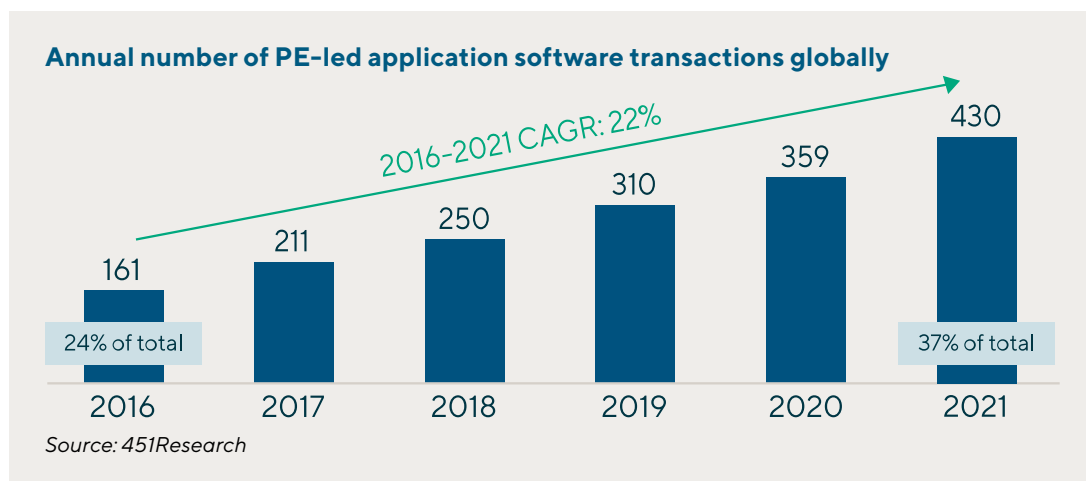


Growing Local & Global Private Equity Interest in French Technology

The technology ecosystem in France is booming. In 2021 alone, French startups raised more than €10 billion in venture capital financing, a 2x increase over 2020. To date, the number of unicorns more than quintupled from 5 in 2018 to 26 today. Twenty-five startups raised over \$100m last year, including Payfit (€254m), ManoMano (\$355m), Alan (\$223m) and Younited Credit (\$170m). The largest round ever in the French tech market was Sorare (\$680m).

Unicorns are only the visible tip of the iceberg—a more profound and fundamental shift is happening. Like many geographies, the pandemic accelerated technology growth in France. Technology companies, particularly software, saw their revenues accelerate and their valuations grow during COVID-19. Specific to France, growth also stemmed from an education system that favors science, technology and engineering pathways. Moreover, an existing pool of strong talent has buoyed the sector as children of current successful entrepreneurs take over or start their own technology businesses.

These trends spurred investor interest in France from all over the world. On average, one-in-three financing rounds involved U.S. based (Coatue, Tiger, Sequoia) or Asian (Softbank, Tencent) investors. Venture capital investors have pursued opportunities for more than 15 years but recently, private equity has been particularly active in the space. Mature companies, small players with vertical specialization as well as large, local companies driving transformation are all attractive investments given their recurring revenues, brand visibility and ability to provide an investment safe harbor. Together these qualities have driven high valuations among technology assets.



International investors are drawn to France given its high-quality assets and extraordinary tech-focused talent. Historically, PE funds were more active in countries with a larger tech presence. In 2021, the unicorns and market growth in France brought more global PE interest, and competition, to the French market.

When global players enter the French market, they build platforms that combine company strengths to accelerate growth and establish an international presence. The most common moves in the cross-border playbook include consolidation within European markets before moving to the U.S. (the largest software market) and/or Asia, depending on market maturity and competitive pressure.

(continued on next page)

LINCOLN PERSPECTIVE

All components of technology, from SaaS to cloud capabilities to infrastructure technology—and notably cybersecurity—have flourished within France. As the French technology market intertwines more and more with other global markets and private equity looks to deploy capital, Lincoln International identified the following items market participants should consider to differentiate and successfully deploy their capital.

Importance of sector specialization

Today's deal processes are more competitive and closing faster than ever. A hunger for quality targets is driving financial sponsors to develop sector, and subsector, specializations. Financial sponsors who have developed a subsector specialization can provide unique value, experience, and industry connections to stand out in today's rapid deal environment.

Financing considerations

Historically, financing for technology transactions was available with clear market provisions. Venture and minority transactions provided new capital to developing tech companies while other market transactions (like LBOs) involved larger, profitable companies with debt leverage. Today, following the U.S. market, technology financing becomes more sophisticated with ARR-based leverage issuing debt to companies that are not yet significantly profitable.

Accelerated growth thesis

Companies are increasingly interested in working with investors that not only bring capital but also help them accelerate their growth—organically and through acquisitions, oftentimes international. To differentiate, more and more funds set up teams of business specialists (sales & marketing, pricing strategies, M&A integration,) and play an active role in M&A strategy to help their businesses unlock growth levers and thrive.

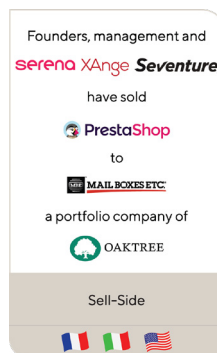
Recent Deals

In 2021, Lincoln International advised on a record [fifteen TMT transactions in France](#). These transactions involved both strategic acquirers and financial sponsors from multiple geographies in a number of different sectors, such as B2B software, cybersecurity, ICT, eCommerce & marketing technologies, and video games.



Founded in 2004, Virtuos is a global company that has built a strong reputation as the partner of choice for video game publishers and developers globally. The \$150 million investment from BPEA will support Virtuos' next phase of accelerated growth and finance its buy-and-build strategy across different geographies through strategic partnerships and acquisitions. The investment will also underpin the growth of Virtuos' digital platform and

the digitalization of its production platforms across its global studio network, improving productivity and scaling its ability to innovate and deliver bigger and better games for the leading publishers.



Founded in 2007 as a pioneer in open-source software, PrestaShop is now a leading e-commerce platform in Europe and Latin America, with expanding global market share. Joining forces with the shipping and fulfillment specialist MBE, PrestaShop will pursue its mission to become a leading, global e-commerce platform to power businesses' growth. Combining their respective expertise in digital and physical location-based

commerce, the two entities will target significant growth potential in their core geographical strongholds and complementary base of 600,000 merchants in Europe and over one million merchants worldwide.

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