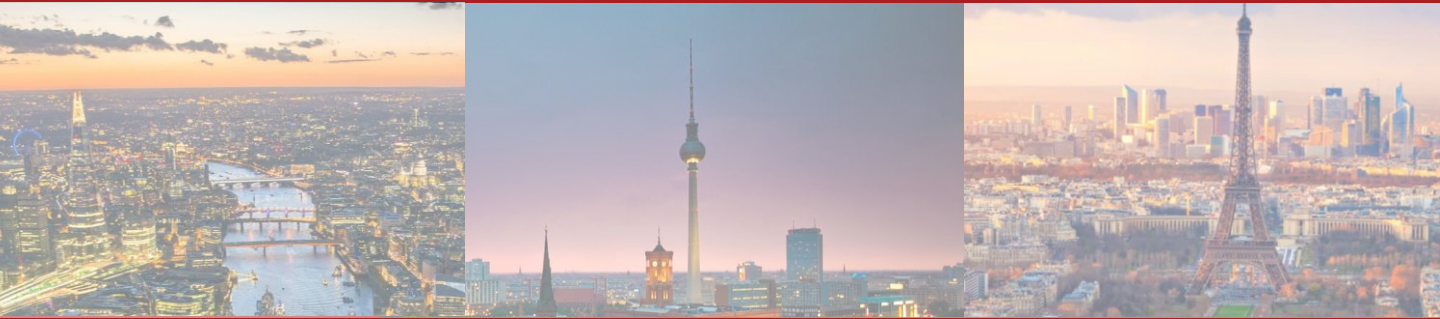


CLIPPERTON

In collaboration with **Digimind.**

EUROPEAN INNOVATION FINANCING

H1 2016 UPDATE



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About Clipperton

Clipperton is a European independent corporate finance advisory firm exclusively dedicated to the Technology space, advising innovative companies on M&A transactions, debt financings and equity offerings. With offices in London, Berlin, and Paris and an international reach, Clipperton is a European leader in Technology financial advisory. Over the past 15 years, the team has successfully completed more than 150 high profile transactions globally.

About Digimind and WhoGotFunded

Digimind is a SaaS intelligence software company based in Paris, Boston and Singapore, providing advanced information management platforms and technologies that perform massive data collection, automatic intelligence extraction and visualisation. Using its unique web mining expertise, Digimind developed WhoGotFunded.com, the world's most comprehensive funding database, discovering over 100 fresh funding deals every day in real time all across the world.

EDITORIAL



While technology companies valuations have quietly gone through a soft correction on public and private markets, there was an uncertainty on the evolution of the volume of investment poured into tech. Our H1 2016 report points out the resilience in Europe so far, with an increase in the investments in small and medium deals offsetting the slowdown in large rounds. Data from multiple sources show that VC investments have declined in the US, and even more in Asia. Considering the high basis of comparison in H1 2015, there is a decline in deal value in H1 2016 in Europe, however, it's too early to tell whether Europe will or not resist better than the US. The full year figures for 2016 should enable to clarify this trend.

Although the second part of the year will be dominated by the uncertainties caused by the Brexit, most of the large tech investors remain committed to continue to invest in European tech companies including in the UK. However key questions remain: is London still the best city to launch a global Fintech company? Will existing UK-based start-ups suffer from an outflow of entrepreneurs, engineers and highly qualified talents?

These uncertainties are detrimental with the UK being the #1 growth engine of tech investment in Europe attracting 37% of the continent's investments in H1 2016. Everybody should work to keep the engine on.

Thibaut Revel
Partner at Clipperton



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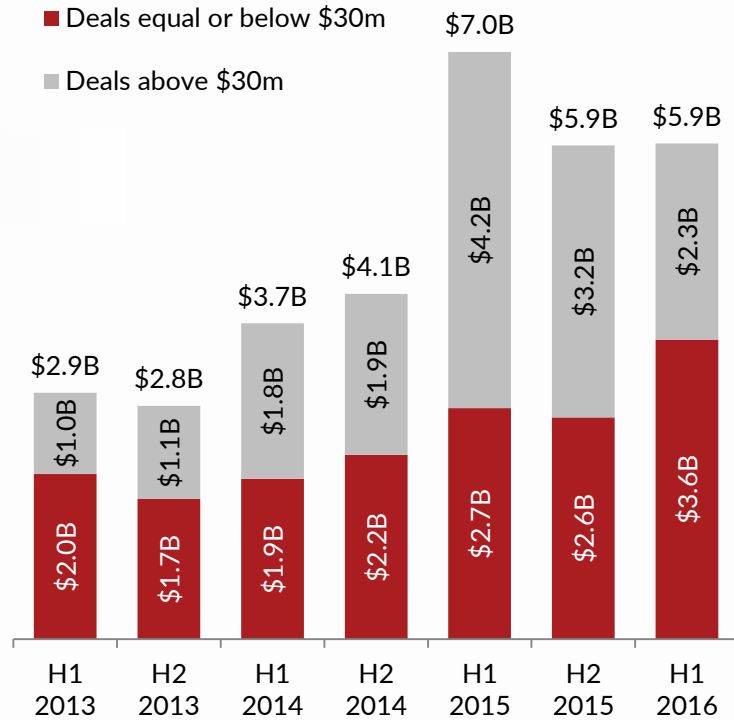
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Headlines

- Signs of resilience of the European innovation ecosystem: H1 investment value at \$5.9bn i.e. flat compared to H2 2016, down vs. the record in H1 2015 driven by mega-deals
- Fewer large deals but a strong increase in the number of small and medium deals (below 30m\$)
- The UK has continued to increase its share: a pre-Brexit rally?
- ... partly as a result of the rise of Fintech, already accounting for 16% of the total of investments in innovation in Europe

After reaching historical heights in H1 2015 driven by numerous mega rounds (e.g. Rocket Internet's companies, Spotify's \$526m round), innovation financing remained relatively solid in H1 2016. Over 630 transactions were announced during the semester, a record since 2013. While large rounds seem to experience a melt-down, deals below \$30m are on the rise.

TOTAL AMOUNT INVESTED IN EUROPE



Sources: Clipperton – WhoGotFunded

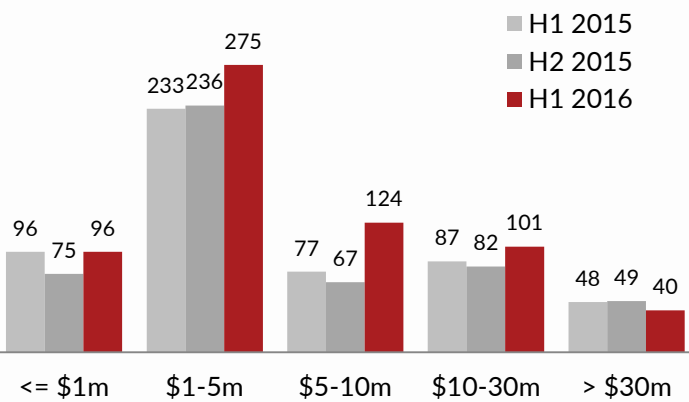
Top 10 deals in H1 2016

| | | | |
|-----------------|------|--------|-----------------|
| Skyscanner | UK | \$192m | Flight Search |
| Deezer | FR | \$132m | Music Streaming |
| Cabify | SP | \$120m | Cab Booking |
| Farfetch | UK | \$110m | Marketplace |
| Mindmaze | DACH | \$100m | Medtech |
| SoundCloud | DACH | \$100m | Music Sharing |
| Mission Therap. | UK | \$86m | Biotech |
| Tradeshift | NO | \$75m | B2B Software |
| Starling | UK | \$70m | Mobile Banking |
| Cardiorentis | DACH | \$66m | Biotech |

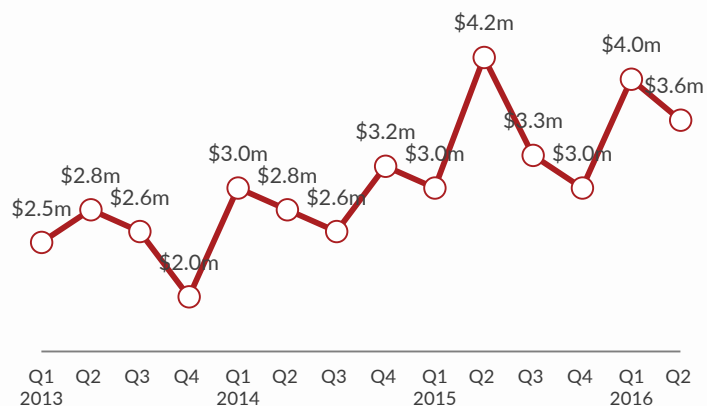
New trend: innovation money refocuses on small and medium deals

- Deals below \$30m accounted 60% of the total amount in H1 2016, to be compared to 39% for the same period last year and 49% in H2 2015.
- The €5-10m segment is particularly dynamic: +60% transaction volume vs. H1 2015 for a total amount of \$900m.
- Money invested in rounds of \$30m or more decreased by 45% vs. H1 2015 and 28% vs. H2 2015.

DISTRIBUTION BY ROUND SIZE - VOLUME



MEDIAN DEAL VALUE



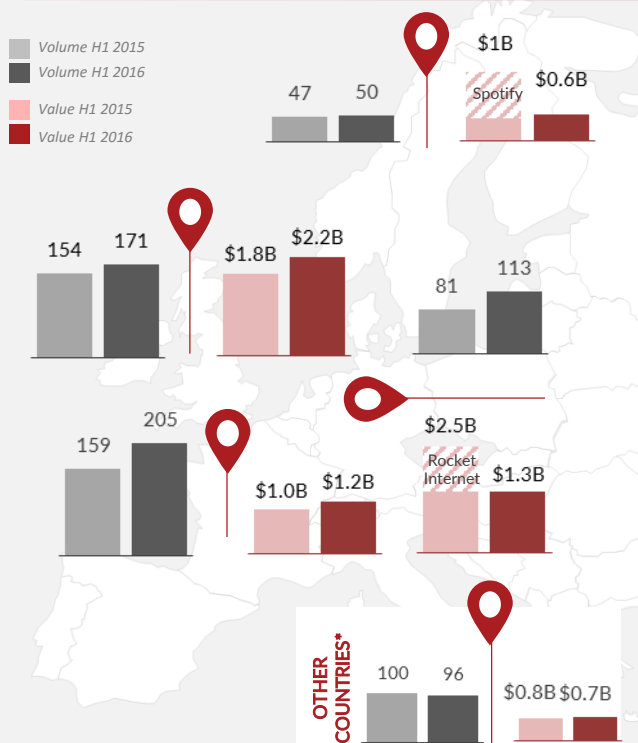
Solid H1 in France and the UK, notably driven by a growing number of deals

- The UK increased by 20% in value vs. H1 2015. While Q1 was particularly strong (+41% at \$1.1B - record quarter since 2013), Q2 remained flat vs. last year (-4% at \$0.8B).
- Positive trend in France: more than 200 transactions over the semester, a 30% increase vs. last year while amounts invested grew by 20% to reach \$1.2B.
- With \$1.3B invested, DACH's start-ups attracted roughly the same amounts as French ones. When adjusting for Rocket Internet's massive investments in H1 2015 (\$1.3B), the region established at similar levels as last year (-4%).
- Investors' interest for the Nordics remains strong: Excluding *Spotify's* \$526m round in H1 2015, +13% in investment value in H1 2016.
- Two mega rounds in Spain in H1 2016: *Uber's* challenger *Cabify* received \$92m from *Rakuten* and job marketplace *Jobandtalent* cashed-in \$42m in a round led by *Atomico*.

Sustained interest for Fintech - Business Cloud and Software is on the rise

- For the first time since the publication of the report, we segmented out Fintech transactions. Another proof of the strong appetite for the segment, more than \$650m were invested in H1 2016 (16% of the total IT).
- Unsurprisingly, British fintech start-ups contributed for the majority (53%) of this amount. Landmark transactions included *Sterling's* \$70m pre-launch financing and new fundraising for currency platforms *Worldremit* and *Transferwise* (resp. \$40m and \$26m).
- Solid performance of Business Cloud and Software segment: +30% in volume and +21% in value at \$1.1B
- Overall, the number of IT deals increased by 20% vs. H1 2015, with north of 500 deals announced for a total amount of \$4.2B.
- Structurally driven by large rounds, the Life Science segment decreased by 24% vs. last year, attracting 1/4 of European innovation financing.

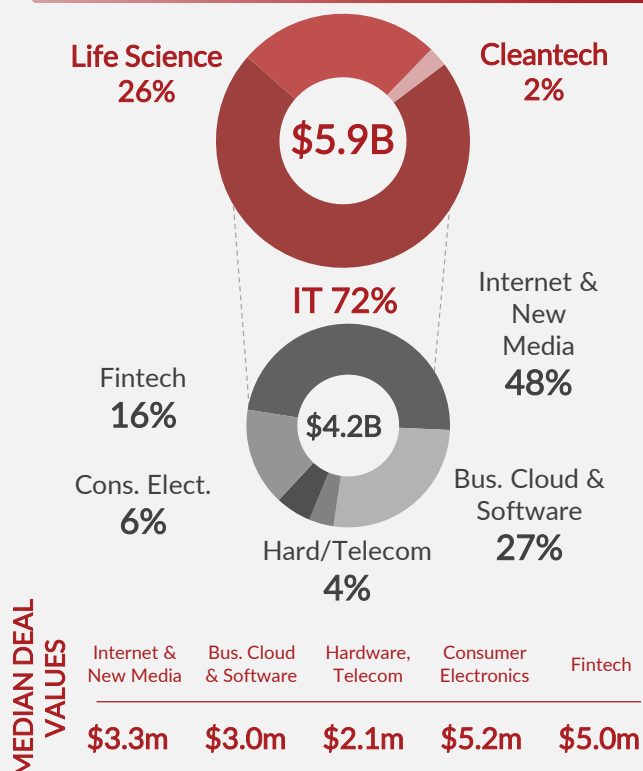
Geographies



* Italy, Spain, Portugal, Benelux, Ireland, Southern Europe, Eastern Europe

Sources: Clipperton – WhoGotFunded

Sectors – Value, H1-2016



Top Deals per Geography – H1 2016

UNITED-KINGDOM

| COMPANY | AMOUNT | INVESTORS |
|-----------------|--------|--|
| Skyscanner | \$192m | Vitruvian, Yahoo Japan, Khazanah National Berhad |
| Farfetch | \$110m | Eurazeo, IDG, Temasek Holdings |
| Mission Therap. | \$86m | Srone, Imperial Innovations, Woodford PCT |
| Starling | \$70m | Harald McPike |
| Autolus | \$63m | Woodford IM, Perceptive Bioscience |
| Student.com | \$60m | Vy Capital |
| F2G | \$60m | Advent, Sunstone, Aisling, Novartis Ventures, Novo, others |
| Blippar | \$54m | Khazanah National Berhad |
| Highq Solutions | \$50m | Goldman Sachs, Morgan Stanley, One Peak |
| Worldremit | \$45m | Triplepoint Venture Growth BDC, Silicon Valley Bank |

DACH

| COMPANY | AMOUNT | INVESTORS |
|----------------|--------|--|
| Mindmaze | \$100m | Hinduja Group |
| Soundcloud | \$100m | Twitter Ventures |
| Cardiorentis | \$66m | Undisclosed |
| eGym | \$45m | HPE Growth Capital, Highland Europe |
| Ac Immune | \$44m | Dietmar Hopp |
| Spotcap | \$42m | Holtzbrinck Ventures, Finstar Financial Group |
| Nexthink | \$40m | Auriga, Highland Europe, Waypoint, Galeo Ventures |
| Number 26 | \$40m | Earlybird, Redalpine, Battery, Horizon, Valar |
| Crispr Therap. | \$38m | New Leaf, Franklin Tempelton Investments |
| Lamudi | \$33m | Tengelmann, Holtzbrinck, Asia Pacific Internet Group |

FRANCE

| COMPANY | AMOUNT | INVESTORS |
|-----------------|--------|---|
| Deezer | \$132m | Access Industries, Orange |
| MedDay | \$39m | Sofinnova Partners, Omnes, Edrip, Bpifrance |
| Drivy | \$35m | Cathay Capital, Nokia Growth Partners |
| Eye Tech Care | \$33m | Everpine Capital |
| Gecko Biomed. | \$30m | Sofinnova Partners, Cap Decisif, CM-CIC, Omnes |
| Enyo Pharma | \$29m | Morningside, Sofinnova Partners, Bpifrance |
| Misterfly | \$25m | Vente-privée.com, Montefiore Investment |
| Allecra Therap. | \$25m | EMBL Ventures, Delos Capital, EDRIIP, Forbion Capital |
| Koolicar | \$24m | PSA, MAIF |
| Evaneos | \$24m | Isai, Serena, Xange, Bpifrance |

OTHER COUNTRIES

| COMPANY | AMOUNT | INVESTORS |
|---------------------|--------|--|
| Cabify (SP) | \$120m | Rakuten, Historic investors |
| Tradeshift (DK) | \$75m | Data Collective, HSBC, Paypal, Americal Express, others |
| Aprea (SE) | \$50m | 5AM Ventures, Versant Ventures |
| Showpad (NL) | \$50m | Insight Ventures, Dawn Capital, Hummingbird Ventures |
| Jobandtalent (SP) | \$42m | Atomico |
| Starbreeze St. (SE) | \$40m | Smilegate |
| Iterum Therap. (IE) | \$40m | Frazier Healthcare, Canaan, Sofinnova, New Leaf |
| M-Files (FI) | \$36m | Partech, Draper Esprit, Finnish Industry Investment |
| G-therap. (SE) | \$34m | Gimv, Wellington, Inkef Capital, LSP |
| Vivino (DK) | \$25m | Iconical, Creandum, Balderton, SCP Neptune International |

Sources: Clipperton – WhoGotFunded

Most active funds

H1 2016 was also marked by corporates participating (and even leading) in large transactions. Most notably, *Yahoo Japan* backed travel search engine *Skyscanner*, *Rakuten* invested \$92m in Spanish cab booking service *Cabify* and *Twitter* led *Soundcloud's* \$100m round. In France, *Vente-privée.com* took a minority stake in online travel agency *MisterFly*.

Several European VCs announced the closing of new investment vehicles over the past semester. Early this year, Index gathered \$550m for its new seed and venture fund, following \$700m raised in 2015 for its third growth investment vehicle. More recently, Partech announced the final close of its growth equity arm which now has \$400m to invest in late stage ventures. In Germany, Cherry VC joined the club of German VCs with \$100m+ funds with the closing of its second vehicle (\$170m).

As for VCs, Index Ventures was particularly active in H1 2016 with a series of investments in its portfolio companies (*Drivy*, *Auxmoney*, *Property Partner*, *CityMapper* amongst others). Partech was particularly active with 16 deals across Europe (*ManoMano*, *M-Files*, *Chronext*) and so was Idinvest Partners (9 deals including *Botify*, *Frichti*, *Dayuse* or *Onfido* in the UK).

IT – Top 15

COMPANY AMOUNT INVESTORS

| COMPANY | AMOUNT | INVESTORS |
|-----------------|--------|---|
| Skyscanner | \$192m | Vitruvian, Yahoo Japan, Khazanah National Berhad |
| Deezer | \$132m | Access Industries, Orange |
| Cabify | \$120m | Rakuten, Historic investors |
| Farfetch | \$110m | Eurazeo, IDG, Temasek Holdings |
| Soundcloud | \$100m | Twitter Ventures |
| Tradeshift | \$75m | Data Collective, HSBC, Paypal, American Express, Others |
| Starling | \$70m | Harald McPike |
| Student.com | \$60m | Vy Capital |
| Blippar | \$54m | Khazanah National Berhad |
| Highq Solutions | \$50m | Goldman Sachs, Morgan Stanley, One Peak |
| Showpad | \$50m | Insight Ventures, Dawn Capital, Hummingbird Ventures |
| Worldremit | \$45m | Triplepoint Venture Growth BDC, Silicon Valley Bank |
| eGym | \$45m | HPE Growth Capital, Highland Europe |
| Jobandtalent | \$42m | Atomico |
| Spotcap | \$42m | Holtzbrinck Ventures, Finstar Financial Group |

Sources: Clipperton – WhoGotFunded

LIFE SCIENCE – Top 5

COMPANY AMOUNT INVESTORS

| COMPANY | AMOUNT | INVESTORS |
|-----------------|--------|--|
| Mindmaze | \$100m | Hinduja Group |
| Mission Therap. | \$86m | Srone, Imperial Innovations, Woodford PCT |
| Cardiorentis | \$66m | Undisclosed |
| Autolus | \$63m | Woodford IM, Perceptive Bioscience |
| F2G | \$60m | Advent, Sunstone, Aisling, Novartis Ventures, Novo, others |

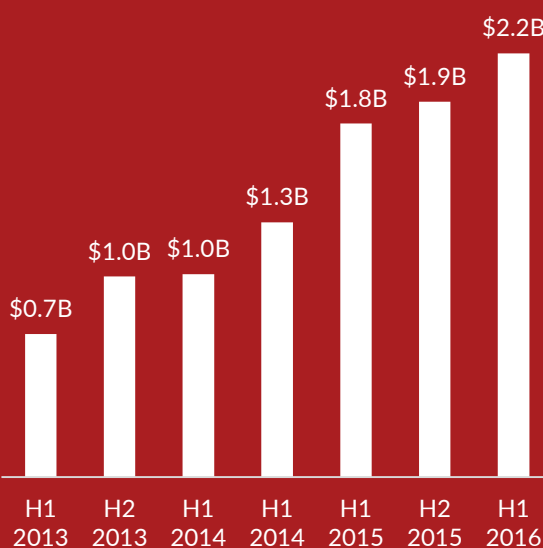
CLEANTECH – Top 5

COMPANY AMOUNT INVESTORS

| COMPANY | AMOUNT | INVESTORS |
|-----------------|--------|---|
| Nexeon | \$44m | Woodford Investment Management |
| Origami Energy | \$22m | Octopus Ventures |
| Sol Voltaics | \$18m | Riyadh Valley Comp., FAM, Nano Future, Industrifonden, Umoe |
| Global Bioener. | \$9m | Undisclosed |
| Sunpartner | \$7m | Acapital |

Focus on: The UK

AMOUNT INVESTED IN THE UK SINCE 2013



A few weeks after the stunning and much commented outcome of the Brexit referendum, questions about the impacts on the British – and European for that matter - tech space remain.

What is certain though is that H1 2016 was another record semester for the United Kingdom with close to \$2.2B poured into the country's start-ups and 160 transactions announced.

Benefiting from the City nearby, Fintech start-ups are particularly strong in the sectorial mix accounting for 16% of the amount invested. Alike previous semesters, H1 2016 saw a handful of UK Fintech ventures closing significant rounds, be it massive pre-launch fundraising like *Starling* (\$70m) or new rounds for fast-growing players (*Worldremit*, *Ezbo*, *Transferwise*, *Property Partner*...).

Amongst other factors the good health of the UK's tech scene owes to the ability to attract entrepreneurs and host start-ups relocating from other European countries. Successful examples are many such as *Spotify* (Sweden), *Farfetch* (Portuguese founders), *Transferwise* (Estonian founders) or *Kantox* (Spain/France). Future will tell if the UK manages to remain the most attractive destination for European entrepreneurs and start-ups in the post-Brexit context.

METHODOLOGY

This report is based on collaborative work and research performed by *Digimind* and *Clipperton* Finance. Based on *Digimind's WhoGotFunded* comprehensive financing deals database which is built in real-time through text-mining technologies, the analysis is focused on European deals with the following characteristics:

- Investments completed in a European company (Russia included/ Israel excluded)
- The company is considered innovative i.e. with a clear technology or business model innovation – which excludes companies who operate technologies that they have not developed
- Investments higher than \$500k, in order to exclude “friends & family” seed rounds
- Secondary deals (i.e. minority sales of shares to private funds) are included, majority deals are excluded.
- Fundraisings through public markets (IPO or public equity financing) are excluded

This represents a list of about 200-400 deals per quarter, which are then allocated to an innovation universe (IT / Life Science / Cleantech) and to a sub-segment (e.g. Consumer Internet within IT).

DISCLAIMER

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