M&A Momentum and Startup Funding Dynamics: Evidence from the German Technology and Healthcare Sectors

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Abstract (en)

This thesis examines the relationship between mergers and acquisitions (M&A) momentum and startup funding dynamics in the German Technology and Healthcare sectors. While prior research has extensively analyzed venture capital as a driver of subsequent M&A exits, less attention has been paid to the reverse relationship, namely whether elevated M&A activity serves as a sector-level signal associated with increased startup funding. Addressing this gap, the study investigates whether M&A momentum observed in a preceding 12-month window is systematically related to the frequency and intensity of startup funding events.

The analysis uses a panel dataset combining Crunchbase startup financing data with Refinitiv M&A transactions from 2015 to 2025. Regression models with time fixed effects and sector-specific subsamples are employed. The empirical framework distinguishes between the extensive margin of funding, measured by the number of funding events, and the intensive margin, measured by the average funding amount per event.

The results show a robust positive association between past M&A activity and startup funding frequency across sectors, while no systematic effect is found for average funding amounts. Funding activity increased during the post-Covid period, but the marginal association between M&A activity and funding weakened, indicating a reduced signaling value of M&A momentum overall.

Abstract (pt)

Esta dissertação analisa a relação entre o dinamismo das fusões e aquisições (M&A) e a dinâmica do financiamento de startups nos setores de Tecnologia e Saúde na Alemanha. Embora a literatura existente tenha analisado extensivamente o capital de risco como determinante de saídas por via de M&A, tem sido dada menor atenção à relação inversa, nomeadamente à questão de saber se níveis elevados de atividade de M&A funcionam como um sinal setorial associado ao financiamento de startups. O estudo investiga se o dinamismo das M&A observado numa janela antecedente de 12 meses está relacionado com a frequência e a intensidade dos eventos de financiamento.

A análise baseia-se num conjunto de dados em painel que combina informação da Crunchbase com dados de transações de M&A da Refinitiv entre 2015 e 2025. São estimados modelos de regressão com

efeitos fixos temporais e subamostras setoriais, distinguindo entre a margem extensiva do financiamento, medida pelo número de eventos, e a margem intensiva, medida pelo montante médio investido.
Os resultados evidenciam uma associação positiva entre a atividade passada de M&A e a frequência do financiamento de startups, não sendo identificado um efeito sistemático sobre o montante médio investido. A associação marginal entre M&A e financiamento enfraqueceu no período pós-Covid.

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I. Introduction

In recent years, start-ups and growth-oriented firms have become increasingly central to Germany's innovation landscape, with the Technology and Healthcare sectors playing a particularly prominent role. Their economic relevance intensified markedly during the Covid-19 pandemic, when digital technologies and medical innovations became essential for ensuring economic resilience and public health. Empirical evidence shows that crises accelerate technological adoption and shift investor attention toward sectors offering scalable digital solutions or essential medical advances (Baker, Bloom & Davis, 2016). In line with this, the pandemic dramatically heightened the strategic importance of telemedicine, biotechnology, vaccine development and remote-work technologies. Studies documenting the surge in venture funding for digital and health-related firms during COVID-19 include Bernstein, Korteweg & Laws (2022) who show that capital allocation shifted significantly toward sectors aligned with pandemic-related demand shocks.

Venture capital and growth financing play a critical role in enabling young firms to commercialize innovations, scale operations and compete in fast-moving technology and healthcare markets. Seminal work by Gompers and Lerner (2001) highlights that start-ups in R&D-intensive sectors are structurally dependent on external equity due to long development horizons and high uncertainty. At the same time, mergers and acquisitions (M&A) serve as an essential mechanism for corporate consolidation, technology sourcing and strategic repositioning. The foundational literature on M&A waves (Shleifer & Vishny, 2003) Harford, (2005) emphasizes that acquisition clusters reflect market-wide optimism, valuation dynamics and technological transformation factors highly relevant for Technology and Healthcare sectors, particularly during and immediately after the pandemic.

Although both venture funding and M&A activity represent core components of dynamic innovation ecosystems, their interaction remains insufficiently understood. A key question rarely examined empirically concerns whether elevated acquisition activity within an industry, often referred to as M&A momentum, corresponds to stronger funding activity among start-ups operating in the same environment. From a theoretical perspective, several mechanisms ground this relationship. First, acquisitions may reveal information about technological quality, competitive relevance or market potential, thereby reducing uncertainty for investors. This

signaling mechanism is consistent with findings by Rhodes-Kropf and Viswanathan (2004), who show that M&A valuations and activity levels convey meaningful information about industry expectations and technological trajectories. Second, buoyant M&A markets are often associated with higher valuations and greater exit opportunities, which increase the attractiveness of early-stage investments (Kaplan & Strömberg, 2001). Third, firms in consolidating industries may face increased strategic pressure to secure additional external financing to remain competitive, consistent with theories of market competition under consolidation (Jovanovic & Rousseau, 2002).

These mechanisms support the hypothesis that M&A momentum may co-occur with periods of heightened funding activity, particularly in sectors exhibiting rapid technological change and high information asymmetry. The latter conditions strongly characterize the Technology and Healthcare sectors during COVID-19. The pandemic amplified both the need for, and investor appetite towards, medical innovation, vaccine technologies, digital platforms and artificial intelligence applications. Howell et al. (2021) document that venture capital flows during the Covid period became highly concentrated in these sectors, reflecting investors' reallocation towards innovation domains with exceptional growth prospects and societal relevance.

Despite the theoretical plausibility of a relationship between consolidation momentum and funding intensity, empirical research remains scarce. Prior studies typically analyze the drivers of venture capital investments (Gompers et al., 2020) or the consequences of M&A activity for innovation (Hitt et al., 1991), but they rarely examine whether acquisitions act as sector-level informational signals that co-occur with start-up financing patterns. Evidence linking M&A cycles to entrepreneurial financing is limited, and the German context characterized by a strong "Mittelstand", growing venture funding ecosystem and significant healthcare and technology clusters, remains underexplored in this regard.

This research gap is particularly pronounced for the pandemic period. While existing studies show that COVID-19 reshaped investor preferences, risk tolerance and sectoral capital allocation (Bernstein et al., 2022; Howell et al., 2021), no empirical work systematically evaluates whether M&A momentum within Technology and Healthcare sectors corresponds to heightened start-up funding intensity during this transformative period.

This thesis aims to address this gap by examining whether the number of funding rounds and the average funding amount per funding event is associated with German technology and

healthcare start-ups are systematically associated with M&A momentum observed within the preceding 12-month window. Using a comprehensive panel dataset covering the period from October 2015 to October 2025, the analysis investigates whether periods characterized by elevated consolidation activity also correspond to intensified venture funding. The extended observation period includes both pre-pandemic and pandemic years, enabling an assessment of structural changes in investor behavior and market dynamics during COVID-19.

II. Literature Review

2.1 Venture Capital Activity and Determinants of Funding Rounds

Research on the determinants of venture capital (VC) activity has evolved substantially over the past decades and provides a critical analytical foundation for understanding financing dynamics in start-up industries. A myriad of papers (i.e. Gompers and Lerner (2000)) highlight the strong cyclicality of VC markets and draw attention to the role of capital market conditions, technological change, and exit opportunities in shaping investment flows. Liquidity cycles, stock market valuations, and macroeconomic factors are shown to influence desire for investors to invest its capital into young and risky firms. Kaplan and Strömberg (2001) further show that VC investment decisions are forward looking and depend on expected growth trajectories, technological uncertainty, and information asymmetries.

Macroeconomic conditions have consistently been shown to affect the intensity of venture capital financing in startups. Jeng and Wells (2000) identify IPO activity, valuation levels, and overall liquidity conditions as central determinants of. Their results are supported by later studies such as Hirukawa and Ueda (2011), who establish a robust empirical relationship between technological innovation activity and venture investment volumes, highlighting the complementarity between knowledge creation and external financing. The strategic interdependence between innovation cycles and VC activity is especially pronounced in high-tech industries, where financing requirements are substantial and uncertainty is elevated.

A further strand of literature emphasizes the role of social networks, geographical proximity, and reputation in determining the likelihood and size of funding rounds. Sorenson and Stuart (2001) show that network embeddedness and spatial proximity significantly influence investor's ability to evaluate early-stage ventures, thereby increasing the probability of funding. Hochberg, Ljungqvist and Lu (2007) provide evidence that VC firms embedded in strong networks generate higher follow-on financing success rates and superior performance

outcomes. These network effects influence not only the availability of capital but also the scale of funding and the number of subsequent rounds, underscoring the importance of relational capital in venture financing.

Industry characteristics further shape the dynamics of funding rounds. The Technology and Healthcare sectors are characterized by rapid innovation cycles, high capital intensity, and substantial technological and regulatory uncertainty. Hellmann and Puri (2002) show that competitive dynamics, innovation speed, and market timing critically influence VC investments, with firms in innovation-intensive industries being more exposed to external signals and sectoral trends. As a result, funding activity in these industries tends to be more responsive to changes in market sentiment, competitive behavior, and strategic transactions.

Overall, the existing literature highlights that VC investments are shaped by firm-level attributes, macroeconomic conditions, networks, and sector-specific innovation cycles. While several studies acknowledge that market signals including stock market conditions, reputation, and competitor behaviour influence funding decisions, the specific role of M&A momentum as an informational signal remains largely unexplored. This omission is noteworthy given the central importance of acquisitions in shaping competitive landscapes in innovation driven industries.

2.2 Mergers & Acquisitions and the Concept of M&A Momentum

The academic literature on mergers and acquisitions (M&A) documents that acquisitions occur in waves rather than in isolation. Shleifer and Vishny (2003) argue that these M&A waves reflect market misevaluations, managerial expectations, and sector-specific shocks. Harford (2005) complements this view by providing empirical evidence that industry-level factors such as technological disruption, deregulation, or shifts in competitive structures trigger consolidation waves.

The concept of M&A momentum captures the observation that a high level of transactional activity within an industry increases the likelihood of additional acquisitions. Rhodes-Kropf and Viswanathan (2004) demonstrate that firms engage in acquisitions partly due to valuation anomalies and signaling behavior when competitors acquire, managerial incentives to follow suit increase. Bouwman, Fuller and Nain (2009) show that firms operating in high-M&A environments are more likely to pursue strategic transactions themselves, either to defend competitive positions or to avoid missing consolidation opportunities.

Sector-specific evidence reinforces this notion. Andrews et al. (2016) document that in high-tech industries, technological maturity and innovation cycles strongly influence the timing and scale of M&A activity. In Healthcare, studies such as Danzon, Epstein and Nicholson (2007) find pronounced merger cycles driven by rising R&D costs, regulatory barriers, and increasing concentration. These sectors are especially sensitive to market sentiment, making them fertile ground for momentum-driven acquisition patterns.

Despite the centrality of M&A momentum in shaping industry dynamics, its implications for other financial market participants, particularly venture capitalists, have received limited scholarly attention. Given that acquisitions provide highly visible signals of technological feasibility, strategic relevance, and market opportunity, the lack of research on how these signals influence VC funding decisions represents a clear omission in literature.

2.3 Interaction Between M&A Markets and Venture Capital Funding

A growing but still small body of research examines the interaction between M&A markets and Starup financing. Existing studies primarily analyze the role of VC investment as a driver of subsequent M&A exits. Cumming and MacIntosh (2003) show that M&A represents a major exit channel for venture capital firms. Bienz and Walz (2008) find that expected exit opportunities directly influence valuations, deal structures, and contractual arrangements in VC transactions. Lerner et al. (2011) further argue that expectations of strategic acquisitions increase investor willingness to provide capital, particularly in early financing rounds. Chemmanur, Krishnan and Nandy (2011) document that industries with historically high M&A activity tend to attract larger VC investments and achieve higher valuations.

These studies collectively suggest that M&A dynamics shape venture capital decisions indirectly through expectations of future liquidity events. However, the reverse relationship whether M&A activity influences investor decisions at the time of funding has been largely neglected. The potential signaling role of M&A momentum is therefore substantially underexplored. Conceptually, strong M&A activity could reduce information asymmetry by signaling market validation, technological maturity, or increased competitive interest in a sector, yet this mechanism has not been tested empirically.

2.4 Identified Research Gap and Relevance for This Study

A clear research gap emerges from the literature. While a substantial body of work examines the relationship between venture capital and subsequent M&A transactions, few studies

investigate whether preceding M&A activity acts as a signal for venture capital investment. This asymmetry is particularly striking in the Technology and Healthcare sectors in Germany, which are characterized by high innovation intensity and pronounced M&A activity, but remain underexamined in empirical VC–M&A research.

Theoretical considerations strongly suggest that M&A momentum could act as a forward-looking signal for venture investors. High M&A activity in the previous year may indicate favorable market conditions, industry consolidation pressure, or strong competitive dynamics, thereby increasing both the likelihood and the magnitude of subsequent funding rounds. Despite this theoretical plausibility, no prior study has empirically quantified this relationship.

Against this background, the present thesis addresses a relevant and timely gap in the literature by empirically analyzing, for the first time, the direct influence of M&A momentum on start-up funding activity. By focusing on the Technology and Healthcare sectors in Germany two innovation-driven industries in a market underrepresented in international VC research this study contributes to a deeper understanding of how M&A-driven signals shape funding dynamics in entrepreneurial ecosystems.

III. Data Description and Variable Construction

3.1 Data description

To construct a robust and coherent dataset for the analysis of startup-related financing activities, a series of clearly defined filtering criteria were applied to the Crunchbase database. At first the time span from 1 Oktober 2015 to 30 September 2025 were set. To avoid funding events with disclosed funding amounts only startups with a funding round exceeding 1 USD were considered. By doing so, the sample includes only verifiable and comparable financing events, thus improving the reliability of the subsequent analysis. In addition, and since the focus of the current work is the German Healthcare and Technology startup market, we further restricted to companies that are active in the healthcare and technology sector and whose headquarters are located in Germany. In terms of investment events, a broad range of financing types were considered to capture the full range of startup capital acquisition. The final data includes Pre-Seed, Seed, Series A through Series J, Angel investments, Private Equity, Debt Financing, Corporate Rounds, Equity Crowdfunding, and general Funding Rounds. This comprehensive selection makes it possible to observe both early-stage and late-stage financing patterns across the German startup landscape. In total 1,949 Funding activities were exported from Crunchbase.

For the M&A-related dataset, Deals Screener via Refinitiv Workspace was used. Only transactions with an announcement date between 1 October 2014 and 1 October 2025 were included. This temporal window overlaps with the startup financing period, enabling the analysis to capture both preceding and subsequent M&A activity. In the dataset only deals with the deal status completed were considered.

To maintain geographical consistency with the data exported from CrunchBase, both the Nation Classification and the Target Nation were restricted to Germany, ensuring that only domestic M&A transactions were included in the analysis. Consistent with the Crunchbase dataset, only firms belonging to the High Technology and Healthcare sectors were selected, thereby maintaining thematic comparability across both datasets.

Regarding the M&A transaction types, the following categories were included: Disclosed Dollar Value Deal, Undisclosed Dollar Value Deal, Stake Purchases Deal, Repurchases Deal, and Self Tender or Recapitalization Deal. This selection captures a wide spectrum of transaction forms, ranging from strategic acquisitions and equity stake purchases to capital structure adjustments. Incorporating these transaction types provides a comprehensive view of the M&A landscape within the selected sectors.

Taken together, these filtering criteria result in a precisely defined and methodologically coherent dataset that forms a solid foundation for examining the relationship between startup funding dynamics and M&A activity in Germany's Healthcare and High Technology sectors over the past decade. In total the final sample contains a total of 5,432 Deals, covering the period from 2015 to 2025.

3.2 Construction of variable

To enable a systematic comparison between historical market conditions and subsequent startup financing outcomes, three lagged variables were constructed that capture the relevant characteristics of the investment environment in the year preceding each funding event.

For every observed financing round, the number of M&A transactions recorded in the startup's industry during the previous year (Past M&A Deals, T–1) was calculated as a measure of sector-wide consolidation momentum. In addition, the total number of startup funding events in the same sector during the preceding year (Past Funding Events, T–1) was generated to reflect the overall level of investment activity. Lastly, the cumulative amount of capital raised by all startups in the sector in the year before the funding event (Past Funding Volume, T–1) was

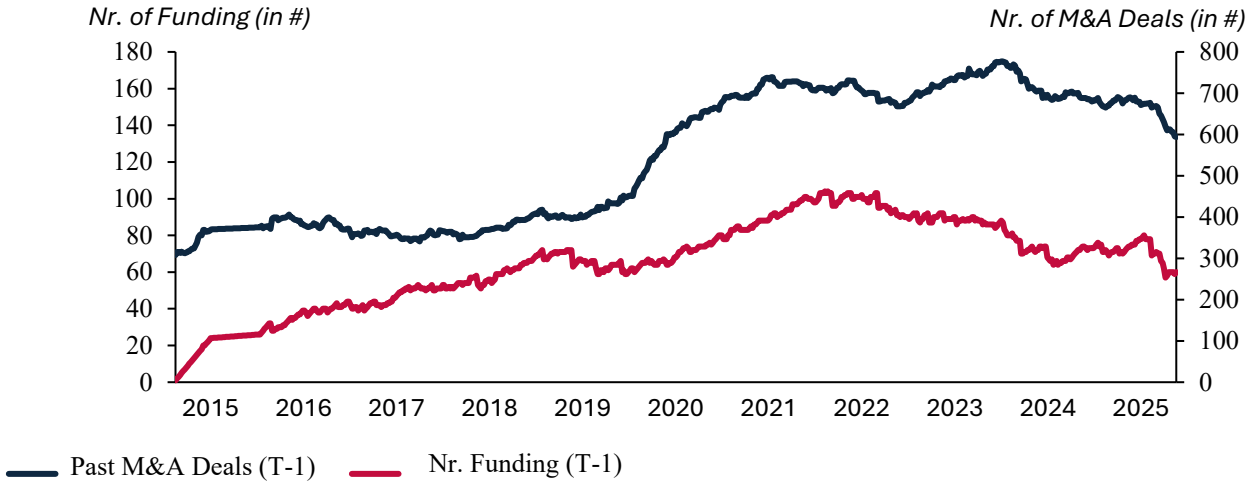
computed to capture liquidity conditions and the availability of financial resources. Together, these indicators provide a structured representation of the prior-year market environment defined by consolidation intensity, investment dynamics and capital

Taken together, these indicators describe the market conditions that startups and investors faced in the year before each funding decision, including the level of consolidation, overall investment activity, and available capital. By linking current funding outcomes to M&A activity and funding variables from the previous year, the empirical design ensures a clear time order, reduces the risk of simultaneity bias, and makes it possible to examine whether earlier market conditions are associated with later startup funding behavior.

The Figures below show the development of M&A transaction and funding events during the observation window.

Across all sectors, the graphs display a positive association between Past M&A Deals (T–1) and measures of funding activity. Specifically, start-ups operating in periods with a greater number of M&A transactions in their industry tend to exhibit either a higher number of funding events or larger cumulative funding volumes.

Figure 3.1: Relationship between Past M&A Deals (T–1) and Funding Activity (HC)

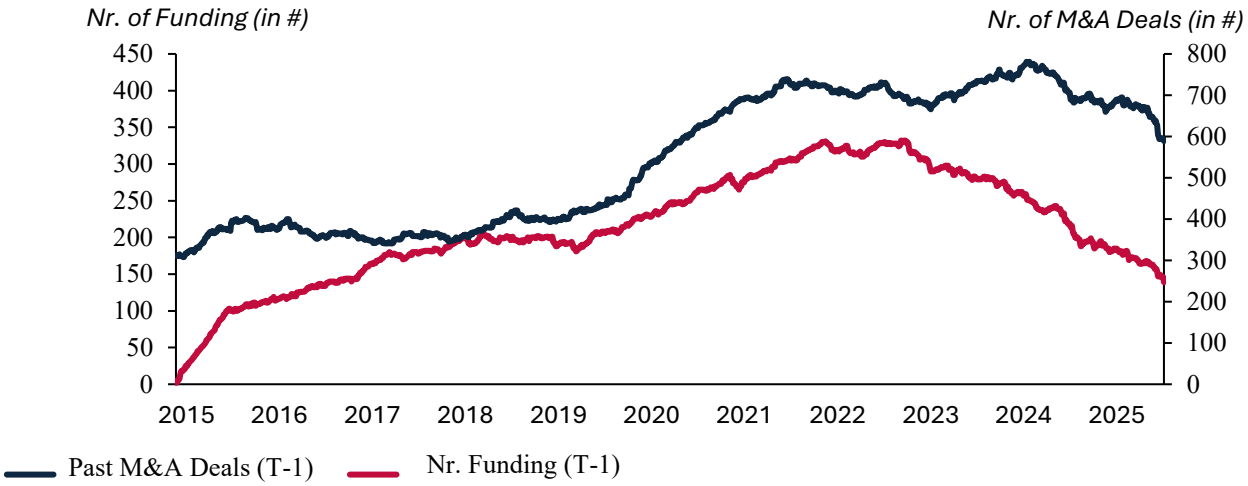


Note: *The figure illustrates the time-series relationship between past M&A activity and startup funding in the healthcare sector. The left y-axis shows the number of funding events, while the right y-axis reports the number of completed M&A deals. Both variables are constructed over a rolling 12-month window (T–1) preceding each observation. The funding series captures the total number of startup funding events, whereas the M&A series reflects aggregate merger and acquisition activity in the same prior-year period.*

In the Healthcare sector, in Figure 3.1, the relationship appears somewhat more dispersed, suggesting higher variability in funding outcomes relative to M&A intensity. This reflects the

sector's structural characteristics, including higher technological uncertainty, longer development cycles, and the influence of regulatory processes. Nevertheless, the overall direction remains positive: firms in years with increased M&A activity tend to raise larger amounts of capital or complete more funding rounds.

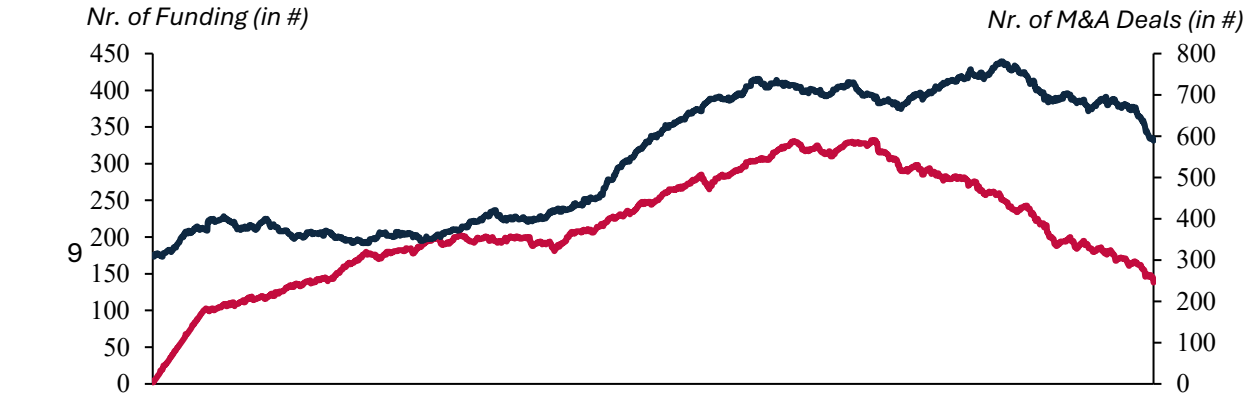
Figure 3.2: Relationship between Past M&A Deals (T–1) and Funding Activity (Tech)

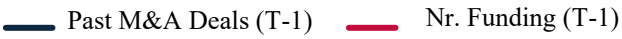


Note: *The figure shows the time-series relationship between past M&A activity and startup funding in the technology sector. The left y-axis reports the number of funding events, while the right y-axis displays the number of completed M&A deals. Both variables are measured as rolling 12-month counts (T–1). The funding series captures aggregate startup funding activity, whereas the M&A series reflects overall merger and acquisition intensity in the preceding year.*

In the Technology sector, the relationship between M&A activity and funding measures appears more linear and tightly clustered. This indicates a stronger and more consistent response of investors to sector-level acquisition behavior. Technology markets, characterized by rapid innovation cycles and high competitive pressure, may respond more directly to signals generated by consolidation activity.

Figure 3.3: Relationship between Past M&A Deals (T–1) and Funding Activity (All)





Note: *The figure depicts the time-series relationship between past M&A activity and startup funding across all sectors. The left y-axis shows the number of funding events, while the right y-axis reports the number of completed M&A deals. Both series are constructed as rolling 12-month counts (T–1). The funding series represents aggregate startup funding activity, and the M&A series captures overall merger and acquisition intensity in the preceding year.*

When considering the full sample, in Figure 3.3, the combined graphs reinforce the general pattern observed in both sectors individually. Higher levels of M&A activity are associated to a greater number of financing events. Although sector-level differences remain visible, the aggregate trend confirms that M&A momentum is systematically associated with subsequent funding dynamics.

Overall, the graphical evidence supports the central hypothesis of the study: sector-level M&A momentum in the previous year is positively related to the funding activity start-ups experience thereafter. These visual patterns provide an intuitive frame to the following regression-based results and underline the relevance of M&A activity as a potential signaling mechanism in venture financing markets.

IV. Methodology

The objective of this study is to investigate how past M&A activity, the structural break introduced by the Covid-19 pandemic, and several firm-specific characteristics influence startup funding dynamics in the Tech, Healthcare (HC) and in both (ALL) startup sectors.

For this, two dependent variables are considered: the annual number of funding rounds announced by different startups in one sector, and the logarithm of average funding per funding event, defined as cumulative funding divided by the number of funding events during the same period. M&A activity, the Covid indicator and their interaction form the key explanatory variables, complemented by a set of control variables capturing startup maturity, investor

characteristics, financial visibility and revenue thresholds. All regressions are estimated using ordinary least squares (OLS) with heteroskedasticity-robust standard errors.

To capture both funding activity and funding intensity per event, the empirical strategy relies on two regression models. The first specification examines how the number of annual funding rounds varies with activities on the M&A market and Covid-related structural shifts. The second specification extends this logic to funding intensity by analyzing the logarithm of average funding per funding event. Both models include time fixed effects to absorb year-specific macroeconomic, regulatory and market-wide shocks, ensuring that coefficient estimates reflect only within-year variation.

4.1 Regression Specifications

The first model examines funding activity, measured as the number of funding events within the retrospective window (T–q):

$$y\_nfund_{it} = \beta_0 + \beta_1\, pastma_{it} + \beta_2\, post\_covid_{it} + \beta_3\, (pastma_{it} \times post\_covid_{it}) + \delta' C_{it} + \gamma_t + \varepsilon_{it}.$$

Here, y_nfund_{it} denotes the number of funding events for observation i in year t. The vector C_{it} contains all control variables, γ_t represents time fixed effects, and ε_{it} is the error term.

The second model focuses on **funding intensity**, measured as the logarithm of average funding per funding event:

$$\ln\left(\frac{cumfund_{it}}{y\_nfund_{it}}\right) = \beta_0 + \beta_1\, pastma_{it} + \beta_2\, post\_covid_{it} + \beta_3\, (pastma_{it} \times post\_covid_{it}) + \delta' C_{it} + \gamma_t + \varepsilon_{it}.$$

In this specification, $\ln(cumfund_{it}/y\_nfund_{it})$ captures the average funding amount per funding event, allowing for a proportional interpretation of the coefficients. Observations with zero funding events or non-positive funding amounts are excluded, as the logarithm is undefined.

4.2 Construction of Key Explanatory Variables

Past M&A activity (pastma) represents the number of M&A transactions in the preceding period year before the funding event. These variable captures acquisition-related momentum, which can be interpreted as a strategic signal to investors. To account for the structural break caused by the Covid-19 pandemic, an indicator variable (post_covid) was created, that takes value of 1 for all observations dated on or after 1 March 2020. The interaction between past M&A activity and this Covid indicator (pastma_post) measures whether the relationship between M&A momentum and funding outcomes differs between the pre-Covid and post-Covid periods. This specification allows the analysis to capture potential changes in investor behavior or market signaling dynamics that emerged during and after the pandemic**.**

4.3 Control Variables

To isolate the effects of past M&A activity and the Covid period, a series of firm- and deal-level control variables were included. The encoded funding stage (fstage) accounts for differences in startup maturity. The number of previous funding rounds (n_rounds) reflects financing history, while the number of investors (n_invest) indicates the breadth of a startup's investor network. The log-transformed Crunchbase Rank (ln_cbrank) captures the visibility and perceived quality of each startup. The upper revenue threshold (rev_upperth) controls for firm size where available. Two additional variables, missInv and missUpper, indicate missing information on investors and revenue thresholds, ensuring that missingness does not bias the coefficient estimates.

4.4 Data Preparation and Variable Harmonization

Some variables contained missing values, particularly the number of investors and the upper revenue threshold. Following Su, Tang, and Xu (2023) instead of removing observations with missing information, missing values were addressed using a missing-indicator approach. For each of these variables, a corresponding dummy variable was created to indicate missing values, after which the underlying value was set to zero. This method preserves the full sample while allowing the regression to capture any systematic differences between observations with complete and incomplete information.

Because average funding per event and CB rank exhibit strong right-skewness, average funding per event and CB rank were transformed using the natural logarithm. This improves the

distributional properties of the data and reduces the influence of extreme values while facilitating a proportional interpretation of estimated effects.

4.5 Time Fixed Effects

Time fixed effects play a central role in empirical design. The Startup ecosystems is strongly influenced by macroeconomic conditions, liquidity cycles, regulatory environments and sector-specific hype periods, particularly in the technology sector. Time fixed effects address these issues by assigning each year its own intercept, thereby absorbing all unobservable year-specific shocks that affect all firms equally. This includes structural disruptions such as the sharp increase in venture activity during 2020–2021, changes in monetary policy, and where relevant the partial-year data coverage in early years of the datasets. By focusing exclusively on within-year variation, the fixed-effects approach ensures that the estimated relationships between past M&A activity, Covid dynamics and funding outcomes are not influenced by other external macro trends.

V. Empirical Results

5.1 Full Sample

Table 1.1: Regression Results

	(1) Funding events (T-q)	(2) Log funding per event
Past M&A Deals (T-1)	0.426***	0.001
	[0.053]	[0.000]
post_covid	69.958***	1.047***
	[21.603]	[0.189]
pastma_post	-0.187***	-0.002***
	[0.054]	[0.000]
Funding Stage	0.058	-0.001
	[0.187]	[0.003]
Number of Funding Rounds	-0.091	-0.004
	[0.138]	[0.003]
Number of Investors	0.116	-0.001
	[0.121]	[0.001]
ln_cbrank	0.737	-0.016**
	[0.584]	[0.007]
Upper Revenue threshold	0.001	-0.000**
	[0.004]	[0.000]

missInv	-2.974***	0.006
	[0.880]	[0.012]
missUpper	-0.287	0.003
	[0.793]	[0.009]
Constant	-125.912***	15.275***
	[17.224]	[0.306]
Observations	1947.000	1945.000
Adj. R-squared	0.965	0.862

Standard errors in brackets
Time fixed effects: YES
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: *This table presents regression results on startup funding outcomes. Column (1) reports estimates for the number of funding events, while column (2) reports estimates for log funding per event. Past M&A deals (T–1) measure M&A activity in the preceding 12-month period. All models include standard controls, post-Covid indicators, missing-value dummies, and time fixed effects. Standard errors are shown in brackets.*

In Table 1.1, column (1), the results reveal a strong and highly statistically significant association between M&A activity and startup funding events. An additional M&A deal within the preceding 12-month window (T–1) is associated with an increase of approximately 0.42 startup funding events in the subsequent period. This finding is consistent with a signaling mechanism whereby elevated M&A activity reflects favorable market conditions that are associated with a higher level of startup funding activity.

The second regression, in table 1.1 column 2, focuses on the average funding amount per funding event, measured as the logarithm of cumulative funding divided by the number of funding events. In contrast to the results for funding activity, M&A activity does not exhibit a statistically or economically meaningful effect on the average funding amount per event. This indicates that periods with increased M&A activity are primarily characterized by a higher frequency of funding events rather than by larger funding amounts per individual event.

The post-Covid period exhibits a strong and highly significant positive effect on startup funding events. On average, around 67 additional startup funding events are carried out after Covid. In addition, the post-Covid dummy is also positive and highly significant in the second specification, indicating that the average funding amount per event increased substantially after Covid. This suggests that the post-Covid period is characterized not only by more frequent funding activity but also by higher average ticket sizes.

However, the interaction term between M&A activity and the post-Covid period is negative and highly significant in the funding-events specification. This implies that the positive effect of an

additional M&A deal on startup funding events is approximately 0.18 events smaller after Covid than before. In the funding-per-event specification, the interaction term is also negative and statistically significant, indicating that the relationship between M&A activity and average funding per event weakens in the post-Covid period. Taken together, these results suggest that the informational and signaling role of M&A activity has diminished.

In addition, the missing-indicator for investor information is negative and significant, suggesting that observations with missing investor data are systematically associated with around 2.9 fewer startup funding events. Other firm-level controls, including funding stage, number of funding rounds, number of investors, Crunchbase ranking, and revenue threshold, are not statistically significant in the full sample.

5.2 Healthcare Sector

Table 1.2: Regression Results

	(1) Funding events (T-q)	(2) Log funding per event
Past M&A Deals (T-1)	0.125***	0.000
	[0.027]	[0.001]
post_covid	27.268**	0.988**
	[10.888]	[0.394]
pastma_post	-0.065**	-0.001
	[0.027]	[0.001]
Funding Stage	-0.114	0.007
	[0.105]	[0.006]
Number of Funding Rounds	-0.000	-0.000
	[0.072]	[0.004]
Number of Investors	0.045	0.001
	[0.073]	[0.003]
ln_cbrank	-0.156	-0.032**
	[0.298]	[0.016]
Upper Threshold	-0.000	0.000***
	[0.000]	[0.000]
missInv	-0.490	0.019
	[0.554]	[0.032]
missUpper	-0.265	0.010
	[0.456]	[0.024]
Constant	-33.456***	15.371***
	[8.717]	[0.343]
Observations	623.000	622.000
Adj. R-squared	0.958	0.859

Standard errors in brackets
Time fixed effects: YES
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: *This table presents regression results for the healthcare sector. Column (1) reports estimates for the number of funding events, and column (2) reports estimates for log funding per event. Past M&A deals (T–1) measure M&A activity over the preceding 12 months. All models include standard controls, post-Covid indicators, missing-value dummies, and time fixed effects. Standard errors are shown in brackets.*

Table 1.2 reports the results using a sample of firms in the health care sector only. Here, the coefficient estimates show a similar positive and statistically significant relationship between M&A activity and startup funding events. One additional M&A deal increases the number of startup funding events by approximately 0.12. Although this effect is smaller than in the full sample, it remains economically meaningful and statistically robust.
The second specification, which analyzes the average funding amount per event, shows no statistically significant relationship between M&A activity and funding per event in the healthcare sector. This suggests that while increased M&A activity stimulates the occurrence of funding events, increases the average ticket sizes within this more regulated and capital-intensive sector.

The post-Covid dummy is positive and statistically significant in the funding-events regression, with roughly 26 additional startup funding events observed after Covid. Moreover, the post-Covid period is also associated with a significantly higher average funding amount per event, indicating a substantial recovery and expansion of funding activity even within the healthcare sector.

Compared to the full sample, the interaction between M&A activity and the post-Covid period is also negative and statistically significant in the funding-events specification, implying that the marginal effect of M&A activity on startup funding events is reduced by about 0.06 events per deal after Covid. In the funding-per-event regression, the interaction term is not statistically significant, suggesting that the weakening of the M&A signal primarily affects funding frequency rather than funding size in the healthcare sector. Funding stage, number of funding rounds, number of investors, and both missing-indicators are not statistically significant in the healthcare model.

5.3 Technology Sector

Table 1.3: Regression Results

	(1)	(2)
	Funding events (T-q)	Log funding per event

Past M&A Deals (T-1)	0.428***	0.001
	[0.064]	[0.001]
post_covid	69.853***	0.842***
	[26.112]	[0.243]
pastma_post	-0.188***	-0.001**
	[0.065]	[0.001]
Funding Stage	0.210	-0.004
	[0.239]	[0.003]
Number of Funding Rounds	0.109	-0.004
	[0.176]	[0.003]
Number of Investors	0.079	-0.001
	[0.157]	[0.002]
ln_cbrank	0.948	-0.009
	[0.744]	[0.009]
Upper Threshold	-0.000	-0.000
	[0.001]	[0.000]
missInv	-2.703**	-0.004
	[1.074]	[0.017]
missUpper	0.518	0.017
	[0.983]	[0.012]
Constant	-128.095***	14.293***
	[20.824]	[0.510]
Observations	1324.000	1322.000
Adj. R-squared	0.965	0.786

Standard errors in brackets
Time fixed effects: YES
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: *This table presents regression results for the technology sector. Column (1) reports estimates for the number of funding events, and column (2) reports estimates for log funding per event. Past M&A deals (T–1) capture M&A activity in the preceding 12 months. All models include standard controls, post-Covid indicators, missing-value dummies, and time fixed effects. Standard errors are shown in brackets.*

Table X reports the regression results using the sample of firms in the technology sector. An additional M&A deal in the preceding period is linked to an increase of approximately 0.42 startup funding events in the same period. This highlights the central role of M&A activity in shaping funding dynamics within technology-driven startup markets.

The post-Covid period again shows a strong and statistically significant positive effect, with around 67 additional startup funding events observed after Covid. In addition, the post-Covid dummy is also positive and highly significant in the funding-per-event specification, indicating that the average funding amount per event increased substantially in the technology sector after

Covid. This reflects the particularly strong liquidity conditions and investor appetite observed in technology markets during this period.

At the same time, the interaction term between M&A activity and the post-Covid period is negative and highly significant in the funding-events regression. The marginal effect of an additional M&A deal on startup funding events is about 0.18 events smaller after Covid, suggesting that in a rapidly expanding and highly liquid market, M&A activity provides less incremental information for predicting additional funding events. In the funding-per-event regression, the interaction term is weaker and less robust, indicating that M&A activity does not systematically affect average ticket sizes even in the technology sector.

Missing investor information is negatively and significantly related to startup funding events in the technology sector. The remaining variables funding stage, number of funding rounds, number of investors, Crunchbase ranking, and the revenue threshold are statistically insignificant.

5.4 Summary of Findings

Overall, the results consistently demonstrate a robust positive relationship between M&A activity and the number of startup funding events across all samples. At the same time, M&A activity does not systematically affect the average funding amount per event, indicating that M&A momentum primarily influences the extensive margin of startup financing rather than the intensive margin. While the post-Covid period is associated with both more frequent funding events and higher average funding per event, the relationship between M&A activity and funding outcomes weakens in the post-Covid period, pointing to a structural change in how M&A signals are translated into startup financing dynamics.

VI. Discussion

6.1 Co-movement of M&A activity and startup funding events

The results of this study show a strong and statistically significant positive association between past M&A activity and the number of startup funding events. Specifically, an increase in M&A momentum within the preceding 12-month window is associated with a higher number of funding events in the same period. This empirical finding suggests that periods of elevated acquisition activity coincide with more active startup financing markets.

This result is highly consistent with the existing literature. Phillips and Zhdanov (2017, 2018) document a strong positive correlation between M&A waves and subsequent venture capital activity across countries and industries. They argue that an active M&A market improves expected exit opportunities for investors and therefore incentivizes higher investment activity. Importantly, both their study and the results of this work emphasize that this relationship should primarily be interpreted as a co-movement driven by common market conditions rather than as a direct causal effect of M&A activity on funding decisions.

The findings of this study therefore reinforce the view that M&A activity acts as a market-level signal reflecting favorable liquidity conditions, technological opportunities, and growth expectations, all of which simultaneously stimulate startup funding activity.

6.2 Sectoral heterogeneity: Technology versus Healthcare

The results of this study further reveal substantial sectoral heterogeneity. The positive relationship between M&A activity and startup funding events is strongest in the Technology sector, while it remains positive but weaker in the Healthcare sector. This pattern suggests that the informational content of M&A activity differs across industries.

This sectoral divergence is strongly supported by the literature. In technology-intensive industries, M&A transactions frequently serve as a primary exit channel for startups, particularly due to the importance of intangible assets, scalability, and rapid innovation cycles. Bena and Li (2014) show that acquisitions are especially prevalent when firms possess complementary technological assets, a characteristic typical of software and digital platform markets. In line with this argument, the results of this study indicate that technology investors respond particularly strongly to signals from the M&A market.

In contrast, the weaker association observed in the Healthcare sector aligns with prior research highlighting the role of regulation and long development cycles. Stern (2016) demonstrates that regulatory approval processes in medical technologies significantly delay market entry and increase uncertainty, particularly for early-stage firms. As a consequence, funding decisions in healthcare are more closely tied to clinical milestones and regulatory progress than to short-term fluctuations in M&A activity. The results of this study are therefore consistent with the literature in suggesting that M&A momentum provides a less informative signal for startup funding in highly regulated industries.

6.3 Post-Covid structural change in the M&A–funding relationship

One of the most important findings of this study is the significant negative interaction between M&A activity and the post-Covid period. While overall startup funding activity increased substantially after Covid-19, the marginal association between M&A momentum and funding events weakened during this period.

This pattern indicates a structural change rather than a breakdown of the relationship. The literature provides several explanations that closely align with this result. Nguyen and Vo (2021) show that the relationship between asset liquidity and venture capital investment follows an inverted U-shape: while increasing liquidity initially stimulates investment, excessively high liquidity eventually reduces expected returns and weakens investment incentives. The post-Covid period was characterized by unprecedented monetary expansion and capital availability, suggesting that M&A activity lost part of its signaling value once market liquidity reached extreme levels.

The results of this study are therefore consistent with the notion of a declining informational content of M&A activity in overheated markets. When funding is abundant and startup financing is broadly elevated, additional M&A deals convey little incremental information about exit prospects. This interpretation is fully in line with Phillips and Zhdanov's argument that M&A and venture capital activity are jointly driven by common shocks; once these shocks dominate market dynamics, the explanatory power of individual signals diminishes.

6.4 Interpretation of non-significant firm-level controls

The results of this study show that most firm-level control variables, such as funding stage, number of investors, and prior funding rounds, are not statistically significant once market-level factors are accounted for. This finding indicates that short-run variation in startup funding events is primarily driven by aggregate market conditions rather than individual firm characteristics.

This outcome is again consistent with the literature on investment cycles. Prior studies on merger waves emphasize that both M&A activity and venture capital flows cluster in response to macroeconomic and technological shocks (Harford, 2005). The absence of strong firm-level effects in the results of this study supports the interpretation that the analysis captures market-wide funding dynamics rather than micro-level selection effects.

6.5 Average Ticket Size

The existing literature provides strong evidence that M&A activity plays an important role in shaping venture capital markets, but this evidence is almost exclusively related to the number of funding evens. A wide range of studies shows that active M&A environments are associated with a higher number of venture capital investments, reflecting the role of acquisitions as a key exit channel and as a positive signal for investors. However, much less is known about whether M&A activity also affects the average size of individual funding rounds.

The results of this study indicate that M&A activity does not have a statistically significant effect on the average ticket size. This finding holds for the full sample as well as for the technology and healthcare subsamples. While M&A momentum is strongly associated with an increase in the number of funding events, it does not translate into larger funding amounts per individual event.

Taken together, these findings suggest that the influence of M&A activity on venture capital markets is primarily confined to the extensive margin. Active M&A markets appear to affect *when* and *how often* startups receive funding, but not *how much* capital investors commit per deal. In this sense, the study complements the existing literature by highlighting that M&A-driven dynamics shape the frequency of startup financing rather than the size of individual investment tickets, thereby contributing new empirical evidence on a dimension of venture capital activity that has received little direct attention so far.

6.6 Discussion summary

Taken together, the results of this study are largely consistent with the central insights of the existing literature. The findings confirm that M&A activity and startup funding events co-move because both respond to common underlying economic conditions, such as liquidity, growth expectations, and the availability of exit opportunities. In this sense, M&A activity serves as an indicator of broader market dynamics rather than as an isolated driver of startup financing.

At the same time, the analysis highlights meaningful sectoral differences. Variations across industries reflect differences in innovation cycles, capital intensity, asset tangibility, and regulatory environments, which shape how strongly M&A activity translates into subsequent startup funding. These differences underline the importance of industry context when assessing the relationship between M&A markets and entrepreneurial finance.

Finally, the results suggest that the post-Covid period represents a structural shift in market conditions. While overall funding activity increased substantially, the traditional signaling role

of M&A activity weakened in an environment characterized by exceptionally high liquidity. This indicates that, during periods of extreme market expansion, M&A activity provides less incremental information for startup funding decisions.

By explicitly linking empirical evidence to established theoretical and empirical work, this study contributes to the literature by showing that the relationship between M&A activity and startup funding depends not only on industry-specific characteristics but also on broader market regimes.

VIII. Limitations and Future Research

Although this thesis provides novel empirical insights into the relationship between M&A momentum and venture capital funding dynamics, several limitations must be acknowledged. These limitations arise from data constraints, methodological considerations, and contextual factors that shape the interpretation and generalizability of the findings. At the same time, they offer productive avenues for future research to deepen the understanding of how corporate consolidation signals influence entrepreneurial finance.

A first limitation concerns the geographical and sectoral scope of the study. The analysis focuses exclusively on Germany and two innovation-intensive sectors the Technology and Healthcare sector. While this narrow scope enhances internal validity by reducing heterogeneity across regulatory environments and industry structures, it limits the generalizability of the results. Other markets particularly those with more mature VC ecosystems such as the United States or those with more fragmented corporate structures may exhibit different relationships between M&A momentum and funding dynamics. Similarly, sectors with lower technological intensity or slower innovation cycles may rely less on M&A signals. Future research could therefore extend the analysis to additional countries or industry contexts to assess the external validity of the findings and identify context-specific determinants of M&A signaling power.

A second limitation relates to the nature of the M&A data. The study relies on a quantitative measure of M&A momentum, operationalized as the total number of completed deals in the previous year. This measure captures aggregate sectoral activity but does not differentiate between types of acquisitions, such as horizontal versus vertical deals, strategic versus defensive acquisitions, or transactions driven by financial distress. Prior research suggests that the motives and strategic objectives behind acquisitions strongly influence market

interpretation. Defensive acquisitions conducted during periods of crisis, for example, may weaken the signaling role of M&A because they indicate vulnerability rather than opportunity. Future studies could incorporate richer deal-level information, such as transaction size, strategic rationale, valuation multiples, or acquirer characteristics. Such extensions would help disentangle which types of M&A deals carry the strongest signaling value for venture investors.

Third, the study does not incorporate qualitative dimensions of technological maturity or strategic fit, which may mediate the relationship between M&A and subsequent VC financing. While lagged M&A activity serves as a useful proxy for sectoral validation, it does not fully capture whether underlying technological breakthroughs, regulatory approvals, or competitive repositioning drive investor behavior. Integrating qualitative case studies or patent-based measures of innovation could yield a deeper understanding of how technological substance interacts with market signals to shape funding outcomes.

A fourth limitation concerns the exceptional nature of the COVID-19 period. The pandemic represents an unprecedented external shock that fundamentally altered investor behavior, market conditions, and strategic priorities. The weakened signaling effect of M&A momentum observed in the post-COVID period may therefore reflect temporary distortions caused by extraordinary liquidity conditions, shifts in sectoral demand patterns, or heightened macroeconomic uncertainty. It remains unclear whether this dampening effect represents a structural change or merely a transient deviation from long-term patterns. Longitudinal studies extending several years beyond the pandemic would be required to assess whether the signaling value of M&A momentum eventually returns to pre-pandemic levels or remains permanently altered.

Fifth, the regression models, while robust, cannot fully eliminate concerns related to endogeneity. Although lagged explanatory variables mitigate reverse causality, they do not rule out the possibility that omitted variables such as changes in investor sentiment, regulatory reforms, or strategic corporate initiatives simultaneously influence both M&A activity and VC funding. Furthermore, the models assume that past M&A activity is exogenous to current funding decisions, which may not fully capture dynamic feedback loops. Venture-backed firms themselves may influence M&A markets, for example by developing technologies that become attractive acquisition targets. Future research could employ instrumental variable approaches, structural equation modelling, or causal inference techniques to strengthen the identification strategy.

Another limitation concerns the granularity of investor behavior. The dataset does not distinguish between different types of venture investors such as corporate VCs, independent VC funds, government-backed funds, or angel investors. Prior literature indicates that these investor groups differ in risk tolerance, investment horizons, and sensitivity to external signals. Corporate venture capitalists, for example, may react more strongly to M&A momentum due to strategic alignment with corporate innovation pipelines. Conversely, traditional VC funds may be more sensitive to macroeconomic conditions or fundraising cycles. Future research could explore heterogeneous investor responses to M&A momentum to uncover differentiated behavioral patterns.

Finally, the study does not integrate forward-looking expectations into the analysis. Venture capitalists make decisions based not only on past and present signals but also on expectations about future market trajectories. The COVID-19 period was marked by heightened uncertainty regarding interest rates, inflation, geopolitical tensions, and technological disruption. These expectations likely shaped investor behavior in ways that are difficult to capture with historical data alone. Incorporating sentiment indices, forward-looking macroeconomic indicators, or survey-based measures of investor expectations could enrich future analyses.

In light of these limitations, several promising research directions emerge. First, comparative international studies could assess whether the observed patterns hold in different institutional and market environments. Second, more granular analyses could incorporate deal-level M&A information to identify which transactions carry the strongest signaling effects. Third, a longitudinal perspective extending beyond the pandemic would provide insight into the durability of the observed structural changes. Fourth, experimental or survey-based research could examine how investors interpret M&A signals under varying conditions of uncertainty. Lastly, mixed methods approaches combining quantitative modelling with qualitative case analyses could illuminate the mechanisms through which M&A momentum translates into investor confidence and financing decisions.

Taken together, while this thesis provides important first evidence on the signaling role of M&A momentum for venture capital funding, further research is needed to fully understand the complexity, context-dependence, and dynamic evolution of this relationship. The findings presented here offer a foundation upon which future studies can build deepen theoretical understanding and inform practical decision-making in rapidly evolving innovative ecosystems.

VII. Conclusion

This thesis set out to examine whether M&A momentum functions as a meaningful signal for startup funding dynamics in the Technology and Healthcare sectors in Germany. While prior research has extensively analyzed how venture capital financing affects the likelihood of M&A exits, the reverse relationship whether M&A activity in the preceding period shapes subsequent startup funding activity has received comparatively little empirical attention. By addressing this gap, the present study provides systematic evidence that lagged M&A activity is positively associated with the number of startup funding events, but not with the average funding amount per event. By integrating insights from signaling theory, innovation economics, and entrepreneurial finance, the findings contribute to a more nuanced understanding of how market-wide consolidation processes influence entrepreneurial finance.

The empirical analysis demonstrates that M&A momentum consistently predicts startup funding activity along the extensive margin. Across all specifications and sectors, higher M&A intensity in the previous year is associated with a significantly larger number of funding events. These results align with theoretical expectations. Acquisitions reduce information asymmetries by signaling technological maturity, strategic relevance, and favorable competitive dynamics. Particularly in innovation-intensive industries such as Technology and Healthcare, where uncertainty and information frictions are pronounced, M&A activity appears to provide external validation that increases investor willingness to engage in startup financing.

In contrast, the analysis finds no statistically significant effect of M&A momentum on the average funding amount per funding event. This result holds for the full sample as well as for the sectoral subsamples. Taken together, these findings suggest that M&A activity primarily influences when and how often startups receive funding, rather than how much capital investors allocate per individual investment. In this sense, M&A momentum shapes the timing and frequency of entrepreneurial finance without systematically affecting investment ticket sizes.

A central contribution of this thesis lies in identifying a structural change in the post-Covid period. While overall startup funding activity increased substantially after 2020, the marginal effect of M&A momentum on funding outcomes weakened significantly. The negative and robust interaction between past M&A activity and the post-Covid indicator suggests that the informational content of M&A signals diminished in an environment characterized by exceptionally high liquidity and elevated market-wide activity. During this period, investors

appear to have relied less on traditional consolidation signals and more on broad macroeconomic conditions, thematic narratives, and growth expectations.

The discussion highlights several mechanisms that may explain this shift. Elevated uncertainty during the pandemic, combined with unprecedented monetary expansion, likely reduced the relative importance of firm- and sector-specific signals. Moreover, strong sectoral tailwinds particularly digitalization in technology and intensified innovation in healthcare may have overshadowed the informational role of M&A activity. These dynamics underline that the signaling value of M&A momentum is conditional and depends on the broader economic regime.

Overall, this thesis contributes to literature in three keyways. First, it provides empirical evidence that M&A momentum affects startup funding activity from a reverse-causality perspective that has so far been underexplored. Second, it introduces a sector-specific analysis highlighting how industry characteristics shape the strength of this relationship. Third, it shows that major exogenous shocks such as the Covid-19 pandemic can fundamentally alter how investors interpret and respond to market signals.

Beyond its academic contributions, the study offers practical implications. For investors, the results highlight that M&A activity is a useful indicator for identifying periods of heightened startup funding activity, particularly in stable market environments. For entrepreneurs, understanding the signaling role of M&A momentum may help contextualize funding opportunities within broader industry dynamics. For policymakers, the findings underscore the interconnectedness of corporate consolidation and entrepreneurial ecosystems, suggesting that policies affecting M&A markets may indirectly influence startup financing conditions.

Finally, the study acknowledges several limitations. The analysis is confined to Germany and two sectors, which may limit generalizability. Moreover, the data do not capture qualitative differences in acquisition motives or deal structures, which may influence signaling strength. Future research could extend the analysis across countries and industries, incorporate richer deal-level information, or examine whether the diminished role of M&A signals in the post-Covid period represents a temporary disruption or a persistent structural change.

In conclusion, this thesis demonstrates that M&A momentum plays an important role in shaping startup funding dynamics by increasing the frequency of funding events, while leaving average investment sizes largely unaffected. At the same time, it reveals that the effectiveness of M&A as a market signal is contingent on broader economic conditions. These findings deepen our

understanding of how corporate activity and entrepreneurial finance interact and highlight the importance of considering both industry context and market regimes when analyzing investment behavior.

Disclaimer

Parts of the text were refined with the assistance of OpenAI's ChatGPT to improve language and academic tone.

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Appendix

Table B.1: Descriptive Statistics – Healthcare Sector

Value	Number of Funding Rounds	Number of Investors	CB Rank (Funding Round)	Upper Revenue threshold	Nr. Founding (T-1)	Cumulative Founding	Funding per event	Past M&A Deals (T-1)
Standard Deviation	2,77	2,88	205,35	32,07	21,87	809 430 817,22	9 151 609,13	160,12
Mean	3,79	3,42	309,84	11,32	67,32	998 529 182,57	13 225 989,35	555,26
Median	3,00	3,00	289,19	10,00	69,00	849 003 776,74	10 641 601,30	638,00
Min	1,00	1,00	3,33	-	1,00	-	-	308,00
Max	18,00	31,00	736,55	500,00	104,00	2 925 113 535,44	48 118 492,12	778,00

Table B.2: Descriptive Statistics – Technology Sector

Value	Number of Funding Rounds	Number of Investors	CB Rank (Funding Round)	Upper Revenue threshold	Nr. Founding (T-1)	Cumulative Founding	Funding per event	Past M&A Deals (T-1)
Standard Deviation	2,74	2,18	168,82	81,54	48,60	531 648 032,05	1 996 374,38	38,20
Mean	4,07	2,75	423,51	29,09	159,61	868 886 867,60	5 162 271,63	384,81
Median	3,00	2,00	414,41	10,00	179,00	783 346 607,58	4 377 711,87	376,00
Min	1,00	1,00	87,12	-	18,00	105 204 737,88	2 389 714,08	308,00
Max	18,00	15,00	736,70	500,00	231,00	2 249 819 311,76	10 153 469,03	528,00

Table B.3: Descriptive Statistics – Full Sample

Value	Number of Funding Rounds	Number of Investors	CB Rank (Funding Round)	Upper Revenue threshold	Nr. Founding (T-1)	Cumulative Founding	Funding per event	Past M&A Deals (T-1)
Standard Deviation	2,78	1,91	163,47	72,03	45,73	298 624 345,04	910,34	1 024 18,64
Mean	4,21	2,64	446,84	24,61	141,48	839 201 733,50	504,98	5 923 366,11
Median	4,00	2,00	431,01	10,00	143,00	901 887 541,51	938,07	5 527 365,00
Min	1,00	1,00	90,75	-	18,00	151 516 419,92	008,70	3 995 308,00
Max	18,00	10,00	736,31	500,00	203,00	1 286 602 458,22	442,13	8 771 406,00

Table B.4 Regression – Full sample with time fixed effects

	(1) Funding events	(2) Log funding per event
Past M&A Deals (T-1)	0.335***	0.009***
	[0.101]	[0.001]
post_covid	68.336	4.046***
	[42.216]	[0.229]
pastma_post	-0.202*	-0.009***
	[0.104]	[0.001]
Funding Stage	3.362***	-0.000
	[0.611]	[0.003]
Number of Funding Rounds	-14.832***	-0.005
	[0.834]	[0.003]
Number of Investors	-2.034***	-0.001
	[0.481]	[0.001]
ln_cbrank	-25.319***	-0.012*
	[1.939]	[0.007]
Upper Revenue threshold	0.054***	-0.000**
	[0.017]	[0.000]
missInv	2.234	-0.020

	[3.128]	[0.013]
missUpper	15.583***	-0.000
	[2.810]	[0.010]
year=2015	0.000	0.000
	[.]	[.]
year=2016	9.354	1.407***
	[12.363]	[0.357]
year=2017	13.739	1.833***
	[13.601]	[0.355]
year=2018	36.657***	2.551***
	[12.381]	[0.357]
year=2019	47.932***	2.529***
	[12.717]	[0.356]
year=2020	47.316***	2.238***
	[15.707]	[0.354]
year=2021	41.818**	2.919***
	[16.848]	[0.356]
year=2022	53.657***	3.215***
	[18.671]	[0.357]
year=2023	31.257	2.737***
	[19.124]	[0.358]
year=2024	-19.312	2.942***
	[19.155]	[0.359]
year=2025	-62.125***	3.269***
	[19.836]	[0.361]
Constant	101.247***	14.941***
	[35.802]	[0.433]
Observations	1947.000	1945.000
Adj. R-squared	0.635	0.934
Time fixed effects	YES	YES

Standard errors in brackets
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table B.5 Regression – Technologie Sector with time fixed effects

	(1) Funding events	(2) Log funding per event

Past M&A Deals (T-1)	0.428***	0.001
	[0.064]	[0.001]
post_covid	69.853***	0.842***
	[26.112]	[0.243]
pastma_post	-0.188***	-0.001**
	[0.065]	[0.001]
Funding Stage	0.210	-0.004
	[0.239]	[0.003]
Number of Funding Rounds	0.109	-0.004
	[0.176]	[0.003]
Number of Investors	0.079	-0.001
	[0.157]	[0.002]
ln_cbrank	0.948	-0.009
	[0.744]	[0.009]
Upper Threshold	-0.000	-0.000
	[0.001]	[0.000]
missInv	-2.703**	-0.004
	[1.074]	[0.017]
missUpper	0.518	0.017
	[0.983]	[0.012]
year=2015	0.000	0.000
	[.]	[.]
year=2016	36.766***	0.725
	[4.312]	[0.491]
year=2017	70.144***	0.639
	[5.276]	[0.493]
year=2018	117.460***	1.062**
	[4.270]	[0.490]
year=2019	153.644***	0.841*
	[3.992]	[0.491]
year=2020	148.868***	0.763
	[6.076]	[0.495]
year=2021	159.840***	1.380***
	[6.313]	[0.496]
year=2022	195.548***	1.312***
	[6.901]	[0.497]

year=2023	158.997***	1.098**
	[7.118]	[0.497]
year=2024	91.288***	1.742***
	[7.103]	[0.497]
year=2025	58.994***	1.941***
	[7.218]	[0.500]
Constant	-128.095***	14.293***
	[20.824]	[0.510]
Observations	1324.000	1322.000
Adj. R-squared	0.965	0.786
Time fixed effects	YES	YES

Standard errors in brackets
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table B.6 Regression – Healthcare Sector with time fixed effects

	(1) Funding per event	(2) Log funding
Past M&A Deals (T-1)	0.081	0.007***
	[0.059]	[0.001]
post_covid	14.669	3.487***
	[24.255]	[0.506]
pastma_post	-0.052	-0.008***
	[0.060]	[0.001]
Funding Stage	0.713**	0.006
	[0.316]	[0.006]
Number of Funding Rounds	-4.420***	-0.001
	[0.443]	[0.003]
Number of Investors	-0.838***	0.002
	[0.236]	[0.003]
ln_cbrank	-6.820***	-0.036**
	[0.981]	[0.016]
Upper Threshold	-0.001**	0.000***
	[0.000]	[0.000]
missInv	1.855	0.023
	[1.864]	[0.033]
missUpper	5.828***	-0.003
	[1.453]	[0.025]

year=2015	0.000	0.000
	[.]	[.]
year=2016	5.032	1.073***
	[5.886]	[0.306]
year=2017	7.381	1.919***
	[6.775]	[0.313]
year=2018	13.619**	2.062***
	[6.053]	[0.304]
year=2019	14.731**	2.062***
	[6.274]	[0.305]
year=2020	21.329***	2.070***
	[8.034]	[0.317]
year=2021	17.348*	2.868***
	[8.883]	[0.326]
year=2022	23.892**	3.581***
	[9.878]	[0.340]
year=2023	17.915*	2.897***
	[10.083]	[0.340]
year=2024	7.196	2.788***
	[9.986]	[0.337]
year=2025	3.079	3.628***
	[10.318]	[0.335]
Constant	32.652	14.688***
	[20.765]	[0.501]
Observations	623.000	622.000
Adj. R-squared	0.612	0.931
Time fixed effects	YES	YES

Standard errors in brackets
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$