



Montréal Tech Report

Q3 2020

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

\$456.8M

Total Funding Raised in Q3

↓ Down 19%

38

Funding Rounds

↑ Up 22.5%

52

Investors

↓ Down 10%

Montréal-region funding dips in Q3 but activity and funding remains very active

Funding in the Montreal region dropped from the record setting amount of \$566.6 million in Q2 to \$455.8M in Q3 (19% decrease). Q2 was highlighted by rounds to Sonder, Hopper, and Workjam totalling over \$440M. Q3 is a similar story with funding amount driven by a mega-deal of \$250.7M to San Francisco and Montreal-based AppDirect. The dip in funding in the Montreal region is due to a dip in funding to the largest few deals rather than a dip in activity.

Deal volume increased 22.5% in Q3 from 31 to 38 due to a strong showing at the early stages. 22 seed stage companies raised funding in Q3 with funding amounts ranging from \$6.5M to \$100 thousand. This activity highlights an ecosystem that isn't done growing and nurturing it's startups. Anges Quebec and Real Ventures are very actively investing in Montreal-region companies at this stage. Likewise, accelerator programs at Creative Destruction Lab, Tandem Launch, Founder Fuel (backed by Real Ventures) and Ecofuel (backed by Cycle Capital) help to nurture startups from ideas into tangible businesses.

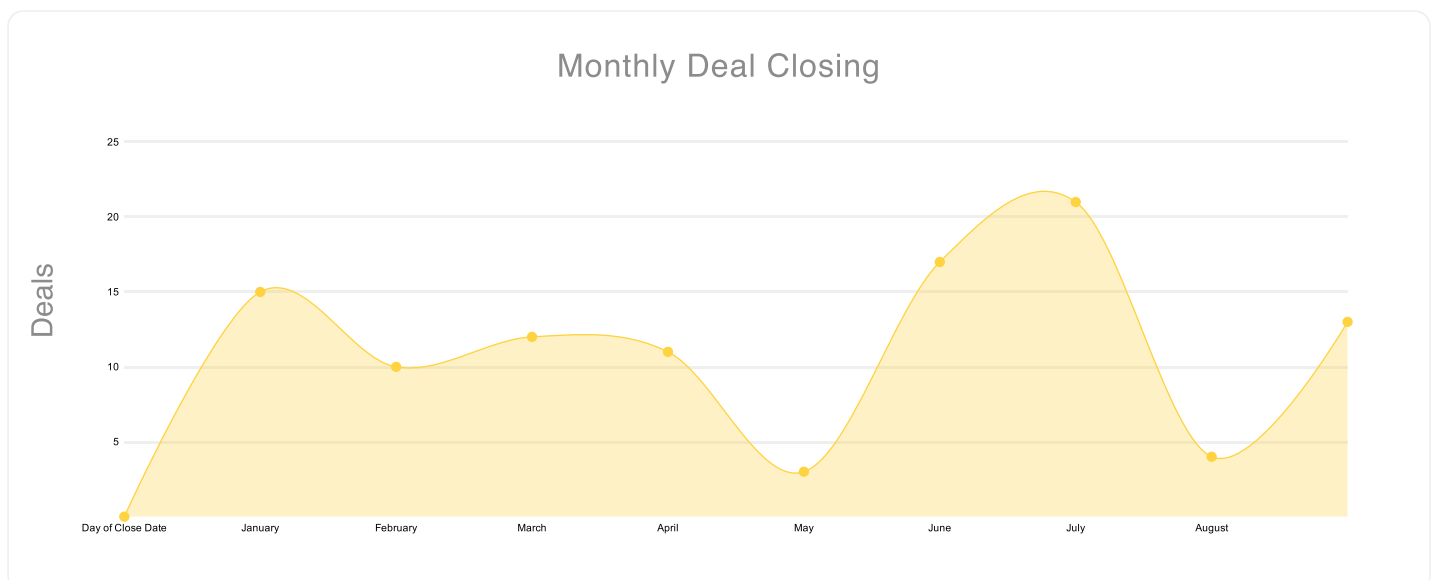
Funding amounts in the Montreal-region are likely to drop in coming quarters as the top few deals become smaller than in Q2 and Q3 of 2020. However, the early stages are very active and should be a hopeful sight for the future of the region's tech ecosystem.

Funding in the region was dominated by a few big deals. AppDirect led the way with just over \$250M raised in venture funding (round type undisclosed). AppDirect was followed by Inversago Pharma, Dialogue, and GHGSat who all raised over \$30M. These four deals totalled \$380.6M and accounted for just over 84% of total funding in the region. The bulk of funding rounds in the region were in the early stages with 25 of 38 (65%) deals being either pre-seed/seed or Series A rounds.



Q3 Activity Levels

Monthly activity in the Montreal region seemed to be largely unaffected by the COVID-19 pandemic. There is no clear drop in deal volume, except in May and August which was more likely attributed to variance than COVID-19.



Q3 Highlighted Deals

The top funding round of Q3 was an investment of \$185M USD (\$250.7M CAD) into AppDirect. AppDirect is a San Francisco and Montreal-based cloud technology platform for digital supply chain management. The round included participation from two Montreal-based investors in Caisse de dépôt et placement du Québec and Inovia Capital. JPMorgan Chase, and Mithril Capital also participated in the round. According to The Globe and Mail, the company will look to hire 150 new employees at their Montreal office with the funds from this round.

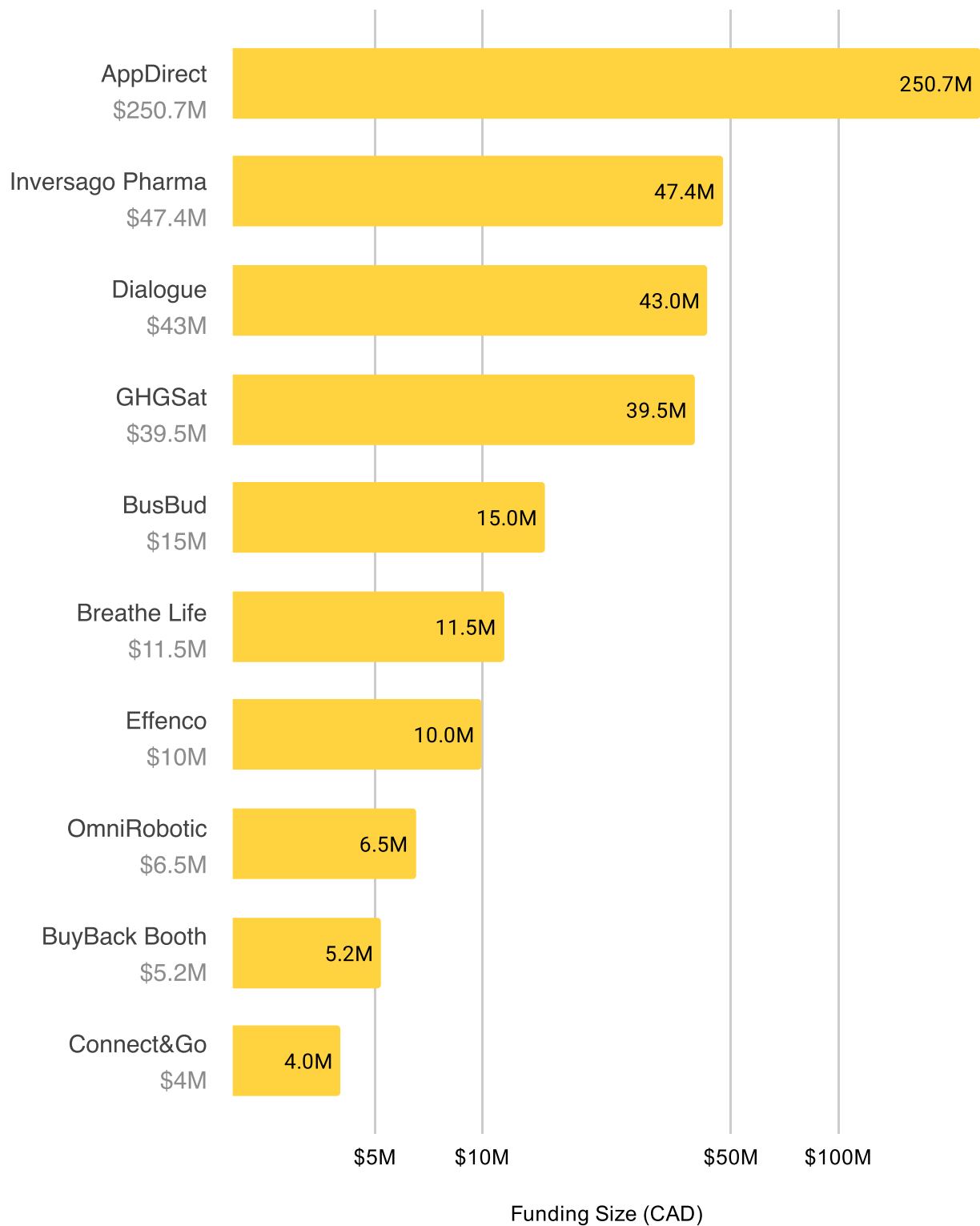
Inversago Pharma raised the region's second largest round with their \$35M USD (\$43.7 million CAD) Series B. The round was led by Forbion, with participation from Fonds de solidarité FTQ, Genesys, JDRF T1D Fund, Amorchem, Anges Québec Capital, adMare BioInnovations and undisclosed angels. Inversago Pharma is a clinical-stage, biotech company specialized in the development of new therapies focusing on CB1 blockade for the treatment of Prader-Willi Syndrome, NASH, type 1 diabetes and diabetic nephropathy.

Dialogue and GHGSat raised the next biggest rounds. Dialogue is a telehealth provider that raised \$43M in Series C funding from Sun Life Financial, Caisse de dépôt et placement du Québec (CDPQ), Portag3 Ventures, White Star Capital, HV Holtzbrinck Ventures, First Ascent Ventures and Walter Ventures. GHGSat is a global emissions monitoring company that raised \$39.5M in Series B funding.

Other activity:

- Busbud, a traveltech company focussing on inner city bus tickets, raised \$15M in Series C funding. The funding follows COVID-19 related layoffs; however, the company states that ticket sales have jumped in recent weeks.
- Laval-based robotics company, Omnirobotic, raised the largest seed round of the quarter at \$6.5M. The funding will be used to develop and bring to market their industrial automation robots.

Largest Deals Q3 2020

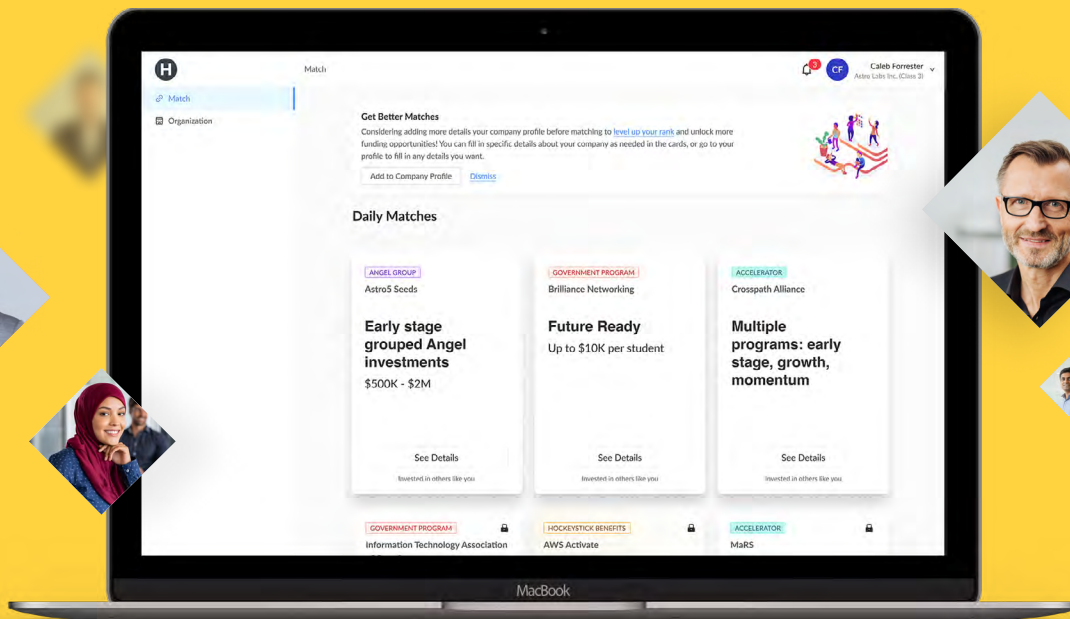




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The top verticals in the Montreal-region are usually FinTech and life sciences, both of which were active again in Q3. Fintech was relatively light this quarter, with four rounds totalling just over \$15M, while life sciences raised \$90M across seven deals. The heavy life sciences activity was mainly driven by two large deals; Inversago Pharma's \$45M Series B and Dialogue's \$43M Series C, FinTech this quarter was carried by Breathe Life's \$11.5M Series A round. Although FinTech and Life Sciences investments were active again in Q3, Ecommerce and CleanTech companies saw the most rise in activity.

Ecomm

Ecommerce funding saw five deals close totalling over \$267M. Investment was highlighted by Ecommerce platform AppDirect's raise of over \$250M. AppDirect offers a subscription commerce platform that removes the complexity of building a recurring business model. The platform powers all sales, direct or indirect, lowering customer acquisition costs, and uniquely unifies identity, data, mobile, and billing management. Four other undisclosed companies raised just over \$17M. Quatre autres sociétés non divulguées ont obtenu du financement d'une valeur d'un peu plus de 17 millions de dollars.

"Today, businesses are facing unprecedented challenges. Many companies transformed to digital selling practically overnight, but they still face immense challenges integrating new technology and processes into their operations and making them work for the long-term. Our mission at AppDirect has always been to make technology globally accessible, and we are rising to meet that calling at a time when it feels especially urgent."

Daniel Saks, President and Co-CEO of AppDirect.

INVESTORS



JPMORGAN CHASE & CO.

MITHRIL

CleanTech

Worldwide, CleanTech investment has struggled for nearly two decades to really find its footing. In the late 2000s, funding surged but dropped again during the recession from 2009 - 2012. Now, CleanTech investment is surging again and it is no different in Canada.

Canadian CleanTech is supported by government-funded programs like Sustainable Development Technology Canada (SDTC), and early stage investments from Real Ventures and Cycle Capital both of whom specifically target these types of companies.

CleanTech companies in the Montreal-region raised five rounds totalling \$53M in Q3. Investissement Québec led the Series B of \$39.5M to emissions tracking company GHGSat. Effenco Development was second largest with a raise of \$10M to help fund their truck electrification business. Both companies have raised over \$3M in funding from SDTC in the past year.

INVESTORS



Top investors are calculated using rolling 1 year counts of unique investments and split into early stage (seed to Series A) and later stage (Series B+).

The top investor at the early stage was Real Ventures. Real Ventures backs startups through the FounderFuel accelerator as well as individual investments. Real Ventures invested in over double the amount of deals as the second highest investor at the early stages - Angés Québec.

Later Stage investment in the Montreal region features five primary investors, at least one of which takes part in nearly every late stage deal that closes. They are Fonds de Solidarité FTQ, Investissement Québec, Caisse de dépôt et placement du Québec (CDPQ), iNovia Capital, and BDC. CDPQ and BDC invested in Element AI's \$200M Series B, Fonds de Solidarité and Investissement Québec invested in GHGSat, and iNovia joined CDPQ on AppDirect's mega deal of over \$250M, among much more.

Early Stage



Investissement Québec

Fonds de solidarité FTQ

BDC

Tandem Launch

Cycle Capital Management

Brightspark Capital

Desjardins Capital

Panache Ventures

Later Stage



Fonds de solidarité FTQ

Desjardins Capital

iNovia Capital

Claridge

CDPQ

Forbion Capital

White Star Capital

Georgian Partners



BDO Canada (Montréal office) is extremely excited to be involved in this initiative to bring easily accessible investment data to emerging companies.

We feel very humbled to have been part of the vibrant growth of the Montréal tech ecosystem for more than a dozen years and fortunate to be a page in the continuing story of many exciting companies during this time.

This opportunity to partner with Hockeystick fits our mission to provide early, useful and valuable information to emerging companies to give them more tools to be successful.

Matthew Harrison

Partner, National Emerging Technology Leader

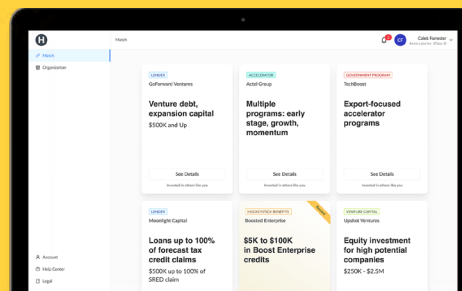


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