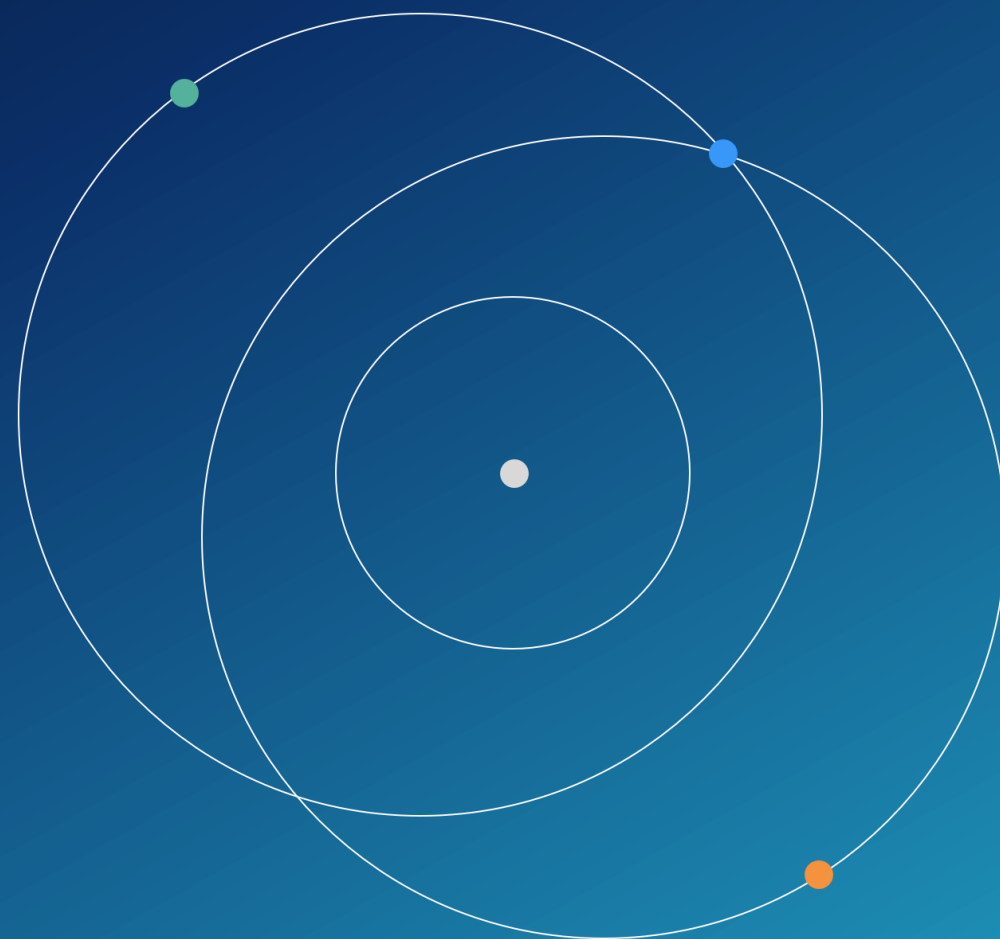




Venture Capital Report Italy Q4-22 & FY-22



 Growth Capital

 growthcapital.it

 Italian Tech Alliance

 italiantechalliance.com

About Growth Capital



Growth Capital is the leading Italian advisor specialized in fundraising and M&A for scale-ups. With more than 45 successfully completed deals, it supports innovative companies from structuring the operation to the drafting of transaction documents and to deal closing

START-UPS

We support brilliant entrepreneurs leading companies with **strong growth potential** in the **most complex stages** of fundraising and M&A

CORPORATES

We collaborate with successful companies in the innovation process through the implementation of **investment strategies** based on the main **industry trends**

INVESTORS

We provide **consulting services to the VC ecosystem** supporting funds, business angels and other players according to the specific investment needs

Summary

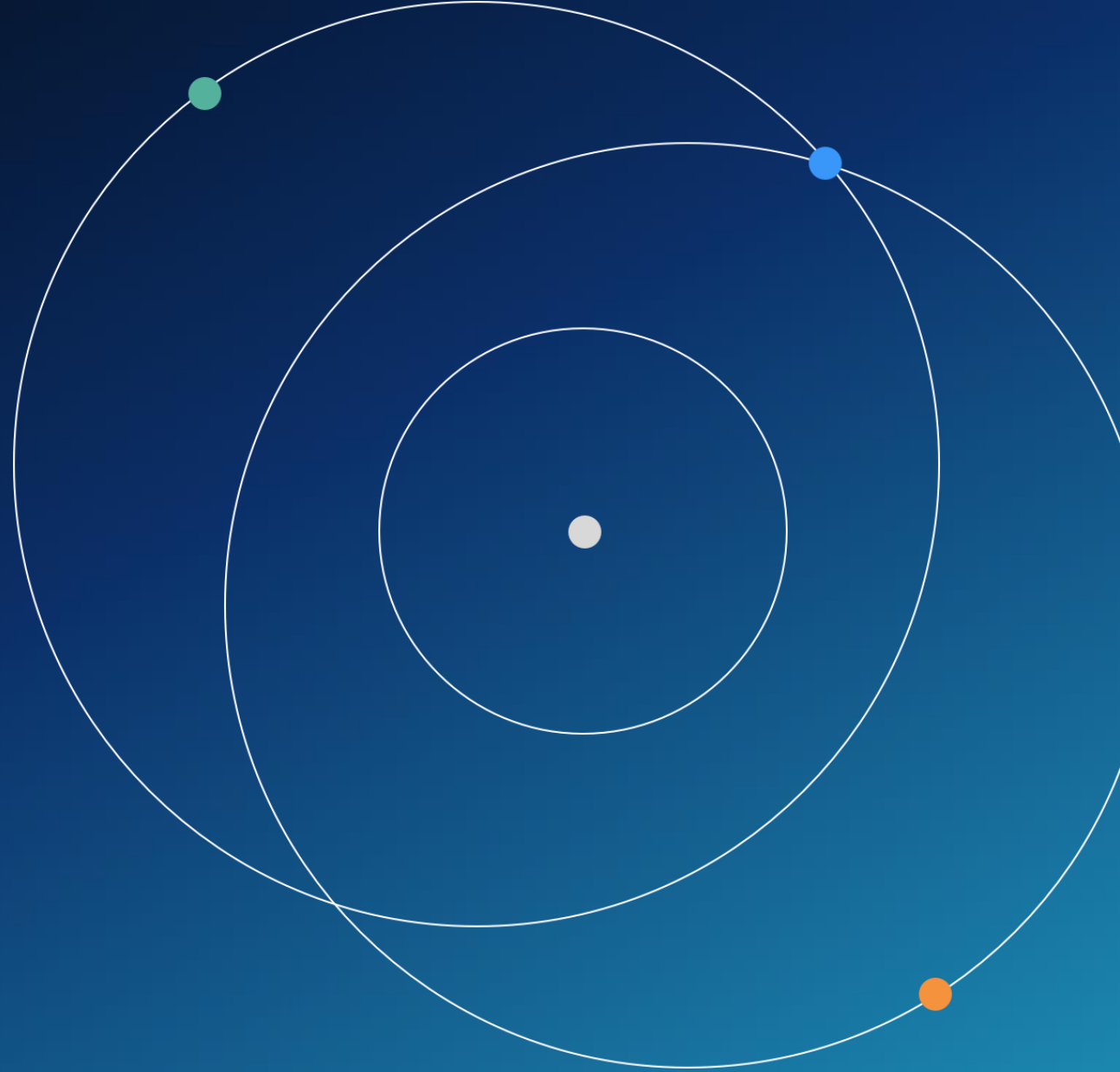
Methodology

1. Executive Summary
2. VC in Europe and Italy: 2022 and historical evolution
3. Q4-22 & FY-22 in Italy: analysis by sectors and verticals
4. The Top 5 Deals, Investors and Exits in 2022
5. Trends in the international VC in 2022
6. Italy compared with France and Spain
7. Final considerations

Methodology

1. The report includes (i) **start-ups based in Italy** and (ii) **start-ups with foreign headquarters** but **with Italian founders** and **>50% of employees in Italy** (analysis through LinkedIn search)
2. Use of [PitchBook](#) data for rounds from 2017 to 2022 classified as Early Stage VC and Late Stage VC, with «vertical» (as defined in **point 14**) assigned by PitchBook and «sector» (as defined in **point 15**) assigned by Growth Capital (GC). Last database consultation: **17/01/2023**
3. Use of [Dealroom](#) data for rounds from 2017 to 2022 classified as Early VC, Late VC, and Growth Equity VC, with vertical and sector assigned by GC. Last database consultation: **17/01/2023**
4. Use of [Crunchbase](#) data for rounds from 2017 to 2022 classified as Pre-seed, Seed, Series A, B, C, D, and Unknown, with vertical and sector assigned by GC. Last database consultation: **17/01/2023**
5. Creation of a unique database of PitchBook, Dealroom and Crunchbase data. In case of discrepancies between data reported in the databases, the information was selected in the following order: PitchBook, Dealroom, Crunchbase
6. Comparison between the data elaborated according to the procedure at **point 5** and the rounds' press releases, when available. In case of discrepancies, information disclosed in press releases was privileged
7. Performed a check on **each round without stage indication**:
 - a) «**Early Stage VC**» rounds were classified as (i) **Pre-Seed** in case of first funding rounds smaller than **€0.2M** or (ii) **Seed** if the amount was **between €0.2M and €1M**
 - b) for «**Late Stage VC**» rounds, the **equity story of each company was checked**, defining the round stage case-by-case. For example, a round of €2M which follows two Seed rounds of less than €1M would be defined as Series A; an eventual later round bigger than the Series A would be defined as Series B, otherwise Series A
8. The rounds defined as «**Bridge**» were assigned to the «**Seed**» category to avoid excessive sample fragmentation
9. All rounds with **unreported** or **zero size** and all rounds that **could not be brought back to a stage** based on the start-up's equity story were **excluded** from the analysis
10. The **capital increases** included in the used databases, which are not unambiguously classifiable as VC rounds were **excluded** from the report
11. The VC rounds in the form of debt were excluded due to their strong sectoral dependence; coherently, for the «**mixed**» **equity and debt** VC rounds, **only the equity part was considered**. For example, Scalapay's round totalling **€439M** in Q1-22 was considered only for **€188M**
12. In the case of «mixed» rounds, for which the exact breakdown between equity and debt **was not disclosed**, information was **confidentially** asked to the start-up or to the investors and, when provided, it was used **preserving the confidentiality**. If data were not provided, the round would be entirely considered as equity
13. The procedure described at **point 12** was followed also for those rounds whose total announced consideration includes **sales of quotas/shares on the secondary market** and for those rounds with funding subject to **milestones**
14. «**Verticals**» is used to mean the 272 values uniquely used by PitchBook to define the type of the sectoral/market activity of the start-ups under analysis
15. «**Sectors**» is used to mean the 10 sectors defined by GC, which were assigned PitchBook's 272 verticals as in the [Appendix](#)

1. Executive Summary



1.1. Executive Summary 2022

323

Financing rounds

€1.8B+

Amount invested

57

Series A

19

Series B
(+ 5 Series C & 3 Series D)

37

Exits

Smart City

Sector with most
rounds

Smart City

Sector with the
largest investments

CleanTech

Vertical with most
rounds

CleanTech

Vertical with the
largest investments

CDP VC

Investor with most
deals announced

1.2. Executive Summary Q4-22

75

Financing rounds

€203M+

Amount invested

18

Series A

3

Series B
(+ 1 Series C)

11

Exits

Smart City

Sector with most
rounds

Smart City

Sector with the
largest investments

E-Commerce

Vertical with most
rounds

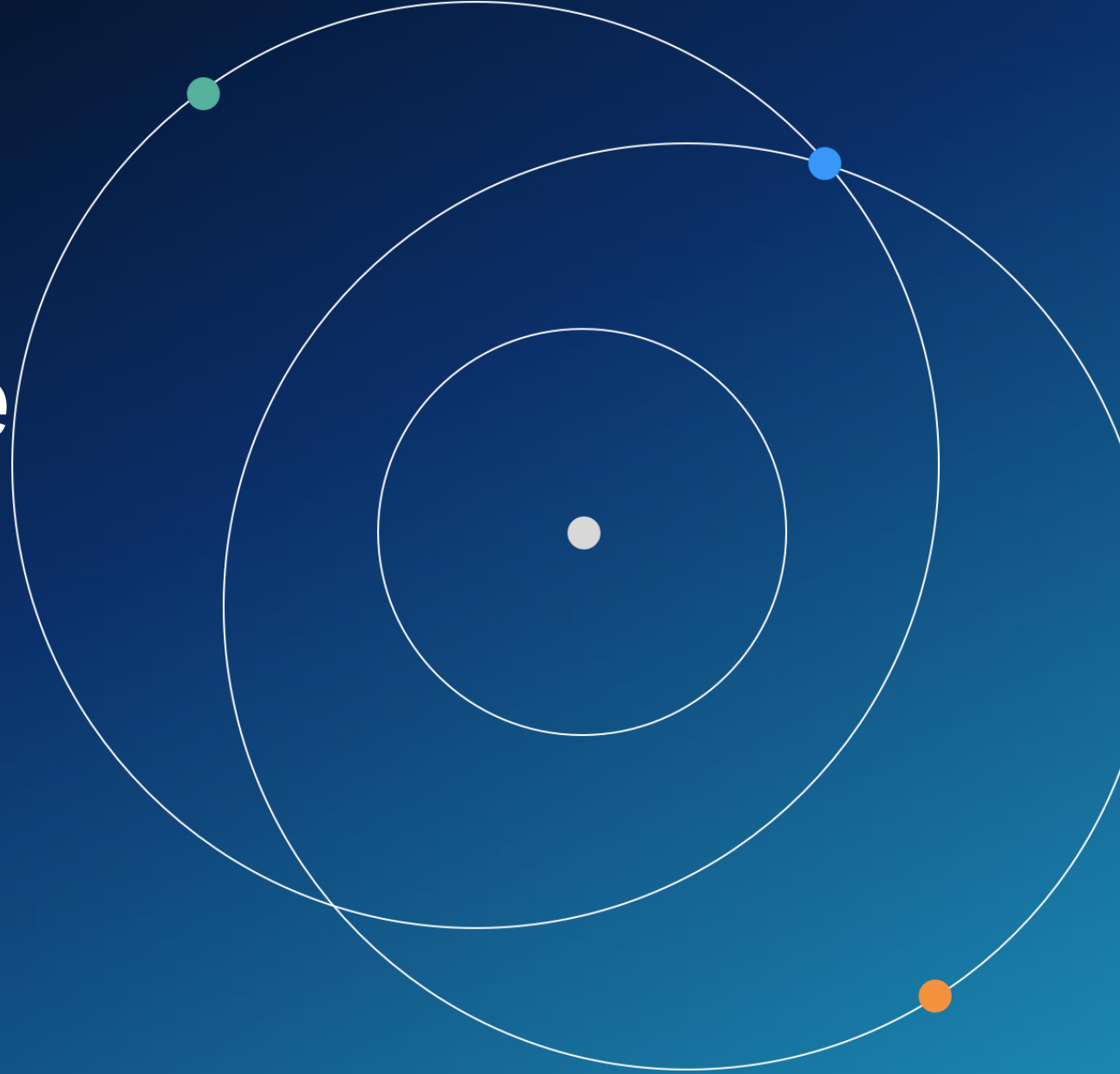
Biotechnology

Vertical with the
largest investments

CDP VC

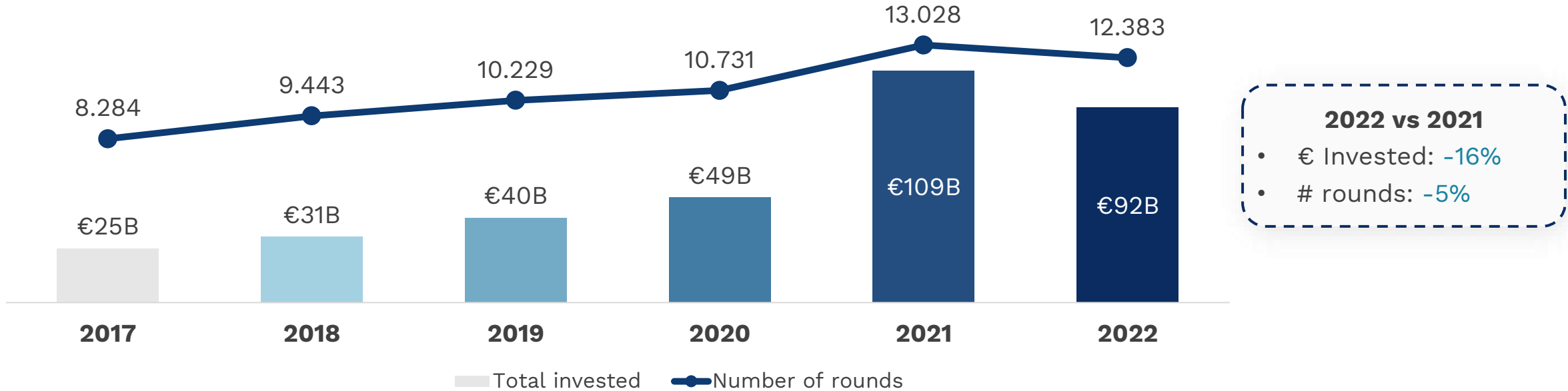
Investor with most
deals announced

2. VC in Europe and Italy: 2022 and historical evolution



2.1. Venture Capital in Europe

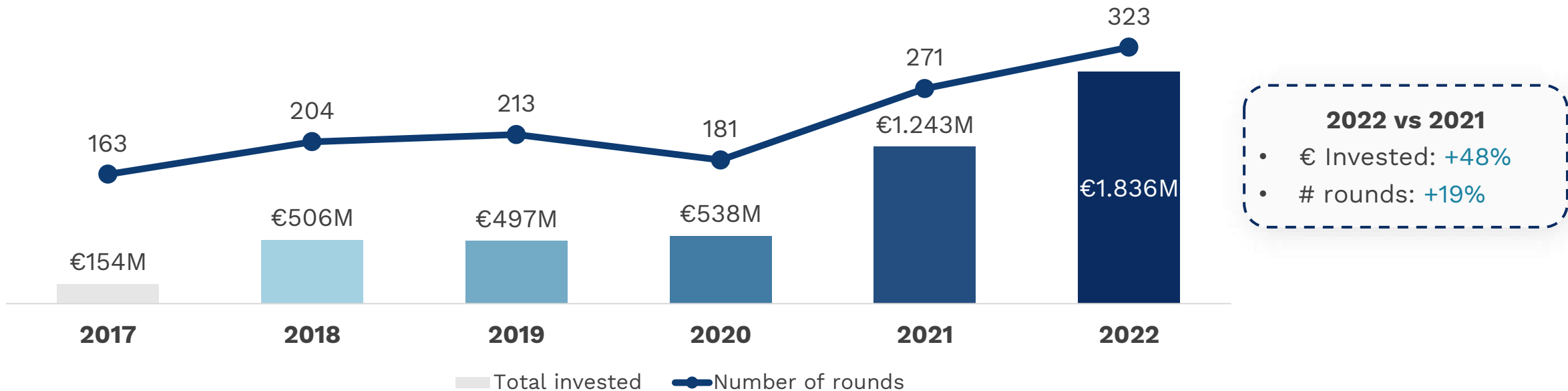
- **Q4-22** registered a slowdown in the European VC activity: a total funding of **€12.8B** (-52% vs the average of the previous 4 quarters), with **2,593** rounds announced (-21% vs the average of the previous 4 quarters)¹
- European VC results in **Q4-22** bring the investments made in **2022** to **€92B** (-16% vs **2021**) spread over more than **12,300** deals (-5% vs **2021**)¹
- The European VC has been impacted by the **drastic valuations drop** of listed tech companies, the **worsening of investors' expectations** on exit multiples, and the general sentiment of **macroeconomic uncertainty** in 2022. An even sharper slowdown was recorded in the **US** (-31% vs 2021 in the amount invested and -14% vs 2021 in the number of rounds)²



Sources: 1. Growth Capital elaboration from PitchBook, 2022 Annual European Venture Report; 2. PitchBook-NCVA Venture Monitor, Q4 2022

2.2. Venture Capital in Italy

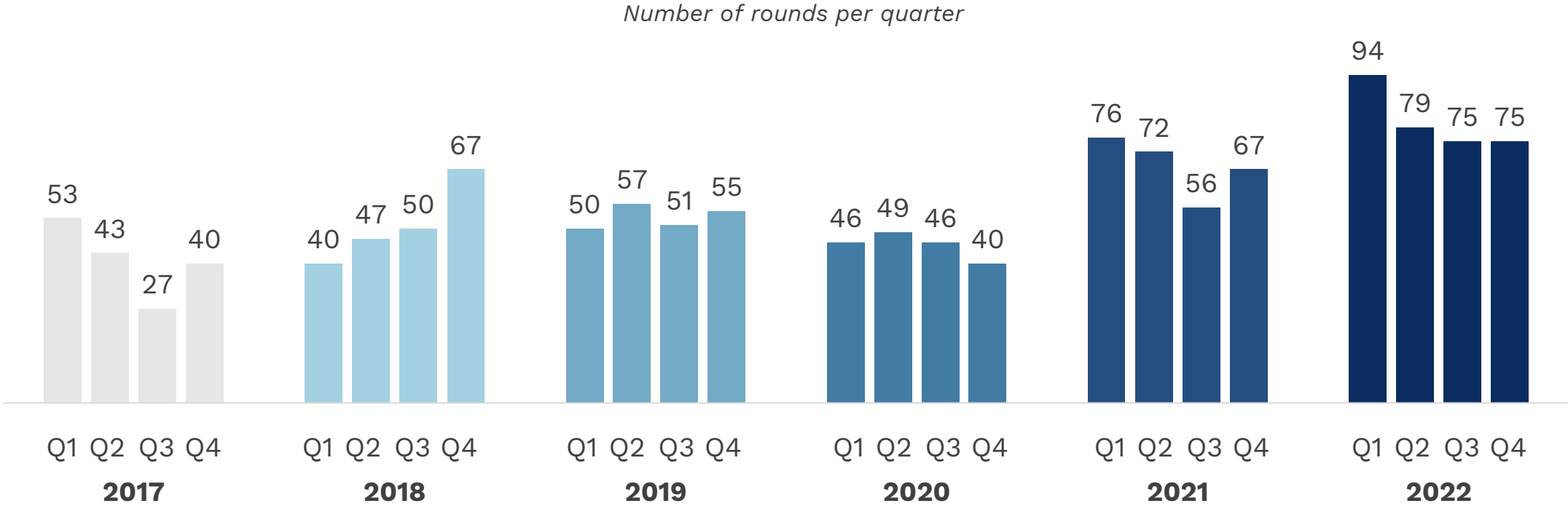
- With €203M raised in 75 rounds, Q4-22 registered a slowdown in funding, but a similar number of deals compared to the average of the previous 4 quarters (€463M in 79 rounds). Much of the decline in the **amount invested** was due to the absence of **mega rounds**¹, which in the other quarters of the year had accounted for between 40% and 50% of the total raised
- **2022** ended with more than €1.8B invested in the start-ups covered by the report (+48% vs 2021), although this figure is significantly impacted by the mega rounds of **Satispay** (Series D, €320M²), **Newcleo** (Series A, €300M) and **Scalapay** (Series B, €212M)
- As predicted by Growth Capital at the beginning of the year, the Italian VC has been **minimally impacted** by the macroeconomic tensions of 2022, showing sustained **growth** compared to 2021, in contrast with the contraction registered in Europe and other developed VC markets



Notes: 1. For the purposes of the report, *mega rounds* are defined as deals with €100M+ equity raised on the primary market; 2. Satispay's total round size does not include sales of shares on the secondary market, concluded on the occasion of the capital increase. In accordance with the report methodology, the quantitative analyses exclusively consider the new capital raised on the primary market

2.3. Number of rounds per quarter

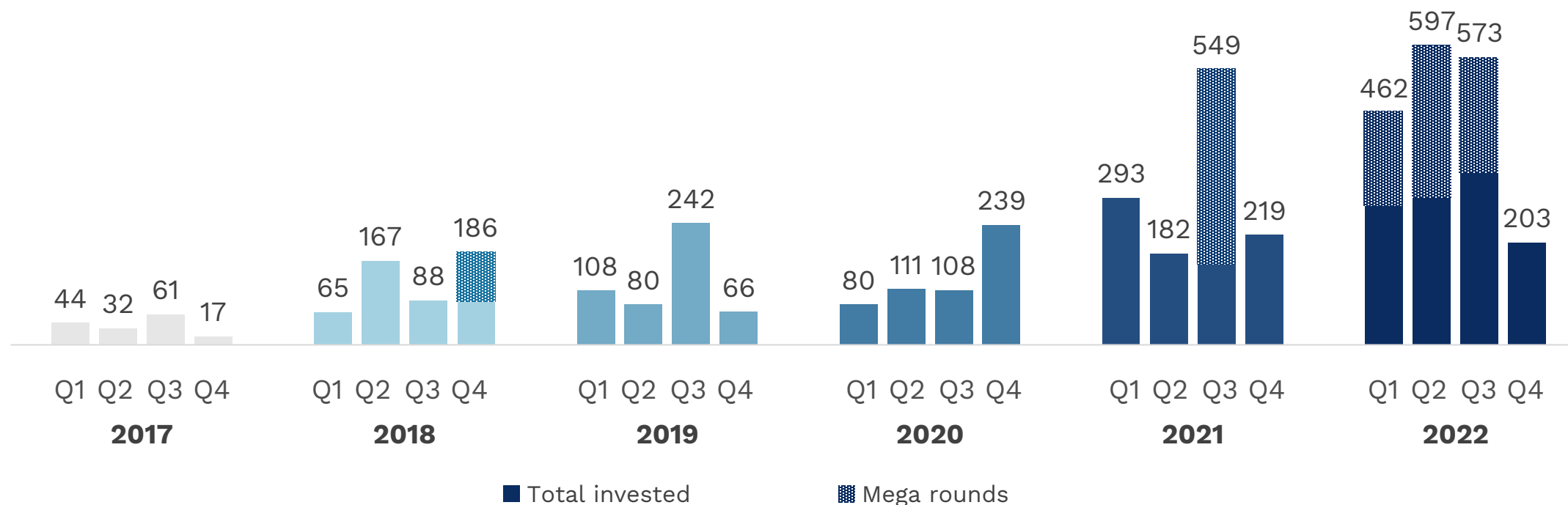
- In **Q4-22**, 75 rounds were recorded, a figure equal to **Q3-22** and slightly down from **Q2-22** (-5%)
- Compared to **Q1-22** (the most prolific quarter in terms of number of transactions during the period analyzed), a significant reduction was reported at **Seed** level (38 vs 59), which more than compensated for the increase in rounds from Series A upwards (27 in **Q4-22** vs 17 in **Q1-22**)
- The solid results for the four quarters of 2022 led to surpassing the 300-round threshold (323), up from 2021 (271)



2.4. Total invested per quarter

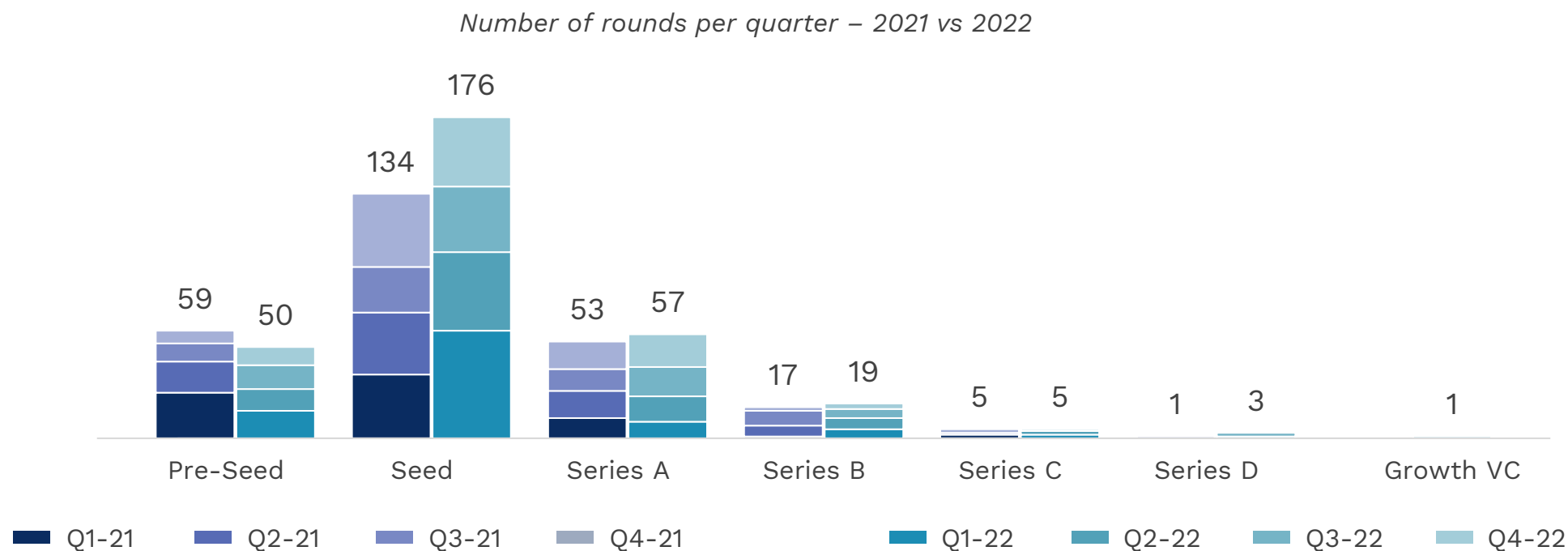
- **Q4** was the only quarter in 2022 with **no mega rounds**, which significantly limited overall fundraising (-56% vs the average of the previous 4 quarters)
- Considering **Q4-22** results, the **second half of the year** weighted for 42% of the total invested in the year, in contrast with the average of the previous 5 years (59%)

Total invested per quarter (€M)



2.5. 2022 by round type

- In **Q4-22**, **38 Seed**, **18 Series A** and **3 Series B** were recorded *inter alia*
- In **2022**, **Seed** rounds were the most represented type, with **176** rounds closed (**50%+** of the total deals in the year)
- Compared to **2021**, there is a higher incidence of *Late Stage** rounds, but also a higher presence of **Seed** rounds (**+42**). This second factor justifies a positive expectation for the increase in rounds from **Series A** onwards in the coming years

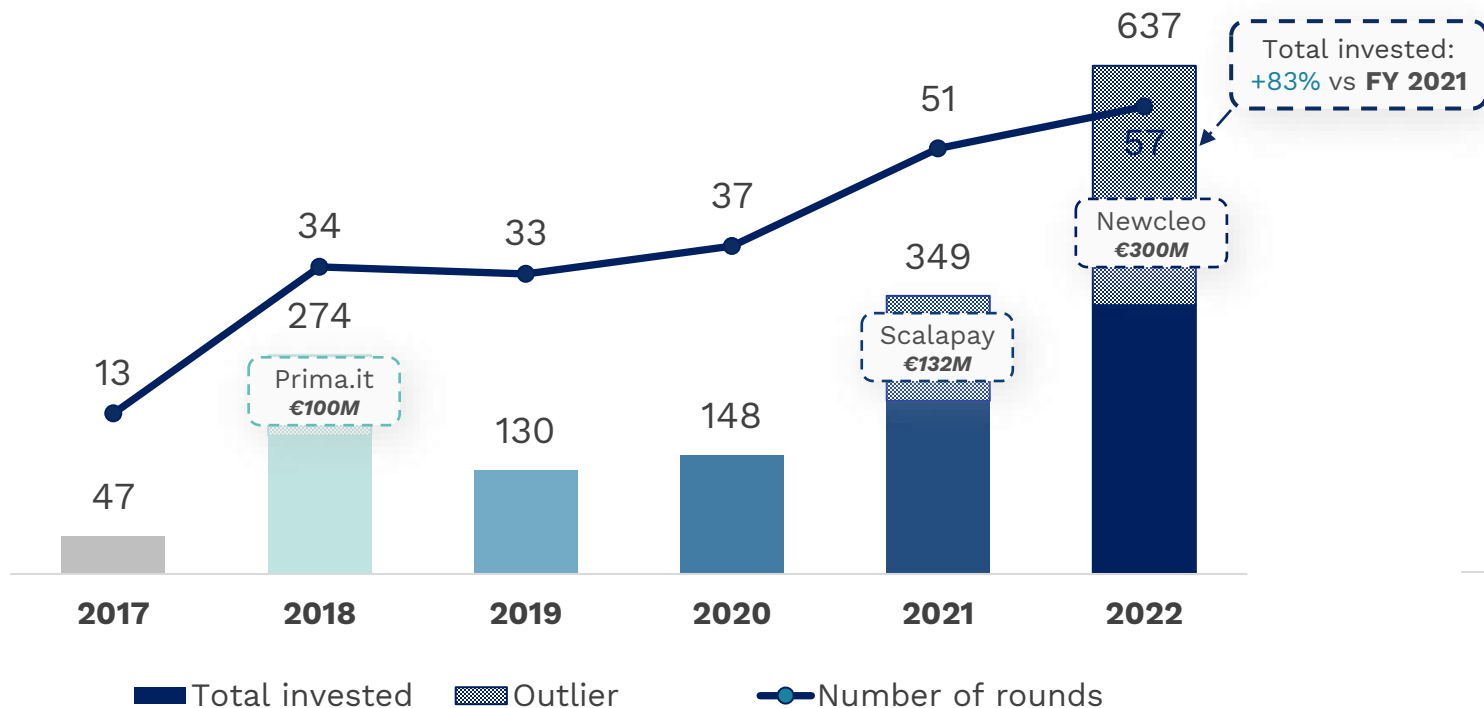


* For the purpose of this report, *Late Stage* indicates rounds from Series C onwards

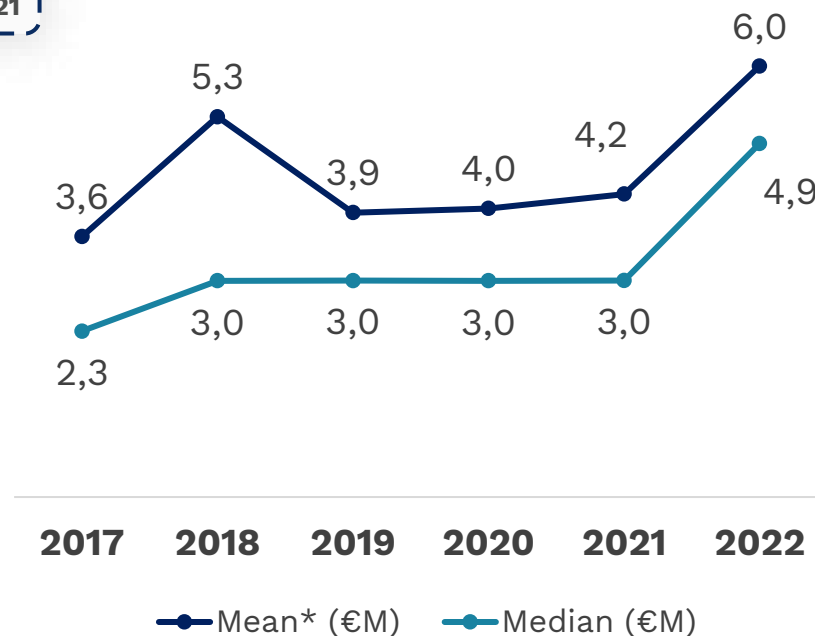
2.6. Focus: Series A

- **Q4-22** is the quarter with the highest number of **Series A** rounds over the last 6 years (18). Moreover, both the total funding (€90.6M) and the average ticket size* (€5.0M) are higher than the average of the previous 4 quarters (€76.2M and €3.3M respectively)
- In **2022**, **Series A** raised €600M+, a result largely stemming from the €300M mega round announced by Newcleo in **Q2**. However, even disregarding the *outliers*, a significant increase in the **mean*** (+43%) and **median** (+63%) size compared to 2021 can be noted
- It is worth mentioning that the **median** is now €9.4M (+13% vs 2021) for Europe and €11.1M (+5% vs 2021) for US^{1,2}

Total invested (€M) and number of rounds



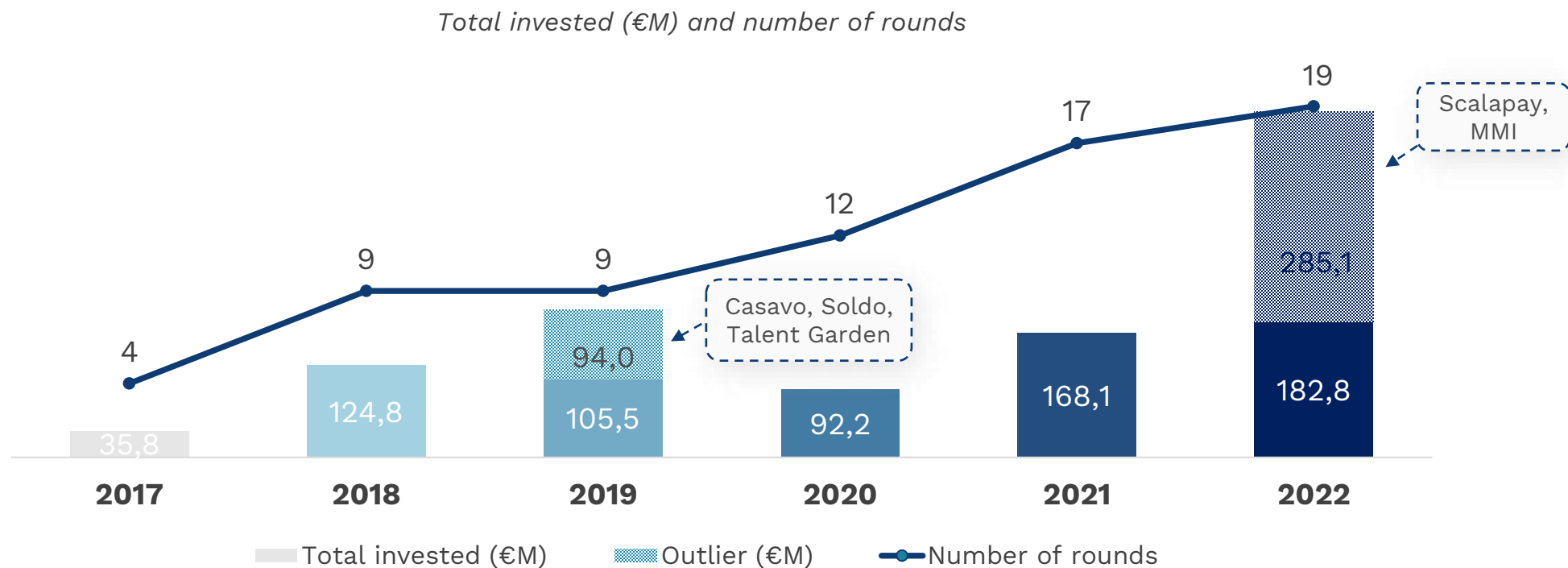
Mean* and Median (€M)



* Average values do not contain the rounds defined as *outliers*; Sources: 1. KPMG (2022), Venture Pulse Q4 2022; 2. KPMG (2021), Venture Pulse Q4 2021

2.7. Focus: Series B

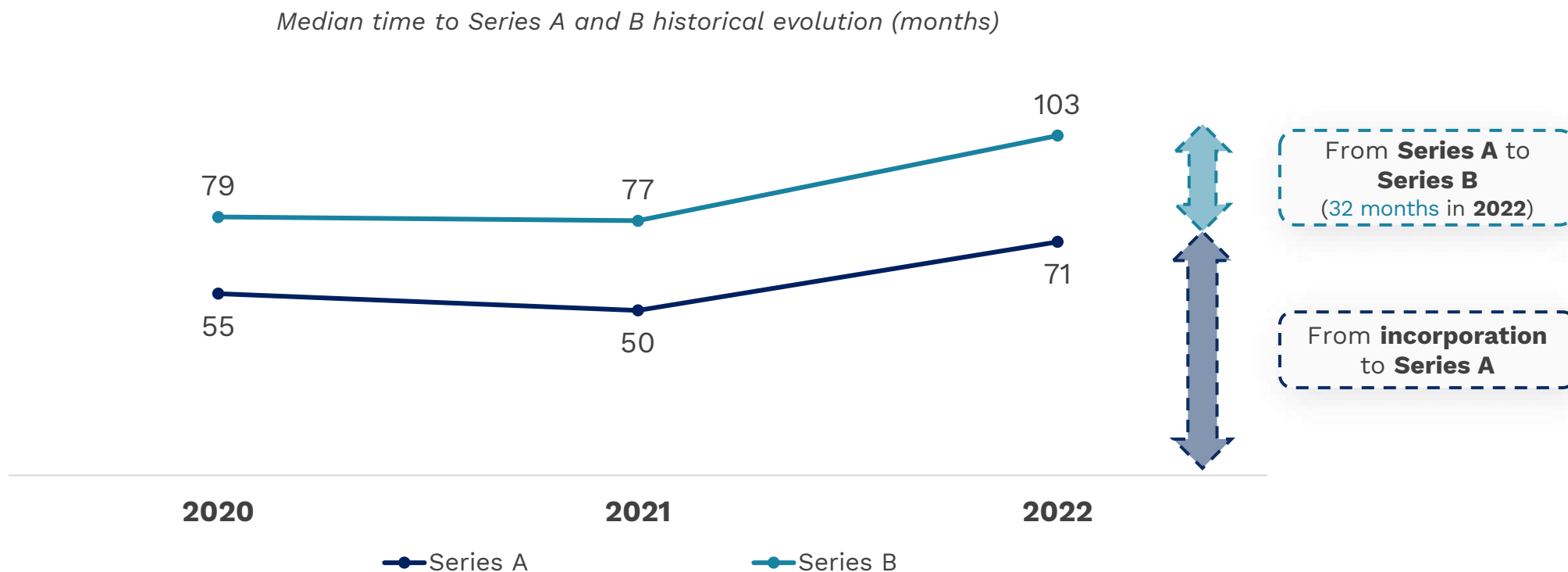
- In **Q4-22**, **Series B** raised **€35.1M**, i.e. about **one-third** of **Q2** (€95.7M) and **Q3** (€108.4M) and less than **one-sixth** of **Q1** (€228.7M)
- **2022** was an important year for this round type, which saw a real jump in the **amount invested** compared to previous year (+178% vs **2021**). This outcome was in part due to the rounds of Medical Micro Instruments (MMI, **€73M**) and Scalapay (**€212M**)
- Finally, the **average round size*** (€12M) has grown by **20%** compared to **2021** and by almost **60%** compared to **2020**



* Average values do not contain the rounds defined as outliers

2.8. Median time to Series A and B

- Compared to the previous two years, **2022** saw a significant increase in **median funding time**. This observation holds for both Series A (+18 months vs 2020-2021 average) and Series B (+7 months)
- This suggests that the **worsening macroeconomic scenario** has somehow affected the Italian VC, prompting investors to pay more attention to *capital efficiency* and motivating founders to extend the *runway* of their start-ups

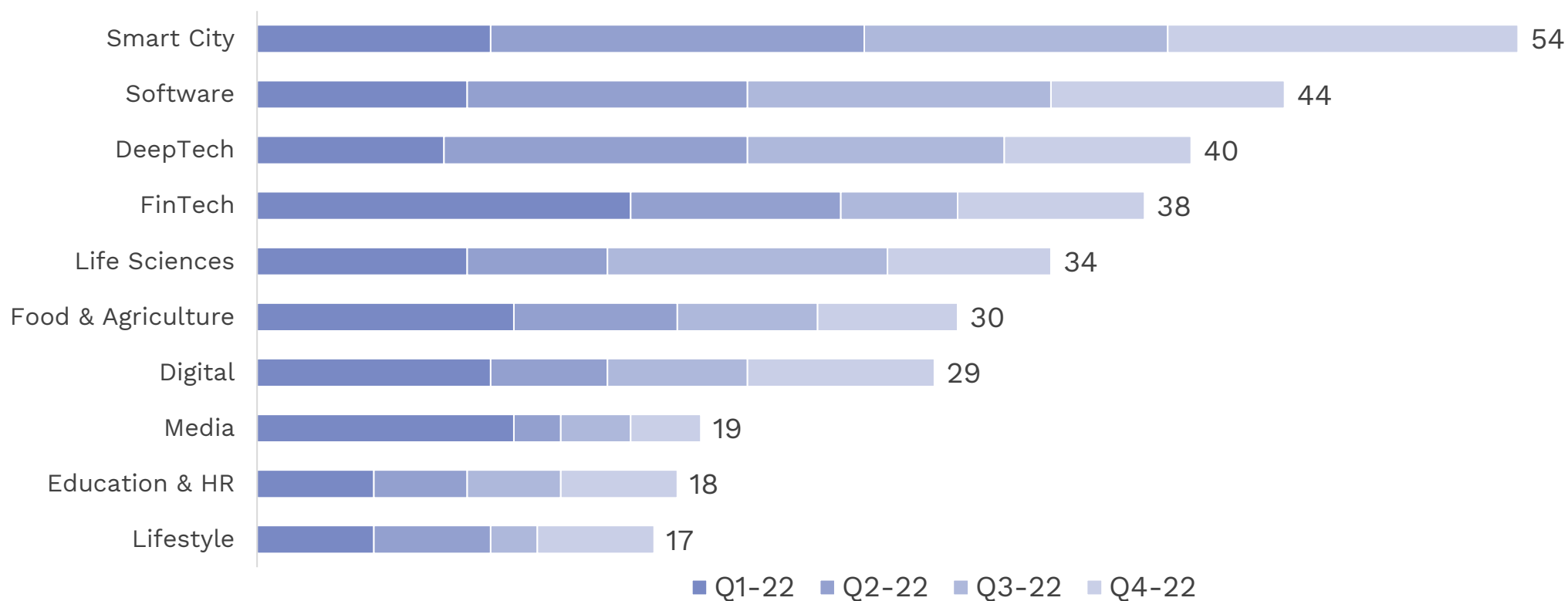


* For each start-up which closed a Series A and a Series B round over the period analyzed, **median time to Series A** was calculated by taking as a reference the date of incorporation, while **median time to Series B** was computed starting from the date of the previous **Series A** round

3. Q4-22 & FY-22 in Italy: analysis by sectors and verticals

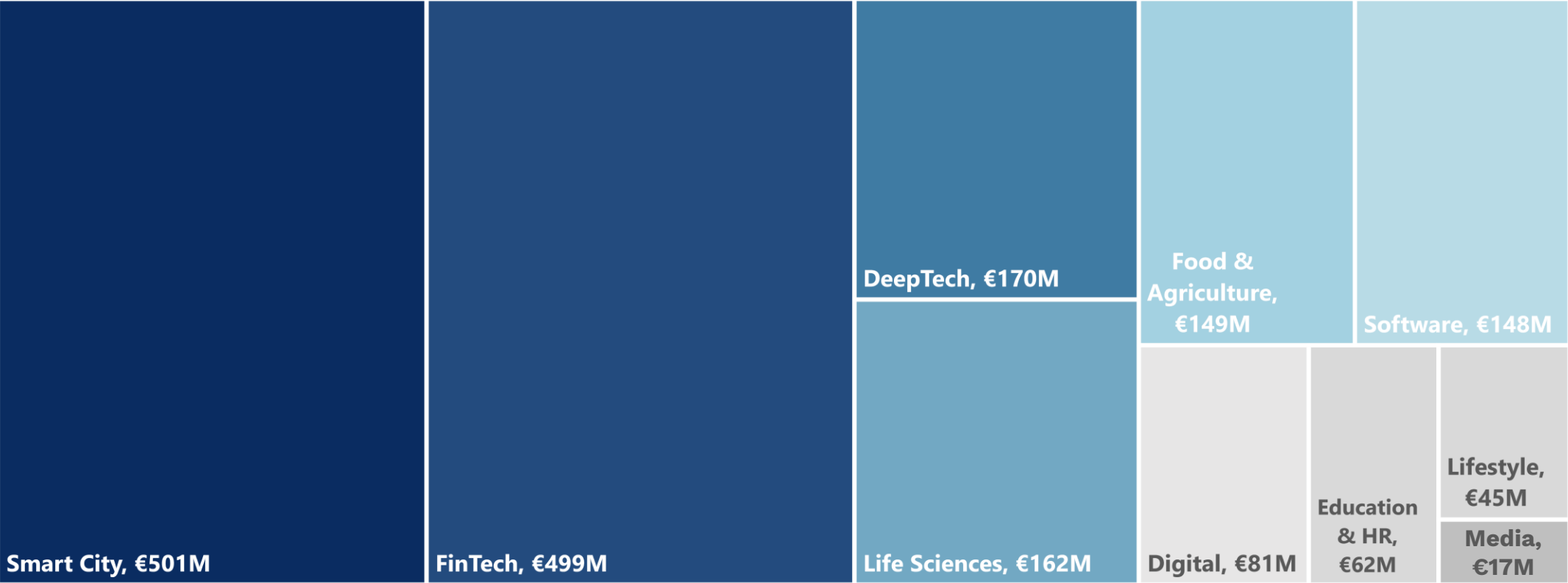
3.1. Sectoral analysis 2022: number of rounds

- **Sectors** refers to the 10 sectors defined by GC, which were assigned PitchBook's 272 verticals as in the [Appendix](#)
- **Smart City** resulted the sector with the most deals announced in the last quarter of 2022 (**15**), followed by **Software** (**10**)
- **Smart City** also ranks at the top annually, with **54** rounds concentrated mainly in **Q2** (**16**) and **Q4**. The other most active sectors are **Software** (**44**) and **DeepTech** (**40**), for which most rounds were announced in **Q2** and **Q3**



3.2. Sectoral analysis 2022: total invested

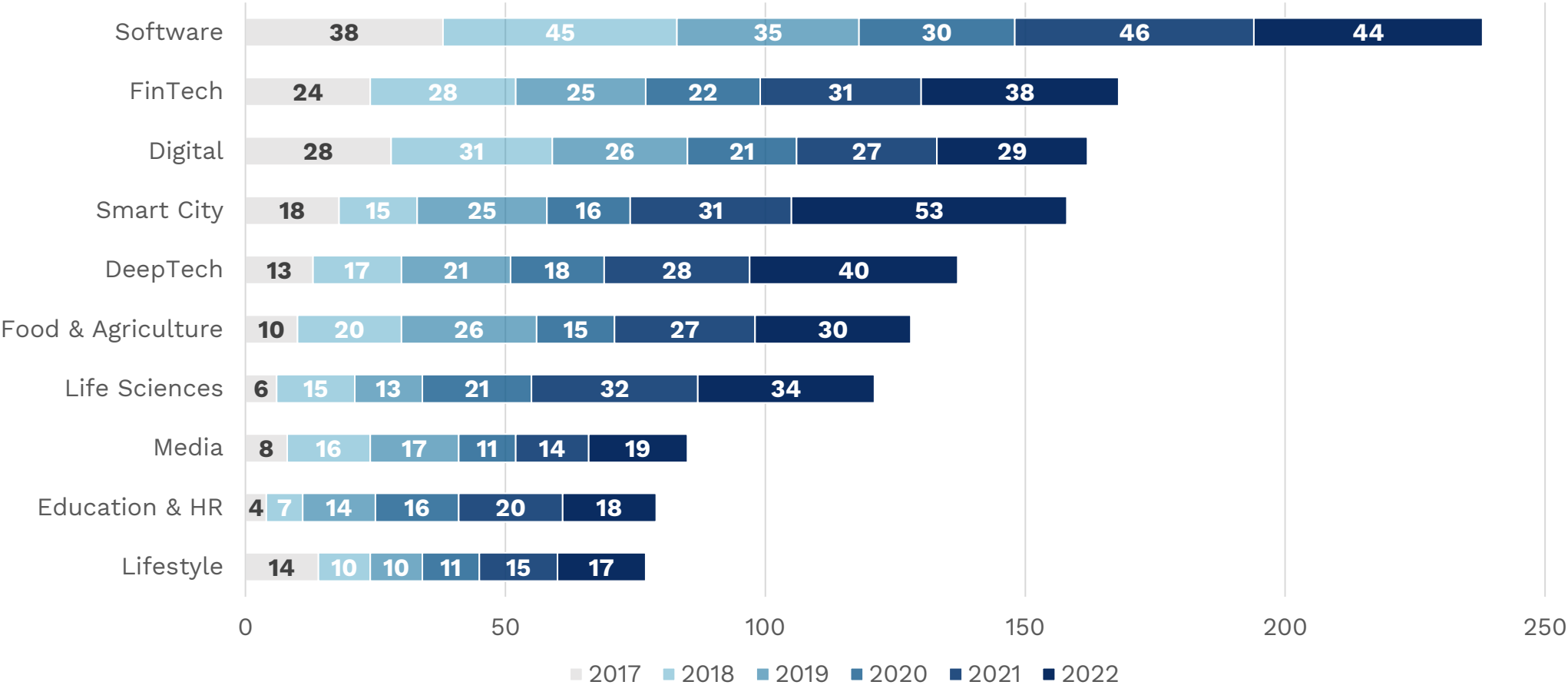
- Smart City (€501M)* and FinTech (€499M)* were the sectors with the largest fundraising in 2022, accounting for 55% of the total investments in the year. The mega rounds of Newcleo, Satispay¹ and Scalapay contributed significantly this outcome



* Average values do not contain the rounds defined as outliers; **Notes: 1.** In accordance with the report methodology, the quantitative analyses exclusively consider the new capital raised by Satispay on the primary market

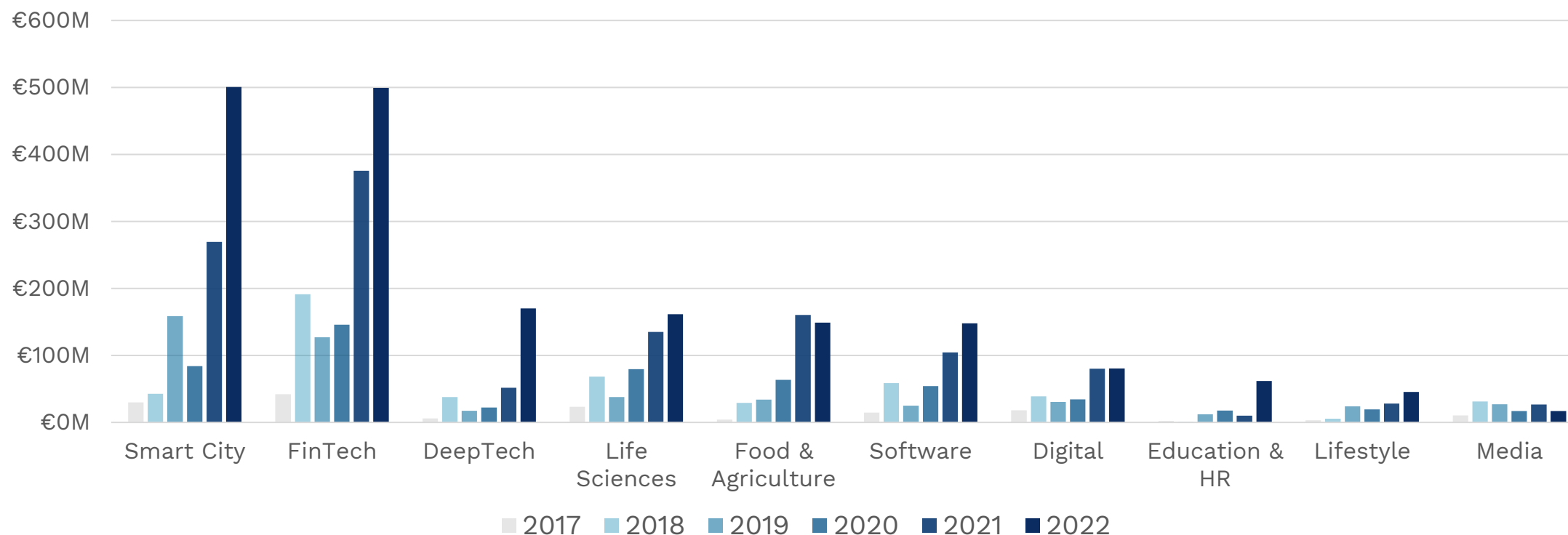
3.3. Historical sectoral analysis: number of rounds

- Over **the past 6 years**, **Software** (**238**) was the sector with most deals, followed by **FinTech** (**168**) and **Digital** (**162**)
- On the contrary, **Media** (**85**), **Education & HR** (**79**) and **Lifestyle** (**77**) were the sectors that catalyzed the least number of financing rounds



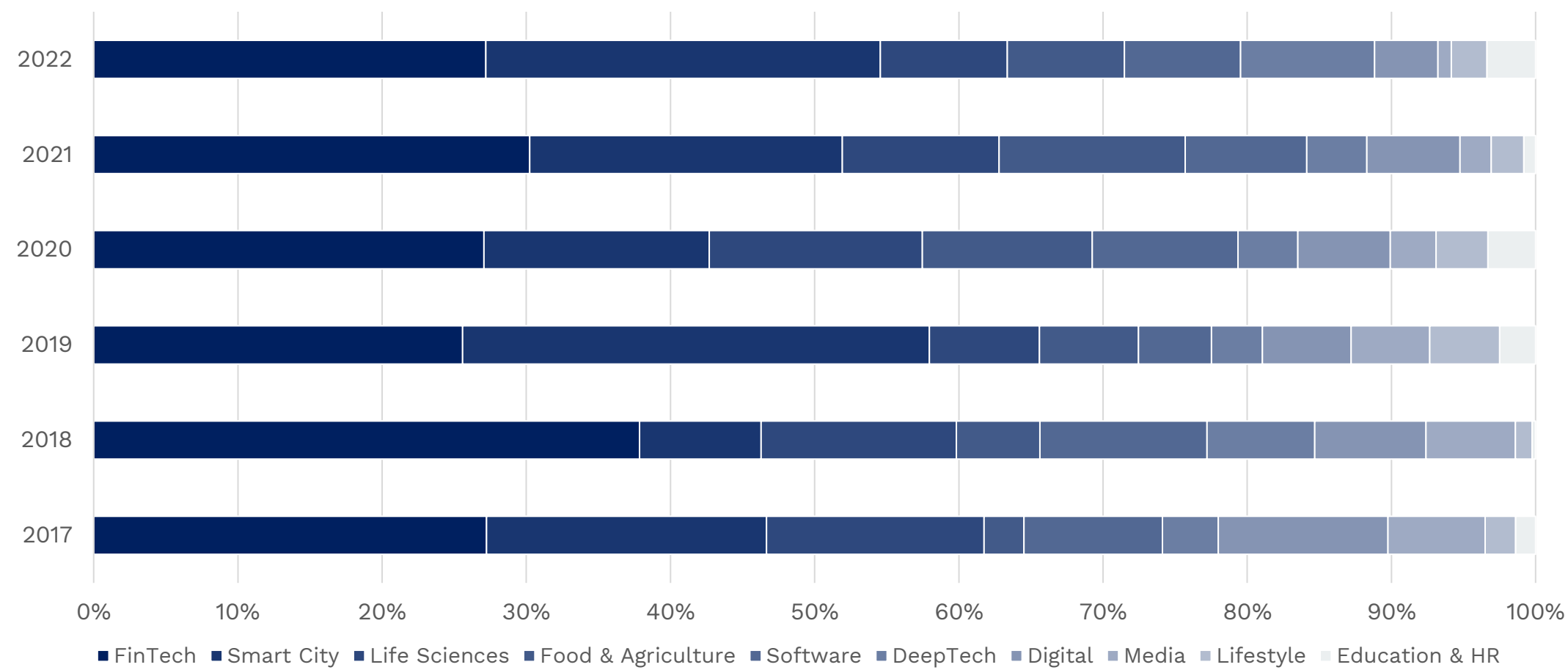
3.4. Historical sectoral analysis: total invested (€M)

- **FinTech (€1.4B)** and **Smart City (€1.1B)** attracted most of the capital invested over the past 6 years, both exceeding **€1B**, partly due to the more frequent presence of **mega rounds** and **outliers** compared to other sectors
- In **2022**, **Education & HR** was the sector with the highest percentage growth compared to both 2021 (**6x**) and the historical average (**7x**). **DeepTech** also saw a significant increase in 2022 (**3.2x** vs 2021 and **6x** vs the historical average)
- On the contrary, **Media (-37%)** was the sector with the largest decrease from 2021. **Food & Agriculture** also experienced a contraction of capital raised in 2022 (**-7%** vs 2021) after a steady growth in the previous five years



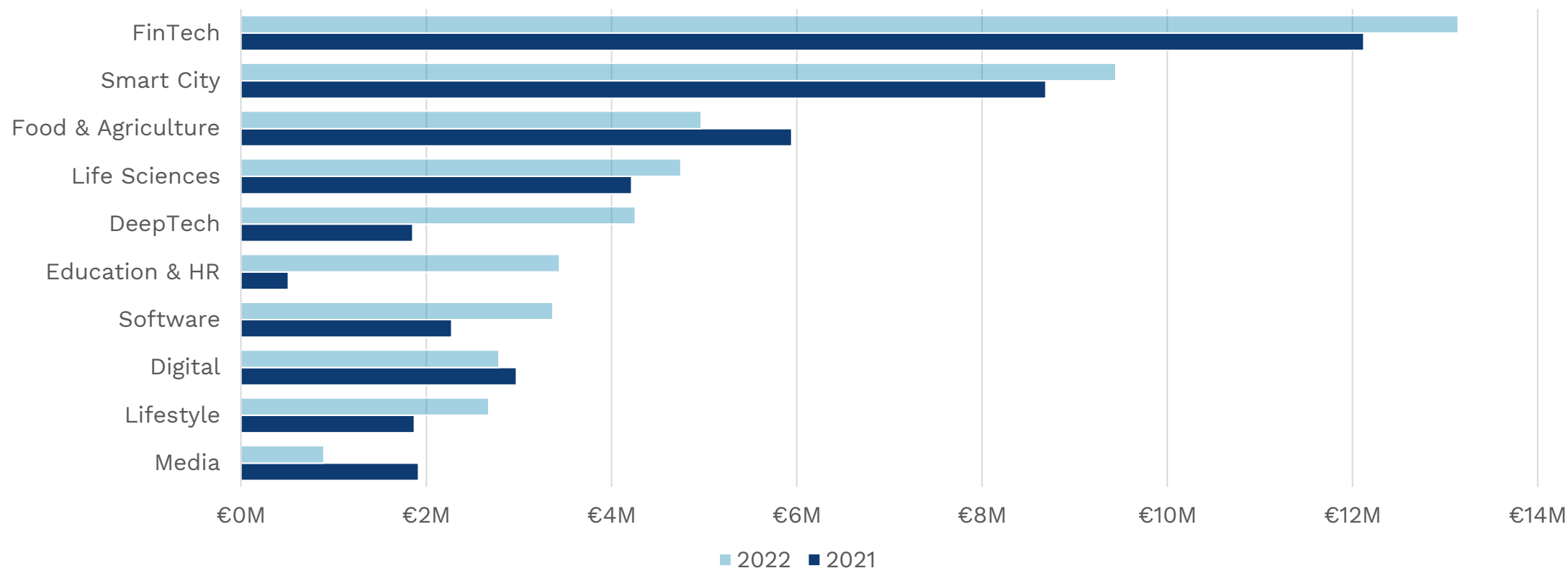
3.5. Historical sectoral analysis: total invested (%)

- The following graph shows the distribution of the total amount invested among the 10 sectors. Historically, the top 3 sectors (FinTech, Smart City and Life Sciences) have accounted for about 60% of the total capital raised in each year



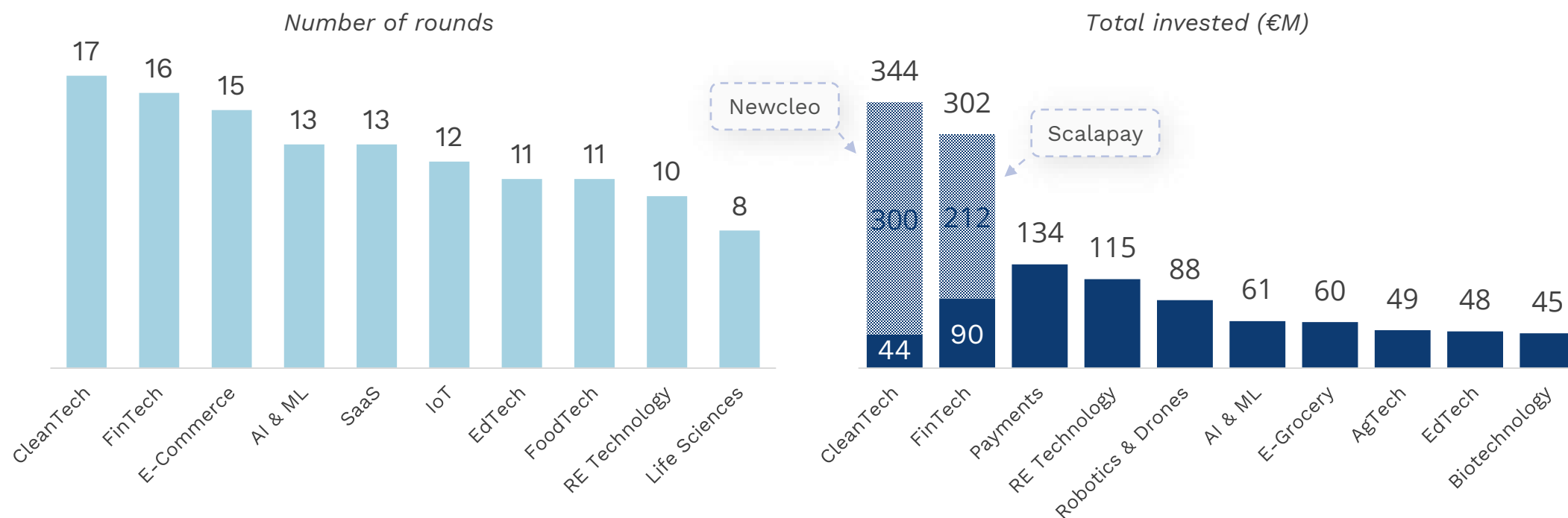
3.6. Historical sector analysis: average size '22 vs '21

- In 2022, the average round size increased for all sectors except for **Media** (-53%) - which was one of the sectors with the most exits in the year - **Food & Agriculture** (-16%) and **Digital** (-6%)
- **FinTech** (€13.1M) and **Smart City** (€9.4M) resulted the sectors with the highest average size also in 2022, partly due to the impact of **mega rounds**
- **DeepTech** (€4.3M vs €1.9M) and **Education & HR** (€3.4M vs €0.5M) saw the sharpest increase in the average deal size since 2021



3.7. Vertical Analysis 2022






- «**Verticals**» refers to the 272 unique values used by PitchBook to define the sectoral/merceological activity type of the start-ups under analysis, which Growth Capital aggregated into 10 sectors (see [Appendix](#)). For example, the verticals AI & Machine Learning (AI & ML) and Big Data were assigned to the DeepTech sector
- In 2022, **CleanTech** was the most relevant vertical in terms of number of deals (**17**), followed by **FinTech** (**16**) and **E-Commerce** (**15**)
- **CleanTech** also ranks first in terms of amount invested, although the **€344M** raised are almost **90%** dependent on 1 round. The first two verticals raised nearly **€650M**, contributing for **35%** to the total investments made in the year



4. The Top 5 Deals, Investors and Exits of 2022

4.1. Top 5 Deals in 2022

- The analysis of the top 5 deals in 2022 shows a **growing presence** of *Late Stage* rounds and **international investors** in the Italian ecosystem, which brings Italy closer to more mature VC markets
- **2022** recorded **4 mega rounds**, the **highest figure** in the period analyzed (2017-2022)

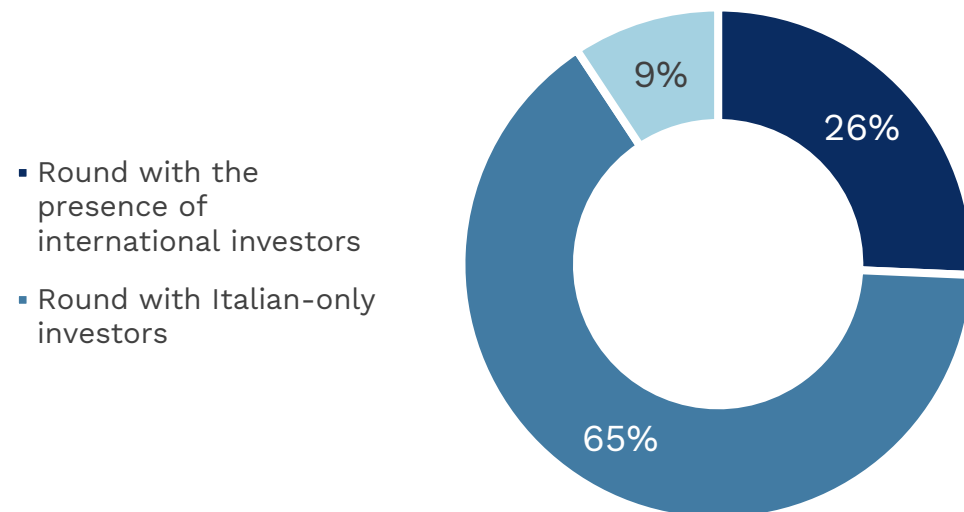
START-UP	SIZE	STAGE	VERTICAL	INVESTORS ³
	€ 320M ¹	Series D	Payments	Addition, Greyhound, Coatue, Lightrock Block, Tencent, Mediolanum, Club degli Investitori
	€ 300M	Series A	CleanTech	Azimut, Exor Seeds, Nova Capital, Club degli Investitori, Ersel, international business angels
	€ 212M ²	Series B	FinTech	Tencent, Fasanara Capital, Tiger Global, Moore Capital Management, Deimos, Willoughby Capital
	€ 100M	Series D	RE Technology	Exor, Greenoaks, Project A Ventures, 360 Capital Partners, P101, Picus Capital, Bonsai Partners
	€ 73M	Series B	Robotics	Deerfield Management, RA Capital Management, Biostar Capital, Andera Partners, Fountain Healthcare Partners, Panakès Partners, Sambatech

Notes: 1. The deal size includes sales of shares on the secondary market. In accordance with the report methodology, the quantitative analyses exclusively consider the new capital raised on the primary market; 2. In accordance with the research methodology, only the capital raised through **equity** was considered (total round size: **€463M**, of which **€251M** of debt); 3. **International Investor**

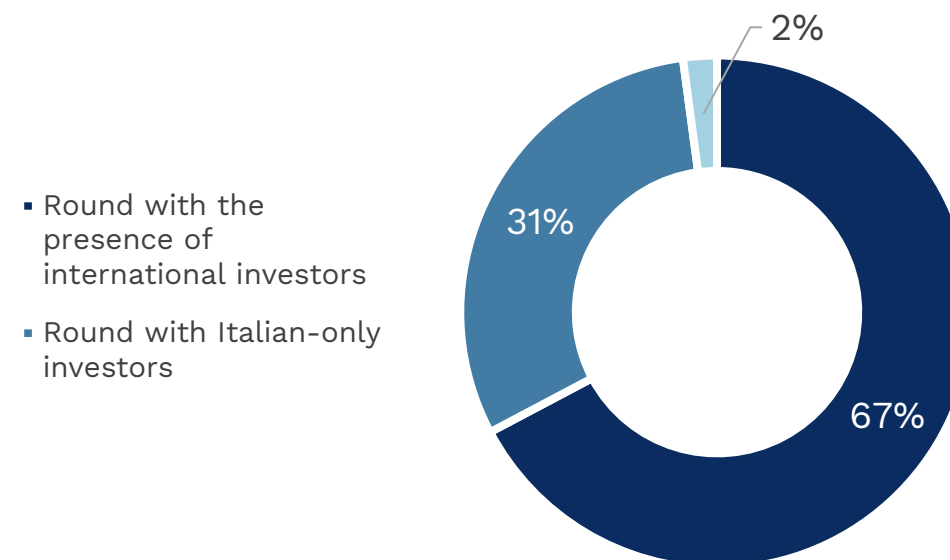
4.2. International investors in €1M+ rounds in 2022

- The analysis on the presence of **international investors** in the Italian VC considers only **€1M+** deals, as including too small rounds would lead to an excessive sample bias. The €1M+ rounds that saw the participation of **at least 1 international investor** were defined as "rounds with the presence of international investors"
- In **2022**, **international investors** participated in **26%** of the rounds, a figure **similar to 2021 (26%)**. However, in terms of **amount raised**, the **incidence** of rounds with the presence of **international investors** has increased (**67%** vs **58%** in 2021)*, following a trend already anticipated in previous editions of the Quarterly VC Report and which is expected to continue in the medium-long term
- Finally, it is worth mentioning that in **2022 international investors** participated in **rounds** which were, on **average****, more than twice as large as those with Italian-only investors (**€9.5M** vs **€4.3M**)

Number of rounds €1M+



Total invested €1M+



* Outlier rounds have been included in the total invested; ** Average values do not contain the rounds defined as outliers

4.3. The most active investors

- The results shown below are based on the **databases** used for this report (PitchBook, DealRoom, Crunchbase) and granular search of the press releases of the rounds announced during the year. Nonetheless, the number of deals in which the investors listed in the table below participated should be considered as a **conservative estimate**, since not all deals are publicly disclosed
- [CDP Venture Capital](#) is the most active investor in 2022, with **57** announced rounds. [Azimut](#) (**36**) and [LVenture](#) (**24**) follow

Top 10 investors for # of rounds - 2022		# rounds
CDP Venture Capital		57
Azimut		36
LVenture		24
LIFTT		15
Club degli Investitori		13
Exor Seeds		13
United Ventures		12
BHolding		12
Primo Ventures		10
Vertis		8

4.5. Exits of 2022 (1/3)

- In **Q4-22** Italian start-ups made 11 exits, in line with **Q3-22**. Moreover, unlike the previous two quarters, 3 IPO were announced
- The last quarter's results bring the number of liquidity events recorded in **2022** to 37, an increase from 2021 (30). GC estimates that the total *Enterprise Value* of the exits announced in 2022 is **well above €1B**
- At sectoral level, Fintech (7) and Media (7) conveyed the largest number of exits in **2022**

Target	Exit Type	Buyer / IPO Market	Sector	Enterprise Value ¹	Percentage ²
Askdata	M&A	SAP	Software	Undisclosed	100%
Aulab	M&A	Gruppo Multiversity	Education and HR	Undisclosed	61%
Bloovery	M&A	Colvin	Digital	€ 8.0M	100%
Brumbrum	M&A	Cazoo	Digital	€ 80.0M	100%
Centro Medico Santagostino	M&A	UnipolSai	Life Sciences	Undisclosed	100%
Chef in Camicia	M&A	WeRoad	Media	Undisclosed	Undisclosed
Contactlab	M&A	Growens	Software	€ 5.0M	100%
Creative Harbour	M&A	Talent Garden	Education and HR	Undisclosed	100%
Crowd2Be	M&A	Key Capital	Fintech	Undisclosed	53%
Dotstay	IPO	Euronext Growth Milan	Smart City	€ 9.5M	26%

Notes: 1. For IPOs, the *Enterprise Value* was computed by taking the first day of trading as a reference; 2. For the purpose of this report, the term *exit* indicates the sale of a company's majority stake (50%+) through M&A or IPO

4.5. Exits of 2022 (2/3)

Target	Exit Type	Buyer / IPO Market	Sector	Enterprise Value ¹	Percentage ²
Edgemony	M&A	R5 Labs	Education and HR	Undisclosed	80%
Eligo	IPO	Euronext Growth Milan	Lifestyle	€ 13.9M	11%
E-Novia	IPO	Euronext Growth Milan	Fintech	€ 167.0M	10%
Evensi	M&A	Events.com	Media	Undisclosed	100%
Floema	M&A	Tulips	Food and Agriculture	Undisclosed	100%
Glass to Power	IPO	Euronext Paris Stock Exchange	Smart City	€ 25.4M	96%
Headapp	M&A	Eco-mind	DeepTech	Undisclosed	100%
Indigo.ai	M&A	Vedrai	Software	Undisclosed	60%
Iubenda	M&A	Team Blue	Fintech	Undisclosed	51%
Metaliquid	M&A	BeMyEye	Software	Undisclosed	100%
Musixmatch	M&A	TPG	Media	Undisclosed	Undisclosed
Neosurance	M&A	MAG (Marine & Aviation)	Fintech	Undisclosed	51%
Nomesia	M&A	TiNexta	Media	Undisclosed	100%
ProfumeriaWeb	M&A	Farmacosmo	Digital	€ 4.1M	70%

Notes: **1.** For IPOs, the *Enterprise Value* was computed by taking the first day of trading as a reference; **2.** For the purpose of this report, the term *exit* indicates the sale of a company's majority stake (**50%+**) through M&A or IPO

4.5. Exits of 2022 (3/3)

Target	Exit Type	Buyer / IPO Market	Sector	Enterprise Value ¹	Percentage ²
Redo	M&A	OCS	Fintech	Undisclosed	100%
Rigenerand	M&A	Evotec	Life Sciences	€ 23.0M	100%
Roomie	M&A	Habyt	Smart City	Undisclosed	100%
Social Food	M&A	Glovo Italia	Food and Agriculture	Undisclosed	100%
Soisy	M&A	Compass (Mediobanca)	Fintech	Undisclosed	100%
Tannico	M&A	Moët Hennessy, Campari	Food and Agriculture	Undisclosed	51%
Trusters	M&A	CrowdfundMe	Fintech	€ 6.9M	51%
Wavision	M&A	Antares Vision Group	DeepTech	Undisclosed	Majority Stake
What a Space	M&A	Storefront	Smart City	Undisclosed	100%
White & Seeds	M&A	Granarolo	Food and Agriculture	Undisclosed	51%
Will Media	M&A	Chora Media	Media	€ 5.2M	100%
Witailer	M&A	Retex	Media	Undisclosed	65%
YOLO	IPO	Euronext Growth Milan	Fintech	€ 32.5M	23%

Notes: 1. For IPOs, the *Enterprise Value* was computed by taking the first day of trading as a reference; 2. For the purpose of this report, the term *exit* indicates the sale of a company's majority stake (50%+) through M&A or IPO

5. Trends in the international VC in 2022



5.1. ChatGPT: the new frontier in generative AI

What it is

ChatGPT (*Chat Generative Pre-trained Transformer*) is a large language model created by **OpenAI**. Since its release, it has had a **huge media response**, surpassing 1 million users in just 5 days

How it works

It has been trained using a **vast amount of text** on the Internet to generate text on its own, and is **continuously improved** through user feedback (*reinforcement learning*)

Applications

Because of its ability to perform "tasks", it has the potential to **revolutionize the way we interact with machines and computers**. To date, however, a *killer application* does not exist, but we believe it will be able to create new business models and start-ups

Drawbacks

It can generate usable text for emails of **phishing** and **fake news**
It may provide incorrect, inaccurate, and/or potentially dangerous answers
It is **not updated** on events after 2021

Sources: 1. Yahoo Finance (2022), ChatGPT gained 1 million users in under a week. Here's why the AI chatbot is primed to disrupt search as we know it; 2. Wired (2023), Tutto su ChatGPT: che cos'è, come si usa e cosa permette di fare; 3. Business Insider (2023), If you still aren't sure what ChatGPT is, this is your guide to the viral chatbot that everyone is talking about

5.2. How ChatGPT will revolutionize the corporate world

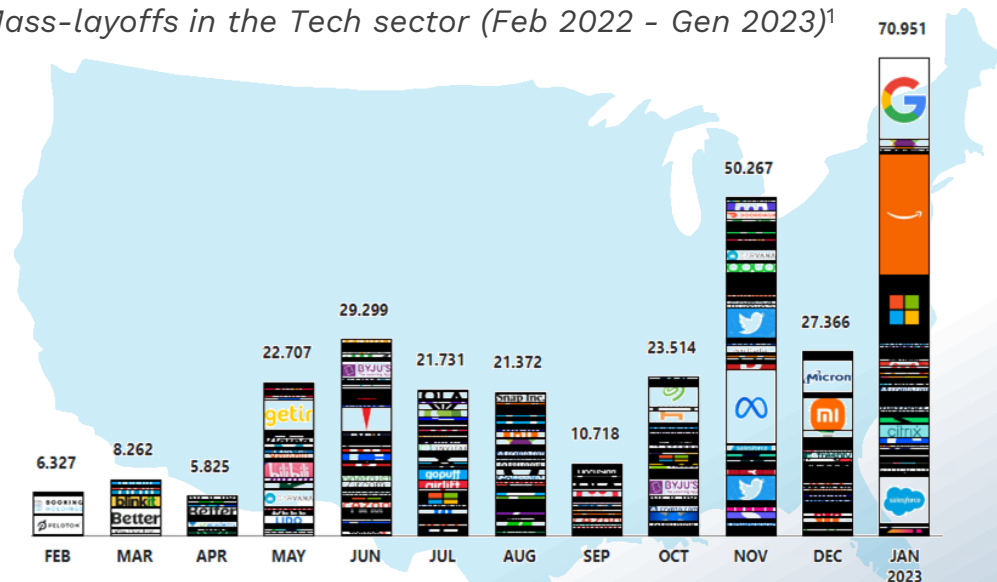


Sources: Elaboration made by [Indigo.ai](#)'s management

5.3. Tech's suffering: mass-layoffs in 2022

- In 2022, **US** Tech companies completed **1,525** rounds of layoffs, affecting nearly **240k employees**. This trend is continuing in the very early part of 2023 (**70k+** employees were laid off in January alone)¹
- Among the causes, the worsening macroeconomic scenario has generated a **contraction in consumption** (and thus in Tech companies' revenue) and **increasing difficulty in access to funding**, making it necessary to downsize the **expensive corporate structures** built in the previous years^{2,3}
- **Europe** was affected by tech's layoffs with a few months delay and, for now, in mitigated terms (about **14k** layoffs)⁴. The second part of 2022 saw the **first mass layoffs** by large companies, such as Klarna (about **650** employees) and Cazoo (**1,500** people laid off, i.e. **30%** of the workforce)⁵

Mass-layoffs in the Tech sector (Feb 2022 - Jan 2023)¹



Sources: 1. Trueup (2022), Tech Layoff Tracker; 2. CNBC (2022), Here's a rundown of tech companies that have announced layoffs in 2022; 3. CNN (2022), What the wave of tech layoffs tell us about the economy; 4. Dday.it (2022), Il settore tecnologico in Europa ha perso 400 miliardi di dollari nel 2022 5. Sifted (2022), Tech company layoffs in Europe: the list

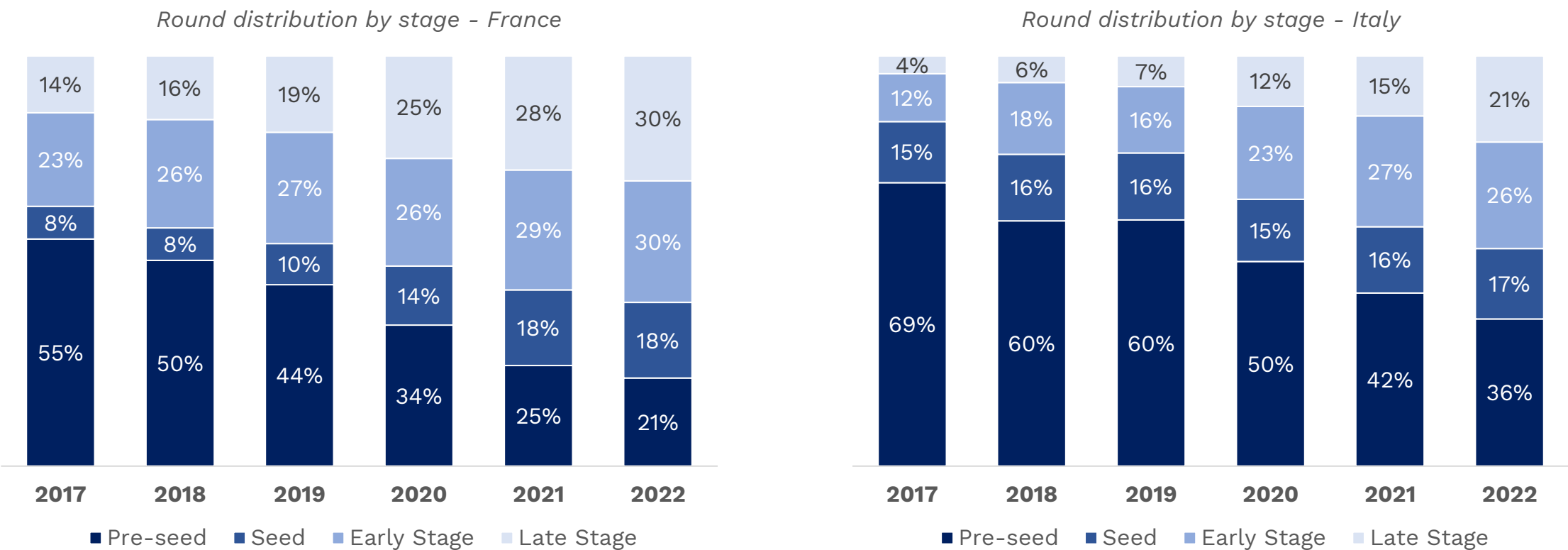


6. Italy compared with France and Spain



6.1. France and Italy compared: round distribution

- The historical analysis of the **round distribution** by stage shows the progress of the Italian VC: the presence of *Late Stage* financings has **significantly increased** from 2017 to 2022 (from 4% to 21%), although it is still lower than France, which reached today's Italy distribution of *Early Stage* and *Late Stage* already in 2019¹

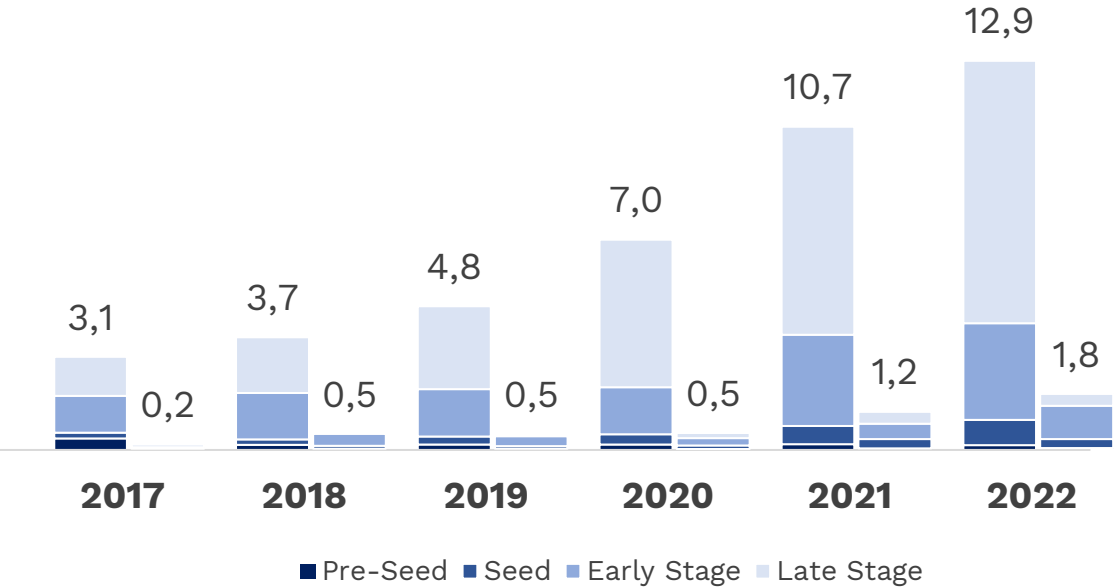


Sources: 1. Growth Capital elaboration from PitchBook data. Being based on the total number of rounds, the distribution also considers deals with undisclosed size

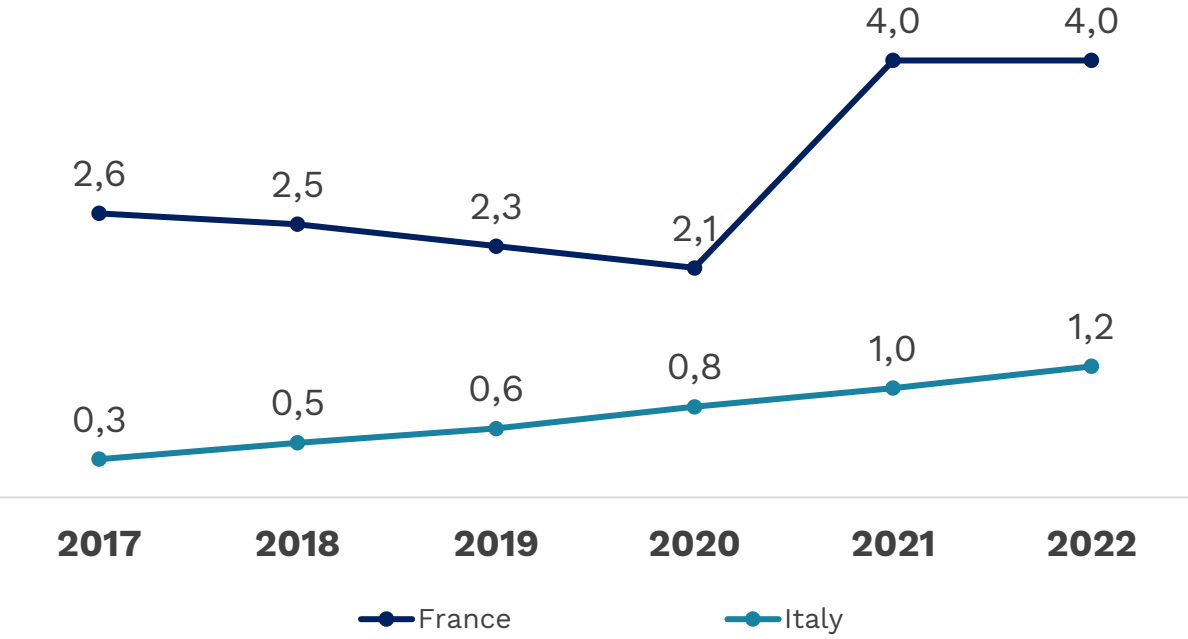
6.2. France and Italy compared: investments

- The gap between the two countries appears to be narrowing also when looking at the **amount invested**: in 2022, the French figure (€12.9B) is **7x** bigger than Italy (€1.8B), the **lowest multiplier** recorded over the 2017-2022 period. However, the distance suggests that there is still a long way to become a truly mature ecosystem¹
- Similar indications emerge from the **median round size**², which in France is **almost 4x** bigger than Italy. However, it is worth noting that in 2022 median round size in Italy increased by **20%** over 2021 (vs flat dynamics in France) and became **4x** that of 2017 (vs **1.5x** in France)

Total invested (€B) – France vs Italy



Evoluzione of the median (€M)

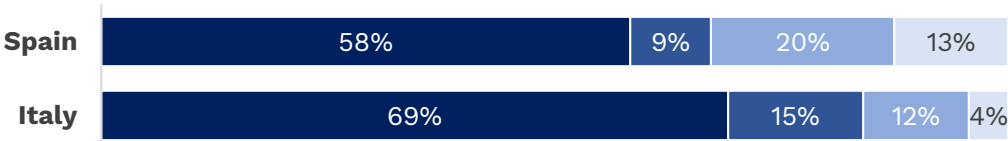


Sources: 1. Growth Capital elaboration from PitchBook data; 2. For the data on France: Eurazeo (2022), The State of The French Tech Ecosystem

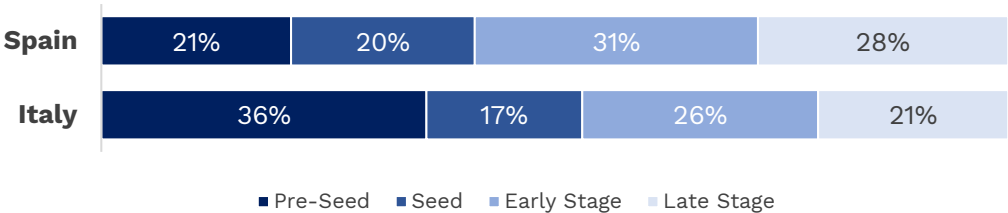
6.3. Spain and Italy compared

- When compared with **Spain** (the largest VC market in southern Europe), Italy still appears to be lagging, although with a **smaller gap** than with France
- In terms of **amount invested**, Spain saw a contraction of **-20%** in 2022 compared to 2021 (€2.8B vs €3.6B)
- The **round distribution by type** reflects the different maturity of Spain, where *Late Stage* reached a weight of **just under 30%** (comparable with the French figure)^{1,2}
- On the other hand, the two ecosystems appear quite close when looking at the **median round size** (€1.2M vs €0.9M in 2022), which in both cases has **steadily increased** over the past 6 years¹

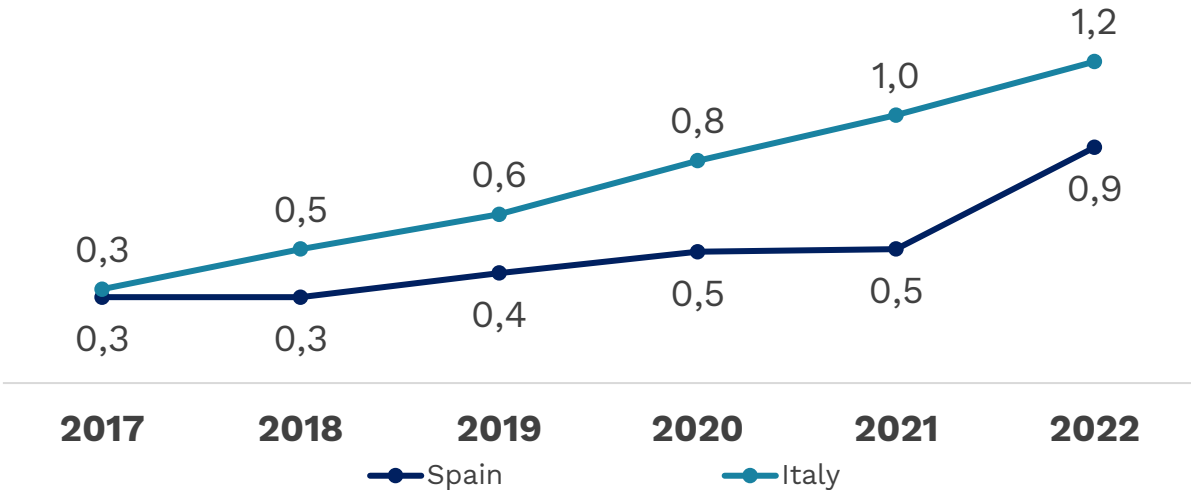
Round distribution by stage (#) - 2017¹



Round distribution by stage (#) - 2022¹

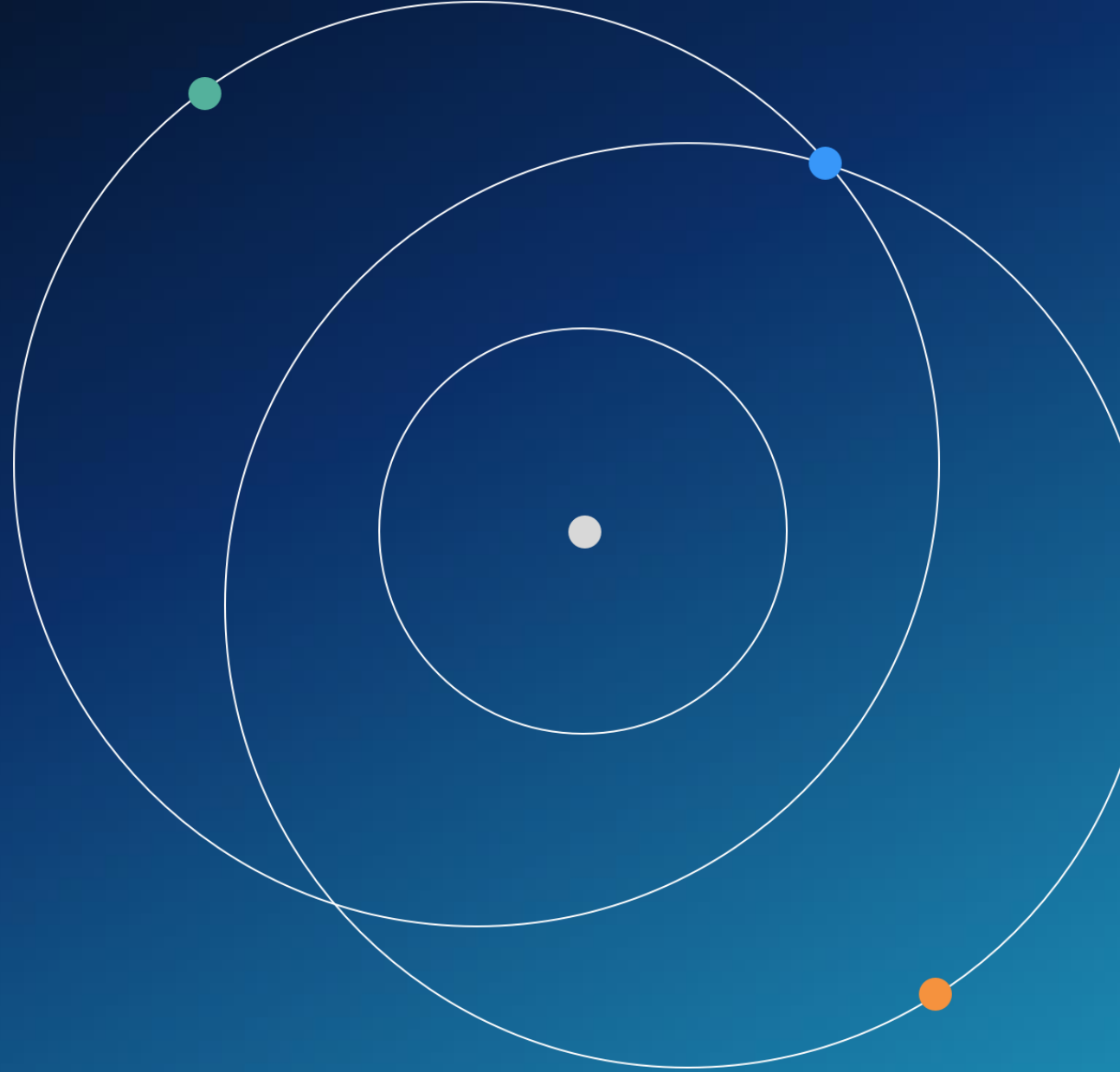


Evolution of the median (€M)



Sources: 1. Growth Capital elaboration from PitchBook data. Being based on the total number of rounds, the distribution also considers deals with undisclosed size

7. Final considerations



7.1. Final considerations

Q4-22 and FY-22 at a glance

- **Q4-22** saw a **sharp slowdown** in the amount raised in Italy compared to the previous quarters (€203M invested in 75 rounds)
- In **2022** €1.8B+ raised in **Italy** (+48% vs 2021), with an **increase** of round **mean** and **median**, which are getting closer to the European values
- In 2022 a contraction was recorded in **Europe** both in the amount invested (-16% vs 2021) and in number of rounds (-5% vs 2021)
- **International investors'** participation in Italian VC is persistent (26% of the €1M+ rounds in **2022** counts **at least 1 international investor**) with an average deal size **twice as large** as when only national investors come into play

Looking at Growth Capital's forecasts from 12 months ago...

- GC's estimate for total investments in 2022 was around **€2B**¹. Given the year's macroeconomic trends (uncertainty caused by the Russian-Ukrainian war, rising inflation and commodity prices) the **result** achieved of **€1.8B+** is still **positive** and **encouraging**
- Unlike other countries with more mature VC ecosystems, it had been predicted another year in which Italy was expected to show **significant percentage growth**. The final figures see **Italy** with **stronger growth** compared to UK, France and Germany, although this result is intrinsically linked to the different maturity of the markets
- An increasingly **central role** of **CDP Venture Capital** in the Italian VC was expected. This expectation was confirmed by CDP VC's intense investment activity in 2022, as well as by the announcement of the allocation of **€3.5B** of new resources to support VC funds, acceleration programs, and start-ups in the coming years²

Sources: 1. Growth Capital estimate was updated to **€1.6B-€2.0B** in the [Quarterly VC Report Italy Q2-22](#) and to **€1.8B-€2.0B** in the [Quarterly VC Report Italy Q3-22](#); 2. Speech by Enrico Resmini, CEO of CDP Venture Capital at the launch of the [A-Road](#) batch #3

7.2. Final considerations

The impact of mega rounds in 2022

- The presence of **mega rounds** is **structural** in any mature ecosystem: for example, the **top 15 French rounds** accounted for **33%** of the total raised in the country in **2022**. Large rounds, typically accompanied by the exit of *early investors*, allow the reinvestment of proceeds and *know-how* in the VC market (*spillover effect*)
- In the past 2 years, **Italy** has also been steadily registering **>€100M rounds**, which are critical to sustain VC growth. The **top 15 rounds** by amount raised (*not all mega rounds*) in both **2021** and **2022** accounted for about **60%** of the total amount invested
- 2023 performance will **also** depend on the **presence of mega rounds**. In the absence (or limited presence) of mega rounds, 2023 will have to be driven by the "organic" growth of the market, consisting mainly of companies whose average round size has grown over the years (€3.5M* in 2022) and is approaching the top European countries (€5.6M* in 2022 in France)



* Mega rounds (€100M+) were not considered when calculating the average

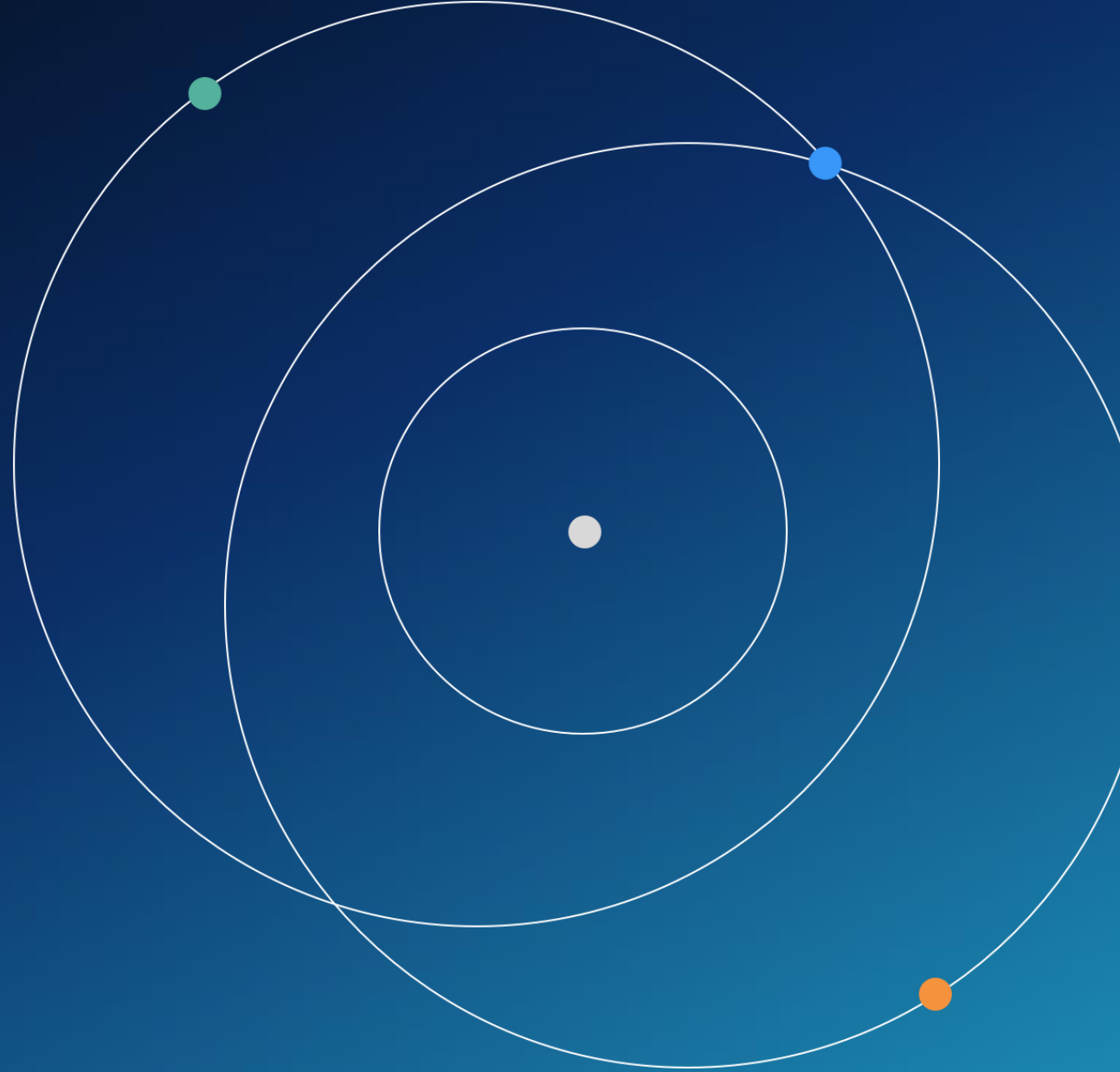
7.3. Final considerations

The 2023 scenario in Italy

- Growth Capital expects a year of market **stabilization** and **consolidation**, characterized by an **increase** in the **average round size** and in the **number** of *Late Stage* deals. Overall investments will still be influenced by the presence of mega rounds, with an estimated landing point between €1.8B and €2.5B
- Specifically, growth in 2023 will be driven by the following factors:
 - high **dry powder** (estimated in Europe to be €56B¹ at the end of 2022), combined to the launch of new **growth funds** also in Italy (for example, Fondo Italiano Agri & Food² and CDP Large Ventures³)
 - **increasing specialization** of VC funds, a trend already anticipated in the [Quarterly VC Report Italy Q1-22](#)
 - **strong involvement of CDP Venture Capital**, particularly as a **co-investor** and thus a **multiplier** of private investments
- Conversely, **interest rates at their highest** in 10 years and increased **focus** on **other asset classes** may decrease VC appeal (especially to "nontraditional" investors) compared to other investments that generated disappointing returns in previous years
- **Final thoughts.** After a 2021 marked by high valuations and optimism:
 - the presence of *flat-round* and *down-round* has increased, and will be **more frequent** in the near future. In many contexts, founders will have to choose **either** to accept *valuation cut-offs* (maintaining more favorable corporate governance terms) **or** to hold on valuation (accepting more *investor's friendly* term sheets)
 - Investor's focus on *capital efficiency* and *runway* will be increasingly strong, making **screening** of investment opportunities **more stringent** and **changing the evaluation criteria**
 - Italian **innovation** and **entrepreneurship** will continue to grow, and technology will continue to transform the way we live and work. The foundations of the Italian ecosystem are consolidating, creating **better investment opportunities** than ever before in the country

Sources: 1. PitchBook (2022), 2023 European Private Capital Outlook; 2. [Fondo Italiano Agri & Food](#); 3. [CDP Venture Capital Large Ventures Fund](#)

Appendix



Assignment of verticals to sectors (1/4)

SECTOR	ASSIGNED VERTICALS			
DeepTech	3D Printing 3D Technology Advanced Manufacturing Architecture Augmented Reality B2B Biometrics Building Material Construction	Construction Technology Drones Engineering Field Support Google Glass Hardware Industrial Automation Industrial Manufacturing Industrials	Information Technology Internet of Things Machinery Manufacturing Manufacturing Nanotechnology Personal Development Pet Technology Professional Services RFID	Robotics and Drones Sales Automation Sensor Space Technology Virtual Reality Wearables Wearables & Quantified Tech
Digital	Digital Car Wash Digital Laundry Drug Delivery E-Commerce Handmade	Home Decor Home Services Marketplace Mobile Mobile Commerce	Nautical Online Portals Price Comparison Procurement Second Hand	Ticketing
Education & HR	Career Planning Communities Consulting Corporate Training Dental Education	Developer Platform EdTech Education E-Learning Green Consumer Goods	HR Tech Human Resources Incubators Knowledge Management Recruiting	Tutoring Video

Assignment of verticals to sectors (2/4)

SECTOR	ASSIGNED VERTICALS			
FinTech	Accelerator Auto Insurance Banking Blockchain Commercial Insurance Credit Crowdfunding Cryptocurrency	Cryptocurrency/Blockchain Digital Signage Finance Financial Services FinTech Health Insurance Insurance Insurtech	Investment Invoice Trading Legal Tech Mobile Payments Payments Personal Finance Privacy Real Estate Investment	Service Industry Start-up Studio Trading Venture Builder
Food & Agriculture	Agriculture Agtech Craft Beer E-Grocery Farming	Food Food and Beverage Food Delivery Food Processing FoodTech	Home and Garden Loyalty Programs Nutrition Packaging Services Precision Farming	Restaurant Technology Restaurants Vertical Farming Wine And Spirits
Life Sciences	Biotechnology Cannabis Diabetes Digital Health	Drug Discovery Electronic Health Record (EHR) Health Diagnostics Healthcare	HealthTech Hospital Life Sciences Medical Device	Oncology Pharmaceutical Therapeutics

Assignment of verticals to sectors (3/4)

SECTOR	ASSIGNED VERTICALS			
Lifestyle	Art Beauty Business Travel Circular Economy Clothing Cosmetics	Fashion FemTech Fitness Leisure Lifestyle LOHAS & Wellness	Online Auctions Phototech Product Design Retail Retail Technology Shoes	Social Impact Subscription Tourism Travel Travel Accommodations
Media	Ad Network AdTech Advertising Advertising Platforms Audio AudioTech Broadcasting Communications Infrastructure Content	Content Creators Content Delivery Network Content Marketing Customer Service Digital Marketing Digital Media eSports Event Management Events	Family Gaming Marketing Marketing Tech Media Media and Entertainment Music Podcast Publishing	Shopping Social Media Social Media Management Social Media Marketing Social Network Sports Sustainability TMT Video Advertising

Assignment of verticals to sectors (4/4)

SECTOR	ASSIGNED VERTICALS			
Smart City	Automotive Autonomous vehicles Boating Cleantech Climate Tech Consumer Electronics Co-working platform Cycling Delivery Delivery Service	Electric Vehicle Energy Energy Efficiency Energy Management Energy Storage Environmental Consulting Environmental Engineering Fleet Management Green Energy Hospitality	House Rental Logistics Marine Technology Materials Micro-Mobility Mobility Tech Oil & Gas PropTech Public Safety Railroad	Raw Materials Real Estate Technology Renewable Energy Ridesharing Sharing Economy Smart Cities Storage Supply Chain Tech Transportation
Software	Analytics Application Performance Management Apps AI AI & ML Big Data Business Intelligence Cloud Computing Cloud Data Services Cloud Infrastructure	Computer Consumer Software CRM Cybersecurity Developer APIs Developer Tools Digital Entertainment DRM Electronics Enterprise Resource Planning (ERP)	IaaS Information Services Internet IT Management Machine Learning Management Software Mobile Apps Natural Language Processing Navigation PaaS	Security Self-Storage Software Sport Management Telecommunications UXDesign Web Development Web Hosting Wellness

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Growth Capital is Italy's leading advisor for capital increases and extraordinary finance transactions for scaleups. Growth Capital enables top entrepreneurs to structure and finalize fundraising or M&A deals with investors from its network (Venture Capital, Family Office, Corporate and Business Angels), with a tailor-made approach along all stages of the process, allowing the scaleup to continue growing and focus on running the business. Growth Capital also supports Corporate and investors in identifying the most promising deals in the market.



Italian Tech Alliance - formerly VC Hub Italia - is the Italian association of venture capital, innovation investors (business angels, family offices and corporates) and Italian innovative start-ups and SMEs. It was founded in 2019 by the managers of the leading venture capital funds active in Italy and today has over 60 investor members, more than 140 of Italy's leading start-ups and innovative companies, and 26 supporting members. Italian Tech Alliance investors manage assets of about 1.3 billion euros and have invested in more than 250 Italian start-ups with high growth potential and strong technology content.

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Italy Q4-22 & FY-22
