

DEEPTech M&A AND FINANCING REPORT 2024

Promising outlook for European deeptech exits driven by surge in late-stage fundraising and strong public valuations

Welcome to the latest edition of Silverpeak's Deeptech M&A and Financing Report, providing an in-depth review of European fundraising and deal activity in the deeptech sector.

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At Silverpeak, we work with the best deeptech companies, helping them to grow and unlock their potential to become global leaders. Deeptech is about tackling big challenges — think AI processors, quantum computing, robotics, space and photonics. It’s an exciting space that’s catching more investor attention, with a growing number of funds and plenty of public, corporate, and private capital fuelling these groundbreaking ventures.

PIETRO STRADA
MANAGING PARTNER, SILVERPEAK

KEY FINDINGS

- With European deeptech financing stabilising at \$1bn per quarter, 2024 has seen a surge in large Series C transactions, paving the way for promotions from the extensive pool of near-term European deeptech unicorns.
- M&A trends present a mixed picture: the \$9.3bn deal value in 2024 signals overall market health, however it masks the lowest sub-\$1bn EV deal value year since 2020. A recent surge in public company valuations offers a promising leading indicator for strategic M&A in 2025.
- With evidence of time-to-exit aligning with fund lifecycles and deeptech achieving premium exit valuations, European deeptech remains a strong investment opportunity.

DEAL METRICS

2024 YTD vs 2023

Financing transaction value	+ 19%
M&A deal value	+ 47%
M&A deal value (<\$1bn EV)	- 21%



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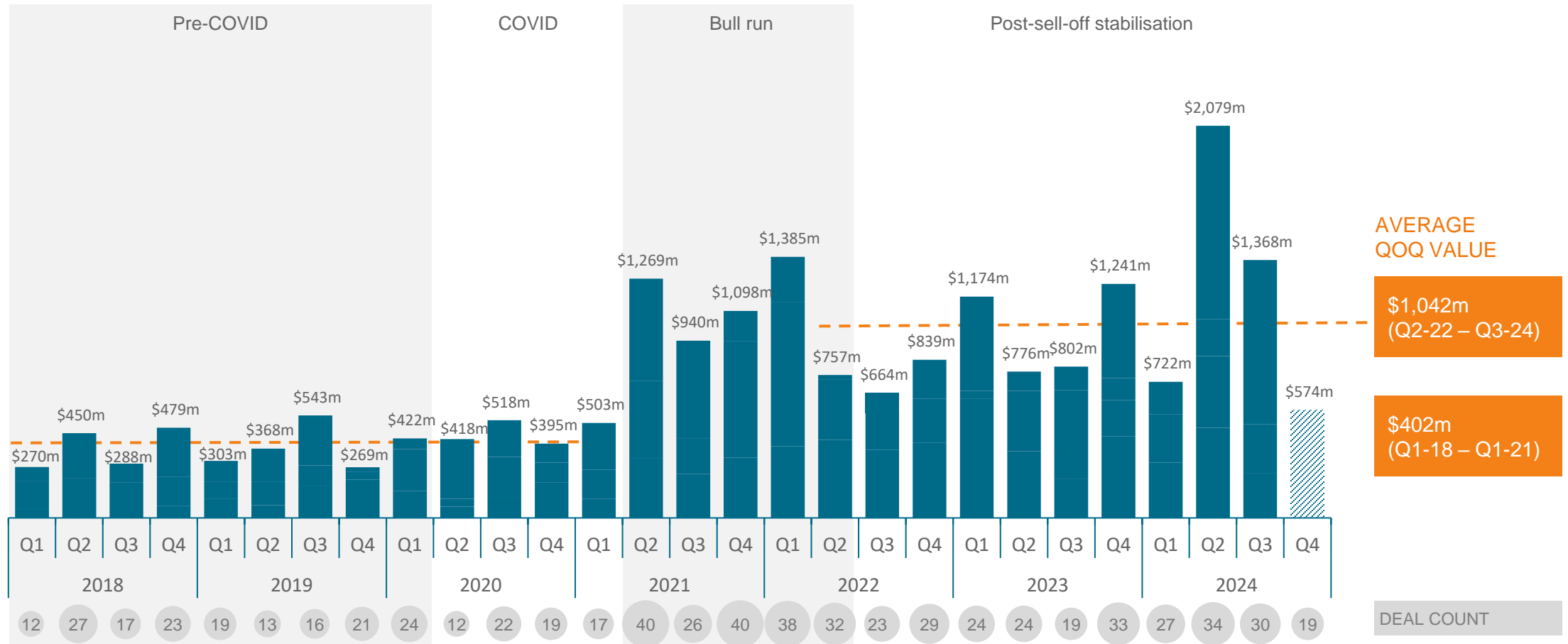
SECTION 1

Financing environment



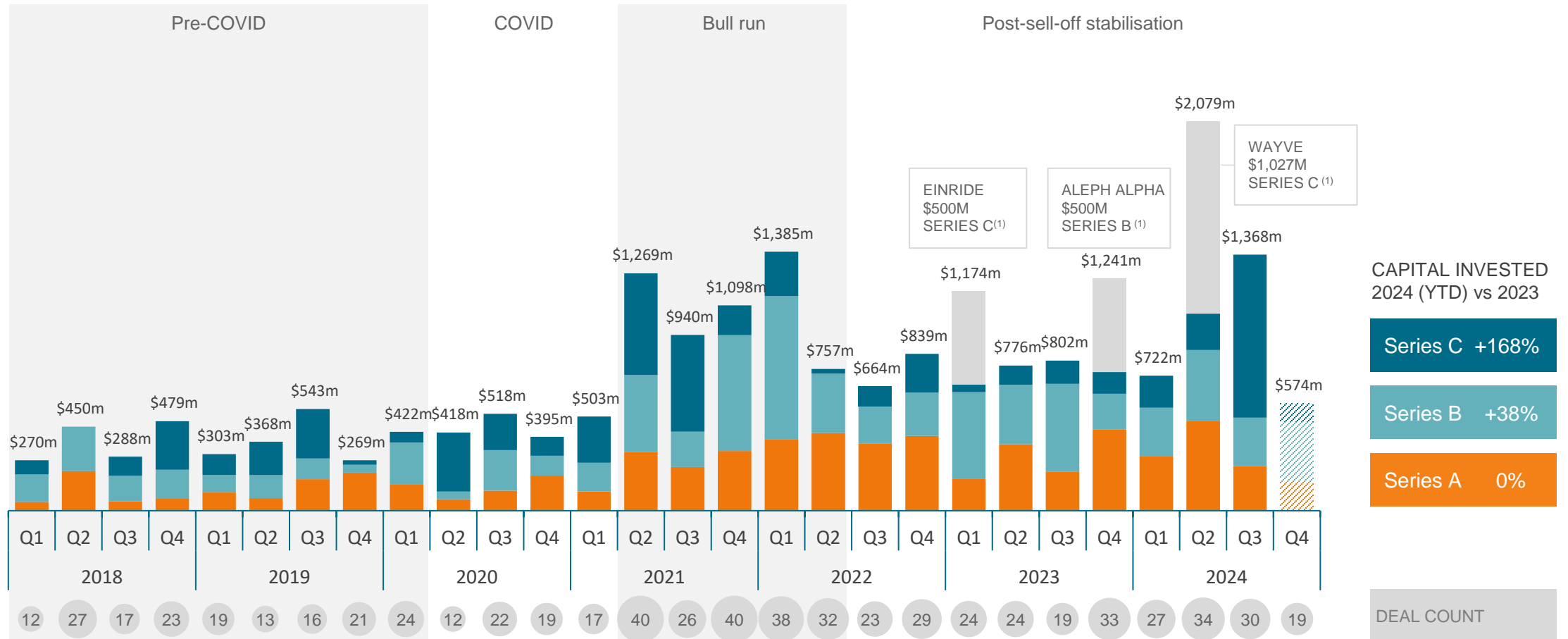
Financing deals in Europe have stabilised at c.\$1bn per quarter, marking a 2.5x increase from pre-Covid levels

TOTAL FINANCING AMOUNTS AND DEAL COUNT, 2018 – 2024 (YTD)



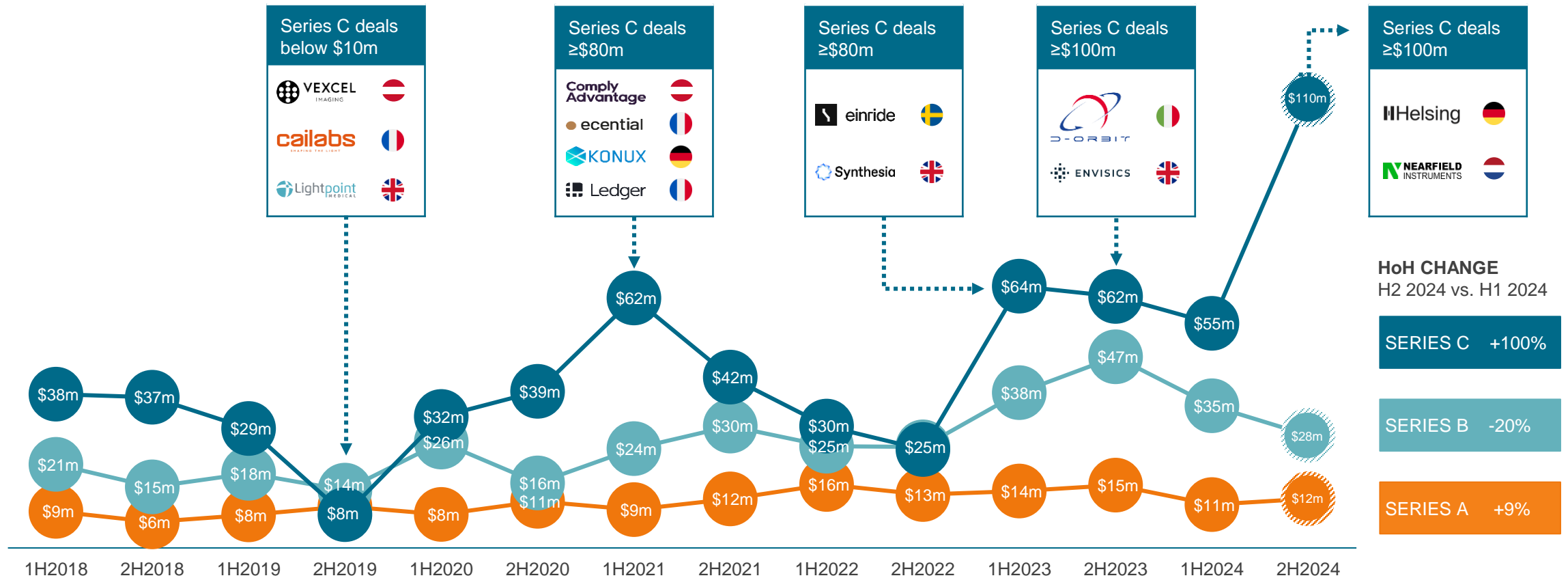
2024's deal value uptick is driven by a surge in Series C deals, primarily fueled by mid-market financing deals and Wayve's mega round

SERIES A, B & C TOTAL FINANCING AMOUNTS AND DEAL COUNT, 2018 – 2024 (YTD)



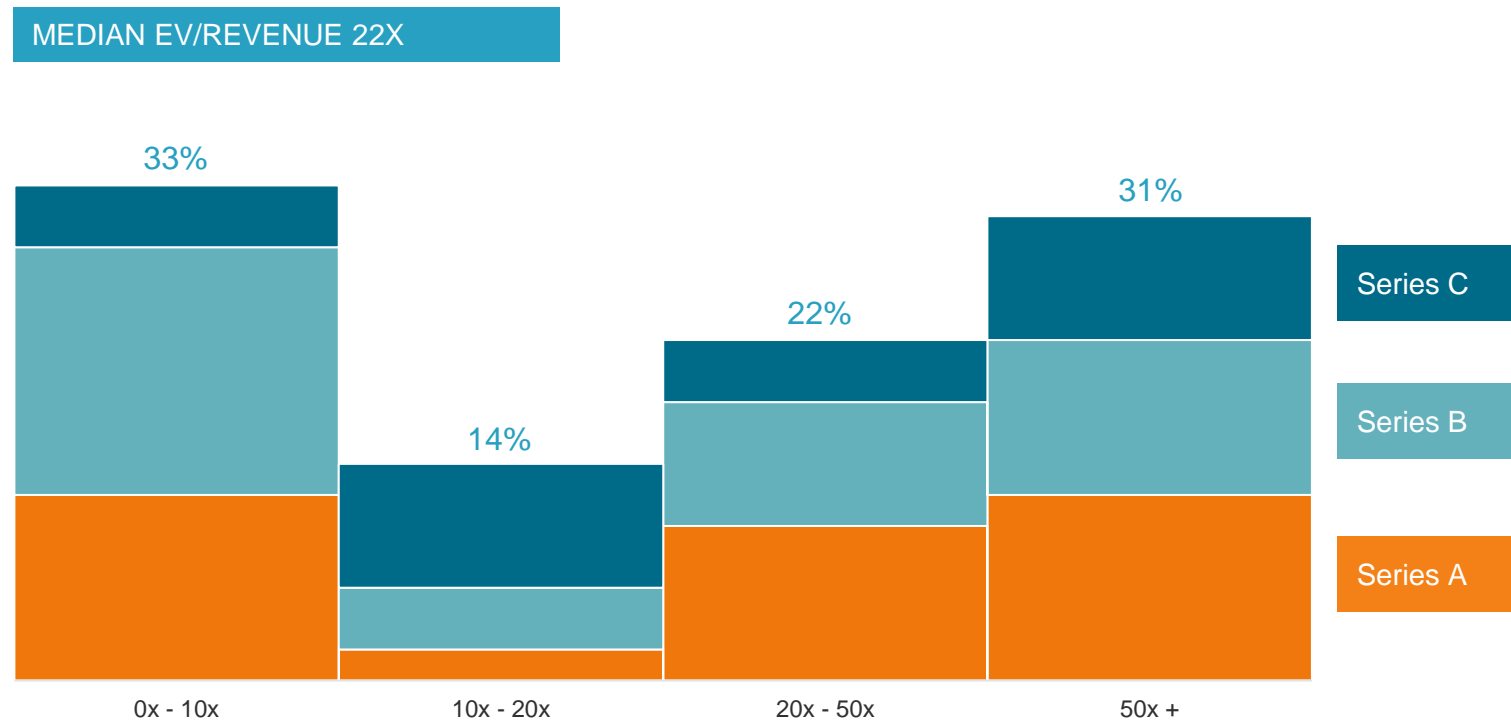
Investors are favouring Series C rounds over riskier early-stage Series A&B rounds, leading to increased capital allocation towards larger financing rounds

MEDIAN SIZE OF SERIES A, B & C ROUNDS (2018 – 2024, YTD)



Deeptech valuations are disconnected from EV/Revenue multiples, suggesting investors are not using financial profiles for valuations, unlike other sectors such as software

EV/REVENUE FREQUENCY CHART (DISCLOSED EV/REVENUE MULTIPLES FOR SERIES A, B & C ROUNDS, SINCE 2018)

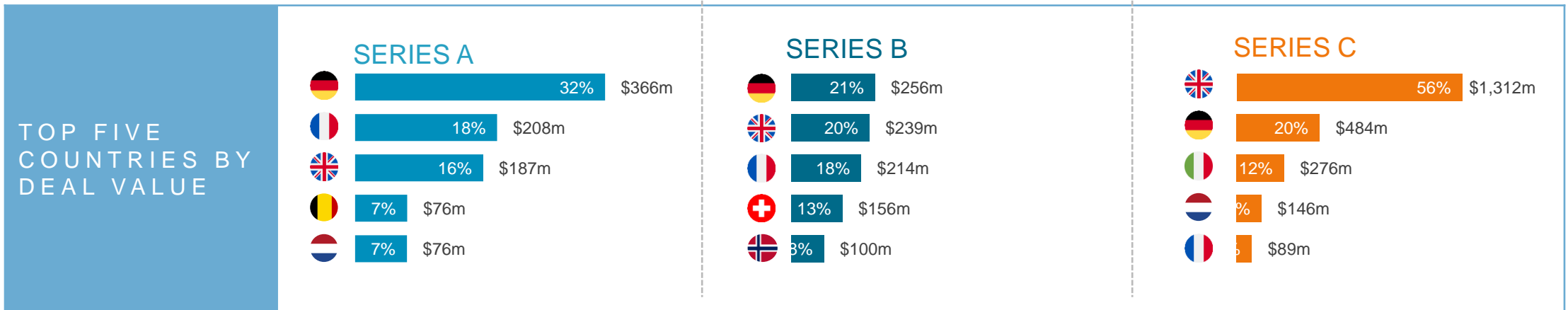
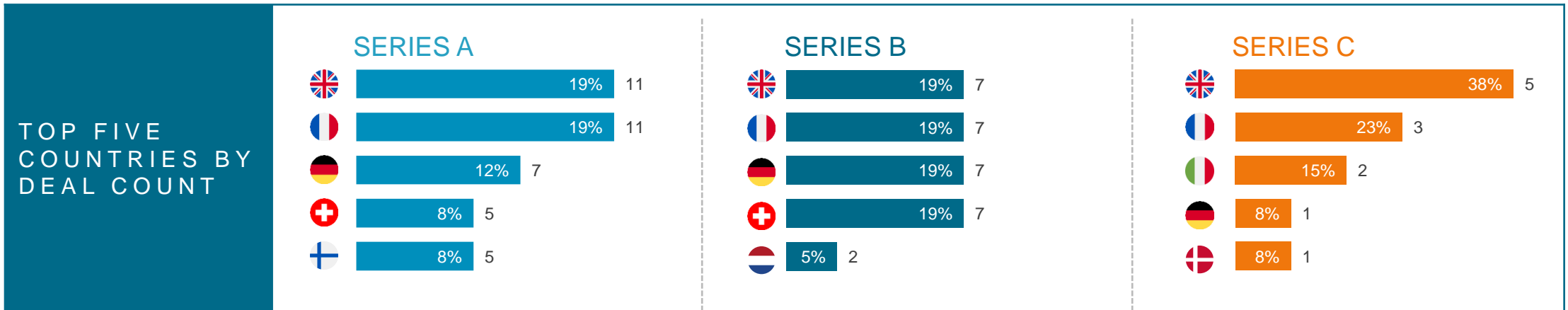


- Investment decisions are driven by end-market expectations and technology differentiation, rather than financial profile
- VCs invest with the expectation of either explosive growth or a highly strategic exit driven by value to the buyer

Note: bins vary in size

UK dominates Series C rounds both by value and deal count

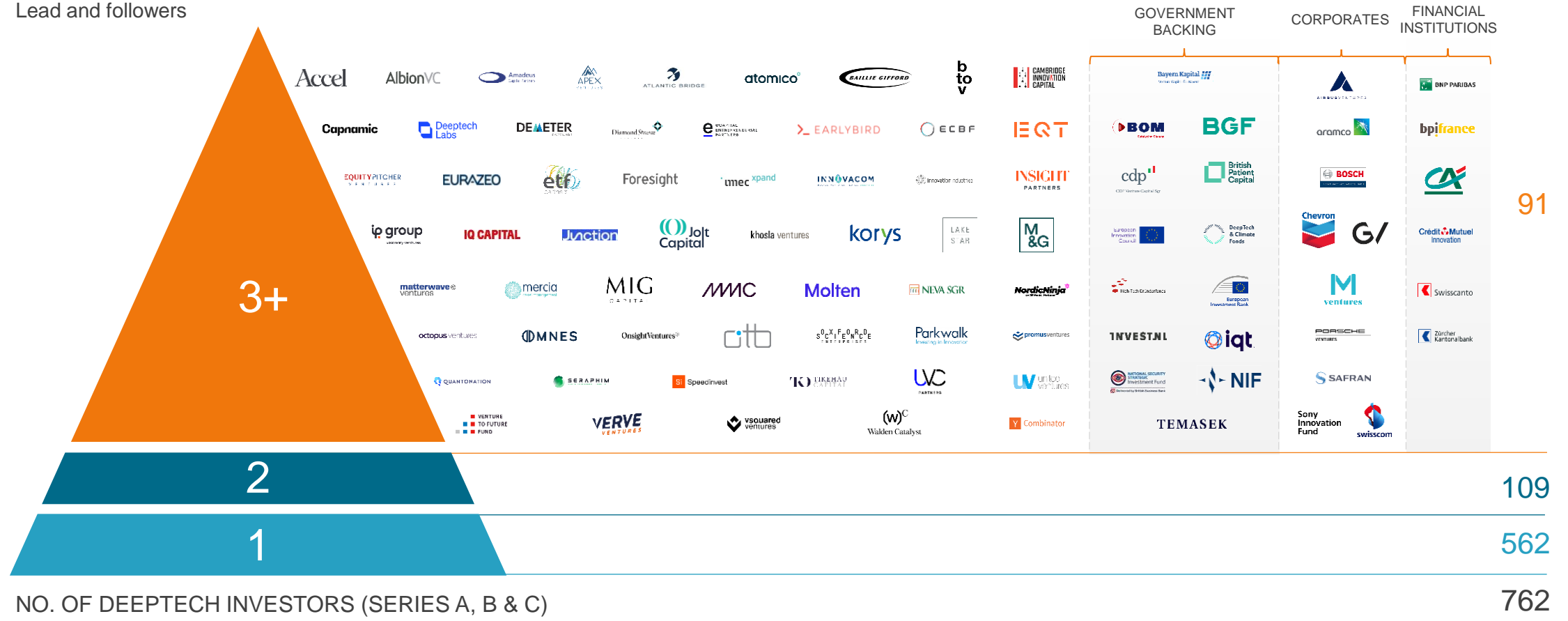
SERIES A, B & C DEAL COUNT AND VALUE BY COUNTRY, 2024 (YTD)



A prominent group of seasoned investors specialising in deeptech investments is emerging, with 91 investors participating in 3 or more rounds in the last two years







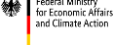












ROUND PARTICIPATION – 2023 - 2024 (YTD)



















Lead and followers



European deeptech financing highlights a diverse and growing investor appetite across difference sectors

SELECTED FUNDING ROUNDS IN UK & EUROPE, 2024 (YTD)

	DEAL SIZE	DATE	HQ	COMPANY	STAGE	SECTOR	SELECTED INVESTORS
SELECTED EUROPEAN ROUNDS	\$484m	Jul-24		 Helsing	Series C	Aerospace & Defence	 GENERAL CATALYST  GREENOAKS
	\$276m	Jun-24		 black semiconductor	Series A	Semiconductor	 Federal Ministry for Economic Affairs and Climate Action  PORSCHE VENTURES
	\$167m	Sep-24		 D-ORBIT	Series C	Aerospace & Defence	 Marubeni
	\$146m	Jul-24		 NEARFIELD INSTRUMENTS	Series C	Semiconductor	 TEMASEK  (W) ^C Walden Catalyst
	\$70m	Sep-24		 MarvelFusion	Series B	Fusion	 b2venture  HV CAPITAL

	DEAL SIZE	DATE	HQ	COMPANY	STAGE	SECTOR	SELECTED INVESTORS
SELECTED UK ROUNDS	\$1.0bn	May-24		 WAYVE	Series C	Autonomous Driving (Software)	 Microsoft  NVIDIA  SoftBank Group
	\$111m	Apr-24		 Skyports INFRASTRUCTURE	Series C	Aerospace & Defence	 ACS
	\$80m	Oct-24		 DEXORY	Series B	Robotics	 DTCP
	\$75m	Aug-24		 river lane	Series C	Quantum	 edbi  PlanetFirst PARTNERS
	\$44m	Oct-24		 ALL SPACE	Series C	Satellite Communications	 BOKA GROUP

Europe is home to a deep pool of growth-stage startups with near-term unicorn potential

EUROPEAN DEEPTECH UNICORNS WITNESSED SINCE 2018



RISING STARS



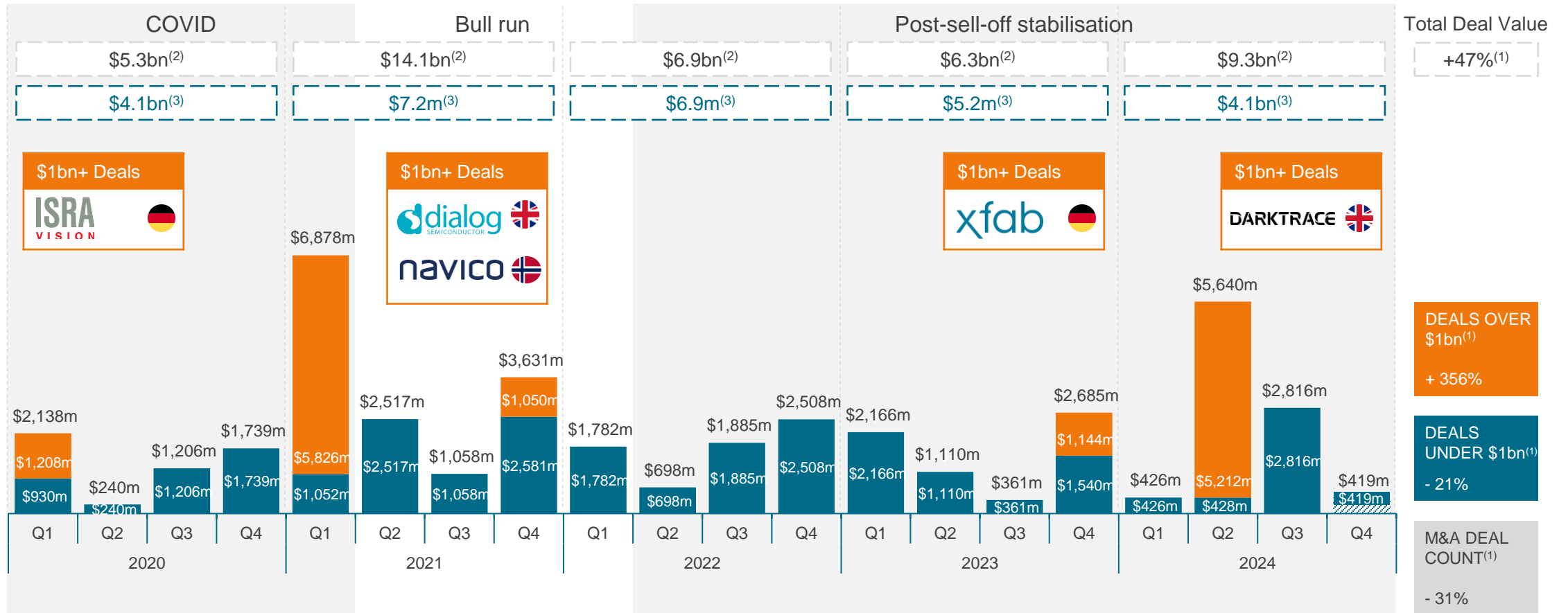
SECTION 2

M&A environment



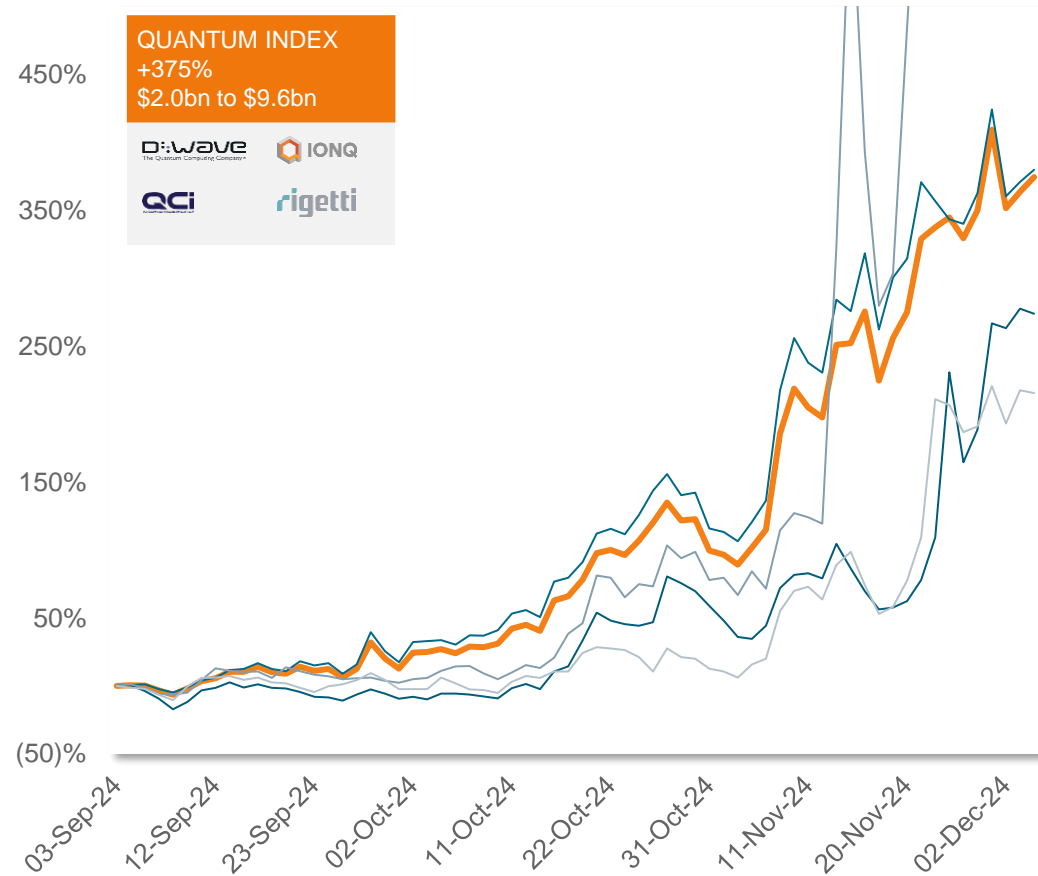
M&A deal value in 2024, led by Darktrace's \$5.2bn take-private, is the highest since 2021 but deals under \$1bn have seen their weakest year since Covid

EUROPEAN DEEPTECH TOTAL M&A DEAL VALUE AND COUNT 2018 – 2024 (YTD)

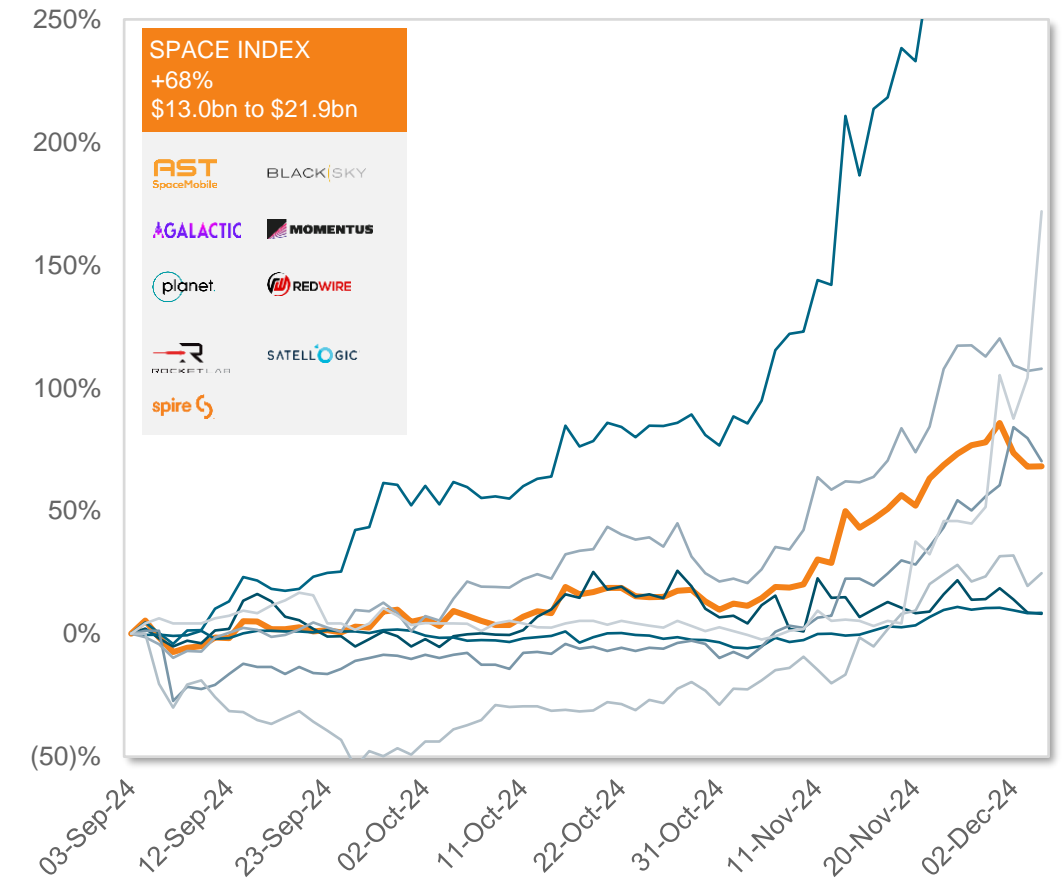


Public companies in key deeptech domains have seen a valuation surge over the last three months, with rising share prices signalling strategic M&A opportunities in high-value markets

QUANTUM INDEX SHARE PRICE PERFORMANCE

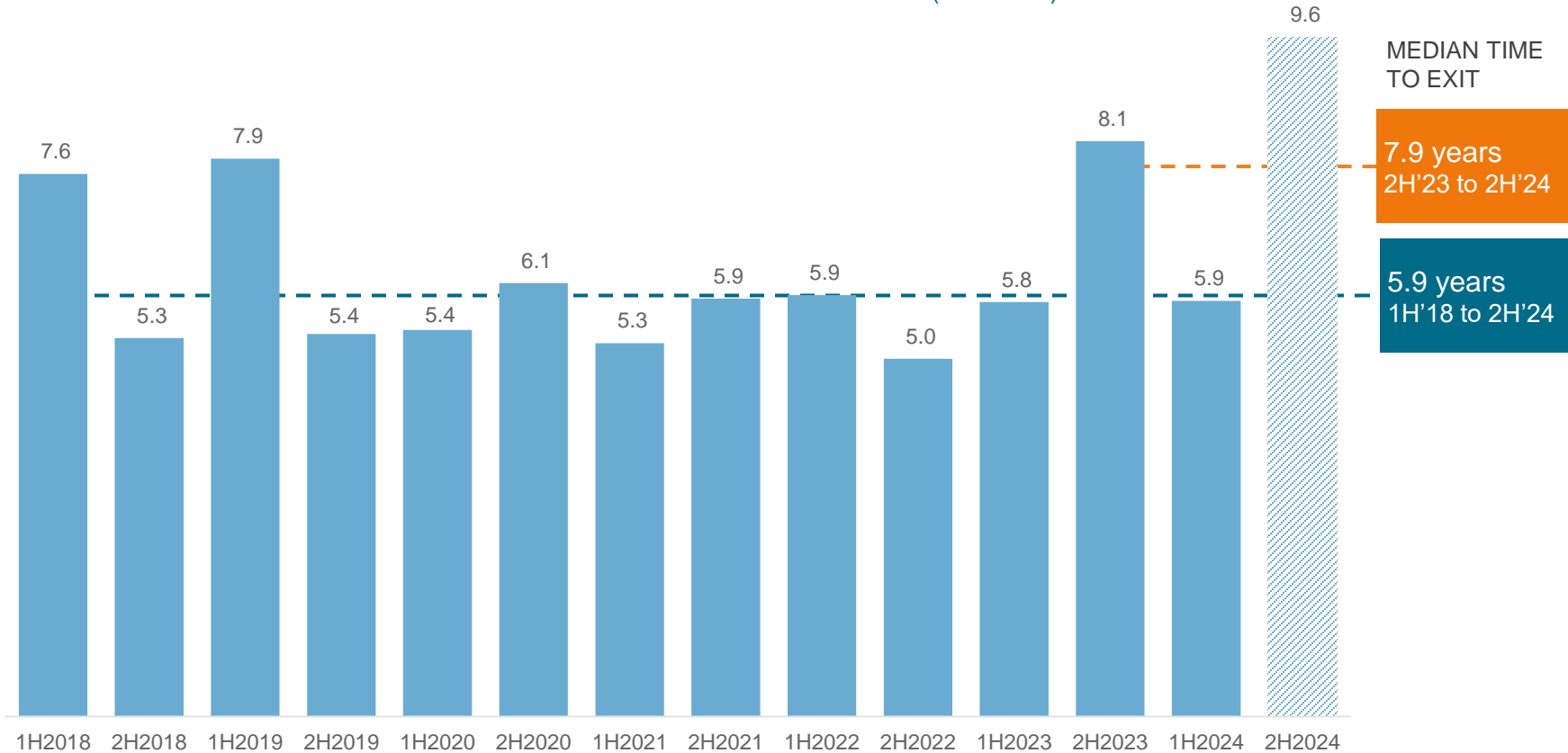


SPACE INDEX SHARE PRICE PERFORMANCE



Deeptech exits align with typical fund timelines, though signs suggest a growing trend for staying private longer

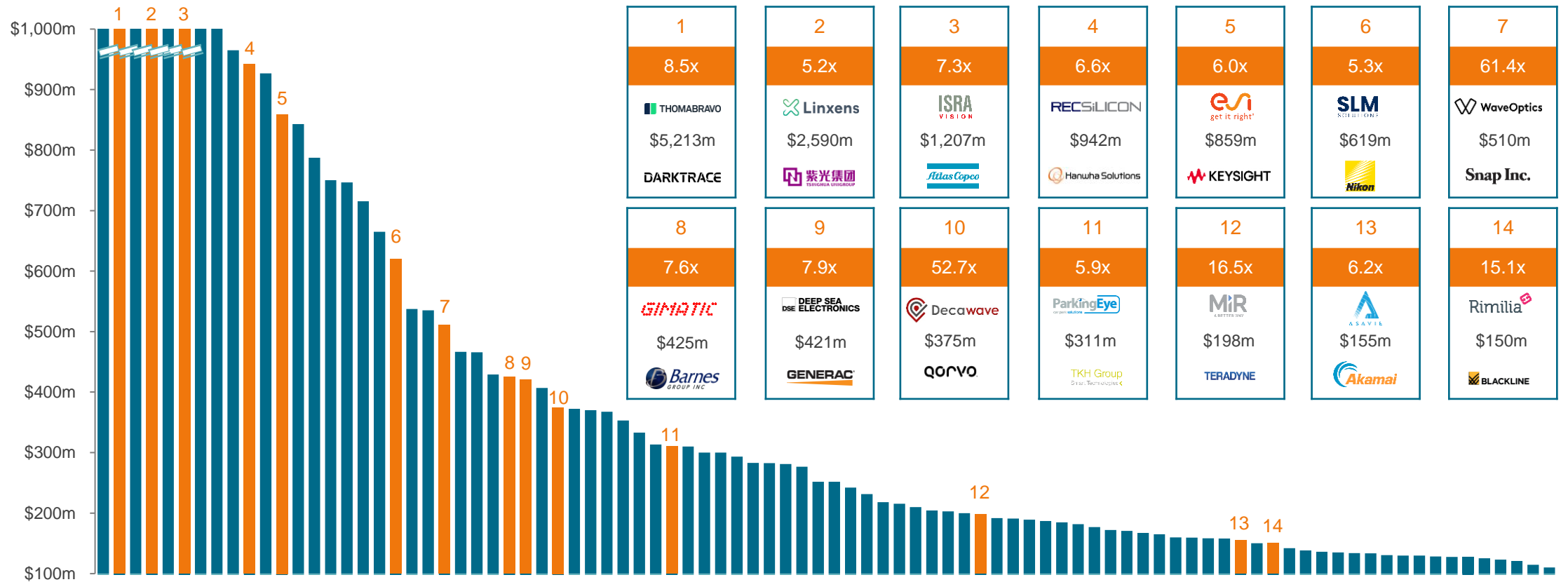
MEDIAN TIME BETWEEN FIRST INSTITUTIONAL INVESTMENT AND EXIT (# YEARS)



- Despite investor perception that deeptech investments will require a relatively long hold period, our analysis shows hold periods to be at the lower end of what is typical for VCs
- Deeptech investments are often funding significant upfront capex before commercialisation and come with more technology risk than, for example, software companies
- Although investors tend to invest at an earlier stage, deeptech companies can exit early at strategic valuations once product-market-fit is proven

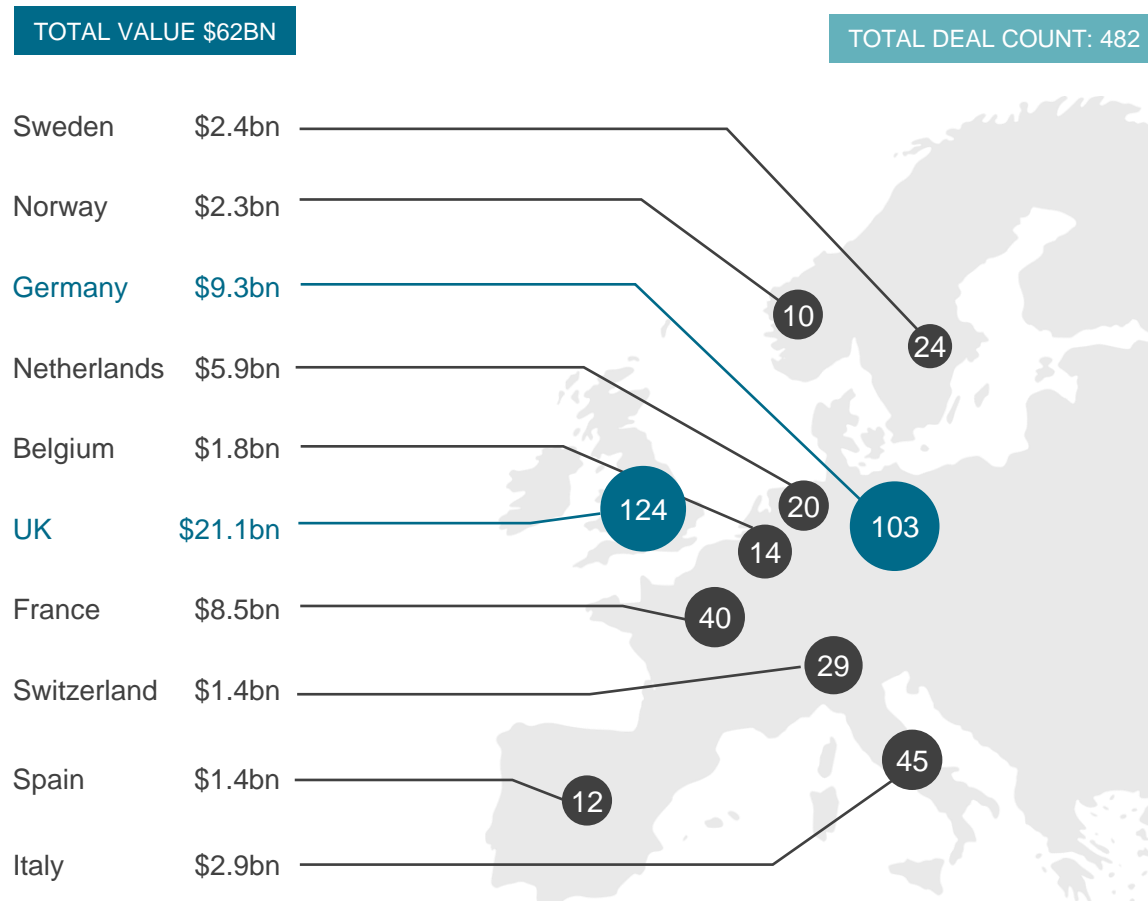
Strategic multiples are often paid for deeptech companies upon exit, reflecting their unique value to buyers

M&A ENTERPRISE VALUE >\$100M AND SELECTED EV/REVENUE MULTIPLES > 5X 2018 – 2024 (YTD)

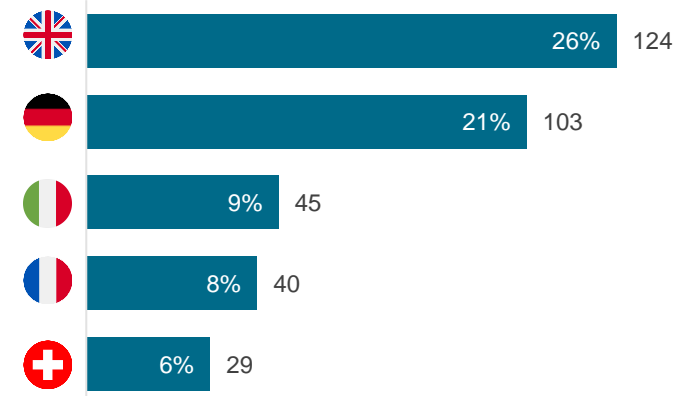


UK is most active for deeptech M&A activity, followed by Germany

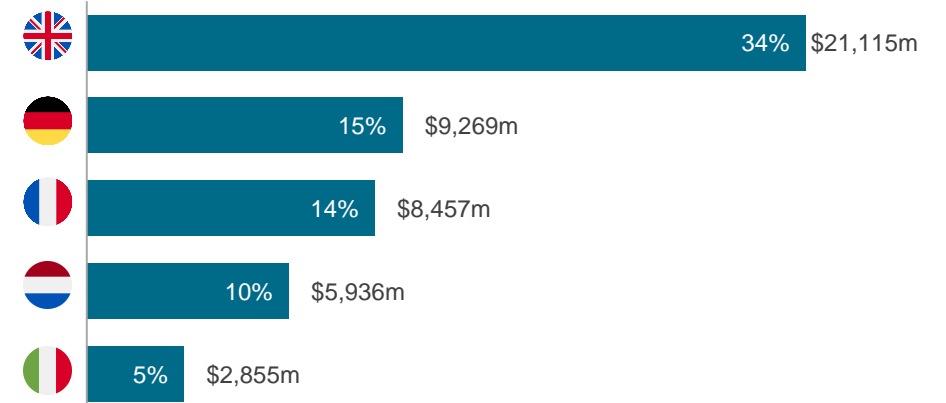
TOP 10 COUNTRIES BY M&A DEAL VALUE IN EUROPE, 2018 - 2024 (YTD)



DEAL COUNT





















ENTERPRISE VALUE



2024 saw a variety of sectors covered in deeptech European M&A

SELECTED M&A IN UK & EUROPE, 2024 (YTD)

	EV	DATE	HQ	COMPANY	SECTOR	SELECTED INVESTORS
SELECTED EUROPEAN M&A DEALS	\$665m	Aug-24		SILO _{AI}	Artificial Intelligence	AMD 
	\$333m	Sep-24		 NIL TECHNOLOGY	Semiconductors	
	\$313m	Nov-24		 STEMMER IMAGING	Machine Vision	
	\$282m	Nov-24		corob	Advanced Manufacturing	
	\$168m	Jul-24		 Unity ^{SC}	Semiconductors	MERCK
SELECTED UK M&A DEALS	\$5.2bn	Oct-24		DARKTRACE	Cyber Security	
	£310m	Jul-24		endomag 	Medical Equipment	HOLOGIC
	\$67m	May-24		 Rolls-Royce (Off-Highway Engines Business)	Aerospace & Defence	
	\$45m	Oct-24		 zappar	AR / VR (Software)	
	\$20n	Jul-24		 AIR CONTROL ENTECH	Robotics	

SECTION 3

About Silverpeak

25+

team concentrated
in a single office

400+

completed deal
experience

60%+

transactions with North
American counterparties
in the last 3 years

We are mid-market
technology specialists
representing European
growth businesses in M&A
and financing transactions
involving the most relevant
investors and acquirers,
wherever they are

Sector coverage

Software

- Application software
- Applied AI
- Data analytics
- Infrastructure software
- RPA /LowCode
- Vertical software
 - › Construction
 - › Edtech
 - › Fintech
 - › Healthcare
 - › Maritime
 - › Martech
 - › Mobility
 - › Sustainability
 - › Travel

Deeptech

- Advanced manufacturing
- Algorithms/AI & ML
- AR/VR
- High performance computing
- Medical devices
- Networking and IoT
- NewSpace
- Photonics
- Quantum computing
- Robotics & computer vision
- Security software
- Semiconductors

Digital services

- Data services
- IT consulting
- Managed services
- Marketplaces
- Telecom services
- Cloud Services

Strong track record in later stage deeptech transactions

<p>AUT AUT Oct 2024</p>  <p>Quartz, silicon, and ceramic for semiconductors</p> <p>Majority sale to</p> 	<p>UK NO Sep 2024</p>  <p>Maritime cybersecurity software company</p> <p>Sale to</p> 	<p>UK Mar 2024</p>  <p>Quantum networking</p> <p>Board advisory</p> <p>Undisclosed investors</p>	<p>CA US UK ROW Aug 2023</p>  <p>Photonically networked silicon spin quantum computers</p> <p>\$105m financing</p>  <p>INOVIA</p>	<p>UK JP WW Apr 2023</p>  <p>Institutional digital asset infrastructure provider</p> <p>\$36m Series A financing</p>  <p>AND UNDISCLOSED INVESTORS</p>	<p>EU UK FR Mar 2023</p>  <p>High-end CPU for HPC and data centres</p> <p>€115m Series A financing</p>  <p>arm</p>	<p>CH PL LU US Dec 2022</p>  <p>In-orbit servicing and space debris removal</p> <p>\$29m Series A investment by</p> 
<p>UK NO US AE Oct 2022</p>  <p>Autonomous subsea robotics technology</p> <p>\$26m+ Series B</p> 	<p>IT US May 2022</p>  <p>Additive manufacturing services and proprietary composite materials</p> <p>Investment by</p> 	<p>IT WW Jan 2022</p>  <p>In-space services and satellite transport</p> <p>€51.5m pre-SPAC convertible bond by</p> 	<p>UK LU, US Feb 2021</p>  <p>Satellite antenna technology</p> <p>\$40m investment by</p> 	<p>UK EU Oct 2020</p>  <p>AI video automation IP and algorithms</p> <p>\$33m investment by</p> <p>INVESTMENT FIRMS & TECH ENTREPRENEURS</p>	<p>FR US Aug 2019</p>  <p>IIoT M2M cybersecurity</p> <p>Sale to</p> 	<p>NL NL Nov 2018</p>  <p>Integrated optoelectronic communication devices & modules</p> <p>Investment led by</p> 



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