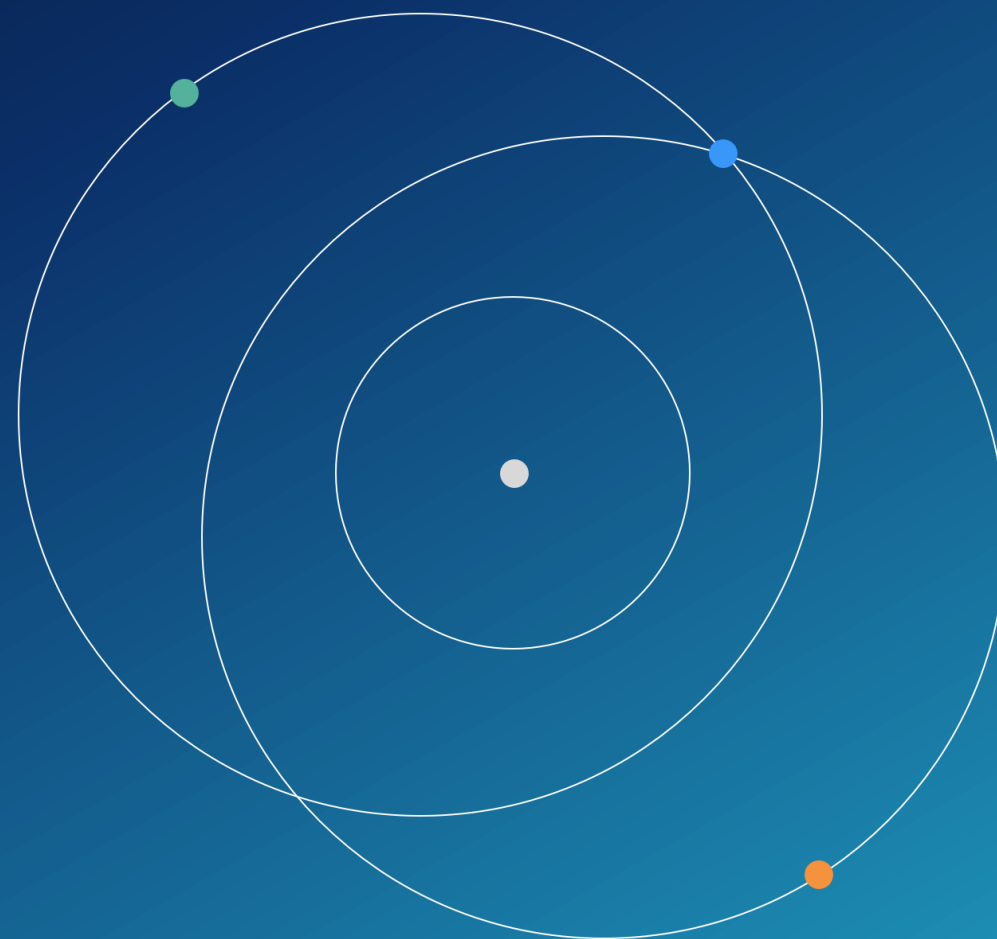




ITALIAN
TECH
ALLIANCE

Quarterly VC Report Italy Q1-23



 Growth Capital

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 Italian Tech Alliance

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About Growth Capital



Growth Capital is the Italian advisor leader in extraordinary finance and fundraising transactions for innovative companies. With more than 45 successfully closed deals, it assists scale-ups from deal structuring to document preparation and negotiation

START-UPS

We assist bright entrepreneurs leading companies with **strong growth** potential in **all phases** of fundraising and M&A

CORPORATE

We support successful companies in the innovation process through the implementation of **investment strategies** based on key **industry trends**

INVESTORS

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

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 2018 to 2023 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)
3. Use of **Dealroom** data for rounds from 2018 to 2023 classified as Early VC, Late VC, and Growth Equity VC, with vertical and sector assigned by GC
4. Use of **Crunchbase** data for rounds from 2018 to 2023 classified as Pre-seed, Seed, Series A, B, C, D, and Unknown, with vertical and sector assigned by GC
5. Creation of a unique database of PitchBook, Dealroom and Crunchbase data, with last consultation on **05/04/2023**. 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 **<€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**
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](#)

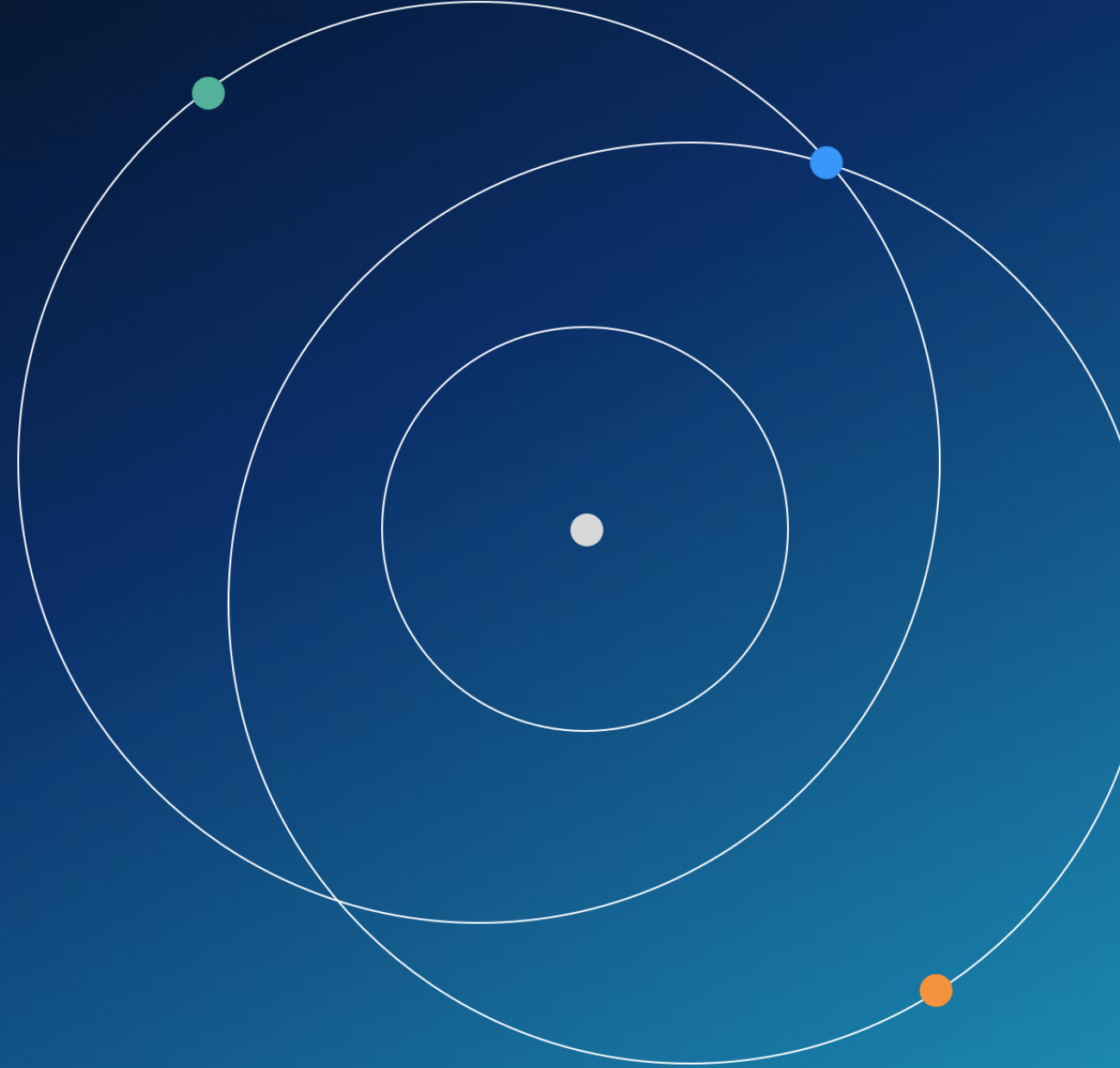
Summary

Methodology

1. Executive Summary
2. VC in Europe and Italy: Q1-23 and Historical Evolution
3. Q1-23 in Italy: Analysis by Sector and Top 3 Verticals
4. The Top 5 Deals and the Exits of Q1-23
5. SVB, Credit Suisse, Venture Debt and Inflation: impact on the Italian VC
6. Italian Contrarian: latest institutional news
7. The Italian SAFE
8. Final considerations

Appendix

1. Executive Summary



1.1. Executive Summary Q1-23

84

investment rounds

€201M

amount invested

14

Series A

3

Series B

11

exits

Smart City

sector with most rounds

FinTech

sector with the largest investments

HealthTech

vertical with most rounds

Blockchain

vertical with the largest investments

CDP VC

investor with most deals announced

1.2. Executive Summary Q1-23 vs Q4-22

80 VS

84

investment rounds

€212M VS

€201M

amount invested

19 VS

14

Series A

3 VS

3

Series B

12 VS

11

exits

Smart City

Smart City

sector with most rounds

Smart City

FinTech

sector with the largest investments

E-Commerce

HealthTech

vertical with most rounds

BioTech

Blockchain

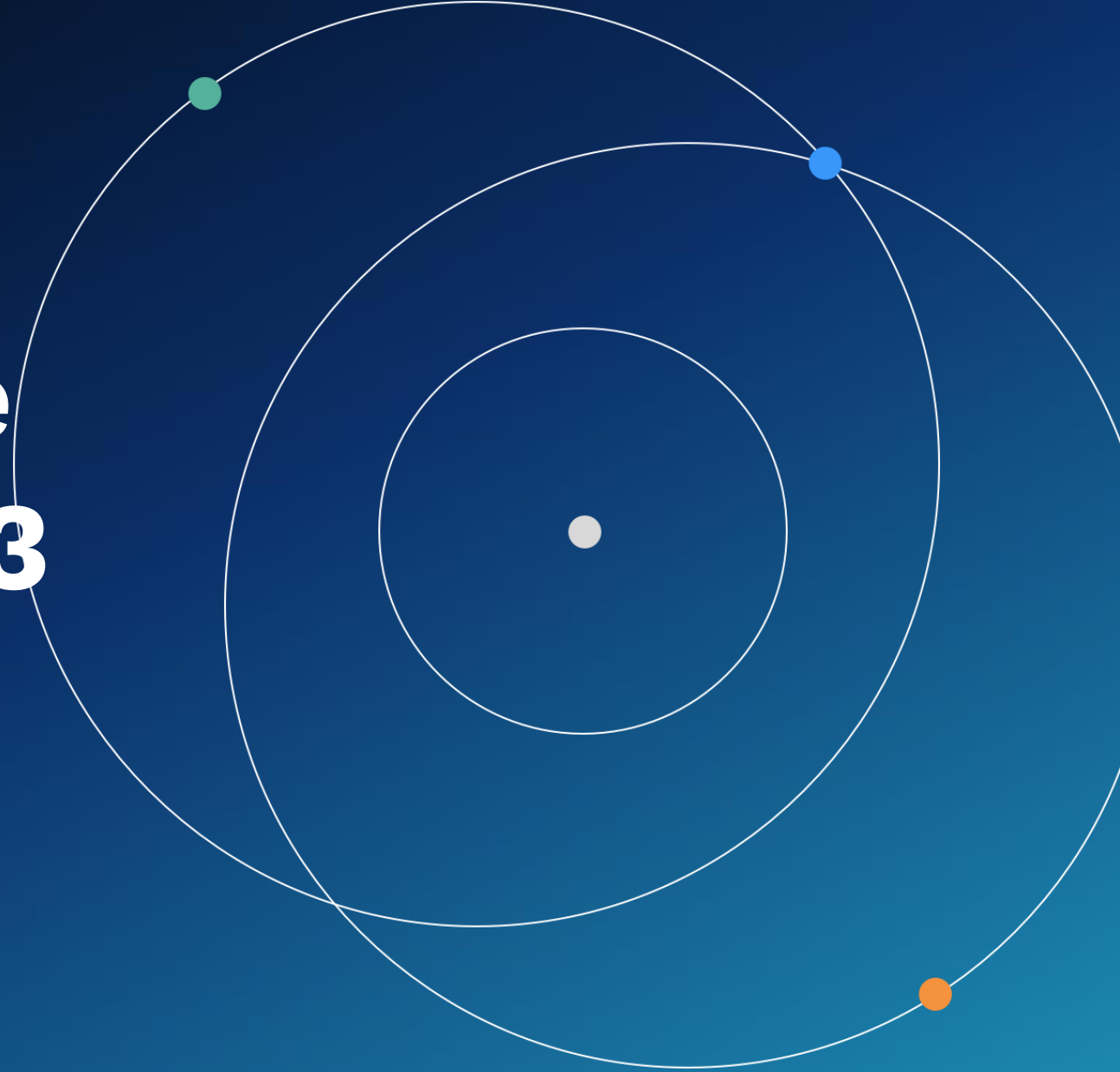
vertical with the largest investments

CDP VC

CDP VC

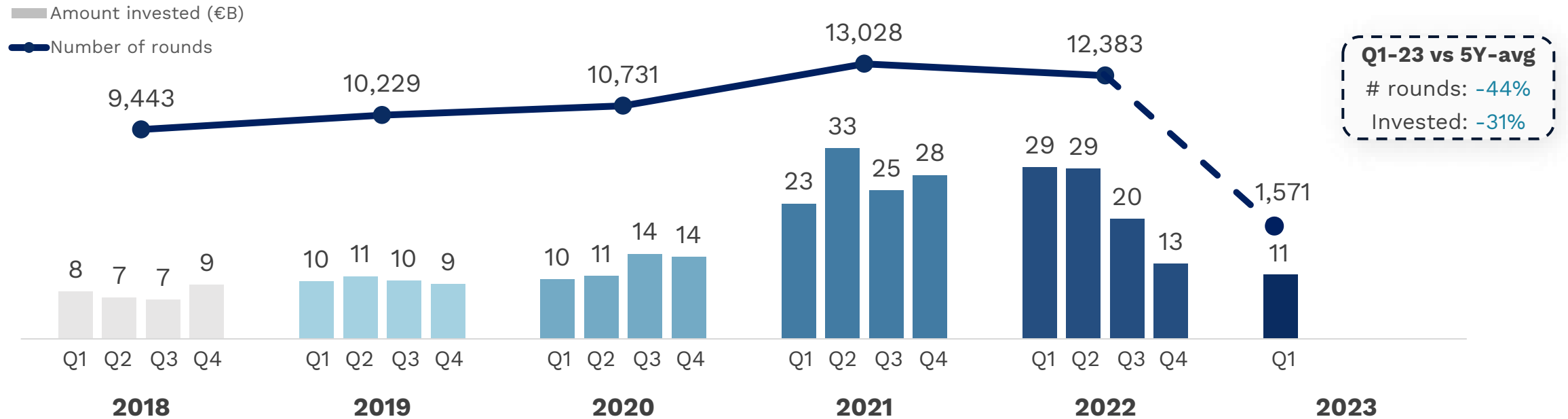
investor with most deals announced

2. VC in Europe and Italy: Q1-23 and Historical Evolution



2.1. Venture Capital in Europe

- The VC slowdown in Europe continued in Q1-23: 1,571 rounds were announced (-39% vs Q4-22 and -44% vs last 5-year average), with a total investment of €11,0B (-14% vs Q4-22 and -31% vs last 5-year average)^{1,2}
- Looking ahead, the **macroeconomic tensions** characterizing the financial markets in the latter part of 2022 seem to persist in the medium term and **negatively impact** the European VC

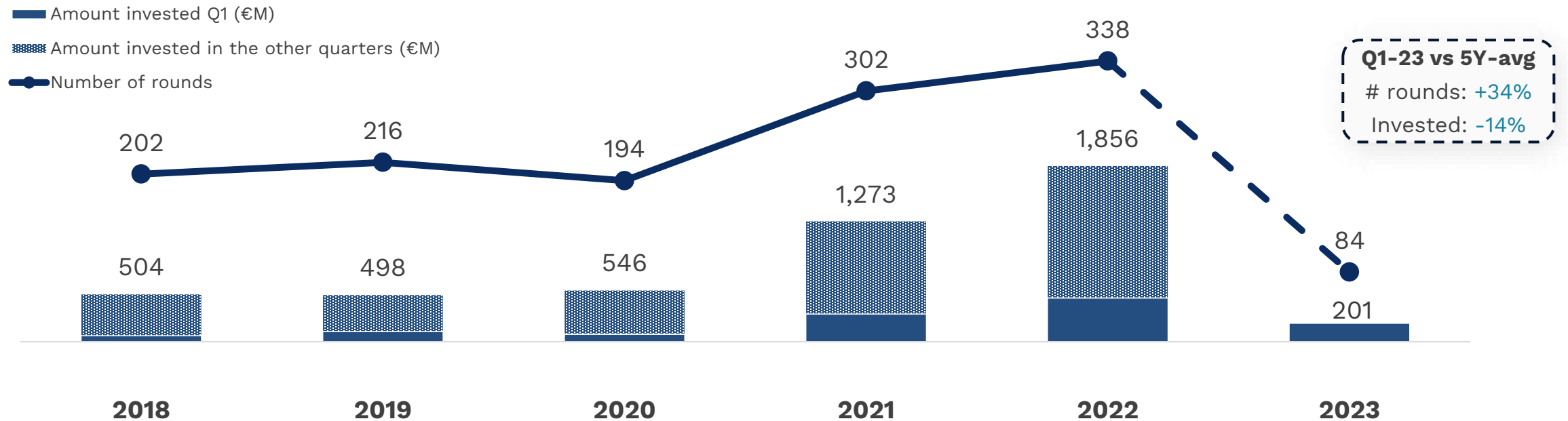


	2018	2019	2020	2021	2022	2023
Mean ²	€3.3M	€3.9M	€4.6M	€8.4M	€7.4M	€7.1M
Median	€0.5M	€0.6M	€0.7M	€1.0M	€1.4M	€1.6M

Sources: 1. PitchBook (2022), European Venture Report; 2. Growth Capital analysis on PitchBook data

2.2. Venture Capital in Italy

- With €201M raised in 84 rounds, **Q1-23** has been in line with Q4-22, both in number of rounds (+5%) and amount raised (-5%)
- Compared to the quarters with the highest amount raised (Q2-22 and Q3-22), much of the decline is due to the absence of **mega rounds**¹, which had accounted for about 40-50% of the total invested



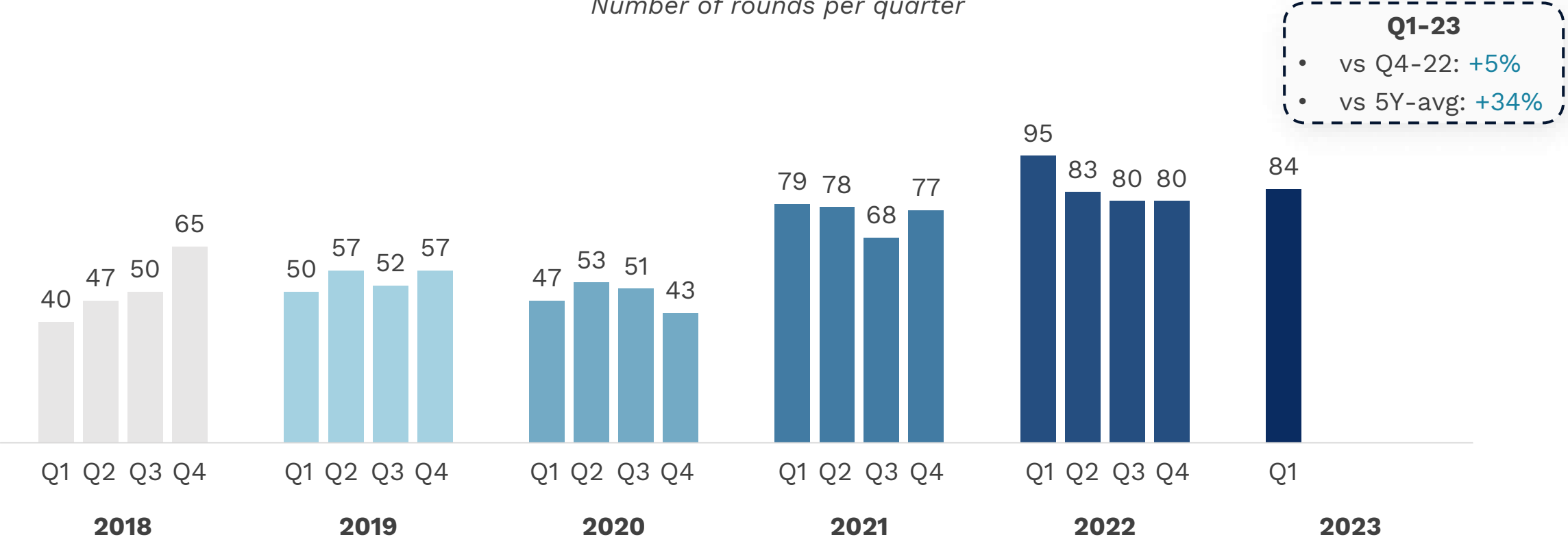
	2018	2019	2020	2021	2022	2023
Mean ²	€2.5M	€2.3M	€2.8M	€4.2M	€5.5M	€2.4M
Median	€0.5M	€0.6M	€0.7M	€1.0M	€1.2M	€0.8M

Notes: 1. For the purposes of the report, *mega rounds* are defined as deals with €100M+ equity component; 2. To ensure comparability with the European figure, rounds defined as *outliers* have been included in the calculation of mean values. *Outliers* are defined as rounds whose amounts are very far from the mean for the quarter

2.3. Number of rounds per quarter

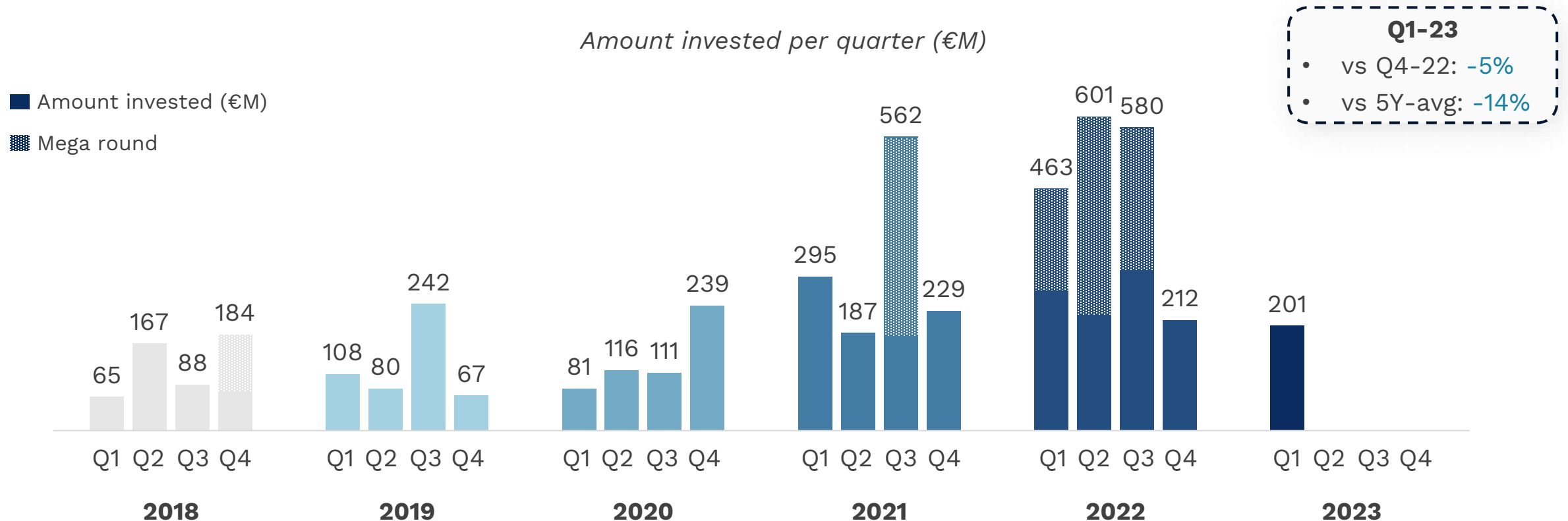
- In **Q1-23** there were **84** rounds, a figure in line with Q4-22 (+5%) and up from the mean over the previous 5 years (+34%)

Number of rounds per quarter



2.4. Amount invested per quarter

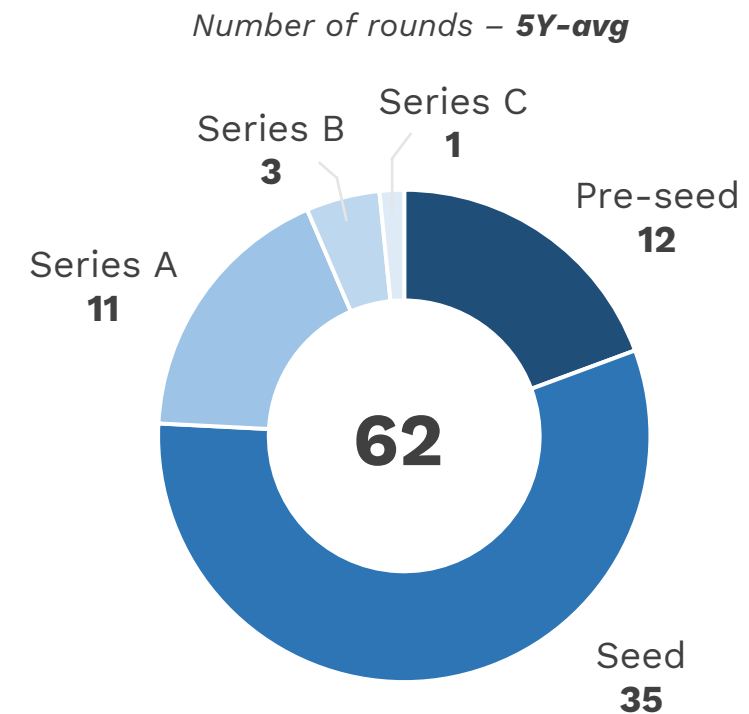
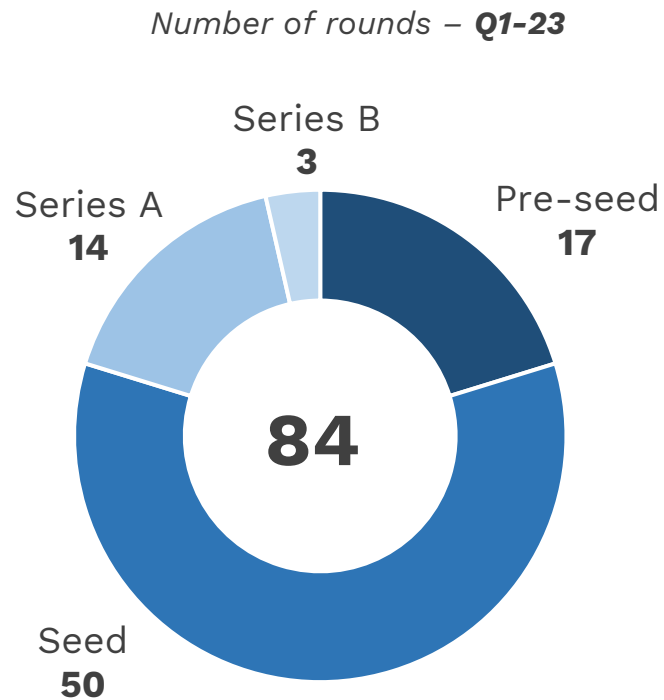
- As in Q4-22, **Q1-23 did not experience mega rounds¹**, which limited the amount raised (-5% vs Q4-22 and -14% vs last 5-y average)
- The absence of mega rounds turns out to be the main component of the decline in the amount invested: in fact, **excluding mega rounds** from the analysis, **Q1-23 is in line with the mean over the previous 2 years (€252M)**



Notes: 1. For the purposes of the report, *mega rounds* are defined as deals with €100M+ equity component

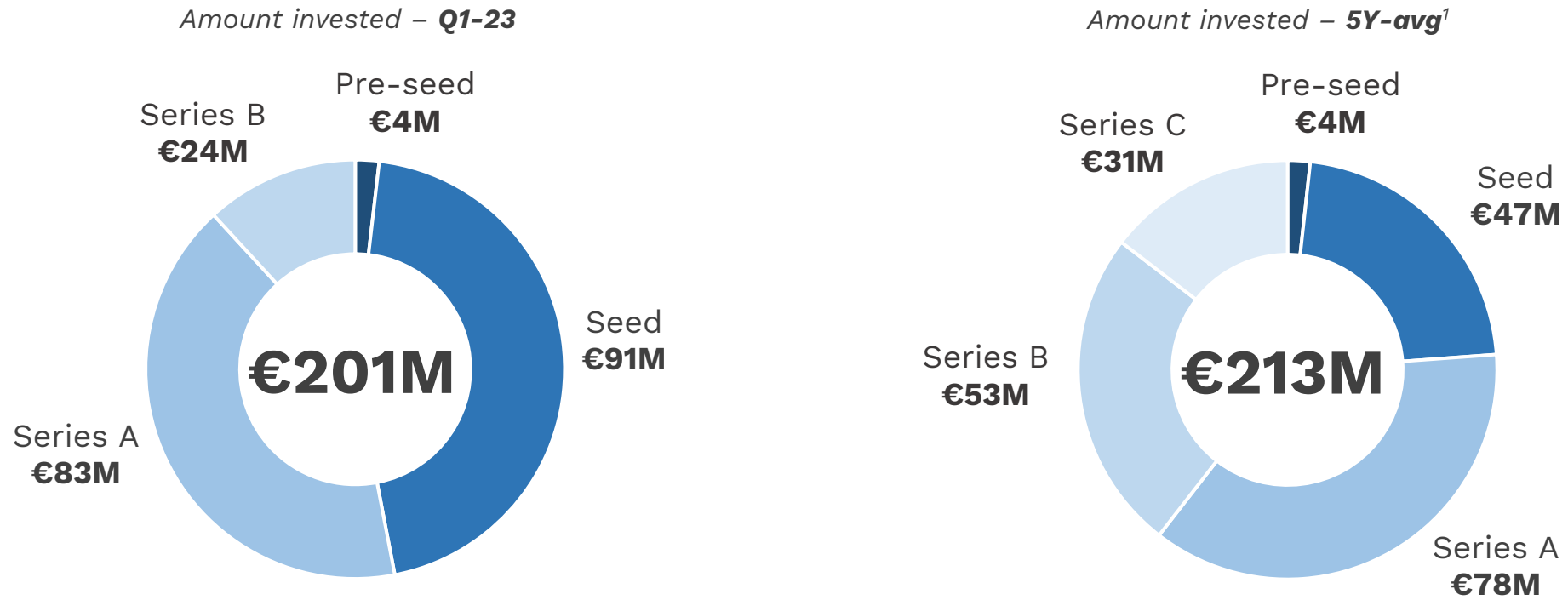
2.5. Q1-23 by round type: number of rounds

- In **Q1-23**, **Seed** rounds remained the most frequent type (50 rounds, accounting for 60% of the total)
- In percentage terms, the **distribution** by round type in Q1-23 **traces** what has been experienced on average over the **past 5 years**, although for the first time since Q4-21, **no Series C rounds or higher were announced**



2.6. Q1-23 by round type: amount invested

- In **Q1-23**, **Seed** rounds were also the most significant type by amount (45% of the total), although nearly half of the investment was due to a single transaction (Alps Blockchain)
- Compared to Q4-22, there has been an increase in funding at **Pre-seed** and **Seed** level (+67%) and a decrease in **Series A** (-13%) and **Series B** (-32%), which explains the decline in the average round size observed in the quarter
- Compared to the last 5-year average, **Pre-seed** and **Series A** rounds have raised about the same funding. **Seed** rounds, however, have been much **more significant** in Q1-23, **at the expense of rounds Series B or higher**

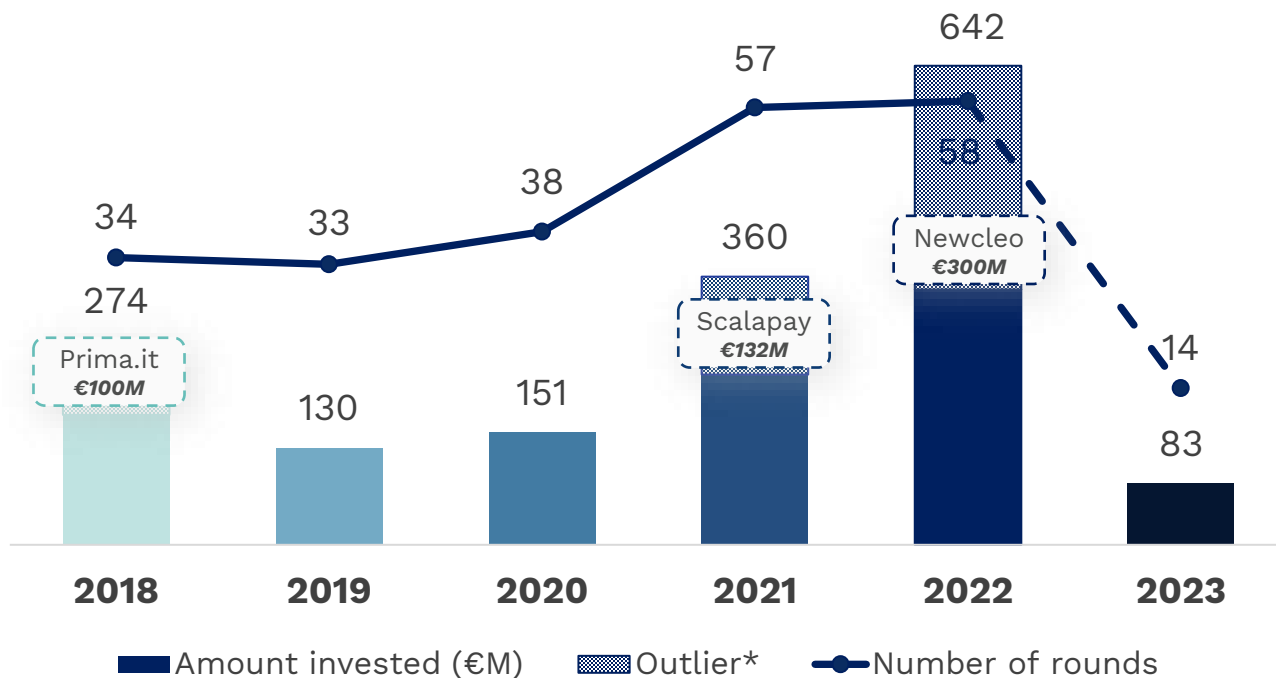


Notes: 1. To make meaningful comparisons, rounds Series D or higher were excluded

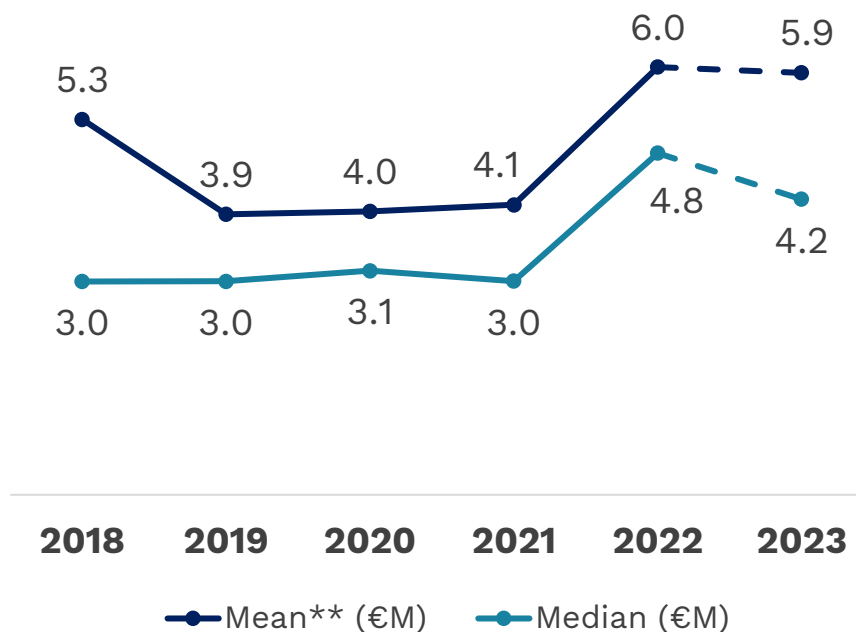
2.7. Focus: Series A

- In Q1-23 there have been **14 Series A** rounds (vs **19** in Q4-22), with a **13% decline** in the amount invested compared to Q4-22 due to the **absence of mega rounds**, without which Q1-23 would be comparable to the average per quarter for the past 5 years (€78M)
- Compared to 2022, the beginning of 2023 has shown a decrease in Series A **median** (-13%), while the **mean** has remained stable around €6M. Both values are **up sharply from 2021**¹

Amount invested (€M) and number of rounds



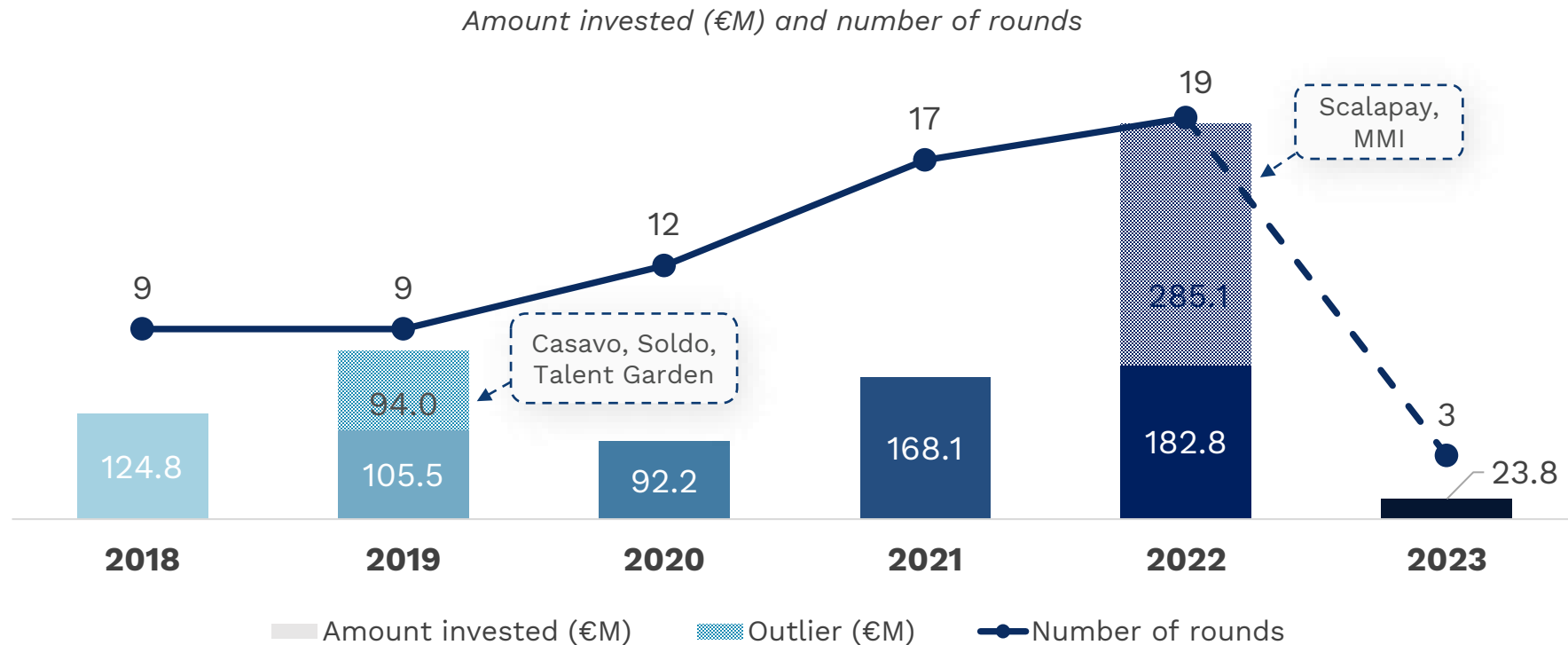
Mean** and median (€M)



Notes: 1. The figure may be affected by the limited sample size; * *Outliers* are defined as rounds that are very far from the quarter mean; ** Rounds defined as *outliers* were not considered in the calculation of the mean

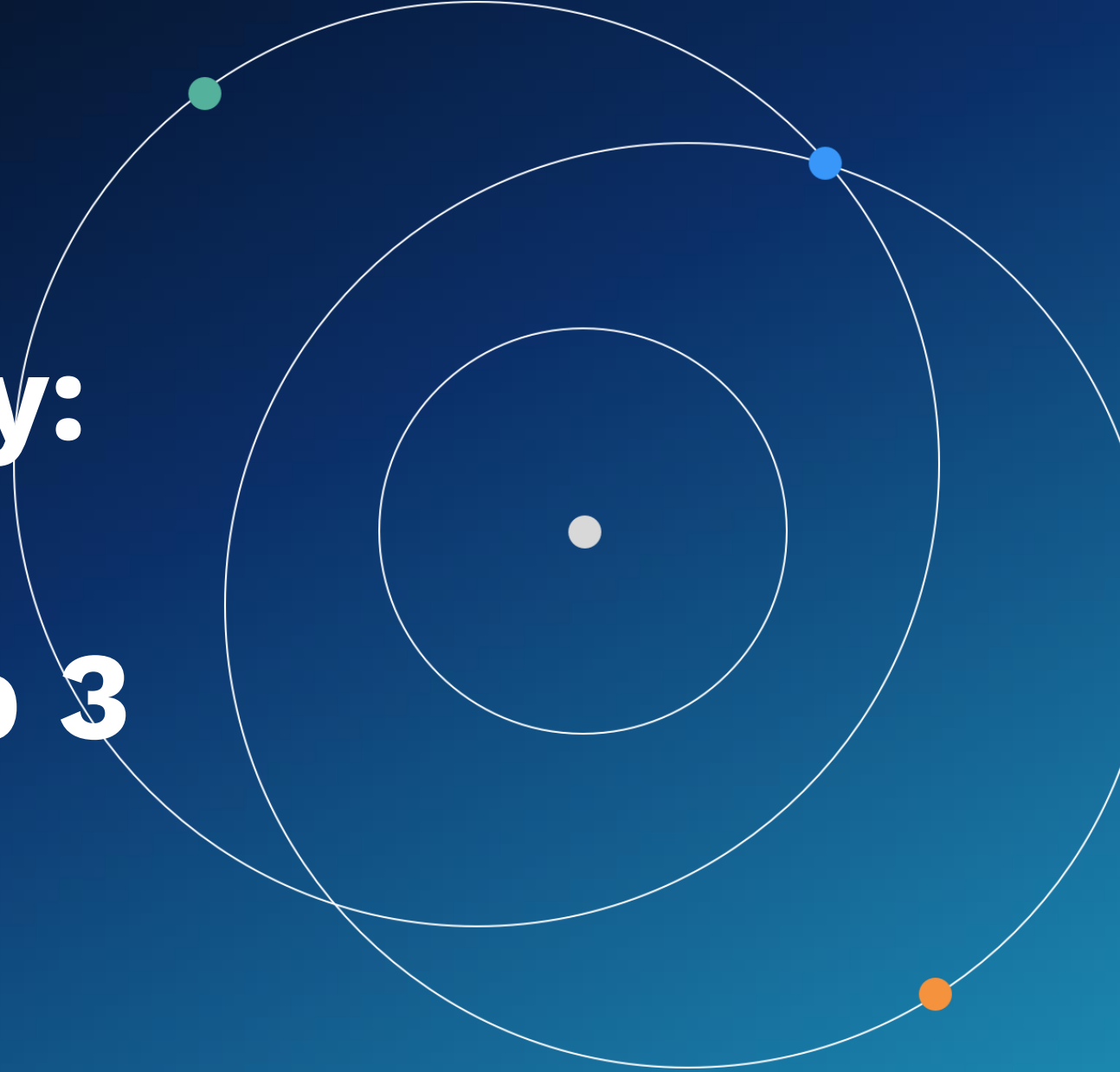
2.8. Focus: Series B

- In **Q1-23**, **3 Series B** rounds were announced (as in Q4-22) with a total collection of **€24M** (vs **€35M** in Q4-22)
- Compared with the quarterly mean over the previous 5 years, the number of rounds¹ remained **stable**, while the total invested **decreased (-29%)²**
- The limited number of rounds suggests how the Q1-23 results are **scarcely representative** of the entire year and **do not allow** to identify a clear downward trend



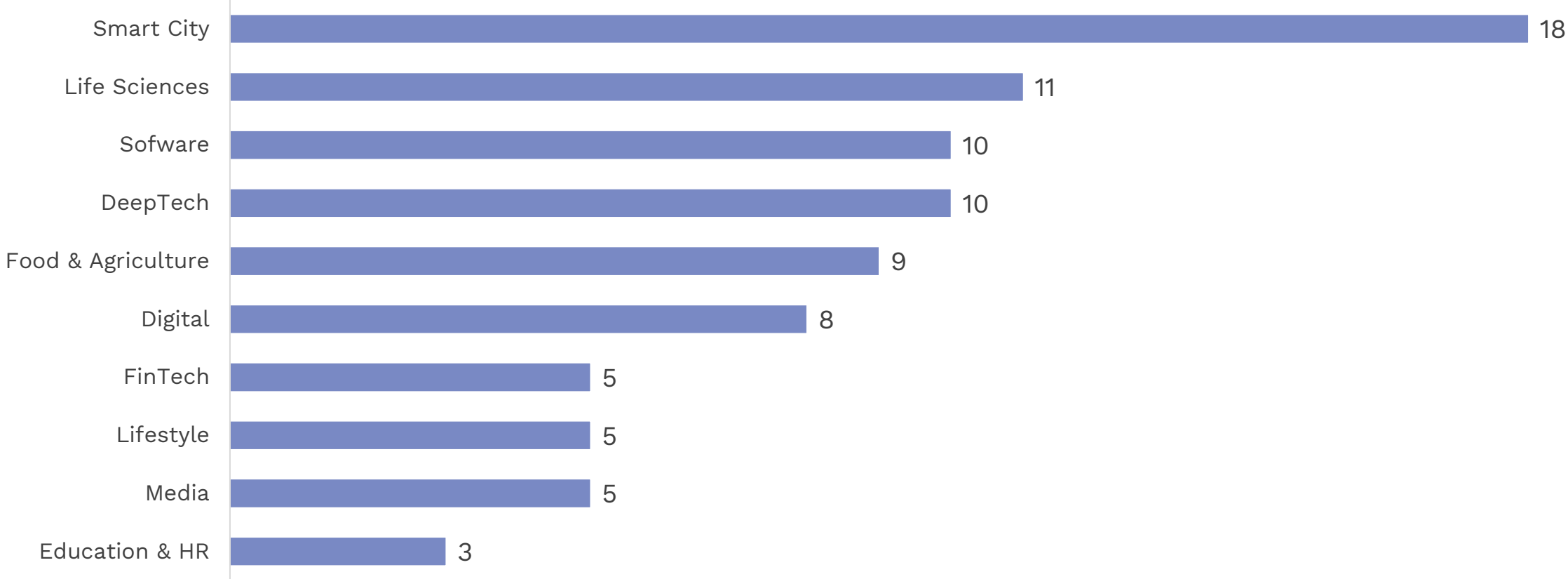
Notes: 1. Analysis performed on a reduced sample size; 2. Values not including rounds defined as *outliers*

3. Q1-23 in Italy: Analysis by Sector and Top 3 Verticals



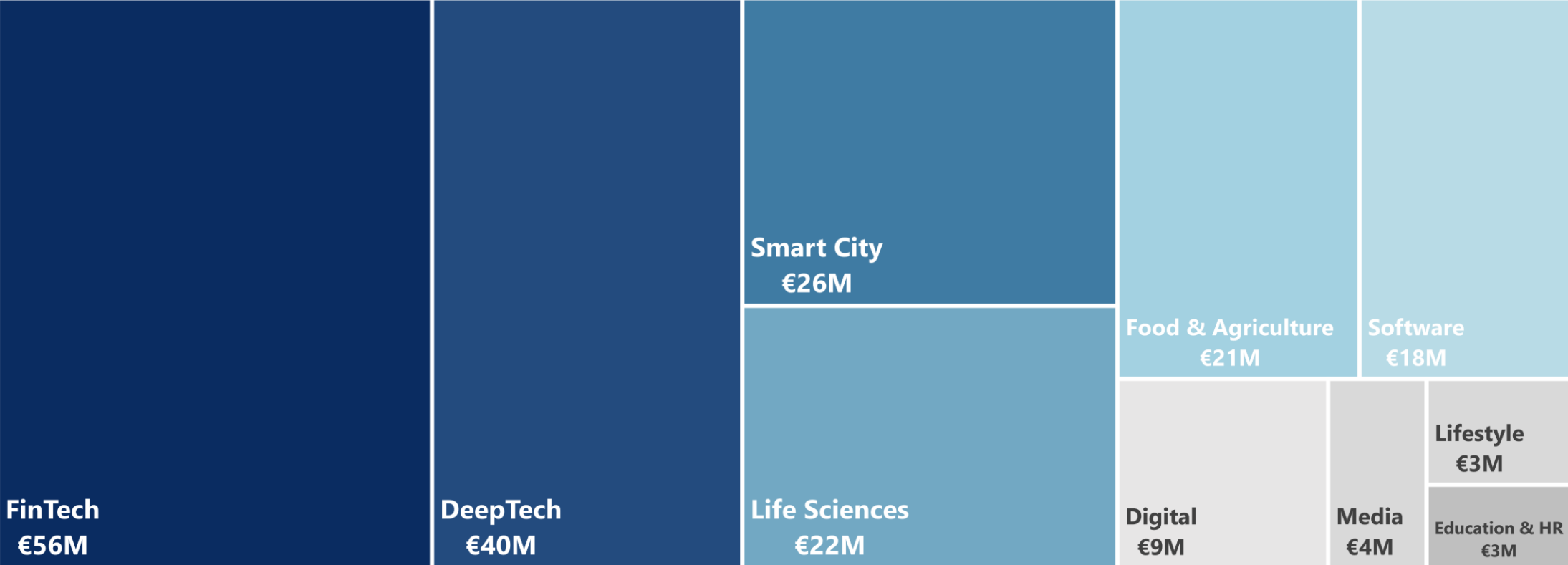
3.1. Analysis by Sector Q1-23: number of rounds

- **Smart City** was the sector with the highest number of deals announced in Q1-23 (18), followed by Life Sciences (11)



3.2. Analysis by Sector Q1-23: amount invested

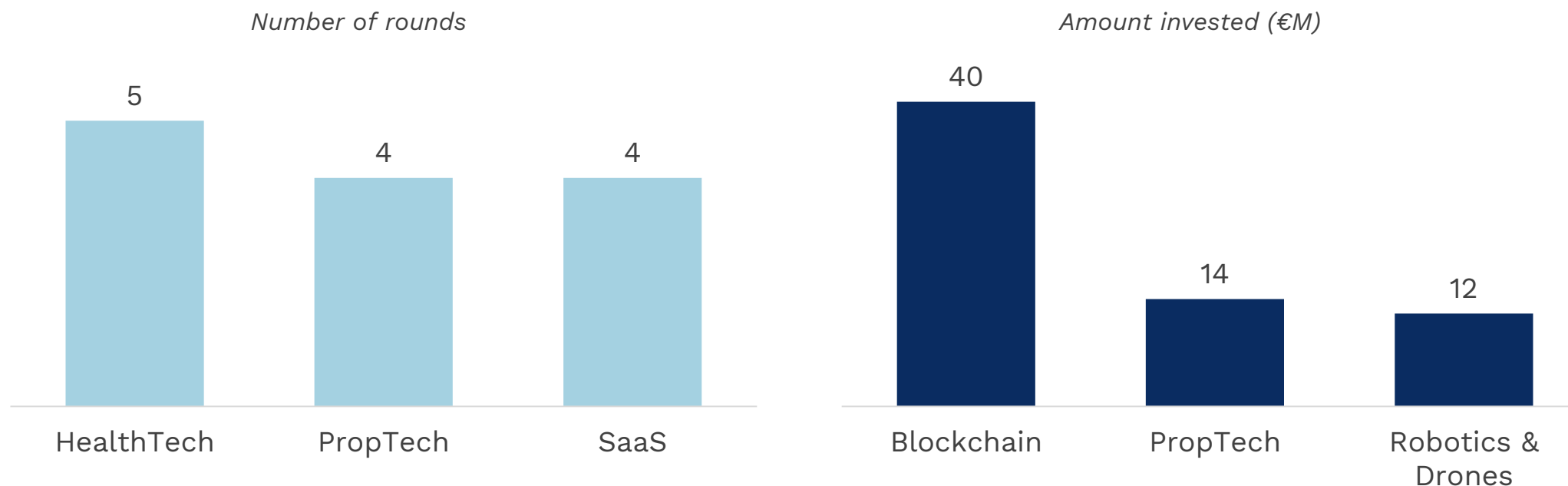
- **FinTech** (€56M) is the sector with the highest amount raised in Q1-23 (28% of the total), followed by **DeepTech** (€40M) and **Smart City** (€26M)
- It should be noted that **FinTech**'s primacy is essentially due to the €40M round by Alps Blockchain¹



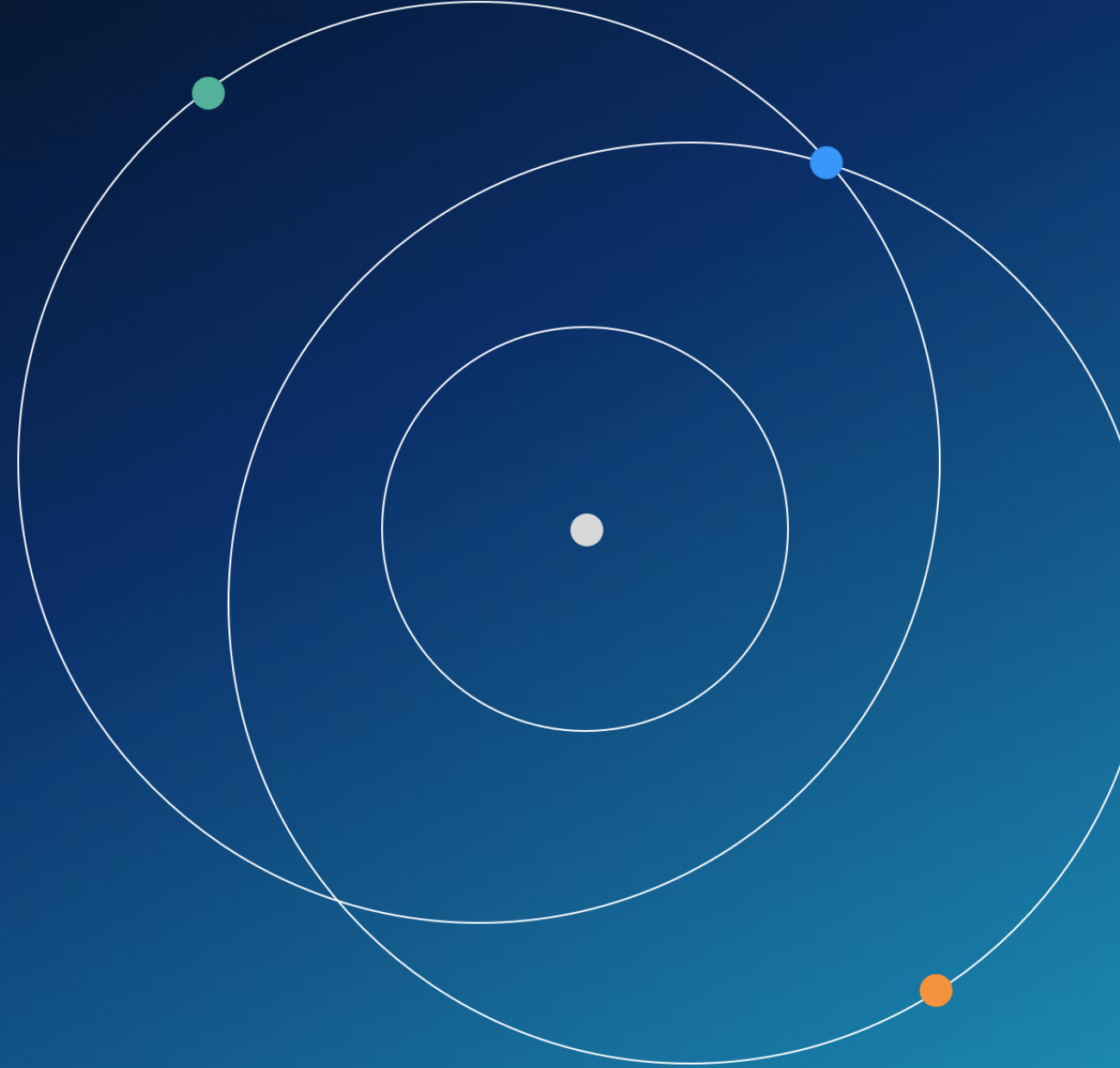
Source: Alps Blockchain

3.3. Top 3 Verticals in Q1-23

- "Verticals" refer to the 272 unique values used by PitchBook to define the type of industry/market activity of the startups under analysis, which Growth Capital aggregated into 10 sectors (see [Appendix](#))
- In Q1-23, **HealthTech** has been the the most relevant vertical in terms of number of deals (5), followed by **PropTech** e **SaaS** (4)
- **Blockchain**, on the other hand, ranks at the top by **amount invested**, thanks to the €40M raised by **Alps Blockchain**. **PropTech** and **Robotics & Drones** follow, with €14M and €12M respectively. The top three verticals together have raised more than €66M, contributing for 33% of the overall investments made in the quarter







4. The Top 5 Deals and the Exits of Q1-23



4.1. Top 5 Deals Q1-23

- The analysis of the top 5 deals in Q1-23 testifies an increased caution by VC operators: in fact, no **mega rounds** were tracked, and four out of five rounds involved the **exclusive participation** of Italian investors

START-UP	SIZE	STAGE	VERTICAL	INVESTORS ¹
 Alps Blockchain	€ 40M	Seed	Blockchain	Azimut
 HT MATERIALS SCIENCE	€ 14M	Series A	Climate Tech	Aramco Ventures, Barclays, CDP Venture Capital, Progress Tech Transfer
CARACOL	€ 11M	Series A	3D Printing	CDP Venture Capital, Eureka!, Neva, Primo Ventures
 BEDIMENSIONAL	€ 10M	Series A	Industrials	CDP Venture Capital, Eni Next, Nova Capital
 Resalis THERAPEUTICS	€ 10M	Series B	BioTech	Clarix Ventures, Club degli Investitori, Italian Angels for Growth


Note: 1. International investor

4.2. The Exits of Q1-23

- In **Q1-23** Italian start-ups were involved in **11** exits, a figure in line with **Q4-22**. Most liquidity events took place through M&A deals, whereas only **1** IPO was recorded
- At the sectoral level, nearly **half** of the Q1-23 exits occurred in Software (**5**)

Target	Exit Type	Buyer / IPO Market	Sector	Enterprise Value ¹	Percentage ²
AreaMedical24	M&A	Paginemediche	Life Sciences	Undisclosed	100%
CMH	M&A	Gruppo Dylog	Software	Undisclosed	100%
Cube Labs	IPO	Euronext Growth Milan	FinTech	€ 34.1M	12%
DaVinci Salute	M&A	UnipolSai	Life Sciences	Undisclosed	66%
Digital Strategy Innovation	M&A	Marposs	Software	Undisclosed	100%
Do It Green	M&A	AWorld	Software	Undisclosed	100%
EatsReady	M&A	Coverflex	Food & Agriculture	Undisclosed	100%
Future Fashion	M&A	Zakeke	Software	Undisclosed	100%
Green Project	M&A	Tulips	Food & Agriculture	Undisclosed	100%
Nutribees	M&A	SecondChef	Food & Agriculture	Undisclosed	100%
Onyon	M&A	Satsipay	Software	Undisclosed	74%

Notes: **1.** For IPOs, Enterprise Value is calculated by taking the first day of listing as a reference; **2.** Transactions involving the sale of a majority of corporate interests or shares (**50%+**) through M&A and listings on public markets were considered exits



5. SVB, Credit Suisse, Venture Debt and Inflation: impact on the Italian VC

5.1. SVB, Credit Suisse, Venture Debt and Inflation

- **Failure of Silicon Valley Bank (SVB)** was caused by the impairment of long-term government bonds as interest rates rose, resulting in losses and *insolvency risk*, ending up in an effective *bank run*
- **Minimal impact in Europe**, with few SVB customers and absence of VC-focused banks, but **strong warning for US** where some elements of the **VC ecosystem are beginning to creak** following the *cool-off* of the past 4 quarters¹

SVB

- Q1-23 was characterized by **sharply rising interest rates** over 2022 and the continuation of a strong **inflationary drive** (in Italy at 7.7 percent as of March 2023², one of the highest values since the 1980s)
- Inflation is particularly relevant for **start-ups** with **cash reserves**. **Cash flow planning** becomes **critical** to avert losses in real terms of deposits at lending institutions

Inflation

Credit Suisse

- **Credit Suisse crisis culminated** in the **acquisition** by **UBS**
- A **warning** to the **traditional banking system**, which may adopt **more caution** in lending, with significant impact on companies with **negative EBITDA** such as start-ups

Venture Debt

- Venture Debt is widespread in **US** and among **European late stage** companies. It may represent a **possible financing alternative**, following SVB bankruptcy
- As of today, it is **scarcely used** in **Italy** due to size factors (**start-ups** too **small** for average €3M-€5M deals) and **high cost of debt** (currently at 10%-15%)

Sources: 1. CB Insights 2022 State of Venture Report; 2. Istat

6. Italian Contrarian: latest institutional news

6.1. Italian Contrarian: latest institutional news

- Some standings of the Italian institutions may be at odds with the growth of certain verticals in the Italian tech ecosystem, from AI to FoodTech to Green Economy

Chat GPT Down

The Italian Privacy Authority has opened an **investigation** against OpenAI, charging the company with:

- the absence of a filter to verify users' age
- lack of a legal basis for the collection and storage of personal data necessary for the training of Chat GPT

To avoid a **possible €20M fine**, OpenAI has **blocked the platform to Italian IP addresses**¹

Ban on synthetic meat

- A government decree would (if approved in the House and Senate) ban the **production** and **marketing** of **synthetic** or "**test tube**" foods²
- In the U.S., the **FDA** has instead **approved** the production and sale of "**clean meat**" in Nov-22²
- In case of approval, many Italian FoodTech start-ups will have to **move their business elsewhere** or **discontinue** their **operations**

Missed NRRP goals

To date, only **6%** of funding has been **spent** and **1%** of projects have been **completed**

Difficulties in deploying NRRP resources, due to

- **bureaucratic complexities**
- **slowness** in implementing structural **reforms**

are delaying the impact on green transition and technological innovation, with **fewer benefits than expected for the tech sector**³

Sources: **1.** «Stop a ChatGpt in Italia. Il garante della Privacy: «Dati personali a rischio». E OpenAi blocca l'accesso». *Corriere della Sera*. April 1st, 2023. **2.** «Governo, pronto un ddl per fermare la produzione e il commercio di carne sintetica». *Corriere della Sera*. March 28th, 2023. **3.** «Pnrr, tra il rischio di ritardi e le scadenze da rispettare: a che punto è l'Italia». *Sky TG24*. April 3rd, 2023

7. The Italian SAFE

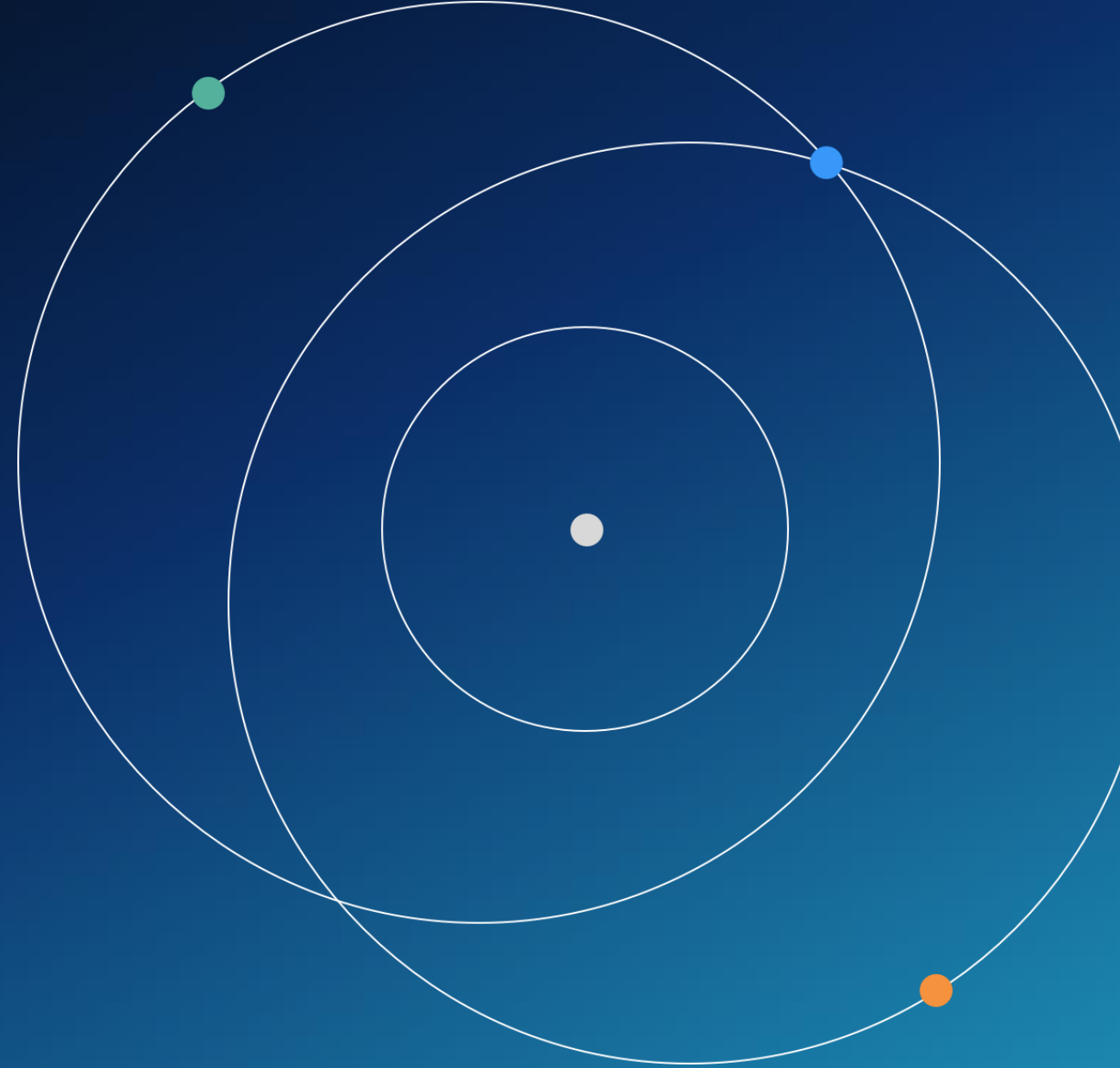


7.1. The Italian SAFE

- Published on March 21, 2023, the **Italian SAFE** was the result of a collaboration between **Growth Capital, Italian Tech Alliance, Linklaters and Portolano Cavallo**. The template, [available online](#), is inspired by the streamlined, fast-paced approach of Y Combinator's celebrated SAFE, but adapted to the Italian legal system and best practices. The purpose of the document is to provide the ecosystem with a template that can be used and negotiated in a very short time to finance early-stage companies without immediately deciding the valuation
- An additional model that includes a (post-money) valuation cap will be released soon



8. Final considerations



8.1. Final considerations

Q1-23 in a nutshell

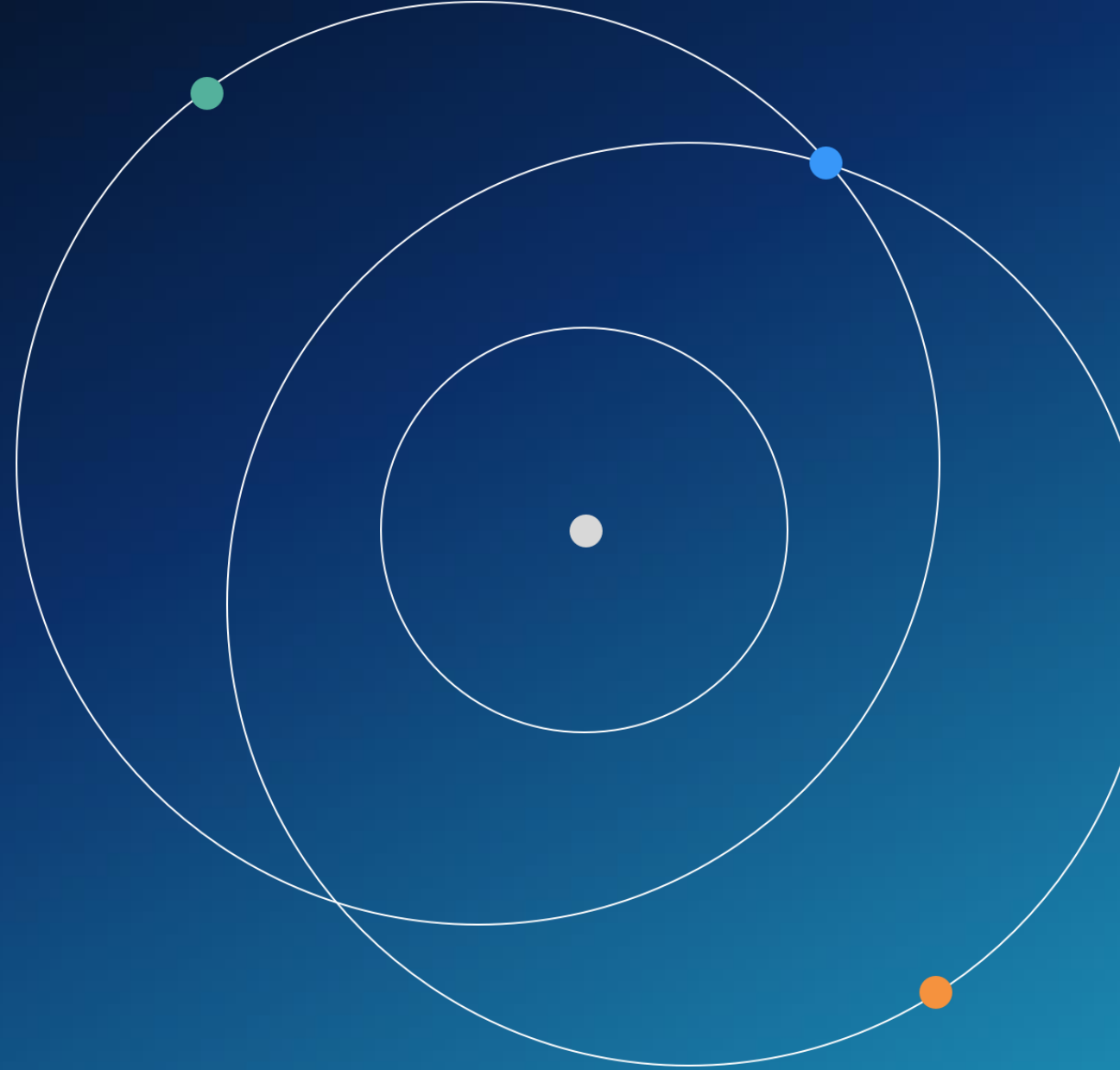
- Compared to Q4-22, **Europe** saw a **cool-off** in both investments (-14%) and number of rounds (-39%), confirming the slowdown of the past months
- In **Italy**, **Q1-23** (€201M invested in 84 rounds) **confirmed** the results of **Q4-22** (-5% invested, +5% number of rounds), thus placing it on a downward trend compared to the first quarters of 2022
- The numbers for the first quarter of 2023 reflect **caution** among VC players towards the current environment, characterized by a general **level of uncertainty** among financial markets and corporations

The 2023 scenario

- After the historical record of amount invested in 2022 (€1,8B+, +46% vs 2021), we confirm our forecast for 2023 in the Italian market¹, in contrast with the trend of the main European ecosystems, which will experience a contraction
- **Q1-23** confirmed the average amount invested of the last 10 quarters in Italy (€215M per quarter, without considering mega rounds and *outliers*). As written in the previous Q4-22¹ report, the possibility of replicating the 2022 result will depend on the presence of **mega rounds** and the evolution of the **general macroeconomic context**
- 2023 numbers will also be influenced by the high level of **Dry Powder**, the **verticalization** and **emergence** of **new VC funds** (some of them already announced in Q1-23), and by the **€3.5B** of capital still to be deployed by CDP. We also expect 2023 to be more characterized by **consolidation** and **M&A**

Sources: 1. [Venture Capital Report - Italy Q4-22 & FY-22](#)

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	BioTech 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

GROWTH CAPITAL RESEARCH TEAM



Fabio Mondini de Focatiis

Founding Partner



Giacomo Bider

Senior Analyst



Marco Parente

Analyst



Camilla Maver

Communication Manager





Growth Capital is the Italian advisor leader in capital increases and extraordinary finance transactions for scale-ups. 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 scale-up 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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Quarterly VC Report

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