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Q3 2021 PitchBook-NVCA Venture Monitor Webinar

Private Market Trends and the Rise of IPO Activity

In partnership with: svb Silicon Valley Bank affinity

PitchBook: The leading resource for private and public market analysis

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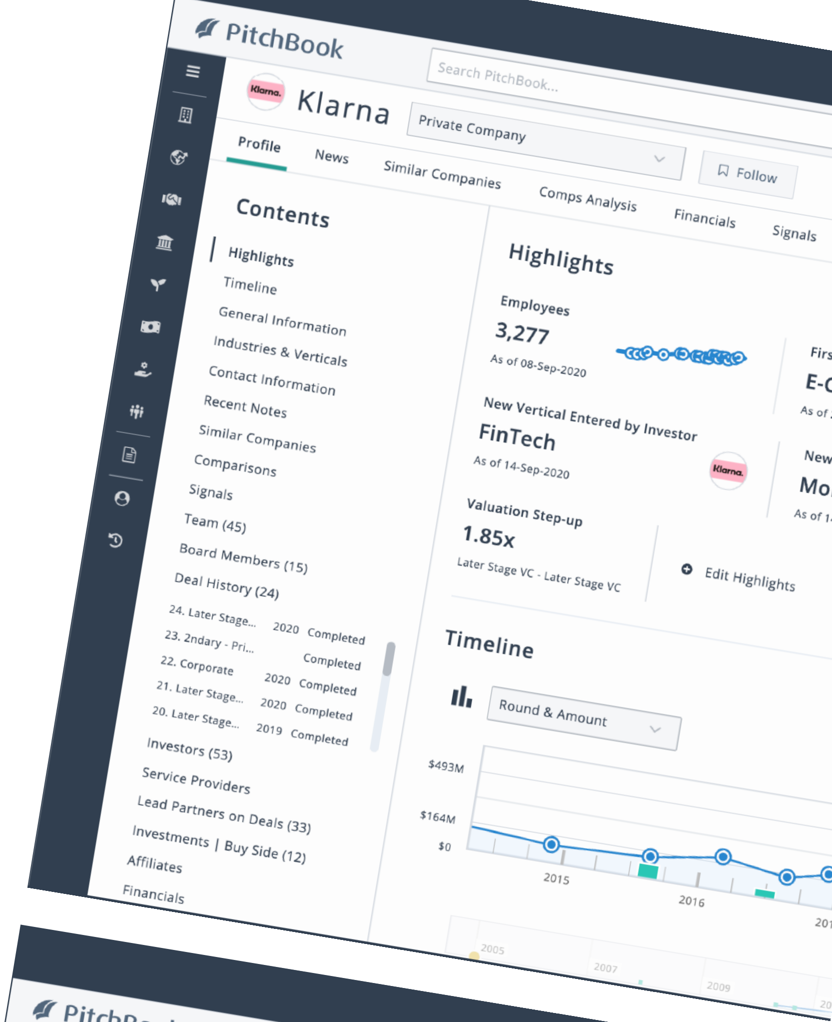

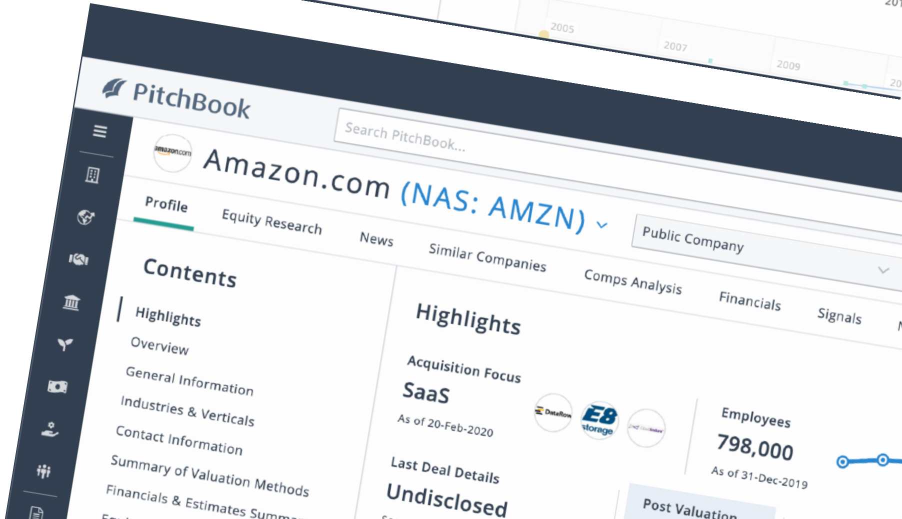

Q3 2021 PitchBook-NVCA Venture Monitor Report

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Panel Discussion

Jeff Farrah

General Counsel

NVCA

Rob Freelen

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Silicon Valley Bank

Paul Ross

VP of Marketing

Affinity

Moderated by Dave Osborne, PitchBook

Key themes

1

Capital investment shatters prior annual record with $238.7 billion YTD

2

Exit value surpasses $500 billion for the first time ever

3

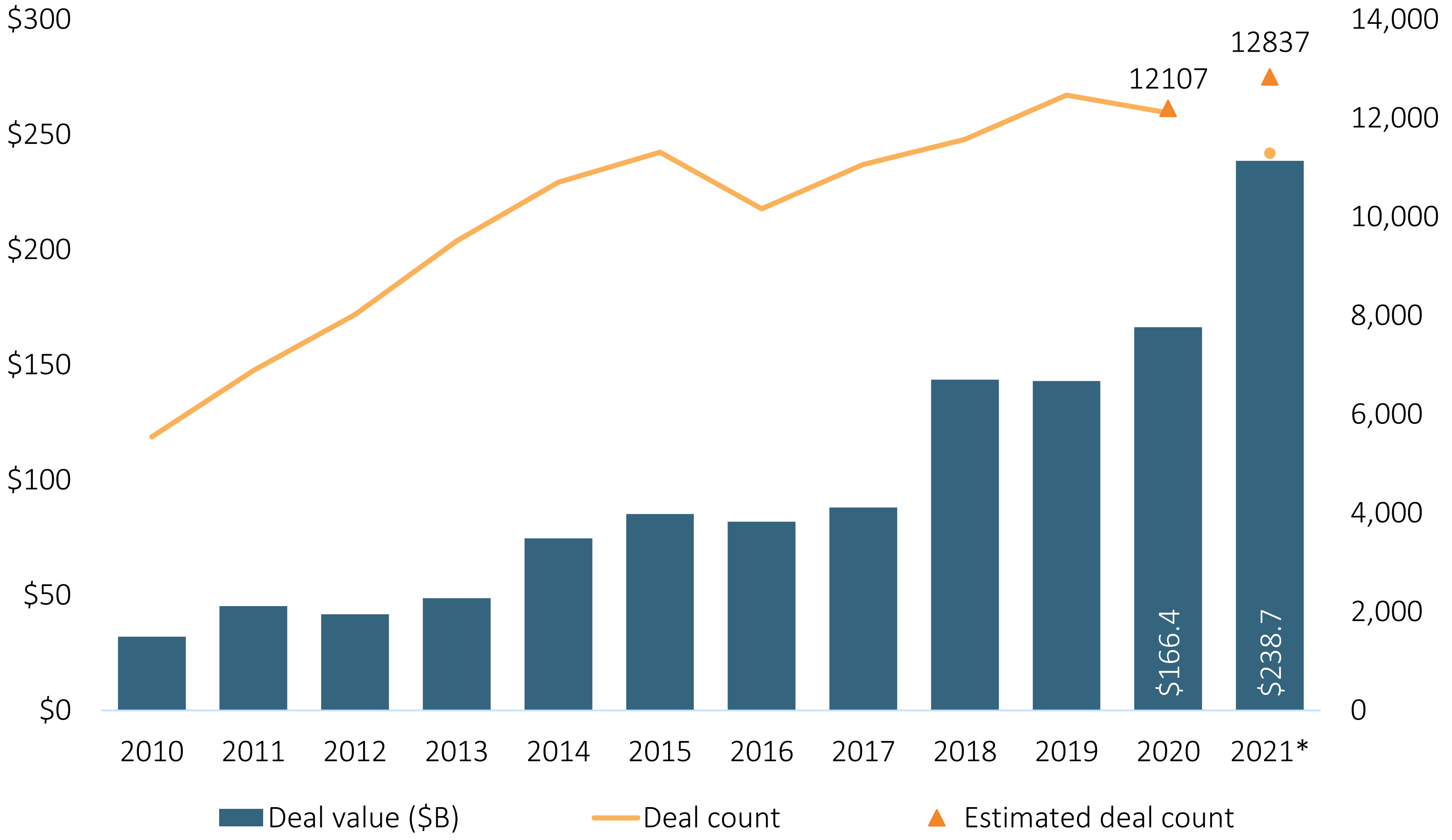
Fundraising breaks previous yearly record, on track to clear $100 billion by year's end

Q3 2021

US VC Deal Activity

US VC deal activity

Capital investment hits new record through just three quarters



$238.7B

Capital investment in YTD 2021

$122.1B

Capital investment in Q1-Q3 2020 (same time last year)

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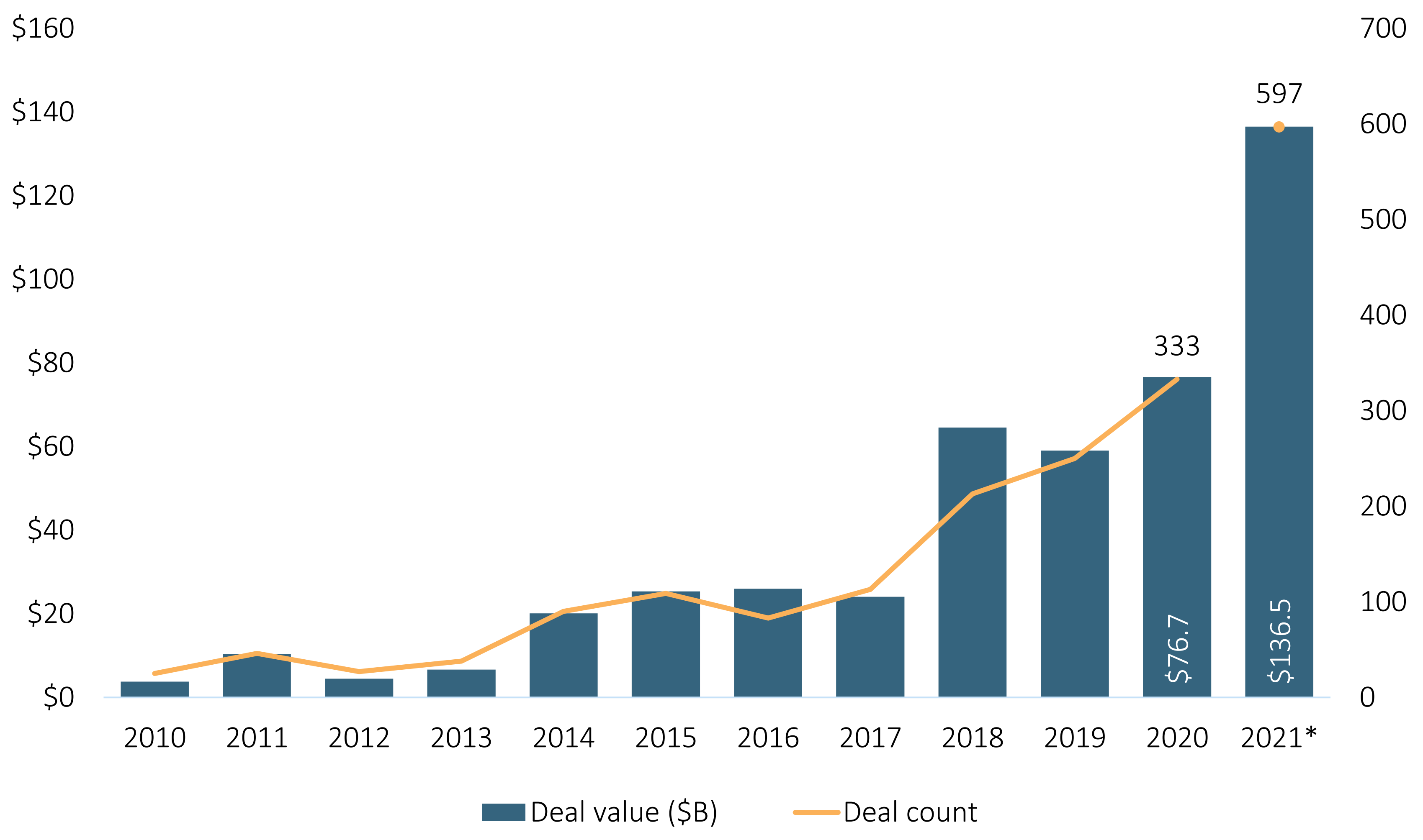
*As of 9/30/2021

US VC mega-deal ($100M+) activity

Explosion of mega-deals reaches new levels in 2021



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*As of 9/30/2021

207

Mega-deals completed in Q3 2021

Notable Q3 mega-deals

RIVIAN

$2.5Bn late-stage round

GENERATE

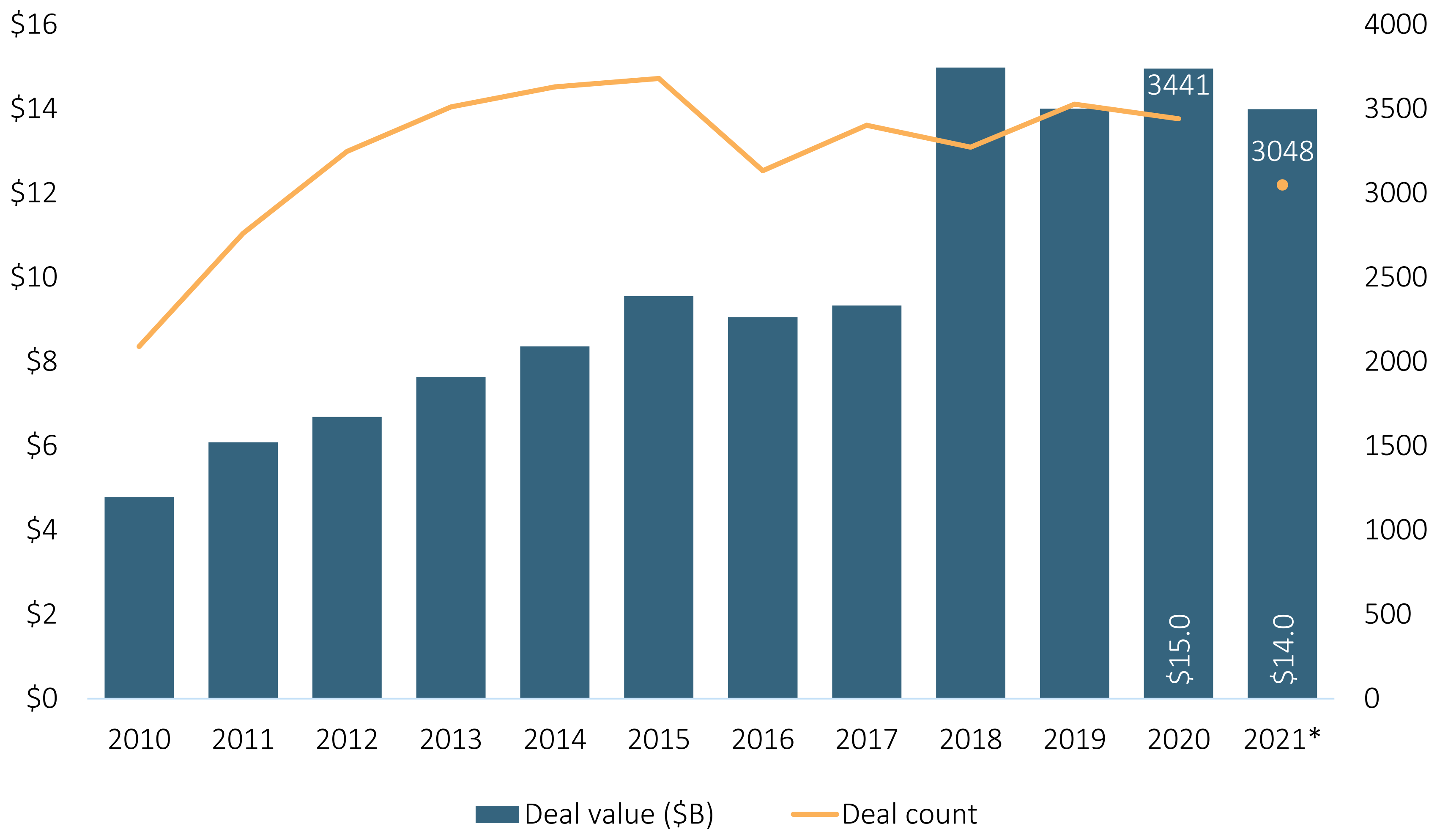
$2.5B late-stage round

databricks

$1.6B Series H

US VC first-time financing deal activity

New startups tracking to raise an unprecedented level of capital



88.6%

Percentage of 2021 first-time financings compared to 2020's total

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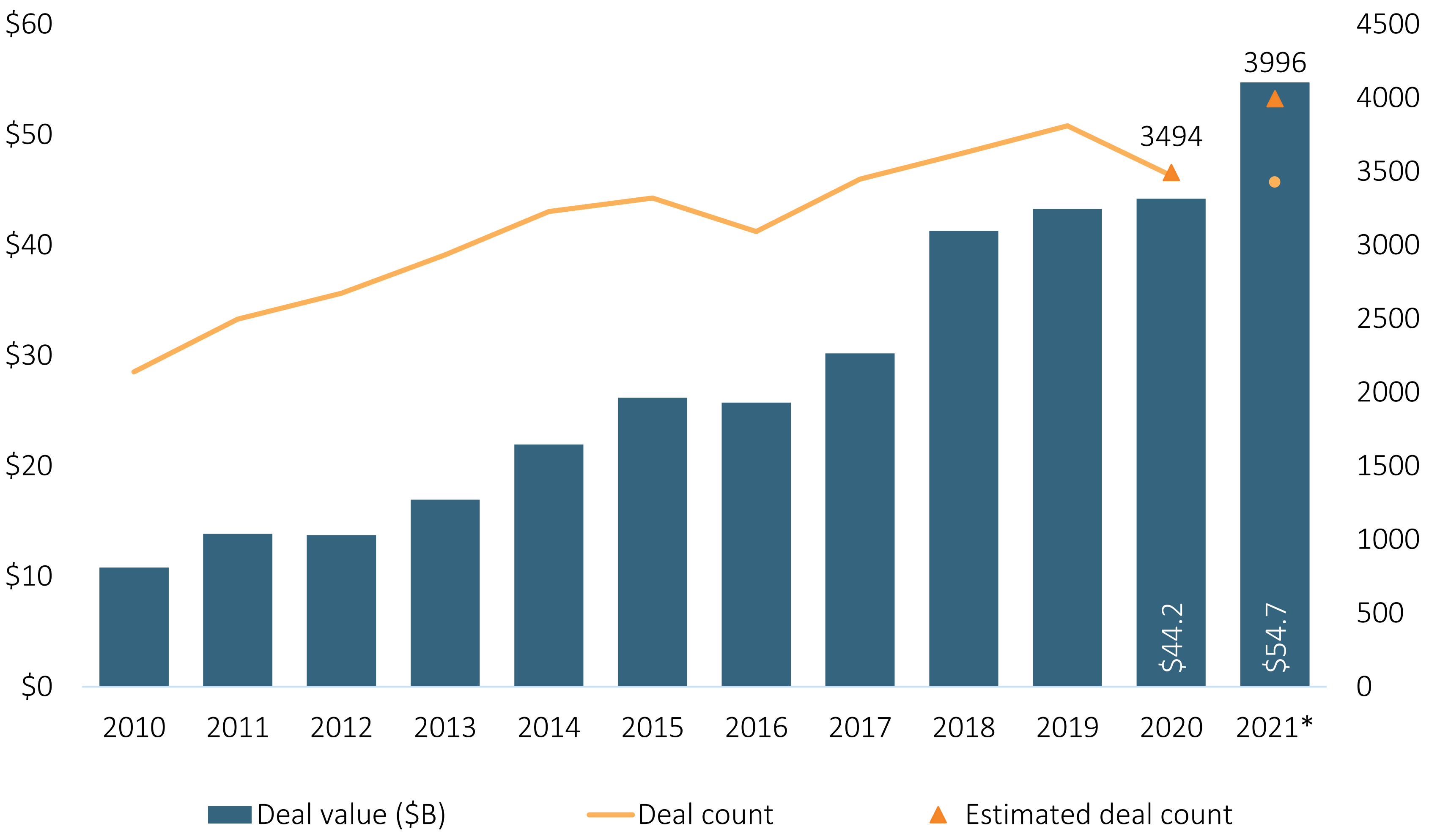
*As of 9/30/2021

US early-stage VC deal activity

New records set on both a count and value basis



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*As of 9/30/2021

$19.7B

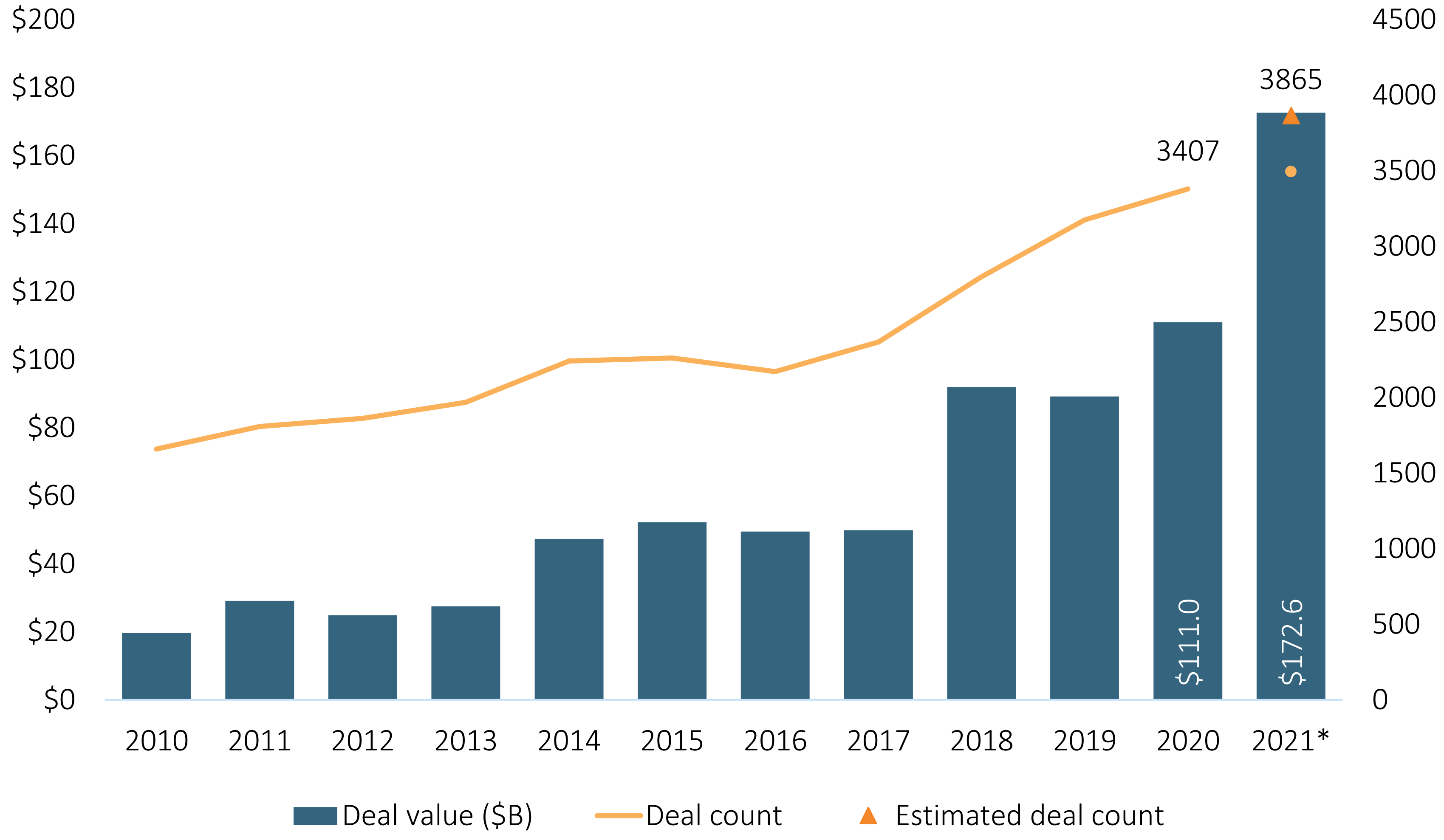
Early-stage VC deal activity in Q3 2021

67.4%

YoY growth over Q3 2020

US late-stage VC deal activity

Momentum continues to persist at the late stage



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$59.4B

Late-stage VC deal activity in Q3 2021

78.7%

YoY growth over Q3 2020

Understanding deal activity…

“

Is this current pace of dealmaking sustainable? If not, what sorts of things are VCs worried about going into 2022 and are there any dark clouds on the horizon that we should be worried about?

“

From what you’re seeing in Washington, and going through the data from the Venture Monitor, what do you think of this level of dealmaking?

“

Are there trends you’re seeing on the vendor side, whether related to technology, due diligence, or investor sentiment, that either support or refute the massive dealmaking numbers we saw in Q3?

“

The Delta variant appears to be waning in the US and many are talking about a post-COVID future. What does that look like at Affinity and what sorts of lasting impacts has COVID had on the company, its business model, and its relationship with VCs?

“

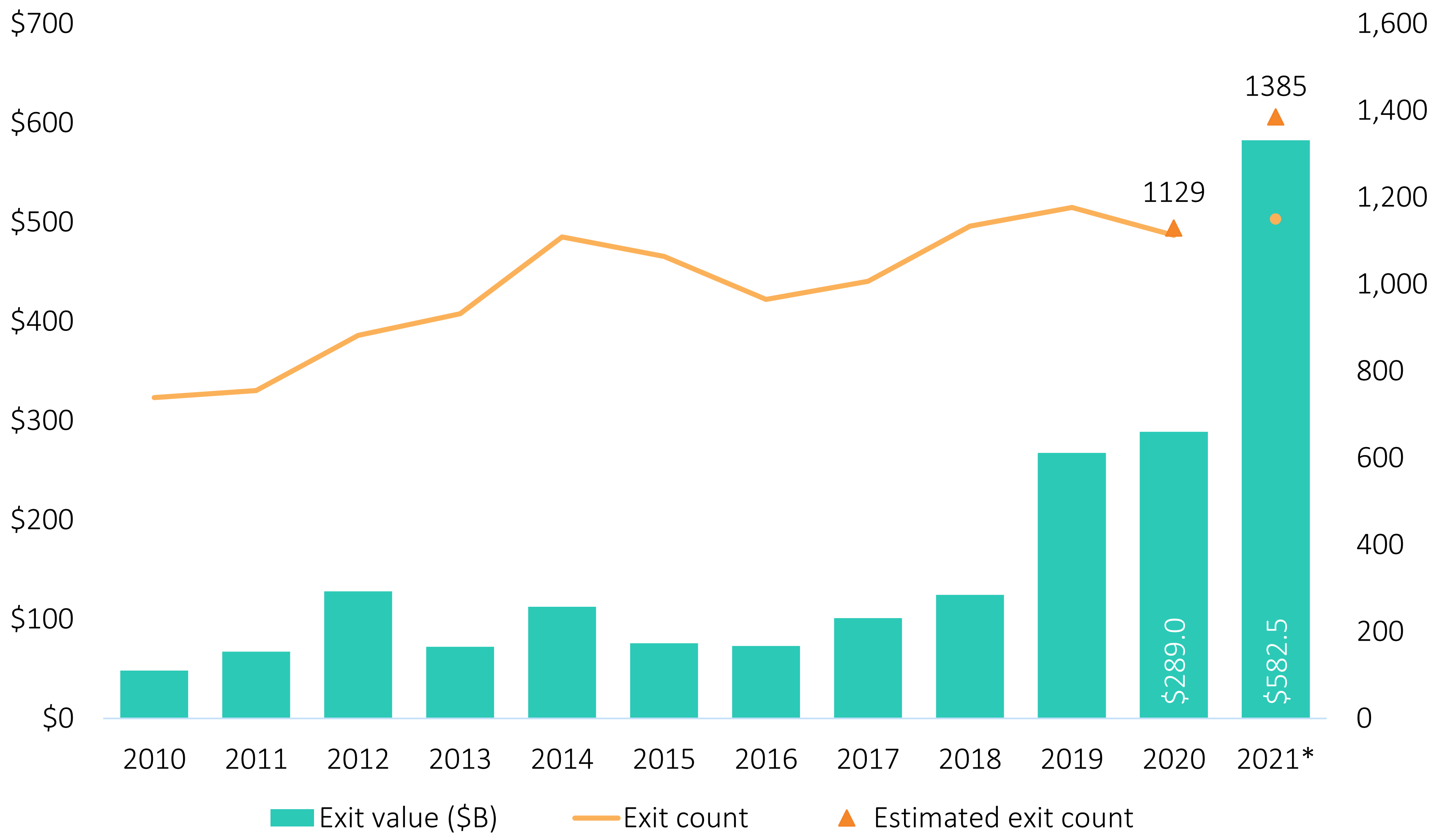
Regarding the influx of capital from nontraditional investors, there’s an argument to be made that a lot of VCs are being priced out of deals. Is this a VC tectonic shift we’re witnessing? What are your thoughts around this?

Q3 2021

US VC Exit Activity

US VC exit activity

Exit value surpasses $500 billion for the first time ever



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*As of 9/30/2021

86.7%

Percentage of exit value in Q3 attributed to public listings

Notable Q3 exits

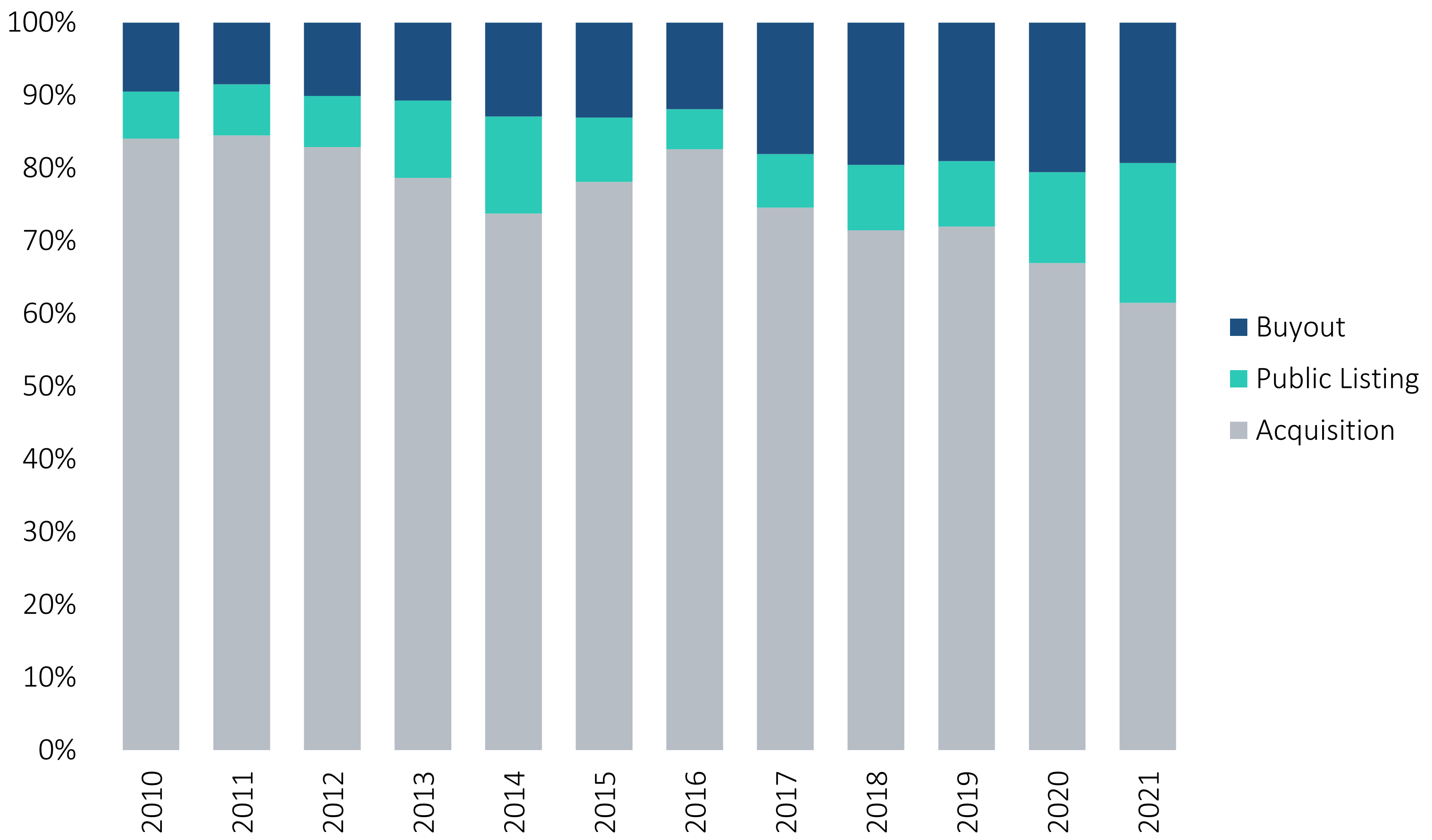
Robinhood
$30.0B IPO

toast
$19.1B IPO

GINKGO BIOWORKS
$14.2B SPAC

US VC exit count (#) by type

Buyouts and IPOs provide open pathways to liquidity in 2021



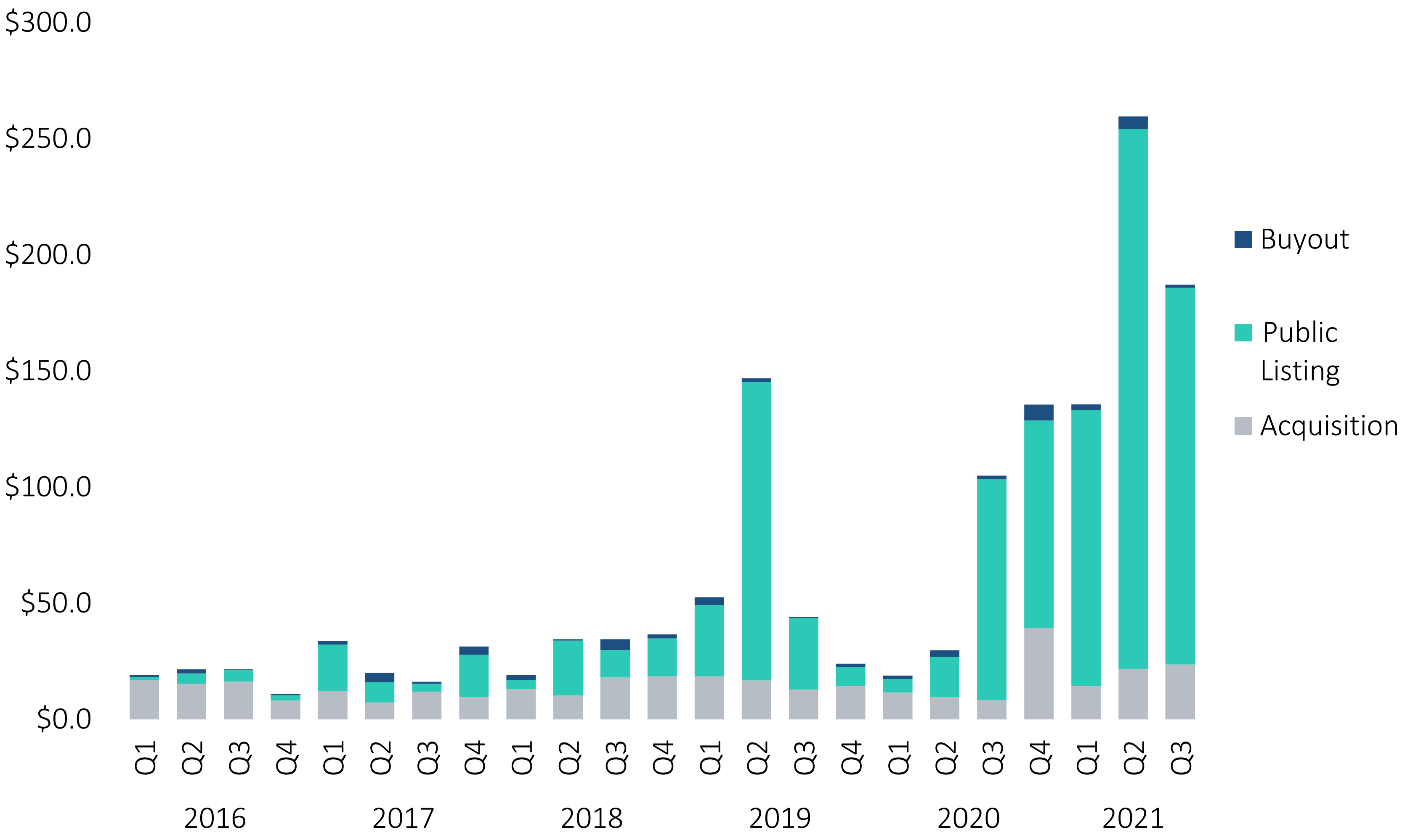
*As of 9/30/2021

61.5%

Percentage of exits in 2021 that were acquisitions – a record low

US VC exit value ($) by type

Aggregate exit value continues to be dominated by public listings



86.7%

Percentage of total exit value in Q3 2021 attributed to public listings

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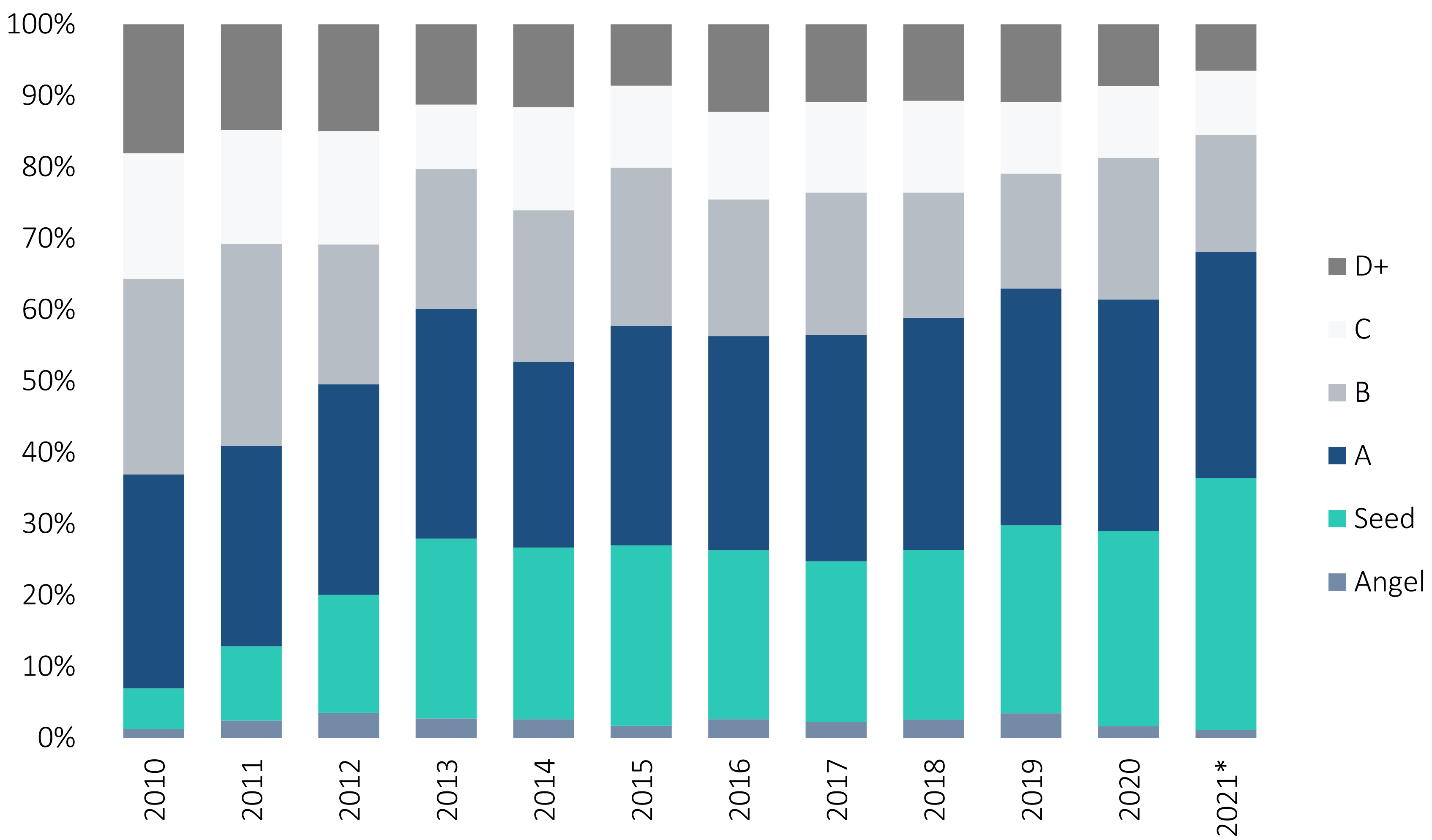
*As of 9/30/2021

Acquisitions directly prior to exit by round

Acquisitions consistently occurring earlier in the startup lifecycle



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*As of 9/30/2021

67.0%

Percentage of all acquisitions in 2021 occurred directly after a seed or Series A round

Notable Q3 acquisitions

GRAIL

$8.0B acq. by Illumina

stackoverflow

$1.8B acq. by Prosus

Exit activity in Q3...

“

From speaking with VCs, how are they approaching this fervent exit environment? Do you think we’ll see more VCs trying to hold public securities more?

“

In this past quarter’s Venture Monitor, we saw that 2 out of every 3 acquisitions that happened in 2021 occurred after a seed round or Series A round. Just a few years ago, this was hovering around the 50% mark. Are late-stage startups getting too expensive to acquire or is there more going on here?

“

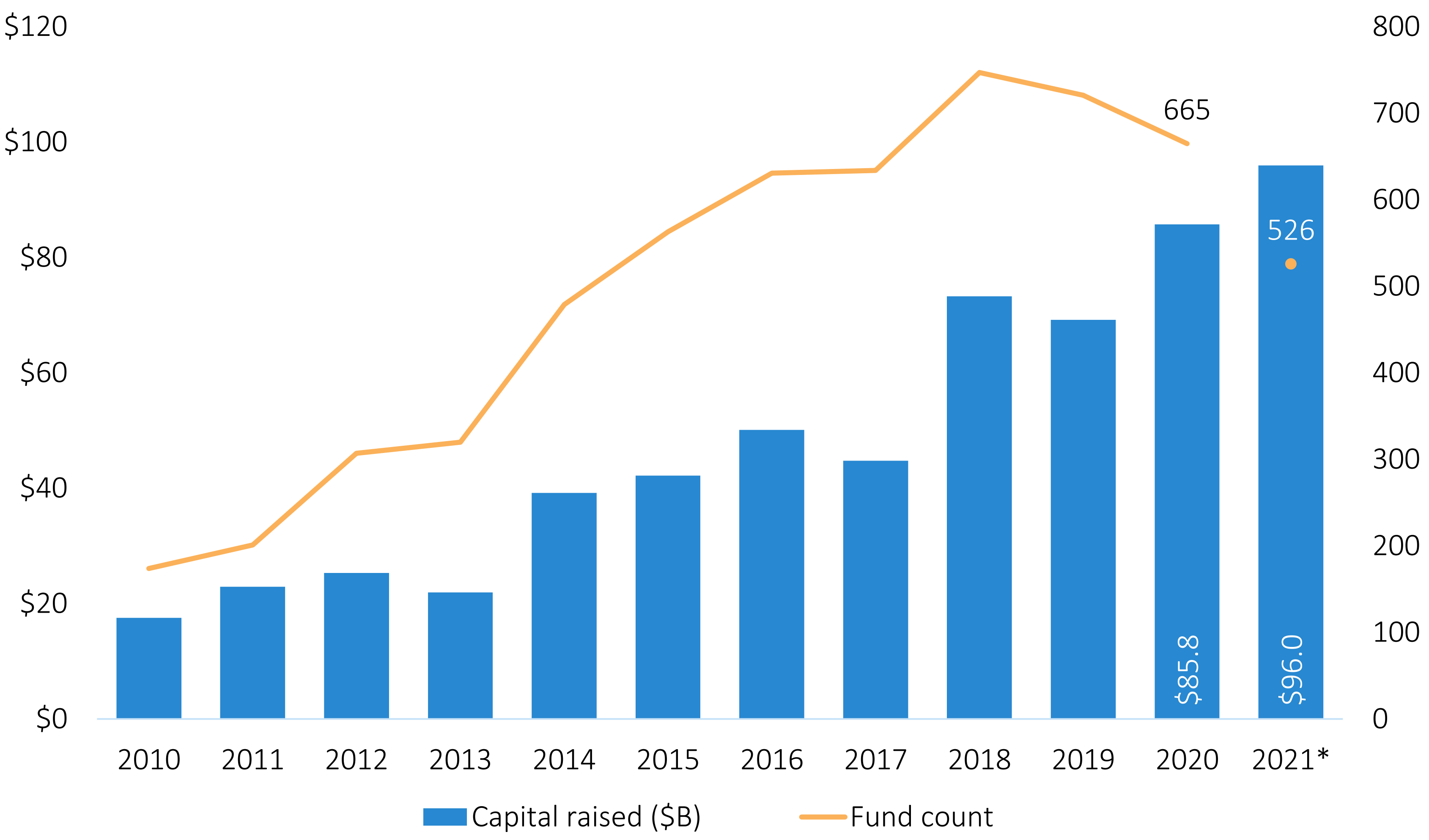
From your vantage point in Washington and conversations with many NVCA board members who are VCs themselves, what should we know about potential tax changes? And long-term, if these are implemented, how might that change the VC ecosystem and how we think about exits?

Q3 2021

US VC Fundraising Activity

US VC fundraising activity

2021 YTD VC fundraising shatters previous yearly record



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*As of 9/30/2021

17

$1B+ funds closed in 2021

Notable funds closed in Q3

Institutional Venture Partners

$1.8B Fund XVII

Index Ventures

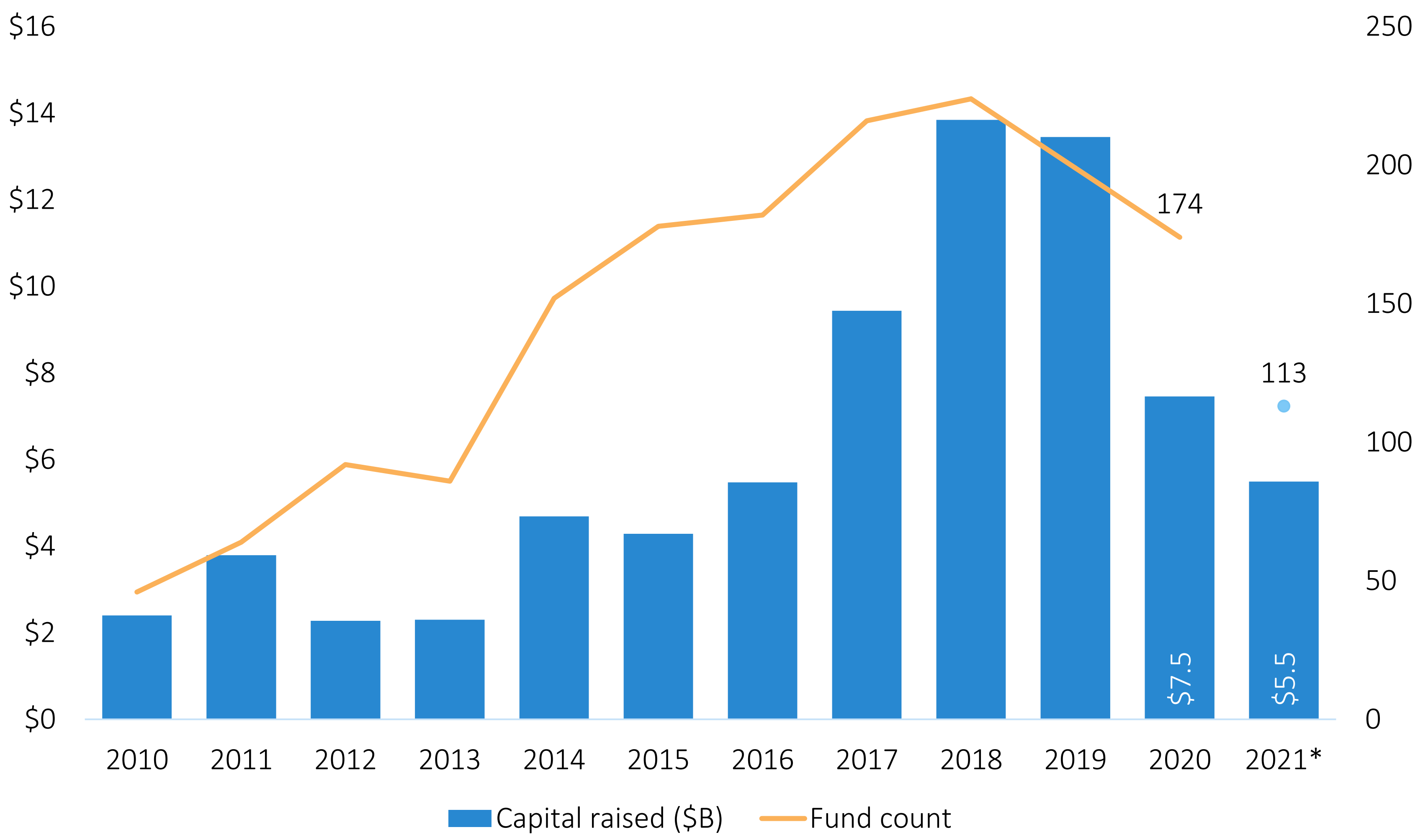
$900M Fund XI

Felicis Ventures

$900M Fund VIII

US VC first-time fundraising activity

First-time fundraising value pacing close to 2020



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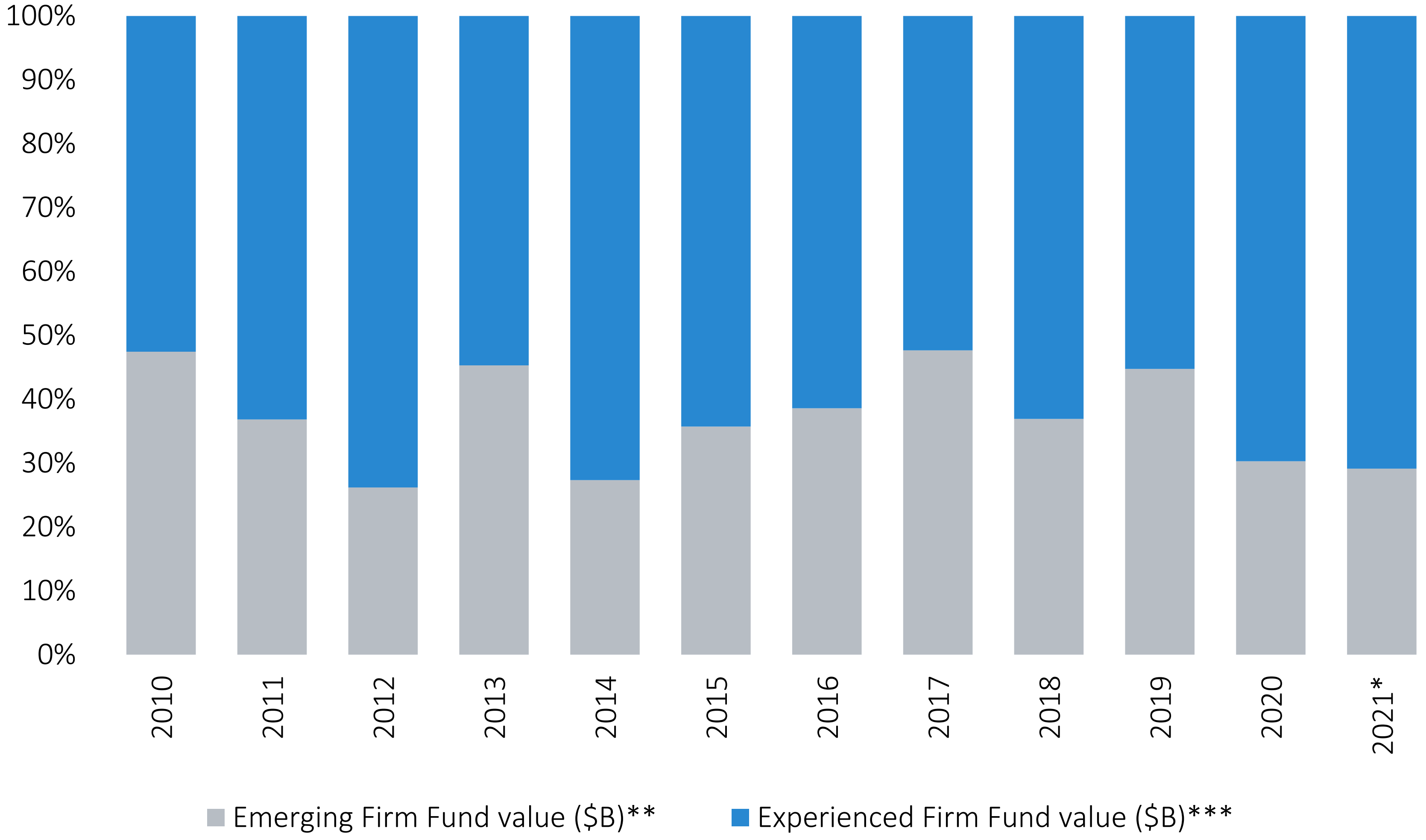
*As of 9/30/2021

30

Number of first-time funds closed in Q3 2021

US VC funds ($) by emerging and established firms

Established VC firms make up overwhelming majority of new funds



70.9%

Percentage of capital raised by established VC firms (those with four funds or more)

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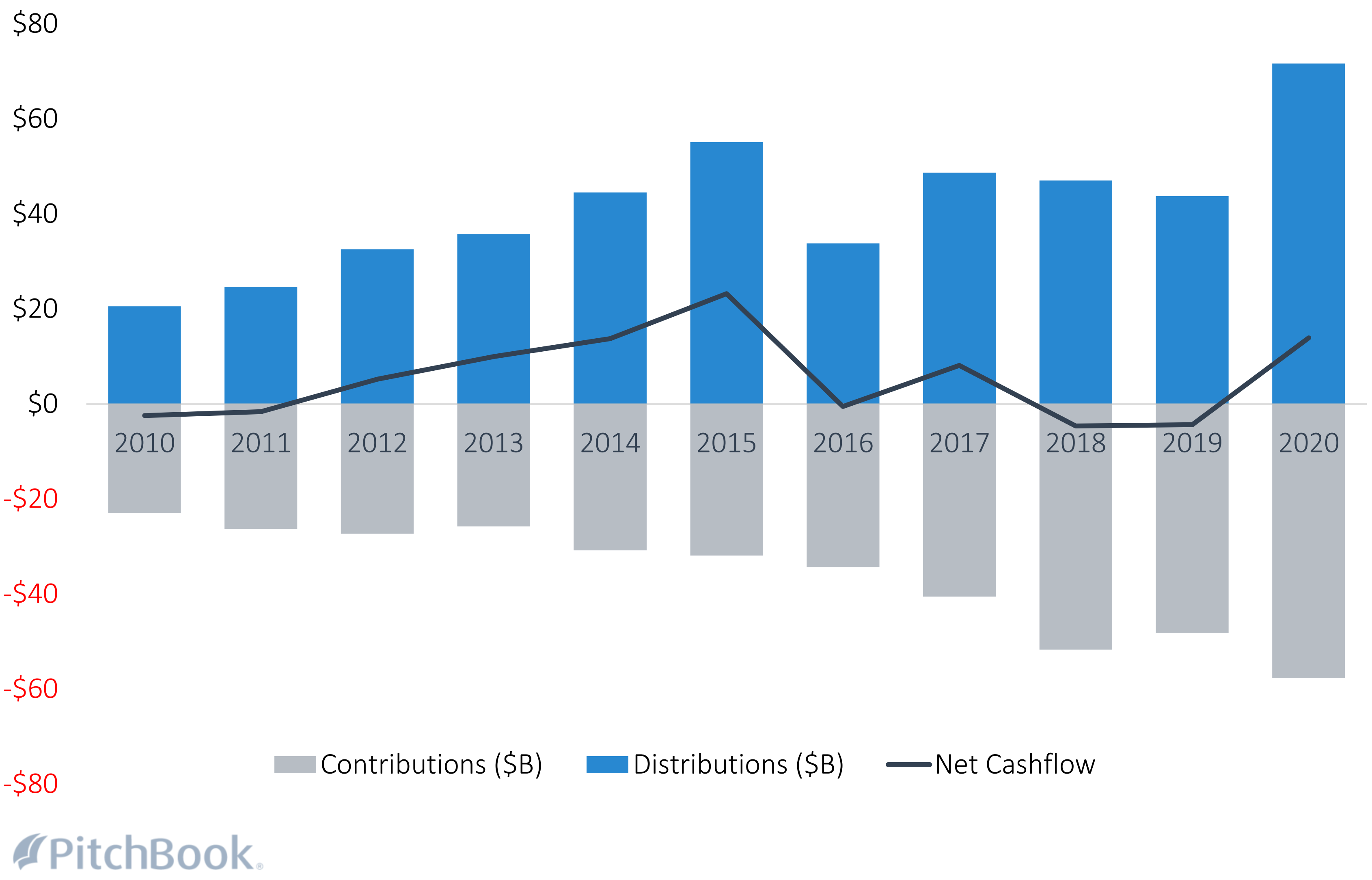
*As of 9/30/2021

US VC cash flows ($B) by type

Record level of distributions drive positive cash flow to LPs



$71.7B

Distributions to LPs in full year 2020

*As of 12/31/2020

Fundraising in Q3…

“

What do you guys look for in an investor? What are they doing to differentiate themselves as GPs?

During a time of massive capital availability, was that also your experience going through the fundraising process?

“

We’ve seen a lot of activity around solo capitalists like Elad Gil and Lachy Groom – is this something other angel investors are going to try and emulate? Or is it just able to be done by a small handful of people?

Do you think this movement is going to revolutionize VC fundraising?

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