Welcome

Current trends in tech exits and financing

Tuesday 23 November 2021

This session will begin at 17:30 GMT

SHOOSMITHS | SILVERPEAK

Speakers

Connect with the speakers on LinkedIn by scanning the QR codes below.

Alastair Peet

Partner | Shoosmiths

Steve Barnett

Partner | Shoosmiths

Paddy MccGwire

Managing Partner | Silverpeak

Pietro Strada

Managing Partner | Silverpeak

Speakers

Connect with the speakers on LinkedIn by scanning the QR codes below.

Lisa Faragher

Senior Associate | Shoosmiths

Simon King

Partner in Ventures Team
Octopus Ventures

David Cocks

Co-founder | CloudTrade

SILVERPEAK

M&A AND FINANCING TRENDS IN TECH

Pietro Strada, Managing Partner

COMPANY SNAPSHOT

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

European clients – **Global** counterparties

OUR PRESENCE IN THE TECHNOLOGY SECTOR

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

ENTERPRISE SOFTWARE & SAAS

DEEPTECH

BUSINESS SERVICES

HEALTHTECH

FINTECH

MOBILITY

INTERNET & DIGITAL MEDIA

SELECTED RECENT TRANSACTIONS

GB | GB
cloudtrade
Data extraction & document automation SaaS ML platform
Sale to
advanced
People. Partnership. Solutions.
A portfolio company of
VISTA EQUITY PARTNERS
BC PARTNERS
October 2021

NO | CA
Safran
Project management and risk analysis software
Sale to
JDM Technology Group
September 2021

NL | US
LOGINVSI
Application testing software
Majority sale to
WAVECREST GROWTH PARTNERS
September 2021

GB | GB
Origami
POWER OVER ENERGY
Trading and automation SaaS for renewable energy
£20m investment led by
BARCLAYS
June 2021

GB | US
ZZOOMM
Fibre broadband network operator
£100m investment by
OAKTREE
September 2020

GB
isotropic systems
Satellite antenna technology
$40m investment by
SES
BOEING HORIZONX
February 2021

GB | EU
V-NOVA
Video compression solutions
€33m investment by
INVESTMENT FIRMS & TECH ENTREPRENEURS
October 2020

GB | SE
MSite
Construction workforce management platform & SaaS
Sale
infobric
backed by
SUMMA EQUITY
April 2021

PT | US
ARMILAR VENTURE PARTNERS
Technology venture capital
Continuation fund, including:
outsystems
Low-code SaaS leader
September 2020

LT | JP | GB
Trafi
Mobility-as-a-Service platform
Investment by
MS&AD Aioi Nissay Dowa
Sumitomo
European Bank for Reconstruction and Development
octopus investments
June 2020

ES | US
playgiga
Gaming cloud streaming
Sale
FACEBOOK
December 2019

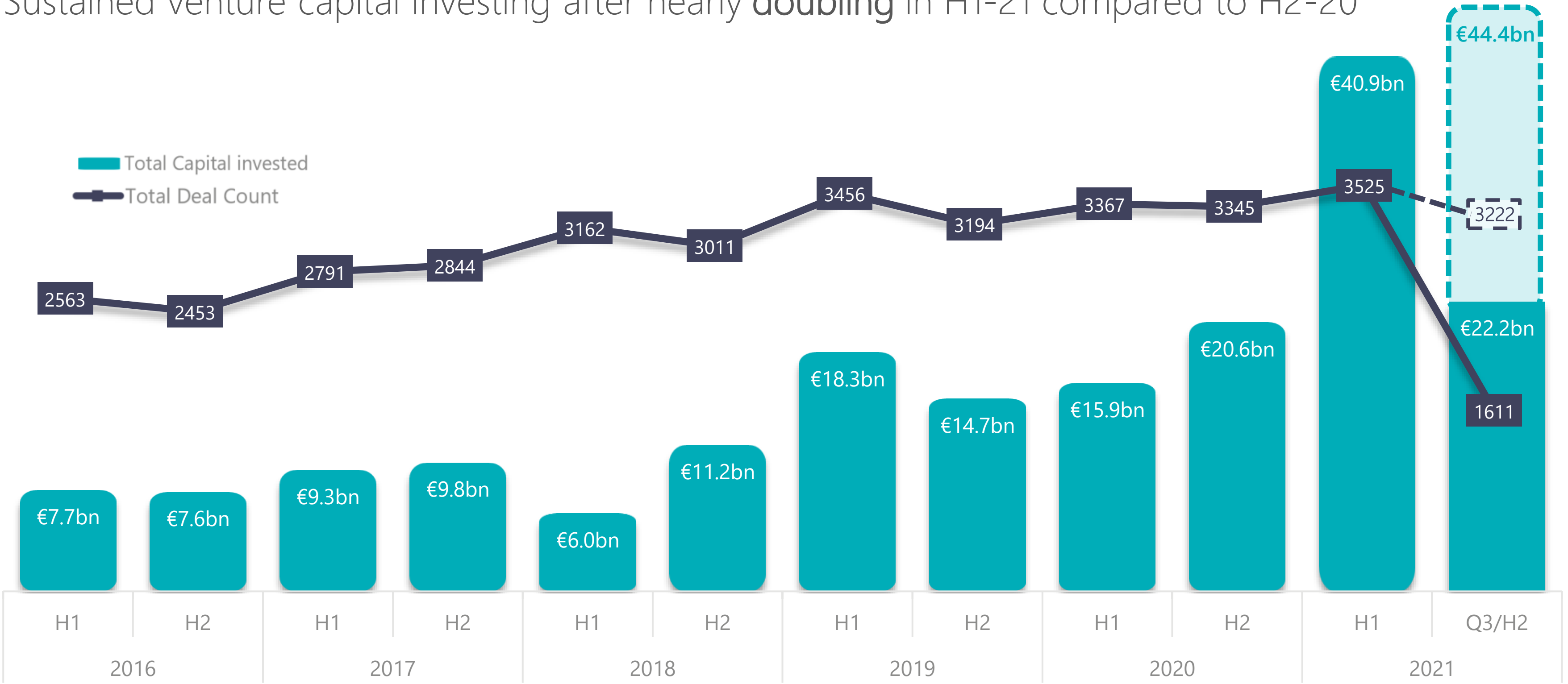
GB | US
VIRTUAL CLARITY
Cloud transformation consultancy
Sale
DXC.technology
November 2019

EU | EU
CONFIDENTIAL
SaaS FinTech platform
Investment
$150m
September 2019

FR | US
sentryo
M2M cybersecurity for the industrial internet
Sale to
CISCO
August 2019

TOTAL VENTURE CAPITAL FINANCING IN EUROPEAN TECH

Sustained venture capital investing after nearly **doubling** in H1-21 compared to H2-20



Source: Pitchbook | Completed deals >€0.1m | Only disclosed deals counted

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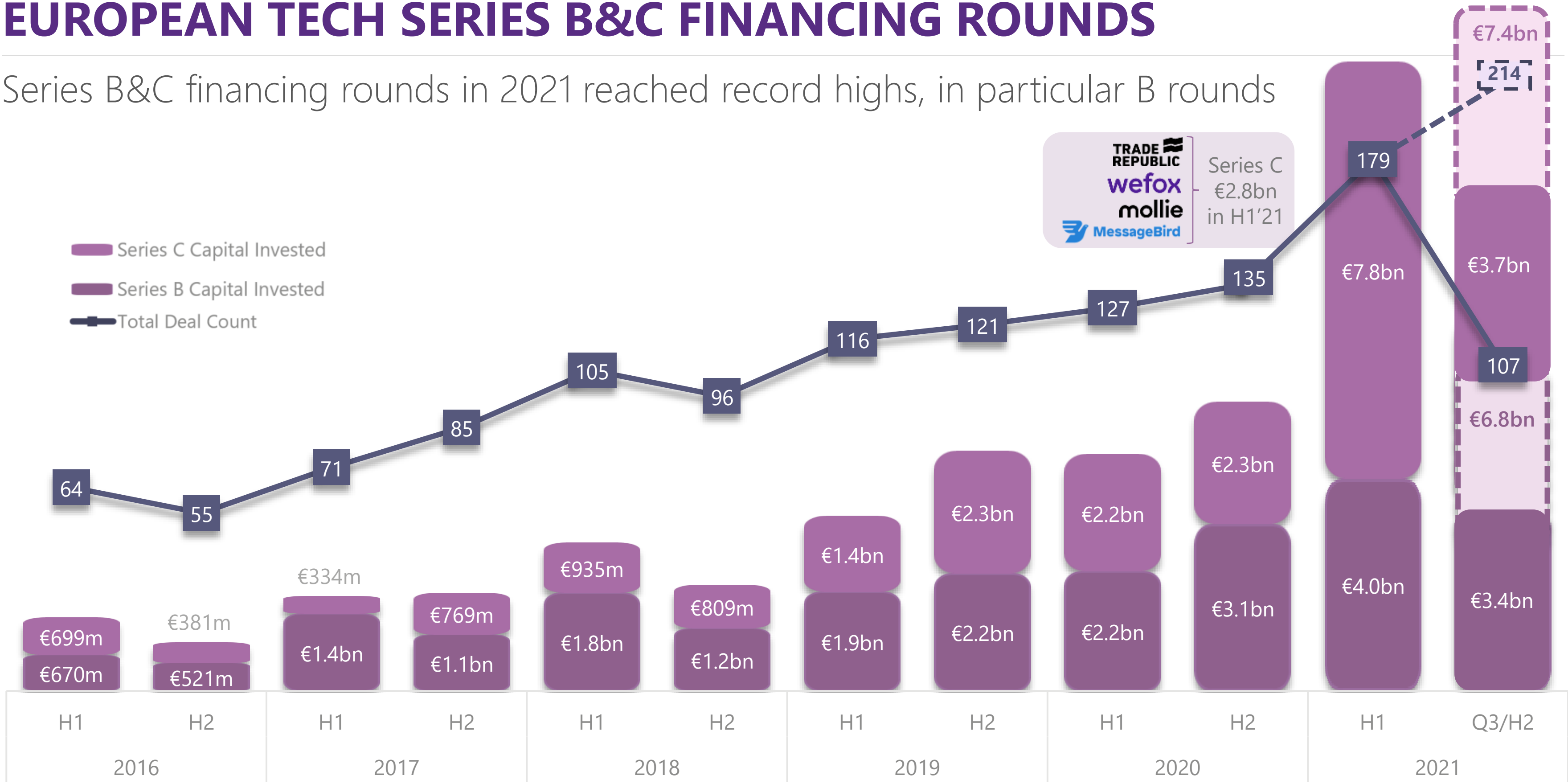
EUROPEAN TECH SERIES B&C FINANCING ROUNDS

Series B&C financing rounds in 2021 reached record highs, in particular B rounds



Source: Pitchbook | Completed deals >€5m | Only disclosed deals counted

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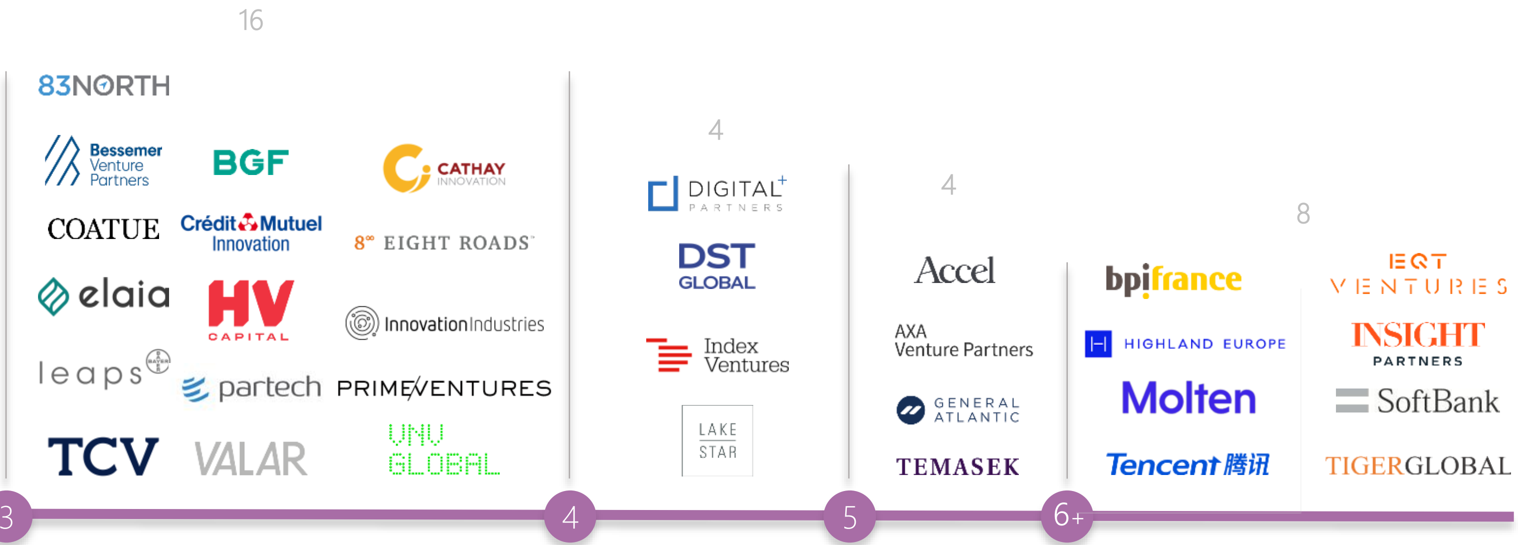
MOST ACTIVE LEAD INVESTORS IN TECH SERIES B&C ROUNDS

32 investors **led three or more B&C rounds** since January 2020, including diverse types:

- 6 originally US funds (Bessemer, TCV, Valar, Accel, GA, Insight)
- 2 state-backed funds (BGF, Bpifrance)
- 3 strategic funds (Leaps by Bayer, Axa Venture Partners, Tencent)
- 2 hedge funds (Coatue, Tiger Global)

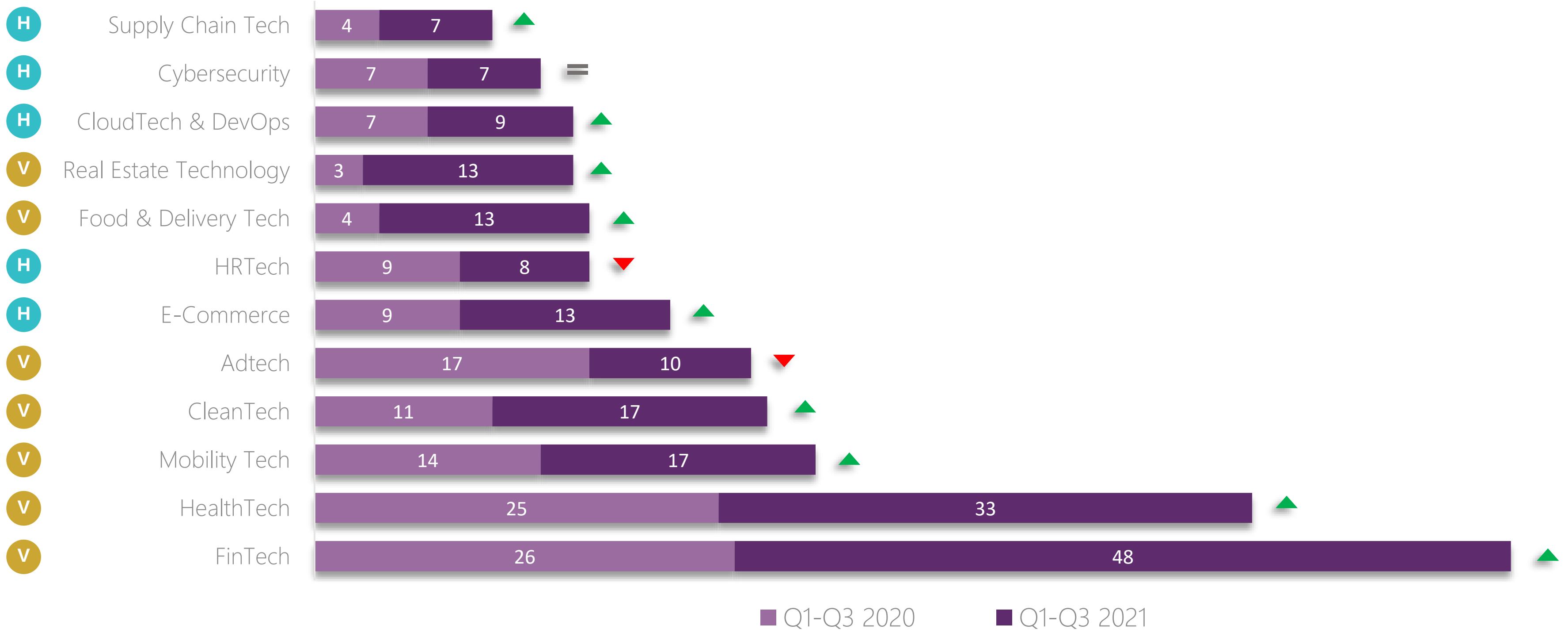
Another **55** investors led two investments and **240** led one investment



Source: Pitchbook | Completed deals >€5m | Only disclosed deals counted

BREAKDOWN OF EUROPEAN B&C ROUNDS: BY SEGMENT

Fintech and health are the most active among a range of other segments



Source: Pitchbook | Completed deals >€5m | Only disclosed deals counted | Frequent verticals only

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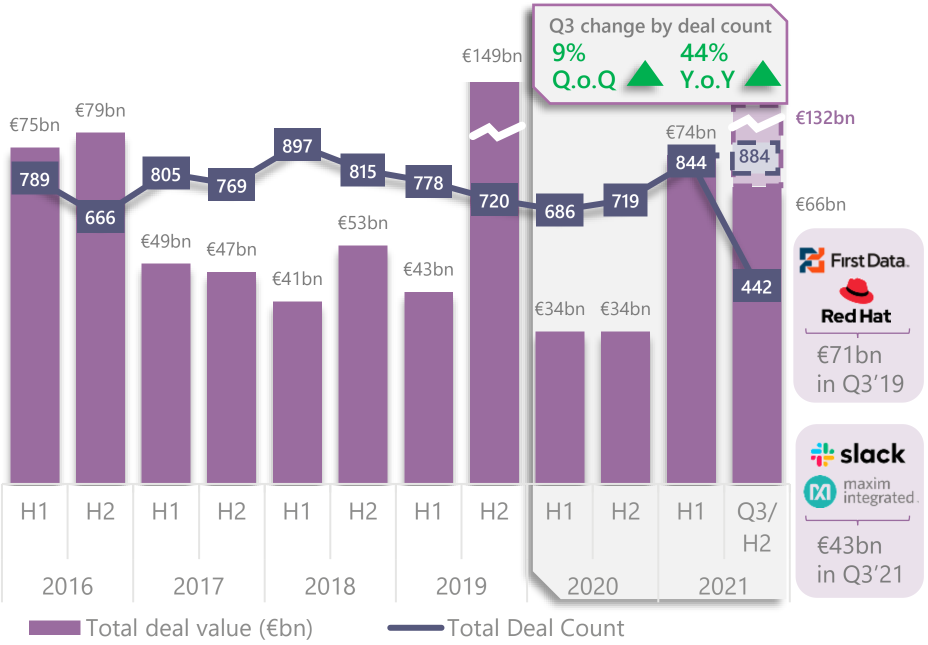
TECH M&A BREAKDOWN BY REGION

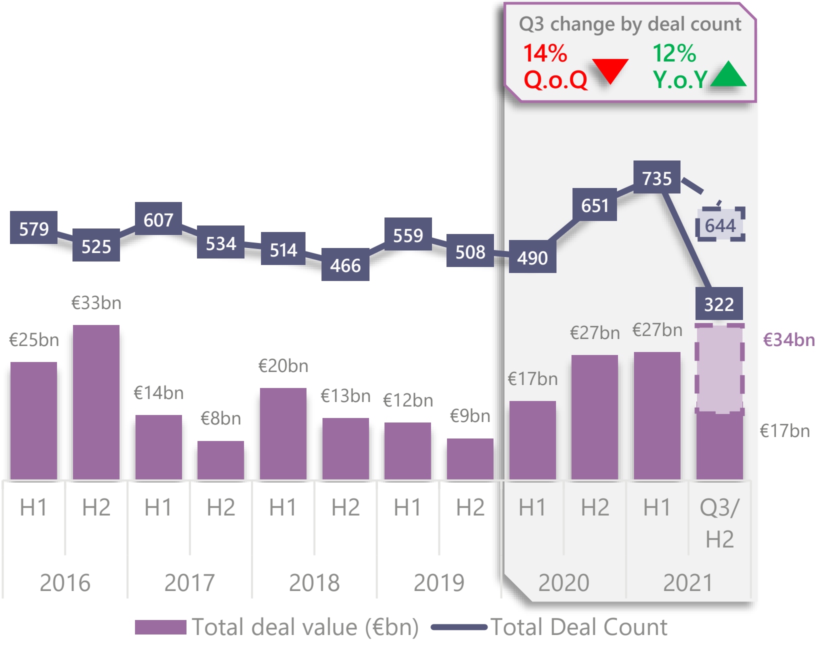
US & Canada form the largest tech M&A market, but Europe is on track for a record year

USA & Canada



Source: Pitchbook | Completed deals >€0.1m | Only disclosed deals counted

Europe



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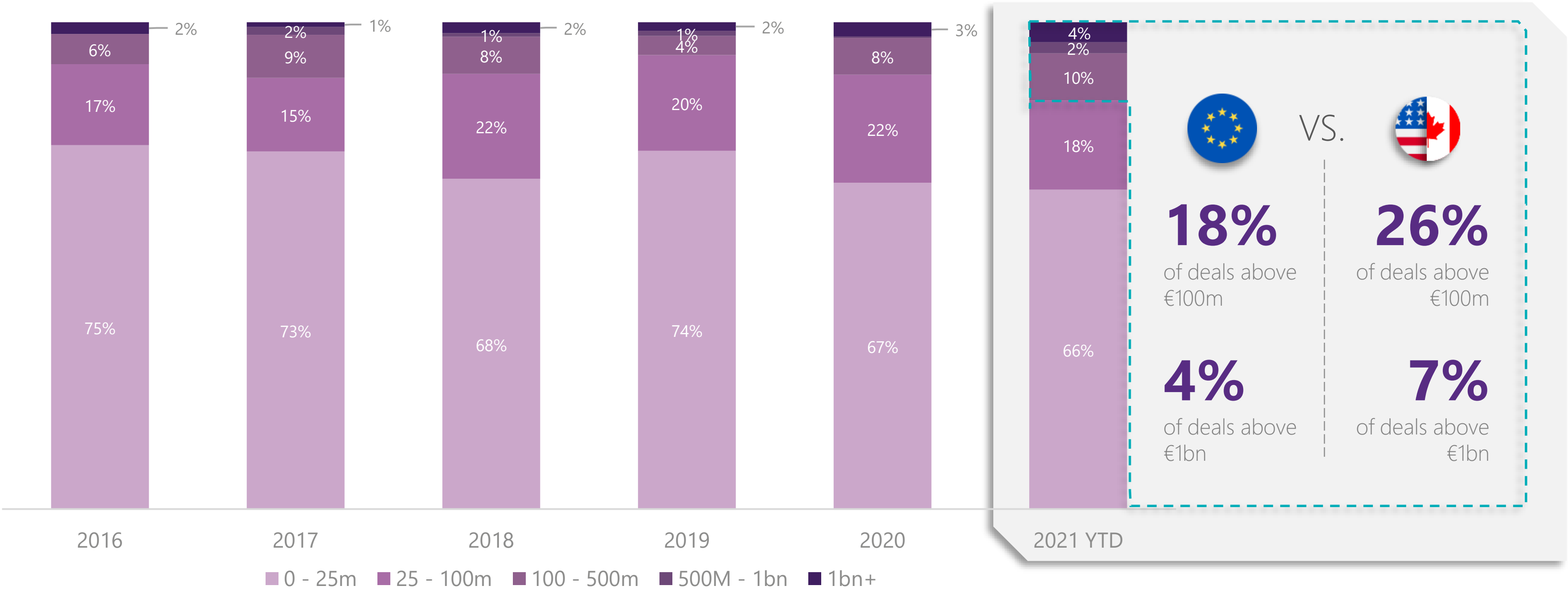
TECH M&A BREAKDOWN BY SIZE – EUROPE

Share of >€1bn deals in Europe reaches new high although $100+m deals remain well below the US & Canada level



Source: CapIQ, Pitchbook | YTD: Q1-3 | Completed deals >€0.1m | Only disclosed deals counted

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Q1-Q3 2021[1]: M&A ACTIVITY IN SELECTED EU COUNTRIES

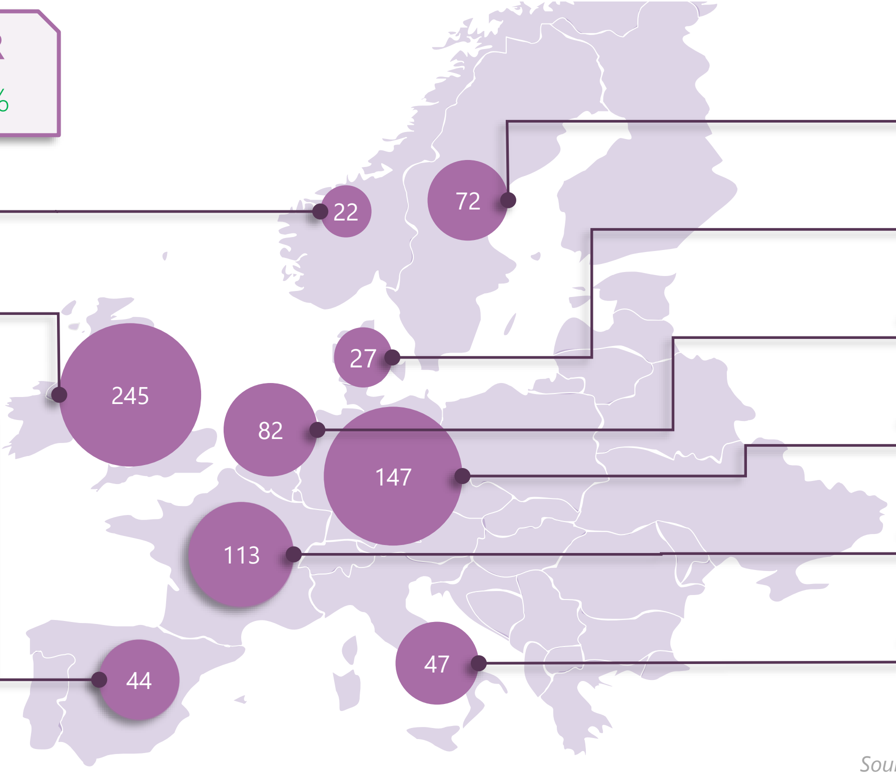
General uplift in the number of European M&A transactions post COVID-19, UK most active

EUROPEAN TECH SECTOR
€43.7bn / 1,057 deals ▲ 36%

NORWAY ▲ 10%
€0.2bn / 22 deals

U.K. ▲ 28%
€25.7bn / 245 deals

SPAIN ▲ 100%
€0.1bn / 44 deals



SWEDEN ▲ 47%
€2.8bn / 72 deals

DENMARK ▲ 13%
€7.7bn / 27 deals

NETHERLANDS ▲ 95%
€0.8bn / 82deals

GERMANY ▲ 36%
€2.7bn / 147 deals

FRANCE ▲ 19%
€0.2bn / 113 deals

ITALY ▲ 4%
€0.2bn / 47deals

\# Total deal count
% Change in deal count (Q1-3 2021 vs. Q1-3 2020)
€bn/# deal value / deal count

Source: Pitchbook | Geography by target HQ

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BIGGEST TECH DEALS 2020-2021 YTD

Mega-deals on both sides of the Atlantic, however, European buyers do not seem to cross the pond when making acquisitions

Europe Targets

Acquirer	Deal Value/Date	Target
S&P Global	€37.2bn/Nov-20[1]	IHS Markit
NVIDIA	€33.8bn/Sep-20[1]	arm
London Stock Exchange Group	€12.2bn/Jan-21	REFINITIV
Worldline	€7.8bn/Oct-20	ingenico GROUP
nexi	€7.6bn/Jul-21	nets
Takeaway.com	€7.4bn/Jan-20	JUST EAT

USA & Canada Targets

Acquirer	Deal Value/Date	Target
AMD	€29.7bn/Oct-20[1]	XILINX
salesforce	€23.3bn/Jul-21	slack
ANALOG DEVICES	€19.5bn/Aug-21	maxim integrated
Microsoft	€13.5bn/Apr-21[1]	NUANCE
zoom	€12.4bn/Jul-21[1]	Five9
EllieMae	€9.6bn/Sep-20	ICE Mortgage Technology

Source: CapIQ, Pitchbook | Data as of 17/11/2021 | [1] Announced

THEMES IN TECH: 2021

01

2021: The year of the SPAC?

Global SPAC Stats:

2020: 248 SPACs - $83bn raised

2021*: 544 SPACs - $148bn raised

SPACs have become very popular, with H1-21 numbers reaching new highs.

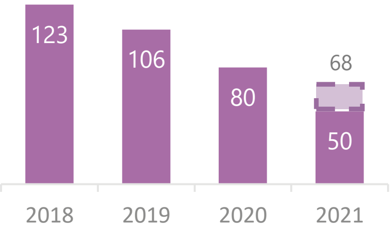
Recently the SPAC market has cooled down: harder to raise PIPEs and higher level of redemptions

The question is; at what level is the SPAC financing market going to stabilise?

02

New VC funds levelling out

New €100m+ tech VC funds continue to be raised in USA, Canada & Europe, but seem to be levelling out:



03

Food delivery market boom helped by the pandemic

In Q1 2021 the revenue of DoorDash, the largest food delivery app in America, increased by more than three-fold.

GORILLAS
Series C
€810m
Sep-21: Announced

DOORDASH ▶ Wolt
M&A
€7bn
Nov-21: Announced

04

Quantum computing applications have attracted large investment in Q3 2021:

Ψ PsiQuantum
Series D
€380m
Jul-21: Completed

ARQIT
SPAC
€293m
Sep-21: Completed

IONQ
PIPE
€297m
Sep-21: Completed

Source: Pitchbook, Spacinsider | Data as of 17/11/2021 | YTD: 17/11/2021

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The Legal View

Steve Barnett and Lisa Faragher, 23 November 2021

General thoughts

- Deal-flow remains high (investments and exits)
- Investor appetite for secondary transactions continues:
  - Not just on later rounds
  - Opportunity to tidy up cap tables as well as partial exit for founders
- Not all good news for investors and founders...plenty of lower-value exits
- Wide range of investors now seeing opportunities in the UK:
  - ....leading to some non-standard terms

National Security and Investment Act 2021 (1)

- Comes into force on 4 January 2022
- **Mandatory Notification Regime:**
  - Low control threshold (more than 25%)
  - Share purchase deals only
  - No materiality thresholds
  - The 17 specified sectors include:
    - Advanced materials
    - Advanced robotics
    - AI
    - Communications
    - Cryptographic authentication
    - Data infrastructure
    - Energy
    - Quantum technologies
    - Satellite and space technologies

National Security and Investment Act 2021 (2)

    - Draconian penalties - a failure to obtain clearance where required means that the transaction will be void

- Voluntary notification:
    - Gives rise to national security concerns
    - Material influence in the entity
    - Control over qualifying assets (e.g. land, intellectual property)
- Call in powers:
    - 5 years from the date the transaction completed
    - Important to note has retrospective effect and will apply to transactions that have taken place since 12 November 2020
- Potential impact on VC investments and exits

PANEL DISCUSSION - LESSONS FOR AN OPTIMUM TRANSACTION

Paddy McGwire, Moderator

Simon King, Octopus Ventures

David Cocks, CEO of Cloud Trade

Alastair Peet, Shoosmiths

Pietro Strada, Silverpeak

Thank you

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