Executive summary

US insights

US VC financing
Investments reach $36.5B in Q3’20, the second highest quarter ever: VC investments to US-based, VC-backed companies hit a 7-quarter high in Q3’20 at $36.5B, up 22% year-over-year (YoY) and 30% from Q2’20. The quarterly increase in deal activity is more modest: 1,461 VC deals take place in Q3’20, a 1% increase from 1,440 deals in Q2’20. While deal activity has shown small increases each quarter so far this year, Q3’20 deals are still down 11% YoY amid the pandemic.

Mega-rounds
Number of quarterly mega-rounds climbs to a new record: Mega-rounds drive funding gains as 88 US-based companies raise rounds worth $100M or more in Q3’20, surpassing the record set in Q2’20. As a result, mega-round deal share rises to 54% of total funding.

Deal size and stage
Seed deals rise for the second consecutive quarter: Seed deals continue their recovery after a sharp drop-off in Q4’19. Later-stage deal size is still high: Series D median deal size rose to $50M vs. $32M in Q2’20.

Source: PwC/CB Insights MoneyTree™ Report Q3 2020
US VC funding in Q3’20 is second highest ever

US deals and dollars – Quarterly

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Investments ($B)</th>
<th># of deals</th>
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<tbody>
<tr>
<td>Q4’18</td>
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<td>Q1’19</td>
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<td>Q2’19</td>
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<td>Q3’19</td>
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<td>Q3’20</td>
<td>$36.5</td>
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</tr>
</tbody>
</table>

Source: PwC/CB Insights MoneyTree™ Report Q3 2020
2020 funding pace is near record levels while deals fall short

US deals and dollars – Annual

Source: PwC/CB Insights MoneyTree™ Report Q3 2020
Number of quarterly mega-rounds climbs to a new high

Mega-rounds – Investments and deal count

Historical record

Source: PwC/CB Insights MoneyTree™ Report Q3 2020

Note: Mega-rounds are $100M+ deals
More than half of Q3’20 funding comes from mega-rounds

Mega-rounds – Funding and share of total funding

Historical record

63%  46%  45%  52%  35%  45%  46%  54%

Mega-round investments ($B)  Non-mega-round investments ($B)  Mega-round share

Q4’18  Q1’19  Q2’19  Q3’19  Q4’19  Q1’20  Q2’20  Q3’20

$14.9  $15.0  $17.3  $14.2  $16.3  $15.2  $15.2  $16.7

$25.5  $12.6  $13.9  $15.6  $8.8  $12.5  $12.9  $19.8

Source: PwC/CB Insights MoneyTree™ Report Q3 2020

Note: Mega-rounds are $100M+ deals
Seed deal activity rises for second consecutive quarter

Deal activity by round

Source: PwC/CB Insights MoneyTree™ Report Q3 2020

Note: “All deals” includes additional round types
Series D median deal size jumps in Q3’20

Median deal size by round

$50.0M Series D

Source: PwC/CB Insights MoneyTree™ Report Q3 2020

Note: “Overall” median includes additional round types
Appendix
What is included:

• Equity financings into private companies. Fundings must be to VC-backed companies, which are defined as companies that have received funding at any point from: venture capital firms, corporate venture arms, or super angel investors.

• Fundings of private companies only. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment from a venture firm.

• Only includes the investment made in the quarter for tranched investments. If a company does a second closing of its Series B round for $5M and previously had closed $2M in a prior quarter, only the $5M is reflected in our results.

• Round numbers reflect what has closed, not what is intended. If a company indicates the closing of $5M out of a desired raise of $15M, our numbers reflect only the amount which has closed.

• Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.

• Equity fundings to joint ventures and spinoffs/spinouts are included, given that they meet the VC-backed criteria.

• Geography note: Israel funding figures are classified in Asia.

What is excluded:

• No contingent funding. If a company receives a commitment for $20M subject to hitting certain milestones but first gets $8M, only the $8M is included in our data.

• No business development/R&D arrangements, whether transferable into equity now, later, or never. If a company signs a $300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.

• No buyouts, consolidations, or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.

• No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are not included even if made by a venture capital firm.

• No debt/loans of any kind (except convertible notes). Venture debt or any kind of debt/loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives $3M with $2M from venture investors and $1M in debt, only the $2M is included in these statistics.

• No non-equity government funding. Grants or loans by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.

• No fundings to subsidiaries of a larger parent corporation.

PwC (pwc.com/moneytree) and CB Insights (cbinsights.com) encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented, please send an email to info@cbinsights.com and we can work together to ensure your firm’s investment data is up-to-date.

Rankings, e.g. top states and top sectors are done by quarterly deal activity (that is, deal count for the given quarter).
Disclaimer

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