



GTA Tech Report

Q3 2020

In-depth coverage of the Greater Toronto Area tech ecosystem.

\$461.8M

Total Funding Raised in Q3

① 100M debt deal to Properly is included in this count

↑ Up 120%

55

Funding Rounds

↑ Up 17%

96

Investors

↑ Up 18%

Q3 GTA funding surges to highest level since Q4 2019

In Q3, the Greater Toronto Area (GTA) region surged after a lacklustre Q2. Deal counts are up from 47 to 55 (a 17% increase) and funding amounts soared from \$213M to \$468M (an increase of 120%).

Q3 funding was led by Properly's raise of \$100 million CAD in venture debt financing, followed by Maple's raise of \$75 million CAD from Shoppers Drug Mart, and Nest Wealth's raise of \$50 million CAD. In total, the GTA saw 5 deals close at amounts larger than \$30M - the largest deal size from Q2.

Seed and pre-seed funding accounted for over half of the total funding rounds in Q3 with 29 deals closing to companies at this stage. This is not too surprising considering the strong early stage support system in the Toronto area. There is a strong network of angel investors as well as some of Canada's top accelerator and incubator programs local to the region including Techstars and 500 startups.

Overall, Q3 should be viewed as very strong for the GTA. Funding amounts returned to \$450M+ due to a surge in funding to a few of the region's fastest growing companies and early stages also remained active.

GTA Q3 Closer Look

This quarter the region saw its highest levels of funding amount and deal count so far in 2020. Since Q1 2020, deal volume has consistently increased and is getting closer to 2019 values. Total funding was down in previous quarters; however, due to an increase in later stage funding Q3 funding has once again surged past \$450 million. For a region that is used to being front and center of the Canadian tech ecosystem the rise in funding is a return to the norm.



The increase in funding was led by two unconventional deals to established companies. Properly led the way with a \$100M CAD debt financing round. The funding came from Silicon Valley Bank and i80 group and will be used to finance their expenses in buying homes, a necessary step to enable their platform. Although this deal is not typical venture funding, Hockeystick has decided to include it in this analysis as it was a very significant funding event to an active, VC-backed GTA startup.

Toronto-based telehealth provider, Maple, raised the second biggest deal of Q3 with \$75 million in Series B funding from Loblaw's wholly owned subsidiary Shoppers Drug Mart. The funding followed a \$14.5M Series A round in 2019 and highlights the increase in valuation of Telehealth companies due to the COVID-19 pandemic. Maple will be working with Shoppers Drug Mart in the coming months to develop new programs to improve in-person and virtual healthcare.

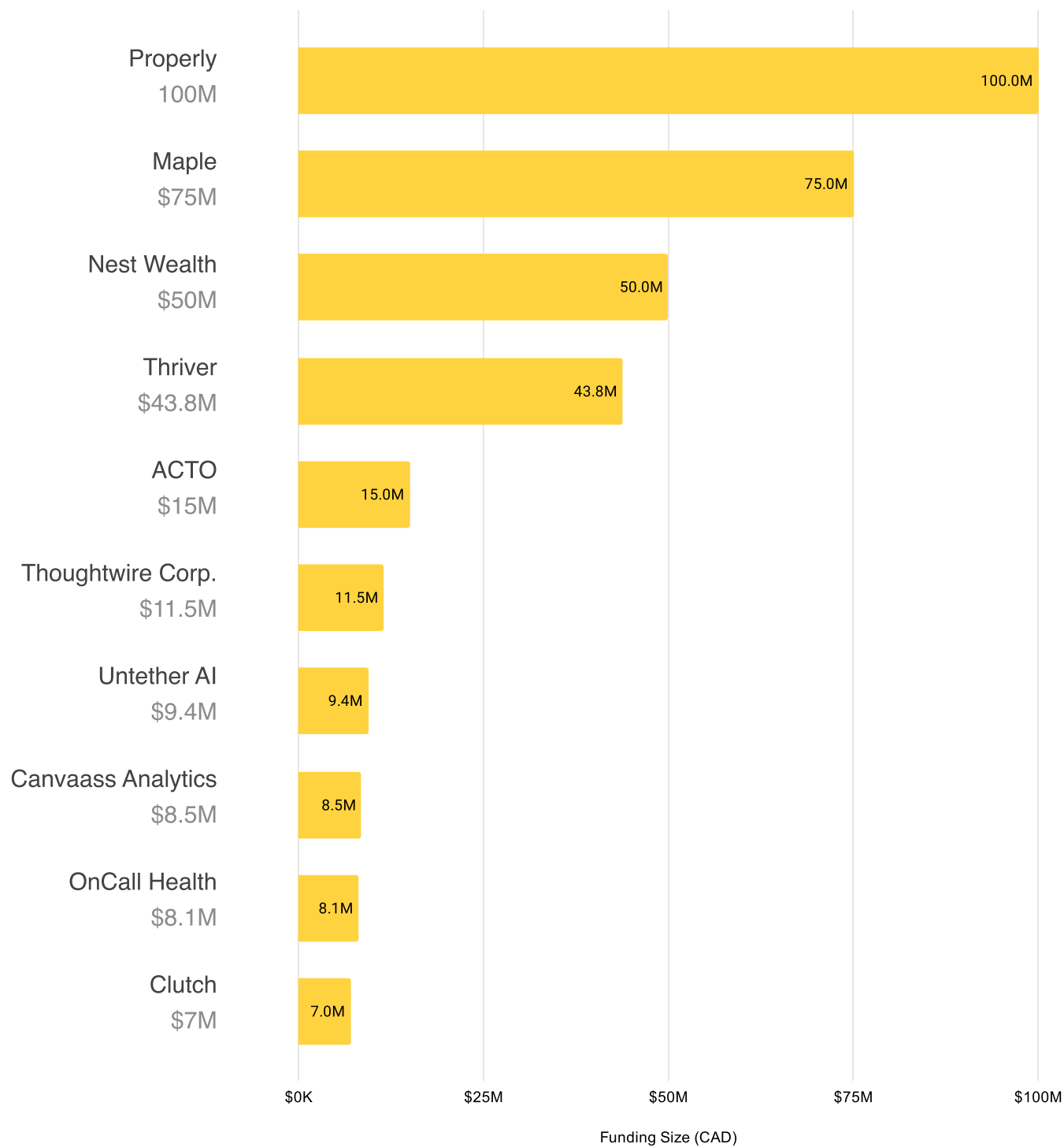
Both Maple and Properly are alumni companies of Toronto coworking space OneEleven.

The third largest deal of Q3 was a \$50M funding round for FinTech Nest Wealth. The funding came from National Bank's venture arm NAVentures. NAVentures labelled the round as a strategic minority investment. Nest Wealth is a digital wealth management platform that uses technology to generate sophisticated and personalized wealth advice tailored to users' unique goals and objectives.

Other highlights from this quarter:

- Corporate catering startup Thriver (rebranded from Platterz) raised \$43.8M in Series B funding from Viola Growth, Vertex Ventures Israel, Union Tech Ventures, Journey Ventures, FJ Labs, Aleph and Altair Capital.
- Healthcare-focussed data and analytics company ACTO raised \$15M in Series A funding from Baltimore-based Resolve Growth Partners, Panache Ventures and Salesforce Ventures. ACTO's goal is to "disrupt how drugs and devices are promoted and brought to market."
- Deep tech company for optimization of businesses, Thoughtwire, raised \$11.5M CAD. The deal was led by Yaletown Partners with participation by BDC Capital, Canadian Business Growth Fund, Greensoil PropTech Ventures, and Export Development Canada participated.
- AI chip making company Untether AI raised \$9.4M in Series A funding from Intel Capital and Radical Ventures.

Largest Deals Q3 2020

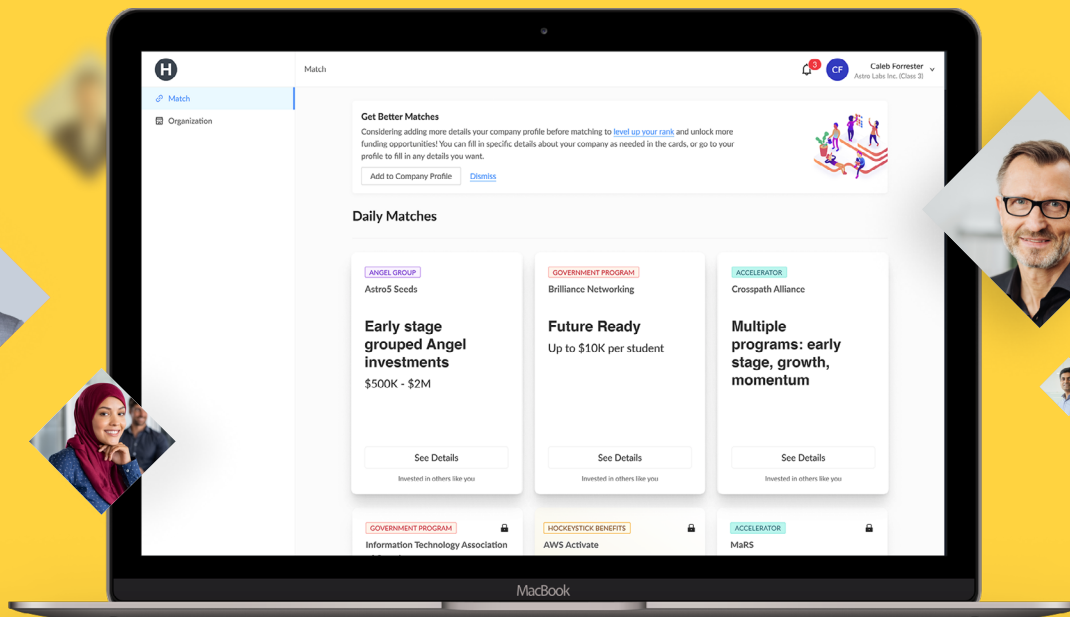




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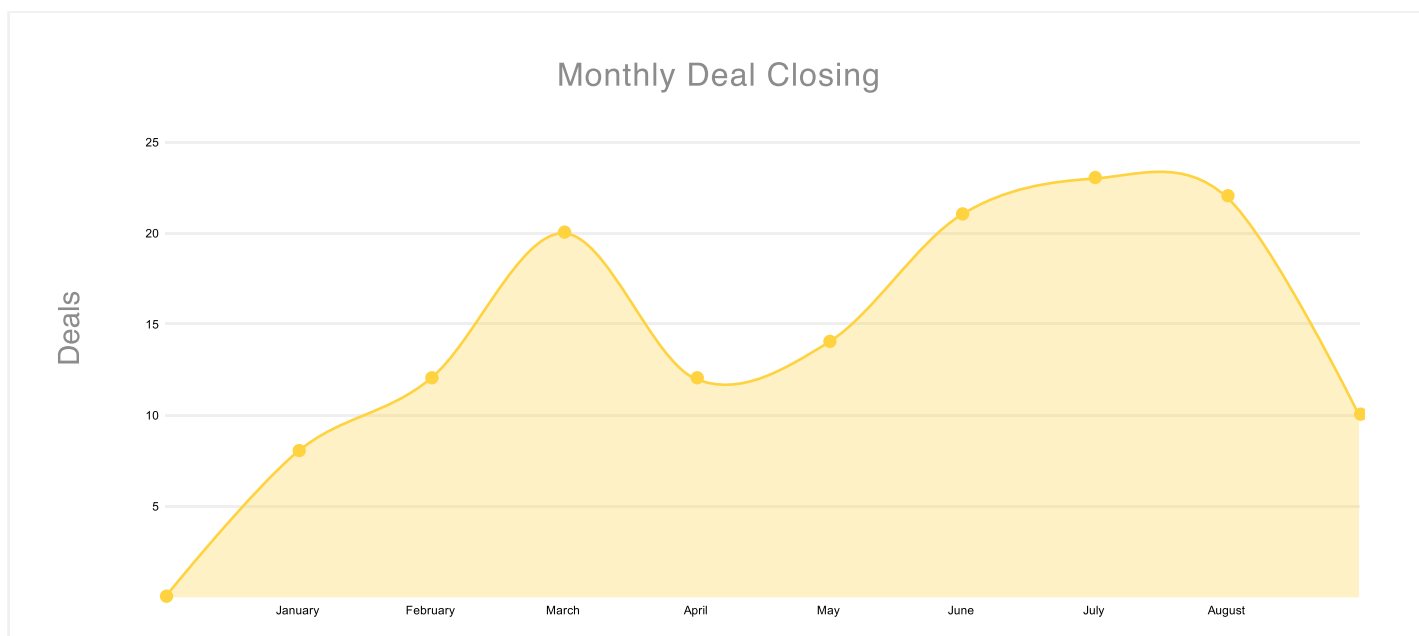
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Monthly funding in the GTA dipped in the first and into the second quarter but returned to 20+ deals a month throughout June, July, and August. The drop in deal closings was notable, but offset with overall deal value increases.

The impact of COVID-19 can be seen in the following deals:

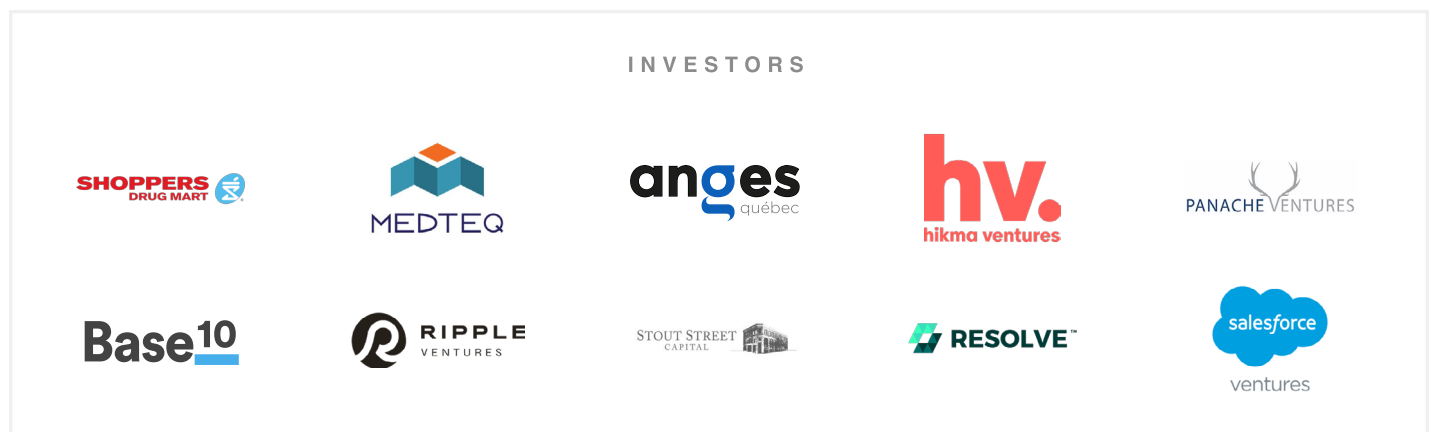
- Maple raised \$75M from Shoppers Drug Mart to make Maple Telehealth available at Shoppers stores. The two companies also announced that they were planning to offer free COVID-19 screenings through the app, although that has not materialized yet.
- Thriver (formerly Platterz) raised \$43.8M. Due to COVID-19, Thriver accelerated plans to expand their corporate catering business to include various corporate wellness programs which are designed for the current era of remote work as well as traditional office environments.
- EdTech companies Edsby and Synapse both raised rounds off the COVID-19 era to address the need for better E-learning programs. Edsby raised \$5.3M in Series A funding for their K-12 learning platform while Synapse raised \$2.6M to fund their productivity platform. During the COVID-19 pandemic, Edsby claims it has onboarded more new K-12 school district customers than in any previous year. The startup said these districts' desire for a centrally-managed learning platform was driven partly by COVID-19.
- Three HR tech companies raised funding in Q3. Knockri's seed round of \$3M was the only of which was disclosed. All three deals were raised due in part to increases in demand due to COVID-19. Knockri's CEO stated that he believed the company is well-positioned as hiring practices begin to change due to COVID-19.



HealthTech

GTA HealthTech companies had a very active quarter raising \$110M over 10 deals. Maple led the way with \$75M in Series B strategic venture funding from Shoppers Drug Mart. Earlier stage companies ACTO, Verto, OnCall Health, and Seamless Mobile Health also raised rounds totalling a collective \$27 million CAD. The remaining five deals are undisclosed and totalled \$8M.

The HealthTech industry in the GTA has been the hub for telehealth, healthcare data companies, and healthcare related application software. This is in contrast to the BC region where a majority of the life sciences companies are developing new medicines, therapies and treatments for various applications.



FinTech

FinTech continues to be among the most active verticals in the GTA. Q3 saw 6 deals, 5 of which were seed or pre-seed rounds, together comprising around \$4M of activity. Aside from the abundance of early stage activity, Digital wealth management company Nest Wealth also raised a \$50M strategic venture investment from NAventures, the venture arm of National Bank of Canada.



eCommerce

eCommerce also saw a relatively active quarter, with 4 deals totaling over \$15M. Swyft, iRestify, and Sampler received early stage investments, driving their eCommerce development as COVID-19 continues to keep shoppers at home. Swyft, iRestify and Sampler all noted an increase in demand for their products and services due more people shopping online. Sampler noted a 300% increase in demand for their sampling platform in Q2.

“We’ve been working on Sampler for seven years and built a unique platform that connects brands and consumers through in-home product experiences. Though we could not have predicted the sudden shift in the market, we were ready. When the pandemic hit and in-store demos, events, and trade shows were brought to a sudden halt, brands had to quickly rethink how they were going to deliver such a crucial element of their marketing strategy as product sampling in a socially distant world.”

Marie Chevrier, Founder and CEO of Sampler

INVESTORS



CONVERGE



StandUp
VENTURES



GOLDEN
VENTURES



PANACHE VENTURES

Top investors in the GTA are calculated as running one year counts from the start of Q4 2019 to the end of Q3 2020.

The top investors at the early stage include MaRS IAF, and BDC Capital. Notable MaRS investments included seed rounds to Doorr, Verto, and Knockri. Notable BDC investments included Series A investments into Thentia, Thinkdata Works, and Cinchy.

BDC and iNovia Capital were the top two later stage investors (Series B+). Disclosed BDC investments were highlighted by Touchbistro's Series E at the end of 2019. iNovia Capital was the top investor in later stage deals in the GTA with investments into Benchsci's \$29M Series B, Top Hat's \$72M Series D, and more.

Early Stage

Panache Ventures

Round 13 Capital

Real Ventures

Relay Ventures



Techstars

Azure Capital Partners

Golden Ventures

iNovia Vapital

Later Stage

RBC Ventures

Leaders Fund

Georgian Partners

BMO Capital Partners

OMERS Ventures

Accel

CDPQ

Union Square Ventures

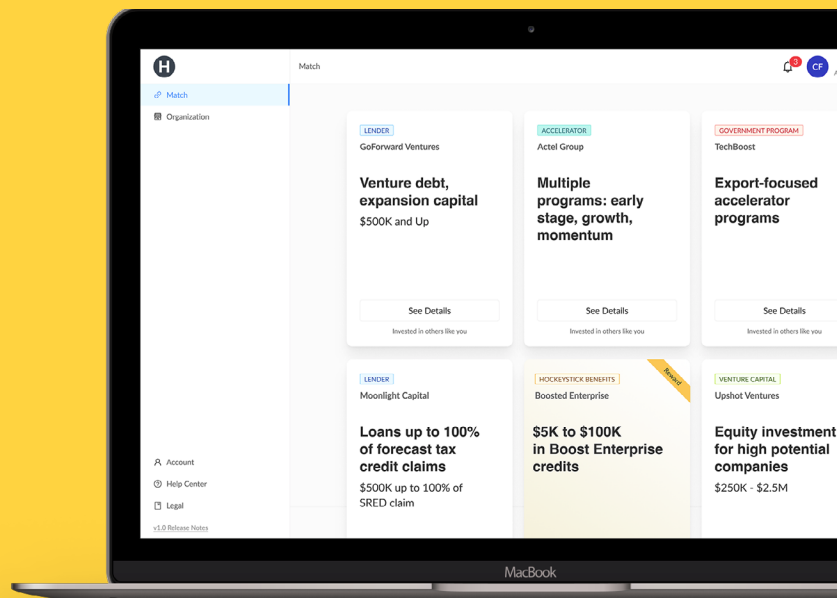


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