Réseau capital

Deciphering the initial VC fundraising rounds and seed rounds in Québec*

*Involving the participation of at least one venture capital fund

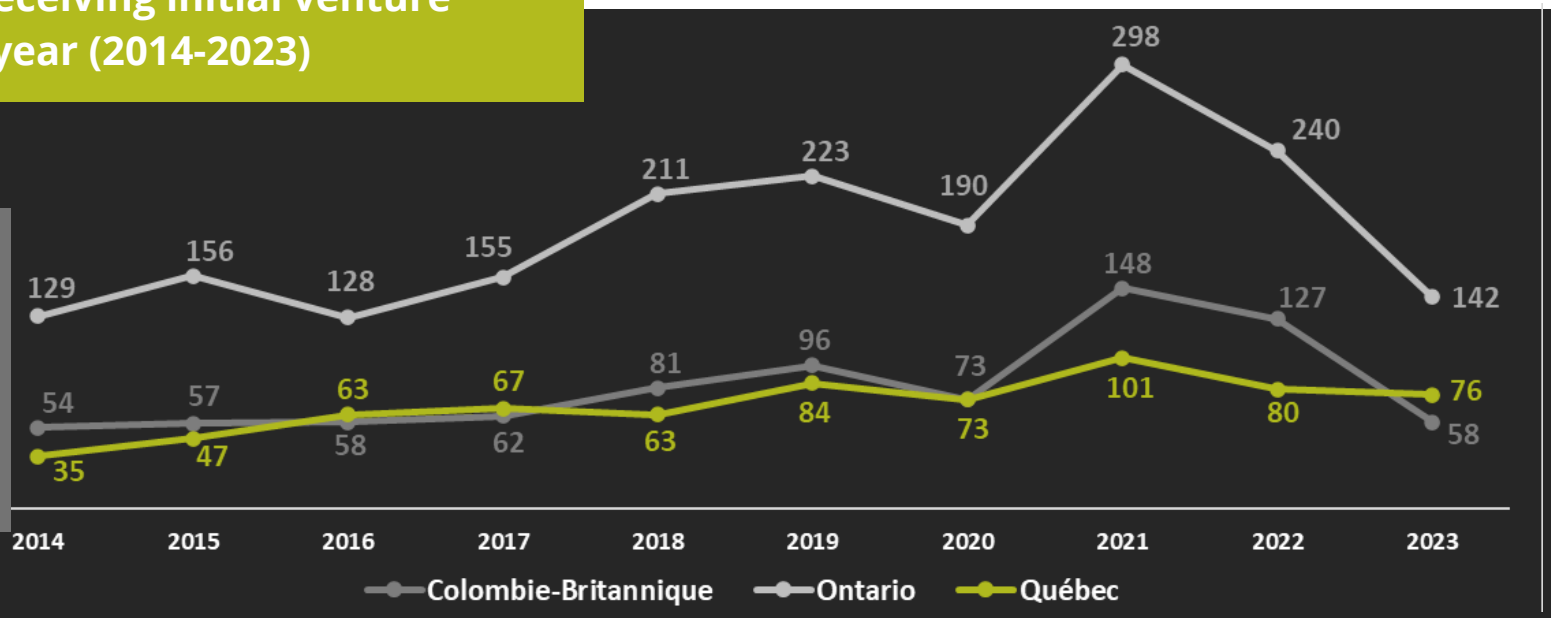


In relative terms, the number of raised first rounds is lower in Québec than in Ontario and British Columbia. However, in 2023, Quebec catches up with both provinces.

Number of startups receiving initial venture capital funding | Per year (2014-2023)

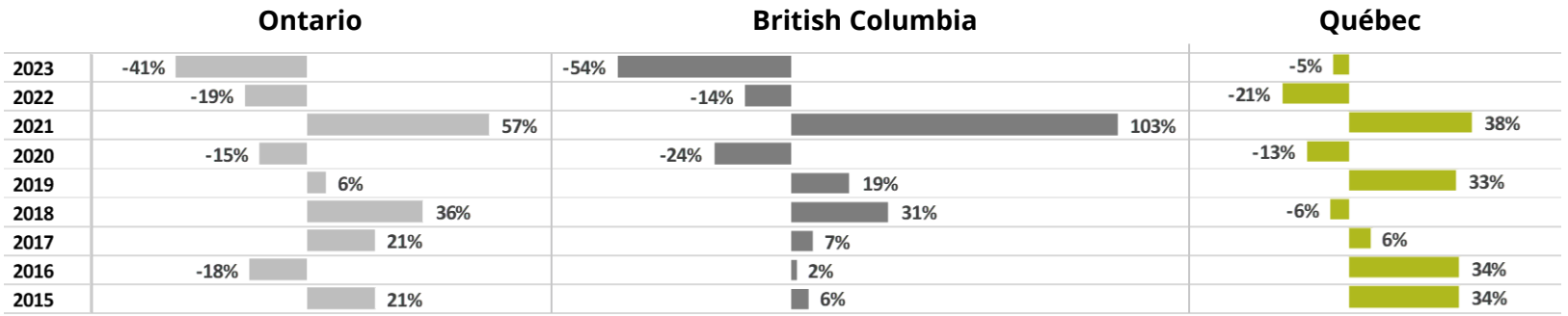
Relative GDP shares of Québec:
- Ontario = 51%
- British Columbia = 144%

Deal count in 2023:
- QC/ON = 53%
- QC/BC = 131%



Sources : PitchBook, CVCA, Crunchbase, Réseau Capital

Percent change in startups receiving initial venture capital funding | Per year (2014-2023) on an annual basis

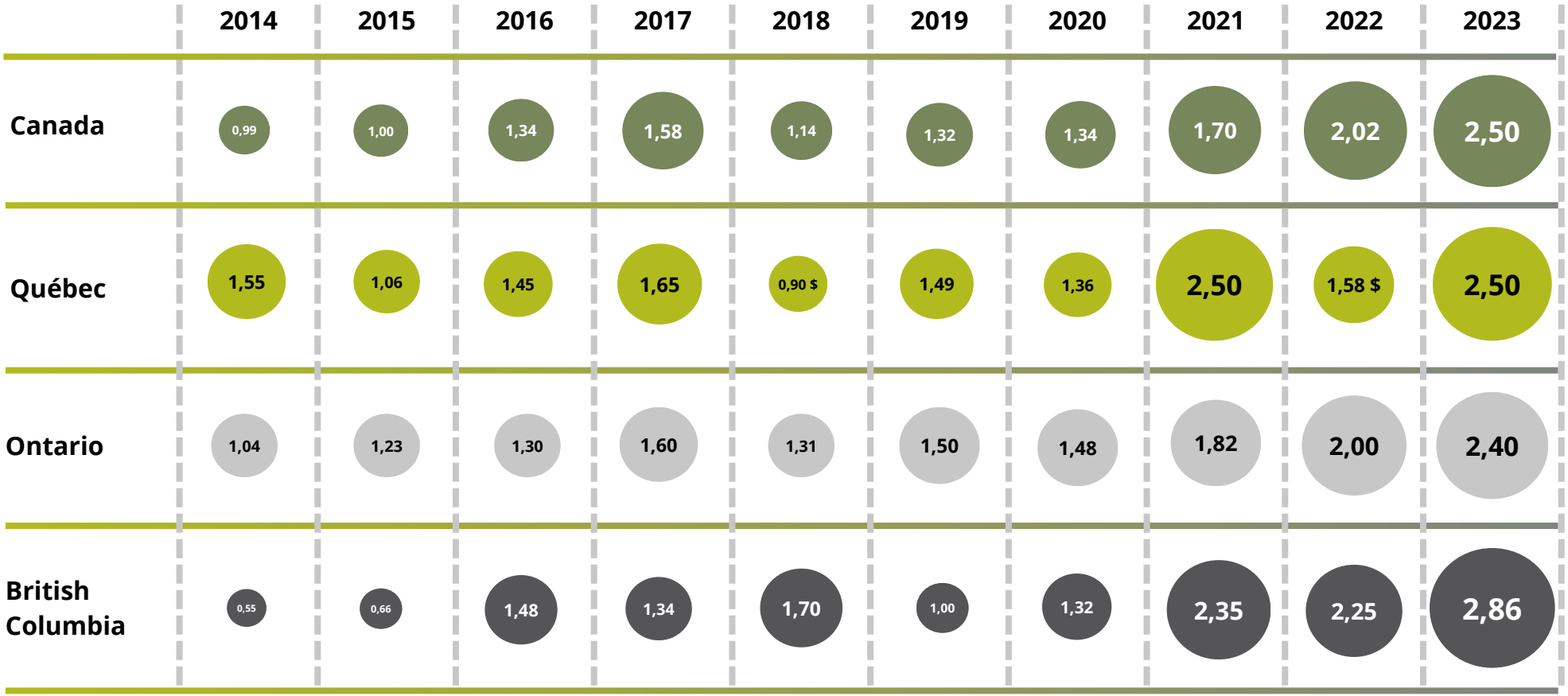


Sources : PitchBook, CVCA, Crunchbase, Réseau Capital

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Despite the economic cycle reversal, the median sizes of the first rounds continue to increase.

Median size of initial financing rounds involving a venture capital fund (in M$ CAD)

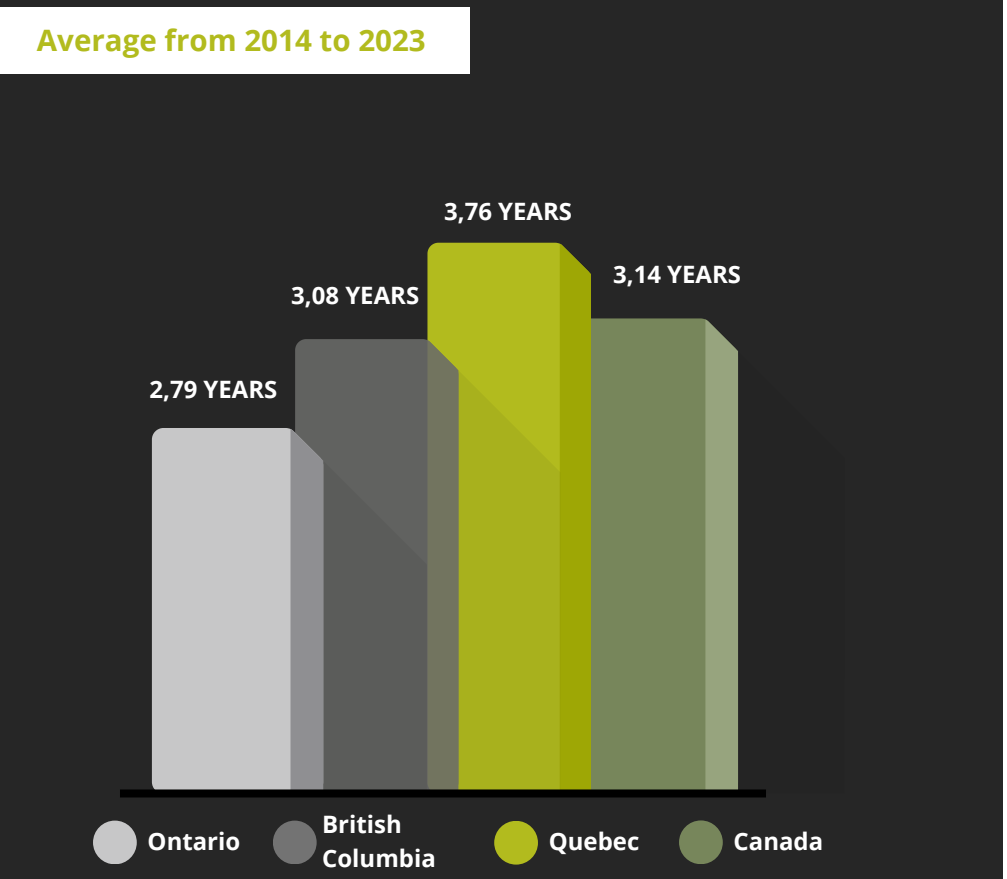


Sources : PitchBook, CVCA, Crunchbase, Réseau Capital

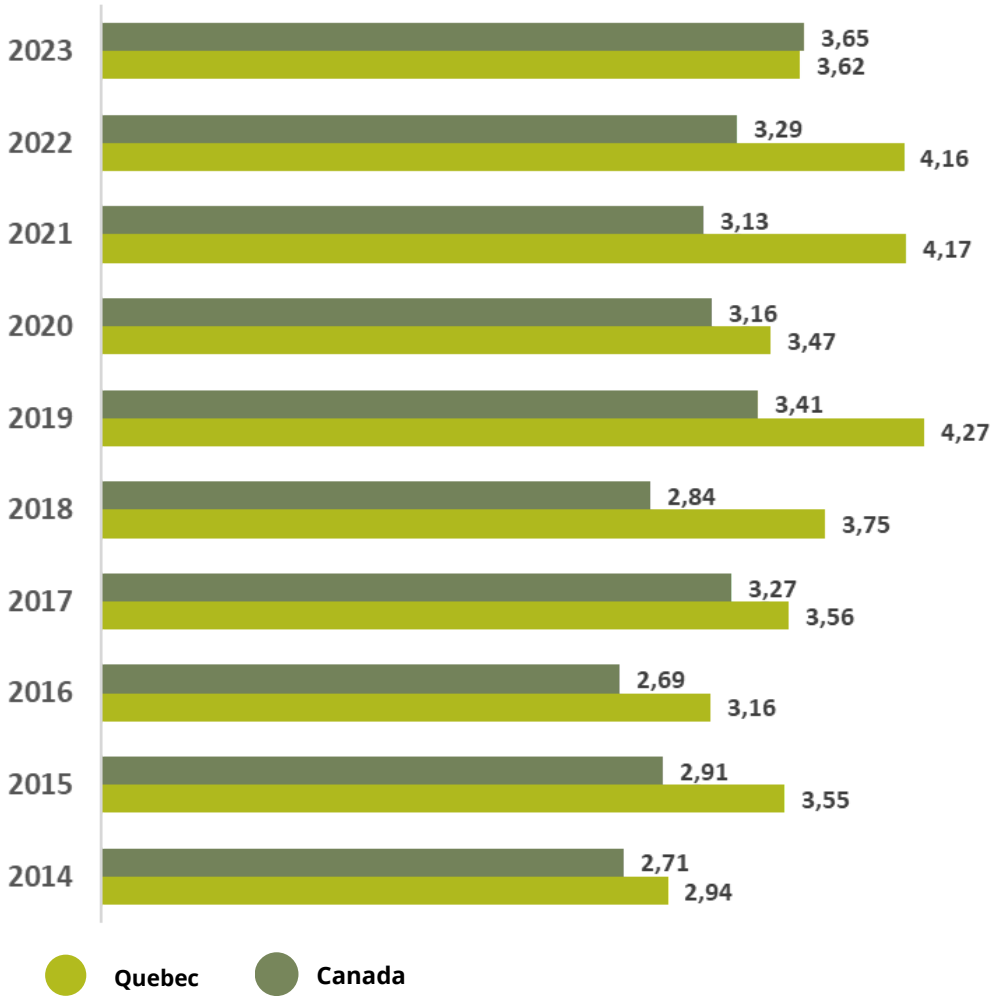
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Quebec startups take longer than those in other provinces to complete their first fundraising round.

Average age of companies receiving initial venture capital funding



Sources : PitchBook, CVCA, Crunchbase, CB Insight, Réseau Capital, Registraire des entreprises du Québec

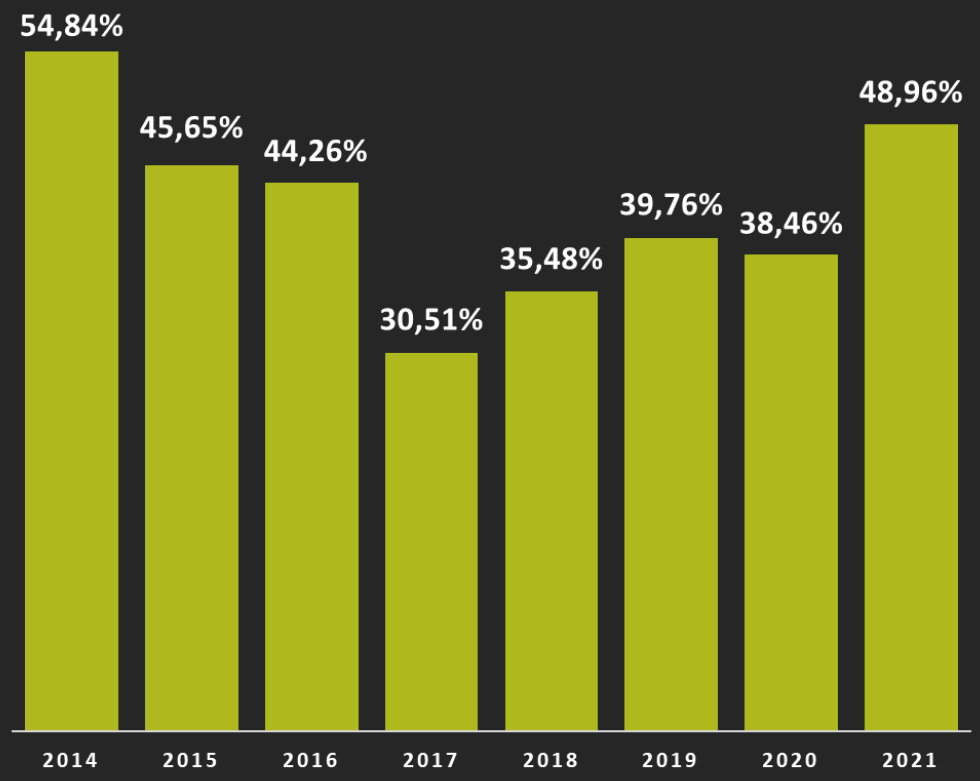


Sources : PitchBook, CVCA, Crunchbase, CB Insight, Réseau Capital, Registraire des entreprises du Québec

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Among Quebec startups that completed a round between 2014 and 2021, 42% did not raise any rounds afterword.

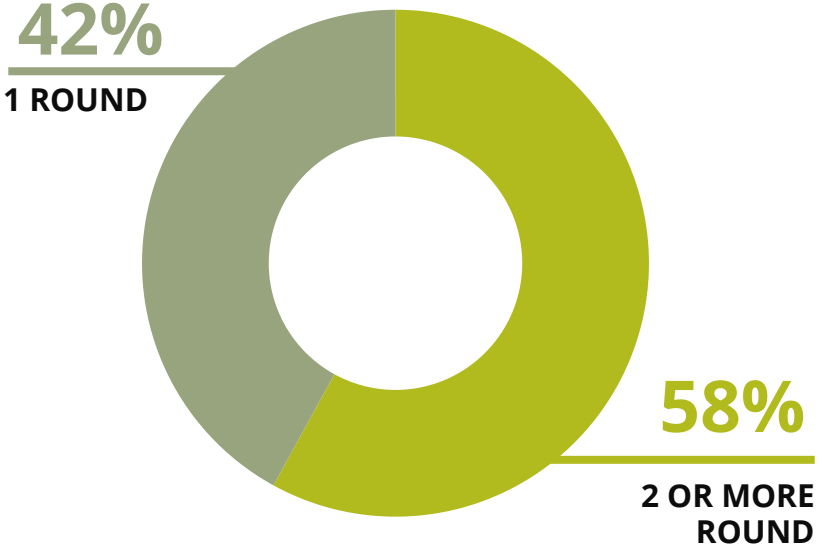
Percentage of startups that have only raised one round until Q1-2024 | By year of 1st round



Source : PitchBook, CVCA, Réseau Capital

Percentage of startups having completed two or more rounds after after raising a first round

Between 2014 and 2021

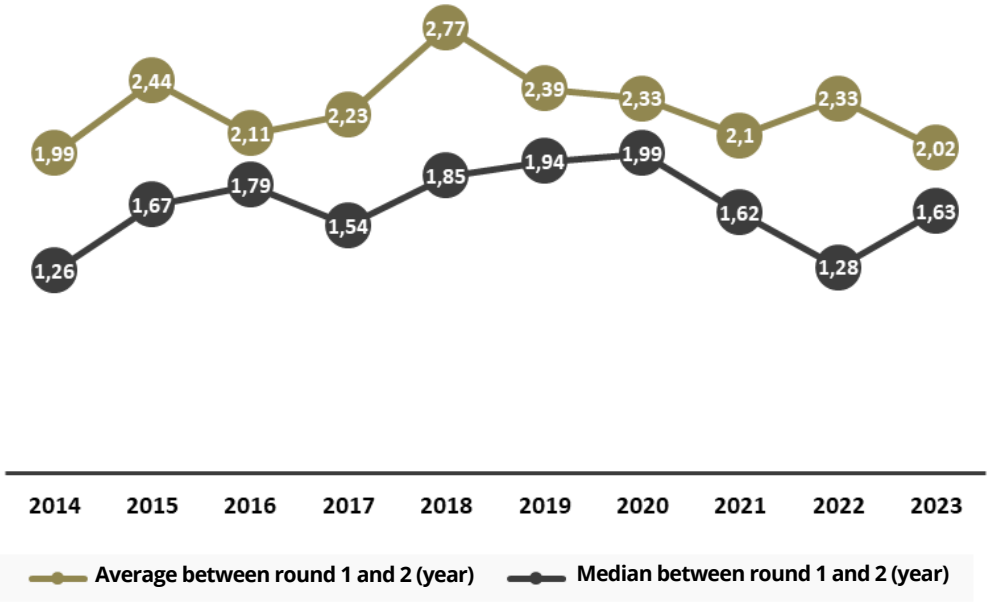


Source : PitchBook, CVCA, Réseau Capital

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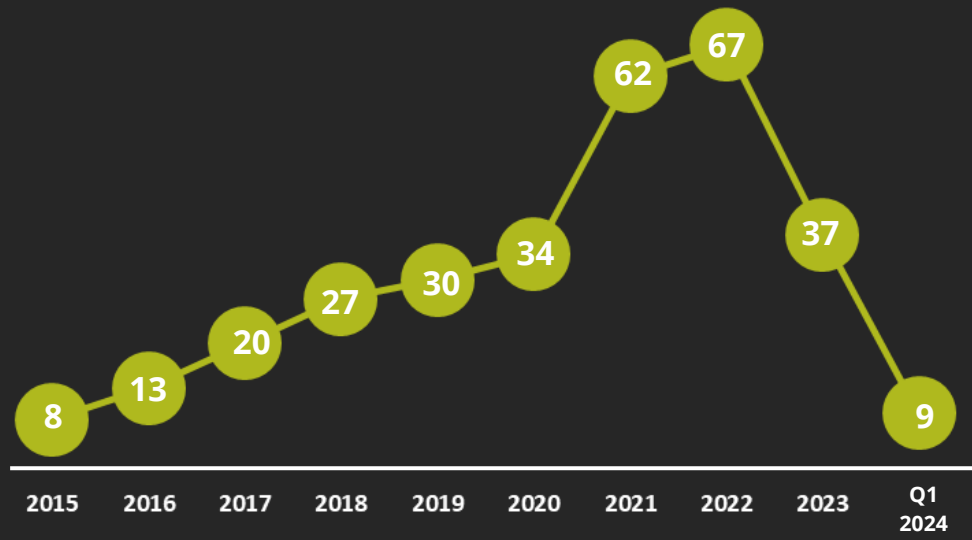
Throughout 2021 and 2022, numerous startups capitalized on the chance to close a second fundraising round.

Average and median time between 1st and 2nd round in Canada | Based on 2nd round year



Source : PitchBook

Number of 2nd rounds in Quebec |Depending on the year in which the 2nd round is raised



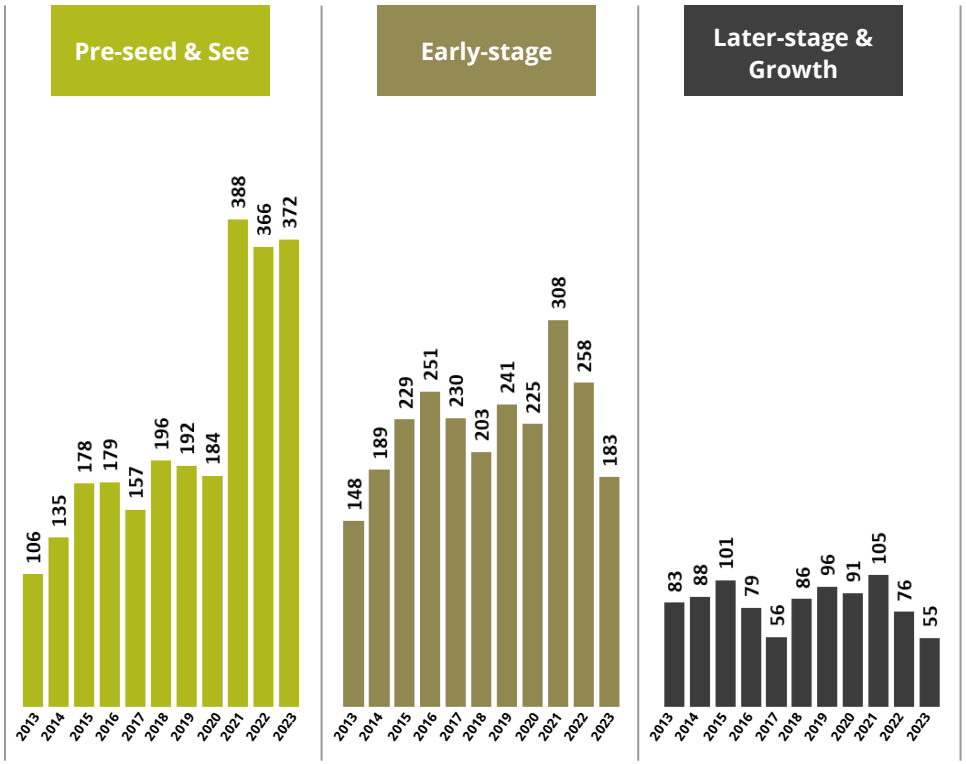
Source : PitchBook, CVCA, Réseau Capital

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The economic cycle reversal has affected the number of rounds in the Early-stage and Later-stage. For now, seed funding seems spared.

Annual number of venture capital transactions | By stage

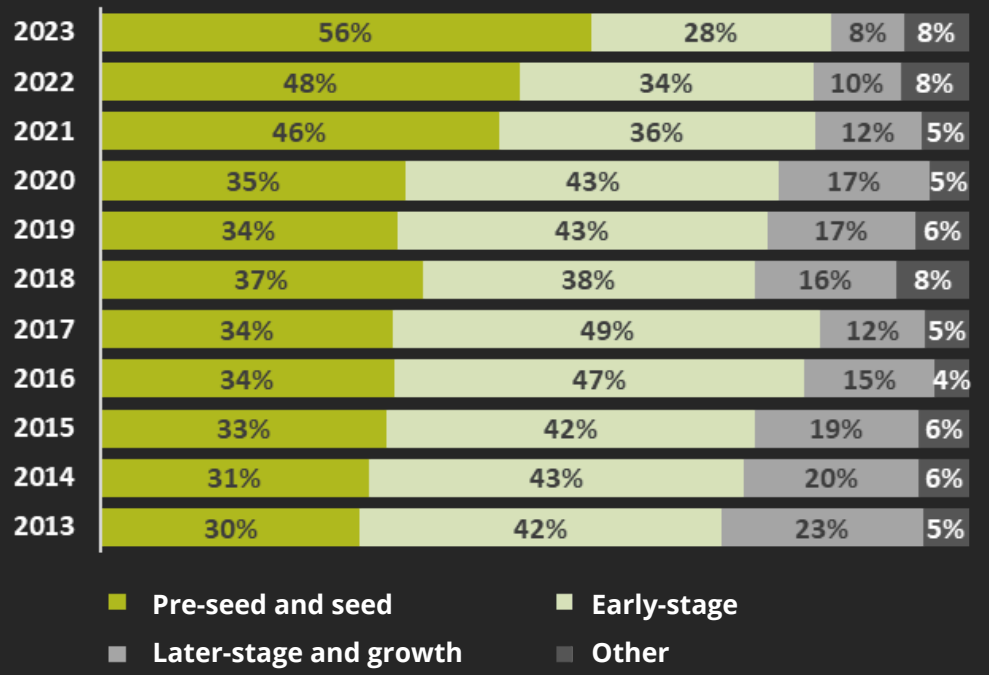
Canada



Source : CVCA

Proportion of transactions throughout the year | By stage

Canada



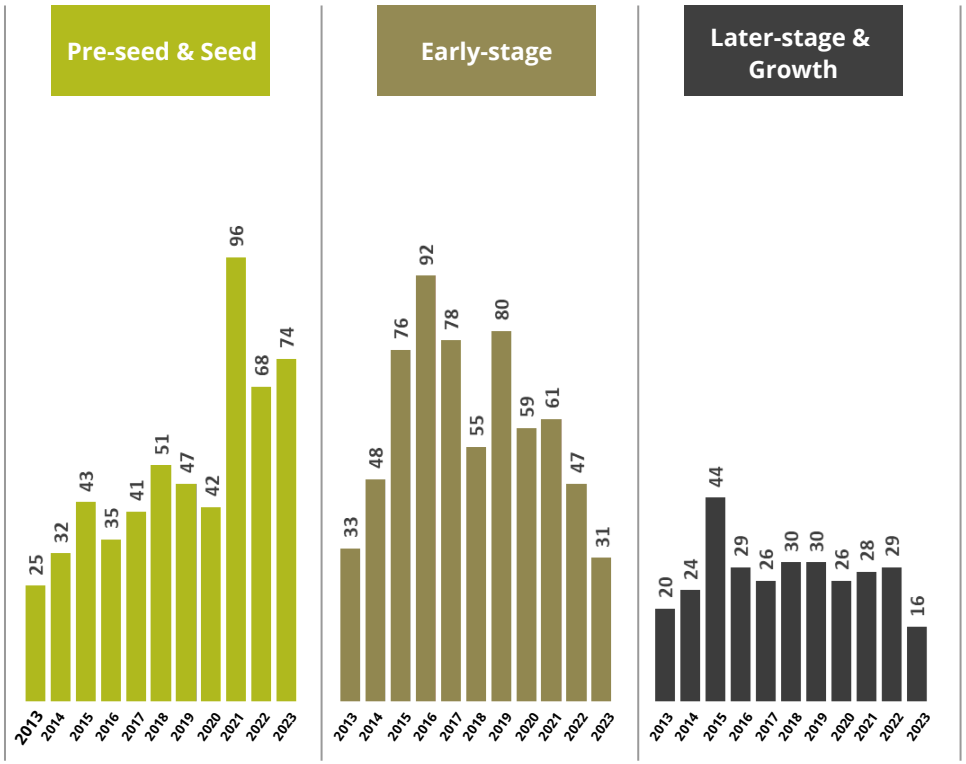
Source : CVCA

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The economic cycle reversal has affected the number of rounds in the Early-stage and Later-stage. Seed funding in Quebec remains at a high level.

Annual number of venture capital transactions | By stage

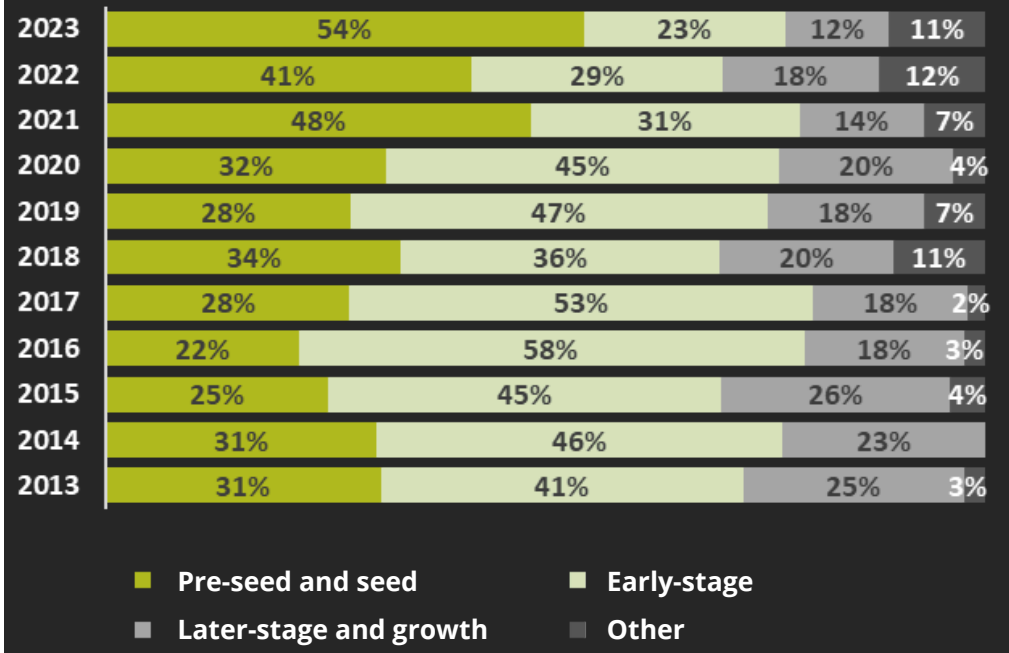
Quebec



Source : CVCA

Proportion of transactions throughout the year | By stage

Quebec



Source : CVCA

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METHODOLOGY

Deciphering the initial VC fundraising rounds and seed rounds in Quebec

SCOPE

The deals listed represent the first transaction of a company involving at least one venture capital fund manager.

EXCLUSIONS

The following deals were excluded from the analysis:

- Transactions involving companies founded before the year 2000;
- Transactions involving a mining and oil company;
- Transactions identified as development capital transactions in any of the consulted databases;
- Non-dilutive transactions and those from the secondary market;
- Transactions not involving any venture capital management firms;
- Transactions without a recorded date.

DATABASES CONSULTED

The following databases were used for this analysis:

- PitchBook;
- CVCA Intelligence;
- Crunchbase;
- CB Insights;
- Données propriétaires de Réseau Capital;
- Registraire des entreprises du Québec.

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ABOUT

OUR ASSOCIATION

Réseau Capital is the private equity association that brings together all stakeholders involved in the Quebec investment chain. Founded in 1989, Réseau Capital has over 100 corporate members representing private equity, tax-advantaged and public investment companies as well as banks, accounting and law firms, along with many professionals working in the field.

OUR MISSION

The mission of Réseau Capital is to contribute to the development and efficient operation of the private equity industry, which plays a major role in the development and financing of businesses in Québec.

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