

The State of the Market for Series B & C Rounds in European Tech Companies

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1.

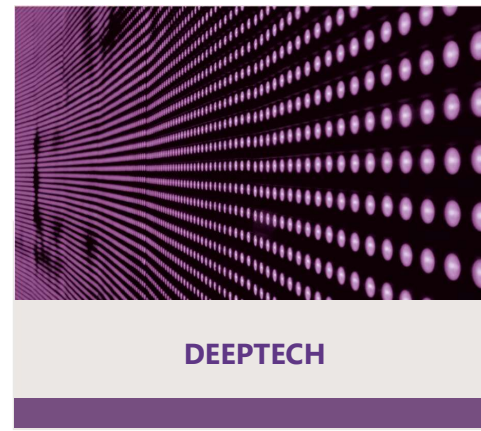
SILVERPEAK OVERVIEW

Silverpeak advises outstanding growth technology companies on M&A and financing transactions



European clients – **Global** counterparties

Silverpeak has deep sector knowledge and extensive execution experience in the technology sector



01 // SELECTED RECENT TRANSACTIONS

<p>GB</p> <p>Satellite antenna technology</p> <p>\$40m investment by</p> <p>February 2021</p>	<p>GB EU</p> <p>Video compression solutions</p> <p>Investment by</p> <p>INVESTMENT FIRMS & TECH ENTREPRENEURS</p> <p>October 2020</p>	<p>GB US</p> <p>Fibre broadband network operator</p> <p>£100m investment by</p> <p>September 2020</p>	<p>PT US</p> <p>Technology venture capital</p> <p>Continuation fund, including:</p> <p>Low-code SaaS leader</p> <p>September 2020</p>	<p>LT JP GB</p> <p>Mobility-as-a-Service platform</p> <p>Investment by</p> <p>June 2020</p>	<p>ES US</p> <p>Gaming cloud streaming</p> <p>Sale</p> <p>FACEBOOK</p> <p>December 2019</p>	<p>GB US</p> <p>Cloud transformation consultancy</p> <p>Sale</p> <p>November 2019</p>
<p>EU EU</p> <p>CONFIDENTIAL</p> <p>SaaS FinTech platform</p> <p>Investment</p> <p>\$150m</p> <p>September 2019</p>	<p>FR US</p> <p>M2M cybersecurity for the industrial internet</p> <p>Sale</p> <p>August 2019</p>	<p>GB GB US</p> <p>Autonomous vehicle software</p> <p>Investment by</p> <p>July 2019</p>	<p>GB GB</p> <p>SaaS Intelligent automation platform</p> <p>Sale</p> <p>July 2019</p>	<p>US NL BE</p> <p>Hospitality ERP SaaS</p> <p>Sale</p> <p>June 2019</p>	<p>GB GB</p> <p>Digital bank</p> <p>Investment by</p> <p>December 2018</p>	<p>IT NL</p> <p>Fingerprint scanners & software</p> <p>Sale</p> <p>December 2018</p>
<p>GB IE</p> <p>Clinical speech recognition services & software</p> <p>Sale</p> <p>December 2018</p>	<p>FR FR</p> <p>M2M cybersecurity for the industrial internet</p> <p>Investment by</p> <p>November 2018</p>	<p>NL NL</p> <p>High performance integrated optoelectronic communication devices & modules</p> <p>Investment led by</p> <p>November 2018</p>	<p>GB GB</p> <p>Public bus smart ticketing & cloud management platform</p> <p>MBO</p> <p>October 2018</p>	<p>GB GB US</p> <p>Autonomous vehicle software</p> <p>Investment by</p> <p>September 2018</p>	<p>IT IT</p> <p>Developer of Sensor fusion, AI, robotics & control technologies</p> <p>Investment by</p> <p>FAMILY OFFICES & HNW INVESTORS</p> <p>July 2018</p>	<p>US GB FR</p> <p>Software for multi public cloud data management</p> <p>Investment by</p> <p>April 2018</p>



2.

EUROPEAN TECH VENTURE ENVIRONMENT RECENT TRENDS

EUROPEAN TECH B & C-ROUNDS CONTINUE TO THRIVE

- Series B & C VC investment in European tech companies reaches a new high in 2020 with investment totalling €4.5B, an increase of 37%
- General trend towards larger rounds, with a tripling to 15% of B rounds above €50m and 40% of C rounds above €50m
- The UK still dominates as the destination of capital, and grew 42% in 2020 vs 2019
- The Nordic region shows a strong presence in B rounds with the region recording a 120% increase in capital invested on a 20% increase in deal count compared to 2019
- The largest B rounds were dominated by companies from the UK, producing 6 out of the top 10 largest rounds in 2020
- H2 2020 had 4 out of the 10 largest C rounds since 2016



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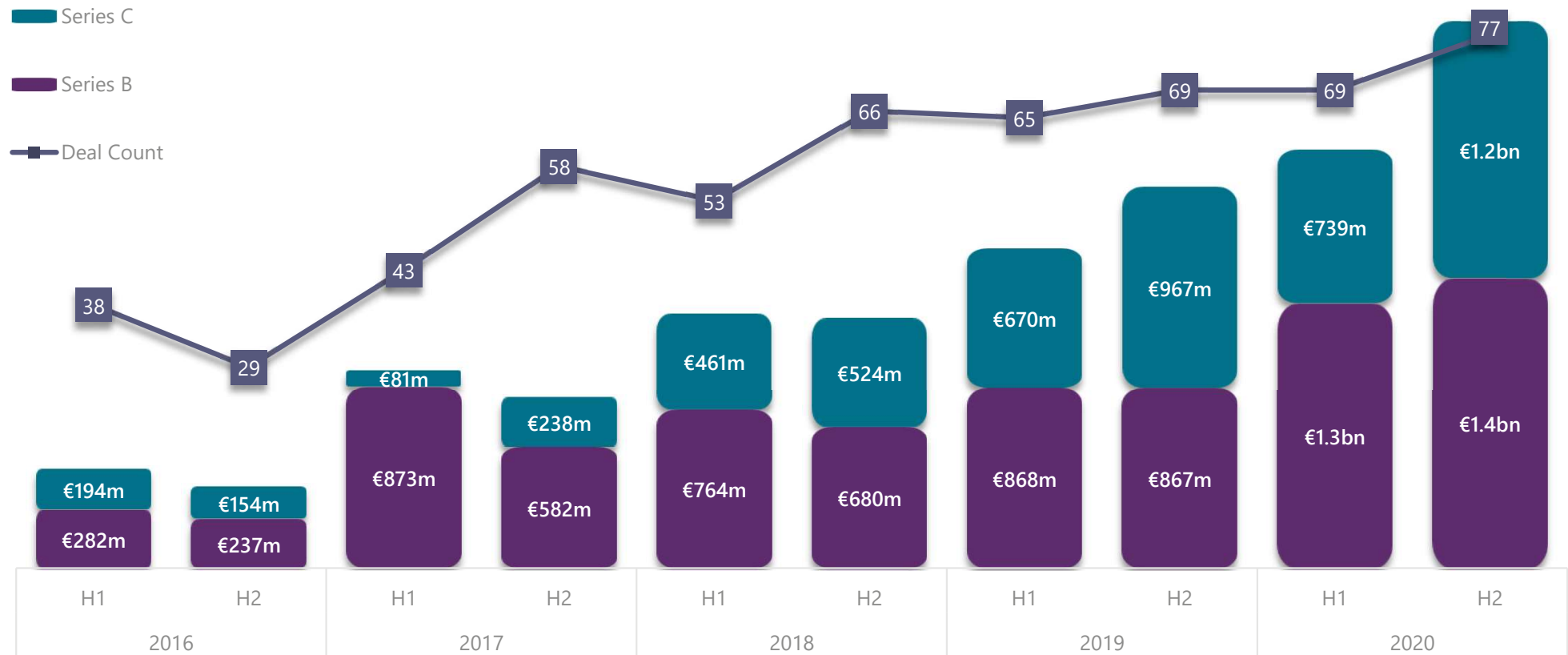
The European capital market for private companies has never been so strong, with a 37% surge of B & C round capital invested in 2020.

”

PADDY MccGWIRE
MANAGING PARTNER

B & C financing rounds reached record highs in both deal count and total capital invested in 2020

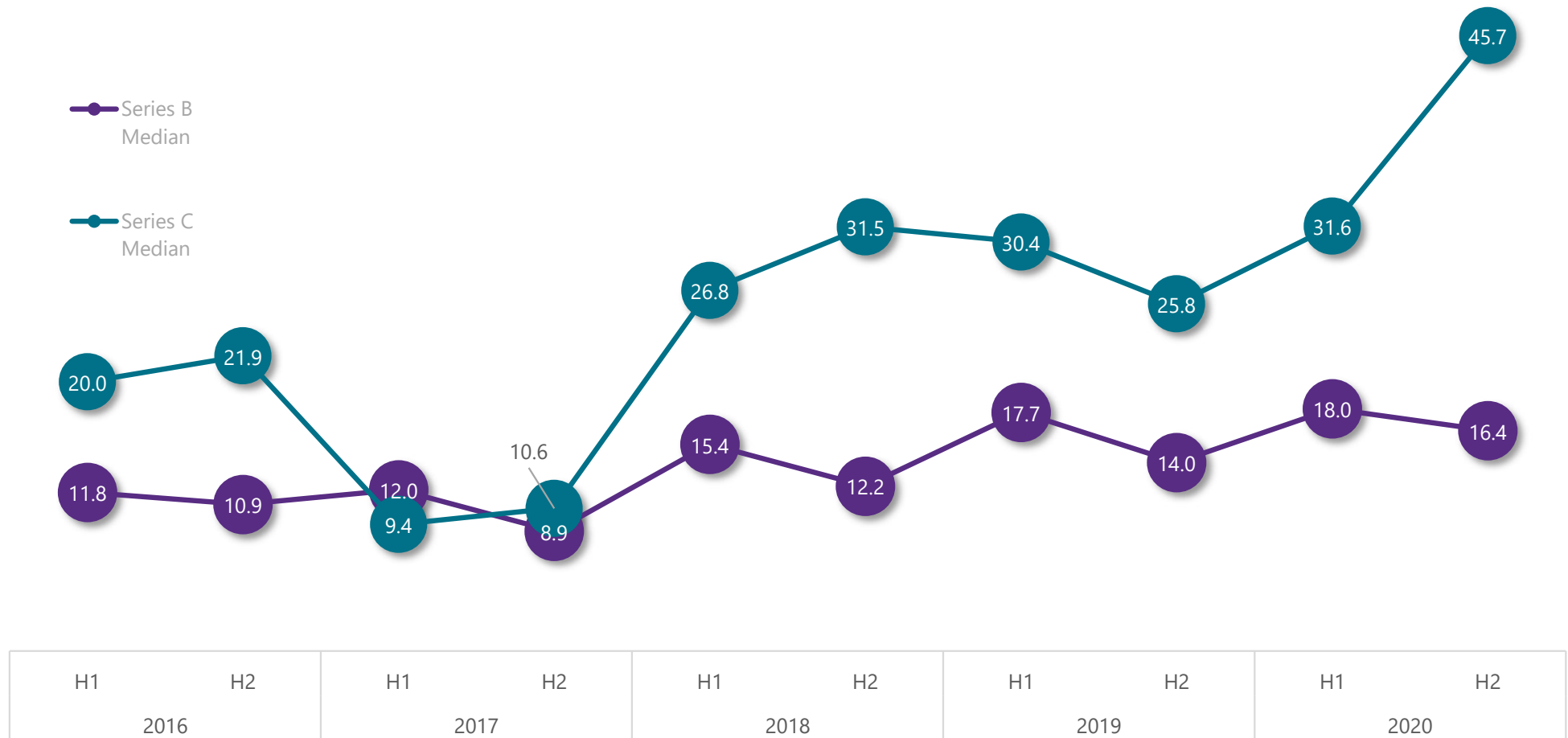
Series B & C Total Financing Amounts (€m) and Deal Count by Half-Year, 2016-2020



Source: Pitchbook | Deal count includes rounds with undisclosed values

Median C round values are pulling away from B rounds

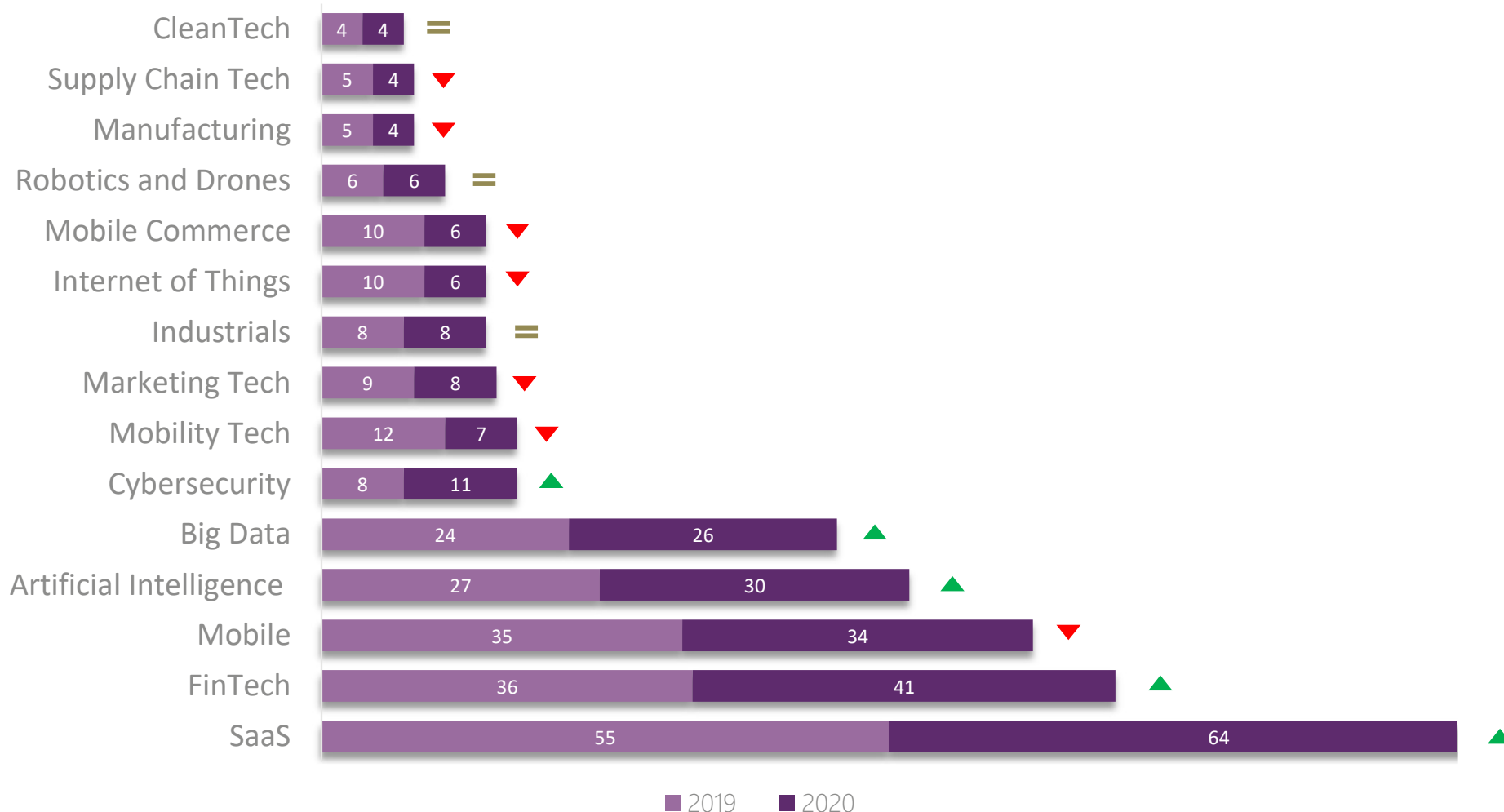
Median size (in €m) of Series B & C rounds by Half-Year, 2016-2020



Source: Pitchbook

SaaS and Fintech remain the most active in B&C rounds

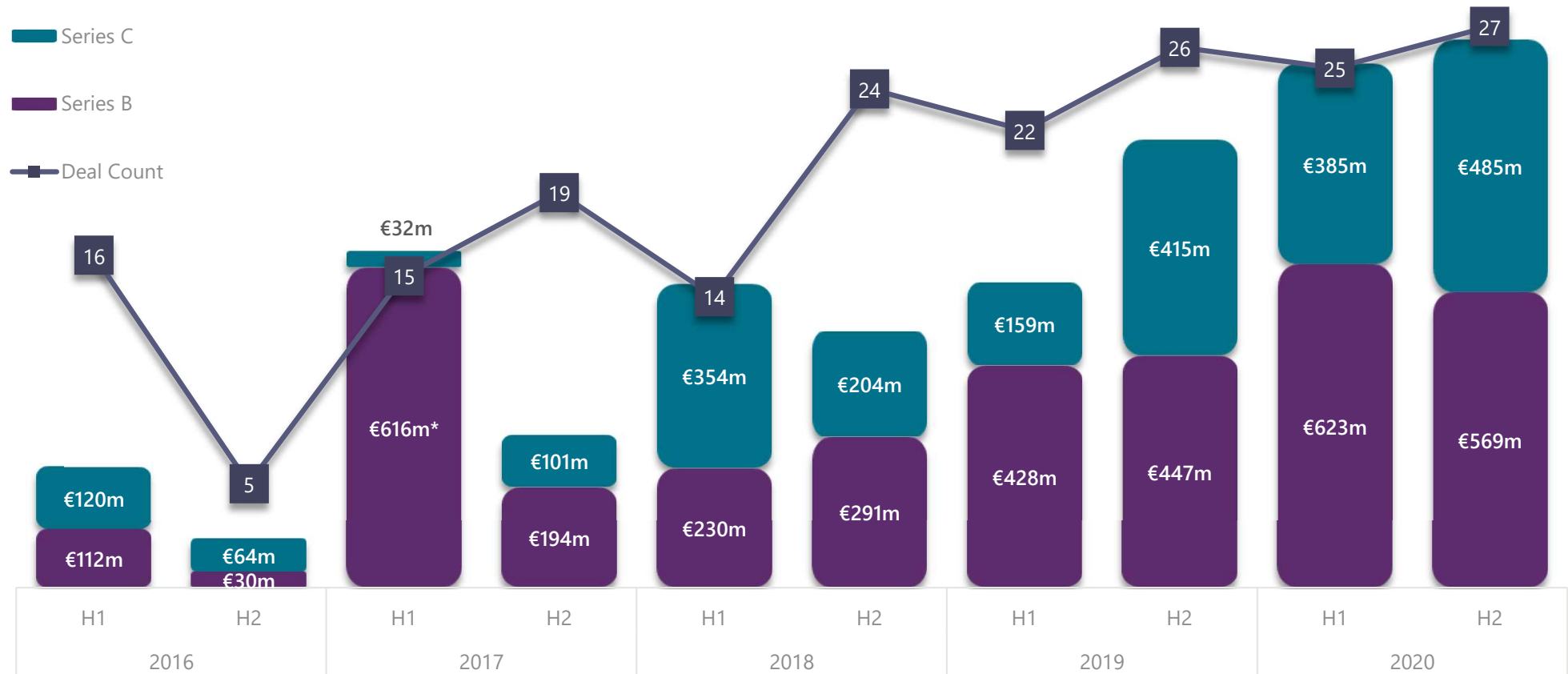
Volume of B&C rounds by vertical 2019-2020



Source: Pitchbook

UK Series B & C deal count and capital invested reaches an all time high

Series B & C Total Financing Amounts (€m) and Deal Count by Half-Year in the UK, 2016-2020



Source: Pitchbook | Deal count includes rounds with undisclosed values

* H1 2017 includes Improbable €464m Series B

3.

EUROPEAN TECH B-ROUNDS

A SHARP INCREASE IN CAPITAL INVESTED

What is a Series B?

While a Series A funding round is to really get the team and product developed and Go To Market metrics, a Series B Funding is **all about taking the business to the next level**, past the development stage

Typically before these funding rounds occur, the company has **completed significant milestones** and now its time to really **build upon that success** with additional investment

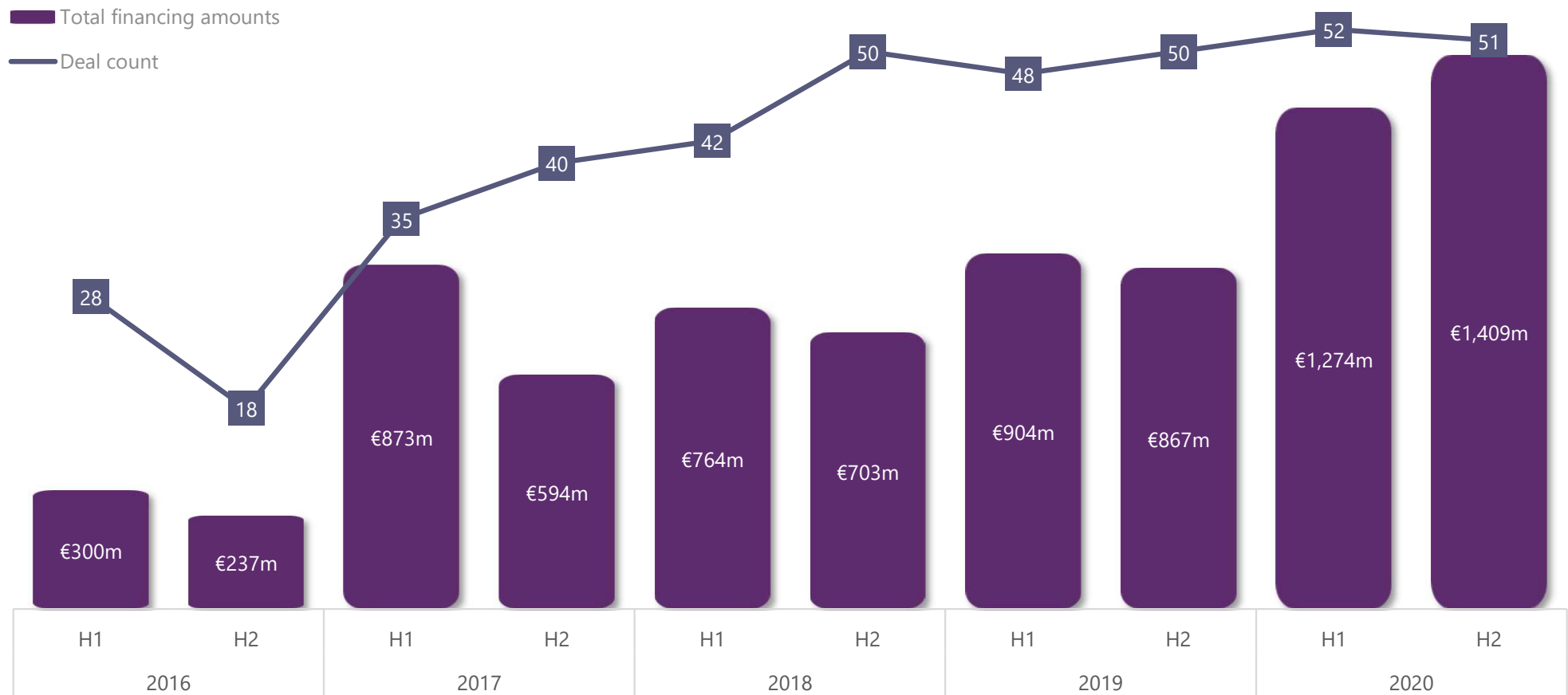
Series B is to **pour the fuel on for growth - acceleration money**, with a larger investment round

At this stage, the company has shown the ability to reach and **surpass well planned goals**, so now its time to **double down** and exploit the market opportunity to its potential

Note: For the purpose of this analysis, Series B is any fundraising announced as Series B on Pitchbook

B-Rounds in 2020 experience a sharp rise in capital invested

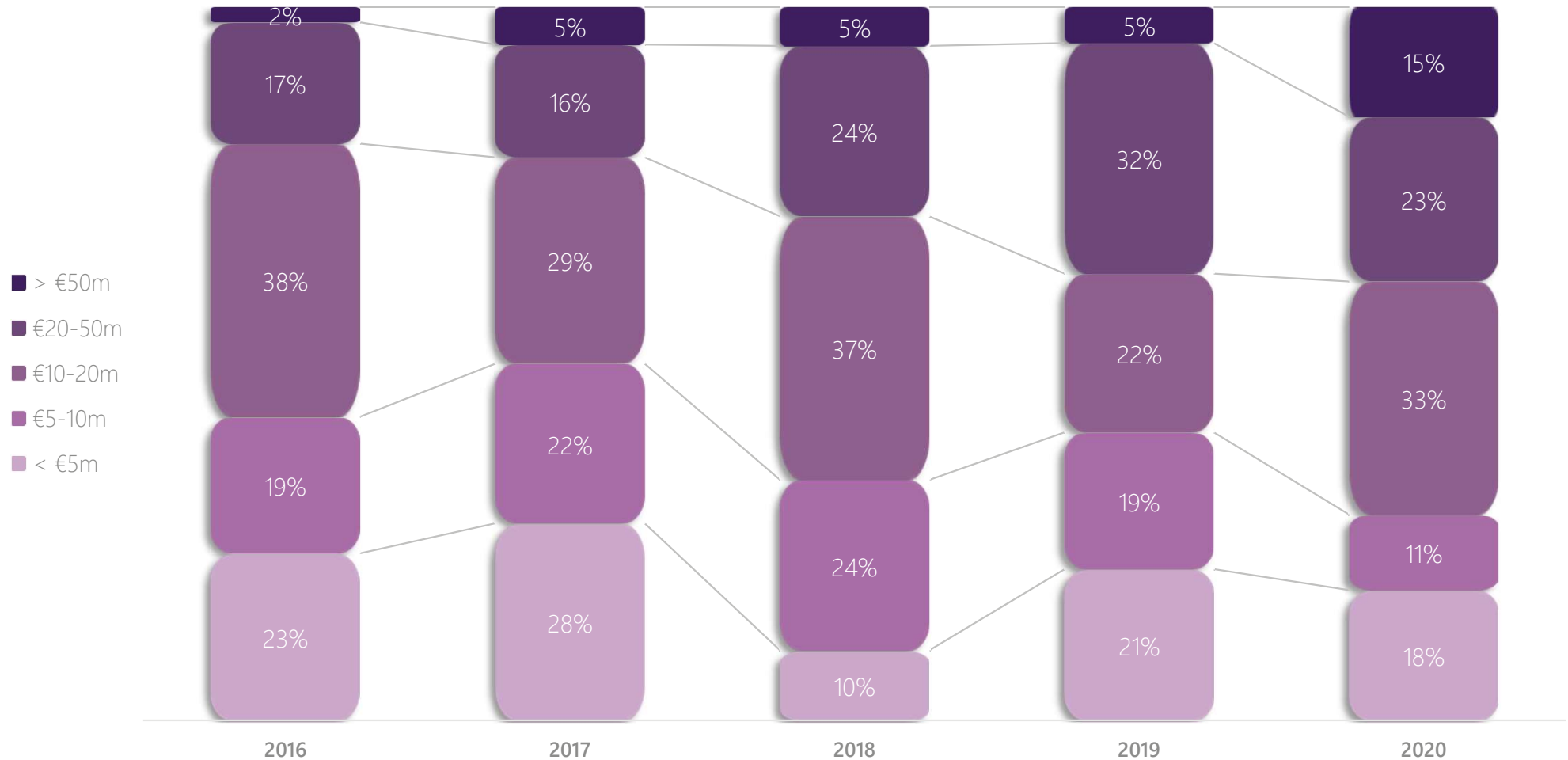
Series B Total Financing Amounts (€m) and Deal Count by Half-Year, 2016-2020



Source: Pitchbook | Deal count includes rounds with undisclosed values

There is a continuous trend towards larger B-Round deals

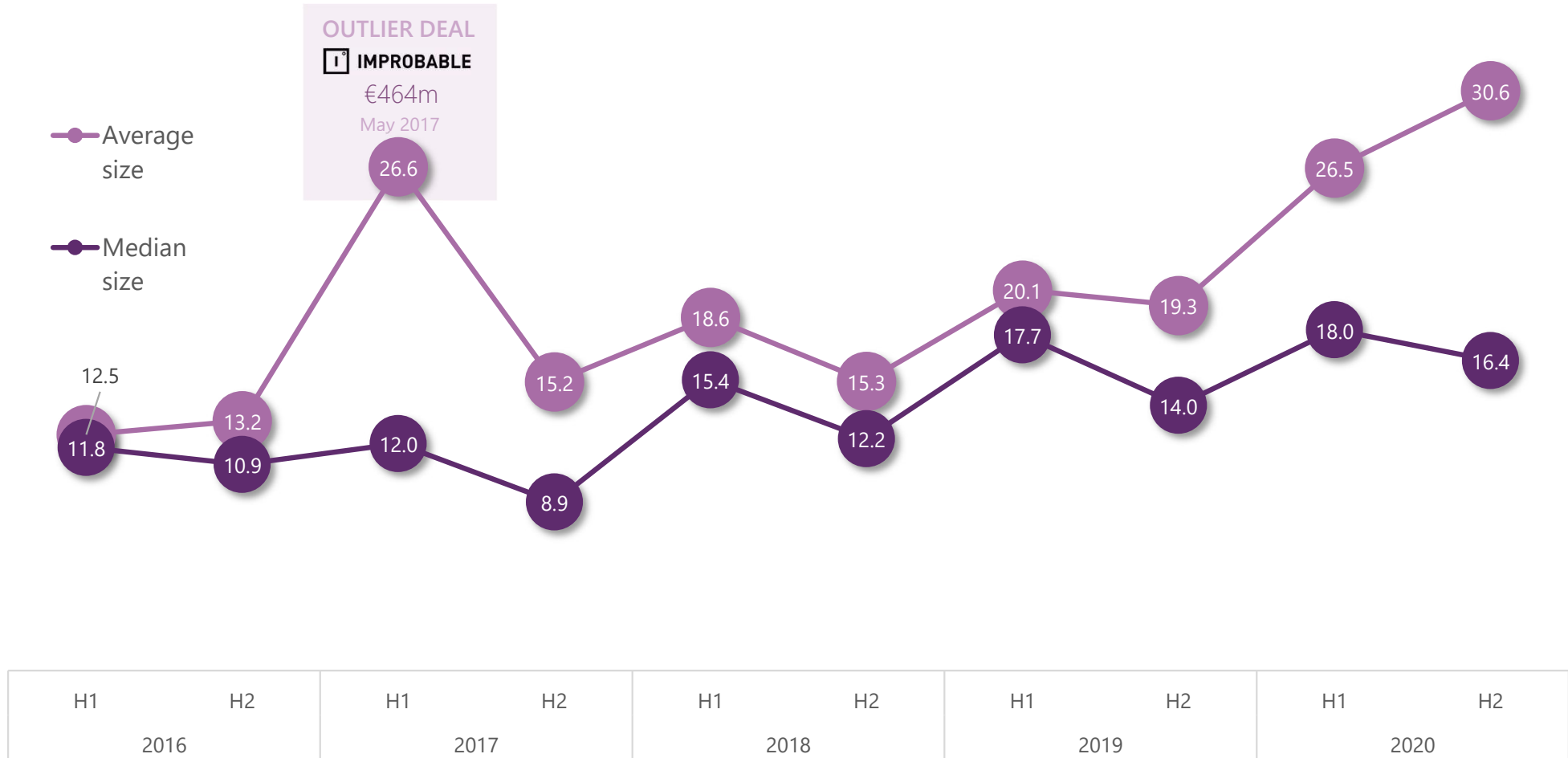
Breakdown of Series B rounds by value



Source: Pitchbook

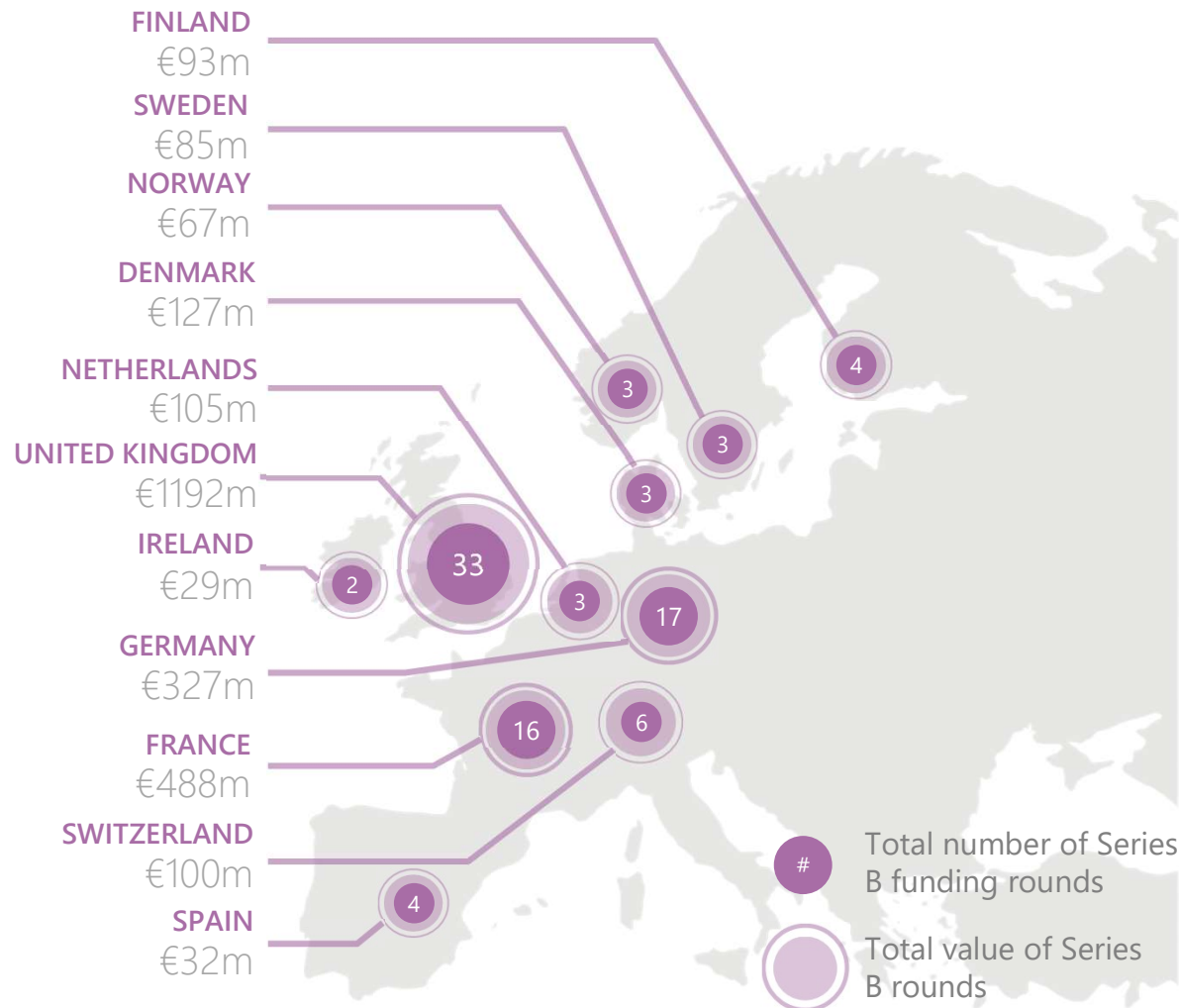
The average size of B rounds diverges away from the median

Median and Average size (in €m) of Series B rounds by Half-Year, 2016-2020

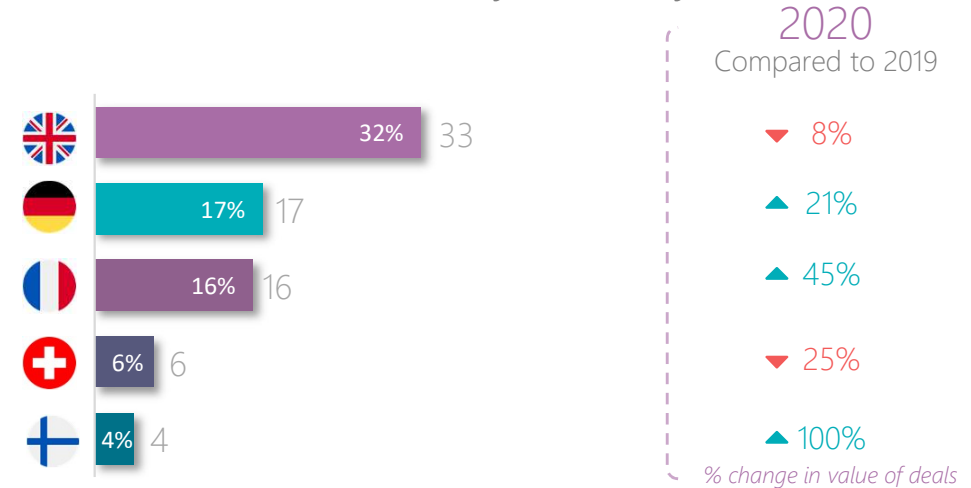


Source: Pitchbook

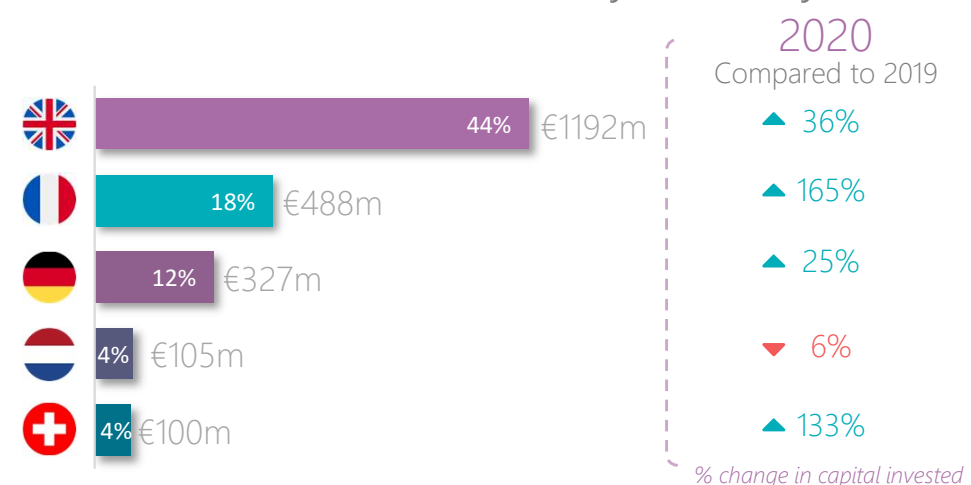
Activity spreads but 75% of value invested in UK, DE and FR



of Series B-Rounds by country



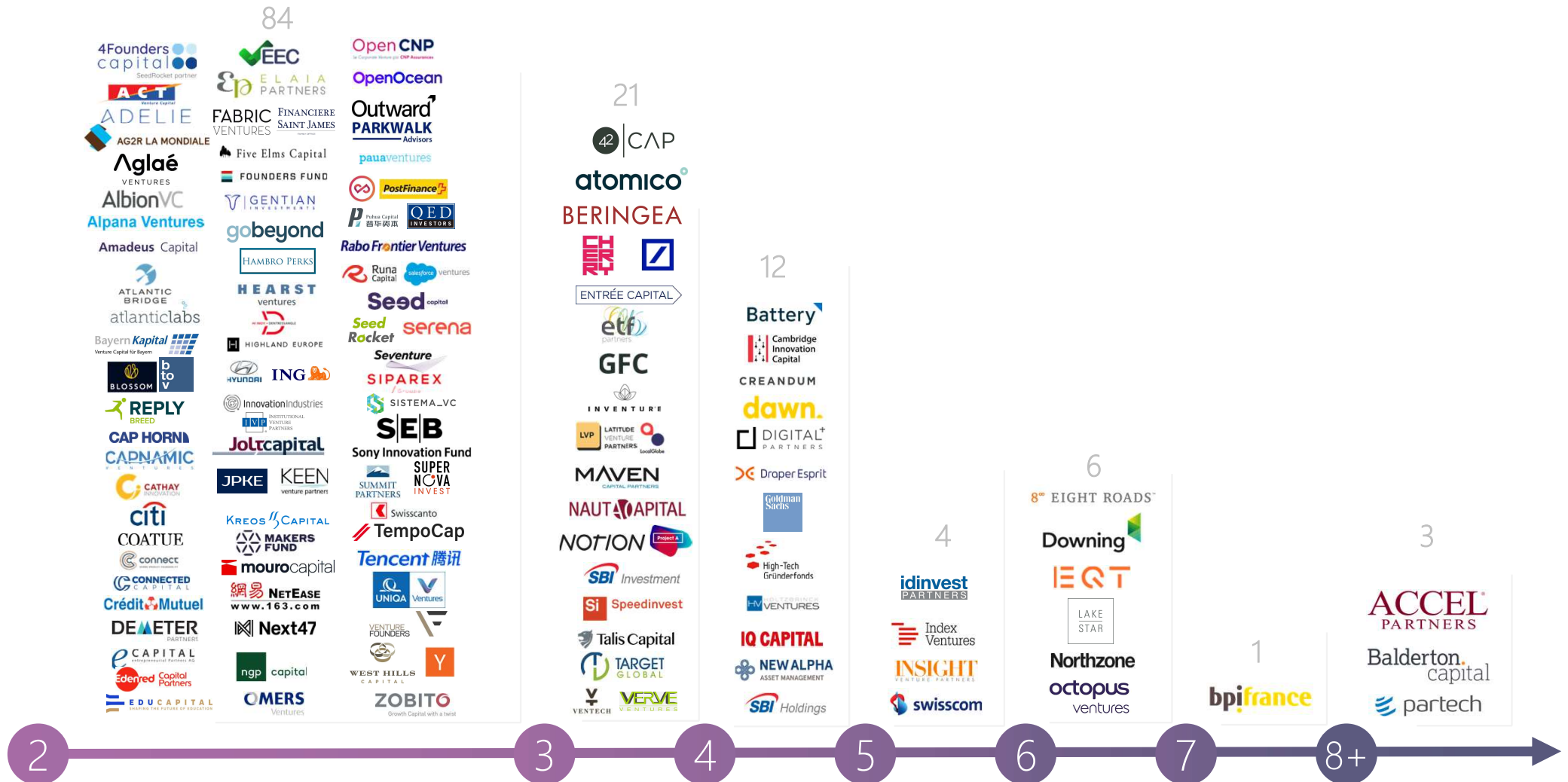
Value of Series B-Rounds by country



Source: Pitchbook

There is a large pool of "serial" B-round investors...

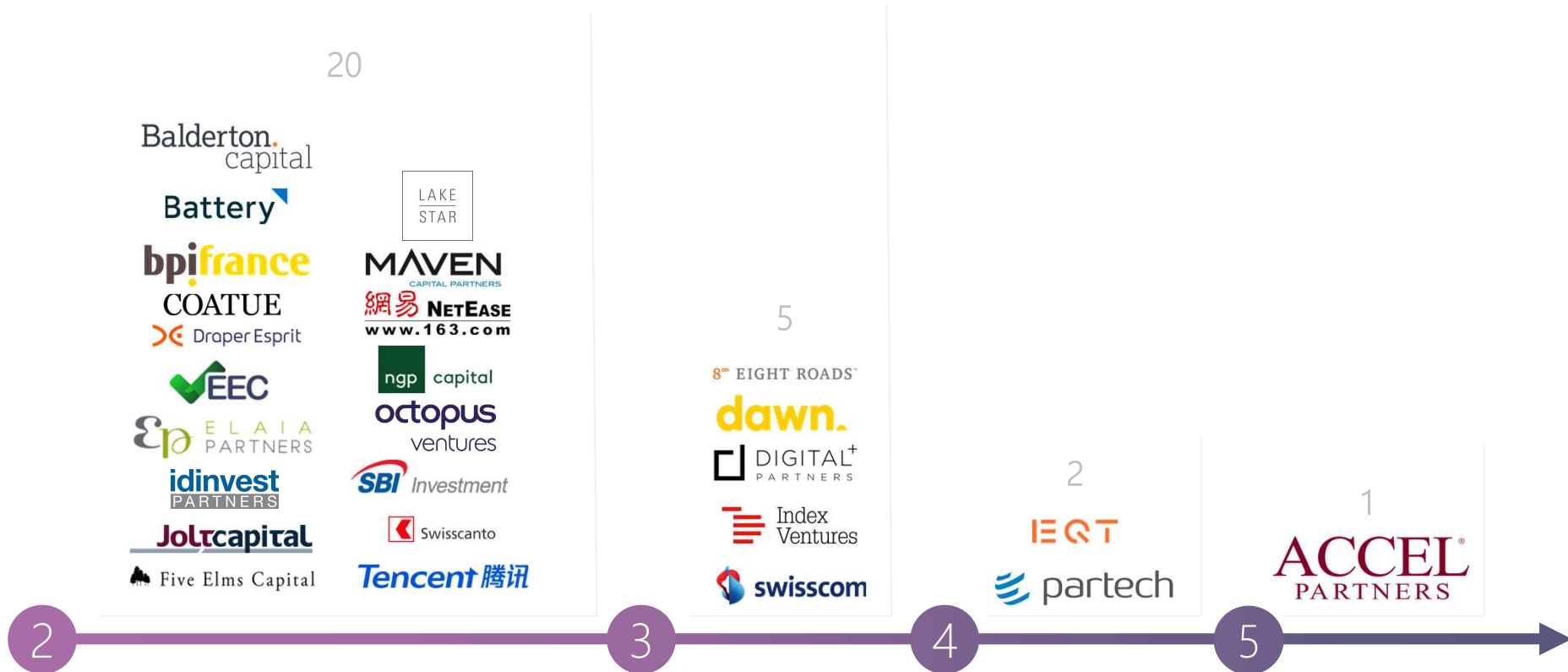
131 investors who participated in more than two Series B funding rounds in 2019-2020



Source: Pitchbook

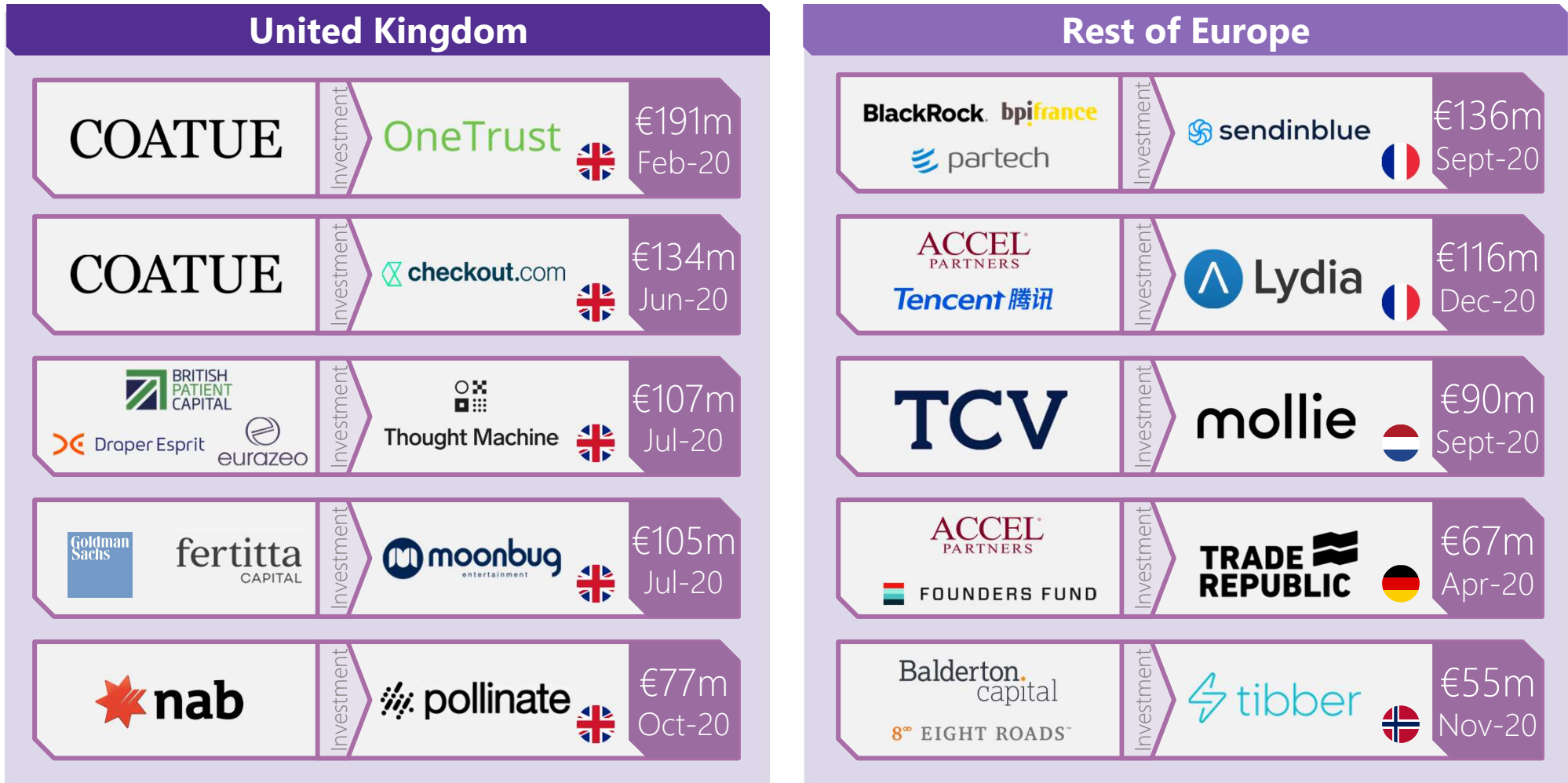
...but only 20% are "serial" lead investors

28 investors lead two or more rounds in 2019 - 2020



Source: Pitchbook

In 2020 four of the six €100m+ Series B rounds were in UK



Source: Pitchbook | Only lead investor logos included



4.

EUROPEAN TECH C-ROUNDS

ALL SEEMS WELL

What is a Series C?

A Series C round is the **fourth stage** of a company's financing, and **typically the last stage of venture capital** financing

However, some companies opt to conduct more rounds, such as series D, E, etc

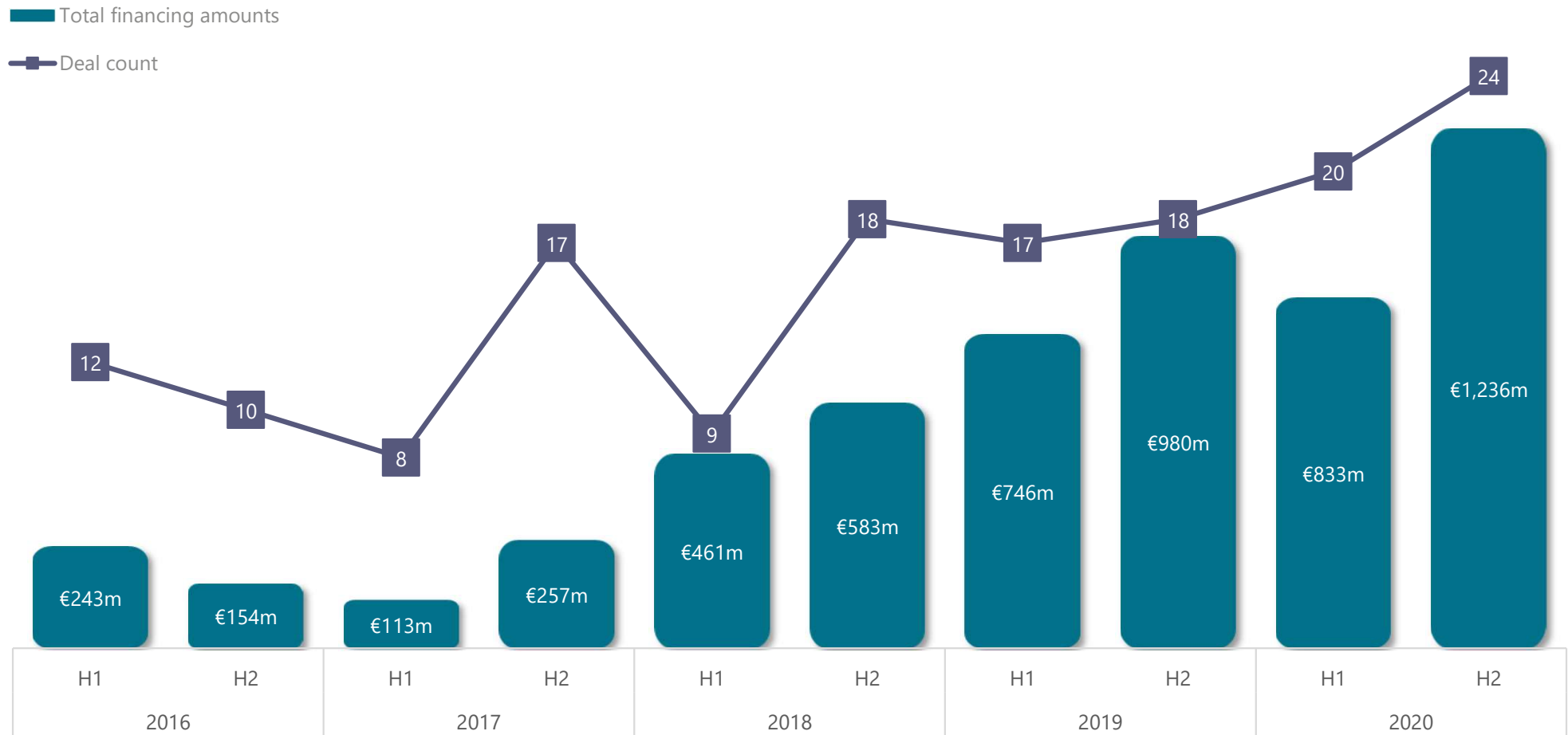
Companies that aim to obtain series C funding are **no longer start-ups**

They are usually established, successful companies in their **late stages of development**, with **solid revenues and profits**

Their core products or services generate **strong demand** in the marketplace, attracting a substantial customer base

2020 - a further growth year for Series C funding rounds

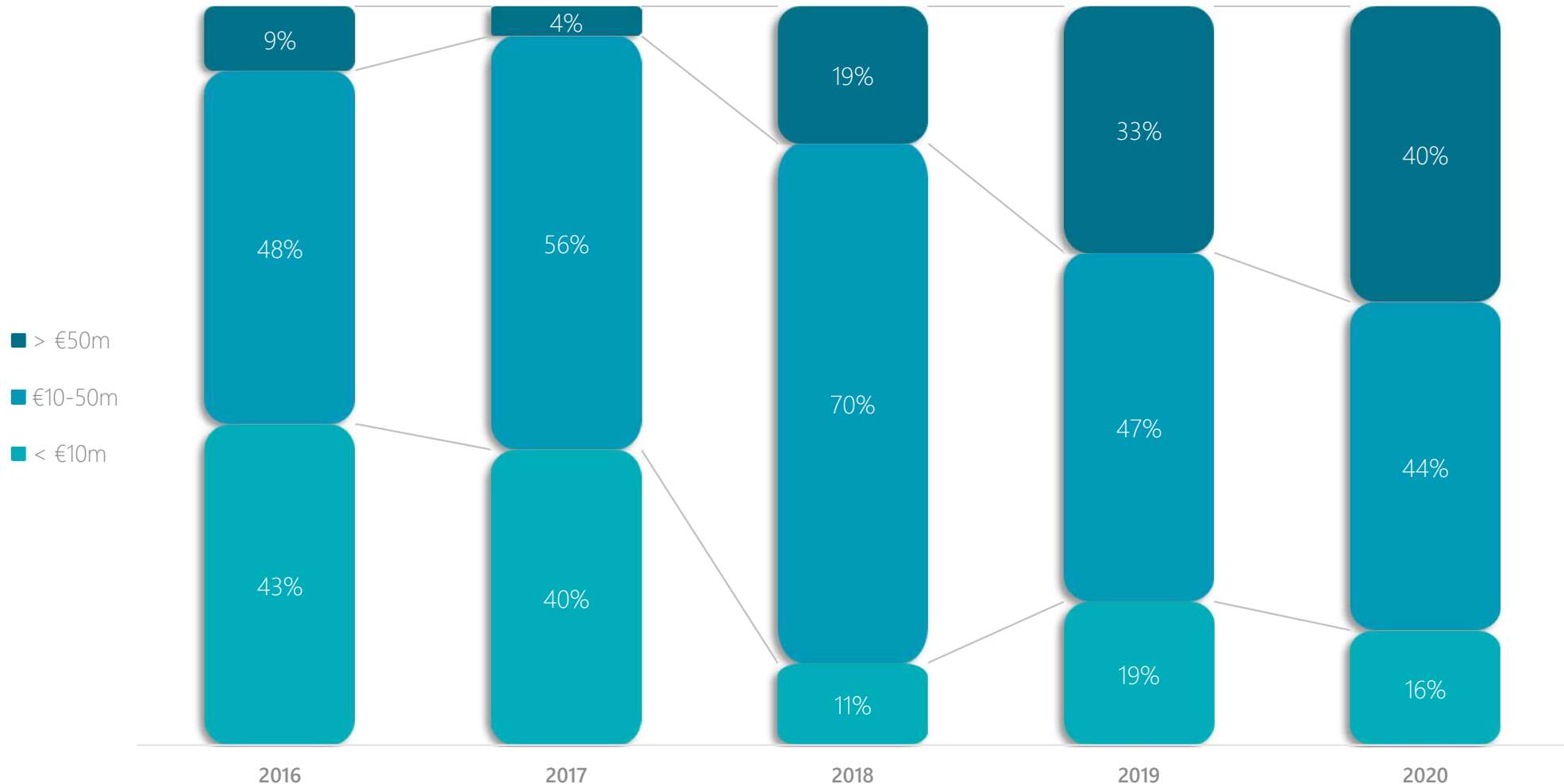
Series C Total Financing Amounts (€m) and Deal Count by Half-Year, 2016-2020



Source: Pitchbook | Deal count includes rounds with undisclosed values

40% of series C rounds exceed €50m in 2020

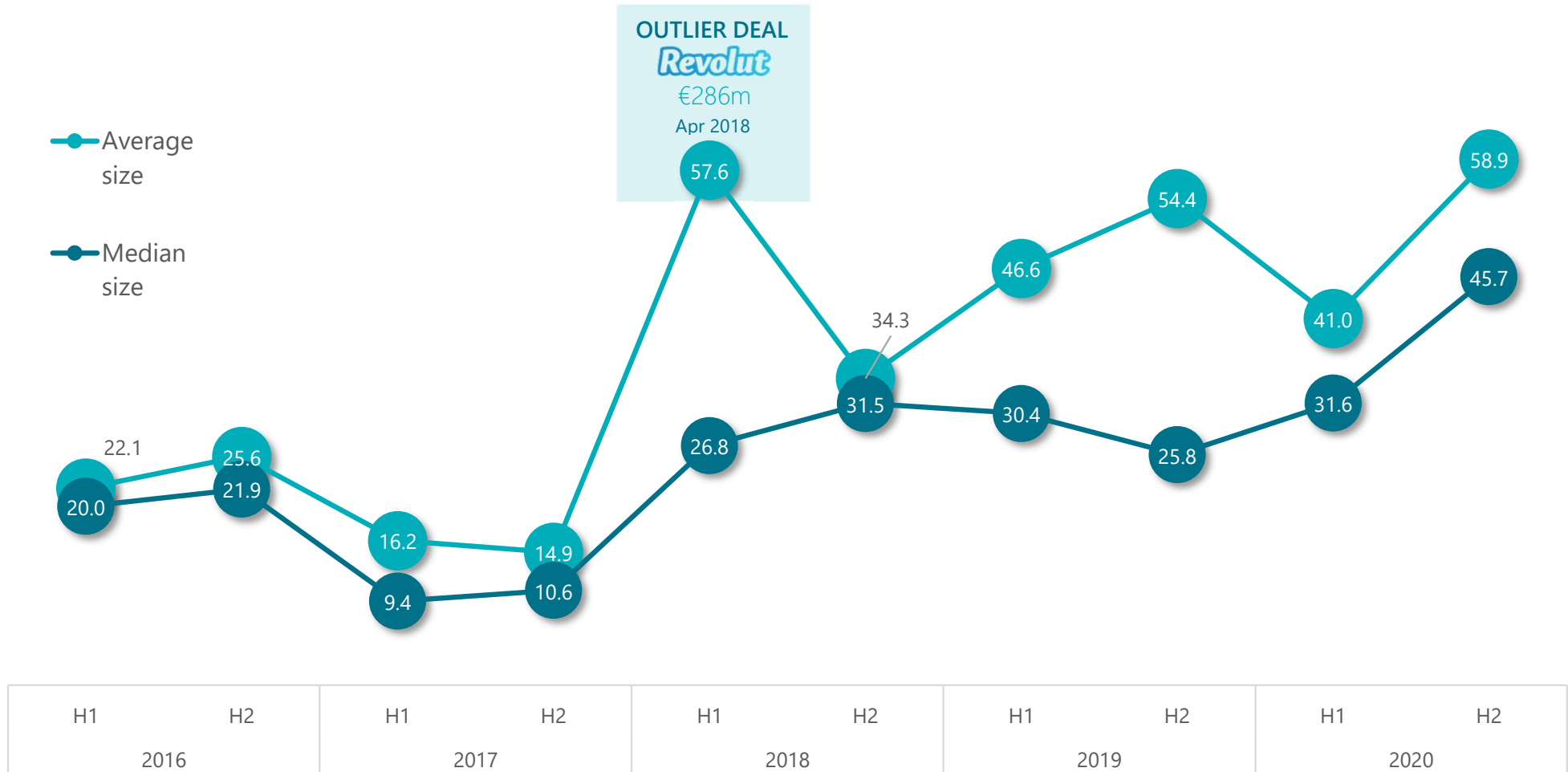
Breakdown of Series C rounds by value



Source: Pitchbook

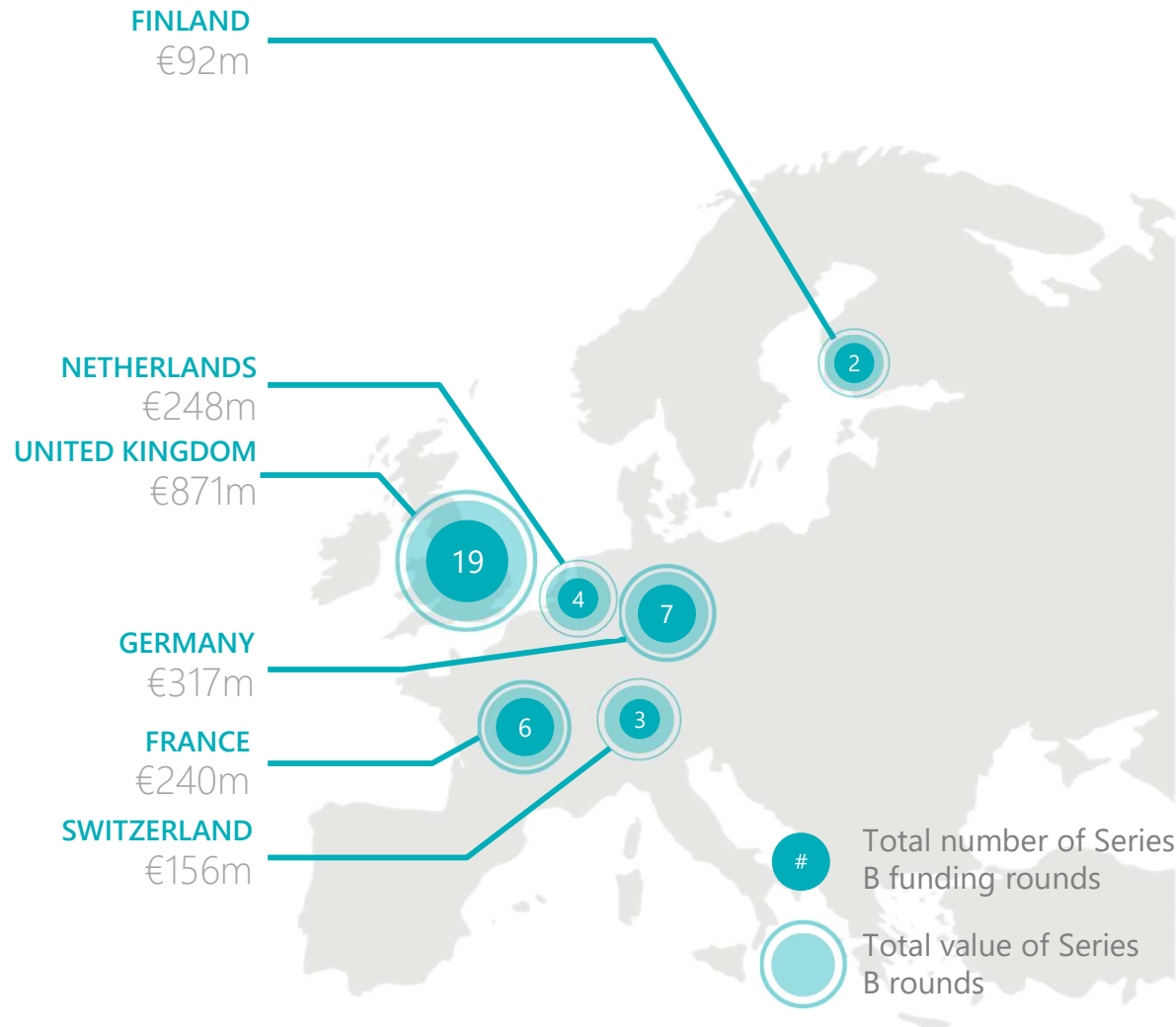
The median deal size has doubled over the last five years

Median and Average size (in €m) of Series C rounds by Half-Year, 2016-2020

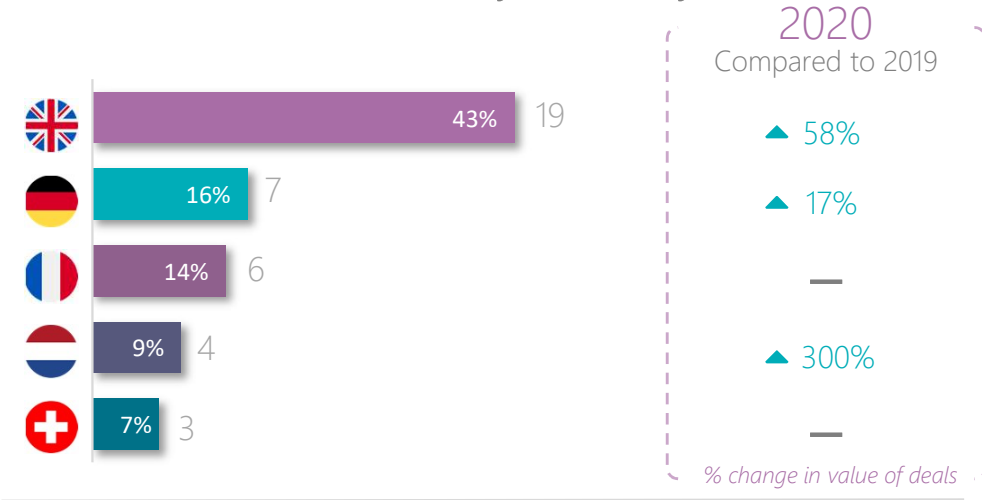


Source: Pitchbook

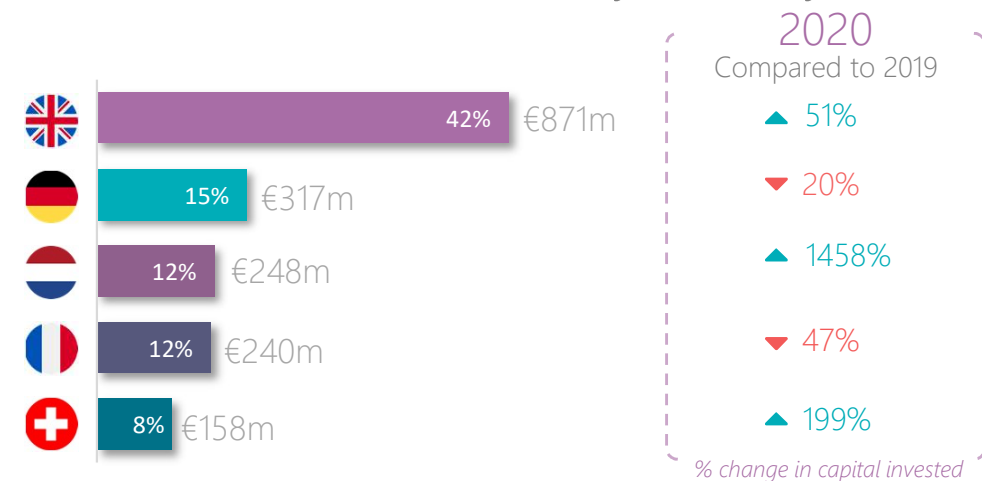
Significant UK growth in value and number in 2020



of Series C-Rounds by country



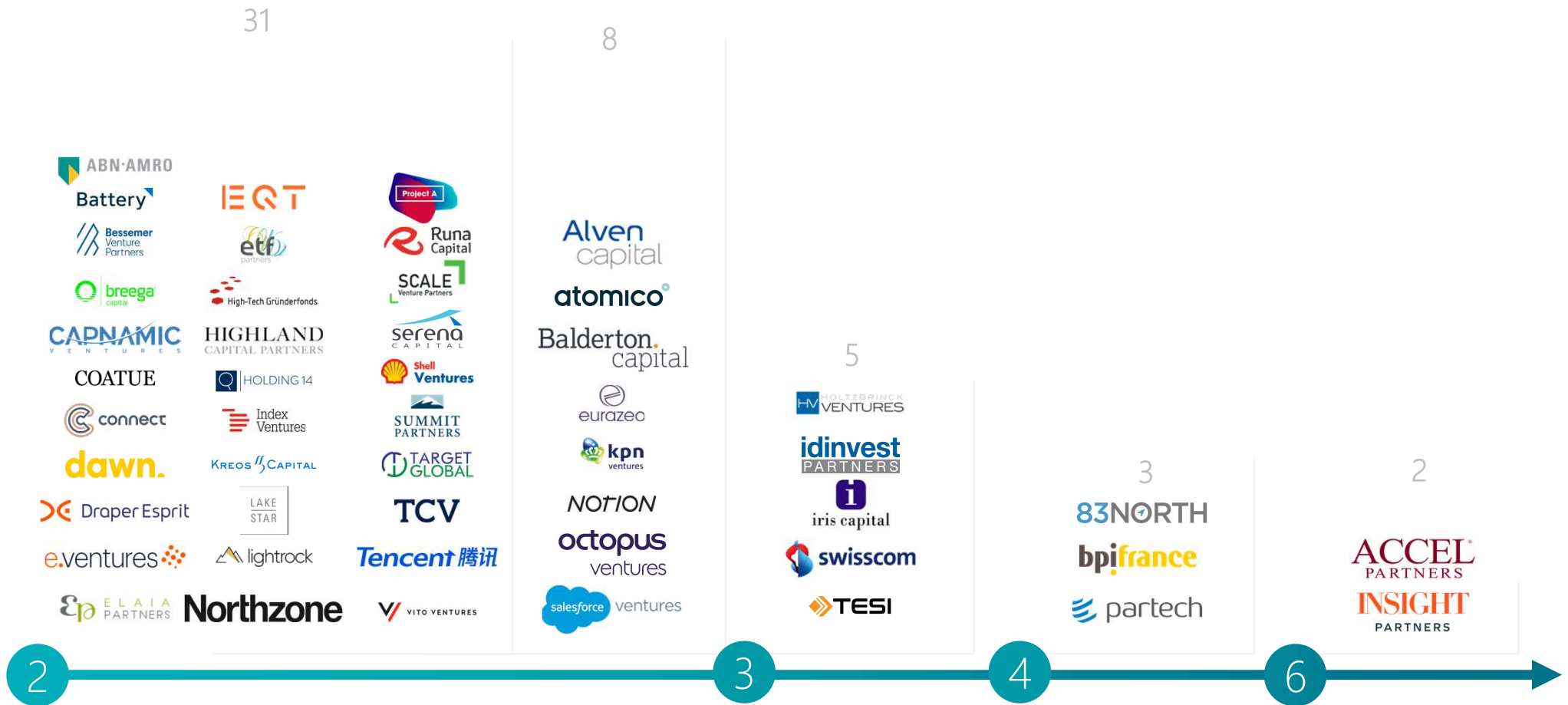
Value of Series C-Rounds by country



Source: Pitchbook

There is a growing pool of serial C-round investors

51 investors participated in two or more Series C funding round in 2019-2020



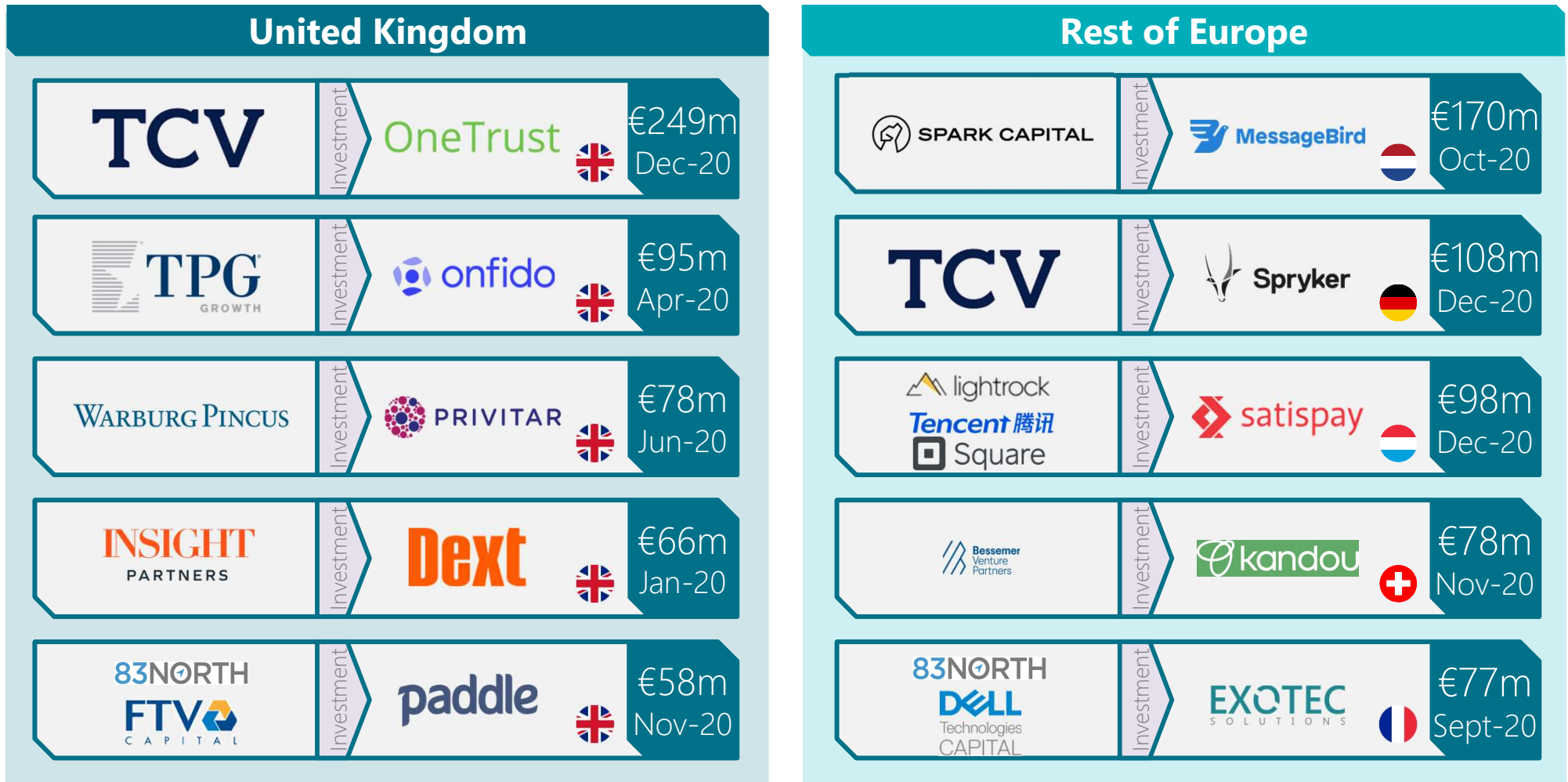
Source: Pitchbook

The number of repeat Series C lead investors is small

8 investors lead two or more Series C funding round in 2019 - 2020



Large Series C rounds occurred all across Europe with few in excess of €100m



Source: Pitchbook | Only lead investor logos included

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