial strategic elements for ensuring the ecosystem's sustainable growth.

Porto's **affordable and high quality of life** continue to retain local talent while also attracting international entrepreneurs from countries as diverse as Australia and Vietnam.

In terms of **fiscal incentives**, aligned with Porto's Strategic Economic Plan, the city offers 100% exemption from municipal business tax for all startups headquartered in Porto that, within the scope of investment projects carried out in the Municipality of Porto, fulfill the requirement of net job creation and present one of the CAE listed therein. Furthermore, it provides exemptions from municipal transaction tax on properties housing incubators and co-working spaces.

A STRATEGIC APPROACH TO STARTUP SUCCESS: PORTO'S BLUEPRINT FOR INNOVATION



Universities and research institutions connections

Porto has one of the highest proportions of STEM graduates in Portugal. The Municipality of Porto works closely with local universities, offering financial support in the form of tax incentives and key infrastructure. Academia plays a crucial role, developing incubators like UPTEC, which provides the talent pool for the ecosystem to grow, and collaborating with major companies in the region on joint R&D initiatives.

Successful startups in the ecosystem

Out of the 900 startups, SWORD Health became Portugal's sixth unicorn in 2021. In terms of successful M&A activity, TeamViewer acquired software development and digital design agency Hapibot and invested in a new R&D centre in Porto.

Key trajectories for developing a thriving startup ecosystem

Proximity to financial capital is essential. This challenge is common not only to Porto and Portugal but also to Southern Europe more broadly. At the national level, balanced legal frameworks and enabling national regulations are necessary measures to foster a more supportive environment that attracts both entrepreneurs and investment.

ECOSYSTEM SNAPSHOT **KNOWLEDGE**



INFORMA

PORTUGUESE UNIVERSITIES ENJOY STRONG INTERNATIONAL RECOGNITION

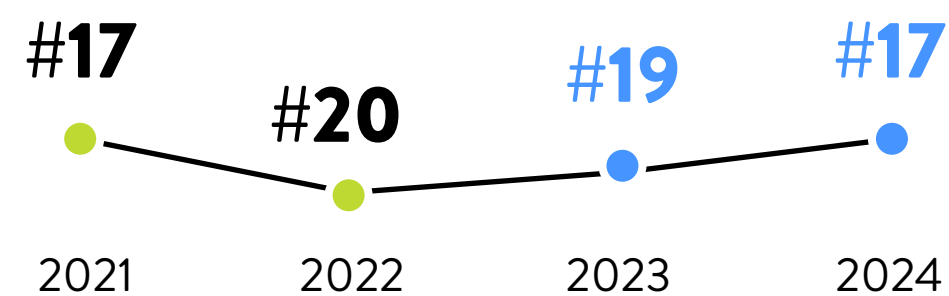
Universities play a vital role in the startup ecosystem by serving as key drivers of innovation and entrepreneurship:

- **SKILLS:** They provide specialized programs that teach entrepreneurial skills and knowledge.
- **R&D:** Universities act as hubs for research and development, where new technologies and ideas often emerge, leading to the creation of startups.
- **INCUBATION & ACCELERATION:** Many institutions also offer support for entrepreneurs through incubators, accelerators, and mentorship programs.

IMD World Talent Ranking 2024

out of 67 countries

University education indicator



Source: IMD – Institute for Management Development

Portuguese universities in world rankings

Times Higher Education Ranking 2025

(2000 universities)

Portugal has 17 higher education institutions in the ranking, for example:

401–500	University of Porto; University of Lisbon; University of Coimbra
501–600	NOVA University of Lisbon
601–800	University of Aveiro; University of Beira Interior; ISCTE; University of Minho

Shanghai Ranking 2024 (2500 universities)

Portugal has 6 higher education institutions in the ranking:

201–300	University of Lisbon; University of Porto
401–500	University of Aveiro
501–600	University of Coimbra; University of Minho

QS World University Ranking 2025

(1500 universities)

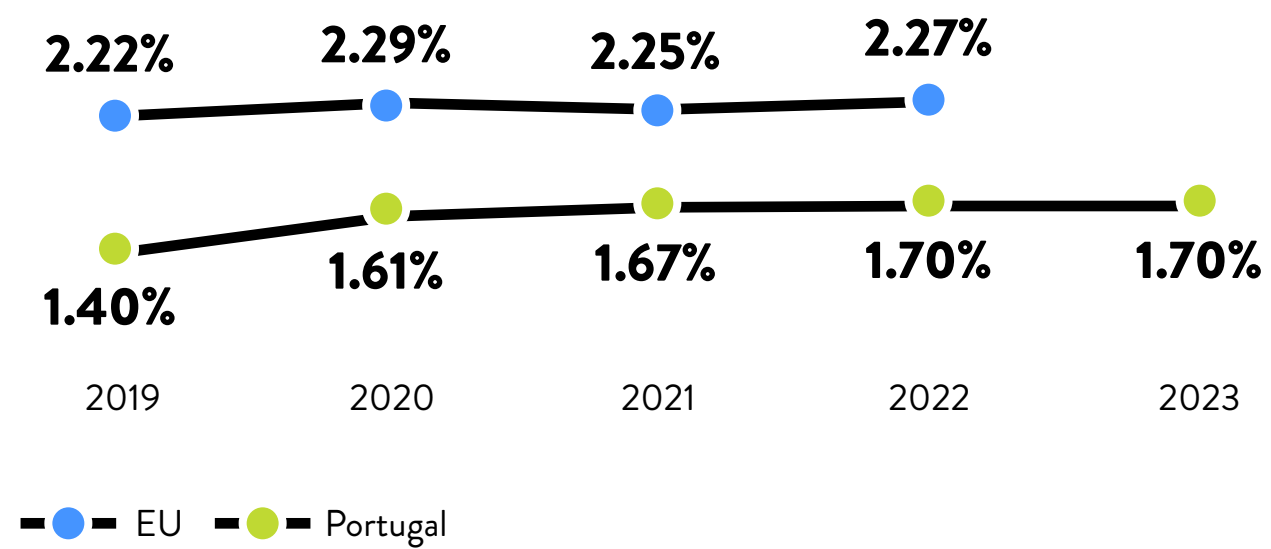
Portugal has 8 higher education institutions in the ranking, for example:

260	University of Lisbon
278	University of Porto
355	University of Coimbra
359	University of Aveiro
388	NOVA University of Lisbon

In addition, according to the **Financial Times rankings 2024**, 3 Portuguese business schools are among the **50 best in the world for executive education**. These include Nova SBE, Católica Lisbon SBE and University of Porto FEP|PBS.

R&D AND PATENT ACTIVITY HAVE GROWN IN RECENT YEARS

Research & Development Expenditures (% of GDP)

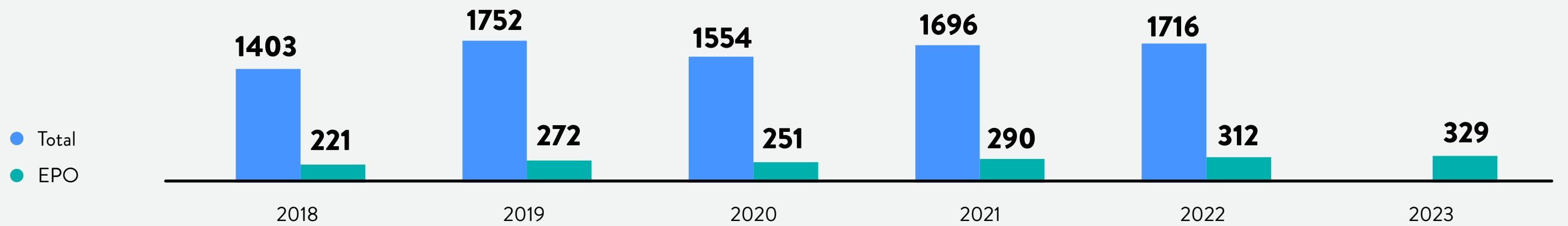


- In 2023, Portugal invested €4523M in R&D. This breaks down into €2834M from Enterprises (63%), €203K from Government, €1367m from Higher Education and the rest from Private not-for-profit Institutions.
- In 2023, Portugal had a total of 79257 FTEs (full time equivalent) in R&D, a number that has grown on average by 7% each year since 2019.
- In 2022, the field of R&D with the biggest expenditure (50% of the total) was engineering and technology.

Source: Eurostat, GERD by sector of performance; DGEEC: R&D Statistics

Portugal ranks in 30th position for the indicator “patent by origin”, among 133 countries in the Global Innovation Index.

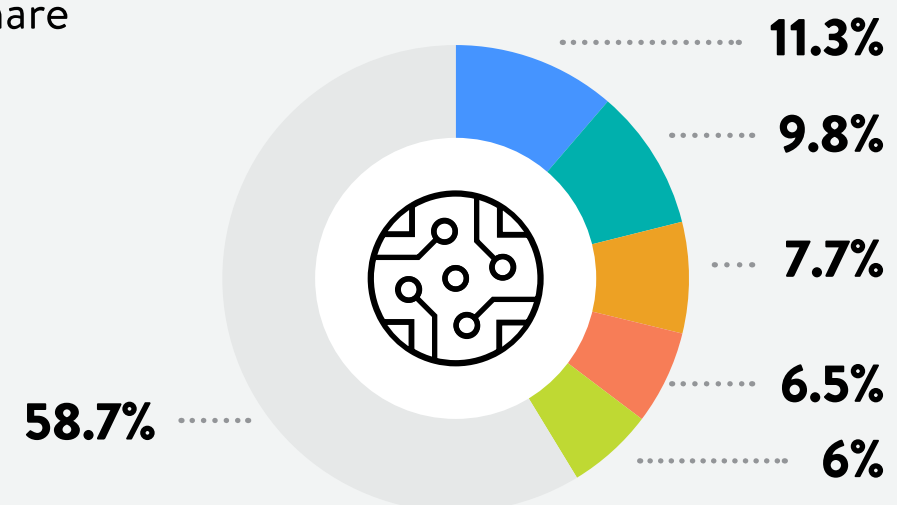
Number of Patent Applications with Origin in Portugal



Patent Applications with Origin in Portugal in 2022

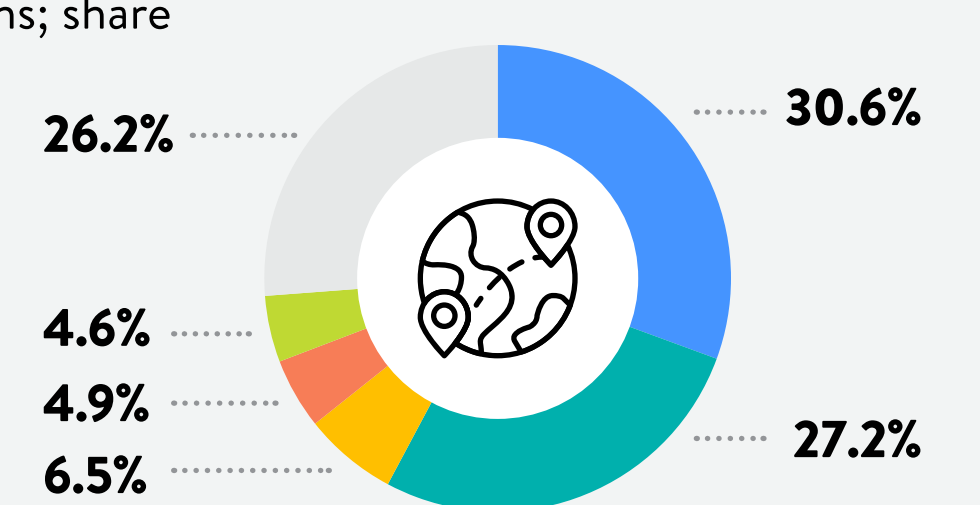
Top technical fields; share

- Pharmaceuticals
- Medical technology
- Computer technology
- Furniture, games
- Biotechnology
- Others



Top foreign destinations; share

- European Patent Office
- United States of America
- China
- Brazil
- Canada
- Others



Source: European Patent Office, WIPO (2022 is the last year available)

KEY TAKEAWAYS

- Portuguese universities possess several key competitive elements that make them attractive to both national and international students. **These institutions offer high-quality education, consistently appearing in the latest global rankings, with programmes accredited by international bodies.** Additionally, Portuguese universities offer relatively affordable tuition fees, making them a popular choice for students seeking quality education.
- **Portuguese universities have made significant strides in supporting the startup ecosystem and conduct cutting-edge research in a variety of fields, contributing to scientific advancement and innovation.** However, there remains a perception among some ecosystem players that universities tend to prioritise pure research over business development. Addressing these challenges will require a multi-pronged approach, including collaboration between universities, the government, industry, and other stakeholders.

- **Portugal's investment in R&D as a share of GDP and the number of research personnel have increased over the last five years.** However, investment remains below the EU average. Currently, R&D investment by universities and the government represents only 30% and 4%, respectively, of the total capital invested by the private sector. Increasing cooperation between academia and the private sector could accelerate technology transfer and help Portugal achieve EU targets.
- **Patent applications from Portugal have been increasing, mainly for Europe and for Asia.** This is an important indicator of the country's competitiveness and development. The prospect of obtaining a patent can incentivise inventors to develop new and improved products or processes, providing a strong drive for innovation and technological advancement. Patents also play a critical role in facilitating the transfer of technology between universities, research institutions, and businesses, a fundamental trifecta to further strengthen the Portuguese tech ecosystem.

FROM RURAL ROOTS TO TECH HUB: FUNDÃO'S STARTUP JOURNEY



Thanks to:

Ricardo Goncalves

Head of Innovation,
Investments and
Strategic Planning
Division –

Fundão Municipality

The ecosystem by the numbers

The city currently incubates 21 startups on-site and 53 virtually, with the majority from Brazil. Since 2013, Fundão's ecosystem has successfully incubated over 100 startups in sectors such as agritech—leveraging the city's agricultural roots—game development, and healthcare. More than 100 employees work in Fundão's coworking spaces.

Key factors attracting national and international talent and businesses

In 2012, Fundão launched the “Innovation for the Future Programme” to address decades of population decline and foster a business-friendly environment. The city capitalised on the digital transition as a key trend for small city development, making it attractive to remote workers seeking a better quality of life. As part of this initiative, the municipality rehabilitated historic buildings to create modern workspaces. In 2013, the former Altran (now Capgemini) opened a subsidiary in Fundão, initially bringing around 100 developers (now 500) to the city, helping to create an ecosystem of 16 IT companies that today represent 1000 jobs in Fundão. Today, restored

buildings, such as the old market, house Fundão's incubators and accelerators, which provides resources, mentoring, and networking opportunities.

The city has also developed other infrastructures, such as a Fab Lab for easy prototyping, an Advanced Training Center, or an Agritech Center where entrepreneurs can experiment and develop new agricultural technologies. Through agreements with over 40 local farmers, agritech solutions can be tested in real field conditions, giving the city a competitive edge. Fundão also hosts an annual agricultural innovation fair to showcase the latest technologies and connect stakeholders in the sector.

In terms of general benefits for entrepreneurs, Fundão provides a free and reliable telecommunications network, as well as other key infrastructures such as space and electricity at affordable rates. The municipality also offers financial tax incentives for startups and a comprehensive support programme for entrepreneurs and professionals relocating to Fundão. The programme includes a €150 monthly subsidy for one year to help with rent and a dedicated team that provides essential information on topics like housing and schooling.

FROM RURAL ROOTS TO TECH HUB: FUNDÃO'S STARTUP JOURNEY



Universities and research institutions connections

The Municipality of Fundão collaborates closely with the University of Beira Interior (UBI) in many different ways, including to promote agritech hackathons, encouraging startups to find solutions to the real challenges faced by farmers. In partnership with the Polytechnic Institution of Castelo Branco, the city also promotes research initiatives in the agrifood sector, focusing on R&D projects such as developing new cherry tree varieties that are more resistant to water scarcity.

Successful startups in the ecosystem

Notable startups include Follow Inspiration in the technology sector, Try Portugal in tourism, Digitality in gaming, and Trigger Systems and TerraPro in agritech. Other active startups include Craft Lab in digital solutions and Musa in the smart cosmetics field.

Key trajectories for developing a thriving startup ecosystem

Access to funding remains the biggest challenge for the ecosystem, despite already attracting investments in sectors like agritech, mobility, and healthcare. The city is also investing in smart city and smart agriculture initiatives, and Fundão is part of the Ignition Partner Network.

Strengthening collaboration between accelerators and incubators is essential to cultivate a “network effect.” Promoting shared service centres between incubators could be one such strategy.

The support and cooperation of large tech companies are also crucial, and with more professionals looking to start their own businesses, talent retention in the region remains a core mission for Fundão.

ECOSYSTEM SNAPSHOT **ENABLERS**



INFORMA



A STRONG ATTRACTION FACTOR FOR PORTUGAL: QUALITY OF LIFE

Quality of Life

Global Peace Index Out of 163 countries

Portugal is the **7th most peaceful** country in the world in 2024.

It has been in the **top 10** since **2016**.

Expat insider 2024 Out of 53 countries

Portugal ranks **7th in quality of life**, the same position as last year

Expats in Portugal love the climate and nature; however, are less happy with career prospects, salary and job security.

Portugal ranks 15th overall in the Expat Insider 2024 survey, seeing a drop in standing from 4th and 10th place in 2022 and 2023, respectively.

Quality of Life Index, Numbeo 2024 mid year Out of 84 countries

Portugal ranks **26th**, 6 positions below last year.

Attractiveness for foreign investment

Portugal is the **7th most attractive country for foreign investment** (FDI), 1 position below previous year. Portugal had a decline in FDI last year, following two years of increases. This decrease corresponds with the European downturn trend. Portugal was able to attract 221 FDI projects in 2023. As in previous year, the Software and IT Services sector dominated the FDI investments. (36%)

Source: Eurostat, GERD by sector of performance; DGEEC: R&D Statistics

Infrastructures

Portugal ranks 26th, out of 67 countries, **an increase of 6 positions** comparing with 2023. Portugal scores better in Education and Technological Infrastructure, and less well in Basic Infrastructures.

Source: IMD Work Competitiveness Ranking 2024

Digital Infrastructure

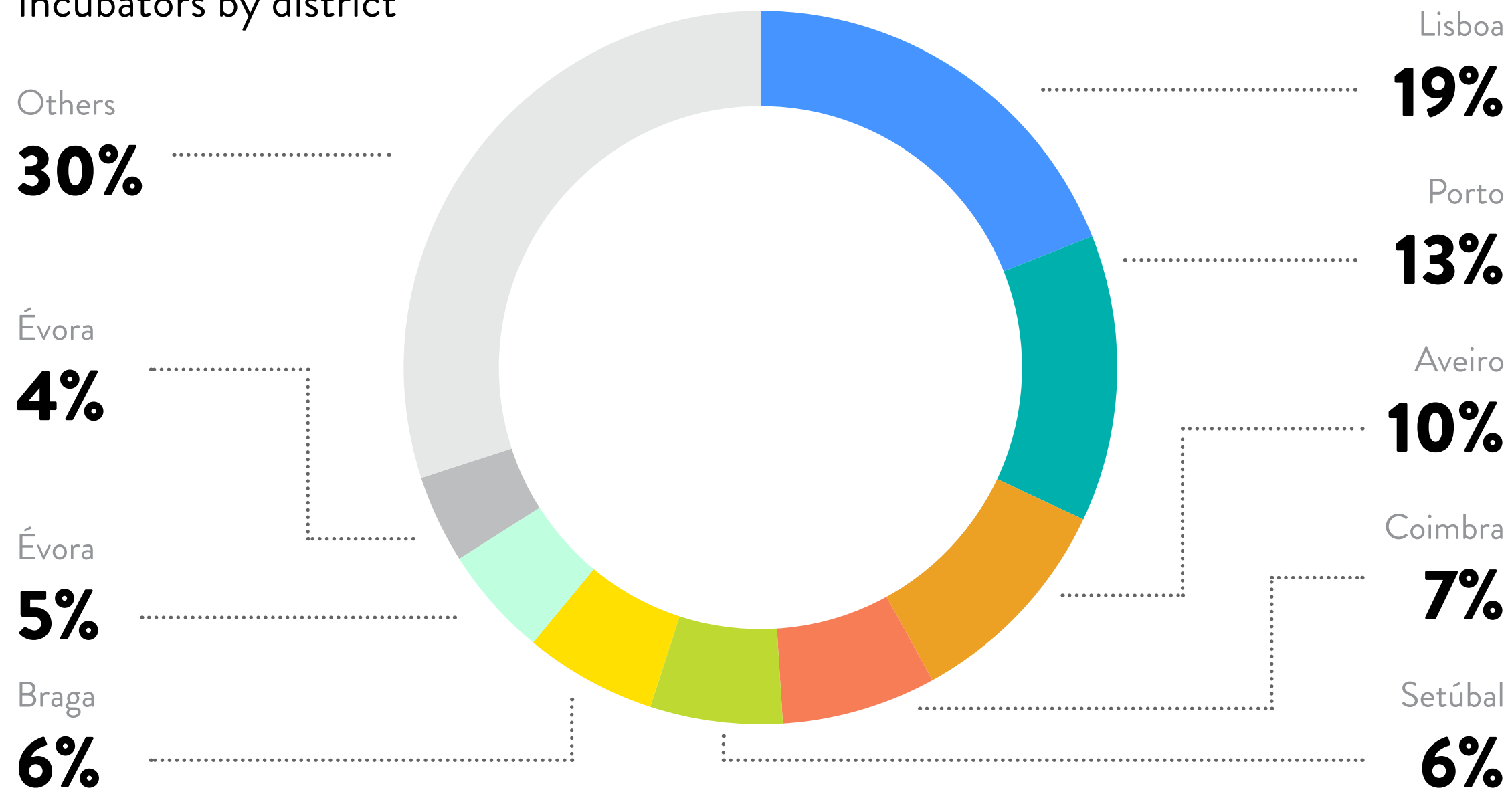
Portugal continues to **perform above the EU average on fixed very-high capacity networks** and on at least 1000 Mbp fixed broad-band. 5G coverage had a huge increase surpassing the EU average this year. Portugal scores 86 in the Mobile Connectivity Index, placing it in the Leader category. However, it faces challenges in the affordability of mobile data, which remains a key area for improvement.

Source: Digital Decade - DESI 2024, GSMA 2023

PORTUGAL OFFERS STRONG INCUBATOR SUPPORT, WITH AMPLE CAPACITY FOR NEW PROJECTS

Number of incubators in Portugal: 138

Incubators by district



At the beginning of the year, there were around **105** (3 more than last year) **incubators certified at IAPMEI**, within the scope of the Startup Visa program, which aims to welcome foreign entrepreneurs.

Source: RNI - Annual Report 2023, IAPMEI

N° of incubated businesses:

4983

38% are potential startups

Virtual Incubation

44%

Physical Incubation

56%

Existing capacity for physical incubations:

4262 businesses

Available

34%

Physical Incubation

66%

PORTUGAL HAS 6 INCUBATORS IN THE EUROPE'S LEADING START-UP HUBS RANKING

#7	Startup Braga	Offers training program, incubation program and acceleration program, this one for those presenting an innovative and technological project, in the MVP stage, within the verticals of digital economy, health technologies, biotechnology, nanotechnology, and sustainability. located in braga.
#10	Startup Lisboa - Unicorn Factory Lisboa	Supports startups at any stage of their journey. Provides mentoring, strategic partnerships, valuable perks, access to investors, office space and networking opportunities. Also offers different acceleration programs, some thematic and a one tailored specifically for growth-stage startups. Has some generic and thematic hubs located in Lisbon.
#25	Building Global Innovators	BGI is an accelerator and powerhouse, equipping startups and entrepreneurs from all over the world with knowledge, tools and networks. Offers a wide variety of programs in the areas of agrifood, cleantech, mobility health and digital. Located in Lisbon.
#44	IPN - Instituto Pedro Nunes	Offers support to research and technological development through its six laboratories in diversified technological areas. Provides specialised training with emphasis on in-company action-training programmes. Also offers accelerator programs including a set of diversified services focused on improving internationalization of tech-based companies. Located in Coimbra.
#75	Casa do Impacto	Offers incubation, challenges, investment (+PLUS Fund, a funding instrument endowed with 500,000€ per year) and various aceleration programs aimed to different startup stages of development. Located in Lisbon
#124	Beta-i	Has been working with startups and scale-ups at every stage of funding and maturity level, from different industries and geographies. Provides training and mentorship, deliver acceleration and open innovation programs, and create networking and business opportunities with international brands and peers. Located in Lisbon.

Source: Ranking in Financial Times, and descriptions found on incubators' websites.

KEY TAKEAWAYS

- **Portugal maintains a stable position among the top 10 most peaceful countries in the world** and continues to be perceived by expatriates as an attractive destination due to its mild climate and natural beauty. However, the country is losing ground in quality-of-life rankings. One key factor hindering Portugal's competitiveness in this area is the low purchasing power of residents, which contrasts sharply with the rising cost of living, particularly due to low wages and increasing housing prices.
- Despite being ranked among the top 10 most attractive countries for foreign direct investment (FDI), Portugal experienced a decline in FDI last year. **Following two years of post-pandemic recovery, the country's position dropped by one rank**, influenced by macroeconomic and geopolitical uncertainties in Europe, as well as a sluggish economic recovery.
- Portugal is **well-positioned and highly developed in terms of technological and digital infrastructures**, with significant advancements in recent years. Notably, the country has seen a substantial increase in 5G coverage, surpassing the European average, however, challenges

remain in mobile broadband access. Although Portugal holds a leadership position in mobile connectivity, its overall score is impacted by high prices and taxes. This may limit access for some users and slow broader digital adoption across the country.

- The network of business incubators in Portugal is expanding, with key hubs in the districts of Porto and Lisbon. **Two of these incubators are ranked among the top 10 in Europe**, highlighting Portugal's role as a leading innovation hub. Slightly less than 40% of the companies incubated are considered startups. Portuguese incubator facilities still have the capacity to accommodate a growing number of companies, which is crucial for supporting startups in their early stages. Virtual incubation also provides wider connections and resources for both Portuguese and international startups, offering a broad network of mentors, investors, and customers worldwide. The balanced combination of physical and virtual incubation fosters a nurturing environment for growth and success.

NURTURING ENTREPRENEURSHIP: BARREIRO'S STARTUP JOURNEY



Thanks to:

Rui Braga

Vice-President –
Barreiro City Council

The ecosystem by the numbers

Barreiro is currently incubating 44 startup projects, primarily focused on culture, creativity, and sustainability, which have collectively created 75 new jobs. Additionally, 4 startup visas have been granted. The city's ecosystem also includes a network of 300 small and micro-companies. One-third of the incubated startups have already secured funding, while 59% are generating revenue. Furthermore, 62% of startups based in Barreiro expect to increase their turnover, 29% are prepared to attract new investments, and 38% are planning to expand into new markets.

Key factors attracting national and international talent and businesses

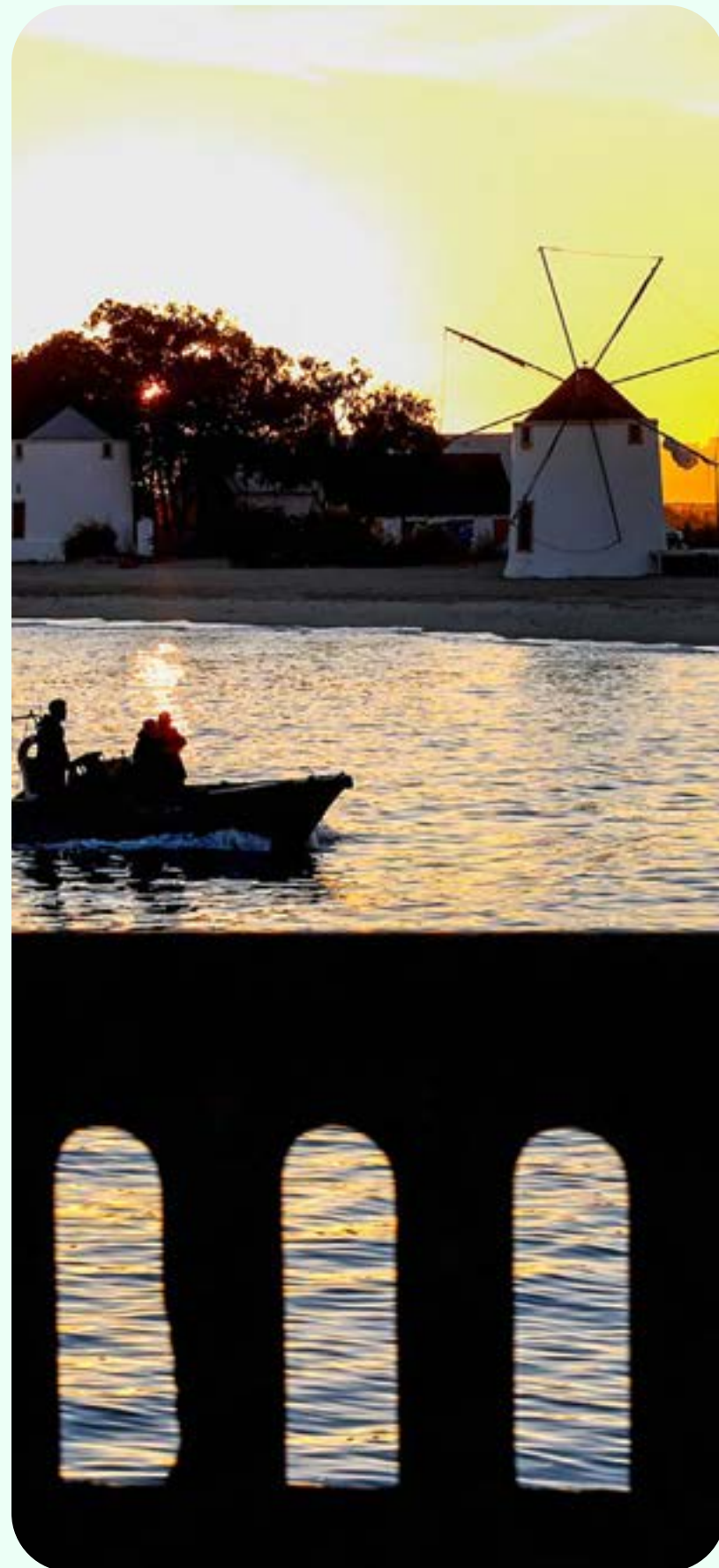
Following the decline of Companhia União Fabril (CUF), Barreiro has focused on transforming itself from a mono-industry city into a hub for innovation. The city's mission to establish a thriving startup ecosystem is well underway. The development plan extends beyond supporting business ideas; it seeks to foster the city's overall development and promote an

entrepreneurial culture, aligned with the United Nations Sustainable Development Goals. The municipality has enacted an investment incentive policy, which facilitates access to financial resources and provides essential networks of information and contacts for businesses. Tax exemptions and the creation of tax benefits for startups aim to attract new investment, retain talent, and stimulate innovation within the city.

The municipality of Barreiro also organises monthly breakfast meetings to connect startup offerings with the demands of larger companies and hosts mentoring and workshop sessions.

Barreiro benefits from its strategic location near Lisbon, offering a lower cost of living and excellent transport links. Currently, 1,200 new homes are under construction, representing the highest residential growth rate in the Lisbon metropolitan area.

NURTURING ENTREPRENEURSHIP: BARREIRO'S STARTUP JOURNEY



Universities and research institutions connections

Barreiro has established strong links with several local universities, particularly those in the Lisbon metropolitan area. The Polytechnic Institute of Setúbal (IPS), located close to Barreiro, also plays a significant role in the region's higher education landscape. This institution frequently collaborates with local businesses, including those based in Barreiro, on research projects, internships, and student placements. The University of Évora also has a research presence in Barreiro through its Institute of Social Sciences. Additionally, Barreiro has welcomed visits from various international universities, including the University of Central Florida, South Carolina University, and Simon Fraser University.

Successful startups in the ecosystem

Notable startups include Photobooking - an innovative platform for real state agencies, Trustful Clinical Budgeting - finances for clinical trials, I9ARTECH3D - 3D modeling solutions, Jusi - streamlines website and app development and Geotrilho - geosolutions.

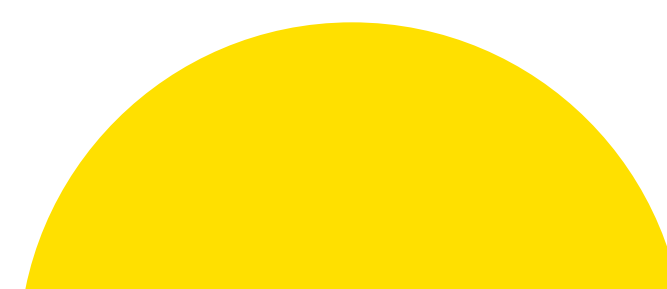
Key trajectories for developing a thriving startup ecosystem

Barreiro is dedicated to fostering startups by enabling them to create high-quality products and services. The city's primary objective is to support small projects in scaling effectively while facilitating the development of strong reputations and networks that connect them with companies interested in innovative ventures. Through initiatives like StartUp Barreiro, the city cultivates an inclusive environment where entrepreneurs can thrive, ensuring their growth contributes to the broader economic landscape.

ECOSYSTEM SNAPSHOT **CORPORATIONS**



INFORMA



SEVERAL CORPORATIONS IN PORTUGAL HAVE ESTABLISHED PROGRAMS FOR STARTUPS

Corporations play a crucial role in the startup ecosystem by providing funding, mentorship, strategic partnerships, and market access, helping startups scale and innovate while benefiting from fresh ideas and technologies. Below a list of some well know corporations' activity in the startup ecosystem:



EDP Starter: acceleration program for startups in the areas of clean energy, electric mobility, energy storage, and digitalization.



NOS Innovation: open innovation contests and programs for tech startups, offering collaboration opportunities, investment, and market access.



Galp Upcoming Energies: supports startups focused on sustainable energy solutions through acceleration programs, mentorship, and funding.



Microsoft for Startups: Provides free Azure credits, technical support, go-to-market resources, and access to Microsoft's sales and partner ecosystem.



Google for Startups: Offers access to startup experts, cloud cost coverage, technical training, business support, and exclusive Google product offers.



Vodafone Power Lab: supports tech startups with mentorship, workspace, access to investors, and the opportunity to run pilots with Vodafone.



Repsol Foundation: financial support and mentorship to startups developing innovative solutions in the energy and sustainability sectors.



ENTER is part of Altice Labs Open Innovation programme, that aims to develop a relationship and partnership with national and international startups



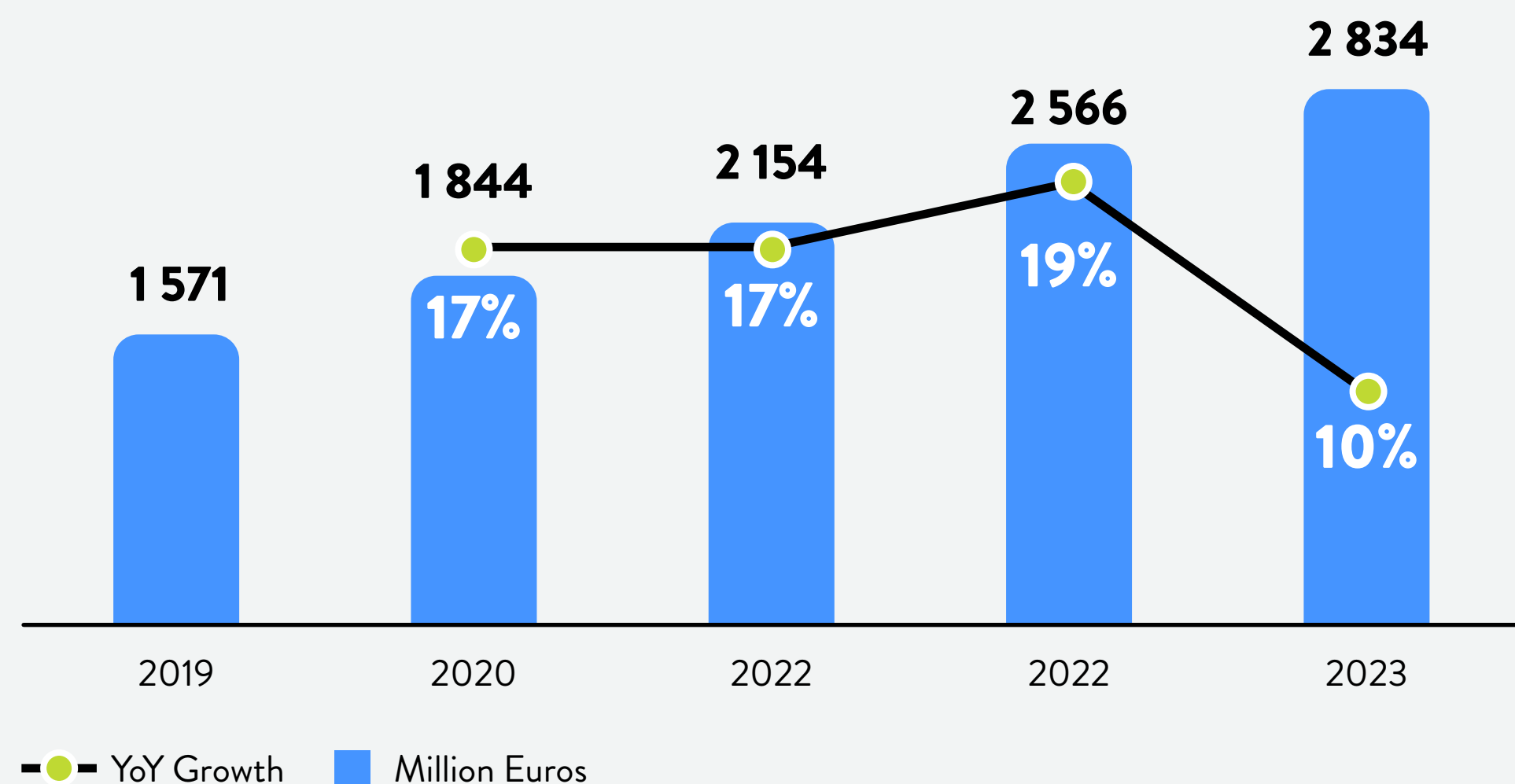
Delta: Between 1% and 2% of annual revenue has been allocated to innovation, which ranges from Diverge [the group's Innovation Center] to Delta Ventures [a business unit focused on accelerating startups].



Sonae has created a business unit, Sparkfood, to invest in the next generation of companies dedicated to sustainable and healthy food solutions.

CORPORATE SPENDING ON R&D HAS BEEN GROWING OVER RECENT YEARS

Expenditure in R&D by Enterprise (€M)



The investment in R&D by Portuguese enterprises has been growing in recent years. The pace of growth however has slowed down in 2023

Source: DGEEC, IPTCN22, IPTCN23

Companies/Groups with the Most Expenditure on R&D Activities in 2022:

	EXPENDITURE IN R&D (MILLION EUROS)
NOS	79
Grupo Altice Portugal	78
Grupo EDP	69
Grupo BIAL	54
Grupo Galp Energia	45
Grupo Secil	43
Grupo Banco Comercial Português	42
Grupo Bosch	23
Grupo Fidelidade	22
Grupo Simoldes	21

KEY TAKEAWAYS

- **Business investment in R&D in Portugal continues to rise in 2023**, but the growth rate has slowed compared to previous years. The global economic downturn, increasing inflation, and geopolitical uncertainties have constrained available funds for R&D, as companies aim to reduce profit losses. However, a positive sign for the future is the expected reduction in interest rates in the latter half of 2024, which suggests a potential recovery in R&D spending, boosting long-term innovation.
- **The presence of large corporations plays a crucial role in the overall health of the Portuguese startup ecosystem**, creating a favourable business environment and attracting talent to regional ecosystem hubs and the country as a whole.
- An increasing **number of corporations continue to provide support programmes for startups in Portugal**, particularly in the technology, energy, and sustainability sectors. These initiatives often include mentorship and networking opportunities, access to funding and accelerators, as well as technical and training support, and even free credits to access essential technologies such as cloud computing to help startups develop innovative products and services.

- **The relationship between large corporations and startups can be mutually beneficial.** Startups benefit from the resources, support, and expertise provided by large companies, while large corporations gain from the innovation, agility, and fresh perspectives that startups bring to the table.
- By fostering **stronger partnerships between large corporations, academia, and startups**, Portugal can create a more dynamic and competitive business environment that drives economic growth and innovation.

ECOSYSTEM SNAPSHOT **POLICIES & INCENTIVES**



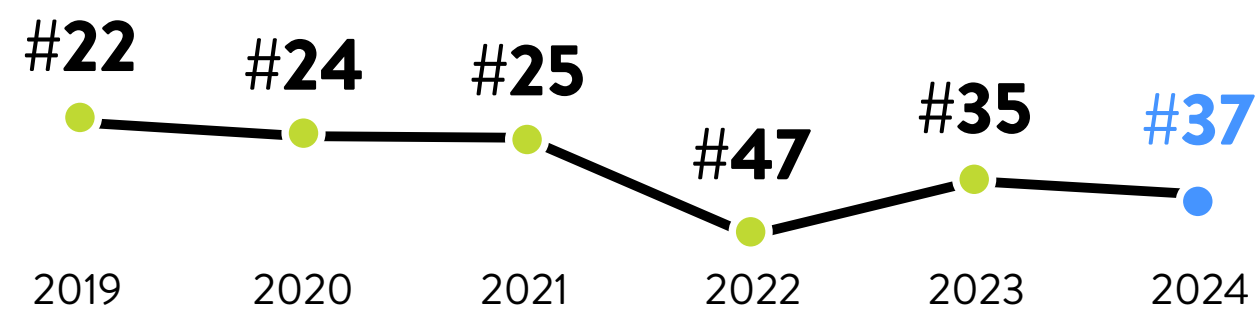
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RECENT PUBLIC POLICIES HAVE BEEN LAUNCHED TO SUPPORT THE STARTUP ECOSYSTEM, BUT MORE PROGRESS IS NEEDED TO FOSTER BUSINESS GROWTH AND COMPETITIVENESS

Global Innovation Index out of 132 countries

Portugal's rank in **Institutions pillar**:



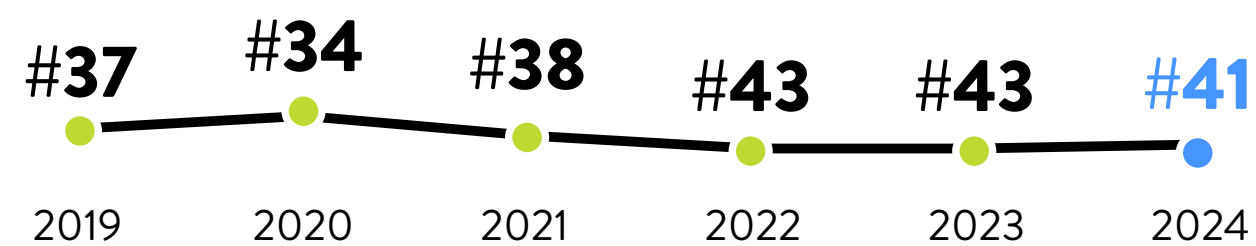
Source: WIPO – World Intellectual Property Organization

Entrepreneurship policies and culture, Portugal ranks #30, grew 2 positions

Weaknesses: Policies for doing business (#82) drop of 10 positions

IMD World Competitiveness Ranking out of 63 countries

Portugal's rank in **Government efficiency**:



Source: IMD – Institute for Management Development

Some new public initiatives have been launched during 2024, to support the startups:

Program to Accelerate Economy: It aims to boost the growth, competitiveness, innovation, and sustainability of the Portuguese economy. The program includes several initiatives to support startups. Here are some examples:

- **New Talent Attraction Regime (IFICI+)**: A new framework aimed at attracting high-skilled talent, both nationally and internationally, to contribute to the Portuguese innovation and entrepreneurial ecosystem.
- **Researchers and Faculty in Startup Boards**: Encouraging researchers and university faculty members to participate in the boards or as shareholders of startups, helping bridge the gap between academia and the business world.
- **Revising the R&D Tax Incentives (SIFIDE II)**: Enhancing the existing tax incentive system to encourage more businesses to invest in research and development.
- **Deep Tech Investment Fund**: A fund dedicated to investing in deep tech startups, with a particular focus on sustainable innovations.
- **Vouchers for International Program Applications**: Support for startups applying to international acceleration programs like Horizon Europe's "EIC Accelerator," promoting the international development of Portuguese startups.
- **Ignition Fund for Growing Startups**: A strengthened Call Innov-ID programs by Portugal Ventures to provide venture capital for scientific and technological projects in their early stages.
- **Fast Track Program for Startups**: A fast-track initiative aimed at facilitating the landing of international startups in Portugal, improving access to local markets and resources.

EXISTING INSTRUMENTS AND INCENTIVES

TECH VISA: made available by IAPMEI, aims to ensure that highly qualified workers can access jobs in Portugal, in a simplified way.

INCUBATOR VOUCHER: supports investment in incubator and accelerator human and technological development.

GREEN AND DIGITAL VOUCHER: financial support for startups with projects within the green and digital areas.

STARTUP VISA: provided through IAPMEI, Startup Visa is a residence visa for entrepreneurs, which aims to attract investment, talent and innovation.

BUSINESS ABROAD: aims to ensure and support the presence of Portuguese startups in major international events.

START NOW CRY LATER: this program aims to inspire young people towards entrepreneurship, visiting twelve different Higher Education Institutions across Portugal.

SIFIDE II: tax incentives to support research and development investment and activities.

Source: IAPMEI, Startup Portugal, Banco de Fomento

Corporate Income Tax for startups: startups that meet the qualification criteria are eligible for a reduced Corporate Income Tax (CIT) rate of 12.5% on the first €50,000 of taxable income.

Stock Options tax regime: tax regime for stock options plans that provides for a single effective tax rate of 14%, applicable only at the time of liquidity.

IFICI - tax incentive for non-resident qualified professionals, namely researchers and scientists.

Incentive System for Qualified and Creative Entrepreneurship: is a financial incentive included in the program Portugal 2030, which supports new companies in sectors with strong growth dynamics or sectors with greater technology and knowledge intensity.

Portugal Ventures: a public venture capital firm promoting various investment initiatives, including the Call Innov-ID program. It supports early-stage startups, primarily in tech, tourism, and life sciences, by providing venture capital funding.

Banco Português de Fomento: is a major promoter of financing programs and co-investment initiatives. BPF aims to provide credit and investment solutions for startups and SMEs across a range of sectors, including innovation and green energy.

INITIATIVES HAVE BEEN TAKEN AT THE MUNICIPAL LEVEL TO FOSTER THE DEVELOPMENT OF THE LOCAL STARTUP ECOSYSTEM

Startup Portugal launched an initiative last year with local municipalities, encouraging them to sign memorandums of understanding (MOUs) aimed at **fostering entrepreneurship at the regional and local levels**. This movement to is being coordinated with local incubators.

Startup Portugal is working with municipalities to help them not only strengthening the existing entrepreneurial community but also attracting more entrepreneurs and talent.

The introduction of favourable conditions dedicated to startups and scaleups ranges from **regulatory, tax, and bureaucratic incentives to housing support measures**. Each municipality is encouraged to **introduce benefits that align with its strategy** and market positioning.

Regarding the conditions and benefits implemented under these MOUs, the following standard benefits stand out:

- Promote Startup Portugal initiatives;
- Facilitate access to partners for collaborative networks;
- Exemption from municipal surtax for startups and scaleups;
- Consider exemption from other municipal fees and create benefits for startups and scaleups;
- Create tax benefits, fee exemptions, or reduced tax burdens applicable to employees of startups and scaleups.

Eight municipalities have already signed the MOU, and four more are in the final stages of the process.

KEY TAKEAWAYS

- Portugal's overall position in the global ranking of governments and institutions remains stable. **In terms of the business environment, Portugal has improved** its standing in promoting “**entrepreneurial policies and culture**”, although it has slightly dropped in the WIPO Global Innovation Index Institutions ranking. Operational stability and a sound regulatory environment are crucial for the long-term development of the startup ecosystem. The country also advanced in “government efficiency”, particularly in public finances, institutional frameworks, and business legislation.
- However, challenges remain in the ‘doing business’ category. **Persistent bureaucratic complexities** can hinder the creation and growth of startups. Moreover, concerns about tax policies, especially the high level of corporate taxes and the complexity of the tax system, continue to affect competitiveness. These issues are also mirrored in personal taxation, which poses a risk to talent retention.
- The year **2024 has seen the launch of several new public initiatives aimed at boosting Portugal's startup ecosystem**. One such initiative is the Researchers and Faculty in Startup Boards, a key step in bridging the gap between academia and business—an ongoing issue. Other initiatives, like the “Business Abroad” and the “Fast Track Programme for Startups” demonstrate the government's commitment to **easing international expansion**. By addressing regulatory and financial barriers, these policies enable startups to access foreign markets more effectively.

- In addition, the creation of a Deep Tech Investment Fund is a positive development that point toward increasing R&D and technological innovation in the country. These initiatives position **deep tech as a pillar for sustainable economic growth**, prioritizing high-impact innovations that address complex global challenges.
- These new initiatives complement existing programmes such as the Tech Visa and Startup Visa, which continue to attract qualified talent and innovative businesses to the country. The Start Now, Cry Later programme is also helping to equip young people with the skills they need to reduce risk aversion toward starting new ventures.
- Additionally, **regulatory changes or outdated regulations can create uncertainty**, potentially hindering business growth. With the growing importance of Artificial Intelligence (AI), both in business and regulation, countries that develop strong sovereign AI ecosystems and governance policies will be better positioned to support startups and national competitiveness. These are all elements Portugal needs to address in further developing its innovation ecosystem.

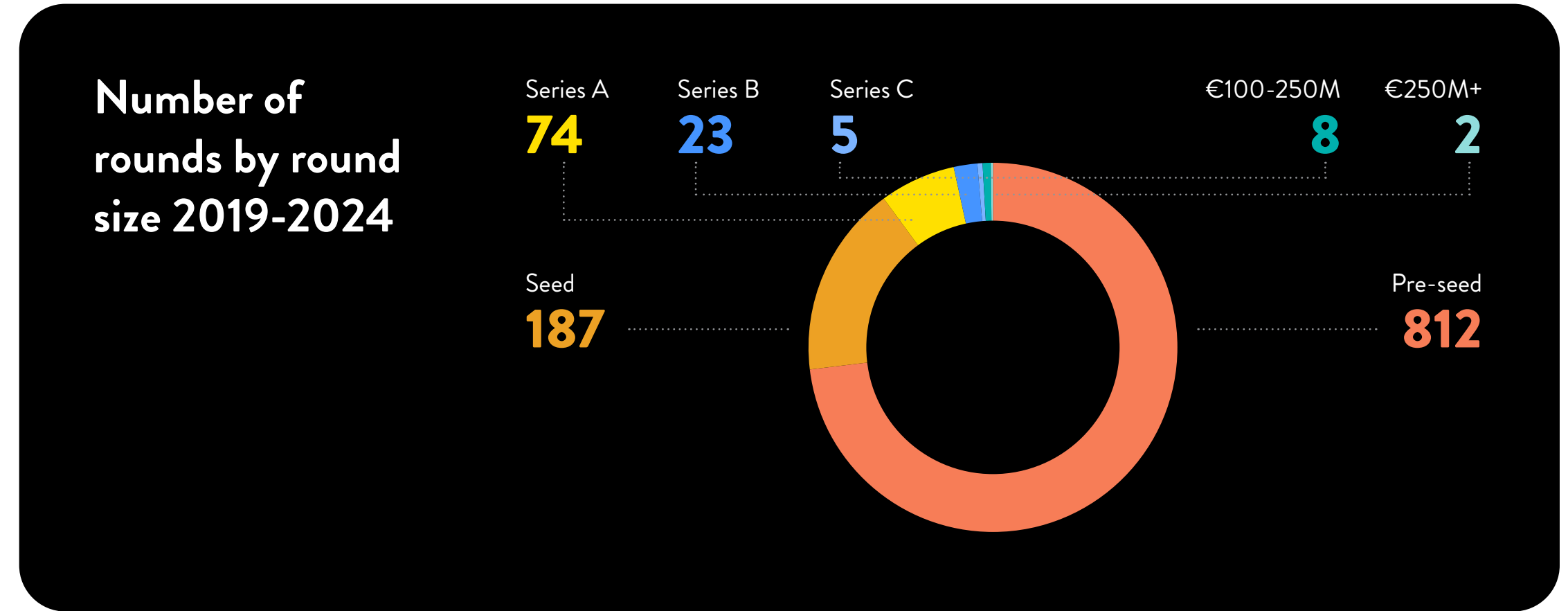
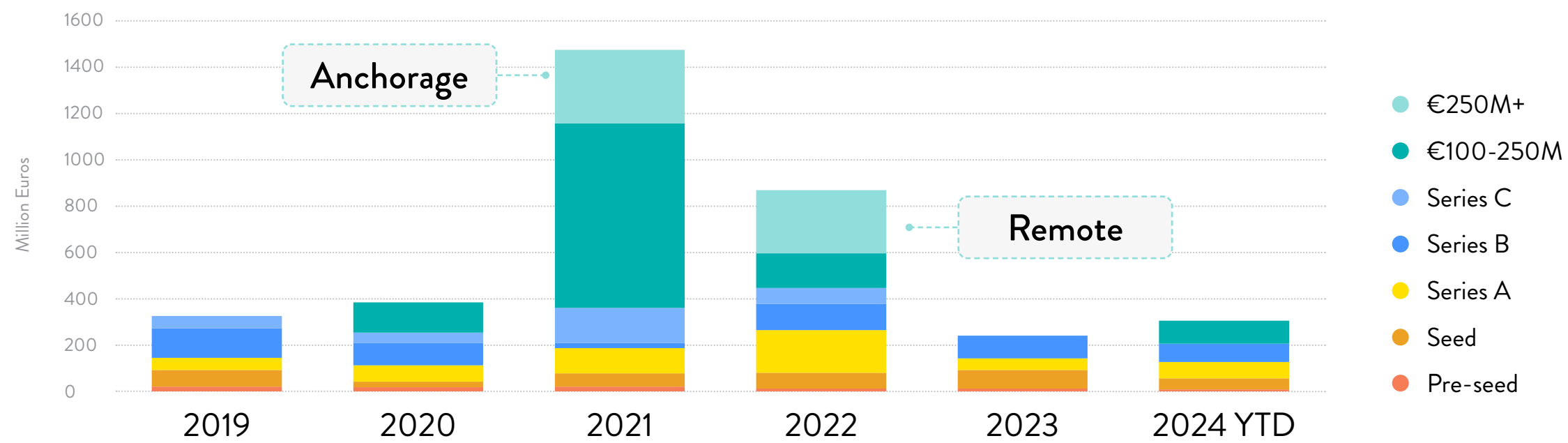
ECOSYSTEM SNAPSHOT **CAPITAL**



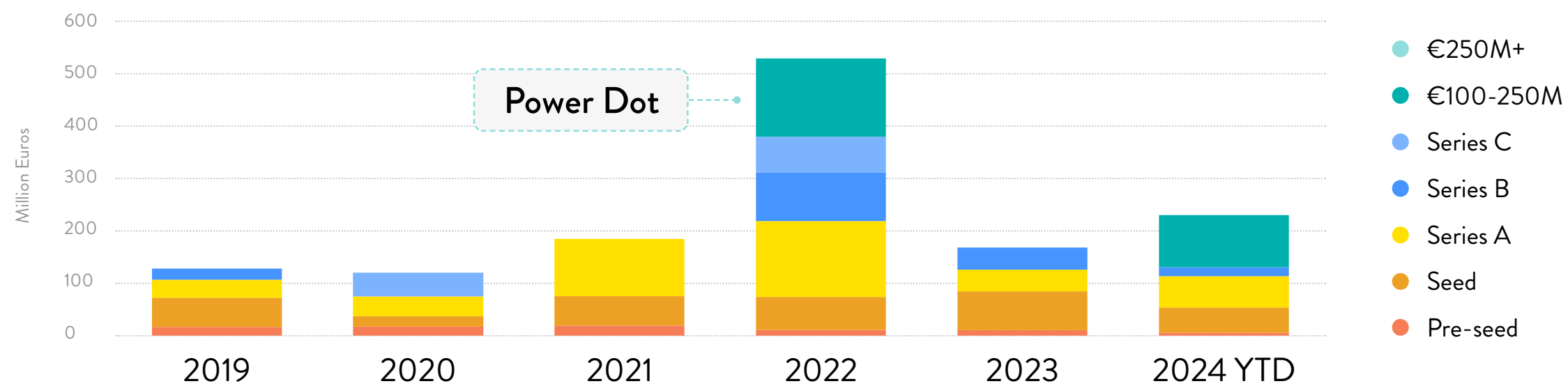
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KEY METRICS

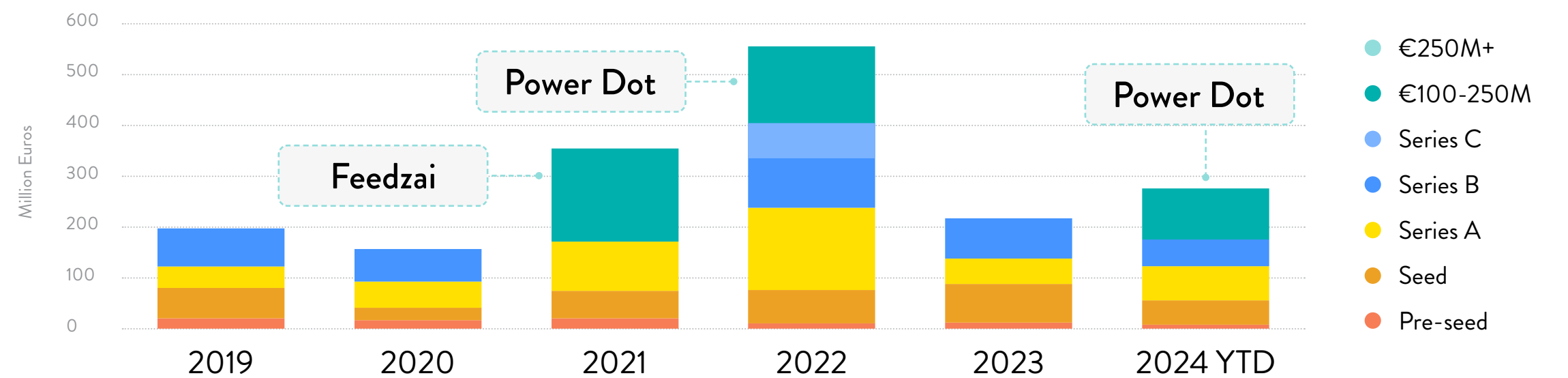
€3,749 M: Capital raised by startups and scaleups with HQ or founded in Portugal



€1,364 M: Capital raised by startups only, with HQ or founded in Portugal



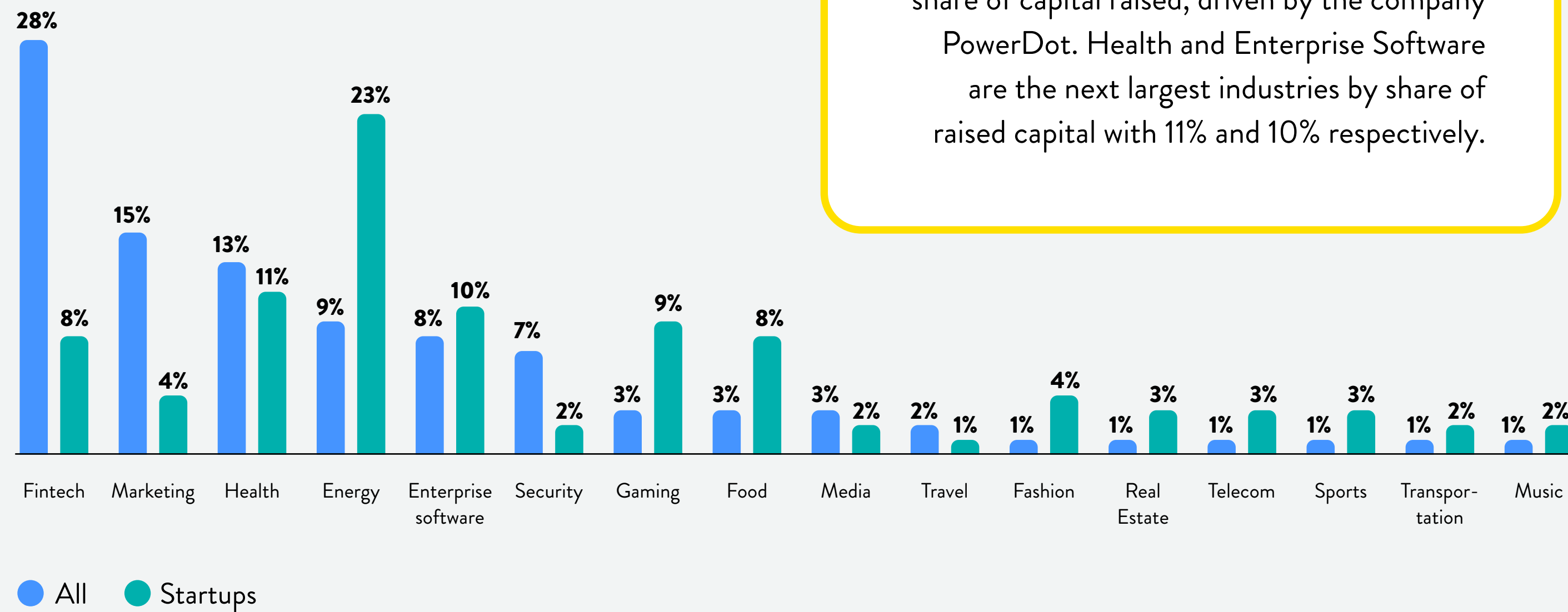
€1,896 M: Capital raised by startups and scaleups with HQ in Portugal



Source: Dealroom, October 2024

BREAKDOWN BY INDUSTRY AND BUSINESS MODEL

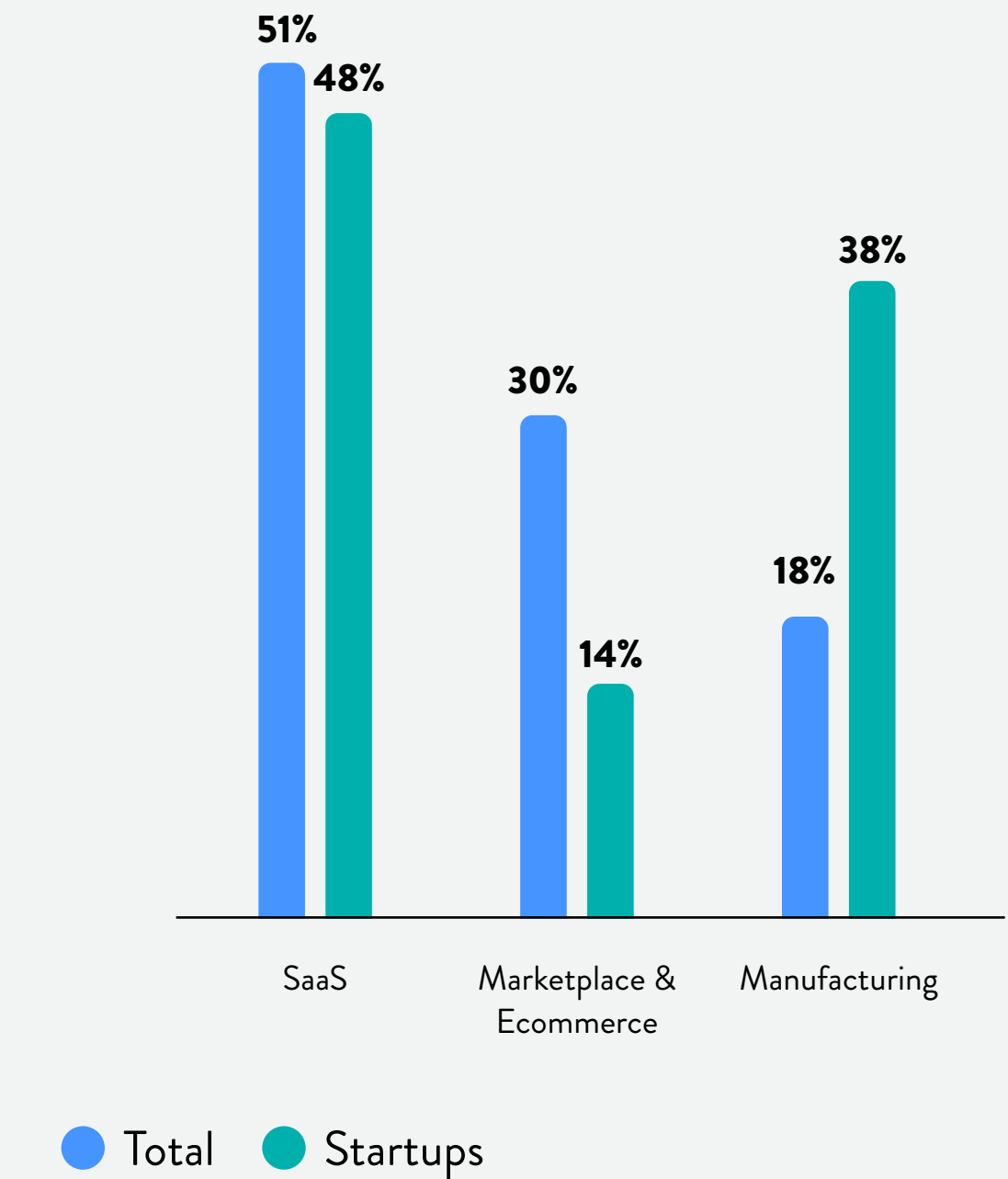
Split of Capital Raised by Industry



The strong percentage in total funding for Fintech is related with the amount raised by the company Anchorage.

Considering only the startup sector, the Energy industry leads the way, with 23% share of capital raised, driven by the company PowerDot. Health and Enterprise Software are the next largest industries by share of raised capital with 11% and 10% respectively.

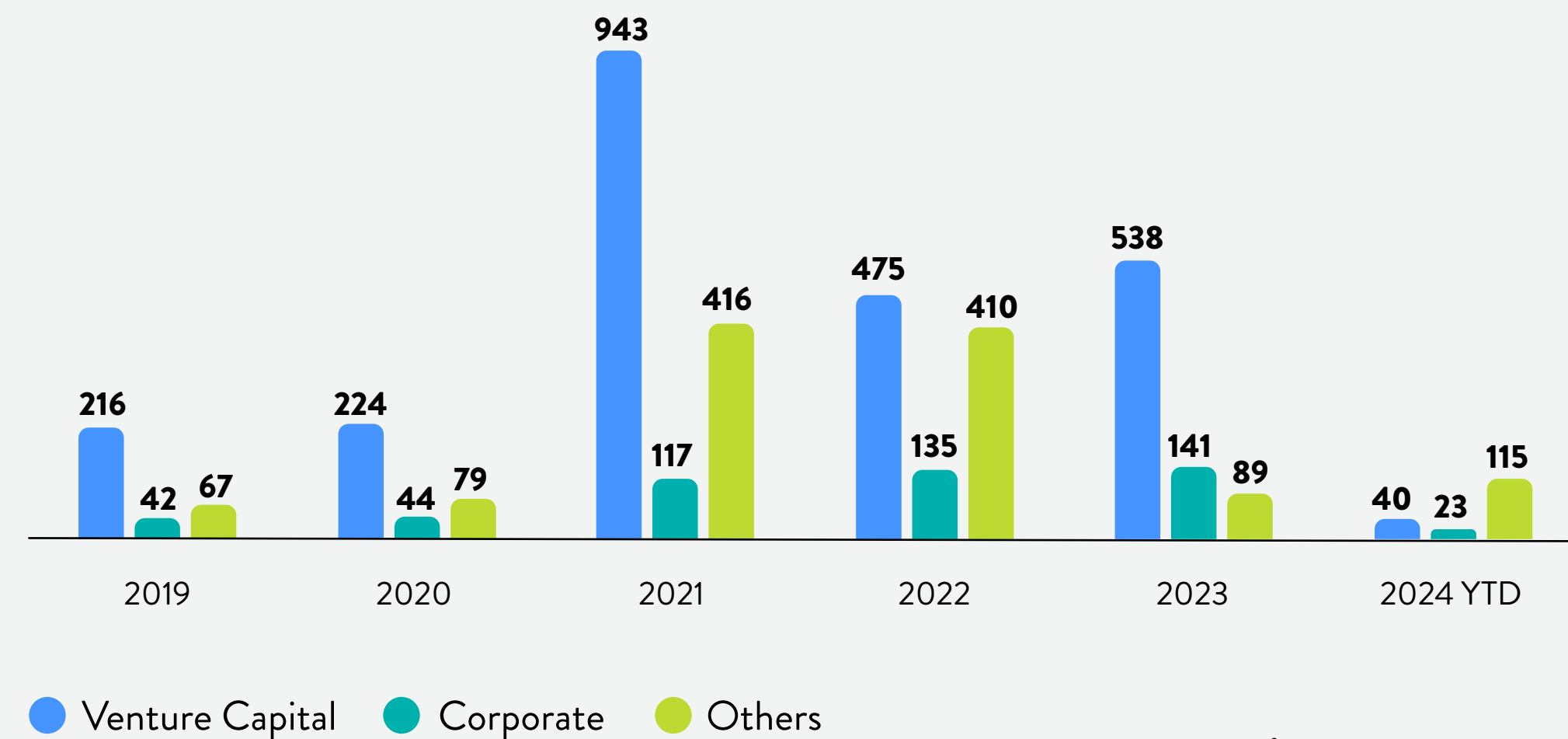
Split of Capital raised by Business Model



Source: Dealroom, October 2023, Amount raised from 2018-2023

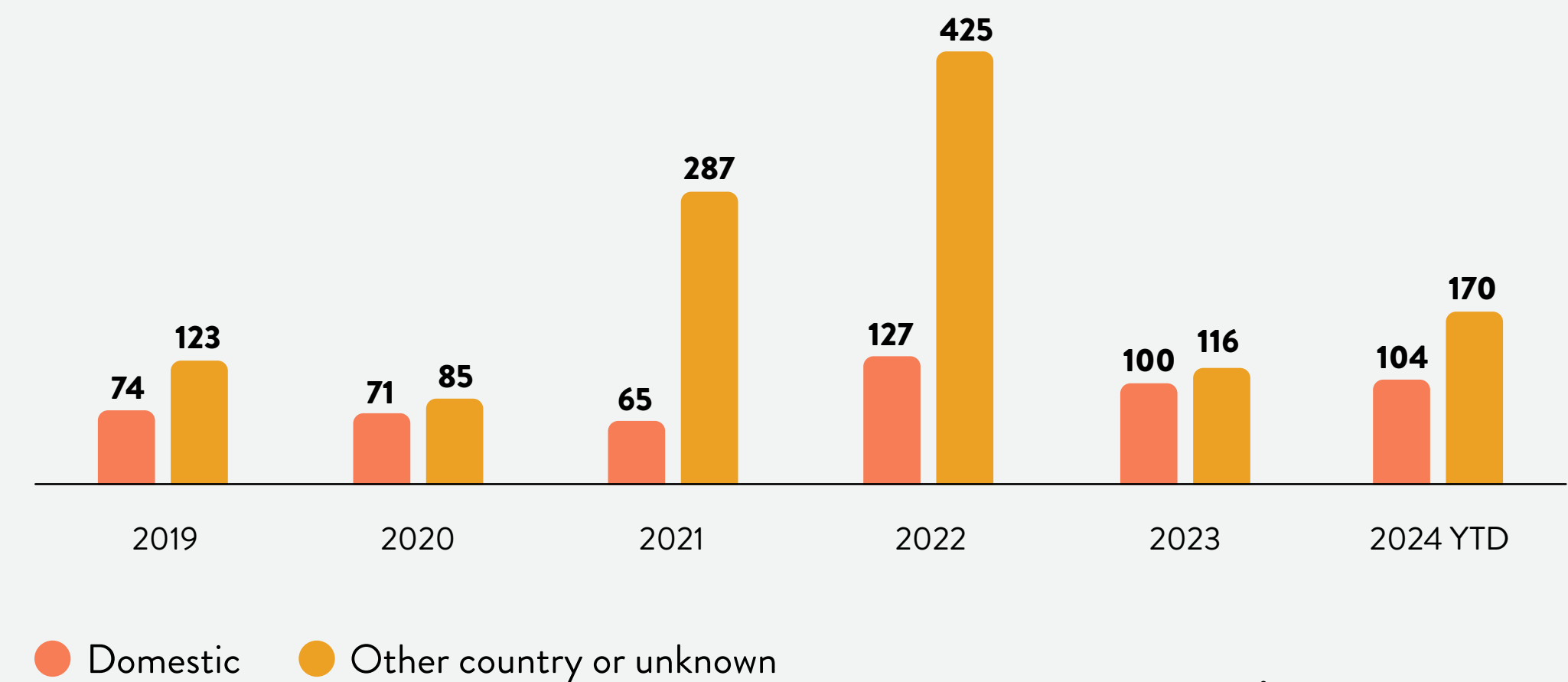
BREAKDOWN BY INVESTOR TYPE AND INVESTOR LOCATION

Capital raised, by Investor type, M€



The most common investor type are Venture Capital firms
 “Others” include, for example: government, university, crowdfunding, angel, accelerator, private equity, etc.

Capital raised by startups and scaleups with HQ in Portugal, by Investor location M€



The majority of the capital raised by companies headquartered in Portugal come from investors located outside the country

Source: Dealroom, October 2024

KEY TAKEAWAYS

- The amount of capital invested in Portuguese startups in 2024 has fluctuated compared to previous years. While there have been some significant deals and continued growth in certain sectors, the overall trend has been mixed, with a potential decline in overall investment compared to peak periods.
- After a significant shift from 2022 to 2023, capital invested in Portuguese startups and scaleups is slowly recovering, moving from €240 million at the end of 2023 to €306 million (YTD), according to Dealroom data. The significant downturn compared to previous years is in line with the overall European landscape and it is characterized by different drivers, including macroeconomic conditions, increased investor caution, and a shift in investor focus towards later-stage companies, considered to be more solid.
- However, Portugal was strongly hit by this downward trend due also to its ecosystem being characterized by a large share of early-stage companies and with a strong dependence from foreign investments.
- Taking into consideration the amount of capital invested in Portuguese startups from 2018 to 2024, the main sectors attracting capital are

energy, health and enterprise software. If considering also scaleups, fintech, marketing and health have attracted significant investments.

- As usual for any startup ecosystem, Venture Capital firms (VCs) continue to play a crucial role in the funding ecosystem, representing the most common investor type.
- A substantial amount of funding for Portuguese companies comes from foreign investors, although this trend has been less prominent in the last biennium. In the presence of external factors that can cause a halt in investment, such as a downturn, risk-aversion can make international investors turn to more established markets in Europe, such as the United Kingdom or Germany.
- To attract international funding for Portuguese startups, it is essential to highlight the unique selling points of the Portuguese ecosystem and showcase its potential. Policies that support foreign investment, such as tax incentives or streamlined regulatory processes to sustain a business-friendly environment, can be a significant draw for international VC firms.

GAPS IN PORTUGAL'S **STARTUP ECOSYSTEM AND AREAS FOR ACTION**



INFORMA



KEY AREAS FOR ACTION

Portugal continues to introduce several initiatives, including legislative changes, to support its startup ecosystem. However, key factors remain crucial for sustained growth—such as **encouraging entrepreneurship and innovation among highly skilled talent, and ensuring conditions that promote confidence and security for both entrepreneurs and investors.**



TALENT

Retain and attract highly qualified talent

Increase interest in entrepreneurship

Develop skills that lead to the creation of high-quality startup projects

Quality talent and quality startup projects



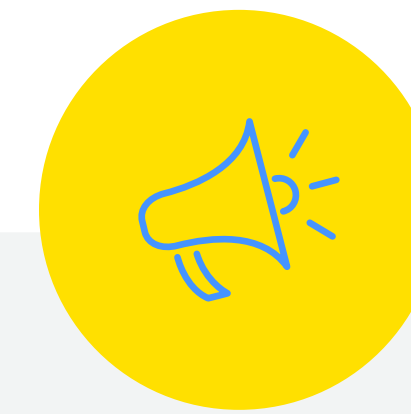
POLICY

Reduce bureaucracy

National strategy focused on specialization

Create context that attracts investors

Environment of confidence and focus



PROMOTION

Crease visibility of the startup ecosystem locally and globally

Build a strong narrative around Portugal as a leading startup hub is specific topics

Engage with media and international partners to attract attention

Global recognition and trust



FINANCING

Involve stakeholders such as VCs, angel investors in engaging topic-focused events

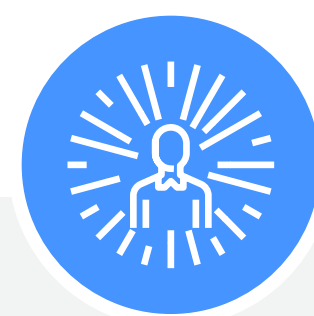
Highlight and promote success stories to build confidence in the ecosystem

Encourage co-investment

Capital will naturally follow

GAPS IN PORTUGAL'S STARTUP ECOSYSTEM AND AREAS FOR ACTION

Talent and Education



Current Challenges:

Portugal faces a shortage of technological graduates, and the risk of “brain drain” remains due to low salaries for highly qualified professionals, especially when compared to European levels. There are still gaps between academia and the business sector, which hinders the alignment of educational outputs with market needs.

Ideas for Future initiatives:

- ✓ Increase funding for technological education, modernize curricula, and ensure continuous teacher training to better align with the evolving needs of the industry.
- ✓ Strengthen current initiatives aimed at attracting and retaining skilled workers, including international talent programs and tailored startup creation processes.
- ✓ Promote continuous professional development and upskilling programs that meet the current and future demands of the ecosystem.
- ✓ Support women and underrepresented groups in pursuing technological careers by offering mentorship programs, scholarships, and targeted outreach initiatives.

- ✓ Foster closer collaboration between industry and academia to provide students with practical experience and access to research opportunities, increasing the number of university spin-outs.
- ✓ Incorporate entrepreneurship education into school curricula at all levels, from primary school to university. Train teachers and provide mentorship programs to cultivate entrepreneurial skills.
- ✓ Encourage risk-taking and innovation by celebrating the successes of entrepreneurs and developing role models for aspiring founders.
- ✓ Strengthen nationwide mentorship and networking opportunities to address skill gaps among current and future founders, while tackling regional disparities.
- ✓ Invest in education and infrastructure in underserved regions to ensure equal access to business opportunities and contribute to equitable national development. Existing case studies of municipalities operating as innovation hubs should be evaluated and replicated where applicable.

GAPS IN PORTUGAL'S STARTUP ECOSYSTEM AND AREAS FOR ACTION

Capital and Investment



Current Challenges:

Continued limited access to finance. Lack of tax incentives for investors. Significant and persistent gaps in early-stage financing, making it difficult for start-ups to grow and scale. Limited exit opportunities can make it difficult for investors to realise returns on their investments.

Future initiatives:

- ✓ Foster partnerships between government agencies and private sector investors to create co-investment funds or shared risk programs.
- ✓ Establish or support angel investment networks to connect startups with individual investors who can provide early-stage funding
- ✓ Consider the implementation of tax relief measures for investors such as business angels and VCs to increase access to early-stage funding.
- ✓ Partner with international tech hubs and accelerators to facilitate cross-border investment and collaboration.
- ✓ Evaluate, simplify and expedite regulatory procedures for startups seeking funding.
- ✓ Explore ways to facilitate exit strategies for startups, such as IPOs or mergers and acquisitions.
- ✓ Establish a transparent and easily accessible platform for startups to connect with potential investors.
- ✓ Consider promoting vertically specialized hubs, creating leadership in specific areas to attract the attention of investors in those fields.

Policies



Current Challenges:

Lack of coherent vision and coordination between policy makers. Excessive paperwork and bureaucratic procedures discourage the creation of new businesses. The tax regime for start-ups has improved but can be further optimised.

Future initiatives:

- ✓ Streamline administrative processes and review associated fees, fostering a more efficient and cost-effective environment for startups.
- ✓ Maintain the government's focus on facilitating the international expansion of startups by addressing both regulatory and financial obstacles.
- ✓ Educate entrepreneurs on available resources and support services to help them navigate the administrative landscape efficiently.
- ✓ Facilitate multi-sectoral dialogues involving government, businesses, and academia to ensure effective policymaking and collaboration.
- ✓ Several strategic steps have already been taken to support deep tech startups and strengthen Portugal's presence in the deep tech sector. These efforts should continue to position Portugal as a key player in this field.
- ✓ Evaluate and strengthen regulatory sandboxes, incorporating compliance exemptions and alternatives for startups to foster innovation in a controlled environment.
- ✓ Continue updating and expanding current tax incentives for startups to make the environment even more conducive for growth and innovation.

GAPS IN PORTUGAL'S STARTUP ECOSYSTEM AND AREAS FOR ACTION

Communication



Current Challenges:

Despite its growing international reputation as a startup hub, Portugal still lacks the same level of global visibility as some other well-established tech hubs.

Future initiatives:

- ✓ Partner with international media outlets to secure press coverage, interviews, and feature articles about Portugal's startup scene.
- ✓ Develop detailed case studies of successful Portuguese startups, highlighting their growth, impact, and the role of a supportive ecosystem in their success.
- ✓ Collect testimonials from international entrepreneurs who have relocated to Portugal or invested in Portuguese startups.
- ✓ Collaborate with foreign governments and embassies to promote Portugal as a startup destination and facilitate investment.

- ✓ Reinforce online communities where startups, investors, and entrepreneurs can connect, share information, and collaborate.
- ✓ Strengthen partnerships with international tech hubs, accelerators, and incubators to create joint programs, exchange visits, and co-working spaces.
- ✓ Continue to promote Portugal's culture, landscape and high quality of life to attract entrepreneurs and talent seeking a balanced work-life environment.
- ✓ Promote success stories related to smaller hubs to reduce regional disparities and increase the attractiveness of less renowned locations outside Lisbon and Porto.

A PATH FORWARD FOR **PORTUGAL'S STARTUP ECOSYSTEM**



INFORMA



A PATH FORWARD FOR PORTUGAL'S STARTUP ECOSYSTEM

Portugal is increasingly recognized for its vibrant startup scene and growing innovation culture. However, to fully realize this potential it is essential to address key challenges and implement strategic initiatives along key trajectories.

Strengthening **access to funding is essential**, both at national and international level. Expanding the range of funding sources is essential to support the growth and scalability of innovative companies. A dual strategy needs to be implemented, to enhance national funding availability and attract a larger share of international investments. Bringing funding closer to smaller regional ecosystems is crucial for building a more robust and cohesive startup environment, helping to bridge regional disparities across the country.

The regulatory framework in Portugal could be further optimized to create a more conducive environment for entrepreneurship and innovation. Streamlining administrative procedures and reducing bureaucratic burdens is key to foster a more favourable environment for entrepreneurship and to attract international talent.

Creating a **collaborative community** where **startups, investors, corporates, and academia** can interact and share knowledge is essential for a thriving ecosystem. Strengthening the connection between innovation hubs, co-working spaces, and networking events can facilitate these interactions and foster a culture of collaboration and innovation.

And while Portugal has made strides in producing skilled graduates, **there is a need to further invest in programs that specifically target the needs of the startup ecosystem**. By providing specialized training and mentorship, these programmes can also equip individuals with the skills and knowledge necessary to drive innovation and entrepreneurship, leading to the creation of new companies with a proper business acumen.

Investing in **research and development** is also crucial for the long-term sustainability of the Portuguese ecosystem. Public and academic R&D funds need to be improved, together with collaboration and co-development with private organizations.

These challenges are not new for the country's system but **addressing them is now more crucial than ever for the sustainable growth of the Portuguese ecosystem**. As shown by recent significant developments in key technologies such as AI, the structuring of national strategies to develop an innovation ecosystem, from rules for ethical development models to key technological infrastructures and public-private financing, can determine the real level of competitiveness of a national ecosystem. By implementing new key measures and reviewing some of those already in place, Portugal can position itself as a relevant international innovation hub. While the path ahead is challenging, the potential rewards make it a journey worth pursuing.

MAPPING PORTUGAL'S STARTUP LANDSCAPE

Portugal's Startup Ecosystem Report 2024

