

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

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CONTENTS

01	// SILVERPEAK OVERVIEW	03
02	// EUROPEAN TECH VENTURE ENVIRONMENT: RECENT TRENDS	07
03	// EUROPEAN TECH B ROUNDS	13
04	// EUROPEAN TECH C ROUNDS	22





1.

SILVERPEAK OVERVIEW

Silverpeak advises outstanding technology companies on
M&A and larger 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>Data extraction & document automation SaaS ML platform</p> <p>Sale to</p> <p>October 2021</p>	<p>NO CA</p> <p>Project management and risk analysis software</p> <p>Sale to</p> <p>September 2021</p>	<p>NL US</p> <p>Application testing software</p> <p>Majority sale to</p> <p>September 2021</p>	<p>GB GB</p> <p>Trading and automation SaaS for renewable energy</p> <p>£20m investment led by</p> <p>June 2021</p>	<p>GB SE</p> <p>Construction workforce management platform & SaaS</p> <p>Sale to</p> <p>April 2021</p>	<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>€33m 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 to</p> <p>December 2019</p>	<p>GB US</p> <p>Cloud transformation consultancy</p> <p>Sale to</p> <p>November 2019</p>	<p>EU EU</p> <p>CONFIDENTIAL</p> <p>SaaS FinTech platform</p> <p>£70m investment</p> <p>September 2019</p>	<p>FR US</p> <p>M2M cybersecurity for the industrial internet</p> <p>Sale to</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>£80m sale to</p> <p>July 2019</p>	<p>US NL BE</p> <p>Hospitality ERP SaaS</p> <p>Sale to</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 to</p> <p>December 2018</p>	<p>GB IE</p> <p>Clinical speech recognition services & software</p> <p>Sale to</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>

2.

EUROPEAN TECH VENTURE ENVIRONMENT

RECENT TRENDS

EUROPEAN TECH B & C ROUNDS SURGE

- ▽ **Series B & C investment** in European tech companies **sky-rockets** with total capital invested in **H1 2021 increasing 118%** on H2 2020, **Q3 2021 increasing 170%** to €7.2bn, compared to Q3 2020
- ▽ **Proportion of larger rounds continue to rise:** the proportion of B rounds exceeding €20m increased to 65% and C rounds exceeding €50m increased to 62%
- ▽ **The median value of C rounds has increased significantly to €82m,** double H1 2020, due to a series of mega-rounds
- ▽ **UK companies continue to receive the largest share of European investment** - 29% by value and 31% by number
- ▽ **The largest C round investment in 2021 YTD was €810m,** approximately **3x larger** than the biggest C round in 2020
- ▽ Europe continues to generate **outstanding tech companies,** attracting **39 mega-rounds** in excess of €100m in Q1-Q3 2021



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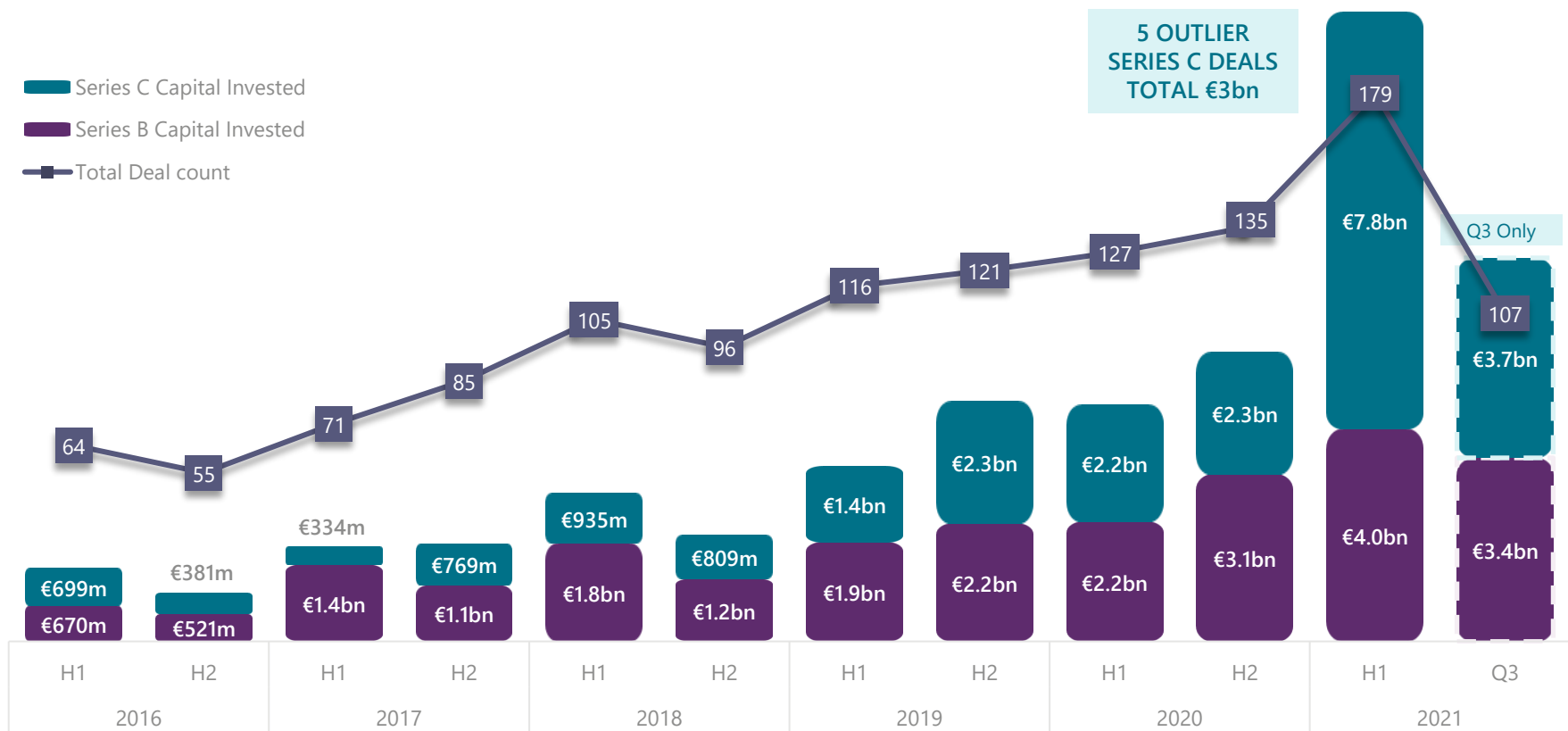
The extraordinary step change in investment by number and value in 2021 is set to continue as fund 'dry powder' is accompanied by a proliferation of new and existing players announcing fresh funds

”

PADDY MccGWIRE
MANAGING PARTNER

Deal count and total value invested for B & C rounds see step change to historic peak in H1, to be exceeded in H2

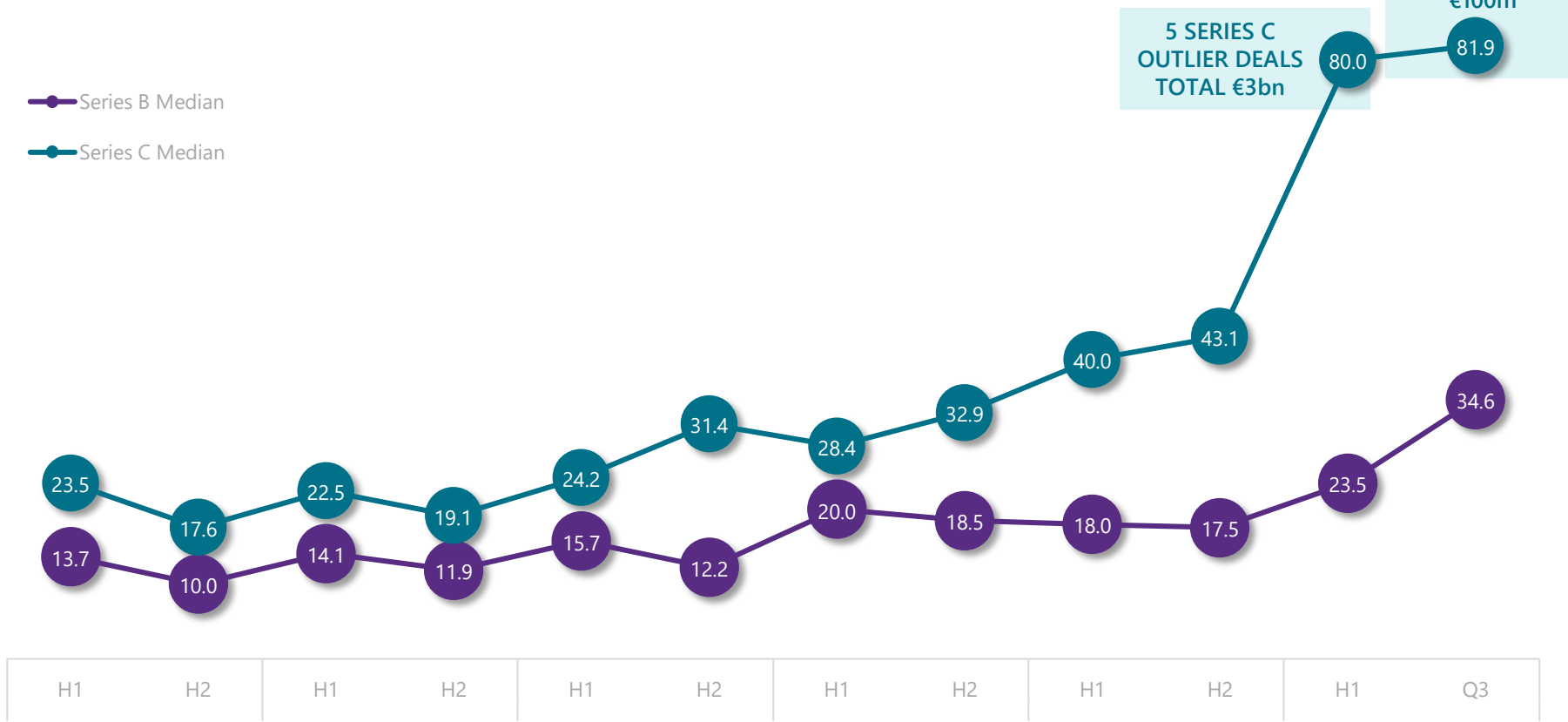
Series B & C Total Financing Amounts (€m) and Deal Count by Half-Year, 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

90%+ increase in both B and C round median values compared to H2 2020

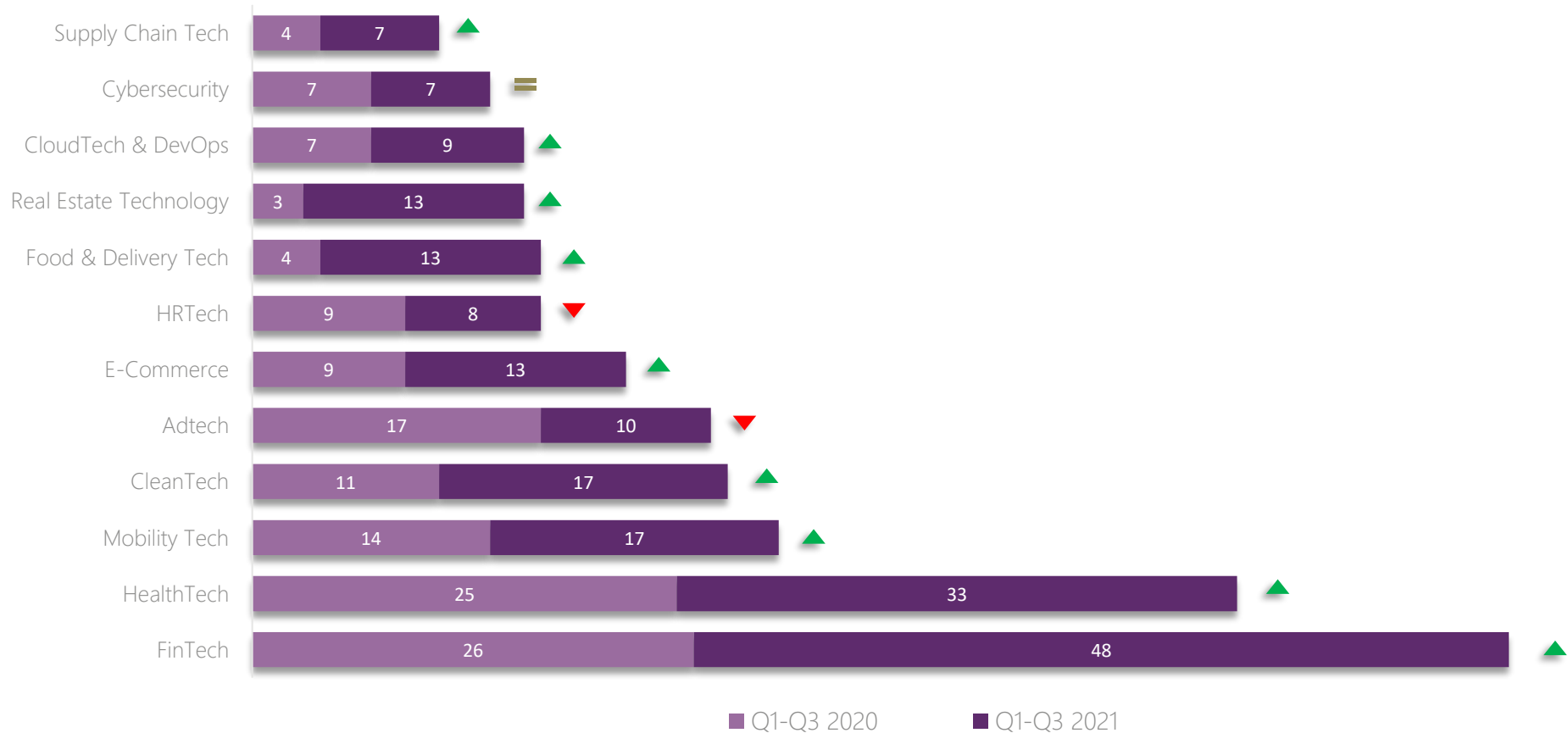
Median size (€m) of Series B & C rounds by Half-Year, 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

Fintech dominates the B & C round landscape in 2021

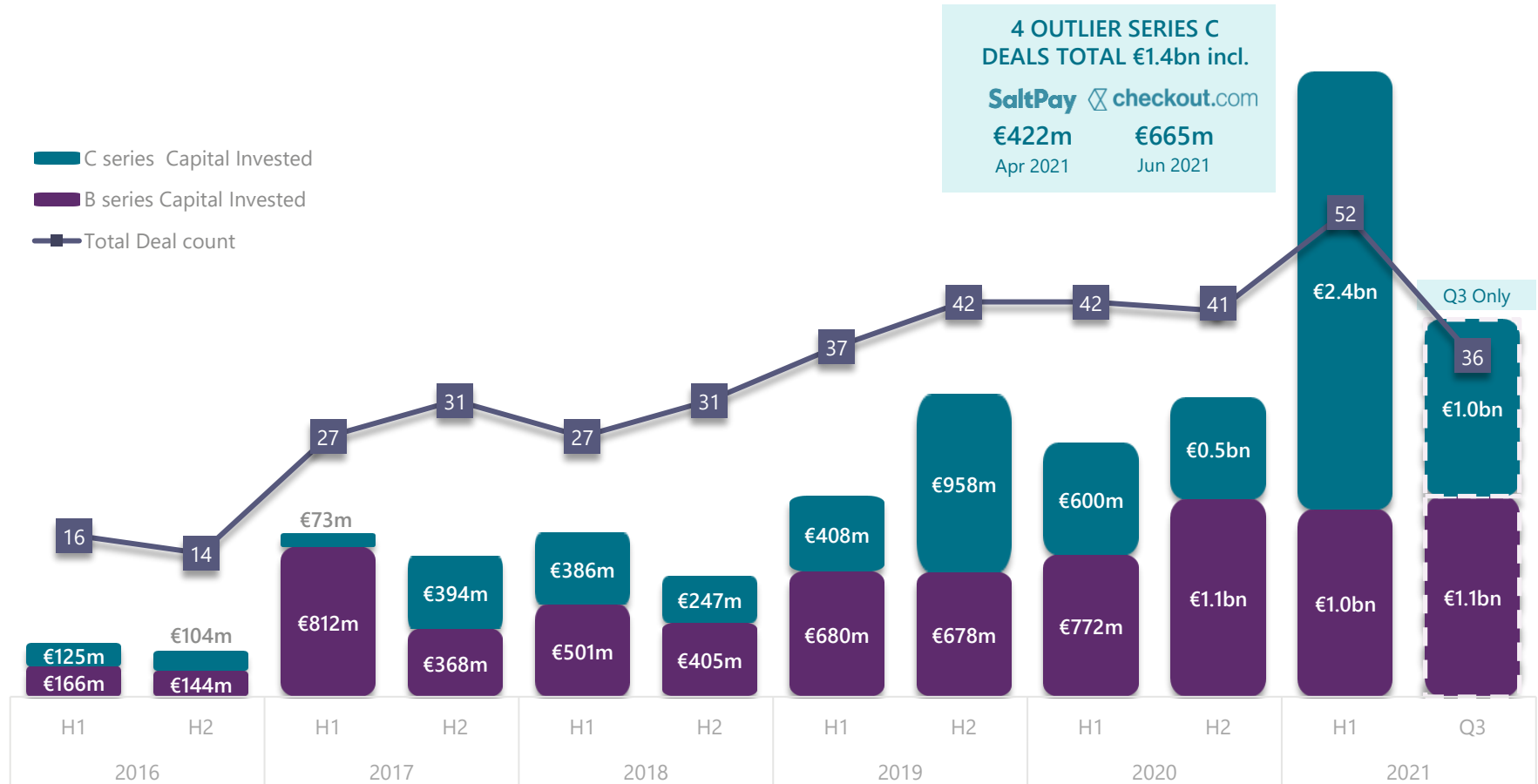
Volume of B&C rounds by vertical Q1-Q3 2021 compared to Q1-Q3 2020



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

Total capital invested in the UK reaches a record high

Series B & C Total Financing Amounts (€m) and Deal Count by Half-Year in the UK, 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

* H1 2017 includes Improbable €464m Series B

3.

EUROPEAN TECH B ROUNDS

UPWARD TREND 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

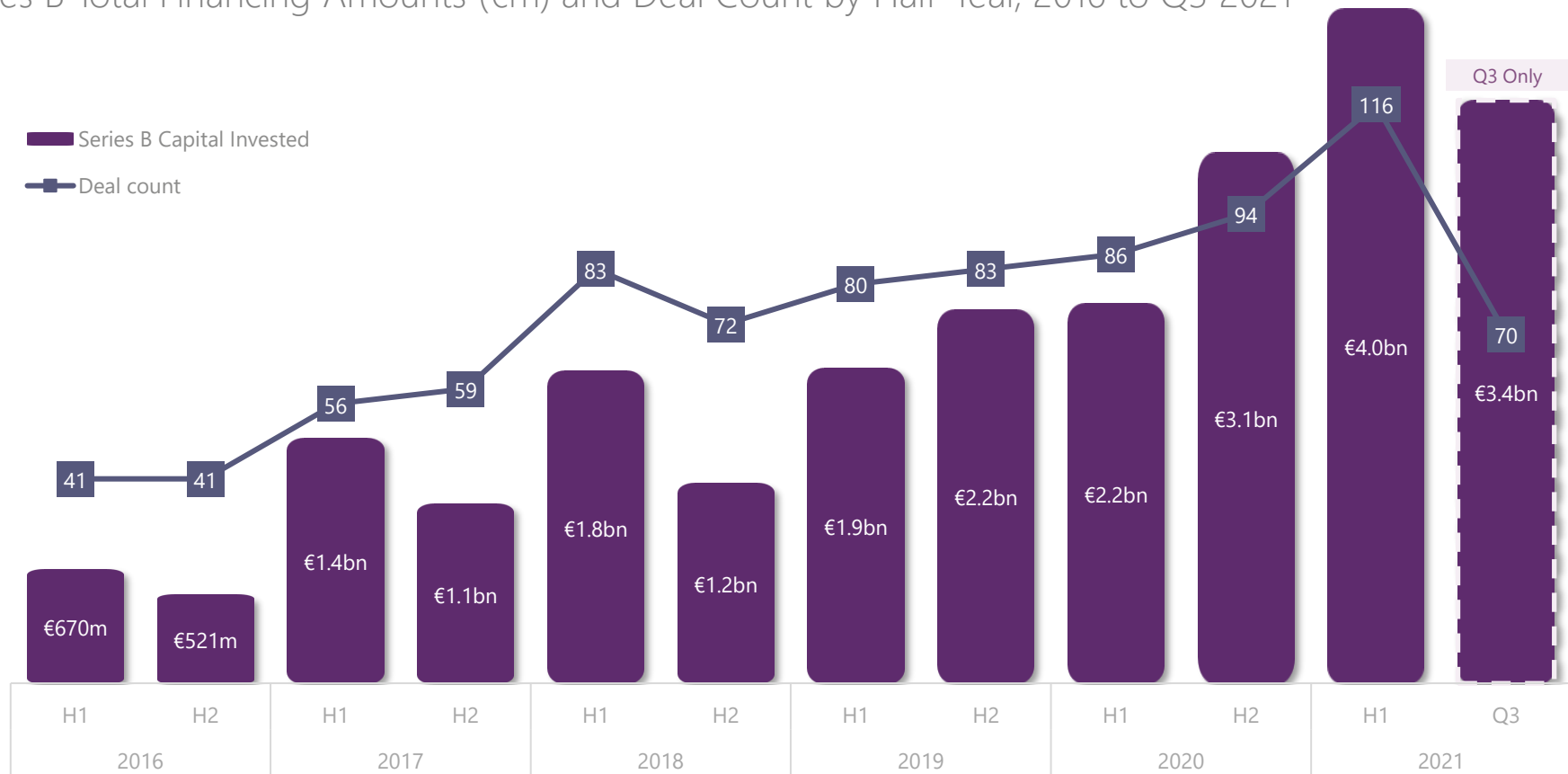
Typically before these funding rounds occur, the company has **completed significant milestones** and now its time to really **build upon that success** with additional investment

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

Continuous rise in capital invested and deal count observed in B rounds

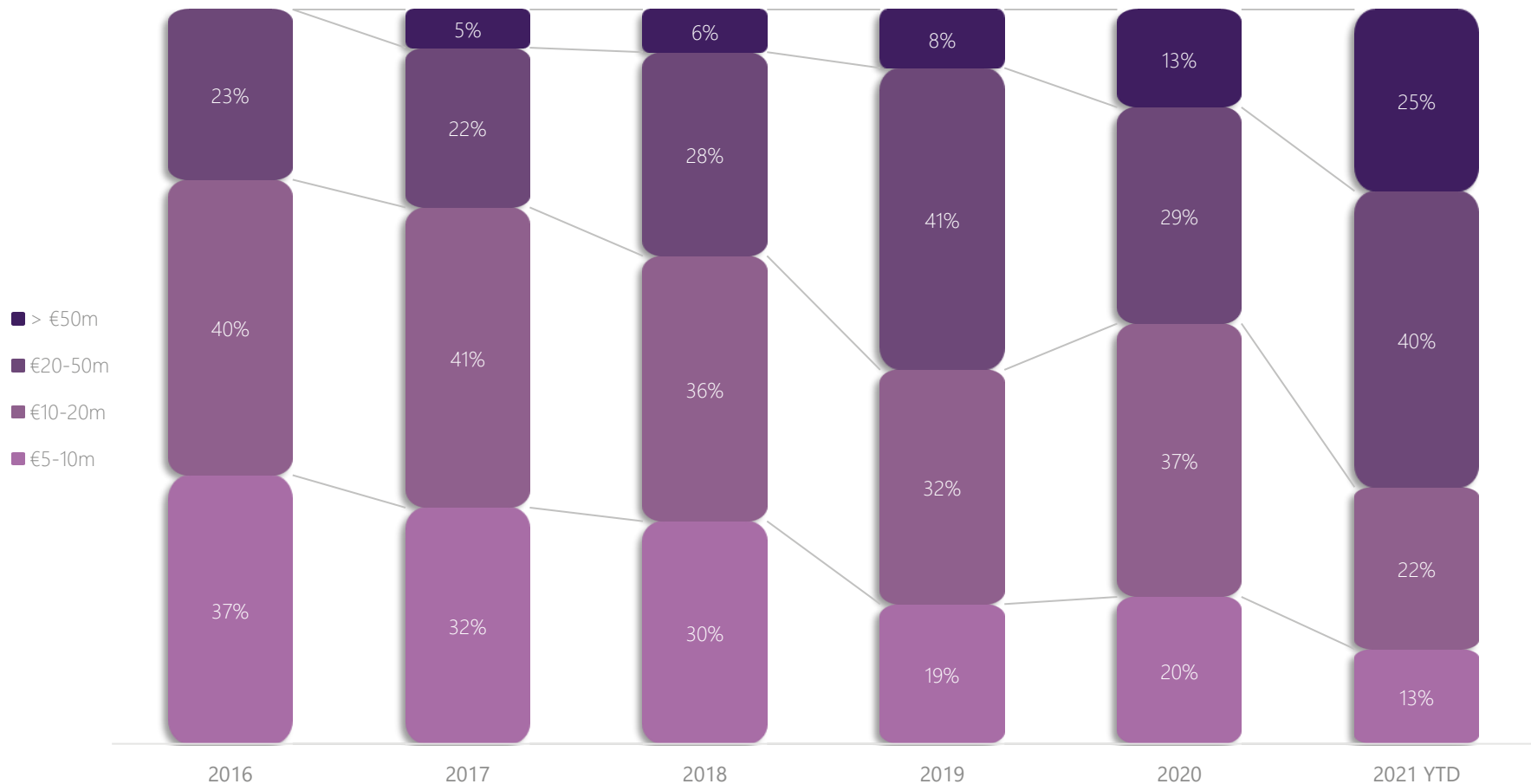
Series B Total Financing Amounts (€m) and Deal Count by Half-Year, 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

Trend towards larger B rounds continues

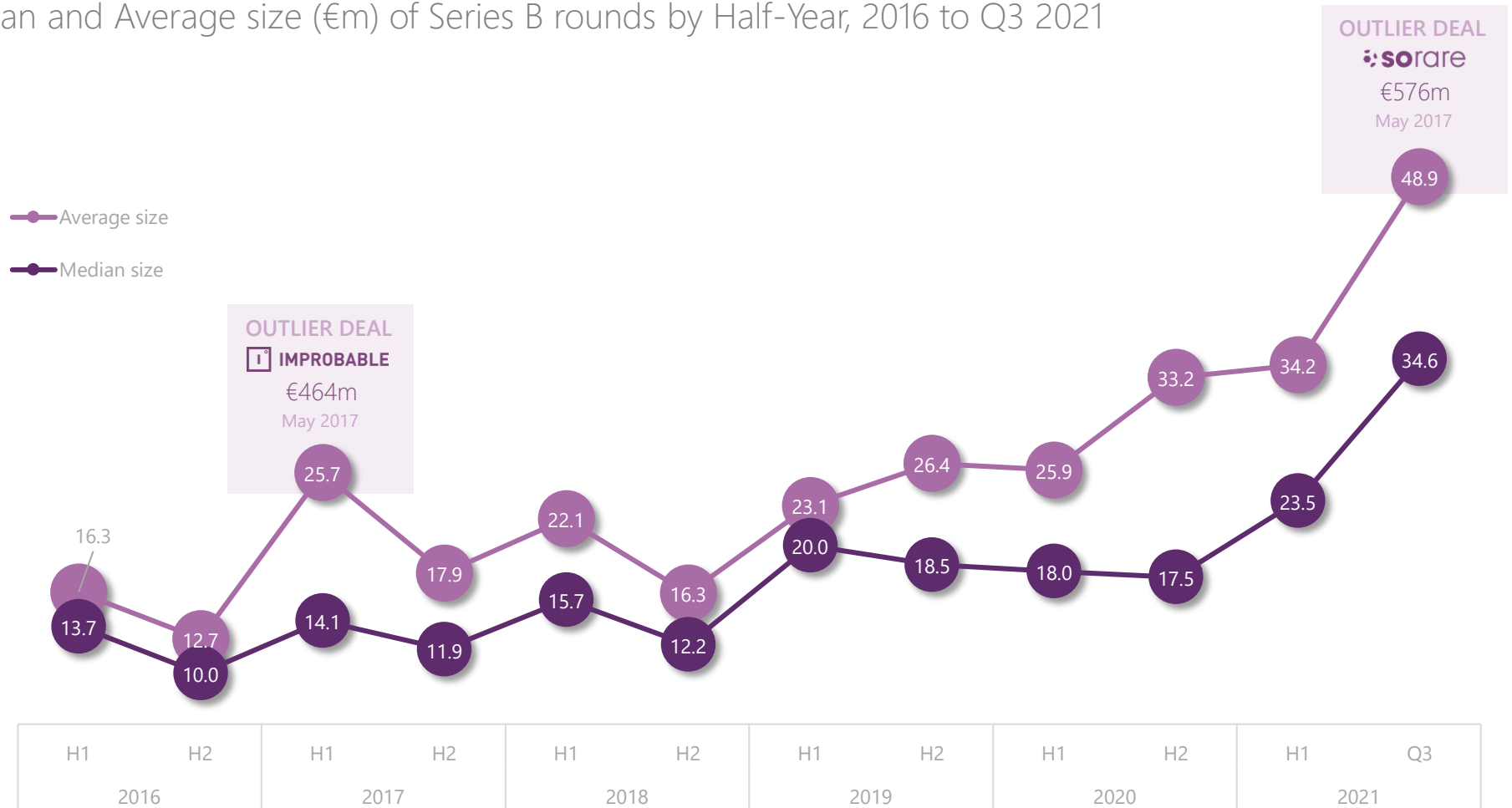
Breakdown of Series B rounds by value 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

The median investment increased 97% from H2 2020

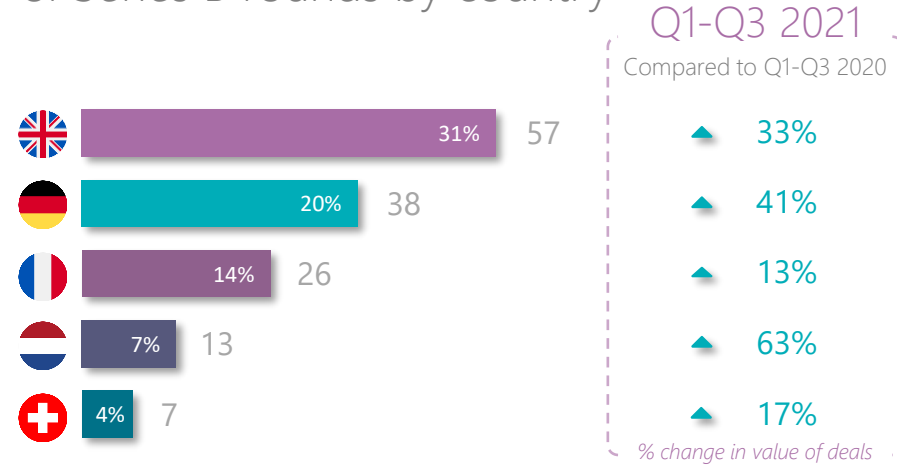
Median and Average size (€m) of Series B rounds by Half-Year, 2016 to Q3 2021



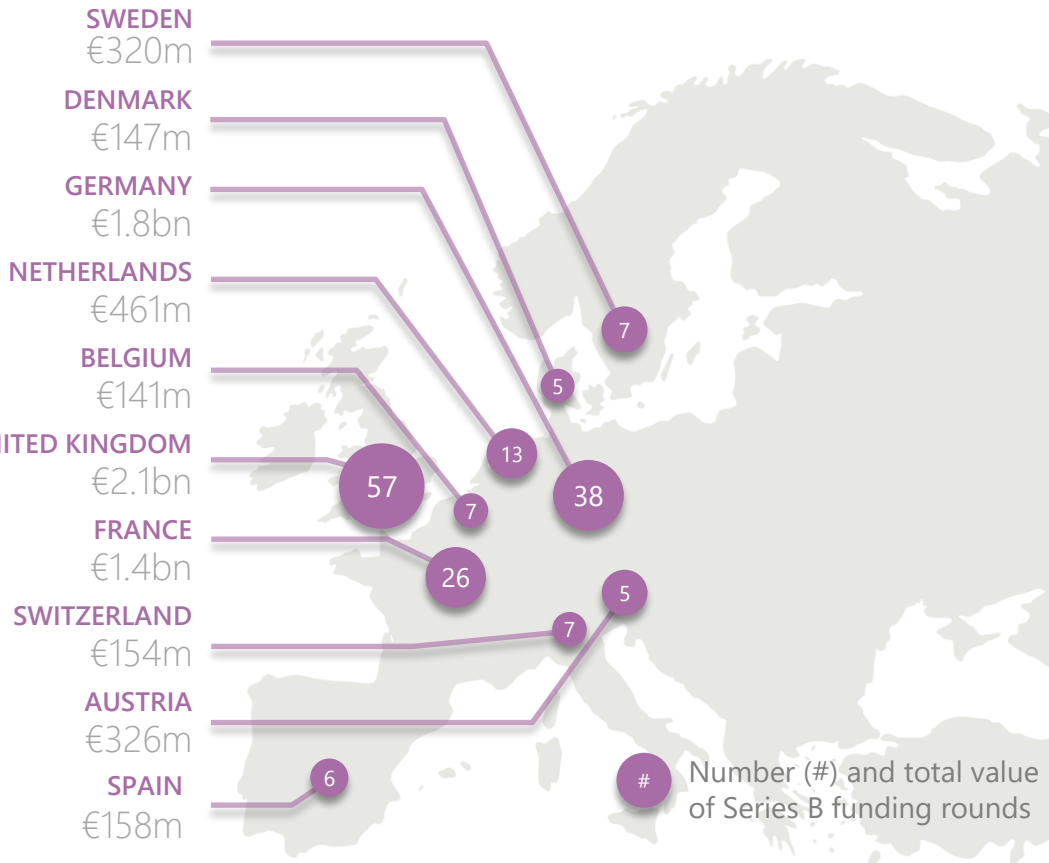
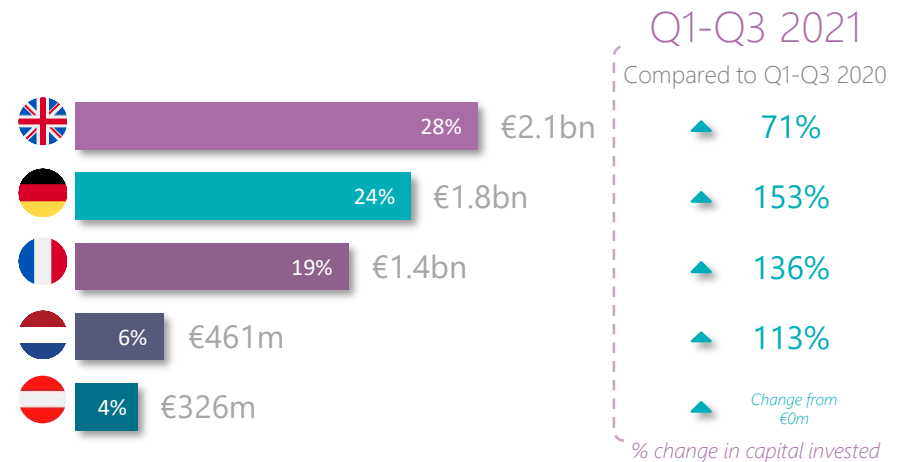
Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

UK, Germany and France make up more than 70% of capital invested in Europe

of Series B rounds by country



Value of Series B rounds by country



Source: Pitchbook | Only lead investor logos included | Data as of 30/09/2021

The pool of frequent B round investors is large...

34 investors participated in six or more Series B funding rounds from Q1 2020 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

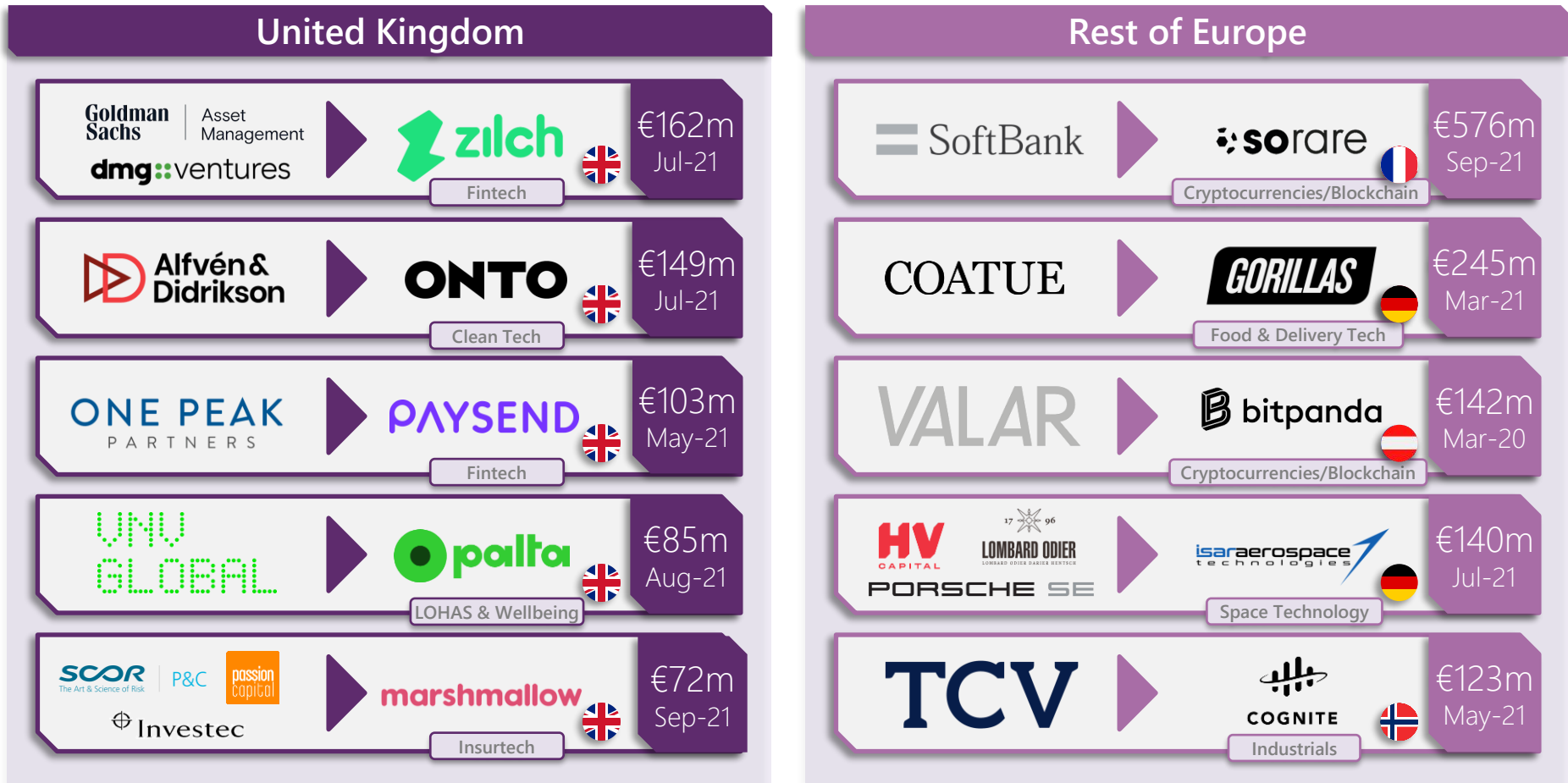
...of which a select few frequently lead investments.

12 investors led three or more rounds from Q1 2020 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

UK companies raised over a quarter of the €100m+ B rounds in Q1 to Q3 2021



Source: Pitchbook | Only lead investor logos included | Data as of 30/09/2021

4.

EUROPEAN TECH C ROUNDS

A SHARP INCREASE IN CAPITAL INVESTED

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

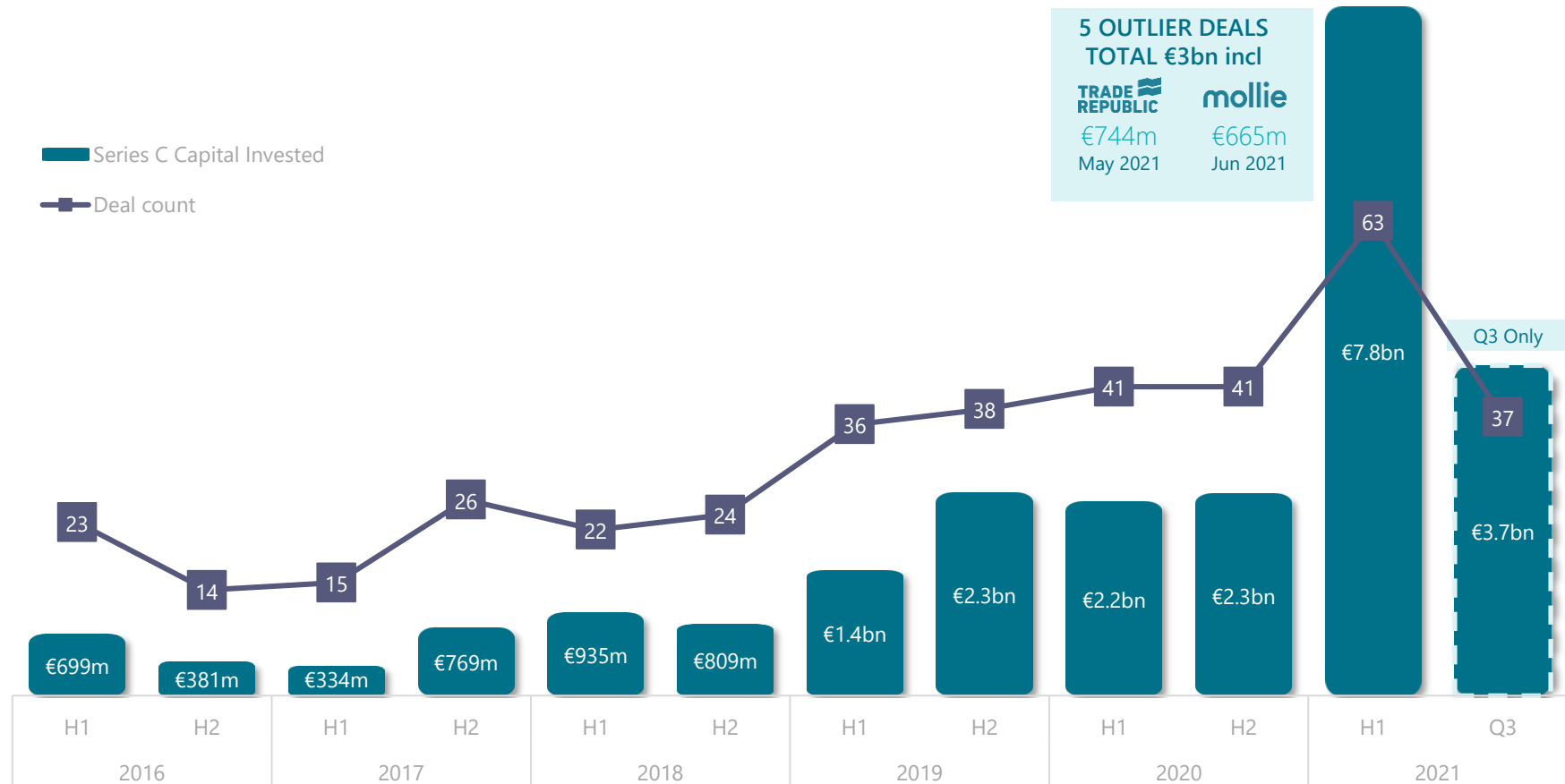
Companies that aim to obtain series C funding are **no longer start-ups**

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

Capital invested increases by step change 3.4x in H1 2021

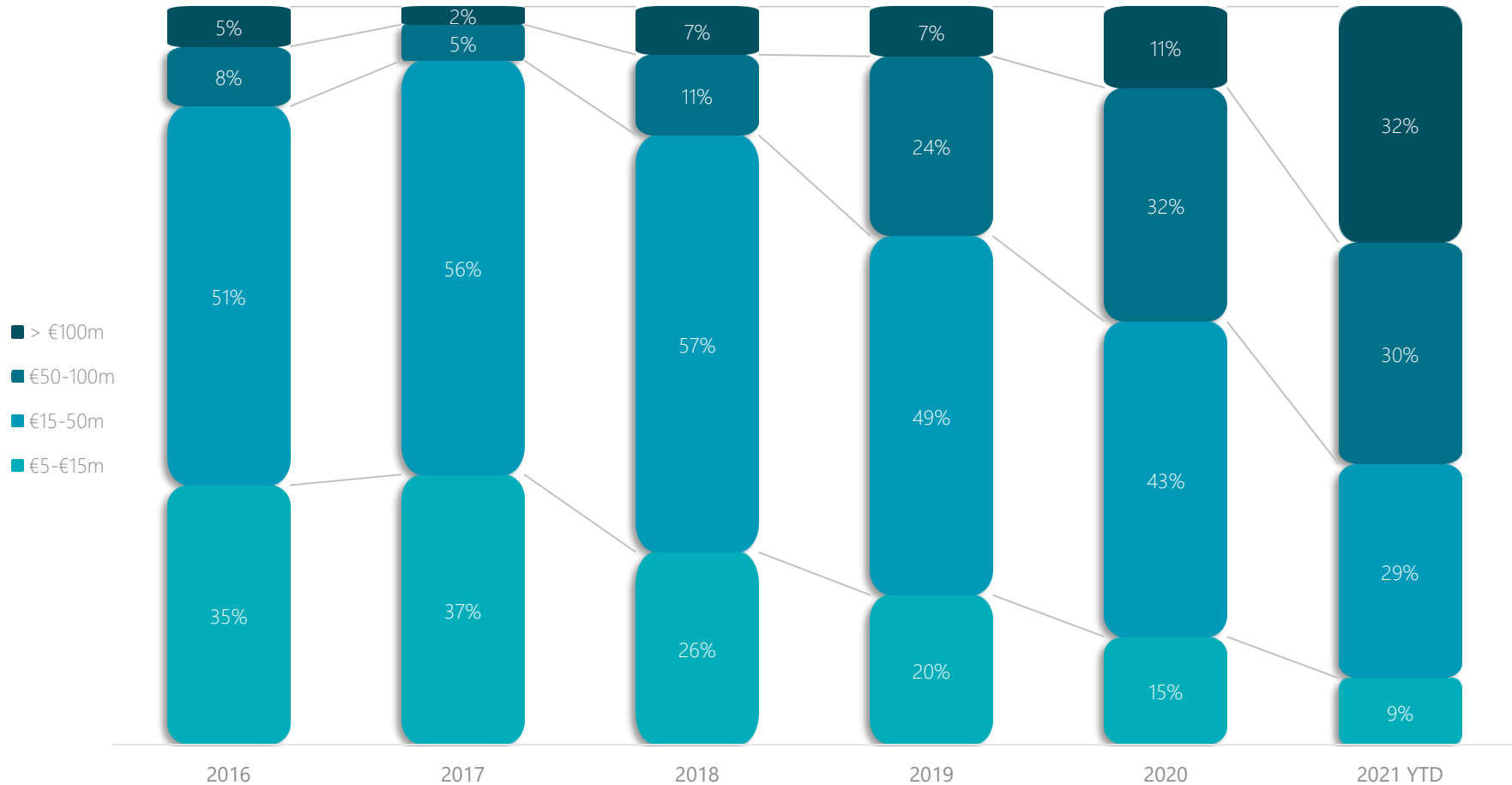
Series C Total Financing Amounts (€m) and Deal Count by Half-Year, 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

Substantial hike in €50m+ deals

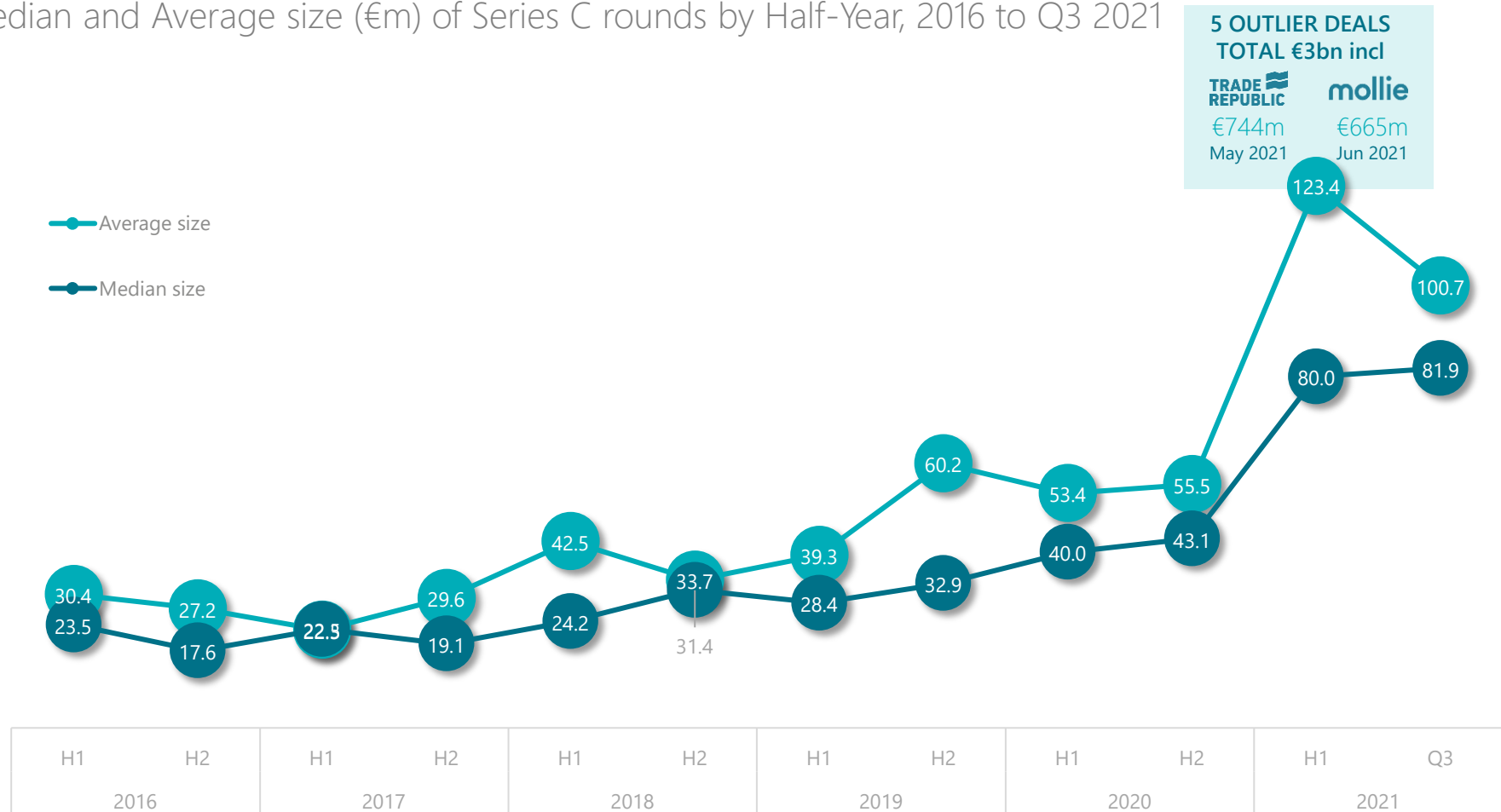
Breakdown of Series C rounds by value 2016 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

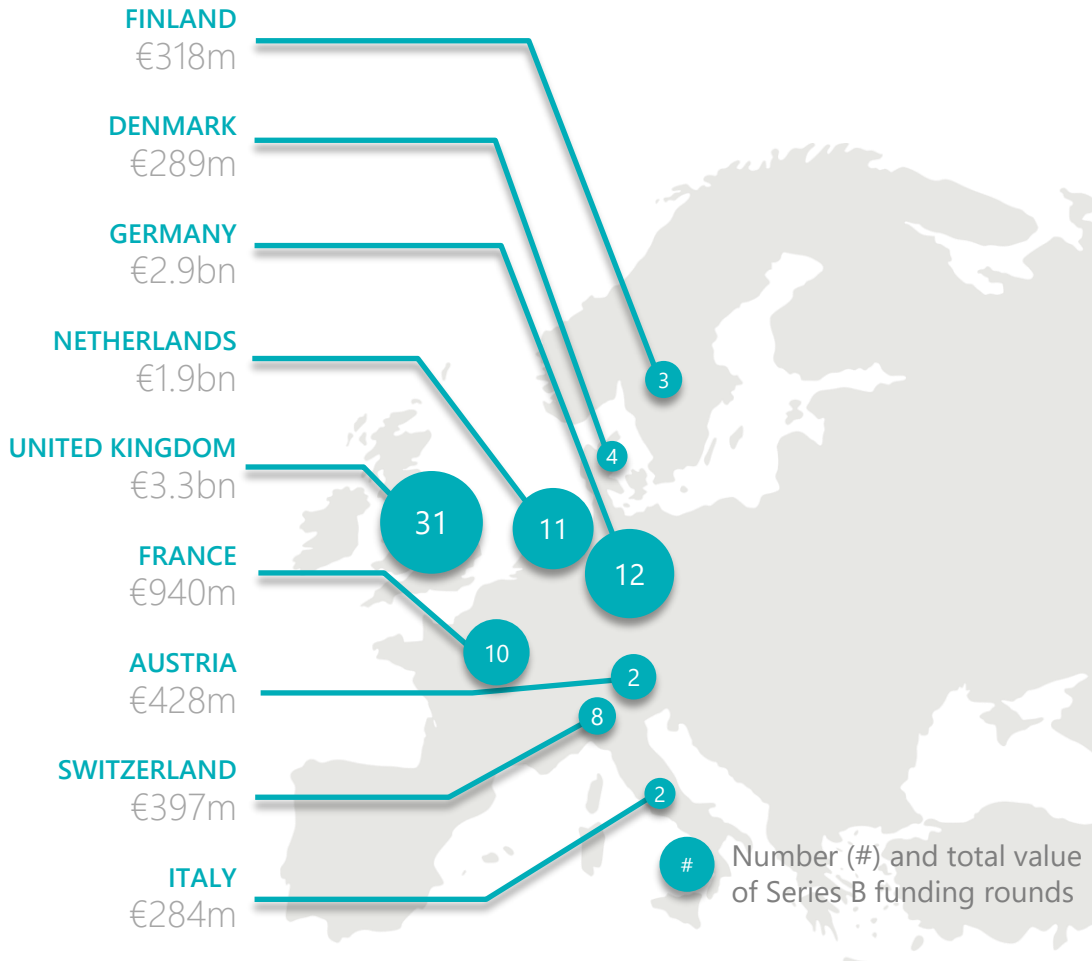
To Q3 2021 C round average & median values almost double

Median and Average size (€m) of Series C rounds by Half-Year, 2016 to Q3 2021

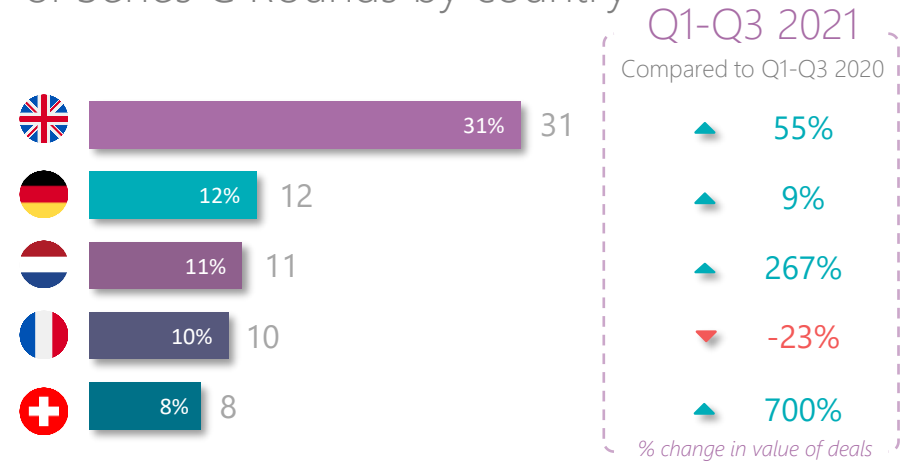


Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

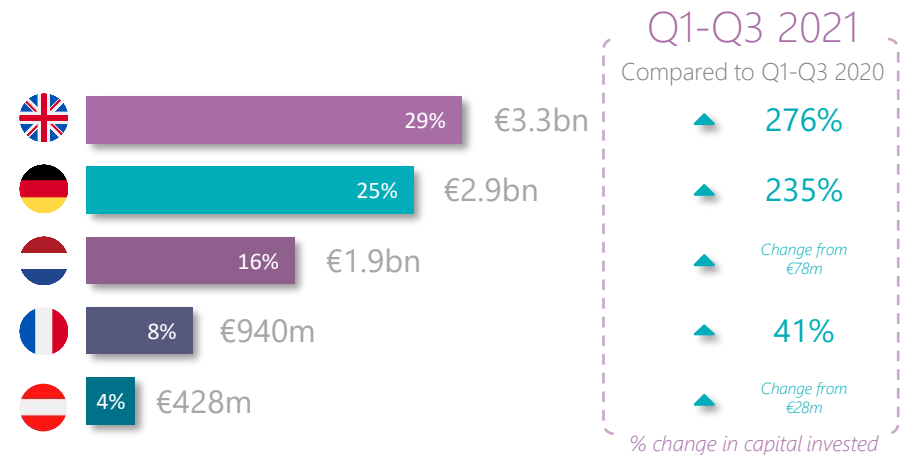
The UK attracts the most capital in C Rounds



of Series C Rounds by country



Value of Series C Rounds by country



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

There is a sizeable pool of frequent C round investors...

20 investors participated in six or more Series C funding rounds from Q1 2020 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

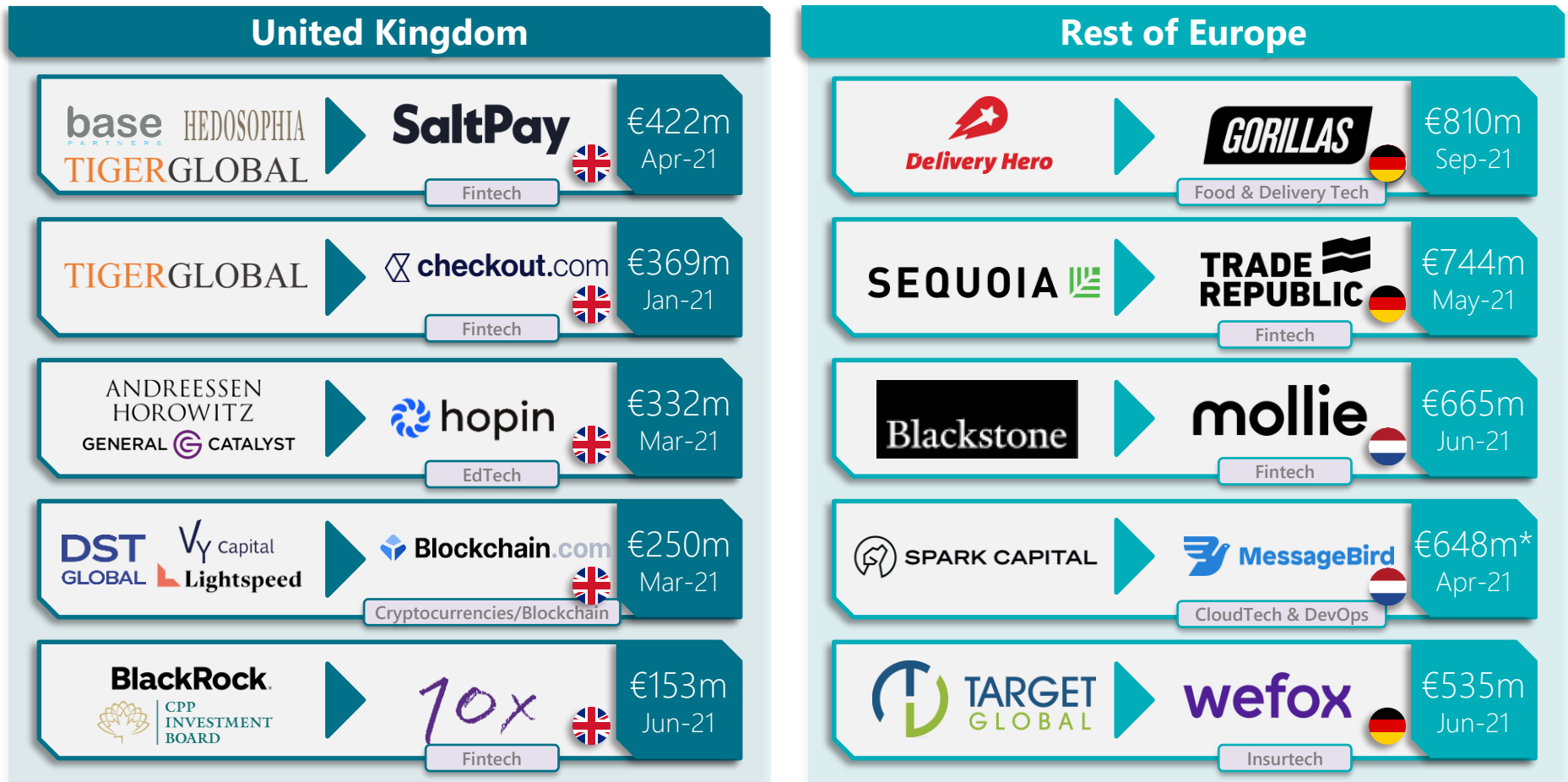
...however, there is only a small number of repeat lead investors

9 investors led three or more Series C funding rounds from Q1 2020 to Q3 2021



Source: Pitchbook | Deals below €5m have been excluded | Data as of 30/09/2021

Twelve series C rounds exceeded €200m in the first 9 months of 2021



Source: Pitchbook | Only lead investor logos included | Data as of 30/09/2021

* Spark Capital led the series C in Oct-20, and this is a round extension

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