



Venture Pulse

Q2 2021

Global analysis of venture funding

21 July 2021

Welcome message

Welcome to the Q2'21 edition of *Venture Pulse*, KPMG Private Enterprise's quarterly report highlighting the major trends, opportunities, and challenges facing the venture capital market globally and in key regions around the world.

Global VC investment soared to a new high in Q2'21, as investors continued to prioritize larger and later stage deals. High valuations, a robust IPO market, and a hearty supply of dry powder also helped fuel investment across numerous jurisdictions. In the Americas and Europe, VC investment reached near-record highs, while Asia attracted its second-highest level of VC investment since Q3'19.

The quarter saw 10 deals over \$1 billion, led by a \$2.75 billion raise by Northvolt AB in Switzerland, and a \$2.5 billion raise by US-based Waymo. While fintech was the most attractive sector of investment in all regions of the world, health and biotech continued to see significant investment activity, in addition to areas such as edtech, gaming and food delivery.

Exit activity continued to be robust, with interest in IPOs stretching well outside of the US. In Q2'21, companies including Monday.com (Israel), Oatly (Sweden), Darktrace (UK) held IPOs. While interest in SPACs slowed somewhat in

the US, it grew in other regions. The SPACs that have been created, however, will need to find targets, which will be a key activity to watch over the remainder of the year.

With a significant amount of cash looking for investments, the VC market is expected to remain very robust heading into Q3'21. VC investors will likely focus on many of the sectors expected to remain attractive as the world emerges from the pandemic, including B2B business productivity, fintech, and delivery.

In this quarter's edition of *Venture Pulse*, we look at these and a number of other global and regional trends, including:

- The explosion of unicorn births compared to previous years
- The major focus on fintech investment across all regions
- The ongoing interest in health and biotech as the world emerges from the pandemic
- The increasing participation of non-traditional VC investors

We hope you find this edition of *Venture Pulse* insightful. If you would like to discuss any of the results in more detail, please contact a KPMG adviser in your area.

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Contents

Global

- VC investment hits new record high — reaching \$157.1 billion
- Global median deal size for D+ jumps to \$105 million in 2021
- Corporates on pace for biggest year ever
- Unicorn rounds spike for second consecutive quarter
- First half fundraising approaches 2020 annual totals
- Top 10 deals globally spread across 8 different countries



US

- VC hits record \$75 billion invested across 3296 deals
- Median deal size for Series D+ leaps past \$100 million
- Corporate participation surpasses \$30 billion for second consecutive quarter
- Red-hot IPO market continues to achieve new highs
- Experienced managers continue to dominate fundraising efforts

Americas

- New record high of \$84.1 billion invested across 3659 deals
- Series A sees surge in deal value
- Median pre-money valuation for Series D+ reaches \$1 billion in H1'21
- Canada blasts to new record, powered by 19 mega rounds
- Brazil sees over \$2.5 billion invested with mega deals including Nubank



Europe

- New quarterly record in Europe — with over \$34 billion invested on 1848 deals
- Corporate venture capital drive record surge — reaching \$16.5 billion invested
- Exits remain strong for second consecutive quarter
- UK, Germany, France, Nordics and Israel all hit new investment highs
- Germany dominates with 4 of the top 10 deals



Asia

- Venture Capital investment robust — with \$38 billion across 1998 deals
- Early-stage deals start to heat up
- Venture backed exit activity returns to historic norms following record Q1
- India sees surge to almost \$8 billion invested — a new record
- Decline in mega-deals belies ongoing health of Chinese VC
- Top 10 deals spread amongst Indonesia, India, China, Singapore and South Korea



Globally, in Q2'21 VC-backed companies raised
\$157.1B across 7,687 deals

VC investment globally surged in Q2'2021, as all regions of the world attracted very strong levels of investment. In addition to regional record highs in Europe and the Americas, a number of countries saw their highest quarters of VC investment ever, including the United States, Australia, the Netherlands, Switzerland, Israel, India, France, Germany, the United Kingdom, Brazil, Mexico and Canada.

The VC market remains very active, buoyed by a significant amount of available cash, high valuations, and no slowdown in IPO activity.



Americas, Europe and Asia all attract mega funding rounds in Q2'21

A growing number of jurisdictions across regions attracted mega VC funding rounds in Q2'21, including the US (Waymo — \$2.5 billion, SpaceX — \$1.2 billion, Epic Games — \$1 billion), Indonesia (J&T Express — \$2 billion), India (BYJU — \$1.5 billion), China (Horizon Robotics — \$1.5 billion), Germany (Celonis — \$1 billion), Brazil (Nubank — \$1.5 billion) and the Netherlands (MessengerBird — \$1 billion). Institutional and PE investors, meanwhile, powered Sweden-based Northvolt AB's \$2.75 billion funding round. In addition to showcasing growing geographic diversity, these deals highlight the breadth of sectors attracting funding in today's market, including alternative energy, fintech, B2B services, education, gaming, logistics, and aerospace.



Less typical investors focusing on VC market opportunities

Given the success of many IPOs over the past year and a growing sense of FOMO (the fear of missing out) a growing number of less typical VC investors are increasing their focus on the VC market, including private equity players, pension funds, sovereign wealth funds, university endowments, and family offices. While some may have had a small percentage of funds allocated to alternative investments such as VC historically, they are now increasing their allocations. Hedge funds and mutual funds are also putting money in the VC market because they see low risk opportunities to make returns off companies expected to go public within the next twelve months. The influx of these non-traditional players is only increasing the already enormous amount of liquidity in the market.



Unicorn births exceed 2020 total at mid-year

Q2'21 saw a surge in companies globally achieve unicorn status, bringing the total number of unicorns in 2021 well above the previous annual high of 179 seen in 2018. While the US accounted for the majority of new unicorns in Q2'21, the others covered quite a geographic spread, from Bitso in Mexico to SafetyCulture in Australia, Paidy in Japan, and GoStudent in Austria.

The large number of unicorns likely reflects the ongoing trend of VC investors focusing on their existing clients, using their investments to allow them to bring on people, fuel their sales and their valuations. Given how cheque sizes have grown over the past two years, there is some question as to what will happen to growing unicorns: will they go for an IPO or is there enough appetite for unicorns to grow beyond a unicorn valuation? This is because there is a cap as to the level of valuation a company can get to before the exit option is limited to a form of IPO.



Corporates continue to prioritize VC investments

Corporate VC investment was strong in all regions of the world during Q2'21. The pandemic has really expedited the need for digital transformation, for innovation, and for doing business better in general. Many established companies globally have come to the realization that they don't need to innovate from scratch, and that a better approach might be to partner with or invest in startups that can help them accelerate their transformation in ways that better align with the new normal.



SPACs gaining attention globally

Over the last few quarters, SPACs have gained a significant amount of traction in the US. During Q2'21, US-based fintechs SoFi and Payoneer went public via SPAC, in addition to companies such as Barkbox and Lightning eMotors. Activity cooled somewhat in the second half of the quarter, after the SEC issued accounting guidance related to accounting of stock options.

In Europe and Asia, SPACs are gaining more attention from tech companies looking to go public, although some are finding that going public via a SPAC can still be a complex undertaking. During Q2'21, Singapore-based Grab delayed its merger with SPAC Altimeter Growth Corp to Q4'21 in order to meet SEC reporting requirements.



VC investment in biotech flourishing

Biotech and drug discovery was a particularly hot area of investment globally, led by a \$735 million raise by US-based Treeline Biosciences. Several countries outside of the US also saw large biotech deals, including the UK (Alchemab Exscientia — \$82.8 million; ViroCell Biologics — \$118 million), China (Jinwei — \$123 million) and Canada (Ventus Therapeutics — \$100 million). The pandemic has only emphasized the importance of healthcare and biotech, driving interest in a wide range of health focused products and services, including digital health care and medical devices.



Optimism as the world opens up

While the pandemic isn't over yet, there is a growing sense of optimism as COVID-19 vaccine distribution accelerates globally and investors focus on the sectors expected to remain attractive in the post-pandemic world. Even as parts of the world have opened up more broadly, VC investors have continued to flow money into sectors accelerated by the pandemic, such as fintech, delivery, and B2B services, betting that none of the major change in terms of customer behaviours will revert to historical norms. VC investors expect businesses and consumers will continue to embrace innovative business models even after the pandemic, given their better understanding of the benefits in terms of speed, responsiveness, and agility.



Trends to watch for globally

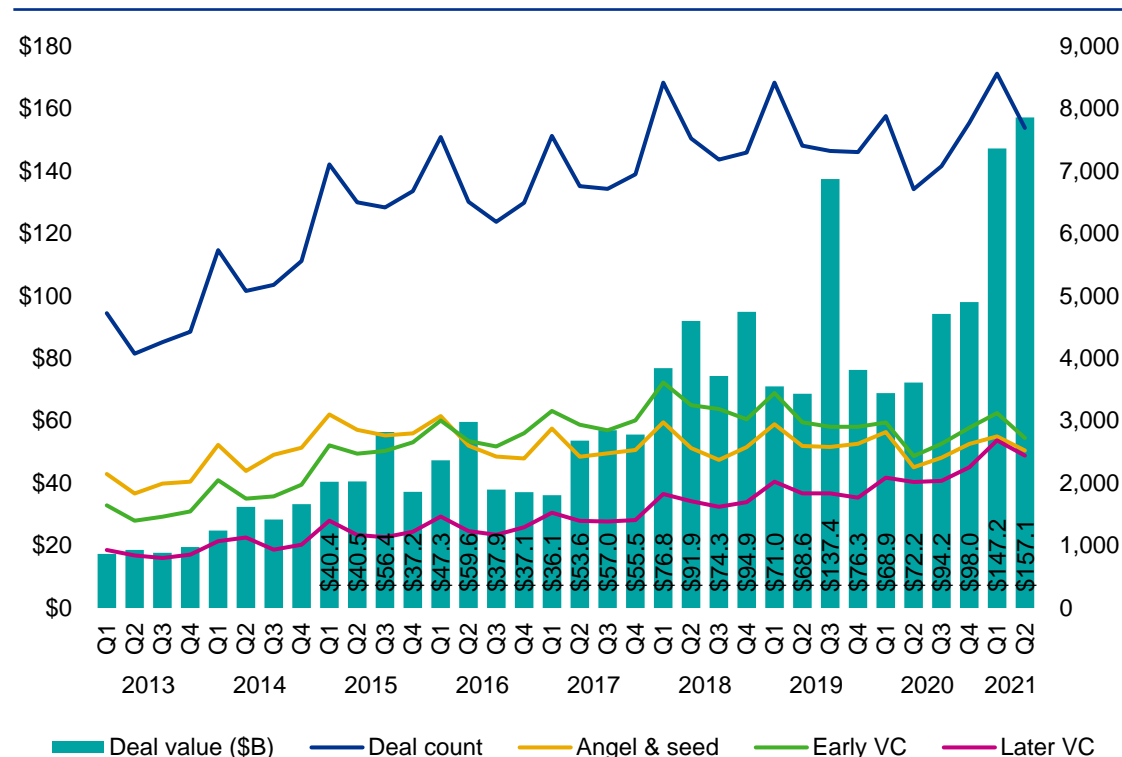
VC investment will likely remain robust in most regions of the world in Q3'21, given the wealth of dry powder in the market, the growing participation of non-traditional VC investors, and the positive IPO activity. Sectors such as fintech, business productivity, and health and biotech will likely continue to attract significant investment. Cybersecurity will likely also be a hot ticket for investors, given the increasing number of transactions occurring in the cloud.

ESG (environmental, social, and governance) is also expected to grow on the radar of investors, given the increasing importance being placed on sustainability across the business world. Already, there is increasing investment in businesses with ESG-aligned business models, such as electric vehicles and food tech. Moving forward, it is likely investments in these areas will continue to grow, while investors may also increase their scrutiny of ESG factors when making funding decisions.

Venture financing continues to hit new highs

Global venture financing

2013–Q2'21



Source: Venture Pulse, Q2'21. Global Analysis of Venture Funding, KPMG Enterprise. Data provided by PitchBook, July 21, 2021.

Although the COVID-19 pandemic is far from over, it is clear that as some economies are able to reopen and embark on the pathway back to normal life, the seismic changes in digitization, the shift to cloud and exciting innovations in life sciences and logistics are all still encouraging mass infusions of capital into thousands of startups worldwide. 2021 has now observed record levels of VC invested outstripping anything recorded prior, thanks to the ongoing flood of billions of dollars in capital committed to venture fund managers' coffers. Deal volume is also remarkably strong, with figures expected to rise even further once additional transactions are disclosed. Such exuberance does warrant a note of caution but as businesses worldwide continue to adapt under the forcing function of the COVID-19 pandemic's changes, potential market opportunities continue to abound.

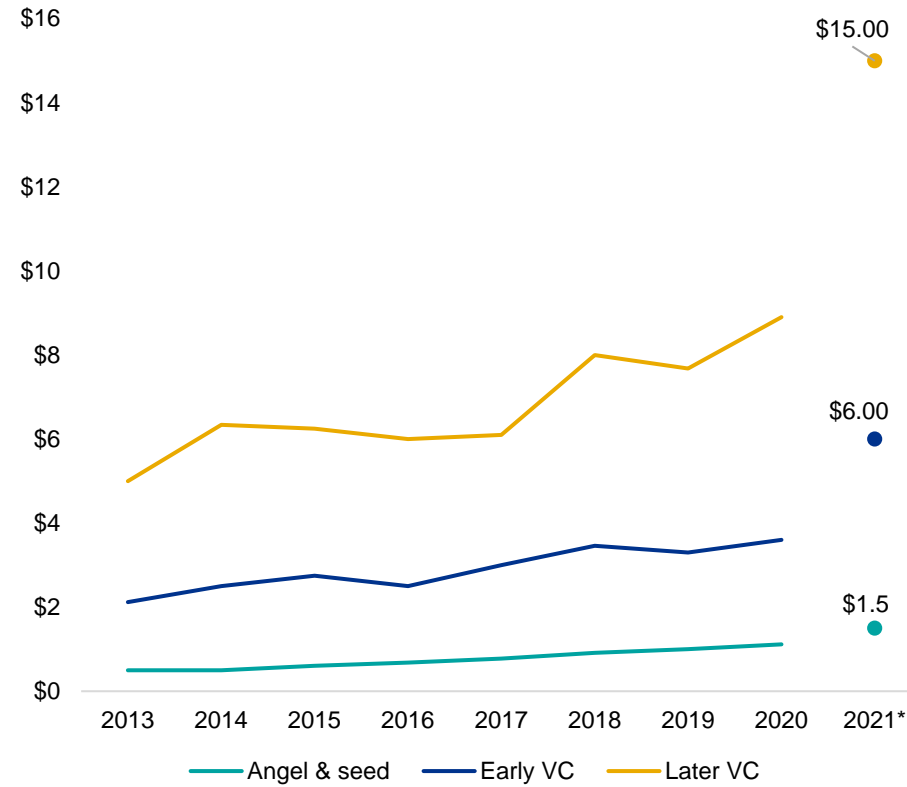
“Globally, there is plenty of cash available for VC investments—and even more coming in from private equity, family offices, and other players outside of traditional VC funds looking for opportunities in the VC market. Almost everywhere in the world, VC investment is incredibly strong and I don't see the market globally going cold. The amount of money being generated out there is massive and the willingness to invest in tech is just going up.”



Jonathan Lavender
Global Head,
KPMG Private Enterprise

Global median deal size (\$M) by stage

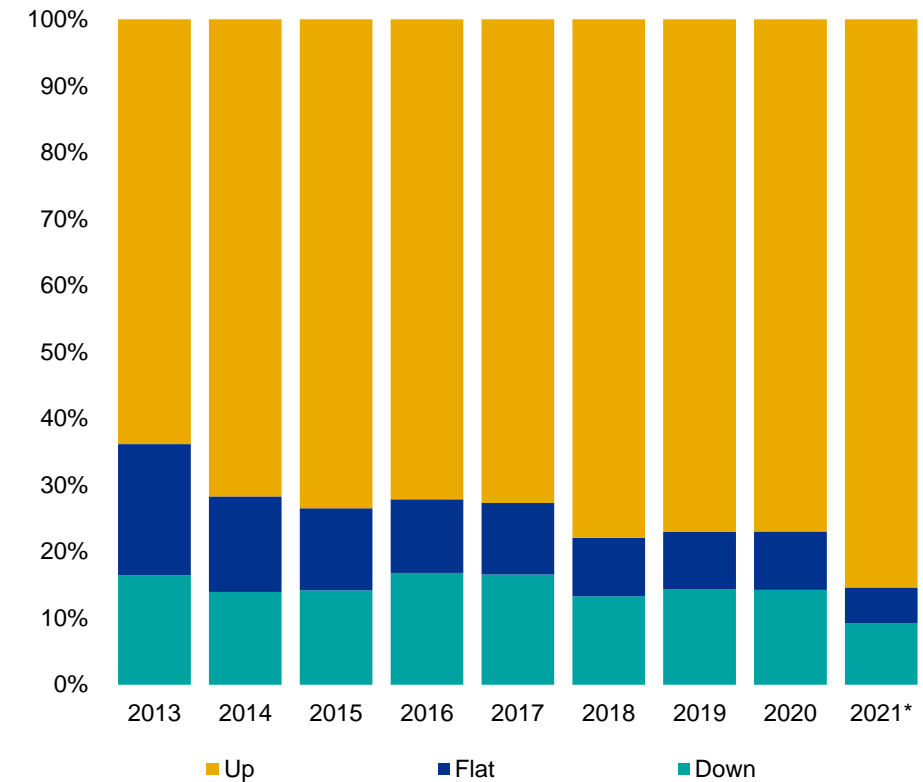
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Global up, flat or down rounds

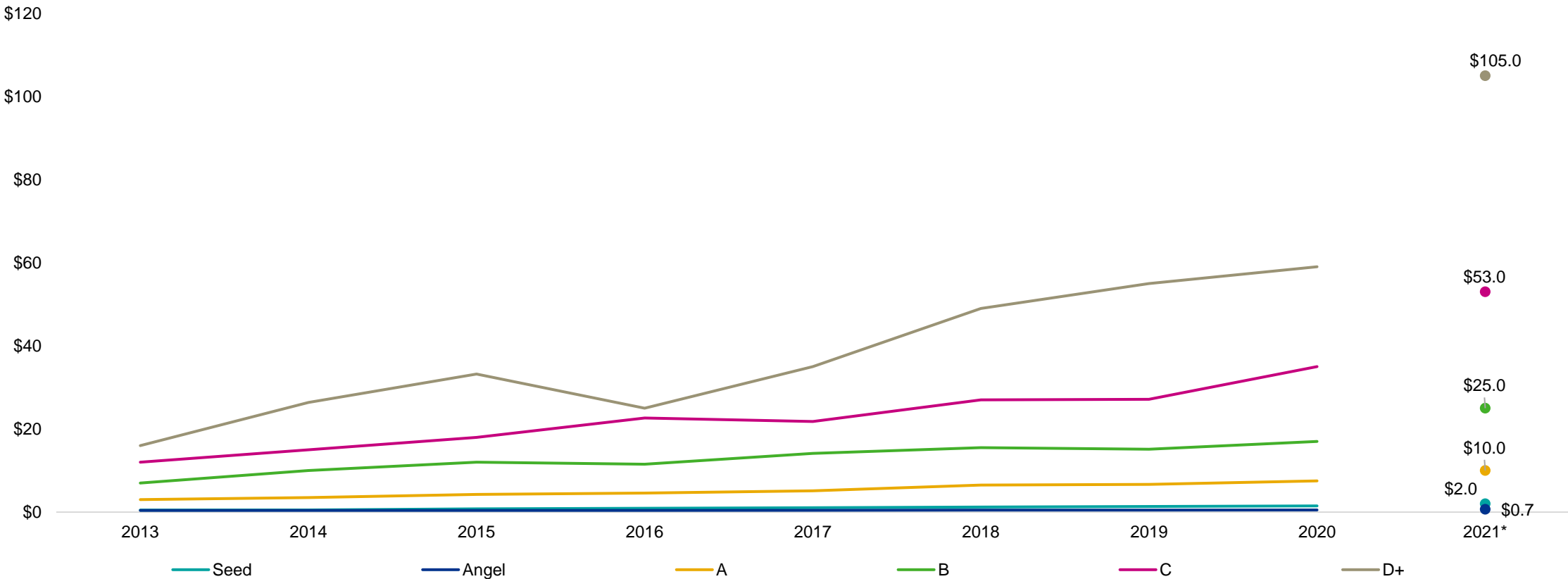
2013–2021*



Competition pushes medians up across every series

Global median deal size (\$M) by series

2013–2021*

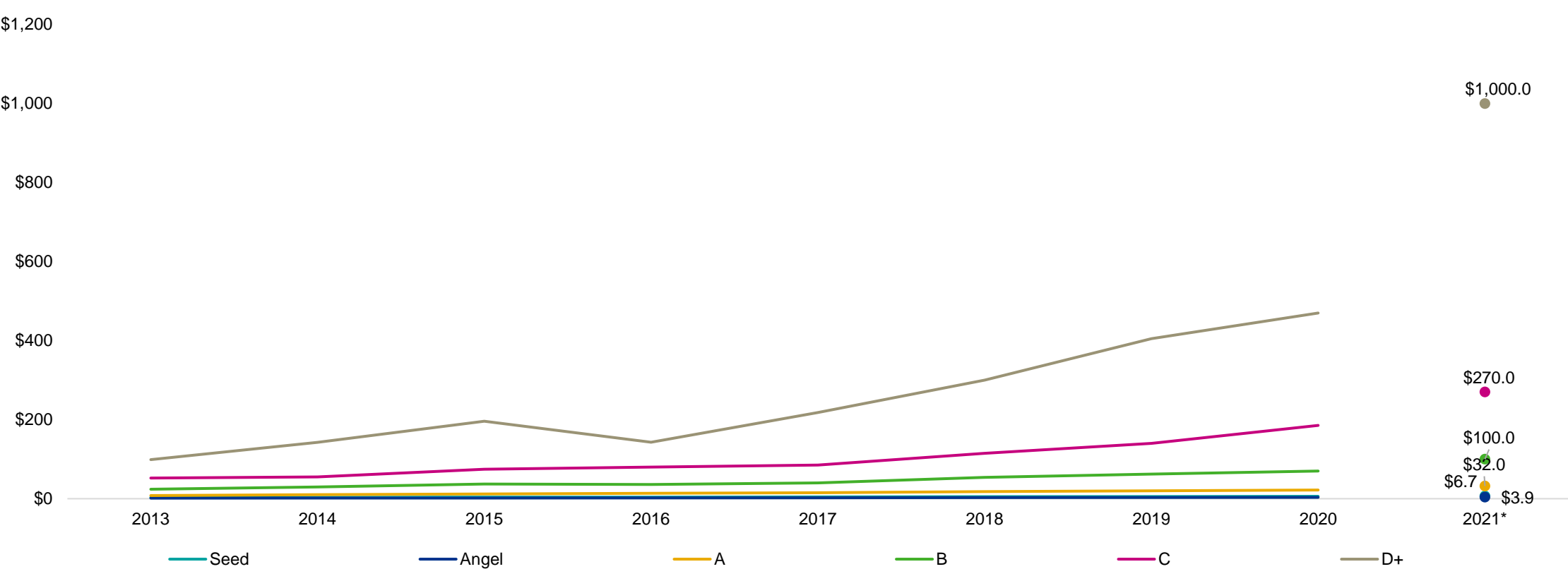


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Series D+ achieves stratospheric mark of \$1 billion

Global median pre-money valuation (\$M) by series

2013–2021*

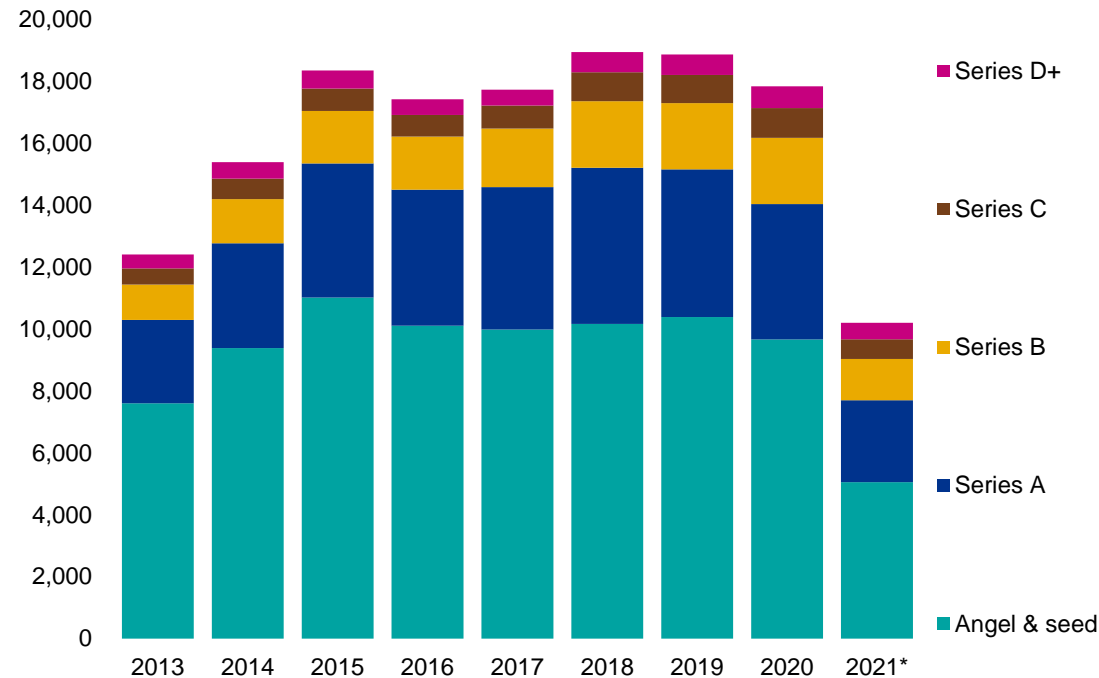


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

The first half of 2021 sees surge in early-stage VC invested

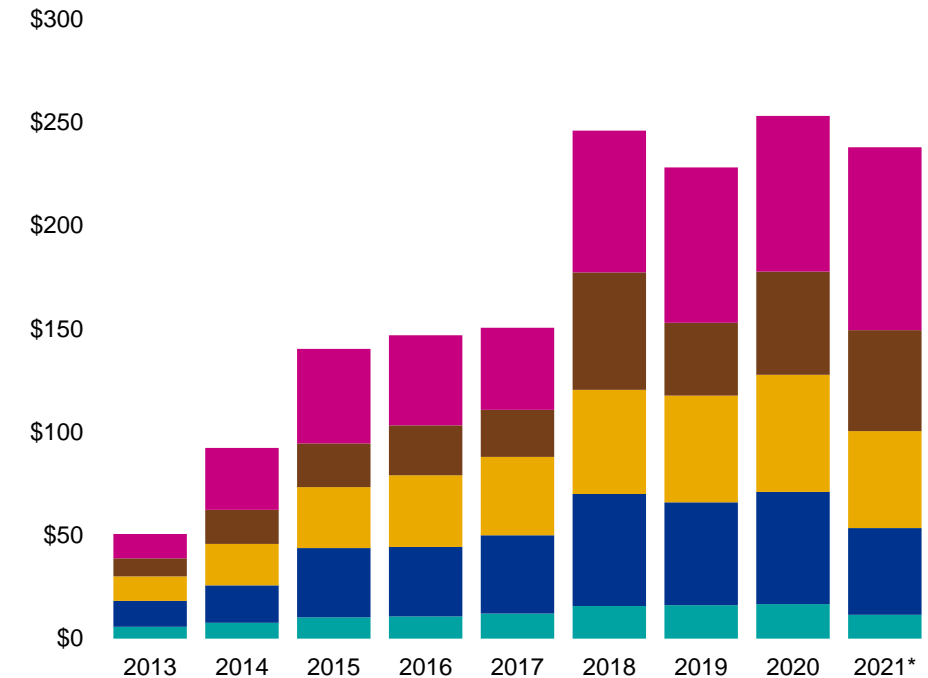
Global deal share by series

2013–2021*, number of closed deals



Global deal share by series

2013–2021*, VC invested (\$B)

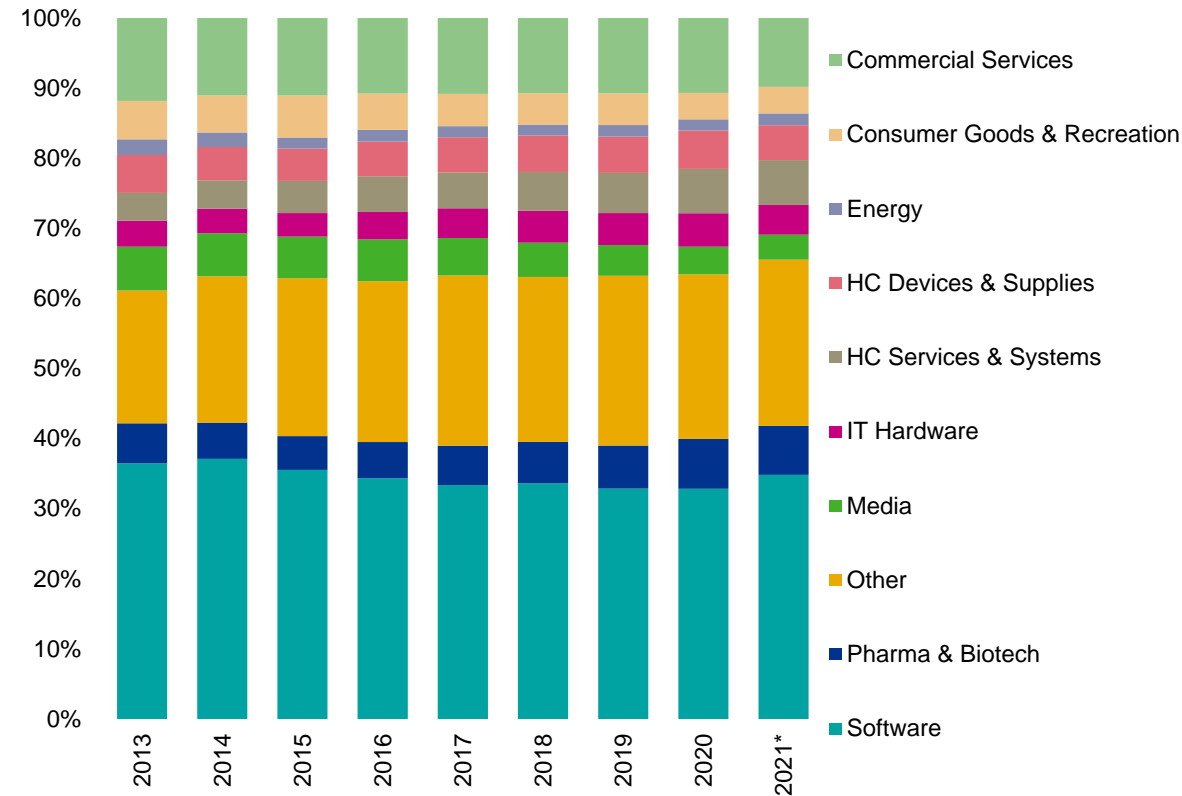


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

For multiple editions of the Venture Pulse, the drift of capital concentration to the later stages, as well as financing volume, has been an ongoing theme. However, it is worth remarking that in 2021 to date, a staggeringly large proportion of VC invested has occurred at Series A in particular, while angel and seed-stage deals are proceeding along at a healthy clip. The profusion of capital and optimism across the venture ecosystem is now beginning to exert an inflationary effect across the entire gamut of stock series and company lifecycle, as opposed to an over-concentration of funding the most mature, largest venture-backed companies that are closer to potentially lucrative liquidity events.

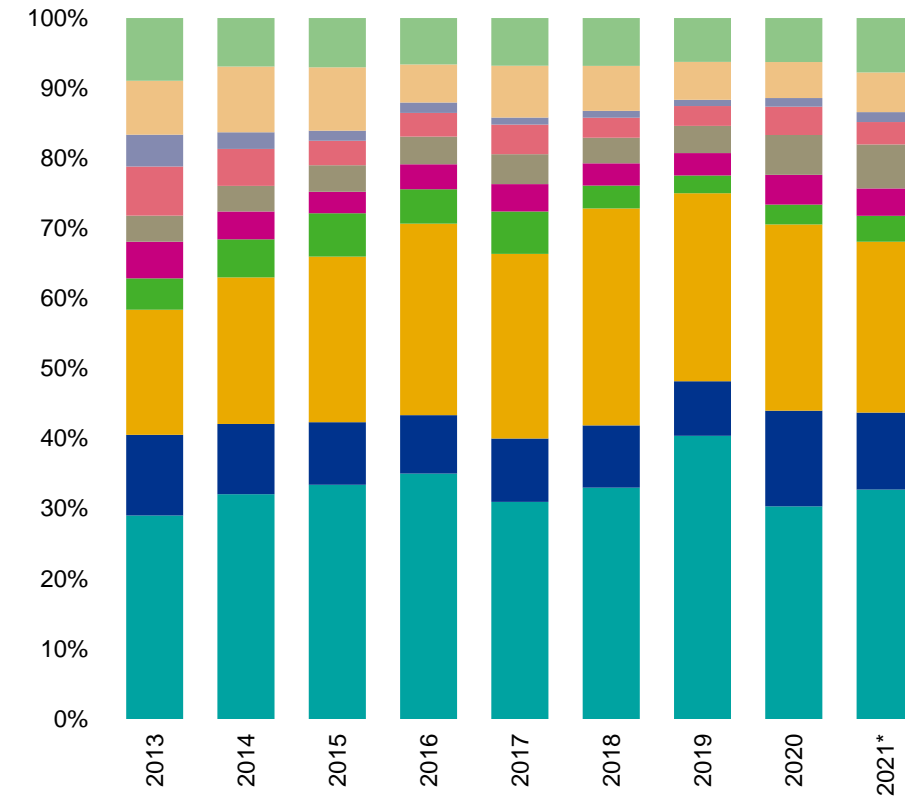
Global financing trends to VC-backed companies by sector

2013–2021*, number of closed deals



Global financing trends to VC-backed companies by sector

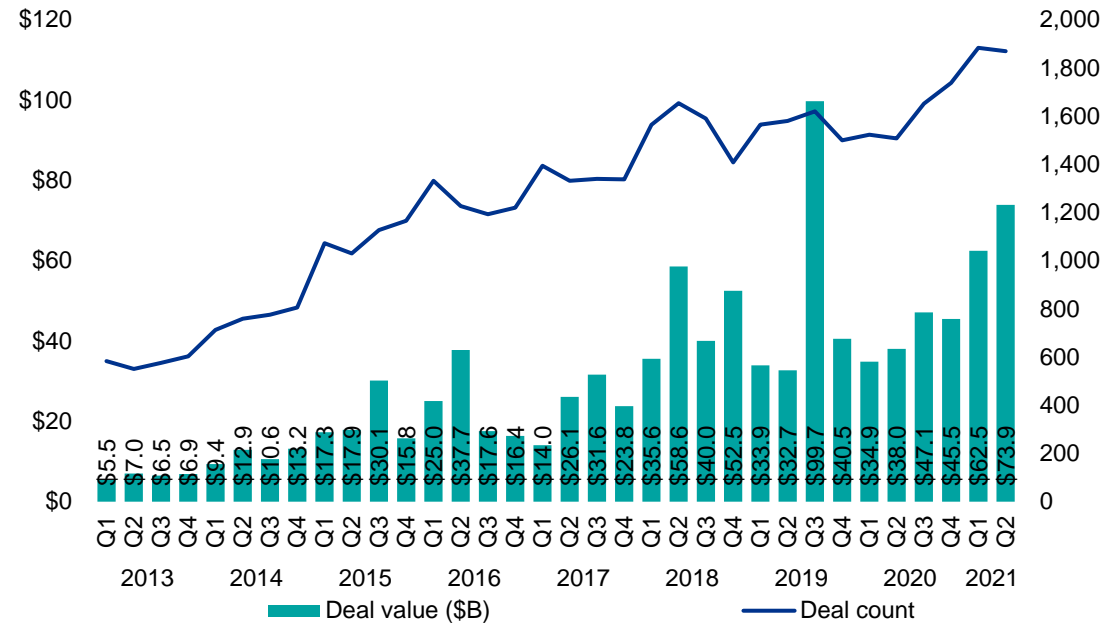
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Corporate VC participation in global venture deals

2013–Q2'21



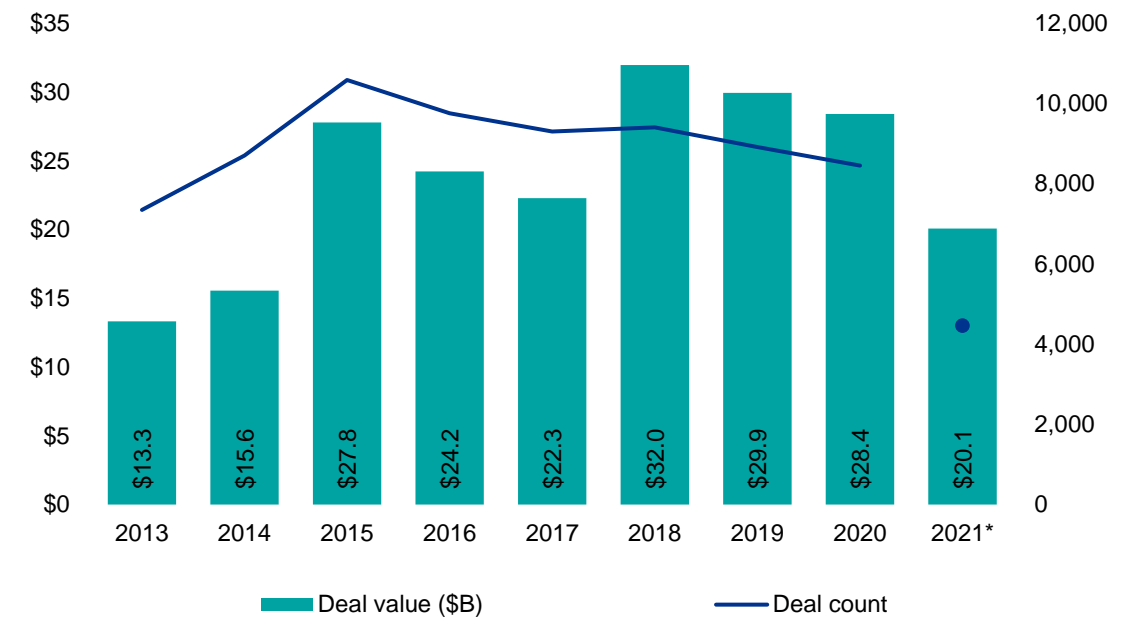
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Note: The capital invested is the sum of all the round values in which corporate venture capital investors participated, not the amount that corporate venture capital arms invested themselves. Likewise, deal count is the number of rounds in which corporate venture firms participated.

In contrast to data earlier in the year, it is now clear that corporate venture arms resumed a vigorous pace of participating in or originating transactions in 2021. As a result, aggregate VC invested tallies of all the associated financings have been climbing to near-record levels. Especially in the wake of the COVID-19 pandemic, corporations across all sectors will continue to examine which technologies or innovations they need exposure to in order to remain adaptable and flexible.

Global first-time venture financings of companies

2013–2021*



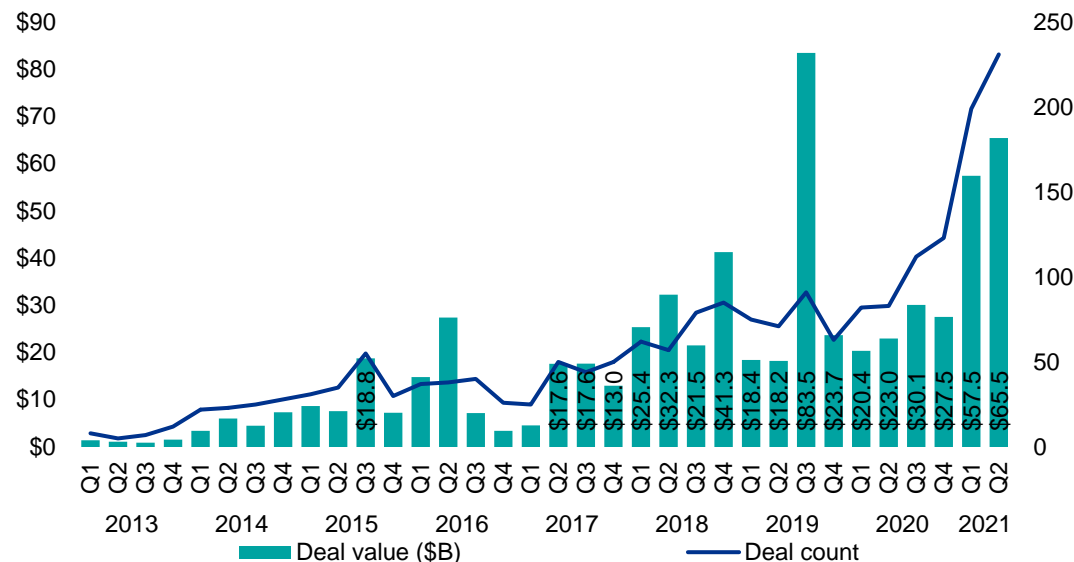
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

The rising tide of capital has lifted not only metrics across every stage and series, but also first-time funding tallies. At just over \$20 billion, 2021 is looking to set a new high for the sheer heft of capital invested in first-time financings, even as volume is pacing to resurge from the gradual decline recorded since a peak in 2015. If anything, this signals animal spirits but also the founder-friendly nature of the current market environment.

VC flows to unicorns even more but liquidity provides encouragement

Global unicorn rounds

2013–Q2'21



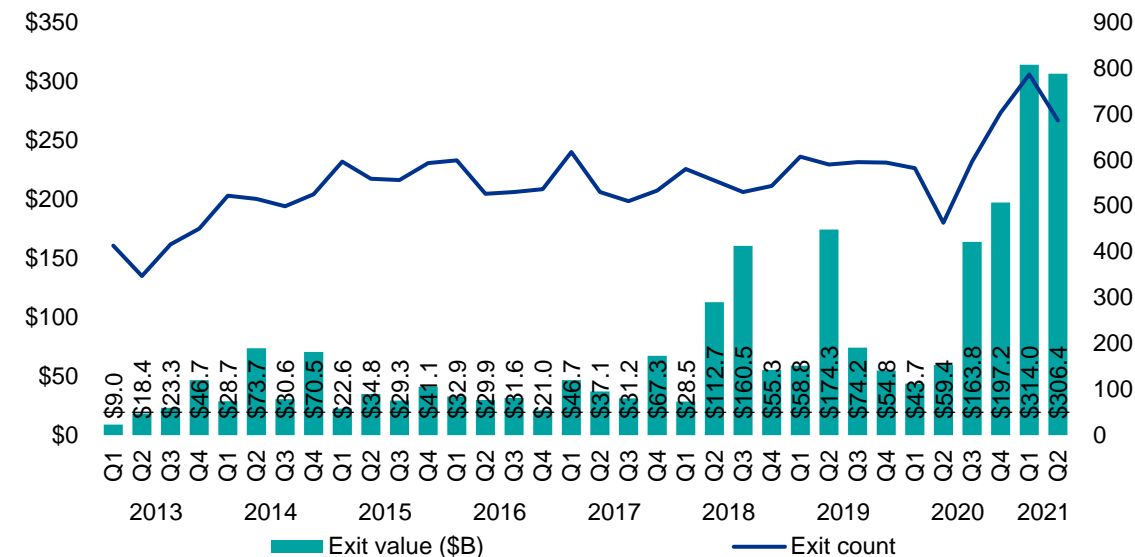
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Note: PitchBook defines a unicorn venture financing as a VC round that generates a post-money valuation of \$1 billion or more. These are not necessarily first-time unicorn financing rounds, but also include further rounds raised by existing unicorns that maintain at least that valuation of \$1 billion or more.

Some unicorns have raked in sizable financings as likely one of their last funding rounds while staying private, while others continue to make no commitment nor signal that they will go public any time soon. As the overall unicorn population continues to grow, moreover, the sheer volume of financings was bound to rise, especially as so many saw their businesses only accelerated in the mass adoption of new technologies during 2020.

Global venture-backed exit activity

2013–Q2'21



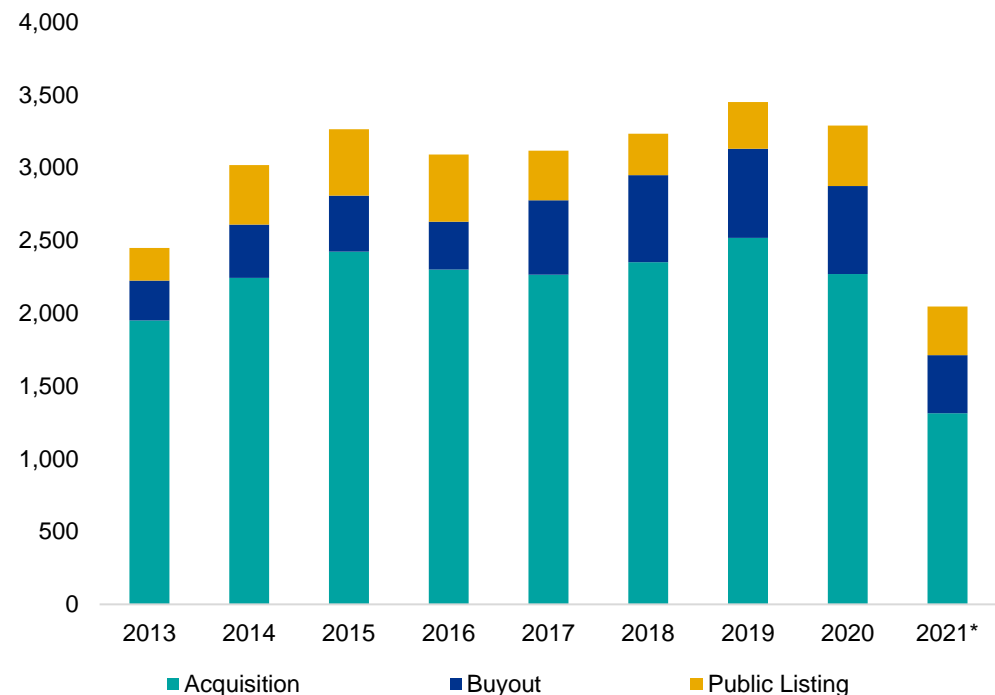
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Note: Exit value for initial public offerings is based on post-IPO valuation, not the size of the offering itself.

Even after remarkably strong liquidity trends for venture-backed companies in 2020, the first half of 2021 saw an even faster clip of exits, fueled by record highs in equities and the brief SPAC boom. As volatility in equity markets has ticked up, it remains to be seen if there is a dampening effect upon public listings, however, M&A also has proceeded at a robust pace, which will only be energized further as deadlines loom for SPAC sponsors.

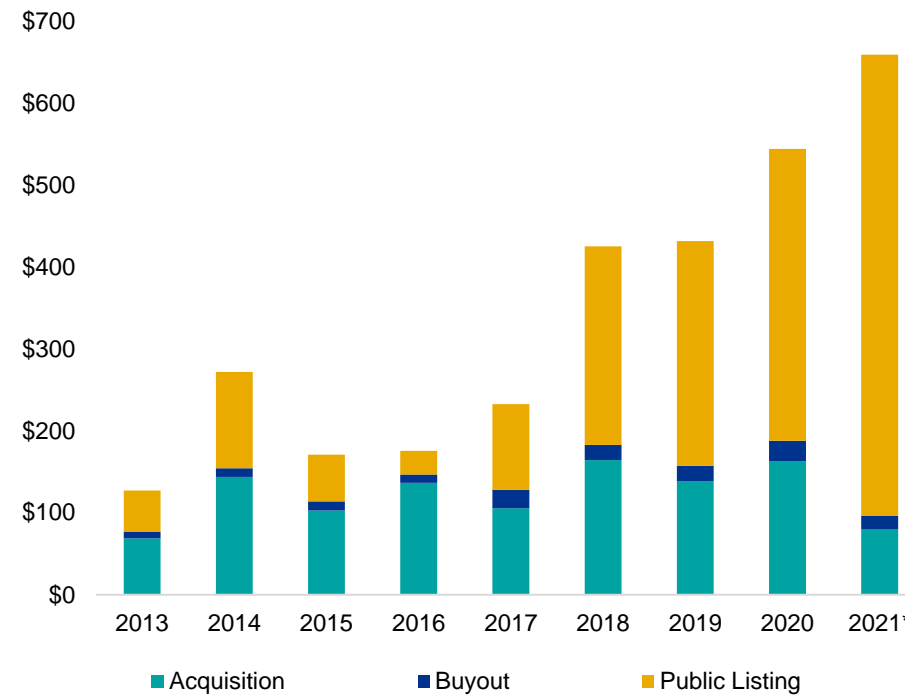
Global venture-backed exit activity (#) by type

2013–2021*



Global venture-backed exit activity (\$B) by type

2013–2021*

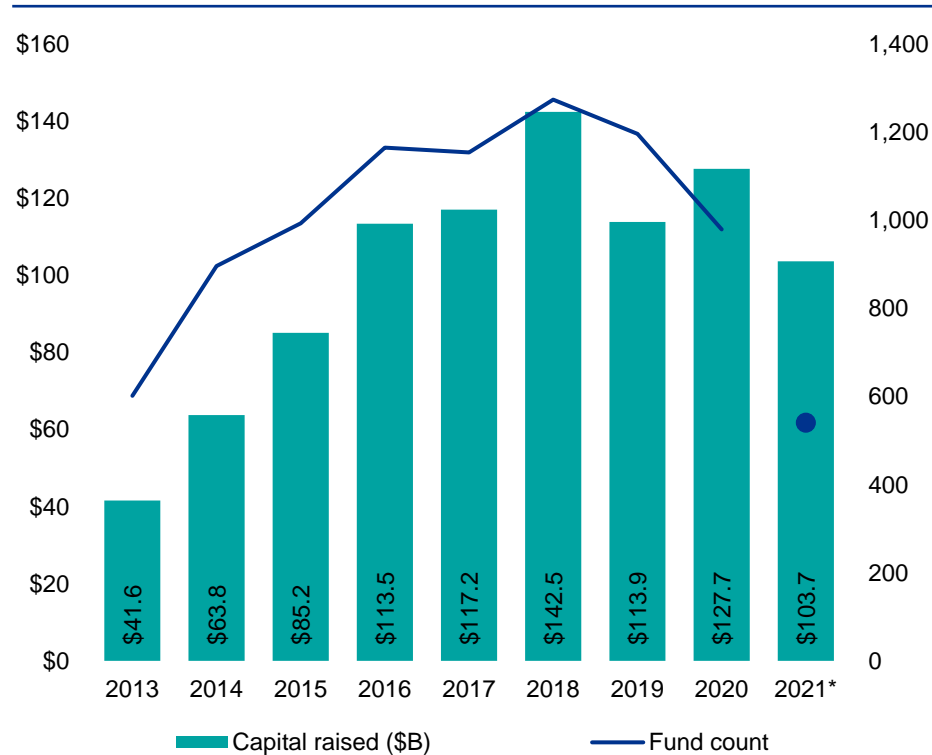


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Already 2021 has seen exit value achieved via public listings surge past the records of 2020. Despite more volatility in equity markets and concerns over recent regulatory agencies' shifts concerning SPACs, it remains likely that a healthy pace of public listings will continue, even if M&A remains the most popular route to liquidity in line with historical norms. Buyouts also look set to potentially exceed prior highs as PE fund managers increasingly look to the venture-backed ecosystem for new targets.

Global venture fundraising

2013–2021*



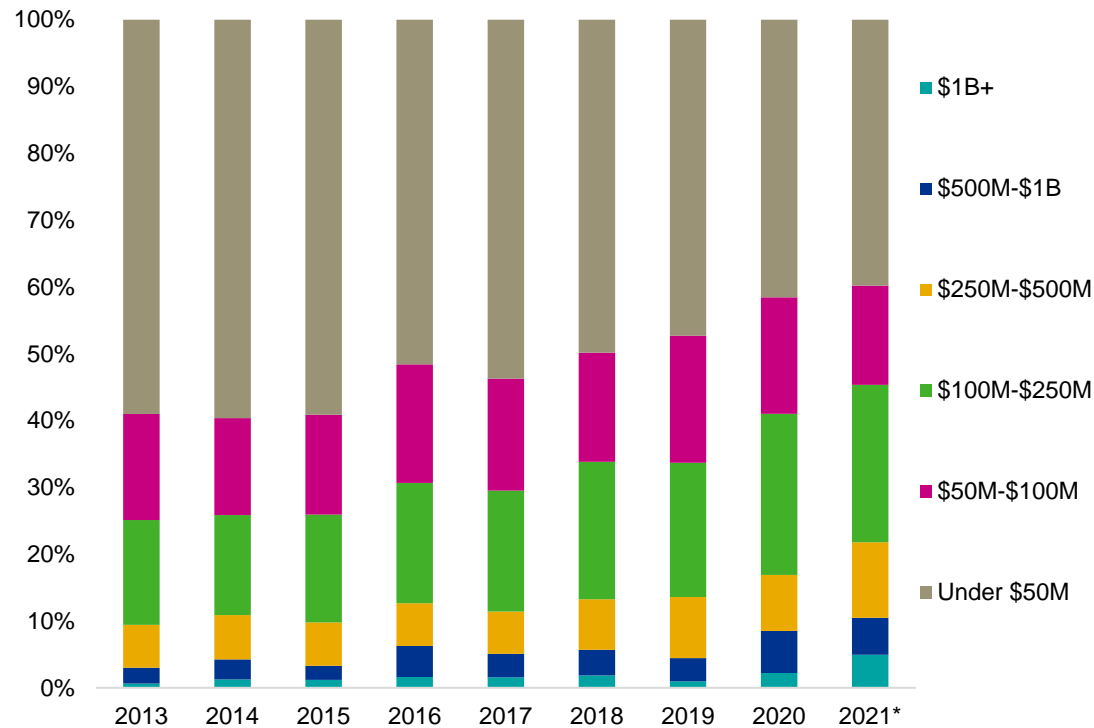
Allocators worldwide continue to flock to alternative investments—venture is no exception. Although the pace of fundraising cycles can vary, and thus there is no certainty to this assumption, if the pace of commitments continues at the same rate, it is not inconceivable that the \$200 billion-plus threshold is finally broached this year. To counter that point, many of the mega-funds closed upon this year may be the last for some of the largest and most experienced venture firms in the space, and thus even if volume continues at a quite-robust pace, the aggregate value of commitments may not rise in such spectacular fashion.

Even after a **near-record year for capital raised** at \$127.7 billion, the first half of **2021** is off to such a strong start it is not inconceivable this year will see the first-ever **\$200 billion allocated to VC**.

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Global venture fundraising (#) by size

2013–2021*

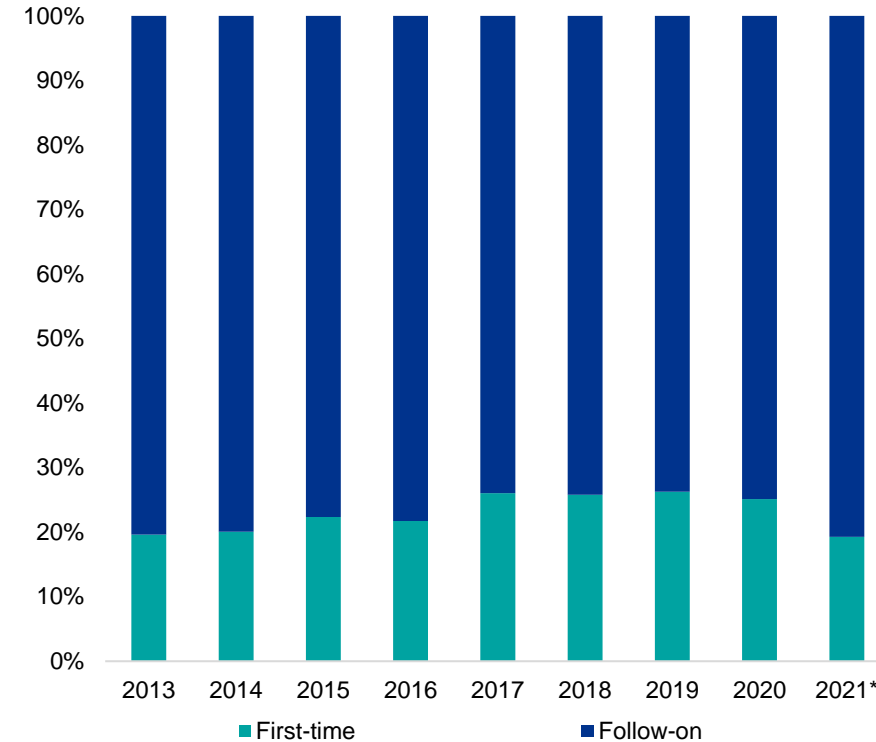


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Fund sizes have been creeping higher, as the universe of fund managers has only expanded and firms scale up their strategies and resources, throughout the 2010s. As the new decade commences, first-time fundraising as a proportion of overall fundraising is somewhat off, but that may still reverse by year's end as more-experienced firms close more swiftly, and allocators then turn to emerging managers to maintain desired levels of exposure to VC.

Global first-time vs. follow-on venture funds (#)

2013–2021*



The flood of VC proliferates worldwide

Top 10 global financings in Q2'21



1. **Northvolt** — \$2.75B, Stockholm, Sweden — Automotive cleantech — *Series E*
2. **Waymo** — \$2.5B, Mountain View, US — Automotive — *Late-stage VC*
3. **J&T Express** — \$2B, Jakarta, Indonesia — Logistics — *Late-stage VC*
4. **BYJU'S** — \$1.55B, Bengaluru, India — Edtech — *Series F*
5. **Nubank** — \$1.5B, Sao Paulo, Brazil — Fintech — *Series G*
5. **Horizon Robotics** — \$1.5B, Beijing, China — Semiconductors — *Corporate*
7. **SpaceX** — \$1.2B, Hawthorne, US — Spacotech — *Late-stage VC*
8. **Celonis** — \$1B, Munich, Germany — Business/productivity software — *Series D*
8. **MessageBird** — \$1B, Amsterdam, Netherlands — Cloudtech — *Series C*
8. **Epic Games** — \$1B, Cary, US — Entertainment software — *Late-stage VC*

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

In Q2'21 **US** VC-backed companies raised
\$75.0B across 3,296 deals

In Q2'2021, VC investment reached yet another record high in terms of total deal value, slightly surpassing the previous quarter's total in deal value.



Growing diversity of sectors attracting large funding rounds

A wide variety of US-based companies attracted \$500 million+ funding rounds during Q2'21, including autonomous driving company Waymo (\$2.5 billion), aerospace-focused SpaceX (\$1.2 billion), gaming company Epic Games (\$1 billion), and biotech firm Treeline Biosciences (\$678 million). Three fintech companies also raised large rounds during the quarter, including Perch (\$775 million), Better (\$500 million), and Daily Pay (\$500 million). These deals highlight the breadth of sectors attracting attention from investors in the US.



Fundraising poised to shatter previous high

Fundraising activity in the US continued to be red hot in the US during Q2'21, with the total raised to date just shy of the previous annual record high. The burst in fundraising activity highlights the wealth of dry powder in the market looking for a home, while also emphasizing the successes of a number of the well-established VC firms. These firms are delivering higher returns over the life of their funds, returns that are expected to grow further given the IPO and exit successes that have been seen over the last few quarters. This is driving some institutional investors and less traditional investors to invest in funds led by highly successful VC firms, thus boosting fundraising totals even further.



Institutional investors following the smart money

A growing number of institutional investors are investing in late stage VC deals, in part by following the smart VC money. They are identifying opportunities related to startups that are well established, Series C and beyond, and evaluating whether companies have legs before making investments. Many of these institutional investors see these late stage investments as relatively safe bets given the confidence such companies have gained from highly successful VC firms.



Corporate VC investment shows continued strength

Corporate VC investment in the US showed continued strength in Q2'21. Many corporates are using VC investments as their R&D center, in part so they can make a range of investments in order to see what sticks. Many corporates have also recognized that they need to enhance their innovation capacity, and see VC investments and M&A activity as a means to make leaps forward in terms of their capabilities.



IPO Market remains strong

The IPO market in the US continued to show strength in Q2'21, with no slow down in activity in terms of companies preparing to go public. The quarter saw a number of IPOs, including plant-based milk company Oatly, which raised \$1.4 billion in its May debut, with shares rising as much as 34% in first day trading.¹

The quarter also saw several direct listings, including cryptocurrency exchange Coinbase in April and website hosting company Squarespace. A number of SPAC mergers also occurred during Q2'21, including fintech company SoFi with Social Capital Hedosophia Holdings Corp. V² and subscription service Barkbox with Northern Star Acquisition.³

¹ <https://markets.businessinsider.com/news/stocks/oatly-stock-price-ipo-10-billion-valuation-plant-based-milk-2021-5-1030452000>

² <https://investorplace.com/hypergrowthinvesting/2021/06/sofi-stock-spac-merger-beginning-of-huge-breakout/>

³ <https://news.spacconference.com/2021/06/02/bark-and-northern-star-close-merger/>



Electric vehicle ecosystem gaining traction

In recent quarters, VC investors have shown increasing interest in everything to do with electric vehicles. In addition to specific car technologies and charging platforms, there has been a growing focus on the ecosystem supporting electric vehicles. For example, the development of destination charging options that allow vehicles to be charged while owners are shopping or at work.



SPACs losing some shine

After two quarters of surging interest in SPAC transactions, interest waned somewhat in Q2'21. While SPACs remain a viable option for companies looking to exit, there is growing recognition of the reality surrounding SPAC transactions, including the need to be ready to perform as a public company from day 1. In April, the SEC also issued accounting guidance classifying SPAC warrants as liabilities rather than as equity instruments.⁴ This sparked some concern that the SEC will enhance its regulatory scrutiny of SPACs in the future.



Betting on the new normal

COVID-19 changed the world, shifting how people work, how they shop, and how they engage with companies. VC investors recognize that the world will never be the same and are placing big bets on companies expected to thrive in the post-pandemic new normal. This is driving investment in a wide range of sectors, from fintech and healthcare to gaming, ESG, and e-commerce.

One subsector beginning to attract attention from investors is staffing. This is because many companies are expected to leverage hybrid work models moving forward. Such an approach also allows companies to draw on a broader talent pool for filling critical and highly competitive roles, thus increasing the need for companies with technologies able to make staffing processes more efficient and effective.



Trends to watch for in the US

VC investment is expected to remain strong heading into Q3'21, particularly in areas such as fintech, automotive, and AI. Given the supply chain issues identified as a result of the Evergreen ship blocking the Suez Canal and the ransomware attack on the Colonial Pipeline, there could also be increasing interest in logistics and supply chain solutions. Investment in agtech and foodtech is also expected to grow, particularly in areas such as alternative packaging and delivery, in addition to investment in touchless store related technologies.

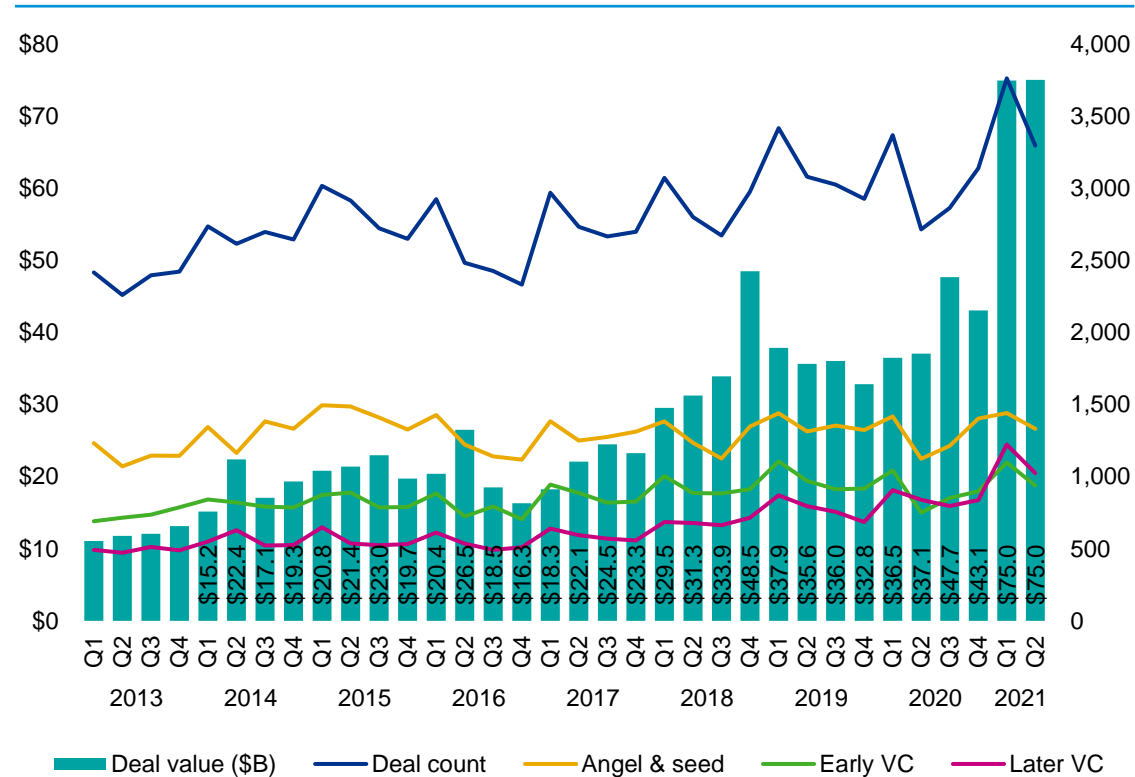
IPO activity will likely remain strong well into Q3'21. SPAC transactions will be an area to watch over the next few quarters given that the multitude of SPACs that have been formed in recent months will need to find target companies.

⁴ <https://www.cnbc.com/2021/04/21/spac-transactions-come-to-a-halt-amid-sec-crackdown-cooling-retail-investor-interest.html>

The first half of 2021 sees an unprecedented influx of capital

Venture financing in the US

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

As financing volume looks primed to set new highs, so too has the sheer influx of capital into the US venture ecosystem led to all-time new highs. The first two quarters of 2021 have each notched \$75 billion in VC invested, a sum close to double much of prior quarterly highs. Fund managers' enthusiasm can be explained in part by the multiple indications that the rate of adoption of multiple key digital technologies and the need for even more across a wide range of business operations has accelerated to a point that it will not slow for years, which has created opportunities for many extant and fledgling startups. However, the degree of competition also by now necessitates notes of caution.

“Here in the US, valuations continue to be high, and capital from numerous sources continues to be plentiful. This is providing significant optionality for companies as they mature, e.g., ability to do a later-stage round and delay a potential IPO. This optionality is excellent as companies wait to see what the post-pandemic outcomes are for consumer and corporate behaviors.”



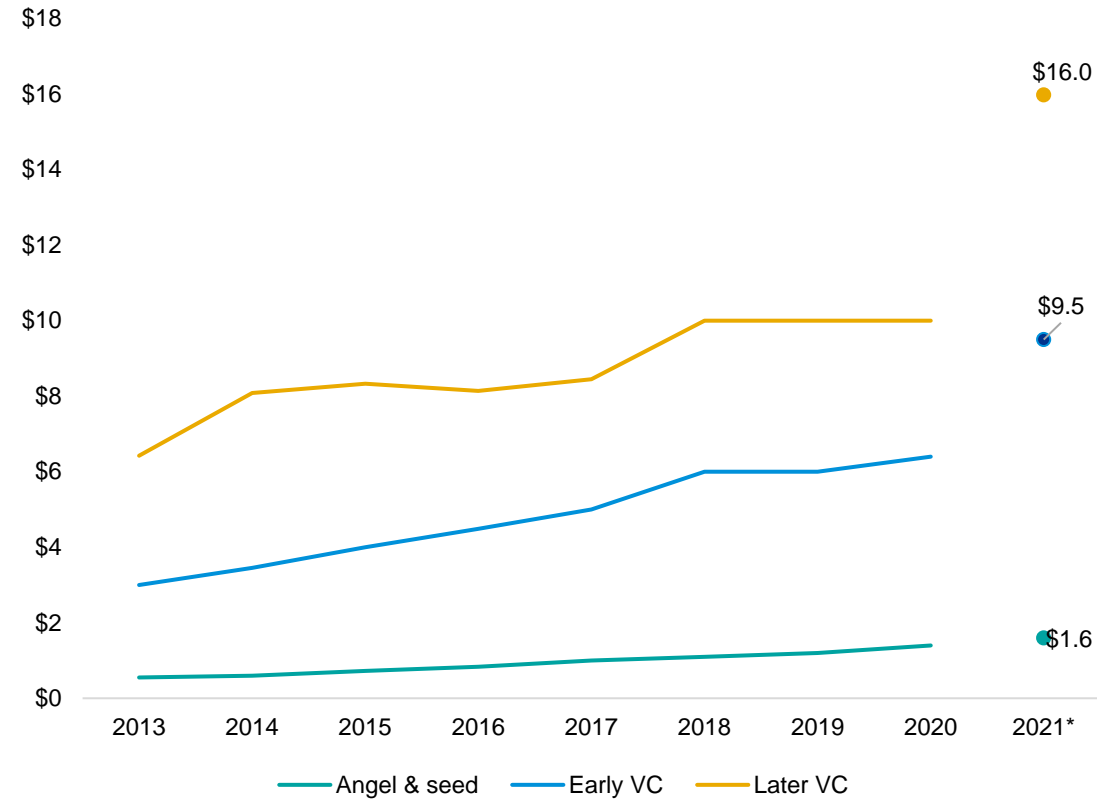
Conor Moore

Global Co-Leader — Emerging Giants,
KPMG Private Enterprise, KPMG
Partner, **KPMG in the US**

The flood of capital widens across both early & late stages

Median deal size (\$M) by stage in the US

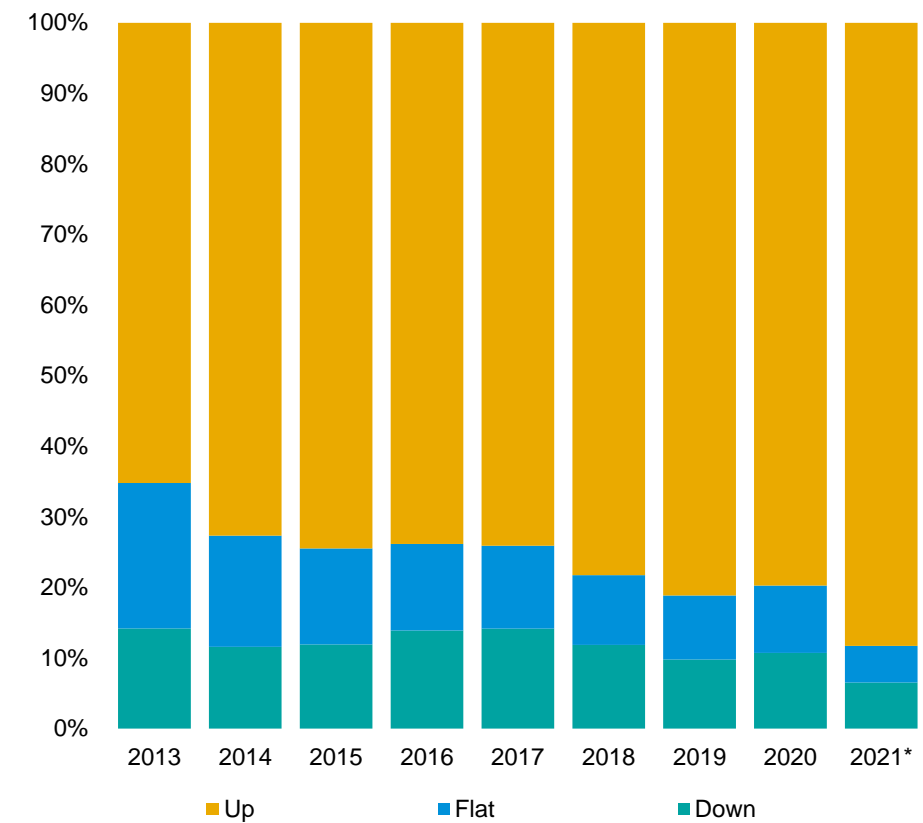
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Up, flat or down rounds in the US

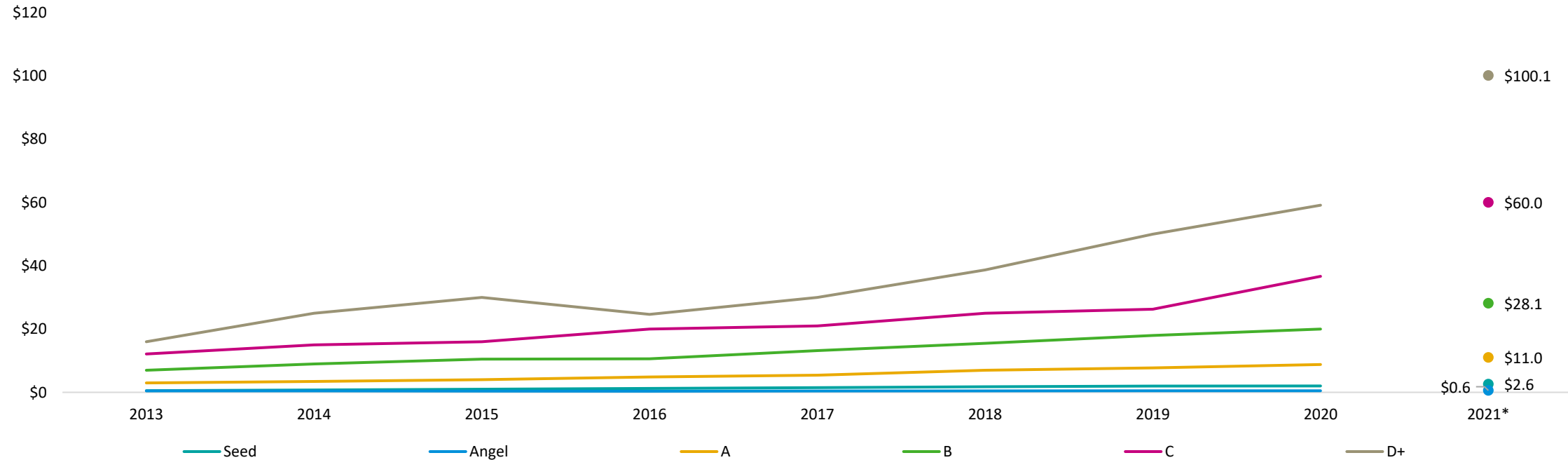
2013–2021*



Modest rises at the earlier stages; big jumps at the late-stage

Median deal size (\$M) by series in the US

2013–2021*

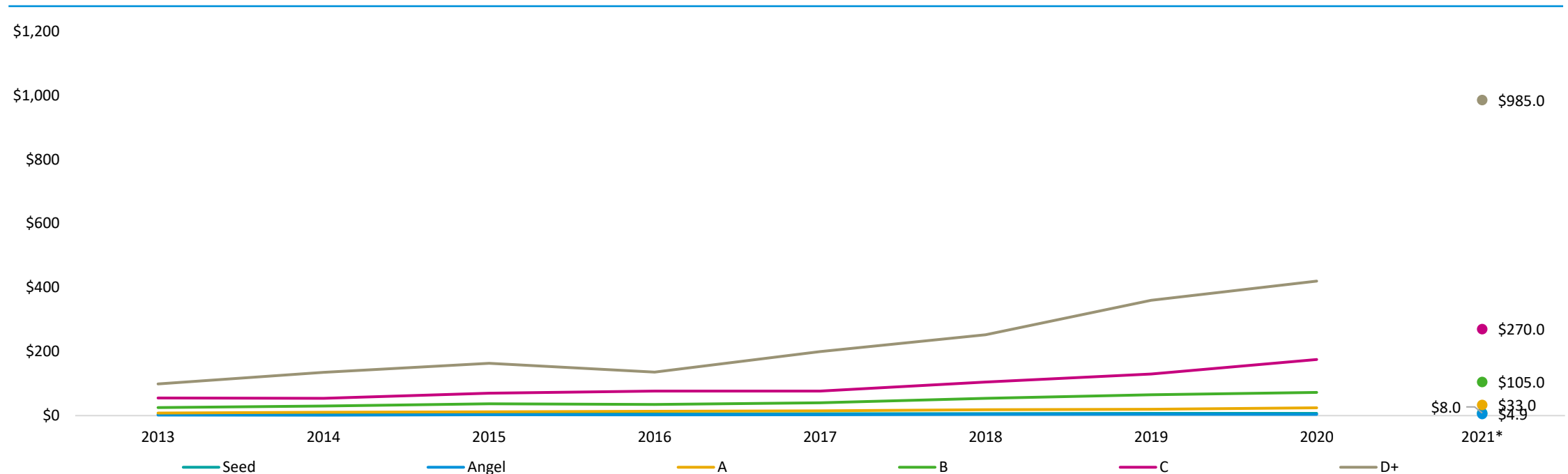


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Note: Figures rounded in some cases for legibility.

Median pre-money valuation (\$M) by series in the US

2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

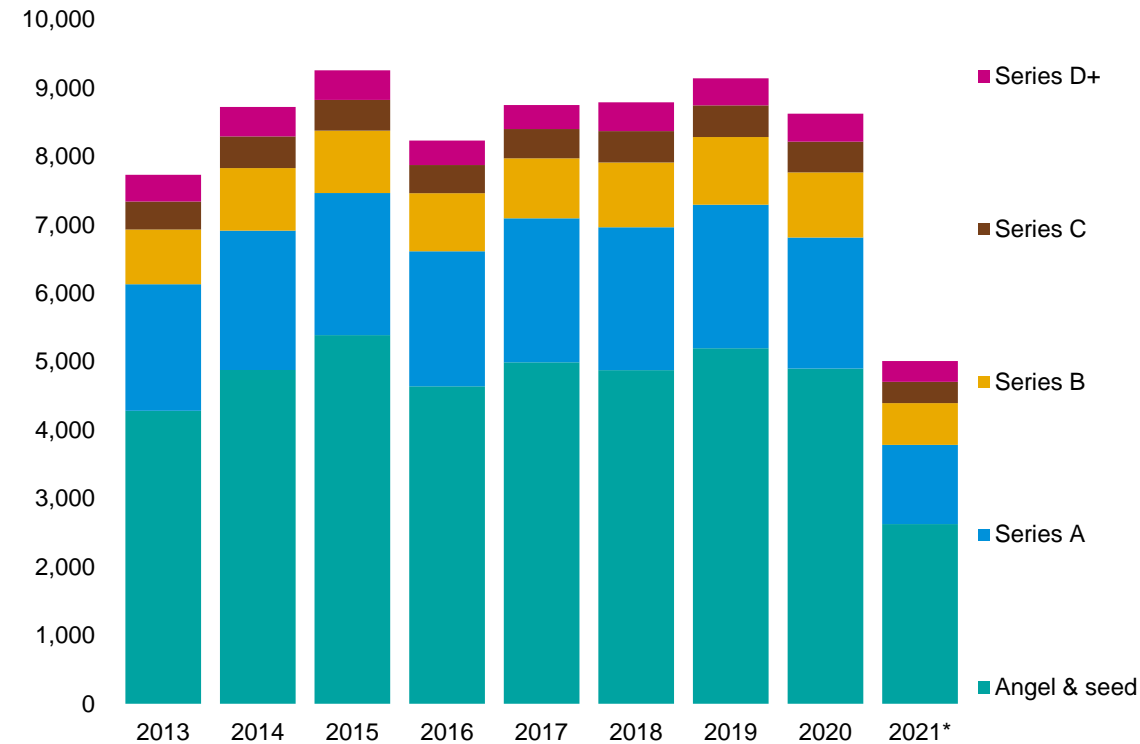
Note: Figures rounded in some cases for legibility.

2020 closed out with record valuations, indicating VCs focused on the longer term and in safer prospects due to company maturity and sheer size throughout the year, continuing to fuel record valuations across nearly every series. But 2021 seems to be approaching signs of remarkable levels of both confidence and the ramifications of record dry powder, with the latest stage of financings seeing a surge near \$1 billion in the median Series D+ financing.

Financing volume remains healthy across all stages

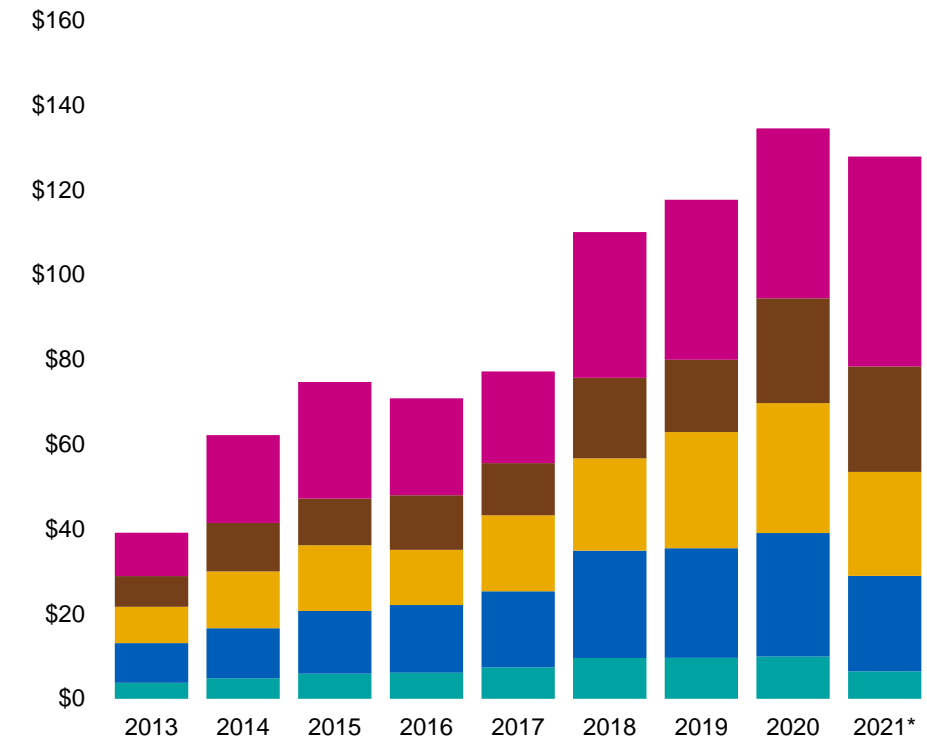
Deal share by series in the US

2013–2021*, number of closed deals



Deal share by series in the US

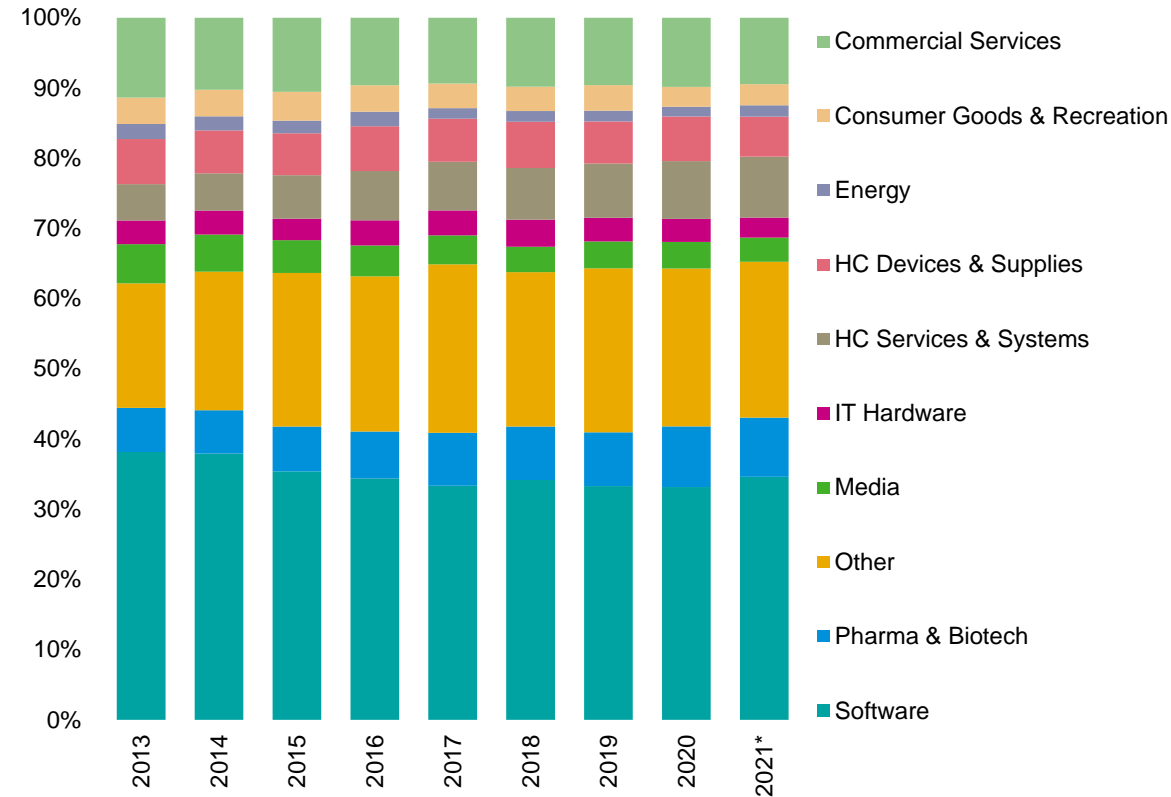
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

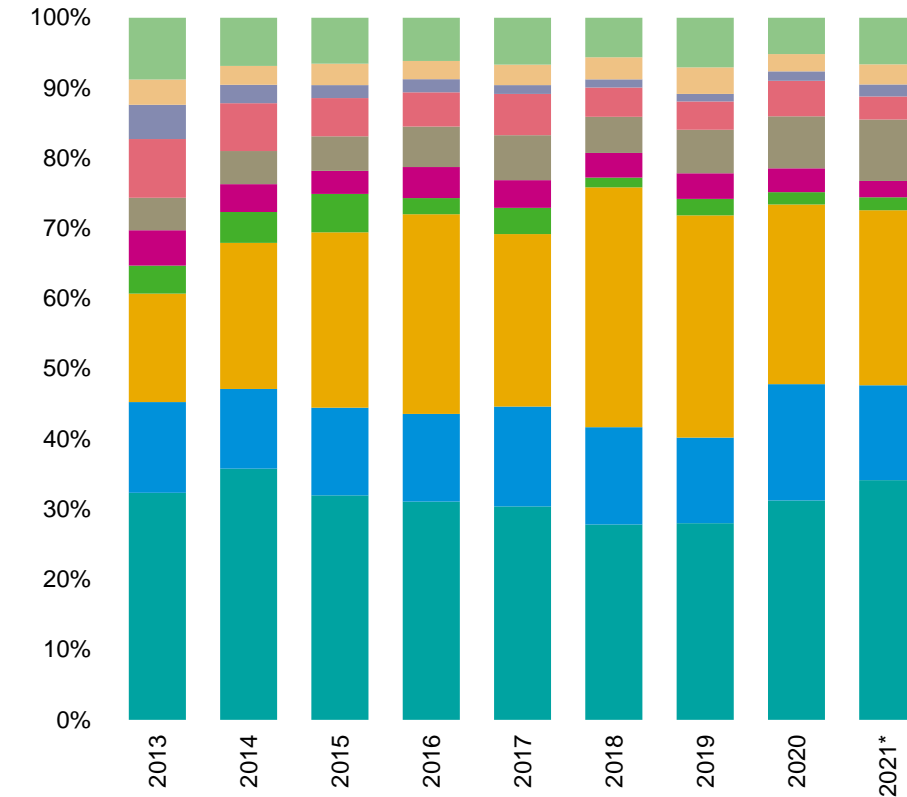
Venture financing by sector in the US

2013–2021*, number of closed deals



Venture financing by sector in the US

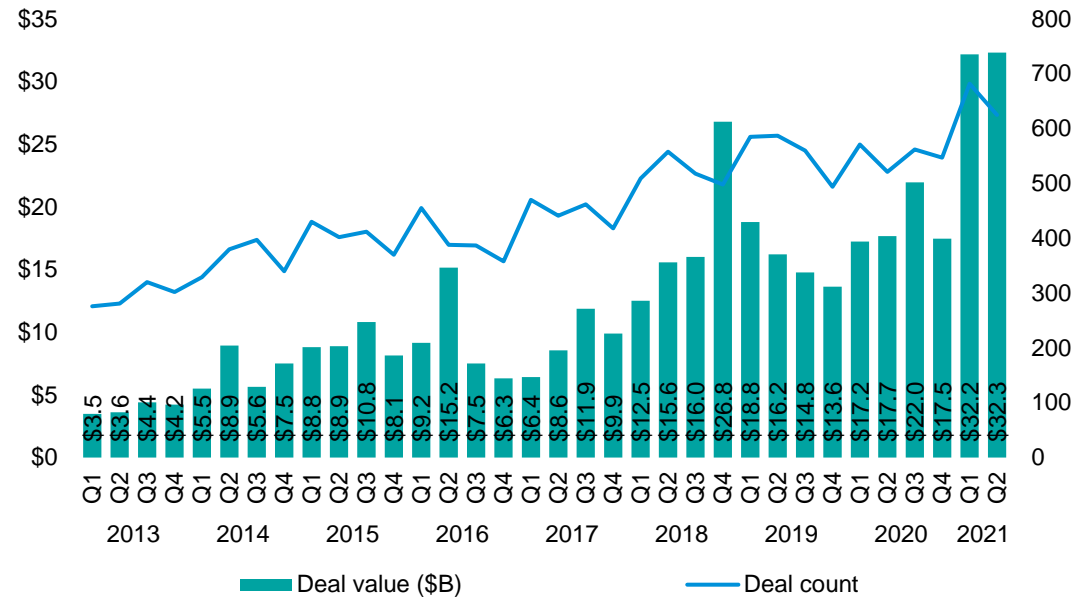
2014–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Corporate participation in venture deals in the US

2013–Q2'21

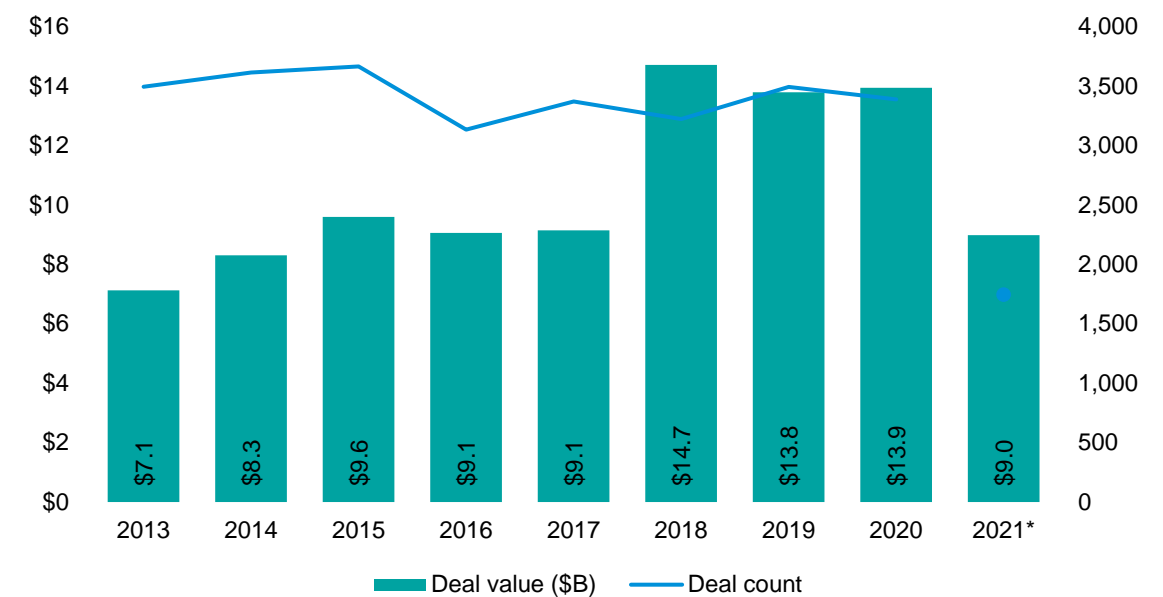


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Key contributors to the record tallies of VC invested, corporates and their venture arms both have participated at an elevated rate in some of the larger financings observed in H1 2021, pushing the aggregate value of associated financings to well over \$30 billion per quarter. Among the key drivers of this increased desire for exposure to new technologies is the push by multiple businesses to accelerate their planned digitization and R&D efforts, further fueled by the rapid acceleration in change for consumer and corporate behavior due to the pandemic.

First-time venture financings of companies in the US

2013–2021*



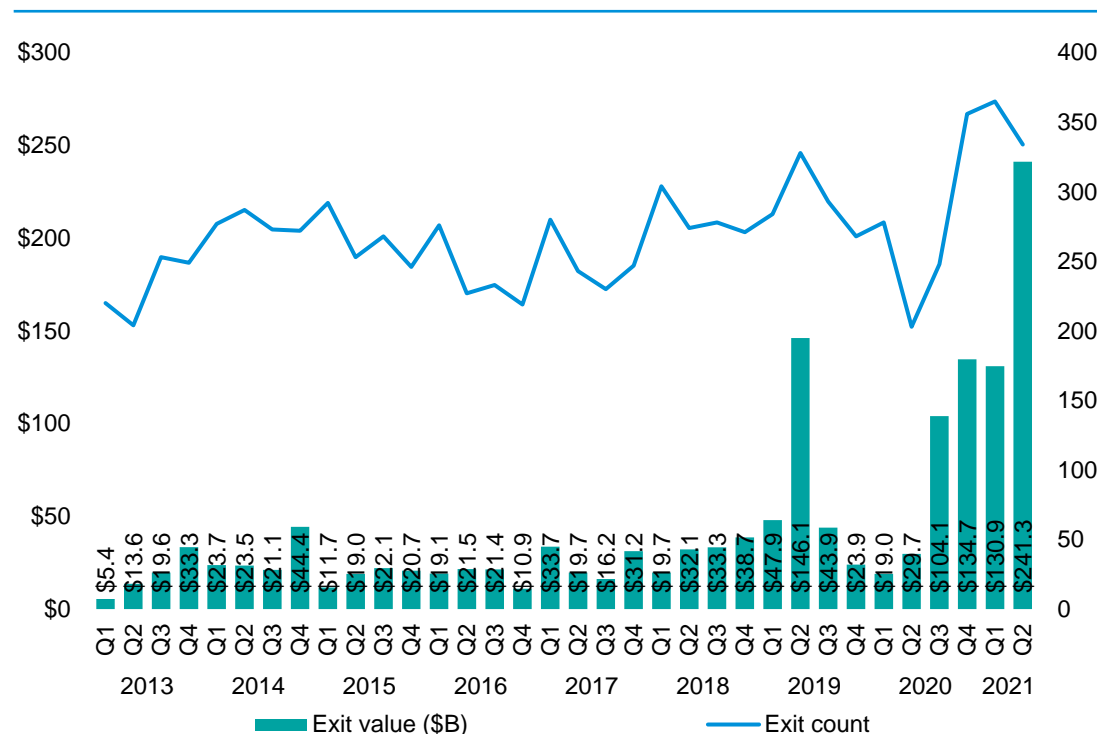
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

First-time financing volume has held steady in the US over the past few years, albeit at a slightly more muted rate than observed in the first half of the 2010s. However, a key indication of how the venture financing market has shifted is the inflation in VC invested even at the first-time stage, where 2021 is poised to eclipse all prior levels and set a new record should the pace of funding in the first half of the year continue.

Massive liquidity flows backdrop record dealmaking figures

Venture-backed exit activity in the US

2013–Q2'21



2021 shows no signs of slowing down when it comes to liquidity for VC-backed portfolio companies. In turn, this surge helps provide an encouraging backdrop for the billions of dollars of investment flowing in on the dealmaking side. Capitalizing on one of the most remarkable public market environments in history, mature unicorns are finally debuting while large companies are closing acquisitions of others. As long as no significant shocks to markets persist for some time, even upticks in volatility are unlikely to discourage this ongoing flood of exit value.

“Over the years, we’ve seen nontraditional investors such as corporations, mutual funds, sovereign wealth funds and hedge funds dip their toes into the VC market, but as soon as there is any sort of hiccup or downturn in the market, they’ll very quickly reduce their allocation to the asset class. Right now, they’re going far beyond dipping a toe in; they’re putting their whole foot in and really adding to their exposure in the VC space.”

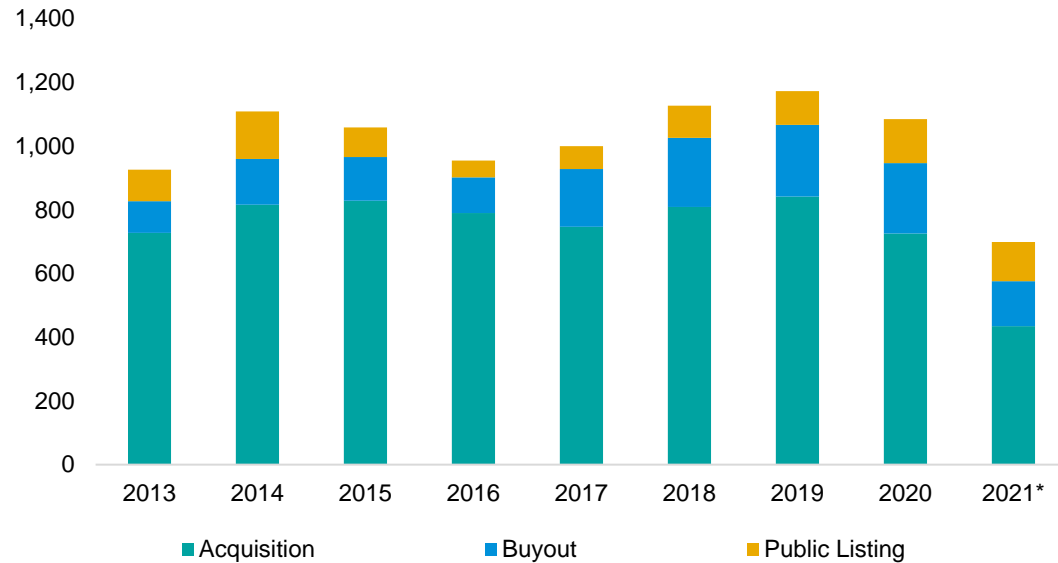


Jules Walker
Senior Director, Business
Development,
KPMG in the US

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

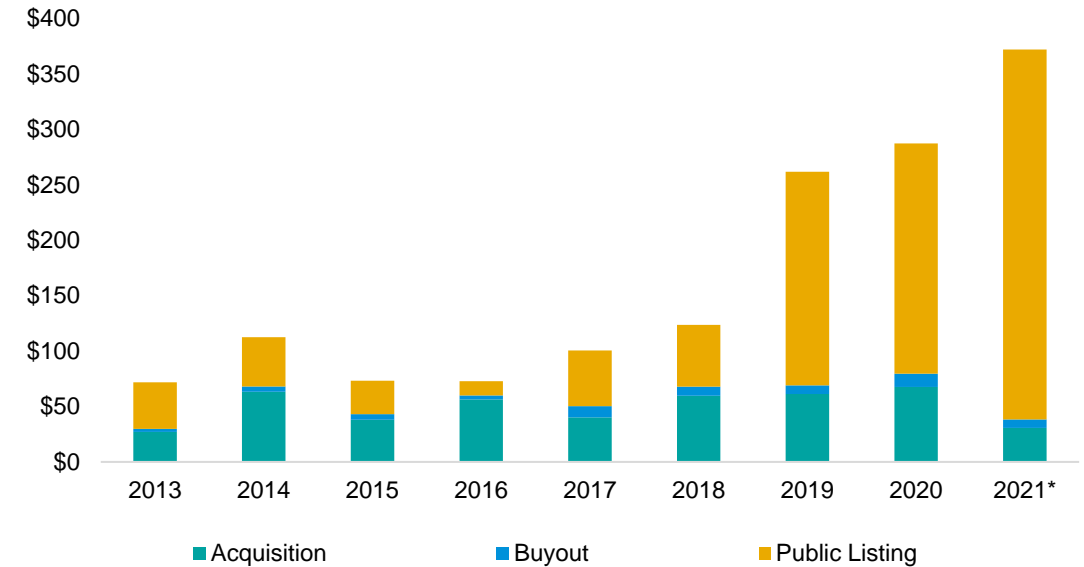
Venture-backed exit activity (#) by type in the US

2013–2021*



Venture-backed exit activity (\$B) by type in the US

2013–2021*

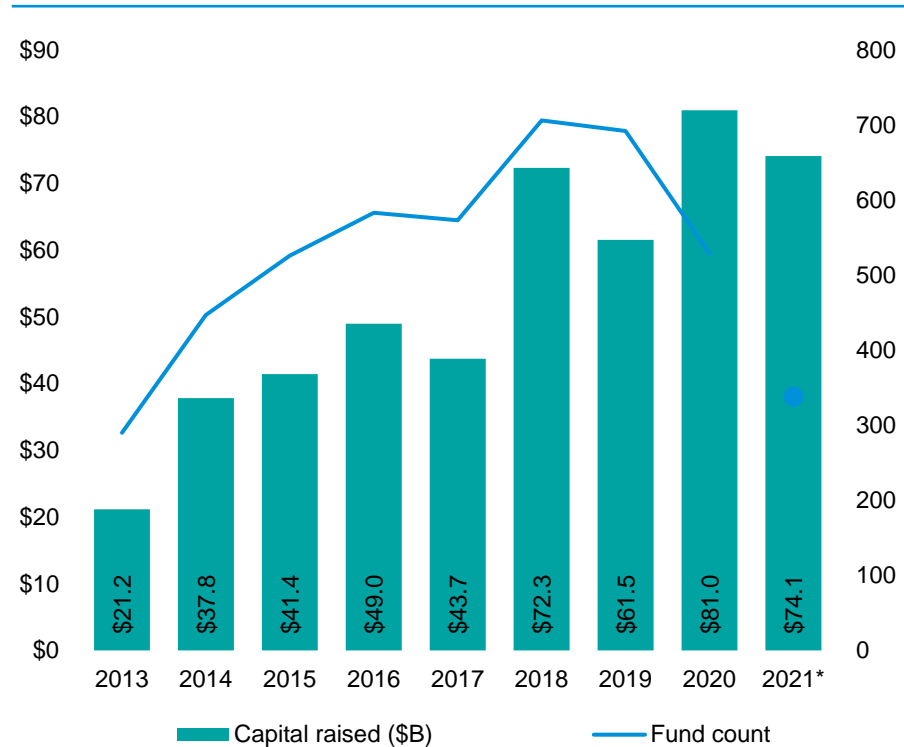


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

The red-hot, if increasingly volatile, equities market continues to encourage unicorns and other mature venture-backed companies to go public. Already 2021 has seen a new high in exit value achieved through public listings, with the second half of the year likely to bring such a flood of liquidity that new highs will be notched for the decade in both volume and value. Such a rate of debuts is healthy for the private market ecosystem, enabling the most mature and/or prepared companies to go public and achieve the ability to tap broader capital markets at a greater scale than ever before. Although far from perfectly efficient, the pricing mechanisms in public equity markets will also be useful for investors and entrepreneurs alike in assessing which business models are truly able to be proven out with additional validation beyond the private investment realm.

US venture fundraising

2013–2021*



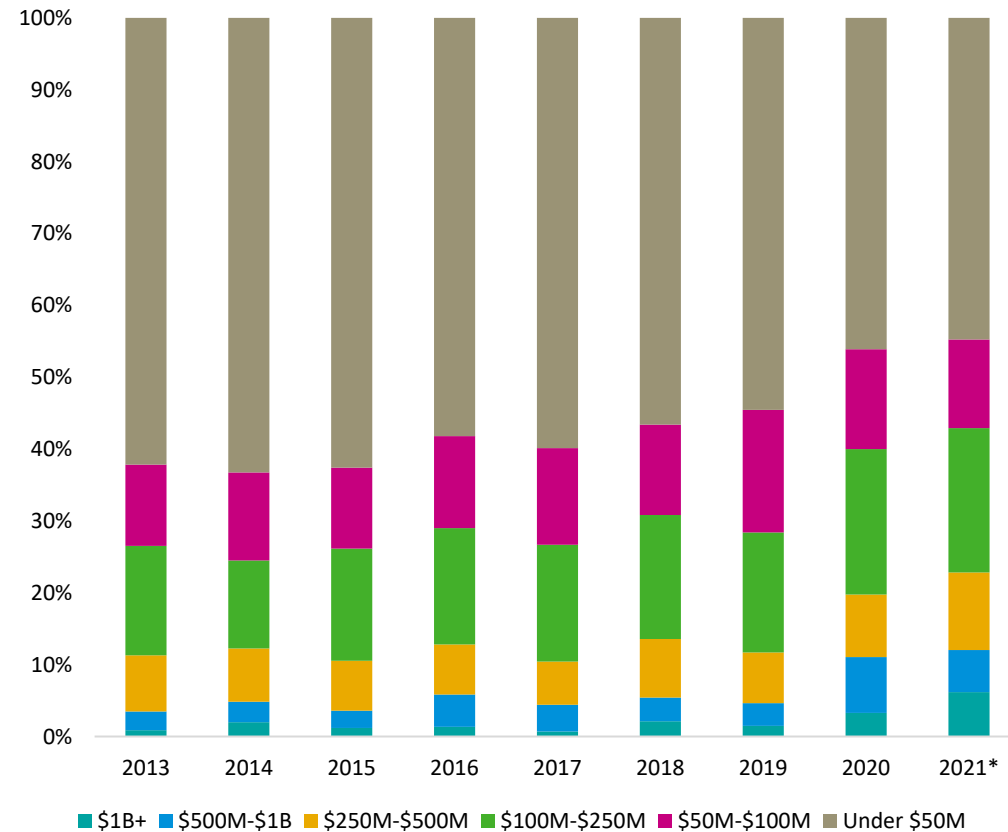
At 338 closed funds for an aggregate of \$74.1 billion, the US is likely to see a new record set by mid-summer in terms of aggregate value allocated to the venture asset class. This is the culmination of not only an ever-increasing turn to alternative investments by allocators, but also the growth of and diversification among the venture firm universe.

... by midsummer 2021, **an all-time high** for capital committed to VC in the US is likely, potentially exceeding **\$100 billion**.

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

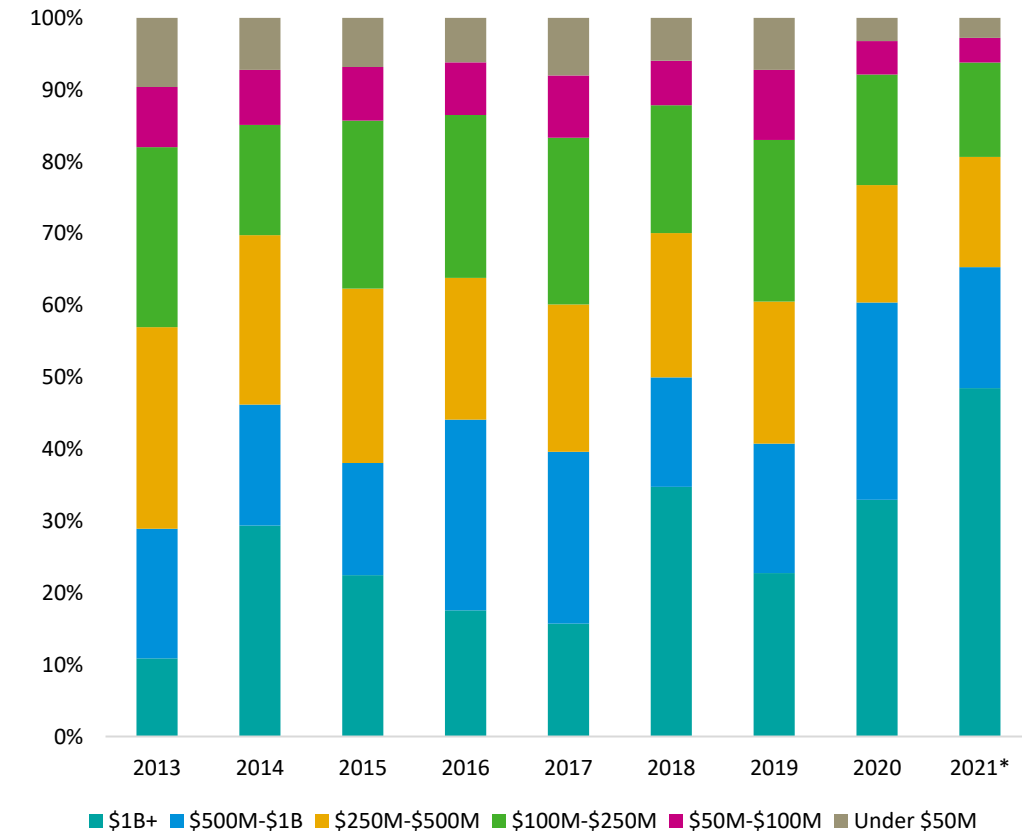
Venture fundraising (#) by size in the US

2013–2021*



Venture fundraising (\$B) by size in the US

2013–2021*

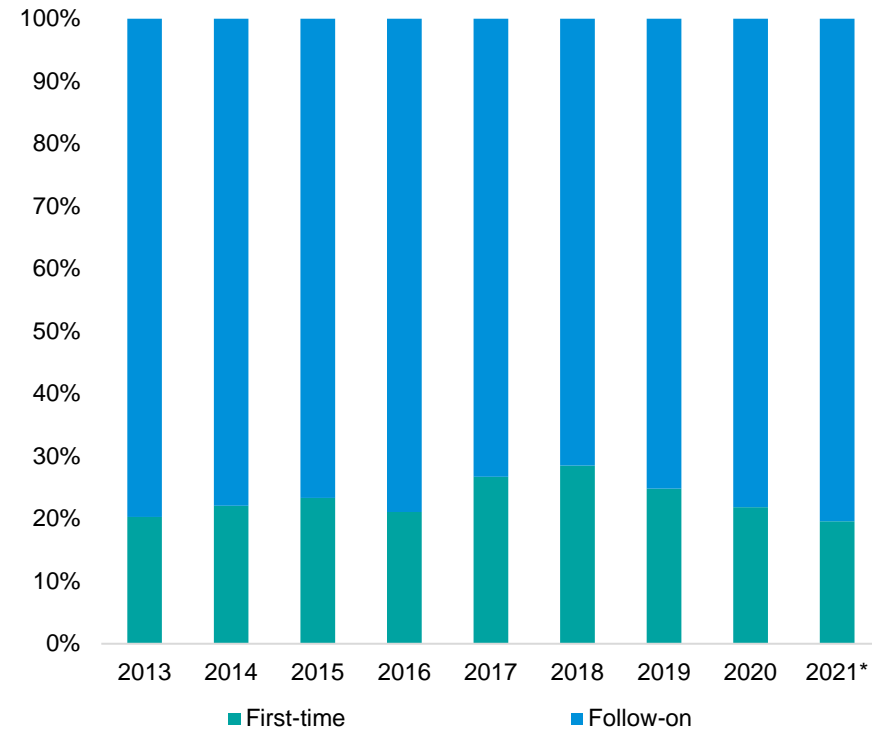


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Experienced managers have dominated VC invested tallies thus far

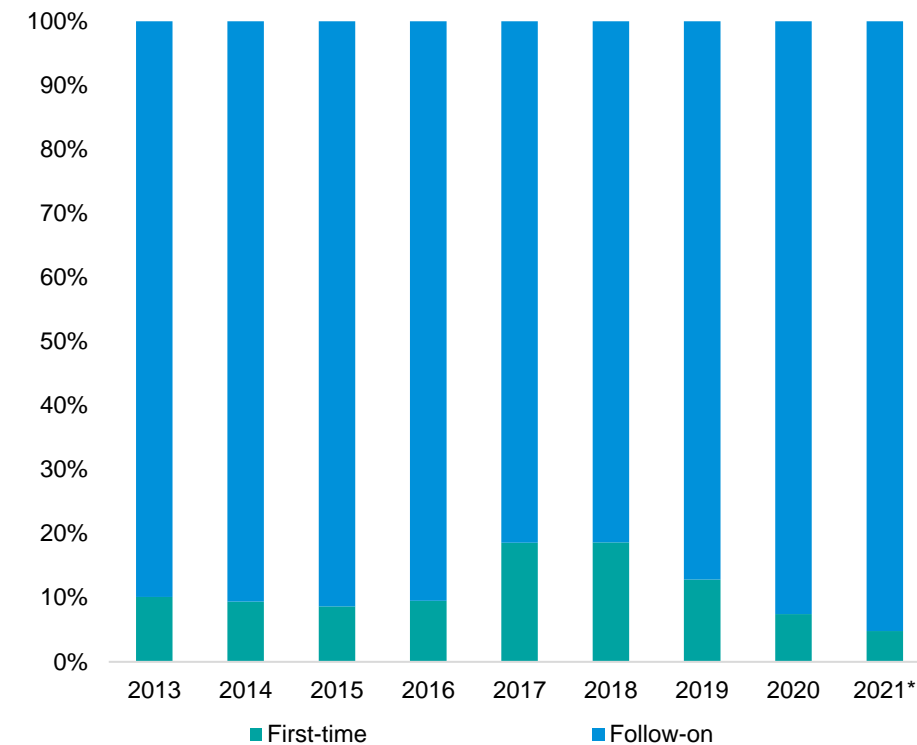
First-time vs. follow-on funds (#) in the US

2013–2021*



First-time vs. follow-on funds (\$B) in the US

2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

In Q2'21 VC-backed companies in the **Americas** raised
\$84.1B across 3,659 deals

VC investment in the Americas was extremely strong in Q2'21, led by a \$2.5 billion deal by Waymo and \$1 billion+ funding rounds by SpaceX and Epic Games in the US.



Bumper quarter for fintech investment across Americas

Fintech saw a banner quarter of investment across the Americas in Q2'21, attracting numerous \$100 million+ funding rounds. During the quarter, Better and DailyPay both raised \$500 million; in Latin America, Nubank raised \$1.5 billion, Bitso raised \$250 million, and Cloudwalk raised \$201 million; and in Canada, Wealthsimple raised \$600 million.

While fintech-focused VC investments in Latin America have primarily focused on payments and lending, the US and Canada have seen a more diverse range of investments, including into subsectors such as wealth management, insurtech and, more recently, real estate. Buy now and pay later companies have also gained a lot of traction in recent quarters.



Unicorn status becoming common in US, still a milestone elsewhere in Americas

In the first half of 2021, 148 new unicorn companies were born in the Americas. With valuations clearly continuing to be high, unicorn status appears to be losing some of its significance, at least in the US, which saw 137 of the new unicorns. In the US, decacorn status (reaching a valuation of \$10 billion+) could become the next major differentiator.

In the rest of the Americas, however, unicorn status is still a major milestone. Canada saw six new unicorns in Q2'21, including e-commerce financing company Clearco, legal practice management company Clio, AI-focused chip maker Tenstorrent, AI-powered chatbot provider Ada Support, ID verification firm Trulioo, and e-commerce focused retailer Ssense. Mexico, meanwhile, saw its second new unicorn ever during Q2'21: cryptocurrency platform Bitso.



IPO opportunities abound Americas

The IPO market in the Americas was very active in Q2'21, particularly in the US and Canada. US IPOs were incredibly varied, including proptech Compass, mobile app and gaming company AppLovin, beauty-focused Honest Company, construction software provider Procore and healthcare apparel retailer Figs. Canada also saw robust IPO activity during Q2'21, including strong debuts by fintech Paymentus, course platform company Thinkific, cybersecurity firm MagnetForensics, and digital media company VerticalScope.



Canada sees another banner quarter of VC investment

After almost doubling its previous record in Q1'21, VC investment in Canada remained very high in the second quarter, led by a \$600 million raise by Wealthsimple, a \$130 million raise by Ada Support, and a \$110 million raise by Clio.

B2B solutions were particularly hot in the eyes of investors during Q1'21, in addition to fintech and biotech AI also generated a lot of interest in Canada given its strong research pedigree. Over the last few quarters there has been a lot of activity among AI-focused startups and scaleups, including a C\$100 million Series A raise by autonomous vehicle startup Waabi, highlighting confidence in the growing capacity for Canadian companies to commercialize AI innovations.

Deep tech also continued to garner attention, primarily from investors with the long-range capital to make option bets on globally impactful future technologies, such as BDC and OTPP. During Q2'21, for example, photonics quantum computer company Xanadu raised \$100 million in a deal which included funding from BDC's Deep Tech Venture Fund, and follow-ons from OMERS Ventures.



Latin America attracts several \$200 million+ funding rounds in Q2'21

VC investment in Latin America was very robust in Q2'21, led by a \$1.5 billion raise by Brazil-based Nubank, a \$300 million raise by Brazil-based rental company QuintoAndar, a \$250 million raise by Mexico-based cryptocurrency platform Bitso, and a \$201 million raise by Brazil-based payments firm CloudWalk. The raise by Bitso made the company Mexico's second unicorn, following pre-owned car sales platform Kavak in Q4'20.

Fintech continues to be a dominant focus for VC investment across Latin America, accounting for three of the four largest deals of the quarter. Nubank alone has already raised \$1.5 billion in VC funding in the first half of 2021; its recent fund round valued the digital bank at \$30 billion.⁵



Corporate investment strong across the Americas

Corporate VC investment was very strong across the Americas during Q2'21 as corporates continued to invest in startups able to help them advance their innovation agenda more quickly. Canada, in particular, saw a second straight record quarter of corporate investment in Q2'21. Given that the importance of agile technologies and digital solutions has been well proven throughout the COVID-19 pandemic, it is expected that corporate investment will remain quite high into Q3'21.



Trends to watch for in the Americas

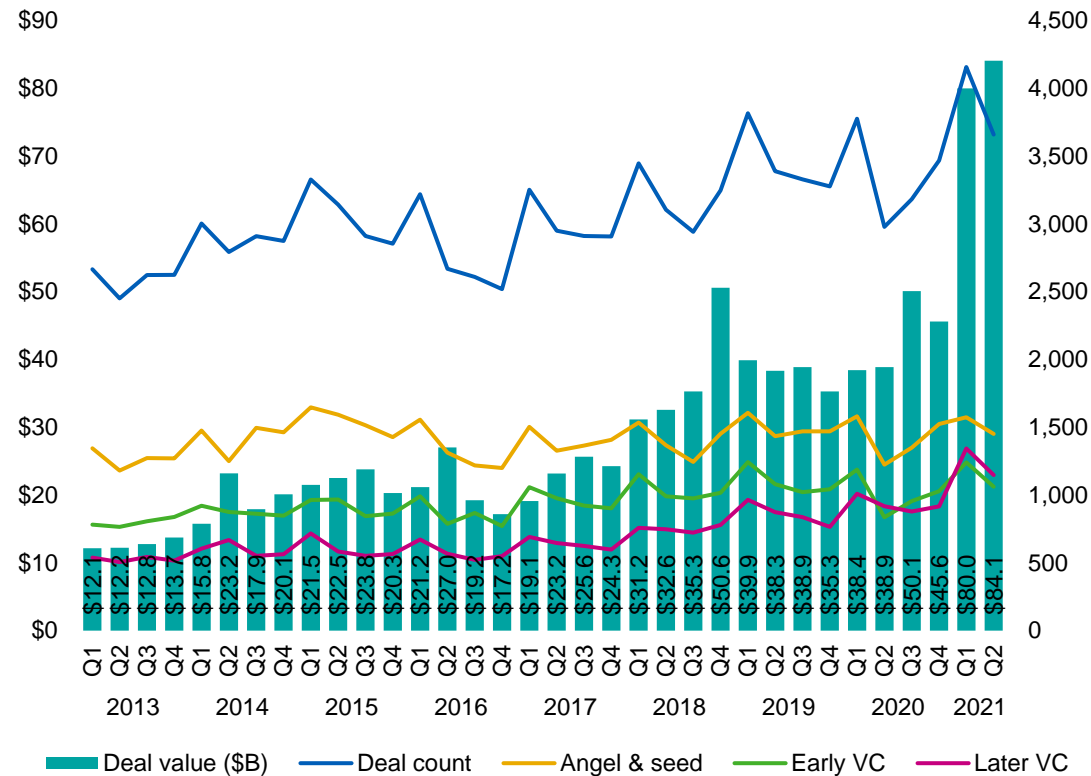
VC investment across the Americas is expected to remain strong heading into Q3, 21. Investment in fintech will likely remain very hot, along with investment in B2B, AI-based solutions, and health and biotech.

At a macro level, there is growing concern about inflation, particularly in the US, which could potentially have a resonating impact on the public markets and on VC investment.

⁵ <https://www.forbes.com/sites/mariaabreu/2021/06/08/nubank-is-now-worth-30-billion-after-750-million-investment-led-by-berkshire/?sh=514a455716ce>

Venture financing in the Americas

2013–Q2'21



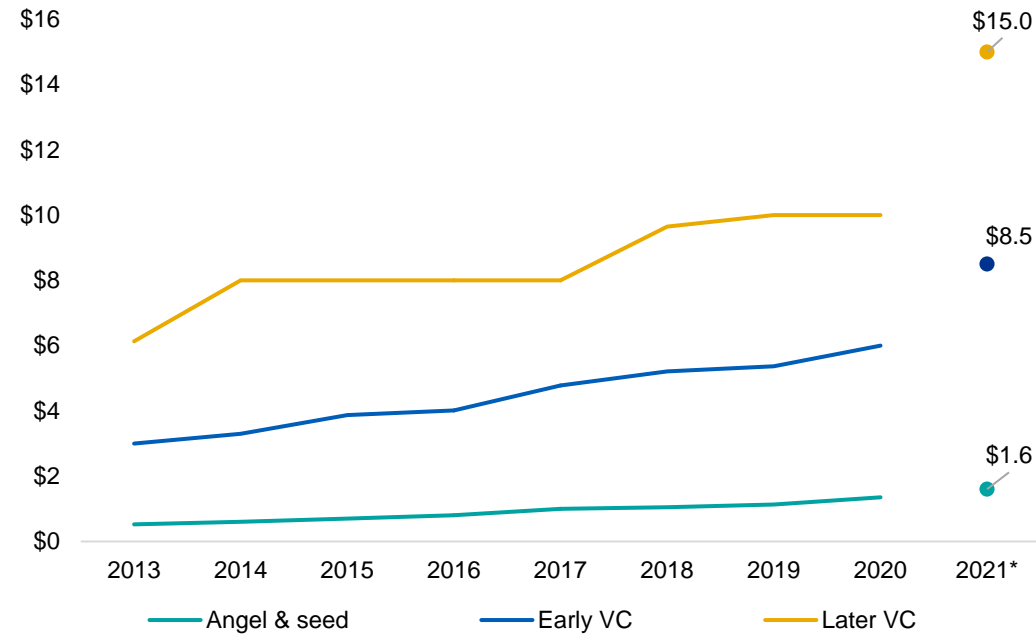
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Beyond even the US, which set a new record high for venture investment, multiple other startup ecosystems raked in sufficient VC invested to also notch record single-quarter tallies. VCs continue to fuel the rise in key sectors across different countries, from Canadian life sciences to Brazilian consumer- and SMB-focused fintechs and business software.

... A staggering **\$84.1 billion** was invested in VC in Q2 2021, continuing 2021's remarkable run.

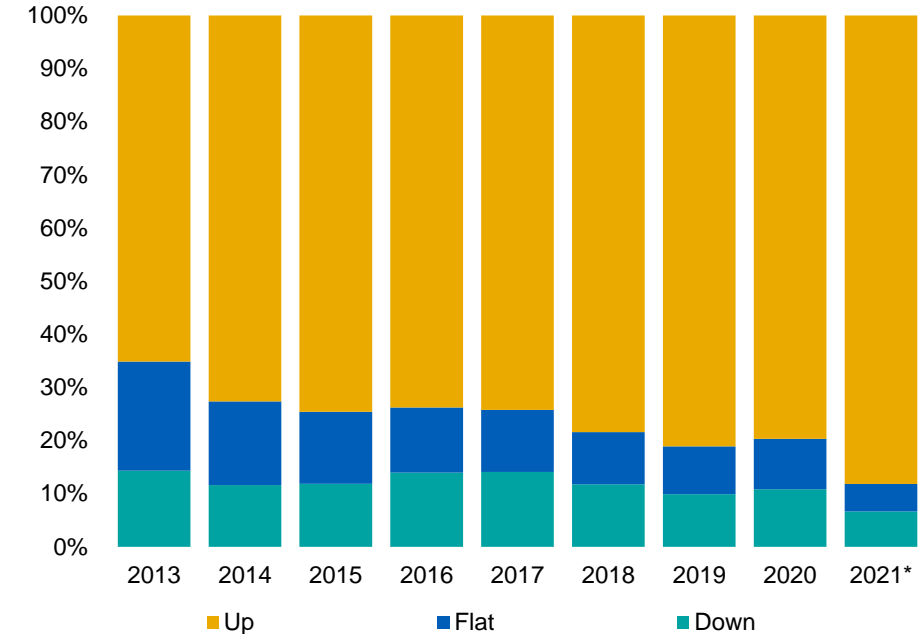
Median deal size (\$M) by stage in the Americas

2013–2021*



Up, flat or down rounds in the Americas

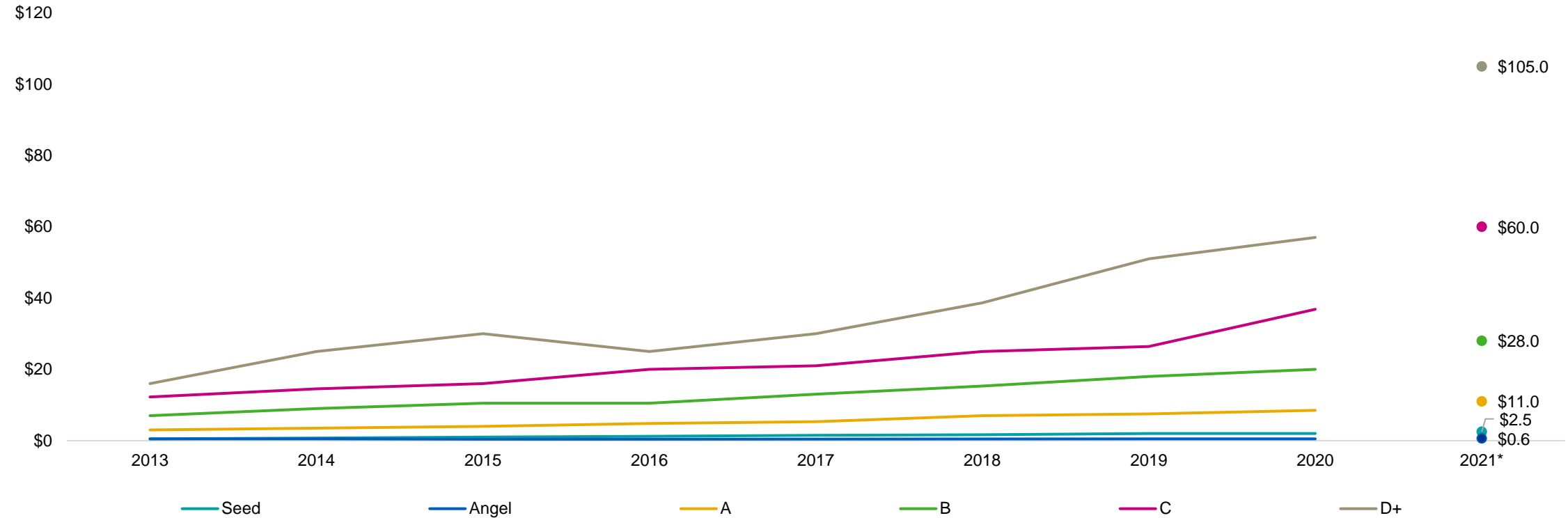
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Median deal size (\$M) by series in the Americas

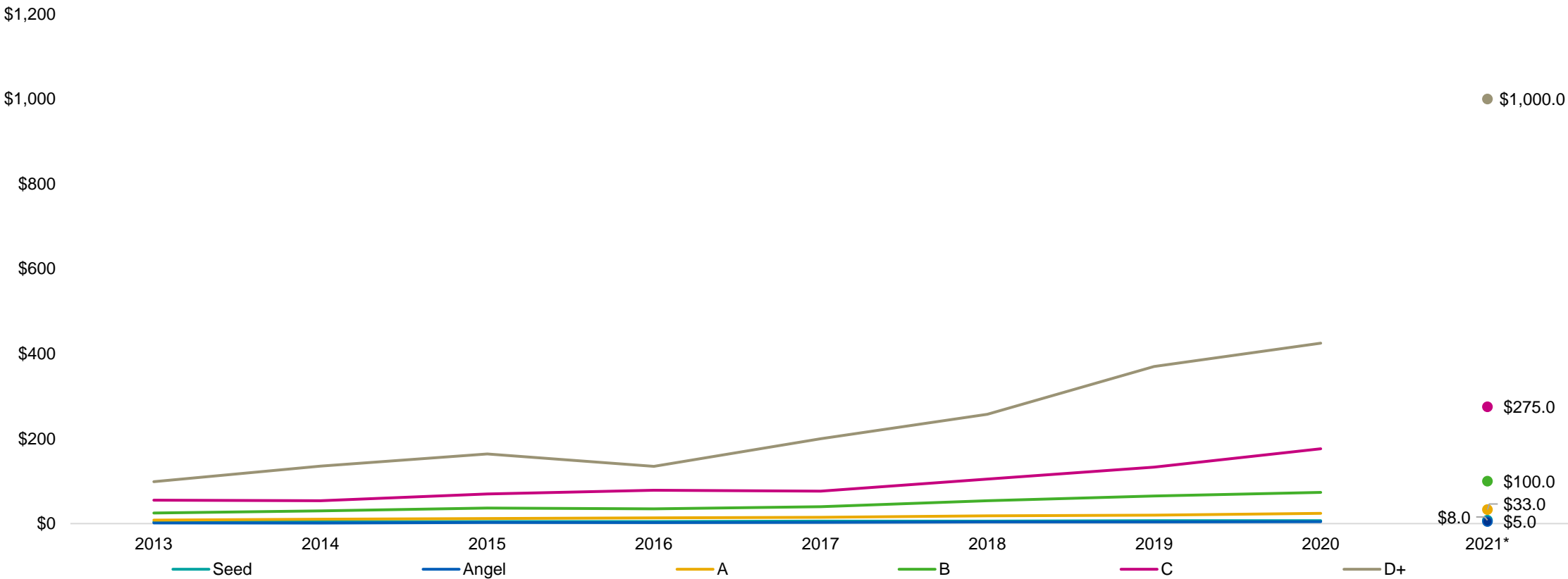
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Median pre-money valuation (\$M) by series in the Americas

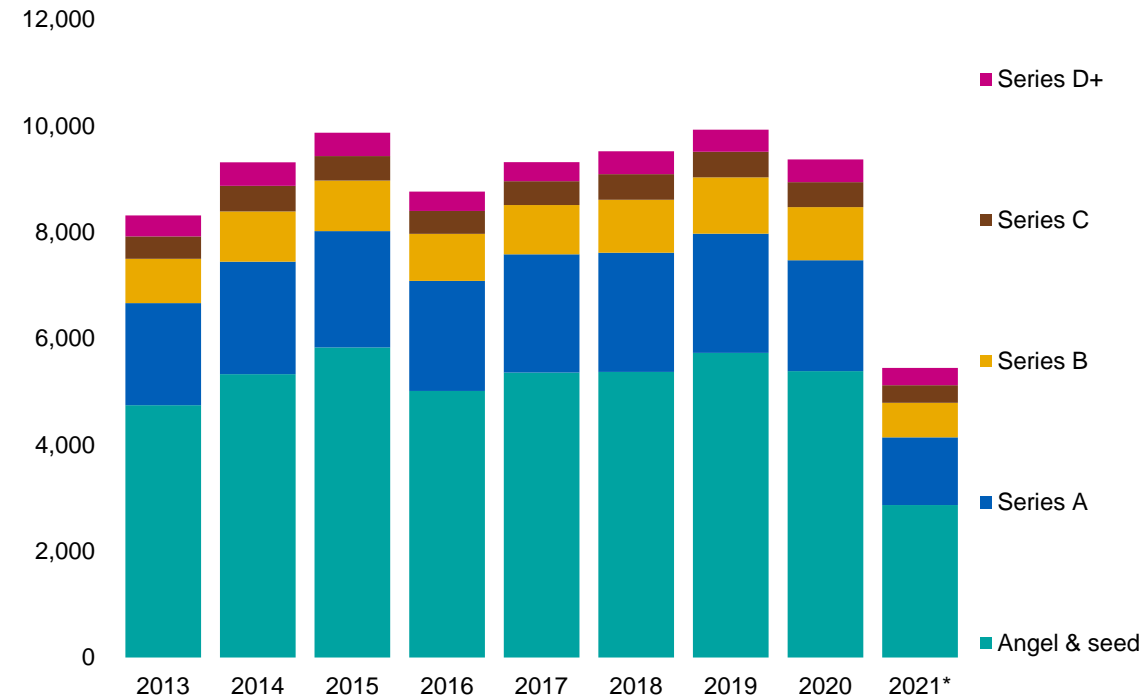
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

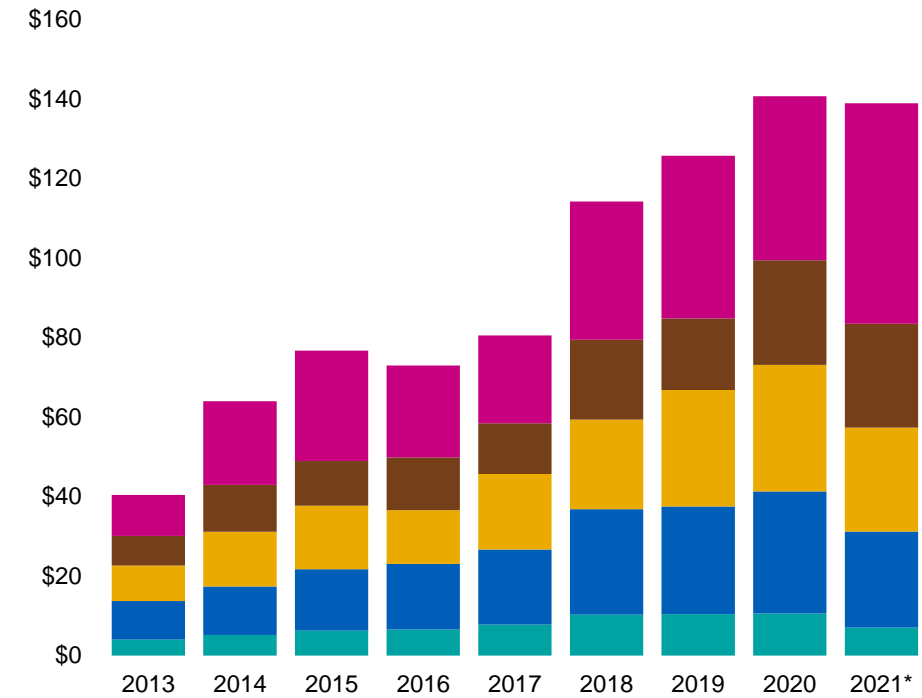
Deal share by series in the Americas

2013–2021*, number of closed deals



Deal share by series in the Americas

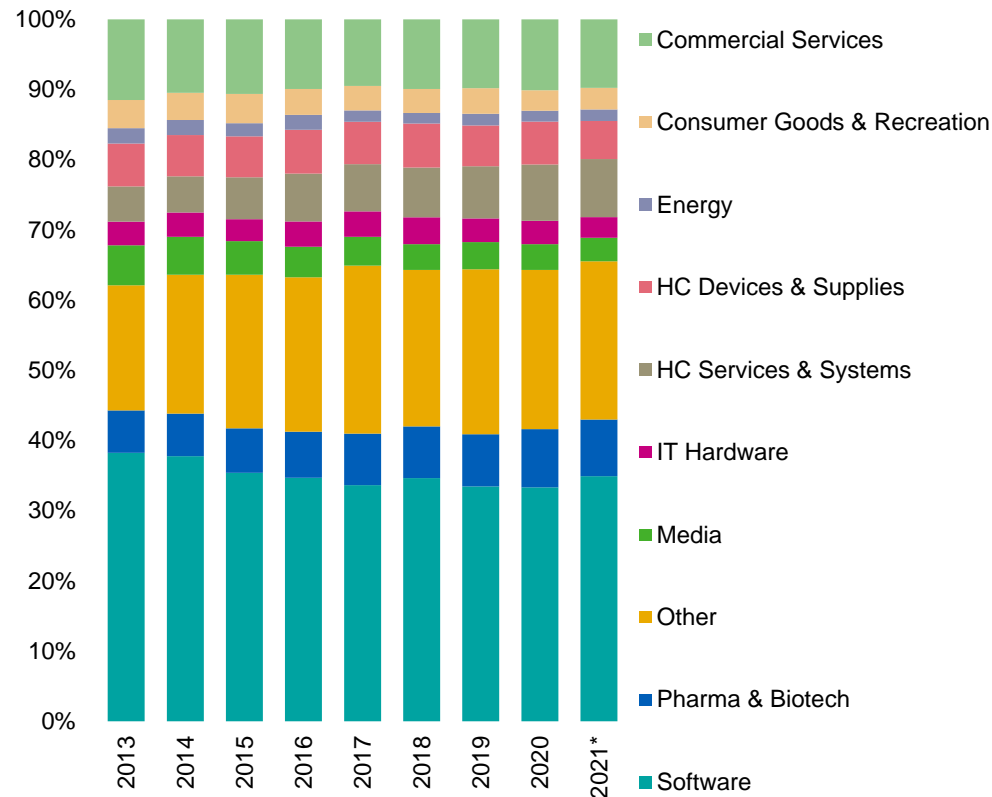
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

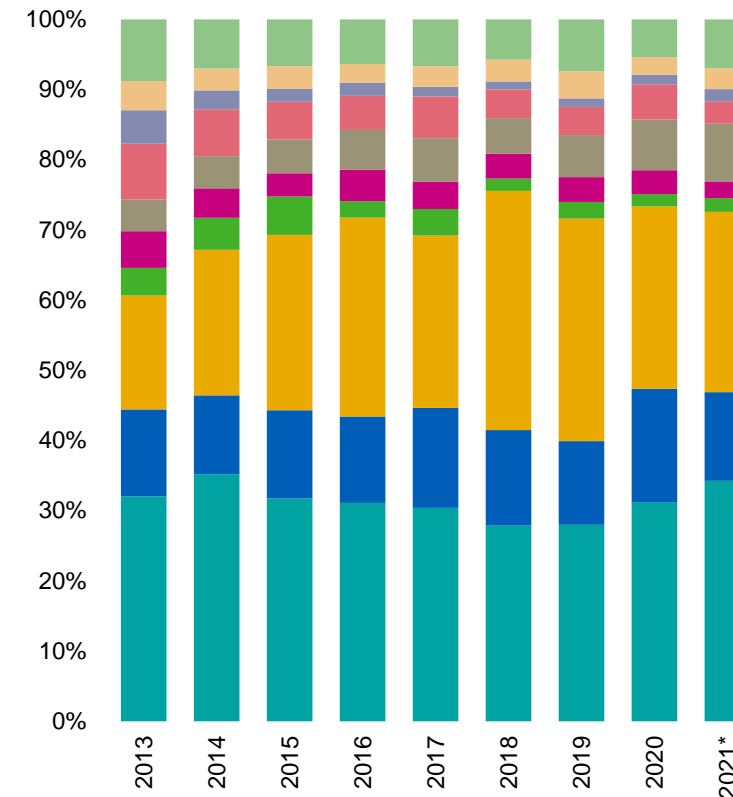
Venture financing of VC-backed companies by sector in the Americas

2013–2021*, # of closed deals



Venture financing of VC-backed companies by sector in the Americas

2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

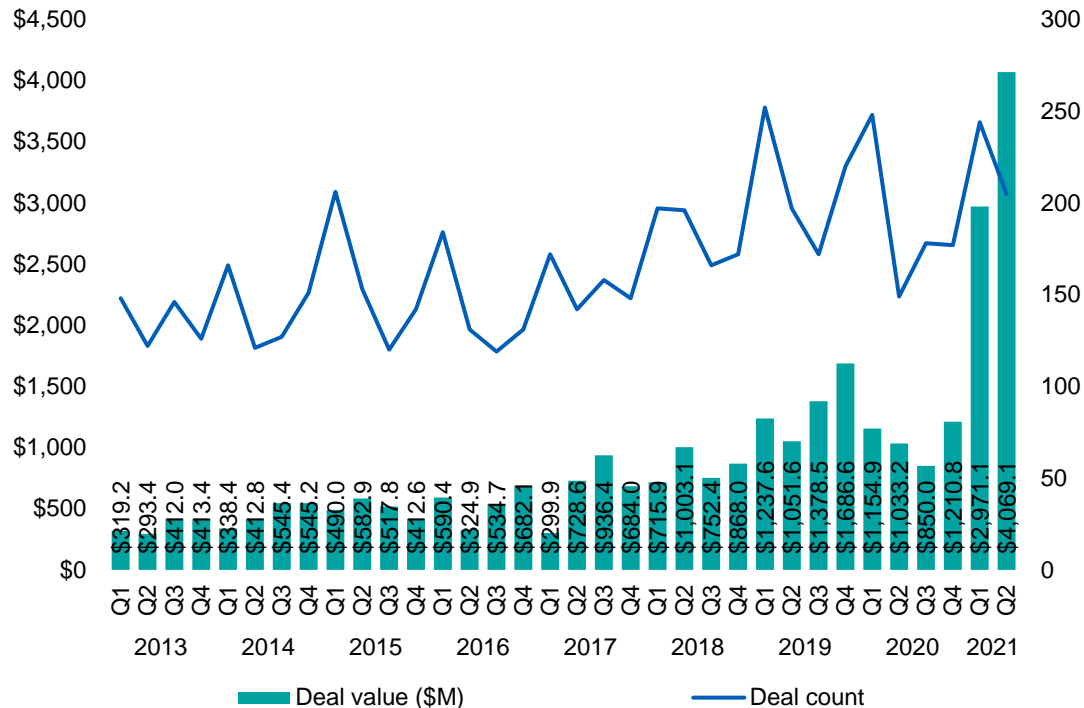
“Canada has an incredibly strong research pedigree when it comes to AI, and we’ve gotten a lot better at commercializing AI opportunities. The \$100+ million funding rounds of AI centric companies this quarter including Ada Support and Waabi show the momentum.”



Dan Wilson
Partner, National Sector Lead,
Technology
KPMG in Canada

Venture financing in Canada

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Although the impact of outlier financings such as the C\$750 million funding of fintech Wealthsimple is clear, what is even more remarkable is that the ranks of Canadian companies raking in such large sums is growing even more quickly. In 2021 to date, no fewer than 19 companies have now closed on fundings of \$100 million or more, across an array of sectors with various software sub-segments being the most popular.

19 separate companies have now raised \$100M or more in the Canadian ecosystem...

“VC investment and deals activity in Canada has been literally gangbusters—and the pace doesn’t seem to be subsiding. No surprise, health and biotech has been a hot area of investment. When you think about it, mNRA is a technology and there’s a lot of companies looking at how it can apply outside of COVID-19 vaccines—such as for diabetes research, for cancer research, and otherwise. Given the potential applicability, we’re going to see a lot more investment in the future.”

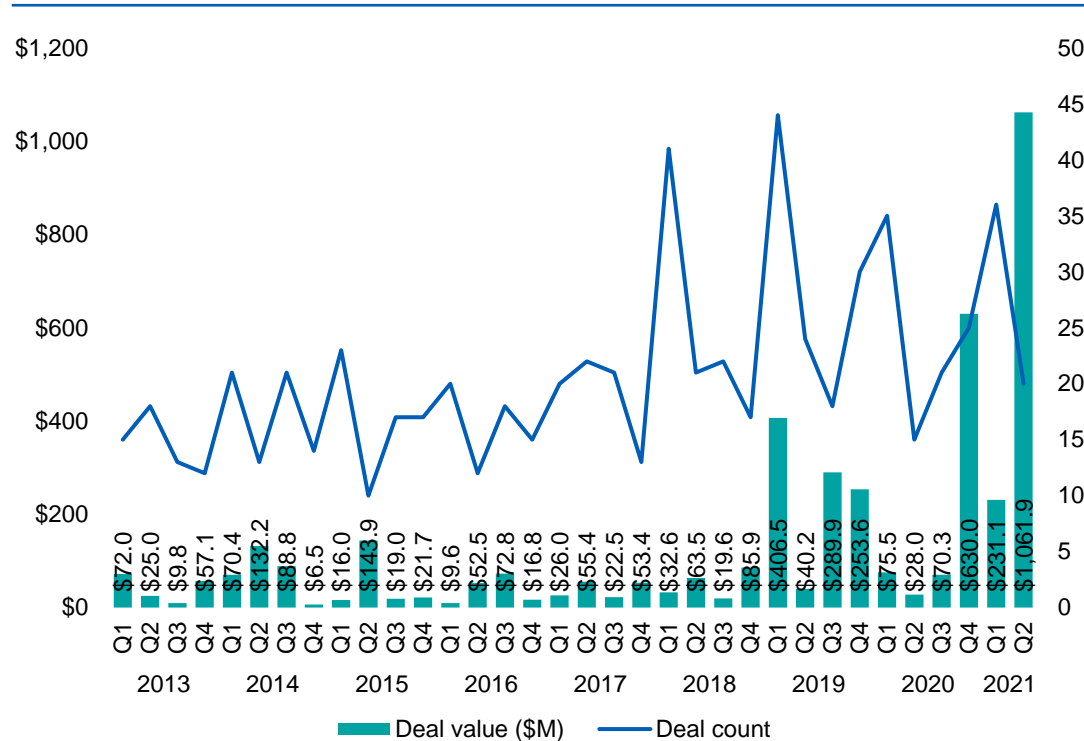


Sunil Mistry

Partner, KPMG Private Enterprise, Technology, Media and Telecommunications, KPMG in Canada

Venture financing in Mexico

2013–Q2'21



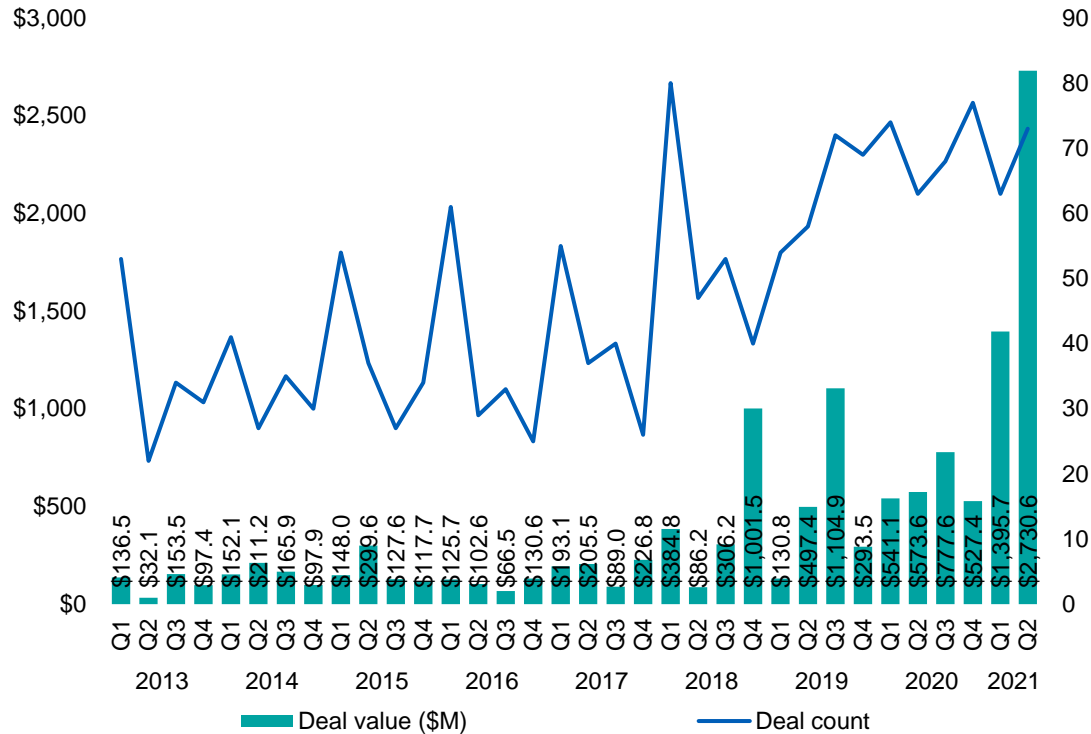
The past variability in the flow of venture funding in the Mexican ecosystem makes it a fool's errand to try to predict any definitive trends, but after significant volatility throughout 2020, it is once again promising that three consecutive quarters now have seen more consistent flows of funding in terms of both volume and VC invested. That said, more so than in Canada or even Brazil, Mexico's venture funding trends have been skewed by a handful of outlier financings, from Kavak to Confio.

There are tentative if not yet certain signs that the **Mexican ecosystem** is beginning to see an uptick in **more consistent, robust funding...**

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Venture financing in Brazil

2013–Q2'21



Nubank continues to lead the way as a prime example of growing foreign investor interest in funding mature Brazilian venture-backed companies' growth potential. Raking in additional tranches in Q2 2021 from investors such as GIC, the Singaporean sovereign wealth fund, Nubank also saw counterparts such as fintech CloudWalk and content distribution platform Hotmart rake in hundreds of millions of dollars in funding. The Brazilian startup ecosystem continues to expand and diversify, attracting ongoing foreign investor interest; its growth in turn could help engender a larger base of domestic investment firms and angels.

“Brazil’s VC market is growing rapidly, with an increasing number of larger deals. Fintech remains the strongest area of investment, particularly the payments space as companies continue to grow and scale. Nubank is a prime example. Between Q1 and Q2 this year, the digital bank raised close to \$2 billion. The sector will likely remain hot heading into Q3’21.”



Rodrigo Guedes
Managing Director,
KPMG in Brazil

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Top 10 financings in Q2'21 in Americas



1. **Waymo** — \$2.5B, Mountain View, US — Automotive — *Late-stage VC*
2. **Nubank** — \$1.5B, Sao Paulo, Brazil — Fintech — *Series G*
3. **SpaceX** — \$1.2B, Hawthorne, US — Spacotech — *Late-stage VC*
4. **Epic Games** — \$1B, Cary, US — Entertainment software — *Late-stage VC*
5. **Perch** — \$775M, New York, US — Martech — *Series A*
6. **Treeline Biosciences** — \$735M, Stamford, US — Biotechnology — *Series A*
7. **SambaNova Systems** — \$678M, Palo Alto, US — Business/productivity software — *Series D*
8. **Relativity Space** — \$650M, Long Beach, US — Aerospace & defense — *Series E*
9. **Wealthsimple** — \$600.7M, Toronto, Canada — Fintech — *Series D*
10. **Transmit Security** — \$543M, Boston, US — Cybersecurity — *Series A*

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

In Q2'21, **European** VC-backed companies raised
\$34.0B across **1,848** deals

VC investment in Europe surged to a new high for the fourth straight quarter in Q2'21, crushing the previous record, driven by large raises by NorthVolt, Celonis, MessengerBird, Trade Republic, Mollie, FlixBus, WeFox and Klarna. Valuations of companies across Europe continued to grow, with higher multiples being used in many cases compared to historical norms.

A sense of optimism, combined with a significant amount of cash and investors jumping on the investment train following trends such as e-commerce, B2B, and digital services has helped drive valuations.



Diversity of fintech areas attracting investment

VC investment in fintech remained very strong across Europe, in part due to the growing mix of fintech companies attracting investment, from stock trading platform Trade Republic (\$900 million) and digital insurance company WeFox (\$650 million) to payments firm Mollie (\$805 million), 'buy now, pay later' company Klarna (\$639 million), and Starling Bank (\$443 million). Even straightforward concepts such as BNPL are seeing companies introducing unique value propositions. In Q2'21, UK-based Zilch raised \$80 million; Zilch provides BNPL direct to consumers by working with Mastercard, rather than with various e-commerce engines.⁶



IPO and SPAC interest growing

Despite Deliveroo's rocky IPO ride, interest in public listings continued to grow in Europe, in terms of both IPOs and SPAC transactions. Q2'21 saw a number of successful IPOs, including Israel-based business productivity company Monday.com and Sweden-based plant-based milk company Oatly on the Nasdaq,⁷ and UK-based cybersecurity firm Darktrace and fintech PensionBee on the LSE.

Maturing companies in Germany are also increasingly considering IPOs as an exit strategy, and are beginning to look at what they need to do in order to be successful. This is quite different than 12 to 24 months ago, when there was more modest IPO interest. One question raised, however, is whether IPOs will substitute for larger Series D and E rounds, or whether companies will remain private through later rounds before moving to IPO.

Interest in SPAC transactions also increased in Europe. During Q2'21, UK-based Babylon Health agreed to a SPAC merger with Alkuri Global Acquisition Corp,⁸ while Israel-based Innovid announced plans to merge with ION Acquisition Corp.⁹

⁶ <https://techcrunch.com/2021/04/19/uks-zilch-raises-80m-at-a-500m-valuation-for-its-direct-to-consumer-buy-now-pay-later-service/>

⁷ <https://markets.businessinsider.com/news/stocks/oatly-stock-price-ipo-10-billion-valuation-plant-based-milk-2021-5-1030452000>

⁸ <https://www.cnbc.com/2021/06/03/online-health-startup-babylon-to-go-public-via-4point2-billion-spac-deal.html>

⁹ <https://nocamels.com/2021/06/innovid-spac-merger-public-valuation/>



UK continues to see robust VC investment

After a record quarter of investment in Q1'21, VC investment in the UK remained high in Q2'21, driven in part by a strong COVID-19 vaccination program and businesses beginning to feel more certain in the post-Brexit world. Fintech and healthtech attracted the largest deals in Q2'21, including a \$500 million raise by B2B payments firm SaltPay, a \$444 million raise by AI-powered drug discovery company Exscientia, a \$443 million raise by digital bank Starling Bank, and a \$130 million raise by digital health company Huma. While later stage deals attracted the majority of investment, interest in earlier stage deals grew somewhat, with more businesses beginning to raise Series A and smaller rounds.



VC market continues to boom in Germany

VC investment in Germany reached a new high in Q2'21, led by the \$1 billion raise by business execution management company Celonis. With a valuation over \$10 billion, the funding round made Celonis Germany's first decacorn. Participation in VC deals has expanded in Germany and in other parts of Europe, with more participation by non-traditional investors, such as sovereign wealth funds. From an ecosystem perspective, Munich is quickly joining Berlin as a highly competitive tech hub, while ecosystems are growing in Cologne and Hamburg.



Nordic region very attractive to investors

Investment in the Nordic region was incredibly strong in Q2'21, led by a \$2.75 billion investment in battery maker Northvolt AB, a \$639 million raise by fintech Klarna, and a \$270 million raise by digital health company Kry. With the significant amount of dry powder available, numerous companies across sectors and across the region have been able to attract large funding rounds. While Sweden accounted for the largest deals in Q2'21, the rest of the Nordic countries also attracted impressive deals: Norway-based grocery platform Oda raised \$264 million, Finland-based digital health company Oura raised \$100 million, and Denmark-based drug discovery company ADCendo raised \$60 million.



Ireland sees strongest quarter of VC investment ever

VC investment in Ireland was very robust in Q2'21. Health and biotech was of particular interest to investors, with LetsGetChecked raising \$150 million, GH Research raising \$125 million, and Mainstay Medical raising \$108 million. Investment in the space is likely to increase over time given growing recognition of both the importance and value of health and biotech innovations. The fintech sector also saw significant activity during Q2'21. Fenargo gained unicorn status during the quarter, while e-commerce-focused financing and growth platform Wayflyer raised \$76 million.¹⁰ Even as companies in maturing sectors attracted larger funding rounds, Ireland continued to see a diverse mix of earlier stage companies raising funds, such as drone delivery company Manna Drones (\$25 million) and gifting platform Andopen (\$8 million).



Serial entrepreneurs help drive VC market in Israel

VC investment in Israel was incredibly robust in Q2'2021, led by a \$300 million raise by e-commerce fraud prevention company Forter, a \$250 million raise by financial accountability platform company TipRanks, and a \$243 million raise by incisionless surgery firm Insightec. Israel's serial entrepreneurs are a hot commodity and a large part of Israel's strengthening ability to grow companies into international entities rather than simply focusing on R&D.



Trends to watch for in Q2'21

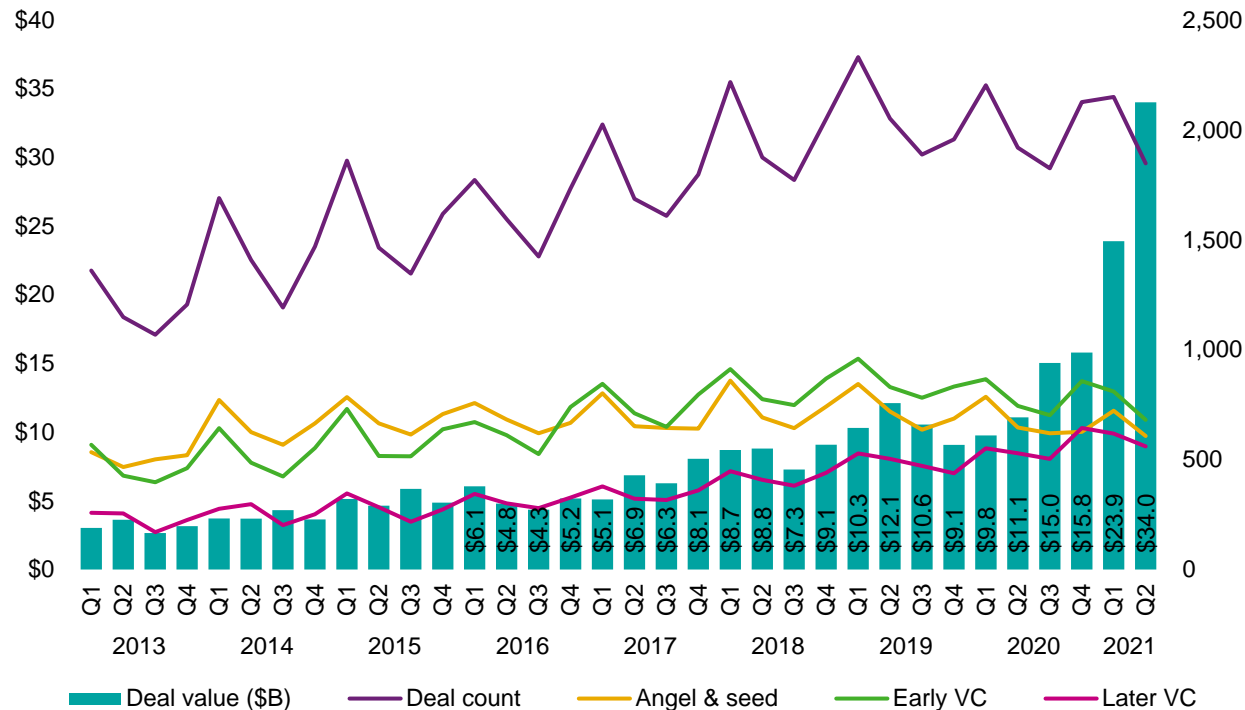
VC investment in Europe is expected to remain robust heading into Q3'21, particularly in areas such as fintech, healthtech, and B2B services, while investment in cybersecurity is expected to grow significantly.

¹⁰ <https://www.finsmes.com/2021/05/wayflyer-raises-76m-in-series-a-funding.html>

For the fourth time in a row, a new record in VC invested

Venture financing in Europe

2013–Q2'21



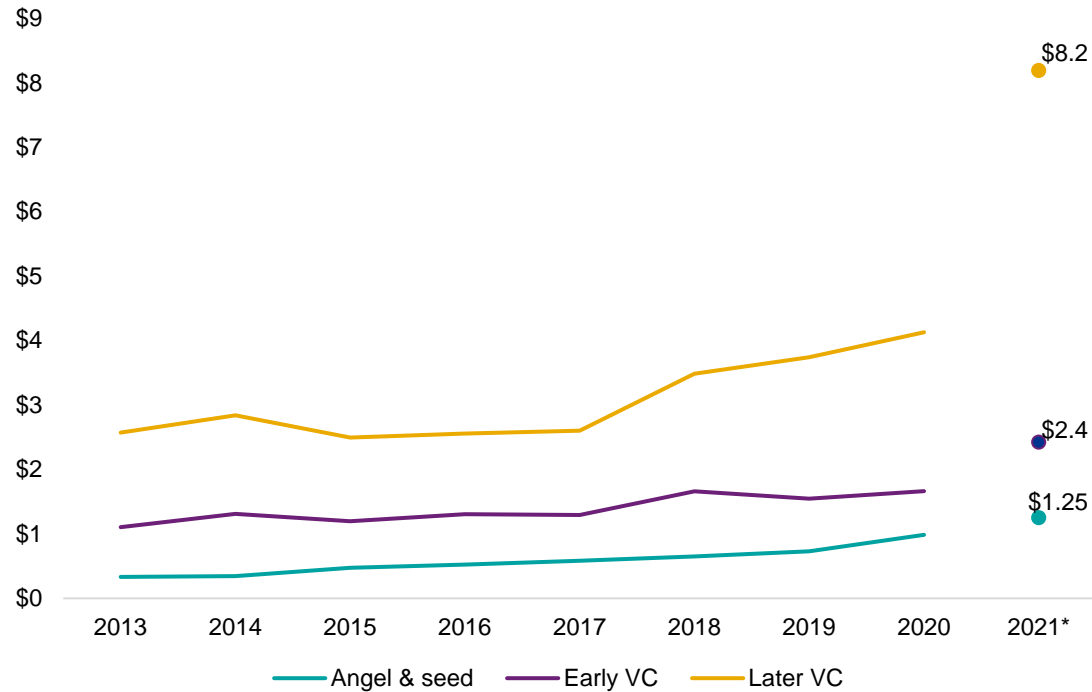
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Even after the significant surge in VC invested to kick off the year, 2021 has recorded a new all-time high in VC invested, while financing volume dipped but is likely to hold steady once additional data is processed. The sheer growth in VC invested is once again primarily driven by a growing population of mature companies and extant unicorns that continue to command significant sums, spanning multiple sectors.

... the sixth straight quarter that the European venture ecosystem recorded an increase in VC invested, to new highs ...

Median deal size (\$M) by stage in Europe

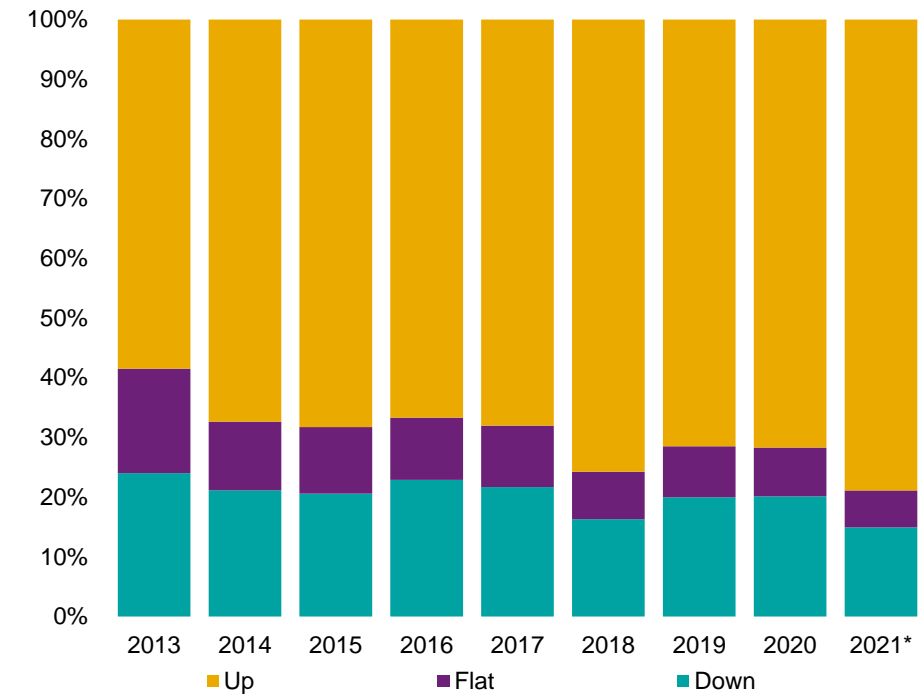
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Up, flat or down rounds in Europe

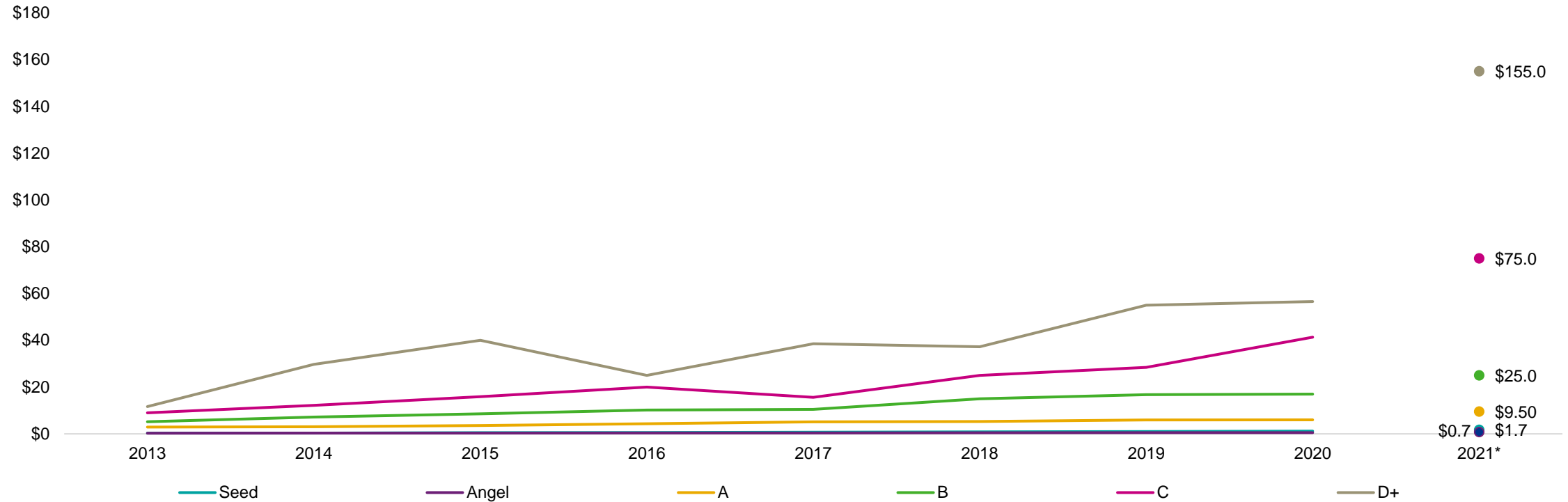
2013–2021*



The Series D+ stage is approximately tripling 2020 figures

Median deal size (\$M) by series in Europe

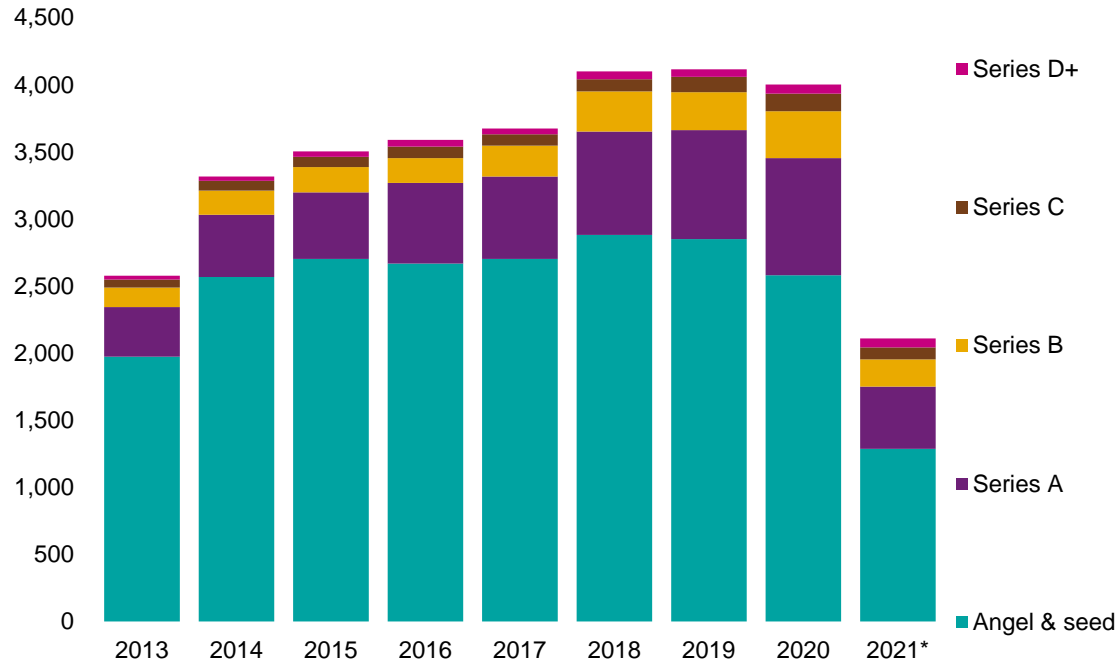
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

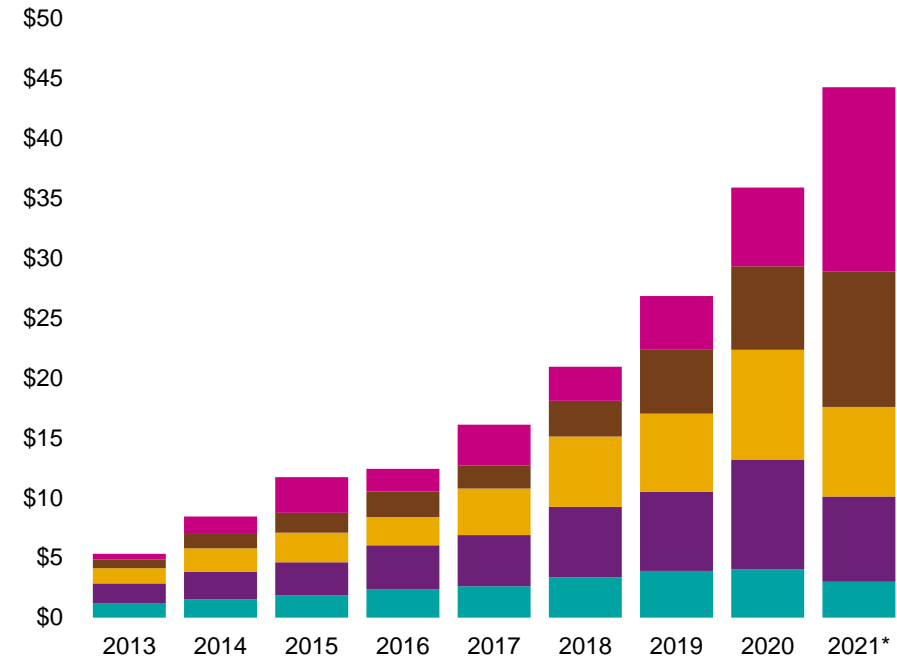
Deal share by series in Europe

2013–2021*, number of closed deals



Deal share by series in Europe

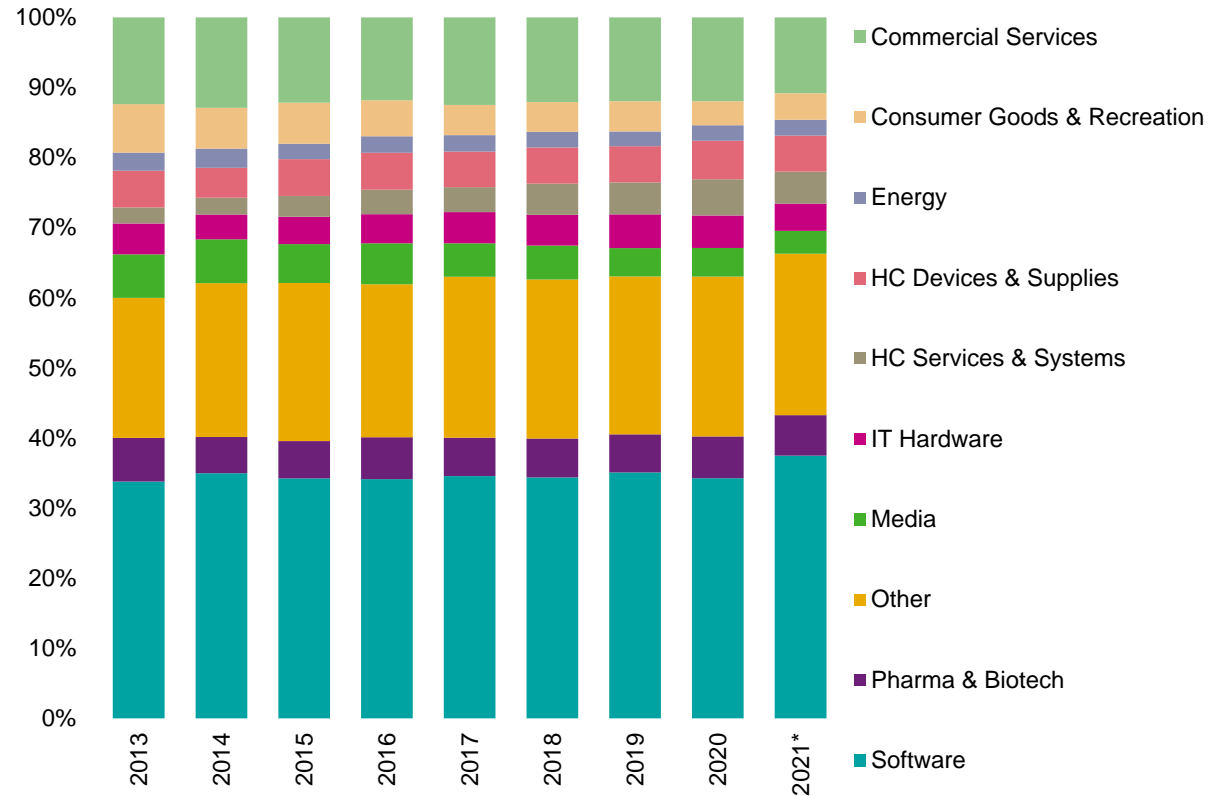
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

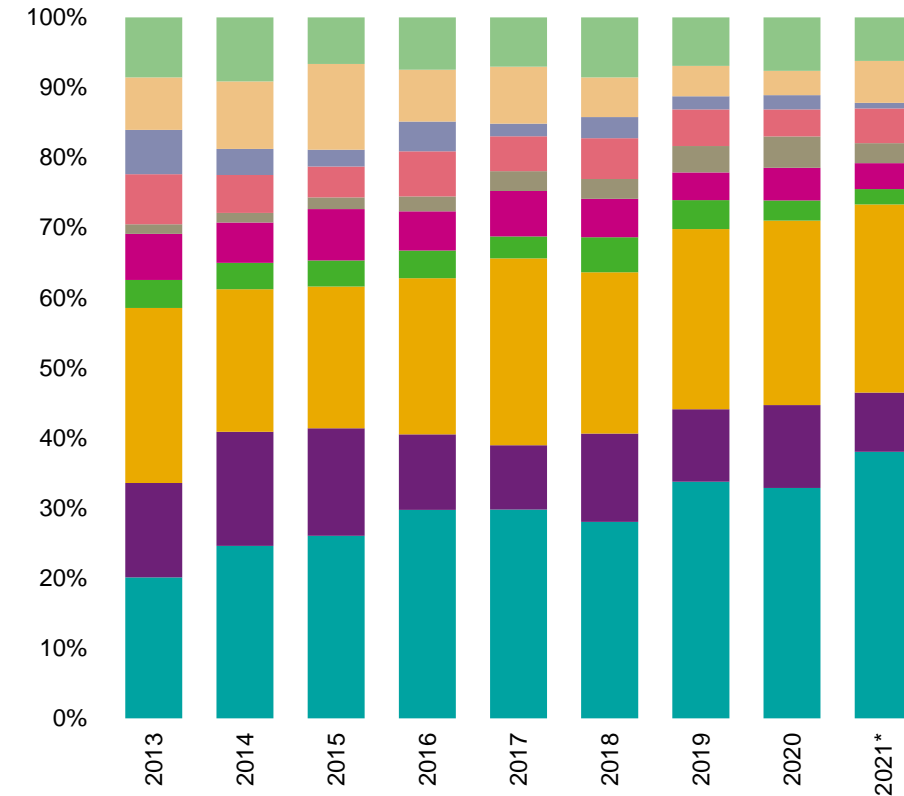
European venture financings by sector

2013–2021*, number of closed deals



European venture financings by sector

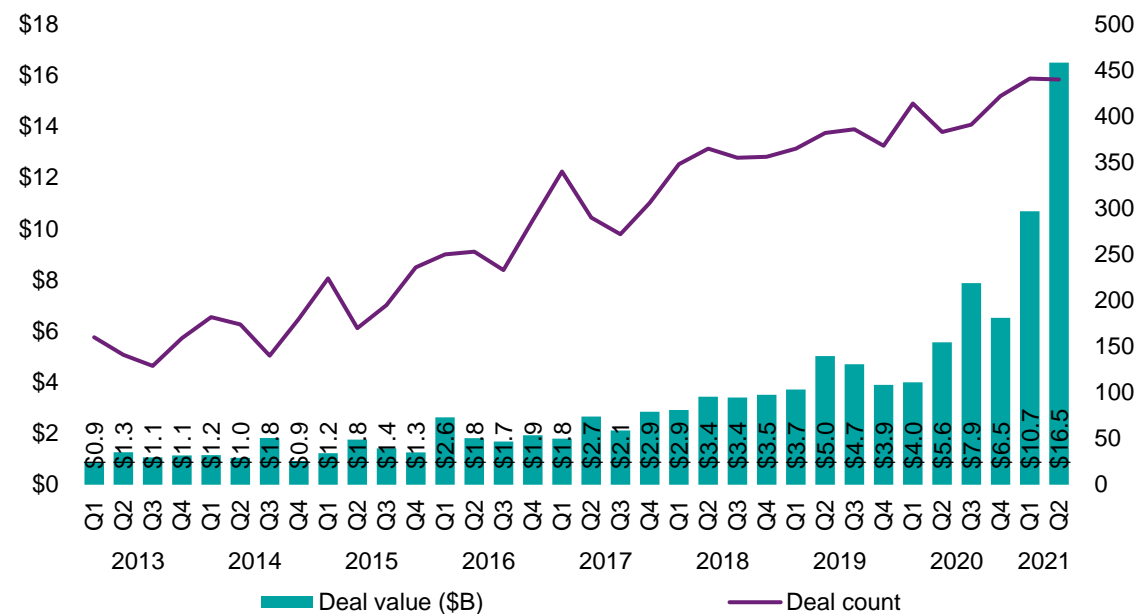
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Corporate VC participation in venture deals in Europe

2013–Q2'21

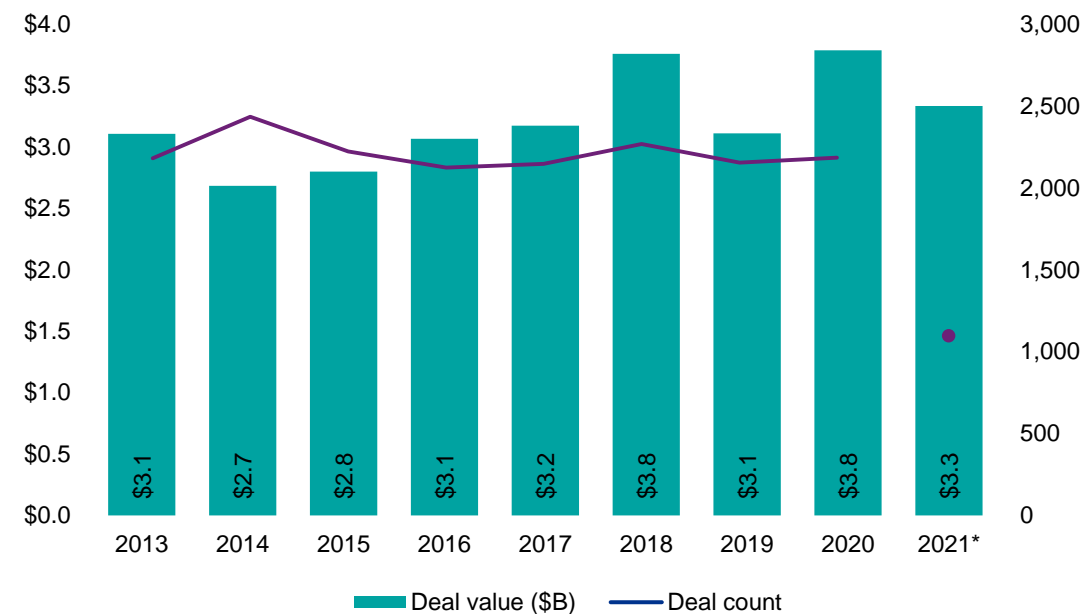


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Once again, corporates played a key role in supporting the surge in investment over the past several quarters in the European venture ecosystem, joining in a flurry of large financings that helped drive aggregate associated deal value to \$16.5 billion. This is not so much novel as the natural culmination of an increasing imperative for corporate venture arms or their direct parents to remain involved in the maturing European startup ecosystem, as part of forward-looking corporate strategies.

First-time venture financings of companies in Europe

2013–2021*

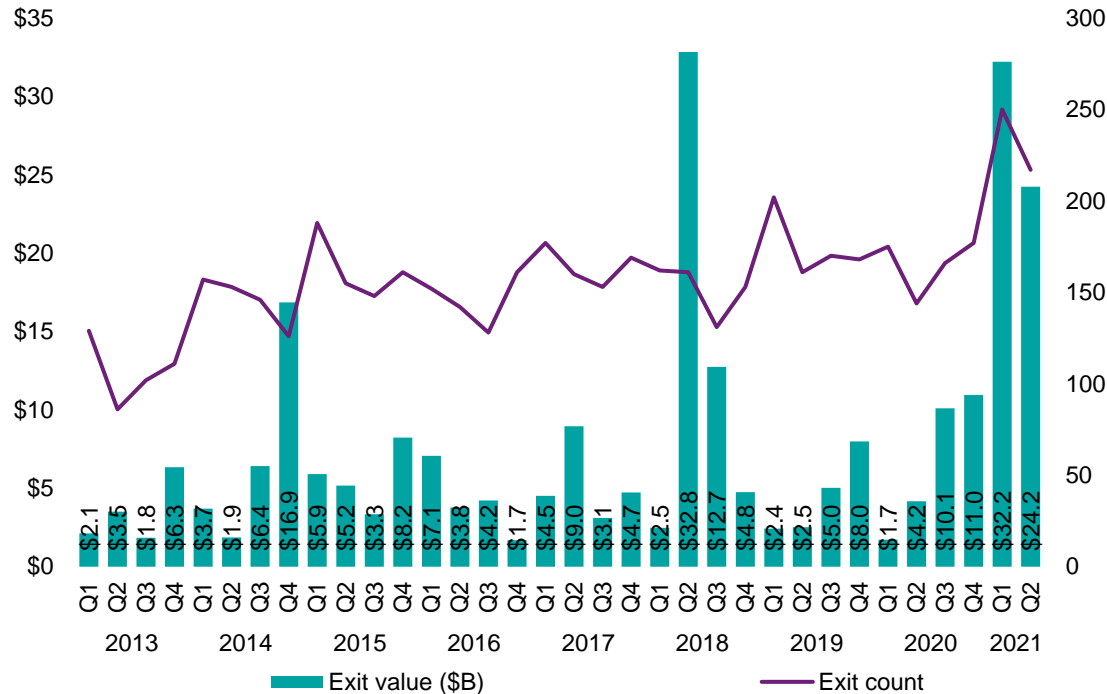


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Once again, a caveat must be noted: In a complex environment such as Europe, first-time financings may take longer to be ascertained and confirmed. However, 2021 has started off remarkably strong for even this nascent cohort of companies, with a mammoth \$3.3 billion invested over just over 1,000 financings. This bodes well for future funding given investors' clear optimism.

Venture-backed exit activity in Europe

2013–Q2'21



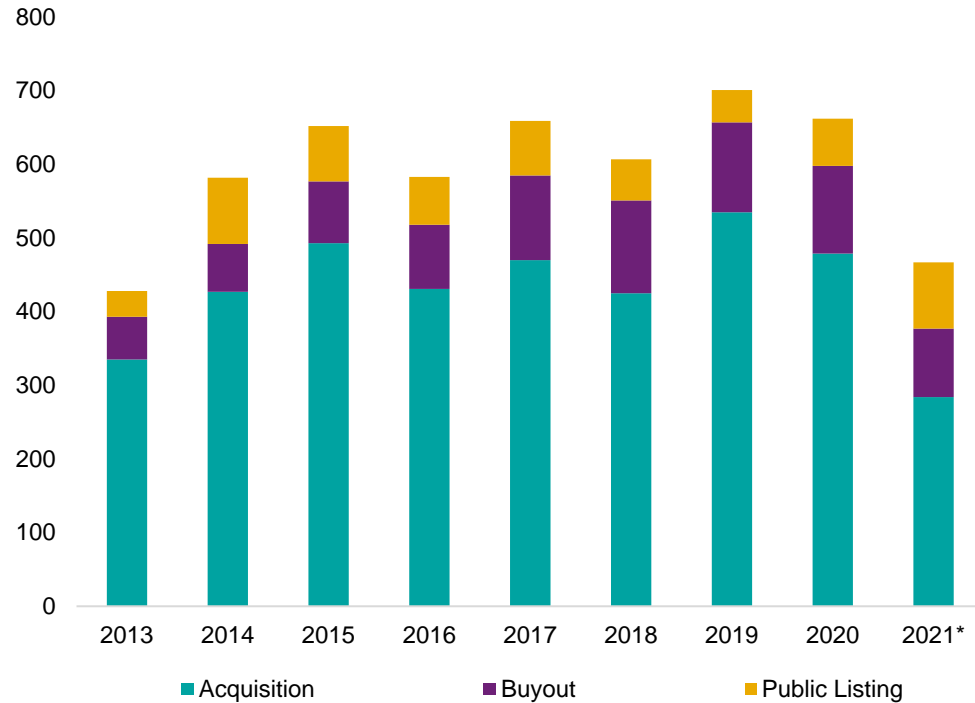
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

For a year straight now, aggregate exit value has stayed above \$10 billion at minimum for each quarter, even as volume has climbed significantly. That rise in exit count however has also led to the remarkable surge in liquidity in 2021 to date, with nearly \$60 billion notched. This provides a very encouraging backdrop for founders and backers of mature European companies across the venture ecosystem.

... with **close to \$60 billion** in exit value seen in 2021 to date, **liquidity trends** continue to encourage **record investment**.

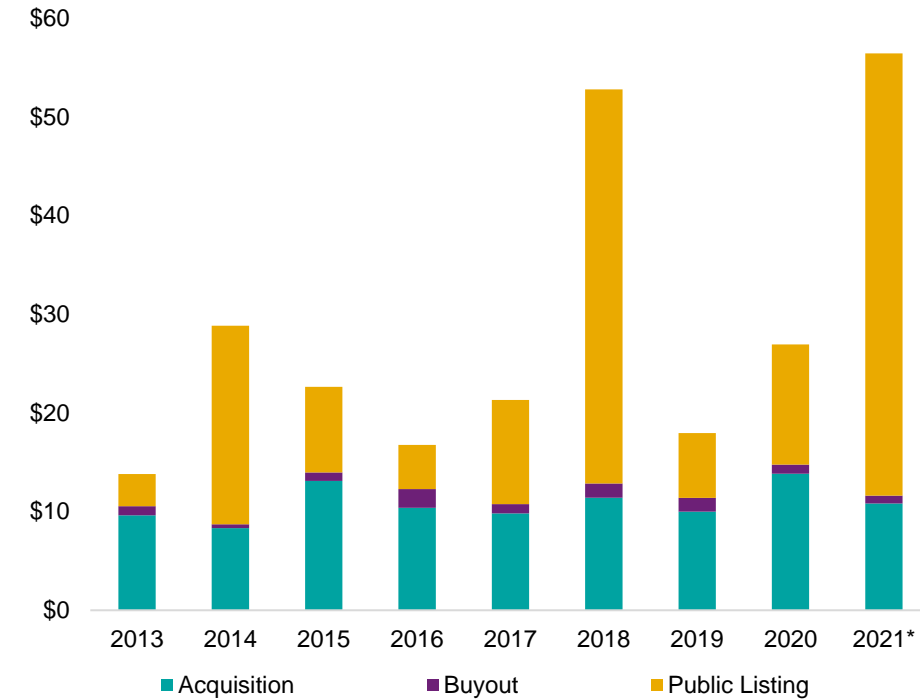
Venture-backed exit activity (#) by type in Europe

2013–2021*



Venture-backed exit activity (\$B) by type in Europe

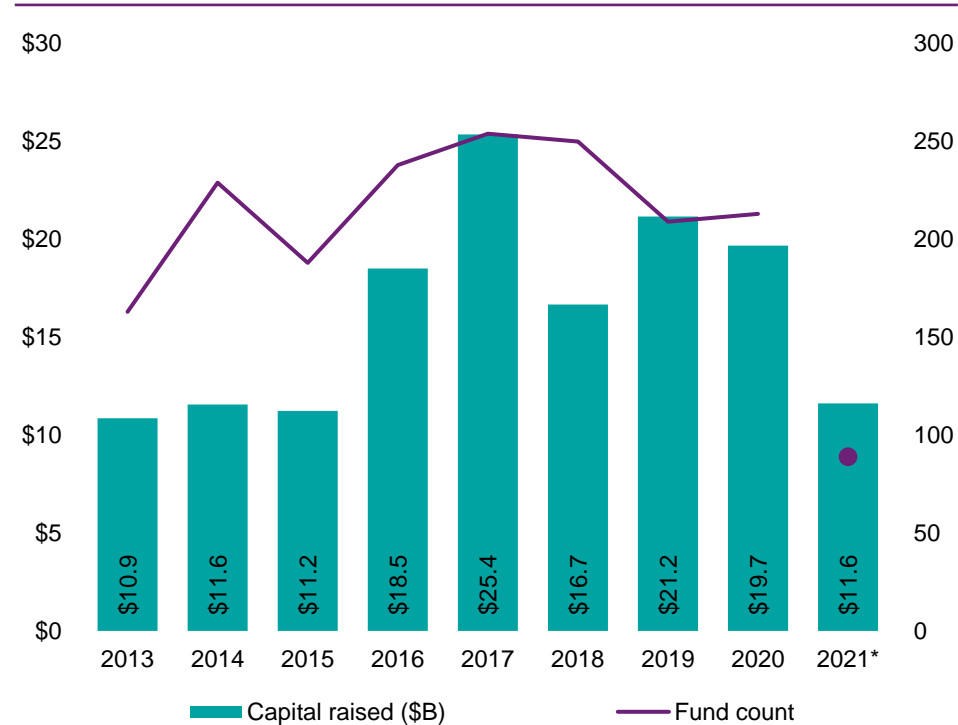
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

European venture fundraising

2013–2021*

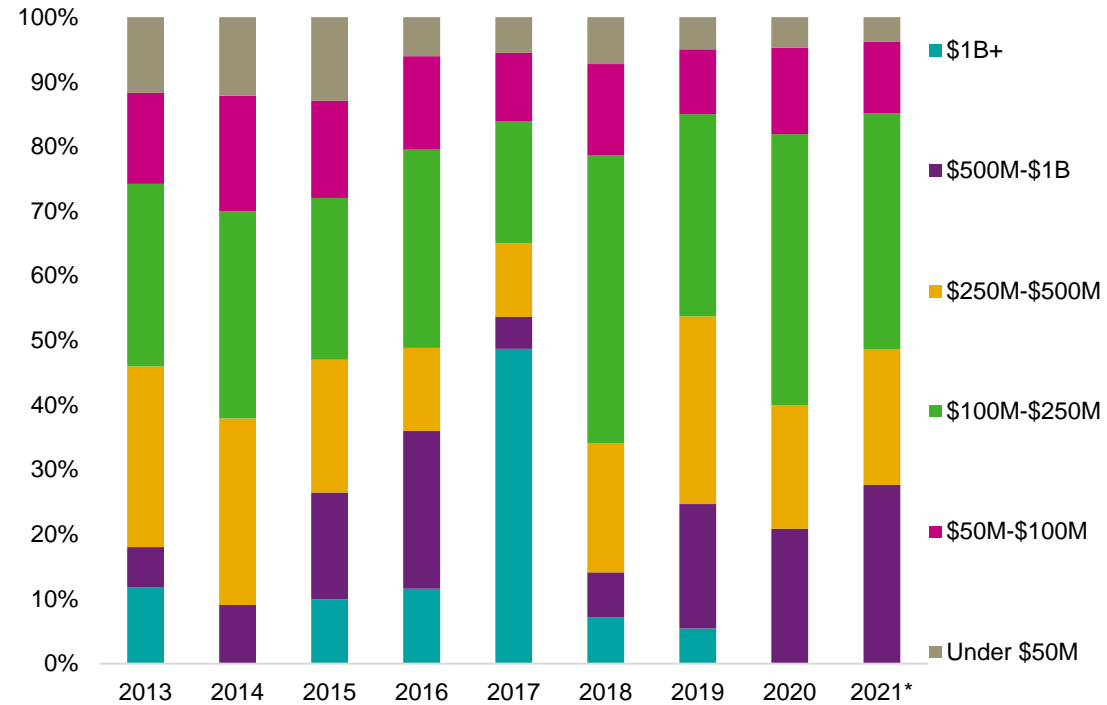


Taking pulse of fundraising trends at the midyear mark, it is clear that the European ecosystem is seeing a level of fundraising activity persist at what could be considered a healthy rate. Although fund counts could diminish this year based on the current pace, total capital committed to European funds has eclipsed \$11 billion by a robust amount. Any slowdown is likely driven by the previous years in the overall fundraising cycle, wherein multiple European firms closed on funds recently and thus have yet to return to the fundraising trail in order to raise successor vehicles. The bulk of VC raised in the period from 2018 to 2020 is still being invested, as is evidenced by the surges on the dealmaking side. Hence, a potential rise in fundraising could occur after this temporary plateau.

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

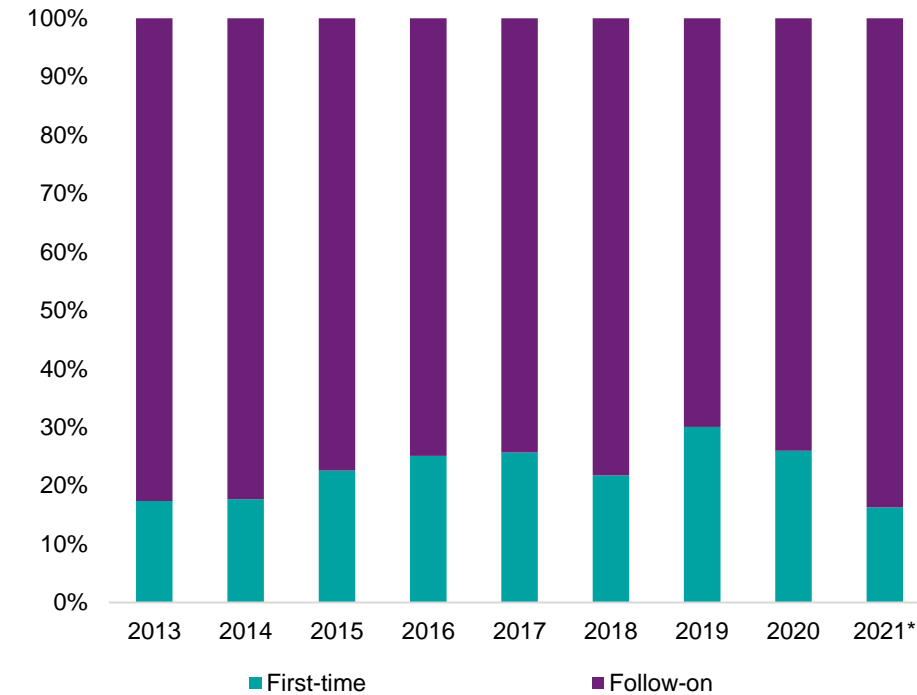
Venture fundraising (#) by size in Europe

2013–2021*



First-time vs. follow-on venture funds (#) in Europe

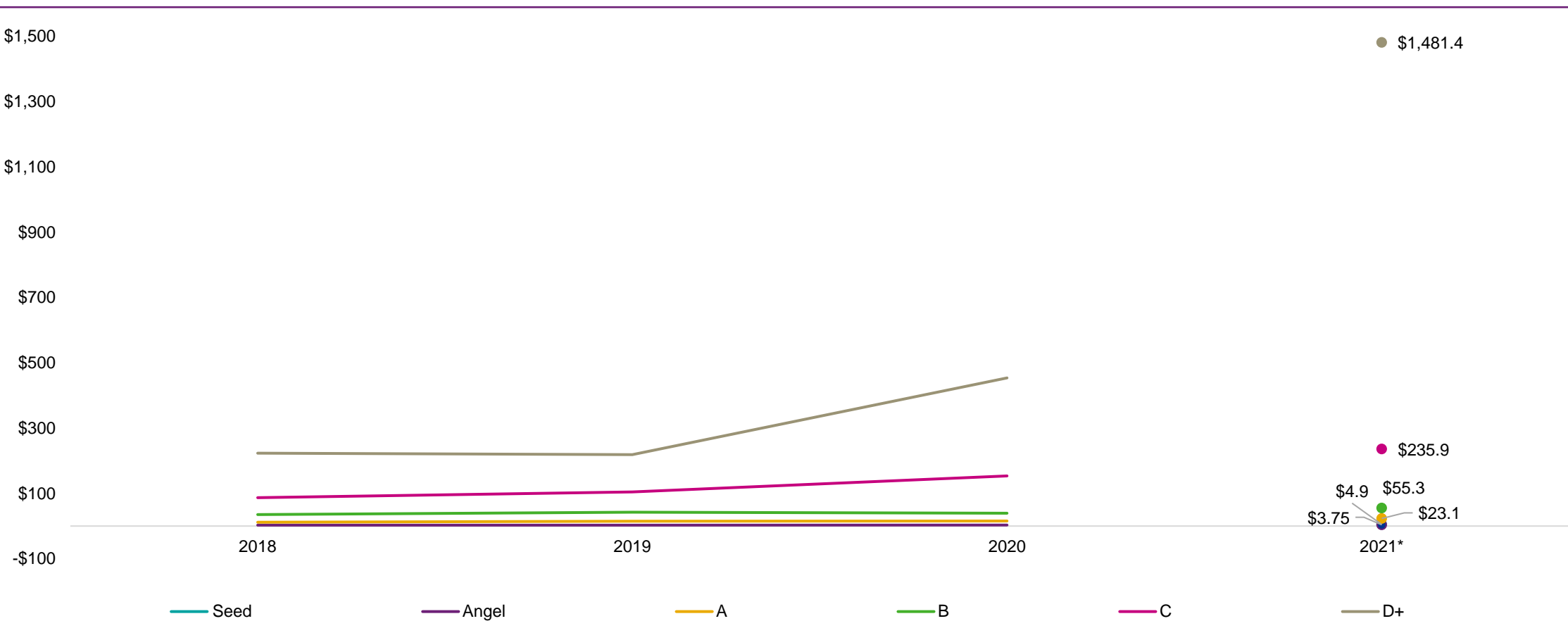
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Median pre-money valuation (\$M) by series in Europe

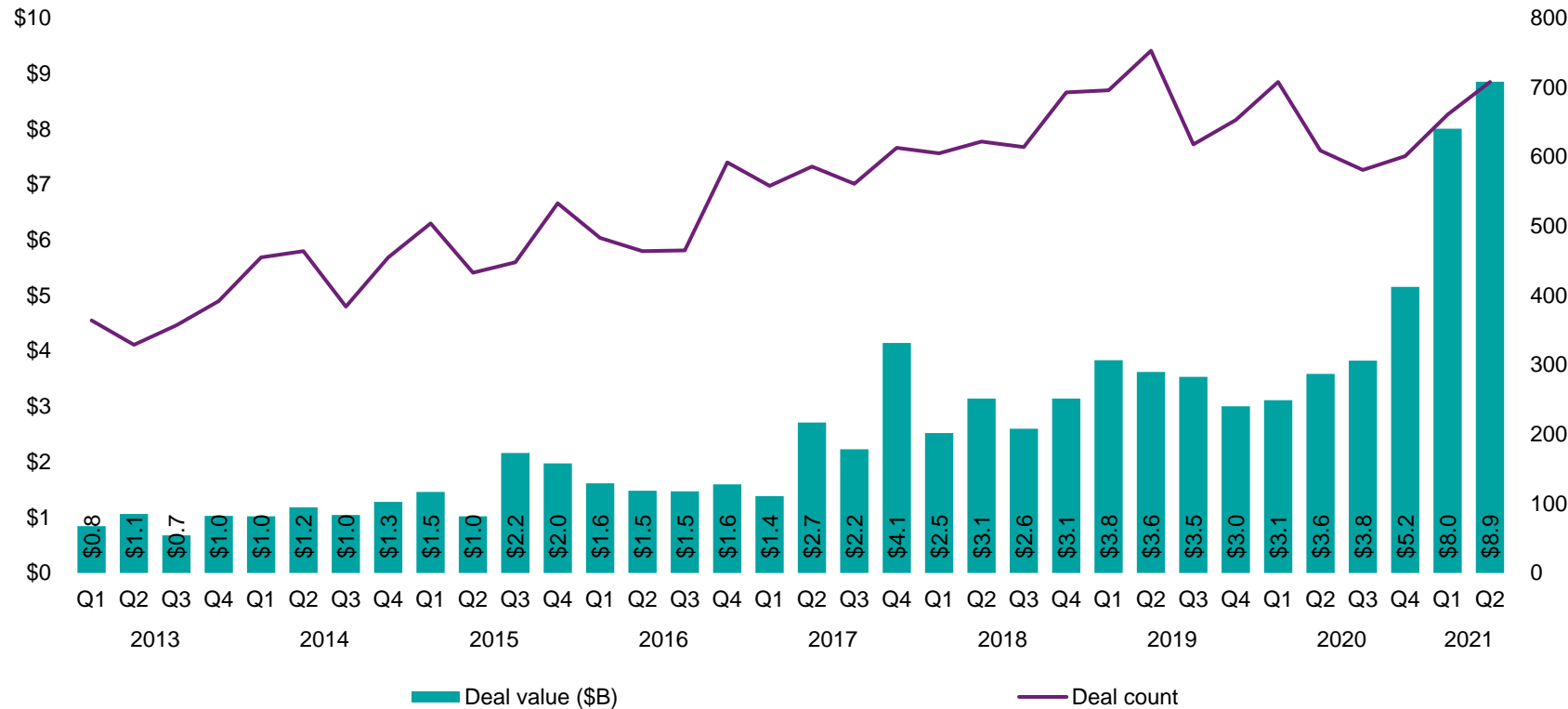
2018–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Venture financing in the United Kingdom

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“There is growing optimism as we emerge from the pandemic and it is no surprise to see a linkage between this optimism and the extent of vaccination programmes. In the UK, it’s really positive to see deal volumes increasing as well as deal value, creating more of a pipeline for the major funding rounds of the future. Access to talent post Brexit will continue to be a concern for a while, but the explosion in remote and hybrid working in the last year or so has eased those concerns somewhat as global talent is perhaps more accessible than ever.”

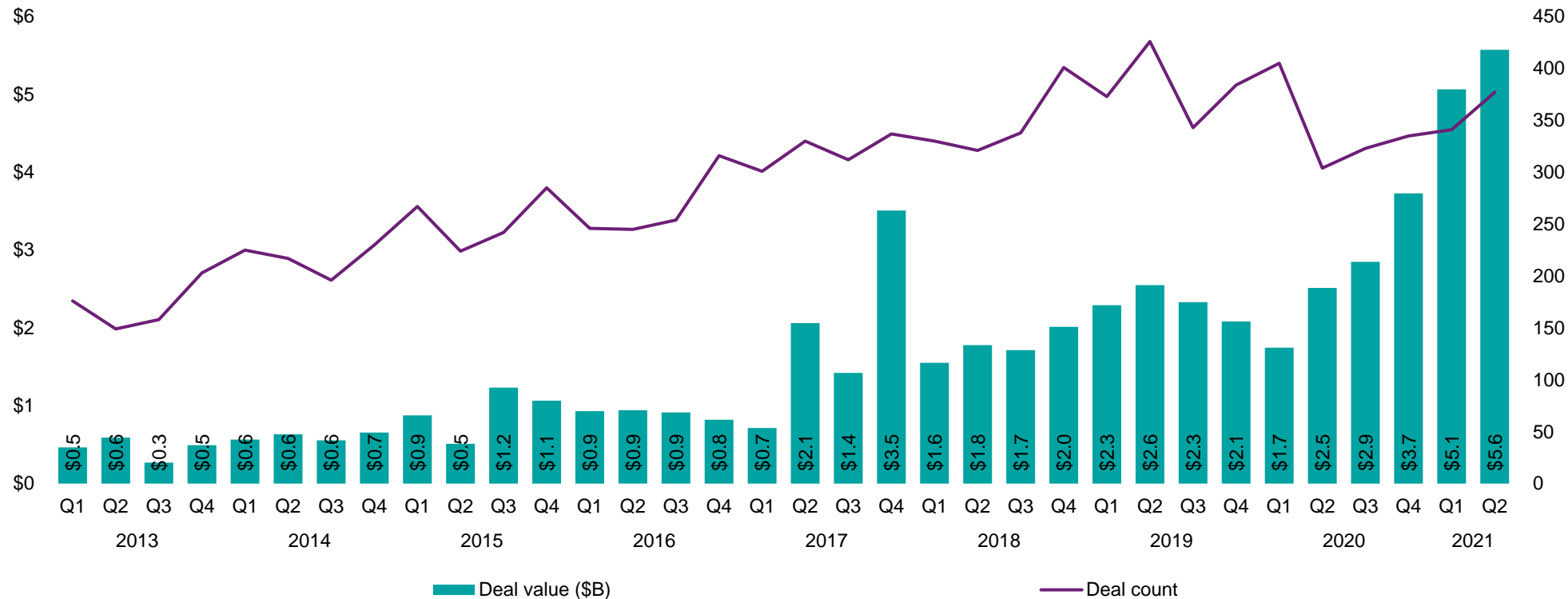


Kevin Smith

Head of KPMG Private Enterprise in EMA,
Global Co-Leader — Emerging Giants,
KPMG Private Enterprise, KPMG
Partner, **KPMG in the UK**

Venture financing in London

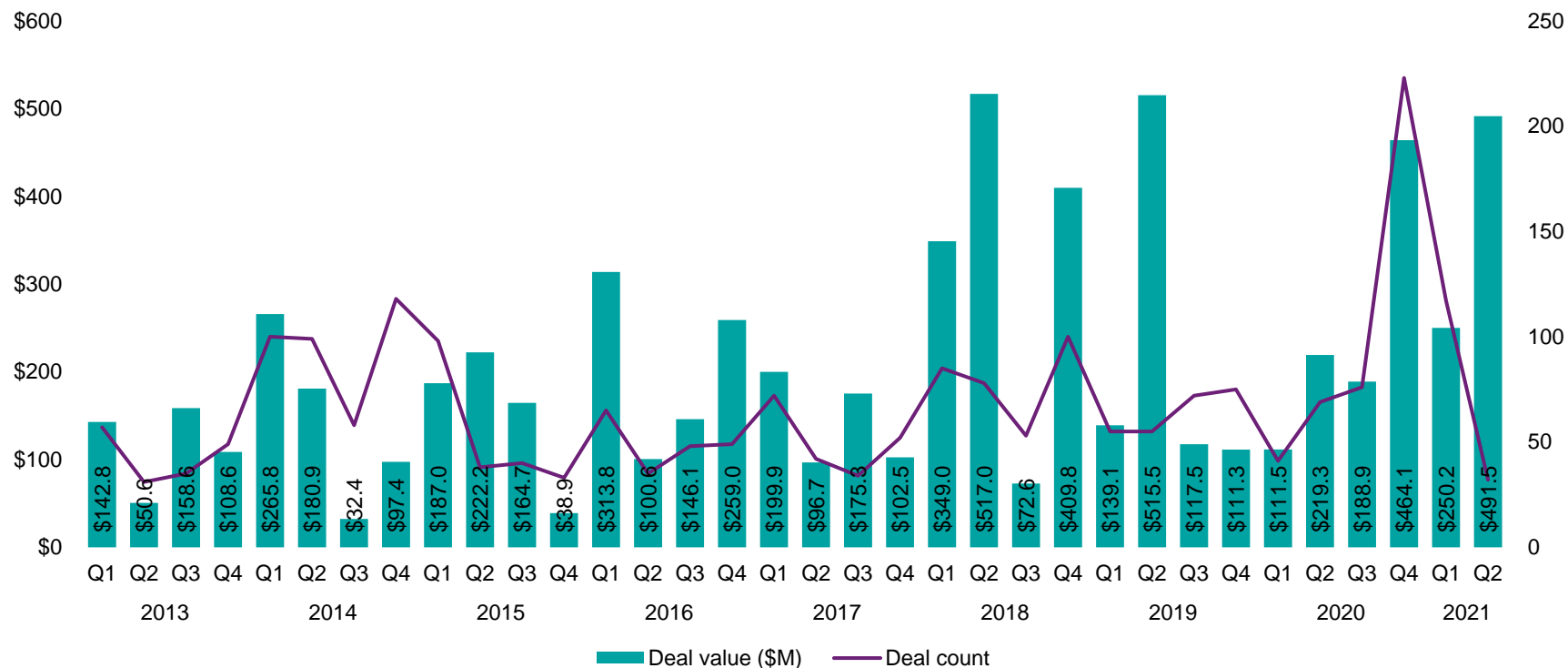
2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Venture financing in Ireland

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“ We are all very focussed on our health and wellbeing and the pandemic has brought this into sharp focus. It is no surprise then that investors are keenly focussed on health-tech and biotech and the benefits that can be achieved by supporting these companies to develop life enhancing products and services. This quarter we saw significant investments made in these areas in Ireland. ”



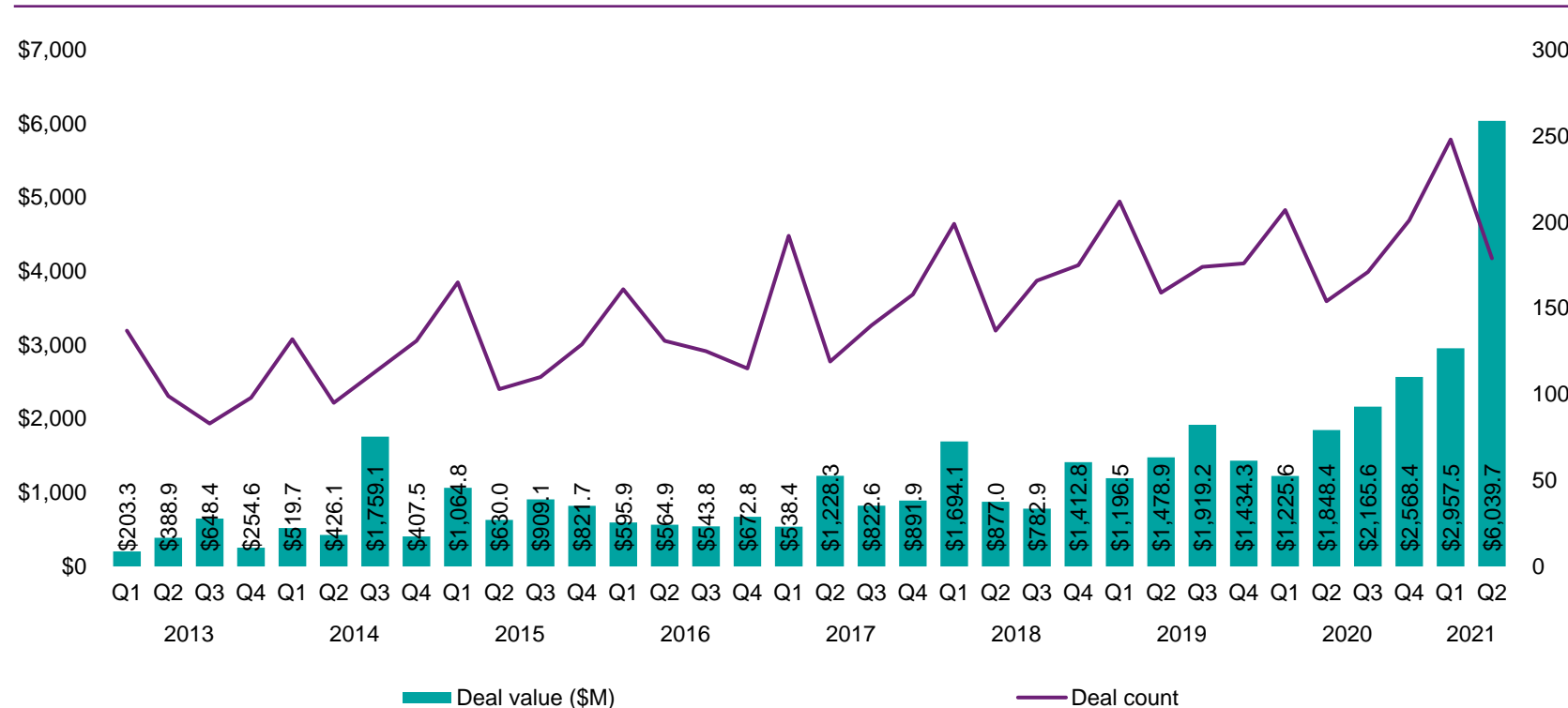
Anna Scally

Partner, Head of Technology and Fintech Lead,
KPMG in Ireland

VC invested jumps to cap remarkable stretch of growth

Venture financing in Germany

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“In Germany, VC investment is robust, but investors are still focused on late stage deals. The investments we are seeing are still very much around delivery, e-commerce and other digital services, including companies looking to optimize and enable businesses digitally. We’re seeing interest in a wide-range of these businesses, but the best example this quarter is Celonis, which just became our first decacorn.”

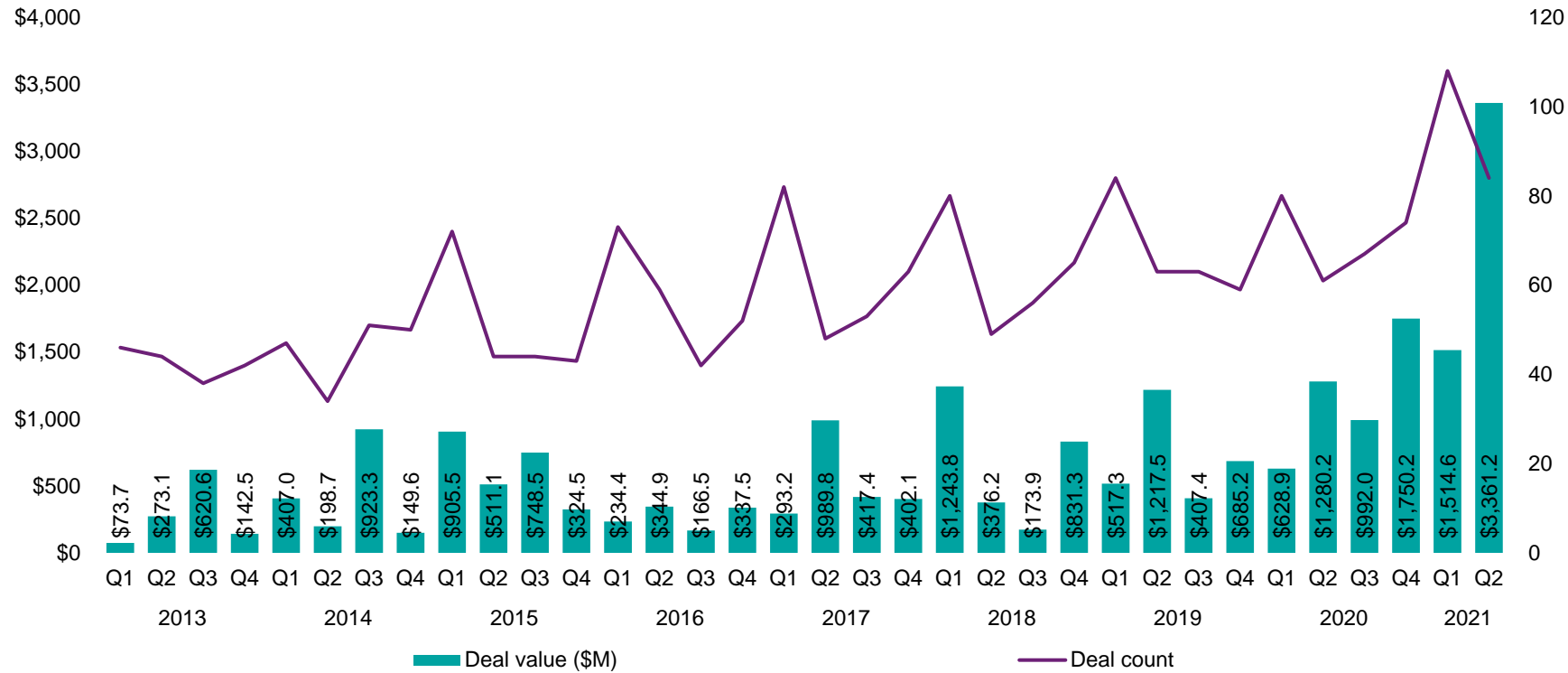


Dr. Ashkan Kalantary
Partner, Deal Advisory Venture Services
KPMG in Germany

Berlin sees new record set, pushing well past \$3B+

Venture financing in Berlin

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“A lot of companies in Germany — and elsewhere — are looking to optimize their internal processes. They’re all facing the problem that critical human resources are becoming scarcer and more expensive. With the war for talent becoming more difficult, these companies looking for ways to optimize business processes and streamline processes internally. It’s a very hot topic for corporates and it’s driving a lot of their investment.”

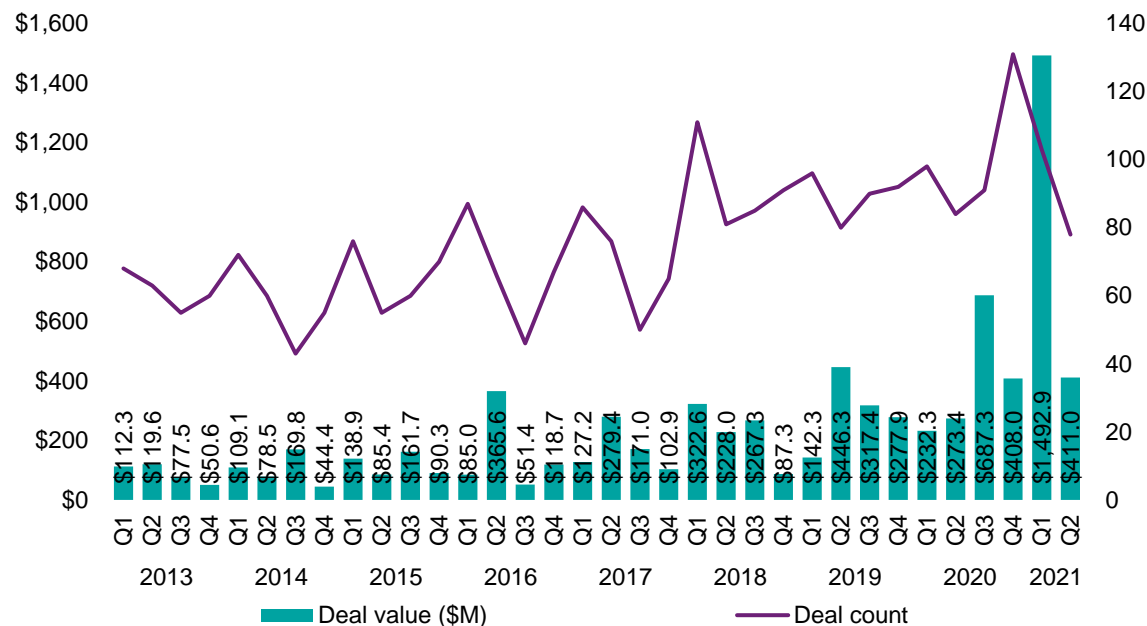


Tim Dümichen
Partner, KPMG in Germany

France sees impact of outliers while Spain takes a pause

Venture financing in Spain

2013–Q2'21

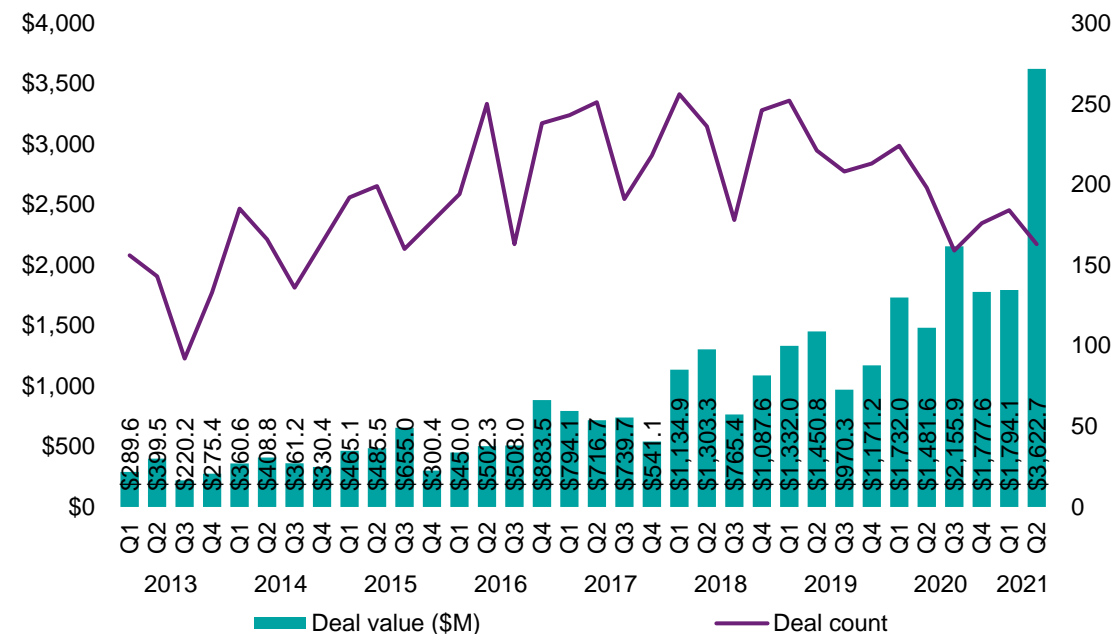


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Spain saw a return to recent historical approximates of VC invested while deal count dipped, after a starting quarter to 2021 that saw numerous outlier financings help set a new record for VC invested, even as financing volume embarked upon a mild slide.

Venture financing in France

2013–Q2'21



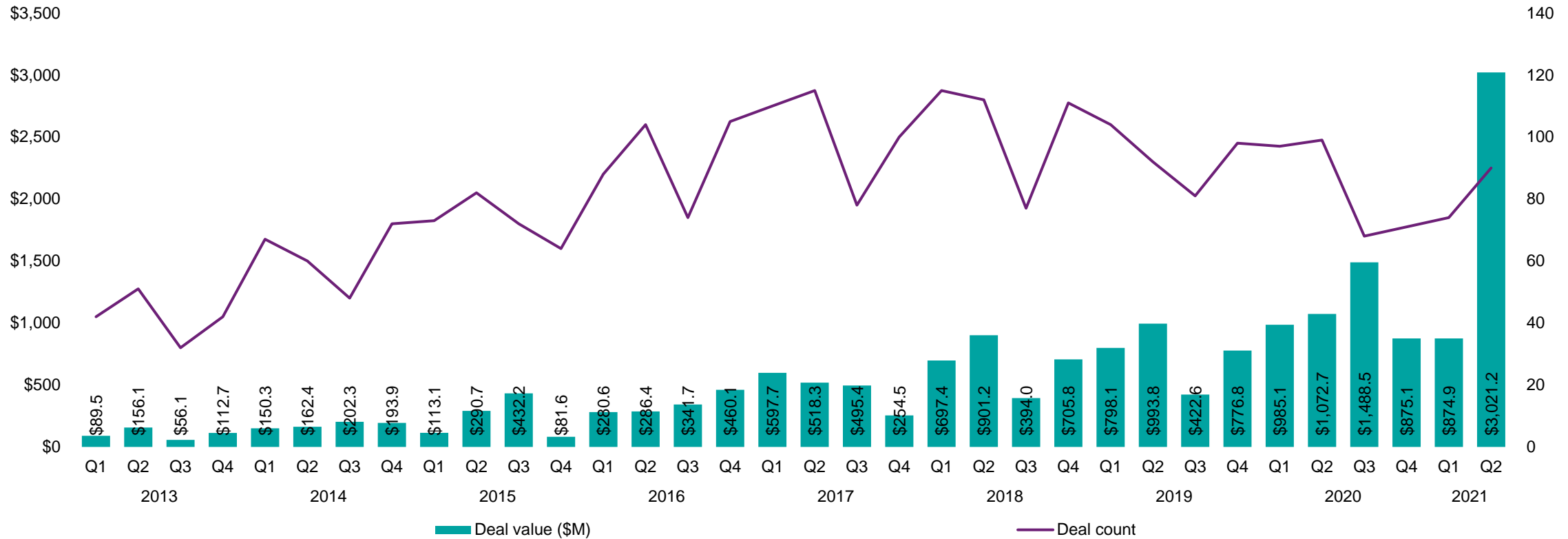
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

France continues to see the impact of more maturing companies being able to close on significantly sized rounds, with now 10 companies having closed upon financings sized at \$100 million or more already in 2021; such a profusion of capital puts this year on track to see a new record in VC invested.

Paris joins Berlin in seeing new quarterly record of \$3B+

Venture financing in Paris

2013–Q2'21

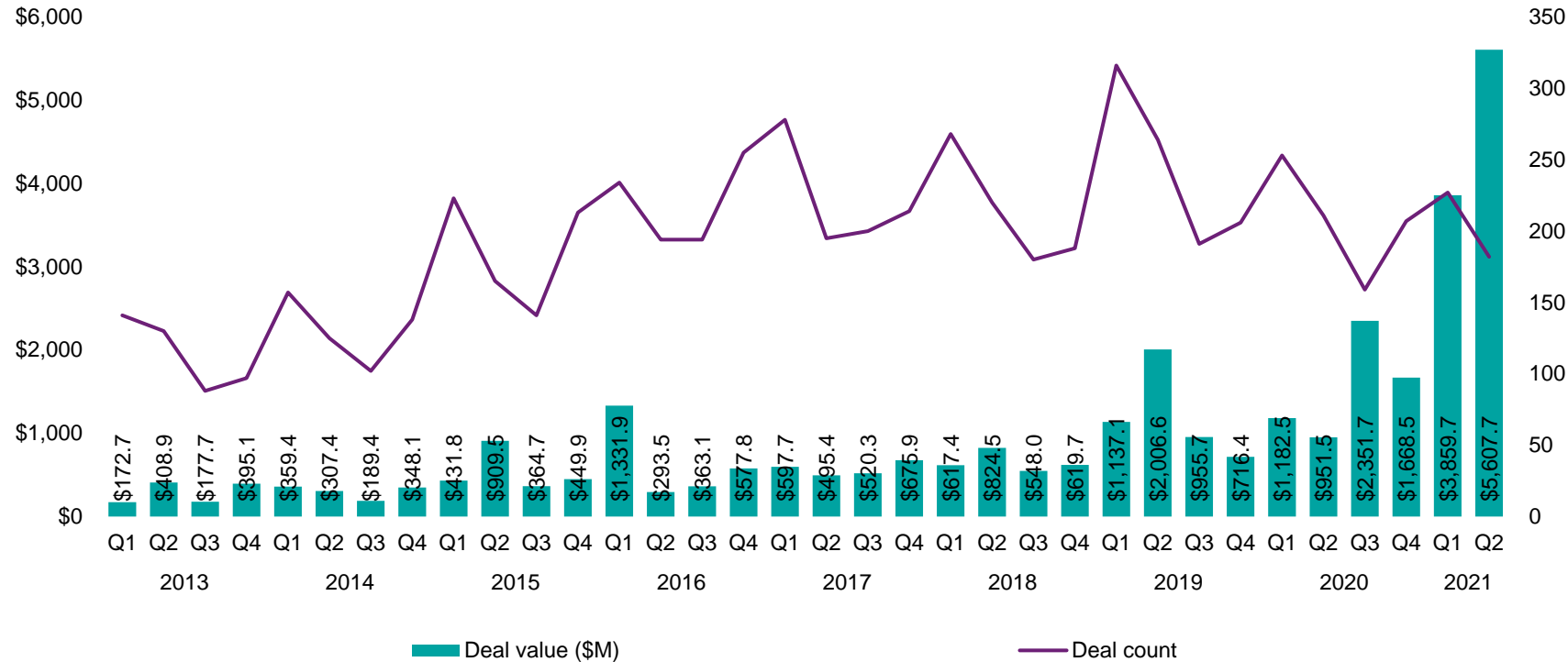


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Nordics continue to rake in large sums as key unicorns expand

Venture financing in the Nordics

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“Another record quarter in VC investment in the Nordics. There is also a lot of attention around the IPO market right now. We have a lot of IPOs in every country in the region – not just venture-backed IPOs, but other types of IPOs as well. IPOs to foreign exchanges following the footsteps of strong IPOs by Oatly ('Q2 Nasdaq) and Trustpilot ('Q1 LSE) can be an emerging trend to follow.”

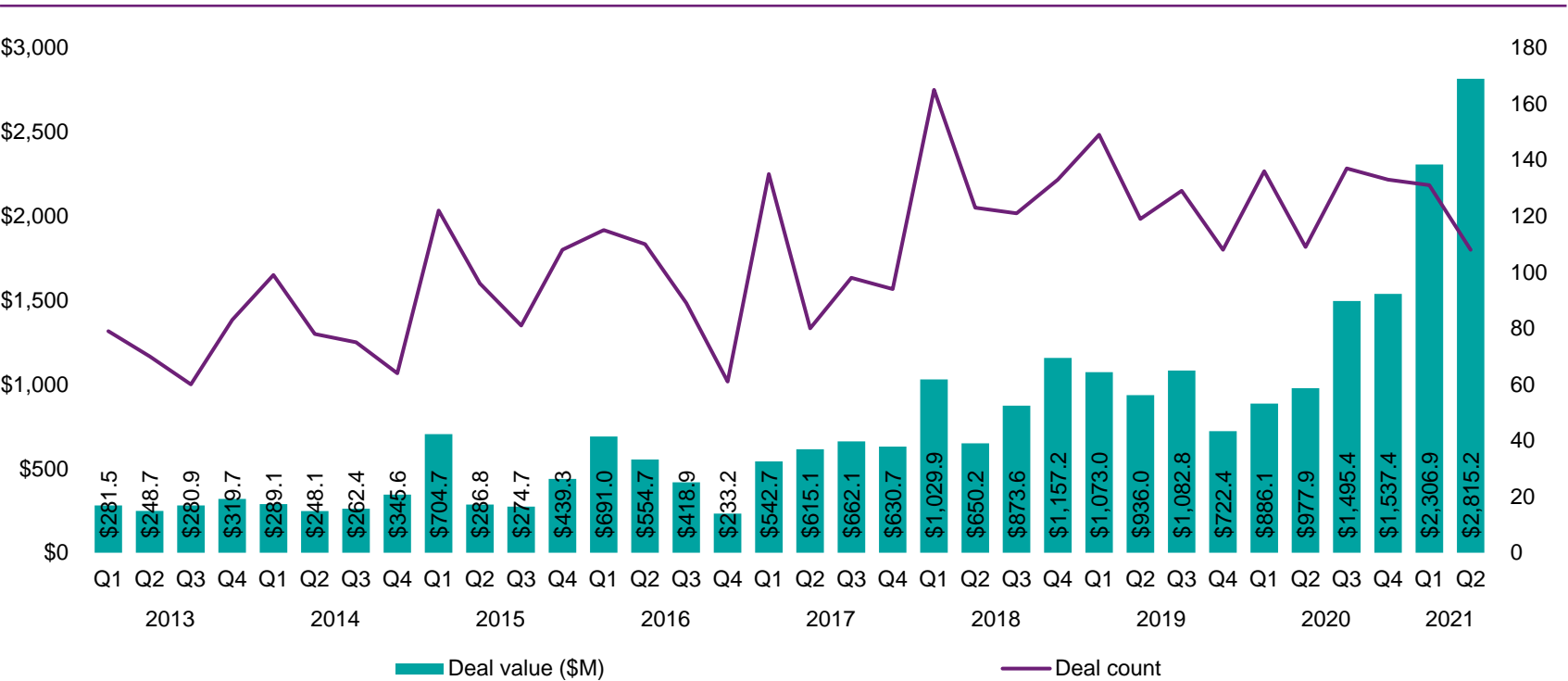


Jussi Paski
Head of Startup Services
KPMG in Finland

Israeli companies keep attracting foreign investment

Venture financing in Israel

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

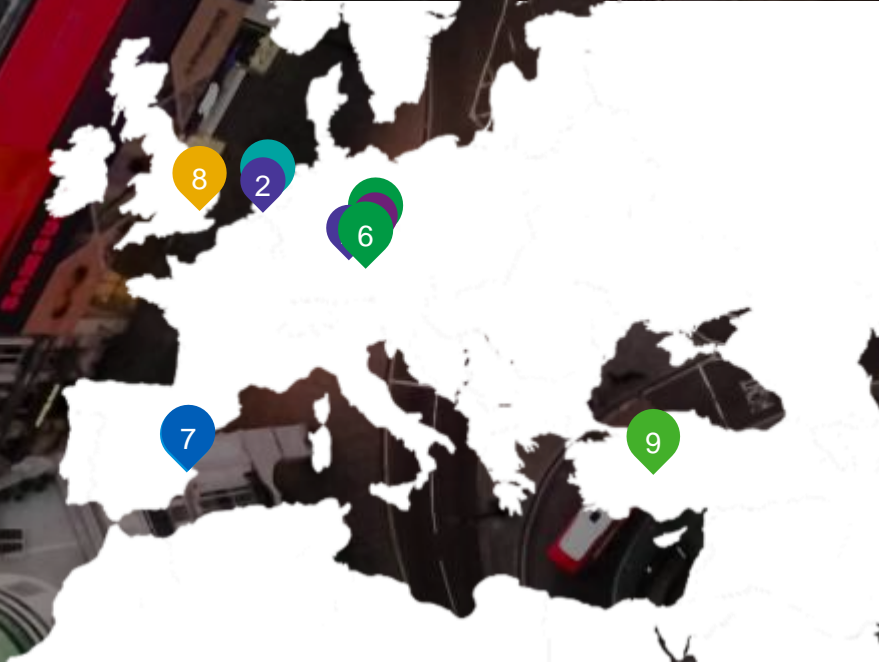
“ Israel has always been known for its strong R&D and M&A, but now our reputation is strengthening and broadening. The market is becoming mature enough that startups can stay in Israel longer, grow, and become international businesses themselves rather than simply being acquired.”



Dina Pasca-Raz
Head of Technology
KPMG in Israel

A diverse array of geographies & sectors draws funding

Top 10 financings in Q2'21 in Europe



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021.
Data provided by PitchBook, July 21, 2021.

1. **Northvolt** — \$2.75B, Stockholm, Sweden — Automotive cleantech — *Series E*
2. **Celonis** — \$1B, Munich, Germany — Business/productivity software — *Series D*
2. **MessageBird** — \$1B, Amsterdam, Netherlands — Cloudtech — *Series C*
4. **Trade Republic** — \$900M, Berlin — Fintech — *Series C*
5. **Mollie** — \$805.8M, Amsterdam — Fintech — *Series C*
6. **FlixBus** — \$650M, Munich — Automotive — *Series G*
6. **Wefox** — \$650M, Berlin — Fintech — *Series C*
7. **Klarna** — \$639M, Stockholm — Fintech — *Late-stage VC*
8. **CMR Surgical** — \$600M, Cambridge — Surgical devices — *Series D*
9. **Getir** — \$555M, Istanbul — Internet retail — *Series D*

In Q2'21, VC-backed companies in the **Asia** region raised
\$38B across 1,998 deals

VC investment in Asia grew in Q2'21, in part driven by surging investment in India, including a \$1.5 billion raise by BYJU, an \$800 million raise by Swiggy, and a \$502 million raise by ShareChat.



China sees numerous \$100 million+ VC funding rounds

VC investment in China held steady during Q2'21, with a wide variety of \$100 million+ deals, including Horizon Robotics (\$1.5 billion corporate venture capital), Dingdong Maicai (\$700 million), digital supply chain provider Xingyun Group (\$600 million), retailer Zhuanzhuan (\$390 million), e-grocery company Dingdong Machai (\$330 million), home fitness company Fiture Technology (\$300 million), and cloud services provider Beisen Cloud Computing (\$260 million).

Given the increasing government concern and scrutiny of big tech companies in China, there has been a growing opportunity for second and third tier tech companies focused on areas such as e-commerce, the sharing economy, and logistics to attract more attention from VC investors. While many of these players are still working to scale and grow sufficient volume to become profitable, it could be the beginning of a transition to less concentrated market participation.



India sees VC investment fly through the roof

During Q2'21, VC investment in India soared past the previous record high set in Q4'19, driven not only by VC investors but also by more traditional funds feeling a sense of FOMO given the broad applicability of digital business models in the pandemic. A diversity of companies are attracting VC investment in India, in particular those focused on direct-to-consumer offerings, including e-commerce, food delivery, hyper-local grocery delivery, video sharing, and gaming.

Investors continued to pour money into edtech companies in India, including BYJU, which raised a \$1.5 billion funding round this quarter. Food delivery was also very hot in Q2'21, led by Swiggy's \$800 million raise.



Exit activity surges in Asia

Exit activity surged in Asia during Q2'21, particularly in China — which saw a ten-quarter high in exit value, and in India, which saw an eleven-quarter high in exit value and a record number of exits.

IPO activity was quite strong in Asia this quarter. While domestic IPOs may have slowed somewhat due to new regulations coming in, there were a number of high profile IPOs by Chinese companies in the US. Full Truck Alliance (also known as Manbang) also raised \$1.6 billion in an US IPO this quarter. In India, food delivery giant Zomato also filed for an IPO this quarter.



Secondary listings and SPACs gain attention in Hong Kong

Secondary listings in Hong Kong continued apace in Q2'21, with 2021's total value of secondary listings already surpassing 2020's previous peak annual high. The ongoing secondary exit activity continues to be prompted by SEC rules and regulatory issues related to the inspection of audit work papers related to US-listed Chinese companies. Many China-based companies see listing on the HKSE as an alternative option in the event regulatory challenges in the US are not resolved.

Hong Kong has also started to see some SPAC interest, although much less than in the US, with a number of investors and family offices in Hong Kong looking to create SPACs. Many of these investors are taking a cautious approach to SPAC planning.

During Q2'21, the Monetary Authority of Singapore (MAS) completed consultations on the proposed move to allow SPACs to list on the SGX main board.¹¹ The HKSE is planning to issue a consultation on the listing of SPACs in Hong Kong.

¹¹ <https://www.ifcreview.com/news/2021/april/singapore-jurisdiction-consults-on-spacs-listing-framework/>



Southeast Asia: a hotbed of deals activity

The highly competitive Southeast Asia market attracted a number of large deals this quarter, with Indonesia-based express delivery company J&T Express's \$2 billion raise making it the largest deal in Asia during Q2'21. Indonesia-based platform giant Gojek also raised \$300 million, just prior to its merger with e-commerce platform Tokopedia. GoTo Group, the combined company valued at approximately \$18 billion, is expected to be a dominant market player offering financial services, e-commerce, ride hailing, and delivery, not only in Indonesia, but across Southeast Asia.¹²

During Q2'21, Singapore-based Grab, Gojek's primary competitor, announced a delay in the expected finalization of its merger with SPAC Altimeter Growth Corp. The company is currently working to meet SEC requirements; the merger is now expected to occur by the end of 2021, where previously the company had targeted end of Q2'21.¹³ During the quarter, Singapore also saw a number of large VC deals, including a \$642 million raise by business productivity firm Trax and a \$360 million funding round by used car marketplace Carro.¹⁴



Fintech remains very hot

Fintech continued to be a very attractive space for VC investors in Asia during Q2'21. India, in particular, saw a growing range of fintech companies raising significant funding rounds during the quarter, including CRED (\$215 million), an app that incentivises customers to pay their credit card bills on time, payments firm RazorPay (\$160 million), subscription billing service ChargeBee (\$125 million), B2B e-commerce firm OfBusiness (\$110 million), and Groww (\$84 million), an investment app targeting millennials.



Japan's startup system attracting larger deals

During Q2'21, Japan attracted several large deals, including a \$120 million raise by Buy Now Pay Later ("BNPL") provider, 'buy now, pay later' focused Paidy¹⁵ — which earned the company unicorn status, a \$143 million raise by HR management company SmarHR — which also became a unicorn, a \$60 million raise by QR code payment gateway Netstars¹⁶, and a \$50 million raises by digital medtech firm Allmand molecular analysis diagnostics company Atonarp¹⁷.

The startup ecosystem in Japan continued to mature, in part due to the government's increasing focus on encouraging innovation and entrepreneurship. The government developed its Integrated Innovation Strategy 2020¹⁸ to focus its efforts on creating innovation capacity and strengthening research capacity in the country in the wake of COVID-19. Japan's Ministry of Economic Trade and Industry also set a goal to help develop 20 unicorns by 2023¹⁹.



COVID-19 continues to drive attention to health and biotech

The large demand from governments looking for specific services ranging from vaccine production to clinical trial services has prompted a much broader focus on biotech, health services, and healthtech across Asia. VC investment in the space was particularly strong in China during Q2'21, with raises by Jinwei (\$123 million), Elpiscience (\$105 million), AbogenBio (\$91 million) and Duality Biologics (\$90 million).



Trends to watch for in Asia

VC investment is expected to continue to be strong in Asia, particularly in areas such as fintech, e-commerce, edtech, health and biotech, and logistics. IPO activity will be a key area to watch heading into Q3'21, particularly in India. If Zomato and others have a positive showing and are very well subscribed, VC investors will likely gain additional confidence in India's potential.

¹² <https://techwireasia.com/2021/06/tokopedia-gojek-finalize-merger-with-chinese-tech-giants-blessing/>

¹³ <https://www.reuters.com/business/southeast-asias-grab-says-complete-40-bln-spac-merger-q4-2021-06-09/>

¹⁴ <https://www.cnbc.com/2021/06/15/singapore-start-up-carro-raises-360-million-from-softbank-and-others.html>

¹⁵ https://paidy.com/media_center/press/article/45Uuag8qPWVlamEgNqb118

¹⁶ <https://www.netstars.co.jp/en/262/>

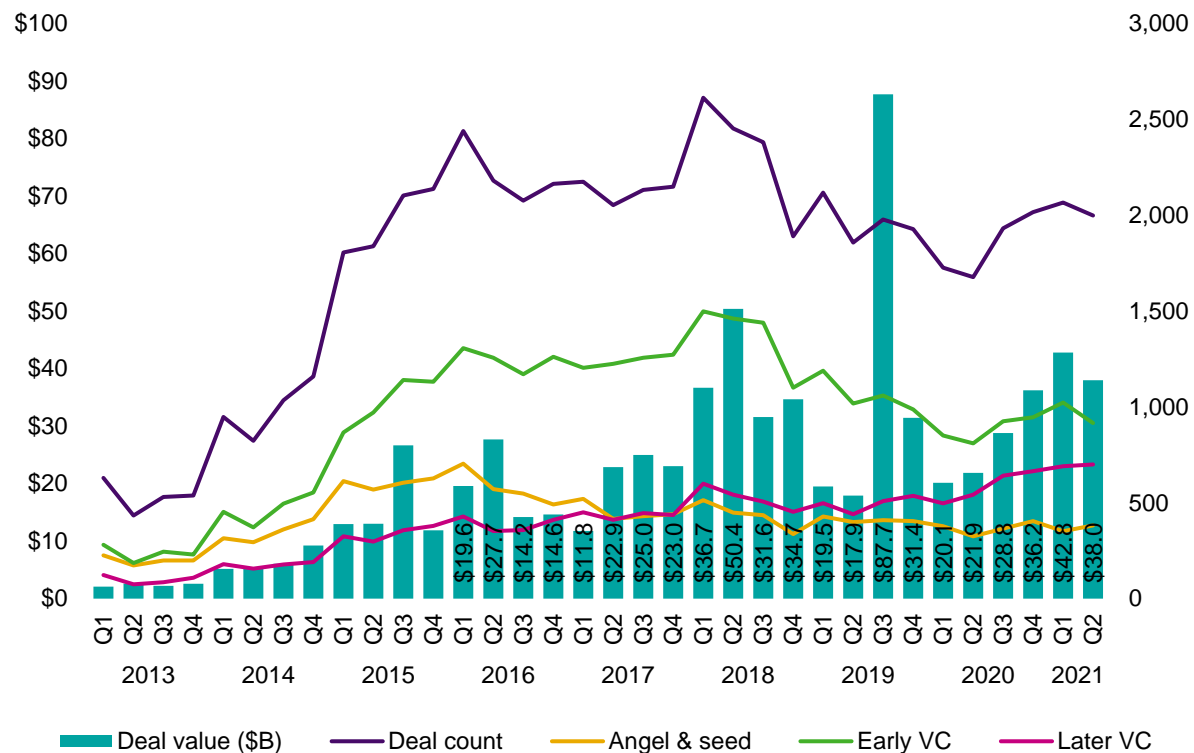
¹⁷ <https://www.atonarp.com/atonarp-news/atonarp-announces-50m-series-d-financing-to-scale-its-molecular-sensing-and-digital-diagnostics-testing-platforms>

¹⁸ https://www8.cao.go.jp/cstp/english/outline_strategy_2020.pdf

¹⁹ https://www.meti.go.jp/english/press/2018_06/0611_003_00.html

Venture financing in Asia

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Funding levels continued at a robust pace throughout the Asia-Pacific ecosystem in the first half of 2021, with \$38.0 billion invested across a historically healthy tally of completed rounds. Much dry powder remains on hand across the ecosystem, especially as domestic governments look to encourage further local innovation in key sectors.

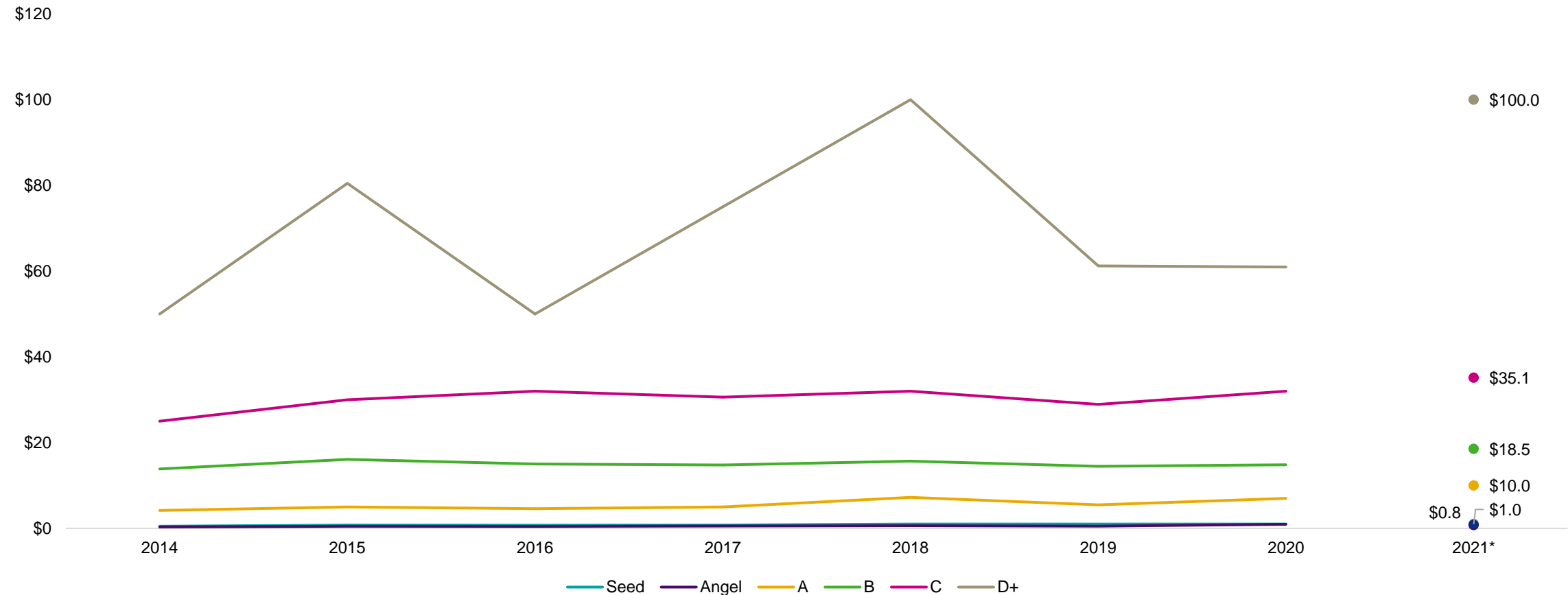
“The VC market in China is diversifying, with a broader range of sectors attracting investments, including delivery, fitness, B2B services, and others. The absence of major mega-deals provides an opportunity for other companies to scale and grow, which will likely help spur additional investments in the future.”



Egidio Zarrella
Partner, Clients and
Innovation
KPMG China

Median deal size (\$M) by series in Asia

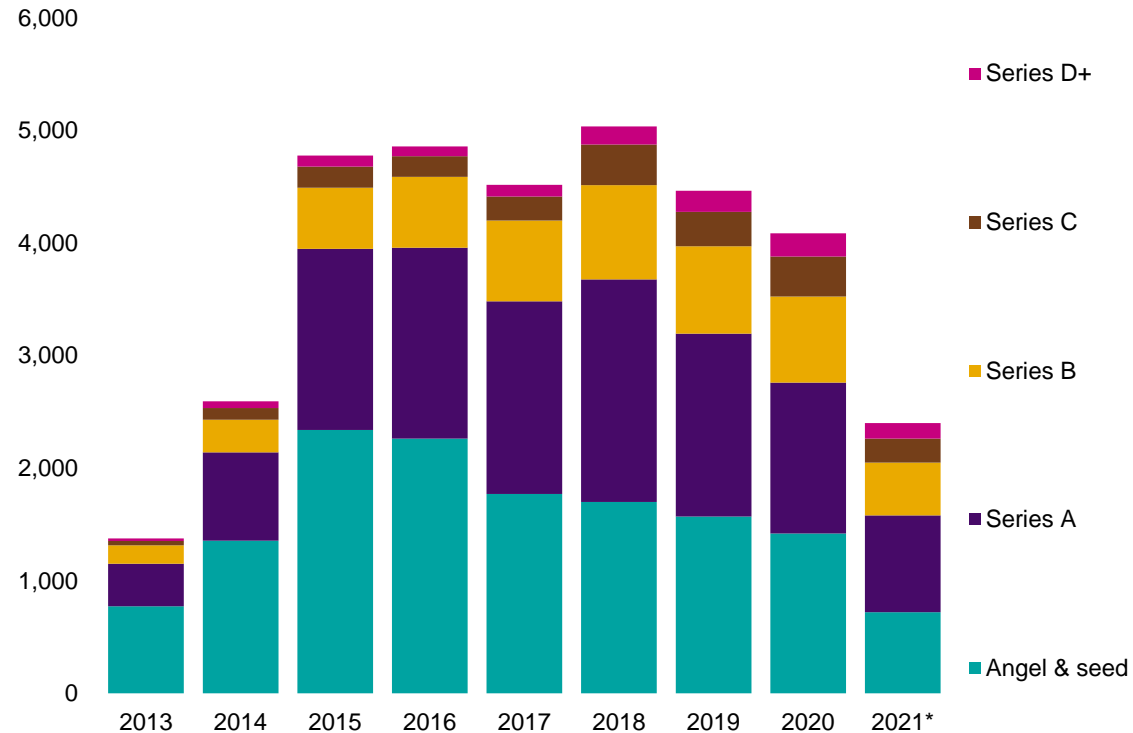
2014–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Deal share by series in Asia

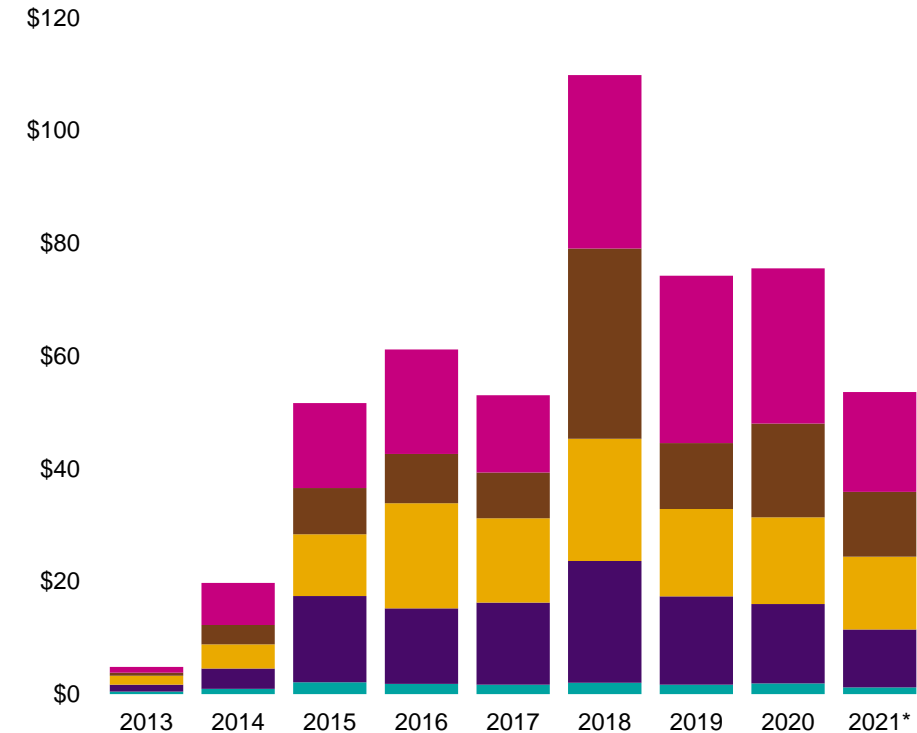
2013–2021*, number of closed deals



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

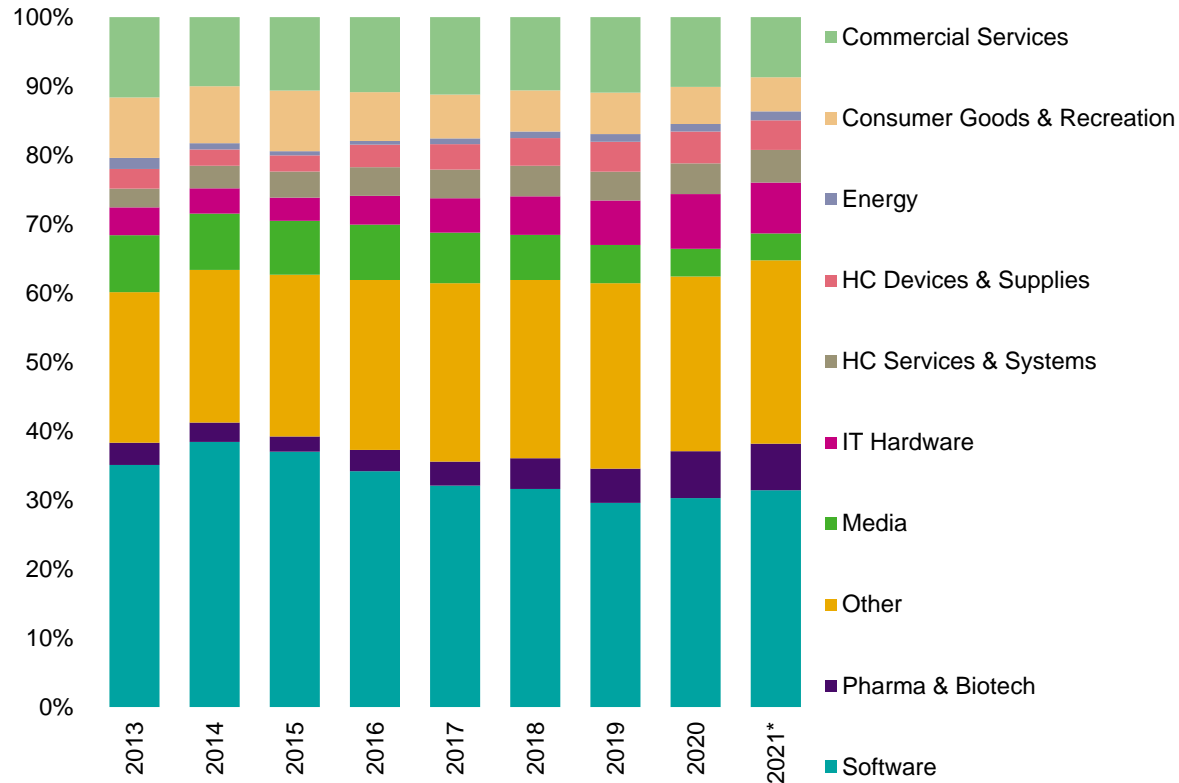
Deal share by series in Asia

2013–2021*, VC invested (\$B)



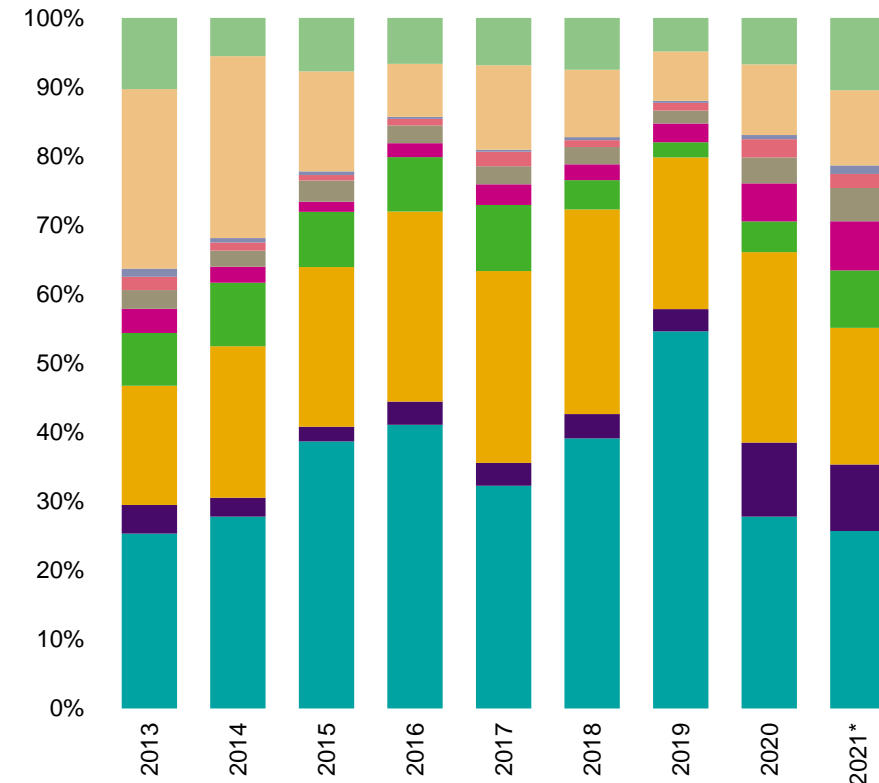
Asia venture financings by sector

2013–2021*, number of closed deals



Asia venture financings by sector

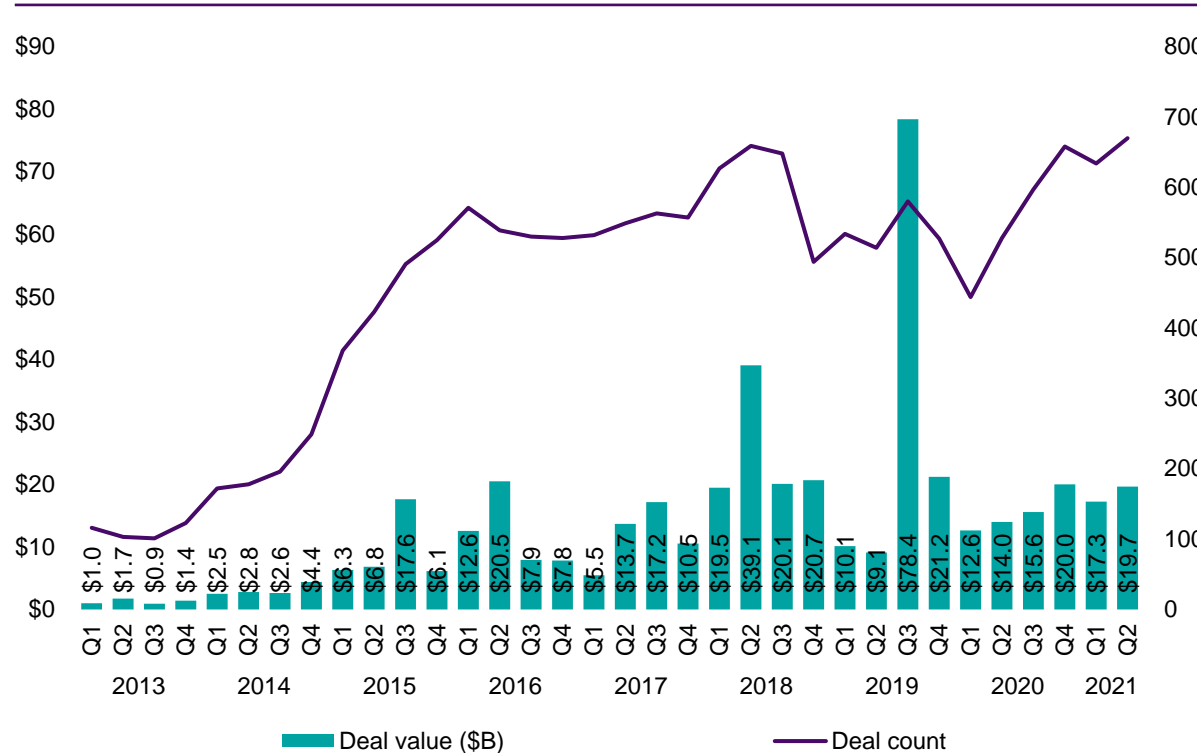
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Corporate participation in venture deals in Asia

2013–Q2'21



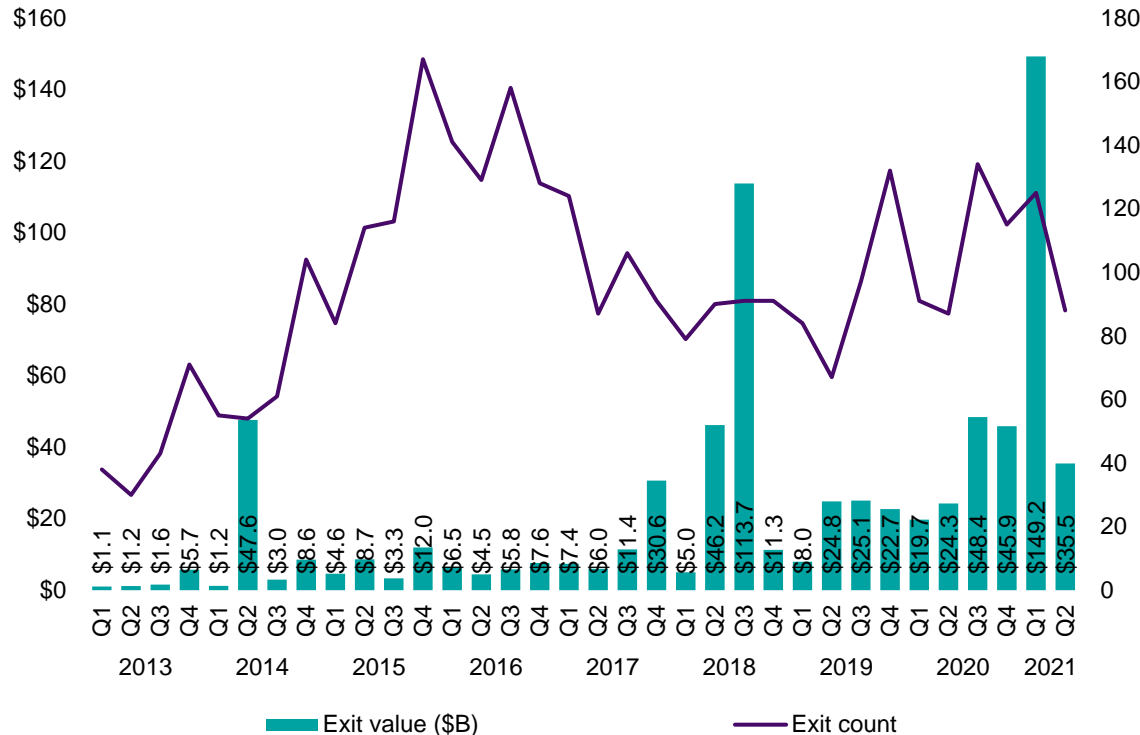
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Corporates played a key role in supporting the rise in VC investment after the COVID-19 shock in Q1 2020; the decline between the end of 2020 and Q1 2021 is likely temporal and not really attributable to any significant factors. Looking ahead, it is likely they will continue to be key players in the regional venture ecosystem.

...the **continued 2021 recovery** is increasingly the result of **the longer-term motivations of CVCs** and their corporate counterparts' interests in **fostering longer-term economic growth, especially in partnership with governments.**

Venture-backed exit activity in Asia

2013–Q2'21



After a record-breaking quarter thanks to a flurry of debuts across exchanges spanning the region, exit volume has subsided somewhat, though it is worth noting that exit value remained quite healthy relative to historical levels. A potential factor in the diminution of exit flow is China's ongoing efforts to step up its data privacy regulations to protect consumers and better align with international norms. It remains to be seen how new policies may affect companies' choices as to viable exit routes.

“The new anti-competition law in China will help to level the playing field in the longer run and provide more room for other platform players to enter the market to encourage competition and innovation, making Chinese companies even more competitive locally and globally.”



Irene Chu

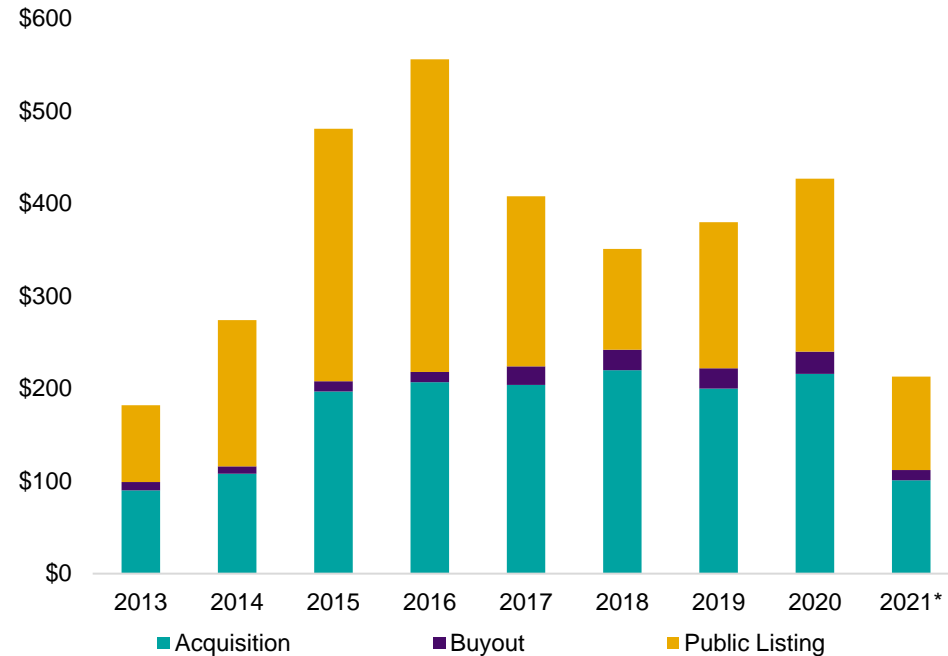
Partner, Head of New Economy and Life Sciences, Hong Kong Region,
KPMG China

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Record Q1 debuts still leave 2021 as most lucrative year on record

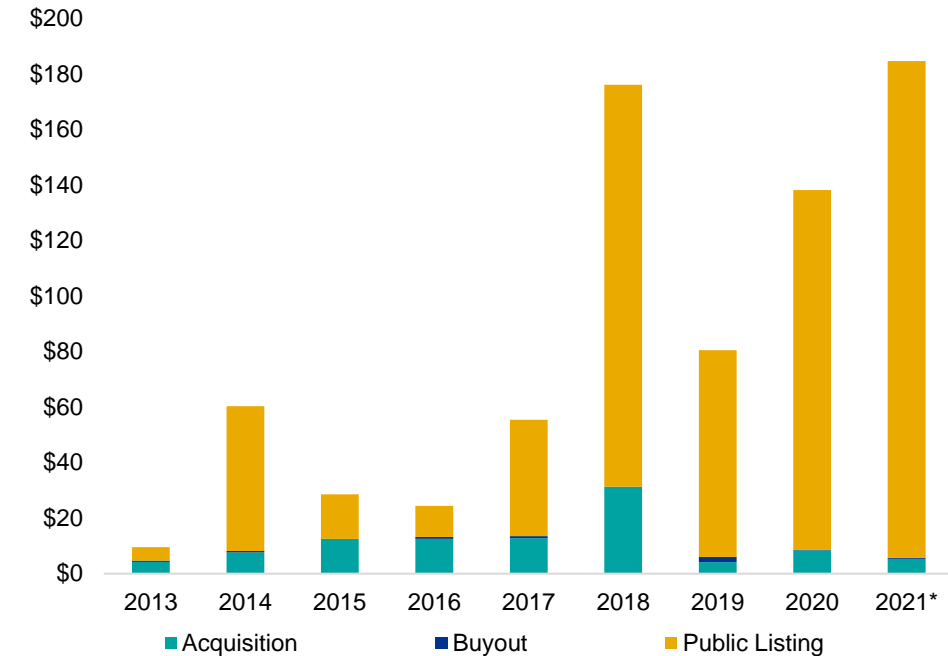
Venture-backed exit activity (#) by type in Asia

2013–2021*



Venture-backed exit activity (\$B) by type in Asia

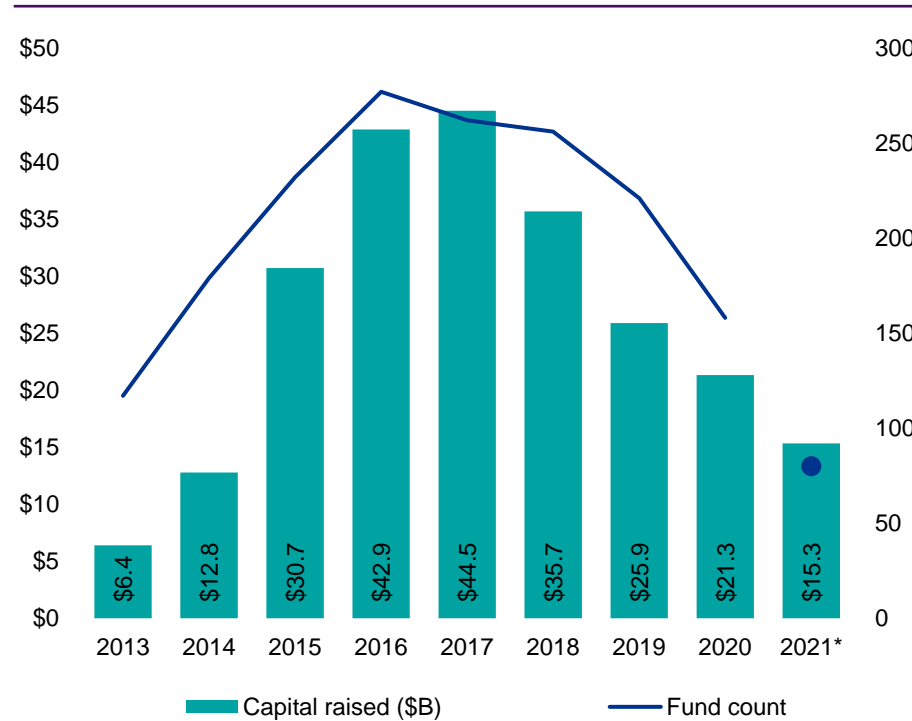
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Venture fundraising in Asia

2013–2021*



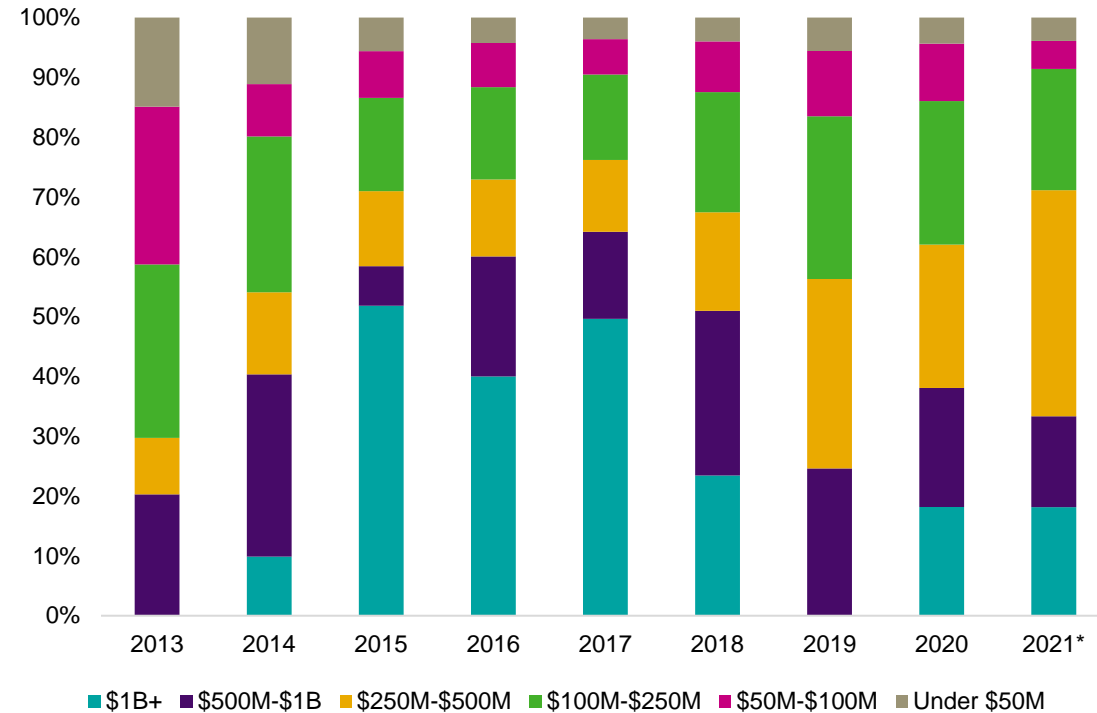
After a sustained subsiding, the fundraising cycle in the region looks set to exceed the levels notched last year in terms of capital committed, even if fund counts remain roughly the same. That is likely due to domestic demand spurring up and governments continuing to seek to incentivize the local capital ecosystem to grow.

The **fundraising cycle** looks as if it is reverting to healthy plateau, **with \$15.3 billion in VC committed** putting 2021 on pace to approximate 2020.

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

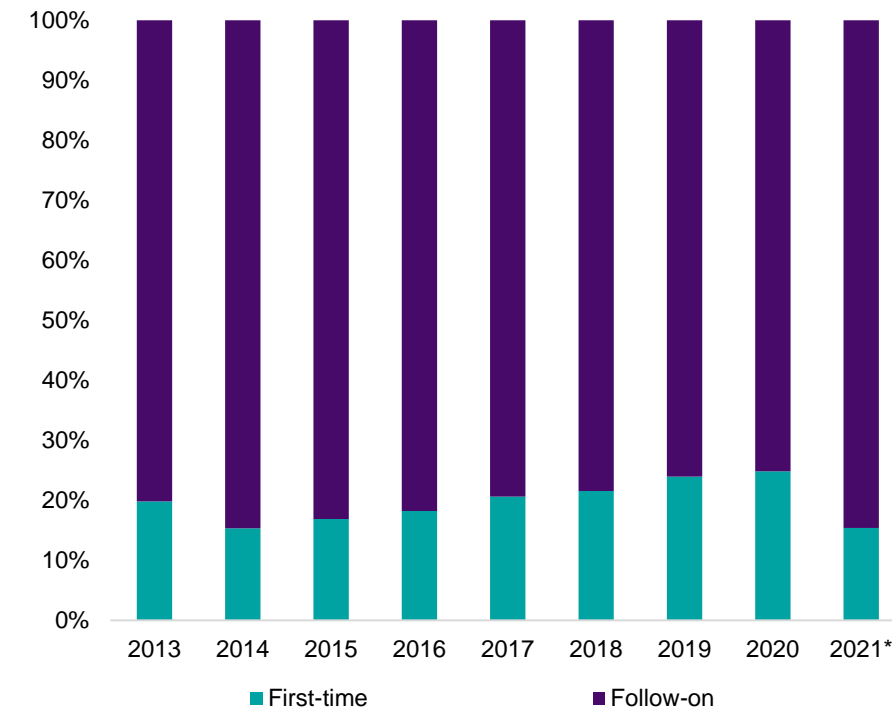
Venture fundraising (#) by size in Asia

2013–2021*



First-time vs. follow-on venture funds (#) in Asia

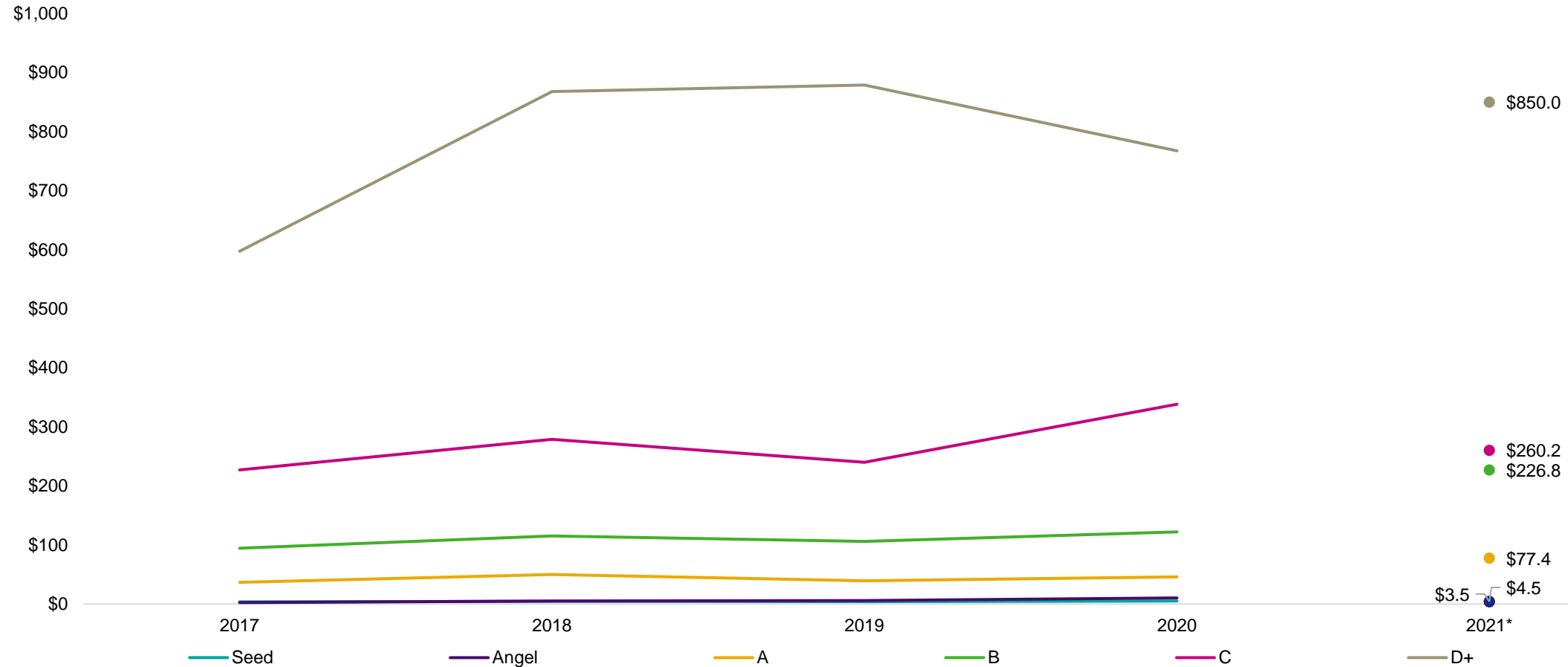
2013–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Median pre-money valuation (\$M) by series in Asia

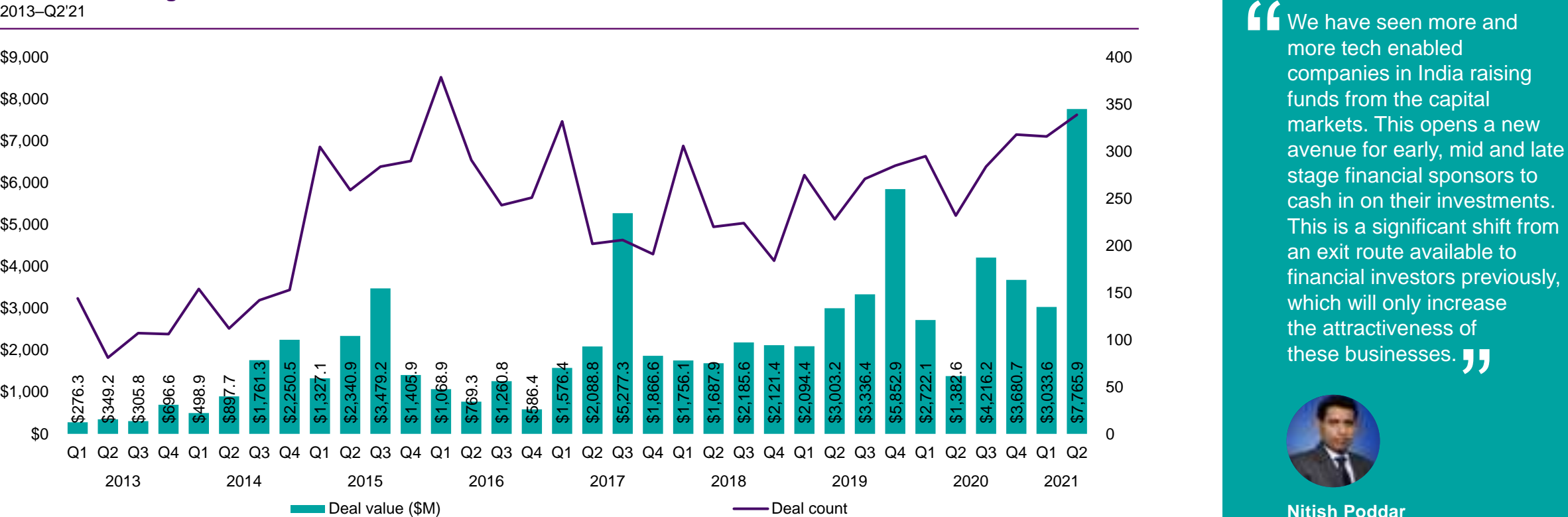
2017–2021*



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

India sees surge to near-\$8B+ in VC invested, a new record

Venture financing in India



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“ We have seen more and more tech enabled companies in India raising funds from the capital markets. This opens a new avenue for early, mid and late stage financial sponsors to cash in on their investments. This is a significant shift from an exit route available to financial investors previously, which will only increase the attractiveness of these businesses. ”

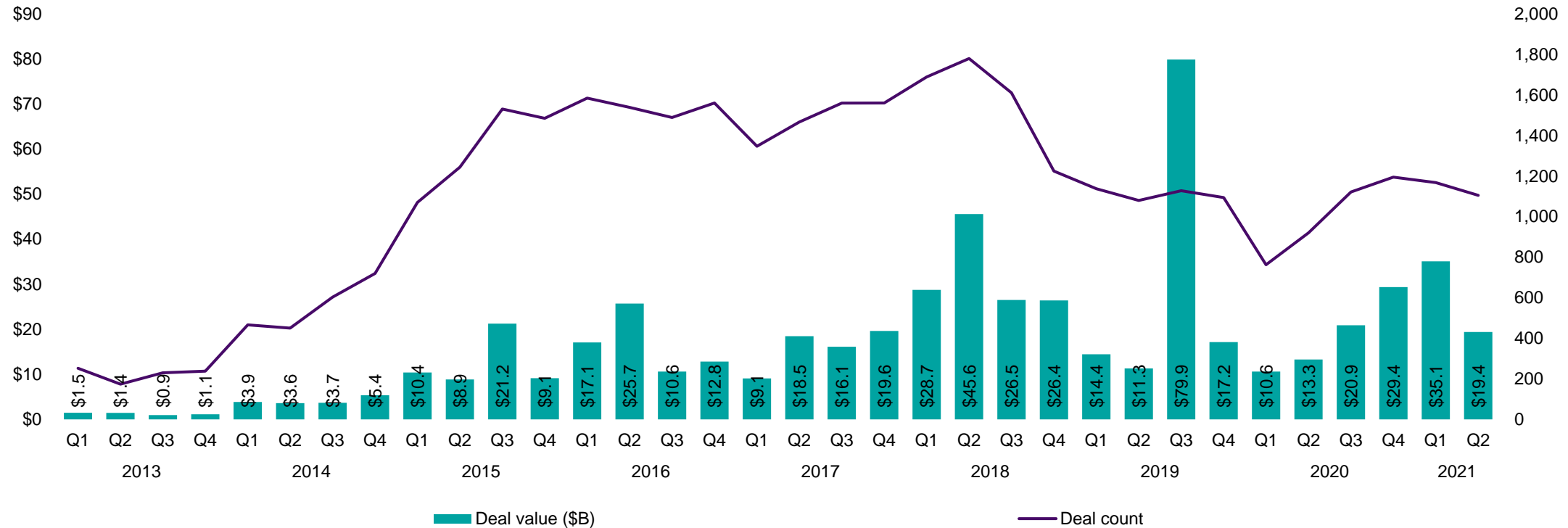


Nitish Poddar
Partner and National Leader,
Private Equity
KPMG in India

A decline in mega-deals belies ongoing health in financing volume

Venture financing in China

2013–Q2'21

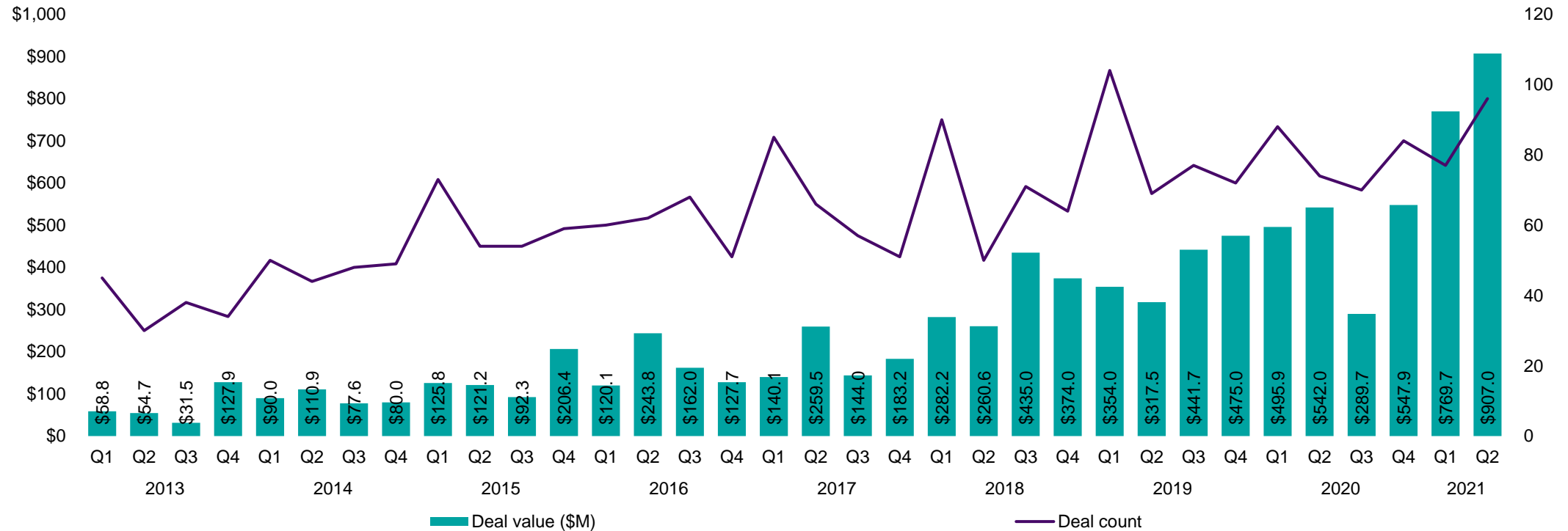


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Australia sees yet another record quarter for VC invested

Venture financing in Australia

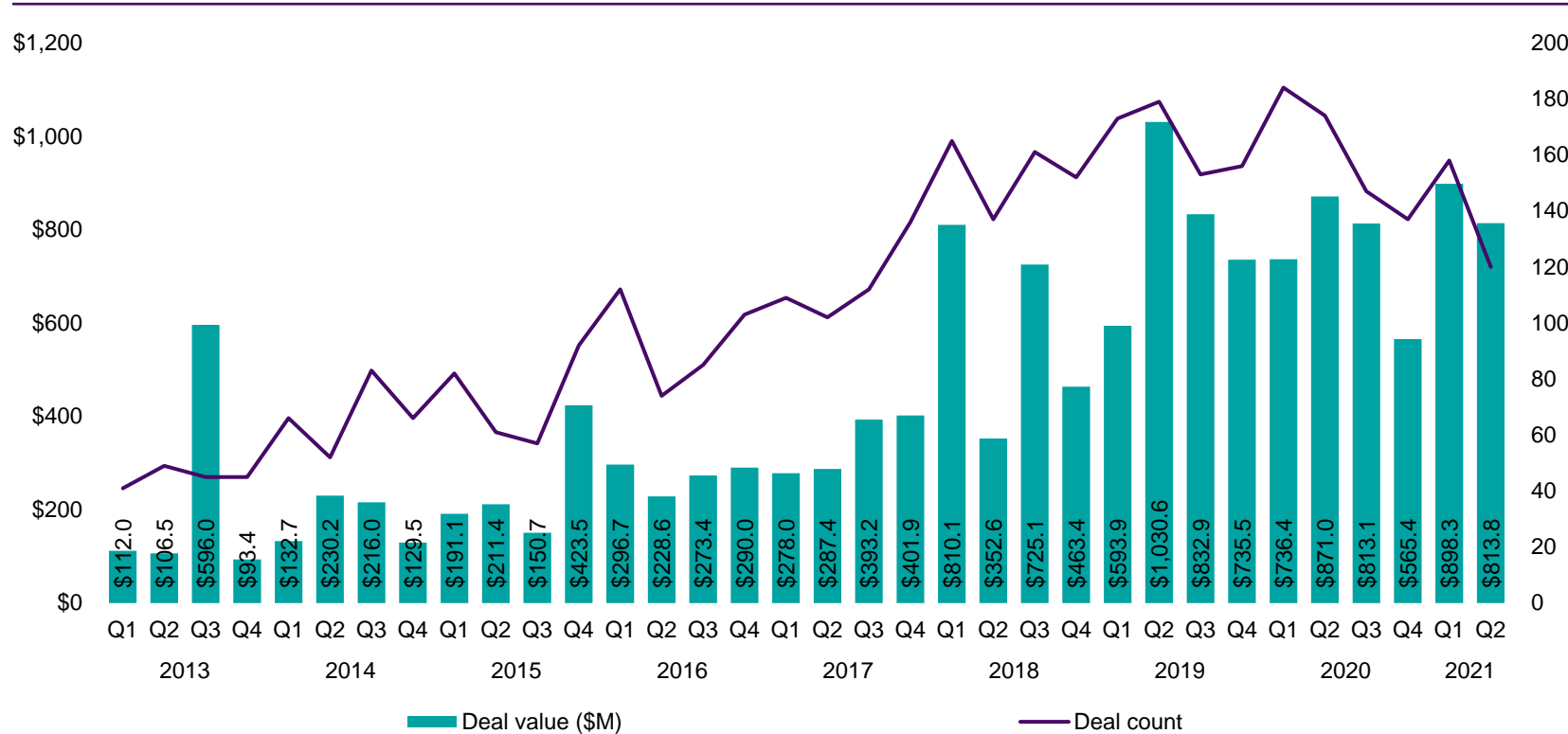
2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Venture financing in Japan

2013–Q2'21



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

“ Japan’s VC market is maturing rapidly, in parallel with the government’s increased commitment to support innovation and startups. The combination of increased funding availability, market maturity and entrepreneurial sophistication is helping to accelerate scaling of ventures such as SmarHR in tandem with larger funding rounds. The large addressable market and number of opportunities for entrepreneurial success point to continued growth in venture formation and funding in Japan. ”

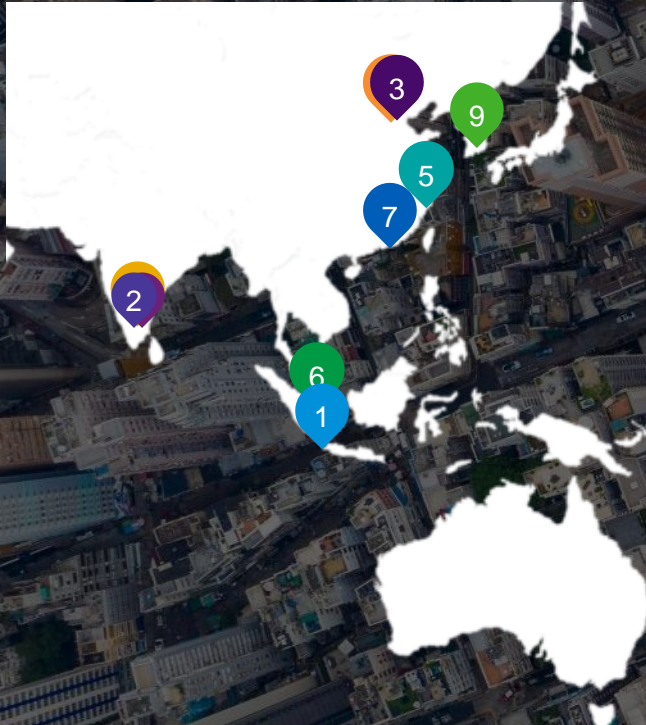


Paul Ford

Partner, Head of Private Equity,
KPMG Japan/M&A Deal Analytics
Lead, KPMG FAS, Leader of
Transaction Services,
KPMG Japan, KPMG FAS

A diverse array of sectors are on exhibit across the top financings in Q2

Top 10 financings in Q2'21 in Asia-Pacific



1. **J&T Express** — \$2B, Jakarta, Indonesia — Logistics — *Late-stage VC*
2. **BYJU'S** — \$1.55B, Bengaluru, India — Edtech — *Series F*
3. **Horizon Robotics** — \$1.5B, Beijing, China — Semiconductors — *Corporate*
4. **Swiggy** — \$800M, Bengaluru, India — Foodtech — *Series J*
5. **Dingdong Maicai** — \$700M, Shanghai, China — E-commerce — *Series D*
6. **Trax** — \$642M, Singapore — Business/productivity software — *Series E*
7. **Xingyun Group** — \$600M, Shenzhen, China — Supply chain services — *Series C2*
8. **ShareChat** — \$502M, Bengaluru, India — Social/platform software — *Series E*
9. **Toss** — \$410M, Seoul, South Korea — Fintech — *Late-stage VC*
10. **Zhuanzhuang** — \$390M, Beijing, China — E-commerce — *Series C*

Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021.
Data provided by PitchBook, July 21, 2021.

KPMG Private Enterprise Emerging Giants Network.

From seed to speed, we're here throughout your journey



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Methodology

KPMG uses PitchBook as the provider of venture data for the Venture Pulse report

Please note that the MESA and Africa regions are NOT broken out in this report. Accordingly, if you add up the Americas, Asia-Pacific and Europe regional totals, they will not match the global total, as the global total considers those other regions. Those specific regions were not highlighted in this report due to a paucity of datasets and verifiable trends.

In addition, particularly within the European region, the Venture Pulse does not contain any transactions that are tracked as private equity growth by PitchBook. As such rounds are often conflated with late-stage venture capital in media coverage, there can be confusion regarding specific rounds of financing. The key difference is that PitchBook defines a PE growth round as a financial investment occurring when a PE investor acquires a minority stake in a privately held corporation. Thus, if the investor is classified as PE by PitchBook, and it is the sole participant in the recipient company's financing, then such a round will usually be classified as PE growth, and not included in the Venture Pulse datasets.

Also, if a company is tagged with any PitchBook vertical, excepting manufacturing and infrastructure, it is kept. Otherwise, the following industries are excluded from growth equity financing calculations: buildings and property, thrifts and mortgage finance, real estate investment trusts, and oil & gas equipment, utilities, exploration, production and refining. Lastly, the company in question must not have had an M&A event, buyout, or IPO completed prior to the round in question.

Fundraising

PitchBook defines venture capital funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional venture capital firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growth-stage vehicles are classified as PE funds and are not included in this report. A fund's location is determined by the country in which the fund is domiciled; if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close. Mega-funds are classified as those of \$500 million or more in size for the following fund categories: venture and secondaries.

Deals

PitchBook includes minority equity investments, as well as investments combined of both equity and debt, into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors, as well as from nontraditional investors such as hedge funds, mutual funds or private equity funds. Investments received as part of an accelerator program are not included, however, if the accelerator continues to invest in follow-on rounds, those further financings are included.

- **Angel/seed:** PitchBook defines financings as angel rounds if there are no PE or VC firms involved in the company to date and we cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than \$500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.
- **Early-stage:** Rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.
- **Late-stage:** Rounds are generally classified as Series C or D or later (which we typically aggregate together as late-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.
- **Corporate:** Corporate rounds of funding for currently venture-backed startups that meet the criteria for other PitchBook venture financings are included in the Venture Pulse as of March 2018.
- **Corporate venture capital:** Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method is employed.

Exits

PitchBook includes the first full liquidity event (i.e., M&A, buyout, IPO) for holders of equity securities of venture-backed companies. This does not include direct secondary sales, further share sales following an IPO, or bankruptcies. M&A value is based on reported or disclosed figures, with no estimation used to assess the value of transactions for which the actual deal size is unknown. Unless otherwise noted, IPO sizes are based on the pre-money valuation of the company at the time of the transaction.

In the edition of the KPMG Venture Pulse covering Q1 2019 and all ensuing, PitchBook's methodology regarding aggregate exit values changed. Instead of utilizing the size of an IPO as the exit value, instead the prevaluation of an IPO, based upon ordinary shares outstanding, was utilized. This has led to a significant change in aggregate exit values in all subsequent editions yet is more reflective of how the industry views the true size of an exit via public markets. In the edition of the KPMG Venture Pulse covering Q1 2021 and all ensuing, the IPO exit type was updated to include all types of public listings, including special purpose acquisition companies (SPACs) and other reverse mergers.



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