



The Financing Ecosystem for Quebec's Advanced Materials Sector

Challenges and Recommendations

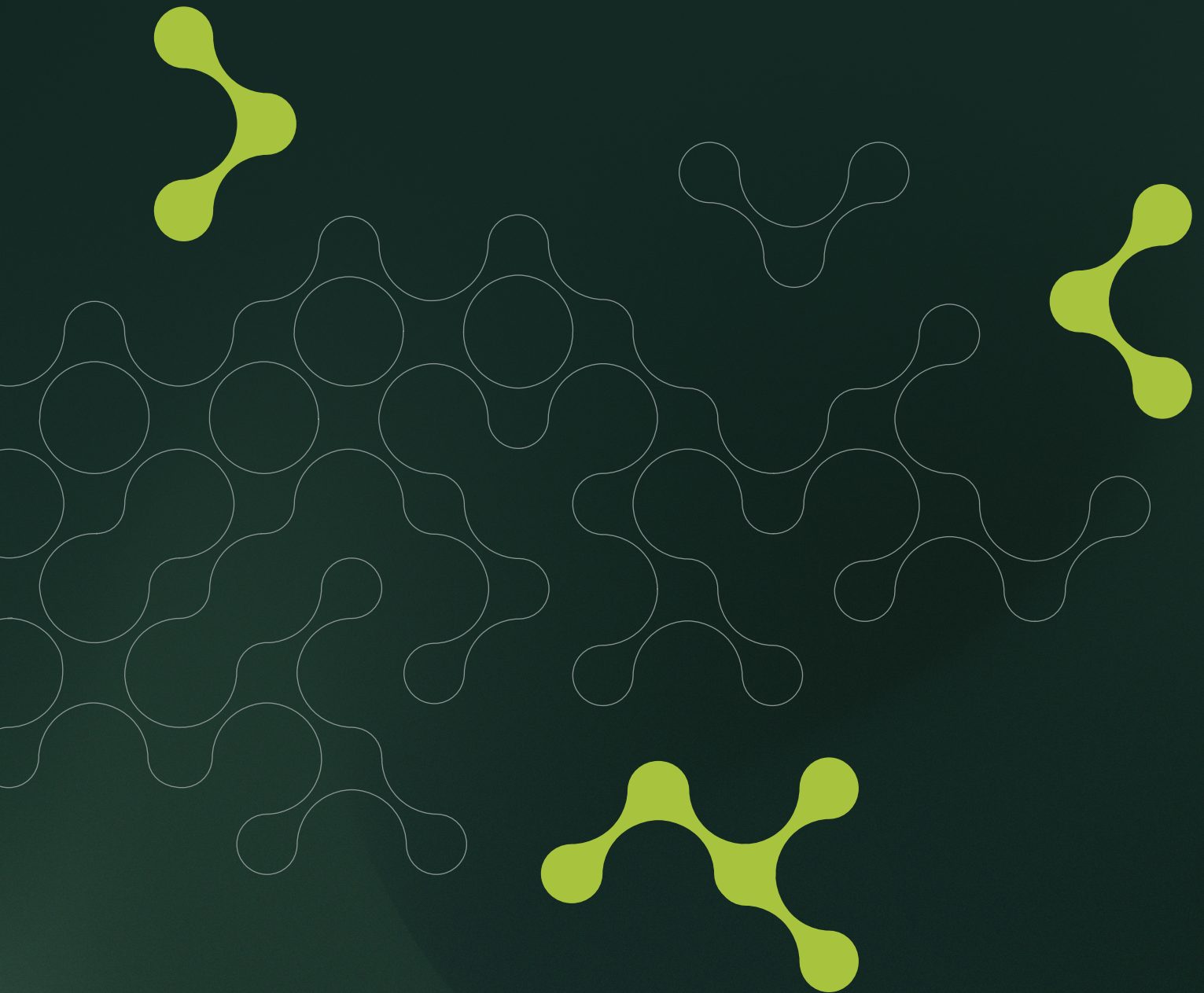
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EXECUTIVE SUMMARY





This study provides an initial assessment of the financing ecosystem for Quebec's advanced materials sector.

For the purposes of the study, the sector was defined as the 485 Quebec-based companies included in PRIMA Québec's database. These companies were matched with companies listed in the PitchBook database and then divided into four categories based on their financing status: accelerator-backed, venture capital-backed, private equity-backed and corporate-backed.

The first phase of the study presents a statistical analysis of company formation trends, financing flows and the investor population for each of these categories. The findings are summarized in the corresponding sections of the statistical analysis.

Given the heterogeneity of results observed between the accelerator and venture capital universes on one side, and the private equity and corporate universes on the other, and taking into account PRIMA Québec's priorities, it was decided that the interviews would focus on the first two universes. Structured interviews were conducted with entrepreneurs, accelerator managers and investment fund managers active in the sector. The interviews gathered their perspectives on the findings of the statistical analysis, the strengths and weaknesses of the deal flow and financing ecosystem, and potential recommendations for building on the strengths of Quebec's ecosystem and addressing its weaknesses.

With respect to deal flow and the financing ecosystem, the interviews highlighted the following:

- The sector has characteristics that differ significantly from the software-as-a-service (SaaS) model, including relatively long technology maturation and company development cycles, high levels of specialization, particularly in technology validation, and substantial capital expenditure requirements (CAPEX).
- Universities play a particularly important role as sources of technology and in supporting technology maturation, but challenges remain in connecting these activities with the later stages of the financing ecosystem.
- Specialized resources in Quebec are both essential and limited, particularly experienced entrepreneurs, mentors, accelerators and specialized investment funds.
- Entrepreneurs need access to resources outside Quebec at a very early stage, including expertise networks, investors and strategic partners.

Key Recommendations

Increase specialized resources throughout the financing ecosystem:

- Maintain or increase access to non-dilutive funding, while improving the efficiency of funding processes and strengthening selectivity.
- Support accelerators seeking to develop specialized deeptech programs by drawing on a network of specialized mentors and strategic partners (local and international). Support venture studio models.
- Support investment in specialized deeptech venture capital funds based in Quebec (whether Quebec-originated or from outside the province), both at the seed stage, where the need is most acute, and for Series A rounds and subsequent rounds.
- Promote the development of specialized investment teams within institutional investors.

Facilitate the flow of information and pool resources across the ecosystem

- Facilitate the identification of technologies developed within universities that have commercialization potential.
- Improve the flow of information on resources available during the maturation stages, including non-dilutive funding, access to equipment and specialized expertise through initiatives and organizations such as the SQRI, CCTTs, Innovation Zones, and expert and mentor networks.
- Facilitate access to university infrastructure for technology maturation and validation (awareness of available infrastructure and simplifying access).
- Support the development of shared research-equipment organizations such as C2MI, INO, 3IT and Distriq, and facilitate access to their infrastructure.
- Support the development of a platform to attract and foster a community of specialized mentors and experts who can contribute to technology validation and provide mentorship to startups.
- Collect and showcase information on the sector's deal flow, particularly for investors and strategic partners from outside Quebec.
- Pool resources to organize targeted international missions, as is done for the life sciences sector. Establish a mechanism to select and showcase Quebec's most promising companies.

- Internationally, strengthen collaboration with Deep-tech Canada and provincial (IQ International) and federal trade commissioners. Prepare companies to work effectively with them.
- Strengthen Quebec's and Canada's brand and international positioning in the advanced materials sector.

Initiatives of this nature already exist within PRIMA Québec, as well as among certain support organizations, accelerators and venture capital funds. A useful first step could be to bring together existing initiatives and promote the sharing of best practices.

Several interviewees indicated that PRIMA Québec could play a more proactive role in some of these areas.

Caveat: these recommended avenues emerged from the interviews and are intended to inform further discussion. They have not been subject to an in-depth critical assessment. Additional work would be required to prioritize them and translate them into concrete courses of action.

INTRODUCTION



PRIMA Québec's Roadmap

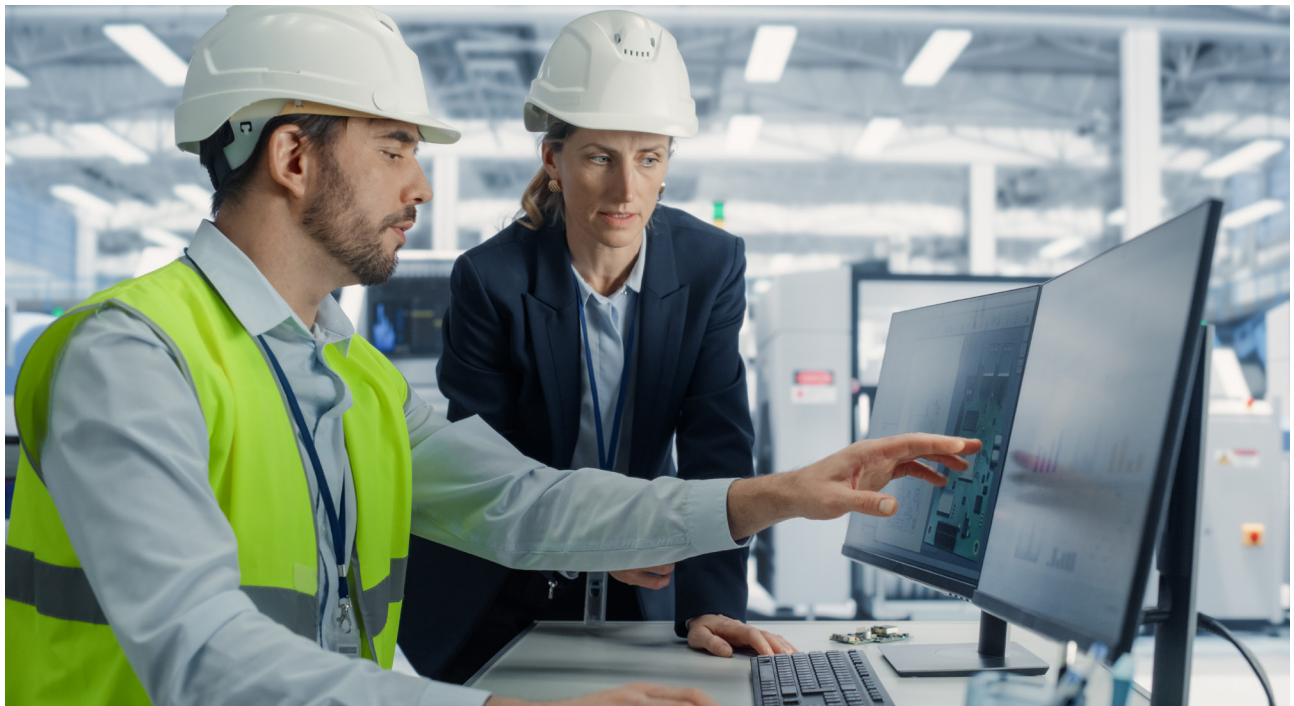
The impacts of climate change are being felt increasingly across our societies. To address this major societal challenge, many jurisdictions around the world have committed to achieving carbon neutrality by 2050. Reaching this goal will require significant efforts from researchers, industry, governments and consumers.

To achieve carbon neutrality, Quebec and Canada will need to implement a range of strategies. Materials lie at the very heart of industrial innovation, and both Quebec and Canada will need to invest in the development and commercialization of a new generation of advanced and environmentally responsible materials. These materials will be essential to delivering rapid and effective solutions to the many challenges associated with decarbonizing processes, industries and, more broadly, the economy as a whole.

In this context, PRIMA Québec brought together several funding partners, the Ministère de l'Économie, de l'Innovation et de l'Énergie (MEIE), Innovation, Science and Economic Development Canada (ISED), and Canada Economic Development for Quebec Regions (CED) to develop a roadmap supporting the emergence of this new generation of advanced materials.

This highly collaborative engagement process involved more than 275 participants through surveys, workshops and focus groups. The development of the roadmap helped establish a shared vision and foster new relationships and partnerships around common objectives and outcomes.

The priorities set out in the [Ambition 2035](#) are the culmination of a process carried out in 2023 and 2024. More importantly, however, they are intended to mark the beginning of an ongoing process to which new initiatives can be added, with the goal of positioning Quebec in international markets while strengthening the strategic role of advanced materials in shaping the future of our planet.



Challenges in Accessing Financing

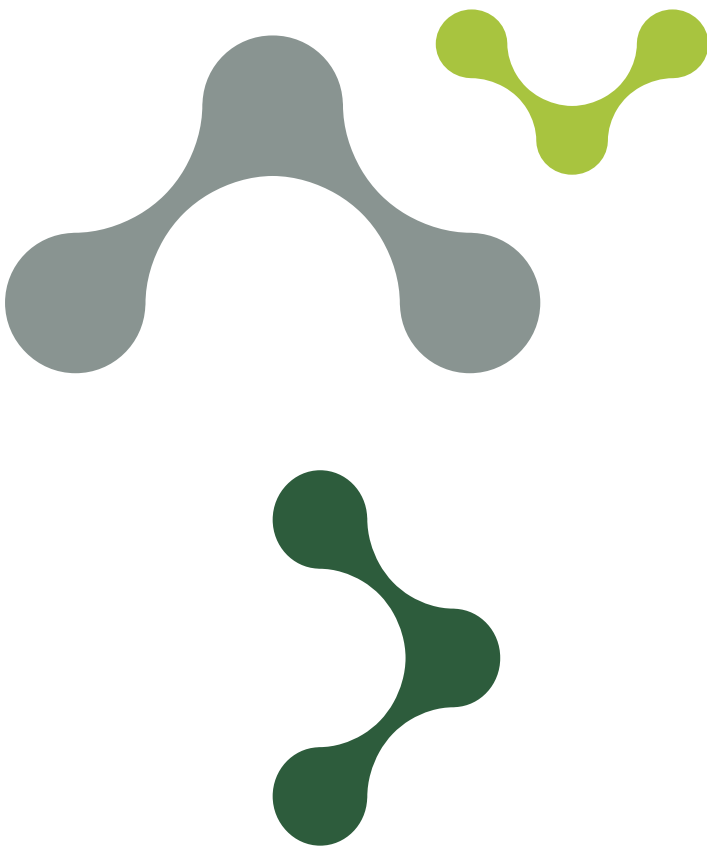
The specific and innovative nature of the advanced materials sector requires long-term investment, often involving extended maturation periods before substantial returns can be generated. The sector is characterized by long and costly technology maturity cycles, typically ranging from 10 to 20 years, as well as by scale-up processes that require significant investment in infrastructure and process optimization.

To address these challenges, it is important to rethink the financial tools currently available and develop mechanisms that bring together all stakeholders across the financing ecosystem, including investors, financial institutions and government agencies to support high-potential companies.

To support this initiative, PRIMA Québec sought to step back and conduct an assessment of the financing ecosystem for the advanced materials sector, with the following objectives:

- Provide an overview of the various transactions completed over a given period.
- Identify financial bottlenecks that hinder the commercialization of new solutions.
- Bring greater clarity to a complex financing ecosystem encompassing venture capital, private equity, private investment and various types of funds.
- Provide companies with a better understanding of the financing options available to them so they can optimize their fundraising strategies.
- Highlight certain market failures, particularly in the transition from the laboratory to industrial-scale production, where financing needs are substantial and both technical and commercial risks remain high.
- Ultimately, ensure that this type of analysis serves as a useful tool for policymakers and investors interested in designing financial instruments tailored to the specific characteristics of the advanced materials sector.

To this end, PRIMA Québec partnered with Réseau Capital's centre of expertise, which has developed extensive expertise in venture capital and private equity databases covering Quebec, Canada, and North America. The centre also maintains direct relationships with the investment community, which it can draw upon to conduct in-depth research on venture capital and private equity issues in Quebec.



Study Phases

The study was conducted in two phases. The first consisted of a quantitative and qualitative analysis of data contained in investment databases, including investment flows and lists of companies and investors. The second consisted of structured interviews with leading venture capital and private equity investors, as well as selected entrepreneurs in Quebec's materials sector. The study concluded with a synthesis of the findings and a series of potential recommendations.

Phase One: Database Analysis

The primary database used was PitchBook, supplemented to a lesser extent by Harmonic.

One of the main challenges in using these databases was defining, through database verticals or keywords, the universe of companies that PRIMA Québec sought to examine.

PRIMA Québec had already identified 558 companies of interest and grouped them in a proprietary database. A methodological note prepared by E&B Data outlined the criteria used to identify these companies. However, it was not possible to establish a correspondence between the criteria or classifications used by E&B Data and the PitchBook database's search parameters.

To overcome this challenge, the analysis proceeded in the opposite direction: it began with the companies identified by PRIMA Québec and matched them with companies in the PitchBook database. Of the 558 companies included in PRIMA Québec's database, 503 were identified in PitchBook.

In addition, keyword and vertical searches in PitchBook identified 230 additional Quebec-based companies that could be of interest to the organization. These companies were presented to the PRIMA Québec team, which selected 90 of them. The resulting universe of 593 companies (503 plus 90) was used for the study.

Of these 593 companies, 485, or 82%, are headquartered in Quebec. The remaining 108 are headquartered outside Quebec but have an establishment in the province. Many of these are large international companies with profiles and sources of financing that differ significantly from those of Quebec-based companies. They are therefore analyzed separately. Most of the statistical analysis focuses on the 485 Quebec-based companies.

Because PRIMA Québec's primary objective was to assess the financing ecosystem for these companies, the universe was segmented according to the companies' financing status as defined by PitchBook (see page 13).

Once the universe had been defined and segmented, the statistical analysis examined:

- The population of companies in the universe: subsectors, age, number of financing rounds.
- The population of investors active in these companies, including notably angels, accelerators, venture capital and development funds, based in Quebec, elsewhere in Canada, or abroad.
- Investment flows (number and amount).

For each of these datasets, the study conducted a longitudinal analysis covering the 2013–2024 period. The year 2013 was selected as the starting point to provide a sufficiently long 12-year observation period while remaining within a relevant and current context. The period was divided into two subperiods, 2013–2018 and 2019–2024, to highlight changes in trends between them.

The purpose of this first phase is to:

- Provide an overview of and analyze trends in the financing of companies in Quebec's advanced materials sector in order to identify key issues:
 - Has the number of funded companies increased across subsectors and stages?
 - What does this suggest about the growth in financing needs?
 - Has there been a corresponding increase in the number of funds raised in Quebec and in the number of investors active in the province, whether based in Quebec or elsewhere?
- Prepare lists of companies and assess Quebec's strengths and weaknesses by subsector and stage.
- Prepare lists of investors active in Quebec by investor type, subsector and stage.
- Draw preliminary statistical conclusions regarding the strengths and weaknesses of the deal flow and financing ecosystem, to be presented and discussed during the interviews.

Phase Two: Interview results

A series of structured interviews was conducted with the following groups:

- 8 of the most active investors in Quebec, whether based in Quebec or elsewhere, were identified during the first phase.
- 4 entrepreneurs selected in collaboration with PRIMA Québec.
- 4 of the most relevant accelerators, identified during the first phase.
- Investissement Québec, BDC and MEIE (as investors and policy managers).
- PRIMA Québec's study steering committee, which was presented with interim findings.

The interviews focused on the following points:

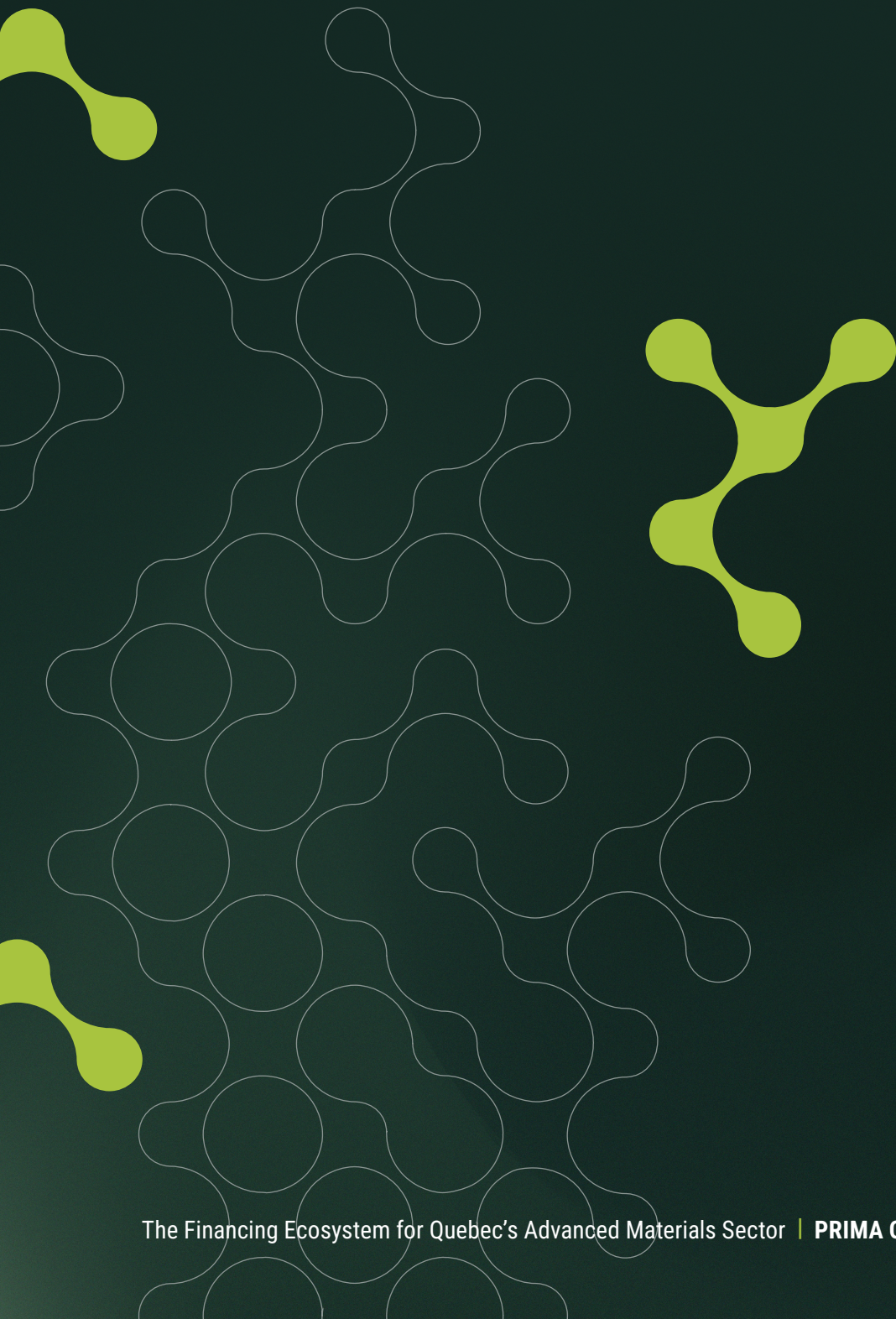
- Feedback on the results of the statistical analyses.
- Based on participants' experience and that of their portfolio companies, the strengths and weaknesses of Quebec's financing ecosystem, as well as the financing challenges faced by their portfolio companies.
- Recommendations for improving the current situation.

Phase Three: Recommended Avenues

Based on the quantitative analyses and interview findings, the Centre of expertise prepared a summary report outlining recommended avenues and next steps.

PHASE ONE:

Statistical analysis



Methodology and definitions



This analysis covers three types of data:

- Company data
- Investor data
- Deal flow data

The categories and classifications used are based on those of the PitchBook database.

Company Data

The companies included in the analysis are the 593 companies in the “PRIMA Québec Universe” as defined on page 9.

The following variables were selected for analysis:

- Headquarters location
- Year founded
- Industry sector (Primary Industry Sector field in PitchBook)
- Ownership status (Ownership Status field in PitchBook)
- Financing status (Current Financing Status field in PitchBook)

Industry Sector

Companies are also classified by industry sector. This classification is based on the *Primary Industry Sector* assigned to each company by PitchBook.

Companies are segmented across seven major business sectors:

- **Business Products and Services (B2B)** : activities involving the supply of products or services in business-to-business transactions, excluding transactions between a company and an individual consumer or an individual consumer and another consumer.
- **Consumer Products and Services (B2C)** : activities involving the supply of products or services directly intended for end consumers, excluding transactions between a company and a business or an individual consumer and another consumer.
- **Energy** : companies offering products and services related to the production, distribution or use of energy as well as providers of energy-related equipment and services, for both businesses and consumers.
- **Financial Services** : professional services related to investment, financing, lending, and the management of money and assets for both businesses and individual customers.
- **Healthcare** : companies providing medical products or services, including consumer facing organizations such as hospitals, health insurance companies and business-facing organizations who provide specific healthcare services, enterprise products or research and development.
- **Information Technology (ICT)** : companies whose primary focus is the development of software, hardware, or related computer peripherals and all companies whose primary focus is on IT consulting, outsourcing, or database management. This includes both business-facing companies and consumer-facing companies.
- **Materials and Resources (M&R)** : companies engaged in the production, development, discovery, extraction or distribution of raw materials.

Ownership Status

Ownership status provides an additional dimension for characterizing the companies. It is based on the *Ownership Status* of the company as defined by PitchBook and reflects the ownership structure under which the company operates at the time of the analysis.

Ownership status is determined based on the most recently completed transaction. Ongoing or forthcoming transactions (*pending* or *upcoming deals*) are not taken into account when establishing a company's ownership status.

To provide a more accurate picture of each company's current situation, companies whose *Business Status* is classified by PitchBook as *Bankruptcy : Admin/Reorg*, are grouped under the Bankruptcy/Closure ownership status, regardless of their initial ownership status.

PitchBook's detailed statuses were consolidated into four ownership-status categories:

- **Merged or acquired (M&A):** Acquired/Merged ; Acquired/Merged (Operating Subsidiary)
- **Bankruptcy/Closure:** Out of Business ; Bankruptcy : Admin/Reorg (Business Status)
- **Private:** Privately Held (backing) ; Privately Held (no backing)
- **Public:** Publicly Held



Financing Status

Because PRIMA Québec's primary objective was to assess the financing ecosystem for companies in Quebec's advanced materials sector, financing status was selected as the primary basis for segmenting the companies into financing universes, as described below.

By consolidating certain PitchBook categories, four major categories, referred to as financing universes, were retained:¹.

- **Accelerators** (Accelerator/Incubator Backed; Formerly Accelerator/Incubator Backed): companies that have participated in an accelerator but have not yet received venture capital or financing from other sources.
- **Venture capital** (VC-Backed; Formerly VC-Backed ; Pending VC): companies funded by venture capital, whether from private, institutional, or governmental funds or corporate investors.
- **Private equity** (PE-Backed; Formerly PE-Backed): companies funded by private or institutional private equity. These companies generally have a different profile from those funded by venture capital.
- **Corporations** (Corporate-Backed or Acquired; Corporation; Pending M&A): companies that are not funded by accelerators, venture capital, or private equity and may be self-funded or funded by other companies.

The working hypothesis, to be tested through the analysis, is that these four financing universes comprise companies that face different financing challenges and rely on different types of investors.

¹After performing the groupings, two residual categories remained: the "Angels" category (1 corporation out of 593) and the "Debt" category (6 companies). Given their low incidence, it was decided to disregard these residual categories in the analysis by financing universe.

Investor Data

The analysis is based on the following variables:

- Investor headquarters location
- Investor type

Investors whose headquarters location is unknown are excluded from the active investor population analyzed.

Investor Region

Investor region is used as a segmentation variable to identify the geographic origin of investors. An investor's location is determined based on the principal headquarters of the investing entity, regardless of the location of the companies it finances or the nature of the transactions involved:

- **Quebec (QC)** : investors headquartered in Quebec.
- **Rest of Canada (RoC)** : Investors headquartered in a Canadian province or territory, excluding Quebec.
- **Federal** : investment entities associated with the Government of Canada. This category is reported separately from other Canadian investors because of these entities' national mandates, public-policy objectives and specific methods of intervention.
- **United States (US)** : investors headquartered in the United States.
- **International (INT)** : investors headquartered outside Canada and the United States.

Investor Type

In addition to geographic segmentation, investors are also classified by type. This classification is based on PitchBook's *Primary Investor Type* field. The categories were cleaned, standardized and adapted for the purposes of the analysis, including through the addition of a dedicated category for institutional investors.

- **Accelerator**: Accelerator/Incubator
- **Angel** : Angel (individual); Angel Group
- **Private venture capital (Private VC)** : Venture Capital; Corporate Venture Capital; Impact Investing; Not-For-Profit Venture Capital; Venture Capital & Private Equity; Venture Studio
- **Private equity (Private PE)** : Private Equity; PE/Buyout; Growth/Expansion
- **Companies**: Corporation; Holding Company; PE-Backed Company; VC-Backed Company; Not for profit; Special Purpose Acquisition Company (SPAC)
- **Family Office**: Family Office
- **Institutional** : Institutional; Sovereign Wealth Fund
- **Government**: Government
- **Investment firm/bank** : Asset Manager; Hedge Fund; Investment Bank; Merchant & Investment Banking; Merchant Banking Firm; Mutual Fund; Mezzanine; Lender/Debt Provider
- **Other** : Infrastructure; Real Estate; University; Other

Deal flow Data

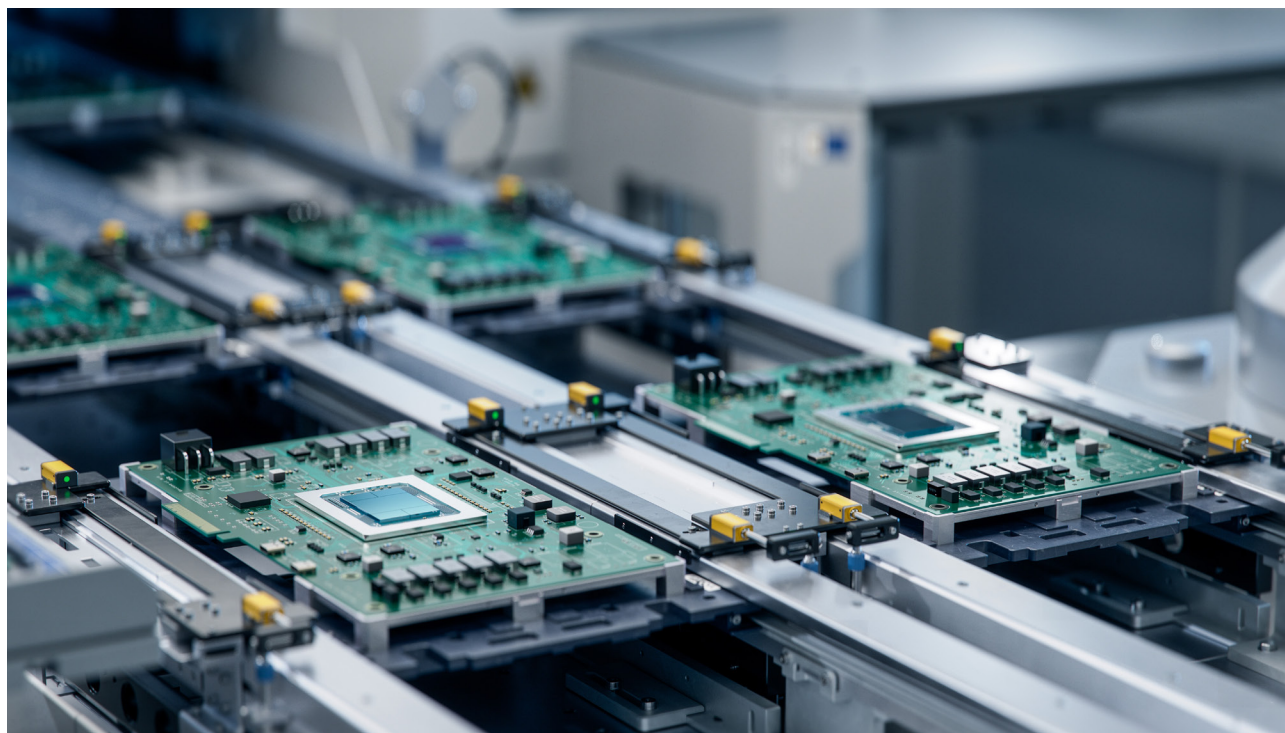
The analysis variables selected are:

- Number of companies funded
- Number of funding rounds
- Dollars invested³
- Number of investments⁴

²The "Institutional" category is not part of *Primary Investor Type* defined by PitchBook. It was added for analysis purposes and groups public or semi-public actors, tax-advantaged funds, and major financial institutions playing a structuring role in corporation financing.

³Due to a high proportion of undisclosed amounts in private equity, invested amounts are not used as an indicator for this category. Private equity analysis therefore relies on the number of funding rounds and financing events, the number of funded companies, as well as the number and profile of active investors.

⁴An investment refers to the participation of a single investor in a financing round. A financing round involving four investors is therefore counted as four investments. It would also be useful to analyze invested amounts by investor headquarters location. However, the databases report only the total amount of each round, not the amount invested by each individual investor



General Characteristics of the PRIMA Québec Company Universe: Quebec-Based and Non-Quebec-Based Companies

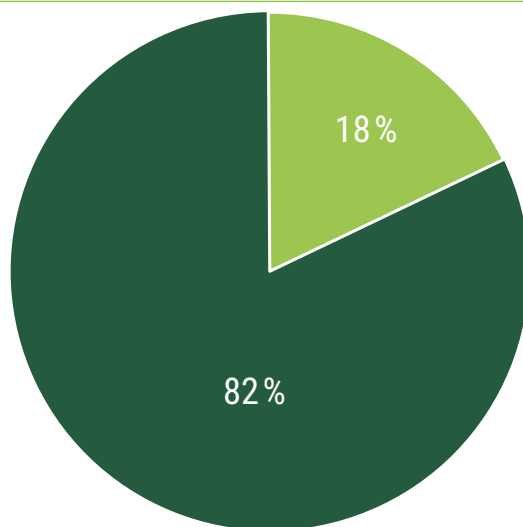
Of the companies in the PRIMA Québec universe, 485, or 82% of the total, are headquartered in Quebec.

Figure 1

Distribution of Companies by Region

All financing universes

- Outside Quebec
- Quebec



Source: PitchBook Data Inc., analyzed by Réseau Capital

Companies headquartered outside Quebec have, as a group, a markedly different profile overall from Quebec-based companies:

- For the most part, these are large companies (multinationals): 37% have more than 1,000 employees and 47% have more than 100 employees, compared with 2% and 20%, respectively, among Quebec-based companies.
- They are older: 52% were founded before 2000, compared with 37% for Quebec-based companies.
- A much smaller proportion of them are financed through venture capital or accelerators: 13% compared with 29% for Quebec-based companies.

Table 1

Distribution of Quebec-Based and Non-Quebec-Based Companies by Number of Employees

Number of employees	Quebec	Non-Quebec	Quebec (%)	Non-Quebec (%)
1,000 +	11	40	2%	37%
100-999	86	11	18%	10%
10-99	235	22	48%	20%
1-9	105	10	22%	9%
n.a.	48	25	10%	23%
Total	485	108	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 2

Distribution of Quebec-Based and Non-Quebec-Based Companies by Financing Status

Financing status	Quebec	Non-Quebec	% Quebec	% Non-Quebec
Accelerator	47	7	10%	6%
Angel	1	0	0%	0%
PE	69	24	14%	22%
VC	91	8	19%	7%
Debt	4	2	1%	2%
Corporation	273	67	56%	62%
Total	485	108	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital



Table 3

Distribution of Quebec-Based and Non-Quebec-Based Companies by Founding Period

Founding period	Quebec	Non-Quebec	Quebec (%)	Non-Quebec (%)
2025	1	0	0%	0%
2013-2024	165	23	34%	21%
2000-2012	119	22	25%	20%
< 2000	178	56	37%	52%
n.a.	22	7	5%	6%
Total	485	108	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Given the differences in profile between Quebec-based companies and companies headquartered outside Quebec (location and level of internationalization, age, size, sources and financing needs), it was determined to analyze the two groups separately. Accordingly, most of the analysis that follows focuses on Quebec-based companies.

Quebec-Based Companies

General Characteristics of Quebec-Based Companies

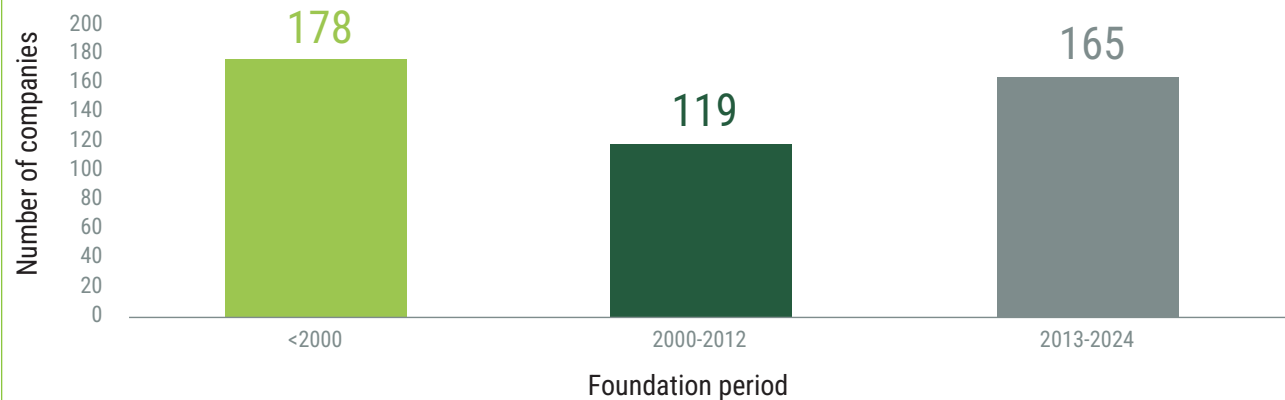
By founding period (462 companies)

An analysis of founding years shows that the period before 2000 accounts for the largest number of companies founded, with a total of 178. Within the more recent 2013–2024 period, 2013–2018 was the most active subperiod, during which 102 companies were founded.

Figure 2

Distribution of Companies by Founding Period

All financing universes

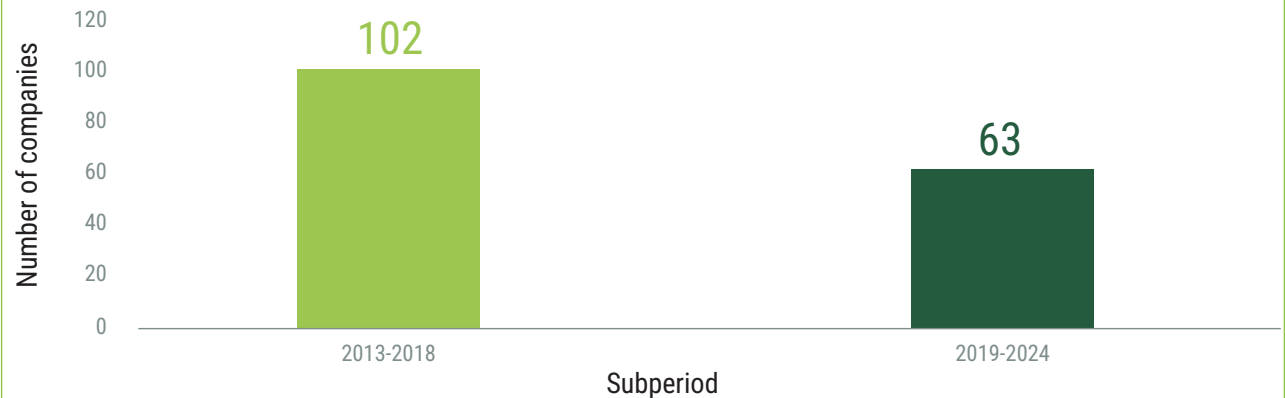


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 3

Number of Companies Founded by Subperiod

All Financing Universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

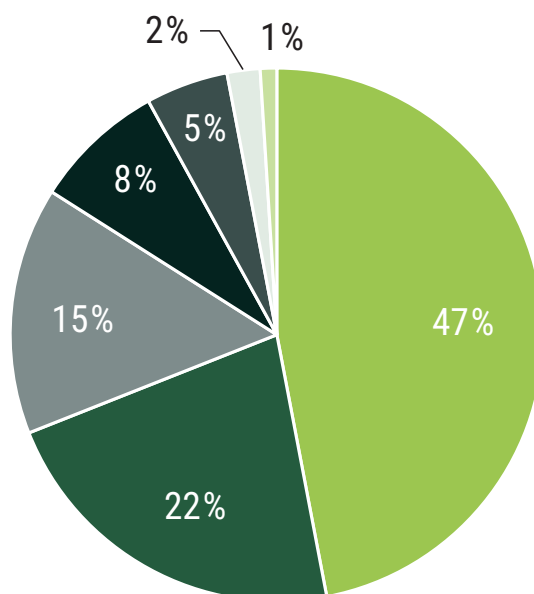
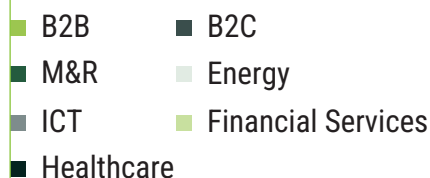
By Industry Sectors (485 companies)

According to PitchBook's taxonomy, the largest sectors represented are Business Products and Services (B2B), accounting for 47% of companies, Materials and Resources (M&R), at 22%, and Information Technology (ICT), at 15%.

Figure 4

Distribution of Companies by Sector

All financing universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

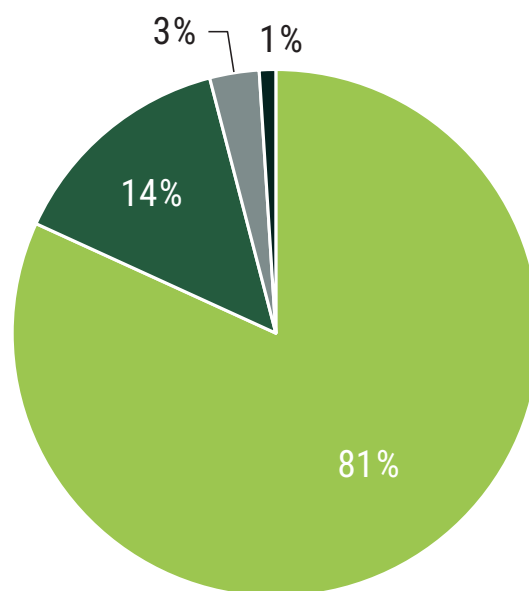
By Ownership Status (485 companies)

Only 3% (15) of the companies analyzed are public companies (publicly traded). Most are privately held (81%) or have been acquired or merged (14%). Finally, 1% have ceased operations.

Figure 5

Distribution of Companies by Ownership Status

All financing universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Financing Status

More than half of the companies (273), representing 56% of Quebec-based companies, are classified in the Corporate financing universe and have not relied on accelerators, venture capital or private equity for financing. In addition, 10% of the companies (47) have participated in an accelerator but have not yet accessed other sources of financing.

Table 4

Distribution of Quebec-Based Companies by Financing Status

Financing status	Companies	% of companies
Accelerator	47	10%
Angels	1	0%
PE	69	14%
VC	91	19%
Debt	4	1%
Corporation	273	56%
Total	485	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Characteristics of the Active Investor Universe for Quebec-Based Companies

Over the 2013–2024 period, 542 distinct investors made at least one investment in Quebec’s advanced materials sector, of which 143 (26%) were headquartered in Quebec. From one subperiod to the next, the number of active investors based in Quebec increased by 18%. However, the number of investors headquartered outside Quebec grew more rapidly, causing the share of Quebec-based investors to fall from 41% to 25% (see Table 5).

Overall, the sector appears to be attracting a rapidly growing number of investors from outside Quebec, including investors from the rest of Canada, the United States and elsewhere internationally.

Table 5**Number of Active Investors by Subperiod and Investor Region**

Region	2013-2018	2019-2024	2013-2024	2019-24/2013-18
QC	85	100	143	1.2
RoC	32	72	99	2.3
Federal	9	20	20	2.2
U.S.	46	129	165	2.8
International	35	83	115	2.4
Total	207	404	542	2.0
QC/Total	41%	25%	26%	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

An analysis of the number of investments⁵ shows that Quebec accounts for a larger share of investor participations than of active investors. In other words, Quebec-based investors are, on average, more active in Quebec than investors headquartered outside the province. Their investment activity also grew faster than the number of active Quebec-based investors, meaning that Quebec's share of total investor participations declined less sharply than its share of active investors.

Over the full period, 56% of investments came from federal investors or investors headquartered outside Quebec, including 13% from federal investors (see Table 6).

Table 6**Number of Investments by Subperiod and Investor Region**

Region	2013-2018	2019-2024	2013-2024	2019-24/2013-18
QC	193	348	541	1.8
RoC	38	121	159	3.2
Federal	45	113	158	2.5
U.S.	57	172	229	3.0
International	36	97	133	2.7
Total	369	851	1 220	2.3
QC/Total	52%	41%	44%	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

⁵ An Investment is an investment made by a single investor. A transaction or financing round involving four investors therefore counts as four investor participations. It would also be useful to analyze amounts invested by investor headquarters location; however, the databases do not provide that level of detail.

Companies in the “Venture Capital” Financing Universe

Companies

Of the companies in the PRIMA Québec universe, 91, or 19% of the total, fall within the venture capital financing universe.

By Year Founded

The number of companies in this financing universe founded each year rose sharply after 2014, before declining markedly in more recent years. At the time of the analysis, none of the companies founded after 2022 had yet been classified in the venture capital financing universe. This apparent decline may partly reflect the lag between a company’s founding and its first venture capital round, although that lag alone is unlikely to explain the marked slowdown relative to the 2015–2019 period.

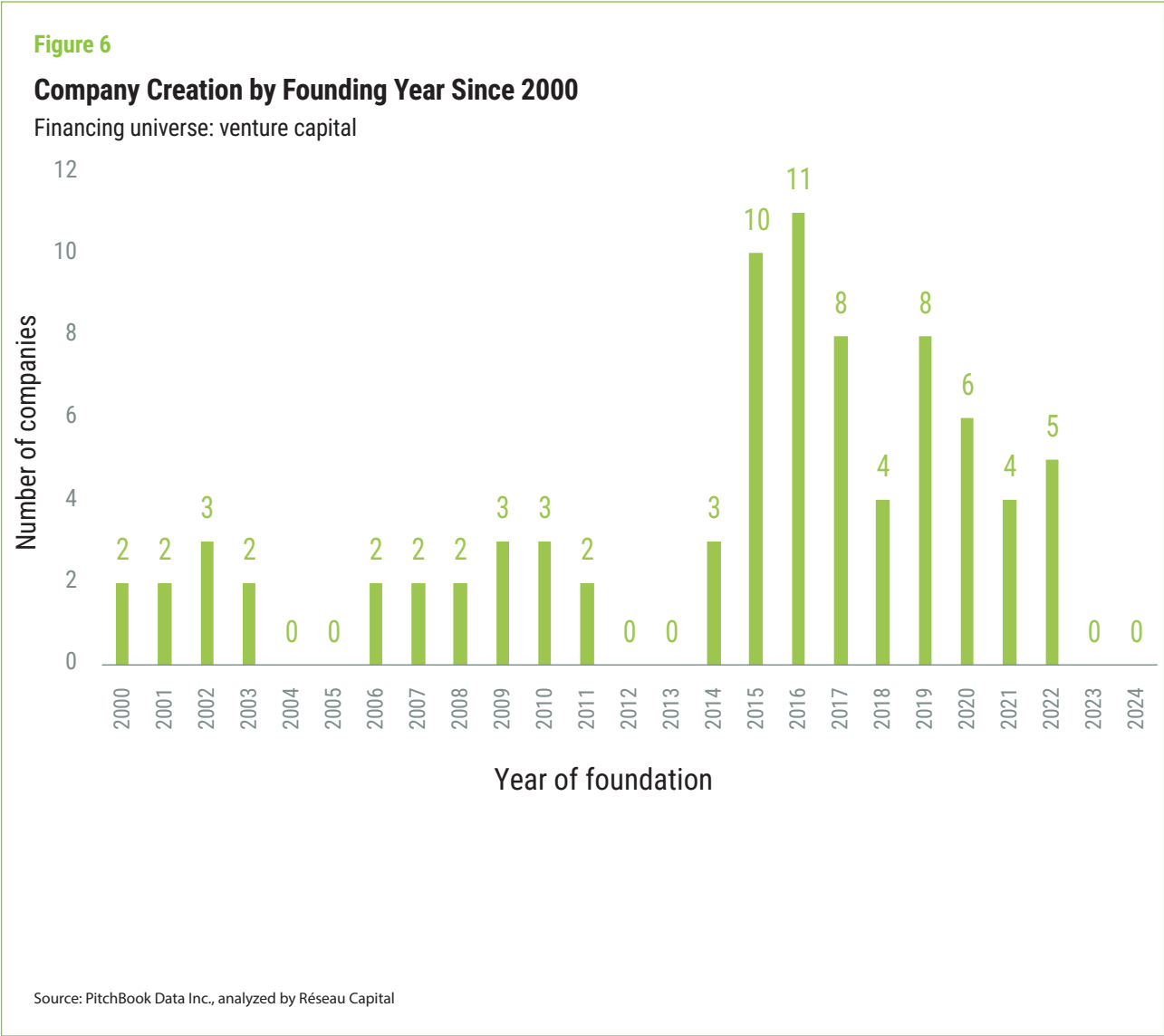
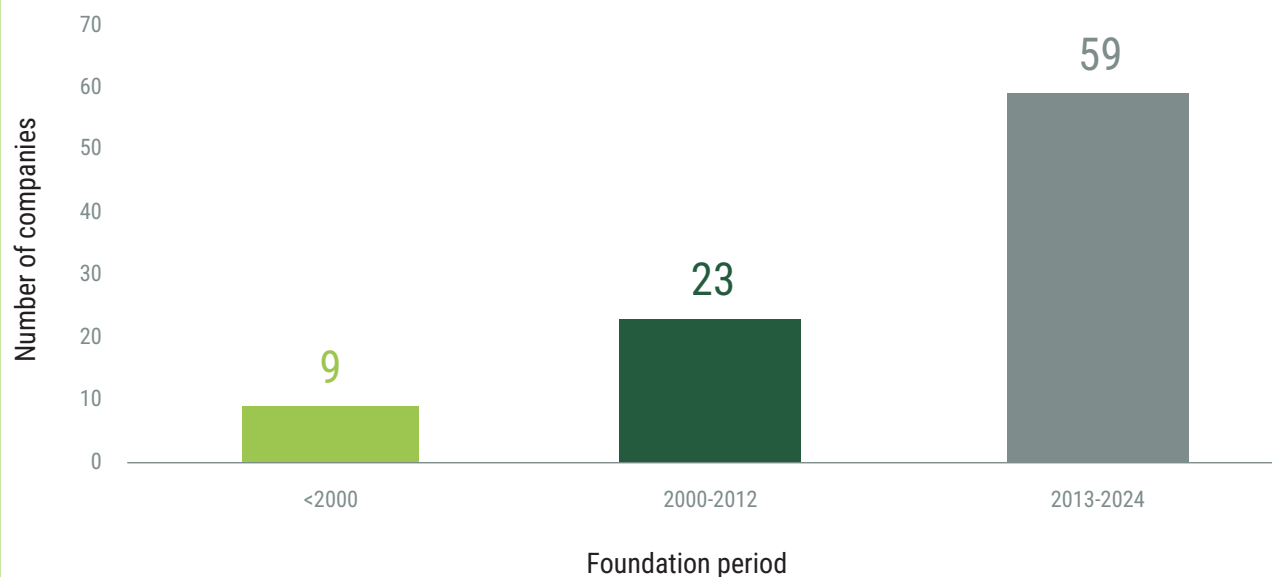


Figure 7

Distribution of Companies by Founding Period

Financing universe: venture capital

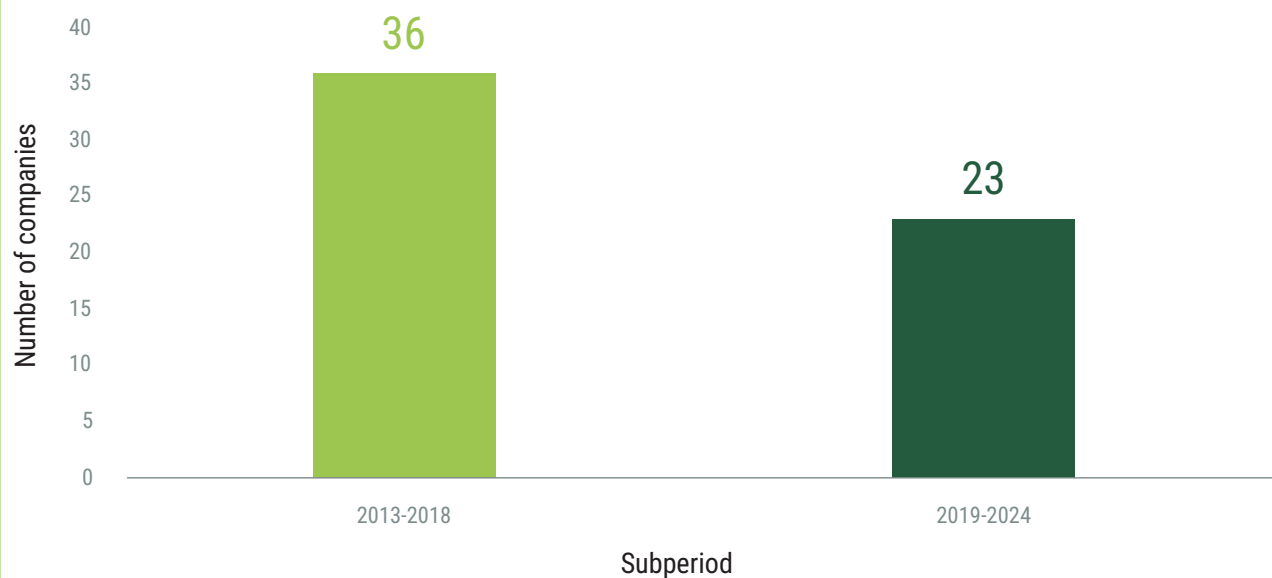


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 8

Company Creation by Subperiod

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

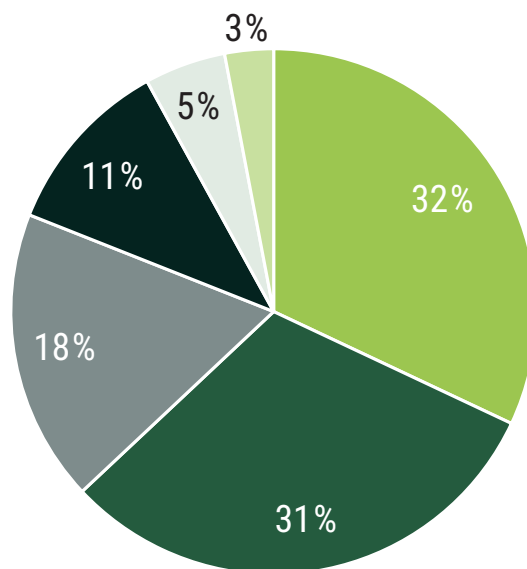
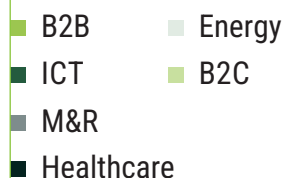
By Industry Sector

According to PitchBook's taxonomy, the largest sectors represented are Business Products and Services (B2B), at 32%, and Information Technology (ICT), at 31%. Sectors more directly associated with industrial activity, such as Materials and Resources (M&R), at 18%, and Energy, at 5%, rank 3rd and 5th.

Figure 9

Distribution of Companies by Sector

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

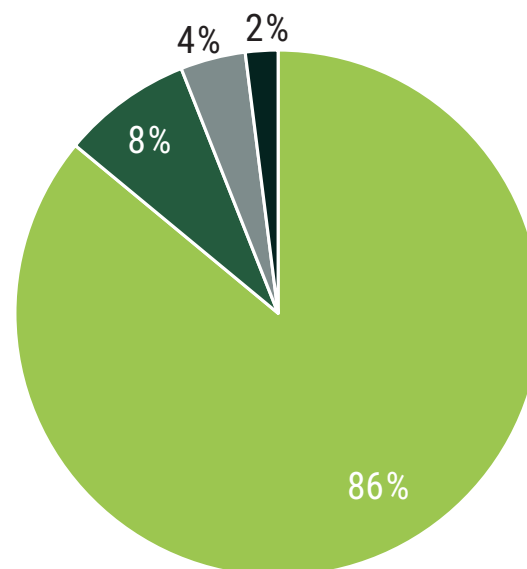
By Ownership Status

Of the 91 companies in the venture capital financing universe, 86% are privately held (78), 8% have been merged or acquired (7), 2% are publicly traded (2), and 4% have entered bankruptcy proceedings or ceased operations (4). The four companies in the latter category are AEST Green Energy, Lynx Inspection, LeddarTech Holdings, and Tergeo.

Figure 10

Distribution of Companies by Ownership Status

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Number of Employees

Only 10% of companies in the venture capital financing universe have more than 100 employees. In total, the 90 Quebec-based companies in this universe for which PitchBook provides employee data account for 4,159 employees.

Table 7

Distribution of Companies by Number of Employees

Number of employees	Number	Percentage
1,000 +	0	0%
100-999	9	10%
10-99	61	67%
1-9	20	22%
n.a.	1	1%
Total	91	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

By Stage of the Most Recent Round and Total Capital Raised

Among companies in the venture capital financing universe, 38 companies (42%) completed their most recent round at the accelerator, seed or early stages, while 39 (43%) completed their most recent round at the later stage. In addition, 8 companies (9%) were merged or acquired, 2 (2%) are publicly traded, and 4 (4%) have ceased operations

Only 14 companies (15%) have raised more than \$50M, while 42 companies (46%) have raised less than \$10M. Companies that have reached a significant scale remain relatively rare.

Table 10 provides additional details on the 14 companies that have raised more than \$50M. The main findings are as follows:

- These companies are relatively mature: 8 of them (57%) were founded before 2013, 5 were founded between 2013 and 2018, and only 1 (Deep Sky) was founded after 2018. This suggests that companies in the sector tend to scale relatively slowly.
- Two of them (LeddarTech and Tergeo) have filed for bankruptcy, 2 have been acquired, and 2 are publicly traded. 7 completed their most recent round at the later stage, while one (Deep Sky) completed its most

recent round at the early stage.

- The investor list shows significant participation from foreign investors, shown in red, and from Canadian or foreign corporations, shown in green. UgoWork and CVTCorp are the only two companies with neither foreign nor corporate investors.
- Among the remaining investors, institutional and government investors are particularly prominent, especially near the top of the list. None of the first eight companies includes a Quebec-based private venture capital fund among its investors. The same is true of the final two companies.
- Quebec-based private venture capital funds have a relatively limited presence among the sector's growth-stage companies. Could this be explained by their more recent emergence and the relatively slow growth trajectory of companies in the sector ?

Table 8**Distribution of Companies by the Most Recent Round Type**

Stage	Number	Percentage
Accelerator	20	22%
Seed	9	10%
Early stage	9	10%
Later stage	39	43%
M&A	8	9%
IPO/PIPE	2	2%
Bankruptcy/Closure	4	4%
Total	91	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 9**Distribution of Companies by Total Capital Raised**

Total Capital Raised (\$M CAD)	Number	Percentage
>\$100M	8	9%
\$50–99M	6	7%
\$10–49M	22	24%
\$1–9M	33	36%
<\$1M	9	10%
n.a.	13	14%
Total	91	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 10

Companies That Raised More Than \$50M

Company	Year Founded	Total Capital Raised to Date (\$M CAD)	Employees	Current or Former Investors	Most Recent Round Stage
LeddarTech Holdings (PINX: LDTCF)	2007	559	130	Accès Capital Québec, ams-OSRAM, Aptiv, BDC Capital, Cowen Healthcare Investments, Desjardins Capital de Risque, EDC Investments, Fidelity Investments Canada, Focus Capital Group (Israel), Fonds de solidarité FTQ, FS Investors, Go Capital (US), Innovatech Québec, Investissement Québec, I-Source Gestion, Magneti Marelli, Osram Licht, Prospector Capital, Renesas Electronics America, Sofimac Innovation, Sofimac Investment Managers, UI Investissement	Bankruptcy
FLO EV Charging	2009	339	316	BDC Capital, Business Development Bank of Canada, Caisse de dépôt et placement du Québec, EDC Investments, Energy Impact Partners, Fonds de solidarité FTQ, Gouvernement du Québec, Investissement Québec, MacKinnon, Bennett & Company	Later stage
SRTX	2017	338	104	Alberto Chalon, ArcTern Ventures, Backbone Angels, BDC Capital, C100, Creative Destruction Lab, EDC Investments, Ethos Angel Funds, Export Development Canada, Flight Ventures, Founders Fund, G2 Venture Partners, Gibraltar Ventures, Globalive Capital, H&M Group Ventures, Hemisphere Ventures, Hennes & Mauritz, Icebook Investments, Investissement Québec, Joseph Mimran, Michele Romanow, Mike Mannix, Pegasus Tech Ventures, Seraph Group, Serena Ventures, The Lazaridis Institute, Two Small Fish Ventures, Université de Toronto, University of Toronto Entrepreneurship, Valar Ventures, XDL Capital Group, Y Combinator, Zeno Ventures	M&A
Lithion Technologies	2017	273	51	BowBridge, Call2Recycle, CEPROCQ, Fondation, GM Ventures, Government of Quebec, Hydro Québec, IMM Investment, Investissement Québec, Seneca Experts-Conseils, Sustainable Development Technology Canada	Later stage
Xebec Adsorption	1967	263	600	Caisse de dépôt et placement du Québec, ICY Capital, QuestAir Technologies, Special Situations Funds	M&A
Tergeo	2003	113	4	Canada Economic Development for Québec Regions, Fondation, Government of Quebec, Marubeni, Seneca Experts-Conseils, Shawinigan Aluminium, Sustainable Development Technology Canada	Bankruptcy

Tekna Holding (OL : TEKNA)	1990	111	174	Arendals Fossekompagni, Blackcrane Capital, Delphi Funds, Government of Canada, Government of Quebec, Kvantia, Luxor Capital Group, Norron Asset Management, Storebrand	IPO
UgoWork	2014	103	65	ACET, Desjardins Capital, EDC Investments, Fonds de solidarité FTQ, Government of Quebec, Investissement Québec, LE CAMP, Pierre Péladeau Bursaries	Later stage
Deep Sky	2022	85	48	BDC Capital, BMO Financial Group, Breakthrough Energy, Brightspark Ventures, Business Development Bank of Canada, Frederic Lalonde, Government of Quebec, Investissement Québec, National Bank of Canada (Montreal), OMERS Ventures, Panache Ventures, Whitecap Venture Partners	Early Stage
Laserax	2010	79	121	BDC Capital, Canada Economic Development for Quebec Regions, Desjardins Capital, Desjardins Entreprises, Fonds Innovexport, Inno-centre, Investissement Québec, IRAP, Jean Veilleux, Patrick Zivojinovic, Sovar	Later stage
SPARK Microsystems	2016	59	80	Aligo Innovation, Centech, Cycle Capital, École de Technologie Supérieure, Economic Development Canada, EDC Investments, Idealist Capital, Innotime (CA), Matrix Industries, ND Capital, Nokia, ON Semiconductor, Paul Jacobs, Pixmob, Real Ventures, ReelyActive, Sanjay Jha, SanTuri Ventures, Silicon Catalyst, Ubios	Later stage
CVTCORP	2001	55	36	Centech, Cycle Capital, Government of Quebec, Investissement Québec, Ministry of Economy, Innovation and Energy (MEIE)	Later stage
Dundee Sustainable Technologies (CNQ: DST)	1997	53	25	Creso Exploration, DPM Metals, Fournier Industries, Investissement Québec	IPO
Anomera	2016	51	25	Altitude Accelerator, Holcim, Holcim Accelerator, Impact Chemistry, McGill Dobson Centre for Entrepreneurship, McGill University, National Research Council Canada, Ontario Centre of Innovation, Quebec Ministry of Forests, Wildlife and Parks, Rayonier Advanced Materials, Sustainable Development Technology Canada	Later stage

Source: PitchBook Data Inc., analyzed by Réseau Capital

Investment Flows

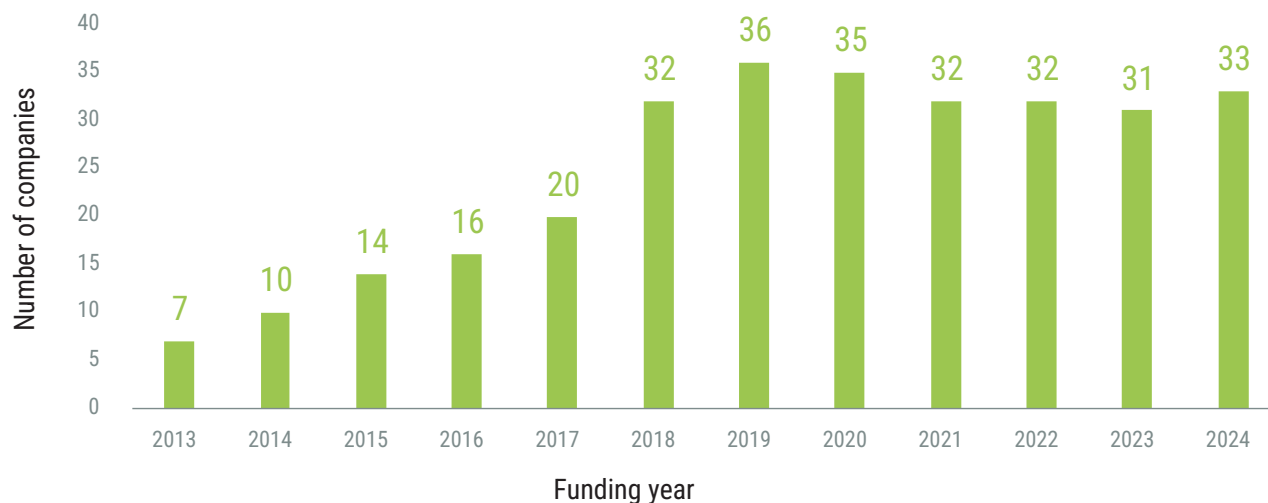
The analysis of the investment flows shows a sharp increase in investment activity through 2019, followed by a period of relative stability. This resulted in strong growth between the two subperiods

Number of Funded Companies

Figure 11

Number of Companies Funded by Year

Financing universe: venture capital

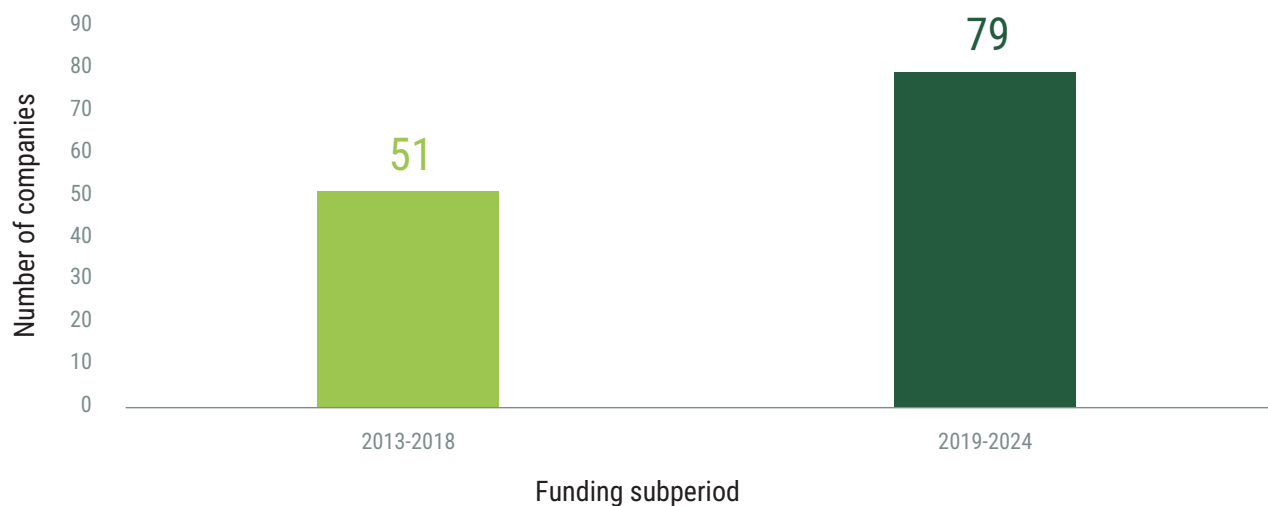


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 12

Number of Funded Companies by Subperiod

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

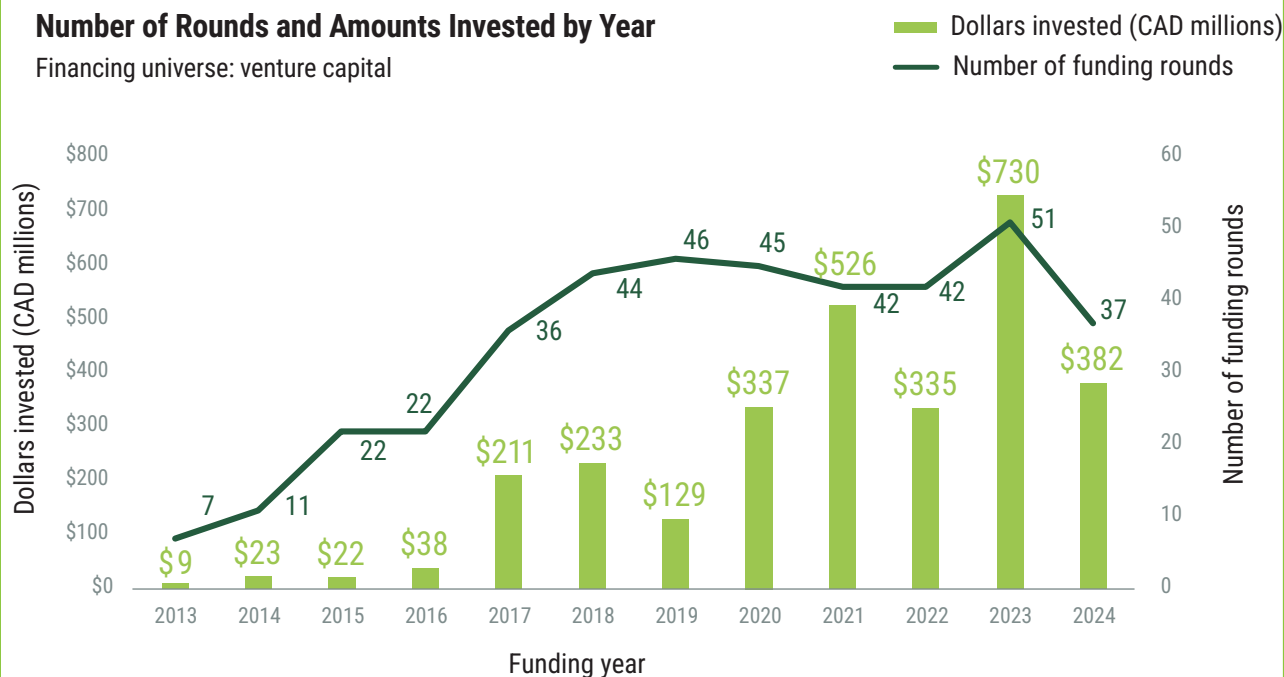
Number of Rounds and Amounts Invested

The number of rounds, the amounts invested and the average round size increased substantially across all stages (seed, early, and later stage).

Figure 13

Number of Rounds and Amounts Invested by Year

Financing universe: venture capital

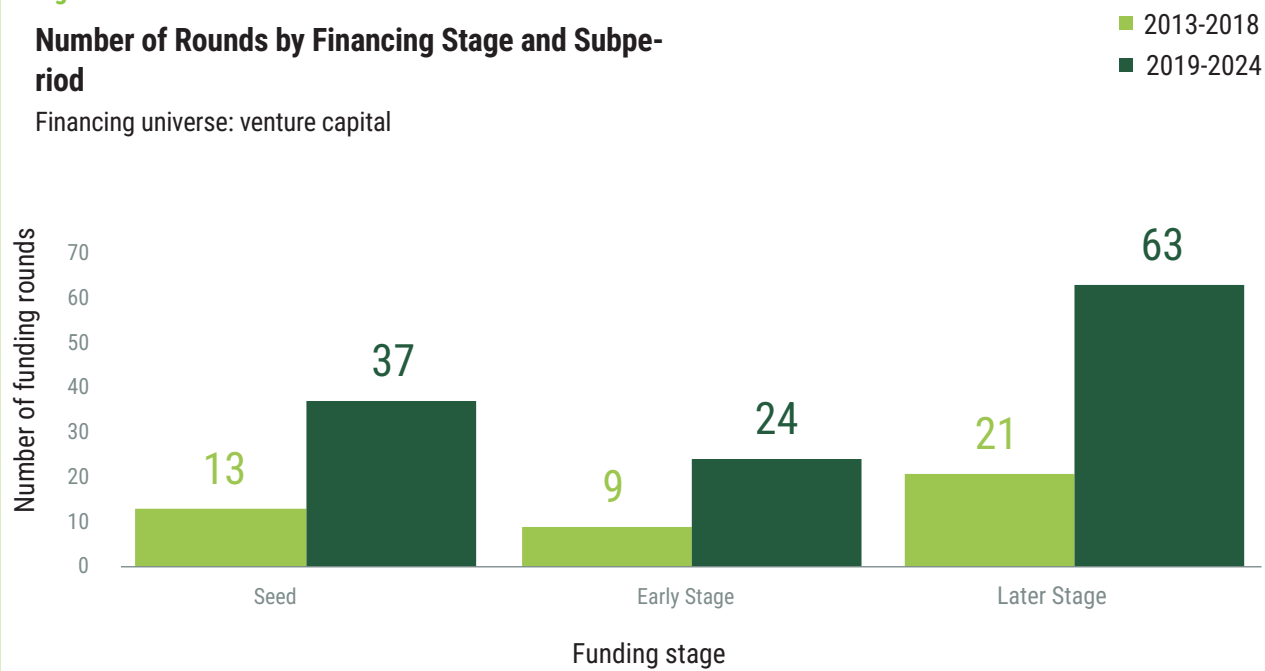


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 14

Number of Rounds by Financing Stage and Sub-period

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

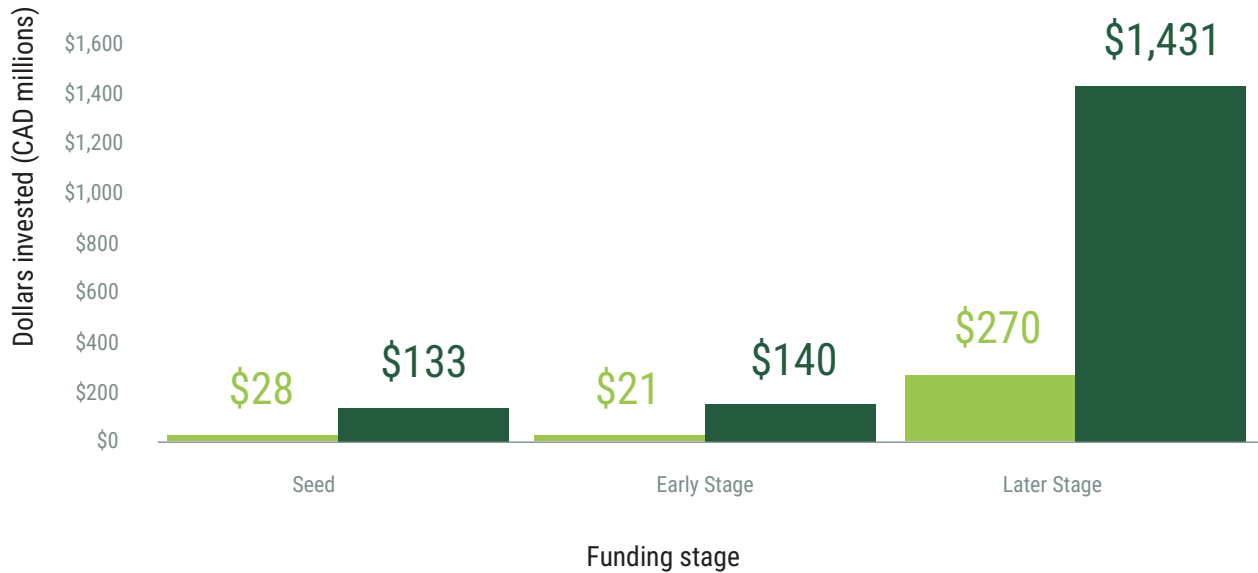
Figure 15

Amounts Invested by Financing Stage and Subperiod (\$M CAD)

Financing universe: venture capital

■ 2013-2018

■ 2019-2024



Source: PitchBook Data Inc., analyzed by Réseau Capital

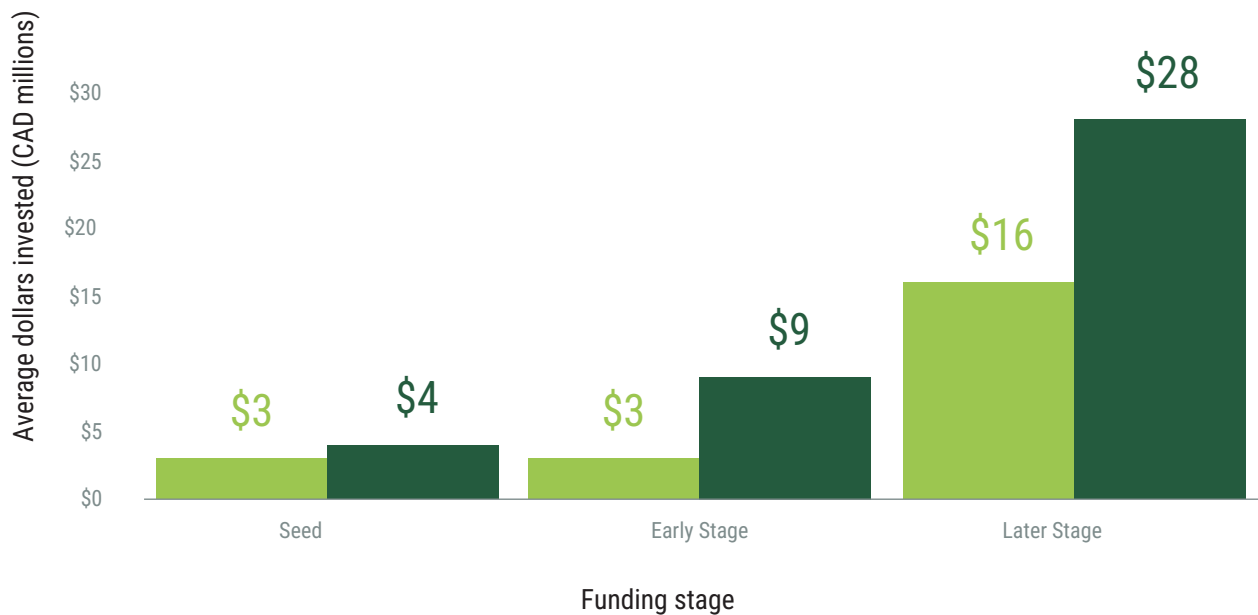
Figure 16

Average Dollars Invested by Financing Stage and Subperiod

Financing universe: venture capital

■ 2013-2018

■ 2019-2024

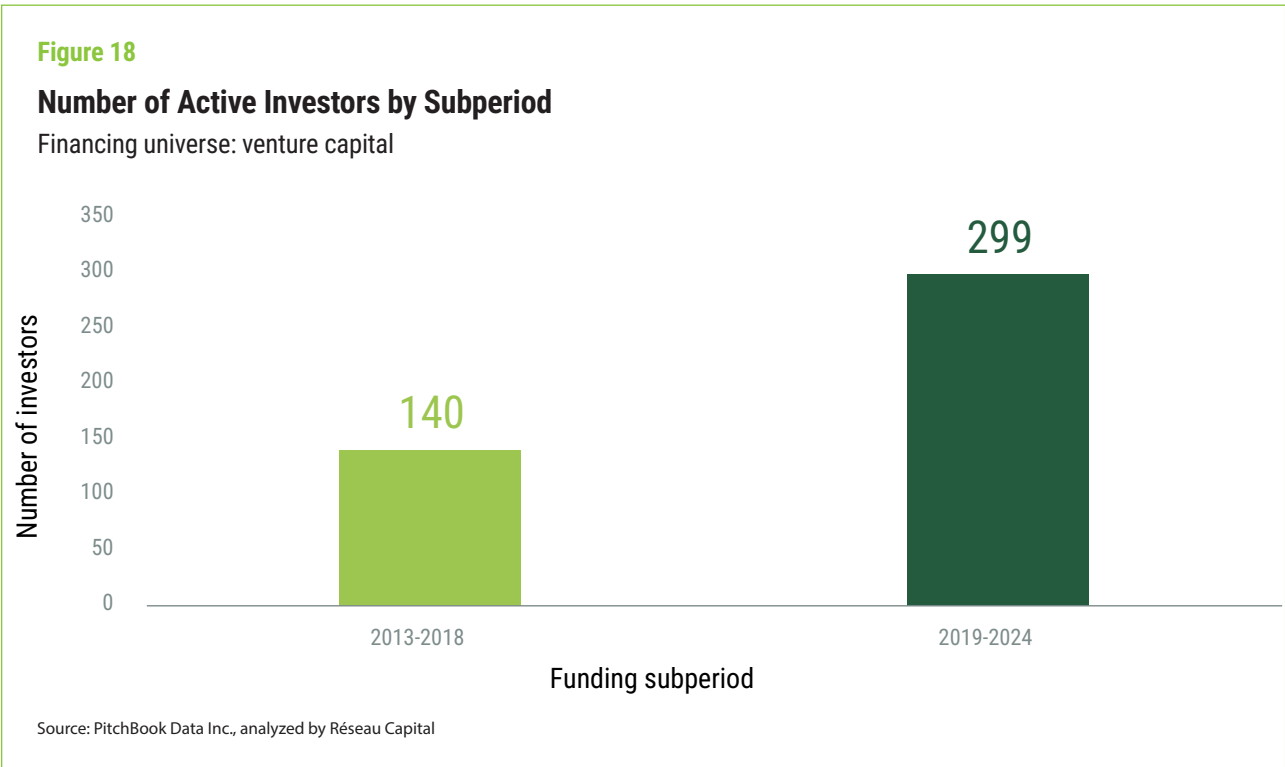
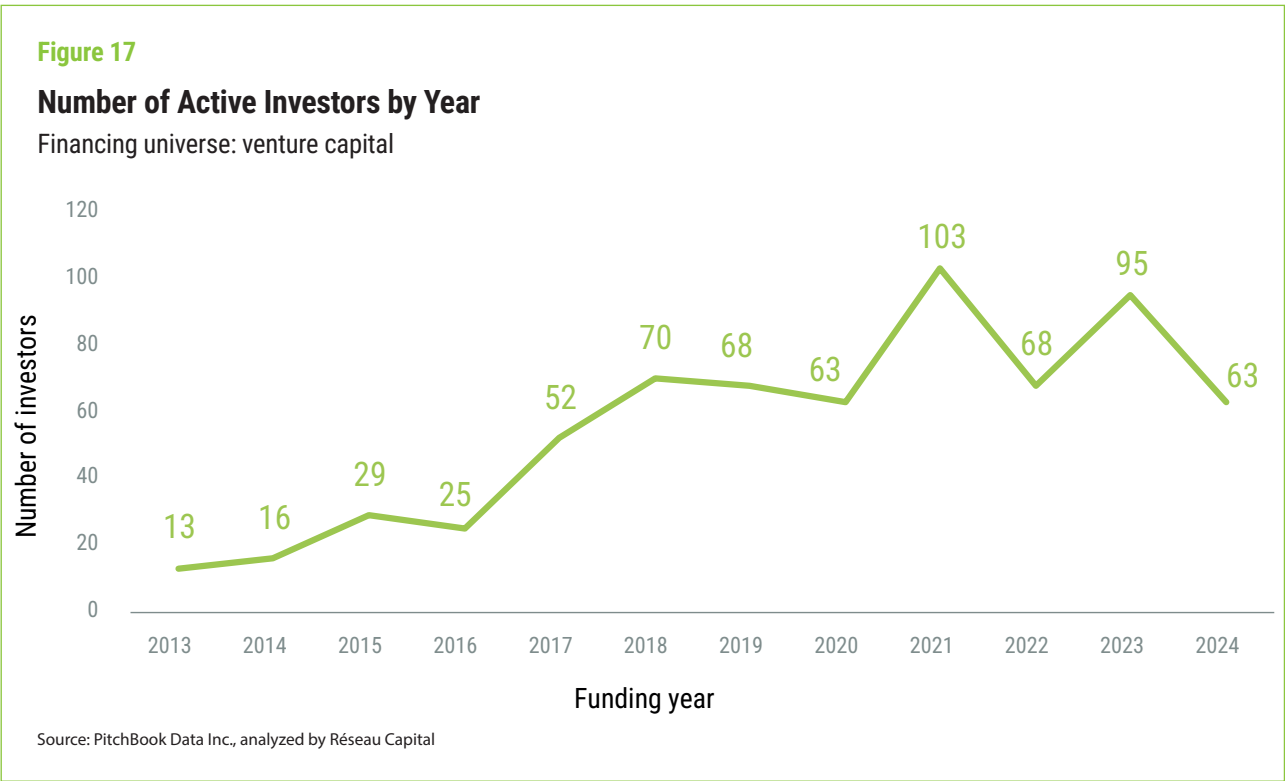


Source: PitchBook Data Inc., analyzed by Réseau Capital

Investors and financing

By Period

The number of active investors in Quebec-based companies within the venture capital financing universe increased substantially, from 140 during the first subperiod to 299 during the second.



By Investor Region

The increase in the number of active investors was driven primarily by strong growth in the number of investors headquartered outside Quebec. Quebec-based investors accounted for 52% of all active investors during the first subperiod, compared with only 26% during the second. From one subperiod to the next, the number of Quebec-based investors increased by 8%, while the number of investors from the rest of Canada and the United States more than tripled, and the number of international investors quadrupled (Table 11).

The sector therefore appears capable of attracting a growing number of investors from outside Quebec, not only from Canada or the United States, but also from the international market (excluding the United States).

Quebec's share of the number of investments is higher than its share of active investors (Table 12). This results from the fact that Quebec investors are, on average, more active in the province than investors headquartered elsewhere, as shown in Table 13.

The average number of investments per investor also increased more rapidly between the two subperiods for Quebec-based investors (1.6x) than for investors headquartered outside Quebec (Table 13). Nevertheless, because of the sharp increase in the number of active investors from outside the province, Quebec's share of investor participations declined from 59% to 43% between the two subperiods (Table 12).

Federal investors are also, on average, considerably more active than investors in the other geographic categories.

Table 11

Number of Active Investors by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total	QC/Total
2013-2018	73	18	6	28	15	140	52%
2019-2024	79	54	14	92	60	299	26%
2013-2024	114	69	15	112	73	383	30%
2019-24/2013-18	1.1	3.0	2.3	3.3	4.0	2.1	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 12

Number of Investments by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total	QC/Total
2013-2018	150	22	32	36	15	255	59%
2019-2024	262	88	73	126	67	616	43%
2013-2024	412	110	105	162	82	871	47%
2019-24/2013-18	1.7	4.0	2.3	3.5	4.5	2.4	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 13

Average Number of Investments by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total
2013-2018	2.1	1.2	5.3	1.3	1.0	1.8
2019-2024	3.3	1.6	5.2	1.4	1.1	2.1
2013-2024	3.6	1.6	7.0	1.4	1.1	2.3
2019-24/2013-18	1.6	1.3	1.0	1.1	1.1	1.1

Source: PitchBook Data Inc., analyzed by Réseau Capital

By investor type

Table 14

Share of Active Investors and Investments by Subperiod and Investor Type

Investor type	Share of investors			Share of investments		
	2013-2018	2019-2024	2013-2024	2013-2018	2019-2024	2013-2024
Accelerator	13%	13%	13%	18%	13%	14%
Angel	6%	8%	8%	5%	7%	6%
Other	9%	3%	5%	7%	2%	4%
Private PE	1%	3%	3%	1%	2%	2%
Private VC	27%	40%	36%	25%	37%	34%
Corporation	26%	13%	18%	16%	7%	10%
Family office	3%	4%	3%	2%	2%	2%
Government	7%	6%	6%	8%	6%	7%
Institutional	8%	5%	4%	18%	21%	20%
Investment firm/bank	1%	4%	3%	0%	2%	2%
Total	100%	100%	100%	100%	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Private venture capital funds are the main source of financing for companies in the venture capital financing universe. Their share increased from one subperiod to the next, both in terms of active investors and investor participations.

It should be noted, however, that private venture capital funds represent only 34% of investments over the entire period. The other main sources of financing are institutional investors (20%) and accelerators (14%).

Corporations saw their share decline markedly between the two subperiods, both in terms of active investors (from 26% to 13%) and the number of investments (from 16% to 7%) (Table 14).

Institutional investors were particularly active. On average, they made 10.2 investments over the full period, compared with an average of between 1 and 3 for other investor types. Their average level of activity more than doubled from one subperiod to the next (Table 15, next page).

Table 15

Average Number of Investments per Investor, by Subperiod and Investor Type

Investor type	2013-2018	2019-2024	2013-2024
Accelerator	2.5	2.0	2.6
Angel	1.8	1.6	1.8
Other	1.5	1.4	1.7
Private PE	1.0	1.2	1.3
Private VC	1.7	1.9	2.1
Corporation	1.1	1.2	1.2
Family office	1.0	1.1	1.2
Government	2.1	2.2	2.6
Institutional	4.1	8.5	10.2
Investment firm/bank	1.0	1.3	1.2
Total	1.8	2.1	2.3

Source: PitchBook Data Inc., analyzed by Réseau Capital

By Investor Type and by Investor Regions

A review of Tables 16, 17 and 18 highlights the following:

- Private venture capital funds: During the second subperiod, companies in the universe attracted 33 Quebec-based funds and 87 funds headquartered outside Quebec, compared with 17 outside-Quebec funds during the first subperiod. This represented 108 investor participations from Quebec-based funds and 121 from funds headquartered outside Quebec, compared with 19 outside-Quebec participations during the first subperiod. The share of investor participations from funds headquartered outside Quebec increased from 29% in the first subperiod to 53% in the second.
- Accelerators: During the second subperiod, companies in the universe participated in 11 Quebec-based accelerators and 29 accelerators headquartered outside Quebec, compared with 8 outside-Quebec accelerators during the first subperiod. This represented 30 investor participations from Quebec-based accelerators and 50 from accelerators headquartered outside Quebec, compared with 14 outside-Quebec participations during the first subperiod. The share of investor participations from accelerators headquartered outside Quebec increased from 31% to 63%.
- Private equity Funds: During the second subperiod, companies in the universe attracted 1 Quebec-based fund and 9 funds headquartered outside Quebec, compared with 1 outside-Quebec fund during the first subperiod. This represented 1 investor participation from a Quebec-based fund and 11 from funds headquartered outside Quebec, compared with 1 outside-Quebec participation during the first subperiod. The share of investor participations from funds headquartered outside Quebec increased from 50% to 92%.
- Companies: During the second subperiod, companies in the universe attracted financing from 30 corporations headquartered outside Quebec and 8 Quebec-based corporations. This represented 9 investor participations from Quebec-based corporations and 37 from corporations headquartered outside Quebec. The share of investor participations from corporations headquartered outside Quebec increased from 55% in the first subperiod to 80% in the second.

These figures highlight both the importance and the growing role of private financing sources headquartered outside Quebec.

Among Quebec and federal institutional investors, the number of active investors changed little between the two subperiods, but the number of investments increased sharply, from 21 to 60 for Quebec institutional investors and from 24 to 63 for federal institutional investors.

Table 16

Number of Active Investors by Subperiod, Investor Type, and Investor Region

	2013-2018			2019-2024			2013-2024		
Investor type	QC	Federal	Other	QC	Federal	Other	QC	Federal	Other
Accelerator	10	0	8	11	0	29	15	0	34
Angels	4	0	4	7	0	18	9	0	22
Other	7	0	5	2	0	8	8	0	11
Private PE	1	0	1	1	0	9	1	0	10
Private VC	21	0	17	33	0	87	36	0	101
Corporation	15	0	21	8	0	30	22	0	48
Family office	1	0	3	3	0	8	3	0	10
Government	6	2	2	6	8	4	9	9	5
Institutional	7	4	0	7	6	2	9	6	2
Investment firm/bank	1	0	0	1	0	11	2	0	11
Total	73	6	61	79	14	206	114	15	254

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 17

Number of Investments by Subperiod, Investor Type, and Investor Region

	2013-2018			2019-2024			2013-2024		
Investor type	QC	Federal	Other	QC	Federal	Other	QC	Federal	Other
Accelerator	31	0	14	30	0	50	61	0	64
Angel	10	0	4	20	0	21	30	0	25
Other	13	0	5	4	0	10	17	0	15
Private PE	1	0	1	1	0	11	2	0	12
Private VC	46	0	19	108	0	121	154	0	140
Corporation	18	0	22	9	0	37	27	0	59
Family office	1	0	3	3	0	9	4	0	12
Government	8	8	5	24	10	5	32	18	10
Institutional	21	24	0	60	63	5	81	87	5
Investment firm/bank	1	0	0	3	0	12	4	0	12
Total	150	32	73	262	73	281	412	105	354

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 18

Share of Quebec-Based Active Investors and Investments, by Subperiod and Investor Type

	Share of Quebec-Based Investor			Share of Quebec-Based Investments		
Investor type	2013-2018	2019-2024	2013-2024	2013-2018	2019-2024	2013-2024
Accelerator	56%	28%	31%	69%	38%	49%
Angel	50%	28%	29%	71%	49%	55%
Other	58%	20%	42%	72%	29%	53%
Private PE	50%	10%	9%	50%	8%	14%
Private VC	55%	28%	26%	71%	47%	52%
Corporation	42%	21%	31%	45%	20%	31%
Family office	25%	27%	23%	25%	25%	25%
Government	60%	33%	39%	38%	62%	53%
Institutional	64%	47%	53%	47%	47%	47%
Investment firm/bank	100%	8%	15%	100%	20%	25%
Total	52%	26%	30%	59%	43%	47%

Source: PitchBook Data Inc., analyzed by Réseau Capital

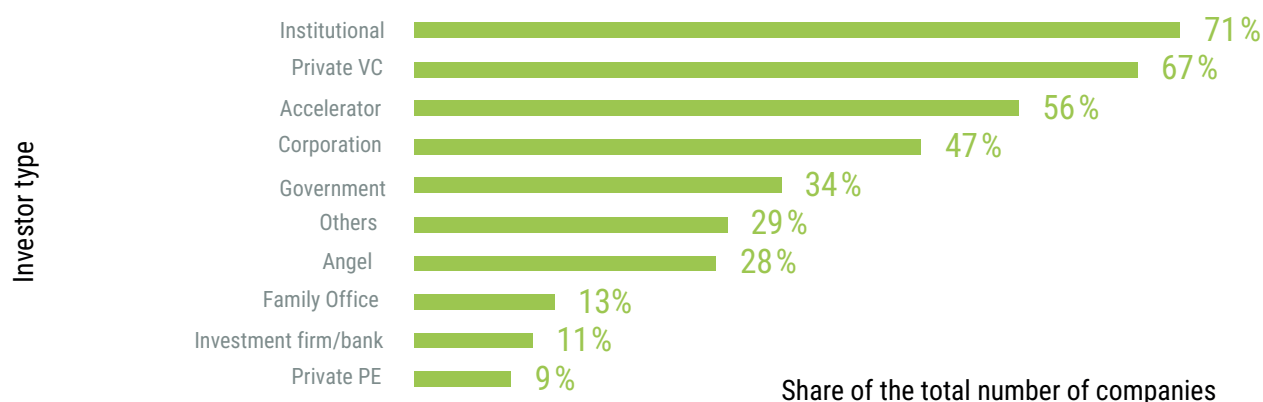
Another way to assess the role played by the various investor categories in financing companies in the sector is to examine the proportion of companies that received at least one investment from each investor category (Figure 19).

The following findings are worth highlighting:

- Private venture capital is the main source of financing, yet only 67% of companies received at least one investment from a private venture capital fund. This means that 33% completed venture capital rounds financed exclusively by other sources, primarily institutional investors, but also corporations, financial institutions and other investors.
- 71% of companies received funding from institutional investors.
- 56% of companies participated in an accelerator.
- 47% received corporate funding.
- 34% received government funding.
- 28% received angel funding.

Figure 19**Share of Funded Companies by Investor Type**

Financing universe: venture capital



Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Active Investors

Table 19 (next page) lists the investors that financed four or more companies during the 2013–2024 period, ranked in descending order by the number of companies in which they invested. The following observations can be drawn from the table:

The top of the table (nine or more companies funded over the period) is dominated by:

- Quebec institutional investors: Investissement Québec, Government of Quebec, Desjardins Capital.
- Federal institutions: SDTC, BDC, EDC.
- Accelerators: Creative Destruction Lab, Centech
- Angés Québec and AQC Capital.

With the exception of Centech, all these organizations saw their level of activity double, triple or quadruple between the two subperiods.

They are followed by:

- Quebec-based private venture capital funds, primarily seed funds: Ecofuel, Real Ventures, TandemLaunch, Front Row Ventures, Fonds Innovexport and BoxOne Ventures. Cycle Capital Management is the only growth-stage fund on the list.
- Other accelerators: McGill Dobson Centre, ACET, Cycle Momentum, Esplanade Québec.
- Other Quebec institutional investors: Fondation, FSTQ.

Most of these organizations also recorded very strong growth in their level of activity between the two subperiods.

Only two organizations on the list are from outside Quebec, that is, they are neither Quebec-based nor federal: Creative Destruction Lab, which is headquartered in Toronto but has a chapter in Quebec, and the University of Toronto.

When this finding is considered alongside the fact that most active investors are headquartered outside Quebec (Table 16), and that their share is increasing, it suggests that Quebec is attracting a large and growing number of outside investors, but that most of them invest only occasionally in the province:

- Of the 254 investors headquartered outside Quebec, only 19 made two or more investments during the period. These included eight accelerators (5 from the United States, 2 from the rest of Canada and 1 international) (Table 20).
- Only 5 venture capital funds headquartered outside Quebec made 2 or more investments during the period: 3 from the rest of Canada (Telus Global Ventures, Koan Capital and USeed) and 2 from the United States: SOSV and HAX, which is affiliated with SOSV (Table 20).

Table 19

Investors Who Funded at Least Four Companies Over the Period 2013–2024

Investor	Region	Financing Universe	Investor Type	Deals			Companies Funded		
				D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
Sustainable Development Technology Canada	Federal	VC	Institutional	13	23	36	10	20	28
Investissement Québec	QC	VC	Institutional	8	32	40	7	22	27
BDC Capital	Federal	VC	Institutional	5	19	24	3	16	17
Creative Destruction Lab	RoC	VC	Accelerator	3	14	17	2	14	16
Centech	QC	VC	Accelerator	12	7	19	9	7	15
Government of Quebec	QC	VC	Government	3	16	19	3	13	14
Anges Québec	QC	VC	Angel investors	7	13	20	4	11	11
AQC Capital	QC	VC	VC - Private	7	14	21	6	8	10
Desjardins Capital	QC	VC	Institutional	4	8	12	4	7	10
EDC Investments	Federal	VC	Institutional	1	10	11	1	8	9
National Research Council Canada	Federal	VC	Institutional	5	4	9	4	4	8
Ecofuel Fund	QC	VC	VC - Private	2	14	16	2	7	7
Real Ventures	QC	VC	VC - Private	3	12	15	3	6	7
TandemLaunch	QC	VC	VC - Private	4	9	13	3	6	7
McGill Dobson Centre for Entrepreneurship	QC	VC	Accelerator	6	4	10	5	2	7

Fondaction	QC	VC	Institutional		8	8		7	7
ACET	QC	VC	Accelerator	2	6	8	2	5	7
Fonds de solidarité FTQ	QC	VC	Institutional	2	6	8	2	5	6
Front Row Ventures	QC	VC	VC - Private	2	5	7	2	4	6
McGill University	QC	VC	Other	5	2	7	5	1	6
Cycle Momentum	QC	VC	Accelerator	2	4	6	2	4	6
Innovexport Fund	QC	VC	VC - Private	7	5	12	5	2	5
Esplanade Québec	QC	VC	Accelerator	3	3	6	3	3	5
Ministry of Economy, Innovation and Energy (MEIE)	QC	VC	Government	1	4	5	1	4	5
Cycle Capital Management	QC	VC	VC - Private	6	3	9	3	2	4
BoxOne Ventures	QC	VC	VC - Private	1	6	7	1	4	4
Canada Economic Development for Québec Regions	Federal	VC	Government	6	1	7	4	1	4
Next Generation Manufacturing Canada	Federal	VC	VC - Private		4	4		4	4
University of Toronto	RoC	VC	Other	1	3	4	1	3	4

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 20

Non-Quebec-Based or Federal Investors Who Funded at Least Two Companies Over the 2013–2024 Period

Investor	Region	Financing universe	Investor type	Deals			Companies funded		
				D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
Creative Destruction Lab	RoC	VC	Accelerator	3	14	17	2	14	16
University of Toronto	RoC	VC	Other	1	3	4	1	3	4
IRAP	U.S.	VC	Government	3	1	4	2	1	3
TELUS Global Ventures	RoC	VC	VC - Private		3	3		3	3
New York Angels	U.S.	VC	Angel investors		3	3		3	3
Plug and Play Tech Center	U.S.	VC	Accelerator		3	3		3	3
Keihanna Global Acceleration Program	INT	VC	Accelerator		3	3		3	3
Canadian Technology Accelerator	U.S.	VC	Accelerator		3	3		3	3
SOSV	U.S.	VC	VC - Private		5	5		2	2
Silicon Catalyst	U.S.	VC	Accelerator	4		4	2		2
FS Investors	U.S.	VC	PE - Private		3	3		2	2
Invest Nova Scotia	RoC	VC	Institutional		3	3		2	2

HAX	U.S.	VC	VC - Private	3	3		2	2
Koan Capital	RoC	VC	VC - Private	3	3		2	2
Techstars	U.S.	VC	Accelerator	3	3		2	2
Y Combinator	U.S.	VC	Accelerator 2	1	3	2	1	2
UCeed	RoC	VC	VC - Private	2	2		2	2
Mitacs	RoC	VC	Accelerator 1	1	2	1	1	2
Harbor Street Ventures	U.S.	VC	Family office 1	1	2	1	1	2

Source: PitchBook Data Inc., analyzed by Réseau Capital

More broadly, with the exception of institutional investors, Quebec-based venture capital funds, accelerators, and Anges Québec the other investor types, although numerous and increasingly active in Quebec, are primarily occasional investors. A review of the complete list of investors in Quebec-based companies within the venture capital financing universe shows that:

- 66 corporations invested in at least one Quebec-based company during the 2013–2024 period. Only one (Seneca Expert Conseil) invested in two Quebec-based companies.
- 13 family offices invested in at least one Quebec-based company. Only one (Harbour Street Ventures,U.S.) invested in two.
- 11 private equity funds invested in at least one Quebec-based company. Only one (FS Ventures,U.S.) invested in two.
- 31 angel investors or angel groups invested in at least one Quebec-based company. Only two invested in more than one Quebec-based company: Anges Québec (11) and New York Angels (3).
- 13 banks or investment firms invested in at least one Quebec-based company. Only one invested in more than one Quebec-based companies: Banque Nationale (3).

- Although they remain occasional investors, investors headquartered outside Quebec and federal investors, as well as their number of investments, are increasing. Table 21 also shows that they participated in a growing share of rounds completed in Quebec, either alongside Quebec and federal investors or without them.

From one subperiod to the next, the share of rounds involving at least one Quebec or federal investor declined from 83% to 66%. Consequently, the share of rounds involving only investors headquartered outside Quebec or outside the federal category increased from 17% to 34%.

At the same time, the share of rounds involving exclusively Quebec or federal investors declined from 60% to 37%. This means that the share of rounds involving at least one investor headquartered outside Quebec or outside the federal category increased from 40% to 63%.

While Quebec’s ecosystems have long faced challenges related to insularity, these findings once again highlight the advanced materials sector’s growing openness to outside investors and sources of financing.

Table 21

Share of Quebec and Federal Investors in the Number of Rounds by Subperiod

Investor composition	Number		Percentage	
	2013-2018	2019-2024	2013-2018	2019-2024
≥ 1 Quebec or Federal investor	116	173	83%	66%
Quebec or Federal investor exclusively	84	98	60%	37%
Total number of rounds	140	262	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Findings

- Of the companies in the PRIMA Québec universe, 91 are headquartered in Quebec and have completed at least one venture capital round. Of these, 78 (86%) remain independent, privately held companies. The main sectors represented are B2B (32%), ICT (31%), Materials and Resources (18%), and Healthcare (11%).
- The rate at which these companies were founded accelerated sharply beginning in 2014, but appears to have slowed in more recent years
- Investment flows into these companies also increased sharply from 2013 to 2019—including the number of companies financed, the number of rounds and the amounts invested—before reaching a plateau. A similar trend is observed in the number of active investors.
- Only 10% of companies in the venture capital financing universe have more than 100 employees. In total, the 90 Quebec-based companies for which PitchBook provides employee data account for 4,159 employees.
- Funded companies are distributed relatively evenly between early stages—accelerator, seed and early stage, representing 42%, and the later stage, representing 43%. Eight companies (9%) have been acquired, 2 are publicly traded, and 4 have ceased operations.
- Only 14 companies (16%) have raised more than \$50 million, and only one of them was founded after 2018. The investors in these 14 companies are primarily Quebec and federal institutional investors, foreign funds and corporations. Quebec-based private funds are present in only four of them.
- Only one company founded after 2017 has raised more than \$50 million
- The number of active investors rose sharply, from 140 during the 2013–2018 period to 299 during the 2019–2024 period, an increase of 114%. This growth was driven primarily by the number of investors headquartered outside Quebec, which rose from 61 to 206, an increase of 238%. The sector appears capable of attracting a large and growing number of outside investors, not only from elsewhere in Canada and the United States, but also from other international markets.
- However, the vast majority of these non-federal investors headquartered outside Quebec remain occasional investors in the province, despite their rapidly growing numbers. Only 19 made more than one investment in Quebec during the 2013–2024 period.
- The most active investors in Quebec are institutional and government investors—both Quebec and federal—accelerators, including some headquartered outside Quebec, and Quebec-based private venture capital funds, primarily seed and early-stage funds. Anges Québec and AQC Capital should also be included among the most active investors.
- Private venture capital funds are the main source of financing for companies in this financing universe. However, only 67% of companies received at least one investment from a private venture capital fund. This means that 33% completed venture capital rounds financed exclusively by other sources, primarily institutional investors, but also corporations and accelerators.

Companies in the "Accelerator" Financing Universe

Companies

Of the companies in the PRIMA Québec universe, 47, representing 10% of the total, fall within the accelerator financing universe. This means that they have received support from accelerators but, to date, have not obtained financing from other investor categories

By Year Founded

The founding year is known for only 44 of the 47 companies in this universe.

It is to be expected that a large proportion of companies in the accelerator financing universe were founded in more recent years, since many of these companies are ultimately expected to transition into the venture capital financing universe.

However, this transition has not yet occurred for 23 companies founded before 2019. These companies may either have remained at the accelerator stage or become self-financing through other means.

Figure 22 also shows that no companies were founded in either 2022 or 2024. This may reflect a recent slowdown in accelerator recruitment activity or indicate that all the companies concerned have already transitioned to other financing universes, although the latter explanation appears less likely.

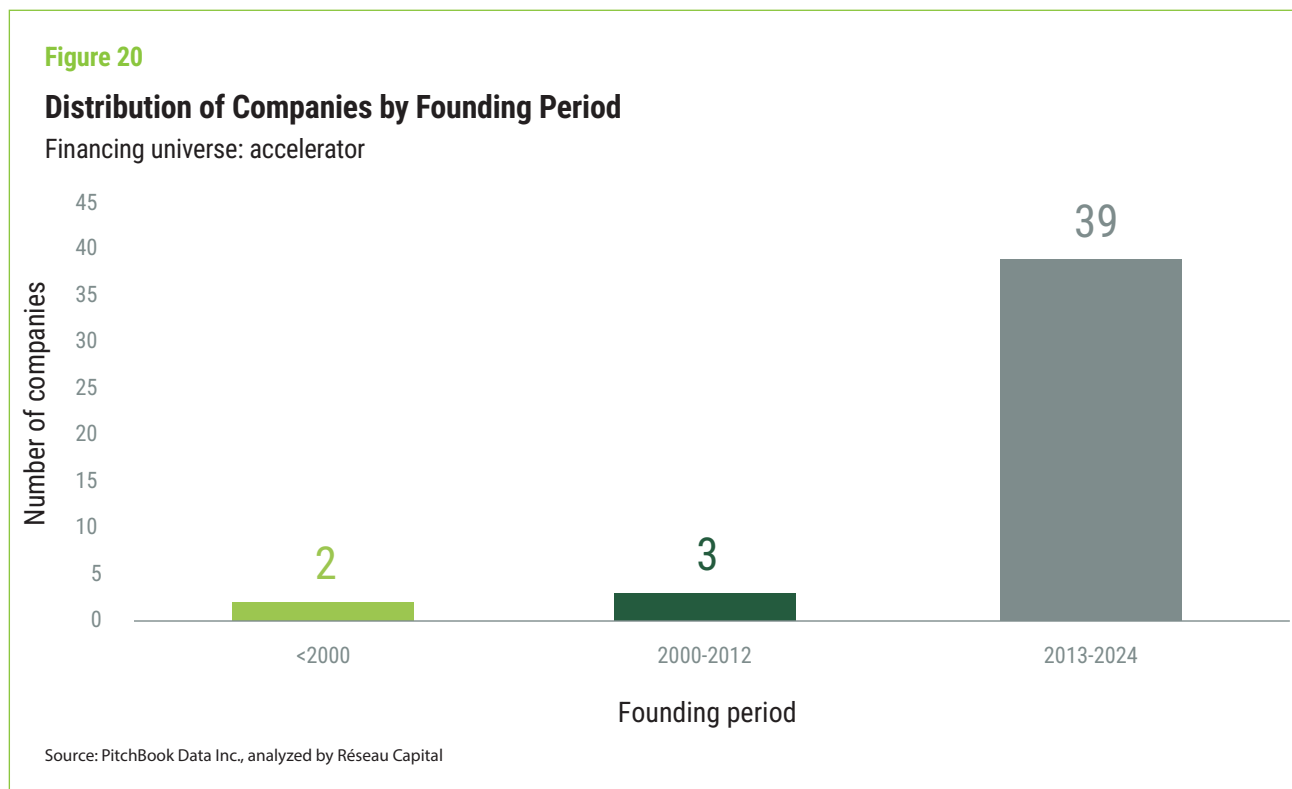
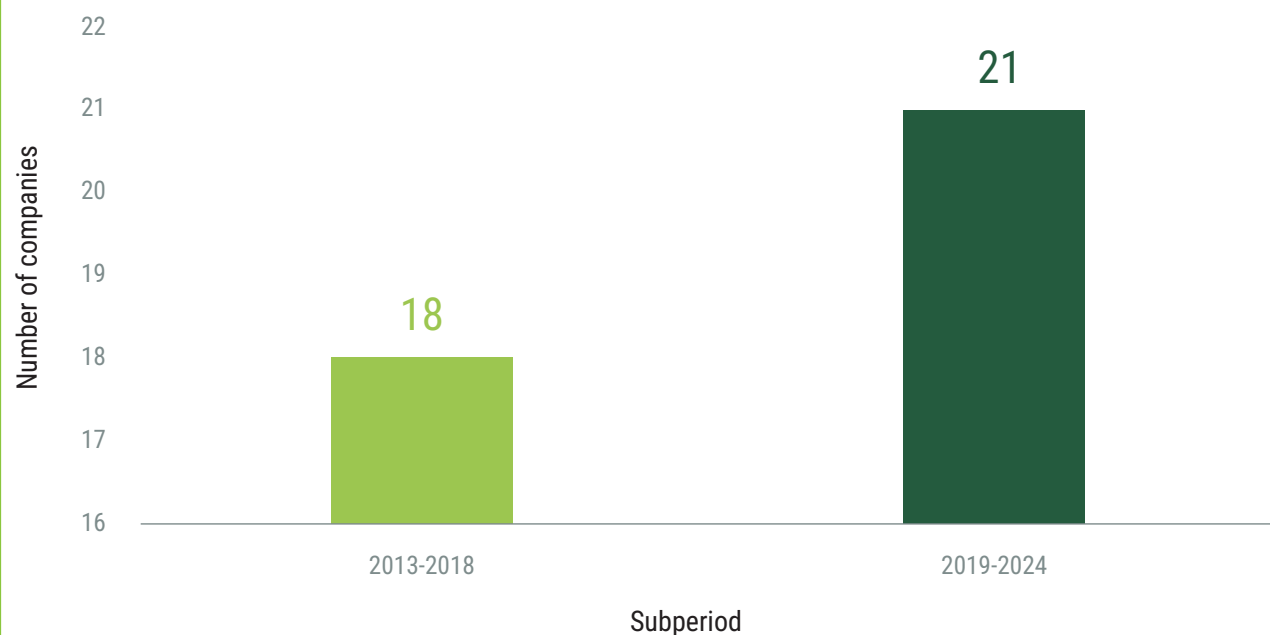


Figure 21

Number of Companies Founded by Subperiod

Financing universe: accelerator

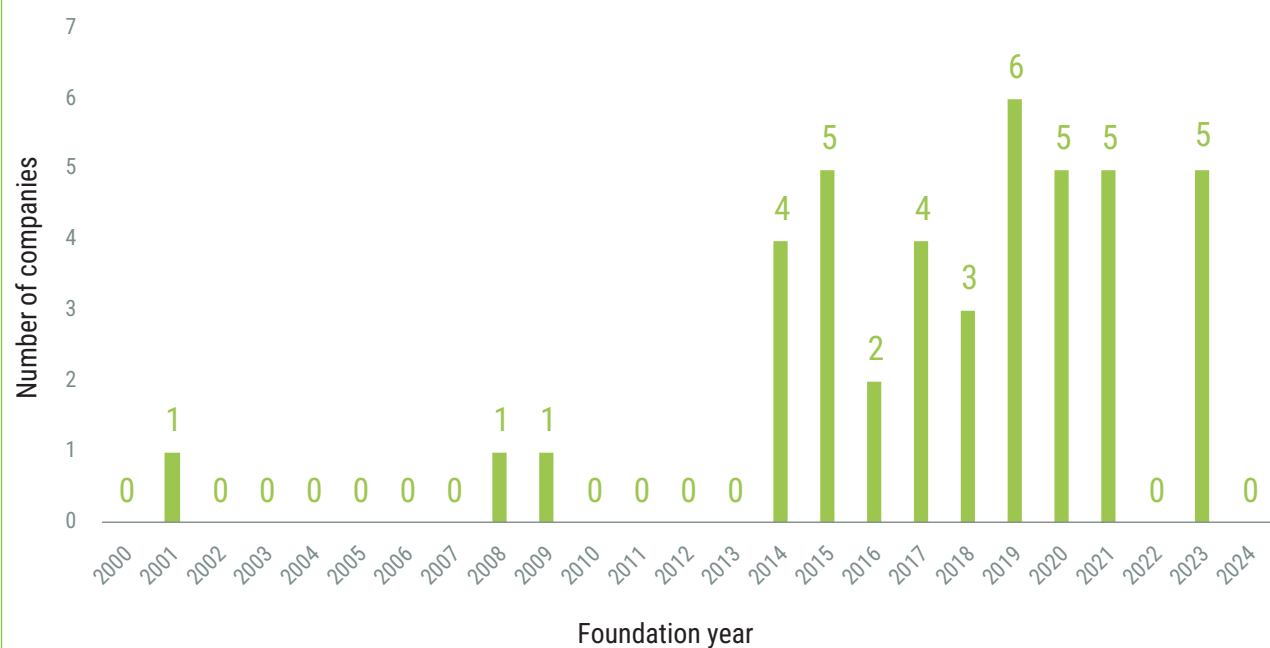


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 22

Number of Companies Founded by Year, 2000–2024

Financing universe: accelerator



Source: PitchBook Data Inc., analyzed by Réseau Capital

By sector

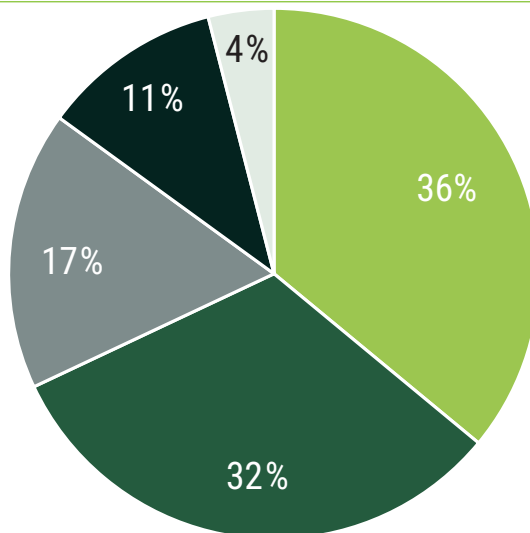
According to PitchBook's taxonomy, the main sectors represented are Business Products and Services (B2B), at 36%, ICT, at 32%, Materials and Resources (M&R), at 17%, and Healthcare, at 11%. This distribution is very similar to that of the venture capital universe.

Figure 23

Distribution of Companies by Sector

Financing universe: accelerator

- B2B
- ICT
- M&R
- Healthcare
- B2C



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Ownership Status

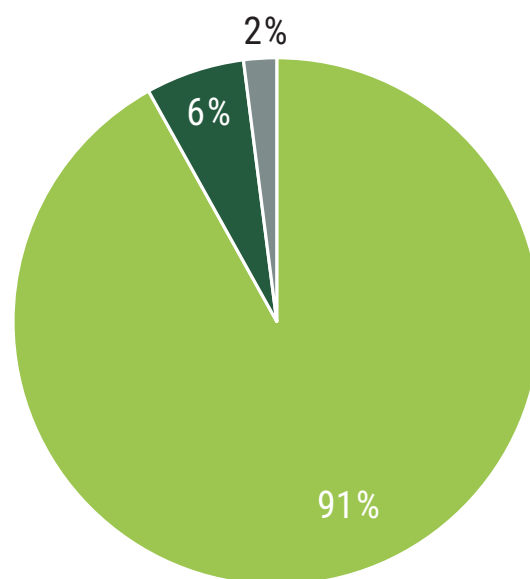
Of the 47 companies in this universe, 91% are privately held, 6% have ceased operations and 2% were acquired.

Figure 24

Distribution of Companies by Ownership Status

Financing universe: accelerator

- Private
- M&A
- Bankruptcy/closure



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Number of Employees

Among companies in the accelerator universe, 55% have fewer than 10 employees. One company, founded in 1967, has 1,700 people, while 5 companies, two of which were founded before 2018, have between 20 and 50 employees. In total, the 36 Quebec-based companies in this universe for which PitchBook provides employee data account for 2,037 employees.

Table 22

Distribution of Companies by Number of Employees

Number of employees	Companies	Percentage
1,000 +	1	2%
100-999	0	0%
10-99	9	19%
1-9	26	55%
n.a.	11	23%
Total	47	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Investment Flows

Number of Funded Companies and Number of Rounds

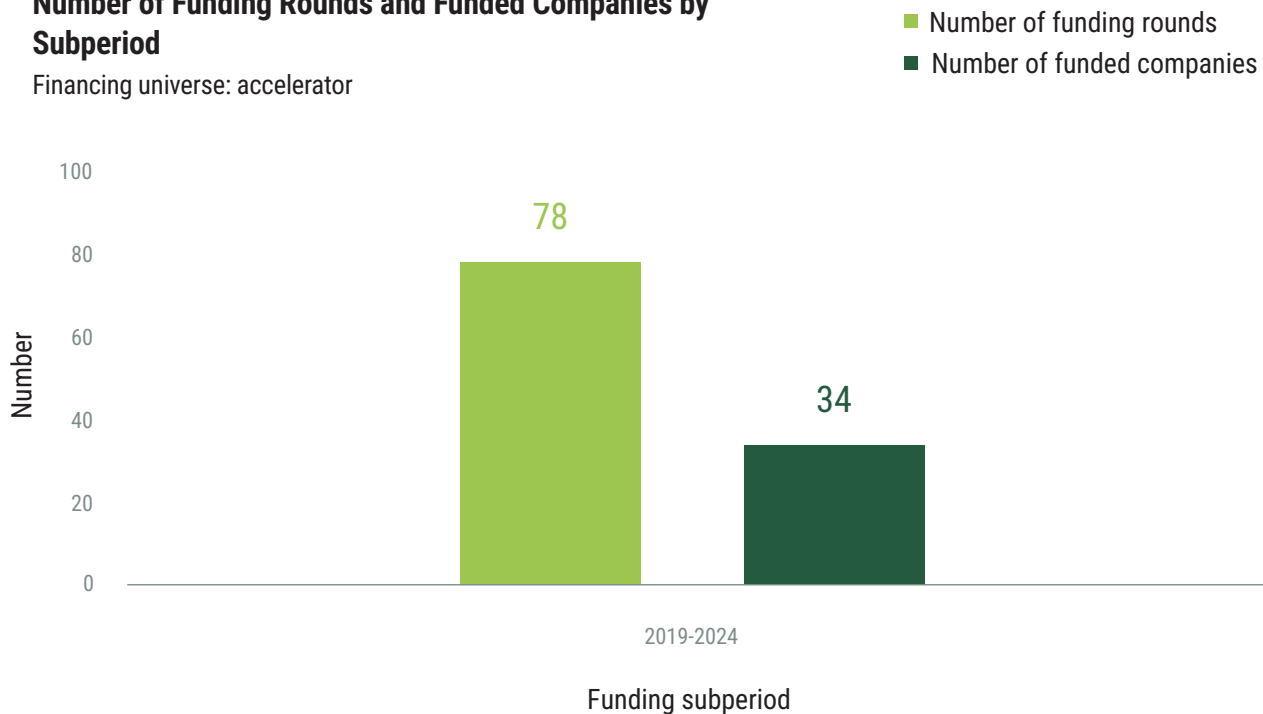
By definition, the accelerator financing universe is transitional: companies leave it once they receive financing from a venture capital fund or another source. The analysis therefore focuses on financing activity within this universe during the most recent period (2019–2024). This provides an indication of the level of investment activity within the universe before companies transition out of it.

During this period, the number of funded companies was relatively high, averaging 11 per year, while the number of rounds averaged 13 per year. These results illustrate the important role played by accelerators in Quebec's advanced materials sector during the recent period.

Figure 25

Number of Funding Rounds and Funded Companies by Subperiod

Financing universe: accelerator

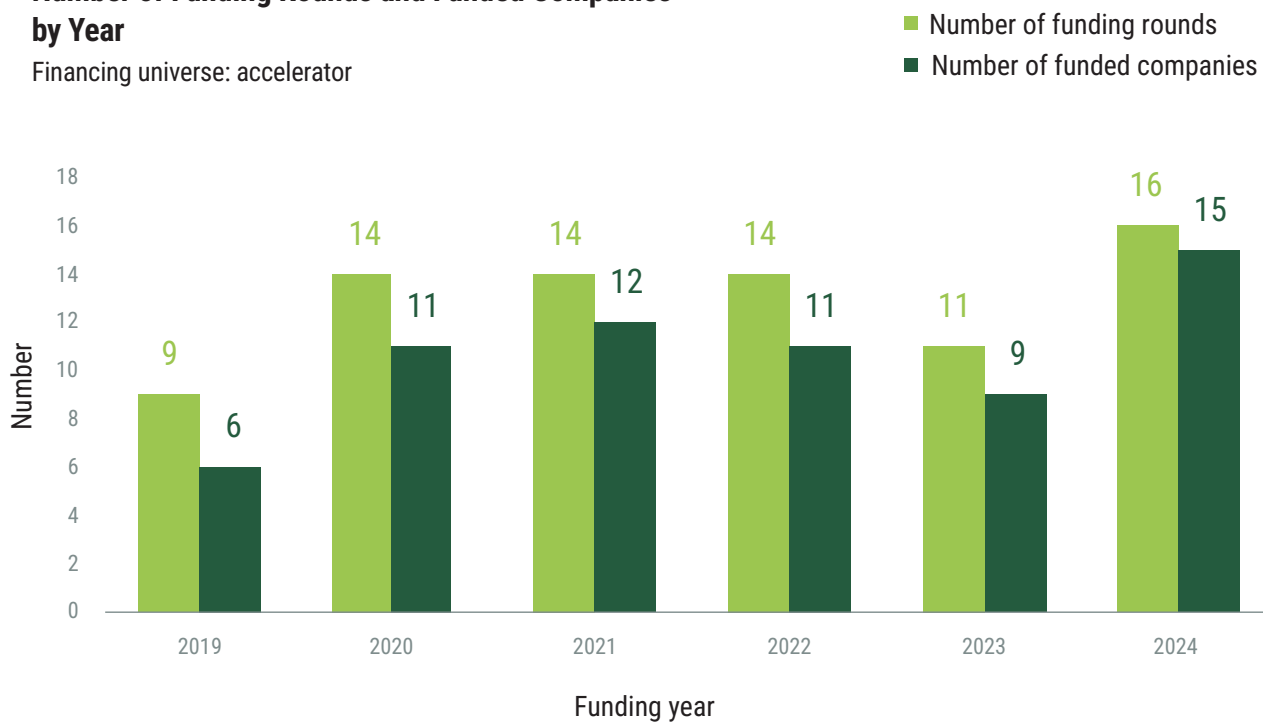


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 26

Number of Funding Rounds and Funded Companies by Year

Financing universe: accelerator



Source: PitchBook Data Inc., analyzed by Réseau Capital

Investors and Financing

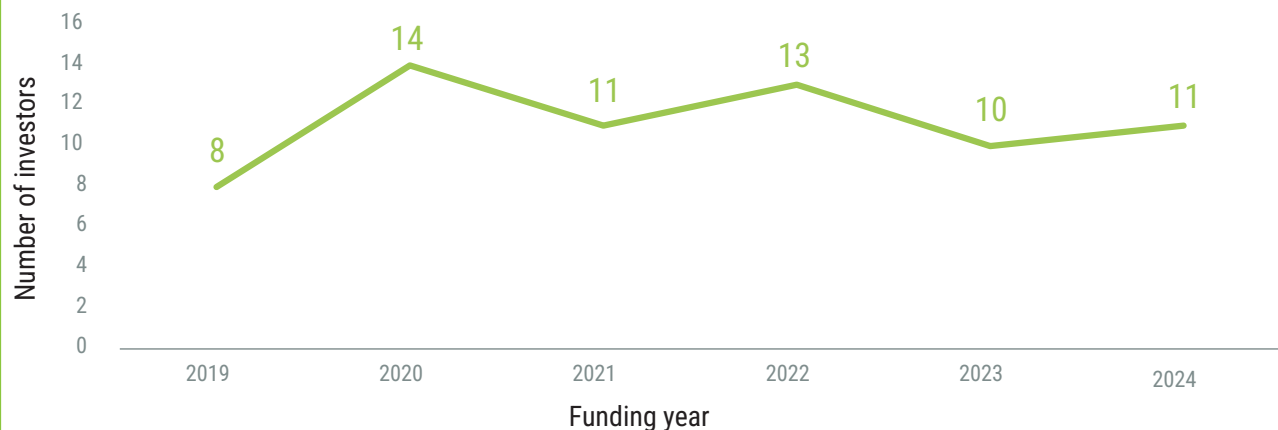
Number of investors

The number of active investors in Quebec-based companies within the accelerator financing universe was also relatively high during the most recent period, from 2019 to 2024, averaging 11 investors per year.

Figure 27

Number of Active Investors by Year (2019–2024)

Financing universe: accelerator



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Investor Region and by Investor Type

Table 23 presents the distribution of the 40 distinct investors active during the 2019–2024 period. The 15 Quebec-based investors accounted for only 38% of the total. However, their share of investor participations was higher, at 46%, because Quebec-based companies used them more frequently, on average, than accelerators headquartered outside Quebec.

Table 23

Average Number of Investments per Investor, by Investor Region (2019–2024)

Investor Region	Number of investors	Number of investments	Average number of investments
QC	15	38	2.5
RoC	7	15	2.1
Federal	6	15	2.5
U.S.	8	10	1.3
International	4	4	1.0
Total	40	82	2.1
QC/Total	38%	46%	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 24**Share of Active Investors and Investments by Investor Type (2019–2024)**

Investor type	Share of investors	Share of investments
Accelerator	55%	63%
Angel	3%	1%
Other	10%	7%
Private VC	8%	5%
Corporation	5%	2%
Government	18%	20%
Institutional	3%	1%
Total	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Accelerators themselves are the main source of support for companies in the accelerator financing universe. Other financing sources have only a limited and fragmented presence at this stage (Table 24)

Table 25 confirms the significant role played during the most recent period by investors headquartered outside Quebec, particularly accelerators headquartered outside the province. Between 2019 and 2024, 13 accelerators from outside Quebec were active among Quebec-based companies, compared with only 9 Quebec-based accelerators. However, Quebec-based accelerators were, on average, more active among Quebec-based companies than accelerators headquartered elsewhere (Table 23).

Table 25**Number of Active Investors by Investor Type and Investor Region**

Investor type	QC	Federal	Other
Accelerator	9	0	13
Angel	0	0	1
Other	2	0	2
Private VC	2	0	1
Corporation	1	0	1
Government	1	5	1
Institutional	0	1	0
Total	15	6	19

Source: PitchBook Data Inc., analyzed by Réseau Capital



Leading Active Investors

Table 26 lists the 14 organizations that were active with two or more companies during the 2013–2024 period. The most active organizations, those that supported five or more companies, were Creative Destruction Lab (CDL), Esplanade Québec, 2 Degrés, Centech, Cycle Momentum and the McGill Dobson Centre for Entrepreneurship. The table highlights the following findings:

- There is a strong presence of accelerators directly or indirectly affiliated with universities (5): Creative Destruction Lab and NEXT, both founded by Ajay Agrawal at the University of Toronto; Centech, affiliated with ÉTS; the McGill Dobson Centre for Entrepreneurship; and Velocity, affiliated with the University of Waterloo.
- Three organizations are affiliated with the federal government: the Government of Canada, Innovative Solutions Canada and the Natural Sciences and Engineering Research Council of Canada.
- Three organizations are based in Quebec City: 2 Degrés, LE CAMP and Quantino. They receive public funding as well as support from private-sector partners.
- Three organizations are private accelerators. Two of them are affiliated with private venture capital funds, Cycle Momentum (Cycle Capital) and THRIVE (SVG Ventures), while Esplanade Québec is an independent accelerator.
- Only one organization, THRIVE, is based outside Canada.

In addition, of the 40 organizations that were active with companies in the accelerator financing universe, 29 supported only one company during the period. This includes 10 of the 15 Quebec-based organizations, 3 of the 5 federal organizations, 5 of the 8 organizations from the rest of Canada, 7 of the 8 US-based organizations and all 4 international organizations.

Quebec-based companies have demonstrated an ability to attract interest from a significant number of organizations and accelerators headquartered outside the province. However, these interactions remain occasional.

The relatively large number of accelerators headquartered outside Quebec was also noted. However, with the exception of CDL and Velocity in Canada, none of the best-known international accelerators, whether generalist or specialized, appears on the list (Table 27).

Table 26

Investors Who Funded at Least Two Companies Over the 2013–2024 Period

Investor	Region	Financing universe	Investor type	Deals			Companies funded		
				D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
Creative Destruction Lab	RoC	Accelerator	Accelerator	1	8	9	1	8	9
Esplanade Québec	QC	Accelerator	Accelerator		8	8		8	8
Centech	QC	Accelerator	Accelerator	2	4	6	2	4	6
2 Degrés	QC	Accelerator	Accelerator		6	6		6	6
McGill Dobson Centre for Entrepreneurship	QC	Accelerator	Accelerator	3	2	5	3	2	5
Cycle Momentum	QC	Accelerator	Accelerator	1	4	5	1	4	5
Government of Canada	Federal	Accelerator	Government		5	5		3	3
Innovative Solutions Canada	Federal	Accelerator	Accelerator		5	5		3	3
LE CAMP	QC	Accelerator	Accelerator		3	3		2	2
Next	RoC	Accelerator	Accelerator		2	2		2	2
SVG Ventures THRIVE	U.S.	Accelerator	VC - Private		2	2		2	2
Quantino	QC	Accelerator	Accelerator		2	2		2	2
Velocity	RoC	Accelerator	Accelerator	1	1	2	1	1	2
Natural Sciences and Engineering Research Council	Federal	Accelerator	Government	1	1	2	1	1	2

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 27

Accelerators based outside Quebec active during the 2013–2024 period

Investor	Region	Financing universe	Investor type	Deals			Companies Funded		
				D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
Creative Destruction Lab	RoC	Accelerator	Accelerator	1	8	9	1	8	9
Innovative Solutions Canada	Federal	Accelerator	Accelerator		5	5		3	3
Next	RoC	Accelerator	Accelerator		2	2		2	2
Velocity	RoC	Accelerator	Accelerator	1	1	2	1	1	2
Innovation and Collaboration Centre	INT	Accelerator	Accelerator		1	1		1	1
Startup Garage	RoC	Accelerator	Accelerator		1	1		1	1
Starburst	U.S.	Accelerator	Accelerator		1	1		1	1
Astralabs	U.S.	Accelerator	Accelerator		1	1		1	1
Emergence Incubator	RoC	Accelerator	Accelerator		1	1		1	1
Clean Energy International Incubation Centre	INT	Accelerator	Accelerator		1	1		1	1
Ocean Startup Project	RoC	Accelerator	Accelerator		1	1		1	1
Duality Accelerator	U.S.	Accelerator	Accelerator		1	1		1	1
Fowler GSIC	U.S.	Accelerator	Accelerator		1	1		1	1
INCUBATE	INT	Accelerator	Accelerator		1	1		1	1

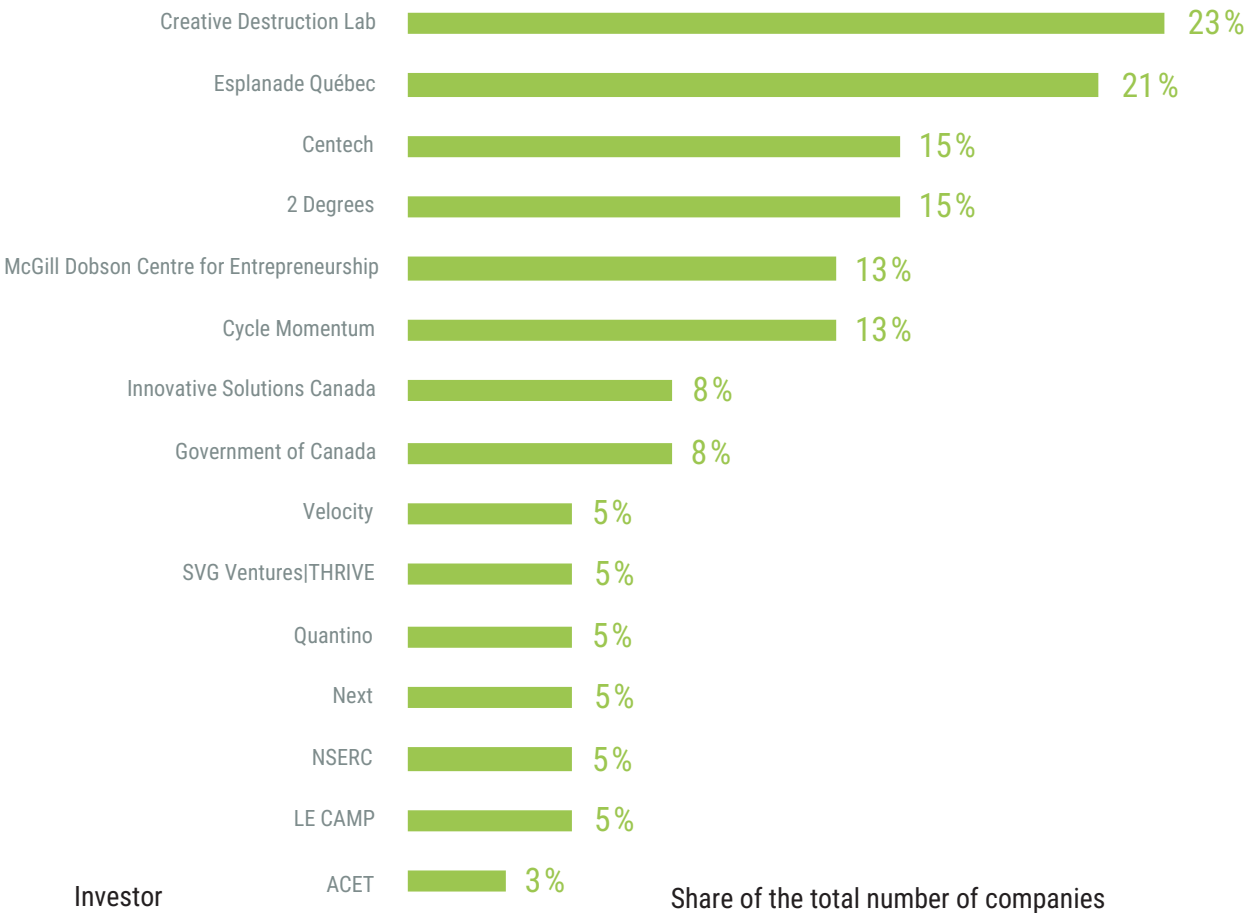
Source: PitchBook Data Inc., analyzed by Réseau Capital

In summary, Figure 28 shows the proportion of companies in the accelerator financing universe that received support from each of the main accelerators. Nearly one-quarter participated in Creative Destruction Lab, while more than 20% participated in Esplanade Québec.

Figure 28

Share of Supported Companies by Investor (Top 15)

Financing universe: accelerator



Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Findings

- Of the companies in the PRIMA Québec universe, 47 fall within the accelerator financing universe. In other words, they have participated in an accelerator but have not yet received financing from other investor types.
- Of these companies, 43 (91%) remain independent and privately held.
- The main sectors represented are B2B (36%), ICT (32%), Materials and Resources (17%), and Healthcare (11%). This sector distribution is similar to that observed in the venture capital financing universe.
- A significant share of companies in the accelerator financing universe were founded and financed during the most recent period. This is consistent with the transitional nature of this universe, as a meaningful proportion of companies is expected to move into the venture capital financing universe. However, this transition has not yet occurred for 23 companies founded before 2019. These companies have either remained at the accelerator stage or become self-financing through other means.
- No companies in this universe were founded in 2022 or 2024. This may reflect a recent slowdown in accelerator recruitment activity or indicate that all the companies concerned have already transitioned to other financing universes, although the latter explanation appears less likely.
- 55% of companies in the accelerator financing universe have fewer than 10 employees. In total, the 36 Quebec-based companies for which PitchBook provides employee data account for 2,037 employees.
- The number of companies financed during the most recent period was relatively high, averaging 11 companies per year from 2019 to 2024. The number of rounds was also relatively high, averaging 13 per year.
- These findings highlight the important role played by accelerators in Quebec's advanced materials sector during the most recent period.



- Accelerators themselves remain the main source of support for companies in the accelerator financing universe. Other financing sources have only a limited and fragmented presence at this stage.
- Accelerators headquartered outside Quebec played an important role during the most recent period. Between 2019 and 2024, 14 outside accelerators were active with Quebec-based companies, compared with 9 Quebec-based accelerators.
- However, with the exception of Creative Destruction Lab (CDL) and Velocity in Canada, none of the best-known international accelerators—whether generalist or specialized—appears among the accelerators headquartered outside Quebec.
- Among the 14 organizations that were active with two or more companies, the following categories are particularly well represented:
 - university-affiliated accelerator;
 - organizations affiliated with the federal government;
 - publicly funded accelerators based in Quebec City.
- Only 3 of these 14 organizations are private organizations, 2 of which are affiliated with venture capital funds: Cycle Momentum and THRIVE, which is affiliated with SVG Ventures. THRIVE is the only one of these organizations based outside Canada.
- Quebec-based companies are able to attract the interest of a significant number of organizations headquartered outside the province, but only one of them was active with more than one company. Relationships with these outside organizations therefore remain occasional in the vast majority of cases.

Companies in the “Private Equity” Financing Universe

Companies

Of the companies in the PRIMA Québec universe, 69 are headquartered in Quebec and fall within the private equity financing universe, representing 14% of the total. In other words, they have received private equity financing, regardless of whether they remain independent, have been acquired or have ceased operations.

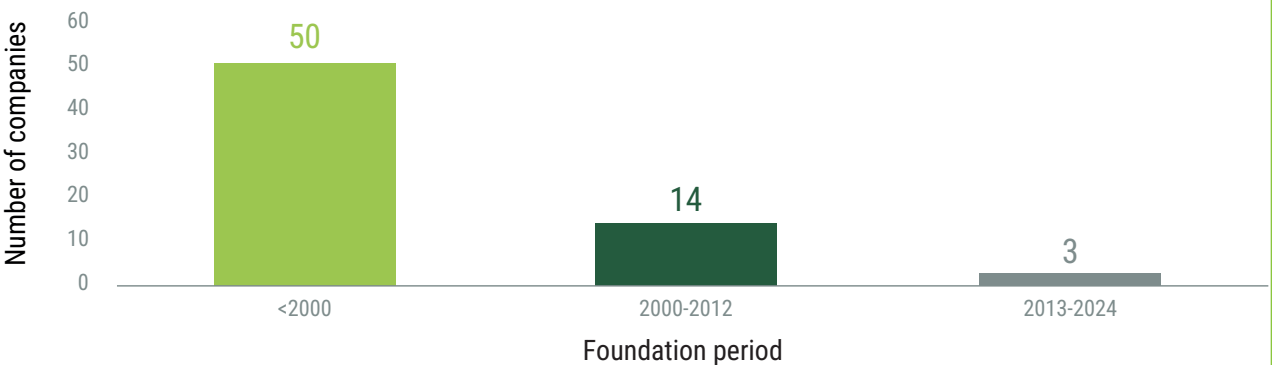
By Year Founded

The founding year is known for 67 of the 69 companies in this universe.

Figure 29

Distribution of Companies by Founding Period

Financing universe: private equity

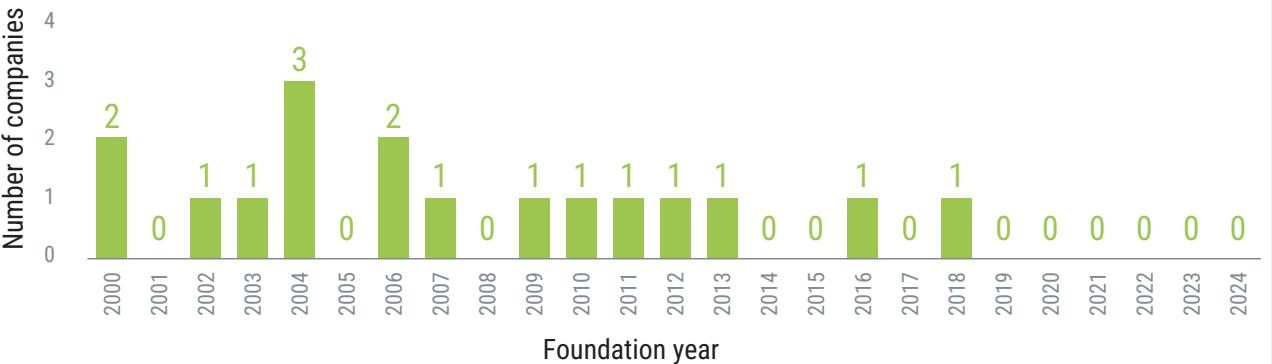


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 30

Company Creation by Founding Year Since 2000

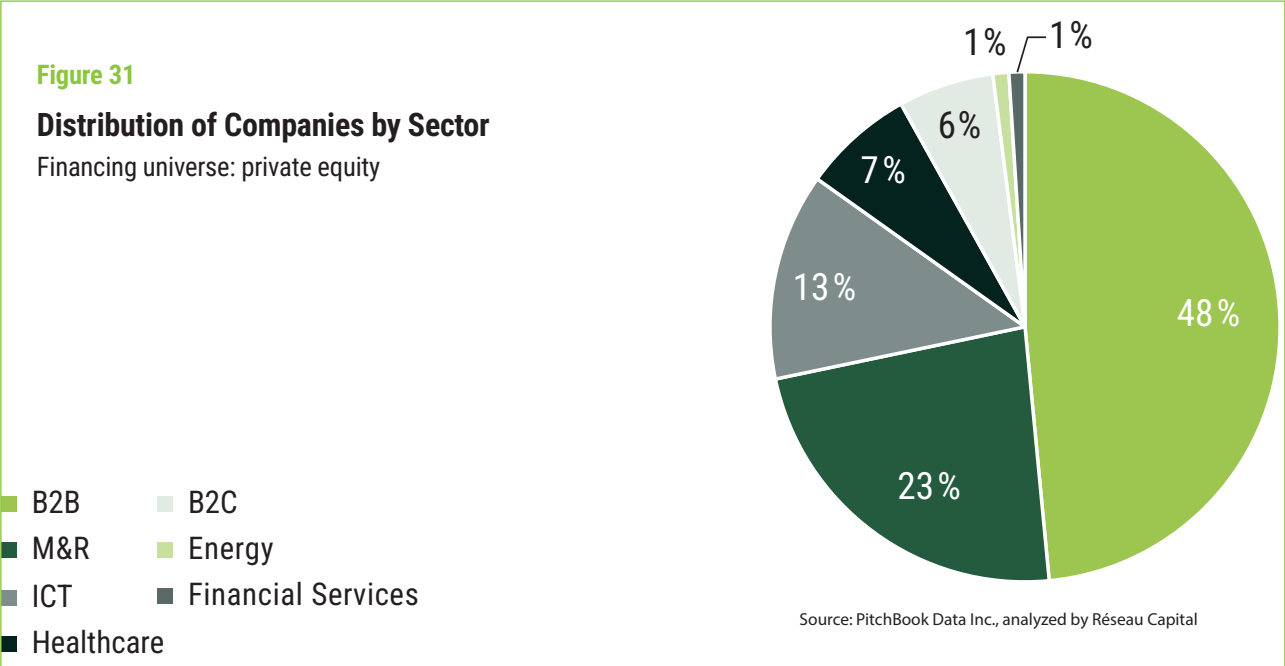
Financing universe: private equity



Source: PitchBook Data Inc., analyzed by Réseau Capital

Overall, these companies are relatively mature: 50 of them (75%) were founded before 2000. Only 3 were founded during the 2013–2024 period, and none after 2018, which appears to reflect relatively limited company creation and growth within the sector.

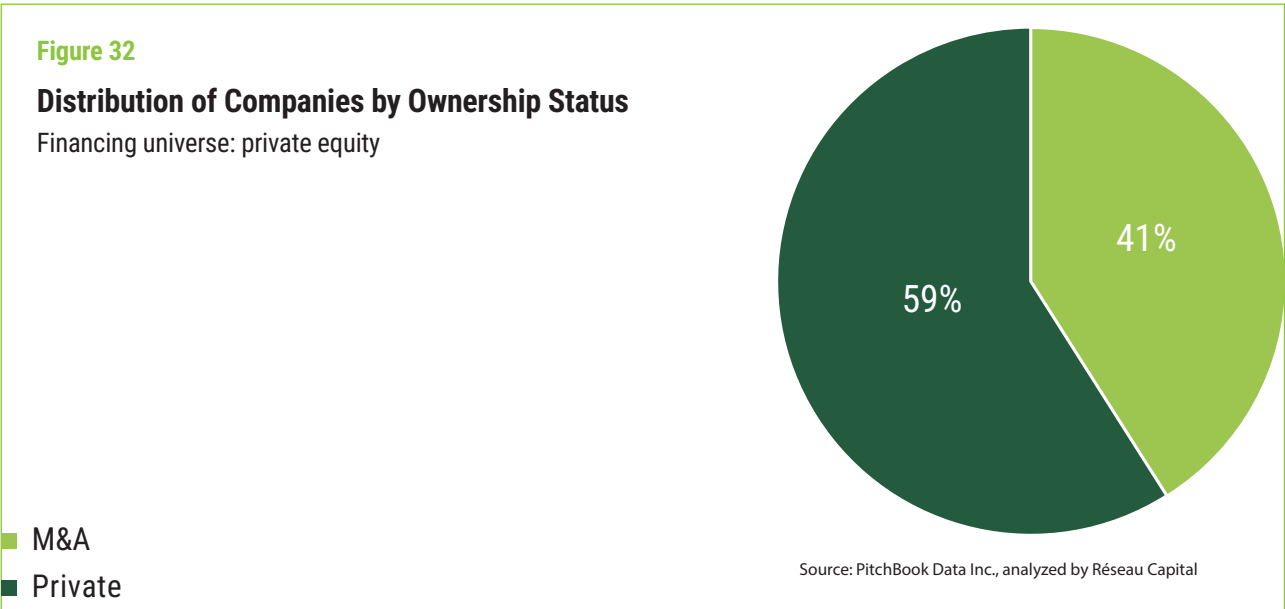
By Industry Sector



According to PitchBook’s taxonomy, the most represented sectors are Business Products and Services (B2B), at 48%, Materials and Resources (M&R), at 23%, and ICT, at 13%. This sector distribution differs significantly from those observed in the venture capital and accelerator financing universes, where ICT accounted for more than 30% of companies, while Materials and Resources represented a smaller share.

By Ownership Status

Of the 69 companies in this financing universe, 28 (41%) have been acquired or merged, while 41 (59%) remain privately held.



By Number of Employees

Table 28

Distribution of Companies by Number of Employees

Number of employees	Number	Percentage
1,000 +	7	10%
100-999	31	45%
10-99	26	38%
1-9	1	1%
n.a.	4	6%
Total	69	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

55% of these companies have more than 100 employees, including 7 (10%) with more than 1,000 employees. In total, the 69 Quebec-based companies in the private equity financing universe for which PitchBook provides employee data account for 23,651 employees.

By Most Recent Transaction Type

Table 29

Distribution of Companies by Most Recent Transaction Type

Transaction Type	Number	Percentage
Buyout	33	48%
M&A	8	12%
Growth	27	39%
Other	1	1%
Total	69	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

For 33 companies (48%), the most recent transaction (excluding secondary buyout transactions) was a buyout, including management buyouts. For 8 companies (12%), it was an M&A transaction, while for 27 (39%), it was a growth equity investment.

Investment Flows

PitchBook data can be used to track the number of companies financed and the number of transactions by period. However, transaction values are unavailable in most cases, preventing any analysis based on this variable.

The number of transactions and companies financed increased sharply early in the period, followed by a decline at the beginning of the COVID-19 pandemic and a slowdown toward the end of the period, consistent with broader private equity market trends.

Figure 33

Number of Funded Companies by Year

Financing universe: private equity

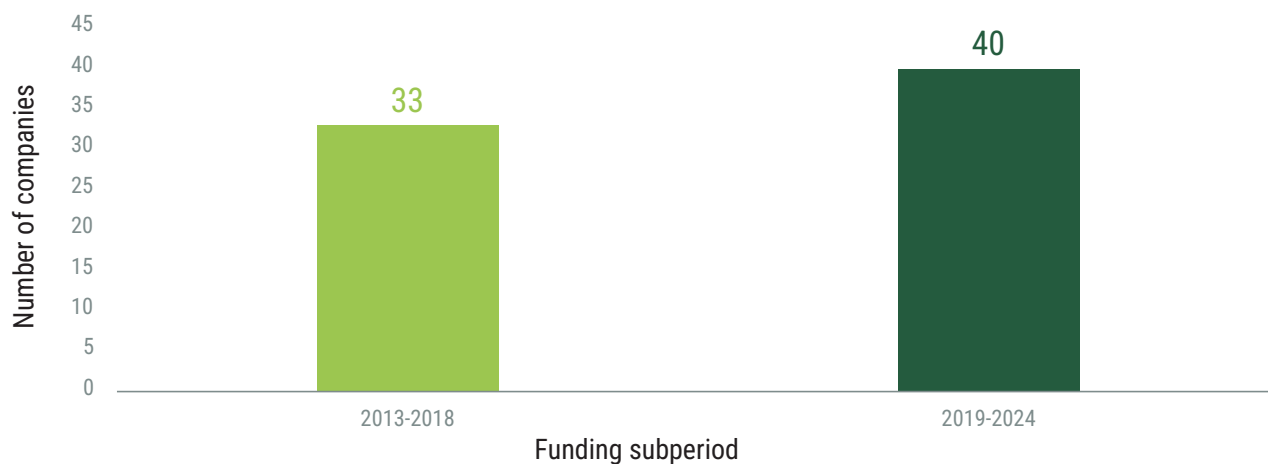


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 34

Number of Funded Companies by Subperiod

Financing universe: private equity

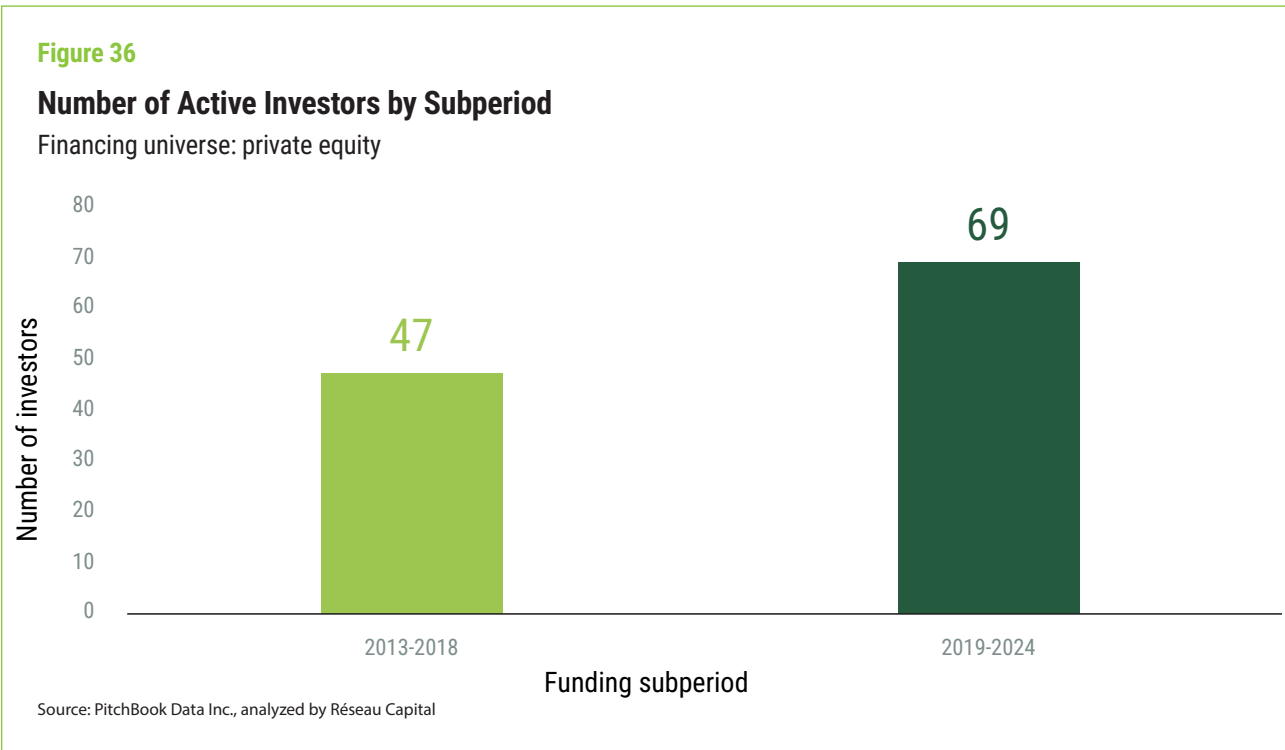
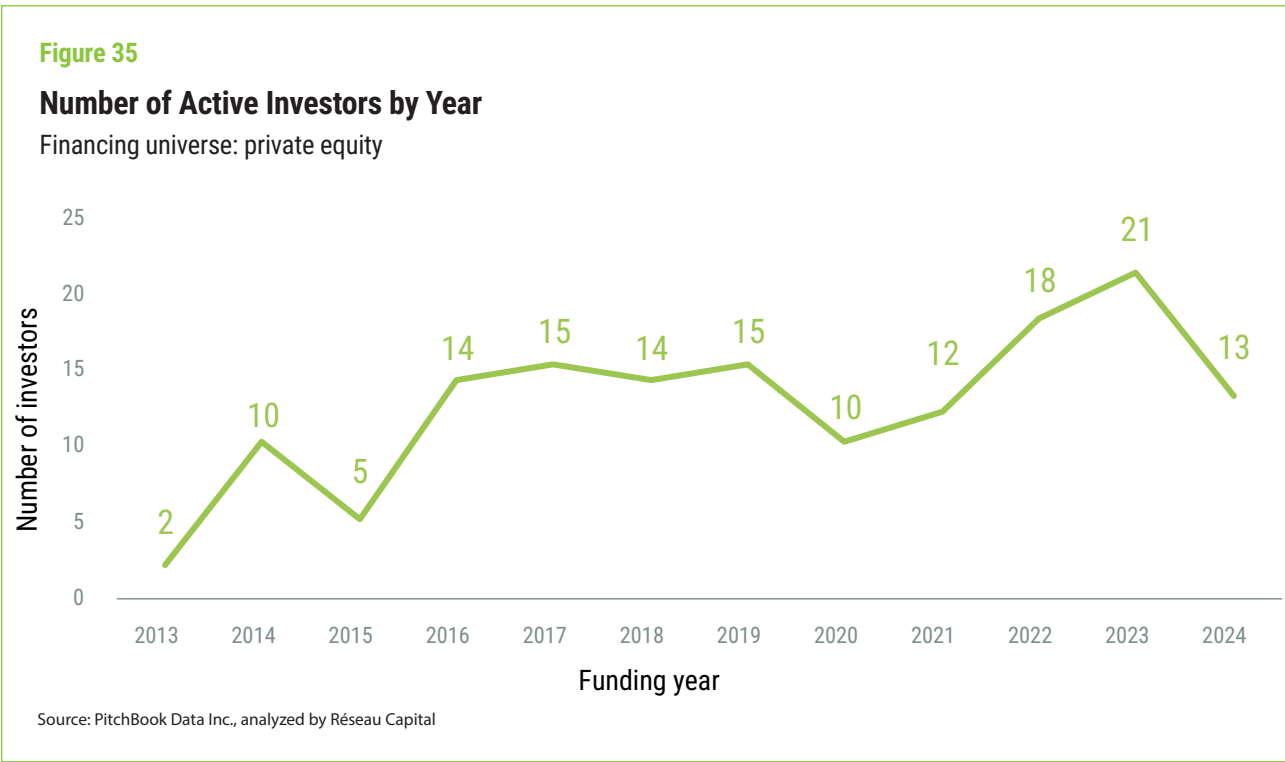


Source: PitchBook Data Inc., analyzed by Réseau Capital

Investors and Investments

By Period

The number of active investors in Quebec-based companies within the private equity financing universe has grown steadily since 2013, rising from 47 in the first subperiod to 69 in the second.



By Investor Region

Quebec-based active investors account for only about 20% of the total, and this share changed little between the two subperiods (Table 30).

US-based investors form the largest group, with 38 active investors over the full period, compared with 19 in Quebec. They also recorded the strongest growth between the two subperiods. International investors, at 26, also outnumbered Quebec-based investors.

The sector therefore appears able to attract a significant number of investors from outside Quebec, not only from elsewhere in Canada and the United States, but also

from other international markets.

Quebec's share of investments, at 34% over the full period, was higher than its share of active investors (Table 31). This reflects the fact that Quebec-based investors are, on average, more active in the province than investors headquartered elsewhere, as shown in Table 32.

Federal investors, like Quebec-based investors, were also considerably more active on average than investors in the other regions.

Table 30

Number of Active Investors by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total	QC/Total
2013-2018	11	7	5	12	12	47	23%
2019-2024	13	10	4	28	14	69	19%
2013-2024	19	15	7	38	26	105	18%
2019-2024/2013-2018	1.2	1.4	0.8	2.3	1.2	1.5	-

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 31

Number of Investments by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total	QC/Total
2013-2018	25	7	9	15	12	68	37%
2019-2024	32	12	10	31	14	99	32%
2013-2024	57	19	19	46	26	167	34%
2019-2024/2013-2018	1.3	1.7	1.1	2.1	1.2	1.5	

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 32

Average Number of Investments per Investor, by Subperiod and Investor Region

Period	QC	RoC	Federal	U.S.	INT	Total
2013-2018	2.3	1.0	1.8	1.3	1.0	1.4
2019-2024	2.5	1.2	2.5	1.1	1.0	1.4
2013-2024	3.0	1.3	2.7	1.2	1.0	1.6
2019-2024/2013-2018	1.1	1.2	1.4	0.9	1.0	1.0

Source: PitchBook Data Inc., analyzed by Réseau Capital

By Investor Type

Table 33

Share of Active Investors and Investments by Subperiod and Investor Type

	Investors			Investments		
Investor type	2013-2018	2019-2024	2013-2024	2013-2018	2019-2024	2013-2024
Other	2%	3%	2%	3%	3%	3%
Private PE	28%	42%	37%	21%	30%	26%
Private VC	6%	4%	6%	4%	4%	4%
Corporation	28%	20%	26%	21%	16%	18%
Family office	4%	1%	3%	3%	1%	2%
Government	6%	3%	4%	7%	5%	6%
Institutional	21%	12%	11%	38%	30%	34%
Investment firm/bank	4%	14%	11%	3%	10%	7%
Total	100%	100%	100%	100%	100%	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

In terms of the number of investors, private equity funds are the main source of financing for companies in the private equity financing universe. Their share increased between the two subperiods, both in terms of active investors (from 28% to 42%) and investments (from 21% to 30%). They were followed by corporations and institutional investors, whose respective shares declined.

However, institutional investors continued to account for the largest share of total investments, reflecting a higher average number of investments per investor (Table 34).

Private equity funds accounted for only 26% of investments over the full period, behind institutional investors at 34%, but ahead of corporations at 18%.

Table 34**Average Number of Investments per Investor, by Subperiod and Investor Type**

Investor type	2013-2018	2019-2024	2013-2024
Other	2.0	1.5	2.5
Private PE	1.1	1.0	1.1
Private VC	1.0	1.3	1.2
Corporation	1.1	1.1	1.1
Family office	1.0	1.0	1.0
Government	1.7	2.5	2.5
Institutional	2.6	3.8	4.7
Investment firm/bank	1.0	1.0	1.0
Total	1.4	1.4	1.6

Source: PitchBook Data Inc., analyzed by Réseau Capital

By Investor Type and Investor Region

A review of Tables 35, 36 and 37 highlights the following:

- Private equity funds: Only 2 Quebec-based funds invested in companies in the universe, compared with 37 funds headquartered outside Quebec. This represented 2 investments from Quebec-based funds, compared with 42 investments from funds headquartered outside the province.
- Companies: Only 3 Quebec-based corporations invested in companies in the universe, compared with 24 corporations headquartered outside Quebec. This represented 3 investments from Quebec-based corporations, compared with 27 investments from corporations headquartered outside the province.
- Institutional investors: Over the full period, companies in the universe received financing from 8 Quebec institutional investors and 4 federal institutional investors, representing 46 and 10 investments, respectively.

These findings highlight the importance of private financing sources headquartered outside Quebec—both private equity funds and corporations—and their growing role between the two subperiods. By comparison, Quebec-based private financing sources appear surprisingly limited.

Over the full period, investments from institutional investors accounted for 84% of investments by Quebec-based investors during the first subperiod (21 of 25), 78% during the second (25 of 32), and 81% overall (46 of 57).

Overall, 34% of the investments received by companies in the universe came from institutional investors, while 54% came from investors headquartered outside Quebec or from federal investors.

Table 35

Number of Active Investors by Subperiod, Investor Type and Investor Region

	2013-2018			2019-2024			2013-2024		
Investor type	QC	Federal	Other	QC	Federal	Other	QC	Federal	Other
Private PE	0	0	13	2	0	27	2	0	37
Private VC	0	0	3	1	0	2	1	0	5
Corporation	2	0	11	1	0	13	3	0	24
Family office	0	0	2	1	0	0	1	0	2
Government	1	2	0	0	2	0	1	3	0
Institutional	7	3	0	6	2	0	8	4	0
Investment firm/bank	1	0	1	2	0	8	3	0	9
Other	0	0	1	0	0	2	0	0	2
Total	11	5	31	13	4	52	19	7	79

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 36

Number of Investments by Subperiod, Investor Type, and Investor Region

	2013-2018			2019-2024			2013-2024		
Investor type	QC	Federal	Other	QC	Federal	Other	QC	Federal	Other
Private PE	0	0	14	2	0	28	2	0	42
Private VC	0	0	3	1	0	3	1	0	6
Corporations	2	0	12	1	0	15	3	0	27
Family office	0	0	2	1	0	0	1	0	2
Government	1	4	0	0	5	0	1	9	0
Institutional	21	5	0	25	5	0	46	10	0
Investment firm/bank	1	0	1	2	0	8	3	0	9
Other	0	0	2	0	0	3	0	0	5
Total	25	9	34	32	10	57	57	19	91

Source: PitchBook Data Inc., analyzed by Réseau Capital

Table 37

Share of Active Investors and Investments by Subperiod and Investor Type

	Investors			Investments		
Investor type	2013-2018	2019-2024	2013-2024	2013-2018	2019-2024	2013-2024
Other	2%	3%	2%	3%	3%	3%
Private PE	28%	42%	37%	21%	30%	26%
Private VC	6%	4%	6%	4%	4%	4%
Corporation	28%	20%	26%	21%	16%	18%
Family office	4%	1%	3%	3%	1%	2%
Government	6%	3%	4%	7%	5%	6%
Institutional	21%	12%	11%	38%	30%	34%
Investment firm/bank	4%	14%	11%	3%	10%	7%
Total	100%	100%	100%	100%	100%	100%

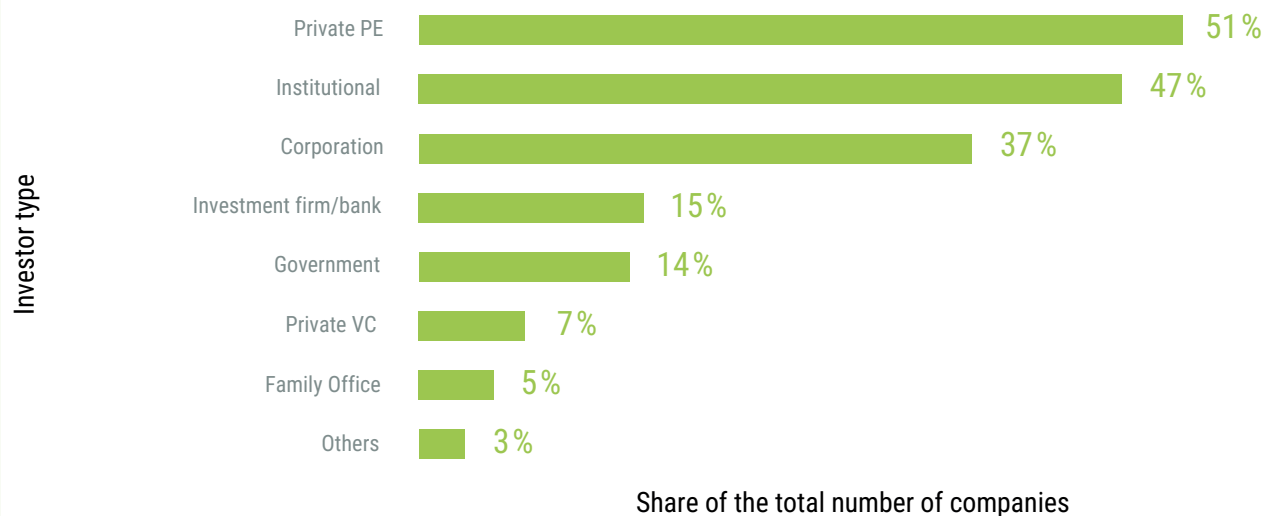
Source: PitchBook Data Inc., analyzed by Réseau Capital

Another way to assess the role played by the various investor categories in financing companies in the sector is to examine the proportion of companies that received at least one investment from each investor type (Figure 37).

Figure 37

Share of Funded Companies by Investor Type

Financing universe: private equity



Source: PitchBook Data Inc., analyzed by Réseau Capital

The following findings are worth highlighting:

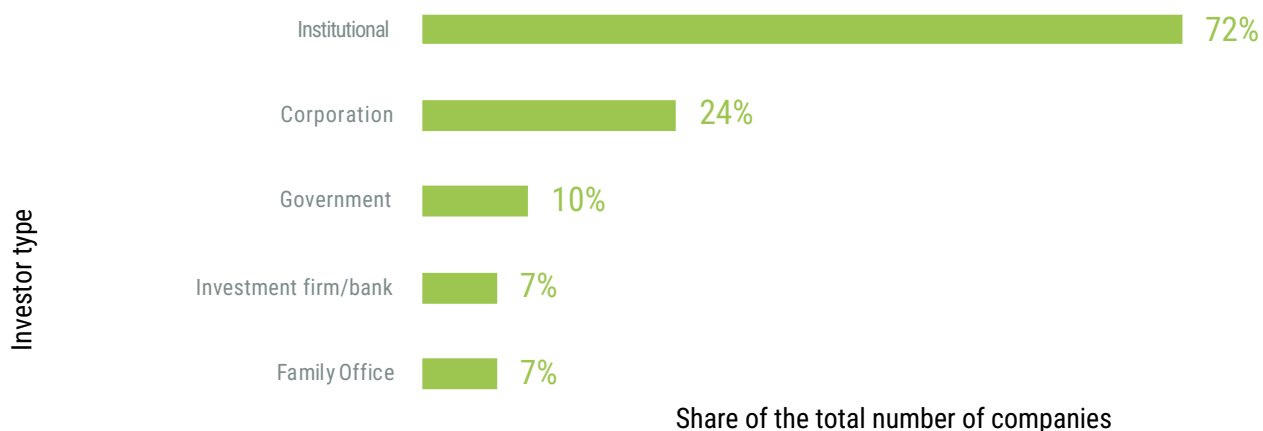
- Private equity is the main source of financing, yet only 51% of companies received at least one investment from a private equity fund. This means that 49% completed private equity rounds financed exclusively by other sources, primarily institutional investors, but also corporations, financial institutions and other investors.
- 47% of companies received investments from institutional investors.
- 37% received investments from corporations.

Figure 38 also shows that, among companies that did not receive financing from private equity funds, institutional investors were the main source of financing: 72% received investments from institutional investors, while 24% received investments from corporations.

Figure 38

Share of Funded Companies by Investor Type, Among Those That Did Not Receive Private Equity

Financing universe: private equity



Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Active Investors

Table 38 lists the 14 investors that financed two or more companies during the 2013–2024 period, ranked in descending order by the number of companies in which they invested. The following observations can be drawn from the table:

- Institutional investors dominate the list.
- Quebec institutional investors rank first: Desjardins Capital, Investissement Québec, Fonds de solidarité FTQ, La Caisse, Fondation and Fonds Manufacturier Québécois.
- They are followed by federal institutional investors: BDC Capital, the Government of Canada and EDC Investments.
- Only four private equity funds appear on the list, well behind the leading institutional investors: three from the rest of Canada, Birch Hill Equity Partners, Northleaf Capital Partners and TorQuest Partners, and one from the United States, Wynnchurch Capital.
- No Quebec-based private equity fund appears on the list.⁶
- Corporations were identified as one of the three main sources of private equity financing, yet none made more than one investment in the PRIMA Québec universe. They therefore invest only occasionally, depending on their acquisition needs.
- US-based and international investors also accounted for a large share of investors and investments. However, only one investor from these regions—Wynnchurch Capital—invested in more than one Quebec company in the sector and appears on the list. This shows that, although Quebec can attract a large number of outside investors, their involvement remains largely occasional.



⁶Novacap appears in the list of former investors in 4 companies: Creaform, Maax Bath, CorActive and Royal Mat.

Table 38

Investors Who Funded at Least Two Companies During the 2013–2024 Period

Investor	Region	Financing universe	Investor type	Deals			Companies funded		
				D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
Desjardins Capital	QC	PE	Institutional	4	7	11	4	6	10
Investissement Québec	QC	PE	Institutional	2	11	13	2	7	9
Fonds de solidarité FTQ	QC	PE	Institutional	5	2	7	5	2	7
BDC Capital	Federal	PE	Institutional	3	2	5	3	2	5
La Caisse	QC	PE	Institutional	4	2	6	4	1	5
Government of Canada	Federal	PE	Government	3	3	6	3	3	5
Fondaction	QC	PE	Institutional	2	2	4	2	2	4
Wynnchurch Capital	U.S.	PE	PE – Private	2	1	3	2	1	3
EDC Investments	Federal	PE	Institutional		3	3		3	3
Northleaf Capital Partners	RoC	PE	PE – Private		2	2		2	2
Innovative Solutions Canada	Federal	PE	Accelerator		2	2		2	2
Quebec Manufacturing Fund	QC	PE	Institutional	2		2	2		2
TorQuest Partners	RoC	PE	PE – Private	1	1	2	1	1	2
Birch Hill Equity Partners	RoC	PE	PE – Private	1	1	2	1	1	2

Source: PitchBook Data Inc., analyzed by Réseau Capital

Although they remain occasional investors, investors headquartered outside Quebec and federal investors play a key role in the sector's private equity financing, as shown in Table 39.

From one subperiod to the next, the share of rounds involving at least one Quebec or federal investor declined slightly, from 62% to 59%. This means that nearly 41% involved only investors headquartered outside Quebec and outside the federal category.

Similarly, the share of rounds involving exclusively Quebec or federal investors declined slightly, from 41% to 39%. As a result, approximately two-thirds of transactions (59% to 61%) included at least one investor headquartered outside Quebec or outside the federal category.

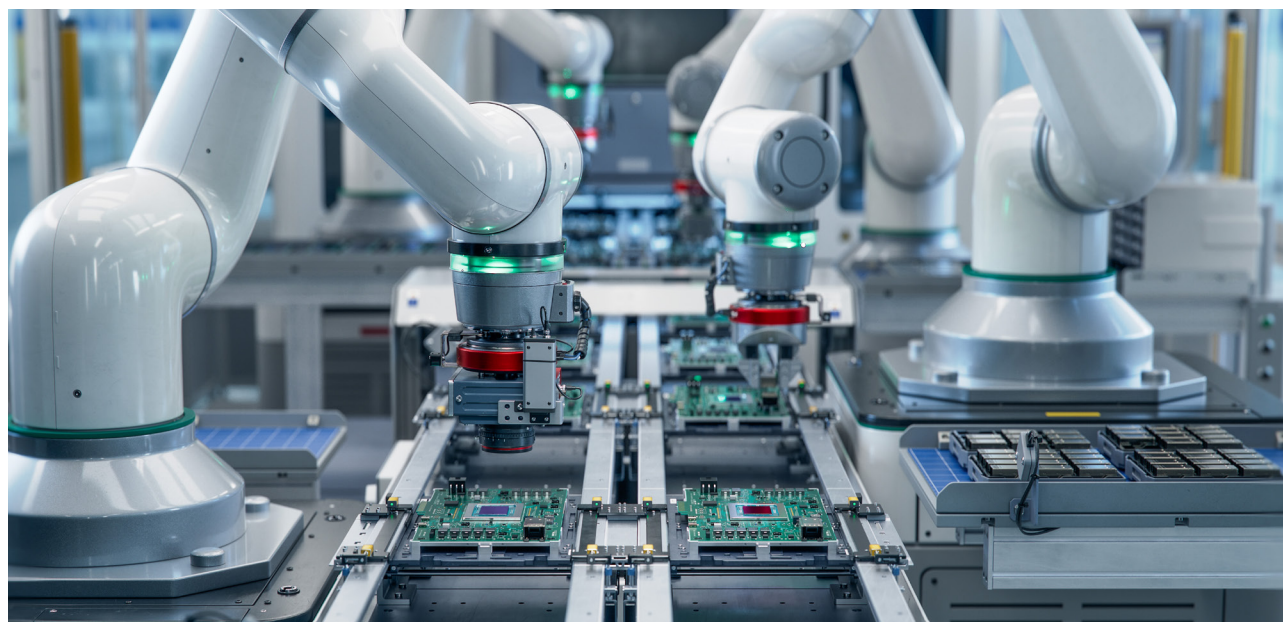
As noted previously, investors headquartered outside Quebec and federal investors accounted for 54% of the investments received by companies in the universe during the 2013–2024 period.

Table 39

Share of Quebec and Federal Investors in the Number of Rounds by Subperiod

Investor composition	Number		Percentage	
	2013-2018	2019-2024	2013-2018	2019-2024
≥ 1 investor from QC or Federal	23	30	62%	59%
Investor from QC or Federal exclusively	15	20	41%	39%
Total number of rounds	37	51	-	-

Source: PitchBook Data Inc., analyzed by Réseau Capital



⁷ Federal investors are pan-Canadian investors, some of whom are based in Quebec and whose mandate is to invest in all provinces.

Key Findings

- Of the companies in the PRIMA Québec universe, 69 are headquartered in Quebec and fall within the private equity financing universe, meaning they received financing from private or institutional private equity investors.
- Of these companies, 41% have been acquired or merged, while 59% continue to operate as independent, privately held companies.
- The most represented sectors are B2B (48%), Materials and Resources (23%), and ICT (13%). This distribution differs significantly from the venture capital and accelerator financing universes, where ICT accounted for more than 30% of companies and Materials and Resources represented a smaller share.
- Overall, these companies are relatively mature: 50 of them (75%) were founded before 2000. Only 3 were founded during the 2013–2024 period, and none after 2018, which appears to reflect relatively limited company creation and growth within the sector.
- For 33 companies (48%), the most recent transaction, excluding secondary buyouts, was a buyout, including management buyouts. For 8 companies (12%), it was an M&A transaction, while for 27 (39%), it was a growth equity investment.
- 55% of these companies have more than 100 employees, including 7 (10%) with more than 1,000 employees. In total, the 69 Quebec-based companies for which PitchBook provides employee data account for 23,651 employees.
- The number of transactions and companies financed increased sharply early in the period, followed by a decline at the beginning of the COVID-19 pandemic and a slowdown toward the end of the period, consistent with broader private equity market trends.
- The number of investors grew steadily, rising from 47 in the first subperiod to 69 in the second, an increase of 47%. The number of investors headquartered outside Quebec and outside the federal category grew even faster, from 31 to 52, an increase of 68%. During the second subperiod, outside investors accounted for 75% of the total.
- The main financing sources are private equity funds, institutional investors and corporations.
- Only 51% of companies received at least one investment from a private equity fund. This means that 49% completed private equity rounds financed exclusively by other sources, primarily institutional investors, but also corporations and financial institutions.
- Institutional investors accounted for 34% of all investments received by companies in the universe.
- With the exception of institutional investors, nearly all other financing sources were headquartered outside Quebec, in the rest of Canada, the United States or other international markets.
- The list of 14 investors that financed at least two companies includes 10 institutional or government investors and 4 private equity funds, none of which is headquartered in Quebec.
- Investors headquartered outside Canada are the most numerous, but only one invested in more than one company.

Companies in the “Corporate” Financing Universe

Companies

Of the companies in the PRIMA Québec universe, 273 are headquartered in Quebec and fall within the Corporate financing universe, representing 56% of the total. These companies have not received support or financing from accelerators, venture capital investors or private equity investors.

By Year Founded

The founding year is known for 256 companies. Of these, 115 (45%) were founded before 2000 and 193 (75%) before 2013. Overall, these companies are relatively mature, although less so than those in the Private Equity financing universe. The share of companies founded between 2013 and 2024 is significantly higher in this universe (25%, compared to 4% for the private equity universe).

During the most recent period, from 2013 to 2024, the number of companies founded declined markedly between the two subperiods. This may reflect limited company creation in the sector, a delay before companies of this type appear in the PitchBook database, or a combination of both factors.

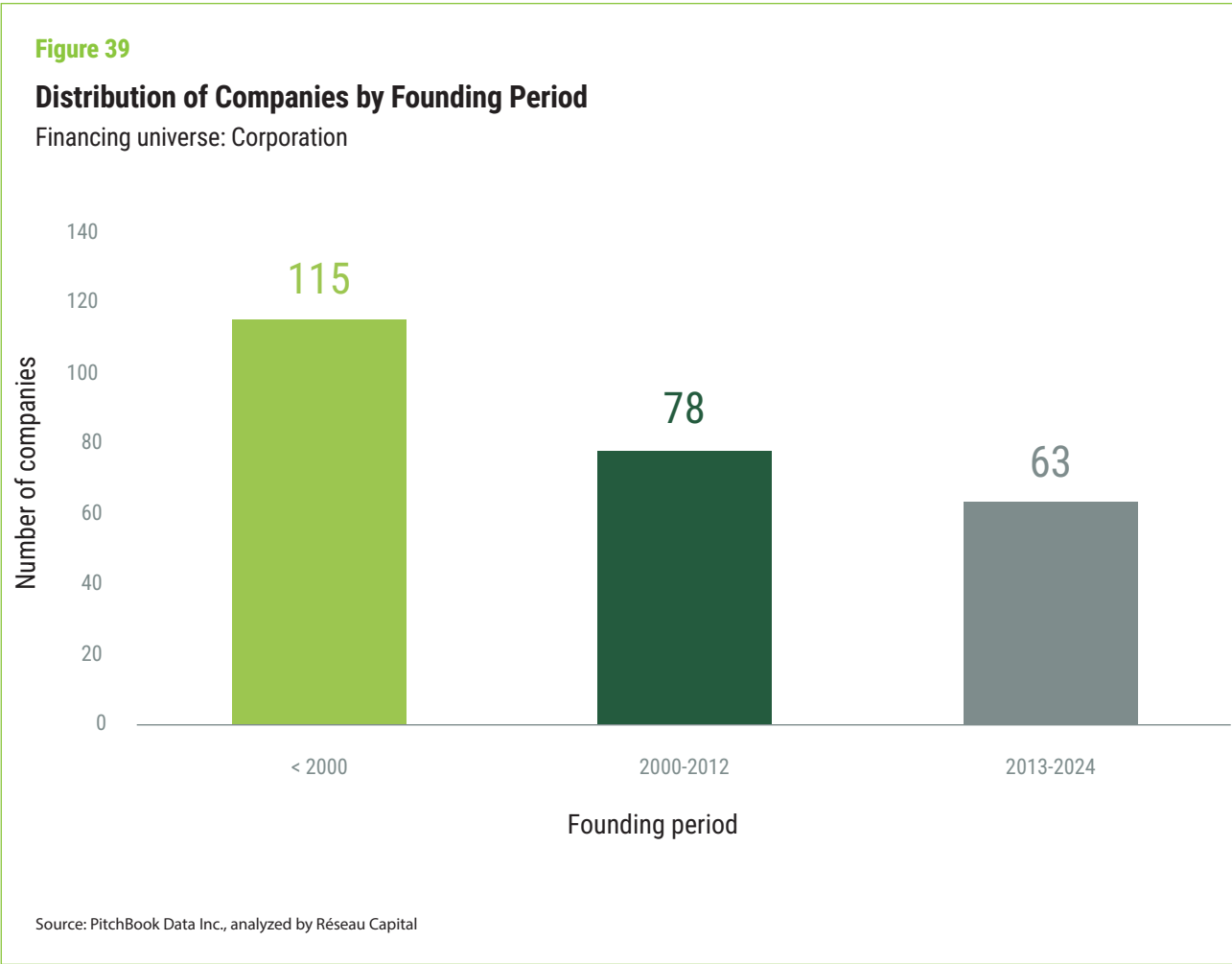
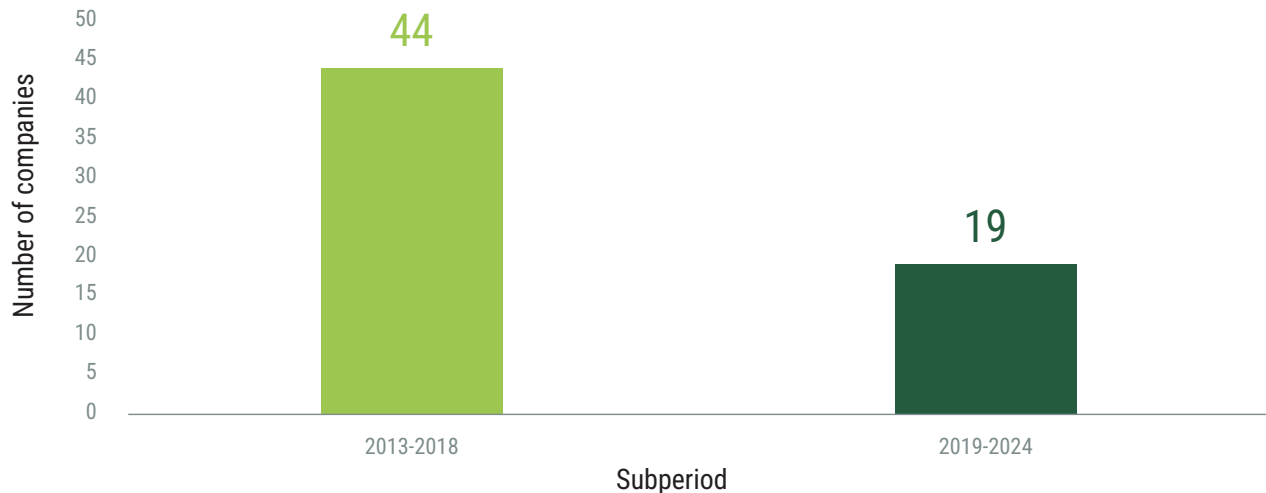


Figure 40

Number of Companies Founded by Subperiod

Financing universe: Corporation



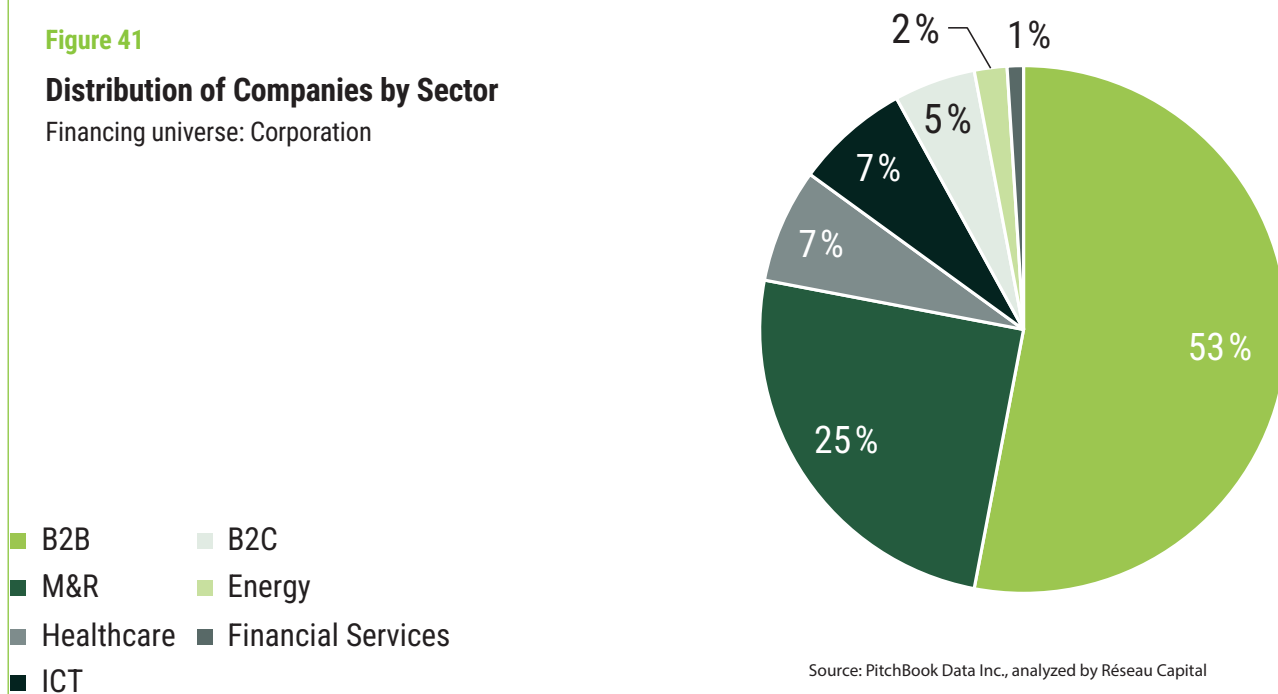
Source: PitchBook Data Inc., analyzed by Réseau Capital

By Industry Sector

Figure 41

Distribution of Companies by Sector

Financing universe: Corporation



Source: PitchBook Data Inc., analyzed by Réseau Capital

According to PitchBook's taxonomy, the most represented sectors are Business Products and Services (B2B), at 53%, Materials and Resources (M&R), at 25%, and Healthcare and ICT, both at 7%. This distribution is similar to that of the Private Equity financing universe, but differs from the Venture Capital and Accelerator financing universes, where ICT accounted for more than 30% of companies and Materials and Resources represented a smaller share.

By Ownership Status

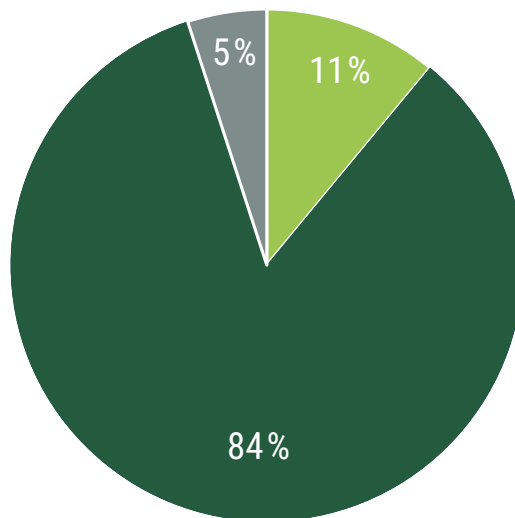
Of the 273 companies in the universe, 30 (11%) have been acquired or merged, 14 (5%) are publicly traded and 229 (84%) are privately held.

Figure 42

Distribution of Companies by Ownership Status

Financing Universe: Corporation

- M&A
- Private
- Public



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Number of Employees

Half of the companies have between 10 and 99 employees, 18% have more than 100 employees, and 21% have fewer than 10. These companies are therefore significantly smaller than those in the Private Equity financing universe, where 55% have more than 100 employees and 10% have more than 1,000.

In total, the 242 Quebec-based companies in the Corporate financing universe for which PitchBook provides employee data account for 28,470 employees.

Table 40

Distribution of Companies by Number of Employees

Number of Employees	Number	Percentage
1,000+	3	1%
100-999	46	17%
10-99	136	50%
1-9	57	21%
n.a.	31	11%
Total	273	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

By Type of Reported Transaction

Table 41

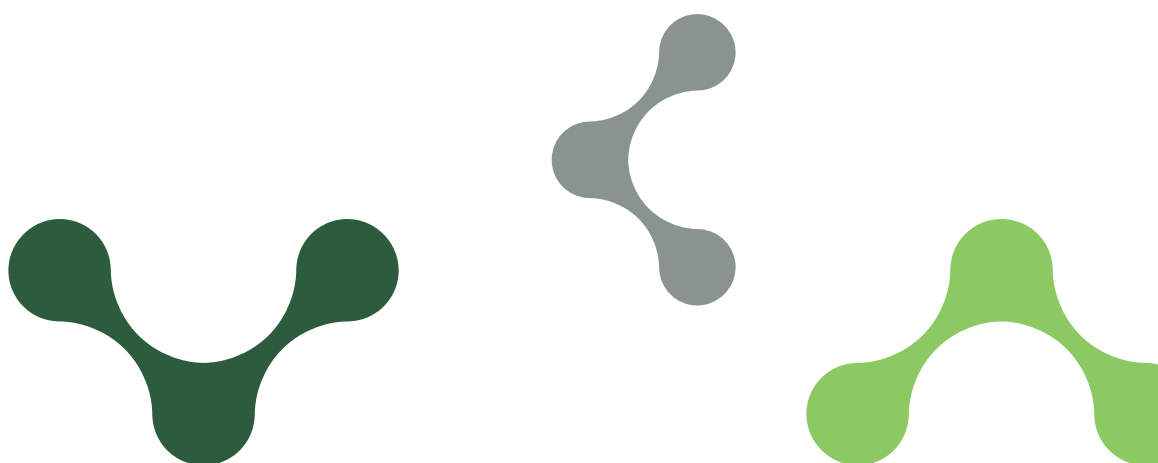
Distribution of Companies by Type of Their Most Recent Transaction

Transaction Type	Number	Percentage
M&A	31	11%
IPO ⁸ /PIPE ⁹	10	4%
Grants	10	4%
Other	6	2%
None	216	79%
Total	273	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

PitchBook reports no transactions for 216 companies, representing 79% of the Corporate financing universe and 45% of all Quebec-based companies in the PRIMA Québec universe. All of these companies are privately held. This suggests that they obtain financing through channels other than private capital, investments from other corporations or public markets, including self-financing, bank financing, supplier credit and customer financing, among others.

In addition, 31 companies have been acquired or merged. Ten companies are publicly traded and raised financing through an IPO or PIPE, while 10 received grants.



⁸IPO: Initial Public Offering

⁹PIPE: Private Investment in Public Equity

Investors and Investments

A total of 61 investors made investments between 2013 and 2024 in companies for which PitchBook reports at least one transaction.

Table 42

Number of Active Investors by Investor Type and Investor Region (2013–2024)

Investor type	QC	Federal	Other	Total
Private PE	0	0	1	1
Private VC	0	0	2	2
Corporation	10	0	29	39
Family office	1	0	0	1
Institutional	2	3	1	6
Government	5	6	0	11
Investment firm/bank	0	0	1	1
Total	18	9	34	61

Source: PitchBook Data Inc., analyzed by Réseau Capital

These investors are primarily corporations involved in M&A transactions (39), government investors (11), and institutional investors (6), which are among the main sources of grants.

Of the corporations that participated in these transactions, 74% are headquartered outside Quebec.

lists the investors that financed at least 2 companies during the period. These include institutional and government investors that provided grants; 2 corporations, 1 headquartered in Quebec and the other in the rest of Canada; La Caisse, which participated in 2 PIPE transactions; and a venture capital fund from the rest of Canada that also participated in 2 PIPE transactions.



¹⁰ With rare exceptions, private investment funds are not found; otherwise the company would be classified in the venture capital or private equity funding universes.

Investors Having Financed at Least Two Companies Over the 2013–2024 Period

Investor	Region	Financing universe	Investor type	Deals			Companies financed		
				2013–2018	2019–2024	2013–2024	2013–2018	2019–2024	2013–2024
Sustainable Development Technology Canada	Federal	Corporation	Institutional	2	3	5	2	3	5
Innovative Solutions Canada	Federal	Corporation	Accelerator		4	4		4	4
ThreeD Capital	RoC	Corporation	VC - Private		3	3		2	2
NanoXplore	QC	Corporation	Corporation	1	2	3	1	1	2
La Caisse	QC	Corporation	Institutional	2		2	2		2
Government of Canada	Federal	Corporation	Government		2	2		2	2
Martinrea International	RoC	Corporation	Corporation		2	2		2	2

Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Findings

- A total of 273 companies, representing 56% of the Quebec-based companies in the PRIMA Québec universe, fall within the Corporate financing universe. In other words, they have not received private capital financing from accelerators, venture capital investors or private equity investors.
- These companies are relatively mature, with 75% founded before 2013. However, although company creation declined during the second subperiod, the number of companies founded between 2013 and 2024 remains significantly higher than in the Private Equity financing universe.
- Overall, these companies are also smaller than those in the Private Equity financing universe: 18% have more than 100 employees, compared with 55% in the Private Equity financing universe.
- Their sector profile is similar to that observed in the Private Equity financing universe and differs from those of the Venture Capital and Accelerator financing universes.
- PitchBook reports no transactions for 216 companies, representing 79% of the Corporate financing universe and 45% of the PRIMA Québec universe. All of these companies are privately held. This suggests that they obtain financing through channels other than private capital, investments from other corporations or public markets, including self-financing, bank financing, supplier credit and customer financing, among others.
- For companies with a reported transaction, the main investors are other corporations, 74% of which are headquartered outside Quebec.

Companies Headquartered Outside Quebec

Companies

Of the 593 companies in the PRIMA Québec universe, 108 (18%) are headquartered outside Quebec. Their main characteristics are presented below.

By Year of Foundation

The founding year is available for 101 of the 108 companies. Of these, 55% were founded before 2000 and 77% before 2013. This distribution is very similar to that of the Corporate financing universe.

Figure 43

Distribution of Companies Based Outside Quebec by Founding Period

All financing universes

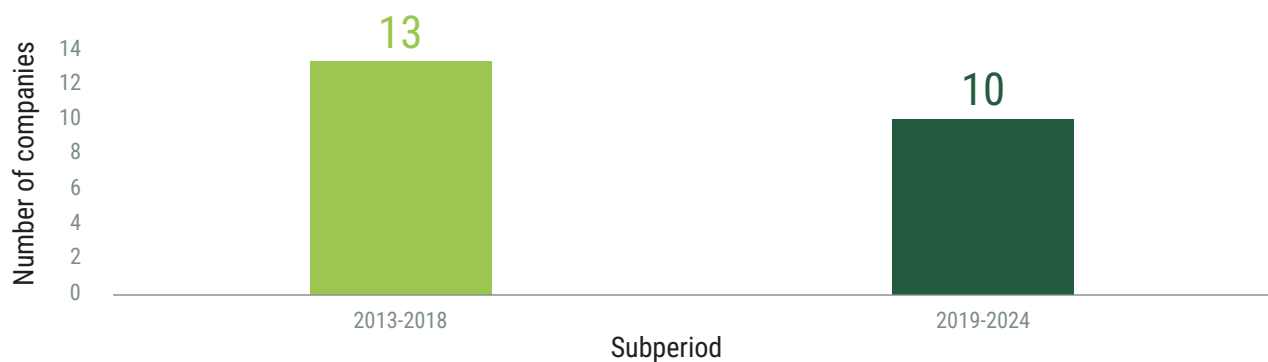


Source: PitchBook Data Inc., analyzed by Réseau Capital

Figure 44

Number of Companies Based Outside Quebec Founded by Subperiod

All financing universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

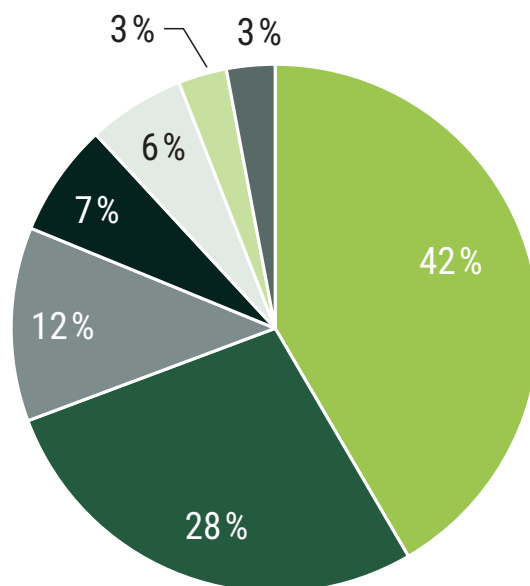
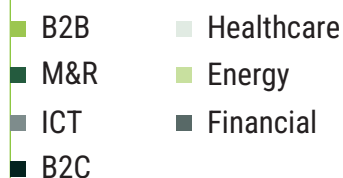
By Industry Sector

According to PitchBook's taxonomy, the main sectors represented are Business Products and Services (B2B), at 42%, Materials and Resources (M&R), at 28%, and ICT, at 12%. This distribution is fairly similar to those of the Private Equity and Corporate financing universes, but differs from those of the Accelerator and Venture Capital financing universes.

Figure 45

Distribution of Companies Based Outside Quebec by Sector

All financing universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

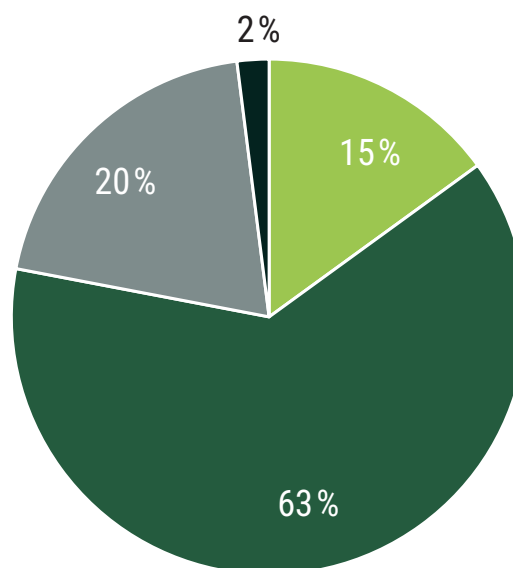
By Ownership Status

Overall, 20% of the companies are publicly traded, a significantly higher share than among companies headquartered in Quebec.

Figure 46

Distribution of Companies Based Outside Quebec by Ownership Status

All financing universes



Source: PitchBook Data Inc., analyzed by Réseau Capital

By Number of Employees

Table 44

Distribution of Companies by Number of Employees

Number of employees	Number	Percentage
1,000 +	40	37%
100-999	11	10%
10-99	22	20%
1-9	10	9%
n.a.	25	23%
Total	108	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Company size is the characteristic that most clearly distinguishes companies headquartered outside Quebec from those headquartered in Quebec: 37% have more than 1,000 employees. However, it should also be noted that 10 of these companies (9%) have fewer than 10 employees.

In total, the 83 companies headquartered outside Quebec for which PitchBook provides employee data account for 696,443 employees.

By Financing Universe

Table 45

Distribution of Companies by Financing Universe

Financing universe	Number	Percentage
Accelerator	7	6%
VC	8	7%
PE	24	22%
Corporation	67	62%
Debt	2	2%
Total	108	100%

Source: PitchBook Data Inc., analyzed by Réseau Capital

Unsurprisingly, 62% of these companies, most of which are mature and large, obtain financing through channels other than private capital, while 22% fall within the Private Equity financing universe.

It is also noteworthy that 15 companies fall within the Accelerator or Venture Capital financing universes.



Investors

The vast majority of companies headquartered outside Quebec are large multinational corporations whose Quebec operations are relatively limited and that obtain financing through their headquarters. An analysis of their external investor base is therefore not relevant to this report.

Table 46 lists the Quebec-based investors that invested in companies headquartered outside Quebec during the 2013–2024 period. These include:

- Accelerators and seed funds that invested in companies headquartered outside Quebec that participated in Quebec accelerators.
- 3 funds or institutional investors: La Caisse in Hy2Gen, Fonds de solidarité FTQ in MDA Space, and Sagard in Bauer Hockey. Are these investments related to the presence and activities of these companies in Quebec?
- 2 corporations: Resolute Forest Products in Performance BioFilaments and Nouveau Monde Graphite in Mason Resources. Once again, are these investments by Quebec-based corporations related to the recipients' presence or activities in Quebec?

Table 46

List of Investors Based in Quebec That Invested in Companies Outside Quebec Over the 2013–2024 Period

Investor	Region	Investor type	Deals			Companies financed		
			D-2013–2018	D-2019–2024	D-2013–2024	C-2013–2018	C-2019–2024	C-2013–2024
La Caisse	QC	Institutional	2	1	3	2	1	3
Centech	QC	Accelerator		2	2		2	2
ACET	QC	Accelerator		2	2		2	2
Sagard	QC	Investment firm/bank	3		3	1		1
Resolute Forest Products	QC	Corporation	1		1	1		1
Ecofuel Fund	QC	VC– Private	1		1	1		1
Fonds de solidarité FTQ	QC	Institutional		1	1		1	1
International Startup Festival	QC	Other		1	1		1	1
PME MTL Centre-Ville	QC	VC – Private		1	1		1	1
LE CAMP	QC	Accelerator		1	1		1	1
Orletto Capital II	QC	Other		1	1		1	1
La base entrepreneuriale HEC Montréal	QC	Accelerator		1	1		1	1
Nouveau Monde Graphite	QC	Corporation		1	1		1	1
Quantino	QC	Accelerator		1	1		1	1

Source: PitchBook Data Inc., analyzed by Réseau Capital

Key Findings

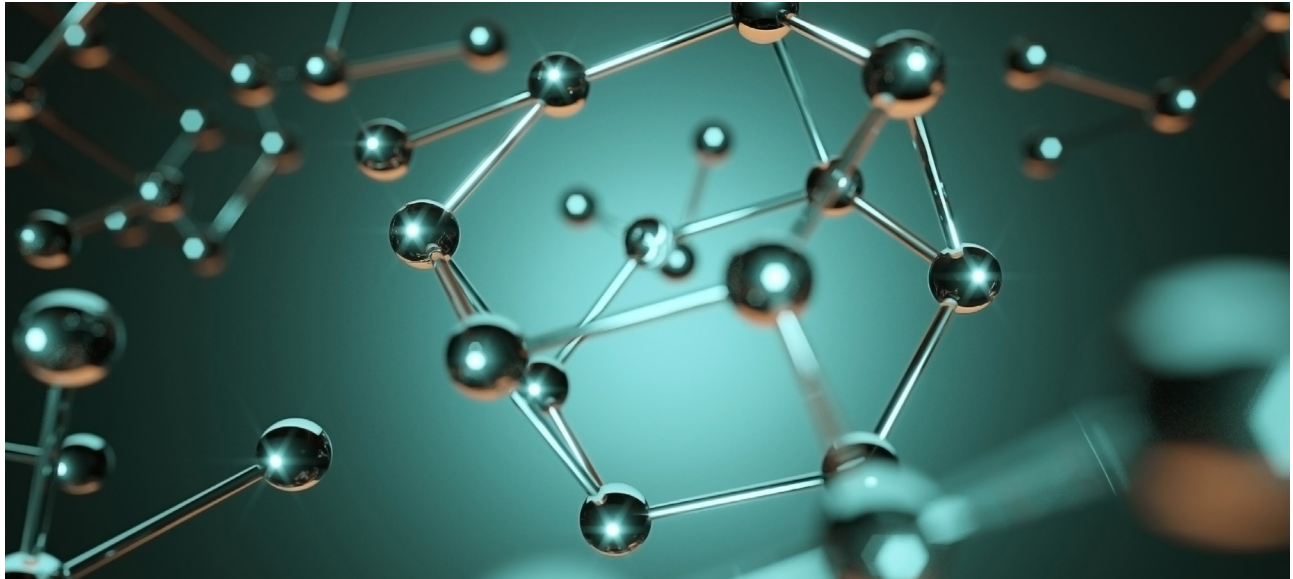
- The PRIMA Québec universe includes 108 companies headquartered outside Quebec, representing 18% of the total.
- Overall, the profile of these companies is fairly similar to that of Quebec-based companies in the Corporate financing universe in terms of company age and sector distribution.
- However, these companies are considerably larger: 37% have more than 1,000 employees. They also include a higher proportion of publicly traded companies, at 20%.
- 62% fall within the Corporate financing universe, meaning they have not recently received private capital financing. Most are mature, large companies that obtain financing through other channels (public markets, investments from other companies, bank financing, etc.)
- 22% are financed through private equity, while 13% fall within the Venture Capital or Accelerator financing universes.
- Many of these companies are large multinational corporations and obtain most of their financing internationally.
- Approximately 15 Quebec-based sources financed some of these companies. These include:
 - Accelerators and seed funds that invested in companies headquartered outside Quebec that participated in Quebec accelerators;
 - Three major institutional or private investors—La Caisse, Fonds de solidarité FTQ and Sagard—as well as two relatively large corporations that financed companies headquartered outside Quebec with a presence in the province.



PHASE TWO:

Interview Results

(Accelerator and Venture Capital Universes)



Introduction

The results of the statistical analysis for each of the four financing universes (accelerator, venture capital, private equity, corporate) were presented to the PRIMA Québec team. Given the differences observed between the Accelerator and Venture Capital universes, on the one hand, and the Private Equity and Corporate universes, on the other, as well as PRIMA Québec's priorities, it was decided to focus the interviews on the first two universes. Interview participants were selected accordingly.

The views gathered during these interviews reflect the informed perspectives of sector experts and are intended to support further reflection and help identify potential recommendations. Overall, the comments were consistent, and the following pages report this convergence. However, additional work beyond the scope of this report will be required to prioritize these recommendations and translate them into potential courses of action.

These included:

- 4 entrepreneurs recommended by PRIMA Québec
- 4 accelerators
- 9 investment funds

Before each interview, participants received a summary of the statistical findings for the Accelerator and Venture Capital universes, along with a brief interview guide. The one-hour interviews were structured around three main areas:

- General comments on the findings of the statistical analysis.
- Comments on the strengths and weaknesses of the deal flow and the financing ecosystem for startups and growth-stage companies in Quebec's advanced materials sector.
- Recommended avenues to build on the strengths of Quebec's ecosystem and address its weaknesses.



General Comments on the Statistical Analysis Results

First and foremost, many respondents emphasized the difficulty of defining the advanced materials sector and its heterogeneous nature. Given this challenge, they supported the report's decision to define Quebec's sector as all companies included in the database developed by PRIMA Québec over the years and then match that information with the PitchBook database.

Overall, respondents indicated that they were not surprised by the main findings of the statistical analysis, particularly the following two observations:

- A strong acceleration in company creation and financing flows during the 2010s, followed by a plateau or even a decline.
- A sector in which companies appear to progress slowly, with few managing to raise rounds of significant size (\$50M+) and a notable absence of exits to date.

Respondents added the following comments on both points:

Company Creation and Financing Flows

Several factors may have contributed to the results highlighted by the statistical analysis:

- The deeptech¹¹ sector was underserved before 2010. During the 2010s, non-dilutive funding, accelerators, and institutional financing were introduced, generating momentum in company creation and financing flows. The previously latent deal flow then gradually diminished, contributing to the slowdown in company creation beginning around 2019–2020.
- Beginning in 2020, the SaaS and artificial intelligence wave gradually attracted most of the attention and financing, to the detriment of deeptech sectors.
- The slow pace of company development, financing challenges, and the lack of exits or the creation of large-scale companies (see below for comments on the financing ecosystem) also dampened the enthusiasm of entrepreneurs and investors.
- Some, though not all, respondents noted a renewed interest in hardware and deeptech over the past 12 to 18 months. This trend could be accelerated by artificial intelligence's disruption of SaaS business models and the emergence of defence tech.

¹¹ During the interviews, participants most often referred to the deeptech sector rather than the advanced materials sector, implicitly treating advanced materials as part of deeptech. The term hardware was also used with the same or a closely related meaning.

A Sector in Which Companies Progress Slowly

All respondents emphasized how the characteristics of their sector (advanced materials, deeptech, hardware) differ from those of the software sector and SaaS business models:

- The company growth cycle (technology maturation, technology and value proposition validation, scaling) is much longer than for SaaS models and requires significantly higher levels of CAPEX investment. Generating returns is also more difficult in this sector than in SaaS, and fewer investors are willing to assume these risks.
- The validation stages require much more specialized and advanced expertise, which is more difficult to find locally.
- In deeptech and hardware, there is a dual risk, both technological and market-related, whereas in SaaS the risk is generally more related to market adoption.

These sector characteristics, combined with certain weaknesses in the deal flow and financing chain, detailed below, help explain the relatively slow development of the sector in Quebec.

Several respondents also noted the many similarities between deeptech and life sciences: longer development cycles, high levels of expertise and specialization, larger rounds and investment requirements, and the importance of access to international resources, including expertise, networks and financing. They also emphasized that Quebec's life sciences sector benefits from dedicated support and financing organizations that are not currently available to the advanced materials sector.



Strengths and Weaknesses of the Deal Flow

Alongside certain strengths, the following paragraphs summarize respondents' comments on ecosystem challenges and areas they believe could be improved. These observations should be viewed as an introduction to the following section on potential recommendations.

General Comment and Sector Strengths

Respondents noted that Quebec's ecosystem of start-up and growth-stage technology companies in the advanced materials sector is relatively shallow. There is no steady flow of opportunities across the sector's various subsegments. As a result, it is difficult for local investors to build specialized teams in this field. A fund seeking to specialize in the sector would therefore need to look beyond Quebec to access a broader deal flow.

However, respondents also highlighted Quebec's genuine strengths in the following areas:

- Microelectronics, including specialized semiconductors, and photonics and optics;
- Quantum technologies;
- Robotics;
- Non-destructive testing;
- 3D printing.

Quebec should organize itself to build on these strengths and take advantage of the strong growth in defence investment and the emergence of *defense tech*.

Universities

Overall, respondents emphasized the quality of the technologies emerging from Quebec universities, particularly engineering faculties. However, they identified the following challenges, some of which are general and others more specific to the sector:

- It is difficult to determine which technologies available at Quebec universities have commercialization potential. There is no centralized database. Several respondents mentioned efforts by interested individuals to inventory the technologies available in a particular field, but these initiatives proved lengthy, difficult and inconclusive.
- Many university laboratories remain strongly focused on academic objectives related to publication, favour public financing, and still show relatively limited interest in commercializing their technologies through the private sector.
- Negotiating intellectual property with universities often remains a challenge.
- The commercialization of deeptech technologies requires a long maturation period to bring them to technology readiness levels (TRL) 7–8 (commercial demonstration). This phase also requires access to research infrastructure and non-dilutive funding, at least initially. While some respondents reported good collaboration with universities regarding access to infrastructure, others would like this access to be facilitated.
- Academic entrepreneurs tend to overvalue their technologies and underestimate the importance of the market value proposition. Several respondents noted that university spin-offs frequently present themselves with incomplete management teams and sometimes resist efforts to strengthen them.



One respondent noted that success stories such as Photonic in quantum computing in Vancouver and Waabi in autonomous vehicles in Toronto are rooted in significant support from Simon Fraser University and the University of Toronto, respectively, including access to laboratories and financing. It was also noted that InBC and the University of British Columbia recently established the UBC Catalyst Venture Fund to finance university spin-offs.

The involvement of Quebec universities and related financing remain much more limited, with the possible exception of the University of Sherbrooke and Quantacat in quantum technologies.

Entrepreneurs

The following challenges were identified:

- Quebec's deeptech sector is still relatively young. There have been no major exits that can clearly be considered successes and lead to meaningful recycling of capital and talent into the creation or acceleration of new companies. Quebec also has few serial or experienced entrepreneurs and relatively few mentors in these fields.
- Quebec entrepreneurs tend to remain too locally focused and overly dependent on public financing. In deeptech, even more than in other sectors, companies must adopt an international orientation from the outset to validate their technology and value proposition, access specialized expertise and financing (strategic partners and dedicated funds), and reach international markets.



Strengths and Weaknesses of the Financing Ecosystem

General Comments

As previously noted, the advanced materials sector is characterized by a relatively long technology maturation and company development cycle, high levels of specialization (technology validation), and significant CAPEX requirements.

In meeting these requirements, Quebec's financing ecosystem has certain strengths, but also faces several challenges:

- Venture capital financing in Quebec is largely dominated by the software sector, particularly SaaS. With the exception of cleantech, there are no private funds in Quebec specialized in this sector, nor dedicated deeptech teams within institutional investors. As a result, it is difficult to find investors willing to lead rounds beyond the pre-seed stage.
- There are very few large companies in this sector in Quebec that can play the role of strategic investors, validate technologies, contribute to their development, and facilitate market access.
- Access to external resources (expertise and financing) is a necessity for companies seeking to grow, but it is difficult to attract these resources to Quebec companies. According to several respondents, Quebec suffers in particular from a lack of brand recognition when it comes to attracting outside investors and strategic partners.

The comments gathered on the various stages of the financing chain, presented below, illustrate these issues while also highlighting the progress made by the ecosystem in recent years.

Non-Dilutive Funding and Early-Stage Support Organizations

Whether from federal or provincial sources (various provincial and federal departments, NRC, SDTC), non-dilutive funding has grown significantly since the mid-2010s. Overall, respondents emphasized that these sources are relatively abundant and play an important and highly positive role in technology maturation. They not only help de-risk seed financing, but also support the development of new technologies within more mature companies. PRIMA Québec's role at this stage is well regarded.

However, respondents highlighted several challenges:

- The pace of this non-dilutive funding is relatively slow (calls for proposals, etc.) and holds companies back, sometimes threatening their survival.
- The suspension of SDTC, which was particularly active in this sector, has caused serious damage.
- The abundance of grants allows some companies to remain dependent on non-dilutive financing for too long, at times supporting “zombie companies” that move from one accelerator to another. This creates a risk of grant dependency.
- There are many tools and resources (RSRI, CCTT, etc.). The risk is that companies become overwhelmed and no longer know which organization to approach.

Accelerators

The statistical analysis highlighted that accelerators are particularly active in the sector (Creative Destruction Lab, Centech, McGill Dobson Entrepreneurship Centre, Cycle Momentum, ACET, etc.). This was confirmed by respondents.

The most active accelerators received positive feedback from entrepreneurs for their contribution to helping companies adopt an international focus from the outset and facilitating access to strategic partners, including resources for technology development, early adopters and corporate venture capital.

Conversely, several respondents felt that the entrepreneurial quality of some accelerators was insufficient and that these organizations sometimes help keep “zombie companies” alive by directing grants toward them.

It was also noted that some strong projects do not participate in accelerators..

The accelerators most active in the sector identified the following constraints:

- difficulty establishing specialized programs because of the relatively limited deal flow;
- difficulty recruiting specialized mentors;
- the fact that many university projects arrive with incomplete teams dominated by a technology-push approach;
- difficulty connecting still-fragile start-ups with strategic corporations.

According to several respondents, the venture studio model appears best suited to addressing the last two challenges: completing or building teams, and providing start-ups with the structure and credibility needed to connect with strategic partners.





Venture Capital Funds

Non-dilutive financing and accelerators are relatively abundant in Quebec. However, a financing gap emerges afterward for pre-seed and seed rounds.

Quebec-based venture capital investors are primarily generalist funds or funds focused largely on SaaS. Funds specializing in cleantech cover only part of the advanced materials sector and generally invest after the seed stage. For institutional investors, the limited deal flow does not justify building specialized teams.

As a result, few local investors are prepared to lead seed or Series A rounds, and companies must turn to investors outside Quebec. Entrepreneurs emphasized this issue strongly.

Strategic Investors

Entrepreneurs, accelerators and specialized funds all strongly emphasized that, in the deeptech sector, large corporations can play a major role in validating and developing technologies (industrial reformulation), facilitating market access by acting as early adopters and integrating companies into supply chains, and providing financing. It is therefore very important to involve them as early as possible.

However, there are few large corporations in this sector in Quebec. They seldom act as early adopters and are only minimally active in corporate venture capital. Several respondents noted that the main markets and customers for their respective sectors are located in Asia and/or Europe. Startups must therefore seek out foreign strategic partners, but reaching and attracting them remains a challenge.

International Resources

The preceding sections highlight the importance of international resources in this sector, including financing, specialized expertise and market access. In this regard, respondents, particularly entrepreneurs, made the following observations:

- It is essential for entrepreneurs to adopt an international outlook as early as possible.
- Doing so is not easy, particularly for the following reasons:
 - Major international corporations and investors tend to wait for exceptional opportunities to emerge. A form of intermediation is lacking to connect Quebec's strongest opportunities with these outside investors.
 - According to several entrepreneurs, investors outside Quebec are reluctant to invest in Quebec-based companies. Strengthening Quebec's image could help reduce this reluctance.
- Some accelerators/venture studios have established dedicated resources to connect entrepreneurs with international financing sources and strategic partners.
- Several respondents highlighted positively the support provided by the following organizations:
 - Investissement Québec International (IQI), particularly in commercialization.
 - Federal trade commissioners, especially in identifying financing sources.
 - Missions organized by Deeptech Canada.
- Returning to the parallel drawn with the life sciences sector, several respondents noted that an organization such as Montréal InVivo organizes international missions for its sector, while no equivalent exists for advanced materials. Some accelerators undertake similar initiatives for life sciences but report that the deal flow in advanced materials is too limited to justify doing so.

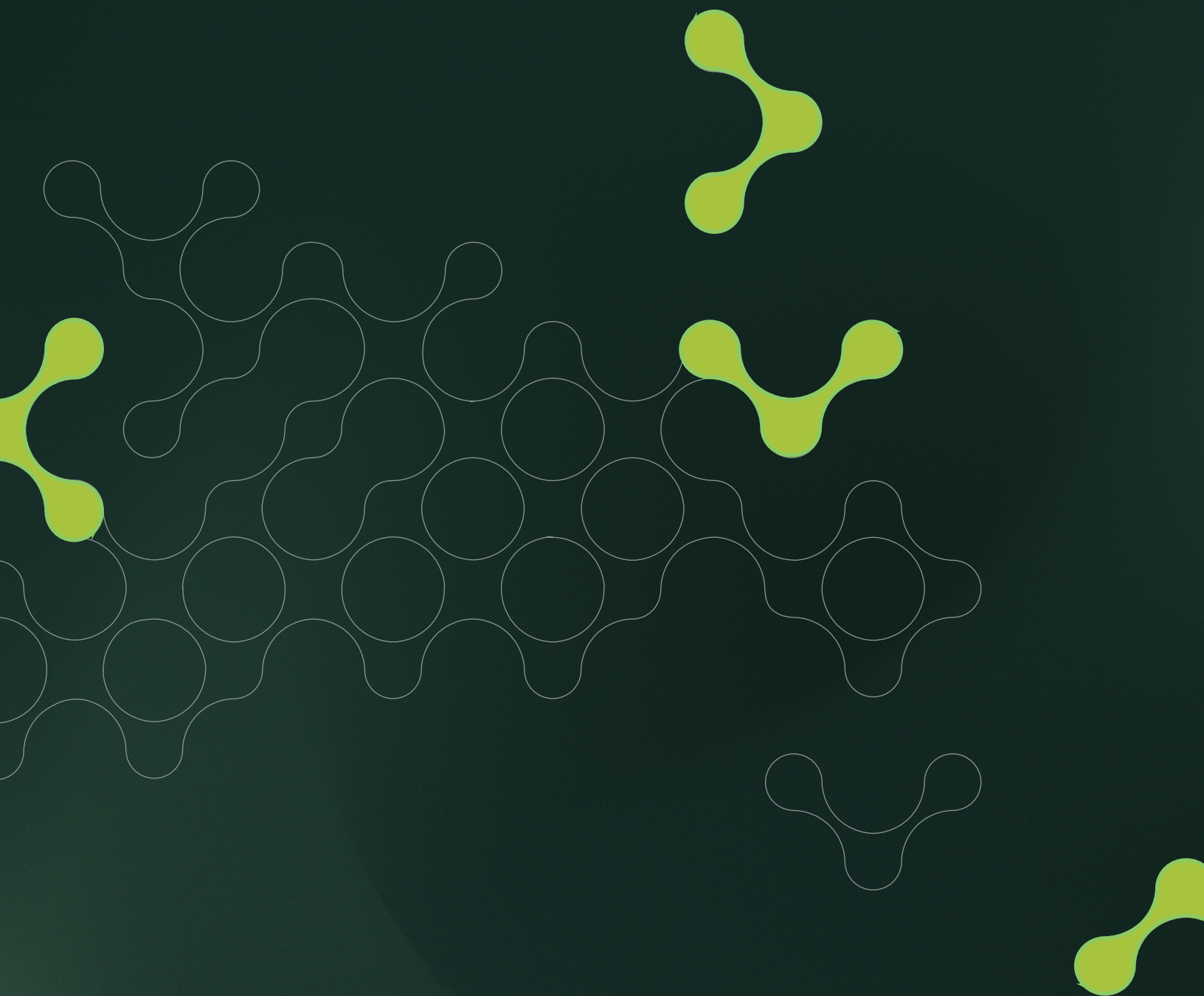
Recent Development

- Institutional investors (Investissement Québec, Fonds de solidarité FTQ) are strengthening their internal specialized expertise.
- New specialized funds are emerging or are currently fundraising: Celesta, Fonds défense, i4 Capital, Quantation, and Quantacet.
- Quebec-based strategic investors are developing corporate venture activities.
- Unfavourable conditions in the software sector and the growing importance of defence-related themes are contributing to renewed interest in deeptech and hardware.



PHASE THREE:

Recommended Avenues





Introduction

The interviews highlighted that the startup ecosystem in the advanced materials sector in Quebec is relatively and fragmented, lacks specialized resources (technology validation, mentorship, etc.), and must quickly turn toward international markets.

A good portion of the suggestions put forward to address these challenges can be grouped around the following cross-cutting themes:

- Creation and strengthening of specialized resources within the financing ecosystem;
- Pooling sharing.

Additional specific measures were suggested for universities.

Caveat: these recommended avenues, which emerged from the interviews, are intended to support further reflection and have not been subject to an in-depth critical assessment. Additional work would be required to prioritize them and translate them into concrete proposals for action.

Creation and Strengthening Specialized Resources Throughout the Financing Ecosystem

Non-Dilutive Funding

It is recommended that non-dilutive funding for technology maturation be maintained and, where possible, increased; that its administration be accelerated; and that its selectivity be strengthened.

Accelerators

- Support accelerators seeking to develop specialized deeptech and defence tech programs by building on networks of specialized mentors and local and international strategic partners.
- According to the statistics, CDL was the most active accelerator in Quebec's advanced materials sector from 2013 to 2024. It recently launched a CDL Defence Stream in partnership with CDL Atlantic, CDL Berlin, CDL Estonia, CDL Rockies, CDL Toronto and CDL Vancouver, but Montreal is not participating. It is recommended that CDL Montreal organize itself and identify the leaders and mentors needed to join this initiative.
- To address incomplete management teams, and, in some cases, the absence of a team altogether, among projects entering accelerators, particularly those coming from universities, support and finance venture studio models capable of commercializing technologies and completing management teams. The venture studio model also appears better suited to connecting companies with strategic partners by providing dedicated resources to build networks of specialized investors and strategic partners, greater credibility, and stronger, more complete management teams.
- Developing open innovation models for large corporations could be an effective way to create these connections.

Venture Capital

- Support the financing of funds specialized in deeptech with a base in Quebec (whether Quebec-originated or not), both at the seed stage where the need is most acute, and for Series A rounds and beyond. Given the sector's CAPEX requirements, early-stage funds should have a minimum size (\$150M+) and should not be limited to Quebec given the narrowness of the deal flow.
- Support specialized university-affiliated funds.
- Foster the development of specialized investment teams within institutional investors capable of validating technologies and leading early-stage rounds. Several initiatives in this direction are already underway at certain institutional investors, particularly to support the growth of defense tech.



Pooling Resources

The interviews highlighted a significant need to improve information sharing and pool resources across the ecosystem, particularly in the following areas :

- Facilitate the identification of technologies in universities that could be commercialized.
- Facilitate the sharing of information on existing resources for maturation stages: non-dilutive funding, access to equipment and expertise (SQRI, CCTT, Innovation Zones, expertise and mentor networks).
- Facilitate access to university infrastructure for technology maturation and validation by improving awareness of available facilities and simplifying access.
- In addition to universities, several respondents praised the pooling of specialized research equipment within organizations such as C2MI, INO, 3IT and Distriq. They recommended supporting the development of these organizations and facilitating access to their infrastructure. This approach supports the development of local companies and helps attract companies from outside Quebec.
- Support the establishment of a platform to attract and foster the emergence of a community of specialized mentors and experts for technology validation and startup mentoring.
- Collect and showcase information on the sector's deal flow, particularly for outside investors and strategic partners.
- Pool resources to organize targeted international missions, as is done for the life sciences sector. Establish a mechanism to select and showcase Quebec's best companies:
 - One respondent noted that a strong Quebec delegation at the Cleantech Forum in California serves this purpose in cleantech. Could similar international participation be relevant and feasible for other segments of the advanced materials sector?
 - It was also suggested that organizing an international event in Quebec similar to the Cleantech Forum would be the best way to showcase the ecosystem, although the feasibility of this objective would need to be assessed.
- Internationally, strengthen collaboration with Deeptech Canada, provincial and federal trade commissioners, and Investissement Québec International (IQI). Companies should also be prepared to work effectively with these partners.
- Leverage international networks of Canadians, such as C100 and the Canadian Technology Accelerators (CTA), and identify within them specialized resources within these networks in advanced materials, deeptech and defence tech.
- Strengthen Quebec's and Canada's brand in the advanced materials sector.

Initiatives of this kind already exist within PRIMA Québec, certain support organizations, accelerators and venture capital funds. A practical first step could be to consolidate existing initiatives and share best practices.



Universities

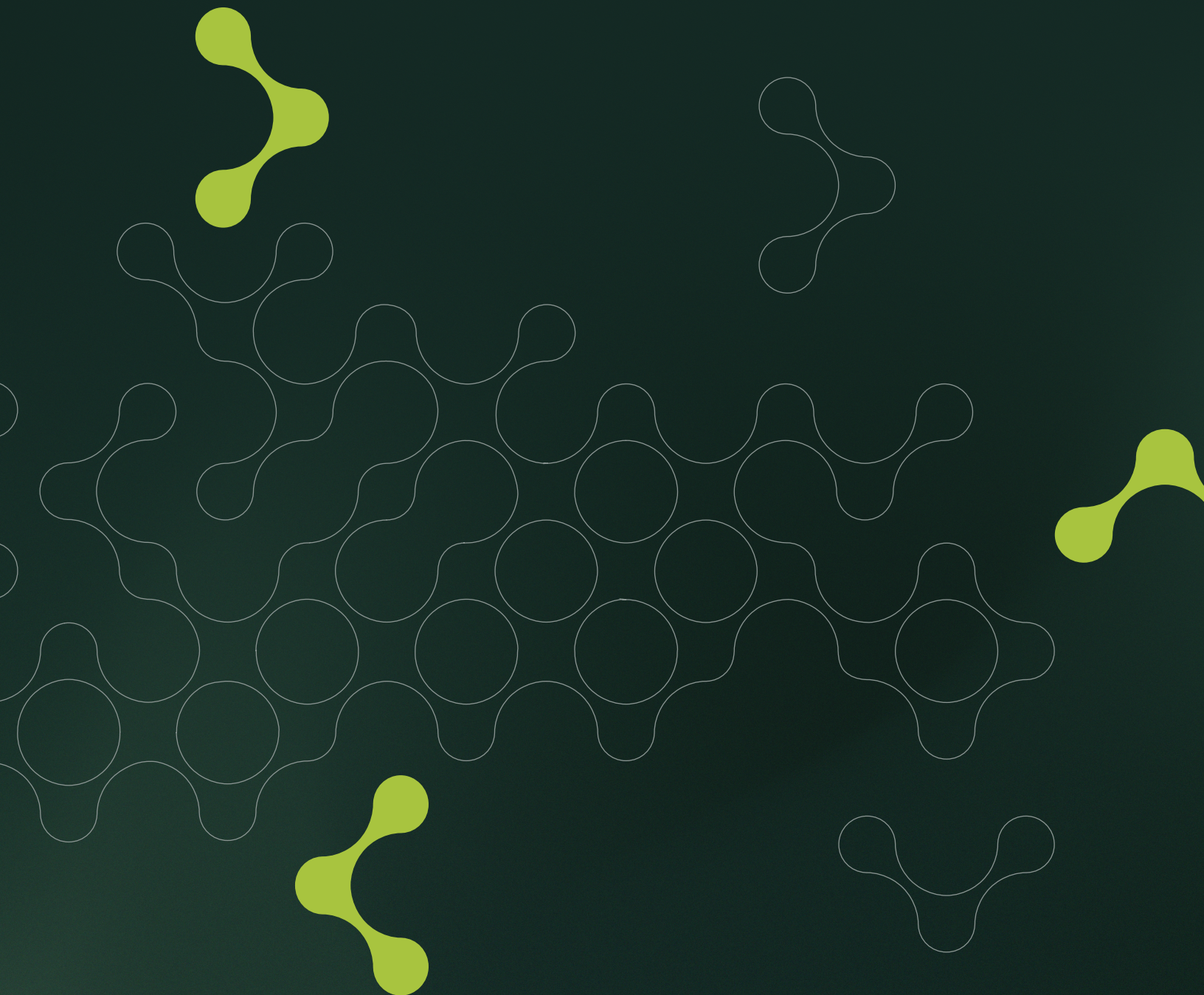
Several recommendations regarding universities have already been mentioned above under the pooling of resources:

- Facilitate access to existing technologies within universities.
- Facilitate access to specialized equipment for technology maturation.

The following additional recommendations were also put forward:

- Streamline and standardize technology transfer processes.
- Encourage university laboratories to advance technologies to higher levels of maturity (TRL 4 and beyond).
- Establish programs within universities for academic entrepreneurs that bridge the technological and business dimensions.

APPENDIX



Appendix I

List of interview participants

Name	Title	Organization
Ghyslain Goulet	President and Chief Executive Officer	ACET
Dominic Denis	Director, Investments	ACET
Philippe Babin	President and Chief Executive Officer	Aeponyx
David Dufresne	Partner, Investments	AQC Capital
Steven Abrams	Partner, ICT Fund, Excelles et Femmes en technologie	BDC Capital
Jean-Rémi Pouliot	President and Chief Executive Officer	Brilliant Matters
Charles Lespérance	Partner	Celesta Capital
Louis-Pierre Charest	Senior Director, Operations and Strategy	Centech
Maya Hassa	Senior Vice-President	Circular Innovation Fund
Patrick Gagné	President and Chief Executive Officer	Cycle Momentum
Rolan Léger	Associate Vice-President	Desjardins Capital
Richard Bordeleau	President	Fonds Innovexport
Dany Sarrazin-Sullivan	Investment Manager	FSTQ
Jean-Simon Cayer	Senior Vice-President	IQ
Jonathan Martel-Gagnon	Director, Venture Capital, Innovation and Impact Investment	IQ
Alex Laverdière	Vice-President, Venture Capital	IQ
Xavier Cauchy	Senior Advisor, Investment, Venture Capital	IQ
Marianne Khalil	Senior Manager	McGill Dobson Centre for Entrepreneurship
Pedro M. Azevedo	Chief Financial Officer	NanoXplore
Martin Laforest	Managing Partner	Quantacet
Gabriel Vézina	Co-founder and Chief Executive Officer	SkyRenu
Émilie Boutros	Managing Partner	TandemLaunch

The Authors



Gilles Duruflé is an independent consultant to venture capital and private investment funds, institutional investors and governments, and serves as Scientific Director of the Centre of Expertise at Réseau Capital.

He is a Special Advisor to the Institutional Investors Roundtable and, until 2019, served as Executive Vice-President of the QCC and President of the Tech Innovation Platform. Previously, he was a Senior Partner at CDP Capital Technologies, La Caisse's venture capital subsidiary, where he was responsible for the fund-of-funds portfolio in North America and Europe.

Mr. Duruflé holds a PhD in Mathematics, a Master's degree in Philosophy, and a diploma from the Centre d'Études des Programmes Économiques. He also holds the CFA designation.



Simon Pelletier is Director, Business Intelligence at Réseau Capital since 2022, where he leads the Centre of Expertise at Réseau Capital. With 18 years of experience in database management, social impact analysis, and stakeholder relations, he previously held positions as Account Director at H+K Stratégies and Senior Advisor at Canadian National, where he notably led the implementation of a CRM covering more than 15,000 stakeholders across 22 jurisdictions. He also worked as Deputy Project Manager at the Nghi Son refinery in Vietnam and as a consultant at ÉEM.



William Fréchette is a data analyst at Réseau Capital, where he is responsible for developing and managing the organization's data infrastructure while also contributing to business intelligence activities.

A graduate in finance from Concordia University, he has a particular interest in advanced statistics and predictive modelling.

