



VC & EXIT TRENDS FRANCE 2023

INTRODUCTION

Europe Outpacing the USA in Post-Covid Resurgence

The aftermath of the Covid-19 pandemic has propelled the global Tech sector into a tumultuous journey, with Europe emerging as a swifter and more robust player in the recovery.

Commencing with a new gold rush from September 2020 to June 2022, an influx of substantial capital surged into the tech ecosystem. Heavyweight speculators, including Softbank, Tiger, Coatue, and others, were drawn by the scent of potential high returns, facilitated by cash nearly flowing freely due to negative interest rates.

However, the narrative took a turn as inflation materialized, prompting central banks to swiftly raise interest rates. This catalyzed a sharp downturn in the valuation of public tech stocks, subsequently applying downward pressure on private tech valuations. The period from June 2022 to December 2023 evolved into one of the most challenging phases for tech companies globally, particularly those that secured capital during the gold rush at valuations that defied rationale.

Currently, inflation in the US has dwindled to 3.1%, suggesting the potential for central banks to consider a reduction in interest rates in 2024. Notably, the BVP Nasdaq Emerging Cloud Index, a key indicator of public tech valuations in the US, exhibited an impressive +45% surge in 2023.

These developments are interpreted as early signs of recovery, anticipated to fuel growth in VC fundraisings in 2024.

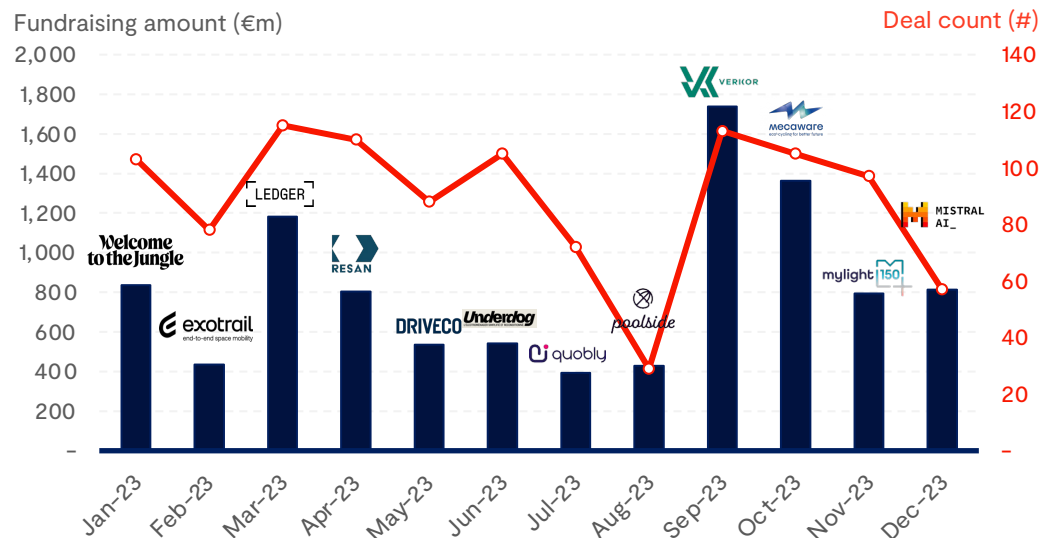
However, the intriguing aspect lies in the contrasting trajectories of VC fundraising between Europe and the US. In Europe, there has been a notable resurgence with €45 billion raised, reflecting a substantial +30% increase compared to 2020. Conversely, the US total amount raised in VC remains below the 2020 level, with €130 billion as opposed to €160 billion in 2020 (-20%).

Moreover, Q4-23 fundraising in Europe reached €20 billion, marking the highest since Q2-22 and signaling a robust rebound from the nadir observed at €12 billion in Q1-23.

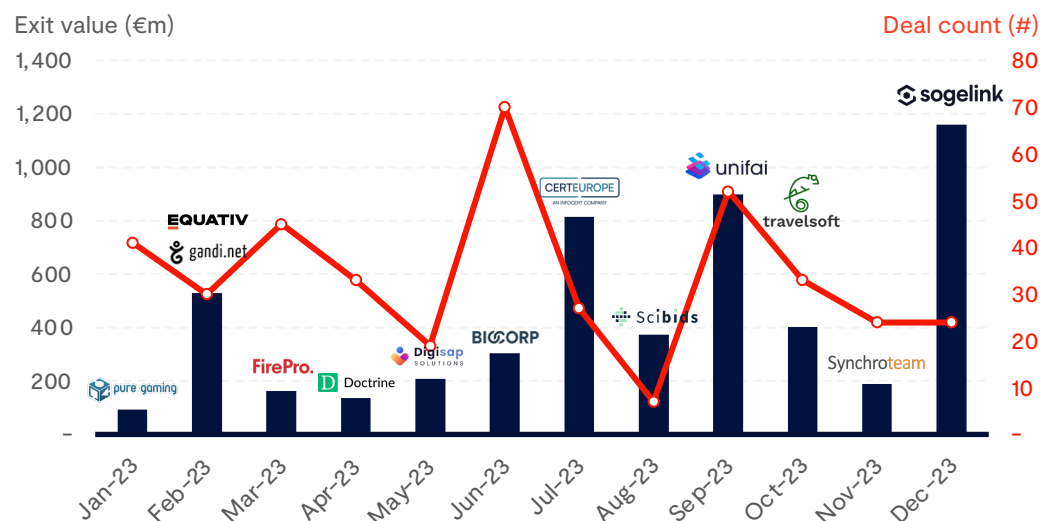
A closer examination of the French landscape reveals stark disparities between sectors basking in hype, such as sustainability (Verkor, etc.), AI (Mistral, etc.), and deeptech (Aledia, etc.), and others, such as Fintech, which experienced an 80% reduction in the total amount raised in 2023.

Arthur Porré, Founding Partner – Jan. 4th, 2024

With €2.9bn raised in Q4-23 in France, the momentum is up once again



2023 in line with historical trends around €5.3bn in total exit value

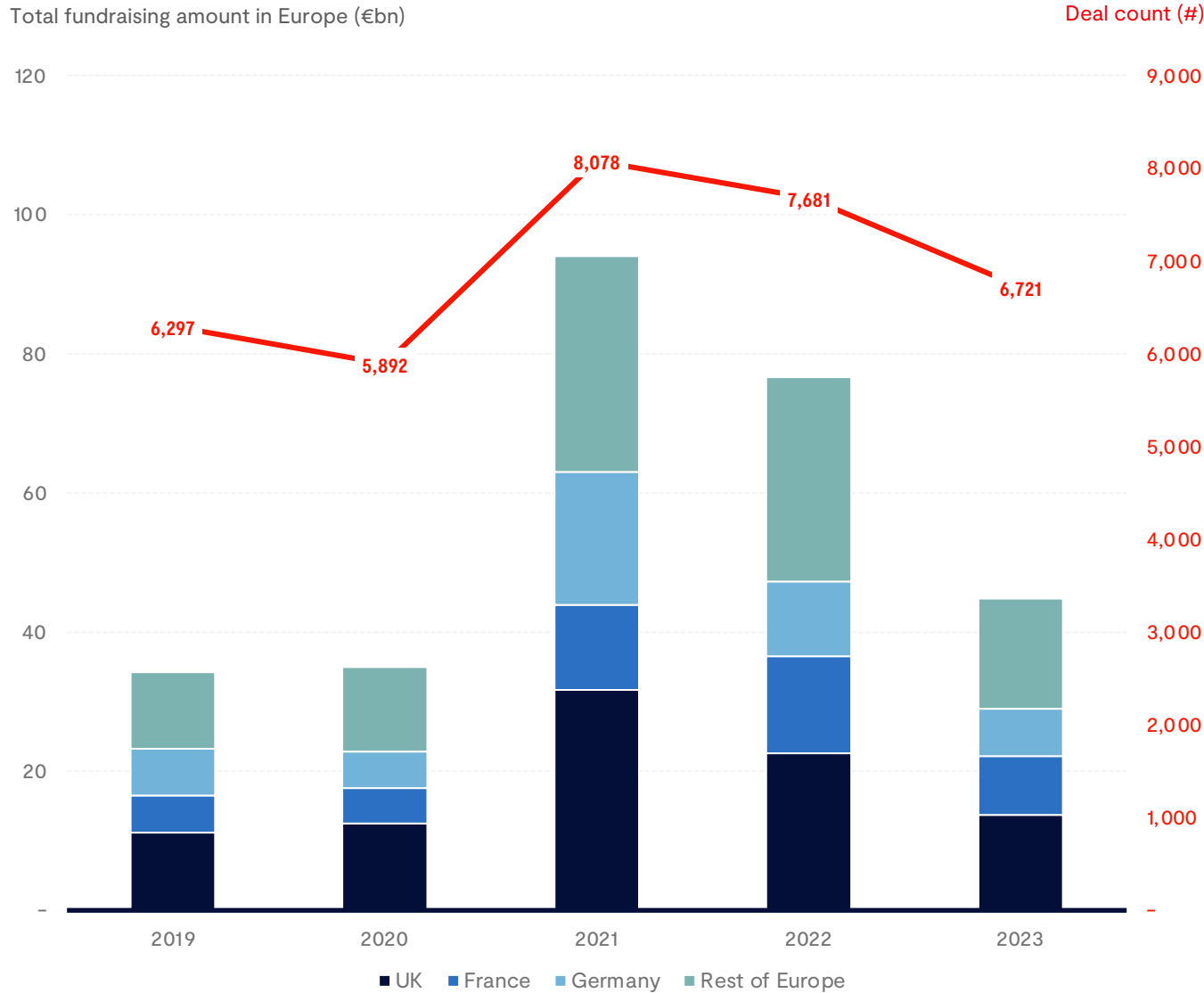




VC TRENDS

VC TRENDS

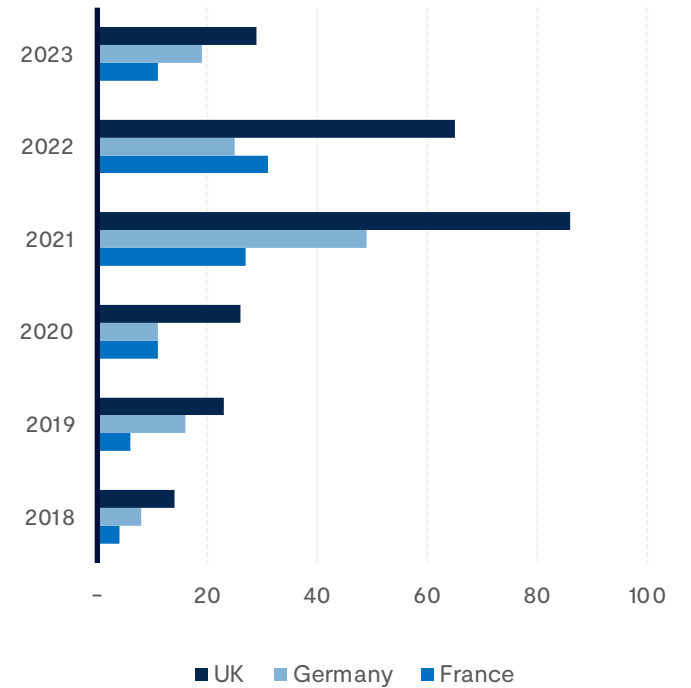
AS EXPECTED, INVESTMENT DYNAMICS IN EUROPE FELT SHORT COMPARED TO 2021 AND 2022



€45bn
Total fundraising in Europe (2023)

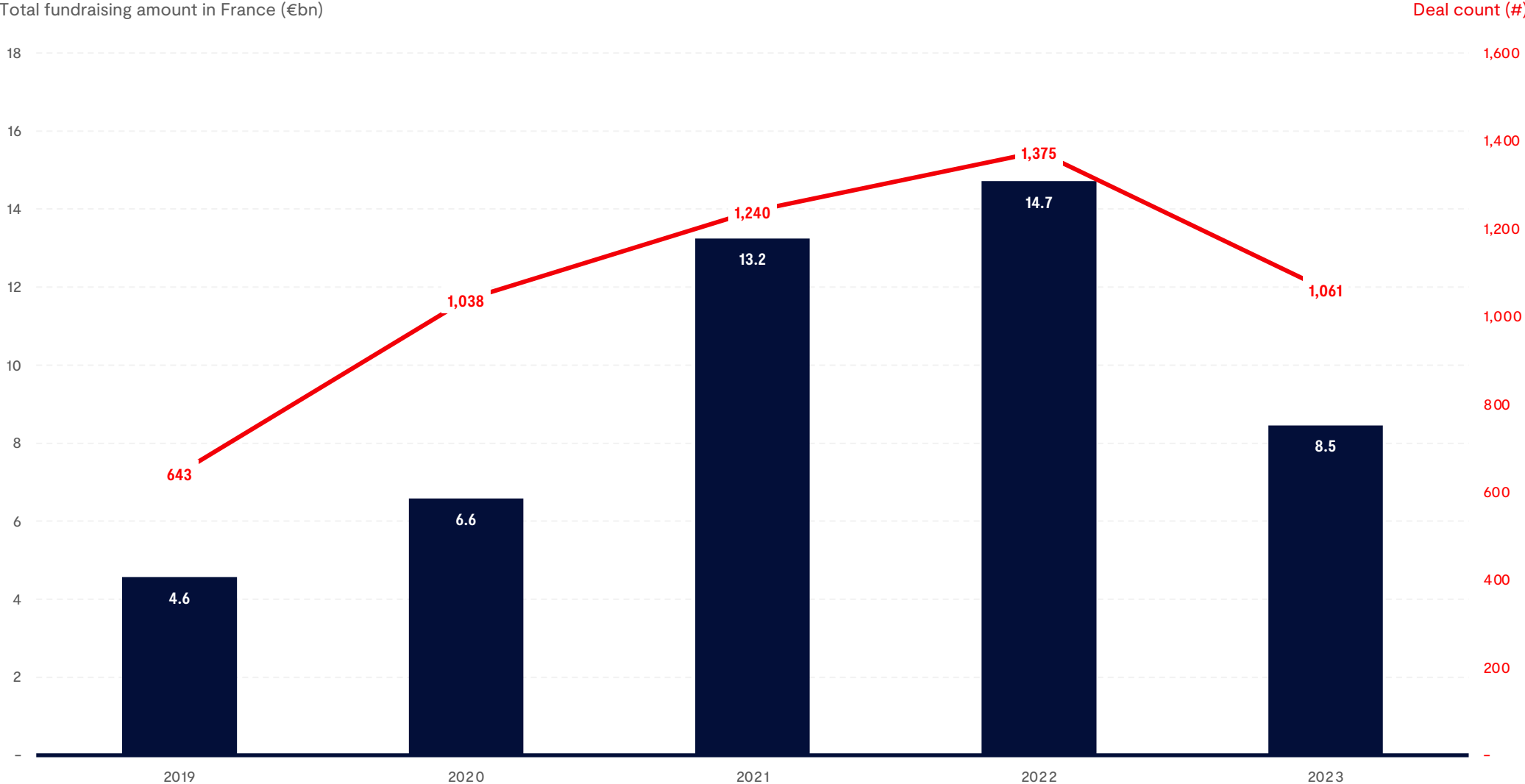
The UK still leading mega-deals

Mega rounds > €100m (#)



VC TRENDS

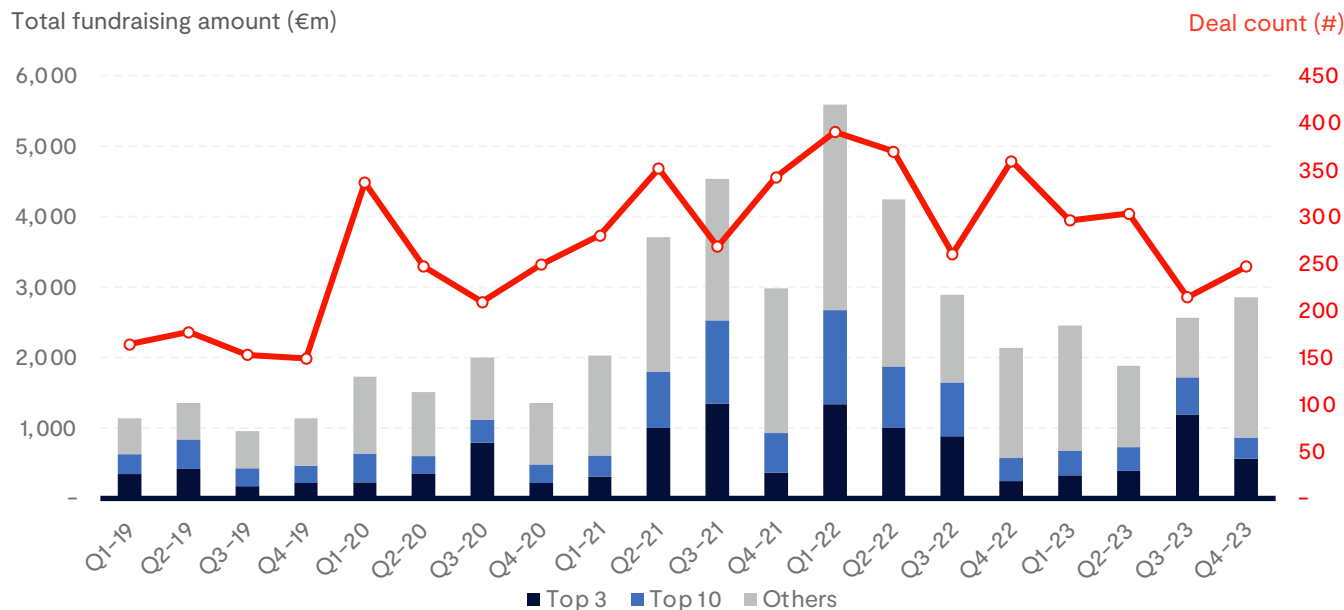
FRENCH MARKET COOLED DOWN IN 2023 BUT SHOWCASED HIGHER LEVELS THAN 2020 AND 2019



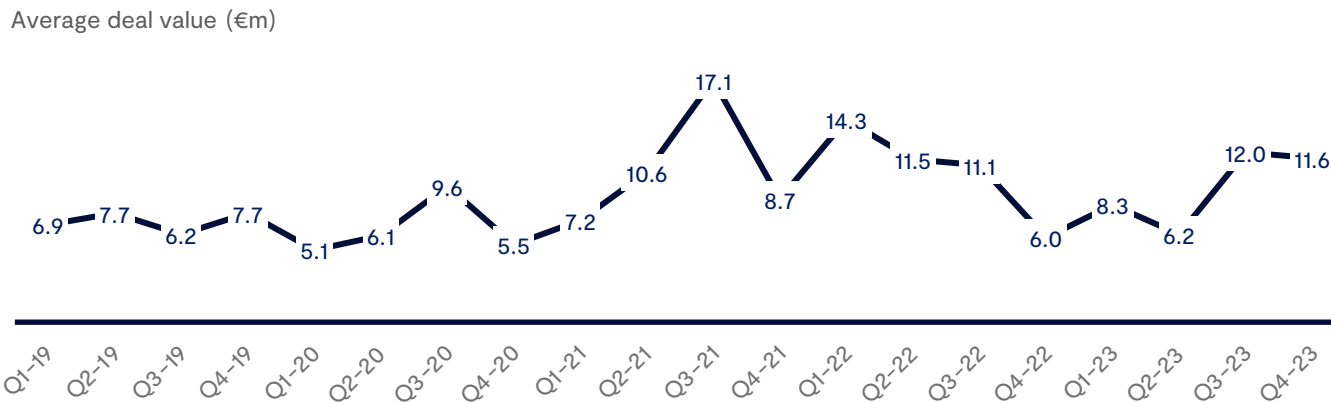
VC TRENDS

WITH €2.9BN RAISED IN Q4-23, THE MOMENTUM IS ONCE AGAIN ON THE RISE FOR FRENCH STARTUPS

Although Q4-23 showcased fewer fundraising, total amount totaled €2.9bn, its highest in 6 quarters



Average deal value stabilized at c. €12m in the fourth quarter



Top 10 funding rounds in 2023

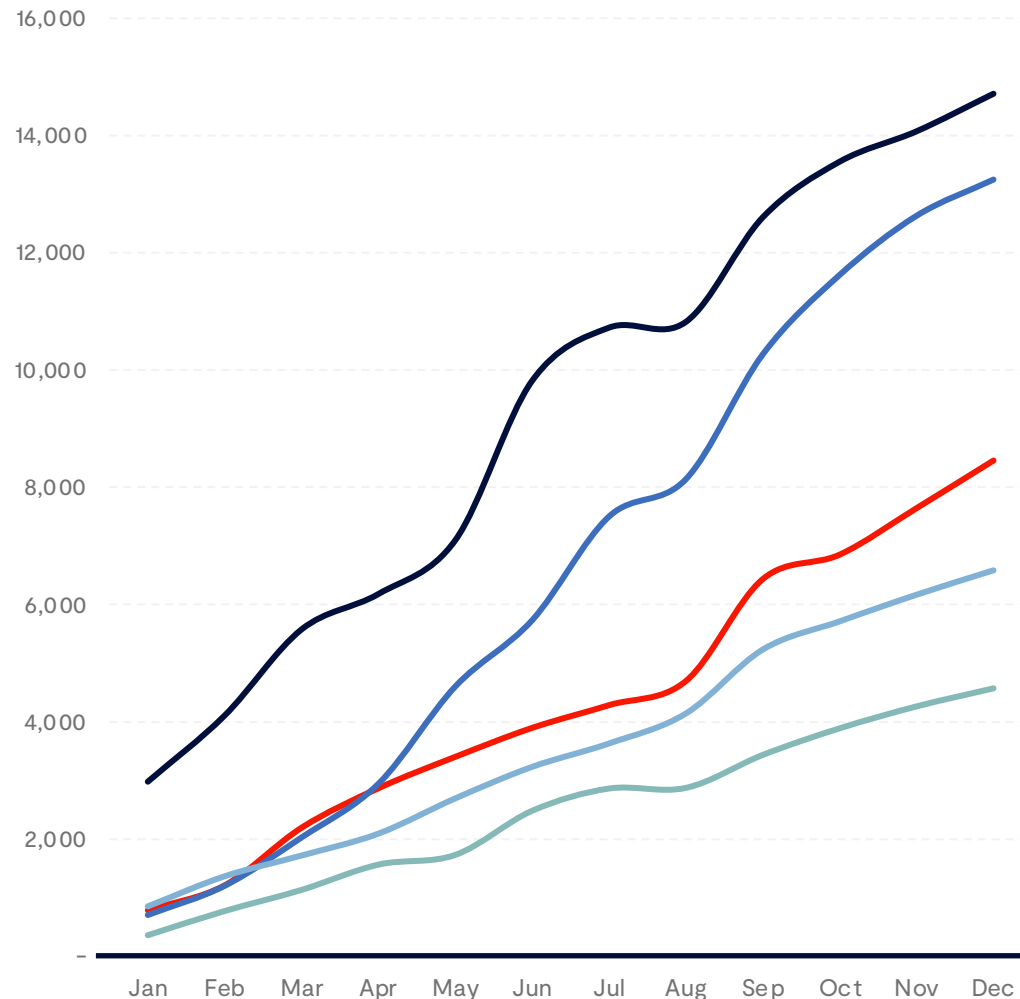
1.	VERIKOR Led by Macquarie	€850m
2.	MISTRAL AI Led by Andreessen Horowitz	€385m
3.	DRIVECO Led by APG Group	€250m
4.	Ynsect Led by Upfront Ventures	€161m
5.	AMOLYT PHARMA Led by ICG & Sofinnova	€130m
6.	TSE Led by Eurazeo	€130m
7.	Aledia Led by CEA Investissement	€120m
8.	poolside Led by Felicis	€116m
9.	accenta. Led by Eren Froup & Credit Mut.	€108m
10.	MISTRAL AI Led by Lightspeed Venture Partners	€105m

VC TRENDS

SLIGHTLY FEWER DEALS BUT SIGNIFICANTLY LOWER TOTAL AMOUNT RAISED

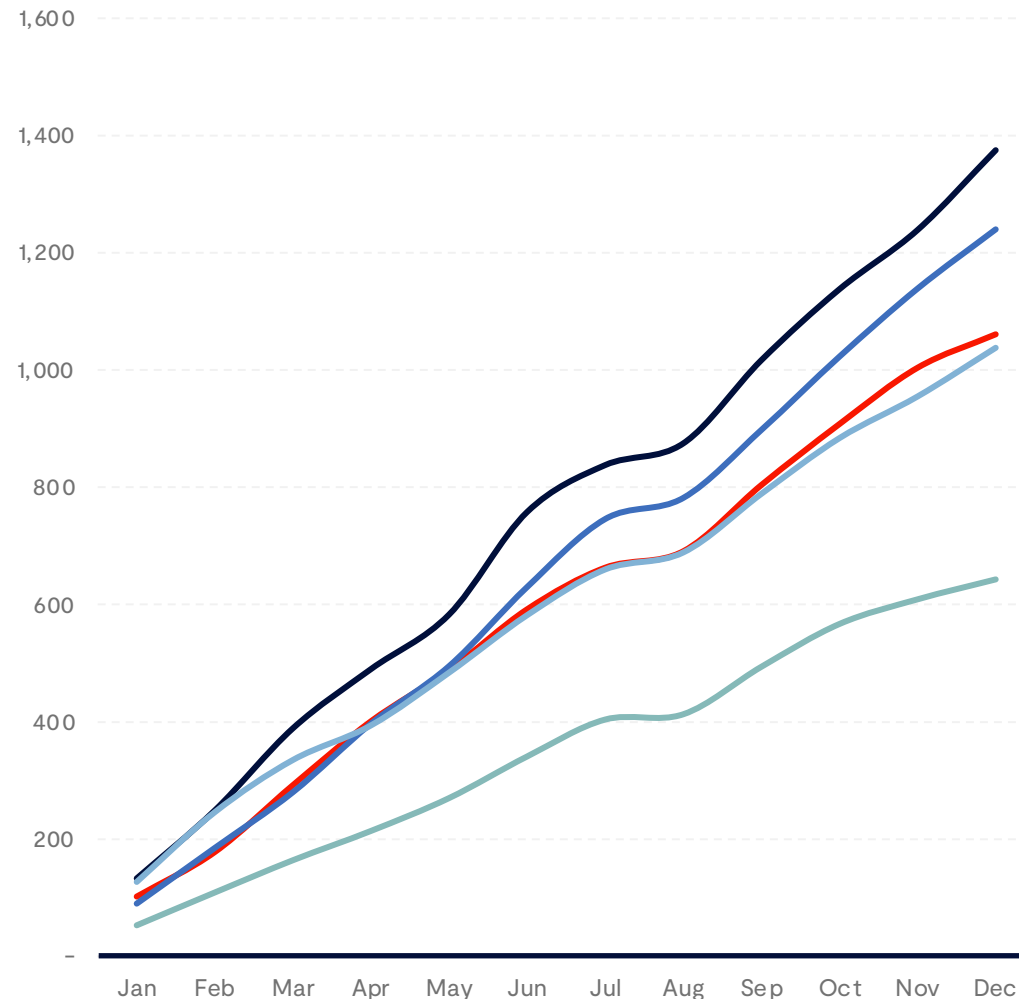
Greater cumulated value than 2019-20 but significantly lower than 2021-22

Cumulated deal value (€m)



Similar number of transactions to last 3 years

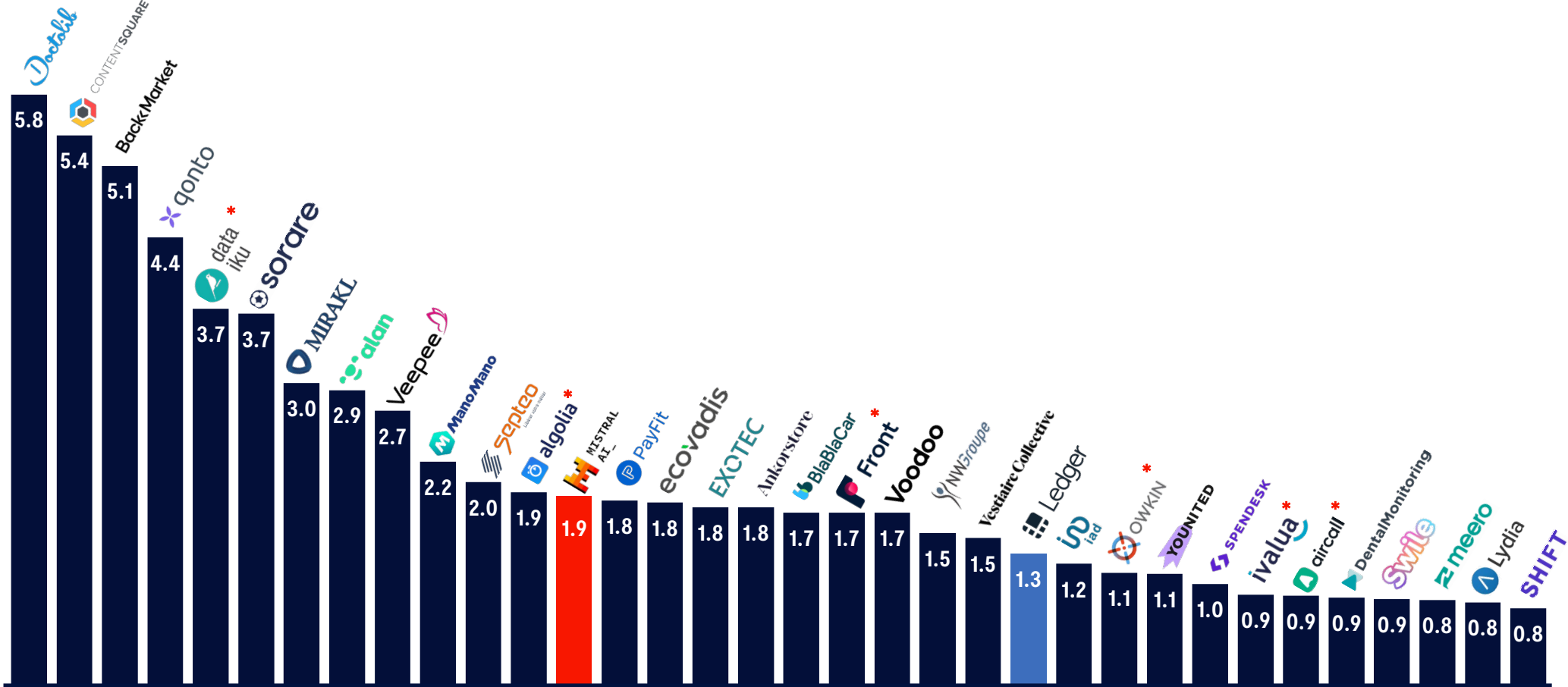
Cumulated deal count (#)



2023 2022 2021 2020 2019

VC TRENDS

MISTRAL AI IS THE ONLY NEW UNICORN THIS YEAR WITH A RECORD-BREAKING FOUNDING-TO-UNICORN TIMING



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?



Sep.23 – Series C
€850m

DRIVECO

May. 23 – Growth Equity
€250m

DNASCRIPT

Jan. 22 – Series C
€185m



Oct. 21 – Series C
€172m

ELECTRA

Jun. 22 – Series A
€160m



Mar. 22 – Series C
€150m



Jul. 22 – Series C+
€130m



LOFT ORBITAL
Nov. 21 – Series B
€125m



Mar. 22 – Series D
€122m



Feb. 22 – Series C
€115m

accenta.

Sep. 23 – Series B
€108m



Jan. 22 – Series B
€107m



Dec. 23 – Series B
€100m



Aug. 23 – Seed
€100m



Jan. 23 – Series B
€100m



May 23 – Series C
€88m



May 21 – Series B
€82m

padoa

Feb. 22 – Growth Equity
€80m

SWEEP

Apr. 22 – Series B
€73m

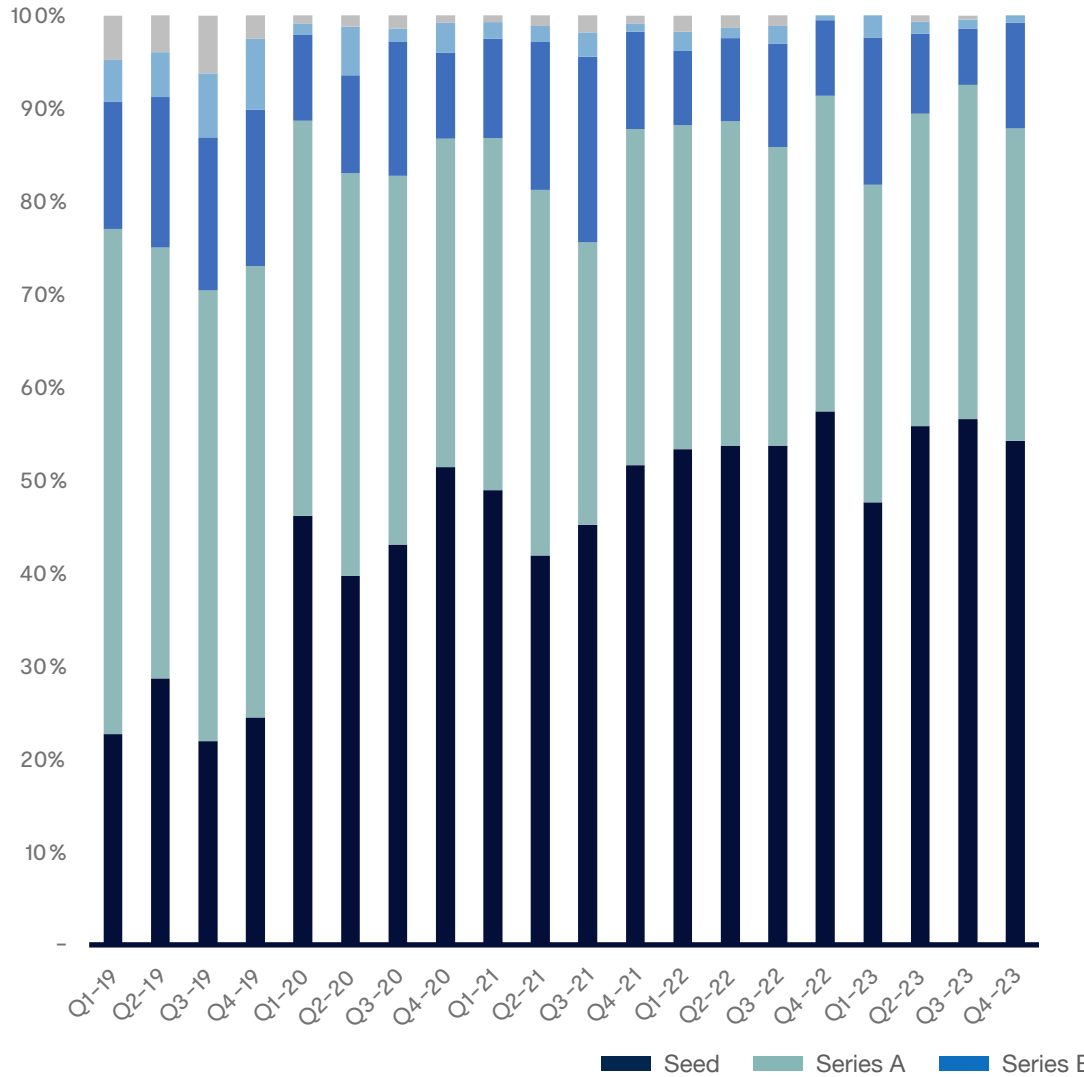


May. 23 – Series B+
€30m

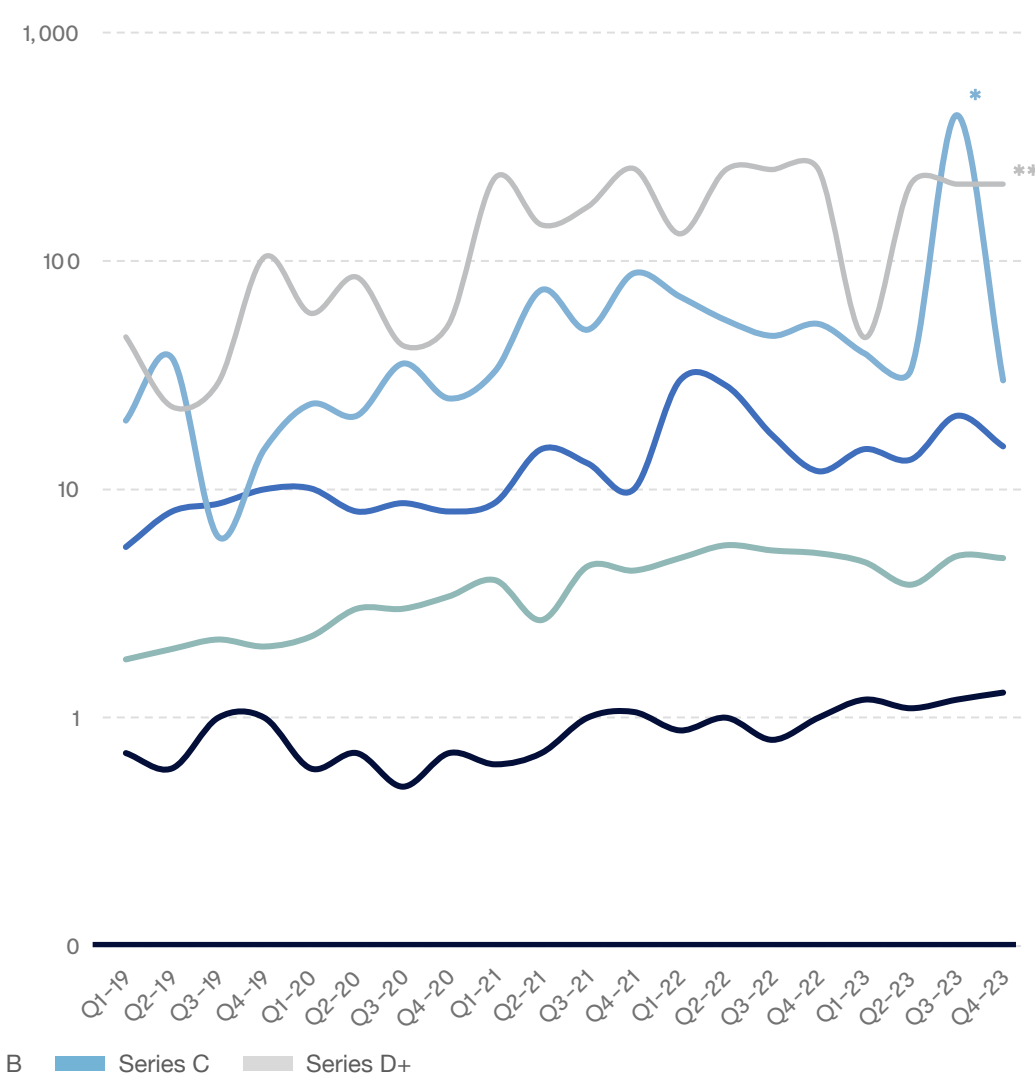
VC TRENDS

FEWER LATE-STAGE DEALS THIS QUARTER, BUT DEAL SIZES CONTINUE TO GROW OVERTIME FOR MOST STAGES

Distribution of deals (%)



Median amount (€m)



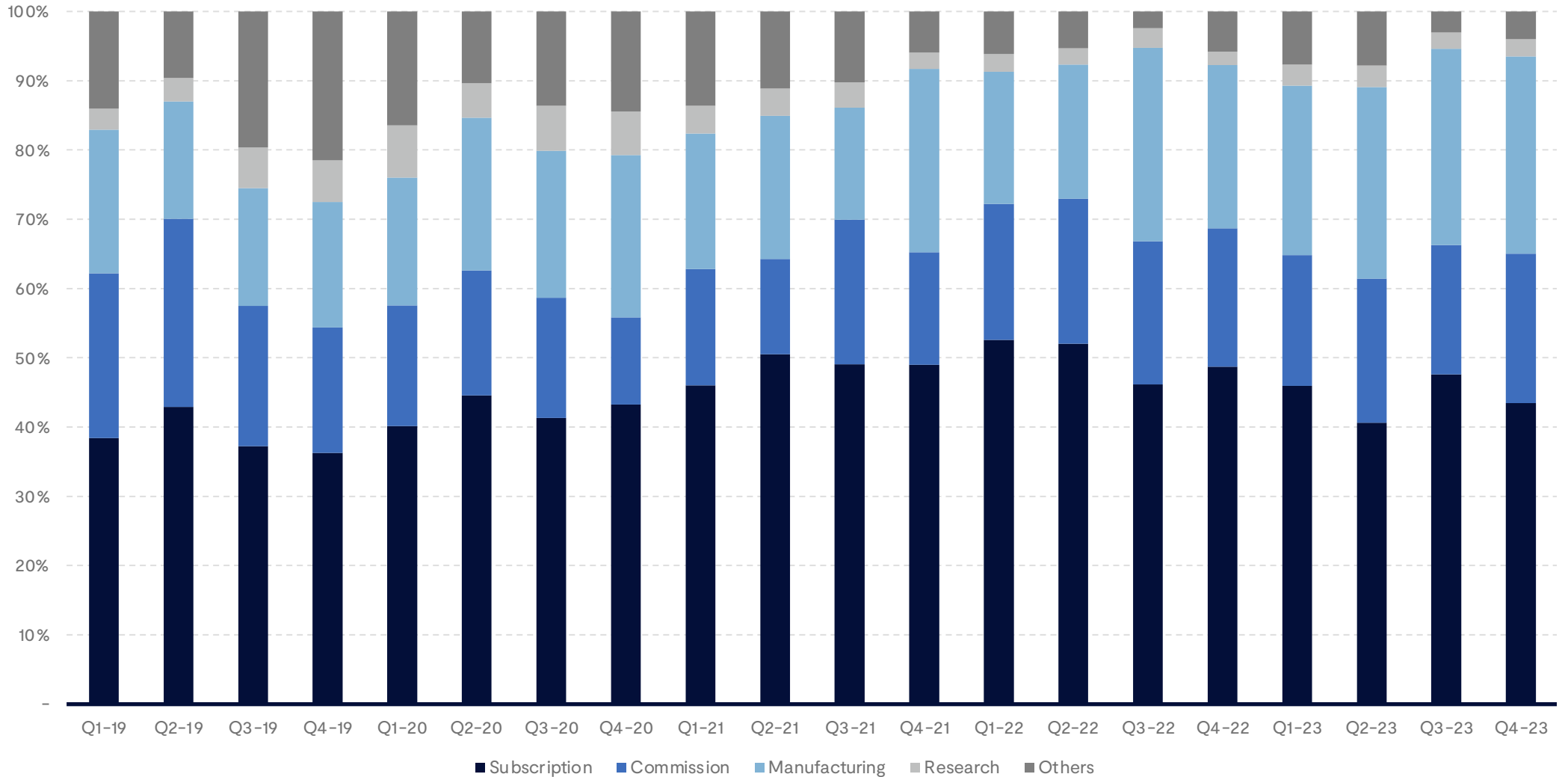
(*) Series C median amount includes Verkor's mega-Series C

(**) No Series D+ in Q4-23

VC TRENDS

SUBSCRIPTION-BASED BUSINESS MODELS STILL TAKE THE LION'S SHARE

Distribution of deals (%)

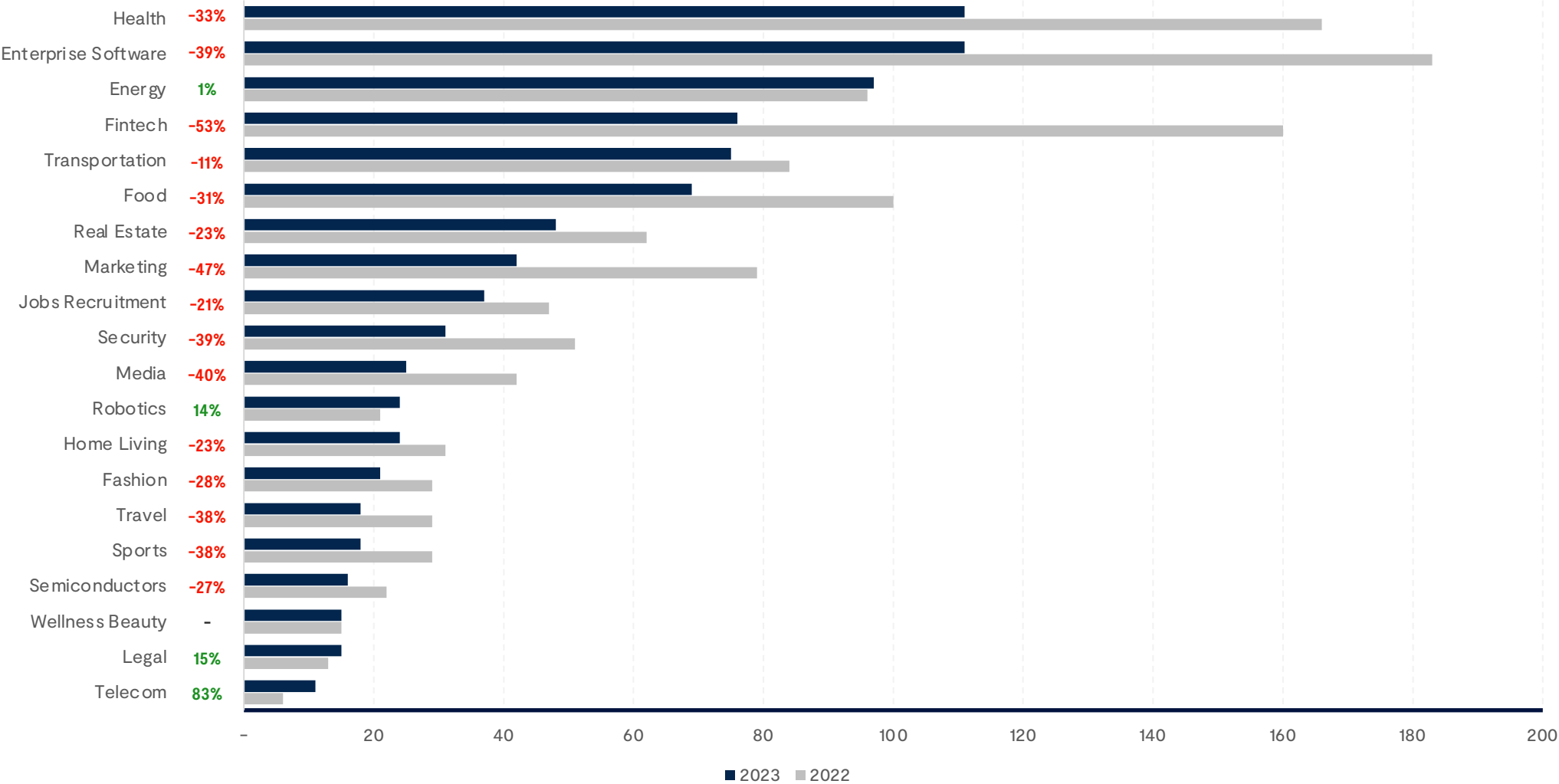


Note: « Others » category includes Performance, Retail, Service, E-commerce and Audience business models

VC TRENDS

HEALTH & ENTERPRISE SOFTWARE MAINTAIN THEIR POSITION AS MOST ATTRACTIVE SECTORS FOR INVESTORS

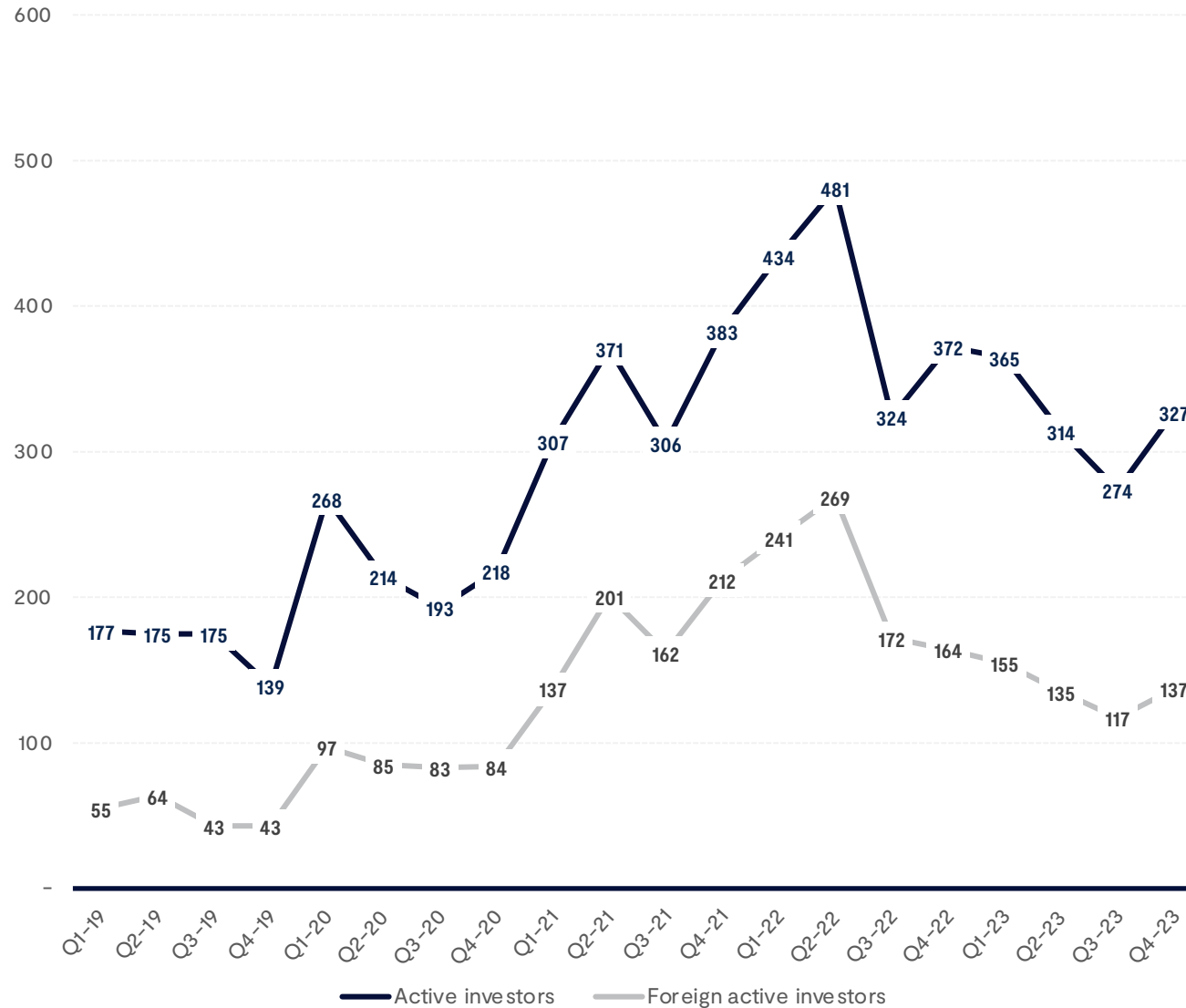
Industries ranking per number of deals (in #) and YoY evolution (in %)



VC TRENDS

INTERNATIONAL INTEREST IN FRENCH TECH ASSET PICKED UP IN Q4-23

of active investors (excl. business angels)



Top 10 active VCs in 2023

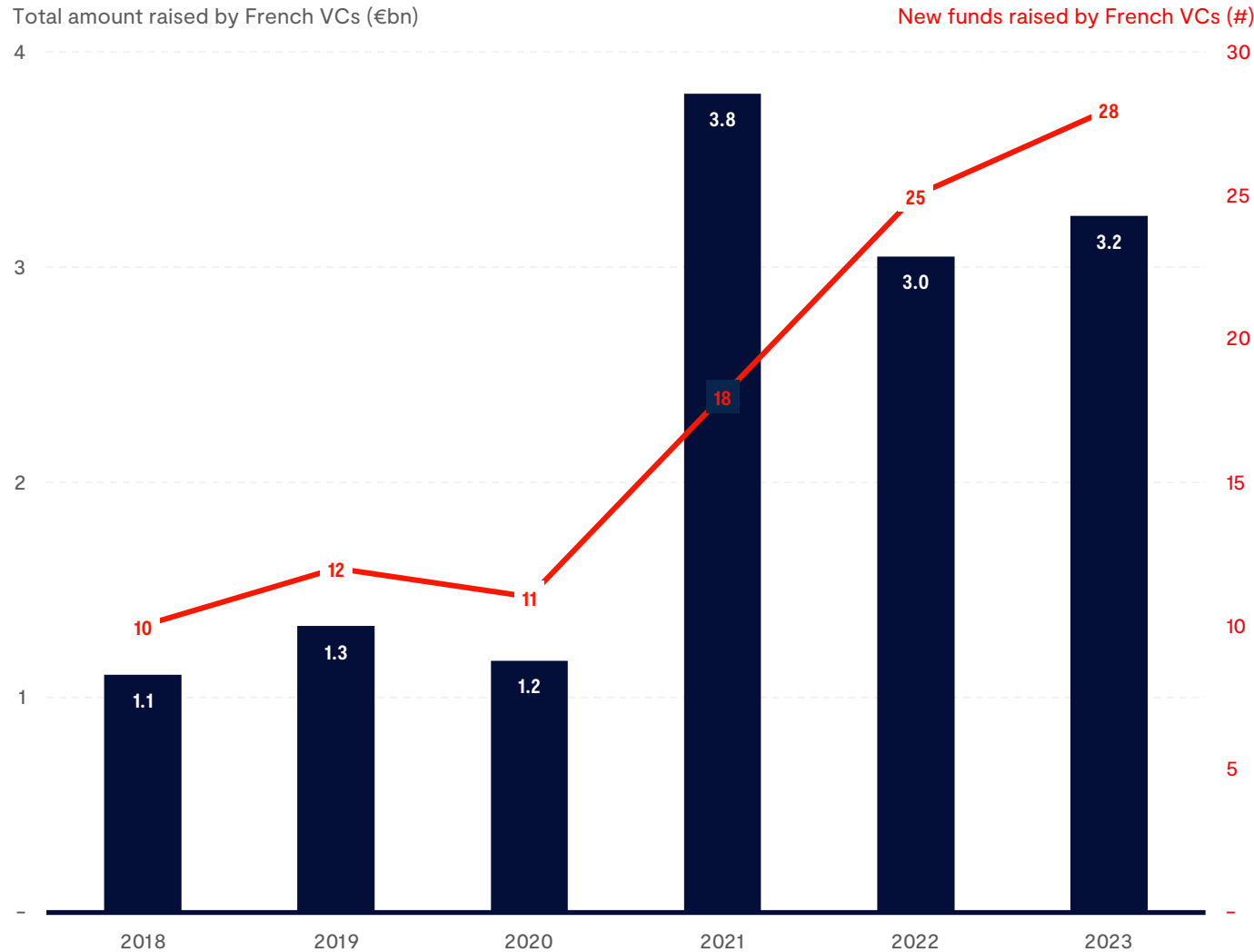
1.		161 deals*
2.		69 deals
3.	New	47 deals
4.	New	38 deals*
5.	New	33 deals
6.	New	27 deals
7.	New	20 deals
8.	New	19 deals
9.	↓1	18 deals
10.	↓3	14 deals

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

VC TRENDS

AN ACCELERATION IN NEW VC FUNDS RAISED

Total amount raised by French VCs in 2023 similar to 2021-22, with a very active Q4-23

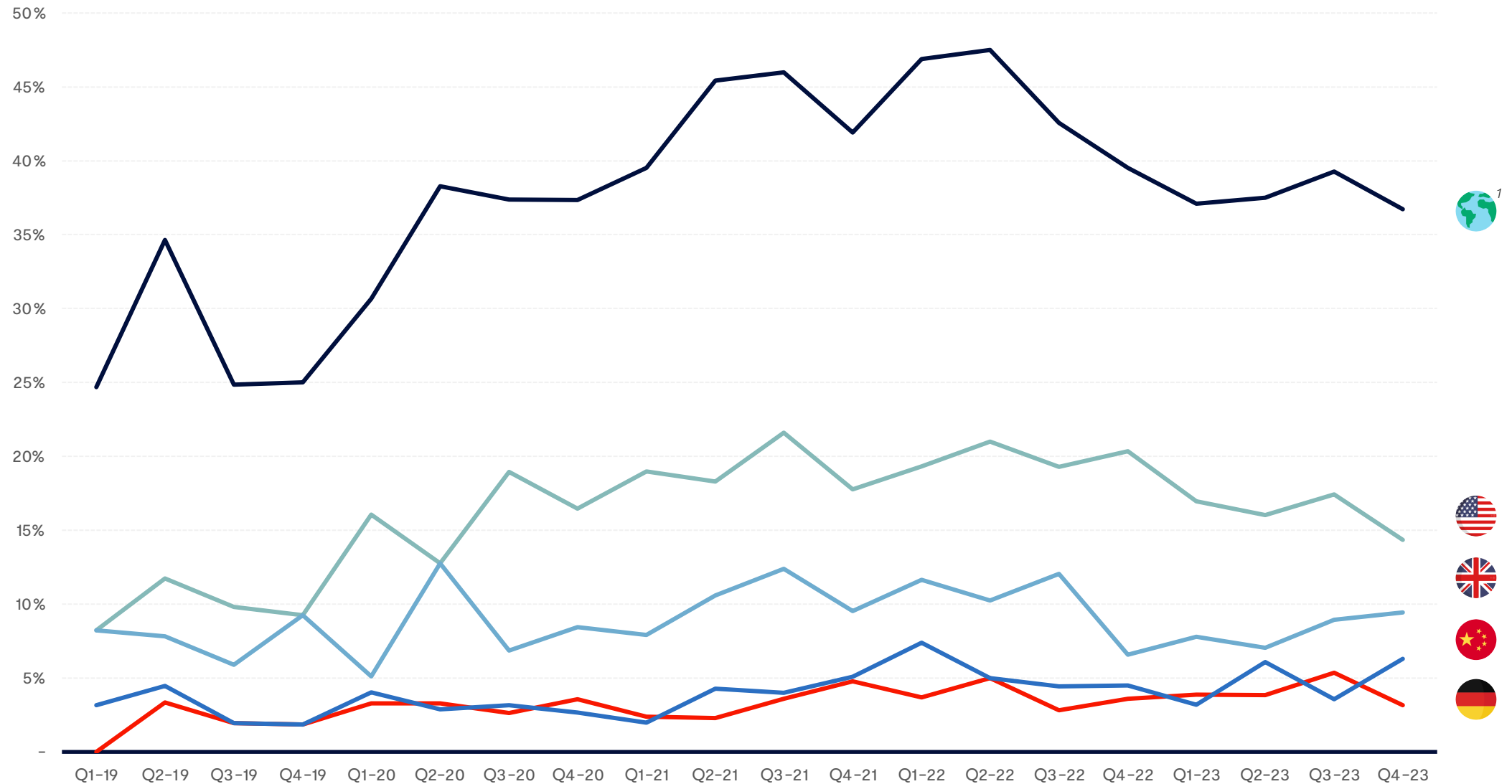


New VC funds raised in 2023

1.	EURAZEO	€400m Jul. 2023
2.	Singular.	€400m Dec. 2023
3.	CDC CROISSANCE 	€300m Jun. 2023
4.	PARTECH	€245m Feb. 2023
5.	blisce	€225m Apr. 2023
6.	elaia	€200m Mar. 2023
7.	Sofinnova partners	€190m Oct. 2023
8.	SWEN Capital Partners	€170m Mar. 2023
9.	breega capital	€150m Oct. 2023
10.	EDUCAPITAL	€150m Apr. 2023

VC TRENDS

A SLIGHT DECREASE IN FOREIGN INVESTMENT IN Q4-23

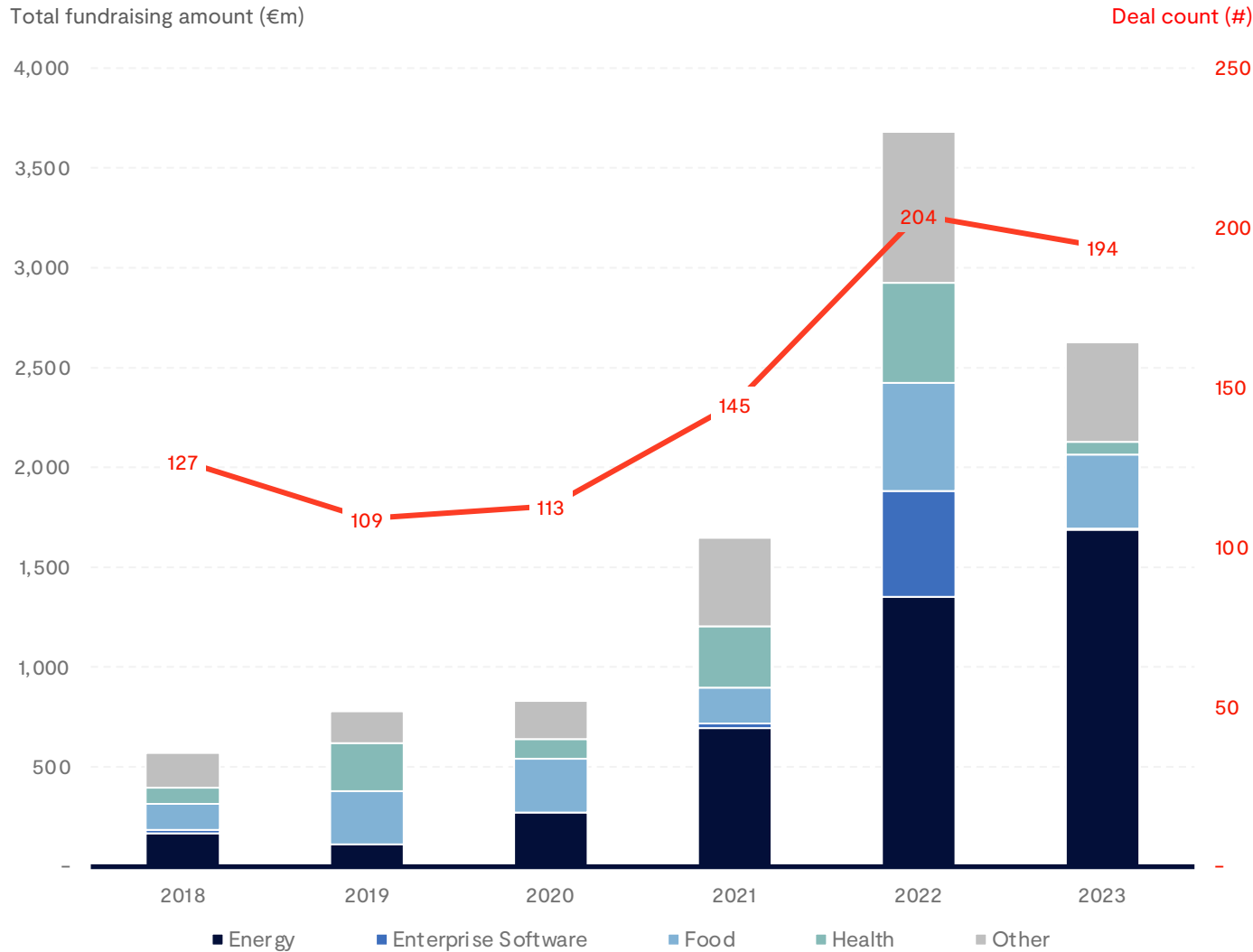


Note: This graph depicts the % of deals in which at least one investor of a specific country/region is participating
 (1) % of deals with at least one foreign investor

VC TRENDS

SUSTAINABILITY IS RESISTING WELL IN 2023 WITH €2.6B INVESTMENTS

Energy is taking the lion's share of impact investments



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

Top 10 impact funding rounds in 2023

1.	Led by Macquarie	€850m
2.	Led by Upfront Ventures	€160m
3.	Led by Eren Group & Crédit Mut.	€108m
4.	Led by Eiffel Investment Group, Azora Capital & Andera Partners	€100m
5.	Led by Otium Capital & Crédit Mut.	€60m
6.	Led by Axéreal & ISALT	€55m
7.	Led by Noria	€50m
8.	Led by ISALT	€50m
9.	Led by Arverne	€44m
10.	Led by CM-CIC	€40m

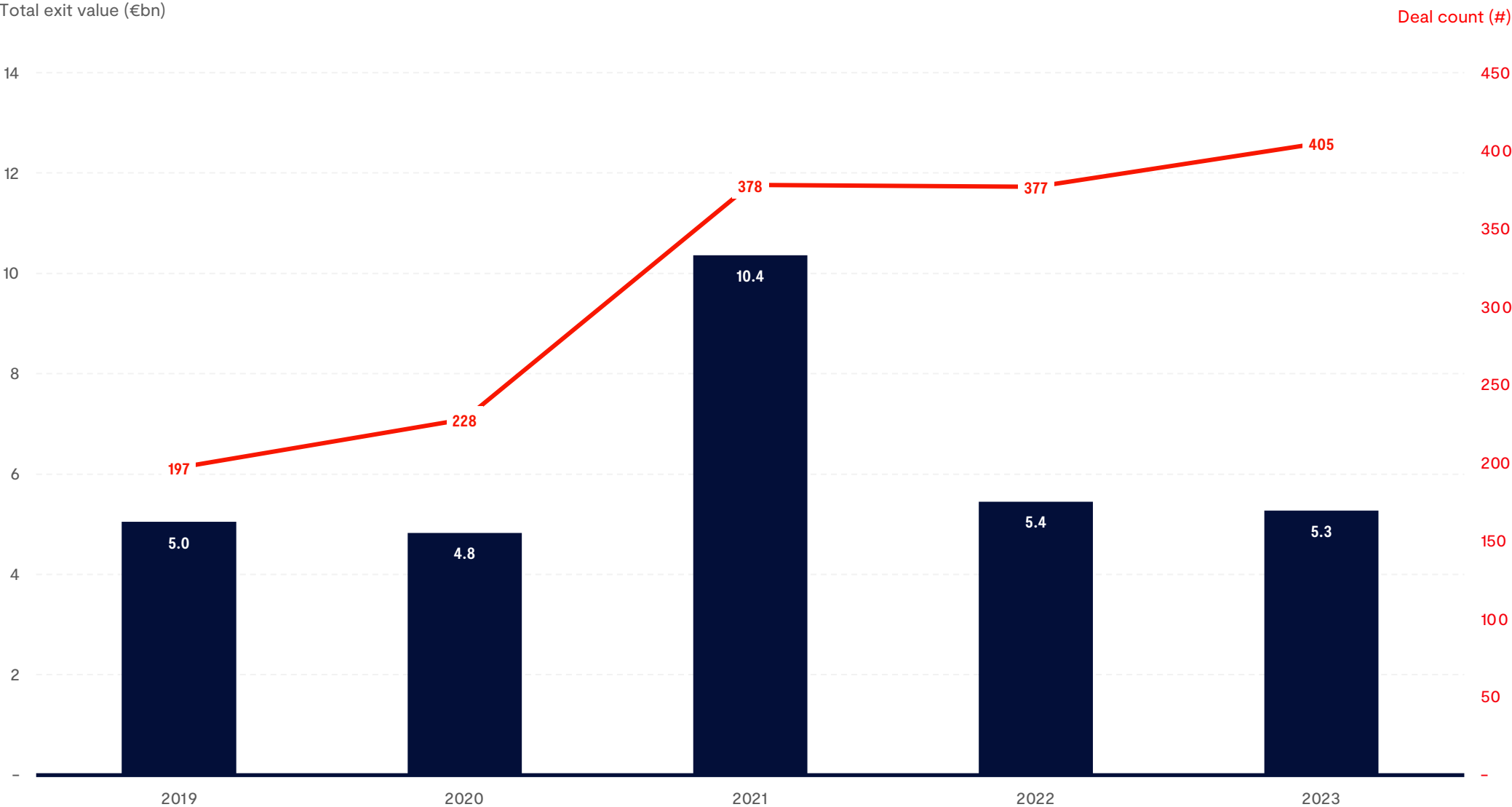
Avolta acted as sole financial advisor



EXIT TRENDS

EXIT TRENDS

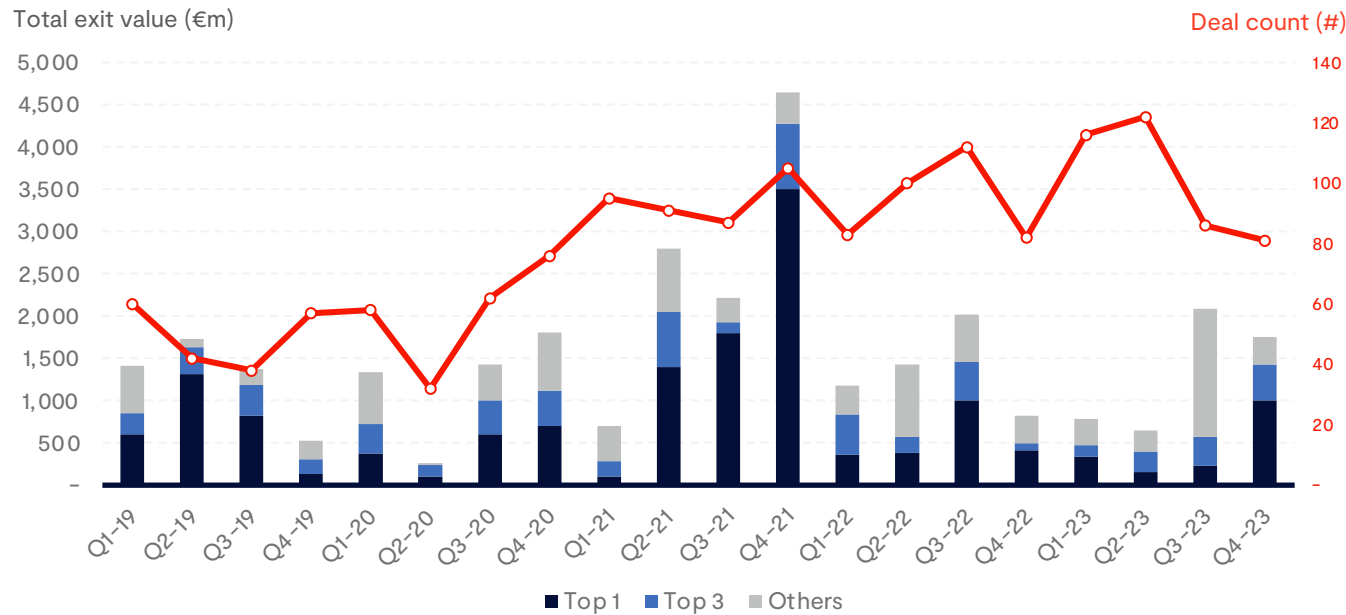
MOST ACTIVE YEAR EVER, BUT PRETTY STANDARD IN TERMS OF TOTAL EXIT VALUE



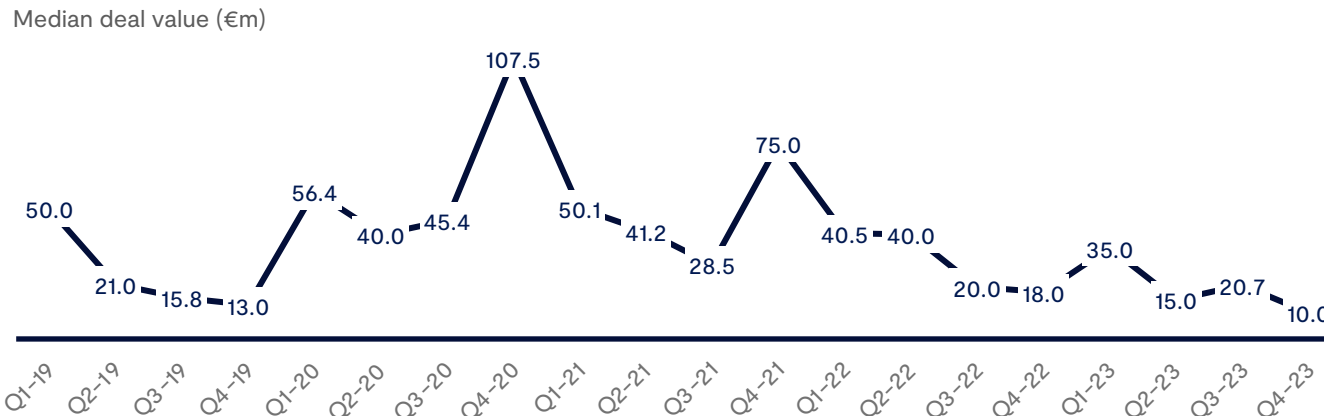
EXIT TRENDS

EXIT ACTIVITY SEEMS TO BE DRIVEN BY LARGER DEALS IN Q4-23

High concentration in the Top 3 exit deals in Q4-23



An expected downward trends in terms of deal value



Top 10 tech exit deals in 2023

1.	sogelink CVC Capital Partners	€1,000m
2.	EQUATIV Bridgepoint	€338m
3.	travelsoft CAPZA	€325m
4.	evOLIS HID Global	€228m
5.	SEQUANS Renesas	€226m
6.	nomadia HgCapital	€200m
7.	BIGORP Novo Nordisk	€154m
8.	FirePro. Halma	€150m
9.	Digisap SOLUTIONS Naxicap Partners	€124m
10.	Doctrine Peugeot & Summit Partners	€120m

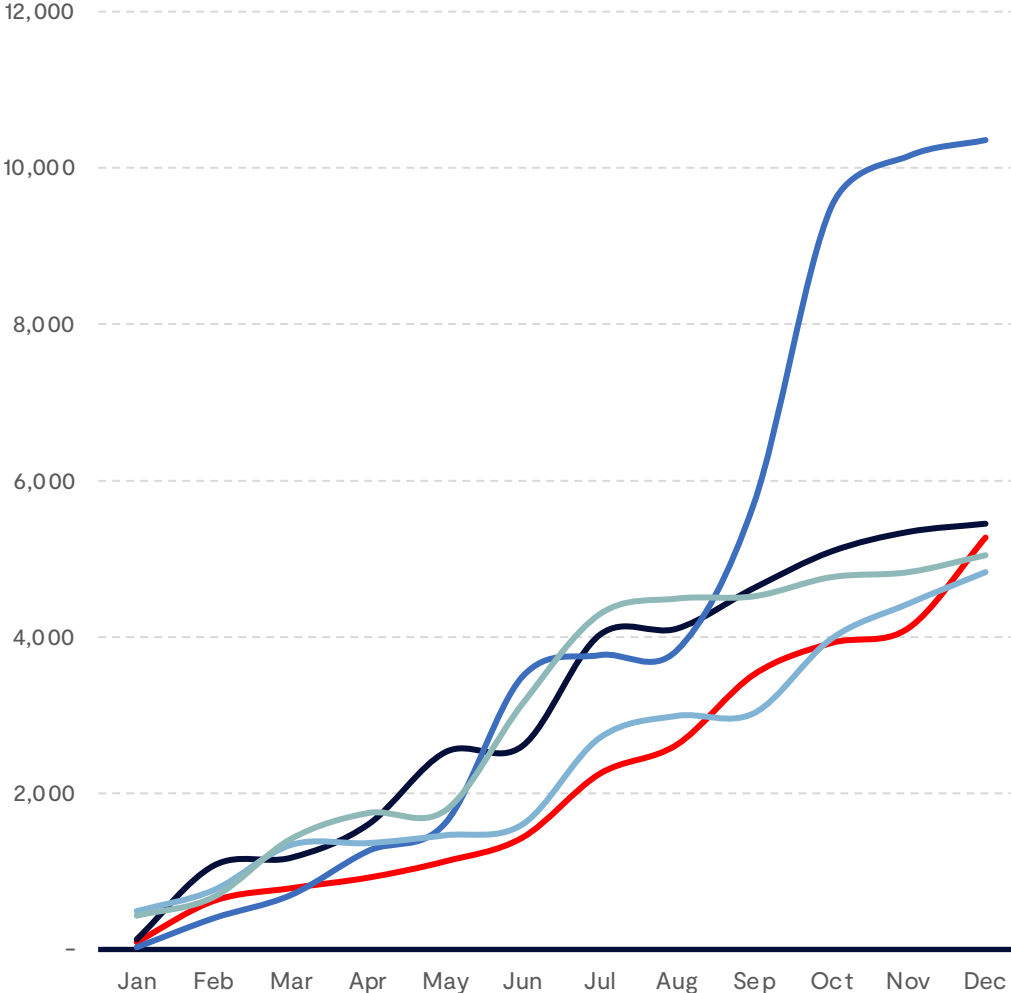
Note: based on transactions with known valuations

EXIT TRENDS

TECH EXIT VALUE MATCHED HISTORICAL LEVELS, WITH HIGHER NUMBER OF DEALS

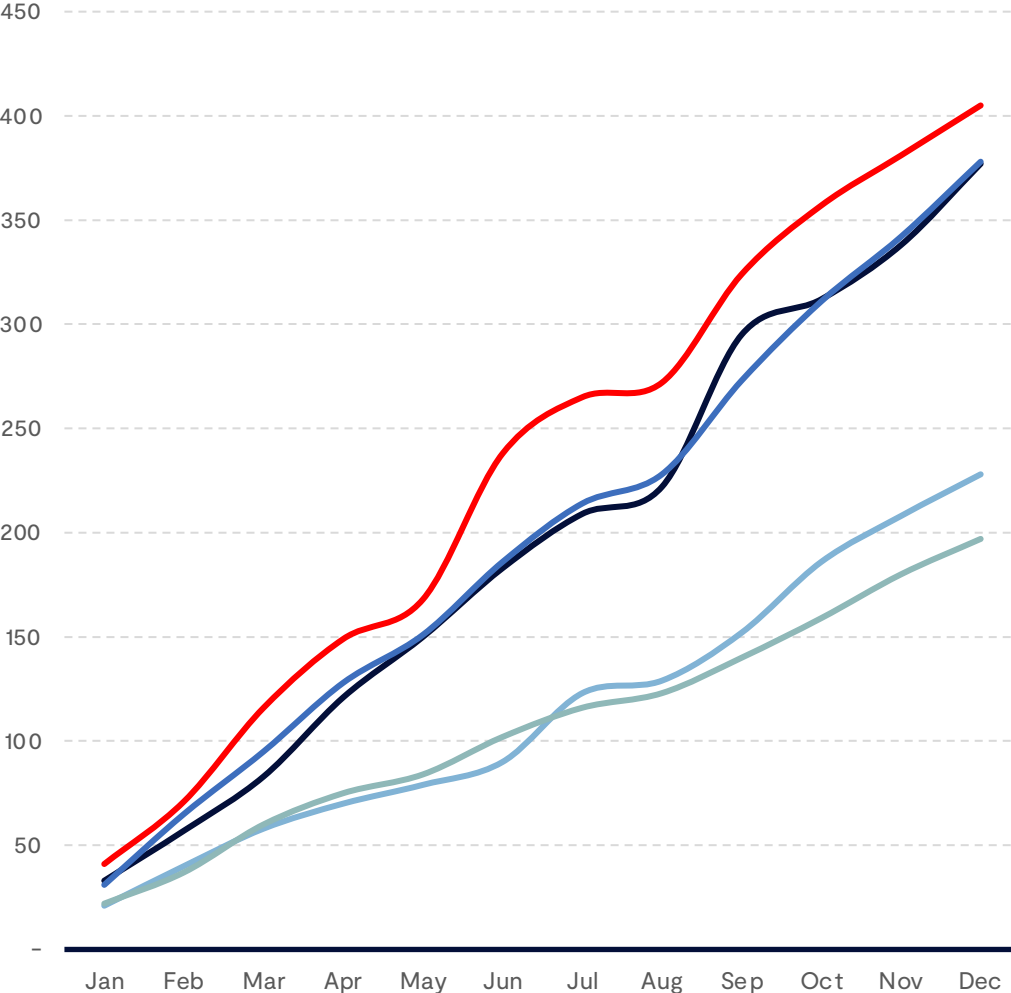
2023 closes at its historical level around €5bn

Cumulated deal value (€m)



...but it took more than deals than usual to get there

Cumulated deal count (#)

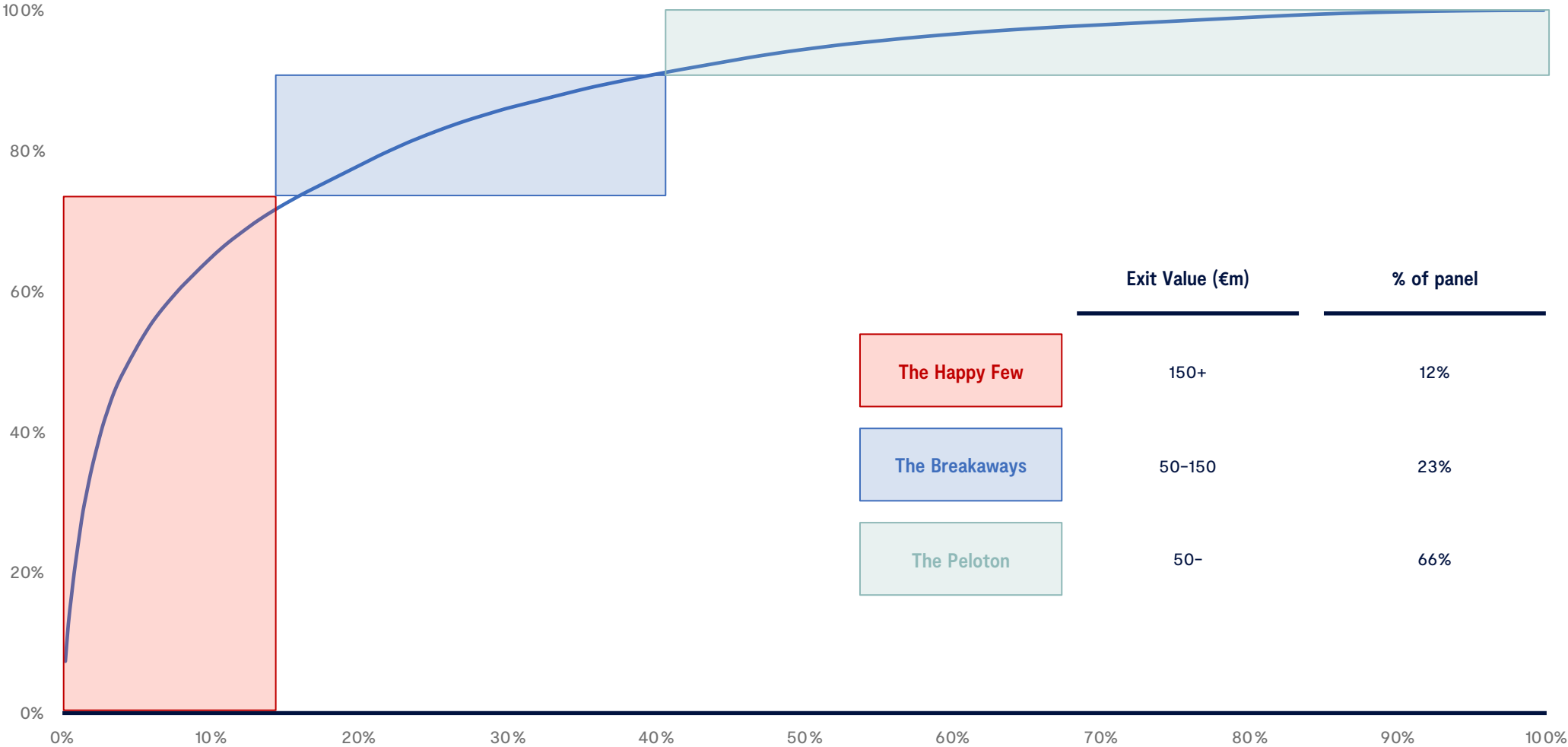


2023 2022 2021 2020 2019

EXIT TRENDS

AROUND HALF OF EXITS ARE ABOVE THE €50M MARK

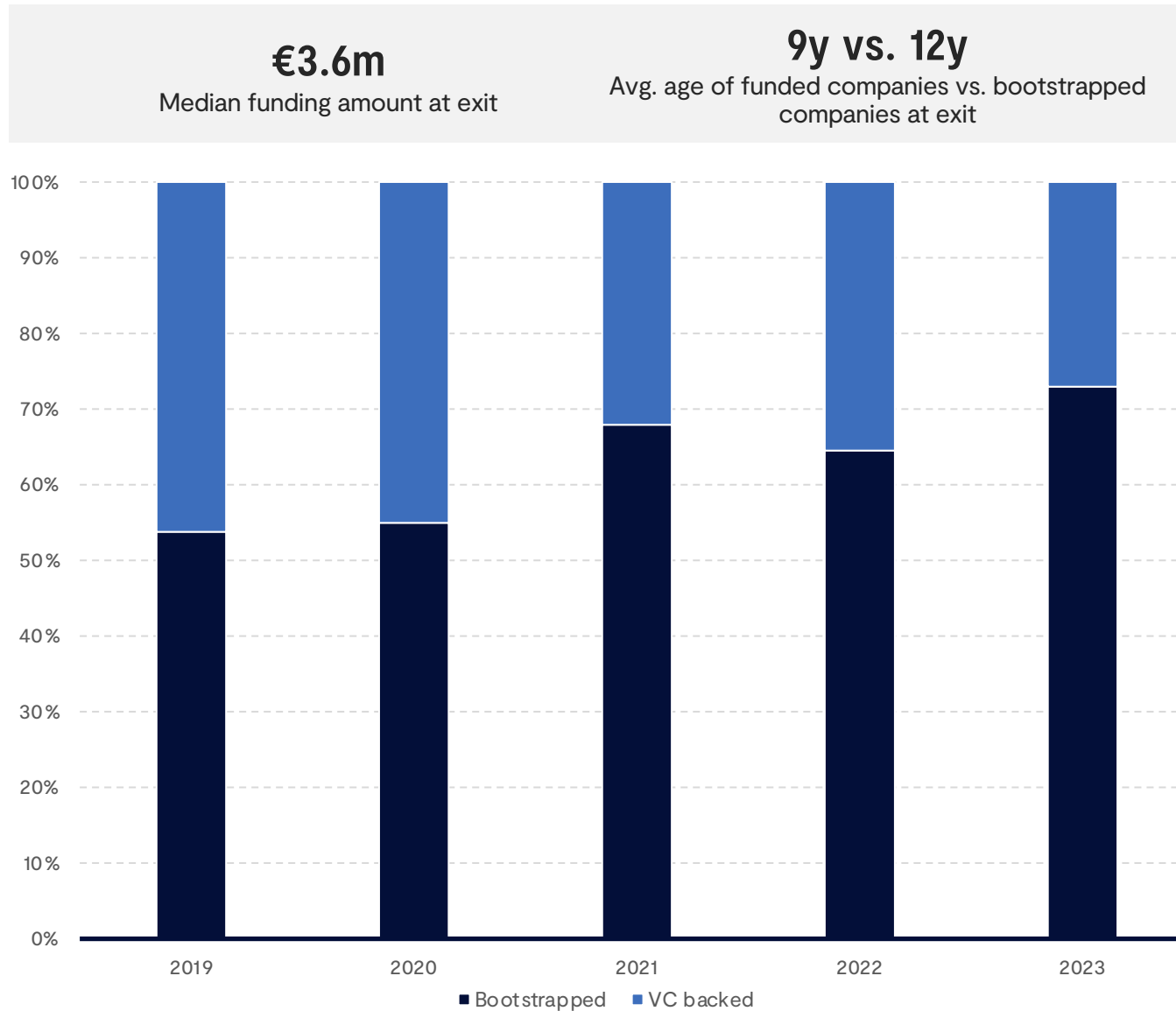
Distribution of deals (x-axis) per deal value (y-axis) – Last 5 years



Note: based on transactions with known valuations

EXIT TRENDS

BOOTSTRAPPED COMPANIES HAVE CONTINUOUSLY MORE EXITED THAN VC-BACKED



Top 10 VCs by number of exits in 2023

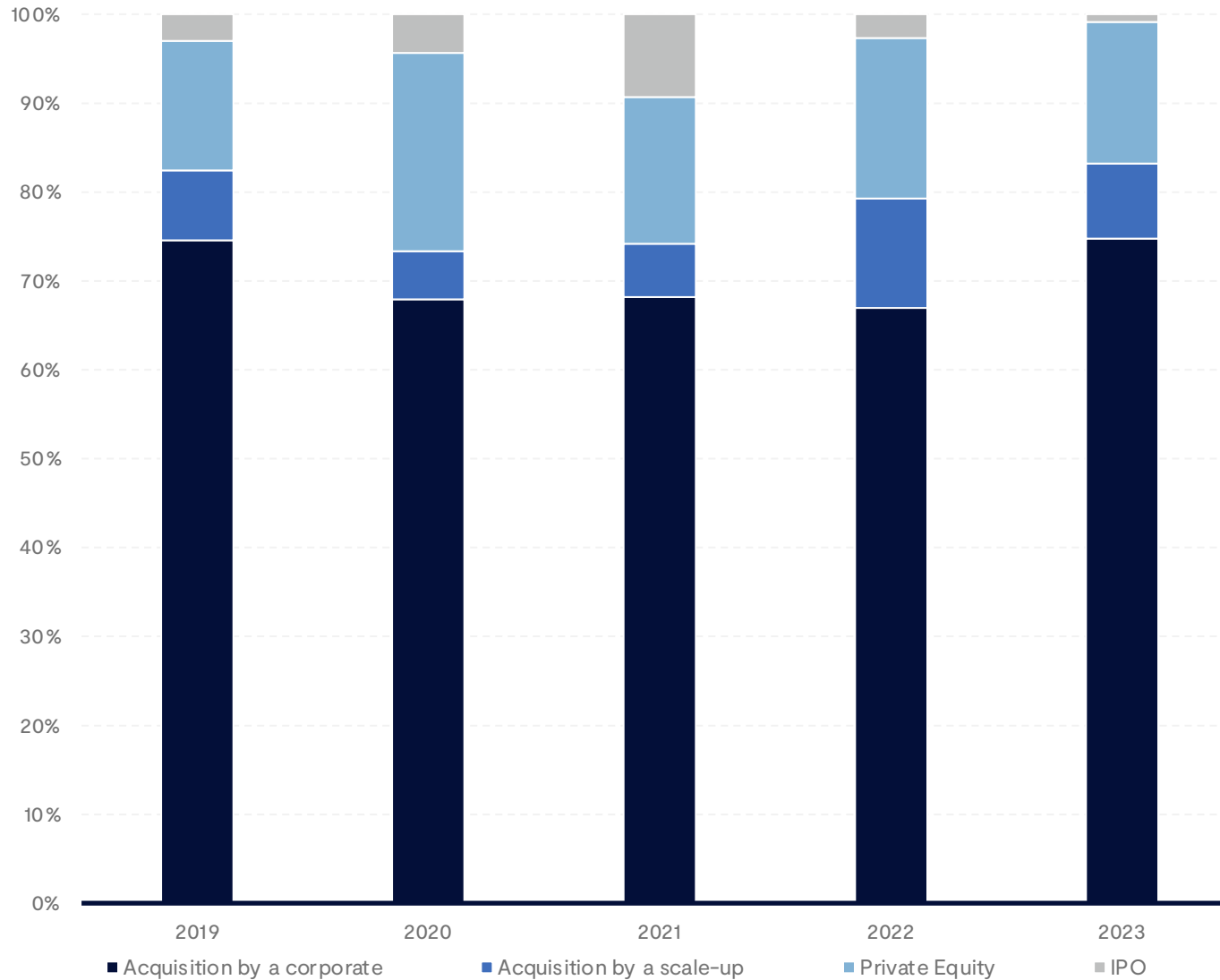
1.	—	bpi france	18 exits
2.	↑4	EURAZEO	11 exits
3.	New	CA CRÉDIT AGRICOLE	11 exits
4.	New	Turenne GROUPE	8 exits
5.	New	UI investissement	7 exits
6.	New	INA CO	6 exits
7.	↑1	Crédit Mutuel Equity	5 exits
8.	New	alven	4 exits
9.	↓5	elaia	3 exits
10.	New	XAnge	3 exits

Note: Credit Agricole's investment funds have been gathered under the same flag. Sofimac Innovation, part of UI Investissement, made 5 out of the 7 exits mentioned for UI Investissement.











EXIT TRENDS

ACQUISITIONS BY A CORPORATE REPRESENT 74% OF DEALS IN 2023, A YEAR WITH ALMOST NO IPOs

Distribution of deals per acquiror type (%)



Top 10 acquirers in 2023

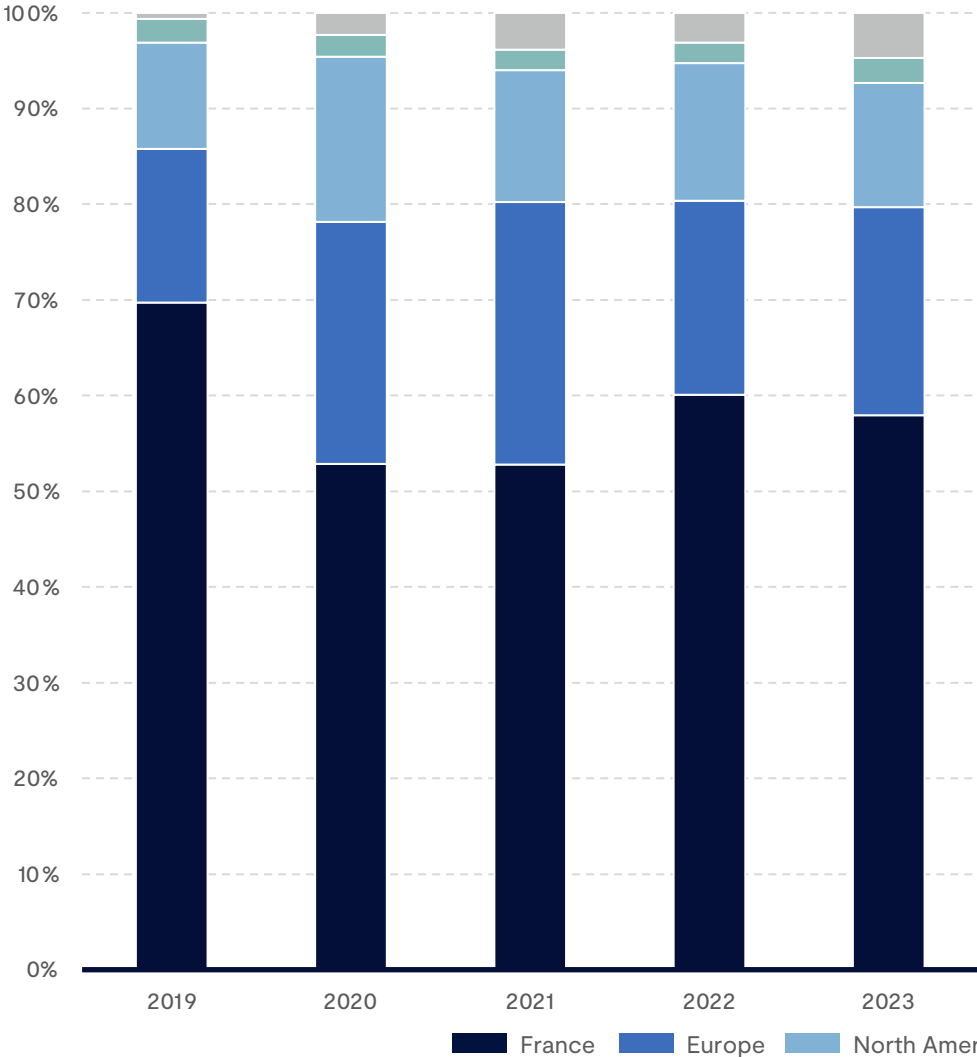
1.	 CHAPSVISION DATA MAKE SENSE	4 deals
2.	 naxicap PARTNERS	3 deals
3.	 TotalEnergies	3 deals
4.	 Bridgepoint	2 deals
5.	 AMEXIO	2 deals
6.	 nomadia SMART MOBILITY SOLUTIONS	2 deals
7.	 fives	2 deals
8.	 GROUPE POSITIVE	2 deals
9.	 enovacom	2 deals
10.	 RAISE	2 deals

EXIT TRENDS

EUROPEAN ACQUIRERS ARE RULING THE ROOST IN TOTAL DEAL VALUE IN 2023

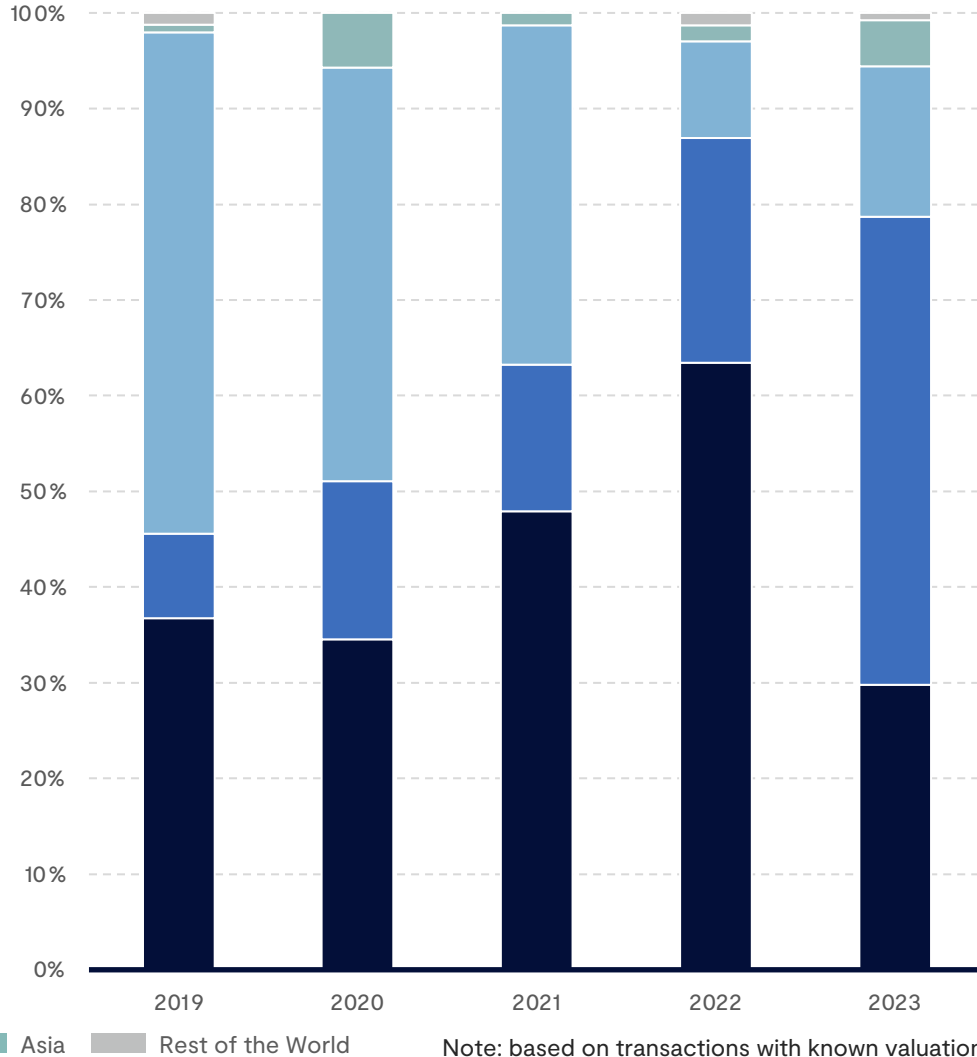
In 2023, acquirors remain mostly French

Distribution by no. of deals



Deal value is mostly European centric

Distribution by total exit value



Note: based on transactions with known valuations

EXIT TRENDS

AVOLTA'S PUBLIC FRENCH TECH INDEX

Avolta's Public French Tech Index shows a very poor performance at -63% since 2018

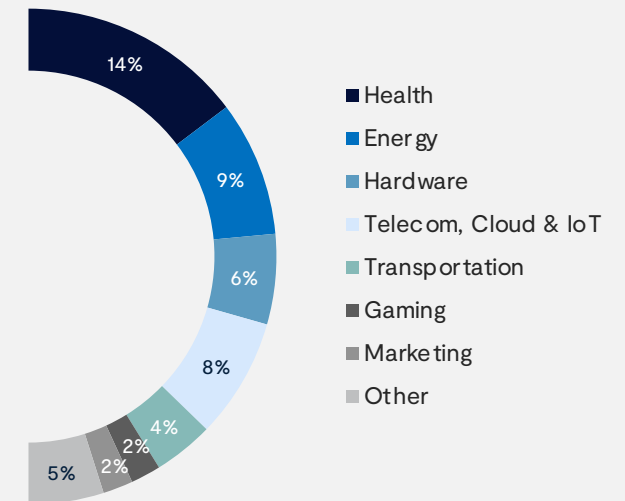


Note: Index corresponds to returns of an equally-weighted portfolio of all tech IPOs since Jan. 2017

IPO characteristics & breakdown

€70.3m
median EV at IPO

10.5%
of companies have shown
a positive return since IPO



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	Exit types
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 Adeunis, Advicenne, Aelis Farma, Affluent Medical, Alveen, Arcure, Balyo, Believe, 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, MaaT Pharma, Medesis Pharma, Munic, Nacon, namR, Nanobiotix, Obiz, Octopus Biosafety, Ordissimo, Osmosis, OVH, Predilife, Prodways, S.M.A.I.O, Spartoo, Theranexus, Toosla, UV Germi, Valbiotix, Vente-Unique.com, Vogo, Waga Energy.

4. Sources



ABOUT AVOLTA

LEADING TECH M&A AND FUNDRAISING ADVISOR IN EUROPE ON €20-200M EV



- Leading Tech advisor in Europe
- Co-founded by 3 Tech entrepreneurs
- 120 deals for €2bn+ completed in 10 years
- All types of transactions (€20-200m EV)
 - M&A & LBO
 - Fundraising (Series A/B/C+)
- 70% cross-border deals
- 100% Tech, with major focus on:
 - Software
 - Artificial Intelligence
 - Sustainability
 - Fintech
 - Deeptech
 - Social impact (health, education, HR)
 - Web 3.0



RESEARCH TEAM



Arthur Porré
Founding Partner



Alexandre Meiers
Vice President



Olivier Saint-Marc
Associate

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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 deal in terms of valuations and overall conditions – this due to its time-tested sectorial methodology and expert negotiating skills