



**Financing
Update**
Third Quarter 2021

VC, IPO Activity Breaking Records

Executive Summary

Record fundraising and exit activity have been a boon driving record venture capital (VC) investment. In fact, more capital has been deployed in each successive quarter thus far in 2021, and total spend is nearly double so far this year over the first three quarters of 2020. It continues to be an optimal time for early-stage companies looking to raise cash.

Private equity and other growth equity investment counts in the U.S. increased 45% compared to the same quarter of 2020, while deployed capital increased 9%.

Despite a dip in initial public offering (IPO) activity, the market for IPOs is trending similarly to overall VC activity and is on pace for the best year since the tech-led boom of 2000.

While borrowing rates remain attractive in debt markets, all signs point to rising interest rates, matching expectations of rising inflation. The urgency to obtain cheap financing while it's available may be contributing to overall elevated deal activity.

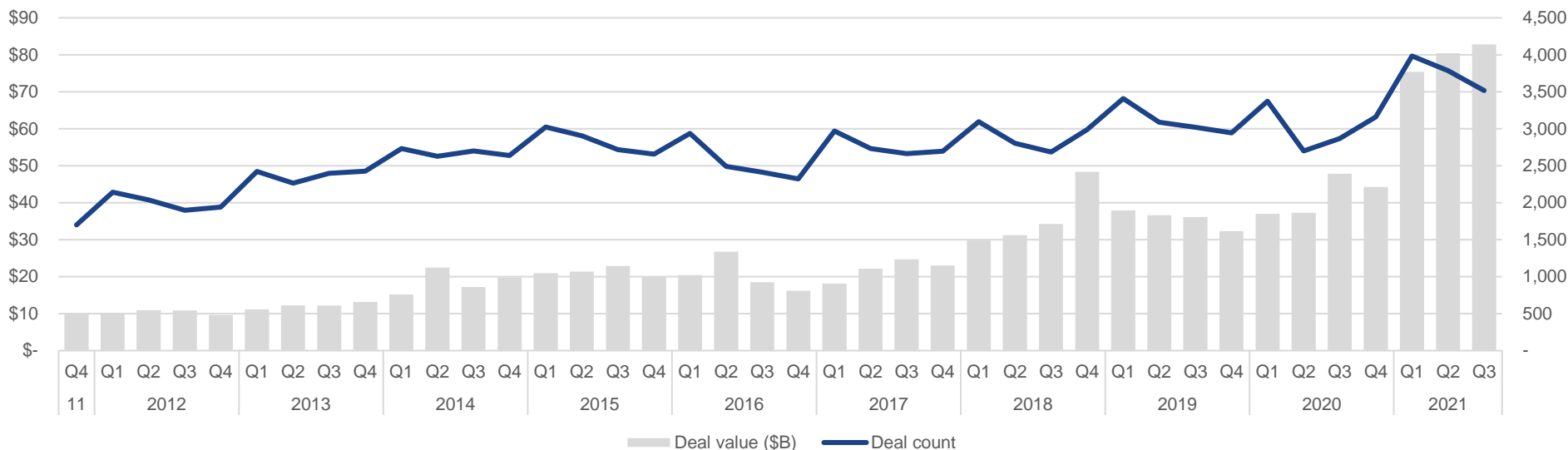
As always, contact us if you would like to receive information about activity in your specific industry or geography, or if you would like to discuss options for your business.

Q3 Financing Highlights

- The amount invested in US venture deals in the third quarter topped already-robust first and second quarter levels, setting up an unprecedented year for VC outflows
- IPO activity declined from a record second quarter, though activity remains robust and on pace for the busiest year since 2000
- Base borrowing rates declined during the second quarter; however, it is believed that rates will increase in the near future.

VC Investment Unparalleled in 2021

Quarterly US VC Activity¹



US VC Highlights

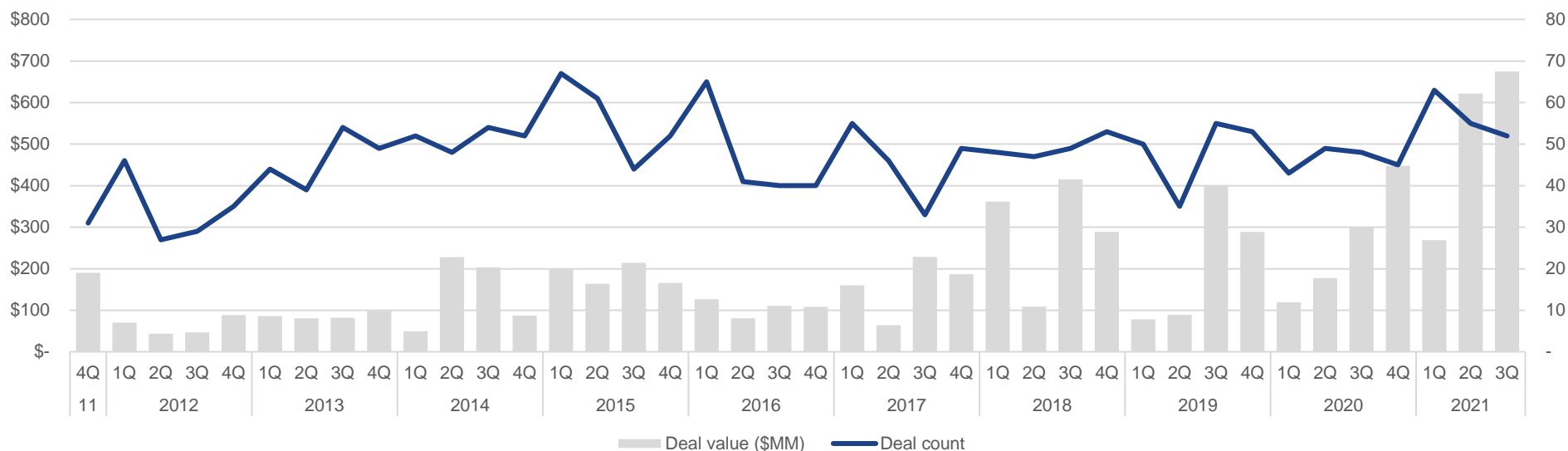
- Investors invested nearly \$83 billion in the third quarter, continuing a record pace established in 2020, across approximately 3,500 deals
- According to PitchBook, the growing participation of well-resourced, nontraditional investors such as mutual funds, PE, hedge funds, and crossover investors in the venture space has contributed to the rise in deal size and valuations
- VC exits have far-surpassed records, partially thanks to a red-hot IPO market. Through the third quarter, approximately \$580-billion in liquidity was realized through nearly 1,400 deals, providing significant capital for reinvestment

Notable US Q3 VC Investments

Date	Target	Investor(s)	Investment (MM USD)
Jul 23	Rivian	Amazon.com, T. Rowe Price, Ford, <i>et al</i>	\$ 2,500
Jul 19	Generate	AustralianSuper, QIC	2,000
Aug 31	Databricks	Counterpoint Global, ClearBridge, <i>et al</i>	1,600
Jul 01	Articulate	General Atlantic, ICONIQ Capital, <i>et al</i>	1,500
Sep 23	Devoted Health	Andreessen Horowitz, Uprising, <i>et al</i>	1,200
Sep 10	Chime	Sequoia Capital, SoftBank Group, <i>et al</i>	1,100

Midwest VC Investments Near \$700 Million

Quarterly Midwest VC Activity¹



Midwest VC Highlights

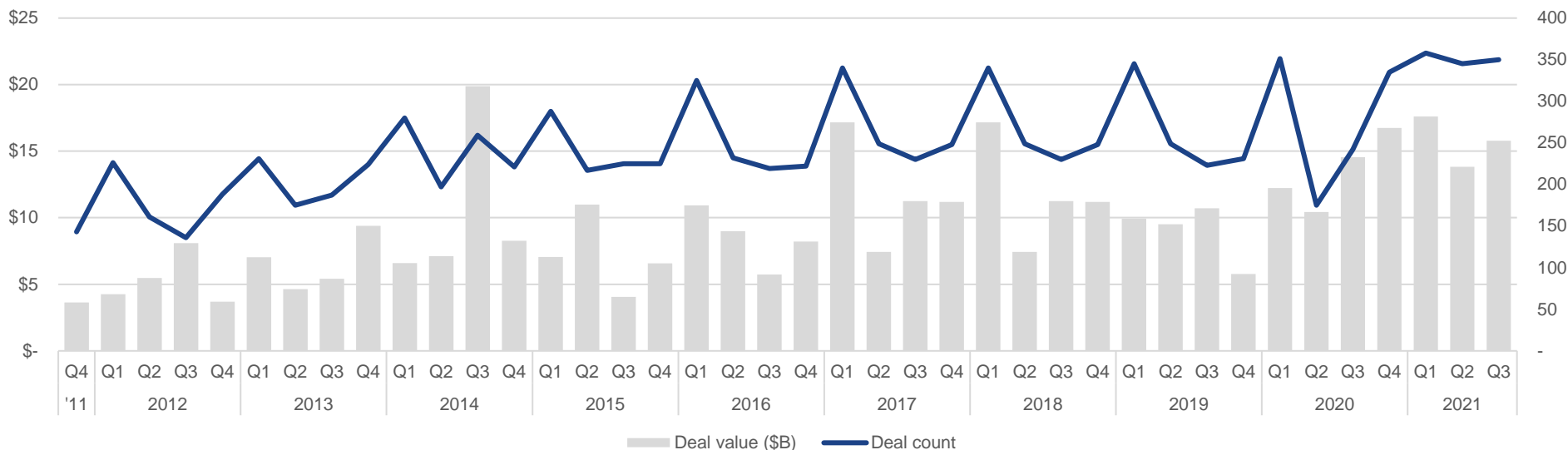
- \$675 million was invested across roughly 50 Midwest deals in the third quarter, with more than half of this total coming from Wugen, Jasper, and Copper 3D deals
- Year to date, venture investing in the Midwest is up approximately 21% over the same period a year ago, while overall value is up 63%
- As usual, companies in the information technology space captured the most interest, accounting for just over half of Midwest VC investments, followed by consumer products and services (~16%)

Notable Midwest Q3 VC Investments

Date	Target	Investor(s)	Investment (MM USD)
Jul 09	Wugen	Abingworth Management, <i>et al</i>	\$ 172
Jul 12	Jasper	Strathmore Group, Benslie Int'l, <i>et al</i>	134
Sep 07	Copper 3D	NASA	130
Aug 10	The Omaha National Group	Accomplice VC, <i>et al</i>	45
Sep 02	Vertex	Undisclosed Investors	39
Aug 19	Balto	Stripes, RingCentral, SaaS Ventures, <i>et al</i>	38

Growth Equity Deal Volume Remains Elevated

Quarterly US Growth Equity Activity¹



US Growth Equity Highlights

- US growth equity investment volume increased 44.6% over the third quarter of 2020, while value increased 8.5%. Year-to-date volume and value increased 37.1% and 26.9%, respectively
- In the Midwest, there were 6 growth equity investments during the quarter, highlighted by an \$85-million investment in Foxpoint Trucks, a \$30-million investment in IMA Financial Group, and a smaller \$6-million investment in the rapidly growing Eyecare Partners

Notable US Q3 Growth Equity Investments

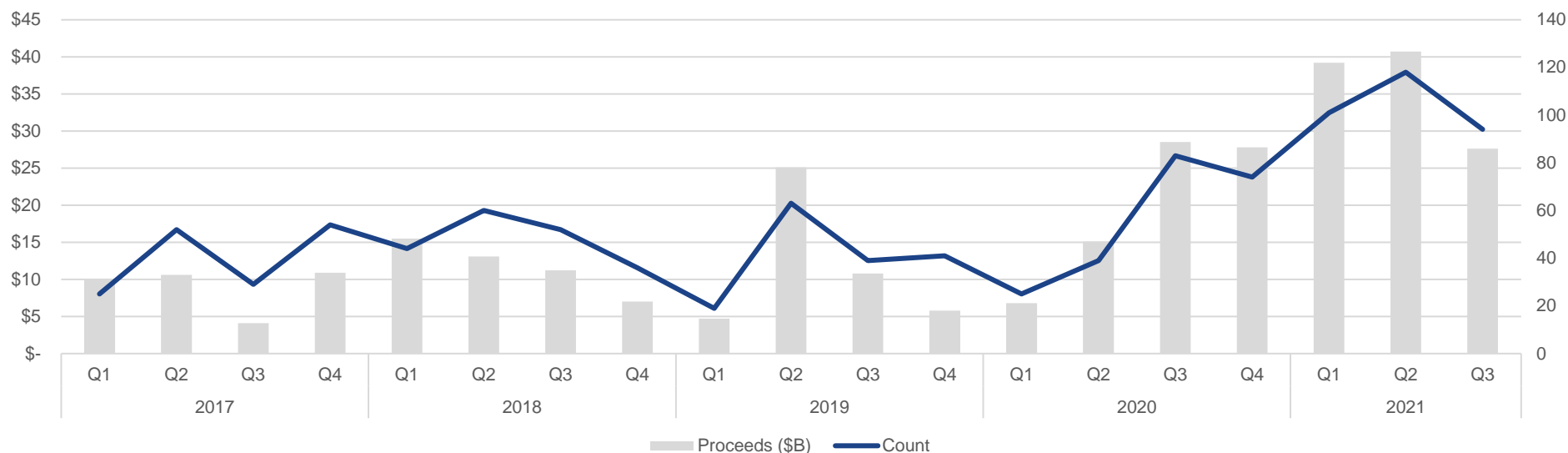
Date	Target	Investor(s)	Investment (MM USD)
Aug 12	RSA Security	Clearlake Capital Group	\$ 2,080
Aug 23	Cruise	Undisclosed Investors	1,570
Jul 22	Sol Systems	Kohlberg Kravis Roberts	1,000
Sep 09	NMI	Great Hill Partners, Insight Partners, <i>et al</i>	620
Jul 07	Entrata	Silver Lake, <i>et al</i>	507
Aug 17	Black Knight Energy	Kayne Anderson Capital Advisors	500

Notable Midwest VC & Growth Equity Investments

Date Closed	Target	Investor	Target City	Target Description
Jul 01	Dwolla	Foundry Group, Union Square Ventures, <i>et al</i>	Des Moines, IA	Developer of financial technology
Jul 09	Wugen	Abingworth Mgmt, Tybourne Capital Mgmt, <i>et al</i>	Saint Louis, MO	Developer of a novel CAR-T therapy
Jul 12	Jasper	Strathmore Group, Benslie International, <i>et al</i>	Sioux Falls, SD	Provider of customized credit cards to new immigrants
Jul 30	IMA Financial Group	Undisclosed Investors	Wichita, KS	Provider of insurance and wealth management services
Aug 10	Breeze	Link Ventures, M25, Fiat Venture, Invest Nebraska, <i>et al</i>	Omaha, NE	Provider of disability insurance services
Aug 10	The Omaha National Group	Accomplice VC, HighStage Ventures, Tull Financial Group	Omaha, NE	Provider of workers' compensation insurance and payroll services
Aug 12	First Boulevard	Undisclosed Investors	Overland Park, KS	Provider of digital banking services
Aug 18	Vytelle	Fulcrum Global Capital, Ag-tech VC, Open Prairie Ventures, <i>et al</i>	Kansas City, MO	Provider of biotechnology services
Aug 19	Balto	Stripes, RingCentral, Stage Venture Partners, <i>et al</i>	Saint Louis, MO	Developer of live-call guidance software
Sep 02	Vertex	Undisclosed Investors	Des Moines, IA	Developer of a visual collaboration platform
Sep 03	Artio Medical	Undisclosed Investors	Prairie Village, KS	Developer of medical devices
Sep 07	Copper 3D	National Aeronautics and Space Administration	Walton, NE	Provider of antibacterial nanomaterials for 3D printing of medical applications
Sep 13	BriteCore	Warburg Pincus, Radian Capital	Springfield, MO	Developer of a cloud-based core systems software
Sep 13	Rezilion	Guggenheim Investments, Kindred Capital, <i>et al</i>	Saint Charles, MO	Developer of a cloud workload protection platform
Sep 15	roboflow	Craft Ventures	Des Moines, IA	Provider of a computer vision application development platform
Sep 15	SmartScripts	ISA Ventures, <i>et al</i>	Washington, IA	Developer of a medication management system
Sep 22	Foxpoint Trucks	Gordon Brothers, Coffin Capital	Pleasant Valley, MO	Provider of a truck leasing service and in-house semi-truck financing services

Despite Decline, IPO Activity Remains Robust

Quarterly US IPO Activity¹



US IPO Highlights

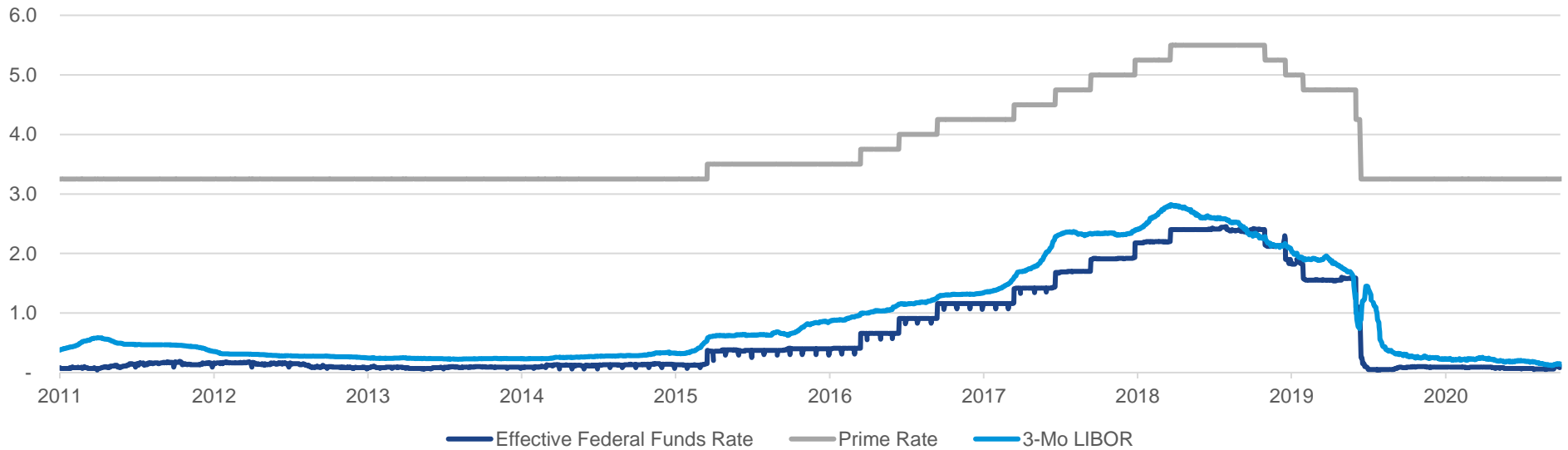
- 94 IPOs raised \$28 billion during the third quarter, a decline from the second quarter, but still the busiest third quarter, in terms of deal volume, since 2000
- High-growth tech and healthcare continued to be the most active sectors, accounting for two-thirds of activity
- SPAC activity rebounded from the second quarter but was still far below levels seen in the first quarter
- The IPO pipeline continues to be strong

Notable US Q3 IPOs

Date	Company	Size (millions, USD)
Sep 29	Warby Parker (WRBY)	\$ 3,110
Jul 12	N-able Technologies (NABL)	2,500
Jul 29	Robinhood Markets (HOOD)	2,090
Sep 28	Aplitude (AMPL)	1,770
Sep 30	Olaplex Holdings (OLPX)	1,550
Jul 22	Ryan Specialty Group (RYAN)	1,340

LIBOR, Effective Funds Rate Edge Lower

Benchmark Rate History

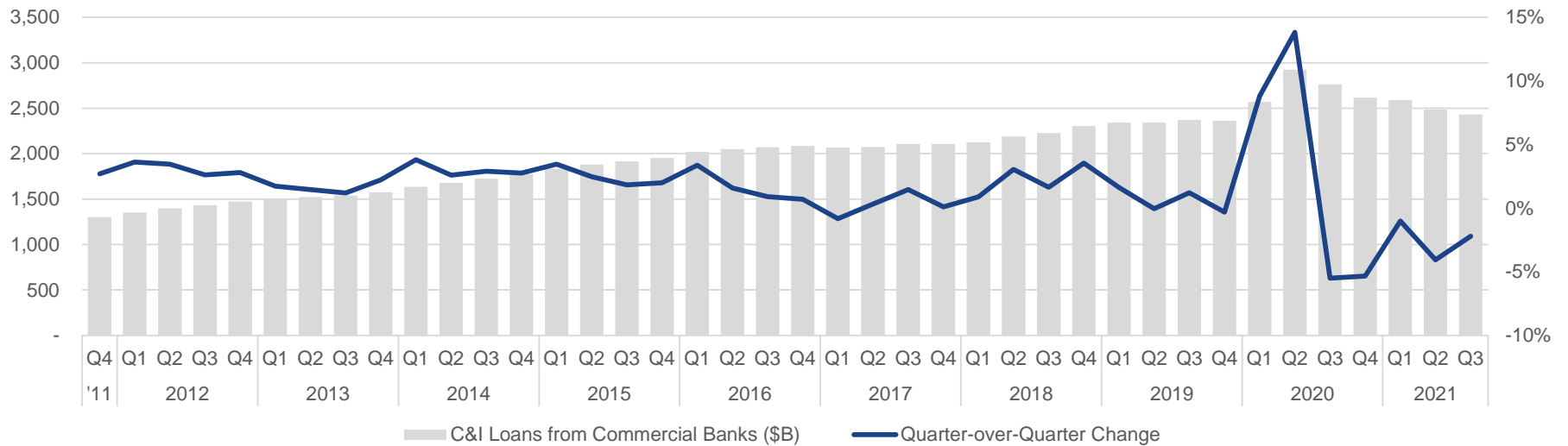


Financing Highlights

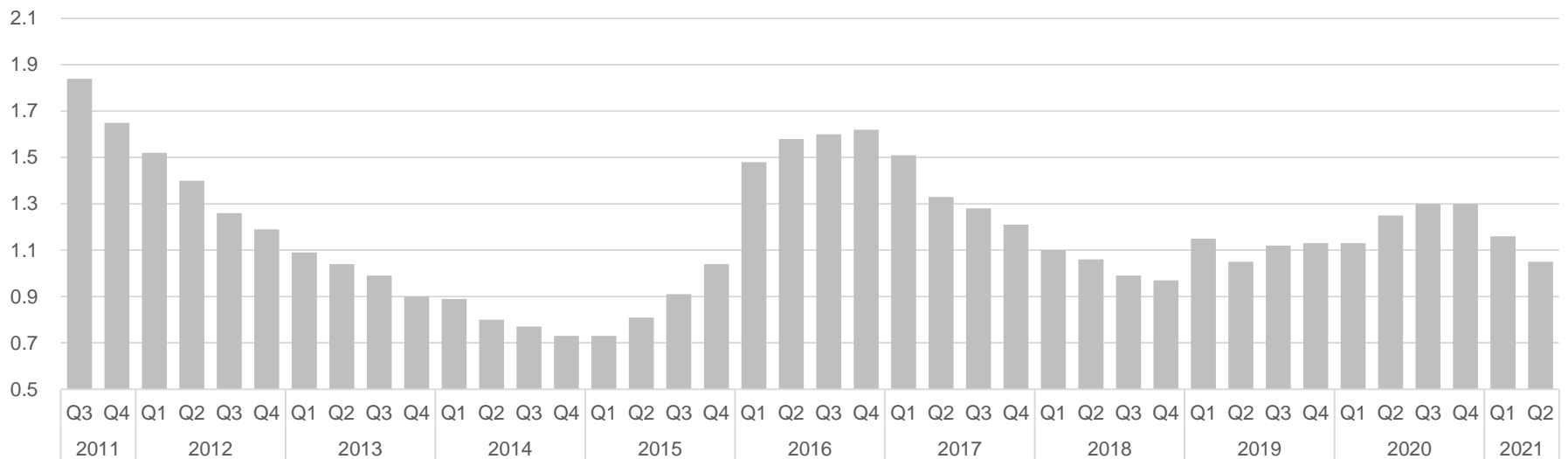
- Commercial loan activity retreated again after a return to growth-neutral in the first quarter – one consideration of this is that many companies may be opting to raise equity rather than debt
- Banks continue to offer favorable financing terms for well-capitalized companies
- LIBOR and effective funds rate declined during the quarter; however, it is likely that rates will increase in the near-term, and, in fact, bond yields have begun to increase
- The Federal Reserve has indicated it will taper its asset purchases, teeing up future rate hikes

Bank Loan Assets Retreat Again, Delinquencies Fall

Commercial & Industrial Loan Assets on Commercial Bank Balance Sheets

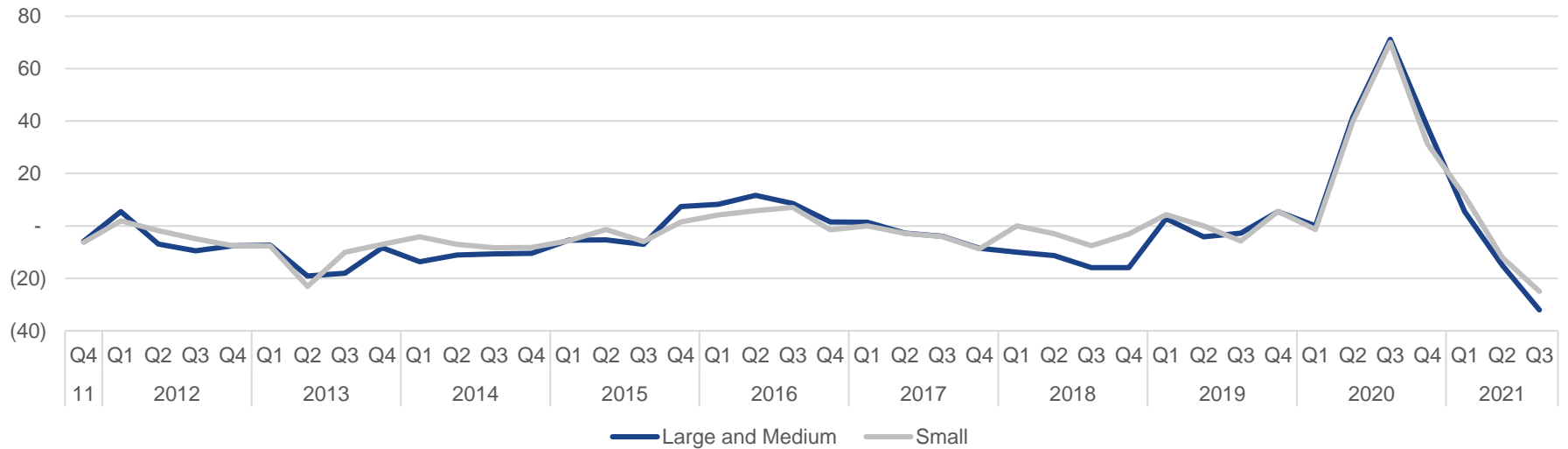


Delinquency Rate on Commercial & Industrial Loans (%)

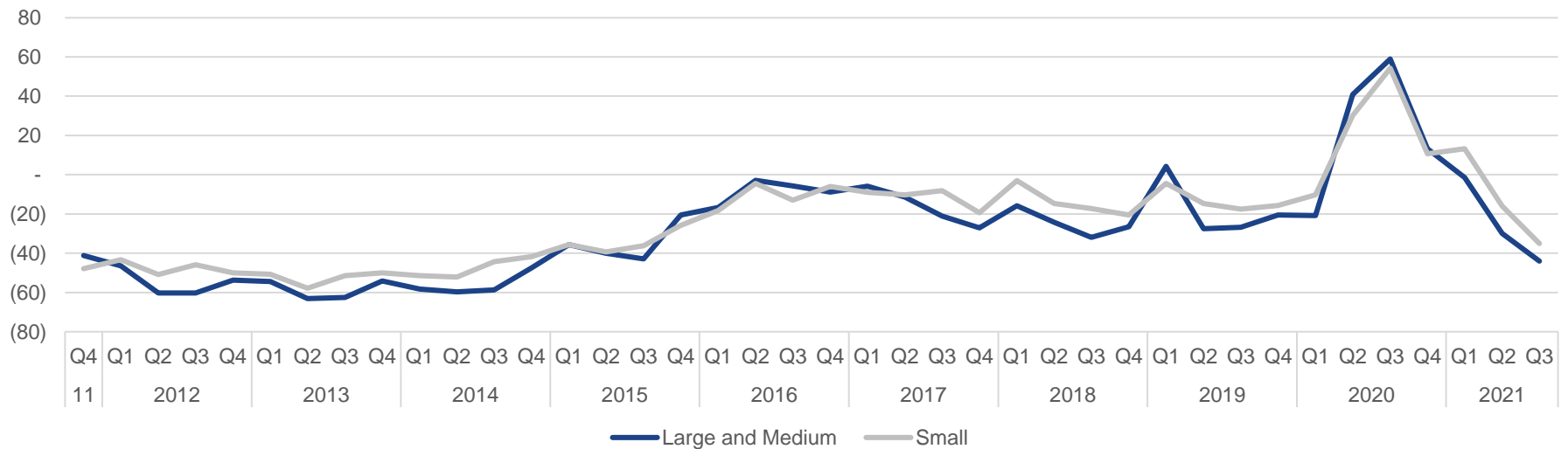


Banks Continue Easing Lending Standards

Net Percentage of Banks Tightening Standards for Commercial and Industrial Loans to Large & Medium and Small Firms



Net Percentage of Banks Increasing Spreads of Loan Rates over Banks' Cost of Funds



Partners for Strategic Transactions

Overview

Skyline Advisors partners with growth stage and lower middle-market companies to successfully position for, and then execute, strategic transactions. Our experience includes sitting on all sides of the deal table – serving as investors in, executives of, members of the board of directors for, and advisors to high-growth companies that have successfully completed debt and equity financings, acquired other companies, and successfully exited through multiple avenues. This experience provides unique perspective on what you are undertaking, and what is required to ensure a smooth transaction and post-closing transition. Our principal's securities and real estate licenses enable a broad offering of services to ensure all strategic options are explored to optimize results.

Services

Mergers & Acquisitions

- Buy-side and sell-side
- Divestitures, spin-offs, and spin-outs
- Management buyouts
- Strategic partnerships

Corporate Finance

- Growth and acquisition capital
- Taking-private transactions
- Strategic investments
- Recapitalizations
- Debt financing (senior and subordinated)

Strategic Advisory

- Valuation analysis
- Due diligence
- Financial consulting and modeling

Industries Served

Industry agnostic with a key focus on the following:

- Industrials
- Food and agribusiness
- Technology
- Healthcare

Professionals















John Gustafson, CFA | john@skyline-advisors.com

- 20+ years in investment banking, PE, and operations
- MBA – Northwestern University
- BS in Accounting – University of Nebraska-Lincoln
- Series 62, 63, and 79 securities licenses

Chris Moore | cmoore@skyline-advisors.com

- 5+ years in investment banking and other finance experience
- MS in Finance – Tilburg University (the Netherlands)
- BS in Business Administration – University of Nebraska-Omaha

Select Transactions

 <p>Acquired by</p> 	 <p>Acquired by</p> 	 <p>Airport lighting division acquired by</p> 	 <p>Acquired by</p> 	 <p>Merged with</p> 	 <p>Strategic transaction with</p> 	 <p>Acquired by</p> 
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