



VC & EXIT TECH TRENDS Q2-23 FRANCE

INTRODUCTION

Postponing the inevitable: Is an IPO frenzy on the horizon for 2024?

The global Tech industry remains in a state of recuperation, and as always, we turn to the United States for insights into what lies ahead for Europe.

To begin, US inflation saw a modest increase of only 4% in May, marking the slowest annual pace since March 2021, according to data from the Bureau of Labor Statistics. Moreover, for the first time since early 2022, the Federal Reserve opted to maintain steady interest rates at its recent June meeting.

Furthermore, the BVP Nasdaq Emerging Cloud Index, which monitors public tech valuations in the US, witnessed a 26% surge from January through the end of June.

However, when we examine the Tech industry on a global scale, particularly in terms of exit value, 2023 is likely to be remembered as one of the worst years in recent memory due to the dearth of significant IPOs.

But does this spell disaster for the venture capital (VC) ecosystem?

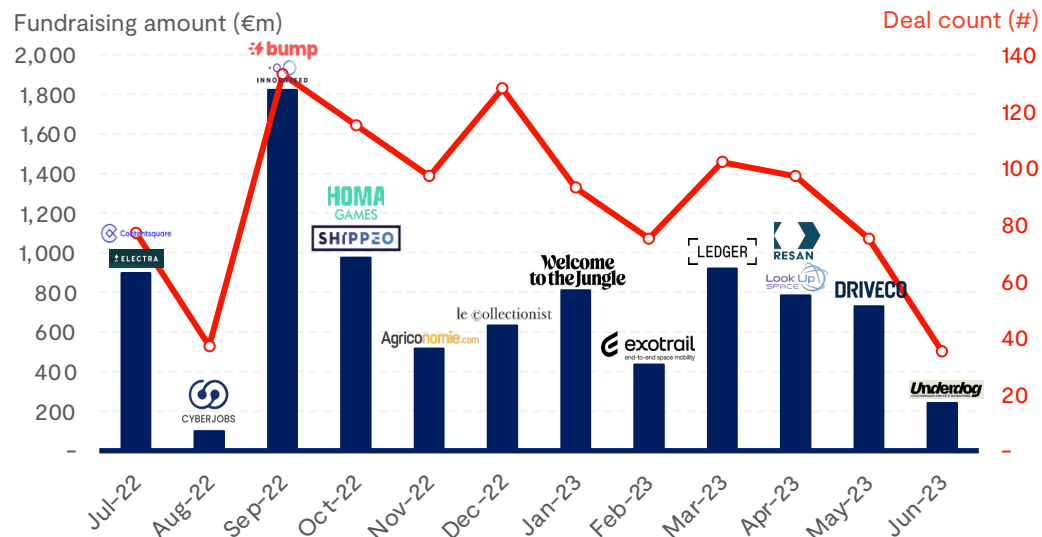
In the short term, VC returns are poised to be lackluster, if not non-existent, in 2022 and 2023. This will inevitably affect their capacity to secure new funds and invest in emerging companies.

Looking further ahead, the survivors who skilfully navigate this crisis will emerge stronger than ever, boasting enhanced financials and having consolidated their competitors and ecosystems. Many of these survivors have deliberately abstained from exiting under current market conditions, instead choosing to wait for favourable tailwinds. They seek a time when trading and transaction comps. align more sensibly with their most recent valuation rounds and expectations.

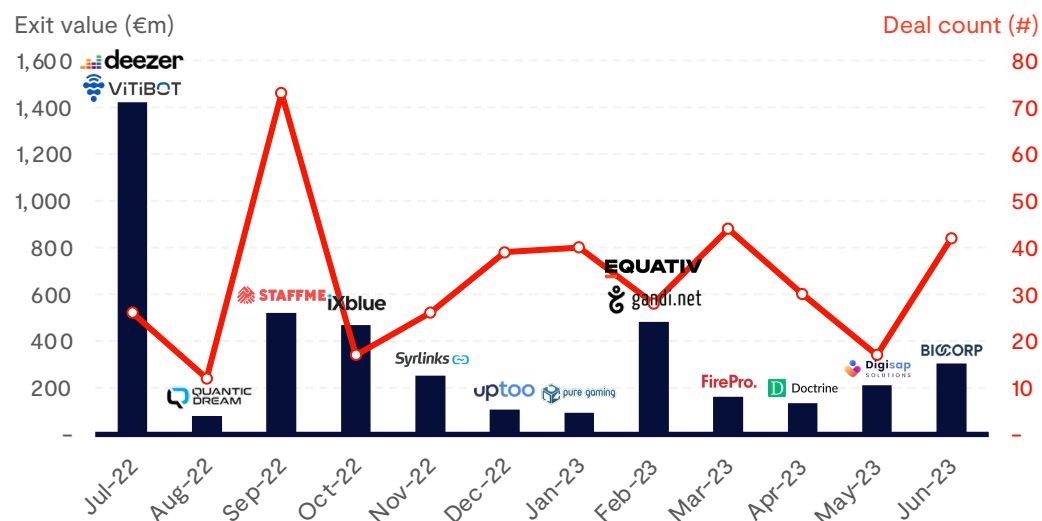
This sizable backlog of IPOs, originally slated for 2022 and 2023 but delayed due to declining valuations, is expected to materialize in 2024 as soon as valuation levels attain more reasonable multiples. It is easily foreseeable that VC-backed startups will seize this window of opportunity with great urgency, driven by the fear that it may swiftly close should another crisis befall the Tech industry.

Arthur Porré, Founding Partner - Jul. 4th, 2023

€1.8bn raised by French startups in Q2-23, a 19% decrease QoQ



€1bn total exit value for French Tech in Q2-23, a 34% increase QoQ





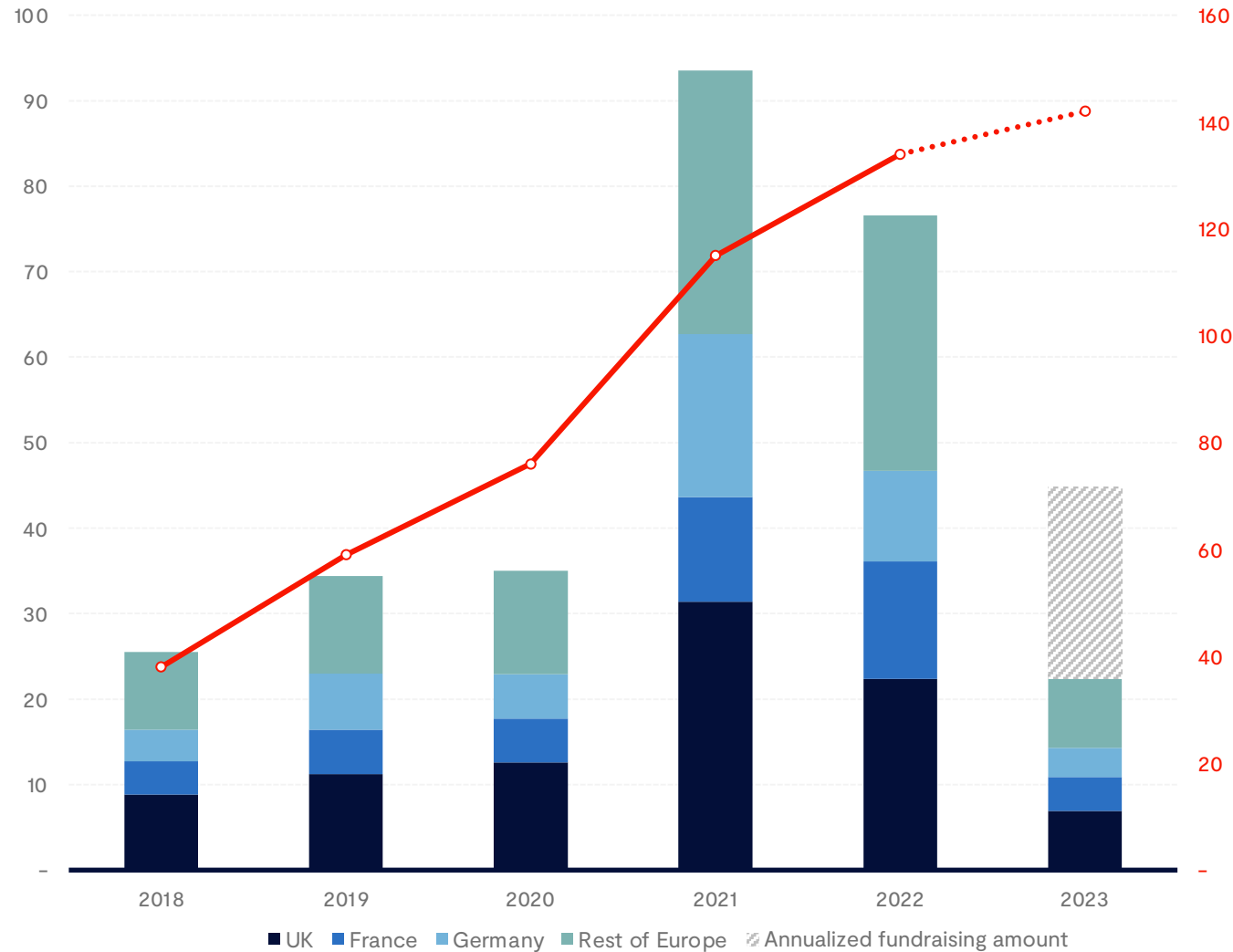
VC TRENDS

VC TRENDS

IN THE CURRENT TRAJECTORY, INVESTMENT DYNAMICS IN EUROPE WILL FALL SHORT COMPARED TO 2021 AND 2022

Total fundraising amount in Europe (€bn)

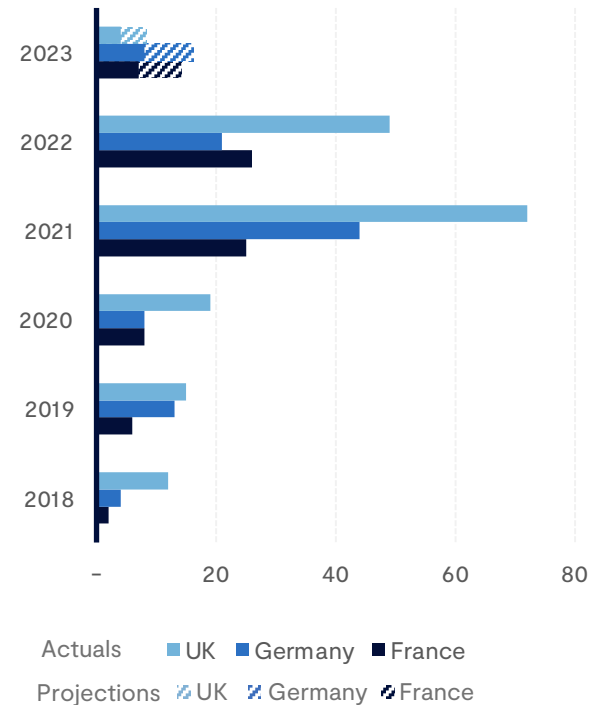
Total no. of European unicorns (#)



€22.4bn
Total fundraising in Europe (2023 YTD)

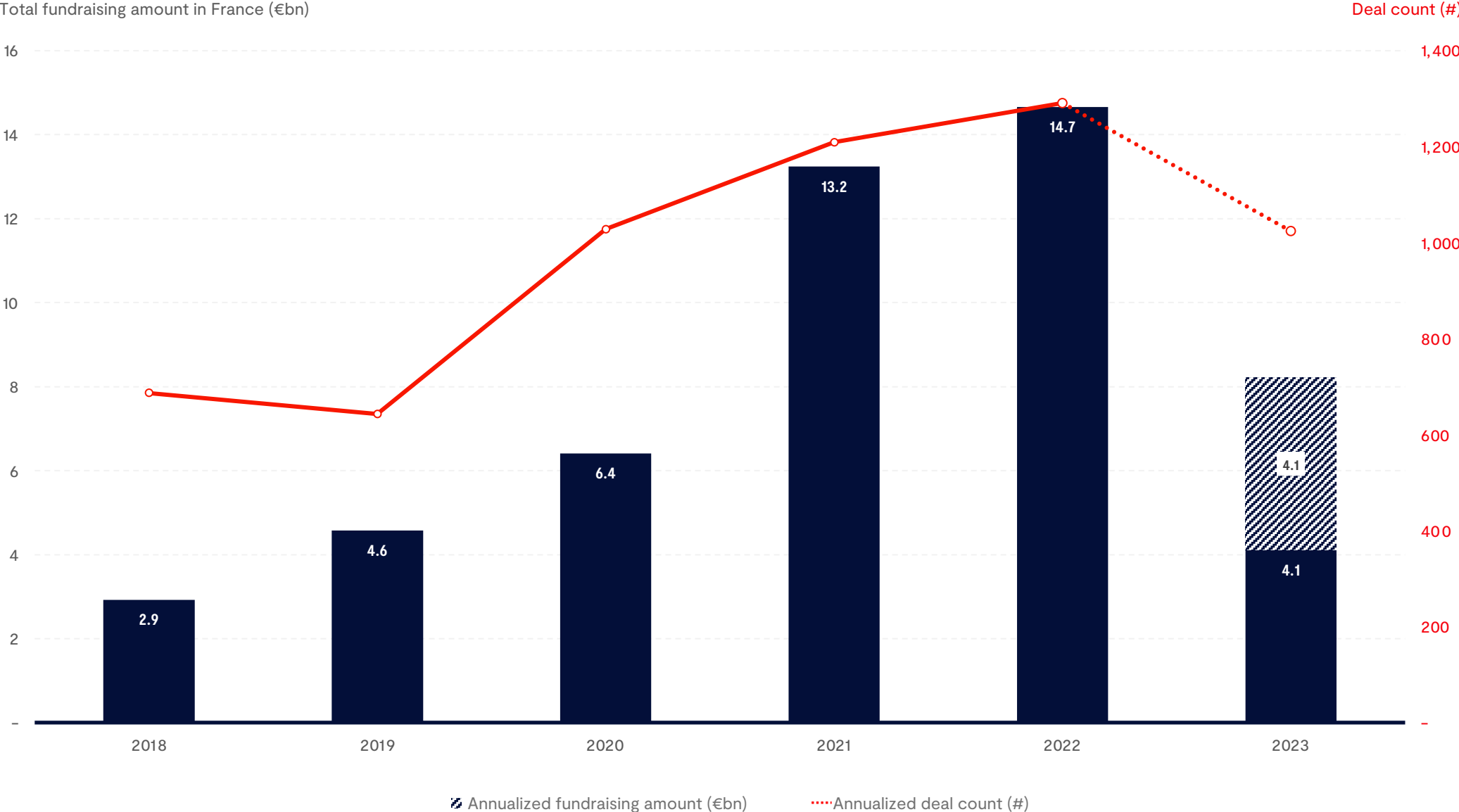
Germany leads mega-rounds in 2023 for now

Mega rounds > €100m (#)



VC TRENDS

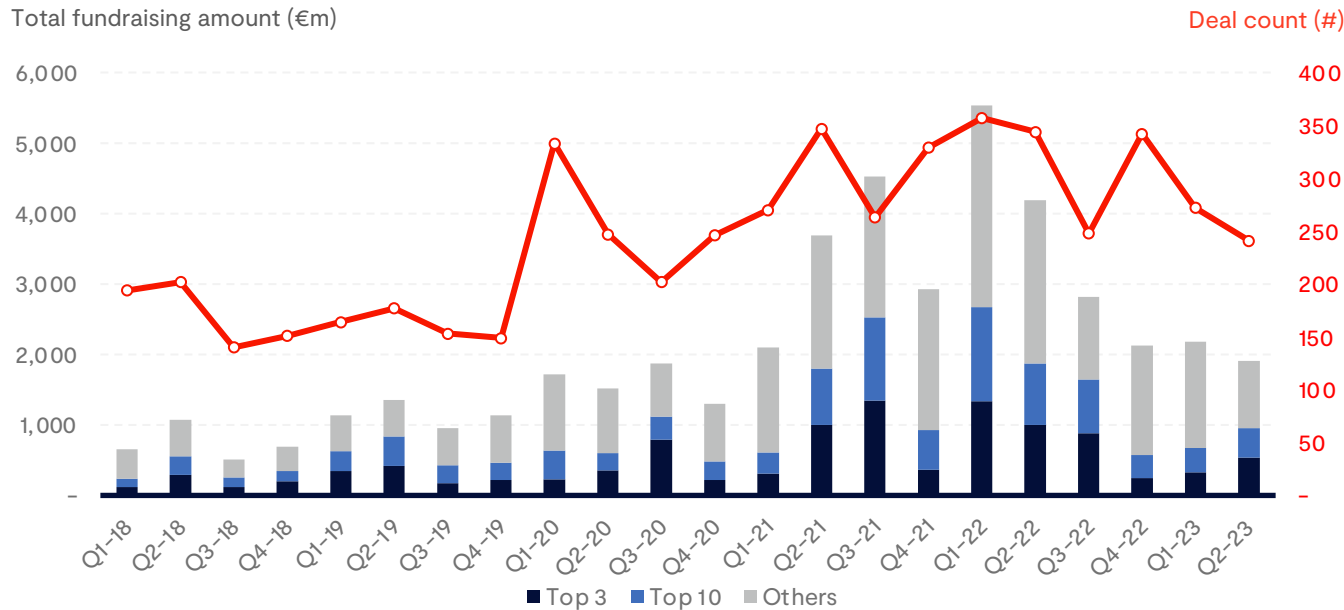
AFTER A 2022 RECORD-BREAKING YEAR, THE FRENCH TECH IS EXPECTED TO GET BACK TO PRE-CRISIS LEVELS



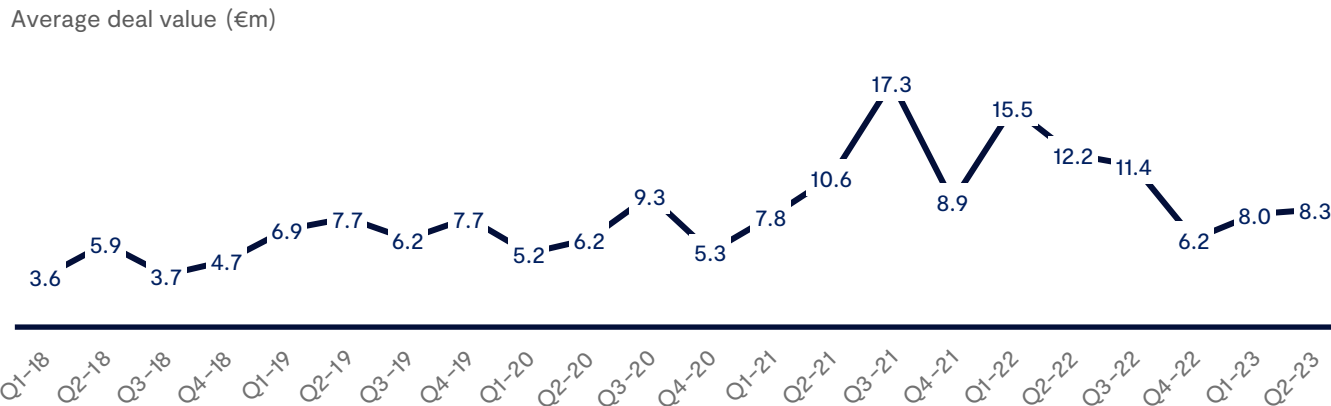
VC TRENDS

2023 SECOND QUARTER SHOWS SLIGHTLY LOWER DEAL AMOUNTS BUT A GREATER AVERAGE DEAL VALUE

Fundraising amount seems to stabilize at c. €2bn for the third quarter in a row



Average deal value has improved this quarter



Top 10 funding rounds in Q2-23

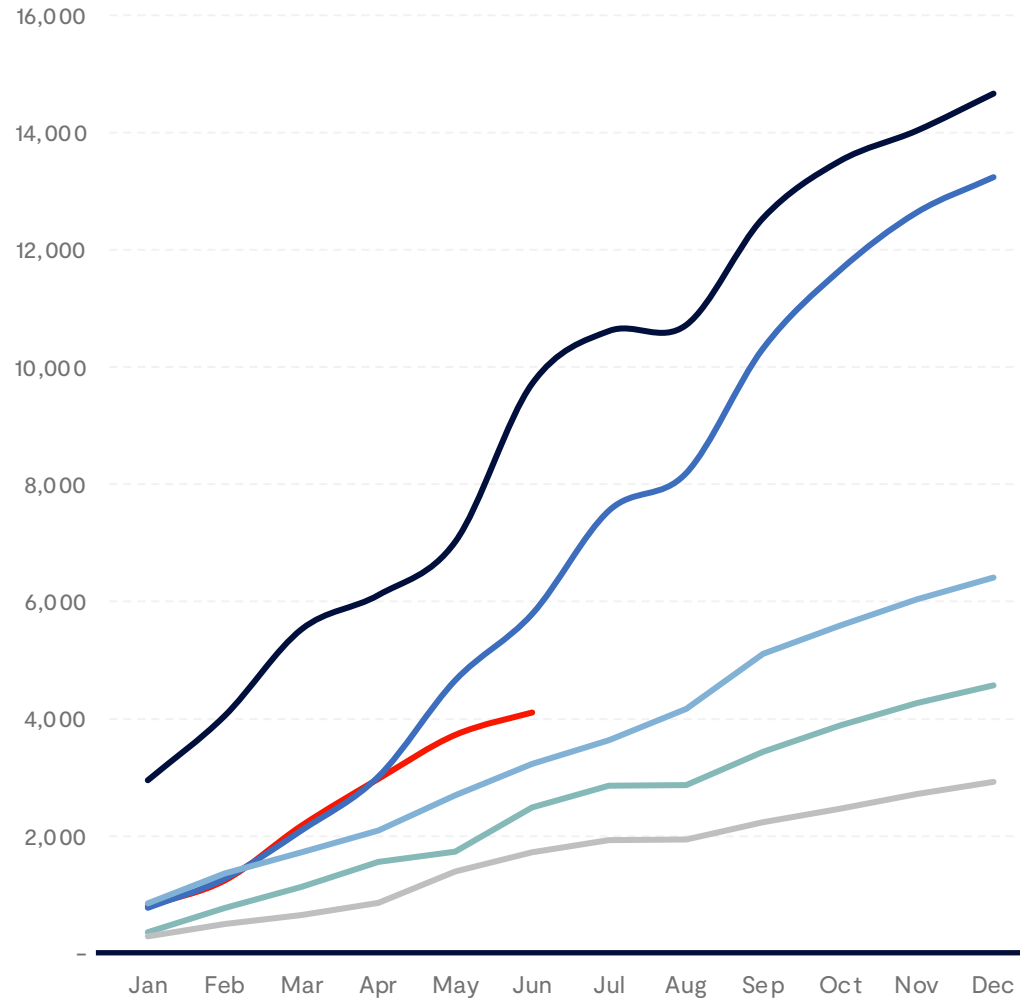
1.	DRIVECO Led by APG Group	€250m
2.	Ynsect Led by Upfront Ventures	€161m
3.	TSE Led by Eurazeo	€130m
4.	Mistral AI Led by Lightspeed	€105m
5.	Pigment Led by ICONIQ Growth	€88m
6.	MOON SURGICAL Led by nVentures & Sofinnova	€50m
7.	SIPEARL Led by EIF	€50m
8.	TISSiUM Led by Cathay Capital	€50m
9.	Brut. Led by Rodolphe Saadé	€38m
10.	mooncard Led by Portage & Orange Venture	€37m

VC TRENDS

A MODEST Q2-23 WITH LESS FUNDRAISINGS THAN IN THE 3 PAST YEARS AND DEAL VALUES BACK TO PRE-2022 LEVELS

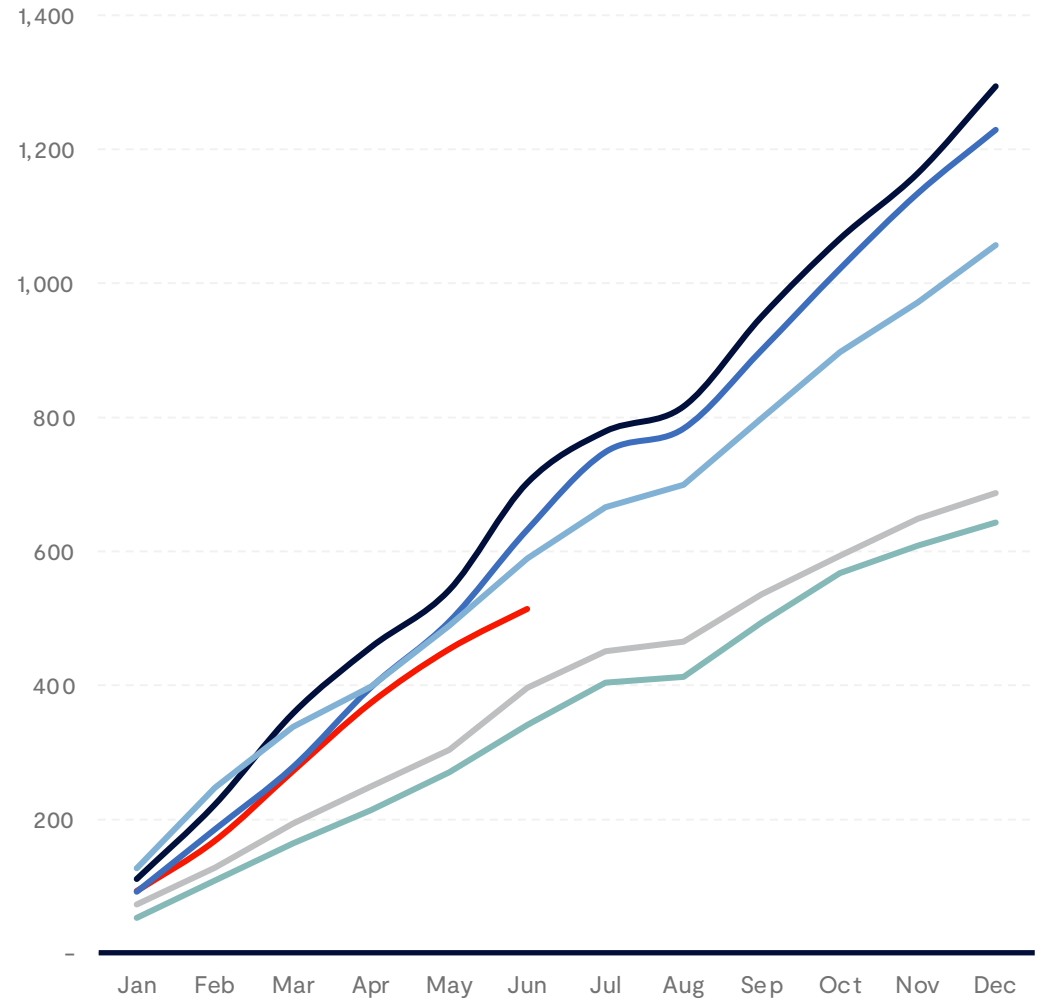
Back to pre-2022 levels in terms of amount raised...

Cumulated deal value (€m)



...and pre-Covid-19 in terms of number of deals

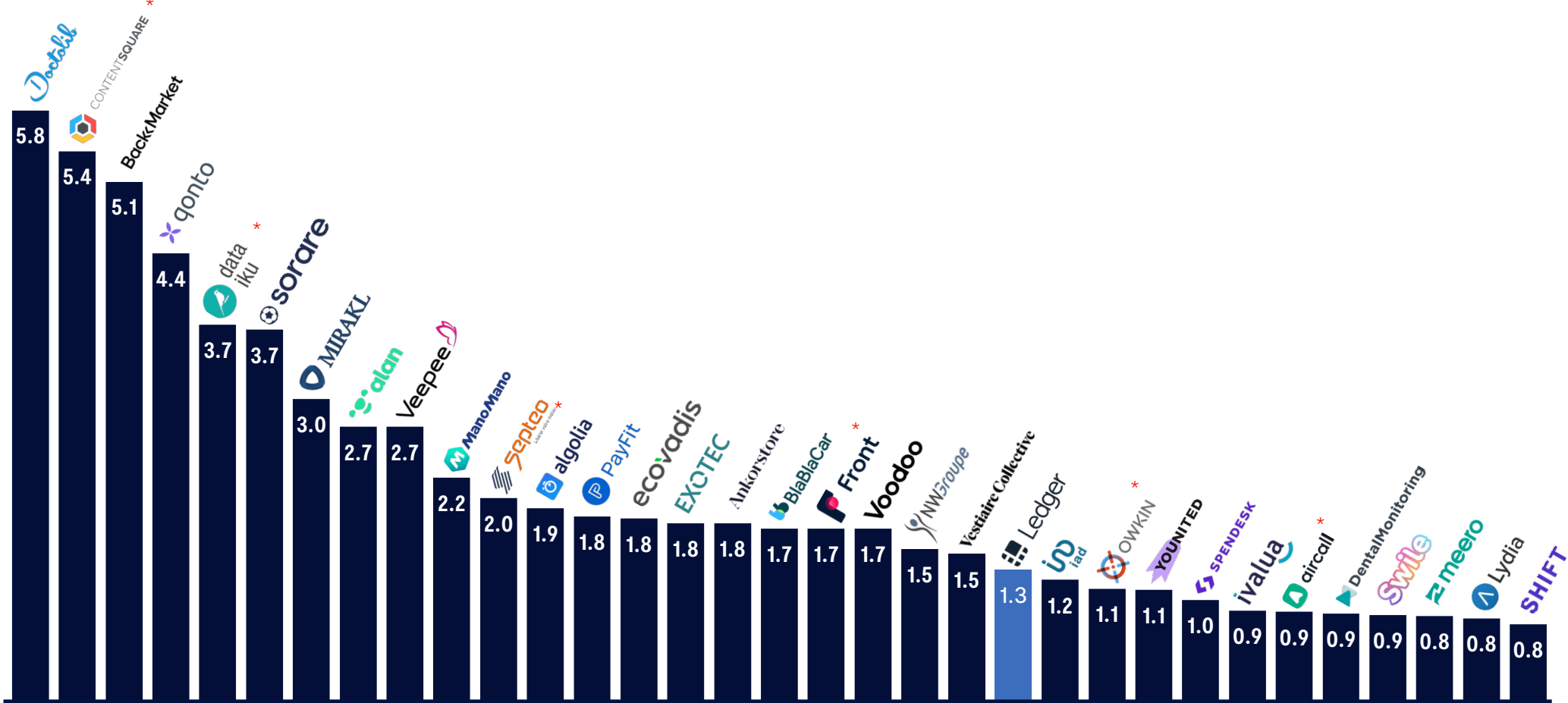
Cumulated deal count (#)



2023 2022 2021 2020 2019 2018

VC TRENDS

FRANCE COUNTS 33 UNICORNS AS OF JUN-23



Last round valuation (€bn)

■ Status reached before 2023
 ■ Already unicorn that raised in 2023
 ■ Status reached in 2023

* Headquarters transferred to the U.S

VC TRENDS

AVOLTA FRANCE NEXT 20: WHO WILL BE FRANCE'S NEXT UNICORNS?



Nov. 22 – Growth Equity
€250



May. 22 – Growth Equity
€250m



Jan. 22 – Series C
€185m



Oct. 21 – Series C
€172m



Jun. 22 – Series B
€160m



Mar. 22 – Series C
€150m



Sep. 20 – Series C
€140m



Jun. 22 – Series C+
€133m



Jul. 22 – Series C+
€130m



Nov. 21 – Series B
€125m



Mar. 22 – Series D
€122m



Jan. 22 – Series B
€107m



Jun. 23 – Seed
€105m



Jan. 23 – Series B
€100m



Jun 22 – Series B
€95m



May 23 – Series C
€88m



May 21 – Series B
€82m



May. 21 – Series C+
€80m



Feb. 23 – Growth Equity
€80m

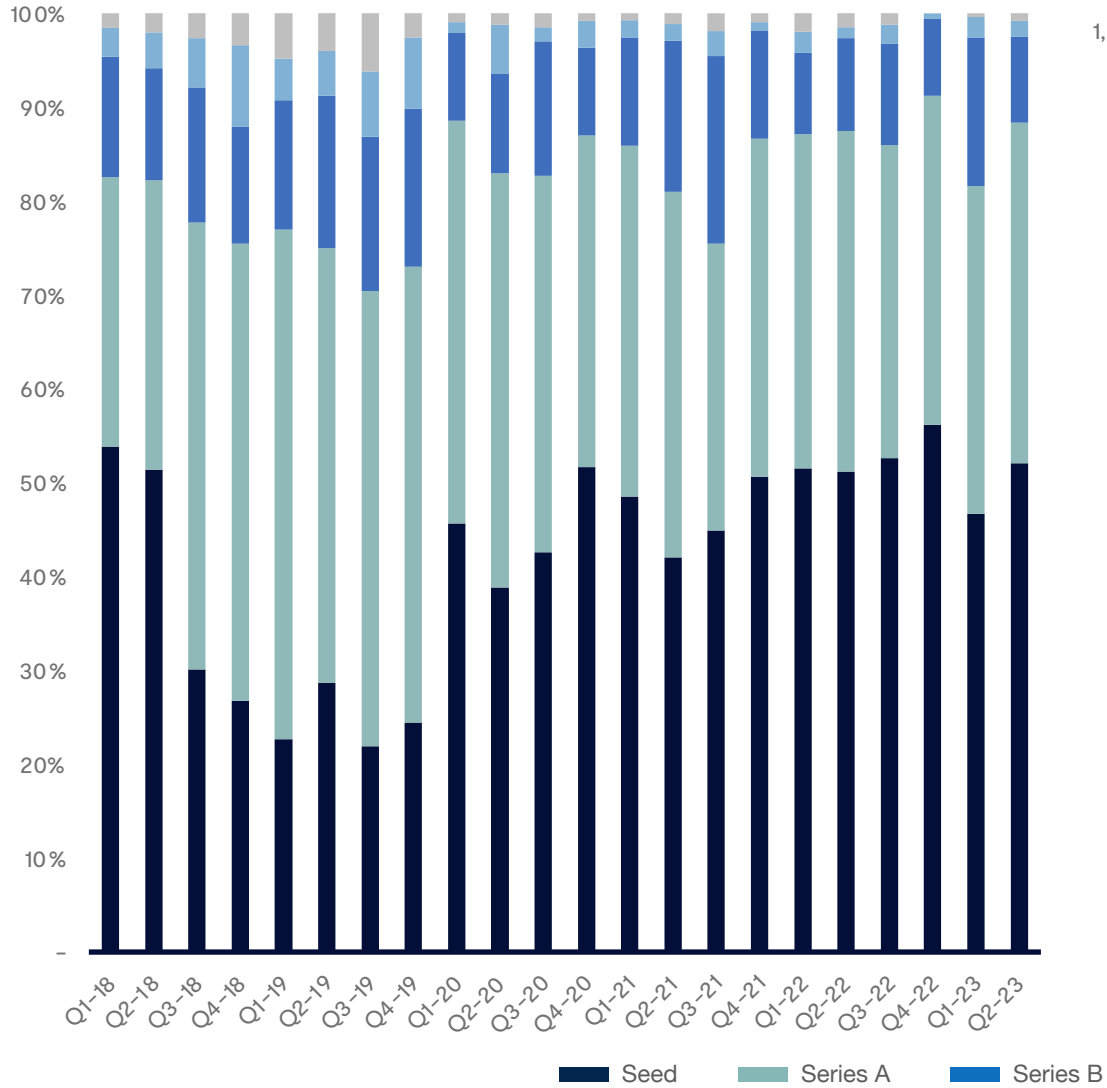


Apr. 22 – Series B
€73m

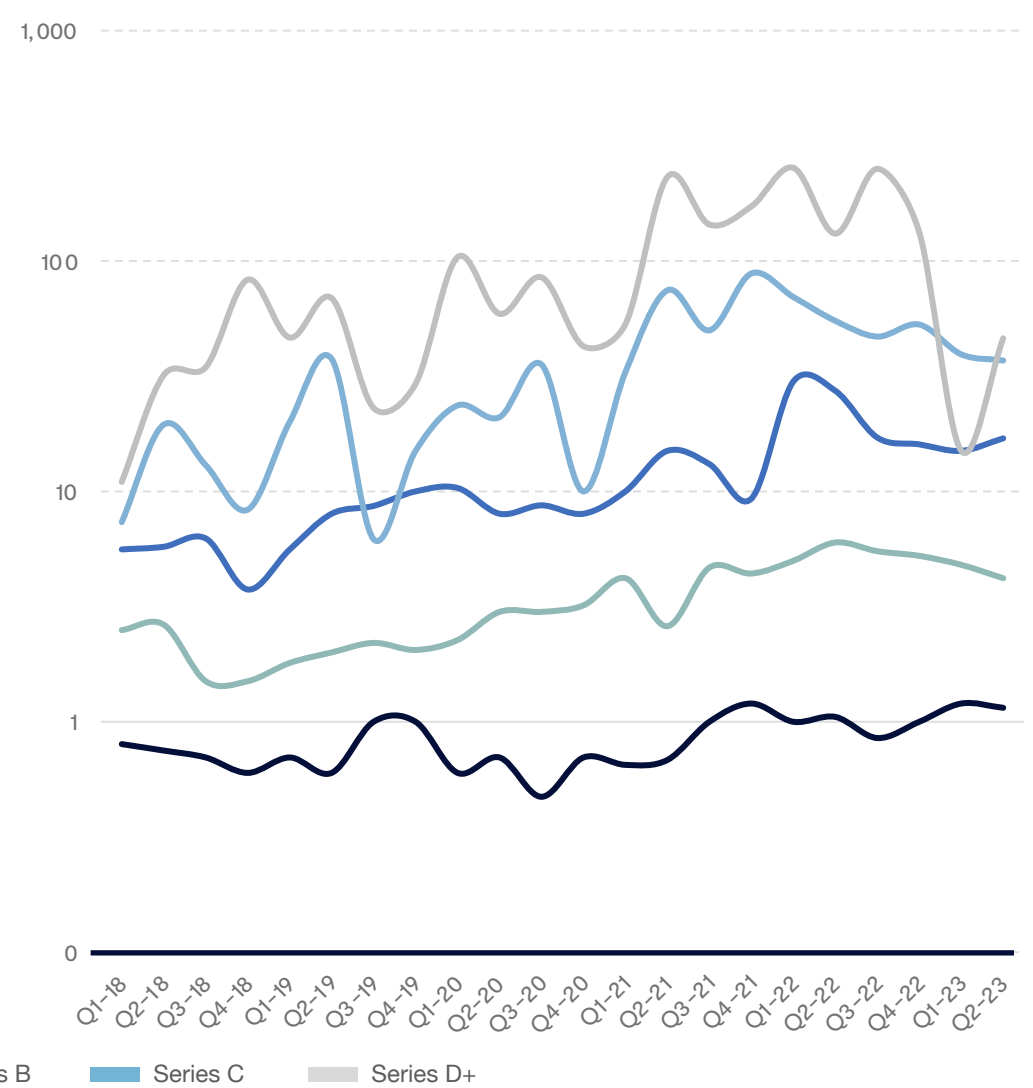
VC TRENDS

MEDIAN AMOUNT RAISED BY FRENCH START-UPS SEEMS TO STABILIZE IN Q2-23 EXCEPT FOR SERIES D+

Distribution of deals (%)



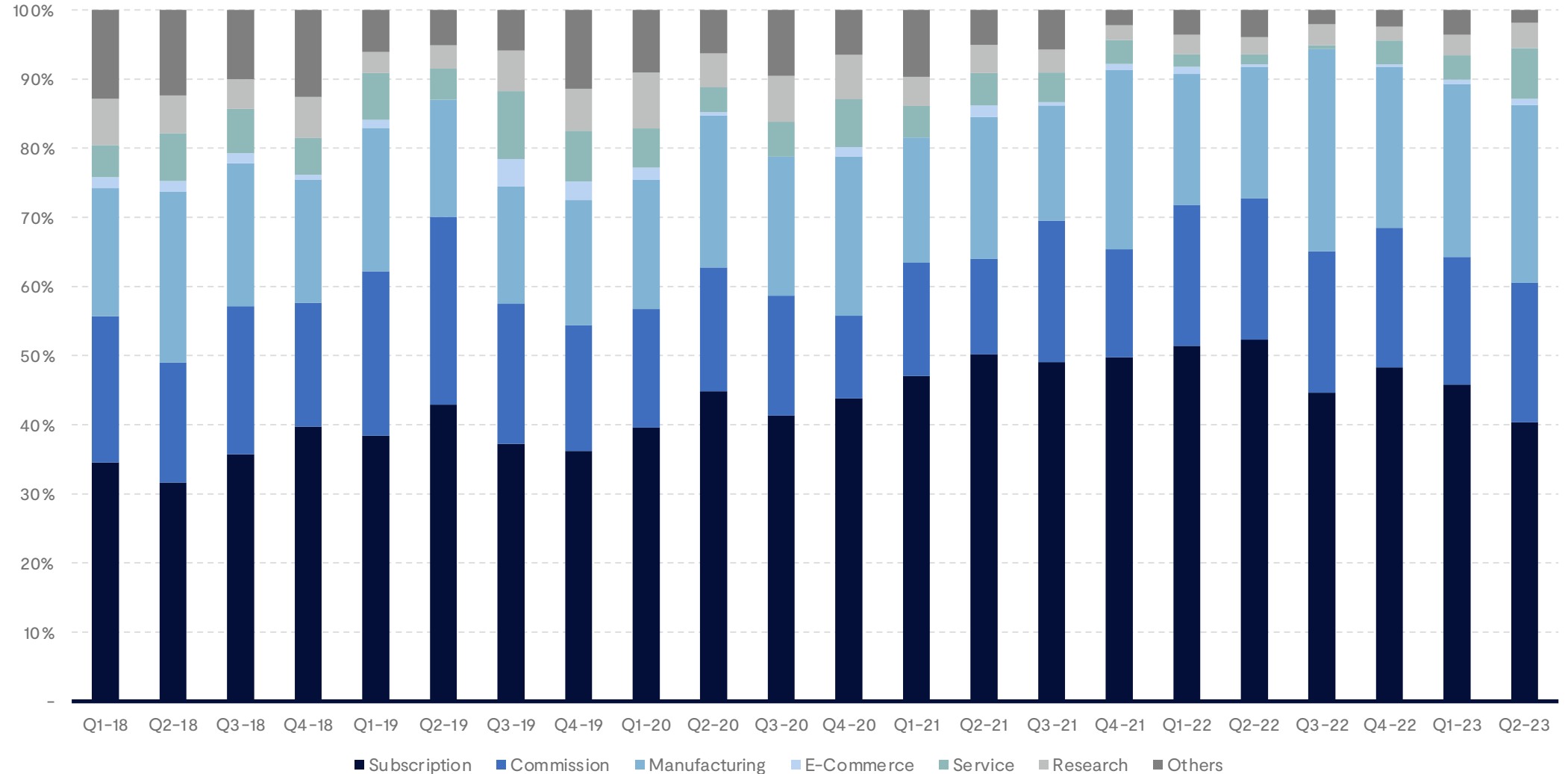
Median amount (€m)



VC TRENDS

SUBSCRIPTION BUSINESS MODELS ARE STILL THE MOST ATTRACTIVE TO VCs IN Q2-23

Distribution of deals (%)

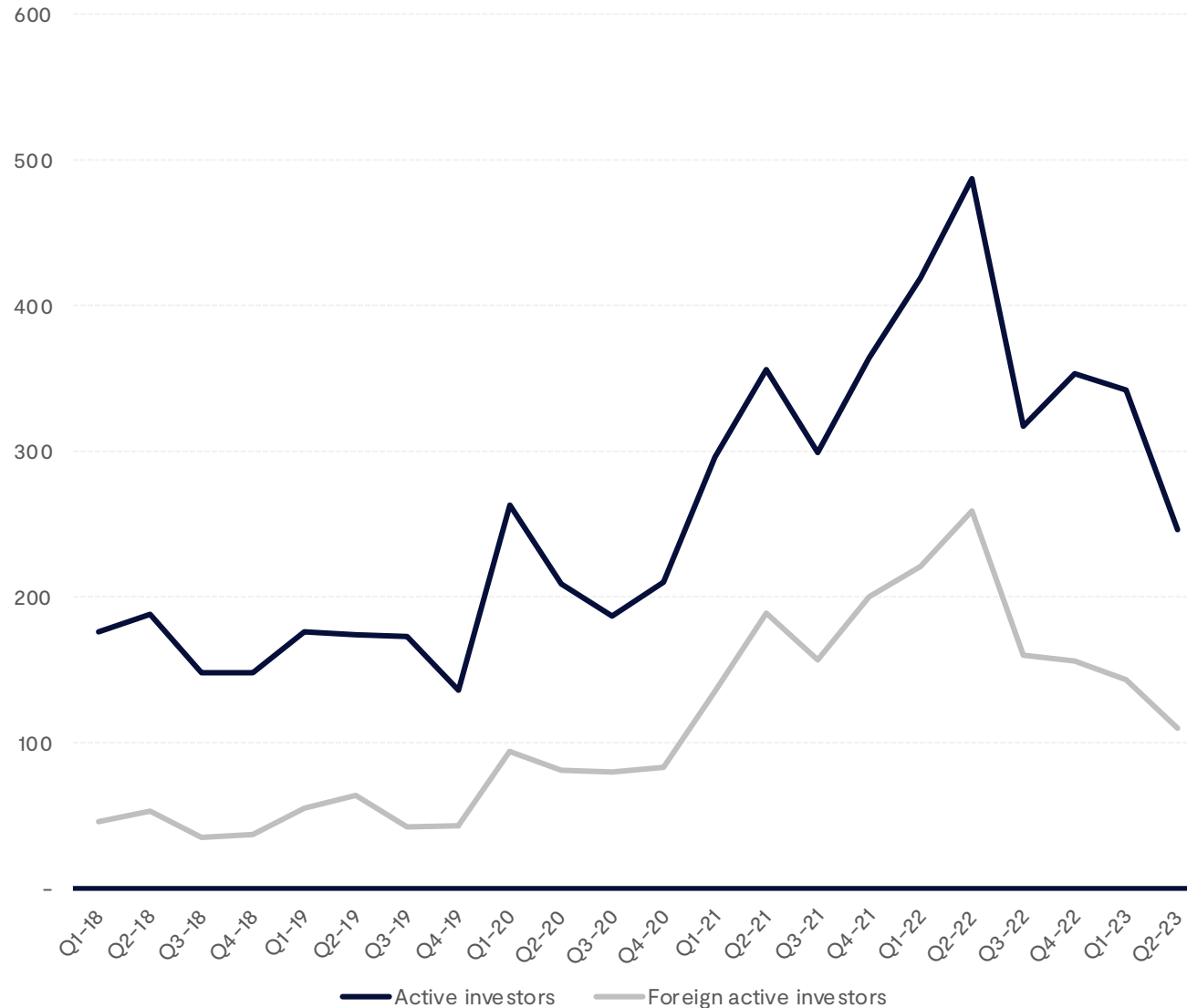


Note: « Others » category includes Performance, Retail, and Audience business models











VC TRENDS

246 ACTIVE INVESTORS ON THE FRENCH MARKET IN Q2-23, BACK TO THE EARLY 2020 TREND

of active investors (excl. business angels)



Top 10 active VCs in Q2-23

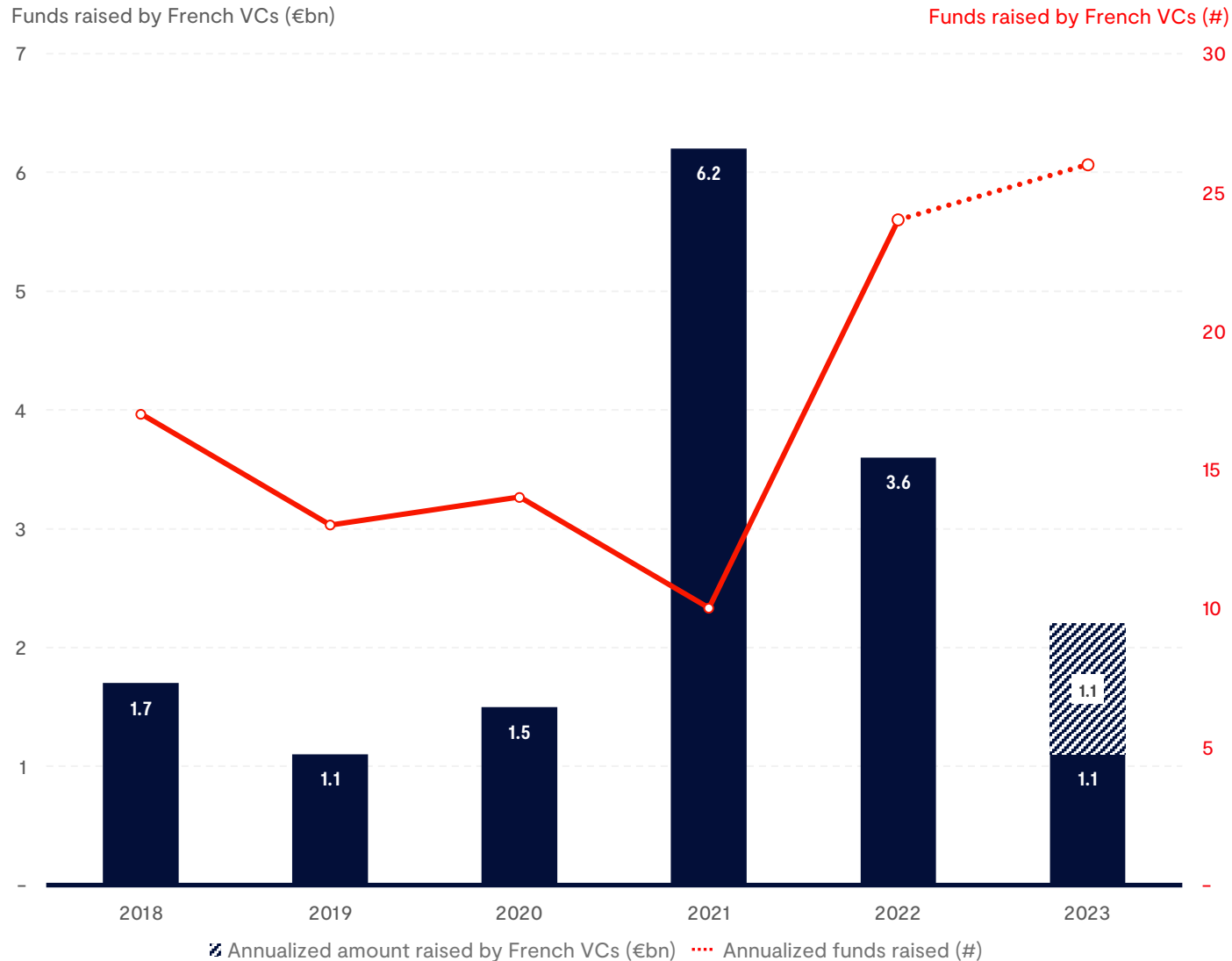
1.	↑3		22 deals
2.	↓1		18 deals*
3.	New		9 deals
4.	New		6 deals
5.	-		4 deals
6.	New		4 deals
7.	↓4		4 deals
8.	New		4 deals
9.	New		3 deals
10.	↓2		3 deals

Note: Data provided by Dealroom & Pitchbook
(* includes debt deals)


VC TRENDS


A SUSTAINED SLOWDOWN IN NEW FUND RAISED BY VC SINCE ALL-TIME-HIGH 2021


Total amount raised in 2023 will decrease by 40% if S2-2023 looks like S1-23





New VC funds raised in Q2-23

1. **CDC CROISSANCE**  **€300m**
Raised in Jun. 2023

2. **EDUCAPITAL**  **€150m**
Raised in Apr. 2023

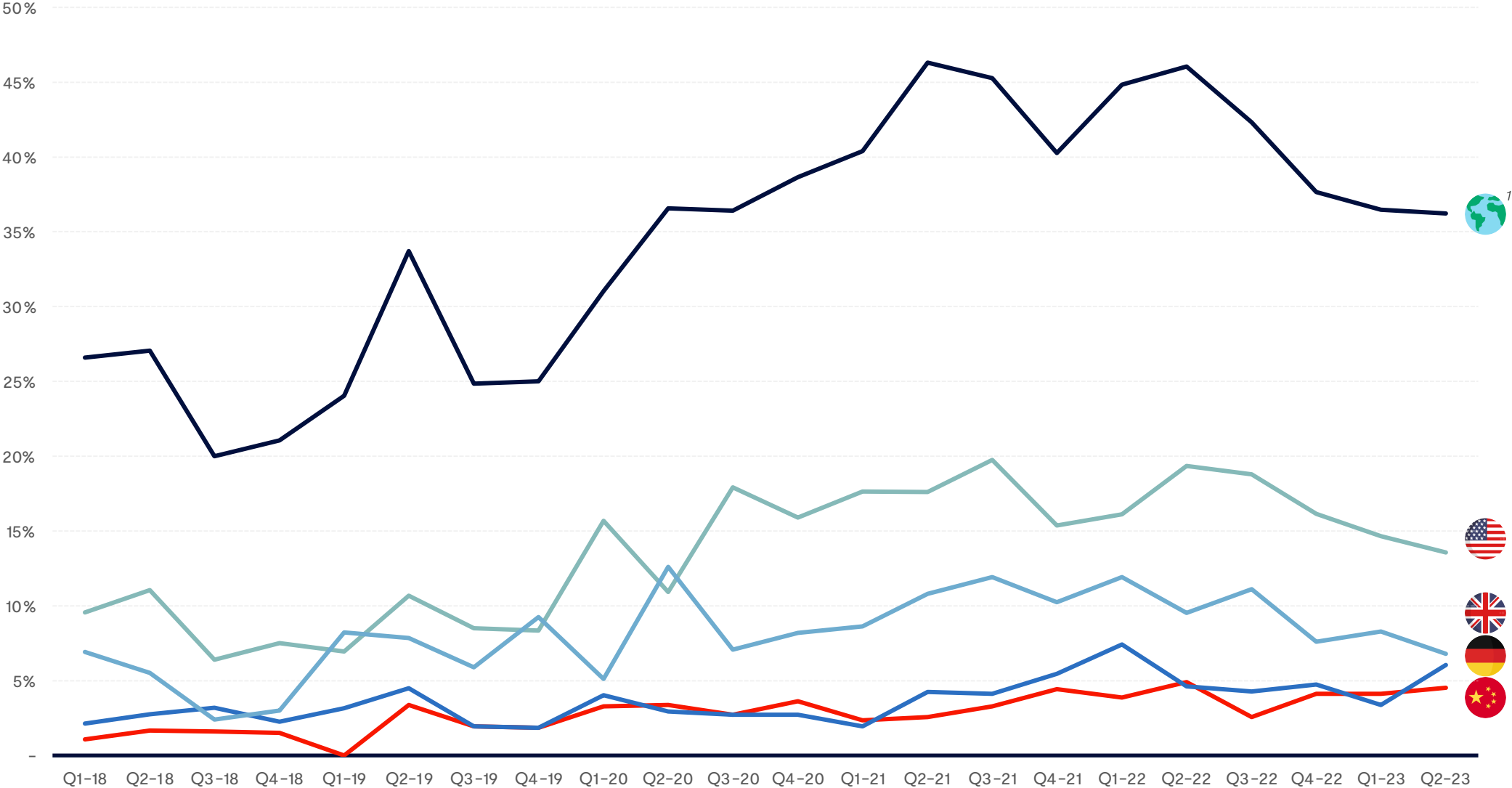
3. **SUPER NOVA INVEST**  **€75m**
Raised in Jun. 2023

4. **frist**  **€72m**
Raised in Jun. 2023

5. **RING CAPITAL**  **€66m**
Raised in Jun. 2023

VC TRENDS

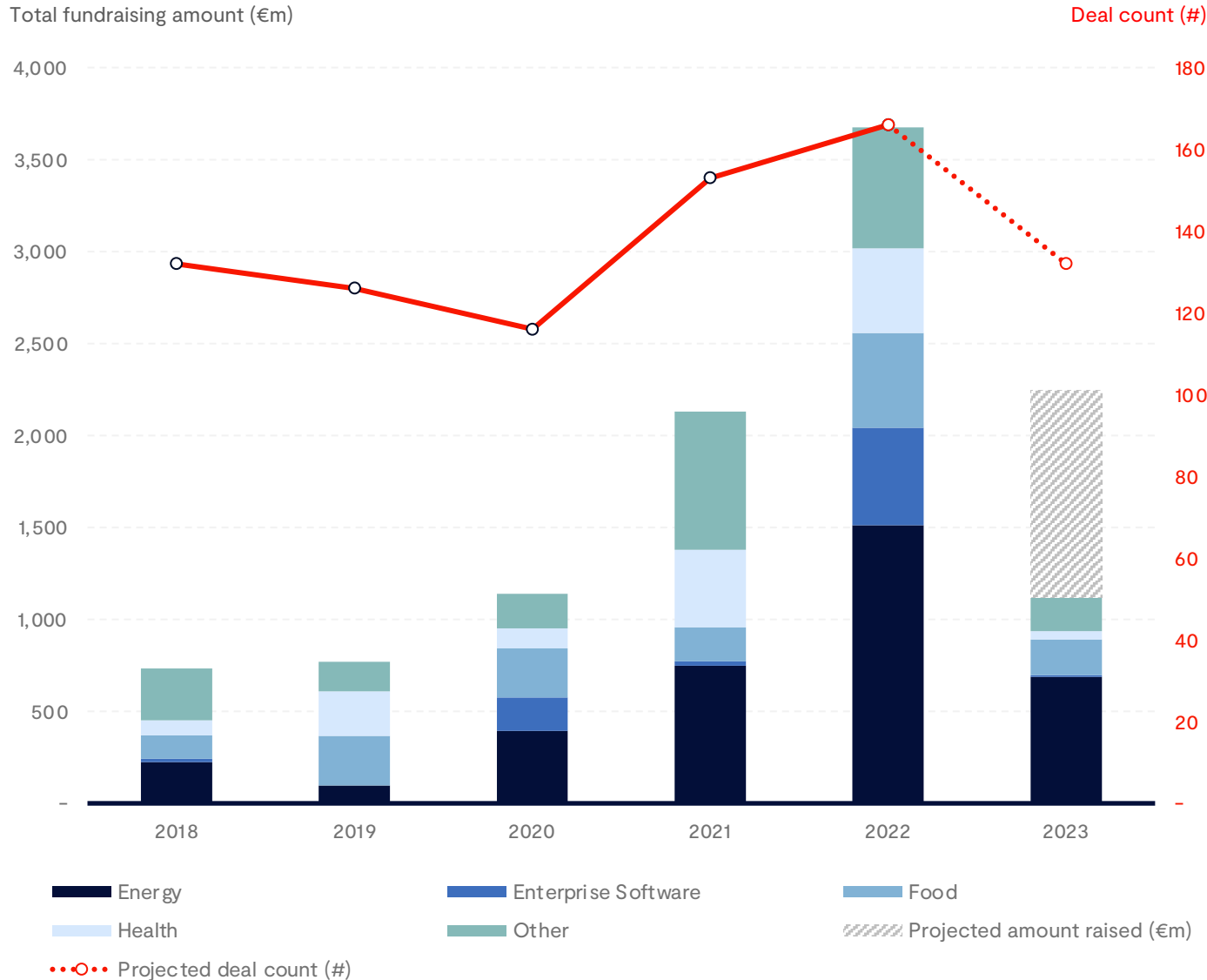
SUBSTANTIAL RISE IN GERMAN INVESTMENTS IN FRENCH TECH START-UPS



Note: This graph depicts the % of deals in which at least one investor of a specific country/region is participating
 (1) % of deals with at least one foreign investor

VC TRENDS

WITH CURRENT DYNAMICS, IMPACT INVESTING WILL GET BACK TO 2021 LEVELS THIS YEAR



Top 10 impact funding rounds in Q2-23

1.	Ynsect Led by Upfront Ventures	€175m
2.	TISSIUM Unknown lead	€46m
3.	WOOD●●● Led by Lowercarbon Capital	€26m
4.	45-8 energy Led by Helsing	€20m
5.	Beem Led by Cathay Innovation	€20m
6.	BeFC Bioenzymatic Fuel Cells Led by Otium Capital	€16m
7.	ecov La culture est un bonnet collectif Unknown lead	€12m
8.	purecontrol Unknown lead	€7m
9.	pony Led by Epopée Gestion	€6m
10.	SINAY MARITIME DATA SOLUTION Led by Seventure Partners	€5m

Note: Companies addressing one or more of the UN Sustainable Development Goals (SDGs)

Avolta acted as sole financial advisor



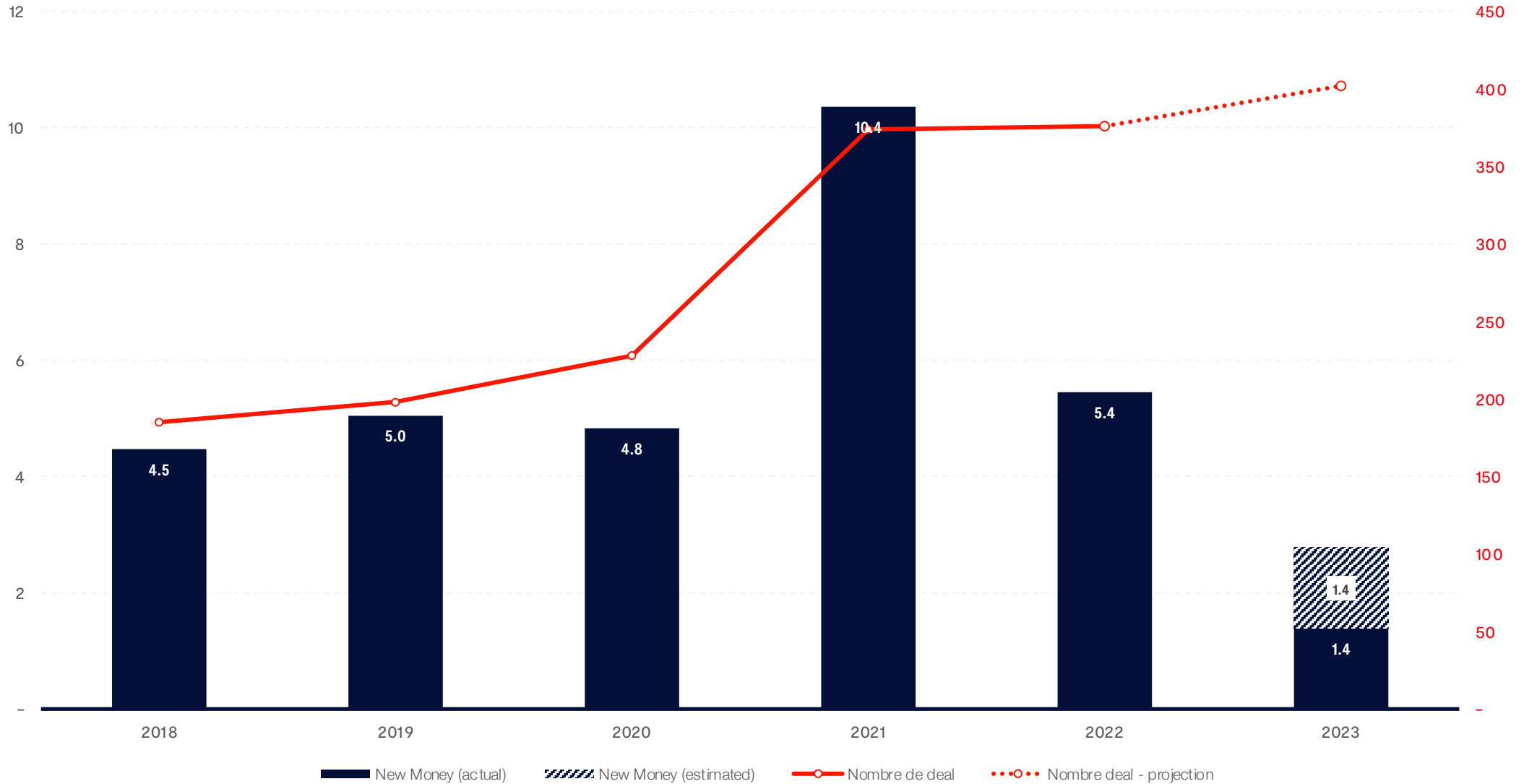
EXIT TRENDS

TECH EXIT TRENDS

WITH CURRENT TRENDS, FRENCH ECOSYSTEM COULD SEE A RECORD-BREAKING NUMBER OF EXITS IN 2023

Total exit value (€bn)

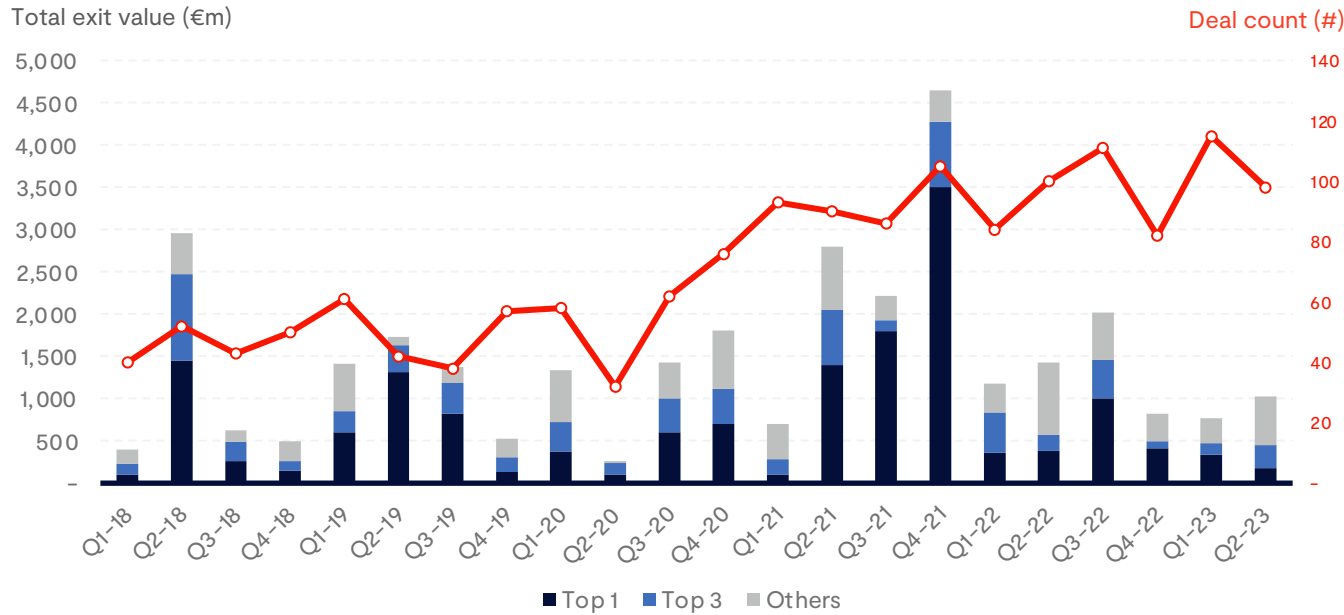
Deal count (#)



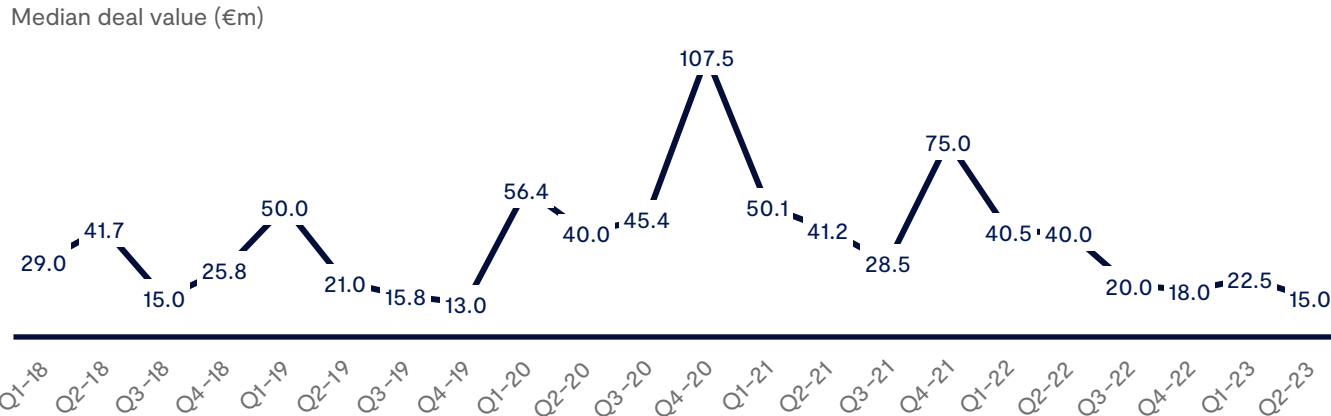
TECH EXIT TRENDS

LARGEST DEALS IN Q2-23 WERE MOSTLY SUPPORTED BY SPONSORS


Tech exit value increased compared to last quarter whereas number of deals declined



Median exit deal value at an all-time low



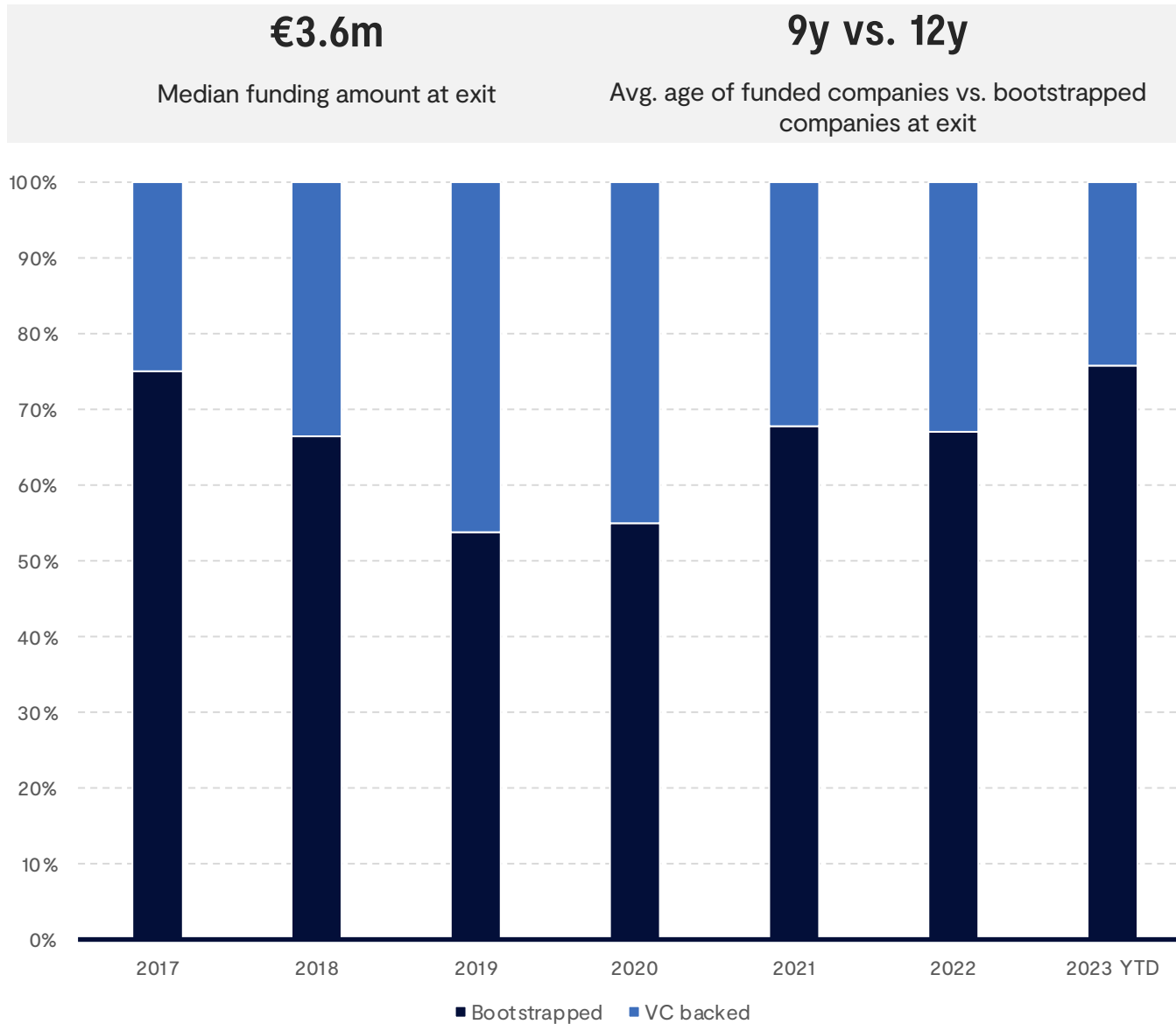
Top 5 tech exit deals in Q2-23

1.	BIGORP By Novo Nordisk	€154m
2.	Digisap SOLUTIONS By Naxicap Partners	€124m
3.	D Doctrine By Summit Partners, Peugeot Invest	€120m
4.	Expensya By Medius	€100m
5.	 By MOBA Network	€50m

Note: based on transactions with known valuations

TECH EXIT TRENDS

VC-FUNDED STARTUPS REPRESENT A LOWER SHARE OF EXITS IN Q2-23 THAN IN Q1-23



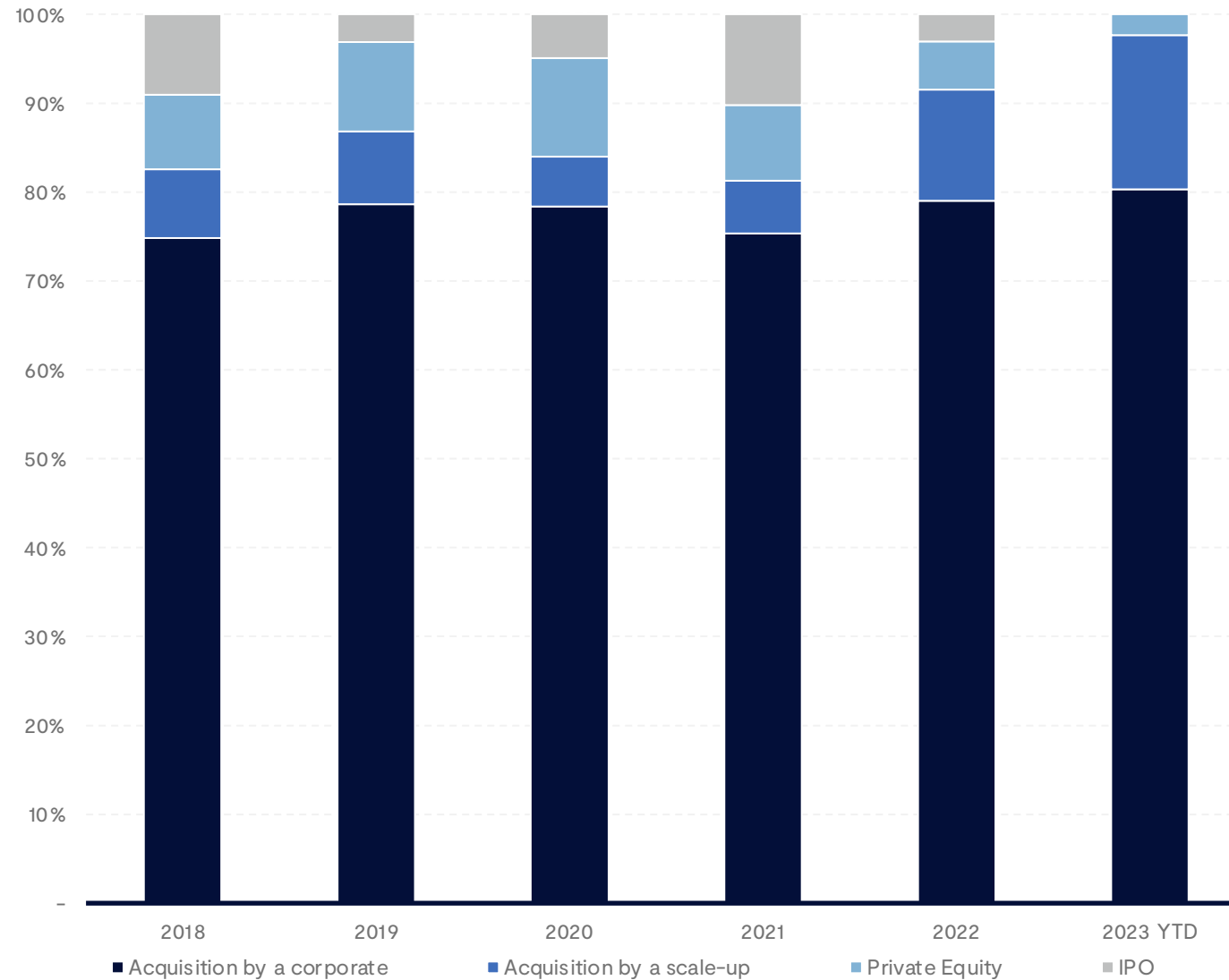
Top 10 VCs by no. of exits in Q2-23

1.	bpi france	4 exits
2.	isai	2 exits
3.	Seventure	2 exits
4.	GFC	2 exits
5.	NEWALPHA ASSET MANAGEMENT	2 exits
6.	sodexo ventures	2 exits
7.	50 PARTNERS	2 exits
8.	otium	2 exits
9.	MAIF AVENIR	2 exits
10.	kima ventures	2 exits

TECH EXIT TRENDS

SCALE-UPS ARE INCREASINGLY ACQUIRING FRENCH TECH COMPANIES WITH A FOURTH OF ALL DEALS IN Q2-23

Distribution of deals per acquiror type (%)



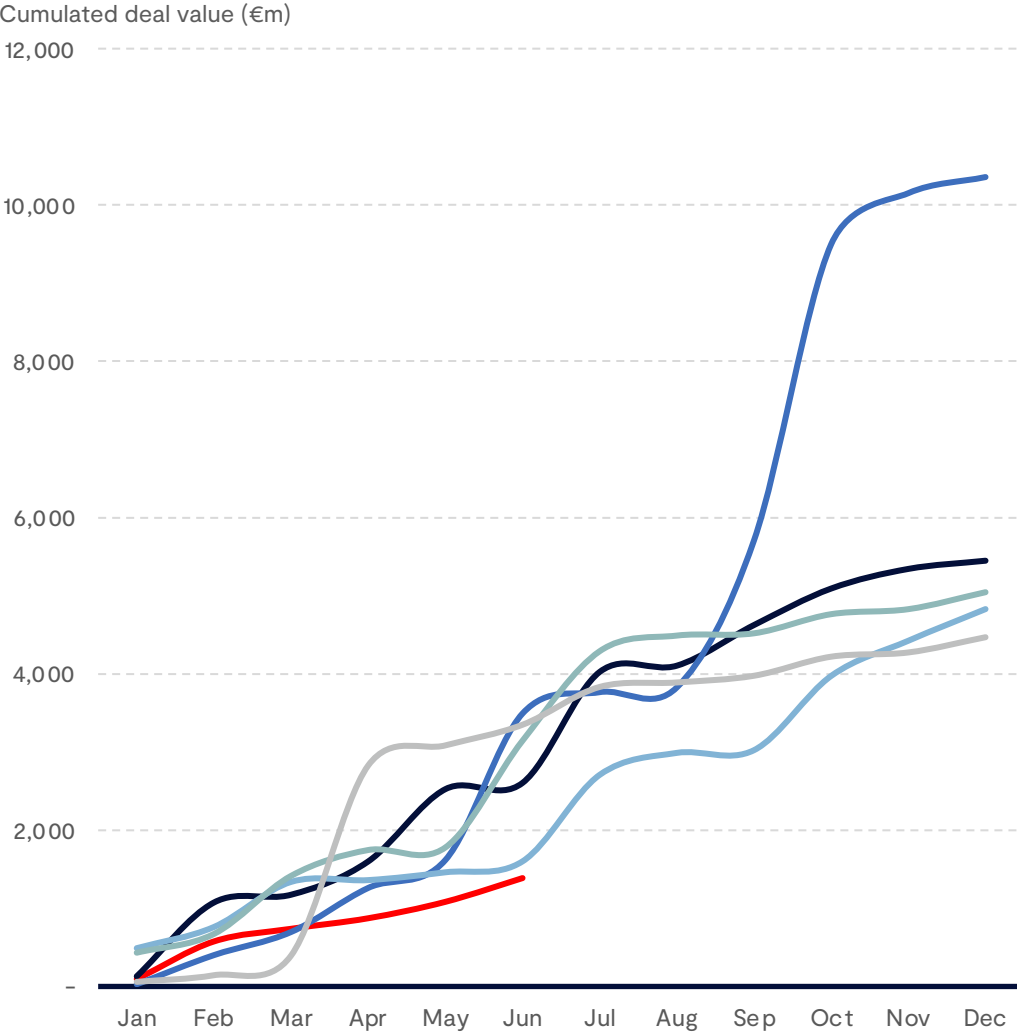
Top 10 VCs by no. of exits in Q2-23

1.		2 exits
2.		2 exits
3.		2 exits
4.		1 exit
5.		1 exit
6.		1 exit
7.		1 exit
8.		1 exit
9.		1 exit
10.		1 exit

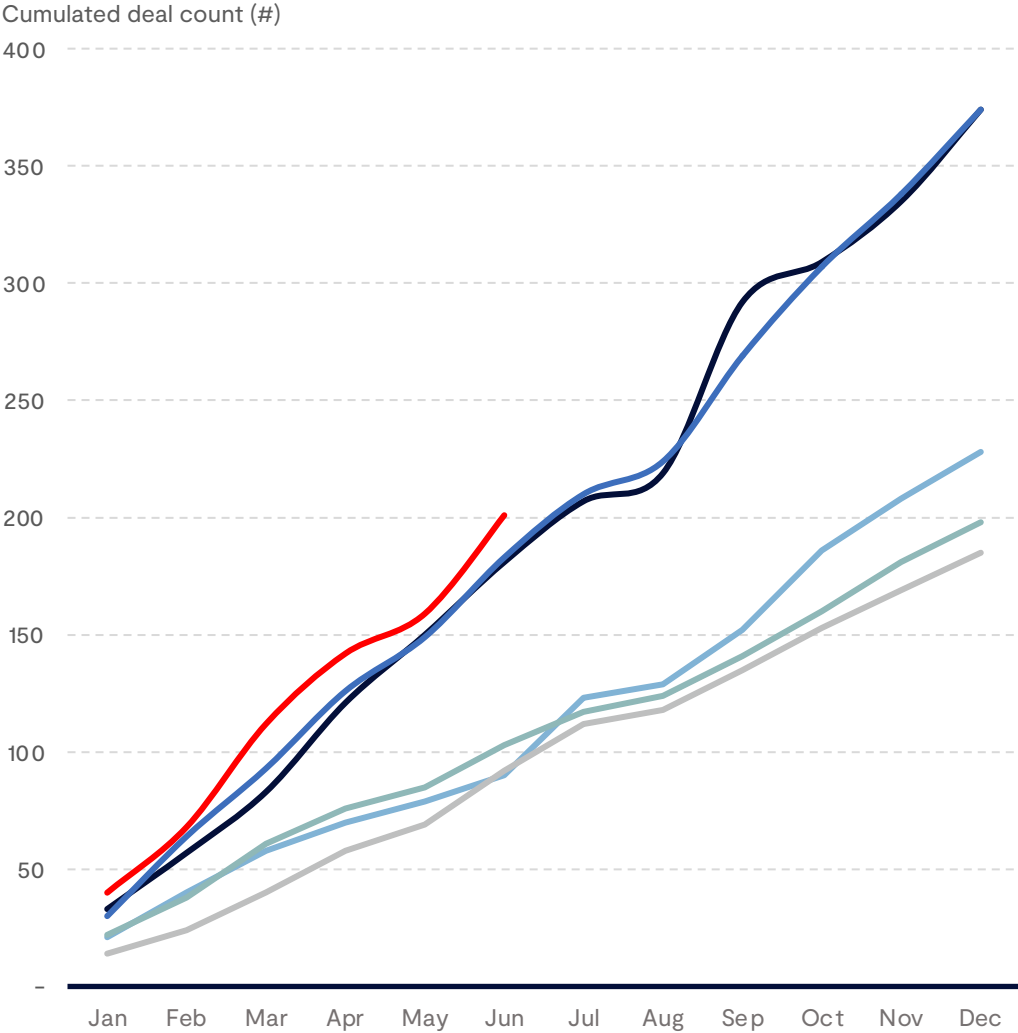
TECH EXIT TRENDS

TECH EXITS SEEMS TO BE RATHER LOWER-VALUE DEALS THAN IN PREVIOUS YEARS

The lowest cumulative deal value in S1-23 since 2018



... but an all-time-high start of the year in terms of deals activity



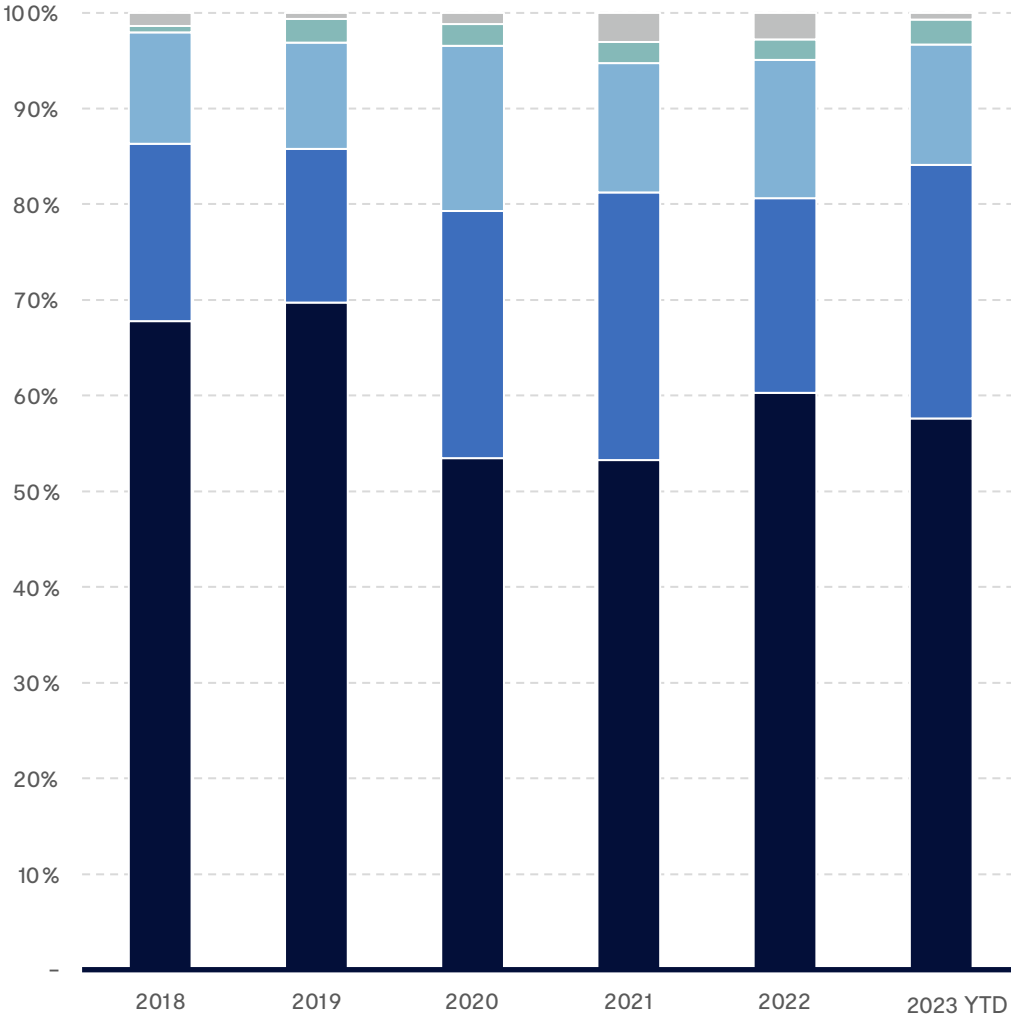
2023 2022 2021 2020 2019 2018

TECH EXIT TRENDS

EUROPEAN ACQUIRERS WERE THE MOST ACTIVE IN Q2-23 UNDER A DEAL VALUE PERSPECTIVE

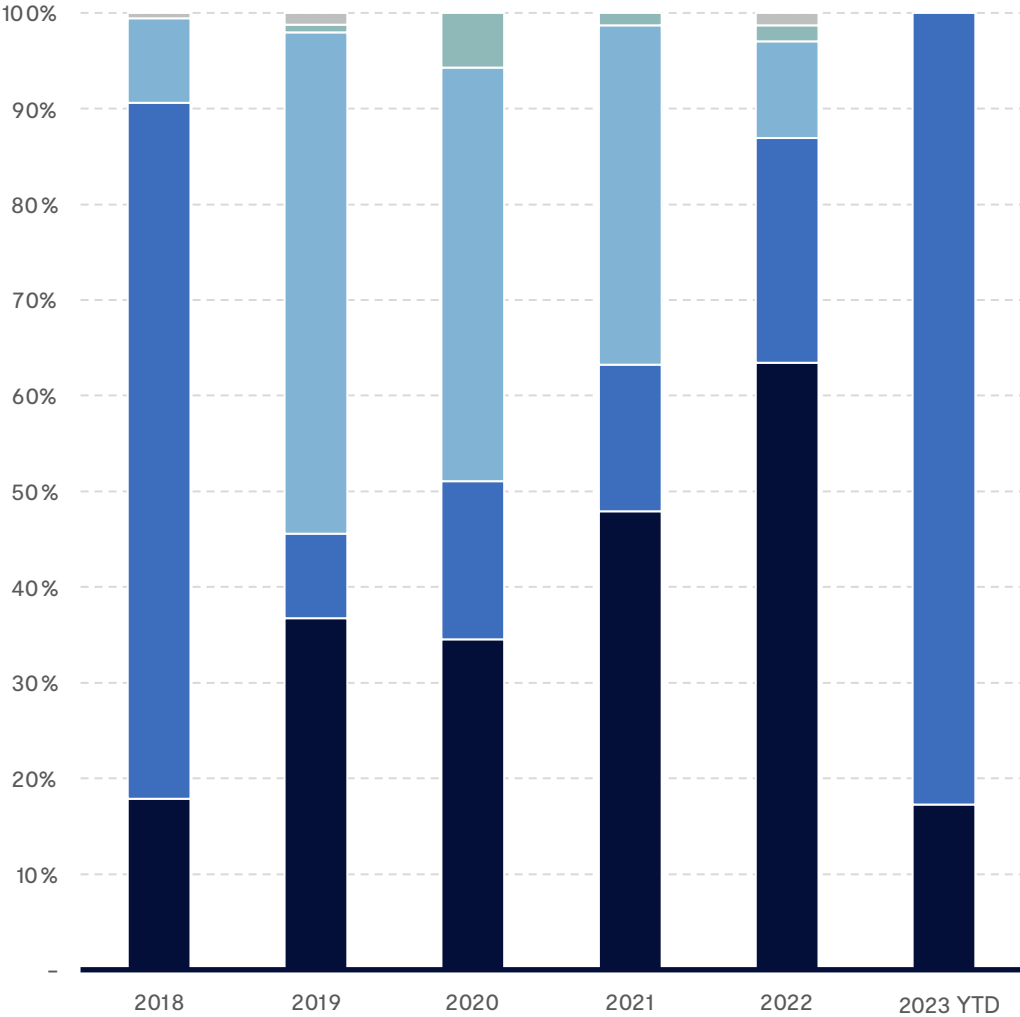
In Q2-23, acquirors were mostly French...

Distribution by no. of deals



...and mostly European centric in terms of deal value

Distribution by total exit value



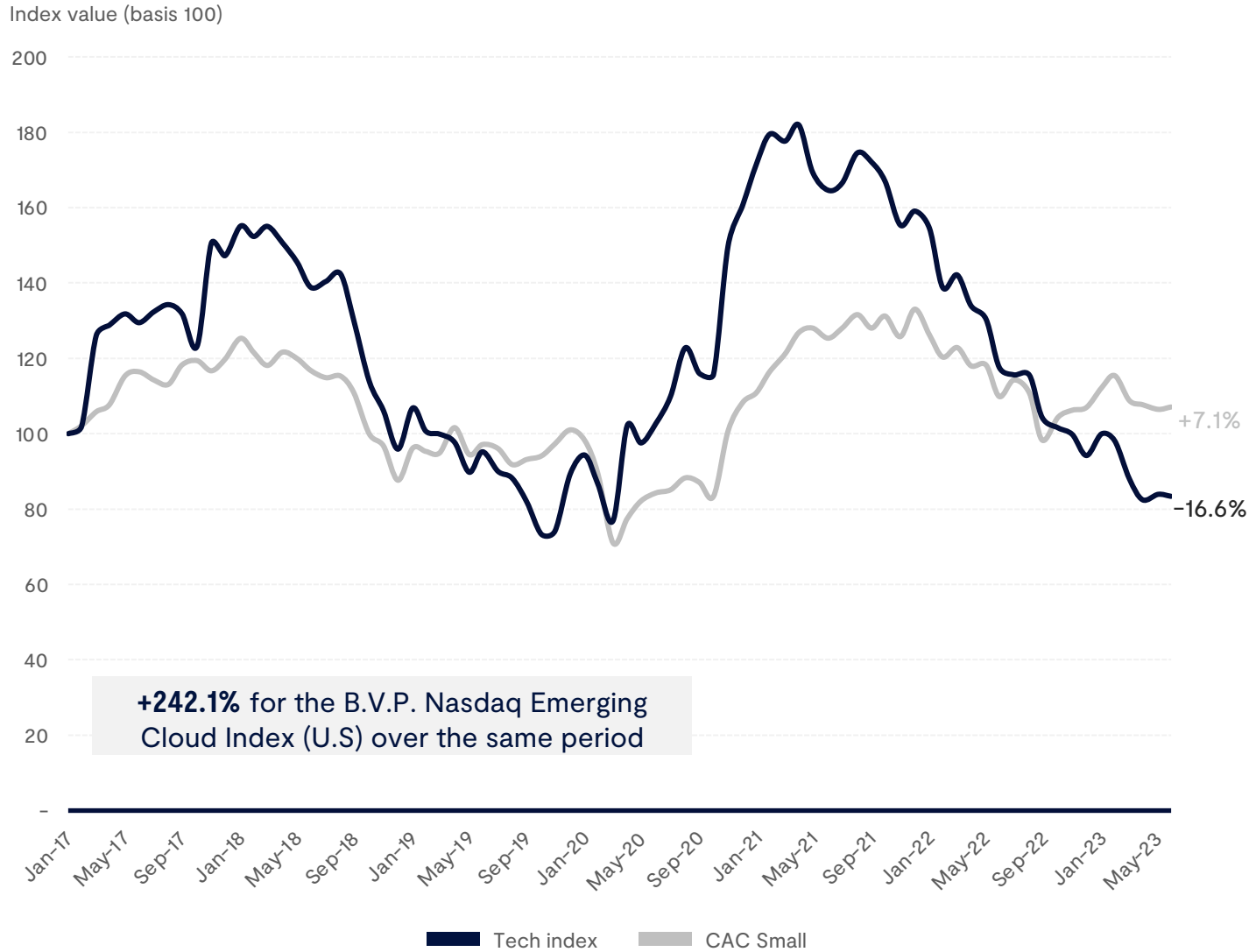
France Europe North America Asia Rest of the World

Note: based on transactions with known valuations

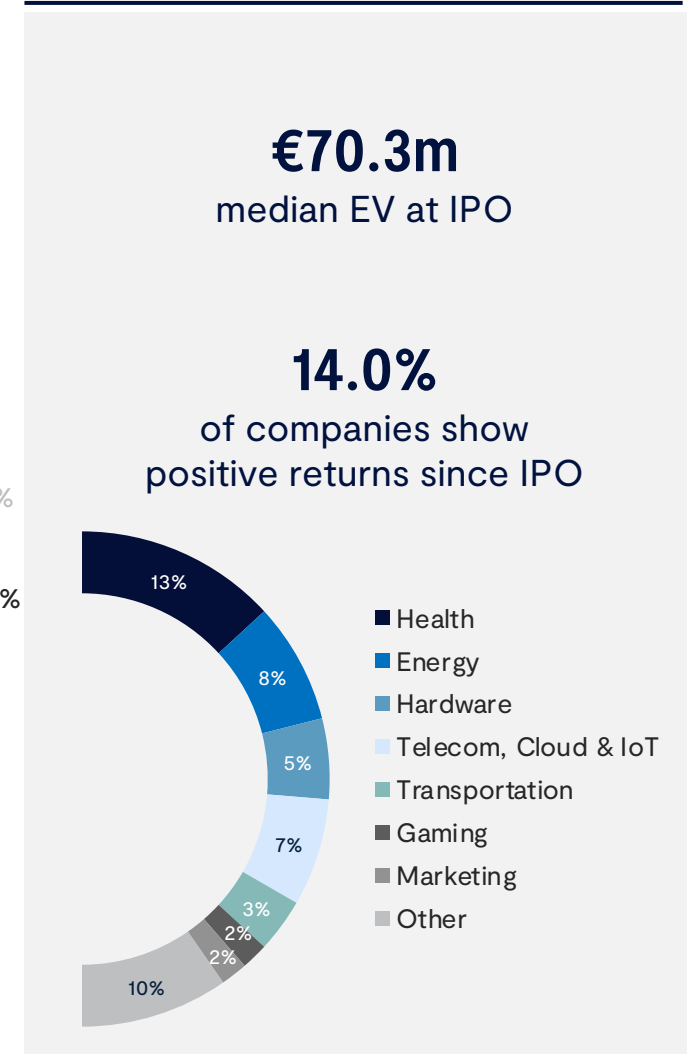
TECH EXIT TRENDS

AVOLTA'S PUBLIC FRENCH TECH INDEX

CAC Small show higher performance than Public French Tech companies



IPO characteristics & breakdown



Note: Index corresponds to returns of an equally-weighted portfolio of all tech IPOs since Jan. 2017

METHODOLOGY

DATA, DATA & DATA.

1. Building a platform for tech corporate finance

We chose from the beginning in 2012 to be pan-European and data-driven. So, we built Avolta.io, a unique platform to automate processes and scale our ability to help fast-growing tech companies in Europe.

Our platform concatenates European deals in the tech Industry with information on valuation, revenues and structuration. We source this private data from our network of providers, business partners and investors, combining it with unique insights from our team of analysts.

2. Scope of research

Business Models

- **Subscription:** SaaS or more traditional licensing revenue
- **Commission:** platform debiting a defined take rate from its flows
- **Manufacturing:** production and resale of goods
- **Performance:** built around usage from a recurring user community
- **eCommerce:** buy and online resale of goods
- **Retail:** resale of goods through brick-and-mortar shops
- **Audience:** traffic-based revenue
- **Service:** margin between labor cost and service invoice price
- **Research:** strong R&D focus to keep high barriers to entry

Exit types

- **Corporate:** the acquiror is a corporate
- **PE fund:** the acquiror is a private equity fund (non-leveraged, LBO, MBO, OBO)
- **IPO:** Initial Public Offering through financial markets

3. Definitions

Enterprise Value (EV): calculated as Equity Value + Net Debt when legal information is found. Otherwise, estimated EV from several sources: Dealroom.co, Pitchbook, Pappers, CFNews, Avolta's private networks and public media.

Avolta Tech Index: composed of 2MX Organic, Adeunis, Advicenne, Aelis Farma, Affluent Medical, Alveen, Arcure, Balyo, Believe, Biom'Up, Boostheat, Broadpeak, Cabasse, Deezer, Don't Nod, ENENSYS Technologies, Energisme, ERYTECH Pharma, Exclusive Networks, FNP Technologies, Groupe Tera, Haffner Energy, Hopium, Hydrogen-Refueling-Solutions, Inventiva, Kalray, Keyrus, Kumulus Vape, Largo, Lepermislibre, Lhyfe, Lysogene, MaaT Pharma, Medesis Pharma, Munic, Nacon, namR, Nanobiotix, Navya, Obiz, Octopus Biosafety, Ordissimo, Osmozis, OVH, Oxatis, Predilife, Prodways, S.M.A.I.O, Spartoo, Theranexus, Toosla, UV Germi, Valbiotix, Vente-Unique.com, Vogo, Voluntas, Waga EnergyY.

4. Sources



ABOUT AVOLTA

LEADING TECH M&A AND FUNDRAISING ADVISOR IN EUROPE ON €10-300M DEALS



- Leading tech advisor in Europe
- 120 deals for €2bn+ completed in 10 years
- All types of transactions (€10-300m deals)
 - M&A & LBO: 50% of our deals
 - Fundraising (Series A/B/C+) : 50% of our deals
- 60% cross-border deals
- 100% Tech companies, with major focus on:
 - Software
 - Sustainability
 - Fintech
 - Deeptech
 - Digital Services
 - Online Retail
 - Web 3.0 & Gaming



RESEARCH TEAM



Arthur Porré
Founding Partner



Alexandre Meiers
Vice President



Olivier Saint-Marc
Senior Analyst

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Avolta

With 120 deals executed for €2bn in total over the last 10 years, Avolta is one of the most active Tech M&A advisors in Europe. Based on this expertise, Avolta's team of 20 people has maximised the value of each and every deal in terms of valuations and overall conditions – this due to its time-tested sectorial methodology and expert negotiating skills