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VC/M&A Tech Trends France Q2 2022

Introduction

Navigating uncertainty

After a record Q1-22, €5bn in total funding for French Tech, and in the midst of what could be one of the worst economical crisis of the decade, most people have been bracing for impact in Q2-22. However, the data was rather (positively) surprising as total funding for Q2-22 reached €3.6bn, which represents the 3rd best quarter in French Tech history.
In total, H1-22 is the highest semester ever with €8.6bn in total funding.

So, for now, in France, market positive drivers – mainly the huge amount of dry-powder available – are resisting against the negative ones – bear market in Tech, war in Ukraine, inflation.

The latest French presidential elections will also play a role on the ecosystem, as President Macron only got a simple majority at the French Parliament and might be less able to enact new laws favourable to French Tech as he did in the last 5 years.

In Europe, the trend is rather stable with €30bn in total funding per quarter, stable – slightly down - compared to 2021. Europe seems to be more resilient so far than the US, which saw Q2-22 down to €60b in total funding, compared to €100bn in Q4-21.

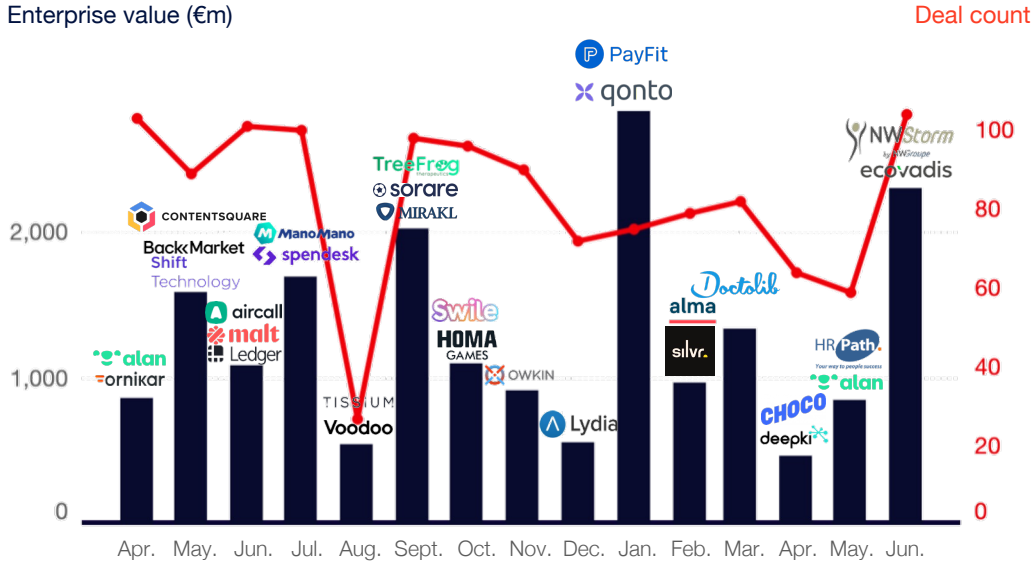
It is very difficult to predict the future in such an uncertain environment, but it is very likely that the bear market will have a greater impact on venture capital funding in Europe in the coming months, as it has already done in the US in H1-22.

On the M&A front, the impact of the current economic crisis on the French Tech is much more noticeable. Q2-22 total exit value was €1.2bn. Added to a super low Q1-22 at €800m, H1-22 is one of the worst semester ever in total exit value for French Tech.
Nevertheless, some indicators are reassuring for the future of the ecosystem:

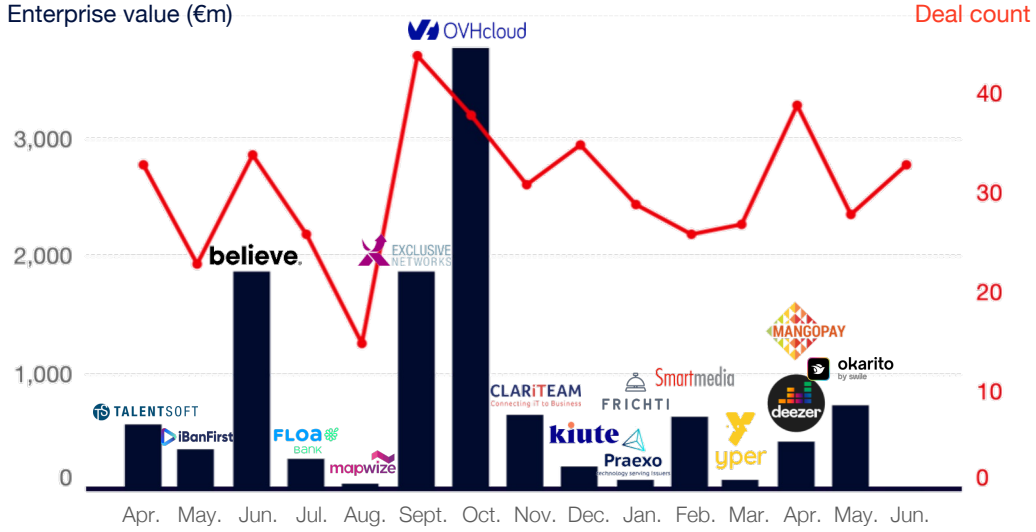
- Activity (no. of deals) is very high with nearly 100 deals per quarter, twice as many as pre-covid
- Scale-ups have become much more active acquirers with 30 deals in H1-22, up 3 times more than in H2-21 and before.

Arthur Porré, Founding Partner, Jul. 6th, 2022

€3.6bn raised by French startups in Q2 2022, same as Q2 2021



€1.3bn total value for French tech exits in Q1 2022

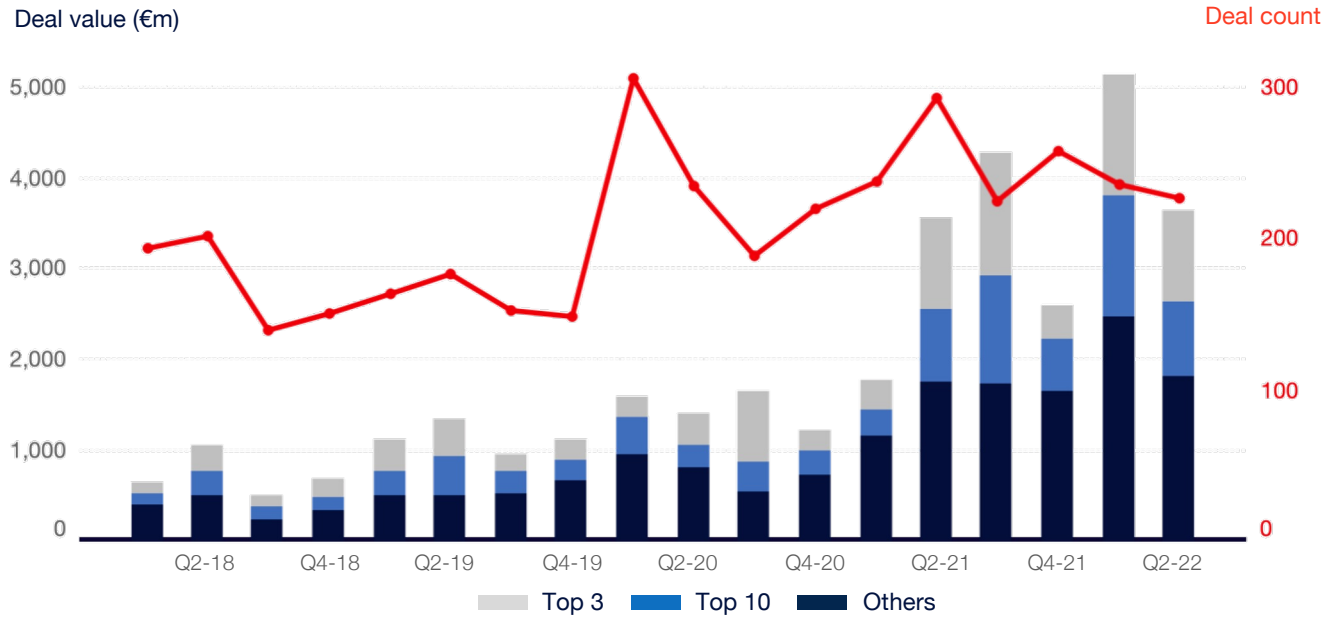


VC trends

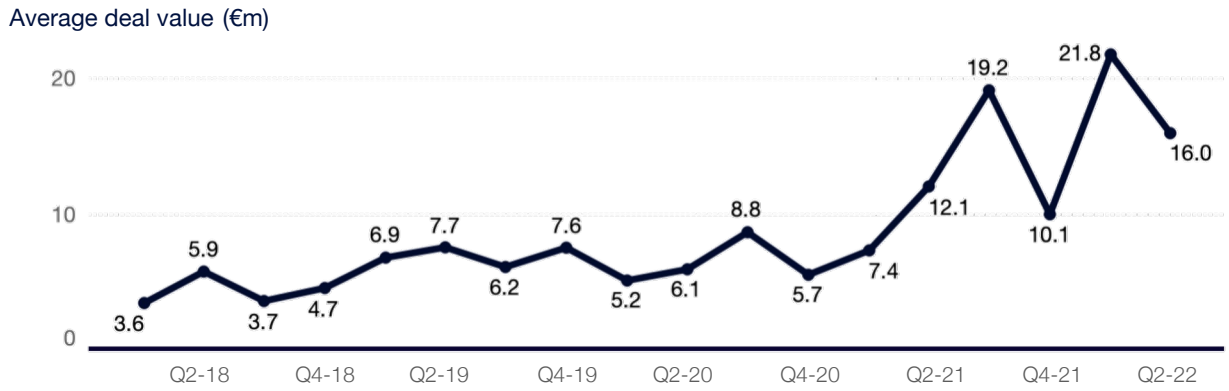
VC trends

VC deals activity: 227 funding rounds in Q2-22 for €3.6bn in total deal value

Strong Q2-22 in line with last years' Q2



Average deal value stays strong compared to past quarters



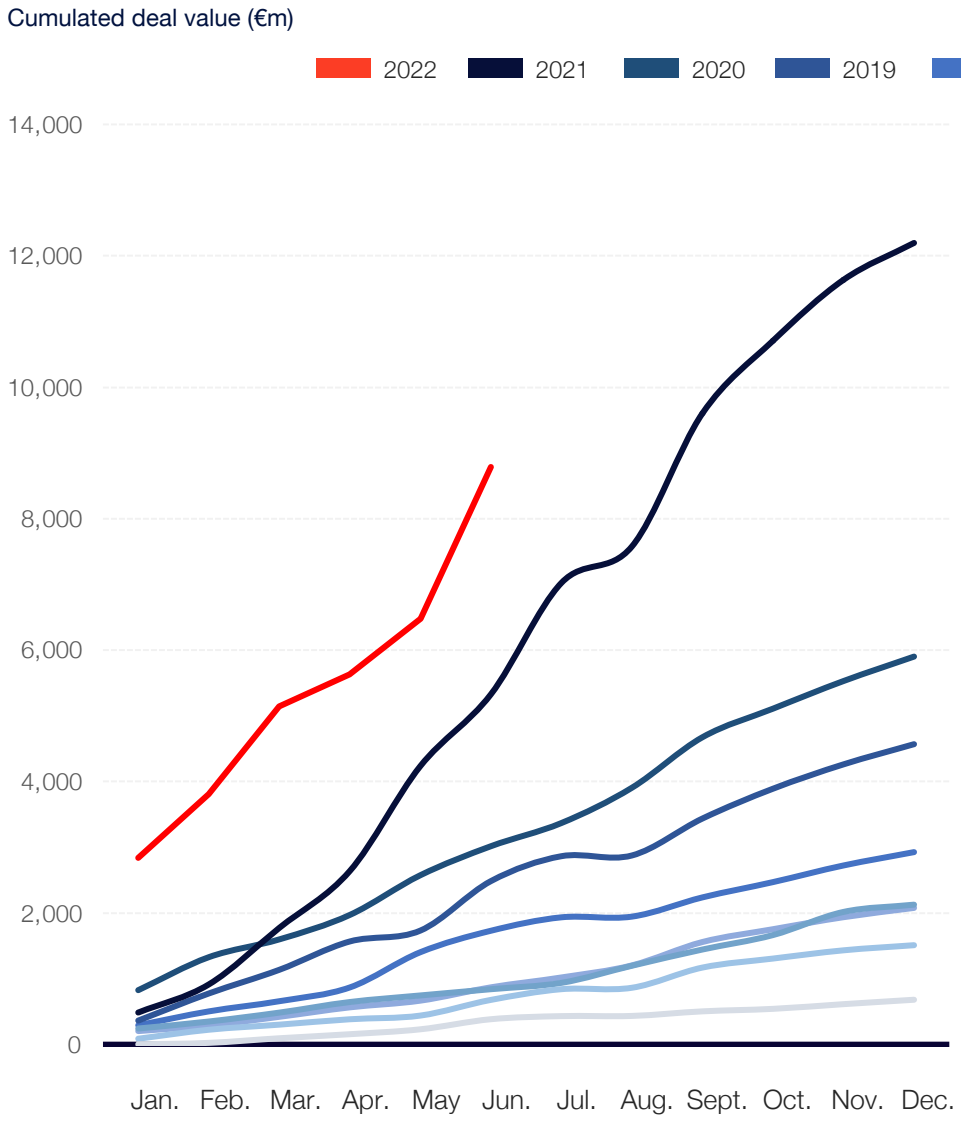
Top 5 funding rounds of Q2 2022

1. ecovadis — €479m
   led by Astorg
2. NWStorm by NWGroupe — €300m
   led by RGreen Invest
3. HR Path. Your way to people success — €225m
   led by Andera Partners
4. alan — €183m
   led by Teachers' Venture Growth
5. ELECTRA — €160m
   led by Eurazeo

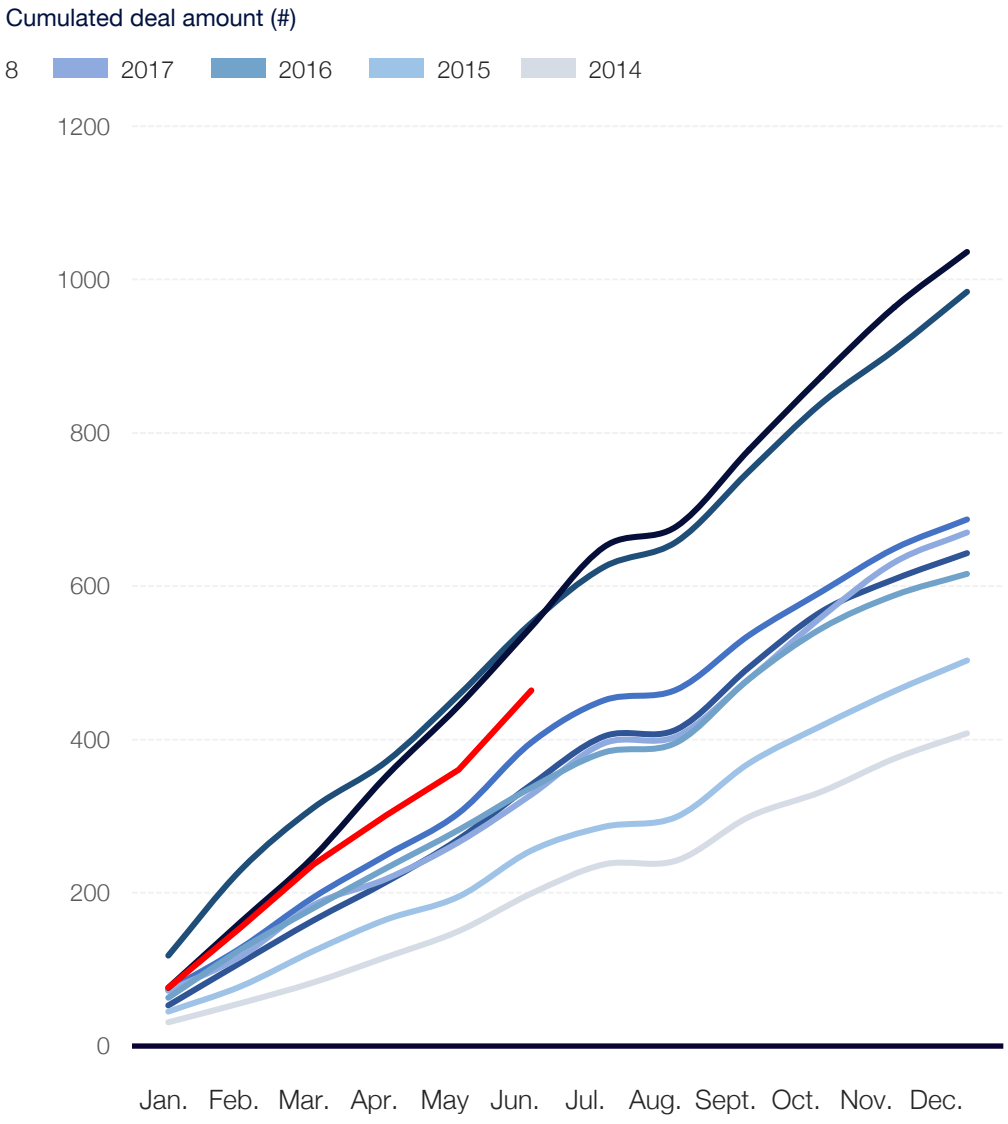
VC trends

Yearly trends: cumulative number of deals and amounts

Record breaking year already in terms of investments…

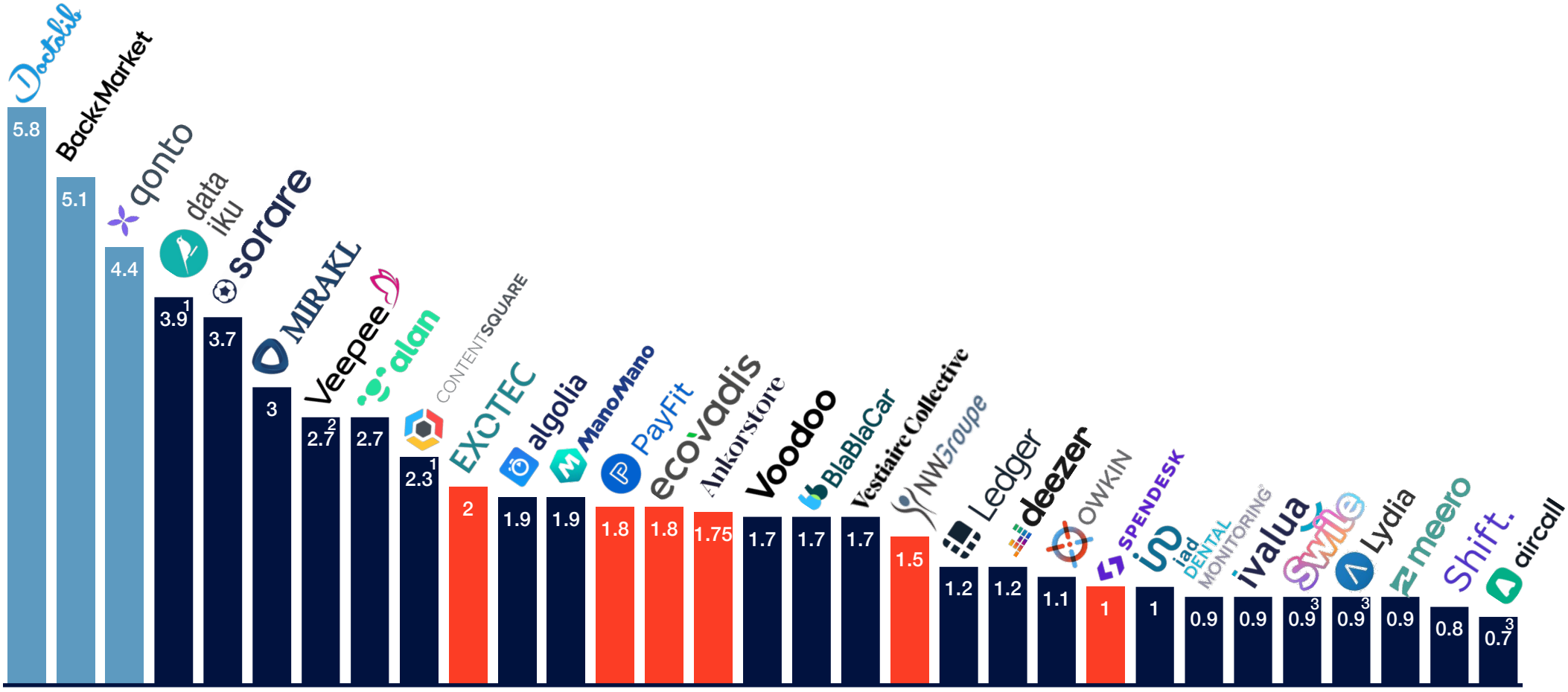


…while number of deals is slightly lower than 2021



VC trends

France is home to 31 $-Unicorns as of Jun-22 including 6 new in 2022



Last round valuation (€bn)

Unicorn status reached before 2022 | Unicorn status reached in 2022 | Unicorn that raised a new round in 2022

[1]Headquarters in the U.S [2]Not confirmed Yet [3]Estimated

VC trends

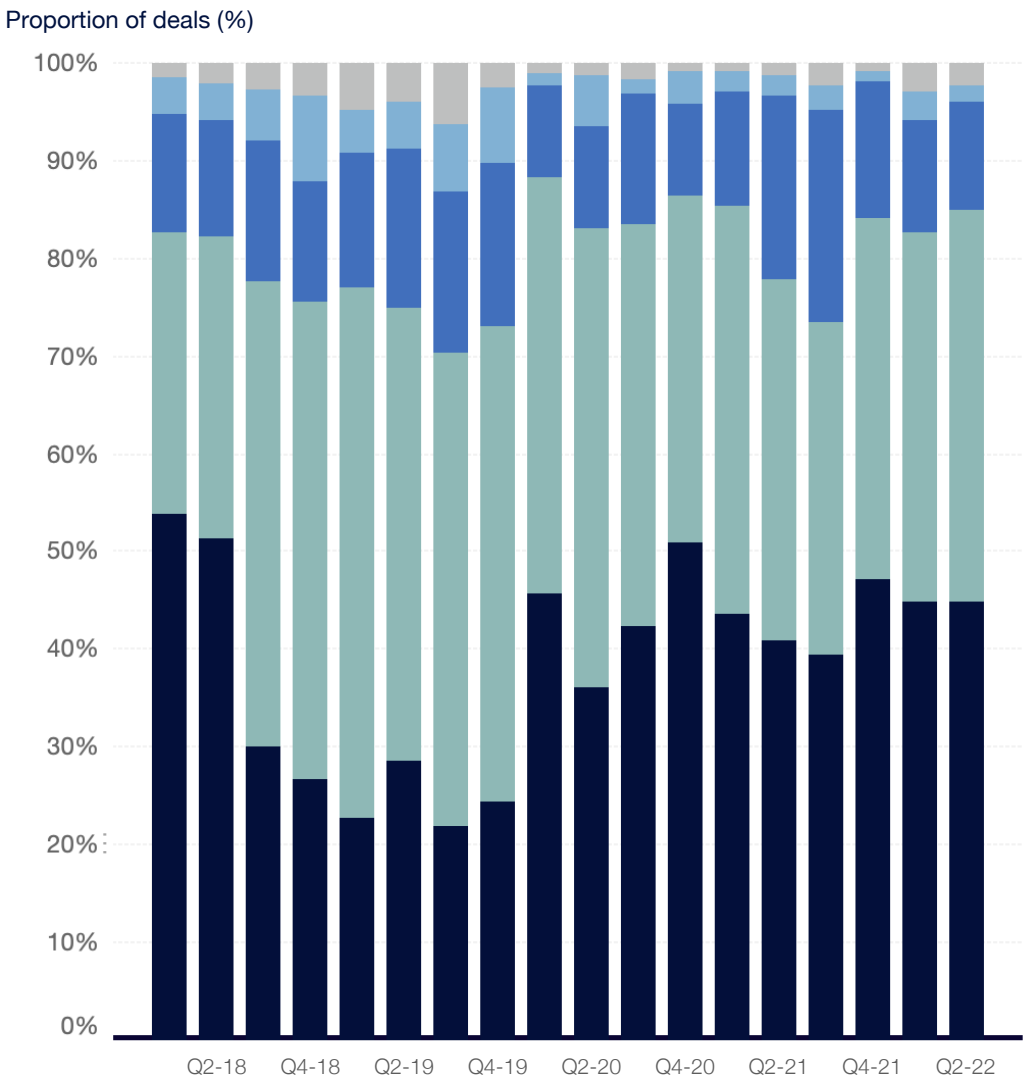
Avolta Next 20: who will be France's next unicorns?*

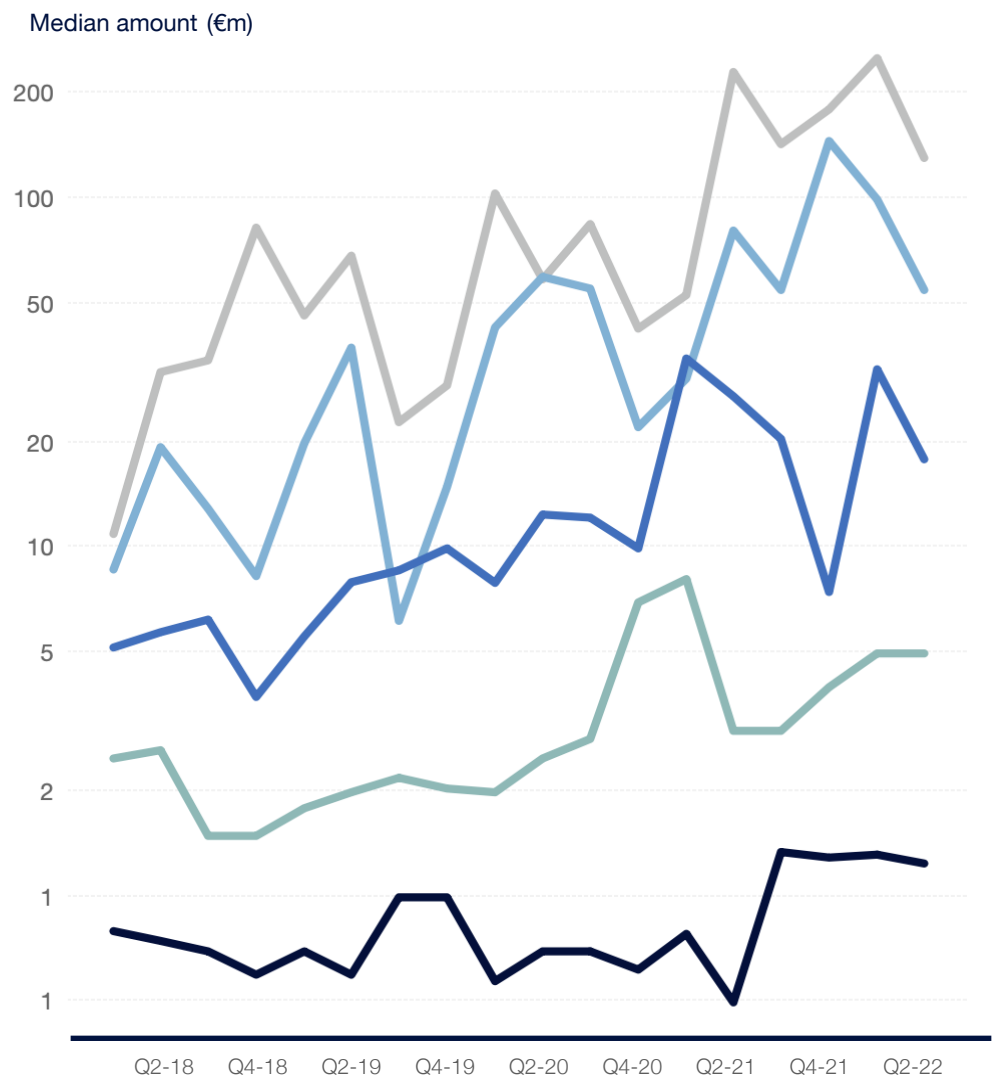
Ynsect Oct. 20 – Series C €315m	akeneo Mar. 22 – Series D €187m	alma Feb. 22 – Series C €176m	DNASCRIPT Oct. 21 – Series C €165m	360Learning Oct. 21 – Series C €172m
deepki Mar. 22 – Series C €160m	younited credit. Jul. 21 – Series C €142m	sendinblue Sep. 20 – Series C €140m	Fornikar Apr. 21 – Series C €100m	DEVIALET Nov. 16 – Series C €100m
leocare Nov. 21 – Series B €98m	AGICAP May 21 – Series B €82m	malt May 21 – Series C €80m	KAYRROS Mar. 22 – Series C €72m	SWEEP Apr. 22 – Series B €66m
Brut. Jun. 21 – Series C €63m	lumapps Jan. 20 – Series C €63m	Pigment Nov. 20 – Series C €63m	PLAY PLAY Feb. 22 – Series B €60m	luko Dec. 20 – Series B €50m

*The amount is the total raised to date in €m

VC trends

While round sizes skyrocket, Seed & Series A still represent 80% of the total number of transactions

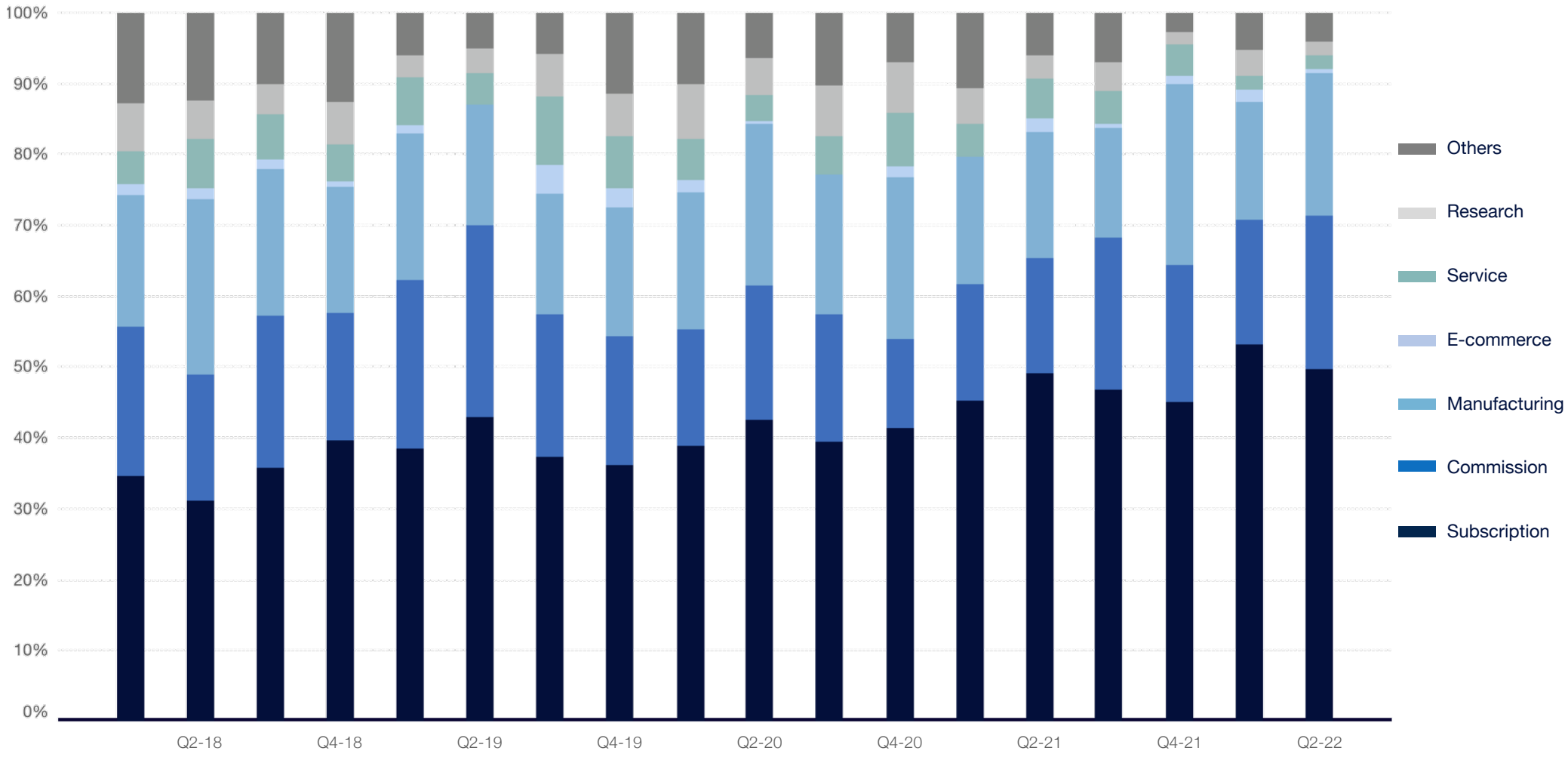




Seed | Series A | Series B | Series C | Series D+

VC trends

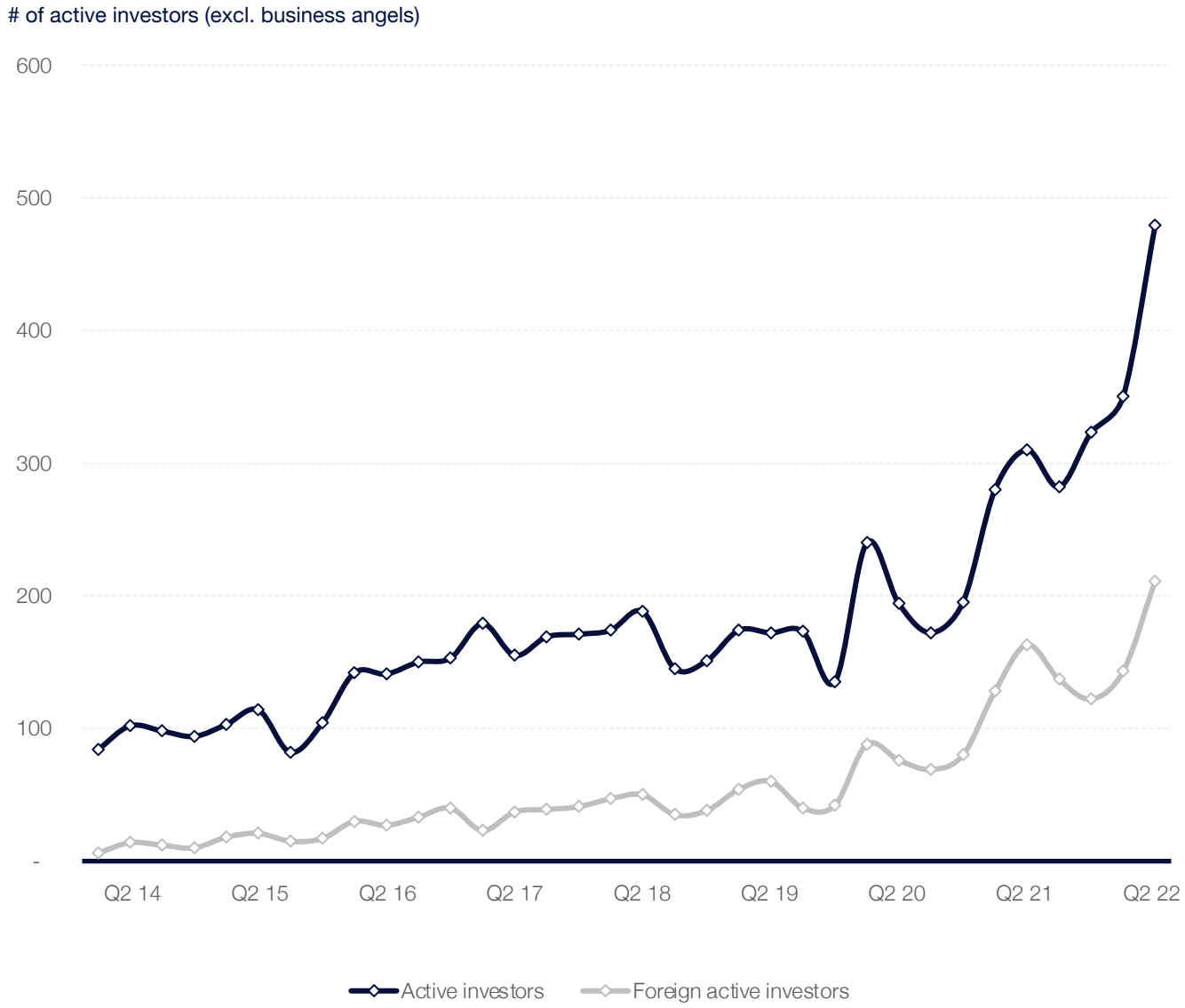
Subscription-based business models continue to attract most investments (#)



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

VC trends

479 active investors on the market in France in Q2-22, an appreciation of 1.5x over Q2 2021



Top 10 active VCs in last 3 months

1.	bpifrance	55 deals
2.	kima ventures	26 deals
3.	Ui investissement	7 deals
4.	XAnge Siparex Group	7 deals
5.	EURAZEO	6 deals
6.	SUPER NOVA INVEST	6 deals
7.	FOUNDERS FUTURE	6 deals
8.	BANQUE des TERRITOIRES	2 deals
9.	irdi CAPITAL INVESTISSEMENT	4 deals
10.	CA	2 deals

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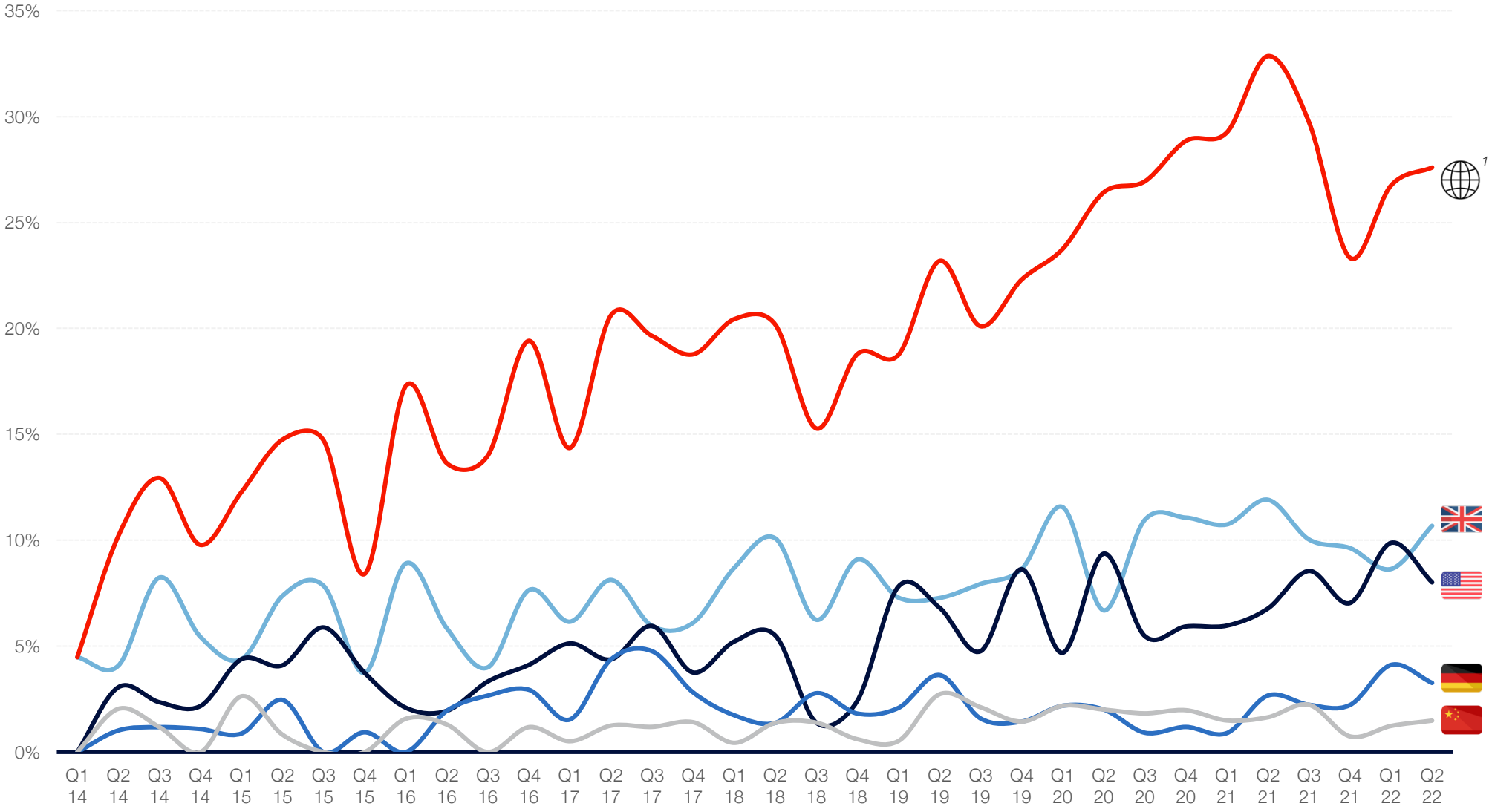
VC trends

Foreign investors are in slightly more than 1/4 of all fundraising rounds



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

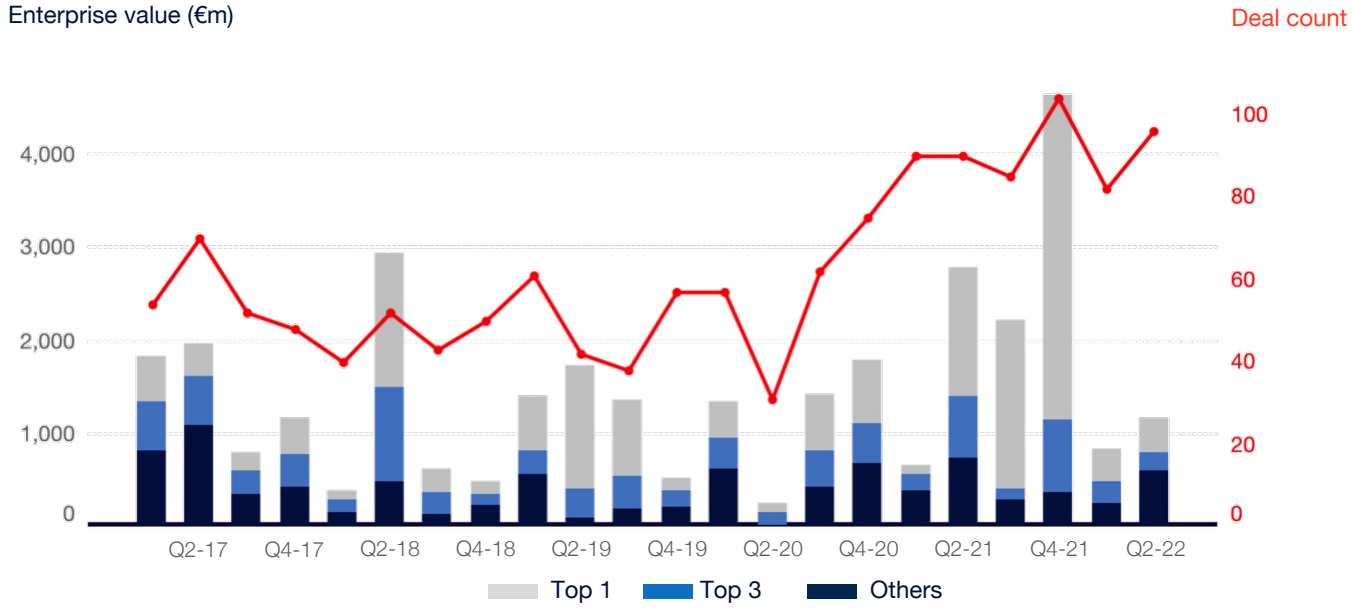
[1]% of deals with at least one foreign investor

Tech exit trends

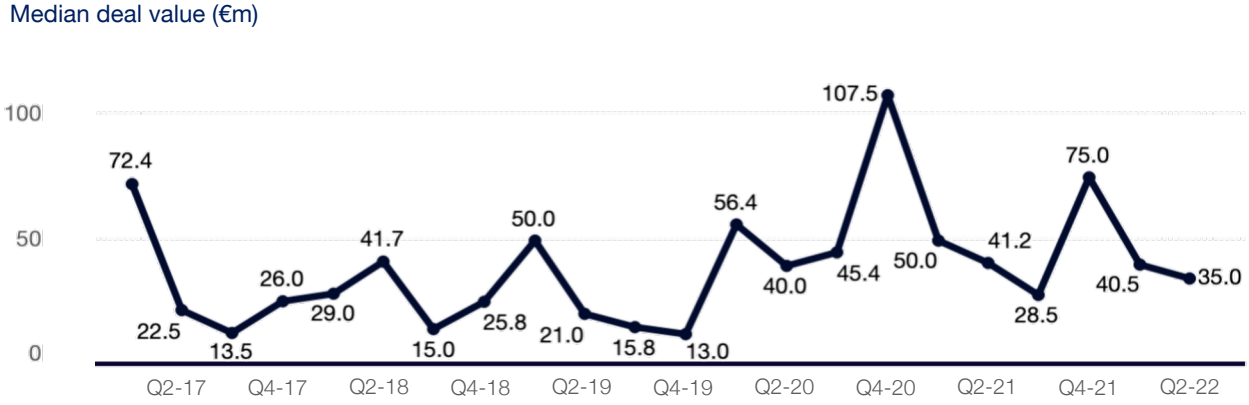
Tech exit trends

Tech exit activity: 96 deals in Q2-22 for €1.3bn in total deal value

Tech exit value grows compared to last quarter



Exit deal value in line with previous quarters



Top 5 Tech exit deals in Q2-22

	Lhyfe IPO Euronext Paris	€378m
	leetchi by Advent International	€100m
3.	AD YOU LIKE. by Content Amp	€92m
	cajoo by Flinck	€88m
	broadpeak IPO Euronext Growth	€80m

Tech exit trends

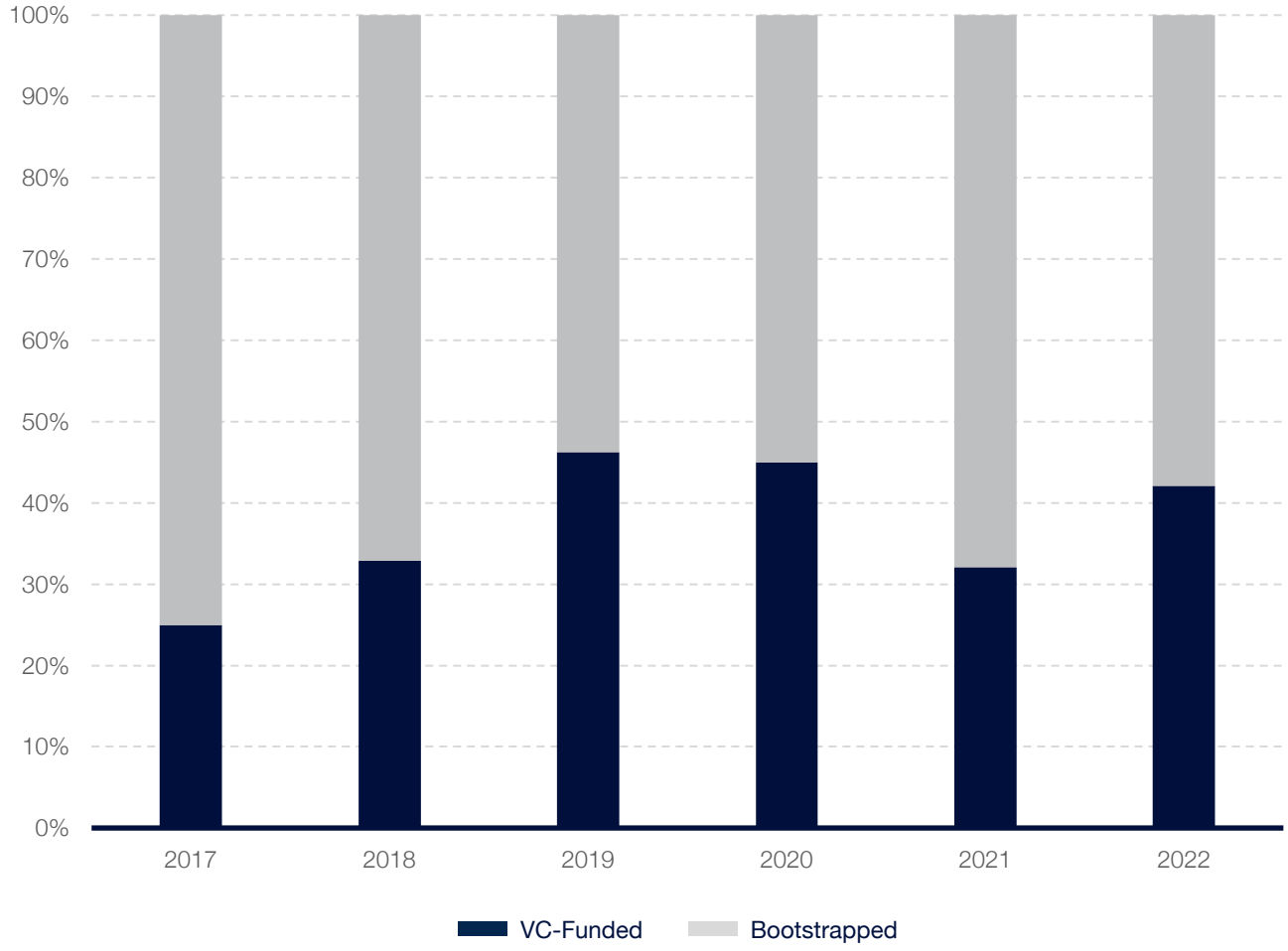
VC-funded exits represent only 42% of deals in 2022 (#)

€4.0m

Median funding amount at exit

9y vs. 11y

Avg. age of funded companies vs. bootstrapped companies at exit



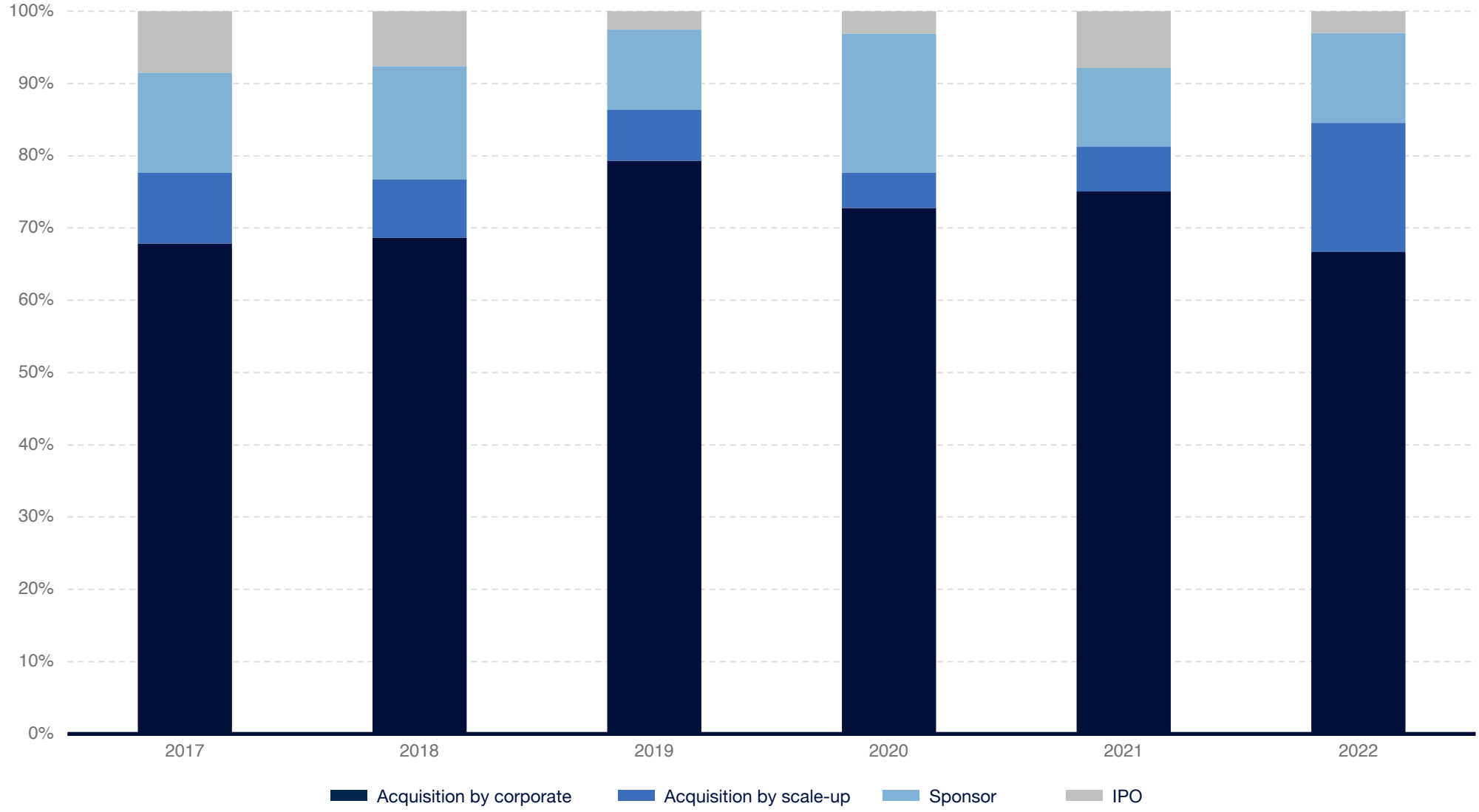
Top 10 VCs by no. of exits in last 12 months

1.	bpifrance	39 Exits
2.	kima ventures	15 Exits
3.	Agoranov	10 Exits
4.	XAnge Siparex Group	10 Exits
5.	partech	8 Exits
6.	360 CAPITAL	7 Exits
7.	PLUGANDPLAY	7 Exits
8.	OMNES	4 Exits
9.	ENTREPRENEUR VENTURE	3 Exits
10.	THE FAMILY	2 Exits

Tech exit trends

Scale-ups are increasingly active as acquirors

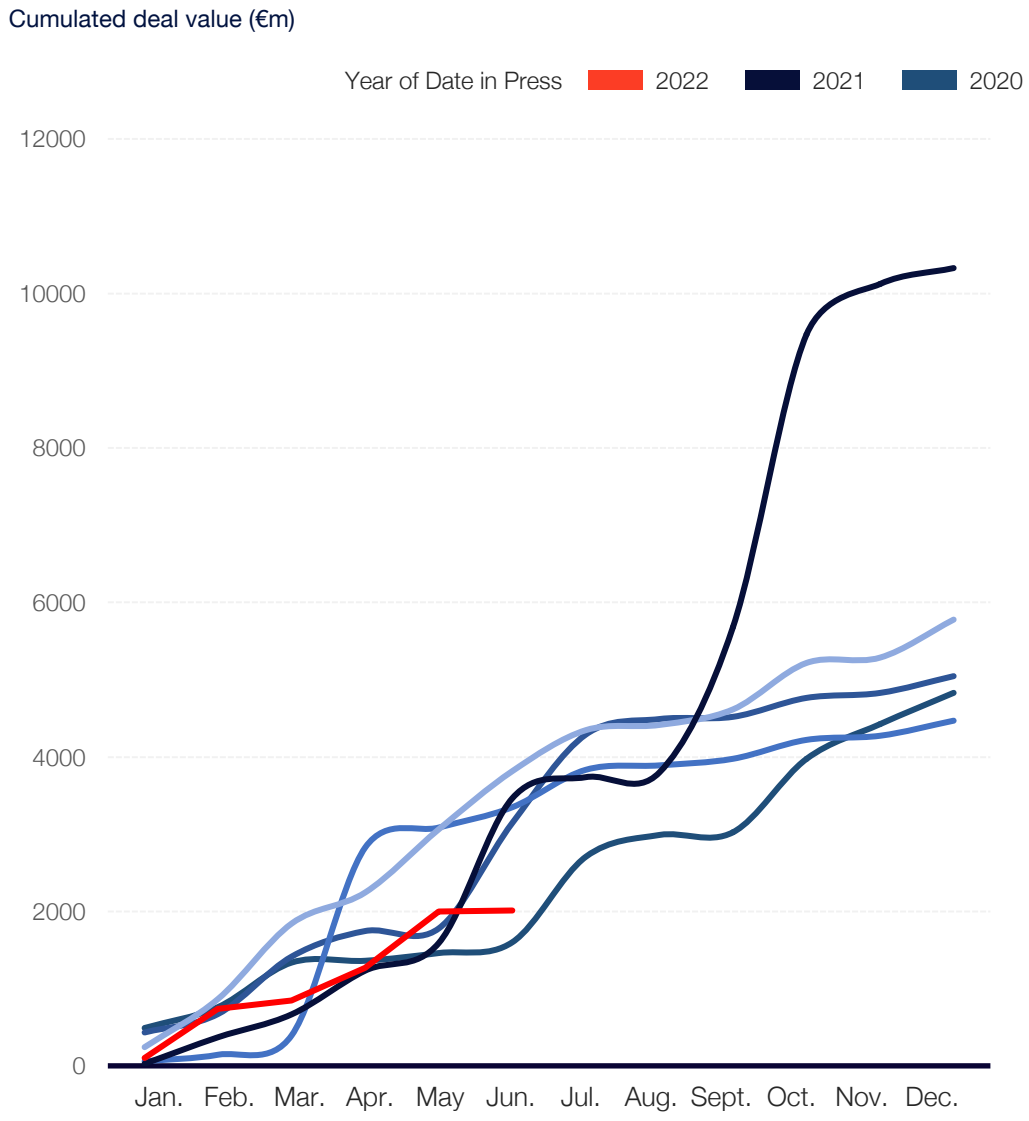
Breakdown of deals per acquiror type (%)



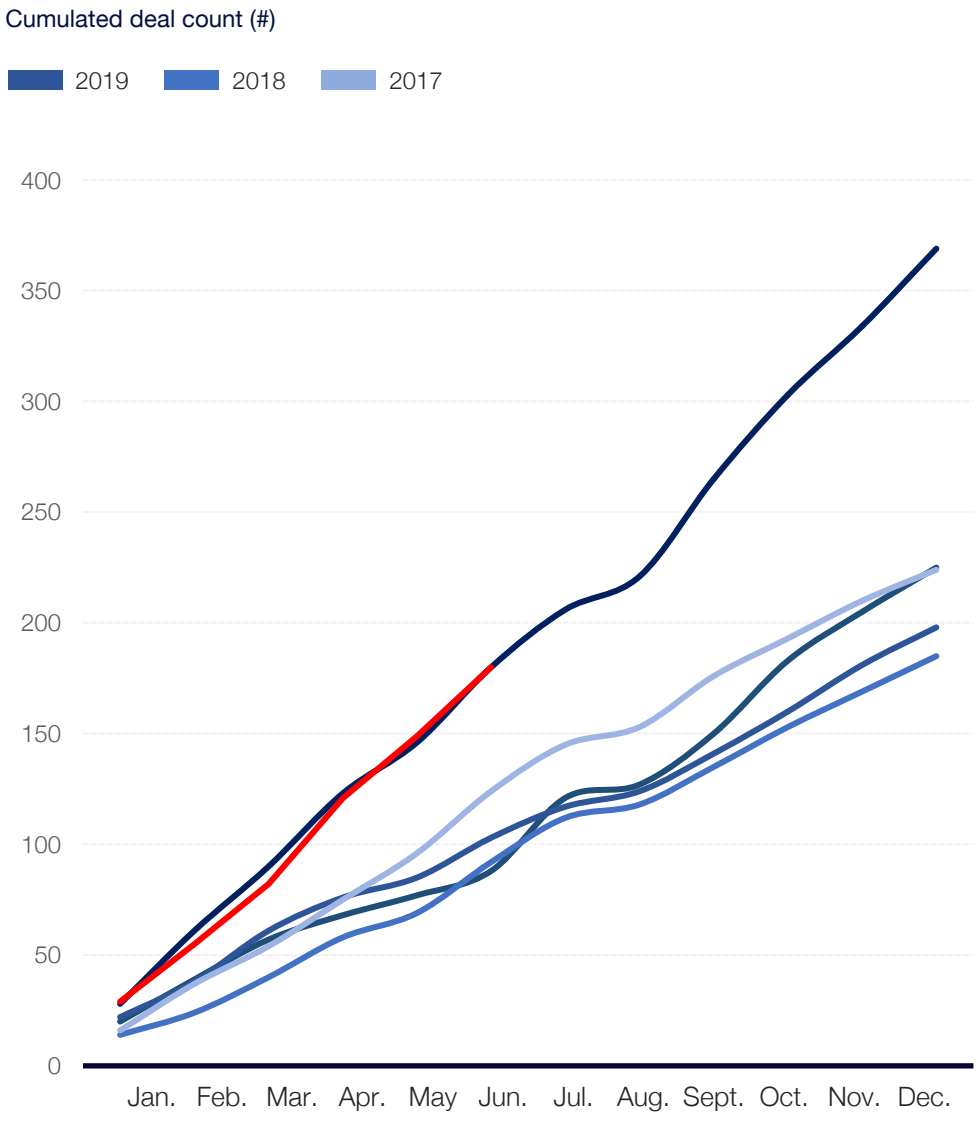
Tech exit trends

Yearly trends: cumulative number of deals and amounts

Slow start for tech exits in terms of deal value…



…and same number of deals compared to last year

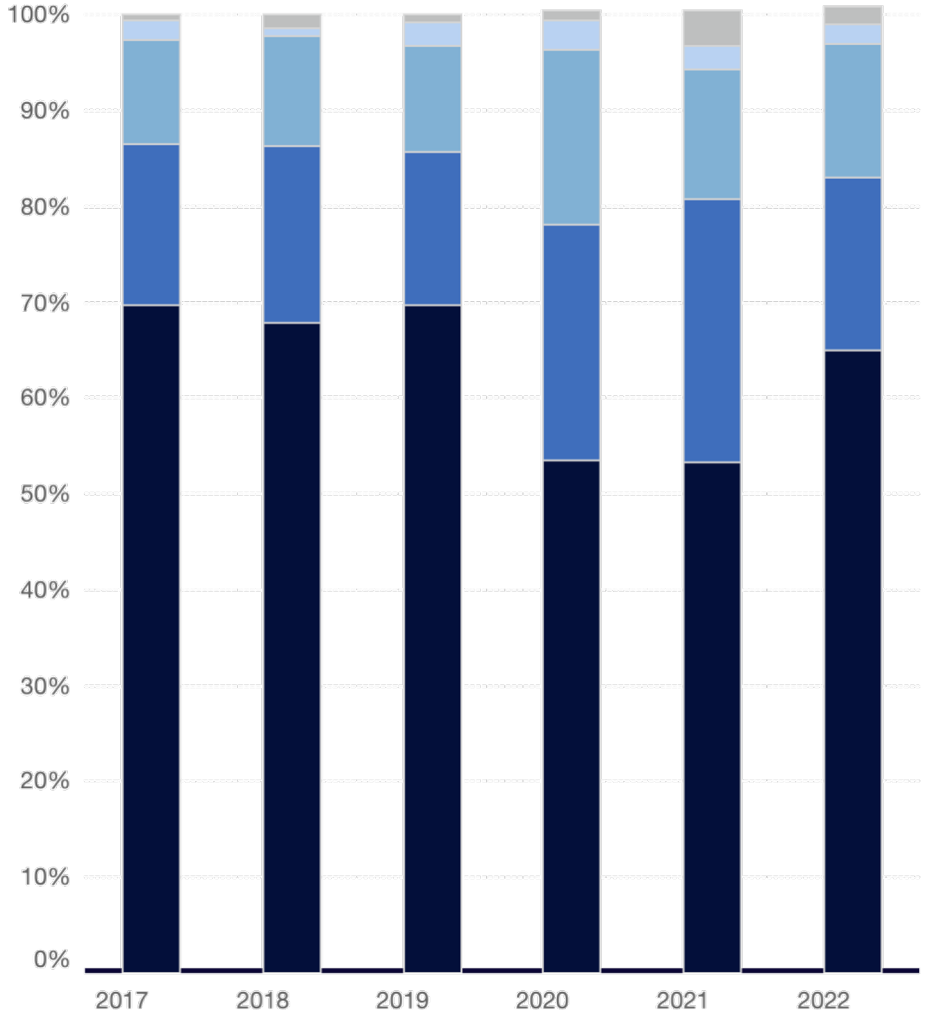


Tech exit trends

Distribution of acquirers by geography

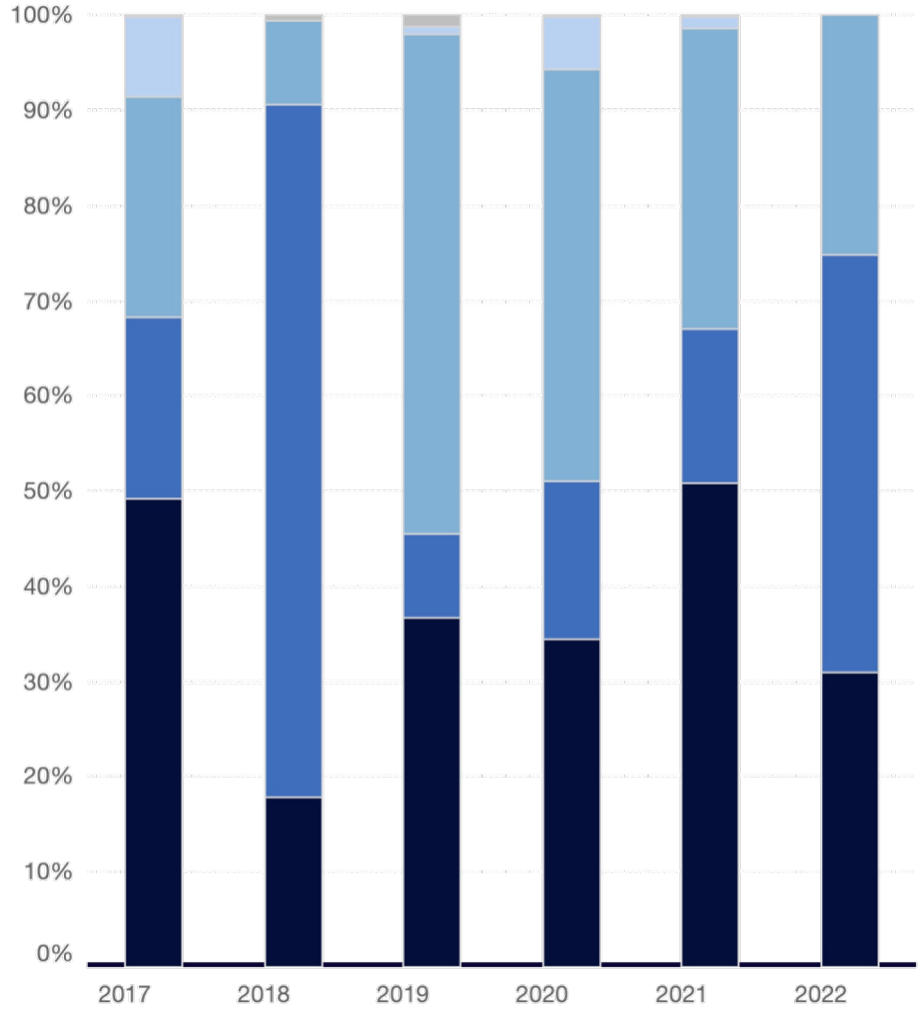
There are more foreign acquirors…

Deal count



…that represent the strong majority of deal value in 2022

Deal value

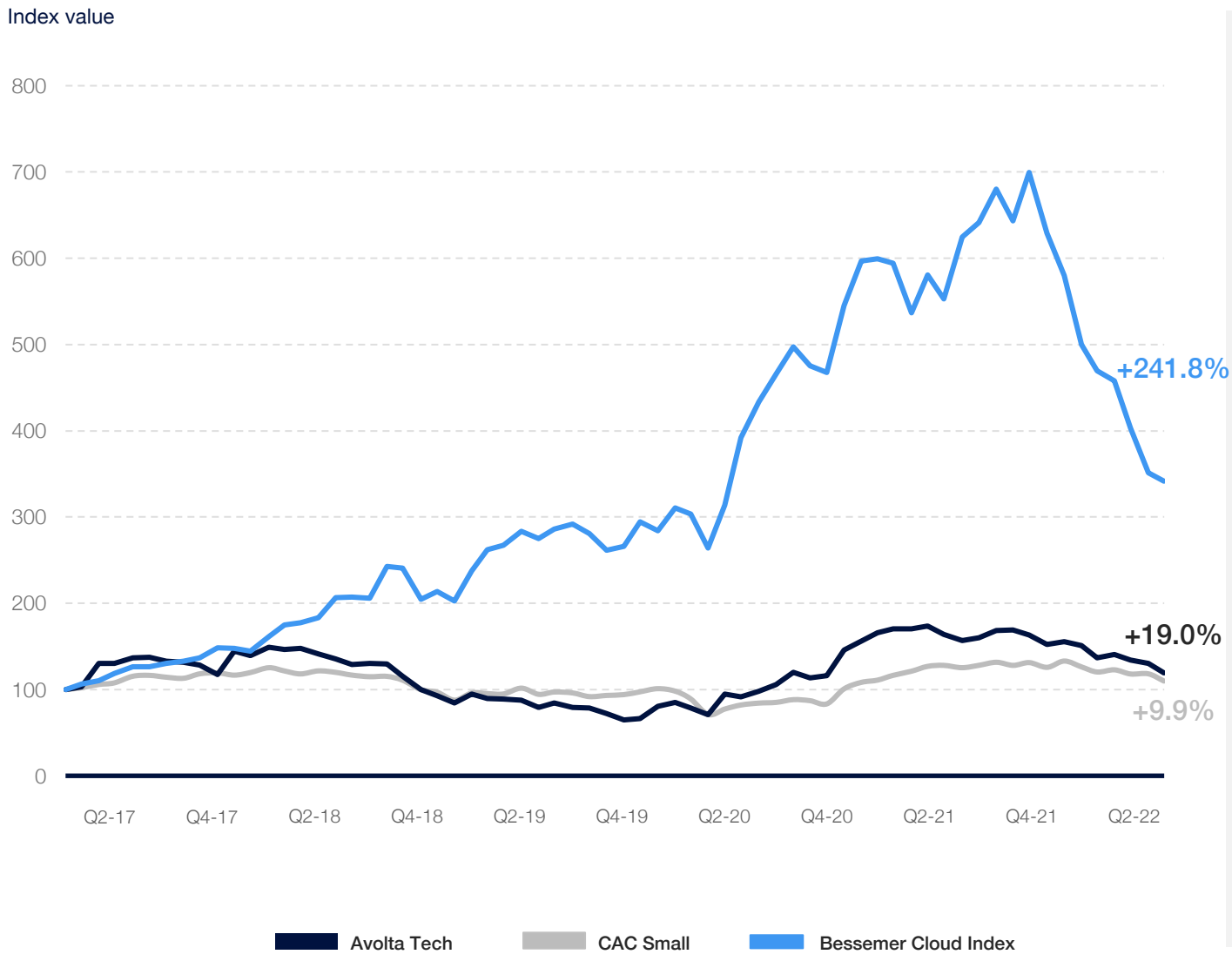


France Europe North America Asia

Tech exit trends

Avolta Partners' Public French Tech Index[1]

Public tech companies show higher performance than CAC small but far behind US tech



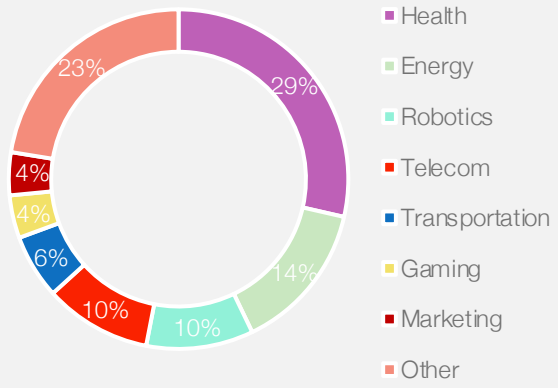
IPO characteristics & breakdown

€72.3m

median Market capitalization at IPO

31%

of companies show positive returns since IPO



[1]*Index represents returns of an equally-weighted portfolio of all tech IPOs since Jan. 2017*

Methodology

Data. Data. Data.

Building a platform for Tech corporate finance

With 100 deals closed in 8 years, we chose from the beginning 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.

Enterprise Value (EV)
Calculated as Equity Value + Net Debt when legal information is found. Otherwise, estimated EV from several sources: dealroom.co, Mergermarket, Bureau Van Dijk, Crunchbase, CFNews, Avolta's private networks and public media.

Exit types

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

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 labour cost and service invoice price
- **Research**: strong R&D focus to keep high barriers to entry

dealroom.co

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About Avolta Partners

Leading Tech M&A Advisor in Europe on €10-200m Deals

avoltapartners

- 20 deals / €1bn completed in 2021
- 100 deals / €2bn+ completed in 8 years
- All types of transactions (€10-200m deals)
  - M&A & LBO: 50% of our deals
  - Fundraising (Series A/B/C+) : 50% of our deals
- 70% cross-border deals
- 100% Tech companies, with major focus on:
  - Fintech / Insurtech
  - Mobility
  - B2B SaaS
  - Marketplace/eCommerce
  - Deeptech (AI, Blockchain, Space, etc.)
  - FoodTech/Agtech
  - Consumer brand
  - HR/EdTech
  - Health
  - Proptech

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Avolta Partners

With 100 deals executed for €2bn in total over the last 7 years, Avolta Partners is one of the most active Tech M&A advisors in Europe. Based on this expertise, Avolta Partners' 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

Dedicated team

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